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Capgemini reports solid performance in 2012

- **Revenues of €10.3 billion, up 5.9%**
- **Operating margin rate of 7.7%, up 0.3 points**
- **Profit for the year attributable to shareholders of €370 million**
- **Net cash and cash equivalents of €872 million**

Paris, February 20, 2013 – The Board of Directors of Cap Gemini chaired by Mr. Paul Hermelin, convened today in Paris to review and authorize for issue the **accounts**[1] of Capgemini Group for the year ended December 31, 2012. The key figures are as follows:

(in millions of euros)	FY 2011	H1 2012	H2 2012	**FY 2012**
Revenues	**9,693**	5,150	5,114	**10,264**
Operating margin[2] **(before amortization of intangible assets acquired through business combinations)**	**738**	347	477	**824**
as a % of revenues	***7.6%***	*6.7%*	*9.3%*	***8.0%***
Operating margin	**713**	328	459	**787**
as a % of revenues	***7.4%***	*6.4%*	*9.0%*	***7.7%***
Operating profit[3]	**595**	237	364	**601**
Profit for the year attributable to shareholders	**404**	143	227	**370**
as a % of revenues	***4.2%***	*2.8%*	*4.4%*	***3.6%***
Net cash and cash equivalents	**454**	27	872	**872**
Organic Free Cash flow[4]	**164**	(309)	805	**496**

Despite a slow market, 2012 saw the Group cross the €10 billion revenues milestone (€10,264 million). **Revenues** increased 5.9% on 2011 published figures (i.e. at current Group structure and exchange rates). On a like-for-like basis (i.e. at constant Group structure and exchange rates) revenues grew 1.2%. The

[1] Audit procedures on the consolidated financial statements have been completed. The auditors are in the process of issuing their report.

[2] Operating margin is one of the Group's key performance indicators. It is defined as the difference between revenues and operating costs, these being equal to the cost of services rendered (expenses incurred during project delivery) plus selling and general and administrative expenses.

[3] Operating profit of the Group incorporates the charges associated with shares or options allocated to a large number of employees, as well as other non-recurring income and expenses such as goodwill impairment, capital gains or losses on disposals, restructuring costs, the cost of acquiring and integrating acquired companies, as well as the impacts of the curtailment and/or settlement of defined benefit pension plans.

[4] Organic Free Cash flow 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.

difference between these two rates is primarily due to the appreciation of the US dollar and the UK pound against the euro and the integration of Prosodie, acquired in July 2011.

Bookings during the year totaled €10,084 million, at the same level as in 2011 (€10,122 million). The book-to-bill ratio is 1.07 for the year and 1.16 for the fourth quarter for Technology Services, Local Professional Services (Sogeti) and Consulting Services together, confirming the dynamism of these activities.

The **operating margin** is €787 million, or 7.7% of 2012 consolidated revenues, representing an increase of 0.3 points on 2011, in line with Group objectives. The Group continues to improve its profitability, even attaining 9.0% in the second half of 2012. Before amortization of intangible assets acquired through business combinations, the operating margin is 8.0% in 2012. In spite of a significant increase in restructuring costs (€168 million in 2012 compared with €81 million in 2011), **operating profit** is €601 million.

Profit for the year attributable to shareholders is €370 million after an income tax expense which increased by 40.0% (€140 million versus €101 million in 2011).

Net cash and cash equivalents total €872 million at December 31, 2012, up €418 million year-on-year. Boosted by the excellent second-half performance, **organic free cash flow** is €496 million, compared with €164 million in 2011 (including anticipated payments from some major anglo-saxon clients of €100 million).

The Board of Directors decided this date to recommend the payment of a **dividend** of €1 per share[5] at the next Ordinary Shareholders' Meeting, unchanged on last year. This represents a distribution of 44% of profit for the year attributable to shareholders, above the standard amount (one-third) distributed by the Group for many years.

The Board of Directors also decided to cancel 1,937,647 of its own shares purchased between December, 2012 and February 2013 for a total amount 66 million euros, representing 1.2% of the outstanding share capital.

Outlook for 2013

After accounting for the decreased revenue of our Aspire contract (with HMRC) and the Group focus on removing dilutive business, the Group targets an organic revenue growth for 2013 in line with 2012.
The Group expects an operating margin rate in excess of 8.3% before amortization of intangible assets acquired through business combinations (i.e. over 8.0%, as reported until now).
Cumulated organic free cash flow for the period 2012-2013 is anticipated to be between €750 and 800 millions.

For Paul Hermelin, Chairman and Chief Executive Officer of the Capgemini Group: *"Despite the economic slowdown observed in 2012 in the euro zone, the Group reports a solid performance – in line with its commitments – and proves once again its ability to hold firm against economic fluctuations. We have strengthened our global focus – as demonstrated by our success in North America, the world's leading IT services market –, grew our offshore resources and enriched our services portfolio. In 2013 more than ever, we will seek to establish Capgemini as a global leader alongside the major market players, able to satisfy client requirements on competitivity and innovation."*

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[5] Subject to the approval of shareholders at the Combined Shareholders' Meeting to be held on Thursday May 23, 2013, and in compliance with NYSE Euronext regulations, the ex-dividend date will be Monday, June 3 and the dividend payment date Thursday, June 6.

Notes to the press release published February 20, 2013

Operations by major region:

- **France** – which retains its number-one spot among the Group's regions in terms of revenues, saw this latter increase 2.0% on 2011 published figures, taking into account the acquisition of Prosodie. On a like-for-like basis revenues fell 2.1%, with Technology Services and Outsourcing Services remaining stable. The operating margin for the region is 7.8%, in line with the Group average;

- The **North America** region reported remarkable revenue growth of 16.4%. Organic growth of 7.0% was driven by the vitality of Technology Services, Sogeti and Consulting Services. With an operating margin rate of 8.8%, North America remains, as in 2011, one of the Group's most profitable regions;

- The **United Kingdom & Ireland** region reported revenue growth of 8.1%. Like-for-like growth is limited at 0.9%, the dynamism of Technology Services more than offsetting the slowdown in Outsourcing Services due to the expected reduction in public sector expenditure. At 7.7%, the operating margin rate is up 0.6 points on 2011;

- **Benelux** recorded an 11.7% decline in revenues in 2012 with a sequential stabilization in the fourth quarter. The operating margin rate is 7.2% (down slightly by 0.2 points on 2011). Measures taken in September have already enabled a return to an operating margin rate of 10% in the second half of 2012 (a level identical to the second half of 2009);

- In the **rest of the world**, revenue increased 8.8% on average (+6.3% like-for-like), with the Nordic countries and the Asia-Pacific region reporting the strongest growth. The average operating margin of these regions is 9.3%, up 1.4 points on 2011.

Operations by business:

- **Technology Services** – the Group's leading business in terms of revenues (over 40%) – reported growth of 3.5% (like-for-like), with a steady improvement in the resource utilization rate and a slight increase in prices enabling an increase in its operating margin rate of over one point to 7.9%;

- **Outsourcing Services** – which contributes 40% of Group revenues – reported revenue growth of 0.5% (like-for-like) and an operating margin rate of 7.6%, in line with 2011;

- **Sogeti** (15% of Group revenues) reported a 1.3% decline in revenues (like-for-like) and a slight fall in the operating margin rate (10.4% in 2012 compared with 10.9% in 2011);

- **Consulting Services** (5% of Group revenues) reported a 3.6% decline in revenues like-for-like. Despite a slight fall in the operating margin rate in 2012, Consulting Services remains the Group's most profitable business (11.2%).

Headcount:

On December 31, 2012, the total headcount of the Group was 125,110 employees compared with 119,707 employees at the end of the prior year. We reached the 50,000 employee milestone in Offshore centers (50,425 offshore employees, including 41,019 in India), representing 40% of the total Group headcount compared with 37% at the end of 2011.
The Group recruited over 31,000 new employees in 2012.

Mr Paul Hermelin's compensation, Chairman and Chief Executive Officer:

The Board of Directors, after hearing the recommendations put forward by the Selection and Compensation Committee, made the following decisions regarding the of the Chairman and Chief Executive Officer's compensation:

The Committee reminded the Board that Mr. Hermelin's compensation is composed – as for all of the Group's managers – of a fixed part equal to 60% of the total target compensation and of a variable part (40% of the total target compensation) composed:

- for half of it (V1) of the ratio existing between the Group's consolidated and audited financial results and the same results as they were anticipated in the budget i.e 107,16 %,
- and for the other half (V2) of the percentage of achievement of a number of personal objectives of a strategic or operational nature which had been given to him at the beginning of the year. The Board validated the assessment made by the Committee of the degree of achievement of each of these objectives, the total of the notes so attributed being 104 /100.

Mr. Hermelin's actual compensation for the fiscal year 2012 thus breaks down as follows:

- a fixed salary of euro 1,320,000 paid in monthly installments
- a first part equal to euro 471,500 (107,16 % of a 440,000 € target)
- a second part equal to euro 457,600 (104 % of a 440,000 € target)

that is a total of euro 2,249,100, up 2.98% from the actual compensation for 2011.

The Committee proposed to the Board, which accepted it, to reflect Mr Hermelin's new responsibilities as Chairman of the Board since May 24th in addition to his position as Chief Executive Officer and hence to increase his target compensation to euro 2 420 000 (a fixed salary of euro 1,452,000 plus a variable part of euro 968,000) after five years of stagnation, Mr Hermelin having requested that his target compensation remained unchanged during such period with regard to the challenging economic environment.

The board acknowledged that Mr Hermelin renounced all board fees to which he was duly entitled for 2012.

Performance shares grants :

The Board of Directors, after hearing the recommendations put forward by the Selection and Compensation Committee, decided to grant 1 209 100 performance shares representing 0,75 % of the outstanding share capital to 368 grantees out of which 50 000 amounting to 4,1 % of the total grant were allocated to Mr Paul Hermelin. It is reminded that the May 2012 AGM authorized the issuance of up to 1,5 % of the share capital as performance shares subordinated to two performance conditions, one internal condition relating to free cash flow generation over three years and one external condition reflecting share price outperformance over a basket of competitors.
Mr Hermelin must keep any actually granted shares until the expiry of his corporate officer role.

For further information go to: capgemini.com