

Strong revenue growth in Q1 2019

- Revenue up 10.0%
- Organic growth¹ of 7.3%

Paris, 26 April 2019 – Sopra Steria generated revenue of €1,091.3 million in the first quarter of 2019, representing growth of 10.0%. Growth at constant scope and exchange rates was 7.3%.

Sopra Steria: Consolidated revenue – Q1 2019

€m / %	Q1 2019	Q1 2018	Organic growth	Total growth
Revenue	1,091.3	991.8	7.3%	10.0%

Comments on Q1 2019 business activity

Revenue growth was strong in the first quarter of 2019, reflecting the favourable positioning of Sopra Steria's offerings as well as the buoyant European digital services market, driven by the digital transformation of companies.

Sopra Steria saw a 10.0% increase in revenue over the period. Changes in scope had a positive impact of €23.2 million, while currency fluctuations had virtually no impact. At constant scope and exchange rates, growth came to 7.3%.

Results in **France** were bolstered by solid momentum. Revenue came to €457.1 million, representing organic growth of 7.2%. This performance was mainly driven by consulting as well as transformation services for IT infrastructure management – especially cloud-related – which all saw growth of more than 10%. Cybersecurity revenue grew by more than 30%. The quarter's best-performing vertical markets were defence, aeronautics, insurance, public services and energy. As previously announced, the reporting unit has accelerated its investments in digital and its shift toward higher-value offerings.

The **United Kingdom** confirmed the positive growth trend initiated early in the second half of 2018. Revenue for the first quarter of 2019 came to €213.4 million, equating to robust organic growth of 11.8%. This performance is explained in particular by solid results for the two joint ventures in the public sector (32% of revenue generated in the United Kingdom). Revenue generated with NHS SBS strengthened further, while SSCL returned to growth following a transitional period experienced over the last two years. It is worth noting that the growth achieved by the joint ventures in the first quarter was amplified by a particularly favourable comparison basis in the first quarter of 2018. Total revenue for the two joint ventures grew 18% in the first quarter of 2019.

¹ Alternative performance measures are defined in the glossary at the end of this document

The **Other Europe** reporting unit posted strong organic growth (8.5%), with revenue coming to €267.5 million. In Germany revenue was nearly stable, mainly due to significant drops in spending by some clients in the banking sector. This trend may affect a substantial portion of 2019. Apart from the banking sector, business development continued to show good momentum. All of the region's other countries recorded strong growth, particularly in Scandinavia, Spain and Italy, which saw growth above 10%.

Sopra Banking Software generated revenue of €93.2 million, down 2.8%. For 2019, the priority is clearly placed on resolving production difficulties and product standardisation in specialised lending, an area in which the Group has strong ambitions. The objective is to return to operating profit margins in line with historic performance levels from 2020 onwards. On the strategic level, Sopra Banking Software continued to consolidate its business model, which targets the banks' transformation projects over a wide range of sizes (Tiers 1 to 4), mainly in Europe, by leveraging the Group's software solutions and its ability to implement – and progressively manage – all the relevant systems. The planned acquisition of SAB, announced on 10 April 2019, is in keeping with this strategy, the aim being to bolster Sopra Banking Software's presence in the core banking sector in France and elsewhere in Europe.

The **Other Solutions** reporting unit also made a strong start to the year, with revenue of €60.2 million, representing organic growth of 4.8%. It saw good momentum in human resources solutions (up 5.2%) and real estate management solutions (up 4.1%).

Workforce

At 31 March 2019, the Group's workforce totalled 44,856 people (44,114 people at 31 December 2018), with 18.8% working in X-Shore zones.

Targets for 2019 (IFRS 16)

- Organic revenue growth of between 4% and 6%.
- Slight improvement in operating margin on business activity. This improvement will be concentrated in the second half, and the operating profit on business activity for the first half of the year is expected to be relatively close to that for the first half of 2018.
- Free cash flow in excess of €150 million.

Medium-term ambitions

The Group is targeting annual organic revenue growth of between 4% and 6%, an operating margin on business activity of around 10%, and free cash flow of between 5% and 7% of revenue.

Upcoming events

Wednesday, 12 June 2019: Annual General Meeting of Shareholders – 2:30 p.m. / Pavillon Dauphine, Paris

Friday, 26 July 2019 Publication of 2019 half-year results (before market) and presentation meeting



Glossary

- **Restated revenue:** Revenue for the prior year, expressed on the basis of the scope and exchange rates for the current year.
- **Organic revenue growth:** Increase in revenue between the period under review and restated revenue for the same period in the prior financial year.
- **EBITDA:** This measure, as defined in the Registration Document, is equal to consolidated operating profit on business activity after adding back depreciation, amortisation and provisions included in operating profit on business activity.
- **Operating profit on business activity:** This measure, as defined in the Registration Document, is equal to profit from recurring operations adjusted to exclude the share-based payment expense for stock options and free shares and charges to amortisation of allocated intangible assets.
- **Profit from recurring operations:** This measure is equal to operating profit before other operating income and expenses, which includes any particularly significant items of operating income and expense that are unusual, abnormal, infrequent or not foreseeable, presented separately in order to give a clearer picture of performance based on ordinary activities.
- **Basic recurring earnings per share:** This measure is equal to basic earnings per share before other operating income and expenses net of tax.
- **Free cash flow:** Free cash flow is defined as the net cash from operating activities, less investments (net of disposals) in property, plant & equipment, and intangible assets, less net interest paid and less additional contributions to address any deficits in defined-benefit pension plans.

Disclaimer

This document contains forward-looking information subject to certain risks and uncertainties that may affect the Group's future growth and financial results. Readers are reminded that licence agreements, which often represent investments for clients, are signed in greater numbers in the second half of the year, with varying impacts on end-of-year performance. Actual outcomes and results may differ from those described in this document due to operational risks and uncertainties. More detailed information on the potential risks that may affect the Group's financial results can be found in the 2018 Registration Document filed with the Autorité des Marchés Financiers (AMF) on 12 April 2019 (see pages 28 to 44 and 229 to 233 in particular). Sopra Steria does not undertake any obligation to update the forward-looking information contained in this document beyond what is required by current laws and regulations. The distribution of this document in certain countries may be subject to the laws and regulations in force. Persons physically present in countries where this document is released, published or distributed should inquire as to any applicable restrictions and should comply with those restrictions.

About Sopra Steria

Sopra Steria, a European leader in digital transformation, provides one of the most comprehensive portfolios of offerings on the market, spanning consulting, systems integration, industry-specific solutions, infrastructure management and business process services. It provides end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow. Combining added value with innovative, high-performance services, Sopra Steria excels in guiding its clients through their transformation projects to help them make the most of digital technology. With over 44,000 employees in more than 20 countries, Sopra Steria generated revenue of €4.1 billion in 2018.

Sopra Steria (SOP) is listed on Euronext Paris (Compartment A) – ISIN: FR0000050809

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Annexes

Sopra Steria: Impact on revenue of changes in scope and exchange rates – Q1 2019

€m	Q1 2019	Q1 2018	Growth
Revenue	1,091.3	991.8	+ 10.0%
Changes in exchange rates		1.9	
Revenue at constant exchange rates	1,091.3	993.7	+ 9.8%
Changes in scope		23.2	
Revenue at constant scope and exchange rates	1,091.3	1,016.9	+ 7.3%

Sopra Steria: Changes in exchange rates – Q1 2019

For €1 / %	Average rate Q1 2019	Average rate Q1 2018	Change
Pound sterling	0.873	0.883	1.2%
Norwegian krone	9.742	9.634	-1.1%
Swedish krona	10.419	9.971	-4.3%
Danish krone	7.464	7.447	-0.2%
Swiss franc	1.132	1.165	2.9%

Sopra Steria: Revenue by reporting unit – Q1 2019

€m / %	Q1 2019	Q1 2018 Restated*	Q1 2018	Organic growth	Total growth
France	457.1	426.3	426.3	7.2%	7.2%
United Kingdom	213.4	190.8	188.4	11.8%	13.3%
Other Europe	267.5	246.5	231.6	8.5%	15.5%
Sopra Banking Software	93.2	95.9	88.2	-2.8%	5.7%
Other Solutions	60.2	57.4	57.4	4.8%	4.8%
Total	1,091.3	1,016.9	991.8	7.3%	10.0%

* Revenue at 2019 scope and exchange rates

