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## **Capgemini and Altran create a global digital transformation leader for industrial and tech companies**

- **Agreement whereby Capgemini is to acquire Altran via a cash offer at €14.00 per share<sup>1</sup>, approved unanimously by the boards of directors of both companies**
- **Creation of a group with revenues of €17 billion<sup>2</sup> and more than 250,000 employees through the tie-up of a world leader in Consulting and IT services and the world leader in Engineering and R&D services**
- **Unique combination of expertise to support the digital transformation of industrial companies - the market's most dynamic segment**
- **Expected accretion on normalized earnings per share<sup>3</sup> of over 15% before synergies in the 1<sup>st</sup> year and over 25% post synergies in 2023**
- **Public offer launch subject to customary regulatory approvals**
- **Firm agreement to acquire shares representing 11% of Altran capital from a group of shareholders led by Apax Partners**

**Paris and Neuilly-sur-Seine, June 24, 2019** - Capgemini (Euronext Paris: CAP), a global leader in consulting, IT services and digital transformation, and Altran Technologies (Euronext Paris: ALT), the global leader in Engineering and R&D services, today announced that they have entered into an agreement for exclusive negotiations whereby Capgemini is to acquire Altran, through a friendly takeover bid at €14.00 per Altran share, payable in cash. The total cash consideration will amount to €3.6 billion<sup>4</sup>, excluding net financial debt (c. €1.4 billion). The transaction will be accretive to Capgemini's normalized EPS by more than 15%, before synergies from the combination. In 2023, accretion is expected to exceed 25% post synergies. The agreement is unanimously recommended and approved by the Boards of Directors of Capgemini and Altran. In addition, Capgemini has signed a definitive agreement to acquire shares representing 11% of Altran capital from a group of shareholders led by Apax Partners.

Paul Hermelin, Chairman and Chief Executive Officer of the Capgemini Group, said: *"This proposed combination enables Capgemini to take the lead in a very promising market segment—what we call 'Intelligent Industry' or the digital transformation of industrial and tech companies. The complementarity and power of our combined business and technological expertise are truly outstanding assets. By joining forces, we are positioning ourselves as a clear strategic partner to assist our clients in taking full advantage of the revolution created by the developments of the cloud, Edge computing, IoT, artificial intelligence and 5G. I am delighted to welcome to Capgemini the talents and leaders of Altran, who share our beliefs and corporate culture."*

<sup>1</sup> Price per share after detachment of the 2018 coupon of 0.24 euro per share.

<sup>2</sup> Based on the objectives of each of the two groups for the year 2019.

<sup>3</sup> Normalized earnings per share are calculated as undiluted earnings per share using net income (Group share) adjusted for "other operating income and expenses", net of tax. The detailed definition and reconciliation is available in the Capgemini registration document.

<sup>4</sup> Based on a fully diluted number of shares excluding 256.9 million treasury shares.

Dominique Cerutti, Chairman and Chief Executive Officer of the Altran Group, added: *"The proposed combination of Altran with Capgemini is perfectly aligned with the vision set out in our strategic plan. While technological disruptions and the digitalization of industries are accelerating, Altran has developed new service models and strengthened its leadership with a high value-added offer for its customers' Engineering and R&D activities. In an industry that is consolidating rapidly there is no doubt that Capgemini is the ideal partner to build together a world leader in digital transformation. This transaction will create value for our customers, and is an outstanding opportunity to showcase the talent of our teams."*

### **Two industry leaders join forces**

Capgemini is a world leader in consulting, IT services and digital transformation. Altran is the world leading provider of Engineering and R&D services, with a portfolio of high-profile clients, extensive sector expertise and in-depth understanding of industrial business processes and operational technologies.

The combination of the two companies will create a group with revenues of €17 billion<sup>2</sup> and more than 250,000 employees. This new entity will leverage its unique positioning in particularly promising segments.

Through its enhanced scale and broad services portfolio, the combined group will benefit from increased access to key decision-makers from key accounts in dynamic industries (such as Aerospace, Automotive, Life Sciences and Telecommunications) including R&D, manufacturing and supply chain CxOs.

This transaction allows Capgemini to accelerate its development with major Internet and tech companies, by giving the new entity a critical mass in software engineering through centers of expertise, particularly in India and Eastern Europe. The Group aims to become a major player in this key market.

### **Strengthened leadership in the fast-growing market of Engineering and R&D services**

Over the medium-term, Engineering and R&D (ER&D) services are anticipated to grow by around 9%<sup>5</sup> annually. The new entity will be the world's top player in ER&D by size (notably in the USA and in Europe), with unique sector expertise.

The combined scope of these Engineering and R&D services activities will represent annual revenues of approximately €3.4 billion<sup>6</sup> and 54,000 professionals, including 21,000 in 5 Global Engineering Centers.

Building on its track record in industrialization and innovation, Capgemini will strengthen Altran's deployment of its segmented model of services (high value-added services, traditional services, Industrialized Globalshore<sup>®</sup>) to support customers throughout the entire life cycle of their products and services.

### **Introducing a world leader in "Intelligent Industry"**

The new Group will benefit from a unique ability to support industrial players in their digital transformation, by combining its intimate knowledge of their businesses, its privileged access to decision-makers and its portfolio of offers that spans digital transformation, consulting and innovation, information technologies (IT) and operational technologies<sup>7</sup> (OT). Building on these strengths, Capgemini will reinforce its role as the strategic partner of choice of its customers in this "Intelligent Industry" space, which present a double-digit growth potential<sup>8</sup>.

### **Strong value creation**

The Group expects accretion to normalized EPS, before synergies from the combination, of more than 15% in the first year after closing.

Cost and operating model synergies are anticipated to reach an annual pre-tax run rate between €70 and €100 million in 3 years. At that point in time, commercial synergies should generate between €200 million and €350 million in additional annual revenues, from cross-selling and the development of innovative sectorial offers.

In 2023, with the benefits of these synergies, the accretion on normalized earnings per share should exceed 25%.

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<sup>5</sup> Sources: OECD, IRI, IMF, International Management Consultants, Altran.

<sup>6</sup> 2018 proforma estimates.

<sup>7</sup> The scope of operational technology notably includes software, products & system engineering services, industrial information systems used to manage product lifecycle, manufacturing or delivery processes and mission critical information systems

<sup>8</sup> It is at the crossroads of two already very dynamic sectors: engineering and R&D services for industrial players and IT services for operations (R&D, production, supply chain, etc.), which are respectively growing by 8-12% and 10% according to <sup>(5)</sup> and IDC.

## **Integration facilitated by cultural proximity and a similar operating model**

With both companies built on engineering talent and traditions, Capgemini and Altran have a very close corporate culture that will facilitate a smooth integration of their teams. The two groups also have very similar operating models with many operational indicators in common.

The combined Group will continue to invest massively in its talents, opening up a host of opportunities for the employees of both entities.

## **Key transaction terms**

The agreement sets out the key terms and conditions of the proposed transaction, organizes the information or consultation process by Capgemini and Altran of their respective works councils and contains in particular an exclusive commitment by Altran.

Capgemini intends to launch a cash offer for all Altran share capital at a price of €14.00 per share. This represents a premium of 30% over the volume-weighted average share price over the month until Friday 21 June (adjusted for the €0.24 coupon to be detached on July 1<sup>st</sup>) and a 33% premium over the 3-month volume weighted average price.

The total cash consideration will amount to €3.6 billion, before taking into account net financial debt (c. €1.4 billion).

Capgemini has signed a definitive agreement to acquire an 11% stake in Altran from the concert formed around Apax Partners (comprising possible customary top-ups).

The public offer launch is expected to take place after the information or consultation phase of the respective works councils, and after the customary regulatory approvals have been received, notably CFIUS in the United States and antitrust authorities. However, the Group reserves the right to launch the public offer before these regulatory approvals are received.

The completion of this combination is expected by the end of 2019.

## **Financing**

Capgemini has secured a bridge financing of €5.4 billion, covering the purchase of securities (€3.6 billion) as well as the gross debt (€1.8 billion).

It plans to refinance the bridge with available cash for €1 billion and the balance by debt issuance, primarily new bond issues.

## **CONFERENCE CALL**

Paul Hermelin, Chairman and Chief Executive Officer of Capgemini, and Dominique Cerutti, Chairman and Chief Executive Officer of Altran, accompanied by Carole Ferrand, Chief Financial Officer of Capgemini, Thierry Delaporte and Aiman Ezzat, Capgemini Co-COOs, will comment on the combination project during a conference call in English **today at 7:00 p.m. Paris time** (CET).

- This conference call will be accessible via webcast, live and replay for one year from this [link](#).
- Dial-in numbers
  - France Toll: +33 172727403 PIN: 13584080#
  - United Kingdom Toll: +442071943759 PIN: 13584080#
  - United States Toll: +1 6467224916 PIN: 13584080#

All documents relating to this project will be posted on Capgemini's Investor Relations website at <https://investors.capgemini.com/en/> .

## **IMPORTANT INFORMATION**

This press release is disseminated for information purposes only and does not constitute an offer to purchase, or a solicitation of an offer to sell, any securities of Altran Technologies.

The documentation relating to the tender offer which, if filed, will state the terms and conditions of the tender offer, will be submitted to the review of the Autorité des marchés financiers. Investors and shareholders are strongly advised to read the documentation relating to the tender offer when it becomes available, if the offer is filed, as well as any amendments and supplements to those documents as they will contain important information about Capgemini, Altran Technologies and the proposed transaction.

The transaction is notably subject to execution of definitive documentation and obtaining of required regulatory authorizations and other customary conditions. The tender offer would only be filed with the Autorité des marchés financiers after such conditions have been fulfilled.

This press release must not be published, broadcast or distributed, directly or indirectly, in any country in which the distribution of this information is subject to legal restrictions. The tender offer will not be open to the public in jurisdictions in which its launch is subject to legal restrictions. The publication, broadcasting or distribution of this press release in certain countries may be subject to legal or regulatory restrictions. Therefore, persons located in countries where this press release is published, broadcasted or distributed must inform themselves about and comply with such restrictions. Capgemini and Altran Technologies disclaim any responsibility for any violation of such restrictions.

## **WARNING**

Pursuant to the commission implementing regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council, this press release may contain inside information and has been sent to the authorized broadcaster of Capgemini SE.

This press release may include forward-looking statements and language indicating trends, such as the words "anticipate", "expect", "approximate", "believe", "could", "should", "will", "intend", "may", "potential" and other similar expressions. These forward-looking statements are only based upon currently available information and speak only as of the date of this press release. Such forward-looking statements are based upon current expectations and are subject to a significant business, economic and competitive risks, uncertainties and contingencies, many of which are unknown and many of which Capgemini and Altran are unable to predict or control. Such factors may cause Capgemini's and/or Altran's actual results, performance or plans with respect to the transaction to differ materially from any future results, performance or plans expressed or implied by such forward-looking statements. Neither Capgemini nor Altran, nor any of their advisors accepts any responsibility for any financial information contained in this press release relating to the business or operations or results or financial condition of the other or their respective groups. Capgemini, Altran and their advisors expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## **About Capgemini**

Capgemini is a global leader in consulting, IT services and digital transformation. At the forefront of innovation, the Group helps its customers to seize all the opportunities presented by the cloud, digital and platforms. With 50 years of experience and extensive expertise in the various sectors of activity, he assists companies and organizations in achieving their ambitions, from the definition of their strategy to the implementation of their operations. For Capgemini, it is men and women who value technology. Resolutely multicultural, the Group has more than 200,000 employees in more than 40 countries. It had a turnover of €13.2 billion in 2018. For more information, visit [www.capgemini.com](http://www.capgemini.com). *People matter, results count.*

## **About Altran**

Altran is the undisputed world leader in engineering and R&D services. The Group offers its customers a unique value proposition to meet their transformation and innovation challenges. Altran supports its customers, from

concept to industrialization, to develop the products and services of tomorrow. Altran has been working for more than 35 years with major players in many sectors: Automotive, Aeronautics, Space, Defence & Naval, Rail, Infrastructure & Transport, Industry & Consumer Products, Life Sciences, Communications, Semiconductor & Electronics, Software & Internet, Finance & Public Sector. The acquisition of Aricent expands the Group's portfolio of expertise in semiconductors, digital experience and design innovation. Altran generated €2.9 billion in revenue in 2018, with nearly 47,000 employees in more than 30 countries. [www.altran.com](http://www.altran.com)