

28 April 2016

# NCC Group

## Trading update

NCC Group plc (LSE: NCC or “the Group”), the independent global cyber security and risk mitigation expert, is today publishing a trading update, covering the 10 months from 1 June 2015 to 31 March 2016.

Group revenues are 60% ahead of last year at £166.1m (March 2015: £104.1m). Organic growth has been 21% (March 2015: 14%).

As expected the Group's net debt decreased, following the £126.3m fundraising, which partially financed the acquisition of Fox-IT in November 2015, to £18.5m (March 2015: £37.5m) against a total debt facility of £115m.

**Rob Cotton**, Group Chief Executive, comments:

***“This has been another period of strong and controlled revenue and profitable growth, organically and by acquisition. We have also comprehensively expanded our product portfolio and geographic reach as we continue on our path to become the largest global, services led, cyber security business.***

***“The opportunities we are seeing from Fox-IT, which has been part of the Group for five months and the fully integrated Accumuli business, acquired in May last year, are very exciting. We plan to start the global roll out of some of Fox-IT's products and services during the next financial year.***

***“We are firmly on course to meet our expectations for the current financial year. We remain confident that we will be able to maintain our double digit organic growth, supplemented by suitable acquisitions, as we are exceptionally well positioned to take advantage of the growing services led markets in which we operate.”***

The **Escrow** Division continued to perform strongly. Revenue grew by 8% (March 2015: 6%) and renewals are now forecast to be £19.3m for the current financial year (April 2015\*: £18.4m).

The global verification order book continues to be solid throughout the business and now stands at £4.0m (April 2015: £3.0m).

Group Escrow termination rates continue to be unchanged at about 11% for contract.

In the **UK**, the cornerstone of NCC Group Escrow, has seen revenue growth in line with expectations at 6% (March 2015: 4%). In **North America** revenue grew by 17% (March 2015: 9%) and in mainland **Europe** by 7% (March 2015: declined 3%).

The **Assurance** Division continues to deliver strong growth with a 74% increase in revenue (March 2015: 18%), 24% on an organic basis.

The number of security consultants continues to grow but as importantly, the Group's retention rate continues to be close to 90%.

The Group is seeing the benefits of the acquisition of Accumuli, which will be rebranded to NCC Group from 31 May 2016, as all parts of that business are now embedded in the Assurance division.

Fox-IT has performed in line with NCC Group's expectations and the addition of this business has widened and diversified the Group's products and services. The Group plans to capitalise on opportunities to deliver additional capabilities to Fox-IT customers locally, whilst rolling out Fox-IT's services and products to other parts of Europe and North America.

NCC Group continues to see Fox-IT as an exciting prospect that will complement the other cyber security offerings that are already delivered to the Group's global client base.

The Assurance Division's overall combined order book and renewals base currently stands at £73.6m (April 2015: £36.3m). The contracted renewals base, which covers load and performance testing, Fox-IT and Accumuli managed services is £22.5m for the year ended 31 May 2016 (April 2015: £6.8m which covered load and performance only).

The **Domain Services** Division provides an end-to-end solution for all of an organisation's domain requirements. It provides a secure security solution to those brands and organisations looking to exploit the opportunity for more secure communications with their customer base.

Despite this capability, the Division continues to operate in a challenging market where ICANN delays, poor consumer understanding and lower than expected demand for domains have continued to prevail.

The widely anticipated next TLD application process still has not been confirmed but it is positive that ICANN are guiding it towards high value applications. However, the lack of a firm date, compounded by the failure to complete the delegation process for the first round of applications continues to hamper all parties.

Despite this, revenues increased by 127% to £6.0m (March 2015: £2.6m) and losses will not exceed £1.7m in the current financial year.

The Division is expected to break even in the next financial year. However, given the continuing market backdrop, the Board plans to implement a strategic review if this proves unachievable.

The Group expects to report its full year results for the 12 months to 31 May 2016 on Thursday, 7 July 2016.

\* The revenue comparison figures are for the 10 months to 31 March 2015 whilst the order book and renewals comparisons are those recorded at 30 April 2015. The Group trading update last year was published on 5 May 2015.

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