Press release
Paris, 26 February 2007

Sopra Group: Earnings rise sharply in 2006 to reach an operating margin of 8.4%, a one point increase

- ***Revenue: +18.6%***
- ***Profit from recurring operations: +33.7%***
- ***Net profit: +25.2%***

		2006	2005	Change (%)
Key income statement items				
Revenue	M€	897.7	757.0	+18.6%
Profit from recurring operations	M€	75.0	56.1	+33.7%
as % of revenue	*%*	*8.4%*	*7.4%*	
Net profit	M€	44.2	35.3	+25.2%
as % of revenue	*%*	*4.9%*	*4.7%*	
Data per share				
Basic net earnings per share[1]	€	3.86	3.25	+18.8%
Fully diluted net earnings per share[2]	€	3.78	3.18	+18.9%
Financial ratio				
Net debt / Equity	%	*45%*	*69%*	

At 8.4%, an increase of one point compared to 2005, Sopra Group's 2006 operating margin from recurring operations was in line with the improvement target for the year. Net profit attributable to the Group and profit from recurring operations increased respectively by 25.2% and 33.7% compared to the previous year.

This surge in earnings was achieved on the back of strong revenue growth[3], amounting to 18.6% overall and including an organic growth component of 8.5%.

"We are very pleased with our performance in 2006, a year in which we were able to combine strong growth with considerable improvement in our operating margin," said Pierre Pasquier, Chairman and CEO of Sopra Group. *"We also successfully integrated our 2005 and 2006 acquisitions in the United Kingdom, Spain and the United States. By generating a third of our revenue outside France, Sopra Group now enjoys a very significant international presence."*

In addition, the Group has continued efforts, begun in 2005, to transform its core business and its production system, the results of which have already had a positive impact in 2006. Pierre Pasquier commented: "*This transformation process is ongoing and we should see further amplification of its benefits in the coming years, thus contributing to the success of 2010 Project*".

[1] Calculated on the basis of the weighted average number of ordinary shares in circulation.

[2] Calculated on the basis of the weighted average number of ordinary shares that would be issued on the conversion into ordinary shares of all dilutive potential ordinary shares resulting from the exercise of share subscription options held at the end of the financial year.

[3] See the press release dated 12 February 2007.

Information by division

- **Consulting** (Orga Consultants): penalised by recruitment difficulties during the year, the operating margin from recurring operations slipped to 9.8% and provides ample room for improvement in 2007, as the year already holds great promise for business growth, particularly in the Banking and Insurance sectors.

(€ millions)	Full Year 2006		Full Year 2005	
Revenue	41.0	100.0%	41.3	100.0%
Profit from recurring operations	4.0	9.8%	5.0	12.1%

- **Systems & Solutions Integration France**: following a strong return to growth in the fourth quarter, the operating margin from recurring operations improved by one point to 8.4%, due in particular to better use of resources and enhanced productivity in project management. Demand remains robust and should sustain growth in 2007. Margin improvement would mainly come from the industrialisation of production methods as well as the success of the Group's industry application solutions.

(€ millions)	Full Year 2006		Full Year 2005	
Revenue	535.7	100.0%	504.7	100.0%
Profit from recurring operations	45.0	8.4%	37.5	7.4%

- **Systems & Solutions Integration Europe**: the success of acquisitions completed in 2005 in the United Kingdom and in Spain is reflected in the clear improvement in the operating margin from recurring operations, which increased by 3.2 points to 7.0% from 3.8% in 2005. Except for the Belgian subsidiary, whose performance fell short of targets, all European entities contributed to this improvement. This positive trend is expected to continue in 2007.

(€ millions)	Full Year 2006		Full Year 2005	
Revenue	204.1	100.0%	125.5	100.0%
Profit from recurring operations	14.2	7.0%	4.8	3.8%

- **Axway** achieved an excellent performance in 2006 highlighted by organic growth of +16.2%. The operating margin from recurring operations of 10.1% includes the costs for the integration of US-based Cyclone Commerce, acquired in January 2006, and reflects the return of this entity's own operating margin to a level comparable to that of Axway. The continued development in the offer and the complete integration of its products enables Axway to take position as one of the world leaders in its market. Moreover, the pending acquisition of the B2B business of Atos Origin in Germany, which is due to be finalised in early March, is expected to make its own contribution to the continued improvement in Axway's performance.

(€ millions)	Full Year 2006		Full Year 2005	
Revenue	116.9	100.0%	85.5	100.0%
Profit from recurring operations	11.8	10.1%	8.8	10.3%

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Financial position

The Group generated free cash flow[4] of €71.2 million, an increase of 84% compared to the previous year. Net debt amounted to €97.7 million, due principally to cash outflows related to the acquisition of Cyclone Commerce. At 31 December 2006, the financial position was healthy, as represented by a ratio of net debt to gross operating profit of 1.15 and a gearing (net debt to equity) ratio of 45.2%.

Dividend

A proposal will be brought to vote by the Annual General Meeting to pay a dividend of €1.35 per share for financial year 2006, compared to the dividend of €1.10 per share paid for 2005.

Outlook

On the basis of currently available data, Sopra Group is confident that organic growth in 2007 will be in line with that of the market, and observes that this growth will be stronger during the second half of the year. The Group also targets a slight improvement in its operating margin.

Upcoming events

- Wednesday, 2 May 2007, following the market close: Publication of 1st quarter 2007 results.
- Friday, 8 June 2007 at 2:30 pm: Annual General Meeting at the Hotel Meurice in Paris.

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About Sopra Group (www.sopragroup.com)

A leader in the European consulting and IT services market, with a total workforce of 10,000, Sopra Group provides the full spectrum of services enabling companies to transform their organisations and their information systems. Sopra Group is a total solution provider, from prior strategic reflection from an executive management perspective, through to the supervision and implementation of major systems integration and application outsourcing projects. Through its subsidiary Axway, the Group pursues the worldwide deployment of its activities in both application integration and collaborative business solutions, with a complete range of solutions and services.

[4] Cash flow from operations less net interest expense and corporate income tax paid, change in working capital requirements and operating investments net of disposals.

Sopra group

Appendices

Consolidated income statement[5]

	31/12 2006		31/12 2005	
	M€	%	M€	%
Revenue	**897.7**	***100%***	**757.0**	***100%***
Staff costs - Employees	-582.6		-502.0	
Staff costs - Contractors	-71.0		-56.3	
Operating expenses	-156.3		-130.6	
Depreciation, amortisation and provisions	-12.8		-12.0	
Profit from recurring operations	**75.0**	***8.4%***	**56.1**	***7.4%***
Other operating income and expenses	-1.1		-	
Operating profit	**73.9**	***8.2%***	**56.1**	***7.4%***
Net financial expense	-7.7		-3.9	
Corporate income tax	-22.0		-16.9	
Net profit	**44.2**	***4.9%***	**35.3**	***4.7%***

Change in net debt

In millions of euros	2006	2005
Net debt at beginning of period (A)	**128.7**	**58.9**
Cash from operations before changes in working capital	88.6	66.6
Income taxes paid	-1.3	-14.2
Changes in working capital requirements	3.0	-1.3
Net cash flow from operating activities	**90.3**	**51.1**
Net cash used in investing activities	-13.1	-8.5
Net interest paid	-6.0	-3.9
Free cash flow	**71.2**	**38.7**
Impact of changes in consolidation scope	-25.6	-103.2
Dividends paid	-12.6	-8.6
Capital increases in cash	0.6	4.1
Application of IAS 32/39	-	-1.0
Other changes	-2.2	-
Total net change for the period (B)	**31.4**	**-70.0**
Effect of foreign exchange rate changes (C)	-0.4	0.2
Net debt at period-end (A-B+/-C)	**97.7**	**128.7**

[5] Newell & Budge in the United Kingdom has been consolidated since 1 July 2005; PROFit in Spain has been consolidated since 1 November 2005; Cyclone Commerce in the United States has been consolidated since 1 January 2006.

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Consolidated balance sheet

M€	31/12 2006	31/12 2005
Goodwill	278.6	242.2
Other fixed assets	37.6	35.3
Other assets and liabilities	15.7	50.7
Assets	**331.9**	**328.2**
Equity	216.2	185.3
Provisions for contingencies and losses	18.0	14.2
Net debt	97.7	128.7
Capital invested	**331.9**	**328.2**

Change in equity

	M€
Position at 31 December 2005	**185.3**
Dividends	- 12.6
Net profit - Group share	44.2
Capital increase through exercise of share subscription options	0.6
Share-based payments	0.6
Translation adjustments	- 1.9
Position at 31 December 2006	**216.2**

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