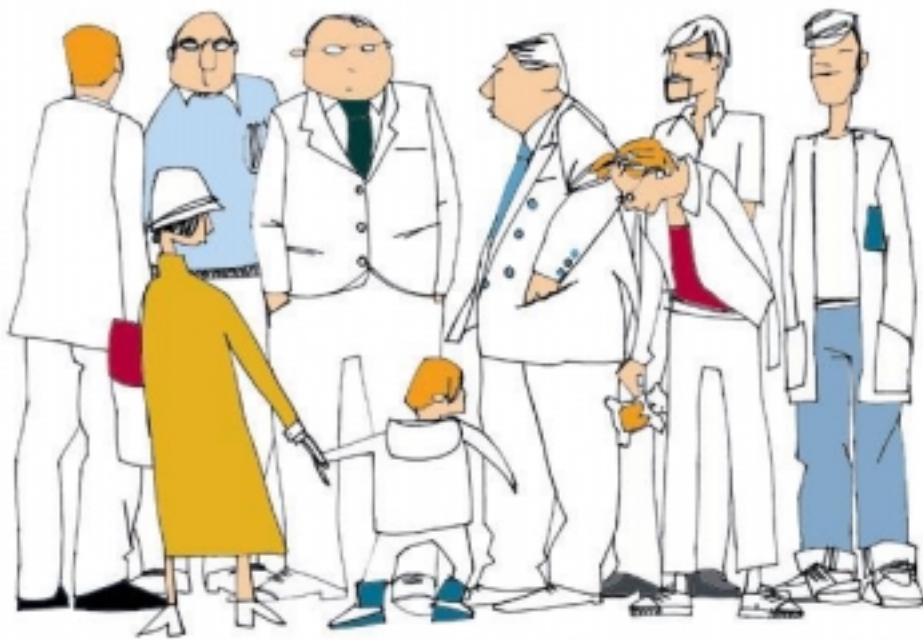


Detica Group plc

Interim Results

for the six months ended 30 September 2002



26 November 2002



Agenda

- ❑ Highlights
- ❑ Overview of Detica
- ❑ Review of markets and operations
- ❑ Financial review
- ❑ Outlook and current trading

Highlights





Strong performance in the first half

- ❑ Turnover up 21% to £17.6 million
 - Commercial up 14% to £9.6 million
 - Government up 31% to £8.0 million
- ❑ Operating profit up 24% to £2.7 million
- ❑ Operating margins higher at 15.1% (2001: 14.7%)
- ❑ Profit before tax up 31% to £2.8 million
- ❑ Strong cash position £11.7 million
- ❑ Proforma diluted EPS growth 24% to 9.2p
- ❑ Interim dividend at 1.5p



Overview of Detica

- ❑ High value consultancy and systems integration
- ❑ Consulting-led, technology agnostic
 - 72% consulting; 28% systems integration
- ❑ Domestic UK focus
- ❑ Commercial business – expertise in Customer Management
- ❑ Government business – expertise in National Security
- ❑ Blue chip client base
- ❑ Track record of consistent revenue and profit growth since 1995



Key success factors: Strategic competitive advantage

- Deep technical expertise based on a System Engineering approach
 - ⇒ We can tackle problems that most companies cannot
- Excellent people, all with good, numerate degrees
 - ⇒ Flexibility to move staff between technologies & markets
- Portfolio of markets
 - ⇒ Robust to fluctuations in individual market demand
- Long-term client relationships
 - ⇒ Enhanced revenue visibility
 - ⇒ Deep understanding of their needs

High value-added & Tight operational control
⇒ *Sustainable margin*

Review of markets and operations





Commercial market: 14% revenue growth

- Market is in a defensive frame of mind
 - ⇒ Offer solutions which:
 - ⇒ leverage current investment
 - ⇒ protect or enhance existing revenues & profits
 - ⇒ Focus on “brown-field” projects with complex integration tasks
- Clients will still spend where a good case can be made
 - ⇒ Careful reading of the market and pro-active selling is required
- Areas where client interest match Detica strengths
 - ⇒ Insight: eg risk management, campaign management
 - ⇒ Security: eg vulnerability assessments, employee fraud detection



Commercial clients

- We are sustaining revenues from long-term clients:

centrica



Hutchison 3G

- Whilst also starting new relationships:

HSBC 
The world's local bank

.....**T**..Mobile..

- And growing selected new clients from last year:


PRUDENTIAL


euostar

BARCLAYS



Some first half commercial projects



insourcing of customer loyalty programme



research into e-channel development in global retail banking and customer attitudes to e-statements



rationalisation of train call centre operations



business support to UK-wide CRM programme

**UK Network
Operator**

3G demonstrator build





Government market: 31% revenue growth

- Heightened security concerns
 - ⇒ Substantial National Security budget increases
- Intelligence-led approach being adopted
 - ⇒ Information management is a key element of the response
- Significant barriers to entry remain in place:
 - ⇒ corporate and staff clearances
 - ⇒ long track-record and strong reputation
 - ⇒ technological complexity
- Encouraging progress in broader eGovernment market
 - ⇒ commitment to spend on IT to improve service quality

Government clients

- Most government clients are long-term:



HM Customs and Excise



- Although some are relatively new:

department for
education and skills

invest-uk
www.invest.uk.com



British Trade International



Some first half Government projects



HM Customs and Excise

strategic partner for Law Enforcement
eGovernment programme

**Government
Department**

internal fraud and compliance management
solution



British Trade International

client-side advice on major CRM & portal
programme



People

- ❑ 306 staff as at 30 September 2002
- ❑ 50 new recruits this year
- ❑ Staff turnover remains at 11%
- ❑ Recruitment market much easier
 - Salary expectations realistic
 - Taking opportunity to greatly strengthen our ranks with experienced vertical specialists & technical experts
- ❑ Quality threshold remains as high as ever
 - All relevant staff have excellent first degrees
 - 40% have further degrees

Financial review





Half year results

Six months ended 30 September £m	2002	2001	Growth
Turnover	17.6	14.5	+21%
Operating profit	2.7	2.1	+24%
Profit before tax	2.8	2.2	+31%
Operating margin	15.1%	14.7%	
Tax rate	31.5%	31.1%	
Proforma diluted EPS	9.2p	7.4p	+24%
Interim dividend	1.5p	-	



Turnover by market Interims

Six months ended 30 September £'m	2002	2001	Growth
Commercial	9.6	8.4	+14%
Government	8.0	6.1	+31%
Turnover	17.6	14.5	+21%
Commercial	55%	58%	-3%
Government	45%	42%	+3%
	100%	100%	



Portfolio of markets

Turnover by vertical	H1 2002/03	H2 2001/02	H1 2001/02
Telecoms	24%	23%	12%
Financial Services	6%	7%	7%
Transport	12%	11%	19%
Other commercial	13%	15%	20%
Government			
National Security	38%	38%	36%
Other Government	7%	6%	6%
Turnover	£17.6m	£18.3m	£14.5m



High value added services

Turnover analysis	H1 2002-03	H2 2001-02	H1 2001-02
Consultancy	72%	73%	69%
System integration	28%	27%	31%
Total	100%	100%	100%
Time & materials	64%	67%	56%
Fixed price	36%	33%	44%
Total	100%	100%	100%



Strong operating margins

- ❑ Operating margins growth from 14.7% to 15.1%
- ❑ Tight operational management
 - Day rates - broadly unchanged
 - Healthy utilisation
- ❑ Flexible cost base



Tight management controls

- ❑ Responsive management controls
 - Firm grip on operational metrics
 - Clear and rapid picture of weekly revenues
 - Sales pipeline reviewed weekly
 - Continuous forecasting and rapid deployment of staff

- ❑ Embedded project management controls
 - Heritage of managing large and complex IT programmes



Strong balance sheet

30 September	£'000	2002	2001
Fixed assets			
Tangible assets		2,512	2,267
Investments		2,021	449
		4,533	2,716
Current assets			
Stocks		837	-
Debtors		10,212	11,904
Cash		11,722	3,760
		22,771	15,664
Creditors - less than one year		8,198	8,725
Net current assets		14,753	6,939
Creditors - more than one year		-	1,255
Provisions		-	16
Net assets		19,106	8,384



Cashflow

Six months ended 30 September	£'000	2002	2001
Operating activities		1,046	(381)
Tax		(654)	(600)
Capital expenditure		(683)	(550)
Interest		186	39
		(105)	(1,492)
Pre-IPO dividends		(1,229)	(701)
Issue of Ordinary shares		14,678	-
Pre-IPO loan repayments		(1,556)	(270)
Pre-IPO preference shares redemption		(6,595)	-
Flotation expenses		-	(565)
Employee Trust loan		223	145
		5,521	(1,391)
Increase/(decrease) in cash		5,416	(2,883)

Outlook and current trading





Structural changes in the market

- ❑ Industry consolidation has started in earnest
- ❑ Big 5 have mostly been acquired or changed business model
- ❑ A significant gap has arisen for truly independent consulting
 - Vendor agnostic
 - Independent of outsourcing
- ❑ These trends provide Detica with a real opportunity



Strategy

- ❑ Stay focused on Customer Management services combined with our National Security work
- ❑ Continue emphasis on higher-value services
- ❑ Stay focused on UK market
- ❑ Build the Detica brand cost-effectively
- ❑ Broaden and deepen vertical market involvement

Exploit structural market changes to become the UK's leading independent technology consulting business



Key success factors

- ❑ Deep technical expertise
- ❑ Excellent people
- ❑ Portfolio of markets
- ❑ Long-term client relationships

Strategic competitive advantage



Current trading

- ❑ Our key differentiators are critical to our success
- ❑ Structural changes in market are to Detica's advantage
- ❑ We see continued strong demand for our services
- ❑ Order backlog and pipeline are in line with our expectations of growth
- ❑ We are confident about prospects for the current year

Detica Group plc

Interim Results

for the six months ended 30 September 2002



26 November 2002