

# ANNUAL GENERAL MEETING

Paris, 12 June 2019

Delivering Transformation. Together.\*

sopra  steria

## FORWARD LOOKING STATEMENTS

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*This document contains forecasts in respect of which there are risks and uncertainties concerning Sopra Steria's future growth and profitability. The Group highlights the fact that the signature of licence contracts, which often represent investments for clients, are more significant in the second half of the year and may therefore have a more or less favourable impact on full-year performance. The outcome of events or actual results may differ from those described in this document as a result of various risks and uncertainties set out in the 2018 Reference Document submitted to the Autorité des Marchés Financiers on 12 April 2019 (in particular pages 28 to 44 and 229 to 233). The distribution of this document in certain countries may be subject to the laws and regulations in force. Naturally, persons present in these countries and in which this document is disseminated, published or distributed, should obtain information about such restrictions and comply with them.*



# ANNUAL GENERAL MEETING SUMMARY

## **1 | Annual General Meeting Agenda**

2 | Board of Directors' Report - 2018 financial statements and operational situation

3 | Auditors' Reports

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6 | Vote

7 | Closing



# AGENDA (1/3)

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*Notice published in the “Bulletin des Annonces Légales Obligatoires” on 24 May 2019*

- **Requiring approval at the Ordinary General Meeting**

1. Approval of the individual financial statements for the financial year ended 31 December 2018; approval of non-deductible expenses.
2. Approval of the consolidated financial statements for the financial year ended 31 December 2018.
3. Appropriation of earnings and determination of the dividend.
4. Approval of the service agreement with *Éric Hayat*, as an agreement governed by Article L. 225-38 of the French Commercial Code.
5. Approval of the Statutory Auditors’ special report on agreements governed by Article L. 225-38 et seq. of the French Commercial Code.
6. Approval of items of compensation paid or allotted in respect of financial year 2018 to *Pierre Pasquier*, Chairman.
7. Approval of items of compensation paid or allotted in respect of financial year 2018 to *Vincent Paris*, Chief Executive Officer.



# AGENDA (2/3)

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*Notice published in the “Bulletin des Annonces Légales Obligatoires” on 24 May 2019*

- **Requiring approval at the Ordinary General Meeting**

8. Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chairman.
9. Approval of the principles and criteria for the determination, distribution and allocation of items of compensation for the Chief Executive Officer.
10. Setting of directors’ fees at €500,000.
11. Authorisation granted to the Board of Directors, for a period of 18 months, to allow the Company to buy back its own shares pursuant to Article L. 225-209 of the French Commercial Code.



# AGENDA (3/3)

*Notice published in the “Bulletin des Annonces Légales Obligatoires” on 24 May 2019*

- **Requiring approval at the Extraordinary General Meeting**
  12. Delegation of powers to be given to the Board of Directors, for a period of 18 months, to issue share subscription warrants to be allotted to the shareholders free of charge in the event of a takeover bid, up to a nominal amount equal to the amount of the share capital.
  13. Delegation of powers to be given to the Board of Directors, for a period of 26 months, to decide to increase the share capital, without preemptive subscription rights for existing shareholders, via issues to persons employed by the Company or by a company of the Group, subject to enrolment in a company savings plan, up to a maximum of 3% of the share capital.
  14. Powers granted to carry out all legal formalities.



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# POSITIONING AND STRATEGY REMINDER





# SOPRA STERIA AT 31/12/2018

## A EUROPEAN LEADER IN DIGITAL TRANSFORMATION



### Top 5 European digital services companies

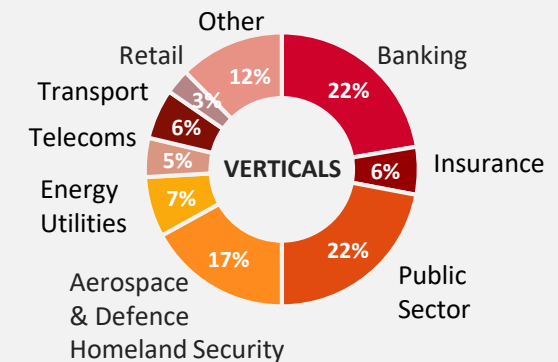
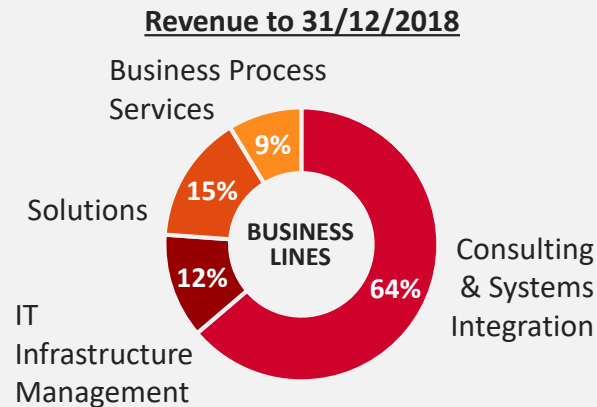
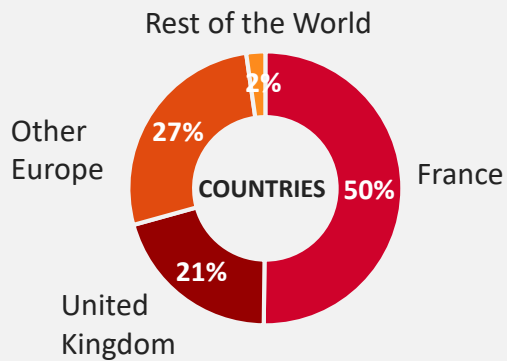
### Top 10 operating in Europe

2018 revenue of €4.1bn

Around 45,000 Employees

Operations in 25 countries

End-to-end approach



# AN INDEPENDENT, VALUE-CREATING CORPORATE PLAN

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## *Expanding*

- Organic growth
- Targeted external growth

## *Added Value*

- Consulting
- End-to-end
- Vertical approach

## *Independent*

- Key shareholder
- Employee shareholding

## *European*

...in services and worldwide in software

## *Unique*

- Software
- Entrepreneurial culture and close relationships with clients



# REAFFIRMED STRATEGIC AMBITIONS

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- Services
  - **Strategic partner** for large public authorities, financial and industrial players, and strategic companies in Europe, providing **end-to-end** support for the transformation of their business and operating models, making the best possible use of **digital** and the Group's **solutions**
- Software
  - Main emphasis on **banking**
  - **Developer of core business** solutions for retail banks and specialist lenders, all **among the leaders** in our target markets:
    - **EMEA** for core banking solutions
    - **Rest of the world** for specialist lenders



# STRATEGIC LEVERS

## Offering

- ➔ Rollout of digital in all offerings
  - Strengthening of consulting
  - Development of Excellence Centres to capitalise on new technologies (AI, blockchain, IoT, RPA, etc.)
  - Investments in reusable components and development platforms to reduce time to market
  - Rollout of an end-to-end approach to scale up transformation
- ➔ Success of the Sopra Banking Software project

## Vertical approach to major accounts

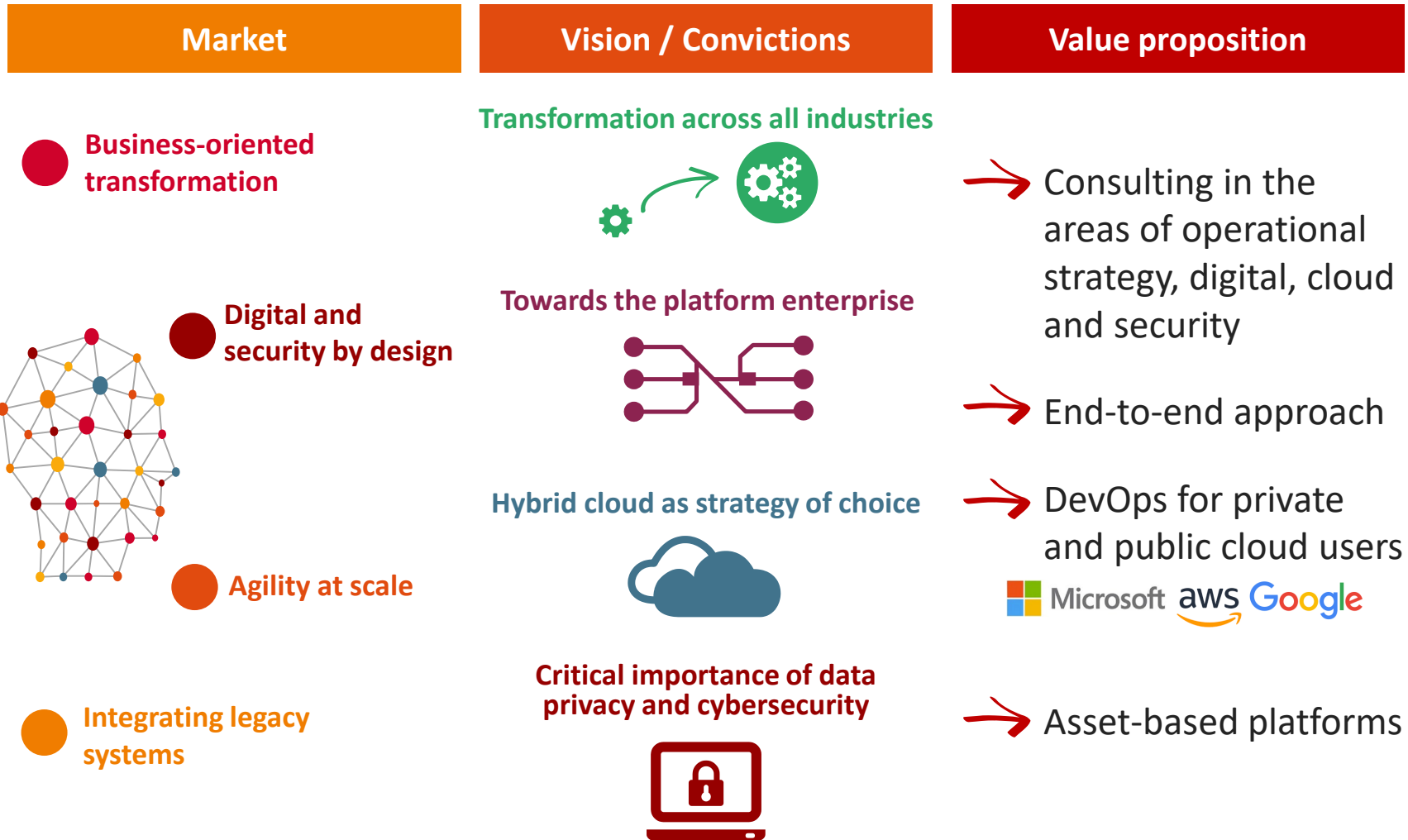
- ➔ Focus on business areas in 8 priority verticals
- ➔ Priority given to financial services

## Production model

- ➔ Industrial approach
- ➔ Large-scale rollout of agility and DevOps
- ➔ Widening the contribution of offshore teams, with:
  - Centres of technology excellence (blockchain / AI / data / RPA)
  - Asset development (technologies and business specialisations)
  - Sopra Banking Software R&D



# INTEGRATION OF DIGITAL IN OFFERINGS



# STRATEGIC OBJECTIVES

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- Organic growth of between 4% and 6% per year
- Acquisition strategy



- Operating margin on business activity ~10%



- 5% to 7% of revenue





# 2018 FINANCIAL RESULTS



# KEY FIGURES

## 2018

### Revenue

€4,095.3m

*Organic growth\* of 4.9%*  
*Growth at constant exchange rate of 7.4%*  
*Total growth of 6.9%*

### Operating profit on business activity

€307.9m

*i.e. 7.5% of revenue*  
*(8.6% in 2017)*

### Net profit attributable to the Group

€125.1m

*Taking into account a tax rate of 39.6% due to non-recurring items for around €15m*  
*Net margin of 3.1% vs 4.5% in 2017)*

### Free cash flow

€173.1m

*vs €111.4m in 2017 (excluding a sale of trade receivables with deconsolidation at end-2017)*

### Net financial debt

€620.9m

*corresponding to 1.68x EBITDA*  
*on a 12-month rolling basis*

### UK pension fund deficit net of tax

€122.5m

*vs €167m at 31/12/2017*  
*i.e. a €44.9m reduction*

\* Alternative performance measures are defined on slide 58 of this presentation





# OPERATING PERFORMANCE BY REPORTING UNIT

	Revenue			Operating profit on business activity	
	2018 IFRS 15 (€m)	2017 Restated* (€m)	Organic growth (%)	2018 IFRS 15 (% of Rev.)	2017 IFRS 15 (% of Rev.)
France	1,699.5	1,623.5	+ 4.7%	9.1%	8.6%
United Kingdom	783.1	784.1	- 0.1%	5.7%	6.9%
Other Europe	997.1	871.7	+ 14.4%	8.1%	8.1%
Sopra Banking Software	373.7	387.7	- 3.6%	-3.6%	9.5%
Other Solutions	241.8	235.5	+ 2.7%	16.7%	14.9%
<b>Total</b>	<b>4,095.3</b>	<b>3,902.5</b>	<b>+ 4.9%</b>	<b>7.5%</b>	<b>8.6%</b>

\* Revenue at 2018 scope and exchange rates and after application of IFRS 15



# 2018, A TRANSITIONAL YEAR...

## BOLSTERING THE GROUP IN RESPONSE TO A CHALLENGING WORKLOAD

- Heavy workload resulting in delivery issues
  - Internal growth
  - Acquisitions
  - Transformations underway at all entities
- Licence revenue lower than expected



### Investments to improve the model

- Reinforced organisational structure
- Internal tools
- Continuation of transformation at every entity



### Governance reinforced



## ...AND A YEAR OF BIG LEAPS FORWARD

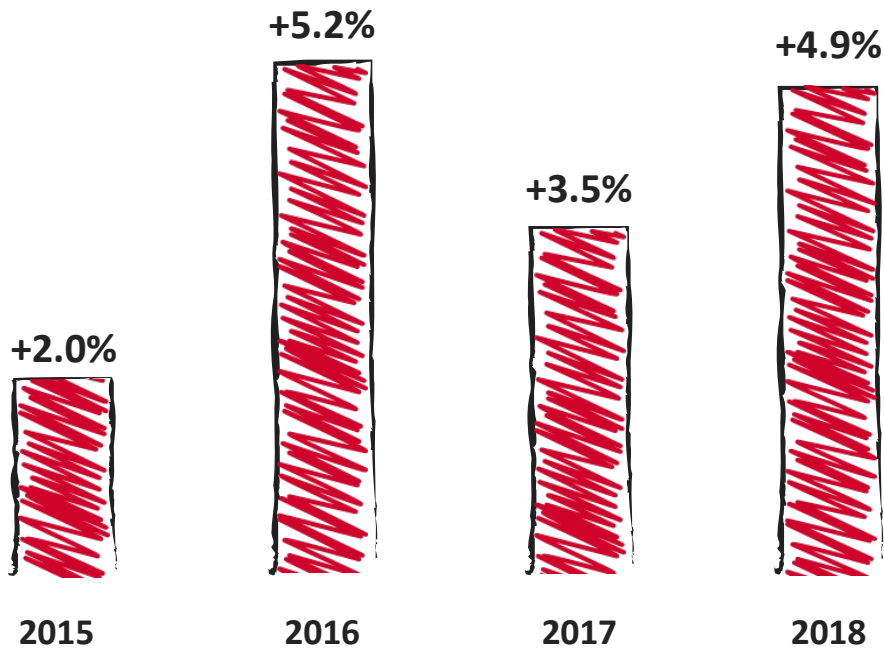
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- Robust growth in business activity
- Structural improvement in cash generation
- Continued progress in raising the value of offerings
- First encouraging signs in the United Kingdom
- Significant headway for Sopra Banking Software's products
- External recognition for our sustainability performance



# ROBUST GROWTH

ORGANIC REVENUE GROWTH OF 4.9% IN 2018



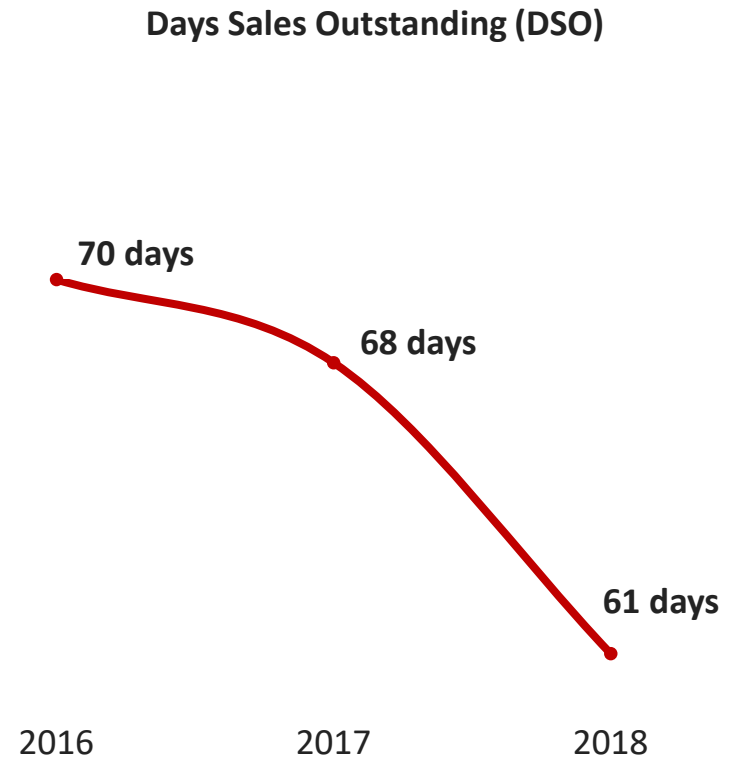
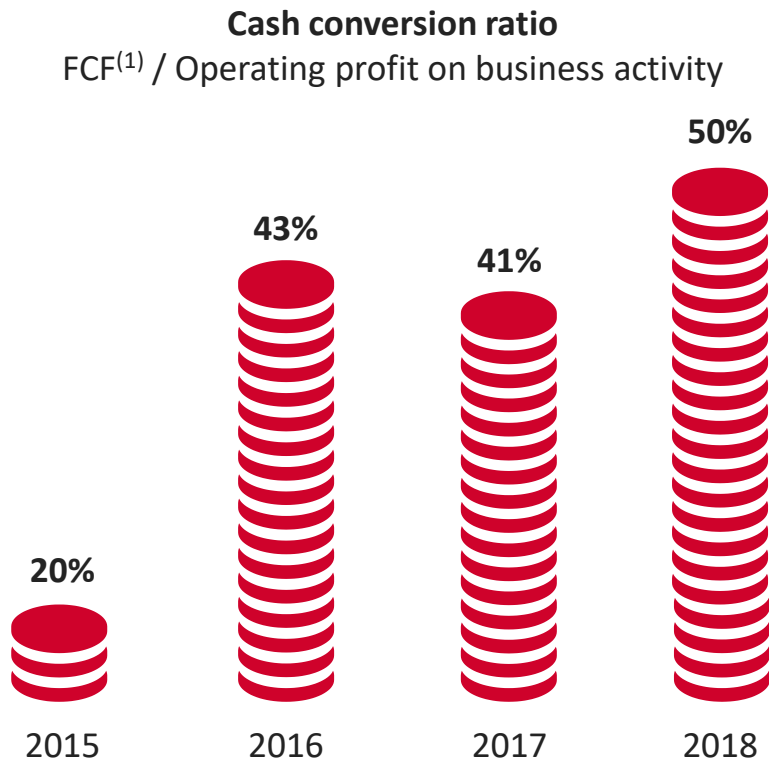
Q4 2018: +5.5%



15-year annual average: +5.5%  
(2004–2018)



# STRUCTURAL IMPROVEMENT IN CASH GENERATION



(1) Free cash flow excluding sales of trade receivables and after adjusting for non-recurring items

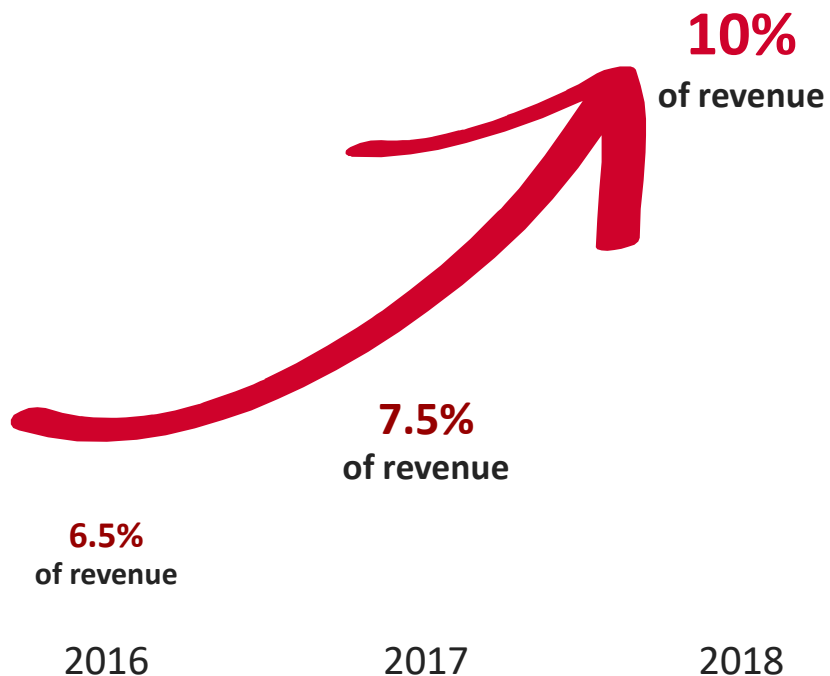


# CONTINUING TO RAISE THE VALUE OF OFFERINGS

## IN 2018, CONSULTING ACCOUNTED FOR 10% OF GROUP REVENUE

### CONSULTING ACTIVITIES

as % of Group revenue



### Highlights of 2018

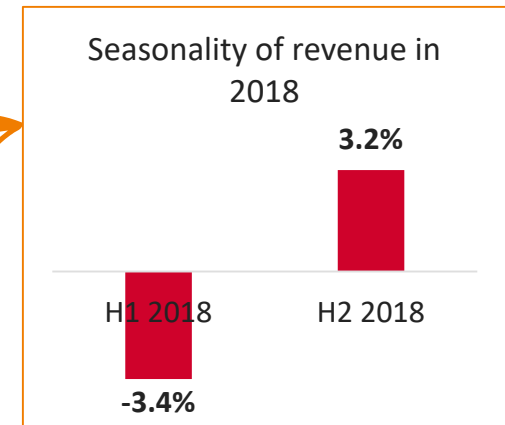
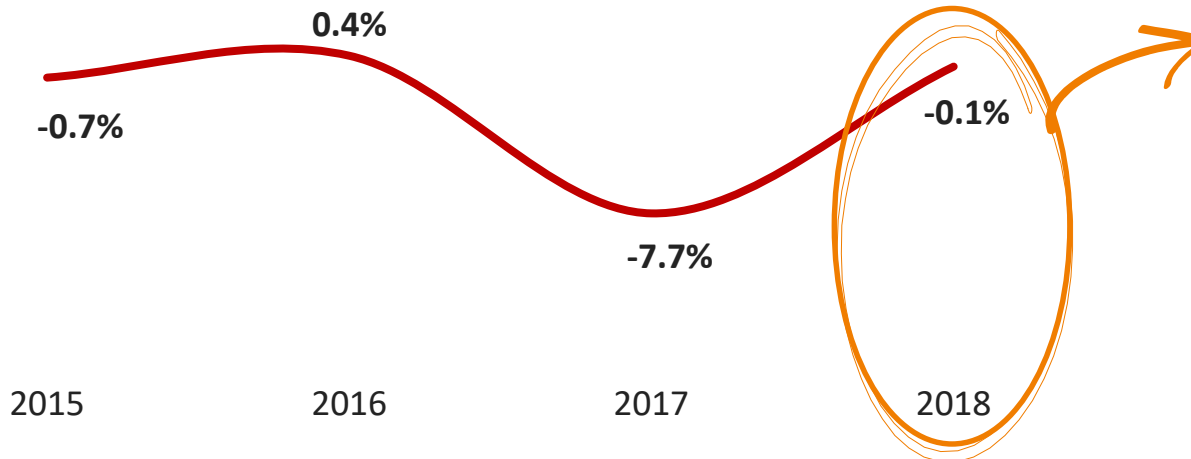
- 2,950 consultants in the Group (up 23% from 2017)
- Successful launch of Consulting business in the United Kingdom (200+ consultants at end-2018)
- Rise in upstream consulting (operational strategy and digital consulting)



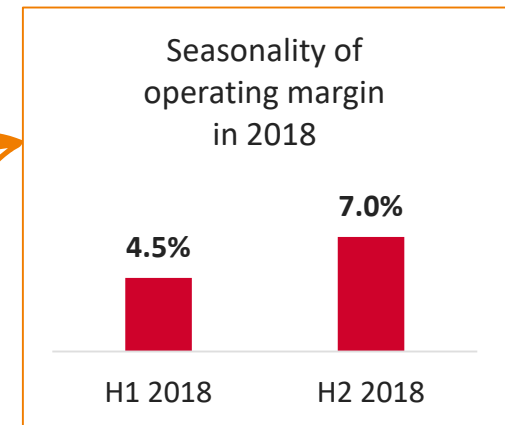
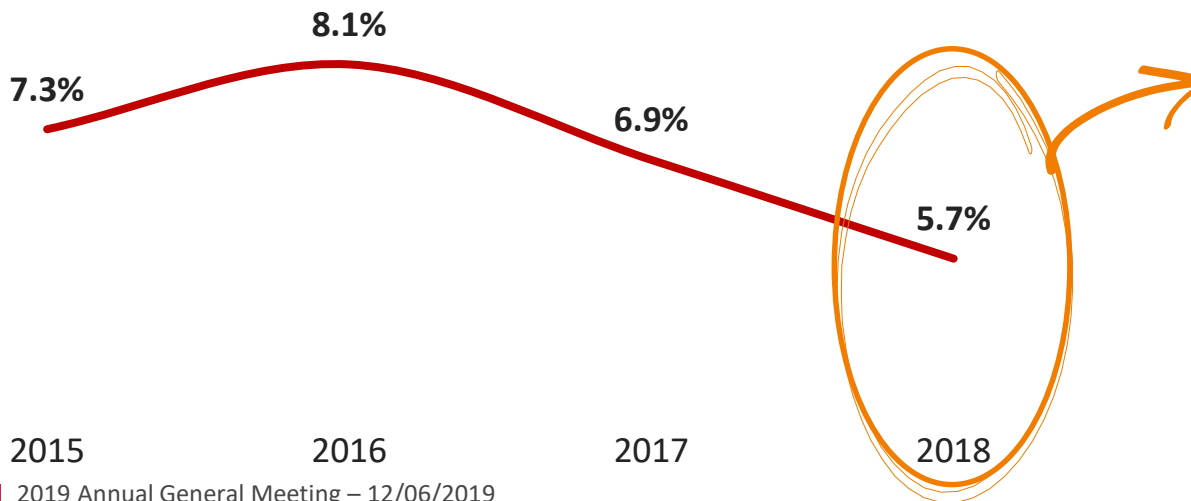
# FIRST ENCOURAGING SIGNS IN THE UNITED KINGDOM

## H2 MARKEDLY BETTER THAN H1

### Organic growth



### Operating profit on business activity



# SUBSTANTIAL PROGRESS MADE BUILDING UP SOPRA BANKING SOFTWARE



SOPRA  
BANKING  
PLATFORM

Last module (Enterprise Account Management) delivered to La Banque Postale



Initial successes for the *Digital eXperience Platform* (DxP) open banking solution



a Sopra Banking Software company

&



a Sopra Banking Software company

Unrivalled global position in asset finance

- Dongfeng Nissan Auto Finance in China
- Bank of Oklahoma in the United States

Several go-lives illustrating our ability to successfully complete major transformation projects in the financial world



SOPRA  
BANKING  
PLATFORM

AMPLITUDE *Up*

- Transactis
- Argenta
- Attijariwafa Bank
- KCB Bank



a Sopra Banking Software company

- Inter-American Development Bank (IDB)





# SOPRA STERIA SINGLED OUT FOR SUSTAINABILITY PROGRESS

## HIGH RECOGNITION FROM TWO KEY ORGANISATIONS IN EARLY 2019

### *Workforce*

Promoting equal opportunity and employability

### *Ethics and Values*

Behaving transparently, equitably and fairly towards all stakeholders

### *Society*

Stakeholder dialogue and solidarity initiatives

### *Environment*

Managing the environmental impact of our business activities

*Notes:*

(1) Greenhouse gas emissions from business travel, offices and on-site datacentres

(2) Science Based Targets initiative

### Latest achievements



#### CDP Climate Change

January 2019: Sopra Steria is named to the A List in recognition of its environmental performance



#### EcoVadis

January 2019: Sopra Steria attains Advanced Gold status for its corporate social responsibility performance

### Focus on the foundations of our environmental performance

- Greenhouse gas emissions reduction target <sup>(1)</sup> per employee, approved by the SBTi <sup>(2)</sup>: cut emissions by 43% between 2015 and 2025 (already down 23% between 2015 and 2017)
- Carbon Neutral<sup>®</sup> business travel, offices and on-site datacentres



# INCOME STATEMENT

## FINANCIAL YEAR 2018

	2018 IFRS 15 (€m)	2018 IFRS 15 (% of Rev.)	2017 IFRS 15 (€m)	2017 IFRS 15 (% of Rev.)
Revenue	4,095.3		3,831.1	
<i>Organic growth</i>	4.9%			
Operating profit on business activity	307.9	7.5%	330.7	8.6%
Expenses related to stock options and related items	- 22.8		- 21.2	
Amortisation of allocated intangible assets	- 24.3		- 21.8	
Profit from recurring operations	260.8	6.4%	287.7	7.5%
Other operating income and expenses	- 34.2		- 25.1	
Operating profit	226.6	5.5%	262.6	6.9%
Cost of net financial debt	- 7.8		- 6.8	
Other financial income and expenses	- 11.7		- 8.5	
Tax expense	- 82.0		- 73.9	
Share of net profit from equity-accounted companies	3.6		1.7	
Net profit	128.7		175.1	
<i>of which attributable to Group</i>	125.1	3.1%	172.5	4.5%
<i>of which minority interests</i>	3.6		2.6	



# SOUND FINANCIAL POSITION AT 31/12/2018

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**Equity: €1,329.2m**

**Net financial debt: €620.9m**

**EBITDA leverage: 1.68x**

**Available undrawn facilities  
€1.1bn**

*i.e. 58% of authorised amount<sup>(1)</sup>*

## Maturities

- **Bank borrowing facilities: 2023**
- **Bond: 2019**

*Note: Assuming a constant amount of commercial paper (€256m at 31 December 2018) and overdrafts*



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# AUDITORS' REPORTS

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- Statutory Auditors' report on the consolidated and individual financial statements
- Statutory Auditors' special report on regulated agreements and commitments



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# INFORMATION ABOUT PROPOSED RESOLUTIONS

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- **Ordinary General Meeting**

- The resolutions submitted for the approval of the Ordinary General Meeting require a **quorum of at least one fifth of the total voting shares** and a **majority of the votes** of the shareholders present or represented by proxy holders.

- **Extraordinary General Meeting**

- The resolutions submitted for the approval of the Extraordinary General Meeting require a **quorum representing at least one quarter** of the total voting shares and a **majority of two thirds of the votes** of the shareholders present or represented by proxy holders.
- As an exception to the preceding, the Resolution 12, even though they are submitted for the approval of the Extraordinary General Meeting, shall require a quorum of at least one-fifth of the total voting shares and a majority of the votes of the shareholders present or represented by proxy holders.



*All the resolutions proposed by the Board of Directors are presented on pages 56 and following of the 2019 Convening Notice*



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## END OF THE ANNUAL GENERAL MEETING



# ALTERNATIVE PERFORMANCE MEASURES

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- **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.



# CONTACTS

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