

Annual Results Presentation 2016/2017



Empowering
the serious
marketer

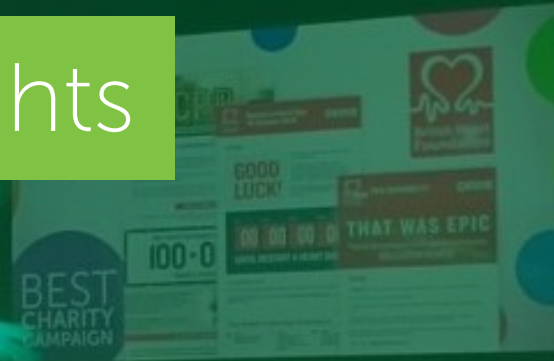
dotdigital GROUP
PLC

Milan Patel	CEO
Philip Blundell	CFO
George Kasparian	Finance Director

Annual Results Presentation 2016/2017

Company Highlights

Milan Patel



EMALI

CEO's review of the year

- A successful, dynamic year for dotdigital
- Strengthened and solidified our leadership team
- International expansion of the business
- Addressable market doubled with new connectors
- Double digit revenue and EBITDA growth
- Strong cash generation and healthy balance sheet
- Revenue has continued in line with plan in Q1



↑ 21%

Organic growth in H2 2017

Up from 17% in H1 2017

The foundations are set for further momentum in 2018.

Key trading highlights

For 12 months to 30 June 2017

£32.0m ↑
19%

Revenue

Up 19% from £26.9m

£10.1m ↑
26%

EBITDA

Up 26% from £8.0m

2.42p ↑
32%

Earning per share

Up 32% from 1.83p

£20.4m ↑
18%

Cash position

As at 30 June 2017



Operational highlights

International growth

- USA up 36%. APAC up 156%. EMEA up 15%

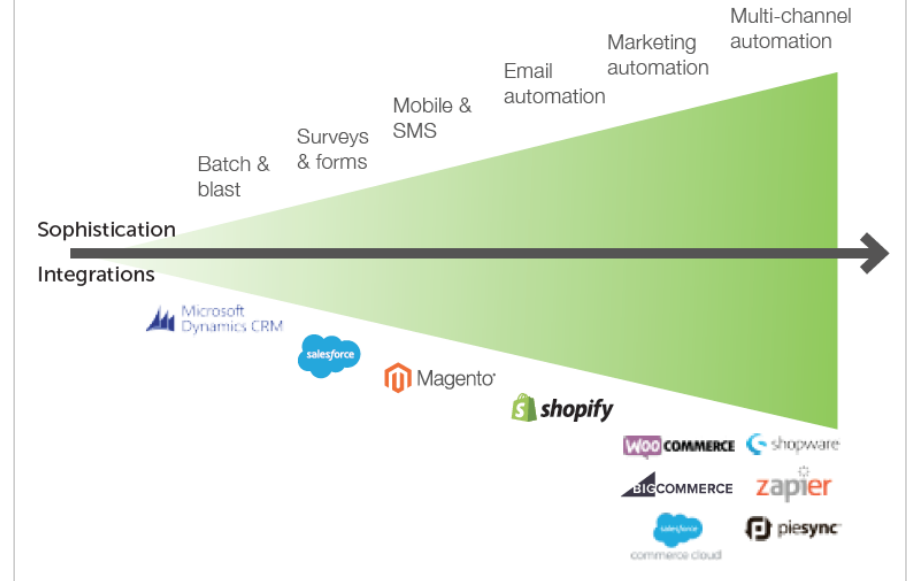
Product innovation

- Functionality feature recurring revenue up 53%
- Upgrades to Magento and Shopify connectors
- New connectors for Woo and Big Commerce
- Migration to Microsoft cloud

Customers

- Recurring revenues now represent 81% of total, up from 78% last year
- Magento customers increased to 460. Dynamics and Salesforce customers increased to 440
- Over 500 new clients. Churn rate down and NPS improved
- ARPU up 24% to £715 per month

Where have we come from
and where we are going to...



Case Study: Forest Holidays

Forest Holidays offers customers the chance to enjoy a steadier pace of life in serene settings across the UK. But Forest Holidays' email marketing has been in the fast lane since introducing dotmailer at the start of 2016.

Incredible email marketing results:

- Email ROI is up year-on-year by 1,029%
- The value of an email address is now £88
- £42k was rescued from its abandoned cart program in its first month
- Last click email revenue rose by 145%



Annual Results Presentation 2016/2017

Financial review

Phillip Blundell



Trading performance

Revenue share by strategic partners

- Magento 21%
- Microsoft Dynamics 9%. Salesforce 8%

Revenue diversification

- UK 77% (was 82% last FY)
- North America 12%. ROW 9%. APAC 2%

Cost of sales analysis

- Direct marketing increased to £2.0m
- Partner commission £1.9m up from £0.9m

Key investment areas

- Microsoft cloud migration
- Research & Development
- People

	Jun 17 £'M	Jun 16 £'M	Growth %
Revenue	32.0	26.9	19%
Cost of Sales	(4.5)	(3.4)	31%
Gross Profit	27.5	23.5	17%
Admin Expenses	(19.4)	(17.3)	12%
Operating profit	8.1	6.2	31%
EBITDA	10.1	8.0	27%

Growth trends

Strong growth in revenue, EBITDA and cash throughout our time on AIM

567%

Core Product Revenue growth

818%

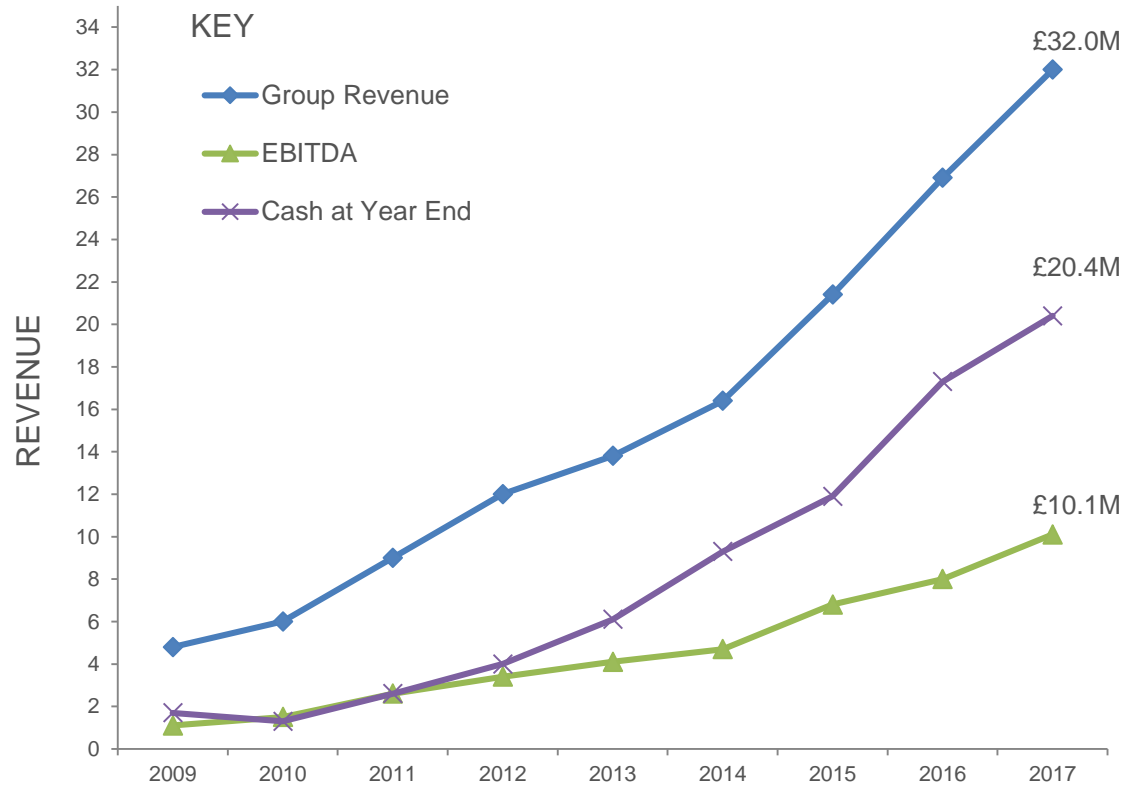
EBITDA growth

27%

Core Product Revenue CAGR

32%

EBITDA CAGR



Statement of financial position

- Healthy balance sheet
- No debt
- Good cash flow from operations and FCF of £5.4m
- Bandwidth for strategic investments
- Strong distributable reserves

Balance sheet

	Jun'17 £'M	Jun'16 £'M
Assets	6.2	5.4
Other Current Assets	7.8	6.2
Cash	20.4	17.3
Total Assets	34.4	28.9
Non Current Liabilities	0.8	0.7
Current Liabilities	5.0	4.5
Total Liabilities	5.8	5.2
Net Assets	28.6	23.7

Annual Results Presentation 2016/2017

Business strategy

Milan Patel



Key areas of organic focus

1

Geographic
expansion

2

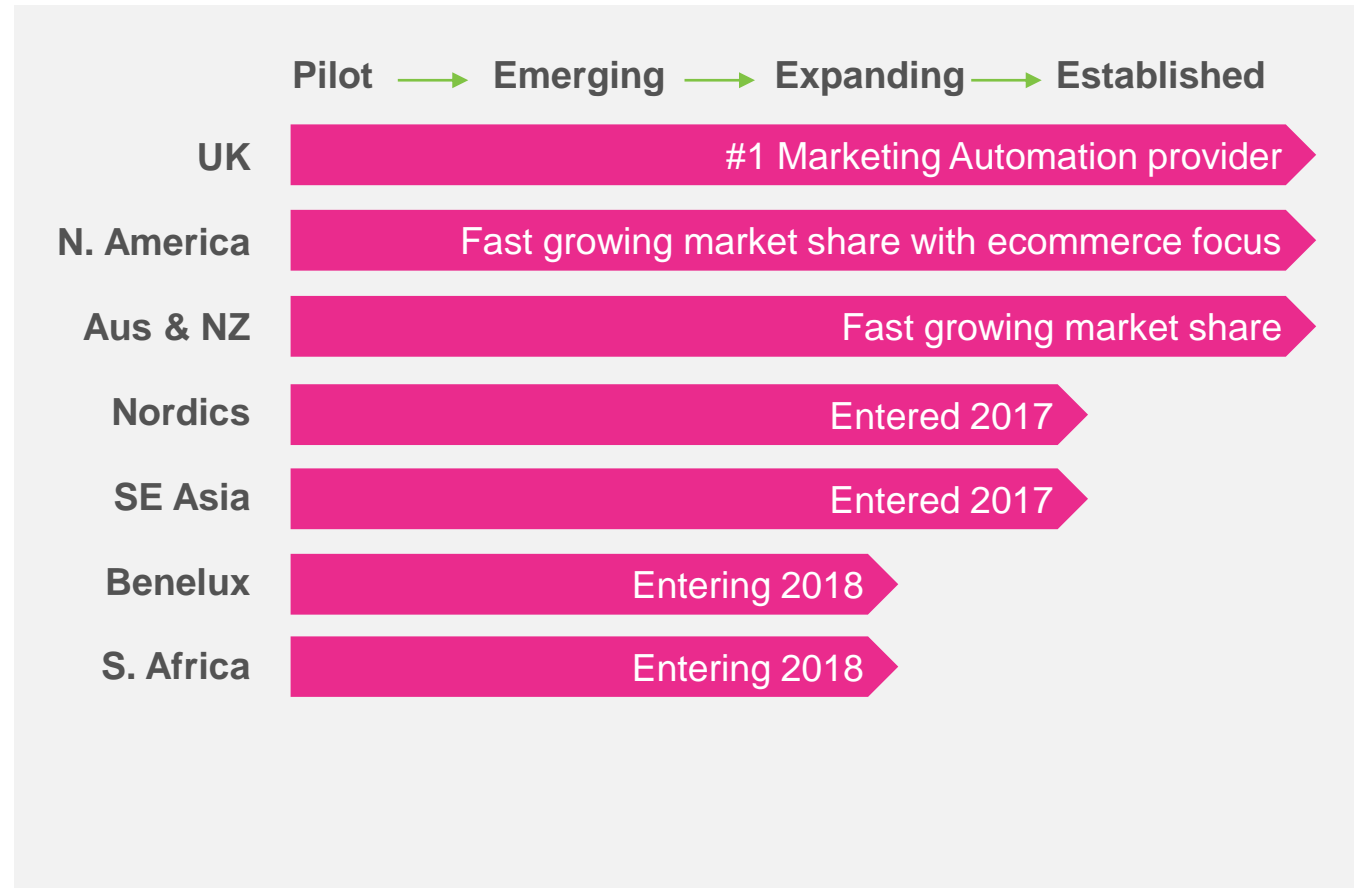
Product
innovation

3

Strategic
Partnerships

International growth

- Marketing automation is a global business
- Cloud hosted so we can deliver global solutions
- Global strategic partnerships
- Multi-lingual
- Multi-currency



Product roadmap

What we've done

- Shopify and ShopifyPlus integrations
- Oro CRM and PayPal button integrations
- Salesforce Lightning interface integration
- BigCommerce & Woo Commerce integrations
- Improved Web Behaviour tracking
- Launch of self-service in South Africa
- APAC data hosting

Where we're going

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



Strategic partners: e-commerce



Magento

- dotmailer bundled in all Magento 2 downloads
- Annualised revenues of dotmailer for Magento of £6.2m
- Average recurring spend per client at £1,420 pm



Shopify

- Strong pipelines and high ARPU's increasing globally
- Strategic partnership and integration launched 2017



Other integrations and partnerships launched



Strategic partners: CRM

Microsoft Dynamics

- Annualised revenues of dotmailer for Dynamics of £2.3m
- Average recurring spend per client at £995 pm
- dotmailer for Microsoft dynamics supports onsite & offsite installs



Salesforce

- Annualised revenues of dotmailer for Salesforce of £2.0m
- Average recurring spend per client at £950 pm



Other integrations and partnerships launched



Ensuring security & privacy

People and Awards

- Dedicated Security and Privacy personnel
- Active member of the major security & privacy trade associations
- Certified for the EU/US Privacy Shield and UK Cyber Essentials Plus certification

Process

- Regular comprehensive independent security assessments
- Ongoing risk assessment and impact analysis for upcoming GDPR
- Annual penetration testing on application

Technology

- Continued investment in technology to mitigate the latest security risks
- Platform investment to meet regulatory and privacy compliance in global regions
- A threat-led Information Security Program



GDPR

- Working with data protection authorities
- Technology enhancements
- Educating our customers
- Internal process controls updated
- Upskilling staff

Our GDPR readiness improves our competitive advantage, especially against the large US cloud providers.



Investment story

1

Strategy

Clear and compelling strategy

2

Scalable

Scalable platform and predictable financial model

3

Growth

Attractive industry growth

4

Culture

Successful dotmailer culture

5

Leadership

Experienced management team

6

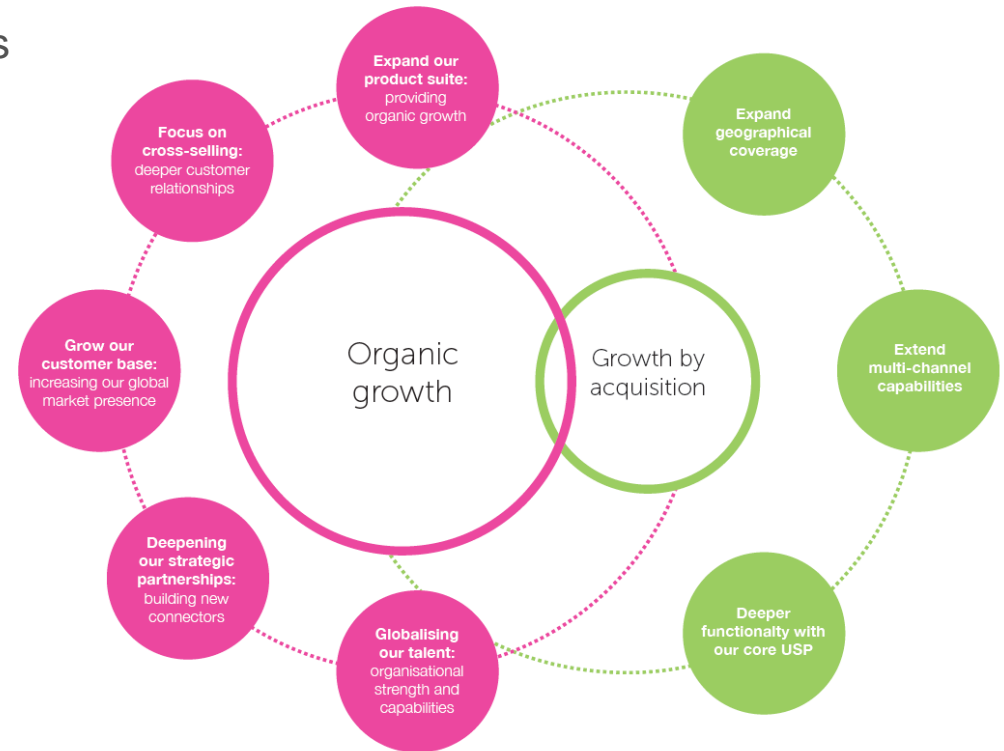
Outlook

Opportunities for superior growth

Growth strategy

- Email the most effective channel for marketers
- Other channels becoming more important as consumers expect multi-channel
- Marketers expecting more tools to help improve customer engagement (A.I.)
- Marketing automation growing at 10% per annum. North America and Europe fast growing markets
- Ecommerce set to double in next 7 years
- Governments tightening privacy regulations
- Focus on mid-market customers

dotmailer is a data-driven multi-channel platform that sets marketers free



Summary

16/17

- Strong organic growth
- New strategic partnerships and connectors
- Continued investment in international
- Continued investment in the platform
- Winning and retaining clients with high LTV
- Well placed for EU legislative changes

17/18

- Q1 progress in line with plan
- International growth has accelerated
- Shopify partnership launched
- Acquisition targets building
- Board remains confident on achieving stated ambitious 2018 plans

dotdigital GROUP
PLC

Appendices



Company background

We employ 256 people

- Sales & Marketing. 93 people
- IT & Development. 78 people
- Client Services. 48 people
- Other. 37 people

In 8 office locations around the world

- UK - London, EC, Manchester. 213 people
- US - New York. 17 people
- Australia - Sydney, Melbourne. 7 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%
 - Canaccord Genuity 4.6%
 - Herald Investment Management 3.5%
 - Highclere International 3.4%
 - Franklin Templeton Fund Management 3.2%
 - JO Hambro Capital Management 3.1%

Global Reach

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

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



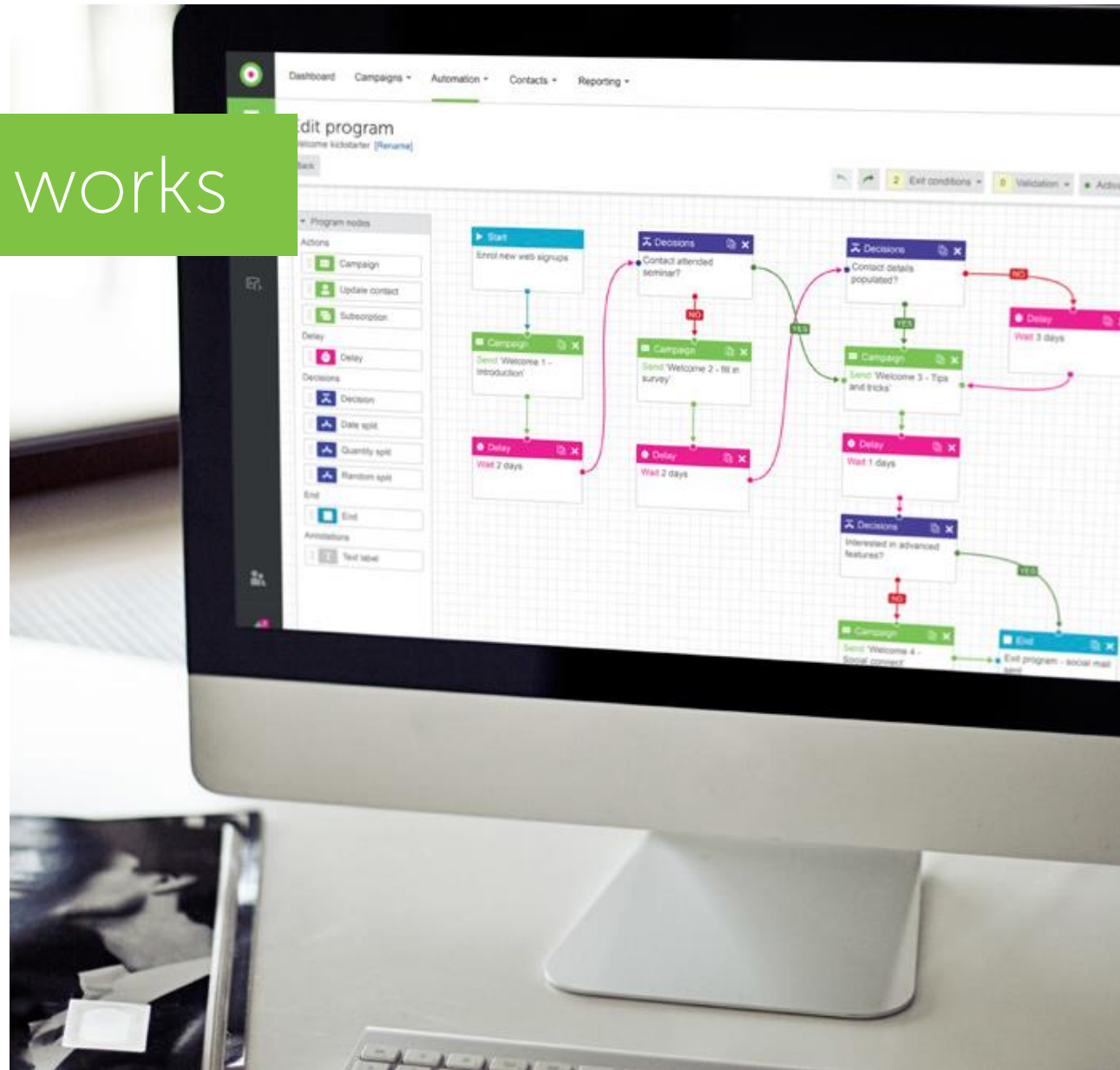
David Aldrich
HR Director

How dotmailer works

World-class integrations and technology make it easy for customers to put all of their data to work



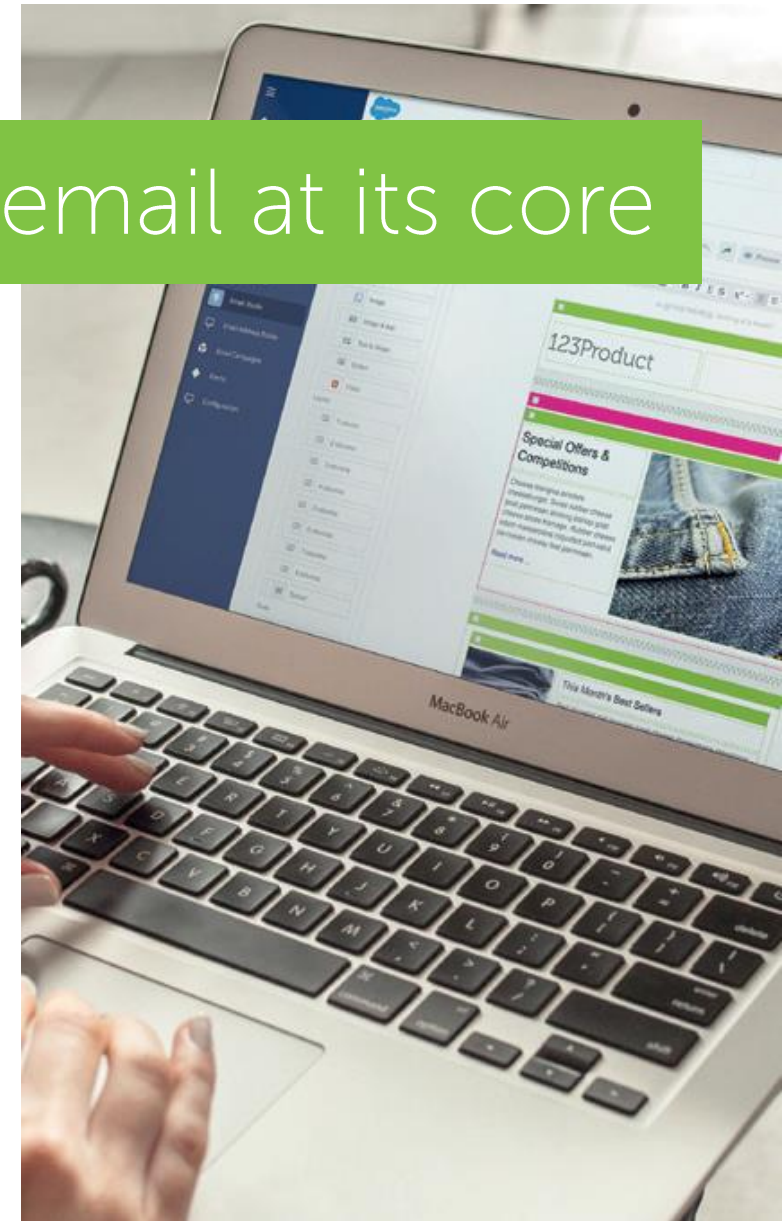
Our data-driven marketing automation platform empowers marketers with the multi-channel tools they need



Marketing automation with email at its core

dotmailer allows marketers to manage all stages of their marketing automation activity quickly and easily, from sophisticated data selections to deployment and measurement of their client interactions.

- Easy and fast to use. Yet powerful and sophisticated
- Easy onboarding process. Low cost and time
- Integrates quickly with best-of-breed business systems
- Works for corporates and SMEs, B2B and B2C clients
- Constant feature development. Quarterly releases
- Easy to get going. Start small, scale quickly



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.

A global client list



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

Superdry
極度乾燥(しなさい)

icelolly

Barbour

"The high point has been the support we receive. This hasn't just been from the support team, who have helped with a lot of technical things, but from our account manager who has come up with so many good ideas that you'd think he was one of us!"

Elaine Taylor, Barbour

simplehuman

HUNTER

CONVERSE

FRETTE
1860

NBC

for all mankind

Millie's COOKIES

FERRERO

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



NOTABLE MID-MARKET ESPs