

51<sup>st</sup>

General Meeting  
of Shareholders

# The Letter to the Shareholders



Capgemini

Ladies, Gentlemen, Dear Shareholders,

In 2018, Capgemini demonstrated its ability to combine sustained growth, at a rate above the market average, with rising profitability. We achieved or exceeded all of our objectives and I want to highlight the quality of these results. Twice in 2018, we raised our growth forecast to reach 8.1% for the year. We are gaining market share in

most of our territories. We also improved our profitability, to 12.1% of our revenues, which brings us closer to our ambition, expressed a few years ago, of achieving an operating margin between 12.5% and 13.0%. Finally, our organic free cash flow far exceeds our target. This discipline in cash flow, which is a sign of an efficient organization, has allowed us to continue to invest in the transformation of our portfolio of offers, in order to improve Capgemini's ability to meet our clients' appetite for cloud and digital technology. Our net income has declined, due to exceptional expenses, particularly related to tax reforms implemented across the Atlantic. The dividend paid for the 2018 financial year is 1.70 euros per share, the same as last year, in line with our policy of redistributing to shareholders about 35% of our net income.

By now, carrying out 45% of its business in cloud and digital technology, Capgemini is leaving its impact on the market. Few other players in our sector have achieved such a performance, which reflects how we have been able to make the pivot towards the "new world" of technology that is the future of our business. I think that capacity is what determines the difference between the best in class and the rest.

Last year, I presented you with our new ambition for the Group: to be recognized as a Leader for Leaders, which means becoming the strategic partner of the most demanding customers, by carrying out the most challenging projects on their behalf and surrounding ourselves with the top talent for the task. Aiming for excellence in this way, an ambition that was so dear to Capgemini's late founder Serge Kampf, makes it our duty to focus on performance in every arena: finance, in order

to continue investing in innovation; human capital, to recruit new talents and develop an engaging and stimulating work environment; technology, to boost our operational productivity; and business, to earn the trust of our customers and further strengthen the quality of our services;

In 2018, the Group readied itself to strengthen its performance around two strategic priorities, led by our two Chief Operating Officers, Thierry Delaporte and Aiman Ezzat: reinforcing our customer-centric organization and accelerating the transformation of our offerings portfolio. As a result, we have significantly transformed our organization to enable each customer to receive all the strength and expertise of Capgemini through a single point of contact. Aligning our strengths allows us to play a more integral role in the most strategic issues facing our clients. We chose seven high-value priorities to manage the Group's portfolio of offerings. Implementing these major transformations over the course of the year without impacting our performance – which accelerated in the second half of the year – was a serious challenge. That is why I would like to acknowledge the quality of the collaboration between the two Chief Operating Officers who were shortlisted for the managerial transition planned for mid-2020, and to thank them for their efforts in the service of the Group.

To be sustainable, our performance must be part of a larger strategy that integrates our duties as a socially responsible company. Though this commitment is not new, we made progress in 2018 in defining the issues we can address, particularly with respect to the implementation of our initiatives in terms of diversity, digital inclusion and environmental footprint. Using our technological expertise to serve society constitutes a great source of pride and engagement for our employees.

As you can see, Capgemini combines its remarkably strong position with a unique ability to progress even further. For this reason, we will approach the years to come with ambition and confidence.

**Paul Hermelin**  
President and CEO of Capgemini



# Annual General Meeting report



Capgemini's 51<sup>st</sup> Annual General Meeting was held on May 23, 2019, at the Pavillon Gabriel in Paris. Shareholders adopted all 17 resolutions that were put to a vote.

## Changes to the Board of Directors

*By Pierre Pringuet, Lead Independent Director and Chairman of the Ethics & Governance Committee*

The Lead Independent Director took advantage of the General Meeting to report on the Board of Directors' activities in 2018, including the monitoring of the management transition, its policy in terms of diversity and the evolution of its composition.

The Annual General Meeting almost unanimously approved all the resolutions concerning the composition of the Board. The latter is thus making progress in its objective of continuing its internationalization, deepening its sectoral expertise and enriching the diversity of its management profiles and experience in order to align perfectly with the Group's strategic priorities.

- **Ratification of Laura Desmond's co-option**

Carole Ferrand left the Board of Directors before taking up her role as Group CFO on June 1, 2018. For the remainder of her term, until the 2020 Annual General Meeting, Laura Desmond succeeds her as an Independent Director, Member of the Strategy & CSR Committee. Laura Desmond, an American citizen, brings to the Board her expertise in data analytics, digital strategy and content.

- **Appointment of Xiaoqun Clever**

A German national, Xiaoqun Clever joined the Board for a four-year term as an Independent Director. She brings her solid experience in digital transformation and data enhancement, as well as a perfect knowledge of the Asian and Central European markets.

Following the votes, the Board of Directors consists of 14 members, two of whom represent employees, and half of whom are women. 82% of directors are independent and 29% have international profiles.

Shareholders also endorsed a more flexible method for running the Board. From now on, directors who participate by means of video conferencing or telecommunications to the meeting intended to validate reports and resolutions presented to the General Assembly will be deemed present for the calculation of quorum and majority.

<sup>1</sup> The two directors representing employees are not taken into account for the calculation of this percentage, in accordance with the provisions of the French Commercial Code currently in force.

<sup>2</sup> Directors representing employees and employee shareholders are not taken into account for the calculation of this percentage, in accordance with the provisions of the AFEP-MEDEF Code.

## Group Management Compensation

*By Laurence Dors, Chair of the Compensation Committee*

The Annual General Meeting approved the compensation items and benefits paid or awarded for the 2018 financial year to Paul Hermelin, Chairman and CEO (94.27% of votes), as well as the two Chief Operating Officers, Thierry Delaporte (95.49% of votes) and Aiman Ezzat (95.54% of votes). Shareholders also adopted the principles and criteria for determining, allocating and attributing fixed, variable and exceptional items that will make up their compensation for the 2019 financial year. They remain unchanged from 2018, in line with the recommendation of the Compensation Committee.

## Governance Award - Grand Prize of the General Meeting

Capgemini won the governance prize, awarded on the occasion of the 14th Edition of the Grand Prize of the General Meeting which took place on July 10, 2019 as part of the Paris EUROPLACE International Forum. This prize is awarded to Capgemini for its outstanding practices at the Annual General Meeting, and in particular for the quality and relevance of the information presented on governance and compensation.

## Shareholders' questions

Before the resolutions were voted on, Capgemini's management notably answered the following questions:

- **Our margins for improving profitability:** The Group's operating margin has steadily increased in recent years and reached a satisfactory level in 2018, in line with our objectives. This performance reflects Capgemini's ability to combine profitable growth with investments in its portfolio of sectorial offerings and its talents. The Group has once again raised its profitability target for 2019.
- **The distribution of value created by the Group:** In terms of the added value created in the 2018 financial year, 66% benefitted our employees, 20% went to governments and social security programs, 10% to the company for its innovation and development, 3% to our shareholders and 1% to our creditors.

# Highlights



Capgemini Invent has supported Airbus in the design and implementation of its global platform for predictive maintenance



## The birth of Capgemini Invent, combining consulting and technology

To build the future of their business, today's decision-makers need innovation and digital transformation consulting, while they must also master all the technological issues pertaining to their business. For this reason, since September 2018, the new Capgemini Invent brand combines the strengths of Capgemini Consulting (management, strategy and transformation consulting) with complementary expertise in data science and creative design. This new global entity encompasses several recent acquisitions: LiquidHub, a specialist in digital customer engagement, Fahrenheit 212, an expert in innovation strategy consulting, and the three creative design studios of Idean, Adaptive Lab and Backelite.

## Five targeted acquisitions in digital

Capgemini continued to strengthen its position as a leader in digital expertise by making new acquisitions around the world: LiquidHub (specialist in digital customer engagement) and Leidos

Cyber Inc. (specialist in cybersecurity) in the United States; June 21 (digital marketing consulting firm) in France; Doing in Italy (an agency specialized in digital transformation services for marketing and communication); Adaptive Lab in the UK (a studio specialized in digital design).

## Capgemini is working on its core purpose

The French PACTE law, enacted in May 2019, invites companies to think about their usefulness to society by formulating a core purpose. In 2018, Capgemini began preparing this important exercise by updating its materiality matrix, which aims to prioritize the Group's challenges in light of its ambitions and the expectations of its stakeholders. In 2019, Capgemini will involve its employees, customers, shareholders, business partners, and civil society representatives in the definition of its core purpose.

Learn how Capgemini is creating lasting value for its stakeholders in our 2018 Integrated Report: <https://reports.capgemini.com/2018/en/integrated-report.html>

## Services to help our customers reduce their carbon footprint

Through its CSR commitments (see p.5), Capgemini has also set a goal of helping its customers cut 10 million metric tons of CO<sub>2</sub> by 2030, through its commercial offer. Throughout 2018, we identified 30 services with a positive carbon impact, from optimizing the use of existing technologies to leveraging data to improve our clients' environmental performance. Our goal now is to integrate these services into our portfolio of offers. More than 1,500 specially trained employees are now involved in this program.

## Success of the 5<sup>th</sup> employee shareholding plan

The fifth employee shareholding plan, which creates employee engagement around the Group's development and performance, was a great success, with a subscription rate of 191%. Close to 33,600 employees in the 24 participating countries subscribed to the plan, representing 17.2% of eligible candidates. The plan comprised 2.5 million shares, representing approximately 1.5% of the Group's total share capital. As of December 31, 2018, employee share ownership stood at 5.9% of the Group's total capital.

The 2019 Annual General Meeting renewed the capital increase and share buyback authorizations necessary for opening a new employee shareholding plan in 2019.

- **The contribution of the cybersecurity offer to our business:** Developed over the past three years, this comprehensive offer (consulting, compliance, protection and monitoring) does not yet represent a considerable volume of business across the Group, but activity is growing strongly. Cybersecurity is one of the seven priority offerings in which Capgemini will accelerate its development– and is also integrated into all other offerings. Completed in February 2019, the acquisition of Leidos Cyber, a U.S. company recognized for providing security to private companies, has expanded our global network of 3,500 cybersecurity experts.
- **Competition from freelancers (independent contractors) in the IT professional services sector:** The emergence of this offer is normal and reflects the appeal of our sector. It does not represent competition as Capgemini works with its clients on targets pertaining to results and service levels, as well as complex projects, while independent contractors only provide their own skills.
- **Managing employee attrition:** the Group's attrition rate, which reached 22% in 2018, is high, but it is not unique to Capgemini. It reflects the race for digital skills in our industry. To retain our employees, we conduct complementary policies aimed at providing them with good working conditions, motivating projects and opportunities to build skills and leadership. For example, Capgemini has been running a transformation plan of its corporate real estate over the past three years, with the aim of improving its employee experience.

# 2018 in numbers

## Very good results



By Carole Ferrand,  
Chief Financial Officer

### Sustained growth combined with rising profitability

In 2018, Capgemini achieved or exceeded all its financial objectives: The Group strengthened its growth profile while continuing to improve its profitability and free cash flow generation. This above-market performance reflects our ability to create value for our customers, notably by providing relevant answers to their transformation needs.

Revenues amounted to 13,197 million euros, up 5.4% on a reported basis and 8.1% at constant exchange rates, exceeding the target of 6% to 7% set at the beginning of the year. Our organic growth rate of 6.2% reflects a high-quality growth profile.

Operating margin reached 1,597 million euros, or 12.1% of revenues, up 7% in value and 20 basis points, in line with the year's targets.

Organic free cash flow increased to 1,160 million euros, exceeding the target of 1,000 million euros set at the beginning of the year.

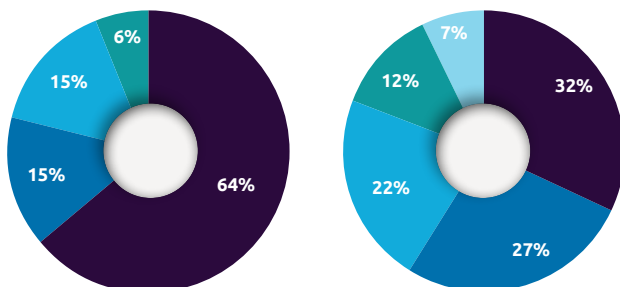
### Changes in activity by region: At constant exchange rates

In 2018, all geographic areas contributed to our growth.

In North America, the Group's most dynamic region in 2018, revenues increased by 14.4%, driven in particular by our digital investments and acquisitions.

In the United Kingdom and Ireland, activity remained stable (+0.1% in sales) after a significant decline in 2017. The Group returned to growth in the second half of the year, in line with the business plan set at the beginning of the year.

### Breakdown of revenues



#### BY BUSINESS

- Application Services
- Other Managed Services
- Technology and Engineering Services
- Consulting Services

#### BY REGION

- North America
- Rest of Europe
- France
- United Kingdom/Ireland
- Asia-Pacific and Latin America

France posted robust growth (+6.4%) benefiting from the contribution of all major sectors. This growth is fueled in particular by a strong momentum in Application Services tied to Cloud and Digital.

In the rest of Europe, where revenues increased by 6.9%, activity was up in all major countries. Germany and Scandinavia recorded growth of close to 10%.

The Asia-Pacific and Latin America region saw revenues grow by 6%. Activity in Asia-Pacific benefited from an acceleration in the Manufacturing sector. In Latin America, 2018 marked a return to growth as well as profitability.

### Changes in activity by business line: At constant exchange rates

The Consulting business line saw its revenue increase by 37.4% thanks to acquisitions made in 2018 and sustained organic growth in our main regions. Demand for digital transformation and innovation was particularly strong in the Financial Services, Industry and Distribution sectors.

Technology and Engineering Services, which grew by 5%, enjoyed positive momentum in all regions, particularly in North America and the United Kingdom.

Application Services, where activity climbed by 10.1%, was driven by demand for Cloud and Digital offerings.

Other Managed Services recorded a decline of 4.2%, mainly as a result of the slowdown in Business Process Outsourcing activities. Infrastructure Services benefited in the second half of the year from strong demand tied to Cloud, which helped to mitigate the decline in public sector activity in the UK in the first half of the year.

### Headcount growth of 5.8%

At the end of December 2018, Capgemini had 211,300 employees, including nearly 122,000 – or 58% – in its global production centers.

### Extract from the outlook for 2019:

- Revenue growth at constant exchange rates between 5.5% and 8.0%
- Operating margin up between 12.3% and 12.6%
- Increase in organic free cash flow on a like-for-like basis to more than 1.1 billion euros.

Note: The impact of IFRS 16 on this outlook is presented in the 2018 results press release available on the website:

<https://investors.capgemini.com/>

### 1<sup>st</sup> quarter 2019: a sustained growth momentum

- Revenues: 3,441 million euros, up 6.7% at constant exchange rates. Organic growth of 5%.
- Cloud and Digital activities grew by 20% at constant exchange rates. They now exceed 45% of the Group's revenue.



# Strategic Insights



## > In 2018, what major advance did the Group make in terms of accelerating its profitable growth?

On July 1, Capgemini changed its organization to implement the two strategic priorities announced at the 2018 Annual General Meeting: on the one hand, accelerating the transformation of its portfolio of offerings notably towards the Digital and Cloud segments; on the other hand, strengthening its relationships with strategic clients.

- Capgemini now manages its portfolio of offerings based on seven high-value priorities: cloud, cybersecurity, artificial intelligence, digital manufacturing, customer experience, and the next generation of application development and maintenance solutions. Led by Thierry Delaporte, Chief Operating Officer, this change allows us to innovate constantly on these offerings, improve their productivity, develop new businesses for the benefit of our customers and, ultimately, differentiate Capgemini in these dynamic markets.
- To become a leading partner on the strategic issues faced by an ever-increasing number of clients, Capgemini has streamlined its commercial approach in order to offer all its expertise and services from a single point of contact. This reorganization, led by Aiman Ezzat, Chief Operating Officer, is based in particular on enhanced synergies between the entities responsible for the portfolio of offers and those in charge of customer relations and sector strategies.

Capgemini is now poised to make progress towards its ambition of becoming a Leader for Leaders.

## > In 2017, Capgemini reaffirmed its corporate social responsibility (CSR) around three priorities with quantified targets. What progress has been made so far?

In 2018, the Group reached important milestones:

- **Diversity:** women now hold 24% of the positions in our Management Committees and their numbers are growing within the company (31.9% of our workforce). When it comes to gender equality, Capgemini became in France the first company in its sector to obtain EDGE1 certification. In this area, the company obtained an index of 94 points out of 1002. More broadly, the Group strives to develop an inclusive work environment for all, regardless of age, university degree, social origin or sexual orientation.

<sup>1</sup> EDGE (Economic Dividends for Gender Equality) is an international standard for measuring and evaluating gender equality.

<sup>2</sup> Created by the French Ministry of Labor, this index shared by all companies makes it possible to measure the gender pay gap and identify areas for improvement.

- **Digital inclusion:** 64% of our social impact projects around the world (or a total of 80 programs) aim to combat social and geographical inequities tied to digital technology (target of 80% by 2020). For instance, in France, India, the United Kingdom and the United States, the Group has created Digital Academies to train people who have been shut out from the job market. One hundred and fifty people have graduated from the academies, with a target of 1,500 by 2020.
- **Environmental responsibility:** Two years ahead of schedule, we achieved our goal of reducing carbon emissions per employee by 20% compared to 2015. This is mainly due to lower emissions from transport (-10.1%) and energy consumption (-33.7%). We are now pursuing the goal of helping our customers reduce their carbon footprint by 30% by 2030.

Through the Architects of Positive Futures program, our employees play a key role in our CSR commitments.

## BREAKING NEWS

### Proposed public tender offer on Altran

Capgemini (Euronext Paris: CAP), a global leader in consulting, IT services and digital transformation, and Altran Technologies (Euronext Paris: ALT), the global leader in Engineering and R&D services, announced on June 24, 2019 that they have entered into an agreement for exclusive negotiations whereby Capgemini is to acquire Altran, through a friendly takeover bid at €14.00 per Altran share, payable in cash. The agreement is unanimously recommended and approved by the Boards of Directors of Capgemini and Altran, and Capgemini has already acquired an 11.4% stake from some of Altran's shareholders.

#### Introducing a world leader in "Intelligent Industry"

The new Group will benefit from a unique ability to support industrial players in their digital transformation, by combining its intimate knowledge of their businesses, its privileged access to decision-makers and its portfolio of offers that spans digital transformation, consulting and innovation, information technologies (IT) and operational technologies (OT). Building on these strengths, Capgemini will reinforce its role as the strategic partner of choice of its customers in this "Intelligent Industry" space, which present a double-digit growth potential.



#### Strong value creation

The Group expects accretion to normalized EPS, before synergies from the combination, of more than 15% in the first year after closing. In 2023, with the benefits of these synergies, the accretion on normalized earnings per share should exceed 25%.

#### Key transaction terms and timeline

The public offer launch is expected to take place after the information or consultation phase of the respective works councils, and after the customary regulatory approvals have been received, notably CFIUS in the United States and antitrust authorities. The completion of this combination is expected by the end of 2019.

Capgemini has secured a bridge financing of €5.4 billion, covering the purchase of securities (€3.6 billion) as well as the gross debt (€1.8 billion). The Group plans to refinance the bridge with available cash for €1 billion and the balance by debt issuance, primarily new bond issues.

# Shareholder's Notebook

## Capgemini and its individual shareholders

In addition to the Annual General Meeting in Paris, Capgemini meets regularly with its individual shareholders at information meetings held in major cities across France (Lyon, Lille, Bordeaux, Nantes, Toulouse, etc.). These events allow discussion of the Group's strategy, results and outlook.

## Dividend for the 2018 fiscal year

By distributing a portion of our profits to our shareholders each year, we allow them to participate fully in our growth. The dividend for 2018 proposed and voted for at the Annual General Meeting on May 23, 2019, amounts to 1.70 euros per share, similar to last year. This dividend corresponds to a distribution rate of 36%.

## Capgemini's share data sheet

Listed on the Eurolist market of Euronext Paris (Compartment A)  
Eligible for the SRD Deferred Settlement of the Paris Stock Exchange  
ISIN Code: FR0000125338

Main indices: CAC 40, Euronext 100, STOXX Europe 600, EURO STOXX Technology, and EURO STOXX ESG Leaders 50

## Calendar

July 30, 2019: Half-year 2019 results  
October 24, 2019: Q3 2019 revenues  
February 13, 2020: Full-year 2019 results  
May 20, 2020: Combined Annual General Meeting

## Capgemini share price evolution

in euros, compared to the CAC 40 index, from December 31, 2016 to June 30, 2019



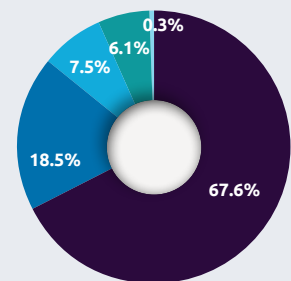
**Dividend distributed for the 2018 fiscal year**

**€1.70**  
per share

Stable compared to the amount distributed for the 2017 fiscal year

## SHAREHOLDER STRUCTURE

At the end of December 2018  
(based on a shareholder survey)



- International institutional investors
- French institutional investors
- Individual shareholders
- Employees and Board members
- Treasury shares

## 2018 Annual Report and Integrated Report



<https://investors.capgemini.com/>

## Shareholder contact

Shareholder Relations :  
11, rue de Tilsitt - 75017 Paris (France)  
actionnaires@capgemini.com

**N° Vert 0 800 20 30 40**  
APPEL GRATUIT DEPUIS UN POSTE FIXE