

12th January 2016

TMT

Sopra Steria Group

Price EUR102.65

CFO Laurent Lemaire resigns, FY15 guidance confirmed

Fair Value EUR115 (+12%)

BUY

Bloomberg	SOP FP
Reuters	SOPR.PA
12-month High / Low (EUR)	112.0 / 64.8
Market Cap (EURm)	2,095
Avg. 6m daily volume (000)	27.50

	1 M	3 M	6 M	31/12/14
Absolute perf.	-7.4%	2.7%	28.5%	61.7%
Softw.& Comp.				
SVS	-4.3%	10.4%	9.1%	21.7%
DJ Stoxx 600	-6.7%	-5.6%	-8.5%	-0.3%

	2014	2015e	2016e	2017e
P/E	15.5x	14.7x	12.0x	10.3x
Div yield (%)	1.9%	1.9%	2.2%	2.7%

ANALYSIS

- **Yesterday evening Sopra Steria announced its CFO Laurent Lemaire has resigned.** Laurent Lemaire, who joined Steria in 2007 as CFO, then occupied the same position at Sopra Steria, has been appointed CFO of the nursing home specialist Korian, starting from 1st March. Sopra Steria indicated the group's CFO position (finance, facilities, procurement, internal IT, M&A...) would be opened to external candidates in H1 16. The deputy CFO, François Lefebvre, who served as Sopra's CFO over 2008-2014, will take over the finance function as from the end of January 2016.
- **FY15 guidance confirmed.** The company confirms FY15 targets, i.e. lfl revenue growth of c. 2% and an operating margin of c. 6.5% - we expect lfl revenue growth of 2.4% and an operating margin of 6.8% -, while free cash flow was planned to be close to zero. We understand that operations in Chennai (India), where Sopra Steria has slightly less than 2,000 staff, have been disturbed in December 2015 due to floods in the region (yet no disruption happened on critical tasks), but the negative impact (delays) is unlikely to be significant at the group level in Q4 15.

VALUATION

- Sopra Steria's shares are trading at est. 8.5x 2016 and 7.0x 2017 EV/EBIT multiples.
- Net debt on 30th June 2015 was EUR618.1m (net gearing: 55%).

NEXT CATALYSTS

FY15 results on 29th February before markets open.

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BUY ratings 58,5%

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