

# 2015 Full Year Results

Paris, February 18, 2016



People matter, results count.

# Disclaimer

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# Paul **HERMELIN**

# 2015: A solid step forward



€11,915m revenues,  
+12.7% current growth YoY, +1.0% organically  
Digital & Cloud reaching 22% of revenues, growing 23%



Good Bookings momentum at €11,538m



10.6% Operating Margin



Record organic free cash flow of €815m



€ 1.35 dividend per share  
€ 600m buy-back program



IGATE acquisition: strengthened position in North America and  
in Financial Services



Total headcount reaches 180,000 YE 2015,  
Offshore leverage 54%

# Entering 2016 with a **solid Group profile**



Strengthened  
positions  
in **key markets**



Accelerated  
**portfolio shift**



**Global production capabilities** reached  
top level

- ◆ **More balanced geographical mix** (North America reaching 31% of our revenue in H2 2015, in addition to our strong position in Europe)
- ◆ **Financial services reinforced** with large big accounts portfolio and strong offshore ratio
- ◆ **Consulting activities** back to a solid single digit growth
- ◆ A **comprehensive portfolio of offers** covering all clients needs for growth and competitiveness
- ◆ Success of two new offers launched in 2015, **Cloud Choice** and **Cybersecurity**, with a very strong appetite from our clients
- ◆ **Best in class global network of delivery centers** with almost 98,000 people
- ◆ **India** reinforced as the backbone of the Group

# IGATE integration: now acting as one company



## IGATE integration milestones achieved

- ◆ Key managers strengthen our leadership team
- ◆ Brand transition from IGATE to Capgemini achieved
- ◆ Facility consolidation initiated. ~3000 employees from Capgemini to move to IGATE's Mumbai office by end of Q1
- ◆ Joint go-to-market already in motion, leveraging IGATE expertise
- ◆ Functional processes and systems integration on track



## Performance in line with expectations

- ◆ IGATE H2 performance in accordance with our objectives
- ◆ Part of cost synergies already delivered in 2015
- ◆ Identified synergies confirmed and to be achieved within three years from closing

# Group fully mobilized on Digital & Cloud

## End-to-end service portfolio...

- ◆ Combining all the Group **services** to offer a complete portfolio
- ◆ Leveraging **joint capabilities** (Consulting, Technology, Infrastructure)
- ◆ Strong **sector expertise**

## ...supported by our innovation strategy...

- ◆ Launch of « **Applied Innovation Exchange** »: network of 9 innovation spaces and curated ecosystem of innovation partners in all the regions

## ... by a renewed partner ecosystem...



## ...and by very focused acquisitions

- ◆ Acquisition of **OINIO**, key Salesforce partner in Germany; **Fahrenheit 212**, innovation consulting firm.
- ◆ Actively screening the market for digital opportunities



Key deals in 2015

The growth engine for the Group in the years to come



# In 2016, key priorities supported by incremental investments



Accelerate our growth on **key businesses**

- ◆ Invest in **Digital & Cloud**
- ◆ Leverage IGATE ITOPS to reinforce our position in **Business services**



*Investment examples: dedicated specialized business development teams in Cloud & Digital; creation of 3 offshore Cloud factories*



Drive further our **competitiveness**

- ◆ Become best-in-class in **resource supply chain** management
- ◆ **Competitiveness new central department** regrouping responsibilities on delivery, production, procurement and India operations



*Investment examples: IT network infrastructure upgrade; deployment of analytics tools on resource supply chain*



Support our portfolio shift with a **proactive talent strategy**

- ◆ Attraction and retention plan focused on **hot skills**
- ◆ **Development of our skills** in new technologies



*Investment examples: unprecedented reskilling effort in Europe*





Constant currency revenue growth: 7.5 – 9.5%

Operating margin of 11.1 – 11.3%



> €850m organic free cash flow

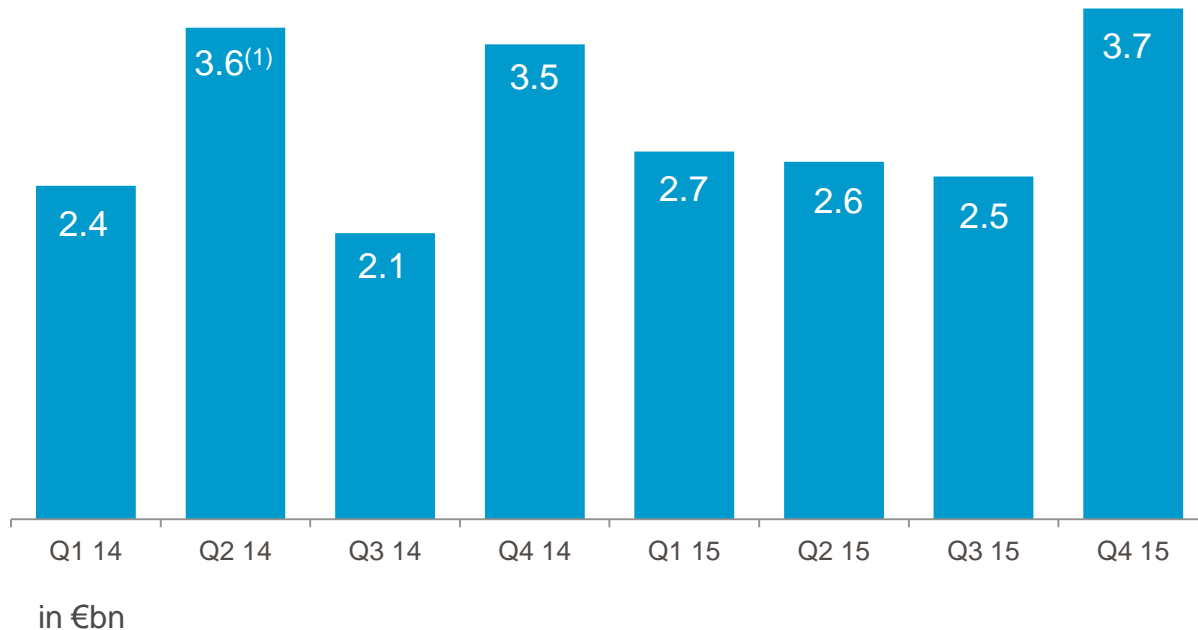
**2016 guidance**



Srikanth  
**IYENGAR**

# Closed 2015 with strong sales momentum

## Bookings evolution



At FY 2015 rate  
(1) Of which €1bn from Areva 10 year contract

## Highlights

- ◆ €3.7Bn **bookings** in Q4 2015; Q4 Book to Bill 1.14
- ◆ Deal (TCV > €20m) **Win Rate** over 40%
- ◆ Double digit bookings growth on **Strategic Accounts**
- ◆ + 20% **bookings** growth in strategic offers
- ◆ **End of Year pipeline** +5% vs 2014 indicates continued momentum

# Key Deals in 2015 TCV > €50M

## Multi towers



## Cloud Services



Large Oil & Gas Company

## Business Services



Large Insurance Company

Large Financial Services Company

## Digital Services



Logius  
Ministerie van Binnenlandse Zaken en  
Koninkrijksrelaties



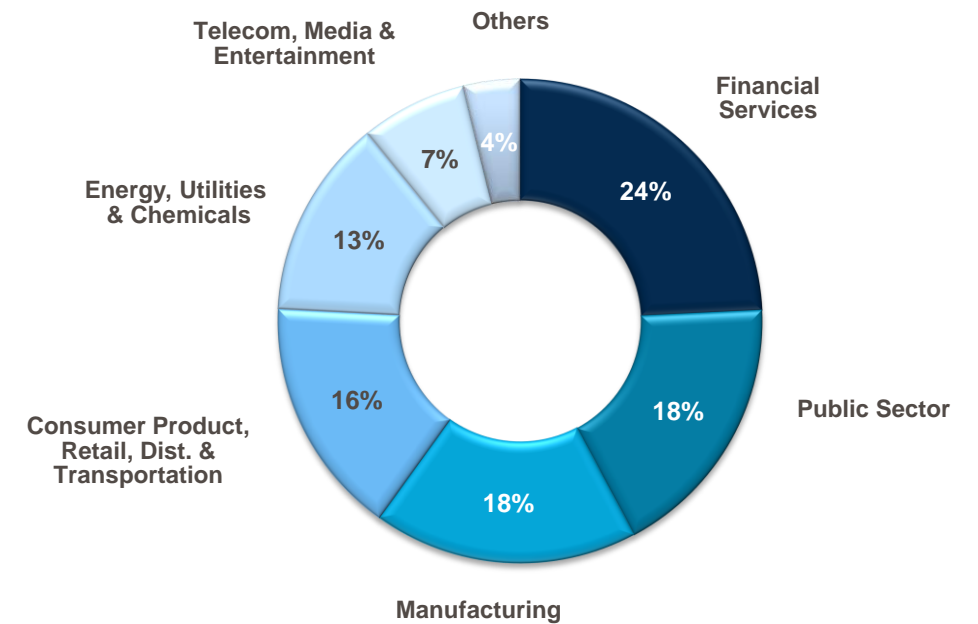
Large Insurance  
Company



Large Postal Company

# Acceleration of revenue growth in CPRDT and FS

Organic Year-on-Year	FY 15 / FY 14	Q4 15 / Q4 14
Financial Services	+9.3%	+7.7%
Energy, Utilities & Chemicals	+3.2%	+2.4%
Manufacturing	+1.9%	+2.0%
Consumer Product, Retail, Dist. & Transportation	+11.6%	+15.6%
Public Sector	-14.9%	-20.1%
Telecom, Media & Entertainment	-2.0%	-4.2%
<b>TOTAL</b>	<b>+1.0%</b>	<b>+0.1%</b>





Aiman  
**EZZAT**

# Financial Overview

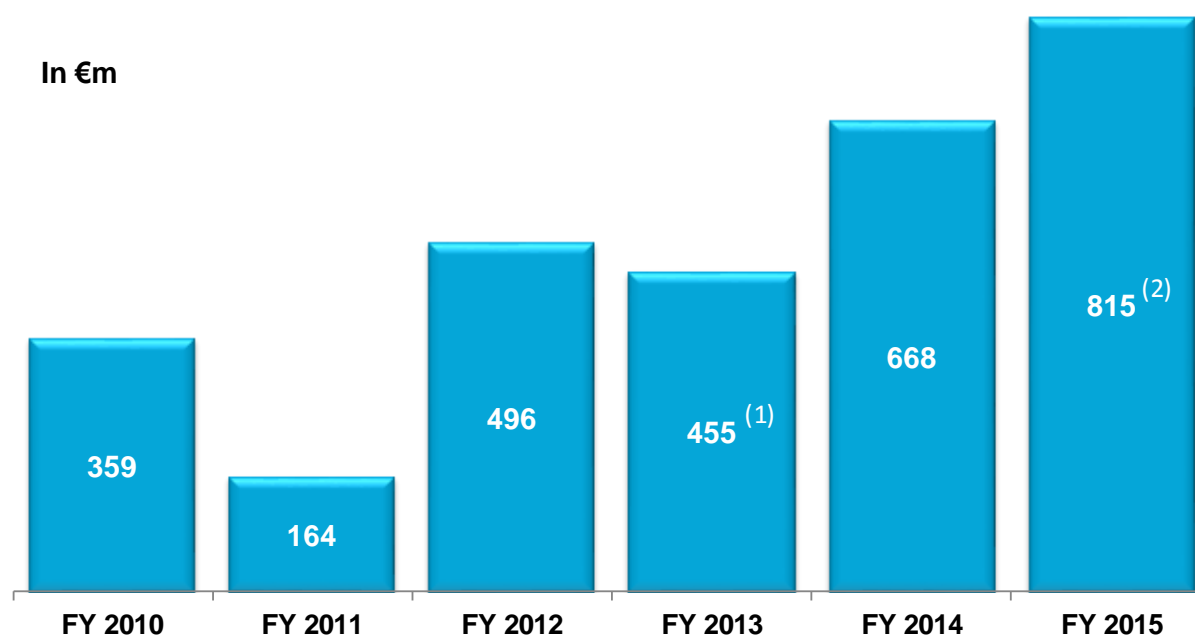
in €m	FY 2014	FY 2015	FY 2015 / FY 2014
<b>Revenues</b>	<b>10,573</b>	<b>11,915</b>	<b>+12.7%</b>
Operating expenses	-9,603	-10,653	
<b>Operating margin</b>	<b>970</b>	<b>1,262</b>	<b>+30%</b>
(% Revenues)	9.2%	10.6%	+1.4pt
Other operating income and expenses	-117	-240	
<b>Operating profit</b>	<b>853</b>	<b>1,022</b>	<b>+20%</b>
(% Revenues)	8.1%	8.6%	+0.5pt
Net financial expense	-70	-118	
Income tax	-210	203 <sup>(1)</sup>	
Non-controlling interests	7	17	
<b>Net Profit (Group Share)</b>	<b>580</b>	<b>1,124</b>	<b>+94%</b>
(% Revenues)	5.5%	9.4%	+3.9pt
Basic EPS in €	3.68	6.67	+81%
Normalized EPS in € <sup>(2)</sup>	4.22	4.84	+15%
<b>Organic Free cash flow</b>	<b>668</b>	<b>815</b>	<b>22%</b>

(1) Including a €476m one-off non-cash income from the reassessment of the DTA on US tax loss carry forward

(2) Normalized EPS is basic EPS using normalized net profit defined as net profit (Group share) corrected for the impact of items recognized in other 'operating income and expense', net of tax calculated using ETR. In 2015, normalized net profit is adjusted for the one-off non-cash income of €476m



# Organic Free Cash Flow Generation

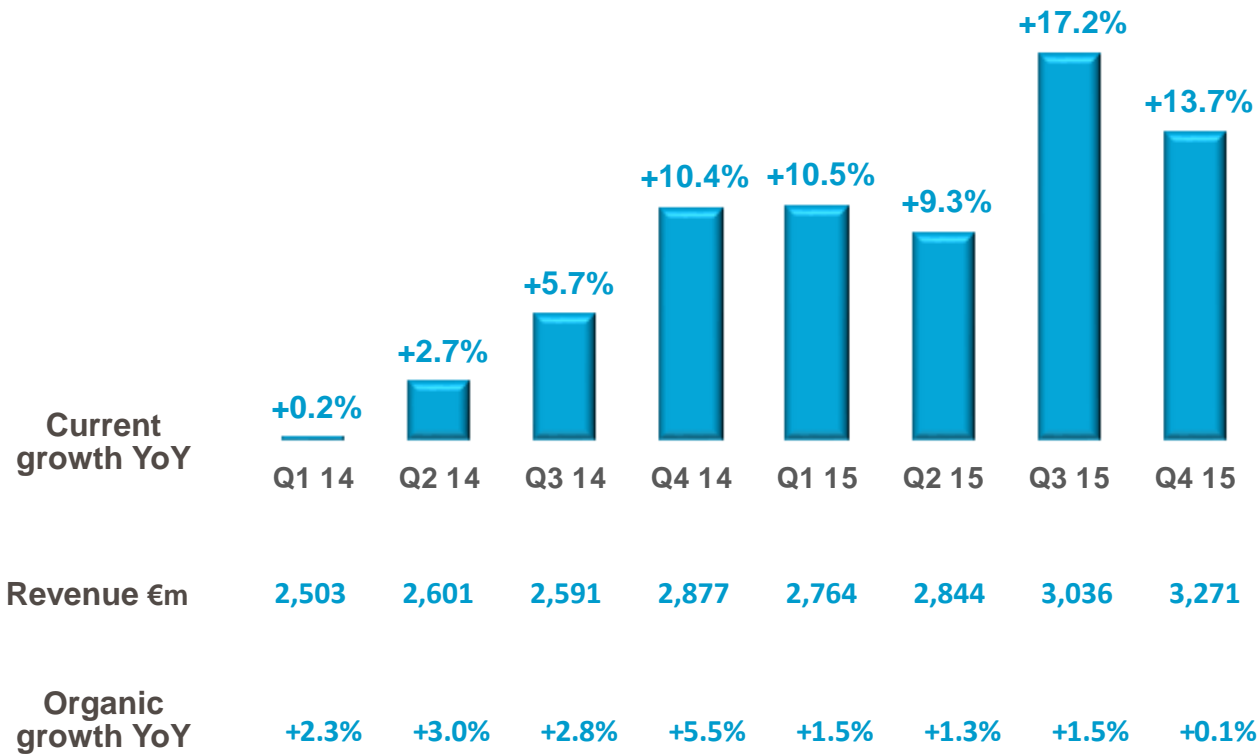



Net debt (end 2015)  
**€ 1,767m**

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

(2) After €76m outflow recognized in connection with the increase in the Group's majority stake in its Brazilian subsidiary CPM Braxis

# Revenue Quarterly Evolution

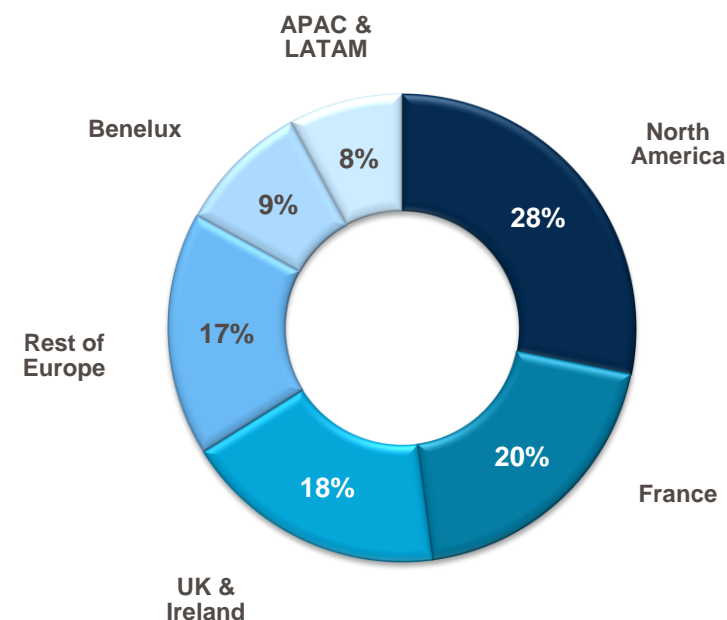



FY 2015  
 current growth  
**+12.7%** YoY

FY 2015  
 organic growth  
**+1.0%** YoY

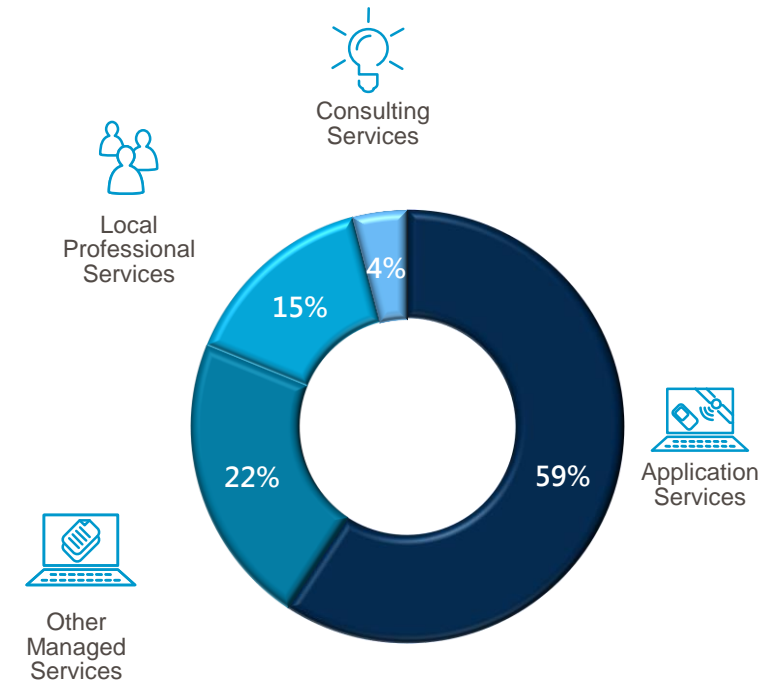
# Q4 & FY 2015 Revenues by Main Geography

In €m	Year-on-Year			Year-on-Year	
	Organic			Current	Organic
	Q4 2015 / Q4 2014	FY 2014	FY 2015	FY 2015 / FY 2014	FY 2015 / FY 2014
North America	+5.2%	2,230	3,325	+49.1%	+7.8%
UK & Ireland	-13.9%	2,197	2,150	-2.2%	-13.9%
France	+2.7%	2,342	2,444	+4.4%	+1.2%
Benelux	-0.9%	1,074	1,078	+0.4%	+0.1%
Rest of Europe	+8.0%	1,849	1,988	+7.5%	+7.4%
APAC & LATAM	-2.7%	881	930	+5.6%	+6.5%
<b>TOTAL</b>	<b>+0.1%</b>	<b>10,573</b>	<b>11,915</b>	<b>+12.7%</b>	<b>+1.0%</b>



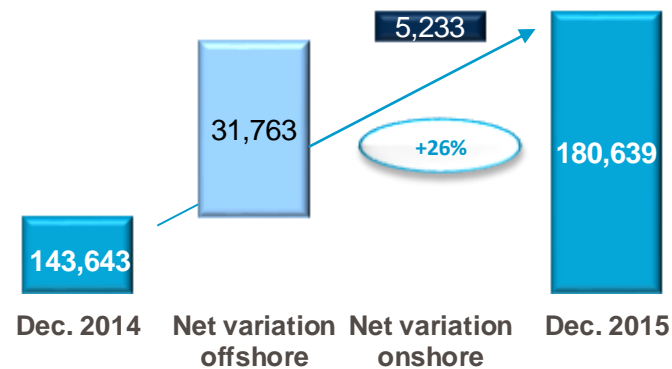
# Q4 & FY 2015 Revenues by Business

	Organic Year-on-Year	
	Q4 2015 / Q4 2014	FY 2015 / FY 2014
Consulting Services	+8.2%	+5.8%
Local Professional Services	-0.8%	+0.3%
Application Services	+6.8%	+6.3%
Other Managed Services	-14.7%	-10.9%
<b>TOTAL</b>	<b>+0.1%</b>	<b>+1.0%</b>



# Headcount Evolution

## HEADCOUNT DECEMBER 2014 TO DECEMBER 2015



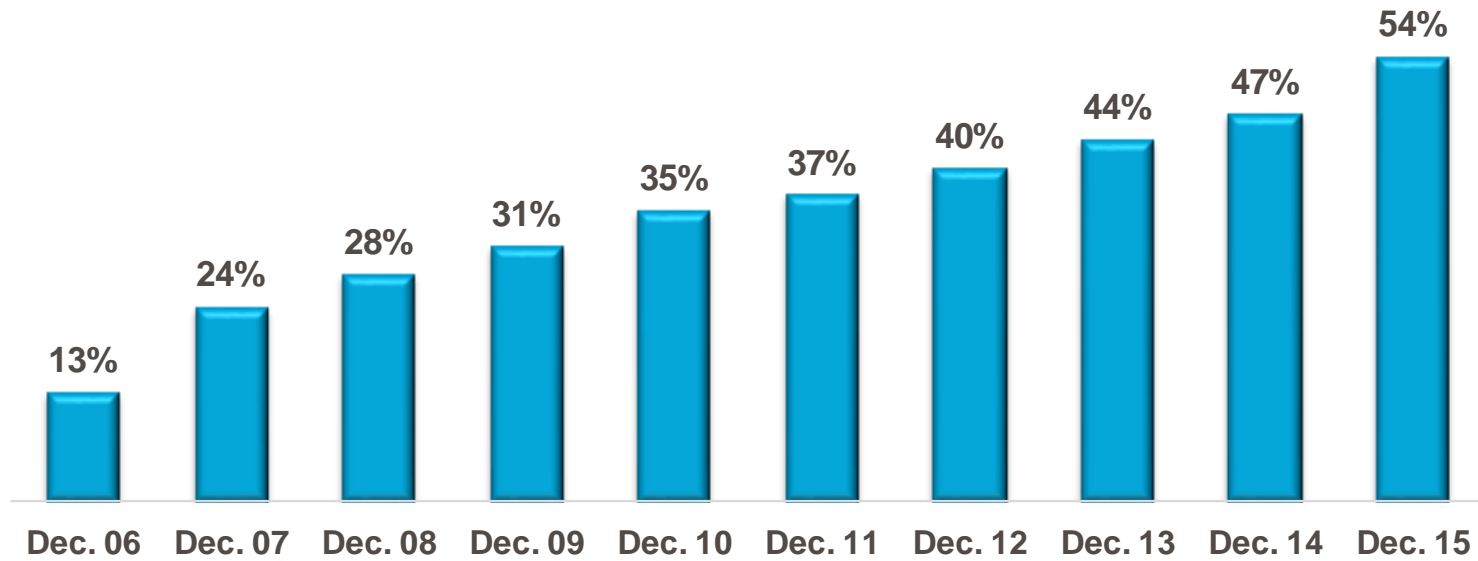
Headcount variation takes into account the addition of the 30,138 IGATE employees at the time of the acquisition

## ATTRITION FY'2014 vs FY'2015

Attrition YTD	Dec. 14	Dec. 15	Year-on-Year variation
Consulting Services	19.5%	20.5%	+1.0pt
Local Professional Services	14.8%	17.1%	+2.3pt
Application Services	18.1%	18.9%	+0.8pt
Other Managed Services	19.3%	22.4%	+3.1pt
<b>TOTAL</b>	<b>17.8%</b>	<b>19.3%</b>	<b>+1.5pt</b>

# Offshore Leverage from 2006 to 2015

(Total Headcount)



	At current rates	At constant rates & perimeter
Group average remuneration costs evolution <sup>(1)</sup>	+2.6%	-2.4%

(1) Excluding IGATE

# Operating Margin by Geography

	FY 2014			FY 2015		
In €m	Revenues	Operating margin	%	Revenues	Operating margin	%
North America	2,230	281	12.6%	3,325	494	14.9%
UK & Ireland	2,197	249	11.3%	2,150	289	13.4%
France	2,342	197	8.4%	2,444	199	8.1%
Benelux	1,074	113	10.5%	1,078	121	11.2%
Rest of Europe	1,849	160	8.6%	1,988	192	9.6%
APAC & LATAM	881	54	6.1%	930	39	4.2%
Not allocated	-	-84	-	-	-72	-
<b>TOTAL</b>	<b>10,573</b>	<b>970</b>	<b>9.2%</b>	<b>11,915</b>	<b>1,262</b>	<b>10.6%</b>



# Operating Margin by Business

	FY 2014	FY 2015
Consulting Services	8.2%	9.1%
Local Professional Services	9.9%	11.6%
Application Services	10.6%	11.9%
Other Managed Services	8.8%	9.6%
<b>TOTAL</b>	<b>9.2%</b>	<b>10.6%</b>

# Operating Margin Analysis by Destination

In €m	FY 2014	FY 2015
<b>Revenues</b>	<b>10,573</b>	<b>11,915</b>
<b>Cost of services rendered</b>	<b>-7,960</b>	<b>-8,838</b>
% of revenues	-75.3%	-74.2%
<b>Gross margin</b>	<b>2,613</b>	<b>3,077</b>
% of revenues	24.7%	25.8%
<b>Selling Expenses</b>	<b>-855</b>	<b>-955</b>
% of revenues	-8.1%	-8.0%
<b>General &amp; Administrative Expenses</b>	<b>-788</b>	<b>-860</b>
% of revenues	-7.5%	-7.2%
<b>Operating Margin</b>	<b>970</b>	<b>1,262</b>
% of revenues	9.2%	10.6%

Gross margin  
improves by  
**+1.1pt** YoY

# Net Financial Expense and Income Tax

In €m	FY 2014	FY 2015
Interest on bonds	-36	-64
Other interest expenses and income from cash and cash equivalents	21	9
<b>Net interest expense</b>	<b>-15</b>	<b>-55</b>
Other financial income & expenses	-55	-63
<b>Net financial expense</b>	<b>-70</b>	<b>-118</b>

In €m	FY 2014	FY 2015
Income tax	-210	203 <sup>(1)</sup>
Effective tax rate	26.8%	-22.5%
Effective tax rate, before one-off	26.8%	30.1%

(1) Including a €476m one-off non-cash income from the reassessment of the DTA on US tax loss carry forward

# Net Profit Analysis

in €m	FY 2014	FY 2015
<b>Operating margin</b>	<b>970</b>	<b>1,262</b>
<b>Other operating income and expenses</b>	<b>-117</b>	<b>-240</b>
<i>of which</i>		
<i>Restructuring costs</i>	<i>-68</i>	<i>-81</i>
<i>Amortization of intangible assets acquired through business combinations</i>	<i>-20</i>	<i>-45</i>
<i>Acquisition and integration costs</i>	<i>-5</i>	<i>-55</i>
<i>Goodwill impairment</i>	<i>0</i>	<i>-40<sup>(1)</sup></i>
<b>Operating profit</b>	<b>853</b>	<b>1,022</b>
Net financial expense	-70	-118
Income tax expense	-210	203 <sup>(2)</sup>
Non-controlling interests	7	17
<b>Net profit (Group share)</b>	<b>580</b>	<b>1,124</b>
Average number of shares	157,855,433	168,452,917
Basic EPS - in €	3.68	6.67
Normalized EPS (non diluted) - in € <sup>(3)</sup>	4.22	4.84

(1) Goodwill impairment related to Latin America

(2) Including a €476m one-off non-cash income from the reassessment of the DTA on US tax loss carry forward

(3) Normalized EPS is basic EPS using normalized net profit defined as net profit (Group share) corrected for the impact of items recognized in other 'operating income and expense', net of tax calculated using ETR. In 2015, normalized net profit is adjusted for the one-off non-cash income of €476m

# Conclusion

## Priorities

**Industrialization program and globalization of shared services to support margin expansion to support 10% OM trajectory**

**Maintain cash discipline and investment control with at least €600m oFCF**

**Active dilution management / Employee share-based incentives, €100m buy-back program**



## FY achievement

**10.6% OM**

**€815m oFCF**

**€107m**

# 2016 Priorities

## Priorities

## FY achievement

Integration of IGATE to drive the synergies in 2017 and 2018



Integration finalized in 2016

Ensure the Group remains on its mid term operating margin trajectory



OM 11.1 -11.3%

Maintain cash discipline and investment control



> €850m oFCF

Active dilution management /  
Employee share-based incentives



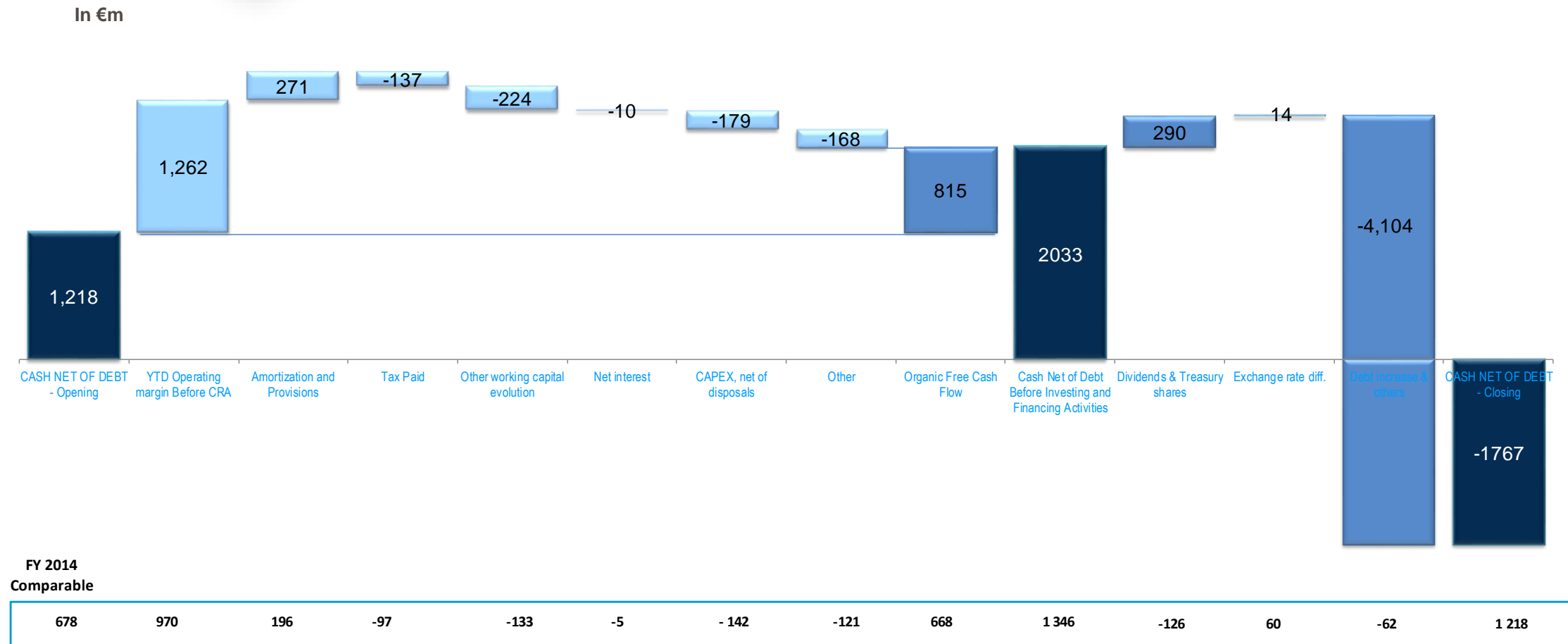
€600m multi-year share buy-back program  
€150m 2016 buy-back program



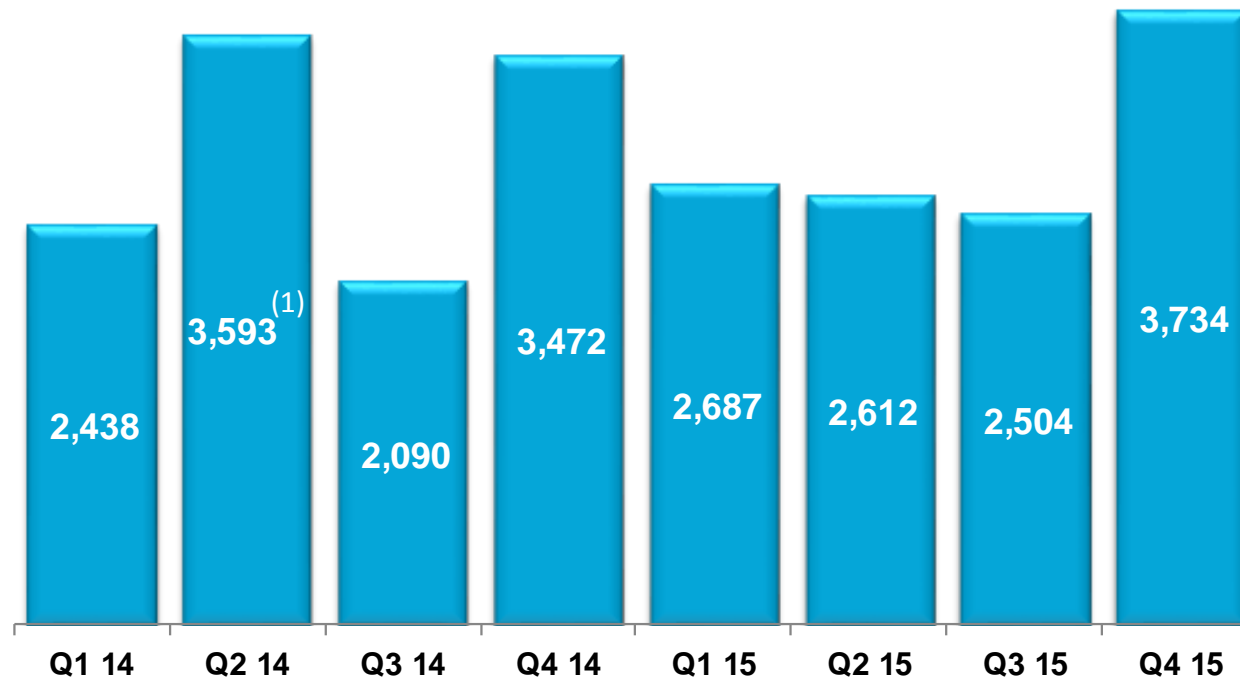
# Appendix



# Net Cash evolution



# Bookings Evolution

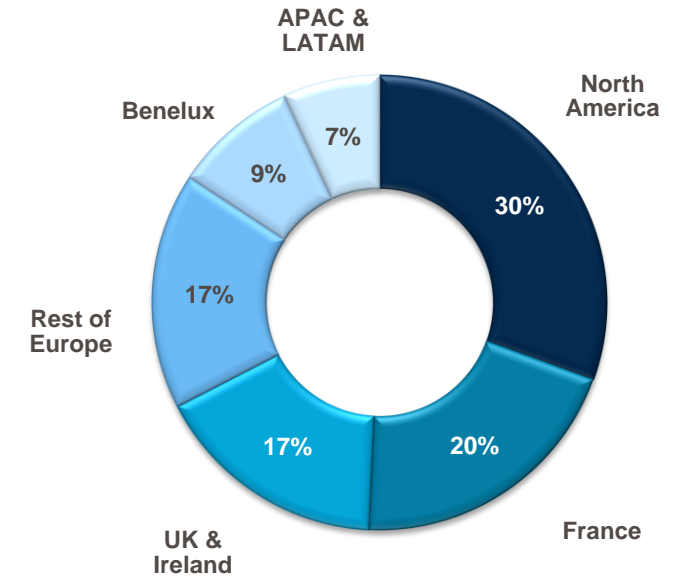


At FY 2015 rate

(1) Of which €1bn from Areva 10 year contract

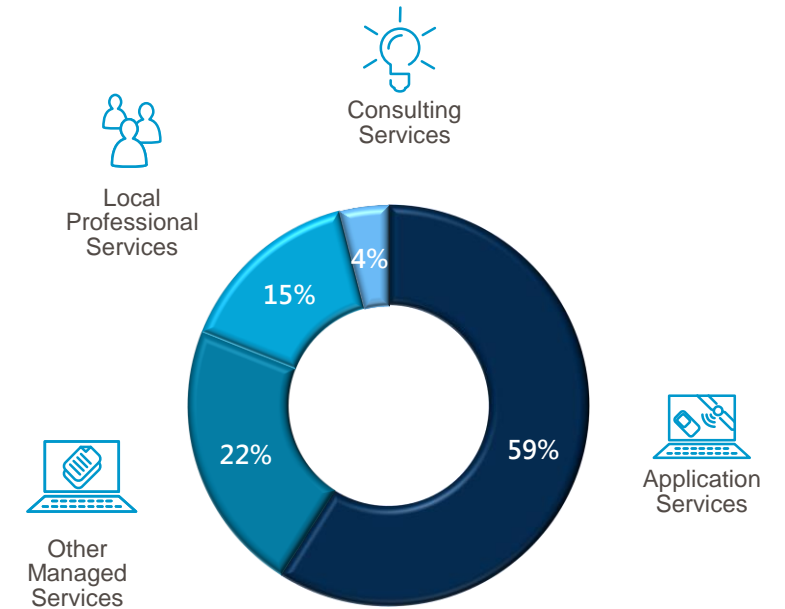
# Q4 2015 Revenues by Main Geography

In €m				Sequential		Year-on-Year	
	Q4 14	Q3 15	Q4 15	Current	Organic	Current	Organic
				Q4 15 / Q3 15	Q4 15 / Q3 15	Q4 15 / Q4 14	Q4 15 / Q4 14
North America	623	937	988	+5.4%	+3.9%	+58.7%	+5.2%
UK & Ireland	576	551	573	+4.0%	+4.7%	-0.6%	-13.9%
France	638	574	655	+14.1%	+14.1%	+2.6%	+2.7%
Benelux	289	259	288	+11.3%	+11.3%	-0.4%	-0.9%
Rest of Europe	500	478	545	+14.1%	+14.0%	+9.0%	+8.0%
APAC & LATAM	251	237	222	-6.4%	-3.6%	-11.6%	-2.7%
<b>TOTAL</b>	<b>2,877</b>	<b>3,036</b>	<b>3,271</b>	<b>+7.7%</b>	<b>+7.6%</b>	<b>+13.7%</b>	<b>+0.1%</b>



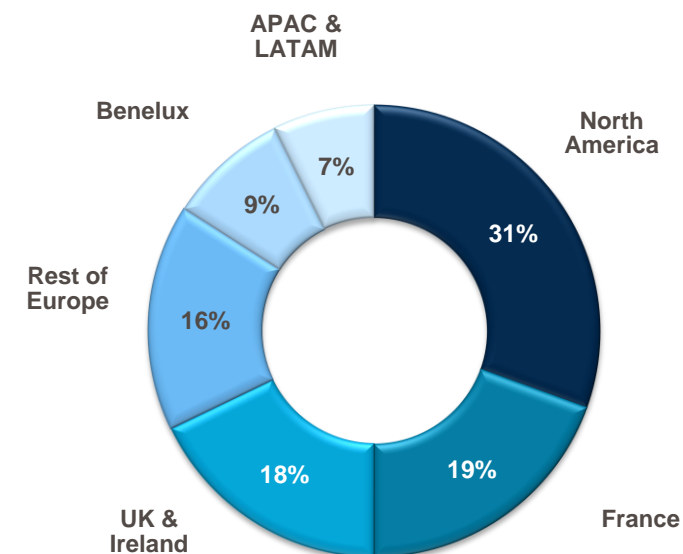
# Q4 2015 Revenues by Business

Organic	Sequential	Year-on-Year
	Q4 15 / Q3 15	Q4 15 / Q4 14
Consulting Services	+16.3%	+8.2%
Local Professional Services	+9.2%	-0.8%
Application Services	+6.5%	+6.8%
Other Managed Services	+8.1%	-14.7%
<b>TOTAL</b>	<b>+7.6%</b>	<b>+0.1%</b>



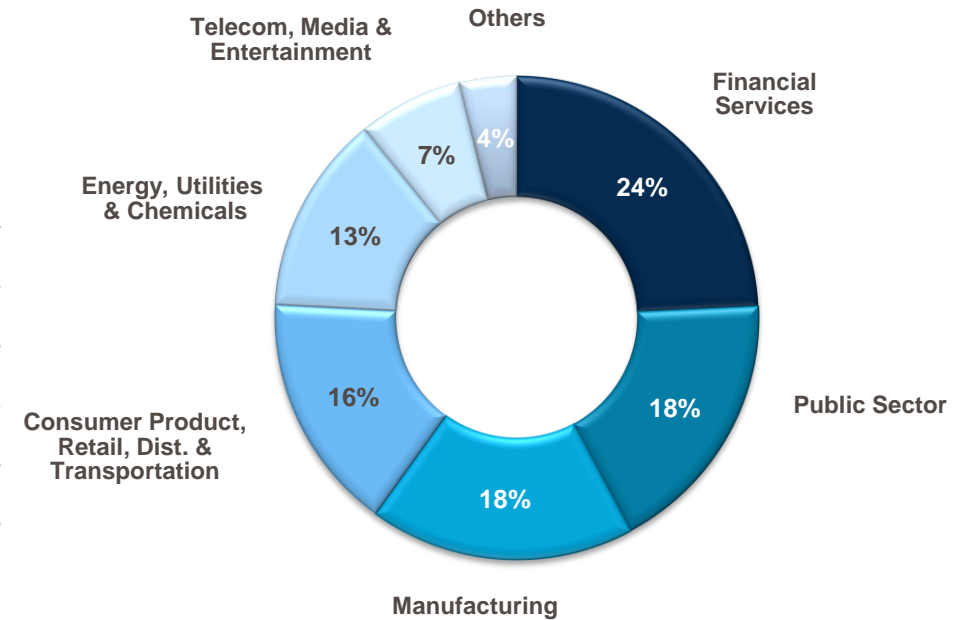
# H2 2015 Revenues by Main Geography

In €m	H2 2014	H1 2015	H2 2015	Sequential		Year-on-Year	
				Current	Organic	Current	Organic
				H2 2015 / H1 2015	H2 2015 / H1 2015	H2 2015 / H2 2014	H2 2015 / H2 2014
North America	1,195	1,400	1,925	+37.6%	+2.0%	+61.1%	+5.0%
UK & Ireland	1,116	1,026	1,124	+9.5%	+2.8%	+0.7%	-12.5%
France	1,198	1,215	1,229	+1.1%	+0.9%	+2.5%	+2.4%
Benelux	545	531	546	+2.8%	+2.3%	+0.3%	-0.2%
Rest of Europe	926	964	1,024	+6.2%	+4.3%	+10.6%	+9.1%
APAC & LATAM	489	472	459	-2.8%	+2.9%	-6.1%	+0.3%
<b>TOTAL</b>	<b>5,469</b>	<b>5,608</b>	<b>6,307</b>	<b>+12.5%</b>	<b>+2.4%</b>	<b>+15.3%</b>	<b>+0.7%</b>



# Q4 & FY 2015 Revenues by Sector

Organic Year-on-Year	FY 15 / FY 14	Q4 15 / Q4 14
Financial Services	+9.3%	+7.7%
Energy, Utilities & Chemicals	+3.2%	+2.4%
Manufacturing	+1.9%	+2.0%
Consumer Product, Retail, Dist. & Transportation	+11.6%	+15.6%
Public Sector	-14.9%	-20.1%
Telecom, Media & Entertainment	-2.0%	-4.2%
<b>TOTAL</b>	<b>+1.0%</b>	<b>+0.1%</b>

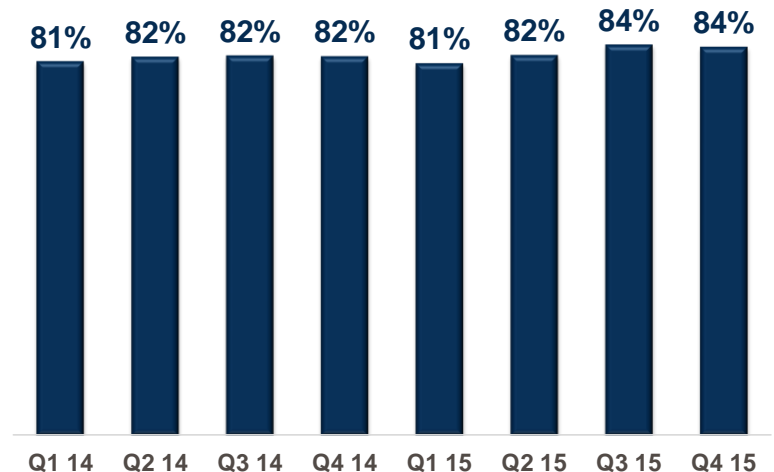
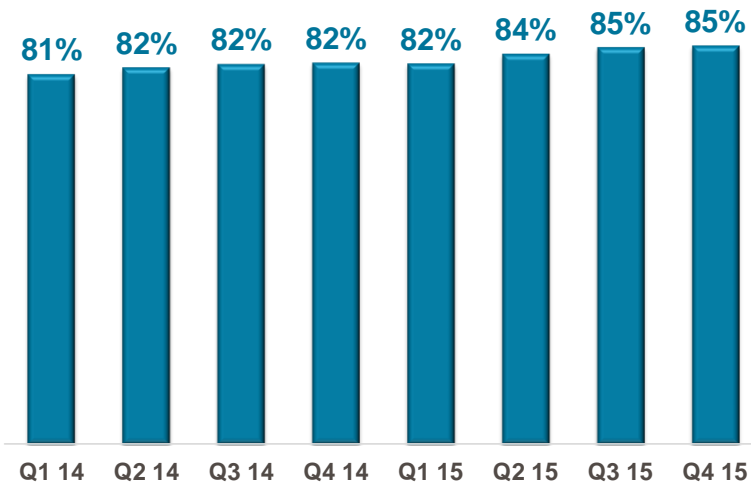
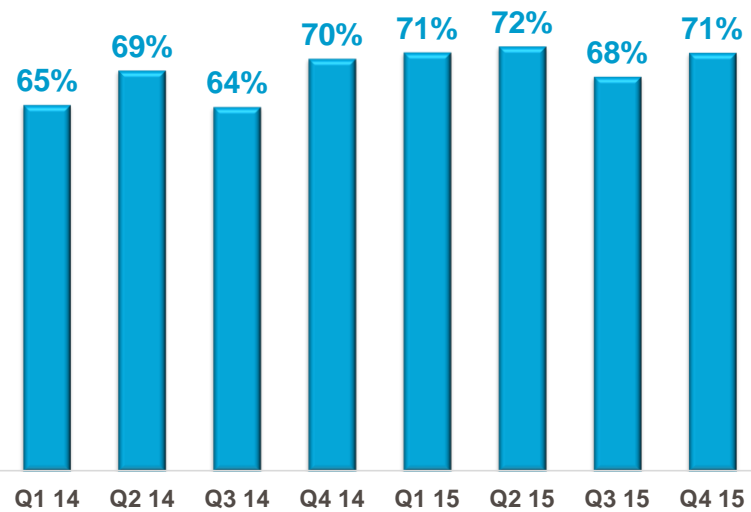


# Operating Margin Analysis

In €m	FY 2014	FY 2015
<b>Revenues</b>	<b>10,573</b>	<b>11,915</b>
Personnel costs	-6,301	-7,260
% of Revenues	-59.6%	-60.9%
Purchases and subcontracting expenses	-2,284	-2,207
% of Revenues	-21.6%	-18.5%
Travel expenses	-428	-499
% of Revenues	-4.0%	-4.2%
Rent, facilities and local taxes	-336	-372
% of Revenues	-3.2%	-3.1%
Depreciation, amortization, provisions and proceeds from asset disposal	-254	-315
% of Revenues	-2.4%	-2.7%
<b>Total operating expenses</b>	<b>-9,603</b>	<b>-10,653</b>
% of Revenues	-90.8%	-89.4%
<b>Operating margin</b>	<b>970</b>	<b>1,262</b>
% of Revenues	9.2%	10.6%



# Utilization Rates



# Net Cash Evolution

In €m	FY 2014	FY 2015
<b>Profit for the period</b>	<b>573</b>	<b>1,107</b>
Goodwill impairment	0	40
Depreciation, amortization and impairment of fixed assets	204	264
Net charges to provisions	2	8
Gains and losses on disposals of assets	6	17
Net finance costs	15	55
Income tax	210	-203
Other non-cash items	34	13
<b>Cash flows from operations before net finance costs and income tax</b>	<b>1,044</b>	<b>1,301</b>
Income tax paid	-97	-137
Change in restructuring debt	1	-13
Changes in operating working capital	-133	-147
<b>Operating cash flows</b>	<b>815</b>	<b>1,004</b>
Capital expenditure (net of proceeds)	-142	-179
Cash outflows on business combinations net of cash & cash equivalents acquired	3	-3,392
Increase in share capital	229	564
Increase in share capital subscribed by minority shareholders	0	5
Dividends paid	-174	-198
Net proceeds/payments relating to treasury shares transactions	-181	-81
Change in debt	-68	-707
Interest paid & received	-5	-10
Translation, perimeter changes & other	63	9
<b>Change in net cash and cash equivalents</b>	<b>540</b>	<b>-2,985</b>
<b>Opening net cash and cash equivalents</b>	<b>678</b>	<b>1,218</b>
<b>Closing net cash and cash equivalents</b>	<b>1,218</b>	<b>-1,767</b>
<b>Organic Free Cash Flow (A) + (B) + (C)</b>	<b>668</b>	<b>815</b>

# Balance Sheet

ASSETS			EQUITY & LIABILITIES		
In €m	Dec 31, 2014	Dec 31, 2015	In €m	Dec 31, 2014	Dec 31, 2015
			Equity <sup>(1)</sup>	5,057	6,887
			Non-controlling interests	26	26
			<b>Total equity</b>	<b>5,083</b>	<b>6,913</b>
Goodwill	3,784	7,055	Long-term borrowings	914	3,161
Intangible assets	158	848	Deferred taxes	158	221
Property, plant & equipment	515	763	Provisions for pensions <sup>(2)</sup>	1,294	1,216
Deferred taxes	1,065	1,412	Non-current provisions	24	28
Other non-current assets	299	454	Other non-current liabilities	254	364
<b>Total non-current assets</b>	<b>5,821</b>	<b>10,532</b>	<b>Total non-current liabilities</b>	<b>2,644</b>	<b>4,990</b>
			Short-term borrowings and bank overdrafts	102	652
Accounts & notes receivable	2,849	3,055	Accounts and notes payable	2,543	2,724
Current tax assets	46	64	Advances from cust. and billed in advance	776	739
Other current receivables	512	514	Current provisions	48	90
Cash management assets	90	116	Current tax liabilities	115	61
Cash and cash equivalents	2,141	1,950	Other current payables	148	62
<b>Total current assets</b>	<b>5,638</b>	<b>5,699</b>	<b>Total current liabilities</b>	<b>3,732</b>	<b>4,328</b>
<b>Total Assets</b>	<b>11,459</b>	<b>16,231</b>	<b>Total Equity &amp; Liabilities</b>	<b>11,459</b>	<b>16,231</b>

(1) attributable to owners of the company

(2) and other post-employment benefits



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