Media relations:
Florence Lièvre
Tel.: +33 1 47 54 50 71

Investor relations:
Vincent Biraud
Tel.: +33 1 47 54 50 87

Capgemini: strong growth momentum in H1 2018

- **Revenues of €6,467 million**
- **Revenue growth at constant exchange rates of 8.0% in H1 2018 and 8.7% in Q2**
- **Around 45% of revenues in Digital and Cloud**
- **Operating margin* up 0.2 points to 10.9%**
- **Organic free cash flow* of €11 million**
- **Raise 2018 outlook for revenue growth and confirm operating margin and organic free cash flow targets**

Paris, July 26, 2018 – The Board of Directors of Capgemini SE, chaired by Paul Hermelin, convened to review and authorize the issue of the accounts[1] of Capgemini Group for the 1st half of 2018.

For Paul Hermelin, Chairman and Chief Executive Officer of the Capgemini Group: "*Our performance during the first half of the year was marked by a very dynamic 8% growth at constant exchange rates and a further increase in our operating margin of +20 basis points, bringing us ever closer to our stated mid-term ambitions. The sector and geographic trends observed in the first quarter were borne out, with strong demand in North America and Europe, and more specifically in the Consumer Products and Retail, Manufacturing and Financial Services sectors.*

Our Digital and Cloud portfolio, which now generates 45% of our revenues, is at the heart of our service offering and is successfully meeting the demands of large corporate customers. In addition, we continue to invest in innovation across our entire service portfolio and especially in artificial intelligence.

Our ability to manage complex programs calling on our wide range of expertise is recognized by the most demanding clients, as reflected in the high quality of our recent wins.

With these results, we raise our full-year revenue growth outlook and confirm our targets for operating margin and organic free cash flow."

* The terms and Alternative Performance Measures marked with an (*) are defined and/or reconciled in the appendix to this press release.
[1] Limited review procedures on the interim consolidated financial statements have been completed. The auditors are in the process of issuing their report.

1ST HALF KEY FIGURES

(In millions of euros)	H1 2017 (restated for IFRS 15)[2]	H1 2018	*Change*
Revenues	**6,280**	**6,467**	**+3.0%** **+8.0%** at constant exchange rates
Operating margin*	**672**	**707**	
as a % of revenues	10.7%	10.9%	***+20bp***
Operating profit	**538**	**521**	
as a % of revenues	8.6%	8.0%	
Profit for the year, Group share	**375**	**314**	
Basic earnings per share (€)	2.23	1.88	-16%
Normalized earnings per share (€)*	2.81	2.75 [a]	-2%
Organic free cash flow*	**+64**	**+11**	**-€53 million**
Net cash & cash equivalents / (Net debt)	(1,929)	(2,192)	-€263 million

[a] Excluding a €18 million expense recognized in H1 2018 due to the transitional impact of the tax reform in the U.S.

The Group generated **revenues** of €6,467 million in H1 2018, up 3.0% on H1 2017 reported revenues and 8.0% at constant exchange rates*. Organic growth* (i.e. excluding the impact of currency fluctuations and changes in Group scope) was 6.4%.

Group growth reached 8.7% at constant exchange rates and 6.7% on an organic basis in Q2.

This momentum continues to be fueled by the growth of Digital and Cloud activities, up over 20% at constant exchange rates in the first-half of the year. It now accounts for around 45% of Group revenues.

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

The **operating margin*** is €707 million, up 5% on H1 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 totaled €186 million, compared with €134 million in H1 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 H1 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.S[3]. 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 H1 2018, compared with €375 million in H1 2017. **Basic EPS** (earnings per share) is €1.88 and **Normalized EPS*** is €2.64 and €2.75 adjusted for this transitional tax expense.

The Group generated **organic free cash flow*** of €11 million in H1 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 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.

[2] In this press release, the 2017 accounts have been restated for the impact of IFRS 15, applicable from January 1, 2018. Further information may be found in the appendix to this press release.
[3] Impact 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.

OUTLOOK

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).

RESULTS BY REGION

In H1 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 H1 2017, but other 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 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 improved rapidly, from 6.2% in H1 2017 to 11.7% this year.

OPERATIONS BY BUSINESS

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' 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 notably 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 H1 2017.

Q2 TRENDS

Growth momentum continued in the second quarter with revenues of €3,314 million, up 8.7% at constant exchange rates and 6.7% at constant Group scope and exchange rates.

Regional growth rates are generally consistent with the first quarter, with North America reporting the strongest growth (+19.4%). In Europe, growth strengthened slightly in France (+6.7%), the Rest of Europe region remained robust (+7.5%) and the United Kingdom and Ireland region contracted as anticipated (-6.3%). Finally, as expected, growth accelerated in the Asia-Pacific and Latin America region (+5.4%).

Bookings were up 8% at constant exchange rates to €3,446 million.

HEADCOUNT

At June 30, 2018, the Group's total headcount stood at 205,600, up 4.7% year-on-year, with employees in offshore centers to 117,000 (57% of the total headcount).

BALANCE SHEET

The Group had €1,750 million in cash and cash equivalents (net of bank overdrafts) at June 30, 2018. After accounting for borrowings of €4,137 million, cash management assets and derivative instruments, Group net debt* is €2,192 million at the end of H1 2018, compared with €1,209 million at December 31, 2017 and €1,929 million at June 30, 2017.

Through the partial repurchase of the bond issue maturing in 2020 and the new bond issues maturing in 2024 and 2028, the Group extended the average maturity of its bond debt with no significant impact on its future cash coupon.

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

CONFERENCE CALL

Paul Hermelin, Chairman and Chief Executive Officer, Carole Ferrand, Chief Financial Officer and Rosemary Stark, Global Sales Officer, will present this press release during a conference call in English to be held **today at 6.30 p.m. Paris time (CET)**. You can follow this conference call live via webcast at the following link. A replay will also be available for a period of one year.

All documents relating to this publication will be placed online on the Capgemini investor website at https://www.capgemini.com/results.

PROVISIONAL CALENDAR

October 24, 2018	Q3 2018 revenues
February 14, 2019	2018 results
April 25, 2019	Q1 2019 revenues
May 23, 2019	Combined Shareholders' Meeting

DISCLAIMER

This press release may contain forward-looking statements. Such statements may include projections, estimates, assumptions, statements regarding plans, objectives, intentions and/or expectations with respect to future financial results, events, operations and services and product development, as well as statements, regarding future performance or events. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates", "plans", "projects", "may", "would" "should" or the negatives of these terms and similar expressions. Although Capgemini's management currently believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking statements are subject to various risks and uncertainties (including without limitation risks identified in Capgemini's Registration Document available on Capgemini's website), because they relate to future events and depend on future circumstances that may or may not occur and may be different from those anticipated, many of which are difficult to predict and generally beyond the control of Capgemini. Actual results and developments may differ materially from those expressed in, implied by or projected by forward-looking statements. Forward-looking statements are not intended to and do not give any assurances or comfort as to future events or results. Other than as required by applicable law, Capgemini does not undertake any obligation to update or revise any forward-looking statement.

This press release does not contain or constitute an offer of securities for sale or an invitation or inducement to invest in securities in France, the United States or any other jurisdiction.

ABOUT CAPGEMINI

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2017 global revenues of EUR 12.8 billion.
Visit us at www.capgemini.com. *People matter, results count*.

* *

*

APPENDIX

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. Exchange rates for the reported period are also used to calculate **growth at constant exchange rates**.

Reconciliation of growth rates	Q2 2018	H1 2018
Organic growth	**+6.7%**	**+6.4%**
Changes in Group scope	+2.0pt	+1.6pt
Growth at constant exchange rates	**+8.7%**	**+8.0%**
Exchange rate fluctuations	-4.0pt	-5.0pt
Reported growth	**+4.7%**	**+3.0%**

H1 currency impacts are linked to the appreciation of the euro against the Group's main currencies and primarily the US dollar.

Operating margin is one of the Group's key performance indicators. It is defined as the difference between revenues and operating costs. It is calculated before "Other operating income and expenses" 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 net profit is equal to profit for the year (Group share) 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 computed like basic earnings per share, i.e. excluding dilution.

Organic free cash flow is equal to cash flow from operations less acquisitions of property, plant, equipment and intangible assets (net of disposals) and adjusted for cash out relating to the net interest cost.

APPLICATION OF IFRS 15 FROM JANUARY 1, 2018

In this press release, the 2017 accounts have been restated for the impact of IFRS 15, applicable from January 1, 2018, to ensure comparability.

The retrospective application of IFRS 15 in 2017 results in a decrease in revenues recognized of €267 million (2.1% of revenues), with no change to the operating margin in euros, net profit, earnings per share or organic free cash flow. The impact is therefore in line with the assessment reported in July 2017 and refined in February 2018.

(In millions of euros)	2017 revenues restated for IFRS 15 Q1 2017	Q2 2017	Q3 2017	Q4 2017	Fiscal year 2017
North America	961	969	953	990	3,872
United Kingdom and Ireland	417	428	371	364	1,580
France	662	659	620	734	2,676
Rest of Europe	831	856	813	915	3,415
Asia Pacific and Latin America	245	252	239	246	982
TOTAL	**3,116**	**3,164**	**2,996**	**3,249**	**12,525**
Consulting services	144	150	134	155	583
Technology & Engineering Services	492	468	445	499	1,905
Application services	1,916	1,981	1,876	2,056	7,828
Other managed services	564	565	541	539	2,209
TOTAL	**3,116**	**3,164**	**2,996**	**3,249**	**12,525**

N.B. Figures may not sum to the total due to rounding

RESULTS BY REGION

	Revenues	Year-on-year growth (restated for IFRS 15)		Operating margin rate	
	H1 2018 *(In millions of euros)*	**Reported**	**At constant exchange rates**	**H1 2017** (restated for IFRS 15)	**H1 2018**
North America	2,029	+5.2%	+17.2%	13.4%	13.2%
United Kingdom and Ireland	781	-7.6%	-5.5%	16.0%	12.2%
France	1,401	+6.1%	+6.1%	7.2%	8.4%
Rest of Europe	1,797	+6.5%	+7.9%	11.3%	12.0%
Asia Pacific and Latin America	459	-7.7%	+3.4%	6.2%	11.7%
TOTAL	**6,467**	**+3.0%**	**+8.0%**	**10.7%**	**10.9%**

RESULTS BY BUSINESS

	Revenues	Year-on-year growth (restated for IFRS 15)		Operating margin rate	
	H1 2018 *(In millions of euros)*	**Reported**	**At constant exchange rates**	**H1 2017** (restated for IFRS 15)	**H1 2018**
Consulting services	378	+28.3%	+31.5%	10.6%	12.1%
Technology & Engineering Services	980	+2.0%	+5.1%	12.4%	11.8%
Application services	4,094	+5.0%	+10.5%	12.0%	12.7%
Other managed services	1,015	-10.0%	-4.4%	8.1%	6.9%
TOTAL	**6,467**	**+3.0%**	**+8.0%**	**10.7%**	**10.9%**

SUMMARY INCOME STATEMENT AND OPERATING MARGIN

(In millions of euros)	**H1 2017** (restated for IFRS 15)	**H1 2018**	***Change***
Revenues	**6,280**	**6,467**	**+3.0%**
Operating expenses	(5,608)	(5,760)	
Operating margin	**672**	**707**	**+5%**
as a % of revenues	10.7%	10.9%	*+20bp*
Other operating income and expense	(134)	(186)	
Operating profit	**538**	**521**	**-3%**
as a % of revenues	8.6%	8.0%	
Net financial expense	(28)	(39)	
Income tax income/(expense)	(140)	(169)	
(-) Non-controlling interests	5	1	
Profit for the year, Group share	**375**	**314**	**-16%**

NORMALIZED EARNINGS PER SHARE

(In millions of euros)	H1 2017	H1 2018	*Change*
Average number of shares outstanding	168,548,476	167,323,709	
BASIC EARNINGS PER SHARE (in euros)	**2.23**	**1.88**	**-16%**
Diluted average number of shares outstanding	172,942,376	171,986,730	
DILUTED EARNINGS PER SHARE (in euros)	**2.17**	**1.83**	**-16%**

(In millions of euros)	H1 2017	H1 2018	*Change*
Profit for the year, Group share	**375**	**314**	
Effective tax rate, excluding transitional tax expense	27.4%	31.4%	
(-) Other operating income and expenses, net of tax	97	128	
Normalized profit for the year	**472**	**442**	
Average number of shares outstanding	168,548,476	167,323,709	
NORMALIZED EARNINGS PER SHARE *(in euros)*	**2.81**	**2.64**	**-6%**

The Group recognized an income tax expense of €18 million in H1 2018 in respect of the transitional impact of the tax reform in the U.S. This reduced basic EPS and normalized EPS by €0.11 and diluted EPS by €0.10.

Adjusted for this tax expense, normalized EPS for H1 2018 is €2.75:

(In millions of euros)	H1 2017	H1 2018	*Change*
Normalized earnings per share *(in euros)*	**2.81**	**2.64**	
Transitional tax expense	-	18	
Average number of shares outstanding	168,548,476	167,323,709	
Impact of the transitional tax expense *(in euros)*	-	**0.11**	
Normalized earnings per share – excluding the transitional tax expense *(in euros)*	**2.81**	**2.75**	**-2%**

CHANGE IN CASH AND CASH EQUIVALENTS AND ORGANIC FREE CASH FLOW

(In millions of euros)	H1 2017	H1 2018
Cash flow from operations	**164**	**110**
Acquisitions of property, plant and equipment and intangible assets, net of disposals	(113)	(109)
Net interest cost	13	10
ORGANIC FREE CASH FLOW	**64**	**11**
Other cash flows from (used in) investing and financing activities	(540)	(223)
Increase (decrease) in cash and cash equivalents	**(476)**	**(212)**
Effect of exchange rate fluctuations	(79)	(26)
Opening cash and cash equivalents, net of bank overdraft	**1,870**	**1,988**
Closing cash and cash equivalents, net of bank overdraft	**1,315**	**1,750**

NET DEBT

(In millions of euros)	06/30/2017	12/31/2017	06/30/2018
Cash and cash equivalents	1,319	1,988	1,751
Bank overdrafts	(4)	-	(1)
Cash and cash equivalents, net of bank overdraft	**1,315**	**1,988**	**1,750**
Cash management assets	**207**	**168**	**221**
Long-term borrowings	(3,284)	(2,783)	(3,267)
Short-term borrowings and bank overdrafts	(192)	(589)	(871)
(-) Bank overdrafts	4	-	1
Borrowings, excluding bank overdrafts	**(3,472)**	**(3,372)**	**(4,137)**
Derivative instruments	**21**	**7**	**(26)**
NET CASH AND CASH EQUIVALENTS / (NET DEBT)	**(1,929)**	**(1,209)**	**(2,192)**