

CAPITA

AGM: Transforming Capita

Annual General Meeting
26 June 2018

Simplify

Strengthen

Succeed



Significant financial transformation; progress to date

	Our target	Progress to date
Greater efficiency	<p>Annualised initial cost out of £175m by 2020</p> <p>One-off cost of £150m to achieve</p>	£70m in year cost out achieved
Greater focus	<p>£300m disposal proceeds in 2018</p> <p>More planned over next 2-3 years</p>	<p>Constructionline sold, £160m,</p> <p>ParkingEye in progress</p>
Greater investment	Up to £500m over next three years	New investments approved
Stronger balance sheet	Leverage target of 1-2x*	£701m Rights Issue completed to reduce debt
Stronger performance	Double digit EBIT margins within three years	On track
Sustainable FCF	At least £200m of sustainable annual free cash flow in 2020**	On track

Succeed: Transformation led by things that we control

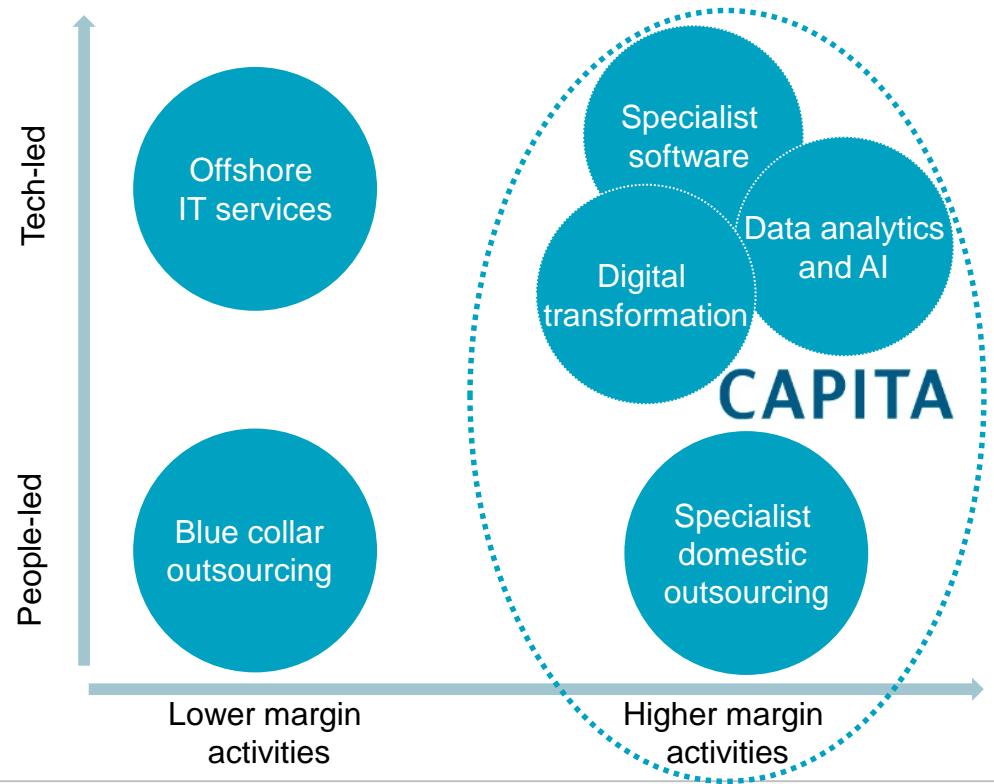
Driver	Contributor to value creation by 2020	In our control
Cost out	High	✓
Complete contract turnarounds	High	✓
Reduced finance costs	Medium	✓
Market trends	Medium	✓
New investments	Low	✓

Huge value from doing the basics better

Capita's sweet spot is technology-led complex activities

- Outsourcing is not an homogenous market
- Capita is focused on technology-led complex activities
- Large, long-term, secular growth segment

- Opportunity for Capita
 - Build out existing strengths
 - Take advantage of existing barriers to entry
 - Deliver appropriate margin



Making a positive contribution to society

- Strengthened executive leadership and accountability
- Rewards structure aligned with achievement of multi-year strategy
- Recognition that more needs to be done to address diversity and to reduce the gender pay gap
- Ensuring our contracts deliver real value for clients, Government and the taxpayer
- Commitment to strengthening relationship with suppliers, with particular focus on approach and payment terms for SMEs
- Board is fully committed to addressing the pension deficit in the medium term

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