



NCC Group plc

Interim Results

for the six months ended 30 November 2007

NCC Group plc
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January 2008



Agenda

- Highlights
- Acquisition – EscrowEurope
- Group financial summaries
- Group strategy
- Online retail performance
- Divisional reviews
 - ✓ Escrow Solutions UK
 - ✓ Escrow Solutions Worldwide
 - ✓ Assurance Testing
 - ✓ Consultancy
- Current trading & outlook

Highlights

- Revenue up 42% to £16.4m
- Operating profits up 41% to £4.7m
 - ✓ Group Escrow Solutions up 26% to £4.6m
 - ✓ UK Escrow Solutions up 18% to £4.5m
 - ✓ Assurance Testing up 898% to £0.8m
 - ✓ Consultancy down £73k to £0.1m
- Adjusted diluted EPS up 44% to 9.8p
- Interim dividend up to 2.25p – up 50% from 1.50p in 2006
- Net debt of £0.2m following £4.0m acquisition of SecureTest in August 2007 (£1.6m net funds in 2006)
- Escrow Europe - Complementary escrow business acquired for up to €10.5m – January 2008

Three complementary divisions

- ✓ Escrow UK
- ✓ Escrow Europe
- ✓ Escrow US
- ✓ Verification Testing



Escrow Solutions

Revenue: £8.4m
Contribution: £4.6m

- ✓ Ethical Security Testing
- ✓ Performance & Load Testing



Assurance Testing

Revenue: £5.8m
Contribution: £0.8m

key development & growth area

- ✓ Information Technology
- ✓ Information Security



Consultancy

Revenue: £2.1m
Contribution: £0.1m

Acquisition – Escrow Europe



- Escrow solutions & escrow verification testing
 - ✓ Over 10,000 clients including retailers, financial services & government
 - ✓ Over 1,000 existing contracts
- Experienced & capable operational management team
 - ✓ Head office in Amsterdam, Netherlands with subsidiary in Munich, Germany
 - ✓ Franchises in Switzerland, Belgium, Sweden, South Africa and Israel
- Revenue in excess of €2.3m with €1.0m profitable contribution expected in first full year
- Total consideration not to exceed €10.5m - initial payment of €7.5m followed by up to €3.0m in 2008
- Earnings enhancing & cash generative
- Consolidates international position as world leader in software escrow



Group revenues



30 November	2007 £m	2006 £m	% Growth	% Organic Growth
Revenue				
Escrow Solutions UK	7.8	6.7	15%	15%
Escrow Solutions Germany	0.1	0.1	42%	42%
Escrow Solutions US	0.5	0.5	9%	9%
Total Escrow	8.4	7.3	15%	15%
Assurance Testing	5.8	2.0	193%	42%
Consultancy	2.1	2.2	(5%)	(5%)
Total revenue	16.4	11.5	42%	15%
<ul style="list-style-type: none"> ■ UK ■ Europe ■ Rest of the World 	13.7	9.0	52%	
	0.9	1.0	(10%)	
	1.8	1.5	19%	



Group operating profits



30 November	2007	2006	%	% Organic
	£m	£m	Growth	Growth
Revenue				
Escrow Solutions UK	4.5	3.8	18%	18%
Escrow Solutions Germany	4k	(192k)	-	-
Escrow Solutions US	132k	69k	91%	91%
Total Escrow	4.6	3.7	26%	26%
Assurance Testing	0.8	0.1	898%	40%
Consultancy	0.1	0.2	(37%)	37%
Corporate	(0.9)	(0.7)	32%	32%
Adjusted operating profit	4.7	3.3	41%	21%
Adjusted operating profit margin	28%	28%	-	-



Group financial performance



30 November	2007	2006	%
	£m	£m	change
Adjusted Operating Profit	4.7	3.3	41%
Exceptional item - move to full list	(0.5)		
Amortisation	(0.3)	(0.1)	(67%)
Interest	(0.2)	-	-
Pre tax profits	3.7	3.2	15%
Adjusted Pretax profits	4.6	3.3	41%
Adjusted fully diluted EPS (p)	9.8p	6.8p	44%
Total dividend/share (p)	2.25p	1.5p	50%

Note:

Share based charges H1	£359K	£250K	-
Share based charges for full year expected to be £0.9m			



Balance Sheet

- Cash conversion at 118% of operating profits
- Group £0.2m net debt (£1.6m net funds in 2006)
- SecureTest acquisition paid £2.5m from cash
- Revolving credit facility of £10m in place
- Group deferred income £9.2m (2006: £6.6m)

Group strategy



- Continued focus on organic growth across the Group
- Integration of EscrowEurope
- Further recruitment of Southern & Northern based escrow account managers
- Continue to develop Assurance Testing division and services
- Continued recruitment of ethical security testers to meet business demands
- Seek further UK Assurance Testing acquisition opportunities
- US businesses to sell Assurance Testing product set - start with ethical security testing
- US escrow solutions providers continue to be acquisition targets



Escrow Solutions UK

Sales	£7.8m	+15%
Contribution	£4.5m	+18%

- 88 account managers (74 in 2006) – Manchester & Dorking
- Contracts at 7,844 (7,440 in May 2007)
- Beneficiaries at 15,262 (14,432 in May 2007) – annualised increase of 13% excluding minimum annual fees
- Contract termination rates still below 10%
- Price increase of 6% implemented – no adverse impact
- UK annual renewals at £9.6m (£8.3m in 2006)
- Escrow Verification Testing up 22% to £1.5m (£1.2m in 2006)

Escrow Solutions US



Sales	\$1.1m	19%
Contribution	\$0.3m	114%

Sales	£0.5m	9%
Contribution	£0.1m	91%

- Total US renewals base now worth \$1.6m
- Continued investment in operational management
- Testing sales are gaining traction – new products being developed to meet local market requirements
- EscrowLive online portal proving an effective incentive



Assurance Testing - Markets

- Online shopping growing significantly:
 - ✓ UK annual online sales £53bn in 2007 – up 75% on 2006
 - ✓ Online sales could take 50% of £300bn annual retail spend by 2018
 - ✓ 17% of retail, leisure & travel spending now online
 - ✓ 4.4m UK users bought online on Christmas Day 2007 – up 269% on 2006
- Major opportunity for Performance and Load Testing
 - ✓ Web site monitoring – imperative online businesses know immediately where any stress develops to prevent problems occurring
 - ✓ Load testing – allows web sites to be tested in advance of the ‘rush’ to ensure they can cope with demand e.g. first day of sales
- Major opportunity for Ethical Security Testing
 - ✓ Security testing – customers becoming more aware and nervous about ID theft, potential impact of a breach on reputation now too much of a risk
 - ✓ PCI DSS – transactional sites are required to undergo PCI testing and audits certifying their compliance or risk heavy fines and sanctions
- Opportunity for Escrow Solutions & Ethical Security Testing

Source: IMRG/Cap Gemini, January 08

Assurance Testing

Sales	£5.8m	193%
Contribution	£0.8m	898%

- Ethical Security Testing
- Organic revenue growth up 42% (41% in 2006)
 - ✓ Integration of SecureTest increased strength and capacity
 - ✓ Largest test team in UK with c.45 experienced testers
- Performance and Load Testing
 - ✓ Monitoring and load testing renewals remain constant at £3.5m with significant scope to grow
- Low margin Specialist Testing services now discontinued
- Order book at £3.0m (£2.7m in May 2007)

Consultancy

Sales	£2.1m	(5%)
Contribution	£0.1m	(37%)

- Independent trusted advisor status remains key to credibility
- Demand for Information Security remains key – Government data losses
- 35% of revenue now generated by Information Security
- Business has retained firm control of cost base
- Order book at £2.0m (£1.8m in May 2007)
- Utilisation rates 61% (67% in 2006)

Current trading and outlook

- Continue focus on generating strong organic growth and identifying further value-creating acquisitions
- Leverage strengths from complementary products sets in Assurance Testing – 24/7 security monitoring
- Current day-rate market difficult yet competitive
- Group orders & renewals at £20.6m for 2007/08
 - ✓ Escrow Solutions renewals £10.6m (£10.5m in May 2007)
 - ✓ Verification order book £1.5m (£1.3m in May 2007)
 - ✓ Assurance Testing order book £3.0m (£2.7m in May 2007)
 - ✓ Monitoring and load testing renewals £3.5m (£3.5m in May 2007)
 - ✓ Consultancy order book £2.0m (£1.8m in May 2007)
- Escrow Europe offers substantial international potential

Appendices

Escrow Solutions



- Cornerstone of NCC Group in profit and revenue
- World's largest escrow provider
- Agreements sold globally
- Escrow Live customer portal provides secure online depositing and account management
- All code integrity tested - more than storage – 8% fail first time
- Escrow Verification Testing confirms code held is useable

Agreements automatically renew annually

Provides service to over 19,000 beneficiaries

92 of FTSE 100 have NCC Group Escrow

88 UK account managers



Escrow Solutions

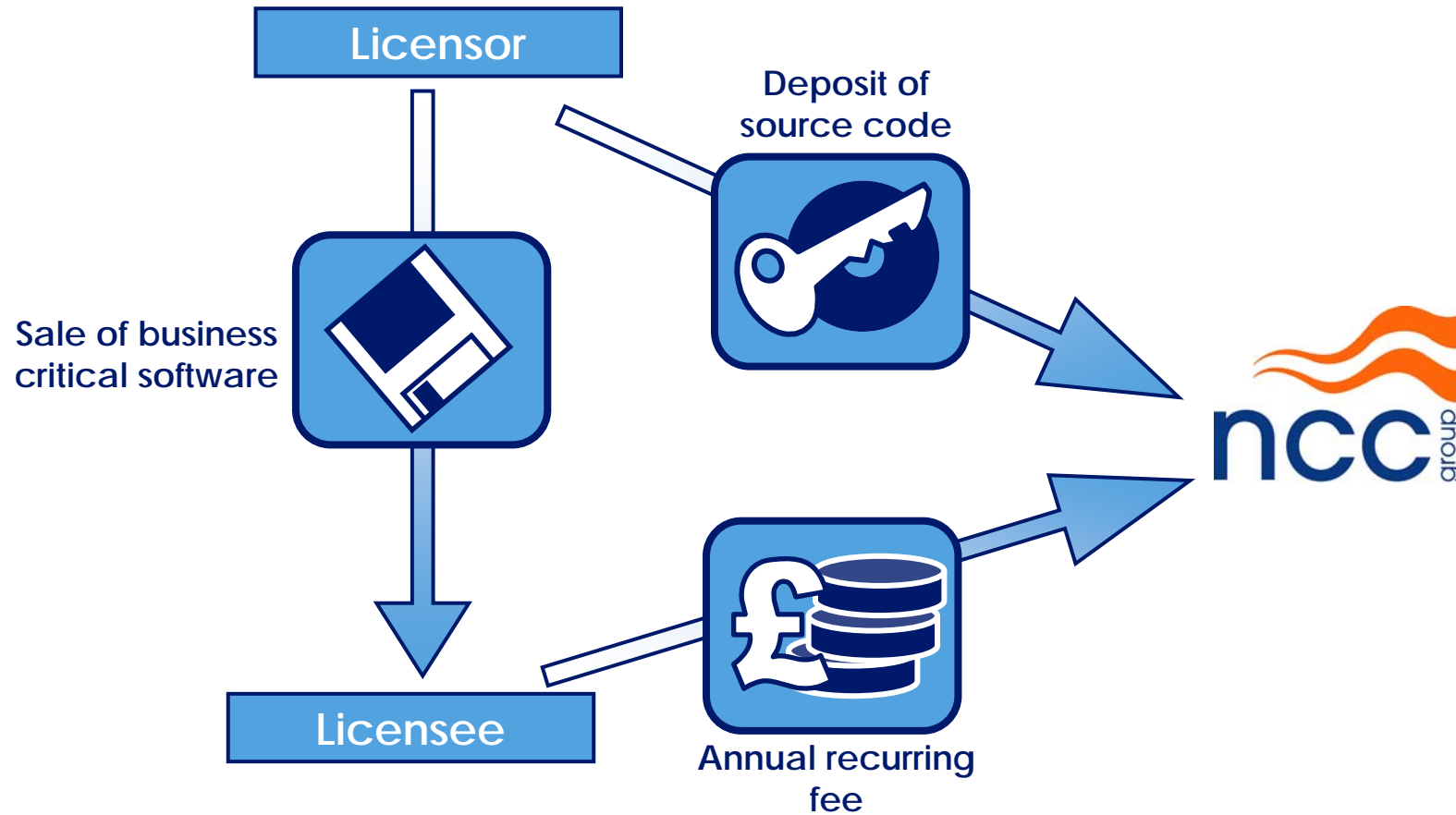


What is an Escrow Solution?

- Escrow is a legal contract between three parties
 - licensor (or owner), licensee and an independent trusted third party
- Holds software source code or business critical material
- Provides protection from key supplier failure or failure of maintenance
- Demonstrates supplier's commitment to client care
- Key part of disaster recovery and business continuity planning



Escrow Solutions



“High value low cost concept”

Escrow Solutions

UK market potential

- Market leaders – competition consists of smaller providers winning business on price – rare though!
- Demand grows in tougher economic climate
- Existing customers are significant growth opportunity:
 - ✓ Most businesses have insufficient protection
 - ✓ Customers average just c.2.0 agreements - need over 19
- Significant market remains untapped:
 - ✓ Best adopters financial services, telecommunications and retail sectors and public sector organisations
 - ✓ Other less regulated or later-adopting of technology increasing demand

Escrow Solutions

US market potential

- Market more mature but much larger than UK
 - ✓ Owner led
 - ✓ No basic testing
 - ✓ No Verification Testing
- UK style account management model modified and now working
- Significant opportunities evident for Verification Testing
- Investing in marketing and awareness campaigns to improve awareness and exploit opportunities

Escrow Solutions

NCC Group market position

- Barriers to entry
 - ✓ Over 20 years' experience
 - ✓ Independence
 - ✓ Integrity testing and legal documentation
- Sales model
- Low cost high volume business model
- Beneficiary base with low churn



SIEMENS

BAA



npower



Assurance Testing

- **Ethical Security Testing** uncovers security weakness by controlled invasion of a network or web site or 'social engineering' of the human element of risk
- **Performance and Load Testing** provides assurance over robustness and performance, on line, real time as well as capacity and load

In the testing market
for over 25 years

Depth of expertise
and knowledge

One of only three CESG
security testing providers

Site Confidence are
market leaders

Assurance Testing

Ethical Security Testing

- A leading UK provider of Ethical Security Testing services
- Ethically hack networks and web sites
- Now a major player combined with SecureTest and going forward under the 'NCC Group SecureTest' brand
- Consultant rather than tool led – c.200 man years of experience
- c40 expert testers - one of the UK's largest teams
- PCI standards are huge opportunity – accredited auditors



acas



DES



EVERSHEDS



dti



THE Carphone Warehouse



CAPITA



Investec



Assurance Testing

Performance and Load Testing

- Leading provider of web monitoring services – Site Confidence is a key brand
- Excellent custom-developed technical infrastructure and testing tools
- Extensive blue chip client base
- Independent, reliable, real-time performance information around the clock
- Early detection of performance problems - preventing future slowdowns or outages

nationalgrid

experian

CIMA

fish4

lastminute.com

First Choice

totaljobs.com

Consultancy

- Reputation for technical excellence in public and private sectors
- Continued strength in information security consulting with real knowledge of PCI and extensive experience of implementing standards
- PCI security standards providing good opportunities – mandatory compliance framework for all organisations taking card payments
- Proven track record of being quick to market to exploit awareness e.g. ISO 27001 standard following government data losses

Completely independent

Only use expert, qualified and experienced consultants

Have maintained long term client partnerships

Driven by market demand for risk management

Consultancy

Consultancy

- Help clients maximise value from their IT and ensure clients' information and infrastructure are safe, secure and compliant
- Independence from hardware and solution providers is key strength
- Consultants for over 30 years on whole IT lifecycle
- Strong client relationships (68% of 2006/07 revenue from existing clients)



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UNISON
the public service union



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