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A solid performance in 2020, confirming the Group's resilience and agility

- Revenues of €15,848 million, up +12.2% with the acquisition of Altran
- FY constant currency growth of +13.7% and organic growth* of -3.2%
- Q4 constant currency growth of +20.8% and organic growth* of -2.4%
- Operating margin* up +8% in value and down 0.4 points to 11.9% of revenues
- 12% increase in net profit, Group share, with normalized earnings per share* up 7%
- Organic free cash flow* of €1,119 million
- Proposed dividend of €1.95 per share

Paris, February 17, 2021 – The Board of Directors of Capgemini SE, chaired by Paul Hermelin, convened today in Paris to review and adopt the accounts¹ of the Capgemini Group for the year-ended December 31, 2020.

Aiman Ezzat, Chief Executive Officer of the Cappemini Group, said: "Cappemini's 2020 performance was strong. We bounced back in the third quarter as we had anticipated and continued to improve throughout the fourth quarter, attaining the high end of our target revenue range for the year. We also exceeded our operating margin and organic cash flow generation targets. In 2020, the Group demonstrated both its resilience and agility.

I would like to thank the Group's 270,000 team members, who rapidly adapted to extensive work from home, while ensuring the quality of services delivered to our clients. I am extremely proud of the unprecedented mobilization of our teams, who showed solidarity and initiative in fighting the pandemic.

This health crisis has clearly accelerated the digital transformation needs of companies across all sectors. In this context, we have successfully positioned ourselves as one of their partners of choice. Our digital and cloud services continued to expand at a strong pace, growing 15% in 2020.

In 2021, we will draw on our fundamentals, benefiting fully from the value contributed by Altran in the field of Intelligent Industry, while developing our intimacy with clients' CxOs across their business transformation needs. In addition to our target of "net zero emissions" by 2030, we will propose concrete offers to our clients to help them attain their own carbon emission reduction targets. I firmly believe that technology is pivotal to delivering tangible solutions in this area and my ambition is to make our Group a key player in ecological transition."

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

¹ Audit procedures on the consolidated financial statements have been completed. The auditors are in the process of issuing their report.



KEY FIGURES

(in millions of euros)	2019	2020	Change
Revenues	14,125	15,848	+12.2%
Operating margin*	1,741	1,879	+8%
as a % of revenues	12.3%	11.9%	-0.4 points
Operating profit	1,433	1,502	+5%
as a % of revenues	10.1%	9.5%	-0.6 points
Net profit (Group share)	856	957	+12%
Basic earnings per share (€)	5.15	5.71	+11%
Normalized earnings per share (\in) *	6.76 a	7.23 ^a	+7%
Organic Free Cash Flow*	1,288	1,119	-169
Net cash / (Net debt)*	(600)	(4,904)	

a Excluding the transitional impact of the US tax reform representing a tax expense of €60 million in 2019 and tax income of €8 million in 2020.

Capgemini demonstrated remarkable agility in 2020, rapidly adapting to an unprecedented crisis and completing the acquisition and integration of Altran, while delivering results in line with or exceeding objectives announced during the publication of the H1 2020 results.

The Group completed the acquisition of Altran Technologies ("Altran"), consolidated from April 1, 2020, making Capgemini the partner of choice for the digital transformation of industrial and technology companies. Also, Capgemini successfully dealt with the consequences of the pandemic crisis, with its results demonstrating the strong resilience of its operations and financial model.

Capgemini therefore reported **revenues** of €15,848 million in 2020, up 12.2% on 2019 published figures. Constant currency growth* was 13.7%, at the upper end of the +12.5% to +14.0% target range. Organic growth* (i.e. excluding the impact of currency fluctuations and changes in Group scope) reported a measured contraction of -3.2% for the full year.

The clear improvement in the Group's activities from Q3 2020 continued in the fourth quarter in the Group's main sectors and regions, both for constant currency (+20.8% in Q4) and organic growth (-2.4% in Q4).

This performance demonstrates how the sector and geographic diversification of Capgemini's client base, combined with the high quality of the offer portfolio developed in recent years, have considerably strengthened the resilience of the Group's activities. **Digital** and **Cloud**² services remained dynamic with constant currency growth of around 15% for the full year, in a crisis context that encouraged clients to prioritize critical digital transformation projects. Digital and Cloud services thus represented around 65% of Group activities in Q4 2020.

Bookings totaled €16,892 million in 2020, an increase of +13% at constant exchange rates year-on-year. At 107%, the book-to-bill ratio reflects the strength of commercial activity in the context of the pandemic. In Q4, bookings increased +15% at constant exchange rates to €5,155 million. The Q4 book-to-bill ratio of 121% reflects a promising level of client demand for the coming quarters.

The **operating margin*** increased by +8% in value to €1,879 million, representing 11.9% of revenues. The contraction in the operating margin rate year-on-year was therefore limited to 40 bps, a better than expected performance compared to the Group target contraction of 60 to 90 bps. This shows how the Group has substantially improved the resilience of its operating model since the 2008-2009 crisis.

Other operating income and expenses represent a net expense of \in 377 million, up \in 69 million year-on-year. This increase is due to the consolidation of other operating expenses specific to Altran, as well as related acquisition and integration costs, only partially offset by the capital gain realized on the divestment of Odigo at the end of the year.

Capgemini operating profit is therefore up +5% at $\le 1,502$ million, or 9.5% of revenues.

The **financial expense** is €147 million, compared with €79 million in 2019. This increase is due to the cost of financing the Altran acquisition and outstanding debt.

² Group scope excluding Altran.



The **income tax expense** is €400 million, an effective tax rate of 29.5%. Adjusted for exceptional items, the effective tax rate is 33.0%, compared with 32.6% in 2019.

Net profit (Group share) grew 12% year-on-year to €957 million. **Basic earnings per share** rose by 11% year-on-year to €5.71, while **normalized earnings per share*** increased 14% to €7.28. Normalized earnings per share adjusted for the transitional impact of the US tax reform increased 7% to €7.23.

Organic free cash flow* generation reached the remarkable level of €1,119 million, largely exceeding the €900 million target for 2020. Restated for the €225 million impact of unwinding the Altran factoring program, organic free cash flow generation exceeded the 2019 record level of €1,288 million, demonstrating the strength of the Group's business model.

In 2020, Capgemini invested €2,999 million net in external growth transactions. This primarily reflects outflows in 2020 to acquire Altran (see specific section below), less net amounts received on the divestment of Odigo. The 7^{th} employee share ownership plan led to a gross share capital increase of €279 million. In addition, the Group paid €226 million in dividends (equal to €1.35 per share, following a 29% reduction in the initial proposal decided by the Board of Directors as part of solidarity measures) and allocated €519 million to share buybacks.

The Board of Directors has decided to recommend the payment of a dividend of €1.95 per share at the Shareholders' Meeting on May 20, 2021. The corresponding payout ratio is 35% of net profit (Group share), in line with the Group's distribution policy.

OPERATIONS BY REGION

Change in revenues vs. 2019 at constant exchange rates

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
North America	-0.6%	+9.0%	+10.0%	+13.7%	+7.9%
United Kingdom and Ireland	-2.6%	+3.7%	+9.1%	+18.1%	+6.7%
France	+3.3%	+11.8%	+20.1%	+21.1%	+14.2%
Rest of Europe	+5.1%	+24.9%	+32.7%	+31.6%	+23.7%
Asia-Pacific and Latin America	+11.2%	+11.7%	+14.0%	+11.7%	+12.2%
TOTAL	+2.3%	+13.4%	+18.4%	+20.8%	+13.7%

• Q4 2020:

Q4 revenues total €4,259 million, up +20.8% at constant exchange rates year-on-year, primarily reflecting the integration of Altran in the consolidation scope.

In line with its expectations, Capgemini reports a further sequential increase in the constant currency annual growth rate. Regional trends in constant currency growth rates, as presented in the above table, reflect underlying organic momentum (i.e. at constant scope and exchange rates).

In Q4 2020, the **United Kingdom and Ireland** (10% of Group revenues in Q4 2020) reported a return to organic growth year-on-year. The **North America** region (29% of Group revenues) continued its recovery, with now only a modest contraction in activity. **France** (23% of Group revenues) reported the largest organic contraction, but continued the improvement begun in the previous quarter. Finally, the **Rest of Europe** region (31% of Group revenues) remained virtually stable, while the **Asia-Pacific and Latin America** region (7% of Group revenues) reported further robust organic growth, albeit down on Q3.

While sector performance remained contrasted, most sectors recorded a further sequential improvement in activity in Q4. Accordingly, on an organic basis: growth in Financial Services (24% of Group revenues in Q4 2020) accelerated on Q3. The TMT sector (Telecom, Media and Technology, 13% of Group revenues) also continued to recover, posting slightly positive growth in Q4, while the Public Sector (13% of Group revenue) again grew at a sustained pace. The Q4 decline reported by the Consumer Goods (12% of Group revenues) and Energy & Utilities (10% of Group revenues) sectors was an improvement on the previous two quarters. Finally, the Manufacturing (22% of Group revenues) and Services (6% of Group revenues, including transportation and tourism) sectors continued to contract in Q4.



• For the full year:

Revenues in **North America** grew by +7.9% at constant exchange rates. This increase was driven by Altran's contribution to revenues, mainly visible in the TMT sector. Financial Services enjoyed strong momentum at the year end and reported organic growth for the full year. The operating margin rate improved further to 14.8%, compared with 13.9% in 2019.

The **United Kingdom and Ireland** region reported +6.7% constant currency growth in revenues, supported by Altran's consolidation (mainly in the Manufacturing and TMT sectors) and robust Public Sector momentum throughout the year on an organic basis. The operating margin increased to 15.5% from 15.2% a year earlier.

France reported revenue growth of +14.2% at constant exchange rates for the period, with the Manufacturing, TMT and Energy & Utilities sectors significantly enhanced by the consolidation of Altran revenues. On a like-for-like basis, the Manufacturing sector was most heavily affected by the activity slowdown in the past year, while the Public Sector maintained robust growth throughout the year. Within the Group, France was the hardest hit by the pandemic, notably due to an unfavorable mix of sectors and business lines. Both revenues at constant scope and operating margin contracted visibly, with the latter declining 3.4 points year-on-year to 8.7%.

The **Rest of Europe** region grew +23.7% at constant exchange rates, including Altran revenues. Activity remained almost stable in 2020 on an organic basis, supported by the buoyant Public Sector and TMT sector. The region reported a slightly lower operating margin of 11.4%, compared with 11.8% a year earlier.

Finally, momentum remained strong in the **Asia-Pacific and Latin America** region, with revenues increasing +12.2% at constant exchange rates. This performance is particularly noteworthy as Altran's consolidation had a more limited impact in this region. Organic growth was again sustained, boosted particularly by Financial Services and, to a lesser extent, the Services and TMT sectors. The operating margin rate increased significantly to 13.0%, from 11.2% in 2019.

OPERATIONS BY BUSINESS

Change in total revenues vs. 2019 at constant exchange rates

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Strategy & Transformation	+9.6%	+7.6%	+13.5%	+13.3%	+11.0%
Applications & Technology	+2.1%	-4.5%	+0.3%	+1.3%	-0.2%
Operations & Engineering	+3.5%	+69.4%	+70.4%	+75.6%	+55.5%

• Q4 2020:

All of the Group's businesses reported further sequential improvements in annual organic growth rates in Q4, that is at constant scope and exchange rates.

Accordingly, on an organic basis: **Strategy & Transformation** consulting services (7% of Group revenues in Q4 2020) reported a smaller decline in total revenues* than in the two previous quarters. **Applications** & **Technology** services (60% of Group revenues), the Group's core business, reported a further sequential improvement with almost stable activity levels. **Operations & Engineering** services (33% of Group revenues) also continued their recovery, visible in Operations (infrastructure and cloud services and Business Services) but also in Engineering services where the contraction is gradually reducing.

For the full year:

Strategy & Transformation consulting services benefited from the integration of high value-added consulting services developed by Altran in recent years, recording +11.0% growth in total revenues at constant exchange rates.

Applications & Technology services reported a slight -0.2% decline in total revenues at constant exchange rates. The Altran acquisition had only a limited impact on growth at constant exchange rates in this service line.

Finally, **Operations & Engineering** total revenues grew +55.5% at constant exchange rates with the consolidation of Altran, which primarily delivers Engineering services.



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HEADCOUNT

At December 31, 2020, the Group's total headcount stood at 269,800, up +23% year-on-year, mainly following the integration of Altran team members. Over 145,000 employees work in offshore centers, some 54% of the total headcount.

After a slight dip in employee numbers in the second and third quarters, the Group returned to positive net hiring in Q4 2020.

BALANCE SHEET

Capgemini's balance sheet structure changed significantly in the past year with the acquisition of Altran for an enterprise value of $\\mathcal{\in}5.2$ billion.

As the Altran securities were purchased in two distinct steps (before and after the takeover became effective on March 13, 2020), in 2020 this transaction contributed a \in 2.6 billion increase in goodwill (\in 9.8 billion at the closing date compared with \in 7.7 billion at the opening date), new intangible assets for \in 0.5 billion (\in 1.1 billion at the closing date compared with \in 0.6 billion at the opening date), and a \in 2.1 billion decrease in equity (\in 6.1 billion at the closing date compared with \in 8.4 billion at the opening date).

The Altran acquisition was financed in line with the financing plan presented in June 2019 (€5.4 billion, encompassing €3.7 billion for the purchase of securities and €1.7 billion of gross debt carried by Altran). Cappemini used available cash of approximately €1.0 billion (including €0.4 billion for the purchase of a share block in 2019) and issued bonds for the balance.

In April 2020, the Group therefore performed a €3.5 billion multi-tranche bond issue, €2.8 billion of which was used to finance the acquisition³. The Altran term loans were then refinanced in June 2020 through a second multi-tranche bond issue of €1.6 billion. These refinancing transactions extended the average maturity of the Group's bond debt to 6 years, with a low average cost of 1.8%.

At December 31, 2020, the Group had cash and cash equivalents and cash management assets of \in 3.2 billion. After accounting for borrowings of \in 8.1 billion and derivative instruments, Group net debt* is \in 4.9 billion at December 31, 2020, compared with \in 0.6 billion at December 31, 2019. The higher than expected organic free cash flow generation, combined with the proceeds from the sale of Odigo, helped to reduce the impact of the Altran acquisition on the Group's net debt.

ACQUISITION AND INTEGRATION OF ALTRAN TECHNOLOGIES

Following the effective takeover of Altran on March 13, 2020, Cappemini reopened the friendly tender offer. The success of this reopening enabled the implementation, in April 2020, of a squeeze-out on the remaining Altran shares not yet held. After this procedure, Cappemini held 100% of the share capital and voting rights of Altran Technologies, which is fully consolidated in the Cappemini scope from April 1, 2020.

The integration process was launched following the effective takeover of Altran and is progressing in line with Group expectations. It notably led to the implementation of an integrated operating structure on January 1, 2021. In the second half of 2020, Cappemini also launched its first three Intelligent Industry offerings focusing on <u>5G</u> and <u>Edge computing</u>, <u>driving automation systems validation and verification</u> and <u>data driven R&D for Life Sciences</u>.

As announced on the publication of the H1 2020 results, Capgemini expects to reach, by June 2021, a run-rate of two-thirds of full-year cost and operating model synergies estimated at between €70 million and €100 million, before tax. Similarly, the Group is confident it can achieve the commercial synergies announced on acquisition, which represent additional annual revenues of between €200 million and €350 million within three years.

CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

In an unprecedented economic and health context, Capgemini was determined to strengthen its corporate, social and environmental responsibility ambitions and initiatives.

³ The €0.7 billion excess was allocated to the redemption of the bond issue maturing in July 2020.



More than ever aware of the need to take action on climate change, in July 2020 the Group announced its commitment to achieving carbon neutrality for its operations no later than 2025 and its ambition to be net zero by 2030. These objectives were approved by the Science Based Targets Initiative as being in line with the scenario limiting global warming to 1.5°C by 2050. Capgemini's previous target, set in 2015, of reducing carbon emissions by 30% per employee by 2030, was achieved by January 2020, nearly a decade early. Capgemini also set an objective of reducing the carbon emissions of its clients by 10 million carbon metric tons by 2030, over 20 times the Group's own emissions.

In addition, the Group sought to protect its employees, both by implementing precautionary health measures and through initiatives demonstrating its support and solidarity. Capgemini notably maintained promotion measures and salary adjustments decided prior to the pandemic and did not make any significant changes to its onshore or offshore workforce. The Group also stepped up initiatives to build employee engagement through Pulse, its continuous listening platform, which includes frequent questions on physical and psychological wellbeing. This approach was accompanied by the implementation of a Connected Managers program aimed at sharing best practices, notably with regards to supporting employees and maintaining social contact, as well as strengthening individual and local management of psychosocial risks.

In June 2020, Capgemini also joined forces with Coursera, a global leader in on-line learning, to launch NEXT, a digital learning platform providing employees with access to over 4,000 courses delivered by the best universities and training bodies. This major training initiative - a fundamental pillar in the Group's human capital management strategy - will enable all employees to not only strengthen their skills in a constantly changing environment, but also build their own professional and personal learning journey.

Finally, Capgemini made further progress in 2020 with respect to the other pillars of its corporate social responsibility strategy: the proportion of women in its global workforce stood at 33.7% at the end of 2020 (34.9% excluding Altran, an increase of nearly 2 points compared to 2019), and 28% at the Executive Committee level (up 4 points since 2018). Also, more than 300,000 people benefited last year from the Group's digital inclusion initiatives.

OUTLOOK

In an improving but still uncertain environment, the Group targets for 2021:

- A constant currency growth of +7.0% to +9.0%;
- An operating margin of 12.2% to 12.4%, i.e. at 2019 level;
- An organic free cash flow above €1,300 million.

The inorganic contribution to growth is anticipated at c. 4.5 points.

CONFERENCE CALL

Aiman Ezzat, 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 6.45 p.m. Paris time (CET)**. You can follow this conference call live via webcast at the following <u>link</u>. 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/.

PROVISIONAL CALENDAR

March 31, 2021 Capital Markets Day April 29, 2021 Q1 2021 revenues

May 20, 2021 Combined Shareholders' Meeting July 28, 2021 Publication of H1 2021 results

The following dividend payment schedule will be presented to the Shareholders' Meeting for approval:

June 2, 2021 Ex-dividend date on Euronext Paris

June 4, 2021 Payment of the dividend



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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 Universal 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.

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.

ABOUT CAPGEMINI

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of 270,000 team members in nearly 50 countries. With its strong 50 year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fuelled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2020 global revenues of €16 billion.

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APPENDIX⁴

BUSINESS CLASSIFICATION

- Strategy & Transformation includes all strategy, innovation and transformation consulting services.
- **Applications & Technology** brings together "Application Services" and related activities and notably local technology services.
- **Operations & Engineering** encompasses all other Group businesses. These comprise Business Services (including Business Process Outsourcing and transaction services), all Infrastructure and Cloud Services, and R&D and Engineering Services.

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**.

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



Reconciliation of growth rates	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Organic growth	+2.0%	-7.7%	-3.6%	-2.4%	-3.2%
Changes in Group scope	+0.3pt	+21.1 pts	+22.0 pts	+23.2 pts	+16.9 pts
Growth at constant exchange rates	+2.3%	+13.4%	+18.4%	+20.8%	+13.7%
Exchange rate fluctuations	+0.8pt	-0.3pt	-2.8 pts	-4.1 pts	-1.5 pts
Reported growth	+3.1%	+13.1%	+15.6%	+16.7%	+12.2%

When determining activity trends by business and in accordance with internal operating performance measures, growth at constant exchange rates is calculated based on **total revenues**, i.e. before elimination of interbusiness 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.

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.

COVID-19: The impact of the health crisis on the consolidated financial statements at December 31, 2020 is not isolated. The definition of the above alternative performance measures is therefore unchanged and, in accordance with past practice, these financial statements include in other operating income and expenses a non-material amount of incremental and non-recurring costs related to this crisis.

RESULTS BY REGION

	Revenues	Year-on-year growth		Operating	margin rate
	2020 (in millions of euros)	Reported	At constant exchange rates	2019	2020
North America	4,839	+5.9%	+7.9%	13.9%	14.8%
United Kingdom and Ireland	1,741	+5.3%	+6.7%	15.2%	15.5%
France	3,443	+14.1%	+14.2%	12.1%	8.7%
Rest of Europe	4,700	+23.4%	+23.7%	11.8%	11.4%
Asia-Pacific and Latin America	1,125	+4.2%	+12.2%	11.2%	13.0%
TOTAL	15,848	+12.2%	+13.7%	12.3%	11.9%



RESULTS BY BUSINESS

	Total revenues*	Year-on-year growth
	2020 (% of Group revenues)	At constant exchange rates in total revenues* of the business
Strategy & Transformation	7%	+11.0%
Applications & Technology	62%	-0.2%
Operations & Engineering	31%	+55.5%

SUMMARY INCOME STATEMENT AND OPERATING MARGIN

(in millions of euros)	2019	2020	Change
Revenues	14,125	15,848	+12.2%
Operating expenses	(12,384)	(13,969)	
Operating margin	1,741	1,879	+8%
as a % of revenues	12.3%	11.9%	-0.4pt
Other operating income and expense	(308)	(377)	
Operating profit	1,433	1,502	+5%
as a % of revenues	10.1%	9.5%	-0.6pt
Net financial expense	(79)	(147)	
Income tax income/(expense)	(502)	(400)	
(-) Non-controlling interests	4	2	
Profit for the period, Group share	856	957	+12%

NORMALIZED AND DILUTED EARNINGS PER SHARE

(in millions of euros)	2019	2020	Change
Average number of shares outstanding	166,171,198	167,620,101	
BASIC EARNINGS PER SHARE (in euros)	5.15	5.71	+11%
Diluted average number of shares outstanding	171,047,762	172,555,946	
DILUTED EARNINGS PER SHARE (in euros)	5.00	5.55	+11%
(in millions of euros)	2019	2020	Change
Profit for the period, Group share	856	957	+12%
Effective tax rate, excluding the transitional tax impact	32.6%	30.1%	
(-) Other operating income and expenses, net of tax	207	263	
Normalized profit for the period	1,063	1,220	+15%
Average number of shares outstanding	166,171,198	167,620,101	
NORMALIZED EARNINGS PER SHARE (in euros)	6.40	7.28	+14%

The Group recognized income tax income of €8 million in 2020 in respect of the transitional impact of the US tax reform, compared to an income tax expense of €60 million in 2019. This increased basic and diluted earnings per share and normalized earnings per share by €0.05 in 2020.

Adjusted for this income tax income, normalized earnings per share is €7.23 in 2020:

(in millions of euros)	2019	2020	Change
Normalized earnings per share (in euros)	6.40	7.28	+14%
+Transitional tax (income) / expense	60	(8)	
Average number of shares outstanding	166,171,198	167,620,101	
Impact of the transitional tax (income) / expense (in euros)	0.36	(0.05)	
Normalized earnings per share – excluding the transitional tax impact (in euros)	6.76	7.23	+7%



CHANGE IN CASH AND CASH EQUIVALENTS AND ORGANIC FREE CASH FLOW

(in millions of euros)	2019	2020
Net cash from operating activities	1,794	1,661
Acquisitions of property, plant and equipment and intangible assets, net of disposals	(219)	(204)
Net interest cost	(15)	(47)
Repayments of lease liabilities	(272)	(291)
ORGANIC FREE CASH FLOW	1,288	1,119
Other cash flows from (used in) investing and financing activities	(830)	(610)
Increase (decrease) in cash and cash equivalents	458	509
Effect of exchange rate fluctuations	(12)	(131)
Opening cash and cash equivalents, net of bank overdraft	2,004	2,450
Closing cash and cash equivalents, net of bank overdraft	2,450	2,828

NET DEBT

(in millions of euros)	12/31/2019	12/31/2020
Cash and cash equivalents	2,461	2,836
Bank overdrafts	(11)	(8)
Cash and cash equivalents	2,450	2,828
Cash management assets	213	338
Long-term borrowings	(2,564)	(7,127)
Short-term borrowings and bank overdrafts	(717)	(951)
(-) Bank overdrafts	11	8
Borrowings, excluding bank overdrafts	(3,270)	(8,070)
Derivative instruments	7	-
NET CASH AND CASH EQUIVALENTS / (NET DEBT)	(600)	(4,904)