

Results for the six months ended 30 June 2011

Paul Pindar
Chief Executive

Highlights

- Good growth in profits and margin
- 9% dividend increase
- Increasing market activity in 2011
- £4.7bn bid pipeline
- Major contract wins to date of £1.1bn
- 11 acquisitions completed to date for £194m
- Indian operations continue to thrive
- Poland implementation ahead of plan

Well positioned for 2012

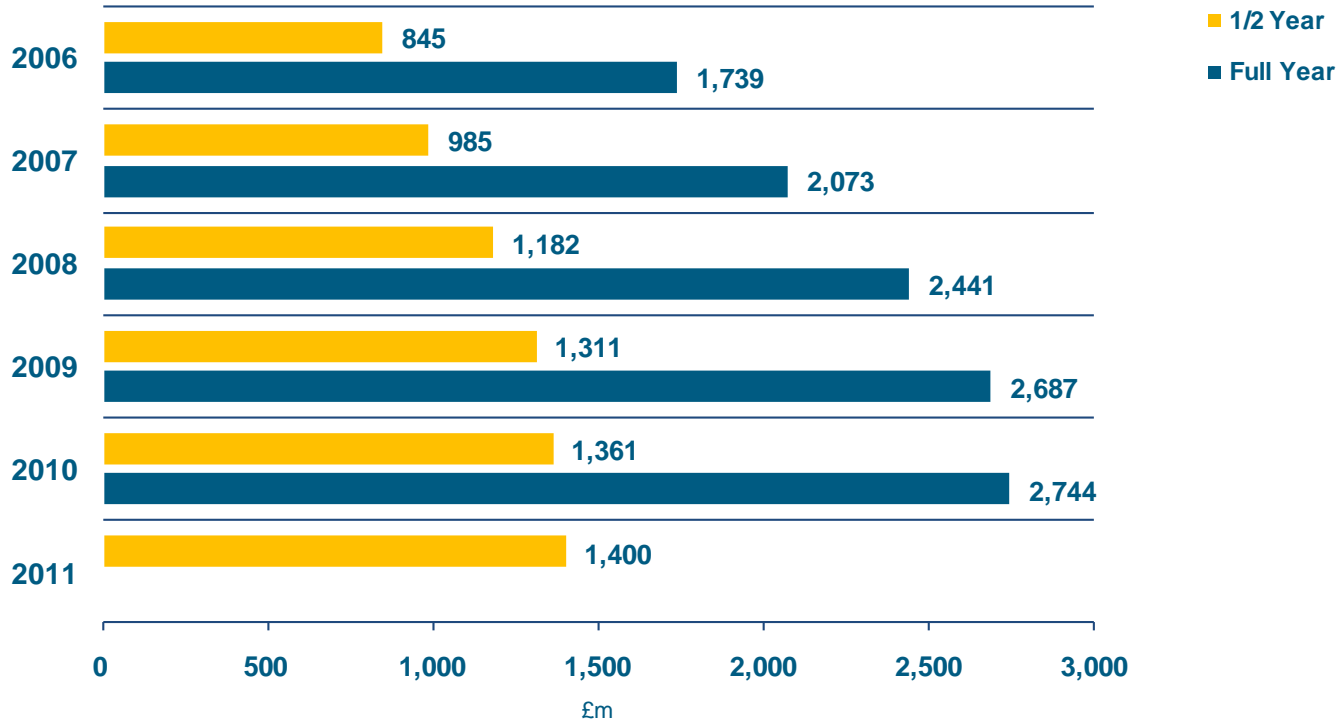
Financial results

Gordon Hurst

Group Finance Director

Financial results – revenue

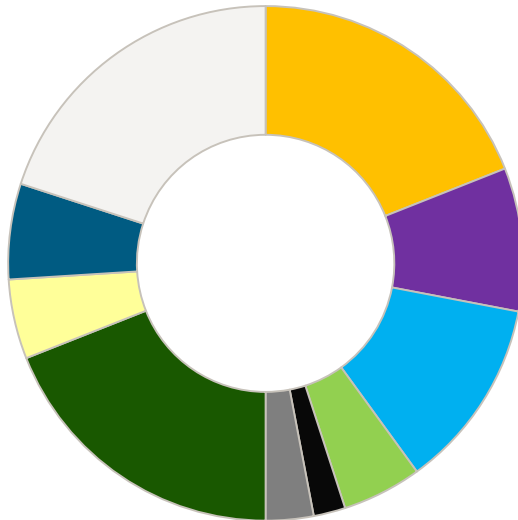
Comparative growth 3%
5 year H1 compound growth 11%



Financial results – revenue by market

Private sector 50% (2010: 50%)

Public sector 50% (2010: 50%)



- Local government 19% (20%)
- Central government 9% (9%)
- Education 12% (15%)
- Health 5% (4%)
- Transport 2% (2%)
- Police 3% (-)
- Life & pensions 19% (18%)
- Insurance 5% (7%)
- Financial services 6% (5%)
- Other corporates 20% (20%)

2011 half year (2010 year end)

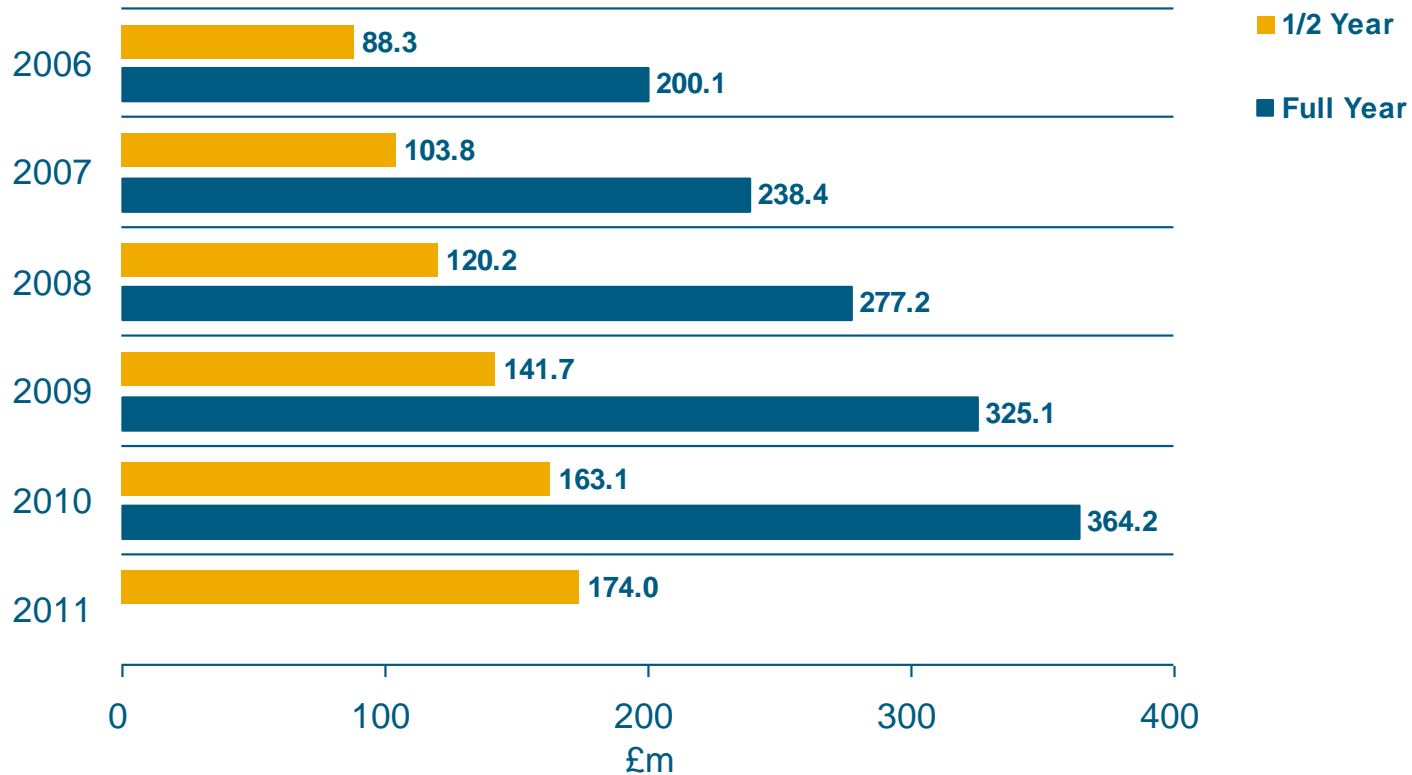
Financial results - half year revenue growth

	£m 6 months to 30 June 2011	£m 6 months to 30 June 2010	Growth
Turnover	1400	1361	3%
2011 acquisitions	(21)	-	(2%)
2010 acquisitions	(113)	-	(8%)
Growth excl. acquisitions	1266	1361	(7%)

National Strategies	(32)	
BECTA (Home Access contract)	(10)	
Service Birmingham	(25)	
Life & pensions projects	(25)	
Revenue attrition	(92)	(7%)

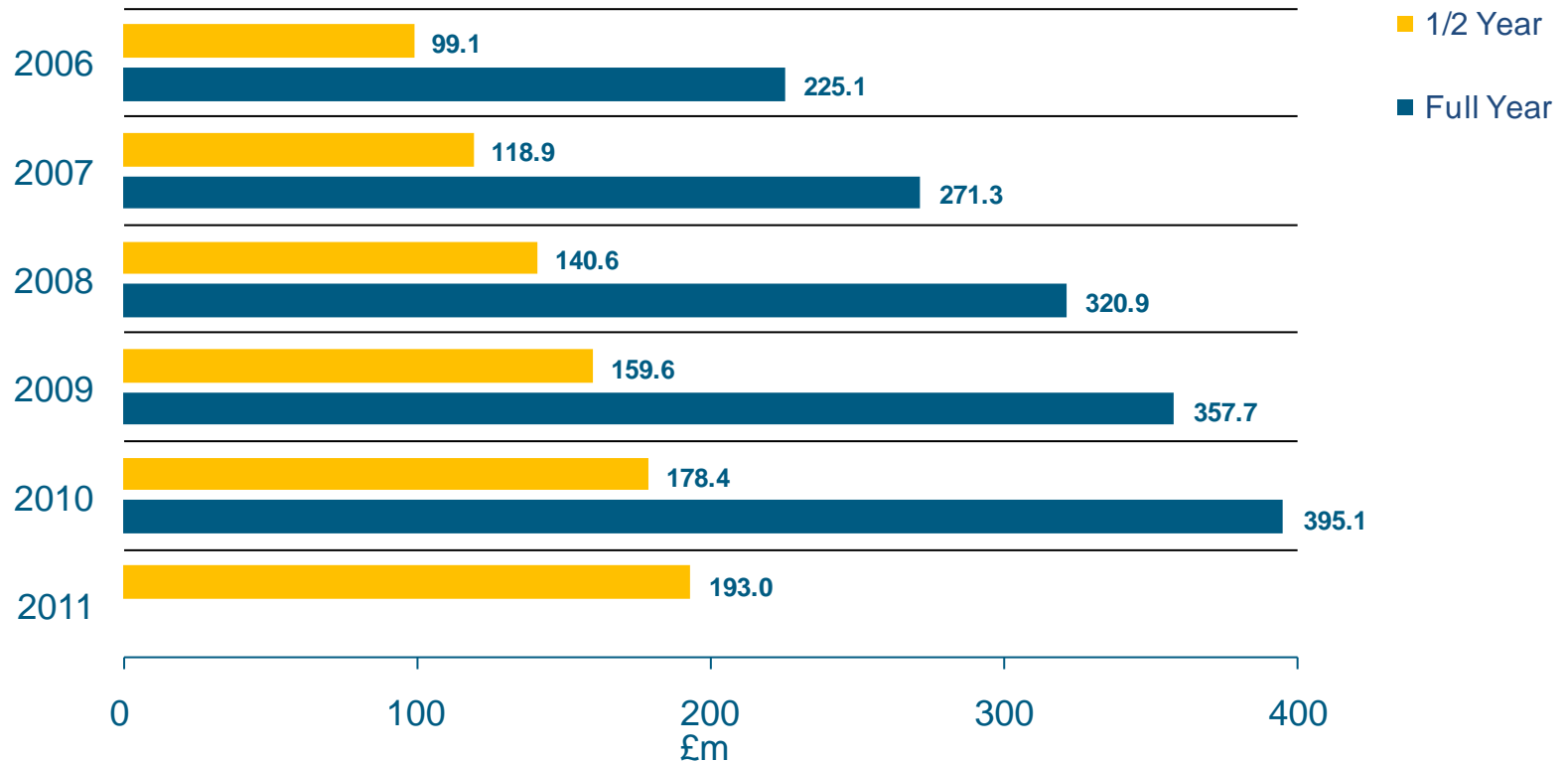
Financial results - underlying profit before tax*

Comparative growth 7%
5 year H1 compound growth 15%

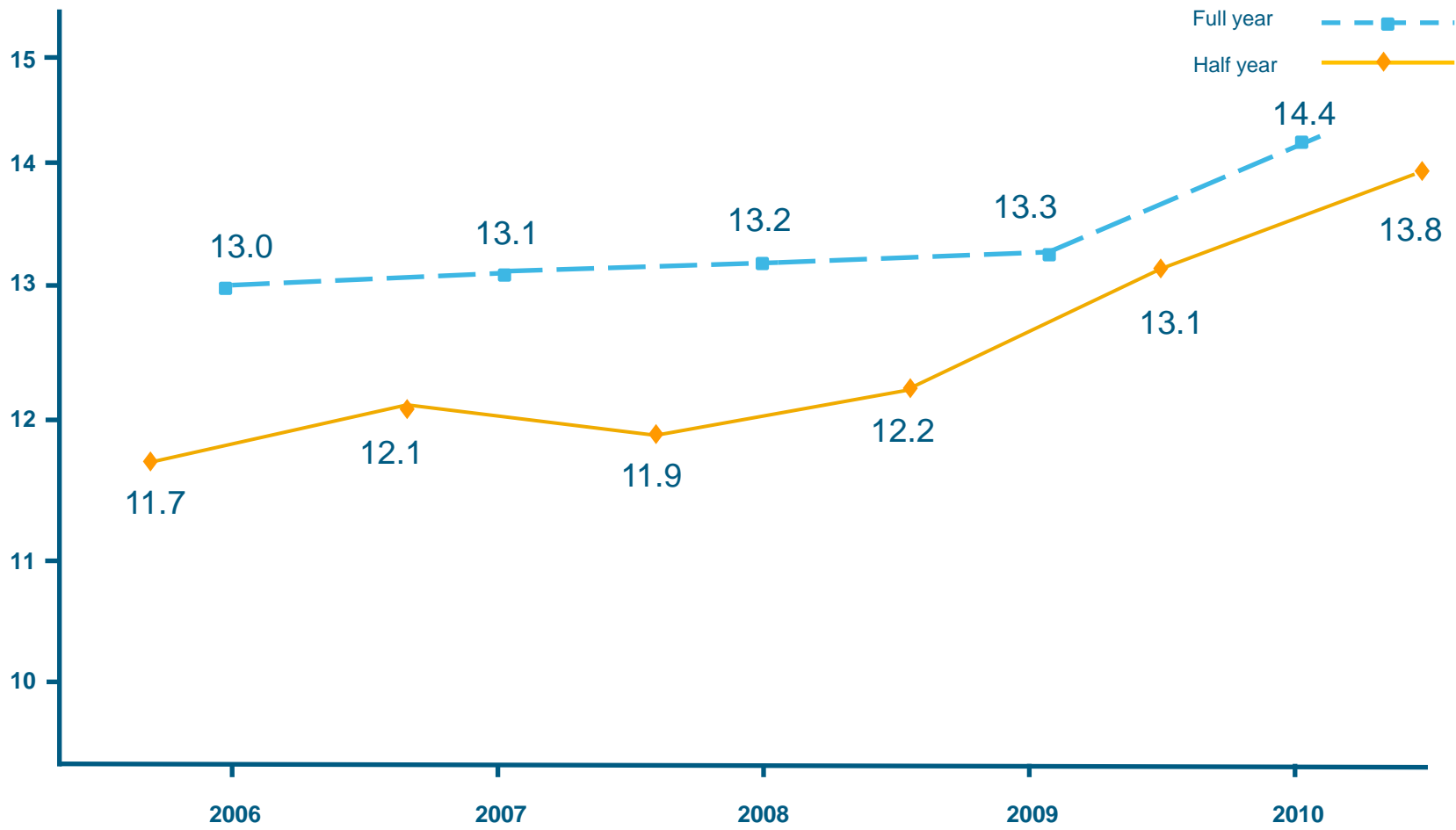


Financial results – underlying operating profit*

Comparative growth 8%
5 year H1 compound growth 14%



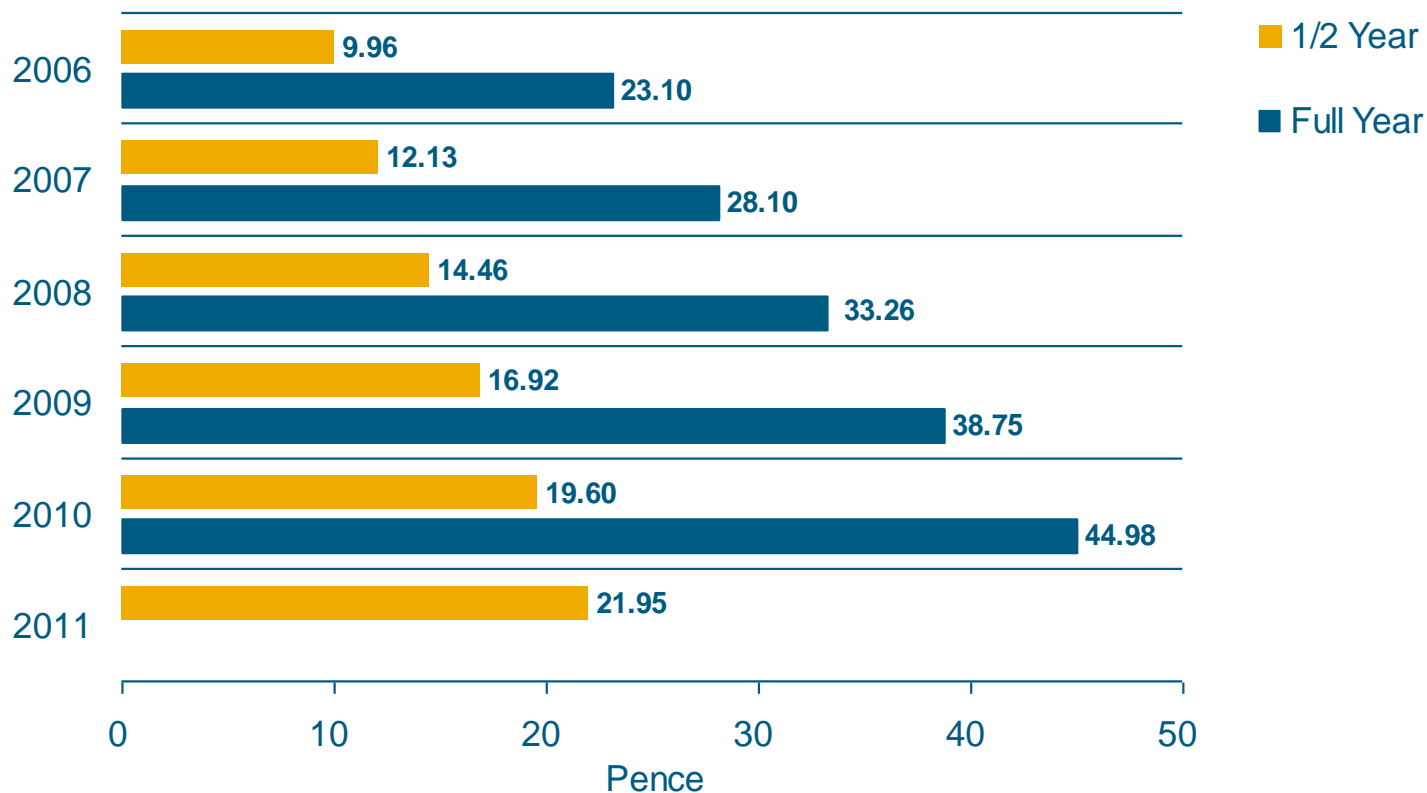
Financial results – underlying half year operating margin



CAPITA

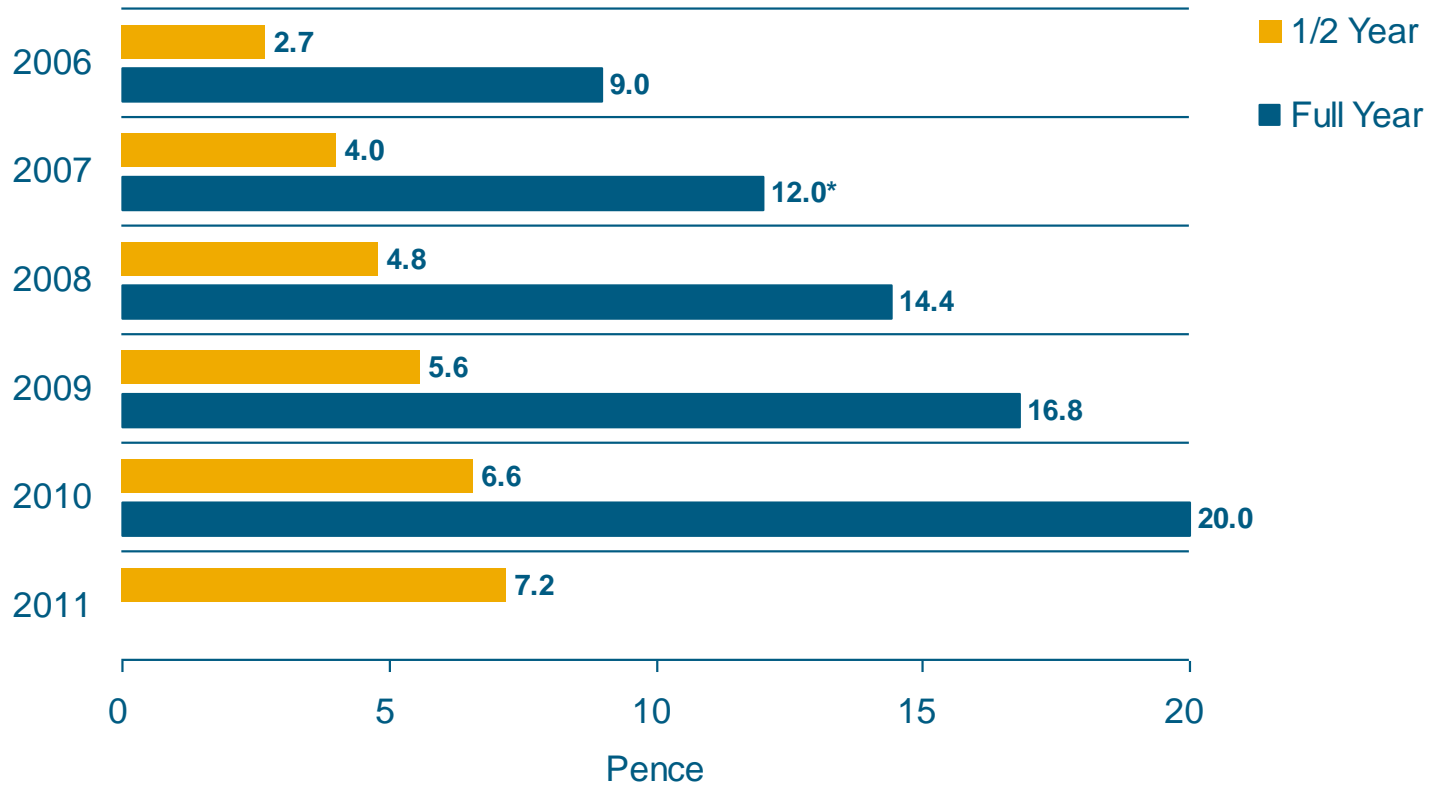
Financial results – underlying earnings per share*

Comparative growth 12%
5 year H1 compound growth 17%



Financial results – dividends

Comparative growth 9%

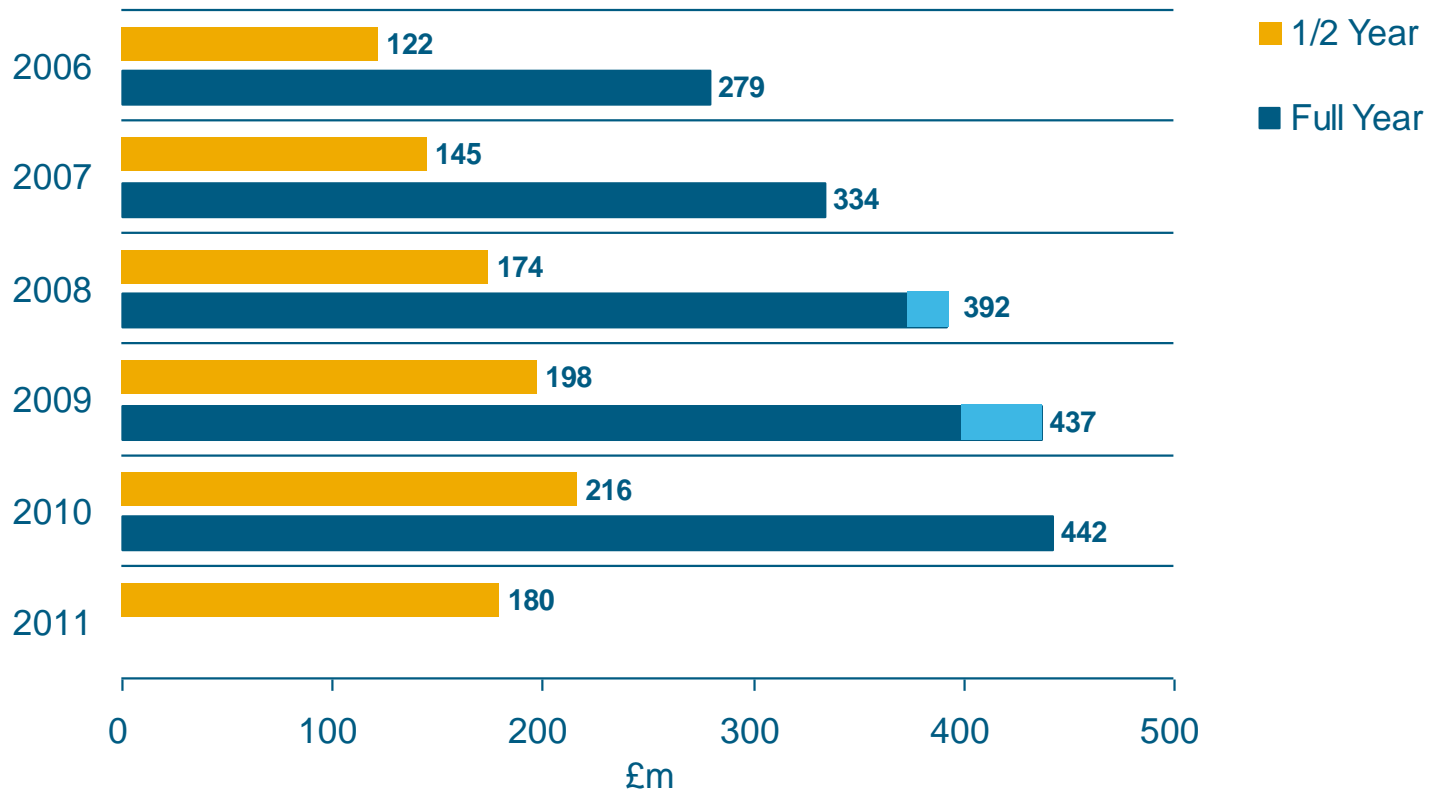


Financial results – cash flow statement

	£m 6 months to 30 June 2011	£m 6 months to 30 June 2010
Cash flow from operating activities	180	216
Net interest paid	(18)	(15)
Taxation paid	(27)	(23)
Capital expenditure	(38)	(38)
Free cash flow	97	140
Acquisitions and disposals	(135)	(104)
Equity dividends paid	(81)	(69)
Share buybacks	-	(89)
Share option proceeds	3	16
Bond issue/(repayment)	101	53
Other financing	1	(17)
Decrease in cash in the period	(14)	(70)

Financial results – cash flow from operations

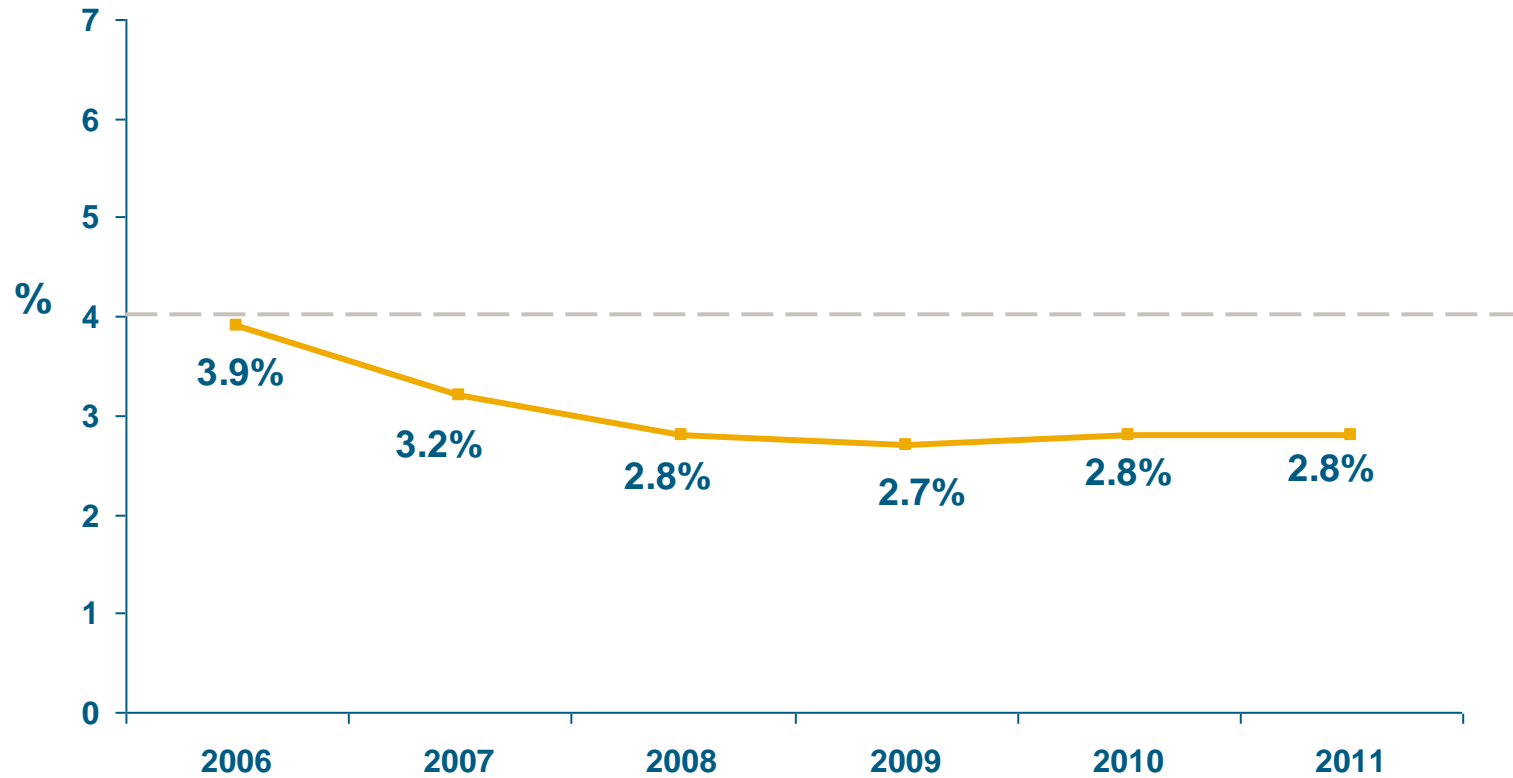
Comparative H1 attrition 17%
5 year H1 compound growth 8%



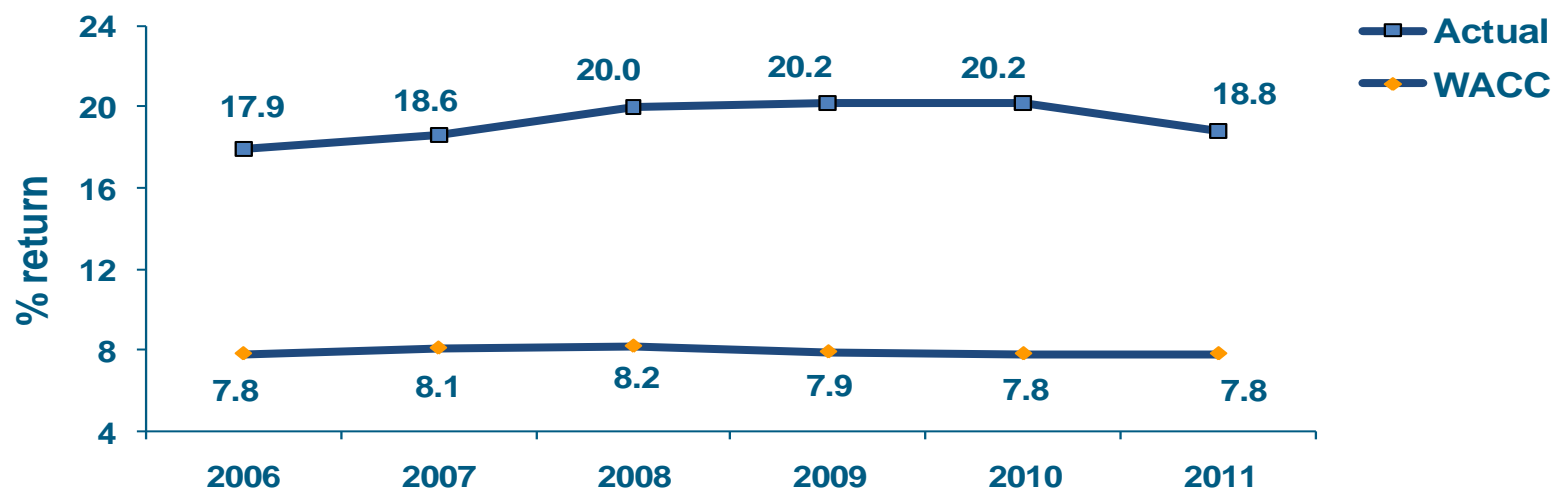
Financial results – working capital movement

Analysis of reduced cash conversion:	£m
Service Birmingham	12
Ramesys (Building Schools for the Future)	6
National Strategies	11
Other	4
Movement in receivables & payables	33

Financial results – half year capex as % of turnover



Financial results – % net return on capital (debt plus equity) – 12 months to 30 June 2011



	2006	2007	2008	2009	2010	2011
PBIT (normalised)	204	245	293	340	377	410
Avg capital (£m)	823	954	1067	1234	1380	1669
Tax (%)	27.7	27.7	27.0	26.8	26.0	23.5

Financial results – balance sheet gearing

	£m 30 June 2011	£m 30 June 2010
Net debt		
Bond debt [†]	934	834
(Cash in hand) / overdraft facilities drawn	75	(112)
Loan notes/leases	4	4
Total net debt	1013	726
Interest cover	14.6x	12.5x
Net debt to EBITDA	2.1	1.5

Financial results – debt profile

30 June 2011 debt profile:

- £934m of private placement bond debt with maturities from 2012 to 2020
46:54 fixed/floating mix
- £123m matures between June 2012 and August 2015
- £425m revolving credit facility maturing in Dec 2015
- Net overdraft at 30 June 2011 of £75m

July 2011 US private placement

- £208m of 7 & 10 year notes issued
- Proceeds used for general corporate purposes

Generating growth: organic & acquisitions

Paul Pindar
Chief Executive

Generating organic growth – major contracts

Contract	Value (£m)	Duration	Type
Teachers' Pension Scheme	80	7 years	Extension
MetLife	149	10 years	New & extension
Zurich	570	15 +11 years	New & extension
DVLA	100	5 years	New
Lambeth Council	60	10 years	New & extension
7 contracts £10m - £50m	Aggregate value: £118m	Average 5 years	New & extensions

Total value in 2011 to date: £1.1bn (H1 2010: £523m)

Generating organic growth - Zurich Life

£570m over 15 years

- Providing customer service, policy administration and claims activity for Zurich's life business:
 - £220m/11 year extension to deliver operational services for UK life business
 - £350m/15 year new work to support development of European and International administration hubs
- 400 employees transferred to Capita in Isle of Man, Ireland and Dubai
- Establishes footprint for Capita's Life & Pensions business in Europe
- Builds on existing client relationship - original £300m contract signed with Zurich in December 2005

Extending & growing existing relationships

Generating organic growth – DVLA

£100m over 5 years + 2 year option

- Provide a national Vehicle Excise Duty (VED) service that includes provision (at DVLA's option) for a Continuous Insurance Enforcement (CIE) service
- Manage enforcement notifications, vehicle removals and disposal of unclaimed vehicles
- Innovative concession delivery model that will improve the service and reduce the overall cost of enforcement
- Introduction of applications to allow scheduling, route planning and automatic number plate reader systems
- Reduce environmental impacts associated with scrapping vehicles by reintroducing roadworthy and fully compliant vehicles

Adding value through innovative technology solutions

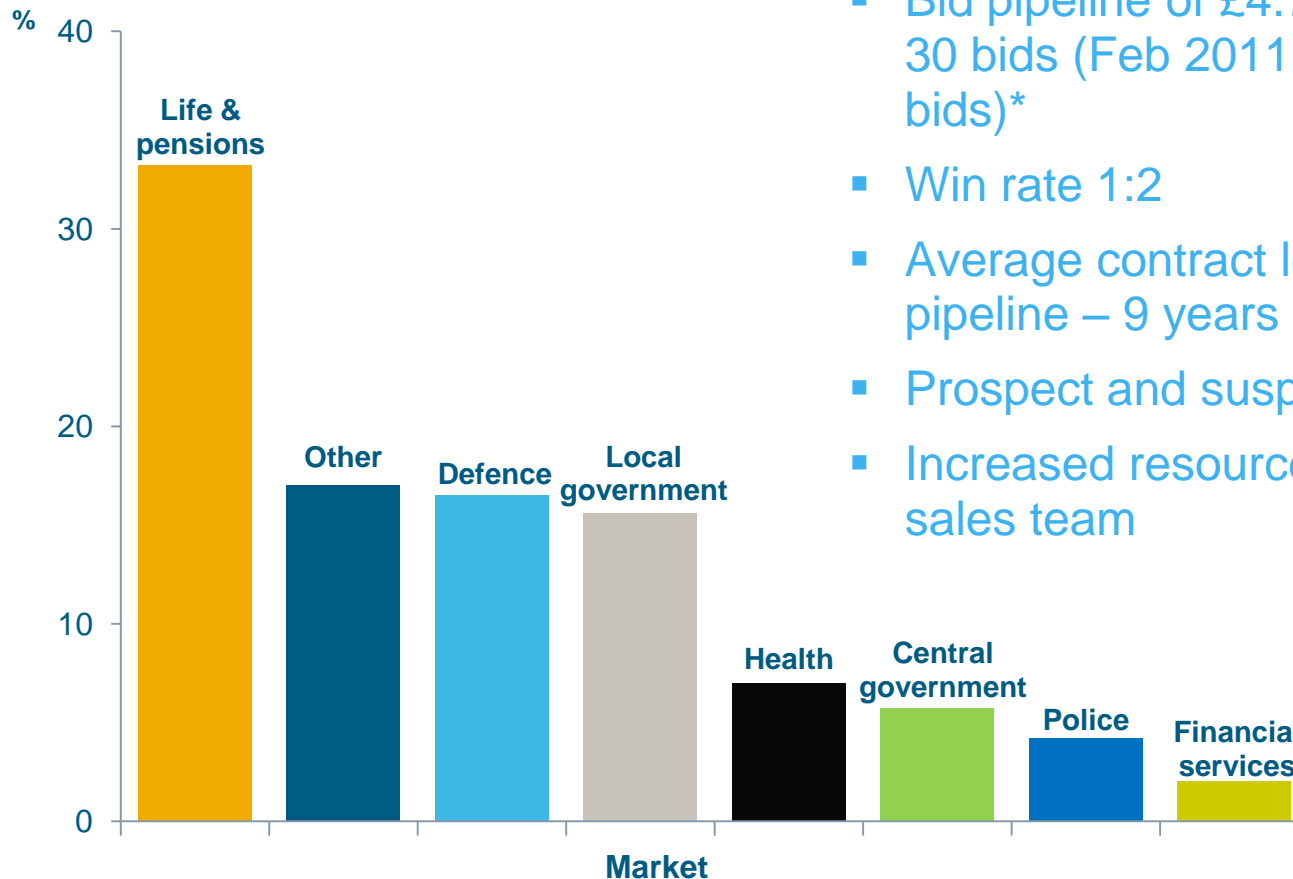
Generating organic growth - Lambeth Council

£60m over 10 years + 5 year option

- Extension to existing revenues collection contract + expansion of services in new collaborative partnership contract
- Deliver range of additional services: call centre operations, ICT support services, benefits resilience
- Scalable contract - potential for incremental growth up to £300m
- Savings for Council of 16.5% + additional £5m council tax revenue
- Since 1997, council tax collection up from £40m p.a. to £106m p.a. with collection rates up from 78.6% to 94.6%
- Capita to create £500k Community Development Trust to provide targeted support for residents

Creating collaborative partnerships with local government

Generating organic growth – bid activity



- Bid pipeline of £4.7bn comprising 30 bids (Feb 2011: £4.7bn, 30 bids)*
- Win rate 1:2
- Average contract length in bid pipeline – 9 years
- Prospect and suspect lists buoyant
- Increased resources in our major sales team

Existing major contracts due for rebid

Year	Contract	Original value per annum (£m)*
2011	None	
2012	TV Licensing	50
	CRB	40
2013	None	
2014	None	
2015	None	

Criteria: more than 1% of 2010 turnover
***Revenues based on original contract value**

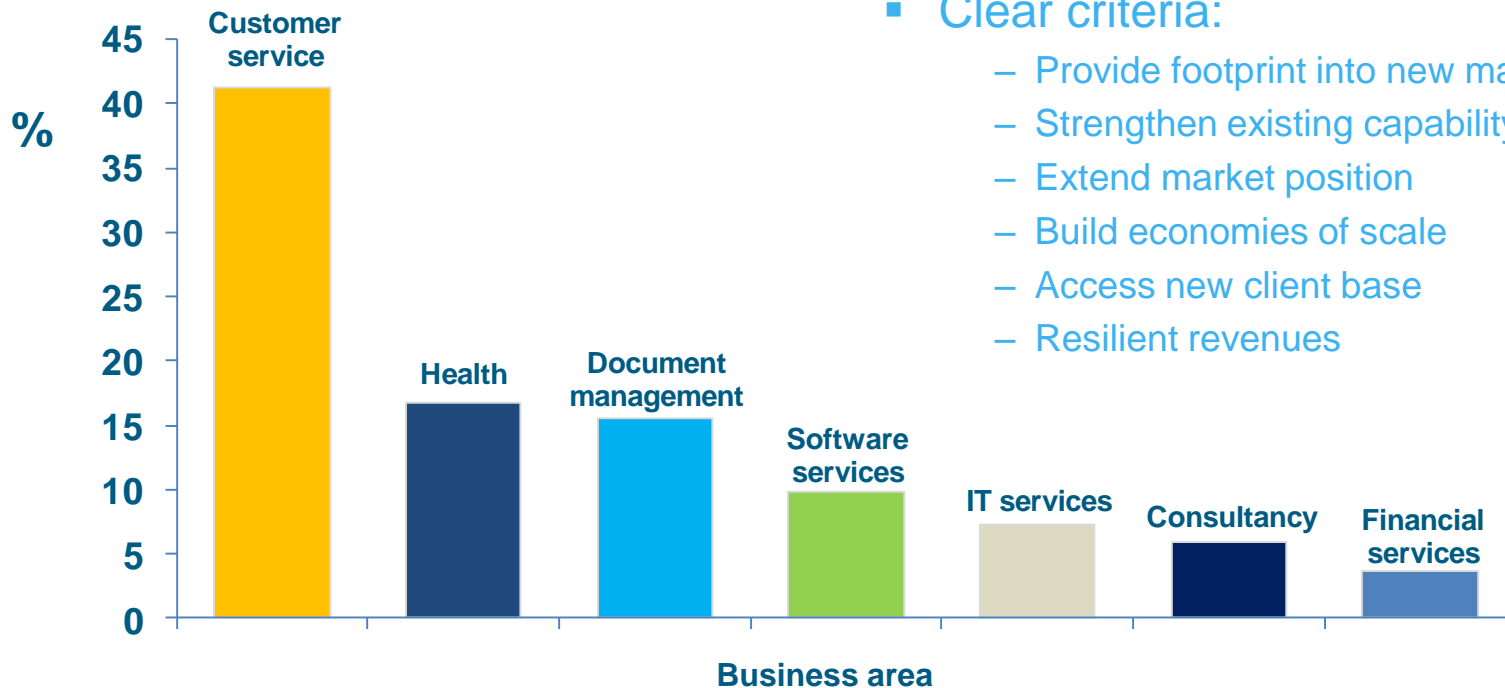
Fuelling growth through acquisitions – 2011 acquisitions to date

Capabilities	Acquisition	Value (£m)
Customer services capacity & technology	Ventura	65
	CCT	15
IT services	Technophobia	6
	Beat Systems (police)	8 (+4)
Software services	Talis	19 (+3)
Document management	Right Document Solutions	30 (+10)
Health	Team 24 (recruitment)	24 (+2)
	Tribal health division	
Consultancy	Tribal government division	17
	Red	1 (+1)
	Xayce (financial services)	2
Financial services	Barclays Capital Mortgage Servicing	7

11 acquisitions to date in 2011 totalling £194m

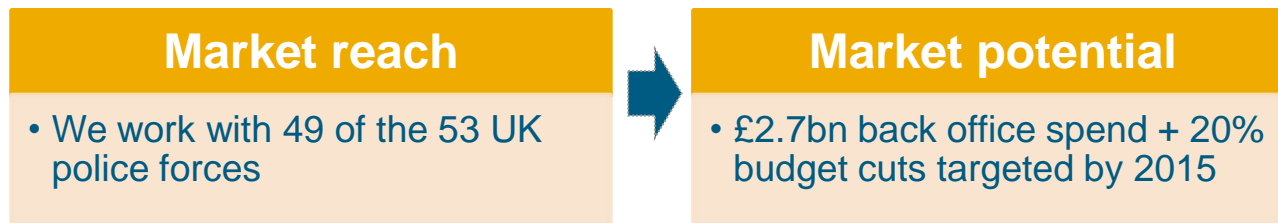
Generating growth through acquisitions

- Acquisitions play an integral role in Capita's business model:
 - Provide platforms for growth
 - Generate further shareholder value
- Clear criteria:
 - Provide footprint into new market
 - Strengthen existing capability
 - Extend market position
 - Build economies of scale
 - Access new client base
 - Resilient revenues



Establishing a position for growth in new markets: Police market

- **2010:** Entered market via acquisition of **SunGard** Public Sector Holdings
- Supplier of ICT, blue light radio network services, communication systems to emergency services, central and local government
- **April 2011:** Acquisition of Tribal's government division which included policing consulting capability
- **July 2011:** enhanced offering by acquiring **Beat Systems**, a leading provider of secure mobile data solutions to UK police forces
- Clients include Cleveland, Nottinghamshire & Lincolnshire Police, British Transport Police, Highways Agency and local authorities



Creating scale in a new market: Business travel

2005:

ACQUISITION OF LONSDALE TRAVEL

Entered the travel market in 2005 with £10m acquisition of Lonsdale Travel, ranked 11th in the business travel market

2007:

Rebranded as Capita Business Travel – became one of the 10 largest Travel Management Company's by turnover in the same year

2008:

ACQUISITION OF HARRY WEEKS TRAVEL

Acquired Harry Weeks Travel for £21m and launched our specialist rail booking product – Evolvi Rail Systems

2010:

Shortlisted for Business Travel Awards, demonstrating our commitment to client service

2011:

SANTANDER CONTRACT WIN

Secured contract to deliver full travel management service for Santander

2010:

ACQUISITION OF BSI

Acquired BSI for £43m, the UK's leading hotel booking agency, doubling the size of Capita's travel offering

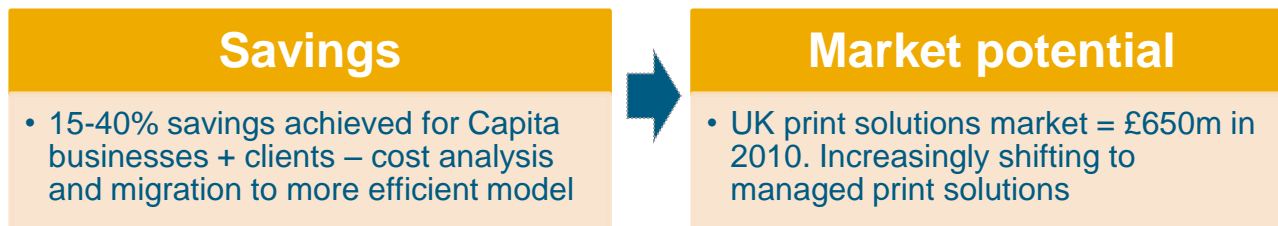
2011:

Capita Business Travel is **one of the 5 largest** business travel administration companies in the UK, employing **over 500 travel professionals**

Significant growth potential

Enhancing our client proposition: Document management

- Acquired leading provider of managed print services, **Right Document Solutions**, in April 2011
- **Good strategic fit** with Capita's existing design, bulk print and document management capabilities
- **Clients** with multi-office, multi-machine requirements including Oxford University, Trinity Mirror, Toyota, Sony, Taylor Wimpey and Ofcom



Delivering cost efficiencies

Extending market position: Asset services

2009:

ACQUISITION

Acquired Capmark's European Loan Servicing business for £10m enhancing our financial services offering

November 2009:

CAS wins **largest ever outsourcing mandate** in Europe from National Asset Management Agency ('NAMA')

Servicing business shows 35% revenue growth year on year and retains **highest European Servicer Rating** (Fitch, Standard & Poors)

2011:

ACQUISITION

Capita acquires Barclays Commercial Mortgage Servicing from Barclays Capital for £7m

Employee numbers have increased by 35% with attrition at 2%

2011:

Today, Capita Asset Services business is **Europe's largest**, independent, third-party commercial mortgage servicer

Significant growth potential

Increasing capacity & reach: Contact centres

Customer contact centre services

- May 2011: acquired **Call Centre Technology Limited**, provider of voice telephony, applications & services for customer contact centres
- July 2011: acquired **Ventura**, customer services management arm of Next plc with particular **strength in the private sector**
- Good strategic fit with our existing **integrated** customer service **model**, vital to many of our long term contracts and businesses



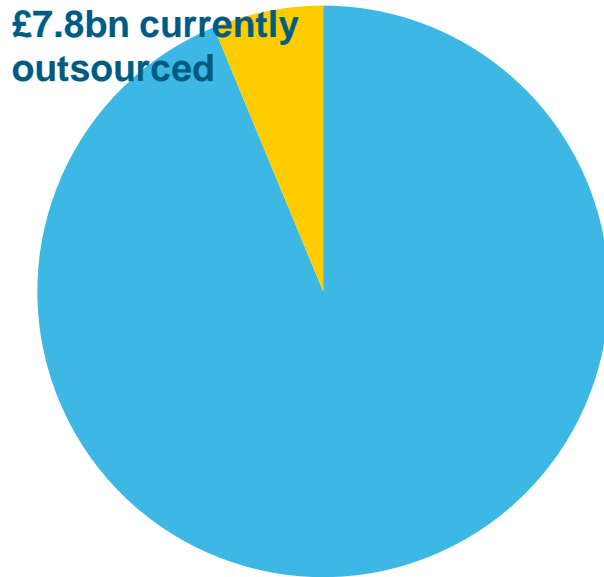
Fuelling future growth

Maggi Bell

Business Development Director

Fuelling future growth – UK BPO market

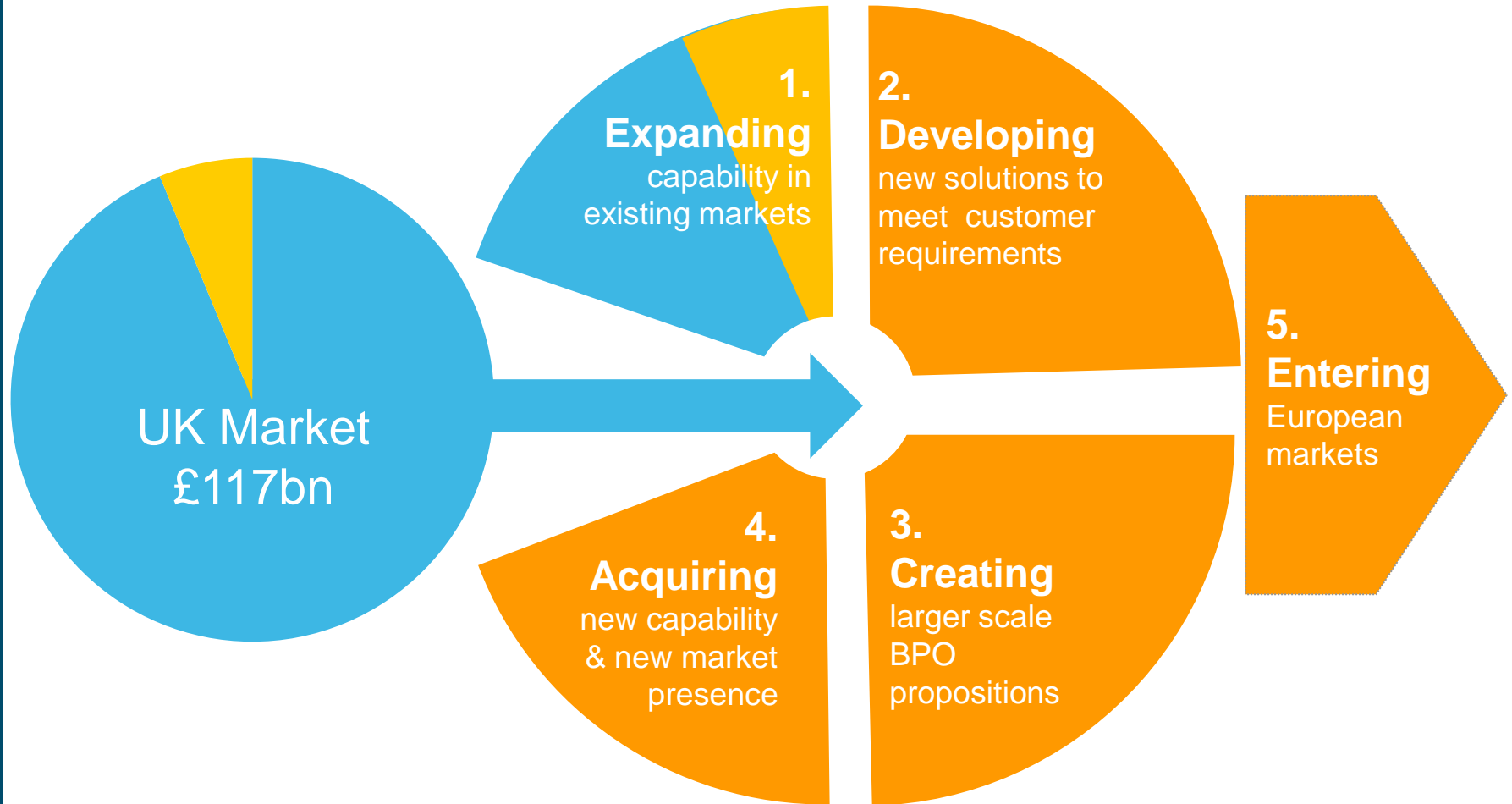
Outsourced and potential UK BPO market



- Addressable market - £117bn* p.a.
- Total UK BPO market 2010 - £7.8bn* p.a. (2009: £7.5bn** p.a.)
- Increase amount Capita can address
- Expand the total market available

Enormous potential for growth

Fuelling future growth: Investing in creating addressable opportunity



Fuelling future growth: Growing our traditional markets - Local government

Collaborative partnerships

- Guaranteed savings
- Revenue collection
- Demand reduction
- Improve citizen access
- Community involvement

Prospects:

- 5 live opportunities
- 30 prospects

Shared back office services

- Established scale
- Financial strength
- Flexible capacity

Expanding demand for:

- IT
- HR
- Software

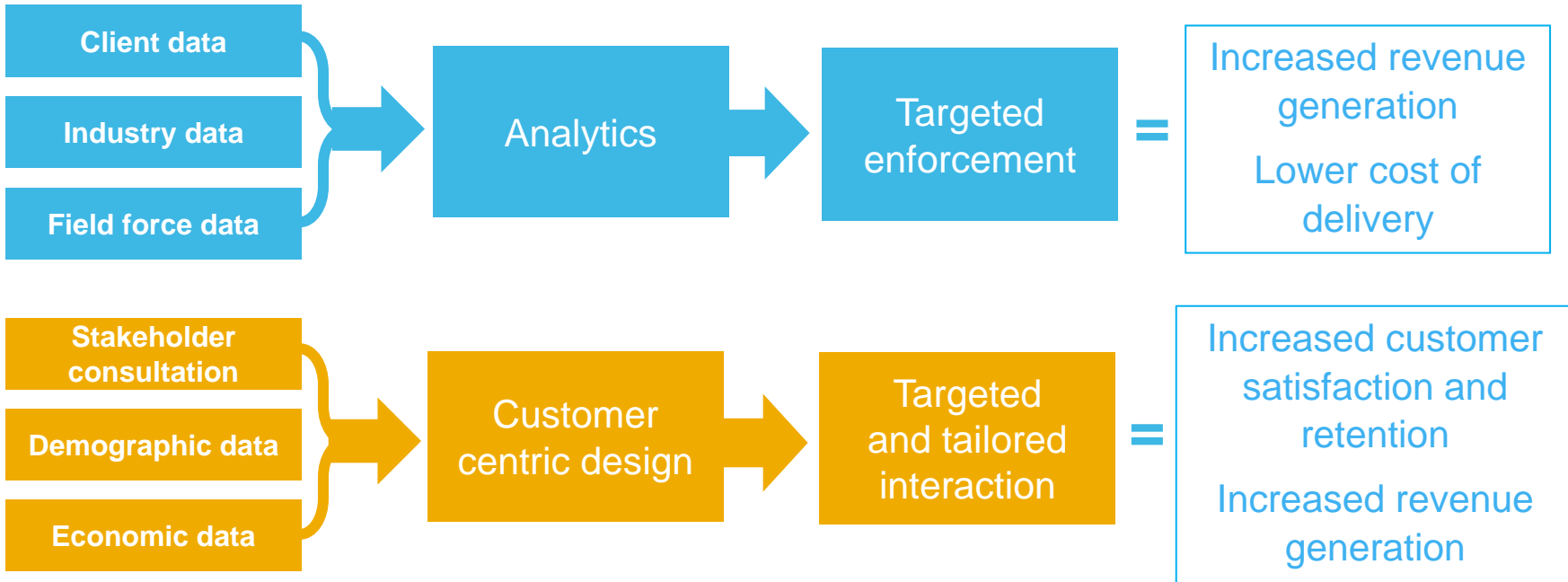
Lambeth

- Collaborative partnership - potential to increase scope up to £300m by offering shared services
- Saving £10m/10 years
- Partnering with third sector, mentoring, business skills, enterprise models, volunteering
- Capital investment of £6.5m
- £500k Community Development Trust

LGPS

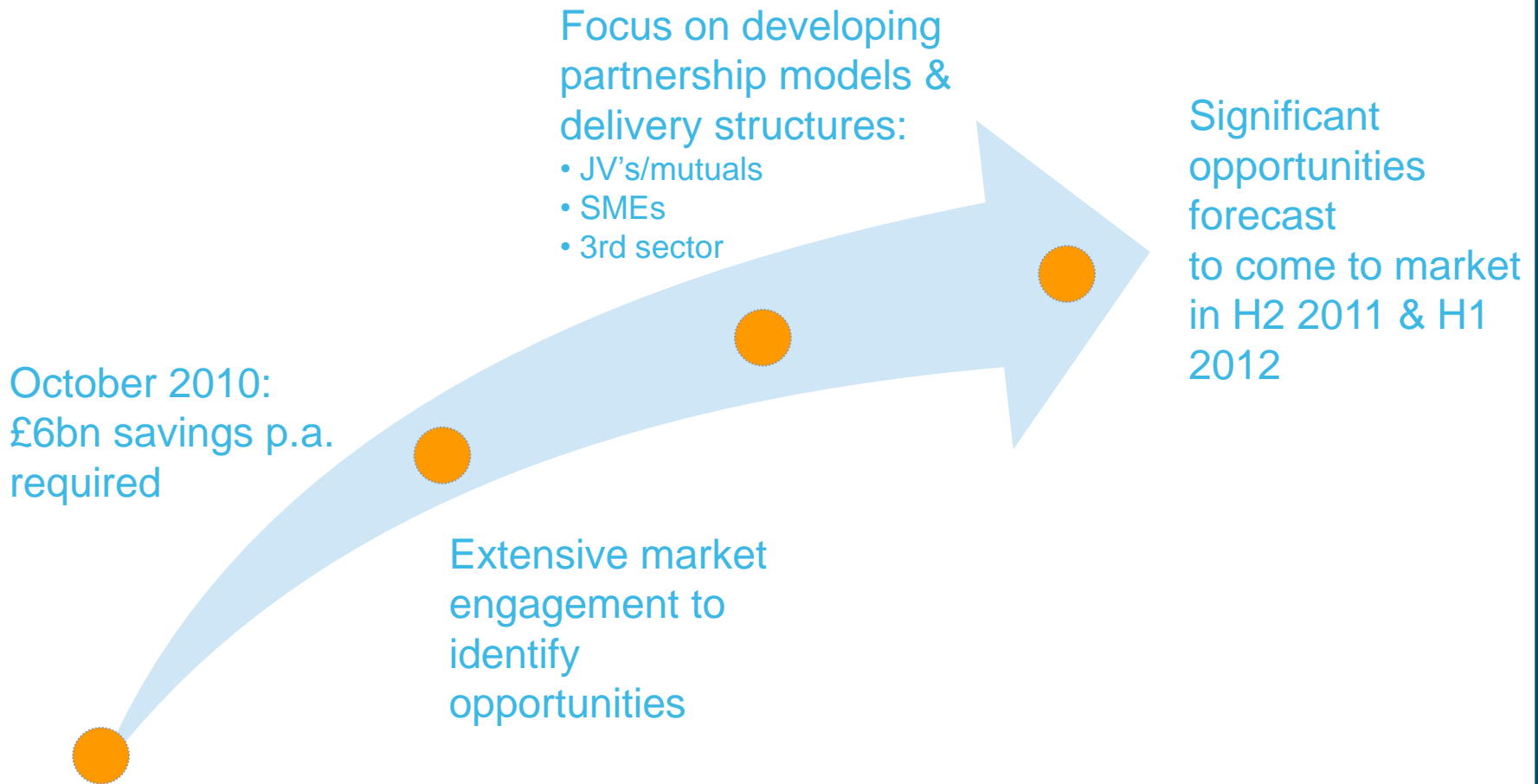
- Capita Hartshead - single provider to a LGPS Framework in London
- Created by boroughs of Hammersmith & Fulham and Brent to consolidate pensions administration in London
- 28 London boroughs are able to join the framework
- Expect savings of over £1m over 6 years for 2 founding councils
- Potential to significantly cut costs

Fuelling future growth – enhancing solutions



Breadth & scale of Capita's interactions with the public
+
Our depth of process re-engineering expertise
=
A unique strength, applicable across all target markets

Fuelling future growth: Creating large scale BPO propositions – Central government



Fuelling future growth: Innovative partnership structures

Service Birmingham

- Standalone, public/private JV
- Like a mutual with ownership of running costs, transparency & control of outcomes
- Flexibility to add services
- On track to enable savings of £1bn/10 years
- Created 520 new jobs, target to create 800 jobs/7 years
- 5% profits go to staff benefit scheme
- 5 year contract extension awarded

Urban Vision JV

- JV with Salford City Council and Morrisons
- 150 jobs created
- £7.2m investment in IT/training and business centre
- 15 new key services delivered through the partnership
- £500k property savings by reducing space requirements by 40%
- Community engagement/sustainability agendas underway
- LGC Awards: Public/Private Partnership 2008

- 5 years' experience
- Demonstrable cost savings
- Guaranteed service improvements
- Additional local economic value
- Transferable to central government

Fuelling future growth: Harnessing expertise from all sectors

Becta Home Access Grants

- Administration of grants to help low income families gain access to a pc/internet
- Worked with **11,000 stakeholder organisations** including education, community, volunteer & faith groups
- Flexible model to engage & assist stakeholders including initiatives such as a joint marketing programme with the **Family Fund** to engage families of children with special educational needs
- **Over ¼ million families** received a grant and now online

NHS Choices

- Commissioning independent organisations to provide specialist skills:
 - **Start Here** – connects people to services in times of crisis, working with us to collect, disseminate & publish information to target groups
 - **Patient Opinion** – worked with us to promote & gather feedback from mental health service users
 - **Information Prescription** - working with 70 charities to develop an information tool within NHS Choices
 - **Syndication** – distribute content to around 300 NHS, local authority and commercial websites

- 20% of our supply chain = SME's & 3rd sector
- Demonstrable track record in central government

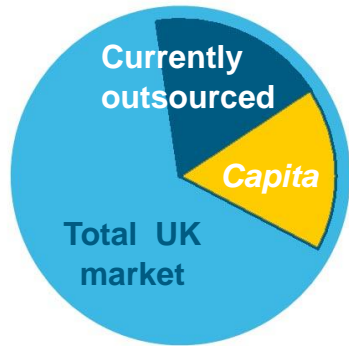
Fuelling future growth: Retail financial services & banking - acquiring new capability

- Large scale BPO, not traditional solution
 - Propensity to buy large volume, highly flexible customer service contracts
-
- Ventura brings expertise, low cost operating model & excellent track record
- +
- Capita brings financial strength, TUPE experience and commercial innovation
- =
- Unique 'go to' market proposition

ventura[®]

Fuelling future growth: Entering the European market

Life & pensions market



Total estimated policies in force: circa 104m*

Outsourced market: 35m – 40m policies outsourced to date (circa 35% of market)

Capita: 23m policies (circa 22% of total UK market)



Total estimated policies in force: circa 500m

Average cost of administration in Continental Europe = 2x greater than UK

- Very buoyant
- Significant engagement in Europe with current & new clients
- Netherlands – particular traction
- Recruited new Market Director

Fuelling future growth: Building delivery capability for Europe

- Signed agreement to lease a 500 seat shared services centre in Krakow city centre
- Phase 1 expected to go live in Q4 2011, delivering services to existing clients
- Fully operational from early 2012
- Situated beside economic and language universities – highly skilled and educated labour pool
- Ensures we are well positioned to meet demand from European clients
- Multi lingual services will be offered as required by our clients



Strong potential from new European client base

Fuelling future growth: Investment in people

■ Existing
■ New

Business Development

Sales
Directors

+5

Market
Development
Directors

+4

Solutions &
Commercial
Teams

+
25%

Central
Govt

Local
Govt &
Education

Health

Defence

L&P (UK)

L&P
(Mutuals)

Financial
Services
(Europe)

Retail
Banking

Police

Outlook

Paul Pindar
Chief Executive

Outlook – ingredients for continued growth

- Market leading position in the UK with diverse, high quality client base
- Solid trading across the Group, positioned well for upturn
- Renewed strong demand for outsourcing in all our target markets
- Record bid pipeline and high level of prospects
- Expansion into European life & pensions and financial services markets

Well positioned for growth in 2012

Results for the six months ended 30 June 2011