

# 2015 H1 RESULTS

Paris • July 30th, 2015



**People matter, results count.**

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# Paul HERMELIN

# Strong performance in H1



**€5,608** Revenues, +9.9% current growth YoY, +1.4% organically



Good Bookings momentum at **€5,309M**



**8.7%** Operating Margin,  
Strong progression of +80 bps YoY



**€290M** net profit, +21% YoY



Organic free cash flow of -86M€



**96,000** offshore employees out of a 178,500 total,  
Offshore leverage reaching 54% including IGATE

Closing of the **IGATE transaction on July 1<sup>st</sup>**

# Progress on all **Group's priorities**



Invest in **innovation**



Accelerate on **industrialization**



Expand **account management**

- ◆ Acceleration of our digital agenda
- ◆ Launch of major innovative offers all along H1: Cybersecurity, Insights & Data, Automotive Connect
- ◆ SMAC >20% of group revenue growing at +25% in Q2 YoY
- ◆ Increased productivity and effective deployment of resources based on Automation and Resource supply chain
- ◆ Implementation of Virtual Testing Factory
- ◆ Building a strong relationship with our strategic clients resulting into:
  - +21% bookings growth H1 YoY
  - +11% revenue growth H1 YoY
  - More sole-sourcing deals

# Momentum in all regions

## North America

Strong performance with  
**+11.8%** organic growth

- ▶ CPR sector up by **+32%**
- ▶ Very good traction for application services

## Europe

- ▶ Steady growth in the UK outside the pass-through in a large public sector contract; operating margin +280 Bps
- ▶ France and Netherlands in a continuously challenging market
- ▶ Strong momentum in other European countries growing at **+8.5% in Q2 YoY**

## APAC and LatAm

- ▶ **+15.5%** organic growth in H1 YoY
- ▶ Maintained double-digit growth in both LatAm and Asia Pacific, with a continued momentum in Financial services

# Key wins in H1

## Large deals



Large UK  
Retail Bank

## Innovative deals



DAIMLER

# A strong plan to drive a fast and successful integration



## PROJECT TEAM IN PLACE

- ◆ IGATE CEO Ashok Vemuri joined Capgemini's Group Management Board
- ◆ Integration team in place
  - ◆ Thierry Delaporte, head of the Financial Services Global Business Unit,
  - ◆ and Srinivas Kandula, IGATE's Chief People Officer
- ◆ A consulting firm supports the integration process

## INTEGRATION PRIORITIES

- ◆ Deliver annual cost and revenue synergies
  - ◆ Revenue synergies \$100-150M
  - ◆ Enhanced operating model \$45-65M
  - ◆ Cost synergies \$30-40M
- ◆ Combined efforts focused initially on clients in North America
- ◆ New structure in place by January 1, 2016



Current revenue growth of 12%

Operating margin of 10.3%



> €600M organic free cash flow

**Upgraded 2015 Full Year  
guidance including IGATE**



# Paul NANNETTI

# Good sales momentum in an improving market

## Bookings evolution (€M)



## Highlights

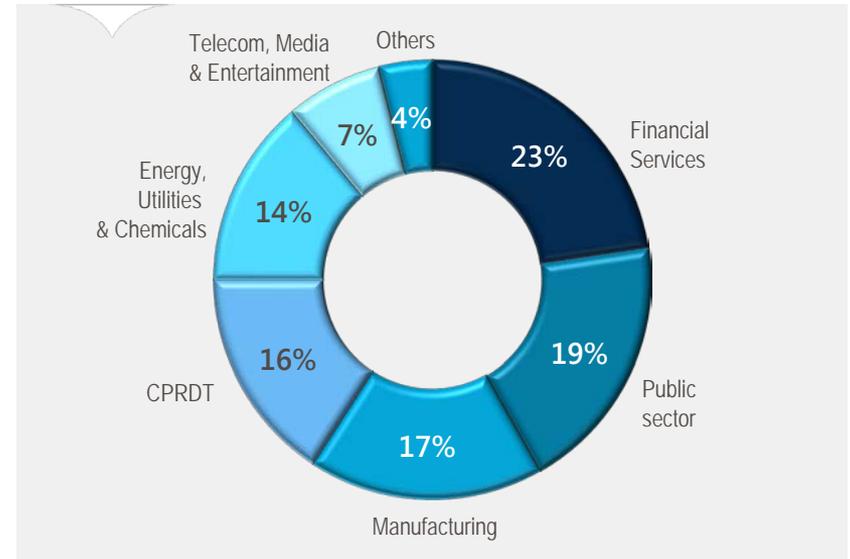
- Solid H1 bookings growth propelled by Strategic offers (17% YoY growth with Digital Customer Experience at 27%)
- Next Gen AM bookings up by double digits with improving profitability
- Strategic account sales up 21%
- Good sales pipeline and demand generation for H2

At constant rates and perimeter

# Acceleration of revenue growth in FS, CPRDT and EUC driven by growth offers

Sectors	H1 '15 vs. H1 '14	Q2 '15 vs. Q2 '14
	Revenue	Revenue
Financial Services	+10.8%	+7.5%
Consumer Product, Retail, Distribution and Transportation	+10.3%	+13.2%
Energy, Utilities & Chemicals	+6.4%	+5.7%
Manufacturing	+1.6%	+3.6%
Telecom, Media & Entertainment	-1.5%	+3.6%
Public Sector	-14.3%	-15.5%
<b>Total</b>	<b>+1.4%</b>	<b>+1.3%</b>

## H1 2015 revenue by sector



At constant rates and perimeter

# Strategic offers bookings growth of 17% YoY fuelling SMAC revenue acceleration

## Strategic offer examples – Highlights – Key wins

### Digital Customer Experience

- DCX and Mobile Solutions merged in January'2015 to better address client's digital transformation journey; Consulting a driving force in progress
- Bookings growth of 27% YoY riding on industry leading innovative solutions



### Insights & Data

- Launched as a Global Practice in March 2015
- Bookings growth of 17% YoY
- Global Innovation Awards by EMC and Informatica



### Cyber Security

- Launched as a Global Service Line in February'2015
- Significant successes in H1'2015 across consulting & audit services, protection services and monitoring services



### Sector Growth Initiatives

- New growth offers Automotive Connect and "Utility to Energy Services" launched
- Excellent bookings growth of 34% YoY



# Increased focus on co-innovation with partners across sectors and offerings

## Co-innovation with Partners



- Insurance Connect (Guidewire on AWS)
- Complete orchestration



- Google Apps/SAP Syclo integration
- Digital Workplace



- Financial Services IP program
- OneShare
- SkySight



- Business Data Lake – Anomalous Behavior Detection
- EMC ViPR SRM – Capgemini SR
- Oil & Gas – PO, PAM



- Bluemix Innovation Lab



- Energy Direct , GS Direct, Solution Direct, Mfg Direct
- HCM Advantage, CRM Advantage



- Insurance ACE
- ConnectedServices (IoT)
- Field Execution Mobility Solution



- SAP on Hadoop (joint solution with Cloudera)
- C4C integration with ODIGO



- Security as a Service

# Large deals in H1

<p><b>Energy Future Holdings</b></p>	<p><b>Energy &amp; Utilities</b></p>	<ul style="list-style-type: none"> <li>Application Development &amp; Maintenance</li> </ul>		<p><b>Public Sector</b></p>	<ul style="list-style-type: none"> <li>Infrastructure Services – Service Integration</li> </ul>
<p><b>Large European Energy company</b></p>	<p><b>Energy &amp; Utilities</b></p>	<ul style="list-style-type: none"> <li>Application Development / Integration</li> </ul>		<p><b>Insurance</b></p>	<ul style="list-style-type: none"> <li>New policy admin platform using Pega</li> </ul>
	<p><b>Energy &amp; Utilities</b></p>	<ul style="list-style-type: none"> <li>ICT services including Service Integration and Management (SIAM)</li> </ul>		<p><b>Manufacturing</b></p>	<ul style="list-style-type: none"> <li>Application Management renewal</li> </ul>
	<p><b>Retail Banking</b></p>	<ul style="list-style-type: none"> <li>Modernizing IT infrastructure to enable digital transformation of banking activities.</li> </ul>		<p><b>Transport</b></p>	<ul style="list-style-type: none"> <li>Multi Tower renewal and new projects</li> </ul>
	<p><b>Retail Banking</b></p>	<ul style="list-style-type: none"> <li>Digital / Analytics partnership</li> </ul>		<p><b>Entertainment</b></p>	<ul style="list-style-type: none"> <li>BPO F&amp;A renewal</li> </ul>
<p><b>Large European Retail bank</b></p>	<p><b>Retail Banking</b></p>	<ul style="list-style-type: none"> <li>Operational Excellence Consulting and Project services</li> </ul>		<p><b>Retail</b></p>	<ul style="list-style-type: none"> <li>Business Platform as a Service for new company</li> </ul>



Aiman  
EZZAT

# Financial Overview

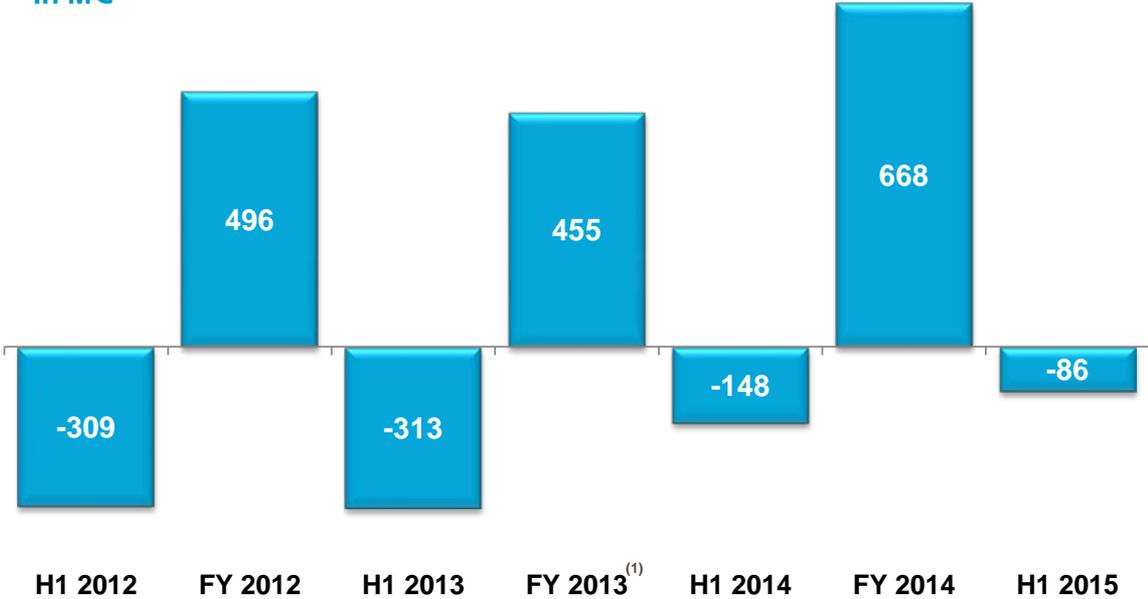
**+1.4%  
organic  
growth**

in M€	H1 2014	H1 2015	H1 2015 / H1 2014
<b>Revenues</b>	<b>5,104</b>	<b>5,608</b>	+9.9%
Operating expenses	-4,702	-5,122	
<b>Operating margin</b>	<b>402</b>	<b>486</b>	+21%
(% Revenues)	7.9%	8.7%	+0.8pt
Other operating income and expenses <sup>(1)</sup>	-48	-39	
<b>Operating profit</b>	<b>354</b>	<b>447</b>	+26%
(% Revenues)	6.9%	8.0%	+1.1pt
Net financial expense	-34	-41	
Income tax expense	-91	-127	
Non-controlling interests	11	11	
<b>Net Profit (Group Share)</b>	<b>240</b>	<b>290</b>	+21%
(% Revenues)	4.7%	5.2%	+0.5pt
Normalized Net Profit (Group Share) <sup>(2)</sup>	261	321	
Normalized EPS in €	1.64	1.86	+13%
<b>Organic Free cash flow (for the period)</b>	<b>-148</b>	<b>-86</b>	<b>+62</b>

- (1) Amortization of intangible assets recognized in business combinations is included in « Other operating income and expense ». The first-half 2014 has been adjusted to reflect this change in presentation.  
 (2) Normalized Net Profit = Net profit corrected for the impact of restructuring costs and amortization of intangible assets acquired through business combinations net of tax

# Organic Free Cash Flow

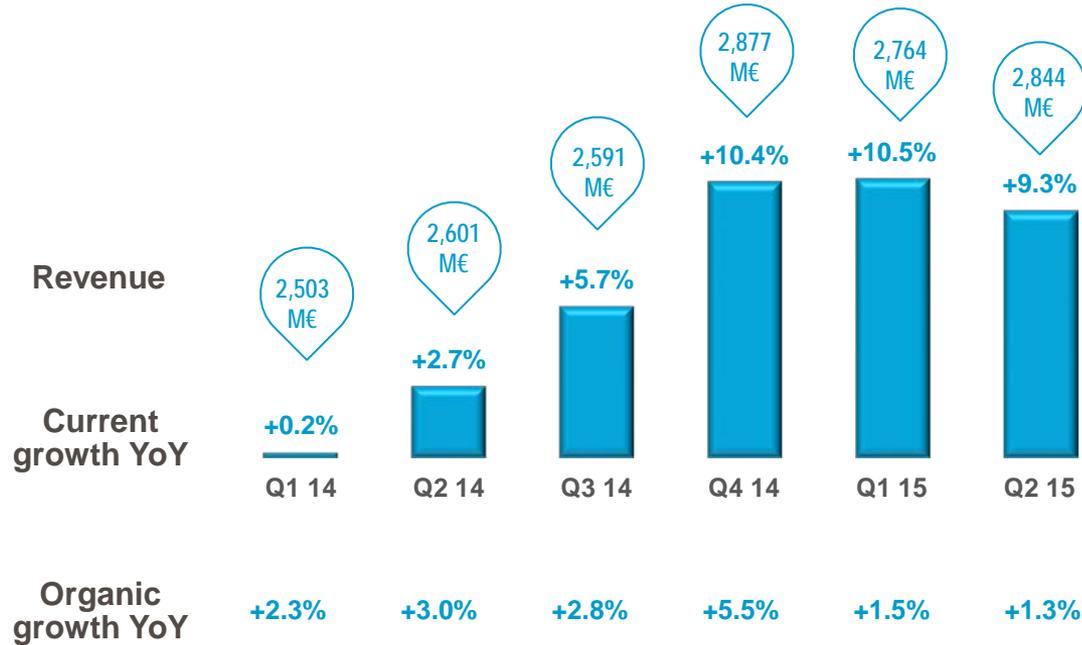
In M€



Net cash  
30/06/2015  
€1,464M

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

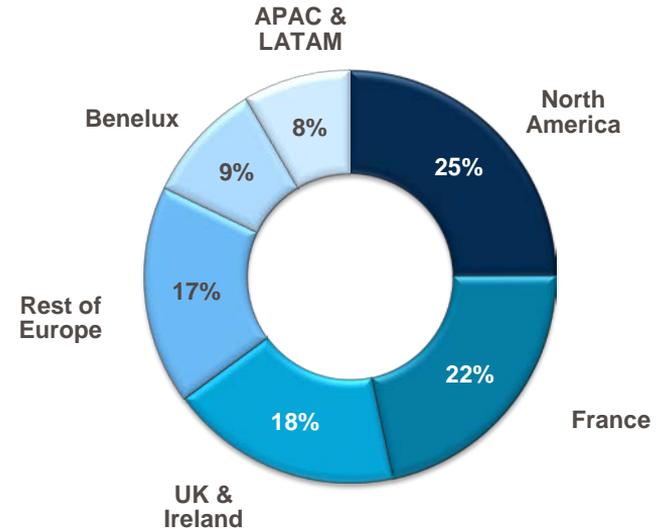
# Revenues Quarterly Evolution



H1 2015  
current growth  
**+9.9%** YoY

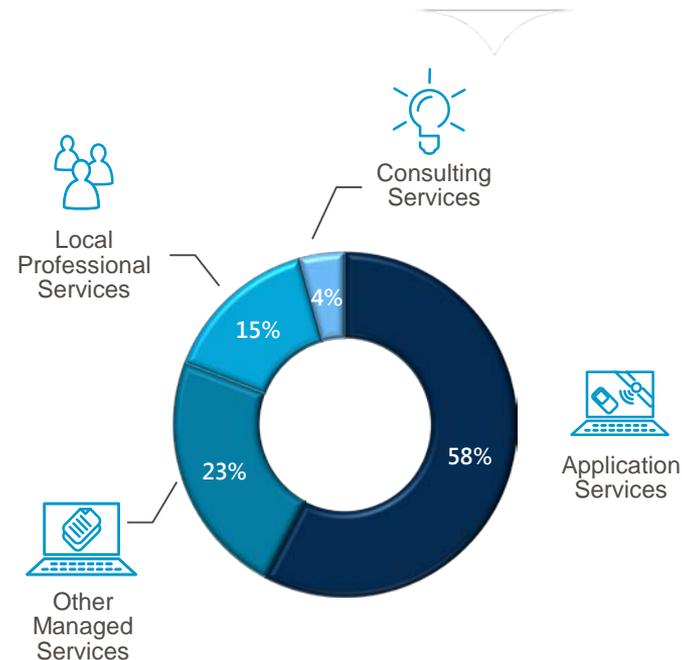
# Q2 & H1 2015 Revenues by Main Geography

In M€	Year-on-Year		Year-on-Year			
	Organic			Current	Organic	
	Q2 2015 / Q2 2014	H1 2014	H1 2015	H1 2015 / H1 2014	H1 2015 / H1 2014	
North America	+12.0%	1,035	1,400	+35.2%	+11.8%	
UK & Ireland	-14.8%	1,081	1,026	-5.1%	-15.4%	
France	-1.8%	1,143	1,215	+6.3%	-0.0%	
Benelux	+0.0%	529	531	+0.4%	+0.4%	
Rest of Europe	+8.5%	924	964	+4.4%	+5.7%	
APAC & LATAM	+9.2%	392	472	+20.1%	+15.5%	
<b>TOTAL</b>	<b>+1.3%</b>	<b>5,104</b>	<b>5,608</b>	<b>+9.9%</b>	<b>+1.4%</b>	



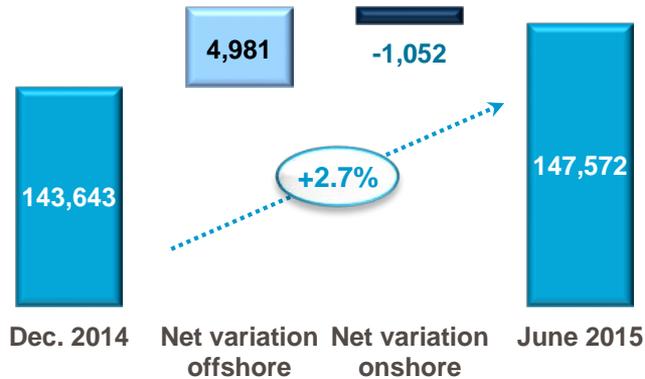
# Q2 & H1 2015 Revenues by Business

	Organic Year-on-Year	
	Q2 2015 / Q2 2014	H1 2015 / H1 2014
Consulting Services	+5.5%	+4.4%
Local Professional Services	+0.3%	+0.5%
Application Services	+5.4%	+5.1%
Other Managed Services	-8.1%	-6.7%
<b>TOTAL</b>	<b>+1.3%</b>	<b>+1.4%</b>



# Headcount Evolution

## HEADCOUNT DECEMBER 2014 TO JUNE 2015



## ATTRITION H1'2014 vs H1'2015

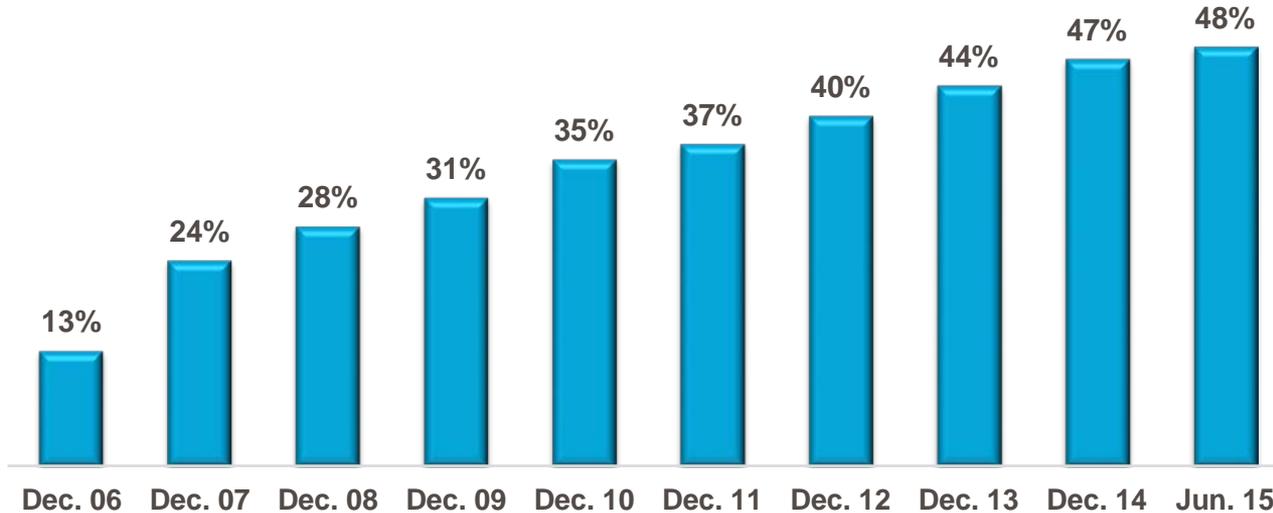
Attrition YTD	Jun. 14	Jun. 15	Year-on-Year variation
Consulting Services	20.8%	19.4%	-1.4pts
Local Professional Services	13.0%	15.9%	+2.9pts
Application Services	17.0%	17.7%	+0.7pts
Other Managed Services	16.9%	20.7%	+3.8pts
<b>TOTAL</b>	<b>16.3%</b>	<b>18.1%</b>	<b>+1.8pts</b>



Offshore Headcount growth  
**+15%** Year-on-Year

# Offshore Leverage from 2006 to 2015

## (Total Headcount)



	At current rates & perimeter	At constant rates & perimeter
Group average remuneration costs evolution	+3.4%	-3.2%

# Operating Margin by Destination

In M€	H1 2014	H1 2015
<b>Revenues</b>	<b>5,104</b>	<b>5,608</b>
<b>Cost of services rendered</b>	-3,868	-4,208
% of revenues	-75.8%	-75.0%
<b>Gross margin</b>	1,236	1,400
% of revenues	24.2%	25.0%
<b>Selling Expenses</b>	-436	-466
% of revenues	-8.5%	-8.3%
<b>General &amp; Administrative Expenses</b>	-398	-448
% of revenues	-7.8%	-8.0%
<b>Operating Margin</b>	<b>402</b>	<b>486</b>
% of revenues	7.9%	8.7%

# Operating Margin by Geography

In M€	H1 2014			H1 2015		
	Revenues	Operating margin	%	Revenues	Operating margin	%
<b>North America</b>	1,035	123	11.9%	1,400	185	13.3%
<b>UK &amp; Ireland</b>	1,081	107	9.9%	1,026	130	12.7%
<b>France</b>	1,143	76	6.7%	1,215	76	6.2%
<b>Benelux</b>	529	47	8.9%	531	44	8.4%
<b>Rest of Europe</b>	924	72	7.9%	964	73	7.5%
<b>APAC &amp; LATAM</b>	392	11	2.7%	472	16	3.2%
<b>Not allocated</b>	-	-34	-	-	-38	-
<b>TOTAL</b>	<b>5,104</b>	<b>402</b>	<b>7.9%</b>	<b>5,608</b>	<b>486</b>	<b>8.7%</b>

# Operating Margin by Business

	H1 2014	H1 2015
Consulting Services	7.0%	8.1%
Local Professional Services	8.2%	8.7%
Application Services	9.3%	10.0%
Other Managed Services	7.3%	8.2%
<b>TOTAL</b>	<b>7.9%</b>	<b>8.7%</b>

# Net Financial Expense and Income Tax Expense

In M€	H1 2014	H1 2015
Interest on bonds	-18	-18
Other interest expenses and income from cash and cash equivalents	10	12
<b>Net interest expense</b>	<b>-8</b>	<b>-6</b>
Other financial income & expenses	-26	-35
<b>Net financial expense</b>	<b>-34</b>	<b>-41</b>

In M€	H1 2014	H1 2015
Total income tax expense	-91	-127
<b>Effective tax rate</b>	<b>28.6%</b>	<b>31.2%</b>

# Net Profit Analysis

in M€	H1 2014	H1 2015
<b>Operating margin</b>	<b>402</b>	<b>486</b>
<b>Other operating income and expenses</b>	-48	-39
<i>of which</i>		
<i>Restructuring costs</i>	-19	-35
<i>Amortization of intangible assets acquired through business combinations <sup>(1)</sup></i>	-10	-9
<i>Other operating income</i>	-	35
<b>Operating profit</b>	<b>354</b>	<b>447</b>
Net financial expense	-34	-41
Income tax expense	-91	-127
Non-controlling interests	11	11
<b>Net profit (Group share)</b>	<b>240</b>	<b>290</b>
Normalized net profit (Group share) <sup>(2)</sup>	261	321
Number of shares outstanding end of June	159,063,915	172,155,421
EPS as of June 30 (non diluted) - in €	1.51	1.69
Normalized EPS as of June 30 (non diluted) - in €	1.64	1.86

(1) Amortization of intangible assets recognized in business combinations is included in « Other operating income and expense ». The first-half 2014 has been adjusted to reflect this change in presentation.

(2) Normalized Net Profit = Net profit corrected for the impact of restructuring costs and amortization of intangible assets acquired through business combinations net of tax

# H1 Achievement

**Improvement in Operating Margin by 80bps supporting the 10% OM trajectory**

**Cash Discipline and Investment control maintained**

**Acquisition financing through Equity and Debt issue in volatile market**

# H2 Priorities

## Delivery of revised guidance

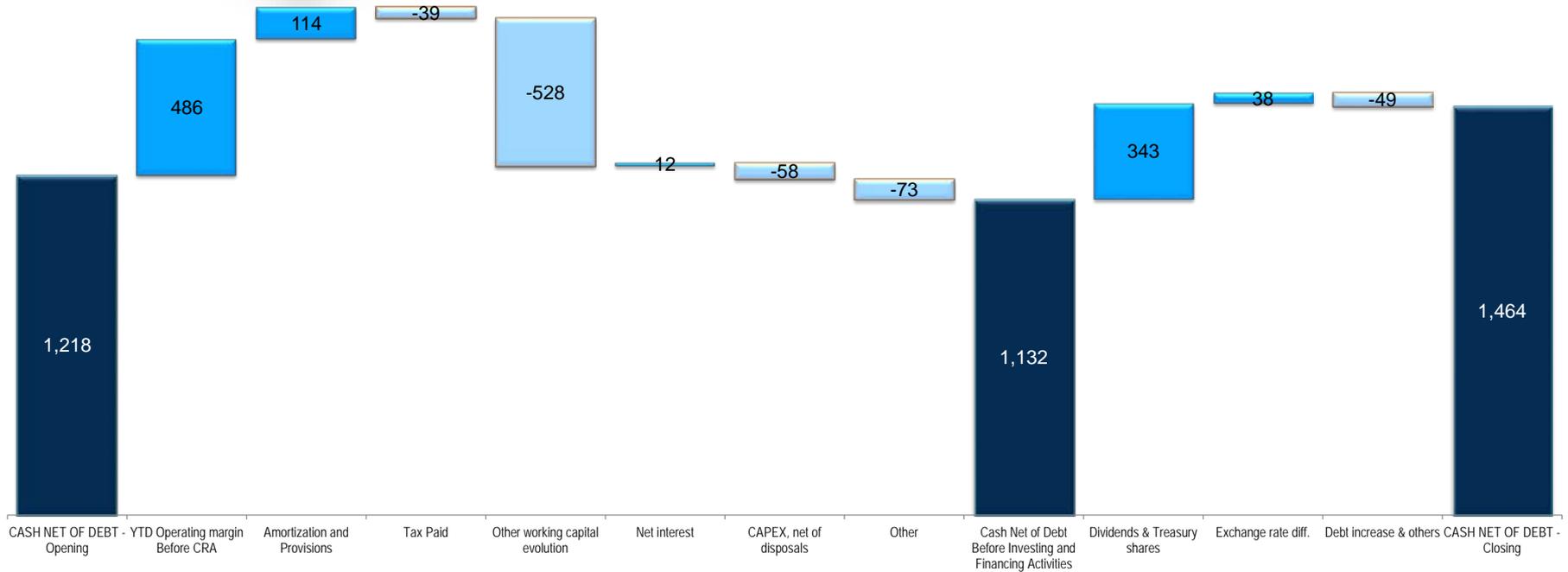
- Published Revenue growth of 12%
- Operating Margin of 10.3%
- Operating Free Cash Flow > €600M

**Focus on Integration and delivery of Synergies**



# Appendix

# Net Cash Evolution

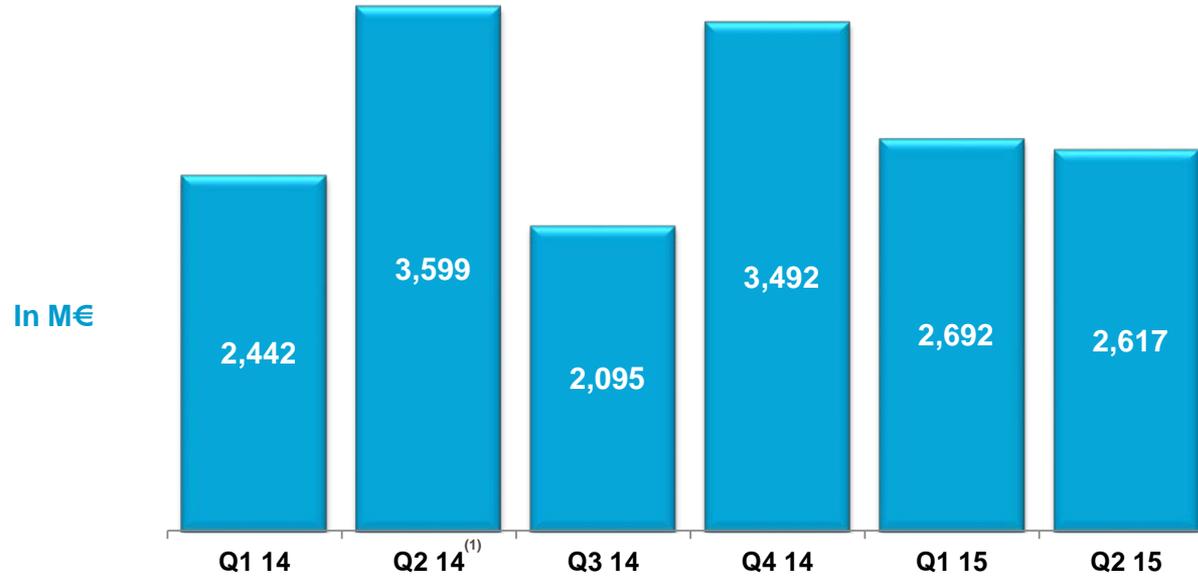


H1 2014  
Comparable

402	103	-48	-492	10	-61	-62
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-277	3	-51
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# Bookings Evolution

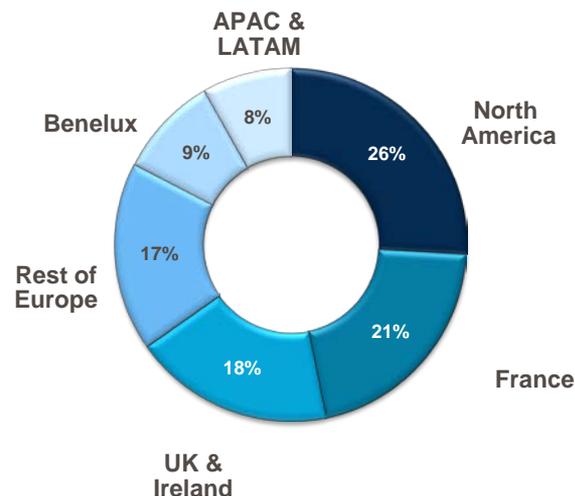


# Revenue Quarterly Evolution

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	H1 2015
<b>in M€published</b>	<b>2,503</b>	<b>2,601</b>	<b>2,591</b>	<b>2,877</b>	<b>2,764</b>	<b>2,844</b>	<b>5,608</b>
<b>Sequential current growth</b>	-4.0%	+3.9%	-0.4%	+11.1%	-3.9%	+2.9%	<b>+2.6%</b>
<b>Sequential organic growth</b>	-3.6%	+1.9%	-2.5%	+10.0%	-7.3%	+1.9%	<b>-2.0%</b>
<b>Year-on-Year current growth</b>	+0.2%	+2.7%	+5.7%	+10.4%	+10.5%	+9.3%	<b>+9.9%</b>
<b>Year-on-Year organic growth</b>	+2.3%	+3.0%	+2.8%	+5.5%	+1.5%	+1.3%	<b>+1.4%</b>

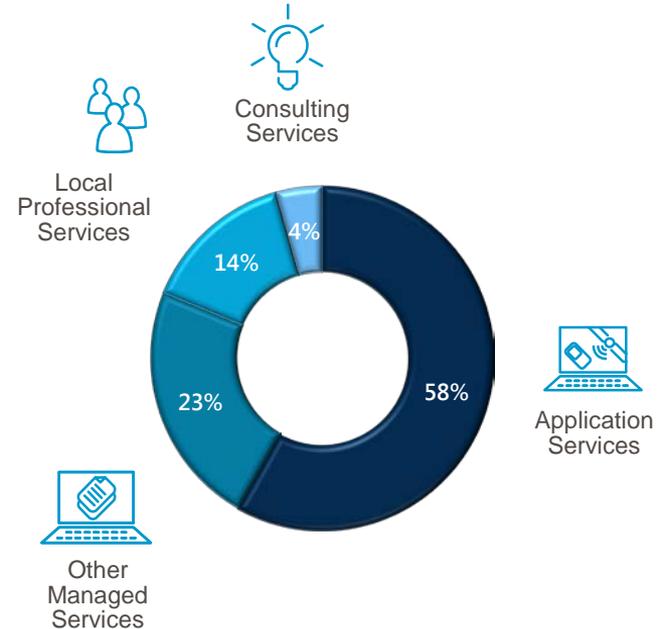
# Q2 2015 Revenues by Main Geography

In M€	Q2 14	Q1 15	Q2 15	Sequential		Year-on-Year	
				Current	Organic	Current	Organic
				Q2 15 / Q1 15	Q2 15 / Q1 15	Q2 15 / Q2 14	Q2 15 / Q2 14
North America	540	662	737	+11.2%	+9.1%	+36.6%	+12.0%
UK & Ireland	542	504	523	+3.8%	+0.7%	-3.7%	-14.8%
France	587	620	595	-4.2%	-4.2%	+1.4%	-1.8%
Benelux	264	267	264	-1.1%	-1.1%	-0.0%	-0.0%
Rest of Europe	458	471	493	+4.7%	+4.2%	+7.6%	+8.5%
APAC & LATAM	210	240	232	-3.3%	-1.1%	+10.2%	+9.2%
<b>TOTAL</b>	<b>2,601</b>	<b>2,764</b>	<b>2,844</b>	<b>+2.9%</b>	<b>+1.9%</b>	<b>+9.3%</b>	<b>+1.3%</b>



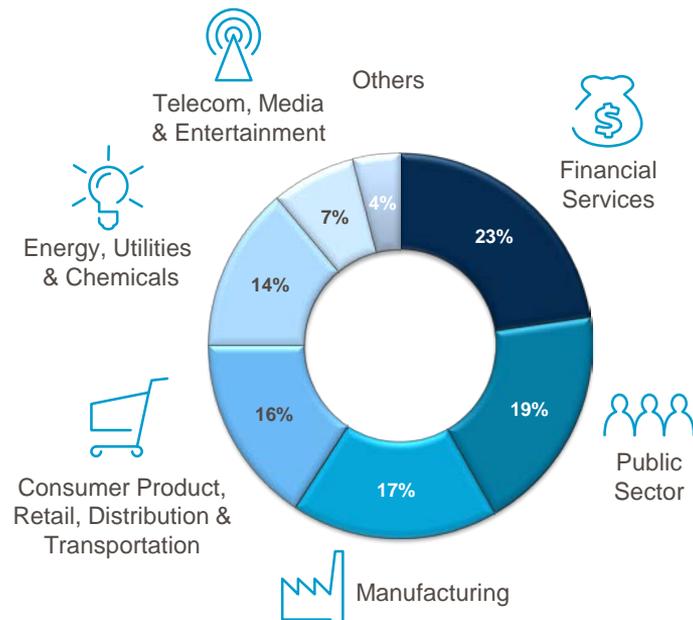
# Q2 2015 Revenues by Business

Organic	Sequential	Year-on-Year
	Q2 15 / Q1 15	Q2 15 / Q2 14
Consulting Services	+2.1%	+5.5%
Local Professional Services	-3.1%	+0.3%
Application Services	+3.6%	+5.4%
Other Managed Services	+1.0%	-8.1%
<b>TOTAL</b>	<b>+1.9%</b>	<b>+1.3%</b>



# Q2 & H1 2015 Revenues by Sector

Organic Year-on-Year	H1 15 / H1 14	Q2 15 / Q2 14
Financial Services	+10.8%	+7.5%
Energy, Utilities & Chemicals	+6.4%	+5.7%
Manufacturing	+1.6%	+3.6%
Consumer Product, Retail, Dist. & Transportation	+10.3%	+13.2%
Public Sector	-14.3%	-15.5%
Telecom, Media & Entertainment	-1.5%	+3.6%
<b>TOTAL</b>	<b>+1.4%</b>	<b>+1.3%</b>



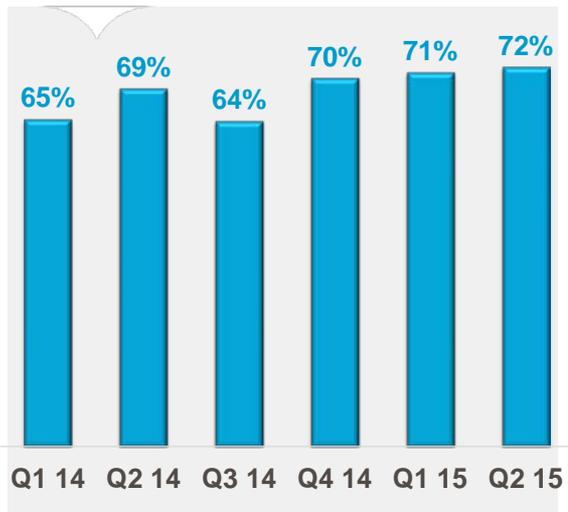
# Operating Margin Analysis

In M€	H1 2014	H1 2015
<b>Revenues</b>	<b>5,104</b>	<b>5,608</b>
Personnel costs	-3,137	-3,519
% of Revenues	-61.5%	-62.7%
Purchases and subcontracting expenses	-1,057	-1,053
% of Revenues	-20.7%	-18.8%
Travel expenses	-211	-223
% of Revenues	-4.1%	-4.0%
Rent, facilities and local taxes	-163	-190
% of Revenues	-3.2%	-3.4%
Depreciation, amortization, provisions and proceeds from asset disposal	-134	-137
% of Revenues	-2.6%	-2.4%
<b>Total operating expenses</b>	<b>-4,702</b>	<b>-5,122</b>
% of Revenues	-92.1%	-91.3%
<b>Operating margin</b>	<b>402</b>	<b>486</b>
% of Revenues	7.9%	8.7%

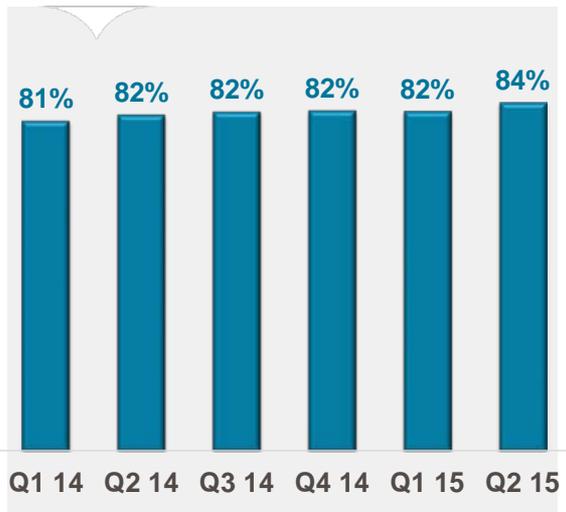
# Utilization Rates



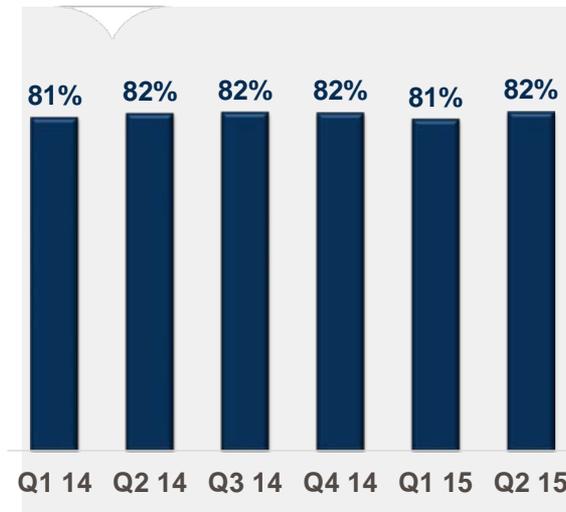
## Consulting Services



## Application Services



## Local Professional Services



# Net Cash Evolution

In M€	H1 2014	H1 2015
<b>Profit for the period</b>	<b>229</b>	<b>279</b>
Depreciation, amortization and impairment of fixed assets	99	107
Net charges to provisions	8	-19
Gains and losses on disposals of assets	4	3
Net finance costs	8	6
Income tax expense	91	127
Other non-cash items	12	9
<b>Cash flows from operations before net finance costs and income tax</b>	<b>451</b>	<b>512</b>
Income tax paid	-48	-39
Change in restructuring debt	-18	-14
Changes in operating working capital	-483	-499
<b>Operating cash flows</b>	<b>-98</b>	<b>-40</b>
Capital expenditure (net of proceeds)	-61	-58
Cash outflows on business combinations net of cash & cash equivalents acquired	3	-8
Increase in share capital	0	563
Dividends paid	-174	-198
Net proceeds/payments relating to treasury shares transactions	-103	-22
Change in debt	-54	-40
Translation, perimeter changes & other	14	49
<b>Change in net cash and cash equivalents</b>	<b>-473</b>	<b>246</b>
<b>Opening net cash and cash equivalents</b>	<b>678</b>	<b>1,218</b>
<b>Closing net cash and cash equivalents</b>	<b>205</b>	<b>1,464</b>

# Balance Sheet

ASSETS			EQUITY & LIABILITIES		
In M€	Dec 31, 2014	Jun 30, 2015	In M€	Dec 31, 2014	Jun 30, 2015
			Equity <sup>(1)</sup>	5,057	6,017
			Non-controlling interests	26	14
			<b>Total equity</b>	<b>5,083</b>	<b>6,031</b>
Goodwill	3,784	3,925	Long-term borrowings	914	922
Intangible assets	158	149	Deferred taxes	158	131
Property, plant & equipment	515	514	Provisions for pensions <sup>(2)</sup>	1,294	1,268
Deferred taxes	1,065	1,049	Non-current provisions	24	33
Other non-current assets	260	359	Other non-current liabilities	254	294
<b>Total non-current assets</b>	<b>5,782</b>	<b>5,996</b>	<b>Total non-current liabilities</b>	<b>2,644</b>	<b>2,648</b>
			Short-term borrowings and bank overdrafts	102	3,445
Accounts & notes receivable	2,849	3,149	Accounts and notes payable	2,543	2,357
Current tax assets	46	11	Advances from cust. and billed in advance	776	846
Other current receivables	551	591	Current provisions	48	47
Cash management assets	90	92	Current tax liabilities	115	60
Cash and cash equivalents	2,141	5,741 <sup>(3)</sup>	Other current payables	148	146
<b>Total current assets</b>	<b>5,677</b>	<b>9,584</b>	<b>Total current liabilities</b>	<b>3,732</b>	<b>6,901</b>
<b>Total Assets</b>	<b>11,459</b>	<b>15,580</b>	<b>Total Equity &amp; Liabilities</b>	<b>11,459</b>	<b>15,580</b>

(1) attributable to owners of the company

(2) and other post-employment benefits

(3) Cash and cash equivalents includes the cash to finance the IGATE acquisition



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