

1st June 2016

TMT

Sopra Steria Group

Price EUR117.60

Acquisition of Géninfo's 8.6% stake in Axway

Fair Value EUR130 (+11%)

BUY

Bloomberg	SOP FP
Reuters	SOPR.PA
12-month High / Low (EUR)	119.0 / 78.3
Market Cap (EUR)	2,405
Avg. 6m daily volume (000)	22.70

	1 M	3 M	6 M	31/12/15
Absolute perf.	15.9%	31.8%	8.9%	8.6%
Softw.& Comp.				
SVS	5.3%	5.6%	-1.5%	-0.2%
DJ Stoxx 600	1.7%	4.1%	-9.9%	-5.0%

	2015	2016e	2017e	2018e
P/E	15.9x	13.2x	11.3x	10.4x
Div yield (%)	1.4%	1.6%	1.8%	2.0%

ANALYSIS

- Yesterday evening, Sopra Steria announced it had acquired the stake in Axway held by Géninfo (Société Générale), representing 1.79m shares or 8.6% of the share capital. The transaction took place as an OTC block sale at the price of EUR21.50 per share for an amount of EUR38.6m. Following this transaction, the stake held by the action in concert (Sopra Steria, Sopra GMT, the founders and certain managers) will remain unchanged, representing 58.5% of Axway's share capital (65.6% of the voting rights). Sopra Steria's stake in Axway will grow to 33.5% of the share capital (35.9% of the voting rights).
- No consequence for Axway, as Sopra Steria is exempt from the obligation to file a tender offer proposal. Sopra Steria will individually exceed Axway's 30% shareholding and voting rights thresholds, thereby placing itself in a mandatory tender offer situation. Given this situation, the company requested and obtained from the AMF an exemption from the obligation to file a tender offer proposal for Axway's shares, on the grounds that the action in concert already had more than 50% of Axway's share capital and voting rights.

VALUATION

- Sopra Steria's shares are trading at est. 9.7x 2016 and 8.0x 2017 EV/EBIT multiples.
- Net debt on 31st December 2015 was EUR530.8m (net gearing: 43%).

NEXT CATALYSTS

- AGM on 22nd June. H1 16 results on 28th July before markets open.

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Gregory Ramirez, gramirez@bryangarnier.com



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BUY ratings 55.9%

NEUTRAL ratings 34.3%

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BRYAN, GARNIER & CO

London	Paris	New York	Munich	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	Widenmayerstrasse 29	The Imperial Hotel Janpath
15 St. Botolph Street	75008 Paris	New York, NY 10022	80538 Munich	New Delhi 110 001
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Germany	Tel +91 11 4132 6062
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	+49 89 2422 62 11	+91 98 1111 5119
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member		Fax +91 11 2621 9062
Authorised and regulated by the	Financial Conduct Authority (FCA) and the			Geneva
Financial Conduct Authority (FCA)	Autorité de Contrôle prudentiel et de			rue de Grenus 7
	resolution (ACPR)			CP 2113
				Genève 1, CH 1211
				Tel +4122 731 3263
				Fax+4122731 3243
				Regulated by the FINMA

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