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Sopra Group announces the accounting impact of the exceptional cash distribution and of the distribution of Axway Software shares

Paris, 13 May 2011

As previously announced in the press release of 29 April 2011, the proposal to distribute in respect of each Sopra Group share an exceptional distribution charged to premiums and reserves, in the amount of €3.92, together with the distribution of one Axway Software share, will be submitted for the approval of Sopra Group's Ordinary General Meeting to be held on 8 June 2011. The holders of shares entitled to receive this combined distribution will be those Sopra Group shareholders (other than Sopra Group itself) whose shares are entered into account at the close of the accounting day of 13 June 2011. After this distribution has been made (subject to its approval by Sopra Group's Ordinary General Meeting), Axway Software shares will be admitted for trading on the NYSE Euronext regulated market in Paris on 14 June 2011. The prospectus relating to the admission to trading of Axway Software shares on the NYSE Euronext regulated market in Paris was approved by the Autorité des Marchés Financiers (AMF) on 29 April 2011 under visa number 11-137.

At its meeting convened today, the Board of Directors of Sopra Group approved, solely for the purposes of recognising the distribution of Axway Software shares in Sopra Group's accounts, the evaluation of 100% of Axway Software's equity as corresponding to an amount of €300.0 million. The Ordinary General Meeting is invited to approve this distribution on the basis of this evaluation. It should be noted that Sopra Group intends to retain approximately 26.5% of Axway's capital (including approximately 1.5% of this capital to protect the rights of option holders to subscribe to Sopra Group shares). The distribution of Axway Software shares would represent a total amount of approximately €220.5 million.

This evaluation, drawn up using a multi-criteria approach, was submitted for independent expert assessment by Horwath Audit France, appointed to provide this assessment exclusively to Sopra Group's Board of Directors. This evaluation is without prejudice to either the technical reference price or opening price of the Axway Software share upon its initial listing or its price during any subsequent trading session. In this respect, it should be noted that the technical reference price for the Axway Software share, which will be used to determine reservation thresholds for the opening of the trading session of 14 June 2011 and to calculate the Axway Software share price performance on that date, will be announced in a notice issued by NYSE Euronext, once the opinions of the advisory banks of Sopra Group and Axway Software have been obtained, on 13 June 2011, i.e. the day preceding the admission to trading of Axway Software shares.

The listing conditions for all Axway Software shares will be announced in a second NYSE Euronext notice to be issued on 14 June 2011.

A summary of the tax consequences arising under French law that may apply to Sopra Group shareholders as a result of the distribution is provided in Section 26.1.3 of the prospectus approved by the AMF. Shareholders are reminded that they should consult their usual tax advisors for information on the tax rules applicable to their individual circumstances. Persons who are not considered residents of France for tax purposes must also comply with applicable tax legislation in their country of residence.

Sopra Group pro forma consolidated financial statements as at 31 December 2010

As the separation of Axway's business from those of the Group has an impact on the Group's consolidated financial statements, pro forma financial statements have been prepared. The financial information presented in this section is intended to simulate the effects that the separation of the businesses of Sopra Group and Axway Software might have had on the Group's financial statements if the spin-off had taken place as at 31 December 2010.

The pro forma consolidated financial statements were prepared on the basis of the transactions described below:

Preliminary transactions prior to the spin-off and listing:

- Distribution in cash of €21.8 million by Axway to Sopra Group (see Axway Prospectus § 26.1.1.4),
- Reduction of Sopra Group's share capital effected via a reduction in nominal value.

Spin-off and listing transaction on the basis of a valuation for Axway of €300.0 million:

- Distribution in cash of a dividend of €3.92 per share, thus a total amount of €46.5 million,
- Distribution of one Axway share in respect of each Sopra Group share, in the amount of approximately 73.5% of Axway's share capital.

Simplified balance sheet

<i>€m</i>	31/12/2010 Published	31/12/2010 Pro forma
Goodwill	369.9	204.2
Allocated intangible assets	22.0	1.2
Other fixed assets	44.6	40.4
Equity-accounted investments	-	79.5
Axway current account	-	90.2
Total fixed assets	436.5	415.5
Trade accounts receivable (net)	368.4	306.4
Other assets and liabilities	-383.1	-329.8
Operating assets and liabilities	-14.7	-23.4
ASSETS + WCR	421.8	392.1
Equity	364.6	268.1
Net financial debt	57.2	124.0
CAPITAL INVESTED	421.8	392.1

Axway's current account position takes into consideration the payment to Sopra Group by Axway of a distribution in cash of €21.8 million, prior to the spin-off and listing transaction.

Axway's shares are accounted for using the equity method on the basis of 26.5% of the expert evaluation determined for the company.



Consolidated changes in equity

	€m
Position at 31 December 2010 (published)	364.6
Distribution in kind (73.5% of Axway at market value)	- 220.5
Capital gain on the 73.5% of Axway distributed	127.7
Capital gain on the 26.5% of Axway maintained	46.0
Cash distribution	- 46.5
Taxes on distribution	- 3.2
Position at 31 December 2010 (pro forma)	268.1

The change in equity breaks down as follows:

- The distribution in kind corresponds to €220.5 million, thus 73.5% of consolidated equity according to the expert evaluation, which is €300.0 million,
- Capital gains arising from the distribution of Axway shares (for both distributed and retained shares) amount to €173.7 million. These are recognised directly in equity in the amount of €127.7 million for the distributed shares and through the income statement for the retained shares in the amount of €46.0 million,
- The exceptional distribution paid in cash is €3.92 per share, thus €46.5 million.

Sopra Group's net debt at 31 December 2010, based on published figures, was €57.2 million. It amounts to €124.0 million in the pro forma financial statements, which reflect the following adjustments:

- Axway's free cash flow at 31 December 2010, which was €22.3 million, is added to Sopra Group's net debt,
- The debt relating to employee profit sharing, a charge of €1.7 million, together with other financial liabilities, a charge of €0.3 million, are subtracted from Sopra Group's debt,
- The distribution paid in cash, in the amount of €46.5 million, is also added to Sopra Group's net debt.

Sopra Group's net debt in the pro forma financial statements thus amounts to €124.0 million at 31 December 2010. This must be offset against Sopra Group's current account balance with Axway, in the amount of €90.0 million at year-end 2010, which will be repaid in part by way of Axway's cash flow and in part via a capital increase by Axway.

Axway's current account position takes into consideration the payment to Sopra Group by Axway of a distribution in cash of €21.8 million, prior to the spin-off and listing transaction.

Axway's shares are accounted for using the equity method on the basis of 26.5% of the valuation retained for the company.



Consolidated income statement

	2010	2010	
	Published	Pro forma	
	€m	€m	%
Revenue	1,169.9	964.4	
Operating expenses	-1,053.1	-878.7	
Operating profit on business activity	116.8	85.7	8.9%
Expenses related to stock options	-0.2	-0.2	
Amortisation of allocated intangible assets	-2.6	-0.7	
Profit from recurring operations	114.0	84.8	8.8%
Other operating income and expenses	-4.7	-1.1	
Operating profit	109.3	83.7	8.7%
Cost of net financial debt	-5.8	-5.6	
Other financial charges and expense	-1.4	0.4	
Capital gains on securities	-	46.0	
Tax charges	-27.3	-30.3	
Share of profits (loss) from equity-accounted associates	-	7.0	
Net profit from discontinued activities	-	-	
Net profit	74.8	101.2	10.5%
Group share	74.8	101.2	
Minority interests	-	-	

Excluding capital gains on securities of €46.0m generated on the portion of Axway shares retained (26.5%), the pro forma net profit is €55.2m.

Cash flow statement

	2010	2010
€m	Published	Pro forma
Net debt at beginning of the year (A)	137.4	146.9
Cash flow from operations excluding net cost of borrowings and taxes	124.7	96.5
Taxes paid	-33.8	-27.2
Change in working capital requirements	20.9	17.5
Net cash from operating activities	111.8	86.8
Changes related to financial investment activities	-15.0	-12.1
Net interest paid	-6.0	-5.8
Net cash from available	90.8	68.9
Impact of changes in the scope of consolidation:	-0.2	-0.2
Distribution in cash	-9.4	-55.9
Capital increase in cash	2.6	2.6
Change in current account	-	8.2
Other changes	-3.6	-1.0
Total net change during the year (B)	80.2	22.6
Impact of changes in foreign exchange rates (C)	-	0.3
Net debt at year-end (A-B-C)	57.2	124.0



The pro forma net cash inflow from operating activities presented in this financing table corresponds to the deconsolidation of Axway data. Sopra Group post separation generates a cash inflow of €86.8 million compared to €111.8 million published as of 31 December 2010.

Pro forma restatements and points specified for information purposes relate to the following items:

- Pro forma net debt increased commensurately with the cash distribution, i.e. €46.0 million;
- The distribution in cash paid by Axway to Sopra Group under the terms of the preliminary operations does not have an impact on the financing table, with the offsetting entry being the increase of the current account between Axway and Sopra Group.

An update to the Sopra Group Reference Document will be available on the Group's website as of 20 May 2011.

Disclaimer

This document is a free translation into English of the original French press release. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

Forward-looking information

This press release contains forecasts in respect of which there are risks and uncertainties concerning the Group'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 as a result, may lead to more or less favourable impacts on the end-of-year performance.

The actual sequence of events or results may differ from that described in this document, in light of a certain number of risks and uncertainties, as described in the 2010 Reference Document which was filed with the Autorité des Marchés Financiers (AMF) on 08.04.11 (notably on pages 54 et seq.).

This press release and the information it contains does not constitute an offer to the public, to sell or subscribe, nor a solicitation to buy or subscribe to Sopra Group or Axway securities in any state or jurisdiction, nor a favourable vote with a view to approving the distribution described herein. In France, these securities can neither be offered nor sold without a prospectus having been approved by the Autorité des Marchés Financiers. Marketable securities may only be offered for sale or sold in the United States of America following the registration in compliance with the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the terms of a registration exemption. Axway shares have not been and shall not be registered under the U.S. Securities Act and neither Sopra Group nor Axway intend to carry out a public offer to sell of its marketable securities in the United States of America.

The distribution of this press release in certain countries may be subject to the laws and regulations in force. Natural persons present in these countries and in which this press release is disseminated, published or distributed, should obtain information about such restrictions and comply with them.

About Sopra Group

A leader in the European consulting and IT services market, Sopra Group generated revenue of 1.169 billion euros in 2010 and has a human and intellectual resource potential of over 13,000 people. Thanks to a longstanding culture of excellence and strong sector-specific, functional and technological know-how, the Group offers its clients an end to end approach based on a well-honed business model. Sopra Group's ambition is to allow its clients to focus on transformation projects that will give them a competitive edge and help them drive growth. Sopra Group's savoir-faire encompasses prior strategic reflection through to the supervision and implementation of major systems integration and application outsourcing projects. The Group also pursues the worldwide deployment of its activities in both application integration and business process management through its subsidiary Axway, a leading provider of Business Interaction Networks, with a complete range of solutions and services. For more information, please visit our website www.sopragroup.com.

About Axway

Axway is the Business Interaction Networks company — the only provider in the market today to manage, run, secure, and monitor all of your business interactions, including email, files, messaging, services, events, and processes. Serving over 11,000 organizations in more than 100 countries, Axway facilitates the multi-enterprise transactions, processes and integration that accelerate business by eliminating the barriers between vendors, customers, departments, partners and suppliers. Axway's comprehensive offerings include business-to-business integration, managed file transfer, secure email, business activity monitoring, enterprise application integration, service-oriented architecture, business process management, track & trace and identity validation solutions. Axway provides professional and managed services, as well as cloud computing and Software-as-a-Service (SaaS) offerings. Headquartered in Phoenix, Arizona, Axway's global presence spans 20 countries.

