



# 2017 Half Year Financial Results

Investor Presentation

Ian Manocha, CEO  
Rob Grubb, CFO

July 2017





“In the first six months of the year **Clareti licence sales** grew by **over 100%**.

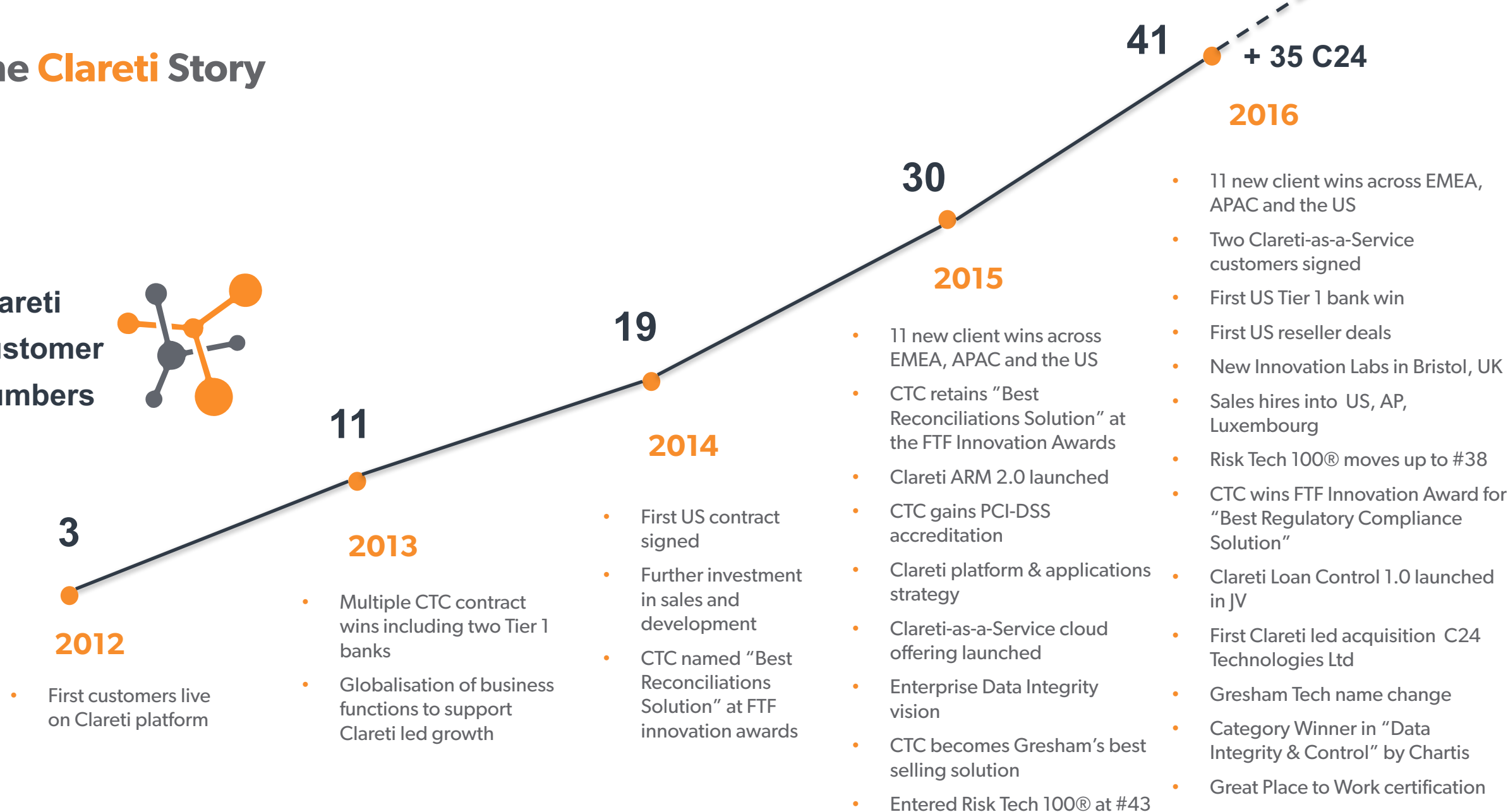
We added another **eight new CTC customers** and **doubled** our **Clareti recurring revenue**.”

Ian Manocha  
CEO

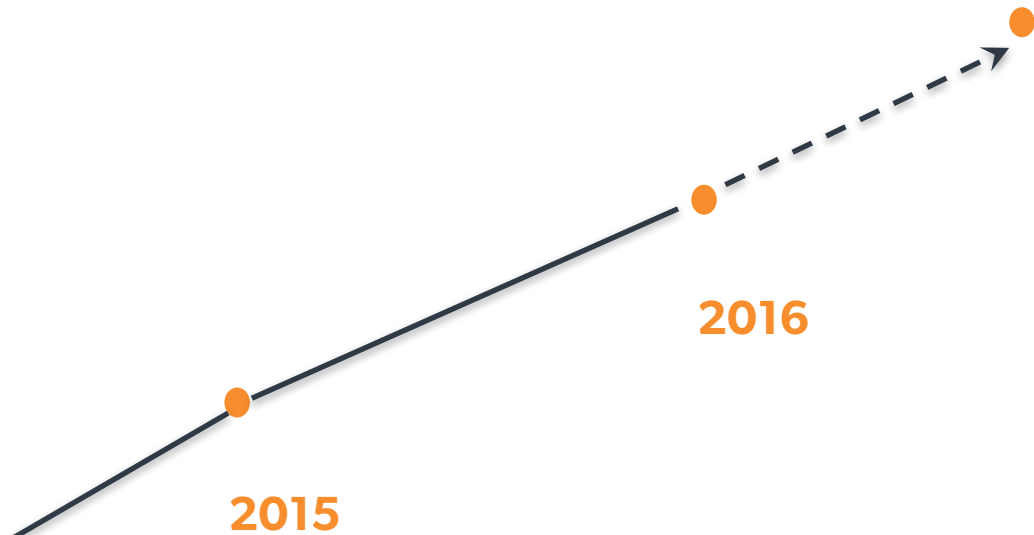
- Interim Financial Results 2017
- C24 acquisition update
- Strategy update
- Outlook & H2 priorities

# The Clareti Story

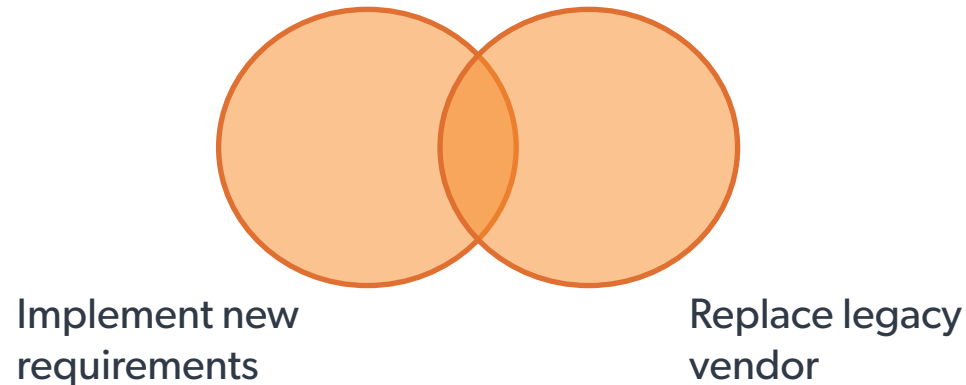
Clareti  
customer  
numbers



## Strong start to 2017



Customer purchase rational:



## Achieved in H1 2017

- **8 new CTC** clients
  - Regional European Bank
  - Russian Bank, Swiss branch
  - US asset manager, via reseller
  - US brokerage
  - UK hedge fund
  - Australian employee benefits firm
  - Global Asset Manager, US & UK
  - Canadian bank, US regulatory contract
- **8 new Clareti 24** clients
- **2 new Clareti Analytics** clients
- **1 new CaaS** customer

# H1 2017 - Financial Highlights

Group revenues

£9.9m



Clareti revenues

£4.8m



Statutory profit before tax

£1.1m



Group annualised recurring revenues

£10.0m



Clareti annualised recurring revenues

£5.4m



Adjusted EBITDA

£2.2m



\* Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation, adjusted to add back share-based payment charges and exceptional items.

\* Revenues stated include revenue share from joint venture

- **Total revenues up 26%** to £9.87m (H1 16: £7.81m); and up 19% excluding the contribution from C24 Technologies acquisition in October 2016.
- **Clareti revenues up 53%** to £4.83m (H1 16: £3.16m); up 36% excluding C24 Technologies.
- **Clareti software revenues up 138%** to £3.72m (H1 16: £1.56m); up 103% excluding C24 Technologies.
- **Clareti annualised recurring revenues up 123%** to £5.41m (H1 16: £2.43m); up 74% excluding C24 Technologies.
- **Adjusted EBITDA\* up 46%** to £2.15m (H1 16: £1.47m)

# H1 2017 – Financial Highlights – Cash & Earnings

## Cashflow

	H1 2017	H1 2016	Variance	
	£'m	£'m	£'m	%
Operating cashflow excluding working capital	1.7	1.4	0.3	20%
Movement in working capital	0.5	-	0.5	n/a
Capital expenditure - development costs	(1.8)	(2.0)	0.3	-13%
Capital expenditure - other	(0.1)	(0.4)	0.3	-75%
Other	0.2	0.2	(0.6)	-280%
Closing cash	7.8	3.9	3.3	85%
Cash & cash equivalents	6.6	3.9	2.7	70%
Cash deposits	0.6	-	0.6	n/a

- Strong growth in sales of Clareti is having the expected positive impact on profitability of the Group with **increased Gross Margin** of 85% versus 81% in H1 2016

\* Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation, adjusted to add back share-based payment charges and exceptional items.

\* Adjusted diluted earnings per share refers to diluted EPS, adjusted to add back share-based payment charges, exceptional items and amortisation from acquired intangible assets

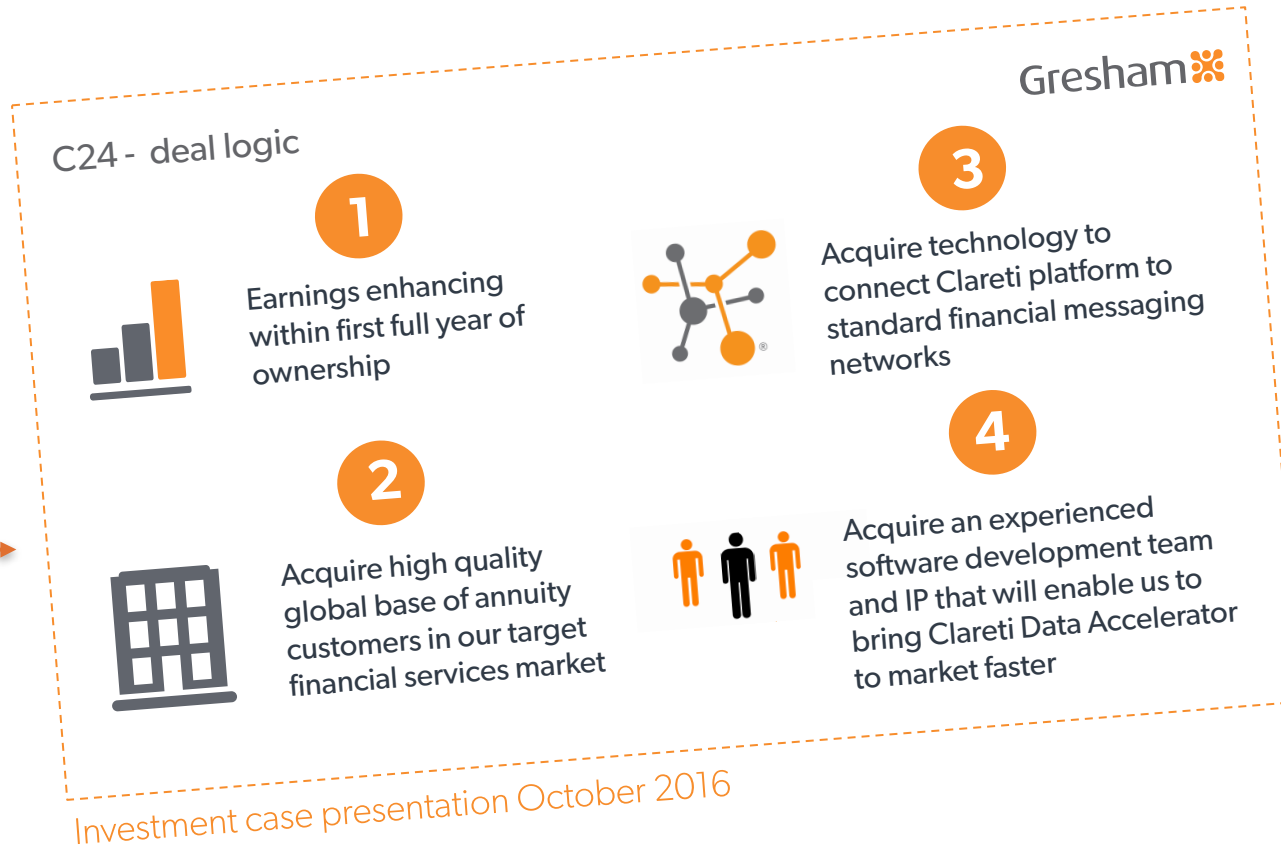
## Earnings

		H1 2017	H1 2016	Variance	
		£'m	£'m	£'m	%
Gross margin	£m	8.36	6.36	2.00	31%
Gross margin	%	85	81	3.27	4%
Adjusted EBITDA*	£m	2.15	1.47	0.68	46%
Adjusted EBITDA*	%	22	19	2.96	16%
Statutory profit before tax as reported	£m	1.11	0.67	0.44	66%
Adjusted diluted EPS*	pence	2.76	1.70	1.06	63%

# Benefits realization - C24 acquisition

- Material contribution to reported H1 EPS growth

- No material C24 cancellations during 9 months ownership
- One customer cross-sell C24→CTC
- Three bundled new deals C24+CTC



- Technology integrated into CTC
- Ten new C24 sales since acquisition
- Development now focused on attacking 'standard' data reconciliations market

- CDA 1.0 now available for early adopters

## Vision & Strategic Plan



“In a world awash with real-time streaming data, we want to be the first company you turn to when you need to be in control.”

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Gresham 

- Build a high-margin, **recurring, revenue stream** based on term licence sales, subscriptions and cloud services
- Create a **valuable** global **enterprise financial technology** business through Clareti-led **growth** and **carefully selected** acquisitions
- **Focus** our product investment and sales efforts **on Clareti**
- Establish Clareti as the **enterprise data integrity** platform **“category leader”** in a world awash with **real-time streaming data**
- Leverage **Clareti & Clareti-as-a-Service Platform** to bring new **“Control”** applications to market

- Current plan remains valid
- Operational plans are being adjusted to focus more strongly on:
  - North American opportunity
  - Competitor installed base opportunity
  - Partnering programmes



# Clareti installed base status

Excludes C24 standalone clients



## Industry

- Asset management
- Banks
- Insurance brokers
- Spread betters & FX
- Commodities
- Large Corporate



## Deployment

- 90% of customers choose on-premise
- 10% choose Clareti-as-a-Service Cloud



## Licence Model

- 60% of contracts are Subscription
- 10% are Term with Initial Fee plus Annual Fee at 20%
- 30 % are Perpetual (only offered before Q1 2016)
- Project (limited time project use or PoC)



## Geography

- 50% of customers are in UK
- 25% are in US & Canada
- 10% are in continental Europe & Middle East
- 15% are in Asia Pacific - Singapore or Australia



## Customer Potential

- ~25% are "Key customers" with potential to deliver \$3M over 5 years

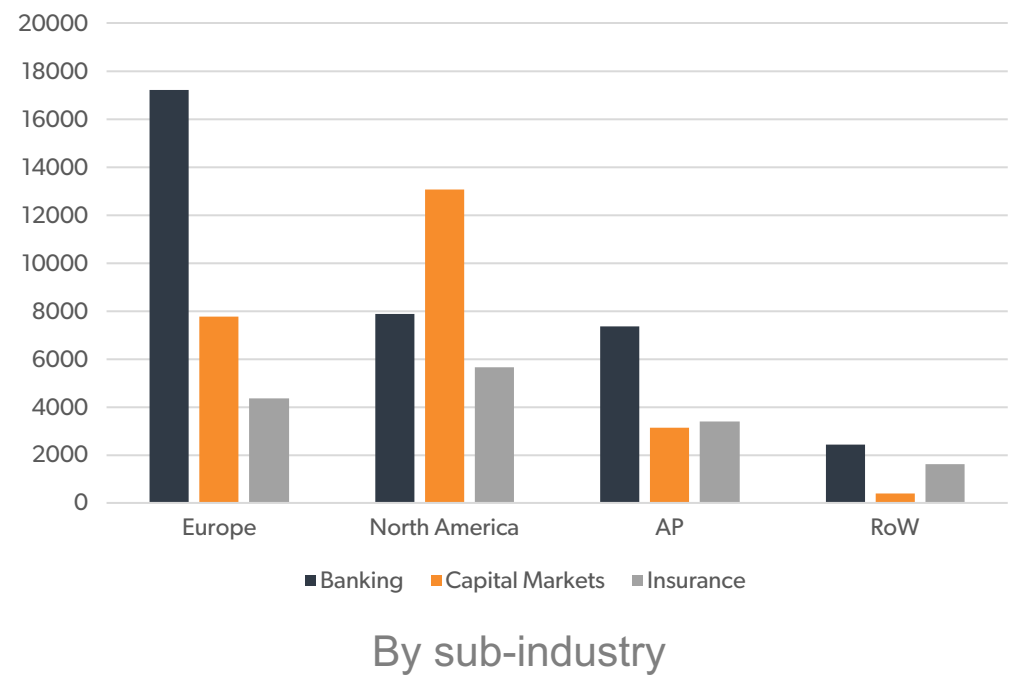
# Aligning Investment to Market Opportunity



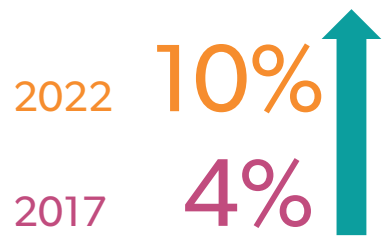
Spend on Risk IT in 2017 of which external software = ~27%

**Source:**

Global Risk IT Expenditure in Financial Services. Chartis, 2017 update



FS %age of revenue to be spent on compliance



“Ensuring adequate data quality that measures up to regulatory expectations requires a transformative multi-year effort, which could include large-scale IT programs.”

Deloitte, Banking Regulatory Outlook 2017

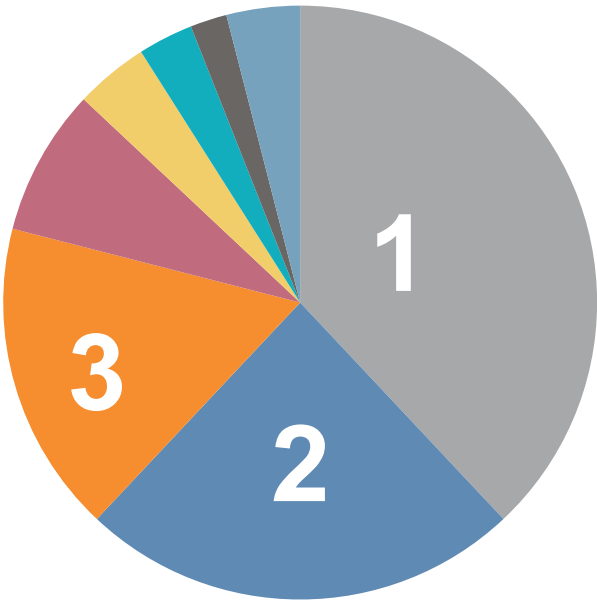
# Legacy “reconciliations” market in Financial Services

Packaged  
Software

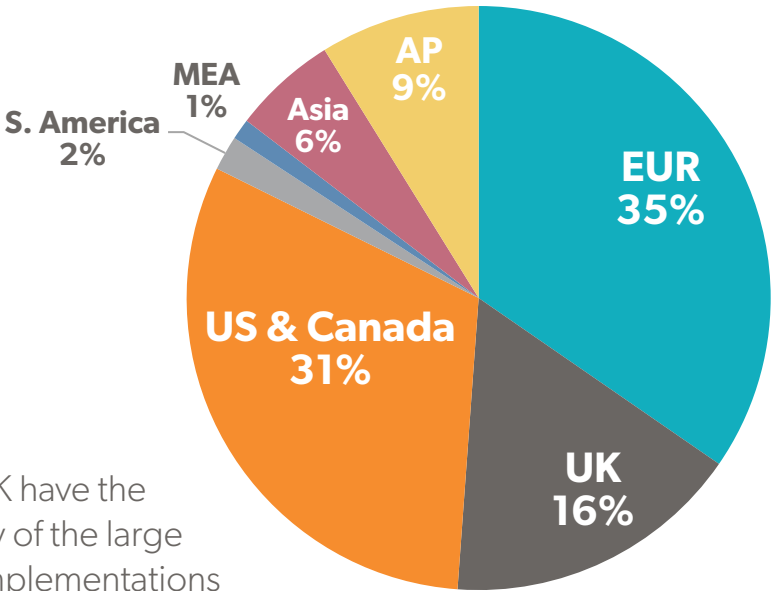
**\$1.27 billion**

AITE survey 2014  
Predicted global reconciliation spend in 2017

- Legacy vendor market share  
Estimates based on 2010 survey by Towergroup

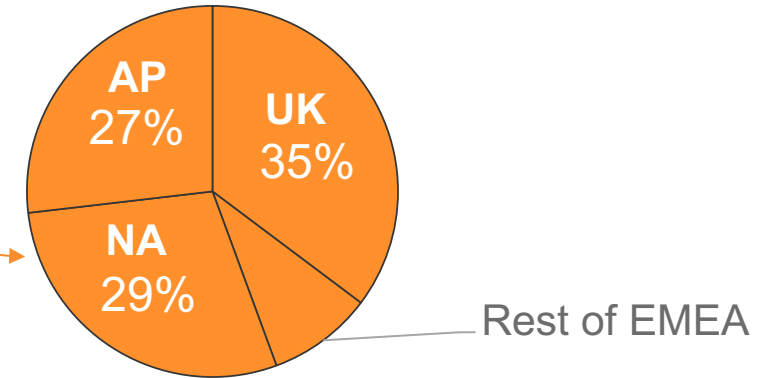


- Legacy installed base by region  
Gresham estimates



US & UK have the majority of the large scale implementations

# North America



Clareti recurring revenue by region (end June 2017)

- **Today**

- 29% of Clareti Recurring revenue
- 10 CTC customers
- 7 staff

- **Progress Milestones**

- End 2014 - first CTC reseller contract
- June 2015 – first CTC end user customer
- Early 2016 - 2 US hedge funds sign
- June 2016 - relocated Denver office
- Oct 2016 - C24 acquisition added 20 customers
- Dec 2016 – first US Tier 1 bank CTC win
- Q1 2017 – upgraded sales team, 2 further wins
- June 2017 – first Canadian Tier 1 bank CTC win
- June 2017 - new NYC office

- **Market Opportunity**

- Largest global addressable market
- Largest market of legacy vendor installed base
- Modernisation & cost reduction drivers
- Regulatory drivers
- Financial product innovation drivers
- Improving bank economic indicators

# Summary - H2 2017 Priorities



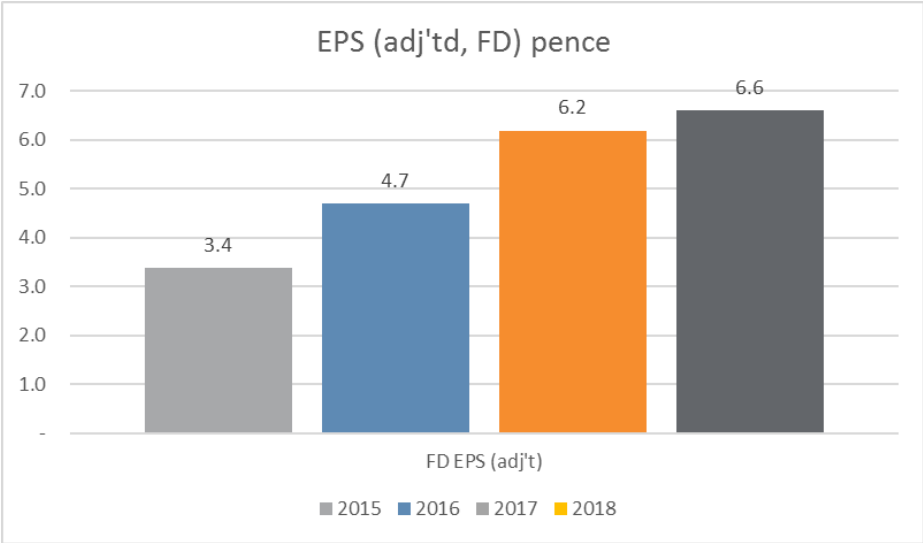
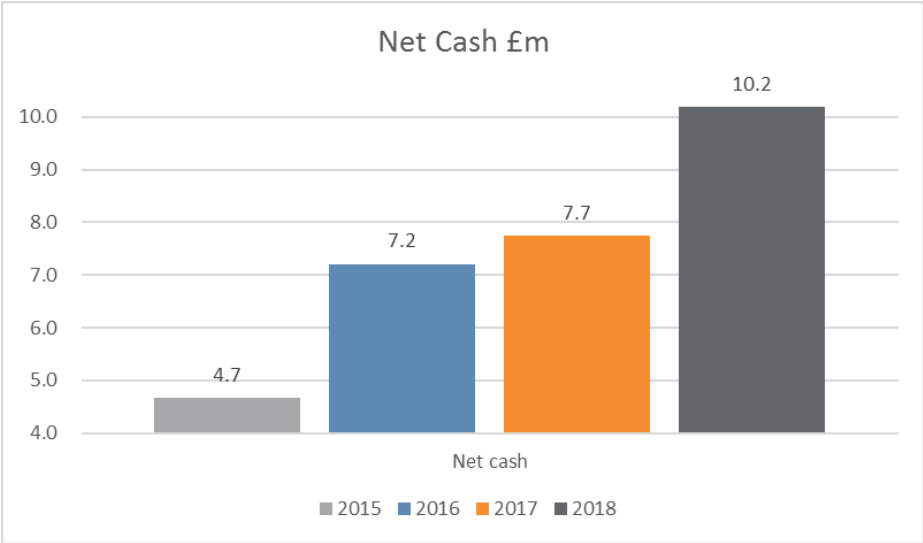
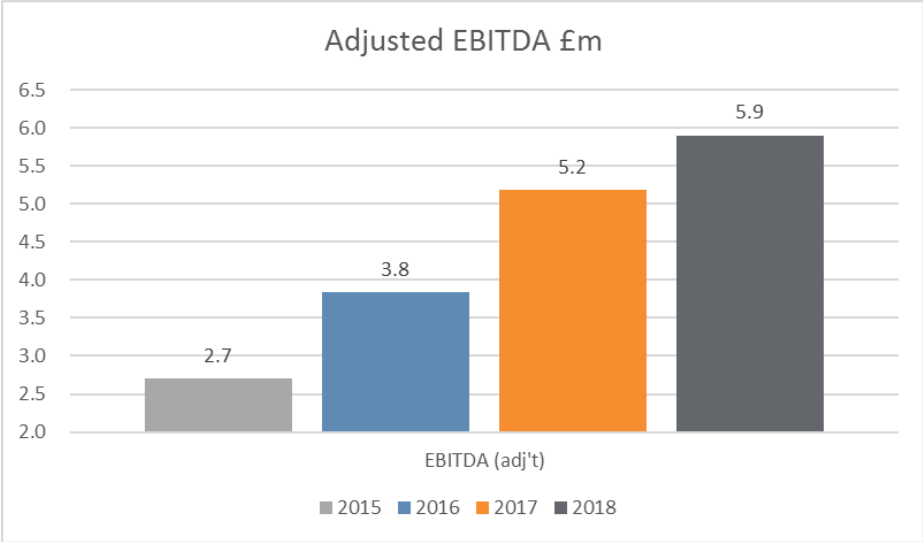
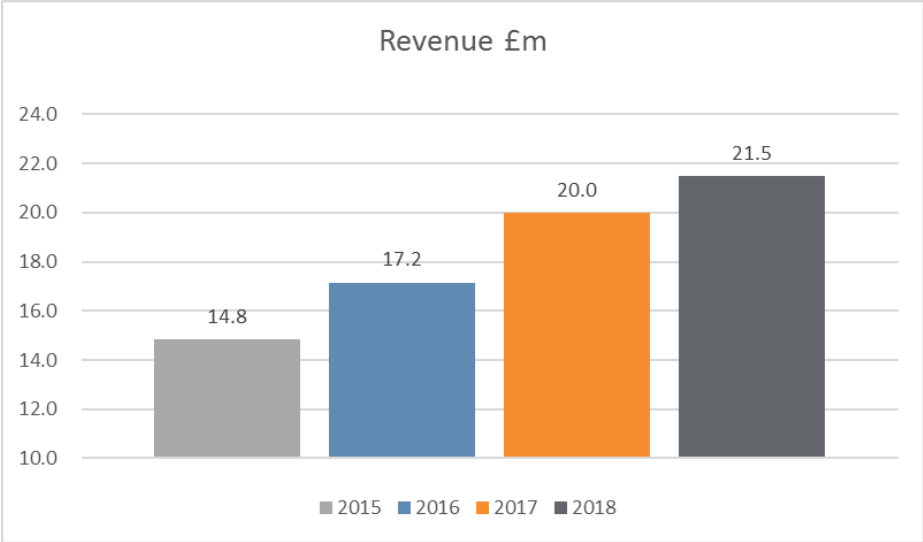
- Implement H1 wins
- Pipeline build including partners programme
- Scale up US business
- Beat rate deals in Europe
- Secure major account agreements in AP
- Drive adoption, cross sell & up sell into installed base
- Further develop subscription Services propositions
- More focus on helping customers modernise their legacy products installed base
- Build M&A pipeline with carefully selected targets
- Further strengthen organization

2017

January							February							March						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7	29	30	31	1	2	3	4	28	27	26	1	2	3	4
8	9	10	11	12	13	14	5	6	7	8	9	10	11	5	6	7	8	9	10	11
15	16	17	18	19	20	21	12	13	14	15	16	17	18	12	13	14	15	16	17	18
22	23	24	25	26	27	28	19	20	21	22	23	24	25	19	20	21	22	23	24	25
29	30	31	1	2	3	4	26	27	28	1	2	3	4	26	27	28	29	30	31	1
5	6	7	8	9	10	11	5	6	7	8	9	10	11	2	3	4	5	6	7	8
April							May							June						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
26	27	28	29	30	31	1	30	1	2	3	4	5	6	28	29	30	31	1	2	3
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23	24	25	26	27	28	29	28	29	30	31	1	2	3	25	26	27	28	29	30	1
30	1	2	3	4	5	6	4	5	6	7	8	9	10	2	3	4	5	6	7	8
July							August							September						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
25	26	27	28	29	30	1	30	31	1	2	3	4	5	27	28	29	30	31	1	2
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16	17	18	19	20	21	22	20	21	22	23	24	25	26	17	18	19	20	21	22	23
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30	31	1	2	3	4	5	3	4	5	6	7	8	9	1	2	3	4	5	6	7
October							November							December						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7	29	30	31	1	2	3	4	28	27	26	25	24	23	22
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5	6	7	8	9	10	11	3	4	5	6	7	8	9	31	1	2	3	4	5	6

CHALLENGER TO  
*Champion*  
2017

# 2018 consensus forecasts



# Thank you

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