

CGI GROUP INC
Form 6-K
August 02, 2017

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2017

Commission File Number 1-14858

CGI Group Inc.
(Translation of Registrant's Name Into English)

1350 René-Lévesque Boulevard West
25th Floor
Montreal, Quebec
Canada H3G 1T4
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
o Form 20-F x Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

o Yes x No

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If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____.

Enclosure: Press Release concerning results dated August 2, 2017.

This Form 6-K shall be deemed incorporated by reference in the Registrant’s Registration Statement on Form S-8, Reg. Nos. 333-13350, 333-66044, 333-74932, 333-112021, 333-146175, 333-177013, and 333-197742.

The following is filed herewith and incorporated herein:

| Exhibit number | Description |
|----------------|---|
| 99.1 | Press Release concerning results dated August 2, 2017 |

PRESS RELEASE

Stock Market Symbols

GIB.A (TSX)

GIB (NYSE)

www.cgi.com/newsroom

CGI reports strong Q3 growth of 6.4%

Announces strategic initiative to accelerate profitable growth

Q3-F2017 year-over-year highlights

Revenue of \$2.8 billion, up 6.4% and 5.2% in constant currency;

- Adjusted EBIT of \$399.1 million, up \$8.6 million;

Adjusted EBIT margin of 14.1%;

Net earnings of \$276.6 million, up \$2.8 million;

Net earnings excluding specific items* of \$278.5 million, up \$4.6 million;

Net earnings margin of 9.8%;

Diluted EPS of \$0.92, up 3.4%;

Diluted EPS excluding specific items* of \$0.93, up 4.5%;

Bookings of \$2.7 billion;

Backlog of \$20.8 billion;

Cash provided by operating activities of \$290.6 million; and,

Return on equity of 17.2%, up 30 basis points.

*Specific items in Q3-F2017: \$1.8 million in integration-related costs net of tax.

Note: All figures in Canadian dollars. Q3-F2017 MD&A, interim condensed consolidated financial statements and accompanying notes can be found at www.cgi.com/investors and have been filed with both SEDAR in Canada and EDGAR in the U.S.

To access the financial statements - [click here \(PDF\)](#)

To access the MD&A - [click here \(PDF\)](#)

Montréal, Quebec, August 2, 2017 - CGI (TSX: GIB.A) (NYSE: GIB) reported fiscal 2017 third quarter revenue of \$2.8 billion, up 6.4% compared with last year as foreign exchange fluctuations favourably impacted revenue by \$31.3 million. On a constant currency basis, revenue grew by 5.2% or \$138.4 million.

Adjusted EBIT was \$399.1 million, up 2.2% compared with \$390.5 million in Q3-F2016. Adjusted EBIT margin was 14.1%.

Net earnings were \$276.6 million in Q3-F2017 and earnings per diluted share were 92 cents. Net earnings excluding specific items, were \$278.5 million representing 93 cents per diluted share, which compares to \$273.8 million or 89 cents last year.

Bookings amounted to \$2.7 billion. On a trailing twelve month basis, total awards were \$11.2 billion, or 103.8 % of revenue. At the end of June, the Company's backlog stood at \$20.8 billion.

In millions of Canadian dollars except earnings per share and where noted

| | Q3-F2017 | Q3-F2016 |
|---|-------------|-------------|
| Revenue | 2,836.8 | 2,667.1 |
| Adjusted EBIT | 399.1 | 390.5 |
| Margin | 14.1% | 14.6% |
| Net earnings | 276.6 | 273.8 |
| Margin | 9.8% | 10.3% |
| Earnings per share (diluted) | 0.92 | 0.89 |
| Net earnings excluding specific items* | 278.5 | 273.8 |
| Margin | 9.8% | 10.3% |
| Earnings per share (diluted) excluding specific items* | 0.93 | 0.89 |
| Weighted average number of outstanding shares (diluted) | 300,832,642 | 308,985,991 |
| Net finance costs | 16.9 | 18.1 |
| Net debt | 1,449.8 | 1,648.7 |
| Net debt to capitalization ratio | 17.2% | 20.5% |
| Cash provided by operating activities | 290.6 | 351.7 |
| Days sales outstanding (DSO) | 45 | 45 |
| Return on invested capital (ROIC) | 14.7% | 14.4% |
| Return on equity (ROE) | 17.2% | 16.9% |
| Bookings | 2,674.9 | 2,939.9 |
| Backlog | 20,799.5 | 20,613.6 |

*Specific items in Q3-F2017: \$1.8 million in integration-related costs net of tax.

“I am pleased with our team’s performance in Q3 as we continue to capitalize on the rising global demand for our services and solutions,” said George D. Schindler, President and Chief Executive Officer.

Cash generated from operating activities was \$290.6 million or 10.2% of revenue, compared with \$351.7 million in the year ago period. Over the last twelve months, \$1.4 billion or \$4.60 in cash per diluted share was generated compared with \$4.40 for the same period last year.

At the end of June, the Company had over \$1.8 billion in available cash and unused credit facilities. Net debt was \$1.4 billion, representing a year-over-year reduction of \$198.9 million. As a result, the net debt to capitalization ratio improved to 17.2% from 20.5%.

Strategic initiative to accelerate profitable growth

“For CGI to continue benefitting from the growth opportunities related to the permanent shift to digital across all industries, we are advancing strategic investments in proximity based talent alignment, automation, and cloud-based delivery models,” commented George D. Schindler, President and Chief Executive Officer. “We expect these investments to yield benefits throughout fiscal 2018.”

The Company will incur a \$165.0 million pre-tax expense over the next year to compress the timeline of implementing certain elements of its profitable growth strategy.

Q3-F2017 results conference call

Management will host a conference call this morning at 9:00 a.m. Eastern Daylight Time to discuss results.

Participants may access the call by dialing 1-800-377-0758 or via cgi.com/investors. For those unable to participate on the live call, a podcast and copy of the slides will be archived for download at cgi.com/investors.

About CGI

Founded in 1976, CGI Group Inc. is the fifth largest independent information technology and business process services firm in the world. Approximately 70,000 professionals serve thousands of global clients from offices and delivery centers across the Americas, Europe and Asia Pacific, leveraging a comprehensive portfolio of services, including high-end business and IT consulting, systems integration, application development and maintenance and infrastructure management, as well as 150 IP-based services and solutions. With annual revenue in excess of C\$10 billion and an order backlog exceeding C\$20 billion, CGI shares are listed on the TSX (GIB.A) and the NYSE (GIB). Website: www.cgi.com.

Non-GAAP financial metrics used in this release: Constant currency growth, adjusted EBIT, net debt, net debt to capitalization ratio, bookings, book-to-bill ratio, backlog, DSO, ROIC, ROE and net earnings and diluted EPS excluding specific items.

CGI reports its financial results in accordance with IFRS. However, management believes that these non-GAAP measures provide useful information to investors regarding the Company's financial condition and results of operations as they provide additional measures of its performance. Additional details for these non-GAAP measures can be found on page 2 and 3 of our MD&A which is posted on CGI's website, and filed with SEDAR and EDGAR.

Forward-Looking Statements

All statements in this press release that do not directly and exclusively relate to historical facts constitute "forward-looking statements" within the meaning of Section 27A of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934, as amended, and are "forward-looking information" within the meaning of Canadian securities laws. These statements and this information represent CGI's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements or forward-looking information. These factors include but are not restricted to: the timing and size of new contracts; acquisitions and other corporate developments; the ability to attract and retain qualified employees; market competition in the rapidly evolving information technology industry; general economic and business conditions; foreign exchange and other risks identified or incorporated by reference in this press release, in CGI's annual and/or quarterly Management's Discussion and Analysis and in other public disclosure documents filed with the Canadian securities regulatory authorities (on SEDAR at www.sedar.com) and the U.S. Securities and Exchange Commission (on EDGAR at www.sec.gov), as well as assumptions regarding the foregoing. The words "believe", "estimate", "expect", "intend", "anticipate", "foresee", "plan", and similar expressions and variations thereof, identify certain of such forward-looking statements or forward-looking information, which speak only as of the date on which they are made. In particular, statements relating to future performance are forward-looking statements and forward-looking information. CGI disclaims any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements or on this forward-looking information.

For more information:

Lorne Gorber

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CGI GROUP INC.
(Registrant)

Date: August 2, 2017 By: /s/ Benoit Dubé
Name: Benoit Dubé
Title: Executive Vice-President, Chief Legal
Officer and Corporate Secretary