

This statement includes inside information

Capita plc

21 June 2021

MARKET UPDATE

Capita plc (Capita) remains on track to deliver growth and strengthen its balance sheet

Trading

We have seen an improving trend in our trading performance in the first half of the year, in line with our expectations.

Capita remains on track to deliver revenue growth in 2021, for the first time in six years, despite the ongoing impact of COVID lockdowns, in particular in its Specialist Services division.

We have won a number of significant contracts this year, including the Royal Navy Training contract through our Government Services and People Solutions divisions (Total Contract Value £925m), the extension of a European telecoms client (TCV £528m) and an extension for Tesco Mobile (TCV £58m), both in Customer Management.

As a result, we currently expect Half Year adjusted revenue to be flat on prior year adjusted revenue.

Our operational performance has been good, with a positive start to our Royal Navy Training contract and successful 'go-lives' for Irish Water in April and on GP Payments and Pensions in May.

We continue to make good progress with our cost saving programme which, together with an improving mix from new contract wins and stronger operational performance, will see the initial benefits of operating leverage at the half year, as expected.

Cash collection has improved in line with underlying trading performance and benefited from better than anticipated customer payments. Liquidity remains strong at £689m on 17 June, ahead of the scheduled repayment of c.£160m of private placement notes in July.

Non-core disposals

We continue to deliver on our plans, set out in March, to strengthen the balance sheet over the course of 2021.

We are making good progress with our planned disposals, and we remain on track to realise combined proceeds of at least £200m in 2021 (in addition to the £299m initial payment received from the sale of ESS in February).

[The first of these, the sale of Axelos for an enterprise value of £380m, which will generate total cash proceeds to Capita of £184m, was announced this morning]

Preparation for the sale of other non-core businesses, which will be held in our new division Capita Portfolio, is also progressing well. We will provide further updates as appropriate.

Future Capita

We are well advanced in our plans to implement the next phase of our transformation.

In August we will move to the new structure of two core divisions, Capita Public Service and Capita Experience, and the third division holding our non-core assets, Capita Portfolio.

Capita remains on track to deliver £50m of annualised cost savings from 2022 onwards, associated with this structure, as announced in March.

Our half year 2021 numbers will be reported under the current operating structure, with Full Year 2021 being reported in the new structure.

Jon Lewis, Chief Executive Officer said:

“I’m pleased with the progress that we have made so far this year. We remain on track to meet our priorities for 2021: to deliver revenue growth for the first time in six years, improve operating cash flow, strengthen the balance sheet, and implement our new organisational structure. Looking forward, we are confident of delivering positive sustainable free cash flow in 2022”.

For further information:

Capita

Stuart Morgan, Investor Relations Director T +44 (0) 7989 665 484

Capita press office T +44 (0) 20 7654 2399

Powerscourt

Victoria Palmer-Moore or James White T +44 (0) 20 7250 1446

LEI no. CMIGEWPLHL4M7ZV0IZ88.