

CGI Group Inc.

2017 Annual Report

CGI's 2017 Annual Report is comprised
of two separate volumes:

Volume 1: *2017 Annual Review*

&

Volume 2: *Fiscal 2017 Results*

**Volume 1 of the Annual Report
follows this page.**

(this page does not part of the Annual Report)

2017
ANNUAL
REVIEW



Local experts.
Global insights.

CGI

Experience the commitment®



Welcome to the **2017** Annual Review

Since our founding in 1976, CGI professionals have worked side-by-side with clients to help maximize the technologies that transform their business. No matter the market dynamics and economic conditions, we have applied innovation, high-quality delivery and sound management practices to help build industry leaders. Driven to help clients succeed, this commitment has led to CGI being **one of the largest IT and business consulting services firms in the world.**

We are pleased to present our partnerships with clients, the commitment of our members, our performance for shareholders, and our engagement with communities in this 2017 edition of our Annual Review.



CGI by the numbers

Building on more than four decades of sustained growth

CGI is one of the few firms with the scale, reach and capabilities to meet clients' digital transformation needs. We provide innovative, end-to-end IT and business consulting services from a mix of client-proximity locations and domestic and global delivery centers across hundreds of locations around the world.

71,000 professionals

Industry segments covering a majority of IT spend worldwide

Global footprint
representing 81% of IT spend worldwide

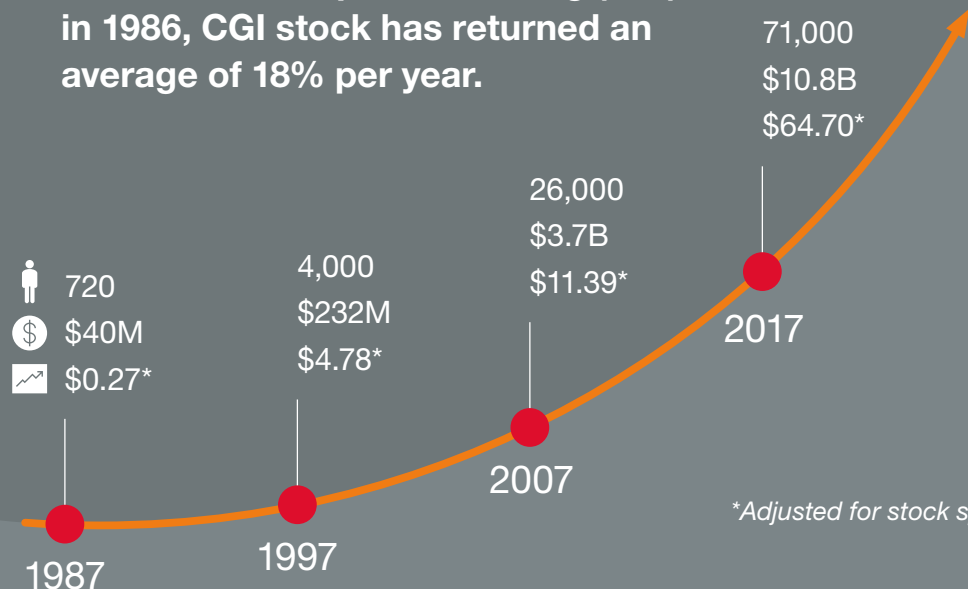
150+ IP-based solutions

Fiscal 2017 highlights

Financial strength is one of our core values. It enables us to deliver on our promises to our stakeholders: to continue serving as a partner and expert of choice for our clients; to provide a place in which our professionals can build a career; and to be an investment of choice for our shareholders.

Revenue	Bookings	Net earnings	EPS (diluted)	Cash flow from operations
\$10.8B	\$11.3B	\$1.0B	\$3.41	\$1.4B

Since our initial public offering (IPO) in 1986, CGI stock has returned an average of 18% per year.



*Adjusted for stock splits



5,000
clients globally
using our
end-to-end
services

**Global delivery
capabilities
onshore,
nearshore
and offshore**

**One of the largest
IT and business
consulting services
firms in the world**

Investments to benefit all stakeholders

CGI focuses on targeted investments to strengthen our market position as a global, end-to-end IT and business consulting services leader, and to **fuel the growth required to meet the expectations of each of our three stakeholders.**

\$315M invested in operations

- Evolution of CGI's IP portfolio into a SaaS model
- Consolidation and retirement of assets and leveraging cloud-based technologies
- Innovation fund for new contract investments

\$307M invested in metro market-focused acquisitions

- Collaborative Consulting, Boston
- CTS, Birmingham
- ECS Team, Denver
- Summa Technologies, Pittsburgh

Share repurchase

Investing capital back into the business to maximize shareholder return

- Total Class A shares repurchased: **19,929,268**
- Average share price: **\$62.55**
- Total investment: **\$1.2B**

All figures in Canadian dollars

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Serge Godin
Founder and Executive
Chairman of the Board



George D. Schindler
President and Chief
Executive Officer



Julie Godin
Vice-Chair of the Board and
Executive Vice-President,
Chief Planning and
Administration Officer

Inspired by a Dream. Built to grow and last.

Every day around the world, we partner with our clients to turn rapid change into measurable opportunity. Through our client-proximity business model, we work side-by-side with them, drawing upon our global capabilities to help identify, develop, implement and operate the innovative strategies and solutions needed to meet their customer and citizen expectations.

Focused on the fundamentals of being a partner, expert, employer and investment of choice

What inspires each of our 71,000 professionals is the CGI Dream:

To create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of.

The Dream, together with our Vision, Mission and Values, make up the CGI Constitution, which provides a strong and aligned culture that fuels our collective vision of being a global world class end-to-end IT and business consulting services leader helping our clients succeed. The CGI Constitution guides how we create value for our three stakeholders — for our clients, for our shareholders, and for our professionals, whom we call members as a majority of them are also CGI shareholders.

“The Constitution is the backbone of our company, while our strategic plan defines the goals, priorities and measures to continuously exceed the expectations of our clients, empower our members to build rewarding careers, and generate profitable growth for our shareholders.”

Every year, we go through a strategic planning process where we gain invaluable insight by listening to and refining our plan based on the expectations of our three stakeholders. As part of this process, we set our goals and priorities for the year ahead. This year we formalized an additional goal: **to be recognized by our communities as a caring and responsible corporate citizen**. Consistent with our client-proximity model, we acknowledge our responsibility towards the hundreds of communities in which we live and work, and our commitment to building our collective future.



Sustained profitable growth creates enduring value

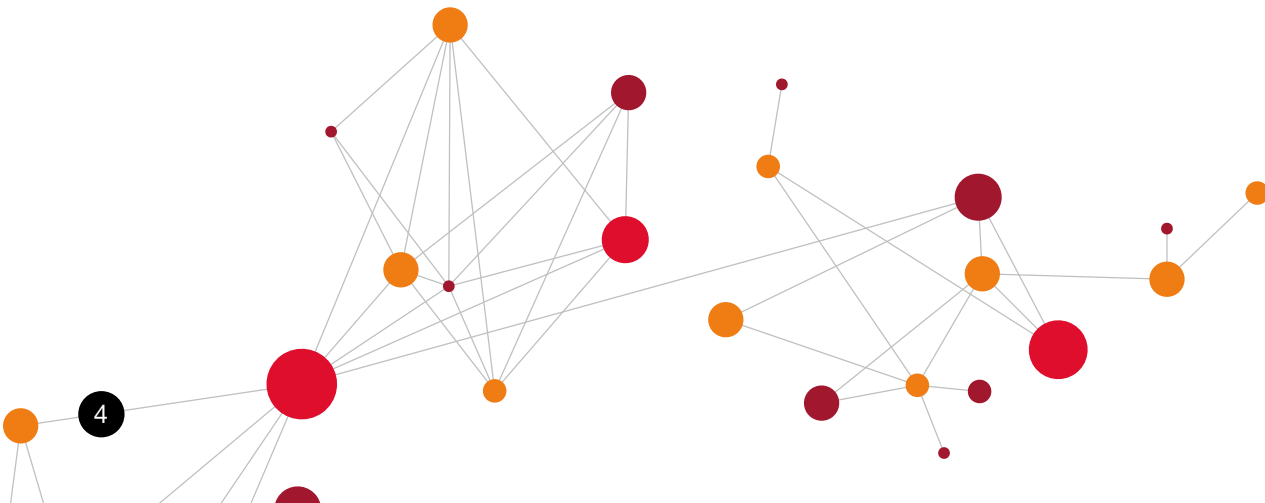
CGI delivers growth through a Build and Buy Strategy. On the Build side, fiscal 2017 was a year shaped by several strategic initiatives that successfully led to profitable organic growth of 2.8%. On the Buy side, we made acquisitions in high-demand metro markets in line with our proximity model, welcoming 1,000 new consultants to CGI while adding more than \$200 million in annualized revenue.

“Clients in each of the industries we serve plan to increase or maintain their IT spend, and are rebalancing their budgets to spend more on new applications and reduce legacy costs. We also see an increased demand for enterprise solutions from global, end-to-end firms.”

This year, as part of our planning process, CGI leaders met face-to-face with more than 1,300 business and IT executives across 10 commercial industries and governments in 17 countries. As observed over the past few years, there is a clear and accelerating need for organizations to evolve to meet the digital expectations of consumers and citizens. In line with this multi-year trend is a more pronounced focus on enterprise-wide digital strategies. The number of client executives who said they are implementing enterprise-wide initiatives rose from 12% in 2016 to 40% in 2017.

Again, this year, we made numerous investments to position CGI to meet this increasing demand, delivering strong performance across our global operations. As a result:

- Our operations in North America posted broad-based growth across industries. In Canada, our team delivered organic growth of 5%. In the United States, revenue grew 6% in constant currency and we added numerous professionals to our team through focused metro market mergers and acquisitions. Through these integrations, we benefit from additional leadership capacity and local relationships, and our new and existing clients benefit from additional depth and CGI's end-to-end capabilities.
- In Europe, we grew nearly 3% in constant currency, led by France with growth of 10%.
- In Asia-Pacific, our differentiated combination of industry domain and technology expertise within our global delivery centers of excellence continued to deliver value, and we experienced 16% growth in our India operations.



We continued to focus on our proven client-proximity model, providing clients with applied innovation and measurable results. We invested in the development and expansion of industry-focused centers of excellence and emerging technology practices to spur faster knowledge sharing, strengthen talent development and deepen our end-to-end capabilities.

Helping our clients on the journey ahead

Our commitment to exceed the expectations of our clients is demonstrated by year-over-year improvements across all satisfaction measures. For example, among the 7,544 in-person, signed client assessments completed in fiscal 2017, we earned an overall 9 out of 10 satisfaction score.

This strong satisfaction score is especially important given the increased urgency of our clients to evolve to meet the digital expectations of their customers and citizens. This urgency can only continue given the rapid evolution of technology today, and in the years ahead.

Built to grow and last

With the overall objective of building a company to grow and last, this year, at our annual Leadership Conference, we discussed a vision of CGI for 2050—a vision that imagines our clients in the future. Across the industries we serve, we examined the current state, the drivers for change, the future state, and the winners' attributes. In all scenarios, technology is no longer just an enabler; it is the driver. There will be massive investment in technology over the coming decades, including an acceleration of outsourcing to free up required capital for these investments. As we help our clients accelerate their transformation, we will continue to make the investments needed to help clients innovate and create enduring value.

“The growth we have achieved over the past decades is a credit to our strong culture, operational discipline, innovation and end-to-end capabilities. All of these attributes provide the foundation for serving as our clients' partner and expert of choice amidst the technology-driven transformation that is underway. CGI is one of the few firms with the scale, reach and capabilities required to help clients succeed.”

To our shareholders, thank you for your ongoing trust. We are committed to continuing to create value. To our 71,000 professionals, thank you for building upon the CGI culture and making CGI a great place to work. To our clients, thank you for your confidence. We are honored to serve you each day. The future has never looked so exciting.