

CAPITA

Capita plc

Annual General Meeting

Tuesday 14 May 2019



Transformation: our plan is to do fewer things, better



Simplify

- Focus on strong positions with growth potential
- Align organisation around growth markets
- Use common, scalable capabilities
- Streamline cost base



Strengthen

- Strengthen leadership and governance
- Up to £500m investment in asset base, technology and people
- Win more of the right work
- Deleverage balance sheet



Succeed

- More predictable business
- Lower risk
- At least £200m of sustainable free cash flow in 2020*

Summary: transformation on track

2018: first year of multi-year transformation – executed as planned

- Corporate purpose and strategy defined; first-ever operating model rolled out
- Leadership strengthened and governance improved
- Balance sheet strengthened; £1.1bn raised through rights issue and disposals
- £282m profit before tax*, slightly ahead of our guidance
- £1.8bn order intake; real progress on ‘challenging’ contracts
- Hit target of £70m in-year savings from cost competitiveness
- £140m invested in infrastructure, products and systems
- Pension deficit reduction plan agreed

2019: clear plan in place

- Accelerating cost competitiveness – to realise cumulative savings of £175m by end 2019
- Increasing investment to support long-term, sustainable growth
- Profit before tax* expected to be between £265m and £295m in 2019
- Transformation of sales as part of new Growth function

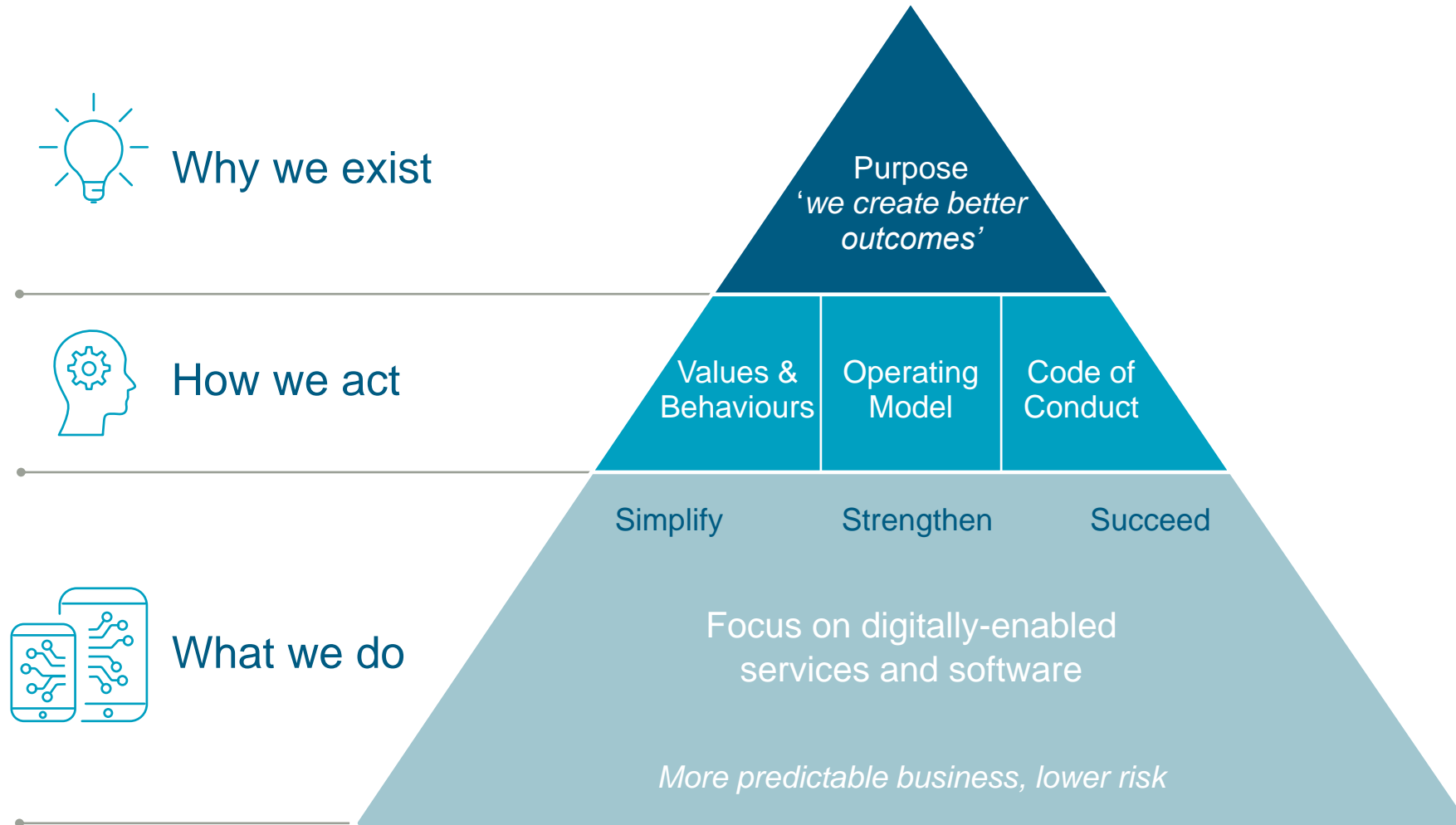
2020: financial targets unchanged

- Achieve double digit margins*
- At least £200m of sustainable free cash flow**

Transformation programme: simplify, strengthen, succeed

2017	Workstreams	By 2020
Leverage 2.3x and increasing	BALANCE SHEET	Leverage 1 - 2x* Lower interest costs, more flexible
Poor governance & discipline, no people strategy	GOVERNANCE, OPERATING MODEL AND PEOPLE	Purpose, operating model, governance, and people working together
> £50m losses from 3 challenged contracts	CHALLENGING CONTRACTS	Each contract to reach breakeven by end 2020
Duplicated costs, no scale benefits, SG&A above industry average	COST COMPETITIVENESS	>£175m cost out, more to come
Under-investment in systems, and capabilities	INVESTING IN CAPABILITIES	Up to £500m invested
Declining organic revenue	REIGNITING GROWTH	Organic growth

Governance: running Capita as a responsible business



People: fundamental to creating a sustainable business

Leadership and governance strengthened

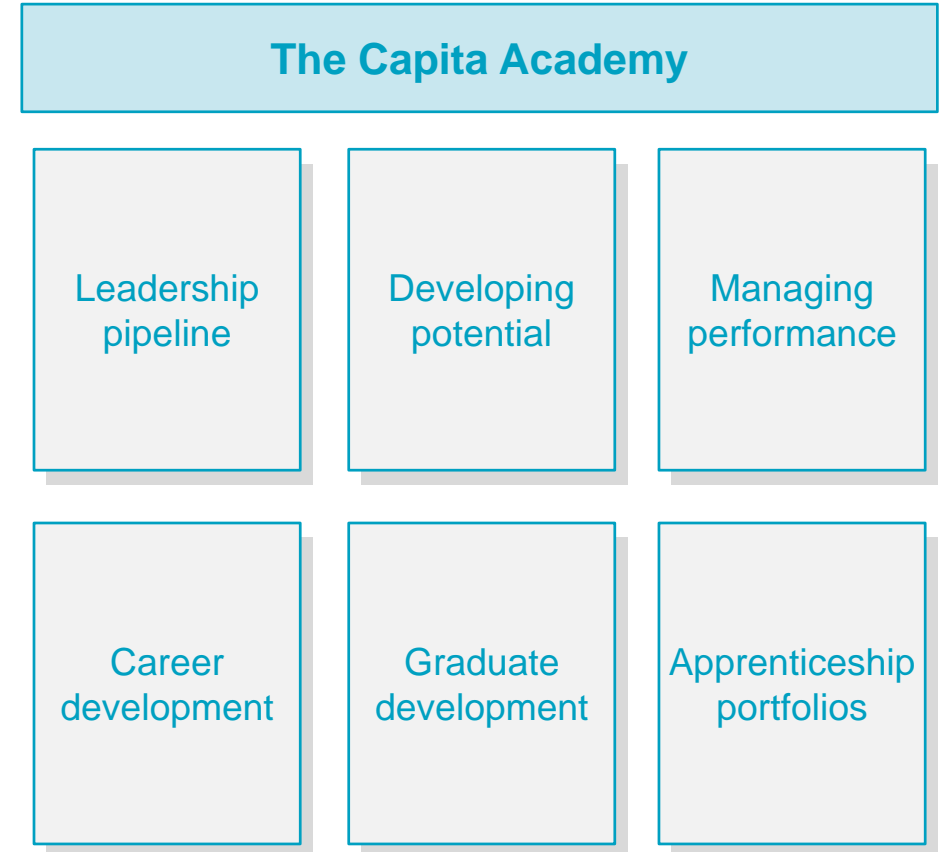
- Executive Committee in place
- Culture of openness, transparency and accountability

Valuing and investing in our people

- Engaged, skilled colleagues critical to our transformation
- Developing the right skills for new ways of working
- Launch of Capita Academy to improve learning and skill-sets
- Consistent approach to managing performance and development

Focus on being a responsible business, making a positive contribution

- Developing our social credentials
- Appointing two employees to the Board as non-Execs



CAPITA

**Capita:
we create
better outcomes**

