

Results for the 6 months to 30 June 2009

Agenda

- **Introduction:** Paul Pindar, Chief Executive
- **Financial results:** Gordon Hurst, Group Finance Director
- **Generating growth:** Paul Pindar, Chief Executive
- **Fuelling future growth:** Simon Pilling, Chief Operating Officer
- **Prospects:** Paul Pindar, Chief Executive

Highlights

- Strong profit growth
- Continued margin improvement
- Excellent cash flow despite current economic environment
- Sales wins at £814m, up 30%
- Active market – both sales and acquisitions
- India achieves critical mass and profitability

“A consistent strategy, consistently applied”

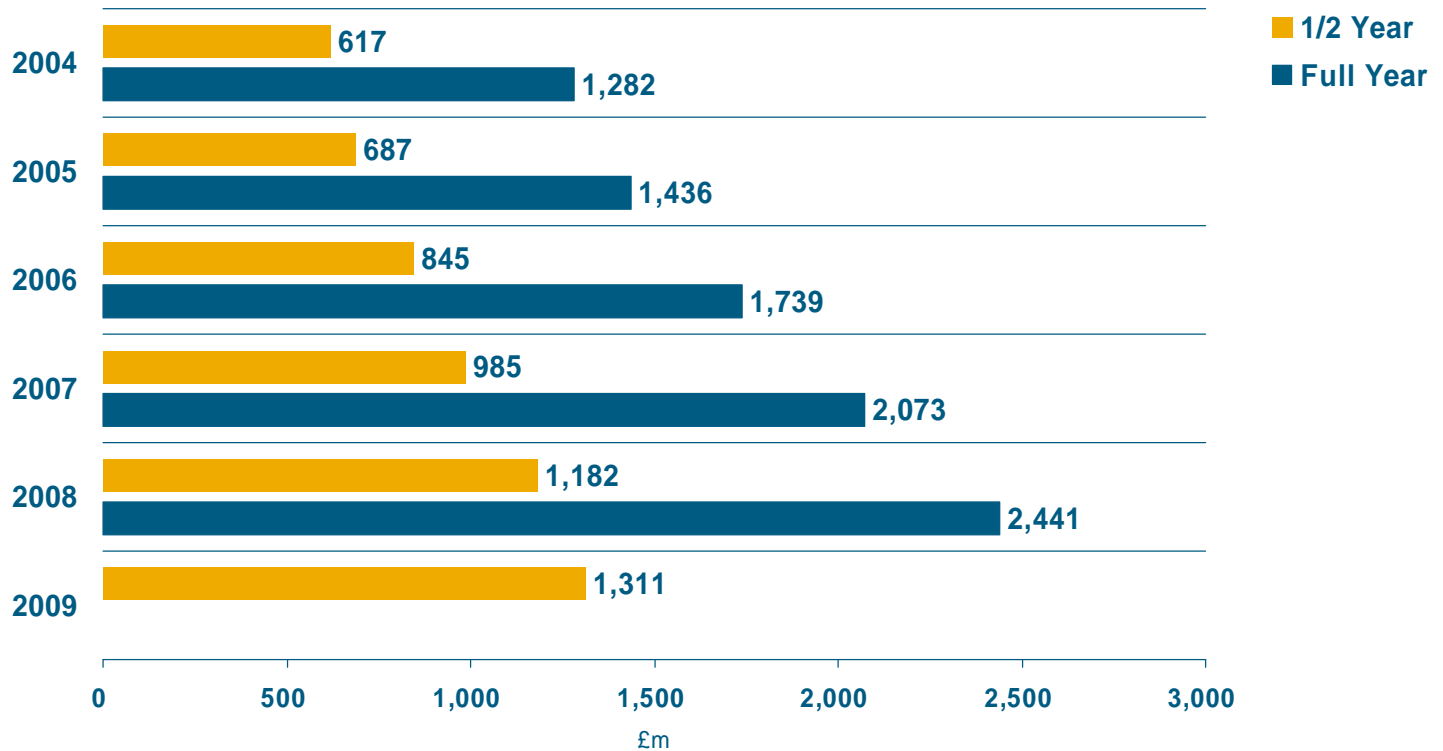
Financial results

Gordon Hurst

Group Finance Director

Financial results - turnover

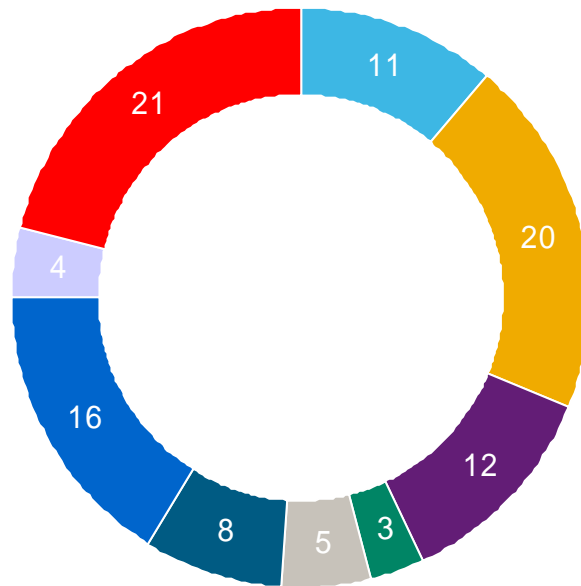
Comparative growth 11%



Financial results - turnover by market

Public sector 51% (2008: 48%)

Private sector 49% (2008: 52%)



■ Central government 11% (10%)

■ Local government 20% (20%)

■ Education 12% (11%)

■ Health 3% (2%)

■ Transport 5% (5%)

■ Insurance 8% (8%)

■ Life and pensions 16% (16%)

■ Financial services 4% (5%)

■ Other corporates 21% (23%)

2009 half year (2008 year end)

Financial results - half year organic growth

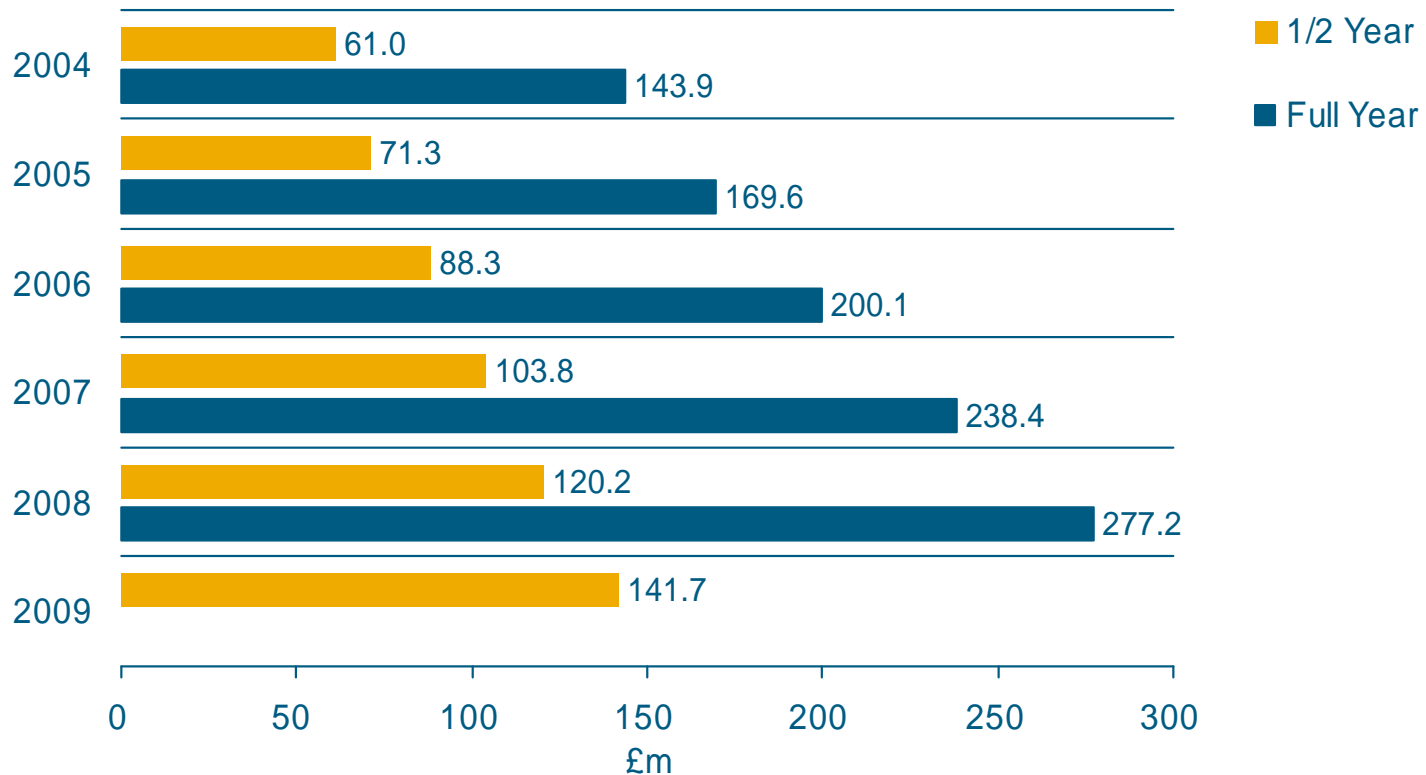
	£m 6 months to 30 June 2009	£m 6 months to 30 June 2008	Growth
Turnover	1311	1182	11%
2009 acquisitions	(10)	-	(1%)
2008 acquisitions	(29)	-	(2%)
Organic	1272	1182	8%

Financial results - resilient income streams

- Provision of essential services across both public and private sectors
- Non discretionary areas of spend
- Revenues substantially underpinned by long term contracts and recurring revenues
- No dominant clients – a good spread of clients across our 9 chosen markets
- No major contract rebids until 2012

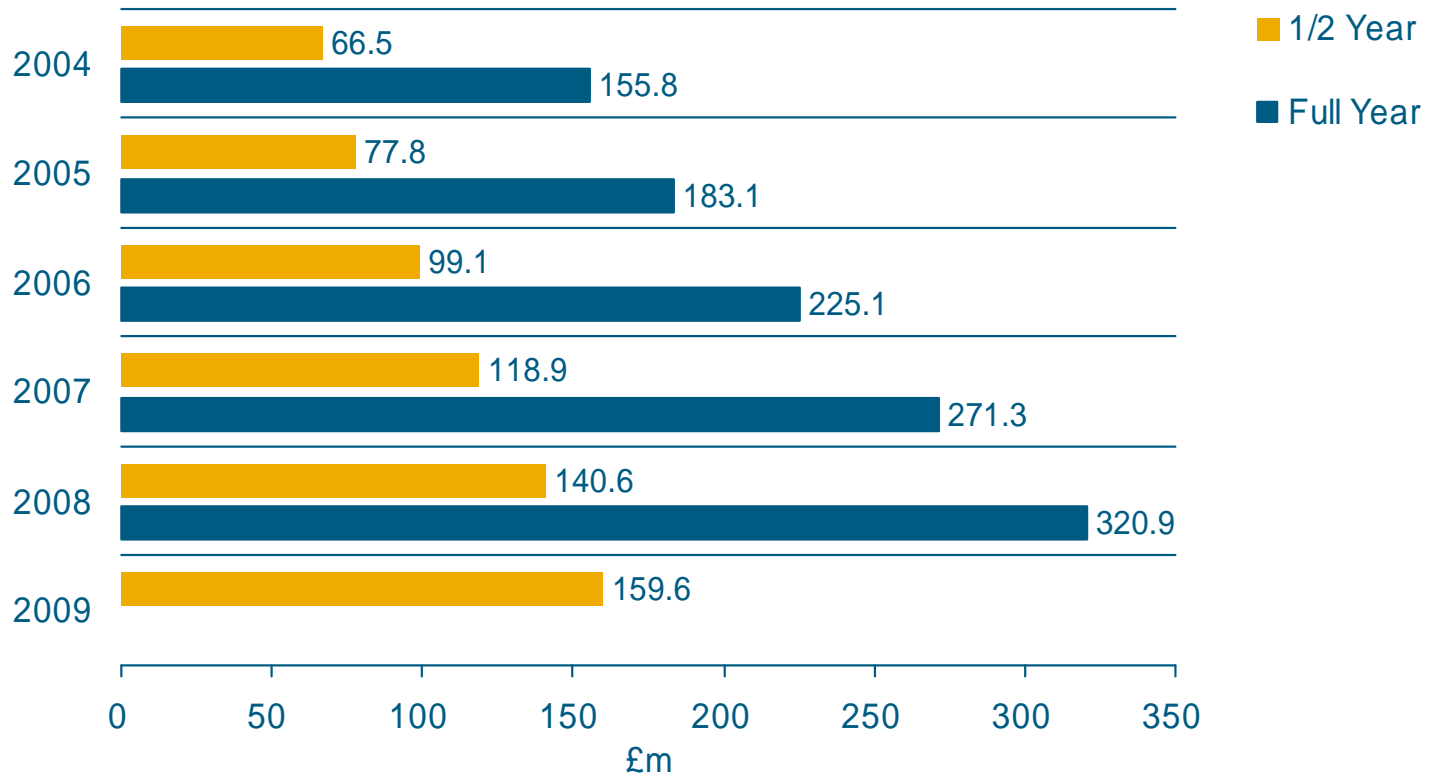
Financial results - underlying profit before tax*

Comparative growth 18%

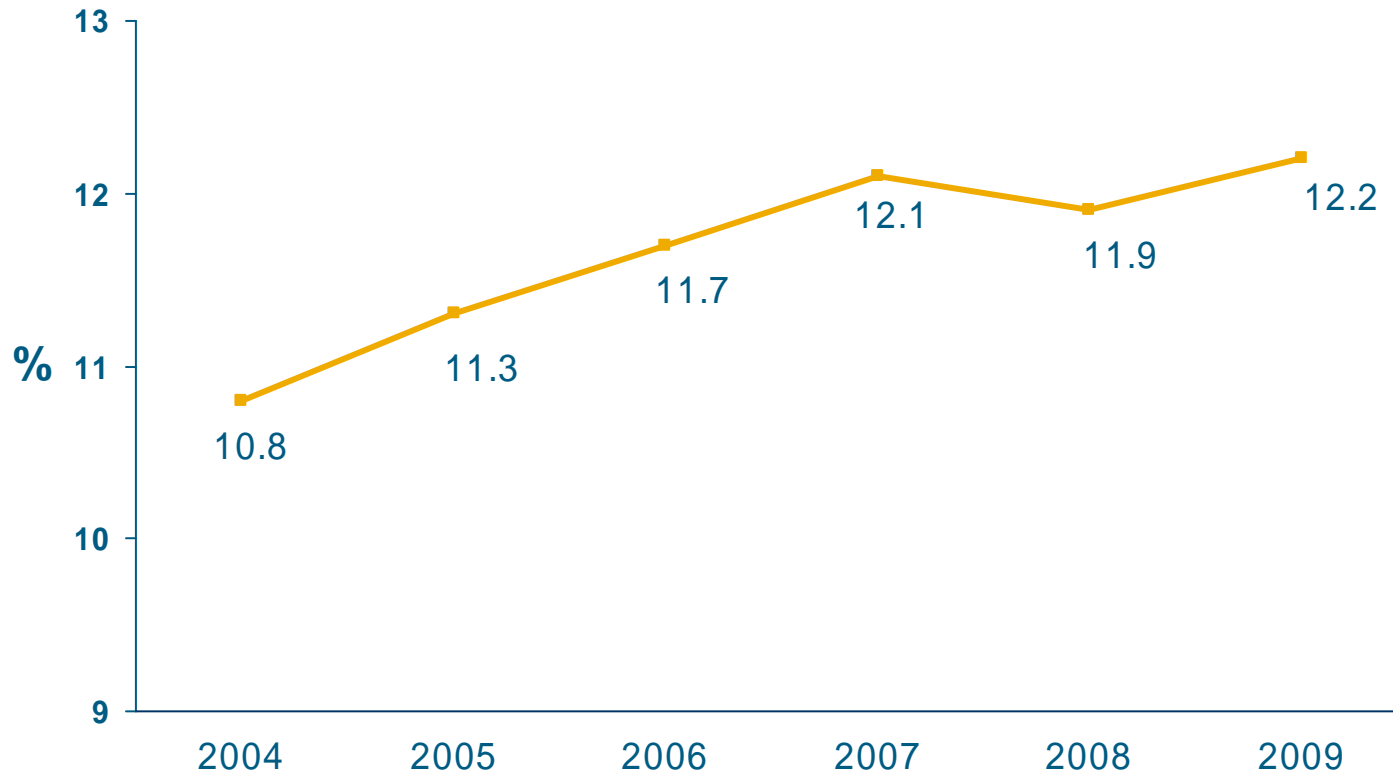


Financial results - underlying operating profit*

Comparative growth 14%



Financial results – underlying half year operating margin*



Financial results - sustaining our margin

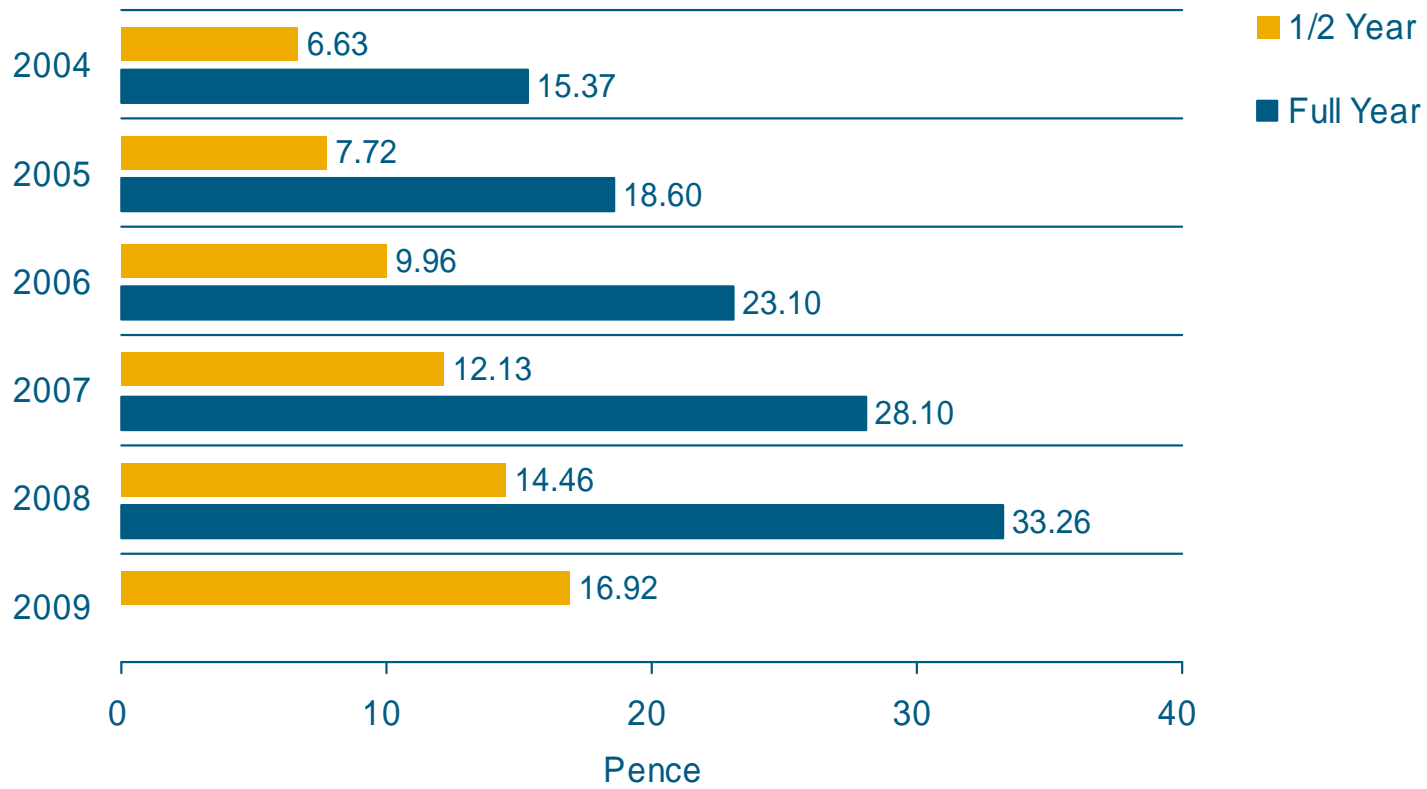
Focus: remains on steadily improving operating margin

Drivers:

- Increasingly valuable services delivered
- Efficient use of our operational infrastructure
- Increasing shared use of IT infrastructure
- Benefits of scale

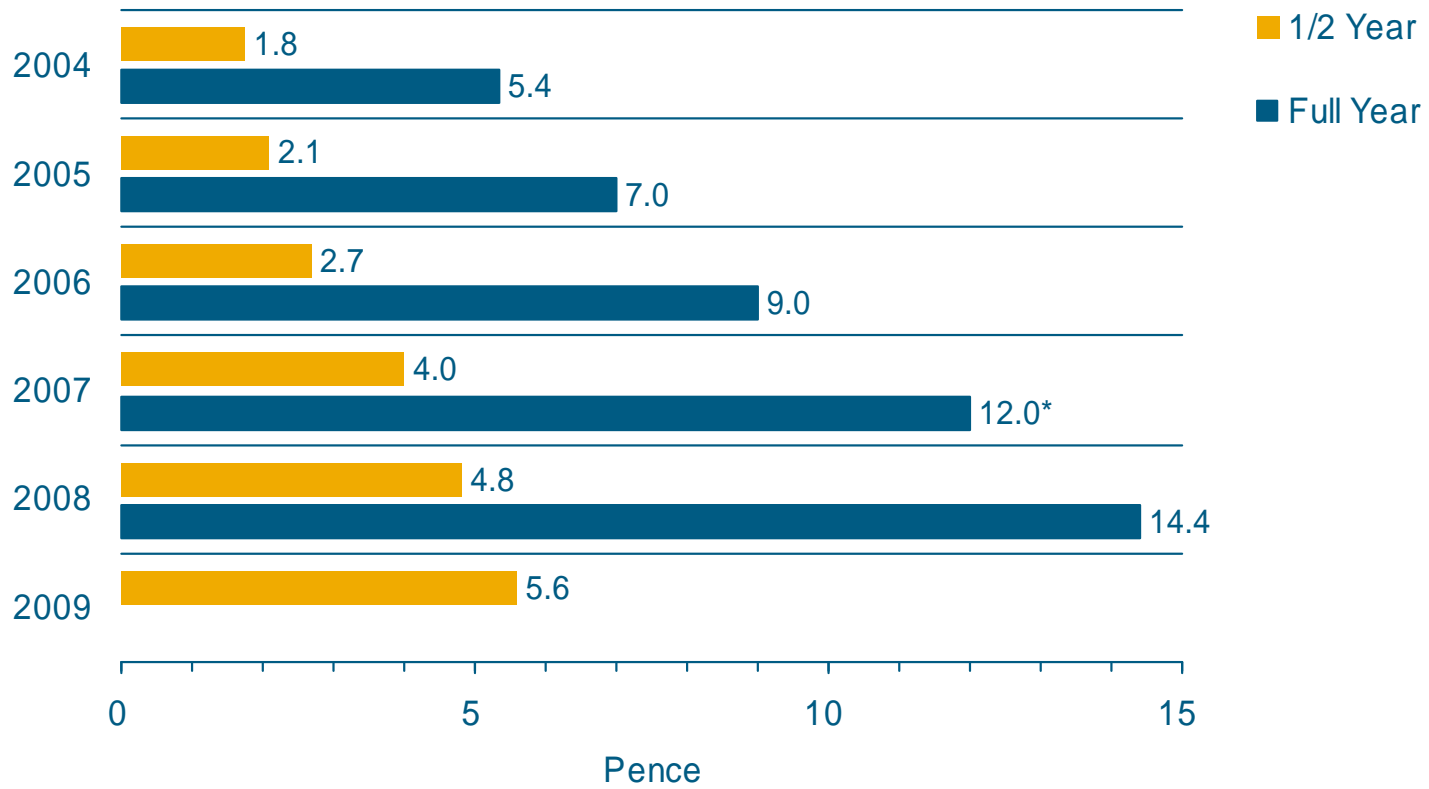
Financial results - underlying earnings per share*

Comparative growth 17%



Financial results - dividends

Comparative growth 17%

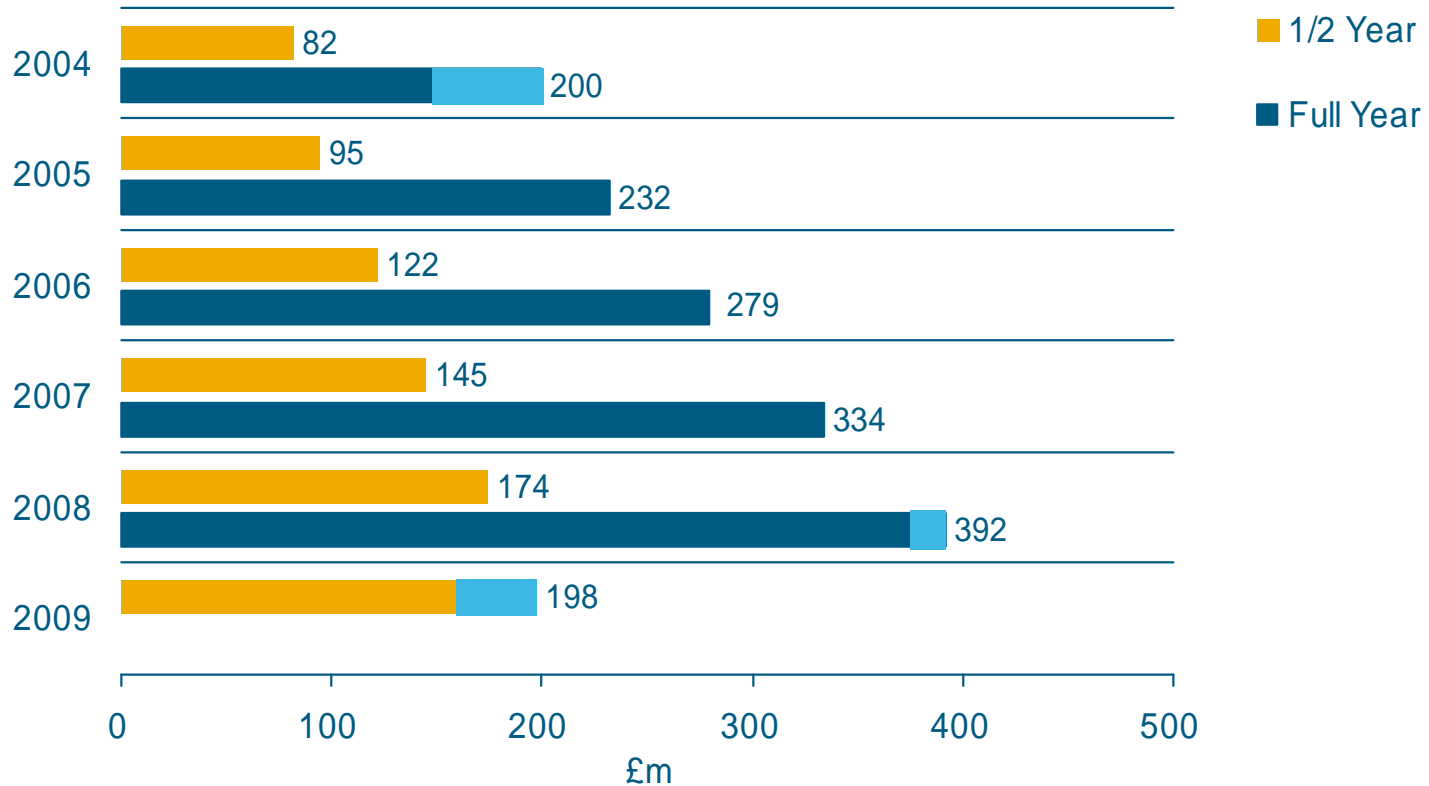


Financial results - cash flow statement

	£m 6 months to 30 June 2009	£m 6 months to 30 June 2008
Cash flow from operating activities	198	174
Net interest paid	(19)	(20)
Taxation paid	(21)	(19)
Capital expenditure	(36)	(33)
Free cash flow	122	102
Exceptional pension payment	(40)	-
Acquisitions and disposals	(98)	(55)
Equity dividends paid	(59)	(49)
Share buybacks	-	(66)
Proceeds on sale of investments in insurance captive	2	-
Share option proceeds	13	17
Bonds repaid	(100)	-
Other financing	2	-
Decrease in cash in the period	(158)	(51)

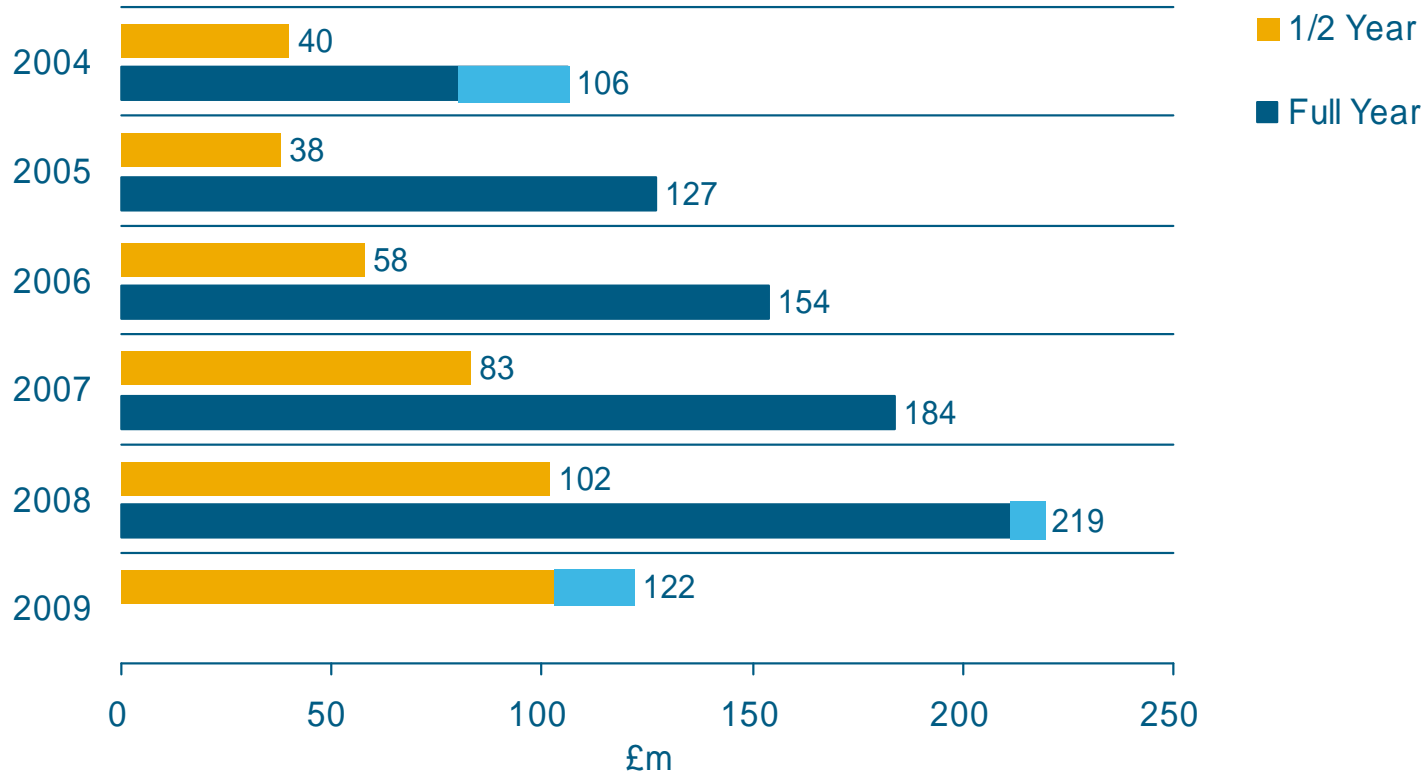
Financial results - cash flow from operating activities

Comparative growth 14%

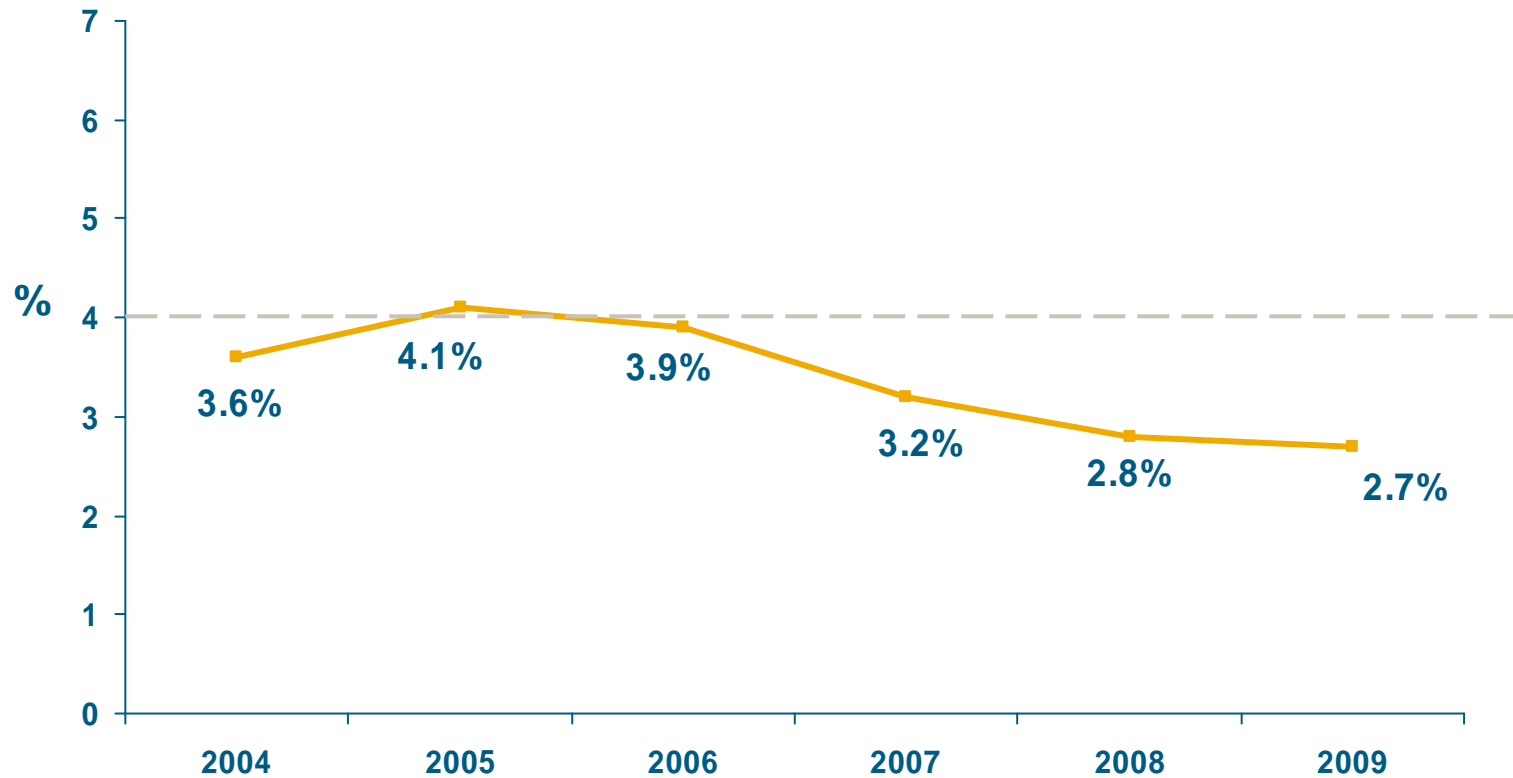


Financial results - free cash flow

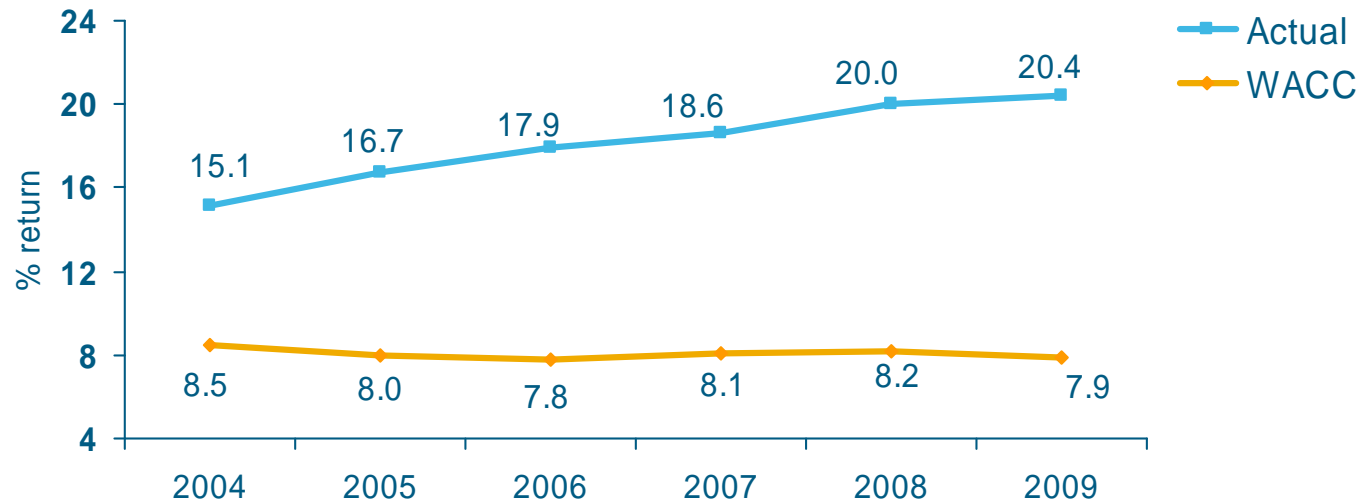
Comparative growth 20%



Financial results - half year capex as % of turnover

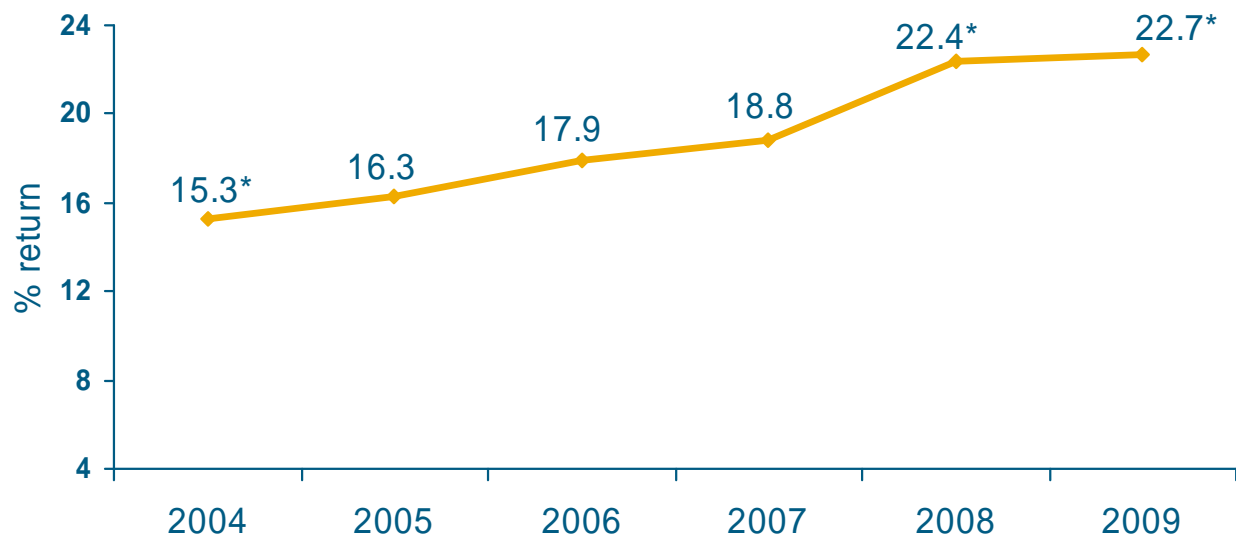


Financial results - % net return on capital (debt plus equity) – 12 months to 30 June 2009



	2004	2005	2006	2007	2008	2009
PBIT (normalised)	142	167	204	245	293	340
Avg capital (£m)	674	719	823	954	1067	1220
Tax (%)	28.2	28.1	27.7	27.7	27.0	26.8

Financial results - underlying free cash flow return on capital* (debt plus equity) – 12 months to 30 June 2009



	2004	2005	2006	2007	2008	2009
FCF (pre interest)	103	117	147	179	239	278
Avg capital (£m)	674	719	823	954	1067	1220

Financial results - balance sheet gearing

	£m 30 June 2009	£m 30 June 2008
Net debt		
Bond debt	579	479
Bank facilities drawn	71	97
Loan notes	3	6
Total net debt	653	582
Interest cover	8.2x	7.5x
Net debt to EBITDA	1.7	1.7

Generating growth through contract wins and acquisitions

Paul Pindar
Chief Executive

Generating growth - contracts secured in first 6 months of 2009

AXA Sun Life	Learning and Skills Council (LSC)	Office for National Statistics (ONS)	DCSF: National Strategies
New contract £523m 15 years	New contract £68m 4 years	New contract £25m 2.5 years	Extension £64m 1 year

**Contracts £10m -
£50m**

6 deals

**Aggregate value:
£134m**

Total value of contracts secured to date in 2009: £814m
(Half year 2008: £626m)

Generating growth - rebid of existing major contracts

2009	2010	2011
None	None	None
2012	2013	
TV Licensing £50m p.a.* CRB £40m p.a.*	None	

Criteria: more than 1% of 2008 turnover
***Revenues based on original contract value**

Generating growth - bid activity

- Bid pipeline* of £3bn comprising 24 bids (Feb 2009: £3.1bn; 23 bids)
- £814m contract wins to date, up 30%
- Win rate down from 1:2 to 1:3
- Increased interest in newer markets
- Healthy rate of pipeline replenishment
- Most active markets: local government, life and pensions and financial sector
- Central government starting to offer some interesting opportunities

Generating growth - acquisitions

- Acquisitions remain an important element of our business model
- We continue to acquire small to medium sized companies that:
 - strengthen existing market positions
 - build economies of scale
 - generate sustainable, quality revenues
 - bring complementary skills and services
 - create new market opportunities
 - access a new customer base
 - help us to grow organically
- Active first half of year with 9 acquisitions completed
- Expect an active second half

Generating growth - 2009 acquisitions

FMS	CHKS	Hero Insurance Services	NHS Membership Services	MMB
Trust administration £2m (+ £1.1m)	Health services £11.6m	Insurance £15m	Financial services £2m	Property services £4.85m
Capmark Services Europe	Andrew Martin Associates	Carillion IT Services Ltd	Gissings	
Financial services £10m	Property services £2.25m (+ £4m)	IT services £36m	Pensions administration £9m	

Total spent on 9 acquisitions in 2009: £93m
(Half year 2008: £129m)

Operational update and fuelling future growth

Simon Pilling

Chief Operating Officer

Operational update

- New contracts transitioned smoothly and progressing well:
 - NHS Choices
 - Gas Safe Register
 - Sheffield City Council
 - AXA Sun Life
 - Education Maintenance Allowances
- Majority of business performing well and robustly
- L&P growing strongly: 25 million policies
- Developing existing and new local authority partnerships
- Strong demand for innovative education software products
- Capita Symonds trading steadily with key new Crossrail infrastructure contract

Operational update

- Financial services businesses experiencing mixed trading
- Trust administration business performing well
- Capita Registrars has made excellent progress. Contracts secured with:
 - Stagecoach Plc
 - Northern Foods Plc
 - Standard Life Plc
- Our collectives and investment trust administration business is feeling effects of the lower stock market valuations and higher regulatory costs

“We remain confident that areas potentially affected by the current weaker economy represent less than 10% of our Group revenues”

Fuelling future growth - Business Centres July 2009

Offshore - India

Quality service delivery operation

4 business centres

- Data validation & entry
- Claims & policy admin
- Fund management admin
- Accounting & finance processing

Nearshore – Ireland, Channel Islands, Gibraltar

Additional tax jurisdictions to support clients' products

5 business centres

- Customer services
- Life & pensions admin
- Financial services
- Corporate registrars

Onshore - UK

Core client market place

50 business centres

- Back office admin
- Life & pensions
- Resourcing & training
- Property consultancy
- Claims & policy admin
- HR admin
- Customer services
- IT & software
- Share registration
- Electronic document processing

Fuelling future growth - Capita India

Quality service delivery operation:

- supports Group businesses and clients
- valued processes across BPO and KPO
- highly productive, quality operations

3,700 staff by end of 2009

Mumbai: Abbey Life contract went live in March with the successful transfer of processes from a third party service provider

Pune: Site running services for Marsh UK. 325 employees will also join from AXA



Bangalore: New office to open September 2009 following the transfer of operations and 225 employees from AXA

Fuelling future growth - IT Services

Rationale: increase capacity and breadth of Capita IT services offering

- Positioned as a significant ITO player
- Increased capability in-house to support major BPO deals and Group businesses
- Increased breadth of specialist IT skills: 2,300 IT employees
- Increased UK coverage
- Increased focus on IT led BPO contracts
- Offer end to end service – design, build and operate across infrastructure and applications
- Scale benefits for existing and potential clients

Fuelling future growth - IT Services

March 2008: ComputerLand UK

- Increases our Managed Service and desktop offering and keeps spend within the Group – £2.5m savings achieved in 12 months

October 2008: ABS Network Solutions

- Enhances our networking and communications offering and enables cost savings across the Group

June 2009: Carillion IT Services Ltd (CITS)

- Expands clientbase, including Easyjet, BAA and BAE Systems
- Opportunity to secure further growth in supporting Building Schools for the Future (BSF)
- Increases our UK coverage, particularly in Scotland
- Further enhances our capability in IT security based services

Fuelling future growth – Health

Rationale: Expand breadth of services and customer relationships through contracts and acquisitions

Market drivers:

- Financial pressure from central government to deliver value for money likely to result in increased use of private sector to help drive efficiencies
- Darzi review – making Patient Experience a key quality measure. We are well placed to assist with achieving these quality improvements
- NHS has to deliver significant cost improvements by 2011
- Growing interest in organisations with the ability to deliver consistent, resilient large scale processing and administration services across areas such as commissioning, Payment by Results and independent contractor management

Fuelling future growth – Health

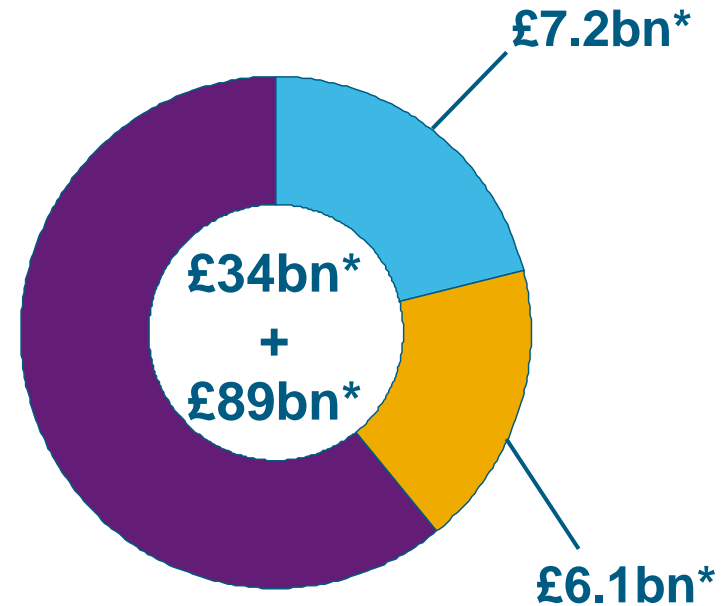
Current position:

- Contract wins include NHS Choices, which has started well
- Acquisition of CHKS and 2 NHS Membership services businesses adds further strength to our position in the health market
- Won contract with Department of Health, worth £5.25m over 3 years, to manage The Information Standard, a new certification scheme for the production of health and social care information. To be launched later this summer
- Enthusiastic, dedicated team in place to grow our business in this sector
- Pipeline of bid opportunities established
- Revenues tripled in less than a year

Future growth opportunities - Central Government

Market Drivers

- Operational Efficiency Programme:
 - £34bn p.a. spend on back office operations and IT
 - £89bn p.a. spend on procurement
- Targets set to achieve £13.3bn annual savings in these areas by 2011:
 - £7.2bn savings: back office operations and IT
 - £6.1bn savings: procurement
- Growing interest by political parties in private sector involvement in implementation and delivery



*Source: Operational Efficiency Programme (OEP) April 2009

Future growth opportunities - Central Government

Current position

- Unique track record in delivering cost reduction and quality improvements in both public and private sector
- Excellent relationships with public sector trade unions
- Investment in dedicated senior staff to target key departments and Non Departmental Public Bodies (NDPBs)
- Major programme of activity in demonstrating capability to senior ministers and civil servants

Prospects

Paul Pindar
Chief Executive

Prospects

- We remain confident regarding our prospects:
 - Consistently strong operational performance provides an excellent background for further expansion
 - Demand for outsourcing continues to be buoyant
 - Encouraging volume of opportunities
- Our success in 2008 and progress in the first half of 2009 position us well for a successful year
- Now focused on building a strong platform for continued growth in 2010 and beyond

Results for the 6 months to 30 June 2009