

# Serco Group plc

11 April 2005

Kevin Beeston  
**Executive Chairman**

serco  




# Profile

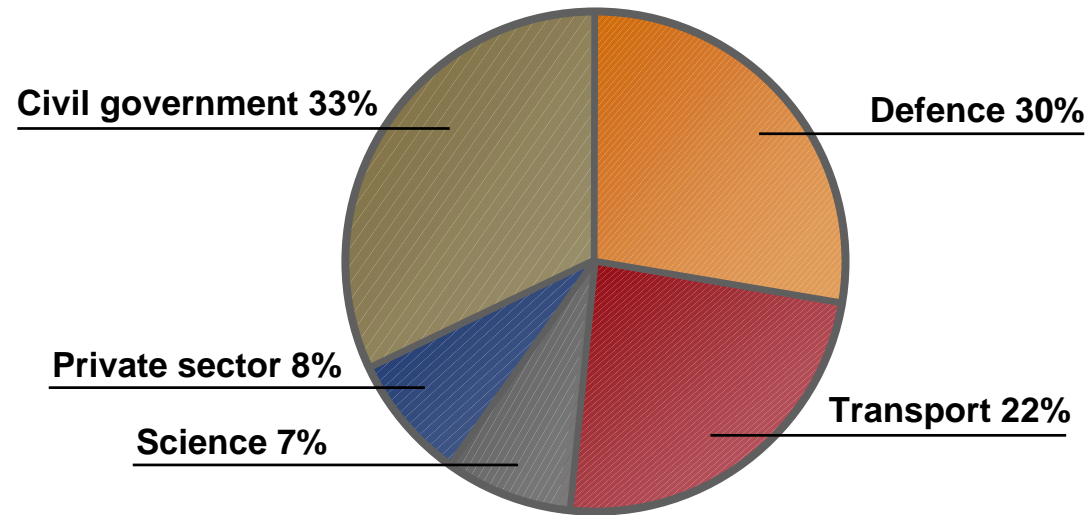
- Delivering managed public services for over 40 years
- Broad portfolio of international government clients
- Track record of high contract retention and strong organic growth
- Low capital requirement business
- Political and economic imperatives are expanding addressable markets

# Where we operate

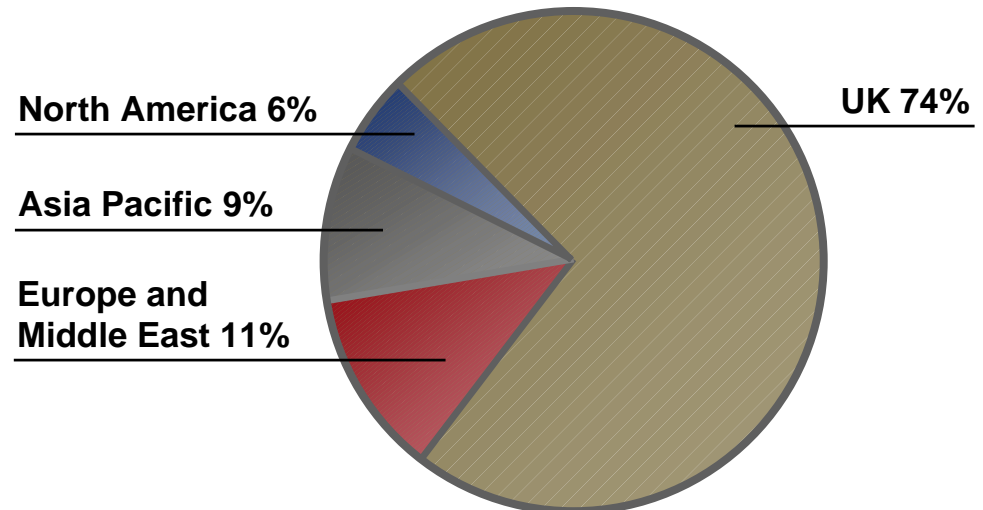


# Segmental analysis

## Sectors



## Geography

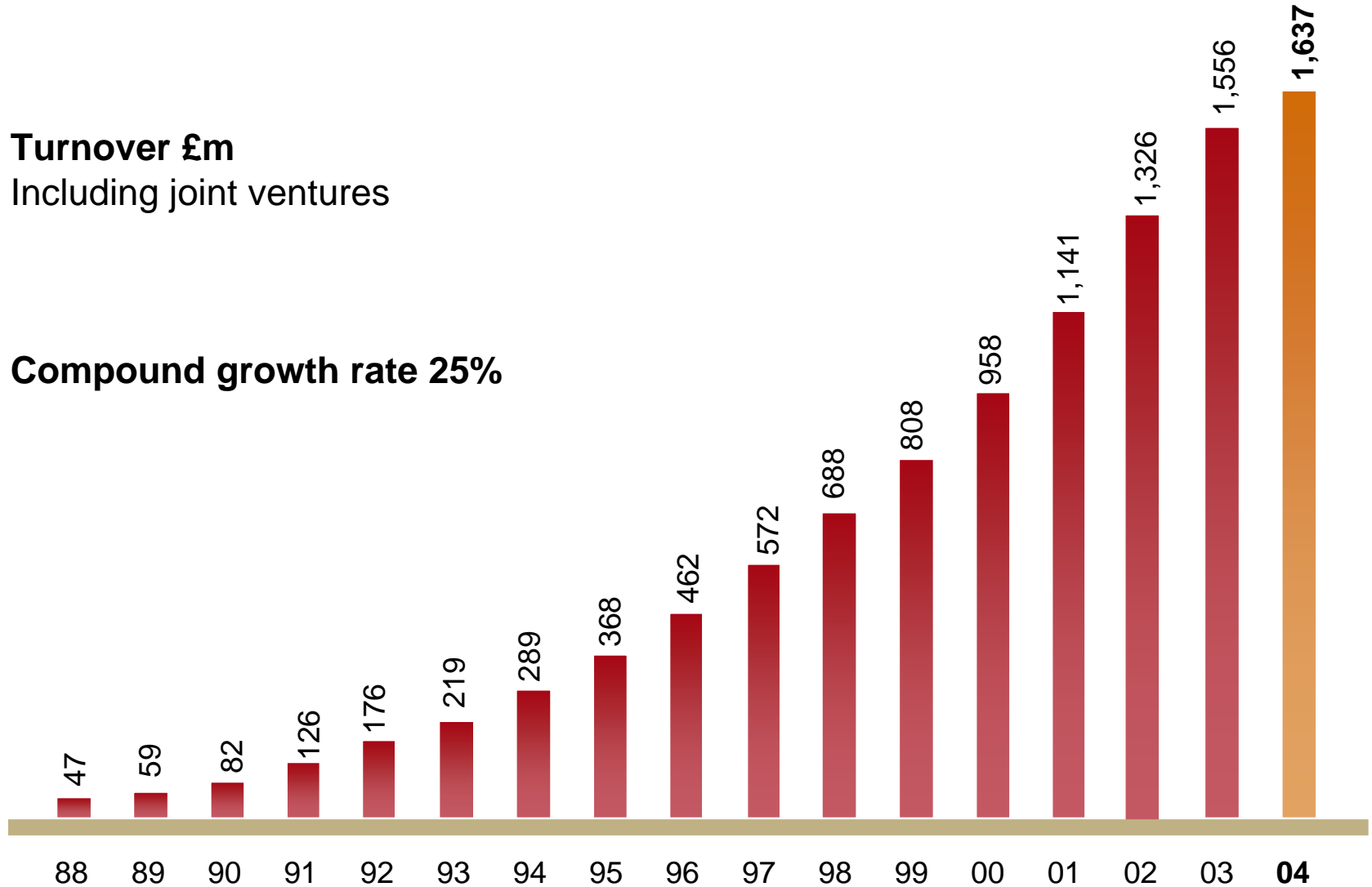


**2004 turnover £1,636.8m**  
including joint ventures

# Track record of growth

**Turnover £m**  
Including joint ventures

**Compound growth rate 25%**



## Clear differentiators

- Most companies offer narrow technically focused expertise
- Serco offers management expertise applicable across many sectors
- Market shifting to bundled and integrated services
- Increasing barriers to entry – track record and financial strength important
- Continuous innovation and improvement over contract life creates real long term partnerships

## 2004 Preliminary results – financial highlights

		Growth	Underlying Growth
Turnover	£1,636.8m	5.2%	14.0%
Profit before tax*	£73.9m	10.3%	16.4%
Earnings per share*	12.20p	10.6%	
Dividend per share	2.63p	12.4%	
Free cash flow	£55.8m	18.7%	

\*before amortisation of intangible assets

## 2004 Preliminary results - operational highlights

- Rebid win rate maintained at over 90%
- Continuing to win 1 out of 2 new bids
- Order book at 31 December 2004 stood at record £12.7bn
- £4.7bn bids submitted and under evaluation
- Over £16bn of potential future opportunities identified
- 61% of underlying turnover growth from existing contracts
- Capability enhancing acquisitions of ITNET (UK) and RCI (USA)

# Strategy

- Organic growth the priority
- Acquisitions used to obtain
  - New capabilities
  - Market access
- Highly selective and analytical approach to capital allocation



# Acquisitions – high strategic value, minimal risk

## High strategic value

- Improved access to large and growing markets
- Strengthened offering in public sector and commercial markets
- Enhances skills and capabilities

## Minimal transaction risk

- Integration process normal business for Serco
- Similar business models
- Strength and depth of Serco management

## Create shareholder value

- Reinforced platform for organic growth
- Both transactions earnings enhancing in 2005

# ITNET

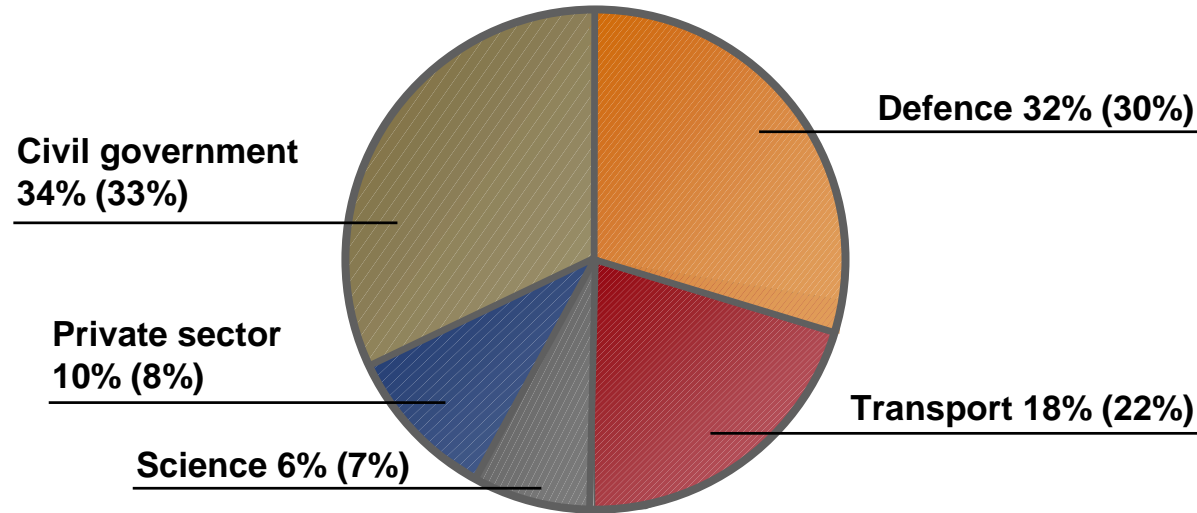
- Leading provider of IT services to UK local authorities
- Acquisition completed in February 2005
- 2004 unaudited revenues of £209m
- Adds capability in local government business transformation market
- Collaborative working has already begun bringing revenue synergy

# RCI

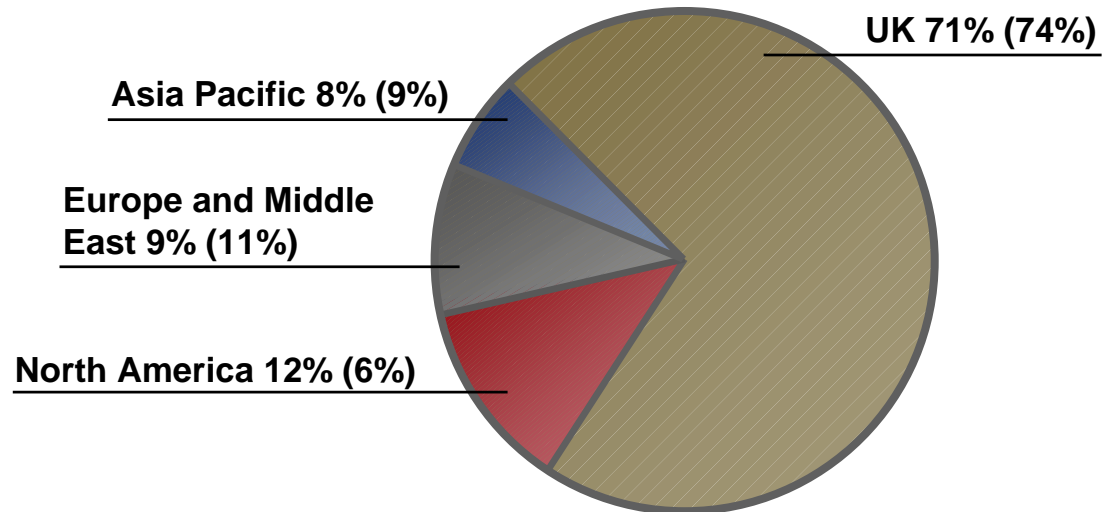
- Leading provider of business process management and IT services
- Acquisition completed in March 2005
- 2004 unaudited revenues of \$289m
- Top 100 supplier to US Department of Defense
- Transforms our competitive position in the US
- Cross fertilisation of skills and transference overseas in time

# The enlarged group – 2004 proforma turnover

## Sectors



## Geography



# Fuelling organic growth

- Acquisitions add cross selling capabilities
- Extending relationships
- Synergies at contract level
- Leveraging capability

# Looking forward

## Outlook

- Encouraging UK and international market conditions
- Record order book
- Margin improvement
- Continued growth

# Questions and Answers