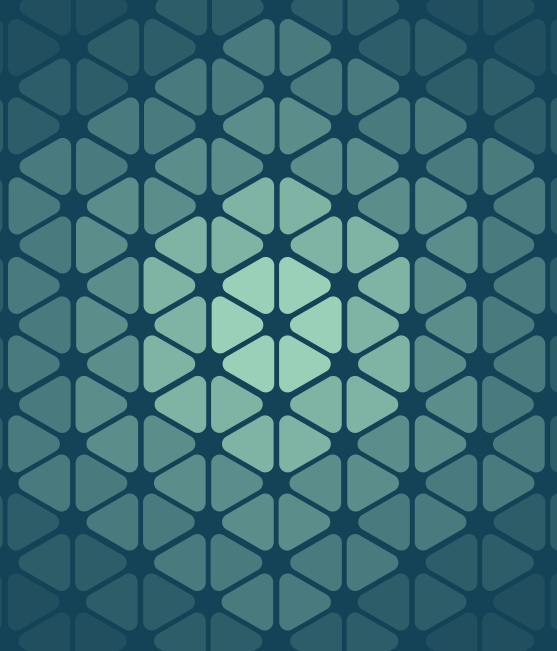


CIVICA

Transforming the way you work

Delivering better outcomes



2016
Annual Review

Welcome to Civica

Civica is a market leader in business-critical software, digital solutions and outsourcing services that help teams and organisations around the world to transform the way they work.



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2016 Group business highlights

For the year ended 30 September 2016

Note: For key performance indicators see page 61.

Group revenues

£267.7 million

▲ Increased 14%

Recurring revenues

£132.6 million

▲ Increased 16%

EBITDA margin

20.6%

▲ Increased from 20.0%

Operating cash flow

91.1% of EBITDA

▲ Increased from 89%

Digital solutions revenues

£44.8 million

▲ Increased 150%

Closing order book

£815 million

▲ Increased 10%

4

Revenues by geographical region

UK & Ireland

£217.6 million ▲ 16%

Asia Pacific

£44.7 million ▲ 6%

USA

£5.4 million ▲ 13%

Civica at a glance

A strong and stable partner helping our customers to deliver efficient high quality services and better outcomes.



More than 3,500 people



Helping 2 million professionals every day



Supporting 2,000 major customers in 10 countries



Streamlining services to 100 million people and businesses



Producing 15 years of unbroken growth



Systems to administer £120 billion annually



Chairman's letter

I am very pleased to report that this has been an excellent year for the Civica Group both financially and operationally. The business has continued to deliver strong, profitable and cash-generative growth – its 15th consecutive year of growth – while increasing the scale of involvement with customers and extending core capabilities in line with market opportunity.

During 2016 Civica grew overall revenues by 14 per cent to a record £267.7 million, producing 18 per cent EBITDA growth and excellent cash generation. These results reflect the ongoing successful execution of the Group's clear strategy which is delivering value for all of our stakeholders.

We achieved good growth across each of our core areas of business-critical software, digital solutions and outsourcing, winning more than 85 new name customers. Successes included the Group's largest contract to date with the Victorian state government in Australia, our largest business process outsourcing partnership in the UK and our largest sale in the USA, demonstrating our strength globally.

At the same time we proceeded to put in place the building blocks to sustain our leadership position and our class-leading performance.

In addition to investments in product and service development and to ensure a scalable operating platform for the future, the Group made three acquisitions. These included established digital specialists IPL and SFW, which has enabled Civica to create a dedicated digital division comprising more than 800 people, ideally placed to respond to rapid advances in the use of technology and automation, which is driving significant change for all customers.

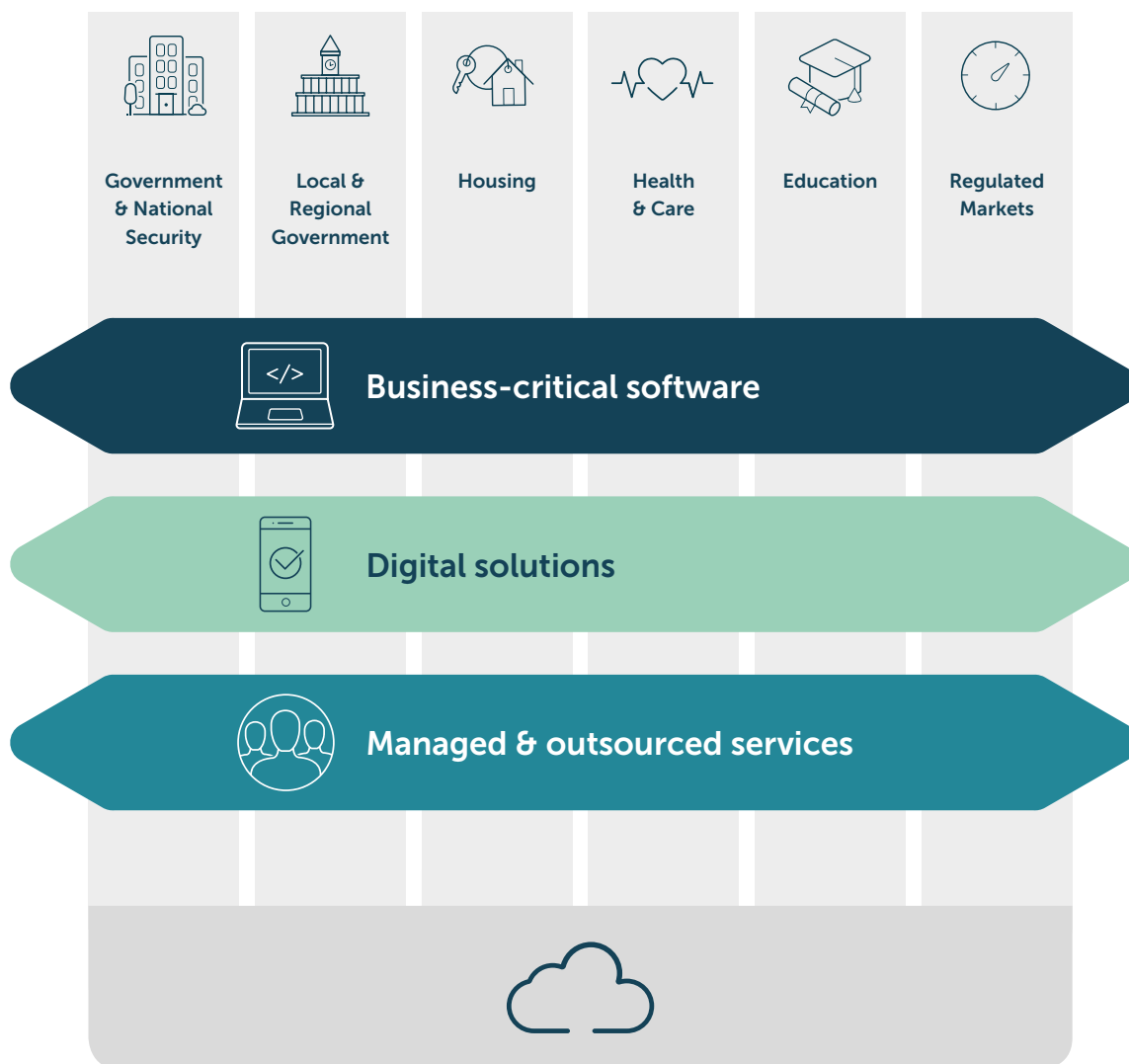
Our people and culture set Civica apart, and we continue our investment in key initiatives to develop and support the team around the world, from our Academy programme to graduate and apprentice schemes. We also strengthened our leadership team during the year, including Wayne Story taking on responsibility for the operation of the business as chief executive.

I would like to take this opportunity on behalf of the Board to thank all of our people for their contribution, their enthusiasm and their commitment to support customers and the further development of Civica. With the company in such a strong position to support developing customer needs, we remain ambitious for the future and continue to see a very positive outlook.

Simon Downing,
Executive Chairman

Global capability, local focus

Civica is a leading partner for the public sector and regulated private sector markets around the world. We provide critical software applications, digital solutions and technology-based services which help our customers to address sustained and significant change and to transform the way they work.



A changing landscape

For all organisations the pace of change and expectation is accelerating and significant cultural, economic and technological developments are altering many of today's norms. In particular, the digital revolution is driving rapid and far-reaching change which is set to re-shape both the customer experience and also the underlying business model. There is no doubt that technology will play a leading role in helping to achieve urgent service and financial goals.

Our vision

Our vision is to help organisations achieve better outcomes through more connected and efficient ways of working enabled by the use of digital technology and automation.

We aim to be the leading IT-based services partner in our chosen markets, putting ideas into action alongside our customers through a unique combination of people, technology and business process expertise.

Civica is exploring the future imperatives and models of the changing landscape through a series of reports and guides (see www.civica.co.uk/changinglandscapes).

“Civica’s knowledge and understanding makes them an important partner for automating and transforming critical services.”

Councillor Julian Thompson-Hill

Lead Member for Finance, Denbighshire County Council

A core set of themes will shape organisations



Skills, partnerships & resources



The changing citizen



Pervasive technology



The role of the organisation

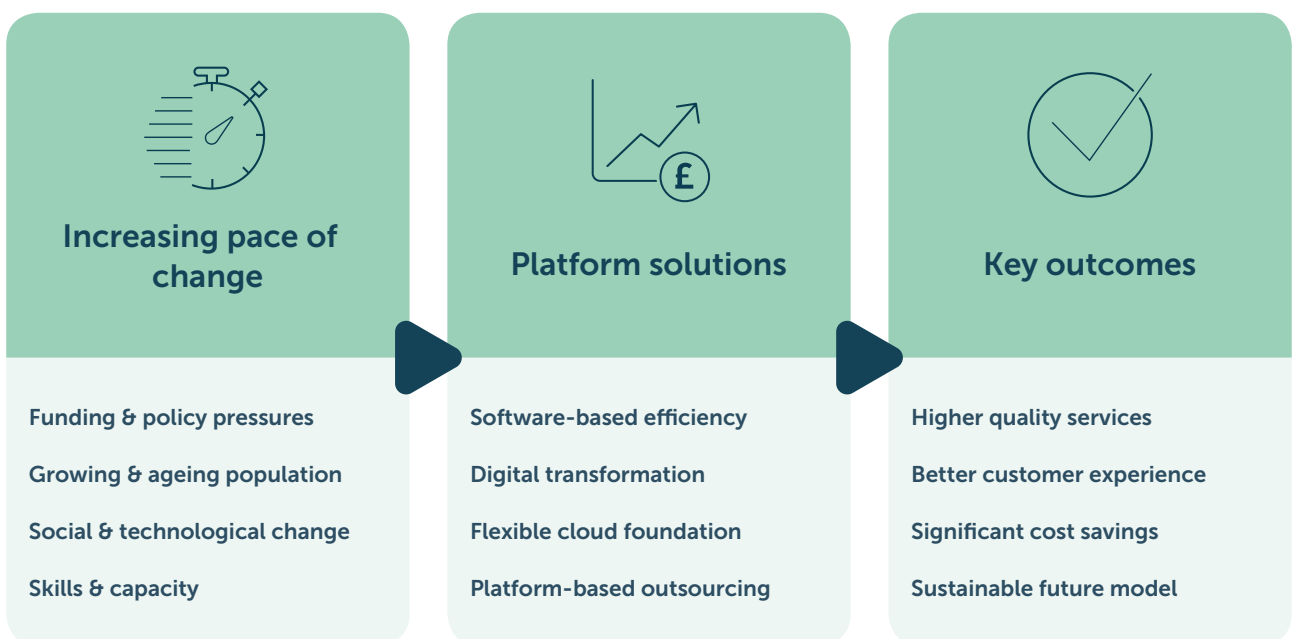
Our markets

Civica operates internationally across the public sector and in regulated markets including travel & transport, financial & legal services, telecoms and utilities. As well as facilitating the provision of modern high quality services, improved regulation and greater efficiency through our software applications and cloud-based solutions, the company also takes a wider role in helping re-model core activities through strategic partnerships focused on digital transformation and business process outsourcing.

In response to major upheaval across the public sector there is increasing recognition that re-designed digital services, increased automation and greater collaboration are imperative, with organisations looking to increase the involvement of trusted partners. The private sector is similarly focused on developing new ways of working to deliver a better customer experience and increased competitiveness. In all areas there is also a continuing move to the cloud and a desire to derive greater value from data.

Civica's deep market knowledge, our track record and most importantly our people and culture underpin the Group's leading position. We have worked closely with customers to develop existing products and innovative solutions, and to demonstrate how re-designed processes coupled to effective IT systems can help to achieve improved services and support new business models.

We expect the demand for digital solutions and technology-based services to continue as organisations strive to respond to the changing landscape and to meet cost and efficiency challenges. Civica is well placed to offer effective, value-adding and transformational solutions to our customers, and to build on a stronger platform and local market opportunity in the UK and internationally.



Agenda for growth



We aim to sustain our market-leading performance internationally through the development and deployment of specialist software and technology-based services in markets where we have significant expertise. Our capabilities are aligned to continued demand for customer solutions to improve, modernise and ultimately transform core activities while achieving efficiencies.

Drivers of future growth

"Platform" focus across markets

10% CAGR
2014 – 2016 revenue growth

- Grow use of software applications globally to implement policy, automate business activities and improve efficiency
- Extend digital solutions at scale in response to accelerating pace of digital transformation
- Expand platform-based outsourcing to deliver step change improvement and savings for customers

Investment in people & culture

98,000 hours
of learning & development

- Sustained employee support and development
- Leadership development programmes: 'Inspirational Leadership', 'Raising the Bar' and 'Potential'
- Hub office network, e.g. South West Hub occupancy increased 83%

Scalable product R&D capability

55% increase
in new product investment

- Continue planned investment in product development
- Consistent global development platform and expansion of Indian development centre
- Build functional centres of excellence

Scalable operations capability

24/7
multi-country support launched

- Continue planned investment in optimising services
- Consistent global support platform underpinned by common service desk capability
- High customer satisfaction informed by Net Promoter System

Business leverage

150 new opportunities
through improved collaboration

- Build on Group-wide capabilities and collaboration across markets and geographies
- Enhance operational leverage across the business
- Improved visibility of key levers and indicators

Active M&A programme

10 acquisitions
completed since 2013

- Proven model to add customer-relevant capability and increase scale
- Strong future pipeline focused around IPR-based businesses which add enterprise value
- Consistent addition to capability and enterprise value

Acquisitions & developments



During the year we continued to enhance our capabilities through acquisitions and internal developments. Since OMERS acquired Civica in May 2013, the Group has acquired and successfully integrated 10 highly complementary businesses in areas of existing expertise, latterly concentrated on expanding our digital solutions capability and our presence within central government. M&A is a core element of our strategy to complement organic growth and to strengthen our capability to support customers. Eight of the ten were sourced directly by Civica as part of our sustained and successful corporate development activity, for which a significant pipeline of future opportunities exists.

Recent acquisitions timeline



SFW

The acquisition of government specialist SFW extended our digital capability, adding core capabilities focused around digital engagement, CRM-based applications and workplace collaboration together with a development centre in Vadodara, India. The business has a strong record of helping organisations to digitise internal processes and customer interactions supplying 70 customers predominantly in UK central and local government.

IPL Group

Our largest acquisition to date, 370-strong IPL added core expertise in designing, building and managing secure business-critical applications and supporting digital transformation from concept to deployment, enabling the business to offer a broader range of solutions at an important time in the market. With core expertise in digital and mobile solutions, data management and analytics, systems developed by IPL have helped to improve customer experience, operational efficiency and risk management in both the public and private sectors.


Norwel Computer Services

We expanded our position in the legal sector with the acquisition of Norwel, a provider of application software and related services for 60 customers in both public and private sectors. The combined business is well placed to deliver increasing value to customers.

Operating platform

Underpinned by investment in resources and employee development, we also strengthened our operating platform during 2016 to enhance the consistency and productivity of core activities including product development, sales & marketing, customer service and business support. Caroline Grounds was appointed as director of business improvement and change management to drive Group-wide initiatives.

Business review

A portrait of Wayne Story, Chief Executive Officer, smiling. He is wearing a dark suit jacket, a white shirt, and a striped tie. The background is a light blue color with faint, repeating geometric shapes.

"Civica delivered an excellent financial and operational performance in 2016, sustaining our record of successfully executing a clear strategy, anticipating market opportunity and establishing a stronger position for the future."

Wayne Story, Chief Executive Officer

Civica provides a wide range of software, digital solutions and technology-based outsourcing services. These are used by organisations to improve and automate the provision of efficient, high quality services, and to transform the way they work in response to a rapidly changing and increasingly digitalised environment.

2016 was a very positive year for the Group. We maintained our record of profitable growth, significantly out-performing the market and increasing our scale of involvement with customers organically and through acquisition which, together with steps to enhance and standardise our operating platform internationally, we expect to drive sustained future performance.

Trading results

Group revenues increased 14 per cent to a record £267.7 million (2015: £234.1 million), reflecting strong growth across a large customer base and the successful execution of our clear strategy in the UK and internationally. EBITDA* increased to £55.1 million (2015: £46.8 million) with excellent cash generation which continues to support investment in our products and resources and our platform capability.

Civica's focused strategy is highly aligned with evolving customer needs and is underpinned by our reputation for domain expertise and delivery. During the year the Group made good progress in all areas, growing the use of our core business-critical software applications, significantly scaling our digital solutions capability and expanding our outsourcing activities.

Excellent customer retention and strong momentum drove an increase of 16 per cent in software application revenues including project services, with further take-up of cloud-based solutions across the business. New wins included the Group's largest contract to date, a landmark international collaboration to provide an infringement management & enforcement system in Australia for the Victorian state government worth up to A\$166 million over 18 years. Indeed, with increased international collaboration we expect to build on this and other successes to continue cross-selling of products and services across geographies, with increased opportunity in local markets underpinned by a strengthened management team and further acquisition opportunities.

The digital revolution is set to change the way all organisations operate. During the year, as part of our strategic development, we completed key acquisitions which have significantly increased the scope and scale of our digital services for customers. As well as adding to our capabilities in the public sector, including expansion in UK central government, we also extended our position within regulated private sector markets including travel and transport, financial services and critical infrastructure.

With a differentiated approach in the market, we increased business process outsourcing revenues by over 30 per cent led by a market-leading performance in UK local government. New wins included the largest UK partnership to date with Hull City Council worth £40 million, following which the company secured a separate agreement to operate contact centre services for Hull. Underpinned by technology, Civica's distinctive approach is delivering significant service improvement and savings for customers and we expect to see further growth.

* Earnings before interest, taxation, depreciation and amortisation

Markets

Our international business model delivered growth in each of our UK, Asia Pacific and North America markets. This was driven by a strong performance in our largest territory in the UK & Ireland and new business led growth in our International business, with successes including the Victorian state government win, an agreement worth A\$32 million to provide a schools system in Western Australia and a new tax system for the city of Cincinnati.

We continued to build on our track record across government, health & care, housing & transport and education. Building on our international civil and law enforcement capability we also launched a new Community Protection business unit for Australia and New Zealand.

Recognising customers' desire to move to cloud-based solutions to improve flexibility of applications and infrastructure and reduce cost and risk, the Group made progress in all areas, underpinned by our highly resilient data centre network.

People & customer service

Our people, their specialist expertise and their commitment to do well for customers and colleagues is a differentiator for Civica. We recognise this and remain committed to investment in developing and supporting employees, and maintaining the Civica culture which underpins our position as an employer of choice and our performance as a business.

Supported by our increasing scale and market position Civica continues to attract talented people with specific market, technical and operational expertise. Organically, via TUPE transfers and through acquisition, we added over 700 employees during the year, expanding significantly our expert capability, while also strengthening our leadership team. This is further underpinned by a very high employee retention rate across the Group.

Civica has again progressed with initiatives to ensure the company is a great place to work. These range from graduate and apprenticeship programmes to our Academy, which supports effective employee development and talent management, together with a variety of community and charitable support under the Civica Foundation. During 2016 our people benefitted from 98,000 hours of training, and we continued to focus on leadership development including the launch of 'Potential', a guided development programme for junior managers.

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Acquisitions

In 2016 we extended our record of acquiring and successfully integrating companies which advance the Group's strategy and add capability in line with market opportunity. In particular we completed significant acquisitions to scale our digital capabilities, and created a combined digital unit with more than 800 people and pro forma annual revenues of approximately £75 million.

Following the acquisition of government specialist Web Technology Group (WTG) in 2015, Civica acquired both IPL, a 370-strong business providing digital and mobile solutions, data management and analytics, and SFW, which added core capabilities in customer engagement solutions and workplace collaboration for the public sector, such as a digital service to collate results of the EU Referendum.





Organisations in public and private sectors are looking to digital technology and automation to transform services and efficiency. Civica Digital has a market-leading capability well placed to respond to the needs of customers, and secured excellent new projects with organisations including the Home Office, the Foreign and Commonwealth Office, the Ministry of Justice, Redcar & Cleveland Borough Council, Flybe and the Marine Management Organisation.

Through SFW, Civica also acquired a development centre in Vadodara, India. It provides highly cost-effective application development, support and testing services and is an important platform to support the development of Civica's business internationally through a flexible 'right-shoring' approach which enables the Group to access specialist technical resources and shorten time to market.

In line with the strategy of strengthening Civica's position in our markets, we also acquired legal software specialist Norwel, growing our activities in both public and private sectors. Overall the Group has a well-proven model and there continues to be a substantial pipeline of future opportunities to increase scale and capability. Following the end of the financial year we also acquired Abritas, a specialist provider of web-based application software for social housing providers, increasing our reach in this core sector.

Operating platform

As the Group continues to grow, we have made further investments to strengthen and standardise our operating platform for the business, to provide greater consistency and scalability in sales & marketing, product development, customer operations and business support.

This included enhanced planning and management for all product development, together with a centre of excellence approach for software quality assurance. We adopted a new Group-wide service desk system to provide a scalable platform for efficient customer service, including 24/7 multi-country support.

Outlook

2016 was a very good year for Civica with strong growth driven by the successful execution of our strategy and new investments to provide a resilient platform for the future. We continued to build strong commercial relationships with existing customers and to win excellent new business, increasing the scale of involvement internationally including some of our largest contracts to date. With a growing order book of over £815 million and a high level of recurring revenues the Group has excellent earnings visibility.

We remain committed to the further execution and evolution of our clear strategy, in support of both the current and future needs of our customers and the achievement of above-market growth. Given our highly relevant combination of specialist software, digital solutions and outsourcing, together with investments made in resources and management, Civica is in a strong position and I believe the year ahead will be an exciting one for the business.

Wayne Story,
Chief Executive Officer

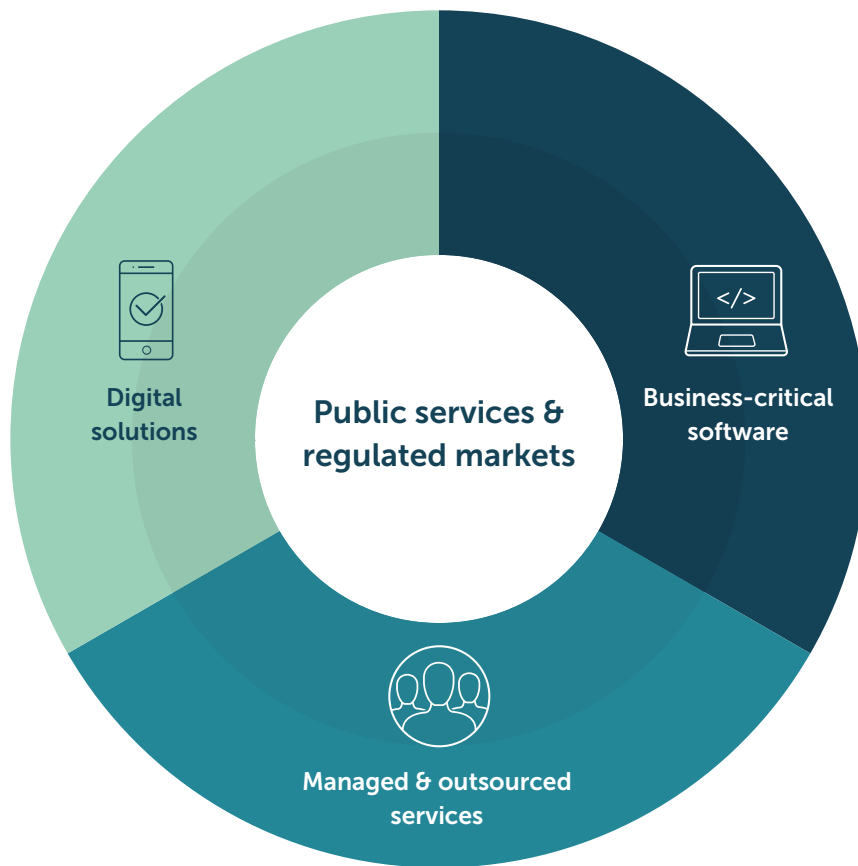
Operational review





A unique combination of specialist software, digital solutions and technology-based services make Civica a leading partner for national, regional and local government, health & care, education and public safety, together with commercial organisations in highly regulated sectors.

Capability overview



Business-critical software

Civica provides an extensive range of specialist software applications which are used by more than 3,000 organisations internationally to improve and automate daily tasks from critical front line services to back office administration. Informed by deep experience and insight, and increasingly underpinned by cloud-based technology, we work with customers to streamline essential business activities, raise standards and save money.

Digital solutions

Civica Digital provides a complete capability to deliver a new generation of digital services from concept to implementation, helping organisations to transform their customers' experience and improve lives. Combining a user-centred approach with extensive experience of building secure business-critical web applications, our solutions are helping more than 500 organisations to embrace the digital revolution and deliver better services for less.

Managed & outsourced services

The Group provides a broad range of business and technology services, from cloud-based solutions and IT management to business process outsourcing. With a distinctive platform-based approach and a track record of successful partnerships, Civica combines operational expertise with technology know-how to help customers reduce cost and risk, improve performance and support widespread business transformation.

Business-critical software



Civica provides an extensive range of specialist software applications which are used by more than 3,000 organisations internationally to improve and automate daily tasks from critical front line services to back office administration. Informed by deep experience and insight, and increasingly underpinned by cloud-based technology, we work with customers to streamline essential business activities, raise standards and save money.

Operational review

The Group's software businesses are organised into four main operating divisions: three in the UK – covering local government, education & regulated markets; housing & asset management; and health & care – together with the International business, covering Asia Pacific and North America.

During the year Civica continued to respond to customer needs, from core requirements and the implementation of new legislation to new product innovation, with a strong record of delivery. The addition of a development centre in India following the SFW acquisition will also help to accelerate development of new software and services.

The Group won new business with existing and new customers in all major markets, including Civica's largest contract to date for the Victorian state government, and which the Group expects to build on as an example of improved international collaboration and increased opportunity in local markets.

A strong performance was led by good organic growth in UK local government, social housing and health & care sectors, strong progress in the education sector in Australia and New Zealand and good new business success in US local government.

Adoption of cloud-based solutions, where applications are hosted on behalf of customers or provided wholly as a service, continued with new agreements in all sectors including, among others, the London Borough of Barnet, Leicestershire Partnership NHS Trust and for Catholic schools in Australia's Northern Territory.

Civica has developed a strong position in cloud-based payment systems, providing an efficient multi-channel solution supported by accreditation to the latest Payment Card Industry security standards. The company maintained good momentum with new and existing customers, gaining new business across multiple sectors, expanding the use of solutions which are used to process approximately 15 million e-payment transactions annually, and further investment to support expansion into new markets.

Civica's software applications and associated services are available both directly and through a variety of procurement frameworks, with an increased range offered through the UK's Digital Marketplace, providing quick and efficient access through compliant procurement processes.

Contribution*

Year to 30 September 2016

UK local government, education & community protection	▲ Increased 5.0%
UK housing & asset management	▲ Increased 22.9%
UK health & care	▲ Increased 37.8%
International	▲ Increased 20.7%

* gross profit less direct technical and sales costs

Digital solutions



Civica provides a complete capability to deliver a new generation of digital services from concept to implementation, helping organisations to transform their customers' experience and improve lives. Combining a user-centred approach with extensive experience of building secure business-critical web applications, our solutions are helping more than 500 organisations to embrace the digital revolution and deliver better services for less.

Operational review

During the year the Group advanced its digital strategy, significantly extending our capability with the acquisitions of IPL and SFW, following the acquisition of government digital specialist WTG in 2015. The combined capability positions Civica as a leading digital partner for our customers and, following the end of the financial year, the Group launched Civica Digital, an integrated division with more than 800 employees and a new brand for our markets.

People today expect consistent, high-value digital experiences, demanding services that are compatible with their lifestyles and provide anytime, anywhere access. Responding to this cultural shift, Civica Digital is focused on helping organisations that deliver essential everyday services to transform their customer interaction and improve operational efficiency. The unified business has pro forma annual revenues (as if it had traded for the full year) of approximately £75 million.

During the year Civica and the acquired businesses continued to respond to customer demand and to expand the Group's footprint in central government, local & regional government, health & care, travel & transport and financial services.

Activities included working with 20 government departments and agencies, local authorities such as Bath & North East Somerset, Redcar & Cleveland and Worcestershire County councils and regional bodies including NI Direct, which is achieving savings of over £17 million with the next generation of digital services for Northern Ireland.

In the NHS, Civica launched its latest digital healthcare platform, Cito, which provides a real-time single view of patient information. The application was selected by the Mid Yorkshire Hospitals NHS Trust to support its next phase of digital transformation and to free up 19,000 hours of staff time each year.

In the commercial sector, underpinned by data management and analytics expertise, the Group expanded the scale of activity with customers including FirstGroup, Arriva and Nationwide Building Society, the latter for which an award-winning internet banking platform and mobile app is now used by 2.6 million customers.

Contribution*

Year to 30 September 2016

Digital solutions	▲ Increased 61.5%
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* gross profit less direct technical and sales costs

Managed and outsourced services



The Group provides a broad range of business and technology services, from cloud-based solutions and IT management to business process outsourcing. With a distinctive platform-based approach and a track record of successful partnerships, Civica combines operational expertise with technology know-how to help customers reduce cost and risk, improve performance and support widespread business transformation.

Operational review

In the UK the Group's managed services and outsourcing business is organised into two main operating units – business process services (BPS) and technology services.

Combining deep understanding of sector business processes with a flexible commercial model, BPS activities include platform-based delivery of back office services including assessments, collections and administration together with contact centre operations. Civica's distinctive partnership model has proved highly successful with customers looking to sustain and improve service performance while delivering major cost savings.

Civica maintained excellent momentum during the year, including a 7-year partnership to run revenues and benefits services on behalf of Hull City Council, followed by a separate contract to deliver contact centre services, together involving the TUPE transfer of more than 300 employees.

Existing and new contracts performed very well combining achievement of key performance indicators with cost savings. Following successful transition of services at both Hull and at the Worcestershire Hub shared service, Civica delivered transformation programmes ahead of plan.

Building on its UK service centre network, Civica also grew the use of our flexible OnDemand processing services, launching new services and securing 30 new customers. OnDemand has now provided the people and expertise to address short term resource gaps or workload peaks in core processing, call handling and administration for 100 authorities.

Outside of the UK the Group also continued its successful BPS track record in Singapore with managed libraries partnerships involving the Ministry of Education, Attorney General and Singapore Armed Forces Training Institute.

The UK delivered a robust performance in managed IT and cloud-based services, with more than 120 new orders. In addition to contracts to manage Civica's own applications in a secure cloud environment, highlights included a 10-year extension to the IT partnership with Luton Borough Council as part of its broader transformation programme and a £3 million contract to provide a secured managed infrastructure service for the Warwickshire & West Mercia Community Rehabilitation Company to support its work with the Ministry of Justice to deliver the Transforming Rehabilitation programme.

Civica also provides award-winning software and IT asset management services, delivering major management and cost benefits for customers. New engagements included, among others, Nottingham City Council, the London Clinic and Associated British Ports.

Contribution*

Year to 30 September 2016

Managed & outsourced services	▲ Increased 67.3%
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* gross profit less direct technical and sales costs

Our people & values



It is our people and culture that makes us different. Civica's strong position as a trusted partner for our customers is based firmly on the sector expertise, service values and commitment of our people. We actively encourage employees to develop their full potential in a culture guided by our core values of knowledge, integrity and action.

Knowledge

We develop and apply our knowledge and expertise in order to translate business needs into positive outcomes. Through our experience and understanding we focus on anticipating requirements and responding to change so that we can help our customers and colleagues to improve their performance.

Integrity

We are straightforward, open and fair in all we do. Integrity is very important to us and we remain committed to achieving and maintaining consistently high professional standards so that our customers, partners and colleagues trust that we will deliver on our promises and strive to do our best.

Action

We are committed to delivering meaningful results in a timely manner. Supported by effective change management we are constantly looking for new and improved ways of doing things so that we can help our customers, colleagues and partners achieve their objectives.

△ 3,500 people with more than 700 added during the year

△ Successful TUPE transfer for 220 employees

△ Graduates and apprentices increased to 3% of our team

△ 98,000 hours of learning & development delivered annually

Our people

At Civica our people matter and we actively invest and support their development, including through our Learning Academy. Our people are the ones who build lasting relationships with our customers, the ones who have ideas and make them happen, and the ones who bring our business to life.

Meet some of our people making a difference:



Paul Brittain
Technology Director, UK

Over the last five years, I've worked with some great teams to deliver services to our customers. Part of what motivates and drives me is having the opportunity and challenge of building teams who collaborate and pull together to deliver what we promised, and wherever possible, to over deliver. I've recently been promoted to Technology Director in our Leeds Technology Centre. It's clear that we have a fantastic team and I'm looking forward to the opportunities we will create over the next 12 months - both individually and as a team - to provide a first class service to our customers throughout the country.



Liz Howard
Junior HR Consultant, UK

Since joining as an Apprentice HR Administrator with no experience, I've recently been promoted to junior consultant looking after 8 of our UK offices. It has been a real personal and professional journey. It's also been a steep learning curve, on and off the job, having completed a variety of internal and external courses and qualifications along the way. I've received great support from teams and individuals across the business, and had the chance to work with so many people, at all levels, even overseas. Not only has this been important in building my self-confidence, but I continue to gain so much from being part of such a professional, yet friendly team. I love my job!



Kate Dela Torre
Solutions Consultant, Australia

I joined Civica in 2013. Since then my role has grown as I've had the opportunity to learn a number of our systems. I now deliver customer training, customise and implement solutions, and provide support for a number of our products. I feel I'm always learning at Civica, developing my skills and knowledge. I've been given one of our biggest clients to manage, and received recognition on multiple occasions. I feel Civica believes in me and recognises the personal contribution I make. The best thing about working for Civica is the people - at all levels of the organisation. As clichéd as it may sound Civica is like one big family!

"Civica seems to attract people with a positive can-do attitude who enjoy working as a team."

An employer of choice

Our people, their know-how and their commitment to do well for customers, colleagues and communities is a defining characteristic for Civica. Recognising the difference this makes, we continue to recruit and retain people with the values, ability and attitude to succeed.

We aim to ensure that Civica remains a great place to work and continues to be an employer of choice with a strong employee brand that attracts a high calibre. Our culture encourages personal development and growth, with the support and autonomy to put ideas into action and to transform the way we, and our customers, work.

Corporate responsibility is integral to our business activity and we progressed existing and new programmes focused around employees, customers and communities.

Policies and procedures are designed to support our dynamic, people-centric culture and our values for a diverse workforce. During 2016 we launched our Net Promoter System survey as a platform for employee engagement, with divisions linking the results into existing Investors in People-based plans.

Growth

The Group continued its record of growth, adding more than 700 people during the period. With progress across our software, digital and outsourcing activities including excellent new acquisitions, we maintained our focus on ensuring smooth take-on and transitions with positive feedback from the teams involved. Successful transfers including the 215 people who joined under TUPE through our new partnership with Hull City Council underpinned a strong performance on new outsourcing contracts and further strengthened our distinctive culture.

Supported by internal advertising, Civica continued to appoint and promote employees into new roles across the business supporting retention of key skills and experience. As a member of the 5% Club the company invests in the recruitment of graduates and apprentices who now make up 3 per cent of current workforce.

We constantly review our management structure to ensure that as we grow we remain effective, efficient and agile, giving our teams the autonomy and support to respond to the needs of the business. During 2016 we consolidated a number of common support functions to align and streamline operational processes to give customers and colleagues a stronger and more consistent experience.

The Group built further on its network of hub offices, which offer more open and dynamic environments that provide improved working spaces, allow teams to work better together and support agile working and creativity. During the year we grew the number of people working from our South West Hub by 83 per cent.

We recognise the importance of two-way communications in engaging our employees, ensuring they understand our business and the role they play in delivering our strategy, and supporting our culture. Activities range from regular business news, briefings and leadership dinners, to global calls including monthly CEO summary and 'Limelite' innovation updates. A high level of feedback is encouraged including regular listening boards, employee surveys and workshops.

38% women in management roles

as at 31 Dec 2016	Female	Male
Employees	1464 (42%)	2034 (58%)
of which managers	223 (38%)	367 (62%)
of which senior managers	56 (27%)	151 (73%)
of which company directors	1 (14%)	6 (86%)

Civica Academy

The Group's Learning Academy provides a consistent programme of training, development and talent management to support our people through their careers and help them reach their potential. We combine formal training with mentor-based and cross-business programmes, supported with planned and ad-hoc communications, networking opportunities and online communities. These ensure a detailed understanding of our business, the markets we serve and the skills and behaviours needed to manage and work effectively and to deliver for our customers.

The Academy continues to adapt to our changing circumstances and the evolving needs of our people and our customers. New programmes introduced during the year included 'Inspirational Leadership', to underpin our high performing culture and our junior management programme 'Potential' to equip people with the skills to succeed in a management role.

We also incorporated best practice from recent acquisitions to improve a number of existing activities including 'Horizons', Civica's graduate, apprentice and placement programme and our 'Top Gear' business development programme. This year we welcomed a record number of young joiners and are on track with our 5% Club commitment.

Reward & recognition

The Group provides a competitive benefits package, including flexible elements that employees can tailor to their specific needs including additional holiday, life insurance and critical illness cover. People also have access to an employee discount scheme, and externally managed confidential assistance helpline, together with our 'Positive Health' wellbeing programme linked to the Civica Academy to help achieve a better work-life balance.

The exceptional efforts of individuals and teams and their contribution to the reputation and performance of the business continues to be recognised through initiatives ranging from Civica's Special Thanks and Recognition (CSTAR) points reward scheme to our annual UK and International Employee Awards, which received over 500 nominations.

Civica Foundation

Run by volunteers from across the business the Civica Foundation provides a focal point for our charitable fundraising and community support. We continue to support employees and teams in making a positive difference and raising funds for charities through a wide range of activities. The Foundation also provides individuals with a one-off donation to stimulate charitable initiatives.

Nominated charities for the Group include the Prince's Trust, Action for Children, Shelter and Water for Kids. Projects include employees cycling or running in the UK Tour de Civica, and active involvement in the annual Byte Night sleep out to raise money for Action for Children and help tackle the issue of youth homelessness.

In addition to our Group fundraising, our office 'Charity Champions' play a fundamental role in organising local events to raise awareness and money for a variety of initiatives including national events such as Macmillan's Coffee Morning and Children in Need.

We also continue to promote a number of company-wide schemes, including 'Donate a Day', whereby employees are able to take a day out from work to support a local charity or community scheme of their choice, and 'Pennies from Heaven', through which they can donate the pence for their salary each month to a charity of their choice.

"It means a lot to work for a business that genuinely cares about its people."



Operational standards

Civica is committed to high standards and the Civica Management System encompasses our approach to quality, environment and health and safety. Accreditations include, among others, ISO 9001 (quality), ISO 14001 (environmental management), ISO 27001 (information security), ISO 20000 (IT service management) and OHSAS 18001 (health & safety).

The Group continued to progress its operational excellence programme designed to embed consistent best practice in support of the further growth and ambition of the company.

Civica is committed to sound and fair business practices including zero tolerance on anti-corruption. Prevention, deterrence and detection of fraud or bribery is the responsibility of all and the company encourages employees to report any suspicion in confidence. We are also committed to identifying and assessing any potential risks and eliminating the possibility of modern slavery and human trafficking occurring in our business, including our supply chains.

Environment

We remain committed to a process of continuous review and improvement, working with employees, customers and suppliers in order to recognise and reduce the impact operations have upon the environment.

Civica operates an environmental policy as a framework for our Environmental Management System. Our Environmental Management Team provides a focus for the development and implementation of the policy and to ensure environmental consideration in our decision making. During the year the team expanded to include new colleagues in the UK and in India, leading on cross-business initiatives from company-wide schemes such as 'chair miles', which encourages the use of car sharing by paying an additional mileage rate per passenger, to energy use, waste disposal and recycling. Civica also works with customers to deploy digital solutions and technology services that help reduce property, power and consumables requirements as well as delivering improvements for example through paperless working.

Markets review





A unique breadth and depth of capability, experience and commitment makes Civica a leading supplier in the UK and internationally. Every day our products and services help professionals around the world to deliver responsive services, reduced costs and better outcomes.

Local & regional government

With a market-leading combination of business-critical software, digital solutions and business process outsourcing, Civica is helping authorities around the world to transform services and adapt to accelerating pace of change and expectation.

Local & regional government, including community protection, is Civica's largest sector. The Group delivered good progress across all dimensions of our strategy during 2016, driven by ongoing customer requirements to sustain services and deliver new legislation while dealing with unprecedented pressures to modernise and unlock savings.

State of Victoria

After a global search Civica was selected by the Victorian state government for an integrated infringements enforcement and warrants management system, which will help to improve and streamline operations, allow increased self-service citizen engagement, and support the introduction of the Fines Reform Act. The system will underpin more effective processes, allowing the government to manage the collection of fines more efficiently, improve the verification, processing and monitoring of infringement notices and provide an enhanced experience both for citizens and field-based employees.

NI Direct

Civica is helping NI Direct to deliver a new generation of digital services for Northern Ireland, providing a platform for innovative multi-channel contact and end-to-end services for the country's 1.7 million citizens. Projects carried out have moved numerous services online from the disclosure and barring service AccessNI to landlord registration and a fully integrated registration and certificate production facility for births, marriages and deaths. These have helped to drive almost 30 per cent growth in visitors to the site and underpin savings of £17 million.

Hull City Council

Civica is delivering outsourced revenues & benefits services, debt recovery and financial assessments for Hull in a partnership designed to drive service performance and efficiency, sustain local employment and save the council £5 million. The company's distinctive model has allowed Hull to achieve significant savings, while improving claims assessment and the partnership has secured over £1 million in additional revenue for the council through improved council tax administration. Hull subsequently extended the partnership ahead of its year as UK City of Culture with a new contract for Civica to take on contact centre services.





Supporting

900

local authorities
around the world



**£60
million**

savings through innovative
UK partnerships



**£15
billion**

of income and expenditure
processed annually



Cloud-based solutions for

**200
authorities**

Review of operations

Business-critical software

The **UK** business maintained its record of growth through new wins, further penetration of applications into the customer base, and successful delivery. Civica secured more than 45 new contracts for core systems in revenues & benefits, payments, regulatory, financial, public safety and legal software. Civica's ability to provide a common platform for shared services also led to new engagements including Bromsgrove, Lewes and North Dorset councils.

Good growth in payment systems included agreements with, among others, Hertfordshire, Hull and Blackburn councils and LGSS, one of the public sector's largest shared service ventures. Underpinned by compliance with the latest PCI security standards, cloud-based systems are used to process £1.8 billion annually in secure electronic transactions.

New product developments included FinancialsLive and OpenChannel, the latter providing online self-service capabilities initially adopted by 14 authorities. Implementation of government policy also continued successfully, such as support for the Discretionary Housing Payments programme rolled out to 83 authorities.

Following the acquisition of Norwel Computer Services, the combined business has traded well including new agreements with Brighton & Hove and Leicester City councils and sustained new business with coroners.

Civica continued to develop the use of its specialist Police and Fire systems, used to improve public safety and security, with new orders from, among others, City of London, West Mercia and Warwickshire forces.

In **Australia & New Zealand**, the Group broadened the scope and scale of activity, combining new business with councils including Norfolk Island Regional Council, Greater Shepparton and Loxton-Waikerie with investment in new product capabilities. These included a community portal solution adopted by the City of Rockingham and the launch of new field force mobile apps.

Following a landmark contract worth up to A\$166 million by the state of Victoria Department of Justice and Regulation, to provide an integrated infringement enforcement and warrants management system, Civica launched a new community protection business unit in Australia to build on existing global capability and respond to market opportunity in the region.

In the **USA**, Civica provides a comprehensive range of software for local financial management, payroll, tax and utility billing, public safety and courts, and delivered a strong performance with revenues increased by 13 per cent. New customers included the City of Cincinnati which selected Civica to supply a new tax administration system. Following similar wins with the cities of Toledo and Westerville, the decision endorsed the market-leading capability of the Authority Tax software and strengthened the company's position to secure further new business.

The company also built on our position as a leading provider of public safety solutions, with software ranging from 911 call handling technology and computer aided dispatch to records management, and with new jail management software released in April 2016.

Digital

Civica provides digital services and solutions for more than 140 local authorities. Acquisitions during the year created a comprehensive capability to accelerate provision of digital services, with experience of helping councils such as Bath & North East Somerset and Worcestershire County Council through transformation consultancy and data management.

Combined activities range from creating a vision and a case for change to designing and building modern digital engagement underpinned by design expertise and analytics.

The Group continued to make progress in local and regional government with solutions to support integrated and automated multi-channel services and more agile working including workflow foundation for, among others, Birmingham City Council, Lewes District Council and North East Lincolnshire. In the Police sector, solutions include providing access to a secure system to improve sharing and collaboration for 61,000 users across all UK police forces.

Civica continued to build on its successful work for devolved government, including the next generation of digital services for NI Direct with further engagements including a rates rebate system and legal aid management system together worth more than £2.5 million. The Group also delivered a new Qualifications in Wales system to provide an improved experience for 9,000 users, and which was shortlisted for best not-for-profit IT project at the 2016 UK IT Awards.



Managed and outsourced services

Further excellent progress in BPS combined a strong performance on existing contracts together with new partnerships, including separate agreements with Hull City Council to provide both outsourced revenues & benefits services, which will save the council £5 million, and subsequently contact centre delivery. Following initial transfer of more than 200 people, the partnership secured £1 million in additional revenue for Hull.

Luton Borough Council also agreed a 10-year extension to its IT partnership, to deliver the IT services and flexible infrastructure required to achieve its digital ambition and to continuously improve services for residents.

During the year Civica grew OnDemand resourcing, digital mail and systems support activities from its network of PSN-compliant centres. The business, which offers savings while addressing workload peaks and resource gaps, gained 30 new customers including the first for new Single Person Discount, adult social care assessment and innovative mail services.

As in other sectors cloud and managed service solutions continued to find favour driven by the opportunity to simplify IT provision, increase flexibility and reduce overheads, including a new 5-year agreement for the London Borough of Barnet.



Systems for
130
police & fire services



£1.8 billion
of payments via
the cloud annually

Government & national security

Providing secure systems, web-based applications and specialist resources the Group works with departments and agencies to plan, build and manage digital services, enabling them to work securely and efficiently with employees, citizens and partners.

During 2016 the Group expanded its scope and scale of activities to support the Government's digital strategy, culminating in the launch of Civica Digital after the end of the financial year.

Foreign & Commonwealth Office

The Crisis Hub case management system is helping to support and keep safe British nationals affected by natural disasters, political upheaval and other serious events overseas. The secure multi-channel solution – the FCO's first fully Agile project – has helped to transform management and response during over 30 international crises to date. The cloud-based solution scales to provide 100% availability and ultra-high performance during crises, ensuring life-saving support without incurring significant costs outside of these periods.

Highways England

Highways England has launched an integrated weather information system to enable better management of the nation's main roads during severe weather and to support its aim of keeping a major road network that spans 4,300 miles free flowing. The system brings together critical information on forecasts, road treatment plans and winter fleet data for 2,000 users actively working to manage and improve the performance of the road network in advance of and during severe weather, ultimately helping to reduce risk and save money.

Electoral Commission

A new web application built inside 12 weeks to support secure real-time tracking of votes across the UK and Gibraltar in the crucial EU referendum helped the Electoral Commission to speed up notification, review and analysis on the night of the vote across all 382 regional counting areas. Development of the service was driven by a strong focus on user research and an iterative Agile approach, with a cloud platform providing a cost-effective model to allow resources to be scaled up and down as necessary.





Review of operations

Business-critical software

The Group provides a range of specialist software applications to support the provision of efficient government services, regulation and administration, including for agencies and national organisations such as the Driver & Vehicle Standards Agency and Citizens Advice.

Civica made progress in the year with provision of new systems including a platform for planning applications on the national Planning Portal, which receives 45,000 applications each month, a new inspections management system for Food Standards Scotland, and a new flood defence asset management system for the Environment Agency which utilises mobile working capability and a single view of maintenance activity to reduce the administrative cost of maintenance planning, delivery and reporting.

Digital

Following the acquisition of Web Technology Group (WTG) in 2015 Civica significantly strengthened its government portfolio with the acquisition of government digital specialist SFW and secure systems and digital solutions group IPL. Together adding more than 550 employees, the combination established a market-leading specialist capability with a successful track record with customers including the Home Office, Foreign & Commonwealth Office, Ministry of Justice, DEFRA, DECC and the Environment Agency.

Following the end of the financial year the company created an integrated business and launched Civica Digital, a strong partner to deliver design-driven digital transformation. The business combines the capability of a larger company with the flexibility and responsiveness of a specialist, with a complete offering from strategy and consulting to application design and development and ongoing services.

During the year the Group continued to support existing and new customers, working alongside 20 government departments or agencies on more than 30 different contracts, and extending its strong record of successful large-scale and mission-critical service delivery.

Examples included applying insight from user research to design and develop an online service for the Environment Agency to support WEEE regulation, a £5 million integrated weather information system for Highways England to keep the road network flowing and a web application for the Electoral Commission deployed in just 12 weeks to keep track of results during the EU Referendum.

The business also continued to support national organisations through deep expertise and capability in secure communications and information systems.

The Group expanded the range of services available through the Government's Digital Marketplace under G-Cloud and Digital Outcomes & Specialists frameworks. Focused on the full lifecycle to help government plan, build and manage services, the business offered an increasing portfolio, including more than 125 offerings in support of digital service development.

We continued to add new skills during the year with new technologies that complement traditional tools, outlining Civica's commitment to the latest tools for our customers. These included software containerisation platforms Docker and Kubernetes and IT automation engine Ansible.

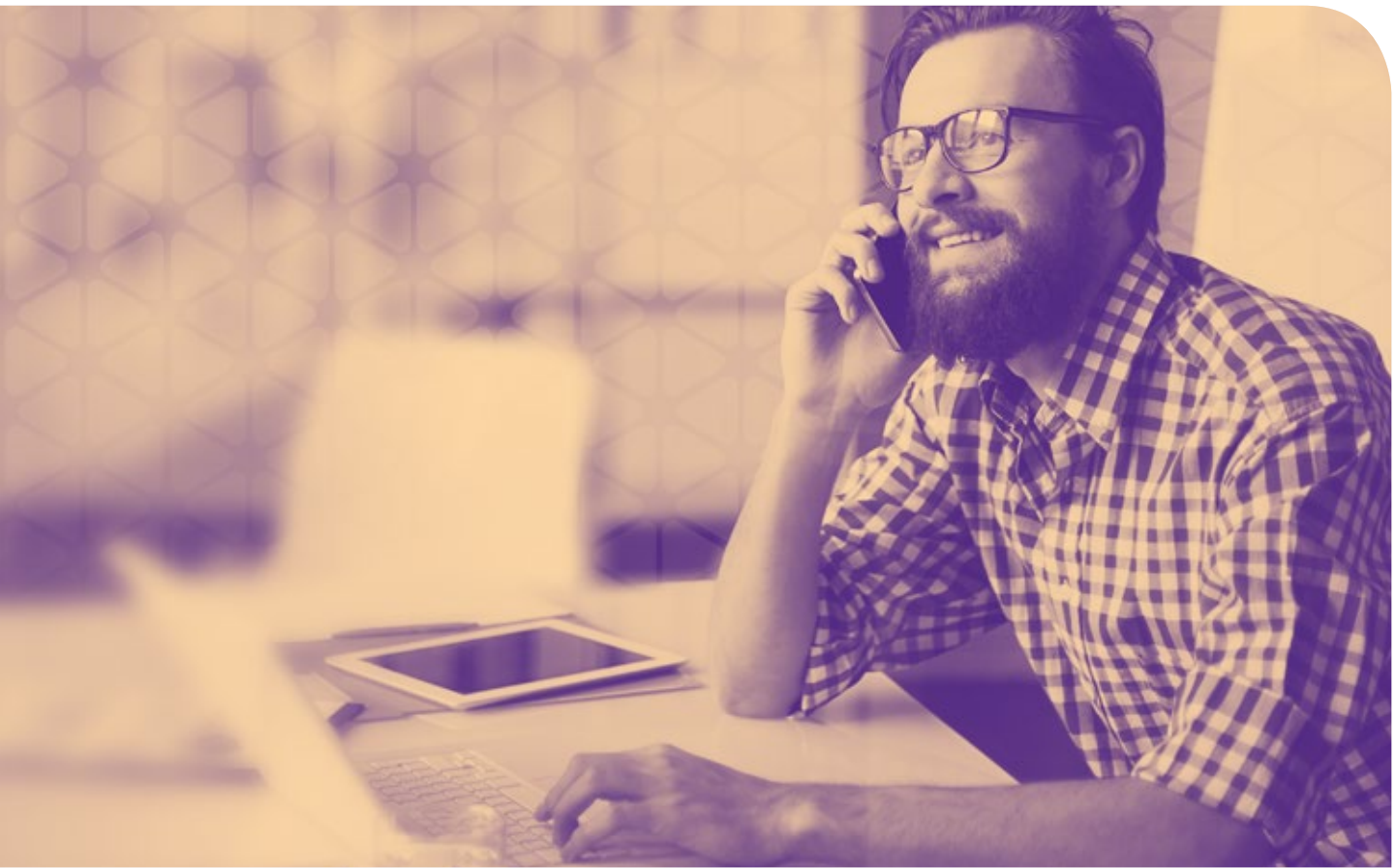
As the sector looks to modernise services through digital transformation, Civica is well placed to help progress the Government's strategy, with a track record in providing digital services and secure applications used by 500,000 employees, and putting insights and data at the heart of business-critical application design and development.

Managed and outsourced services

The Group provides a range of managed and cloud-based services, such as the first government intranet to be hosted on a public cloud platform for the Department of Health which is helping to improve user satisfaction and save an estimated £1.3 million annually. The company also delivers a range of flexible OnDemand business process services.

Civica also supports organisations involved in key Government programmes, such as the Staffline Group, for which the company provides a flexible IT managed service for its welfare to work division PeoplePlus to underpin its Government Work Programme and support employees in over 100 locations. During the year the company grew its involvement in this segment, including a £3 million IT managed infrastructure service for the Warwickshire and West Mercia Community Rehabilitation Company to support its work in partnership with the Ministry of Justice to deliver the government's Transforming Rehabilitation programme.

Services are underpinned by the Group's national PSN-compliant ISO 27001 accredited data and service centre network, and secure system environments.



Delivering
digital services for
government for
15 years



Systems supporting
500,000
government
employees



Productivity savings of
£1.3 million
per annum for the
Department of Health

Health & care

Civica works with organisations in both public and private sectors to help streamline the delivery of unified care, enhance patient services and improve financial, clinical and operational management.

During 2016 the Group continued to build on its record in health and social care and to expand its customer base in both the public and private sectors.

Mid Yorkshire Hospitals NHS Trust

Mid Yorkshire Hospitals Trust selected Civica's technology to support its vision for improved patient care and efficiency. The Cito system provides a real-time single view of patient information to improve processes and save 19,000 hours of staff time. Digital records allow staff to access 360 million pages of patient documents at the click of a button, following the migration of 19.5 million records onto Civica's document management platform.

Methodist Homes for the Aged

Civica is delivering an enterprise solution for MHA, which provides support and care to over 16,000 people nationally. The solution combines the leading Coldharbour care management software with a broad range of Civica products and services including Keystone applications and analytics to support MHA's 'Good to Great' strategy and provide a scalable platform for the future.

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Fraser Health Authority

Civica supported Fraser Health with a major upgrade to its electronic patient record system, which underpins delivery of community healthcare to over 1.5 million residents in British Columbia. This upgrade included a new network and hardware infrastructure with a move to a state-of-the-art data centre. Following the success of the project, the Authority is looking to further collaboration with Civica to extend use of the EPR system into other health care programmes and new functionality including the shared care plan, document scanning & archiving, and mobility.



Supporting over

400

health & care providers



£60
billion

of NHS funds
processed annually



Annual care
billing of over

£3 billion



Cloud delivery to
more than

20,000

clinicians



Review of operations

Business-critical software

In **the UK** Civica maintained its clear focus on supporting improved, more efficient services in the NHS while extending its position in the private sector, underpinned by the creation of a single integrated Health & Care division. With increased attention on the integration of health and social care, the business is well placed to respond to evolving demands.

The company's Paris patient record system is a fully integrated electronic health & social care application. As well as supporting trusts which combine both functions, as in Northern Ireland, the company also made progress with local authority projects including implementation at Isle of Wight Council for adult social care, providing an integrated platform in conjunction with Isle of Wight NHS Trust. Torbay & South Devon also embarked on a programme to enable health visitors and school nurses to use Paris, and extend their use across child health services.

Developments included new ePrescribing software for electronic prescribing and medicines administration (ePMA), built using the NHS Common User Interface in conjunction with health professionals including customer Tees, Esk & Wear Valleys NHS Foundation Trust.

Civica continued to win new customers for its market-leading systems for income and contract management, patient-level costing and service line reporting, including the Royal Bournemouth & Christchurch Hospitals NHS Foundation Trust, Staffordshire & Stoke-on-Trent Partnership NHS Trust and Mersey Care NHS Trust. The business also grew the use of ProAuto software, which automates service and cost reporting tasks for more than 50 Trusts.

Take up of product developments included a new automated invoicing application, initially adopted by 8 Trusts to enable more accurate and efficient processing and prompt payments. The business also continued to support reforms, for example enabling University Hospitals Birmingham NHS Foundation Trust to submit 'shadow' returns as one of the 6 pilot sites for the new NHS Costing Standards.

Civica continued to build on its strong record as the leading supplier of financial, workforce and care management systems in the private and independent sector, signing a record number of new customers for its Coldharbour management software. Contract awards in residential, community and nursery care including, among others, MHA, Mears Group, Voyage Care, Anchor Trust and Busy Bees, were together worth more than £5 million.

In **Australia & New Zealand**, Civica provides an integrated suite, used to manage one third of Australian PHI policies, incorporating applications for health management, claims, investment services, financial accounting and customer request management together with broader industry solutions for checking hospital eligibility. The business also expects to build on a strong foundation to expand our footprint and service offering in other segments.

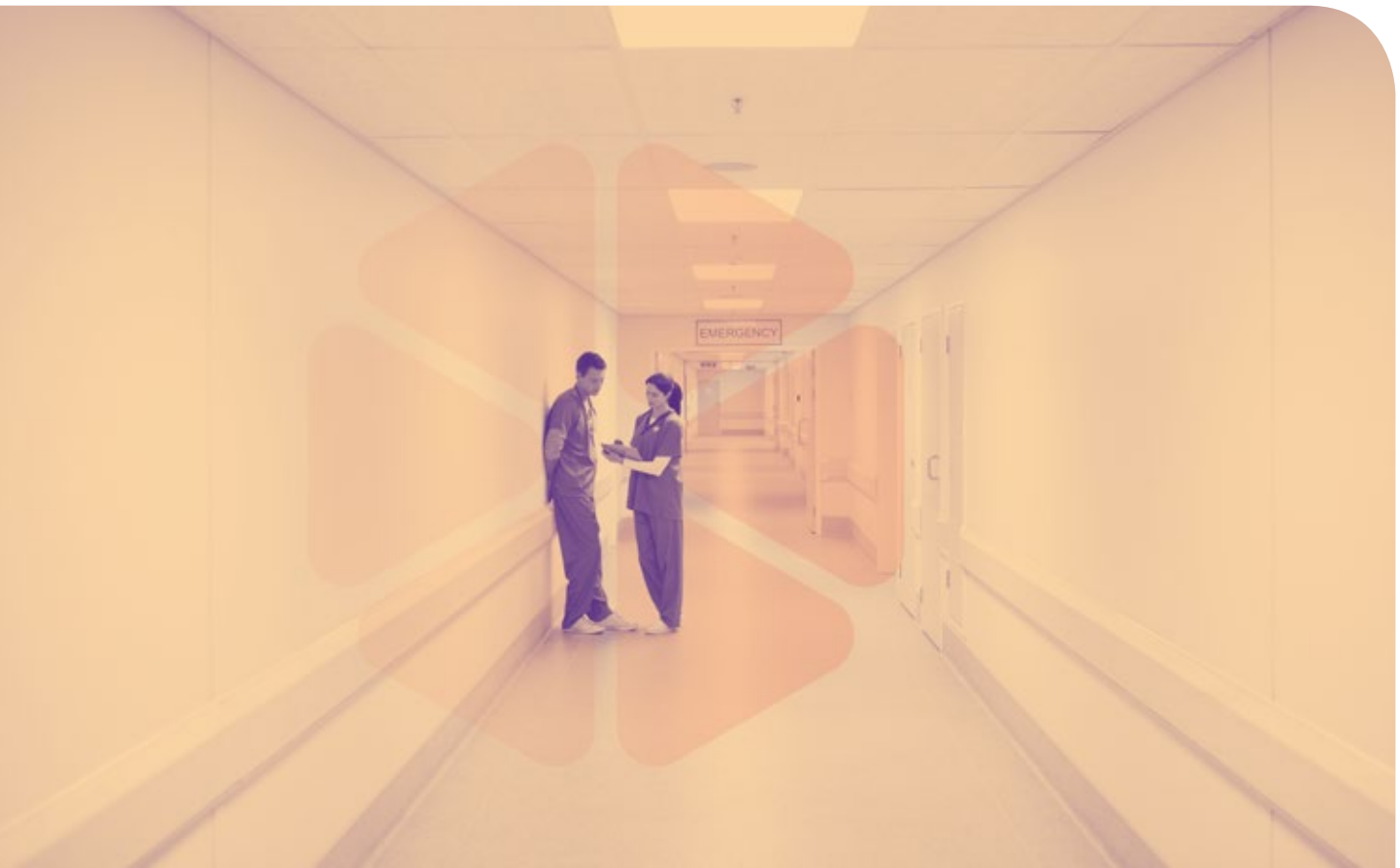
The Group made good progress with the latest NewHealth platform, including a management suite that allows organisations to introduce new products to market rapidly. Following the move by Australia's largest fund, Medibank Private, to migrate its overseas student health cover line of business, 42 per cent of all overseas student policies in Australia are now managed on NewHealth.

Digital

During the year the company launched its latest digital healthcare platform Cito, a web-based clinical management and portal solution. Developed around current and future requirements with the support of Civica's clinical advisory group, Cito provides real-time access to a single view of critical patient information to underpin improved patient-centred services.

With core electronic document management, workflow and integration capabilities, Cito supports Trusts' digital health strategies and the Government's aim of a paperless NHS. It was selected by, among others, the Mid Yorkshire Hospitals NHS Trust to support its next phase of digital transformation and free up approximately 19,000 hours of staff time annually through faster access to 360 million pages of patient documents.

Recent acquisitions have extended the Group's specialist capabilities, with a track record of providing solutions such as a data assurance framework to support accuracy of inpatient data, a knowledge management system for Tees, Esk & Wear Valleys NHS Foundation Trust and a mobile-friendly web application to support patients with learning disabilities at Surrey and Borders Partnership NHS Foundation Trust which helps nurses to follow a consistent process and supports vulnerable people in making key decisions that affect their lives.



Managed and outsourced services

The company continued to extend cloud and managed service solutions to provide a secure, resilient and flexible technology foundation. Progress included a 5-year contract with Leicestershire Partnership NHS Trust to manage the new Cito system in Civica's secure cloud environment, a disaster recovery solution for Greater Manchester West Mental Health NHS Foundation Trust, software hosting for MiHomeCare and a software asset management engagement which identified substantial savings for the London Clinic, the largest private health provider in London.

The Group also supports the health care industry through business process services such as the Healthstream service in Australia used by, for example, NIB to automate and manage over 600,000 transactions annually on a pay-per-transaction basis.



3 million
PHI policies managed
on Civica systems



150 million
documents and images
scanned annually

Housing & asset management

Civica provides a comprehensive IT platform to help social housing providers deliver improved tenant services and greater efficiency. The Group also provides market-leading fleet and asset management solutions to drive major cost and utilisation benefits.

During 2016 the Group delivered a strong performance, winning 28 new name customers and growing revenues organically by 13 per cent compared to the previous year.

London Borough of Enfield

Enfield selected Civica's cloud-based housing software, Cx, to support its digital vision to improve customer services including extending online self-service capability and enhanced mobile working for officers. The fully managed solution, delivered via Civica's secure managed cloud platform, will integrate with Enfield's corporate CRM solution and with the company's OPENRevenues council tax and benefits administration system to enable more efficient processing through increased automation and real-time view of information.

Northern Ireland Housing Executive

Civica is working with Northern Ireland's strategic housing authority, which manages approximately 90,000 homes and a budget of £750 million, to provide the software foundation for comprehensive and efficient lifecycle management of the organisation's property-based assets. Keystone asset management software was selected by NIHE to ensure effective planning and maintenance of housing stock together with improved management of existing and future expenditure and reduced risk.

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Software for over

500
organisations



Supporting services for

5 million
tenants



Systems to
manage over

2.5 million
properties



2 million
mobile assets managed
using Tranman software



Review of operations

Business-critical software

In **social housing** Civica delivered an excellent performance underpinned by new business momentum and following the creation in 2015 of a combined unit with a market-leading portfolio of housing, asset and repairs management software.

Following the end of the financial year the Group also acquired Abris, a specialist provider of web-based application software and related services for the sector. The acquisition extends the company's position, providing a broader capability across an enlarged base of approximately 400 housing providers. As the sector adapts to a combination of social change, welfare reform and financial constraint, the Group is well placed as a strong and growing partner.

During the year Civica achieved excellent take up of Housing Cx, the sector's first fully web-enabled housing management system, with 12 new customers across the country and a strong forward sales pipeline. Contract wins included, among others, the London Borough of Enfield, Dundee City Council, Poole Housing Partnership and Shropshire Housing Group, with Local Space, South Lakes Housing and Prospect Housing all going live with new systems.

In an agreement worth £1 million, Cx will support Enfield's business-wide transformation programme to provide tailored self-service capability for 15,000 tenants and leaseholders. It will also be integrated with the company's OPENRevenues council tax and benefits administration system to enable more efficient processing of rent arrears.

Similarly Civica sustained new business success and project delivery for our Keystone asset management software, used to manage more than half of all UK social housing. Agreements included, among others, New Vision Homes, Muir Group and YourMK, a partnership formed by Milton Keynes Council and Mears Group Plc, while the first phase of implementation was completed for the Northern Ireland Housing Executive, which manages 90,000 homes.

The business also won its largest sale to date for repairs management software, a £4 million agreement for a hosted system platform to enable Kier Group to administer all maintenance activities across its strategic housing management contracts.

In **fleet management** Civica provides a family of market-leading systems for all aspects of vehicle and mobile asset management, delivering cost and utilisation benefits for operators of essential and high-value fleets. These benefits continued to drive demand for Tranman, with new customers including NHS Scotland, South Staffordshire Water and Morrisons Supermarkets, the latter to drive further efficiencies by digitising paper inspection records.

Tranman is relied upon by organisations across many sectors ranging from the Metropolitan Police to DHL. Civica continued to respond to evolving customer needs, including delivering a major project within short timescales for Babcock Engineering to support mobile working by engineers and to provide touchscreen and barcoding software in workshops to increase efficiency.

Managed and outsourced services

Civica's Housing Cx software is designed to support a fully cloud-based approach, where applications are hosted and managed on behalf of customers. During the year the business expanded cloud and managed services activity, including availability of a multi-tenant private housing cloud environment which provides a low cost hosted and managed solution for Keystone customers.

Housing organisations adopting a cloud-based approach included the London Borough of Enfield, YourMK, Pinnacle Housing Association and Kier Group. The latter chose to deploy Servitor Express, which provides browser-based access to repairs management functionality, and will facilitate the mobilisation of new repairs contracts for Kier, providing the ability to support its future contract growth in the sector.

Hosted Tranman software also provides a resilient managed platform for organisations such as Carillion Fleet Management, Hampshire Fire & Rescue Service and the RAC, which extended its use of Civica's secure hosting environment.

Civica also launched OnDemand services in the housing sector, including digital outbound mail solutions which save organisations up to 30 per cent compared to standard approaches to print and mail services.



Processing
2 million
repairs annually



£2 million
savings targeted for
Carillion Fleet Services

Education & libraries

Civica supports 6,000 schools, academies, colleges and libraries to improve teaching, learning and administration for the benefit of students, teachers and the community.

During 2016 the Group continued to build on its position as a major provider to the sector and to extend its involvement in digital solutions and assessments.

Department of Education Western Australia

Civica is delivering a new school information system to enhance education services for 300,000 students and their families at 800 schools across Western Australia. It will provide 20,000 teachers with a cloud-based system underpinned by a single student records database, helping to support improved attainment for students as they move through their education and between schools and avoiding the cost of maintaining local infrastructure.

British Council

Civica is supplying the MarkManager on-screen marking system and associated 24/7 support to help the British Council streamline the process of marking 2 million International English Language Test System (IELTS) exam papers each year. Papers are turned into electronic documents, with Civica providing a verification service to ensure they are captured without error. Using automated workflow, examiners around the world mark and submit papers online, supporting greater efficiency, accuracy and fairness.

Singapore Ministry of Education

Civica provides a national outsourced library service for schools and colleges throughout Singapore. The service includes market-leading library software, with the latest cloud-based system deployed to 369 schools and language centres, together with centralised collection and distribution services and provision of all library staffing. Students and educators have benefited from integration of systems and resources, together with a wide range of innovative activity and event programmes to ensure effective use of media.



Financial systems for

1,200

English academies



Management software for

3,500

schools in Australia



On-screen marking for

2 million

exam papers annually



2,000 library installations handling

200 million

loans



Review of operations

Business-critical software

In **the UK** Civica continued to win new orders for its finance, HR and payroll solutions – which support 1,200 institutions including 27 of the largest multi-academy trusts – and for its library software, notwithstanding a reduced level of market activity. Sales included among others Activate Learning, Future Academies Trust, Guildford College and Luton Sixth Form College, together with library services at Tameside and Reading borough councils.

Civica's UK education suite helps schools and colleges teach, manage, communicate and budget. Developments included our latest financial software, RF8, which provides modern accounting, reporting and document management, together with initial deployment of the web-based iWise school management system.

In **Australia & New Zealand**, the business grew the use of its Education Suite including major new contracts, underpinned by investment in administration, finance and teaching tools. Agreements included a \$32 million contract with the Department of Education Western Australia for a web-based system which will be used by 20,000 teachers and staff to underpin education for 300,000 students based on a single records database.

Sustained progress in delivery included large-scale programmes for the Catholic Education offices of South Australia, Western Australia and the Northern Territory, together comprising more than 250 schools.

Take up of the latest Spydus10 software by 12 library services included new customers Fairfield City, Penrith City and The Hills. As in the UK, Civica also secured new business with consortia including Western Suburbs (WA), the first public libraries consortium in Australia. New developments included the SpydusManager analytics tool and a multi-lingual mobile app, launched in conjunction with Fairfield's Open Libraries programme.

Digital

Digitisation is transforming the sector. Civica's software solutions provide the foundation for schools, colleges and libraries to transform services enabled by online tools, multi-channel communications and an integrated view of students, patrons, resources and activities.

The company made progress with other institutions, such as an online marking system for the British Council for its International English Language Test System exam, to streamline the process of marking two million papers annually. With assessors around the world, Civica provides 24/7 support from the UK and Australia.

The Group subsequently signed an exclusive partnership with Sydney-based BOSTES to supply and support its MarkManager on-screen marking system in the UK, Europe and Canada. The system provides an end-to-end assessment solution for certifying authorities, awarding bodies and other institutions, and the company expects to see growth in this sector.

Acquisitions during the year created a comprehensive capability to accelerate provision of digital services, with experience of helping organisations such as the International Baccalaureate®, the Royal Society of Medicine and Qualifications Wales.

Managed and outsourced services

The Group continued to deliver managed IT services for schools as part of strategic large-scale programmes in both the UK and Australia. The business extended its track record in Australia, with both state-based education systems such as the Catholic Education system in South Australia and individual schools such as Peter Moyes Anglican Community School.

Demonstrating the flexibility of a centrally managed solution, five remote schools migrated in just 35 days following adoption of Civica's Education Suite for the Northern Territory's Catholic schools. Library services also continued to favour a cloud approach, with the majority of UK library customers supported through a cloud-based consortium model and 90 per cent of customers in Australia using the Spydus managed service.

The company also provides public cloud solutions, for example a new Microsoft Azure infrastructure engagement with Roehampton University which over its lifetime is estimated to save up to 40 per cent of total IT infrastructure operating costs.



In **Singapore** Civica continued to build on a strong outsourcing track record which includes a number of flagship programmes comprising cloud-based applications, staffing, collection services, analytics and customised library programmes for, among others, the Ministry of Education, the National Library Board and the showcase Singapore Sports Hub.

Civica proceeded to win new business for library resourcing and collection services, including projects for the Ministries of Education, Home Affairs and Trade & Industry, the Attorney General and Singapore Armed Forces Training Institute, together worth approximately \$6 million. During the year we completed the major upgrade of 369 schools and 26 public library branches of the National Library Board to the latest Spydus10 software.



300

on-site employees providing outsourced services



Supporting 12,000 library employees serving

30 million people

Regulated markets

Civica is a growing supplier to a number of regulated markets including travel & transport, financial & legal services, pension administration, telecoms and utilities, helping organisations to deliver better customer services and more competitive products.

Pension Protection Fund

The Pension Protection Fund adopted Civica's integrated pension administration and payroll system, UPM, as part of its programme to bring member services in-house. The system supports the provision of services including paying compensation each month to more than 120,000 members of underfunded schemes whose employers are insolvent. It is helping PPF to take-on additional schemes and providing support for PPF's ongoing mission.

Nationwide Building Society

The Group has delivered a multi-channel banking platform for Nationwide to enhance customer services and enable the rapid deployment of new products, with 2.6 million customers successfully migrated. Increased use of online self-service has reduced the cost of delivering services to customers while offering greater benefits, supported by the design and development of a new highly-rated mobile banking app underpinned by a highly successful user-centred approach.

FirstGroup

Civica and FirstGroup are working on innovative ways to bring together customer data and operational information to help reduce delays, improve the passenger experience and increase customer satisfaction for FirstGroup train companies. The partnership has created a Single Customer View platform that has helped FirstGroup to improve resolution times in its customer service centres, along with an alerts system that puts up-to-the-minute information in the hands of employees and customers.



Internet banking
and mobile app used by

2.6 million
customers



£43 billion
of funds managed using
Civica's pension systems



Supporting pension
services for more than

1.2 million
members



Software relied upon by

3 million
UK mobile phone users



Review of operations

Business-critical software

In the **Pensions** sector Universal Pensions Management (UPM) software provides for all types of scheme, supporting services for 1.2 million members. During the year the business continued to focus on supporting customers during a period of change, both in the private sector and to support administration of the Local Government Pension Scheme. New agreements included a major implementation for the Pension Protection Fund and a 5-year extension for Tyne and Wear Pension Fund.

The business added to its product set with the acquisition of a web portal application from independent pensions consultancy Hymans Robertson. The portal, which is capable of integrating with most pension administration systems, combines a website for providing comprehensive information and documents to members, a secure web service to keep members up-to-date and a secure employer portal to streamline information transfer and validation. It is in use with six pension schemes.

In **Telecoms** Civica works in the service provider and equipment provider markets with organisations including BT, Elcon, Calix and HFR. Activities include development services for the provision and support of operational support systems (OSS), together with expert services and the WanStaX portfolio of licensable software components.

During the year the business extended its master services contract with BT, and the company continued to make progress in the development of software components required by equipment manufacturers to support G.fast super-fast broadband and for software-defined networking.

In **Transport and Utilities** the company provides geographic information systems, asset management and fleet solutions to help improve services such as water management, energy distribution and transportation. The business continued to focus on supporting core customer requirements, securing new agreements with, among others, Yorkshire Water, South Staffordshire Water and UK Power Networks.

In the **Legal** sector, Civica completed the integration of Norwel Computer Services and now supplies 160 customers in private and public sectors. The business continued to grow the use of its software, with firms including Fisher German Priestner and Hawley & Rodgers.

Digital

The Group strengthened its position in **Financial Services** with the acquisition in April 2016 of IPL, a specialist in designing and developing secure solutions including the platform for Nationwide Building Society's award-winning internet and mobile banking applications.

From digital and mobile technologies and data analytics to secure software that supports modern multi-channel engagement, the company is helping financial service companies to transform customer experience, operational efficiency and risk management.

During the year the business continued to expand its involvement with customers in the UK retail banking sector through consulting, project services and on-site resources, and to deliver complex solutions such as a loss data sharing platform for ORX, an operational risk exchange organisation which counts 90 financial institutions across the world as members.

Similarly, in **Travel & Transport**, the Group expanded engagements with organisations including Arriva, Flybe and FirstGroup, where the company is working as a technology innovation partner to put up-to-the-minute information in the hands of staff and customers to enhance the traveller experience and improve customer satisfaction.

Managed and outsourced services

The company also made progress with technology services including cloud solutions to help customers drive efficiencies, improve service quality and adapt to a new environment. Engagements ranged from hosting based on Civica's secure managed cloud, such as an agreement with KBR to host mission-critical applications to underpin its facilities management contracts, to IT asset management including a 3-year contract with Associated British Ports to manage IT assets across its 21 UK ports to drive major cost savings and compliance.




Ordering platform for
BT Global Services covering
87 countries



20 million
asset records managed with
geospatial systems

Financial review



"Civica achieved an excellent performance during 2016 driven by successful execution across all dimensions of our strategy. We aim to provide a strong and efficient financial base from which the Group can continue to develop and the business is well placed to sustain our record of profitable and cash generative growth."

Phill Rowland, Chief Financial Officer

During 2016 Civica extended our unbroken record of sustained and profitable growth with an excellent performance. Group revenues increased 14 per cent to £267.7 million with earnings before depreciation, amortisation and exceptional charges increased 18 per cent to £55.1 million.

2016 highlights

Group revenues increased 14% to

£267.7 million

Group EBITDA increased 18% to

£55.1 million

Largest software & BPO contracts to date together worth in excess of

£100 million

Digital solutions revenues increased 150% to

£44.8 million

EBITDA margin increased to

20.6%

Strong operating cash flow increased to

91.1% of EBITDA

Recurring revenues increased 16% to

£132.6 million

Closing order book increased 10% to

£815 million

56

Group overview

	Year ended 30 Sep 16 £millions	Year ended 30 Sep 15 £millions	Year ended 30 Sep 14 £millions
Turnover	267.7	234.1	220.1
Cost of sales	(45.9)	(52.2)	(57.3)
Gross profit	221.8	181.9	162.8
Administrative expenses	(166.7)	(135.1)	(119.2)
EBITDA	55.1	46.8	43.6
Cashflow from operating activities	50.2	41.8	37.8
Employees	3,231	2,532	2,367

Consolidated financial statements for the Group are available at Companies House.

Operating results

During the year to 30 September 2016 the Group extended its record of continuous and profitable growth, producing a strong financial performance both organically and with the successful integration of recent acquisitions. We achieved an excellent performance significantly ahead of the market, reflecting the successful execution of our strategy, with revenues increased by 14 per cent overall to £267.7 million (2015: £234.1 million).

The Group has now delivered 10 per cent compound annual growth in revenues from 2014 to 2016.

Gross profit during the year increased to £221.8 million as we expanded the provision of software applications across a broad customer base, significantly grew our digital solutions capability and extended our outsourcing activities.

An increase in software application and project services revenues of 16 per cent also saw gross margins improved to 82.9 per cent of revenue. Operating profit before depreciation, amortisation and exceptional charges rose by 18 per cent to £55.1 million (2015: £46.8 million), representing a 20.6 per cent margin on sales.

Our performance continues to be driven and sustained by a clear and consistent strategy, aligned to customer needs to improve service delivery and efficiency through automation, which is focused on:

- Maximising the penetration of specialist IPR software
- Growing the scope and scale of digital solutions for our customers
- Expanding technology-based BPS activities in areas of domain expertise
- Complementary acquisitions to strengthen capability and build scale.

During the year we made good progress across all dimensions of our strategy, increasing our scale of activity. We have also proceeded to put in place the building blocks for our future growth, with particular focus on a scalable operating platform for product development, sales & marketing and operations globally.

We continue to be regarded as a strong and stable partner by our customers, critical to which is sustained investment in employee development and our culture which we have maintained and which is a key differentiator for Civica. The business has also benefitted from a 'One Civica' focus, from building out our hub office strategy to increased collaboration internationally.

Our ability to out-perform the market and our competitors demonstrates the resilience of our business model and the value we add to our customers. Together with improved visibility of earnings through long-term recurring revenues which increased in the year to 49.5 per cent of overall turnover, the Group strengthened its financial position which is also an important determinant for customers as their requirements continue to evolve.

We made further investments in the year to strengthen capability, resources and management, which also supported significant new contract awards in the UK, Australia and the USA including major software systems, cloud-based services and BPO partnerships.

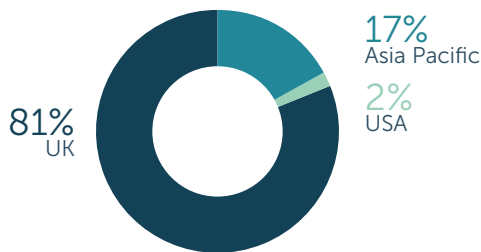
The Group sustained excellent cash flow from operations amounting to 91.1 per cent of EBITDA. This is a clear indicator of the strength of the business and demonstrates disciplined and efficient management. The Group finished the year with cash in the bank of £49.9 million (2015: £36.6 million).

With a record order book of £815 million, a strong financial foundation and an ambitious management team, Civica remains in a very good position to sustain our growth performance as we move into 2017, and we anticipate further market opportunities as customers seek to respond to rapid and significant changes especially in the public sector.

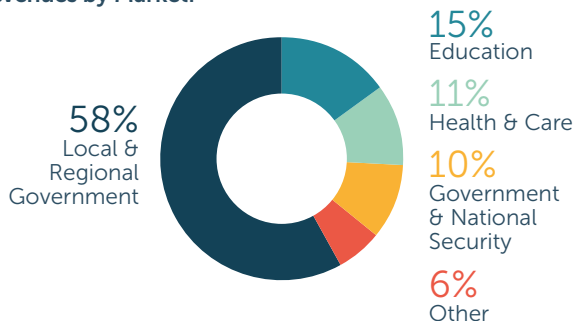
Segmental analysis

Civica continues to benefit from a strong business model and consistent operations focused around markets and capabilities. The Group increased revenues in each of our geographies during 2016, driven by a strong performance in local government, social housing and health & care together with expansion in the government and national security vertical. Similarly, we grew revenues related to each of our core capabilities of software, digital and outsourcing services, with revenues from digital solutions increased by 150 per cent to £44.8 million.

Revenues by Geography:



Revenues by Market:



Revenues by Capability:



Acquisitions

Civica extended its record of selectively acquiring and integrating complementary businesses which enhance our market position and capability and drive synergies across the Group.

In addition to the acquisition of legal software specialist Norwel Computer Services Limited, we made two strategic investments during the year to scale our capability and build a leadership position in the provision of digital solutions from concept to implementation. We completed the acquisition of IPL Group Limited, a 370-strong business with core capabilities in digital and mobile solutions, data management and analytics, followed by the acquisition of government digital specialist SFW Ltd, and subsequently launched a new Civica Digital division with a unified and market-leading capability.

The combination positions Civica as a leading digital transformation partner for our markets and has extended our capability in central government where the Group is helping to progress the Government's digital strategy supported by an established position on key procurement frameworks. Through SFW we also acquired a development centre in India which is an important addition to support the development of Civica's business globally.

Early in the new financial year, Civica also completed the acquisition of housing specialist Abris Limited.

Including the addition of Abris following the year end, with the support of OMERS the Group has now completed and successfully integrated 11 acquisitions since 2013 with a clear focus on IP-based businesses that have extended our capability, increased our scale of involvement with customers and added significant enterprise value for the Group. With a strong pipeline of future opportunities we expect to drive the continued growth of the business with further strategic developments.

As Civica continues to grow organically and through acquisition, we constantly review operational processes across the Group to support effective product and service development and efficient delivery to customers as well as our internal administration. This is enhanced by a sustained cross-company programme to strengthen our operating platform and to drive consistent best practice, underpinned by a wide range of quality and management accreditations including ISO 9001 (quality), ISO 14001 (environmental), ISO 20000 (IT service management) and ISO 27001 (information security).

Acquisitions during the period

Company	Country	Date	Sector	Comments
Norwel Computer Services	UK	April 2016	Legal	Software systems for customers in public sector and private practice
IPL Group	UK	April 2016	Multiple	Secure business-critical solutions and digital transformation
SFW Ltd	UK, India	July 2016	Public sector	Digital solutions for the public sector, including offshore development centre

Corporate governance

Civica Group Limited is part of a privately-owned group in which the OMERS pension plan has the majority shareholding and which is controlled by a board comprising OMERS nominated directors and Civica management.

The Group continues to operate a strong framework of corporate governance across the business to ensure the successful delivery of business outcomes in line with our strategy and priorities, management of risk and focus on delivery of excellent service to our customers. This framework is managed through the following components.

Group Board

The Board is responsible for the overall strategy of the Group and the effective management of risk and performance. It meets on a monthly basis to review business performance in line with Group strategy and to ensure that risks are appropriately managed, including major bids and acquisitions. The performance review is closely aligned to the key priorities in respect of financial performance, products and services, people, customer service and operational efficiency. Business planning is conducted on an annual basis, again in line with the strategy and key priorities, and is signed off by the Board. The Board has an effective balance of executive and non-executive directors.

Executive Management Board

The Executive Management Board consists of the chief executive and chief financial officers, the divisional managing directors and Group business development, HR, technology, product strategy and marketing directors. It meets on a monthly basis to discuss strategic business issues and the effective management of risk and opportunity across the business. A short profile on each of the members of the executive management board can be found at www.civica.co.uk/executives.

Monthly business reviews

Each unit within the Group is subject to a monthly business review by executive Board members to assess the financial and operational performance and business risks, review the financial projections and review working capital management and cashflow performance. The financial and operational key performance indicators in each business are closely aligned to the key priorities of the Group as highlighted above. Specific business risks are identified and mitigated through this process.

Commercial & legal controls

All acquisition, capital investment and business development activity is controlled through a methodical process of qualification, review and approval, which is dependent upon both value and complexity to ensure appropriate management of business risk and effective use of business resources.

Principal risks & uncertainties

The Board accepts that in creating value for Civica, the Group must take on and accept some risk. The Executive Directors are responsible for implementing the Board's policies on risk and control and monitoring compliance with these policies. As with other entities providing similar specialist solutions, the main risks and uncertainties facing the Group surround the level of public sector funding available in future periods, the risks of technological advancement and the threat of competition.

Pensions

The Group operates a number of defined contribution pension schemes, as well as operating a defined benefit scheme and being a participating employer in two further defined benefit pension schemes. All of the defined benefit pension schemes are now closed to new entrants.

Trading performance

For the year ended 30 September 2016

	2016 Emillions	Restated* 2015 Emillions
Sales		
Owned software & related equipment	44.1	45.5
Third party software & services	24.1	27.8
Implementation & consulting services	66.9	46.2
Recurring support, managed services & BPS	132.6	114.6
	267.7	234.1
Cost of sales		
	(45.9)	(52.1)
Gross profit		
Owned software & related equipment	32.9	32.4
Third party software & services	3.8	4.1
Implementation & consulting services	66.3	44.3
Recurring support, managed services & BPS	118.8	101.2
	221.8	181.9
Direct staff costs		
Technical & management	(118.8)	(94.8)
Sales	(16.7)	(17.0)
	(135.5)	(111.8)
Contribution		
	86.3	70.1
Central costs	(36.5)	(28.4)
EBIT		
	49.8	41.7
Depreciation	2.9	3.3
Project Centum**	2.4	1.8
EBITDA		
	55.1	46.8

* Restated due to the introduction of FRS 102. Consolidated financial statements for the Group are available at Companies House.

** Project Centum is a non-core investment programme to build a stronger platform for future growth.

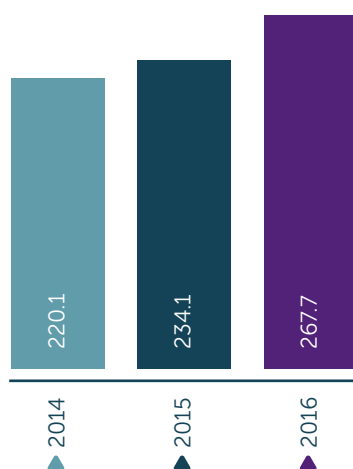
Key performance indicators

Overall revenues

Increased by

▲ 14%

2014-2016 CAGR 10%

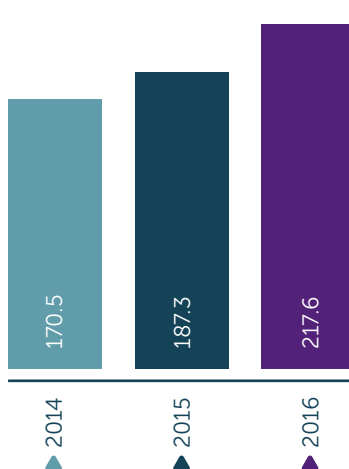


UK revenues

Increased by

▲ 16%

2014-2016 CAGR 13%

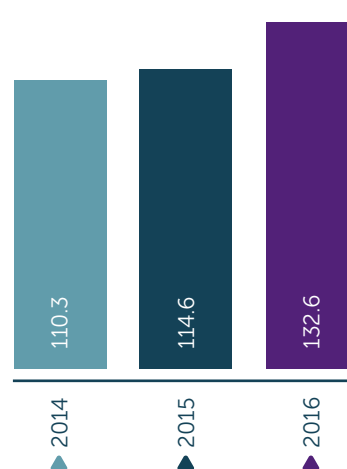


Recurring revenues

Increased by

▲ 16%

2014-2016 CAGR 10%

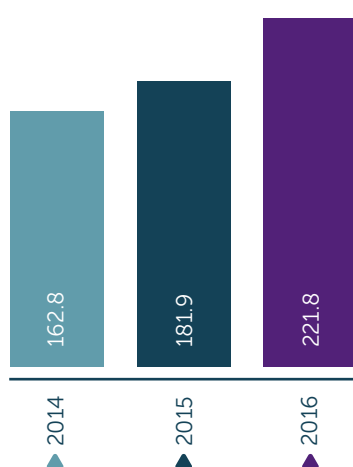


Gross profit

Increased by

▲ 22%

2014-2016 CAGR 17%

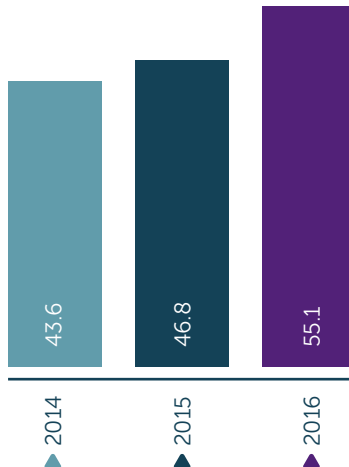


Normalised EBITDA

Increased by

▲ 18%

2014-2016 CAGR 12%

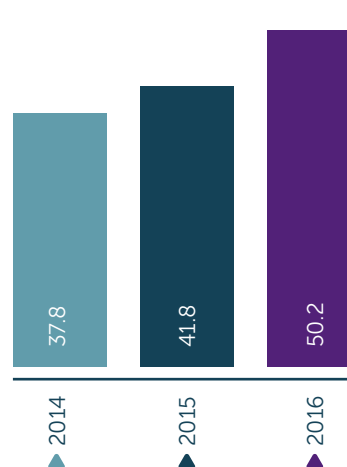


Operating cash flow

Increased to

▲ 91.1% of EBITDA

2014-2016 CAGR 15%



All figures are in £ millions.

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Registered number

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