

# Results for the year ended 31 December 2010

23 February 2011



# Forward looking statements

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This presentation includes certain forward-looking statements with respect to the financial condition, results of operations and business of Logica plc ("Logica"), and certain plans and objectives of the Board of Directors of Logica with respect thereto. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and Logica's actual results of operations, financial condition, liquidity, prospects, growth and strategies and the development of the industry in which Logica operates may differ materially from those expressed or implied by the forward-looking statements included in this presentation.

Events that may cause actual results to differ from such forward-looking statements include, but are not limited to fluctuations in the capital markets; fluctuations in interest and exchange rates; increased regulation or regulatory scrutiny; the occurrence of unforeseen disasters or catastrophes; political or economic instability in their principal markets; adverse outcomes in litigation; general local and global economic, political, business and market conditions.

Except as required by its legal or regulatory obligations (including as required by the UK Listing Authority and the London Stock Exchange), Logica does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise

# Basis of numbers presented

Unless otherwise stated, the comparatives in this release relate to pro forma results which:

- reflect average 2010 exchange rates by retranslating prior period actual numbers at average 2010 exchange rates. This decreased FY 2009 revenue by £22 million and had no impact on adjusted operating profit
- are adjusted to include the disposals that took place during 2009 by adjusting the actual prior period numbers for the relevant period owned. This decreased FY 2009 revenue by £12 million and had no impact on adjusted operating profit
- includes a number of changes to the scope of outsourcing activities in some of our geographies

With the exception of adjusted operating margin percentages, all numbers in this release have been rounded. Adjusted operating margin reflects the adjusted operating margin reported in the consolidated financial statements.

Adjusted operating profit and margin are from continuing operations and before exceptional items and amortisation of intangible assets initially recognised at fair value in a business combination.

Adjusted earnings per share is based on net profit attributable to ordinary shareholders, excluding discontinued operations, exceptional items, mark-to-market gains or losses on financial assets and financial liabilities designated at fair value through profit or loss, amortisation of intangible assets initially recognised at fair value in a business combination and tax on those items.

Exchange rates used are as follows:

	FY'10	H2'10	H1'10	FY'09
£1 / €				
Average	1.17	1.18	1.15	1.12
End of period	1.17	1.17	1.22	1.13
£ / SEK				
Average	11.12	10.99	11.26	11.91
End of period	10.53	10.53	11.64	11.53

# Agenda

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2010 highlights

Andy Green

A closer look at the numbers

Seamus Keating

Looking forward

Andy Green

## 2010 results at a glance

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**1%**

Revenue growth\*

(FY 2009 revenue: £3,668m)

**7.4%**

Adjusted operating margin

(FY 2009 pro forma: 7.4%)

**12.3p**

Adjusted EPS

(FY 2009: 12.5p)

**107%**

Book to bill

(FY 2009 pro forma: 114%)

**4.2p**

Dividend

(FY 2009: 3.3p)

**£280m**

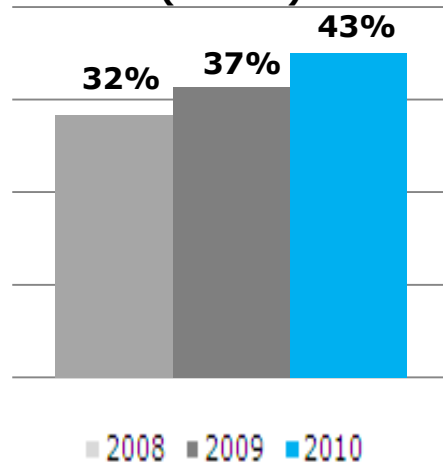
Net debt

(End 2009: £291m)

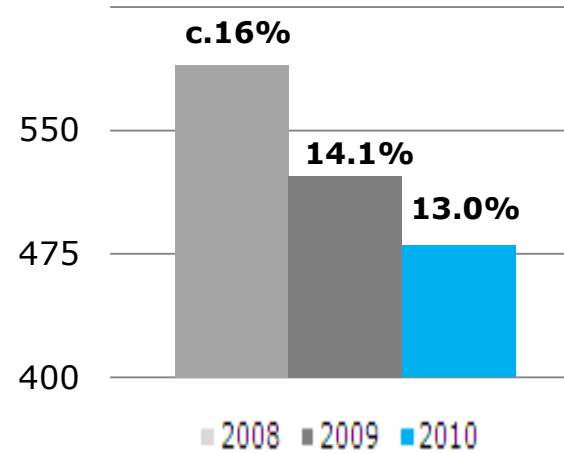
\* on a pro forma basis

# Delivering our strategy

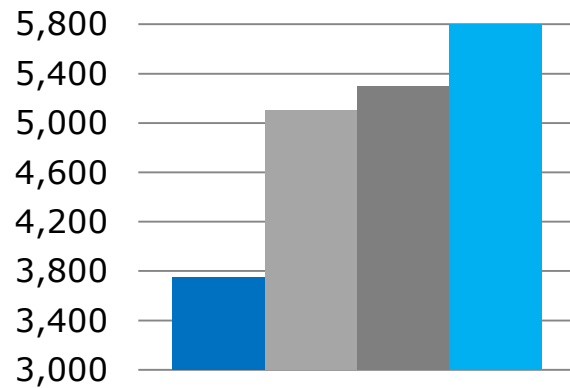
**Outsourcing (£m) and as % of Group revenue (actual)**



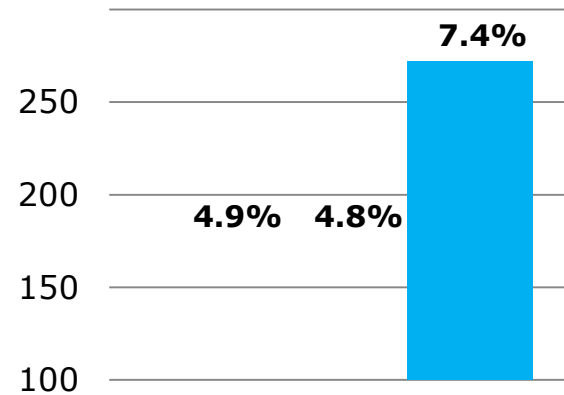
**Overhead (£m) and as a % of revenue**



**Offshore headcount 2007 to 2010**



**Clean operating profit (£m) and margin**



# Agenda

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2010 highlights

Andy Green

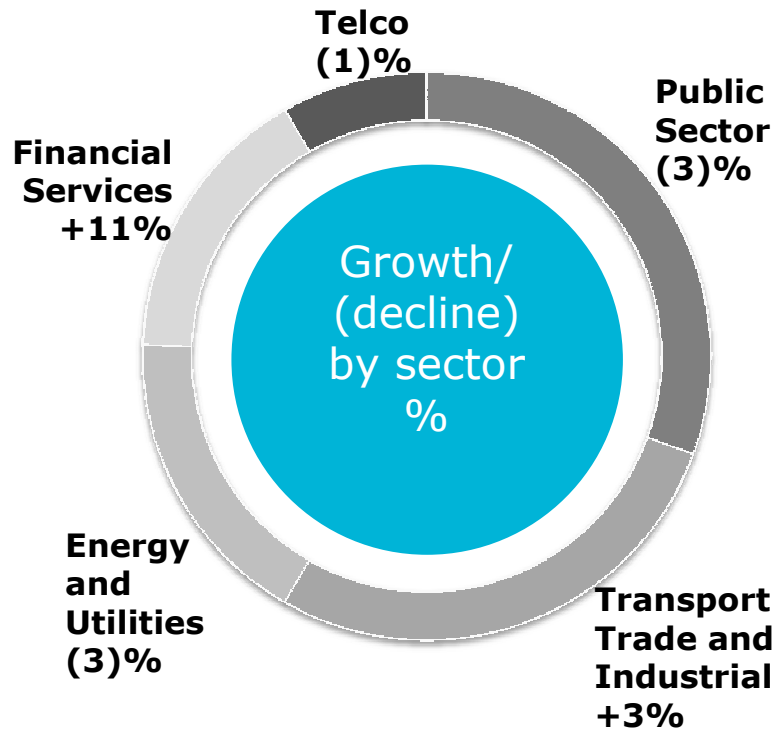
A closer look at the numbers

Seamus Keating

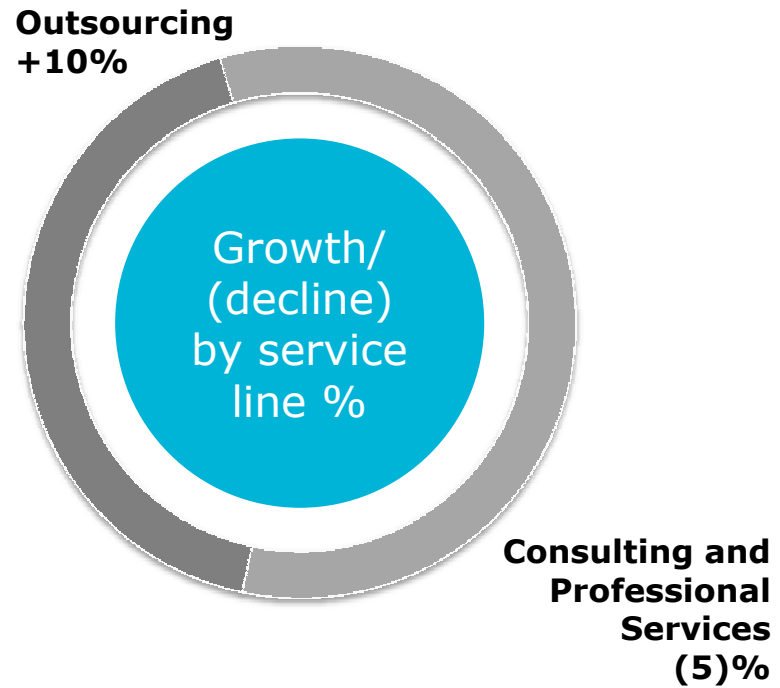
Looking forward

Andy Green

# Return to growth



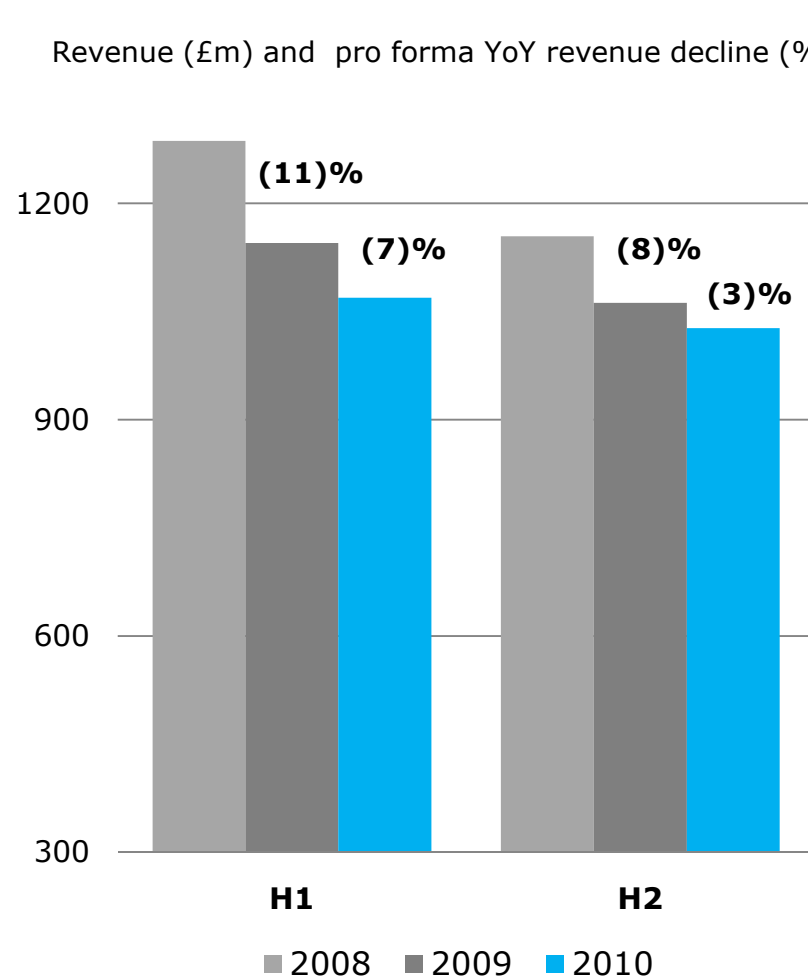
**FY'10 revenue**  
**£3,697m**  
**+1%**



The balance of our business allowed us to return to a modest level of growth in 2010

# Consulting and Professional Services

Revenue (£m) and pro forma YoY revenue decline (%)



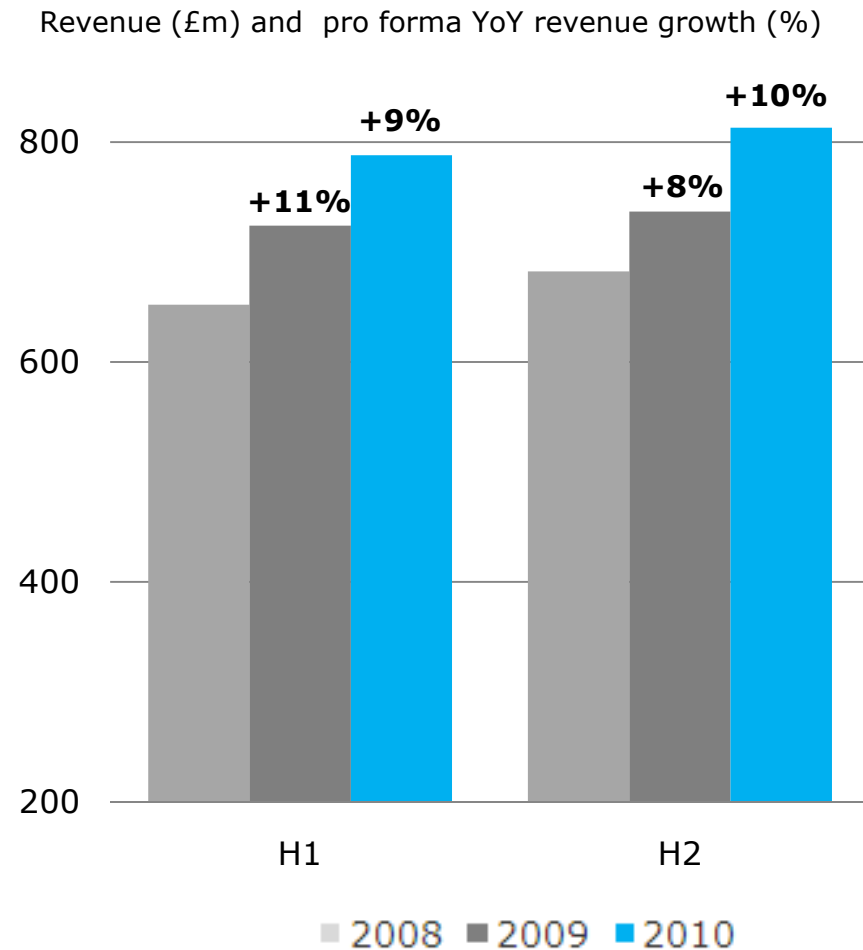
## 7.6%

**FY Adjusted operating margin**  
(FY'09 pro forma: 7.7%)

### Key points

- H2 revenue decline continued to slow to 3%
- Solid full year book to bill of 105%
- France and Northern and Central Europe back to growth in H2
- Benelux Q4 decline reduced to 3%
- Cloud offerings being led by Business Consulting
- Margin stable on last year

# Outsourcing revenue and margin progression



## 7.0%

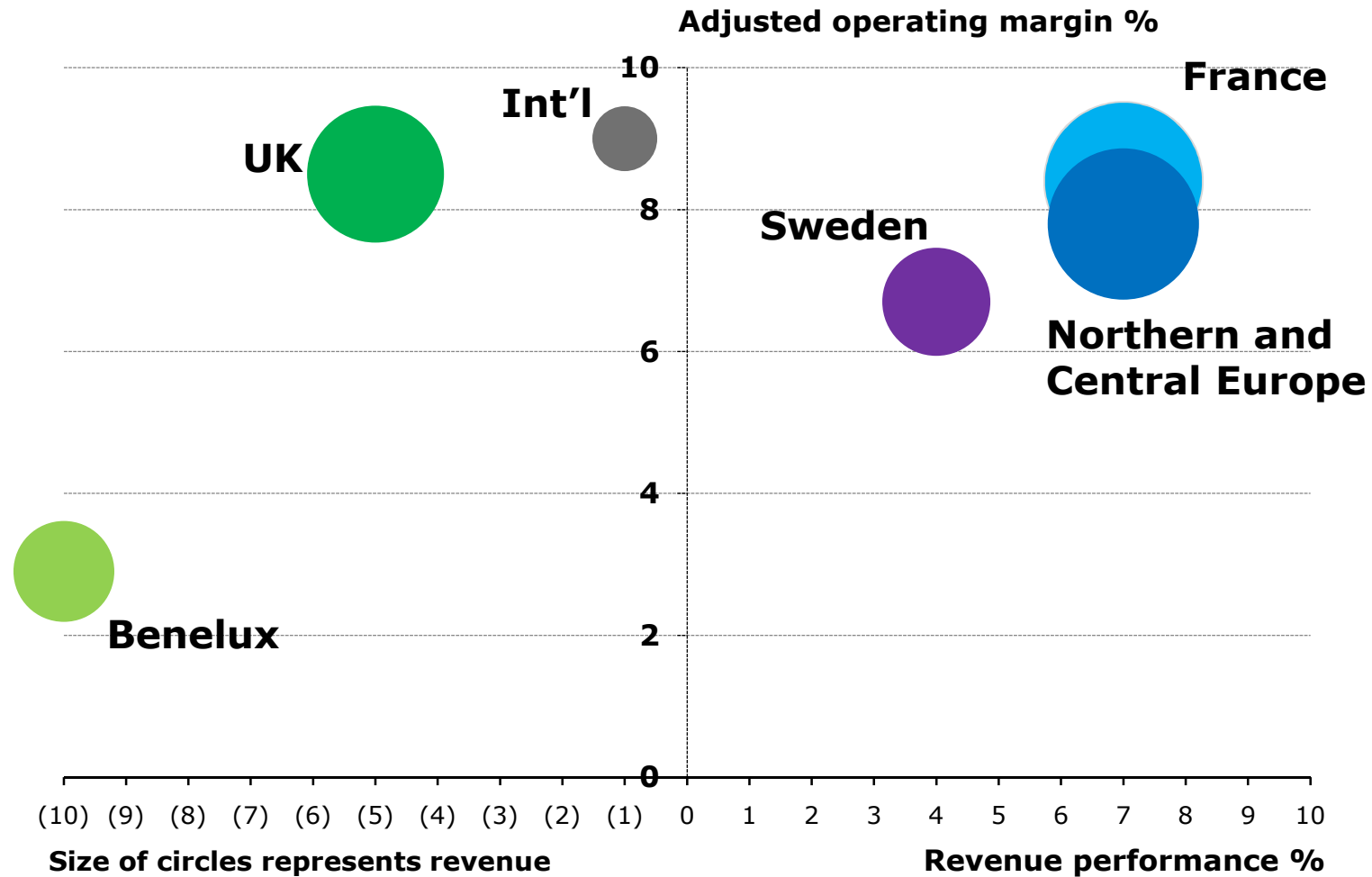
### FY Adjusted operating margin

(FY'09 pro forma: 7.0%)

### Key points

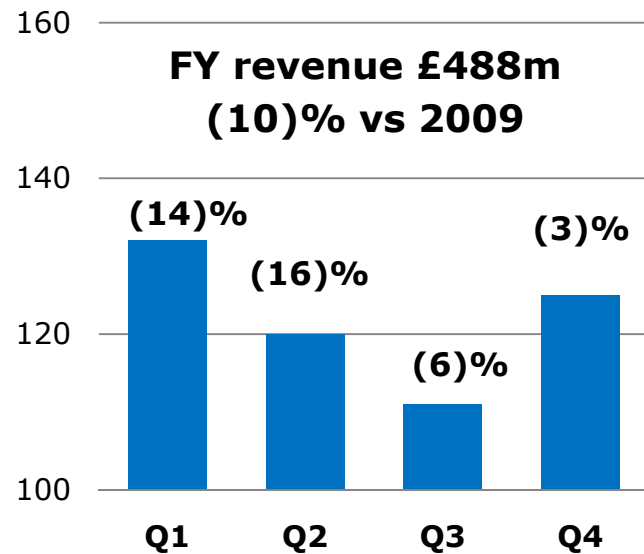
- Outsourcing now 43% of Group revenue (2009: 37%)
- Continuing to outperform market with FY revenue up 10%
- Applications Management revenue up 17%
- Outsourcing backlog £2.3bn at end of 2010, with FY book to bill of 110%
- Key wins since the end of 2010: SOCA, Shell and a major Dutch client

# A view of our business in 2010



# Driving improvement in the Benelux

Revenue (£m) and pro forma YoY revenue decline (%)



# 113%

CPS book to bill  
Q4 2010

## Key points:

Market remains challenging  
Programmes in place to drive more efficiencies through the organisation  
Revenue will grow in 2011

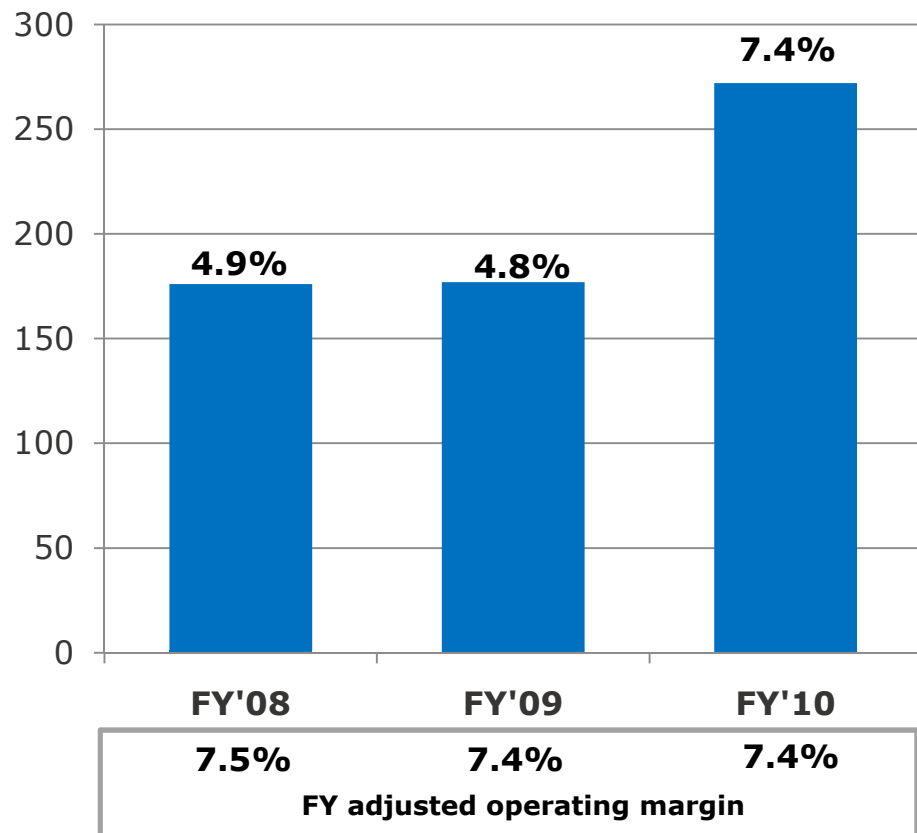
- 2010 orders up 3% vs 2009
- FS exiting 2010 with FY growth of 7% and strong backlog

Margin improvement from 2.9% in 2010 expected to come through the year:

- Still room for improvement in utilisation on reduced headcount base
- Easier comparatives due to £5m of project write offs in H2 2010

# Clean operating margin

Post restructuring adjusted operating profit (£m) and margin (%)



## 7.4%

**FY Adjusted operating margin**  
(before disposals and amortisation of intangibles)  
(FY'09 pro forma: 4.8%)

### Key points:

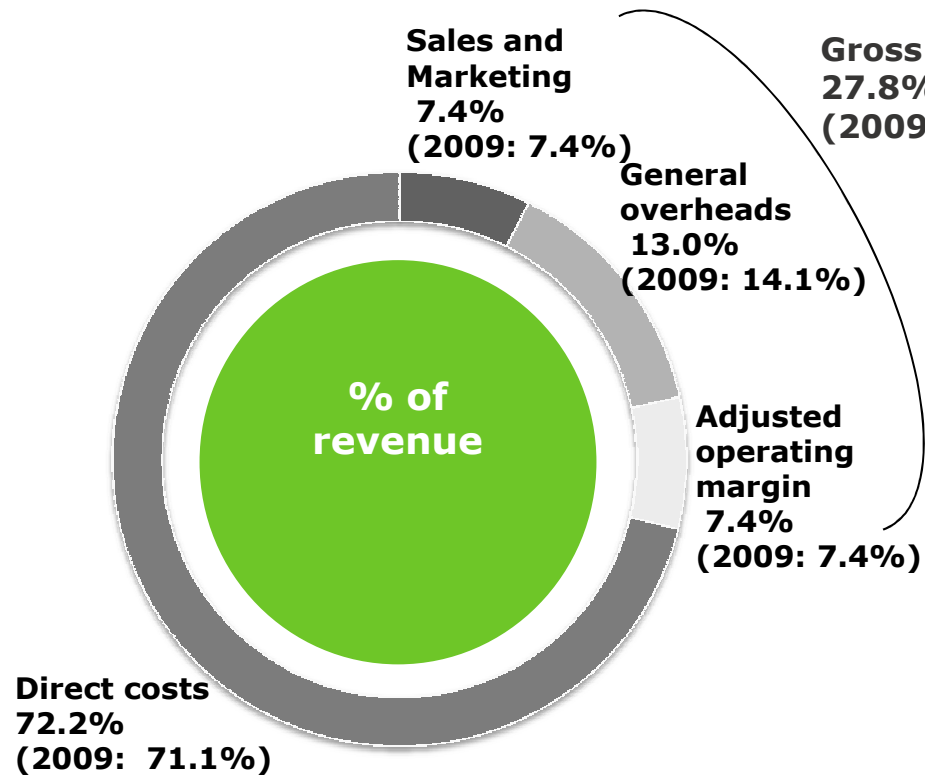
Improvement in margin to 7.4% on a post restructuring basis with benefits from Programme for Growth savings and French tax legislation changes

H2 margin of 8.1% with improvement in Sweden offset by a weak result in the Benelux

### 2011 guidance:

Modest FY margin improvement  
£30m operating costs predominantly in H1  
Around £15-£20m benefit from the beginning of Q2

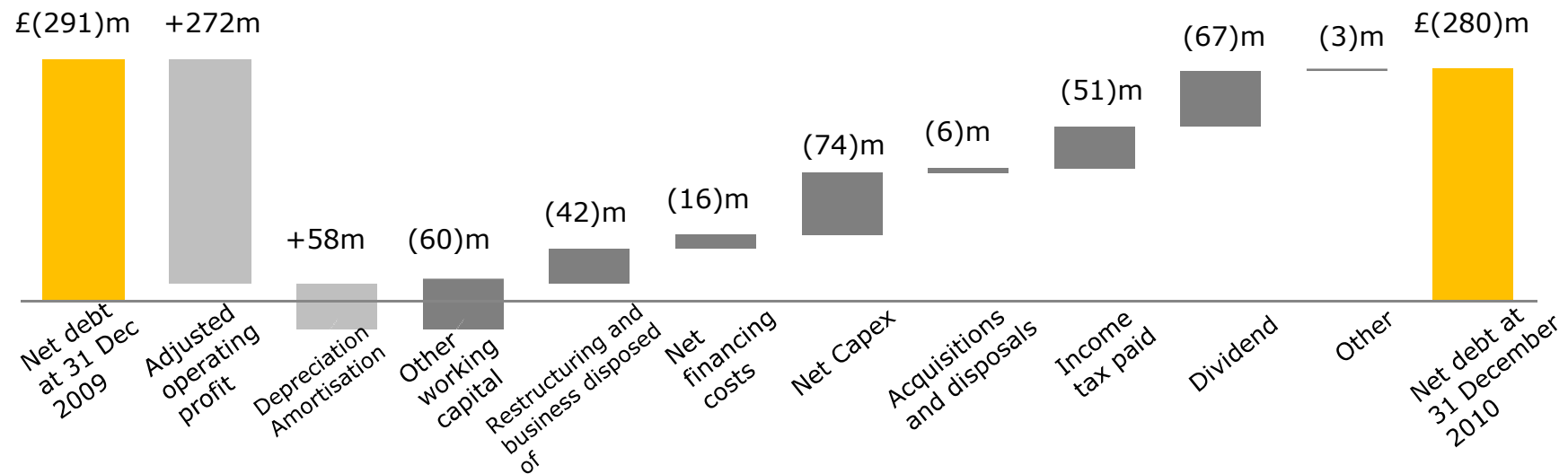
# 2010 margin structure



## Key points:

- Effect of annualised 2009 price reductions on gross margin lessening
- Ongoing overhead reduction as a result of initiatives in place since 2008
- Solid level of investment in Sales and Marketing helping to outperform the market

# Cash flow for the year ended 31 December 2010



Cash conversion of 99%  
 Net debt / EBITDA 0.8x

# Agenda

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Looking forward

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# Our strategy remains unchanged

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A business and technology service company creating value by integrating people, business and technology and continuing to focus on the same priorities:

- Increasing client and people satisfaction
- Above market growth
- Margin improvement towards double digits
- Strong cash generation
- Improved returns to shareholders

# A strong foundation for growth



## Client focused people

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Strengthening of existing skills through the Logica University

- 256% increase in take up of online courses

Delivering the brand for our people

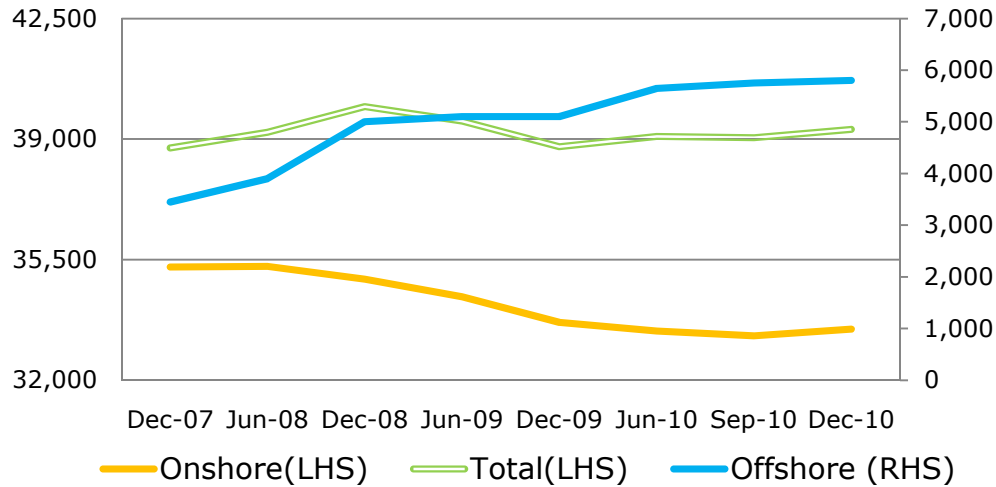
- New brand helping us to gain momentum in recruitment: 6,500 new joiners in 2010, of which 1,450 new graduates
- Recognised as a “Best Employer” in Finland and Portugal

Partners taking a leadership role in delivering the Logica priorities





# Delivering value for money

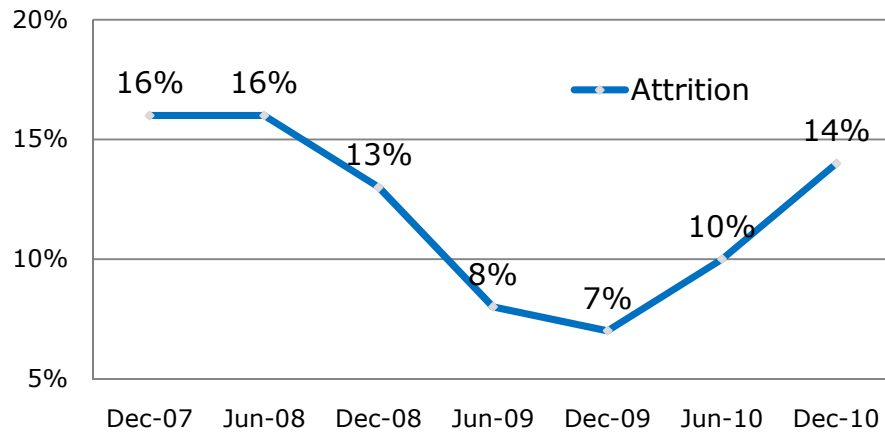


# 5,800

**Headcount offshore and nearshore**  
(Dec 2009: 5,100)

### Key points:

Managing skills through onshore and offshore recruitment, attrition, subcontracting and blended delivery remains integral to delivering to clients



Ongoing strengthening of offshore centres through increased headcount and broader scope

- Chennai centre now providing remote infrastructure management
- Morocco growth driven by French clients

# Investing for growth



**Sustainability**  
Low carbon cities  
Wind energy  
management

**Security**  
G-cloud

**Cloud and FutureIT**  
Social media in  
banking

**Sector propositions include:**  
Machine to Machine (M2M)  
Payments and Risk and regulation in Financial Services  
Smart enabling technology for Utilities  
Fuel cards in Oil and Gas  
Business Intelligence in Oil and Gas to increase refinery output  
Citizen centric, cloud services for Public Sector

# Cloud and FutureIT



Engaging clients through:

- Social media campaign
- Face to face campaign
- Joint go to market with Microsoft

Initial wins include: Skandia, Fennia, TalentSoft



# Engaging with clients

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Repositioned brand and workshops with major clients through 2010

Strengthened Business Consulting and Chief Client Officer (CCO) organisations

- 3,500 consultants with clearly identified career path in Business Consulting
- Sales and Marketing pulled together across countries

## A strong order backlog

£2.3bn

Outsourcing order backlog  
at end of 2010

105%

Consulting and Professional Services  
book to bill 2010

### Wins in 2010 and YTD 2011:

ArcelorMittal Bremen  
Bankgirocentralen BGC AB  
British Council  
BT  
DHL  
Direction Generale des Finances (France)  
Dutch Social Security Agency UWV  
ING Wholesale Banking  
Integral Energy  
La Banque Postale  
Landshypotek  
Lantmännen and Scan  
Luottokunta  
Neoenergia  
Ofcom  
Orange  
Posten Norden  
RWE npower  
Skandia  
Serious Organised Crime Agency  
Schenker  
Shell  
Slovakia Ministry of Finance  
Stora Enso

# Investments driving wins in 2011

€80m 7-year  
transformational Outsourcing  
contract in Benelux

£157m 10-year Serious  
Organised Crime Agency  
(SOCA) - Public Sector

Transformational  
BPO and ITO in the  
Benelux

Building on our  
knowledge of  
security and G-cloud

Consolidating our fuel  
card services to  
strengthen our position  
in the retail business

**Totalling  
£475m**

€300m, 10 year  
Shell fuel cards - Energy and  
Utilities

# It's about the pace of return to growth...

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Our confidence in growth is based on developments in 2010

- A sharp and sustainable recovery in Financial Services
- Regulatory drivers for change in 2011 in Utilities
- A broadening of our position across the Public Sector in Europe

But the pace of recovery will depend on

- The size of deals being awarded by clients
- The speed of spending decisions in the Public Sector
- More consistent progress with TTI and Telecoms clients

# What to expect in 2011

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The balance of our business will continue to be an asset

Continued investments position us for growth

Revenue will again grow faster than the market, with our confidence underpinned by:

- A healthy pipeline in Consulting and Professional Services
- Strong Outsourcing backlog at the end of 2010
- Significant Outsourcing orders in Q1 2011

We expect modest operating margin improvement

# Where our strategy takes us

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Increasing client and people satisfaction

Above market growth

Margin improvement towards double digits

Strong cash generation

Improved returns to shareholders

Questions?



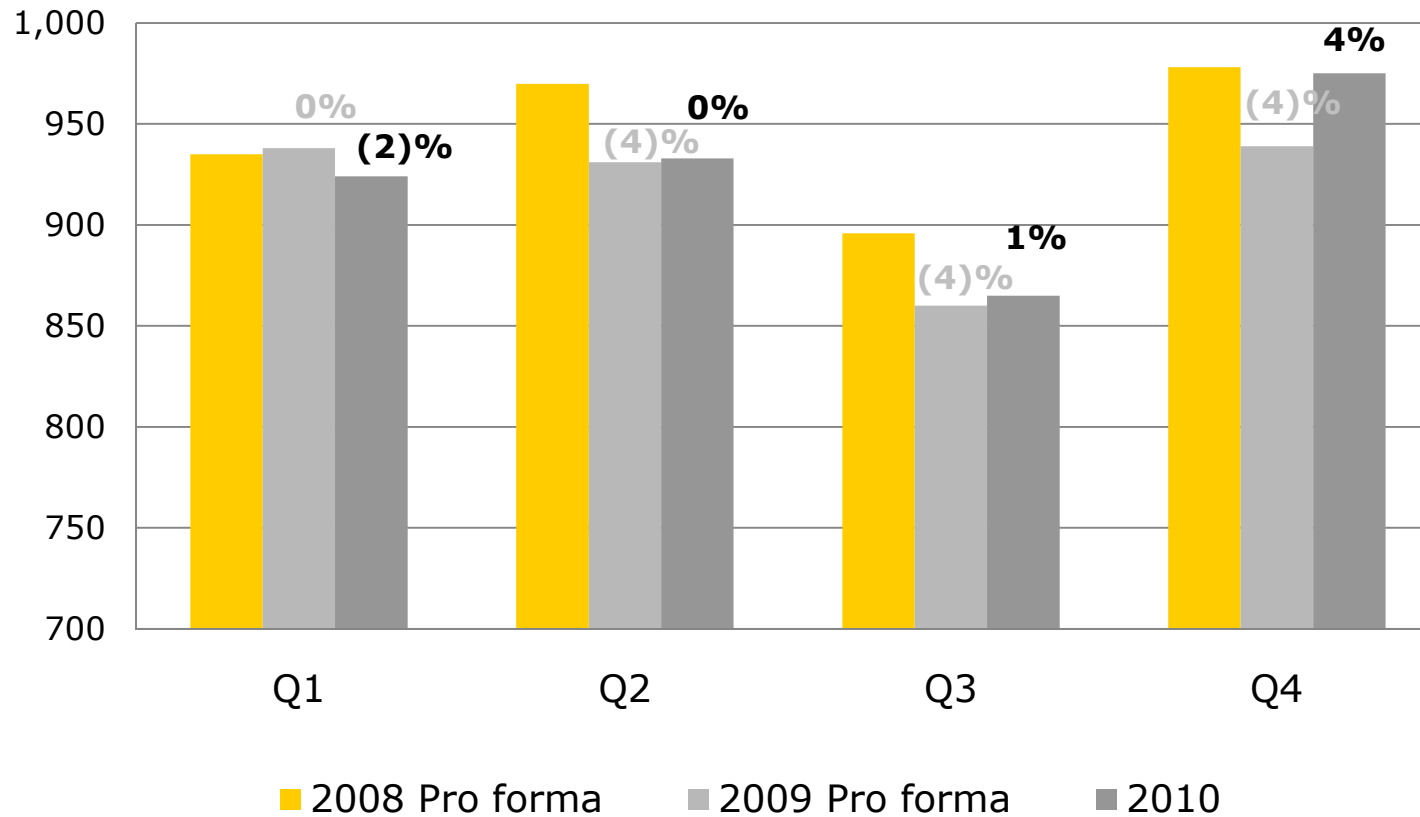
**logica**  
be brilliant together

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# Appendix

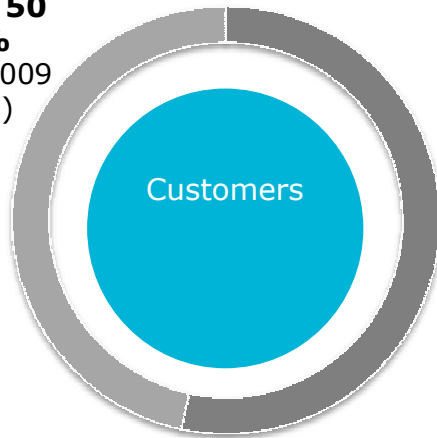
# Quarterly revenue progression in 2010

Revenue (£m) and pro forma year on year growth %

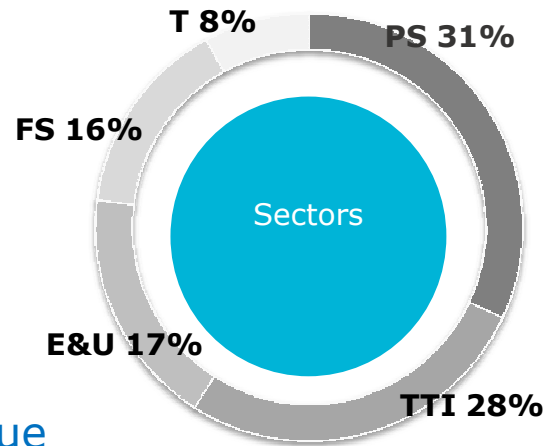


# Where are we now? Shape of group at a glance

**Top 50**  
42%  
(FY2009  
42%)



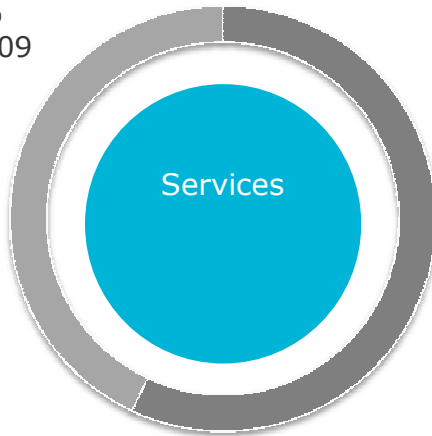
Ongoing business and wins with major accounts



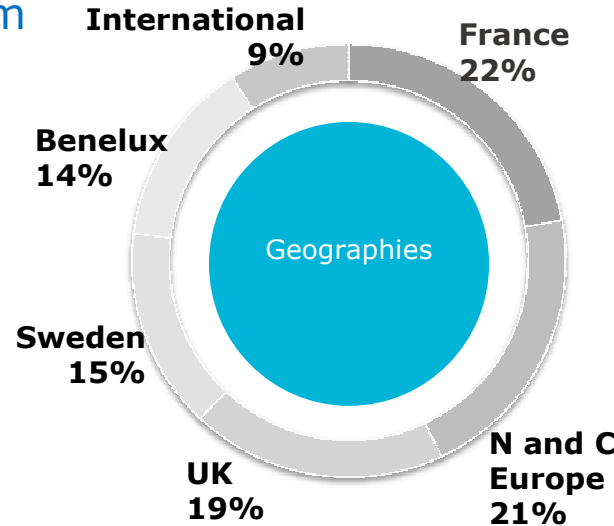
Solid revenue in FS and TTI  
Revenue decline in remaining sectors against strong 2009 comparatives

FY'10 revenue  
£3,697m

**Outsourcing**  
43%  
(FY2009  
37%)

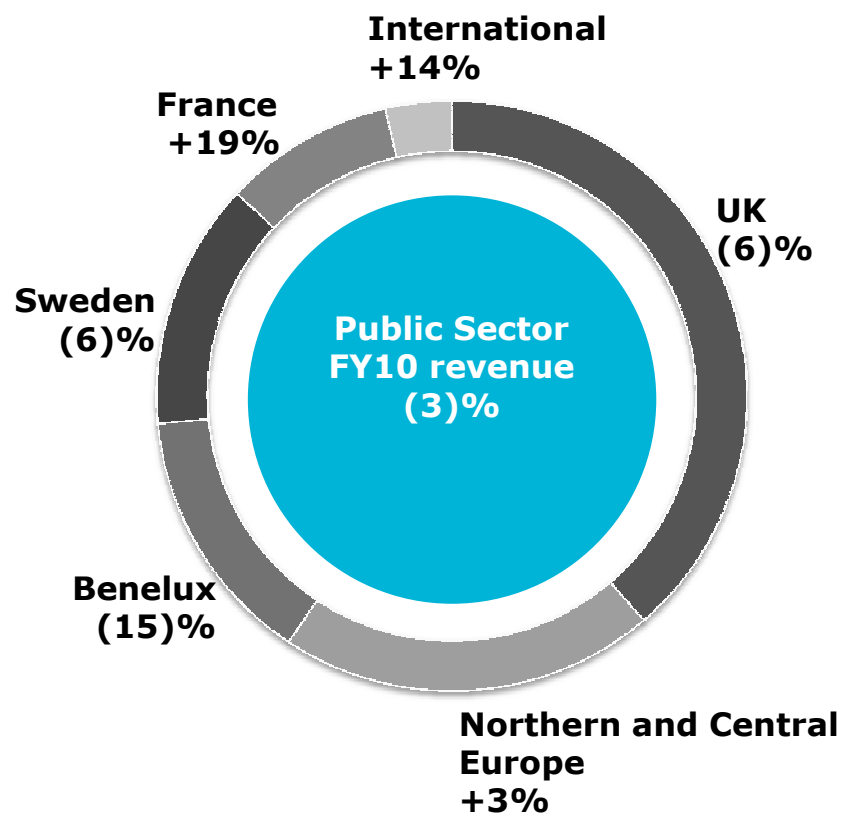


Outsourcing growth offsetting Consulting /Professional Services decline



Weakness in Benelux and UK offset by solid growth in France, Northern and Central Europe and Sweden

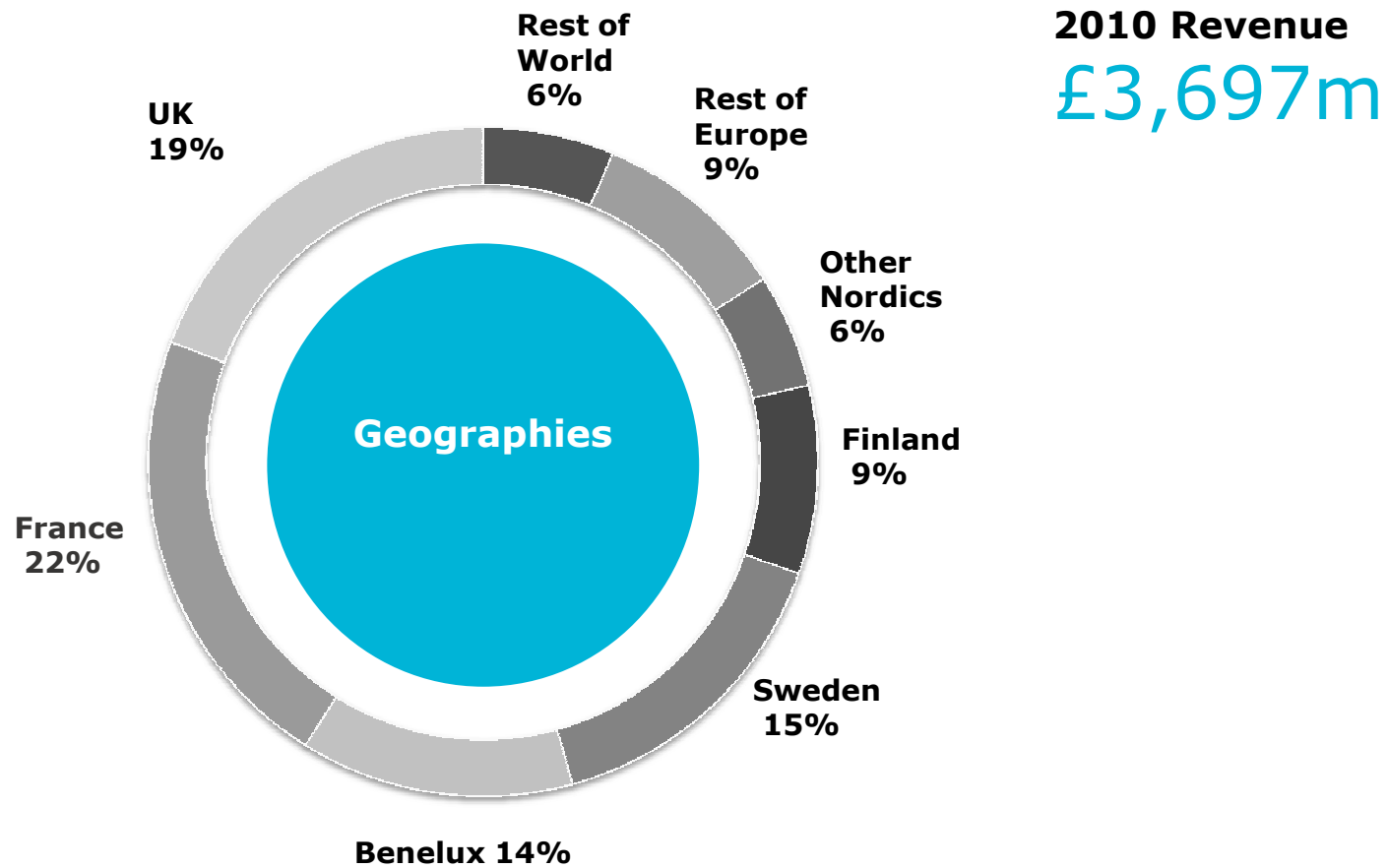
# A question of pace in the Public sector



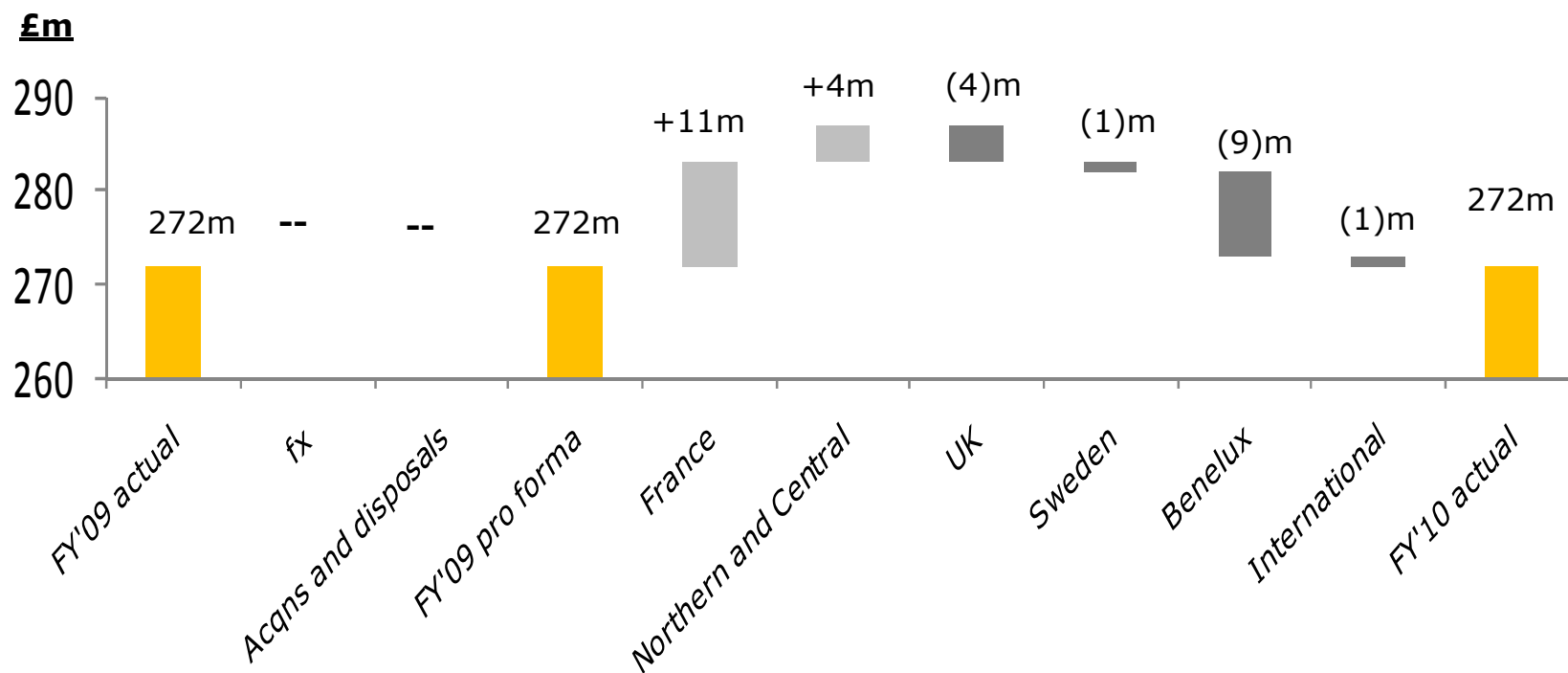
## Key points

- Impact of elections and signing of MOU with newly elected UK government coupled with longer delays than anticipated in the Benelux
- Strong comparatives outside UK in Q4 2009 with ONP in France and EU Commission
- Backlog broadly in line with beginning of 2010

# Revenue diversification by geography



# FY'10 adjusted operating profit progression



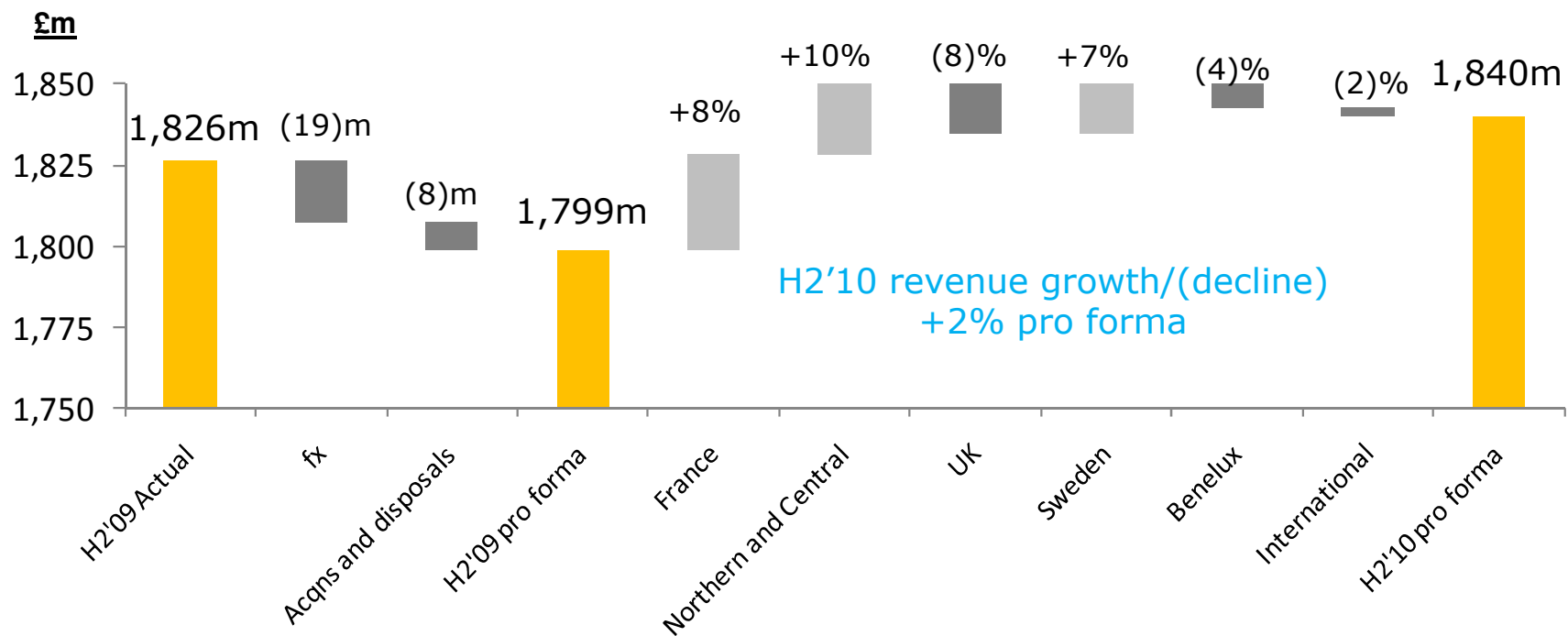
## Margin

FY'10		8.4%	7.8%	8.5%	6.7%	2.9%	9.0%	7.4%
FY'09 pro forma	7.4%	7.5%	7.8%	8.5%	7.2%	4.3%	9.2%	

## Revenue diversification by market sector at FY'10 average

Revenue by market sector	FY'10 £'m	FY'09 Pro forma £'m	FY'09 Actual £'m	% Growth FY'10 on FY'09 Pro forma	% Growth H2'10 on H2'09 Pro forma	Share FY'10 %
Public Sector	1,133	1,171	1,180	(3)	(5)	31
Transport, Trade and Industrial	1,023	993	1,005	3	3	28
Energy and Utilities	638	656	650	(3)	(2)	17
Financial Services	596	539	553	11	18	16
Telecoms and Media	307	309	314	(1)	6	8
<b>Total at Dec 2010 average rates</b>	<b>3,697</b>	<b>3,668</b>	<b>3,702</b>	<b>1</b>	<b>2</b>	<b>100</b>

# H2'10 revenue progression



## Margin

H2'10	8.1%	8.7%	8.9%	10.0%	7.9%	0.9%	10.7%	8.1%
H2'09 pro forma	8.1%	8.3%	9.0%	9.5%	7.6%	3.2%	10.2%	

# Analysis by operating unit

	Revenue			Adjusted operating profit		Margin			
	FY'10 £'m	FY'09 Pro forma £'m	Change v FY'09 Pro forma %	FY'10 £'m	FY'09 Pro forma £'m	FY'10 %	FY'09 Pro forma %	H2'09 Pro forma %	H1'09 Pro forma %
France	810	757	7	68	57	8.4	7.5	8.3	6.8
Northern and Central	788	735	7	61	57	7.8	7.8	9.0	6.6
UK	709	750	(5)	60	64	8.5	8.5	9.5	7.6
Sweden	566	544	4	38	39	6.7	7.2	7.6	6.7
Benelux	488	543	(10)	14	23	2.9	4.3	3.2	5.2
International	336	339	(1)	31	32	9.0	9.2	10.2	8.2
<b>Total Group</b>	<b>3,697</b>	<b>3,668</b>	<b>1</b>	<b>272</b>	<b>272</b>	<b>7.4</b>	<b>7.4</b>	<b>8.1</b>	<b>6.8</b>

# Income statement (1 of 2) – year ended 31 December 2010

	FY'10 £'m	Pro forma FY'09 £'m	Actual FY'09 £'m	Pro forma Variance %
Revenue	3,697	3,668	3,702	1
Adjusted operating profit	272	272	272	-
Adjusted operating margin (%)	7.4%	7.4%	7.4%	
Amortisation of intangibles recognised on business combinations	(59)		(89)	
Exceptional items	(2)		(117)	
Statutory operating profit	211		66	
Net finance costs	(19)		(24)	
Share of post-tax profit from associates	1		1	
Profit before tax	193		43	

# Income statement (2 of 2) – year ended 31 December 2010

	FY'10 £'m	Actual FY'09 £'m
Profit before tax	193	43
Taxation	(41)	(3)
Net profit	152	40
Basic adjusted EPS from continuing operations (p/share)	12.3	12.5
Full Year Dividend (declared - pence)	4.2	3.3

# Calculating the tax charge

	Total before exceptionals and amortisation of intangibles £'m	Exceptional items £'m	FY'10 amortisation of intangible assets initially recognised on acquisition £'m	Total £'m
Operating profit	272	(2)	(59)	211
Net financing costs	(19)	-	-	(19)
Share of post-tax profit from associate	1	-	-	1
Profit before tax	254	(2)	(59)	193
Tax (charge)/credit	(58)	-	17	(41)
Effective tax rate	23%			

Forecast rate on ordinary activities going forward is c23%

# Numbers of shares used for EPS

	Weighted average No. of shares (millions) FY'10	Weighted average No. of shares (millions) FY'09
<u>Issued share capital</u>	<u>1,601</u>	<u>1,599</u>
<u>Less: shares held by ESOP trust</u>	<u>(12)</u>	<u>(13)</u>
<u>Shares for EPS purposes</u>	<u>1,589</u>	<u>1,586</u>

# Summary cash flow (1 of 2) – year ended 31 December 2010

	FY'10	FY'09	2011 Guidance
	£'m	£'m	£'m
Net cash inflow from continuing operations	270	354	
Cash conversion	99%	130%	c.100%
Cash outflow related to restructuring (PfG)	(37)	(67)	c.(10)
Cash outflow related to loss of business disposed of/ held for disposal	(5)	(6)	
Net financing cost paid	(16)	(27)	c.(19)
Income tax paid	(51)	(19)	c.(75)
Capex less disposals of property, plant & equipment and intangible assets	(74)	(57)	c.(75)
Impact of acquisitions and disposals	(6)	(47)	
Dividends paid to shareholders	(67)	(26)	
Exchange differences and other	(3)	42	
Opening net debt	(291)	(438)	
Closing net debt	(280)	(291)	

## Summary cash flow (2 of 2) – year ended 31 December 2010

	FY'10	FY'09
	£'m	£'m
Adjusted operating profit	272	272
Depreciation and amortisation of intangibles not recognised on acquisition	58	56
Movement in working capital	(56)	26
Share-based payments	12	10
Other non-cash movements	(16)	(10)
Net cash inflow from continuing operations	270	354

# Debt facilities

Debt Financing Facilities	31.12.10 £'m	31.12.09 £'m
€205m Term Loan (Nov 2011)	175	181
€308m Revolving Credit Facility (Nov 2013)	264	272
€220m (previously €348m) Term Loan (Sept 2010)*	-	195
£100m Receivables Financing Facility (July 2015)	100	100
€50m Bilateral Term Loan (Jan 2014)	43	44
€25m Bilateral facility (Dec 2013)	21	22
€25m Bilateral Facility (July 2013,14,15,16)	21	-
€56m Private Placement (April 2015,16,17)	48	-
£40m Private Placement (Nov 2020)	40	-
Total Facilities	712	814

\* repaid in full June 2010

# Intangible assets initially recognised in business combinations

	WM-data £'m	Unilog £'m	Edinfor £'m	Total £'m
<b>Cost</b>				
At 1 January 2010	335	178	11	524
Additions	-	-	-	-
Disposals	-	-	-	-
Foreign exchange	15	(6)	-	9
<b>At 31 December 2010</b>	<b>350</b>	<b>172</b>	<b>11</b>	<b>533</b>
<b>Accumulated amortisation</b>				
At 1 January 2010	(191)	(125)	(7)	(323)
Amortisations during the year	(37)	(21)	(1)	(59)
Disposals	-	-	-	-
Foreign exchange	(10)	4	-	(6)
<b>At 31 December 2010</b>	<b>(238)</b>	<b>(142)</b>	<b>(8)</b>	<b>(388)</b>
<b>Net book value at 31 December 2010</b>	<b>112</b>	<b>30</b>	<b>3</b>	<b>145</b>
<b>Expected amortisation in 2011</b>				<b>c. £56m</b>

\* At year end 2010 exchange rates

# Dividend policy

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## 4.2p

Dividend

(2009: 3.3p)

- Ensuring that the progress we have made in improving the performance of the business delivers a real return to shareholders through our dividend policy, while continuing to provide sufficient funds to invest in future growth
- Announcing our intention to move the dividend payout ratio from 2009 levels of 28% to at least 40% by 2012
- Full year dividend represents a third of FY adjusted EPS

Thank you