

# CAPITA



## Investor & analyst presentation

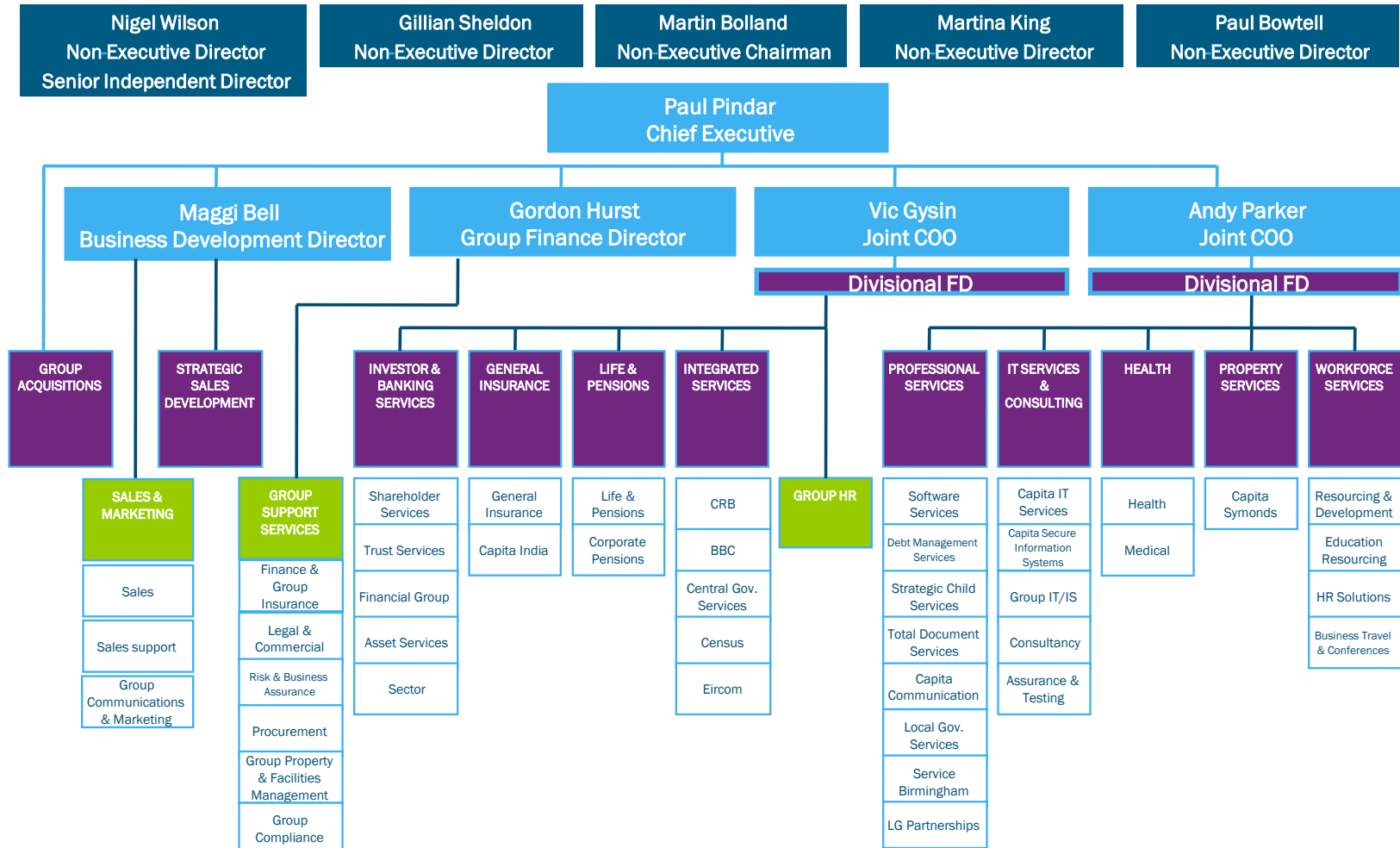
Paul Pindar  
Chief Executive

8 October 2012

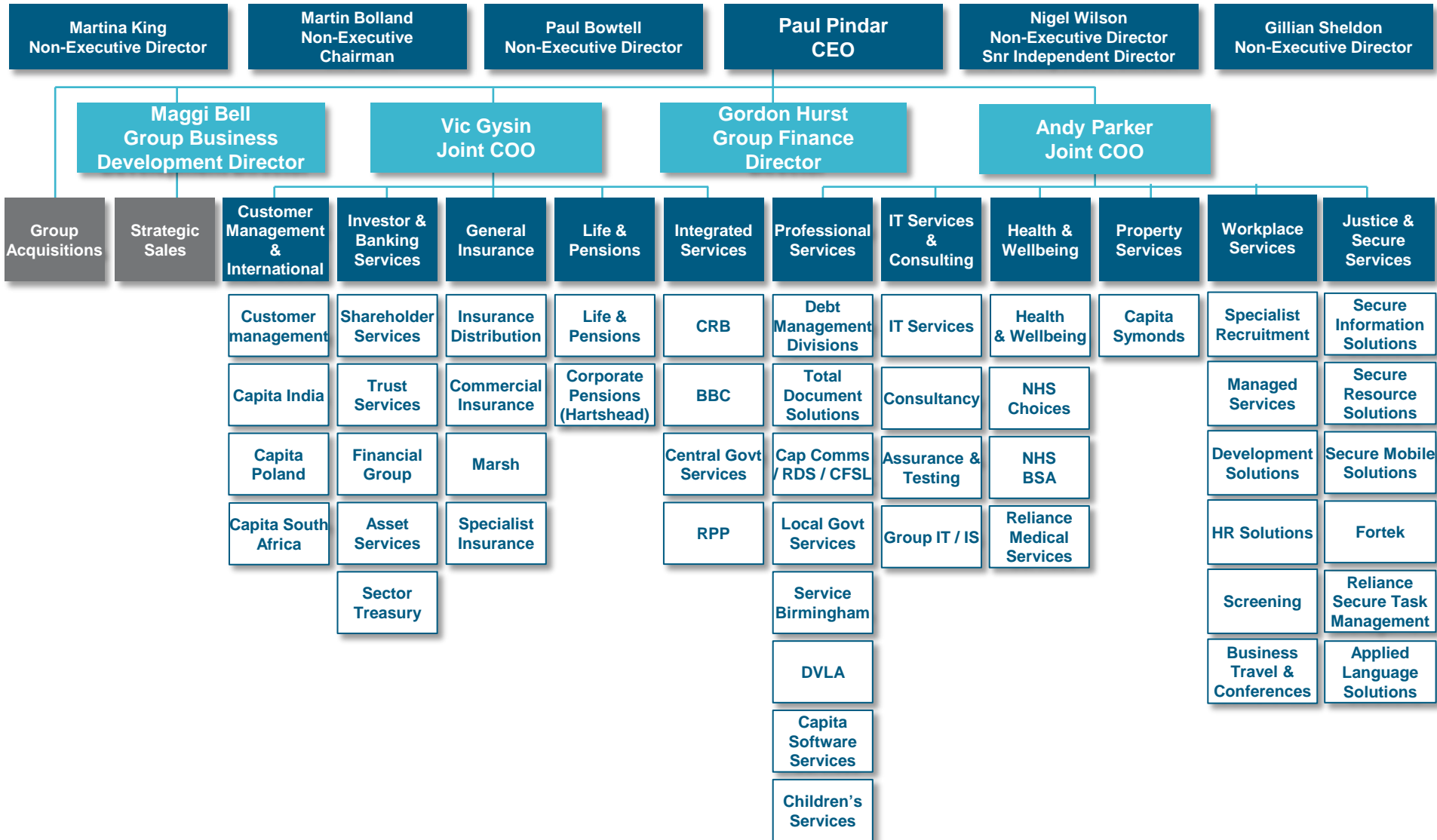
# Welcome & agenda

- Purpose of today
  - Opportunity to meet members of our divisional management team
  - Provide a deeper insight into a number of our businesses, examining our capabilities, competitive landscape and future developments
- Schedule:
  - **2.10pm– 2.55pm:** Workplace Services – Dawn Marriott-Sims  
Health & Wellbeing – Jason Powell  
Q&A
  - **2.55pm – 3.40pm:** Investor & Banking Services – Anthony O’Keefe  
Justice & Secure Services – Andy Parker  
Q&A
  - **3.40pm – 4.00pm** BREAK
  - **4.00pm – 5.00pm** Customer Management & International – Mike Barnard  
Acquisitions – Ian West  
Q&A
  - **5.00pm – 6.00pm** Drinks and Canapés

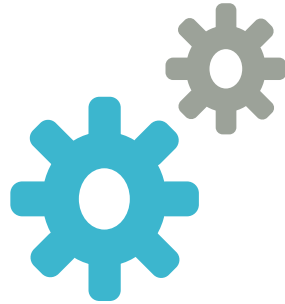
# Current organisational structure – 2012



# New organisational structure – 2013



# CAPITA



## Workplace Services

Dawn Marriott-Sims  
Executive Director

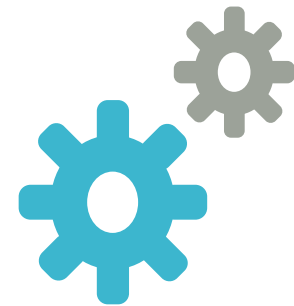
// To be widely recognised as the leading provider of corporate travel, recruitment, and HR transformational and delivery services in our chosen markets

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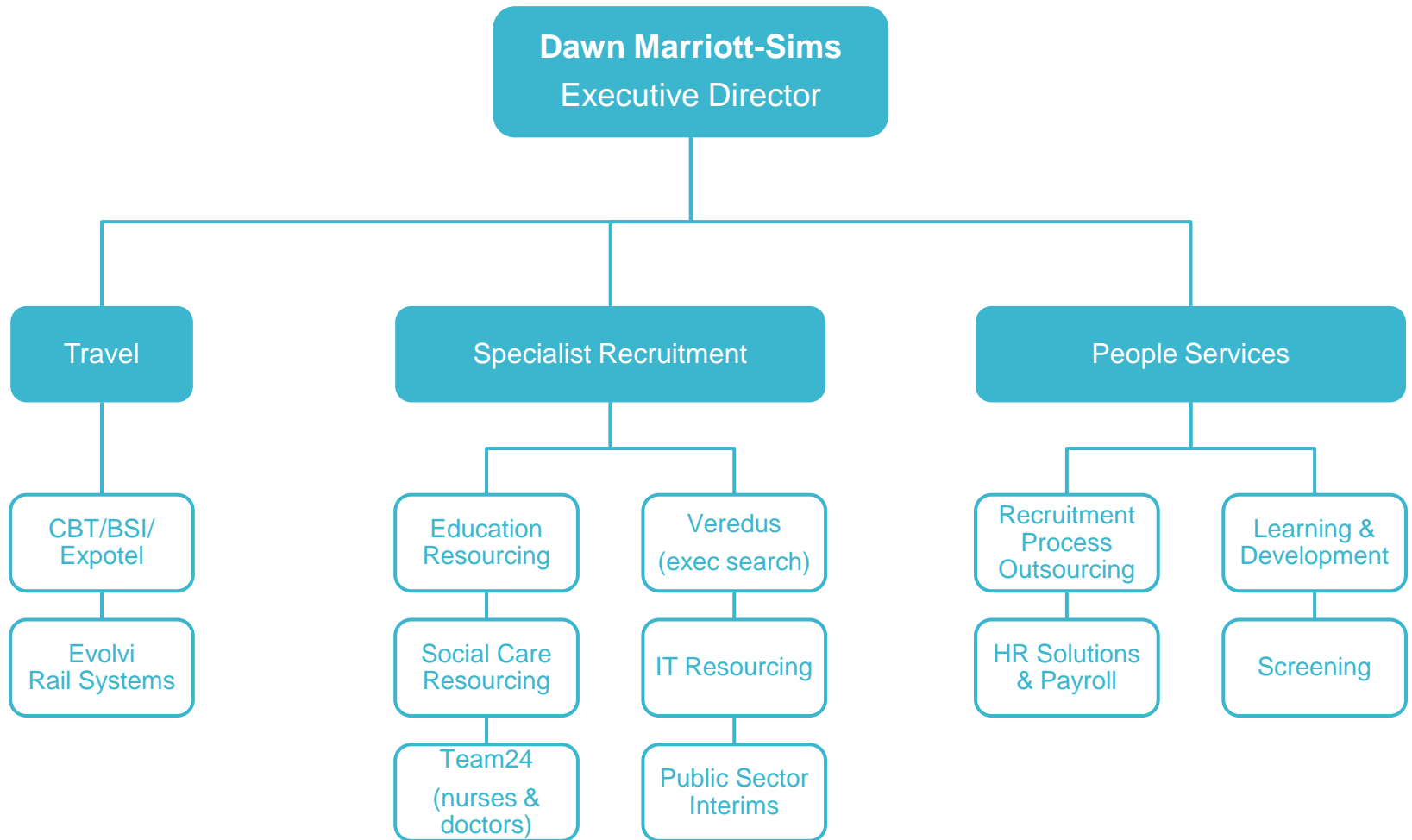
8 October 2012

# Agenda

- **Workplace Services – what we do**
- **Operational focus**
- **Market trends & opportunities**
- **Our clients and what we do for them**
- **Business Travel – the journey**



# What we do



# What we do...

## Travel

- At peak we issue 1 million corporate rail tickets per month
- We arrange 3 million hotel room nights per annum
- We organise 55,000 meetings & 1,800 events per annum

## Specialist Recruitment

- 3,000 people working every week
- Includes nurses, teachers, doctors, IT, social workers and interim managers

## People Services

- In any one given week we have in excess of 5,000 workers actively out with clients via our RPO business
- We process £355 million per month in client payrolls
- We deliver training to over 1 million delegates across 1,000 subject areas every year
- We pre-employment screen 350,000 people annually in more than 40 countries and carry out 10,000 CRB checks every month

***For a client base of around 6,000 different organisations***



# Our focus

## Clients

A professional and informative service for stakeholders which offers value for money, is agile and delivers its promises and innovation.

## Users

A service that is reliable, easy to use, embraces the digital age where applicable and matches the way people want to engage and manage their day-to-day lives.

## Employees

A working culture that enables employees to thrive and develop through collaboration, empowerment, focus on client needs and growing the business.

## Partners

A culture of working with key partners being clear about our expectations of each other and having shared objectives and risks.

## Business objectives

- Grow the Division through organic routes
- Grow the Division through acquisition
- Create a brand that is easy to understand
- Achieve a higher client satisfaction level by increasing client focus
- Become an organisation where staff thrive and develop
- Do more for less
- Be innovative in our processes and our use of technology
- Decrease operational risk
- Achieve a consistent baseline of quality
- Create and use more management information to become an intelligence-led environment

# Market trends & opportunities

Market	Trends	Opportunities
Specialist Recruitment	<ul style="list-style-type: none"> <li>• Increased price pressure for interims as a result of limited budgets</li> <li>• Wide scale legislative changes such as pension auto-enrolment</li> </ul>	<ul style="list-style-type: none"> <li>• More than 80% of employers plan to maintain or increase their use of non permanent workers in the next year</li> <li>• Potential for the market to consolidate, tactical recruitment</li> </ul>
People Services	<ul style="list-style-type: none"> <li>• Market expectation to transform &amp; integrate into other areas of their business</li> <li>• Increased use of frameworks</li> </ul>	<ul style="list-style-type: none"> <li>• More informed clients requiring more outcome based services</li> <li>• 4 strong offerings combine to make our position very favourable</li> <li>• Better alignment of our delivery</li> </ul>
Travel	<ul style="list-style-type: none"> <li>• Increased expectations of online user experience</li> <li>• New entrants to corporate rail ticket services</li> </ul>	<ul style="list-style-type: none"> <li>• International purchasing</li> <li>• Up selling of multi products</li> </ul>

Department for  
**Education**



**PRUDENTIAL**



Severn Trent Water

**easyJet**



everything  
everywhere™



**Royal Mail**

**Raytheon**



**CIVIL SERVICE**



**CAPITA**

# Driving value into the nuclear sector

- RPO contract to provide all non permanent workers
- Provide services to 9 nuclear companies in a collaboration deal across 23 site locations
- On-site and off-site delivery teams
- Embedded technology – streamlined processes
- Successfully transitioned 2,300 agency supplied workers
- Currently manage 1,500 contractors across the nuclear estate
- Manage relationships through a collaborative framework
- Engage with an active supply chain of partners to support us
- Continuous improvement programme – SCRIA review
- Embedded CSR Programme
- Estimated total savings achieved £20m from 2010
- Recruiter Award for 'Best Embedded Recruitment Team' in 2010



# Transforming the way VW provides learning

- Delivery of VW Group UK's commercial training since 2008
- Management of National Learning Centre in Milton Keynes
- Helping VW employees improve performance
- Learning programme scheduling, design and delivery
- Monitoring the L&D investment against business targets
- Strong, efficient end to end process
- 50% reduction in operating costs
- Increased quality and customer satisfaction rates
- Focus on brand protection and improving customer experience



*Capita L&D came into Volkswagen's National Learning Centre and made an immediate impact, and they have continued to improve and evolve their service to us, aligning it with our business needs. The improved quality of our course content and of our delivery team has been obvious, and their engagement with ourselves as a client and the various Volkswagen Group brands has been consistently excellent.*

Mary Newcombe, Head of VW, National Learning Centre

# Belfast 'near shore' HR delivery centre of excellence



## Overview

- Established in 2006
- Currently over 300 HR, Payroll and Recruitment professionals
- Current contracts run as far as 2021
- Public and private sector clients
- Experienced business support team including programme and project management, finance, commercial and IT

## Services provided

- HR case management
- Resourcing
- HR Administration
- Remuneration administration
- Payroll
- Assessment and development
- First line telephony support for a range of associated services

## Facts and figures

- 6000 vacancies filled annually
- Serving up to 100,000 users
- Manage up to 4,000 new starters / month
- Produce over 67,000 payslips / month
- 99 monthly client SLAs – 99% + met
- 20,000 telephone queries monthly
- 100% external audit compliance
- Physical building security to IL5 ('Secret')

## Opportunity

- Near shore delivery centre for GB
- Irish Republic and local NI public and private sector opportunities
- Expand centre to include other back office functions (finance, procurement etc)
- Organic growth from existing clients
- Relocate existing client work or Capita's own back office to Belfast to benefit from salary arbitrage and quality of staff

# Civil Service Learning (CSL) update

- **Enhancing talent to support Civil Service reform:**
  - Developing leaders for the future
  - Building capability
  - Developing commerciality
- **YTD – 44% Capita delivery, 56% procured (35% of which are SMEs)**
- **Over 200,000 registered users of the service**
- **Over 600 suppliers registered on Capita’s dedicated CSL supplier portal**
- **A year to date average cost saving of 58% on delivery of face to face training courses**
- **98.5% of delegates who have attended courses agree or strongly agree that the event met published objectives/outcomes**
- **79 blended learning products designed and live utilising existing Capita and Crown IPR**

# Recruiting Partnering Project (RPP) update

- **Implementation under way and all major milestones met**
- **Joint programme governance established and all work-streams progressing for service commencement in H1 2013**
- **Joint operational governance and partnering regime in place for operational transition**
- **TUPE for MoD civilian staff on 1 Oct 2012**
- **Developing joint Recruiting Plan for 2013 – 2014**
- **Significant prospects emerging in other parts of defence sector**



# Business travel - creating scale in a new market

4<sup>th</sup> largest corporate travel services supplier in the UK



2005 ACQUISITION OF LONSDALE TRAVEL

2007 REBRANDED AS CAPITA BUSINESS TRAVEL

2007 ACQUISITION OF HARRY WEEKS TRAVEL (rebranded to Evolvi)

2010 ACQUISITION OF BSI

2011/12 MAJOR CONTRACT WINS

2012 A YEAR OF AWARDS

2012 ACQUISITION OF EXPOTEL GROUP



# Workplace Services

**// To be widely recognised as the leading provider of corporate travel, recruitment, and HR transformational and delivery services in our chosen markets //**

# CAPITA



## Health & Wellbeing

Jason Powell  
Executive Director

8 October 2012

# Health & Wellbeing

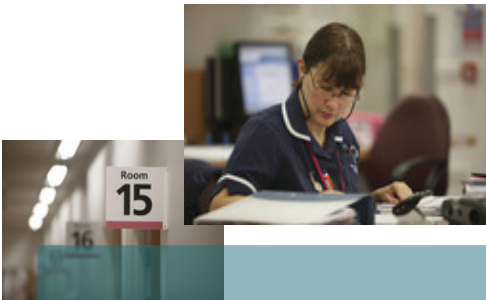
## Agenda

- The Health & Wellbeing story
- The Capita ecosystem
- Our capability
- Diversified revenue base
- RPP case study
- Personal Independence Payments case study

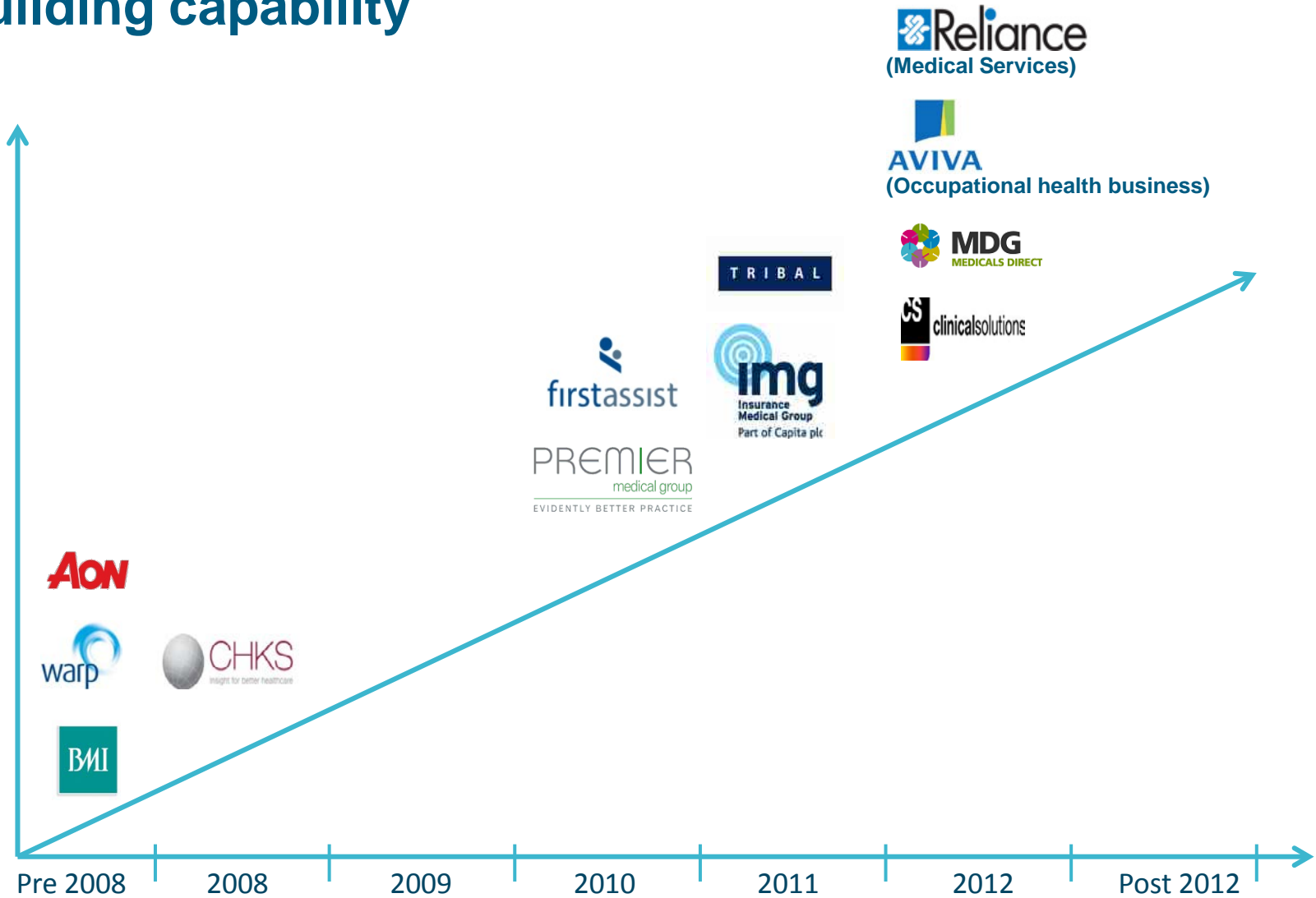


# The Health & Wellbeing story

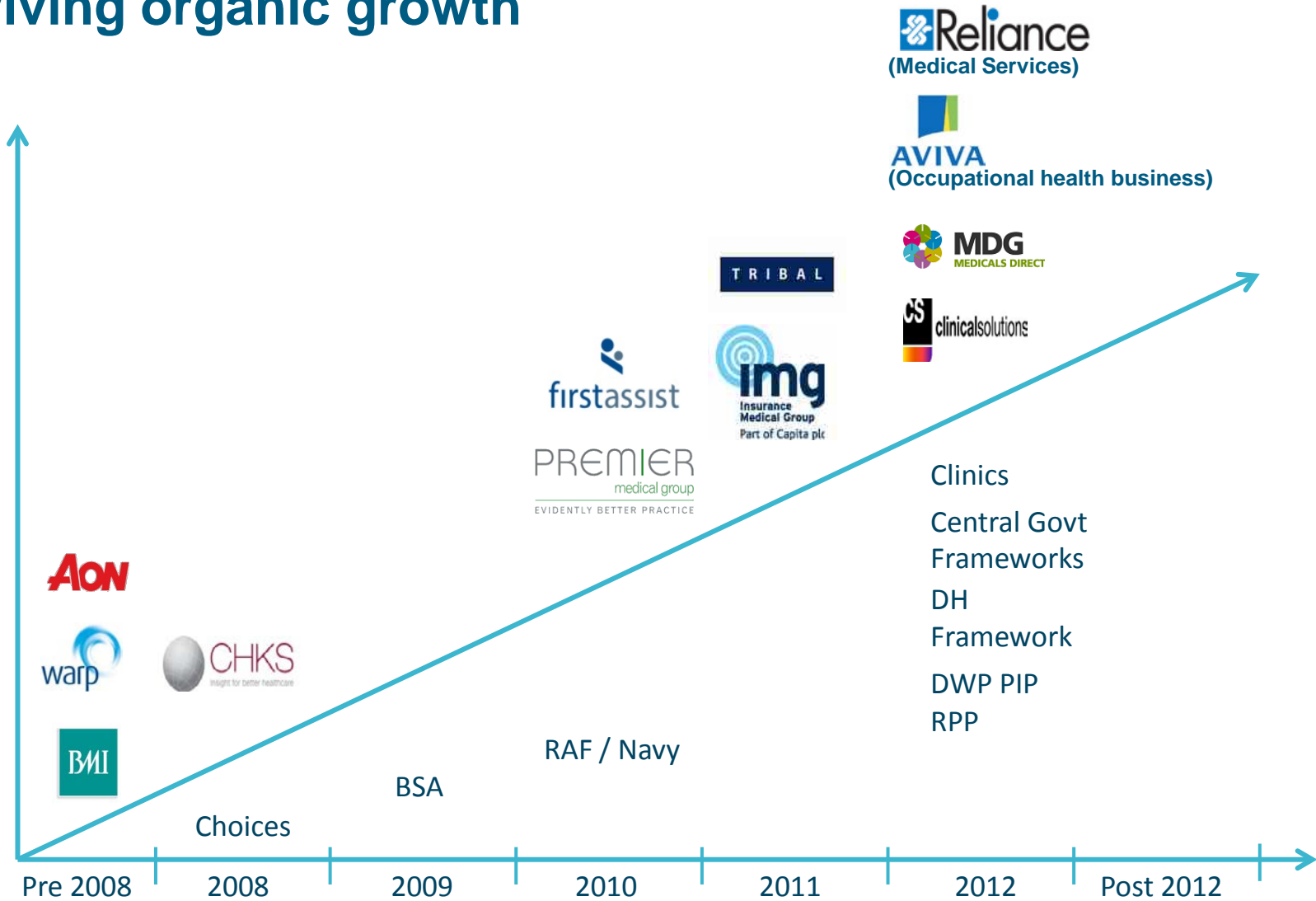
“Establishing capability through acquisition to drive organic growth”



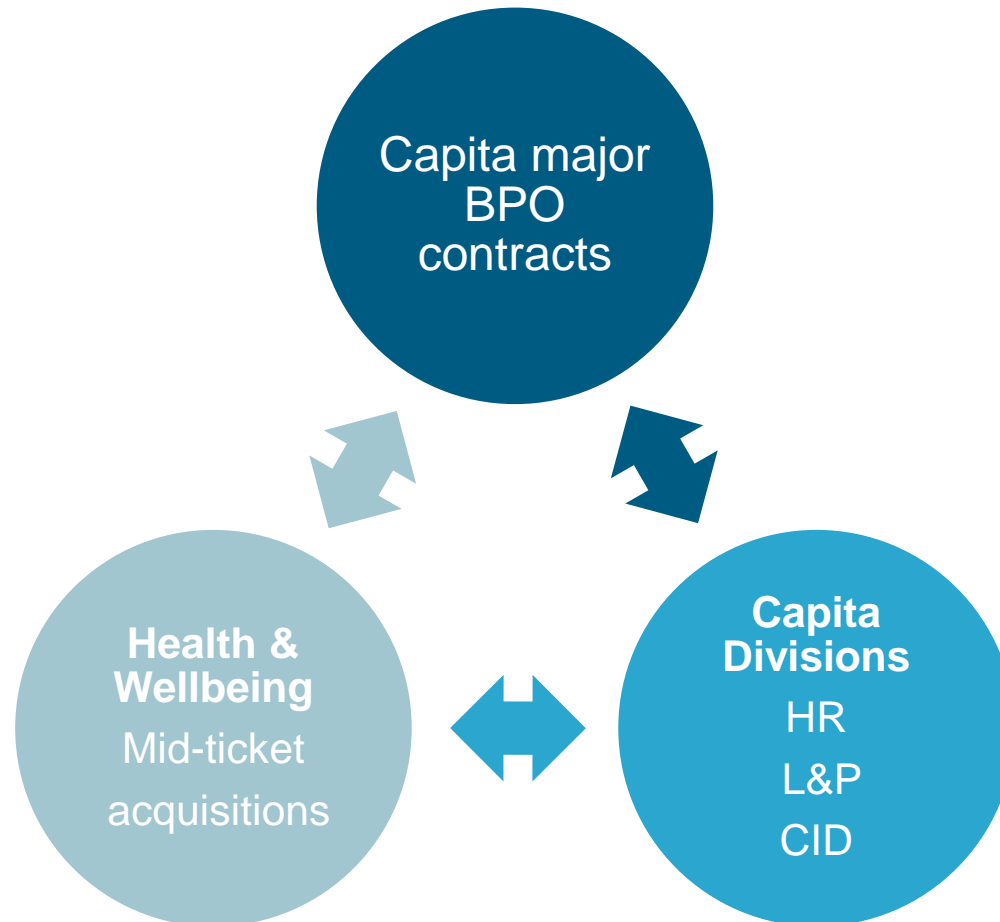
# Building capability



# Driving organic growth

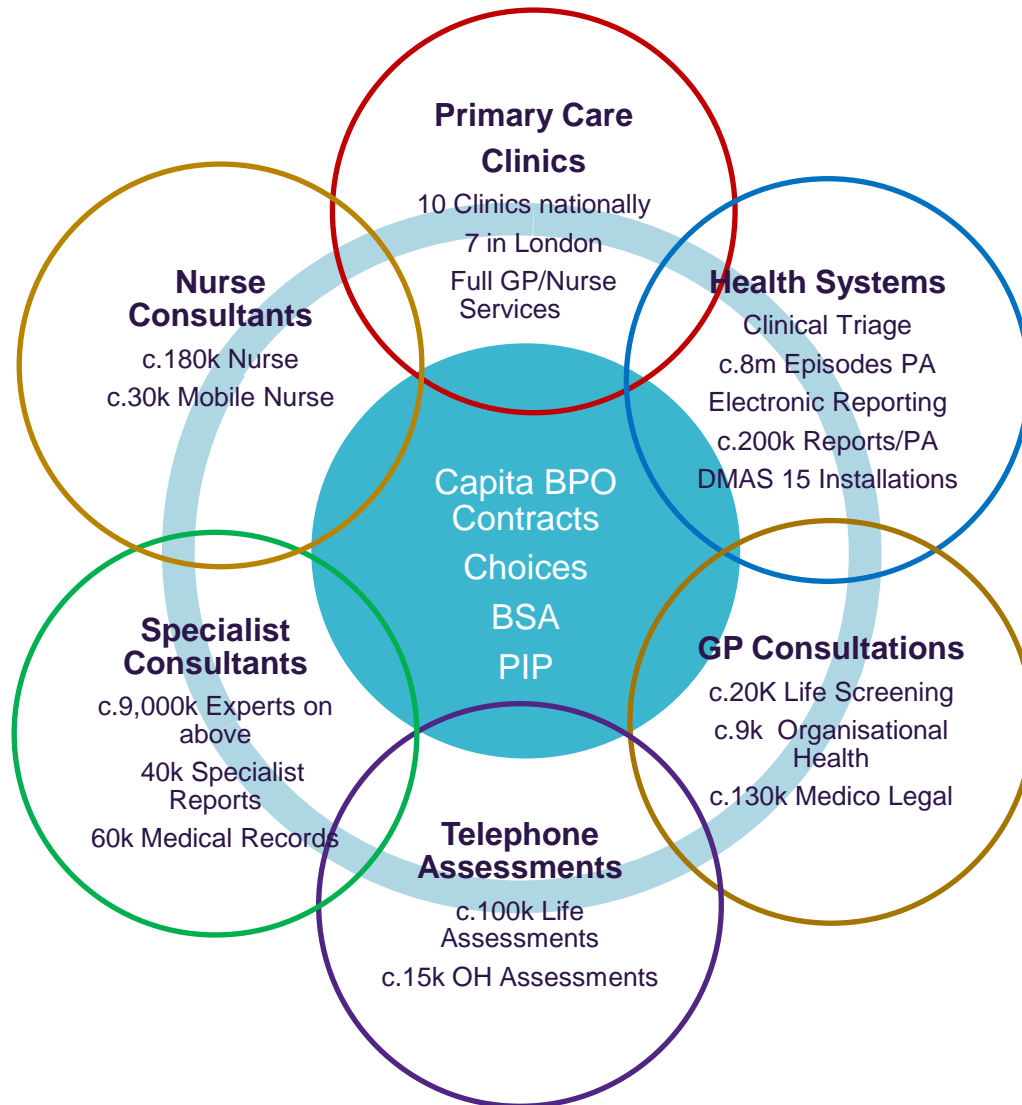


# Drivers of growth – Capita ecosystem

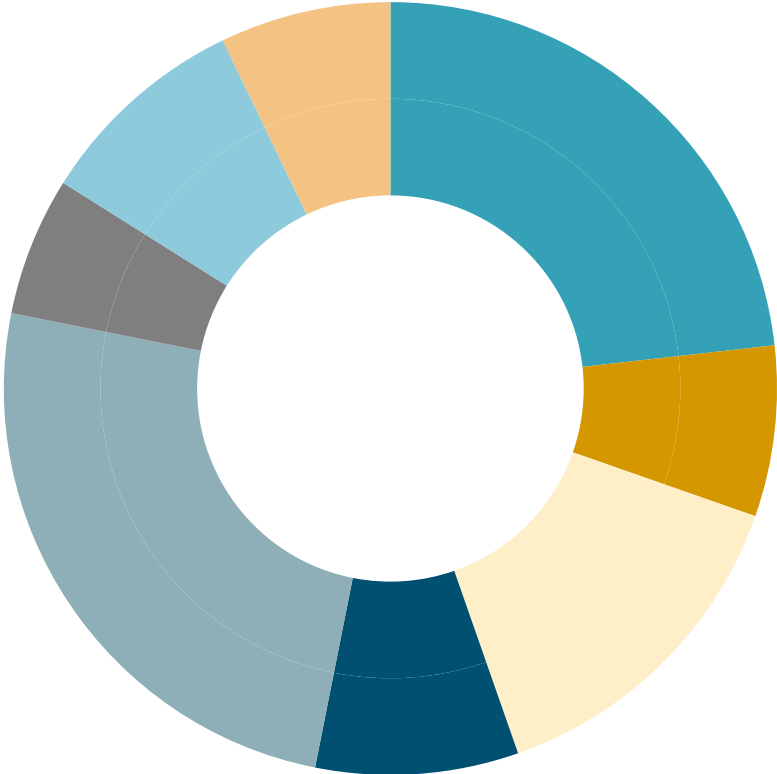




# Our capability – powering Health & Wellbeing



# Increasingly diversified revenue base



- Medico Legal Reporting 23%
- Life Screening 7%
- Organisational Health (Incl. EAP & Physiotherapy) 14%
- International Medical Services 8%
- Health Informatics & Decision Support 25%
- Military & Custodial Services 6%
- PIP Assessments 9%
- NHS Business Services Authority 7%

# RPP case study

## Recruitment Partnering Project (RPP) – Ministry of Defence

- Capita selected to deliver entire recruitment process for the Army and enabling ICT for Navy and RAF in a contract worth a total of £497m over 10 years
- Capita Health & Wellbeing is a key part of overall solution (approx 10% of total contract)
- Supports end-to-end screening process and ensures appropriate candidates selected for progression
- Helped to differentiate Capita's solution from competitors:
  - CRM platform (Acquired through Premier Medical Group)
  - WARP technologies online screening solution
  - Innovative solution for Cardiac Screening
  - Credibility with RAF and Navy

# Personal Independence Payments case study

## Personal Independence Payments (PIP) – Department for Work and Pensions

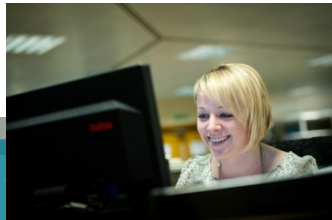
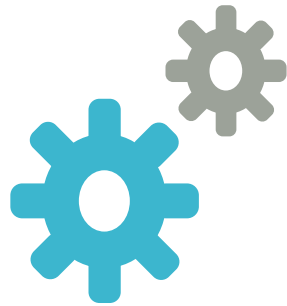
- Selected to provide assessments across central England and Wales, expected to be worth around £140m over 5 years
- PIP will replace the existing Disability Living Allowance (DLA) for people of working age (16 to 64) from 8 April 2013
- Essential to securing the contract was our extensive capability in health assessment established through acquisitions including PMG and MDG
- Worked with a number of representative groups to ensure that claimants receive a fair and independent assessment of their ability to live independently
- Ensure that the process is robust and efficient:
  - Assessments will be delivered through a network of local consultation centres, utilising both existing Capita centres, those of disability group partners and home visits
  - Majority of assessments will be face to face, conducted by a nurse, doctor, physiotherapist or other trained healthcare professional

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Questions?

# CAPITA

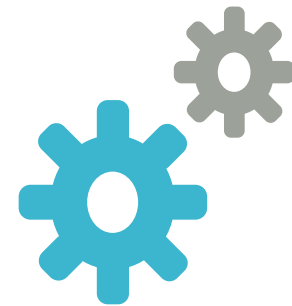


## Investor & Banking Services

Anthony O'Keeffe  
Executive Director

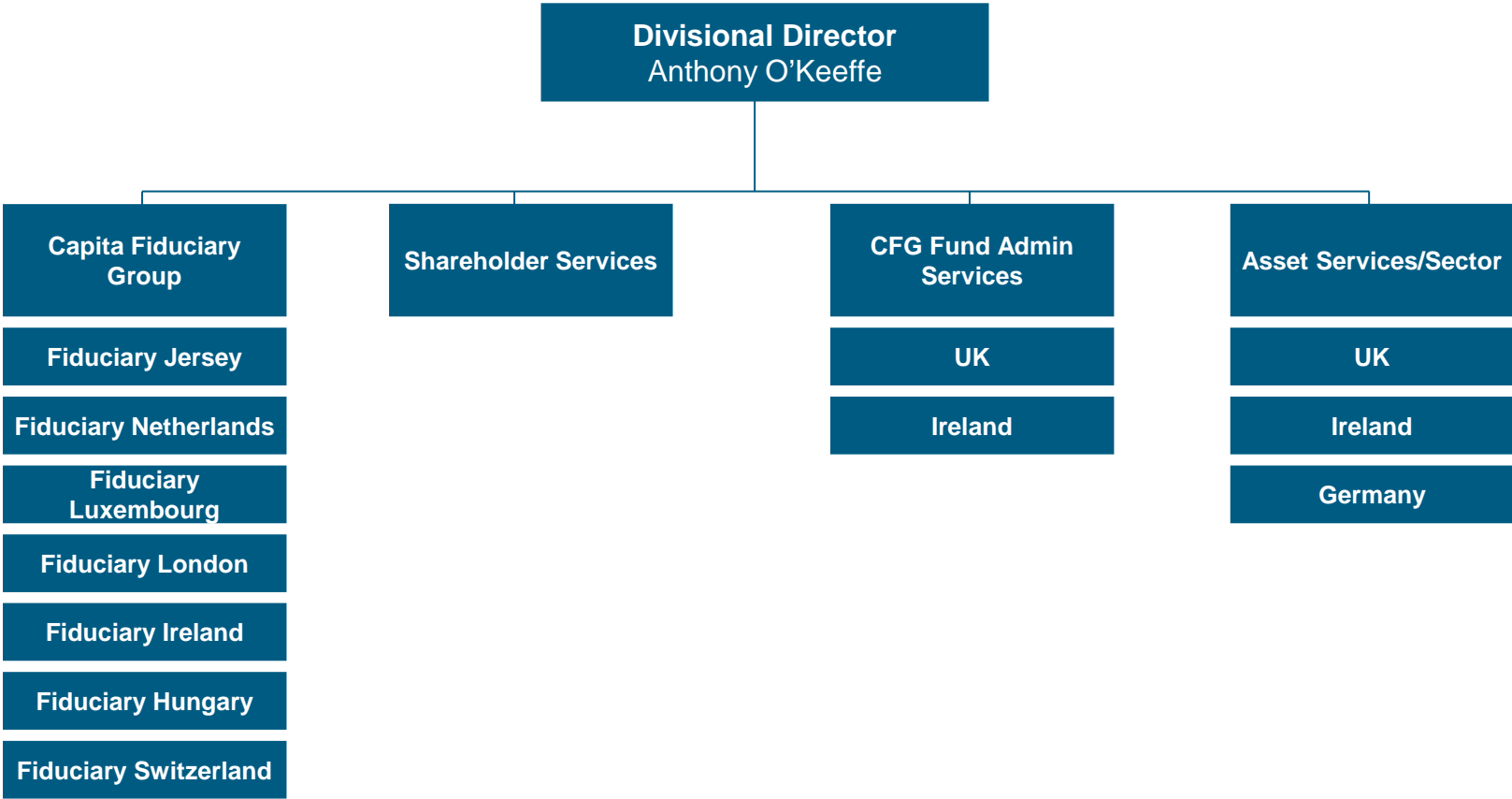
8 October 2012

- **Who we are**
- **What we do**
- **Multi-jurisdictional services**
- **Some core statistics**
- **A global client base**
- **Organic growth - success stories**
- **Niche acquisitions supporting growth**
- **Lift-outs adding value**
- **Where we are headed**
- **Any questions**



# Who we are

# Investor & Banking Services





- FY 2011 revenue of £213m, average annual compound **growth exceeds 40%** in a number of business lines; a mixture of organic, acquisition and lift-out
- Highly profitable business: **margins consistently exceed 25%**
- **c2,400 people** across 10 jurisdictions
- **Clear visibility** of future revenue through a level of annuity based income
- Senior management team: average **20+ years of relevant industry experience**
- **Market leading** positions in e.g. Share Registration & CMBS (Commercial Mortgage Backed Securities) servicing
- **Highest rated** independent European servicer provider as per Fitch and S&P

- **Building position and scale in new jurisdictions**
- **Strong pipeline of new opportunities**
- **Robust governance and control - regulated and non-regulated businesses**
- **Unique infrastructure and delivery network offering UK/international clients:**
  - A value-add proposition
  - Cost savings through innovation
  - Seamless multi-jurisdictional services
  - A long-term relationship
  - Peace of mind
- **Underpinned by a focused client centric approach**

# What we do

# Investor & Banking Services

Capita Fiduciary Group  
& Capita International  
Financial Services

Provides corporate and trust services to a wide range of institutional, corporate and private clients worldwide, from locations in Hungary, Ireland, Jersey, Luxembourg, The Netherlands, Switzerland and the UK

Capita  
Registrars

Core business is share register management and we are the largest UK registrar servicing 7m shareholders. Offering an extensive range of associated services such as employee share plan administration, share dealing, company secretarial services, investor relation services and corporate actions management

Capita Financial Group

Provides investment managers with a comprehensive set of onshore and offshore fund and saving scheme administration solutions across a wide variety of fund structures and asset classes

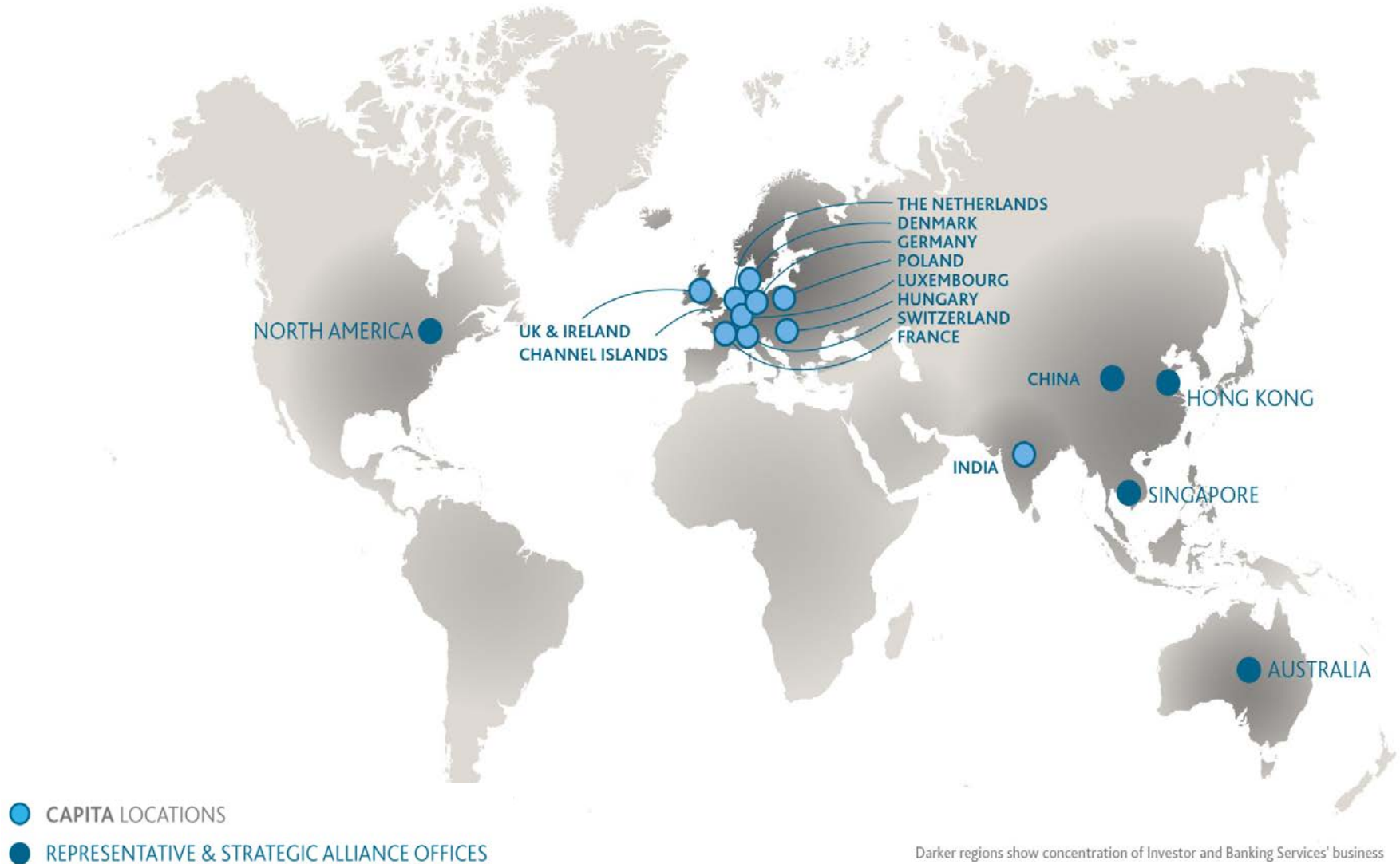
Sector  
Treasury

Provides capital financing, treasury advisory, strategic and consulting services to UK public service organisations

Capita Asset  
Services

Manages a portfolio of commercial real estate loans of over €120bn across 13 European jurisdictions and the only loan servicer to offer a complete end-to-end solution, helping clients streamline operations and manage costs effectively

# Multi-jurisdictional services - enhanced value proposition



# Some core statistics

# Investor & Banking Services

We have helped more companies float in the UK in the last five years than any other registrar

11 of the last 14 FTSE100 companies who have changed registrar have moved to Capita

### Receipts

- >£17bn cash receipts
- 8.2m forms issued / processed

### Payments

- >£23.5bn cash paid
- >7m payments made

### Account management

- >7m live shareholder accounts
- 13.5m share transactions processed
- 40m historic shareholder records

### Corporate services

- >£30bn – value of corporate actions undertaken
- >£40bn – active corporate services

### Assets under management/ administration

- >£300bn
- Master Servicer to the €73bn NAMA portfolio

Responsible for 5 of the 8 Main Market IPOs this year. £1.2bn raised, market share accounts for £950m (75%)

We provide services to c60% of UK listed companies - we service 7m shareholders

# A global client base

# Investor & Banking Services



CAPITA

# John Lewis Partnership

## Investor & Banking Services

A new type of bond for retail investors

### The Partnership's objectives:

- To develop & diversify the Partnership's source of funding
- To strengthen the relationship with cardholders & partners
- To ensure the application process was simple and efficient
- To raise £50m in five weeks

*We would like to thank Capita for their hard work in ensuring the project met our objectives, whilst preserving our brand values.*

Ian Fleming,  
John Lewis Partnership

### Capita deliverables

- We worked closely with legal and other advisors to develop a unique investment product
  - 4.5% cash + 2% John Lewis Partnership vouchers, 1st come 1st served, non-transferable
- We delivered a multi-channel proposition that resulted in 84% of applications being online
- We delivered the £50m target in just two weeks

Core Capita characteristics displayed: innovation, efficiency, pace, accuracy, can-do attitude

# Circle Holdings

# Investor & Banking Services

## Building long-term relationships

Capita also provides support services to the offshore group of companies

Capita now also provides technical & specialist company secretarial support to the AIM quoted company working closely with the Board & NEDs

Management and control of the company re-domiciled to the UK

Circle Holdings plc floats on AIM (2011): Capita acts as registrar

Capita helps support the implementation of robust & disciplined corporate governance protocols (2010)

Client transfers from friendly Jersey competitor (2009)



Core Capita characteristics displayed: expertise, listening skills, can-do attitude, partnership



## Success stories

### Standard Life plc (Service quality)

- Standard Life – FTSE 100 provider of long term savings and investments
- Share register and employee share plans transfer – 1.5m shareholders, migration of 55m historic records
- Dedicated administration team trained in 'tone of voice' and corporate style
- Fully branded documentation
- Multi lingual share administration portal

### LAMS (Innovation)

- LAMS – Local Authority Mortgage Scheme
- To leverage local authority funding to kick start property market
- Capita – developed and set up a pilot scheme to assess viability
- Outcome – funders interested in a national scheme
- Local Authority Mortgage Scheme subsequently launched
- Capita – on-going Sector Treasury Services
- 200 local authorities interested in the scheme and 51 have already signed up

## Investor & Banking Services

### NAMA (Capability)

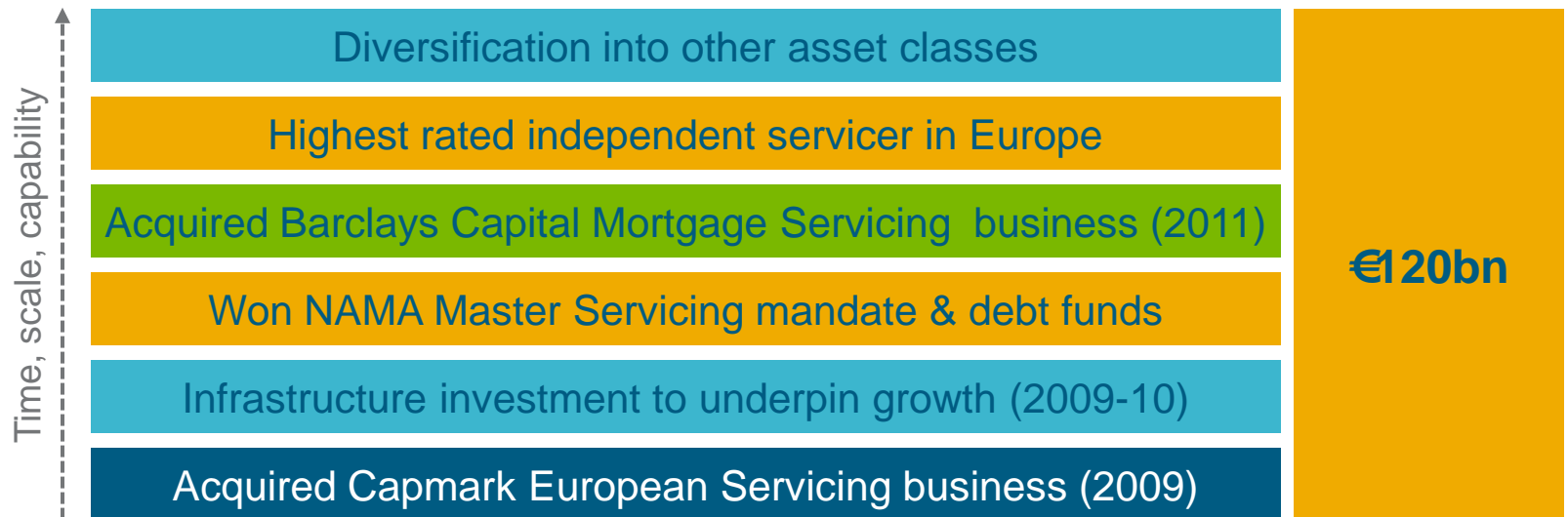
- The NAMA project is designed to remove the main systemic risk to the Irish banking system by acquiring a significant percentage of their commercial lending book
- Total of €73bn of assets made up of 20,000 loans has transferred from banks on a phased basis
- Capita Asset Services (CAS) - fulfils the role of Master Servicer and Back up Primary Servicer
- CAS sits as fulcrum between NAMA and the five participating banks

### National Grid (Service quality)

- National Grid - international electricity and gas company
- Rights issue – intention to raise £3.2bn from their 1.2m shareholders
- 350 dedicated call centre staff – trained in National Grid's 'tone of voice'
- Payments received and processed within 2 weeks, 345,000 certificates issued and issued 660,000 sale of shares payments

# Niche acquisitions supporting Investor & Banking Services growth

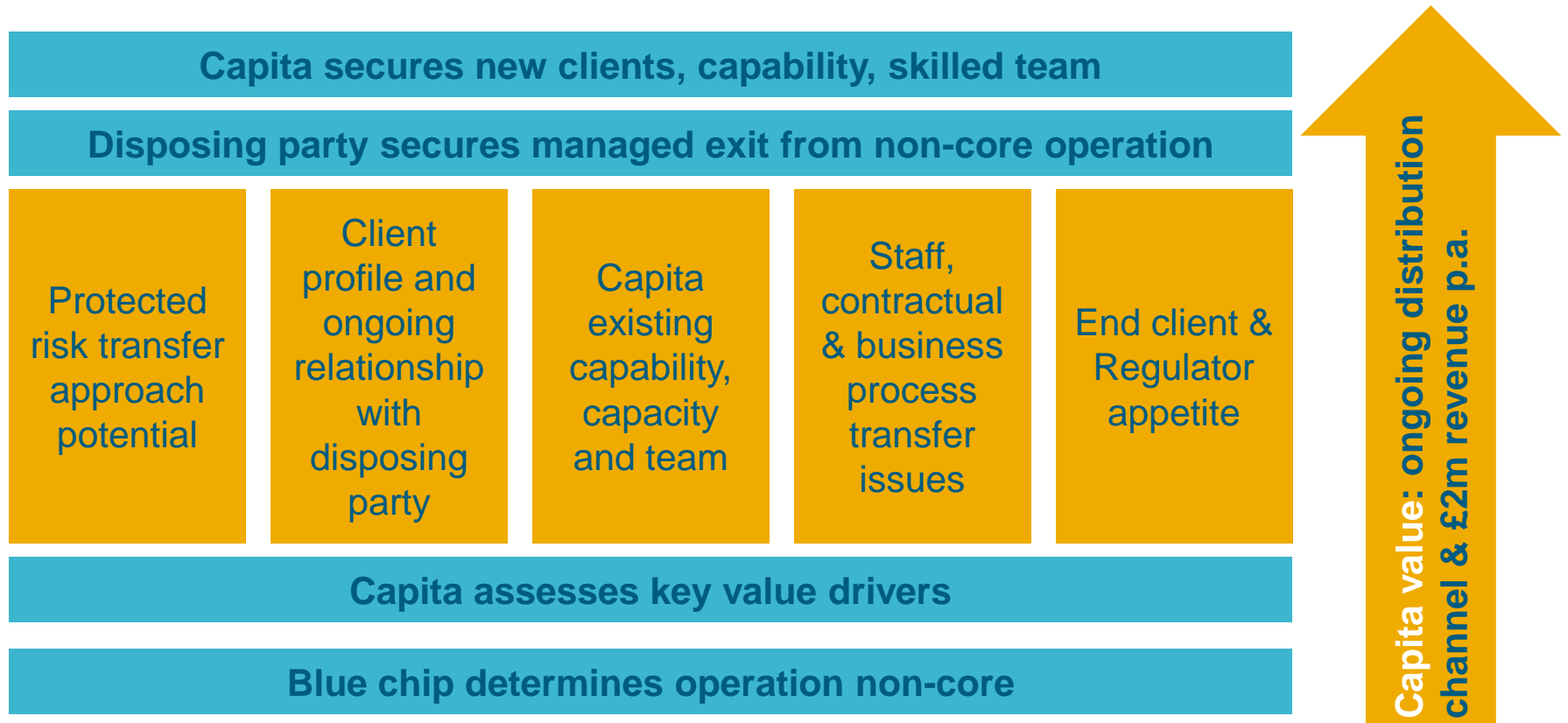
- **We are an active acquirer of businesses**
  - In 2011 we acquired AIB International Financial Services; Barclays Capital Mortgage Servicing; and AIB (Jersey) Trust
  - Providing us with additional scale in existing markets; and
  - Access to new services in new markets
- **Capita Asset Services success story**



# Lift-outs adding value

# Investor & Banking Services

Capita taking over a non-core operation and delivering value to clients



Core Capita characteristics displayed: partnership, expertise, can-do attitude, commerciality

## What we are focused on today

- Continuing with our 'one business' strategy
- Ongoing expansion of our distribution funnel via key intermediary relationships
- Further strengthening of our international presence in selective jurisdictions
- Targeted product development
- Key sector focus
- Continued investment in our team and delivery infrastructure
- Staying true to our principles of strong governance and control

## Example current active opportunities

- Big 4 partnering: end-to-end debt advisory & workout proposition
- Lift-out opportunities: numerous “non-core” operation discussions
- Maximising the value of cash & treasury management
- Sovereign wealth fund: expansion of existing services into other jurisdictions
- Retail bonds: eight active in 2012; significant expansion of pipeline for 2013

## Whilst:

- Our markets are competitive; and
- Our earning potential is aligned to global economic prosperity...

**We see genuine opportunities for growth in the short to medium term  
...and exceptional growth prospects when markets recover**

# CAPITA

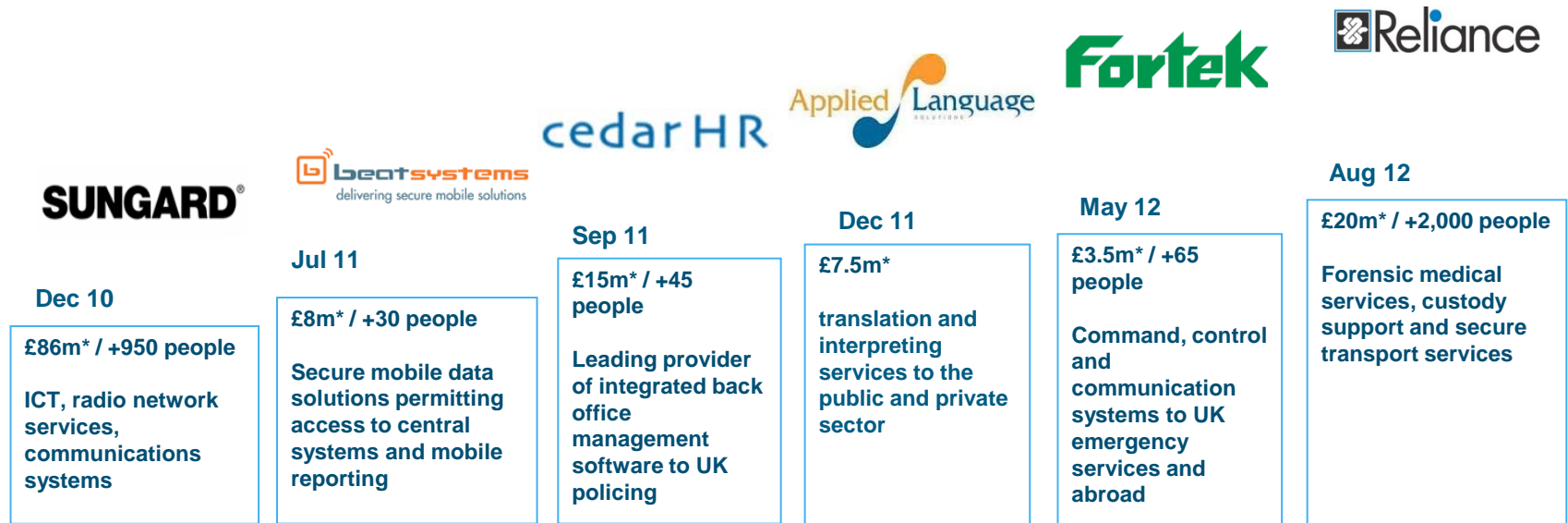


## Justice and Secure Services

Andy Parker  
Joint COO

8 October 2012

# Justice and Secure Services – building capability



**Strong platform for growth in secure justice and emergency services**



# What do we do?



- **The leading supplier of technology-enabled business change for the UK emergency and non-blue light services**
- **Integrated command, control and communications systems for public safety agencies**
- Capita’s nationwide network of field service engineers delivers full **radio managed services** to over 150,000 radios and devices across the UK
- **Digital interview recording solutions**
- Key development capabilities across the criminal justice system and **Police National Database (PND)**
- Fully **integrated back office business support solutions** for human resources, duty management, payroll, finance and procurement
- UK’s market leading **mobile data solution** for the UK’s Police
- **Custody and forensic medical services**



# Police

100%

## Coverage

We supply 100% of UK Police Forces with critical technology solutions



## IT managed service

We improved Devon and Cornwall Constabulary's ICT capacity and delivery to achieve a reliable, flexible and predictable service representing value for money

# 1991

## Pedigree

The UK market leader in its field, the Capita DSX range of solutions has a pedigree stretching back more than 20 years

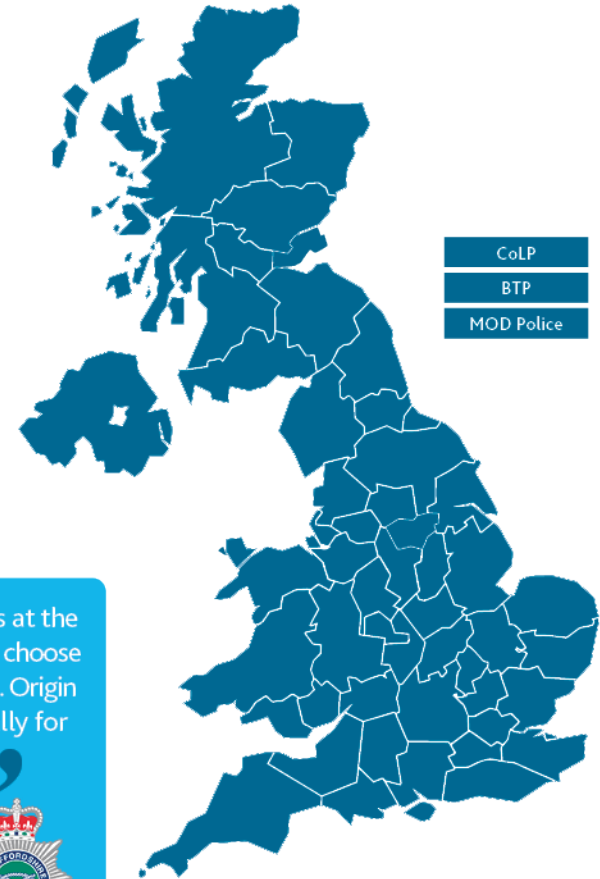


## £9m saving p.a.

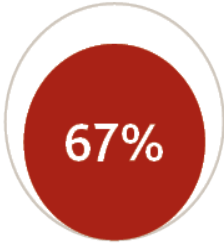
at Nottinghamshire Police through our Market leading secure mobile solution

“ Human Resources was at the heart of our decision to choose Origin ERP from Capita. Origin is developed specifically for the Police Service. ”

Graham Liddiard,  
Director of Resources,  
Staffordshire Police



# Fire



## Coverage

We supply **67% of UK Fire & Rescue Services** with control room technology



## Collaboration

We supplied key communications solutions to the **Welsh Fire & Rescue Service** collaboration programme

# Fortek

Part of Capita plc

## Acquisition

**Acquisition of Fortek** has expanded our capability and coverage in the UK and abroad

“The DSX ICCS has proven a vital piece of equipment in our operations for over 18 years and will continue to do so as we move to the latest generation to support our future work.”

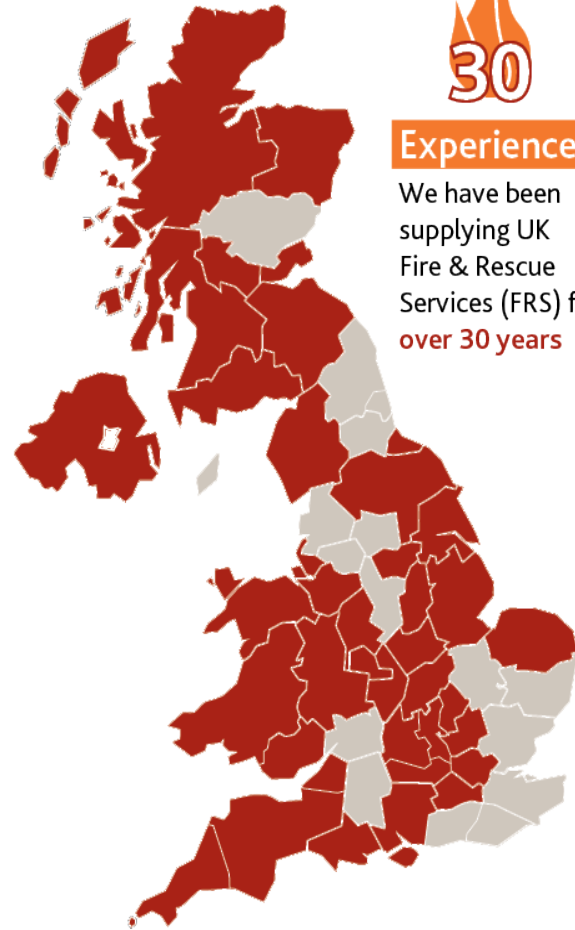
Bob Smith,  
Head of Control and Communications,  
Avon Fire & Rescue Service



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## Experience

We have been supplying UK Fire & Rescue Services (FRS) for **over 30 years**



Full technology upgrade for London Fire and Emergency Planning Authority, August 2012

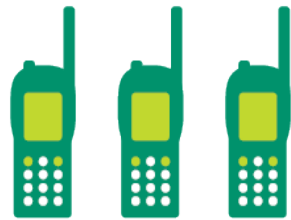


LONDON FIRE BRIGADE

# Ambulance

## Ambulance Radio Project

Provision of control room equipment and installation and support of Airwave radios and mobile data terminals across the entire UK ambulance fleet



## Wide Area Network

- 650 operator positions
- 800 Ambulance stations
- 10,000+ Tetra Digital Radio Mobiles
- 12,000+ Hand-portables
- 5,000+ Mobile Data installations



## Coverage

We manage a Wide Area Network encompassing all Ambulance Trusts in England, Scotland and Wales



24 hour technical support services for London Ambulance Service – Sept 2012



# Critical non-emergency services



## Highways Agency – full national control room and radio managed service

- 9 networked Regional Controls with full services from Capita including ICCS, CAD and
- Vehicle and Radio support
- Mobile Data



## Maritime and Coastguard Agency

- Managed network of 7 control rooms including Integrated Communications (ICCS) and Computer Aided Despatch (CAD)
- Other services provided



## Nuclear Decommissioning Agency

- 3 year ICT Managed services contract supporting 19 sites

## Olympics 2012

- Supporting the Metropolitan Police, Highways Agency and London Ambulance Service

# Care, custody and justice services



Capita's care, custody and justice services has been strengthened by the addition of Reliance Secure Task Management and Reliance Medical Services. Delivering safe and professional solutions which help reduce costs while improving efficiency and performance

- Custodial services
- Medical services
- Secure transport



The first private company to provide Police custody assistants



The first organisation to demonstrate that trained and experienced nurses, working with specialist doctors, can improve efficiency in the custody process



Able to demonstrate that the provision of these medical professionals enhances the care and wellbeing of detainees and safety of staff in the custody setting

1,000

Providing over 1,000 dedicated staff for the escort and transportation of people detained in the United Kingdom under the Immigration Act 1990



Operating in 70 centres with over 470 cells across 13 forces



Working with seven forces in over 40 custody suites examining over 60,000 people per year



Helping to look after and process over 230,000 detainees annually

# Justice and Secure Services – credentials

- **Supplying products and services to 100% of UK police forces**
- **Managing more than 40% of the radio terminals used by the police including the radio services to support them through the Olympics**
- **Manage a total of 150,000+ radios across the UK emergency services**
- **Delivering Criminal Justice Solutions to more than 50% of UK forces**
- **Every ambulance in England, Scotland & Wales is connected to our technology**
- **Provide services to 100% of English Highway Agencies command centres**
- **Work with 100% of Maritime and Coastguard Agency Rescue Coordination Centres**
- **Supplying control room solutions to 139 public safety facilities across the UK & Ireland**
- **Leading supplier of mobile data solutions to UK Police**
- **Supplying services to 67% of UK Fire and Rescue Services**
- **The leading supplier of custody and medical services to UK Police**
- **Leading supplier of integrated ERP shared services to UK Police**

# Future opportunities

**Continue to expand our solutions and capability portfolio in Emergency Services, Critical Services, Criminal Justice and Care based solutions**

- Police
- Courts
- Prison
- Probation
- UK Borders Agency
- Coastguard, British Transport Police, MoD



**Respond to the needs of the Police and Crime Commissioners from November 2012**

**International Export of Technology Solutions**

- Europe, Australasia and Middle East

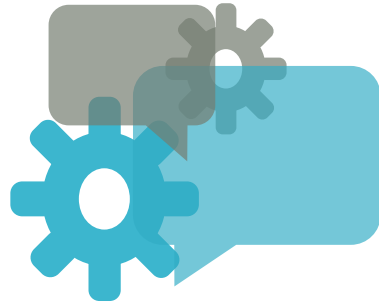
# CAPITA



Questions?



# CAPITA



## Customer Management & International

Mike Barnard  
Executive Director

8 October 2012

# Customer Management is the combination of Vertex (Private Sector), Ventura and Capita's BPO expertise

**VERTEX** (Private Sector)

Acquired October 2011  
Delivering voice & web-based solutions for customer management

£220m  
39 customers  
9,857 employees

**ventura**  
Outsourcing Experts

Acquired July 2011  
Delivering outsourced customer service, retention, sales & debt collection

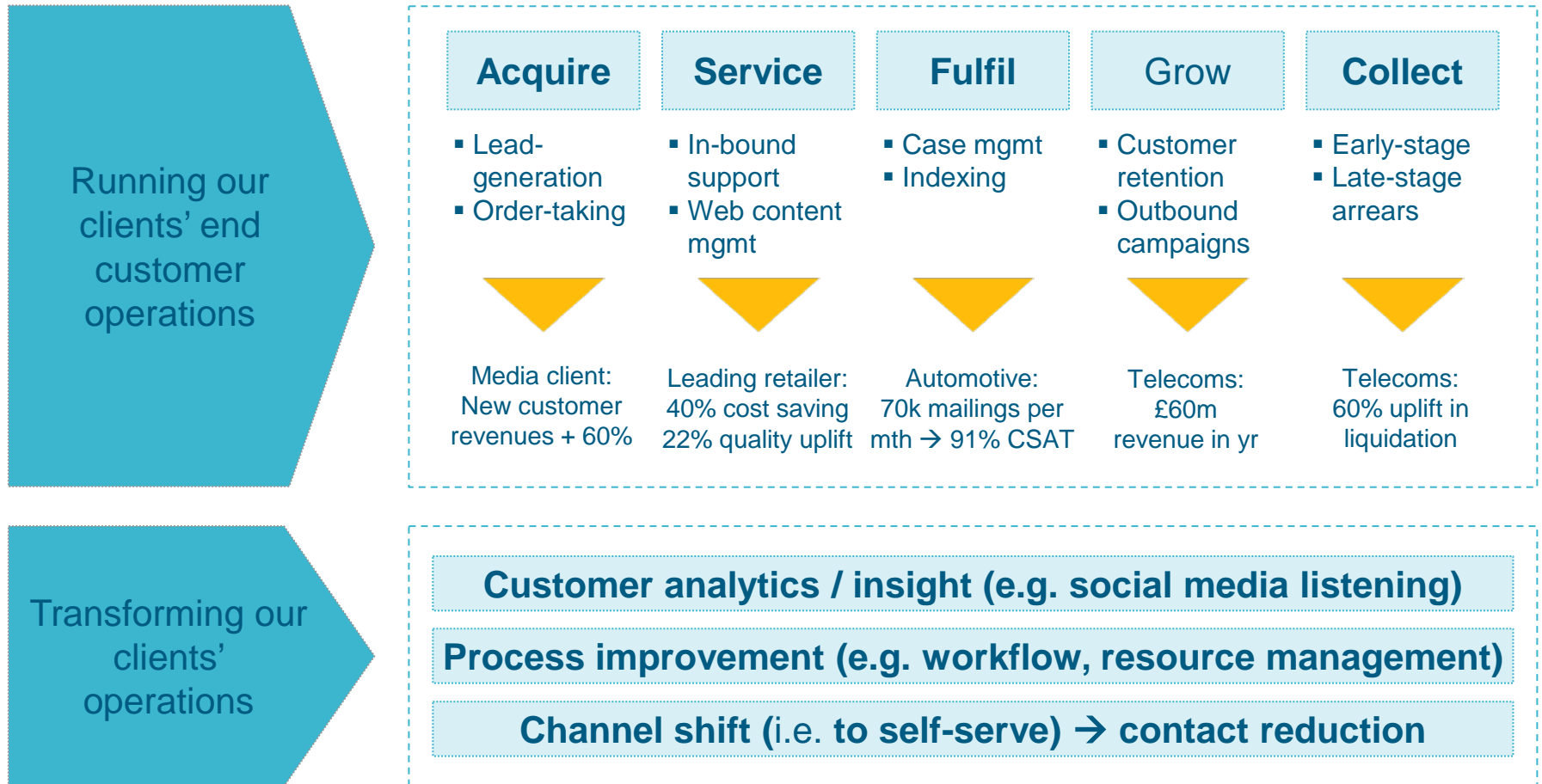
## Growth sectors

- Retail
- Utilities
- Telecoms & media
- Travel & leisure

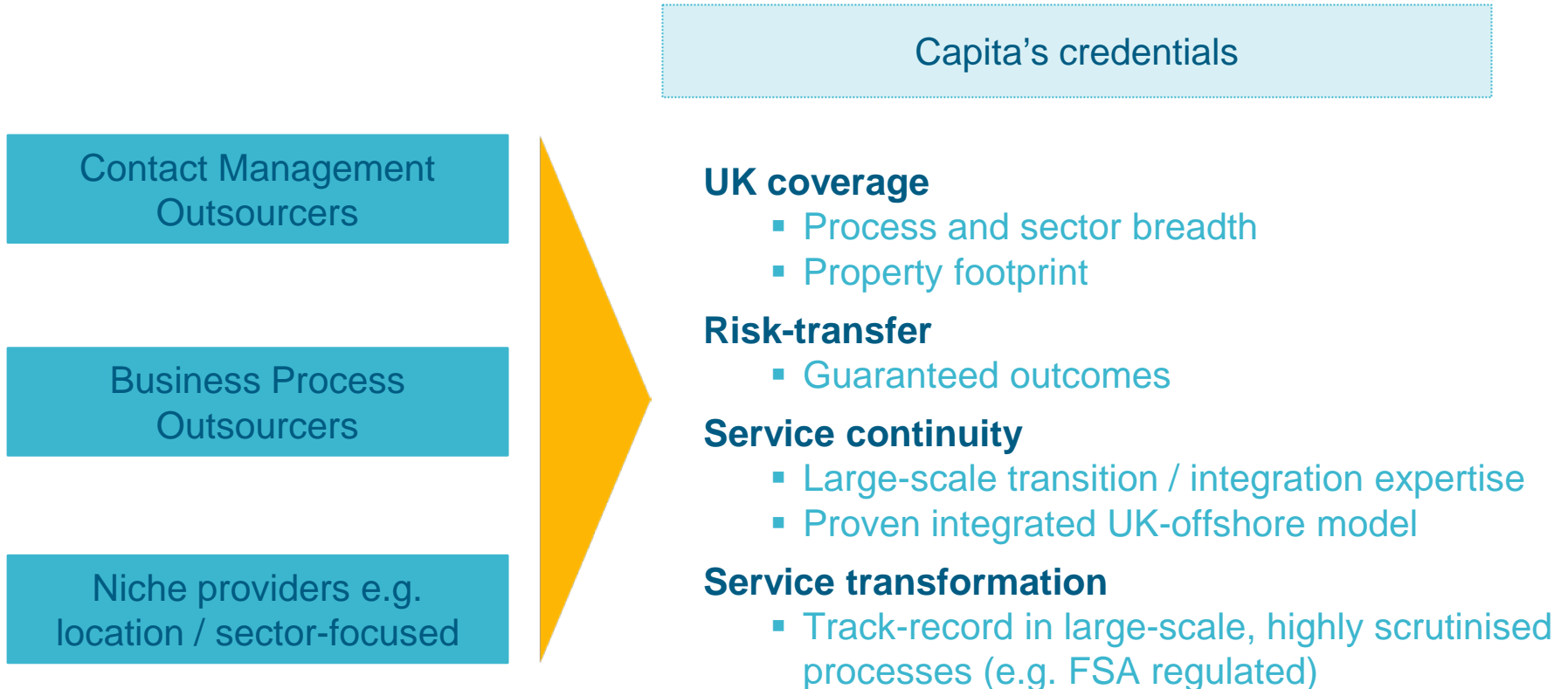
## Support sectors

- Financial services
- Central government
- Public sector / charities

# Our core proposition is enabling clients to grow the value of their end-customers across the 'Customer Lifecycle'



# The business is differentiated versus the competition...



## ....reflected in the 2012 wins to date: 4 examples

### DEBENHAMS

- 5 year deal
- Multi-channel Service and Analytics
- New logo, won on guaranteed outcomes & trust in Capita

Leading retailer

- 3 year deal
- Service, analytics, web content mgmt
- Re-sign, but grown into new services post-acquisition

### VOLKSWAGEN

GROUP UNITED KINGDOM LTD

- 3 year deal
- Servicing consumers & dealers across multiple brands
- Re-sign facilitated through Capita L&D relationship



- £30m over 4 years
- Contact and case mgmt
- UK front-office capability for new client, part of larger, Capita outsourcing deal

# Customer Management is well positioned for organic growth across existing and new customers in 2013-14

## Client dynamics

**Economic uncertainty demands cost reduction and revenue protection**

- More outsource
- Channel shift (to online / self-serve)
- Focus on customer retention and up-sell

**Limited appetite to invest in operational transformation (property, technology)**

## Our opportunity

**Grow existing client relationships**

- Grow share of 'seat' estate
- Cross-sell end-customer lifecycle & analytics

**Target new logo opportunities**

- BPO in Customer Management with scale i.e. Capita + Ventura + Vertex

# Capability enhancement to underpin growth: an example – debt management

A significant market opportunity...

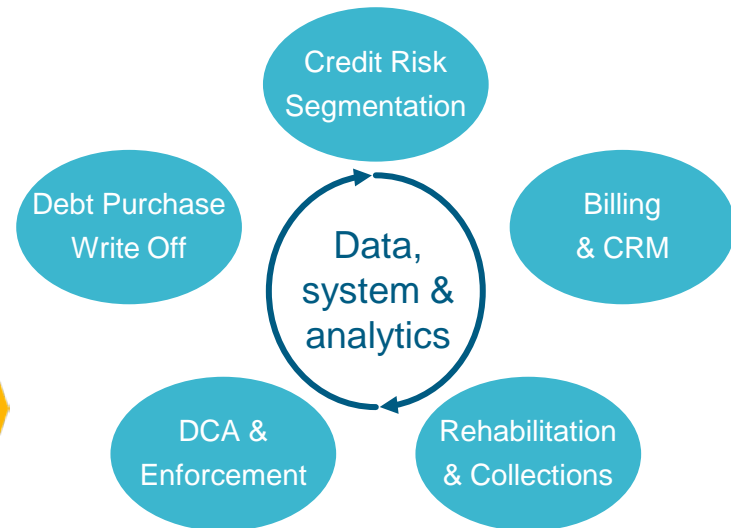
## Private sector companies see debt management challenge increasing

- 74% agree that their processes are not optimised
- 54% see 'outsource' as part of the solution

**Customer Management clients have >3,000 in-house collection roles**

**Central Government – a new debt management opportunity**

...for an end-to-end BPO solution

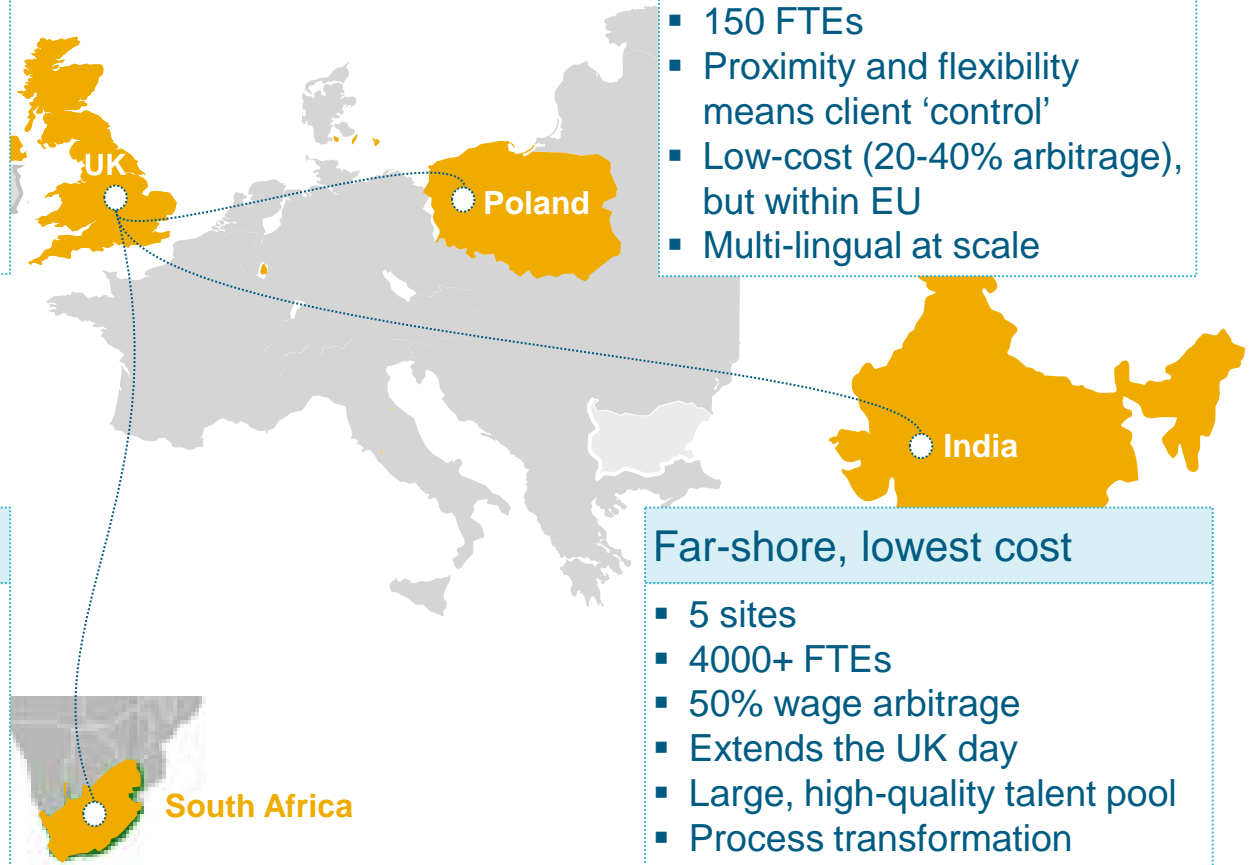


- Partner with credit data provider
- Invest in credit risk analytics and system
- Acquire Debt Collection Agency (DCA) scale
- BPO partnership with debt-purchasers

# Our International business supports our Customer Management proposition

## UK 'hub'

- 14 sites
- 9,500 FTEs
- Full customer management capability across broad UK footprint



## Near-shore, multilingual

- 1 site
- 150 FTEs
- Proximity and flexibility means client 'control'
- Low-cost (20-40% arbitrage), but within EU
- Multi-lingual at scale

## Far-shore, UK-aligned

- 1 site
- 200 FTEs
- Low-cost (30-40% arbitrage), anglophone front-office
- Strong UK affinity

## Far-shore, lowest cost

- 5 sites
- 4000+ FTEs
- 50% wage arbitrage
- Extends the UK day
- Large, high-quality talent pool
- Process transformation



# But International also supports Capita's core back-office processing capability

## Finance & Accounting

- F&A transactional processing
- Client and policy accounting
- High-end financial accounting & NAV pricing

350 FTE

## Specialist knowledge processes

- Specialist policy valuation
- High-end assessment e.g. vets for pet insurance
- IT change, testing and web management
- Compliance and business assurance

120 FTE

## Large-scale customer transaction processing

- Claims processing
- Order management
- Indexing / data entry

2,900 FTE

# Going forward: 4 key focus areas for Customer Management & International

## 1 Cross-sell the end-customer lifecycle

- More clients taking >3 service lines and transformational propositions
- Build capability e.g. debt management

→ *Larger, more strategic Customer Management relationships*

## 3 Increase scale in growth sectors

- Secure new clients across Telecoms & Media, Retail, Utilities, Travel & Leisure
- Target established Capita relationships outside Customer Management

→ *Diversified revenue stream; scale & customer insight*

## 2 Extend Capita footprint in existing clients

- Sell broader Capita portfolio into existing Customer Management clients

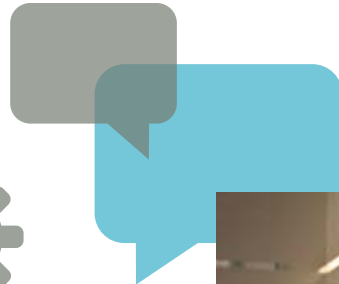
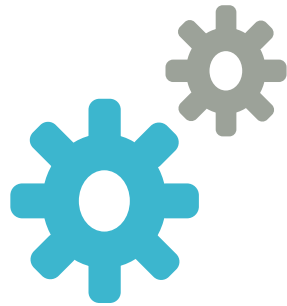
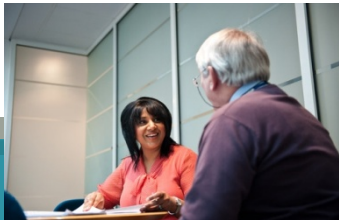
→ *Longer-term, 'stickier' contracts & better quality of earnings*

## 4 Grow offshore capability, not just scale

- Focus on growth & innovation in India
- Build momentum in SA and Poland
- 'Deal-led' approach to other locations

→ *Right cost-base for competitive outsource proposition*

# CAPITA



## Acquisitions

Ian West

Acquisitions Director

8 October 2012

# Agenda

- **Why Capita makes acquisitions**
- **What we are looking for in an ideal acquisition**
- **Key value drivers: price and integration**
- **‘Shining a light’ on Capita’s acquisition process**
- **Summary**



# Why Capita makes acquisitions

- We continue to acquire small to medium sized companies that:

Build economies of scale

Strengthen existing market positions

Generate sustainable, quality revenues

Access a new customer base

Create new market opportunities

Add complementary capabilities

# Creating value – diversifying through acquisition

Market	Market entry via acquisition	Year	% revenue by market H1 2012
Central government	-	-	11
Local government	Original management buy-out and formation of Capita	1987	18
Education	SIMS	1994	8
Insurance	Eastgate	2000	5
Other private	IRG plc	2000	25
Financial services	IRG plc	2000	6
Life & pensions	Admin assets of Lincoln Financial Group	2002	18
Health	AON Health Solutions	2004	6
Justice & secure services	SunGard Public Sector	2010	3

# What we are looking for in an ideal acquisition

- **Highly resilient revenues**
- **Adds capabilities to a Capita business's proposition**
- **Adds capabilities to Capita's BPO proposition**
- **Good competitive positioning**
- **Significant growth potential**
- **Can be integrated; not stand alone**
- **Good synergy opportunities**
- **UK based**
- **Potential to achieve a post tax return of 15% after 12 months**



# Key value drivers: pricing and integration

- Average post tax return on acquisition consideration, by vintage:

Acquisitions completed 2008-2010	Acquisitions completed 2011	Acquisitions completed 2008 – 2011
13.2%	17.4%	<b>14.7%</b>

- Average post tax return on acquisition consideration, by value:

Acquisitions £m (2008-2011)	Number of acquisitions	Average post tax return 2012E
£0>£5	12	19%
<b>£5&gt;£10</b>	<b>11</b>	<b>24%</b>
£10>£20	12	17%
£20>£50	11	13%
£50+	5	13%



Returns are based on 2012 estimate  
All figures are as reported in July 2012



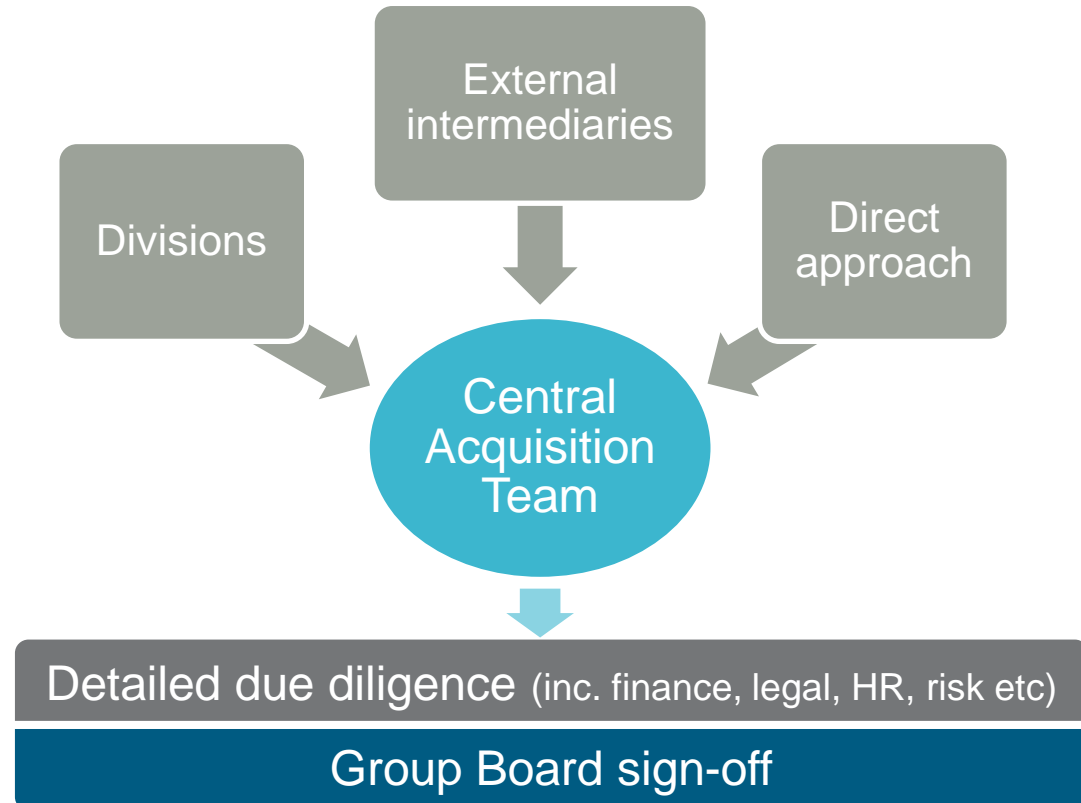
# 'Shining a light' on Capita's acquisition process

## ▪ Organising for acquisitions

- Central M&A team
- 'Virtual' DD teams
- Panels of external providers (Financial DD, Legal)

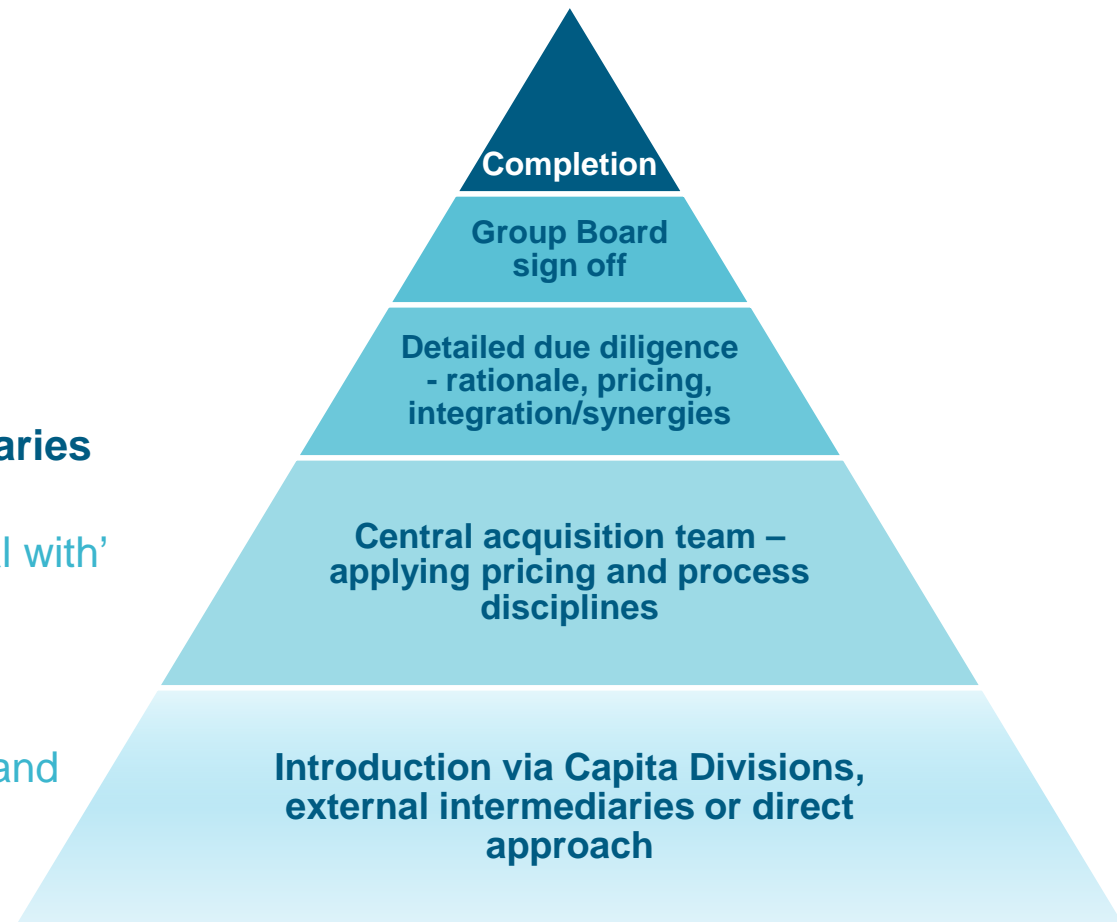
## ▪ Sourcing deals

- Capita businesses
- Buy-side intermediaries
- Sell-side intermediaries
- We screen out 80-90% of ideas
- Actively managed pipeline



# 'Shining a light' on Capita's acquisition process

- **Process and disciplines**
  - Making offers
  - Avoiding auctions
  - Project managing deals
  - Integration (core Capita capabilities)
- **Relationships with intermediaries and sellers**
  - Making Capita 'easy to deal with'
  - Good behaviour
- **Pace**
  - Speed of decision making and execution



# Summary

- **Acquisitions strengthen our BPO offering and underpin organic growth**
- **We are looking for small to medium sized businesses that have sustainable, quality revenue streams and good competitive positioning in enduring, growing markets**
- **Relentless focus on generating value by applying pricing and integration disciplines**
- **M&A is a repeatable process within Capita:**
  - Maintaining good relationships with intermediaries
  - 'Deal team' of in-house personnel, complemented by established panel of external support
  - Actively managed pipeline



# CAPITA



Questions?

# Paul Pindar - Summary

- **High level of market activity**
- **Continue to lead the UK BPO market by building capability and scale**
- **Committed to financial discipline and delivering solid results**
- **Next trading update: Interim Management Statement on 13 November 2012**

**Thanks from the Capita team**