



Capital Markets Event

13 June 2024



Introducing: A Better Capita

BETTER

Efficiencies

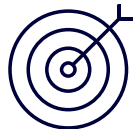
Technology

Delivery

Company



**Improved
financial
performance**



**Clarity on
what Capita
is famous for**



**Workforce
equipped for
change**



**Delivering value to
customers, employees
and shareholders**

Translating social value into economic value

Agenda:

Better Efficiency, Better Technology, Better Delivery, Better Company

Introduction to Capita



Group Strategy, Transformation and Execution

Adolfo Hernandez
Chief Executive Officer



Better Efficiencies

Xenia Walters
Chief Strategy and Transformation Officer



Better Technology

Manpreet Singh
Chief Technology Officer



Better Company and Cultural Transformation

Scott Hill
Chief People Officer

Better Delivery and Company



Capita Public Service

Richard Holroyd
CEO, Capita Public Service



Capita Experience

Corinne Ripoche
CEO, Capita Experience



Financial Performance

Tim Weller
Chief Financial Officer

Conclusion and Q&A



Adolfo Hernandez
Chief Executive Officer



4.30pm Webcast ends




**Please join us for
informal demos and
drinks**

Event ends at 5.15pm



Introduction to Capita



Capita is a modern outsourcer, helping clients across the public and private sectors run complex business processes more efficiently, creating better consumer experiences

Operating across 8 countries, Capita's 41,000 colleagues support primarily UK and European clients with people-based services underpinned by market-leading technology

Capita investment case



Strong foundations to build on – customer base, knowledge and expertise of our people



Self-sufficient strategy; funded by efficiency improvements, cash generation and exiting less attractive markets



Significant **cost reduction, efficiencies and margin improvement opportunity across all businesses and especially** in contact centres



More **consistent and strategic, go to market** approach to double down on “**star positions**”, **improve** those with potential and **manage for value** any others



Use of **next-generation technology innovation** provides an opportunity for productivity improvements, better service and to unlock growth



We are better leveraging **partnerships with hyperscalers** to accelerate digital, data and technology transformation



Medium-term targets:

EBIT margin:

6-8%

Free cash flow:

to become positive from 2025 onwards. Operating cash conversion of 65% to 75%

Revenue:

low - mid single digit % revenue growth p.a.

Our business focus areas

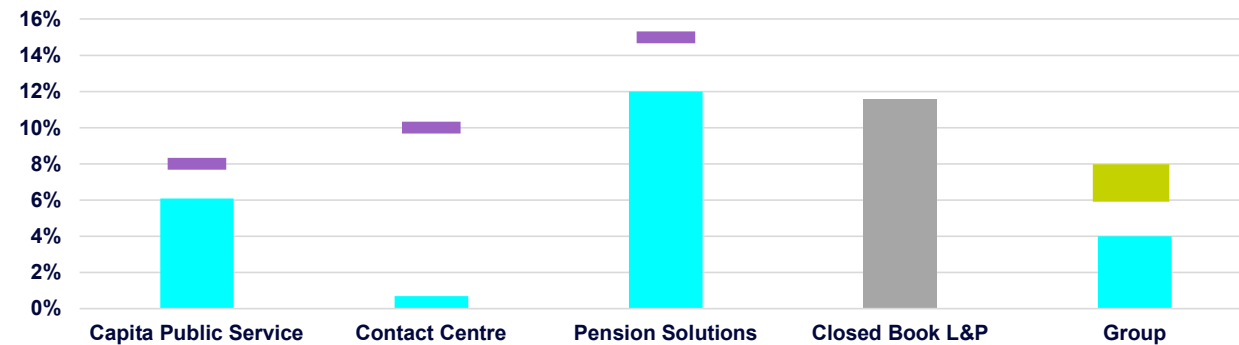
Capita Public Service

Capita Experience

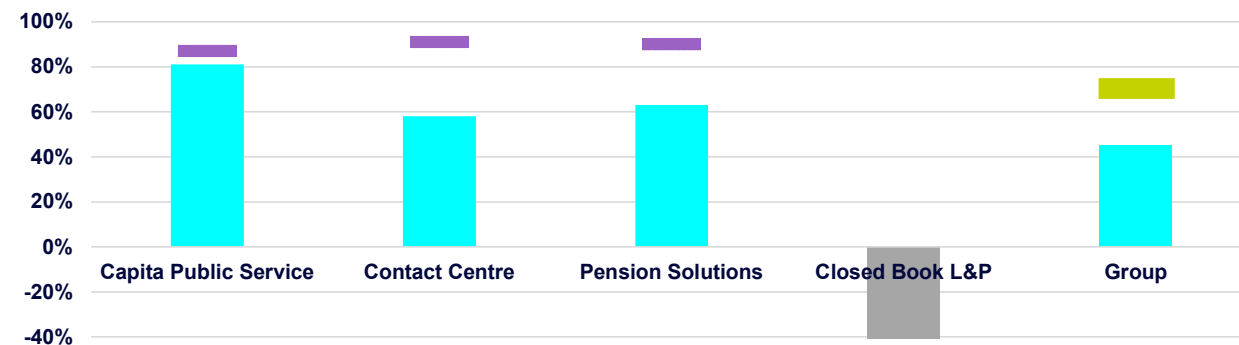
	Local Public Service	Defence, Learning, Fire and Security	Central Government	Contact Centre	Pension Solutions
Who we sell to	Local authorities, schools, housing associations, Ministry for Levelling Up, Housing & Communities, voluntary organisations	Ministry of Defence, British Army, Royal Air Force and Royal Navy, fire services, Lloyds and NatWest	Justice and policing, Central Government Services, customer communications and digital services, transport, procurement, health and welfare	Financial services, telecoms, media & technology, energy & utilities and retail	Central Government, private sector, insurance
FY23 Revenue	£407M	£509M	£543M	£799M	£170M
Focus areas	<ul style="list-style-type: none"> Collections and payments Back-office processing Place-shaping Education infrastructure and support Social care and community health Net Zero and energy Revenue & benefits 	<ul style="list-style-type: none"> Fire prevention & response Training modernisation National preparedness Blended learning offering to critical national infrastructure 	<ul style="list-style-type: none"> Employability (>55s) Low emissions zone delivery Alternative transport funding models 	<ul style="list-style-type: none"> Collections Sales & retention Joint ventures with customers International expansion into adjacent markets 	<ul style="list-style-type: none"> Seamless user experience Helping reduce balance sheet risk from historic DB pension liability Pensions and long-term investments as key part of employee value proposition

Our immediate opportunity: bring divisional & business unit margins closer to peers

FY23 EBIT Margin %



FY23 Operating Cash Conversion %



Note: Closed book Life & Pensions includes Mortgage Services and reflects c.£24m margin benefit from commercial settlement in FY23

Peers include:

Capita Public Service: Serco, Atos, Maximus, Sopra Steria and CGI

Capita Experience – Contact Centre: Concentrix & Webhelp, Teleperformance and TTEC

Capita Experience – Pension Solutions: Equinti and XPS

Key:

Peer benchmark ■
 Medium-term target ■
 Manage for value ■



Adolfo Hernandez
Chief Executive Officer



Group Strategy

Market and technology opportunities for the Capita business

Market Technology Trends

- New and mature technologies available, mature and in market already e.g. Automation, CRM¹, NLP², Data & Insights
- Available in the Cloud as "pay-as-you-go"
- Generative AI (Gen AI) is growing rapidly

A recent McKinsey survey:

Have deployed or are deploying 2 or more at-scale Gen AI solutions

15%

Have at least one large scale Gen AI solution rolled out or sanctioned for implementation

53%

Have started a few pilots but are yet to expand or scale

25%

Still learning and have not yet started leveraging Gen AI

7%

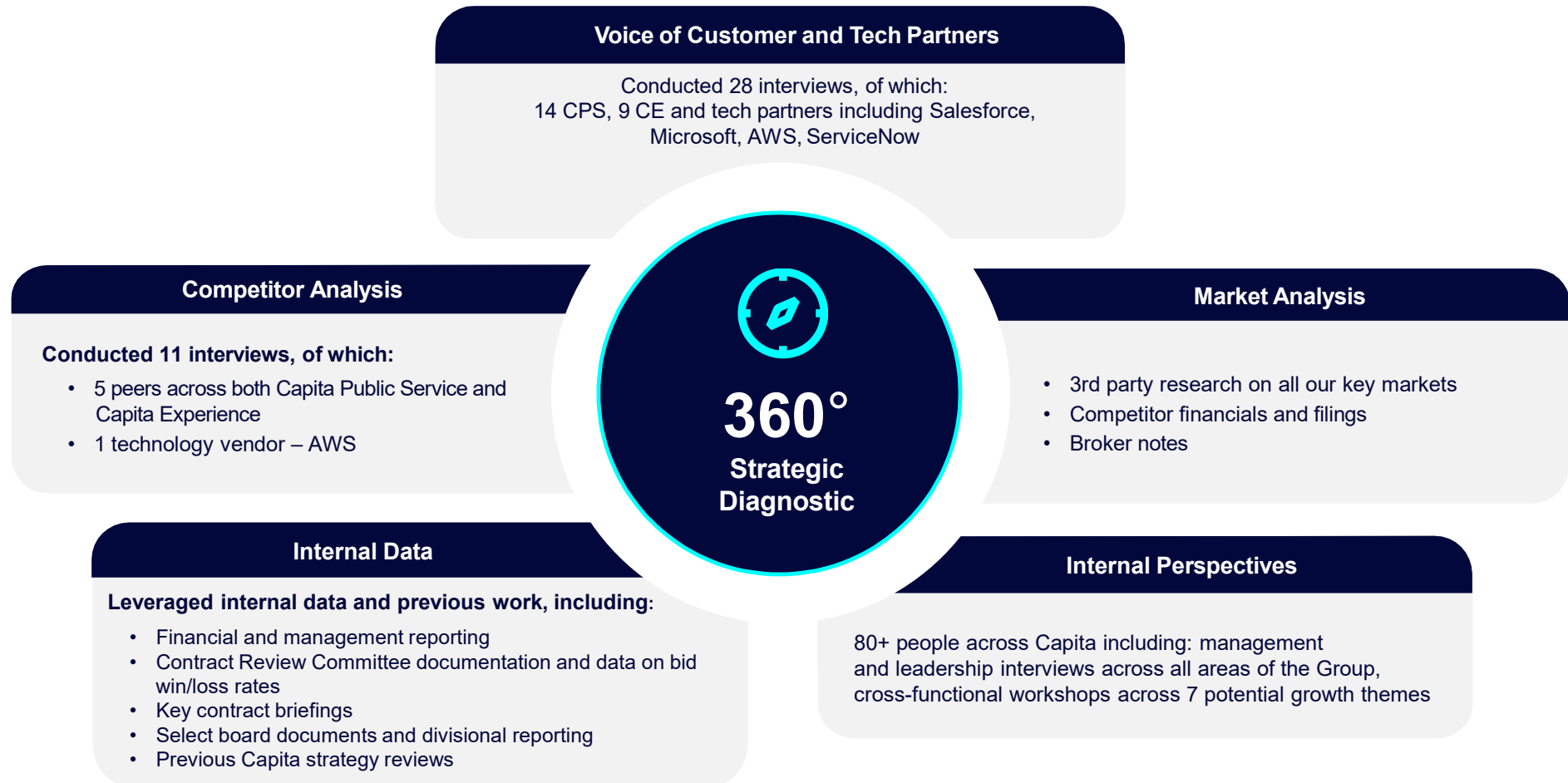
Implications

- Governments and Business need more help to leverage new technologies to *deliver the expected outcomes*
- It is more than just technology; *it is about trust and expertise to manage the business process*
- **Opportunity for Capita:**
 - Deploy winning formula of technology and human expertise and improve client processes
 - Partner with best-in-class technology providers and be the company who help our clients realise the benefits
 - Enable faster and more efficient service delivery in our customers
- **Benefits for Capita:**
 - Efficiencies, productivity gains and higher margins
 - Deliver better Customer Service
 - Transformation of economics from traditional outsourcing 'labour arbitrage' to 'people and productivity'
 - Access to growing market segments

Source: McKinsey Enterprise CXO Survey: Impact of GenAI for Technology Services Providers

1. Customer Relationship Management 2. Natural Language Processing

Strategically, we built a 360° outside-in view of Capita



Scorecard after 360° review – strong foundations but many opportunities for improvement

Capita Today

- **Strong foundations**
- **Customers**
- **Scale and leadership** position in key markets
- **Strong credentials** in dealing with complex solutions
- **Talented and passionate** colleagues

Areas for improvement

Client Perception

- Overly diverse service-line offering
- Great at remediation, but should get it right first time (e.g. implementation delays - c.£20m adverse cashflow impact in 2024)

Commercial Strategy

- Substantial effort on large deals
- Historically Capita invested less on medium tier deals
- Focus on 'gap-filling' with transactional work

Technology Infrastructure

- Often bespoke solutions per contract with bias to self-build
- Not leveraging best-in-class technology from partners

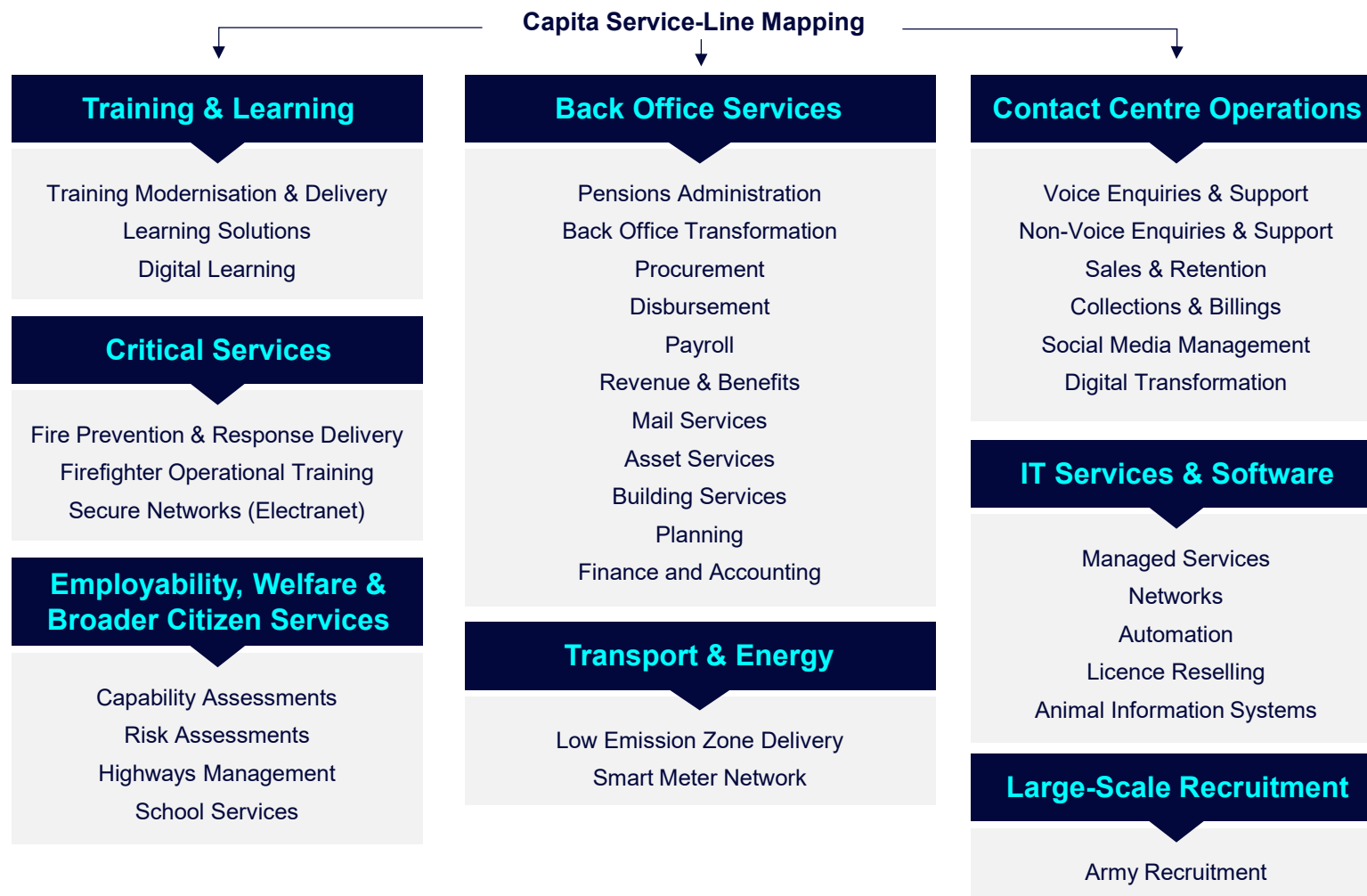
Product Offering

- Carry out too much lower margin work
- Capita not driving enough repeatability

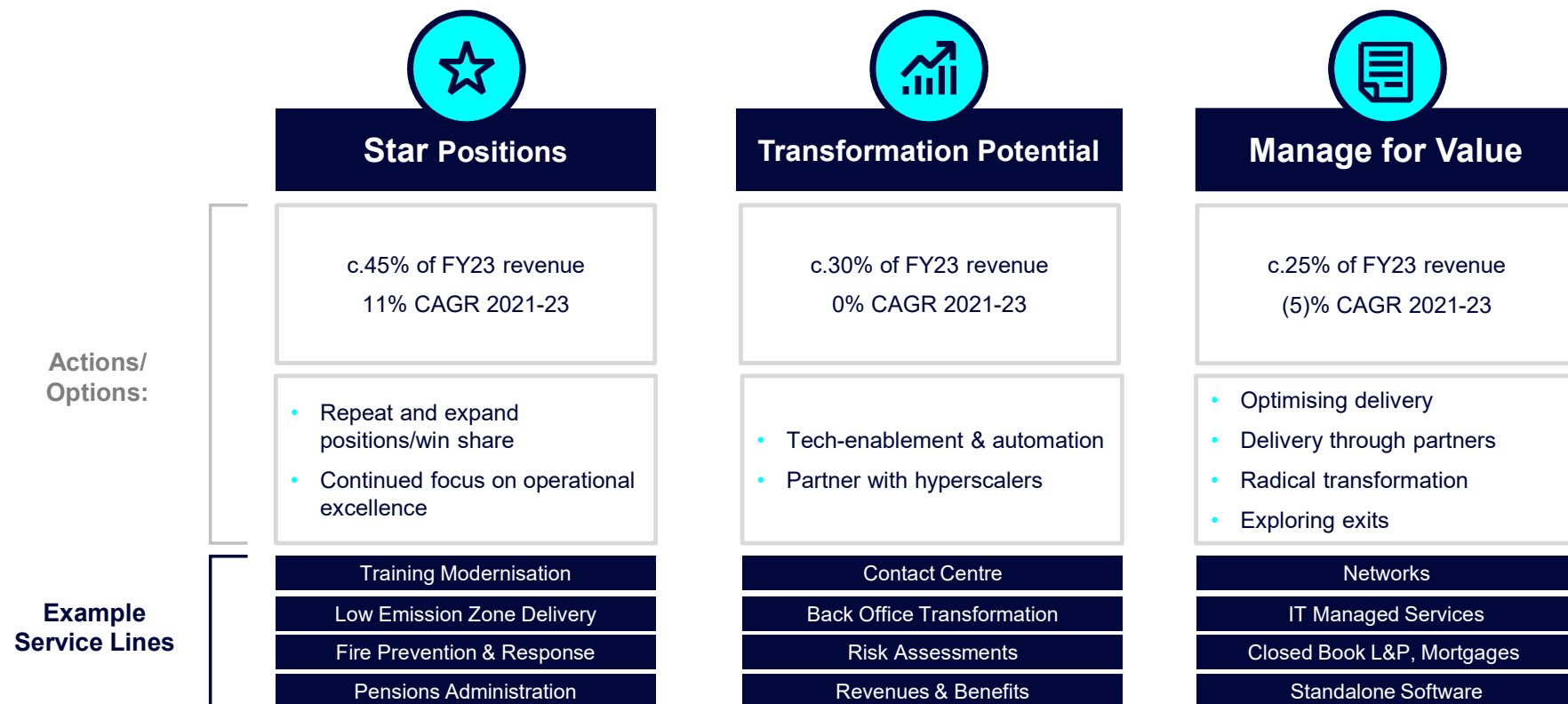
Financial Performance

- Significant variability in contract margins
- High-cost base leads to a lack of competitiveness
- Slow at right-shoring (partially behind low margin contact centres of c.1%)

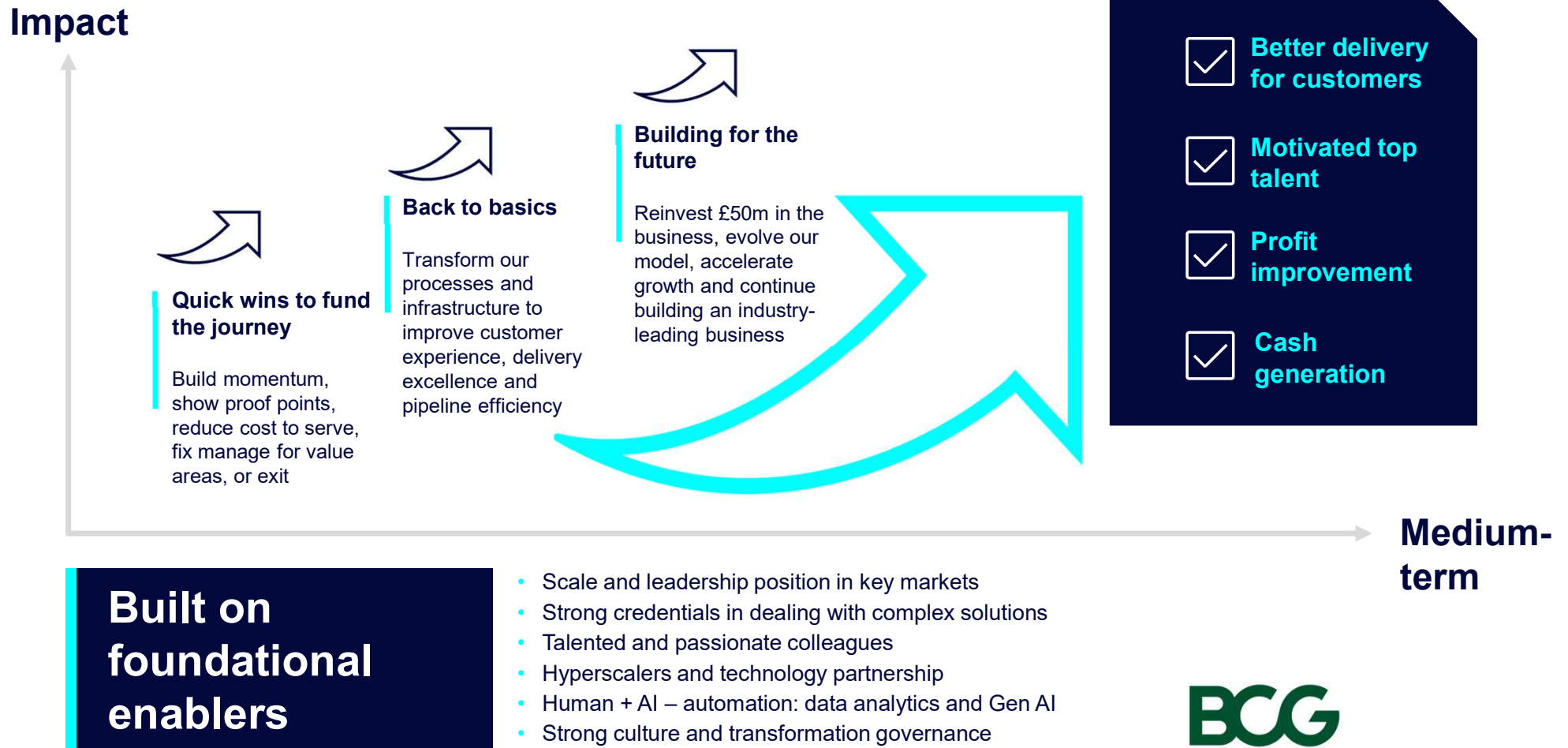
Learnings from the diagnostic: Capita provides a very diverse set of service-lines for our customers leads to too much complexity and cost



Many service lines are well positioned: with plans for more challenged areas



Transformation – 3 waves of change needed



Funding the journey



- **Announced £160m** (£60m in November 2023 and £100m in March 2024) **annualised savings to be delivered by June 2025**
- **As of today, c.£90m annualised savings actioned**
- **Anticipate c.£50m reinvestment in growth**



Savings **across both business divisions and Group overhead** particularly within Capita Experience division

We are moving towards standardised and repeatable go to market solutions, developed with hyperscale technology partners



Savings across **multiple areas**:

- Organisation simplification
- Offshoring
- Procurement and spend optimisation
- Property and real estate rationalisation
- Delivery efficiency

Leading indicators on journey to reaching medium-term targets

Leading indicators	FY23 Performance
Group and divisional overheads as a percentage of revenue	11%
Percentage of overall adjusted revenue from contracts using AI or Generative AI	N/A
Percentage of overall adjusted revenue from contracts which exploit our hyperscaler partnerships	N/A
Customer net promoter score	+16 points
Service delivery KPI performance expressed as a percentage	94% CPS, 82% CE (94% excluding pensions administration)
Employee net promoter score	-4 points
Gender balance of senior management	40% female
Ethnic minority percentage of senior management	14%
Supplier payment percentage within 60 days	99%
Carbon intensity ratio (gross scope 1 and 2 tCO2e per £1m of turnover)	11.2

The prize: improved financial performance over medium-term

01

Better efficiencies

Improving EBIT margin
to **6-8%**

02

Improve free cash flow

65-75%
Operating cash
conversion

03

Grow the business

Low / mid-single digit
% sustainable
revenue growth



Xenia Walters
Chief Strategy & Transformation
Officer



Better Efficiencies

We have a Capita wide transformation programme



Aligned to company strategy and shareholder value



Comprehensive in scale



Capita **partnered with BCG** for this group wide transformation programme



Going beyond just cost reduction to drive high priority growth areas and margin expansion



Expanding operating leverage through efficient deployment of sales teams and simplification of go to market process



Rapid **cost base review** to improve cost to serve and allow investment capacity



Portfolio of multiple workstreams – 'fund the journey', 'back to basics', and 'building for the future' to both **accelerate and build upon the work** that's already been started

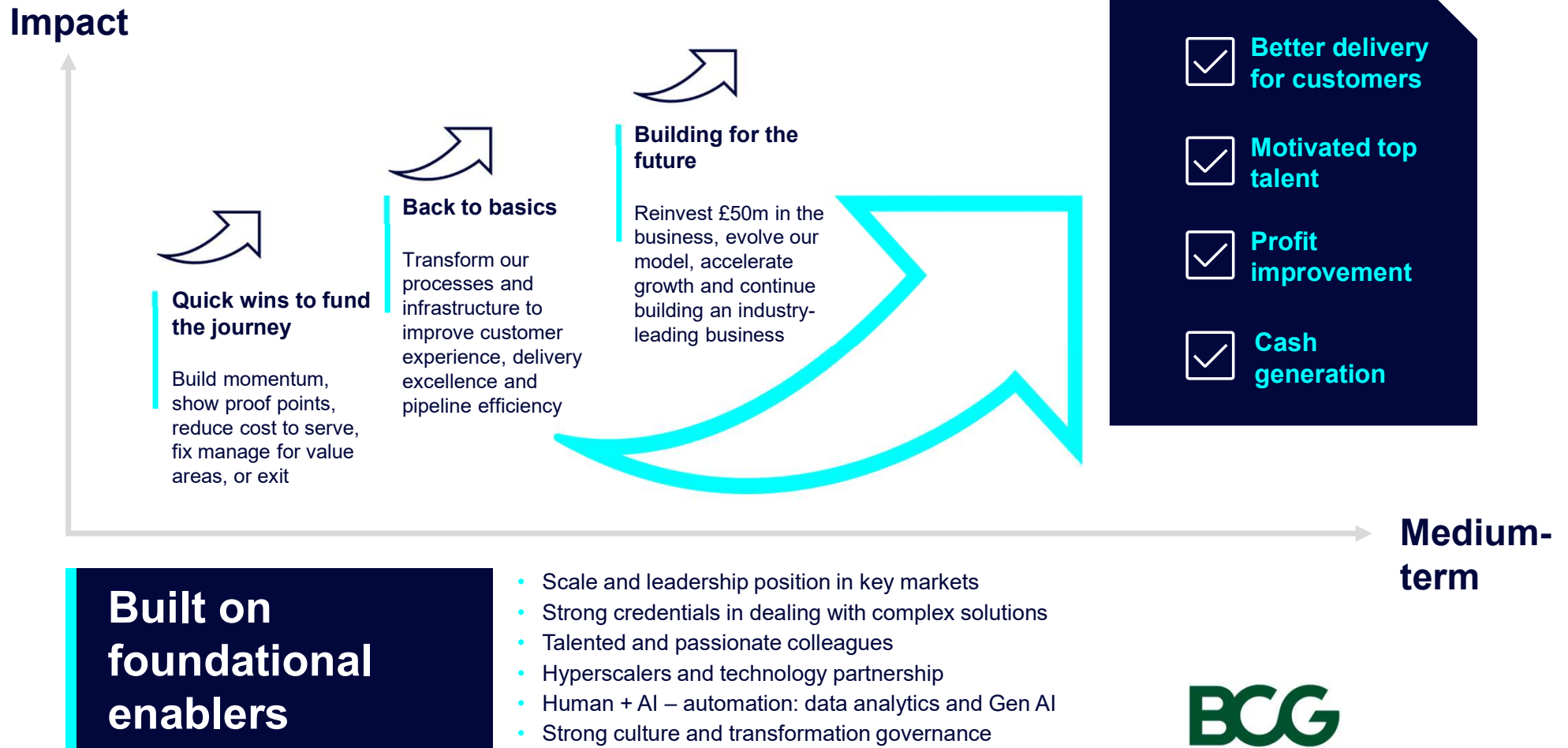


Prioritising cash generation to fund long term investment



Ensuring people enablement through building critical capabilities needed to reach full potential, execute transformations at scale and sustain impact

Reminder – 3 waves of change needed

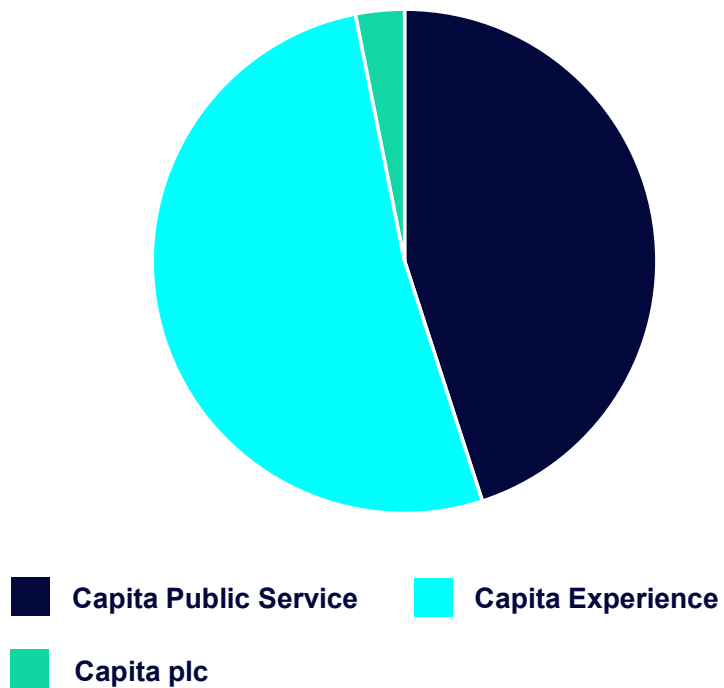


Fast pace of change: overview of programme workstreams

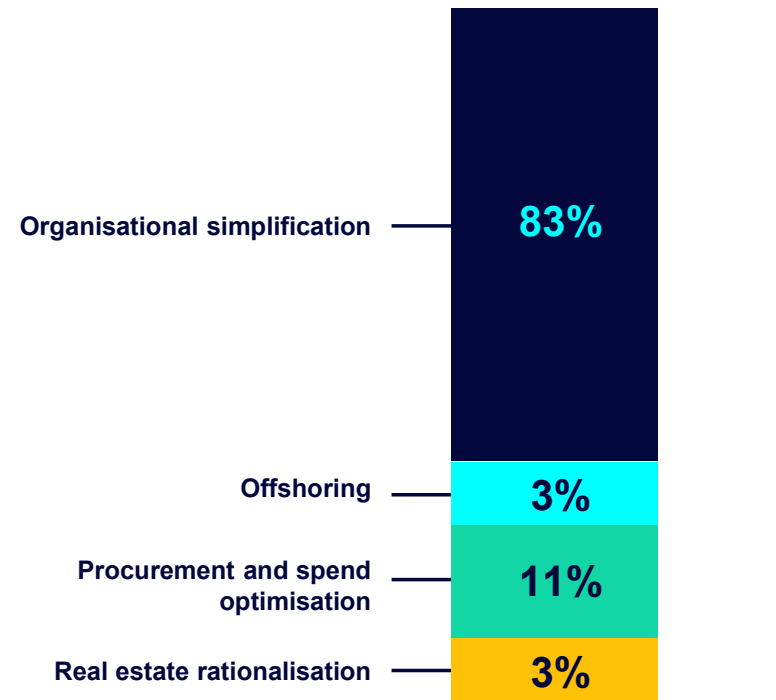
Workstream	Initiative	Description
Fund the journey	Organisation simplification and right shoring	<ul style="list-style-type: none"> Organisational simplification including spans and layers Offshoring and near shoring (wage arbitrage)
	Procurement spend reduction	<ul style="list-style-type: none"> Manage costs with rigour and focus - control, manage and reduce indirect costs, including demand management Manage supplier relationships effectively & efficiently Better leverage our buying power Supplier review and optimisation and reduce tail end Service Level Agreements; rebate; renewals; benchmarking and procurement management
	Real estate rationalisation	<ul style="list-style-type: none"> Reduced office footprint Rightsizing current office locations Sublet opportunities and reassignment of leases
Back to basics	Process improvement and digitalisation	<ul style="list-style-type: none"> Improve productivity through Gen AI to augment capacity Increased standardisation and automation – minimising handovers Consolidation of shared services across broader functions
	Service delivery transformation	<ul style="list-style-type: none"> Develop scalable and repeatable solutions and go-to-market strategy Leverage technology and AI with partners and automation to better meet customers' needs
	Technology simplification	<ul style="list-style-type: none"> Better customer service delivery Optimise go to market and pricing Improve new customer attainment & retention
	Sales effectiveness	<ul style="list-style-type: none"> Efficient deployment of sales team towards high priority deals to improve win rates Simplification of go to market process Solutions-based selling building on scaleable, repeatable solutions Joint development and co-investment within defined customer verticals
	Implement revenue assurance	<ul style="list-style-type: none"> Analyse top contracts to assess margin leakage and recovery potential Automation and self-service solutions for transactional sales
Build for future	Hyperscaler partnerships	<ul style="list-style-type: none"> Partnership programmes with key hyperscaler partners accelerating propositions and go to market capabilities
	Digital transformation and Gen AI	<ul style="list-style-type: none"> Simplified end to end customer centric sales process supported by AI enabled systems and tools making Capita easier to do business with Data unlock and analytics Gen AI solutions deployed to clients and internal process to improve efficiency and experience
Culture change and transformation management	Changes to support transformation programme	<ul style="list-style-type: none"> Digitalisation and self service Support restructure, organisation design, sales academy, and cost out Culture skill set and capabilities, DE&I

We are delivering savings to fund the journey across our workstreams

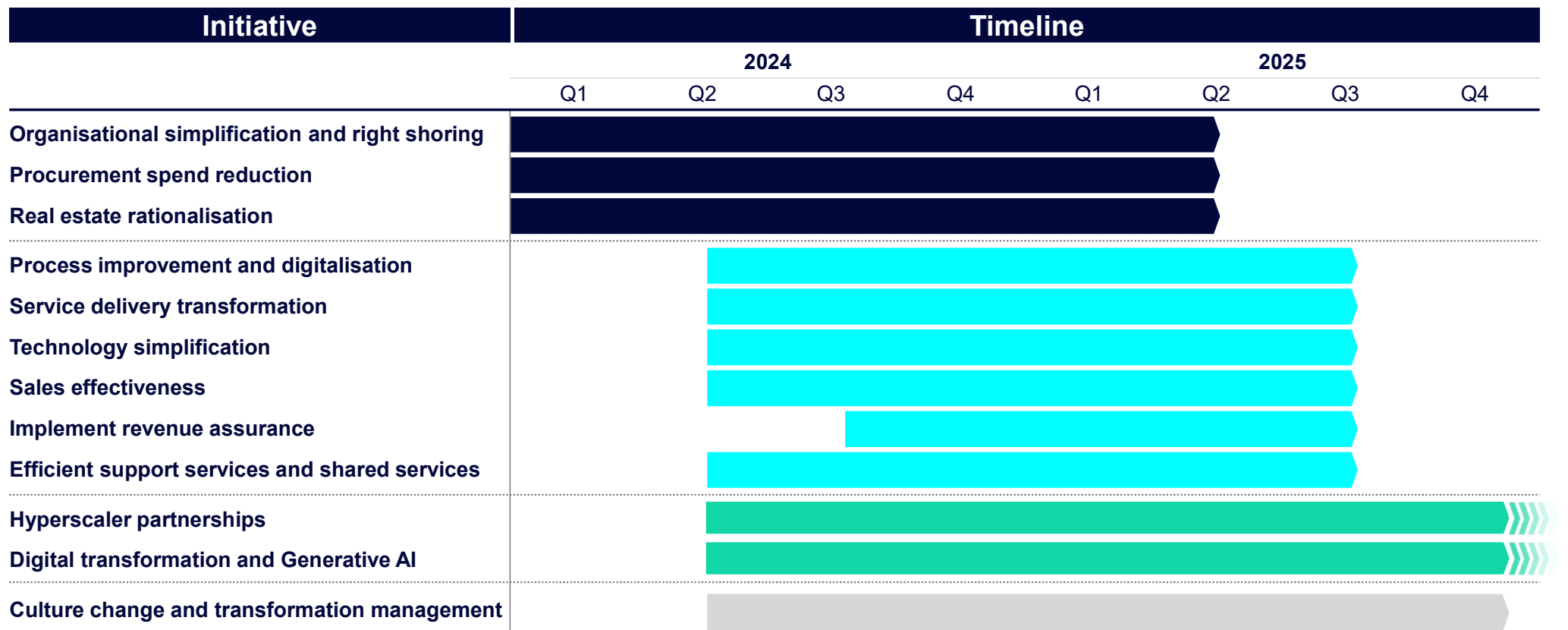
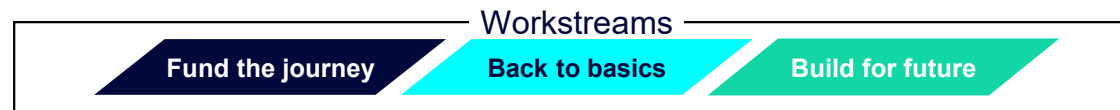
The £160m targeted cost reduction savings are split across the Group:



Actioned savings (c.£90m, %)



On track to deliver the cost savings and transformation

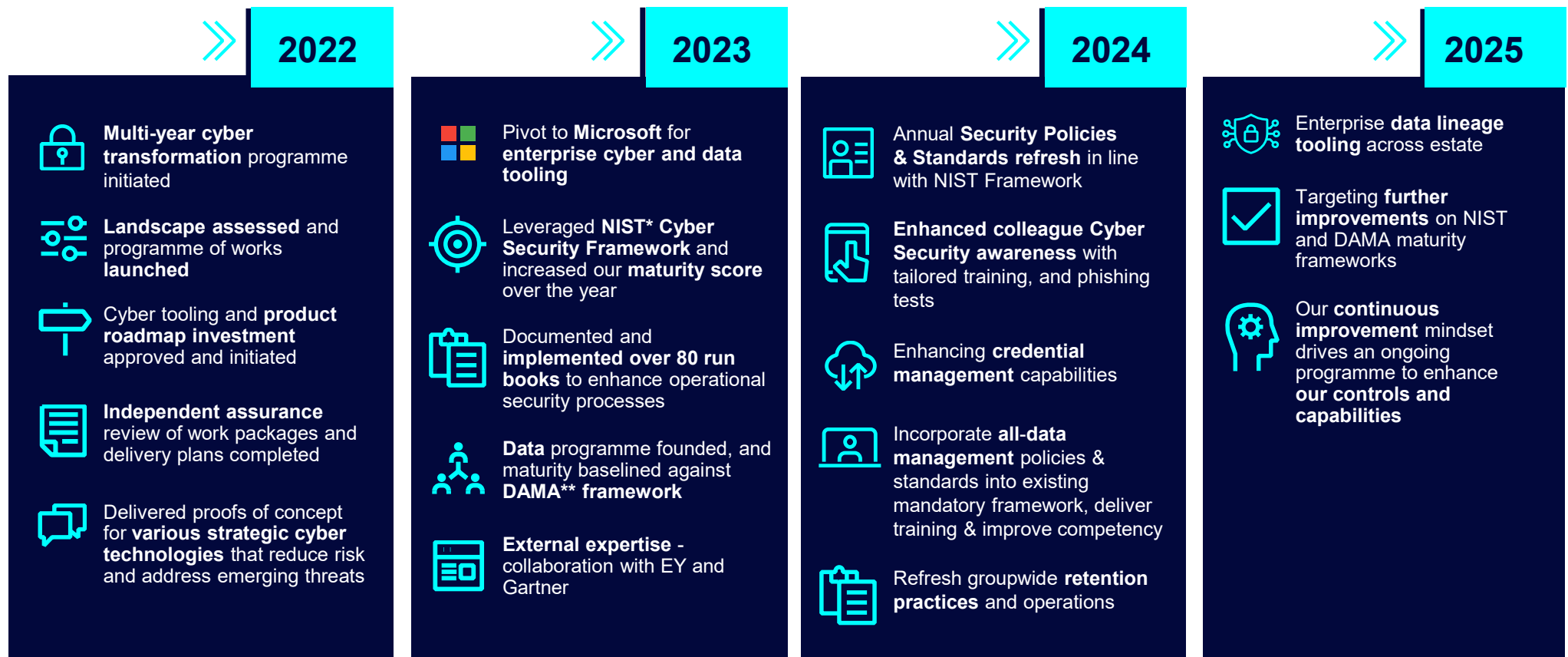


Manpreet Singh
Chief Technology Officer

Better Technology

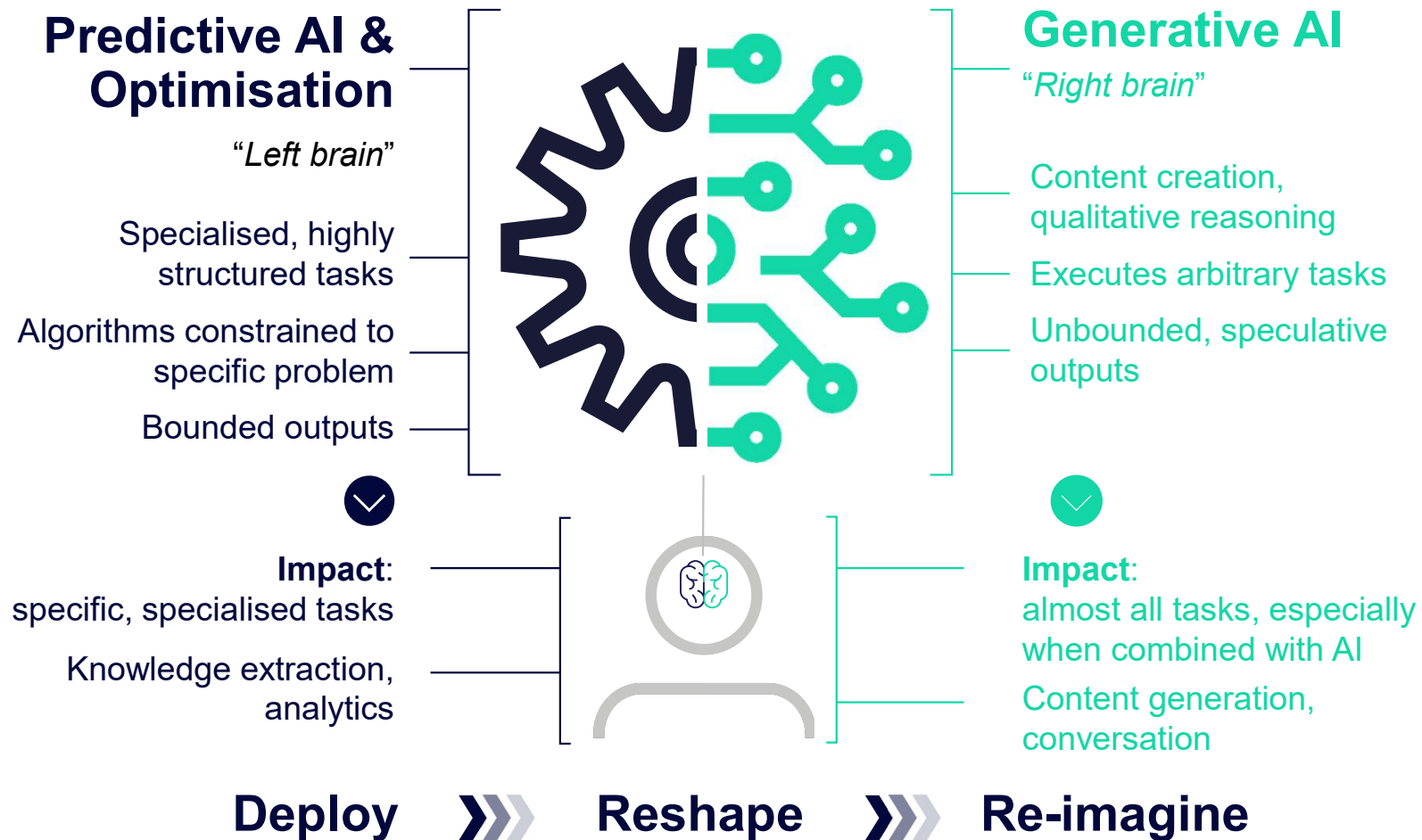
Accelerated cyber and digital transformation

In March 2023, Capita experienced a major cyber incident. Following the incident we accelerated previously planned multi-year investment to improve our cyber security maturity.



*National Institute of Standards and Technology **Data Management Association

Predictive AI is now complemented by Generative AI, dramatically expanding AI's applicability



Embracing AI to improve our operations and our customers outcomes

Providing higher quality services and expanding range of high value-add digital and automated services through AI

Capita
Accelerate

Capita
Contact

Capita
Digital Pensions



Agent enablement

- AI chatbot
- Sanas accent harmonisation
- Virtual agent

6 concepts in flight with clients across the Group



Agent optimisation

- AI Agent Assist call summary
- AI call insights – monitor dashboard agent productivity and performance

2 concepts in flight to improve call handling and resolution time



Internal processes

- AI-powered recruiting
- GetVocal inside sales
- AI-supported bid response and management

2 key internal processes optimised



Operational excellence

- Agent Assist
- AI based knowledge management
- Quality / call control digitisation
- Sentiment analysis

5 process solutions in development



Utilising technology partnerships to drive growth

So far in 2024...

From H2 2024

From 2025



Outlined alliance and partnership strategy

Prioritised partners and hyperscaler platforms

Consulting partner BCG appointed

Defined **key offerings** to drive growth

Defining model with chosen partners



Set up operating model

Created **alliance team** – members and reps from sales, markets and delivery

Established clear objectives and goals

Mapped to key partner stakeholders



Enhanced value proposition

Defined **strong value proposition** for partners:

- Track revenue
- Drive demand generation pipeline
- Build reference cases, assets, IP
- Strengthen talent and capabilities



Progress

Building **Capita's Digital Pensions Solutions** with **Microsoft Dynamics**

Implementation of **ServiceNow**

Launched first solution **CapitaContact** on **AWS**



Strengthen demand generating activity

Drive **marketing and demand generation activities**:

- Joint go-to-market approach with partners
- Client roundtables
- Share success stories
- Event sponsorships



Build momentum across portfolio

Target more pilots in key accounts

Share learnings, replicate & scale

Drive idea creation, client and partner outreach to expand partner-related pipeline and revenue

Our partner ecosystem



servicenow



Demo video: CapitaContact

Leveraging the power of Gen AI and AWS Connect, Capita has developed a cloud-based contact centre solution that is scalable, flexible and secure for Government and mid-market private sector clients.



A simplified customer experience:

- Omni-channel customer experience through conversational IVR, chat bots, SMS and messaging
- Faster resolution time, from 7-10 days to 2-3 days
- Direct routing to reduce caller waiting time and prioritisation for vulnerable callers



Enhanced analytics to increase right-first-time metrics:

- Real time and historical reports and dashboards
- Sentiment and trend analysis
- 50% reduction in onboarding time
- Lower attrition than industry average
- Quality and performance management
- Forecasting capacity, planning and scheduling



Agent empowerment and productivity:

- AI powered assistance
- Integration of all agent platforms into one space
- Upskilled agents able to broaden talent pathways
- Automation of simple and repetitive interactions



Meeting real time client demands:

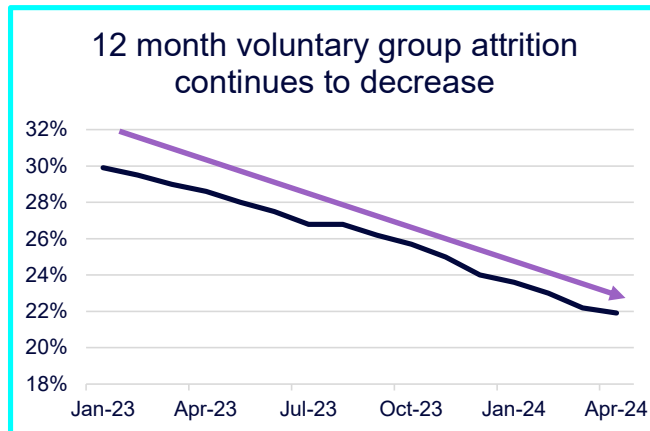
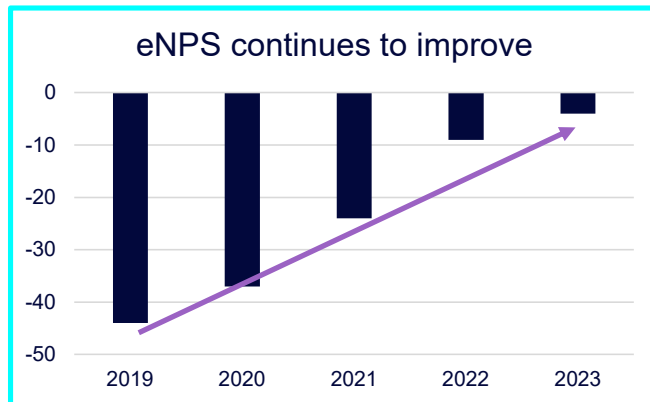
- Able to be deployed quickly for peak, crisis or short-term campaigns
- Simple, self-service, make changes in minutes
- Secure, reliable and scalable



Scott Hill
Chief People Officer

**Better Company and
Cultural Transformation**

The journey so far and focus areas



eNPS = employee net promotor score

One Vision, underpinned by goals, values and supportive culture:

- Leaders that demonstrate their commitment to people and our purpose
- Internally: strong focus on Executive Team engagement, wider leadership team and all colleagues
- Improve eNPS to a positive score and increase internal mobility to 25% global target
- Externally: strong engagement with all wider stakeholders; including clients, communities, government, tech partners, partners and investors
- Continue to reduce attrition

- Q1**
 - Executive Team cultural diagnostic and engagement
 - Leadership engagement and pulse check
- Q2**
 - Design and launch of Leadership Playbook
 - Senior Leadership Team Event
 - Design Cultural Blueprint and all colleague Culture Labs
 - All colleague cultural indication survey
- Q3**
 - Launch of Cultural Blueprint post Capital Markets Event
 - Establish metrics to track cultural progress
 - Learning design and delivery of high impact facilitated cultural workshops and digital content
 - Relaunch of our 'Ways of Working Toolkit'
 - Enhanced policies and practices
- Q4**
 - Culture Connect sessions
 - Long term communication and engagement plan
 - Celebrate cultural wins and role models
- 2025**
 - Culture Labs to measure impact
 - Evaluation and iteration
 - Ongoing embedding of cultural blueprint

Why is culture important?



Reduces attrition, reduces cost and improves contract stability



Improves engagement, a motivated workforce drives better delivery



A positive culture attracts and retains talent



Reducing attrition means teams can focus on what matters and add value to clients

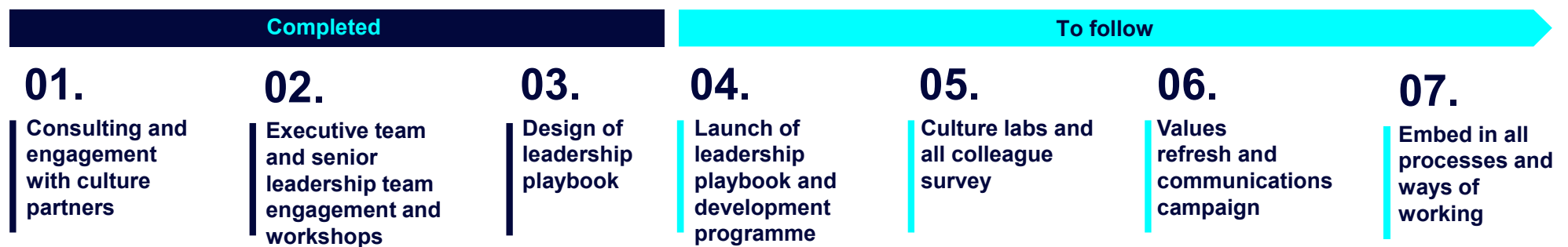


Social value is an important part of public and private sector bids



Builds trust, brand loyalty and reputation within the market

Our action plan :



A decorative header consisting of a series of vertical bars of varying heights and widths, some solid white and some solid cyan, arranged horizontally across the top of the slide.

Richard Holroyd
CEO Capita Public Service

A solid cyan vertical bar positioned to the left of the main text.

Better Company and Delivery Capita Public Service

Capita Public Service today

3 Market Verticals:

Local Public Service

Defence, Learning,
Fire and Security

Central Government

Annual Addressable
Market Size¹

£16.4bn 2023

Market Growth
Rate¹

+3.6% 2023-27
CAGR

Annual BPS² Market Size
(CPS sweet spot)

£3.3bn 2023

Customers:



Primary Care Support England



Department
for Education



Department
for Work &
Pensions



Ministry
of Defence

Key financials 2023:

Revenue:

£1.5bn

EBITDA Margin:

9.1%

EBIT Margin:

6.1%

TCV:

£1.9bn

Order book:

£3.5bn

Key statistics 2023:

Employees:

12,000

Average KPI
performance:

94%

cNPS:

+27

Revenue from top
10 customers:

£0.8bn

Examples of Capita Public Services customer references

“

The Turing Scheme is delivering our vision of a truly global Britain, by creating lifechanging opportunities for students from schools, colleges and universities in every region and nation of the UK to take up placements in countries all over the world.”

Alex Burghart, Former Minister for Skills

“

The new data warehouse allowed us to streamline and automate analysis and performance reporting processes through a suite of engaging reports and dashboards. Not only did we meet the demands of operational policing, but we can also react better to Home Office requirements.”

Greater Manchester Police

“

Capita is one of our longstanding and trusted partners and we are pleased to be working with them to improve services for our residents, reduce costs and increase productivity.”

Councillor David Leaf, Deputy Leader of the London Borough of Bexley and Cabinet Member for Resources

“

The product delivered was first-class. There were great levels of collaboration, and the Capita team was always very responsive to the customer needs.”

Warrant officer, Staff Officer, Grade 1 Astra training

“

We are delivering better trained people to the frontline faster in a way that leaves our people feeling valued and invested in.”

**Commodore Jo Deakin
Deputy Director, People – Training,
Royal Navy**

“

By working with Capita, we completed our transcription project efficiently while reducing processing costs by 80%.”

**Tim McKeegan,
Planning and MI Consultant,
FSCS**

Capita Public Service – the journey so far



2021 – 2023 results:

- Historic revenue growth through significant contract wins in Defence and Central Government
- Declining business in Local Public Service
- Core of legacy Business Process Outsourcing (BPO), Network and IT Services; Slow progress in digital adoption
- High cost to serve and complex operating model impacting competitiveness
- Strong cNPS - historically challenging contracts addressed
- Wide and deep public sector client footprint



Nov 2023 to present:

- Simplified operating model and increased customer focus
- Programme to drive efficiency and reduce uncompetitive overhead and improve productivity
- Focus on four propositions to target development and sales focus: Digital Business Services, Workforce Development, Citizen Experience, and Place
- Strong client relationships driving more wins with current portfolio
- Developing set of emerging technology exploratory internal and external use cases (e.g. Gen AI)



+



Future Plans:

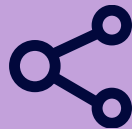
- Build **standardised repeatable propositions**, leveraging our scale and hyperscaler platforms and partners, reducing cost of sale and to serve, driving up market impact and margin
- **Account development expanding across government** into key targets to open our markets and deliver value
- **Explore international markets** – for example National Preparedness in the Middle East

Future go-to-market: our market propositions

To capture and deliver market opportunities, we have identified and are organising around four core propositions to provide support to our Public Sector clients, drive growth and increase margin

Our focus will be on Digital Business Process Outsourcing (BPO) and National Preparedness

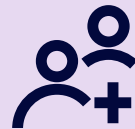
Digital Business Services



Core systems and public services

Increasing productivity - using data, technology and operational excellence to deliver secure, smart, efficient and effective services

Workforce Development



The skilled people that use them

Skilled and engaged - unlocking the power of your people by changing cultures and transformative training

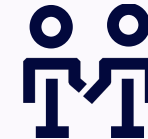
Citizen Experience



The interface between services and citizens

Great service - fast, effective, human-centered citizen experiences - where it is needed most

Place



The communities we serve

Connected communities innovating our way to better environments and smart estates

Supported by our hyperscaler ecosystem



servicenow



Key medium-term priorities for Capita Public Service



Capita Public Service Demo



We are digitising the scanning of medical records at the touch of a button, enabling clinicians to have ready access to clinical conditions and a summary of findings



Launched with the British Army last year, Accelerate is scanning 30,000 records a year to create a quicker and more effective recruitment process



Benefits:

- Fast and efficient medical assessments, reducing processing time by 30%
- Clinicians' time freed up to assess more applications and focus on other tasks
- Can be applied to any sector that uses large volumes of unstructured data

Conclusion: Capita Public Service



Trusted public sector partner with **long-standing relationships** and satisfied clients



Deep sector and business process knowledge, built up **over 40 years**



Supporting clients to deliver **efficient, high-performing, user-friendly services**



Ability to **deliver at scale** in complex environments



Focusing in areas we deliver well and **have proven track record for delivery**



Corinne Ripoche
CEO Capita Experience



**Better Company and Delivery
Capita Experience**

Capita Experience – Contact Centre today

4 Market Verticals:

Telecoms,
Media & Tech

Energy &
Utilities

Financial
Services

Retail &
e-commerce

Customers:



Annual Addressable
Market Size¹
(EMEA)

£28.0bn ²⁰²³

Market Growth
Rate¹

+4.3% <sup>2023-2027
CAGR</sup>

Capita UK revenue

65% ²⁰²³

Capita non-UK revenue

35% ²⁰²³

Key financials 2023:

Revenue:

£0.8bn

EBITDA Margin:

6.3%

EBIT Margin:

0.7%

TCV:

£0.8bn

Order book:

£1.4bn

Key statistics 2023:

Employees:

19,000

Average KPI
performance:

94%

cNPS:

+20

Revenue from top
10 customers:

£0.5bn

Capita Experience — Contact Centre customer references

“

The willingness that I see in Capita to collaborate really openly and honestly to solve problems that are faced by our common customers is what makes the partnership so strong.”

Catherine Chesterman – CSD Samsung

“

If you have the commitment and the skills, and Capita absolutely has the skills and the commitment, then we are going to be successful together.”

Axel Wehrle – CSD VMO2

“

The Capita people feel like they are Southern Water people. They feel like they are our colleagues, they treat our customers as one set of customers and they very much own that relationship.”

Katy Taylor – COO Southern Water

“

There is a sense of pride from the team about being part of the RSPCA as well as Capita and fundamentally putting the animals at the heart of everything we do. That's really what makes this partnership special.”

John Kerslake – COO RSPCA

“

The management team are really, really strong. There are no surprises, they are honest and while we don't agree on everything, we appreciate the honesty because a problem shared is a problem halved.”

John Dwane – COO Electric Ireland

“

Capita understands our business. They are reliable and deliver good quality at an attractive price model and this is why the partnership is so strong.”

Major European Bank

”

”

Capita Experience – Contact Centre – the journey so far



2021 – 2023 results:

- Sector and geography concentration
- Limited multi-lingual capabilities
- One-offs benefit financial performance, high level of non-cash backed profit
- High overheads impacting cost competitiveness
- High cost to serve from limited off/near shoring
- High employee attrition impacting productivity and costs
- Slow tech adoption e.g. few omni-channel options



Mid-2023 - 2024 year to date:

- **360° strategic review and revamped roadmap** heavily utilising market research paired with peer analysis and benchmarking, client & supplier interviews
- Leaner operating model with reduced spans and layers and with new leadership team – **EBITDA margin improvement**
- **Delivery optimisation programme** to address productivity and digitisation
- **Property consolidation & Capita Online Campus** rollout
- **Establishing Offshore Division Shared Service Centre** from India
- Launched **Gen AI use cases** and applications
- Reworked **commission and incentive models to boost revenue** generation



Future:

Further digitisation, AI use cases and partnership with hyperscalers

Expansion into new **adjacent geographies**

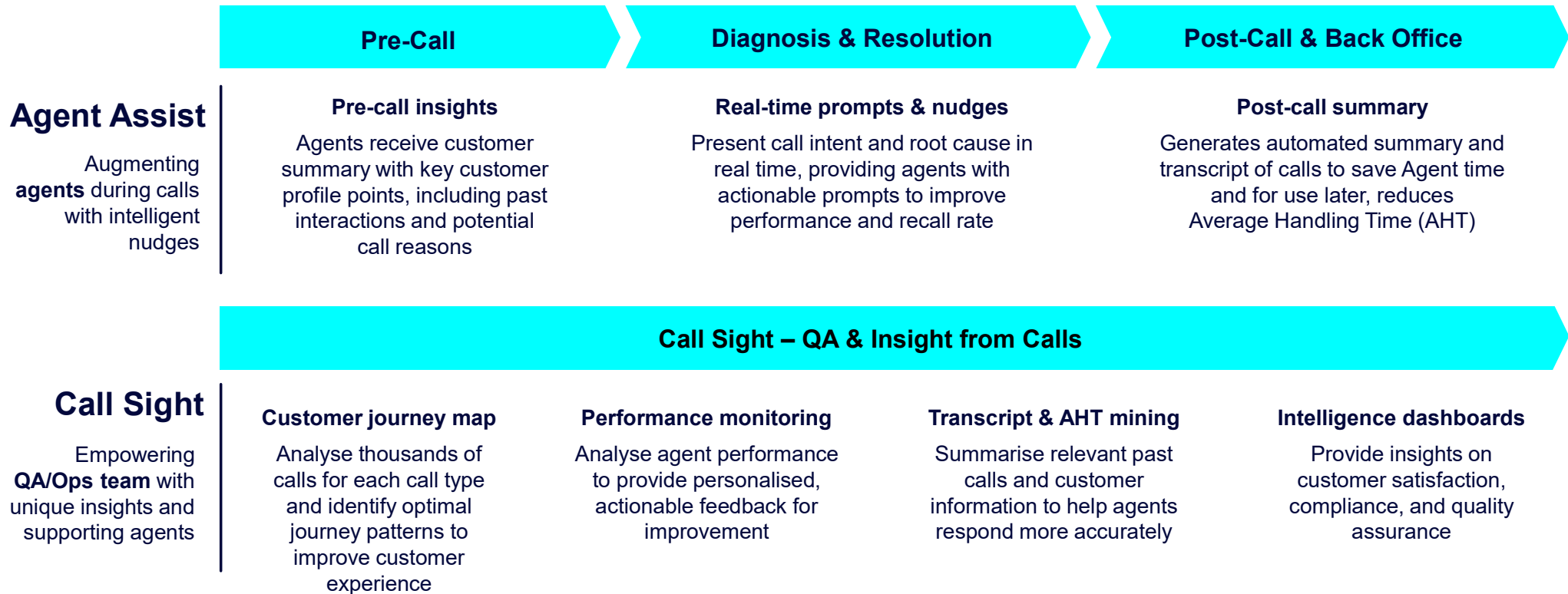
Exploring cost effective multi-lingual expansion in **Eastern Europe** to serve proportion of **European clients**

Preparing launch of **new service bundles** targeting sector needs increasing market coverage from 32% to 73%

Capita Experience – Contact Centre – plan over the medium-term

	2024				2025				Initiatives	Benefits
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Reorganisation & right-sizing									<ul style="list-style-type: none"> Restructure of Capita Experience organisation to centralised structure, establish local sales teams & rework performance structure Right-sizing in waves Establish low-cost Shared Service Hubs 	<ul style="list-style-type: none"> Organisation structure and cost-to-serve in line with competitor benchmarking Margin improvement Create capacity for investment through efficiency programmes
Enhanced offerings with targeted propositions									<ul style="list-style-type: none"> Launch of 10 new targeted service offerings Expansion into mid-size client segment Optimisation of commercial model 	<ul style="list-style-type: none"> Increase market addressed from 32% to 73% Introduce repeatable and scalable service offerings
Expansion into new geographies									<ul style="list-style-type: none"> Increase presence in Central European market through German and Swiss operations Establish satellite sales teams to utilise delivery centres 	<ul style="list-style-type: none"> Increasing market reach and opportunity Improves multilingual capabilities Assists revenue growth
Delivery optimisation									<ul style="list-style-type: none"> Increase offshoring Grow centres of excellence in India, South Africa & Bulgaria 	<ul style="list-style-type: none"> Improves capability Higher speed and efficiency Continuous improvement supported by technology
Digitisation & AI applications									<ul style="list-style-type: none"> Rollout of 19 AI initiatives in 3 areas: divisional functions, delivery optimisation and customer-facing applications Foundational data applications Review of partnership strategy 	<ul style="list-style-type: none"> Improve efficiency Enable data-driven managerial decisions Embrace AI-led changes in all areas of the business Partner with state-of-the-art technology providers

Two Gen AI solutions developed as part of "Agent Suite"



We improved the most relevant key metrics in a contact centre:



Reduced AHT by **20%**

&



Increased first call resolution between **15% and 30%**

What is Capita Pension Solutions?



Technology enabled business with **own core platform** wrapped in **hyperscaler technology** to deliver personalised **experiences** for defined benefit schemes



£0.5bn order book*

Over the next three years we anticipate **over £1bn of TCV coming to market**



FY23 revenue £170m; +27% year on year increase

FY23 12% EBIT margin

Market growth rate **3%****



500 colleagues performing consulting services to solve client problems. **2,300 employees** across the Group

Market drivers

- Individual member demand for a seamless user experience
- Corporates seeking to reduce balance sheet risk from historic defined benefit pension liability
- Pensions and long-term investments playing a key part in employee value proposition

Customers:



M&S



PIC

DIAGEO



Cabinet Office

Peers:



Aon

wtw



LexisNexis



*Order book at 31 December 2023

** External market research including ONS, House of Commons Library and Pensions Policy Institute

Introducing a new way to experience pensions today and for the future

Capita Digital Pensions



Our new digital pensions platform uses cutting-edge data insights to provide a hyper-personalised experience – evolving with customers from their first job to their retirement years



Built on our reliable and tested policy administration platform, Hartlink, we've leveraged Microsoft Dynamics 365 to create a step change in service offering



Benefits:

- Dynamic and evolving
- Personalised and tailored
- Secure and assured
- Ease and flexibility
- Real time management information

Conclusion: Capita Experience

- Focus will continue to be on the **Contact Centre** and **Pension Solutions** businesses

Contact Centre:

- Clear roadmap to deliver improved results and create the next generation of customer experience services
- Clear line of sight to industry benchmark margins
- Opportunity to further digitise and expand the business into new markets

Pension Solutions:

- Growing, profitable and cash generative business
- Roadmap to further improve and digitise operations
- Opportunity to expand into adjacent segments and international markets



**Leading customer
experience and
BPO business**





Tim Weller
Chief Financial Officer



**Better Company and Delivery
Financial Performance**

Reminder of 2024 outlook



Revenue

- Experience: mid-single digit revenue reduction – continued attrition in closed book Life & Pensions and non-repeat of H1 commercial settlement
- Public Service: mid-single digit revenue increase – increased scope on existing customers and new wins
- Overall Group broadly in line with 2023



Operating margin

- Modest increase – benefit of cost reduction



Free cash flow

- Operating cash conversion normalising to c.60 to 70% – one off impact in 2023 from Experience commercial settlement and lower deferred income release in 2024
- Free cash outflow £70m to £90m after c.£50m cost of delivery of efficiency programmes



Net debt

- Increase pre-IFRS 16 driven by free cash outflow
- Continued reduction in lease debt from rationalisation of property portfolio

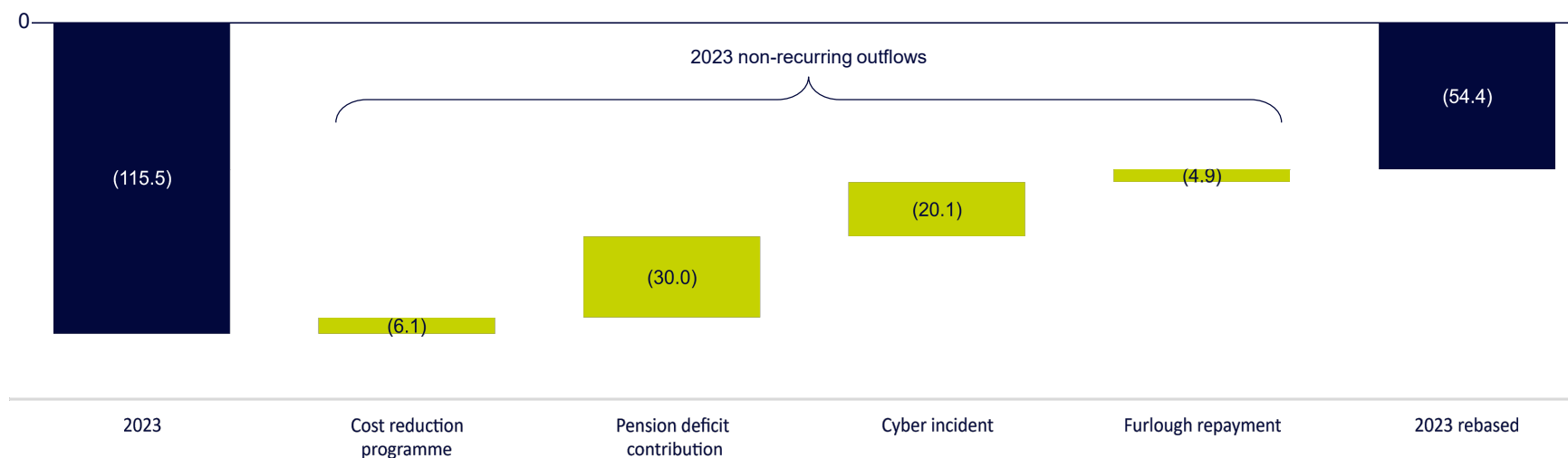


Phasing

- H1 2024 revenue decline reflecting H1 2023 one-off benefits, revenue growth in H2
- Operating margin higher in H2 – benefit from wave 1 cost reduction programme
- Cash outflow heavily weighted to H1 – profile of cash costs for cost reduction programme

Line of sight to positive free cash flow

- 2023 free cash flow impacted by a number of non-recurring outflows
- **Wave 1** of cost reduction announced in November 2023 – net £60m annualised savings from Q1 2024
 - Focused on indirect support and overhead (organisation simplification) – £27m redundancy and other costs (£6m in 2023, £21m in 2024)
- **Wave 2** of cost reduction announced March 2024 – additional £100m annualised by mid 2025, with c.£50m reinvested
 - Focused on overhead, indirect and operational support, supply chain and technology – c.£30m redundancy and other costs (majority will fall in 2024)
- Non-recurrence of 2023 headwinds and impact of cost reduction initiatives should see 2025 return to positive free cash flow
 - Additional benefit from growth and improved margins from new and existing contracts



Our transformation plans underpin our medium-term targets



Revenue

- Low - mid single digit revenue growth per annum



EBIT margin

- 6-8% EBIT margin - up from 6% previously



Free cash flow

- Free cash flow to become positive from 2025 onwards
- Operating cash conversion of 65% to 75% - up from 60% to 70% previously



Net debt

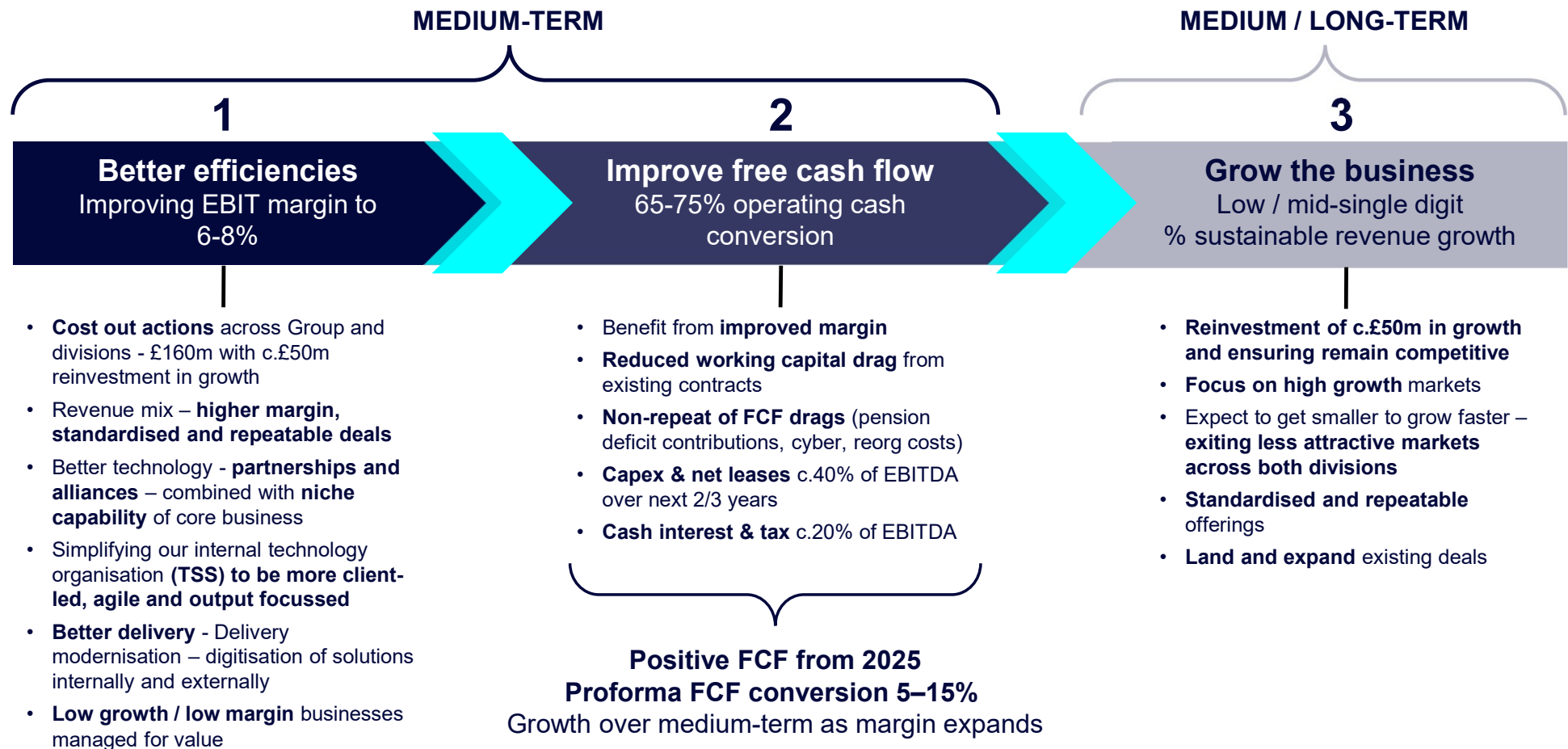
- Continued reduction in property lease liability



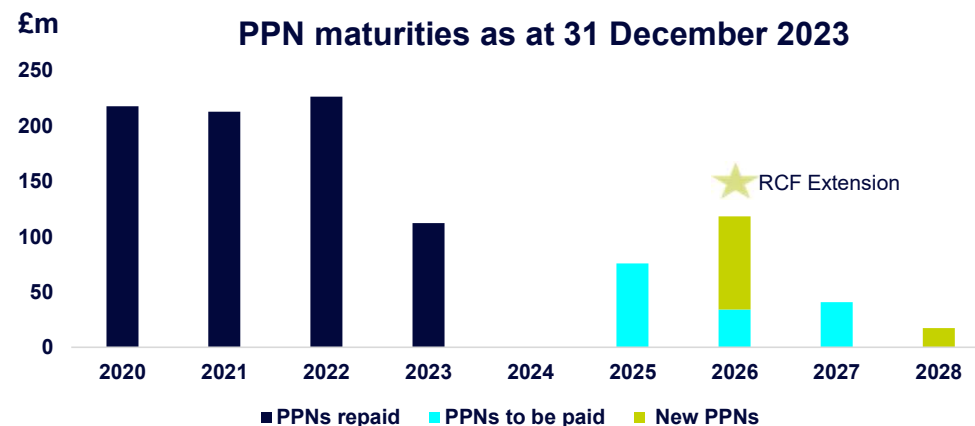
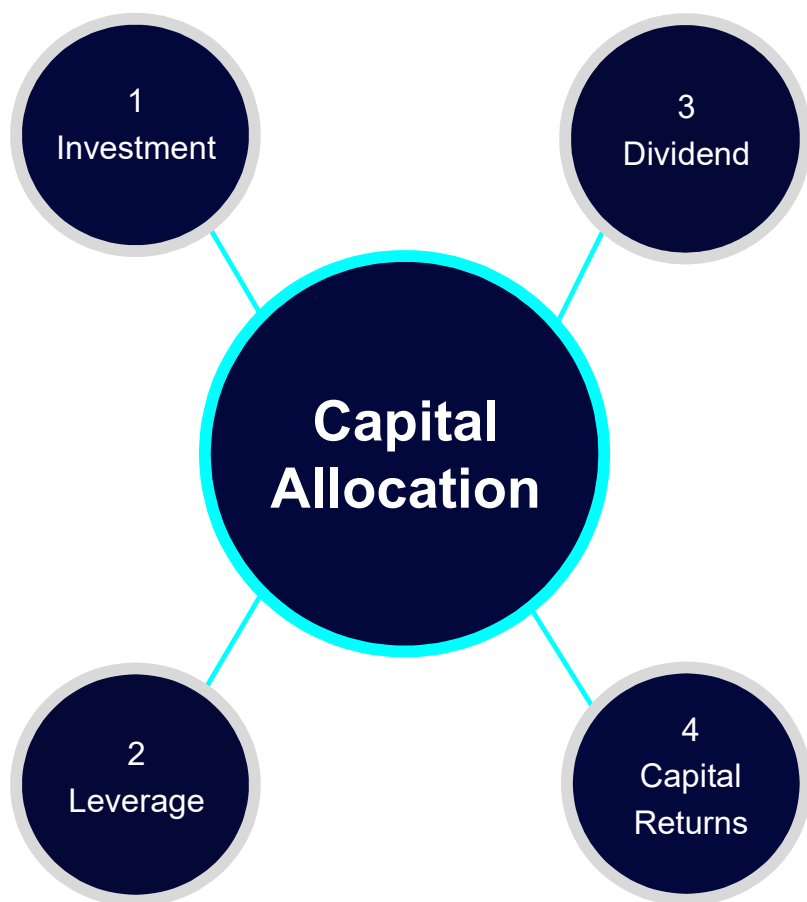
Net financial debt / EBITDA

- $\leq 1x$

Focus on margin expansion, cash flow conversion and revenue growth



Funding and capital allocation



- Forward maturity profile materially less challenging than 2020 to 2023 period
- Debt position at FY23:
 - Lease liabilities £363m
 - Net & gross financial debt £182m & £250m respectively
 - Post Fera disposal net financial debt to EBITDA 0.9x
- c.£80m of debt maturities in H1 2025 - refinanced £100m in 2023 at c.9%
- Refinance versus gross debt reduction in current interest rate environment
- Self-sufficient strategy

Adolfo Hernandez

Summary

2024 so far...

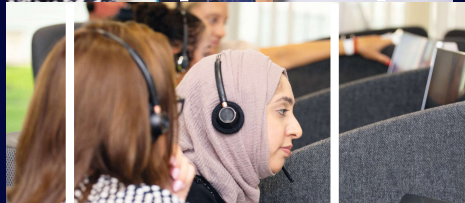
Helped facilitate
half a billion London
Underground journeys



More than **500k** primary and
secondary school place
applications processed

11 new warship bridge
simulators delivered,
providing **highly realistic**
training to the Royal Navy

Answered over **200k** calls for
the RSPCA helping to protect
animals in need



Handled over **13 million**
calls for customers in
Capita Experience

Collected **£5bn revenue** for local councils
and processed **£1bn** housing benefit and
council tax relief

Recorded, indexed and
stored **450k** medical
records

Printed and delivered **11 million** test
papers to schools for SATs week

Collected over **£3.7bn** in
licence fees



Created a transformation
plan, team and appointed
advisor

Expanded operations in
Bulgaria and Poland improving
our multi-lingual capabilities

Capita Experience recognised as
a **thought leader** with Everest

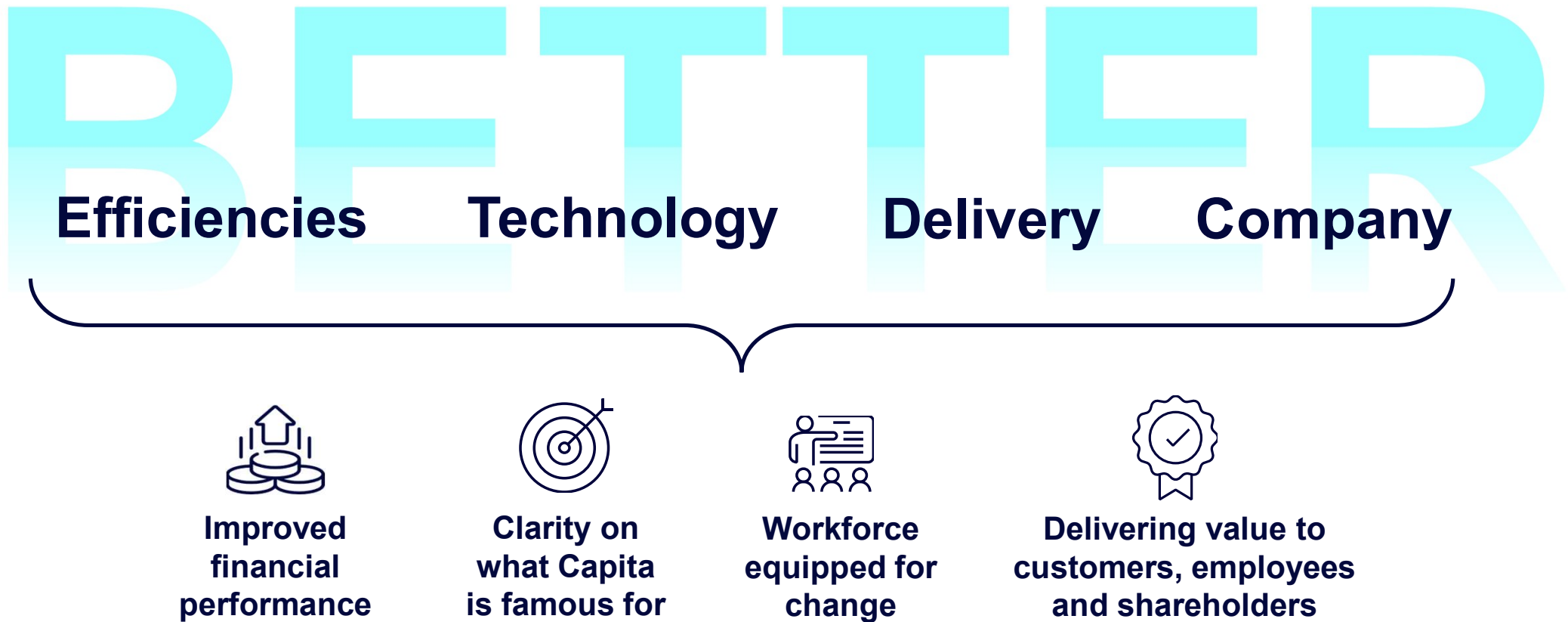
Accelerated development of
automation and Gen AI solutions

Met investors and advisors to
understand market sentiment
and expectations



Gathered and
operationalised
customer feedback

The result – a better Capita



Translating social value into economic value

Capita investment case



Strong foundations to build on – customer base, knowledge and expertise of our people



Self-sufficient strategy; funded by efficiency improvements, cash generation and exiting less attractive markets



Significant **cost reduction, efficiencies and margin improvement opportunity across all businesses and especially** in contact centres



More **consistent and strategic, go to market** approach to double down on “**star positions**”, **improve** those with potential and **manage for value** any others



Use of **next-generation technology innovation** provides an opportunity for productivity improvements, better service and to unlock growth



We are better leveraging **partnerships with hyperscalers** to accelerate digital, data and technology transformation



Medium-term targets:

EBIT margin:

6-8%

Free cash flow:

to become positive from 2025 onwards. Operating cash conversion of 65% to 75%

Revenue:

low - mid single digit % revenue growth p.a.

Adolfo Hernandez

Q+A



Capita

“Better efficiencies,
better technology,
better delivery,
better company.”



Appendix

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