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Capgemini reports very strong H1 2022 results and raises its growth outlook

- **H1 2022 revenues of €10,688 million, up +22.7%**
- **Growth at constant exchange rates* of +18.5% in H1 and +19.3% in Q2**
- **Operating margin rate* up +0.2 points to 12.2%**
- **Organic free cash flow* of €193 million**
- **2022 constant currency growth objective raised to +14% to +15% from +8% to +10%**

Paris, July 28, 2022 – The Board of Directors of Capgemini SE, chaired by Paul Hermelin, convened today to review and adopt the accounts¹ of the Capgemini group for the first half of 2022.

Aiman Ezzat, Chief Executive Officer of the Capgemini Group, commented: *"The Group achieved a very good performance in the first half. This is the fifth consecutive quarter of double-digit growth and strong bookings demonstrating our strong momentum and market share gains. Our operating margin continues to improve while we kept on increasing our investments in talent and innovation.*

These results illustrate the relevance of our strategy in a market driven by structural demand for digital transformation which will remain a priority for our clients in the coming years.

Recently, we supported our clients on major strategic and value-creating projects, leveraging our expertise in cloud, data and intelligent industry. We also enriched our portfolio of sustainability offerings.

The transition to 'net zero' is a priority. We therefore raise our targets for emissions reduction and are proud to be one of the first companies in the world to have its targets validated against the new SBTi standard.

Building on this excellent performance, we raise significantly our growth target for the year and confirm our operating margin and organic free cash flow targets."

* 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

<i>(in millions of euros)</i>	H1 2021	H1 2022	Change
Revenues	8,711	10,688	+22.7%
Operating margin*	1,042	1,301	+25%
<i>as a % of revenues</i>	12.0%	12.2%	+0.2pts
Operating profit	812	1,068	+32%
<i>as a % of revenues</i>	9.3%	10.0%	
Net profit (Group share)	443	667	+50%
Basic earnings per share (€)	2.63	3.91	+49%
Normalized earnings per share (€)*	3.91 ^a	5.03 ^a	+29%
Organic free cash flow*	429	193	
Net cash / (Net debt)*	(4,826)	(4,094)	

^a Excluding exceptional tax expenses² of €29 million in H1 2022 and €56 million in H1 2021.

Capgemini generated **revenues** of €10,688 million in H1 2022, up +22.7% on a reported basis and +18.5% at constant exchange rates. Organic growth* (i.e. excluding the impacts of currency fluctuations and changes in Group scope) is +17.2%.

Group growth accelerated in Q2 to reach +19.3% at constant exchange rates and +18.1% organically, confirming the strong momentum observed in the previous quarter.

Intelligent Industry and Customer First business areas, as well as the activities driven by Cloud and Data, confirmed their strong momentum. This illustrates the importance of digital transformation for Group clients and the structural increase in their investments in technology.

Bookings totaled €11,607 million in the first half of 2022, up +22% year-on-year at constant exchange rates. The book-to-bill ratio is 1.09 for H1 and 1.11 for Q2, reflecting ongoing robust commercial momentum.

The **operating margin*** is €1,301 million, or 12.2% of revenues, an increase of +25% or +0.2 points year-on-year. As expected, mix and pricing improvement offset the return of certain operating costs, such as travel expenses, and those of developing Group talent.

Other operating income and expenses represent a net expense of €233 million, virtually stable year-on-year.

As a result, Capgemini's **operating profit** is up +32% to €1,068 million, or 10.0% of revenues.

The **net financial expense** is €71 million, down €14 million on H1 2021.

The **income tax** expense is €327 million and includes exceptional tax expenses² of €29 million, compared with €56 million last year. Adjusted for these expenses, the effective tax rate is 29.9%, compared with 31.0% in H1 2021 and 29.2% in FY 2021.

Net profit (Group share) is up +50% year-on-year at €667 million for the first six months of 2022. **Basic earnings per share** rose by +49% year-on-year to €3.91, while **normalized earnings per share*** increased +36% to €4.87. Normalized earnings per share adjusted for exceptional tax expenses rose +29% to €5.03.

The Group generated **organic free cash flow*** of €193 million, down as expected from €429 million in the same period of 2021.

² These tax expenses relate to (i) the transitional impact of the 2017 US tax reform and (ii) in 2021, the consequence of a 2021 change in a local tax regulation on legal restructurings carried out in 2016.



OPERATIONS BY REGION

All Group regions posted strong double-digit constant currency growth rates in H1 2022, confirming the acceleration already observed in the first quarter. This growth was fueled by strong momentum in almost all the Group's sectors.

Revenues in **North America** (30% of Group revenues in H1 2022) grew by +16.8% at constant exchange rates, driven in particular by the Financial Services and Manufacturing sectors. The operating margin rate was 15.5% compared with 15.7% in the first half of 2021.

The **United Kingdom and Ireland** region (12% of Group revenues) reported remarkable growth of +22.7% at constant exchange rates, boosted by a strong Public Sector but also by the Consumer Goods & Retail and Energy & Utilities sectors, which are very dynamic. The operating margin reached a record level of 18.4%, compared with 17.6% a year earlier.

France (20% of Group revenues) reported revenue growth of +12.8% at constant exchange rates, with a particularly strong performance in the Manufacturing and Consumer Goods & Retail sectors. The operating margin further improved to reach 10.7%, a marked 3.2 points year-on-year improvement.

The **Rest of Europe** region (29% of Group revenues) grew +16.9% at constant exchange rates, with the Manufacturing and Consumer Goods & Retail sectors as the top drivers. The operating margin recorded a decline at 9.8%, compared with 11.5% one year earlier.

Finally, revenues in the **Asia-Pacific and Latin America** region (9% of Group revenues) increased sharply by +41.5% at constant exchange rates. The contribution of Group acquisitions in 2021 combined with organic momentum which remains extremely robust in this region, notably in the Manufacturing and Financial Services sectors. The region reported an operating margin of 9.7%, from 12.5% in H1 2021.

OPERATIONS BY BUSINESS

All Group business lines also reported double-digit constant currency growth rates in H1 2022.

Strategy & Transformation services (8% of Group revenues in H1 2022) and **Applications & Technology** services (63% of Group revenues and Capgemini's core business) continue to benefit from broad-based demand for digital transformation, posting growth in total revenues* at constant exchange rates of +29.7% and +21.1%, respectively.

Operations & Engineering services (29% of Group revenues) grew +13.4% at constant exchange rates, reflecting strong growth in Engineering services and Cloud infrastructure services.

OPERATIONS IN Q2 2022

Q2 revenues grew +24.4% to €5,521 million, up +19.3% at constant exchange rates and +18.1% organically. Almost all regional growth rates accelerated vs. Q1, driven by sectorial trends quite similar to those experienced in the previous quarter.

The United Kingdom and Ireland region continued its excellent momentum growing +24.1% at constant exchange rates. Revenue growth also accelerated sequentially in France and the Rest of Europe, with revenues increasing +14.5% and +17.8%, respectively, at constant exchange rates. Finally, momentum in North America and the Asia-Pacific and Latin America regions remained generally in line with trends at the beginning of the year, growing by +16.7% and +40.7%, respectively, at constant exchange rates.

Bookings totaled €6,134 million in Q2 2022, a +19% increase at constant exchange rates year-on-year.

HEADCOUNT

At June 30, 2022, the Group's total headcount stood at 352,100, up 22% year-on-year, with a 27% increase in employees in offshore centers to 207,900 (59% of the total headcount).



BALANCE SHEET

Capgemini's balance sheet structure was relatively unchanged in H1 2022.

At June 30, 2022, the Group had cash and cash equivalents and cash management assets of €2.8 billion. After accounting for borrowings of nearly €6.9 billion, Capgemini net debt* stands at €4.1 billion at June 30, 2022, compared with €4.8 billion at June 30, 2021 and €3.2 billion at December 31, 2021.

SHARE BUYBACKS

In line with its policy of capital allocation and active management of its share capital, the Group bought back shares for a total amount of €517 million in the first half of the year.

In addition, the Board of Directors approved a new multiyear share buyback program of €800 million, which will supersede the existing multiyear program, under which a balance of €47 million remains available.

UKRAINE & RUSSIA

Since the end of 2021, Capgemini has proactively taken measures to ensure the safety of its teams and their families in Ukraine and has implemented continuity plans for its clients. Capgemini continues to monitor events very closely in order to support its employees in this difficult context.

The war in Ukraine did not have any material impact on the Group's performance. Indeed, with well under 1% of Group revenues and less than 1% of its workforce, the Group's total exposure to Ukraine and Russia is very limited.

In Russia, the Group confirms its intention to discontinue its presence - which is very limited in size and relates to very few international brands present in the country - while respecting the rights of its employees and in full compliance with the applicable legislation.

CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSR)

Capgemini elevates its net zero targets, in line with the Science Based Target initiative (SBTi)'s new Net-Zero Standard. The Group's new headline net zero target is to achieve a 90% reduction in all carbon emissions across scopes 1, 2 and 3 by 2040 compared to a baseline of 2019. At the same time, Capgemini has also set more ambitious near-term (2030) targets. These changes reflect its continued commitment to address climate change in line with the latest climate science, and puts Capgemini amongst the first companies globally to have their net zero targets validated against the new SBTi standard.

In addition, the Group has launched a unique Energy Command Center (ECC), which uses digitalization and the exploitation of measured and projected data to monitor and manage energy performance on its campuses in India, which account for about a quarter of the Group's energy footprint. With an estimated 20% reduction in energy consumption since its launch, the ECC is making a material contribution to its sustainable development initiatives.

Finally, Capgemini continues its efforts to increase the diversity of its talent and to offer an inclusive work environment. As a result, the proportion of women in the Group's global workforce rose by 0.7 points in the first half of 2022, to 36.5%. In addition, 94% of the Vice President population has completed inclusion and cognitive bias training in the past 18 months to strengthen the culture of inclusion across the Group. In recognition of its transparency and progress on Diversity & Inclusion, Capgemini was included in 2022 in the Gender Equality Index compiled annually by Bloomberg.



OUTLOOK

Given the strong demand momentum, the Group is raising its growth objective for 2022 and is now aiming for:

- Revenue growth of +14% to +15% at constant currency, instead of +8% to +10% previously. The inorganic contribution to this objective is virtually unchanged and should be around 1.5 points.

The Group's other objectives for 2022 are unchanged:

- Operating margin of 12.9% to 13.1%;
- Organic free cash flow above €1,700 million.

CONFERENCE CALL

Aiman Ezzat, Chief Executive Officer, accompanied by Carole Ferrand, Chief Financial Officer, and Olivier Sevilla, Chief Operating 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://investors.capgemini.com/en/>.

PROVISIONAL CALENDAR

October 27, 2022	Q3 2022 revenues
February 21, 2023	FY 2022 results
May 4, 2023	Q1 2023 revenues
May 16, 2023	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 Universal 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

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 350,000 team members in more than 50 countries. With its strong 55 year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business



needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2021 global revenues of €18 billion.

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APPENDIX³

BUSINESS CLASSIFICATION

- **Strategy & Transformation** includes all strategy, innovation and transformation consulting services.
- **Applications & Technology** brings together “Application Services” and related activities and notably local technology services.
- **Operations & Engineering** encompasses all other Group businesses. These comprise Business Services (including Business Process Outsourcing and transaction services), all Infrastructure and Cloud services, and R&D and Engineering services.

DEFINITIONS

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	Q1 2022	Q2 2022	H1 2022
Organic growth	+16.3%	+18.1%	+17.2%
Changes in Group scope	+1.4pts	+1.2pts	+1.3pts
Growth at constant exchange rates	+17.7%	+19.3%	+18.5%
Exchange rate fluctuations	+3.3pts	+5.1pts	+4.2pts
Reported growth	+21.0%	+24.4%	+22.7%

When determining activity trends by business and in accordance with internal operating performance measures, growth at constant exchange rates is calculated based on **total revenues**, i.e. before elimination of inter-business billing. The Group considers this to be more representative of activity levels by business. As its businesses change, an increasing number of contracts require a range of business expertise for delivery, leading to a rise in inter-business flows.

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 expense” 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, acquisition costs, the cost of 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.

³ Note that in the appendix, certain totals may not equal the sum of amounts due to rounding adjustments.



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 repayments of lease liabilities, adjusted for cash out relating to the net interest cost.

RESULTS BY REGION

	Revenues	Year-on-year growth		Operating margin rate	
	H1 2022 (in millions of euros)	Reported	At constant exchange rates	H1 2021	H1 2022
North America	3,170	+27.9%	+16.8%	15.7%	15.5%
United Kingdom and Ireland	1,287	+26.4%	+22.7%	17.6%	18.4%
France	2,113	+12.9%	+12.8%	7.5%	10.7%
Rest of Europe	3,161	+16.7%	+16.9%	11.5%	9.8%
Asia-Pacific and Latin America	957	+51.2%	+41.5%	12.5%	9.7%
TOTAL	10,688	+22.7%	+18.5%	12.0%	12.2%

RESULTS BY BUSINESS

	Total revenues*	Year-on-year growth
	H1 2022 (% of Group revenues)	At constant exchange rates in Total revenues* of the business
Strategy & Transformation	8%	+29.7%
Applications & Technology	63%	+21.1%
Operations & Engineering	29%	+13.4%

SUMMARY INCOME STATEMENT AND OPERATING MARGIN

(in millions of euros)	H1 2021	H1 2022	Change
Revenues	8,711	10,688	+22.7%
Operating expenses	(7,669)	(9,387)	
Operating margin	1,042	1,301	+25%
as a % of revenues	12.0%	12.2%	
Other operating income and expense	(230)	(233)	
Operating profit	812	1,068	+32%
as a % of revenues	9.3%	10.0%	
Net financial expense	(85)	(71)	
Income tax income/(expense)	(282)	(327)	
(-) Non-controlling interests and share of profit of associates	(2)	(3)	
Profit for the period, Group share	443	667	+50%

NORMALIZED AND DILUTED EARNINGS PER SHARE

(in millions of euros)	H1 2021	H1 2022	Change
Average number of shares outstanding	168,453,627	170,561,706	
BASIC EARNINGS PER SHARE (in euros)	2.63	3.91	+49%
Diluted average number of shares outstanding	173,684,216	176,218,421	
DILUTED EARNINGS PER SHARE (in euros)	2.55	3.78	+48%



<i>(in millions of euros)</i>	H1 2021	H1 2022	Change
Profit for the period attributable to owners of the Company	443	667	+50%
Effective tax rate, excluding exceptional tax expenses	31.0%	29.9%	
(-) Other operating income and expenses, net of tax	159	163	
Normalized profit for the period	602	830	+38%
Average number of shares outstanding	168,453,627	170,561,706	
NORMALIZED EARNINGS PER SHARE <i>(in euros)</i>	3.58	4.87	+36%

The Group recognized exceptional tax expenses² of €29 million in H1 2022, compared with €56 million in H1 2021.

Adjusted for this exceptional tax expense, normalized earnings per share is €5.03 in H1 2022:

<i>(in millions of euros)</i>	H1 2021	H1 2022	Change
Normalized earnings per share <i>(in euros)</i>	3.58	4.87	
Exceptional tax expenses	56	29	
Average number of shares outstanding	168,453,627	170,561,706	
Impact of the exceptional tax expenses <i>(in euros)</i>	0.33	0.16	
Normalized earnings per share – excluding exceptional tax expenses <i>(in euros)</i>	3.91	5.03	+29%

CHANGE IN CASH AND CASH EQUIVALENTS AND ORGANIC FREE CASH FLOW

<i>(in millions of euros)</i>	H1 2021	H1 2022
Net cash from operating activities	765	569
Acquisitions of property, plant and equipment and intangible assets, net of disposals	(83)	(145)
Net interest cost	(92)	(74)
Repayments of lease liabilities	(161)	(157)
ORGANIC FREE CASH FLOW	429	193
Other cash flows from (used in) investing and financing activities	(698)	(964)
Increase (decrease) in cash and cash equivalents	(269)	(771)
Effect of exchange rate fluctuations	48	25
Opening cash and cash equivalents, net of bank overdrafts	2,828	3 119
Closing cash and cash equivalents, net of bank overdrafts	2,607	2 373

NET DEBT

<i>(in millions of euros)</i>	06/30/2021	12/31/2021	06/30/2022
Cash and cash equivalents	2,623	3,129	2,403
Bank overdrafts	(16)	(10)	(30)
Cash and cash equivalents, net of bank overdrafts	2,607	3,119	2,373
Cash management assets	322	385	415
Long-term borrowings	(6,639)	(6,654)	(6,649)
Short-term borrowings and bank overdrafts	(1,131)	(87)	(200)
(-) Bank overdrafts	16	10	30
Borrowings, excluding bank overdrafts	(7,754)	(6,731)	(6,819)
Derivative instruments	(1)	3	(63)
NET CASH AND CASH EQUIVALENTS / (NET DEBT)	(4,826)	(3,224)	(4,094)