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AdEPT Telecom plc

Interim results + Corporate Update

for the 6 months to 30 September 2011

One of the UK's **TOP 20**
suppliers of
Telephone lines

Landline
calls and lines



Home
working solutions

Broadband
ETHERNET
leased
lines

Data
MPLS networks



iPhone
Blackberry
iPad
data

Mobile
all major networks



FREE Set up
Pay monthly

Callcentres
network-based





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Financial highlights – 1st half year

- **REVENUE**
 - Down 8.2% year-on-year (reduced call volumes and prices)
- **EBITDA**
 - Underlying EBITDA maintained at £1.95 million (2010: £1.93m)
 - EBITDA margin % up by 1.5% to 17.5% (2010: 16.0%)
- **PROFIT BEFORE TAX**
 - £0.51 million increase to PBT of £0.65 million (2010: £0.14m)
- **EARNINGS PER SHARE**
 - 3.3% increase to adjusted EPS to 5.64p (2010: 5.46p)
- **DIVIDEND PER SHARE**
 - Maiden dividend of 0.5p per share (2010: Nil)



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Cash and Net Debt – 1st half year

- **CASHFLOW**

- Free cash-flow, after interest, of £0.96 million (2010: £1.11m)

- **NET DEBT**

- Net debt reduced by
 - £1.7 million in the last 12 months to £6.47 million (2010: £8.16m)
 - £0.9 million in the last 6 months
- Debt collection - sector leading - debtor days of 27 (2010: 29 days)

*We are transitioning to new technologies ...
without any impact on EBITDA or cash generation*



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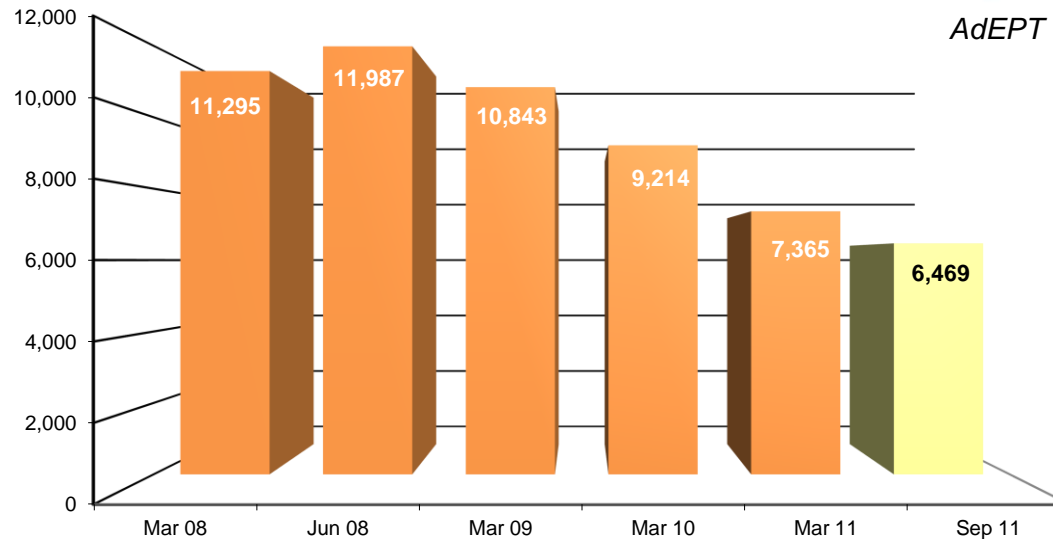


Net debt and cash flow



AdEPT Telecom principal funder

Net debt £'000s



- £1.7 million net debt reduction in last 12 months
- EBITDA : Net debt = 1.8x at September 2011

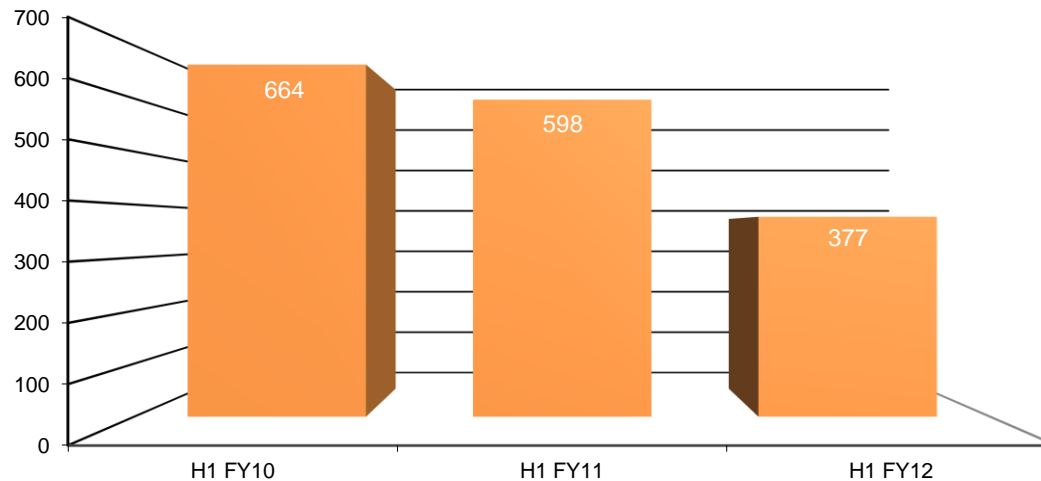


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Finance costs

Interest £'000s



- Bank facility renewed for 5 years in October 2010 on improved terms
- £221,000 reduction in interest charges year-on-year
- Cash Interest cover 4.4x (2010: 3.8x) [Operating Cash Flow : Cash Interest paid]



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Capital restructuring

- **CREATION OF DISTRIBUTABLE RESERVES**

- Share premium account (£8 million) converted to distributable reserves
- Maiden dividend of 0.5p per share approved on 27 October 2011
- Dividend payable April 2012



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What Do We Do?

- **WE SUPPLY FIXED LINE, MOBILE & DATA SERVICES**
 - We buy from a telecom network or ISP and add a % to their cost
 - We own the customers and bill & support them (provisioning, faults etc)
- **WE HAVE 55,000 PHONE LINES AT SEPTEMBER 2011**
 - Business customers - 97% revenue
 - Residential customers - 3% revenue
- **WE HAVE A LARGELY INDIRECT SALES FORCE**
 - Two types of business partner– telephone systems sales & cost consultants
 - We pay a % of the recurring revenue
- **40 EMPLOYEES – BASED IN TUNBRIDGE WELLS**





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Some of our Customers ...



Ministry of
JUSTICE





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We continue to innovate

- **WE STARTED OFF**

- As a supplier of landline calls to small businesses
- Now only 38.8% of our revenue

- **WE CONTINUE TO INCREASE THE SIZE OF OUR CUSTOMERS**

- 61% spend over £3k pa (2010: 54%)
- 40% spend over £12k pa (2010: 34%)

- **WE HAVE WIDENED OUR PRODUCT RANGE**

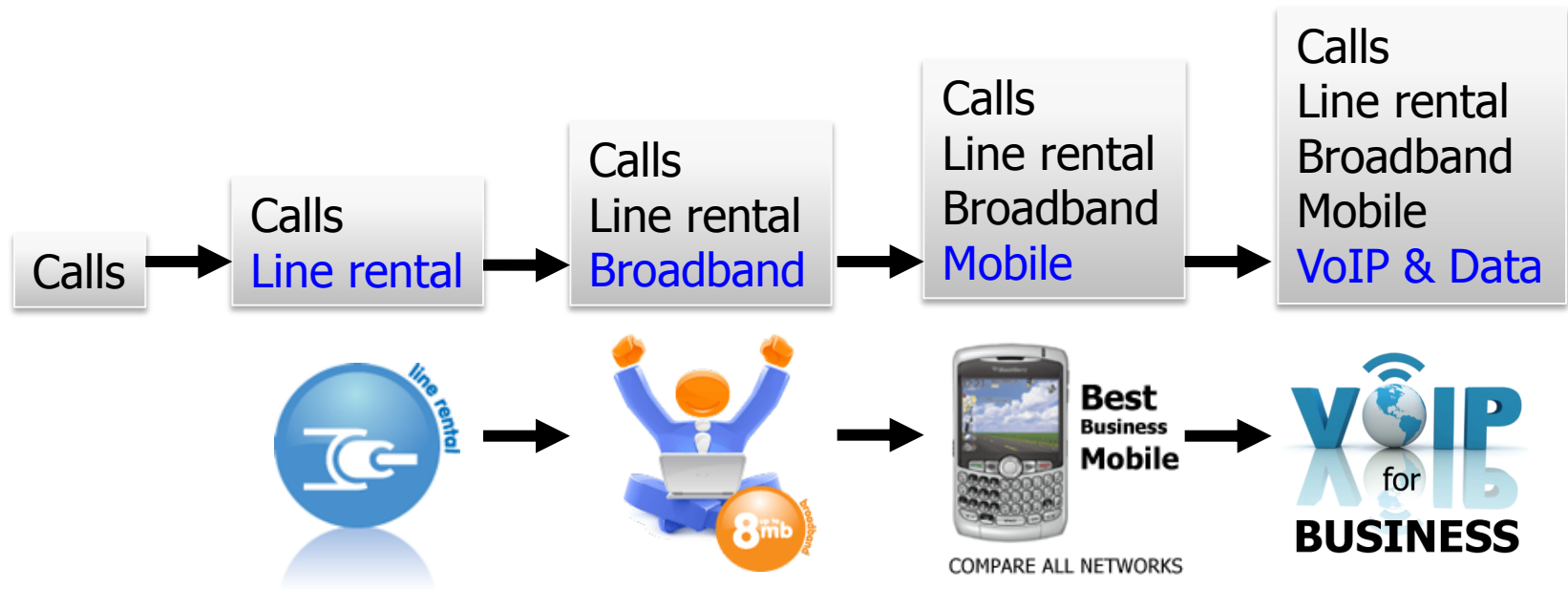
- Added broadband, data, VoIP and mobile
- And successfully cross-sold into our customer base



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Changing product mix



AdEPT IS AT THE FOREFRONT OF TECHNOLOGY

AdEPT is a fast follower of technology

We don't spend capex – we sell other companies products when they are proven to work



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Data Suppliers

DATA NETWORKS

- **We have widened our product range**

- From a single broadband to nationwide networks
- broadband, up to 40Mb
- faster connections such as Ethernet up to 1Gb
- MPLS networks



- **We have widened our data supplier list**



We own the customer contract and bill the customer



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Data Customers

DATA DIVISION – 25% increase in revenues

- to £2.2 million pa run rate
- Example customers with data networks & landline:



DANOPTRA
GAMING GROUP

Beneast Training





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AdEPT VoIP for BUSINESS

- **NATIONAL VoIP DEMONSTRATION CENTRE**
 - 'Live' demo's of the 7 different ways to deploy VoIP
- **INDUSTRY LEADING VoIP PRODUCT RANGE**
 - SIP and Hosted telephony
 - All inter-working on 1 VoIP network
 - Powered by BT
 - Managed by a single portal
 - Any size of premise (from head office to homeworker)
 - Any type of phone
- **BT WILL CO-PRESENT TO CUSTOMERS WITH US**





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AdEPT wins 2 of the UK's largest VoIP contracts

2 LARGE VoIP CONTRACT WINS

1. £200,000 3 year contract for 300 SIP trunks



2. £2.5 million 3 year contract for 400 site estate migration commencing with a 90 site VoIP trial



for **BUSINESS**
from AdEPT Telecom

powered by

BT wholesale

AdEPT is ideally placed to manage the migration to next generation technology



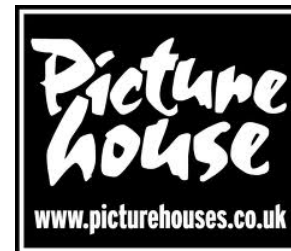
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Inbound cloud services

20%+ REVENUE INCREASE FROM INBOUND SERVICES

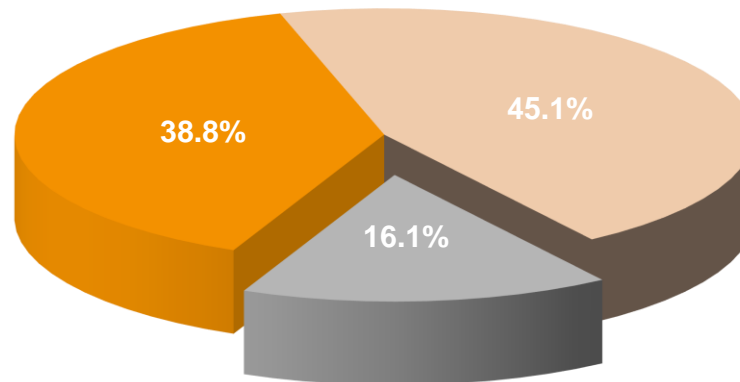
- to £1 million pa run rate
- Cloud-based contact centre technology





Changing sales mix

H1 FY12 Revenue analysis



■ Outbound calls ■ Line rental ■ Next generation services

- Outbound calls only division now 38.8% of revenue
- Next generation services 16.1% of total revenue (2010: 11.9%)



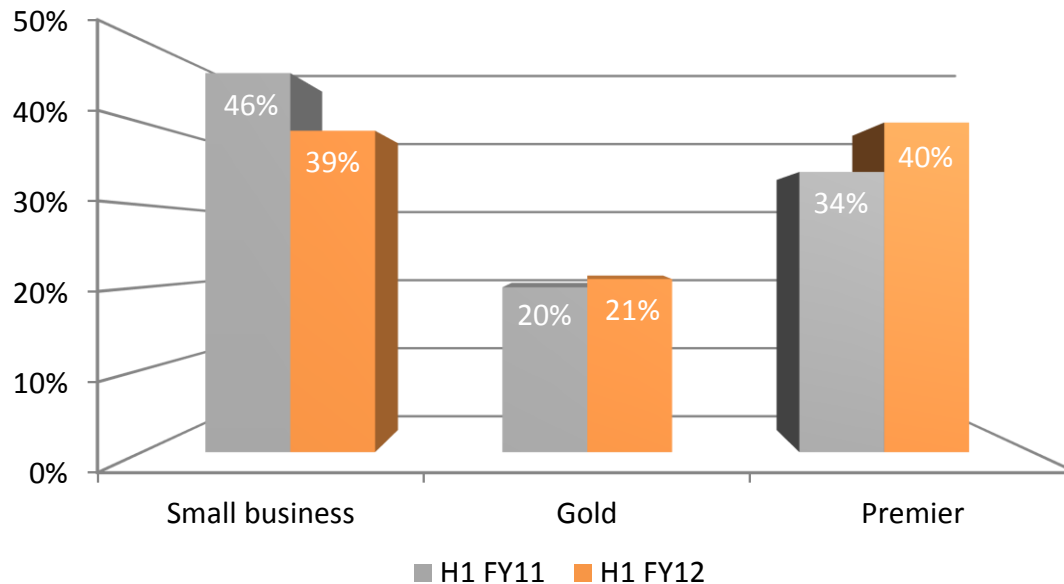
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Operations split into 3 departments

Increasing focus on Premier and Gold Service

% revenue by department



PREMIER CUSTOMER SERVICE

200 customers spending over £1,000 per month
Personalised account management

GOLD CUSTOMER SERVICE

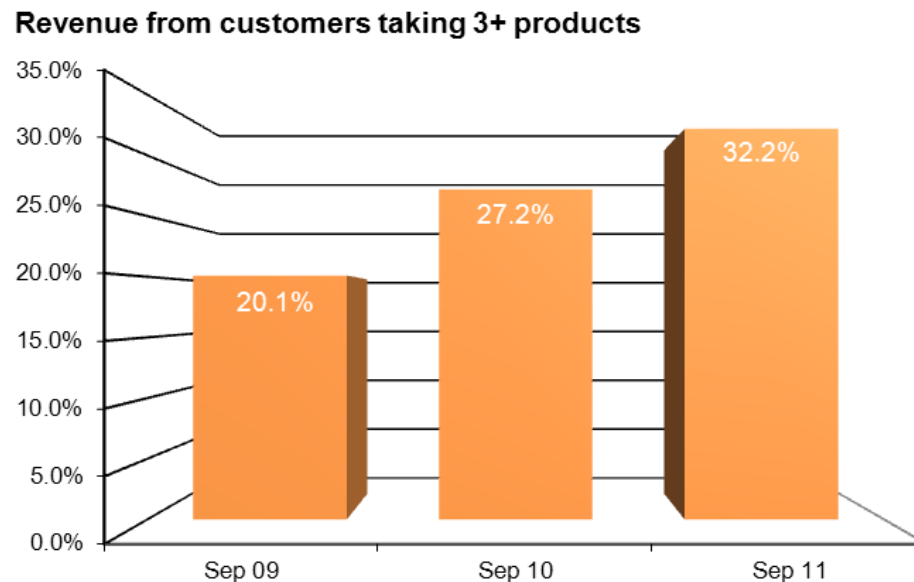
800 customers spending £250-999 per month
Specialist group account management

VOLUME CUSTOMERS

20,000 customers
Managed via the call centre



Cross selling – focus on larger customers



- Customers taking 3 or more products increased to 32.2% (2010: 27.2%)
- The more products a customer has the lower churn tends to be



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Shareholders

Chris Fishwick companies*	30.6%	Individual
Greenwood Investments Limited	16.0%	Family office
Fiske Nominees	8.5%	Private clients
Ian Fishwick*	5.4%	Individual
Octopus	4.1%	VCT
Roger Wilson*	3.8%	Individual
Pat Wilson	3.4%	Individual
Richard Blakesley	3.0%	Individual
SUB-TOTAL	74.8%	

- **Shareholder and management interests aligned**
- **40% of AdEPT is owned by the Directors***
- **Shareholder benefits scheme**
 - Holders of 1,000+ shares receive FREE residential line rental



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