

CAPITA

Software investor event

24th January 2019

Simplify

Strengthen

Succeed

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Contents



1. Introduction



4. Financial profile and measuring success



2. History and business today



5. Summary and Q&A



3. Markets and growth opportunity



6. Capita's software business in action

Section 1



Introduction

Our management team



Chris Baker
Executive Officer,
Capita Software

- Joined end of 2016
- Previously Executive Director at Xchanging
- Prior, 17 years at Oracle



Stefan Maynard
Finance Director,
Capita Software

- Joined end of 2013
- Previously VP Finance at Logica/CGI for 12 years
- Prior, 7 years at ICL/Fujitsu



Alistair Scullion
Strategy & Marketing Director,
Capita Software

- Joined end of 2016
- Previously MD of consulting, analytics and software at Experian for 12 years
- Prior, 10 years experience at IBM and Barclays

Key messages from today



Well established products with market leading positions



Specialist, need deep domain expertise to win



Divisional transformation programme now in 3rd year



Creating a single software company



Stronger operational platform will support growth and innovation



>1,000 software developers in India, £80m of investment



Improving financial performance



Profitable, repeatable growth with strong cash flow generation

Capita strategy recap

Transformation driven by things that we control

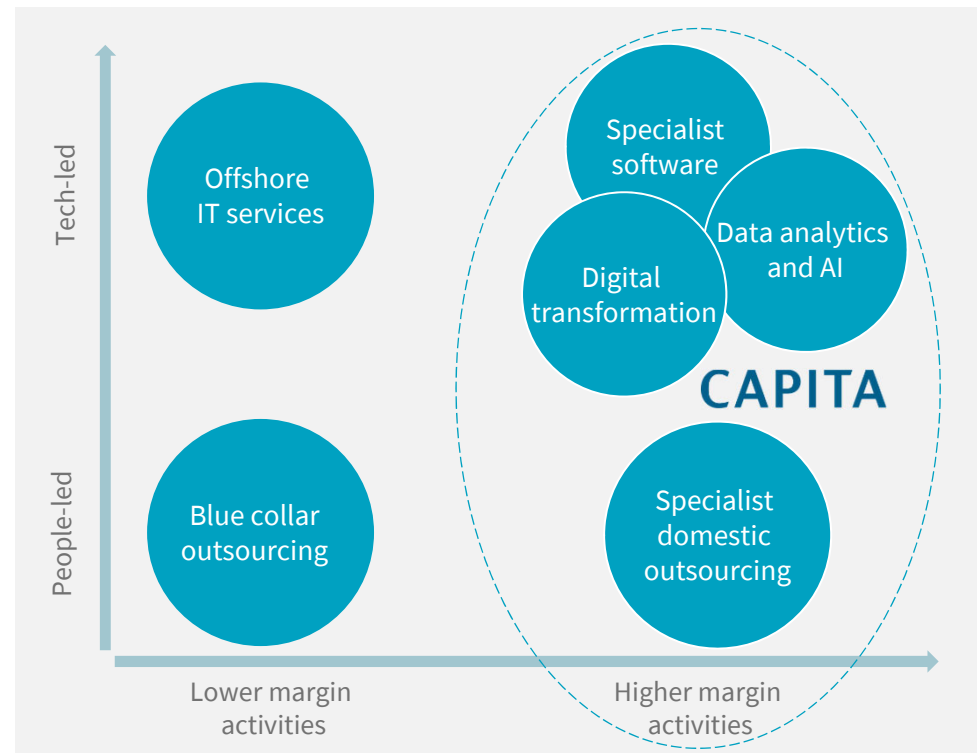
- Fix the basics
- Cost out
- Improve challenging contracts

Rights issue and disposals raised £1.1bn in 2018

- Reduced leverage
- Allow us to increase investment

Focus on digitally-enabled business services


- With good market positions and growth potential



Scalable, repeatable products *and* digitally-enabled BPO

1 Software products

Enterprise software products
Built once and sold many times




The logos displayed are: eye, Control Works®, integra., SIMS helping schools inspire, retaininternational, ECLIPSE, Pay360 by Capita, and AMTSybex Part of Capita plc.

2 Digitally-enabled BPO

Capita proprietary or third party software
Create the best outcome for our customers

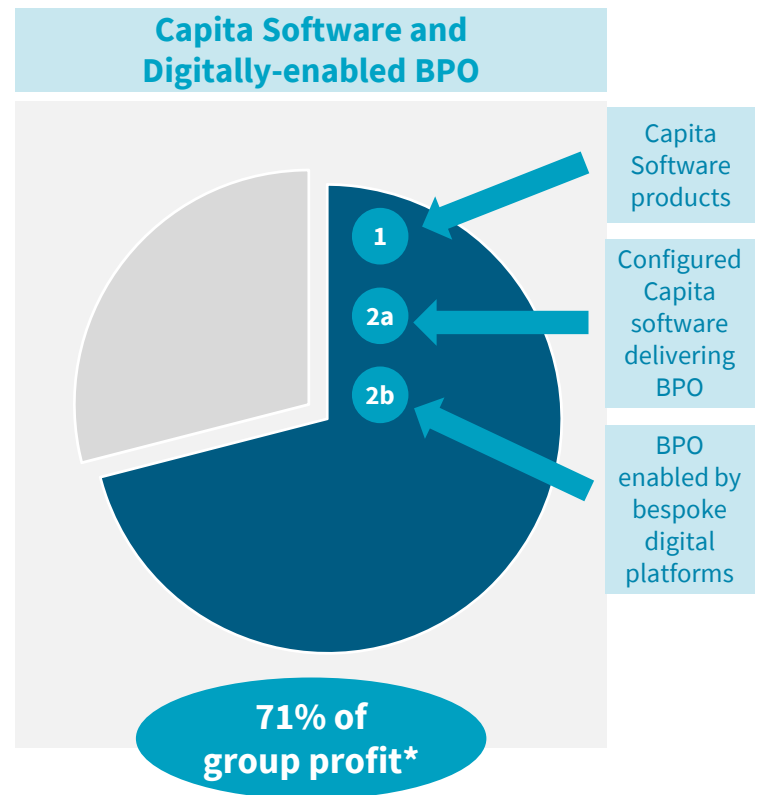
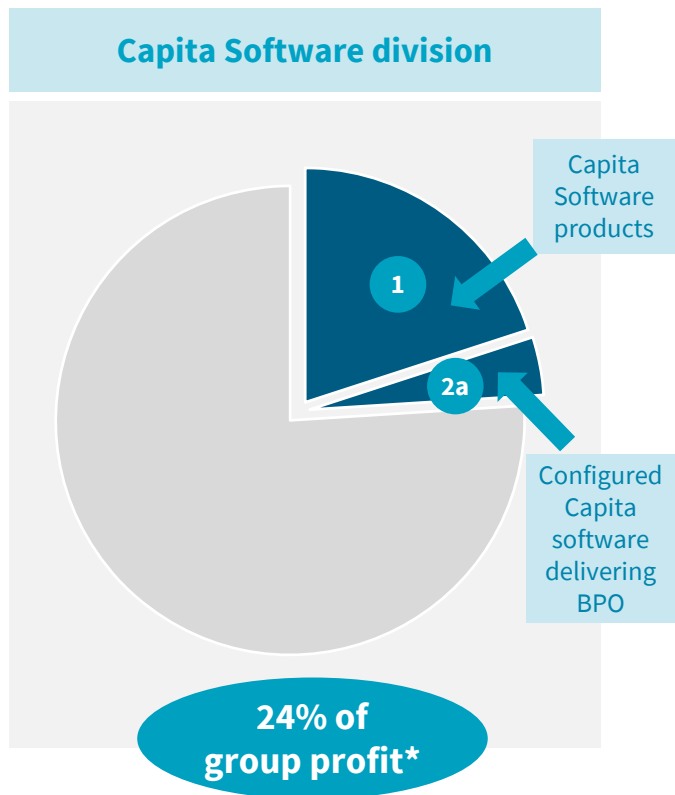
a Configured Capita software delivering BPO

b BPO enabled by bespoke digital platforms



The logos and images displayed are: Standards & Testing Agency, TV LICENSING, mobilcom debitel, and various digital platform screenshots including 'orbit', a phone number '01234...', and 'Central ZONE'.

Capita Software provides a significant profit and opportunity contribution to Capita



Capita Software – a snapshot

What we do	Financial metrics		Market areas
<ul style="list-style-type: none"> • Pure-play specialised enterprise software business • Serving sector specific and cross-sector markets - UK and overseas • Forms a differentiating component of the digitally-enabled Capita offering 	<p>£402m revenue*</p>	<p>£112m profit with 27.8% margin*</p>	<ul style="list-style-type: none"> Education Emergency services Local government Utilities & transportation Healthcare Professional & financial Services Payments Cross-sector
<p>Strong UK market positions</p>	<p>>70% recurring revenue</p>	<p>£543m order book*</p>	
<ul style="list-style-type: none"> • Education #1 • Emergency services #1 • Utilities #1 • Local government top 3 	<p>4,000 people</p>	<p>97% UK revenue</p>	

Section 2



History and our business today

History – siloed businesses

1990–2010

- Bought SIMS (Education)
- Built leading Local Government software business
- Acquired IBS OPENSsystems (Local government housing)
- Acquired CHKS (Health analytics)

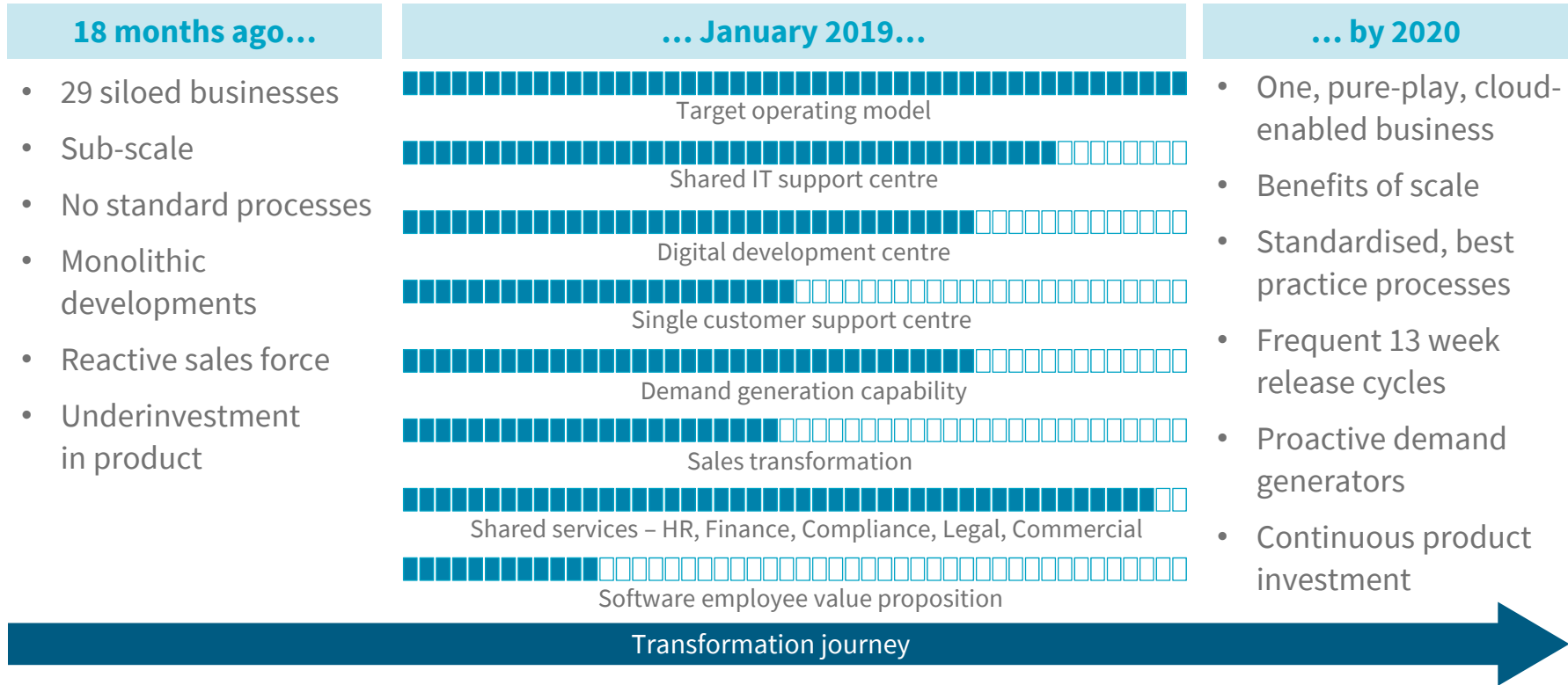
2010–2016

- Acquired SunGard secure information systems (Emergency services)
- Acquired AMT-Sybex (Utilities)
- Acquired Clinical Solutions (Health)
- Acquired paypoint.net, Retain, Eclipse, Barrachd and Orange Bus
- Formed new Software division

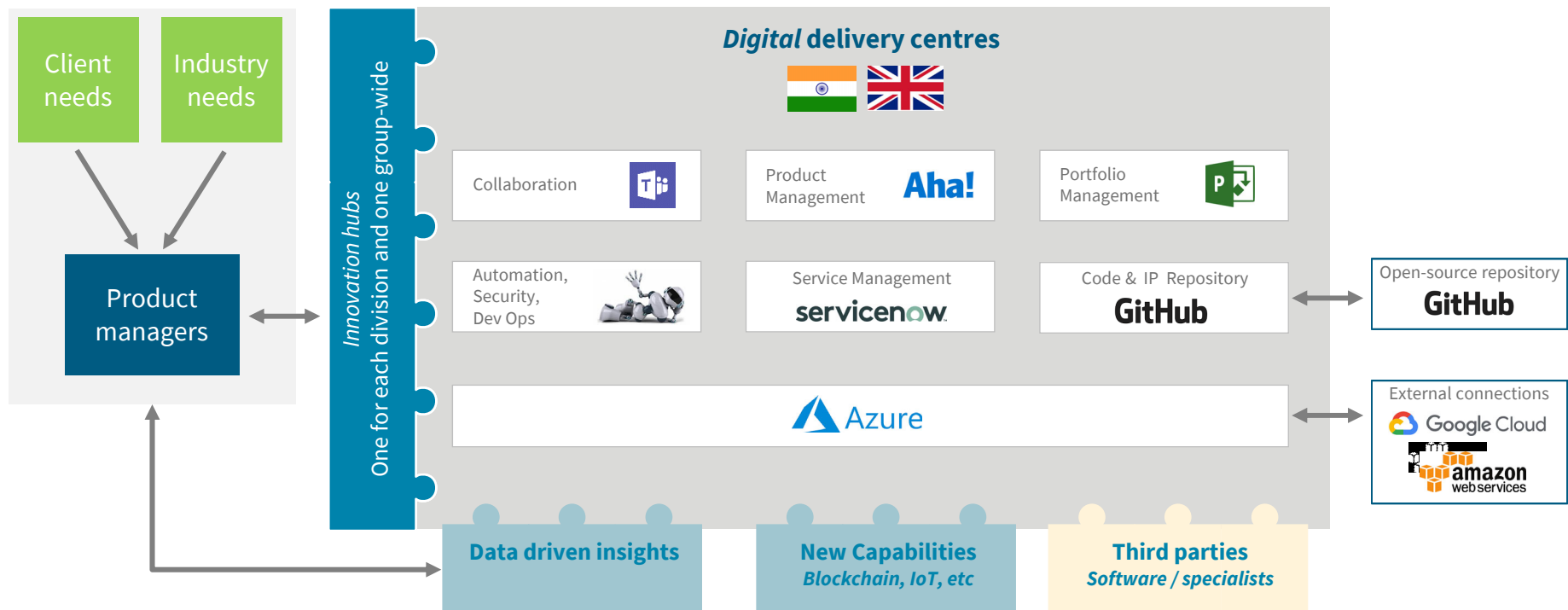
2017 / 2018

- New management team in place
- Transformation programme commenced
- Significant investment allocated
- Acting as one software company...

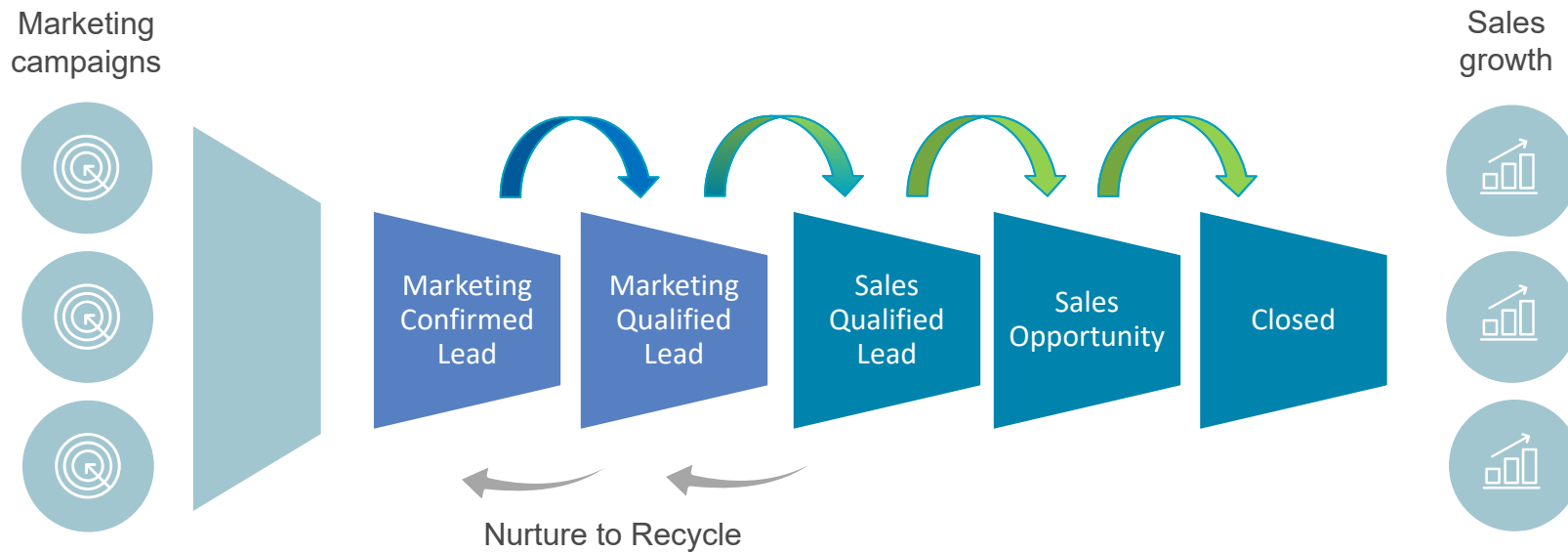
Capita Software's transformation journey



Digital delivery centre – a world-class development capability



Campaign-led, fully metricated, demand generation marketing capability



✓ One CRM

✓ Real-time KPIs

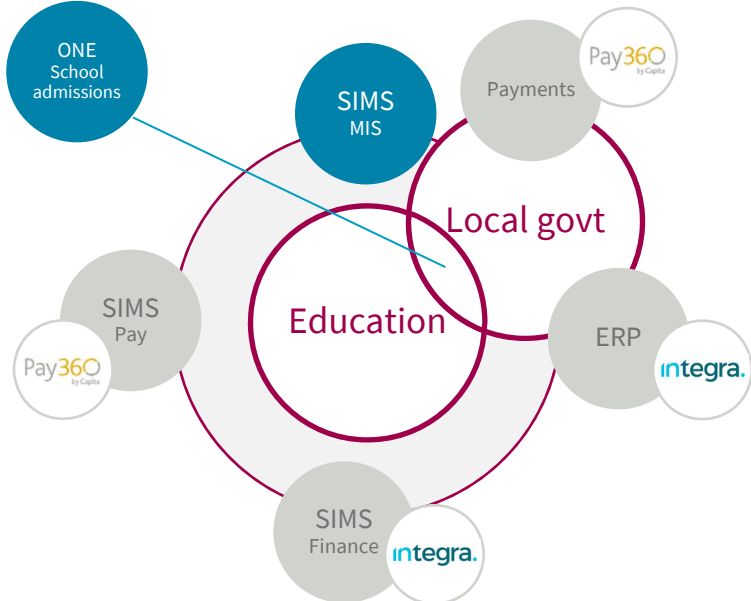
✓ Maximising ROMI

Deep domain expertise drives our value proposition



- ✓ Deep domain expertise not easily replicable
- ✓ High friction cost for customers makes these products sticky
- ✓ Provides high visibility and strong margin
- ✓ Enables long term investment in product
- ✓ Well placed to cross and up sell

Multiplier effect at the intersection of our sector-specific and cross-sector products



E.g. 1 - Education:

- Market leading MIS
- SIMS Finance (Integra)
- SIMS Pay (Pay360)

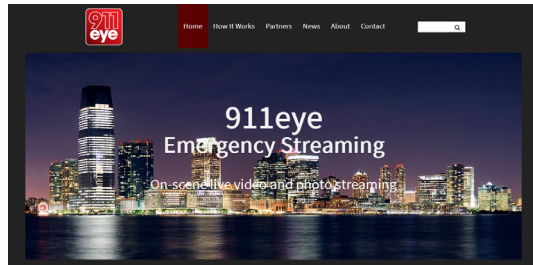
E.g. 2 - Local government:

- Schools admissions
- ERP (Integra)
- Payments (Pay360)

When we innovate well, we make a big difference

“ 911eye will change policing in the United States ”

Chief Mark Tinitigan
South River Police
Department, New
Jersey



... software reducing 'claim to pay' from 23 days to 9 days

“ Its propelled our digital offering into the 21st century - we can't wait to continue the journey with them. ”

Steve Curnow,
Commercial Director at
Sahara Force India



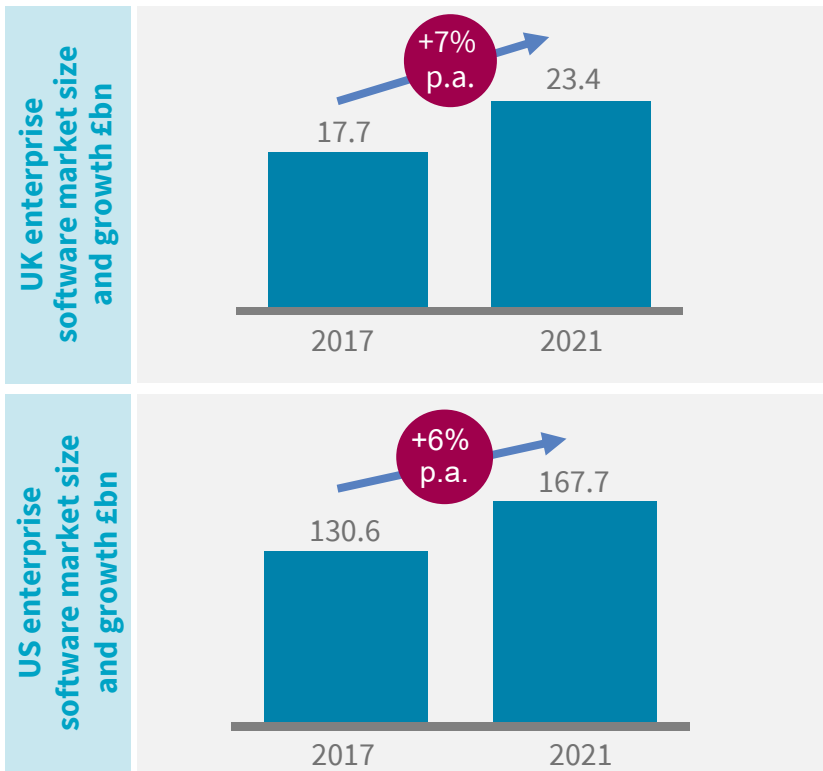
POCATHONS
Innovating at pace

Section 3



Markets and growth opportunity

The enterprise software market presents significant opportunity for growth











- Strong inherent growth as organisations seek customer and cost advantage
- New waves of growth driven by technological innovation – including cloud, AI, analytics, robotics, Internet of Things
- Opportunity to leverage our market footprints and internationally applicable products









Historic performance too reliant on mature products

	Education	Emergency Services	Local Government	Utilities & transport
Market position	 #1	 #1	 Top 2	 Niche
Market stage	Mature	Mature	Mature	Mature

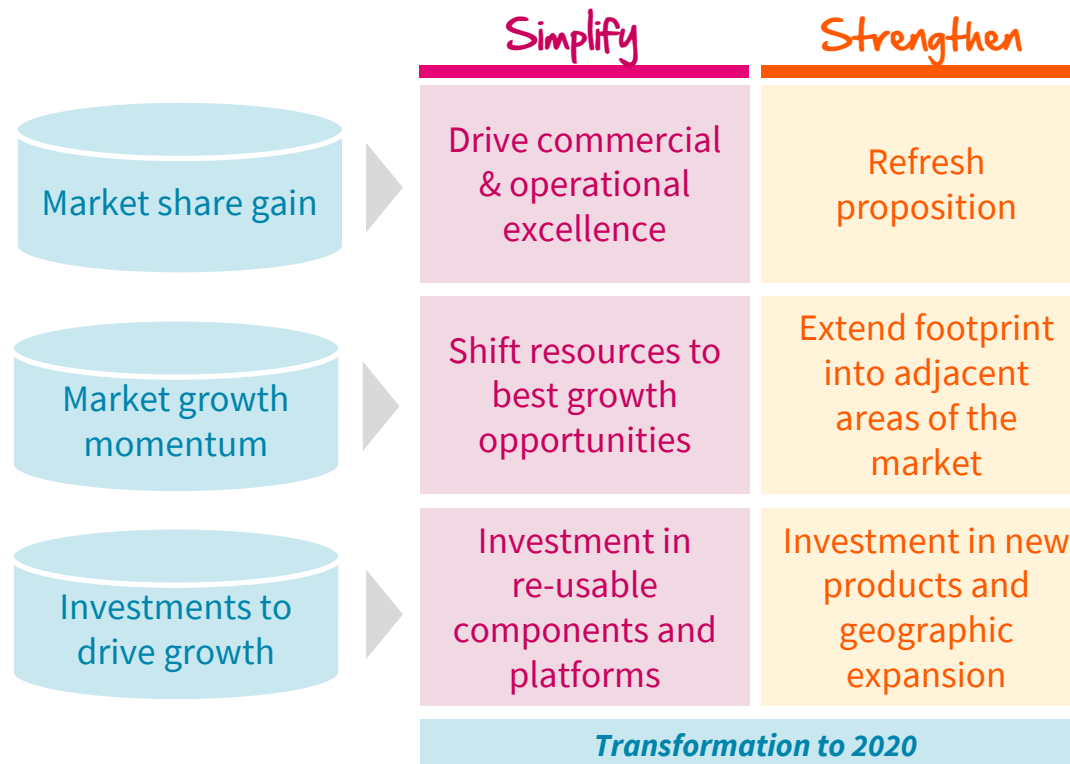
Full portfolio includes growing markets

	Education	Emergency Services	Local Government	Utilities & transport	Healthcare	Professional & Financial Services	Payments	Cross-sector
Market position	 #1	 #1	 Top 2	 Niche	 Niche	 #1	 Challenger	 Niche
Market stage	Mature	Mature	Mature	Mature	Growth	Growth	Growth	Growth

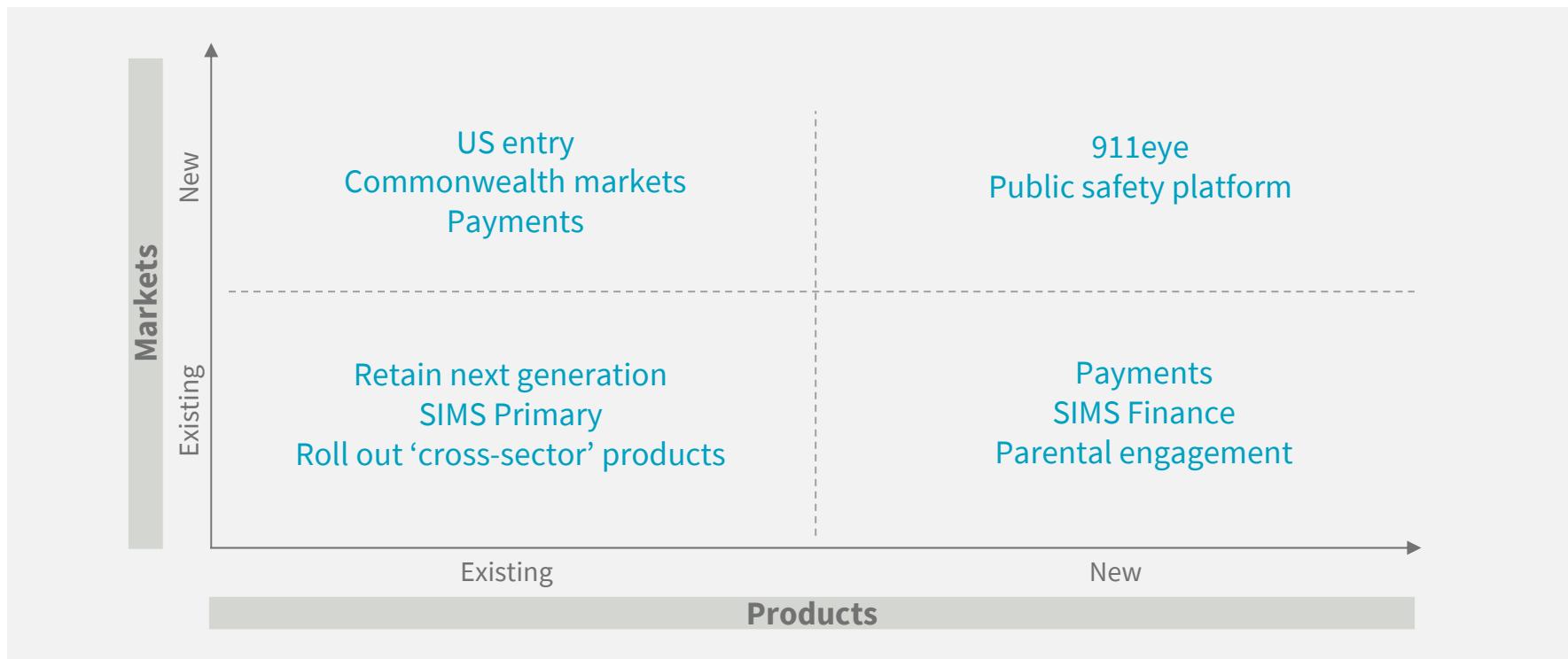
Plan is in flight to leverage all growth opportunities

	Education	Emergency Services	Local Government	Utilities & transport	Healthcare	Professional & Financial Services	Payments	Cross-sector
Market position	 #1	 #1	 Top 2	 Niche	 Niche	 #1	 Challenger	 Niche
Market stage	Mature	Mature	Mature	Mature	Growth	Growth	Growth	Growth
Adjacent growth opportunity	Medium	High	Medium	Medium	Medium	High	High	High

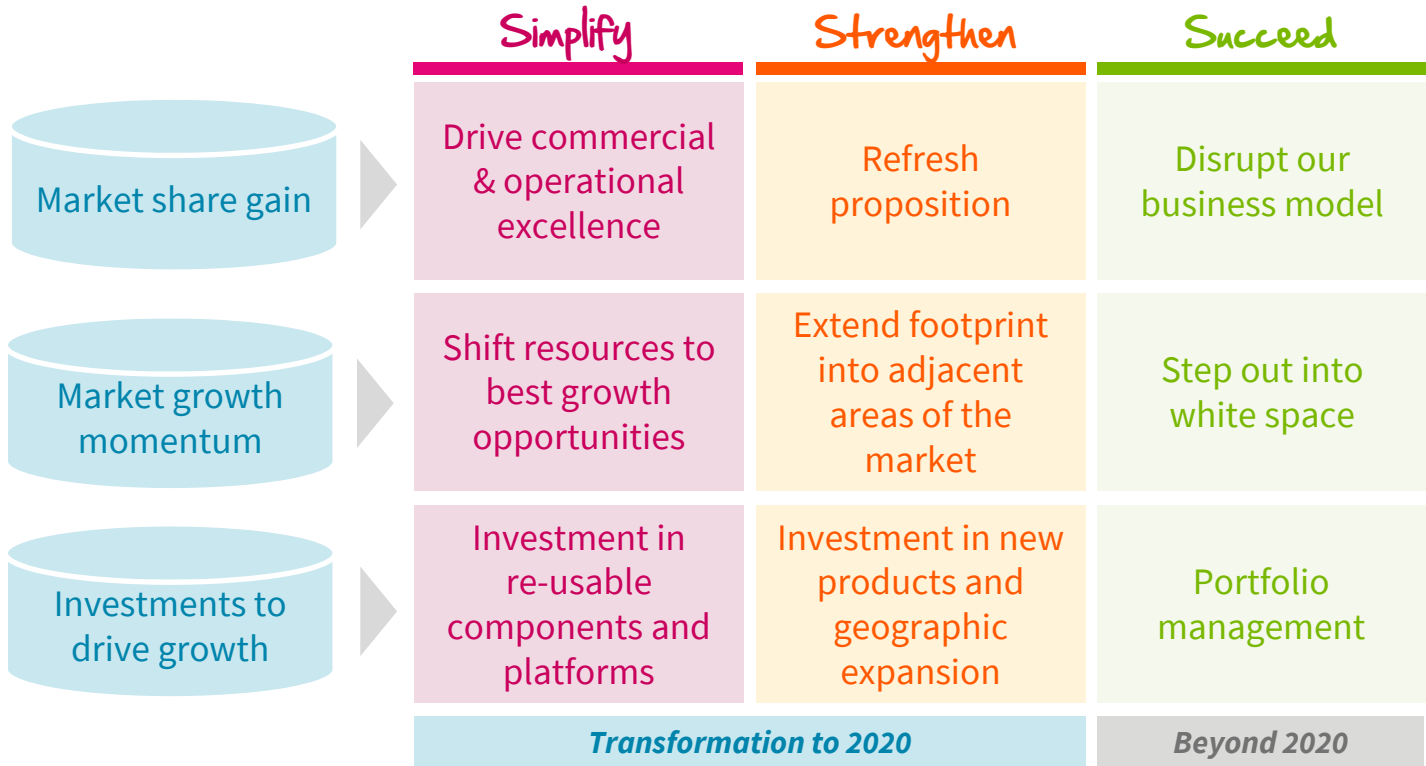
Multi-pillar growth plan



Focused product and new market investments



Multi-pillar growth plan



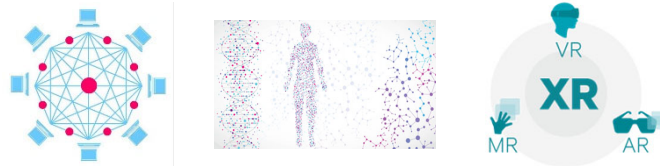
Starting to consider ideas for accelerating growth post 2020

Succeed

Disrupt our business model

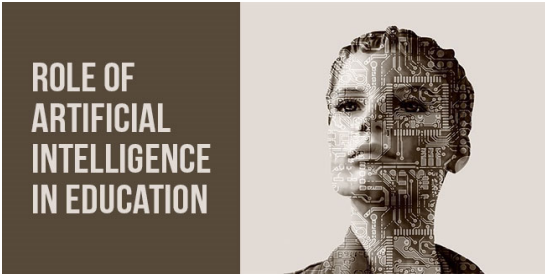


Step out into white space



Portfolio management

Joint ventures / partnerships
Acquisitions



AI and ML to create a:

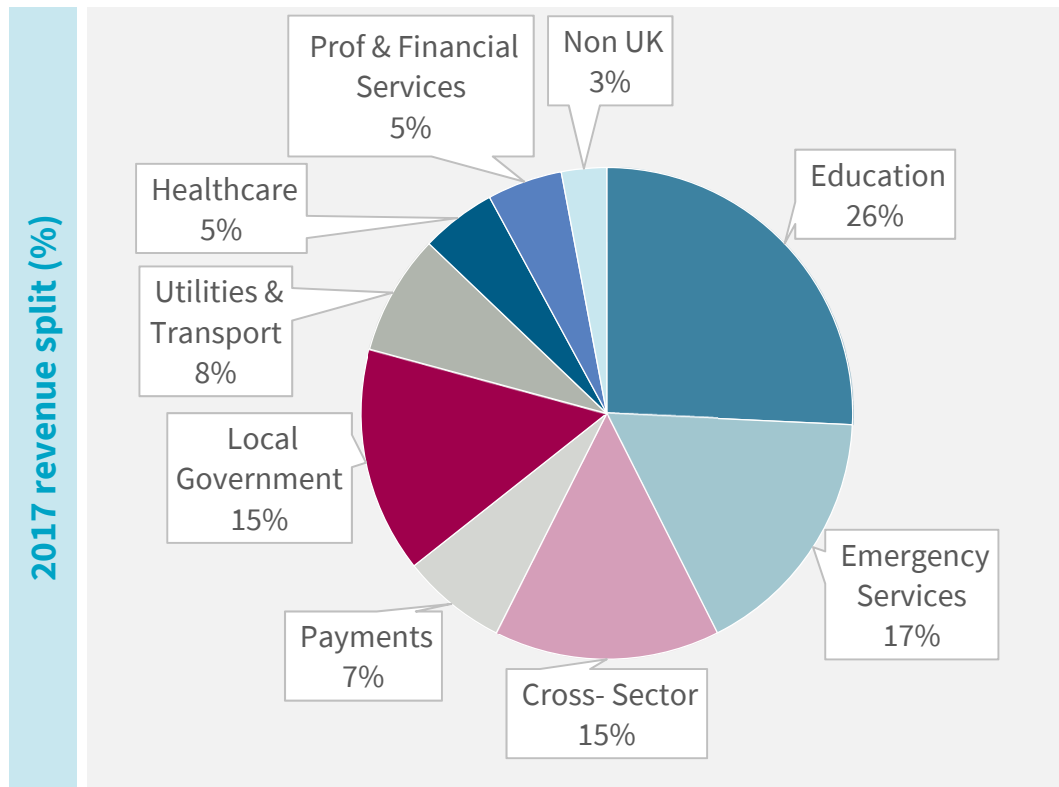
- Hyper personal learning experience
- Across the 'student-parent-school-tutor' engagement eco-system
- Agnostic of geographic boundaries

Section 4



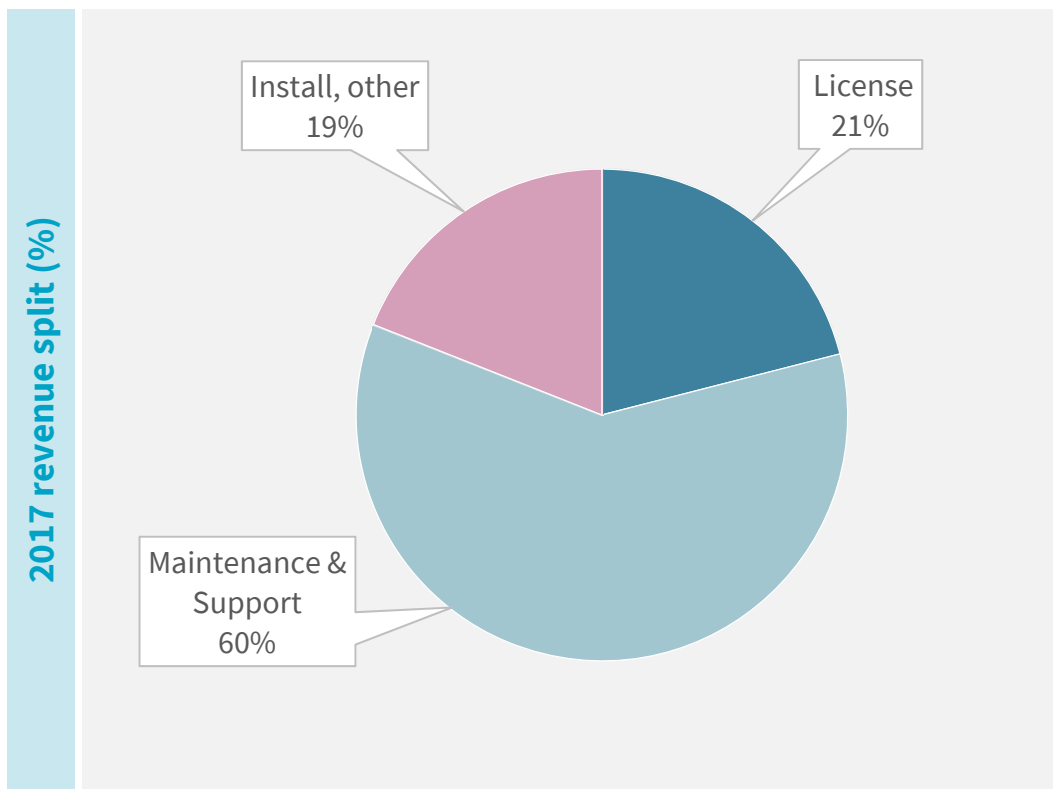
Financial profile and measuring success

Revenue mix



- ~80% sector specialised enterprise software, with ~20% in the private sector
- ~20% cross-sector, functional software
- Only ~3% revenues are non-UK

Highly repeatable and predictable revenue profile



- >70% recurring revenue
- Approximately 2/3rds of our licenses are delivered under a SaaS or SaaS-like and the remainder perpetual
- Over 80% of license revenues recognised over term of client relationship, smoothing revenue profile irrespective of perpetual or SaaS

Attractive financial profile



We have good visibility

- £543m order book
- >70% recurring revenue



Building blocks to grow

- Order intake improving
- Significant investment - £80m of capital expenditure through 2020



Attractive, sustainable margins and growing cash flow

- Quality products and benefits of scale
- High cash conversion

How we will be measuring our own success





	2017	2020
Order book	£543m	Growing faster than revenue
Revenue	-2%	Mid to high single digit growth
Operating margin	27.8%	Maintain or improve margins
Free cash flow*	Cash conversion below 100%	Cash conversion at least 100%

Section 5

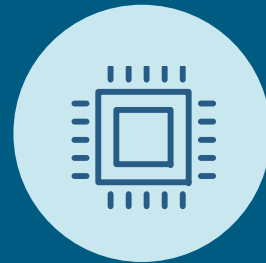


Summary and Q&A

Key messages from today

-  Well established products with market leading positions → Specialist, need deep domain expertise to win
-  Divisional transformation programme now in 3rd year → Creating a single software company
-  Stronger operational platform will support growth and innovation → >1,000 software developers in India, £80m of investment
-  Improving financial performance → Profitable, repeatable growth with strong cash flow generation

Section 6



Capita's software business in action

We will bring these to life through a series of presentations



- Innovation



- Adjacent growth



- Transformation



- Accelerated growth

Secure Solutions & Services – snapshot

What we do

- Provider of mission-critical software to police, ambulance and fire service control rooms
- Manage all contact (voice, video, internet, email, sms) in and out of the control room... enabling most efficient response
- Provide Unique live emergency streaming through 9xx eye
- Offer capability in digital evidence and records management
- Complete integration with client back end systems and databases

Markets we serve

- Police, Fire, Ambulance, Justice, Coastguard, Critical National Infrastructure, Safe Cities
- #1 market leader in UK and Australasia
- Global Control Rooms market size approximately £6bn
- Presents strong growth opportunity both directly and through strategic partners

Selected clients

- 95% of UK police forces and ambulance trusts
- 75% of UK fire services
- Significant international presence for all 3 services



Selected competitors



Secure Solutions & Services – value proposition

Why is this important to the customer?

- Solutions support resolution of demand at the first point of contact
- Identification of vulnerability
- Transformation of operational processes and workflows
- Significant cost and time savings through effective information integration, digital storage and data exchange
- Increase in data quality

Interesting facts

- Supporting over 30,000 incident deployments per day in the UK
- ControlWorks is proven to have helped Derbyshire Constabulary reduce call answering times for both 999 and 101 calls
- Intelligent data search and call analysis reduces incidents that South Wales Police attend by 10% saving nearly £100,000 per day
- EvidenceWorks has been used to record and store 1.5 million items of evidence to date
- We manage over 150,000 personal and vehicle radio devices in the UK

ControlWorks[®]
VisionDS
DSX ICCS
EvidenceWorks[®]
Origin
PoliceWorks[®]



Retain International – a snapshot

What we do

- Specialised resource planning software, with 25 years experience
- Track record in delivering increased utilisation for our clients
- 360 view of resource allocation, talent management and executive reporting
- Integration with existing client systems

Selected clients

- Management Consultancy (including representation across the Big 4),
- Legal (3 of 5 Magic Circle firms)
- Global Investment Banks & Internal Audit
- Central Government
- IT Services

Markets we serve

- Operate in the specialist resource planning software market
- #1 in large/global Tier 1 advisory firms
- Serve markets both in the UK, US & Australia with deployments across 70 countries

Selected competitors



Retain International – value proposition

Why is this important to the customer?

- Improve utilisation and profitability
- Smooth utilisation and manage peaks in demand
- Access a wider pool of resources
- Improve visibility of workflow and resource capacity
- Saves management time

Interesting facts

- Over 1.5million resources scheduled in Retain across 70 countries
- Retain typically improves utilisation by 4%
- Significant market share in consultancy and legal markets
- Significant investment programme to enhance and future proof the solution
- International growth focus leveraging the existing base

“It’s important to us that we match the right person to the right project. Retain was the best solution to meet our requirements.”

Tier 1 law firm

“Retain not only made our team more efficient, but also provided a higher quality product since it minimized user error.”

Global Investment Bank

“Retain allows us to drill down on particular skillsets and availability of consultants at any level.”

Tier 1 advisory firm

Capita Education Software Solutions – a snapshot

What we do

- Provider of management information software to the education sector
- 30+ years experience in schools, colleges & universities
- SIMS enables core processes from attendance to exam administration
- SIMS Finance and FMS supports the financial management of education
- SIMS Engagement connects schools and parents and facilitates payment for meals, trips and activities

Markets we serve

- We operate in the Ed Tech management information software market
- Primary, secondary and independent schools
- Further and higher education institutions
- UK and globally across 46 countries
- UK Ed Tech market forecast to grow to £3.4bn 2021 (includes exports)*
- Global Ed Tech market forecast £129bn in 2020

Selected clients

- SIMS used by 22,000 schools in 46 countries around the world and an 80% share of the UK market
- 12,000 schools using SIMS Finance and FMS
- 250,000 parents using our payments and engagement products

Selected competitors



Capita Education Software Solutions – value proposition

Why is this important to the customer?

- SIMS supports improved decision making, raising achievement for learners and providing actionable insights
- SIMS Finance consolidates finance data in real time and reduces manual input and processes for schools
- SIMS Engagement connects schools to parents, increasing parental engagement and reducing communications costs

Interesting facts

- 6 million(+) student records managed
- SIMS used by City Montessori School, in Lucknow, India with 56,000 pupils – the largest school in the world
- 2 million+ messages sent to parents on a ‘snow day’
- £100m of parent transactions through SIMS Pay



Parental engagement



Payments software – snapshot

What we do

- Provide market leading technologies for Payments, Fraud and Income Collection
- Helps to introduce new payment channels for our customers
- Improves customer choice, operational efficiency and payment security

Markets we serve

- Mixture of Public and Private sector
- Public – Local Authorities , Housing Associations , NHS Trusts
- Private Sector –Financial Services , Gaming , Retail and e-commerce
- Global presence with increased focus on US and Australia markets
- YOY growth supported by well developed strategies to accelerate our market position

Selected clients

Selected competitors

Payments software – value proposition

Why is this important to the customer?

- Multi-channel payment options
- Grow with the customer and can be deployed alongside existing payment solutions
- Gives full control over customer experience
- Increase payment conversions
- Improved acceptance rates
- Allows fraud prevention rules to protect revenue
- Reduces PCI burden

“The Pay360 solution has provided us with greater flexibility to build a system around the needs of our customers.”

Interesting facts

- 20+ years of experience in providing first class payment platforms
- In 2018, Pay360 processed 255 million card payments, valued at £11 billion
- Fully integrated with over 500+ 3rd party systems
- The first software provider to obtain PCI DSS certification in the UK
- Strategic partnerships giving us access to over 250 acquiring banks and alternative payment methods globally

“Overall costs from Pay360 have delivered a ROI of over 15% compared with our previous provider.”