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2005 Audited Results

- **Strong growth in revenues**
- **+ 3.2% operating income**
- **A return to positive net income (2.0% of revenues)**
- **Dividend of €0.5 per share**

Financial Highlights of 2005

The Board of Directors of Cap Gemini S.A., under its Chairman Mr. Serge Kampf, convened on 22nd February 2006 to examine and approve the final and audited accounts for the Capgemini Group, whose financial year ended on 31st December 2005.

Key financial highlights, stated under new IFRS regulations are as follows:

(in millions of Euros)	FY 2004	H1 2005	H2 2005	FY 2005
Revenues	6,235	3,472	3,482	6,954
Operating margin ⁽¹⁾	-24	62	163	225
<i>As a % of revenues</i>	-0.4%	1.8%	4.7%	3.2%
Operating Income ⁽²⁾	-281	123	91	214
Net Income	-534	58	83	141
Net Cash	285	498	904	904

At **constant** rates and perimeter, the Capgemini Group posted growth in revenues of 15%. At **current** rates and perimeter, this figure for growth is 11.5%, which is higher than the market. This growth was particularly underpinned during the first half of the year (+21.6%) with the coming on stream of the large outsourcing contracts, but it remained strong during the second half of the year when compared to the same period in 2004 (+9.7%).

⁽¹⁾ The operating margin is the main key performance indicator for the Group; it is defined as the difference between revenues and operating costs, these being equal to the costs of services rendered (costs necessary to the implementation of projects), and Sales and General and Administrative costs.

⁽²⁾ Operating income includes the additional charges associated with options allocated to certain employees, restructuring costs, capital gains on disposals, etc.

Operating margin totaled 225 M€ i.e. 3.2% of revenues, an increase of 3.6 percentage points versus 2004. The strong growth in outsourcing, whose costs are particularly high in the initial stages of new projects, negatively affected this figure although this was happily counter-balanced by:

- a significant improvement in the utilization rate in consulting and technology services businesses,
- a reduction of over 12% in sales costs and in support function costs.

For the first time since 2001, that is to say, after three years of losses, Net Income for the Group is positive at 141 M€ which is an improvement of 675 M€ versus the previous year. This improvement is coupled with a significant improvement in net cash position, which is in excess of 900 M€

The Board of Directors has decided to propose a dividend payment of €0.5 per share at the forthcoming ordinary Annual General Meeting of Shareholders. Exceptionally, this represents a total distribution of almost 47% of the Group's net income (instead of one third, which is the traditional practice in the Group since 1974).

Business overview in 2005: the year was marked by

- **excellent performance in the local professional services business** which is up +8% versus 2004 and posting an operating margin of 9.1%. These strong performances are linked to an improvement in the utilization rate as well as to a slight improvement in pricing, both in Europe and the US;
- **in Europe, consulting, technology services have led to growth in excess of 9% with a return to normal levels of profitability (7%);**
- **in the US, the successful bet to return to a positive operating margin across all businesses in the region,** notably linked to the turnaround in the consulting and technology services businesses;
- **the increasing impact of outsourcing across all the Group's businesses:** led by the three mega deals signed with HM's Revenue and Customs, TXU and Schneider Electric, Outsourcing posted growth of 32.9% with a corresponding revenue figure of 2,608 M€ of which more than 15% involved work requiring the skills of the Group in Consulting and Technology Services.

Outlook 2006

Having built a budget around a framework of hypotheses combining sustained demand growth and stable prices, the Capgemini Group has set itself the following set of priorities for 2006:

- consolidate its leadership position in Europe thanks in particular to the repositioning of its offering towards higher value-added services (eg. Service-Orientated Architecture) and to the increased use of the Group's RightshoreTM capability,
- consolidate profitability in the North American business activities,
- implement the Map Initiative whose principal aim is to obtain improved profitability in outsourcing.

The positive momentum witnessed during the second half of the year should enable the Group to deliver growth in revenues in line with its market and deliver a significantly higher operating margin than was achieved this year.