

# 2016 H1 RESULTS

Paris • July 27th, 2016



People matter, results count.

# Disclaimer

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Paul  
HERMELIN

# A very good performance in H1 2016



**€6,257M** revenue (+14.4% YoY at constant currency)  
**+32%** YoY growth in Digital & Cloud



Good bookings momentum at **€6,341M**  
(+21% YoY at constant rates)



**10.2%** Operating Margin,  
Strong progression of **+150 bp** YoY



**€366M** net profit, +26% YoY  
Normalized EPS 2.52€, +31% YoY



Positive organic free cash flow of **€31M**  
(+€117M compared with H1 2015)



IGATE integration and synergies ahead of schedule.  
Contributing to sales momentum

# Good momentum and margin improving in all regions

## North America

- ▶ **+36.2%** constant currency growth YoY, **15.1%** operating margin (**+180bp**)
- ▶ Temporary slowdown in Q2, due to Energy&Utilities headwind and a big contract termination
- ▶ Good bookings momentum, expected to be back to mid-single digit organic growth by Q4

## UK & Ireland

- ▶ **+8.6%** constant currency growth YoY, **14.5%** operating margin (**+180bp**)
- ▶ Continue to gain market share in private sector (>50% of our business)
- ▶ Closely monitoring the impact of Brexit  
So far no change in market demand

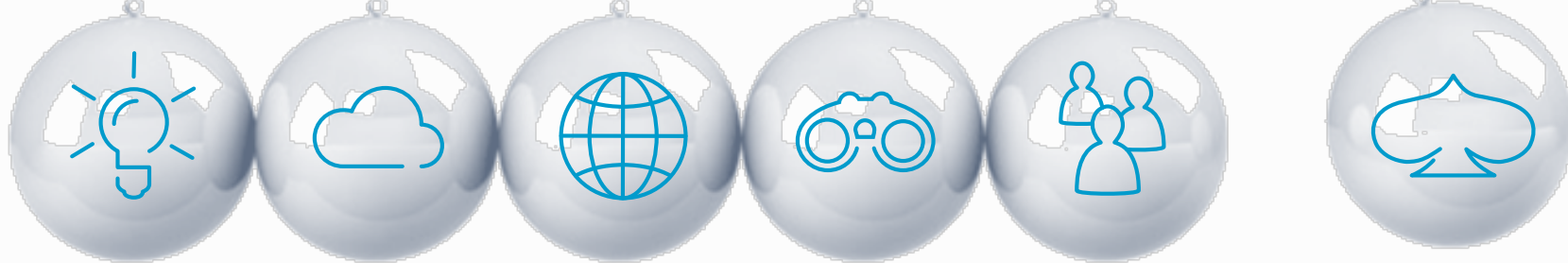
## Continental Europe

- ▶ Significant acceleration in Q2
- ▶ France: growth of **+4.8%** constant currency YoY, **6.6%** operating margin (**+40bp**)
- ▶ Rest of Europe: steady growth of **+6.9%** constant currency YoY, **8.9%** operating margin (**+110bp**)  
Good traction in Nordics and Germany. Netherlands improving
- ▶ Solid pipeline for H2, no meaningful impact of Brexit so far

## APAC and LatAm

- ▶ **+10.3%** constant currency growth in H1 YoY, **3.8%** operating margin (**+60bp**)
- ▶ Double-digit growth and margin in Asia Pacific
- ▶ Brazil situation improving in Q2 but still challenging

# Our **growth** is fueled by a **positive market dynamic** and successes in **Digital & Cloud**



## A dynamic market

- Good traction from Financial Services, Consumer Products and Retail and Telco
- Dynamic European market with strong appetite for our innovative offers
- Rise in consulting and Application project demand

## Strong traction in Digital & Cloud

- Growth in Digital & Cloud +32%, representing 28% of H1 revenue
- Strong consulting activity in Digital
- Extension of our “applied innovation exchange” network with new centers in Mumbai, Toronto and London

## Expansion of our **portfolio of offers**

- Launch of our “Digital Manufacturing” offering in May
- New partnership with SAP on digital transformation solutions for the manufacturing sector
- Launch of “Automation Drive” suite of services in July

## Increased **client** centrality

- Spreading an account-centric organization leveraging IGATE model
- Revenue growth from top clients accretive to Group

# The drivers of **margin progression** continue to deliver



Constant improvement of our **offshore ratio**



**IGATE costs synergies** ahead of schedule



Industrialization : acceleration on **automation** and **resource supply chain**



Expansion of our **Innovative offers**

- ◆ YoY increase from 48% to 55% (including IGATE impact)
- ◆ Continuously progressing in Continental Europe: +4pts to 37%
- ◆ Strong execution of our integration plan
- ◆ Expanding automation initiatives across the Group
- ◆ Migrating to global resource supply chain, leveraging AI
- ◆ Strong push on high-added-value offers
- ◆ Investing in Digital & Cloud and expanding our portfolio

➤ **Gross margin improving by 140bp YoY**



Constant currency revenue growth of 7.5 – 9.5%

Operating margin of 11.3 – 11.5%



> €850M organic free cash flow

**Upgraded 2016 Full Year guidance**

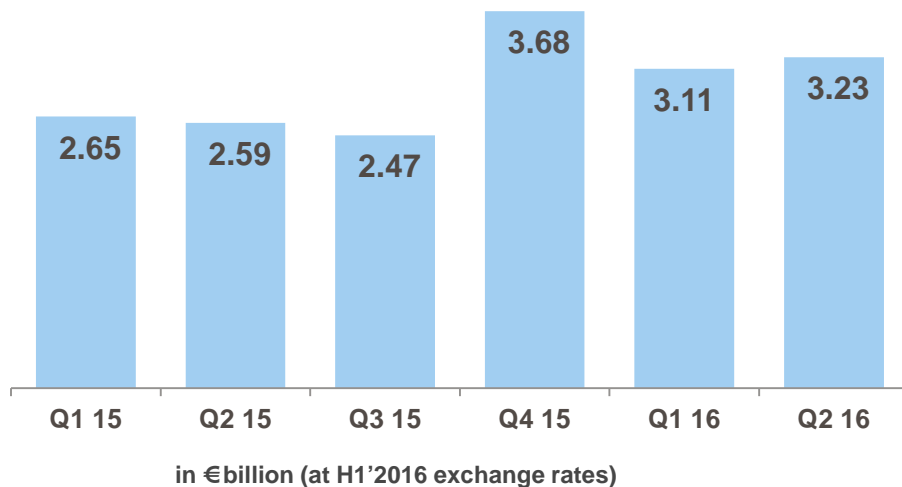




**Srikanth**  
**IYENGAR**

# Strong sales momentum entering H2

## Bookings evolution



## Highlights

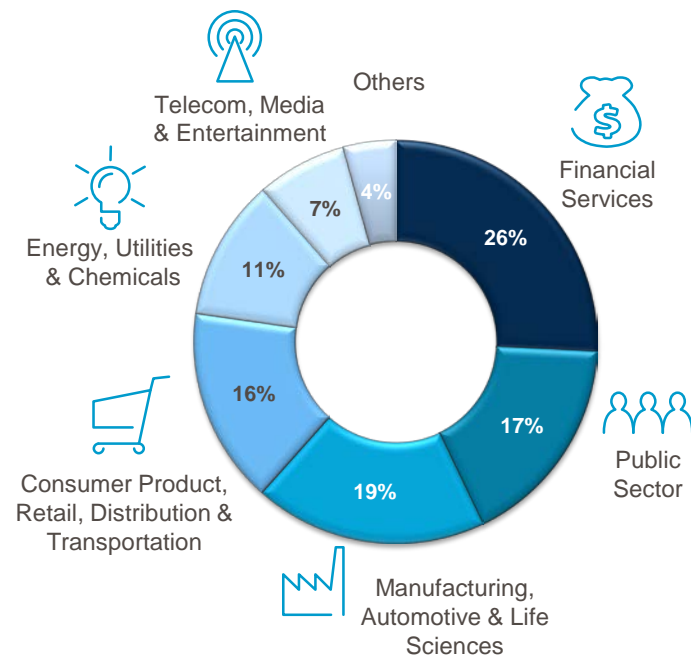
- Strong finish to H1 – achieved bookings of €6.3 billion
- 3rd straight quarter of >€3billion bookings
- Decisions expected on >€3.5billion of large deals (>10M ) in Q3.
- Decisions expected on >€1billion of Digital & Cloud deals in Q3

# Key wins in H1 2016 across geographies and verticals

Account	Offer
Multinational aircraft manufacturer	<b>Cloud Align</b> : Cloud native applications
French multinational automobiles manufacturer	<b>Digital Experience</b> Transformation Consulting, Enterprise Digital Manufacturing Transformation
Fortune 100 financial services organization	<b>Digital Experience</b> , Platform development
Leading US Financial Corporation	Test Automation, <b>Transformation</b> Management
Dutch discount store-chain	<b>IOS Data Services</b> , Hosting and Protection services
Leading Airport Authority	Infra <b>Strategy and Advisory</b> , System Integration (SI), <b>IOS Data Services</b>
Leading provider of digital cameras	ADM partner for the digital applications landscape, <b>Digital Experience</b> , <b>Cloud</b>
Europe's largest retailer for consumer electronics goods	<b>Security operations</b> , <b>cloud services</b> brokerage platform, <b>IOS RIM</b>
Multinational agrochemical and biotechnology corporation	<b>Digital Service Center</b> , <b>IOS User Services</b> - Workplace Services
French electric utility company	<b>IOS Data Services</b>
Public Utility Company	Data Centre <b>Modernization</b> , Storage Infrastructure Management
Global market leader in subsea systems	<b>Big Data and Analytics</b> on a <b>Cloud Platform</b>

# Revenue growth in most sectors

Constant Currency Year-on-Year	H1 16 / H1 15	Q2 16 / Q2 15
Financial Services	+30.5%	+31.4%
Energy, Utilities & Chemicals	-2.4%	-4.0%
Manufacturing	+19.8%	+20.1%
Consumer Product, Retail, Dist. & Transportation	+14.0%	+14.2%
Public Sector	+1.7%	+1.9%
Telecom, Media & Entertainment	+17.1%	+16.2%
<b>TOTAL</b>	<b>+14.4%</b>	<b>+15.0%</b>





Aiman  
EZZAT

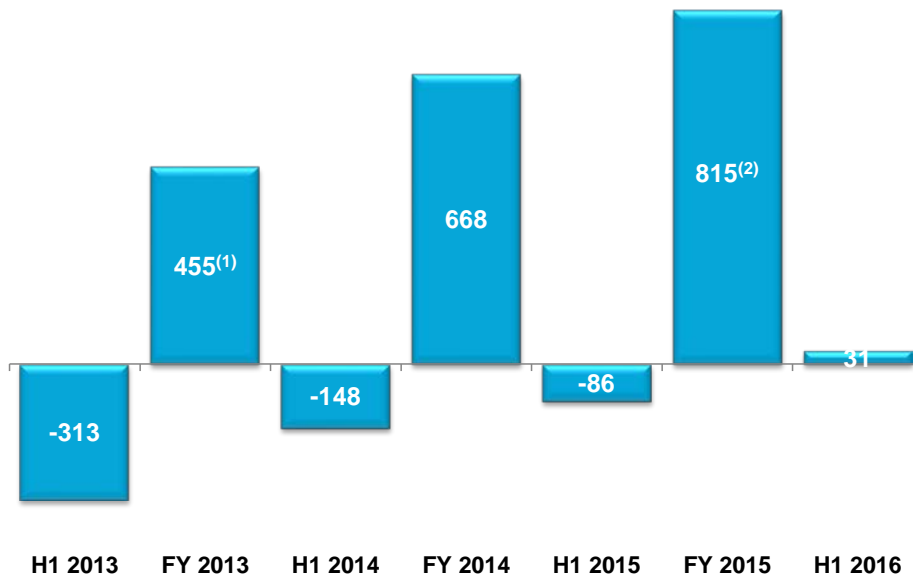
# Financial Overview

in €m	H1 2015	H1 2016	Variation
<b>Revenues</b>	<b>5,608</b>	<b>6,257</b>	+11.6%
Operating expenses	-5,122	-5,619	
<b>Operating margin</b>	<b>486</b>	<b>638</b>	+31%
(% Revenues)	8.7%	10.2%	+1.5pt
Other operating income and expenses	-39	-128	
<b>Operating profit</b>	<b>447</b>	<b>510</b>	+14%
(% Revenues)	8.0%	8.1%	+0.1pt
Net financial expense	-41	-62	
Income tax	-127	-87	
Non-controlling interests	11	5	
<b>Net Profit (Group Share)</b>	<b>290</b>	<b>366</b>	+26%
(% Revenues)	5.2%	5.8%	
Basic EPS in €	1.76	2.15	+22%
Normalized EPS in € <sup>(1)</sup>	1.92	2.52	+31%
<b>Organic Free cash flow</b>	<b>-86</b>	<b>31</b>	+117

**+14.4%**  
constant currency  
growth

# Organic Free Cash Flow

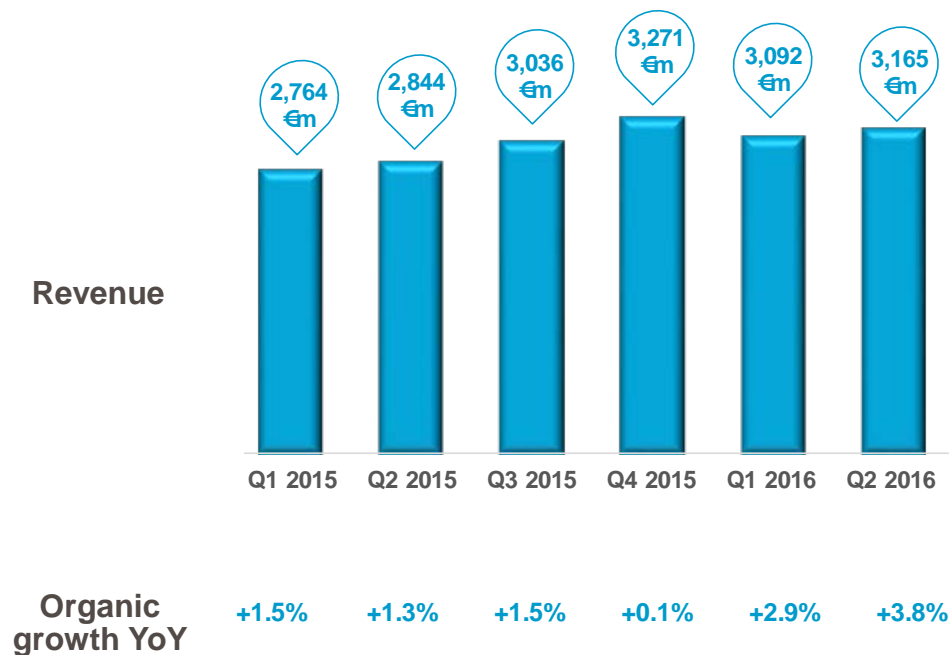
In €m



Net debt  
June 30, 2016  
€2,278M

- (1) Before €235M exceptional contribution to a UK pension fund  
(2) After the €76m outflow recognized in connection with the increase in the Group's majority stake in its Brazilian subsidiary CPM Braxis

# Revenues Quarterly Evolution



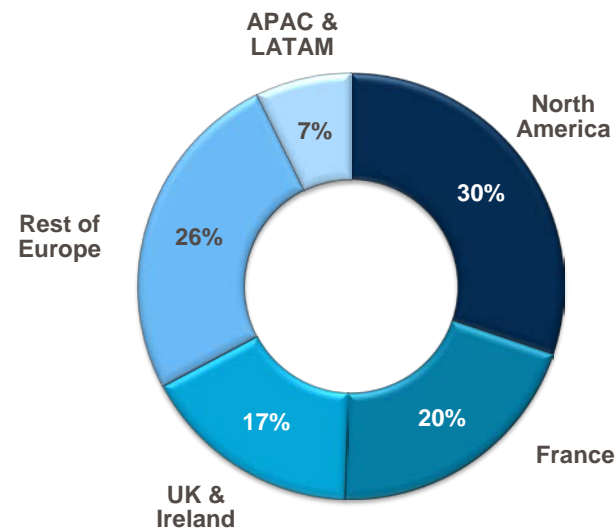
H1 constant  
currency growth  
**+14.4%** YoY

	Q2 YoY growth	H1 YoY growth
Organic	+ 3.8%	+ 3.3%
perimeter impact	+11.2pt	+11.1pt
Constant currency	+15.0%	+14.4%
currency impact	-3.7pt	-2.8pt
Reported	+11.3%	+11.6%



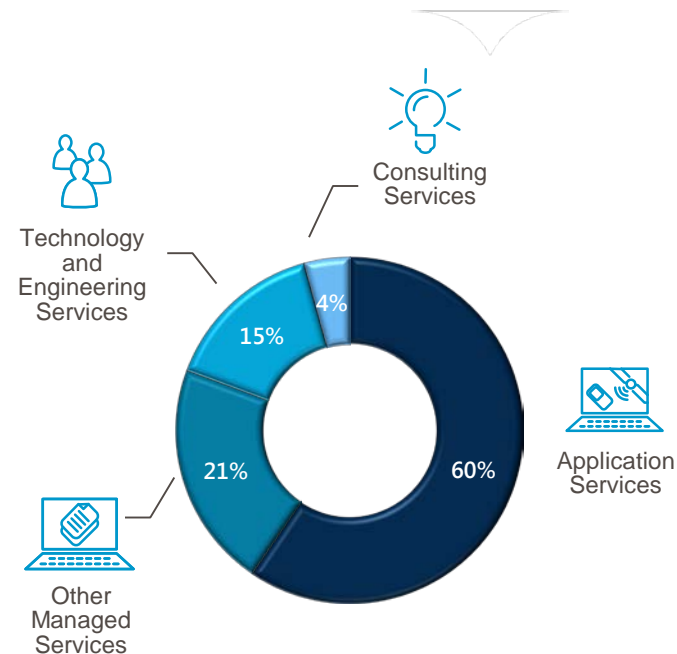
# Q2 & H1 2016 Revenues by Main Geography

	Year-on-Year		Year-on-Year			
	Constant Currency	in €m		Current	Constant Currency	
		Q2 2016 / Q2 2015	H1 2015	H1 2016	H1 2016 / H1 2015	H1 2016 / H1 2015
North America	+32.7%	1,400	1,891	+35.1%	+36.2%	
UK & Ireland	+9.2%	1,026	1,048	+2.1%	+8.6%	
France	+7.7%	1,215	1,273	+4.8%	+4.8%	
Rest of Europe	+7.7%	1,495	1,590	+6.3%	+6.9%	
APAC & LATAM	+14.5%	472	455	-3.7%	+10.3%	
TOTAL	+15.0%	5,608	6,257	+11.6%	+14.4%	



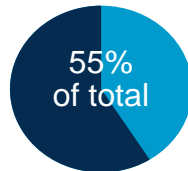
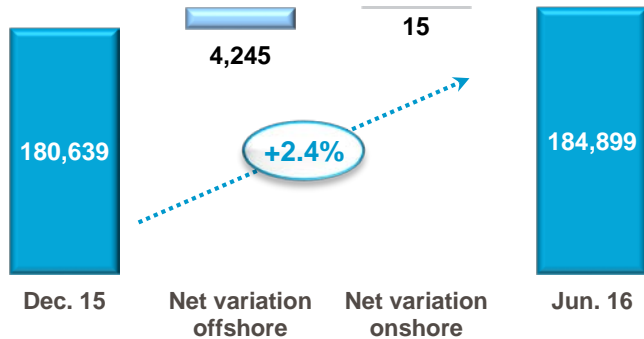
# Q2 & H1 2016 Revenues by Business

	Year-on-Year Constant Currency	
	Q2 2016 / Q2 2015	H1 2016 / H1 2015
Consulting Services	+8.8%	+8.1%
Technology and Engineering Services	+15.0%	+13.1%
Application Services	+18.3%	+17.2%
Other Managed Services	+7.5%	+9.3%
<b>TOTAL</b>	<b>+15.0%</b>	<b>+14.4%</b>



# Headcount Evolution

## HEADCOUNT DECEMBER 2015 TO JUNE 2016



Workforce in global  
production centers:  
>100,000

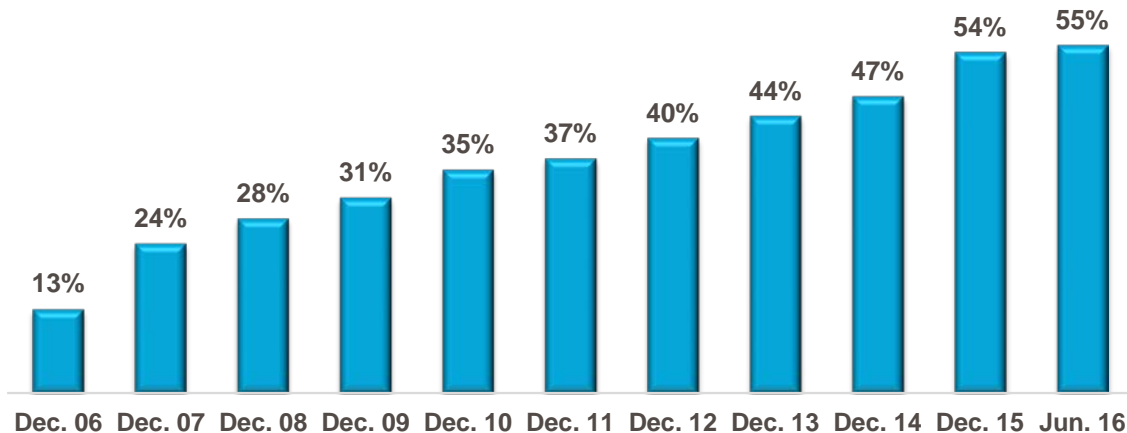
## ATTRITION H1 2016 / H1 2015

Attrition YTD	Jun. 15	Jun. 16	Year-on-Year variation
Consulting Services	19.4%	19.1%	-0.3pt
Technology and Engineering Services	15.9%	16.9%	+1.0pt
Application Services	17.7%	16.8%	-0.9pt
Other Managed Services	20.7%	21.1%	+0.4pt
<b>TOTAL</b>	<b>18.1%</b>	<b>17.8%</b>	<b>-0.3pt</b>

+44%  
YoY

# Offshore Leverage from 2006 to 2016

## (Total Headcount)



	At current rates	At constant rates & perimeter
Group average remuneration costs evolution	-11% <sup>(1)</sup>	0.3%

# Operating Margin by Geography

In €m	H1 2015			H1 2016		
	Revenues	Operating margin	%	Revenues	Operating margin	%
North America	1,400	185	13.3%	1,891	285	15.1%
UK & Ireland	1,026	130	12.7%	1,048	152	14.5%
France	1,215	76	6.2%	1,273	85	6.6%
Rest of Europe	1,495	117	7.8%	1,590	141	8.9%
APAC & LATAM	472	16	3.2%	455	17	3.8%
Not allocated	-	-38	-	-	-42	-
<b>TOTAL</b>	<b>5,608</b>	<b>486</b>	<b>8.7%</b>	<b>6,257</b>	<b>638</b>	<b>10.2%</b>

# Operating Margin by Business

	H1 2015	H1 2016
Consulting Services	8.1%	10.4%
Technology and Engineering Services	8.7%	11.3%
Application Services	10.0%	11.4%
Other Managed Services	8.2%	9.2%
<b>TOTAL</b>	<b>8.7%</b>	<b>10.2%</b>

# Operating Margin by Destination

In €m	H1 2015	H1 2016
<b>Revenues</b>	<b>5,608</b>	<b>6,257</b>
<b>Cost of services rendered</b>	<b>-4,208</b>	<b>-4,606</b>
% of revenues	-75.0%	-73.6%
<b>Gross margin</b>	<b>1,400</b>	<b>1,651</b>
% of revenues	25.0%	26.4%
<b>Selling Expenses</b>	<b>-466</b>	<b>-524</b>
% of revenues	-8.3%	-8.4%
<b>General &amp; Administrative Expenses</b>	<b>-448</b>	<b>-489</b>
% of revenues	-8.0%	-7.8%
<b>Operating Margin</b>	<b>486</b>	<b>638</b>
% of revenues	8.7%	10.2%

Gross margin  
improved by  
1.4 pt

# Net Financial Expense and Income Tax Expense

In €m	H1 2015	H1 2016
Interest on bonds	-18	-45
Other interest income and expense	12	2
Net interest expense	-6	-43
Other financial income & expense	-35	-19
Net financial expense	-41	-62

In €m	H1 2015	H1 2016
Income tax	-127	-87 <sup>(1)</sup>
Effective tax rate	31.2%	19.4%
Effective tax rate, before one-off	31.2%	26.5%



# Net Profit Analysis

in €m	H1 2015	H1 2016
<b>Operating margin</b>	<b>486</b>	<b>638</b>
<b>Other operating income and expense</b>	<b>-39</b>	<b>-128</b>
<i>of which</i>		
<i>Acquisition and integration costs</i>	<i>-9</i>	<i>-38</i>
<i>Amortization of intangible assets acquired through business combinations</i>	<i>-9</i>	<i>-35</i>
<i>Restructuring costs</i>	<i>-35</i>	<i>-31</i>
<b>Operating profit</b>	<b>447</b>	<b>510</b>
Net financial expense	-41	-62
Income tax expense	-127	-87
Non-controlling interests	11	5
<b>Net profit (Group share)</b>	<b>290</b>	<b>366</b>
Average number of shares	165,150,124	170,241,240
Basic EPS - in €	1.76	2.15
Normalized EPS (non diluted) - in € <sup>(1)</sup>	1.92	2.52

(1) 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.

# 2016 Priorities

## Priorities

## H1

Integration of IGATE to drive the synergies in 2017 and 2018



Synergies achievement ahead of plan

Ensure the Group remains on its mid term operating margin trajectory



OM +150bps

Maintain cash discipline and investment control



H1 organic free cash +117M vs. 2015

Active dilution management /  
Employee share-based incentives



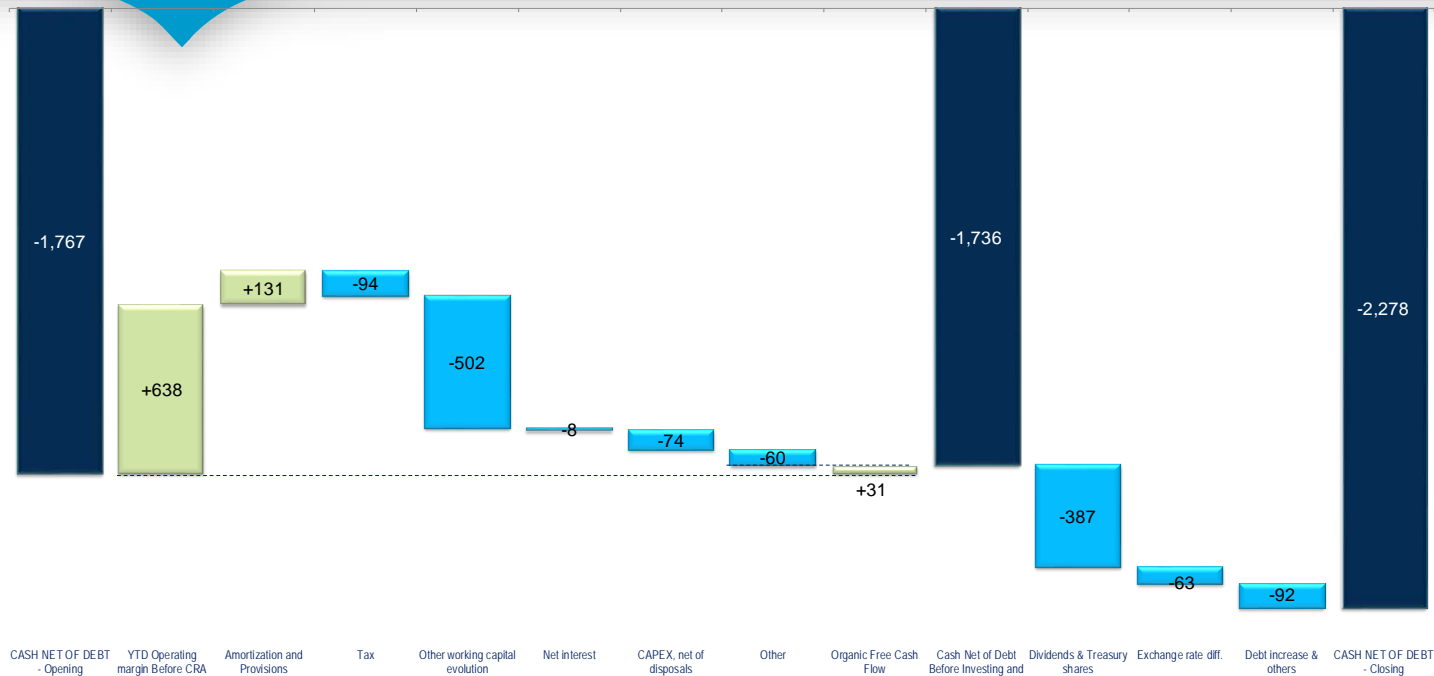
€165m share buyback in H1

A close-up photograph of a hand holding a black pen, poised to write on a document. The document features a table with multiple columns and rows of text. In the background, a calculator is visible, and another hand is seen typing on a keyboard. The image is partially obscured by a blue overlay on the right side.

# Appendix

# Net Cash Evolution

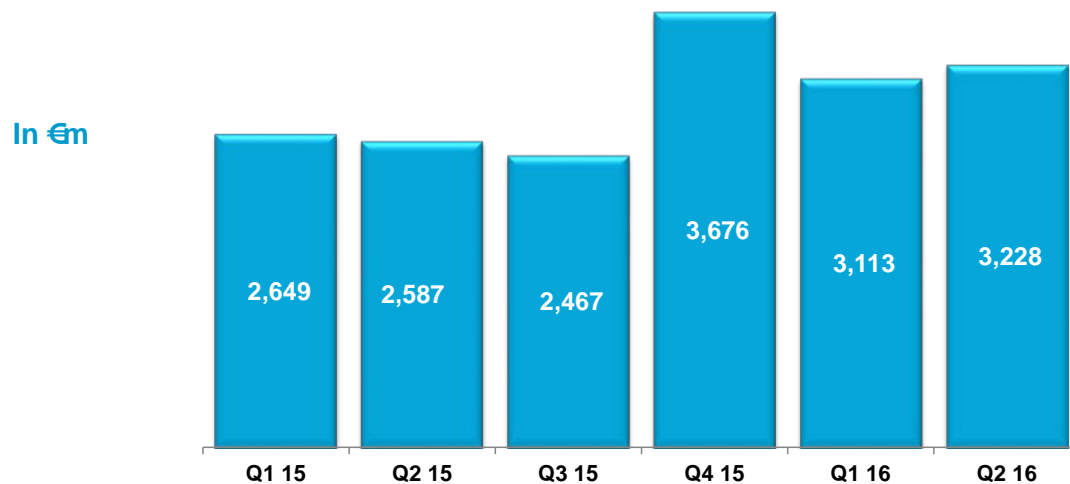
In €m



H1 2015 Comparable

1,218	486	114	-39	-528	12	-58	-73	-86	1,132	343	38	-49	1,464
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# Bookings Evolution

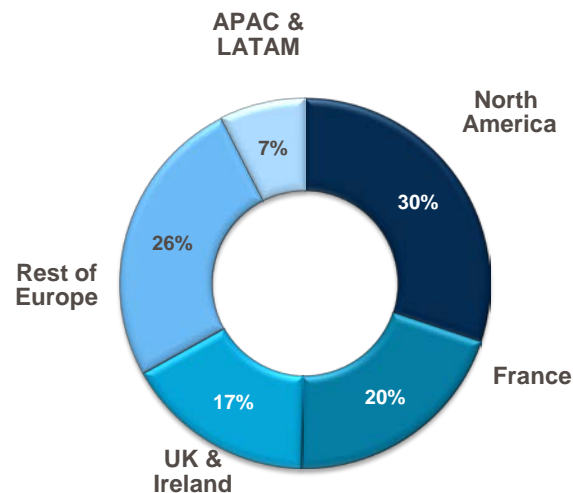


# Revenue Quarterly Evolution

	Q1 2015	Q2 2015	Q3 2015	Q4 2105	Q1 2016	Q2 2016	H1 2016
in €m published	2,764	2,844	3,036	3,271	3,092	3,165	6,257
Sequential current growth	-3.9%	+2.9%	+6.8%	+7.7%	-5.5%	+2.4%	-0.8%
Sequential organic growth	-7.3%	+1.9%	-2.3%	+7.6%	-4.3%	+3.0%	+0.8%
Year-on-Year current growth	+10.5%	+9.3%	+17.2%	+13.7%	+11.8%	+11.3%	+11.6%
Year-on-Year organic growth	+1.5%	+1.3%	+1.5%	+0.1%	+2.9%	+3.8%	+3.3%

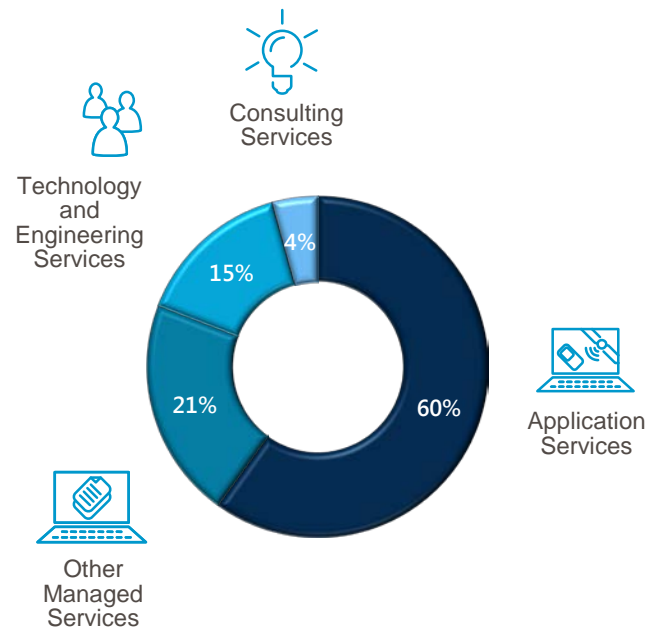
# Q2 2016 Revenues by Main Geography

In €m	Q2 15	Q1 16	Q2 16	Sequential		Year-on-Year	
				Current	Constant Currency	Current	Constant Currency
				Q2 16 / Q1 16	Q2 16 / Q1 16	Q2 16 / Q2 15	Q2 16 / Q2 15
North America	737	938	953	+1.6%	+3.4%	+29.3%	+32.7%
UK & Ireland	523	525	523	-0.4%	+1.7%	+0.1%	+9.2%
France	595	633	640	+1.1%	+1.1%	+7.6%	+7.7%
Rest of Europe	757	780	811	+4.0%	+3.9%	+7.1%	+7.7%
APAC & LATAM	232	216	238	+10.3%	+7.9%	+2.8%	+14.5%
<b>TOTAL</b>	<b>2,844</b>	<b>3,092</b>	<b>3,165</b>	<b>+2.4%</b>	<b>+3.1%</b>	<b>+11.3%</b>	<b>+15.0%</b>



# Q2 2016 Revenues by Business

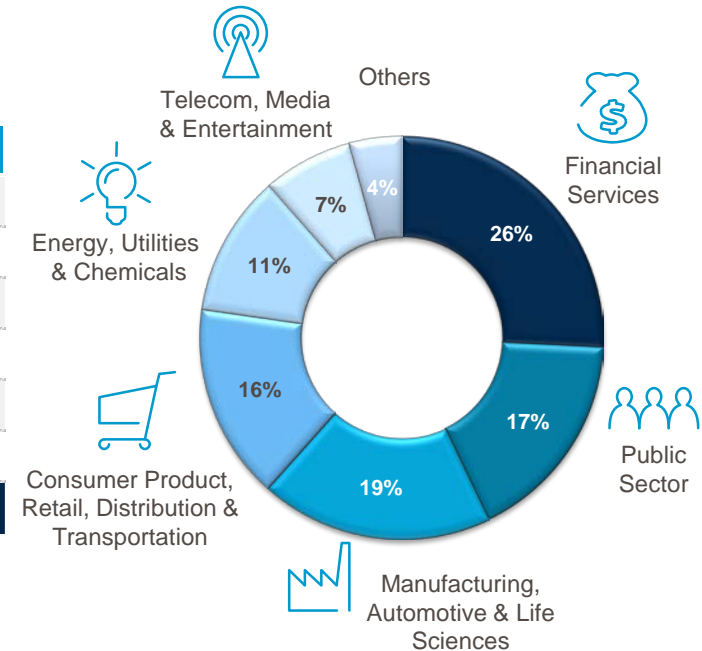
Constant Currency	Sequential	Year-on-Year
	Q2 16 / Q1 16	Q2 16 / Q2 15
Consulting Services	+3.5%	+8.8%
Technology and Engineering Services	+0.1%	+15.0%
Application Services	+4.7%	+18.3%
Other Managed Services	+0.6%	+7.5%
<b>TOTAL</b>	<b>+3.1%</b>	<b>+15.0%</b>





# Q2 & H1 2016 Revenues by Sector

Constant Currency Year-on-Year	H1 16 / H1 15	Q2 16 / Q2 15
Financial Services	+30.5%	+31.4%
Energy, Utilities & Chemicals	-2.4%	-4.0%
Manufacturing	+19.8%	+20.1%
Consumer Product, Retail, Dist. & Transportation	+14.0%	+14.2%
Public Sector	+1.7%	+1.9%
Telecom, Media & Entertainment	+17.1%	+16.2%
<b>TOTAL</b>	<b>+14.4%</b>	<b>+15.0%</b>



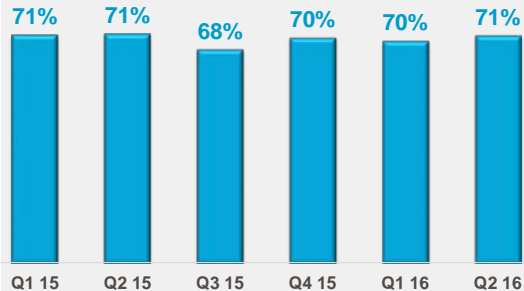
# Operating Margin Analysis

In €m	H1 2015	H1 2016
<b>Revenues</b>	<b>5,608</b>	<b>6,257</b>
Personnel costs	-3,519	-3,889
% of Revenues	-62.7%	-62.2%
Purchases and subcontracting expenses	-1,053	-1,115
% of Revenues	-18.8%	-17.8%
Travel expenses	-223	-258
% of Revenues	-4.0%	-4.1%
Rent, facilities and local taxes	-190	-197
% of Revenues	-3.4%	-3.1%
Depreciation, amortization, provisions and proceeds from asset disposal	-137	-160
% of Revenues	-2.4%	-2.6%
<b>Total operating expenses</b>	<b>-5,122</b>	<b>-5,619</b>
% of Revenues	-91.3%	-89.8%
<b>Operating margin</b>	<b>486</b>	<b>638</b>
% of Revenues	8.7%	10.2%

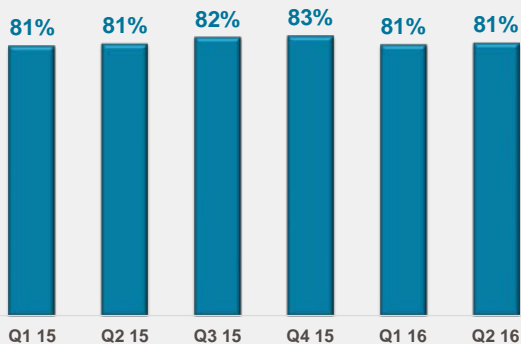
# Utilization Rates



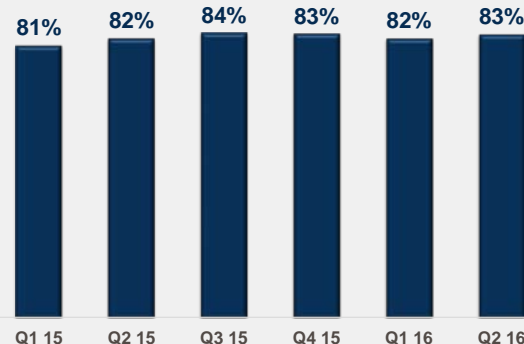
## Consulting Services



## Application Services



## Technology and Engineering Services



# Net Cash Evolution

In €m	H1 2015	H1 2016
<b>Profit for the period</b>	<b>279</b>	<b>361</b>
Depreciation, amortization and impairment of fixed assets	107	147
Net charges to provisions	-19	8
Gains and losses on disposals of assets	3	4
Net finance costs	6	43
Income tax	127	87
Other non-cash items	9	18
<b>Cash flows from operations before net finance costs and income tax</b>	<b>512</b>	<b>668</b>
Income tax paid	-39	-94
Change in restructuring debt	-14	-2
Changes in operating working capital	-499	-459
<b>Operating cash flows (A)</b>	<b>-40</b>	<b>113</b>
<b>Capital expenditure (net of proceeds) (B)</b>	<b>-58</b>	<b>-74</b>
Cash outflows on business combinations net of cash & cash equivalents acquired	-8	-22
Increase in share capital	563	0
Dividends paid	-198	-229
Net proceeds/payments relating to treasury shares transactions	-22	-158
Change in debt	-40	-68
<b>Interest paid &amp; received (C)</b>	<b>12</b>	<b>-8</b>
Translation, perimeter changes & other	37	-65
<b>Change in net cash and cash equivalents</b>	<b>246</b>	<b>-511</b>
<b>Opening net cash and cash equivalents</b>	<b>1,218</b>	<b>-1,767</b>
<b>Closing net cash and cash equivalents</b>	<b>1,464</b>	<b>-2,278</b>
<b>Organic Free Cash Flow (A) + (B) + (C)</b>	<b>-86</b>	<b>31</b>

# Balance Sheet

ASSETS			EQUITY & LIABILITIES		
In €m	Dec 31, 2015	Jun 30, 2016	In €m	Dec 31, 2015	Jun 30, 2016
			Equity <sup>(1)</sup>	6,887	6,350
			Non-controlling interests	26	25
			<b>Total equity</b>	<b>6,913</b>	<b>6,375</b>
Goodwill	7,055	6,959	Long-term borrowings	3,161	3,171
Intangible assets	848	803	Deferred taxes	221	99
Property, plant & equipment	763	733	Provisions for pensions <sup>(2)</sup>	1,216	1,570
Deferred taxes	1,412	1,358	Non-current provisions	28	32
Other non-current assets	454	403	Other non-current liabilities	364	320
<b>Total non-current assets</b>	<b>10,532</b>	<b>10,256</b>	<b>Total non-current liabilities</b>	<b>4,990</b>	<b>5,192</b>
			Short-term borrowings and bank overdrafts	652	697
Accounts & notes receivable	3,055	3,107	Accounts and notes payable	2,724	2,424
Current tax receivables	64	72	Advances from cust. and billed in advance	739	639
Other current assets	514	529	Current provisions	90	91
Cash management assets	116	110	Current tax liabilities	61	68
Cash and cash equivalents <sup>(3)</sup>	1,950	1,488	Other current payables	62	76
<b>Total current assets</b>	<b>5,699</b>	<b>5,306</b>	<b>Total current liabilities</b>	<b>4,328</b>	<b>3,995</b>
<b>Total Assets</b>	<b>16,231</b>	<b>15,562</b>	<b>Total Equity &amp; Liabilities</b>	<b>16,231</b>	<b>15,562</b>



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