

Return to growth Full-year targets for 2021 revised up

- Revenue of €2,328.3m in H1 2021, equating to total growth of 7.5% (4.0% at constant scope and exchange rates)
- Strong organic growth* of 9.0% in Q2 2021, in a buoyant market context focused on the digital transformation of organisations
- At constant scope and exchange rates, H1 2021 revenue exceeds revenue for H1 2019
- Operating margin on business activity of 7.2%, up 1.1 points from H1 2020 and 0.4 points from H1 2019
- Net profit attributable to the Group improves to €85.1m (€43.7m for H1 2020 and €60.9m for H1 2019)
- Free cash flow rises to €61.9m (€37.1m at 30 June 2020)
- Targets raised for financial year 2021: organic revenue growth of around 6%, operating margin on business activity of between 7.7% and 8.0%, and free cash flow of between €150m and €200m

Paris, 29 July 2021, 7:00 a.m. – At its meeting on 28 July 2021, Sopra Steria's Board of Directors, chaired by Pierre Pasquier, approved the financial statements for the first half of 2021. The Statutory Auditors have conducted a limited review of the financial statements.

Sopra Steria: 2021 Half-year results

		H1 2021			H1 2020	
		Amount	Rate	Change	Amount	Rate
Key income statement items						
Revenue	€m	2,328.3		7.5%	2,166.7	
Organic growth	%	+ 4.0%				
Operating profit on business activity	€m	168.6	7.2%	26.9%	132.8	6.1%
Profit from recurring operations	€m	150.2	6.5%	34.6%	111.6	5.1%
Operating profit	€m	141.0	6.1%	60.7%	87.7	4.0%
Net profit attributable to the Group	€m	85.1	3.7%	94.8%	43.7	2.0%
Weighted average number of shares in issue excl. treasury shares	m	20.25			20.23	
Basic earnings per share	€	4.20		94.6%	2.16	
Recurring earnings per share	€	4.45		45.7%	3.06	

Key balance sheet items

		30/06/2021		30/06/2020	
Net financial debt	€m	422.7	-14.8%	495.9	
Equity attributable to the Group	€m	1,552.1	11.2%	1,395.7	

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

Vincent Paris, Chief Executive Office of Sopra Steria Group commented:

"Sopra Steria saw a clear upturn in activity in the first half of 2021, in a very buoyant market for digital services from the start of the year. At constant scope and exchange rates, we exceeded 2019 activity levels. Business trends improved across our eight verticals. The aeronautics sector has stabilised and even recorded a rebound in Q2. The strong pace of growth in the market has been fuelled by the digital transformation of organisations, particularly migration to the cloud, digitalisation and automation of business processes, and issues relating to cybersecurity. Our clients have a great deal of confidence in us and seek out our expertise regarding all these topics. In this context, we have raised our performance targets for financial year 2021. This is aligned with our transformation trajectory, which should enable us to fulfil our medium-term ambitions. The Group's teams are fully mobilised to this effect."

Detailed breakdown of operating performance in the first half of 2021

Revenue totalled €2,328.3 million, an increase of 7.5% relative to H1 2020. Changes in scope had a positive impact of €62.2 million, and currency fluctuations had a positive impact of €10.0 million. At constant scope and exchange rates, revenue grew 4.0%. In particular, the second quarter saw a brisk recovery, with organic growth of 9.0%.

The Group's operating profit on business activity rose 26.9% to €168.6 million, equating to a margin of 7.2%, up 1.1 points from H1 2020 (6.1%) and 0.4 points from H1 2019 (6.8%).

In **France** (39% of the Group total), revenue was stable at €914.8 million, thanks to a 7.5% rise in organic growth in the second quarter. A strong increase in business from the defence sector, a steep rise in demand among energy and telecoms/media players as well as a return to growth in aeronautics, transport and banking all contributed to second quarter results. Consulting, systems integration, cybersecurity and product life cycle management all re-established positive growth in the second quarter. IT infrastructure management was stable. The operating margin on business activity for the first half of 2021 was 8.3%, representing an improved trend compared with the previous half-year periods: up 0.1 points compared to the first half of 2020 and up 3.1 points compared to the second half of 2020.

Revenue for the **United Kingdom** (18% of the Group total) was €408.9 million. Organic growth, amplified by favourable base effects, was particularly upbeat at 20.0%. The two joint ventures specialising in business process services for the public sector (NHS SBS and SSCL) saw strong growth. They benefited from the ramp-up of certain contracts and strong demand from several ministries, in particular for human resource management solutions. The rest of the public sector saw good momentum, especially for the visa renewal service provided for the UK government. Lastly, the situation in the private sector improved, with a very clear levelling of its negative growth trend. Against this backdrop, at 30 June 2021, the operating margin on business activity came to 8.7% (4.6% at 30 June 2020).

The **Other Europe** (29% of the Group total) reporting unit posted €665.2 million in revenue, representing positive organic growth of 2.8%. Organic revenue growth averaged 7.5% in the reporting unit's countries (excluding Sopra Financial Technology), some of which – such as Belgium, Germany, Scandinavia and Italy – delivered very strong performances. In addition, as part of the transformation programme under way for the Sparda banks in Germany, Sopra Financial Technology (the joint venture that operates the shared information system) recorded €85.8 million in revenue, contracting in line with the business plan. At 30 June 2021, the reporting unit's operating margin on business activity was 7.8% (7.1% in 2020) before taking into account the contribution of SFT, and 6.4% after this contribution.



Sopra Banking Software (9% of the Group total) generated revenue of €210.5 million, representing negative organic growth of 3.1% for the first half but recording positive organic growth of 2.8% in the second quarter. In the first half, revenue generated by the software business (licences, maintenance and subscriptions), accounting for 59% of revenue, was up 3.8%. The services business contracted by 9%. Product developments continued for Sopra Financing Platform and Sopra Banking Platform, focusing in particular on digital layers. The transformation of the reporting unit's R&D department also moved forward as planned. At 30 June 2021, the operating margin on business activity was 2.8%, corresponding to operating profit of €5.8 million (compared with - 3.3% at 30 June 2020).

The **Other Solutions** reporting unit (5% of the Group total) posted revenue of €128.9 million, representing organic growth of 8.0%, thanks to a 13.0% upturn in sales in the second quarter of 2021. Performance was relatively comparable for both business lines. Over the period, investments have been maintained in order to accentuate product digitalisation and drive growth. At 30 June 2021, the operating margin on business activity was 6.8% (compared with 5.0% at 30 June 2020).

Comments on the components of net profit for the first half of 2021

Profit from recurring operations came to €150.2 million, up 34.6% relative to the first half of 2020. It included a €2.2 million share-based payment expense and a €16.2 million amortisation expense on allocated intangible assets.

Operating profit was €141.0 million, up 60.7%, after a net expense of €9.2 million for other operating income and expenses (compared with a net expense of €23.8 million in first-half 2020). Reorganisation and restructuring expenses totalled €14.7 million.

The tax expense was €44.6 million in the half-year period, versus €23.7 million in the first half of 2020, translating to a Group-wide tax rate of 33.5%. For the financial year as a whole, the tax rate is estimated at 30%.

Net profit from associates (mainly Axway) amounted to €0.2 million (loss of €2.1 million in first-half 2020).

After deducting €3.8 million in **non-controlling interests**, **net profit attributable to the Group** came to €85.1 million, up 94.8% from €43.7 million in the first half of 2020. It was €60.9 million in H1 2019.

Basic earnings per share came to €4.20, up 94.6% (€2.16 per share in the first half of 2020).

Financial position at 30 June 2021

At 30 June 2021, Sopra Steria was in a **very solid financial position** in terms of both financial ratios and liquidity.

Free cash flow amounted to €61.9 million in the first half of 2021,¹ a significant improvement from €37.1 million in the first half of 2020.

Net financial debt totalled €422.7 million at 30 June 2021, stable compared with 31 December 2020 and **down 15%** from its level at 30 June 2020. At the end of the first half, it equated to 1.0x pro forma 12-month rolling EBITDA before the impact of IFRS 16, compared with 1.3x at 30 June 2020 (with the financial covenant stipulating a maximum of 3x).

Workforce

At 30 June 2021, **the Group's workforce totalled 46,129 people**, with 17.4% working in X-Shore zones (compared with 46,603 people at 30 June 2020 and 45,960 at 31 December 2020).

In a very buoyant market, strong emphasis was placed on recruitment from the start of the year. **More than 4,200 people** joined the Group in the first half of 2021.

Support provided by X-Shore platforms was reinforced and the use of subcontracting resumed.

¹ Free cash flow included an inflow of about €60 million from non-recurring items, compared with €57 million for H1 2020.



Targets for 2021

Given the robust market for digital transformation by organisations, **Sopra Steria has raised its full-year outlook** for financial year 2021:

- Organic revenue growth greater than or equal to 6% (vs 3% to 5% previously);
- Operating margin on business activity of between 7.7% and 8.0% (vs between 7.5% and 8.0% previously);
- Free cash flow of between €150 million and €200 million (vs around €150 million previously).

Medium-term ambitions

Sopra Steria confirmed its medium-term targets of compound 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.

Presentation meeting

The results for the first half of 2021 will be presented to financial analysts and investors in a French/English webcast on Thursday, 29 July 2021 at 9:00 a.m. CET.

- Register for the French-language webcast [here](#)
- Register for the English-language webcast [here](#)

Or by phone:

- French-language phone number: +33 (0)1 70 71 01 59 – PIN: 72812126#
- English-language access number: +44 207 194 37 59 – PIN: 57919202#

Practical information about the presentation and webcast can be found in the 'Investors' section of the Group's website: <https://www.soprasteria.com/investors>

Next financial release

Friday, 29 October 2021 (before market open): Publication of Q3 2021 revenue



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 Universal 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 Universal 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 and equipment, and intangible assets; less lease payments; less net interest paid; and less additional contributions to address any deficits in defined-benefit pension plans.
- **Downtime:** Number of days between two contracts (excluding training, sick leave, other leave and pre-sale) divided by the total number of business days.

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 2020 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 18 March 2021 (see pages 35 to 42 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 enquire as to any applicable restrictions and should comply with those restrictions.

About Sopra Steria

Sopra Steria, a European leader in consulting, digital services and software development, helps its clients drive their digital transformation and obtain tangible and sustainable benefits. It provides end-to-end solutions to make large companies and organisations more competitive by combining in-depth knowledge of a wide range of business sectors and innovative technologies with a fully collaborative approach. Sopra Steria places people at the heart of everything it does and is committed to putting digital to work for its clients in order to build a positive future for all. With 46,000 employees in nearly 30 countries, the Group generated revenue of €4.3 billion in 2020.

The world is how we shape it.

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

For more information, visit us at www.soprasteria.com

Contacts

Investor Relations

Olivier Psaume

olivier.psaume@soprasteria.com

+33 (0)1 40 67 68 16

Press Relations

Caroline Simon (Image 7)

caroline.simon@image7.fr

+33 (0)1 53 70 74 65



Annexes

Sopra Steria: Impact on revenue of changes in scope and exchange rates – H1 2021

€m	H1 2021	H1 2020	Growth
Revenue	2,328.3	2,166.7	+7.5%
Changes in exchange rates		10.0	
Revenue at constant exchange rates	2,328.3	2,176.7	+7.0%
Changes in scope		62.2	
Revenue at constant scope and exchange rates	2,328.3	2,238.9	+4.0%

Sopra Steria: Changes in exchange rates – H1 2021

For €1 / %	Average rate	Average rate	Change
	H1 2021	H1 2020	
Pound sterling	0.8680	0.8746	+0.8%
Norwegian krone	10.1759	10.7324	+5.5%
Swedish krona	10.1308	10.6599	+5.2%
Danish krone	7.4368	7.4648	+0.4%
Swiss franc	1.0946	1.0642	-2.8%

Sopra Steria: Revenue by reporting unit (€m / %) – H1 2020

	H1 2021	H1 2020 Restated*	H1 2020	Organic growth	Total growth
France	914.8	914.4	864.6	+0.0%	+5.8%
United Kingdom	408.9	340.9	338.5	+20.0%	+20.8%
Other Europe	665.2	647.0	638.8	+2.8%	+4.1%
Sopra Banking Software	210.5	217.3	205.4	-3.1%	+2.5%
Other Solutions	128.9	119.4	119.4	+8.0%	+7.9%
Sopra Steria Group	2,328.3	2,238.9	2,166.7	+4.0%	+7.5%

* Revenue at 2021 scope and exchange rates

Sopra Steria: Revenue by reporting unit (€m / %) – Q2 2021

	Q2 2021	Q2 2020 Restated*	Q2 2020	Organic growth	Total growth
France	454.6	423.0	400.0	+7.5%	+13.6%
United Kingdom	200.1	162.1	157.2	+23.4%	+27.2%
Other Europe	334.0	318.3	311.9	+4.9%	+7.1%
Sopra Banking Software	109.1	106.1	99.7	+2.8%	+9.5%
Other Solutions	65.3	57.8	57.8	+13.0%	+13.0%
Sopra Steria Group	1,163.1	1,067.4	1,026.7	+9.0%	+13.3%

* Revenue at 2021 scope and exchange rates

Sopra Steria: Performance by reporting unit – H1 2021

	H1 2021		H1 2020	
	€m	%	€m	%
France				
Revenue	914.8		864.6	
Operating profit on business activity	76.2	8.3%	70.8	8.2%
Profit from recurring operations	73.2	8.0%	65.3	7.6%
Operating profit	70.2	7.7%	58.6	6.8%
United Kingdom				
Revenue	408.9		338.5	
Operating profit on business activity	35.5	8.7%	15.5	4.6%
Profit from recurring operations	29.8	7.3%	9.4	2.8%
Operating profit	27.8	6.8%	-0.7	-0.2%
Other Europe				
Revenue	665.2		638.8	
Operating profit on business activity	42.3	6.4%	47.4	7.4%
Profit from recurring operations	40.1	6.0%	45.2	7.1%
Operating profit	35.3	5.3%	40.6	6.4%
Sopra Banking Software				
Revenue	210.5		205.4	
Operating profit on business activity	5.8	2.8%	-6.7	-3.3%
Profit from recurring operations	-1.2	-0.6%	-13.9	-6.8%
Operating profit	-0.6	-0.3%	-16.1	-7.8%
Other Solutions				
Revenue	128.9		119.4	
Operating profit on business activity	8.8	6.8%	5.9	5.0%
Profit from recurring operations	8.3	6.4%	5.5	4.6%
Operating profit	8.3	6.5%	5.3	4.5%

Sopra Steria: Consolidated income statement – H1 2021

	H1 2021		H1 2020	
	€m	%	€m	%
Revenue	2,328.3		2,166.7	
Staff costs	-1,477.7		-1,386.2	
Operating expenses	-592.0		-558.2	
Depreciation, amortisation and provisions	-90.0		-89.6	
Operating profit on business activity	168.6	7.2%	132.8	6.1%
Share-based payment expenses	-2.2		-2.2	
Amortisation of allocated intangible assets	-16.2		-19.1	
Profit from recurring operations	150.2	6.5%	111.6	5.1%
Other operating income and expenses	-9.2		-23.8	
Operating profit	141.0	6.1%	87.7	4.0%
Cost of net financial debt	-4.6		-5.1	
Other financial income and expenses	-3.2		-6.7	
Tax expense	-44.6		-23.7	
Net profit from associates	0.2		-2.1	
Net profit	88.8	3.8%	50.2	2.3%
Attributable to the Group	85.1	3.7%	43.7	2.0%
Non-controlling interests	3.8		6.5	
Weighted average number of shares in issue excl. treasury shares (m)	20.25		20.23	
Basic earnings per share (€)	4.20		2.16	



Sopra Steria: Change in net financial debt (€m) – H1 2021

	H1 2021	H1 2020
Operating profit on business activity	168.6	132.8
Depreciation, amortisation and provisions (excl. allocated intangible assets)	89.3	88.7
EBITDA	257.9	221.5
Non-cash items	2.8	3.2
Tax paid	-32.8	-43.3
Change in operating working capital requirement	-69.7	-25.7
Reorganisation and restructuring costs	0.6	-20.0
Net cash flow from operating activities	158.8	135.7
Lease payments	-53.9	-55.8
Change relating to investing activities	-27.5	-25.2
Net interest	-2.0	-5.8
Additional contributions related to defined-benefit pension plans	-13.6	-11.9
Free cash flow	61.9	37.1
Impact of changes in scope	-7.9	-8.3
Financial investments	-0.5	-0.9
Dividends paid	-46.3	-2.3
Dividends received from equity-accounted companies	2.8	-
Purchase and sale of treasury shares	-4.3	-6.9
Impact of changes in foreign exchange rates	-2.6	-0.6
Change in net financial debt	2.9	18.0
Net financial debt at beginning of period	425.6	513.9
Net financial debt at end of period	422.7	495.9

Sopra Steria: Simplified balance sheet (€m) – 30/06/2021

	30/06/2021	31/12/2020
Goodwill	1,877.1	1,843.2
Allocated intangible assets	147.8	161.5
Other fixed assets	226.1	241.1
Right-of-use assets	283.9	290.3
Equity-accounted investments	194.3	193.4
Fixed assets	2,729.2	2,729.6
Net deferred tax	102.9	113.4
Trade accounts receivable (net)	1,070.8	954.6
Other assets and liabilities	-1,162.3	-1,112.8
Working capital requirement (WCR)	-91.4	-158.2
Assets + WCR	2,740.7	2,684.8
Equity	1,602.2	1,445.4
Provisions for post-employment benefits	292.9	380.1
Provisions for contingencies and losses	113.5	116.0
Lease liabilities	309.4	317.5
Net financial debt	422.7	425.6
Capital invested	2,740.7	2,684.8

Sopra Steria: Workforce breakdown – 30/06/2021

	30/06/2021	30/06/2020
France	19,925	19,677
United Kingdom	6,675	6,741
Other Europe	11,011	10,807
Rest of the World	502	499
X-Shore	8,016	8,879
Total	46,129	46,603

