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Capgemini reports solid Q3 2016 performance and confirms its full year guidance

Paris, October 26, 2016 – Capgemini Group reports consolidated revenues of €3,019 million for the third quarter of 2016, up 2.2% at constant exchange rates compared to the same quarter of 2015. Revenues grew 10.2% at constant exchange rates over the first nine months.

For Paul Hermelin, Chairman and Chief Executive Officer of the Capgemini Group: “The third quarter was a continuation of the first half. Growth was particularly strong in the Manufacturing (+12.6%) and Financial Services (+6.5%) sectors where our comprehensive Digital Transformation offering meets customer demand. The strong growth in bookings (+14% at constant exchange rates year-on-year) is a sign of a solid market demand and reflects our ability to gain market share.

Continental Europe posted another strong quarterly growth notably in Germany, Sweden and France, while in the UK we didn’t notice any material impact from Brexit. North America is still strongly impacted by the contraction of the energy sector, activity in that sector is expected to stabilize at Q3 level.

We continue to expand in market segments driven by innovation, with our Digital and Cloud activities growing 25% over the quarter.

Finally, we want to make bolt-on acquisitions to accelerate the transition of our business portfolio, particularly in North America. These acquisitions could represent 2 additional points of annual growth over the next two to three years.”

| Revenues | <i>(in millions of euros)</i> | | Change | | |
|-----------------|-------------------------------|--------------|--------------|----------------------------|--|
| | 2015 | 2016 | As published | At constant exchange rates | At constant exchange rates and Group scope |
| Q3 | 3,036 | 3,019 | -0.6% | +2.2% | +2.1% |
| 9 months | 8,644 | 9,276 | +7.3% | +10.2% | +2.9% |

TRENDS BY BUSINESS

Digital and Cloud revenues grew 25% year-on-year at constant exchange rates in Q3. Growth is driven by a cross-business approach and leverages the management consulting business. Digital and Cloud generated 29% of Group revenues in the first 9 months of the year.

Consulting Services (4% of Group revenues) revenues grew by 3.1% at constant exchange rates. This number does not take into account the rapid development of Digital consulting missions initiated and invoiced by the other businesses. **Technology & Engineering Services** (15% of Group revenues) reported revenue growth of 1.3% at constant exchange rates, mainly supported by the North America and Rest of Europe regions. **Application Services** revenues (61% of Group revenues) grew 4.4% at constant exchange rates and continue to drive Group growth. In France, Central Europe and Scandinavia, demand for innovative offerings boosted Application Services revenues to over 10%. **Other Managed Services** revenues (20% of Group revenues) declined by 3.3%: the robust momentum of Business Services only partially offsets the contraction of infrastructure activities in the United Kingdom - anticipated since the beginning of the year – and in Latin America.

TRENDS BY MAJOR REGION

North America reported an increase in revenues of +0.4% year-on-year at constant exchange rates in Q3. The Energy & Utilities sector weighed again on performance as all the other sectors combined reported a 3.7% year-on-year growth. The Brexit did not materially affect the activity in the **United Kingdom & Ireland** in Q3. Revenues in the region declined by 1.5% at constant exchange rates as a result of the public sector contraction, anticipated since the beginning of the year, notably with the evolution of a large contract. On the private sector side revenue is growing by about 10% at constant exchange rates. Driven by its key sectors, **France** continued to grow at a steady pace this quarter with a 4.6% year-on-year growth at constant exchange rates. In line with the first half of the year, **Rest of Europe** revenues (which includes Benelux since January 1, 2016) increased by 5.4% at constant exchange rates. Scandinavia, Central Europe and Italy keep driving the performance in this region. The good momentum in Europe therefore continued in Q3 with an acceleration in the Manufacturing & Automotive sector. Finally, the **Asia-Pacific and Latin America** region grew 1.2% at constant exchange rates, with contrasted trends: a marked drop in Latin America (related to equipment resale), while Asia-Pacific continues to be very dynamic with a double digit growth.

HEADCOUNT

At September 30, 2016, the total Group headcount stood at 187,616. Offshore leverage, with over 103,000 employees in the Global Production Center network, stands at 55% of the total workforce.

ORDER BOOK

New orders recorded in Q3 2016 amounted to €2,792 million. This represents a 14% increase at constant exchange rates compared to Q3 2015.

OUTLOOK FOR 2016

The Group confirms its guidance for 2016, as upgraded on July 27, 2016: it forecasts revenue growth at constant exchange rates of 7.5% to 9.5%, an operating margin of 11.3% to 11.5% and organic free cash flow generation in excess of €850 million.

The Group now estimates the negative impact of currency fluctuations on full year revenues slightly below 3 points, primarily due to the appreciation of the euro against the pound sterling.

HIGHLIGHTS

- Announcement on October 5 of the decision to proceed with the early redemption of the ORNANE bonds (Zero coupon net share settled bonds convertible into new shares and/or exchangeable for existing shares of Cap Gemini due January 1, 2019) and in the event of exercises of conversion right to allocate a cash amount equal to the nominal value of the ORNANE bonds (i.e. a maximum total amount of €400 million) and shares for the balance (i.e. the difference between the Conversion Value, as defined in the ORNANE securities note, and the nominal value).
- Purchase on the market since June 30 of 1,165,643 shares (liquidity contract excluded) for a total amount of €100 million (average purchase price of €85.79). Since the beginning of the year the Group spent €265 million on the share buyback program.
- Signature of a major contract in Application Services with a major US medical technology firm.
- Signing of a 7-year contract with a US insurance company running on the Capgemini IBAS platform (Integrated Business Administration Services).
- Award of large Digital Transformation contract by a European Telco operator.
- Launch of Mov'InBlue™ with Valeo, a smart digital mobility solution for corporate fleets and vehicle rental companies.

CONFERENCE CALL

Paul Hermelin, Chairman and Chief Executive Officer and Aiman Ezzat, Chief Financial Officer, will comment on this press release during a conference call, in English, at **8.30 a.m. Paris time (CET) today**. You can access this conference call by webcast, either live or on replay for up to one year, from Capgemini's investor website or directly by clicking on this [link](#).

All publication materials will be posted on Capgemini investor website and will be directly accessible from <https://www.capgemini.com/results>.

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 Cap Gemini'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 Cap Gemini's Registration Document available on Cap Gemini'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 Cap Gemini. 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, Cap Gemini does not undertake any obligation to update or revise any forward-looking statement.

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About Capgemini

With 180,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2015 global revenues of EUR 11.9 billion. Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness. A deeply multicultural organization, Capgemini has developed its own way of working, the [Collaborative Business Experience™](#), and draws on [Rightshore®](#), its worldwide delivery model.

Learn more about us at www.capgemini.com.

Rightshore® is a Capgemini trademark

APPENDIX

REVENUE BY REGION

| | Revenues (in millions of euros) | | | | Change (Q3 2016 vs. Q3 2015) | | | | |
|--------------------------------|------------------------------------|--------------|--------------|--------------|---------------------------------|--------------|--------------|-------------------------------|--------------|
| | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | At constant exchange rates | As published |
| North America | 662 | 737 | 937 | 988 | 938 | 953 | 939 | +0.4% | +0.2% |
| United Kingdom & Ireland | 504 | 523 | 551 | 573 | 525 | 523 | 463 | -1.5% | -16.0% |
| France | 620 | 595 | 574 | 655 | 633 | 640 | 599 | +4.6% | +4.3% |
| Rest of Europe | 738 | 757 | 737 | 833 | 780 | 811 | 772 | +5.4% | +4.8% |
| Asia-Pacific and Latin America | 240 | 232 | 237 | 222 | 216 | 238 | 246 | +1.2% | +3.8% |
| TOTAL | 2,764 | 2,844 | 3,036 | 3,271 | 3,092 | 3,165 | 3,019 | +2.2% | -0.6% |

| | Revenues (in millions of euros) | | Change | |
|--------------------------------|------------------------------------|------------------|-------------------------------|--------------|
| | 9 months 2015 | 9 months 2016 | At constant exchange rates | As published |
| North America | 2,337 | 2,830 | +21.8% | +21.1% |
| United Kingdom & Ireland | 1,577 | 1,511 | +5.2% | -4.2% |
| France | 1,789 | 1,872 | +4.7% | +4.6% |
| Rest of Europe | 2,232 | 2,363 | +6.5% | +5.9% |
| Asia-Pacific and Latin America | 709 | 700 | +7.1% | -1.2% |
| TOTAL | 8,644 | 9,276 | +10.2% | +7.3% |

REVENUE BY BUSINESS

| | % Revenues | | Change |
|-----------------------------------|-------------|-------------|-------------------------------|
| | Q3 2015 | Q3 2016 | At constant exchange rates |
| Consulting Services | 4% | 4% | +3.1% |
| Technology & Engineering Services | 14% | 15% | +1.3% |
| Application Services | 60% | 61% | +4.4% |
| Other Managed Services | 22% | 20% | -3.3% |
| TOTAL | 100% | 100% | +2.2% |

UTILIZATION RATES

| | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Consulting Services | 71% | 71% | 68% | 70% | 70% | 71% | 68% |
| Technology & Engineering Services | 81% | 82% | 84% | 83% | 82% | 83% | 83% |
| Application Services | 81% | 81% | 82% | 83% | 81% | 81% | 82% |

Note: 2015 utilization rates have been restated to take better account of the onshore / offshore mix.