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Capgemini: revenue growth of 6.7% in Q1 2019

Paris, April 25, 2019 – Capgemini Group achieved consolidated revenues of €3,441 million in the first quarter of 2019, up 6.7% year-on-year at constant exchange rates*.

Paul Hermelin, Chairman and Chief Executive Officer of Capgemini Group, comments: *"The Group achieved a good first-quarter performance with continued momentum in our business, particularly in Europe.*

We are successfully leveraging the investments in our innovation-driven portfolio and our position as a global leader in digital and cloud. These activities continue to develop, reporting growth of 20%. In this quarter, the Group further strengthened its foothold with the acquisition of Leidos Cyber, a cybersecurity leader in the United States.

With this first quarter performance, we confirm all our objectives for 2019."

	Revenues (In millions of euros)		Change	
	2018	2019	At current exchange rates	At constant exchange rates*
1st quarter	3,153	3,441	+9.2%	+6.7%

Q1 revenues totaled €3,441 million, up 9.2% year-on-year. Growth at constant exchange rates* was 6.7%, with currency impacts essentially due to the appreciation of the US dollar against the euro. Organic growth* (i.e. excluding the impact of currency fluctuations and changes in Group scope) was 5.0%. Digital and cloud activities continued to grow rapidly (20% at constant exchange rates), to account for over 45% of the Group.

* The terms and Alternative Performance Measures marked with an (*) are defined and/or reconciled in the appendix to this press release.

OPERATIONS BY REGION

North America revenues (32% of Group revenues) grew 7.0% at constant exchange rates. The Telecoms, Media & Technology (TMT) and Services sectors were especially dynamic, followed by the Financial Services and Energy & Utilities sectors.

The performance of the **United Kingdom & Ireland** region (12% of Group revenues) was encouraging, with growth of 6.4% at constant exchange rates. The Energy & Utilities, Consumer Goods & Retail and TMT sectors reported double-digit growth, while the Public Sector continued the positive trends initiated in the previous quarters.

France (22% of Group revenues) continued on a healthy trend, with growth of 4.8% supported by strong momentum in the Manufacturing sector. By business, growth was driven by Applications & Technology services and Strategy & Transformation consulting services.

The **Rest of Europe** region (27% of Group revenues) maintained a robust growth rate, with revenues up 6.3% at constant exchange rates. This was mainly fueled by the strong performance of the Public sector, Energy & Utilities and Services.

Finally, growth continued to accelerate in the **Asia-Pacific and Latin America** region (7% of Group revenues). Revenues rose 13.7%, driven primarily by Financial Services, Manufacturing and Services.

OPERATIONS BY BUSINESS

Strategy & Transformation consulting services (7% of Group revenues), now grouped under *Capgemini Invent*, recorded a 29.7% increase at constant exchange rates in their Total revenues*. This growth reflects not only the contribution of acquisitions in this sector, but also continued high demand from the Group's customers to accompany their digital transformation.

Applications & Technology services (72% of Group revenues) are the Group's core business and continue to capitalize fully on digital and cloud demand in all Group regions. Total revenues* grew 7.1% at constant exchange rates.

Operations & Engineering services (21% of Group revenues) recorded a slight increase in Total revenues*, with growth of 2.1% at constant exchange rates. Again in Q1, Infrastructure Services and Business Services (Business Process Outsourcing and platforms) show stabilization of their activity while Digital Engineering and Manufacturing services continued to grow.

HEADCOUNT

At March 31, 2019, the Group's total headcount stood at 212,800, up 4.6% year-on-year, with a 5.3% increase in employees in offshore centers to 122,000 (57% of the total headcount).

BOOKINGS

Bookings totaled €3,367 million in Q1 2019, a 2.7% increase at constant exchange rates on a particularly demanding Q1 2018 comparison basis, when bookings rose 15.3%.

OUTLOOK

For 2019, the Group targets revenue growth at constant exchange rates of 5.5% to 8.0%, improved profitability with an operating margin of 12.3% to 12.6% and stronger organic free cash flow - on a comparable basis - of over €1.1 billion.

This outlook takes into account the impact of the application of IFRS 16 from January 1, 2019 on the operating margin (around +5 basis points) and on the organic free cash flow definition (around -€50 million), as detailed in the appendix to the press release publishing this outlook, issued on February 14, 2019.

CONFERENCE CALL

Paul Hermelin, Chairman and Chief Executive Officer and Carole Ferrand, Chief Financial Officer, will present this press release during a conference call in English to be held **today at 6 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/results>.

CALENDAR

May 23, 2019 Shareholders' Meeting
July 30, 2019 Publication of H1 2019 results

Please note that the following payment schedule for the dividend of €1.70 per share will be presented to the Shareholders' Meeting for approval:

June 5, 2019 Ex-dividend date on Euronext Paris
June 7, 2019 Payment of the dividend

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 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.

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About Capgemini

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of over 200,000 team members in more than 40 countries. The Group reported 2018 global revenues of EUR 13.2 billion.

Visit us at www.capgemini.com. *People matter, results count.*

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APPENDIX¹

BUSINESS CLASSIFICATION

As previously announced, the classification of the Group's business lines was simplified and standardized from January 1, 2019:

- **Strategy & Transformation** includes all strategy and transformation consulting services and corresponds to the *Capgemini Invent* scope;
- **Applications & Technology** brings together "Application Services" and related activities and notably local technology services previously included in "Technology & Engineering Services";
- **Operations & Engineering** encompasses all other Group businesses. These currently comprise: Business Services (including Business Process Outsourcing), all Infrastructure Services (including those previously in "Technology & Engineering Services") and Digital Engineering and Digital Manufacturing services (previously in "Technology & 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 Group growth rates	Q1 2019
Organic growth	+5.0%
Changes in Group scope	+1.7pt
Growth at constant exchange rates	+6.7%
Exchange rate fluctuations	+2.5pt
Reported growth	+9.2%

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 business evolves, an increasing number of contracts require the combination of different business lines' expertise, leading to an increase in inter-business flows (approximately 7% of total revenues today).

Operating margin is one of the Group's key performance measures. It is defined as the difference between revenues and operating costs. 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, and the effects of curtailments, settlements and transfers of defined benefit pension plans.

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), lease liability repayments and adjusted for cash out relating to the net interest cost.

¹ Note that in the appendix, certain totals may not equal the sum of amounts due to rounding adjustments.

RESULTS BY REGION

	Revenues <i>(In millions of euros)</i>		Change	
	Q1 2018	Q1 2019	At current exchange rates	At constant exchange rates
North America	960	1,107	+15.3%	+7.0%
United Kingdom and Ireland	386	416	+7.7%	+6.4%
France	698	732	+4.8%	+4.8%
Rest of Europe	888	938	+5.6%	+6.3%
Asia Pacific and Latin America	221	249	+12.8%	+13.7%
TOTAL	3,153	3,441	+9.2%	+6.7%

RESULTS BY BUSINESS

	Total revenues* <i>(% of the Group)</i>		Change at constant exchange rates in Total revenues* of the business
	Q1 2018	Q1 2019	
Strategy & Transformation	6%	7%	+29.7%
Applications & Technology	72%	72%	+7.1%
Operations & Engineering	22%	21%	+2.1%

UTILIZATION RATES

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Strategy & Transformation	75%	79%	74%	75%	74%
Applications & Technology	77%	78%	77%	77%	78%