

INTERIM FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS



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FINANCIAL HIGHLIGHTS

CONSOLIDATED FINANCIAL STATEMENTS

<i>in millions of euros</i>	First-half 2014	First-half 2015	First-half 2016	First-half 2017 reported	First-half 2017 restated ⁽²⁾	First-half 2018
Revenues	5,104	5,608	6,257	6,412	⁽²⁾ 6,280	6,467
Operating expenses	(4,702)	(5,122)	(5,619)	(5,740)	⁽²⁾ (5,608)	(5,760)
Operating margin *	402	486	638	672	672	707
% of revenues	7.9%	8.7%	10.2%	10.5%	⁽²⁾ 10.7%	10.9%
Operating profit	354	447	510	538	538	521
% of revenues	6.9%	8.0%	8.1%	8.4%	⁽²⁾ 8.6%	8.0%
Profit for the period attributable to owners of the Company	240	290	366	375	375	314
% of revenues	4.7%	5.2%	5.8%	5.9%	⁽²⁾ 6.0%	4.8%
Earnings per share						
<i>Average number of shares outstanding during the period</i>	158,477,956	165,150,124	170,241,240	168,548,476	168,548,476	167,323,709
Basic earnings per share (in euros)	1.51	1.76	2.15	2.23	2.23	1.88
Normalized earnings per share * (in euros)	1.73	1.92	⁽¹⁾ 2.52	2.81	2.81	⁽³⁾ 2.64
GOODWILL AT JUNE 30	3,642	3,925	6,959	6,939	6,939	7,323
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AT JUNE 30	4,433	6,017	6,350	6,845	6,845	6,992
(NET DEBT) / NET CASH AND CASH EQUIVALENTS * AT JUNE 30	205	1,464	(2,278)	(1,929)	(1,929)	(2,192)
ORGANIC FREE CASH FLOW * AT JUNE 30	(148)	(86)	31	64	64	11
Average number of employees	134,633	146,250	182,685	195,059	195,059	201,318
Number of employees at June 30	138,809	147,572	184,899	196,376	196,376	205,574

(1) Excluding tax income (net) of €32 million in respect of goodwill arising on legal restructurings.

(2) First-half 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis, to the condensed interim consolidated financial statements for the half-year ended June 30, 2018.

(3) Including tax expense of €18 million due to the transitional impact of the US tax reform.

* Operating margin, normalized earnings per share, net debt / net cash and cash equivalents and organic free cash flow, alternative performance measures monitored by the Group, are defined in Note 4 - Alternative performance measures, to the condensed interim consolidated financial statements for the half-year ended June 30, 2018.



STATUTORY AUDITORS' REPORT ON THE 2018 INTERIM FINANCIAL INFORMATION

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Period from January 1, 2018 to June 30, 2018

CAPGEMINI SE
11 rue de Tilsitt
75017 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by the Shareholders Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Capgemini SE, for the six months ended June 30, 2018;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to Note 1B "New Standards and interpretations applicable in 2018" to the condensed half-year consolidated financial statements, which describes the application as of January 1, 2018 of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments".

2. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

The Statutory Auditors

French original signed by

Neuilly-sur-Seine and Paris La Défense, August 2nd, 2018,

PricewaterhouseCoopers Audit

KPMG Audit
Département de KPMG S.A.

Françoise Garnier
Partner

Richard Béjot
Partner

Frédéric Quélin
Partner

Stéphanie Ortega
Partner



INTERIM FINANCIAL REVIEW

FIRST-HALF 2018 HIGHLIGHTS

Against the backdrop of a generally favorable macro-economy, demand for the integration and roll-out of innovative technologies necessary to big businesses' digital transformation was particularly robust in the first-half 2018. Bolstered by its innovative and competitive market positioning, Capgemini accelerated its growth and reported a further increase in its operating margin.

The Group generated **revenues** of €6,467 million in the first-half 2018, up 3.0% on reported revenues for the first-half 2017. Excluding the impact of currency fluctuations (5.0 points), attributable to the appreciation of the euro against the Group's main currencies and particularly the US dollar, growth was 8.0%. Business acquisitions and disposals had a net impact of 1.6 points. Organic growth for the period was therefore 6.4%.

Regional and sector trends observed in the closing months 2017 continued in the first-half 2018, with demand particularly buoyant in North America and Continental Europe, especially in the Consumer Goods and Manufacturing sectors.

The rapid development of Digital and Cloud activities continues to drive Group growth. These revenues surged over 20% at constant exchange rates and now account for around 45% of the Group's total activities. To accelerate its development and reinforce its unique strengths, Capgemini made a number of targeted acquisitions in this sector: LiquidHub, a US leader in digital customer engagement specializing in creating innovative customer experiences and Adaptive Lab in the United Kingdom, expanding its network of digital design studios.

Bookings totaled €6,640 million in the first six months of 2018, a 11% increase at constant exchange rates year-on-year.

The **operating margin** is €707 million, up 5% on the first-half 2017. It represents 10.9% of revenues, an increase of 20 basis points year-on-year mainly driven by to the profitability improvement in continental Europe.

Other operating income and expenses total €186 million, compared with €134 million in the first-half 2017, reflecting a higher seasonal weighting of certain expenses (restructuring and acquisition) and some other non-recurring charges in the first half of this year.

Operating profit totaled €521 million, or 8.0% of revenues. The 3% year-on-year decline reflects in particular the 5 points headwind from currencies on Group revenues.

Net financial expense is €39 million, up €11 million on the first-half 2017 with the impacts of the currency hedging operations.

The **income tax expense** of €169 million includes a tax charge of €18 million in respect of the transitional impact of the tax reform in the U.S¹. Adjusted for this item, the effective tax rate rose, as announced, from 27.4% in 2017 to 31.4%.

Net profit (Group share) amounted to €314 million for the first-half 2018, compared with €375 million in the first-half 2017. Basic earnings per share is €1.88. The Group defines Normalized net profit as the Group share in net profit for the year adjusted for the impact of items recognized in "Other operating income and expense", net of tax calculated using the effective tax rate. Normalized earnings per share is €2.64 and €2.75 adjusted for this transitional tax expense.

The Group generated **organic free cash flow** of €11 million in the first-half 2018 compared with €64 million in the prior-year period. This variation is notably attributable to early unwinding of hedging instruments that contributed €24 million in 2017 and higher tax payments in 2018 for €23 million.

Return to shareholder amounted to €484 million over the period, with a dividend payment of €284 million (1.70 euros per share) and share buybacks totaling €200 million. Furthermore, the Group spent a net amount of €409 million on the bolt-on acquisitions closed during the period.

Group **net debt** therefore increased to €2,192 million at June 30, 2018, from €1,209 million at December 31, 2017 and €1,929 million at June 30, 2017.

At June 30, 2018, the Group's total headcount stood at 205,600, an increase of 4.7% year-on-year, with nearly 117,000 employees in offshore centers (57% of the total headcount, stable on June 30, 2017). The attrition rate increased 1.5 points year-on-year to 19.5% for the period.

¹Impact which is time-limited of the measures included in the tax reform in the United States which were still under evaluation at the 2017 results publication in February 2018.



OPERATIONS BY MAJOR REGION

	Revenues	Year-on-year growth (restated for IFRS15)		Operating margin rate	
	% of revenues H1 2018	Reported	At constant exchange rates	H1 2017 (restated for IFRS15)	H1 2018
North America	31%	+5.2%	+17.2%	13.4%	13.2%
United Kingdom and Ireland	12%	-7.6%	-5.5%	16.0%	12.2%
France	22%	+6.1%	+6.1%	7.2%	8.4%
Rest of Europe	28%	+6.5%	+7.9%	11.3%	12.0%
Asia Pacific and Latin America	7%	-7.7%	+3.4%	6.2%	11.7%
TOTAL	100%	+3.0%	+8.0%	10.7%	10.9%

In the first-half 2018, momentum was strongest in **North America** (31% of Group revenues), with revenues growing 17.2% at constant exchange rates. The Retail sector led the way, followed by Financial Services and the Public sector. North America was also the main beneficiary of the Group's recent acquisitions made in Digital. Operating margin was 13.2%, slightly down from 13.4% in the first-half 2017, but other underlying operational indicators are now improving again.

The **United Kingdom and Ireland** (12% of Group revenues) reported revenues down 5.5% at constant exchange rates, with the decline in the public sector and stable revenues in the private sector (two-thirds of the revenues in this region) in line with the Group's expectations. As expected the operating margin contracted, coming in at 12.2% compared with 16.0% a year earlier.

Revenue growth in **France** (22% of Group revenues) of 6.1% was driven by Application Services, with the Financial Services, Consumer Products and Energy sectors particularly strong. The operating margin improved 120 basis points year-on-year to 8.4% of revenues.

The **Rest of Europe** region (28% of Group revenues) posted growth of 7.9% at constant exchange rates, with double-digit rates in Germany and Scandinavia. The Financial Services sector was the main driving force, followed by the Retail, Manufacturing and Energy sectors. The operating margin rose 70 basis points to 12.0% for the half-year.

The **Asia-Pacific and Latin American** region (7% of Group revenues) reported growth of 3.4% at constant exchange rates. In Asia-Pacific, which accounts for around three-quarters of activity in this region, growth was fueled by the Consumer Products, Financial Services and Public sectors. Latin America remained broadly stable over the period, with the economic environment that remains weak in Brazil and solid growth in Mexico. With Latin America's activities returning to profit, the operating margin for the region as a whole improves rapidly, from 6.2% in the first-half 2017 to 11.7% this year.

OPERATIONS BY BUSINESS

	Revenues	Year-on-year growth (restated for IFRS15)		Operating margin rate	
	% of revenues H1 2018	Reported	At constant exchange rates	H1 2017 (restated for IFRS15)	H1 2018
Consulting services	6%	+28.3%	+31.5%	10.6%	12.1%
Technology & Engineering Services	15%	+2.0%	+5.1%	12.4%	11.8%
Application services	63%	+5.0%	+10.5%	12.0%	12.7%
Other managed services	16%	-10.0%	-4.4%	8.1%	6.9%
TOTAL	100%	+3.0%	+8.0%	10.7%	10.9%

Consulting Services (6% of Group revenues), bolstered by recent acquisitions, reported a 31.5% revenue increase at constant exchange rates, with strong growth in North America and the Rest of Europe region. Activity generated by clients' needs for digital transformation needs was particularly buoyant in the Consumer Products, Financial Services and Manufacturing sectors. The operating margin is 12.1% of revenues, up 150 basis points year-on-year.

Technology & Engineering Services (15% of Group revenues) progressed 5.1% with all Group regions contributing to this growth, led by North America. The operating margin stands at 11.8% for the period compared with 12.4% one year ago.

Application Services (63% of Group revenues), fueled by the customer demand related to the new needs in the Digital and Cloud, posted revenue growth of 10.5% at constant exchange rates. North America, France and the Rest of Europe reported the strongest momentum. The operating margin rate is 12.7%, up 70 basis points.



Other Managed Services (16% of Group revenues) revenues declined 4.4%. This is fueled by the lower activity in the UK Public sector which is partially offset by the strong growth in cloud integration and orchestration services. The operating margin rate is 6.9% compared with 8.1% in the first-half 2017.

ANALYSIS OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2018

Consolidated Income Statement

Revenues for the first-half 2018 totaled €6,467 million, compared with €6,280 million for the first-half 2017 (restated for retrospective application of IFRS 15, see Note 1 - Accounting basis). Growth at current Group scope and exchange rates is 3.0% year-on-year, with revenue increasing 8.0% at constant exchange rates.

The **operating margin** for the first-half 2018 was €707 million, compared with €672 million for the same period in 2017, representing a margin rate of 10.9% compared with 10.7% (restated for retrospective application of IFRS 15, see Note 1 - Accounting basis).

Operating profit is therefore €521 million for the first-half-2018, compared with €538 million for the first-half 2017, after taking into account **other operating income and expense** grown by €52 million over the period (€186 million in the first-half 2018 compared with €134 million for the first-half 2017).

The **net financial expense** was €39 million in the first-half 2018, compared with €28 million for the same period in 2017. This increase is mainly due to currency hedges on inter-company financial transactions.

The **income tax expense** for the first-half is €169 million, compared with €140 million for the first-half 2017. The effective tax rate of 35.2% compares with 27.4% for the first-half 2017.

The change in the effective tax rate at June 30, 2018 is explained, on one hand, by the non-recognition of deferred tax assets in the United States due to the full recognition of all US tax-losses carried forwards at December 31, 2017 and, on the other hand, by the impact of a tax expense of €18 million due to the transitional impact of the US tax reform. Before taking into account this tax charge, the effective income tax rate would be 31.4%.

Profit for the period attributable to owners of the Company is therefore €314 million for the first-half 2018, compared with €375 million for the first-half 2017. Normalized earnings per share are therefore €2.64 based on an average of 167,323,709 ordinary shares outstanding in the first-half 2018, compared with €2.81 based on an average of 168,548,476 ordinary shares outstanding in the first-half of 2017.

Consolidated Statement of Financial Position

Consolidated equity attributable to owners of the Company totaled €6,992 million at June 30, 2018, up €36 million on December 31, 2017 mainly due to:

- ▶ the net profit for the period of €314 million;
- ▶ the positive impact of other comprehensive income of €166 million;
- ▶ the payment to shareholders of dividends of €284 million;
- ▶ the elimination of treasury shares in the amount of €200 million;
- ▶ the impact of incentive and employee share ownership instruments of €40 million.

Non-current assets totaled €10,265 million at June 30, 2018, up €411 million on December 31, 2017 mainly due to a €493 million increase in goodwill. This rise was chiefly attributable to acquisitions performed during the first-half of 2018 in the amount of €367 million and translation adjustments of €126 million recognized on goodwill primarily denominated in US dollars.

Non-current liabilities amounted to €4,723 million at June 30, 2018, up €236 million on December 31, 2017 (€4,487 million). This variation is notably due to the €500 million bond issue maturing on April 18, 2028 in the context of the refinancing of the €500 million bond issue maturing on July 2, 2018, and partially offset by the decrease of the provisions for pensions and other post-employment benefit for €222 million.

Trade receivables and contract assets totaled €3,241 million at June 30, 2018 compared with €3,170 million at December 31, 2017. Trade receivables and contract assets excluding contract costs and net of contract liabilities totaled €2,503 million at June 30, 2018, compared with €2,276 million at December 31, 2017.

Accounts and notes payable mainly consist of trade payables and related accounts, personnel costs and accrued taxes other than income tax and totaled €2,603 million at June 30, 2018, compared with €2,837 million at December 31, 2017.

Consolidated net debt was €2,192 million at June 30, 2018, compared with €1,929 million at June 30, 2017 and €1,209 million at December 31, 2017. This €983 million increase in net debt on December 31, 2017 chiefly reflects:



- ▶ the payment to shareholders of a dividend of €284 million;
- ▶ cash outflows on business combinations, net of cash and cash equivalents acquired, of €409 million;
- ▶ net cash outflows of €200 million in respect of transactions in Capgemini SE shares.

RELATED PARTIES

No material transactions with related parties took place in the first-half 2018.

MAIN RISKS AND UNCERTAINTIES FOR THE SECOND-HALF 2018

The nature and degree of risks to which the Group is exposed have not changed from those presented on pages 107 to 116 of the 2017 Registration Document.

OUTLOOK FOR FISCAL YEAR 2018

For 2018, the Group

- ▶ raises its growth target and now aims at a **revenue growth at constant rates slightly above 7.0%** (versus a revenue progression “between 6 to 7%” formerly), and
- ▶ confirms its objectives to increase profitability, with an **operating margin of 12.0% to 12.2%**, and to generate an **organic free cash flow in excess of €1 billion**.

In addition, following the slight strengthening of the US dollar against the euro during the second quarter, currency movements are now expected to negatively impact revenue growth by around 3 points (compared with the previous forecast of 3.5 points).



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2018

CONSOLIDATED INCOME STATEMENT

<i>in millions of euros</i>	Notes	2017 restated ⁽¹⁾		First-half 2017 restated ⁽¹⁾		First-half 2018	
		Amount	%	Amount	%	Amount	%
Revenues	5 - 6	12,525	100	6,280	100	6,467	100
Cost of services rendered		(9,141)	(73.0)	(4,587)	(73.1)	(4,747)	(73.4)
Selling expenses		(1,019)	(8.1)	(542)	(8.6)	(523)	(8.1)
General and administrative expenses		(872)	(7.0)	(479)	(7.6)	(490)	(7.6)
Operating expenses	7	(11,032)	(88.1)	(5,608)	(89.3)	(5,760)	(89.1)
Operating margin *		1,493	11.9	672	10.7	707	10.9
Other operating income and expense	8	(310)	(2.5)	(134)	(2.1)	(186)	(2.9)
Operating profit		1,183	9.4	538	8.6	521	8.0
Net finance costs	9	(18)	(0.1)	(4)	(0.1)	(6)	(0.1)
Other financial income and expense	9	(54)	(0.4)	(24)	(0.4)	(33)	(0.5)
Net financial expense		(72)	(0.5)	(28)	(0.5)	(39)	(0.6)
Income tax income (expense)	10	(303)	(2.4)	(140)	(2.2)	(169)	(2.6)
PROFIT FOR THE PERIOD		808	6.5	370	5.9	313	4.8
<i>Attributable to:</i>							
Owners of the Company		820	6.6	375	6.0	314	4.8
Non-controlling interests		(12)	(0.1)	(5)	(0.1)	(1)	-
EARNINGS PER SHARE							
Average number of shares outstanding during the period		168,057,561		168,548,476		167,323,709	
Basic earnings per share (in euros)		4.88		2.23		1.88	
Diluted average number of shares outstanding		172,082,122		172,942,376		171,986,730	
Diluted earnings per share (in euros)		4.76		2.17		1.83	

(1) First-half 2017 and fiscal year 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 4 - Alternative performance measures.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>in millions of euros</i>	2017 restated ⁽³⁾	First-half 2017 restated ⁽³⁾	First-half 2018
Actuarial gains and losses on defined benefit pension plans, net of tax ⁽¹⁾	110	(11)	169
Remeasurement of hedging derivatives, net of tax ⁽²⁾	(61)	(24)	(81)
Translation adjustments ⁽²⁾	(780)	(467)	78
OTHER ITEMS OF COMPREHENSIVE INCOME	(731)	(502)	166
Profit for the period (reminder)	808	370	313
Total comprehensive income for the period	77	(132)	479
<i>Attributable to:</i>			
<i>Owners of the Company</i>	88	(127)	480
<i>Non-controlling interests</i>	(11)	(5)	(1)

(1) Other items of comprehensive income that will not be reclassified subsequently to profit or loss.

(2) Other items of comprehensive income that may be reclassified subsequently to profit or loss.

(3) First-half 2017 and fiscal year 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>in millions of euros</i>	<i>Notes</i>	January 1, 2017 restated ⁽¹⁾	June 30, 2017 restated ⁽¹⁾	December 31, 2017 restated ⁽¹⁾	June 30, 2018
Goodwill	11	7,176	6,939	6,830	7,323
Intangible assets		813	720	681	659
Property, plant and equipment		754	757	749	747
Deferred taxes		1,473	1,407	1,283	1,240
Other non-current assets	15	374	377	311	296
Total non-current assets		10,590	10,200	9,854	10,265
Contract costs	12	93	93	99	94
Contract assets	12	961	1,352	1,029	1,335
Trade receivables	12	1,969	1,647	2,042	1,812
Current tax receivables		132	116	107	162
Other current assets	15	627	659	657	563
Cash management assets	13	157	207	168	221
Cash and cash equivalents	13	1,879	1,319	1,988	1,751
Total current assets		5,818	5,393	6,090	5,938
TOTAL ASSETS		16,408	15,593	15,944	16,203

<i>in millions of euros</i>	<i>Notes</i>	January 1, 2017 restated ⁽¹⁾	June 30, 2017 restated ⁽¹⁾	December 31, 2017 restated ⁽¹⁾	June 30, 2018
Share capital		1,373	1,353	1,348	1,351
Additional paid-in capital		3,453	3,277	3,169	3,166
Retained earnings and other reserves		1,525	1,840	1,619	2,161
Profit for the period		921	375	820	314
Equity (attributable to owners of the Company)		7,272	6,845	6,956	6,992
Non-controlling interests		13	10	4	3
Total equity		7,285	6,855	6,960	6,995
Long-term borrowings	13	3,287	3,284	2,783	3,267
Deferred taxes		227	212	172	172
Provisions for pensions and other post-employment benefits	14	1,374	1,364	1,196	974
Non-current provisions		26	28	25	27
Other non-current liabilities	15	292	287	311	283
Total non-current liabilities		5,206	5,175	4,487	4,723
Short-term borrowings and bank overdrafts	13	125	192	589	871
Accounts and notes payable		2,818	2,480	2,837	2,603
Contract liabilities	12	686	658	795	644
Current provisions		104	81	88	105
Current tax liabilities		109	94	107	134
Other current payables	15	75	58	81	128
Total current liabilities		3,917	3,563	4,497	4,485
TOTAL EQUITY AND LIABILITIES		16,408	15,593	15,944	16,203

(1) First-half 2017 and fiscal year 2017 figures and figures at January 1, 2017 have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.



CONSOLIDATED STATEMENT OF CASH FLOWS

<i>in millions of euros</i>	<i>Notes</i>	2017 restated ⁽¹⁾	First-half 2017 restated ⁽¹⁾	First-half 2018
Profit for the period attributable to owners of the Company		820	375	314
Non-controlling interests		(12)	(5)	(1)
Depreciation, amortization and impairment of fixed assets		301	153	141
Change in provisions		(9)	(3)	18
Losses on disposals of assets		15	8	10
Expenses relating to share grants		64	29	40
Net finance costs	9	18	4	6
Income tax expense/(income)	10	303	140	169
Unrealized (gains)/osses on changes in fair value and other		32	34	(7)
Cash flows from operations before net finance costs and income tax (A)		1,532	735	690
Income tax paid (B)		(139)	(73)	(96)
Change in trade receivables, contract assets net of liabilities and contract costs		(125)	(162)	(162)
Change in accounts and notes payable		55	(74)	(77)
Change in other receivables/payables		7	(262)	(245)
Change in operating working capital (C)		(63)	(498)	(484)
NET CASH FROM OPERATING ACTIVITIES (D=A+B+C)		1,330	164	110
Acquisitions of property, plant and equipment and intangible assets		(241)	(120)	(112)
Proceeds from disposals of property, plant and equipment and intangible assets		15	7	3
Acquisitions of property, plant and equipment and intangible assets, net of disposals		(226)	(113)	(109)
Cash (outflows)/inflows on business combinations net of cash and cash equivalents acquired		(238)	(121)	(409)
Cash outflows in respect of cash management assets		(16)	(54)	(56)
Other cash outflows, net		(54)	(45)	(8)
Cash outflows from investing activities		(308)	(220)	(473)
NET CASH FROM INVESTING ACTIVITIES (E)		(534)	(333)	(582)
Proceeds from issues of share capital		320	-	-
Dividends paid		(262)	(262)	(284)
Net payments relating to transactions in Capgemini SE shares		(531)	(70)	(200)
Proceeds from borrowings		7	92	790
Repayments of borrowings		(97)	(80)	(56)
Interest paid		(86)	(17)	(12)
Interest received		62	30	22
NET CASH FROM FINANCING ACTIVITIES (F)		(587)	(307)	260
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (G=D+E+F)		209	(476)	(212)
Effect of exchange rate movements on cash and cash equivalents (H)		(91)	(79)	(26)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (I)	13	1,870	1,870	1,988
CASH AND CASH EQUIVALENTS AT END OF PERIOD (G+H+I)	13	1,988	1,315	1,750

(1) First-half 2017 and fiscal year 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>in millions of euros</i>	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings and other reserves	Total income and expense recognized in equity		Equity (attributable to owners of the Company)	Non-controlling interests	Total equity ⁽²⁾
						Translation adjustments	Other			
At December 31, 2017	168,483,742	1,348	3,169	(61)	3,767	(364)	(903)	6,956	4	6,960
Impact of first-time application of IFRS 9 ⁽¹⁾	-	-	-	-	(6)	-	6	-	-	-
At January 1, 2018, including impact of IFRS 9	168,483,742	1,348	3,169	(61)	3,761	(364)	(897)	6,956	4	6,960
Dividends paid out for 2017	-	-	-	-	(284)	-	-	(284)	-	(284)
Incentive instruments and employee share ownership	333,291	3	(3)	-	40	-	-	40	-	40
Elimination of treasury shares	-	-	-	(200)	-	-	-	(200)	-	(200)
Transactions with shareholders	333,291	3	(3)	(200)	(244)	-	-	(444)	-	(444)
Income and expense recognized in equity	-	-	-	-	-	78	88	166	-	166
Profit for the period	-	-	-	-	314	-	-	314	(1)	313
At June 30, 2018	168,817,033	1,351	3,166	(261)	3,831	(286)	(809)	6,992	3	6,995

(1) Equity at January 1, 2018 has been restated for the retrospective application of IFRS 9, Financial instruments; see Note 1 - Accounting basis.

<i>in millions of euros</i>	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings and other reserves	Total income and expense recognized in equity		Equity (attributable to owners of the Company)	Non-controlling interests	Total equity ⁽²⁾
						Translation adjustments	Other			
At January 1, 2017	171,564,265	1,373	3,453	(247)	3,228	417	(952)	7,272	13	7,285
Dividends paid out for 2016	-	-	-	-	(262)	-	-	(262)	-	(262)
Incentive instruments and employee share ownership	-	-	-	91	(55)	-	-	36	-	36
Elimination of treasury shares	-	-	-	(72)	-	-	-	(72)	-	(72)
Share capital reduction by cancellation of treasury shares	(2,414,685)	(20)	(176)	196	-	-	-	-	-	-
Transactions with minority shareholders	-	-	-	-	(2)	-	-	(2)	2	-
Transactions with shareholders	(2,414,685)	(20)	(176)	215	(319)	-	-	(300)	2	(298)
Income and expense recognized in equity	-	-	-	-	-	(467)	(35)	(502)	-	(502)
Profit for the period	-	-	-	-	375	-	-	375	(5)	370
At June 30, 2017	169,149,580	1,353	3,277	(32)	3,284	(50)	(987)	6,845	10	6,855

(2) Figures at January 1, 2017, June 30, 2017 and December 31, 2017 have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2018

NOTE 1 ACCOUNTING BASIS

The condensed interim consolidated financial statements for the half-year ended June 30, 2018 and the notes thereto were drawn up under the responsibility of the Board of Directors and adopted by the Board of Directors' meeting of July 26, 2018.

A) IFRS standards base

The condensed interim consolidated financial statements for the first-half 2018 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB), and endorsed by the European Union.

The Group also takes account of the positions adopted by Syntec Numérique, an organization representing major consulting and computer services companies in France, regarding the application of certain IFRS.

These condensed interim consolidated financial statements for the half-year ended June 30, 2018 should be read in conjunction with the 2017 consolidated financial statements.

B) New standards and interpretations applicable in 2018

a) New standards, amendments and interpretations of mandatory effect at January 1, 2018

The accounting policies applied by the Capgemini Group are unchanged on those applied for the preparation of the December 31, 2017 consolidated financial statements, except standards, amendments, and interpretations which entered into mandatory effect on January 1, 2018 that have an effect for the Group and are presented below.

b) Transition note on the application of IFRS 15, *Revenue from contracts with customers*

IFRS 15 on revenue recognition was adopted by the Group at January 1, 2018, applying the full retrospective method with restatement of 2017 comparative figures and recognition of the aggregate impact in equity at January 1, 2017.

On implementing the full retrospective method, the Group applied a number of practical expedients authorized by IFRS 15 paragraph C5 (a) and (b). Accordingly, completed contracts:

- that ended before the 1st of January 2017
- and/or included variable consideration

were not restated for revenue recognition purposes.

The Group's revenue recognition accounting policies are presented in Note 2.

As part of its operational activities, the Group can be required to resell hardware, software and services purchased from third-party suppliers to its customers. IFRS 15 amends the principles and indicators determining whether the Group should present these transactions in the Income Statement as a "principal", on a gross basis (with recognition of purchases in operating expenses) or as an "agent", on a net basis (recognition of revenues equal to amounts invoiced to the customer net of amounts invoiced by the supplier). Pursuant to IFRS 15, the Group considers it acts as a "principal" when it obtains control of the hardware, software or services before transferring them to the customer. Based on contract analyses conducted on implementation of IFRS 15, certain transactions must be presented on a net basis, generating a reduction in consolidated revenues of €267 million in fiscal year 2017 and €132 million in the first-half 2017.

Except for the principal/agent distinction and the increased disclosures required in the financial statements, the application of IFRS15 does not have a material impact on the Group's Consolidated Statement of Financial Position and Consolidated Income Statement.

Adjustments recorded in the accounts on the retrospective application of IFRS 15 for each period are presented below.



b.1) Income Statement

	2017 reported		IFRS 15 adjustments		2017 restated	
	Amount	%	Amount	%	Amount	%
<i>in millions of euros</i>						
Revenues	12,792	100	(267)	-	12,525	100
Operating margin *	1,493	11.7	-	0.2	1,493	11.9
Operating profit	1,183	9.2	-	0.2	1,183	9.4
Net financial expense	(72)	(0.5)	-	-	(72)	(0.5)
Income tax income (expense)	(303)	(2.4)	-	-	(303)	(2.4)
PROFIT FOR THE YEAR	808	6.3	-	0.2	808	6.5
<i>Attributable to:</i>						
<i>Owners of the Company</i>	<i>820</i>	<i>6.4</i>	<i>-</i>	<i>0.2</i>	<i>820</i>	<i>6.6</i>
<i>Non-controlling interests</i>	<i>(12)</i>	<i>(0.1)</i>	<i>-</i>	<i>-</i>	<i>(12)</i>	<i>(0.1)</i>

EARNINGS PER SHARE

Average number of shares outstanding during the period	168,057,561	-	168,057,561
Basic earnings per share (in euros)	4.88	-	4.88
Diluted average number of shares outstanding	172,082,122	-	172,082,122
Diluted earnings per share (in euros)	4.76	-	4.76

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 4 - Alternative performance measures.

	First-half 2017 reported		IFRS 15 adjustments		First-half 2017 restated	
	Amount	%	Amount	%	Amount	%
<i>in millions of euros</i>						
Revenues	6,412	100	(132)	-	6,280	100
Operating margin *	672	10.5	-	0.2	672	10.7
Operating profit	538	8.4	-	0.2	538	8.6
Net financial expense	(28)	(0.4)	-	(0.1)	(28)	(0.5)
Income tax income (expense)	(140)	(2.2)	-	-	(140)	(2.2)
PROFIT FOR THE YEAR	370	5.8	-	0.1	370	5.9
<i>Attributable to:</i>						
<i>Owners of the Company</i>	<i>375</i>	<i>5.9</i>	<i>-</i>	<i>0.1</i>	<i>375</i>	<i>6.0</i>
<i>Non-controlling interests</i>	<i>(5)</i>	<i>(0.1)</i>	<i>-</i>	<i>-</i>	<i>(5)</i>	<i>(0.1)</i>

EARNINGS PER SHARE

Average number of shares outstanding during the period	168,548,476	-	168,548,476
Basic earnings per share (in euros)	2.23	-	2.23
Diluted average number of shares outstanding	172,942,376	-	172,942,376
Diluted earnings per share (in euros)	2.17	-	2.17

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 4 - Alternative performance measures.



b.2) Consolidated Statement of Financial Position

The Group also modified the presentation of certain amounts in the Consolidated Statement of Financial Position to reflect IFRS 15 terminology:

- contract costs were previously presented in trade receivables and related accounts (€99 million at December 31, 2017 and €93 million at June 30, 2017);
- contract assets were previously presented in trade receivables and related accounts (€1,124 million at December 31, 2017 reported and €1,422 million at June 30, 2017 reported);
- contract liabilities and advances from customers were already presented separately in the Consolidated Statement of Financial Position in “Advances from customers and billed in advance”. Only the name of the account heading was changed to “Contract liabilities” on the application of IFRS 15.

Finally, IFRS 15 requires the presentation of contract assets and liabilities on a net basis for each contract and no longer for each project as was previously the case. The Group therefore restated the reported comparative periods as follows:

- At January 1, 2017:

<i>in millions of euros</i>	January 1, 2017 reported	Separate presentation of contract costs, contract assets / liabilities and trade receivables	Presentation of assets and liabilities net per contract	Total IFRS 15 restatements	January 1, 2017 restated
Total non-current assets	10,590	-	-	-	10,590
Contract costs	-	93	-	93	93
Contract assets	-	1,012	(51)	961	961
Trade receivables	-	1,969	-	1,969	1,969
Trade receivables and related accounts	3,074	(3,074)	-	(3,074)	-
Total current assets	5,869	-	(51)	(51)	5,818
TOTAL ASSETS	16,459	-	(51)	(51)	16,408

<i>in millions of euros</i>	January 1, 2017 reported	Separate presentation of contract costs, contract assets / liabilities and trade receivables	Presentation of assets and liabilities net per contract	Total IFRS 15 restatements	January 1, 2017 restated
Total equity	7,285	-	-	-	7,285
Total non-current liabilities	5,206	-	-	-	5,206
Contract liabilities	737	-	(51)	(51)	686
Total current liabilities	3,968	-	(51)	(51)	3,917
TOTAL EQUITY AND LIABILITIES	16,459	-	(51)	(51)	16,408



- At June 30, 2017:

<i>in millions of euros</i>	June 30, 2017 reported	Separate presentation of contract costs, contract assets / liabilities and trade receivables	Presentation of assets and liabilities net per contract	Total IFRS 15 restatements	June 30, 2017 restated
Total non-current assets	10,200	-	-	-	10,200
Contract costs	-	93	-	93	93
Contract assets	-	1,422	(70)	1,352	1,352
Trade receivables	-	1,647	-	1,647	1,647
Trade receivables and related accounts	3,162	(3,162)	-	(3,162)	-
Total current assets	5,463	-	(70)	(70)	5,393
TOTAL ASSETS	15,663	-	(70)	(70)	15,593

<i>in millions of euros</i>	June 30, 2017 reported	Separate presentation of contract costs, contract assets / liabilities and trade receivables	Presentation of assets and liabilities net per contract	Total IFRS 15 restatements	June 30, 2017 restated
Total equity	6,855	-	-	-	6,855
Total non-current liabilities	5,175	-	-	-	5,175
Contract liabilities	728	-	(70)	(70)	658
Total current liabilities	3,633	-	(70)	(70)	3,563
TOTAL EQUITY AND LIABILITIES	15,663	-	(70)	(70)	15,593

- At December 31, 2017:

<i>in millions of euros</i>	December 31, 2017 reported	Separate presentation of contract costs, contract assets / liabilities and trade receivables	Presentation of assets and liabilities net per contract	Total IFRS 15 restatements	December 31, 2017 restated
Total non-current assets	9,854	-	-	-	9,854
Contract costs	-	99	-	99	99
Contract assets	-	1,124	(95)	1,029	1,029
Trade receivables	-	2,042	-	2,042	2,042
Trade receivables and related accounts	3,265	(3,265)	-	(3,265)	-
Total current assets	6,185	-	(95)	(95)	6,090
TOTAL ASSETS	16,039	-	(95)	(95)	15,944

<i>in millions of euros</i>	December 31, 2017 reported	Separate presentation of contract costs, contract assets / liabilities and trade receivables	Presentation of assets and liabilities net per contract	Total IFRS 15 restatements	December 31, 2017 restated
Total equity	6,960	-	-	-	6,960
Total non-current liabilities	4,487	-	-	-	4,487
Contract liabilities	890	-	(95)	(95)	795
Total current liabilities	4,592	-	(95)	(95)	4,497
TOTAL EQUITY AND LIABILITIES	16,039	-	(95)	(95)	15,944



b.3) Consolidated Statement of Cash Flows and Consolidated Statement of Comprehensive Income

The application of IFRS 15 had no impact on the Consolidated Statement of Cash Flows and the Consolidated Statement of Comprehensive Income.

c) IFRS 9, Financial instruments

The Group adopted IFRS 9 at January 1, 2018, without restating fiscal year 2017 comparative figures. The application of this new standard did not have a material impact on opening equity at January 1, 2018.

IFRS 9 primarily amended IAS 39 in three phases:

- Phase 1: classification and measurement of financial instruments;
- Phase 2: impairment of financial assets; and
- Phase 3: hedge accounting, excluding macro-hedging.

Retrospective application of phase 1 "Classification and measurement of financial instruments" did not have a material impact on the Group's accounting methods for the measurement of financial assets and liabilities held at January 1, 2018.

Implementation of the new phase "Impairment of financial assets" which replaces the IAS 39 "incurred losses" model with the "expected credit losses" model, did not have a material impact for the Group at January 1, 2018 and in the first-half 2018.

Application of the "hedge accounting" phase required the retrospective restatement of the time value of currency options and, accordingly, the recognition at January 1, 2018, in a separate component of comprehensive income, of changes in the time value of currency options identified in hedging relationships classified as cash flow hedges in the positive amount of €6 million (net of tax impact). Other than the accounting treatment of the time value of options, the prospective application of phase 3 had no impact on the Group's accounting methods for the recognition of hedging transactions and derivative financial instruments managed by the Group.

d) Other new standards not yet in effect at January 1, 2018 and not adopted early

The Group launched a project in 2017 to identify and analyze the contracts concerned by the application of IFRS 16, *Leases*. The Group is currently pursuing the analysis of the impacts of this text on the consolidated financial statements. This standard enters into effect on January 1, 2019.

C) Use of estimates

The preparation of consolidated financial statements involves the use of estimates and assumptions which may have an impact on the reported values of assets and liabilities at the period end or on certain items of either net profit or the income and expenses recognized directly in equity for the year. Estimates are based on economic data and assumptions which are likely to vary over time, interpretations of local regulation when necessary. As such, these estimates are subject to a degree of uncertainty and mainly concern revenue recognition on fixed-price contracts accounted for on a percentage-of-completion basis, provisions, recognition of deferred tax assets, measurement of the recoverable amount of intangible assets, provisions for pensions and other post-employment benefits, the fair value of derivatives and the calculation of the tax expense, notably in the context of the US tax reform.



NOTE 2 IFRS 15, REVENUE FROM CONTRACTS WITH CUSTOMERS

The method for recognizing revenues and costs depends on the nature of the services rendered.

Deliverable-based contracts

Deliverable-based contracts typically include fixed price projects, for example, system integration or design and development of customized IT systems and related processes. Contract terms typically range from 6 months to 2 years. Contract prices might be subject to incentives and penalties, based on achievement of specified performance targets or level of benefits delivered to the customer.

For deliverable-based contracts, revenues are generally recognized over time, because at least one of the following condition is met: (i) the Group's performance enhances an asset that the customer controls as the Group performs or (ii) the Group builds an asset that has no alternative use (e.g. it is customer-specific) and the Group has an enforceable right to payment for performance to date in case of termination by the customer. The Group applies the "cost-to-cost" method to measure progress to completion. The percentage of completion is based on costs incurred to date relative to the total estimate of cost at completion of the contract. Estimates of total contract costs are revised when new elements arise. Change in estimates of cost at completion and related percentage of completion are recorded in the income statement as catch-up adjustments in the period in which the elements giving rise to the revision are known.

The related costs on deliverable-based contracts are expensed as incurred.

The Group earns contractually the right to bill upon achievement of specified milestones or upon customer acceptance of work performed. The difference between cumulative billings and cumulative revenue recognized is reflected in the balance sheet as Contract Assets (revenue in excess of billings) or Contract Liabilities (billings in excess of revenue).

Resources-based contracts

Revenue from Resources-based contracts are recognized as the Group earns the right to bill the customer as the amount invoiced corresponds directly to the value to the customer of the performance completed to date. Each performance obligation is satisfied over time as the client continuously receives and consumes the benefits of the services. The Services are priced based on the number of hours spent on the contract. The amount to be billed is representative of the value of the service delivered to the customer and therefore, applying the right-to-bill practical expedient, revenue is recognized over time based on the hours spent.

The related costs on resources-based contracts are expensed as incurred.

Services-based contracts

Services-based contracts include infrastructure management, application management and business services activities. Contract terms typically range from 3 to 5 years. Fees are billable on a monthly basis, based on a fixed-price per work unit consumed, or based on monthly fixed fees subject to adjustment mechanisms for volume changes or scope changes. Contracts generally provide for service-level penalties.

Recurring services are generally considered to be one single performance obligation, comprised of a series of distinct daily units of service satisfied over time. Contract modifications are recorded on a prospective basis. Revenue on services-based contracts is recognized as rights to bill arise, except in specific cases where invoicing terms do not reflect the value to the customer of services rendered to date relative to the value of the remaining services (for example, in case of significant front-loaded or back-loaded fees or discounts). Service-level penalties or bonuses, if any, are accrued in full the period when the performance targets are failed or achieved, as appropriate.

Upfront fees received from customers, if any, are deferred and recognized over the service period, even if non-refundable. Upfront amounts payable to customers, if in excess of the fair value of assets transferred from customer, are capitalized (presented in Contract assets) and amortized over the contractual period, as a deduction to revenue.

Resale activities

As part of its operational activities, the Group may resell hardware equipment, software licenses, maintenance and services purchased from third-party suppliers. When the asset or service is distinct from the other services provided by the Group, the Group needs to assess whether it is acting as an agent or a principal in the purchase and resale transaction. The Group acts as a "principal" when it obtains control of the hardware, software or services before transferring them to the customer. In such case, the transaction is presented on a gross basis in the Income Statement (amounts charged by suppliers are presented in operating expenses). If the Group acts as an "agent", the transaction is recorded on a net basis (amounts charged by suppliers are recorded as a deduction to revenue). For example, transactions are recorded on a net basis when the Group does not have the primary responsibility for the fulfilment of the contract and does not bear inventory and customer acceptance risk.



Multi-deliverable contracts

These contracts are long-term complex contracts with multiple phases which may include design, transition, transformation, build and service delivery (run).

The Group may be required to perform initial transition or transformation activities under certain recurring service contracts. Initial set-up activities, mainly transition phases, necessary to enable the ongoing services, are not considered to be performance obligations. Any amount received in connection with those activities are deferred and recognized in revenue over the contractual service period. The other activities performed during the initial phase like design, transformation and build are treated as a separate performance obligation if they transfer to the customer the control of an asset or if the customer can benefit from those initial activities independently from the ongoing service. In such cases, the corresponding revenues are generally recognized over time.

When multiple performance obligations are identified within a single contract, the relative Standalone Selling Prices ("SSP") of the obligation are assumed to be the contractual standalone selling prices.

Variable remuneration

Estimates of incentives, penalties, and any other variable revenues are included in the transaction price, but only to the extent that it is highly probable that the subsequent resolution of the price contingency will not result in a significant reversal of the cumulative revenue previously recognized. To make such an estimate, the Group considers the specific facts and circumstances of the contract and its experience with similar contracts. Changes in estimates of variable consideration are recorded as cumulative catch-up adjustments.

Costs to obtain and fulfill contracts

Sales commission incurred to obtain multi-year service contracts are capitalized and amortized over the contract period. Commissions are not capitalized if the amortization period is one year or less.

Costs incurred prior to the signature of an enforceable contract are capitalized only if they are directly attributable to the design or set-up phase of a specifically identified contract, if the signature of the contract is probable, and if the costs are expected to be recoverable from the contract.

Costs incurred to fulfill a contract are expensed as incurred, with the exception of certain initial set-up costs, such as transition and transformation costs that do not represent a separate performance obligation, which are capitalized if they create a resource that the Group will use to perform the promised service.

Reimbursements received from customers are recognized as revenue, as costs are incurred.

A provision for onerous contracts is recorded if the unavoidable costs of fulfilling the contract exceed the related benefits.

Balance sheet presentation

Contract assets are presented separately from trade receivables. Contract assets reflect revenue recognized for which the corresponding rights to receive consideration are contingent upon something else other than the passage of time, such as the Group's future performance, achievement of billing milestones, or customer acceptance. When customer contract assets are no longer contingent, except for the passage of time, they convert into trade receivables. The majority of contract assets relate to deliverable-based contracts (see above).

Contract liabilities represent consideration received or receivable in advance of performance. Contract assets and liabilities are presented on a net basis for each individual contract.

Financing components

If the expected time lag between revenue recognition and customer payments is greater than 12 months, the Group assesses, if a financing facility has been accorded or received by the client, and if the impact is significant, the financial component is recorded separately from revenues.



NOTE 3 CHANGES IN CONSOLIDATION SCOPE

The Group acquired the following entities in the first-half of 2018:

- LiquidHub in March 2018. This US leader in digital customer engagement specializes in creating innovative customer experiences. The acquisition strengthens Capgemini's digital transformation consulting capabilities in North America and accelerates its portfolio shift in the region.
- Adaptative Lab in June 2018, a digital design studio in the United Kingdom. This acquisition will enable Capgemini to meet growing demand from Group customers for end-to-end digital services, notably in the United Kingdom.

The fair value remeasurement of the assets and liabilities of these companies and the calculation and determination of goodwill pursuant to IFRS 3 is ongoing and will be finalized within 12 months of the acquisition dates. The contribution of these acquisitions to Group financial indicators in the first-half 2018 is not material.



NOTE 4 ALTERNATIVE PERFORMANCE MEASURES

The alternative performance measures monitored by the Group are defined as follows:

- ▶ **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 reported period.
- ▶ **growth at constant exchange rates** in revenues is the growth rate calculated at exchange rates used for the reported period;
- ▶ **operating margin** is equal to revenues less operating expenses. It is calculated before “Other operating income and expense” 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” (see Note 8 - Other operating income and expense), net of tax calculated using the effective tax rate:

<i>in millions of euros</i>	First-half 2017 restated	First-half 2018
Profit for the period attributable to owners of the Company	375	314
Other operating income and expenses, net of tax calculated at the effective tax rate ⁽¹⁾	97	128
Normalized profit for the period attributable to owners of the Company	472	442
Weighted average number of ordinary shares outstanding	168,548,476	167,323,709
NORMALIZED EARNINGS PER SHARE (in euros)	2.81	2.64

(1) See Note 10 – Income Tax.

The Group recognized during the first-half of 2018 a tax charge of € 18 million due to the transitional impact of the US tax reform which reduced the normalized earnings per share by € 0.11. Before taking into account this tax charge, the normalized earnings per share would have been € 2.75 in the first-half of 2018.

<i>in millions of euros</i>	First-half 2017 restated	First-half 2018
NORMALIZED EARNINGS PER SHARE (in euros)	2.81	2.64
Transitional tax charge	-	18
Weighted average number of ordinary shares outstanding	168,548,476	167,323,709
Impact of transitional tax charge	-	0.11
NORMALIZED EARNINGS PER SHARE (in euros)	2.81	2.75

- ▶ **net debt** (or net cash and cash equivalents) 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, (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 the impact of hedging instruments when these relate to borrowings and own shares;



- **organic free cash flow** calculated based on items in the Statement of Cash Flows 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.

<i>in millions of euros</i>	First-half 2017 restated	First-half 2018
Cash flow from operations	164	110
Acquisitions of property, plant and equipment and intangible assets	(120)	(112)
Proceeds from disposals of property, plant and equipment and intangible assets	7	3
Acquisitions of property, plant, equipment and intangible assets (net of disposals)	(113)	(109)
Interest paid	(17)	(12)
Interest received	30	22
Net interest cost	13	10
ORGANIC FREE CASH FLOW	64	11



NOTE 5 OPERATING SEGMENTS

The Group communicates segment information for five geographic areas: North America, France, United Kingdom and Ireland, the Rest of Europe, Asia-Pacific and Latin America.

Segment reporting is complemented by information on revenues and operating margin for each of the Group's four businesses.

ANALYSIS OF THE INCOME STATEMENT BY GEOGRAPHIC AREA

Half-year ended June 30, 2018								Total
<i>in millions of euros</i>	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	HQ expenses	Eliminations	
REVENUES								
- external	2,029	1,401	781	1,797	459	-	-	6,467
- inter-geographic area	55	109	86	149	752	-	(1,151)	-
TOTAL REVENUES	2,084	1,510	867	1,946	1,211	-	(1,151)	6,467
OPERATING MARGIN *	268	118	95	215	54	(43)	-	707
% of revenues	13.2	8.4	12.2	12.0	11.7	-	-	10.9
OPERATING PROFIT	196	64	74	193	37	(43)	-	521

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 4 - Alternative performance measures.

Half-year ended June 30, 2017 restated ⁽¹⁾								Total
<i>in millions of euros</i>	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	HQ expenses	Eliminations	
REVENUES								
- external	1,930	1,321	845	1,687	497	-	-	6,280
- inter-geographic area	54	95	86	134	725	-	(1,094)	-
TOTAL REVENUES	1,984	1,416	931	1,821	1,222	-	(1,094)	6,280
OPERATING MARGIN *	259	95	135	190	31	(38)	-	672
% of revenues	13.4	7.2	16.0	11.3	6.2	-	-	10.7
OPERATING PROFIT	205	74	118	161	18	(38)	-	538

(1) First-half 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 4 - Alternative performance measures.

Year ended December 31, 2017 restated ⁽¹⁾								Total
<i>in millions of euros</i>	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	HQ expenses	Eliminations	
REVENUES								
- external	3,872	2,676	1,580	3,415	982	-	-	12,525
- inter-geographic area	114	197	182	274	1,463	-	(2,230)	-
TOTAL REVENUES	3,986	2,873	1,762	3,689	2,445	-	(2,230)	12,525
OPERATING MARGIN *	529	267	254	418	99	(74)	-	1,493
% of revenues	13.7	10.0	16.1	12.2	10.1	-	-	11.9
OPERATING PROFIT	412	211	215	353	66	(74)	-	1,183

(1) Fiscal year 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 4 - Alternative performance measures.



BREAKDOWN OF REVENUES BY BUSINESS

<i>in millions of euros</i>	2017 restated ⁽¹⁾		First-half 2017 restated ⁽¹⁾		First-half 2018	
	Amount	%	Amount	%	Amount	%
Consulting Services	583	5	294	5	378	6
Technology & Engineering Services	1,905	15	960	15	980	15
Application Services	7,828	62	3,897	62	4,094	63
Other Managed Services	2,209	18	1,129	18	1,015	16
REVENUES	12,525	100	6,280	100	6,467	100

(1) First-half 2017 and fiscal year 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.

BREAKDOWN OF OPERATING MARGIN* BY BUSINESS

<i>in millions of euros</i>	2017 restated ⁽¹⁾		First-half 2017 restated ⁽¹⁾		First-half 2018	
	Amount	%	Amount	%	Amount	%
Consulting Services	66	11.3	31	10.6	46	12.1
Technology & Engineering Services	262	13.8	119	12.4	115	11.8
Application Services	1,024	13.1	468	12.0	519	12.7
Other Managed Services	215	9.7	92	8.1	70	6.9
Headquarter expenses	(74)	-	(38)	-	(43)	-
OPERATING MARGIN *	1,493	11.9	672	10.7	707	10.9

(1) First-half 2017 and fiscal year 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 4 - Alternative performance measures.

NOTE 6 REVENUES

In the first-half 2018, revenues grew 3.0% year-on-year at current Group scope and exchange rates. Revenues grew 8.0% at constant exchange rates*, while organic growth* was 6.4%.

* Organic growth and growth at constant exchange rates, alternative performance measures monitored by the Group, are defined in Note 4 - Alternative performance measures.

NOTE 7 OPERATING EXPENSES BY NATURE

<i>in millions of euros</i>	2017 restated ⁽¹⁾		First-half 2017 restated ⁽¹⁾		First-half 2018	
	Amount	% of revenues	Amount	% of revenues	Amount	% of revenues
Personnel costs	8,002	63.9%	4,132	65.8%	4,150	64.2%
Travel expenses	516	4.1%	260	4.1%	253	3.9%
	8,518	68.0%	4,392	69.9%	4,403	68.1%
Purchases and sub-contracting expenses	1,838	14.7%	895	14.3%	1,012	15.7%
Rent and local taxes	357	2.9%	175	2.8%	181	2.8%
Other charges to depreciation, amortization and provisions and proceeds from asset disposals	319	2.5%	146	2.3%	164	2.5%
OPERATING EXPENSES	11,032	88.1%	5,608	89.3%	5,760	89.1%

(1) First-half 2017 and fiscal year 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.



NOTE 8 OTHER OPERATING INCOME AND EXPENSE

<i>in millions of euros</i>	2017 restated	First-half 2017 restated	First-half 2018
Amortization of intangible assets recognized in business combinations	(65)	(33)	(31)
Expenses relating to share grants	(71)	(32)	(47)
Restructuring costs	(131)	(50)	(64)
Integration costs for companies acquired	(29)	(13)	(12)
Acquisition costs	(9)	(4)	(10)
Other operating expenses	(8)	(2)	(22)
Total operating expenses	(313)	(134)	(186)
Other operating income	3	-	-
Total operating income	3	-	-
OTHER OPERATING INCOME AND EXPENSE	(310)	(134)	(186)

NOTE 9 NET FINANCIAL EXPENSE

<i>in millions of euros</i>	2017 restated	First-half 2017 restated	First-half 2018
Income from cash and cash equivalents and cash management assets	37	20	22
Net interest on borrowings	(52)	(22)	(29)
Net finance costs at the nominal interest rate	(15)	(2)	(7)
Impact of amortized cost on borrowings	(3)	(2)	1
Net finance costs at the effective interest rate	(18)	(4)	(6)
Net interest cost on defined benefit pension plans	(34)	(18)	(13)
Exchange gains/(losses) on financial transactions	(51)	(58)	15
Gains/(losses) on derivative instruments	36	53	(32)
Other	(5)	(1)	(3)
Other financial income and expense	(54)	(24)	(33)
<i>o/w financial income</i>	105	106	50
<i>o/w financial expense</i>	(159)	(130)	(83)
NET FINANCIAL EXPENSE	(72)	(28)	(39)

Net interest on borrowings (€29 million) and the positive impact of amortized cost on borrowings (€1 million) total €28 million and mainly comprise:

- ▶ coupons on the 2015 bond issues of €23 million, plus an amortized cost accounting impact of €1 million,
- ▶ the coupon on the 2016 bond issue of €1 million, with a negligible amortized cost accounting impact,
- ▶ coupons on the 2018 bond issues of €3 million, less an amortized cost accounting impact of €2 million, mainly due to an exceptional positive impact of €4 million on the accounting recognition of the bond swap, in April 2018 .

Exchange gains on financial transactions and losses on derivative instruments primarily concern inter-company loans denominated in foreign currencies and their related hedging arrangements.



NOTE 10 INCOME TAX EXPENSE

The effective income tax rate for the first-half 2018 is 35.2% based on pre-tax net profit of €482 million, compared with 27.3% at December 31, 2017 and 27.4% at June 30, 2017.

The tax rate applied at June 30 is based on the projected effective tax rate estimated for the fiscal year. The change in the effective tax rate at June 30, 2018 is explained, on one hand, by the non-recognition of deferred tax assets in the United States due to the full recognition of all US tax-losses carried forwards at December 31, 2017 and, on the other hand, by the impact of the "BEAT" (*Base Erosion and Anti-abuse Tax*) and the tax on "GILTI" (*Global Intangible Low-Taxed Income*) of the US tax reforms introduced by the Tax Cuts and Jobs Act signed into law on December 22, 2017.

The effective income tax rate used for the calculation of the normalized earnings per share is 31.4% as it is adjusted for the tax expense of €18 million due to the transitional impact of the US tax reform.

NOTE 11 GOODWILL

The €493 million increase in goodwill is due to 2018 first-half acquisitions in the amount of €367 million (see Note 3 - Changes in consolidation scope) and translation adjustments of €126 million recognized on goodwill primarily denominated in US dollars.

NOTE 12 TRADE RECEIVABLES, CONTRACT ASSETS AND CONTRACT COSTS

<i>in millions of euros</i>	June 30, 2017 restated ⁽¹⁾	December 31, 2017 restated ⁽¹⁾	June 30, 2018
Trade receivables	1,670	2,066	1,831
Provisions for doubtful accounts	(23)	(24)	(19)
Contract assets	1,352	1,029	1,335
Trade receivables and contract assets excluding contract costs	2,999	3,071	3,147
Contract costs	93	99	94
TRADE RECEIVABLES, CONTRACT ASSETS AND CONTRACT COSTS	3,092	3,170	3,241

(1) Figures at June 30, 2017 and December 31, 2017 have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.

Total trade receivables and contract assets net of contract liabilities can be analyzed as follows in number of days' annual revenue:

<i>in millions of euros</i>	June 30, 2017 restated ⁽¹⁾	December 31, 2017 restated ⁽¹⁾	June 30, 2018
Trade receivables and contract assets excluding contract costs	2,999	3,071	3,147
Contract liabilities	(658)	(795)	(644)
TRADE RECEIVABLE AND CONTRACT ASSETS NET OF CONTRACT LIABILITIES	2,341	2,276	2,503
In number of days' annual revenue	67	65	70

(1) Figures at June 30, 2017 and December 31, 2017 have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers; see Note 1 - Accounting basis.

As of June 30, 2018, receivables totaling €100 million were assigned with transfer of risk as defined by IFRS 9 to financial institutions (compared with €82 million at June 30, 2017 and €99 million at December 31, 2017) and were therefore derecognized in the Statement of Financial Position at June 30, 2018.



NOTE 13 NET DEBT / NET CASH AND CASH EQUIVALENTS

<i>in millions of euros</i>	June 30, 2017 restated	December 31, 2017 restated	June 30, 2018
Short-term investments	984	1,497	1,053
Cash at bank	335	491	698
Bank overdrafts	(4)	-	(1)
Cash and cash equivalents	1,315	1,988	1,750
Cash management assets	207	168	221
Bonds	(3,238)	(2,739)	(3,229)
Obligations under finance leases	(45)	(43)	(37)
Draw-downs on bank and similar facilities and other borrowings	(1)	(1)	(1)
Long-term borrowings	(3,284)	(2,783)	(3,267)
Bonds	(49)	(525)	(542)
Obligations under finance leases	(45)	(44)	(40)
Draw-downs on bank and similar facilities and other borrowings	(94)	(20)	(288)
Short-term borrowings	(188)	(589)	(870)
Borrowings	(3,472)	(3,372)	(4,137)
Derivative instruments	21	7	(26)
(NET DEBT) / NET CASH AND CASH EQUIVALENTS *	(1,929)	(1,209)	(2,192)

* (Net debt)/Net cash and cash equivalents, an alternative performance measure monitored by the Group, is defined in Note 4 - Alternative performance measures.

The €983 million increase in net debt during the first six months of 2018 on December 31, 2017 chiefly reflects:

- ▶ the payment to shareholders of a dividend of €284 million,
- ▶ cash outflows on business combinations, net of cash and cash equivalents acquired, of €409 million,
- ▶ net cash outflows of €200 million in respect of transactions in Capgemini SE shares.

In April 2018, Capgemini SE performed a dual tranche bond issue, comprising a €500 million tranche paying a 1.75% coupon and maturing in April 2028 (the 2028 bond) and a €600 million tranche, paying a 1% coupon and maturing in October 2024 (the 2024 bond).

The €600 million 2024 bond was fully subscribed by a bank in a debt swap transaction. In exchange for the new securities issued, the bank presented July 2020 bonds with a nominal value of €574.4 million acquired directly on the market through a Tender Offer.

This bond swap was recognized as a modification to a borrowing with the same counterparty, without any substantial change to the terms of the debt. Accordingly, at the swap date, the amortized cost of the modified debt in balance sheet (the 2024 bond) represents the present value of future cash flows from this debt discounted at the effective interest rate of the original debt (the 2020 bond), after the add-back of transaction costs, of €564 million. The difference between the amortized cost of the original debt and the amortized cost of the modified debt is recognized in profit or loss (See Note 9 – Financial result).

Furthermore, on July 2nd, 2018, the Group repaid at maturity a €500 million bond issued in 2015.

Financial asset and liability fair value measurement methods and classifications are unchanged on December 31, 2017.



NOTE 14 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

<i>in millions of euros</i>	June 30, 2017 restated	December 31, 2017 restated	June 30, 2018
NET OBLIGATION AT BEGINNING OF PERIOD	1,374	1,374	1,196
Expense for the period recognized in the Income Statement	60	103	54
Service cost	42	69	37
Curtailments, settlements and plan transfers	-	-	4
Interest cost	18	34	13
Impact on income and expense recognized in equity	15	(135)	(212)
Other	(85)	(146)	(64)
Benefits and contributions	(50)	(105)	(54)
Translation adjustments	(33)	(44)	(5)
Other movements	(2)	3	(5)
NET OBLIGATION AT END OF PERIOD	1,364	1,196	974

The impact on income and expense recognized in equity at June 30, 2018 comes mainly from the variation of the United Kingdom discount rate.

NOTE 15 OTHER NON-CURRENT AND CURRENT ASSETS AND LIABILITIES

“Other non-current assets”, “Other current assets”, “Other non-current liabilities” and “Other current liabilities” presented in the Consolidated Statement of Financial Position break down as follows.

OTHER NON-CURRENT AND CURRENT ASSETS

<i>in millions of euros</i>	June 30, 2017 restated	December 31, 2017 restated	June 30, 2018
Derivative instruments	237	174	67
Social security and tax-related receivables, other than income tax	197	259	186
Prepaid expenses	258	212	272
Long-term deposits, receivables and other investments	123	124	120
Non-current tax receivables	82	72	98
Other	139	127	116
OTHER NON-CURRENT AND CURRENT ASSETS	1,036	968	859

OTHER NON-CURRENT AND CURRENT LIABILITIES

<i>in millions of euros</i>	June 30, 2017 restated	December 31, 2017 restated	June 30, 2018
Special employee profit-sharing reserve	27	34	34
Derivative instruments	10	18	67
Liabilities related to acquisitions of consolidated companies	183	201	179
Non-current tax payables	31	43	43
Other	94	96	88
OTHER NON-CURRENT AND CURRENT LIABILITIES	345	392	411



Note 16 NUMBER OF EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES BY GEOGRAPHIC AREA

	First-half 2017		2017		First-half 2018	
	Employees	%	Employees	%	Employees	%
North America	17,190	9	17,377	9	17,545	9
France	24,178	12	24,489	13	25,410	13
United Kingdom and Ireland	8,795	5	8,561	4	8,301	4
Rest of Europe	33,141	17	33,737	17	35,445	17
Asia-Pacific and Latin America	111,609	57	112,445	57	114,472	57
Not allocated	146	-	146	-	145	-
AVERAGE NUMBER OF EMPLOYEES	195,059	100	196,755	100	201,318	100

NUMBER OF EMPLOYEES AT THE PERIOD END BY GEOGRAPHIC AREA

	June 30, 2017		December 31, 2017		June 30, 2018	
	Employees	%	Employees	%	Employees	%
North America	17,316	9	17,209	9	18,197	9
France	24,285	13	25,299	13	25,497	13
United Kingdom and Ireland	8,485	4	8,217	4	8,377	4
Rest of Europe	33,618	17	34,857	17	35,955	17
Asia-Pacific and Latin America	112,528	57	113,968	57	117,404	57
Not allocated	144	-	148	-	144	-
NUMBER OF EMPLOYEES AT THE PERIOD END	196,376	100	199,698	100	205,574	100



Note 17 OFF-BALANCE SHEET COMMITMENTS

COMMITMENTS GIVEN

<i>in millions of euros</i>	June 30, 2017	December 31, 2017	June 30, 2018
On client contracts	1,800	1,889	1,926
On non-cancelable leases	766	807	767
Other commitments given	24	30	16
COMMITMENTS GIVEN	2,590	2,726	2,709

COMMITMENTS RECEIVED

<i>in millions of euros</i>	June 30, 2017	December 31, 2017	June 30, 2018
On client contracts	110	50	-
Other commitments received	1	68	55
COMMITMENTS RECEIVED	111	118	55

CONTINGENT LIABILITIES

During the first-half of 2018 and in previous fiscal years, certain Group companies underwent tax audits leading in some cases to tax reassessments. A number of proposed adjustments have been challenged and litigation and pre-litigation proceedings were in progress at June 30, 2018. In general, no provisions have been set aside for these disputes in the consolidated financial statements in so far as Capgemini can justify its positions and considers the likelihood of winning the disputes to be high. This is particularly the case, in France, for research tax credits for the period 2008 to 2013, in respect of which the tax authorities have rejected the portion concerning private clients in certain companies registered for research tax credit.

NOTE 18 SUBSEQUENT EVENTS

There were no material events after the balance sheet date.



DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

"I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the half-year ended June 30, 2018 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation and that the interim financial review gives a fair description of the material events that occurred in the first six months of the fiscal year and their impact on the financial statements, the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the year".

Paul Hermelin

Chairman and Chief Executive Officer