In 2019 Capgemini continued to reinforce its position among global leaders thanks to its good performance. Our revenues went up by 5.3% and our profitability increased for the ninth consecutive year to 12.3%. Our cash flow generation hit a record level of 1,288 million euros, surpassing our objectives. The dividend paid to shareholders was fixed at 1.90 euros per share, up 12%; but because of the Covid-19 pandemic and in solidarity with different stakeholders, it was ultimately brought down to 1.35 euros per share.

I would like to tell you again how proud I am of our Group’s response regarding this unprecedented health crisis. Within a few days, nearly all Capgemini employees worldwide started working from home, responding to our two top priorities: our employees’ health, and continuity of service for our clients. What a powerful testimony of our resilience and agility!

Another source of pride is how we have successfully carried out the Group’s managerial transition. Being able to implement an internal succession is for me a real sign of maturity and a testament to the quality of our management. At the end of a transparent and rigorous process, Aiman Ezzat was chosen to replace me as CEO. I am very happy with the decision because I know him well and trust him completely to continue to ensure Capgemini’s growth in the years to come. Like me, he holds the values of Serge Kampf at heart.

What a long way we have come since that day in 1967 when Serge founded Sogeti in Grenoble! He built the foundations of a solid Group with immense potential, and I hope to have been worthy of his trust in advancing Capgemini over the past 18 years. I’d like to thank with all my heart those who have contributed: employees, clients and partners. I look forward to continuing to serve Capgemini as Chairman of the Board, supporting Aiman Ezzat while respecting his full authority as Chief Executive Officer, and striving to further improve the governance of the Group.

Walking in Serge and Paul’s footsteps is for me simultaneously an honor, an opportunity and a challenge, all in the exceptional context of the Coronavirus global pandemic.

You will have noticed that despite the pandemic, the Group has managed to maintain growth in line with its forecasts for the first trimester of 2020. It has of course not been able to commit to an outlook for 2020 due to the high degree of uncertainty. But I am sure that, in the face of current issues, Capgemini has strong attributes, like the active management of costs, its flexible operational model, its diversified client base, and its portfolio of offers, which will enable us to respond to sustained demand in digital and the cloud.

We therefore hold all the cards to move forward and successfully carry out the ambitious project I’m proposing to you: to make Capgemini a universal and exemplary group. Being universal means above all interacting with all the heads of business lines of our clients and providing them with cross-functional solutions, drawing on a broad range of skills. In this area as in many others, the acquisition of Altran, finalized in April, gives us a precious head start.

Being universal also means bringing together the talents of hundreds of thousands of team members, with very varied expertise, profiles and desires. We are therefore delighted to welcome Altran’s 50,000 employees!

I will also be extremely vigilant in ensuring that Capgemini is an exemplary company in all areas. Solidarity, for example: the Group and its employees have shown exceptional action during the pandemic, with numerous solidarity initiatives carried out across the world. I have the same high standards with regard to our environmental footprint and that of our clients, which we can still do more to reduce. More broadly, we need to look beyond the immediate actions of the company, while constantly maintaining a balanced commitment to all our stakeholders. I am committed to this, and I thank you for your trust.

Paul Hermelin  
Chairman of the Board of Directors, Capgemini

Aiman Ezzat  
Directeur général de Capgemini
Held behind closed doors due to the health crisis, the General Assembly was broadcast live on the Group’s website: shareholders could therefore attend the meeting remotely and the voting procedure took place by mail. In this particular context, Capgemini wanted to preserve shareholders’ participation in this important moment in the life of the company: in addition to the legal provisions of written questions, they could ask questions before and during the event via the webcast interface.

At the end of the General Assembly, the Board of Directors met and decided to adopt a governance separating the duties of the Chairman and Chief Executive Officer: Aiman Ezzat was named CEO, while Paul Hermelin remains Chairman of the Board. This decision, taken upon the recommendation of the Ethics and Governance Committee and in accordance with the announcements made on September 16, 2019, was voted for unanimously.

Executive management compensation
By Laurence Dors, Chairman of the Compensation Committee

The General Assembly approved the compensation paid or awarded for the 2019 fiscal year to Paul Hermelin, Chairman and CEO (90.85%) as well as to COOs, Aiman Ezzat (96.93%) and Thierry Delaporte (96.93%).

Shareholders also passed compensation policies for directors and corporate officers for the 2020 fiscal year. In line with the Group’s values and in accordance with the Board of Directors, Paul Hermelin and Aiman Ezzat forgo 25% of their fixed and variable compensation for the year 2020, beyond the recommendations of the AFEP. The portion of this compensation not received, corresponding to the furlough period or reduced working hours at Capgemini, will be paid to the Institut Pasteur, to finance research around Covid-19.

Composition of the Board of Directors
By Pierre Pringuet, Lead Director and Chairman of the Ethics and Governance Committee

As usual, the General Assembly provided an opportunity for the Lead Director to present his report on the activity of the Board of Directors in 2019, the Board’s diversity policy and changes in its composition.

Changes in the composition of the Board

Aiman Ezzat was appointed as a member of the Board of Directors for a four-year term, as well as Belen Moscoco Del Prado, Sodexo’s Chief Digital & Innovation Officer, who brings solid experience in innovation and the applied transformation of digital and data strategy in global groups. Furthermore, independent director Siân Herbert-Jones, and the director representing employee shareholders, and Lucia Sinapi-Thomas, had their mandates renewed for a further four years. Lastly, as part of the employee representation scheme, Kevin Masters and Hervé Jeannin were appointed for a term of four years from May 20, 2020.

Diversifying profiles and managerial experience

Aiman Ezzat was appointed as a member of the Board of Directors for a four-year term, as well as Belen Moscoco Del Prado, Sodexo’s Chief Digital & Innovation Officer, who brings solid experience in innovation and the applied transformation of digital and data strategy in global groups. Furthermore, independent director Siân Herbert-Jones, and the director representing employee shareholders, Lucia Sinapi-Thomas, had their mandates renewed for a further four years. Lastly, as part of our initiative to represent employees, Kevin Masters and Hervé Jeannin were appointed for a term of four years from May 20, 2020.
A sustained acquisitive dynamic

2019 was of course marked by the launch of the Altran acquisition, which was finalized in April 2020 and opened a new chapter for the Group (see page 5). Capgemini has also integrated Leidos Cyber, the leader in corporate cybersecurity in North America; a key asset in responding to the increasing demand from our clients in this area. Another company that joined us last year was KONEXUS Consulting, a leading strategy and management consulting firm for the energy industry in Germany.

A historic contract with Bayer

Capgemini signed a contract for over one billion euros over six years with Bayer AG, an international German life sciences group and a longstanding client. We will provide Bayer with a wide range of services to transform its IT environment and accelerate the digitalization of its organization. Capgemini was chosen in particular for “its capacity to implement complex transformations on a large scale and for its recognized expertise in agility, flexibility and change management.”

An innovative app for PSA

In partnership with Microsoft, Capgemini developed a high-added-value application with Groupe PSA. The app allows the car manufacturer to know in real time the carbon dioxide (CO₂) emissions of its new vehicles sold in Europe, and also make forecasts. The result: a significant competitive advantage at a time when “CO₂ emissions have become just as significant as margin and production volume” (read the interview with Jean-Luc Perrard, CIO of Groupe PSA, in Capgemini’s 2019 Annual Report).

Climate change: Capgemini recognized

In 2019, Capgemini was added to the CDP’s (Carbon Disclosure Project) prestigious “A-list”, which identifies the global businesses doing the most to fight climate change. This is a great recognition for all the teams around the world who are taking concrete action: since 2015, we have reduced our carbon emissions per employee by 29% and we continue to support our clients in reducing their own greenhouse gas emissions.

Success of the sixth employee shareholding plan

The sixth employee shareholding plan, which enables employees to participate in the Group’s development and performance, was a great success with a subscription rate of over 160%. More than 33,700 employees from the 25 participating countries subscribed to the proposed plan, representing 16% of those eligible. The plan covered 2.75 million shares, representing approximately 1.6% of the existing capital. As of December 31, 2019, employee share ownership represents 5.4% of share capital. The 2020 General Assembly renewed authorizations for capital increases and share buybacks required to open a new share capital plan.

• What impact has the health crisis had on the dividend allocated to shareholders?
  The Board of Directors decided, in solidarity with various different stakeholders, to reduce the initially planned dividend by 29%; this calculates as 1.35 euros a share rather than 1.90 euros. Furthermore, Paul Hermelin and Aiman Ezzat forgo 25% of their fixed and variable compensation for the year 2020 as executive directors. During the furlough period in France, their unpaid compensation as executive directors will be given to the Institut Pasteur to finance research around Covid-19. Several Group managers have also taken the decision to reduce the variable part of their compensation.

• Will the confinement period have an effect on the organization of work within the Group?
  During the pandemic, employees working from home have demonstrated that they can keep their clients happy with the same level of quality while spending less time commuting. Remote working is likely to become more commonplace in the Group and a consultation has been launched to explore this.

• Where does Capgemini stand in the fight against global warming?
  Passionate about reducing our environmental impact, we have made significant progress in the last few years. For example, since 2015 we have reduced our carbon emissions from business travel by 21.2% per employee. In 2019, the share of renewable energy in our total energy purchases rose to 46.5%, compared to 23.6% in 2018. Furthermore, our global ISO 14001 certification has been extended to nine new countries and now covers 22 countries, representing 91.5% of our activity. We have also been added to the CDP’s (Carbon Disclosure Project, see above) prestigious “A-list”. And of course, we continue to support our clients in their own journey to reduce their CO₂ emissions by 10 million tons by 2030, i.e. 20 times more that the Group’s emissions.

• What is Capgemini’s strategy for 5G?
  We are certain that 5G will have a significant technological impact in the long term on all our business sectors and organizations: it will be a true lever for digital transformation. Our ambition is to become a lead group in 5G services and consulting, while providing answers to the social or ethical questions that it may raise. By combining Capgemini and Altran’s abilities, we occupy a unique position in the market, which will allow us to offer high-value-added, end-to-end services around connected products and services.
The 2019 financial year once again demonstrated our capacity to combine sustained growth and increased profitability.

The Group’s revenues reached 14,125 million euros, an increase of 7.0% on a reported basis and 5.3% at constant exchange rates, in line with our objective of achieving growth of “around 5.5%” in 2019 (the objective as adjusted at the time of publication of our third-quarter 2019 revenues). The Group’s organic growth remained solid at 4.2%.

The operating margin reached 1,741 million euros, or 12.3% of revenue, growing 9% in value and 20 basis points, in line with the year’s objectives.

The Organic free cash flow rose sharply to 1,288 million euros, well ahead of the target of 1,100 million euros set at the beginning of the year.

Evolution of activity by region:
At constant exchange rates

Revenues in the North America region (32% of the Group revenues) grew by 2.6%, on a challenging comparison basis as the region had grown by 14.4% in 2018. For its part, the UK and Ireland region (12% of the Group’s revenue) reported a robust increase of 4.7%, despite the slowdown observed as expected in the last months of the year.

Activity in France (21% of the Group revenues) was solid, with sales up by 5.9%, while the Rest of Europe region (27% of the Group revenues) maintained a sustained growth rate with a 6.2% increase in sales. Lastly, the Asia-Pacific and Latin America region (8% of the Group revenues) had a particularly dynamic year with a 12.8% increase in sales.

Evolution of activity by sector:
At constant exchange rates

Strategy and Transformation consulting activities recorded a 15.1% increase in total revenues. Growth was driven mainly by the Manufacturing, Energy & Utilities, and TMT (Telecom, Media and Technology) sectors.

Applications and Technology Services, which constitute Capgemini’s core business with 71% of the Group revenues, saw total revenues increase by 4.8%. The Services, Energy & Utilities and Manufacturing sectors were the most dynamic over the past year.

Finally, total revenues from Operations and Engineering services grew by 4.9%. Operations and Engineering benefited from the Group’s growing success in multi-year contracts, particularly for services related to Cloud infrastructures. With the Group’s positioning in the “Intelligent industry”, Digital Manufacturing and Engineering activities are continuing to develop at a sustained pace.

First quarter of 2020 in line with expectations despite the pandemic

- Revenues of €3,547 million, up by 2.3% at constant exchange rates. Organic growth was 2.0%.
- Sustained growth – of about 20% at constant exchange rates – in Cloud and Digital activities, which now represent more than 50% of Group revenues.

An exceptional mobilization in the face of Covid-19

Faced with an unprecedented global health crisis, Capgemini was able to demonstrate remarkable agility around the world. In very little time, 95% of employees switched to teleworking and mobilized to offer solutions tailored to our clients’ needs. While prioritizing the health and safety of its employees, the Group was able to ensure service continuity.

We also set up a «social response» unit in April. Its role? To accelerate and amplify the many solidarity initiatives launched by the Group and its employees in response to the pandemic. Finally, in this context, Paul Hermelin and Aiman Ezzat decided to reduce their compensation (see page 2).

Outlook for 2020

Capgemini’s digital capabilities enable it to provide the full range of services required by its clients. However, the uncertainty surrounding the development of the health crisis linked to the Covid-19 pandemic remains significant and the Group cannot at this stage commit to an outlook for the 2020 financial year.

In addition to the solidity of its financial structure, Capgemini has significantly strengthened the resilience of its operations since the 2009 financial crisis. The Group intends to take advantage of the new opportunities that will emerge from this unprecedented new crisis.
Strategic focus

>A major Group offering numerous synergies

Capgemini and Altran also have similar corporate cultures and operating models that will facilitate the integration process. Together, they create a Group with 270,000 employees and combined revenues of 17 billion euros in 2019.

Thanks to this new scale and its expanded portfolio of services, the Group benefits from greater access to key account decision-makers in many sectors, well beyond IT departments alone. In addition, Capgemini and Altran will reciprocally strengthen their capacity for innovation and their service portfolios in information technology and operational technology. Commercial synergies should generate additional revenues of between 200 million and 350 million euros over the next three years, in addition to 70 million to 100 million euros in cost synergies.

>Altran, in brief

- Three main areas of expertise: product and systems engineering / digital processing and software / industrial operations.
- "Next Core" services, to help the most innovative companies in the world accelerate and transform disruption into a lever for differentiation.
- Six fundamental research programs: applied artificial intelligence, the future of engineering, the future of industry, the future of networks and computing, the future of transport, and the future of health.
- A global network of leading customers, covering 11 key industries. Two thirds of the world’s largest R&D investors work with Altran, and the average duration of contracts with its top 10 clients is more than 20 years. Altran is considered a strategic partner by more than 50 clients.
- Project example: supporting the digital transformation of ENGIE. Faced with changes in the global energy landscape, ENGIE has made digitalization one of its four strategic priorities. The Group chose Altran to develop a vision and oversee the implementation of a roadmap for its industrial assets. This partnership will enable ENGIE to transform its assets into an intelligent whole adapted to predictive maintenance. It will also improve decision-making and the performance of operators in the field.

50 YEARS OF STRATEGIC ACQUISITIONS

- Creation of Sogeti
- First acquisitions of two competitors: CAP (France) and Gemini Computer Systems (United States)
- Acquisition of SESA, French IT company
- Acquisition of the English company Hoskyns, European leader in outsourcing services
- Acquisition of the Dutch IT services company Volmac and of Programmator, a Swedish IT services company
- Acquisition of CPM Braxis, the largest IT services company in Brazil
- Acquisition of Kanbay International, an American service manager with a strong presence in India, specialized in financial services
- Acquisition of the Ernst & Young consulting division
- Mega-acquisition of Altran, the world leader in engineering and R&D services
- Acquisition of the American company IGATE, present in the United States and India
- Altran acquisition: a new chapter for Capgemini

In April 2020, Capgemini completed the acquisition of Altran, the world leader in engineering and R&D services. While the Group has often supported its growth with strategic acquisitions since its creation (see illustration below), Altran’s acquisition truly marks a historic turning point: it enables Capgemini to become the world leader in the «Intelligent Industry». After digital marketing, we are convinced that this market will bring the next wave of innovation, driven by connected objects and 5G.

In concrete terms, Altran and Capgemini’s expertise are perfectly aligned to enable us to support the largest industrial and technological players in their digital transformation. One example: the autonomous car. Altran develops connected vehicles, thanks to its know-how in data connectivity, advanced driver assistance systems, human-machine interface and automotive R&D. Capgemini, for its part, knows how to deploy and manage the digital systems required to process the huge volumes of data generated by these cars. The Group’s positioning as a strategic partner for the major carmakers working on these issues is key.
Capgemini listens to its individual shareholders

In addition to the General Assembly, which is held in Paris, Capgemini regularly meets with its individual shareholders in briefings organized in major regional cities (Lyon, Lille, Bordeaux, Nantes, Toulouse, etc.). These events provide an opportunity to discuss the Group’s strategy, results and perspective.

Dividend for fiscal year 2019

By paying a share of our profits to our shareholders every year, we are associating them with our growth. In the unprecedented context of the global coronavirus pandemic and in view of the strict cost control measures put in place, the Board of Directors decided at its meeting on April 27, 2020 to reduce the dividend by 29%, which was proposed and voted on unanimously at the Annual General Meeting on May 23, 2020. The dividend is now €1.35 per share instead of €1.90 as initially envisaged.

Capgemini’s share profile

Listed on the Eurolist market of Euronext Paris (Compartment A) Eligible for the Deferred Settlement Service, or the “Service de Règlement Différé (SRD)” ISIN Code: FR0000125338 Main indices: CAC 40, Euronext 100, EURO STOXX, STOXX Europe 600, STOXX Europe 600 Technology and EURO STOXX ESG Leaders 50

Financial calendar


Capgemini share price evolution

in euros, compared to the CAC40 index, from December 31, 2017 to June 22, 2020

Shareholder contacts

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