

Press release

Planned acquisition of French core banking developer SAB, bolstering Sopra Banking Software's strategy

Paris, 10 April 2019 – Sopra Steria (Euronext Paris: SOP), a European leader in digital transformation, today announced its plans to acquire SAB – one of France's leading core banking developers – via its subsidiary Sopra Banking Software.

Under the proposed transaction, Sopra Banking Software would initially acquire a majority stake in SAB and the remaining share capital in a year's time. Olivier Peccoux and Henri Assaf, the two founders, would remain in their current roles to support and guide teams through the transition period and beyond.

The acquisition of SAB would further strengthen Sopra Banking Software's position in France in core banking software and expand its reach in Europe and in Africa. Using their respective positions as a springboard, Sopra Banking Software and SAB would be able to roll out the Group's digital solutions across a wider base, including solutions developed on the Digital eXperience Platform (DxP), and harness revenue synergies around business components.

Founded in 1989, SAB has over two hundred references, mostly retail banks. The company generated revenue of €64.4 million in 2018. SAB boasts significant recurring revenue streams: maintenance services and ASP¹ services accounted for 30% and 12% respectively of its 2018 revenue. SAB generates more than three-quarters of its revenue in France, where it enjoys a very strong reputation with mid-sized banks, whereas Sopra Banking Software's clients are generally larger banks.

This transaction would also expand Sopra Banking Software's ability to provide core banking services in ASP mode, since SAB already has this type of offering up and running. Demand is strong for ASP offerings as they provide flexible and easy-to-install solutions thus meeting banks' transformation and cost reduction initiatives. The new offering would complement Sopra Banking Software's array of managed service and SaaS solutions.

The acquisition of SAB would represent a major advance in the deployment of Sopra Banking Software's strategy, which targets, mainly in Europe, the transformation projects of banks of all sizes (tier 1 to 4) by leveraging the Group's software solutions and its ability to implement – and progressively to manage – all the relevant systems.

Olivier Peccoux and Henri Assaf, SAB's co-founders, commented: "We are convinced that this strategic partnership with Sopra Banking Software will generate synergies and enable us to create even more value for our clients. We remain committed to our clients and our teams during this next phase in our development."

Éric Pasquier, CEO of Sopra Banking Software, added: "I'm excited about the plans we have mapped out together. We will be able to build solutions that fit perfectly with the – primarily digital – transformation needs

¹ ASP: Application Service Provider

of all our clients by drawing on the capabilities of SAB's teams and its offering, which has made it a major force in France's core banking market."

This deal would contribute to the strategy of Sopra Banking Software, for which the year 2019 is one of consolidation. The objective is to return to operating profit margins in line with historic performance levels from 2020 onwards.

The proposed acquisition of SAB is subject to customary closing conditions.

Upcoming events

Q1 2019 revenue: Friday, 26 April 2019 (before market open)

About Sopra Steria

Sopra Steria, a European leader in digital transformation, provides one of the most comprehensive portfolios of offerings on the market, spanning consulting, systems integration, industry-specific solutions, infrastructure management and business process services. It provides end-to-end solutions to address the core business needs of large companies and organisations, helping them remain competitive and grow. Combining added value with innovative high-performance services, Sopra Steria excels in guiding its clients through their transformation projects to help them make the most of digital technology. With over 44,000 employees in more than 25 countries, Sopra Steria generated revenue of €4.1 billion in 2018.

Sopra Steria (SOP) is listed on Euronext Paris (Compartment A) – ISIN: FR0000050809

For more information, visit us at www.soprasteria.com

About SAB

SAB, a banking software market leader, offers highly customisable technological solutions to financial institutions. SAB has placed the digital transformation of banks at the centre of its strategy.

Since its creation in 1989, more than 230 banking references, installed throughout the world and on 5 continents, have trusted SAB.

SAB's worldwide presence is mainly in Europe, Africa and the Middle East.

SAB has been a member of the UN Global Compact since 2007, with its strong social, societal and environmental commitments meeting the criteria for the "Advanced Level" status.

For more information, visit www.sab2i.com.

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