

Full Year Results

for the 12 months ended 31 May 2016

7 July 2016

Agenda

Highlights

Growth track record

Group financial performance

Industry landscape

Assurance

Escrow

Domain Services

Current trading & outlook

Appendix

Highlights – FTSE 250 company

56%

Group revenue
up 56% to £209.1m

74%

Assurance revenue
up 74% to £168.9m

10%

Escrow revenue
up 10% to £35.3m

€133m

Acquisition of
Fox-IT

£43.7m

Group
EBITDA

52%

Assurance
operating profit
up 52% to £25.8m

6%

Escrow operating
profit up 6% to
£20.1m

1,857

Employees
worldwide

45%

Group adjusted
profit before tax
increased 45% to
£37.0m

11.2p

Adjusted fully
diluted earnings
per share

17%

Total dividend up
17% to 4.65p

30+

Offices
worldwide

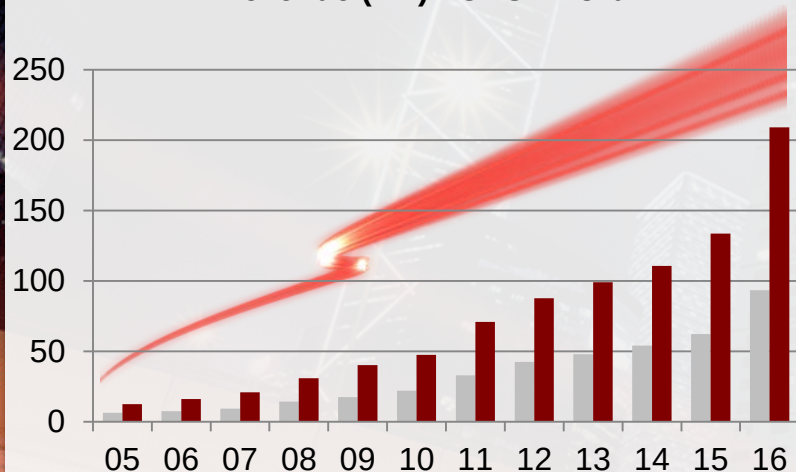
Exceptional items

	£m
Domain Services	13.7
Fees – Fox-IT & fundraising	3.5
Retention bonuses	1.7
Exceptional charges	18.9

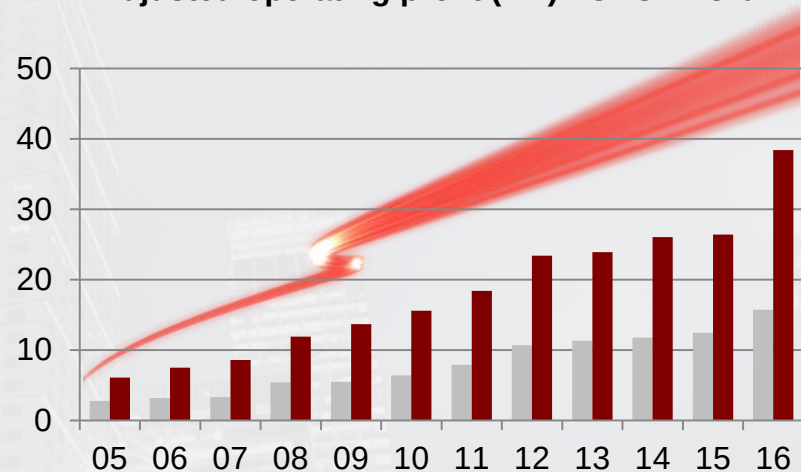
- Withdrawal from Domain Services market - total £13.7m charge
 - Open Registry to be sold or curtailed - £6.0m
 - Managed Services assets reused or written off - £6.9m
 - Cash cost - £0.9m
 - *.trust* domain & policies to be retained

16 years of record growth

Revenue (£m) - CAGR 28%



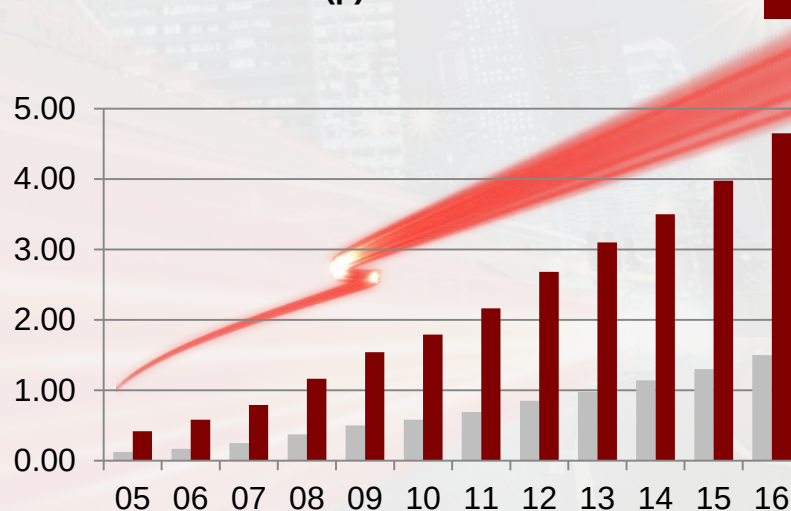
Adjusted operating profit (£m) - CAGR 18%



Fully diluted adjusted EPS (p) - CAGR 16%



Dividend (p) - CAGR 25%



Interim
Full year

Revenues

	2016 (£m)	2015 (£m)	Growth (%)	Organic (%)
Security Consulting	138.9	74.4	87%	-
Software Testing & Web Performance	30.0	22.6	33%	-
Assurance	168.9	97.0	74%	25%
Escrow UK	25.7	23.7	8%	-
Escrow US	6.2	5.2	20%	-
Escrow Europe	3.4	3.2	9%	-
Escrow	35.3	32.0	10%	10%
Domain Services	4.9	4.7	5%	-
Total revenue	209.1	133.7	56%	19%

International mix of revenue

2016	UK		Europe		Rest of world
	59%		16%		25%
	£122.0m		£34.2m		£52.9m
2015	UK		Europe		Rest of world
	54%		10%		36%
	£72.1m		£13.5m		£48.1m

Operating profit & EBITDA

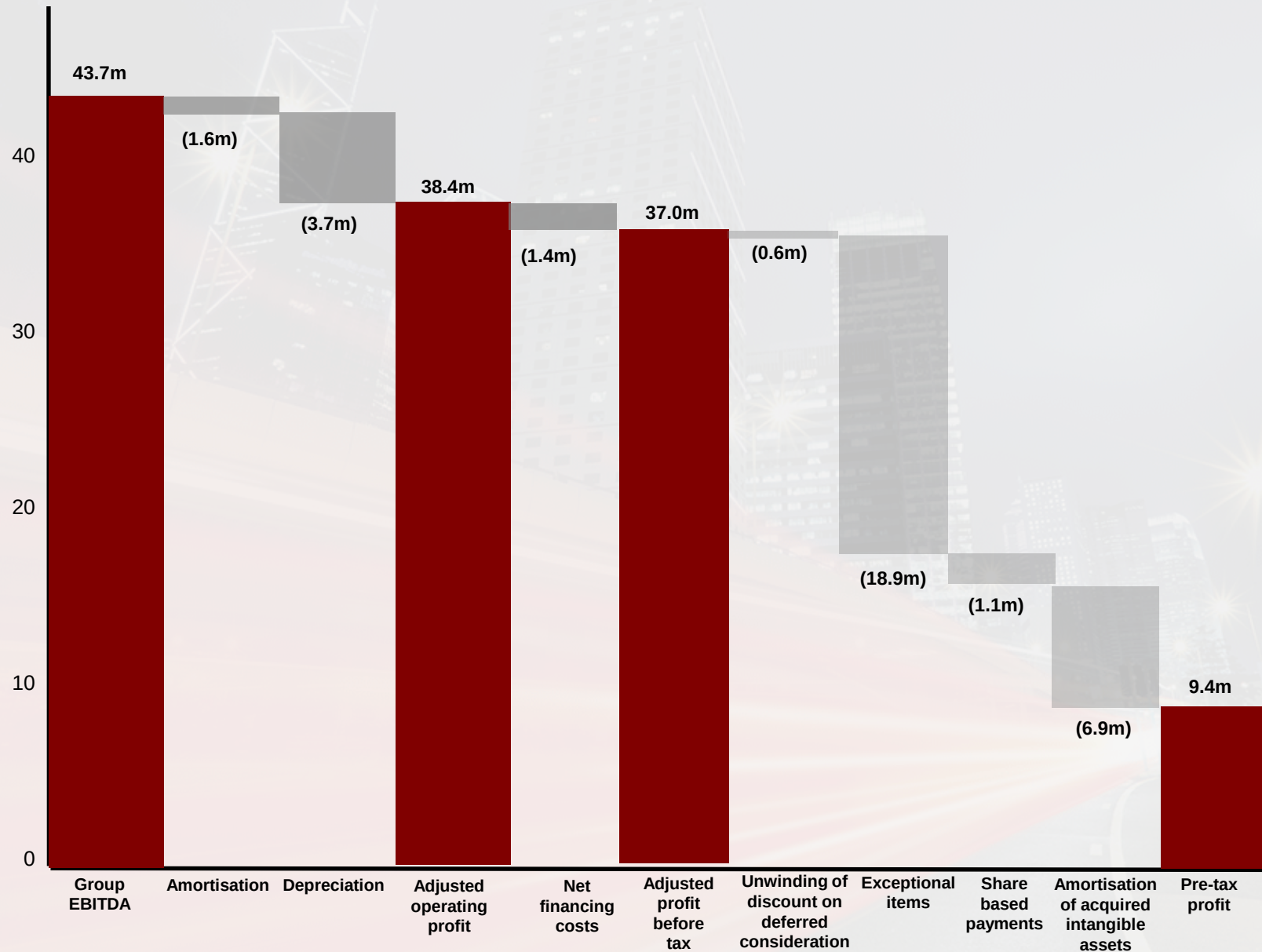
	Margin (%)	2016 (£m)	2015 (£m)	Growth (%)
Assurance	15%	25.8	17.0	52%
Escrow	57%	20.1	18.9	6%
Domain Services	-	(1.7)	(4.9)	-
Corporate	-	(5.7)	(4.6)	24%
Adjusted operating profit	18%	38.4	26.4	46%
Depreciation	-	3.7	2.6	40%
Amortisation	-	1.6	0.5	320%
Group EBITDA	21%	43.7	29.5	48%

Earnings per share & dividends

	2016 (£m)	2015 (£m)	Growth (%)
Group EBITDA	43.7	29.5	48%
Adjusted operating profit	38.4	26.4	46%
Adjusted pre tax profit	37.0	25.5	45%
Adjusted fully diluted EPS	11.2p	9.4p	19%
Fully diluted shares (m)	258.1	214.0	21%
Dividend per share	4.65p	3.98p	17%

Reconciliation of profit

£m



Cashflow

	2016 (£m)	2015 (£m)
Cash generated from operations	23.1	24.3
Net interest	(2.0)	(1.1)
Income taxes	(7.3)	(3.4)
Gross capital expenditure	(13.5)	(12.9)
Acquisition of businesses	(78.4)	(19.8)
Cash balances from acquisition	1.7	5.6
Dividends	(10.3)	(7.6)
Cash outflow before financing activities	(86.7)	(14.9)
(Repayment)/receipt of bank loans	(33.5)	20.4
Proceeds from issue of shares	123.8	0.4
Purchase of own shares	-	(0.4)
Increase in cash in the year	3.5	5.5

Banking, cash & capital expenditure

- Facility increased to £80m RCF, £30m term loan & £5m overdraft to Nov 2020
- Net debt £12.7m (May 2015: £50.6m) after equity raise & acquisition of Fox-IT
- Underlying cash conversion at 107% of operating profits (2015: 107%)
- Gross capital expenditure £13.5m (2015: £12.9m)
 - Group offices, IT infrastructure & systems
 - Product development and upgrades
- Future maximum deferred consideration due £22.0m
 - Majority relates to Fox-IT - €10m plus €2.5m shares in Nov 2016 & Nov 2017

Another bruising year for business

SEVERAL BANKS HACKED



through financial transaction network
- including a \$81 million reserve bank cyber-heist.*

\$81 million

Cyber attacks cost UK business

£34 billion

each year.***



wetherspoon

verizon✓



Hilton

TalkTalk

are just a small selection of companies to make the headlines for all the

WRONG REASONS.

More than
90%

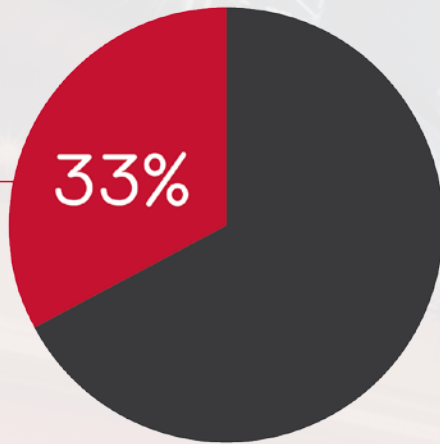
of businesses have experienced some form of cyber security threat.**

*Source: The Register, 11th March 2016: http://www.theregister.co.uk/2016/03/11/bangladesh_bank_cyber_heist_1bn_dollars_nearly_stolen/

**Source: <http://media.kaspersky.com/en/business-security/it-security-risks-survey-2015.pdf>

***Source: <https://www.veracode.com/blog/2015/07/veracode-survey-highlights-effects-cybercrime-global-level-sw>

All talk, no action



Just 33%

OF BOARDS CLEARLY UNDERSTAND THEIR APPETITE FOR CYBER RISK.

That's a significant problem for the other 67%.*

HOWEVER, 49%

OF BOARDS PLACE CYBER RISK AS A TOP RISK- UP 29% FROM THE PREVIOUS YEAR*.

It's clear that while awareness of the issue is growing, we are not yet seeing real behavioural change.

+29%

UK data protection standards

MUST BE EQUIVALENT TO EU GDPR IN ORDER TO TRADE WITH THE REST OF THE WORLD.

No FTSE350

company currently has a separate Cyber Security Committee

Board responsibility

- First plc to form Cyber Security Committee
- Directors must be fully accountable
- Lack of understanding or knowledge is not an acceptable excuse
- No current requirement for companies to report cyber breaches
- Most believe that it is the responsibility of the Audit Committee
 - Financial Services sector do have Risk Sub Committees
- Audit Committees do not have the skills, gravitas, capability or mandate
- Cultural change is needed & legislation & support – FCA?
- Company Directors must undergo cyber security training
- Gives them ability to judge & score the threat on the corporate risk register
- We are committed to putting cyber security onto the main board agenda

Assurance

Assurance

Revenue	£168.9m	Operating profit	£25.8m	Margin	15%	Headcount	1529 FTE
----------------	---------	-------------------------	--------	---------------	-----	------------------	----------

UK

Headcount :
1022 FTE



Europe

Headcount :
256 FTE



US

Headcount :
232 FTE

Australia

Headcount :
19 FTE



Assurance

	2016 (£m)	2015 (£m)	Growth (%)
Assurance revenue	168.9	97.0	74%
Assurance operating profit	25.8	17.0	52%

- Revenue growth of 74% - excellent organic growth of 25%
- Benefiting from six months revenue from Fox-IT - £14.0m
- FY margin 15% (2015: 18%) - reduced due to product sales - target still 20%
 - H2 margin was stronger at 16%
- Accumuli fully integrated & rebranded NCC Group Managed Security Services
- Fox-IT integration on track - global roll out of services expected 2016/2017
- Recurring revenues renew at 94% (2015: 83%) - forecast at £28.0m
- Assurance order book of £53.1m

Assurance

	2016 (£m)	2015 (£m)	Growth (%)
Security Consulting	138.9	74.4	87%
Software Testing & Web Performance	30.0	22.6	33%

Security Consulting

- Revenues grew by 87%
- US & UK are working effectively for international clients
- World's largest security team
- World class security operations centres

Software Testing & Web Performance

- Web Performance renewals of £7.0m (2015: £6.8m) at 90% renewal rate

Escrow

Escrow

Revenue	£35.3m	Operating profit	£20.1m	Margin	57%	Headcount	181 FTE
---------	--------	------------------	--------	--------	-----	-----------	---------

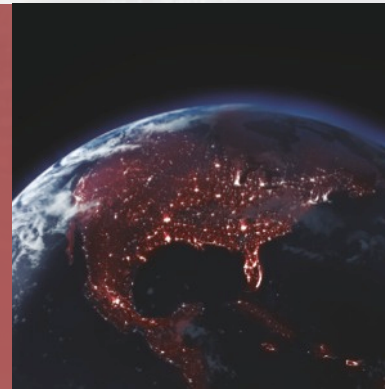
UK

Revenue :
£25.7m
Headcount :
107 FTE



Europe

Revenue :
£3.4m
Headcount :
15 FTE



US

Revenue :
£6.2m
Headcount :
59 FTE

Escrow

	2016 (£m)	2015 (£m)	Growth (%)
Group Escrow revenue	35.3	32.0	10%
Group Escrow operating profit	20.1	18.9	6%
Escrow UK revenue	25.7	23.7	8%

Escrow

- Excellent performance - strongest revenue growth in 10 years
- Substantial margin & very strong cash conversion
- Renewals grew to £20.0m (2015: £18.5m)

Escrow UK

- Growth from both contracts & verifications
- Terminations remain below 11%

Escrow

	2016 (£m)	2015 (£m)	Growth (%)
Escrow US revenue	6.2	5.2	20%
Escrow Europe revenue	3.4	3.2	9%

International

- Excellent performance in US & Europe
- Both US offices at full strength
- Excellent performance from Europe – constant currency 12% growth
- Global account management stronger & performing well

Domain Services

	2016 (£m)	2015 (£m)
Domain Services revenue	4.9	4.7
Domain Services operating loss	(1.7)	(4.9)

- Following strategic review decision made to withdraw from marketplace
- Group is still committed to the concept
- Take up of open generic domains & city codes fallen way short of initial targets
- Branded domains still undelegated or unused
- Clear that the market is not ready
- Reinvest assets & resources in areas that will provide more suitable return
- Continuing to push *.trust* security standards & use *.trust* domain

Current trading & outlook

- Assurance
 - Security Consulting is now global force - the size of some nation's capabilities
 - Strong organic growth set to continue & allied to good staff retention
 - Fox-IT - on plan - integration on track
- Continued strong, solid growth across Escrow
- Withdrawal from Domain Services well underway
- Group orders & recurring revenues £104.6m (2015: £62.7m)
 - Assurance orders & recurring revenues £81.0m (2015: £41.8m)
 - Group Escrow orders & recurring income of £23.6m (2015: £20.9m)
- Continue to look for acquisitions in the new financial year
- Confident about delivering another year of strong & consistent growth