

2004 Annual Results

Paris, 24 February 2005



2004 Annual Results

Paul Hermelin, CEO



Lessons of 2004

- Group fully structured by discipline
- In H2, we delivered on our commitments:
 - Strong revenue growth of 13.3% Y/Y
 - H2 Operating income above guidance at 2.35%
 - Breakthrough in Transformation Outsourcing
 - Strong cash position: 402M€
- European progress demonstrates recovery
- North America is now stable, margin still negative;
Recovery plan underway

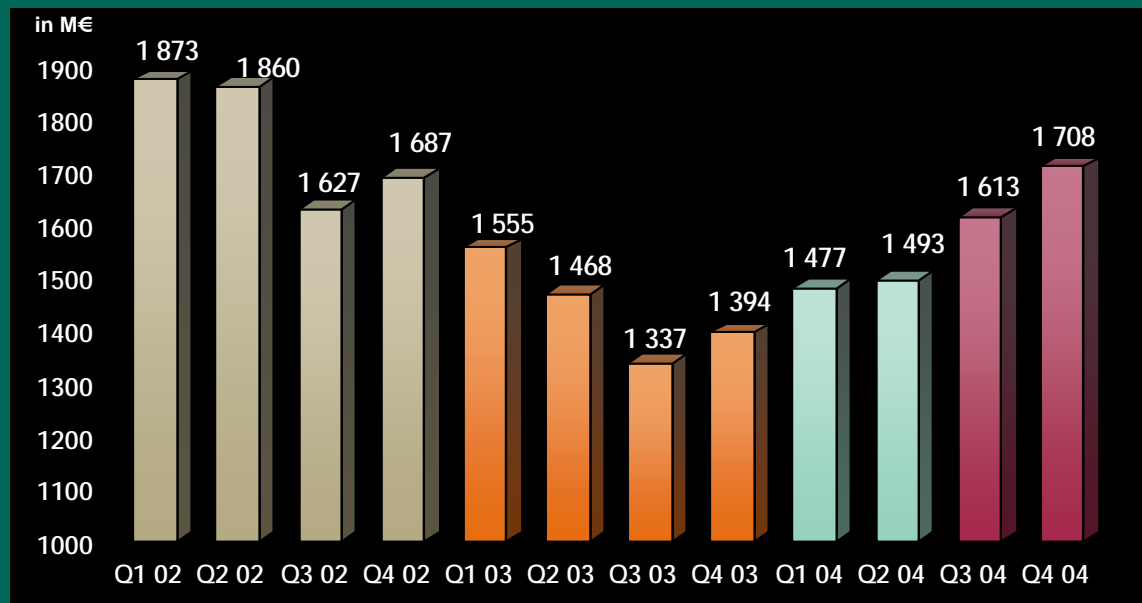
Financial highlights

	H1 2004	H2 2004	FY 2004
Bookings	5 906	4 544	10 450
Revenue	2 970	3 321	6 291
Operating Income	-20	78	58
%	-0.7%	2.35%	0.9%
Net Income	-135	-224	-359
Net Cash	-4	402	402
Headcount *	55 171	59 324	59 324

* end of period

Demonstrated return to growth

quarterly revenue evolution



	Current		Year on Year Growth	
	2003	2004	Current	Organic
North America	1,715	1,402	-18.3%	-11.0%
Europe & Asia	4,039	4,890	21.1%	7.5%
TOTAL	5,754	6,291	9.3%	2.7%

Q4 confirms turning point

	Q4 2003	Q4 2004	Current Year on Year	Organic Year on Year
North America	372	350	-5.8%	0.7%
Europe & Asia of which:	1 023	1 358	32.8%	18.1%
France	268	397	48.2%	9.3%
UK & Ireland	246	376	53.0%	51.7%
Benelux	193	238	23.4%	10.8%
Central Europe	124	129	3.8%	3.5%
Nordic	100	117	17.2%	17.6%
Iberia	45	52	16.3%	-4.6%
Italy	24	26	7.1%	7.1%
Asia Pacific	23	23	-1.1%	3.8%
TOTAL	1 395	1 708	22.5%	14.0%

Growth is fueled by mega deals...

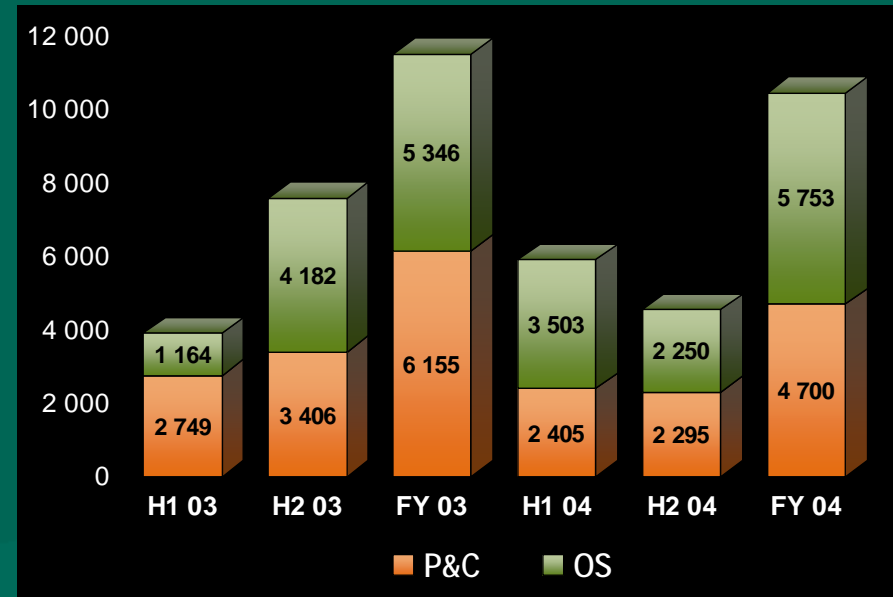
	2004 Revenue		
	H1	H2	FY
Total of our 3 mega deals	47	486	533

As well as from P&C in Europe

	Organic Growth Year on Year			
	Q1/Q1	Q2/Q2	Q3/Q3	Q4/Q4
Europe CS	-10.8%	-16.9%	-7.1%	1.1%
Europe TS	-9.4%	-3.2%	1.9%	5.5%
Sogeti-Transiciel Europe	-3.1%	4.7%	2.3%	8.0%
Europe P&C	-8.2%	-5.0%	-0.1%	5.1%

Second year of record bookings

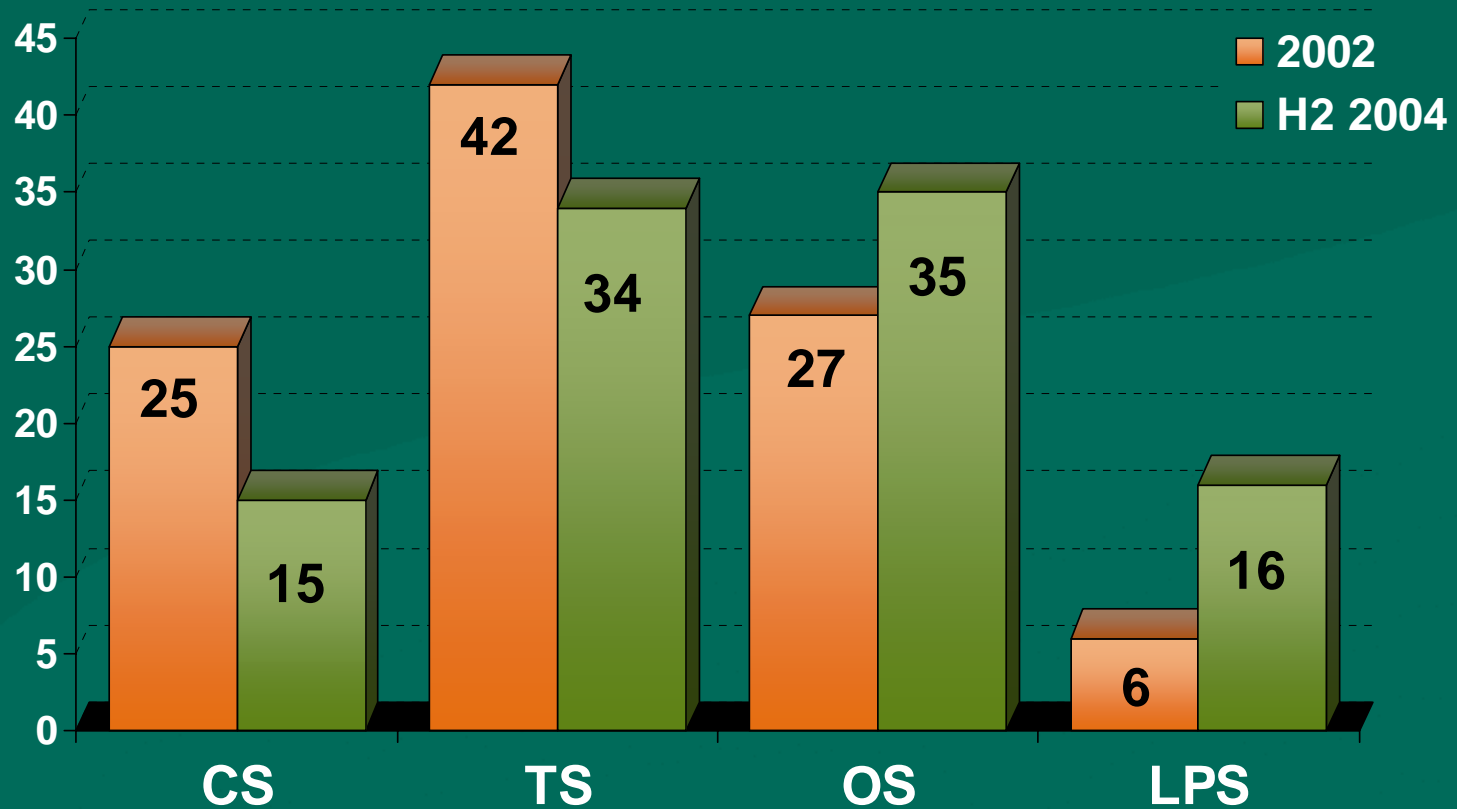
- Bookings in excess of € 10 billion
- Backlog up 40% year on year
 - 11bn in OS
 - 3bn to contribute to 2005 revenues
- Improving conditions in P&C demonstrated by
 - Stable Book to bill ratio at 1.09
 - Stronger backlog



Increased visibility on group's operations

Re-balancing of our Portfolio completed

Portfolio distribution (% of revenue)



Clients demand access to all disciplines

	CS	TS	OS	LPS
TXU	✓	✓	✓	
Schneider	✓	✓	✓	✓
Draegerwerk	✓	✓	✓	
Unedic	✓	✓		✓
ABB		✓	✓	
Ontario Power Generation	✓	✓	✓	
EDF	✓	✓		
Euroclear		✓	✓	
Bruce Power		✓	✓	
Rabobank	✓	✓	✓	✓
Mölnycke Healthcare	✓	✓	✓	

Successful launch of our OS mega deals

■ Inland Revenue – Aspire

- Fully operational since July 2004
- 2800 people transferred
- 600 IT applications running on 1500 network servers and servicing 80,000 staff at 600 inland revenue offices

■ TXU

- Fully operational since July 2004
- 2700 people transferred
- Achieved service level expected by client
- TXU Energy's overall meter-to-cash flow improved 25%
- Average speed of call answering improved from 300 seconds to less than 15 seconds

Where we are in January 2005

Europe

Recovered in 2004 poised for a profitable growth in 2005

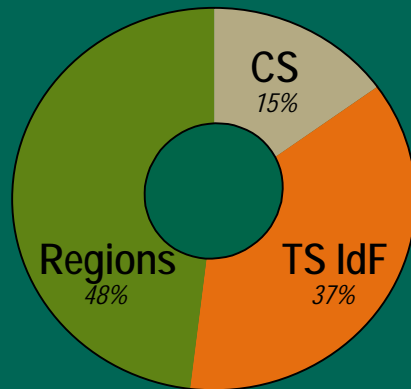
North America

Number one priority for 2005 and recovery expected in H2

We are committed to our Global Strategy

An example of turnaround: Capgemini France

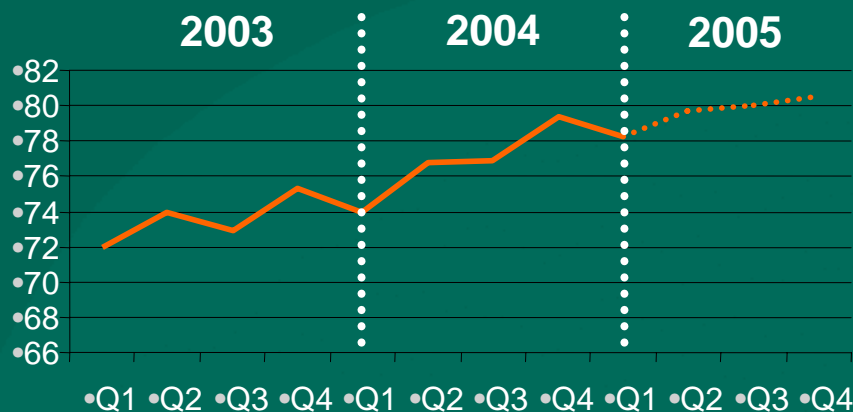
Business mix



2004 action plan

- Back to business fundamentals
- Sector strategy (CS/TS)
- Excellence in TS delivery
- CS recruitment Plan
- Costs streamlining

Utilization rate



Successes



2004 Financials

Nicolas Dufourcq, CFO



Results as predicted

Strong cash generation

New profitability trend

A good overall start of the year

Boosting confidence

H2 Guidance achieved

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Strong profitability improvement in H2

M€	H1 2004			H2 2004		
	Revenue	Operating Income	%	Revenue	Operating Income	%
UK & Ireland	536	-9	-1.7%	754	29	3.8%
North America	660	-32	-4.8%	741	-32	-4.3%
France	745	12	1.6%	736	38	5.2%
Benelux	415	21	5.0%	444	24	5.4%
Central Europe	225	7	3.1%	252	12	4.8%
Nordic	191	-7	-3.7%	200	6	3.0%
Iberia	109	-3	-2.8%	97	1	1.0%
Asia Pacific	42	-1	-2.4%	51	2	3.9%
Italy	47	-8	-17.0%	46	-2	-4.3%
TOTAL	2 970	-20	-0.7%	3 321	78	2.3%

Particularly in Project & Consulting...

M€	H1 2004			H2 2004		
	Revenue	Operating Income	%	Revenue	Operating Income	%
Consulting Services	527	3	0.6%	500	10	2.1%
Technology Services	1,093	-57	-5.2%	1,079	11	1.0%
Outsourcing Services	844	1	0.2%	1,237	13	1.0%
Professional Services	506	32	6.3%	505	44	8.7%
Group	2,970	-20	-0.7%	3,321	78	2.3%

- CS and TS part of Transformational Outsourcing deals included in OS (+16 M€ impact in Operating Income)
- Shared costs allocated as a percentage of respective Discipline revenue

...and specifically in Europe

M€	H1 2004		H2 2004		FY	
	Div. Margin	%	Div. Margin	%	Div. Margin	%
North America						
P&C (Excl. LPS)	-44.2	-11.1%	-32.3	-8.7%	-76.5	-10.0%
OS	15.4	7.6%	-0.3	-0.1%	15.1	2.7%
LPS	6.4	11.08%	7.6	11.3%	14	11.0%
Total	-22	-3.4%	-25	-3.1%	-47	-3.2%
Europe						
P&C	64	3.8%	109	6.6%	174	5.2%
OS	6	0.9%	32	3.6%	37	2.5%
Total	70	3.0%	141	5.6%	211	4.4%
Group						
P&C	26.3	1.2%	84.7	4.1%	111	2.6%
OS	21.1	2.5%	31.3	2.5%	52.4	2.5%
Total	47.4	1.6%	116	3.5%	163.4	2.6%

- CS and TS part of Transformational Outsourcing deals included in OS

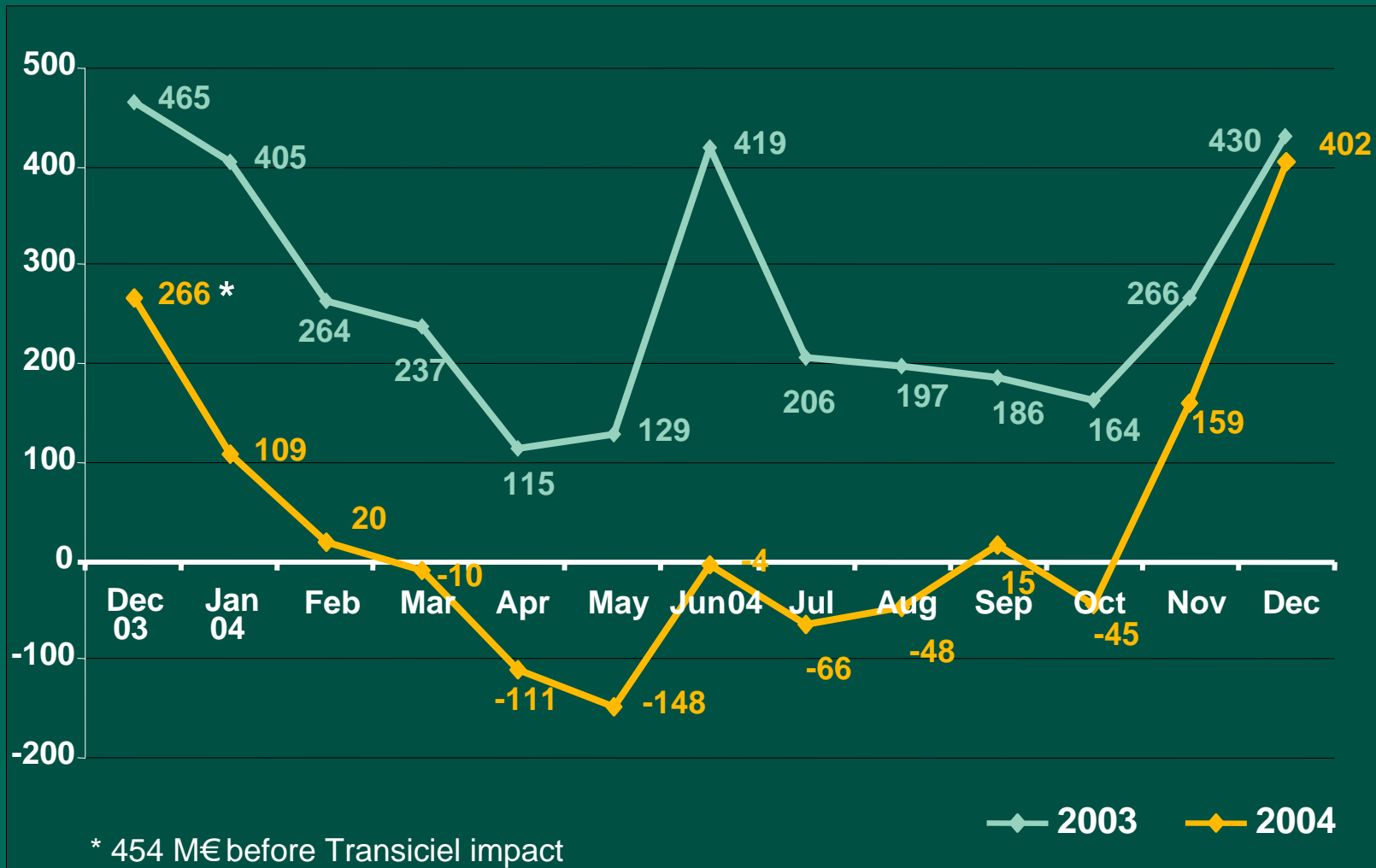
Hit parade of 10 most profitable* units

1	S&T Benelux	19,9%
2	S&T Sweden	17,1%
3	France CS/TS	11,1%
4	TMN	11,0%
5	S&T USA	11,0%
6	Benelux CS/TS	10,8%
7	Central CS/TS	10,5%
8	S&T France	8,3%
9	Iberia	6,4%
10	UK OS	4,4%

**Approx.
Half of the
Group
Revenue**

* based on Q4 Divisional Margin

Evolution of Net Cash (Debt) position



Update on assets disposals program

Assets disposals proceeds: €105M

- **Vertex:** 15% stake GBP 47.5M (€70M)
- **Is energy:** 17% stake €17.4M (effective 2005)
- **IM Nordic** €18M

2004 Consolidated Accounts

2004 Results

Income statement

M€	H1 2004	H2 2004	FY 2004	FY 2003
Revenue	2 970	3 321	6 291	5 754
Operating expenses	-2 990	-3 243	-6 233	-5 599
Operating Income	-20	78	58	155
Operating Income (% Revenue)	-0,7%	2,35%	0,9%	2,7%
Interest income / (expense), net	-12	-12	-24	-14
Other revenue and expenses, net	-62	-155	-217	-251
Income Before Tax	-94	-89	-183	-110
Income Before Tax (% Revenue)	-3,2%	-2,7%	-2,9%	-1,9%
Income Tax	-17	-108	-125	-47
Income before GW Amortization	-111	-197	-308	-157
Equity in net results of affiliates	-1	1	0	-1
Minority interests			0	-1
Net Income Before GW amortization	-112	-196	-308	-159
Amortization of Goodwill & Market Shares	-23	-28	-51	-38
Net Income	-135	-224	-359	-197
Net Income (% Revenue)	-4,5%	-6,7%	-5,7%	-3,4%

2004 Results

Costs Analysis: impact of big deals

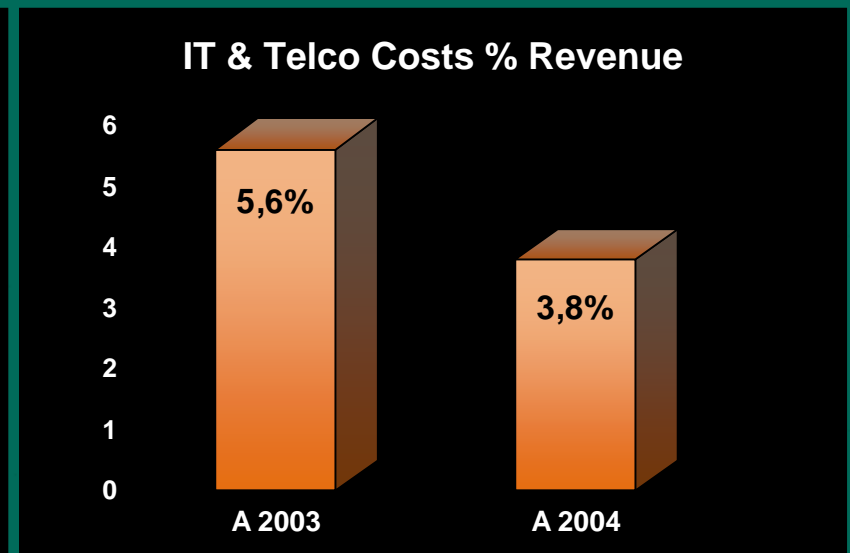
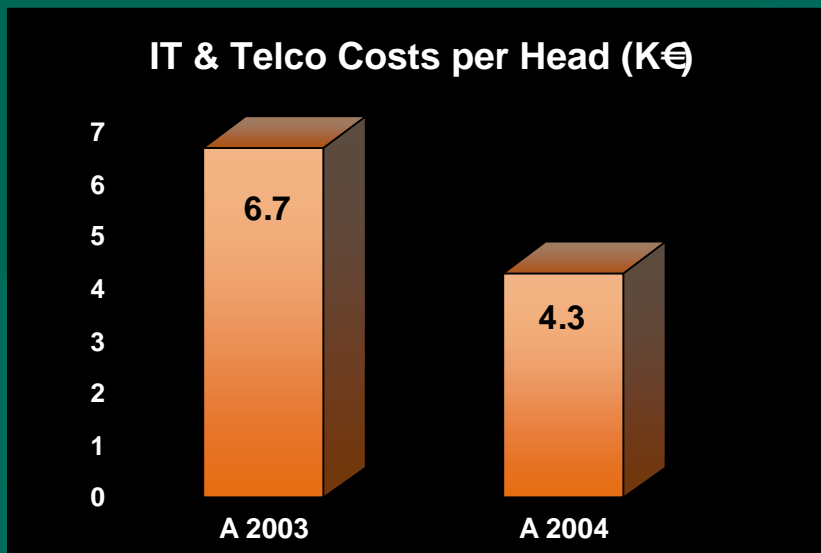
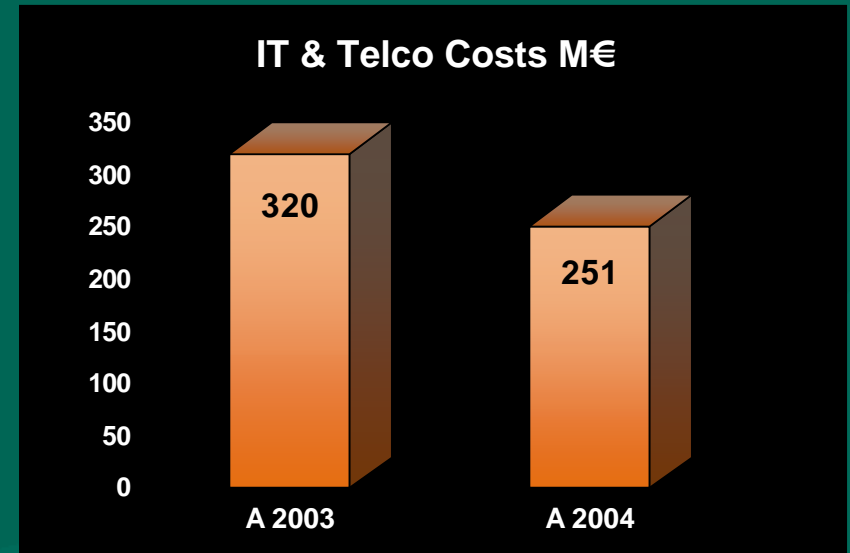
	2004				2003	
	H1	H2	H2 / H1 in %	FY	FY	'04 / '03 in %
Salarial & social charges	-1 974	-2 021	2%	-3 995	-3 672	8.8%
Purchases	-436	-527	21%	-963	-767	25.5%
Other external charges	-202	-249	23%	-451	-403	11.9%
Travel expenses	-162	-155	-5%	-317	-350	-9.4%
Office rents & related charges	-114	-138	22%	-252	-228	10.7%
Depreciation & Amortization	-86	-122	42%	-208	-168	24.0%
Others	-16	-31	88%	-47	-11	324.5%
Total Costs	-2 990	-3 243	8%	-6 233	-5 599	11.3%

IT&Telco internal costs

69M€ Savings 2004 vs 2003

Actions:

- PCs policy and procurement HW & SW
- Global Telco Negotiations and unified “any to any” network implementation
- Right sizing
- IM/AM re-negotiations
- Centralization of Business Applications



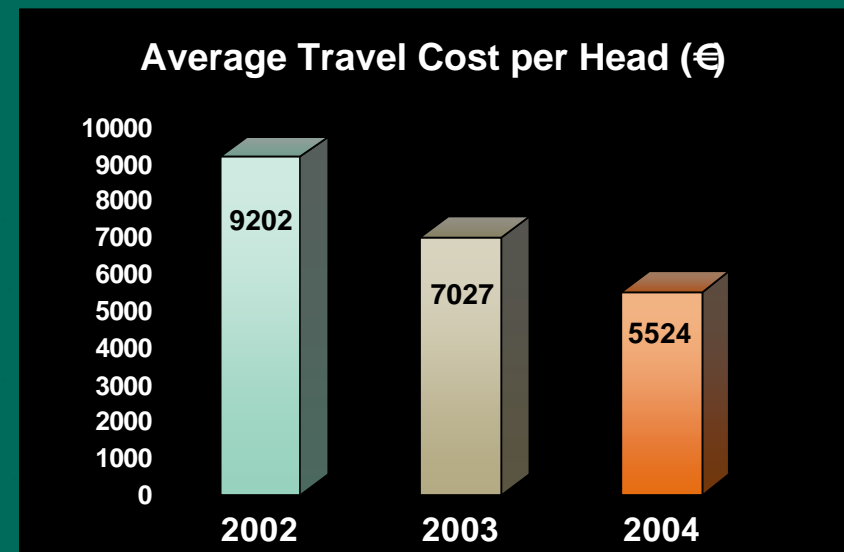
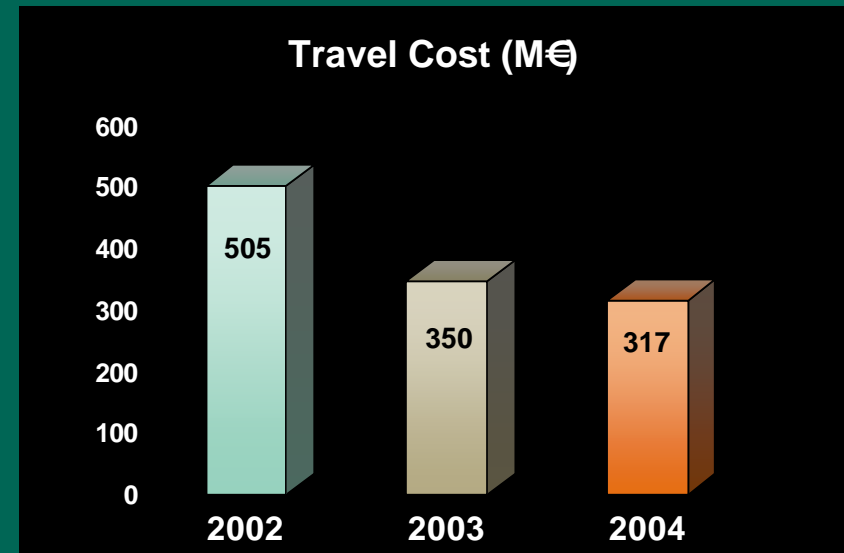
Travel costs rationalisation

188 M€ Savings over 2 years:
-37% vs + 4,5% average
staff increase

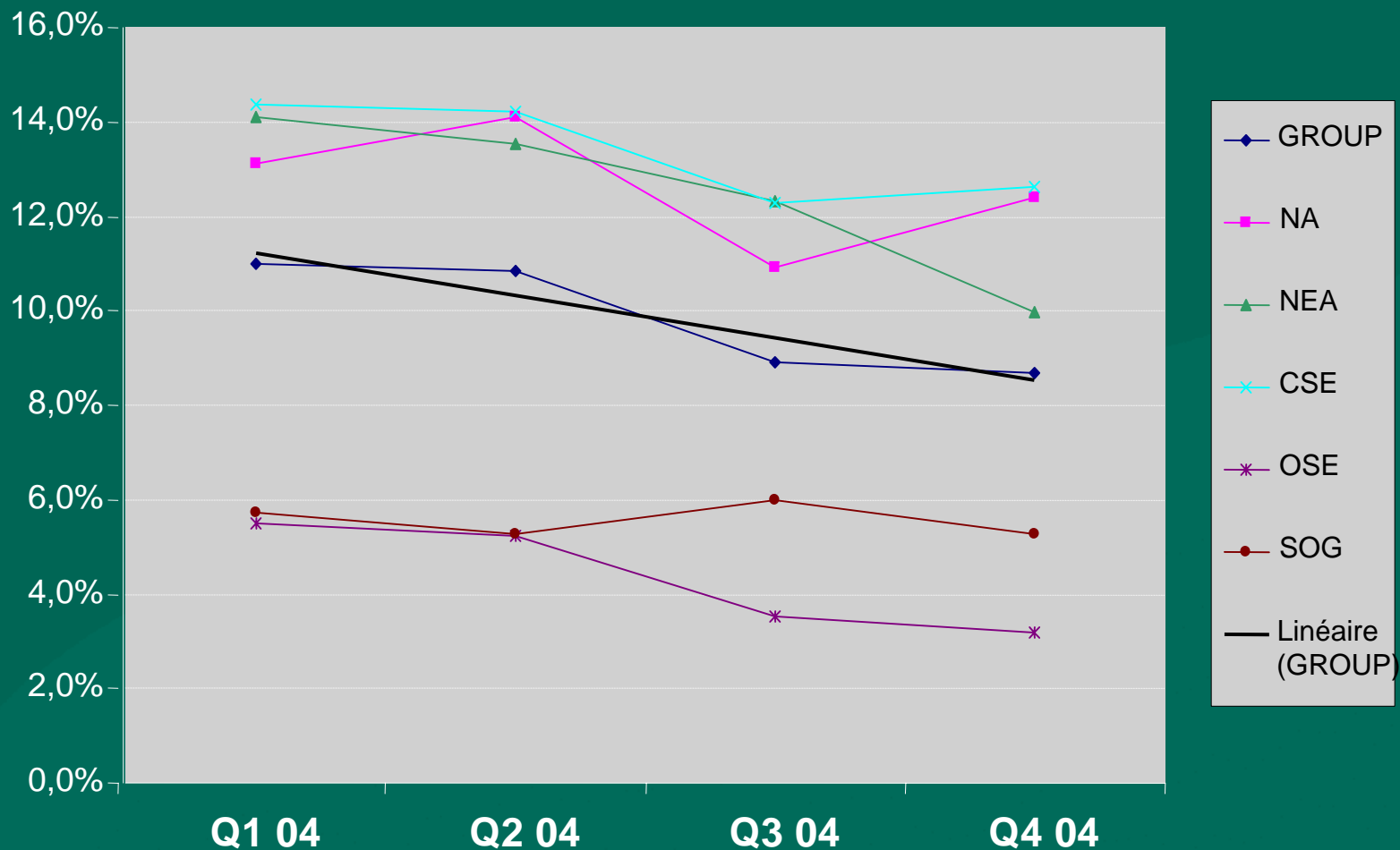
Travel costs per head
reduced by 24% in 2003 and
21% in 2004

Actions:

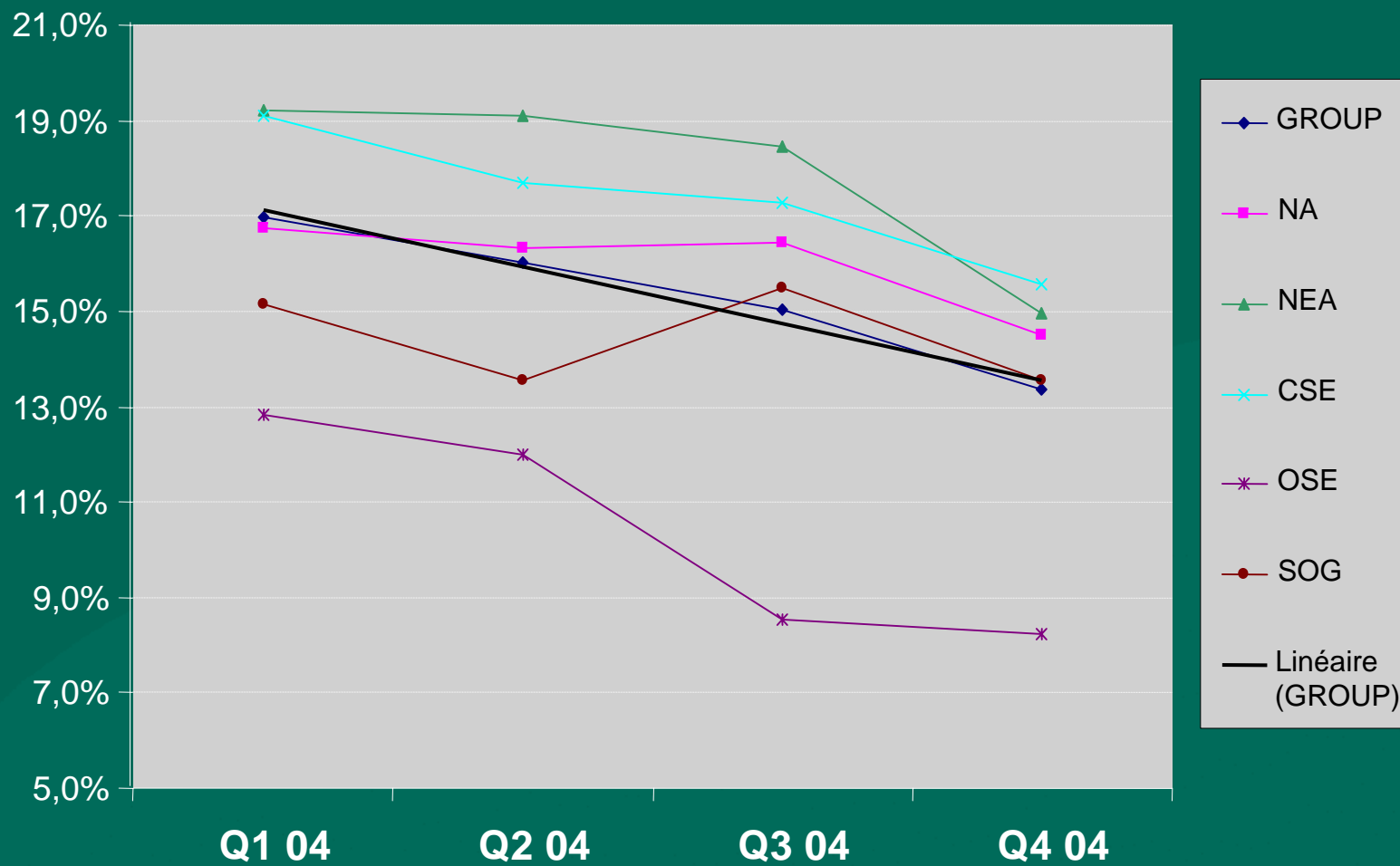
- Demand control
- Stricter travel policies
- On-going supplier negotiations



2004 Business Development Costs evolution



2004 Support Function Costs evolution



2004 Results

Other revenue & expenses

M€	2004	2003
Restructuring costs		
• People related costs	-127	-141
• Other costs (mainly office)	-93	-70
Net impact of the sale of a carry-back tax credit	-6	-16
Net gain on disposal of tangible assets and investments	22	3
Foreign exchange loss	-7	-11
Other	-6	-16
Total other revenue and expenses	-217	-251

2004 Results

Restructuring measures summary

- **P&L impact**

	Costs	Redundancies
People	127	1 843
Buildings	93	
	220	

- **Cash Flow impact**

2004	182 M€
2005	150 M€ (approx.)

2004 Results

Interest expense

M€	FY 2004	FY 2003
Interest income from short term investments	18	18
Interest on debt		
• Interest on bank borrowings	-10	-10
• Interest on convertible bonds	-11	-6
• Interest on financial leases	-13	-8
• Profit sharing interest	-6	-6
• Bank fees		-1
Other	-2	-1
Total interest income / (expenses)	-24	-14

2004 Results

Income Tax

M€	FY 2004
US depreciation of deferred tax asset	-141
FR reevaluation of deferred tax asset (net of utilisation)	46
Taxes payable on profit (mainly Canada)	-11
Taxes not based on net income (mainly US, Italy, France)	-10
Depreciation of other regions deferred tax assets (Central Europe, Asia-Pacific)	-7
Other	-2
Total income tax	-125

2004 Results Balance Sheet

ASSETS	2003	2004	LIABILITIES	2003	2004
Intangible Assets	1 849	1 884	Shareholders' equity	3 351	3 002
Tangible Assets	471	460	Provision and other long term liabilities	258	255
Investments	88	64	Accounts and notes payable	1 384	1 634
Long-term deferred tax assets	671	558	Other payables	83	89
Total non-current assets	3 079	2 966			
Accounts and notes receivables	1 411	1 316			
Other current assets	320	296			
Cash net of debt (*)	266	402			
Total Assets	5 076	4 980	Total Liabilities	5 076	4 980

(*) 454 M€ without Transiciel

Cash Flow statement

in M€	FY 2004	FY 2003
Net Income	-359	-197
Minority interests & equity income from affiliated Cies		2
Net Income of fully consolidated Cies	-359	-195
Depreciation/Amortization	256	207
Provision	13	19
Variation in differed taxes	140	9
Other	-15	26
Cash-Flow of fully consolidated Cies	35	66
Change in working capital	290	81
Operating cash flow after restructuring costs	325	147
Capital expenditure (net)	-135	-146
Net Investments	5	-38
Translation, perimeter changes & other	-59	-162
Change in Net Debt	136	-199
Opening Net Debt	266	465
Closing Net Debt	402	266

2004 Headcount Evolution

Headcount as of Jan. 1, 2004	55,576
Recruits	9,285
Acquisitions / Big Deals	5,363
Disposals	-473
Layoffs	-2,335
Leavers	-8,092
Headcount as of Dec 31, 2004	59,324

OS deals / acquisitions impact on headcount

• TXU	NA	+	2 398
• Inland Revenue	UK	+	2 159
• ABB	Nordic	+	272
• Draeggerwerk	CE	+	225
• Fi Systems	FR	+	130
• Bexcel	China	+	51
• Grupo Bimbo	Mexico	+	31
• International Paper	UK	+	17
• Phoenix Hospitals	NA	+	12
• Others		+	68

Total		+	5 363
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Results as predicted

Strong cash generation

New profitability trend

A good overall start of the year

Boosting confidence

2005 Priorities and outlook

Paul Hermelin, CEO



Renewed management team

Paul Hermelin (CEO)

**Nicolas Dufourcq
(CFO)**

**Pierre Danon
(COO)**

**Alain Donzeaud
(General Secretary)**

Six Strategic Business Units

Consulting & Technology

- **Central and South Europe** (A. Schnieder)
- **France** (Ph. Donche gay)
- **North America** (C. Smith)
- **Northern Europe and Asia** (H. Broeders)

Global Outsourcing (P. Spence)

Sogeti-Transiciel (G. Cohen)

Priorities for 2005

1

Accelerate North American Turnaround

2

Drive Sustainable, Profitable Growth in Outsourcing

3

Consolidate P&C European Recovery

1- Accelerate North America's recovery: Booster

Program led by Pierre Yves Cros and 20 professionals
Started on January 2005

- Refocus front end
 - Key accounts and sector strengths
 - Position NA capabilities with Group strengths
 - Optimize local sales channels
- Restore Cost Competitiveness
 - Reduce expenses / Attrition
 - Aggressive offshore growth (OS/TS)
 - Reduce Business Development Costs & Indirect
 - Contractors rationalization
- Resize Support functions
 - Reduce number of office locations
 - Leverage Group support services
 - Internal BPO

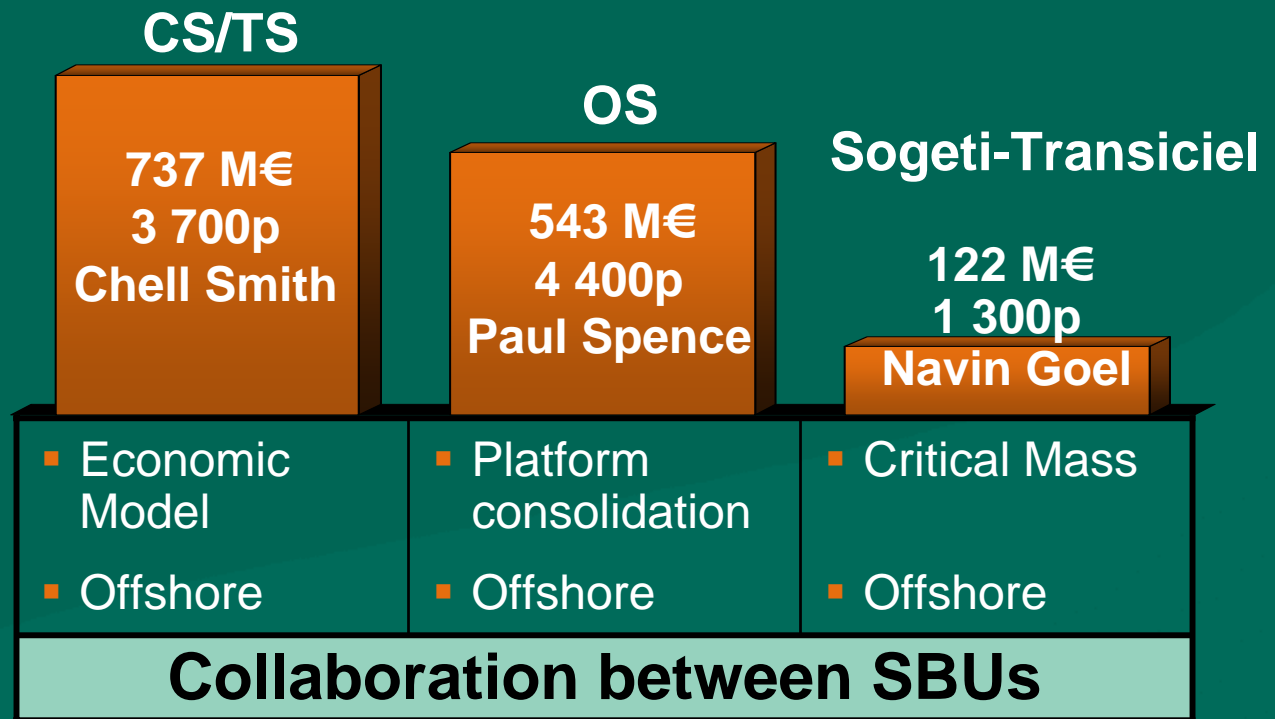
Focus on growth

**Geographical
re-alignment**

**Aggressive cost
reduction**

1- Accelerate North America's recovery

Our 3 SBUs
in North America



Focus

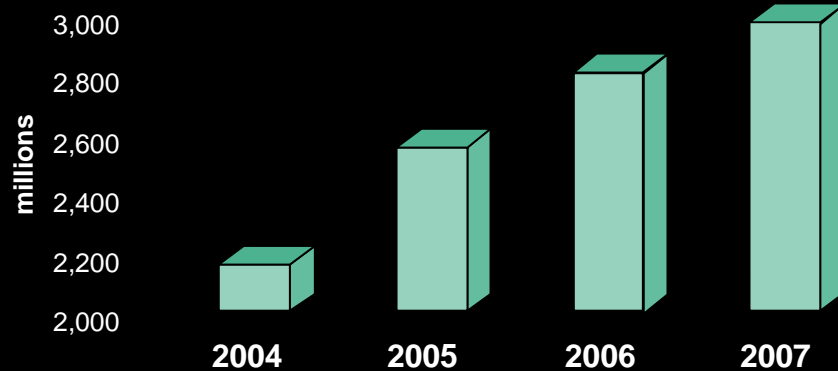
Who

Results

- Pierre Danon Executive Chairman
- Positive in H2
- Peer level performance in 2006

2- Driving Sustainable, Profitable Growth in Outsourcing

Global Outsourcing External Revenue
3 Year Plan



Journey to 8% Division Margin

Revenue

- Beating market in last two years in growth and established brand
- Growth will continue for an additional year (2004 deals fuel growth above 15%)
- Objective: double digit growth

Margin

Our challenge

- Deliver major deals
- Focus on mid-tier deals (50-250 M€)
- Continue BPO momentum
- Reduce Delivery Costs
- Consolidate purchasing power

2- Driving Sustainable, Profitable Growth in Outsourcing

Outsourcing on-going action plan

- **Reducing direct costs: 5% Margin improvement**
 - Contract renegotiations
 - Purchasing
 - Platform-based outsourcing
 - Rightshore
 - Rationalisation

- **Minimising Support Costs: 2% Margin improvement**
 - Revenue growth, large deals
 - Lean support infrastructure

3- Consolidate P&C European Recovery

Portfolio focus for growth

- **Leverage investments:**
 - Portfolio Management
 - Collaborative Business Experience positioning
- **Technology:**
 - SAP Netweaver
 - Migration PeopleSoft / Oracle
 - Business Intelligence
- **Consulting:**
 - IT Transformation
 - RFID and PLM in supply chain management
- **Sogeti**
 - Testing and high technology consulting

3- Consolidate P&C European Recovery

Cost competitiveness to win market share

- **Technology:**
 - Continue improvement in utilization rate (78%)
 - Improve pricing power and gain market share through Rightshoring
 - Deliver excellence (productivity rate above 98%)

- **Consulting:**
 - Leverage sector focus – public sector and telecom
 - Improve utilisation rate (67%)

- **Local Professional Services:**
 - Sustain profitable growth with recruitment campaign in all major geographies
 - Maintain utilization above 85%

Continue reducing SG&A for all

2005 Outlook

A marked improvement
in performance



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