

# The Letter

## 47<sup>th</sup> General Meeting of Shareholders to the Shareholders

Dear Shareholders, Ladies and Gentlemen,



Rarely have we experienced such an exciting period in our industry, with so many major changes taking place at the same time. I am thinking about the wave of smartphones - the number of which now exceeds that of PCs, through to the groundswell of connected devices, which will total more than 20 billion by 2020, without forgetting the Cloud revolution. I also note a real shift in the centre of gravity for IT. Previously, this was focused on computers and infrastructures. Now it revolves around data.

Its challenges and opportunities all the way for Capgemini's clients! The Group is now well equipped to help them score points in the

current climate. For that we have two engines which are going at full throttle. On the one hand, innovation: we enable companies to differentiate themselves by providing them with the most advanced technologies, coupled with an intimate knowledge of their sector-specific challenges. In order to do this we have built powerful technological alliances.

On the other hand, industrialization. We have continued to develop our offshore platforms, obviously in India - where we have more than 60,000 employees -, but also in Morocco, Latin America and Poland. We are also investing in advanced production methods, moving towards the automation of tasks which lend themselves to it.

Thanks to these two stimuli, we exceeded all our objectives in 2014. Capgemini is asserting itself as a very solid and global group, well positioned in what one could call the Champions League of this sector. The results speak for themselves: revenues of EUR 10.6 billion, an operating margin of 9.2% and profit for the year of EUR 580 million, which is up 31% on 2013. To find out more, please take a look at our annual report 2014, which is available on our internet site (<https://www.capgemini.com/annual-report/2014>). We have placed particular emphasis on the testimonials from our clients and our employees.

With such a positive performance, we certainly plan to keep up the momentum. 2015 has got off to a good start, with revenues up 10% compared to the first quarter of 2014 thanks, it is true,

to a favourable effect in exchange rates. The acquisition of US company IGATE, announced recently, will enable us to grow even more. Thanks to this major operation, North America - a crucial market for our business - will generate 30% of Capgemini's revenues in 2016. With IGATE, we will also be able to grow the Group's competitiveness across all of our markets and enrich our portfolio of offers in key sectors such as insurance and banking services.

The finalisation and integration of this acquisition will naturally form part of our strategic priorities for 2015. There are also others... I will cite two which are particularly close to my heart. First of all, the modernisation of our tools and our methods, to ensure we are in tune with the new generations of employees. As we hire 16,000 young people per year, who are used to the interactivity and instantaneousness of social networks, this is a real challenge! In our services segment, it is people who count and Capgemini is gearing up to succeed in the talent battle worldwide.

Another priority project: ensuring we adapt to new representatives within our client companies. Of course, IT Directors continue to be our priority partners. But we are also increasingly interacting more closely with other actors within businesses, such as Marketing, Sales and Human Resources Directors... They are facing new technologies which are revolutionising their professions.

It's up to us to learn to speak their language better!

In order to succeed in these challenges and reach the ambitious targets that we have set ourselves for 2015, the confidence of our shareholders is an essential asset. I would like to thank the 244 of you who attended our 47<sup>th</sup> General Shareholders' Meeting on 6 May in Paris (representing 5.62% of the company's share capital). The total quorum reached 62.33%, which is up again this year. We all regretted the absence of Serge Kampf, founder of Capgemini and Vice-Chairman of the Board, due to health reasons. More than ever, we need his vision and foresight to progress and he is in our thoughts at this difficult time.

Together with Serge, I would like to thank you once again for your support and assure you of our determination and energy in ensuring that the Group continues to grow and succeed over the coming years.

**Paul Hermelin**

*Chairman and CEO of CAPGEMINI*

# Strategic Perspectives



**Decode Capgemini's 2014 results, understand the Group's strategic choices in 2015 and evaluate its growth potential over the next few years... Discover a few reference points on these key subjects.**

## Beyond the positive results in 2014, where is the sales dynamic?

Capgemini was able to create a strong sales dynamic in 2014, with clients who are leaders in their sector of activity, such as Daimler, Statoil in Norway, Michelin and Bombardier. Across contracts worth EUR 20 million and over, the Group is now winning more than one in two tenders. In this regard, we highlight the 22% leap achieved across SMAC (Social, Mobility, Analytics and Cloud) offers, which now represent 17% of the Group's revenues.

## What is the context for Capgemini's activity in 2015?

Capgemini was able to take advantage of the favourable market conditions at the beginning of the first quarter of 2015. In Europe, even though growth still did not reach the levels expected, for the first time in a long time, clients are seeing an interest in IT investments, to the benefit of their growth. This was already the case in North America and it's a good sign. The Group had a positive start to the year in the US and across all of the geographic areas where it is present.

## Why is the merger with IGATE an absolute priority?

Two assets are going to help us to conduct a merger under the best conditions: on the one hand, both of the companies have solid experience in terms of acquiring other companies (Capgemini with Kanbay in 2007 and IGATE with Patni in 2011). On the other hand, they have shown a great similarity in corporate culture.

## Why should a client now be interested in choosing Capgemini?

Because Capgemini is currently demonstrating itself to be a real strategic partner for businesses. The Group has invested millions of euros over the last few years in order to enable them to lead the way in better managing technological complexity. The winning formula of industrialisation and innovation simultaneously provides them with: more flexibility, security and proximity with their own clients, as well as increased productivity.

## Capgemini is working with renowned technology partners: how can the Group's strategy in this sector be summarised?

It can be summarised in two words: selectiveness and joint innovation. Selectiveness because Capgemini wants to provide its clients with the best that technology can provide in order to help differentiate themselves. Joint innovation because the Group is going forward shoulder to shoulder with its partners: it combines their know-how with its intimate knowledge of the sector-specific challenges faced by businesses. An example: the two new Big Data offers launched in 2014 with Cloudera, a leader in Big Data platforms based on Apache™ Hadoop®. Or new business mobility platforms, developed with VMware, the leading US software developer for cloud and virtual infrastructures.

## Why is the Group stepping up the pace in terms of Corporate Social Responsibility?

Because CSR constitutes a real performance driver, right at the heart of the business. Two concrete examples: Capgemini has obtained ISO14001 certification in India, which demonstrates an environmentally efficient management system. With 56,000 employees in the country in 2014, this represents significant energy savings. Another action: the first edition of the Global Community Engagement Awards, an internal competition which recognises the societal engagement of our employees worldwide. This is an effective way of tackling the challenges of the countries in which they live and work.

# The General Shareholders' Meeting, as though you were there...

The 47<sup>th</sup> Cap Gemini SA General Shareholders' Meeting was held on 6 May 2015 at the Pavillon d'Armenonville in Paris. Here are some highlights...



## IGATE acquisition

**«A healthy company which changes our status in the United States»**

«IGATE is an American company which employs 33,000 people, including 25,000 in India. In 2010 it bought Patni, an innovative computer systems company based in India, which had been followed with interest for some 10 years by senior management at Capgemini. IGATE revenues reached USD 1.3 billion. The United States represents 79% of IGATE's revenues, the rest originating from supporting large US clients in the Asia-Pacific region and Japan. Half of the revenue comes from the banking, insurance and health insurance sectors».

**Pierre-Yves Cros, chief development officer within the Group**

**«A very nice addition to the global financial services portfolio»**

«The IGATE acquisition brings important accounts in the financial services sector, such as CNAM, UBS and Royal Bank of Canada. It is very attractive because this concerns major players in a market in which our positions were not significant. We will complement one another. The IGATE acquisition also grows our presence in markets such as Canada and Switzerland». **Thierry Delaporte, Application Services - Financial Services Sector**

**«A stimulus for the Group's development, notably in India»**

«Beyond the financial services sector, through IGATE we will acquire new prestigious clients. It takes us to another level. This places us among the elite in India. With IGATE, Capgemini will be one of only three western companies to have around 100,000 employees in India. An additional asset for attracting the best talent in a country where the Group registered growth of more than 20% last year». **Salil Parekh, Application Services one (Asia Pacific, North America and United Kingdom and the Financial Services Sector)**

## Governance

«In 2014 we updated all of our internal procedures. Strengthened by changes in the Board, with the integration of some younger, as well as female board members, we also reviewed the composition of our thematic committees. Each committee is made up of three to five members. Each member of the Board belongs to two committees, which generates a good level of integration and in-depth work. These committees guide the work of the Board but do not encroach upon the prerogatives of senior management.» **Daniel Bernard, lead independent director, Chairman of the Ethics and Governance Committee.**

«In the report on salaries by the only director with a social mandate, Paul Hermelin, Chairman and CEO, our remuneration is considered to be transparent, competitive and in line with practices in the sector. It is close to the CAC40 average. It corresponds to a balanced distribution between the fixed and variable (annual bonus) components and long-term share-based schemes». **Pierre Pringuet, Chairman of the Selection and Compensation Committee**

## Innovation

**«Capgemini has more than 30 innovation labs. We are going to create a central lab located in Silicon Valley, which will be in charge of coordinating all the labs. We want to develop new skills there to attract young talent and support our clients».** **Paul Hermelin, Chairman and CEO of Capgemini**

**«For certain actors, the Cloud represents a way of distributing their own technology. This is not our challenge. We confirm the target set several years ago of being the aggregator by building the ecosystem that will enable capacities to be leveraged».** **Patrick Nicolet, Infrastructure Services.**

# Our performance



**Aiman Ezzat**  
Chief Financial Officer

In 2014 revenues increased by 4.8% compared to 2013, reaching EUR 10,573 million.

The operating margin, up 0.7 points, stood at 9.2%. It is higher than the target announced at the start of 2014.

Profit for the year reached EUR 580 million, up 31%.

Capgemini generated an organic free cash flow of EUR 668 million in 2014, a significant improvement compared to 2013.

## A dynamic supported by all the regions

(constant Group structure and exchange rates)

- In North America turnover grew 8.5% in 2014 thanks to the dynamism of activity in the financial services, energy and consumer goods sectors.
- The United Kingdom registered growth of 4.1%, mainly generated by the private sector.
- France registered slight growth of 0.5%, despite an unfavourable economic situation, and of 6.9%, taking into account the merger of Eureware.
- The situation in the Benelux region is stabilising with a slight decrease of 0.6% in its turnover.
- The rest of Europe was more dynamic, with growth of 2.3%. Activity is being buoyed by the Scandinavian countries, Italy and Portugal. There was an improvement across the whole area in the second half, including in Spain, which is being revived by growth.

- In the Asia-Pacific and Latin America region, revenues increased by 5%. In the Asia-Pacific region, the 11% growth continues to be sustained by the development of financial services and the local Indian market.

## Focus on performance by segment

(constant Group structure and exchange rates)

Consulting saw its activity decrease by 3.4% in 2014, with, however, a significantly mitigated drop in the fourth quarter. The progression of this activity towards digital transformation is starting to bear fruit, with a return to growth expected for 2015.

Local Professional Services (Sogeti) registered a 1.1% increase in revenue: the slight drop in activity in France is more than compensated for by growth across the other regions, in particular in North America.

Application Services registered a 3.8% growth in revenue. This growth has been boosted by the dynamism of offers related to application innovation and maintenance.

Other information management services saw their revenues increased by 5.3% thanks to the growth of BPO (Business Process Outsourcing) and infrastructure services.

## Supporting our clients with talent

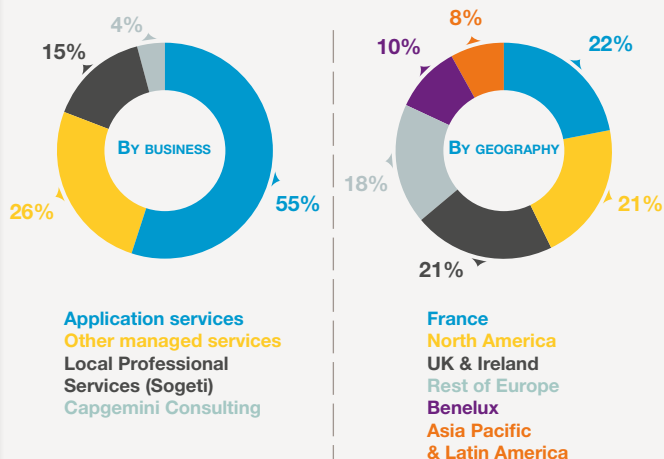
In December 2014, the Group's total workforce reached 143,643 against 131,430 at the end of the previous financial year, that is a net increase of 12,213 employees (+ 9.3%).

Within this total, the offshore workforce represents 67,404 employees (including 56,006 in India), i.e. 47% of the total workforce compared to 44% in 2013. The Group recruited around 40,000 employees in 2014, of which more than 40% were new graduates.

## Ambitious targets for 2015

For 2015, Capgemini's priorities remain in line with the trajectory set: current revenue growth of at least 5% (the initial target of 3% to 5% has been increased following the publication of the first quarter revenues); continuing to improve the operating margin with a total rate of between 9.5 and 9.8%; maintaining a robust generation of organic free cash flow of more than EUR 600 million.

## Breakdown of revenues



## 1<sup>st</sup> quarter 2015: Robust results

**€2.764 M** revenues, up 10% on the first quarter of 2014.

**+10 %:** growth in bookings on the first quarter of 2014 (at constant exchange rates)

**+22 %:** growth in revenues on SMAC (Social, Mobility, Analytics and Cloud) offers

# Key news

**Launch of a new global service line, success of the employee share ownership plan, signature of new emblematic contracts and the acquisition of IGATE have set the tone for the year.**

## **A new offering to strengthen digital security**

Increasingly sophisticated cyberattacks can wreak havoc on a company in hours. To protect them, Capgemini launched Cybersecurity, a new global product line, which will protect information systems, but also the confidentiality and integrity of the data they contain. Cybersecurity will be a crucial issue for small and big companies alike for years to come.



## **Proud to be involved in IKEA's e-commerce platform and CRM strategy**

IKEA chose to trust Capgemini on initiatives supporting their growth ambitions. Capgemini is leveraging its global competence from multiple business units such as the United Kingdom, India, the Netherlands and Sweden to support IKEA's e-commerce platform and help develop their CRM strategy.

## **Unprecedented participation in our third ESOP: +50% of subscribers**

5 million newly issued shares, 17,660 subscribers: the success of the 2014 employee share ownership plan (ESOP) showed a strong sign of employees' confidence in the future prospects of the Group. It also demonstrates our commitment to enabling employees to share in the rewards of our performance. It enables the Group to maintain a significant employee share ownership, above 6%.



## **IGATE acquisition: North America becomes Capgemini's main market**

Last April, Capgemini announced the acquisition of IGATE, a leading US technology and services company. In 2014, revenues reached USD 1.3 billion, with double digit growth. IGATE strengthens the core of Capgemini's business in application and infrastructure services, as well as in Business Process Outsourcing (BPO) and engineering services. The operation also provides the Group with an additional portfolio of prestigious clients, such as General Electric and Royal Bank of Canada.



## **A new landmark contract with TGI Friday's**

The famous American restaurant chain TGI Friday's chose Capgemini to support its transformation and growth strategy. This contract is symbolic because it includes our new BPO 'Finance & Accounting as a Stack' offer for which we have strong ambitions. This offer allows us to deliver a portfolio of BPO processes and services while integrating both the application and the infrastructure parts. In this contract, we rely on the cloud solution of our Netsuite partner.

# Shareholder information

## Capgemini stays close to its shareholders

On the strength of a communication strategy to meet its individual shareholders regularly, Capgemini attended shareholder meetings in the French provinces: after Nantes, Lille and Dijon in 2014, Capgemini will be in Reims in the first-half of the year for presenting its businesses, strategy and financial results.

## Dividend proposed for financial year 2014

The dividend proposed for financial year 2014, at the General Meeting of Shareholders held on May 6, 2015, is €1.20 per share. This is 9% higher than the 2013 dividend and corresponds to a 34% pay-out rate.

## Cap Gemini share

Listed on the Euronext of Euronext Paris (Compartment A)  
 Eligible for the Deferred Settlement System (SRD: Service de Règlement Différé) on the Paris stock market  
 ISIN code: FR0000125338  
 Indices: CAC 40, Euronext 100, Dow Jones Stoxx et Dow Jones Euro Stoxx

## Shareholder's diary

- June 8, 2015: Shareholders meeting in Reims
- July 30, 2015: 2015 Half Year Results
- October 29, 2015: 2015 Third Quarter Revenues
- February 18, 2016: 2015 Full Year Results

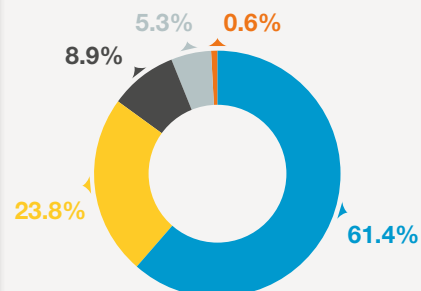
## Key figures

**Dividend proposed for financial year 2014**

**€1.20**  
per share

+9% compared with the 2013 dividend

**Breakdown of share capital**  
as of December 31, 2014  
(base on a shareholder survey)



Non-French institutional investors  
 French institutional investors  
 Group directors and employees  
 Individual shareholders  
 Treasury shares

## 2014 Annual Report



For more information, please have a look to the 2014 Annual Report. An interactive, downloadable PDF version of this report is available at:

[www.capgemini.com/annual-report/2014](http://www.capgemini.com/annual-report/2014)

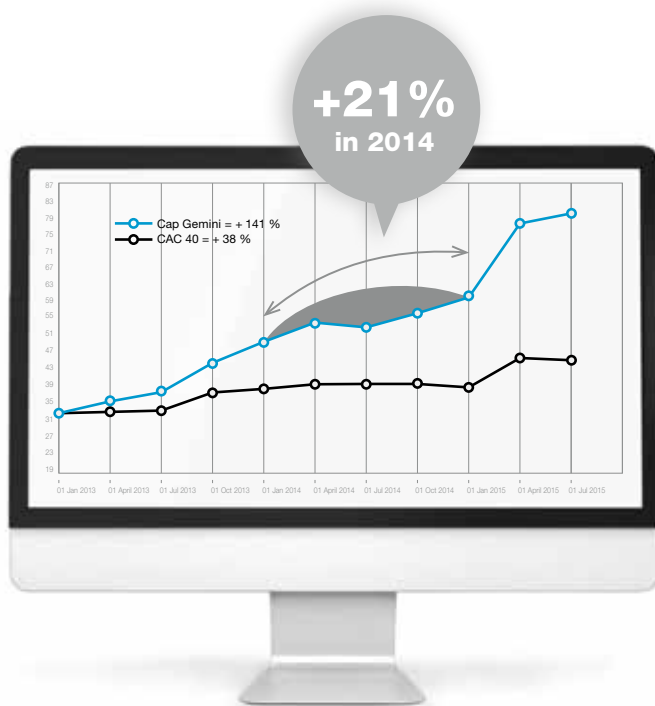
## Shareholder contact

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## Cap Gemini share price

from January 1, 2013 to June 1, 2015