

5th October 2016

TMT

Capgemini

Price EUR88.69

Early redemption of 2013-2019 ORNANE bonds

Fair Value EUR94 (+6%)

BUY

Bloomberg	CAP FP
Reuters	CAPP.PA
12-month High / Low (EUR)	89.1 / 69.0
Market Cap (EURm)	15,216
Avg. 6m daily volume (000)	556.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.5%	16.8%	7.2%	3.6%
Softw.& Comp.				
SVS	1.6%	18.7%	13.4%	9.3%
DJ Stoxx 600	-1.2%	4.9%	3.5%	-5.4%

	2015	2016e	2017e	2018e
P/E	19.2x	15.8x	15.2x	14.1x
Div yield (%)	1.5%	1.7%	1.8%	1.9%

ANALYSIS

- **This morning Capgemini announced the early redemption of 2013-2019 zero coupon ORNANE bonds** (bonds convertible into new shares and/or exchangeable for existing shares) due 1st January 2019 and issued on 25th October 2013. Redemption will occur at par, i.e. EUR67.13, on 21st November 2016 based on a conversion ratio of 1 Capgemini share per ORNANE. The securities will be delisted on 17th November 2016.
- **Minimal potential dilution in the event of the exercise of the conversion right.** In the event of exercise of the conversion right, Capgemini intends to allocate an amount in cash equal to the product of the par value of 1 ORNANE and the number of ORNANE for which the conversion right has been exercised and an amount payable in new and/or existing shares corresponding to the product of the number of ORNANE for which the conversion right has been exercised and the difference between the conversion value and the par value of 1 ORNANE. We estimate that, at yesterday's closing price, a maximum of 1.45m new shares $((88.69-67.13)*5.96m)/88.69$ would be created from the conversion, thus generating a maximum potential dilution of 0.8%.

VALUATION

- Capgemini's shares are trading at est. 11.5x 2016 and 10.2x 2017 EV/EBIT multiples.
- Net debt on 30th June 2016 was EUR2,270m (net gearing: 36%).

NEXT CATALYSTS

Q3 2016 sales on 26th October before markets open.

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