

Media relations:

Victoire Grux
Tel.: +33 6 04 52 16 55
victoire.grux@capgemini.com

Investor relations:

Vincent Biraud
Tel.: +33 1 47 54 50 87
vincent.biraud@capgemini.com

Capgemini reports strong half-year performance: robust growth and improved operating margin

- **H1 2023 revenues of €11,426 million, up +6.9%**
- **Growth at constant exchange rates* of +7.9% in H1 and +5.2% in Q2**
- **Operating margin rate* up +20 basis points to 12.4%**
- **Organic free cash flow* of -€53 million**
- **€2 billion to be invested over 3 years in Artificial Intelligence**

Paris, July 28, 2023 – The Board of Directors of Capgemini SE, chaired by Paul Hermelin, convened yesterday in Paris to review and adopt the accounts¹ of Capgemini Group for the first half of 2023.

Aiman Ezzat, Chief Executive Officer of the Capgemini Group, said: *"The Group delivered another solid performance in the first half. In a softer economic environment, as expected, we achieved 7.9% revenue growth at constant exchange rates and operating margin improvement. These results put us among the leaders in our industry.*

Thanks to a strong strategic positioning, we continue to gain market share as we accompany our clients in their transition towards a digital and sustainable economy.

I am convinced that generative AI will play a major role in this transition. The Group will invest €2 billion in Artificial Intelligence to build its leadership in this breakthrough technology, that must be deployed responsibly, reliably, and sustainably. We are developing a portfolio of industry-specific offers and signing strategic partnerships, notably with Google Cloud and Microsoft, while training most of our workforce through our Data & AI Campus to fully leverage the power of generative AI in our operations. We have many client projects underway, a strong pipeline, and plan to double Data & AI teams to 60,000 in the next three years.

We confirm all our 2023 objectives announced at the beginning of the year for revenue growth, operating margin improvement and free cash flow."

* 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 2022	H1 2023	Change
Revenues	10,688	11,426	+6.9%
Operating margin*	1,301	1,413	+9%
<i>as a % of revenues</i>	12.2%	12.4%	+0.2pt
Operating profit	1,068	1,151	+8%
<i>as a % of revenues</i>	10.0%	10.1%	+0.1pt
Net profit (Group share)	667	809	+21%
Basic earnings per share (€)	3.91	4.70	
Normalized earnings per share (€)*	5.03 ^a	5.80	
Organic free cash flow*	193	-53	-246
Net cash / (Net debt)*	(4,094)	(3,244)	

^a Excluding tax expenses of 29 million euros in H1 2022, related to the impact of the US tax reform.

Capgemini generated **revenues** of €11,426 million in H1 2023, up +6.9% on a reported basis and +7.9% at constant exchange rates. Organic growth* (i.e., excluding the impacts of currency fluctuations and changes in Group scope) is +7.3%.

After two years of record growth, the more challenging macro-economic environment led to a slowdown in line with Group expectations. Capgemini growth in the second quarter was therefore lower than in the first, reaching +5.2% at constant exchange rates and +4.7% on an organic basis, despite a particularly demanding comparison base (growth at constant exchange rates of +19.3% in Q2 2022).

This performance is driven by good momentum in Capgemini's high added-value services, particularly in the area of Intelligent Industry, as well as in activities driven by Cloud, Data & Artificial Intelligence, which are the foundation of Group clients' major digital transformation projects.

Bookings totaled €11,968 million in the first half of 2023. Given the particularly demanding comparison base, with growth of +22% in H1 2022, this represents an increase of +4% at constant exchange rates. The book-to-bill ratio is 1.05 for H1, reflecting ongoing robust commercial momentum.

The **operating margin*** is €1,413 million, or 12.4% of revenues, an increase of +9% or +20 basis points year-on-year. In line with Group expectations, the shift in the project mix, towards more innovative and value creating offers, more than offset the higher operating cost base.

Other operating income and expenses represent a net expense of €262 million, up €29 million year-on-year.

Capgemini's **operating profit** is therefore up +8% at €1,151 million, or 10.1% of revenues.

The **net financial expense** is €22 million, down €49 million on H1 2022.

The **income tax** expense is €313 million. The effective tax rate is 27.8% in H1 2023, compared with 29.9% in H1 2022 (excluding tax expenses related to the impact of the US tax reform²).

Taking into account the share of profits of associates and non-controlling interests for -€7 million, the **Group share in net profit** is up +21% year-on-year at €809 million for the first six months of 2023. **Basic earnings per share** also rose by +20% year-on-year to €4.70. **Normalized earnings per share*** reached €5.80, compared with €4.87 in H1 2022 and €5.03 excluding tax expenses related to the impact of the US tax reform.

Finally, as anticipated, **organic free cash flow*** generation was negative for the first half of 2023, at -€53 million.

OPERATIONS BY REGION

The **United Kingdom and Ireland** region (12% of Group revenues in H1 2023) reported robust growth of +12.0% at constant exchange rates. This performance was mainly driven by Public Sector and Manufacturing,

² Up to 29 million euros in H1 2022 and 73 million euros for the full year 2022.



Consumer Goods & Retail and Financial Services sectors. Operating margin remains at the same high level as in H1 2022, at 18.4%.

The **Rest of Europe** region (30% of Group revenues) remained very dynamic, with growth of +11.4% at constant exchange rates. This was mainly driven by Manufacturing and Public Sector, while Financial Services, TMT (Telecoms, Media and Technology) and Energy & Utilities continued to perform well. Operating margin was up 70 basis points to reach 10.5%.

France (20% of Group revenues) reported revenue growth of +9.2% at constant exchange rates driven primarily by strong growth in Manufacturing, in addition to continued growth in Financial Services, Consumer Goods & Retail and Public Sector. Operating margin improved by 40 basis points year-on-year, to reach 11.1%.

Revenues in **North America** (29% of Group revenues) reported a moderate growth of +3.0% at constant exchange rates. The Manufacturing and Services sectors remained buoyant. By contrast, the Financial Services sector reported limited growth, while TMT and Consumer Goods & Retail sectors contracted slightly. Operating margin was 15.2%, compared to 15.5% in the first half of 2022.

Finally, revenues in **Asia-Pacific and Latin America** region (9% of Group revenues) increased by +4.8% at constant exchange rates. This growth was driven exclusively by Asia-Pacific region's momentum - now essentially organic - which was fueled by the Manufacturing, Consumer Goods & Retail and Financial Services sectors. The region reported an operating margin of 10.2%, up from 9.7% in H1 2022.

OPERATIONS BY BUSINESS

Strategy & Transformation services (8% of Group total revenues* in H1 2023) posted growth in total revenues of +12.2% at constant exchange rates compared to H1 2022. This ongoing sustained momentum reflects the importance placed by Group clients on the most strategic and value-creating projects.

Applications & Technology services (63% of Group revenues and Capgemini's core business) recorded solid growth in total revenues of +8.1% at constant exchange rates.

Finally, **Operations & Engineering** total revenues (29% of Group revenues) grew +6.1% at constant exchange rates.

OPERATIONS IN Q2 2023

Capgemini's performance in Q2 2023 was a prolongation of the trends observed since the beginning of the year, extending as expected the gradual slowdown that began in the previous quarter. Group revenues totaled €5,697 million, up +5.2% at constant exchange rates and +4.7% adjusted for Group scope and exchange rate impacts.

Momentum remained robust in the United Kingdom and Ireland and Rest of Europe regions in Q2, with constant currency revenue growth of +10.2% and +9.0%, respectively, underpinned by strong growth in Manufacturing and Public Sector. Activity remained buoyant in France, with revenues up +6.2% also supported by the dynamic Manufacturing sector. As in the previous quarter, the deceleration in North America was stronger than at Group level. Revenues in the region were stable at constant exchange rates on Q2 2022, penalized by the contraction recorded in Consumer Goods & Retail and TMT sectors, as well as a marked slowdown in Financial Services. Finally, revenues in the Asia-Pacific and Latin America region increased moderately by +1.4%.

Bookings reached €6,101 million in the second quarter. Given the particularly demanding comparison base, this represents an increase of +1% at constant exchange rates. The book-to-bill ratio of 1.07 is above last years' average for a Q2.

HEADCOUNT

At June 30, 2023, the Group's total headcount stood at 349,500, down slightly by -1% year-on-year. The "onshore" workforce nonetheless grew by +3% to 148,300 employees, while the "offshore" workforce contracted by -3% to 201,200 employees, i.e., 58% of the total headcount.



BALANCE SHEET

Capgemini's balance sheet structure was relatively unchanged in H1 2023.

At June 30, 2023, the Group had cash and cash equivalents and cash management assets of €3.8 billion. After accounting for borrowings of €7.0 billion, Capgemini net debt* stands at €3.2 billion at June 30, 2023, compared with €4.1 billion at June 30, 2022 and €2.6 billion at December 31, 2022.

On the back of its solid cash position, the Group redeemed in full and at maturity its €1.0 billion bond issued in July 2015 after the H1 closing, on July 3, 2023.

OUTLOOK

The Group's financial targets for 2023 are:

- Revenue growth of +4% to +7% at constant currency;
- Operating margin of 13.0% to 13.2%;
- Organic free cash flow of around €1.8 billion.

The inorganic contribution to growth should be 0.5 points at the lower end of the target range and 1.0 point at the upper end.

CONFERENCE CALL

Aiman Ezzat, Chief Executive Officer, accompanied by Carole Ferrand, Chief Financial Officer, and Olivier Sevillia, Chief Operating Officer, will present this press release during a conference call in English to be held **today at 8.00 a.m. Paris time (CET)**. You can follow this conference call live via webcast at the following [link](#). A replay will also be available for a period of one year.

All documents relating to this publication will be posted on the Capgemini investor website at <https://investors.capgemini.com/en/>.

PROVISIONAL CALENDAR

November 7, 2023	Q3 2023 revenues
February 14, 2024	FY 2023 results
April 30, 2024	Q1 2024 revenues
May 16, 2024	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.

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 nearly 350,000 team members in more than 50 countries. With its strong 55-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 2022 global revenues of €22 billion.

Get the Future You Want | www.capgemini.com

* *
*
*

APPENDICES³

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 2023	Q2 2023	H1 2023
Organic growth	+10.1%	+4.7%	+7.3%
Changes in Group scope	+0.6 pts	+0.5 pts	+0.6 pts
Growth at constant exchange rates	+10.7%	+5.2%	+7.9%
Exchange rate fluctuations	+0.2 pts	-2.0 pts	-1.0 pt
Reported growth	+10.9%	+3.2%	+6.9%

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 expense” 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

³ Note that in the appendix, certain totals may not equal the sum of amounts due to rounding adjustments.



acquired by the Group, including earn-outs comprising conditions of presence, and the effects of curtailments, settlements and transfers of defined benefit pension plans.

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

Organic free cash flow is equal to cash flow from operations less acquisitions of property, plant, equipment and intangible assets (net of disposals) and repayments of lease liabilities, adjusted for cash out relating to the net interest cost.

Net debt (or **net cash and cash equivalents**) comprises (i) cash and cash equivalents, as presented in the Consolidated Statement of Cash Flows (consisting of short-term investments and cash at bank) less bank overdrafts, (ii) cash management assets (assets presented separately in the Consolidated Statement of Financial Position due to their characteristics), less (iii) short- and long-term borrowings. Account is also taken of (iv) the impact of hedging instruments when these relate to borrowings, inter-company loans and own shares.

RESULTS BY REGION

	Revenues	Year-on-year growth		Operating margin rate	
	H1 2023 (in millions of euros)	Reported	At constant exchange rates	H1 2022	H1 2023
North America	3,288	+3.7%	+3.0%	15.5%	15.2%
United Kingdom and Ireland	1,386	+7.7%	+12.0%	18.4%	18.4%
France	2,308	+9.2%	+9.2%	10.7%	11.1%
Rest of Europe	3,472	+9.8%	+11.4%	9.8%	10.5%
Asia-Pacific and Latin America	972	+1.6%	+4.8%	9.7%	10.2%
TOTAL	11,426	+6.9%	+7.9%	12.2%	12.4%

OPERATIONS BY BUSINESS

	Total revenues	Year-on-year growth
	H1 2023 (% of Group revenues)	At constant exchange rates in Total revenues of the business
Strategy & Transformation	8%	+12.2%
Applications & Technology	63%	+8.1%
Operations & Engineering	29%	+6.1%

SUMMARY INCOME STATEMENT AND OPERATING MARGIN

(in millions of euros)	H1 2022	H1 2023	Change
Revenues	10,688	11,426	+6.9%
Operating expenses	(9,387)	(10,013)	
Operating margin	1,301	1,413	+9%
as a % of revenues	12.2%	12.4%	
Other operating income and expense	(233)	(262)	
Operating profit	1,068	1,151	+8%
as a % of revenues	10.0%	10.1%	
Net financial expense	(71)	(22)	
Income tax income/(expense)	(327)	(313)	
(-) Non-controlling interests and share of profit of associates	(3)	(7)	
Net profit (Group share)	667	809	+21%



NORMALIZED AND DILUTED EARNINGS PER SHARE

<i>(in millions of euros)</i>	H1 2022	H1 2023	Change
Average number of shares outstanding	170,561,706	171,947,414	
BASIC EARNINGS PER SHARE (in euros)	3.91	4.70	+20%
Diluted average number of shares outstanding	176,218,421	178,089,362	
DILUTED EARNINGS PER SHARE (in euros)	3.78	4.54	+20%

<i>(in millions of euros)</i>	H1 2022	H1 2023	Change
Net profit (Group share)	667	809	+21%
Effective tax rate, excluding exceptional tax expenses	29.9%	27.8%	
(-) Other operating income and expenses, net of tax	163	189	
Normalized profit for the period	830	998	
Average number of shares outstanding	170,561,706	171,947,414	
NORMALIZED EARNINGS PER SHARE (in euros)	4.87	5.80	+19%

In H1 2022, the Group recorded tax expenses of €29 million related to the impact of the US tax reform and which, taking into account the average number of shares outstanding, represented an amount of €0.16 per share. Adjusted for these tax expenses, normalized earnings per share were therefore €5.03.

CHANGE IN CASH AND CASH EQUIVALENTS AND ORGANIC FREE CASH FLOW

<i>(in millions of euros)</i>	H1 2022	H1 2023
Net cash from operating activities	569	244
Acquisitions of property, plant and equipment and intangible assets, net of disposals	(145)	(125)
Net interest cost	(74)	(24)
Repayments of lease liabilities	(157)	(148)
ORGANIC FREE CASH FLOW	193	(53)
Other cash flows from (used in) investing and financing activities	(964)	(481)
Increase (decrease) in cash and cash equivalents	(771)	(534)
Effect of exchange rate fluctuations	25	(70)
Opening cash and cash equivalents, net of bank overdrafts	3,119	3,795
Closing cash and cash equivalents, net of bank overdrafts	2,373	3,191

NET DEBT

<i>(in millions of euros)</i>	June 30, 2022	December 31, 2022	June 30, 2023
Cash and cash equivalents	2,403	3,802	3,195
Bank overdrafts	(30)	(7)	(4)
Cash and cash equivalents, net of bank overdrafts	2,373	3,795	3,191
Cash management assets	415	386	575
Long-term borrowings	(6,649)	(5,655)	(5,663)
Short-term borrowings and bank overdrafts	(200)	(1,102)	(1,339)
(-) Bank overdrafts	30	7	4
Borrowings, excluding bank overdrafts	(6,819)	(6,750)	(6,998)
Derivative instruments	(63)	3	(12)
NET CASH / (NET DEBT)	(4,094)	(2,566)	(3,244)