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Capgemini raises all its financial targets for 2021 building on its strong growth momentum

- **Revenues of €8,711 million in H1 2021, up 14.9%**
- **H1 constant currency growth of +17.9% and organic growth* of +7.1%**
- **Q2 constant currency growth of +12.4% and organic growth of +12.9%**
- **Operating margin rate* up 1.2 points to 12.0%**
- **+42% increase in Net profit, Group share, with normalized earnings per share* up 32%**
- **Organic free cash flow* up €323 million to €429 million**
- **Raising all financial targets for 2021:**
 - **constant currency growth of +12.0% to +13.0%**
 - **operating margin of 12.5% to 12.7%**
 - **organic free cash flow above €1,500 million**

Paris, July 28, 2021 – The Board of Directors of Capgemini SE, chaired by Paul Hermelin, convened on July 27, 2021 in Paris to review and adopt the accounts¹ of Capgemini Group for the first half of 2021.

Aiman Ezzat, Chief Executive Officer of the Capgemini Group, said: *"Capgemini has delivered an excellent 2021 first-half performance. Organic growth accelerated significantly in Q2 reaching 12.9%, and H1 operating margin has materially improved.*

I would like once again to pay tribute to our 290,000 team members who continuously create value for our clients, in a context that remains challenging in several regions.

These results are underpinned by two factors: a structural acceleration in client demand for technology and the relevance of our strategic direction, as outlined during our 2021 Capital Markets Day. They also exemplify our growth model based on our intimacy with strategic clients, the success of our innovative offerings, deep relationships with our technology partners and significant investments in human capital. We are developing new solutions to help our clients reduce their carbon footprint, and have just launched our first offer for sustainable IT.

In light of this excellent performance and the very solid prospects for the second half of the year, we have decided to significantly raise our growth, operating margin and free cash flow targets for 2021."

* 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

<i>(in millions of euros)</i>	H1 2020	H1 2021	Change
Revenues	7,581	8,711	+14.9%
Operating margin*	818	1,042	+28%
<i>as a % of revenues</i>	10.8%	12.0%	+1.2 pt
Operating profit	577	812	+41%
<i>as a % of revenues</i>	7.6%	9.3%	+1.7 pt
Net profit (Group share)	311	443	+42%
Basic earnings per share (€)	1.86	2.63	+42%
Normalized earnings per share (€)*	2.95 ^a	3.91 ^a	+32%
Organic Free Cash Flow*	106	429	+323
Net cash / (Net debt)*	(6,008)	(4,826)	

^a Excluding exceptional tax expenses² of €56 million in H1 2021 and €26 million in H1 2020.

Capgemini generated **revenues** of €8,711 million in H1 2021. After a Q1 2021 already marked by higher than expected growth, the Group accelerated strongly in the second quarter. Organic growth* (i.e. adjusted for Group scope and exchange rate impacts) was +12.9%, compared with +1.7% in the previous quarter, with Q2 activity significantly exceeding pre-crisis levels.

For the whole of H1, Group growth reached +14.9% on a reported basis, +17.9% at constant exchange rates and +7.1% organically. **Digital** and **Cloud** services primarily underpinned this performance, accounting for around two-thirds of activity³ and recording strong double-digit year-on-year growth at constant exchange rates in H1.

Bookings totaled €9,128 million in the first six months of 2021, a +20% increase at constant exchange rates year-on-year. The book-to-bill ratio reached 105% in H1 and 111% in Q2, demonstrating the Group's good business momentum.

The **operating margin*** is €1,042 million, or 12.0% of revenues, an increase of 28% or 120 basis points year-on-year.

Other operating income and expenses represent a net expense of €230 million, down €11 million year-on-year.

Capgemini's **operating profit** is therefore up +41% at €812 million, or 9.3% of revenues.

The **net financial expense** is €85 million, an increase of €21 million on H1 2020 with the acquisition of Altran.

The **income tax** expense is €282 million and includes exceptional tax expenses² of €56 million, compared with €26 million last year. Adjusted for these expenses, the effective tax rate is 31.0%, compared with 34.6% in H1 2020 and 33.0% in FY 2020.

Net profit (Group share) is up 42% year-on-year at €443 million for the first six months of 2021. **Basic earnings per share** rose by 42% year-on-year to €2.63, while **normalized earnings per share*** increased 28% to €3.91. Normalized earnings per share adjusted for exceptional tax expenses rose 32% to €3.91.

The Group generated **organic free cash flow*** of €429 million, compared with €106 million in the same period in 2020.

Return to shareholders totaled €329 million in H1 2021, corresponding to the dividend payment (€1.95 per share). Furthermore, the Group disbursed a net amount of €70 million on external growth transactions during the period.

² These tax expenses relate to (i) the transitional impact of the 2017 U.S. tax reform, and (ii) the consequence of a 2021 change in a local tax regulation on legal restructurings carried out in 2016.

³ Group scope excluding Altran.

OPERATION BY REGION

Change in revenues vs. 2020

	Q1 2021	Q2 2021	H1 2021
Growth at constant Group scope and exchange rates	+1.7%	+12.9%	+7.1%
Impact of changes in Group scope	+22.5 pts	-0.5 pt	+10.8 pts
Growth at constant exchange rates	+24.2%	+12.4%	+17.9%
o/w:			
North America	+16.1%	+9.0%	+12.3%
United Kingdom and Ireland	+24.1%	+13.6%	+18.5%
France	+23.2%	+9.9%	+16.2%
Rest of Europe	+35.3%	+14.2%	+23.7%
Asia-Pacific and Latin America	+17.3%	+25.0%	+21.3%

Changes in Group scope had a significant impact in Q1 2021 (+22.5 points at Group level), mainly due to the acquisition of Altran, consolidated from April 1, 2020.

Given the very limited impact of scope changes in Q2 (-0.5 points at Group level, due to the divestiture of Odigo on December 30, 2020), constant currency growth rates are far more representative of underlying organic trends (i.e. at constant Group scope and exchange rates).

- **Q2 2021:**

Organic growth across all Group regions increased significantly on Q1 2021. In particular, France recorded the fastest acceleration, reporting Q2 organic growth well above 10%. This acceleration is also visible across all Group sectors, but especially in those heavily hit by the health crisis: Consumer Goods, Services (including transportation, hospitality and catering) and Manufacturing. The latter sector made a strong recovery, returning in Q2 to an activity level comparable to the pre-crisis period, as did the Consumer Goods sector in Q1.

At constant exchange rates, the **Rest of Europe** (31% of Group revenues), **United Kingdom and Ireland** (12% of Group revenues) and **Asia-Pacific and Latin America** (7% of Group revenues) regions grew significantly above 10%, while **France** (21% of Group revenues) and **North America** (29% of Group revenues) reported high single-digit growth.

These regional trends were fueled by relatively global sector trends. At constant exchange rates, growth is high double-digit in **Consumer Goods** (13% of Group revenues), **Manufacturing** (25% of Group revenues and also including Life Sciences), **Services** (5% of Group revenues) and the **Public Sector** (14% of Group revenues). **Financial Services** (22% of Group revenues) and the **TMT** sector (Telecom, Media and Technology, 13% of Group revenues) came next. Only the momentum of the **Energy & Utilities** sector (8% of Group revenues) fell significantly short of that of the rest of the Group.

- **H1 2021:**

Given the magnitude of the Q2 acceleration, the activity trends detailed above also apply to the entire half-year. All Group regions reported double-digit growth rates year-on-year at constant exchange rates. This performance takes into account the impact of Altran's consolidation, which is nonetheless limited to Q1 as explained above.

Revenues in **North America** therefore grew by +12.3% at constant exchange rates, driven mainly by the underlying organic momentum of the Consumer Goods and Manufacturing sectors. The operating margin rate improved further to 15.7%, from 14.4% in the first half of 2020.

Momentum was even stronger in the **United Kingdom and Ireland** region, with activity growth of +18.5% at constant exchange rates. Public Sector and Financial Services organic growth remained buoyant in the half-year, with Consumer Goods accelerating steadily. The operating margin reached a record level of 17.6%, compared with 14.3% a year earlier.

France revenues grew by +16.2% at constant exchange rates. The Public Sector and Consumer Goods contributed the most to organic growth during the period, while the Manufacturing sector closed the period on a strong momentum. The operating margin improved by 60 basis points year-on-year to 7.5%.

The **Rest of Europe** region grew +23.7% at constant exchange rates. The Manufacturing, Consumer Goods and TMT sectors reported the strongest organic trend. The operating margin increased significantly to 11.5% from 10.2% one year ago.

Finally, the **Asia-Pacific and Latin America** region reported revenue growth of +21.3% at constant exchange rates. Organically, the Financial Services, Consumer Goods, TMT and Manufacturing sectors all reported double-digit growth. The region reported a 2-point increase in its operating margin to 12.5%, from 10.5% in H1 2020.

OPERATIONS BY BUSINESS

	Change in total revenues* by business vs. 2020 at constant exchange rates		
	Q1 2021	Q2 2021	H1 2021
Strategy & Transformation	+25.2%	+29.3%	+27.3%
Applications & Technology	+5.7%	+14.6%	+10.1%
Operations & Engineering	+77.6%	+7.7%	+33.6%

- **Q2 2021:**

All Group business lines also showed a further increase in organic growth in total revenues* compared with Q1. In particular, organic growth was a solid double-digit in **Strategy & Transformation** services (8% of Group revenues) and **Applications & Technology** services (61% of Group revenues and Capgemini's core business), but also in Engineering services, which saw a strong return to growth and Q2 activity levels comparable with the pre-crisis period. This excellent performance, combined with strong organic growth in Infrastructure and Cloud services, as well as in Business Services (before the impact of the Odigo divestment), brought organic growth in **Operations & Engineering** services (31% of Group revenues) to above 10%, compared with 7.7% at constant exchange rates.

- **H1 2021:**

For the whole of H1 and at constant exchange rates, **Strategy & Transformation** consulting services reported a +27.3% rise in total revenues. **Applications & Technology** total revenues increased +10.1%. Finally, **Operations & Engineering** total revenues grew +33.6% at constant exchange rates with the Q1 impact of the consolidation of Altran, which mainly delivers Engineering services.

HEADCOUNT

At June 30, 2021, the Group's total headcount stood at 289,500, up +9.2% year-on-year, with 163,200 employees in offshore centers (56% of the total Group headcount, up 3 points on June 30, 2020).

BALANCE SHEET

Capgemini's balance sheet structure was relatively unchanged in H1 2021.

At June 30, 2021, the Group had cash and cash equivalents and cash management assets of €2.9 billion. After accounting for borrowings of nearly €7.8 billion, Capgemini net debt* stands at €4.8 billion at June 30, 2021, compared with €6.0 billion at June 30, 2020 and €4.9 billion at December 31, 2020.

OUTLOOK

Given the confirmed stronger than expected momentum, the Group is raising all its targets for the fiscal year and is now aiming in 2021 for:

- constant currency growth of +12.0% to +13.0%, instead of +7.0% to +9.0% previously;
- an operating margin of 12.5% to 12.7%, instead of 12.2% to 12.4%;
- organic free cash flow above €1,500 million, compared with €1,300 million.

The inorganic contribution to growth is anticipated at c. 5.0 points (4.5 points previously).

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 7.00 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/>.

PROVISIONAL CALENDAR

October 28, 2021	Q3 2021 revenues
February 14, 2022	FY 2021 results
April 28, 2022	Q1 2022 revenues
May 19, 2022	Shareholders' Meeting

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.

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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 290,000 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, fueled 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**.

Reconciliation of growth rates	Q1 2021	Q2 2021	H1 2021
Organic growth	+1.7%	+12.9%	+7.1%
Impact of changes in Group scope	+22.5 pts	-0.5 pt	+10.8 pts
Growth at constant exchange rates	+24.2%	+12.4%	+17.9%
Exchange rate fluctuations	-3.8 pts	-2.3 pts	-3.0 pts
Reported growth	+20.4%	+10.1%	+14.9%

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 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

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 June 30, 2021 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.

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

RESULTS BY REGION

	Revenues	Year-on-year growth		Operating margin rate	
	H1 2021 (in millions of euros)	Reported	At constant exchange rates	H1 2020	H1 2021
North America	2,478	+3.3%	+12.3%	14.4%	15.7%
United Kingdom and Ireland	1,018	+19.3%	+18.5%	14.3%	17.6%
France	1,872	+16.2%	+16.2%	6.9%	7.5%
Rest of Europe	2,710	+24.8%	+23.7%	10.2%	11.5%
Asia-Pacific and Latin America	633	+16.4%	+21.3%	10.5%	12.5%
TOTAL	8,711	+14.9%	+17.9%	10.8%	12.0%

RESULTS BY BUSINESS

	Total revenues*	Year-on-year growth
	H1 2021 (% of Group revenues)	At constant exchange rates in Total revenues* of the business
Strategy & Transformation	7%	+27.3%
Applications & Technology	62%	+10.1%
Operations & Engineering	31%	+33.6%

SUMMARY INCOME STATEMENT AND OPERATING MARGIN

(in millions of euros)	H1 2020	H1 2021	Change
Revenues	7,581	8,711	+14.9%
Operating expenses	(6,763)	(7,669)	
Operating margin	818	1,042	+28%
as a % of revenues	10.8%	12.0%	
Other operating income and expense	(241)	(230)	
Operating profit	577	812	+41%
as a % of revenues	7.6%	9.3%	
Net financial expense	(64)	(85)	
Income tax income/(expense)	(204)	(282)	
(-) Non-controlling interests and share of profit of associates	2	(2)	
Profit for the period, Group share	311	443	+42%

NORMALIZED AND DILUTED EARNINGS PER SHARE

(in millions of euros)	H1 2020	H1 2021	Change
Average number of shares outstanding	167,646,025	168,453,627	
BASIC EARNINGS PER SHARE (in euros)	1.86	2.63	+42%
Diluted average number of shares outstanding	172,704,349	173,684,216	
DILUTED EARNINGS PER SHARE (in euros)	1.80	2.55	+42%

(in millions of euros)	H1 2020	H1 2021	Change
Profit for the period, Group share	311	443	+42%
Effective tax rate, excluding exceptional tax expenses	34.6%	31.0%	
(-) Other operating income and expenses, net of tax	158	159	
Normalized profit for the period	469	602	+28%
Average number of shares outstanding	167,646,025	168,453,627	
NORMALIZED EARNINGS PER SHARE (in euros)	2.80	3.58	+28%

The Group recognized exceptional tax expenses of €56 million in H1 2021, compared with €26 million in H1 2020. These tax expenses relate to (i) the transitional impact of the 2017 U.S. tax reform and (ii) the consequence of a 2021 change in a local tax regulation on legal restructurings carried out in 2016.

Adjusted for these exceptional tax expenses, normalized earnings per share is €3.91 in H1 2021.

<i>(in millions of euros)</i>	H1 2020	H1 2021	Change
Normalized earnings per share <i>(in euros)</i>	2.80	3.58	+28%
Exceptional tax expenses	26	56	
Average number of shares outstanding	167,646,025	168,453,627	
Impact of the exceptional tax expenses <i>(in euros)</i>	0.15	0.33	
Normalized earnings per share – excluding exceptional tax expenses <i>(in euros)</i>	2.95	3.91	+32%

CHANGE IN CASH AND CASH EQUIVALENTS AND ORGANIC FREE CASH FLOW

<i>(in millions of euros)</i>	H1 2020	H1 2021
Net cash from operating activities	362	765
Acquisitions of property, plant and equipment and intangible assets, net of disposals	(98)	(83)
Net interest cost	(19)	(92)
Repayments of lease liabilities	(139)	(161)
ORGANIC FREE CASH FLOW	106	429
Other cash flows from (used in) investing and financing activities	(374)	(698)
Increase (decrease) in cash and cash equivalents	(268)	(269)
Effect of exchange rate fluctuations	(66)	48
Opening cash and cash equivalents, net of bank overdrafts	2,450	2,828
Closing cash and cash equivalents, net of bank overdrafts	2,116	2,607

NET DEBT

<i>(in millions of euros)</i>	06/30/2020	12/31/2020	06/30/2021
Cash and cash equivalents	2,149	2,836	2,623
Bank overdrafts	(33)	(8)	(16)
Cash and cash equivalents, net of bank overdrafts	2,116	2,828	2,607
Cash management assets	332	338	322
Long-term borrowings	(7,619)	(7,127)	(6,639)
Short-term borrowings and bank overdrafts	(866)	(951)	(1,131)
(-) Bank overdrafts	33	8	16
Borrowings, excluding bank overdrafts	(8,452)	(8,070)	(7,754)
Derivative instruments	(4)	-	(1)
NET CASH AND CASH EQUIVALENTS / (NET DEBT)	(6,008)	(4,904)	(4,826)