



Full year results 2019

5 March 2020

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No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Capita share for the current or future financial years would necessarily match or exceed the historical published earnings per Capita share.

We have made good progress with the transformation

- Creating a purpose-led organisation to drive long term sustainable success
- Significant progress in fixing legacy issues and reducing “cost of poor quality”
- Rebuilding trust with our colleagues and clients
- More investment needed than initially thought

Positioning ourselves for growth

- Focusing investment on software products and in-demand transformation capabilities
- Launch of Capita Consulting to drive origination, pipeline and pull-through revenue

2019 full year results

- Revenue decline reducing: revenue growth in H2 in four out of six divisions, order intake of £2.2bn in 2019
- Profit before tax* of £275m: underpinned by strong cost saving programme and one-offs
- Cash generation impacted by investment in delivering operational improvements

2020 outlook updated

- Generating modest organic growth and free cash flow* of at least £160m, in line with current market expectations**
- Exploring non-core disposals to further simplify the portfolio and recycle capital

Confidence in long-term unchanged

- Continue to build a more focused, sustainable business with growing free cash flow

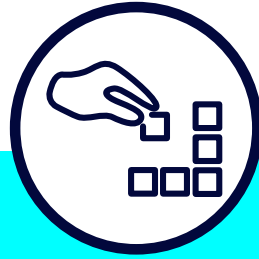
* Adjusted, refer to Alternative Performance Measures.(APMs) ** Market consensus for revenue growth of 0.4% and Adj. Free Cash Flow of £150m at 4 March 2020

Transformation recap: our plan is to do fewer things, better



Simplify

- Focus on strong positions with growth potential
- Use common, scalable capabilities
- Streamline cost base
- Empower our people to deliver



Strengthen

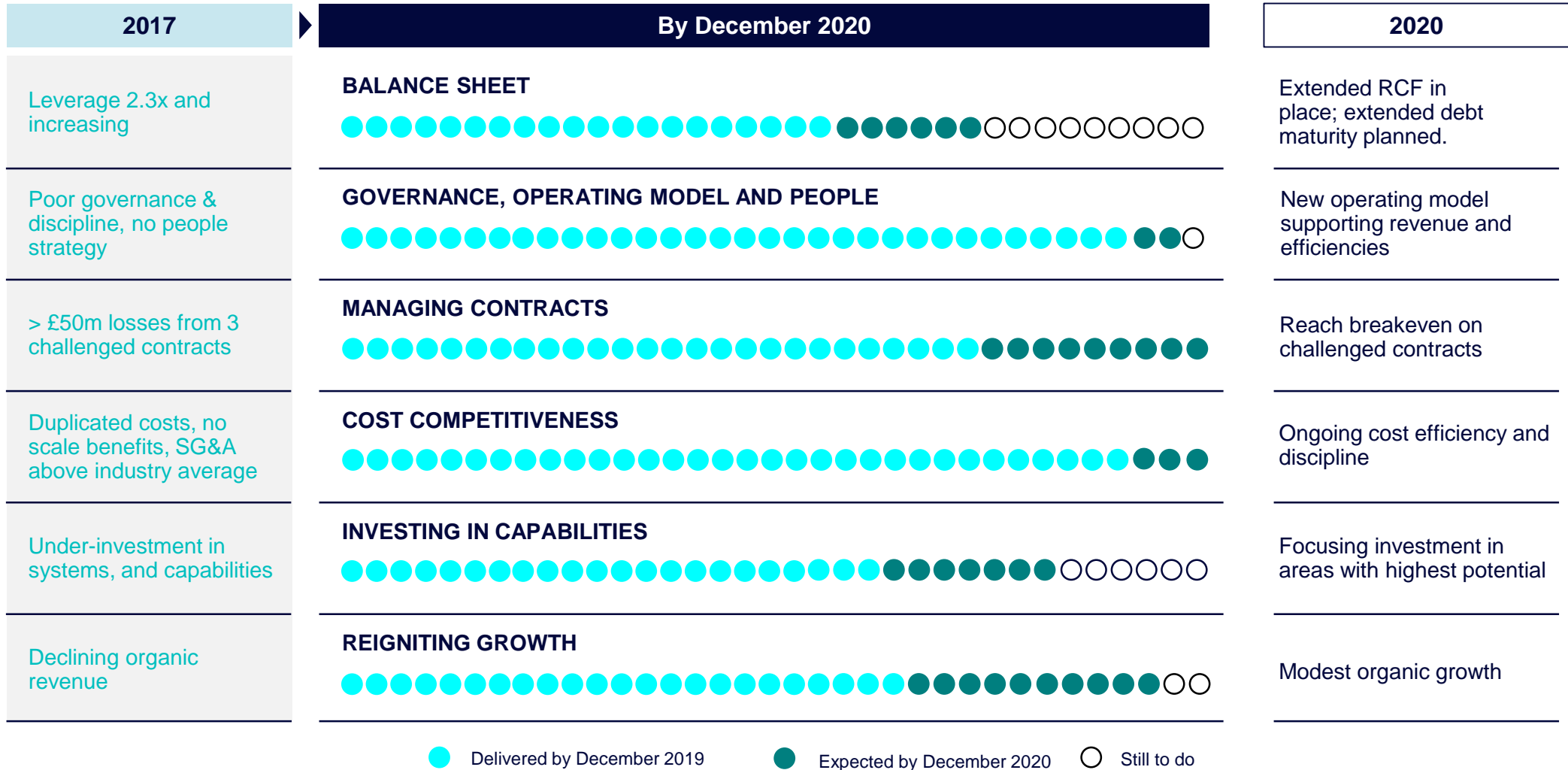
- Strengthen leadership and governance
- Investment in asset base, technology and people
- Win more of the right work
- Stronger balance sheet



Succeed

- Progressive, purpose-led, responsible business
- Innovative and creative
- Generates sustainable revenue growth and cash flows

We have made significant progress, but there is more to do



*Pre adoption of IFRS 16



Financial results
Patrick Butcher

Financial overview

- Overall revenue decline in line with expectations, mainly driven by Specialist Services
- Profit before tax in line with expectations, impact of lost revenue, lower margins on contract renewals and investment offset by cost out and one-off benefits
- Interest reduction reflects lower average debt
- Free cash flow: lower working capital outflow offset by higher capital expenditure and tax payments
- Headline net debt to EBITDA at the top of desired range as a result of cash outflow

All figures included within this presentation are on an adjusted basis unless otherwise stated. To enable comparability year on year, all slides are presented pre-IFRS 16. Analysis of post-IFRS 16 results provided in appendix.

Key financial metrics	£m FY19	£m FY18	% Change
Revenue	3,647.4	3,814.7	(4)
Operating profit	306.1	334.4	(8)
Operating profit margin	8.4%	8.8%	
Interest	(30.5)	(53.2)	43
Profit before tax	275.0	281.2	(2)
Earnings per share (p)	13.09	16.33	(20)
Free cash flow	(61.3)	(78.8)	22

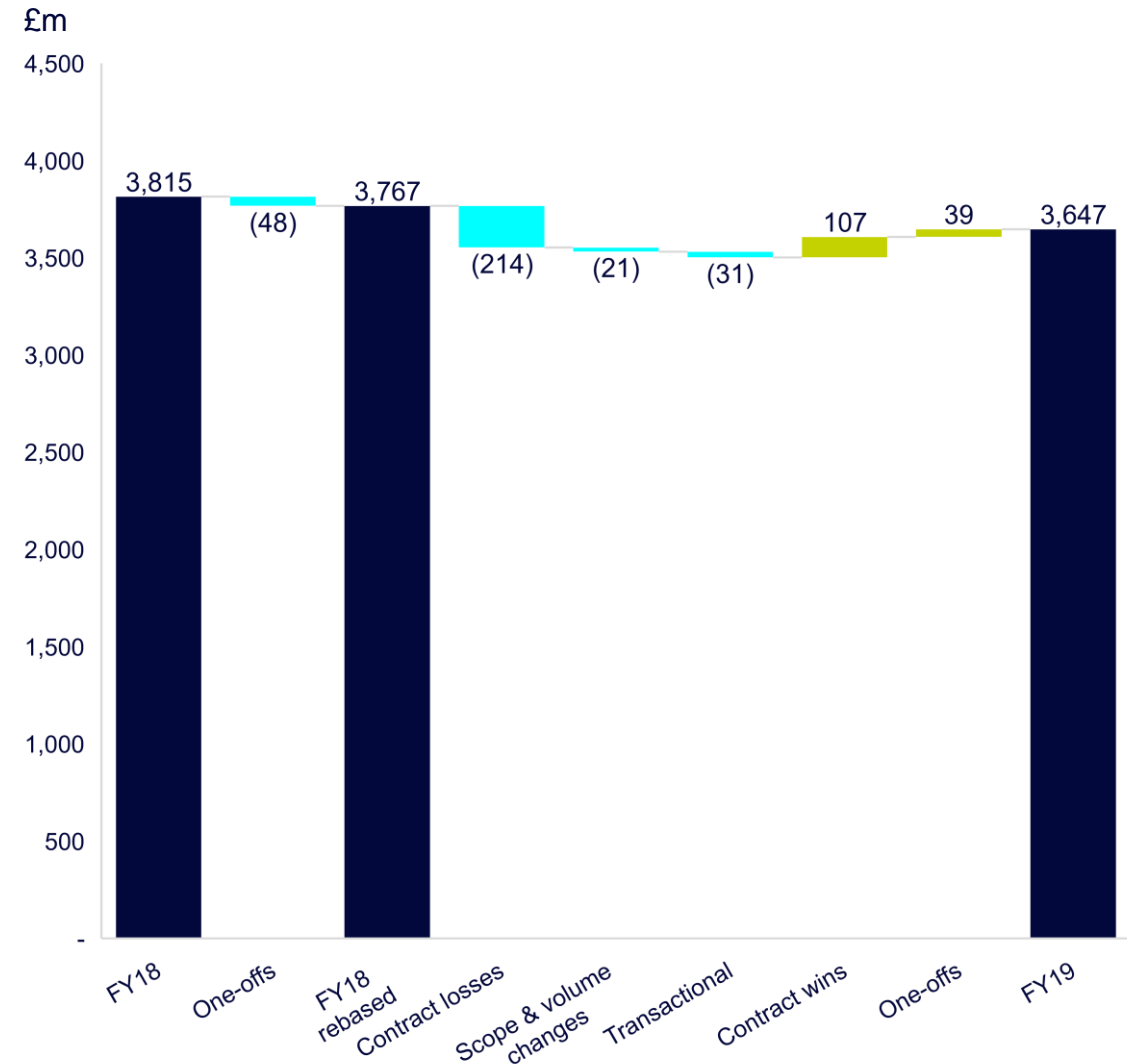
Headline net debt	(790.6)	(466.1)	(70)
Headline net debt/EBITDA*	2.0x	1.1x	-

*For details please see Alternative Performance Measures.

Change in revenue

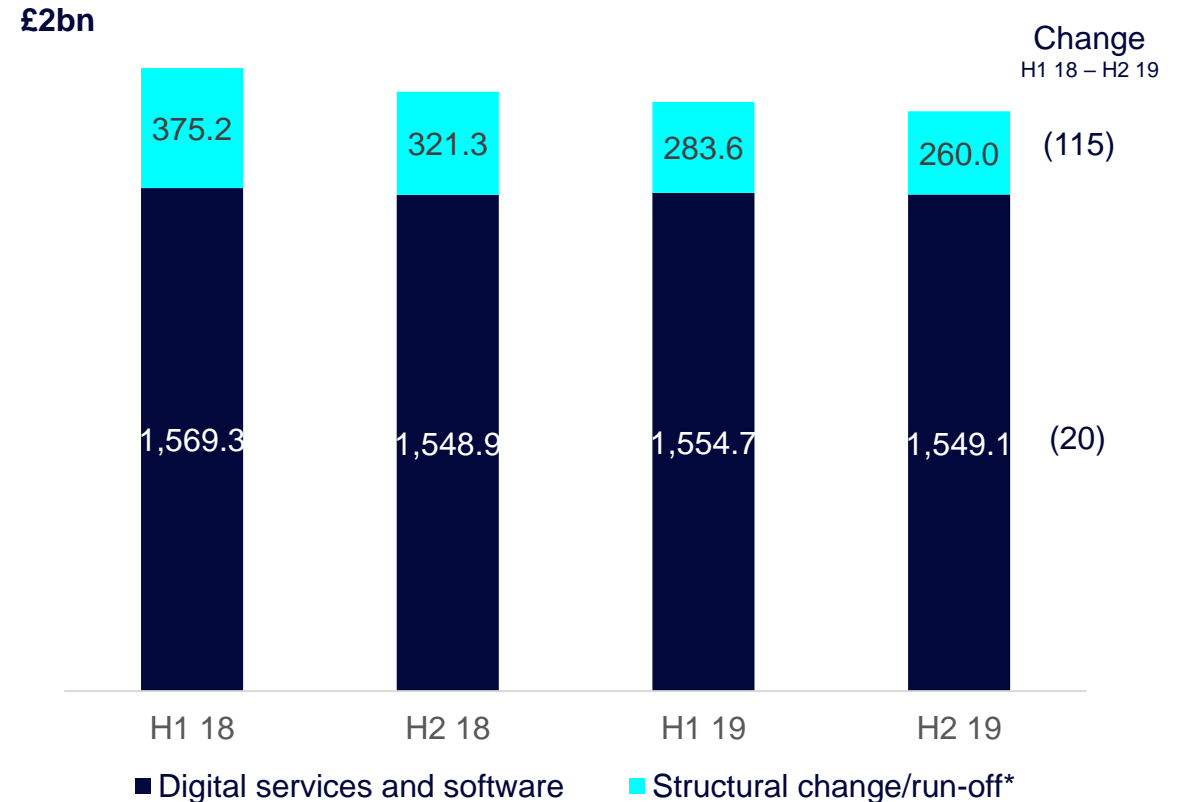
Overall revenue declined; lower than expected growth from contract wins in H2 was offset by slower handbacks on local authority contracts

- one-offs in 2018 relate to release of deferred income on termination of the Prudential and Marsh contracts
- Contract losses includes:
 - Annualisation impact from contracts lost in 2018 (£105m) including impact of Prudential and Marsh
 - In-year losses (£109m) including local government contracts and various contracts across divisions
- Scope and volume changes reflect market pressures (Technology Solutions) and lower volumes in Life and Pensions contracts. Transactional decline mainly in Specialist Services.
- Contract wins including TFL and various Customer Management clients
- one-off benefits similar to 2018 of £39m arising from contract termination payments and deferred income releases
- The impact of known contract losses (e.g. local government) is headwind into 2020



Revenue changes: an alternative view

- We have described elements of the Life and Pensions Business and certain multi-service local government contract as structurally challenged/run off
- This analysis provides more detail on this breakdown
- Structurally challenged/run off businesses account for 85% of revenue decline in H1 18 – H2 19
- Other business is stable over the period with 1% decline



*Structurally challenged local government multi-service or legacy IT-dependent life insurance contracts

Revenue changes: progress on our digitally enabled revenue



- Revenue growth in H2, in 5 divisions, even though contract losses and scope and volume decline continued
- Government Services decline due to lower volumes on DWP PIP contract and loss of DIO procurement and consulting contract mid 2019

Revenue excluding structurally challenged contracts	£m H1 19	£m H2 19	H1 19 to H2 19 % Change
Software	185.7	189.7	2.2%
People Solutions	246.7	247.4	0.3%
Customer Management	399.2	403.3	1.0%
Government Services	245.6	220.0	(10.4%)
Technology Solutions	213.3	215.7	1.1%
Specialist Services	254.1	265.8	4.6%
Other	10.1	7.2	(28.7%)
Total	1554.7	1549.1	(0.4%)

Cost reduction – out performing

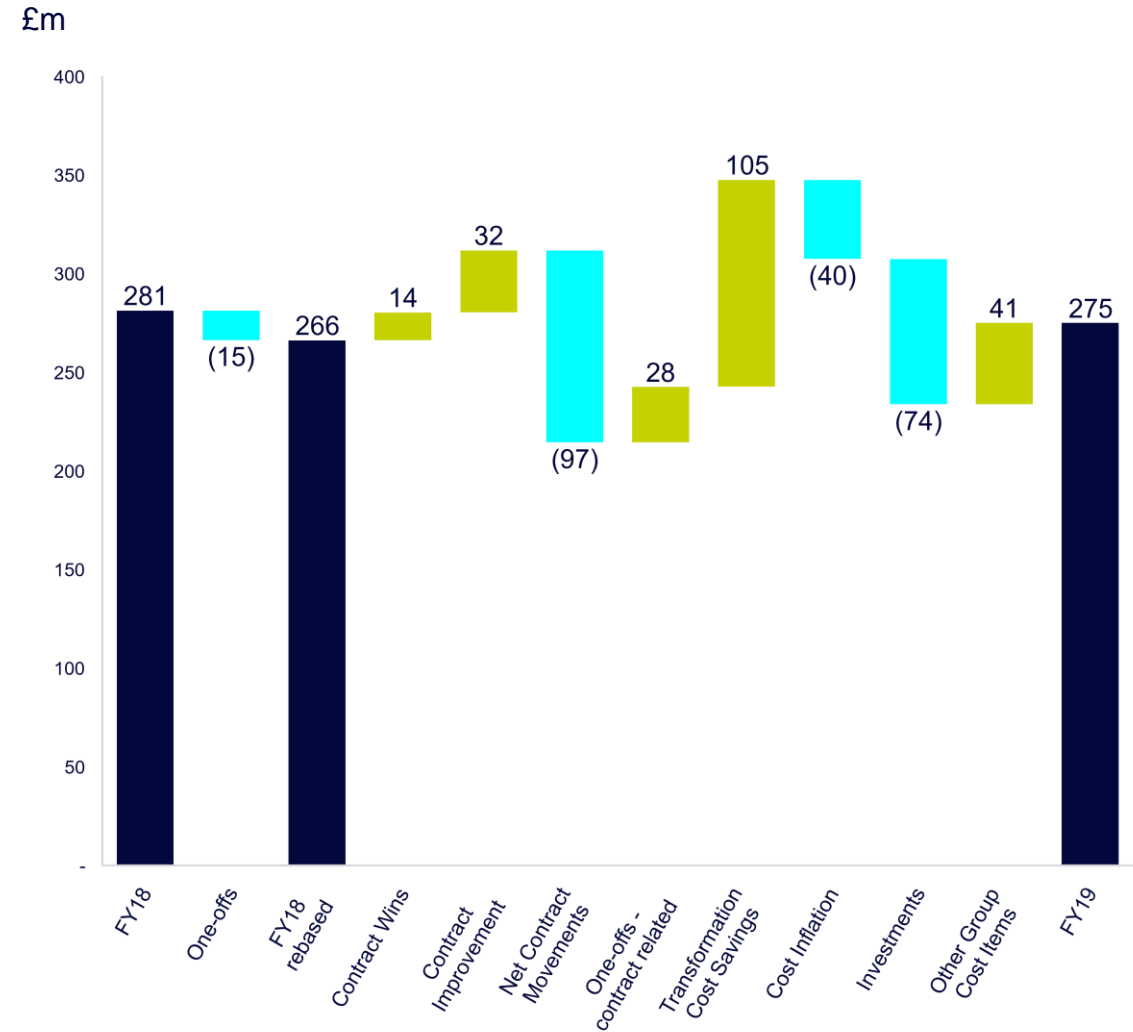
- Disciplined management of cost reduction has led to significant financial benefits
- Over the last two years savings have been generated through simplifying the organisation, reducing management layers and rationalising IT and property portfolios
- The programme has been refocussed going in to 2020 and is targeted to provide further savings
- In 2020 and beyond, opportunities exist to automate and offshore, standardise processes and deliver functional savings in IT, Finance and HR

	£m FY18	£m FY19	£m Expected flow through to FY20 of savings achieved	£m Expected cumulative savings to FY20
2018 year on year recurring savings	70	20	-	90
2019 year on year recurring savings	-	70	40	110
Total cumulative recurring savings	70	90	40	200
2019 one-off savings		15		
Total		105		

Profit before tax



- Profit before tax in line with expectations; impact of lost revenue, lower margins on contract renewals and investment offset by cost out and one-off benefits
- Improved performance on three challenging contracts by £32m – PCSE, RPP and mobilcom-debitel
- Net contract movement is the profit impact of contract losses and reduction in scope and volume due to market pressures
- one-off contract related items relate to contract terminations, settlements and modifications (£28m)
- Mitigated decline in profit through cost savings of £105m (procurement, property, IT, operational excellence)
- Inflation related pay rises drive most of the cost change impact
- Investments include growth propositions, cyber resilience and improved service delivery
- Group items include lower bonuses and other group items (£41m), slightly up on 2018 but in a range to be expected in a large complex group
- DFRP has had minimal impact on results in 2019, but a loss of £20m is expected in 2020 (cash flow neutral)



Divisional margins improved to 12.2%



- Software reflects investment in products, US market entry costs and creation of Digital Delivery Centre
- People Solutions reflects investment in improving operational delivery
- Customer Management improvement due to strong cost management
- Government Services benefitted from improved performance of challenging contracts, one-time benefits and efficiency improvements
- Specialist Services showed improved trading and benefited from some one-offs
- The increase in Group Costs and Support Services includes:
 - Net investment in technology and growth £15m, consulting £9m, other functions £16m and other group costs £13m

	Profit £m		Margin %	
	FY19	FY18	FY19	FY18
Software	102.9	109.6	27.4%	28.8%
People Solutions	34.9	45.0	7.0%	9.1%
Customer Management	54.9	41.7	6.8%	5.2%
Government Services	58.8	40.3	7.6%	5.2%
Technology Solutions	50.7	53.8	11.8%	12.2%
Specialist Services	141.7	128.6	19.0%	14.5%
Divisional Profit and Margin	443.9	419.0	12.2%	11.0%
Group Costs and Support Services	(137.8)	(84.6)	-	-
Operating Profit	306.1	334.4	8.4%	8.8%

There are a number of items excluded from adjusted PBT

- Amortisation of acquired intangible assets is run down of previously acquired intangibles and an impairment recognised in the Customer Management division in 2018
- Significant restructuring in line with Group multi-year transformation plan, this represents costs to realise savings (£70m), professional fees (£26m), cost of fixing the basics and transformation of group functions (£63m)
- Goodwill impairment of £41m in Technology Solutions driven by lower future profitability
- Business exits reflect of the impairment of assets (£52m) and trading results of businesses either held for sale (£17m) or being closed. 2018 included one-off profit from disposal of Constructionline and ParkingEye
- £14m represents net profit impact of adoption of IFRS 16 in current year

	£m FY19	£m FY18
Adjusted PBT	275.0	281.2
Amortisation and impairment of acquired intangibles	(49.9)	(143.5)
Significant restructuring	(159.4)	(110.0)
Goodwill Impairment	(41.4)	(33.8)
Business Exits	(68.8)	297.7
Impact of IFRS 16	(14.0)	-
Other*	(4.1)	(19.0)
Reported PBT	(62.6)	272.6

*Other includes impairment of loans and investments, litigation and claims, GMP and retirement age equalisation, net finance costs and contingent consideration movements.

Capital Expenditure



Invested £182m in capital expenditure in 2019

- Maintenance:
 - Investment in systems, finance, sales and HR
 - Data centre remediation
- Technology and Growth
 - Investment in new software offerings and IT infrastructure

Net capital expenditure	£m FY19	£m FY18
Maintenance	75.8	82.9
Organisation	9.4	25.2
Technology and Growth	82.1	26.6
Other	14.5	3.5
Total	181.8	138.2

Free cash flow

- EBITDA declines as a consequence of lost revenue, margin on new business and investment offset by cost out and one-off benefits
- Contractual working capital movement due to:
 - Contracts terminated or re-negotiated in the year (£78m), which is not planned to reoccur in 2020
 - (£150m) relating to continuing contracts expected to reduce in 2020 due to additional payments on account (DFRP) and reduction in transformation spend
- Other working capital related cashflows reflect actions taken to improve working capital which will continue into 2020
- Tax payment in year, refund in prior year due to adoption of IFRS 15
- Period end cash management fully unwound in 2018

	£m FY19	£m FY18
EBITDA	394.5	425.3
Contractual working capital movement (DI, CFA and AI)*	(228.7)	(217.0)
Cash from trading operations**	165.8	208.3
Other working capital* and other movements	(7.2)	(26.4)
Net capital expenditure	(181.8)	(138.3)
Taxation	(5.4)	26.6
Interest	(32.7)	(39.0)
Free cash flow – excluding receivables financing in 2018	(61.3)	31.2
Receivables financing cleared	-	(110.0)
Free cash flow	(61.3)	(78.8)

*Working capital is split between “contractual” those balances which relate to contract movement of Deferred Income (‘DI’), Contract Fulfilment Assets (‘CFA’) and Accrued Income (‘AI’) and “other working capital” which represents routine working capital cycle items (trade accounts receivables, accounts payable, prepayments).

**Cash from trading operations defined as EBITDA (‘Earnings before Interest, Taxation, Depreciation and Amortisation’) less contractual working capital movements (as defined above).

Free cash flow to headline net debt

- Pension payment of £71m in line with agreed pension deficit reduction plan
- Further investment in restructuring £149m
- Business exits and discontinued operations outflows higher in 2018 due to higher payments related to disposal of Capita Asset Services
- Other cash flows in FY19 from investing/financing activities mainly relates to dividends paid to non-controlling interests
- Repayment of £188m debt, net of swaps

	£m FY19	£m FY18
Free cash flow	(61.3)	(78.8)
Pension deficit payment	(71.1)	(46.9)
Restructuring	(148.5)	(100.8)
Business exits and discontinued operations	(14.7)	(106.1)
Contingent consideration	(11.8)	(19.8)
Net proceeds/(outflow) of rights issue and disposal of subsidiary undertakings	(8.9)	1,059.3
Other cash flows from investing/financing activities	(18.6)	(52.8)
Cash movement in headline net debt	(334.9)	654.1
Net debt repayment*	(188.3)	(488.6)
(Decrease)/Increase in cash and cash equivalents	(523.2)	165.5

*Net of swaps

Continued Investment

- Beginning of 2018 expected to invest £720m over 3 years
- By end of 2019, invested £650m, with further operating expenditure, restructuring and capital expenditure required in 2020
 - Maintenance, invested in areas to catch up on under invested areas of infrastructure and fixing the basics
 - Organisation, investing in appropriate target operating model and driving operational efficiencies
 - Technology, investment in automation, new IT tools and software product offerings
- Increase in proportion of investment through operating expenditure and restructuring
- Looking forward we expect capital expenditure to be materially lower as the business mix changes

Investment outlined in 2018 prospectus (multi year transformation)		£m
Targeted investments		500.0
Transformation Programme		220.0
Total		720.0

Cumulative Investment* £m	Operating costs	Restructuring	Capital Expenditure	Total
Maintenance	22.0	70.2	158.7	250.9
Organisation	34.5	117.1	34.7	186.3
Technology	21.7	61.6	108.7	192.0
Other	1.9	0.4	18.0	20.3
Total	80.1	249.3	320.1	649.5

In year spend	£m FY19	£m FY18
Operating Costs	76.9	3.2
Restructuring	148.5	100.8
Capital Expenditure	181.8	138.3
Total	407.2	242.3

*Cumulative investment represents spend in 2018 and 2019.

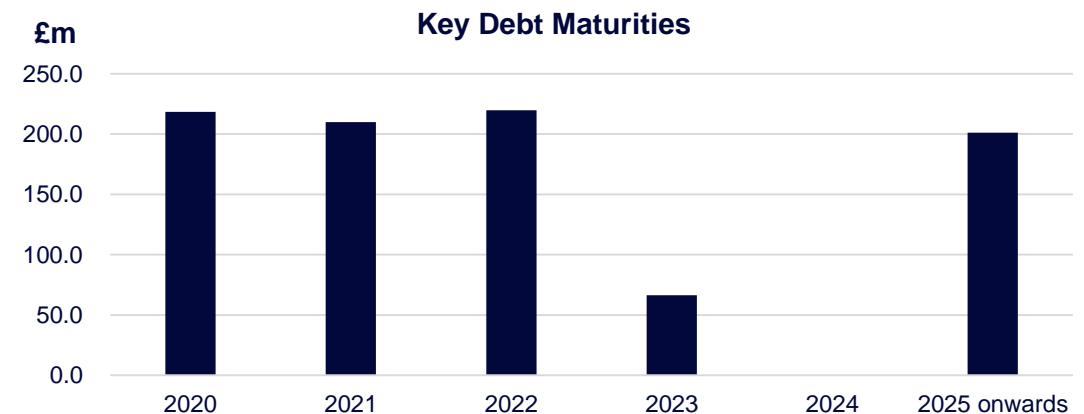
Headline net debt

- Increase in headline net debt and leverage ratio
- Term loan - £100m repaid in May 2019
- USPPN - £86m, net of swaps, repaid in July 2019
- Revolving credit facility and backstop liquidity facility totalling £602m available, expire in August 2022
- Graph below shows lower net debt following rights issue and disposals and lower period end volatility



*For details please see Alternative Performance Measures.

	£m FY19	£m FY18
Opening headline net debt	(466.1)	(1,117.0)
Cash movement in headline net debt	(334.9)	654.1
Non-cash movements	10.4	(3.2)
Closing headline net debt	(790.6)	(466.1)
Cash	122.8	642.7
Debt (net of swaps)	(913.4)	(1,108.8)
Headline net debt / EBITDA*	2.0x	1.1x



Financial outlook



- Revenue modest organic growth
- Working capital Contractual outflows to reduce by over £120m and further benefits from debtor/creditor improvements
- Free cash flow at least £160 million
- Net debt modest rise



CEO update
Jon Lewis

Significant progress over two years, more to do



Initial assessment	2018 - “model broken” after years of under investment Losing clients, revenue, cash No / low-growth markets
Simplify, Strengthen, Succeed	Invest in our people and culture Better governance to reduce future risk Reducing cost of poor quality Rebuild reputation with clients Simplifying the portfolio Leverage core expertise in growth markets Focus investment in scalable, repeatable products and services Launch Capita Consulting
Delivering better outcomes	More predictable performance Lower cost of poor quality Access to growth markets Sustainable FCF

Investing in our people and culture

- 2 employee directors
- Hampton-Alexander diversity target met
- Minimum real living wage for all UK employees from April 2020
- 14 point rise in eNPS¹, 72% proud to work for Capita
- Improved cNPS: foundation for improved 'licence to operate'
- Published Supplier Charter
- Prompt Payment Code target exceeded



- Fair Tax Mark accreditation
- Founder signatory of Good Business Charter
- Positive reputation sentiment for first time
- 5.9% reduction in 2019 carbon footprint²

Becoming a progressive, purpose-led, responsible business

¹ Employee net promoter score

² CO2 emissions/headcount

Better governance has embedded reduced future risk



Contract Review Committee embedded in pre-bid process for major contracts since early 2018

Data-led, structured approach, aligned to

- Responsible business focus
- Strategy
- Operational delivery model
- Lifetime cash returns
- Risk appetite

Post win review processes

- Ensuring implementation remains on track
- Feedback loop to improve future bidding

Authority to 'no bid'

Average cash margin in approved contracts since 2018 >10%

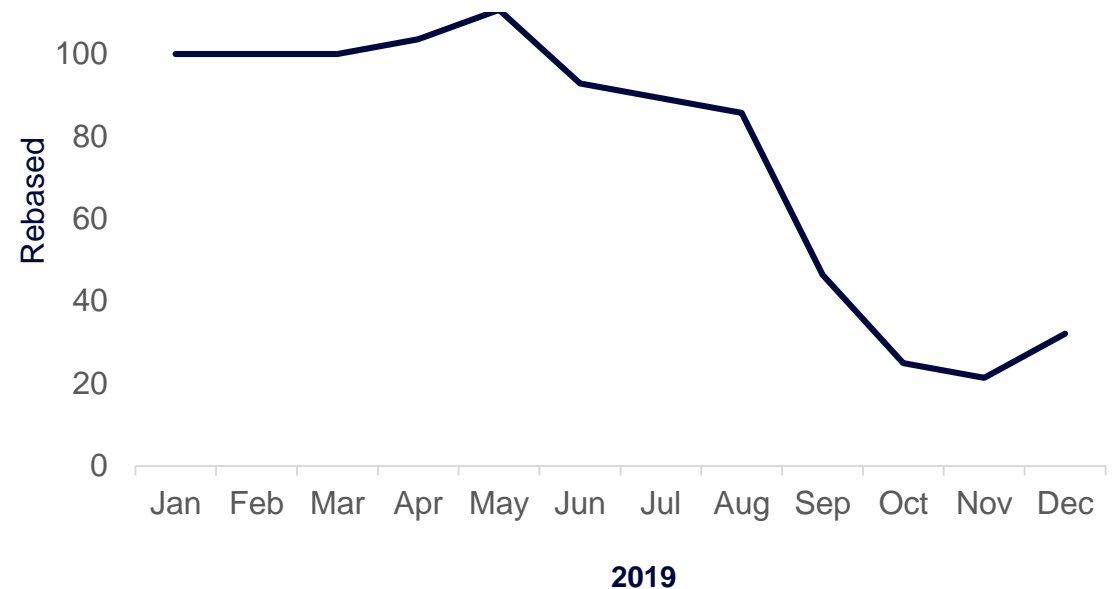
Primary financial focus on lifetime cash returns

Reducing the 'cost of poor quality' (COPQ)



- Remain on track to break-even in 2020 on three legacy problem contracts
- Investment over last two years has led to sustainably better performance
 - KPIs now at 92%
 - Major reduction in client penalty payments
- Clients now seeing Capita's commitment to delivery
 - Positions us for more extensions, renewals and new work

Reduction in customer penalty payments in 2019¹

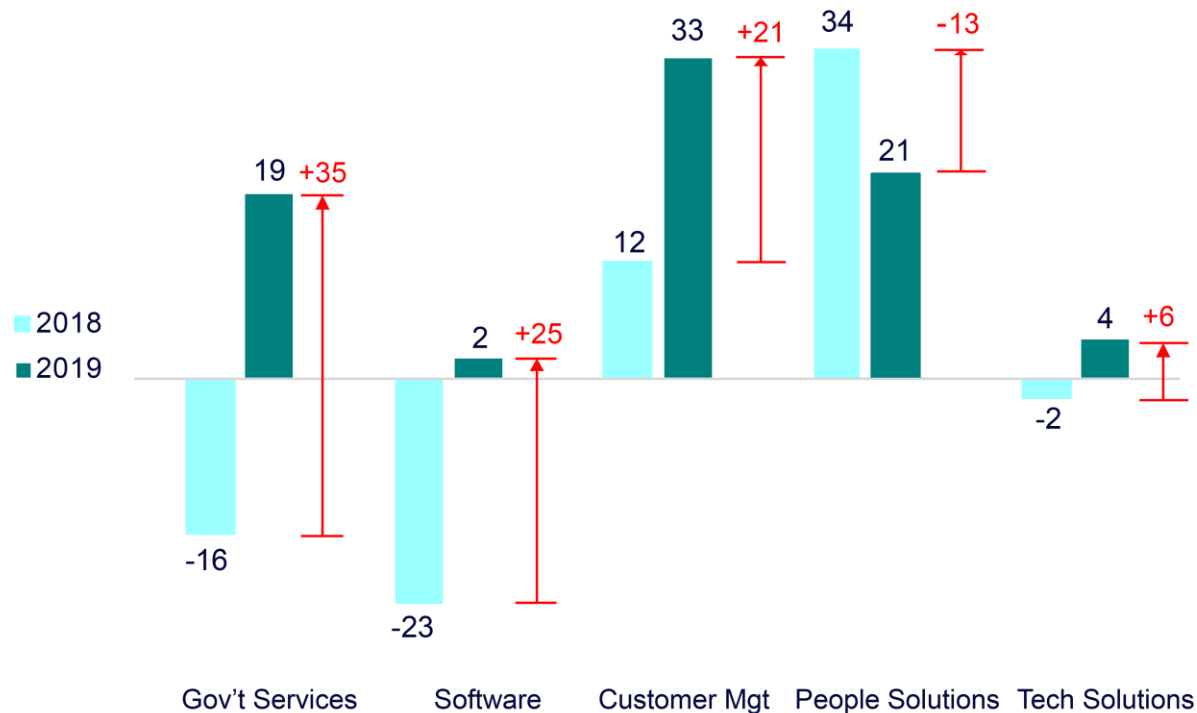


¹ Customer service credits offsetting due revenue rebased, rolling average

Rebuilding our reputation with our clients

Winning our clients trust

Client net promoter score (cNPS)



Stemming revenue attrition

- Sold £3.2bn in 2019: £2.2bn of order book + £1bn transactional work
- 91% contract renewal rate¹ in 2019
- Government supplier status improved: Tier 4 to Tier 1

¹ Excluding People Solutions

RPP Army Recruiting contract update



- Regular soldier recruitment target will be achieved in 2019/20, first time since contract began
- Operational and process improvements implemented
 - Faster candidate journeys
 - Enhanced medical triage
 - Lower drop out rates
- Contributes to improved Cabinet Office supplier status



Simplifying the portfolio

- Continue to review and assess the portfolio - aligning better around growth markets
- Update on 'Specialist Services': operations either
 - Moved back into 'core growth' divisions, or
 - Prepared for disposal, with options being explored
- Further updates as we progress
- Lower overhead costs and proceeds will provide flexibility to strengthen the core business

Significant progress over two years, more to do

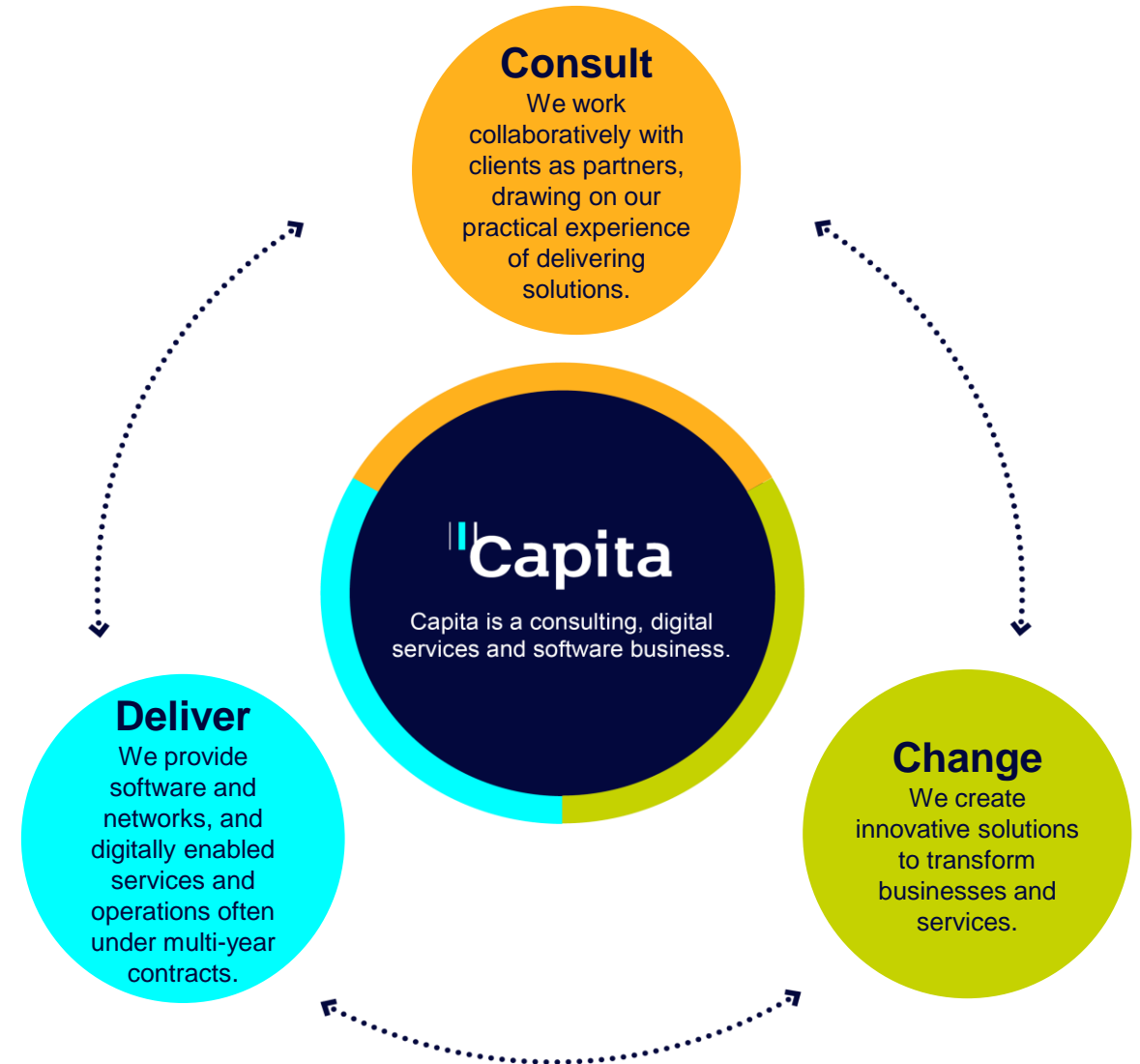


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The markets for our products and services are growing



	Mkt size	Growth
UK BPO ¹	£41bn	+3%
UK Government ²	£372bn	+3%
UK Software ³	£10bn	+5%
UK Consulting ⁴	£11bn	+6%
UK Digital Transformation ⁵	£36bn	+12%



Sources:

1 Nelson Hall forecasting

2 Total Gov't Departmental Expenditure Limits in 2018/2019

3 Gartner Vertical Specific Software forecast

Sources:

4 Consultancy UK

5 Gartner, Statista, Nelson Hall, UK Gov't

Structure now in place to generate growth

Brand

Client survey in Q1, brand refresh rolled-out in September

Focus investment in scalable, repeatable products and services

Investing in 6 transformational capabilities and software products

Investing in sales resources

800+ sales people trained in consultative selling methodology

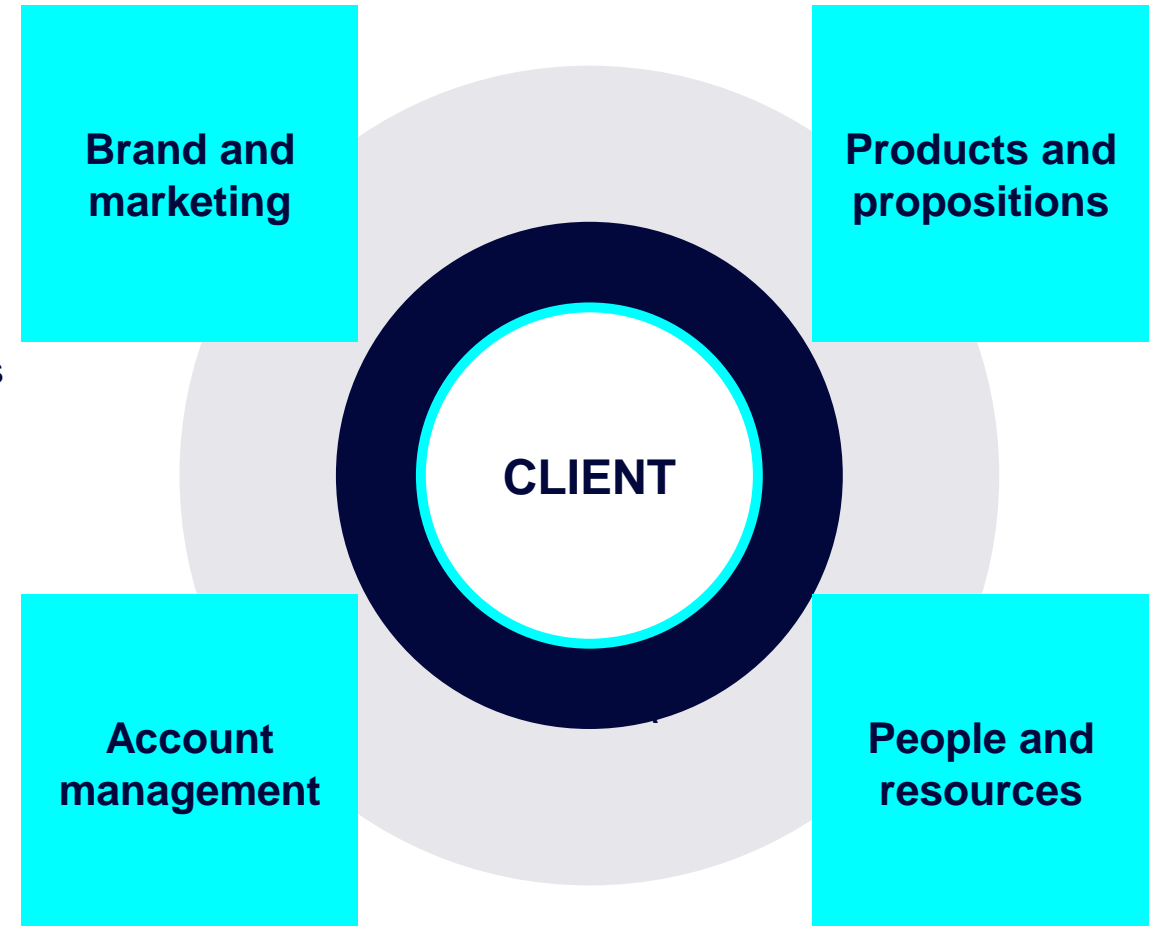
Launched Capita Consulting

New sales incentive scheme

Account management

Rolling out client partners

Implementing single instance of CRM

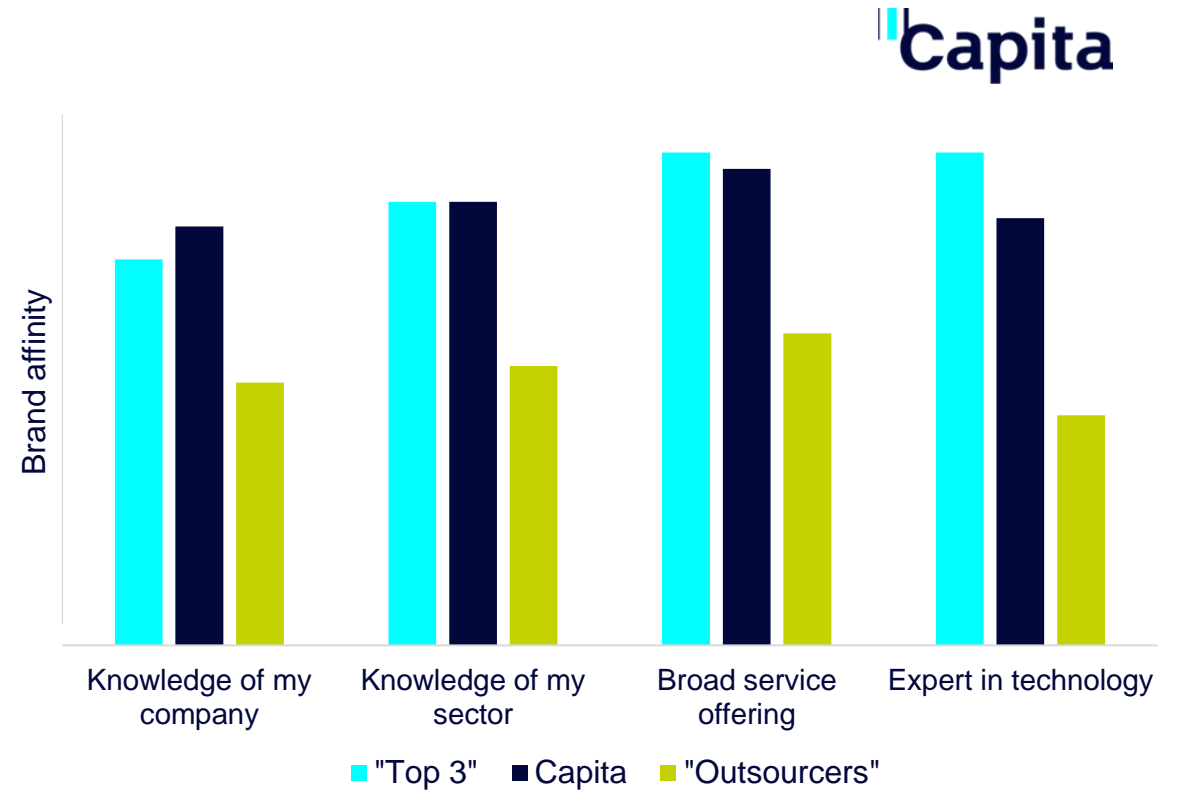


Refreshing Capita's brand

- 3rd party study commissioned in early 2019¹
- Clients told us Capita is a reliable delivery partner
- At our best we compete with almost any brand in the industry
- New brand launched in September

“Capita gave us confidence in their capabilities”²

¹ Study conducted by WPP company Landor in Q1 2019
² Client quote from Landor study








Recent wins against “top 3” firms



'Top 3' = Accenture, Deloitte, IBM, 'Outsourcers' = Atos, Civica, Serco

Investing in our software portfolio



Product	Market	Value Proposition	Cloud / SaaS
	Education	An open platform ecosystem unlocks the potential of SIMS MIS – SIMS 8, SIMS Pay, SIMS Finance, SIMS Parent, Curriculum-led financial planning dashboards, Literacy360 & 3 rd party APIs	✓
	Local Govt	Cloud enabling our Local Government software – enabling a holistic, digitally enabled, services value proposition for local public services	✓
	Payments	A 'payment facilitator' capability to create a smart, secure, integrated payments solution , with seamless customer experience	✓
	Utilities	Packaging our proven Flow products with a Customer Management 'service wrapper' , to create a simple to install SaaS type solution to open and serve the Utilities 'challenger brands' market	✓
	Professional Services	Retain 'lite' for the professional services market, whilst refreshing UX and cloud enabling Retain 'enterprise' to enhance our offer to top-tier firms	✓

Focus investment in 6 'transformation capabilities'



Capability	Recent wins/activity
Customer experience (CX)	Multi-channel CX contracts (e.g. O ₂), local government citizen experiences, Dragonfly
Data and Insight	Artificial intelligence, law enforcement capability, FSCS insight
Cloud	Cloud architecture in government, Cloud advisory, Agile apps, RPA, Azure partnership
Automation	Automation-driven processes now deployed to over 20 clients
Cyber	Over 100 cyber practitioners working with both private and public sector clients
Internet of Things	Build on success of Smart DCC, ULEZ, SWAN

Contributing to c.20% of pipeline

Capita has one of the UK's largest automation capabilities



Capita's capabilities

- 'Enterprise Automation as a Service' built Cloud-first
- Technology agnostic - partnering with all key providers
- Portfolio delivers next generation of automation - machine learning and natural language processing, optical character recognition, chatbots webforms



Ui Path
Regional Partner



Blue Prism
Certified Partner



AutomationAnywhere

Client application

- More accurate, faster, reliable, consistent
- Cost efficiencies
- Integrate into existing Capita services

PCSE case study

- Challenge was to improve GP satisfaction with annual peak time pension submissions. Automation delivered:
 - 50% reduction in processing time through RPA
 - 100% accuracy in calculations using software robotics
 - Time savings devoted to value-add assistance on more complex cases

Capita operates what will be the UK's largest IOT network



Capita's capabilities

- Deliver secure, reliable and scalable IoT managed platform with cloud services
- Leverage BPO expertise to create IoT strategies to maximise client's return on investment
- Complex digital transformation delivery track record
- Portfolio of trusted and secure platforms, networking technologies and data analytics – Cloud, Cyber, SD-WAN, data analytics, 5G

Client application

- Unlock new sources of data, make devices smart, resulting in smarter business decisions and better customer experiences
- Increasing productivity and reducing operating costs
- Platform for 3rd parties to develop applications and services

DCC case study

- Supporting Government policy to increase energy efficiency
- Will cover 30m homes and small businesses (more than 99% of premises) in Britain
- Platform capable of supporting wider applications – eg EV smart-charging






Capita Consulting launched in Q4 2019



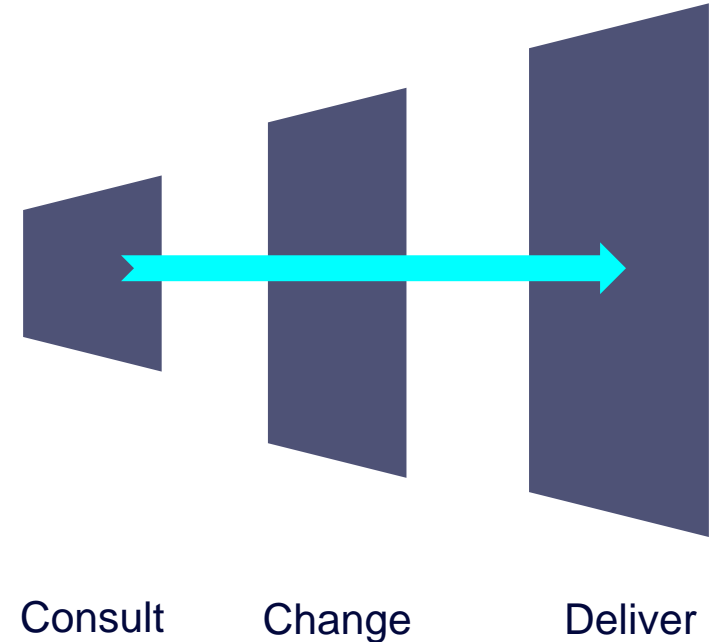
2019 progress

- Bringing together existing consulting practices for first time
- Investment in senior hires
- Revenue £12m, Loss £(5)m

Current team profile

Partner		50
Principals/ Senior consultants		170
Consultants		130

Pull through revenue model





Target £1m annual revenue per partner

Target £250m pa of pull through TCV in change/deliver

Capita Consulting – early progress



5 Practices – aligned to transformational capabilities

- Experience
- Data science
- Cloud engineering
- People/Culture
- Internet of Things



HM Government



Transport for London

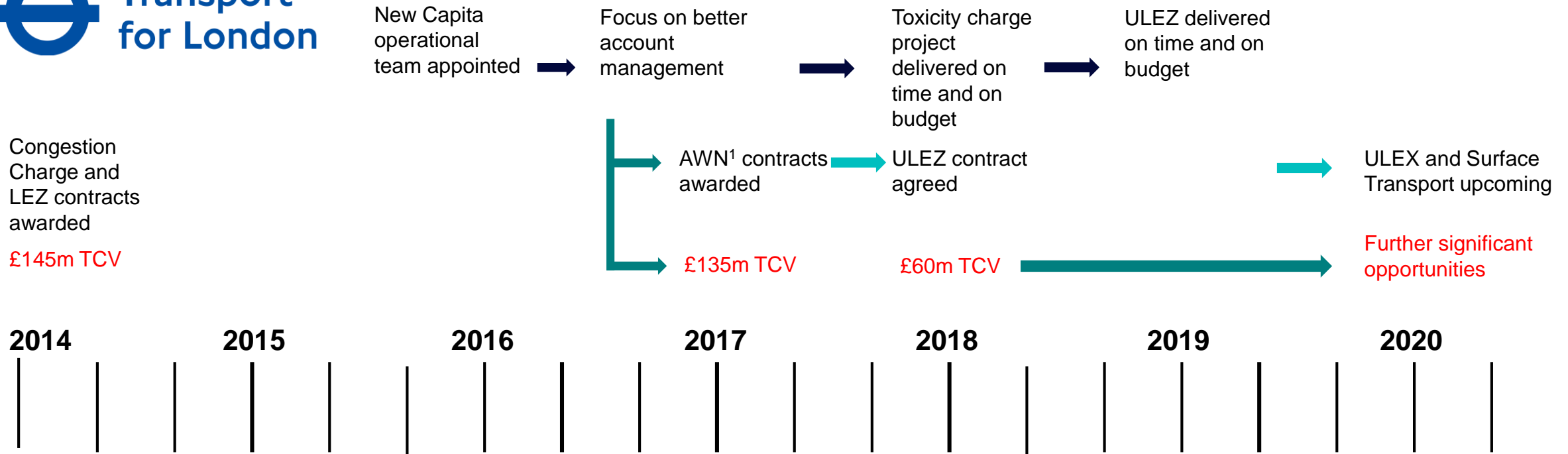


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Good account management delivers better value for both parties



250% increase in annual revenue since 2017



¹ Access and Wide Area Networks

Summary



- 2019 a year of hard work and continued progress in multi-year transformation
- Priority shifting to delivering growth
 - Foundations now in place, after significant investment
 - Improved market positioning, better outlook for Government spending
- 2020 priorities
 - Deliver organic revenue growth for first time in 5 years
 - Generate free cash flow* of at least £160m
 - Continue to simplify the organisation around core growth markets
- Long-term opportunity unchanged
 - Continue to target increasing, sustainable free cash flow

* Adjusted, refer to Alternative Performance Measures.(APMs) ** Market consensus for revenue growth of 0.4% and Adj. Free Cash Flow of £150m at 4 March 2020



Q&A

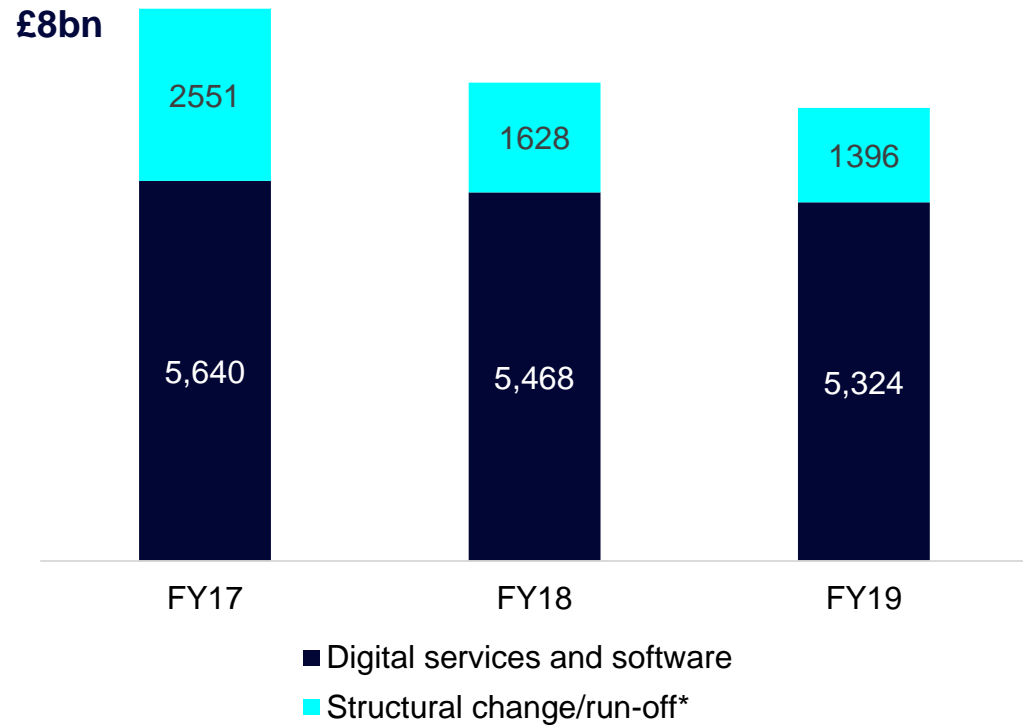


Appendix

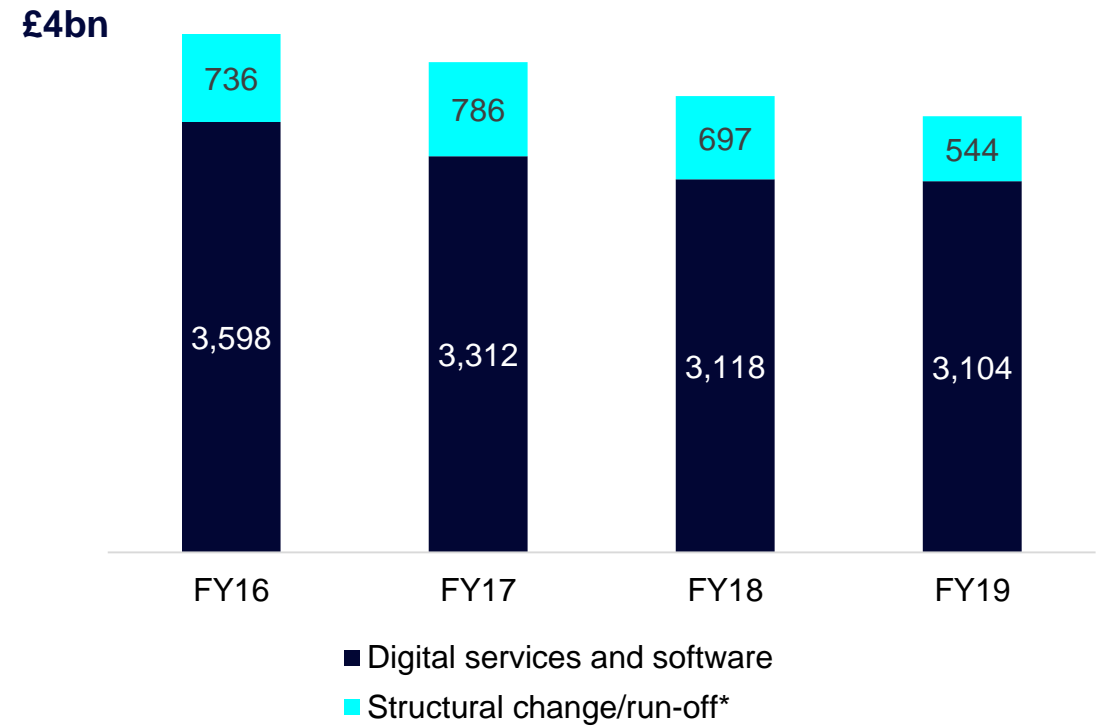
Revenue stabilising



Capita's Order Book



Revenue



*Structurally challenged local government multi-service or legacy IT-dependent life insurance contracts

Order book* bridge FY18 to FY19



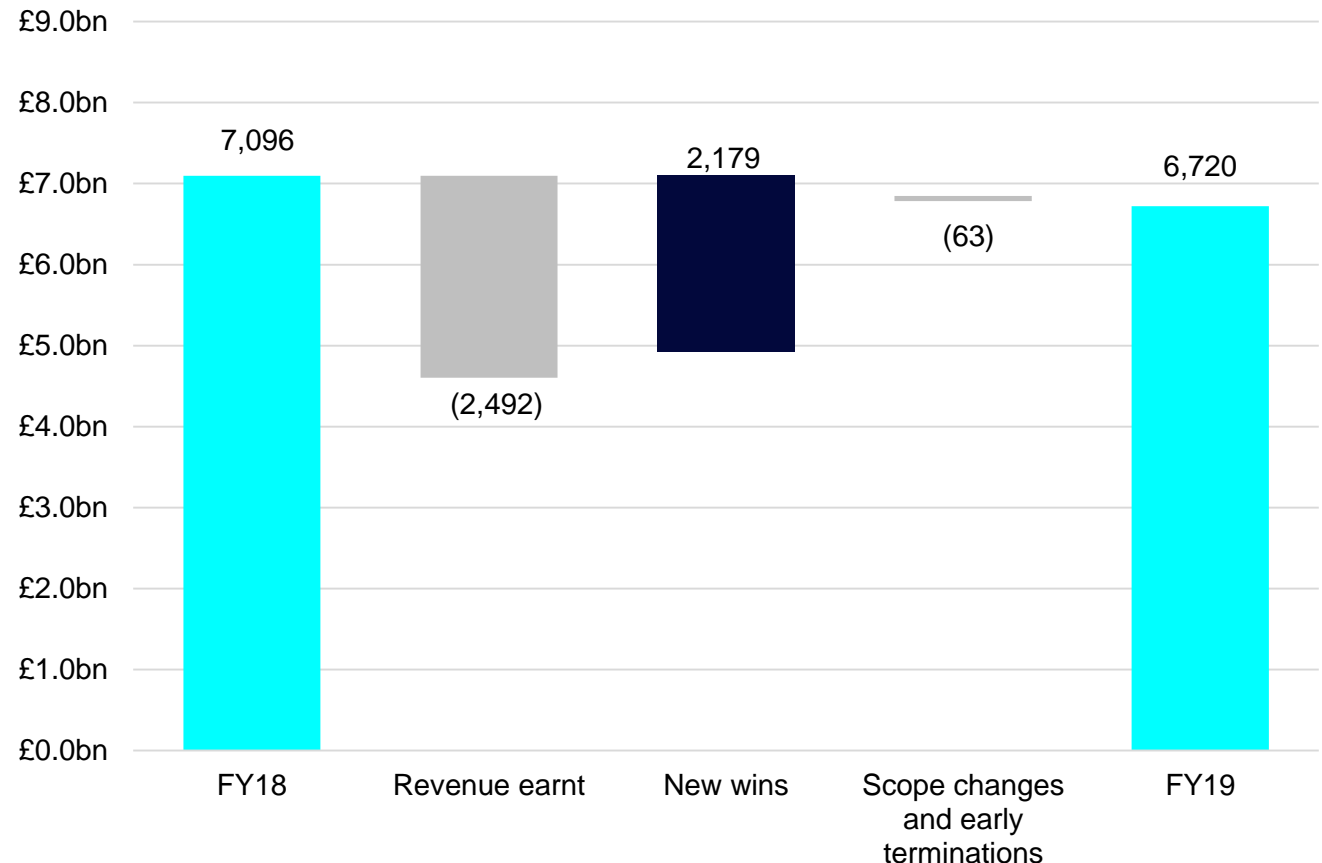
Relevant to approximately c.70% of revenue base

- Includes contracted revenue and software licences
- Excludes contract growth, framework and non-contracted revenue

Wins yet to offset revenue earned

Wins:

- DFRP added £0.5bn
- Customer Management increase in order book £0.5bn, mainly comprising extensions and renewals on British Gas, Carphone Warehouse and Southern Water contracts
- Wins within Software adding £0.4bn to orderbook comprising a number of smaller contracts



*Order book represents the consideration to which the Group will be entitled to receive from customers when the Group satisfies the remaining performance obligations in the contracts. Excludes non-contracted volumetric revenue, scope changes, contract extensions (unless pre-priced), revenue from frameworks and trading businesses.

Divisional financial performance



£m	Revenue £m					Profit £m			Margin %	
	FY19		Total	FY18	% Change	FY19	FY18	% Change	FY19	FY18
H1	H2									
Software	185.7	189.7	375.4	379.9	(1.2)	102.9	109.6	(6.1%)	27.4%	28.8%
People Solutions	250.5	250.0	500.5	494.6	1.2	34.9	45.0	(22.4%)	7.0%	9.1%
Customer Management	399.2	403.3	802.5	802.6	(0.0)	54.9	41.7	31.7%	6.8%	5.2%
Government Services	413.6	364.3	777.9	780.5	(0.3)	58.8	40.3	45.9%	7.6%	5.2%
Technology Solutions	213.5	215.8	429.3	439.7	(2.4)	50.7	53.8	(5.8%)	11.8%	12.2%
Specialist Services	365.7	378.8	744.5	887.3	(16.1)	141.7	128.6	10.2%	19.0%	14.5%
Group Support Services	10.1	7.2	17.3	30.1	(42.5)	(137.8)	(84.6)	(62.9%)	-	-
Total	1,838.3	1809.1	3647.4	3,814.7	(4.4)	306.1	334.4	(8.5%)	8.4%	8.8%
Interest	-	-	-	-	-	(30.5)	(53.2)	-	-	-
Share of (loss) in associates	-	-	-	-	-	(0.6)	0.0	-	-	-
Total	-	-	-	-	-	275.0	281.2	-	7.5%	7.4%

Overall revenue split

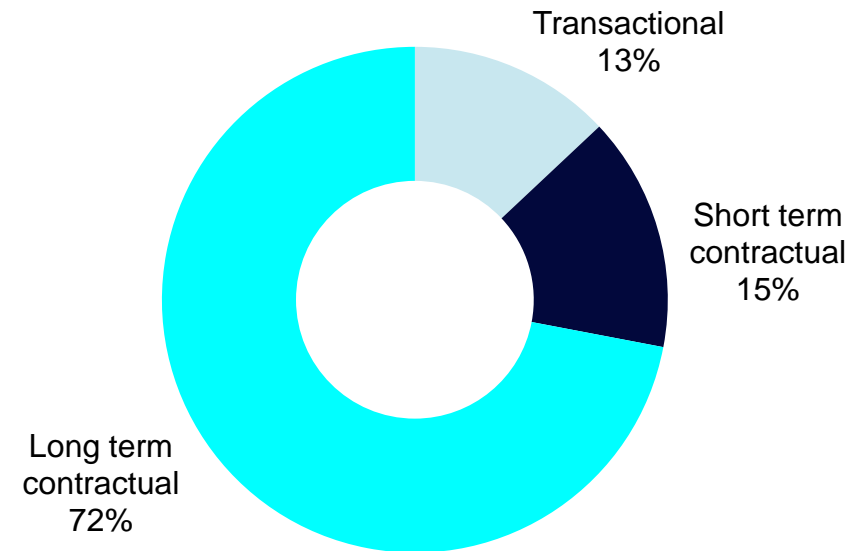
Revenue split – based on IFRS 15 definitions:

- 72% long term contractual
- 15% short term contractual
- 13% transactional

Considerable variation by division

Categories are consistent with those presented in previous years, with long term contractual representing “Contractual > 2 years” and short term contractual representing “Contractual < 2 years”. Years are based from service commencement date.

Adjusted revenue split FY19



IFRS 16 Leases: key points



Key impacts of adoption:

- Right of Use Asset (RoUA) recognised on balance sheet of £568m
- Net present value of future rental payments included as lease liability on the balance sheet of £644m
- Operating lease rental replaced with depreciation (RoUA) and interest (lease liability) in the P&L
- Improvement in operating profit and margin as the resulting depreciation is lower than the rental charge
- As interest is accrued using the effective interest rate method there is an increase in interest costs and a consequent reduction in profit before tax due to the length and maturity of leases in our portfolio
- Net debt increases by lease liabilities
- Impact on debt covenants neutral to favourable*
- Free cash flow improves as principal rent payments are classed as financing cash flows, however interest remains in operating cash flow

No impact on:

- Total cash flow
- Prior year comparatives as elected modified retrospective approach
- How we run our business

Full Year Position:

- Right of Use Asset (RoUA) recognised on balance sheet of £481m
- Net present value of future rental payments included as lease liability on the balance sheet of £563m

*Covenants are primarily frozen GAAP, except for the US PPN which adjusts the income statement (EBITDA) for IFRS 16 but does not adjust the balance sheet (net debt)

Impact of IFRS 16

Profit/(loss)	£m FY19	£m IFRS 16 adjustment	£m Pre-IFRS 16 FY19
EBITDA	505.4	110.9	394.5
Depreciation	(157.3)	(99.2)	(58.1)
Operating profit	317.8	11.7	306.1
Interest	(56.2)	(25.7)	(30.5)
Profit/(loss) before tax	261.0	(14.0)	275.0

Adjusted free cashflow	£m FY19
Free cash flow (pre-IFRS 16)	(61.3)
Financing of lease liability	90.0
Free cashflow (post-IFRS 16)	28.7

Balance Sheet as at 31 Dec 19	£m FY19	£m IFRS 16 adjustment	£m Pre-IFRS 16 FY19
Non-current assets	2,777.0	497.3	2,279.7
Right-of-use assets	480.9	480.9	0.0
Financial assets	82.2	11.3	70.9
Deferred taxation	181.6	5.1	176.5
Other	2,032.3	-	2,032.3
Current assets	1,199.5	(14.1)	1,213.6
Trade and other receivables	748.4	(17.7)	766.1
Financial assets	25.1	3.6	21.5
Other	426.0	-	426.0
Current liabilities	2,303.5	43.8	2,259.7
Trade and other payables	619.8	(26.7)	646.5
Lease liability	81.9	81.9	0.0
Provisions	71.3	(11.4)	82.7
Other	1,530.5	-	1,530.5
Non-current liabilities	1,737.0	480.7	1,256.3
Lease liability	480.7	480.7	0.0
Other	1,256.3	-	1,256.3
Net assets/(liabilities)	(64.0)	(41.3)	(22.7)

Impact of IFRS 16 cont.

Balance Sheet gearing	£m FY19	£m IFRS 16 adjustment	£m Pre-IFRS 16 FY19
Opening net debt	(466.1)	-	(466.1)
Adoption of IFRS 16	(643.9)	(643.9)	-
Cash movement in net debt	(241.2)	93.7	(334.9)
Non-cash movements	(2.0)	(12.4)	10.4
Closing net debt	(1,353.2)	(562.6)	(790.6)
Lease liability	(562.6)	(562.6)	-

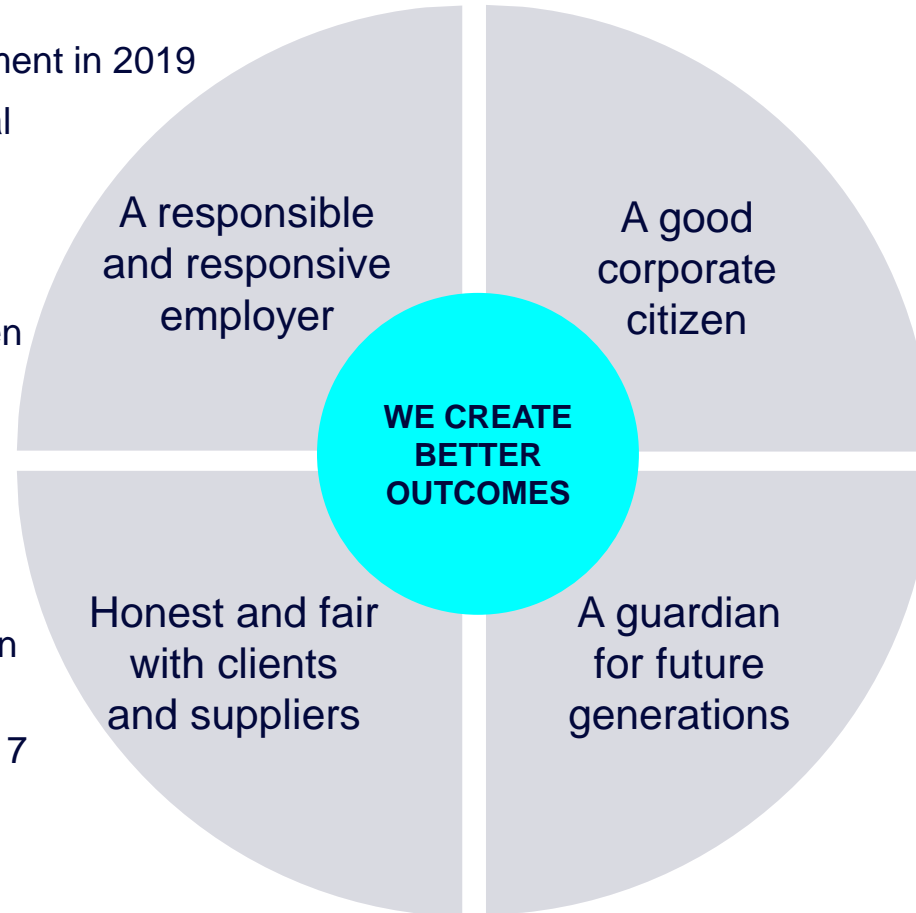
Leverage ratio*	Headline	US PP covenants	Other financing agreements
Net debt / EBITDA	2.0x	1.7x	2.2x

*For details please see Alternative Performance Measures.

A progressive, purpose-led, responsible business responding to the global challenges of importance to our stakeholders



- Two employee non-executive directors appointed to board
- Pension deficit payment: £71m payment in 2019
- Real Living Wage, improved parental pay policies
- Capita Academy 'opened its doors'
- Ranked 70 in Hampton-Alexander Review 2019, exceeding 33% women on board target
- +14 point rise in eNPS from 2018
- Supplier Charter and signatory members of UK Prompt Payment Code: 97% of all suppliers paid within 60 days
- +22 positive swing in cNPS from 2017
- Operating responsibly guidelines for contracts



- Fair Tax Mark accreditation in 2020
- Good Business Charter in 2020
- 23,890 young people supported with employability skills
- 16,651 hours of volunteering
- £2.8m community investment
- 5.9% reduction in 2019 carbon footprint²
- 17% reduction in UK paper consumption

¹ Employee net promoter score

² CO2 emissions/headcount

Software



Strategy & growth

- Transforming 29 siloed businesses into a single software business
- Order book momentum continues: new wins with our Control Works product and SIMS
- Digital delivery centre created an agile delivery platform that shortened the software life cycle to 13 weeks
- Investment in products, such as Retain lite and our suite of education software, including SIMS 8
- Internationalising: encouraging pipeline in US – 911Eye live with 13 police forces

What we do

- Specialist enterprise software business
- Serving sector specific and cross-sector markets – UK and overseas
- Forms a differentiating component of the digitally-enabled Capita offering

Competitive position

- Education MIS: #1 UK
- Emergency services: #1 UK and Australia
- Utilities #1 UK
- Local government: UK top 3
- Resource management: #1 in large/global Tier 1 advisory firms

FY19 Financial metrics*

£375m revenue

£102.9m profit

27.4% margin

£578m order book

Market growth

UK addressable market **5%** **

Products



* Adjusted FY 2019 financial results

** Source: Gartner Vertical Specific Software forecast

People Solutions



Strategy & growth

- New leadership in H2
- Growth to be driven by account management operational excellence and partnership with Capita Consulting
- Increased investment in client service to meet our service level agreements and retain clients
- Significant improvement on army recruitment contract through collaborative and strategic partnership approach, on track to deliver recruitment targets for the year to 31 March 2020
- Investment in digital products, such as Vetting and Onboarding, full launch expected 2020
- New wins including Home Office, Network Rail and Nestle

What we do

- Solve complex people issues across employment lifecycle
- Market-leading portfolio of solutions
- Focus on developing and delivering digitally enabled, consultancy-led solutions that drive better outcomes

Competitive position**

- #1 in recruitment process outsourcing
- #1 in benefits administration
- #1 HR BPS
- #2 in learning process outsourcing

FY19 Financial metrics*

£501m revenue

£34.9m profit

7.0% margin

£497m order book

Market growth

UK 5.1%
market growth per annum to 2023**

Key clients



* Adjusted FY 2019 financial results

** Source: NelsonHall

Customer Management



Strategy & growth

- Build partnerships based on shared outcomes and value
- Increasing use of digital services underpinned by data insight and analytics
- Leverage of global delivery centre in India, South Africa and Poland offering efficiencies and innovative solutions
- Invested in capabilities, skills and people – improved attrition and customer services
- Improving performance of mobilcom-debitel
- Expanded contract with Southern Water and extensions of Carphone Warehouse, British Gas and National Trust
- New framework in place for digital customer experience value proposition

What we do

- Leading provider of multi-channel customer engagement services in the UK, Germany and Switzerland
- Primarily serving clients in the retail, utility and telecommunications sectors
- Remediation, complaints management and collections services also provided

FY19 Financial metrics*

£802m revenue

£54.9m profit

6.8% margin

£1,724m order book

Market growth

4% per annum
forecast growth to 2022**

Competitive position

- #1 in UK customer management
- #2 Germany
- #1 in Switzerland

Key clients



* Adjusted FY 2019 financial results

** Source: NelsonHall for UK

Government Services



Strategy & growth

- Strategy for government services
 - Re-align business around core sectors
 - Offer new propositions based on replicable digital products and platforms
 - Invest in digital transformation capability
 - Continue improvements to programme and operational service delivery performance
- Service delivery has improved across the division, with >95% key performance indicators green
- Improving operational service delivery on PCSE
- Successful implementation of TfL ULEZ
- Wins: Defence Fire & Rescue, DWP PIP extension, Local government
- Investing in product development, RPA and artificial intelligence

What we do

- Socially responsible business and strategic partner to government in the application of digital transformation to improve productivity of government operations and the citizen experience of public services
- Full-lifecycle offer: Consulting – Transformation – Service Delivery underpinned by scalable digital platforms

Competitive position

- Leading UK government BPO provider – 13% market share
- Central – 11% market share
- Local – 15% market share

FY19 Financial metrics*

£778m revenue

£58.8m profit

7.6% margin

£2,328m order book

Market growth

UK addressable market **3%****

Key clients



* Adjusted FY 2019 financial results

** Source: Total Gov't Departmental Expenditure Limits in 2018/2019

Technology Solutions



Strategy & growth

- Previously IT & Networks
- New automation hub – provide consulting solutions that improve processes
- Investing in infrastructure for resilience, security and client experience
- Simplification of operations, platforms and products to generate savings and client value
- Invested significantly in Fast/Digital IT propositions to provide new digital offerings to client
- Strength our partnerships with key technology providers, combining consulting and delivery expertise with their technologies
- Wins & renewals – Defence Fire Risk Management Organisation, Energia, Northern Ireland Education Authority and Liberata

What we do

- Digital IT and connectivity solutions in the UK
- Consult, transform and deliver digital solutions to provide better outcomes
- Strategic partnerships with global IT vendors, hosted platforms and operation of our own UK-wide network and data centres

FY19 Financial metrics*

£429m revenue

£50.7m profit

11.8% margin

£390m order book

Market growth

UK market **£54bn****
2.6% expected CAGR

Competitive position

- Top 10 ITO player
- Focus on mid-tier enterprise clients
- Scope to grow share in fast/digital segment

Key clients



* Adjusted FY 2019 financial results

** Source: Teknowlogy Group

Specialist Services



Strategy & growth

- Portfolio management to maximise value
- During 2020, operations either
 - Moved back into growth divisions, or
 - Prepared for disposal, with options being explored
- Addressing structural decline in IT-dependent life insurance legacy contracts, to improve our cash flow
- Significant cost savings through IT rationalisation and productivity gains
- Investment in key products: AXELOS's new qualification, new digital platform in Travel & Events and IT and cyber protection in Life & Pensions
- Zurich partnership growing – servicing new protection product
- New wins: the Co-operative Bank, Luton Airport and Network Rail

What we do

- Includes our financial and regulated operations
- Government and specialist commercial partnerships – AXELOS, Fera
- Vertical market services – real estate & infrastructure, travel, translation services, managed print, legal and enforcement services

FY19 Financial metrics*

£745m revenue

£141.7m profit

19.0% margin

£1,192m order book

16 stand-alone businesses

Key clients & partners



* Adjusted FY 2019 financial results

Glossary

Acronym	Division	Description
Software	Software	<ul style="list-style-type: none"> Specialist enterprise software, in specific vertical markets Leader in education, emergency services, local government & utilities
PS	People Solutions	<ul style="list-style-type: none"> Full suite of HR offerings across employment life cycle Leading market positions in recruitment process outsourcing, learning and benefits administration, supported by proprietary platforms
CM	Customer Management	<ul style="list-style-type: none"> Leading provider of multi-channel customer contact services in the UK, Germany and Switzerland Primarily serving clients in telecommunications/media, retail and utilities, from a mix of locations in UK, Europe, India and South Africa
GS	Government Services	<ul style="list-style-type: none"> Government's strategic partner for transformation and delivery of tech-enabled business services Processing, administration & IT services to local government, education & health
TS	Technology Solutions	<ul style="list-style-type: none"> End-to-end enterprise IT services Managed network solutions, datacentre and cloud infrastructure, managed IT support, testing, cyber security and consulting
SS	Specialist Services	<ul style="list-style-type: none"> Includes our financial and regulated operations Government and specialist commercial partnerships Vertical market services – real estate & infrastructure, travel, translation services, print, legal and enforcement services