Capgemini and Altran create a global digital transformation leader for industrial and tech companies

Paris - June 24th, 2019
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Transaction rationale

Creation of a **€17b revenue** Group of **250,000+** professionals through the combination of a world leader in Consulting & IT and the world leader in Engineering and R&D services

**Unique combination of expertise** to support the digital transformation of industrial companies: the **Intelligent Industry**
- Unmatched **scale** and **scope**
- Boosted **leadership in industrial sectors**
- Cutting-edge **expertise in new technologies** (5G, IoT, AI...)
- Expanded reach to client **CxOs**
- Valued **strategic partner** to leading clients

Ambition to become a leading edge **Software Engineering** company

**Value creation**
- **Double digit accretion**
  - Pre-synergies normalized EPS² accretion of more than 15% in year 1
  - Post-synergies normalized EPS² accretion of more than 25% in 2023
- **Synergies**
  - Cost savings and operating model efficiencies
  - Cross selling, new clients and development of innovative sectorial offers

**Straightforward integration**
- Close **corporate culture**
- Similar **operating models**
- Host of opportunities for the employees of both entities

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(1) Based on the objectives of each of the two groups for the year 2019. (2) Normalized earnings per share are calculated as undiluted earnings per share using net income (Group share) adjusted for "other operating income and expenses", net of tax. The detailed definition and reconciliation is available in the Capgemini registration document.
Transaction highlights

Key transaction terms
- Capgemini to launch a **public tender offer** on Altran
- **€14.00 per share** in cash representing a premium of
  - 30% over the month until June 21st VWAP\(^1\)
  - 33% over last 3 months VWAP\(^1\)
- **Transaction consideration of €3.6b\(^2\)**, before taking into account net financial debt (approximately €1.4b)

Key Support & Commitments
- Transaction approved unanimously by both Boards of Directors
- Firm agreement provided by a group of shareholders representing c.11% of Altran’s capital led by Apax Partners to sell their shares to Capgemini

Financing
- **Transaction financed** through
  - own cash for €1b
  - bond issues
  - Bridge financing of €5.4b fully secured

Timing
- Public offer launch after works councils information-consultation and customary regulatory approvals, notably CFIUS and review by antitrust authorities
- Closing of the transaction expected by the end of 2019

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(1) Restated for the dividend of €0.24 (to be detached on July 1st 2019) as dividend of FY2018. (2) Based on 256.9 million shares, excluding treasury shares and on a fully diluted basis.
The creation of a world leader in Intelligent Industry
The Digital Transformation of industrial companies

INTelligent Industry
Engineering 4.0 + Industry 4.0

4 Service Pillars

Smart Software Engineering, R&D
- ISV Software
- Embedded Software
- IoT App
- ...

Smart Product Engineering, R&D
- Connected Product Eng.
- Product Lifecycle
- Management
- System & Telecom Eng.
- Silicon Eng.
- Mechanical Eng.
- ...

Smart Manufacturing & Asset Mgt
- Manufacturing Execution System
- Asset Lifecycle Management
- ...

Smart Supply Chain & Support
- Enterprise Resource Planning
- ...

Everything Gets Smarter

Powered by Smart Technologies
- AI
- IoT
- 5G
- Cloud
- Edge
- Data
- Cyber
Convergence of IT and OT gives birth to Intelligent Industry

**INTELLIGENT INDUSTRY**

**IT**
Information Technology

- AI & Analytics, Data Engineering
- Cloud
- Cyber
- 5G
- IoT systems
- Edge

**OT**
Operational Technology

- Software Engineering
- Product & System Engineering
- Manufacturing

Digital Business Transformation
- Ideation
- Design
- Customer Experience
- Innovation
- Consulting
Combination of leaders of two converging worlds to create a leader of Intelligent Industry

INTELLIGENT INDUSTRY

IT
Information Technology

Capgemini
Global leader in Consulting & IT services

Capgemini

OT
Operational Technology

Altran
#1 worldwide in Engineering and R&D services

Digital Business Transformation
Ideation
Design
Customer Experience
Innovation
Consulting

Capgemini

New access to all key decision makers and technology spenders

INTELLIGENT INDUSTRY
CLIENTS

Board
CEO

CXO
IT
Manufacturing
Supply Chain
Engineering R&D
Business Leaders
Connected car: a combination of OT and IT

OT

The Thing: the car, sensors, actuators

- Connectivity
- Telematics
- Silicon Design
- In-Vehicle Infotainment
- Software Frameworks
- Advanced Driver Assistance System
- Human Machine Interfaces

IT

LTE/5G Access domain
Mobile Edge Computing

- Signalling

Cloud Native Apps

- LTE/5G eNodeB

Mobile Edge Computing

- AI & Analytics
- IoT/car Apps layer
- Data Engineering
- Security
- Edge SW
- Edge Infra

Cloud Service Providers

- AI & Analytics
- IoT/car Apps layer
- Data Engineering
- Security

Secure local triggers, actions and data sync
Fleet onboarding, management and SW updates
Fleet audit and protection

Core Network
Engineering and R&D services market to grow c. 9% p.a.

ENGINEERING AND R&D SERVICES MARKET EXPECTED TO GROW C. +9% P.A BY 2022

INDUSTRIES

• Software & Internet
• Semiconductor & Electronics
• Automotive
• Life Sciences
• Next generation communications

GROWTH P.A BY 2022

€240b

Externalization rate / Outsourcing acceleration

Underlying growth (global R&D spend)

€155b

2017 2022

DRIVERS OF MARKET GROWTH

INDUSTRIES GEOGRAPHIES

>12%

4-6%

• Europe

8-10%

8-12%

9-11%

• Americas

• Asia / RoW

2017-2022 CAGR

KEY MACRO LEVERS DRIVING INCREASED NEED FOR ER&D SERVICES

• Avalanche of technology disruptions
• Faster time to market
• Talent scarcity and supply/demand geographic mismatch
• Clients deliberate and contrasted approach to ER&D sourcing

Sources: OECD, IRI, IMF, International Management Consultants, Altran
A unique portfolio and geographical footprint to address evolving client needs

MAINSTREAM ER&D SERVICES

PRODUCT & SYSTEMS ENGINEERING

- Product Design & Development
- Systems Engineering
- Mechanical Engineering
- Silicon Electronics & Embedded Systems
- Testing & Compliance

Digital Experience Design
- Software Product Engineering & Cybersecurity
- IT & OT Systems Integration
- Advanced Network Technology & IoT
- Data Analytics & AI

INDUSTRIAL OPERATIONS

- Manufacturing Engineering & Technology
- Supply Chain & Quality Management
- Operations & Asset Management
- Network Operations & Transformation
- Product Support & Sustenance

INDUSTRIALIZED SERVICES

- Fast & flexible deployment of skilled resources
- Mostly local sourcing
- 26,000 on-shore employees

HIGH VALUE SERVICES

- Access to cutting-edge expertise and technology accelerators
- Enabler for client innovation
- Digital & human-centered design

- Unmatched portfolio of next core brands with 3,500 experts

EXPERIENCE DESIGN & INNOVATION STRATEGY
INNOVATIVE PRODUCT DEVELOPMENT
DISRUPTIVE SOFTWARE PRODUCTS
IoT & EDGE COMPUTING
ANALYTICS & AI
SOFTWARE FRAMWORKS
CYBERSECURITY
ADVANCED NETWORKS
ADVANCED MANUFACTURING

The premier ER&D global delivery, leveraging 5 Global Engineering Centers with 17,500 employees
Altran: the global leader in Engineering and R&D services

A solid performance

2018 Revenues: €2,916m
2018 Operating margin: 12.1%
2018 Headcount: 47,000
Worldwide: #1

A balanced geographical mix (% of 2018 revenues)

France: 32%
Rest of Europe: 41%
North America: 26%
Rest of the World: 1%

A diversified industry mix (% of 2018 revenues)

Automotive: 20%
Aerospace, Defense & Rail: 20%
Energy, Industrial & Life Sciences: 18%
Communications: 19%
Hi-tech, Semicon. & Software: 14%
Others: 9%

Blue chip clients portfolio

PSA, AIRBUS, THALES, SAFRAN, ENGIE, EDF, Vodafone, IBM, ASML, FCA, SANOFI, SNCF, ALSTOM, NOOKIA, CISCO, DASSAULT
A strengthened leadership in Operational Technologies

GLOBAL ER&D SERVICES LEADER IN SCALE AND FOOTPRINT

~€3.4b revenues in Engineering and R&D

54,000+ professionals

Incl. 21,000+ in Global Engineering Centers

DIVERSIFIED LEADERSHIP IN ER&D SERVICES ACROSS SECTORS

#1 Aeronautics & Defense

#1 Semiconductor & Electronics

#1 Telecom

Top 5 Automotive

ACCESS TO MOST OF TOP 20 R&D SPENDERS

Top players in ER&D services

Source: Altran

Source: European Commission - The 2018 EU Industrial R&D Investment Scoreboard

Revenues 2018. Source: HFS and Capgemini
We aim to become a leading edge Software Engineering company

Become the partner of choice of Internet and ISV\(^1\) companies

Among Altran clients:
- 6 among Top 10 ISV companies
- 26 among Top 100 ISV companies
- 5 among Top 25 Internet companies

Combine at scale
- Altran Software Engineering capabilities through ex-Aricent and Lohika
- with Capgemini capabilities in DevOps, Cloud, Data, AI

Build on existing delivery capabilities in India and Eastern Europe

Cross leverage partnerships

\(^{1}\) ISV: Independent Software Vendor
Value creation
Next steps
### 2018 combined view

(In €M, published FY 2018 figures)

<table>
<thead>
<tr>
<th>Category</th>
<th>Capgemini</th>
<th>Altran</th>
<th>COMBINATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>13,197</td>
<td>2,916</td>
<td>16,113</td>
</tr>
<tr>
<td>% constant currency growth (YoY)</td>
<td>+8.1%</td>
<td>+8.0%</td>
<td>+8.1%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>1,597</td>
<td>352</td>
<td>1,949</td>
</tr>
<tr>
<td>% of revenues</td>
<td>12.1%</td>
<td>12.1%</td>
<td>12.1%</td>
</tr>
<tr>
<td><strong>Headcount</strong></td>
<td>211,000</td>
<td>47,000</td>
<td>258,000</td>
</tr>
</tbody>
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All reported figures for Altran include Aricent from March 20, 2018 and fully reflect the implementation of IFRS 15.
2018 combined view

REVENUES BY SECTOR
Many new **Top Accounts**
across the sectors

Financial services 24%
Energy & Utilities 10%
Public Sector 12%
Consumer Goods & Retail 15%
Manufacturing 27%
Telco, Media & Technology 10%
Others 2%

+52% in Manufacturing
+100% in Telco, Media & Technology

REVENUES BY GEOGRAPHY

Asia Pacific & Latin America 6%
North America 31%
France 24%
Rest of Europe 39%

HEADCOUNT

Rest of the World 5%
France 16%
India 46%
Rest of Europe 25%
North America 8%

Sources: Altran, Capgemini, FY 2018 published figures
Value creation

Pre-synergies normalized EPS\(^1\) accretion of more than 15% in year 1
Post-synergies normalized EPS\(^1\) accretion of more than 25% in 2023

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Revenue synergies

- Revenue synergies
  - €200-350m
- Cross-selling opportunities
- New clients
- Development of innovative sectorial offers

Cost savings & operating model efficiencies

- Annual run-rate cost synergies
  - €70-100m
- SG&A, purchasing and facilities optimization
- Drive Altran’s Industrialized Globalshore® to the next level

Synergies achieved within 3 years

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Transaction timeline

**June 24th, 2019**
- Initial Agreement
- Announcement

**Tender Offer Agreement**
- Regulatory filings
- Tender Offer

**Closing of transaction expected by the end of 2019**

**2019**
- June
- July
- December

Work councils information - consultation
Regulatory approvals
Integration
Integration process

- **Cash**: lean processes and tools deployment
- **New organization**: in place within 6 months of closing and integration process completed within 12 months
- **Focus on integration**: of shared services such as Finance, HR, IT, Facilities and Procurement
- **Priority on aligning and leveraging Top Accounts**: client management and sales across key geographies
- **Fast integration of portfolio offerings and capabilities**
Summary

1. Friendly transaction, unanimously recommended and approved by both Boards of Directors

2. Unique business proposal within the market to address the Intelligent Industry: scale and skills in IT, Digital Transformation, Consulting, Engineering and R&D

3. Strengthened leadership in the fast-growing market of Engineering and R&D services

4. Close corporate culture and similar operating model enabling straightforward integration

5. Strong value creation
About Capgemini

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients’ opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of over 200,000 team members in over 40 countries. The Group reported 2018 global revenues of EUR 13.2 billion.

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People matter, results count.

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