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Capgemini reports strong Q3 and raises its growth target for 2018

Paris, October 24, 2018 – The Capgemini Group achieved consolidated revenues of €3,228 million in Q3 2018, up 8.7% year-on-year at constant exchange rates*.

Paul Hermelin, Chairman and Chief Executive Officer of the Capgemini Group commented: *“The Group continues to grow at a robust pace, driven by the ongoing development of Digital and Cloud activities. Momentum remains strong in North America, our largest market, with a double-digit revenue progression. In Europe, the United Kingdom returned to growth and France reported an excellent quarter.*

With the launch of Capgemini Invent last month, we’re well placed to capture even more of the demand for digital innovation, consulting and transformation coming from the heads of business and operations of leading groups. We benefit from a unique market positioning, thanks to the combination of our experience in consulting, data science and emerging technologies, together with expertise brought to the Group by recently acquired digital companies, such as LiquidHub this year.

Our momentum will remain strong in Q4 2018 despite an even higher comparison basis and we now expect to reach growth of 6.8%¹ at constant exchange rates. This leads us to raise our full year 2018 target: we now aim for revenue growth of above 7.5% at constant exchange rates.”

Revenues (IFRS 15)	(In millions of euros)		Change	
	2017 (restated ²)	2018	At current exchange rates	At constant exchange rates*
Q3 2017	2,996	3,228	+7.7%	+8.7%
9 months	9,276	9,695	+4.5%	+8.2%

Group growth remained strong during the quarter despite a high Q3 2017 comparison basis. Revenues totaled €3,228 million, up 7.7% year-on-year at current exchange rates and 8.7% at constant exchange rates. Organic growth* (i.e. excluding the impact of currency fluctuations and changes in Group scope) was 6.3%.

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

¹ The impact of changes in Group scope is expected to be around 1.8 points in Q4.

² Unless otherwise stated, 2017 revenue figures presented in this press release have been restated for the impact of IFRS 15, applicable from January 1, 2018.



Digital & Cloud activities grew over 20% at constant exchange rates in Q3 and now generate around 45% of Group revenues.

In the first nine months of the year, Group revenues grew 8.2% at constant exchange rates and 6.4% on an organic basis.

OPERATIONS BY REGION

In Q3, **North America** revenues (33% of Group revenues) grew 12.9% at constant exchange rates, a particularly robust performance given the high comparison basis in Q3 2017. As in the first-half, growth was mainly driven by the Financial Services, Consumer Products and Retail sectors. We also benefited from the impact of Digital acquisitions in the reference period.

The **United Kingdom and Ireland** (12% of Group revenues) returned to growth as expected. Revenues rose 4.0% at constant exchange rates, driven by an acceleration in the Energy and Utilities sector and an upturn in the Public sector.

France (21% of Group revenues) reported a strong 6.9% growth. Performance continues to be fueled by the Energy and Utilities, Financial Services and Consumer Products and Retail sectors.

The **Rest of Europe** region (27% of Group revenues) maintained momentum, posting Q3 growth of 7.7% at constant exchange rates. The Manufacturing and Consumer Products and Retail sectors were the main driving forces.

Finally, the **Asia-Pacific and Latin American** region (7% of Group revenues) reported revenue growth of 7.5% at constant exchange rates. In Asia-Pacific, which accounts for around three-quarters of activity in this region, growth was fueled by the Manufacturing and Public sectors. Latin America reported revenue growth for the second quarter in a row.

OPERATIONS BY BUSINESS

Consulting Services (6% of Group revenues) reported Q3 growth of 47.2% at constant exchange rates. This primarily reflects the impact of acquisitions in the reference period but also a positive momentum in the main regions. Activity was particularly buoyant in the Financial Services and Manufacturing sectors.

Technology & Engineering Services (15% of Group revenues) progressed 6.4% at constant exchange rates, with a significant contribution from the Manufacturing, Energy and Utilities sectors. While North America remained the most dynamic region, all geographies contributed to this growth, with an acceleration in France.

Application Services (64% of Group revenues) continue to benefit from customer demand related to new Digital and Cloud needs and maintained a high rate of growth. Q3 revenue increased 10.7% at constant exchange rates, with all regions reporting high single digit to double digit growth rates.

Other Managed Services (15% of Group revenues) declined 5.8% at constant exchange rates, with improved infrastructure services performance masked by a slowdown in Business Process Outsourcing activities.

HEADCOUNT

At September 30, 2018, the Group's total headcount stood at 208,800, up 5.1% year-on-year, with nearly 120,000 employees in offshore centers (57% of the total headcount).

BOOKINGS

Bookings totaled €2,808 million in Q3 2018, a 6.7% increase at constant exchange rates year-on-year.



OUTLOOK

For 2018, the Group:

- raises its growth target and now aims for **revenue growth at constant exchanges rates of above 7.5%** (versus revenue growth “slightly above 7%” previously), and
- confirms its objectives to increase profitability, **with an operating margin of 12.0% to 12.2%** and to generate **organic free cash flow in excess of €1 billion**.

In addition, the Group confirms that the impact of currency movements on revenues should be limited to -3 points in 2018.

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://www.capgemini.com/results>.

PROVISIONAL CALENDAR

February 14, 2019	2018 results
April 25, 2019	Publication of 2019 Q1 revenues
May 23, 2019	Combined Shareholders' Meeting

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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 200,000 team members in over 40 countries. The Group reported 2017 global revenues of EUR 12.8 billion.

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



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APPENDIX³

DEFINITIONS

Organic growth, or like-for-like growth, in revenues is the growth rate calculated at **constant Group scope and exchange rates**. The Group scope and exchange rates used are those for the reported period. Exchange rates for the reported period are also used to calculate **growth at constant exchange rates**.

Reconciliation of growth rates	Q3 2018	9 months 2018
Organic growth	+6.3%	+6.4%
Changes in Group scope	+2.4 pts	+1.9 pt
Growth at constant exchange rates	+8.7%	+8.2%
Exchange rate fluctuations	-1.0 pt	-3.7 pts
Reported growth	+7.7%	+4.5%

Currency impacts since the beginning of the year are linked to the appreciation of the euro against most other currencies and primarily the U.S. dollar.

REVENUES BY REGION

	Revenues <i>(In millions of euros)</i>				Change <i>(Q3 2018 / Q3 2017)</i>				
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	At constant exchange rates	Reported
North America	961	969	953	990	960	1,069	1,076	+12.9%	+12.9%
United Kingdom and Ireland	417	428	371	364	386	395	387	+4.0%	+4.7%
France	662	659	620	734	698	703	664	+6.9%	+6.9%
Rest of Europe	831	856	813	915	888	909	864	+7.7%	+6.2%
Asia-Pacific and Latin America	245	252	239	246	221	238	237	+7.5%	-1.1%
TOTAL	3,116	3,164	2,996	3,249	3,153	3,314	3,228	+8.7%	+7.7%

	Revenues <i>(In millions of euros)</i>		Change	
	9 months 2017	9 months 2018	At constant exchange rates	Reported
North America	2,883	3,105	+15.6%	+7.7%
United Kingdom and Ireland	1,216	1,168	-2.6%	-3.9%
France	1,941	2,065	+6.3%	+6.3%
Rest of Europe	2,500	2,661	+7.8%	+6.4%
Asia-Pacific and Latin America	736	696	+4.8%	-5.6%
TOTAL	9,276	9,695	+8.2%	+4.5%

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



REVENUES BY BUSINESS

	Revenues <i>(In millions of euros)</i>		Change
	Q3 2017	Q3 2018	At constant exchange rates
Consulting Services	134	194	+47.2%
Technology & Engineering Services	445	474	+6.4%
Application Services	1,876	2,056	+10.7%
Other Managed Services	541	504	-5.8%
TOTAL	2,996	3,228	+8.7%

UTILIZATION RATES

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Consulting Services	71%	72%	69%	72%	72%	73%	67%
Technology & Engineering Services	82%	84%	85%	84%	83%	85%	84%
Application Services	81%	81%	82%	83%	81%	82%	83%