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Strong growth in Capgemini earnings in H1 2015

Reported revenue up 9.9% year on year,
operating margin of 8.7% up 0.8 point and net income up 21%

2015 guidance raised in light of first-half results and the integration of IGATE from July 1st

Paris, July 30, 2015 – Capgemini Group today published its results for the 1st half of 2015.

For Paul Hermelin, Chairman and Chief Executive Officer of Capgemini Group: *"Once again we report a good performance this semester marked by a strong growth in published revenues and a further improvement in our operating margin and net profit (+21%). The combined evolution of our geographic mix and our portfolio of offerings towards high value-added segments enables us to further improve our profitability and gain market share.*

The constant shift to more innovation in our service offerings is paying off. We enable our clients to get all the benefits from Digital, Big Data and Cloud Computing developments and become the reference partner in these areas for an increasing number of major brands. Our Social, Mobile, Analytics and Cloud (SMAC) offerings grew by 25% year-on-year to represent over 20% of the Group's business in Q2 2015.

The acquisition of the US Company IGATE, completed in early July, will allow us to further strengthen our presence in North America, by far the largest and most innovative technology and services market in the world. Including IGATE, we now have 96,000 employees in our global delivery centers out of a total headcount of almost 180,000, positioning Capgemini on par with the industry leaders.

The IGATE integration process is now underway which together with the accelerated development of our Digital business, will be the Group's priority for the coming period.

Finally, we are raising our guidance for 2015 based on H1 results and taking into account the integration of IGATE."

H1 2015 KEY FIGURES

in millions of euros	H1 2014	H1 2015	*Change*
Revenues	5,104	5,608	+9.9%
Operating margin[1]	402	486	+21%
as a % of revenues	*7.9%*	*8.7%*	*+0.8pt*
Operating profit	354	447	+26%
as a % of revenues	*6.9%*	*8.0%*	*+1.1pt*
Net profit (Group share)	240	290	+21%
Net cash and cash equivalents	205	1,464	
Organic Free Cash Flow[2]	(148)	(86)	+62

The Group generated **revenues** of €5,608 million in H1 2015, up 9.9% on H1 2014 published figures. Organic growth is 1.4%, excluding the impact of fluctuations in Group currencies against the euro and the consolidation of the French company, Euriware, acquired in May 2014.

New orders recorded during the first six months of 2015 totaled €5,309 million, compared with €5,653 million in H1 2014. Restated for the €1 billion Areva contract signed in H1 2014, this is a 5% increase at constant rates and perimeter.

The **operating margin** amounted to €486 million, or 8.7% of revenues, up 0.8 point on the H1 2014 margin rate of 7.9%.

Net profit (Group share) totaled €290 million compared with €240 million for H1 2014, an increase of 21%.

H1 2015 **Organic Free Cash Flow** came in at -€86 million compared with -€148 million in H1 2014.

2015 OUTLOOK

The Group upgrades its 2015 targets on the basis of the first half 2015 results and the consolidation of the US Company IGATE starting July 1st, 2015. The group now forecasts 2015 revenue growth of 12%, at current group structure and exchange rates, and an operating margin rate of 10.3%. Organic free cash flow is expected to exceed €600 million.

OPERATIONS BY BUSINESS

Consulting Services (4% of Group revenues) benefited from the focus on “digital transformation”, reporting activity growth of 8% on a published basis and 4% like-for-like in the first-half 2015. This growth was driven by a double-digit increase in North America and the Rest of Europe, but activity also grew in France and Benelux. The operating margin rate improved 1.1 point year-on-year, reaching 8.1% for the first-half 2015.

Local Professional Services (Sogeti, 15% of Group revenues) reported 7% growth in revenues on a published basis, and 0.5% like-for-like. Activity growth in North America, the United Kingdom and Benelux was offset by a slowdown in the Rest of Europe region. The operating margin rate increased 0.5 point on the first-half 2014 to 8.7%.

Application Services (58% of Group revenues) were the main driver behind Group growth in the first-half 2015, with a year-on-year surge in revenues of 12% on a published basis and a like-for-like increase of 5%. Geographically, this growth was fueled by the North America, Rest of Europe, Asia-Pacific and Latin America regions. The operating margin rate increased 0.7 point on the first-half 2014 to 10.0%.

[1] 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 amortization of intangible assets recognized in business combinations, the charges associated with shares allocated to employees, as well as non-recurring income and expenses such as goodwill impairment, capital gains or losses on disposals, restructuring costs, the cost of acquiring and integrating acquired companies, as well as the impacts of the curtailment and/or settlement of defined benefit pension plans.

[2] 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 flows relating to the net interest cost.

Other Managed Services (23% of Group revenues) reported revenues grew 6% year-on-year in the first-half 2015, this represents a 7% contraction on a like-for-like basis. The impact of the change in the structure of a UK public sector contract, announced in December 2014, largely offset the growth observed in France, North America and the Asia Pacific and Latin America region. The operating margin rate increased 0.9 point on the first-half 2014 to 8.2%.

OPERATIONS BY MAJOR REGION

North America revenues (25% of Group revenues) surged 35% in H1 year-on-year, boosted by the strengthening of the US and Canadian dollars against the euro. Like-for-like growth was also strong at 11.8%. The operating margin rate increased 1.4 point to 13.3%. Once again, the performances reported this year bear witness to the Group's growth potential in the world's leading IT services market.

The **United Kingdom and Ireland** region (18% of Group revenues) reported a 5% drop in revenue on a published basis and a 15% fall like-for-like. This decrease is directly tied to the contract mentioned above. The operating margin rate increased 2.8 points on the first-half 2014 to 12.7%.

France (22% of Group revenues) reported an increase of 6% in revenue. At constant consolidation scope, in a market that still fails to show any tangible signs of recovery, revenues are stable overall despite a dip in the second quarter. The operating margin rate fell slightly to 6.2% compared with 6.7% in the first-half 2014.

Benelux revenues (10% of Group revenues) increased by 0.4% thanks to the positive results reported in the financial services sector although, as expected, the environment remains challenging overall. The operating margin rate is 8.4% compared with 8.9% in the first-half 2014.

The **Rest of Europe** (17% of Group revenues) reported robust growth of 4% and 6% like-for-like, reflecting a solid performance in Northern and Central Europe and an improvement in the growth profile of Southern European countries. Organic growth even reached 8.5% in the second quarter The operating margin rate for the half-year contracted slightly by 0.4 point year-on-year, standing at 7.5% for the first-half 2015.

The **Asia-Pacific and Latin America** region (8% of Group revenues) reported revenue up 20% year-on-year, and up 15% like-for-like. The operating margin rate improved 0.5 point on the first-half 2014, rising to 3.2% for the first six months of 2015. The seasonality of the operating margin remains significant in this region and the Group expects a higher margin rate in the second-half.

NET CASH AND CASH EQUIVALENTS

The consolidated net cash position at June 30, 2015 is €1,464 million, compared with €205 million at June 30, 2014 and €1,218 million at December 31, 2014. The €246 million increase in net cash in the first half is mainly due to the capital increase performed pursuant to the financing of the IGATE acquisition for a net amount of €500 million, partially offset by the return to shareholders of €220 million through the payment of a dividend of €1.20 per share and the share buyback of €22 million and the consumption of €86 million in organic free cash flow.

Following completion of the IGATE acquisition on July 1, 2015, which is a post H1 closing event, the net debt of the Group is estimated at €2.5 billion.

HEADCOUNT

At June 30, 2015, total headcount was 147,572 people, an increase compared to December 31, 2014 (143,643 employees). The proportion of the workforce 'offshore' is now 48%, up 1.4 points over 6 months. Following the acquisition of the US Company IGATE finalized on July 1, the Group now has 178,500 employees, including 96,000 in its global delivery centers.

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.

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.

APPENDICES

RESULTS BY REGION

	Revenues H1 2015 (in € million)	Growth on H1 2014		Operating margin rate	
		Published	Like-for-like	H1 2014	H1 2015
North America	1,400	+35.2%	+11.8%	11.9%	13.3%
United Kingdom and Ireland	1,026	-5.1%	-15.4%	9.9%	12.7%
France	1,215	+6.3%	-0.0%	6.7%	6.2%
Benelux	531	+0.4%	+0.4%	8.9%	8.4%
Rest of Europe	964	+4.4%	+5.7%	7.9%	7.5%
Asia Pacific and Latin America	472	+20.1%	+15.5%	2.7%	3.2%
TOTAL	**5,608**	**+9.9%**	**+1.4%**	**7.9%**	**8.7%**

RESULTS BY BUSINESS

	Revenues H1 2015 (in € million)	Growth on H1 2014		Operating margin rate	
		Published	Like-for-like	H1 2014	H1 2015
Consulting Services	244	+7.7%	+4.4%	7.0%	8.1%
Local Professional Services	832	+7.3%	+0.5%	8.2%	8.7%
Application Services	3,234	+12.3%	+5.1%	9.3%	10.0%
Other Managed Services	1,298	+6.0%	-6.7%	7.3%	8.2%
TOTAL	**5,608**	**+9.9%**	**+1.4%**	**7.9%**	**8.7%**

KEY EVENTS OF H1 2015

- Presentation of the acquisition project of the US company IGATE, for a consideration of US$4.0 billion;
- Launch of the Cybersecurity Global Service Line to enable organizations to embrace digital transformation securely;
- Signature with SILCA, Crédit Agricole's IT subsidiary, of a contract worth several tens of millions of euros annually to assist with the digitalization and securing of banking activities;
- Signature with ABN AMRO of a digital transformation partnership;
- Signature with Georgia Technology Authority of a 7-year contract worth over US$200 million for the management of IT infrastructure services for federal bodies of the State of Georgia (USA);
- Renewal of a contract worth several tens of millions of euros with Nokia for the global management of customer orders;
- Implementation with Guidewire of an integrated claims handling platform for the insurance company, Zurich;
- Signature of a contract to provide Office Depot with business process outsourcing (BPO), application maintenance and testing services worldwide.