

2016 Full Year Results

Building on its 2016 performance, Capgemini strengthens its growth strategy in Digital and Cloud

Paris, February 16, 2017



People matter, results count.

Disclaimer

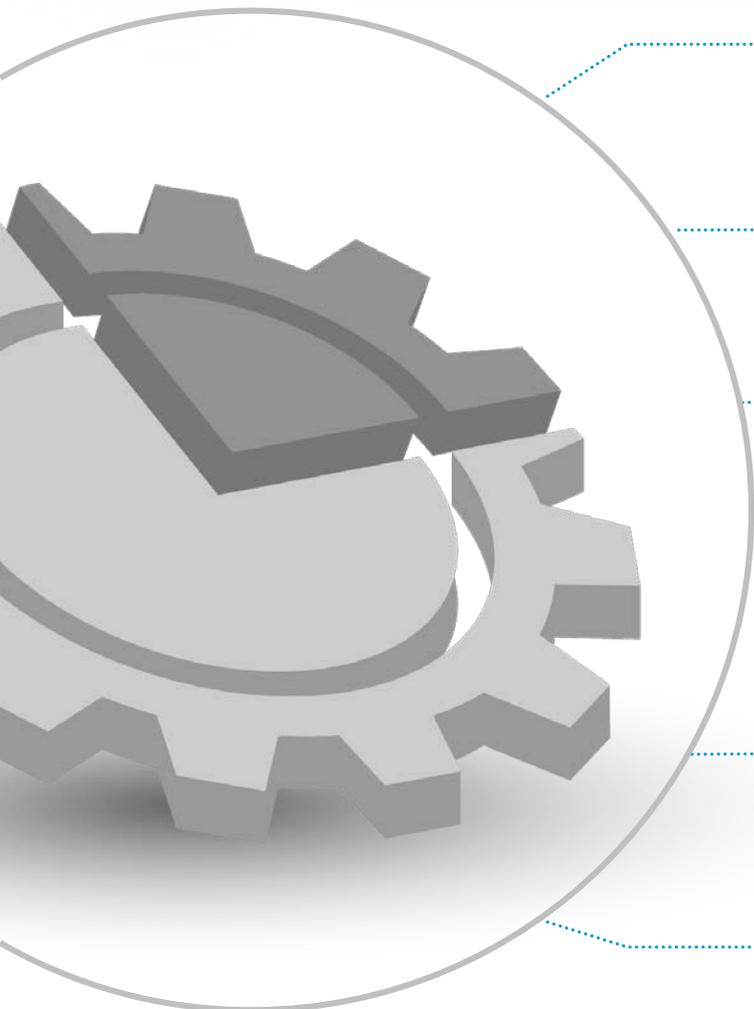
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Paul HERMELIN

A new step forward in 2016



€12,539m revenues
+7.9% constant currency growth



Digital & Cloud reaches 30% of revenues, growing +29%



11.5% Operating Margin, +90bps, strong progression



Record organic free cash flow of €1,071m (+31%)



Net income €921m, +14% before one-off¹
Normalized EPS +16%



Return to shareholder 2016 : €229m dividend + €340m share buy back
2017 dividend €1.55 per share, increase of +15%

(1) one-off non-cash tax profit of €476m in 2015 and €180m in 2016

IGATE successfully integrated, catalyst for our momentum



Value creation

- Operational integration completed as scheduled
- **Retention of all key managers**, good people retention overall
- IGATE **top 15 clients growing >8%**
- **Target synergy run rate achieved**, at \$75m (operational + direct costs)

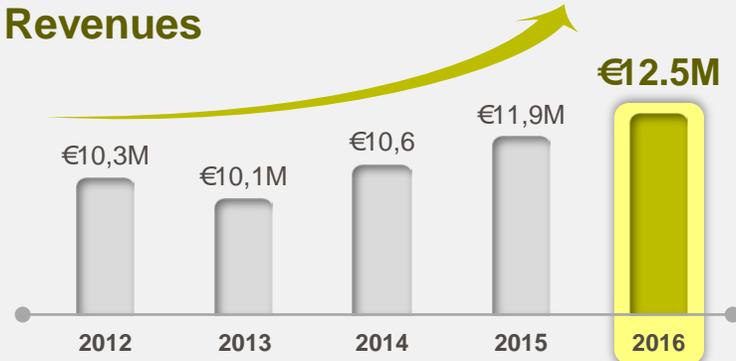


Growth acceleration

- Strengthened position in **Financial services** and **Manufacturing**
- Addition of significant number of flagship accounts in **North America**
- Spreading the **client centric** culture of IGATE within the Group
- Leveraging **IGATE capabilities** like P&ES, and ITOPS platform offers (growing 24%)

On track to deliver our mid-term ambition

Revenues



last 5 yrs
+5.1% p.a

last 2 yrs
+8.9% p.a

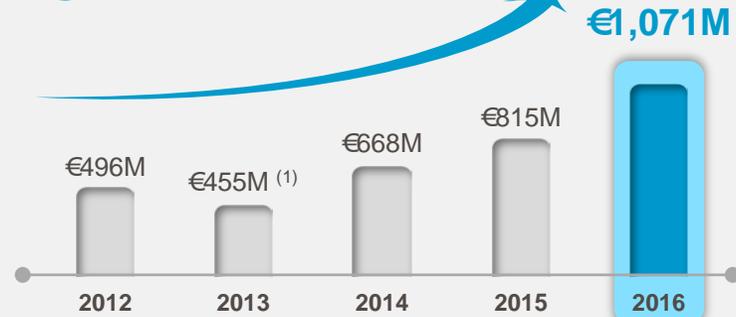
Operating Margin



last 5 yrs
+340 bps

last 2 yrs
+230 bps

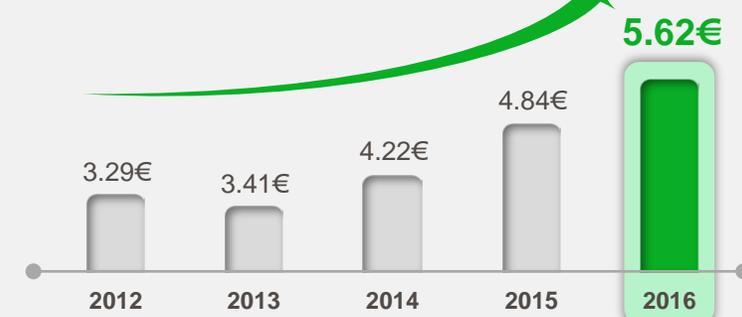
Organic Free-cash-flow



last 5 yrs
x2.2

last 2 yrs
x1.6

Normalized EPS



last 5 yrs
+14% p.a

last 2 yrs
+15% p.a

(1) before the €235m exceptional contribution to a UK pension fund

Transforming to gain further traction in 2017



We accelerate our **portfolio shift towards innovative offers**

- ◆ Reinforcement of our innovation portfolio with **internal investments** and **acquisitions**
- ◆ **New services** : Digital Manufacturing, SAP migration to cloud, Mov'in blue, experience design for DCX, development of our « **Applied Innovation Exchange** » network
- ◆ Accelerate the transition of our business with **>20% growth ambition** for Digital & Cloud



We amplify our solid **sectorial expertise** and **account centricity**

- ◆ Top 100 clients of the Group growing >5%
- ◆ Sectorial expertise based on our consultancy skills is a key asset for our healthy growth in **Financial Services** and **Manufacturing**. Investing in CPRD sector.



We fully leverage the potential of **industrialization**

- ◆ Ongoing transformation of **India operating model**
- ◆ **Offshore leverage** increase from 54% to 56%, with good progress in Continental Europe (+3pts YoY in Q4 at 38%)
- ◆ Strong push on **Automation** (210+ customers)

Growth acceleration in North America is a key focus of the year



Some good performances in our NA operations

- ◆ +3.3% organic growth in 2016 outside EUC, with dynamic traction in **Financial services** and **Manufacturing**
- ◆ 15.4% operating margin, **up +50bps**
- ◆ **Wins and new logos** paving the way for growth rebound
- ◆ Headwind impact from **Energy & Utilities** expected to fade in Q2



We roll out a strong action plan for a renewed momentum...

- ◆ **Reinforced leadership team**
- ◆ **Significant investments** in sales capacity increase and new capabilities, with focus on Digital & Cloud
- ◆ **Mobilization** of the whole leadership of the Group for sales synergies on this region



...boosted by acquisitions of key capabilities

idean 

- ◆ **Top notch digital strategy and experience design** consultancy firm – 150 employees, 7 studios worldwide
- ◆ **Blue chip** clients across industries
- ◆ **Transformational lever** to accelerate on Digital customer experience

TCUBE
SOLUTIONS

- ◆ The **largest independent service provider specialized on Duck Creek**, 300 employees
- ◆ Reinforces our leadership in Insurance

Our 2017 objectives



Constant currency revenue
growth : **+3%**



Operating margin
of **11.7% – 11.9%**



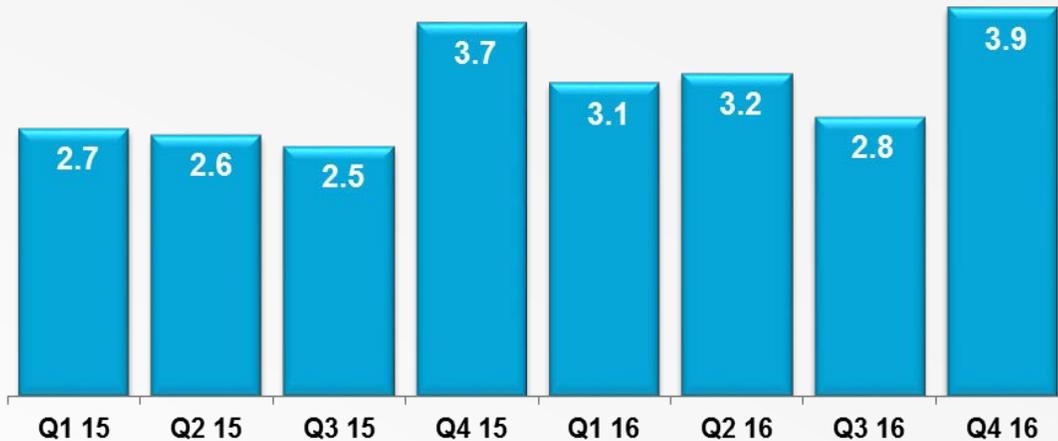
> €950m organic
free cash flow



Srikanth
IYENGAR

We ended 2016 with strong sales momentum

Bookings evolution



in €b at reported rates

Highlights

- Achieved bookings of **€13.0b** with 14.5 % YoY growth at constant currencies
- Focus on account centricity yielding results – large accounts grew at a faster pace than the overall company, due to geographical expansion and new service penetration
- Successful IGATE integration with over **€300m** bookings synergy
- Strong pipeline entering 2017

H2 2016 success across geographies and focus offerings

Clients	Services
NA Medical Technology leader	Legacy ERP, System Integration, Digital, Data
Large European Chemical & Pharma major	End to end ADM, Digital and Infrastructure
Large Australian Financial institution	Testing Services
Large European Insurer	Cybersecurity, Data
Large US based cruise line	Cybersecurity, Data , End User and System Integration
	Cloud & Transformation , Legacy / ERP and System Integration
	Transformation management, finance and accounting BPO
	Infrastructure, Cloud and Data
	Cybersecurity, Data Services and Digital transformation
	Strategic partner
	Application maintenance and System Integration
	Application maintenance

Sustained growth in Financial Services and Manufacturing

Revenue growth per sector

FY 2016/ FY 2015
(at constant currencies)

Financial Services

+17.9%

Energy, Utilities & Chemicals

-5.5%

Manufacturing

+13.4%

Consumer Product, Retail, Dist & Transport.

+6.9%

Public Sector

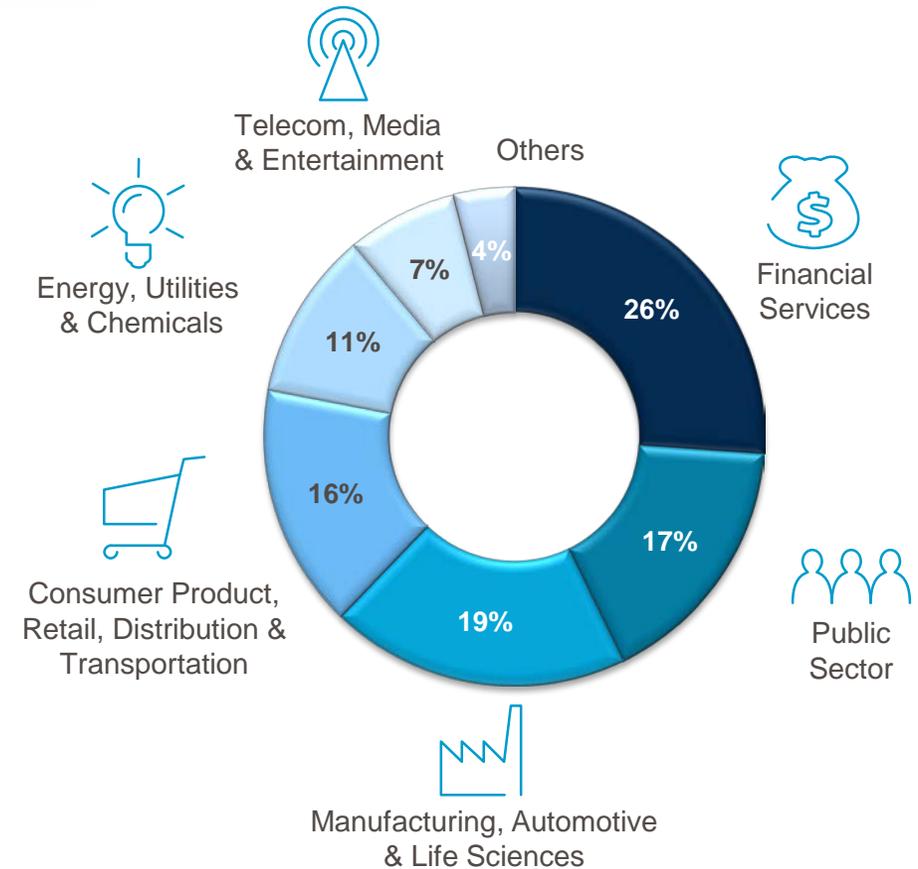
-0.4%

Telecom Media & Entertainment

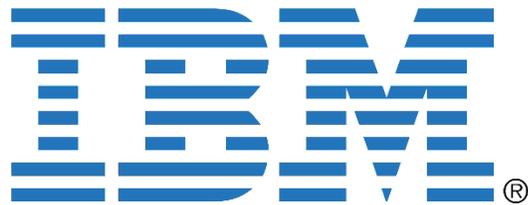
+8.8%

TOTAL

+7.9%



Active collaboration and joint success with strategic partners





Aiman EZZAT

Financial Overview

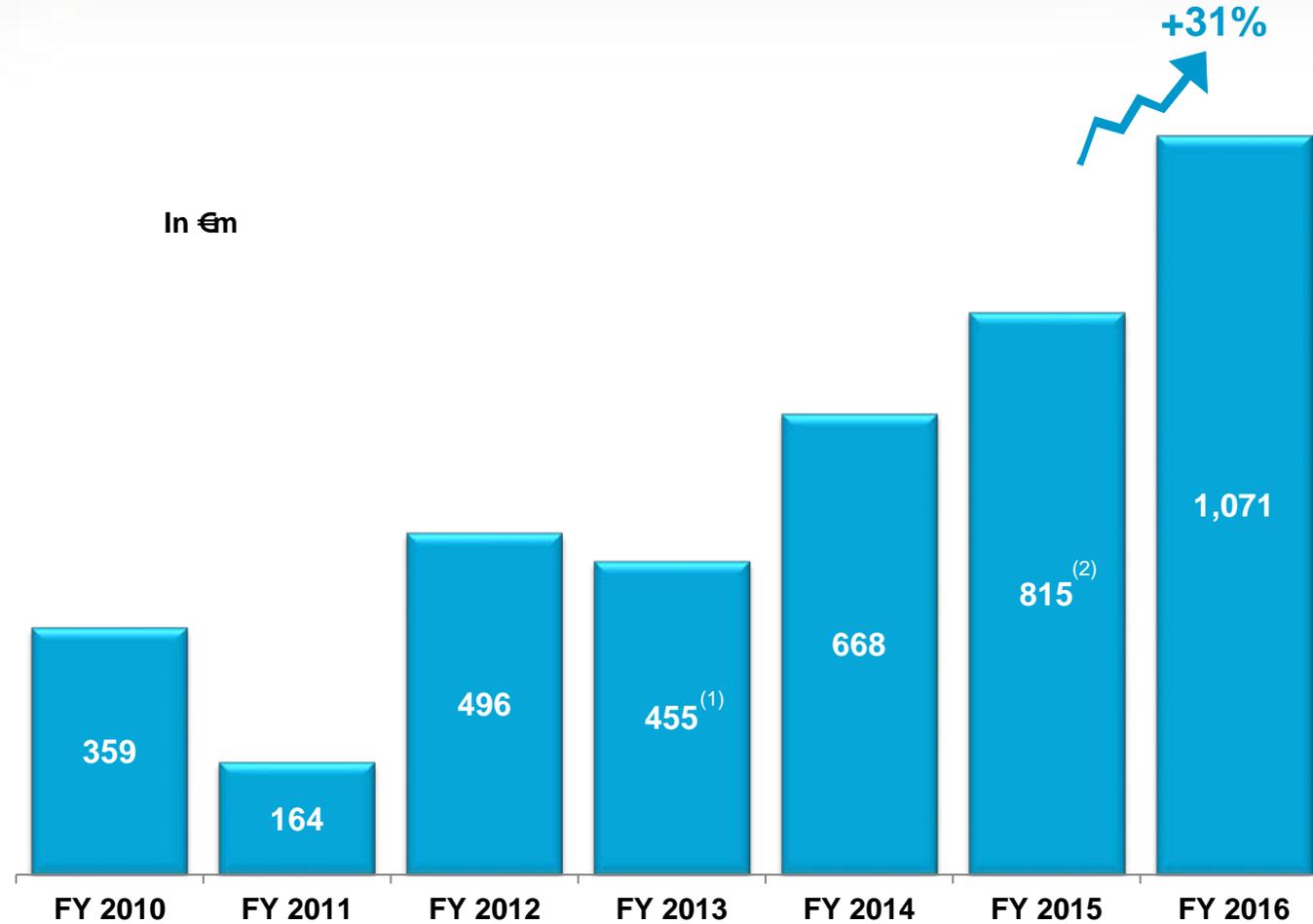
in €m	FY 2015	FY 2016	FY 2016 / FY 2015
Revenues	11,915	12,539	+5.2%
Operating expenses	-10,653	-11,099	
Operating margin	1,262	1,440	+14%
(% Revenues)	10.6%	11.5%	+0.9pt
Other operating income and expenses	-240	-292	
Operating profit	1,022	1,148	+12%
(% Revenues)	8.6%	9.2%	+0.6pt
Net financial expense	-118	-146	
Income tax	203 ⁽¹⁾	-94 ⁽²⁾	
Non-controlling interests	17	13	
Net Profit (Group Share)	1,124	921	-18%
(% Revenues)	9.4%	7.3%	-2.1pt
Basic EPS in €	6.67	5.44	-18%
Normalized EPS in € ⁽³⁾	4.84	5.62	+16%
Organic Free cash flow	815	1,071	31%

Constant currency growth
+7.9% YoY

Net profit (Group Share)
before one-off tax profits
+14% YoY

- (1) Including a €476m one-off non-cash income from the reassessment of the DTA on US tax loss carry forward
 (2) Including a €180m one-off non-cash income related to goodwill arising from legal reorganizations
 (3) 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

Organic Free Cash Flow Generation



Net debt (end 2016)
€1,413m
vs €1,767m in 2015

(1) Before the €235m exceptional contribution to a UK pension fund

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

Revenue Quarterly Evolution

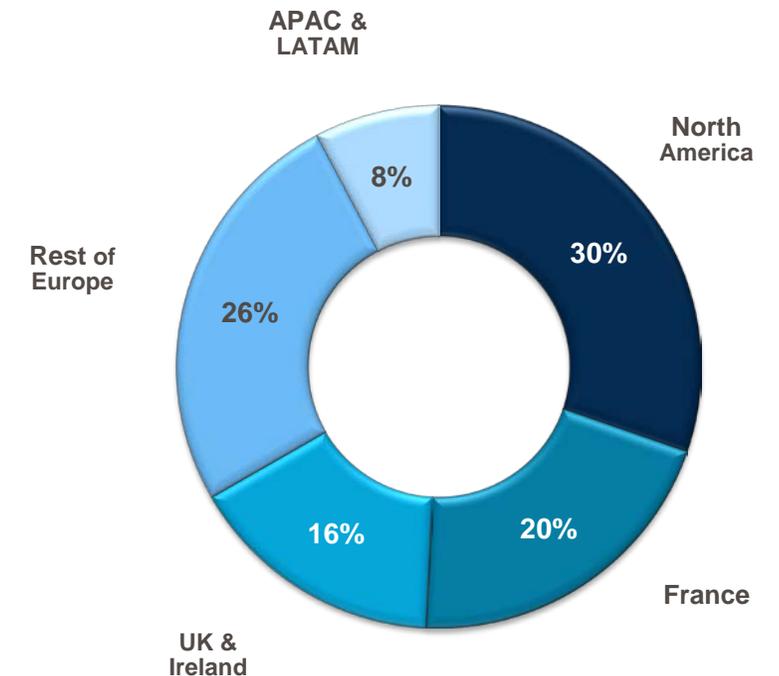


 Constant currency growth
 Q4: **+1.9%** YoY
 FY: **+7.9%** YoY

	Q4 YoY growth	FY YoY growth
Organic	+ 1.6%	+ 2.6%
Group scope impact	+0.3pt	+5.3pt
Constant currency	+ 1.9%	+ 7.9%
currency impact	-2.1pt	-2.7pt
Reported	-0.2%	+ 5.2%

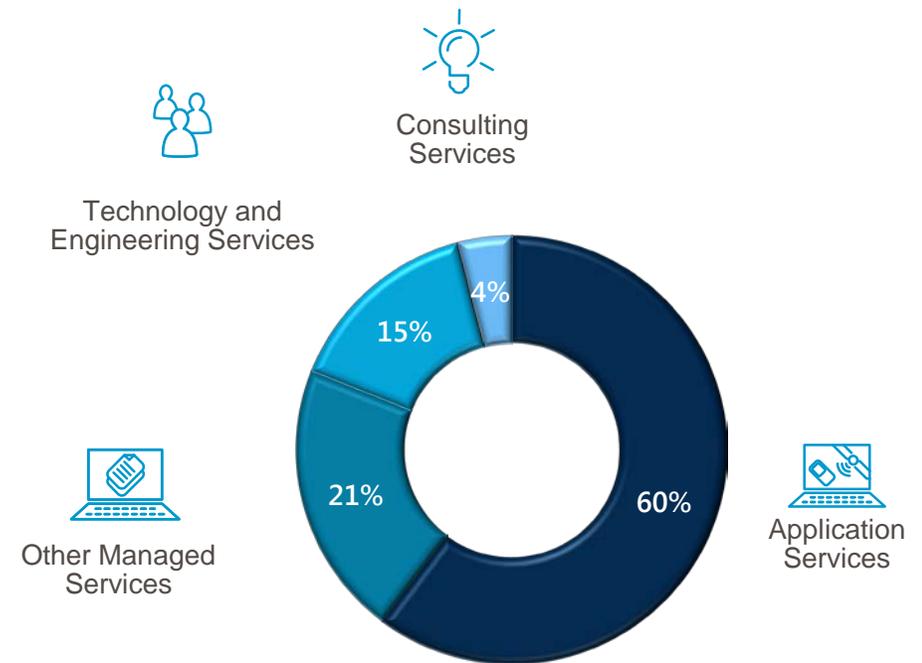
Q4 & FY 2016 Revenues by Main Geography

	Year-on-Year		Year-on-Year				
	Constant Currency	in €m		Current	Constant Currency		
		Q4 2016 / Q4 2015	FY 2015			FY 2016	FY 2016 / FY 2015
North America	-3.1%	3,325	3,800	+14.3%	+14.5%		
UK & Ireland	+1.0%	2,150	1,993	-7.3%	+4.1%		
France	+5.9%	2,444	2,567	+5.0%	+5.0%		
Rest of Europe	+2.4%	3,066	3,214	+4.9%	+5.3%		
APAC & LATAM	+11.7%	930	965	+3.7%	+8.2%		
TOTAL	+1.9%	11,915	12,539	+5.2%	+7.9%		



Q4 & FY 2016 Revenues by Business

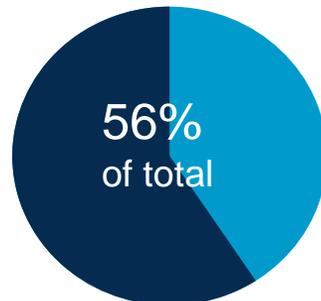
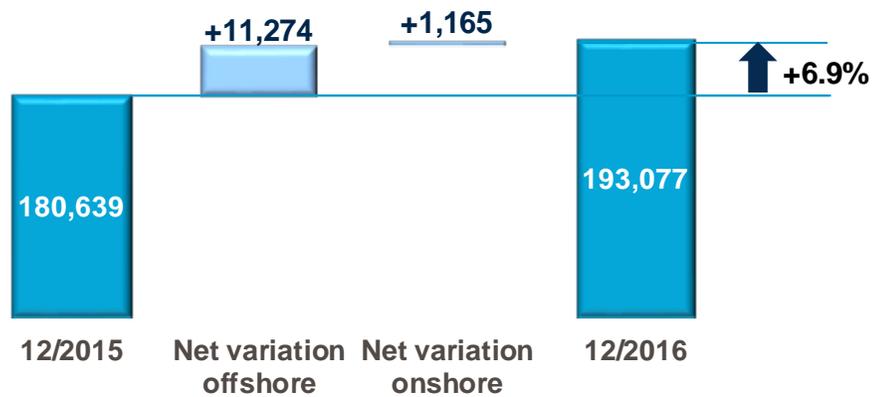
	Year-on-Year	
	Constant Currency	
	Q4 2016 / Q4 2015	FY 2016 / FY 2015
Consulting Services	-1.7%	+2.7%
Technology and Engineering Services	+1.2%	+6.9%
Application Services	+4.9%	+10.6%
Other Managed Services	-5.3%	+2.2%
TOTAL	+1.9%	+7.9%



Headcount Evolution

Headcount

12/2015 to 12/2016



Workforce in global production centers:



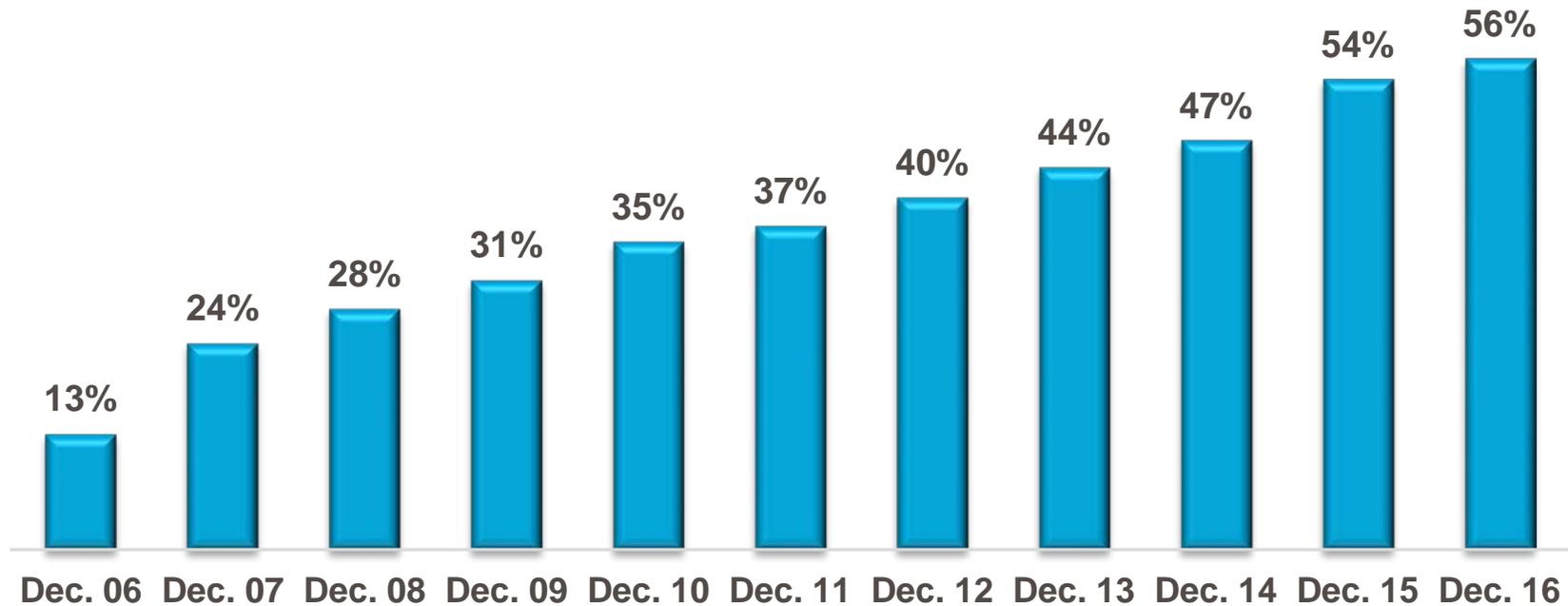
Attrition

FY 2016 vs FY 2015

Attrition	FY 15	FY 16	Year-on-Year variation
Consulting Services	20.5%	19.4%	-1.1pt
Technology and Engineering Services	17.1%	17.7%	+0.6pt
Application Services	18.9%	17.3%	-1.6pt
Other Managed Services	22.4%	21.8%	-0.6pt
TOTAL	19.3%	18.3%	-1.0pt

Offshore Leverage from 2006 to 2016

(Total Headcount)



	At current rates	At constant rates & perimeter
Group average remuneration costs evolution	-3.8% ⁽¹⁾	-1.4%

(1) Excluding IGATE impact

Operating Margin by Geography

In €m	FY 2015			FY 2016		
	Revenues	Operating margin	%	Revenues	Operating margin	%
North America	3,325	494	14.9%	3,800	587	15.4%
UK & Ireland	2,150	289	13.4%	1,993	290	14.6%
France	2,444	199	8.1%	2,567	234	9.1%
Rest of Europe	3,066	313	10.2%	3,214	339	10.5%
APAC & LATAM	930	39	4.2%	965	64	6.6%
Not allocated	-	-72	-	-	-74	-
TOTAL	11,915	1,262	10.6%	12,539	1,440	11.5%

Operating Margin by Business

	FY 2015	FY 2016
Consulting Services	9.1%	10.7%
Technology and Engineering Services	11.6%	12.8%
Application Services	11.9%	12.7%
Other Managed Services	9.6%	10.0%
TOTAL	10.6%	11.5%

Operating Margin Analysis by Destination

In €m	FY 2015	FY 2016
Revenues	11,915	12,539
Cost of services rendered	-8,838	-9,183
% of revenues	-74.2%	-73.3%
Gross margin	3,077	3,356
% of revenues	25.8%	26.7%
Selling Expenses	-955	-1,032
% of revenues	-8.0%	-8.2%
General & Administrative Expenses	-860	-884
% of revenues	-7.2%	-7.0%
Operating Margin	1,262	1,440
% of revenues	10.6%	11.5%

Gross margin improves by **+0.9pt** YoY

Net Financial Expense and Income Tax

In €m	FY 2015	FY 2016
Interest on bonds	-64	-108
Other interest income and expense	9	4
Net interest expense	-55	-104
Other financial income & expenses	-63	-42
Net financial expense	-118	-146

In €m	FY 2015	FY 2016
Income tax	203 ⁽¹⁾	-94 ⁽²⁾
Effective tax rate	-22.5%	9.3%
Effective tax rate, before one-off	30.1%	27.3%

(1) Including a €476m one-off non-cash income from the reassessment of the DTA on US tax loss carry forward

(2) Including a €180m one-off non-cash income related to goodwill arising from legal reorganizations

Net Profit Analysis

in €m	FY 2015	FY 2016
Operating margin	1,262	1,440
Other operating income and expenses	-240	-292
<i>of which</i>		
<i>Restructuring costs</i>	-81	-103
<i>Amortization of intangible assets acquired through business combinations</i>	-45	-68
<i>Acquisition and integration costs</i>	-55	-69
<i>Goodwill impairment</i>	-40 ⁽¹⁾	-
Operating profit	1,022	1,148
Net financial expense	-118	-146
Income tax expense	203 ⁽²⁾	-94 ⁽³⁾
Non-controlling interests	17	13
Net profit (Group share)	1,124	921
Average number of shares	168,452,917	169,450,721
Basic EPS - in €	6.67	5.44
Normalized EPS (non diluted) - in € ⁽⁴⁾	4.84	5.62

(1) Goodwill impairment related to Latin America

(2) Including a €476m one-off non-cash income from the reassessment of the DTA on US tax loss carry forward

(3) Including a €180m one-off non-cash income related to goodwill arising from legal reorganizations

(4) 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. Normalized net profit is adjusted in 2015 and 2016 for the one-off non-cash income described in (2) and (3) above

Conclusion

2016 Priorities

Integration of IGATE

Maintain mid term operating margin trajectory

Maintain focus on cash

Return to shareholders



FY achievement

Integration finalized
Value preserved
Synergies ahead of schedule

OM 11.5% +90bps, ahead of plan

Organic FCF in excess of €1bn

Dividend €229m + Buy-back €340m

2017 Priorities

Maintain discipline around acquisition and integration of targets

Focus on investments to support organic growth while maintaining mid term margin trajectory

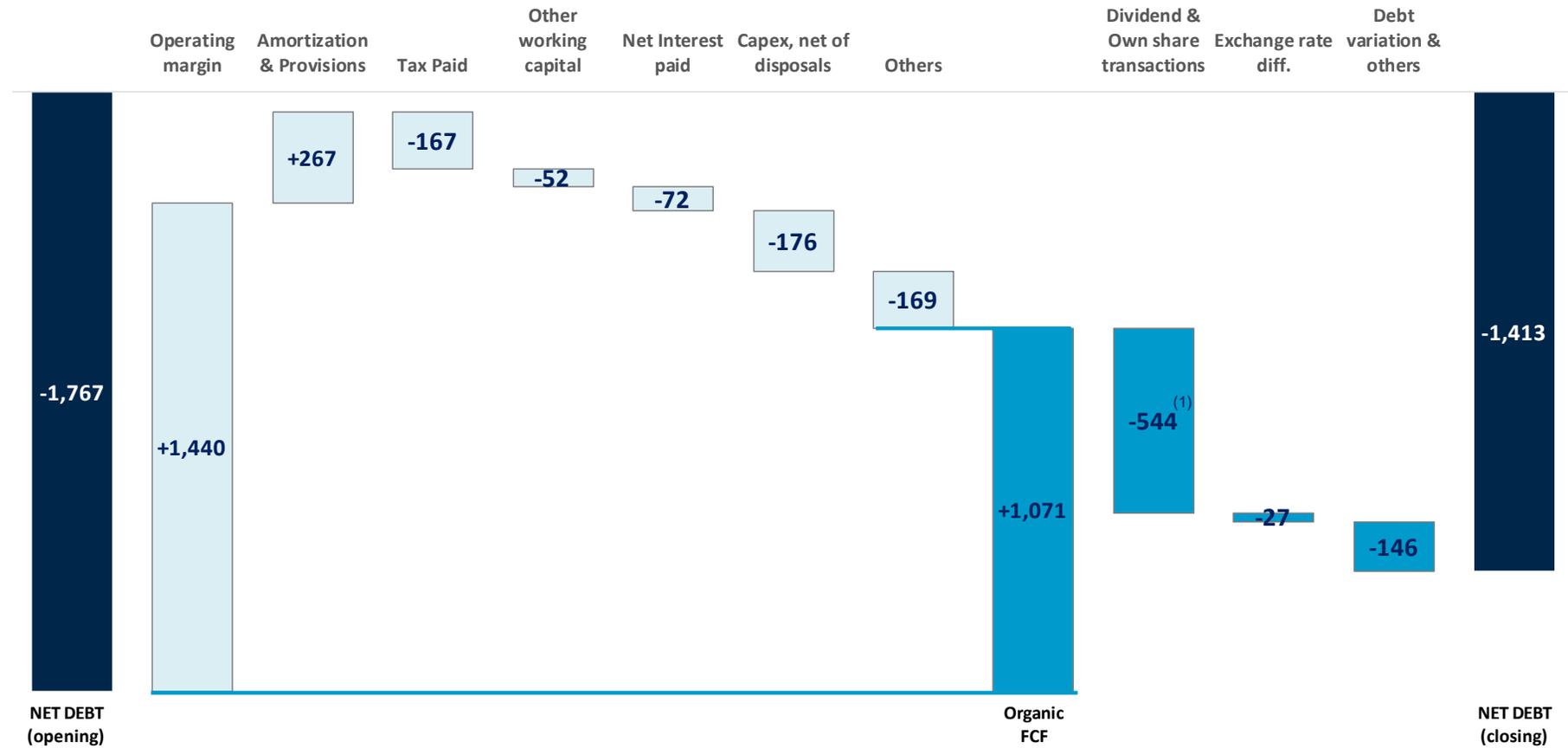
Sustain effort on Free Cash Flow generation

Maintain balance between return to shareholders and M&A



Appendix

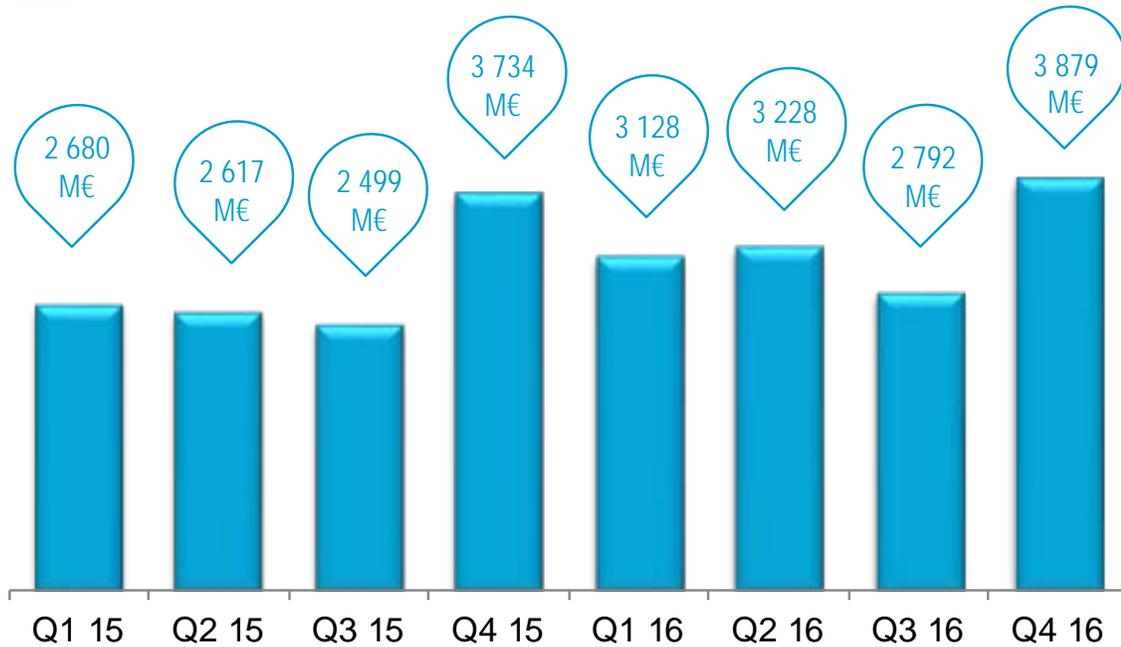
Net Cash evolution



Previous Year	Operating margin	Amortization & Provisions	Tax Paid	Other working capital	Net Interest paid	Capex, net of disposals	Others	Organic FCF	Dividend & Own share transactions	Exchange rate diff.	Debt variation & others	NET DEBT (closing)	
	+1,218	+1,262	+271	-137	-224	-10	-179	-168	+815	+290	+14	-4,104	-1,767

(1) Includes dividend for €229m and share buyback for €340m

Bookings Evolution



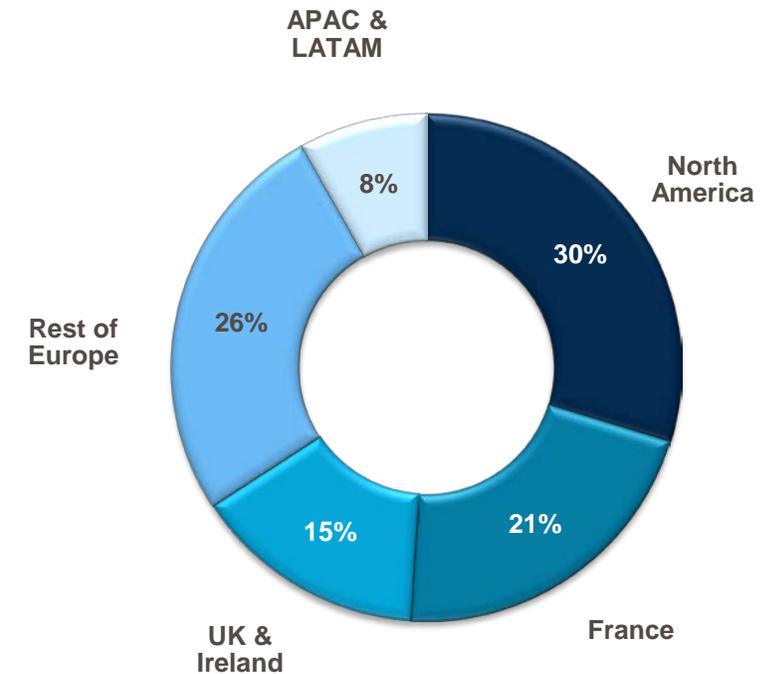
Constant currency
Growth YoY

+17.6% +24.8% +14.1% +5.4%

FY 2016
 Published: **+13.0%**
 Constant currency : **+14.5%**
 Book to bill : **1.04**

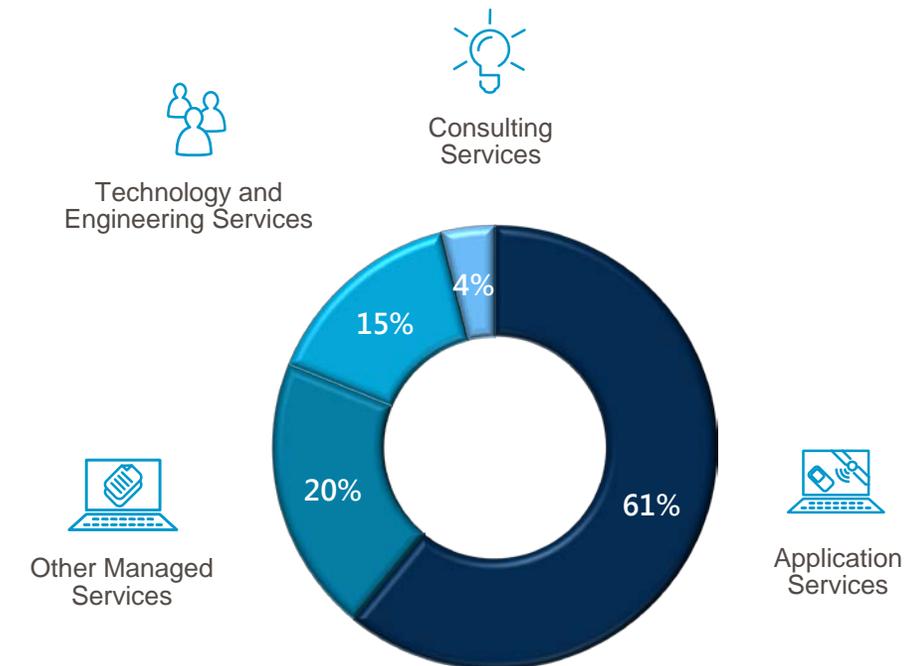
Q4 2016 Revenues by Main Geography

	in €m			Sequential		Year-on-Year	
	Q4 2015	Q3 2016	Q4 2016	Current	Constant Currency	Current	Constant Currency
				Q4 2016 / Q3 2016	Q4 2016 / Q3 2016	Q4 2016 / Q4 2015	Q4 2016 / Q4 2015
North America	988	939	970	+3.3%	+0.0%	-1.8%	-3.1%
UK & Ireland	573	463	482	+4.3%	+6.1%	-15.8%	+1.0%
France	655	599	695	+16.0%	+16.0%	+6.1%	+5.9%
Rest of Europe	833	772	851	+10.2%	+10.3%	+2.2%	+2.4%
APAC & LATAM	222	246	265	+7.6%	+6.2%	+19.2%	+11.7%
TOTAL	3,271	3,019	3,263	+8.1%	+7.2%	-0.2%	+1.9%



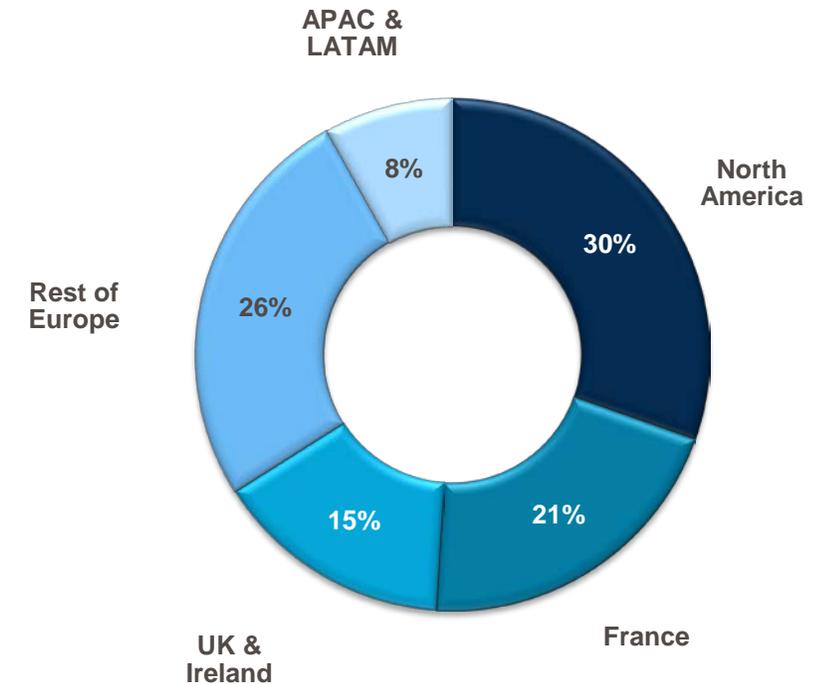
Q4 2016 Revenues by Business

	Sequential	Year-on-Year
	Constant Currency	
	Q4 2016 / Q3 2016	Q4 2016 / Q4 2015
Consulting Services	+13.0%	-1.7%
Technology and Engineering Services	+9.1%	+1.2%
Application Services	+6.8%	+4.9%
Other Managed Services	+5.9%	-5.3%
TOTAL	+7.2%	+1.9%



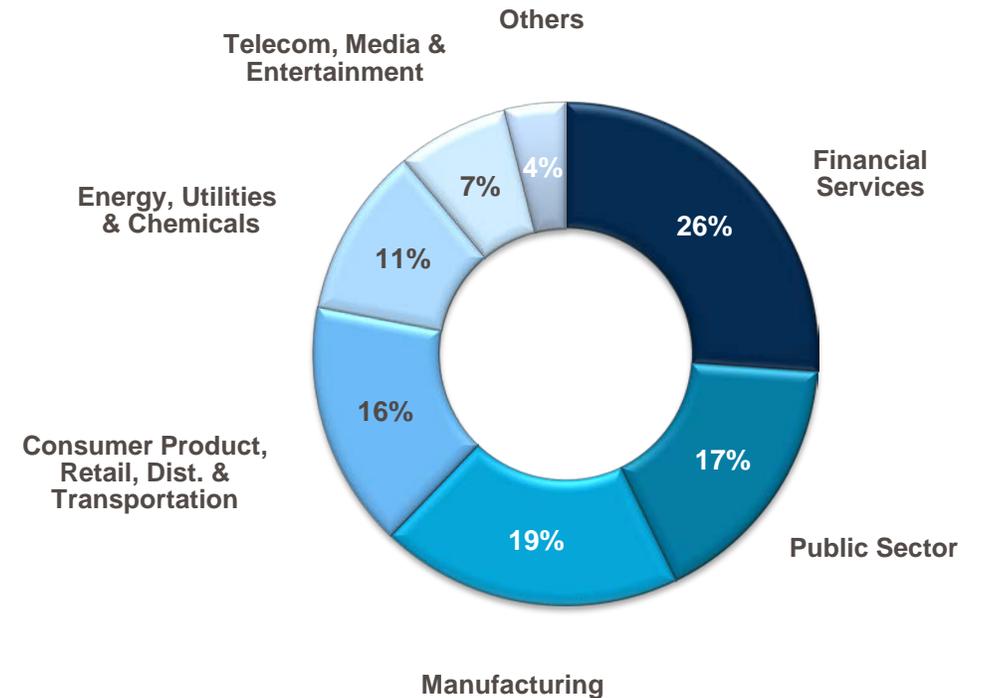
H2 2016 Revenues by Main Geography

	in €m			Sequential		Year-on-Year	
	H2 2015	H1 2016	H2 2016	Current	Constant Currency	Current	Constant Currency
				H2 2016 / H1 2016	H2 2016 / H1 2016	H2 2016 / H2 2015	H2 2016 / H2 2015
North America	1,925	1,891	1,910	+1.0%	-0.7%	-0.8%	-1.4%
UK & Ireland	1,124	1,048	945	-9.8%	-0.6%	-15.9%	-0.2%
France	1,229	1,273	1,293	+1.6%	+1.6%	+5.3%	+5.3%
Rest of Europe	1,570	1,590	1,624	+2.1%	+2.4%	+3.4%	+3.8%
APAC & LATAM	459	455	510	+12.3%	+5.5%	+11.2%	+6.3%
TOTAL	6,307	6,257	6,282	+0.4%	+1.1%	-0.4%	+2.0%



Q4 & FY 2016 Revenues by Sector

	Year-on-Year	
	Constant Currency	
	FY 2016 / FY 2015	Q4 2016 / Q4 2015
Financial Services	+17.9%	+7.2%
Energy, Utilities & Chemicals	-5.5%	-11.4%
Manufacturing	+13.4%	+7.8%
Consumer Product, Retail, Dist. & Transportation	+6.9%	+0.0%
Public Sector	-0.4%	+1.4%
Telecom, Media & Entertainment	+8.8%	+1.8%
TOTAL	+7.9%	+1.9%



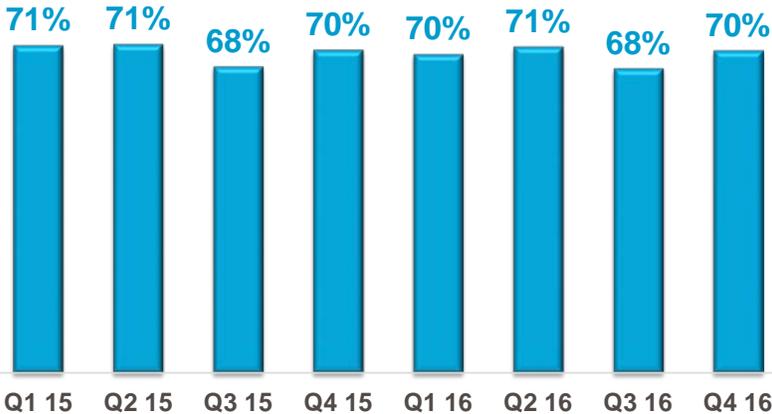
Operating Margin Analysis

In €m	FY 2015	FY 2016
Revenues	11,915	12,539
Personnel costs	-7,260	-7,611
% of Revenues	-60.9%	-60.7%
Purchases and subcontracting expenses	-2,207	-2,254
% of Revenues	-18.5%	-18.0%
Travel expenses	-499	-521
% of Revenues	-4.2%	-4.2%
Rent, facilities and local taxes	-372	-380
% of Revenues	-3.1%	-3.0%
Depreciation, amortization, provisions and proceeds from asset disposal	-315	-333
% of Revenues	-2.7%	-2.6%
Total operating expenses	-10,653	-11,099
% of Revenues	-89.4%	-88.5%
Operating margin	1,262	1,440
% of Revenues	10.6%	11.5%

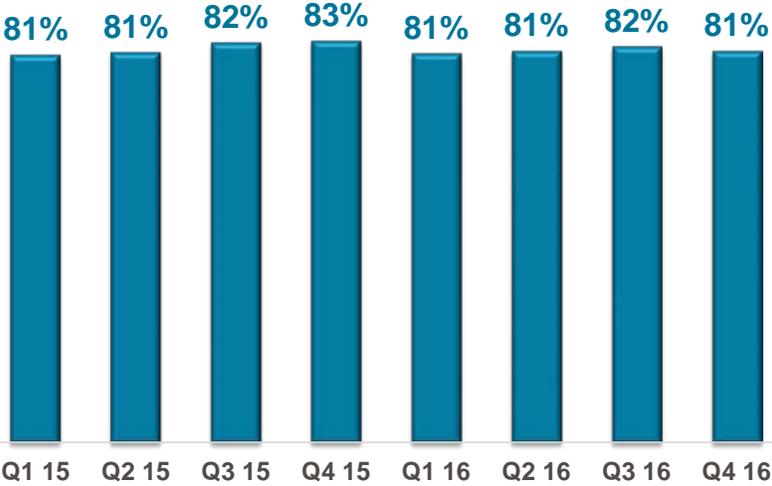
Utilization Rates



Consulting Services




Application Services

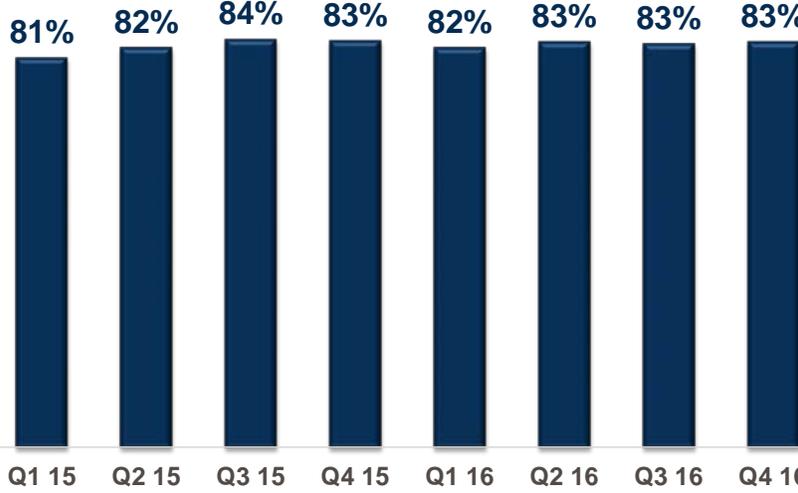


Application services Q4 16:

- Onshore utilization rate are up YoY
- High fresher recruitment lead to lower offshore utilization rate



Technology and Engineering Services



Net Cash Evolution

In €m	FY 2015	FY 2016
Profit for the period	1,107	908
Goodwill impairment	40	-
Depreciation, amortization and impairment of fixed assets	264	299
Change in provisions	8	-5
Losses / (gains) on disposals of assets	17	6
Net finance costs	55	104
Income tax expense / (income)	-203	94
Other non-cash items	13	43
Cash flows from operations before net finance costs and income tax	1,301	1,449
Income tax paid	-137	-167
Change in restructuring debt	-13	-4
Changes in operating working capital	-147	41
Operating cash flows (A)	1,004	1,319
Capital expenditure (net of proceeds) (B)	-179	-176
Cash outflows on business combinations net of cash & cash equivalents acquired	-3,392	-23
Increase in share capital	564	-
Increase in share capital subscribed by non-controlling interests	5	-
Dividends paid	-198	-229
Net payments / (proceeds) relating to treasury shares transactions	-81	-315
Change in debt	-707	-117
Interest paid & received (C)	-10	-72
Translation, perimeter changes & other	9	-33
Change in net cash and cash equivalents	-2,985	354
Opening net cash and cash equivalents	1,218	-1,767
Closing net cash and cash equivalents	-1,767	-1,413
Organic Free Cash Flow (A) + (B) + (C)	815	1,071

Balance Sheet

ASSETS			EQUITY & LIABILITIES		
In €m	Dec 31, 2015	Dec 31, 2016	In €m	Dec 31, 2015	Dec 31, 2016
			Equity ⁽¹⁾	6,887	7,272
			Non-controlling interests	26	13
			Total equity	6,913	7,285
Goodwill	7,055	7,176	Long-term borrowings	3,161	3,287
Intangible assets	848	813	Deferred taxes	221	227
Property, plant & equipment	763	754	Provisions for pensions ⁽²⁾	1,216	1,374
Deferred taxes	1,412	1,473	Non-current provisions	28	26
Other non-current assets	457	374	Other non-current liabilities	367	292
Total non-current assets	10,535	10,590	Total non-current liabilities	4,993	5,206
			Short-term borrowings and bank overdrafts	652	125
Accounts & notes receivable	3,055	3,074	Accounts and notes payable	2,724	2,818
Current tax receivables	64	132	Advances from cust. and billed in advance	739	737
Other current assets	543	627	Current provisions	90	104
Cash management assets	116	157	Current tax liabilities	61	109
Cash and cash equivalents	1,950	1,879	Other current payables	91	75
Total current assets	5,728	5,869	Total current liabilities	4,357	3,968
Total Assets	16,263	16,459	Total Equity & Liabilities	16,263	16,459

- (1) Attributable to owners of the company
(2) and other post-employment benefits



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