AdEPT

AdEPT Technology Group Investor Briefing

Mello Presentation – Feb 2021

Uniting technology, inspiring people

The Briefing Team

PHIL RACE

Chief Executive Officer

JOHN SWAITE

Chief Finance Officer

Answering the six key questions?

(We asked an investor for these!)

Who are you?

What are the future trends for what you do?

What is your customer story?

How did you get here?

How certain is your future?

It's all about cash! How are you positioned?

Marquee Customers
Public Sector

45% of revenue
Public Sector & Health Care

- Over 100 councils
- Parliament and Cabinet Office
- Over 5,000 schools with over 2 million users
- Over 20 universities
- Over 30 NHS Trusts
- 70% of private hospitals in London

9 Public Sector frameworks, including:

- RM3808 Network Services 2
- RM3804 Technology Services 2
- RM3825 HSCN Services
- RM6103 Education Technology Services
- JISC
- G-Cloud 11 (RM1557)
- Crescent Purchasing Consortium
- Kent Commercial Services

Marquee Customers
Private Sector Clients

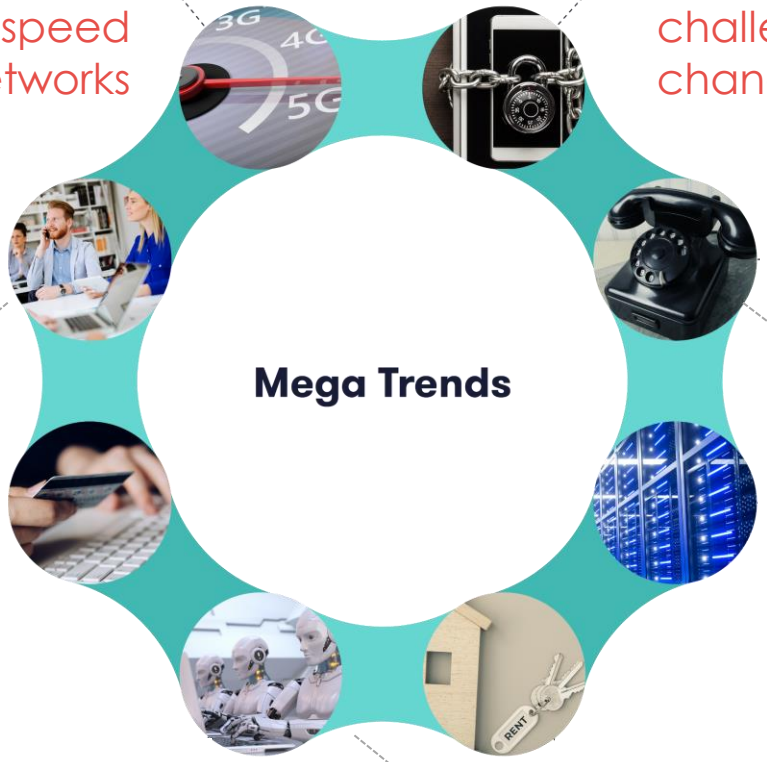
55% of revenue
Commercial customers

TOG THE OFFICE GROUP
Holiday Inn EXPRESS
Coca-Cola EUROPEAN PARTNERS
Sabre INSURANCE
OPUS energy
Picture house
mw mark warner
REDROW
MARSTON'S
asos
Jo LOVES
talkSPORT
CITRIX
Sotheby's
REXEL

Mega Growth Trends in the Market….

Digital Britain - Significant demand for high-speed networks

Cyber Security – a critical challenge for the changing workplace



Working from Home – Dramatic change to working practices, Zoom & Teams explosion

BT switching off UK copper network by 2025 - driver for change

Technology as a Service – Huge rise in demand for cloud / communications & technology as a service

What does AdEPT do?

A portfolio to address the mega trends

AdEPT

AdEPT Nebula Data Centre

Cyber Security

Microsoft

amazon web services

Public Cloud

Voice Services / Collaboration

Portfolio

Business Continuity

Professional Services

Managed IT

Delivering Digital Transformation

AdEPT

>28 Petabytes
Data stored for clients

>1m
Microsoft365 users supported - Europe's biggest single deployment

2.2m
Users of our education apps

500+
Schools migrated to the Cloud

>1000
Servers backed up every day

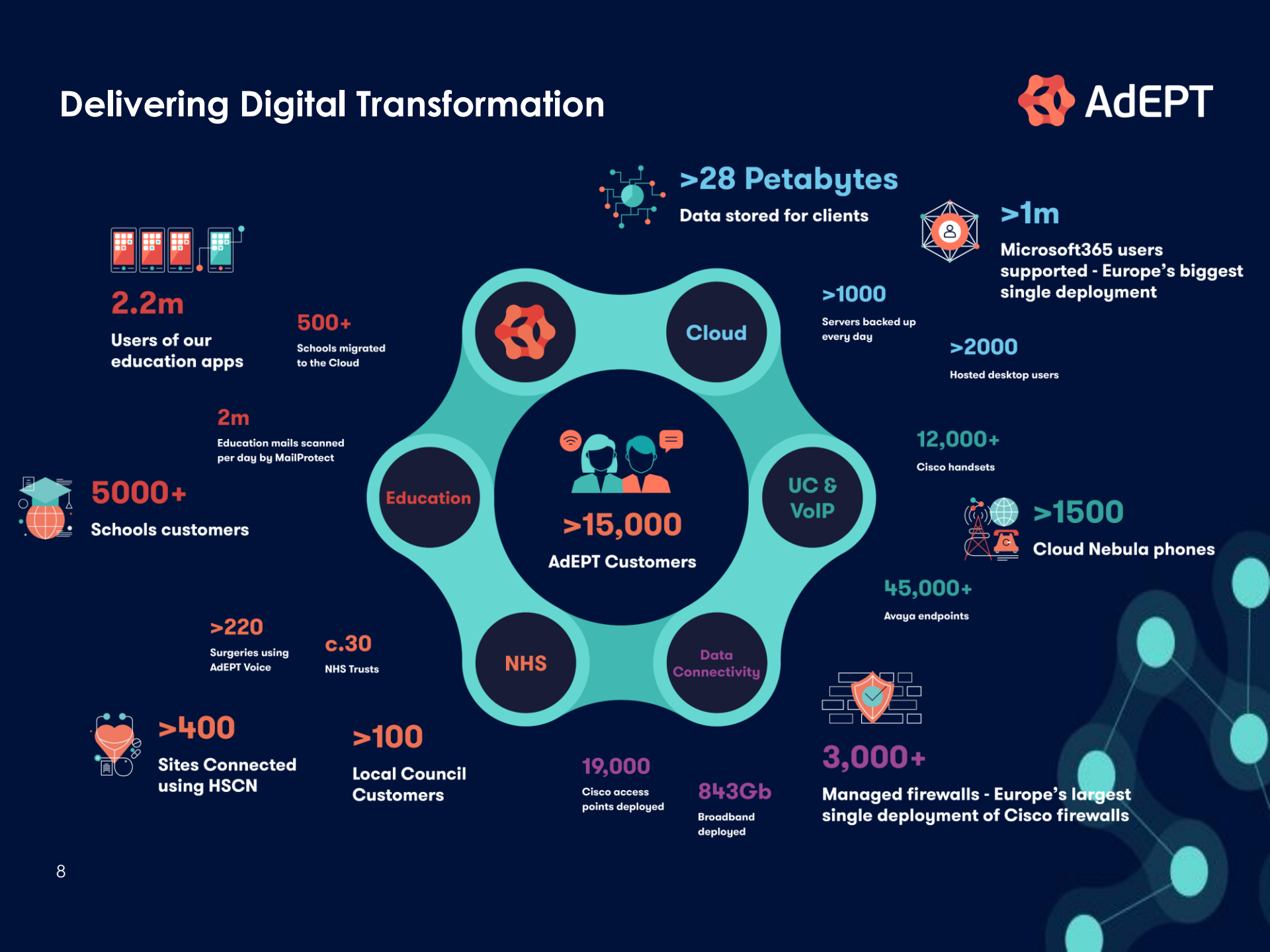
>2000
Hosted desktop users

2m
Education mails scanned per day by MailProtect

12,000+
Cisco handsets

5000+
Schools customers

>1500
Cloud Nebula phones



45,000+
Avaya endpoints

>220
Surgeries using AdEPT Voice

c.30
NHS Trusts

>400
Sites Connected using HSCN

>100
Local Council Customers

19,000
Cisco access points deployed

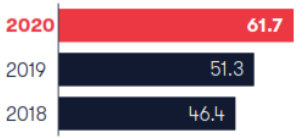
843Gb
Broadband deployed

3,000+
Managed firewalls - Europe's largest single deployment of Cisco firewalls

A dependable, and successful, track record
(Full Year to end March 2020)

Revenue
(2019: £51.3m)

£61.7m
+20%



Revenue from sales made to all customers (excluding intra-group sales which are eliminated on consolidation).

Gross profit margin
(2019: 49.4%)

47.6%

Gross profit (being revenue less all direct third-party cost of sales) as a percentage of revenue.

Underlying EBITDA margin
(2019: 21.0%)

19.0%

Underlying EBITDA as a percentage of revenue.

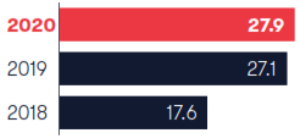
Underlying EBITDA
(2019: £10.8m)

£11.7m
+9%

Earnings before interest, taxation, depreciation, amortisation, gains and losses on revaluation, acquisition fees and restructuring costs.

Net senior debt
(2019: £27.1m)

£27.9m



Cash and cash equivalents less short-term and long-term senior borrowings and prepaid bank fees.

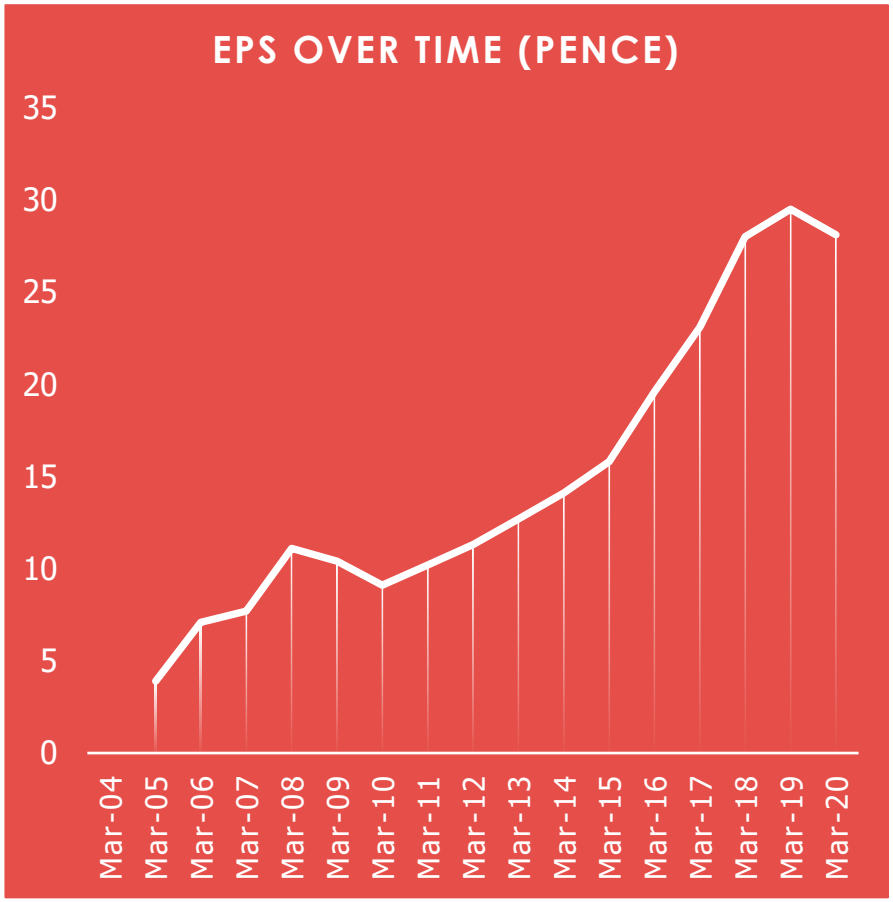
Adjusted earnings per share
(2019: 29.5p)

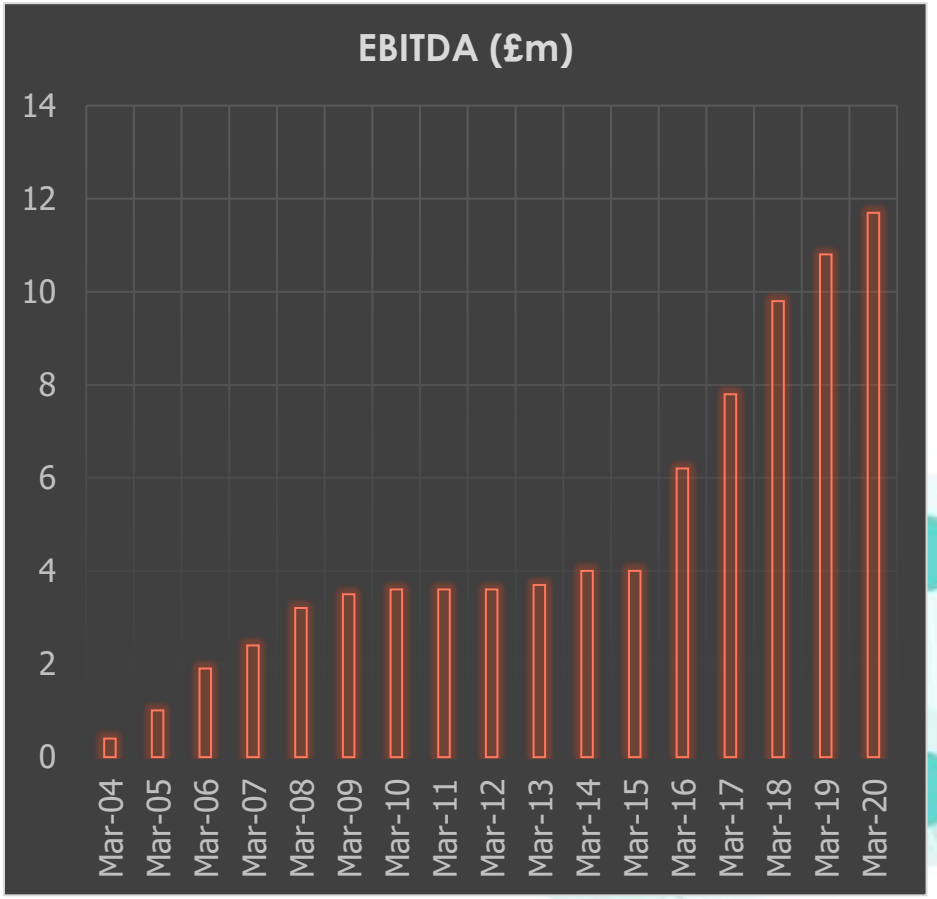
28.1p

Adjusted earnings after tax divided by the fully diluted number of shares.

Incredible track record

AdEPT – a consistent performer





Investment Thesis

A successful consolidator

Excellent Financial discipline

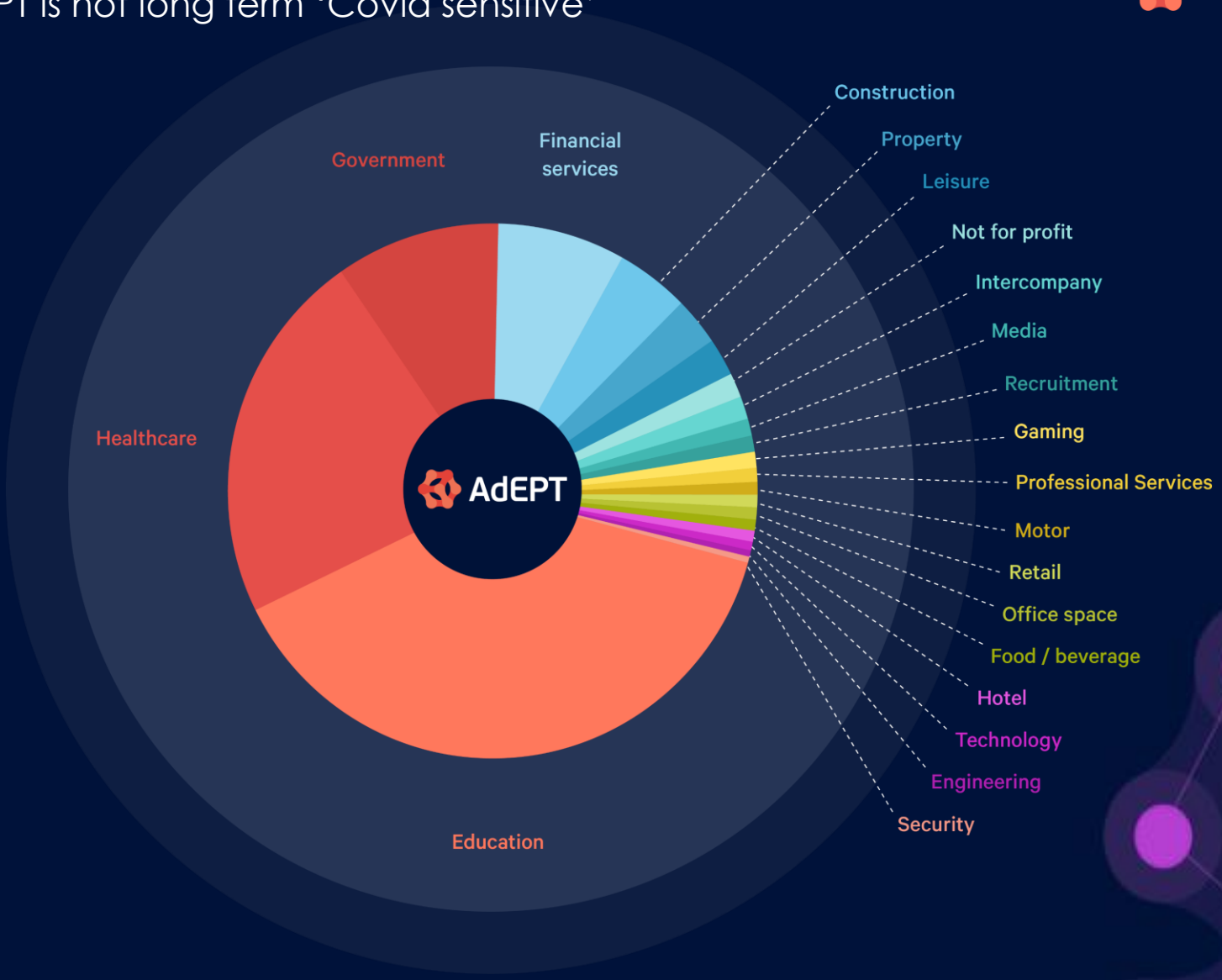
Strong in high growth tech markets

Powerful operating platform

Great references & customer credentials

Sector presence (Top 100)

AdEPT is not long term ‘Covid sensitive’



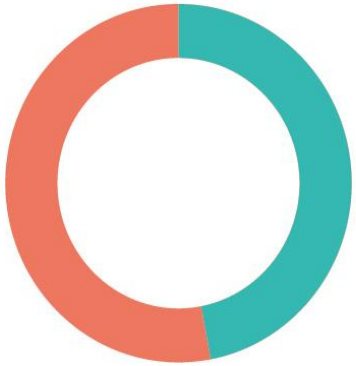
AdEPT Research Findings

In association with Dell

AdEPT Research findings

Adapting to the market...

Do you have concerns about migrating your IT infrastructure to the Cloud?

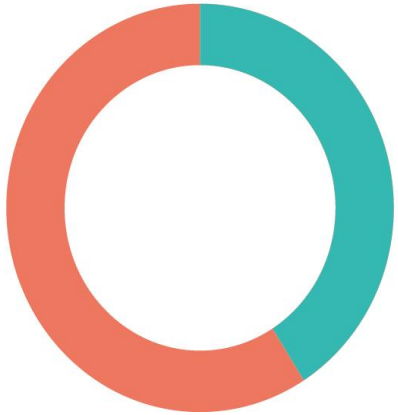


Yes
47%

No
53%

Have you seen any threats to your organisation from phishing / hacking in the last 12 months?

No
57%

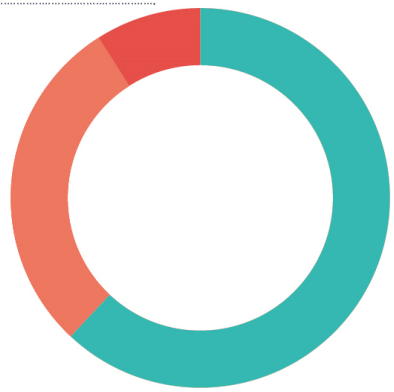


Yes
42%

In the future are you

Planning to bring IT support more in house
9%

Planning to outsource more IT activity
29%



Planning to keep it the same
62%

AdEPT Research findings

Hence three enhanced propositions

AdEPT Consulting

- Security Risk Assessments | Network Review | Cloud Readiness Assessments

AdEPT Nebula

- Nebula is AdEPT owned infrastructure
- Investing in: Backup capability | Network Performance | Quoting Portal

Enhanced Hosting Capability

- SIMS (MI platform for Schools) | Hosted Voice platform | SAGE ERP

Key Performance Indicators – H1 Announcement

Our leverage is affordable, with long term visibility of revenues and margin

78% recurring revenue (2019: 75%)

Strong revenue visibility continues

Strong public sector presence underpins relative revenue stability

82% managed service revenue (2019: 82%)

Challenging environment for securing new recurring service contracts

Gross margin stable at 48.3% (2019:48.0%)

EBITDA : pre-tax operating cash conversion 152% (2019: 89%)

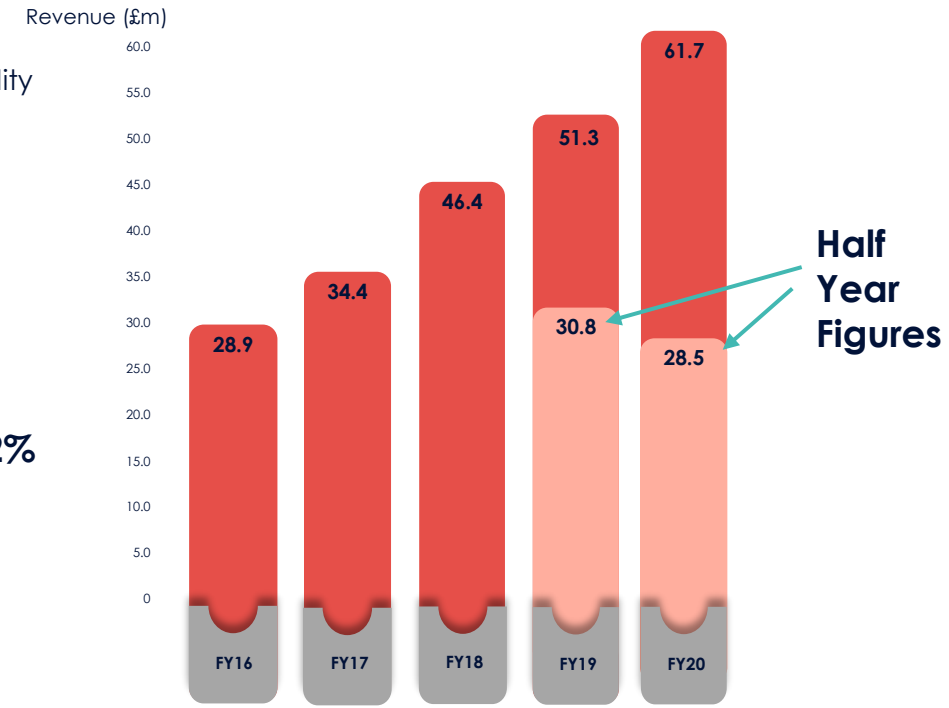
£1.3m CV19 VAT deferral, underlying cash conversion 124%

Improved credit collection to 33 days (March 2020: 47 days)

Capital expenditure 2.1% of revenue (2019: 1.8%)

2.4x senior debt:EBITDA at September 2020

Supportive senior debt providers RBS and Barclays



Customer Satisfaction Paramount

2021 Top Customer Satisfaction Survey

AdEPT

83%

Score for AdEPT by top customers. Survey conducted by Tachbrook Consulting.

Company Culture is crucial

2021 Employee Engagement Survey Results

AdEPT

85%

of employees would recommend AdEPT as a great place to work (even in lockdown!)

Have I answered your questions?

Who are AdEPT?

A Managed Service Provider, with a great range of products

Future trends?

Operating in an essential, high growth market

Customers?

Marquee clients with a resilient, and balanced public / private sector mix

History?

Consistent EPS & EBITDA growth, a

A consolidator, and integrator

Future?

Excellent recurring revenues, with great staff and loyal customers

Cash?

Financial discipline, low Capex and strong cash generation

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