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Good performance in first-half 2012

- 11.3% total revenue growth and 1.0% organic growth
- Group operating margin on business activity stable at 8.1%
 - Operating margin improves in Europe to 5.8%
 - Annual growth and margin targets confirmed

Paris, 1 August 2012 – At its meeting of 31 July 2012 chaired by Pierre Pasquier, the Board of Directors of Sopra Group approved the financial statements for the six-month period ended 30 June 2012.

		H1 2012		H1 2011		Change 2012/2011
Key income statement items						
Revenue	€m	589.6		529.7		+ 11.3%
organic growth ⁽¹⁾	%					+ 1.0%
Operating profit on business activity ⁽²⁾	€m / %	47.6	8.1%	42.9	8.1%	
Profit from recurring operations	€m / %	45.2	7.7%	42.5	8.0%	
Operating profit	€m / %	38.4	6.5%	54.0	10.2%	
Net profit - Group share	€m / %	20.5	3.5%	36.3	6.9%	

Pierre Pasquier, Chairman and CEO, commented: "In a difficult market environment since mid-March, the Group achieved a good performance for the first half of the year. Sopra Group was able to harness its capacity for innovation and its competencies in managing major projects to support clients' transformation projects in France and Europe. Clients continue to appreciate the quality of the services the Group provides in its three business areas – consulting, IT services and software development – and the long-term partnership spirit in which they are delivered. The companies that recently joined the Group have themselves developed this high added value service culture, which facilitates their integration and allows them immediately to make a major contribution to achieving ambitious objectives in line with the company's strategy".

¹ Change calculated at constant exchange rates and group structure.

² Profit from recurring operations before expenses related to stock options and amortisation expenses in respect of intangible assets allocated.

Comments on business activity

Revenue for first-half 2012 amounted to €589.6m, with total growth of 11.3% and organic growth of 1.0%.

Operating profit on business activity was €47.6m, generating a margin of 8.1%.

Profit from recurring operations was €45.2m, representing a margin of 7.7%. This was calculated after taking into account items including expenses relating to the amortisation of allocated intangible assets and the implementation of a free share allocation plan for Group employees for a total of (-) €2.4m.

Operating profit totalled €38.4m, a 6.5% margin after deducting acquisition-related costs (mainly fees and commissions) and restructuring expenses (consulting and companies acquired) for a total amount of (-) €6.8m. As a reminder, first-half 2011 included a net amount of other operating income and expenses of (+) €11.5m, mainly relating to the Axway spin-off and listing transaction.

The net financial expense was (-) €2.9m. The total tax expense amounted to (-) €14.7m, corresponding to an effective tax rate of 42%, stable compared to the previous year. Net profit thus amounted to €20.6m with a net margin of 3.5%.

In France, revenue was €473.2m, representing total growth of 8.7% and organic growth of 0.4%. Operating profit on business activity came to €40.9m, representing a margin of 8.6% (compared to 9.0% in the first half of 2011, which benefited from particularly strong licence sales). Performance in France varied between different vertical markets and clients. The Group saw a slowdown in financial services and a wait-and-see attitude in the public sector. On the other hand, the aerospace industry, utilities and transport, as well as numerous major client accounts in manufacturing and services provided healthy demand.

In Europe, revenue amounted to €116.4m, representing total growth of 23.6% and organic growth of 3.3%. Operating profit on business activity came to €6.7m, representing a margin of 5.8% (compared to 3.9% in the first half of 2011). This improvement was due among other factors to the contribution of companies acquired in the United Kingdom where the operating margin on business activity came to 8.2% (compared to 1.3% in the first half of 2011) and growth in Spain significantly outperforming the market with a stable margin compared to the same period last year.

At 30 June 2012, the Group's workforce totalled 14,170 people. 990 employees joined the Group via acquisitions and 1,500 were recruited. The net increase in the workforce was 1,560 compared with 31 December 2011.

Strategy

Sopra Group's strategy, announced on 15 February 2012 aims to reinforce its positioning in its businesses and centres around three axes:

- Extending the Group's leading position in the French market,
- Developing a robust positioning in Europe,
- Expanding its solutions portfolio, primarily for the banking sector.

The acquisitions carried out since September 2011 as part of the deployment of this ambitious strategy contributed positively to the Group's performance. The integration process is continuing successfully in France and Europe.

The strategy for expanding the solutions portfolio was implemented on a priority basis in the financial services sector where Sopra Group has recognised expertise. The objective: to create a leading software developer specialised in application solutions for the financial services market. This is the context in which the Group created a new subsidiary, Sopra Banking Software, to which it contributed all of its Evolan activities. Delta-



Informatique and Callataÿ & Wouters joined this new subsidiary. Its business portfolio, which will from now on be marketed under the *Sopra Banking Suite* brand, thus groups together the Evolan, Thaler and Delta-Bank solutions. Revenue generated in the first half of 2012 by Delta-Informatique and Callataÿ & Wouters is, at this stage, consolidated in France (since 1 September 2011 for Delta and 1 April 2012 for Callataÿ & Wouters) and amounts to €38.2m. Further information on the performance of this subsidiary will be reported with the Group's annual results.

In parallel with this, the Group is implementing a European strategy which aims to broaden its presence in the main European countries. The UK subsidiaries of Business & Decision and Tieto joined the Group in line with this strategy. Their consolidated revenue as from 1 March 2012 amounted to €20.4m. Reinforcing the Group's presence in the United Kingdom helps reaffirm the confidence of major clients in its capacity to support them in their transformation projects.

Financial position

Equity amounted to €273.4m. Net debt at end-June 2012 was €281.3m, taking into account an acquisition option for the minority interests of Callataÿ & Wouters that may be exercised in 2014 and the employee profit sharing liability. Consequently, net bank debt came to €215.5m. The net debt to equity ratio determined excluding employee profit sharing for the calculation of bank covenants came to 91%.

A new €128m syndicated loan agreement was set up in June 2012. At 30 June, the Group had available credit lines of €311m.

At 30 June 2012, the financial position remained robust, both as far as the debt maturity is concerned as well as compliance with banking covenants.

Outlook

Sopra Group confirms its objectives of achieving a slight growth in revenue despite a tough economic context and a high comparison basis.

The Group also confirms a very slight improvement in margins, provided the market context does not deteriorate at the end of the year.

The Group is aiming for net debt at year-end of around €220m and net banking debt of around €155m.

Financial calendar

Tuesday, 6 November 2012, after the stock market close: Publication of third quarter revenue.



Annexes

Consolidated income statement

	H1 2012		H1 2011		FY 2011	
	€m	%	€m	%	€m	%
Revenue	589.6		529.7		1,050.3	
Staff costs - Employees	-396.6		-357.3		-701.4	
Staff costs - Contractors	-49.7		-51.5		-95.8	
Operating expenses	-87.8		-71.2		-147.0	
Depreciation, amortisation and provisions	-7.9		-6.8		-13.6	
Operating profit on business activity⁽²⁾	47.6	8.1%	42.9	8.1%	92.5	8.8%
Expenses related to stock options	-0.7		-0.2		-0.5	
Amortisation of allocated intangible assets	-1.7		-0.2		-0.3	
Profit from recurring operations	45.2	7.7%	42.5	8.0%	91.7	8.7%
Other operating income and expenses	-6.8		11.5		6.2	
Operating profit	38.4	6.5%	54.0	10.2%	97.9	9.3%
Cost of net financial debt	-2.9		-1.8		-4.1	
Other financial income and expenses	-0.5		0.7		0.6	
Income tax expense	-14.7		-16.3		-36.1	
Share of net profit from equity-accounted companies	0.3		1.1		6.0	
Net profit before profit from discontinued operations	20.6	3.5%	37.7	7.1%	64.3	6.1%
Profit net of tax from discontinued operations ⁽³⁾	-		-1.4		-1.4	
Net profit	20.6	3.5%	36.3	6.9%	62.9	6.0%
Group share	20.5		36.3		62.9	
Minority interests	0.1		-		-	

Statement of net debt

<i>In millions of euros</i>	30/06 2012	30/06 2011
Net debt at beginning of period (A)	46.4	57.2
Gross cash flow from operations before net financial debt and tax ⁽⁴⁾	45.5	46.6
Tax paid	-29.3	-19.0
Changes in working capital requirements ⁽⁵⁾	-37.9	-25.7
Net cash flow from operations	-21.7	1.9
Change relating to operating investments	-6.3	-8.4
Net financial interest paid	-2.2	-1.9
Free cash flow	-30.2	-8.4
Changes in scope	-182.3	-
Financial investments (Axway capital increase)	-0.4	-
Dividends paid	-22.5	-56.1
Dividends received from equity accounted companies	1.3	-
Capital increases in cash	-	1.1
Other changes	-0.4	-0.3
Net cash flow relating to discontinued operations	-	12.6
Net cash flow (B)	-234.5	-51.1
Changes in exchange rates (C)	-0.4	-0.4
Net debt relating to discontinued operations (D)	-	-11.1
Net debt at period-end (A-B-C-D)	281.3	119.8

³ In order to ensure the comparability of the accounts, all of the items contributing to the operating profit of Axway have been grouped together in a single line item "Profit net of tax from discontinued operations" which is presented before the line "Net profit" in the income statement.

⁴ Gross cash flow from operations less tax paid, changes in working capital requirements, capital expenditures and net financial interest.

⁵ The change in WCR was (-)€24.9m in the first half of 2012 and (-) €23.9m in the first half of 2011, excluding the impact relating employee profit sharing.



Changes in equity

	M€
Position at 31 December 2011	273.9
Net profit - Group share	20.6
Distribution in cash (ordinary)	- 22.6
Acquisition or disposal of treasury shares	0.1
Share-based payments	0.2
Actuarial differences	- 0.6
Change in financial instruments	- 0.6
Translation adjustments	3.0
Other movements	- 0.6
Position at 30 June 2012	273.4

Simplified balance sheet

€m	30/06 2012	31/12 2011
Goodwill	313.8	190.9
Allocated intangible assets	58.8	1.3
Other fixed assets	50.5	44.1
Equity-accounted investments	109.6	109.4
Fixed assets	532.7	345.7
Trade accounts receivable (net)	392.0	345.0
Other assets and liabilities	-370.0	-370.4
Operating assets and liabilities	22.0	-25.4
ASSETS + WCR	554.7	320.3
Equity	273.4	273.9
Net financial debt	281.3	46.4
CAPITAL INVESTED	554.7	320.3



Revenue breakdown by business segment (%)

	H1 2012	2011
Financial Services	31%	25%
Services/Transport/Utilities	20%	21%
Public Sector	16%	18%
Manufacturing	16%	17%
Telecoms & Media	11%	12%
Retail	6%	7%
Total	100%	100%

Staff Changes

	S1 2012	2011
Staff - France	9,410	8,920
Staff - International	4,760	3,690
Total	14,170	12,610
Staff at the beginning of the period	12,610	11,650
Integration of acquired companies	990	280
Net recruits	570	680
Total	14,170	12,610

Revenue breakdown by region (%)

	H1 2012	2011
France	70%	77%
Europe & ROW	30%	23%
Total	100%	100%

Revenue breakdown by offering (%)

	H1 2012	2011
Consulting	5%	5%
Integration	77%	81%
Software	18%	14%
Total	100%	100%

Performance by geography (€m/%)

	Revenue H1 2012	Margin H1 2012	Organic growth
United Kingdom	47.5	8.2%	-2.7%
Spain	38.4	4.4%	5.8%
Italy	19.7	2.0%	13.2%
Benelux	5.1	0.0%	23.9%
Switzerland	5.7	14.0%	-5.0%
Total Europe (excl. France)	116.4	5.8%	3.3%
Total France	473.2	8.6%	0.4%
Total Group	116.4	8.1%	1.0%

