



So, we have found a good partner to do this. A specialist in carve outs, that is going to ensure good operational continuity for our colleagues, for our customers. And something that someone with whom we worked in the past. So, we believe that overall, it's good value in the transaction.

It's going to be good for our shareholders. It's going to be good for our customers. It's going to be good for our employees and it's definitely going to put us closer to deliver our vision on building a better Capita.

So let me just start by asking Pablo to quickly, cover the nature of the transaction, and I'll be back to talk about its impact.

**Pablo Andres:** Capita – Chief Financial Officer

Thank you very much Adolfo. Good morning to everyone. I'll briefly cover the terms of the deal set up in the following slides. So, we announced this morning the sale, of the private contact centre business. The purchaser is in Inspirit Capital, and the current consideration is comprised of a number of elements. First, a headline sale price of 1 pound with £6.5 million of cash left in the business for normal working capital needs.

Second, a potential consideration of up to £61 million that has been agreed, of which £11.5 million are payable based on future cash availability in the sole perimeter and up to £50 million earnout based on future financial performance. Third, there is also a value sharing mechanism if the business is sold before five years. The table at the bottom of this slide helps to explain the perimeter sold.

The first column shows that 2025 results for contact centres, as announced a couple of weeks ago, with £17 million losses for the full year. The second column shows the perimeter sold, prepared under the same basis, where you can see it contributed £35 million of losses for Capita in 2025, as well as cash outflows of £16 million.

The third column shows the retained contracts excluded from the sale perimeter that, as you can see, were profitable, contributing £17.9 million profits to the Group, as well as £23.1 million of positive free cash flows. And on the fourth column, we include £36.4 million of group costs retained, including £25 million of overhead costs, to be offset by the £40 million savings programme we have announced this morning and £11 million of the retained leases.

So, continuing with the details of the transaction, on the next slide. Total net leases of £26 million are transferred, with the perimeter, including £18.1 million of lease liability of operational facilities. And this sublet by Capita of a further operational facility for £8.1 million. The Group will retain three large, underutilised properties with a lease liability of £65 million and the P&L and cash cost of around £10 million per annum.



This £10 million is half of the £20 million of underutilised property cost I mentioned at the year end, and we have the possibility to restructure these leases going forwards. £25 million of Group overhead costs were allocated to the perimeter sold in 2025. This will be more than offset by the announced £40 million savings programme, and they will be delivered by the end of 2027.

Transaction restructuring and separation costs of £20 million will be incurred this year, with broadly half related to costs related to the transaction itself and half to complex separation costs that Capita will fund for a maximum of £10 million. And finally, completion is expected before half year results, subject to regulatory approvals. I will now hand back over to Adolfo for him to provide further context on how this transaction supports our strategy to become the first AI-led BPO and accelerates value creation for the Group.

**Adolfo Hernandez:** Capita – Chief Executive Officer

Thank you. Pablo. This is to go through a transaction, let me just sort of say a little bit more about, Capita going forwards, right, and what's enabled and what's unlocked through this transaction besides the very strong and supporting partnership for the commercial contact centres in the future.

We remain on the same strategy, right. Our strategy remains to be becoming that AI-led business process outsourcer that we've been embarked upon. What's going to fundamentally change is the fact that we are going to be focusing more on the very complex middle and back-office opportunity. That is a growing market, so a market that's got complexities and complexity for us is good because it gives us differentiation given our expertise, but it will allow us to target our AI services capabilities into that.

Plus, we're building it on strong businesses, strong capabilities, strong skills, and a strong contract basis that we already have there today. And remember, sort of the vast majority of what's staying is public sector and is pensions, which is two well-performing businesses.

Through the simplification of the business, and then once we deal with this stranded costs, we're going to see at 200bps improvement in the operating profit, going from 2027.

To get there, we're going to have to take £40 million out. And that's a combination of stranded costs from the departing group. And then the simplification opportunity that we have above that, as we will be a more focused and simple business. So, we remain committed, and I think we've proven over the last couple of years that we know how to go after these, so, we will be executing this, flawlessly again.

And then, I think the important, part of this is that is this doubling down of what we already do well. Doubling down on the businesses that we win well, we win often, and we know how to monetise and just move more of the business there. And then just relying on a partnership for the more, nuanced complexities of the front office.



So that's that one. So how do we look like in the future? So, if we go to the next slide, you can see there some of the positions that we have today put through the lens of this new future, right? So, you can see a number of examples of middle office and back office. On the left-hand side. You can see the remaining perimeter. You can see the pensions administration will be part of public will be part of the regulated private sector. And you can see, some of the light blue positions that we already have, traditionally what we are strong on across that spread.

You will also see in the dark blue ones, which are the one, the current AI capabilities that we've got, and you've got an emerging shaded grey set of capabilities that we are building, that we will be able to double down in going forward.

So, this is going to be, narrowing the focus to go deeper and by going deeper and be more intentional, accelerate growth. In numbers, so if we go to the next slide we wanted to give you, just a quick picture of the before and after. So, you can see the adjusted results, overly simplified on the left-hand side. You can see the changes that you will be seeing on the business, going forward.

We talked about the moving from the 5.2 to 7.2 by 2027. Obviously, we see opportunity to do more in the future, but that would be too premature to address now. We also see that we will have opportunities in the medium term to go and reduce the leverage, that will be slightly bigger as a result of this transaction.

But it's going to be a very resilient model, a very cash back profit growth model in a significant addressable market, in a space where we have proven we have the right to win and we have the capabilities to win. So, very excited about what this does. We plan to share a lot more details on all of this and what it means on the strategy and new targets and things like that on a Capital Markets Day that we are going to do on 17 June so please mark your calendars.

We will sort of unveil a lot more details about this. And I think if I was just to summarise now on the final slide before we open to Q&A, is that sort of the thought that we are on our evolution to become that better Capita. But these moves enable an acceleration of that journey, right. I think we're going to have a more reliable, more predictable, we're going to be more intentional with our growth platform. We are going to be equally, dogged, but we are going to be more focused on the AI and agentic first with a human in the loop strategy in the selected markets.

We will continue to have the cost discipline, that we built into the business. But now we add further simplification and further focus into it, so it gets into the right place. It will also allow the contact centre business which is really important for our colleagues in that business, for our customers in that business, it will allow them to leverage what we've done with them, over the last couple of years.



It will allow them to move now, more specifically, into the opportunities of contact centre. They might make some more contact centre specific sort of investments. And I think the opportunity there, is also going to be great for them. So, all in all, I think it's a win-win solution. It works for everyone. And I'm glad we were able to bring it to a close.

And with that, I think, we go over to Q&A, and Steph I think you've got a number of questions.

**Stephanie Little:** Capita – Head of Investor Relations

Yes, so we've had some pre-submitted questions already. So, first up for Pablo from David Brockton at Deutsche Numis. Please can you give any insight into how the performance conditions are structured for the deferred contingent consideration?

**Pablo Andres:** Capita – Chief Financial Officer

Yeah, I mean, I will not be able to articulate too much detail on that, but at the end of the day, the performance, the contingent consideration is based on delivering the business plan that we have for 2026 and for 2027. And they would be payable therefore at the beginning of the next period.

**Stephanie Little:** Capita – Head of Investor Relations

And then from Kai Korschelt at Canaccord, do you anticipate any regulatory concerns?

**Pablo Andres:** Capita – Chief Financial Officer

No, we don't have any regulatory. To me it is more administrative process. There is nothing hairy or special in the business that we're selling from or material even from a regulatory perspective.

**Stephanie Little:** Capita – Head of Investor Relations

And then could you please provide more details on the £40 million in cost savings?

**Pablo Andres:** Capita – Chief Financial Officer

£40 million in cost savings addresses two things. On one side, we have £25 million that I would call brutally stranded costs that were allocated to a contact centre, and this organisation is no longer that big without £500 million of revenue. And therefore, it's just right sizing.

However, from £25 to £40, that is the true benefit in a way financially for this organisation, because Capita used to be a massive conglomerate. We've tackled the cost base hard over the last few years to bring Capita to a sustainable footing but still contact centres and the rest of public were quite interlinked, whereas pensions is more of a standalone basis.



By removing the contact centres from our day-to-day trading, therefore, it's not only the £25 million of allocations that were being consumed by the contact centres, it is that we can unravel the big corporate beast we have and take further costs out. And those costs are actually quite material in the context of the EBIT of the business left.

So, I think that that is one of the true financial benefits of these transactions, in addition to focusing better on public, de-risking a contact centre environment, etc.

**Stephanie Little:** Capita – Head of Investor Relations

And we've had a few from Chris Bamberry at Peel Hunt. So, the total contingent consideration is up to £61.5 million. What would a reasonable expected outcome range be?

**Pablo Andres:** Capita – Chief Financial Officer

Listen, in the projections that we were putting out earlier, etc., I'm being very prudent and I will see them as they come. However, on the small print, you will read that actually £11.5m is based on liquidity in the business. So, I would expect that that is not subject to achieving a business plan. It's just the business continuing and generating normal liquidity to be able to pay that. And the other £50 will be based on delivering the business plan.

**Stephanie Little:** Capita – Head of Investor Relations

The retained leases and the future opportunity to deliver significant cost saving from the leases. Could you expand on this?

**Pablo Andres:** Capita – Chief Financial Officer

Yeah, sure. So, we spoke about £20 million cash of lease of underutilised leases that were going with the perimeter. I would say that half of them were in three large properties and half of them were in the normal utilisation of the day-to-day of the contact centres. The half of the day today are gone. And the three that we're keeping are three large specific buildings that we've been looking at them for a while. They account for £65 million leases.

There is an opportunity at the right moment to work with the landlords to work with other companies and find ways to replace that IFRS 16 debt by potentially financial debt at similar levels, but with the benefit of not having to pay rent and rates, security, maintenance, etc, which generally account for half of the cost of carrying the leases.

So, that is something we will look at in due course. I will want to see first the financial performance, the earn out elements, see how it is trading before we execute everything. But again, that will be part of what we consider in the funding structure of a company going forward, in the capital allocation, etc. So, we have an opportunity, but I don't want to rush it.





**Stephanie Little:** Capita – Head of Investor Relations

And then beyond the overhead reductions mentioned, does this unlock more resource for the existing Group through the OpEx or CapEx budgets that would be reallocated to public service and pension solutions?

**Adolfo Hernandez:** Capita – Chief Executive Officer

I think what we're going to be is more intentional, right? I think if you sort of look at what we had to deal with a couple of years ago, right, you had some areas that needed plastering, some areas that needed a push, some areas that we needed to manage for exit, some areas that we needed to support growth, and to get everything to a platform where we had optionality, right? We have been executing on our optionality, right?

And now effectively what we got left is areas that we know that we do those things well and we will be able to be a bit more intentional, right? You know, we put more money into the digital pension space. That was a conscious effort because we see the opportunity, right? In the past, we did more in defence.

So, now there is less around propelling a business or recovering a business. This is more about how do we drive profits and cash generation, delivering better outcomes in a more defined space.

We will get also a better asset leverage because a lot of the things that we're going to build are going to be more common. And so, we'll have to build less things and we can build better things. So, strategically from a product capability as well, as well as financial as Pablo talked about, it's quite a simplification.

**Stephanie Little:** Capita – Head of Investor Relations

And then some questions from Joe Spooner at Shaw Capital. What is your confidence level in the £40 million falling through to profit?

**Pablo Andres:** Capita – Chief Financial Officer

The £40 million of savings falling through to profit, absolute confidence. Like the same as we delivered the £250 million savings before the end of December. We announced them in the pre-close trading statement that we had already hit them. On the £40, we will not fail. Absolutely not.

**Stephanie Little:** Capita – Head of Investor Relations

And then what are your plans with the elements of the contact centre that have been retained in the Group?



**Adolfo Hernandez:** Capita – Chief Executive Officer

So, if you think about this, there is a variety there, but probably the flagship that everybody would understand, like the BBC, which, you know, one could argue why was that with contact centre where we actually what we do is contact centre, we manage the TV licence, we manage enforcement, we manage a lot of the back office that has to do with that.

So, that actually in nature, it was already a public sector like contract. It had, you know, goes through government procurement. So, it was just arguably in the wrong bucket for historical reasons. So, all we've done is just sort of bring it, bring it to where it rightly becomes. And we, you know, it's a contract that we extended just before Christmas until 2030, and we just try to keep running it really well and keep expanding it really well as we do with other contracts.

**Stephanie Little:** Capita – Head of Investor Relations

That's the final question.

**Adolfo Hernandez:** Capita – Chief Executive Officer

OK, thank you. Thanks for the questions. Thanks for the support. Do you know, I think you know that both Pablo and I and the Board and the Executive Team would have liked this to maybe have happened a little bit earlier. It's happened a couple of weeks after the results, but I think, as you know and appreciate, these things are extremely complex and tricky. There is a lot of moving parts.

But so hopefully, even if it has been a two-part story, all the pieces are falling into place and obviously we remain available through our IR team to give you any information we can.

However, please mark the day, Capital Markets Day, just three months out. We will give you a lot more details and a lot more of a cleaner picture of Capita going forward. But it's just going to be more of the same, just simpler, faster and more intentional. Thanks very much.

