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Capgemini maintains its growth momentum with strong progression of its first half 2019 results

- **Revenues of €7,007 million, up 8.4%**
- **H1 revenue growth of 6.2% at constant exchange rates and 5.7% in Q2**
- **Operating margin* up 0.5 points to 11.4%**
- **Earnings per share up 24% and normalized earnings per share* up 12%**
- **Stronger organic free cash flow*, at €90 million**

Paris, July 30, 2019, 7 a.m. CET – The Board of Directors of Capgemini SE, chaired by Paul Hermelin, convened on July 29, 2019, to review and authorize the issue of the accounts[1] of Capgemini Group for the 1st half of 2019.

Paul Hermelin, Chairman and Chief Executive Officer of Capgemini Group, comments: *"We are demonstrating our ability to deliver continuously a strong increase in earnings, with growth in both revenue and profitability. Momentum remains strong in Europe, where we generate 60% of our revenues, with a remarkable performance in France and the United Kingdom. Digital and Cloud continue to develop at a rapid pace, and for the first time, represent half of our revenues. These excellent results demonstrate the relevance and strength of our strategy.*

The first six months also saw the announcement of the proposed friendly takeover of Altran, a major strategic move for both our companies. We complement each other and with the cultural proximity we will create a world leader in digital transformation for industrial companies, what we call the 'intelligent industry'."

* The terms and Alternative Performance Measures marked with an (*) are defined and/or reconciled in the appendix to this press release.
[1] Limited review procedures on the interim consolidated financial statements have been completed. The auditors are in the process of issuing their report.

1ST HALF KEY FIGURES

(In millions of euros)	H1 2018	H1 2019 (IFRS 16[2])	*Change*
Revenues	**6,467**	**7,007**	**+8.4%** **+6.2%** at constant exchange rates
Operating margin*	**707**	**797**	**+13%**
as a % of revenues	10.9%	11.4%	**+50 basis points**
Operating profit	**521**	**658**	
as a % of revenues	8.0%	9.4%	
Net profit (Group share)	**314**	**388**	**+23%**
Basic earnings per share (€)	1.88	2.34	+24%
Normalized earnings per share (€)*	2.75 [a]	3.08 [a]	+12%
Organic Free Cash Flow *	**11**	**90**	**+€79 million**
Net cash and cash equivalents / (Net debt)*	(2,192)	(1,621)	+€571 million

[a] Excluding recognition of the income tax expense due to the transitional impact of tax reforms in the U.S. of €18 million in 2018 and €30 million in 2019.

The Group generated **revenues** of €7,007 million in H1 2019, up 8.4% on H1 2018 reported revenues and 6.2% at constant exchange rates*. Organic growth* (i.e. excluding the impact of currency fluctuations and changes in Group scope) was 4.9%.

Group momentum continues to be supported by Digital & Cloud activities, which grew around 20% at constant exchange rates in the first half. They now account for around 50% of Group revenues.

Group growth reached 5.7% at constant exchange rates and 4.7% organically in the second quarter.

Bookings totaled €7,101 million in the first six months of 2019, a 4.8% increase at constant exchange rates year-on-year.

The **operating margin*** is €797 million, or 11.4% of revenues, an increase of 13% or 50 basis points year-on-year. This robust performance reflects the higher gross margin, which has increased at the same rate thanks to the success of innovation offerings. It illustrates the Group's ability to balance growth and higher profitability.

Other operating income and expenses represent a net expense of €139 million. The €47 million improvement year-on-year is mainly due to a reduction in restructuring costs.

Operating profit rose 26% to €658 million, or 9.4% of revenues.

The net financial expense is stable year-on-year at €39 million. The income tax expense is €232 million and includes €30 million due to the transitional impact of tax reforms in the United States, compared with €18 million last year. Adjusted for these expenses, the effective tax rate is 32.6%, compared with 31.4% in H1 2018 and 33.7% in FY 2018.

Net profit (Group share) increases 23% year-on-year to €388 million for the first six months of the year. **Basic EPS** (earnings per share) is up 24% year-on-year at €2.34. **Normalized EPS*** is up 10% to €2.90. Normalized EPS adjusted for the transitional tax expense is up 12% to €3.08.

The Group generated **organic free cash flow*** of €90 million in the half-year, compared with €11 million in the previous year period.

Returns to shareholders amounted to €431 million in H1 2019, with a dividend payment of €281 million and share buybacks totaling €150 million (excluding the liquidity contract). In addition, bolt-on acquisitions resulted in a net cash outflow of €152 million over the period.

OUTLOOK

For 2019, the Group targets revenue growth at constant exchange rates of 5.5% to 8.0%, improved profitability with an operating margin of 12.3% to 12.6% and stronger organic free cash flow - on a comparable basis - of over €1.1 billion.

[2] The impacts of the application of IFRS 16 at January 1, 2019 and the resulting change in the organic free cash flow and net debt definitions are presented in the appendix to this press release.

This outlook takes into account the impact of the application of IFRS 16 from January 1, 2019 on the operating margin (around +5 basis points) and on the organic free cash flow definition (around -€50 million), as detailed in the appendix to the press release publishing this outlook, issued on February 14, 2019.

OPERATIONS BY REGION

North America revenues (32% of Group revenues) grew 3.8% at constant exchange rates, on a particularly high comparison basis as the region's growth reached 17.2% in H1 2018. TMT (Telecoms, Media & Technology), Energy & Utilities and Services sectors recorded the strongest momentum. The operating margin rate was 12.9%, compared with 13.2% in the prior-year period.

The **United Kingdom & Ireland** region (12% of Group revenues) reported a remarkable performance, with growth of 8.0% at constant exchange rates. Revenue growth in the Financial Services, Consumer Goods & Retail and TMT sectors was 10% or higher, while the Public Sector continued the positive trends initiated a year ago. The operating margin jumped to 15.9% from 12.2% a year earlier.

Activity was strong in **France** (22% of Group revenues), with revenues up 6.9% year-on-year. The Manufacturing sector was the most buoyant during the period, growing in excess of 10%. By business, growth was driven by Applications & Technology services and Digital and Cloud demand. The operating margin improved 120 basis points year-on-year to 9.6% of revenues.

Growth momentum remained robust in the **Rest of Europe** (27% of Group revenues), with a 6.2% increase in revenues at constant exchange rates. The Energy & Utilities, Consumer Goods & Retail and Services sectors were the strongest over the period. The region reported a slightly lower operating margin at 11.3%, from 12.0% a year earlier.

Finally, the **Asia-Pacific and Latin America** region (7% of Group revenues) was particularly dynamic. Revenues grew 12.2%, with Financial Services and Manufacturing the main drivers. Overall, the region's operating margin was slightly down to 11.4%, compared with 11.7% in H1 2018.

OPERATIONS BY BUSINESS

Strategy & Transformation consulting services (7% of Group total revenues*), now grouped under *Capgemini Invent*, recorded a 19.4% increase at constant exchange rates in their total revenues. Growth was driven primarily by the TMT sector and, with the contribution of the acquisitions, by Financial Services.

Applications & Technology services (71% of Group total revenues), the Group's core business, reported total revenue growth of 6.6% at constant exchange rates. These services are heavily involved in client projects for the large-scale roll-out of their digital strategy.

Finally, **Operations & Engineering** services (22% of Group total revenues) grew 3.5% at constant exchange rates. The stabilization of the Infrastructure Services and Business Services (Business Process Outsourcing and platforms) activities observed at the beginning of the year was confirmed, while Digital Manufacturing and Engineering business is buoyant.

Q2 TRENDS

Q2 revenues totaled €3,566 million, up 5.7% at constant exchange rates and 4.7% at constant Group scope and exchange rates.

Activity accelerated slightly in Europe and notably in France (+8.9% year-on-year at constant exchange rates), as well as in the United Kingdom & Ireland region (+9.5%), while momentum remained strong in the Rest of Europe (+6.1%). The North America region slowed (+0.8%), as expected, due to a comparison basis that peaked in the second quarter with growth of 19.4% reported in Q2 2018. This region's growth is therefore expected to accelerate from Q3. Finally, the Asia-Pacific and Latin America region growth remained in double digits during the period, growing +10.9%.

Bookings rose 6.7% at constant exchange rates to €3,734 million.

HEADCOUNT

At June 30, 2019, the Group's total headcount stood at 216,800, up 5.5% year-on-year, with an increase in employees in offshore centers to 125,100 (58% of the total headcount).

BALANCE SHEET

The Group had €1,663 million in cash and cash equivalents (net of bank overdrafts) at June 30, 2019. After accounting for borrowings (excluding lease liabilities) of €3,491 million, cash management assets and derivative instruments, Group net debt* is €1,621 million at the end of H1 2019, compared with €1,104 million at January 1, 2019 and €2,192 million at June 30, 2018 (i.e. before the application of IFRS 16[2] from January 1, 2019).

The proposed acquisition of Altran did not impact the Group's balance sheet structure at June 30, 2019.

PROPOSED ACQUISITION OF ALTRAN TECHNOLOGIES

On June 24, 2019, Capgemini and Altran Technologies (Euronext Paris: ALT), the global leader in Engineering and R&D services, jointly announced they had entered into an agreement for exclusive negotiations whereby Capgemini would acquire Altran, through a friendly public offer at €14.00 per Altran share, payable in cash. This project seeks to create a global digital transformation leader for industrial and tech companies. The agreement was unanimously approved by the Capgemini and Altran Boards of Directors.

Capgemini has secured a bridge financing of €5.4 billion, covering the purchase of securities (€3.6 billion) as well as the gross debt (€1.8 billion).

Additionally, on July 2, 2019, Capgemini announced that it held 29,378,319 Altran shares following settlement and delivery of the off-market acquisition of a block of shares from the concert formed around Apax Partners[3]. This transaction follows the signature on June 24, 2019 of a definitive agreement to acquire this block, representing 11.43% of Altran's share capital.

CONFERENCE CALL

Paul Hermelin, Chairman and Chief Executive Officer, Carole Ferrand, Chief Financial Officer and Rosemary Stark, Chief Sales Officer, will present this press release during a conference call in English to be held **today at 8.00 a.m. Paris time (CET)**. You can follow this conference call live via webcast at the following link. A replay will also be available for a period of one year.

All documents relating to this publication will be placed online on the Capgemini investor website at https://investors.capgemini.com/en/financial-results/.

PROVISIONAL CALENDAR

October 24, 2019	Q3 2019 revenues
February 13, 2020	FY 2019 results
April 28, 2020	Q1 2020 revenues

DISCLAIMER

This press release may contain forward-looking statements. Such statements may include projections, estimates, assumptions, statements regarding plans, objectives, intentions and/or expectations with respect to future financial results, events, operations and services and product development, as well as statements, regarding future performance or events. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates", "plans", "projects", "may", "would" "should" or the negatives of these terms and similar expressions. Although Capgemini's management currently believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking statements are subject to various risks and uncertainties (including without limitation risks identified in Capgemini's Registration Document available on Capgemini's website), because they relate to future events and depend on future circumstances that may or may not occur and may be different from those anticipated, many of which are difficult to predict and generally beyond the control of Capgemini. Actual results and developments

[3] Altrafin Participations, Mr Alexis Kniazeff and Mr Hubert Martigny.

may differ materially from those expressed in, implied by or projected by forward-looking statements. Forward-looking statements are not intended to and do not give any assurances or comfort as to future events or results. Other than as required by applicable law, Capgemini does not undertake any obligation to update or revise any forward-looking statement.

This press release does not contain or constitute an offer of securities for sale or an invitation or inducement to invest in securities in France, the United States or any other jurisdiction.

IMPORTANT INFORMATION

This press release is disseminated for information purposes only and does not constitute an offer to purchase, or a solicitation of an offer to sell, any securities of Altran Technologies.

The documentation relating to the tender offer which, if filed, will state the terms and conditions of the tender offer, will be submitted to the review of the Autorité des marchés financiers. Investors and shareholders are strongly advised to read the documentation relating to the tender offer when it becomes available, if the offer is filed, as well as any amendments and supplements to those documents as they will contain important information about Capgemini, Altran Technologies and the proposed transaction.

The transaction is notably subject to execution of definitive documentation and obtaining of required regulatory authorizations and other customary conditions. The tender offer would only be filed with the Autorité des marchés financiers after such conditions have been fulfilled.

This press release must not be published, broadcast or distributed, directly or indirectly, in any country in which the distribution of this information is subject to legal restrictions. The tender offer will not be open to the public in jurisdictions in which its launch is subject to legal restrictions. The publication, broadcasting or distribution of this press release in certain countries may be subject to legal or regulatory restrictions. Therefore, persons located in countries where this press release is published, broadcasted or distributed must inform themselves about and comply with such restrictions. Capgemini and Altran Technologies disclaim any responsibility for any violation of such restrictions.

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 more than 40 countries. The Group reported 2018 global revenues of EUR 13.2 billion.

Visit us at www.capgemini.com. *People matter, results count*.

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APPENDIX[4]

BUSINESS CLASSIFICATION

As previously announced, the classification of the Group's business lines was simplified and standardized from January 1, 2019:

- **Strategy & Transformation** includes all strategy and transformation consulting services and corresponds to the *Capgemini Invent* scope;
- **Applications & Technology** brings together "Application Services" and related activities and notably local technology services previously included in "Technology & Engineering Services";

[4] Note that in the appendix, certain totals may not equal the sum of amounts due to rounding adjustments.

- **Operations & Engineering** encompasses all other Group businesses. These currently comprise: Business Services (including Business Process Outsourcing), all Infrastructure Services (including those previously in "Technology & Engineering Services") and Digital Engineering and Digital Manufacturing services (previously in "Technology & Engineering Services").

APPLICATION OF IFRS 16 AND ADAPTATION OF PERFORMANCE MEASURES

The Group set-out the expected impacts of the application of IFRS 16 from January 1, 2019, when presenting its objectives for 2019 on February 14, 2019.

As a result of the entry into effect of this standard, the Group applies a new accounting treatment to all its leases (primarily real estate leases), similar in substance to that currently applied to finance leases.

Essentially, the Group:

- in its **balance sheet**: recognized, at January 1, 2019, all lease obligations as a debt in liabilities in the amount of €828 million (including €80 million already recognized in respect of finance leases), in line with the €750 to €850 million estimate communicated in February 2019. The corresponding right-of-use was recognized in assets in the amount of €785 million;
- in its **income statement**: recognized the depreciation of the right-of-use asset over the lease term in operating expenses and the corresponding interest in finance costs, instead of a lease expense in operating expenses;
- in **cash flows**: recognized cash outflows as repayments of the lease debt rather than a rental payment.

As announced, the Group does not believe this new accounting treatment modifies the operating nature of the majority of its leases. Consequently, to ensure the Group's performance measures continue to best reflect its operating performance, as the distinction between different lease types disappears with the introduction of IFRS 16, the Group considers, **from January 1, 2019**, all repayments of lease debt as operating items. Accordingly:

- **organic free cash flow** includes repayments of the lease debt (including for finance leases, previously excluded as recognized in repayments of borrowings, of approximately €50 million in 2018);
- Group **net debt** excludes all lease debt (including that relating to finance leases of approximately €80 million at the end of 2018).

Elsewhere, the impact of application of IFRS 16 on the Group's income statement is generally neutral for the main performance measures, whose definitions remain unchanged (estimates based on the 2018 accounts):

- **operating margin**: slightly positive impact, in the range of 5 basis points;
- **net profit** (Group share): slightly negative impact, in the range of €5 million; and
- **normalized earnings per share**: slightly negative impact, in the range of €0.03 per share.

DEFINITIONS

Organic growth, or like-for-like growth, in revenues is the growth rate calculated at **constant Group scope and exchange rates**. The Group scope and exchange rates used are those for the reported period. Exchange rates for the reported period are also used to calculate **growth at constant exchange rates**.

Reconciliation of growth rates	Q2 2019	H1 2019
Organic growth	**+4.7%**	**+4.9%**
Changes in Group scope	+1.0pt	+1.3pt
Growth at constant exchange rates	**+5.7%**	**+6.2%**
Exchange rate fluctuations	+1.9pt	+2.2pt
Reported growth	**+7.6%**	**+8.4%**

H1 2019 currency impacts are mainly linked to the appreciation of the US dollar against the euro.

When determining activity trends by business and in accordance with internal operating performance measures, growth at constant exchange rates is calculated based on **total revenue**, i.e. before elimination of inter-business billing. The Group considers this to be more representative of activity levels by business. As its businesses change, an increasing number of contracts require a range of business expertise for delivery, leading to a rise in inter-business flows (for information, approximately 7% of total revenues in 2018).

Operating margin is one of the Group's key performance measures. It is defined as the difference between revenues and operating costs. It is calculated before "Other operating income and expenses" which include amortization of intangible assets recognized in business combinations, the charge resulting from the deferred recognition of the fair value of shares granted to employees (including social security contributions and employer contributions), and non-recurring revenues and expenses, notably impairment of goodwill, negative goodwill, capital gains or losses on disposals of consolidated companies or businesses, restructuring costs incurred under a detailed formal plan approved by the Group's management, the cost of acquiring and integrating companies acquired by the Group, including earn-outs comprising conditions of presence, and the effects of curtailments, settlements and transfers of defined benefit pension plans.

Normalized net profit is equal to profit for the period (Group share) adjusted for the impact of items recognized in "Other operating income and expense", net of tax calculated using the effective tax rate. **Normalized earnings per share** is computed like basic earnings per share, i.e. excluding dilution.

Organic free cash flow is equal to cash flow from operations less acquisitions of property, plant, equipment and intangible assets (net of disposals) and repayments of lease liabilities, adjusted for cash out relating to the net interest cost. Finance lease payments were included in repayments of borrowings until December 31, 2018. From January 1, 2019, with the adoption of IFRS 16, these payments are now included in the new definition of organic free cash flow as repayments of lease liabilities.

RESULTS BY REGION

	Revenues	Year-on-year growth		Operating margin rate	
	H1 2019 *(In millions of euros)*	**Reported**	**at constant exchange rates**	**H1 2018**	**H1 2019**
North America	2,248	+10.8%	+3.8%	13.2%	12.9%
United Kingdom and Ireland	849	+8.7%	+8.0%	12.2%	15.9%
France	1,498	+6.9%	+6.9%	8.4%	9.6%
Rest of Europe	1,898	+5.7%	+6.2%	12.0%	11.3%
Asia Pacific and Latin America	514	+12.1%	+12.2%	11.7%	11.4%
TOTAL	**7,007**	**+8.4%**	**+6.2%**	**10.9%**	**11.4%**

RESULTS BY BUSINESS

	Total revenues*	Year-on-year growth
	H1 2019 *(% of Group revenues)*	**at constant exchange rates in total revenues* of the business**
Strategy & Transformation	7%	+19.4%
Applications & Technology	71%	+6.6%
Operations & Engineering	22%	+3.5%

SUMMARY INCOME STATEMENT AND OPERATING MARGIN

(In millions of euros)	H1 2018	H1 2019 (IFRS 16)	*Change*
Revenues	**6,467**	**7,007**	**+8.4%**
Operating expenses	(5,760)	(6,210)	
Operating margin	**707**	**797**	**+13%**
as a % of revenues	10.9%	11.4%	*+50bp*
Other operating income and expense	(186)	(139)	
Operating profit	**521**	**658**	**+26%**
as a % of revenues	8.0%	9.4%	
Net financial expense	(39)	(39)	
Income tax income/(expense)	(169)	(232)	
(-) Non-controlling interests	1	1	
Profit for the period, Group share	**314**	**388**	**+23%**

NORMALIZED AND DILUTED EARNINGS PER SHARE

(In millions of euros)	H1 2018	H1 2019 (IFRS 16)	*Change*
Average number of shares outstanding	167,323,709	165,843,357	
Basic earnings per share (in euros)	**1.88**	**2.34**	**+24%**
Diluted average number of shares outstanding	171,986,730	170,864,789	
Diluted earnings per share (in euros)	**1.83**	**2.27**	**+24%**

(In millions of euros)	H1 2018	H1 2019 (IFRS 16)	*Change*
Profit for the period, Group share	**314**	**388**	**+23%**
Effective tax rate, excluding transitional tax expense	31.4%	32.6%	
(-) Other operating income and expenses, net of tax	128	93	
Normalized profit for the period	**442**	**481**	
Average number of shares outstanding	167,323,709	165,843,357	
Normalized earnings per share *(in euros)*	**2.64**	**2.90**	**+10%**

The Group recognized an income tax expense in respect of the transitional impact of the tax reform in the U.S. of €18 million in H1 2018 and €30 million in H1 2019. This reduced basic, diluted and normalized earnings per share by €0.18 in H1 2019.

Adjusted for this tax expense, normalized earnings per share is €3.08 in H1 2019:

(In millions of euros)	H1 2018	H1 2019 (IFRS 16)	*Change*
Normalized earnings per share *(in euros)*	**2.64**	**2.90**	
Transitional tax expense	18	30	
Average number of shares outstanding	167,323,709	165,843,357	
Impact of the transitional tax expense *(in euros)*	**0.11**	**0.18**	
Normalized earnings per share – excluding the transitional tax expense *(in euros)*	**2.75**	**3.08**	**+12%**

CHANGE IN CASH AND CASH EQUIVALENTS AND ORGANIC FREE CASH FLOW

(In millions of euros)	H1 2018	H1 2019 (IFRS 16)
Cash flow from operations	**110**	**337**
Acquisitions of property, plant and equipment and intangible assets, net of disposals	(109)	(118)
Net interest cost	10	13
Repayments of lease liabilities	None	(142)
ORGANIC FREE CASH FLOW	**11**	**90**
Other cash flows from (used in) investing and financing activities	(223)	(416)
Increase (decrease) in cash and cash equivalents	**(212)**	**(326)**
Effect of exchange rate fluctuations	(26)	(15)
Opening cash and cash equivalents, net of bank overdraft	**1,988**	**2,004**
Closing cash and cash equivalents, net of bank overdraft	**1,750**	**1,663**

NET DEBT

(In millions of euros)	06/30/18	12/31/18	01/01/19 (IFRS 16)	06/30/19 (IFRS 16)
Cash and cash equivalents	1,751	2,006	2,006	1,669
Bank overdrafts	(1)	(2)	(2)	(6)
Cash and cash equivalents, net of bank overdraft	**1,750**	**2,004**	**2,004**	**1,663**
Cash management assets	**221**	**183**	**183**	**204**
Long-term borrowings	(3,267)	(3,274)	(3,233)	(3,237)
Short-term borrowings and bank overdrafts	(871)	(83)	(44)	(260)
(-) Bank overdrafts	1	2	2	6
Borrowings, excluding bank overdrafts	**(4,137)**	**(3,355)**	**(3,275)**	**(3,491)**
Derivative instruments	**(26)**	**(16)**	**(16)**	**3**
NET CASH AND CASH EQUIVALENTS / (NET DEBT)	**(2,192)**	**(1,184)**	**(1,104)**	**(1,621)**