

**Media relations:**

Florence Lièvre  
Tel.: +33 1 47 54 50 71  
E-mail: [florence.lievre@capgemini.com](mailto:florence.lievre@capgemini.com)

**Investor relations:**

Vincent Biraud  
Tel.: +33 1 47 54 50 87  
E-mail: [vincent.biraud@capgemini.com](mailto:vincent.biraud@capgemini.com)

## Capgemini posts Q3 growth of 5.9%

- Revenues of €3,468 million, up 5.9% at constant exchange rates
- Digital & Cloud grew over 20% and now account for more than 50% of Group revenues
- Bookings up 19.6% at constant exchange rates
- 2019 Outlook: annual revenue growth now expected to be around 5.5%, improved margin and organic free-cash flow objectives confirmed

**Paris, October 24, 2019** – Capgemini Group achieved consolidated revenues of €3,468 million in Q3 2019, up 7.4% year-on-year at current exchange rates and 5.9% year-on-year at constant exchange rates\*.

Paul Hermelin, Chairman and Chief Executive Officer of Capgemini Group commented: *"The momentum observed since the beginning of the year continued in Q3. Our performance improved in North America, as we predicted, while growth remained robust in Continental Europe.*

*We see a softer economic environment developing in this year end. Consequently, we are now targeting annual revenue growth at constant currencies of around 5.5% - a rate which was the lower end of the range announced in February. We confirm our targets in terms of improved profitability and stronger organic free cash flow. This will represent a solid performance for 2019. Our strong growth in Digital & Cloud and our healthy bookings lead us to look ambitiously at 2020.*

*In addition, Capgemini's friendly tender offer for Altran opened on October 16. We are confident this operation will be successfully completed and in our ability to create a world leader in the digital transformation of industrial companies."*

Revenues	(In millions of euros)		Change	
	2018	2019	At current exchange rates	At constant exchange rates*
<b>Q3</b>	3,228	<b>3,468</b>	+7.4%	+5.9%
<b>9 months</b>	9,695	<b>10,475</b>	+8.0%	+6.1%

\* The terms and Alternative Performance Measures marked with an (\*) are defined and/or reconciled in the appendix to this press release.

Group growth remained strong in Q3. Revenues increased 7.4% year-on-year at current exchange rates and 5.9% at constant exchange rates. Organic growth\* (i.e. excluding the impact of currency fluctuations and changes in Group scope) was 5.0%.

Digital & Cloud activities grew over 20% at constant exchange rates in Q3 and now generate over 50% of Group revenues.

In the first nine months of the year, Group revenues grew 6.1% at constant exchange rates and 4.9% on an organic basis.

## OPERATIONS BY REGION

As anticipated, **North America** revenues (34% of Group revenues) reported this quarter an improvement, growing 3.5% year-on-year at constant exchange rates in Q3. This growth was mainly driven by the TMT (Telecoms, Media & Technology) and Services sectors.

Q3 activity remained robust in the **United Kingdom & Ireland** (12% of Group revenues). Revenue rose 6.3% at constant exchange rates, boosted by the Manufacturing, Financial Services and Energy & Utilities sectors.

In **France** (20% of Group revenues), activity increased 5.6% at constant exchange rates in the quarter, with the Services and Manufacturing sectors particularly dynamic.

The **Rest of Europe** region (26% of Group revenues) maintained momentum, posting Q3 growth of 6.1% at constant exchange rates. The Consumer Goods & Retail and Manufacturing sectors were the main driving forces.

Finally, the **Asia-Pacific and Latin America** region (8% of Group revenues) reported revenue growth of 16.6% at constant exchange rates. This region benefited from strong momentum in the Asia-Pacific area, particularly in the Financial Services and Manufacturing sectors.

## OPERATIONS BY BUSINESS

**Strategy & Transformation** consulting services (7% of Group total revenues\*) now grouped under *Capgemini Invent*, recorded Q3 growth of 14.6% at constant exchange rates. Momentum was particularly robust in the Manufacturing and Energy & Utilities sectors.

**Applications & Technology** services (70% of Group total revenues) maintained a strong rate of growth, with Q3 revenue up 4.7% year-on-year, at constant exchange rates. Activity was particularly strong for this core business in the Energy & Utilities, Services, Consumer Goods & Retail and Manufacturing sectors.

Finally, **Operations & Engineering** services (23% of Group total revenues) grew 7.7% at constant exchange rates. All businesses contributed to this performance. The DEMS business (Digital Engineering & Manufacturing Services) reported double-digit growth, while Infrastructure Services growth was further boosted by the contribution of Leidos Cyber, the US cybersecurity company acquired at the beginning of the year.

## HEADCOUNT

At September 30, 2019, the Group's total headcount stood at 219,500, up 5.1% year-on-year, with over 126,000 employees in offshore centers (58% of total headcount).

## BOOKINGS

Bookings totaled €3,411 million in Q3 2019, a 19.6% increase at constant exchange rates year-on-year.

## OUTLOOK

Given the softer economic environment developing in this year end, the Group now targets for 2019 a revenue growth at constant exchange rates of around 5.5%, a rate which was the lower end of the previously announced growth range.

The Group confirms its targets in terms of 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.

This outlook does not take into account the proposed acquisition of Altran, while it does include 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.

## **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 the proposed acquisition of Altran by Capgemini, 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.

On September 22, 2019, Altran's Board of Directors considered the friendly tender offer to be in the interests of Altran, its shareholders and employees, and recommended that Altran's shareholders tender their shares to the offer. This reasoned opinion (*avis motivé*) was issued *inter alia* after having reviewed the report of the independent expert, Finexsi, appointed in accordance with applicable regulations.

The French Financial Markets Authority (*Autorité des marchés financiers* - AMF) issued its clearance to the public tender offer on October 14, 2019, and on the same day granted its visa to Capgemini's offer document and Altran's response document. Capgemini has now obtained all the required regulatory clearances, including from the Committee on Foreign Investment in the United States (CFIUS), from the antitrust authorities in India, the United States, Morocco and today from the European Commission. The offer opened on October 16 and the closing date will be set by the AMF.

## **CONFERENCE CALL**

Paul Hermelin, Chairman and Chief Executive Officer and Carole Ferrand, Chief Financial Officer, will present this press release during a conference call in English to be held **today at 6.30 p.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**

February 13, 2020	FY 2019 results
April 28, 2020	Q1 2020 revenues
May 20, 2020	Combined Shareholders' Meeting

The full calendar of upcoming events can be found [online](#).

## **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 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.

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## 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.

Investors and shareholders are strongly advised to read the documentation relating to the tender offer, which contains the terms and conditions of the tender offer, as well as, as the case may be, any amendments and supplements to those documents as they will contain important information about Capgemini, Altran Technologies and the tender offer.

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 is not open to the public in jurisdictions in which its launch is subject to legal restrictions.

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## 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](http://www.capgemini.com). *People matter, results count.*

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## APPENDIX<sup>1</sup>

### 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	Q3 2019	9 months 2019
<b>Organic growth</b>	<b>+5.0%</b>	<b>+4.9%</b>
Changes in Group scope	+0.9pt	+1.2pt
<b>Growth at constant exchange rates</b>	<b>+5.9%</b>	<b>+6.1%</b>
Exchange rate fluctuations	+1.5pt	+1.9pt
<b>Reported growth</b>	<b>+7.4%</b>	<b>+8.0%</b>

Currency impacts since the beginning of the year 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,

<sup>1</sup> Note that in the appendix, certain totals may not equal the sum of amounts due to rounding adjustments.

an increasing number of contracts require a range of business expertise for delivery, leading to a rise in inter-business flows (currently approximately 7% of total revenues).

**Operating margin** is one of the Group's key performance indicators. 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 year (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.

## REVENUES BY REGION

	Revenues (in € millions)		Change	
	Q3 2018	Q3 2019	Reported	At constant exchange rates
North America	1,076	1,164	+8.2%	+3.5%
United Kingdom and Ireland	387	407	+5.2%	+6.3%
France	664	702	+5.6%	+5.6%
Rest of Europe	864	913	+5.7%	+6.1%
Asia Pacific and Latin America	237	282	+19.3%	+16.6%
<b>TOTAL</b>	<b>3,228</b>	<b>3,468</b>	<b>+7.4%</b>	<b>+5.9%</b>

	Revenues (in € millions)		Change	
	9 months 2018	9 months 2019	Reported	At constant exchange rates
North America	3,105	3,412	+9.9%	+3.7%
United Kingdom and Ireland	1,168	1,256	+7.6%	+7.4%
France	2,065	2,200	+6.5%	+6.5%
Rest of Europe	2,661	2,811	+5.7%	+6.2%
Asia Pacific and Latin America	696	796	+14.5%	+13.7%
<b>TOTAL</b>	<b>9,695</b>	<b>10,475</b>	<b>+8.0%</b>	<b>+6.1%</b>

## REVENUES BY BUSINESS

	Total revenues* (% of Group revenues)	Change at constant exchange rates in total revenues* of the business
	Q3 2019	
Strategy & Transformation	7%	+14.6%
Applications & Technology	70%	+4.7%
Operations & Engineering	23%	+7.7%

	<b>Total revenues*</b> <i>(% of Group revenues)</i>	<b>Change at constant exchange rates in total revenues* of the business</b>
	<b>9 months 2019</b>	
Strategy & Transformation	7%	+17.8%
Applications & Technology	71%	+5.9%
Operations & Engineering	22%	+4.9%