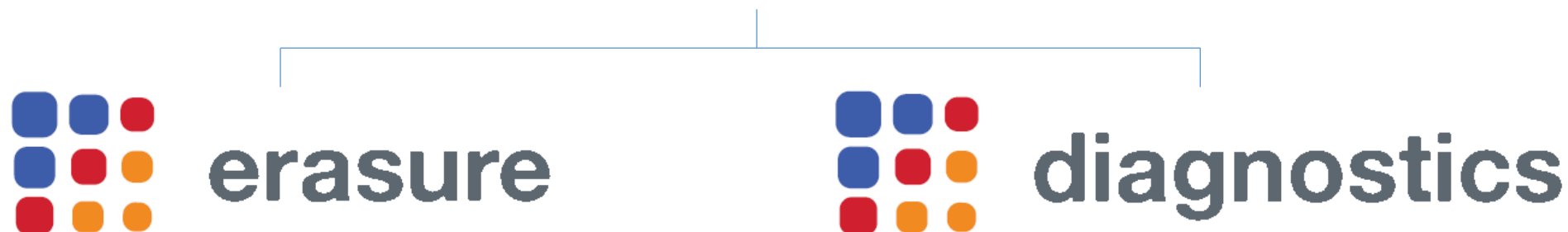


Blanco Technology Group plc



Keith Butcher
Chief Financial Officer

Growth & Innovation Forum 2017
31 January 2017
London



De Facto Standard in Certified Data Erasure and Device
Diagnostics

Blancco at a glance



275 employees
worldwide



23 sales offices
15 countries



Addressable
Market



2 key development
Centres in the UK and India



FY17 Consensus
Revenues - £32m
AOP - £8m



Market Cap c.
£150m on shares in
issue (AIM)



Erasure
Market leader

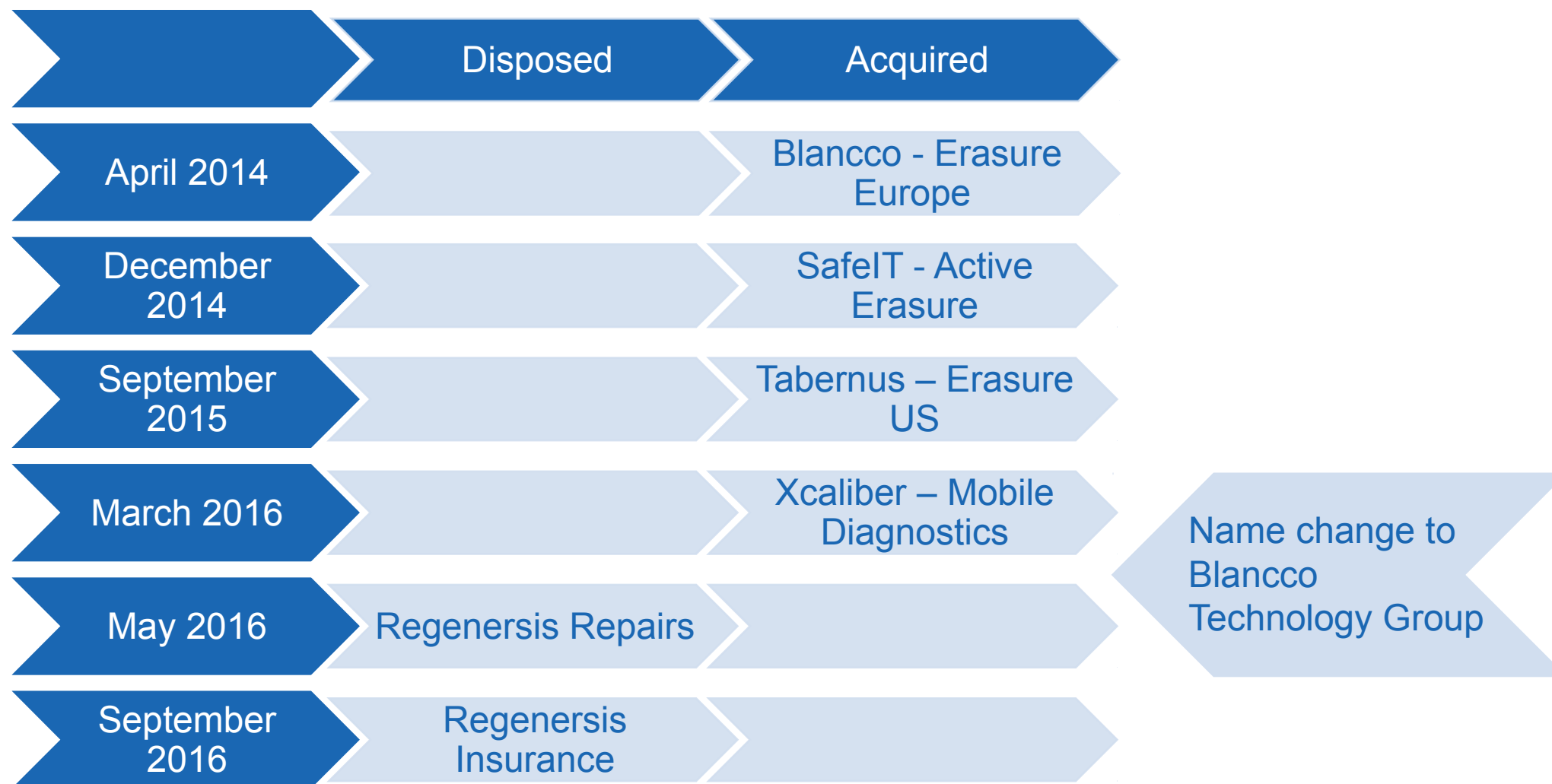


Mobile
Diagnostics

FY17 Budgeted Revenue growth =
37%

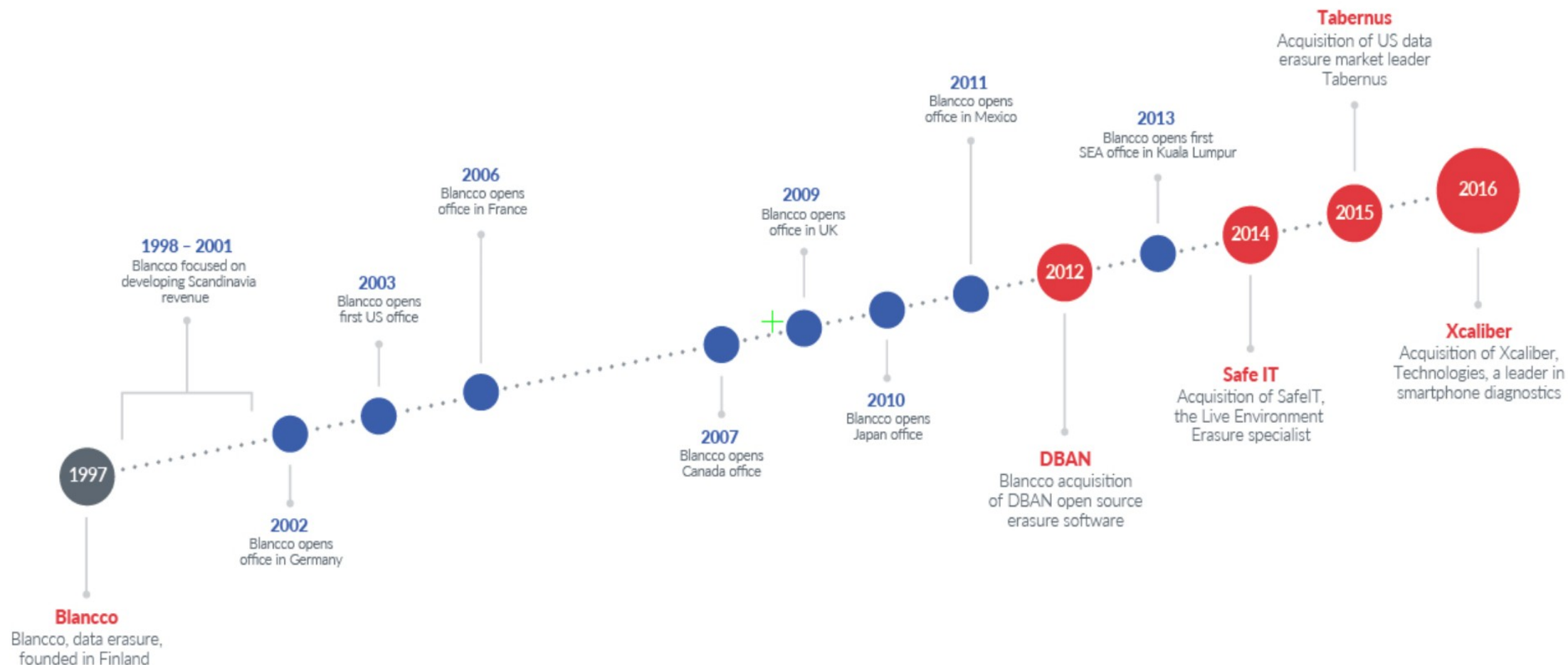
FY17 Budgeted AOP Margin = 26%

Blancco evolution (formerly Regenersis)



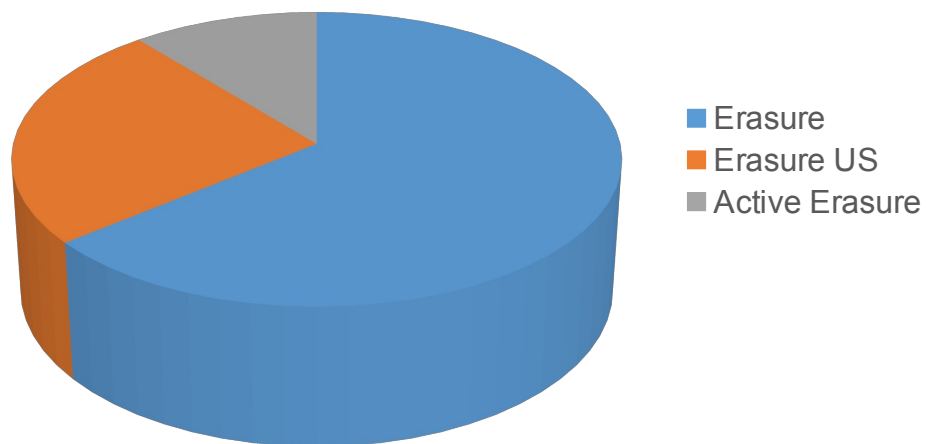
FY17 - Acquisition of 51% owned subsidiaries France, Australia, Canada

Blanco evolution

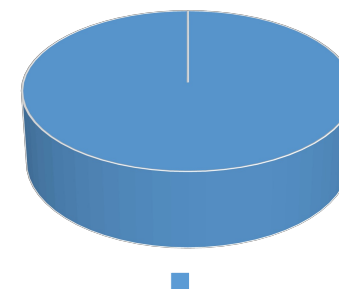


Blancco today

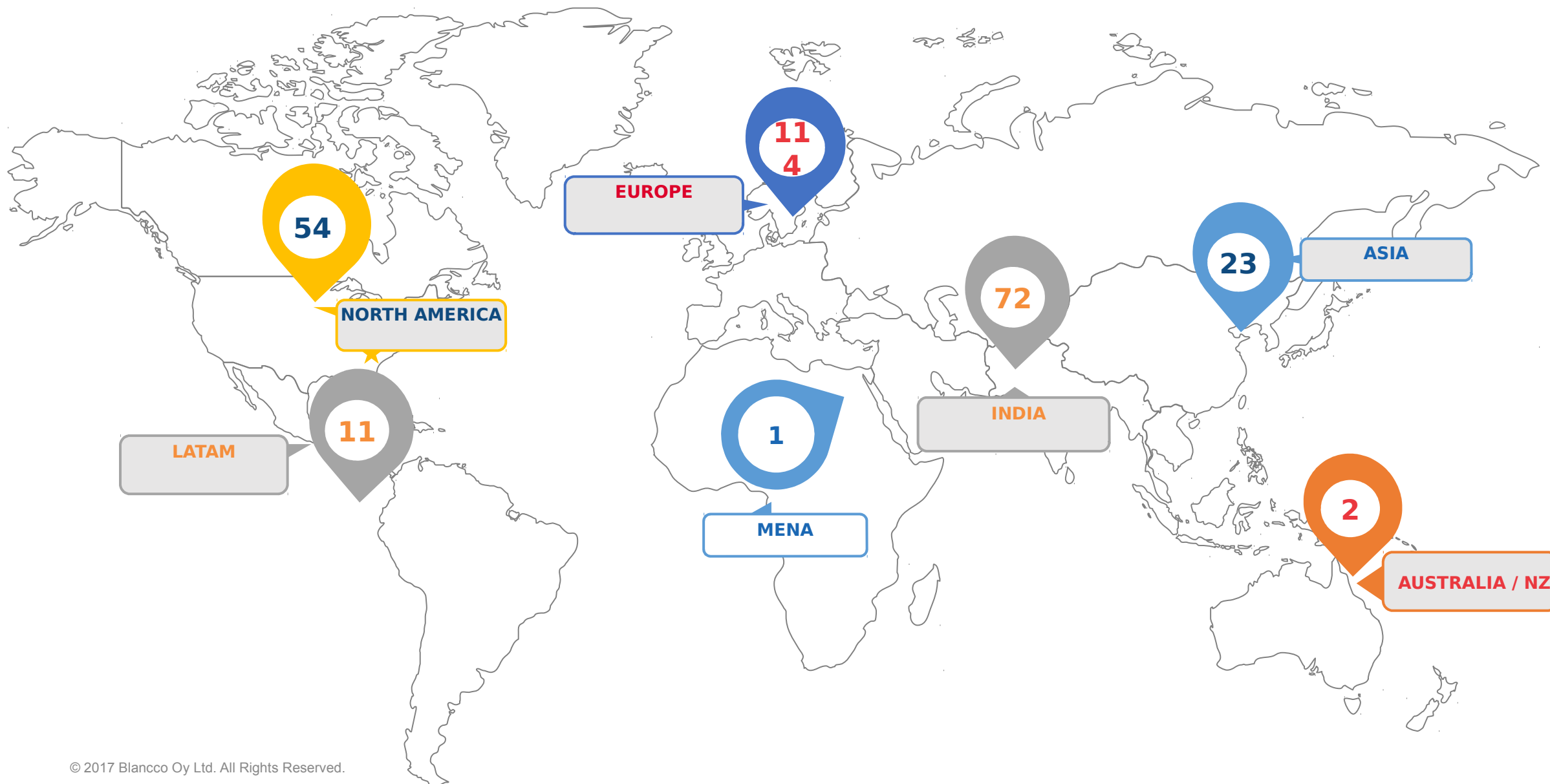
Erasure



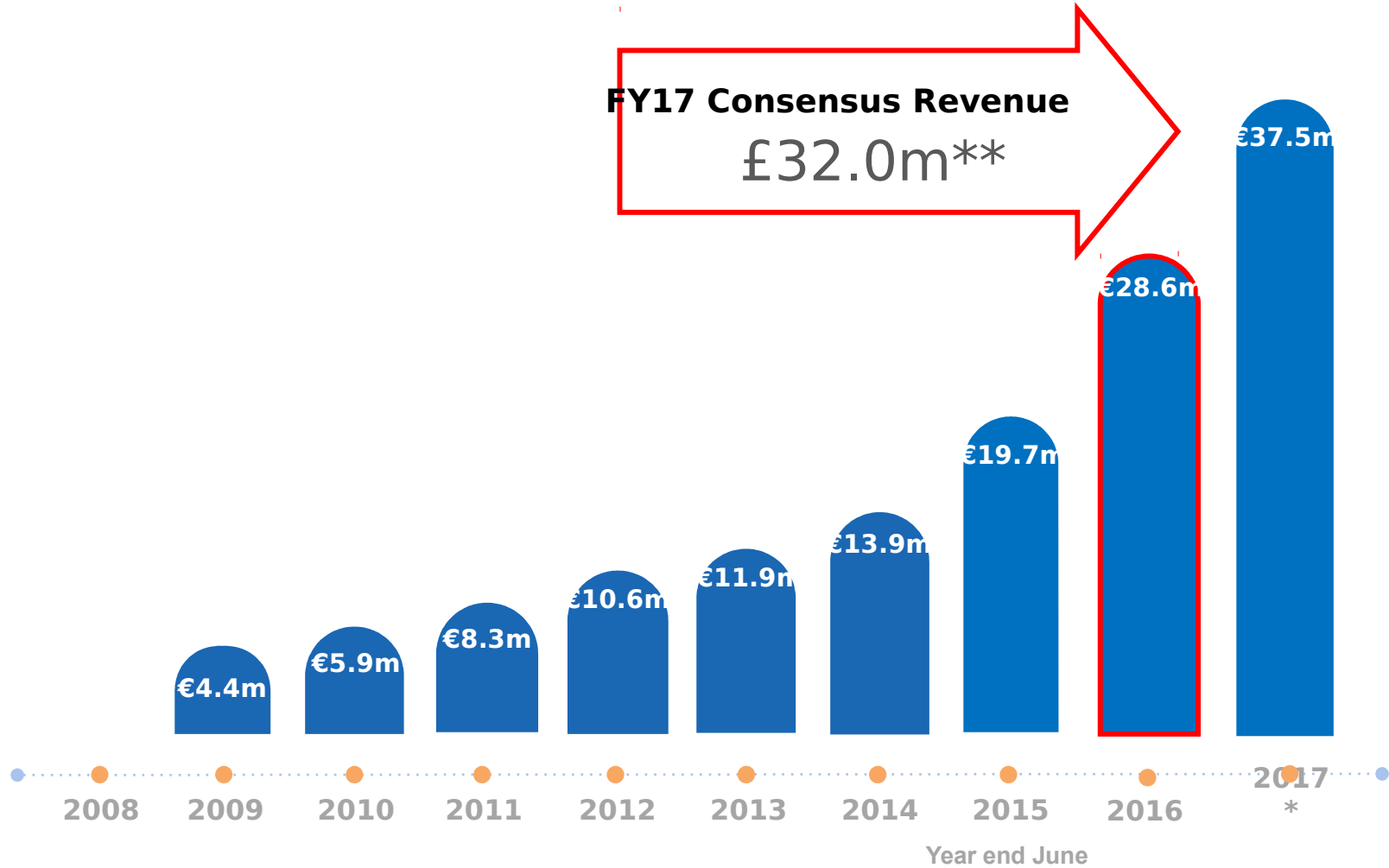
Mobile Diagnostics



Global Presence – 274 employees worldwide



Financial Performance - Revenue



Gross Margin (FY16)

92%

AOP Margin (FY16)

26%

Note: 2008-2013 revenue adjusted to reflect changes in year ends and varying local accounting standards and data formats. Unaudited management information prior to 2013.

**FY17 = Forecast full year*
***£32.0m per Analyst consensus (Jan-17) translated at an FY17 average rate of 1.17 EUR/GBP*



Blanco Erasure



Erasure Vs Delete

- **Delete** – most data management companies ‘delete’ data which is subsequently recoverable
- **Erase** - Blanco permanently erases data so it is no longer recoverable by any means, we provide an audit report as evidence

END OF LIFE ERASURE

- Laptops, desktop, servers
- Mobiles
- Assets generally recycled for resale
- Some assets erased for disposal
- *Charging Model*
- Volume - Licenses purchased in advance. One license per erasure
- Subscription – annual license

ACTIVE ERASURE

- Erasure in a live environment – generally larger organisations
- Larger deals
- *Charging Model*
- Professional services fees plus volume related erasure fees

Key market segments

Device Processors

ITAD
Mobile Lifecycle Management

Enterprise

Enterprise (>1000 employees)
Data Center

Mobile Providers

Retail
Repair
Remote Support

Technology Partners

Technology Partner Program
Service Provider Partner Program
Distributors
Resellers

We've been certified, approved and recommended by **18 national and international governing bodies**. No other security firm can boast this level of compliance.

[View our Certifications](#)

Routes to market

Direct

65 Direct Salesforce
15 countries

Heavy investment in direct salesforce in H1 FY17 – added 28 sales people

Indirect

Channel (resellers / OEM / White label / ARS)

Indirect routes to Market



Channel



Service Providers



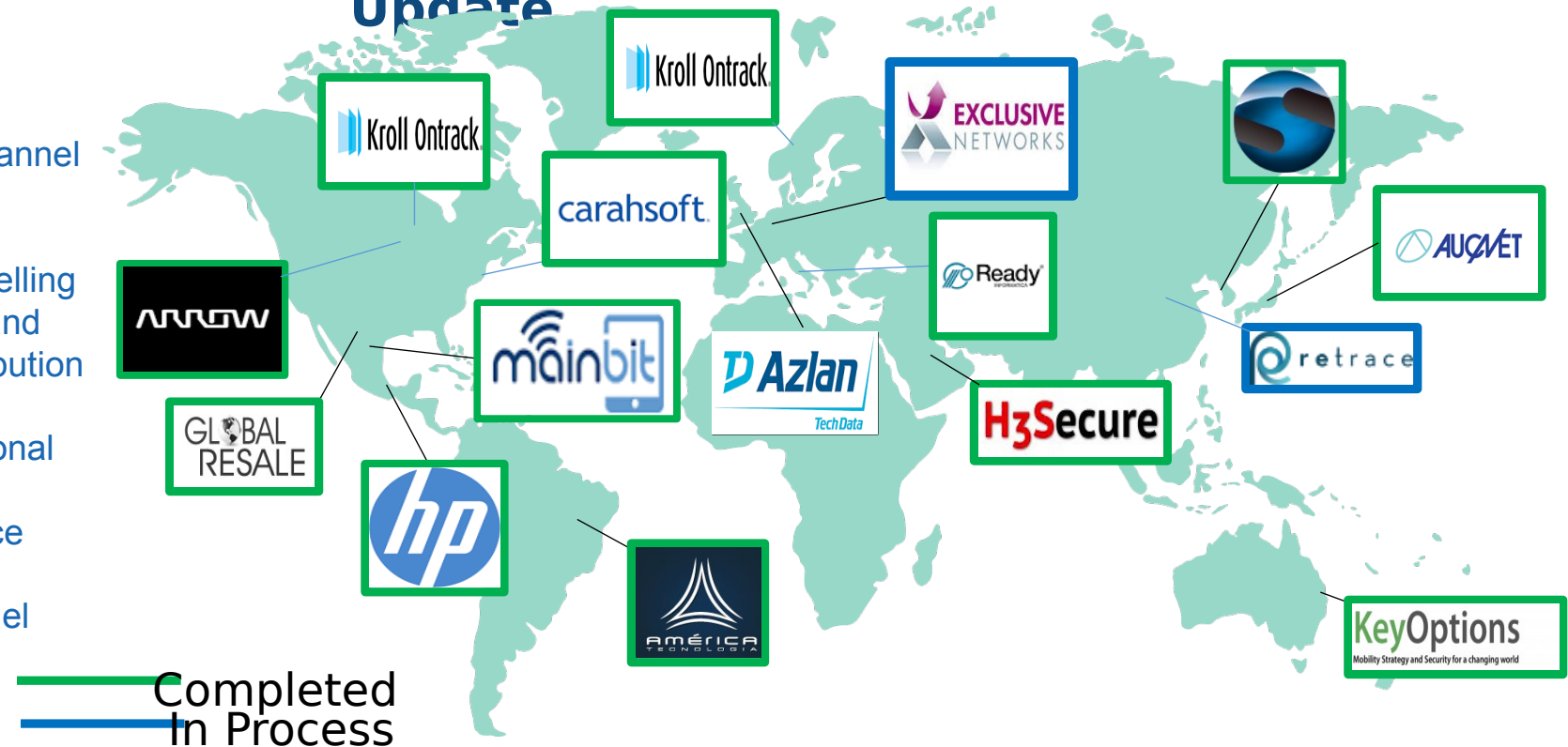
OEM / Application Developers / Technology Partners



Recyclers / Mobile ITADs

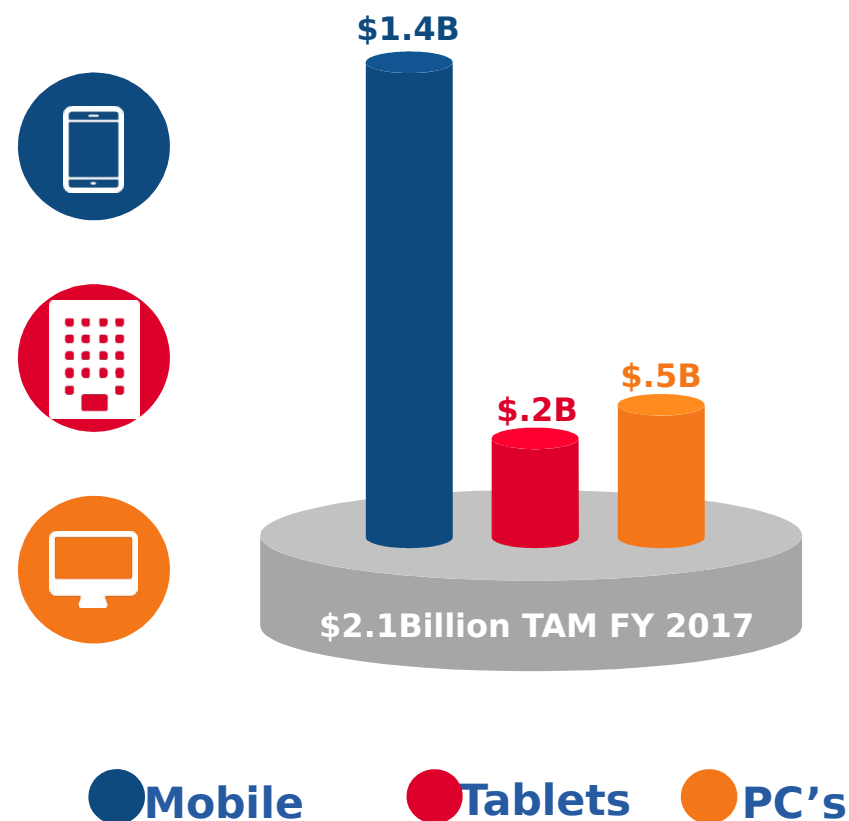
Sales - Channel Update

- Hired Global Channel Organization
- Created global two-tier channel model
- Trained global sales organization on channel selling
- Applied for Federal GSA and SEWP contracts via distribution partner - Carahsoft
- Engaged and trained regional Value Added Resellers/Managed Service Providers on Blancco
- Developed external channel facing communication and training plan



Market opportunity - End of Life Erasure

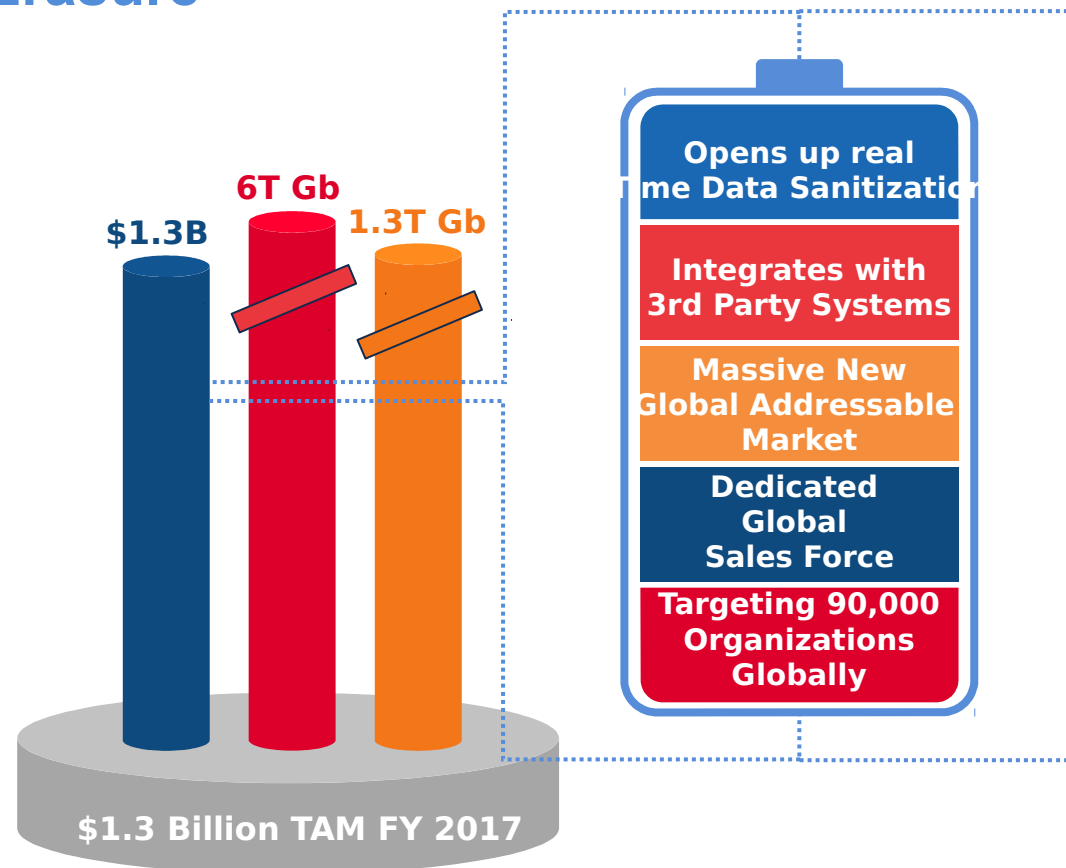
Over 2 billion devices reach end of life per year – and growing



**Assumption of \$1/Erasure on Device
Data Sources: Gartner/IDC*

Market opportunity - Active Data Erasure

Estimated \$1bn+ market for active data erasure



● Current TAM
 ● Volume with Corp Responsibility
 ● Availability for Eraser

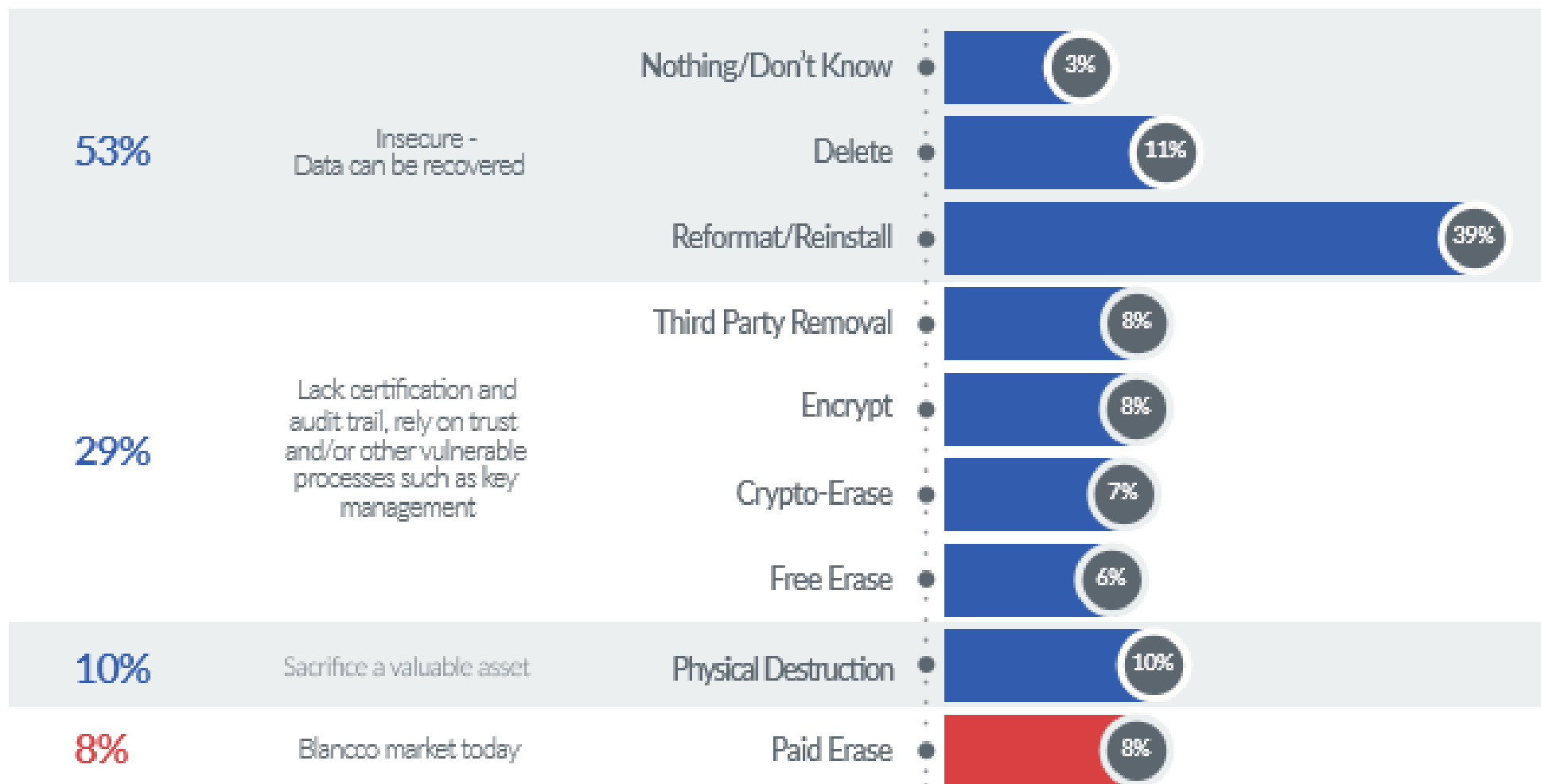
Sources:

Quantity of Data with Corporate Responsibility: <https://www.emc.com/collateral/analyst-reports/idc-the-digital-universe-in-2020.pdf>, <https://breakthroughanalysis.com/2008/08/01/unstructured-data-and-the-80-percent-rule/>

Corporate Data Available for Removal: Gartner, [Best Practices for Data Retention and Policy Creation Will Lower Costs and Reduce Risks \(G00262827\)](#) – Analyst(s): Alan Dayley, Debra Logan, Garth Landers (21 April 2014)

So...if there is a \$3 Billion Market opportunity, and you dominate the market...why aren't you bigger?

How companies manage end of life device erasure today



Based on survey of 2,500 CTOs

Driving market growth

Market drivers

- Expanding market
 - Number of end of life devices increasing
 - Live data erasure (non end of life) increasing as part of data management and security strategy
- Regulation
 - EUGDPR
 - Right to be forgotten
- Reputation
 - High profile security breaches
 - Education – CTOs understanding Erase v Delete



Blanco Mobile Diagnostics



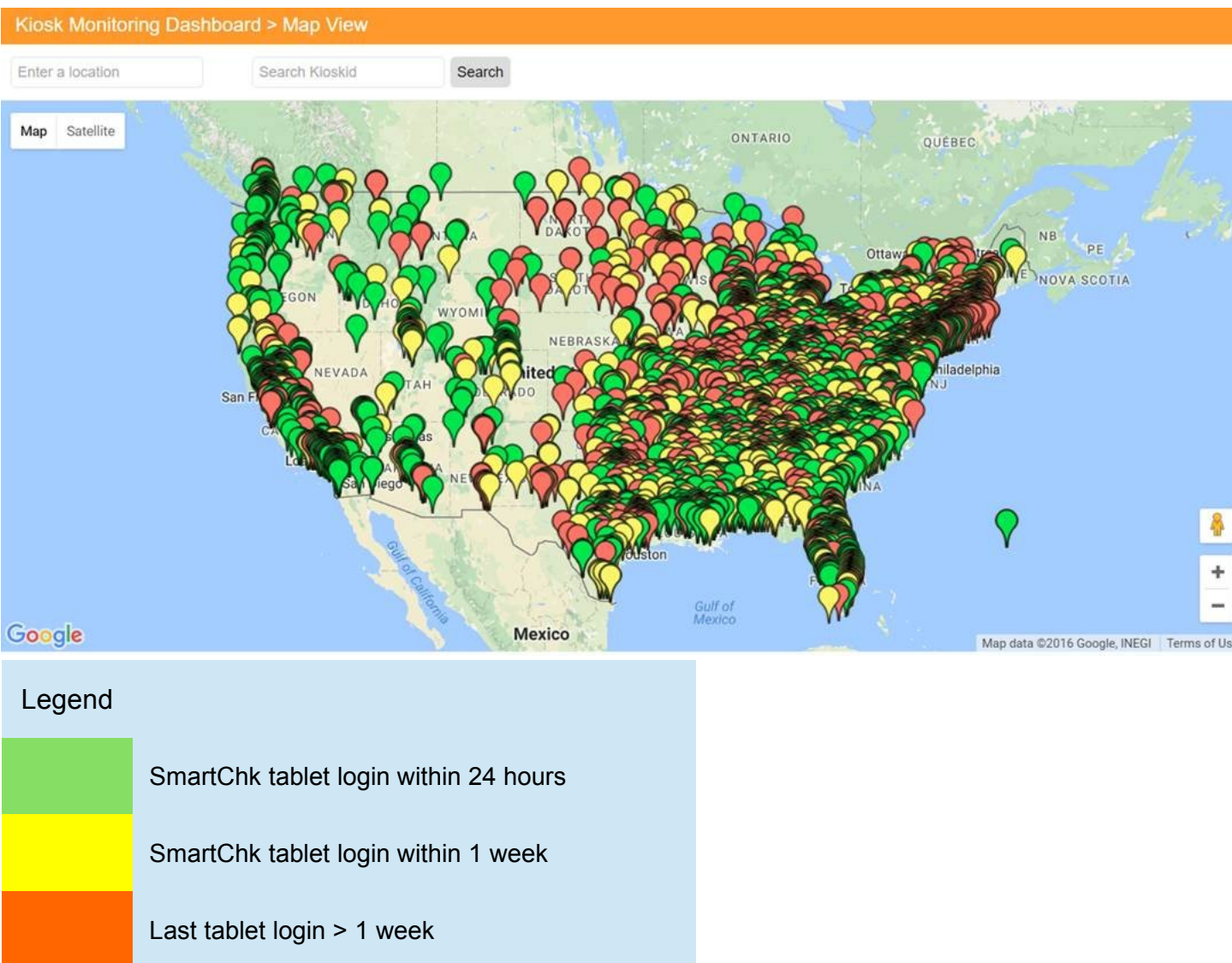


Blancco Mobile Diagnostics

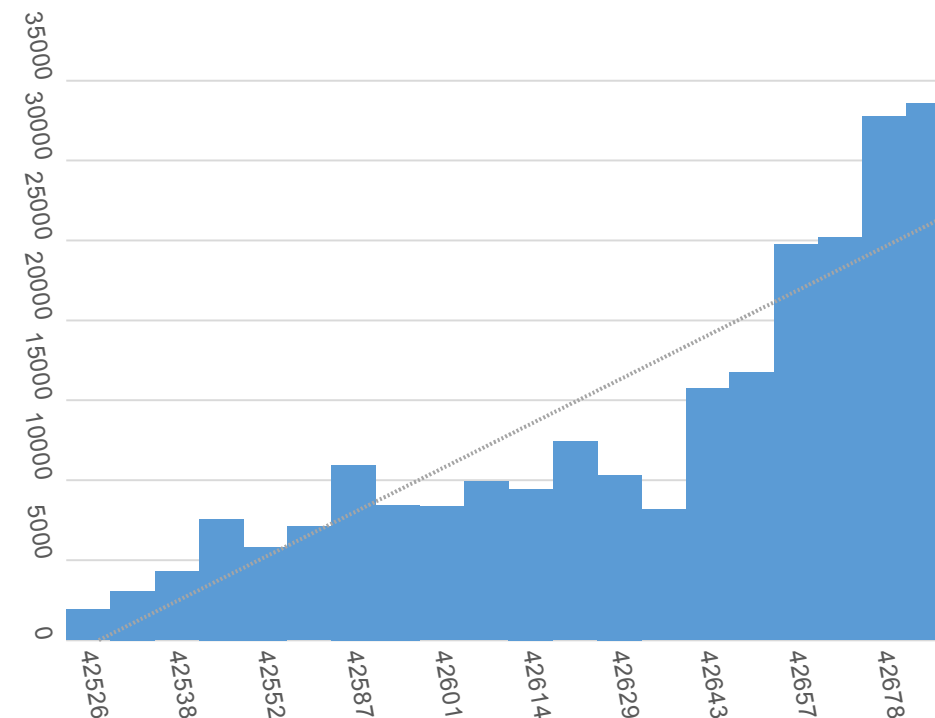
- Mobile Diagnostics
 - Xcaliber Technologies - acquired April 2015
 - Invested two years prior
 - Renamed Blancco Diagnostics
 - R&D centre Pune India
 - Dedicated sales team (US/Europe)
- Customers
 - AT&T first client
 - 6000 store rollout in US – all AT&T retails stores
 - 3 year multimillion \$ contract
 - Clients - AT&T, Swisscom, Amazon India, Flip4new



Blancco Mobile Diagnostics - AT&T Update

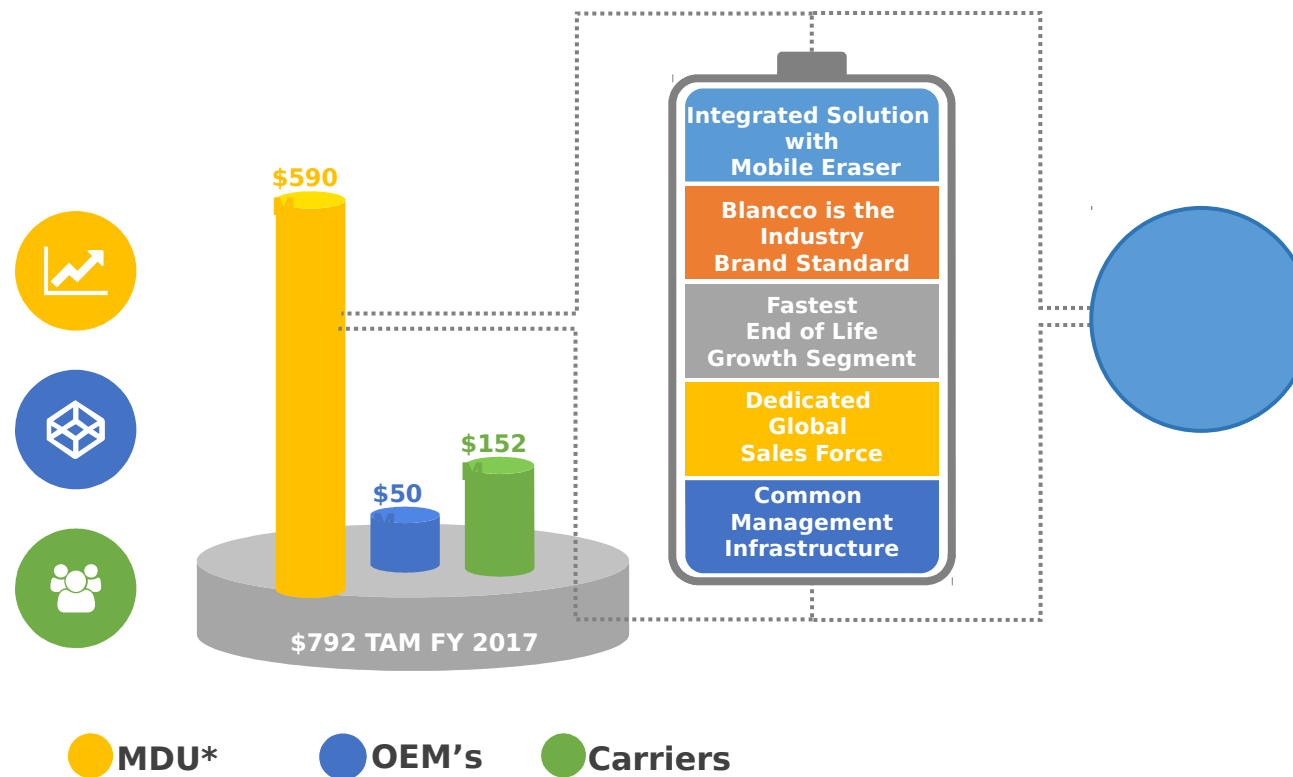


Diagnostic Transactions



+ Diagnostics transactions up 26% from October

Blancco Market Opportunity - Mobile Diagnostics



Data Sources: Gartner/IDC
*Mobile Device Upgrade

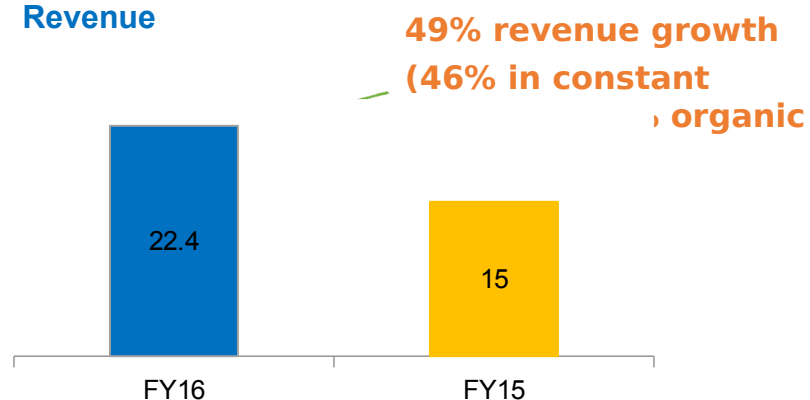


Financials

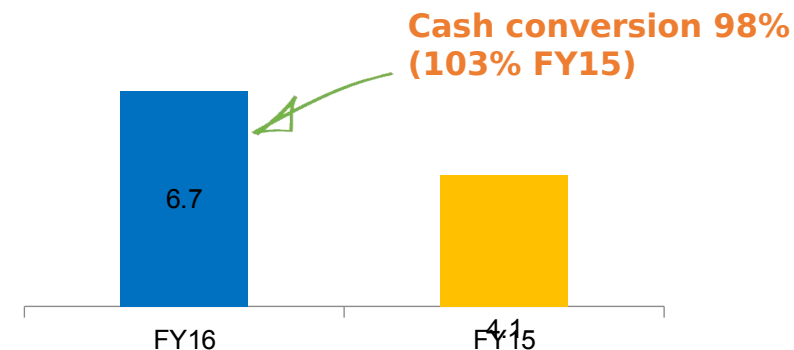


Financial highlights FY16 – Strong performance

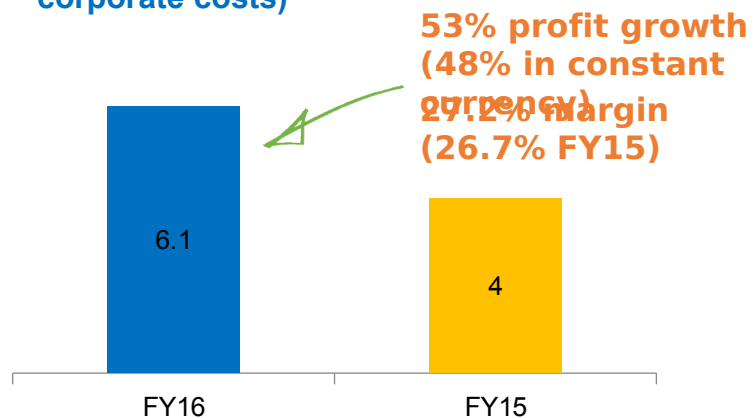
Revenue



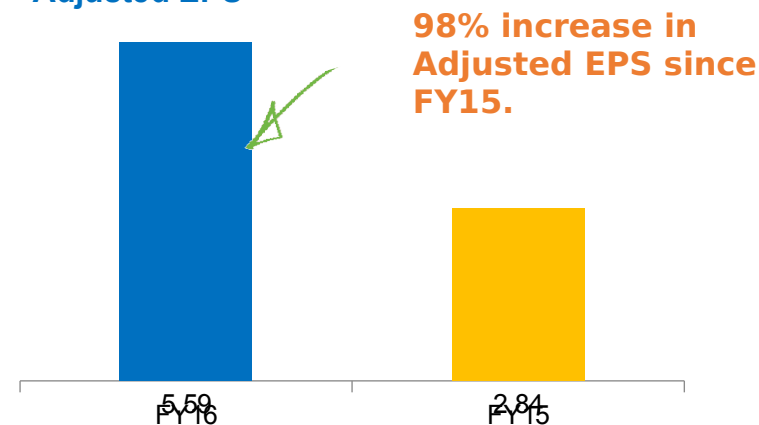
Adjusted OCF**



Adjusted Operating Profit (after corporate costs) *

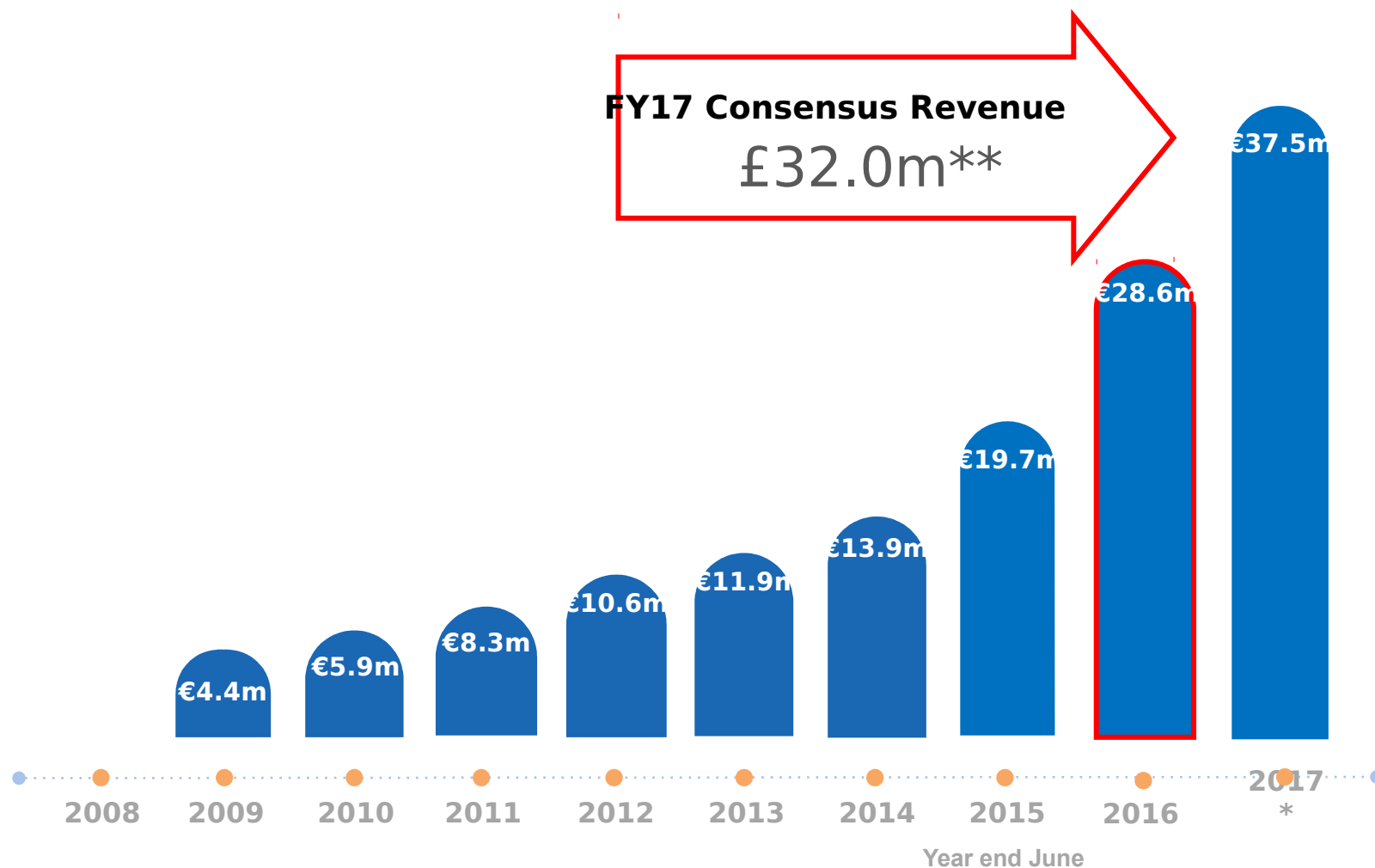


Adjusted EPS ***



*Adjusted Operating Profit' is the key profit measure used by the Board to assess the underlying financial performance of the operating Divisions and the Group as a whole. 'Adjusted Operating Profit' is operating profit stated before amortisation or impairment of acquired intangible assets, acquisition costs, exceptional restructuring costs, share-based payments, share of results of associates and jointly controlled entities and profit/losses on disposal of jointly controlled entities. **Adjusted Operating Cash Flow' is a key internal measure used by the Board to assess the underlying cash flow of the Group. It is defined as operating cash flow excluding taxation, interest payments and receipts, acquisition costs and exceptional restructuring costs. This measure excludes capital expenditure. *** Adjusted earnings per share are stated before amortisation or impairment of acquired intangible assets, amortisation of bank fees, exceptional restructuring costs, acquisition costs, share-based payments, losses on disposals of investments and jointly controlled entities, unwinding of the discounted contingent consideration, adjustments to estimates of contingent consideration, and tax impacts of the above. 'Adjusted earnings per share' is the key earnings per share measure used by the Board.

Financial Performance - Revenue



Gross Margin (FY16)

92%

AOP Margin (FY16)

26%

Note: 2008-2013 revenue adjusted to reflect changes in year ends and varying local accounting standards and data formats. Unaudited management information prior to 2013.

**Forecast full year*

***£32.0m per Analyst consensus (Jan-17) translated at an FY17 average rate of 1.17 EUR/GBP*

FY16 Results

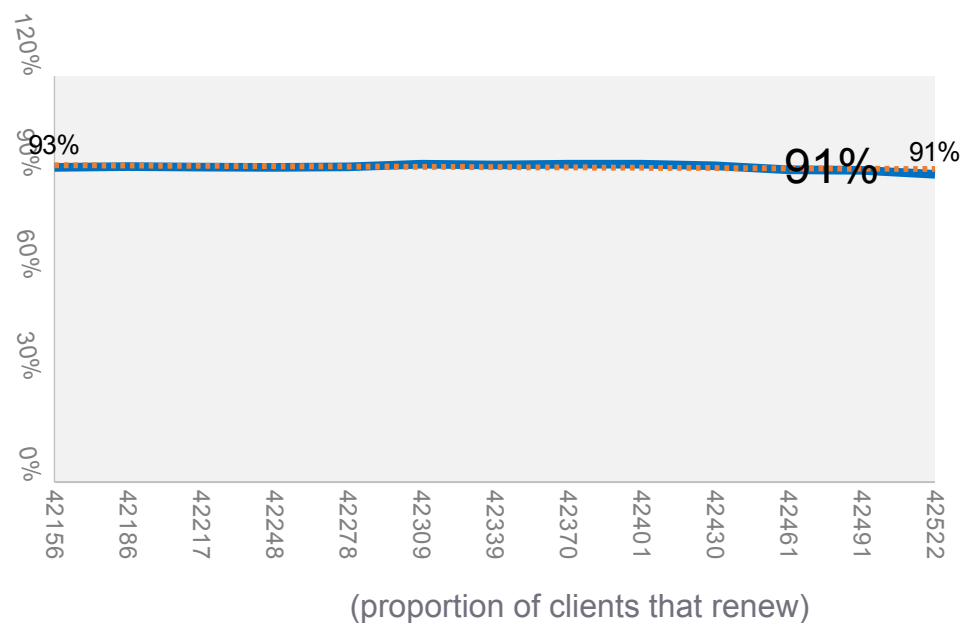
Strong, profitable growth



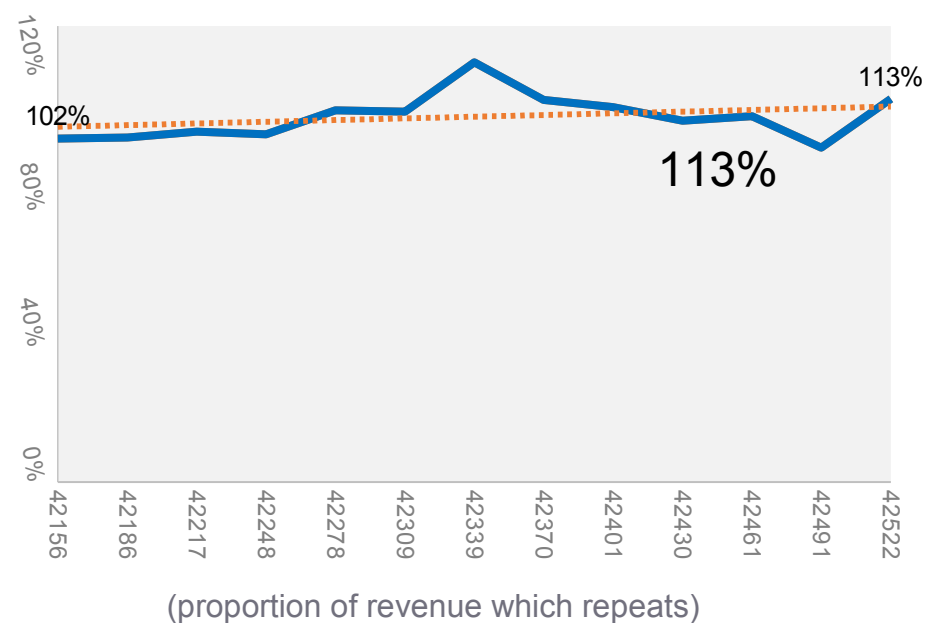
£ million	FY16	FY15	Growth
Erasure Revenue	21.7	15.0	+45%
Diagnostics Revenue	0.7	-	
Total Revenue	22.4	15.0	+49%
Cost of goods sold	(1.8)	(0.4)	
Gross Profit	20.6	14.6	+41%
SG&A	(13.0)	(9.2)	
Software Adjusted Operating Profit	7.6	5.4	+41%
PLC corporate costs (proforma FY15)	(1.5)	(1.4)	
Group Adjusted Operating Profit	6.1	4.0	
Depreciation and amortisation	0.8	0.2	
Movement in working capital	(0.8)	(0.1)	
Adjusted Operating Cash Flow	6.0	4.1	
<i>Software AOP margin</i>	<i>34%</i>	<i>36%</i>	
<i>Group AOP margin</i>	<i>27%</i>	<i>27%</i>	
<i>Group Gross Profit margin</i>	<i>92%</i>	<i>97%</i>	
<i>Cash conversion (AOCF / AOP)</i>	<i>98%</i>	<i>103%</i>	

High retention rates

Trailing 12 Month Customer Renewal Rate %

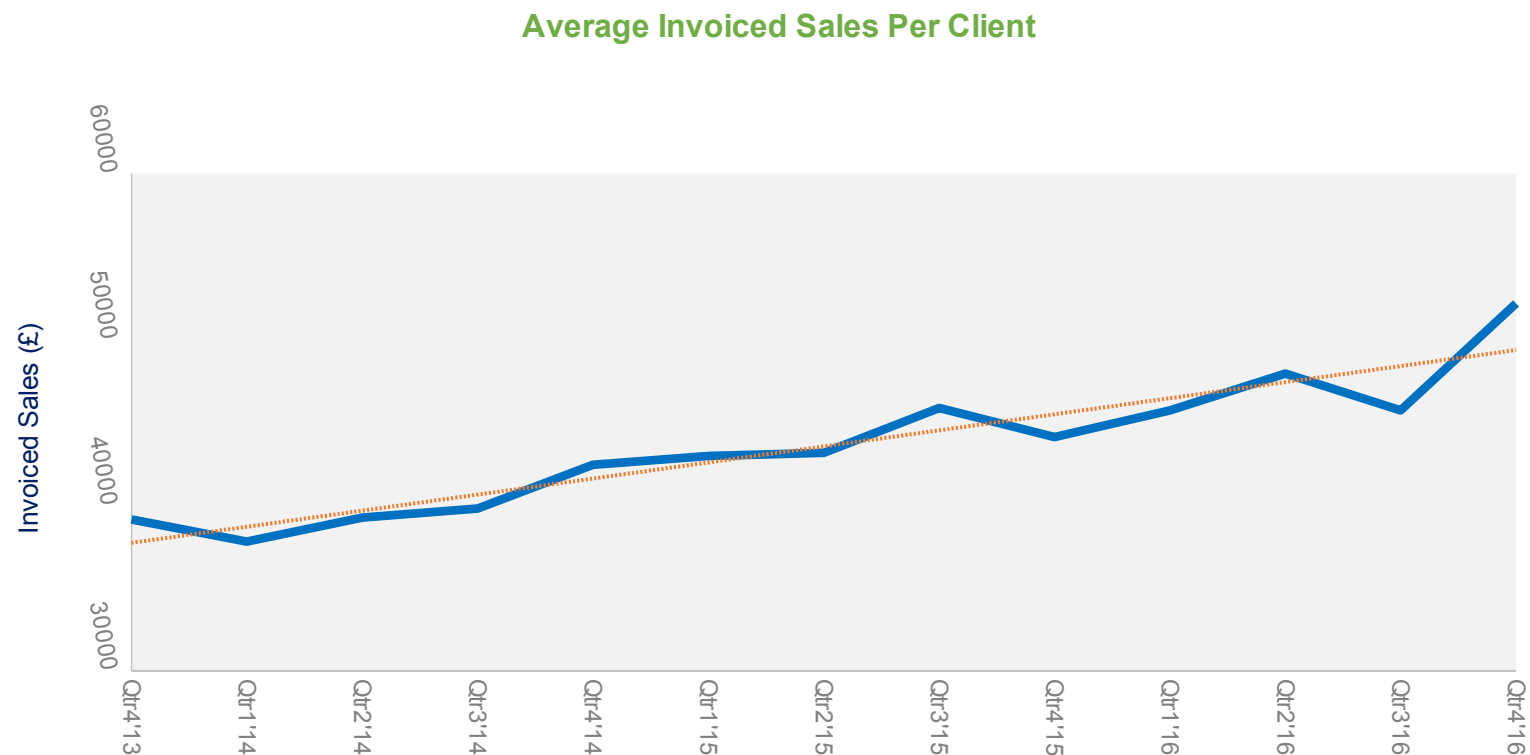


Trailing 12 Month Invoiced Sales Repeat Rate %



Note: KPI is measured on a base of clients with Invoiced Sales over €10,000 per annum, which covers 90% of Blancco's Trailing twelve month Invoiced Sales

Client value increasing consistently

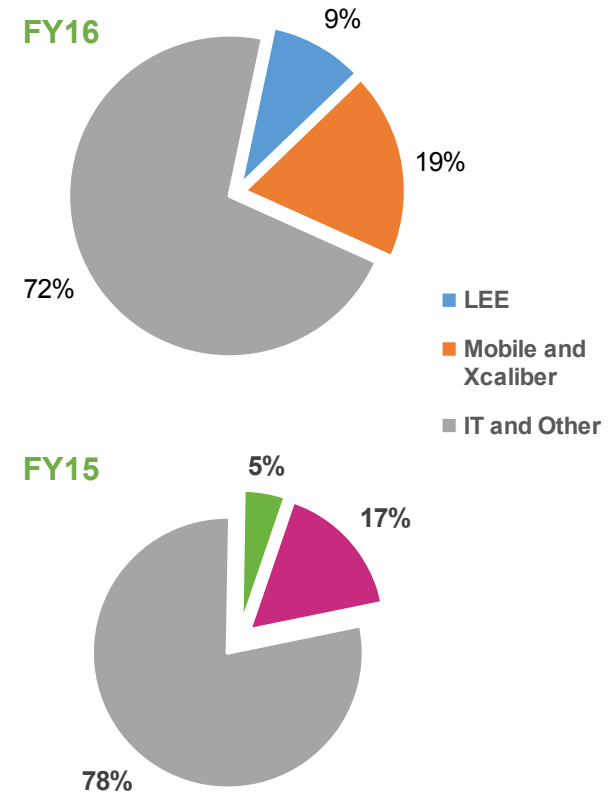


Note: KPI is measured on a base of clients with Invoiced Sales over €10,000 per annum, which covers 90% of Blancco's Trailing twelve month Invoiced Sales

Products – Strong growth in Active Erasure in FY16

Invoiced Sales¹

	FY16	FY15	Growth	Growth
	£'m	£'m	£	CC2
Active Erasure	2.3	0.8	188%	183%
Mobile erasure	3.7	2.6	42%	40%
IT erasure (laptop/server)	17.4	12.1	44%	38%
Erasure Total	23.4	15.5	51%	45%
Xcaliber Diagnostics Total	0.9	-	-	-
Group Total	24.4	15.5	57%	-



- Strongest growth in Live Environment Erasure (“LEE”) products, up 188%
- Strong growth in Mobile products, up 42%
- Steady growth in core IT products and services, up 44%

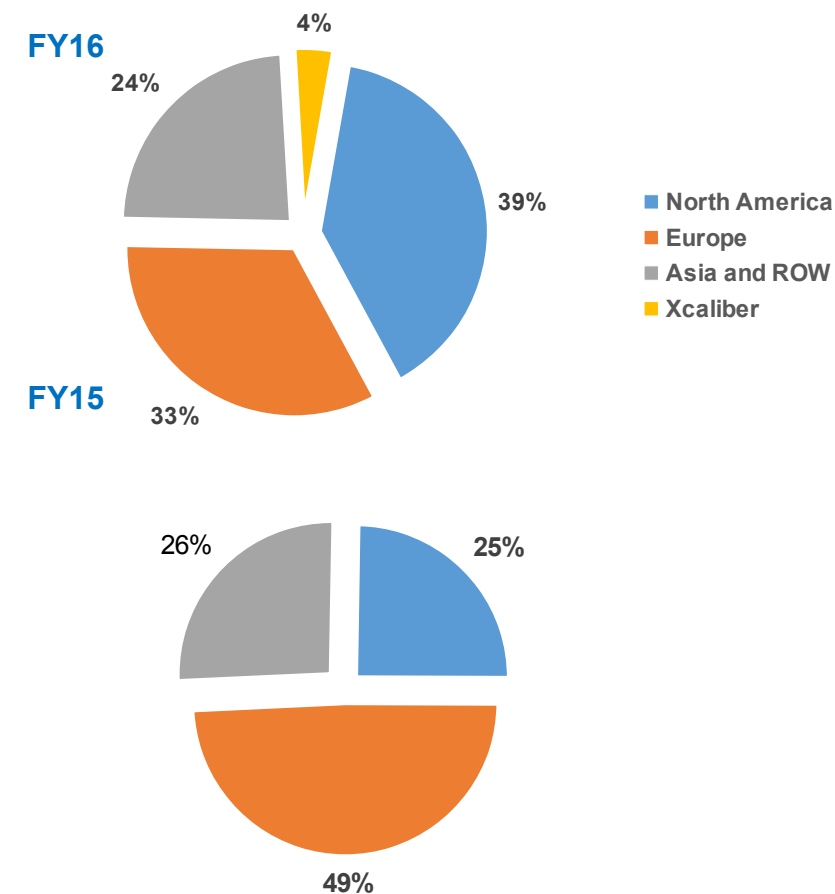
Geographies - Strong growth in North America in FY16



Invoiced Sales¹

	FY16	FY15	Growth	Growth
	£'m	£'m	£	CC2
Erasure - North America	9.6	3.9	146%	133%
Erasure - Europe	8.1	7.5	8%	6%
Erasure - Asia and ROW	5.8	4.0	45%	38%
Erasure Total	23.4	15.5	51%	46%
Xcaliber Diagnostics	0.9	-	-	-
Group Total	24.4	15.5	57%	-

- Strongest growth in North America up 146%
- Asia and Rest of World up 45%
- Europe up 8%



Existing investor base

Largest shareholders (top 7)	Shares	% ISC	Cumm %
M&G Investment Mgt	10,278,053	17.66	17.66
River & Mercantile Asset Mgt	6,744,367	11.59	29.25
Fidelity International	5,053,574	8.68	37.94
Schroder Investment Mgt	4,478,381	7.70	45.63
JO Hambro Capital Mgt	2,975,000	5.11	50.75
Soros Fund Mgt	2,575,924	4.43	55.17
Hargreave Hale	2,429,281	4.17	59.35
Total (top 7)	34,534,580	59.35%	
<i>Total shares in issue</i>	<i>58,189,266</i>	<i>100%</i>	<i>100%</i>

Conclusion

Erasure

- Market leader Erasure
- Strong brand recognition in ITAD market
- High retention rates
- Huge market opportunity - erasure
- Strong market drivers
 - Growth in number of EOL devices
 - Regulation
 - Reputation
- Accelerate Sales growth
 - Direct Sales – accelerate EOL growth
 - Direct sales – Active erasure growth
 - Indirect Sales – build out channel model

Mobile Diagnostics

- Early stage industry
- Flagship initial client A&T



Thank You