Full year results 2020

17 March 2021

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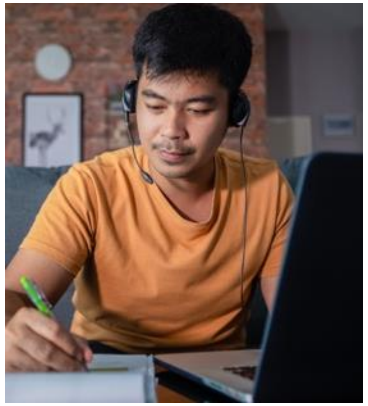
Capita

A big



thank you

CEO update
Jon Lewis

Overview

- Capita responded robustly to the challenges of 2020, including the Covid-19 crisis, delivering strong adjusted free cash flow and better than expected net debt, as well as winning £3.1bn of contract value
- Capita is now a much better business than at the start of the transformation, with materially improved client relationships and growth prospects
- Next stage is to simplify further: two core divisions focused on distinct growth markets and client needs
  - Capita Public Service will be one of Government’s largest strategic suppliers and focused on six areas where we already have strong positions
  - Capita Experience will build on our significant share of the UK and European customer experience markets with a blue-chip client base
- A third division comprising an expanded portfolio of non-core businesses which will realise significant proceeds
- To support the balance sheet, our focus remains on efficient cash management, realising non-core disposals of £700m and planning to put in place a longer-term financing solution
- We are planning that Capita will return to organic revenue growth this year and achieve sustainable cash generation in 2022

Our Purpose

Resonates with our people, our clients, and their customers

A responsible and responsive employer

- Delivered commitment to Real Living Wage
- Employee NPS + 7pts increase; 76% proud to work for Capita

A good corporate citizen

- 11m letters sent to vulnerable people on behalf of NHS
- 13,600 devices to disadvantaged children

WE CREATE BETTER OUTCOMES

Honest and fair with clients and suppliers

- Client NPS +17 pts
- 95% of suppliers paid within 60 days or less

A guardian for future generations

- 40% reduction in 2020 carbon footprint
- Aligning to Net Zero

Covid-19

A robust response, putting our colleagues and clients first

Robust operational response

85%
of colleagues working from home

£100m
TCV won of government-related work

"Thank you to your teams for the support they have given Southern Water in the last 2 weeks. The level of commitment, professional approach and support has been excellent."

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

Effective cost and cash preservation in 2020

Sustainable benefits expected from less travel and office space

We also protected the business financially

Stronger underlying cash generation

- **£243m** cash from trading operations
- Sustainable cash benefit of **£50m**

Appropriate use of one-off cash preservation initiatives

- **£119m** in-year benefit from VAT
- Deferral of **£57m** of pension contributions
- Receivables financing support **£14m**

Effective management of balance sheet

- Repaid **£218m** of maturing debt
- Remained well **within financial covenants**
- Net debt **£276m** lower than 2019
- Over **£700m** of liquidity at year end

We have now established the platform to be able to move to the next step

Implementing the recovery plan

Establishing the platform for recovery:

- Governance
- Structure
- Management
- Operating model

Investing and strengthening

- Fixing long standing legacy contract and client issues
- Catch up in organisational deficit
- Transformational cost out programme
- Investment in products and tools to grow

Dealing with Covid

- Focus on our colleagues and clients
- Stronger relationship with clients
- Successful cost and cash actions
- ESS disposal for up to £345m proceeds

Future Capita

- Clear view of market opportunity
- Greater client focus
- Realise £50m annual cost savings from investment in structure and processes
- Return to sustainable free cash generation

A deeper understanding of the competitiveness of the portfolio and our client value propositions (CVPs)

2018 **2019** **2020** **2021**

Client-focused, with shared services and a lean Group overhead

Group
Smaller structure providing corporate Strategy, governance & controls, capital allocation and external reporting

Public Service

- Central Government
- Networks and technology services
- Army recruitment and Learning
- Capita ONE / Local Government
- Consulting

Experience

- Customer Mgt UK / Europe
- Regulated Services
- Pensions
- Pay360
- Consulting and Scaling Partners

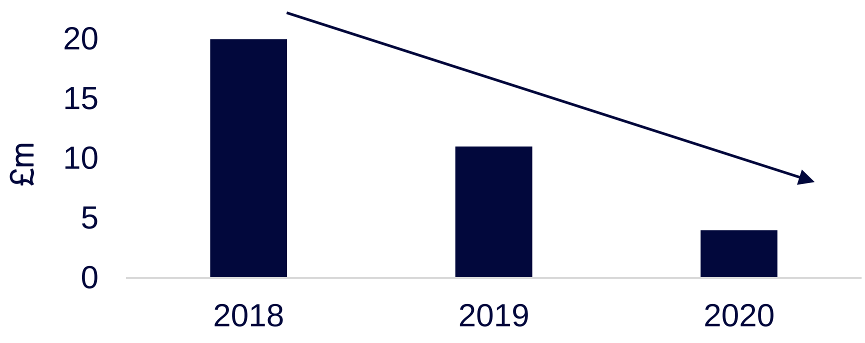
Portfolio

- Specialist Services
- Software COTS products
- HR Solutions
- IT Hardware reseller
- Fera and Axelos

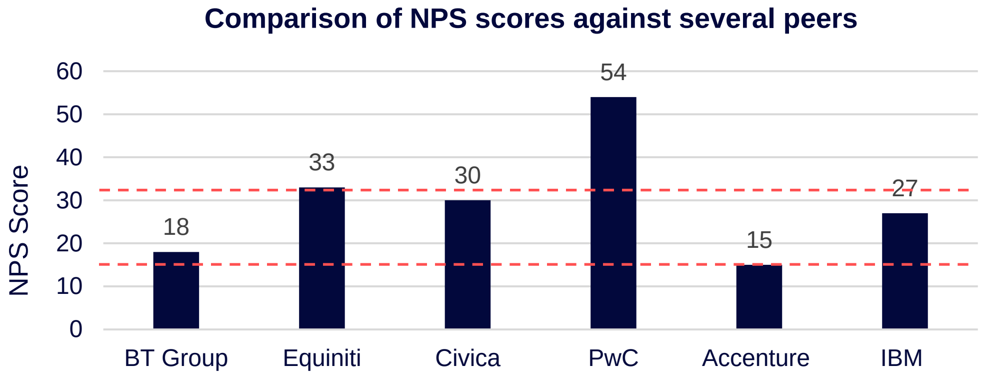
Group Shared Services: lean shared service provision

We have addressed the legacy operational issues for our clients

80% reduction in service credits



Customer Net Promoter Score: +32



Capita
+17pts
yoy

Maintaining high level of service KPIs despite Covid restrictions

90.3%

Transformation complete	Transformation expected to complete in 2021
ARMY BE THE BEST; mobilcom debitel	NHS England; Primary Care Support England

We are now building a track record for delivering new contracts on time and to plan

Good operational execution

+54 New firefighting vehicles

All major KPIs **'GREEN'**

2020 transformation milestones delivered

Winning **more** work

+£67m Won 6 additional locations

Data supports organic revenue growth in 2021 for first time in 6 years

Total contract value[1]
£3.1bn

8% YoY growth

Book to Bill up from
0.79 to **0.94**

19% YoY growth

In Year Revenue won[2]
£1.2bn

Flat YoY

Over **£2bn** won
with **existing clients**

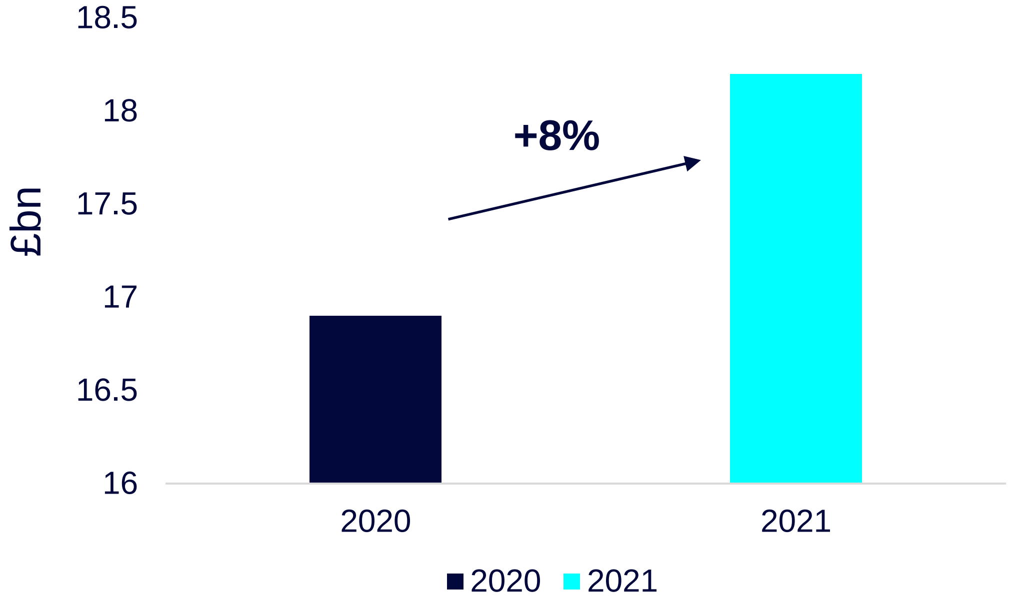
+17% TCV won
from **top 20** accounts

+£7.5bn to pipeline
top 20 accounts since 2018

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

Delighting our clients is improving our revenue outlook

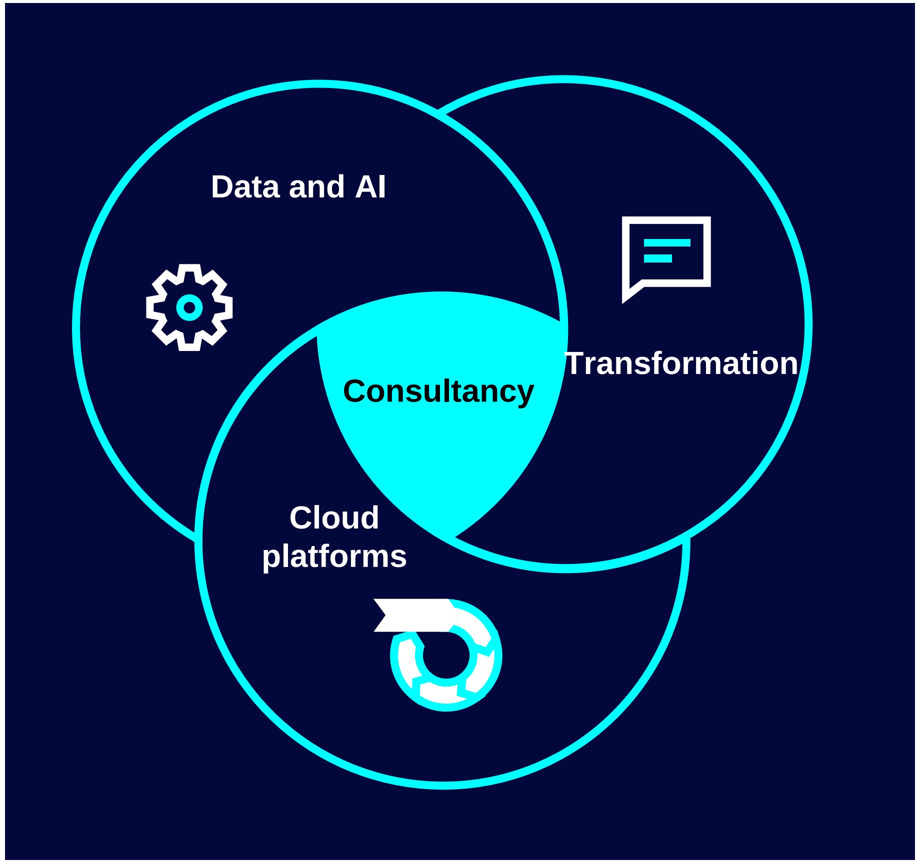
Unweighted pipeline (TCV)



Better Customer NPS strongly correlated to increasing pipeline opportunities

	YoY pipeline change	YoY pipeline change
NPS increase	**+£1,291m**	**+40%**
NPS decrease	+£119m	+6%

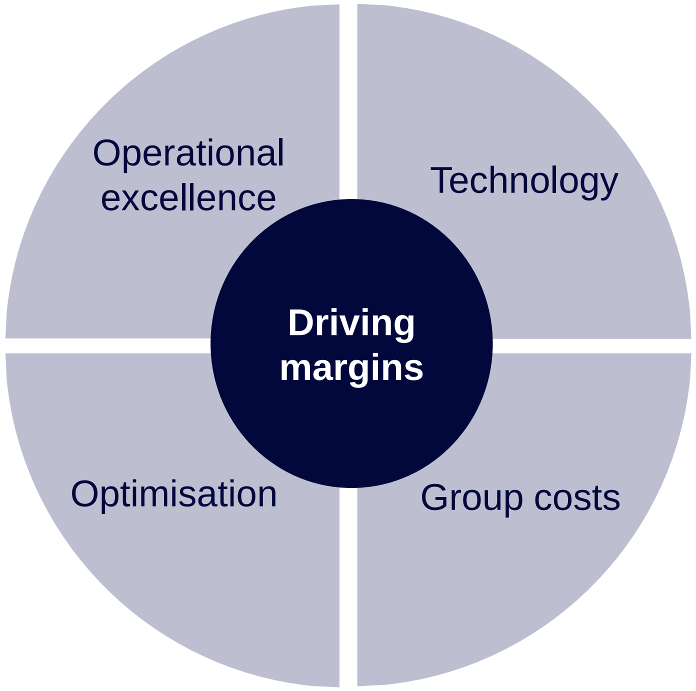
It was a tough year to launch Consulting, but it is key to our future model



Major investment is almost complete, driving sustainable cost savings and improved decision making

Investment in the basics is almost complete

£145m in sustainable transformation savings delivered in 2020 (in addition to £122m of COVID savings)



Over £300m of cumulative efficiency cost savings since 2018
Significant further savings planned in 2021

Future Capita will deliver more than in our current structure

2 | **CORE divisions**

focusing on **specific client needs** in distinct growth markets

Significant disposal proceeds of

£700m

Direct annual cost savings of

£50m

Transition to **NEW STRUCTURE** at beginning of H2

2021

SIMPLER organisational structure

– lower cost, clear accountability, less complexity

Supporting inflection to **SUSTAINABLE cash generation** in 2022

The two core divisions each focused on distinct, specific client needs

- More than 80% of our TCV won in 2020 was in 20 Client Value Propositions (CVPs)

- c.75% of TCV fits clearly into our two core divisions

£2.5bn TCV won in Top 20 CVPS in 2020

Public Service

2020 TCV won: £1.2bn, (48%)

Complex Transformation Services	100%[1]
Digital Business Processing	100%
Benefit and grants disbursement	100%
Intelligent Communications	100%
Education Services	100%
Connecting People and Things	100%
Strategic Access to Skills	80%
IT advisory	40%

Experience

2020 TCV won: £0.7bn (28%)

Customer Experience Delivery	100%[1]
Customer Experience Transformation	100%
Transactional Customer Experience	100%
Financial Sustainability, Employee Experience	100%

Portfolio

2020 TCV won: £0.6bn (24%)

1 Percentage of CVP relating to Core division

Capita Public Service:
Better serving the public sector

Provides consultancy, applied digital transformation and Business Process as a Service to improve the **productivity** of government operations and the **citizen experience** of public services

£69bn

spending on private organisations by Central and Local Government in 2019[1]

3-6%

Market growth p.a.[2]

£3.5bn

2021 Unweighted Pipeline

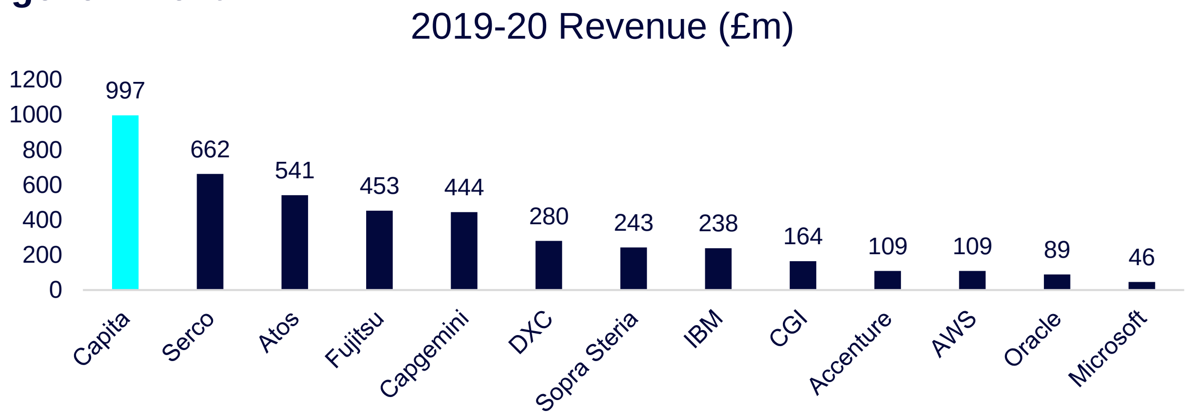
£1.2bn

2020 Proforma revenue

Margins expected at traditional public sector BPS levels

- A Consult-Transform-Deliver business model based on a bespoke IT & software platforms
- 5 verticals: Education and Learning; Local Public Services; Health & Welfare; Defence, Security & Fire; Central Gov't, Justice and Transport
- Deep client domain expertise to turn policies into action
- Able to assemble all the elements of delivery and capability
- Increasing use of standardised software platforms
- We will become a leading "GovTech" provider

In 2020 Capita was the largest strategic BPS supplier to UK government[1]



Notes: [1] Tussell; [2] Nelson Hall

Capita Experience:
Superior customer service propositions

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

£56bn
2024 Global market forecast for CX services[1]

3-5%
Market growth p.a.

£3.4bn
2021 Unweighted Pipeline

£1.3bn
Proforma 2020 Revenue

- Consulting-led
- Domain expertise in core verticals and specialist areas
- Ability to serve regulated clients
- End-to-end CX proposition underpinned by a secure digital ecosystem
- Strong onshore presence, served by global delivery centres

Blue chip client base in UK and Europe:

O2, Samsung, Uisce Éireann : Irish Water, Southern Water, M&S EST. 1884, Zurich, Royal London, Marsh, fscs Financial Services Compensation Scheme

No. 1	**In UK & Ireland customer experience**
Top 5	**In Switzerland and Germany**
Top 5	**UK Pension Admin and Consulting**

Notes: [1] Nelson Hall

Driving cost and efficiency from an evolved operating model

1	**Client facing**	Clear **Go-to-Market verticals**. Divisions owning customer offerings.
2	**P&L Ownership**	Simplified structure and ownership focused on industry verticals, serviced by capabilities run as cost centres.
3	**Efficient management structure**	Efficient “spans and layers” principles applied to all levels of the organisation.
4	**Technology & Software**	Specific propositions owned by divisions. Broader IT and Software developed centrally, as well as Group IT.
5	**Lean PLC**	Smaller team focused on **governance and strategy**. Some activity devolved to divisions.

£50m p.a.

Annual cost savings (from 2022)

Capita Portfolio:
An expanded portfolio of valuable but non-core businesses

Portfolio

- Specialist Services
- Software COTS products (e.g. AMT Sybex, Retain, SSS)
- Resourcing, HR solutions
- IT Hardware reseller
- Fera, Axelos

In process:

- Axelos, Secure Software Solutions and Specialist Insurance disposals under way

Thereafter:

- Specialist Services assets: timing dependent on Covid recovery
- Remaining businesses disposed when appropriate

£700m

Proforma 2020 revenue

Financial results
Gordon Boyd

All figures included within this presentation are on an adjusted basis (ESS excluded from adjusted results in both years, as held for sale at year end) and post IFRS 16, unless otherwise stated.

Financial overview

- Revenue impact from Covid-19 and prior year contract losses
- Profit impact from high margin on lost revenue
- Cash from trading operations improvement - lower movement in contractual working capital
- Free cash flow increase due to working capital and lower capital expenditure
- Net debt £276m better – cash from trading operations, VAT deferral. Lower restructuring costs and lower pension deficit payments than 2019

Note: Impact of IFRS 16 on profit is £6m loss

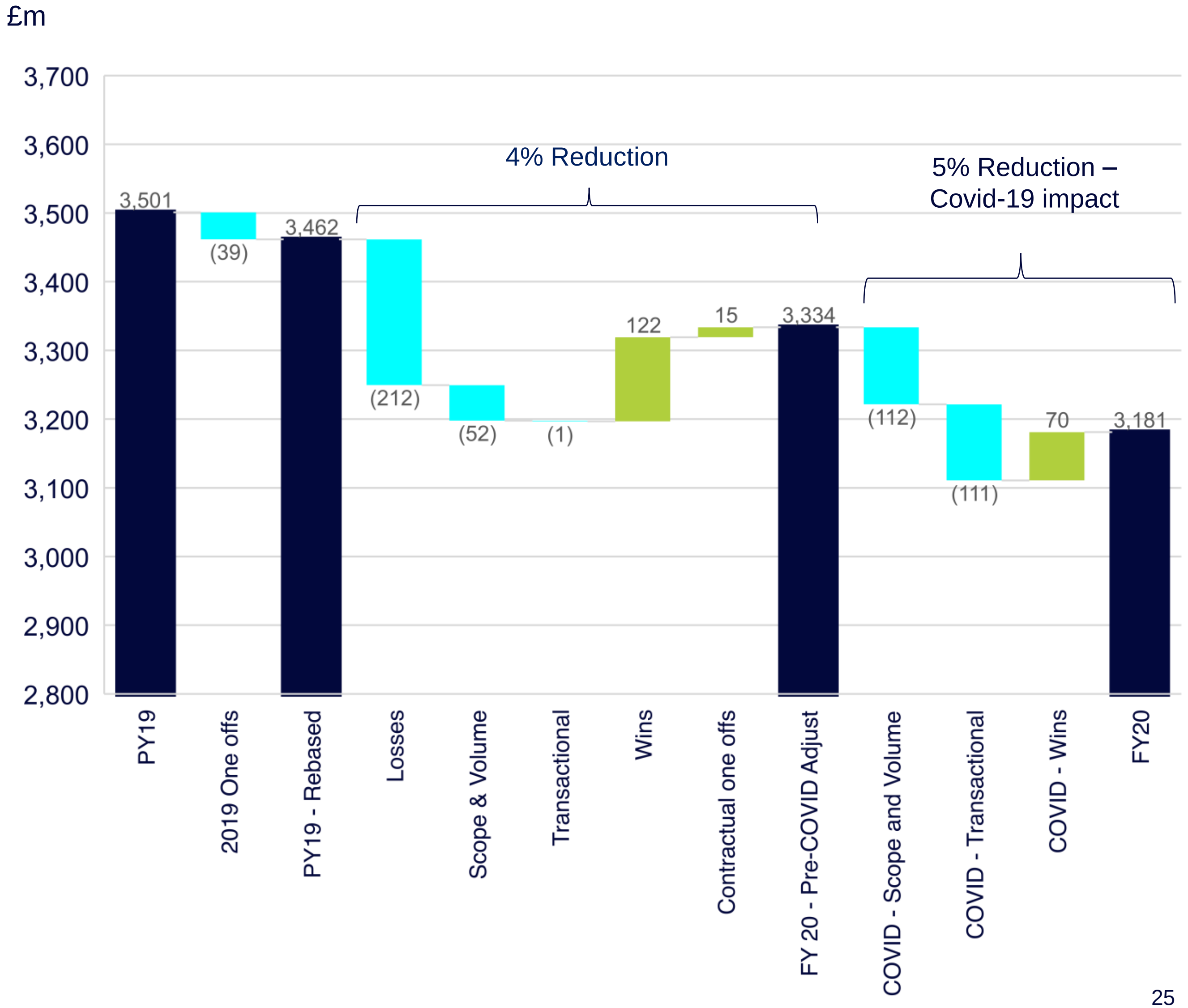
Key financial metrics	£m FY20	£m FY19	£m Change
Revenue	**3,181.2**	3,501.0	(319.8)
Divisional profit margin	**243.4**	393.5	(150.1)
Profit before tax	**65.2**	197.7	(132.5)
EBITDA	**293.0**	439.4	(146.4)
Cash from trading operations	**250.5**	223.7	26.8
Free cash flow	**238.6**	(23.2)	261.8
Net debt movement	276.1	(243.2)	519.3
Net debt	**(1,077.1)**	(1,353.2)	276.1
Liquidity	**708.6**	494.7	213.9

ESS Profit Impact	£m FY20	£m FY19	Change
Profit before tax	**65.2**	197.7	(132.5)
ESS profit before tax	**51.3**	51.4	(0.1)
Profit before tax including ESS	**116.5**	249.1	(132.6)

Revenue – year on year

Overall revenue declined by 9%:

- 2019 contract losses, mainly local government hand-backs (£93m)
- Contract wins include the first year of DFRP revenue (£34m), a project in Customer Management and smaller wins across all divisions
- Covid-19 impact of £223m in transactional revenue and volume based framework contracts
- Partly offset by Covid-19 wins, including with DWP and NHS



Cost saving

- Transformation programme continues to deliver significant cost savings
  - £145m in 2020
  - £305m since inception
- 2020 planned one-off savings £14m, 2019: £15m
- Covid-19 cost actions delivered £122m year on year savings and cost avoidance
- Early decision not to issue 2020 bonus scheme
- Further £124m cost savings targeted for 2021 will offset roll-back of one-off Covid savings, bonus scheme and inflation

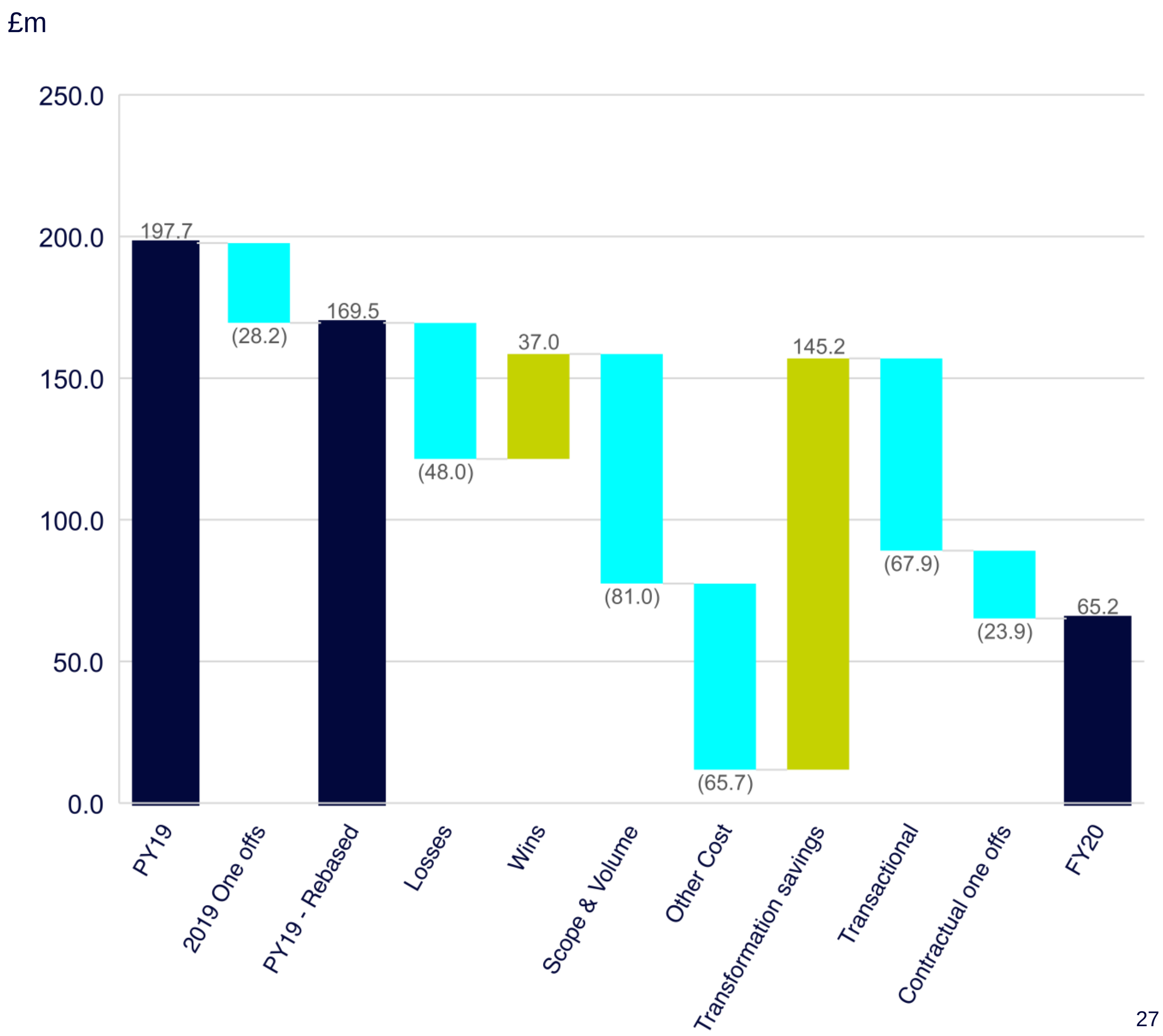
	£m 2018/2019	*£m FY20*	£m Expected flow through to 2021 of savings achieved
2018/9 year on year recurring savings	160	***38***	198
2020 year on year recurring savings	-	***107***	165
Total recurring savings	160	***145***	363
Cumulative transformation programme savings		***305***	
Additional Covid-19 savings in 2020 including cost avoidance		*122*	

Profit before tax

Factors in overall reduction include:

- Contract losses and reductions in scope and volume
- First year losses on DFRP (£15m)
- Cost increases including wage inflation and introduction of real living wage
- Benefit of significant transformation savings
- High margin impact from fall in transactional revenue, mainly due to Covid-19
- Contractual one-offs

Note: At the half year there was a £12m reduction from the impact of one offs, including contract asset impairments and provisions, presented in scope and volumes To aid understanding we have now shown these items as a separate bar on the bridge, with other items arising in the second half.



Group income statement summary

- Divisional operating profit impacted by lower revenue
- Group Support Services:
  - Increased investment in consulting
  - Shared services: additional dep'n & amort'n, and running costs on completed transformation programmes; offset by cost savings
  - Group head office costs: release of prior year bonus and early decision to remove 2020 bonus scheme, offset by increase in bad debts
- Adjusting items: gain on Eclipse disposal, lower restructuring costs and no goodwill impairment in 2020

£m	FY20	FY19	Change
Revenue	**3,181.2**	3,501.0	(319.8)
Divisional operating profit	**243.4**	393.5	(150.1)
Group Support Services	**(132.4)**	(139.0)	(6.6)
Operating profit	**111.0**	254.5	(143.5)
Interest	**(46.6)**	(56.2)	9.6
Results from associates and investment gains	**0.8**	(0.6)	1.4
Adjusted Profit before tax	**65.2**	197.7	(132.5)
Adjusting items	**(114.6)**	(260.3)	145.7
Reported (loss)/profit before tax	**(49.4)**	(62.6)	13.2

£m	FY20	FY19
Consulting start up loss	**(10.5)**	(4.6)
Shared services	**(103.2)**	(106.3)
Group head office costs	**(18.7)**	(28.1)
Total Group Support Services	**(132.4)**	(139.0)

Summary Financial performance by Division

	Revenue £m		Profit £m		Margin %		Cash from trading operations £m	
	FY20	FY19	FY20	FY19	FY20	FY19	FY20	FY19
Software	**246.0**	252.1	**43.4**	50.7	***17.6%***	*20.1%*	**58.8**	48.3
People Solutions	**472.0**	535.0	**52.5**	68.9	***11.1%***	*12.9%*	**64.0**	70.2
Customer Management	**1,139.7**	1,150.6	**105.9**	119.8	***9.3%***	*10.4%*	**73.0**	41.1
Government Services	**723.8**	793.4	**11.1**	51.8	***1.5%***	*6.5%*	**5.3**	(19.7)
Technology Solutions	**385.0**	449.9	**34.9**	58.0	***9.1%***	*12.9%*	**72.0**	51.3
Specialist Services	**196.5**	295.6	**(4.4)**	44.3	***(2.2%)***	*15.0%*	**9.3**	43.5
Divisional Results	**3,163.0**	3,476.6	**243.4**	393.5	***7.7%***	*11.3%*	**282.4**	234.7
Group Support Services	**18.2**	24.4	(132.4)	(139.0)	**-**	-	**(31.9)**	(11.0)
Group Results	**3,181.2**	3,501.0	**111.0**	254.5	***3.5%***	*7.3%*	**250.5**	223.7

Cash flow and net debt movement

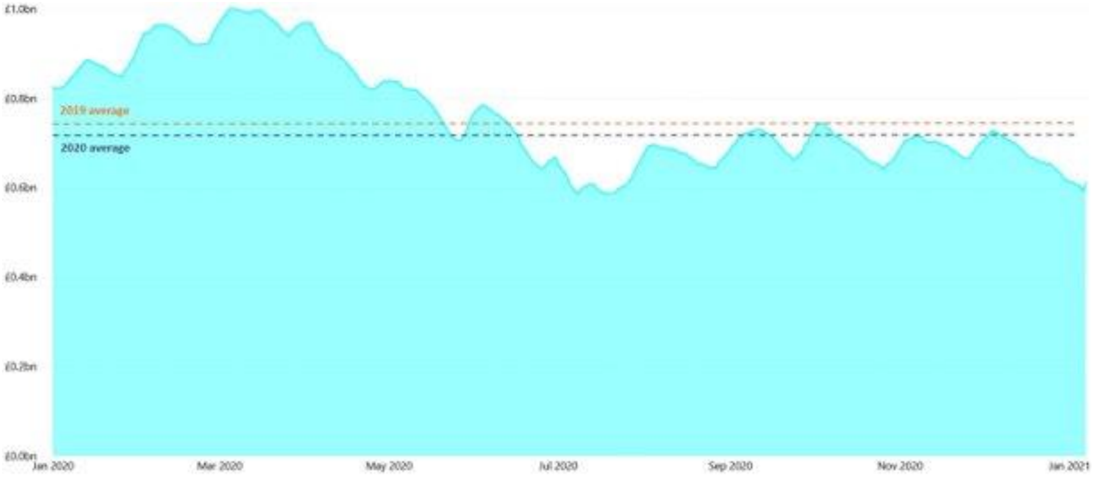
- Reduction in EBITDA reflects lower operating profit
- Cash conversion from trading operations improved to 85% (2019: 51%) due to move in contractual working capital:
  - Reduced deferred income outflows (£154m) includes increased activity on DFRP, telecom customer invoice timing and RPP unwind
  - Increased accrued income inflow (£27m) from invoice phasing and lower volumes
  - Offset by increased outflows on CFA's (£8m), e.g. DFRP
- Adjusted free cash flow benefitted from improvement in working capital and reduction in capital expenditure
  - Capital expenditure reduction reflects more focused investment and Covid-19 cash preservation measures:
  - Other/working capital: shorter public sector payment cycles, revenue reduction, better working capital management
- Other cash flows:
  - Deferral of VAT payments
  - Planned pension deficit payments - £57m deferred to 2021
  - Restructuring cash costs

£m	FY20	FY19
EBITDA	**293.0**	439.4
Contractual working capital movement (DI, CFA and AI)	**(42.5)**	(215.7)
Cash from trading operations	**250.5**	**223.7**
Net capital expenditure	(72.4)	(172.9)
Other/working capital	60.5	(74.0)
Free cash flow	**238.6**	**(23.2)**
VAT deferral	**118.8**	-
Receivables financing	**13.6**	-
Pension deficit payment	**(29.5)**	(71.1)
Restructuring	**(64.1)**	(148.5)
Axelos dividend payment	**(14.4)**	(14.4)
Other cash flows	**13.1**	14.0
Movement in net debt	276.1	(243.2)
Closing net debt	**1,077.1**	1,353.2

Net debt and covenants

- Net debt improvement due to improved adjusted free cashflow, VAT deferral (£119m) and Eclipse proceeds (£53m)
- Decrease in IFRS 16 lease liabilities reflects lease terminations, lease payments offsetting rent reviews and lease additions in 2020
- Net debt to adjusted EBITDA, adjusted for ESS, was 3.1 times
- Compliant with debt covenants at 31 December 2020

Rolling 2020 net debt



Net Debt metrics*	£m FY20	£m FY19
Adjusted net debt (excluding IFRS 16 and restricted cash)	**616.4**	832.7
Adjustments	**(47.4)**	(42.1)
Pre IFRS 16 net debt	**569.0**	790.6
Impact of IFRS 16 on net debt	**508.1**	562.6
Net debt	**1,077.1**	1,353.2

Net Debt/EBITDA	£m FY20	£m FY19
Rolling 12 month EBITDA (adjusted for ESS)	**346.0**	**492.8**
Net debt to adjusted EBITDA (adjusted for ESS)	**3.1**	**2.7**
Euro PPN covenant (<3.5)	**2.5**	**2.2**
US PPN covenant (<3.0)	**1.8**	**1.7**

*For details please see Appendix and Alternative Performance Measures.

Liquidity and debt maturities

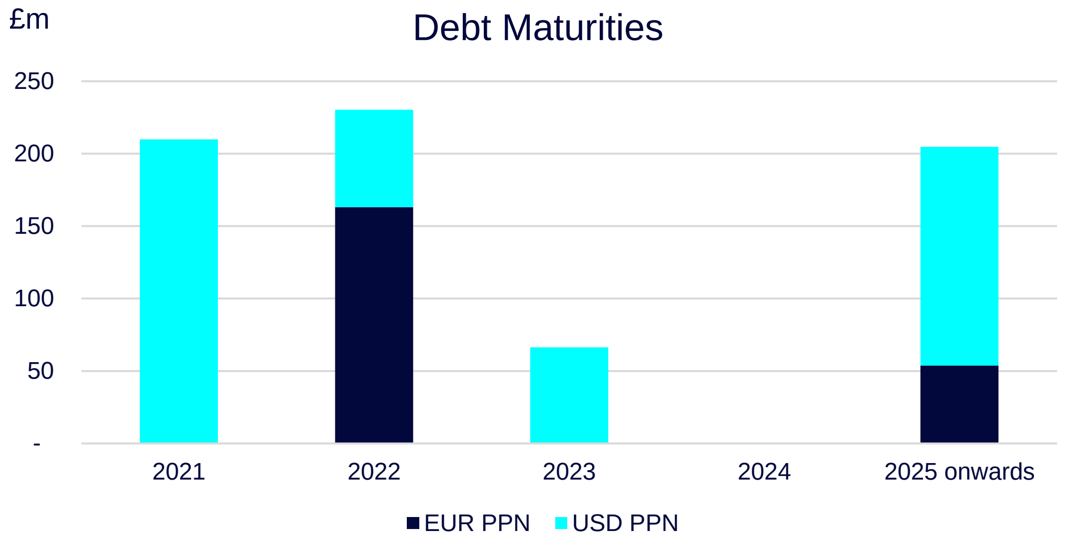
Liquidity

- Free cash flow generation, disposal proceeds and VAT deferral improved liquidity by £214m to £709m
- Backstop facility added in 2020 as bridge to disposals
- £299m cash proceeds received on disposal of ESS in February 2021, backstop facility fell away, additional £50m payment to pension fund
- RCF expires August 2022, with an option to extend to August 2023 with lenders' consent

Maturities

- £218m repaid in 2020, net of swaps
- Upcoming maturities in 2021 and 2022 of circa £440m

Liquidity	£m FY20	£m FY19
RCF	**452.0**	414.0
Backstop (bridge) facility	**150.0**	-
Available facilities	**602.0**	**414.0**
Net cash less restricted cash	**106.6**	80.7
Total liquidity	**708.6**	**494.7**



Managing our balance sheet priorities

Current £616m liquidity as at 15 March includes a £452m RCF which expires in August 2022 and we have scheduled debt repayments of £440m in next two years

We are managing this through:

- Negotiation of extension of RCF - underway
- Targeting £700m of disposal proceeds
  - Proceeds of £299m[1] from ESS received in February
  - A further £200m proceeds planned in 2021 from disposals underway
  - Balance from expanded non-core portfolio
- Significant reduction of 'below the line' cash commitments in 2022
- Sustainable long-term cash benefits from new structure circa £50m pa 2022 (in addition to existing 2021 target savings)
- Plan to issue long term debt when market conditions support it

1 £299m proceeds includes £50m Pension ABF and £29m fees; with a further £45m contingent on CMA clearance of ESS/Parent Pay merger

Forward planning assumptions

Revenue: despite lockdown in Q1, targeting organic revenue growth

Adjusted profit before tax and cash from trading operations: underpinned by net cost savings (further £50m savings in 2022 from future Capita)

Restructuring: continuation of restructuring programme, broadly in line with 2020

Pensions: triennial valuation agreement targeted for H1, deficit reduction programme expected over next three - six years

Net debt: broadly flat year on year - before disposals

All figures are on an adjusted basis unless otherwise stated. For details please see Alternative Performance Measures.

Summary

Future Capita

2 CORE divisions

client-focused, in distinct growth markets

Disposal of **Portfolio** assets and

STRONGER BALANCE SHEET

REDUCED OVERHEADS

from **simpler** operating model

IMPROVING FINANCIAL PERFORMANCE

Organic growth in 2021

Cost savings of £50m in 2022

Sustainable cash generation in 2022

Q&A

Appendix

Software

Revenue

- Robust revenue performance
- Payment business significantly impacted by Covid-19

Profit

- High margin impact from payments business
- Impact from DDC investment and increased amortisation from completed transformation projects

Cash flow

- Contractual working capital benefit from advanced billing and lower CFA additions

Achievements

- Rapid Covid response strengthened relationships: 98% renewal rate and improved CNPS to +28pts
- Investment assisting entrance to new markets: Microsoft Healthbot, ResponsEye and Energy challenger brands
- Top capability rating in Digital Development Centre*

* Capability Maturity Model Integration Institute

£m	**FY20**	**FY19**
Revenue	**246.0**	252.1
Divisional profit	**43.4**	50.7
Divisional profit margin	***17.6%***	*20.1%*
EBITDA	**55.4**	**61.0**
Contractual working capital	**3.4**	(12.7)
Cash from trading operations	**58.8**	**48.3**

Pipeline	**Unweighted £m**
Total	1,037

Order book	**FY 2020[1] £m**
£m	511

[1]Includes £92m for ESS, derecognised upon disposal completion in 2021

People Solutions

Revenue

- Learning and Resourcing significantly impacted by Covid-19

Profit

- Decrease driven by lower revenue and continued investment

Cash flow

- Profit decline not offset by improvement in contractual working capital

Achievements

- Improved client relationships and Covid-19 response driving retention, extensions + review of contract terms
- Two year contract extension from successful transformation of RPP

£m	**FY20**	**FY19**
Revenue	**472.0**	535.0
Divisional profit	**52.5**	68.9
Divisional profit margin	***11.1%***	*12.9%*
EBITDA	**68.0**	**84.0**
Contractual working capital	**(4.0)**	(13.8)
Cash from trading operations	**64.0**	**70.2**

Pipeline	**Unweighted £m**
Total	2,039

Order book	**FY 2020 £m**
£m	534

Customer Management

Revenue

- New wins offset losses and volume decline, lower project activity
- Covid-19 wins largely offset businesses impacted by Covid-19

Profit

- Impacted by revenue mix and contract one offs
- Cost increase from Real Living Wage commitment

Cash flow

- Contractual working capital: reduction in AI/DI outflows + asset impairments on CFA

Achievements

- Strong operational capability delivers successful response to Covid-19
- Supported by investment in agile technology – opportunity now to leverage benefits to the business model
- Transformation of mobilcom-debitel complete; contract now profitable

£m	FY20	FY19
Revenue	**1,139.7**	1,150.6
Divisional profit	**105.9**	119.8
Divisional profit margin	***9.3%***	*10.4%*
EBITDA	**128.6**	**144.3**
Contractual working capital	**(55.6)**	(103.2)
Cash from trading operations	**73.0**	**41.1**

Pipeline	Unweighted £m
Total	4,206

Order book	FY 2020 £m
£m	2,135

Government Services

Revenue

- Impact of 2019 local government contract losses
- Covid-19 wins partially offset transactional revenue declines

Profit

- High margin contract losses, DFRP first year loss (£15m), transformation delays and contract bid costs

Cash flow

- Contractual working capital: increased DI inflows partially offset by increased CFA expenditure

Achievements

- Major improvement to operational delivery:
  - Addressed significant legacy problem contracts – two remaining
  - [DFRP and TfL ULEZ delivering milestones on time, on budget]
- Built and launched new digital Business Process as a Service platforms: Grantis and Resolvis

£m	FY20	FY19
Revenue	**723.8**	793.4
Divisional profit	**11.1**	51.8
Divisional profit margin	***1.5%***	*6.5%*
EBITDA	**16.8**	**60.9**
Contractual working capital	**(11.5)**	(80.6)
Cash from trading operations	**5.3**	**(19.7)**

Pipeline	Unweighted £m
Total	8,516

Order book	FY 2020 £m
£m	2,057

Technology Solutions

Revenue

- 2019 contract exits and reduced volumes
- Covid-19 wins partially offset transactional revenue declines

Profit

- High margin Covid-19 impact only partially mitigated; further impact from cost increases

Cash flow

- Contractual working capital: AI/DI inflows partially offset by increased CFA expenditure

Achievements

- Supported Capita's successful move to remote working
- Accredited partnerships with UiPath and Microsoft increasing Automation and Cloud opportunities
- Highest increase in customer satisfaction in sector survey amongst UK peers*

£m	FY20	FY19
Revenue	**385.0**	449.9
Divisional profit	**34.9**	58.0
Divisional profit margin	***9.1%***	*12.9%*
EBITDA	**49.8**	70.1
Contractual working capital	**22.2**	(18.8)
Cash from trading operations	**72.0**	51.3

Pipeline	Unweighted £m
Total	2,027

Order book	FY 2020 £m
£m	370

* Whitelane Research – (peers include Deloitte, Atos, Capgemini)

Specialist Services

Revenue

- Significant impact of Covid-19 in Travel and Enforcement

Profit

- High margin Covid-19 impact; significant furlough benefit

Cash flow

- Contractual working capital: benefit from lower volumes, which unwinds in recovery

Achievements

- Major improvement in customer NPS even in pandemic
- Travel & Events saw the highest number of new wins in past 4 years
- Restructured the businesses most affected to protect profitability

£m	FY20	FY19
Revenue	**196.5**	295.6
Divisional profit	**(4.4)**	44.3
Divisional profit margin	***(2.2%)***	*15.0%*
EBITDA	**(0.3)**	**48.0**
Contractual working capital	**9.6**	(4.5)
Cash from trading operations	**9.3**	**43.5**

Pipeline	Unweighted £m
Total	389

Order book	FY 2020 £m
£m	234

There are a number of items excluded from adjusted PBT

- Amortisation of acquired intangible assets is run down from previously acquired businesses
- Goodwill impairment in 2019 of £41m in Technology Solutions
- Significant restructuring represents costs of previously communicated Group multi-year transformation plan, including accelerating cost savings to mitigate the financial impact of Covid-19
- Business exits, reflects gain on disposal of Eclipse Legal Services, aborted disposal costs where the anticipated disposal was aborted due to the impact Covid-19 had on the underlying businesses, and trading results of businesses in the process of being disposed of or exited

£m	FY20	FY19
Reported PBT	**(49.4)**	**(62.6)**
Amortisation and impairment of acquired intangibles	33.9	49.9
Impairment of goodwill	-	41.4
Significant restructuring	109.6	159.4
Business exits	(33.0)	5.5
Other	4.1	4.1
Adjusted PBT	**65.2**	**197.7**

There are a number of items excluded from adjusted free cash flow

- Reduced pension deficit contributions with £57m deferred into 2021
- Significant restructuring represents costs of previously communicated Group multi-year transformation plan
- Business exits, reflects gain on disposal of Eclipse Legal Services, and cash flows of businesses in the process of being disposed of or exited
- Business exits – on hold disposal costs represent costs incurred in respect of business exit activities where the anticipated disposal was put on hold due to impact that the Covid-19 pandemic had on the underlying businesses
- Non-recourse trade receivables financing put in place to mitigate the risk of customer receipts slippage from impact of Covid-19 pandemic
- VAT deferral benefit unwinds in 2021 and 2022
- Non-cash movement reflects lease liability movement and amortisation of discount on PPN's

£m	FY20	FY19
Reported free cash flow	**303.8**	(213.0)
Pension deficit contributions	29.5	71.1
Significant restructuring	64.1	148.5
Business exits	(33.9)	(32.5)
Business exits – on hold disposal costs	7.5	-
Non-recourse trade receivables financing	(13.6)	**-**
VAT deferral	(118.8)	-
Other	-	2.7
Free cash flow	**238.6**	**(23.2)**

£m	FY20	FY19
Movement in net debt	276.1	(243.2)
Comprised of:		
Cashflow movements	**344.1**	(241.2)
Non-cash movement	**(68.0)**	(2.0)

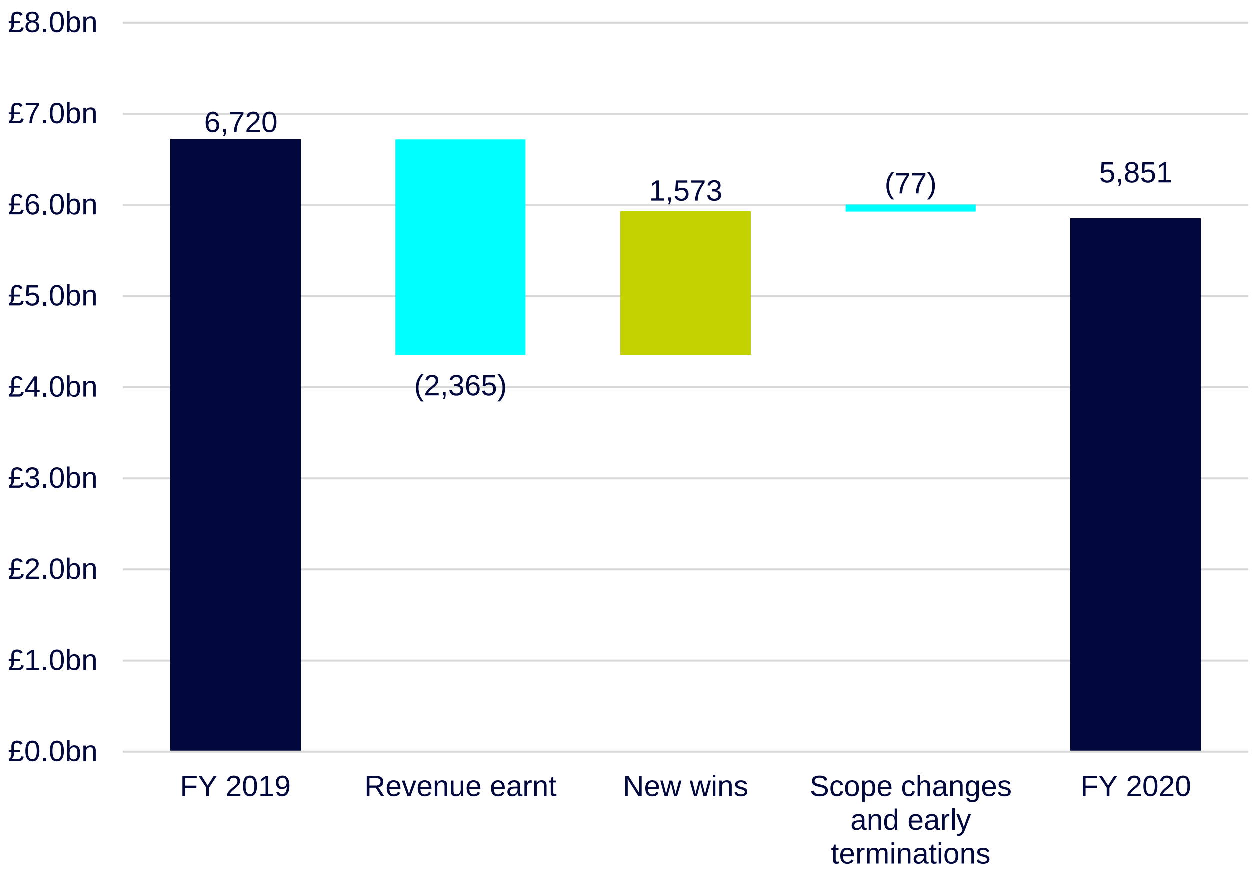
Order book* bridge FY19 to FY20

Relevant to approximately half of revenue base

- Includes contracted revenue and software licences
- Excludes contract growth and non-contracted revenue

Wins in 2020 include wins with Transport For London – Congestion Charge, RPP Contract Extension, Irish Water and Teachers Pension

In January 2021, the Group signed a contract with the Royal Navy which represents a £0.9bn addition to the order book which is not reflected in the December 2020 order book



*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 trading businesses.

Impact of IFRS 16

The Group's reported and adjusted results are presented on a post IFRS 16 basis. These tables show the impact of IFRS 16 on the Income Statement and Group net debt.

Adjusted free cashflow	**£m FY 20**
Free cashflow (post-IFRS 16)	**238.6**
Financing of lease liability**	**(98.0)**
Free cashflow (pre-IFRS 16)	**140.6**

** Includes cashflows for purchase in H1 to buy out property lease

Profit/(loss)*	**£m FY 20**	**£m IFRS 16 adjustment**	**£m Pre-IFRS 16 FY 20**
EBITDA	**293.0**	**105.7**	**187.3**
Depreciation	**(139.1)**	**(88.2)**	**(50.9)**
Operating profit	**111.0**	**17.5**	**93.5**
Interest	**(46.6)**	**(23.9)**	**(22.7)**
Profit/(loss) before tax	**65.2**	**(6.4)**	**71.6**

* Above table depicts IFRS 16 impact on individual line items

Balance Sheet gearing	**£m FY 20**	**£m IFRS 16 adjustment**	**£m FY 20**
Opening net debt	(1,353.2)	562.6	**(790.6)**
Cash movement in net debt	344.1	(98.0)	**246.1**
Non-cash movements	(68.0)	43.5	**(24.5)**
Closing net debt	(1,077.1)	508.1	**(569.0)**

Business Exits

- Business exits are businesses that have been disposed of, or exited during the year, or, are in the process of being disposed of or exited
- Trading results of these businesses exits, non-trading expenses and any gain/losses on disposal have been excluded from adjusted results
- The largest business exit during the 2020 is Education Software Solutions, completion February 2021
- Eclipse Legal Systems largest disposal completed in 2020

	Trading			Non-trading		Trading and Non-trading
£m	Other Business Exits	Education Software Solutions	£m Trading Business Exits FY 20	Cash	Non-cash	Total Business Exit
Revenue	53.0	90.6	**143.6**	-	-	**143.6**
Operating Profit	(0.3)	51.3	**51.0**	(17.2)	(24.7)	**9.1**
Gain on business disposal	-	-	**-**	48.1	(16.7)	**31.4**
Profit before tax	**(0.3)**	**51.3**	**51.0**	**30.9**	**(41.4)**	**40.5**
Taxation	0.1	(9.7)	**(9.6)**	2.2	13.8	**6.4**
Profit after tax	**(0.2)**	**41.6**	**41.4**	**33.1**	**(27.6)**	**46.9**

Covenant Calculation and Net Debt Components

£m	FY20	FY19
Adjusted operating profit	**111.0**	317.8
Adjustments*	236.6	177.1
Covenant Calculation – adjusted EBITDA	**347.6**	**494.9**
Less: IFRS 16 impact	(105.7)	(110.9)
Covenant Calculation – adjusted EBITDA excluding IFRS 16	**241.9**	**384.0**
Net debt	**1,077.1**	**1,353.2**
Adjustments**	47.4	42.1
IFRS 16 impact	(508.1)	(562.6)
Adjusted net debt (excluding IFRS 16)	**616.4**	**832.7**
Adjusted net debt to covenant calculation adjusted EBITDA ratio (US PP covenant)	**1.8x**	**1.7x**
Adjusted net debt to covenant calculation adjusted EBITDA excluding IFRS 16 ratio [KPI] (other financing agreements)	**2.5x**	**2.2x**

Components of net debt £m	FY20	FY19
Cash and cash equivalents	(473.8)	(409.1)
Overdraft	332.7	286.3
Lease Liabilities	508.1	562.6
Private placement loan notes	765.1	990.7
Other loan notes	2.3	0.3
Currency and interest rate swaps	(58.0)	(78.3)
Deferred consideration	0.7	0.7
Net debt	**1,077.1**	**1,353.2**

Notes

Adjusted net debt/adjusted EBITDA with adjusted net debt excluding the impact of IFRS 16 and adjusted EBITDA including the impact of IFRS 16

Adjusted net debt/adjusted EBITDA with both variables excluding IFRS 16

*Adjustments include business exit trading, results from associates, NCI, share based payments charge, pension charge, amortisation on purchased intangibles, adjusted depreciation, and impairment on PPE and ROUA. Refer to Alternative Performance Measures for further detail

*Adjustments include removal of restricted cash and cash, net of overdrafts, included in disposal group assets and liabilities held for sale

Key Covid-19 cost and cash actions

- Covid-19 actions phase out gradually as the crisis ends however savings inform long term planning

- VAT deferral unwinds in 2021 and 2022
- Pension deferral paid in January 2021
- Further disposals underway in 2021 with proceeds of £200m planned

Key Cost Actions £m	FY20	Potential future impact
Staff	**47.5**	Likely to phase out as crisis phase ends
Discretionary	**63.7**	Will have further impact into 2021 and beyond
Property/Other	**10.6**	Remote working unlocks future value
Total	**121.8**	

Key Cash Action £m	FY20	Potential future impact
VAT Deferral	**118.8**	Unwinds 2021/2022
Receivables financing	**13.6**	
Pension deferral	**56.7**	
Total	**189.1**	

Definitions

Scope and Volume: includes revenue and profit movements from unwind of current secured orderbook contracts, revenue awarded through framework contracts, volumetric and variable revenue (which is not transactional), change control, scope changes, impact of SLA's and indexation

Contractual working capital: contract movements on Deferred Income, Contract Fulfilment Assets (non-current) and Accrued Income

Cash from trading operations: EBITDA less contractual working capital movements (defined above)

Adjusted Free Cash Flow: cash from trading operations (defined above), routine working capital movements, interest, tax and net capital expenditure

Order book: consideration that the Group will be entitled to receive from customers when the Group satisfies its remaining performance obligations under the contracts. This does not include non-contracted volumetric revenue, new wins, scope changes and anticipated contract extensions which are not legally binding

Pipeline: any opportunity that is open and therefore has not yet been won or lost

Weighted pipeline: reflects the win probability of all items within the pipeline (defined above)

Glossary

DFRP: Defence Fire and Rescue Project

DDC: Digital Development Centre

ESS: Education Software Solutions

RPP: Recruiting Partnering Project

TFL ULEZ: Transport for London, Ultra-Low Emission Zone