

Results for the year ended 31 December 2007

CAPITA

Highlights

Paul Pindar
Chief Executive

Highlights

- Excellent organic growth
- Continued margin progression
- Strong free cash flow
- Material dividend increase plus special dividend
- Record contract wins
- Highly active markets
- A consistent strategy, consistently applied

“Well positioned for 2008”

Financial results

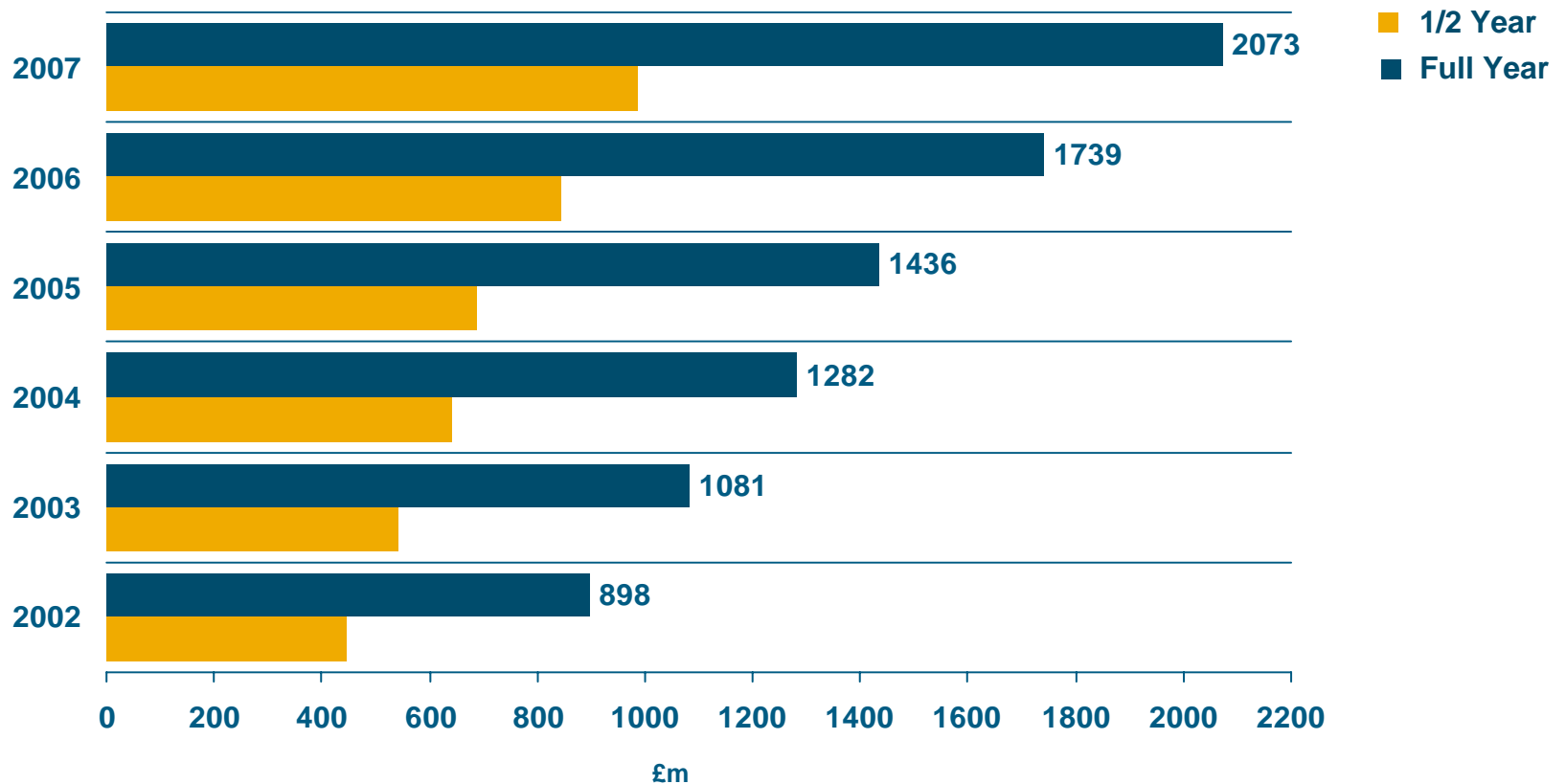
Gordon Hurst

Group Finance Director

Financial performance – turnover

Annual growth 19%

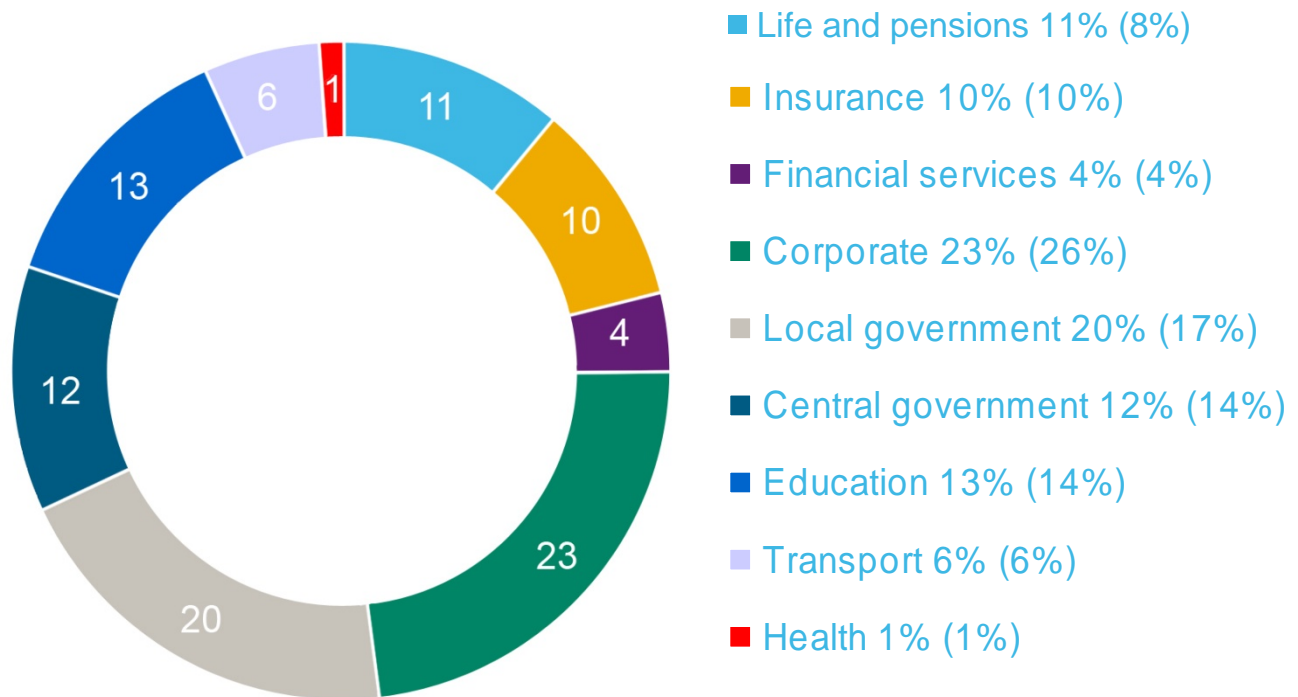
5 year compound growth 18%



Financial performance – turnover by market

Private sector 48% (2006: 48%)

Public sector 52% (2006: 52%)



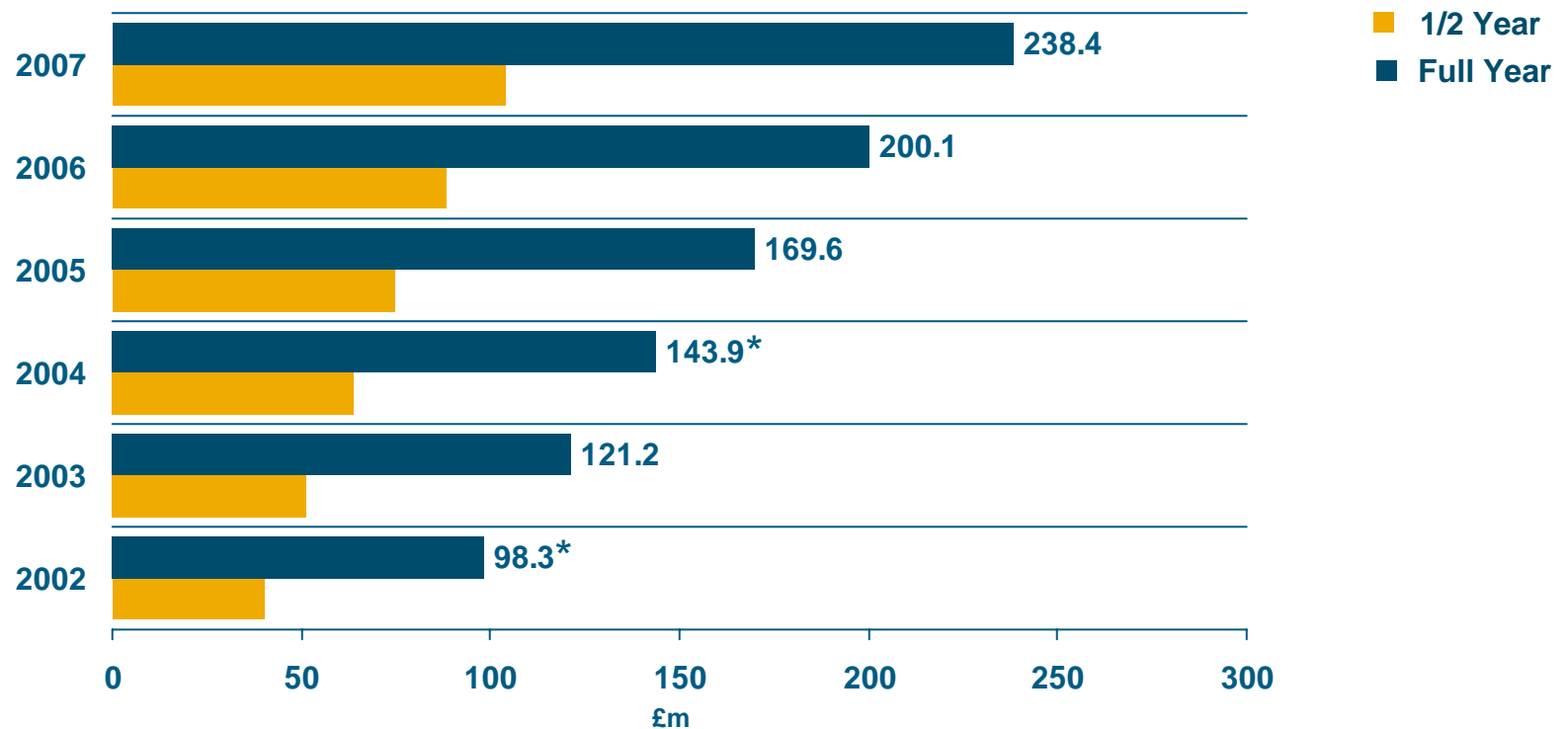
2007 year end (2006 year end)

Financial performance – organic growth

	£m 2007	£m 2006	Growth %
Turnover	2073	1739	19%
2007 acquisitions	(51)	-	(3%)
2006 acquisitions	(20)	-	(1%)
Organic	2002	1739	15%

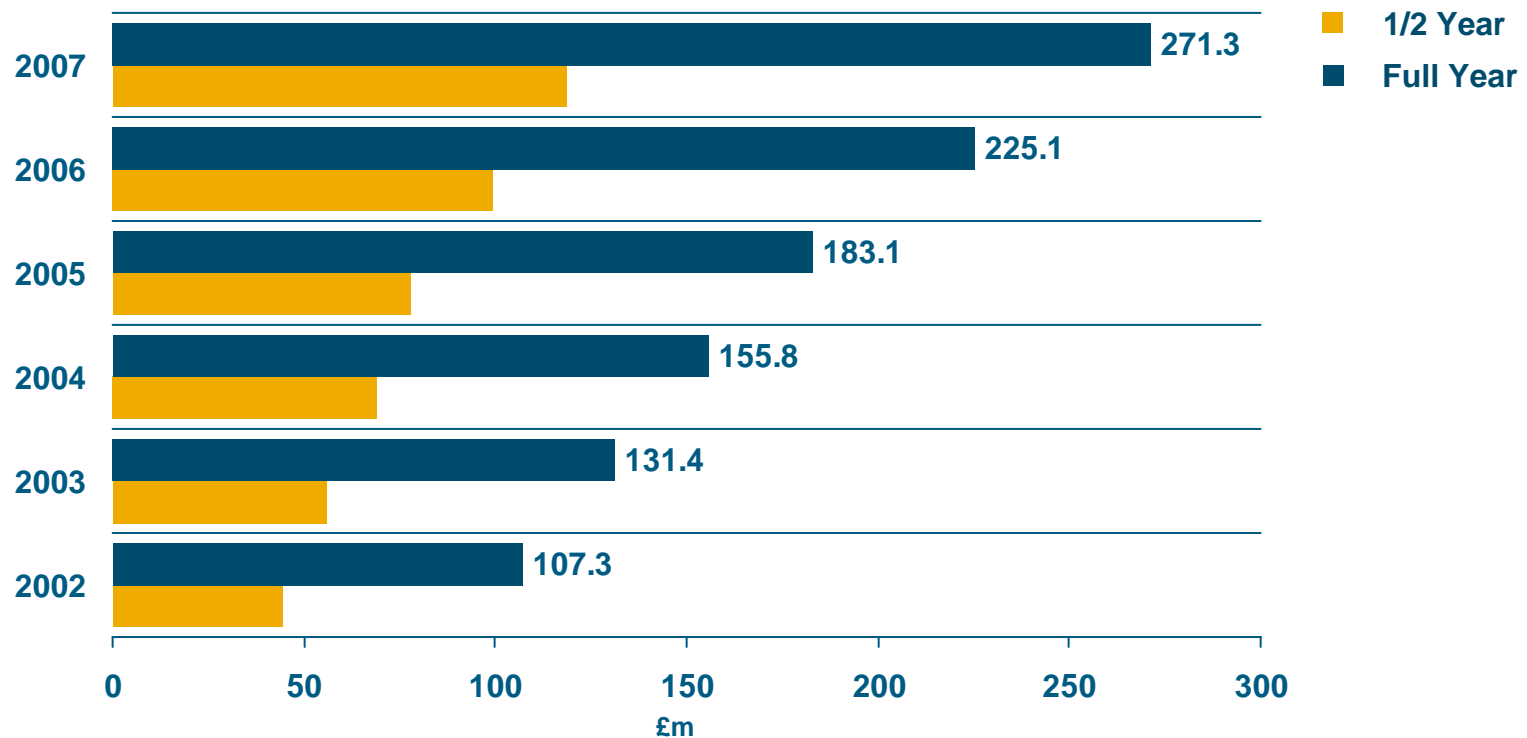
Financial performance – profit before tax and amortisation

Annual growth 19%
5 year compound growth 19%

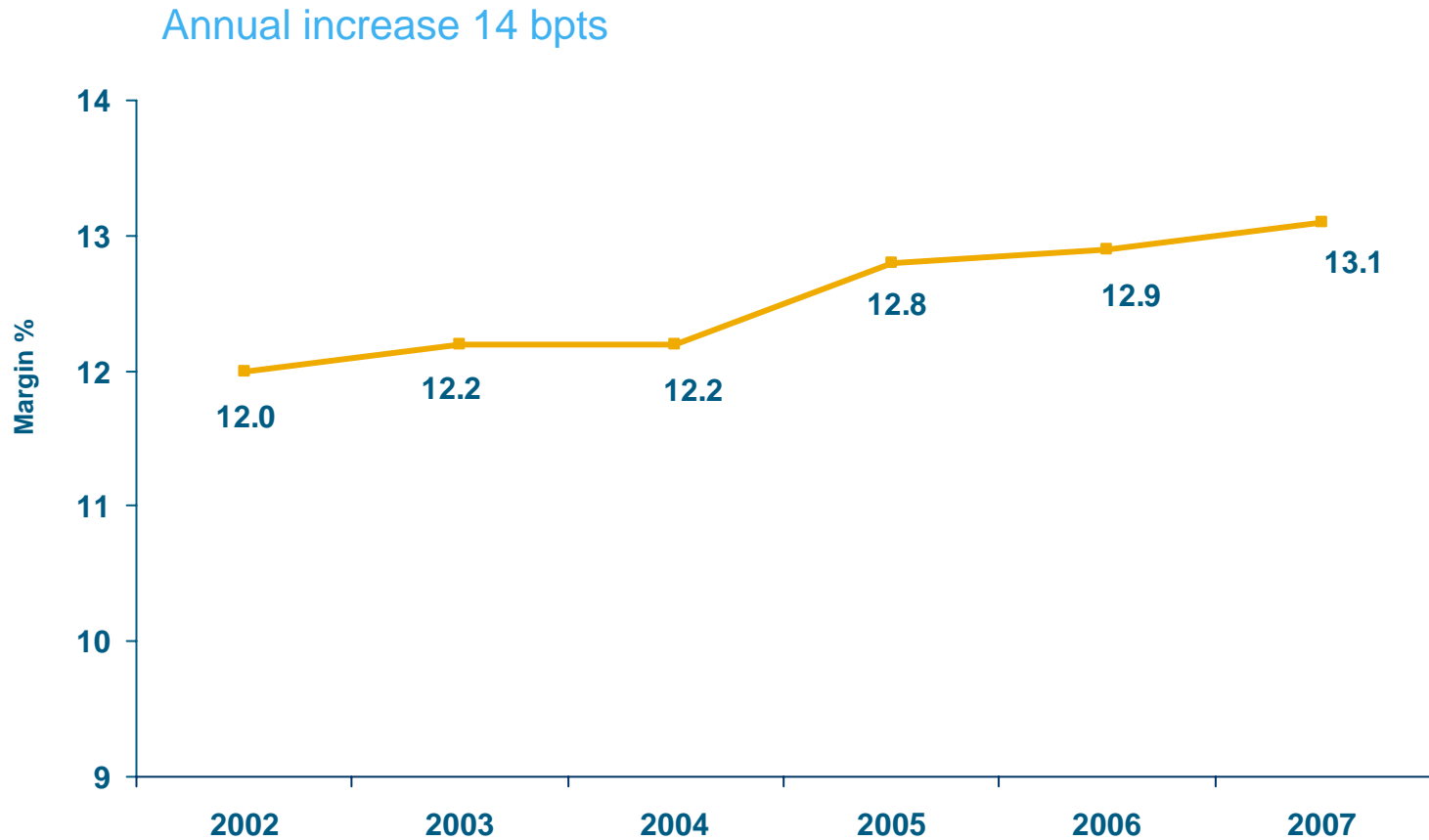


Financial performance – operating profit before amortisation

Annual growth 21%
5 year compound growth 20%



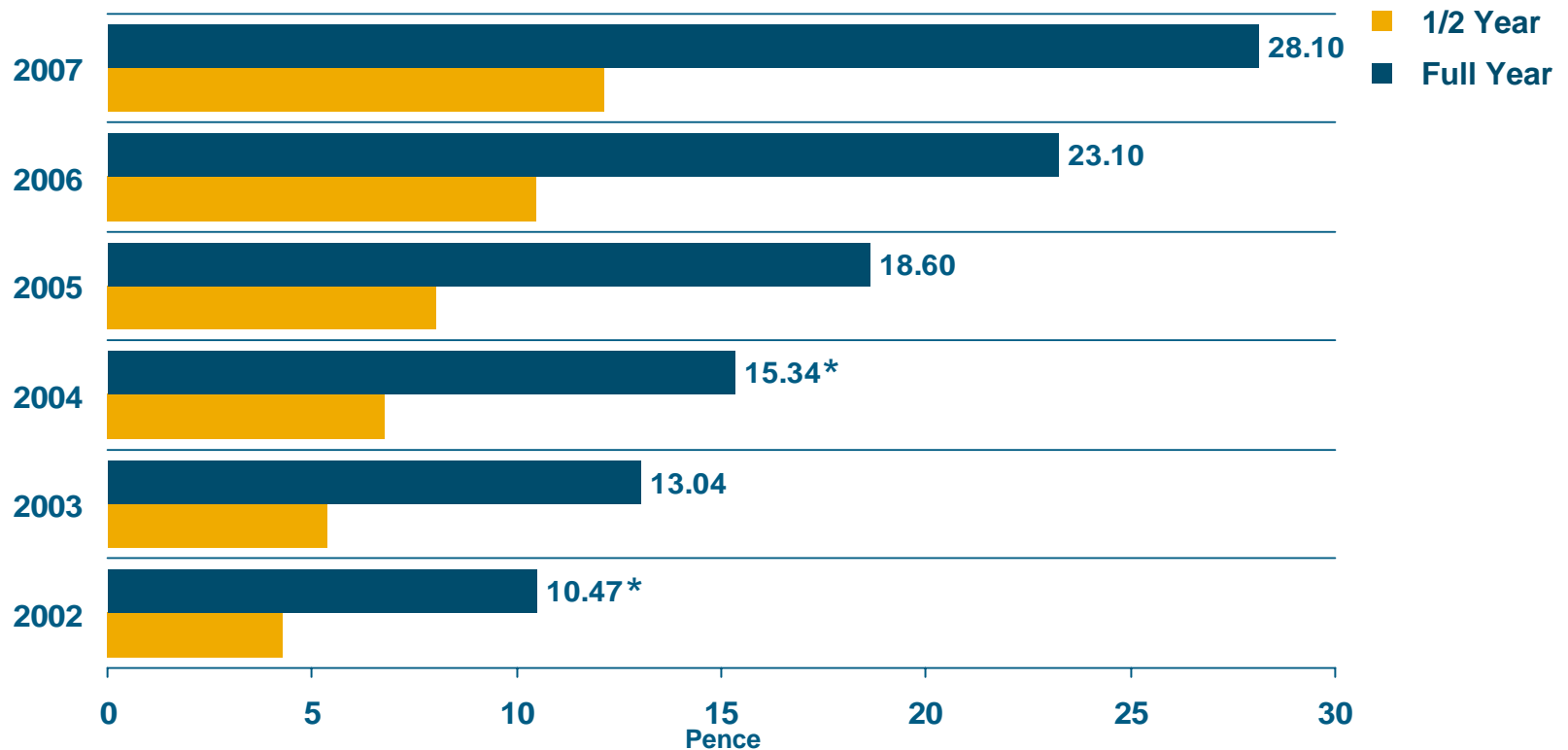
Operating margin



Financial performance – earnings per share before amortisation

Annual growth 22%

5 year compound growth 22%

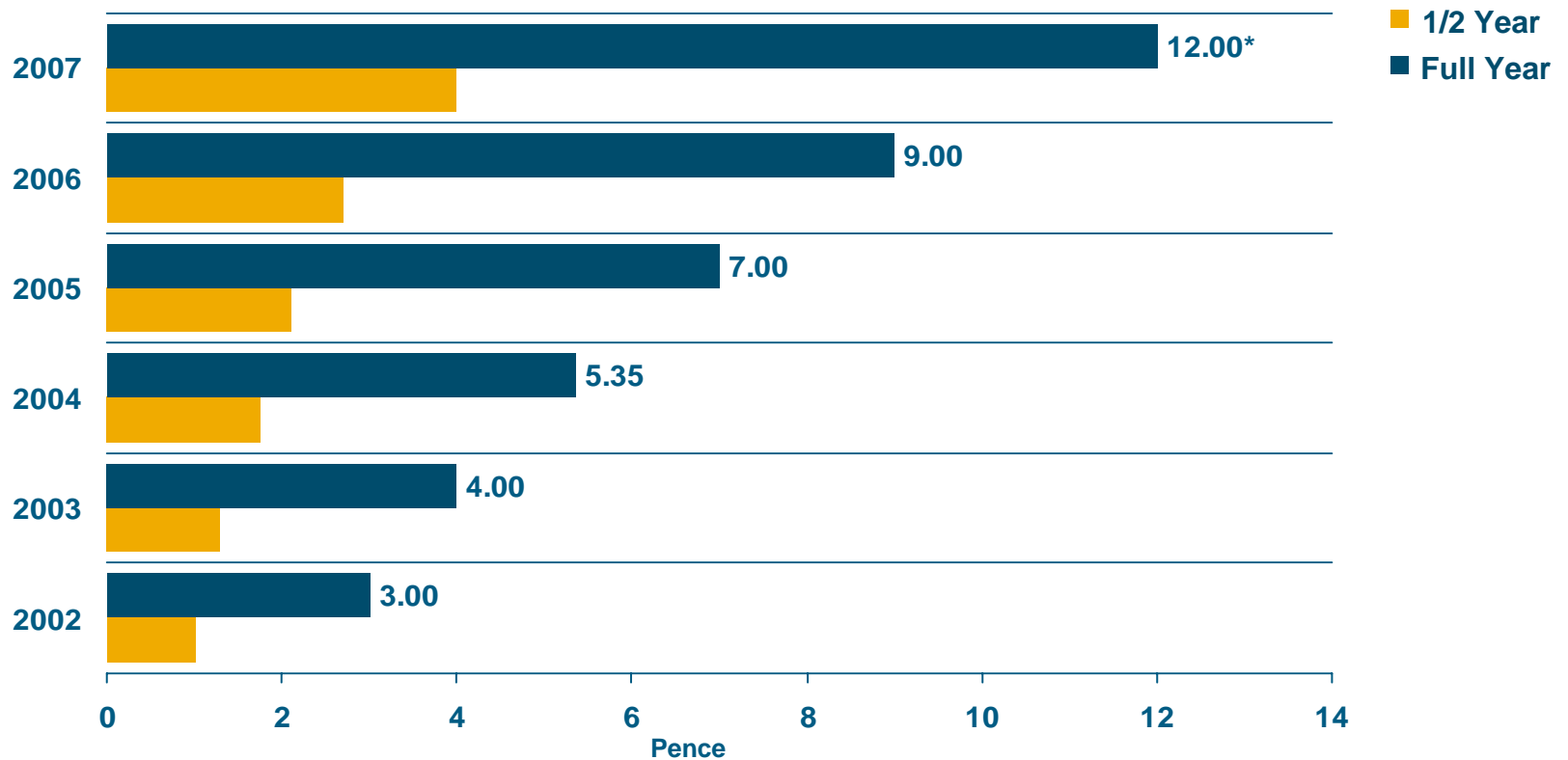


Financial performance – dividends

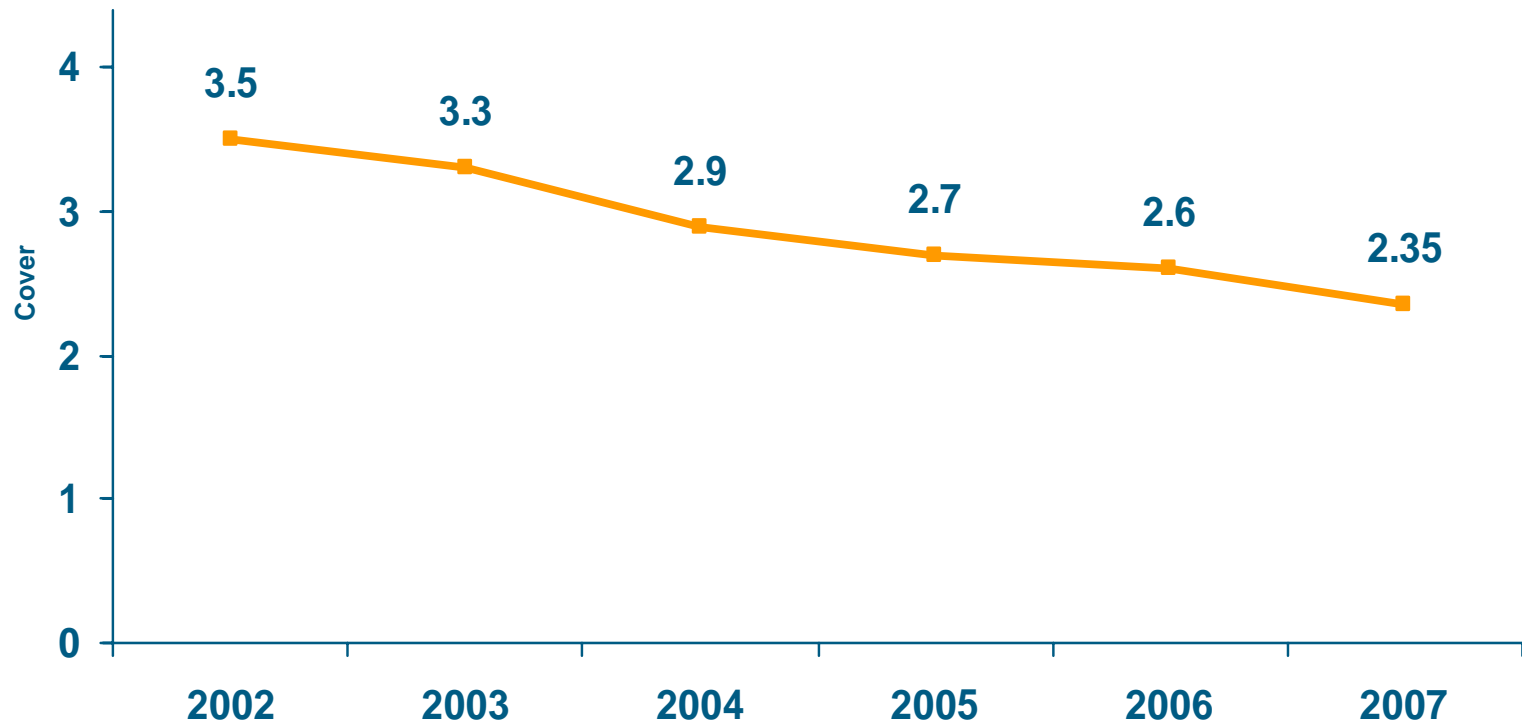
Annual growth 33%

5 year compound growth 32%

Dividend cover 2.35x



Financial performance – dividend cover

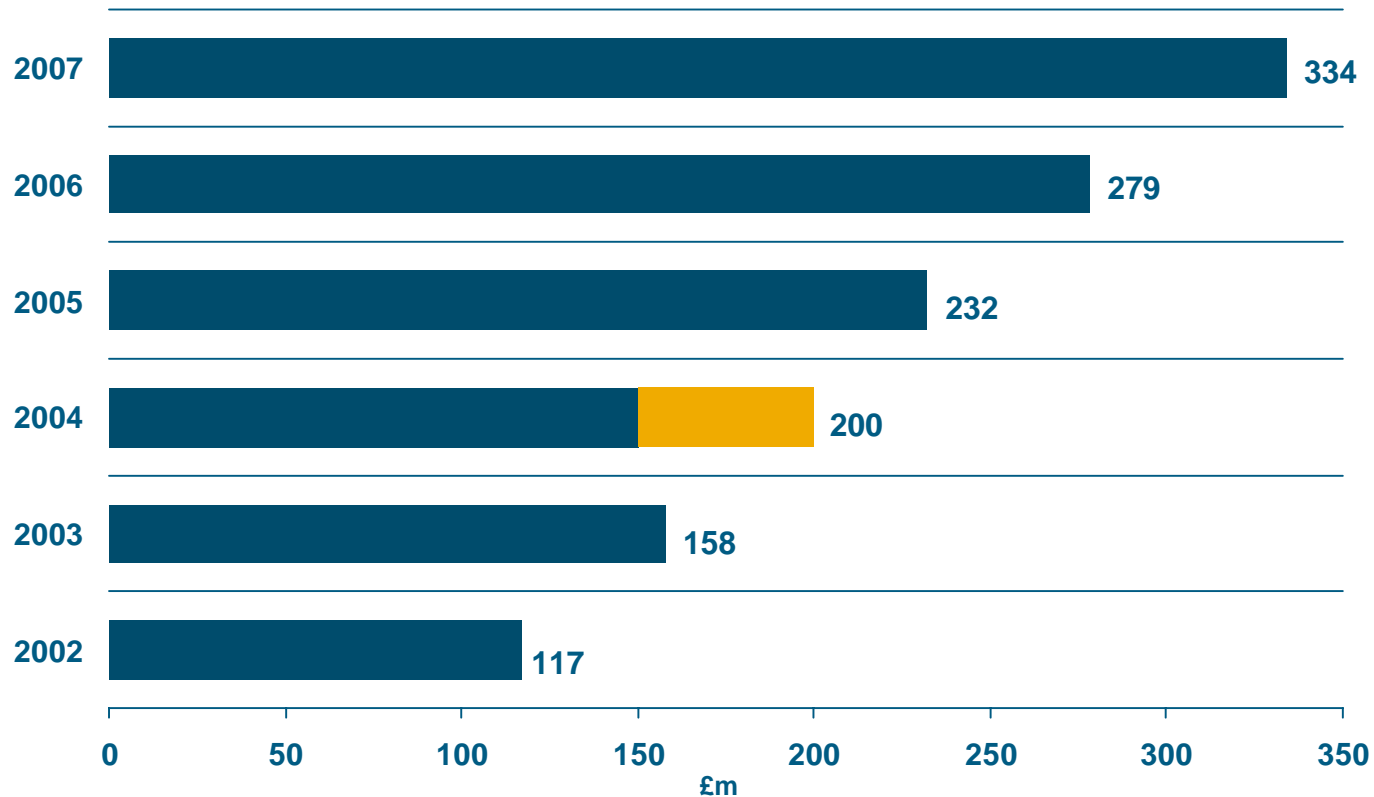


Financial performance – cash flow statement

	£m 2007	£m 2006
Underlying cash flow from operating activities	334	279
Net interest paid	(32)	(22)
Taxation paid	(46)	(40)
Capital expenditure	(72)	(63)
Underlying free cash flow	184	154
Acquisitions and disposals	(107)	(48)
Equity dividends paid	(219)	(48)
Share buybacks	(44)	(246)
Investments in insurance captive	(5)	(7)
Bond issue	101	179
Share option proceeds	67	50
Repayment of loan notes	(34)	(3)
Other financing	2	(2)
(Decrease) / Increase in cash in the period	(55)	29

Financial performance – cash flow from operating activities

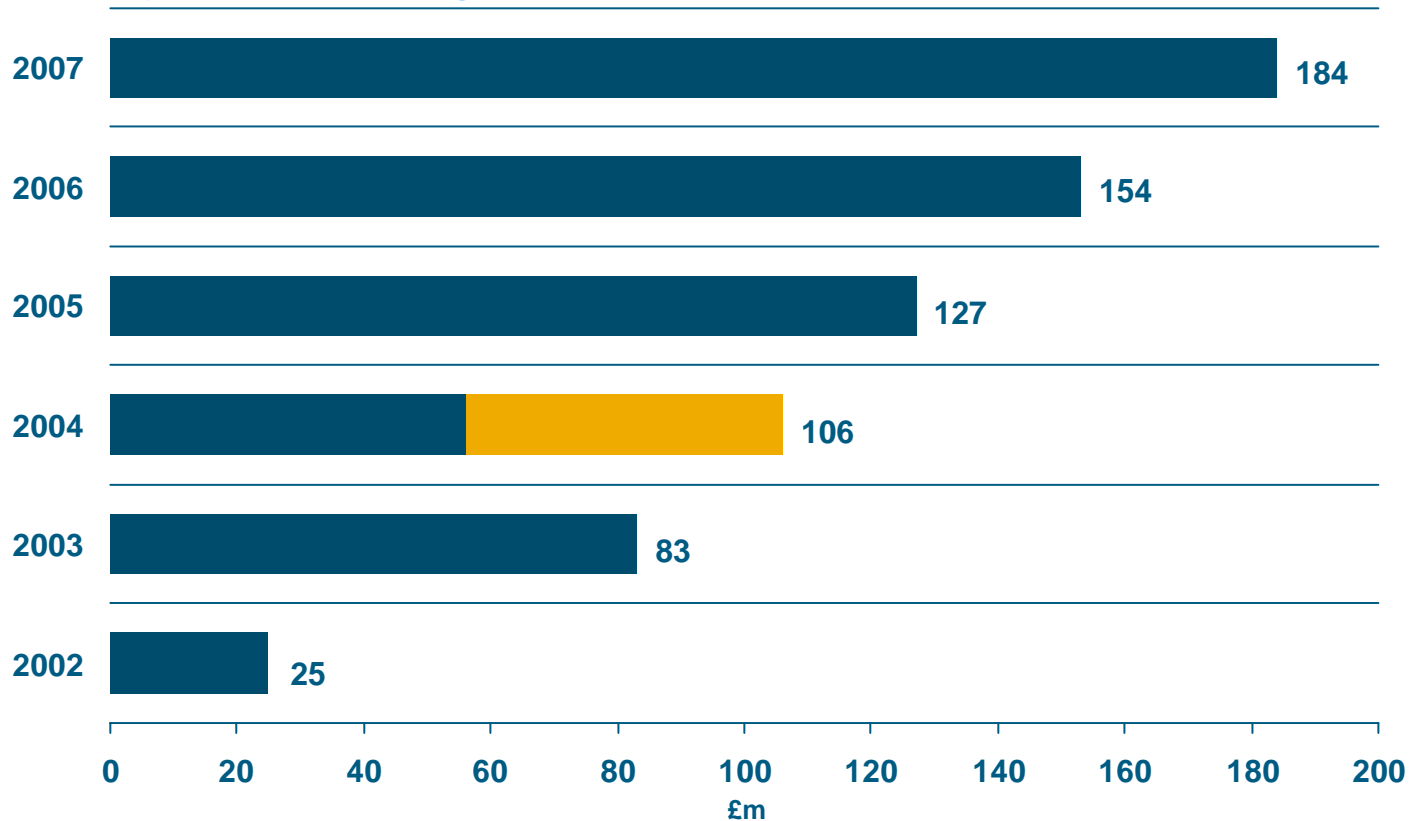
Annual growth 20%
5 year compound growth 23%



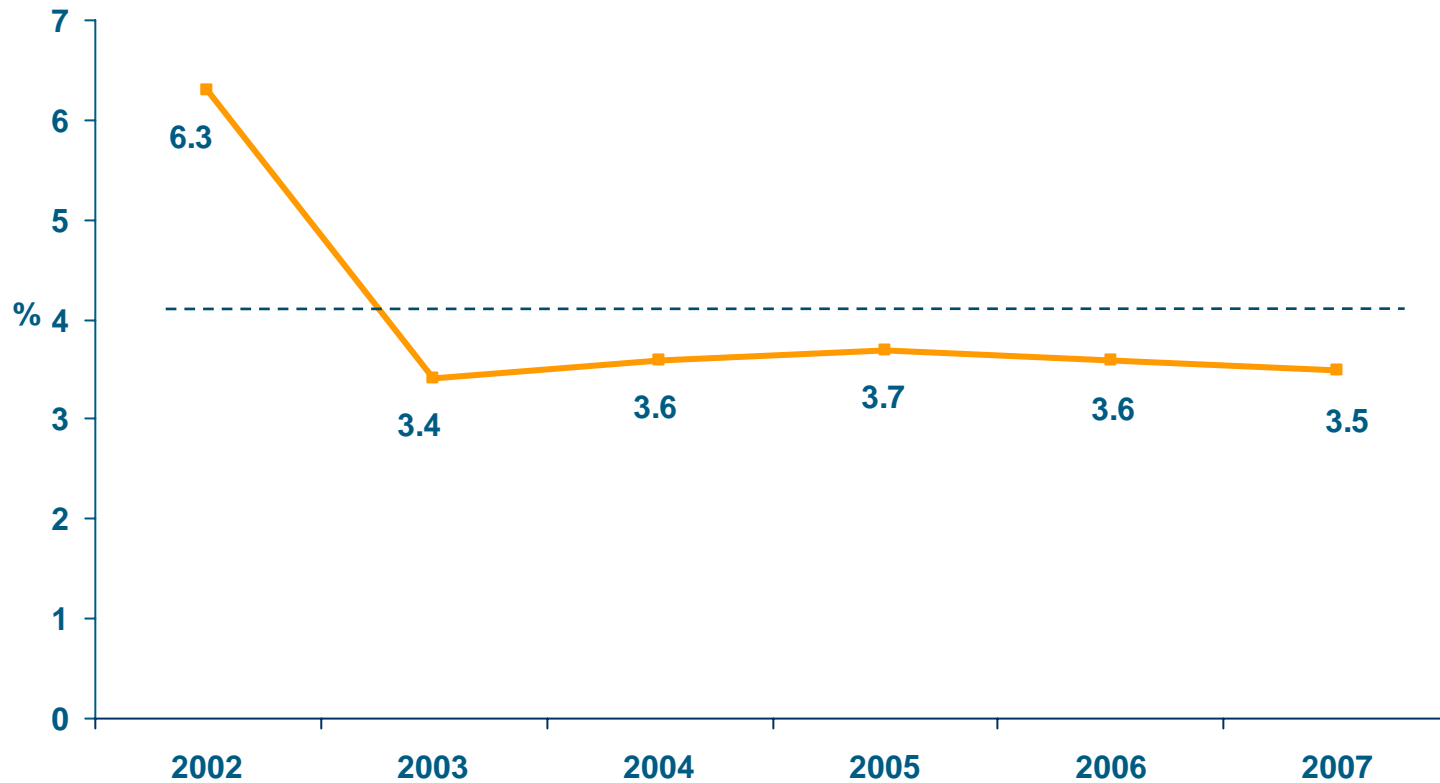
Financial performance – free cash flow

Annual growth 19%

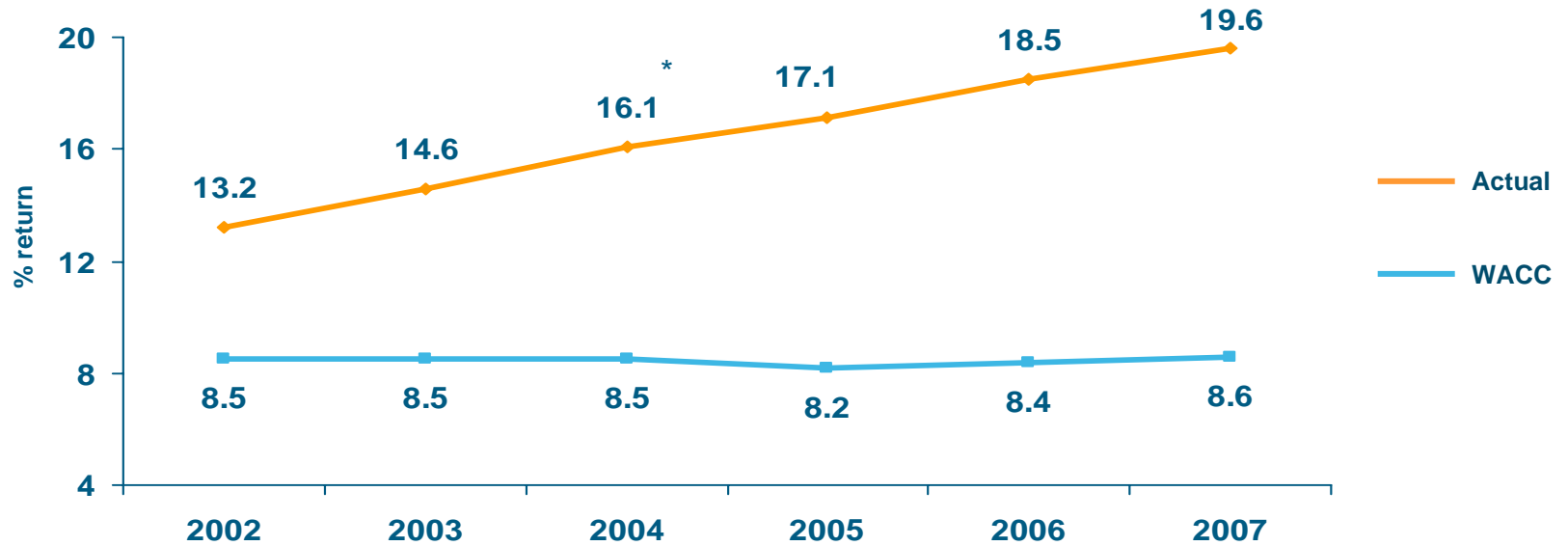
5 year compound growth 49%



Capex as % turnover

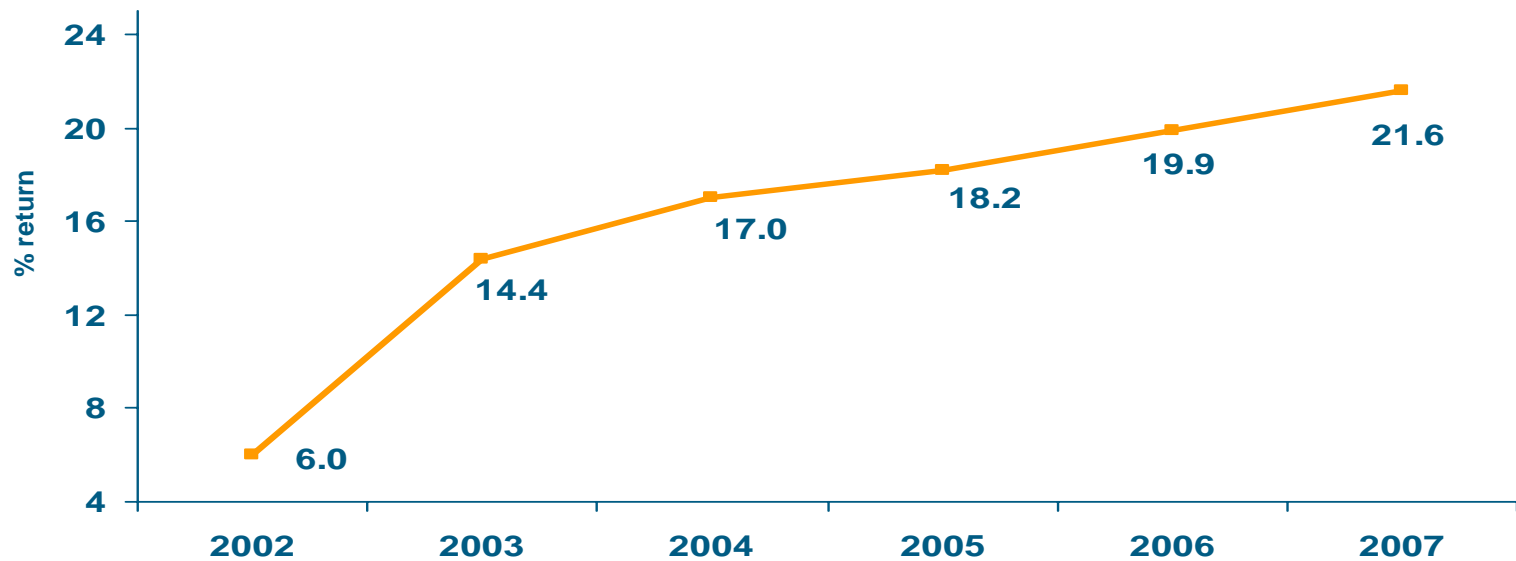


Net return on capital



	2002	2003	2004	2005	2006	2007
PBIT	107 *	131	156 *	183	225	271
Avg capital (£m)	575	645	696	776	880	998
Tax (%)	29.1	28.1	28.1	27.7	27.7	27.7

Free cash flow return on capital



	2002	2003	2004	2005	2006	2007
FCF (pre interest)	34	93	118 *	141	176	216
Avg capital (£m)	575	645	696	776	880	998

* excluding exceptional pension payment

Balance sheet gearing

	£m 2007	£m 2006
Net debt		
Bond debt	479	379
Bank facilities drawn / (deposit)	45	(9)
Loan notes	2	22
Total net debt	526	392
Interest cover	8x	9x
Net debt to EBITDA	1.7	1.5

Returns to shareholders in respect of 2007

- 6.6m shares (1.1% of share capital) cancelled at average of 665p
 - Cost £44m (including stamp duty)
- Special dividend of £155m paid in Oct 2007 with a share consolidation cancelling a further 20m shares
- Shares in issue at 31.12.07 – 609m
- Including proposed final dividend, £272m returned to shareholders in respect of 2007 (c. 7% of our market capitalisation)

Fuelling growth through contract wins & acquisitions

Paul Pindar
Chief Executive

Contracts won in 2007

Countrywide	Swindon Borough Council	Southampton City Council	OSPT
New contract £19m 15 years	Updated value Initial value: £140m / 10 yrs Now signed at: £243m / 15 yrs	New contract £290m 10 years	New contract £12m 10 years
Service Birmingham	Resolution	CIS	Prudential
Customer services Additional contract £142m 10 years	New contract £580m 12 years	Updated value Initial value: £250m / 10 yrs Now signed at: £270m / 10 yrs	New contract £722m 15 years

Total major contracts secured in 2007: £1.89bn (2006: £1.37bn)

Service Birmingham

£142m over 10 years

- Set up by Birmingham City Council and Capita to support ICT and business transformation within the Council
- ICT transformation substantially completed and key performance indicators (KPIs) consistently being met
- In May 2007, the Council approved the business case to transform Customer Services
- Service Birmingham was successful at the Computing Awards 2007 – awarded IT Outsourced Project and IT Professional of the Year

Resolution plc

£580m over 12 years

- Selected as strategic partner to deliver customer services, IT services, policy servicing, claims and new business processing for 4.5m policyholders and future new business
- Contract involves both closed and open book policies
- Service commenced on 1 August 2007 and already performing well
- Approximately 2,000 Resolution staff transferred to Capita

Prudential

£722m over 15 years

- Strategic outsourcing partner to administer 7m life and pensions policies including group and individual pensions, investment bonds and life and endowment policies
- Providing customer servicing, policy administration, new business processing, claims activity and related IT support to Prudential UK
- Acquiring business and assets from Prudential, for £25 million, including part of PPMS, Prudential's offshore operation based in Mumbai
- 1,750 Prudential staff in the UK and 1,250 staff in Mumbai will transfer to Capita

Contracts announced in 2008

Marsh Ltd	British Islamic Insurance	eircom
Preferred bidder £200m 10 years	Preferred bidder £87m 8 years	New contract £17m 5 years
	Teachers' Pension Scheme	
	Extension £10m 1 year	

Total major contracts secured to date 2008: £314m

Bid activity

- In last 3 months, clients decided £1.5bn opportunities from bid pipeline
- Capita won 68% by value
- Pipeline* is steadily being replenished
- Bid pipeline of £2.5bn comprising 25 bids (Feb 2007: £2.6bn; 12 bids)
- Most active markets: Life and pensions, local government and general insurance
- Central government remains relatively quiet
- Current win rate remains 1:2 (long term rate 1:3)
- Prospect and suspect lists encouraging
- Now focusing on 2009 revenue growth

Rebid of existing major contracts

2008	2009	2010
None	None	DCSF*: National Strategies £35m p.a.
2011	2012	
None	TV Licensing £50m p.a. CRB £40m p.a.	

Criteria: more than 1% of 2007 turnover

Acquisitions

- In 2007, assessed over 100 opportunities and completed 12 acquisitions and investments
- We continue to acquire small to medium sized companies that:
 - create new market opportunities
 - strengthen existing market positions
 - bring complementary skills and services
 - access a new customer base
 - create further economies of scale
 - generate sustainable, quality revenue

2007 major acquisitions & investments

Spectrum	Harry Weeks	CPFR Solutions	GFA	NHS Partners	CMGL
Software £1.75m	Travel admin £21m + £12m	Software £3m + £10m	Fund admin £2m + £2.5m	Resourcing £1.9m + £0.9	Insurance £32m
MVRA	PwC CI LLP	Higham Dunnett Shaw	Aspen	TMG*	McKeags*
Insurance £1.3m + £1.6m	Trust Services £12.75m	Pensions admin £15m	Pensions admin £7.4m	Legal £8m + £8.5m	Legal £7m + £5m

*Investment

Total spent on 12 acquisitions and investments in 2007: £114m
(11 acquisitions and investments in 2006: £48m)

PricewaterhouseCoopers CI LLP

Rationale: increasing scale and capacity of our trust administration offering

- Trust administration business providing trust information and on-going administration services
- Successfully integrated with Capita's other trust administration businesses in Jersey
- Increased capacity will help ensure our continued growth in this sector and we expect clear benefits to new and existing customers

Higham Dunnett Shaw

Rationale: adds valuable new expertise and capacity to Capita Hartshead's core pensions management and administration business and enhances our overall life and pensions outsourcing offering

- Provides synergies with our existing business and adds important new services, such as expertise in the bulk purchase annuities market
- Enhances our wider life and pensions capability when bidding for major life and pensions outsourcing opportunities, with in-depth expertise of policy and client retention
- Capita is now well placed to provide a full end-to-end service for clients of all sizes and achieve significant economies of scale

Building scale for future growth

Simon Pilling

Joint Chief Operating Officer

Our business model – business centres

Onshore - UK	Nearshore – Ireland, Channel Islands, Gibraltar	Offshore - India
<p>48 business centres</p> <ul style="list-style-type: none">▪ Back office admin▪ Customer services▪ Life & pensions▪ IT & software▪ Resourcing & training▪ Share registration▪ Property consultancy▪ Electronic document processing▪ Claims & policy admin▪ HR admin	<p>4 business centres</p> <ul style="list-style-type: none">▪ Customer services▪ Life & pensions admin▪ Financial services▪ Corporate registrars	<p>2 business centres</p> <ul style="list-style-type: none">▪ Data validation & entry▪ Claims & policy admin▪ Fund management admin▪ Accounting & finance processing

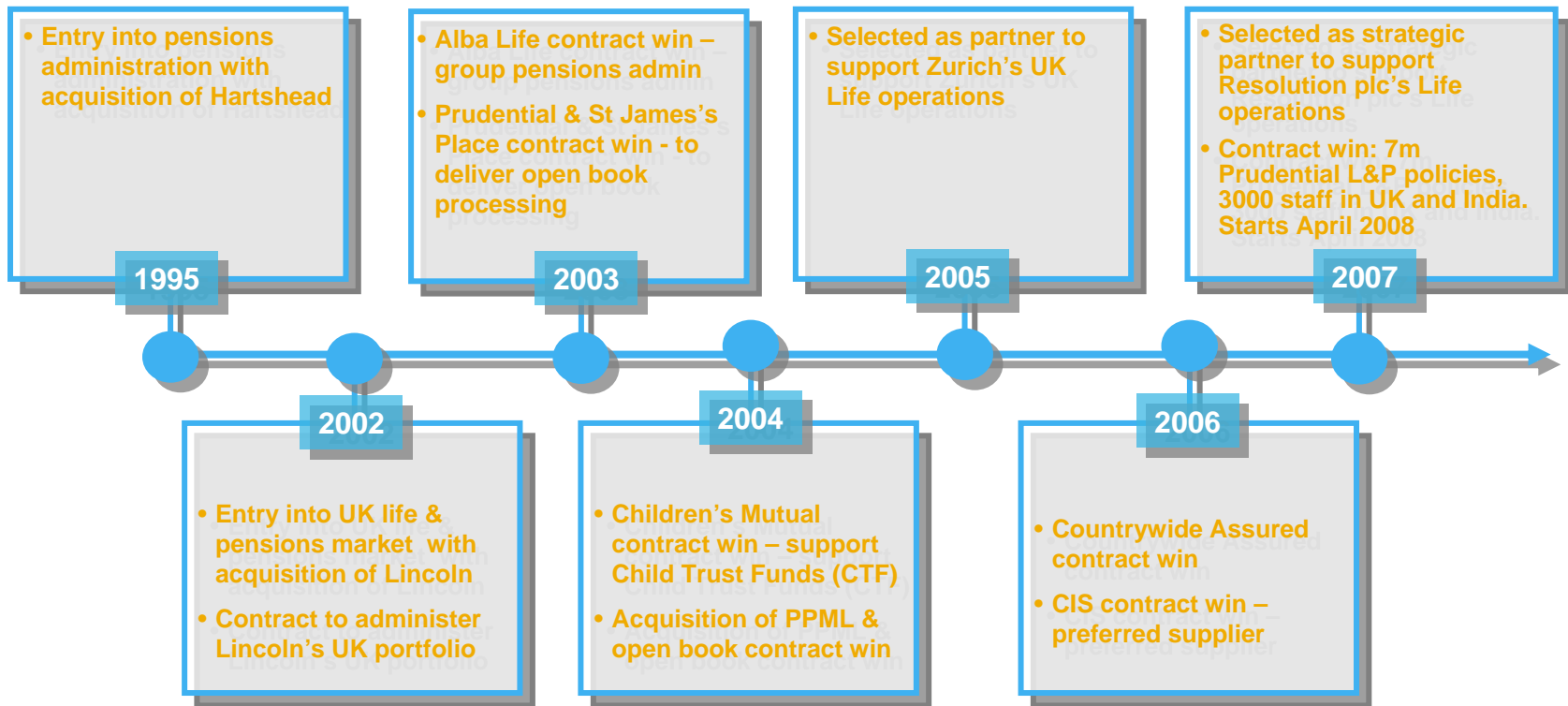
Building scale – offshore

- Integral to Group offering
- Quality management team
- 2 sites in Mumbai with 1,300 staff
- Seat capacity for 2,000 staff
- Service delivery continues to exceed expectations
- Currently processing more than 1m transactions per month

Building scale – offshore

- Resolution, Prudential and Marsh – significant increase in scale and capability of our offshore operation
- Employee numbers will almost double with 1,250 transferring from Prudential's offshore operation, adding a 3rd site in Mumbai
- Securing a 4th site in Pune - excellent infrastructure and large supply of skilled BPO staff
- Pune site expected to be operational in June 2008

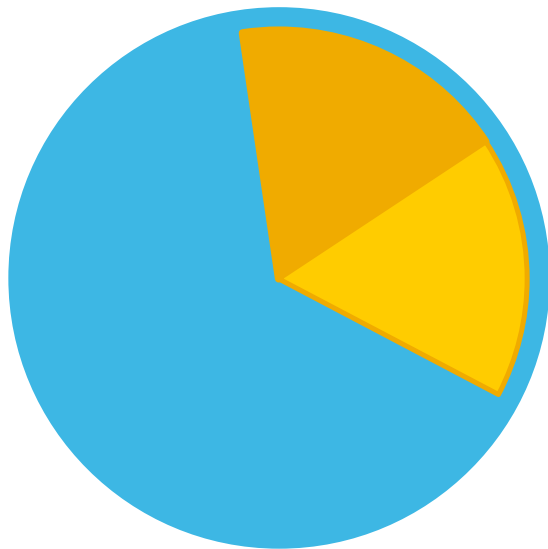
Building scale - life & pensions



Building scale - life & pensions

	<u>Policies (millions)</u>
• Individual life & pensions policies administration	
• Zurich	2.9
• Resolution	4.2
• Co-Op Financial Services	4.7
• Prudential (from 1 April)	7.4
• Other providers	2.0
• Child Trust Funds	<u>0.8</u>
	22.0
• Group pension scheme administration	<u>3.2</u>
• Total life and pensions policies	<u>25.2</u>

Life & pensions – market size & share



■ Total market

Estimated UK policies in force (excluding group schemes and CTF): circa **120m**

■ Outsourced market

Number of policies outsourced to date estimated to be in the range **42m-47m** (c35% of market)

■ Capita's share of the outsourced market (excluding group schemes)

Current contracts – **22m** policies

- about 17% of the total market and
- about 52% of the outsourced market

Capita's major life & pensions centres



Building scale – general insurance services

In 2007
Capita Insurance Services:

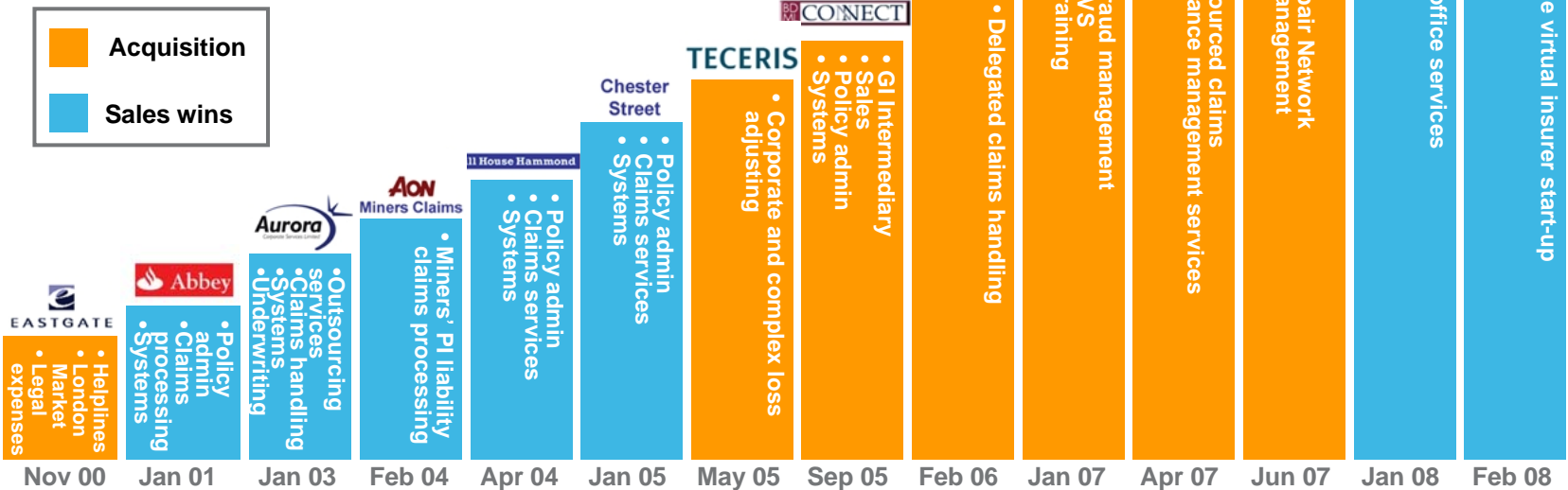
£12.5bn
 Administered over £12.5bn claims liabilities

1,500,000
 Over 1,500,000 policies under management

550,000
 Captured over 550,000 claims

680,000
 Settled over 680,000 claims

4,000
 Grew to employ over 4,000 staff



Marsh – broker BPO services

- 10 year agreement worth £200m supporting Marsh's London Market based back office
- Onshore/offshore model including creation of a centre of excellence in Norwich and transfer of work to our offshore operation in Pune, India
- Circa 800 staff transferring/joining in Norwich and Pune
- Strategic partnership supporting Marsh's wide ranging UK transformation programme
- Our extensive insurance capability built over past 3 years instrumental in developing the Marsh partnership
- Now extremely well placed to deliver growth in BPO services within the London insurance market

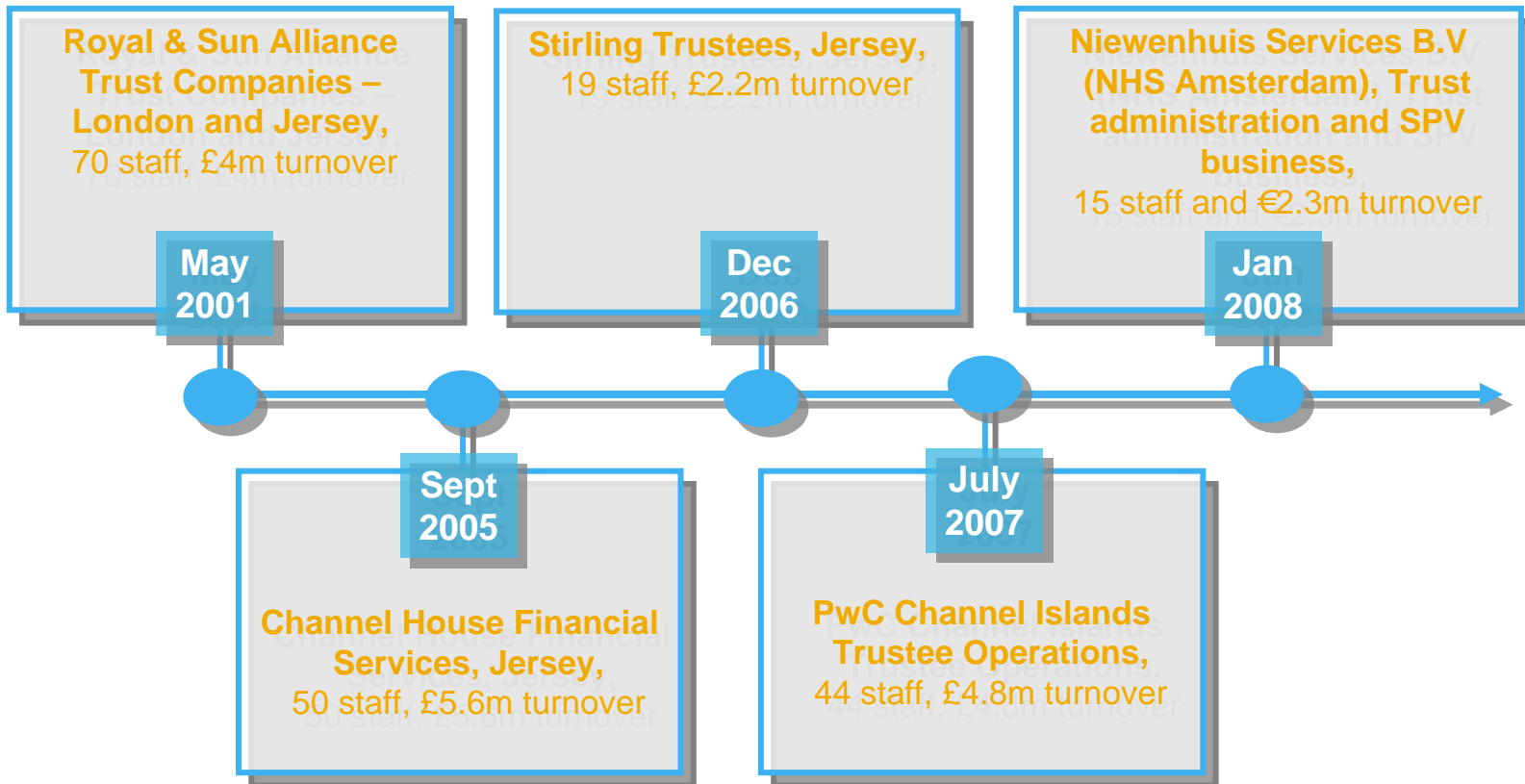
BIH – “Virtual” insurer start up

- 8 year deal for insurer start up delivering full end-to-end back office services
- UK based insurer offering insurance products to the Islamic community
- Initial home & motor product launch in Q2 2008 with further products planned for Q4 2008 including entry into the life and pensions market
- Contact centre in Cheadle projected to grow to 300+ staff over an 8 year contract period
- Full outsource solution: sales, policy administration, end-to-end claims management and provision of all IT, infrastructure & corporate services
- Resulted from capability assembled during the past 2 years
- Strengthens position at the forefront of the general insurance BPO market

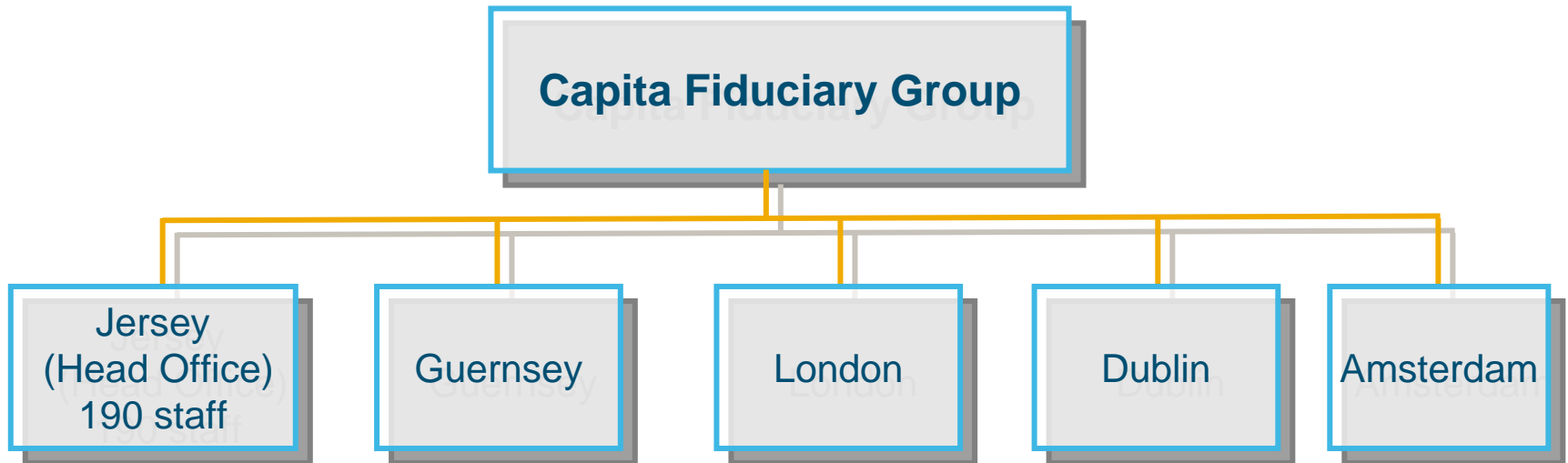
Building scale - financial services

- Four businesses:
 - Registrars
 - Fund administration
 - Fiduciary
 - Treasury advice
- Strong growth – £30m turnover in 2000; £175m now
- 1,800 staff

Capita's Fiduciary acquisitions



Capita Fiduciary Group



- Trust & company business
- Corporate financial services
- Custody services
- Registrar services
- Fund admin services
- Corporate trustee services
- SPV administration services
- Personal trusts
- Property unit trusts

Capita Fiduciary Group today and the future

- 260 staff
- 75% professionally qualified or studying towards a professional qualification
- Anticipate margin of c.25% on revenues of £29m in 2008
- Total acquisition cost approx £40m
- Continued strong organic growth of 15% per annum
- Complements offshore fund administration and registration businesses
- Buy and build strategy to continue in different tax jurisdictions

Market opportunities and outlook

Paul Pindar
Chief Executive

Ingredients for continued growth

- Healthy trading conditions across the Group
- Current economic climate increasing focus on outsourcing
- Our big ticket and business sales teams are proactively targeting new opportunities and new market areas
- Ingredients for a successful 2008 are already in place