

2018

Half Year Results

Paris – July 26th, 2018

Disclaimer



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Paul
HERMELIN





H1 2018 highlights



- **€6,467m** Revenues
- **+8%** at constant currencies
- Strong H1 in North America at +17.2%cc



- **€6,640m** Bookings, **up 11% YoY** at constant currencies



- Digital & Cloud continuing to grow **>20% YoY**, representing around **45%** of our revenues



- **10.9%** Operating Margin, +20bps YoY



- **€11m** Organic free cash flow



- Portfolio reinforcement through execution of our **acquisition program**



Growth acceleration across most geographies in H1

North America +17.2%

Strong traction in:

- Consumer products
- Manufacturing
- Financial services

Acceleration of Cloud and Digital projects

First joint wins leveraging LiquidHub capabilities

APAC & LatAm +3.4%

- LatAm returns to profit
- Strong growth in Mexico
- APAC reaccelerates

Continental Europe +7.1%

- Sustained growth across most European markets
- Strong traction from Digital and Cloud projects
- High single/ double digit growth in Financial Services, Consumer goods and Energy

UK & Ireland -5.5%

- Stable private sector
- On track to return to growth in H2



Note: All growth rate expressed as year on year at constant currency

Strengthening the Group on our two strategic priorities to push clients value creation



Evolving our clients relationship

- Position the **Group as a strategic partner** on business and technology for marquee accounts
- Increase our **strategic relevance** and enable our clients to reach their business goals
 - ✓ Deepening our sector specialization
 - ✓ Developing business and technology relationships with CXOs
 - ✓ Leveraging the full portfolio of Capgemini
- Focus on **business value creation**, not just technology



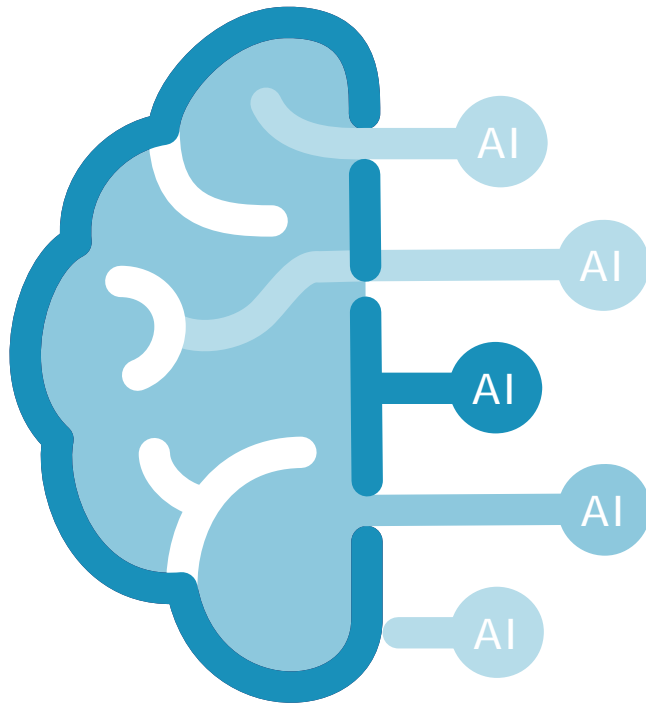
Accelerating our offering portfolio rotation

- Increase **value brought to our clients** through differentiation and focus
 - ✓ Increase sector relevancy
 - ✓ Deploy AI across our full portfolio of offerings
 - ✓ Focus investment with our partners in selected strategic areas
- Mobilize our **innovation capabilities in India** through our network of Centers of Excellence
- Leverage the continuous execution of our targeted acquisitions strategy to accelerate our portfolio rotation

Focus on innovative offers to support our clients in building their digital models



AI everywhere



Established
markets

Fast growth
offerings

Emerging
areas

1

Next gen. application services

Transforming AM and AD to active enablers of business growth in the digital age

2

Next gen. ERP

Reimagining the Enterprise Core System to fit for the digital world

3

Digital Customer Experience

Designing & executing compelling, engaging customer experience building engagement

4

Cloud

Delivering a cloud-first way of working for digital enterprise

5

Cybersecurity

Securing traditional IT, cloud and digital projects

6

Analytics

Improving competitive edge and embracing digital shifts with cloud-based insights platform

7

Digital Manufacturing

Leveraging Industrial IOT, analytics, AI and PLM for end-to-end services



Our 2018 objectives

Slightly
above
7%

Constant currency
revenue growth

12.0%
to
12.2%

Operating **margin**

above
€1b

Organic free **cash flow**

Rosemary
STARK

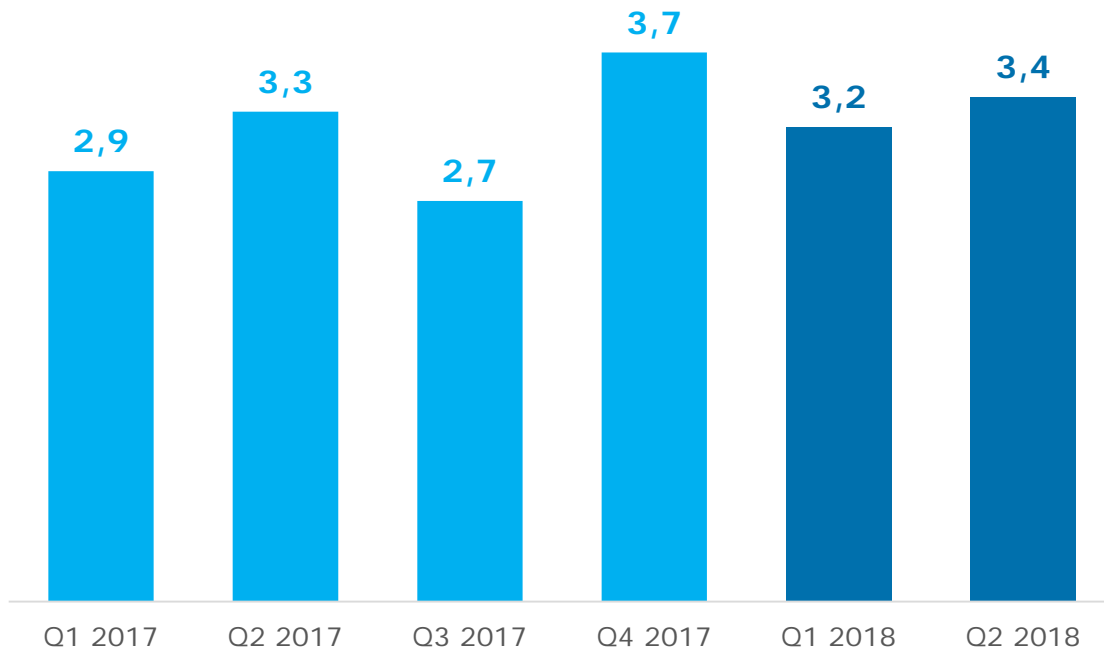


Strong Sales momentum entering H2



Bookings evolution

in EUR billion (at reported rates)



Note: 2017 bookings are restated for IFRS 15

Highlights

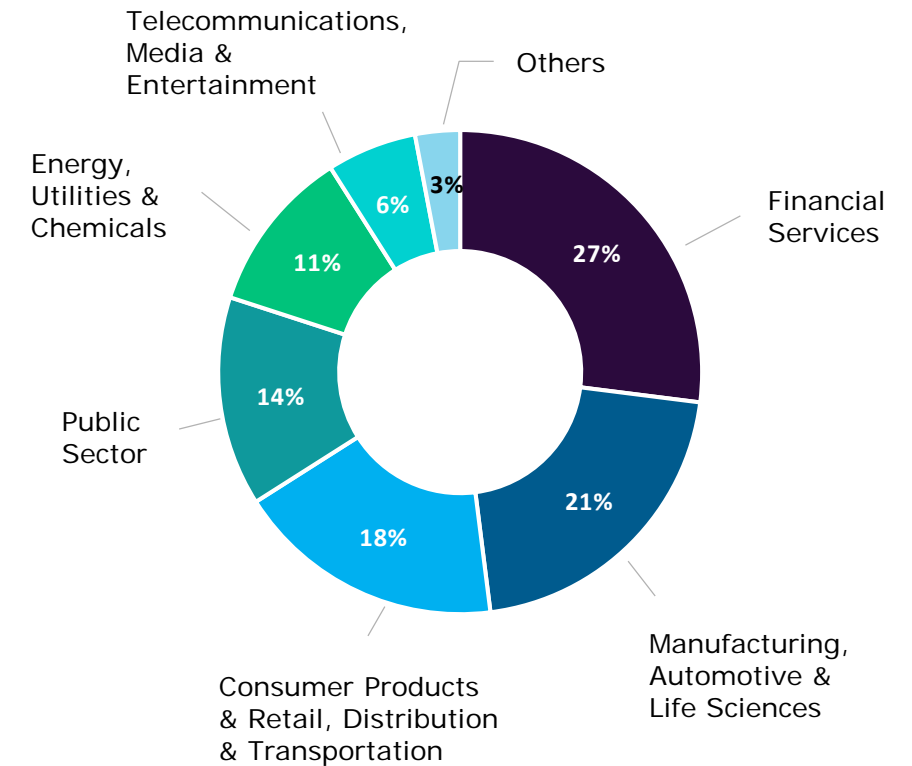
- Strong sales in H1– achieved bookings of €6.64b
- 8% increase in the H2 pipeline YoY
- 17% increase in Digital and Cloud pipeline
- Strong acquisition synergies continue
- Interesting new business partnerships with





Q2 & H1 2018 Revenues by Sector

	Q2 2018 Constant Currency Year-on-Year	H1 2018 Constant Currency Year-on-Year
Financial Services	+10.0%	+9.3%
Energy, Utilities & Chemicals	+2.1%	+2.9%
Manufacturing	+6.7%	+8.1%
Consumer Product, Retail, Dist. & Transportation	+20.3%	+19.6%
Public Sector	+9.1%	+3.2%
Telecom, Media & Entertainment	-0.8%	-2.3%
TOTAL	+8.7%	+8.0%



Note: 2017 figures are restated for IFRS 15

H1 brings new logos and strong digital and cloud expansion



Tier 1 Global
Bank

SMCP
sandro maje claudie pierlot



Leading global
Pharmaceutical
firm

Office **DEPOT**. Office**Max**
Taking care of business



Large
General
Insurer



Global
Investment
Management
company



Carole
FERRAND





Financial Overview

In this presentation,
unless otherwise stated,
2017 is restated
for IFRS 15

	H1 2017 restated IFRS15	H1 2018	Variation
in EUR millions			
Revenues	6,280	6,467	+3.0%
Operating expenses	-5,608	-5,760	
Operating margin	672	707	+5%
(% Revenues)	10.7%	10.9%	+0.2pt
Other operating income and expenses	-134	-186	
Operating profit	538	521	-3%
(% Revenues)	8.6%	8.0%	
Net financial expense	-28	-39	
Income tax	-140	-169	
Non-controlling interests	5	1	
Net Profit (Group Share)	375	314	-16%
(% Revenues)	6.0%	4.8%	-1.2pt
Basic EPS in €	2.23	1.88	-16%
Normalized EPS in € ⁽²⁾	2.81	2.75 ⁽¹⁾	-2%
Organic Free cash flow	64	11	-53

1) Excluding a €18 million expense recognized in H1 2018 due to the transitional impact of the US tax reform

2) Normalized EPS is basic EPS using normalized net profit defined as net profit (Group share) corrected for the impact of items recognized in 'other operating income and expense', net of tax calculated using ETR.

Note: All alternate performance measures (organic growth, constant currency growth, operating margin, Free cash flow, normalized EPS and net debt) are defined in appendix

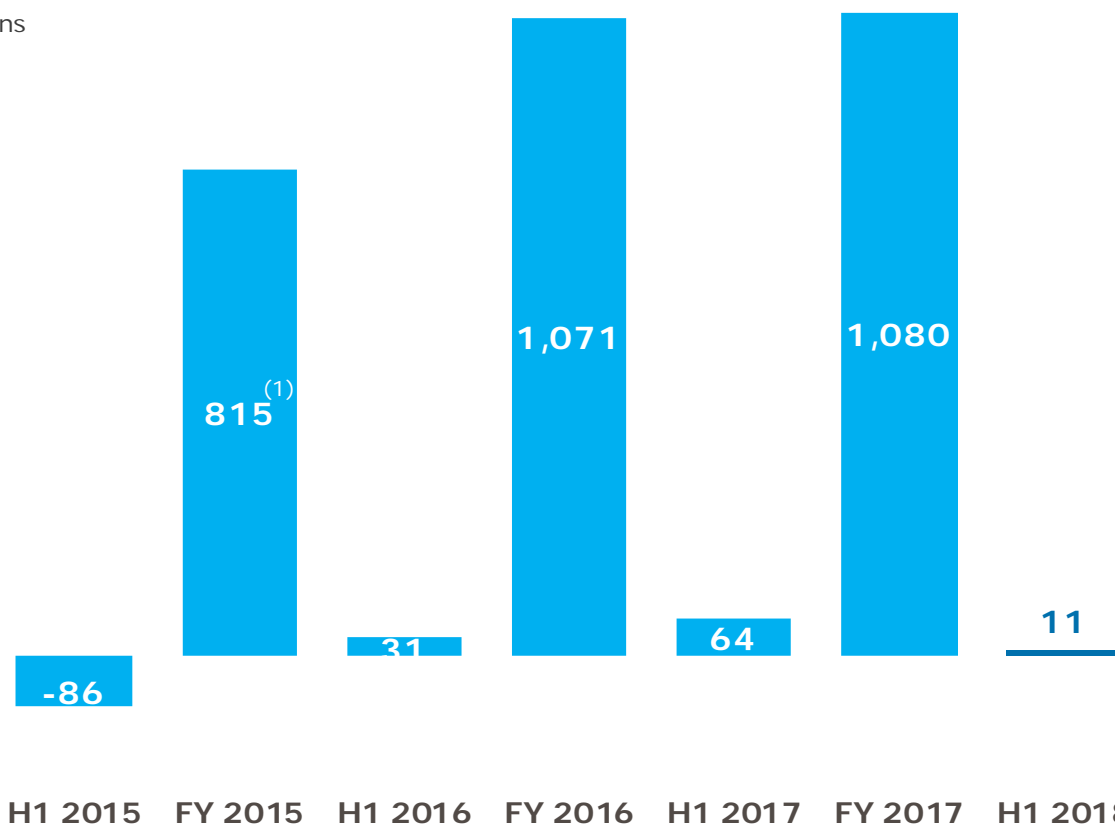
Constant currency growth
+8.0% YoY

Operating Margin
+20bp YoY

Organic Free Cash Flow Generation



in EUR millions



Net debt (June 30, 2018)

€ 2,192m

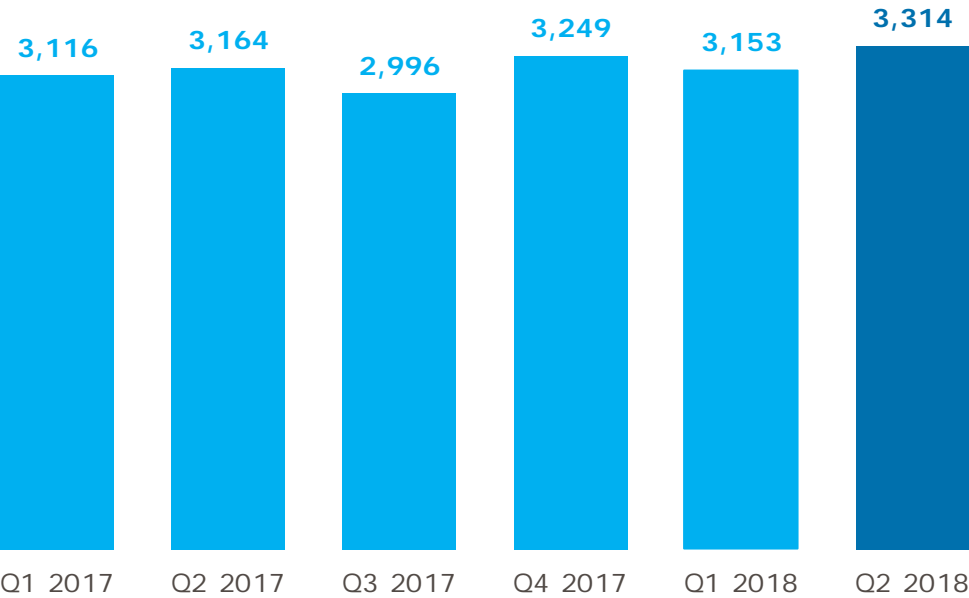
vs. **€1,929m** as at June 30, 2017

(1) After €76m outflow recognized in connection with the increase in the Group's majority stake in its Brazilian subsidiary CPM Braxis



Revenues Quarterly Evolution

Revenues in EUR millions



Constant currency growth YOY (in %)



Constant currency growth

Q2: **+8.7%** YoY
H1: **+8.0%** YoY

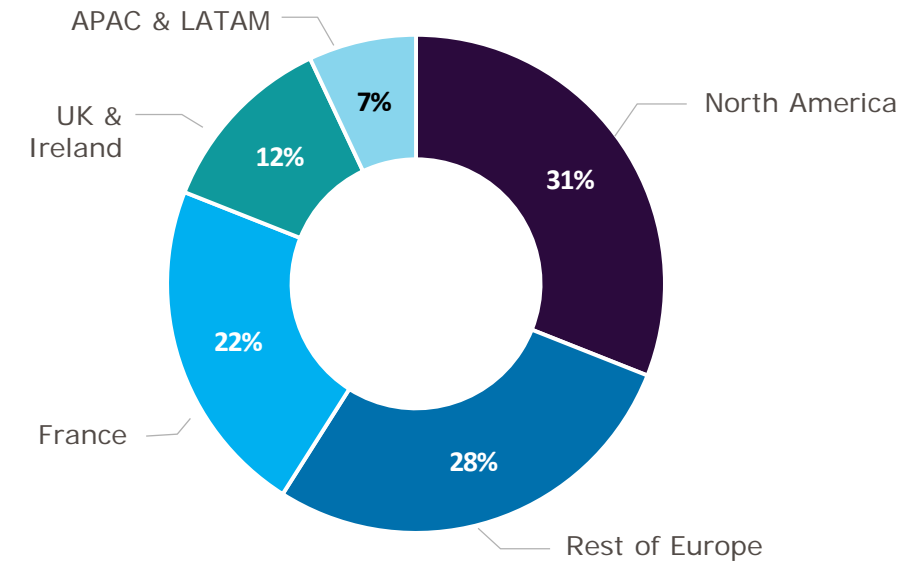
	Year-on-Year		Currency impact
	Q2 2018	H1 2018	
Organic	+ 6.7%	+ 6.4%	<div>others</div> <div>CAD</div> <div>BRL</div> <div>GBP</div> <div>USD</div>
Group scope	+2.0pt	+1.6pt	
Constant currency	+ 8.7%	+ 8.0%	
currencies	-4.0pt	-5.0pt	
Reported	+ 4.7%	+ 3.0%	

Note: 2017 revenues are restated for IFRS 15, 2017 constant currency growth rates are as published



Q2 and HY 2018 Revenues by Regions

	Q2 2018	H1 2017	H1 2018	H1 2018	
		Revenues		Year-on-Year	
	Constant Currency	(in €m)	(in €m)	Reported	Constant Currency
North America	+19.4%	1,930	2,029	+5.2%	+17.2%
UK & Ireland	-6.3%	845	781	-7.6%	-5.5%
France	+6.7%	1,321	1,401	+6.1%	+6.1%
Rest of Europe	+7.5%	1,687	1,797	+6.5%	+7.9%
APAC & LATAM	+5.4%	497	459	-7.7%	+3.4%
TOTAL	+8.7%	6,280	6,467	+3.0%	+8.0%

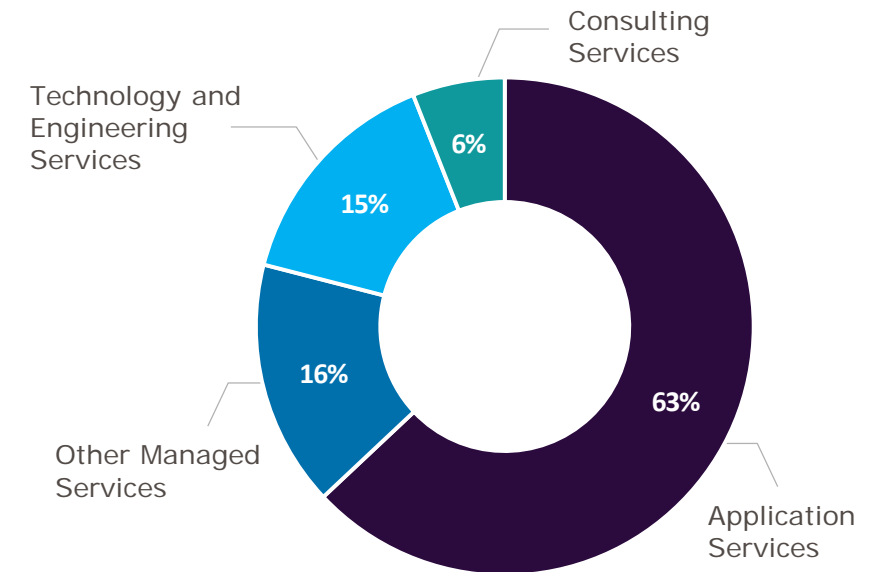


Note: 2017 figures are restated for IFRS 15



Q2 and HY 2018 Revenues by Business

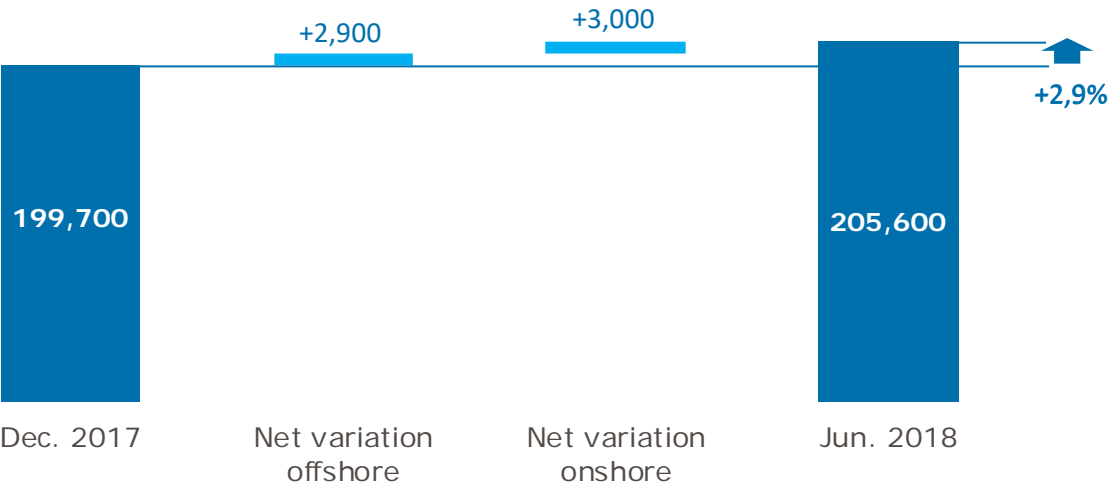
	Q2 2018	H1 2017	H1 2018	H1 2018	
	Constant Currency	Revenues		Year-on-Year	
		(in €m)	(in €m)	Reported	Constant Currency
Consulting Services	+41.0%	294	378	+28.3%	+31.5%
Technology & Engineering Services	+6.0%	960	980	+2.0%	+5.1%
Application Services	+10.5%	3,897	4,094	+5.0%	+10.5%
Other Managed Services	-3.9%	1,129	1,015	-10.0%	-4.4%
TOTAL	+8.7%	6,280	6,467	+3.0%	+8.0%



Headcount Evolution

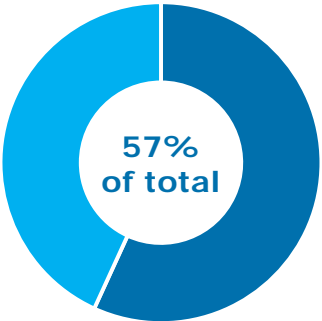


Headcount Evolution
December 2017 to June 2018



Workforce in global
production centers:

+ 4.4%
YoY



Attrition
H1 2018 vs. H1 2017

Attrition	H1 2017	H1 2018	Variation
Consulting Services	19.2%	14.7%	-4.5pt
Technology and Engineering Services	19.1%	19.8%	+0.7pt
Application Services	17.3%	19.2%	+1.9pt
Other Managed Services	20.4%	21.6%	+1.2pt
TOTAL	18.0%	19.5%	+1.5pt



Operating Margin by Regions

	H1 2017			H1 2018		
	Revenues	Operating Margin		Revenues	Operating Margin	
	(in €m)	(in €m)	(%)	(in €m)	(in €m)	(%)
North America	1,930	259	13.4%	2,029	268	13.2%
UK & Ireland	845	135	16.0%	781	95	12.2%
France	1,321	95	7.2%	1,401	118	8.4%
Rest of Europe	1,687	190	11.3%	1,797	215	12.0%
APAC & LATAM	497	31	6.2%	459	54	11.7%
Not allocated		-38			-43	
TOTAL	6,280	672	10.7%	6,467	707	10.9%

Note: 2017 figures are restated for IFRS 15



Operating Margin by Business

	H1 2017			H1 2018		
	Revenues	Operating Margin		Revenues	Operating Margin	
	(in €m)	(in €m)	(%)	(in €m)	(in €m)	(%)
Consulting Services	294	31	10.6%	378	46	12.1%
Technology and Engineering Services	960	119	12.4%	980	115	11.8%
Application Services	3,897	468	12.0%	4,094	519	12.7%
Other Managed Services	1,129	92	8.1%	1,015	70	6.9%
Not allocated		-38			-43	
TOTAL	6,280	672	10.7%	6,467	707	10.9%

Note: 2017 figures are restated for IFRS 15



Operating Margin Analysis

in EUR millions	H1 2017	H1 2018
Revenues	6,280	6,467
Cost of services rendered	-4,587	-4,747
% of revenues	-73.1%	-73.4%
Gross margin	1,693	1,720
% of revenues	26.9%	26.6%
Selling Expenses	-542	-523
% of revenues	-8.6%	-8.1%
General & Administrative Expenses	-479	-490
% of revenues	-7.6%	-7.6%
Operating Margin	672	707
% of revenues	10.7%	10.9%

Note: 2017 figures are restated for IFRS 15



Net Financial Expense and Income Tax

in EUR millions	H1 2017	H1 2018
Interest on bonds	-28	-26
Other interest income and expense	24	20
Net interest expense	-4	-6
Other financial income & expenses	-24	-33
Net financial expense	-28	-39

in EUR millions	H1 2017	H1 2018
Income tax	-140	-169
Effective tax rate	27.4%	35.2%
Effective tax rate, before transitional tax expense	27.4%	31.4% ⁽¹⁾

(1) Excluding a €18 million expense recognized in H1 2018 due to the transitional impact of the tax reform in the U.S.

Net Profit Analysis



in EUR millions

	H1 2017	H1 2018
Operating margin	672	707
Other operating income and expenses	-134	-186
<i>of which</i>		
<i>Restructuring costs</i>	-50	-64
<i>Amortization of intangible assets acquired through business combinations</i>	-33	-31
<i>Acquisition and integration costs</i>	-17	-22
<i>Expenses relating to share grants</i>	-32	-47
<i>Other costs</i>	-2	-22
Operating profit	538	521
Net financial expense	-28	-39
Income tax expense	-140	-169
Non-controlling interests	5	1
Net profit (Group share)	375	314
Average number of shares	168,548,476	167,323,709
Basic EPS - in €	2.23	1.88
Normalized EPS (non diluted) - in €	2.81	2.75 ⁽¹⁾

(1) Excluding a €18 million expense recognized in H1 2018 due to the transitional impact of the US tax reform



Review of 2018 priorities

Broad based and strong growth performance

Raised growth outlook for 2018

Successful execution of our mid term growth strategy

Rapid rotation of our business to Digital & Cloud

~45% of our business in Digital and Cloud

Upskilling and portfolio offer investments

Successful bolt on acquisitions, additional key driver of our move towards Digital and Cloud

Confirm trajectory to mid term margin ambition & Continue to deliver > €1bn of Organic FCF

20 basis points margin expansion in line with 2018 outlook

Identified headwind from cash tax increases with transitional item

Over €1billion outlook confirmed

Maintain balance between return to shareholders and M&A

Since January 2017:

- €922m returned to shareholders
- €647m in M&A



Appendix

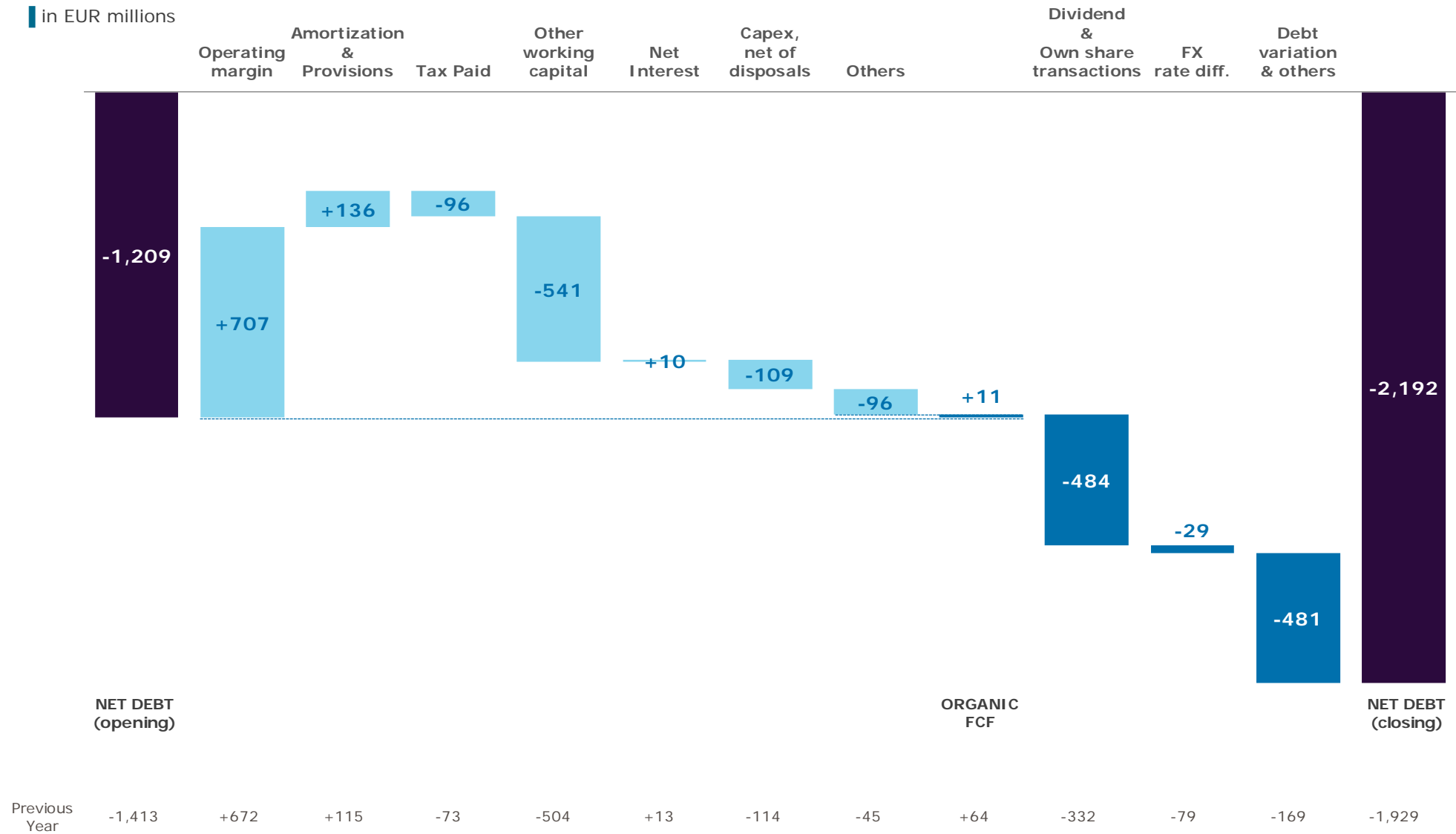


Alternate performance measures

- **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 published period. Exchange rates for the published period year are also used to calculate **growth at constant exchange rates**.
- **Operating margin** is one of the Group's key performance indicators. It is equal to revenues less operating expenses. 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 earnings per share** are calculated by dividing normalized profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. Normalized net profit or loss is equal to profit for the period attributable to owners of the Company corrected for the impact of items recognized in other operating income and expense, net of tax calculated using the effective tax rate.
- **Organic free cash flow** is calculated based on items in the Statement of Cash Flows and is equal to cash flow from operations less acquisitions of property, plant, equipment and intangible assets (net of disposals) and adjusted for flows relating to the net interest cost.
- **Net debt** 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, and also including (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 and own shares;



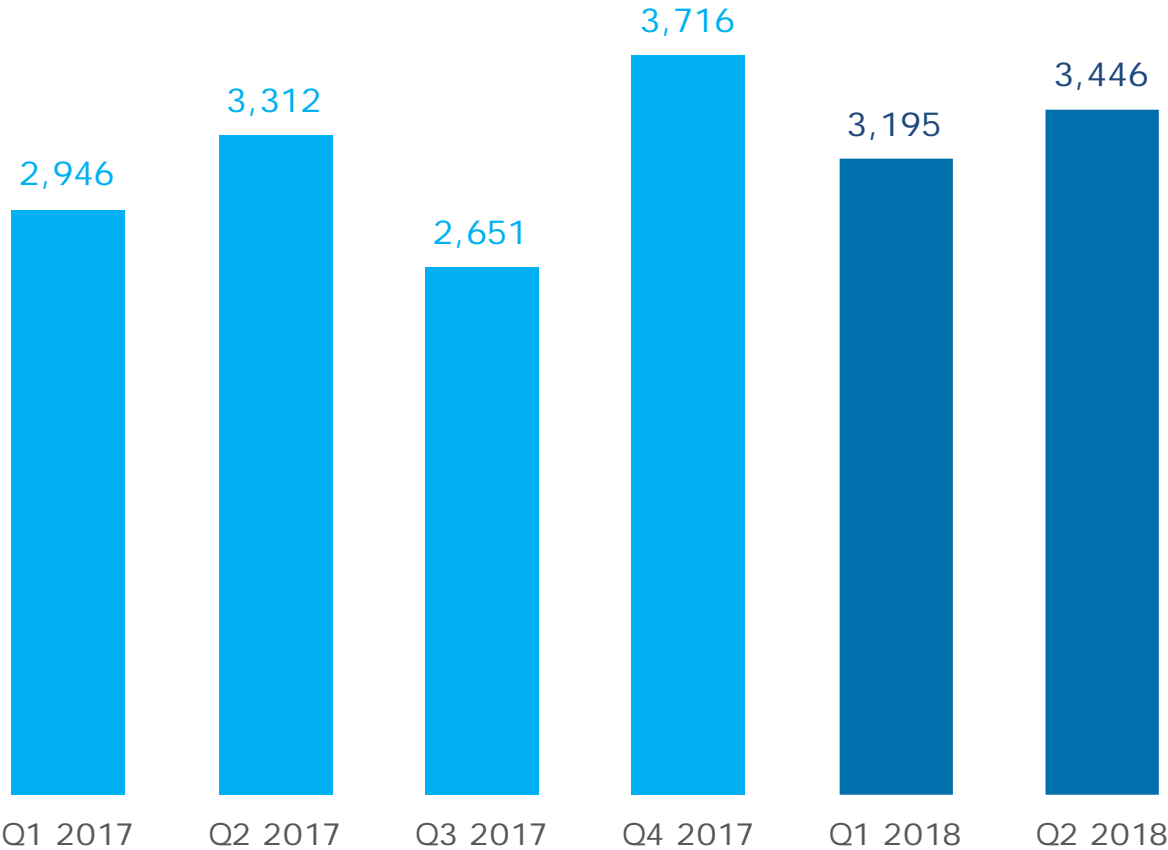
Net Cash Evolution



Bookings Evolution



Bookings (in EUR million)



Note: 2017 bookings are restated for IFRS 15

H1 2018

Published: +4%

Constant currency: +11%

Book to bill: 1.03

Constant currency growth YOY (in %)





Revenue Quarterly Evolution

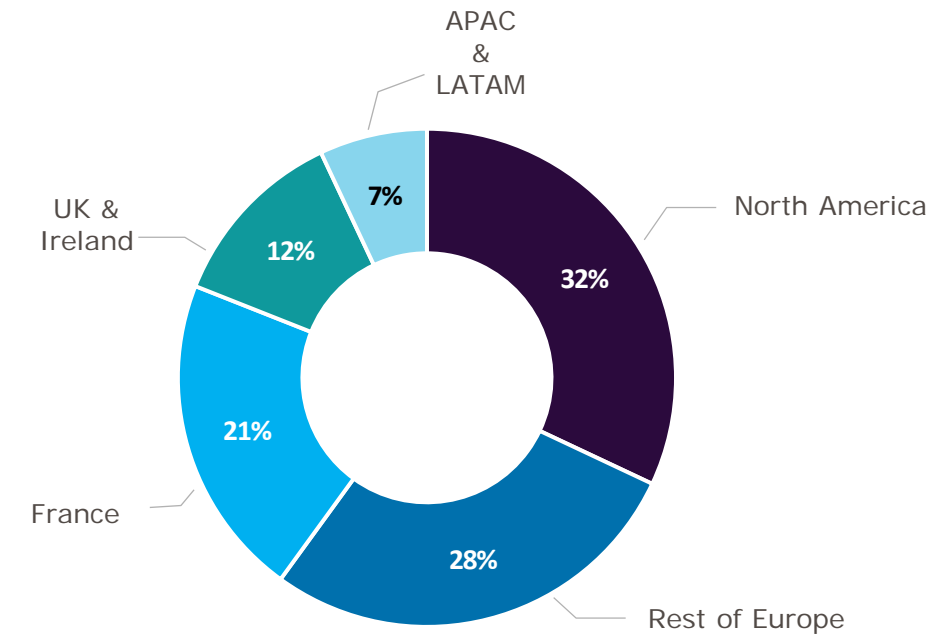
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	H1 2018
(In €m)	3,116	3,164	2,996	3,249	3,153	3,314	6,467
Year-on-Year reported growth	+2.6%	+2.4%	+0.9%	+2.2%	+1.2%	+4.7%	+3.0%
Year-on-Year organic growth	+2.6%	+2.9%	+3.1%	+5.6%	+6.1%	+6.7%	+6.4%

Note: 2017 revenues are restated for IFRS 15, 2017 growth rates are as published



Q2 2018 Revenues by Regions

	Q2 2017	Q2 2018	Q2 2018	
	Revenues		Year-on-Year	
	(in €m)	(in €m)	Reported	Constant Currency
North America	969	1,069	+10.4%	+19.4%
UK & Ireland	428	395	-7.9%	-6.3%
France	659	703	+6.7%	+6.7%
Rest of Europe	856	909	+6.1%	+7.5%
APAC & LATAM	252	238	-5.4%	+5.4%
TOTAL	3,164	3,314	+4.7%	+8.7%

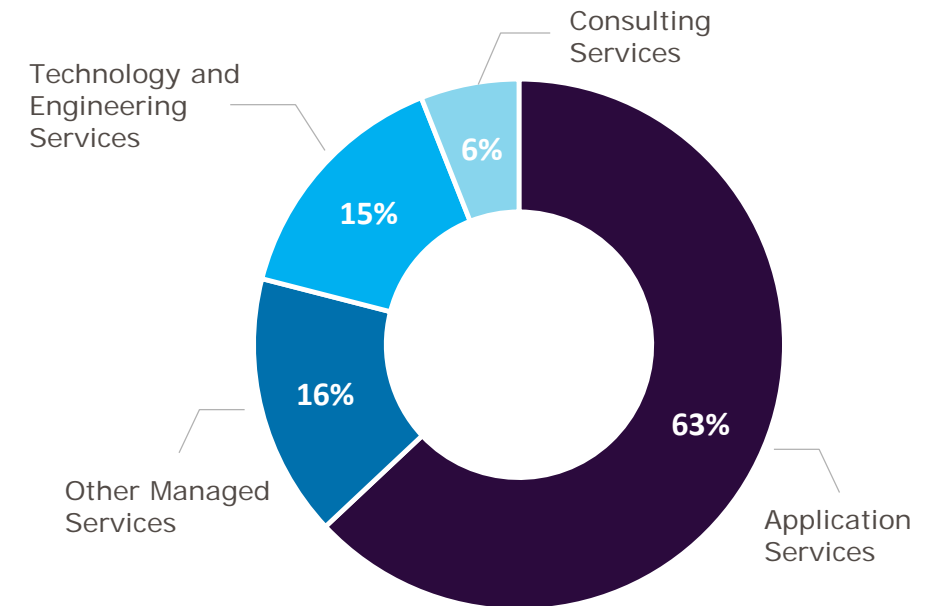


Note: 2017 figures are restated for IFRS 15



Q2 2018 Revenues by Business

	Q2 2017	Q2 2018	Q2 2018	
	Revenues		Year-on-Year	
	(in €m)	(in €m)	Reported	Constant Currency
Consulting Services	150	208	+38.3%	+41.0%
Technology & Engineering Services	468	485	+3.5%	+6.0%
Application Services	1,981	2,106	+6.3%	+10.5%
Other Managed Services	565	515	-8.6%	-3.9%
TOTAL	3,164	3,314	+4.7%	+8.7%



Note: 2017 figures are restated for IFRS 15



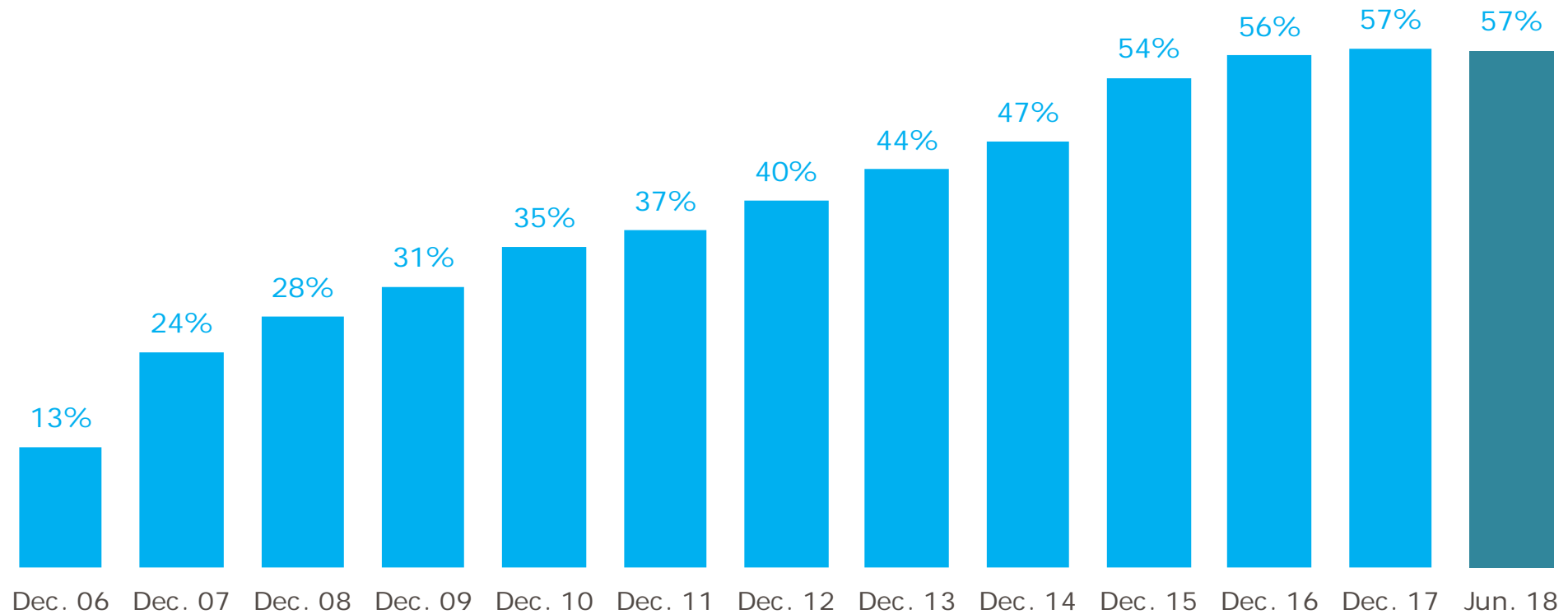
Operating Margin – Analysis by type of costs

in EUR millions		H1 2017	H1 2018
Revenues		6,280	6,467
Personnel costs		-4,132	-4,150
% of Revenues		-65.8%	-64.2%
Purchases and subcontracting expenses		-895	-1,012
% of Revenues		-14.3%	-15.7%
Travel expenses		-260	-253
% of Revenues		-4.1%	-3.9%
Rent, facilities and local taxes		-175	-181
% of Revenues		-2.8%	-2.8%
Depreciation, amortization, provisions and proceeds from asset disposal		-146	-164
% of Revenues		-2.3%	-2.5%
Total operating expenses		-5,608	-5,760
% of Revenues		89.3%	89.1%
Operating margin		672	707
% of Revenues		10.7%	10.9%

Note: 2017 figures are restated for IFRS 15



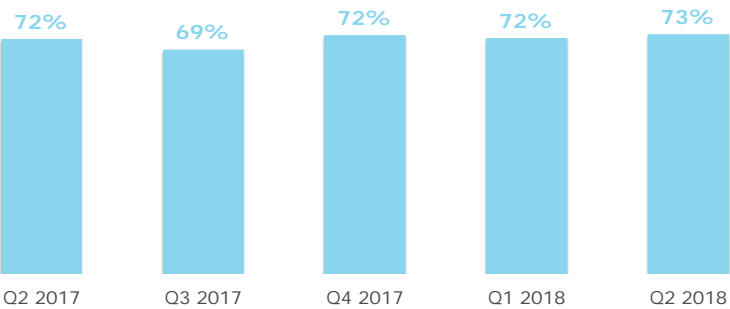
Offshore Leverage from 2007 to June 2018



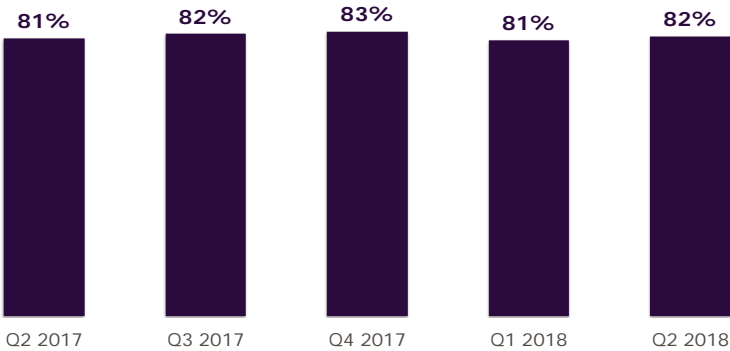
Utilization Rates



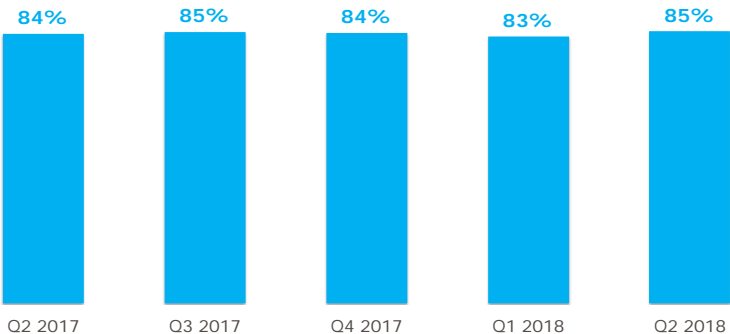
Consulting Services



Application Services



Technology & Engineering Services



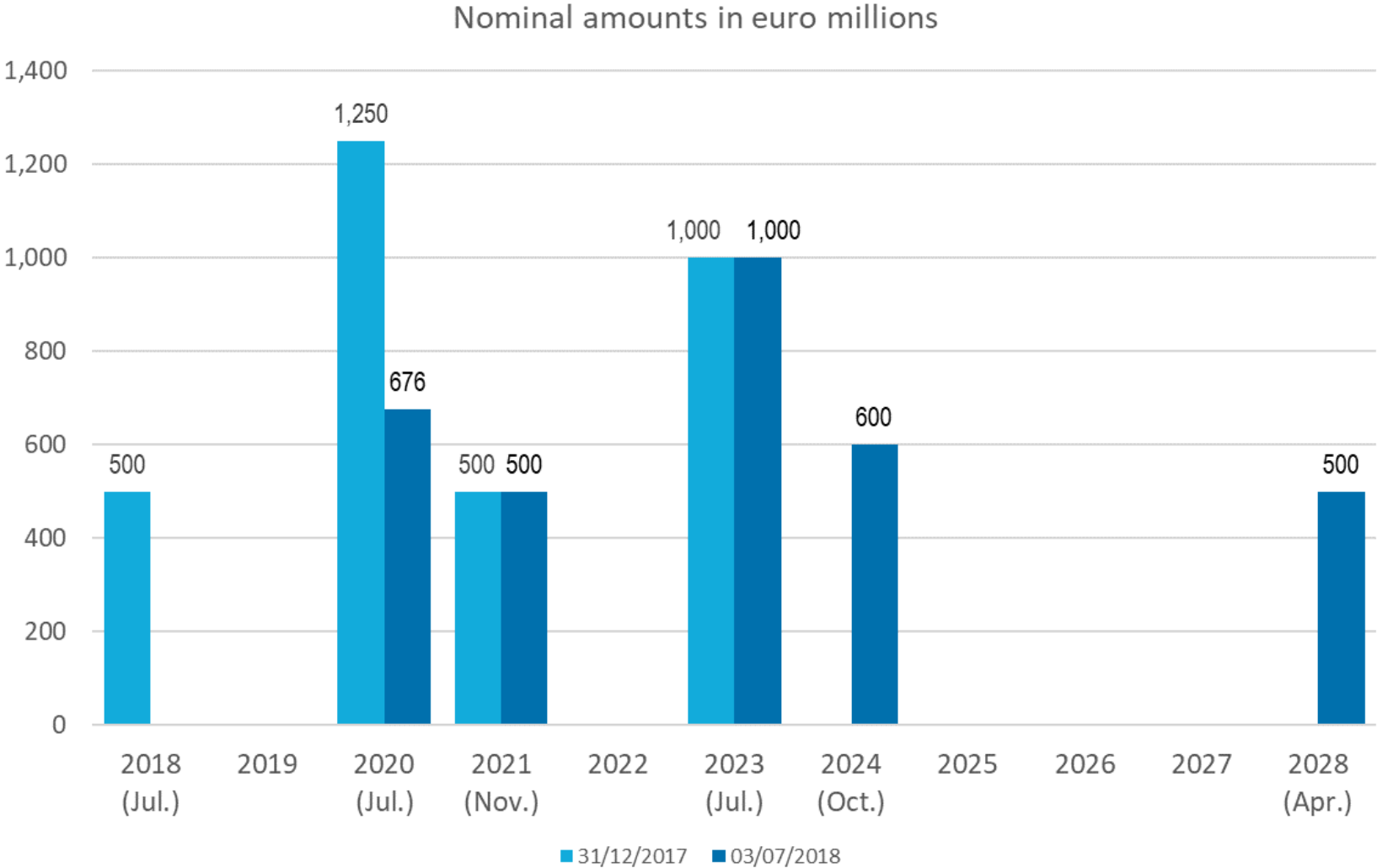
Net Cash Evolution



in EUR millions

	H1 2017	H1 2018
Profit for the period	370	313
Depreciation, amortization and impairment of fixed assets	153	141
Change in provisions	-3	18
Losses on disposals of assets	8	10
Net finance costs	4	6
Income tax expense / (income)	140	169
Other non-cash items	63	33
Cash flows from operations before net finance costs and income tax	735	690
Income tax paid	-73	-96
Change in restructuring debt	8	18
Changes in operating working capital	-506	-502
Operating cash flows (A)	164	110
Capital expenditure (net of proceeds) (B)	-113	-109
Cash outflows on business combinations net of cash & cash equivalents acquired	-121	-409
Dividends paid	-262	-284
Net payments relating to treasury shares transactions	-70	-200
Change in debt	-59	-75
Interest paid & received (C)	13	10
Translation, perimeter changes & other	-68	-26
Change in net cash and cash equivalents	-516	-983
Opening Net Cash / (Debt)	-1,413	-1,209
Closing Net Cash / (Debt)	-1,929	-2,192
Organic Free Cash Flow (A) + (B) + (C)	64	11

Bond Debt Maturity



Balance Sheet



ASSETS		
in EUR millions	Dec 31, 2017	Jun 30, 2018
Goodwill	6,830	7,323
Intangible assets	681	659
Property, plant & equipment	749	747
Deferred taxes	1,283	1,240
Other non-current assets	311	296
Total non-current assets	9,854	10,265
Trade receivables and contract assets	3,170	3,241
Current tax receivables	107	162
Other current assets	657	563
Cash management assets	168	221
Cash and cash equivalents	1,988	1,751
Total current assets	6,090	5,938
Total Assets	15,944	16,203

EQUITY & LIABILITIES		
in EUR millions	Dec 31, 2017	Jun 30, 2018
Equity ⁽¹⁾	6,956	6,992
Non-controlling interests	4	3
Total equity	6,960	6,995
Long-term borrowings	2,783	3,267
Deferred taxes	172	172
Provisions for pensions ⁽²⁾	1,196	974
Non-current provisions	25	27
Other non-current liabilities	311	283
Total non-current liabilities	4,487	4,723
Short-term borrowings and bank overdrafts	589	871
Accounts and notes payable	2,837	2,603
Contract liabilities	795	644
Current provisions	88	105
Current tax liabilities	107	134
Other current payables	81	128
Total current liabilities	4,497	4,485
Total Equity & Liabilities	15,944	16,203

(1) attributable to owners of the company

(2) and other post-employment benefits

About Capgemini

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People matter, results count.

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