

## Press Release

Paris, France, February 28, 2013

### 2012<sup>1</sup> annual results

**Organic revenue growth +2.4%**

**Operating margin rate<sup>2</sup> 6.4%**

**“3 P” cost-saving plan in line with objectives**

- Consolidated revenue for the 2012 financial year increased by 4.6% and by 2.4% like-for-like
- The operating margin rate<sup>2</sup> stood at 6.4%, down on its 2011 level
- The deployment of the “3 P” cost-saving plan was in line with the stated objectives
- At December 31, 2012, the book to bill ratio stood at 1.03

### Annual consolidated results 2012

		2011 Reported	2011 Restated <sup>3</sup>	2012
<b>Revenue</b>	€m	1,747.7	1,705.4	<b>1,827.2</b>
<b>Operating margin<sup>2</sup></b>	€m	129.9	133.6	<b>117.4</b>
% of revenue	%	7.4%	7.8%	<b>6.4%</b>
<b>Operating income<sup>4</sup></b>	€m	81.9	87.5	<b>72.6</b>
<b>Attributable net income</b>	€m	55.0	55.0	<b>35.6</b>
% of revenue	%	3.1%	3.2%	<b>1.9%</b>
<b>Underlying attributable net income<sup>5</sup></b>	€m	90.5	94.6	<b>79.7</b>
<b>Underlying diluted earnings per share<sup>5</sup></b>	€	2.73	2.85	<b>2.36</b>
<b>Shareholders' equity</b>	€m	766.4	766.4	<b>815.0</b>
<b>Net financial debt</b>	€m	125.9	125.9	<b>143.0</b>

**Organic  
growth**  
At constant  
perimeter and  
currency

**2.4%**

<sup>1</sup>Items shown have been fully audited. Specific audit verifications underway.

<sup>2</sup>Before amortization of intangible assets arising from business combinations. The operating margin is the Group's key indicator. It is defined as the difference between revenue and operating expenses, the latter being equal to the total cost of services rendered (costs necessary for the implementation of projects), sales costs and general and administrative expenses.

<sup>3</sup>After taking into account IFRS 5 – Non-current assets classified as held for sale and discontinued operations in respect of the disposal of the Spanish operations

<sup>4</sup>Operating income includes restructuring and reorganization costs, capital gains or losses on disposals, the estimated fair value of share-based compensation, the impact of goodwill impairment tests and actuarial gains and losses recognized during the accounting (corridor method) of post-employment benefits.

<sup>5</sup>Attributable net income, after tax, restated for other operating income and expenses and the amortization of intangible assets.

## Revenue

### Consolidated revenue for the 2012 financial year

In € million	2011	2012	Growth
Revenue	1,747.7	<b>1,827.2</b>	<b>4.6%</b>
Change in consolidation scope	-15.6		
Change due to currency effect	51.6		
Pro-forma revenue	1,783.7	<b>1,827.2</b>	<b>2.4%</b>

### 2012 revenues by geographic region

In € million	2011*	2012	Organic growth
United Kingdom	728.1	<b>735.2</b>	<b>1.0%</b>
France	551.6	<b>588.5</b>	<b>6.7%</b>
Germany	239.8	<b>243.1</b>	<b>1.4%</b>
Other Europe	264.2	<b>260.4</b>	<b>-1.4%</b>
Total	1,783.7	<b>1,827.2</b>	<b>2.4%</b>

\*Like-for-like revenue (2012 base)

### 2012 revenue by business line

In € million	2011*	2012	Organic growth
Infrastructure Management and Business Process Outsourcing	708.2	<b>767.9</b>	<b>8.4%</b>
Consulting, Systems Integration and Applications Maintenance	1,075.5	<b>1,059.3</b>	<b>-1.5%</b>

\*Like-for-like revenue (2012 base)

### Fourth quarter 2012 revenue by geographic region

In € million	Q4 2011*	Q4 2012	Organic growth
United Kingdom	189.0	<b>185.1</b>	<b>-2.1%</b>
France	150.6	<b>154.4</b>	<b>2.5%</b>
Germany	61.2	<b>67.6</b>	<b>10.4%</b>
Other Europe	48.9	<b>45.7</b>	<b>-6.6%</b>
Total	449.7	<b>452.7</b>	<b>0.7%</b>

\*Like-for-like revenue (2012 base)

### **Main events during the 2012 financial year**

2012 unfolded within a challenging and volatile environment both in terms of volumes and prices. In this context, the Group demonstrated commercial resilience with organic revenue growth at the top end of the range for the leading sector players in Europe and above that of the European IT services sector as a whole which declined in 2012.

The financial year saw some major commercial successes with a series of promising new client wins. For example, significant contract wins included the Pôle Emploi, Canal+, JC Decaux, the UK Ministry of Defence, Whitbread, Cooperative Banking Group, Boots, the Norwegian Labor and Social Welfare Ministry, the Swedish Statistics Agency, EON, Volkswagen, etc.

During the 2012 financial year, the Group also revisited its strategy to hone its competitive positioning and target the Transformation market segment more precisely, aimed at affirming itself as the Trusted Transformation Partner for major European clients.

The offer portfolio was significantly reorganized with the launch of new offerings tailored to the expectations of customers in a rapidly-changing market: *Workplace On Command* (a cloud-hosted workplace solution), *RightApps Management* (an applications portfolio transformation and optimization solution), *RightSecurity Services* (outsourced solution for end-to-end IT security management), *SAP RightTesting* (an industrial testing solution in an SAP environment).

The Group also reinforced the quality of its production processes by obtaining CMMI Level 5 certification for Steria India and by becoming the largest IT services provider to obtain level 3 TMMi certification for its *RightTesting* methodology.

To adapt to the difficult environment which existed in 2012, the Group launched an operational cost-savings plan ("3 P" plan) in the second half whose deployment was in line with the targeted €18 million to €20 million of operational cost savings.

In November 2012, within the framework of the execution of this plan, Steria divested its Spanish operations. For the establishment of the 2012 financial statements, the subsidiary was recognized as a discontinued operation pursuant to IFRS 5. The impact on the Group's operating margin was positive to the tune of some 30 basis points for the 2012 financial year.

### **Operational performance for the 2012 financial year**

The Group's revenue growth was 4.6% and 2.4% like-for-like. The Utilities/Telco-Media/Transport (+11.4%), Insurance (+3.7%) and Public (+1.4%) sectors made a positive contribution to growth by posting a solid performance within the context of the 2012 financial year. For its part, the Banking sector saw a 3.9% decline despite a slight improvement during the second half. In terms of the business lines, Business Process Outsourcing grew by 9.9% and Infrastructure Management by 7.1% while application services (Consulting, Systems Integration, Applications Maintenance and Testing) recorded a decline of 1.5%.

Within an uncertain environment, the fourth quarter proved relatively resilient with organic growth of +0.7% (equivalent to that of the second quarter) and a solid level of new orders entry driven, in particular, by the cyclical applications services activities (+10.3%). At December 31, 2012, the book to bill ratio stood at an overall 1.03 (1.04 at end 2011) and at 1.08 for the application services activities.

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Over the financial year as a whole, the Group's operating margin<sup>2</sup> amounted to €117.4 million corresponding to an operating margin rate of 6.4%<sup>6</sup>, i.e. above the 6% minimum indicated at the time of the 2012 first-half results announcement. The decline in the operating margin rate relative to 2011 is mostly explained by a challenging pricing environment and an increase in the average intercontract level in a volatile market.

**In the United Kingdom**, revenue increased by 1.0% like-for-like, supported by growth in the Public (+5.5%) and Utilities/Telco-Media/Transport (+2.9%) sectors. The Finance sector posted a negative performance over the period, partly due to the decline in activity on some existing contracts. At December 31, 2012, the book to bill ratio stood at 0.81 (0.97 at December 31, 2011).

**In France**, for the third year running, activity saw strong growth, markedly higher than that of the market. Organic growth for the year stood at 6.7% benefiting, in particular, from a good performance in the Finance (+11.5%) and Utilities/Telco-Media/Transport (+16.5%) sectors, the latter being helped by a significant level of activity on the EcoTaxe contract. New order entry increased by 14.4% over the year and the book to bill ratio amounted to 1.2 at December 31, 2012.

**In Germany**, the 2012 financial year closed with organic growth of 1.4%. There was a very significant improvement during the second half leading to a growth of 7.0% over this six-month period (-4.2% over the first half). The Banking sector recorded a solid trend over the year (+3.1%) thanks to a turnaround during the second half and the Utilities/Telco-Media/Transport posted robust growth (+5.6% over the year). Despite a return to growth during the fourth quarter, the Public sector was down over the financial year. At December 31, 2012, the book to bill ratio stood at 1.1.

**In the Other Europe region**, the 1.4% like-for-like revenue decline was explained by the 3.5% downturn in Scandinavia while Belgium/Luxembourg and Switzerland saw growth of 3.6% and 2.6% respectively. New orders entry progressed by 10.3% for the region thanks to a very good fourth quarter in Scandinavia, leading to a book to bill ratio of 1.1 at December 31, 2012.

### 2012 net income

The operating margin stood at €117.4 million while other operating income and expenses amounted to a €38.3 million charge, down by €3 million despite a €30 million increase in restructuring charges linked to the execution of the "3 P" plan whose charge for the year amounted to €14 million.

Net financial expense stood at €7.9 million (versus an expense of €6.9 million in 2011) due to the full year impact of the renegotiation of the bank credit facilities in July 2011.

The net loss from discontinued operations of €14.9 million takes into account the net result over ten months (a €4.1 million net loss) of the Spanish subsidiary which was sold in November 2012 and the capital loss recognized on the disposal (€10.8 million non cash).

Attributable net income for the financial year stood at €35.6 million, €19.4 million lower than its 2011 level. Half of this change is explained by the decline in the result from continuing operations and the balance by the non-current loss from discontinued operations.

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<sup>6</sup> Relative to 7.4% reported in 2011 and 7.8% after the application of IFRS 5 relating to discontinued operations.

### **Financial situation at the end of the 2012 financial year**

Despite the reduction in EBITDA linked to the decline in operating margin, compared to 2011, operating free cash flow improved by €7.2 million over the year to €29.5 million thanks, notably, to the reduction in consumption linked to the change in working capital requirement.

At December 31, 2012, the Group's net financial debt stood at €143 million including a negative currency impact of €7 million and a negative perimeter effect of €6 million linked to the consolidation of the NHS SBS entity. Adjusted for these two effects, net financial debt was only slightly higher relative to December 31, 2011 despite the major restructuring efforts over the financial year.

### **Dividends**

At the end of the 2012 financial year, the General Management, the Groupe Steria SCA Supervisory Board and the Soderi Board of Directors propose a payout identical to that of the previous year (i.e. 20%) leading to a dividend<sup>7</sup> of €0.20 per share (€0.35 in respect of 2011).

### **2013 Outlook**

For the 2013 financial year, the Group is targeting like-for-like growth in revenue.

Furthermore, the progress on the "3 P" plan enables the Group to confirm its objective of a progression in the operating margin rate relative to that of the 2012 financial year.

Lastly, the Group expects net cash flow generation (after dividends) to be positive enabling a reduction in financial debt.

-ENDS-

***An information meeting on the 2012 annual results will take place on Thursday February 28, 2013 at 9h00 CET and will be retransmitted by webcast at [www.steria.com](http://www.steria.com) (investors section).***

***Next publication: first quarter 2013 revenue on Friday April 26, 2013 before the market opening***

**Steria is listed for trading on NYSE Euronext Paris, Eurolist (Section B)**

**ISIN Code: FR0000072910, Bloomberg Code: RIA FP, Reuters Code: TERI.PA**

**General Indices: SBF 120, NEXT 150**

**CAC MID&SMALL, CAC MID 60, CAC Soft&CS, CAC Technology, Euronext FAS IAS**

For further information, visit our website: <http://www.steria.com>

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<sup>7</sup> Subject to shareholder approval at the General Shareholders' Meeting on Thursday May 30, 2013. The dividend will be detached on Friday June 7, 2013 and paid on Thursday July 4, 2013. Between June 7 and June 21, 2013, shareholders will be able to opt for payment in either cash or shares.

## **Investor relations**

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### **About Steria:** [www.steria.com](http://www.steria.com)

Steria delivers IT enabled business services and is the Trusted Transformation Partner for private and public sector organisations across the globe. By combining in depth understanding of our clients' businesses with expertise in IT and business process outsourcing, we take on our clients' challenges and develop innovative solutions to address them efficiently and profitably. Through our highly collaborative consulting style, we work with our clients to transform their business, enabling them to focus on what they do best. Our 20,000 people, working across 16 countries, support the systems, services and processes that make today's world turn, touching the lives of millions around the globe each day. Founded in 1969, Steria has offices in Europe, India, North Africa and SE Asia and a 2012 revenue of €1.83 billion. 21%(\*) of Steria's capital is owned by its employees. Headquartered in Paris, Steria is listed on the Euronext Paris market.

(\*): including the Employees Shares Trust in the UK

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**Consolidated income statement at December 31, 2012**

<b>In thousands of euros</b>	<b>31/12/2012</b>	<b>31/12/2011 Restated<sup>3</sup></b>	<b>31/12/2011 Reported</b>
Revenue	1,827,197	1,705,429	1,747,677
Cost of sales and sub-contracting costs	(359,240)	(320,851)	(324,203)
Personnel costs	(1,042,319)	(994,000)	(1,031,087)
Bought-in costs	(259,306)	(225,992)	(230,429)
Taxes (excluding income taxes)	(22,870)	(18,984)	(19,043)
Change in inventories	(22)	1	1
Other current operating income and expenses	5,759	10,842	10,727
Net charges for depreciation and amortisation	(38,137)	(28,499)	(28,914)
Net charges for provisions	107	2,828	2,832
Net charges for current asset impairment	(304)	(1,889)	(2 359)
<b>Operating margin (*)</b>	<b>110,864</b>	<b>128,885</b>	<b>125,202</b>
Other operating income and expenses	(38,288)	(41,386)	(43,301)
<b>Operating income</b>	<b>72,576</b>	<b>87,499</b>	<b>81,900</b>
Net cost of borrowings	(2,527)	(1,556)	(1,633)
Other financial income and expenses	(5,338)	(5,312)	(5,611)
<b>Net financial expense</b>	<b>(7,866)</b>	<b>(6,869)</b>	<b>(7,244)</b>
Income tax expense	(12,073)	(21,032)	(21,032)
Share of income/(loss) of associates	116	1,512	1,512
<b>Net income from continuing operations</b>	<b>52,753</b>	<b>61,110</b>	<b>55,136</b>
Net income/(loss) from operations held for sale	(14,919)	(5,974)	-
<b>Net income for the year</b>	<b>37,834</b>	<b>55,136</b>	<b>55,136</b>
<b>Attributable net income</b>	<b>35,596</b>	<b>55,009</b>	<b>55,009</b>
<b>Non-controlling interests</b>	<b>2,237</b>	<b>128</b>	<b>128</b>
<b>Underlying<sup>4</sup> diluted earnings per share (in euros)</b>	<b>2.36</b>	<b>2.85</b>	<b>2.73</b>

(\*) After amortization of the customer relationships recognized on the acquisition of Xansa and NHS SBS and amounting to €6,566 thousand for the 2012 financial year and €4,672 thousand for the 2011 financial year

### Consolidated balance sheet at December 31, 2012

	31/12/2012	31/12/2011
Goodwill	779,171	744,456
Other intangible assets	102,758	71,072
Property, plant and equipment	60,212	58,642
Investments in associates	1,541	10,938
Available-for-sale financial assets	2,531	2,273
Other financial assets	9,495	3,484
Retirement benefit assets	62,552	58,212
Deferred tax assets	43,202	27,332
Other non-current assets	1,830	3,418
<b>Non-current assets</b>	<b>1,063,293</b>	<b>979,826</b>
Inventories	9,013	9,218
Net trade receivables and similar accounts	266,744	299,468
Amounts due from customers	202,607	176,345
Other current assets	42,285	31,225
Current portion of non-current assets	3,948	3,565
Current tax assets	33,333	35,213
Prepaid expenses	22,865	23,001
Cash and cash equivalents	145,579	170,369
<b>Current assets</b>	<b>726,373</b>	<b>748,403</b>
Non-current assets classified as held for sale	7,475	9,095
<b>Total assets</b>	<b>1,797,141</b>	<b>1,737,324</b>
<b>Shareholders' equity<sup>8</sup></b>	<b>807,490</b>	<b>764,493</b>
Non-controlling interests	7,543	1,897
<b>Total equity</b>	<b>815,033</b>	<b>766,390</b>
Long-term borrowings	245,810	263,626
Retirement benefit obligations	48,613	40,247
Provision for non-current liabilities and charges	12,396	14,122
Deferred tax liabilities	20,701	20,939
Other non-current liabilities	23,989	6,817
<b>Non-current liabilities</b>	<b>351,510</b>	<b>345,750</b>
Short-term borrowings	42,786	32,648
Provisions for current liabilities and charges	24,652	34,638
Net trade payables and similar accounts	148,751	152,179
Gross amounts due to customers and advances and payments on account received	81,822	70,900
Current tax liabilities	41,126	54,971
Other current liabilities	290,738	278,694
<b>Current liabilities</b>	<b>629,874</b>	<b>624,030</b>
Liabilities directly associated with non-current assets classified as held for sale	724	1,155
<b>Total equity and liabilities</b>	<b>1,797,141</b>	<b>1,737,324</b>

<sup>8</sup> of which €152 million relating to the subordinated hybrid convertible bonds issued in November 2007



### Summary cash flow statement at December 31, 2012

	31/12/12	31/12/2011
<b>EBITDA</b>	<b>147.8</b>	<b>151.4</b>
Non cash adjustments	0.4	3.8
Financial charges	-4.6	-3.2
<b>Cash flow before tax</b>	<b>143.6</b>	<b>152.0</b>
Income tax	-25.1	-18.7
Change in WCR (cash elements)	-14.6	-43.6
<b>Operating cash flow</b>	<b>103.8</b>	<b>89.7</b>
Net industrial investment	-40.7	-33.1
Restructuring	-33.4	-34.2
<b>Operating free cash flow</b>	<b>29.8</b>	<b>22.3</b>
Dividends <sup>9</sup>	-19.1	-14.9
Net financial investment	-1.3	-4.1
Capital increase	8.6	6.8
Change in perimeter	-7.4	-1.0
Additional contribution to pension funds	-19.2	-18.6
Other	-8.5	-15.2
<b>Free cash flow</b>	<b>-17.1</b>	<b>-24.7</b>

### Operating margin rate<sup>2</sup> by geographical region at December 31, 2012

% of revenue	2012	2011 Restated <sup>3</sup>	2011 Reported
United Kingdom	9.4%	10.6%	10.6%
France	5.7%	6.8%	6.8%
Germany	4.4%	7.7%	7.7%
Other Europe	5.7%	7.7%	5.6%
Corporate expenses	-0.6%	-0.7%	-0.7%
<b>Group</b>	<b>6.4%</b>	<b>7.8%</b>	<b>7.4%</b>

<sup>9</sup> Including the coupon on the subordinated hybrid convertible bonds: €8.7m in 2012 and 2011.