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Marked recovery in activity in Q3 2020

- Revenues of €4,008 million, up +18.4% at constant currency* and down -3.6% organically*
- More than 10% growth in Digital and Cloud which now account for over 60% of Group activity¹
- Strong bookings of €3,896 million

Paris, October 27, 2020 - Capgemini Group achieved consolidated revenues of €4,008 million in Q3 2020, up 15.6% year-on-year at current exchange rates and 18.4% year-on-year at constant exchange rates*.

Aiman Ezzat, Chief Executive Officer of Capgemini Group, said: "The quarter, which came in better than expected, brought a significant performance improvement over Q2 across all our regions and businesses. Digital and Cloud continues to expand, up more than 10% year-on-year, and bookings remain strong. We expect Q4 to confirm this favorable trend and record a further but limited improvement, due to recent developments in the health situation. In this framework, our performance for 2020 should exceed the mid-point of the range announced, both for growth and operating margin, and we remain confident in the prospects for further improvement in 2021.

In addition, Altran integration is developing as planned. A 5G & Edge offering was launched, the first of a series of Intelligent Industry offerings.

Finally, the quarter was marked by the adoption of the Group's Purpose: "Unleashing human energy through technology for an inclusive and sustainable future." Developed in collaboration with all of the Group's stakeholders, this Purpose is founded on our belief that technological innovation should benefit all of humanity".

Revenues	(in millions of euros)		Change	
	2019	2020	At current exchange rates	At constant exchange rates*
Q3	3,468	4,008	+15.6%	+18.4%
9 months	10,475	11,589	+10.6%	+11.3%

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

¹ Figures for the Group scope excluding Altran. Growth is calculated at constant exchange rates.



The Group's Q3 performance improved significantly on Q2, both for growth at constant exchange rates* and organic* growth. As in the previous quarter, Capgemini benefited fully in Q3 from the consolidation of Altran Technologies ("Altran") in the Group scope.

With Q3 2020 revenues of €4,008 million, growth at constant exchange rates was +18.4% year-on-year, a considerable improvement on Q2 growth of +13.4%.

The improvement in organic performance (i.e. adjusted for the impacts of currency fluctuations and changes in Group scope) was also substantial, with Q3 revenues contracting only -3.6% year-on-year, compared with -7.7% in Q2.

All Group businesses and regions contributed to this improvement. It also reflects demand, which accelerated once again in **Digital** and **Cloud** services. With growth of more than 10%, these activities accounted for over 60% of the Group's activity in Q3 2020¹.

For the first nine months of the year, Capgemini growth reached +10.6% on a reported basis and +11.3% at constant exchange rates. Group organic growth saw a limited decline of -3.5%. In the face of the Covid-19 crisis, this demonstrates the resilience of Capgemini's revenues, strengthened in recent years by the sector and geographic diversification of the Group's client base and the development of a portfolio of innovative offerings.

RESULTS BY REGION

	Change in revenues vs. 2019 at constant exchange rates		
	Q1 2020	Q2 2020	Q3 2020
North America	-0.6%	+9.0%	+10.0%
United Kingdom and Ireland	-2.6%	+3.7%	+9.1%
France	+3.3%	+11.8%	+20.1%
Rest of Europe	+5.1%	+24.9%	+32.7%
Asia-Pacific and Latin America	+11.2%	+11.7%	+14.0%
TOTAL	+2.3%	+13.4%	+18.4%

The robust Q3 performance was fueled by stronger year-on-year growth rates across all Group regions compared to those of Q2. These higher regional constant currency growth rates, presented in the above table, directly reflect greater underlying organic momentum (i.e. at constant scope and exchange rates).

In Q3 2020, the **Rest of Europe** region (30% of Group revenues in Q3 2020) reported a return to organic growth year-on-year. Momentum also strengthened in **North America** (31% of Group revenues) and the **United Kingdom and Ireland** (11% of Group revenues), despite these regions reporting an organic decline on Q3 2019. While **France** (21% of Group revenues) continues to report the largest organic contraction, the situation improved significantly on the previous quarter. Finally, the **Asia-Pacific and Latin America** region (7% of Group revenues) accelerated further in Q3 and remained the Group's most dynamic region.

While sector performance remained highly contrasted in Q3, due to major differences in the pandemic's impact, all sectors improved on Q2. Accordingly, on an organic basis: the public sector (13% of Group revenues in Q3 2020) accelerated further in Q3. Financial Services (the largest sector generating 25% of Group revenues) returned to growth in the quarter. The TMT sector (13% of Group revenues) also significantly boosted its momentum, but contracted slightly during the period. The Q3 decline reported by the Consumer Goods & Retail (11% of Group revenues) and Energy & Utilities (10% of Group revenues) sectors improved marginally on Q2. Finally, the Manufacturing sector (23% of Group revenues and also including the Life Sciences sector) and the Services sector (5% of Group revenues and includes transportation services, hospitality and catering), which were the hardest hit by the crisis in Q2, reported a marked improvement, contracting significantly less in Q3.



RESULTS BY BUSINESS

	Change in total revenues* vs. 2019 at constant exchange rates		
	Q1 2020	Q2 2020	Q3 2020
Strategy & Transformation	+9.6%	+7.6%	+13.5%
Applications & Technology	+2.1%	-4.5%	+0.3%
Operations & Engineering	+3.5%	+69.4%	+70.4%

In Q3, annual growth rates improved compared to Q2 levels in each of the Group's businesses, both at constant exchange rates (see table above) and organically, that is at constant scope and exchange rates.

Accordingly, on an organic basis: **Strategy & Transformation** consulting services (6% of Group revenues in Q3 2020) reported a smaller decline in total revenues*, but remain, unsurprisingly, the hardest hit by the crisis. **Applications & Technology** services (61% of Group revenues), the Group's core business, rallied significantly, but is still slightly down year-on-year. **Operations & Engineering** services (33% of Group revenues) also reported improved momentum, driven by stronger growth in Cloud infrastructure services and a slight improvement in the performance of Engineering services.

At constant exchange rates, total revenue growth for **Operations & Engineering** services mainly reflects the consolidation of Altran, which primarily delivers Engineering services. Altran's consolidation had a far more limited impact on the other business lines.

HEADCOUNT

At September 30, 2020, the Group's total headcount stood at 264,600, up 20.6% year-on-year, mainly following the integration of 50,000 Altran team members. Over 140,000 employees work in offshore centers, i.e. 53% of the total headcount.

BOOKINGS

Bookings totaled €3,896 million in Q3 2020, a 17.4% year-on-year increase at constant exchange rates. The book-to-bill ratio is 97%, largely stable year-on-year, but eight points above the five-year Q3 average. This reflects a high level of client demand and is encouraging for the coming quarters.

OUTLOOK

On the publication of its H1 2020 results, the Group set the following objectives for 2020 as a whole:

- Revenue growth at constant exchange rates of between +12.5% and +14.0%, with an estimated contribution from acquisitions of 17.0%;
- An operating margin reduction of 0.6 to 0.9 points compared with the 2019 rate of 12.3%, illustrating a clear improvement in our resilience;
- Organic free cash flow above €900 million.

CONFERENCE CALL

Aiman Ezzat, 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 8.00 a.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/en/financial-results/>.



PROVISIONAL CALENDAR

February 17, 2021	FY 2020 results
April 29, 2021	Q1 2021 revenues
May 20, 2021	Combined Shareholders' Meeting

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 Universal 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

Capgemini is a global leader in consulting, digital transformation, technology, and engineering services. The Group 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. A responsible and multicultural company of 265,000 people in nearly 50 countries, Capgemini's purpose is to unleash human energy through technology for an inclusive and sustainable future. With Altran, the Group reported 2019 combined global revenues of €17 billion.

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APPENDIX²

BUSINESS CLASSIFICATION

- **Strategy & Transformation** includes all strategy, innovation and transformation consulting services.
- **Applications & Technology** brings together application services and related activities and notably local technology services.
- **Operations & Engineering** encompasses all other Group businesses. These comprise Business Services (including Business Process Outsourcing and transaction services), all infrastructure and Cloud services, and R&D and 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 growth rates	Q3 2020	9 months 2020
Organic growth	-3.6%	-3.5%
Changes in Group scope	+22.0 pts	+14.8 pts
Growth at constant exchange rates	+18.4%	+11.3%
Exchange rate fluctuations	-2.8 pts	-0.7 pts
Reported growth	+15.6%	+10.6%

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 businesses change, an increasing number of contracts require a range of business expertise for delivery, leading to a rise in inter-business flows

Operating margin is one of the Group's key performance indicators. It is defined as the difference between revenues and operating costs. It is calculated before "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) and repayments of lease liabilities, adjusted for cash out relating to the net interest cost.

COVID-19: The impact of the health crisis on the Group's consolidated financial statements is not isolated. The definition of the above alternative performance measures is therefore unchanged and, in accordance with past practice, these financial statements include in other operating income and expenses a non-material amount of incremental and non-recurring costs related to this crisis.

² Note that in the appendix, certain totals may not equal the sum of amounts due to rounding adjustments.



RESULTS BY REGION

	Revenues (in € millions)		Change	
	Q3 2019	Q3 2020	Reported	At constant exchange rates
North America	1,164	1,218	+4.6%	+10.0%
United Kingdom and Ireland	407	443	+8.7%	+9.1%
France	702	842	+20.0%	+20.1%
Rest of Europe	913	1,212	+32.8%	+32.7%
Asia Pacific and Latin America	282	293	+3.8%	+14.0%
TOTAL	3,468	4,008	+15.6%	+18.4%

	Revenues (in € millions)		Change	
	9 months 2019	9 months 2020	Reported	At constant exchange rates
North America	3,412	3,618	+6.0%	+6.1%
United Kingdom and Ireland	1,256	1,296	+3.2%	+3.3%
France	2,200	2,454	+11.6%	+11.6%
Rest of Europe	2,811	3,384	+20.4%	+20.9%
Asia Pacific and Latin America	796	837	+5.1%	+12.3%
TOTAL	10,475	11,589	+10.6%	+11.3%

RESULTS BY BUSINESS

	Total revenues* (% of Group revenues)	Change at constant exchange rates in total revenues* of the business
	Q3 2020	
Strategy & Transformation	6%	+13.5%
Applications & Technology	61%	+0.3%
Operations & Engineering	33%	+70.4%

	Total revenues* (% of Group revenues)	Change at constant exchange rates in total revenues* of the business
	9 months 2020	
Strategy & Transformation	7%	+10.2%
Applications & Technology	63%	-0.7%
Operations & Engineering	30%	+48.4%