



Eckoh Overview

2nd February 2016



- ❑ *Eckoh Overview*
- ❑ *Financial Highlights*
- ❑ *Market Opportunity and Landscape*
- ❑ *Acquisition of PSS Help*
- ❑ *Investment Case*

A Global Provider of Secure Payment Products and Customer Contact Solutions

- ❑ We serve a significant number of blue chip clients in over 10 countries
- ❑ We specialise in **PCI DSS compliant payment products for Contact Centres** protecting voice, web and mobile card-not-present payments
- ❑ Our **Customer Contact Solutions** allow consumers to self-serve whether it is to make enquiries, get information, or transact on the phone, web, or mobile without needing to interact with a contact centre agent, which reduces operational costs significantly
- ❑ Our clients range from financial services companies to telecom providers, retailers to travel operators, global outsourcers to government departments



Target Market
Global Contact Centres
(4% of workforce in US and UK)

Business Drivers –
PCI DSS compliance
and fraud control

Business Drivers –
Cost, agent
efficiency, choice
and coverage

Trusted
Advisor
Status
CROSS
Sell



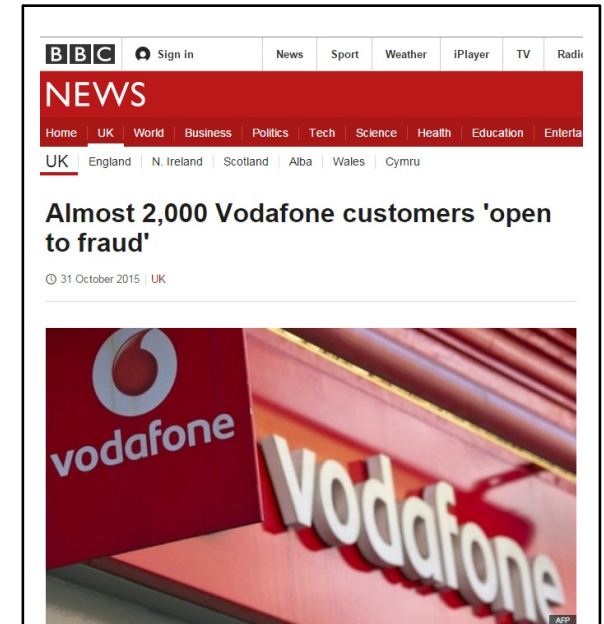
TalkTalk - October 2015

- Hackers accessed 157,000 customer details
- Email addresses, names, phone numbers
- 21,000 unique bank account numbers and sort codes



Carphone Warehouse - August 2015

- Hackers accessed up to 2.4 million customers
- Dates of birth, phone numbers
- Bank account numbers and sort codes

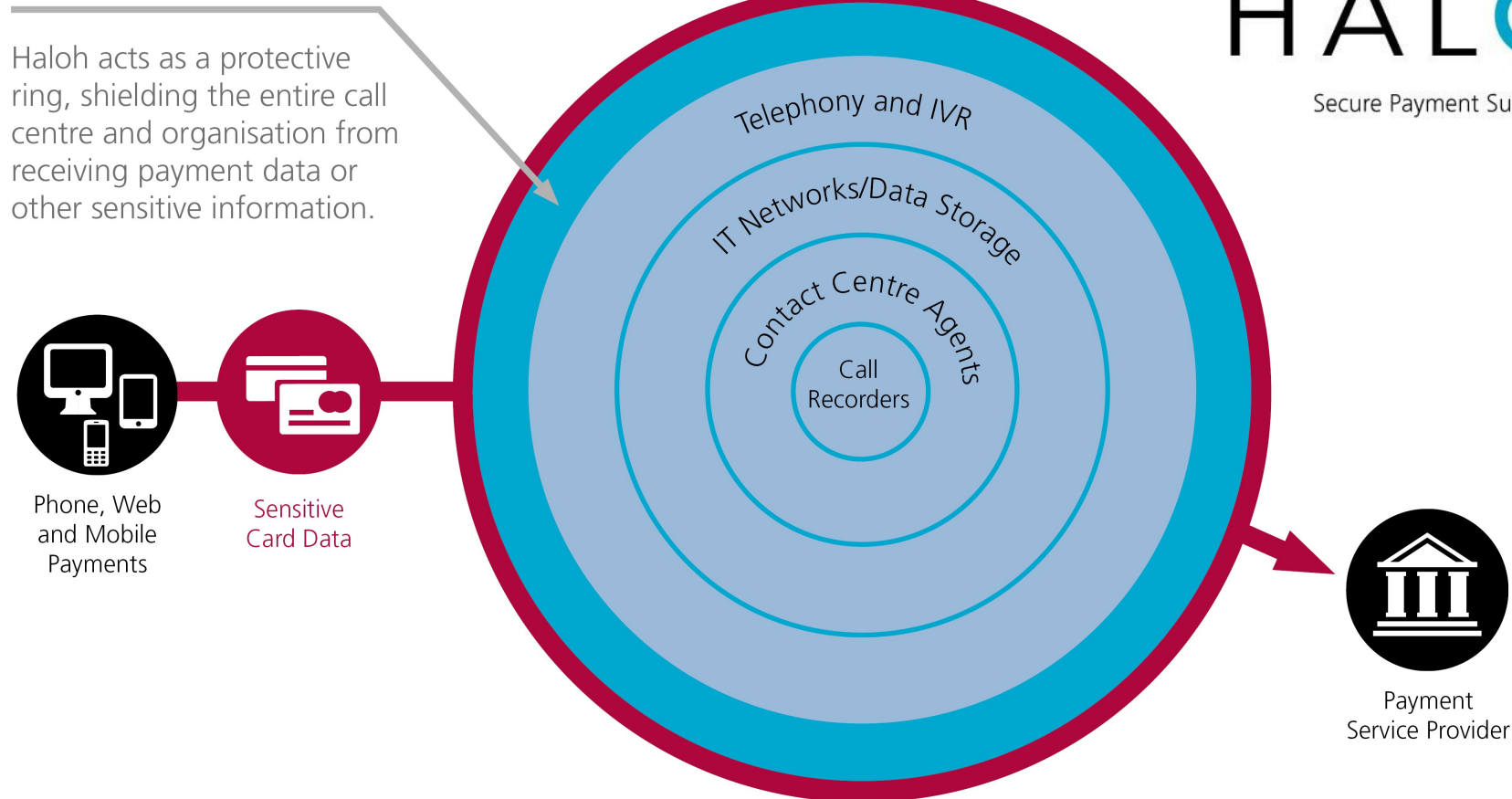


Vodafone - October 2015

- Unknown source accessed almost 2,000 customers:
- Names
- Bank account numbers and sort codes

HALOH

Secure Payment Suite, by **Eckoh**



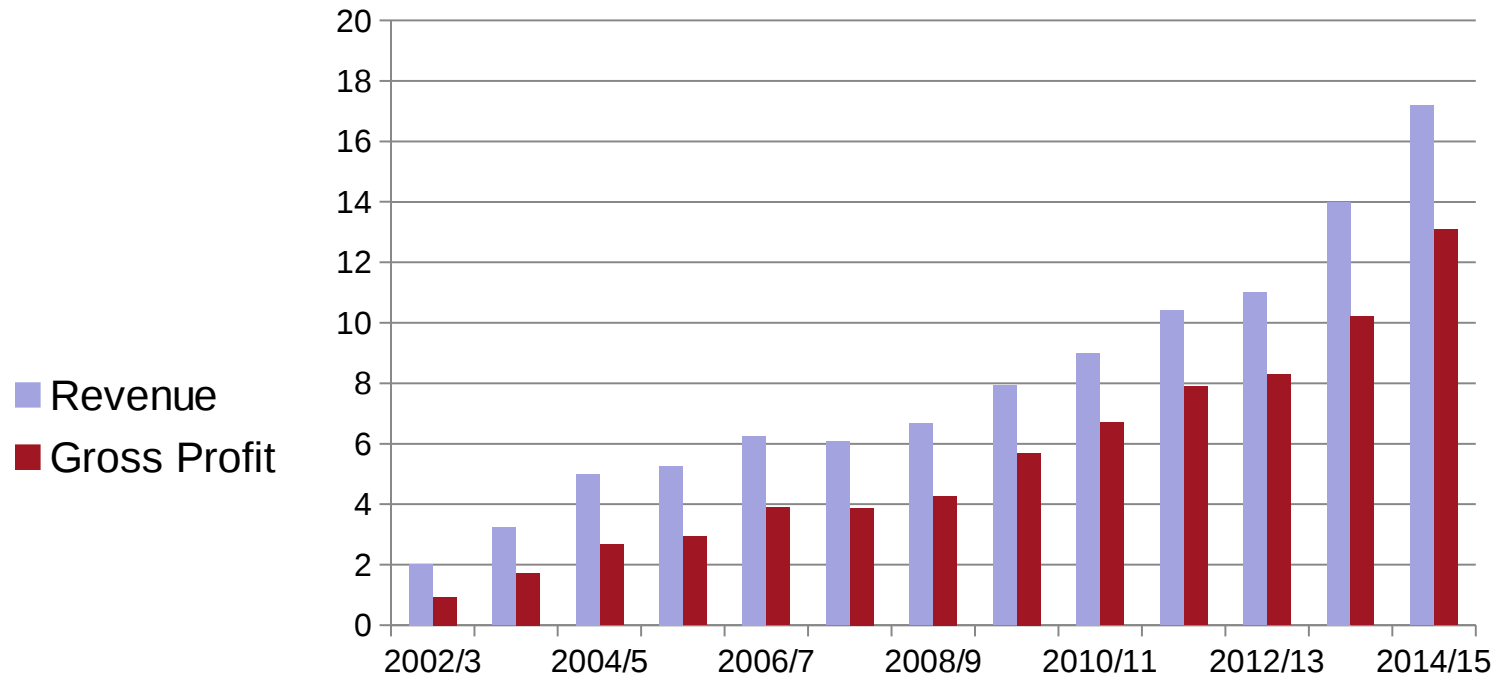
- Three-year contract with global retailer for Haloh tokenisation solution announced in November 2015 – the second Haloh tokenisation contract secured since launch in May 2015

7 Year Operating Profit Trend



	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Revenue	17,158	14,035	10,985	10,392	9,003	7,923	6,674
Gross Profit	13,103	10,215	8,294	7,895	6,663	5,697	4,279
Administrative Expenses	12,501	10,425	7,180	6,788	6,036	6,231	6,034
Share option expenses	(939)	(1,247)	(375)	(150)	(75)	(44)	(53)
Amortisation of acquired intangible assets & Acquisition costs	(1,320)	(1,165)	-	-	-	-	-
Non-recurring Administrative Expenses	(527)	-	-	-	-	(653)	(811)
Adjusted* Administrative Expenses	9,715	8,013	6,805	6,638	5,961	5,534	5,170
Operating Profit / (Loss)	602	(210)	1,114	1,107	627	(534)	(1,755)
Adjusted* Operating Profit / (Loss)	3,388	2,202	1,489	1,257	702	163	(891)

*Excluding expenses relating to share option schemes, amortisation of acquired intangible assets and non-recurring costs



- ❑ Eckoh delivered consistent profitable growth over FY10-15 with a revenue CAGR of 17% but materially higher adjusted EBIT CAGR of 83%. In FY15, Eckoh's adjusted EBIT margins reached an all-time high of 19.7%.

Financial Highlights – H1 FY16

Revenue

£8.6m

Revenue increased by
10% to £8.6m
(H1 FY15 £7.8m)

Gross Profit

£7.1m

Gross Profit increased
by 26% to £7.1m
(H1 FY15 £5.6m)

Operating Profit

£1.5m

Operating Profit*
increased by 44% to
£1.5m
(H1 FY15 £1.0m)

EBITDA

£2.0m

EBITDA* increased by
30% to £2.0m
(H1 FY15 £1.6m)

Gross Margin

82%

Gross Margin
increased by 10% to
82% (H1 FY15 72%)

Recurring Revenue

78%

78% of revenue is of a
recurring nature
(FY 2015 76%)

*excluding expenses relating to share option schemes, amortisation of acquired intangible assets and acquisition costs

Analyst View

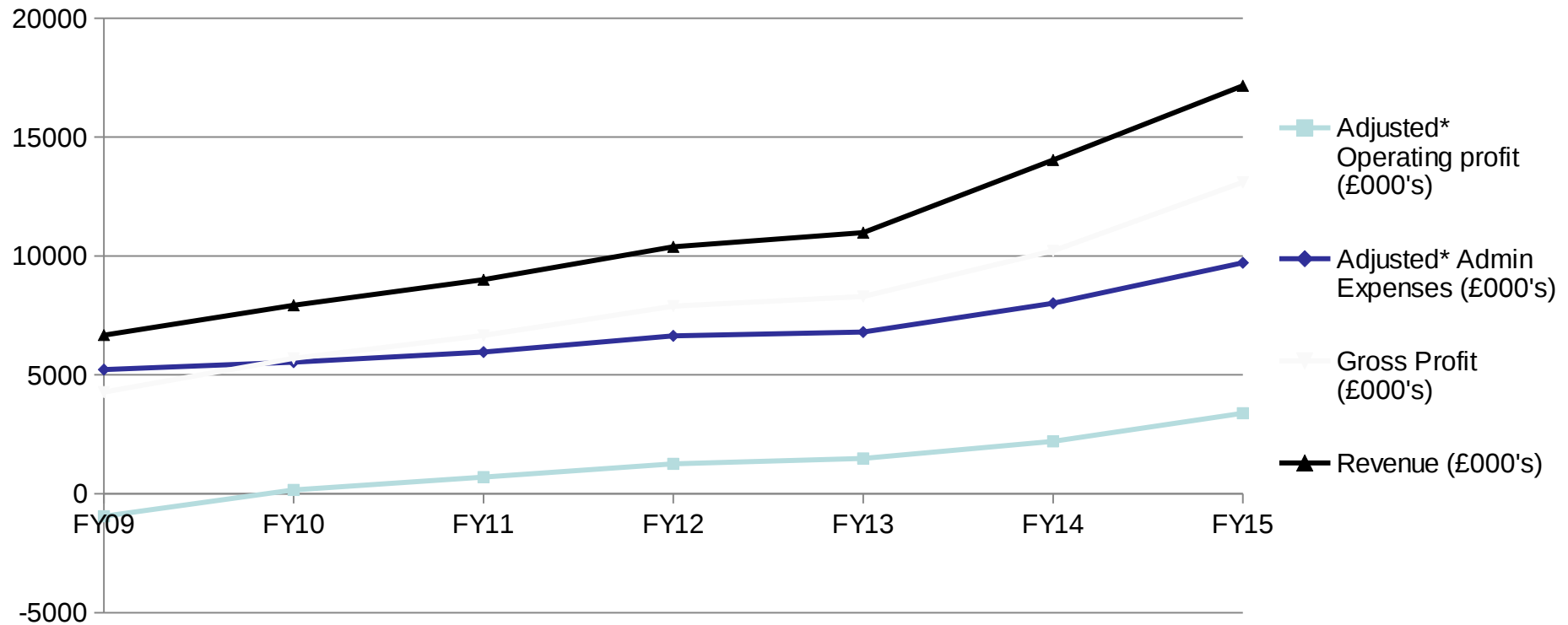
*'We view the **two key attractions** of Eckoh's financial model as the **high recurring revenues** (76% of FY15 revenues) and **inherent operational leverage**.*

Over the last seven years, Eckoh's financial performance has demonstrated consistent revenue growth with steadily improving adjusted EBIT margins.

*As a result, Eckoh delivered an adjusted **EBIT CAGR of 83%**, despite a **revenue CAGR of 17%** over FY10-15.*

This reflects management's focused approach to winning profitable business while maintaining a prudent cost base.'

7 Year Trend – Operational Gearing

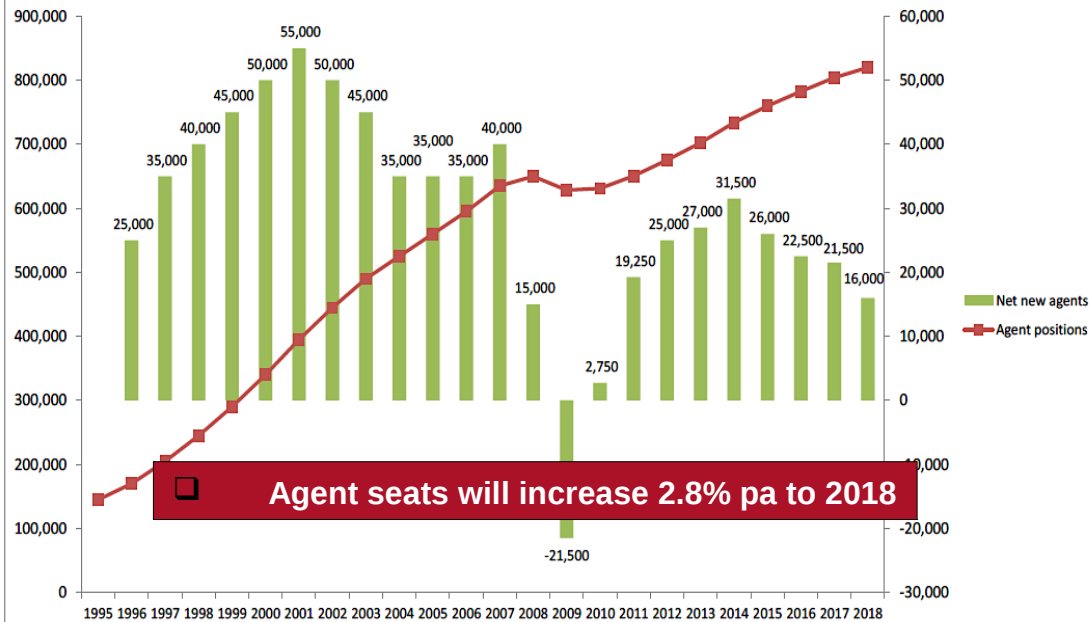


- ❑ Cost base is substantially fixed, comprising of headcount and platform costs
- ❑ Increase in customer base and transaction / call volumes still well within capacity
- ❑ Since 2009, there has been an £8.8m increase in gross profit but only £4.5m increase in Administrative* expenses

* excluding expenses relating to share option schemes, amortisation of acquired intangible assets and non recurring items

Market Size - UK Contact Centres

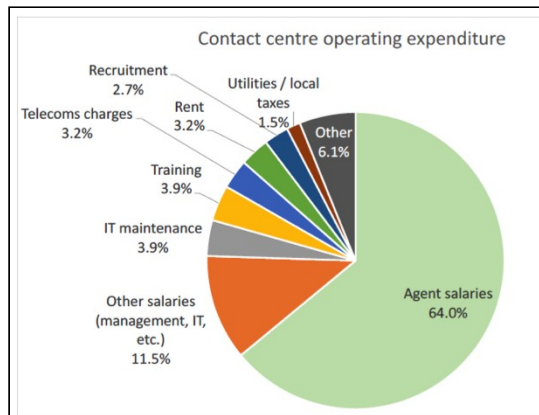
Agent positions 1995-2018



Vertical market	Agent position growth 14-18	Contact centres growth 14-18	Agent positions 2018
Finance	11.2%	1.3%	142,500
Communications	16.2%	2.7%	117,000
Outsourcing and Telemarketing	19.8%	2.8%	111,000
Retail and Distribution	9.3%	1.5%	108,000
Services	11.4%	2.1%	79,000
Public Services	-4.1%	-1.4%	61,000
IT	13.0%	3.0%	54,000
Utilities	5.6%	2.3%	36,000
Manufacturing	6.5%	0.9%	31,000
Transport and Travel	-6.7%	-1.1%	30,000
Medical	17.2%	2.0%	14,500
Motoring	4.3%	0.0%	11,500
Food and Drink	7.0%	1.5%	10,750
Printing and Publishing	-5.9%	-1.7%	9,250
Engineering and Construction	6.7%	0.0%	4,500
TOTAL	10.5%	1.3%	820,000

Inbound channel (CAGR), 2014-18

Inbound voice (minutes)	-0.1%
Inbound voice (number of calls)	-0.8%
Email	5%
Self-service (telephone)	-3%
Web chat	24%
Social media	22%
Inbound agent positions	2.8%
Overall inbound interactions	1.1%



Non-voice channels will rise 18% to 2018 but Voice remains the key channel

Channel	2014	2015	2016	2017	2018
Telephone	70.7%	69.0%	67.8%	66.5%	65.5%
Email	16.2%	17.2%	17.6%	18.3%	18.9%
Web chat	2.7%	3.5%	4.4%	5.3%	6.0%
Social media	1.4%	1.9%	2.4%	2.7%	2.9%
Self-service	4.2%	4.2%	4.0%	3.8%	3.6%
Letter	3.3%	3.0%	2.8%	2.6%	2.4%
Fax	0.8%	0.7%	0.6%	0.5%	0.4%
SMS	0.7%	0.5%	0.4%	0.3%	0.3%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

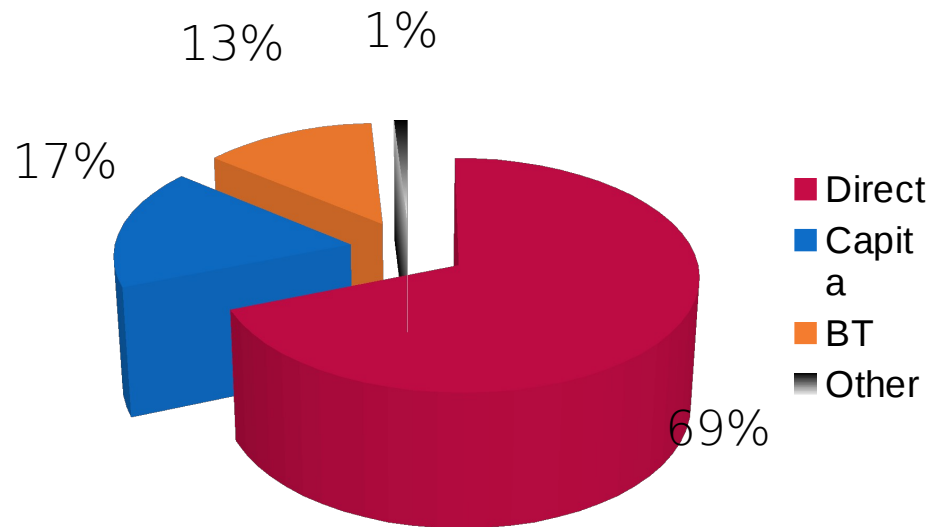
Agent salaries are 64% of Opex

Competitive Landscape



We view Eckoh's key differentiation as its ability to provide both market-leading customer services and secure payments solutions.

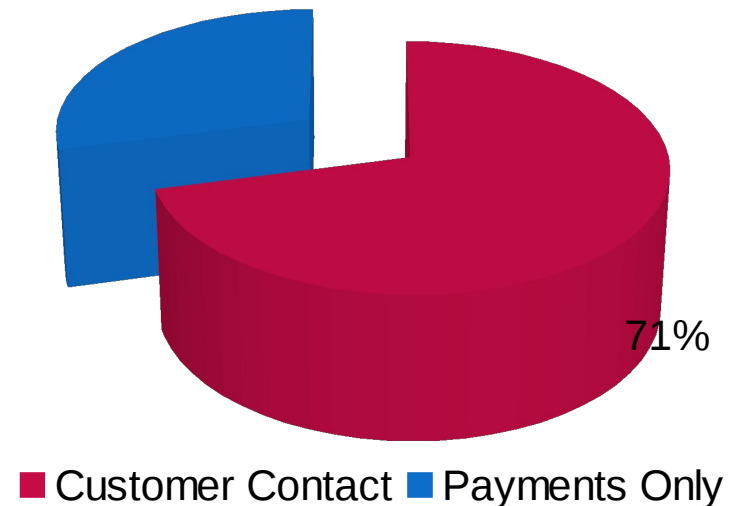
Revenue – Direct vs Channel



23% of Eckoh clients come through partner channels representing 31% of revenue

66% of Eckoh clients take a payment product as part of their

Revenue from Payments Only Clients vs Customer Contact Clients



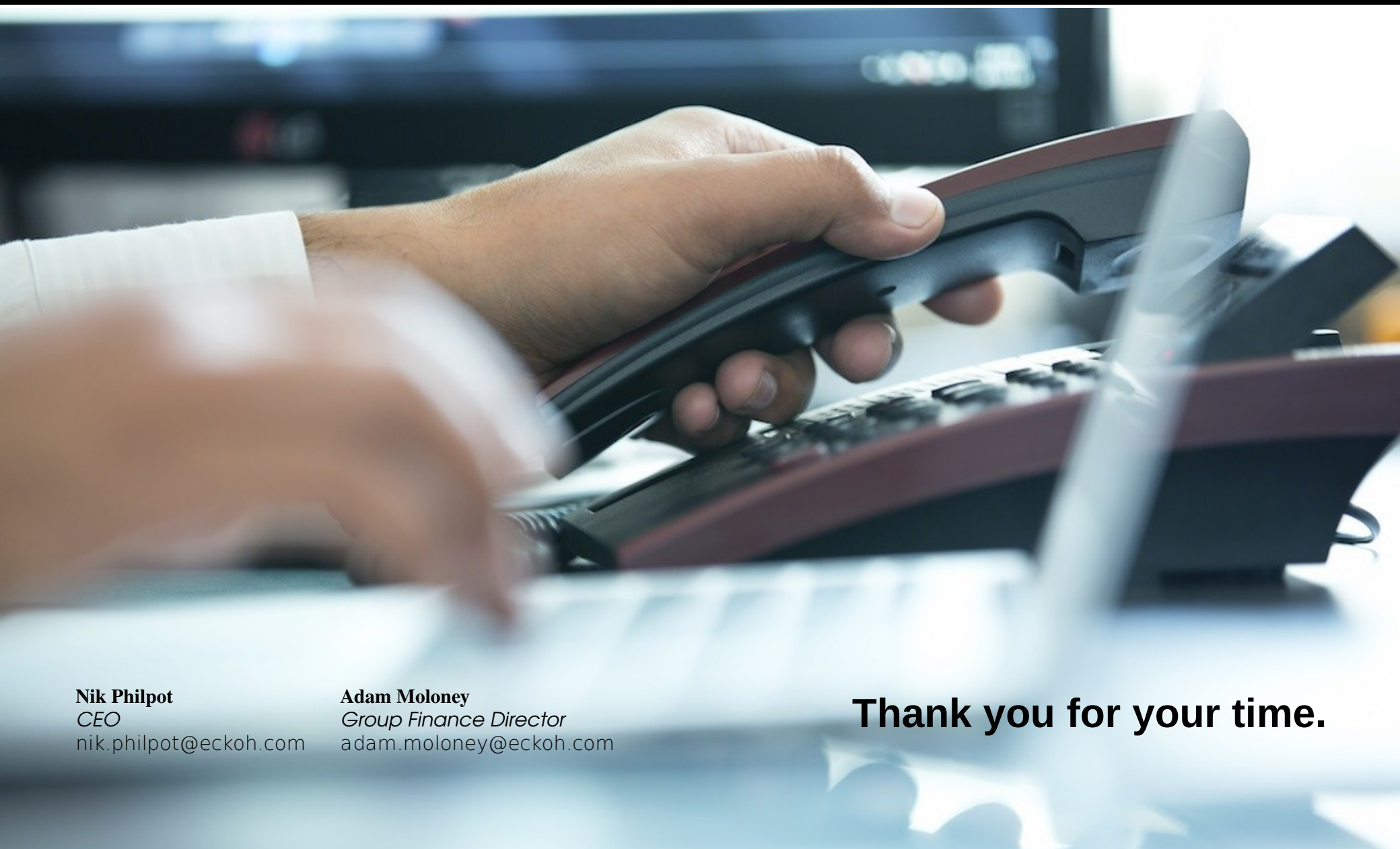


- Continue to evaluate acquisition opportunities – **Concluded PSS acquisition**
- Expand our US footprint – **Accelerating contract wins**
- Leverage channel partners – **New five-year agreement with Capita**
- Bring Haloh tokenisation to market – **Two contracts since launch in May**
- Continue to invest in R&D – **US Patent awarded**

- ❑ The acquisition of PSS is in line with Eckoh's strategy to become the leading provider of secure payments products and customer service solutions for contact centres, primarily in the US and UK markets
- ❑ Key strategic benefits of the acquisition include:
 - Further building Eckoh's scale
 - Cross-selling Eckoh product offerings into the enlarged customer base
 - Extending Eckoh's service and product proposition
 - Leveraging PSS's trusted adviser status
 - Enhancing growth prospects in the US
 - Supporting premised-based deployments in the US
 - Strengthening the opportunity for additional international expansion

Attractive Investment Case for Investors

- ❑ **High Levels of Recurring Revenue** – 78%
- ❑ **Strong Operational Gearing** – 48% gross margin drop through to Operating Profit since 2009
- ❑ **Profitable** – Market expectation £4m FY16
- ❑ **High growth rates** - *EBIT CAGR of 83% since 2010*
- ❑ **High margin activity** – 82% and growing
- ❑ **Low customer churn rates** – almost 100% retention
- ❑ **Capacity for growth without significant investment**
- ❑ **Limited competitive threat** – small landscape
- ❑ **Protected IP** – UK and US patents granted
- ❑ **Huge global market opportunity**



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Thank you for your time.