



# Interim results presentation

For the six months Ended 31/12/2022

Milan Patel, CEO  
Alistair Gurney, CFO  
March 2023

# Highlights of a strong H1

- Continued growth with healthy demand
- Intensified market focus on efficient digital engagement tools with demonstrable ROI
- Global teams embedded and early evidence of success in US
- Growing recurring revenues and robust balance sheet provide flexibility to invest
- Positive outlook with pipeline of higher value deals

Up **9%**

Total revenue to  
£33.8m

**95%**

Recurring revenue  
of total

**£11.1m**

Adj. EBITDA (H1  
2022: £12.2m)

Up **11%**

ARPC to £1,573

Up **24%**

Cash balance of  
£49.6m

# A global customer experience and data platform



## Who we are

- Formed in 1999 as dotmailer with a marketing technology vision
- A global business with a UK headquarters
- 400+ global employees
- 9 International locations
- Strong network of agency and solution partners
- Focussed on mid-market & enterprise

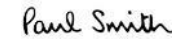
## What we do

Dotdigital's Customer Experience & Data Platform breaks down data siloes, and gives marketers more customer insight with which they can create personalized, automated customer experiences across a range of marketing channels.

Users can connect their customer data to send data-driven campaigns across email, SMS, social, WhatsApp, and more.

## Who we help

Over 4,000 brands & c.50,000 active monthly users.



## Business split

Geographic expansion



■ EMEA ■ US ■ APAC

Strategic Partnerships



■ Connected ■ Non Connected

Product Innovation



■ Msg ■ License & Func. ■ One-off

## Key financials



10 year revenue CAGR



10-year adjusted EBITDA CAGR



10 year net cash CAGR

# Expertise across many sectors



## Automotive & Parts



VOLVO

halfords

## Education



## Construction & Materials



## Energy



## Transportation

LONDON CITY AIRPORT

LI-HAUL



## Insurance



BRIT

## Media



Wolters Kluwer

macmillan

## Retail

Dune LONDON



mamas & papas

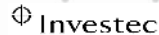
CONVERSE →

## Travel & Leisure



FLIGHT CENTRE TRAVEL GROUP

## Financial Services



## Sports & Leisure



## Government



## Charity/Not for Profit



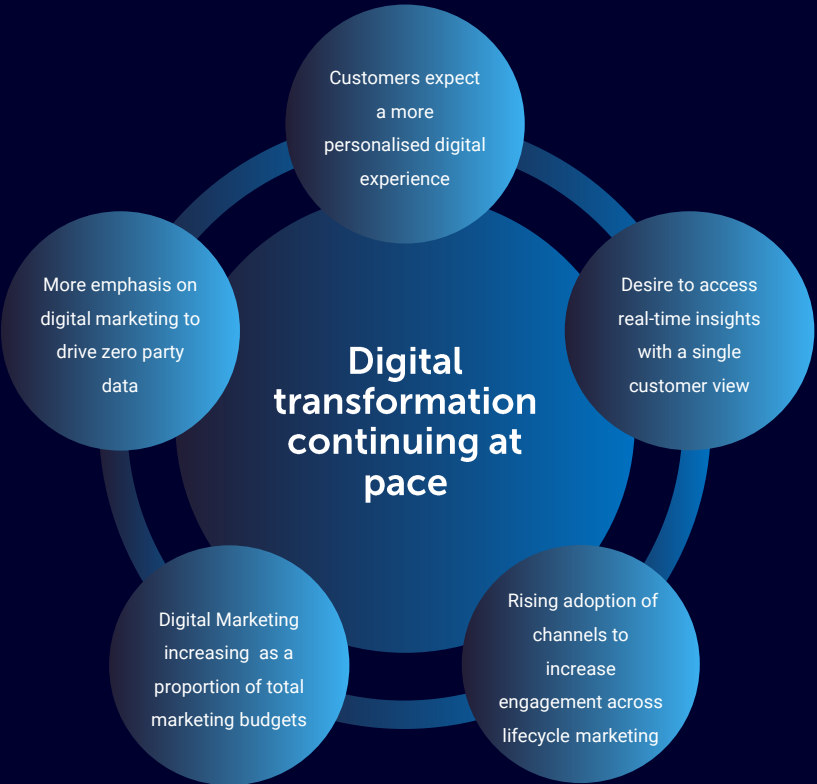
## Real Estate



Connells group

CBRE

# Expanding market opportunity

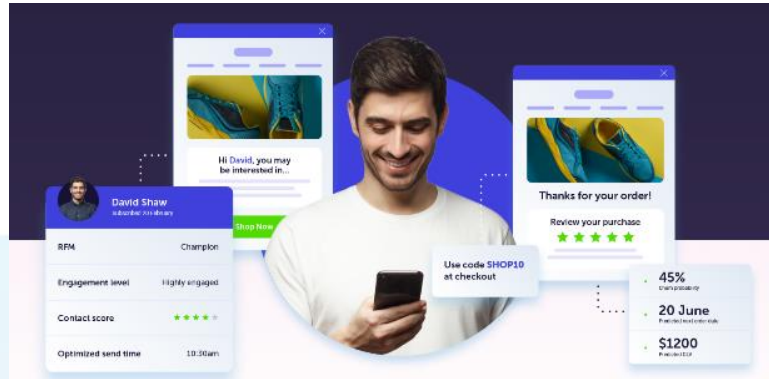


- Heightened focus on retention and loyalty
- Optimisation and cost effectiveness
- Email continues to deliver highest ROI
- Aggregation of data is very important to marketers

# Delivering customer engagement and loyalty

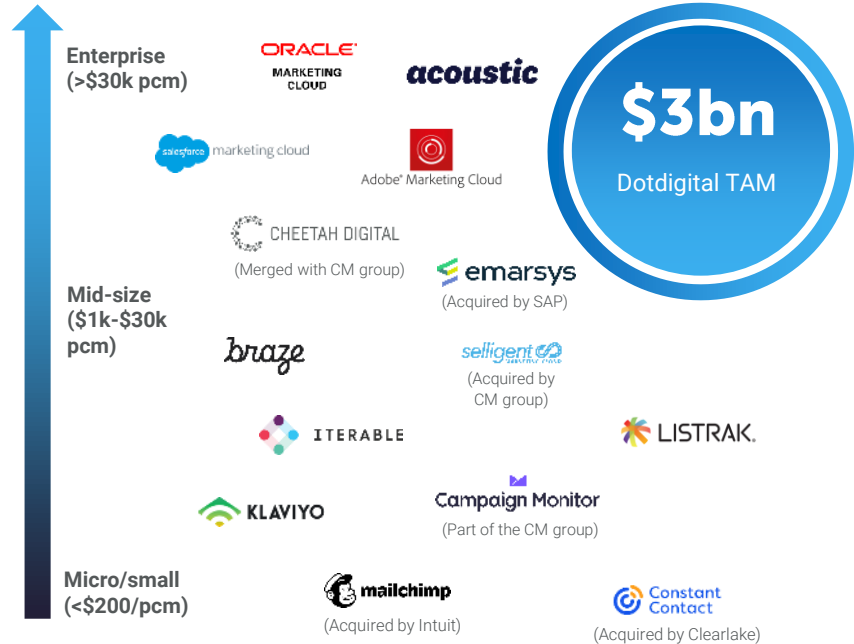


## Dotdigital CXDP



- Unify customer data
- Real-time insights
- Personalisation
- AI for precise predictions
- Seamless cross-channel experiences
- Single customer view
- Built to scale

## Largest independent mid-market customer engagement platform



# Financial review



# Trading Highlights

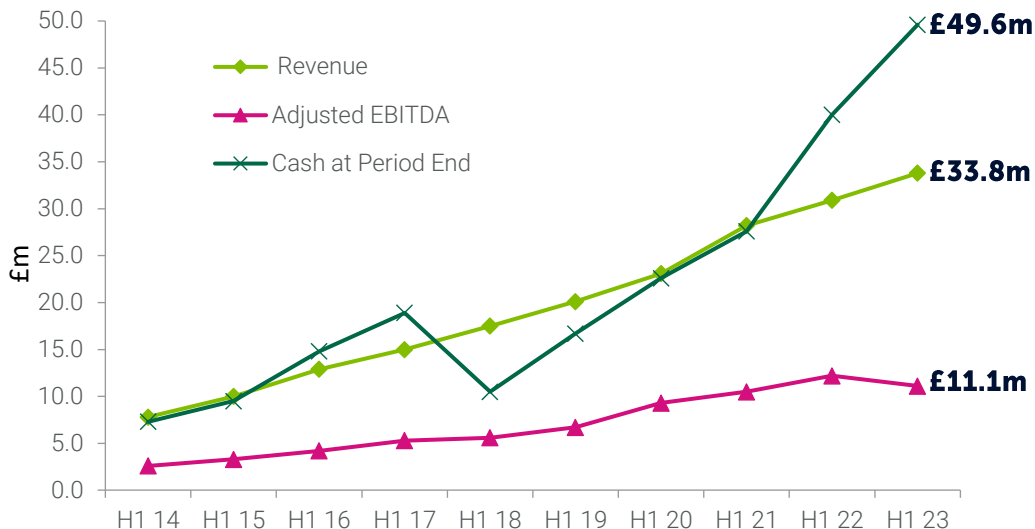


## Group revenue

- Revenue grew **9%** to **£33.8m** (H1 22: £30.9m)
- Monthly ARPC increased **11%** to **£1,573** (H1 22: £1,422)
- Contracted recurring revenue grew **9%** to **£26.8m** (H1 22: £24.5m) and now represents **79% of total revenues**
- Total recurring revenues increased to **95%** (H1 22: 94%)
- Revenue from strategic partners increased by **17%** to **£16.3m** (H1 22: £13.9m)
- 10 year revenue CAGR 18%

## Profit and cash

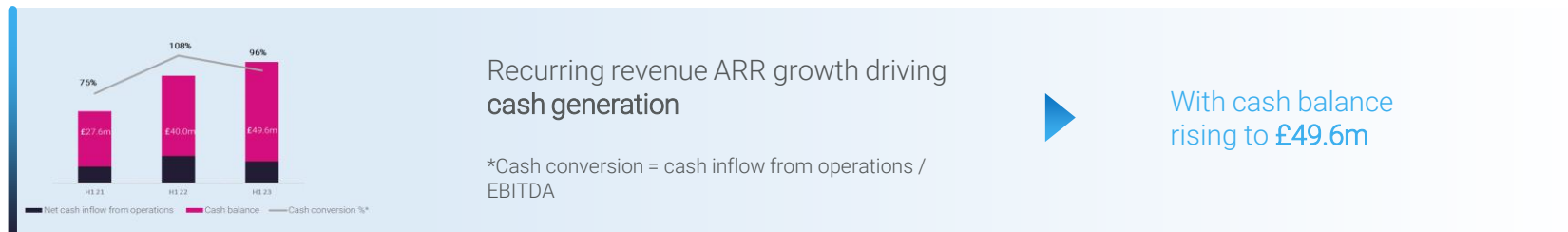
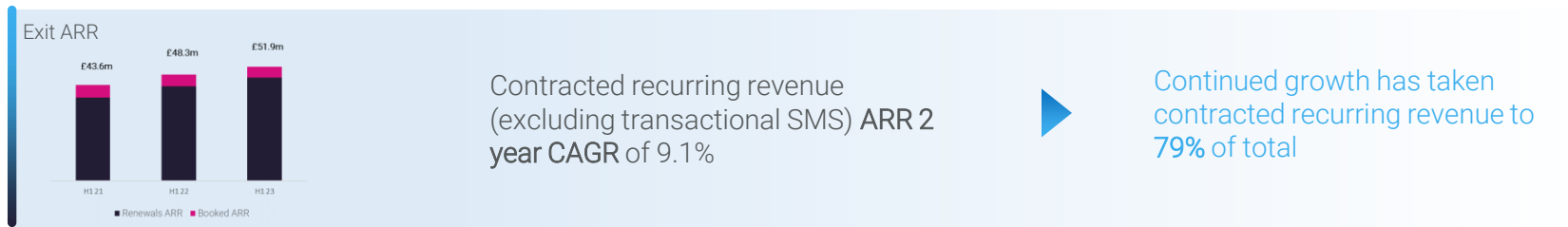
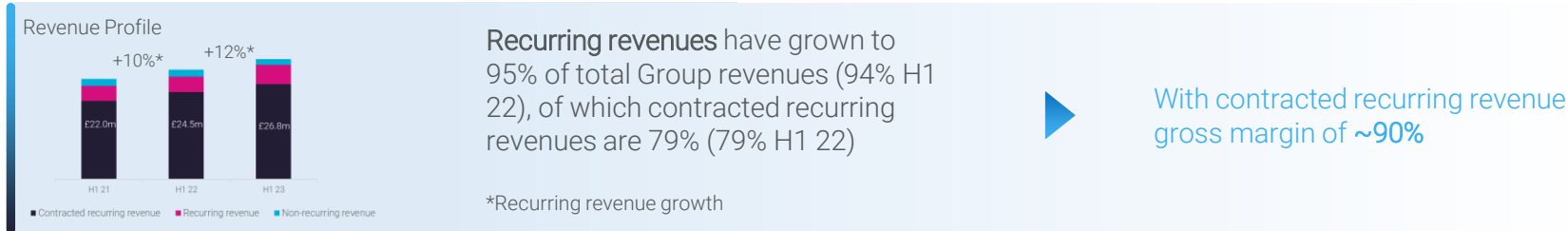
- Adjusted EBITDA down **10%** to **£11.1m**. after absorbing the employee cost pressures & strong Investment in the half, 10 year CAGR is 18%
- Cash up 24% to **£49.6m**, giving us various strategic options



\* All numbers have been compared to the same period last year

# Financial model

## Drive high margin sticky recurring revenues and cash conversion



# Income Statement

- In addition to revenue growth of 9%, Gross margin has marginally declined to 79% (H1 22: 82%) due to revenue mix as SMS volumes have increased. High transactional SMS volume enables us to optimise margin for our marketing SMS customers.
- Monthly ARPC increased 11% to £1,573 (H1 22: £1,422) due to investment in customer success and focus on larger new logo customers
- International revenue increased to 34% of Group total, despite the disruption of substantial restructuring of our North American sales team
- Administrative expenses grew principally due to planned investment in the team and sundry other costs, additional marketing spend and the return of travel post covid. These increases were marginally offset by FX gains.

£'m	H1 23	H1 22	Growth
Revenue	33.8	30.9	9%
Cost of sales	(7.1)	(5.5)	
<b>Gross profit</b>	<b>26.8</b>	<b>25.4</b>	6%
Admin expenses	(19.6)	(16.8)	
<b>Operating Profit</b>	<b>7.2</b>	<b>8.6</b>	(16)%
Exceptional items*	0.3	0.3	
<b>Adj. Operating Profit</b>	<b>7.5</b>	<b>8.9</b>	(15)%
Margin	22%	29%	
Dep'n & Amort	3.6	3.3	
<b>Adj. EBITDA</b>	<b>11.1</b>	<b>12.2</b>	(10)%
Margin	33%	40%	
<b>Adjusted diluted EPS (p)</b>	<b>2.23</b>	<b>2.32</b>	

\* Exceptional costs of £0.3m in the period  
 1) share-based payments £0.26m (H1 22: £0.22m)  
 2) for the acquisition of Comapi £0.06m (FY21: £0.06m)

# Statement of financial position

- Healthy balance sheet due to good trading and working capital management. Aged trade Debtor balances remain low.
- Strong cash position gives us strategic options and interest income, supporting EPS
- We remain debt-free

£'m	H1 23	H1 22
Non-current assets	31.2	30.1
Other current assets	13.0	12.8
Cash	49.6	40.0
<b>Total assets</b>	<b>93.8</b>	<b>82.9</b>
Non-current liabilities	4.3	3.6
Current liabilities	12.9	10.7
<b>Total liabilities</b>	<b>17.2</b>	<b>14.3</b>
<b>Total equity</b>	<b>76.6</b>	<b>68.6</b>
<b>Total equity and liabilities</b>	<b>93.8</b>	<b>82.9</b>

# Statement of cashflows



- Reduced cash flow from operations was due to:
  - phasing of profit vs prior year
  - reduced end of period working capital stretch
  - decreased creditors due to phasing of SMS consumption
- Operating cash conversion remains strong at 91% of adjusted EBITDA
- Free cash flow in excess of £6m despite accelerated investment in product and people
- We are actively pursuing M&A opportunities which accelerate our product development and reduce time to market for new functionality in particular

£'m	H1 23	H1 22
Net cash generated from operations	10.1	12.2
Net cash used in investing activities	(4.0)	(3.6)
Net cash used from financing activities	(0.4)	(0.5)
<b>Cash and equivalents BoP</b>	<b>43.9</b>	<b>32.0</b>
Effect of FX rate changes	0	0
<b>Cash and equivalents at EoP</b>	<b>49.6</b>	<b>40.0</b>
£'m	H1 23	H1 22
<b>Adjusted EBITDA</b>	<b>11.1</b>	<b>12.2</b>
Working capital	(0.5)	0.8
Interest Received	0.2	0.0
Tax	(0.4)	(1.1)
Investments	(4.2)	(3.6)
<b>Free cash flow</b>	<b>6.2</b>	<b>8.6</b>
Dividend paid	0	0
Other financing activity	(0.5)	(0.5)
Effect of FX rate changes	0	0
<b>Net change in cash</b>	<b>5.7</b>	<b>8.1</b>

# Growth strategy



# Continued delivery against our focused strategy

## Our core growth strategies



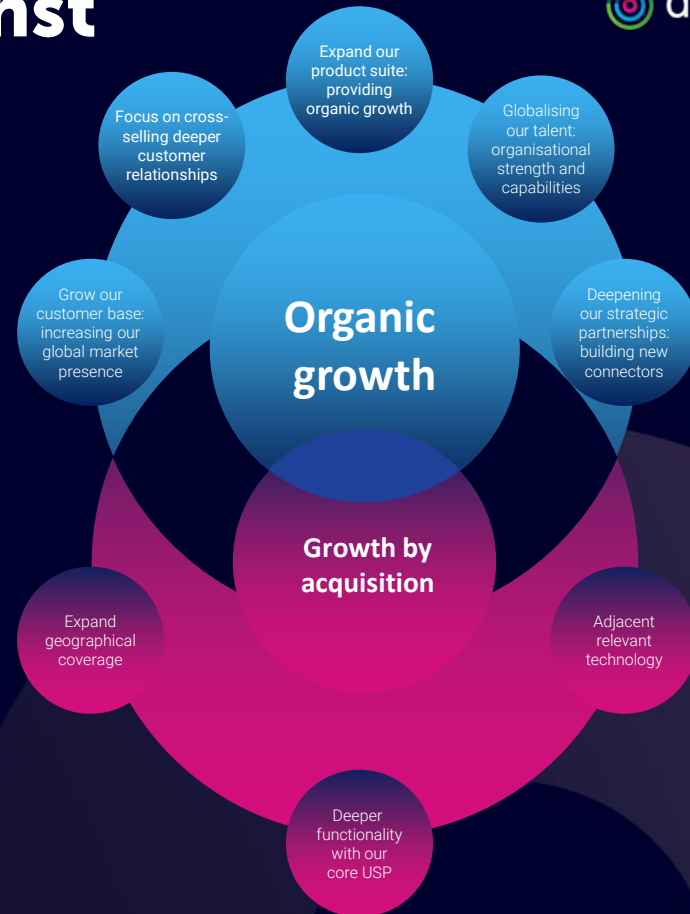
**Product Innovation**



**Geographic expansion**



**Strategic partnerships**

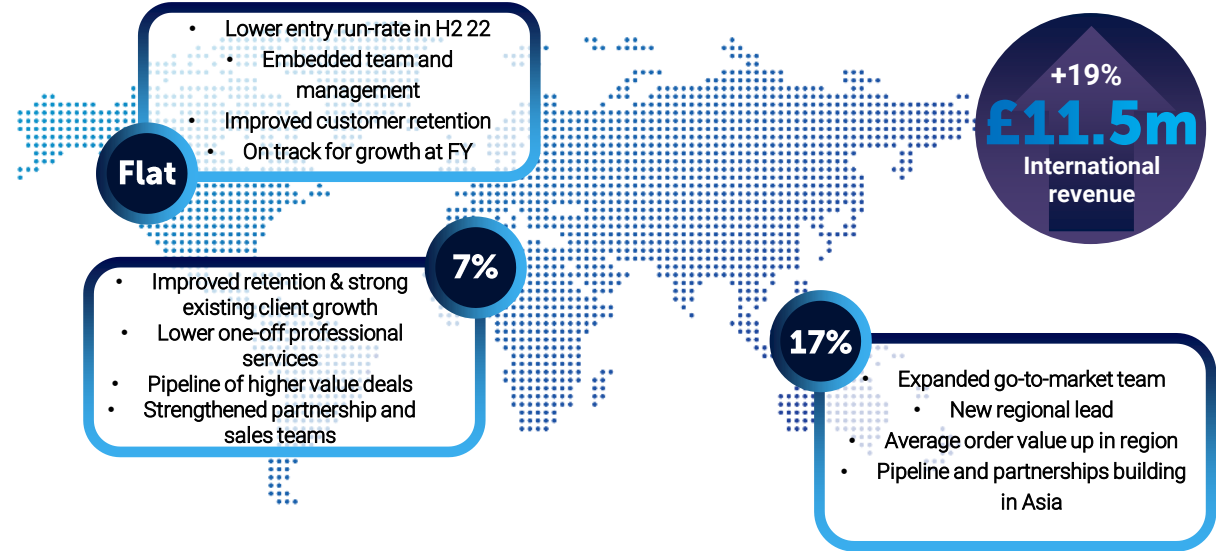


# Growth across the world

Geographic expansion

Product innovation

Strategic partnerships



Selection of new clients signed



# Product innovation driving value



Geographic expansion

Product innovation

Strategic partnerships

- Innovation around analytics and data capabilities has helped us attract larger businesses.
- Increased adoption of the customer data platform capabilities with an increase of data synchronisation with our off the shelf integrations.
- 34% of our customers now using more than 1 channel (H1 22: 23%) and 27% of our customer base using more than 2 channels.
- Product functionality released in the period includes cross account reporting, advanced revenue attribution, user generated content (UGC) integrations, Account tagging, Facebook leads ad, deep linking and reporting for mobile push.

+18%  
SMS  
volume growth

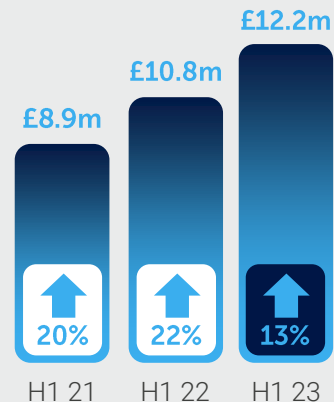
34%  
of customers  
using more than  
1 channel

+13%  
Volume of emails  
being sent



## Functionality Recurring Revenue

License, data and bolt on  
functionality



# Long-term roadmap themes



## Integrate your stack

- Deeper strategic integrations
- More integrations into the commerce & marketing ecosystems incl. marketplaces
- Connections to data warehouses and BI platforms
- Build your own extensions



## SCV and contact unification

- Unified Contact API
- Single customer view
- Email and SMS contact unification
- 'Any' or 'no' primary key support
- Information Architecture (IA) changes to our UI



## More data, more insights

- Data ingestion, transformation and cleaning
- Improved and more flexible analytics
- Further privacy and governance capabilities
- First and zero-party data collection



## More insights, more action

- AI journey builder
- Extending our prediction engine
- Content intelligence and optimisation
- Advanced analytics and insights powered by AI
- Optimisation of existing AI models

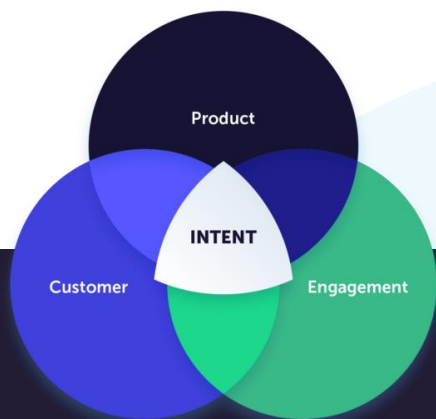


## Channel reach

- Website personalisation
- Further native WhatsApp support for marketing
- Further support for RCS
- Emerging social and messaging channels

# Three steps

To unforgettable CX



## 1 Unify the data that matters

Dotdigital acts as a data hub that unifies product, customer, and engagement data. Data unification gives you a clearer picture of intent.

Customer profile card for David Shaw, showing various metrics and a portrait of him with glasses and a blue shirt.

<b>David Shaw</b> <small>Subscribed 20 February</small>	
RFM persona	Champion
Engagement level	Highly engaged
Contact score	★★★★★
Optimized send time	10:30am
Predicted CLV	\$5,600
Predicted next order date	27 May

## 2 Make better decisions

Make light work of your data. Behavioral modelling and marketing analytics in Dotdigital uncover insights for faster, better decisions.

A diagram showing a customer journey. At the center is a portrait of David Shaw holding a smartphone. Surrounding him are various icons connected by dotted lines: a speech bubble, a mail icon, a play button, a decision icon (two arrows pointing towards each other), and an action icon (a checkmark in a box). Below the portrait, three white boxes are arranged horizontally: 'Event' with a play button icon, 'Decision' with a decision icon, and 'Action' with an action icon.

## 3 Automate and reach further

Unparalleled channel reach and real-time automation capabilities let you personalise customer journeys that convert at scale.

# Building pipeline and market reach



Geographic expansion

Product innovation

Strategic partnerships



- Sales from customers using connectors to our strategic partners' solutions increased by 17% to £16.3m (H1 22: £13.9m).
- Our ecommerce connector revenue grew by 10% to £10.9m led by growth from our Shopify Connector which grew 23% in the period.
- Our CRM connectors grew by 32% to £5.3m led by our MS Dynamics connector which grew by 32% compared to the same period in the previous year.
- We have accelerated investment in building a more scalable partnership program for agency and technology partners.
- Increased focus with Microsoft on go-to-market promotion amongst their CRM user base.



Global Premier  
Technology Partner



Gold Microsoft  
Partner

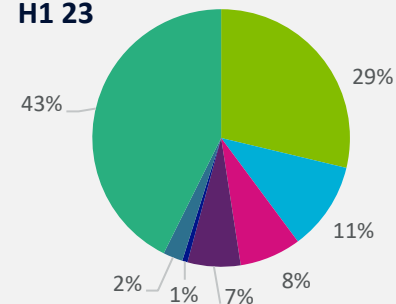


Technology Partner

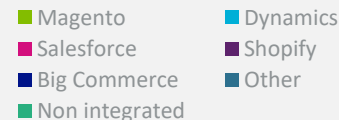
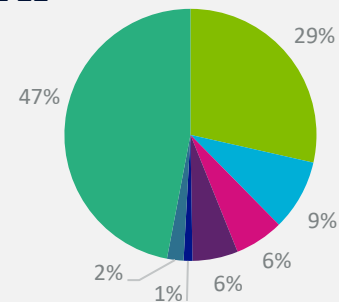


Verified Partner

H1 23



H1 22



# Looking ahead



# Confident in continued growth

---

Continued momentum at start of H2

---

Solid financial position

---

Differentiated offering with clear value proposition

---

Expanding addressable market

---

Clear strategic vision for future

---

# Questions



# Appendix



# Strong and supportive shareholders

## Shareholding as at 31<sup>st</sup> December 2022

- Liontrust Asset Management **18.3%**
- Directors **10.6%**
- Octopus Investments **9.3%**
- Baillie Gifford **5.6%**
- Slater Investments **5.3%**
- Investec Wealth & Investment **4.9%**
- Hargreaves Lansdown PLC **3.4%**
- Highclere International Investors **3.1%**
- Martin Currie Investment Management **2.9%**
- Herald Investment Management **2.6%**
- Allianz Global Investors **2.0%**
- Berenberg Asset Management **2.0%**
- Rathbones **1.9%**

## Global reach



# Our platform



## Solution overview

## Resources

### The leading Customer eXperience & Data Platform

Democratising customer data to be actionable, empowering marketers & merchants to drive value in every single engagement to achieve your goals

**Connect** and organise customer data

- Ecosystem partners
- Zero & first party data
- Customer behaviour data
- Data enrichment
- Data aggregation
- De-duplication & unification

**Empower** the customer experience

- Audience analytics & insights
- Segmentation
- Lifecycle modelling
- Customer experience orchestration
- Cross-channel campaign mgmt.
- Content & creative
- Revenue & commerce reporting
- Actionable AI & ML

**Communicate** on every channel

- Email
- SMS
- Mobile
- Social
- Ads
- Chat
- Web
- Offline

**CXDP**

Analyse → Action → Learn → Predict

CRM | ERP  
CDP | DMP

Ecommerce

Offline data

Any data

Adobe

shopify

salesforce

Microsoft Dynamics 365

ORACLE

[Trust Centre](#)

[Training Hub](#)

[Case Studies](#)