

23 June 2020

NCC Group plc

Trading update and Notice of Final Results

NCC Group plc, (LSE: NCC, "NCC Group" or "the Group"), the leading independent global cyber security and resilience advisor, is pleased to provide the following update in advance of publishing its preliminary results for the year ended 31 May 2020 (FY20).

Context

In line with our trading update on 23 March, the Group has experienced delays, cancellations, and disruption to our business operations since Q3 FY20, which have broadly followed the same pattern as the spread of Covid-19 across the regions in which we operate.

Our primary concern during this time has been the wellbeing of our colleagues and customers. We switched quickly to remote working – facilitated by the investments we have made in systems and infrastructure through our Securing Growth Together transformation programme – which has enabled us to continue to deliver robustly for our clients throughout this period of disruption.

Trading update

The Board expects Revenue and Adjusted EBIT¹ (subject to audit) to be comfortably ahead of latest FY20 analysts' consensus expectations of £243m and £22.3m respectively. Revenue will be higher than in FY19 and Adjusted EBIT¹ will be lower, owing to our decision to preserve the capability and capacity of our business in readiness for the economic recovery.

We believe that Covid-19 will continue to have an uncertain impact on demand through FY21 and for this reason we are not yet in a position to reintroduce guidance to the market on our future financial performance. However, our recurring and long-term revenues, particularly in our Software Resilience (Escrow) and Managed Services businesses, provide us with some protection.

We remain confident in the long-term growth potential of the cyber market. Therefore, consistent with our March trading update, our two key priorities are to maintain a strong balance sheet and to preserve our specialist capability and capacity in order to meet the strong demand we expect in future years.

Strong balance sheet

The Group continues to have a strong balance sheet with access to a committed multi-currency revolving credit facility of £100m, due for renewal in June 2024.

During the year, our cash management discipline and short-term discretionary cost saving actions have resulted in net debt as at 31 May 2020 falling to less than £5m (May 2019: £20.2m, November 2019: £20.8m). This includes cash balances of c.£95m (May 2019: £35m) following the full draw down of our revolving credit facility in April 2020 (May 2019: £43m undrawn) which we did to provide the Group with maximum cash flexibility.

The Group has benefited from certain government tax deferral programmes, however the Group has not drawn down any government loan support. The total cash timing benefit from tax deferral in FY20 amounted to c.£5m, with reversal expected to occur in FY21.

Preserve our specialist capability

In keeping with our objective to preserve our capability and capacity, we have not made any Covid-19 related redundancies or furloughed any colleagues. Our long-term objective is to be the global hub for cyber talent and we are pleased that technical staff attrition improved year-on-year.

Notice of Final Results

The Company expects to report its preliminary results for the year ended 31 May 2020, on 3 September 2020. This takes into account the logistical challenges our auditors and our finance team face in completing due processes in a remote working environment.

Management will host a remote presentation and Q&A session, details of which will be circulated ahead of the event.

Adam Palsler, Chief Executive Officer, commented:

"Thanks to the inspirational response of my NCC Group colleagues, coupled with the investments we have made in systems and processes as part of our Securing Growth Together transformation programme, NCC is successfully weathering the Covid-19 storm. During this period of uncertainty we have focused on the wellbeing of our people, continued to deliver high impact work to protect our customers from cyber threat and strengthened our balance sheet.

I am very pleased with our performance and we stand ready to take advantage of opportunities as the global pandemic subsides."

Notes:

¹ Adjusted Earnings before interest and taxation (EBIT) is Pre-IFRS 16.

Enquiries

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About NCC Group

NCC Group exists to make the world safer and more secure.

As the leading independent global cyber security and resilience advisor, NCC Group is trusted by over 15,000 clients worldwide to protect their most critical assets from the ever-changing threat landscape.

With the company's knowledge, experience and global footprint, it is best placed to help businesses identify, assess, mitigate and respond to the evolving cyber risks they face.

To support its mission, NCC Group continually invests in research and innovation, and is passionate about developing the next generation of cyber scientists.

With around 2,000 colleagues in 12 countries, NCC Group has a significant market presence in North America, continental Europe and the UK, and a rapidly growing footprint in Asia Pacific with offices in Australia, Japan and Singapore.

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