

The background of the slide is a dark green gradient with a dense field of colorful bokeh particles in shades of blue, purple, yellow, and red, creating a sparkling effect.

dotmailer

# Canaccord Genuity

37<sup>th</sup> Annual Growth Conference, Boston

Milan Patel, CEO

George Kasparian, FD

August 2017

# Agenda

About dotdigital

Financials

Growth strategy

Outlook

A photograph of a city skyline at dusk, with numerous skyscrapers illuminated and their lights reflecting on the water in the foreground. The sky is a mix of orange, yellow, and blue.

# About dotdigital

The company behind the best-of-breed SaaS platform, dotmailer

## INTRODUCTION

# About dotdigital

dotdigital Group Plc was established in 1999. Since 2013 we've been totally focused on email and multi-channel automation.

We provide a SaaS platform to over 4,000 marketers in medium and small enterprise companies in the EMEA, Americas & Asia Pacific.

## INTRODUCTION

# Company background

### We employ 248 people

- Sales & Marketing. 93 people
- IT & Development. 76 people
- Client Services. 46 people
- Other. 33 people

### In 8 office locations around the world

- UK - London, East Croydon, Manchester. 208 people
- US - New York. 15 people
- Australia - Sydney, Melbourne. 6 people
- Minsk – Belarus. 16 people
- South Africa - Cape Town. 3 people

### Significant shareholders

- Directors 18%
- European Institutions
  - Liontrust Investment Holdings 20.2%
  - Slater Investment Ltd 5.9%
  - Hargreave Hale 3.9%
  - Herald Investment Management 3.6%
  - Franklin Templeton Fund Management 3.4%
  - Blackrock 3.2%
  - JO Hambro Capital Management 3.1%

### Global Reach

Grandeur Peak (USA), Royce Funds (USA),  
Pie Funds (NZ), TDM (AUS), Microequities (Aus)

# Platform + People = empowering marketers

## Marketers' problems

## dotmailer solutions

- Lack of strategy ➔ Strategic consultancy and Account Management
- Lack of data, bad data and data silos ➔ Survey tool and Custom Technical Solutions
- Lack of content ➔ Copywriting services
- Lack of internal resource ➔ Managed services

Ecommerce data including



CRM data including



Social data including



Content & other assets



Systems & databases



Web & email



### Data in

Integrations make it fast and easy for customers to pull their data into dotmailer

### Messages out

Our multi-channel marketing automation platform empowers marketers with the tools they need



Calls, SMS & Social



Desktops, tablets & mobile



Online & Cloud applications



Sales teams



Workspace Environment



Data warehouses



## ABOUT DOTMAILER

# Email marketing automation is alive and well

Email is of key channel to marketers' of all levels in all sectors.

- **97%** of all email marketers expect their budgets to increase or stay the same next year.
- **63%** say email marketing is very important for their strategy.
- **20%** of marketing budgets will be spent on email marketing.\*
- The average number of emails sent to each contact has **gone up over the last three years.**

**Average ROI on  
email marketing**

**\$40**  
per \$1 spent

\*in 82% of UK brands.



# Opportunities in the competitive landscape

## NOTABLE LOW-END ESPs



High performing, email marketers graduate from SMB ESPs to dotmailer.

dotmailer



The pain points and wish lists of mid market customers remain the same, except they want better proposition at a better price.



Enterprise customers choose dotmailer to reduce costs whilst maintaining features.



Adobe Marketing Cloud



Bronto

SMART FOCUS



LISTRAK

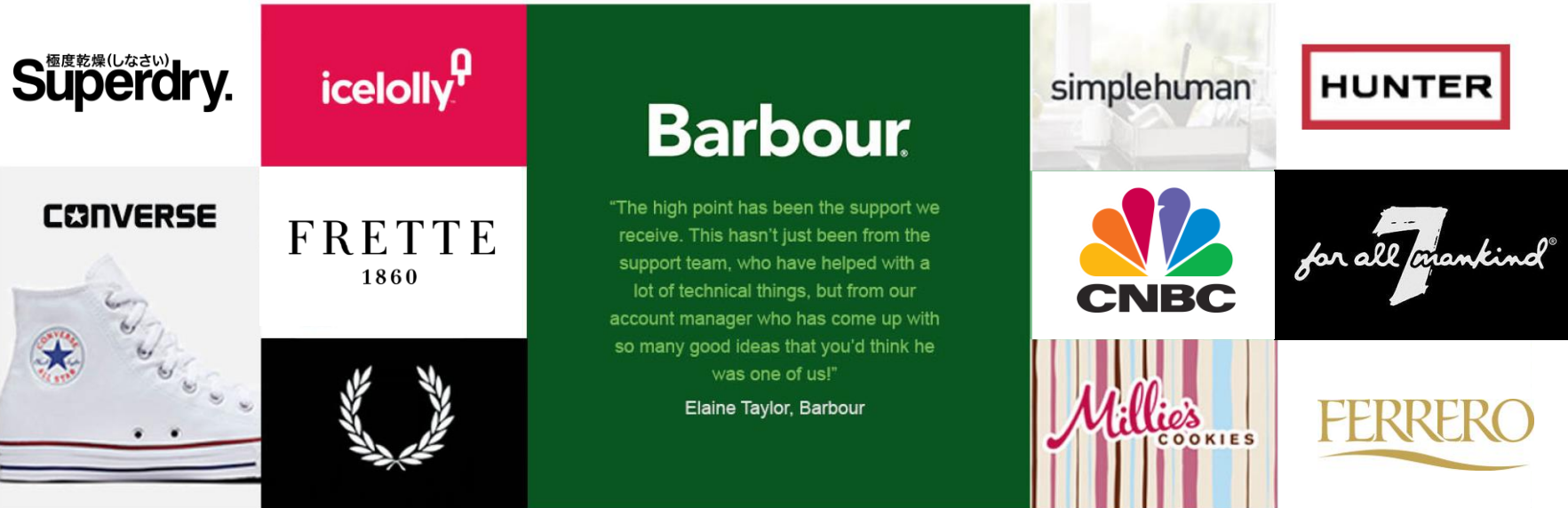
NOTABLE MID-MARKET ESPs

## ABOUT DOTMAILER

# A global client list



dotmailer is a the trusted email marketing partner of huge success stories around the world, including:



## ABOUT DOTMAILER

# Strong leadership team



**Milan Patel**  
CEO



**Steve Shaw**  
CTO



**Phil Draper**  
CRO



**Phillip Blundell**  
CFO



**James Koons**  
CPO



**George Kasparian**  
Finance Director



**Rohan Lock**  
EVP Asia Pacific



**David Aldrich**  
HR Director

# Financials

Strong, profitable organic growth



## INTRODUCTION

# Historical 8 year growth trends

Strong growth in revenue, EBITDA and cash over the past eight years

**797%**

Core Product Revenue growth

**627%**

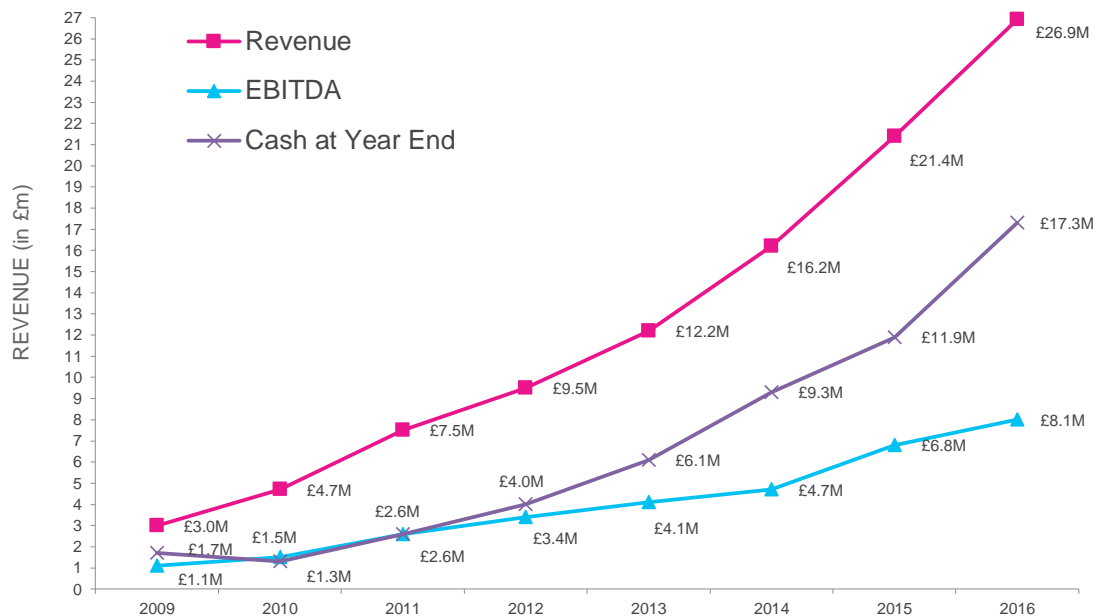
EBITDA growth

**37%**

Core Product Revenue CAGR

**33%**

EBITDA CAGR



## INTRODUCTION

# Key trading highlights

---

### Top line revenue growth

19% increase in top line organic growth from £26.9m to approximately £32.0m. ARPU have increased 24% from £575 to £715.

---

### Strong net cash position

£20.4m at 30 June 2017 (FY16: 17.2m) which is above market expectations.

---

### Growth in international revenues

Revenue growth of over 48% outside of UK.

---

### Increased recurring revenue

Total revenues have increased to 81% of which 90% is contracted. Recurring revenue charges from product functionality has increased by 53% to £6.3m.

---

### EBITDA

Expected to be in line with market expectations (Consensus of £10m).

---

### Growing Magento partnership

Total revenues earned from Magento connector clients increased by 56% from £4.3m to £6.7m.

\*Trading highlights reflect the Company's full results for the year ended 30 June and based on unaudited initial management estimates – Final Results to be announced in October 2017

# Growth strategy

The platform for the serious marketer

# Key areas of focus

1

---

Geographic  
expansion

2

---

Product  
innovation

3

---

Partnerships &  
acquisitions



## GROWTH STRATEGY – GEOGRAPHIC EXPANSION

# Few barriers to international growth

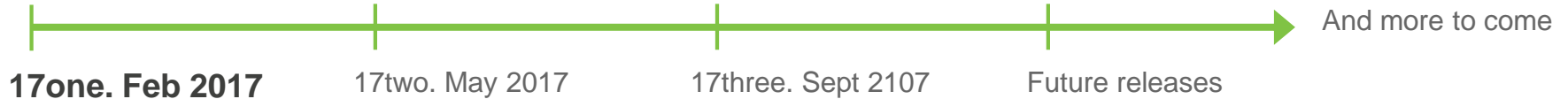
- Email marketing automation is a growth business all over the world.
- Global data centers and Hybrid Cloud Design architecture means the platform can scale quickly and deliver solutions globally.
- dotmailer already has strategic partnerships in place with global companies.
- Winning business all over the world from global competitors.



The target denotes location of dotmailer cloud data centres. Whilst the dotmailer interface works in English, French, German, Russian, Spanish, Portuguese, Italian languages.

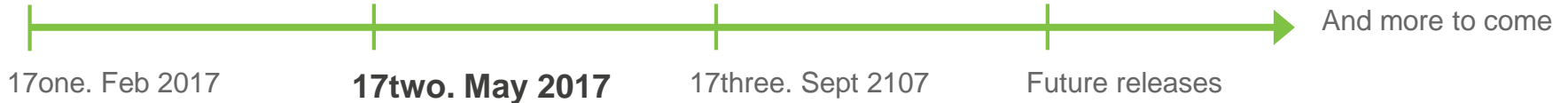
# Product roadmap

- Shopify and ShopifyPlus integrations
- Oro CRM and PayPal button integrations
- Salesforce Lightning interface integration
- New Landing page controls



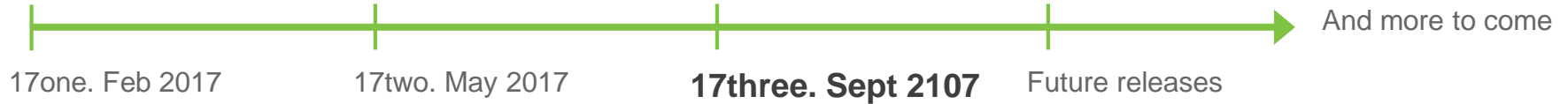
# Product roadmap

- BigCommerce & Woo Commerce integrations
- Improved Web Behaviour tracking
- Launch of self-service in South Africa
- APAC data hosting



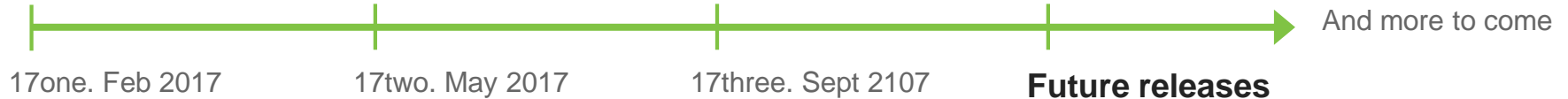
# Product roadmap

- Deeper integration with Magento 2
- Salesforce Commerce Cloud integration
- Shopware and Zapier integrations
- GDPR enhancements
- Improved user interface enhancements



# Product roadmap

- Further eCommerce and CRM integrations
- A.I. powered Product Recommendations
- A.I. powered digital advisors
- Enhanced analytics and reporting
- Multi-channel and automation enhancements



## GROWTH STRATEGY – PRODUCT INNOVATION

# Ensuring security & privacy

### People and Awards

- Dedicated Security and Privacy personnel – James Koons.
- Member of Email Sender & Provider Coalition, Email Experience Council and FBI InfraGard.
- One of the first companies in the world to be certified for the EU/US Privacy Shield.
- Awarded the UK government backed Cyber Essentials Plus certification.

### Process

- Regular comprehensive independent security assessments of products and services.
- Ongoing risk assessment and impact analysis for potential upcoming regulatory and legislative changes (GDPR).
- Annual penetration testing on application.

### Technology

- Continued investment in technology improvements to mitigate the latest security risks.
- Investment in platform deployment to help customers meet regulatory and privacy compliance in global regions.
- A threat-led Information Security Program, with vulnerability scanning to monitor the security infrastructure.



# Strengthened strategic partnerships

Magento

Shopify

Microsoft Dynamics

Salesforce

- Annualized revenues of dotmailer for Magento of more than £6.2m.
- Average recurring spend per client at £1,420 pm
- dotmailer is a Global Magento Premier Technology Partner.
- Premier status has built global brand awareness for dotmailer
- dotmailer to be bundled into all Magento 2 downloads in Q3 2017



# Strengthened strategic partnerships

Magento

- Strong pipelines building across all regions.
- Strengthening our global relationship at a C-suite level.

Shopify

- Strategic partnership and platform integration launched early 2017.
- Early ARPU numbers exceed expectations.

Microsoft Dynamics

Salesforce





# Strengthened strategic partnerships

Magento

- Annualized revenues of dotmailer for Microsoft Dynamics more than £2.2m.
- Average recurring spend per client at £995 pm.

Shopify

- dotmailer for Microsoft dynamics supports onsite & offsite installs.
- Clients using the connector include 4com, Ryman, Total Jobs, Adecco, V&A Museum, Paul Smith, Eden Project and Vanquis Bank.

Microsoft Dynamics

Salesforce



# Strengthened strategic partnerships

Magento

- Annualized revenues of dotmailer for Salesforce of more than £2.9m.

Shopify

- Average recurring spend per client at £950 pm.

Microsoft Dynamics

- Continued investment in dotmailer for Salesforce development team to deliver product roadmap. Including being Connector 'Lightning' ready.

Salesforce

- Exhibited at Dreamforce San Francisco.
- Clients using the connector include Fujitsu, Kaplan Financial, City University, Cloudcall, Body & Fit and Sports Nutrition.



## GROWTH STRATEGY – PARTNERSHIPS & ACQUISITIONS

# Acquisition strategy

All targets in all areas under consideration must:

- Have the potential to operate a high margin, recurring revenue business model.
- Create long term shareholder value.
- Low execution risk.
- Earnings enhancing expectations.

### Deeper functionality within core USP

Deliver smarter, faster, better marketing automation to the mid market and capitalise on revenue opportunities.

The logo for dotmailer, featuring the word "dotmailer" in a lowercase, sans-serif font. The "dot" is in green and has a small pink dot above it. The "mailer" is in black. The logo is centered within a large, light green arrow shape that points upwards.

### Expanding geographically

Increase the size and scale of the business internationally through buying ESP or adjacent technology.

### Extend multichannel tools

Extend dotmailer's appeal by offering messaging solutions in a broader mix of communication channels.

# Outlook

Strong rationale for continued growth

# Outlook

## Key strategy focused on continued strong organic growth

- Launching of new strategic partnerships and connectors
- Continued investment and focus in international markets.
- Continued product investment to maintain best of breed position.
- Winning and retaining SME clients with high life time values.
- dotmailer well placed to take advantage of EU Legislative changes.
- Board continues to investigate potential acquisition targets.

## Growth rationale

- Widespread industry acceptance of email's key role.
- Email remains highest ROI of all digital marketing channels at a return of \$40 for every \$1 spent
- Very strong product.
- Good operational leverage.
- High margins and high levels of contracted revenue.
- CAC & LTV ratio improving.

# Disclaimer

Certain statements included or incorporated by reference within this presentation may constitute “forward-looking statements” in respect of the Group’s operations, performance, prospects and/or financial condition.

By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No responsibility or obligation is accepted to update or

revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this presentation should be construed as a profit forecast.

This presentation does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares and other securities of the Company. Past performance cannot be relied up on as a guide to future performance and persons needing advice should consult an independent financial adviser.

Statements in this presentation reflect the knowledge and information available at the time of its preparation. Liability arising from anything in this presentation shall be governed by English Law. Nothing in this presentation shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.



dotmailer

Thanks