

Highly resilient performance amid a challenging context in 2020

- The negative organic growth¹ in consolidated revenue was limited to 4.8%. The Covid-19 pandemic and the October 2020 cyberattack had a negative impact on business activity estimated at around 10 points of growth
- Adaptation measures helped limit the decline in operating margin on business activity to 1 point (7.0% vs 8.0% in 2019)
- The net profit attributable to the Group came to €106.8m (€160.3m in 2019)
- Free cash flow was highly resilient, at €203.5m (€229.3m in 2019); the cash conversion rate² with respect to operating profit on business activity remained stable at 51%
- Net financial debt decreased by 17.2% to €425.6m, equal to 29% of the Group's equity
- Confirmation of a continued rise in ESG scores: for the fourth year in a row, the Group was included on CDP's A List³
- Proposed 2020 dividend of €2.0 per share
- Medium-term growth driven by digital transformation

Paris, 26 February 2021, 7:00 a.m. – At its meeting on 25 February 2021 chaired by Pierre Pasquier, Sopra Steria Group's Board of Directors approved the financial statements for the financial year ended 31 December 2020⁴.

Sopra Steria: 2020 Full-year results

		2020			2019	
		Amount	Margin	Change	Amount	Margin
Key income statement items						
Revenue	€m	4,262.9		-3.9%	4,434.0	
Organic growth	%	- 4.8%				
Operating profit on business activity	€m	300.2	7.0%	-15.3%	354.3	8.0%
Profit from recurring operations	€m	261.2	6.1%	-16.9%	314.2	7.1%
Operating profit	€m	202.3	4.7%	-28.5%	283.2	6.4%
Net profit attributable to the Group	€m	106.8	2.5%	-33.4%	160.3	3.6%
Weighted average number of shares in issue excl. treasury shares	m	20.25			20.23	
Basic earnings per share	€	5.27		-33.5%	7.92	
Recurring earnings per share	€	7.42		-17.3%	8.97	
Key balance sheet items						
		31/12/2020			31/12/2019	
Net financial debt	€m	425.6		-17.2%	513.9	
Equity attributable to the Group	€m	1,397.8		1.8%	1,372.7	

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

² Restated for non-recurring and exceptional items

³ Every year, 9,617 companies and organisations around the world provide details on their environmental performance to CDP for independent assessment against its scoring methodology for the benefit of investors, purchasers and other stakeholders

⁴ Audit procedures have been carried out and the audit report is being issued.

General comments on business activity in financial year 2020

2020 was marked by two exceptional events: the Covid-19 pandemic starting in March, and a cyberattack in October. These two events had a significant impact on the Group's business activity. Measures imposing lockdowns and restricting people's movement led to a decline in business under existing contracts and new orders. The aeronautics and transport industries, in particular, contracted between 20% and 30% starting in the second quarter. The response to the cyberattack involved information and production systems being unavailable to varying degrees over a period of several weeks in the fourth quarter. The negative impact on 2020 business activity of these two events is estimated at around 10 points of growth. The cyberattack itself had a negative 1 point impact on revenue and a negative 0.2 point impact on the operating margin on business activity.

In spite of this challenging context, Sopra Steria was highly resilient. The negative organic growth in revenue was limited to 4.8%. The decline in the operating margin on business activity was limited to 1 point and free cash flow was highly resilient, at €203.5 million, although it was boosted by the favourable impact of around €50 million in non-recurring items. In addition, at 31 December 2020, average consultant downtime had returned to normal levels.

The resilience the Group has shown is due to several factors. First of all, recurring activities (business process services, IT infrastructure management, application maintenance and software maintenance) make up around 40% of revenue. Next, the Group's sales strategy focuses on clients it has identified as strategic, which are mainly large accounts and public authorities (the public sector makes up around 30% of revenue). Lastly, the Group's team spirit and entrepreneurial culture facilitated rapid decision-making and measures to adapt to a changing environment. Cost-saving plans, for example, were rapidly launched.

Particular attention was paid to human resource management. Keeping staff informed and social dialogue were a fundamental priority. The use of state aid programmes was limited and responsible. The Group's priority was preserving skills and jobs, especially in the sectors most affected by declines in business activity, thanks to training and internal mobility.

In parallel, Sopra Steria continued to implement its strategic plan: product development for Sopra Financing Platform and Sopra Banking Platform, shifting activities in the United Kingdom to a platform-based model, building up the Sopra Steria Next consulting brand, industrialisation, and targeted acquisitions to reinforce insurance activities in France and in digital banking for Sopra Banking Software. A plan aimed at achieving zero net emissions by 2028 was also announced.

Details on 2020 operating performance

Consolidated revenue totalled €4,262.9 million, down 3.9%. Changes in scope had a positive impact of €76.1 million, and currency fluctuations had a negative impact of €33.5 million. The negative organic growth in revenue came to 4.8%. Excluding exceptional items, Q3 and Q4 showed an improvement in business activity compared with the low point observed in Q2.

Operating profit on business activity came to €300.2 million (€354.3 million in 2019), equating to a margin of 7.0% (8.0% in 2019).

The France reporting unit (39% of the Group's revenue) generated revenue of €1,655.6 million, representing negative organic growth of 10.2%. It was particularly affected by external factors (pandemic and cyberattack) due to the structure of its activity and the significance of the aeronautics sector (20% of the reporting unit's revenue in Q1 2020; revenue down 20% year-on-year). Conversely, the public sector was highly resilient: the defence and government vertical markets showed strong gains while social services (job centres, health insurance, etc.) contracted slightly. Against this backdrop, operating profit on business activity came to 6.8% in 2020 (9.7% in 2019). Excluding exceptional items, the second half of the financial year showed an improvement in business activity, suggesting a gradual recovery in performance may be expected in 2021. The aeronautics sector showed signs of stabilising. Consultant downtime returned to normal levels. Hiring resumed.

The United Kingdom (16% of the Group's revenue) was highly resilient, with revenue of €699.8 million, representing positive organic growth of 1.9%. This growth was driven by the strong performance achieved by



the two joint ventures specialising in business process services for the public sector (NHS SBS and SSCL). They posted revenue of €339.3 million, representing average organic growth of 16.0%. The defence & security and government sectors proved fairly resilient. The private sector, on the other hand, was under pressure, although new promising contracts were won, in particular in the banking sector. The operating margin on business activity improved to 8.0% (7.3% in 2019).

The **Other Europe reporting unit** (29% of Group revenue) posted organic revenue growth of 2.3% to €1,249.0 million. Growth was brisk in Scandinavia and Belgium, while the other countries saw slightly negative growth. In addition, revenue generated by Sopra Financial Technology (€204.9 million) for operating the information system of the Sparda banks in Germany was up 16.9%. The operating margin on business activity improved in virtually every country in the reporting unit, totalling 8.1% compared with 6.7% in 2019.

Revenue for **Sopra Banking Software** (10% of Group revenue) came to €421.6 million, an organic contraction of 9.1%. Licence sales proved highly resilient while services saw a deterioration, particularly during the lockdown period in the first half of the year. The second half of the year (-7.3%) showed a relative improvement with more limited negative growth than in the first half (-10.9%). The year was especially noteworthy for the Group's adherence to its product development plan (for both Sopra Banking Platform and Sopra Financing Platform) and the first signs of improvement in project margins, in line with the goal of gradually returning to a double-digit margin. Operating profit on business activity came to €10.5 million (versus €4.9 million in 2019), equating to a margin of 2.5%.

The **Other Solutions reporting unit** (6% of Group revenue) posted revenue of €236.9 million, representing negative organic growth of 8.9%. This change resulted from a decline in licence sales and the postponement of certain project launches. Following a significant improvement in the second half of the year (12.7% versus 5.0% in the first half), the operating margin on business activity for the full year came to 8.8% (versus 15.7% in 2019).

Comments on the components of net profit attributable to the Group in financial year 2020

Profit from recurring operations totalled €261.2 million. It included a €4.2 million share-based payment expense and a €34.8 million amortisation expense on allocated intangible assets.

Operating profit was €202.3 million after a net expense of €58.9 million for other operating income and expenses (compared with a net expense of €31.0 million in 2019), including expenses of €15.6 million attributable to additional costs arising from Covid-19 and €5.3 million related to the impact of the cyberattack.

The tax expense totalled €60.4 million, for an effective tax rate of 34.1%.

The share of profit from equity-accounted companies (mainly Axway Software) was €2.3 million (€1.8 million in 2019).

After deducting €12.2 million in **minority interests**, **net profit attributable to the Group** came to €106.8 million (€160.3 million in 2019).

Basic earnings per share came to €5.27 (€7.92 in 2019).

Proposed dividend in respect of financial year 2020

At the next General Meeting of Shareholders, Sopra Steria will propose the payment of a dividend⁵ of €2.0 per share.

Financial position at 31 December 2020

Free cash flow was very strong, at €203.5 million (€229.3 million in 2019). The free cash flow conversion rate⁶ with respect to operating profit on business activity, remained stable at 51%.

⁵ General Meeting to be held on Wednesday, 26 May 2021. The ex-dividend date will be 1 June 2021, and the dividend will be payable as from 3 June 2021.

⁶ Restated for non-recurring and exceptional items, which represented a favourable net amount of around €50 million in 2020



Net financial debt totalled €425.6 million, down 17.2% from its level at 31 December 2019. It was equal to 29.4% of equity (36.1% at 31/12/2019) and 1.1x pro forma EBITDA for 2020 before the impact of IFRS 16 (with the financial covenant stipulating a maximum of 3x).

Acquisition and external growth transactions

- On 7 August 2020, the remaining 30% stake in SAB not yet held by the Group was acquired by Sopra Steria from SAB's minority shareholders.
- On 16 September 2020, Sodifrance was added to Sopra Steria's scope of consolidation. Following the acquisition of a 94.03% controlling interest in the share capital, a public tender offer and compulsory delisting were carried out at the price of €18 per share⁷. The Sodifrance shares were delisted from Euronext Paris on 18 November 2020.
- On 31 December 2020, Fidor Solutions was added to Sopra Steria's scope of consolidation. Fidor Solutions was the software subsidiary of next-generation bank Fidor Bank specialising in digital banking solutions. This acquisition will significantly accelerate the pace of development and marketing of Sopra Banking Software's digital solutions, in particular by augmenting the user features offered to banks through its Digital Banking Engagement Platform (DBEP) solutions.

Workforce

At 31 December 2020, the Group's workforce totalled 45,960 people (46,245 at 31/12/2019), with 17.6% working in X-Shore zones.

Social and environmental footprint

Sopra Steria sees its contribution to society as sustainable, human-focused and purposeful, guided by the firm belief that making digital work for people is a source of opportunity and progress.

On 8 December 2020, CDP confirmed that Sopra Steria had made its A List – recognising the world's most transparent and most proactive companies in the fight against climate change – for the fourth year in a row. The Group stepped up its ongoing climate commitments in 2020 with the announcement of its target of achieving zero net emissions by 2028. Since 2015, Sopra Steria's annual reduction in its greenhouse gas emissions has been aligned with this trajectory.

The Group also continued to increase the number of women in its workforce in 2020. The proportion of women, excluding the impact of acquisitions during the year, went from 32.0% to 32.5% thanks to an increase in women among new recruits (34.0% of new hires versus 33.1% in 2019). This change should be viewed within the context of the proactive policy aimed at gradually increasing the number of women in senior management positions and the target set to have women make up 30% of the Executive Committee by 2025.

Strategy

Sopra Steria's strategy is built around its independent corporate plan focused on sustainable value creation for its stakeholders. This European plan is underpinned by expansion through organic and acquisition-led growth. Its goal is to generate substantial added value by harnessing a comprehensive range of powerful consulting and software solutions deployed using an end-to-end approach and capitalising on our combined technology and sector-specific expertise.

This plan is set within an upbeat market for digital services, which have been boosted for several years now by demand for digital transformation on the part of businesses and institutions looking to increase their resilience.

Within this context, over the medium term, Sopra Steria is targeting 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.

⁷ Enterprise value: Price of shares for 100% of the share capital of €63 million + Net financial debt of €17.6 million at 15/09/2020



Targets for 2021

Although the situation is improving, the overall environment is still beset with many uncertainties. Based on the information available at end-February 2021, Sopra Steria has set the following targets for the year:

- Organic revenue growth of between 3% and 5%, including a first quarter in which growth remains negative;
- Operating margin on business activity of between 7.5% and 8.0%;
- Free cash flow of around €150 million.

2020 annual results presentation meeting

The annual results for 2020 will be presented to financial analysts and investors in a French/English webcast on Friday, 26 February 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 1 59 – PIN: 41663318#
- English-language access number: +44 207 194 37 59 – PIN: 82835072#

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

Upcoming financial publications

Wednesday, 28 April 2021 (before market open): Publication of Q1 2021 revenue

Wednesday, 26 May 2021 at 2:30 p.m.: General Meeting of Shareholders

Thursday, 29 July 2021 (before market open): Publication of H1 2021 results

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 in respect of retirement benefit obligations 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 2019 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 10 April 2020 (see pages 35 to 52 and 27 to 275 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 25 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

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Annexes

Sopra Steria: Impact on revenue of changes in scope and exchange rates – FY 2020

€m	2020	2019	Growth
Revenue	4,262.9	4,434.0	-3.9%
Changes in exchange rates		-33.5	
Revenue at constant exchange rates	4,262.9	4,400.4	-3.1%
Changes in scope		76.1	
Revenue at constant scope and exchange rates	4,262.9	4,476.5	-4.8%

Sopra Steria: Changes in exchange rates – FY 2020

For €1 / %	Average rate 2020	Average rate 2019	Change
Pound sterling	0.8897	0.8778	-1.3%
Norwegian krone	10.7228	9.8511	-8.1%
Swedish krona	10.4848	10.5891	+1.0%
Danish krone	7.4542	7.4661	+0.2%
Swiss franc	1.0705	1.1124	+3.9%

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

	2020	2019 Restated*	2019	Organic growth	Total growth
France	1,655.6	1,844.6	1,813.1	-10.2%	-8.7%
United Kingdom	699.8	686.5	771.5	+1.9%	-9.3%
Other Europe	1,249.0	1,221.4	1,152.9	+2.3%	+8.3%
Sopra Banking Software	421.6	463.9	438.9	-9.1%	-3.9%
Other Solutions	236.9	260.1	257.5	-8.9%	-8.0%
Sopra Steria Group	4,262.9	4,476.5	4,434.0	-4.8%	-3.9%

* Revenue at 2020 scope and exchange rates

Sopra Steria: Revenue by reporting unit (€m / %) – Q4 2020

	Q4 2020	Q4 2019 Restated*	Q4 2019	Organic growth	Total growth
France	425.6	498.1	470.5	-14.6%	-9.5%
United Kingdom	186.6	166.9	175.7	+11.8%	+6.2%
Other Europe	318.1	331.3	336.0	-4.0%	-5.3%
Sopra Banking Software	116.6	129.4	130.4	-9.9%	-10.6%
Other Solutions	61.7	75.3	75.3	-18.1%	-18.1%
Sopra Steria Group	1,108.6	1,201.1	1,187.9	-7.7%	-6.7%

* Revenue at 2020 scope and exchange rates

Sopra Steria: Performance by reporting unit – FY 2020

	2020		2019	
	€m	%	€m	%
France				
Revenue	1,655.6		1,813.1	
Operating profit on business activity	111.9	6.8%	175.5	9.7%
Profit from recurring operations	104.8	6.3%	167.2	9.2%
Operating profit	84.9	5.1%	156.9	8.7%
United Kingdom				
Revenue	699.8		771.5	
Operating profit on business activity	56.0	8.0%	56.1	7.3%
Profit from recurring operations	44.1	6.3%	43.8	5.7%
Operating profit	27.7	4.0%	42.3	5.5%
Other Europe				
Revenue	1,249.0		1,152.9	
Operating profit on business activity	101.0	8.1%	77.4	6.7%
Profit from recurring operations	96.5	7.7%	73.0	6.3%
Operating profit	82.4	6.6%	66.1	5.7%
Sopra Banking Software				
Revenue	421.6		438.9	
Operating profit on business activity	10.5	2.5%	4.9	1.1%
Profit from recurring operations	-4.1	-1.0%	-8.9	-2.0%
Operating profit	-10.6	-2.5%	-18.0	-4.1%
Other Solutions				
Revenue	236.9		257.5	
Operating profit on business activity	20.8	8.8%	40.3	15.7%
Profit from recurring operations	19.9	8.4%	39.1	15.2%
Operating profit	17.9	7.5%	35.9	13.9%

Sopra Steria: Consolidated income statement – FY 2020

	2020		2019	
	€m	%	€m	%
Revenue	4,262.9		4,434.0	
Staff costs	-2,677.7		-2,668.5	
Operating expenses	-1,096.1		-1,253.3	
Depreciation, amortisation and provisions	-189.0		-157.9	
Operating profit on business activity	300.2	7.0%	354.3	8.0%
Share-based payment expenses	-4.2		-11.1	
Amortisation of allocated intangible assets	-34.8		-28.9	
Profit from recurring operations	261.2	6.1%	314.2	7.1%
Other operating income and expenses	-58.9		-31.0	
Operating profit	202.3	4.7%	283.2	6.4%
Cost of net financial debt	-9.9		-9.9	
Other financial income and expenses	-15.4		-14.7	
Tax expense	-60.4		-87.3	
Share of net profit from equity-accounted companies	2.3		1.8	
Net profit	118.9	2.8%	173.1	3.9%
Attributable to the Group	106.8	2.5%	160.3	3.6%
Non-controlling interests	12.2		12.7	
Weighted average number of shares in issue excl. treasury shares (m)	20.25		20.23	
Basic earnings per share (€)	5.27		7.92	



Sopra Steria: Change in net financial debt (€m) – FY 2020

	2020	2019
Operating profit on business activity	300.2	354.3
Depreciation, amortisation and provisions (excl. allocated intangible assets)	187.4	159.3
EBITDA	487.6	513.6
Non-cash items	6.7	-3.0
Tax paid	-82.9	-81.0
Change in current operating working capital requirement	72.5	25.3
Reorganisation and restructuring costs	-82.2	-32.7
Net cash flow from operating activities	401.7	422.2
Lease payments	-109.4	-109.8
Change relating to investing activities	-53.2	-49.7
Net interest	-10.0	-9.3
Additional contributions related to defined-benefit pension plans	-25.5	-24.1
Free cash flow	203.5	229.3
Impact of changes in scope	-97.5	-89.5
Financial investments	-2.0	-2.6
Dividends paid	-4.3	-39.9
Dividends received from associated companies	0.0	2.9
Purchase and sale of treasury shares	-10.9	-2.8
Impact of changes in foreign exchange rates	-0.4	-7.3
Other changes	-	-
Impact of the initial application of IFRS16	-	16.9
Change in net financial debt	88.3	107.0
Net financial debt at beginning of period	513.9	620.9
Net financial debt at end of period	425.6	513.9

Sopra Steria: Simplified balance sheet (€m) – 31/12/2020

	31/12/2020	31/12/2019
Goodwill	1,843.2	1,813.9
Allocated intangible assets	161.5	181.5
Other fixed assets	241.1	267.9
Right-of-use assets	290.3	320.4
Equity-accounted investments	193.4	195.0
Fixed assets	2,729.6	2,778.8
Net deferred tax	113.4	98.1
Trade accounts receivable (net)	954.6	1,074.3
Other assets and liabilities	-1,112.8	-1,256.1
Working capital requirement (WCR)	-158.2	-181.8
Assets + WCR	2,684.8	2,695.1
Equity	1,445.4	1,422.2
Provisions for post-employment benefits	380.1	339.7
Provisions for contingencies and losses	116.0	77.0
Lease liabilities	317.5	342.1
Net financial debt	425.6	513.9
Capital invested	2,684.8	2,695.1

Sopra Steria: Workforce breakdown – 31/12/2020

	31/12/2020	31/12/2019
France	19,799	19,013
United Kingdom	6,646	6,407
Other Europe	10,885	10,095
Rest of the World	523	344
X-Shore	8,107	8,255
Total	45,960	46,245

