

# INTERIM FINANCIAL REPORT

## CONSOLIDATED FINANCIAL STATEMENTS



## CONTENTS

---

FINANCIAL HIGHLIGHTS .....	3
STATUTORY AUDITORS' REPORT ON THE 2017 INTERIM FINANCIAL INFORMATION.....	4
INTERIM FINANCIAL REVIEW.....	5
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2017 .....	9
DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT .....	25

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED FINANCIAL STATEMENTS

<i>in millions of euros</i>	First-half 2013	First-half 2014	First-half 2015	First-half 2016	First-half 2017
<b>Revenues</b>	<b>5,033</b>	<b>5,104</b>	<b>5,608</b>	<b>6,257</b>	<b>6,412</b>
Operating expenses	(4,666)	(4,702)	(5,122)	(5,619)	(5,740)
<b>Operating margin *</b>	<b>367</b>	<b>402</b>	<b>486</b>	<b>638</b>	<b>672</b>
<i>% of revenues</i>	7.3%	7.9%	8.7%	10.2%	10.5%
<b>Operating profit</b>	<b>302</b>	<b>354</b>	<b>447</b>	<b>510</b>	<b>538</b>
<i>% of revenues</i>	6.0%	6.9%	8.0%	8.1%	8.4%
<b>Profit for the period attributable to owners of the Company</b>	<b>176</b>	<b>240</b>	<b>290</b>	<b>366</b>	<b>375</b>
<i>% of revenues</i>	3.5%	4.7%	5.2%	5.8%	5.9%
<b>Earnings per share</b>					
<i>Average number of shares outstanding during the period</i>	158,229,410	158,477,956	165,150,124	170,241,240	168,548,476
Basic earnings per share (in euros)	1.11	1.51	1.76	2.15	2.23
Normalized earnings per share * (in euros)	1.39	1.73	1.92	<sup>(1)</sup> 2.52	2.81
<b>GOODWILL AT JUNE 30</b>	<b>3,673</b>	<b>3,642</b>	<b>3,925</b>	<b>6,959</b>	<b>6,939</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AT JUNE 30</b>	<b>4,442</b>	<b>4,433</b>	<b>6,017</b>	<b>6,350</b>	<b>6,845</b>
<b>(NET DEBT) / NET CASH AND CASH EQUIVALENTS * AT JUNE 30</b>	<b>272</b>	<b>205</b>	<b>1,464</b>	<b>(2,278)</b>	<b>(1,929)</b>
<b>ORGANIC FREE CASH FLOW * AT JUNE 30</b>	<b>(313)</b>	<b>(148)</b>	<b>(86)</b>	<b>31</b>	<b>64</b>
<b>Average number of employees</b>	<b>126,356</b>	<b>134,633</b>	<b>146,250</b>	<b>182,685</b>	<b>195,059</b>
<b>Number of employees at June 30</b>	<b>127,968</b>	<b>138,809</b>	<b>147,572</b>	<b>184,899</b>	<b>196,376</b>

(1) Excluding tax income (net) of €32 million in respect of goodwill arising on legal restructuring.

\* Operating margin, normalized earnings per share, net debt / net cash and cash equivalents and organic free cash flow, alternative performance measures monitored by the Group, are defined in Note 3, Alternative performance measures, to the condensed interim consolidated financial statements for the half-year ended June 30, 2017.

## STATUTORY AUDITORS' REPORT ON THE 2017 INTERIM FINANCIAL INFORMATION

Period from 1st of January 2017 to 30th of June 2017

*This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

### **Capgemini SE**

11 rue de Tilsitt  
75017 Paris

To the Shareholders

In compliance with the assignment entrusted to us by the Shareholders Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Capgemini SE, for the period from 1st of January 2017 to 30th of June 2017,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

### **I - Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

### **II – Specific Verification**

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine, the 2nd of August 2017

Paris La Défense, the 2nd of August 2017

PricewaterhouseCoopers Audit

KPMG Audit  
Département de KPMG S.A.

Françoise Garnier  
Partner

Richard Béjot  
Partner

Frédéric Quélin  
Partner

### FIRST-HALF 2017 HIGHLIGHTS

---

Capgemini Group enjoyed a robust first six months, accelerating growth and increasing its operating margin. North America successfully began to restore its growth momentum, while Continental Europe reported a slight improvement in its already solid growth rate. The Group continued its rapid transition towards Digital and Cloud. Related revenues grew 23% at constant exchange rates and accounted for 35% of Group revenues in the first six months.

Capgemini performed a number of bolt-on acquisitions over the period strengthening its skills portfolio in these domains: Idean, a digital strategy and experience design consultancy, TCube Solutions, enriching the insurance sector solutions portfolio and Itelios, a consulting firm specializing in omni-channel e-commerce.

The Group generated **revenues** of €6,412 million in the first-half 2017, up 2.5% on published revenues for the first-half 2016. Excluding the impact of Group currencies against the euro (0.2 points) and the discontinuation of Brazilian equipment resale activity (0.3 points), growth was 3.0%. Currency impacts primarily concern the depreciation of the pound sterling and the appreciation of the U.S., Canadian and Australian dollars and the Brazilian real. Finally, business acquisitions and disposals had a net impact of 0.3 points. Organic growth for the period was therefore 2.7%.

In Q2, Group growth accelerated slightly to reach 3.3% year-on-year at constant exchange rates and 2.9% on an organic basis. Digital & Cloud accounted for 37% of revenues up from 32% in Q1.

**Bookings** totaled €6,389 million in the first six months of 2017, compared with €6,341 million reported for H1 2016, which benefited from the renewal of a major multi-year contract in the UK public sector.

The **operating margin** is €672 million, up 5% on the first-half 2016 and represents 10.5% of revenues, an increase of 30 basis points year-on-year.

Other operating income and expenses total €134 million, compared with €128 million in H1 2016. Restructuring costs increased to €50 million, while acquisition and integration costs fell to €17 million.

**Operating profit** therefore increased to 8.4% of revenues or €538 million, up 6% year-on-year.

The net financial expense is €28 million, down €34 million year-on-year, following a reduction in Group debt and the gain realized on the early unwinding of currency swaps set up in connection with IGATE acquisition financing.

The income tax expense is €140 million. The €53 million increase is mainly due to the recognition of deferred tax income of €32 million in the first-half 2016. The effective tax rate is 27.4% for the first-half 2017, compared with 26.5% one year previously (adjusted for exceptional income).

**Net profit attributable to owners of the Company** is €375 million for the first-half 2017, compared with €366 million last year. Basic earnings per share are €2.23. The Group defines Normalized net profit as the Group share in net profit for the year 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 €2.81, representing a 12% year-on-year increase on first-half 2016 earnings per share adjusted for the recognition of one-off tax income.

The Group generated **organic free cash flow** of €64 million in the first-half 2017, an improvement of €33 million on the prior-year period.

Return to shareholder amounted to €338 million over the period, comprising a dividend payment of €262 million (€1.55 per share) and share buybacks totaling €76 million.

Group **net debt** therefore increased from €1,413 million at December 31, 2016 to €1,929 million at June 30, 2017.

At June 30, 2017, the Group's total headcount exceeded 196,000, an increase of 6% year-on-year, with nearly 112,000 employees in offshore centers (57% of the total headcount compared with 55% at June 30, 2016 and 56% at December 31, 2016). The attrition rate increased 0.2 points year-on-year to 18.0% for the period.

## OPERATIONS BY MAJOR REGION

	Revenues	Year-on-year growth		Operating margin rate	
	% of revenues H1 2017 (in millions of euros)	Reported	At constant exchange rates*	H1 2016	H1 2017
North America	30%	+3.5%	+0.4%	15.1%	13.2%
United Kingdom and Ireland	14%	-14.7%	-5.9%	14.5%	15.1%
France	21%	+4.7%	+4.7%	6.6%	7.1%
Rest of Europe	27%	+7.6%	+7.9%	8.9%	11.1%
Asia Pacific and Latin America	8%	+13.9%	+11.1%	3.8%	6.0%
<b>TOTAL</b>	<b>100%</b>	<b>+2.5%</b>	<b>+3.0%</b>	<b>10.2%</b>	<b>10.5%</b>

\* excluding the Brazilian equipment resale business which is being discontinued

In H1, as planned, **North America** (30% of Group revenues) began to restore its growth momentum, reporting a slight increase of 0.4% at constant exchange rates. In this region, the Energy & Utilities sector confirmed its recovery, with a fourth quarter of sequential revenue stability, while the Financial Services and Manufacturing sectors were the most dynamic. The operating margin fell 190 basis points to 13.2%, impacted by strong price pressure on large contract renewals and investments to boost growth in the region.

The **United Kingdom and Ireland** (14% of Group revenues) reported revenues down 5.9%, reflecting a decline in the public sector in line with our forecast and a healthy private sector (62% of region revenues), particularly in Financial Services and Energy & Utilities. The operating margin increased 60 basis points year-on-year to 15.1%.

**France** (21% of Group revenues) grew 4.7%, driven by Application Services and Technology & Engineering Services. The Financial Services, Manufacturing and Retail & Consumer Goods sectors were the most dynamic over the period. The operating margin improved 50 basis points year-on-year to 7.1%.

The **Rest of Europe** (27% of Group revenues) reported revenue growth of 7.9% at constant exchange rates, with all geographies and sectors contributing. The Group reported double-digit growth in Germany and Italy and in the Retail & Consumer Goods and Manufacturing sectors. The operating margin increased 220 basis points to 11.1% for the half-year.

**Asia-Pacific and Latin America** (8% of Group revenue) grew 11.1% at constant exchange rates. In Asia-Pacific, which now accounts for three-quarters of activity in this region, growth momentum continues to be buoyant, fueled by the Financial Services and Retail & Consumer Goods sectors. Activity in Latin America continues to decline with a challenging economic environment in Brazil. The operating margin increased 220 basis points to 6.0%.

## OPERATIONS BY BUSINESS

	Revenues	Year-on-year growth		Operating margin rate	
	% of revenues H1 2017 (in millions of euros)	Reported	At constant exchange rates*	H1 2016	H1 2017
Consulting services	4%	+11.1%	+10.7%	10.4%	10.6%
Technology & Engineering Services	15%	+3.1%	+3.5%	11.3%	12.2%
Application services	62%	+5.9%	+5.6%	11.4%	11.9%
Other managed services	19%	-9.2%	-6.6%	9.2%	7.7%
<b>TOTAL</b>	<b>100%</b>	<b>+2.5%</b>	<b>+3.0%</b>	<b>10.2%</b>	<b>10.5%</b>

\* excluding the Brazilian equipment resale business which is being discontinued

**Consulting Services** (4% of Group revenues) grew 10.7% at constant exchange rates, with strong growth in Continental Europe. The operating margin increased 20 basis points year-on-year to 10.6% of revenues.

**Technology & Engineering Services** (15% of Group revenues) grew 3.5% in H1, bolstered by strong growth in France and Scandinavia. The operating margin increased 90 basis points year-on-year to 12.2% for the half-year.

**Application Services** (62% of Group revenues) fully benefit from new demand driven by Digital and Cloud, recording revenue growth of 5.6% at constant exchange rates in the first-half. Growth is approaching or exceeding 10% in many European countries (France, Germany, Sweden, Italy) but also in Asia. The operating margin increased 50 basis points to 11.9%.

**Other Managed Services** (19% of Group revenues) reported a 6.6% decrease in revenues. This was mainly attributable to Infrastructure Services and reflects notably the anticipated decline in the UK public sector. The operating margin is 7.7% compared with 9.2% in H1 2016.

## ANALYSIS OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2017

---

### Consolidated Income Statement

**Revenues** for the first-half 2017 totaled €6,412 million, compared with €6,257 million for the first-half 2016. Growth at current scope and exchange rates is 2.5% year-on-year, with revenue increasing 3.0% at constant exchange rates, excluding the Brazilian equipment resale business.

The **operating margin** for the first six months of 2017 was €672 million, compared with €638 million for the same period in 2016, representing a margin rate of 10.5% compared with 10.2%.

**Other operating income and expenses** represented a net expense of €134 million in the first-half 2017, compared with €128 million for the first-half 2016. This rise is due to higher restructuring costs and performance share grant expenses, partially offset by lower integration and acquisition costs.

**Operating profit** is therefore €538 million for the half-year ended June 30, 2017 (8.4% of revenues) compared with €510 million for the first-half 2016 (8.1% of revenues).

The **net financial expense** was €28 million in the first-half 2017, compared with €62 million for the same period in 2016. This improvement was mainly due to lower net finance costs following a reduction in Group debt and the refinancing of 2011 bonds by the bond issue in 2016 on favorable conditions, as well as the gain realized on the early unwinding of EUR/USD fix-to-fix cross currency swaps in the first-half of 2017.

The **income tax expense** for the period is €140 million, compared with €87 million for the first-half 2016. The effective tax rate of 27.4% compares with 26.5% for the first-half 2016, adjusted for net tax income of €32 million in respect of goodwill arising on legal restructurings.

**Profit for the period attributable to owners of the Company** is therefore €375 million for the half-year ended June 30, 2017, up 2.8% on the profit of €366 million for the first-half 2016. Normalized earnings per share are therefore €2.81 based on an average of 168,548,476 shares outstanding in the first-half of 2017, compared with €2.52 based on an average of 170,241,240 shares outstanding in the first-half of 2016, adjusted for net tax income of €32 million in respect of goodwill arising on legal restructurings.

### Consolidated Statement of Financial Position

**Consolidated equity attributable to owners of the Company** totaled €6,845 million at June 30, 2017, down €427 million on December 31, 2016 mainly due to:

- ▶ a €467 million decrease in foreign exchange translation reserves;
  - ▶ the dividend payment to shareholders of €262 million;
  - ▶ the variation of elimination of treasury shares in the amount of €72 million;
- partially offset by the recognition of profit for the period of €375 million.

**Non-current assets** totaled €10,200 million at June 30, 2017, down €390 million on December 31, 2016 mainly due to a €237 million fall in goodwill. This decrease was attributable to negative translation adjustments of €384 million recognized on goodwill primarily denominated in U.S. dollars and pound sterling, offset by goodwill recognized on 2017 first-half acquisitions of €147 million.

**Non-current liabilities** amounted to €5,175 million at June 30, 2017, stable on December 31, 2016 (€5,206 million).

**Operating receivables** (accounts and notes receivable) totaled €3,162 million at June 30, 2017 compared with €3,074 million at December 31, 2016. Accounts and notes receivable excluding capitalized costs on projects and net of advances from clients and amounts billed in advance totaled €2,341 million at June 30, 2017, compared with €2,244 million at December 31, 2016.

**Accounts and notes payable** mainly consist of trade payables and related accounts, personnel costs and accrued taxes other than income tax and totaled €2,480 million at June 30, 2017, compared with €2,818 million at December 31, 2016.

**Consolidated net debt** was €1,929 million at June 30, 2017, compared with €2,278 million at June 30, 2016 and €1,413 million at December 31, 2016. This €516 million increase in net debt on December 31, 2016 mainly reflects:

- ▶ the dividend payment to shareholders of €262 million;
- ▶ net outflows of €121 million on business combinations net of cash and cash equivalents acquired;
- ▶ net outflows of €70 million on transactions in Capgemini SE own shares;

partially offset by the generation of organic free cash flow for the half-year of €64 million.

## RELATED PARTIES

---

No material transactions with related parties took place in the first-half 2017.

## MAIN RISKS AND UNCERTAINTIES FOR THE SECOND-HALF 2017

---

The nature and degree of risks to which the Group is exposed have not changed from those presented on pages 26 to 35 of the 2016 Registration Document.

## OUTLOOK FOR FISCAL YEAR 2017

---

For 2017, the Group forecasts revenue growth at constant exchange rates of 3.0%, an operating margin of 11.7% to 11.9% and organic free cash flow generation in excess of €950 million.

In addition:

- ▶ The impact of currency movements on revenues on a full-year basis is now expected to be negative by slightly more than 1 point (compared with a positive but negligible impact expected at the start of the year), following the strengthening of the Euro against the Group's main currencies;
- ▶ As announced in February 2017, the Group has decided to discontinue its equipment resale activity in Brazil, which represented approximately €60 million in 2016; to ensure comparable analysis of quarterly trends, organic growth and growth at constant exchange rates are presented after removing this activity from 2016 and 2017 revenues;
- ▶ The impact of acquisitions on revenue growth is estimated at this stage to be a few tens of basis points.

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2017

## CONSOLIDATED INCOME STATEMENT

<i>in millions of euros</i>	Notes	2016		First-half 2016		First-half 2017	
		Amount	%	Amount	%	Amount	%
<b>Revenues</b>	4 - 5	<b>12,539</b>	<b>100</b>	<b>6,257</b>	<b>100</b>	<b>6,412</b>	<b>100</b>
Cost of services rendered		(9,183)	(73.3)	(4,606)	(73.6)	(4,719)	(73.6)
Selling expenses		(1,032)	(8.2)	(524)	(8.4)	(542)	(8.5)
General and administrative expenses		(884)	(7.0)	(489)	(7.8)	(479)	(7.4)
<b>Operating expenses</b>	6	<b>(11,099)</b>	<b>(88.5)</b>	<b>(5,619)</b>	<b>(89.8)</b>	<b>(5,740)</b>	<b>(89.5)</b>
<b>Operating margin *</b>		<b>1,440</b>	<b>11.5</b>	<b>638</b>	<b>10.2</b>	<b>672</b>	<b>10.5</b>
Other operating income and expense	7	(292)	(2.3)	(128)	(2.1)	(134)	(2.1)
<b>Operating profit</b>		<b>1,148</b>	<b>9.2</b>	<b>510</b>	<b>8.1</b>	<b>538</b>	<b>8.4</b>
Net finance costs	8	(104)	(0.8)	(43)	(0.7)	(4)	-
Other financial income and expense	8	(42)	(0.4)	(19)	(0.3)	(24)	(0.4)
<b>Net financial expense</b>		<b>(146)</b>	<b>(1.2)</b>	<b>(62)</b>	<b>(1.0)</b>	<b>(28)</b>	<b>(0.4)</b>
<b>Income tax income (expense)</b>		<sup>(1)</sup> <b>(94)</b>	<b>(0.8)</b>	<b>(87)</b>	<b>(1.4)</b>	<b>(140)</b>	<b>(2.2)</b>
<b>PROFIT FOR THE PERIOD</b>		<b>908</b>	<b>7.2</b>	<b>361</b>	<b>5.8</b>	<b>370</b>	<b>5.8</b>
<i>Attributable to:</i>							
<i>Owners of the Company</i>		921	7.3	366	5.8	375	5.9
<i>Non-controlling interests</i>		(13)	(0.1)	(5)	(0.1)	(5)	(0.1)
<b>EARNINGS PER SHARE</b>							
Average number of shares outstanding during the period		169,450,721		170,241,240		168,548,476	
<b>Basic earnings per share (in euros)</b>		<b>5.44</b>		<b>2.15</b>		<b>2.23</b>	
Diluted average number of shares outstanding		179,080,780		180,184,197		172,942,376	
<b>Diluted earnings per share (in euros)</b>		<b>5.25</b>		<b>2.05</b>		<b>2.17</b>	

(1) Including tax income (net) of € 180 million in respect of goodwill arising on legal restructurings.

\* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3, Alternative performance measures.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>in millions of euros</i>	2016	First-half 2016	First-half 2017
Actuarial gains and losses on defined benefit pension plans, net of tax <sup>(1)</sup>	(257)	(349)	(11)
Remeasurement of hedging derivatives, net of tax <sup>(2)</sup>	53	(24)	(24)
Translation adjustments <sup>(2)</sup>	173	(142)	(467)
<b>OTHER ITEMS OF COMPREHENSIVE INCOME</b>	<b>(31)</b>	<b>(515)</b>	<b>(502)</b>
Profit for the period (reminder)	908	361	370
Total comprehensive income for the period	877	(154)	(132)
<i>Attributable to:</i>			
<i>Owners of the Company</i>	886	(153)	(127)
<i>Non-controlling interests</i>	(9)	(1)	(5)

(1) Other items of comprehensive income that will not be reclassified subsequently to profit or loss.

(2) Other items of comprehensive income that may be reclassified subsequently to profit or loss.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>in millions of euros</i>	Notes	June 30, 2016	December 31, 2016	June 30, 2017
Goodwill	9	6,959	7,176	6,939
Intangible assets		803	813	720
Property, plant and equipment		733	754	757
Deferred taxes		1,475	1,473	1,407
Other non-current assets	13	408	374	377
<b>Total non-current assets</b>		<b>10,378</b>	<b>10,590</b>	<b>10,200</b>
Accounts and notes receivable	10	3,107	3,074	3,162
Current tax receivables		72	132	116
Other current assets	13	541	627	659
Cash management assets	11	110	157	207
Cash and cash equivalents	11	1,488	1,879	1,319
<b>Total current assets</b>		<b>5,318</b>	<b>5,869</b>	<b>5,463</b>
<b>TOTAL ASSETS</b>		<b>15,696</b>	<b>16,459</b>	<b>15,663</b>

<i>in millions of euros</i>	Notes	June 30, 2016	December 31, 2016	June 30, 2017
Share capital		1,377	1,373	1,353
Additional paid-in capital		3,499	3,453	3,277
Retained earnings and other reserves		1,108	1,525	1,840
Profit for the period		366	921	375
<b>Equity (attributable to owners of the Company)</b>		<b>6,350</b>	<b>7,272</b>	<b>6,845</b>
Non-controlling interests		25	13	10
<b>Total equity</b>		<b>6,375</b>	<b>7,285</b>	<b>6,855</b>
Long-term borrowings	11	3,171	3,287	3,284
Deferred taxes		216	227	212
Provisions for pensions and other post-employment benefits	12	1,570	1,374	1,364
Non-current provisions		32	26	28
Other non-current liabilities	13	325	292	287
<b>Total non-current liabilities</b>		<b>5,314</b>	<b>5,206</b>	<b>5,175</b>
Short-term borrowings and bank overdrafts	11	697	125	192
Accounts and notes payable		2,424	2,818	2,480
Advances from customers and billed in advance	10	639	737	728
Current provisions		91	104	81
Current tax liabilities		68	109	94
Other current payables	13	88	75	58
<b>Total current liabilities</b>		<b>4,007</b>	<b>3,968</b>	<b>3,633</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,696</b>	<b>16,459</b>	<b>15,663</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>in millions of euros</i>	Notes	2016	First-half 2016	First-half 2017
<b>Profit for the period attributable to owners of the Company</b>		<b>921</b>	<b>366</b>	<b>375</b>
Non-controlling interests		(13)	(5)	(5)
Impairment of goodwill		-	-	-
Depreciation, amortization and impairment of fixed assets		299	147	153
Change in provisions		(5)	8	(3)
Losses on disposals of assets		6	4	8
Expenses relating to share grants		54	22	29
Net finance costs	8	104	43	4
Income tax (income) expense		94	87	140
Unrealized (gains) losses on changes in fair value and other		(11)	(4)	34
<b>Cash flows from operations before net finance costs and income tax (A)</b>		<b>1,449</b>	<b>668</b>	<b>735</b>
<b>Income tax paid (B)</b>		<b>(167)</b>	<b>(94)</b>	<b>(73)</b>
Change in accounts and notes receivable and advances from customers and amounts billed in advance		(45)	(186)	(159)
Change in capitalized costs on projects		13	11	(3)
Change in accounts and notes payable		128	(19)	(74)
Change in other receivables/payables		(59)	(267)	(262)
<b>Change in operating working capital (C)</b>		<b>37</b>	<b>(461)</b>	<b>(498)</b>
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES (D=A+B+C)</b>		<b>1,319</b>	<b>113</b>	<b>164</b>
Acquisitions of property, plant and equipment and intangible assets		(197)	(82)	(120)
Proceeds from disposals of property, plant and equipment and intangible assets		21	8	7
<b>Acquisitions of property, plant and equipment and intangible assets, net of disposals</b>		<b>(176)</b>	<b>(74)</b>	<b>(113)</b>
Cash (outflows) inflows on business combinations net of cash and cash equivalents acquired		(23)	(22)	(121)
Cash outflows in respect of cash management assets		(36)	6	(54)
Other cash (outflows) inflows, net		(16)	(6)	(45)
<b>Cash outflows from investing activities</b>		<b>(75)</b>	<b>(22)</b>	<b>(220)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES (E)</b>		<b>(251)</b>	<b>(96)</b>	<b>(333)</b>
Proceeds from issues of share capital		-	-	-
Proceeds from issues of share capital subscribed by non-controlling interests		-	-	-
Dividends paid		(229)	(229)	(262)
Net payments relating to transactions in Capgemini SE shares		(315)	(158)	(70)
Proceeds from borrowings		505	58	92
Repayments of borrowings		(1,004)	(75)	(80)
Interest paid		(115)	(21)	(17)
Interest received		43	13	30
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES (F)</b>		<b>(1,115)</b>	<b>(412)</b>	<b>(307)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (G=D+E+F)</b>		<b>(47)</b>	<b>(395)</b>	<b>(476)</b>
Effect of exchange rate movements on cash and cash equivalents (H)		(31)	(66)	(79)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (I)</b>	11	<b>1,948</b>	<b>1,948</b>	<b>1,870</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (G+H+I)</b>	11	<b>1,870</b>	<b>1,487</b>	<b>1,315</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>in millions of euros</i>	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings and other reserves	Total income and expense recognized in equity		Equity (attributable to owners of the Company)	Non-controlling interests	Total equity
						Translation adjustments	Other			
<b>At January 1, 2017</b>	<b>171,564,265</b>	<b>1,373</b>	<b>3,453</b>	<b>(247)</b>	<b>3,228</b>	<b>417</b>	<b>(952)</b>	<b>7,272</b>	<b>13</b>	<b>7,285</b>
Dividends paid out for 2016	-	-	-	-	(262)	-	-	(262)	-	(262)
Incentive instruments and employee share ownership	-	-	-	91	(55)	-	-	36	-	36
Elimination of treasury shares	-	-	-	(72)	-	-	-	(72)	-	(72)
Share capital reduction by cancellation of treasury shares	(2,414,685)	(20)	(176)	196	-	-	-	-	-	-
Transactions with minority shareholders	-	-	-	-	(2)	-	-	(2)	2	-
<b>Transactions with shareholders</b>	<b>(2,414,685)</b>	<b>(20)</b>	<b>(176)</b>	<b>215</b>	<b>(319)</b>	<b>-</b>	<b>-</b>	<b>(300)</b>	<b>2</b>	<b>(298)</b>
<b>Other items of comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(467)</b>	<b>(35)</b>	<b>(502)</b>	<b>-</b>	<b>(502)</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375</b>	<b>-</b>	<b>-</b>	<b>375</b>	<b>(5)</b>	<b>370</b>
<b>At June 30, 2017</b>	<b>169,149,580</b>	<b>1,353</b>	<b>3,277</b>	<b>(32)</b>	<b>3,284</b>	<b>(50)</b>	<b>(987)</b>	<b>6,845</b>	<b>10</b>	<b>6,855</b>

<i>in millions of euros</i>	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings and other reserves	Total income and expense recognized in equity		Equity (attributable to owners of the Company)	Non-controlling interests	Total equity
						Translation adjustments	Other			
<b>At January 1, 2016</b>	<b>172,181,500</b>	<b>1,377</b>	<b>3,499</b>	<b>(75)</b>	<b>2,586</b>	<b>248</b>	<b>(748)</b>	<b>6,887</b>	<b>26</b>	<b>6,913</b>
Dividends paid out for 2015	-	-	-	-	(229)	-	-	(229)	-	(229)
Incentive instruments and employee share ownership	-	-	-	19	15	-	-	34	-	34
Tax impact of the derivative instrument on Cap Gemini S.A. shares	-	-	-	-	(22)	-	-	(22)	-	(22)
Elimination of treasury shares	-	-	-	(167)	-	-	-	(167)	-	(167)
<b>Transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(148)</b>	<b>(236)</b>	<b>-</b>	<b>-</b>	<b>(384)</b>	<b>-</b>	<b>(384)</b>
<b>Other items of comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(146)</b>	<b>(373)</b>	<b>(519)</b>	<b>4</b>	<b>(515)</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>366</b>	<b>-</b>	<b>-</b>	<b>366</b>	<b>(5)</b>	<b>361</b>
<b>At June 30, 2016</b>	<b>172,181,500</b>	<b>1,377</b>	<b>3,499</b>	<b>(223)</b>	<b>2,716</b>	<b>102</b>	<b>(1,121)</b>	<b>6,350</b>	<b>25</b>	<b>6,375</b>

---

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2017

---

### NOTE 1 ACCOUNTING BASIS

---

The condensed interim consolidated financial statements for the half-year ended June 30, 2017 and the notes thereto were drawn up under the responsibility of the Board of Directors and adopted by the Board of Directors' meeting of July 26, 2017.

#### A) IFRS standards base

The condensed interim consolidated financial statements for the half-year ended June 30, 2017 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB), and endorsed by the European Union.

The Group also takes account of the positions adopted by Syntec Numérique – an organization representing major consulting and computer services companies in France - regarding the application of certain IFRS.

These condensed interim consolidated financial statements for the half-year ended June 30, 2017 should be read in conjunction with the 2016 consolidated financial statements.

#### B) New standards and interpretations applicable in 2017

- a) New standards, amendments and interpretations of mandatory effect at January 1, 2017

The accounting policies applied by the Capgemini Group are unchanged on those applied for the preparation of the December 31, 2016 consolidated financial statements.

The standards, amendments, and interpretations which entered into mandatory effect on January 1, 2017 do not have a material effect on the Group financial statements.

- b) IFRS 15, Revenue from contracts with customers

IFRS 15 on revenue recognition will enter into effect on January 1, 2018. The Group has been working with international sector peers and within Syntec Numérique in France on identifying implementation terms. At the same time the Group launched an analysis of a sample of contracts representative of the different revenue recognition categories from 2016. The Group has since (i) continued its interpretation work, (ii) launched steps to measure the impact of differences identified and (iii) begun the drafting and roll-out of revised accounting rules and procedures.

The following main issues were identified:

- “Principal” versus “agent” considerations

As part of its operational activities, the Group can be required to resell hardware, software and services purchased from third-party suppliers to its clients. IFRS 15 amends the principles and indicators determining whether the Group should present these transactions in the Income Statement as a “principal”, on a gross basis (with recognition of purchases in operating expenses) or as an “agent”, on a net basis (recognition of revenues equal to amounts invoiced to the client net of amounts invoiced by the supplier). Pursuant to IFRS 15, the Group acts as a “principal” when it obtains control of the hardware, software or services before transferring them to the client. Based on preliminary analyses, the Group expects more transactions to be presented on a net basis, resulting in a decrease in consolidated revenues estimated to date at around 2%.

- Identification of performance obligations in outsourcing services

The new standard clarifies the treatment of revenues and costs of initial activities, performed before the start or at the start of recurring services. Pursuant to the standard, it is necessary to determine whether these activities represent a service benefiting the client or internal start-up activities for a recurring service. In the latter case, revenue can only be recognized as the recurring services are rendered and the initial costs must be capitalized if they create a resource used in the future performance of services. These clarifications should not have a material impact.

- Measuring the progress of fixed-price services

Fixed-price systems integration and solution development services will continue to be recognized based on expenditure incurred.

- Measuring the progress of outsourcing services

Outsourcing services will generally continue to be recognized as invoicing rights arise, except in specific cases where invoicing terms and conditions do not reflect the value of services rendered.

- Costs of obtaining contracts

Going forward, the Group will be required to capitalize commission and bonuses paid to obtain multi-year contracts. This change should not have a material impact.

- Reimbursements received from clients

Reimbursements received from clients shall no longer be recognized as a deduction from costs incurred but as revenues unless the Group is acting as an “agent”. This change should not have a material impact.

The Group intends to adopt the full retrospective method with restatement of 2017 comparative figures and recognition of the cumulated effect in equity at January 1, 2017.

- c) Other new standards not yet in effect at January 1, 2017 and not adopted early

The main standards concerned are:

- IFRS 9, *Financial Instruments*;
- IFRS16, *Leases*.

The Group is currently analyzing the potential impacts of these standards on the consolidated financial statements.

---

## **NOTE 2      CHANGES IN CONSOLIDATION SCOPE**

---

The following acquisitions and disposals did not have a material impact on Group financial indicators.

### **A) Acquisitions**

Group acquisitions in the first-half of 2017:

- TCube Solutions Inc. in the United States in January 2017, the largest independent IT service provider specializing in Duck Creek Technologies solutions for property and casualty insurance management. This acquisition aims to accelerate the transition of the Group's business portfolio, particularly in North America.
- Idean Enterprises Oy in February 2017, a digital strategy and experience design consultancy with a strong presence in the United States and Finland. This acquisition will help the Group meet growing customer demand for end-to-end digital services.
- Itelios SAS in France in March 2017, a consulting firm specializing in connected commerce. This acquisition will enable the Group to meet growing customer demand for its end-to-end digital services, and positions it as the leader in Salesforce Commerce Cloud based solutions.

The fair value remeasurement of the assets and liabilities of these companies and the calculation and determination of goodwill pursuant to IFRS 3 is ongoing and will be finalized within 12 months of the acquisition dates.

### **B) Disposals**

Early May 2017, the Group sold its IBX business.

## NOTE 3 ALTERNATIVE PERFORMANCE MEASURES

The alternative performance measures monitored by the Group are defined as follows:

- ▶ **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 published period.
- ▶ **Growth at constant exchange rates** in revenues is the growth rate calculated at exchange rates used for the published period.
- ▶ **Operating margin** is equal to revenues less operating expenses. It is calculated before “Other operating income and expenses” 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, the cost of acquiring and integrating companies acquired by the Group, including earn-outs comprising conditions of presence in companies acquired, and the effects of curtailments, settlements and transfers of defined benefit pension plans;
- ▶ **Normalized earnings per share** are calculated by dividing normalized profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. Normalized net profit or loss is equal to profit for the year attributable to owners of the Company corrected for the impact of items recognized in other operating income and expense (see Note 7, Other operating income and expense), net of tax calculated using the effective tax rate:

<i>in millions of euros</i>	First-half 2016	First-half 2017
<b>Profit for the period attributable to owners of the Company</b>	<b>366</b>	<b>375</b>
Other operating income and expenses, net of tax calculated at the effective tax rate	95	97
<b>Normalized profit for the period attributable to owners of the Company</b>	<b>461</b>	<b>472</b>
Weighted average number of ordinary shares outstanding	170,241,240	168,548,476
<b>NORMALIZED EARNINGS PER SHARE (in euros)</b>	<b>2.71</b>	<b>2.81</b>

- ▶ **Net debt** (or net cash and cash equivalents) comprises (i) cash and cash equivalents, as presented in the Consolidated Statement of Cash Flows and consisting of short-term investments and cash at bank less bank overdrafts, (ii) cash management assets (assets presented separately in the Consolidated Statement of Financial Position due to their characteristics), less (iii) short- and long-term borrowings. Account is also taken of (iv) the impact of hedging instruments when these relate to borrowings and own shares;
- ▶ **Organic free cash flow** calculated based on items in the Statement of Cash Flows 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.

<i>in millions of euros</i>	First-half 2016	First-half 2017
<b>Cash flow from operations</b>	<b>113</b>	<b>164</b>
Acquisitions of property, plant and equipment and intangible assets	(82)	(120)
Proceeds from disposals of property, plant and equipment and intangible assets	8	7
<b>Acquisitions of property, plant, equipment and intangible assets (net of disposals)</b>	<b>(74)</b>	<b>(113)</b>
Interest paid	(21)	(17)
Interest received	13	30
<b>Net interest cost</b>	<b>(8)</b>	<b>13</b>
<b>ORGANIC FREE CASH FLOW</b>	<b>31</b>	<b>64</b>

## NOTE 4 OPERATING SEGMENTS

The Group communicates segment information for five geographic areas: North America, France, United Kingdom and Ireland, the Rest of Europe and Asia-Pacific and Latin America.

Segment reporting is complemented by information on revenues and operating margin for each of the Group's four businesses.

### ANALYSIS OF THE INCOME STATEMENT BY GEOGRAPHIC AREA

Half-year ended June 30, 2017								Total
<i>in millions of euros</i>	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	HQ expenses	Eliminations	
<b>Revenues</b>								
- external	1,956	1,332	894	1,712	518	-	-	6,412
- inter-geographic area	54	95	86	134	725	-	(1,094)	-
<b>TOTAL REVENUES</b>	<b>2,010</b>	<b>1,427</b>	<b>980</b>	<b>1,846</b>	<b>1,243</b>	<b>-</b>	<b>(1,094)</b>	<b>6,412</b>
<b>OPERATING MARGIN *</b>	<b>259</b>	<b>95</b>	<b>135</b>	<b>190</b>	<b>31</b>	<b>(38)</b>	<b>-</b>	<b>672</b>
<i>% of revenues</i>	13.2	7.1	15.1	11.1	6.0	-	-	10.5
<b>OPERATING PROFIT</b>	<b>205</b>	<b>74</b>	<b>118</b>	<b>161</b>	<b>18</b>	<b>(38)</b>	<b>-</b>	<b>538</b>

Half-year ended June 30, 2016								Total
<i>in millions of euros</i>	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	HQ expenses	Eliminations	
<b>REVENUES</b>								
- external	1,891	1,273	1,048	1,590	455	-	-	6,257
- inter-geographic area	70	100	76	121	595	-	(962)	-
<b>TOTAL REVENUES</b>	<b>1,961</b>	<b>1,373</b>	<b>1,124</b>	<b>1,711</b>	<b>1,050</b>	<b>-</b>	<b>(962)</b>	<b>6,257</b>
<b>OPERATING MARGIN *</b>	<b>285</b>	<b>85</b>	<b>152</b>	<b>141</b>	<b>17</b>	<b>(42)</b>	<b>-</b>	<b>638</b>
<i>% of revenues</i>	15.1	6.6	14.5	8.9	3.8	-	-	10.2
<b>OPERATING PROFIT</b>	<b>237</b>	<b>53</b>	<b>140</b>	<b>123</b>	<b>(1)</b>	<b>(42)</b>	<b>-</b>	<b>510</b>

Year ended December 31, 2016								Total
<i>in millions of euros</i>	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	HQ expenses	Eliminations	
<b>REVENUES</b>								
- external	3,800	2,567	1,993	3,214	965	-	-	12,539
- inter-geographic area	151	200	155	273	1,251	-	(2,030)	-
<b>TOTAL REVENUES</b>	<b>3,951</b>	<b>2,767</b>	<b>2,148</b>	<b>3,487</b>	<b>2,216</b>	<b>-</b>	<b>(2,030)</b>	<b>12,539</b>
<b>OPERATING MARGIN *</b>	<b>587</b>	<b>234</b>	<b>290</b>	<b>339</b>	<b>64</b>	<b>(74)</b>	<b>-</b>	<b>1,440</b>
<i>% of revenues</i>	15.4	9.1	14.6	10.5	6.6	-	-	11.5
<b>OPERATING PROFIT</b>	<b>487</b>	<b>167</b>	<b>259</b>	<b>288</b>	<b>23</b>	<b>(76)</b>	<b>-</b>	<b>1,148</b>

\* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3, Alternative performance measures.

## BREAKDOWN OF REVENUES BY BUSINESS

<i>in millions of euros</i>	2016		First-half 2016		First-half 2017	
	Amount	%	Amount	%	Amount	%
Consulting Services	506	4	266	4	295	4
Technology & Engineering Services	1,873	15	942	15	971	15
Application Services	7,557	60	3,725	60	3,944	62
Other Managed Services	2,603	21	1,324	21	1,202	19
<b>REVENUES</b>	<b>12,539</b>	<b>100</b>	<b>6,257</b>	<b>100</b>	<b>6,412</b>	<b>100</b>

## BREAKDOWN OF OPERATING MARGIN\* BY BUSINESS

<i>in millions of euros</i>	2016		First-half 2016		First-half 2017	
	Amount	%	Amount	%	Amount	%
Consulting Services	54	10.7	28	10.4	31	10.6
Technology & Engineering Services	240	12.8	106	11.3	119	12.2
Application Services	960	12.7	424	11.4	468	11.9
Other Managed Services	260	10.0	122	9.2	92	7.7
Headquarter expenses	(74)	-	(42)	-	(38)	-
<b>OPERATING MARGIN *</b>	<b>1,440</b>	<b>11.5</b>	<b>638</b>	<b>10.2</b>	<b>672</b>	<b>10.5</b>

\* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3, Alternative performance measures.

## NOTE 5 REVENUES

In the first-half 2017, revenues grew 2.5% year-on-year at current Group scope and exchange rates. Excluding the Brazilian equipment resale business, revenues grew 3.0% at constant exchange rates\* and 2.7% with organic growth\*.

\* Organic growth and growth at constant exchange rates, alternative performance measures monitored by the Group, are defined in Note 3, Alternative performance measures.

## NOTE 6 OPERATING EXPENSES BY NATURE

<i>in millions of euros</i>	2016		First-half 2016		First-half 2017	
	Amount	% of revenues	Amount	% of revenues	Amount	% of revenues
Personnel costs	7,611	60.7%	3,889	62.2%	4,132	64.4%
Travel expenses	521	4.2%	258	4.1%	260	4.0%
	<b>8,132</b>	<b>64.9%</b>	<b>4,147</b>	<b>66.3%</b>	<b>4,392</b>	<b>68.4%</b>
Purchases and sub-contracting expenses	2,254	18.0%	1,115	17.8%	1,027	16.0%
Rent and local taxes	380	3.0%	197	3.1%	175	2.7%
Other charges to depreciation, amortization and provisions and proceeds from asset disposals	333	2.6%	160	2.6%	146	2.4%
<b>OPERATING EXPENSES</b>	<b>11,099</b>	<b>88.5%</b>	<b>5,619</b>	<b>89.8%</b>	<b>5,740</b>	<b>89.5%</b>

## NOTE 7 OTHER OPERATING INCOME AND EXPENSE

<i>in millions of euros</i>	2016	First-half 2016	First-half 2017
Amortization of intangible assets recognized in business combinations	(68)	(35)	(33)
Expenses relating to share grants	(58)	(23)	(32)
Restructuring costs	(103)	(31)	(50)
Integration costs for purchased companies	(68)	(37)	(13)
Acquisition costs	(1)	(1)	(4)
Other operating expenses	(5)	(2)	(2)
<b>Total operating expenses</b>	<b>(303)</b>	<b>(129)</b>	<b>(134)</b>
Other operating income	11	1	-
<b>Total operating income</b>	<b>11</b>	<b>1</b>	<b>-</b>
<b>OTHER OPERATING INCOME AND EXPENSE</b>	<b>(292)</b>	<b>(128)</b>	<b>(134)</b>

## NOTE 8 NET FINANCIAL EXPENSE

<i>in millions of euros</i>	2016	First-half 2016	First-half 2017
Income from cash and cash equivalents and cash management assets	25	12	20
Net interest on borrowings	(95)	(48)	(22)
<b>Net finance costs at the nominal interest rate</b>	<b>(70)</b>	<b>(36)</b>	<b>(2)</b>
Impact of amortized cost on borrowings	(34)	(7)	(2)
<b>Net finance costs at the effective interest rate</b>	<b>(104)</b>	<b>(43)</b>	<b>(4)</b>
Net interest cost on defined benefit pension plans	(37)	(19)	(18)
Exchange gains (losses) on financial transactions	28	(17)	(58)
Gains (losses) on derivative instruments	(30)	17	53
Other	(3)	-	(1)
<b>Other financial income and expense</b>	<b>(42)</b>	<b>(19)</b>	<b>(24)</b>
<i>o/w financial income</i>	219	104	106
<i>o/w financial expense</i>	(261)	(123)	(130)
<b>NET FINANCIAL EXPENSE</b>	<b>(146)</b>	<b>(62)</b>	<b>(28)</b>

Net interest on borrowings (€22 million) and the impact of amortized cost on borrowings (€2 million) of €24 million mainly comprise:

- ▶ coupons on the 2015 bond issues of €24 million, plus an amortized cost accounting impact of €2 million;
- ▶ the coupon on the 2016 bond issue of €2 million, with a negligible amortized cost accounting impact;
- ▶ net income on EUR/USD fix-to-fix cross currency swaps of €6 million, including the gain realized on the interest rate component of these swaps when unwound early in the first-half of 2017.

Exchange losses on financial transactions and gains on derivative instruments primarily concern inter-company loans denominated in foreign currencies and their related hedging arrangements and notably include the impact on the exchange rate component of the early unwinding of the cross currency swaps.

## NOTE 9 GOODWILL

The €237 million decrease in goodwill over the period is attributable to negative translation adjustments of €384 million recognized on goodwill primarily denominated in U.S. dollars and pound sterling, offset by goodwill recognized on 2017 first-half acquisitions of €147 million (see Note 2, Changes in consolidation scope).

In addition, the loss reported by the Group's Brazilian activities in the first half of 2017 fell substantially short of objectives and was considered an indication of loss in value. The Latin America cash-generating unit, which represents net goodwill of €111 million, was therefore tested again for impairment at June 30, 2017. No additional impairment was recognized in the Group consolidated financial statements as a result of this test.

## NOTE 10 ACCOUNTS AND NOTES RECEIVABLE

<i>in millions of euros</i>	June 30, 2016	December 31, 2016	June 30, 2017
Accounts receivable	1,757	1,996	1,670
Provisions for doubtful accounts	(18)	(27)	(23)
Accrued income	1,274	1,012	1,422
<b>Accounts and notes receivable, excluding capitalized costs on projects</b>	<b>3,013</b>	<b>2,981</b>	<b>3,069</b>
Capitalized costs on projects	94	93	93
<b>ACCOUNTS AND NOTES RECEIVABLE</b>	<b>3,107</b>	<b>3,074</b>	<b>3,162</b>

Total accounts receivable and accrued income, net of advances from customers and billed in advance, can be analyzed as follows in number of days' annual revenue:

<i>in millions of euros</i>	June 30, 2016	December 31, 2016	June 30, 2017
Accounts and notes receivable, excluding capitalized costs on projects	3,013	2,981	3,069
Advances from customers and billed in advance	(639)	(737)	(728)
<b>TOTAL ACCOUNTS RECEIVABLE NET OF ADVANCES FROM CUSTOMERS AND BILLED IN ADVANCE</b>	<b>2,374</b>	<b>2,244</b>	<b>2,341</b>
In number of days' annual revenue	68	64	66

Receivables totaling €82 million were assigned to financial institutions with transfer of risk as defined by IAS 39 in the first-half of 2017 (compared with €47 million at June 30, 2016) and were therefore derecognized in the Statement of Financial Position at June 30, 2017.

## NOTE 11 NET DEBT / NET CASH AND CASH EQUIVALENTS

<i>in millions of euros</i>	June 30, 2016	December 31, 2016	June 30, 2017
Short-term investments	930	1,449	984
Cash at bank	558	430	335
Bank overdrafts	(1)	(9)	(4)
<b>Cash and cash equivalents</b>	<b>1,487</b>	<b>1,870</b>	<b>1,315</b>
<b>Cash management assets</b>	<b>110</b>	<b>157</b>	<b>207</b>
Bonds	(3,113)	(3,236)	(3,238)
Obligations under finance leases	(58)	(51)	(45)
Draw-downs on bank and similar facilities and other borrowings	-	-	(1)
<b>Long-term borrowings</b>	<b>(3,171)</b>	<b>(3,287)</b>	<b>(3,284)</b>
Bonds	(563)	(24)	(49)
Obligations under finance leases	(50)	(49)	(45)
Draw-downs on bank and similar facilities and other borrowings	(83)	(43)	(94)
<b>Short-term borrowings</b>	<b>(696)</b>	<b>(116)</b>	<b>(188)</b>
<b>Borrowings</b>	<b>(3,867)</b>	<b>(3,403)</b>	<b>(3,472)</b>
Derivative instruments	(8)	(37)	21
<b>NET DEBT *</b>	<b>(2,278)</b>	<b>(1,413)</b>	<b>(1,929)</b>

\* (Net debt)/Net cash and cash equivalents, an alternative performance measure monitored by the Group, is defined in Note 3, Alternative performance measures.

The €516 million increase in net debt during the first six months of 2017 on December 31, 2016 chiefly reflects:

- ▶ the dividend payment to shareholders of €262 million;
- ▶ net outflows of €121 million on business combinations net of cash and cash equivalents acquired;
- ▶ net outflows of €70 million on transactions in Capgemini SE own shares;

partially offset by the generation of organic free cash flow for the half-year of €64 million.

Financial asset and liability fair value measurement methods and classifications are unchanged compared to December 31, 2016.

## NOTE 12 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

<i>in millions of euros</i>	June 30, 2016	December 31, 2016	June 30, 2017
<b>NET OBLIGATION AT BEGINNING OF PERIOD</b>	<b>1,216</b>	<b>1,216</b>	<b>1,374</b>
<b>Expense for the period recognized in the Income Statement</b>	<b>49</b>	<b>96</b>	<b>60</b>
Service cost	30	59	42
Interest cost	19	37	18
<b>Impact on income and expense recognized in equity</b>	<b>437</b>	<b>276</b>	<b>15</b>
<b>Other</b>	<b>(132)</b>	<b>(214)</b>	<b>(85)</b>
Benefits and contributions	(48)	(117)	(50)
Translation adjustments	(86)	(100)	(33)
Other movements	2	3	(2)
<b>NET OBLIGATION AT END OF PERIOD</b>	<b>1,570</b>	<b>1,374</b>	<b>1,364</b>

At the 2016 year end, the Group moved to a discount and inflation rate calculation method based on the full yield curve valuation method for UK, compared to the single discount rate method used previously. This change in actuarial assumption led to a decrease in the present value of pension obligation of approximately €200 million at December 31, 2016 and of approximately €152 million at June 30, 2017.

## NOTE 13 OTHER NON-CURRENT AND CURRENT ASSETS AND LIABILITIES

“Other non-current assets”, “Other current assets”, “Other non-current liabilities” and “Other current liabilities” presented in the Consolidated Statement of Financial Position break down as follows.

### OTHER NON-CURRENT AND CURRENT ASSETS

<i>in millions of euros</i>	June 30, 2016 <sup>(1)</sup>	December 31, 2016	June 30, 2017
Derivative instruments	237	269	237
Social security and tax-related receivables, other than income tax	152	216	197
Prepaid expenses	241	209	258
Long-term deposits, receivables and other investments	104	119	123
Non-current tax receivables	100	83	82
Other	115	105	139
<b>OTHER NON-CURRENT AND CURRENT ASSETS</b>	<b>949</b>	<b>1,001</b>	<b>1,036</b>

(1) Certain reclassifications have been made to June 30, 2016 amounts to conform to current presentation. These reclassifications had no impact on net income or net cash flows.

### OTHER NON-CURRENT AND CURRENT LIABILITIES

<i>in millions of euros</i>	June 30, 2016 <sup>(1)</sup>	December 31, 2016	June 30, 2017
Special employee profit-sharing reserve	24	28	27
Derivative instruments	132	89	10
Liabilities related to acquisitions of consolidated companies	134	147	183
Non-current tax payables	17	16	31
Other	106	87	94
<b>OTHER NON-CURRENT AND CURRENT LIABILITIES</b>	<b>413</b>	<b>367</b>	<b>345</b>

(1) Certain reclassifications have been made to June 30, 2016 amounts to conform to current presentation. These reclassifications had no impact on net income or net cash flows.

## Note 14 NUMBER OF EMPLOYEES

### AVERAGE NUMBER OF EMPLOYEES BY GEOGRAPHIC AREA

	First-half 2016		2016		First-half 2017	
	Employees	%	Employees	%	Employees	%
North America	16,840	9	16,846	9	17,190	9
France	23,754	13	23,690	13	24,178	12
United Kingdom and Ireland	9,029	5	9,075	5	8,795	5
Rest of Europe	31,286	17	31,851	17	33,141	17
Asia-Pacific and Latin America	101,613	56	103,972	56	111,609	57
Not allocated	163	-	159	-	146	-
<b>AVERAGE NUMBER OF EMPLOYEES</b>	<b>182,685</b>	<b>100</b>	<b>185,593</b>	<b>100</b>	<b>195,059</b>	<b>100</b>

### NUMBER OF EMPLOYEES AT THE PERIOD END BY GEOGRAPHIC AREA

	June 30, 2016		December 31, 2016		June 30, 2017	
	Employees	%	Employees	%	Employees	%
North America	16,885	9	16,895	9	17,316	9
France	23,715	13	24,226	13	24,285	13
United Kingdom and Ireland	9,077	5	9,025	5	8,485	4
Rest of Europe	31,569	17	32,642	16	33,618	17
Asia-Pacific and Latin America	103,494	56	110,135	57	112,528	57
Not allocated	159	-	154	-	144	-
<b>NUMBER OF EMPLOYEES AT THE PERIOD END</b>	<b>184,899</b>	<b>100</b>	<b>193,077</b>	<b>100</b>	<b>196,376</b>	<b>100</b>

---

**Note 15 OFF-BALANCE SHEET COMMITMENTS**

---

**COMMITMENTS GIVEN**

<i>in millions of euros</i>	<b>June 30, 2016</b>	<b>December 31, 2016</b>	<b>June 30, 2017</b>
On client contracts	1,766	1,798	1,800
On non-cancellable leases	795	775	766
Other commitments given	38	37	24
<b>COMMITMENTS GIVEN</b>	<b>2,599</b>	<b>2,610</b>	<b>2,590</b>

**COMMITMENTS RECEIVED**

<i>In millions of euros</i>	<b>June 30, 2016</b>	<b>December 31, 2016</b>	<b>June 30, 2017</b>
On client contracts	107	113	110
Other commitments received	17	17	1
<b>COMMITMENTS RECEIVED</b>	<b>124</b>	<b>130</b>	<b>111</b>

**CONTINGENT LIABILITIES**

During the first-half of 2017 and in previous fiscal years, certain Group companies underwent tax audits leading in some cases to tax reassessments. A number of proposed adjustments have been challenged and litigation and pre-litigation proceedings were in progress at June 30, 2017. In general, no provisions have been set aside for these disputes in the consolidated financial statements in so far as Capgemini can justify its positions and considers the likelihood of winning the disputes to be high. This is particularly the case, in France, for research tax credits for the period 2008 to 2013, in respect of which the tax authorities have rejected the portion concerning private clients in certain companies registered for research tax credit.

---

**NOTE 16 SUBSEQUENT EVENTS**

---

There were no material events after the balance sheet date.

## DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

"I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the half-year ended June 30, 2017 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation and that the interim financial review gives a fair description of the material events that occurred in the first six months of the fiscal year and their impact on the financial statements, the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the year".

Paul Hermelin

Chairman and Chief Executive Officer