



NCC Group plc

Analysts Visit – Online document Manchester

11 March 2009



**NEXT GENERATION
SECURITY SOFTWARE**
an NCC Group Company





Analysts Day - Agenda

- Interim highlights
- Sector & customer concentration – the facts
- Group revenue split by sector to date
- Assurance division – renewable revenues
- Assurance division – margins 2009/10/11
- Escrow Europe – the Dutch view
- Appendix





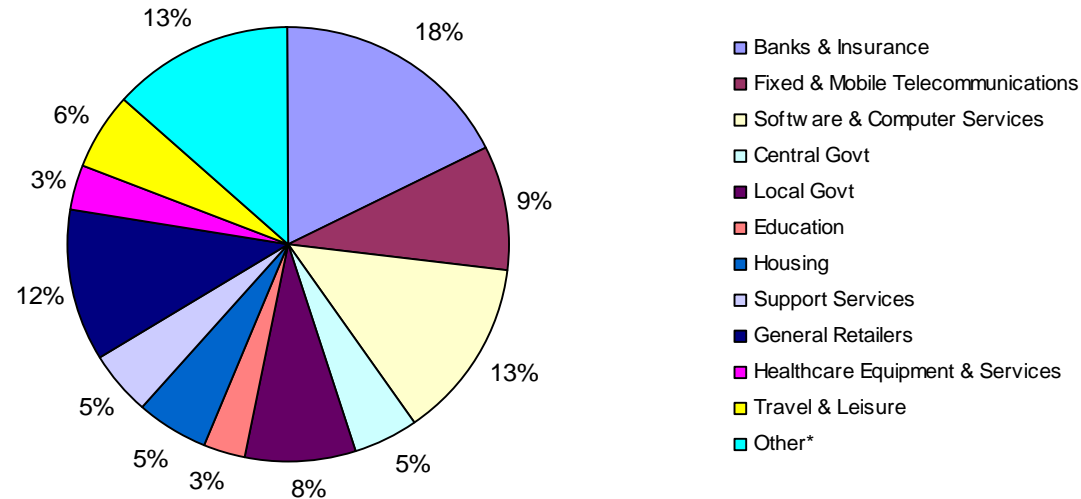
Interim highlights

- Recession resilient performance – but nobody is impervious
- Group revenue up 27% to £20.8m
- Operating profits up 17% to £5.5m
 - Group Escrow Solutions up 19% to £5.5m
 - Assurance Testing up 25% to £1.0m
 - Consultancy up 71% to £0.2m
- Group employs 420 FTE in eight locations worldwide
- All six acquisitions fully integrated
- Bank facility more than covers future funding requirements
- Cash conversion 119% of operating profits
- Group orders and renewals £29.3m at interims, renewals £17.6m & orders worth £11.7m for 2008/09

Sector & customer concentrations

- The Group has never been reliant on one customer or sector
- Sector exposure has been consistent over the previous three years
- 18% of Group revenues derived from banks & insurance
 - Escrow 24% - same for last three years
 - Assurance 17% - maximum has been was 20%
- 13% of Group revenues derived from computer & software services
 - Skewed due to Logica assurance work acquired with Secure Test
- 12% of Group revenues derived from retailers
 - Increased sector presence from acquisition of Site Confidence
- First & second largest Group customers are 4.3% & 1.4% of revenue
 - Escrow 0.4% - next largest 0.2%
 - Assurance 4.2% - next largest 0.7%
 - Consultancy 1.4% - next largest 1.2%

Group revenue split by sector to date



*No sector in other accounts for more than 4%

Top three sectors by division	Escrow	Assurance	Consultancy
Banks & Insurance	24%	17%	-
Software Computer Services	13%	17%	-
Telecoms	17%	-	-
Retail	-	24%	-
Housing	-	-	34%
Local Govt	-	-	18%
Education	-	-	10%

* Additional data in appendix

Assurance division – renewable revenues

- Division revenues for six months to November 2008 £7.7m
- Revenues derived from:
 - NGS – Specialist security testing & forensics – contributing H2 2008/09
 - Secure Test – security testing
 - Site Confidence load & monitoring
 - 24/7 Assured – constant security monitoring – PCI approved
- Monitoring revenues have an 89% renewal rate - £3.8m for 2008/09
- Testing customers renew & buy more – customer loyalty means that relationships are long term
- 58% of customers renew/repeat testing with the Group
- 81% of prior year revenue is renewed/repeated
- Average spend of renewing customers increases by 20% annually

Assurance division - margins

- Initial objective achieved - market leader in ethical security testing
 - largest accredited team - only reported measure
- Consensus for full year suggest c.£18.3m revenue for 2008/09
- Group strategy based on organic growth with complementary bolt on acquisitions
- Early sales strategy for Testing to buy revenues – hence heavy investment in sales teams
- Refinement in sales pitch & strengthened market position is leading to margin enhancement
- Objective to move divisional margins up materially from 13% over the next few years
- Renewable income from monitoring & testing key - lowers cost of sale

Escrow Europe – the Dutch view

- Based in Amsterdam, Holland & Munich, Germany
 - Integrated into the Group – acquired January 2008
 - NCC Group & Escrow Europe German businesses merged
- Dutch escrow market is well established – over 20 years trading
- Foothold into Europe to gain & develop share of largely untapped European market
- Dutch market understands escrow & verification
- Knowledge barriers not as high – not educating market
 - Opposite experience to Germany
- UK sales model adapted to fit with market customer preferences
- Core products & prices largely aligned UK & Germany
- Two party agreements popular due to aggressive pricing

Escrow Europe – the Dutch view

- Adapted sales process is combined face to face & telesales
 - Face to face vitally important for new customers
 - Telesales works once customer relationship established
 - Customers need to feel they have special rates
 - Price points are different on renewals in many cases
- Group products have improved testing service offered & simplified the sales process – full verification
- Approach applies to Germany & will be adopted when considering further country expansion - Switzerland
- Franchise operations provides Group with revenues
- Franchises have small revenues with operations in:
 - Belgium
 - Switzerland
 - Sweden
 - Israel
 - South Africa
- No plans for further franchises



Appendix

NCC Group plc

Group Trading Division & Brands

Escrow Solutions



- Escrow UK
- Escrow Europe
- Escrow US

Assurance Testing



- Secure Test
- Site Confidence
- NGSS
- 24/7 Assured

Consultancy



- Information Security
- Information Technology

Assurance division – renewable income

	Y/E May 2006	Y/E May 2007	Y/E May 2008	Average
Total number of customers	720	887	1,024	-
Number of customers renewing testing on prior year	333	424	497	-
Renewals by number of customers on prior year	59%	59%	56%	58%
Renewals by value of spend on prior year	82%	82%	79%	81%
Average customer spend on renewal	£12,114	£14,208	£17,052	-



Percentage revenue split by sector

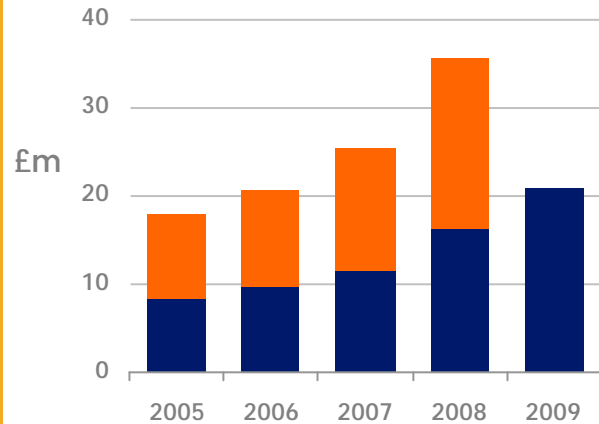
Sector	Escrow Solutions			Assurance			Consultancy			Group		
	06/07	07/08	08/09 (6m)	06/07	07/08	08/09 (6m)	06/07	07/08	08/09 (6m)	06/07	07/08	08/09 (6m)
Banks & Insurance	24%	24%	24%	20%	19%	17%	2%	2%	3%	19%	19%	18%
Telecoms	15%	15%	17%	1%	2%	2%	0%	0%	2%	10%	8%	9%
Software & Computer Services	14%	13%	13%	8%	13%	17%	0%	3%	7%	10%	11%	13%
Central Government	3%	3%	4%	9%	4%	4%	20%	4%	9%	7%	3%	5%
Local Government	8%	8%	8%	10%	5%	3%	24%	28%	18%	11%	10%	8%
Education	2%	2%	2%	7%	2%	2%	6%	10%	10%	3%	4%	3%
Housing	0%	0%	0%	0%	0%	0%	19%	25%	34%	4%	4%	5%
Support Services	5%	5%	5%	13%	9%	5%	8%	12%	2%	7%	7%	5%
General Retailers	5%	6%	5%	10%	16%	24%	1%	5%	0%	5%	10%	12%
Health Care Equipment & Services	5%	5%	5%	2%	1%	2%	1%	1%	3%	4%	3%	3%
Travel & Leisure	4%	4%	3%	4%	12%	11%	5%	2%	2%	4%	7%	6%
Other *	15%	15%	15%	15%	15%	13%	15%	8%	9%	15%	14%	13%

*All other sectors are less than 4%

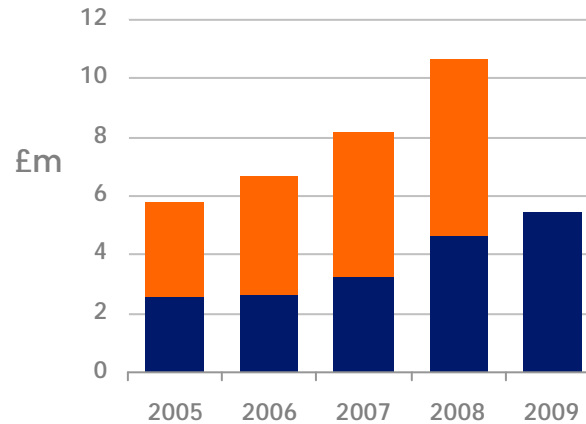


Track record since float in July 2004

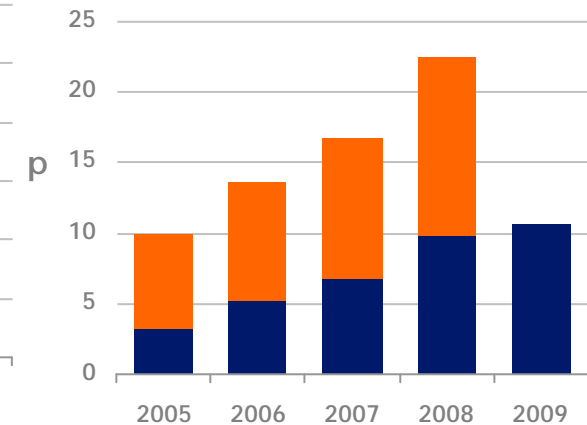
Revenue (£m)



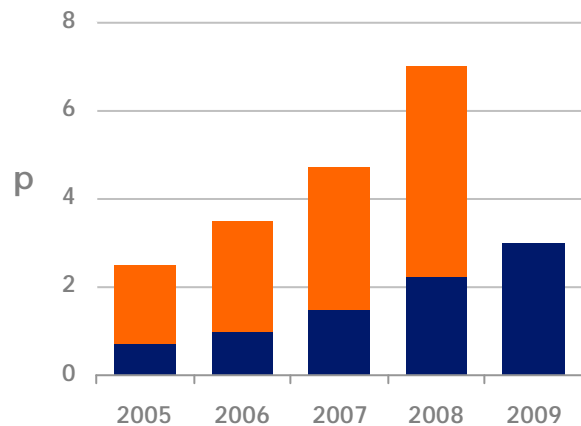
Operating profit (£m)



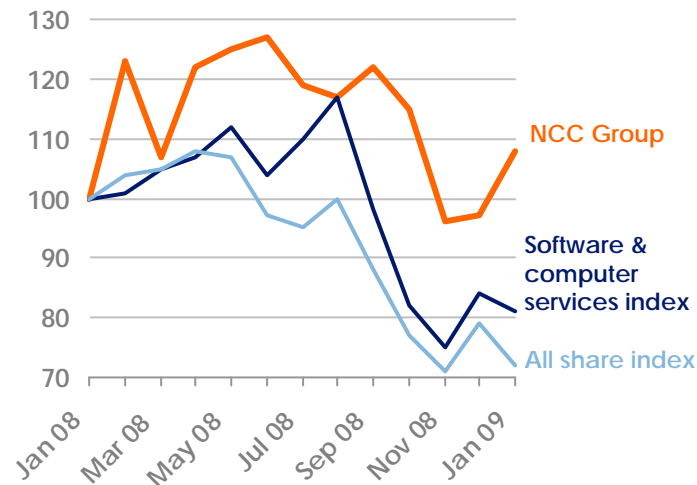
Fully diluted adjusted EPS (p)



Dividend (p)



Share Price (pence)



Group revenues

30 November	2008 £m	2007 £m	% Growth	% Organic Growth
Revenue				
Escrow UK	7.9	7.8	1%	1%
Escrow Europe	1.2	0.1	-	-
Escrow US	0.8	0.5	61%	61%
Total Escrow Solutions	9.9	8.4	17%	6%
Assurance Testing	7.7	5.8	32%	21%
Consultancy	3.2	2.1	51%	51%
Total Revenue	20.8	16.4	27%	18%

UK	16.9	13.7	23%
Europe	1.6	0.9	87%
Rest of the World	2.3	1.8	28%

Group operating profits

30 November	2008 £m	2007 £m	% Growth	% Organic Growth
Contribution				
Escrow UK	4.9	4.5	10%	10%
Escrow Europe	0.4	0.0	-	-
Escrow US	0.2	0.1	25%	25%
Total Escrow solutions	5.5	4.6	19%	12%
Assurance Testing	1.0	0.8	25%	16%
Consultancy	0.2	0.1	71%	71%
Corporate	(1.2)	(0.9)	45%	45%
Adjusted operating profit	5.5	4.7	17%	9%
Adjusted operating profit margin	26%	28%		

Group financial performance

30 November	2008 £m	2007 £m	% Change
Adjusted operating profit	5.5	4.7	17%
Exceptional item – move to full list	-	(0.5)	-
Amortisation	(0.5)	(0.3)	87%
Interest	(0.3)	(0.2)	30%
Pre Tax Profits	4.7	3.7	27%
Adjusted Pre Tax Profits	5.2	4.6	13%
Adjusted full diluted EPS (p)	10.6	9.8	8%
Dividend/share (p)	3.00	2.25	33%

Note: Non cash share based charges included in adjusted operating profit

Non cash share based charges H1 £0.5m (£0.4m in 2007)

Non cash share based charges for full year expected to be £1m

Balance sheet

- Cash conversion improved to 119% (118% in 2007) of operating profits
- Group £11.9m net debt (£0.2m net debt in 2007)
 - Debt free by November 2010 if no further acquisitions
- Low exposure to bad debt
- Committed multi option credit facility of £15m in place
 - New banking terms extended to July 2010
 - Terms much more expensive
 - 0.8% margin increase to 1.6% above LIBOR
 - £200k set up and non utilisation fees (previously £20k)
- Future capital commitment consistent with previous years
- Group deferred income £11.6m (£9.2m in 2007)