

12th January 2016

TMT

Capgemini

Price EUR80.68

Estimated EUR520m one-off non-cash income for 2015

Fair Value EUR96 (+19%)

BUY

Bloomberg	CAP FP
Reuters	CAPP.PA
12-month High / Low (EUR)	90.2 / 58.7
Market Cap (EURm)	13,891
Avg. 6m daily volume (000)	657.1

	1 M	3 M	6 M	31/12/14
Absolute perf.	-4.1%	5.8%	-4.8%	35.6%
Softw.& Comp.				
SVS	-1.9%	10.8%	5.0%	22.2%
DJ Stoxx 600	-4.4%	-6.2%	-12.5%	-0.7%

	2014	2015e	2016e	2017e
P/E	19.4x	17.6x	14.6x	13.3x
Div yield (%)	1.5%	1.7%	1.9%	2.0%

ANALYSIS

- **This morning Capgemini announced it expects to record for 2015 a one-off non-cash income estimated at EUR520m.** As reported by the company, the organic improvement of the company combined with the acquisition of Igate lifts the prospects of taxable profits in the US. In accordance with non-IFRS rules, Capgemini expects to reassess the carrying amount of the deferred tax asset on US tax loss carry-forwards, which leads to record a net non-cash income estimated at EUR520m.
- **Positive for Capgemini, yet this will generate no impact on cash for FY15.** The company will report FY15 results on 18th February, and we do not expect a significant impact from the floods in the Chennai region in India in December 2015. We reiterate our forecasts, i.e. sales up 1.2% lfl to EUR11,966m with a non-IFRS operating margin of 10.3%. For 2016, we expect revenues up 3.6% lfl to EUR13,056m and a non-IFRS operating margin of 11.3%.

VALUATION

- Capgemini's shares are trading at est. 10.1x 2016 and 8.6x 2017 EV/EBIT multiples.
- Net cash position on 30th June 2015 was EUR1,464m (net gearing: -24%).

NEXT CATALYSTS

FY15 results on 18th February before markets open.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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