

Half Year Results

for the six months ended 30 November 2015

21 January 2016

Agenda

- Highlights
- Growth track record
- Group financial performance
- Escrow
- Cyber security landscape
- Assurance
- Domain Services
- Current trading & outlook
- Appendix

Highlights

50%

Group revenue
up 50% to £93.5m

57%

Assurance revenue
up 57% to £73.8m

7%

Escrow revenue
up 7% to £16.4m

250

FTSE 250 listed
company

26%

Adjusted Group
operating profit up
26% to £15.7m

33%

Assurance
operating profits
up 33% to £10.3m

4%

Escrow operating
profits up 4% to
£9.2m

£92.6

Acquisition of
Fox-IT on 27
November 2015 for
£92.6m

11%

Adjusted fully
diluted earnings
per share up 11%
to 5.0p

15%

Interim dividend
up 15% to 1.5p

1,800

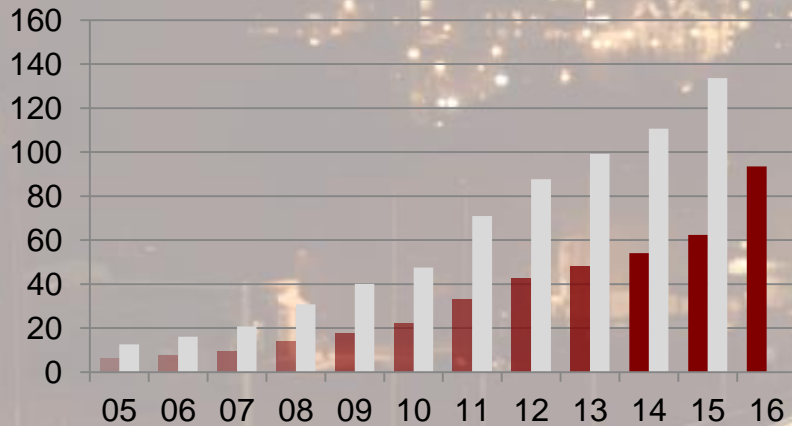
Employees
worldwide

32

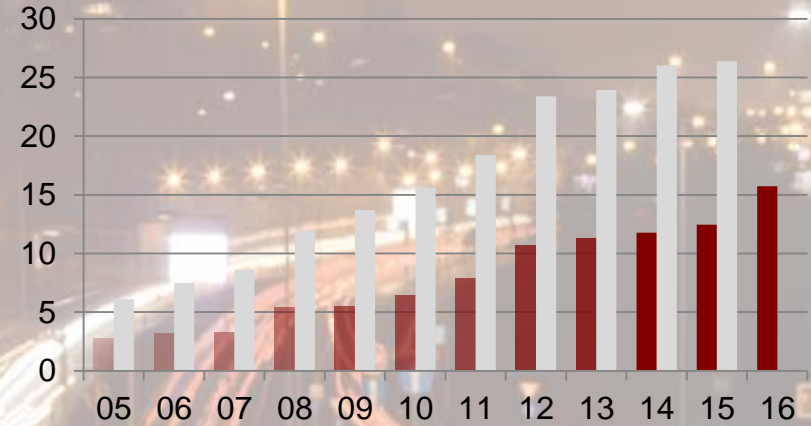
Offices
worldwide

15 consecutive years of record growth

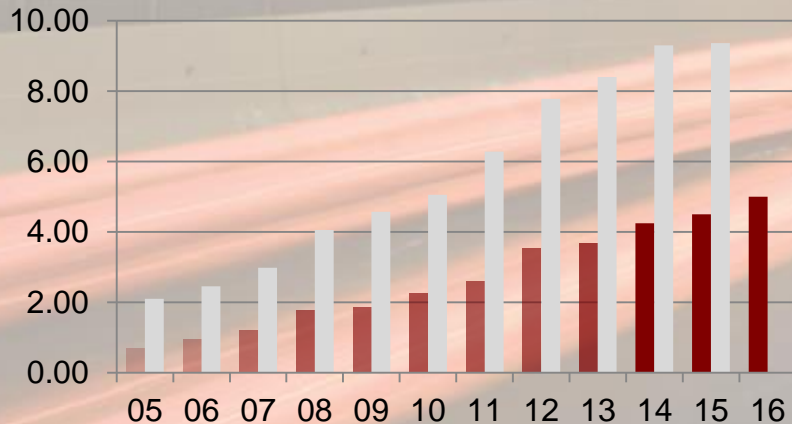
Revenue (£m) - CAGR 28%



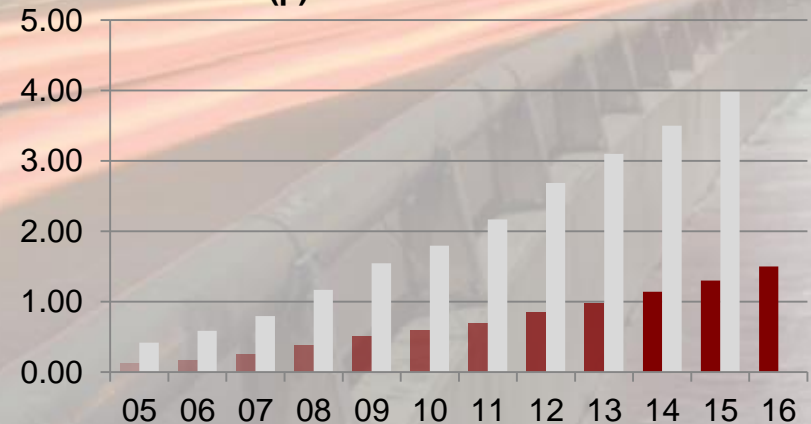
Adjusted operating profit (£m) - CAGR 17%



Fully diluted adjusted EPS (p) - CAGR 20%




Dividend (p) - CAGR 25%



Revenues

	2015 (£m)	2014 (£m)	Growth	Organic
Escrow UK	12.0	11.3	7%	7%
Escrow Europe	1.6	1.6	3%	3%
Escrow US	2.8	2.5	10%	10%
Escrow	16.4	15.4	7%	7%
Security Consulting	59.7	36.1	65%	13%
Software Testing & Web Performance	14.1	10.8	31%	31%
Assurance	73.8	46.9	57%	17%
Domain Services	3.3	-	-	-
Total revenue	93.5	62.3	50%	17%

International mix of revenue

	UK		Europe		Rest of world
2015	64% £59.5m		9% £8.8m		27% £25.2m
2014	53% £33.3m		10% £6.3m		37% £22.7m

Operating profits

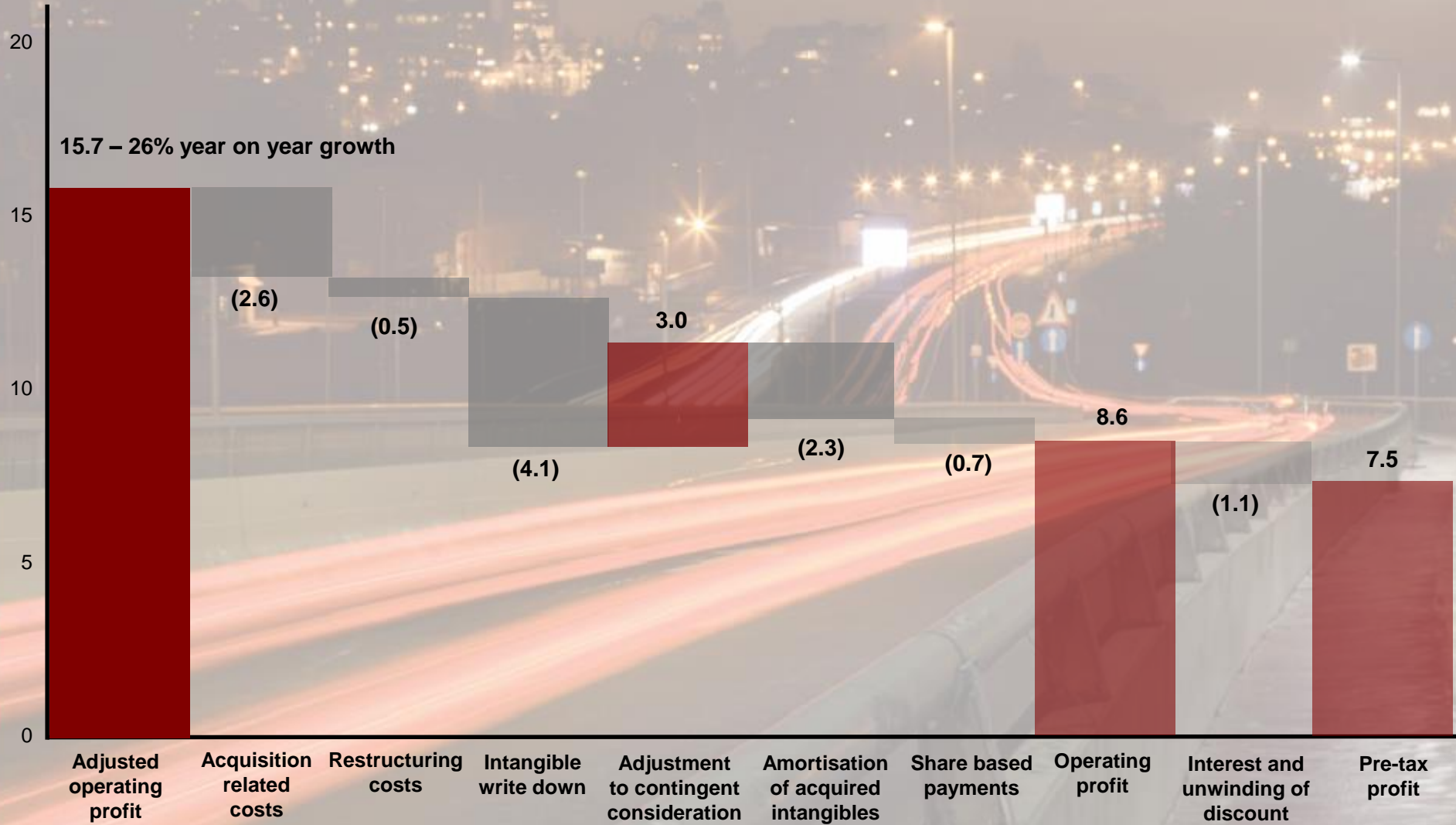
	Margin (%)	2015 (£m)	2014 (£m)	Growth
Contribution				
Escrow	56%	9.2	8.9	4%
Assurance	14%	10.3	7.7	33%
Corporate	-	(2.8)	(2.3)	20%
Adjusted operating profit pre Domain Services	19%	16.7	14.3	17%
Domain Services	-	(1.0)	(1.9)	47%
Adjusted operating profit	17%	15.7	12.4	26%

Earnings per share & dividends

	2015 (£m)	2014 (£m)	Growth
Adjusted operating profit	15.7	12.4	26%
Adjusted pre tax profits	14.9	12.1	24%
Adjusted fully diluted EPS	5.0p	4.5p	11%
No. of fully diluted shares (m)	236.6	211.4	12%
Interim dividend per share	1.5p	1.3p	15%

Reconciliation to pre-tax profits

£m



Cashflow

	2015 (£m)	2014 (£m)
Cash generated from operations	7.9	11.7
Net interest paid	(1.1)	(0.4)
Income taxes paid	(3.4)	(0.7)
Capital expenditure	(5.5)	(9.7)
Acquisition of businesses	(78.0)	(2.3)
Cash balances from acquisition	1.8	-
Dividends paid	(6.1)	(4.9)
Cash (outflow)/inflow before financing activities	(84.4)	(6.3)
Receipt of bank loans	27.9	2.1
Proceeds from issue of first tranche of shares	62.4	0.3
Increase in cash in the year	5.9	(3.9)

Cash, capital & banking

- Net debt £73.1m before second part (£63.2m) of equity raise (£31.3m at Nov 2014)
- Facility increased to £80m RCF, £30m term loan plus £5m overdraft to Nov 2020
- Strong underlying cash conversion at 116% of operating profits (105% in 2014)
- Capital expenditure £5.5m (2014 in £9.7m)
 - Domain Services development costs - £1.9m
 - Group offices, operational IT systems, infrastructure & product upgrades - £3.6m
- Future maximum deferred consideration due £21.1m
 - FortConsult - £1.7m - June 2016
 - ArmstrongAdams - £1.9m – August 2016
 - Fox-IT - €10m plus €2.5m shares in Nov 2016 & 2017
 - Open Registry - €2.8m – Feb 2018

Escrow

Escrow

Revenue £16.4m **Contribution** £9.2m **Margin** 56% **Headcount** 168 FTE

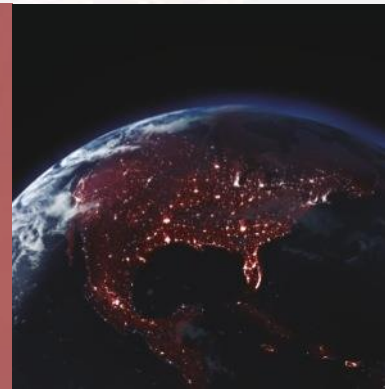
UK

Revenue :
£12.1m
Headcount :
111 FTE



Europe

Revenue :
£1.6m
Headcount :
14 FTE



US

Revenue :
£2.8m
Headcount :
43 FTE

Escrow - Escrow UK

	2015 (£m)	2014 (£m)	Growth
Escrow revenue	16.4	15.4	7%
Escrow UK revenue	12.1	11.3	7%
Escrow contribution	9.2	8.8	4%

Escrow

- Continued solid performance
- Renewals up 5% to £19.3m (2014: £18.3m)

Escrow UK

- Prices increased in 2015
- Verification performance growth continues
- Terminations unchanged at less than 11%

Escrow - Europe & US

	2015 (£m)	2014 (£m)	Growth
Escrow US revenue	2.8	2.5	10%
Escrow Europe revenue	1.6	1.6	3%

Overseas

- All are stable & growing
- Strong performance from US team
- Excellent performance from Europe – constant currency 11% growth
- Global account management stronger & performing well

Cyber security landscape - an arms race

Personal records:

Over one billion personal records were illegally accessed in 2015 – including health, financial, email, home addresses, password and bank details.



TARGET EXPECTED TO PAY \$20M TO MASTERCARD FOR BREACH

TalkTalk website hit by third cyber attack

TalkTalk customers have their sensitive information stolen

HILTON WORLDWIDE POINT OF SALE TERMINALS INFECTED WITH MALWARE

Malware steals personal information during card transactions



wetherspoon

650,000

PERSONAL DETAILS

Including names and email addresses, were stolen from a JD Wetherspoons' database. Card data of 100 customers was also taken after it was hacked.

The cost of data breach varies by industry, for example:

£241

If a healthcare organisation has a breach, the average cost could be as high as £241.

£200

In the education sector the average cost could reach £200.

£80

The lowest cost per lost or stolen record in the transportation sector is £80.

£45

The lowest cost per lost or stolen record in the public sector is £45.

£109

The retail industry's average cost increased dramatically from £69 last year to £109 this year.

Something has to change

60%



of consumers feel more concerned now than ever about **protecting their personal and financial information online.**

After a website has been breached, 27% of consumers say they **would not use that website again or open emails from that organisation.**



57%



of consumers agree that to complete online transactions they must often **share information they would normally not feel comfortable sharing online.**



20% of consumers claim to have been a **victim of a cyber attack** in the past.



While 85% of consumers shop online, **just 20% feel very secure on online shopping sites.**



63% of consumers think an online data breach will **compromise their financial information** within the next year.

Source: Trust in the Internet Survey 2015, NCC Group plc together with IDG Research Services

Board responsibility

- Cyber-crime is single biggest threat to corporates & individuals
- Defending against damage & disruption is costly – time, reputation, confidence
- Cyber risk awareness still poor at board-level – ignorance is no excuse/defence
- Cyber security & associated risk mitigation is a Board's responsibility
- Cultural change is needed - must move from reactive to proactive approach
- Businesses cannot outsource risk but can outsource security & mitigation
- Security policies should be as familiar as accounting policies to boards
 - Risk register must include cyber security
 - Boards must report cyber security strategy & any breaches annually
- Boards must adopt transparency before forced – legislation being discussed

We have the right to be secure

- Legislation being introduced from Europe in next couple of years
- General Data Protection Regulation (GDPR)
 - Aiming for adoption early 2016
 - New rules to be applicable two years after that
 - Breaches of rules will be punished with fines of up to 4% of global turnover
- Network and Information Security Directive (NISD)
 - Common cyber security framework
 - Aiming for improved cooperation across EU
 - Set of cyber security obligations & notification requirements
 - Energy, transport, banking, health, water & digital infrastructure sectors
- Individuals will gain right to know when data has been hacked
- UK needs to lead the way in how cyber security risk is reported

TECHNICAL CONSULTING DAYS SOLD

110k

Total Assurance

75k

In the UK



1,300
FTE



6 MILLION

IPs scanned
last year



900k
LIVE

IPs scanned
last year

1.2 BILLION

web pages
monitored last year



Assurance

Assurance

Revenue £93.5m Contribution £10.3m Margin 14% Headcount 1305 FTE

UK

Headcount :
809 FTE



Europe

Headcount :
276 FTE



US

Headcount :
206 FTE

Australia

Headcount :
14 FTE



Assurance

	2015 (£m)	2014 (£m)	Growth
Assurance revenue	93.5	62.3	17%
Assurance contribution	10.3	7.7	33%

- Revenue growth of 57%
- Excellent organic growth of 17%
- Margin including Accumuli 14% (2014: 17%) - target still 20%
- Global offering - compelling, competitive proposition
- Continued staff development, recruitment & retention remains primary focus
- World leading research – automotive
- Strengthened by provision of threat intelligence

Assurance

	2015 (£m)	2014 (£m)	Growth
Security Consulting	59.7	36.1	65%
Software Testing & Web Performance	14.1	10.8	31%

Security Consulting

- Revenues grew by 65%
- US & UK are working effectively for international clients
- World's largest security team

Software Testing & Web Performance

- Web Performance renewal rates 91%
- Renewals £7.0m (2014: £6.8m)

Accumuli

- Integration complete & strong performance

Domain Services

	2015 (£m)	2014 (£m)
Domain Services revenue	3.3	-
Domain Services operating loss	(1.0)	(1.9)

- Domain Assured – ICANN anti abuse product
- Escrow services flourished
- Open Registry affected badly by ICANN delays
- Rationalisation of Group Managed Services products
- Managed Services delivering world class service
- Division starting to get closer to breakeven

Current trading & outlook

- Continued strong, solid growth across Escrow
- Assurance
 - Security Consulting is now a global force
 - Service offerings further expanded by Accumuli
 - Strong organic growth set to continue
 - Fox-IT
 - Adds threat Intelligence (TI) & TI led managed services capabilities
 - Early days - encouraging signs of cross selling potential
- Domain Services
 - Positioned well as market takes off
- Group orders & renewals £75.7m
 - Group Escrow orders & recurring income of £21.6m (2014 at £20.6m)
 - Assurance orders & recurring revenues £54.1m (2014 at £36.6m)
- Confident about delivering another year of strong & consistent growth