



Full year results 2021

10 March 2022



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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.

Overview of 2021

A year of significant change, with the transformation now complete; platform now in place to drive sustainably improving financial performance.

New, simpler and stronger business

- More client-focused to drive revenue
- New operating model to drive efficiency
- £700m disposals target exceeded ahead of expectations
- Net debt reduced; pension fund in surplus

A stronger business starting to deliver revenue growth

- Revenue growth for the first time in six years
- Total value of contracts won increased by 31%, built on competitive propositions
- Order book grew by £260m
- Unweighted pipeline of opportunities in 2022 - £9.4bn

Generating positive cash flow

- Expect positive free cash flow¹ in 2022 as cash generation improves

¹ Reported FCF before business exits

The transformation phase is done



Simplify

- Two core, client facing divisions
- Strong positions with growth potential
- Common, scalable capabilities
- Streamlined cost base
- People empowered to deliver

+



Strengthen

- Stronger leadership and governance
- Investment in asset base, technology and people
- Winning more of the right work
- Stronger balance sheet
- Innovative and creative

=



Succeed

- Progressive, purpose-led, responsible business
- Delivering consistent, reliable operational performance
- Sustainable revenue growth
- Positive sustainable cash flows

Platform in place to drive long-term success

Two core divisions

Public Service + **Experience**

In strong markets

Addressable market

£12.5bn¹

£244bn²

Growing at

5%

5%

Market leading positions

#1 UK Government software & IT supplier

#1 UK & Ire CX market; no. 3 in EMEA

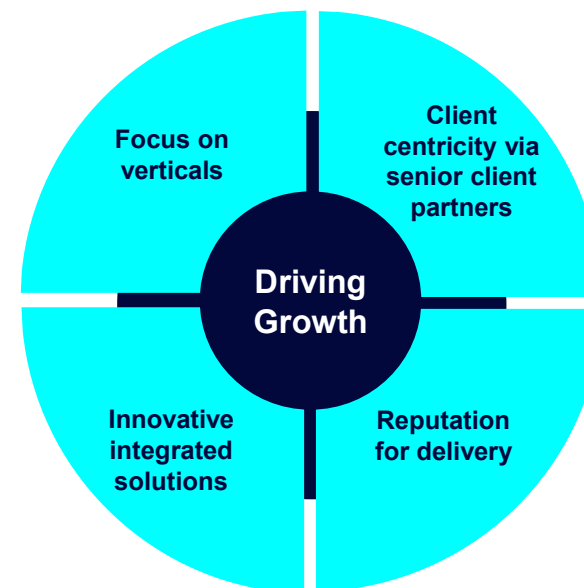
Digital expertise

BPO



BPS

Focused on our clients



¹ Public Service division. UK SITS market – TechmarketView

² Experience division. Global CX market – Everest Report

We have a deeper understanding of clients' needs, with the solutions to deliver for them

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Financial results

Tim Weller

All figures included within this presentation are on an adjusted basis, unless otherwise stated.

Financial highlights

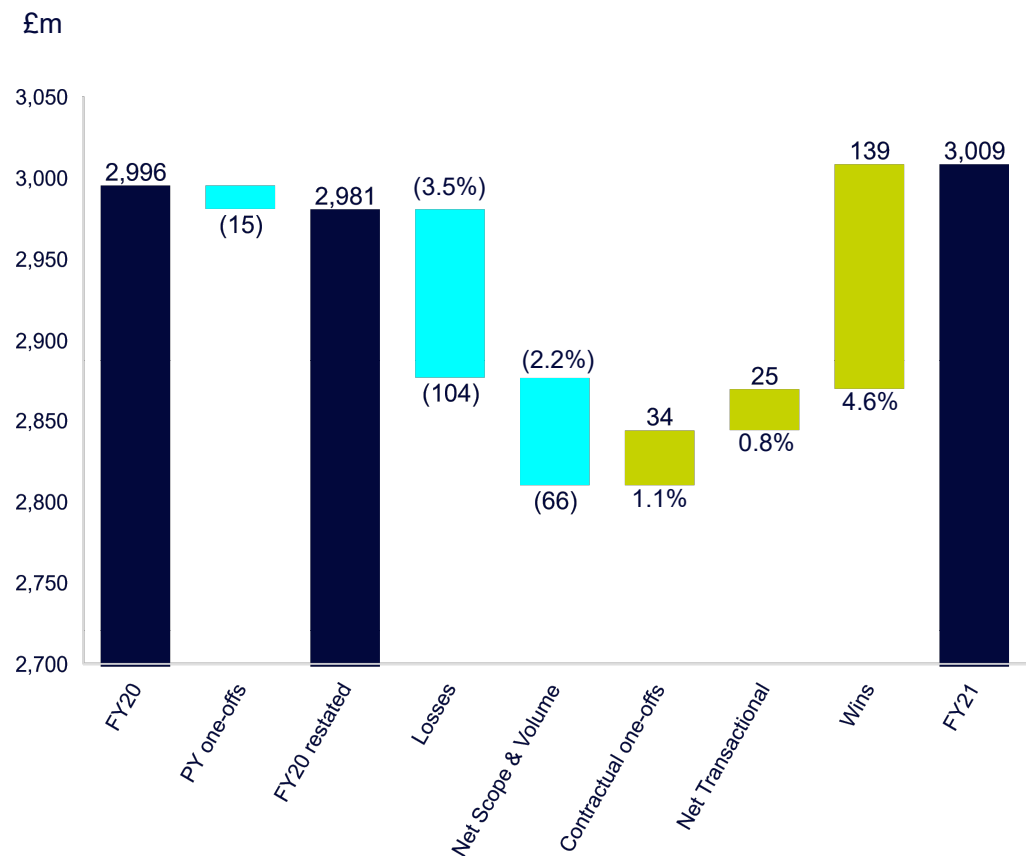
- Revenue growth despite continued headwinds from Covid-19
- Profit improvement reflecting stabilised revenue and ongoing efficiency delivery
- Cash generated from operations down on prior year reflecting shorter public sector payment cycles and advance receipts in 2020 unwinding in 2021
- Free cash flow reflects reduction in adjusted cash generated by operations offset by reduced capital expenditure and interest
- Net debt reduction, total disposal proceeds (£483m) including ESS and AXELOS, offset by pension deficit payments (£156m) and repayment of deferred VAT (£104m)

Key financial metrics	£m FY21	£m FY20	£m Change
Revenue	3,008.5	2,995.5	13.0
Profit before tax	93.5	5.4	88.1
EBITDA	295.1	228.4	66.7
Cash generated from operations	185.4	295.2	(109.8)
Free cash flow	78.1	170.3	(92.2)
Net debt	(879.8)	(1,077.1)	197.3

Marginal organic revenue growth and strong increase in profit

Revenue

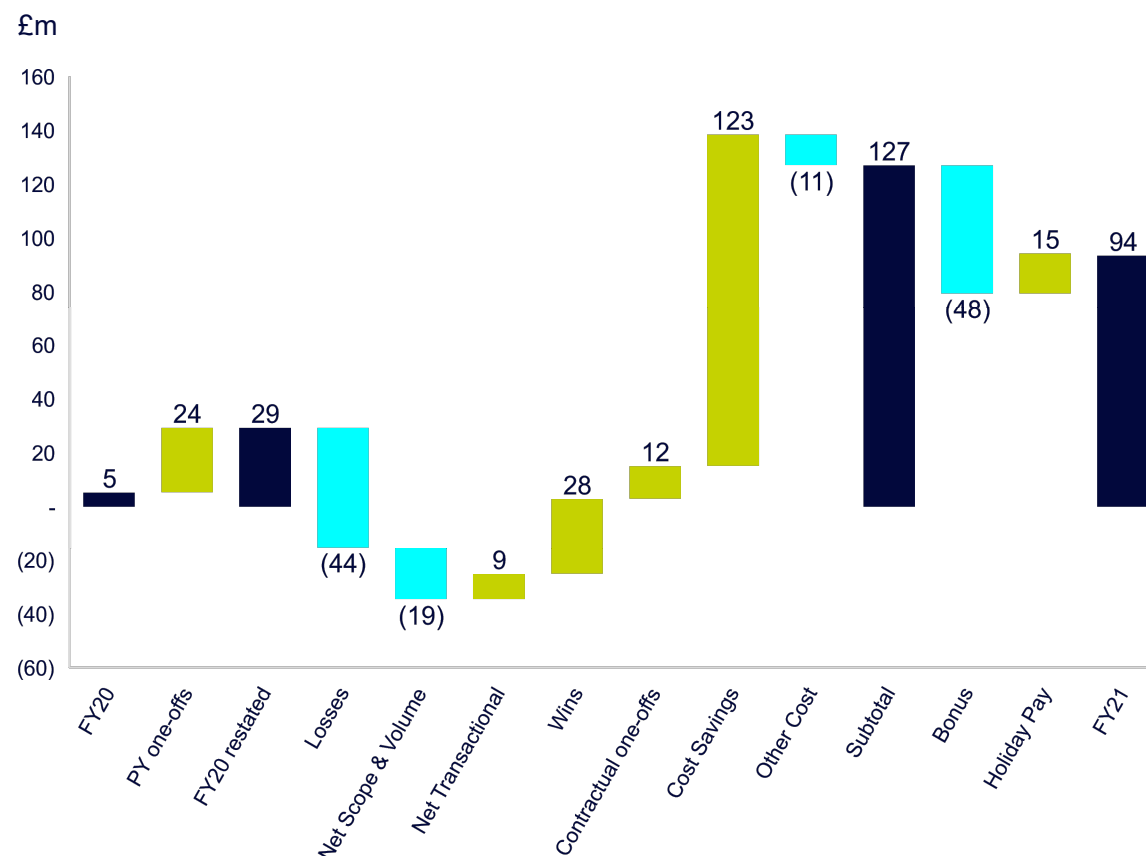
- Contract losses (3.5% of FY20 Revenue) halved year-on-year reflecting sustained focus on retention and service delivery. Losses concentrated to Capita Experience
- Scope and volume reductions reflect pandemic related work in 2020 (c.£50m) and projects in Capita Experience which did not repeat in 2021
- Contractual one-offs relate to early termination of contracts in Capita Experience and agreed reduction in scope on a contract in Capita Public Service
- Growth in transactional revenue mainly driven by Capita Experience and Capita Portfolio
- Wins reflect Royal Navy training contract, Job Entry Targeted Support (JETS) contract and annualised impact of DFRP within Capita Public Service together with smaller wins within Capita Experience



Revenue growth for the first time in six years

Profit before tax by driver

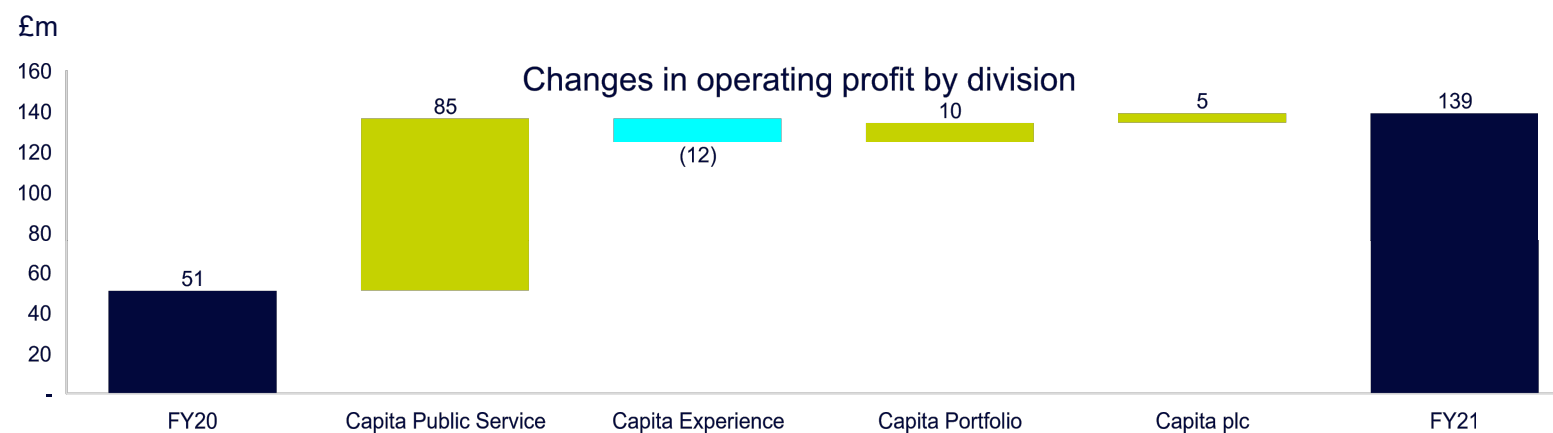
- 2020 one-offs include contract asset impairments in Capita Experience and Capita Public Service and contract provisions
- Profit from contract wins not yet offsetting profit effect of contract losses
- 2021 one-offs include net impact of early termination of contracts
- Transactional profit recovery primarily in Capita Public Service
- Transformation cost savings driven by operational excellence (£56m) and property (£26m)
- Other cost increases primarily from general inflation and prior year cost reduction initiatives not repeating
- Reinstatement of employee bonus scheme with £31m expensed in 2021 (2020 credit £17m), partially off-set by a reduction in holiday pay accrual



Substantial growth in profit reflecting cost savings

Divisional financial performance

	Revenue £m		Operating profit £m		Margin %		Cash generated from operations £m	
	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
Capita Public Service	1,410.4	1,273.0	98.3	12.9	7.0%	1.0%	120.0	95.6
Capita Experience	1,184.7	1,307.7	69.1	80.9	5.8%	6.2%	55.8	145.0
Capita Portfolio	413.4	414.8	23.8	14.2	5.8%	3.4%	59.8	104.2
Divisional total	3,008.5	2,995.5	191.2	108.0	6.4%	3.6%	235.6	344.8
Capita plc	-	-	(52.1)	(56.9)	-	-	(50.2)	(49.6)
Group	3,008.5	2,995.5	139.1	51.1	4.6%	1.7%	185.4	295.2



Reported profit before tax

- Business exits reflect the ESS and AXELOS disposals (£420m profit on disposal) and classification of AMT Sybex, Secure Solutions and Services and Speciality Insurance businesses as held-for-sale. Trustmarque's results are included in adjusted results as it did not meet the held-for-sale threshold at 31 December 2021
- Significant restructuring includes implementation of new corporate structure and £54m impairment of a financial reporting system no longer expected to be used
- Contract-related provisions and impairments arising our closed book Life & Pensions business in Capita Experience

£m	2021	2020	Change
Adjusted profit before tax	93.5	5.4	88.1
Business exits	399.1	82.8	316.3
Significant restructuring	(148.3)	(109.0)	(39.3)
Amortisation/impairment of acquired intangibles and goodwill	(23.5)	(26.4)	2.9
Contract-related provisions and impairments	(43.1)	-	(43.1)
Other adjusting items	7.9	(2.2)	10.1
Reported profit before tax	285.6	(49.4)	335.0

Reported PBT growth driven by disposals and underlying trading performance

Cash flow and net debt movement

- Operating cashflow / EBITDA conversion 63% (2020: 129%) – reduction reflects shorter public sector payment cycles and advance receipts in 2020 unwinding in 2021
- Capital investment reduced following transformation projects completed in 2020
- VAT deferred in 2020 largely repaid in 2021
- Pension deficit payments of £156m
- Net disposal proceeds in 2021 for ESS, AXELOS and Irish Life and Pensions business
- Other cash flows include settlement of a legal claim in 2021 and cash flows from business exits

£m	2021	2020
EBITDA	295.1	228.4
Working capital	(123.5)	40.6
Other	13.8	26.2
Cash generated from operations	185.4	295.2
Net capital expenditure	(51.3)	(68.3)
Interest/tax paid	(56.0)	(56.6)
Adjusted free cash flow	78.1	170.3
Pension deficit payments	(155.5)	(29.5)
Significant restructuring	(68.6)	(64.1)
VAT deferral	(104.1)	118.8
Receivables financing	(9.7)	13.6
Net proceeds on disposal	483.1	51.3
Other cash flows	(14.8)	83.7
Non cash movements	(11.2)	(64.5)
Movement in net debt	197.3	279.6
Closing net debt¹	(879.8)	(1,077.1)

¹ Including £448m IFRS 16 leases (2020: £508m)

Net debt reduced by c.£200m

Cash flow headwinds abating

- 2021 reported free cash flow impacted by a number of one-off items which we have set out below
- Deferred VAT benefit c.£120m in full year 2020 largely reversed in 2021
- Pension deficit contributions of £30m in each of 2022 and 2023 and £15m p.a. from 2024 to 2026 to deliver scheme self-sufficiency
- Significant restructuring activity in H2 2021 with implementation of the new corporate structure – last year of below the line restructuring charges

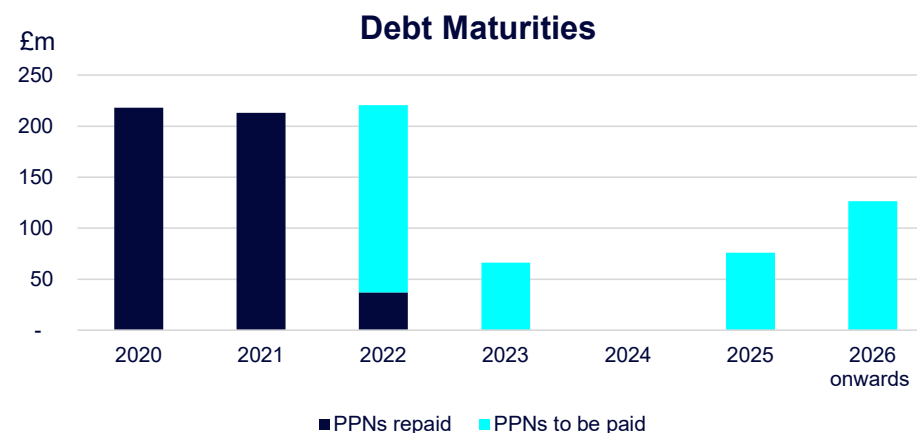
£m	2021	2022
VAT deferral	104.1	16.0
Pension deficit contributions	155.5	30.0
Below-the-line restructuring	68.6	-
Total	328.2	46.0

Free cash flow headwinds expected to reduce by almost £300m in 2022

Strengthening the balance sheet




- Existing RCF maturing 31 August 2022 supplemented with £300m RCF maturing 31 August 2023
- Disposal proceeds of £95m received to date in 2022 with further proceeds of £115m expected on the Trustmarque disposal, also announced Speciality Insurance disposal
- In early 2022 we exceeded our £700m target proceeds (subject to successful completions), ahead of target
- Strong liquidity at 31 December 2021 year-on-year movement reflects debt repayments and RCF reductions following the receipt of disposal proceeds
- Private note debt maturities totalling £221m in FY 2022 with £213m repaid in 2021 (all net of swaps)
- Includes £78m in respect of exited London HQ but excludes related £73m lease receivable

Liquidity	£m 2021	£m 2020
Revolving credit facility (RCF)	385.7	452.0
Backstop liquidity facilities	-	150.0
Less: drawing on facilities	(40.0)	-
Available facilities	345.7	602.0
Net cash less restricted cash	46.7	106.6
Total liquidity	392.4	708.6



Strong liquidity provides resources to address medium term debt maturities

Outlook

	2022	Medium term
 Revenue growth	↑	Mid-single digit
 EBITDA margin	↓	High-single digit
 Cash conversion	↑	70% - 80%
 Net debt ¹ : EBITDA	↓	1x

¹ Pre-IFRS16 net debt

Core Capita expected to grow revenue, EBITDA and free cash flow over the medium term; positive free cash flow in 2022



CEO update

Jon Lewis

Our Purpose is our licence to operate

- Having a Net Zero commitment is a basic requirement for government contracting
- Every government contract of a certain size has 10% of the contract award criteria defined by social value scores

A responsible and responsive employer

eNPS ▶ **22** point fall

Gender diversity ▶ **49%** female

Honest and fair with clients and suppliers

cNPS ▶ **29** points

Supplier payment terms ▶ **98%**

**WE
CREATE
BETTER
OUTCOMES**

A guardian for future generations

Net Zero by 2035

SBTI accredited targets

A good corporate citizen

KICKSTART[®]
SCHEME

 **Fair Tax[®]**

GBC
Good
Business
Charter

Won key contracts in 2021 through bids that scored highly on social value

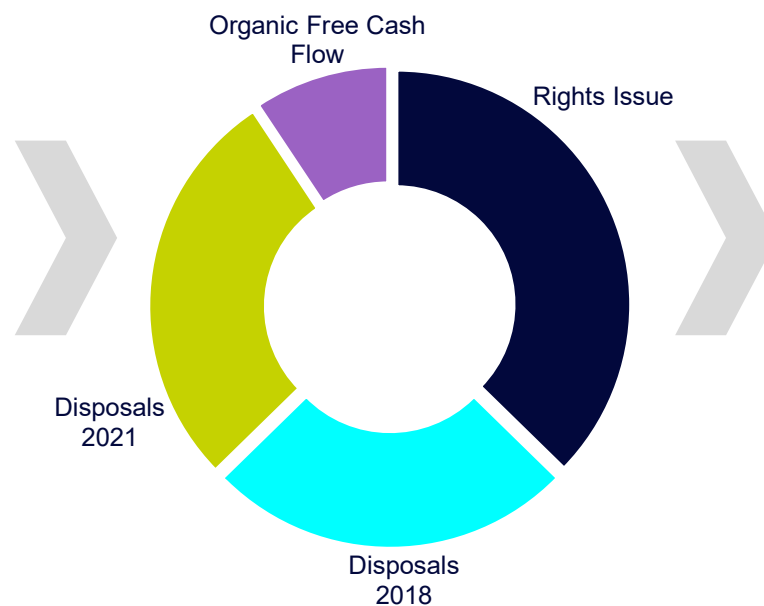
Delivering the transformation

A simpler, stronger, more predictable business

At the start of the transformation

- Unfocused
- Unsustainable debt burden
- Pension fund deficit
- Chasing revenue
- Underperforming contracts
- Failing our clients
- Poor governance and risk management
- Underinvested in systems and leadership

£1.8bn of cash raised and generated



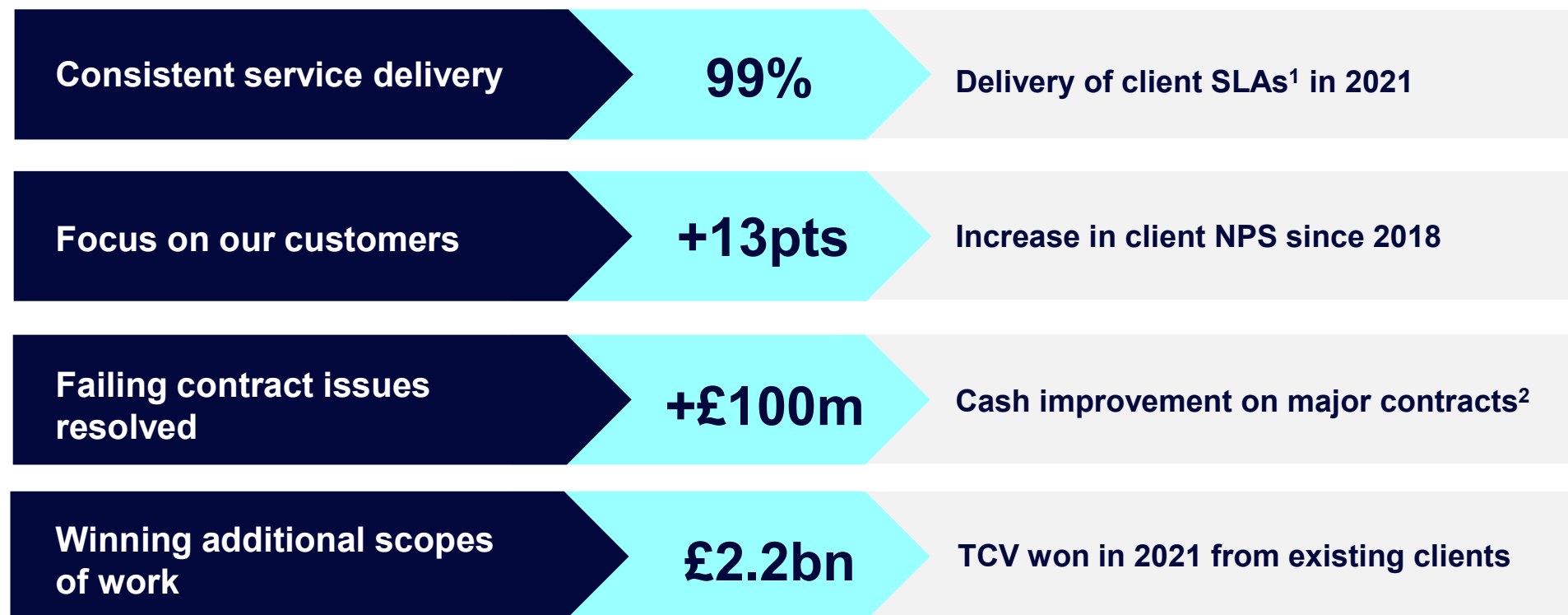
We have simplified and strengthened Capital

- Focused
- Net debt reduced by £1bn; now at 1.7x EBITDA (pre-IFRS 16)
- Pension fund in surplus¹
- Legacy contracts fixed
- Reputation for delivery
- Strong governance
- Invested in key systems
- Leadership team in place

We have de-risked the business and established a platform for value creation

¹ At 31 December 2021

Focus on delivery for clients has already delivered benefits



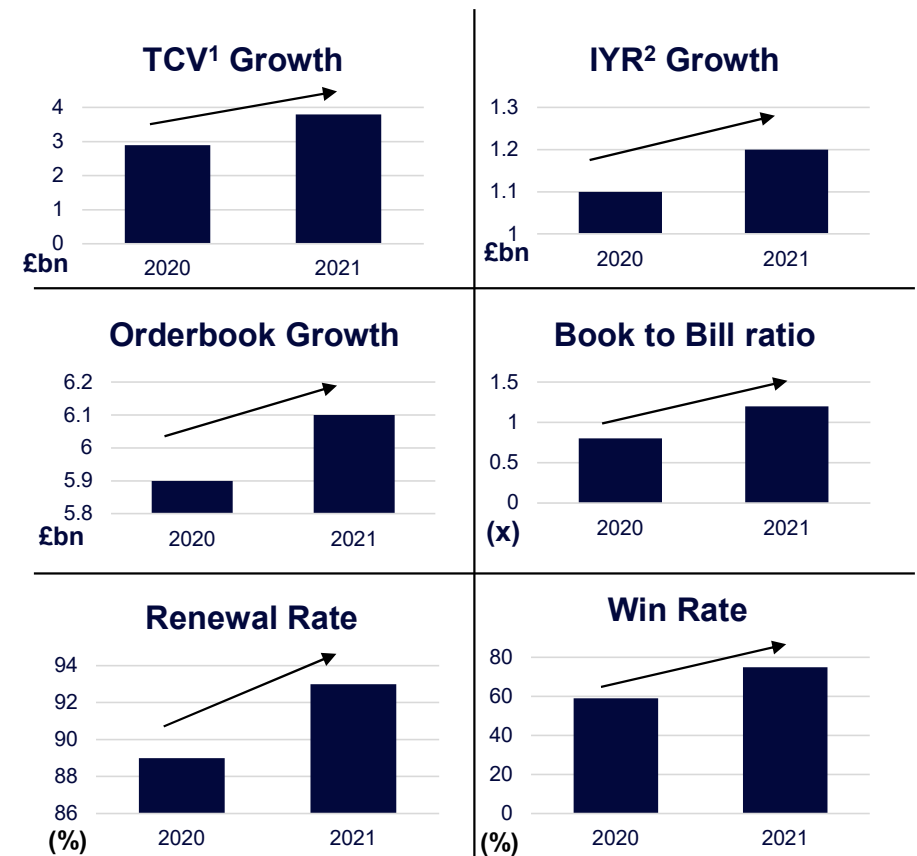
¹ Client Service Level Agreements

² Our top 33 contracts, representing c.65% of Group's revenue base

Our operational delivery is now a core strength

Strong trading in 2021 with momentum into 2022

- Total value of work won increased by 31% in 2021
- Strong reputation supporting good win rates and new scopes of work: +29 point cNPS
- 56% of TCV is growth on account and new work
- >60% of TCV sold to key accounts
- Order book grew for first time since 2017
- Book to Bill ratio at 1.2x
- Disciplined bidding – average net margin at 10%

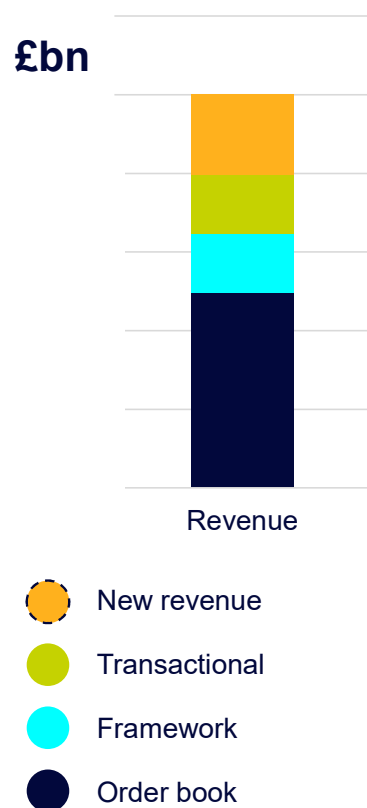


¹ Total contract value – total revenue associated with a contract win. Includes framework and transactional revenue

² In Year Revenue - the amount of revenue that is realised in the year the contract is won in. Includes framework and transactional revenue

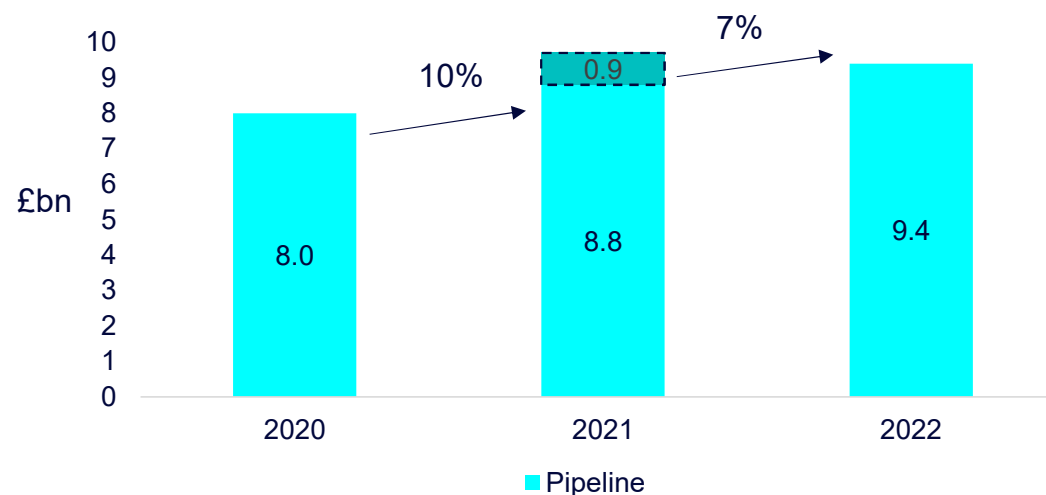
We are winning work that is creating a higher quality contract portfolio

Well set to grow revenue in 2022



Pipeline opportunities to drive growth

- Continuing strong growth in the pipeline: **+7%¹**
- Growth on account and new logos - **68% of pipeline**
- Strong start to the year with BBC renewal - **£456m**
- Awarded year to date in 2022 – **c.£700m**



£9.4bn

Unweighted
2022 Pipeline

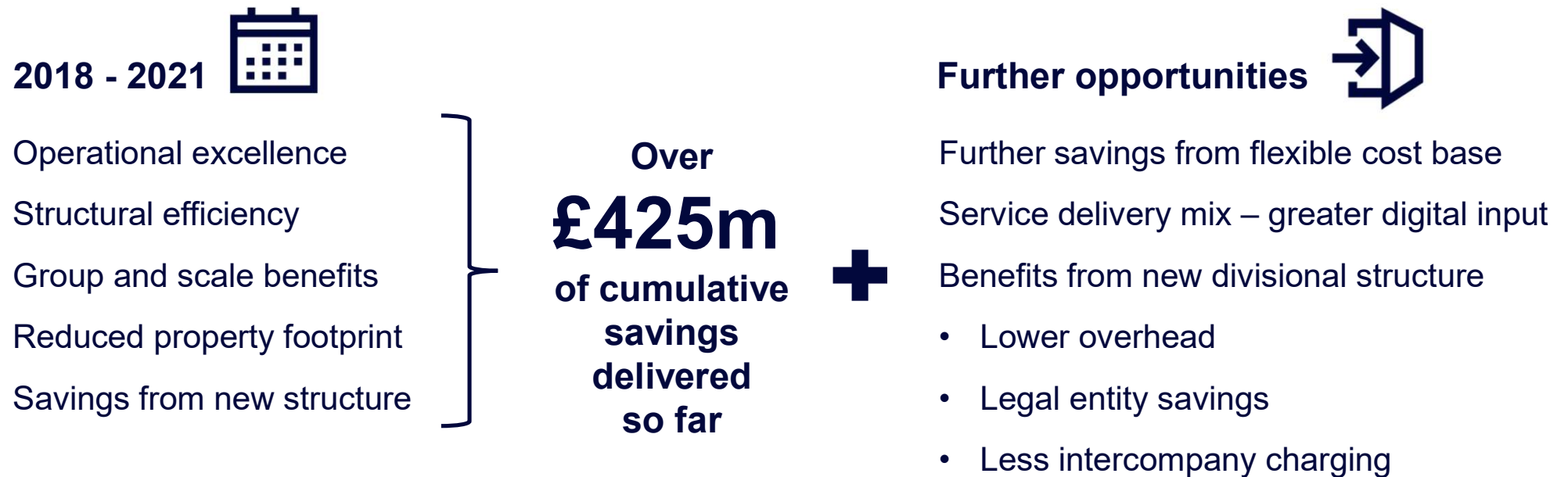
BBC TV Licencing	Won
Utilities sector	H1
Technology business	H1
NHS England	H1
Financial Services	H1
Financial Services	H2
DWP	H2
NHS Scotland	H2

Our secured revenue and pipeline gives confidence in revenue growth in 2022

¹ Excluding Royal Navy training contract

Reducing cost and improving efficiency

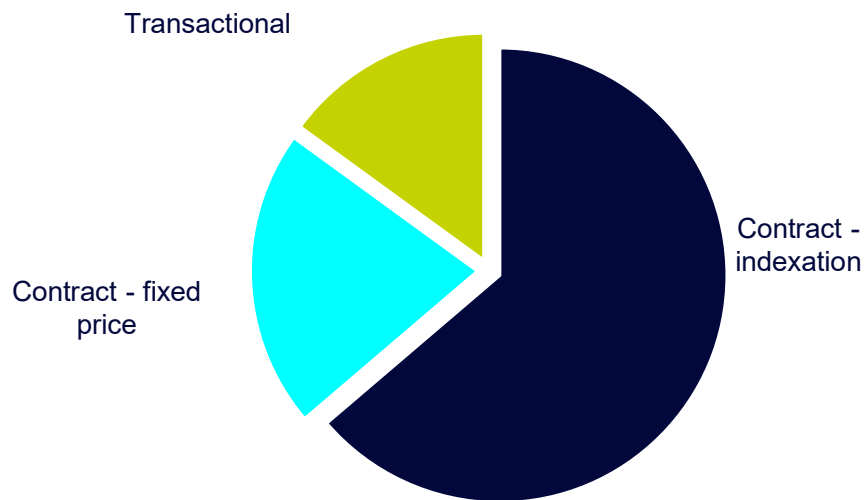
The new operating model will drive further productivity and structural savings



Transformation cost savings have established a competitive platform

Contracting model has inbuilt inflation protection

Exposure by revenue type



66% of client contracts include inflation linked escalators

22% are fixed price, with indexation assumptions built into the contract terms

12% of revenues are transactional so naturally hedged by updated pricing

Structurally protected from inflation

An engaged and motivated workforce delivers superior client service

Our challenges



Recruitment market

- Tightest market for labour in 50 years¹



External factors driving pay increases

- Irrational reward market, particularly for 'hot' skills such as technology



Colleague engagement

- 22 point fall in employee NPS

Our response

- Investment in skills and leadership
- Virtual First approach to flexible working accesses new pools of talent
- Strengthened internal recruitment capability
- Pay reviews and incentivisation expected to positively impact retention
- Stepped up colleague engagement in 2022

¹ Institute for Employment Studies

Capita Public Service

We help to address some of societies biggest challenges, creating better outcomes across the UK

Our Business

30+

years of experience

12,000

People based across the UK;
70% outside of London

Five

Market verticals served

Millions

Of citizens access our services
every year

£1.4bn

Capita Public Service 2021
revenue

Our Market

£110bn

Outsourced UK
government spend¹

£12.5bn

Core addressable
market for CPS

c.5%

Market growth per annum

Our Position

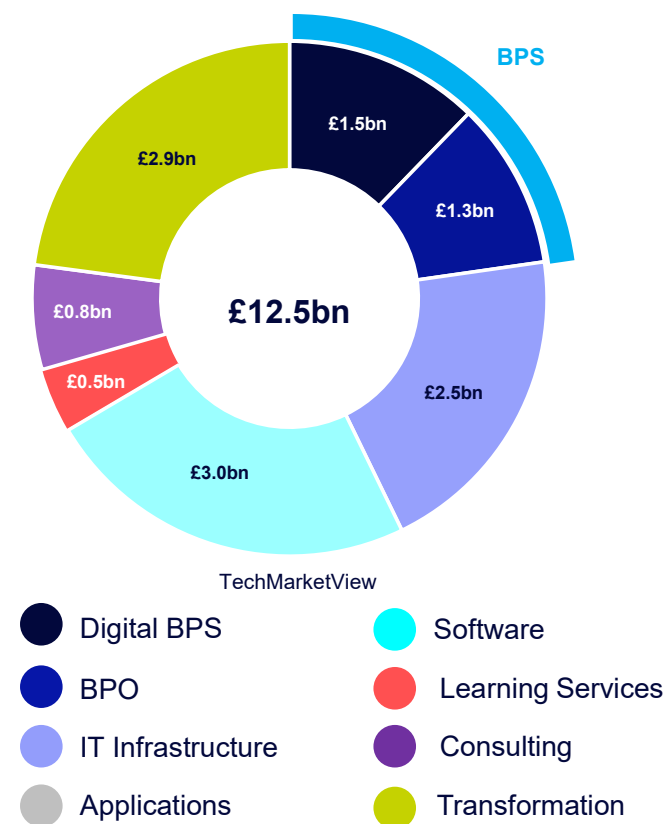
#1

Strategic supplier of Business
Process Services and
Software & IT Services to UK
Public Sector

£5bn

2022 Unweighted Pipeline as
at 31/12/2021

Capita Public Core Addressable Market 2021



¹ Tusel

Serving UK Government

Together we transform public sector services, deliver better experiences for citizens and make a positive impact on society. We work with Government departments across:

Revenue by market vertical (2021)

£415m	£256m	£268m	£215m	£256m
Justice, Central Government and Transport	Defence, Fire and Security	Local Public Services	Health and Welfare	Education and Learning
MANAGE THE WORLD'S LARGEST Ultra Low Emission Zone for Transport for London 44% REDUCTION In nitrous dioxide to improve air quality in London – monitoring 100k vehicles every day CONNECT 18 MILLION Smart meters onto the Data Communication's Company (DCC) network	RECRUIT OFFICERS & SOLDIERS For the British Army Deliver fire & rescue services at 56 MOD SITES 128 NEW FIRE APPLIANCES Being rolled out enabling firefighters to tackle dangerous duties more safely from their vehicles.	COLLECT £1.5BN In council tax for 850,000 households ADMINISTER £1BN+ In housing benefit & council tax support to low income & vulnerable citizens DISTRIBUTED £769M COVID based business grants to 40,000 small businesses	1.3 MILLION Health assessments carried out since 2012 SUPPORT EVERY NHS GP, Pharmacy, Dentist & optician practice in England TRAINED 500,000+ Healthcare workers & volunteers to deliver LFT device testing during the COVID 19 pandemic	HELP 50,000 STUDENTS Access higher education through the Disabled Students Allowance every year 180m KEY STAGE 1 & 2 Exam questions will be marked by the end of the academic year

Our Propositions



Consult
to solve the biggest societal challenges



Transform
services integrating technology and partner ecosystems



Deliver
service delivery excellence across the Public Sector



Capita Experience

We are experts in **designing, transforming** and **delivering** frictionless experiences for the Life Moments that really matter

Our Business

40+

years of experience

20k+

advisors across 9 countries

30

languages spoken

+19

Customer Net Promoter Score

3

Global Market Verticals,
serving 12+ Industries

100m+

customer conversations every year

¹ Everest

Our Market

£244bn+

Global CX Market¹

£65bn

CX BPO Market

c.5%

Growth rate for UK and
Global CX BPO

c.30%

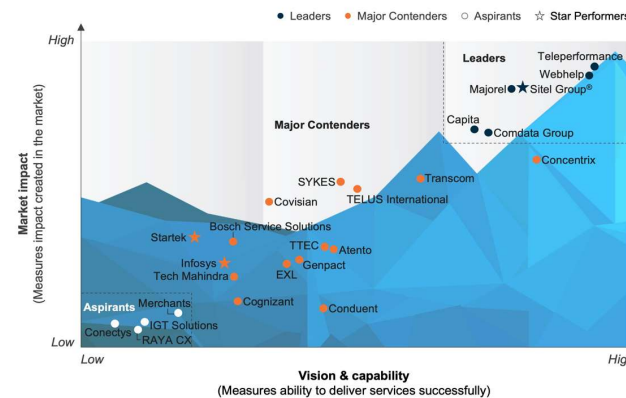
Digital CX Market
growth rate

Our Position

#1

in CM in UK and No3.
in EMEA

Everest Group Customer Experience Management (CXM) in EMEA PEAK Matrix® Assessment 2021



ISG identifies Capita
as a leader in
CX Digital Operations

Revenue by vertical

£479m

Financial
Services

£456m

Telecoms,
Media,
Technology

£250m

Multi-Industry
(Utilities, Retail Logistics &
Consumer Electronics,
Government)

Our propositions

Differentiated through our unique ability to configure, implement and deliver the right solutions for our Clients.

Consult



68%

reduction in processing time
13% in accuracy



Transform



30%

increase in productivity
50% reduction on errors



Deliver



60%

reduction in complaints
82% reduction in escalated complaints



Pioneering the use of artificial intelligence in partnership with Capita is enabling us to improve the experience and outcomes for our customers during a particularly difficult and anxious time in their lives ”



Sarah Marin

Chief Customer Officer at FSCS

Portfolio

Portfolio comprises all our non-core businesses that are intended for disposal

- 1** Successfully achieved £750m of proceeds ahead of schedule – of which £80m now received in 2022
- 2** Average multiple of 6x EBITDA achieved
- 3** Further disposals to come in 2022, with the majority expected by the end of the year



¹ Before allocation of Group overheads

Non-core disposals to strengthen the balance sheet

Summary

- Transformation is done - platform in place
- Simplified structure of two core divisions established
- Attractive markets, client-centric model and deep sector expertise
- Driving revenue growth in 2022
- New operating model creates efficiencies and productivity benefits
- Continuing disposals to strengthen balance sheet
- Positive sustainable free cash flow to be delivered from 2022

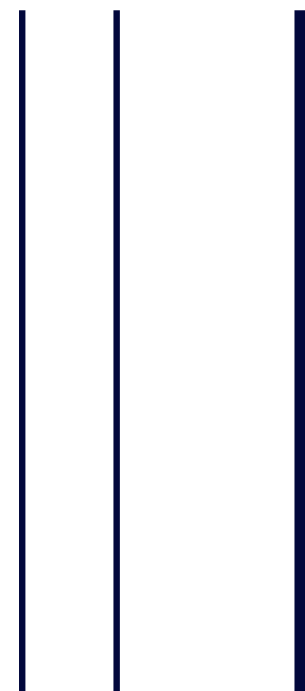




Q&A

 **Capita**

Appendix



Capita Public Service

Revenue

- Royal Navy training & JETS contract wins, full year benefit of DFRP and impact of contract losses significantly reduced in 2021
- Transactional recovery in Local Government and Capita One

Profit

- 2020 result reflected first year losses on DFRP and contract related provisions and impairments
- Significant improvement in contract financial performance and successful cost out programmes

Cash flow

- Reflects improved EBITDA offset by unwind of advance receipts in 2020 on DFRP and increased contract investment on the Royal Navy training contract

Achievements

- Successful launch of TfL ULEZ scheme as scheduled in October 2021
- Key service commencement dates met on Royal Navy training contract

£m	2021	2020
Revenue	1,410.4	1,273.0
Divisional operating profit	98.3	12.9
Divisional profit margin	7.0%	1.0%
EBITDA	148.3	87.7
Working capital/other	(28.3)	7.9
Cash generated from operations	120.0	95.6

Weighted pipeline	2021	2020
Total £m	1,305	2,272 ¹

¹ Includes £0.9bn for Royal Navy training

Order book	2021	2020
Total £m	3,287	2,737

Capita Experience

Revenue

- Attrition through contract expiry and some prior year losses including Tesco Bank, Phoenix, VW Group and First Group
- Reduced business volumes in the closed book Life & Pensions business and reductions following completion of Covid-19 and other projects

Profit

- Reduction in operating profit due to contract losses
- Prior year Covid-19 savings have not repeated in 2021
- One-off benefit from net deferred income release and exit fees on contract terminations

Cash flow

- Decline in 2021 reflects unwind of cash preservation measures and timing of invoicing on a telecoms contract

Achievements

- High contract renewal rates at 97%
- Focus on delivering secure, stable and reliable service for our clients despite Covid-19 headwinds

£m	2021	2020
Revenue	1,184.7	1,307.7
Divisional operating profit	69.1	80.9
Divisional profit margin	5.8%	6.2%
EBITDA	141.5	142.2
Working capital/other	(85.7)	2.8
Cash generated from operations	55.8	145.0

Weighted pipeline	2021	2020
Total £m	1,582	932

Order book	2021	2020
Total £m	2,272	2,429

Capita Portfolio

Revenue

- Improvement in Capita Resourcing, Technology and Enforcement
- Some markets continue to be severely impacted by Covid-19 including our Travel businesses (Agiito and Evolvi), Enforcement and Optima

Profit

- Revenue margin mix improved and right-sizing actions in 2020 continue to drive profit

Cash flow

- Reduction primarily due to unwinding of 2020 events including cash preservation and increased volume in 2021 impacting working capital

Achievements

- Successful completion of disposals in 2021
- Client NPS improved for third consecutive year

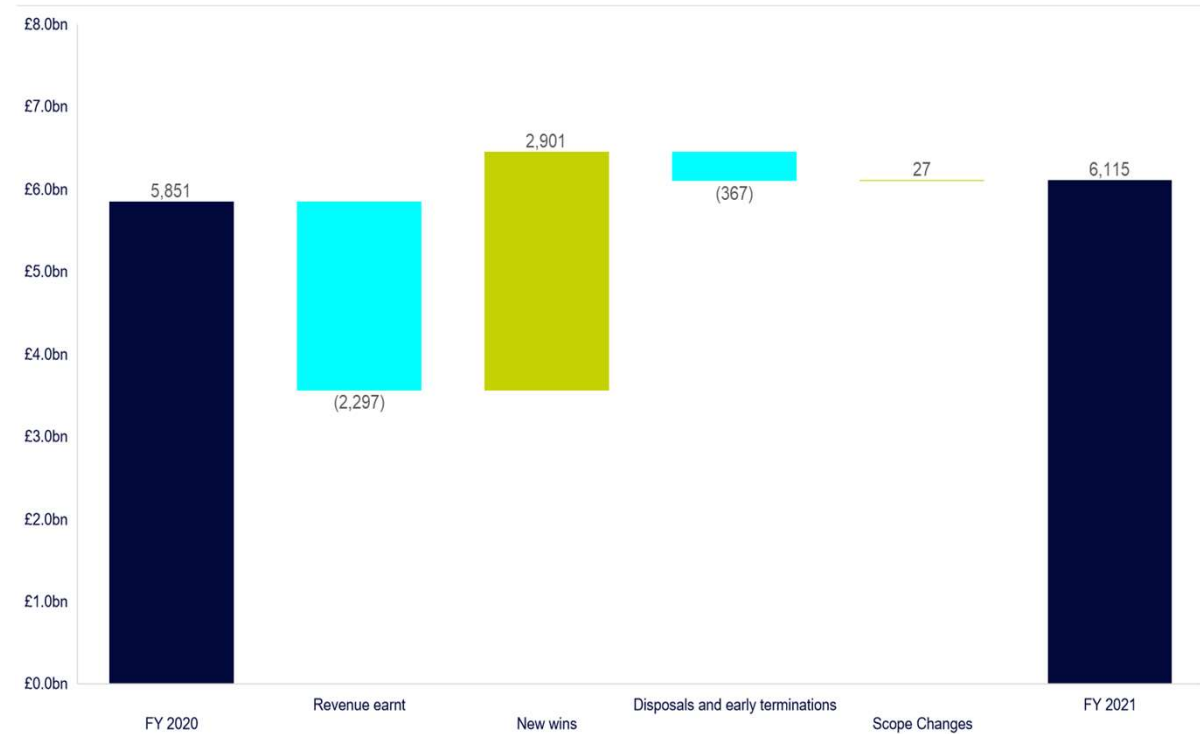
£m	2021	2020
Revenue	413.4	414.8
Divisional operating profit	23.8	14.2
Divisional profit margin	5.8%	3.4%
EBITDA	56.0	51.3
Working capital/other	3.8	52.9
Cash generated from operations	59.8	104.2
Weighted pipeline	2021	2020
Total £m	66	113
Order book	2021	2020
Total £m	557	685

Order book¹ bridge FY20 to FY21

Relevant to approximately 75% of revenue base

- Includes contracted revenue and software licences
- Excludes contract growth and non-contracted revenue
- Wins in 2021 include the Royal Navy and Royal Marines training contract (£0.9bn), contract extensions with major European telecoms providers (£0.6bn) and with the RSPCA
- Disposals and early terminations primarily driven by early termination of contracts in Capita Experience (including Co-operative Bank and Carphone Warehouse)

¹ 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 and scope changes, contract extensions (unless pre-priced), revenue from frameworks and transactional businesses.



Modelling assumptions

Depreciation & Amortisation	Consistent with 2021, c.5% revenue
Working Capital	Reduction in working capital outflow, as Covid-19 payments and other contractual one-offs normalise in 2022: around half 2021
Cash Tax	Modest reduction forecast in 2022
Leases	Continued reduction of lease payments as we reduce our property portfolio
Capex	Increasing in 2022: range £65m - £75m
Cash Interest	Consistent with 2021