

Exane BNP Paribas 10th European Seminar

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June 13, 2008





Contents

- Quick Profile
 - Two trends – One solution
 - The market



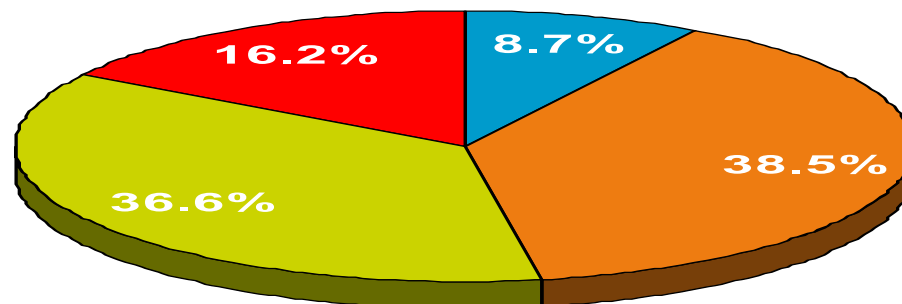
We deliver IT services, through 4 business lines

Local Professional Services (Sogeti)

- Headcount 07: 18 382
- Applications management
- Infrastructure Services
- High-Tech consulting

Consulting Services

- Headcount 07: 4 958
- Strategic Consulting
- Business Transformation Services



% of FY 2007 Revenues

Outsourcing Services

- Headcount 07: 23 307
- Applications Management
- Business Process Outsourcing
- Infrastructure Management

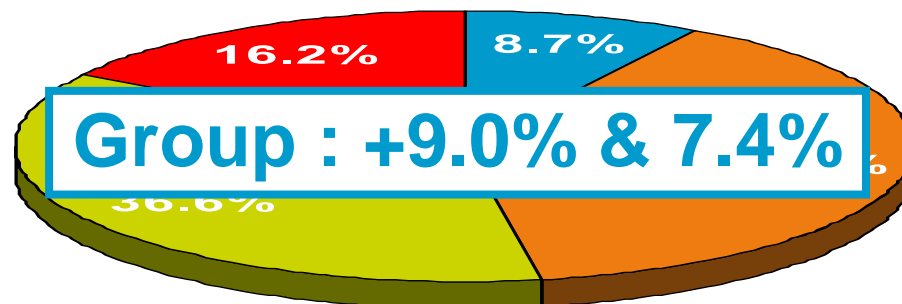
Technology Services

- Headcount 07: 36 600
- IT Systems architecture
- Software package implementation
- Applications development
- IT consulting



2007 organic growth & operating margin

Local Professional Services (Sogeti)	+9.5% 12.0%*	Consulting Services	+4.5% 10.5%*
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* Before corporate costs

Outsourcing Services	+7.8% 4.7%*	Technology Services	+11.0% 8.9%*
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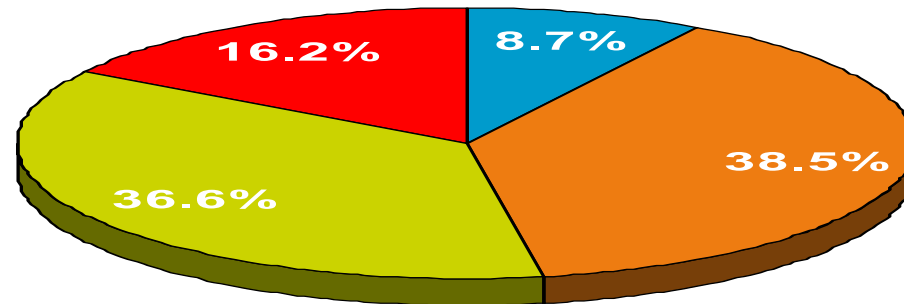
Key characteristics

Local Professional Services (Sogeti)

- + Highly reactive
- + Moving up the value chain
- + Below the radar
- Potentially hit by OpEx cuts

Consulting Services

- + Key C-level exec access
- + Transformational skills
- Higher cyclicality



Outsourcing Services

- + Long Term contracts
- + Highest intimacy
- + Add-on potential
- Lower average profitability

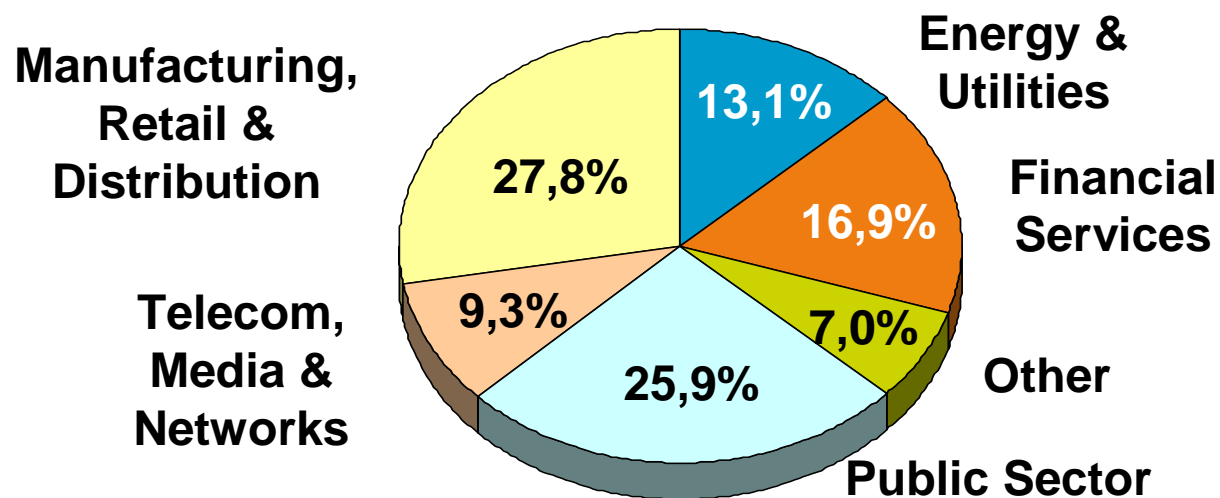
Technology Services

- + The heart of our expertise
- + Mastering complexity leads to good margins and visibility
- Delivery risks



Main geographies and sectors

	% of 2007 revenues	2007 organic growth	2007 operating margin*
North America	19.8%	+9.4%	6.5%
UK & Ireland	25.6%	+4.4%	6.8%
France	22.6%	+8.6%	4.4%
Benelux	13.4%	+11.7%	15.0%
Rest of Europe / Asia	18.6%	+13.9%	10.7%



* Before corporate costs



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Trend #1 Offshore

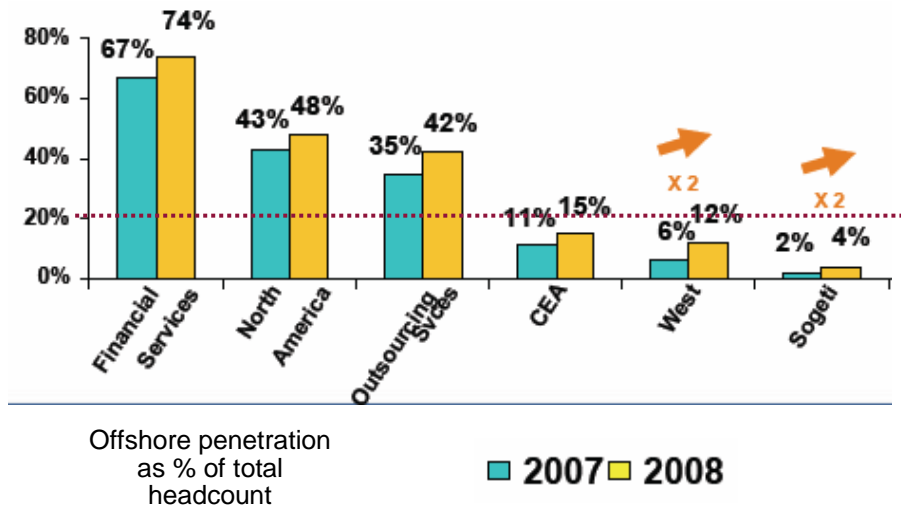


- **The cost advantage** started the whole thing - It has narrowed marginally but in no way disappeared
- **Scarcity of resources** will keep momentum intact in the long run
- It started in **North America** where it becomes difficult to deliver exclusively onshore
- **UK** has followed, the Nordic region was surprisingly fast, and **continental Europe** will follow eventually: the only doubt is on timing
- **India** remains the destination of choice
- In some cases, **other offshore locations** make sense as cultural proximity compensates for marginally higher costs (LatAm for Iberia or North Africa for France)



The offshore journey

- We quite easily got to 20% offshore based on a rate card model (subcontracting)
- Beyond 20% it is the whole organisation that needs to be adapted
- We implement a new blended model in 3 SBUs
- We will leverage this experience to the other units



Onshore transformation challenges

- Adapt the front end profile to optimize the leverage
- Design and execute a portfolio transformation to address non-offshorable demand

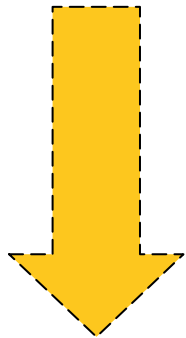


Trend #2 increased complexity

- Distributed delivery is not the only **needed skill**
- **Added value** is also a differentiator
- **Transformational outsourcing** is the best example of the new client requirements
 - While a traditional outsourcing capacity is still required,
 - it must be complemented by the analytical skills specific to consulting to analyse required changes,
 - and those of high end system integration to realise the new system
- **Business Process Outsourcing** is another domain where multiple skills are required.

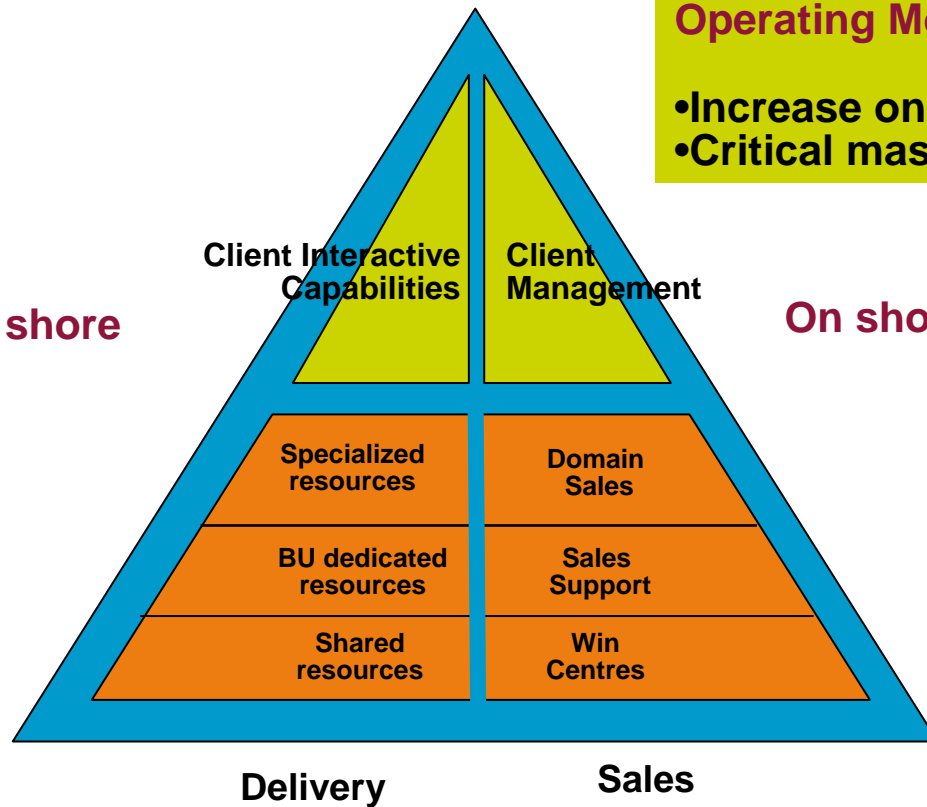


We all aim at the same "End Game"



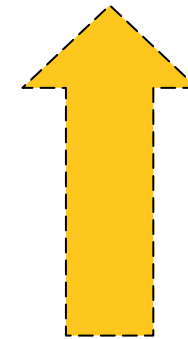
Operating Model
•Critical mass of capabilities in India

Off shore



On shore

Operating Model
•Increase onshore
•Critical mass of onshore talents

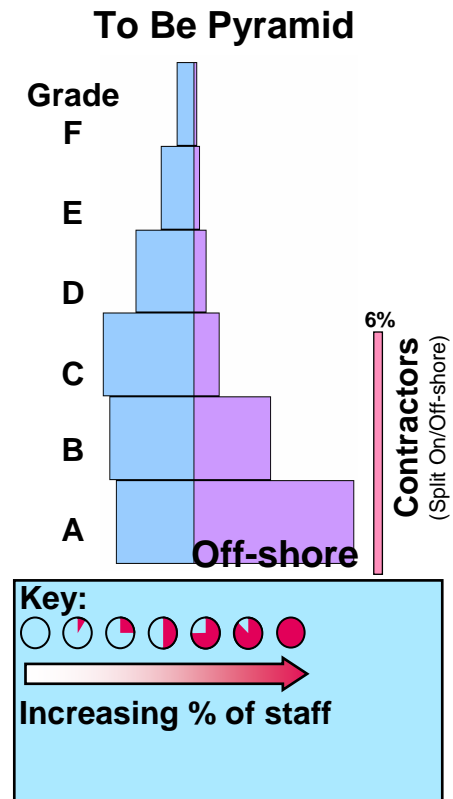


First ones there will be the winners!!!



I³ Industrialization: leveraging the pyramid

	Sales		Delivery		
	Demand Creation	Proposal	High Level Design	Detailed Design	Build/Implement
On-shore Resource	<ul style="list-style-type: none"> Sales+A/c Mgr Offer development 	<ul style="list-style-type: none"> Sales+A/c Mgr Delivery Assurance Project Mgr. Architects Bus. Analysts Sales Support 	<ul style="list-style-type: none"> Project Mgr Architects Delivery Assurance PMO 	<ul style="list-style-type: none"> Project Mgr Bus. Analysts Delivery Assurance 	<ul style="list-style-type: none"> Project Mgr Delivery Assurance
Off-shore Resource	<ul style="list-style-type: none"> Sales+A/c Mgr Sales Support 	<ul style="list-style-type: none"> Sales+A/c Mgr Architects Bus. Analysts Sales Support Delivery Assurance 	<ul style="list-style-type: none"> Project Mgr Architects PMO Delivery Assurance 	<ul style="list-style-type: none"> Project Mgr PMO Bus. Analysts Delivery Assurance 	<ul style="list-style-type: none"> Project Mgr PMO Developers Testers Delivery Assurance
On-Shore Implications	<ul style="list-style-type: none"> Win Centres largely resourced Off-shore Shared accountability for account management 		<ul style="list-style-type: none"> ADCs largely resourced Off-shore Bulk of testing sourced off-shore Significant PMO capability moved off-shore Majority of Resource Management moved Off-shore 50% Knowledge Mgt serviced from off-shore 		
	<ul style="list-style-type: none"> Cultural mindset of a totally integrated "One Team" business 				





More than 1/2 the Capgemini Group will remain onshore

Business Portfolio

Capgemini Consulting

Sogeti
"Local and Responsive"

"Sovereign"
Public Sector and client's core IT

Real Time IT

Rain

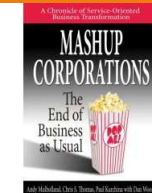
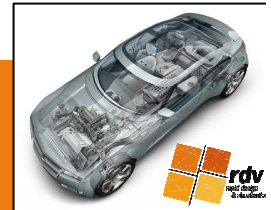
Where innovation lives

Increase value

Project productivity = up to 30%



Interactive design leveraging technology



Pyramids

On shore Sales and Delivery Resources
30% of project on average



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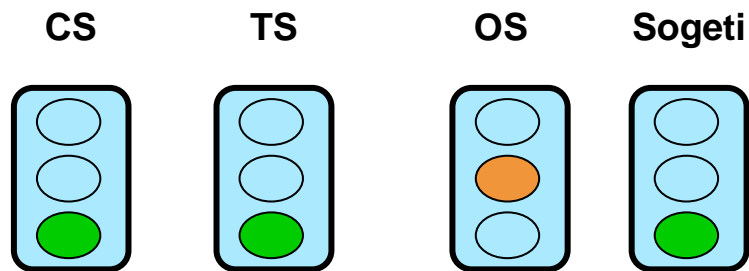


Business is good with a few isolated watch areas

Market dynamism by discipline

Highlights:

- CS strong in transformation consulting
- TS driven by the SOA battle
- 10ish growth in local professional services



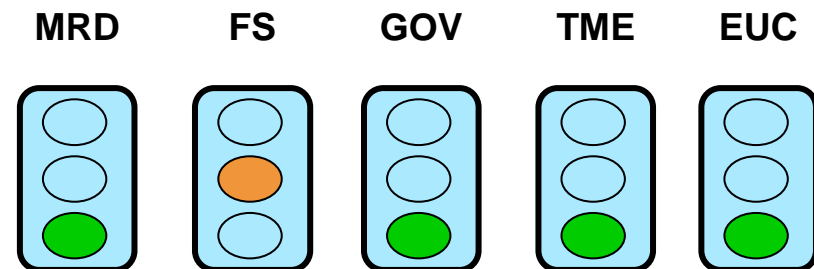
Watch areas

- OS very competitive, but new multi-tower deals
- CS in Nordic countries
- TS and Sogeti in Spain

Market dynamism by sector

Highlights:

- FS and TME driven by standardization and procurement
- MRD and EUC evenly split between cost reduction and innovation
- GOV more and more demanding but still buying at the same pace



Watch areas

- Capital market is shaken
- Moderate growth retail banking
- But still good patterns in Insurance



Overall market orientation remains positive

- Our clients are betting on a short term recession:
 - Still planned investment in both CAPEX and OPEX
 - More projects aimed at generating savings
 - More focus on cost control

- We are still signing large P&C projects
 - Even in unexpected sectors (Retail in the US)
 - Check and balance integrated at each step
 - Few clients asking for exit clauses but no general trend

- Our largest clients in Europe are testing offshore
 - With us or with pure players
 - They start discovering the different models
 - No mass adoption yet

- More new generation outsourcing deals
 - More sophisticated deals
 - Need for global delivery model and innovative offerings
 - Fast pace in Europe (Benelux, UK), APAC and in BPO




We set ourselves ambitious goals for 2008

- **Our guidance for organic revenue growth is a range of 2% to 5%**
 - This took into account a flattish Outsourcing as the HMRC contract decreases from its peak level of 2007
 - Even though markets were good, the macro environment could well induce a slowdown in some regions in H2 that could have drawn us to the lower end of the range
 - As we now have better visibility on H2, the lowest part of the range is becoming highly improbable
 - Still, wild currency movements should lead to a lower reported growth
- **Operating margin will reach 8.5% in any case**
 - We will accelerate the Group's transformation if need be



In summary

- We are in good shape and expect further progress
- Our industry is experiencing deep changes and we are ahead of the game
- Through  we are transforming the Group to stay at the forefront
- As everyone, we see some clouds shaping on the (macro) horizon, but we are still to see any impact on our business
- The evolution toward an integrated business model will anyway be the best way to handle any market slowdown

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