



Preliminary Results

June 2004

This presentation may make forward looking statements regarding future events and the future financial performance of the Company. These references may be subject to risks and uncertainties that cannot be forecasted and therefore must be treated in the appropriate way.

Chris Stone

Chief Executive



Full year results 2003/04

- **Summary**
- Operational performance
- Financial review
- Future growth prospects

A transformational year

- Achieved market leadership strategy in each chosen market
- Ongoing EBITA of £11.6m up 156%
- Group revenues of £136.5m up by 60%, driven by:
 - ▶ Public Services growth of 47%
 - ▶ HRS growth of 173%
 - ▶ Corporate Sector growth of 6%
- Organic growth of 13% in Public Services and 19% in HRS
- Completed five acquisitions, already delivering value
- Strategic focus:
 - ▶ Enhanced suite of products is driving strong organic growth in chosen markets
 - ▶ Potential to supplement this with selective bolt-on acquisitions

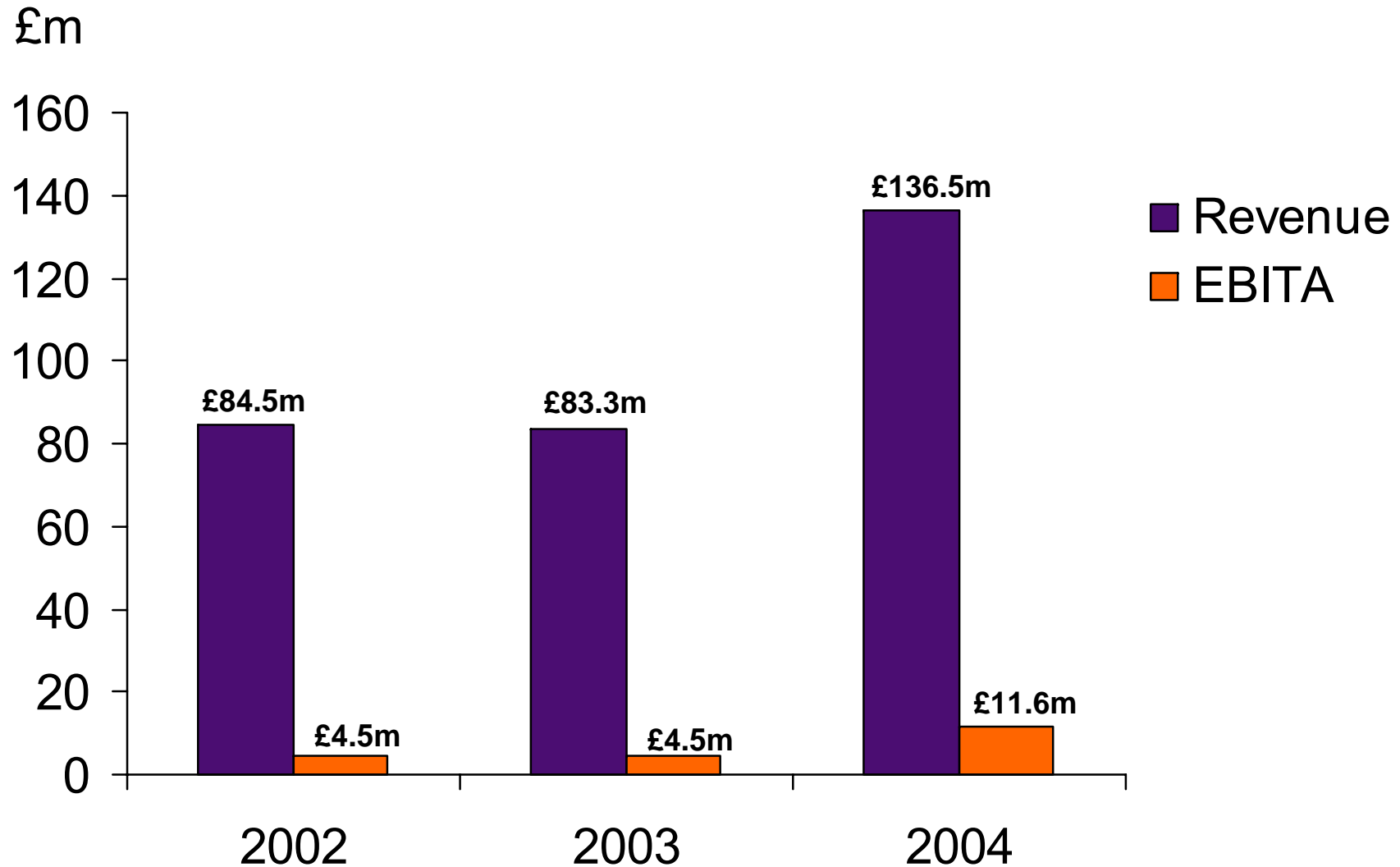
Key facts

- 2 out of 5 people in the UK paid by Northgate Information Solutions
- 2500 large/medium clients and almost 5000 small/medium clients
- Over 4m citizens served by Front Office
- Over 3m fixed penalties issued to motorists by Northgate software
- Every police force in the UK using mission critical Northgate solutions

Full year results 2003/04

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Revenue and EBITA* continuing operations

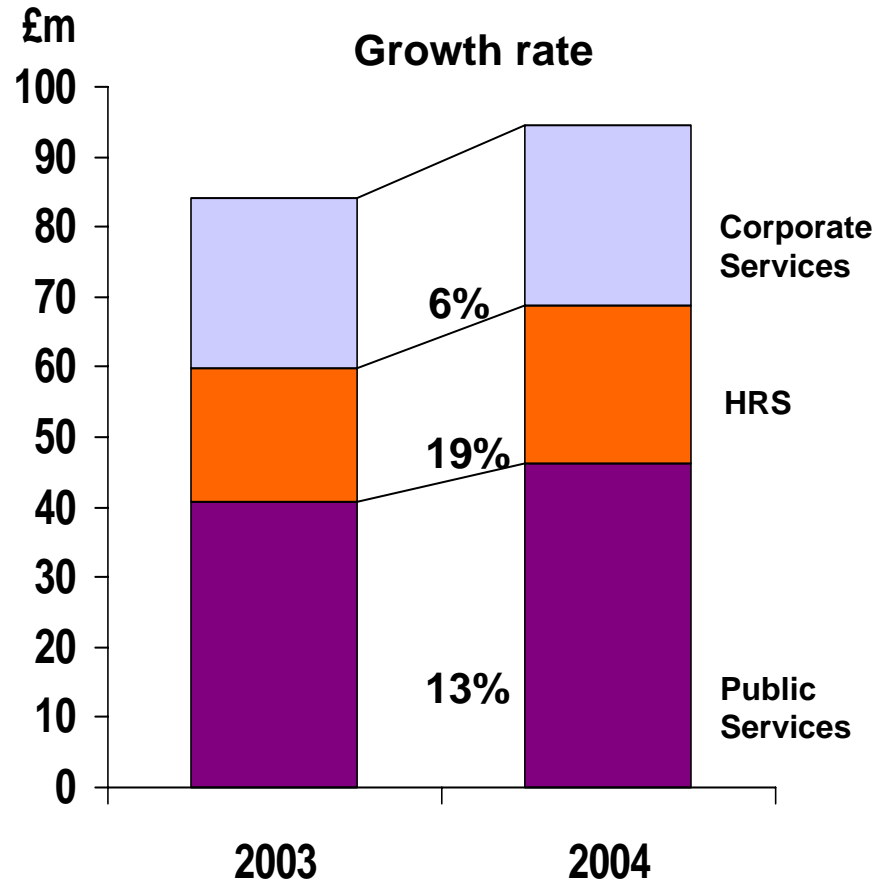


* Before exceptional items

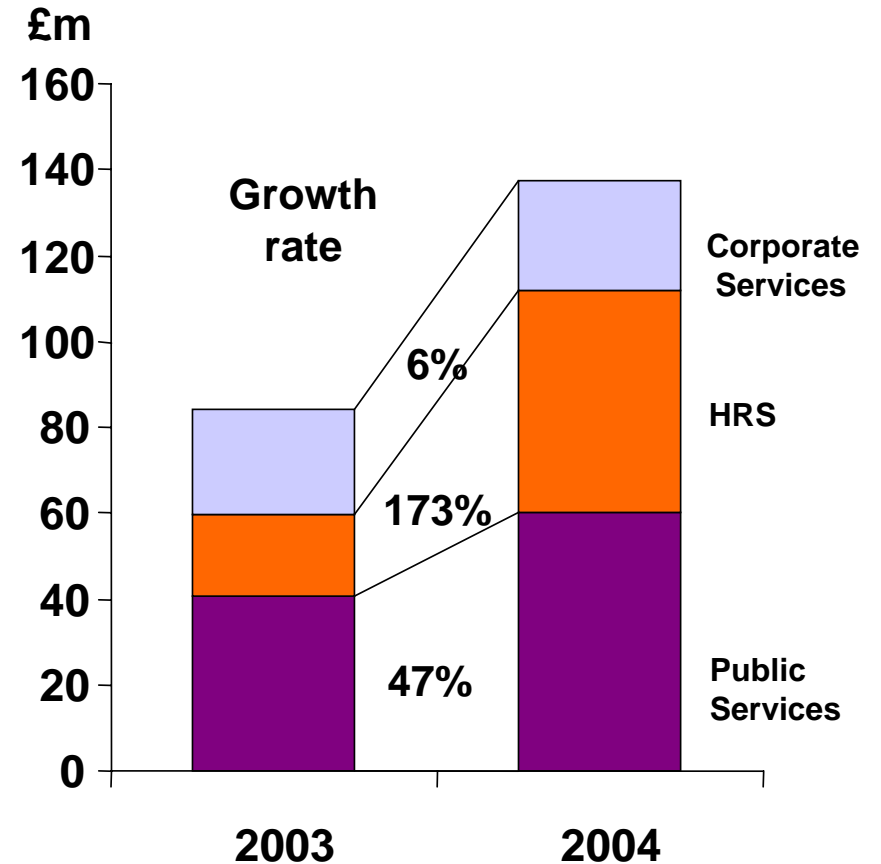
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Good total and organic growth across the Group

Revenues

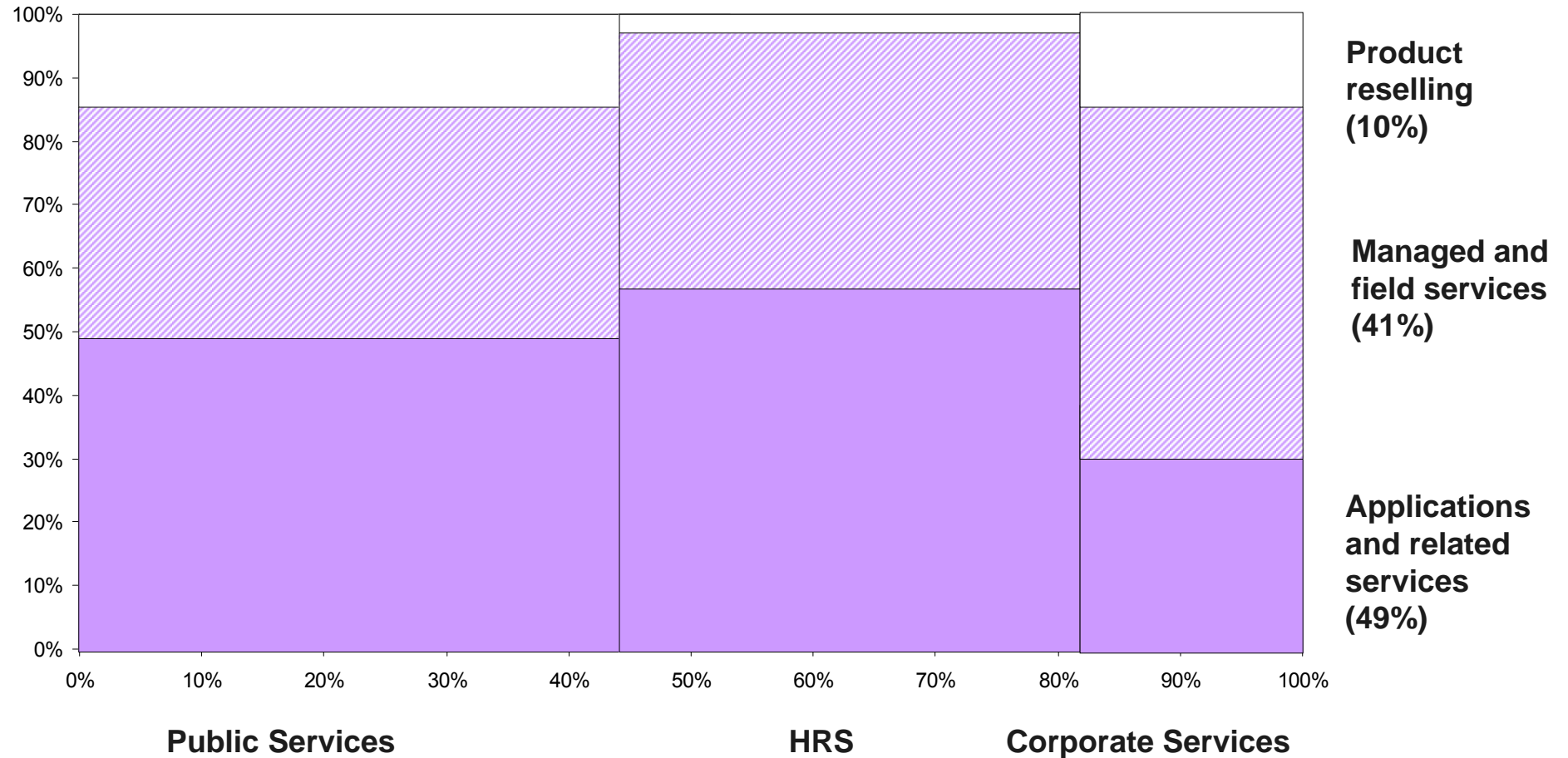


Revenues



Revenue mix now - higher margin activity

Revenue Split 2003/2004



Note: Width of columns on x-axis shows relative size of business
Height of bar on y-axis shows relative mix of business

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John Stier

Finance Director



Consolidated P&L

(£m)		FY 03/04	FY 02/03	Growth
Turnover	Base business	93.6	83.3	12%
	Acquisitions	42.9		
	Discontinued		1.9	
	Total	<u>136.5</u>	<u>85.2</u>	60%
EBITA	Base business	7.1	4.5	56%
	Acquisitions	4.5		
	Discontinued		0.6	
	Total	<u>11.6</u>	<u>5.1</u>	128%
EBITA %		8.5%	6.0%	

Base business & acquisitions analysis

(£m)	FY 03/04		FY 02/03		% Growth	
	Revenue	EBITA	Revenue	EBITA	Revenue	EBITA
Base						
Public	46.2	5.1	40.8	3.4	13%	47%
HRS	22.5	3.7	18.9	2.6	19%	43%
Corporate	25.8	1.4	24.3	1.2	6%	20%
Intercompany	(0.9)		(0.7)			
Group Costs		(3.1)		(2.7)		
Base Business	<u>93.6</u>	<u>7.1</u>	<u>83.3</u>	<u>4.5</u>	<u>12%</u>	<u>56%</u>
Acquisitions						
HRS	29.1	3.0				
Public	13.8	1.5				
Acquisitions	<u>42.9</u>	<u>4.5</u>				
Total	<u>136.5</u>	<u>11.6</u>				

Consolidated P&L

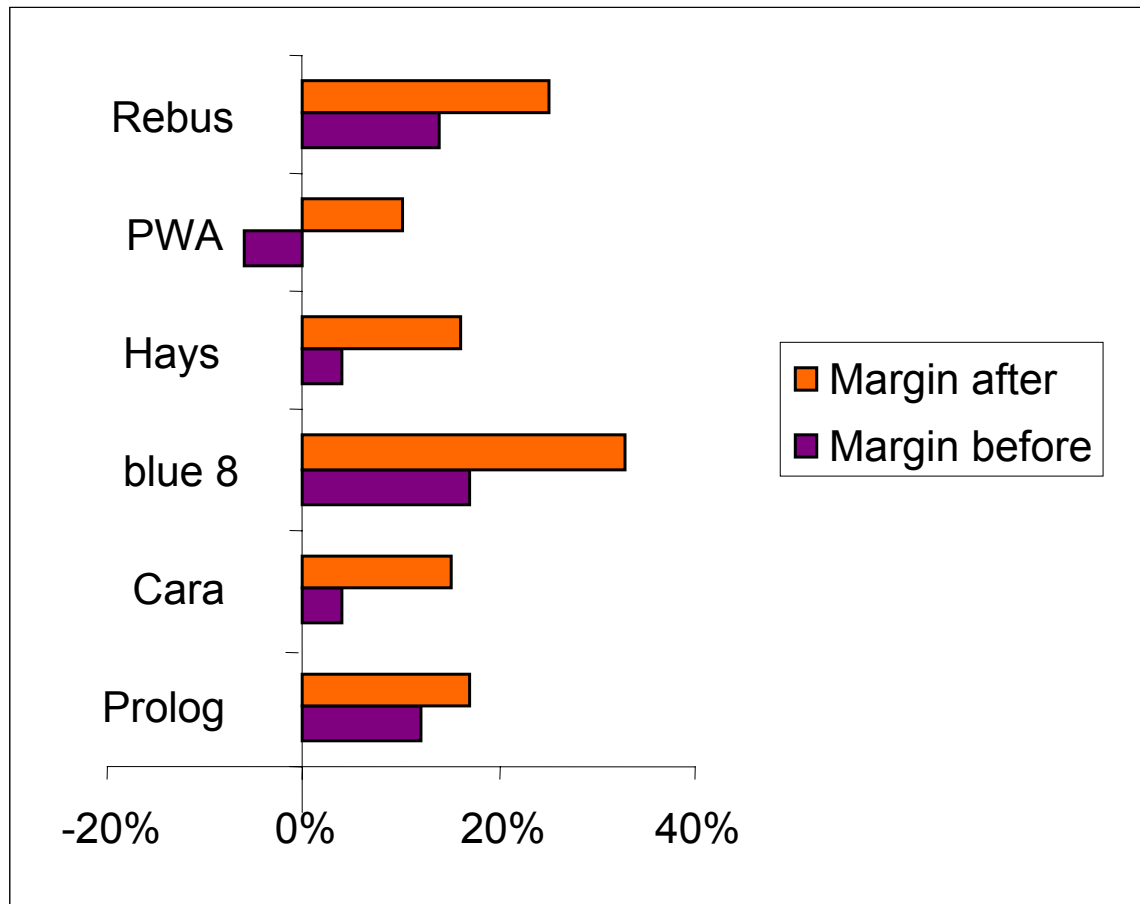
(£m)	FY 03/04	FY 02/03
EBITA	11.6	5.1
Goodwill amortisation	(5.9)	(0.3)
Exceptionals	(14.2)	(6.0)
Group operating loss	(8.5)	(1.2)
Net interest (payable) / receivable	(1.6)	0.8
Profit on disposal of operations	0.0	28.5
(Loss) / profit before tax	(10.1)	28.1
Tax (charge) / credit	0.0	1.6
Retained (loss) / profit	(10.1)	29.7
Earnings Per Share (p)		
Basic	-2.96p	10.45p
Adjusted basic	2.81p	1.83p

Exceptional items

(£m)	FY 03/04	FY 02/03
Current year restructuring	(11.2)	(1.2)
Abortive contract bid costs	0.0	(0.4)
Property Provision - Boundary Way (2004)	2.0	(4.6)
Total pre ESOS	(9.2)	(6.2)
ESOS	(5.0)	0.2
Total incl ESOS	(14.2)	(6.0)

Margin improvement in all acquisitions

- Average margin improved from 11% to 22% in acquired businesses



Working capital management & financing

- Strong conversion of EBITA to operating cash-flow of 118% (2003: 81%)
- Gearing of 35%, net debt of £57.1m
- Year end DSO was 27 days (2003: 28 days)
- Banking facilities of £88m, syndicated across 5 banks in place
- £31m headroom at 30/04/2004

Consolidated balance sheet

(£m)	30 Apr 04	31 Oct 03	30 Apr 03
Fixed Assets	31.6	25.0	7.2
Goodwill	231.7	33.7	5.7
Cash	2.4	6.8	39.4
Other Current Assets/(Liabilities)	(13.7)	0.2	0.8
Provisions	(29.9)	(5.0)	(6.8)
Debt & Long Term Liabilities	(60.0)	(12.9)	(0.2)
Net Assets	162.1	47.8	46.1
Net Cash (Debt)	(57.1)	(5.2)	39.3
Gearing	35%	11%	n/a

Provisions

(£m)	30 Apr 04	30 Apr 03	Movement
Property	7.2	6.6	0.6
Pension	17.8	0.0	17.8
Restructuring	3.6	0.2	3.4
ESOS	1.3	0.0	1.3
Total	29.9	6.8	23.1

Taxation

- Group contains £33.7m of UK trading losses and £52.1m of UK non-trading losses at 30-4-04
- Expected tax charge for 2004/05 is 20%
- Will move to tax charge of 25-30% over next 3-4 years
- Only £0.2m of corporation tax in current year, supported by exceptional charges. Offset by deferred tax movement

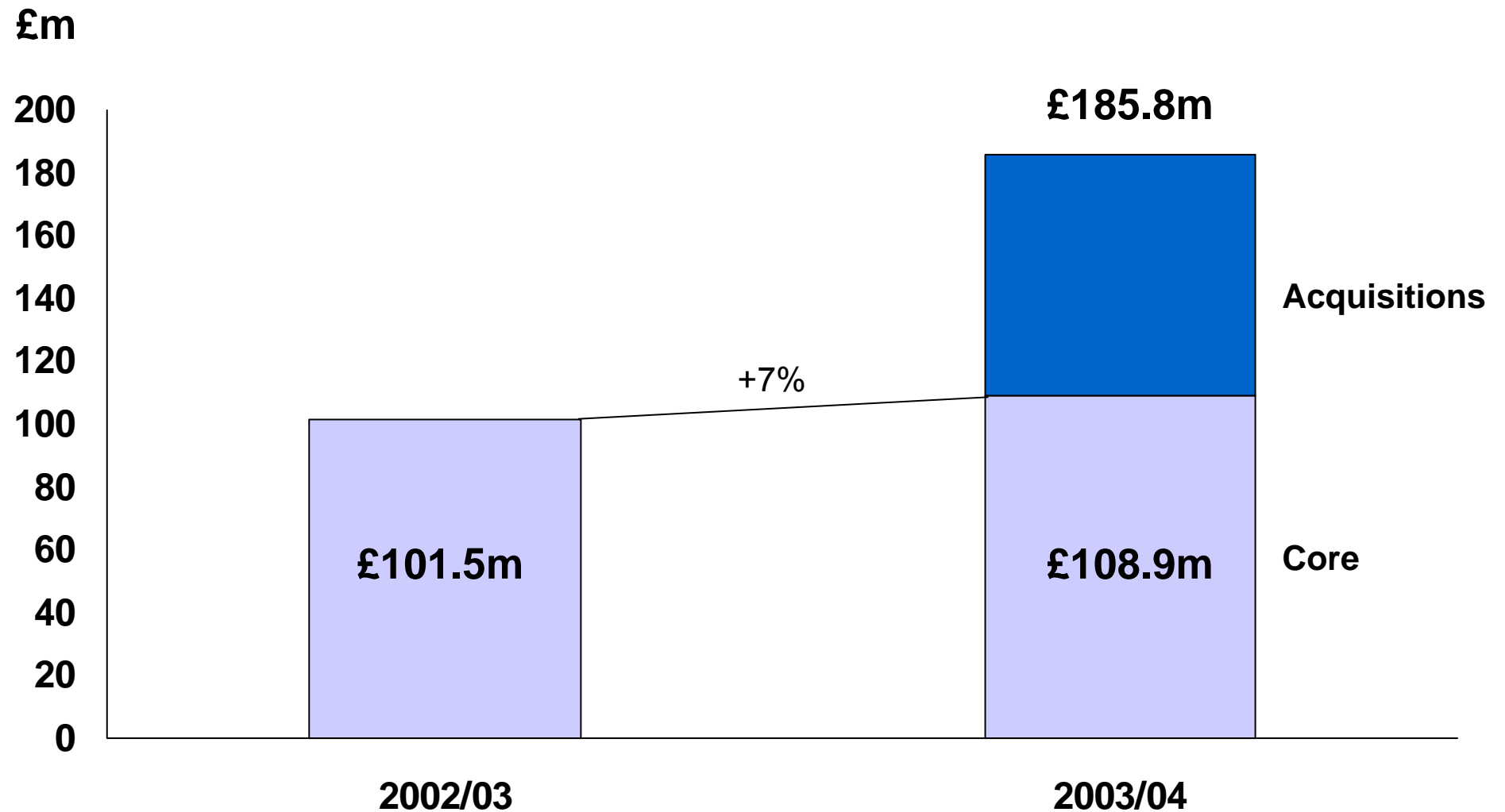
Pension schemes

- FRS17 post-tax valuations show deficits of:

	<u>03/04</u>	<u>02/03</u>
Northgate	£25.0m	£34.1m
RebusHR	£15.3m	£18.2m

- Deficit has declined 23% in the past year, due to increased investment returns, and reduced inflation
- Funding considered reasonable but will remain under review

Value in order book increased by 83%



Financial summary

- Strong trading performance across the Group, in growth markets
- The integration of acquisitions is largely complete
- Strong cash generation
- Funds available for further growth

Full year results 2003/04

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Chris Stone

Chief Executive



Transforming the mix – two years of strategic progress

- Sale of health for £33m
- £16m spent enhancing Public Services business
 - ▶ blue8
 - ▶ Hays CSG
- £22m to grow HRS the number 2 in the UK market
 - ▶ Prolog
 - ▶ Carapeople
 - ▶ PWA
- £176m to make HRS the market leader and Northgate a substantial UK software business
 - ▶ RebusHR

Progress in 2003/04 – contract wins

	Product	02/03	03 / 04
HRS	Licence	16	33
	Outsourcing / ASP	11	5
Local Government	Front Office	4	30
	Assert	0	3
Criminal Justice	Notice Enforcement	3 (VP/FPO)	3 (VP/FPO) 42 (NES)
	NMIS	n/a	18

The outlook is very exciting

- Strong competitive position delivered from growth strategy
 - ▶ Unique software applications delivering customer value
 - ▶ Leading positions in chosen markets
- Excellent growth prospects
 - ▶ Quality customer base & strong retention
 - ▶ Market leaders in growing markets
 - ▶ Selective bolt-on acquisitions in fragmented markets
- On plan to deliver significant improvement in revenue and margin for 2005



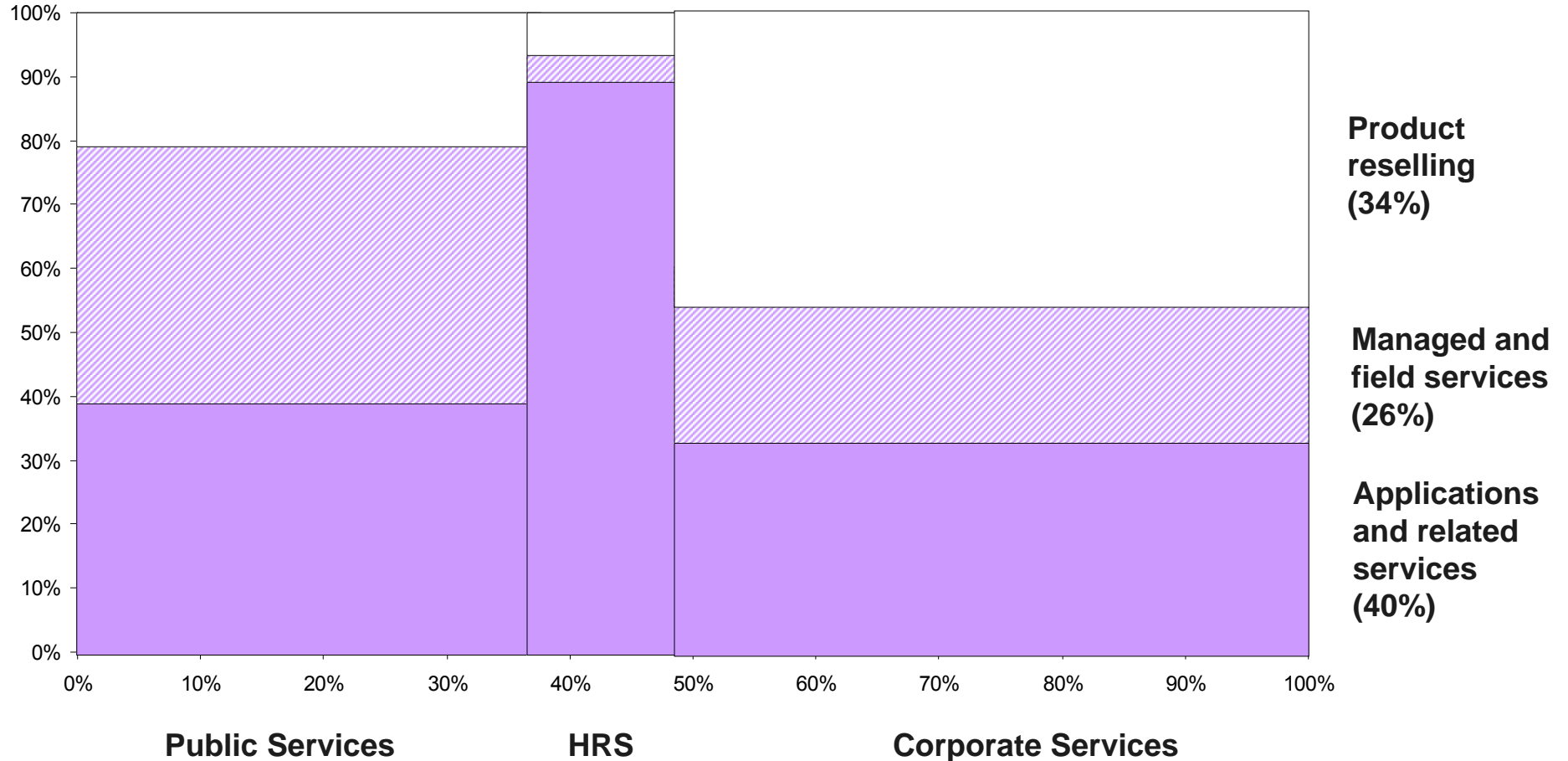
Preliminary Results

June 2004

Appendix

Northgate in 1999

Revenue Split 1999/2000



Note: Width of columns on x-axis shows relative size of business
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Cash flow FY 03/04

(£m)	FY 03/04	FY 02/03
Opening Net Cash (Debt)	39.3	11.4
Operating profit	5.7	4.8
Exceptional items	(9.2)	(6.3)
Depreciation and amortisation	9.6	3.2
Working capital	4.2	(0.9)
Provisions	3.4	3.2
Cash inflow from operations	13.7	4.0
Interest	(0.6)	1.2
Tax Paid	(0.4)	(0.7)
Capex	(4.3)	(2.7)
Acquisitions and disposals (incl Boundary Way)	(227.0)	26.1
Financing (incl shares issued)	122.2	0.0
Movement in Net Cash (Debt)	(96.4)	27.9
Closing Net Cash (Debt)	(57.1)	39.3