

Beeks Financial Cloud

Final Results 2019

Gordon McArthur, CEO & Fraser McDonald, CFO



Beeks Financial Cloud

Global IaaS partner for low latency financial markets

Established in 2011, Beeks has grown from a single site in New Jersey to having a presence in 11 international data centres

Offering both low latency connectivity within the data centres to various venues, and a point to point Wide Area Network joining its sites around the world

Pure cloud offering allows financial institutions to scale low latency environments to their needs – reducing the cost and time to market for both buy and sell side organisations

WHAT BEEKS FINANCIAL CLOUD OFFER:



BARE METAL CLOUD

The ability to control resources from a web panel with month-to-month commitments.



GLOBAL PRESENCE

11 datacentres globally allowing direct access to venues/exchanges.



CAPITAL MARKETS FOCUSED

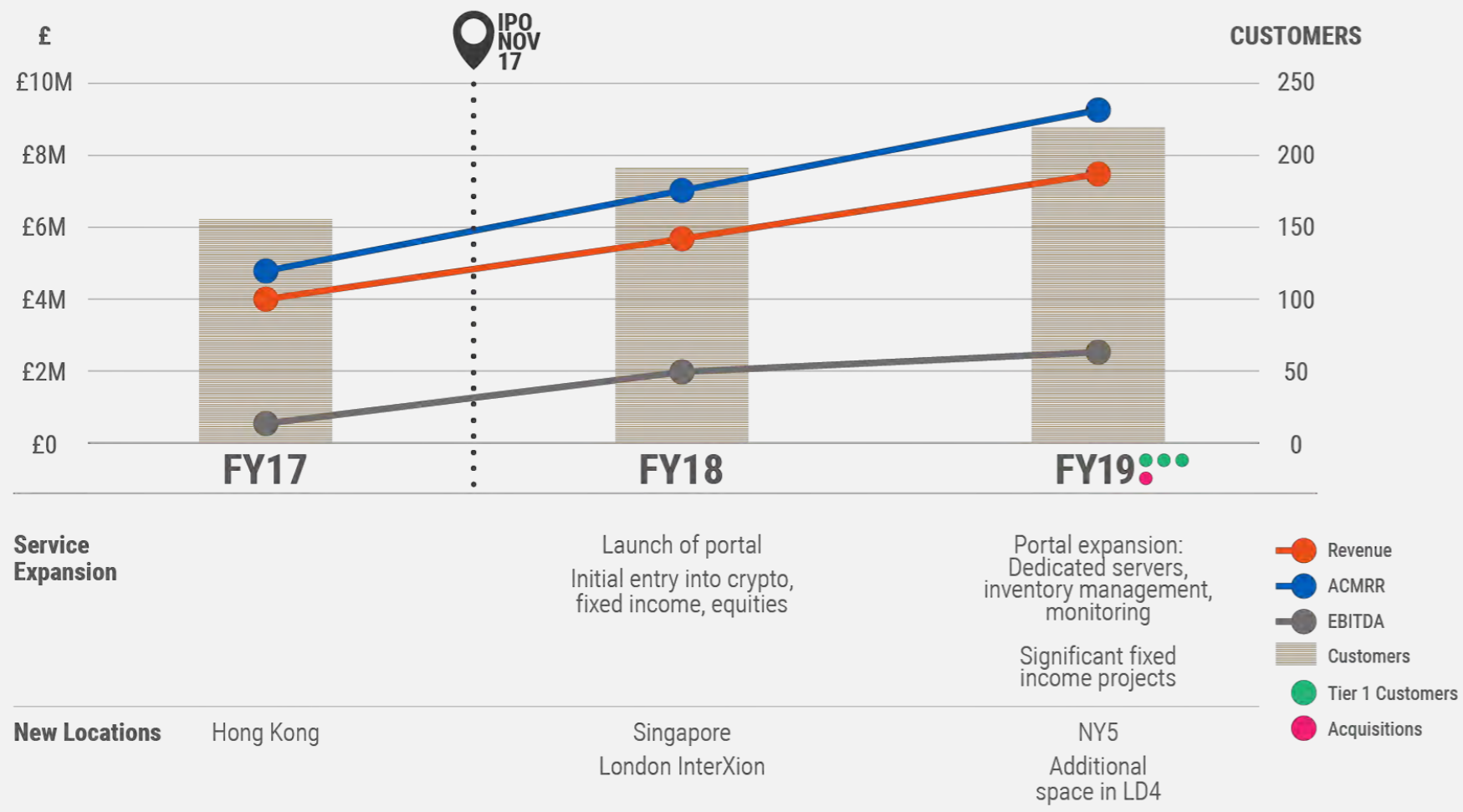
100% of our revenue and focus is around capital markets clients and consumers.



LOW LATENCY NETWORK

100% Arista trading network and low latency point to point fibre connecting our Global DC's.

Delivering on the growth strategy since IPO

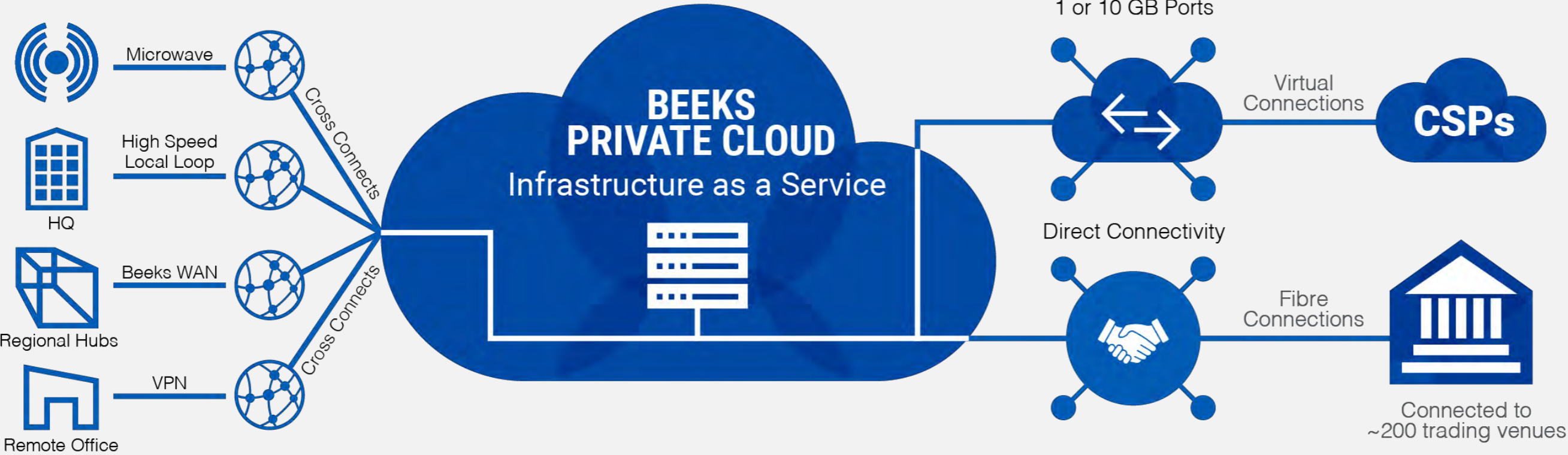


DELIVERY	FY17	FY18	FY19	
Revenue	£3.97m	£5.58m	£7.35m	+85%
ACMRR	£4.70m	£6.90m	£9.10m	+94%
EBITDA*	£0.53m	£1.94m	£2.48m	+359%
Customers	156	192	220	+41%
Tier 1 Customers	0	0	3	
Acquisitions	0	0	1	

* Underlying EBITDA is defined as earnings before amortisation, depreciation, finance costs, taxation, acquisition costs, share based payments and exceptional non-recurring cost

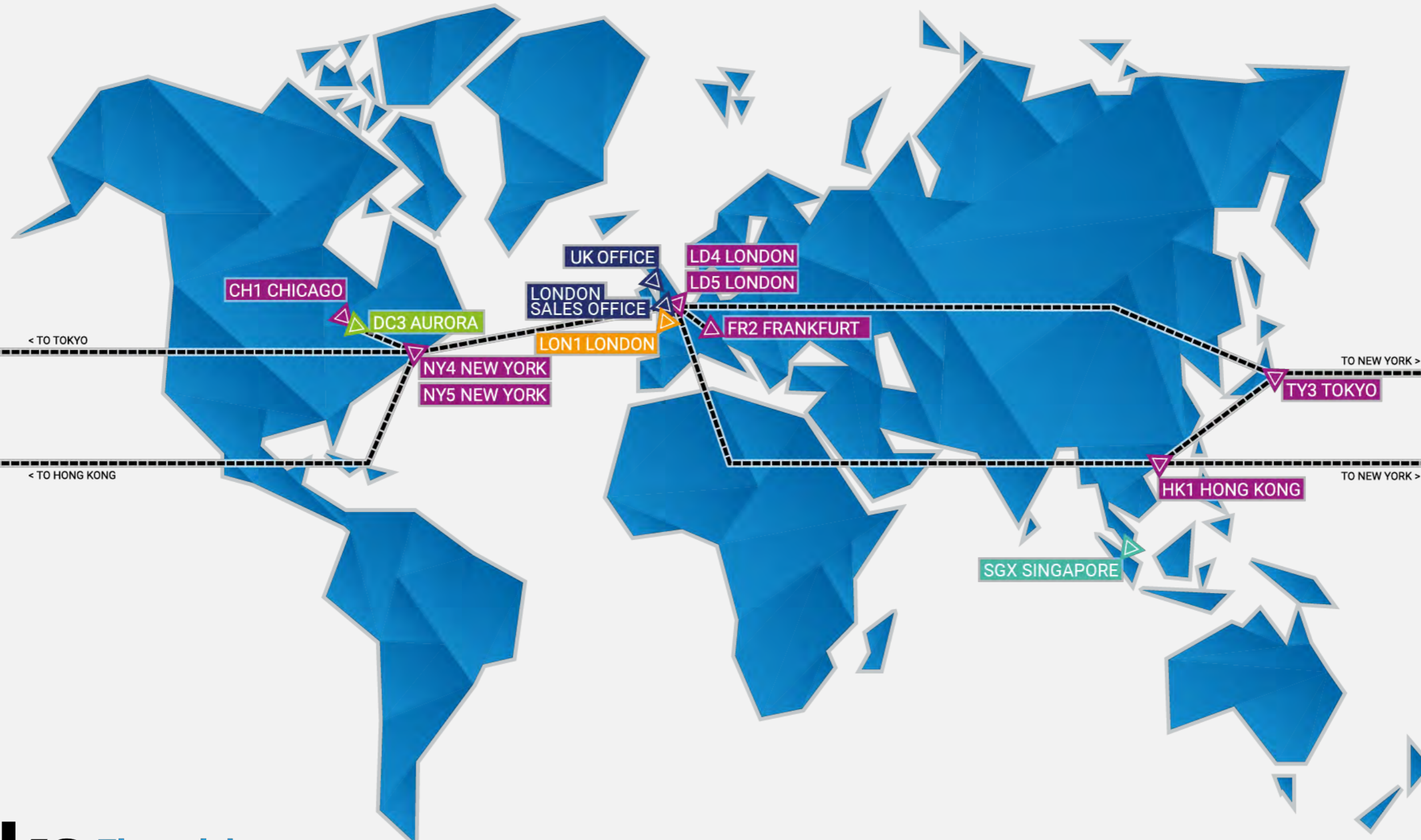
Beeks Private Cloud & Hybrid Cloud Management

Cross Connect, Lowest Latency, Most Bandwidth, Consumption Based on Demand Services



Beeks provide and manage the infrastructure and connectivity from the ground up, constantly monitoring the hardware

Our Global Network



Highlights FY 2019

Momentum in H2 delivers strong financial performance for the financial year

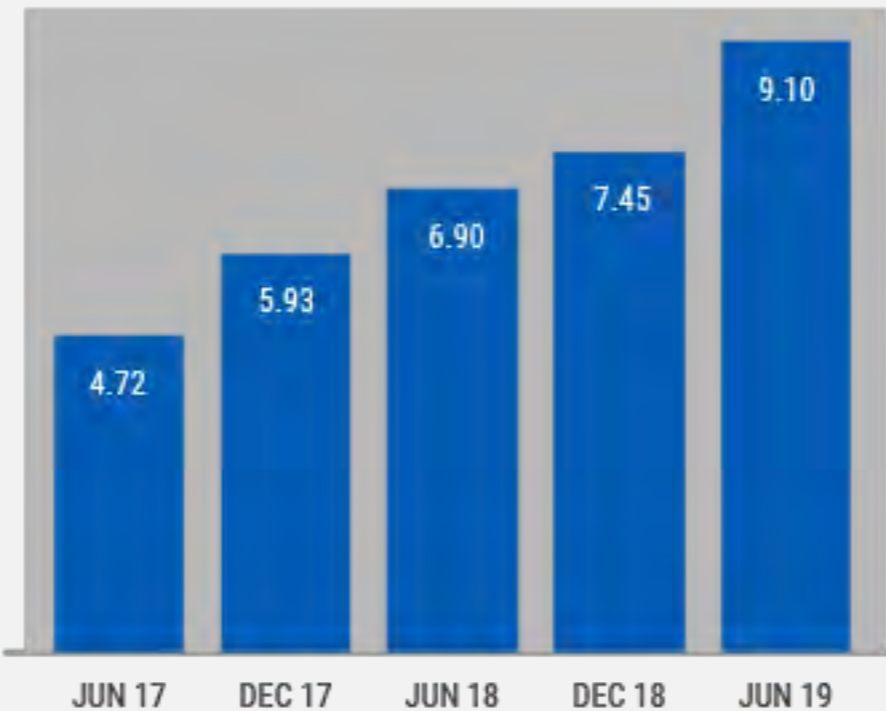
Signing of three Tier 1 clients and continued growth of all customer segments

Continued expansion of new asset classes

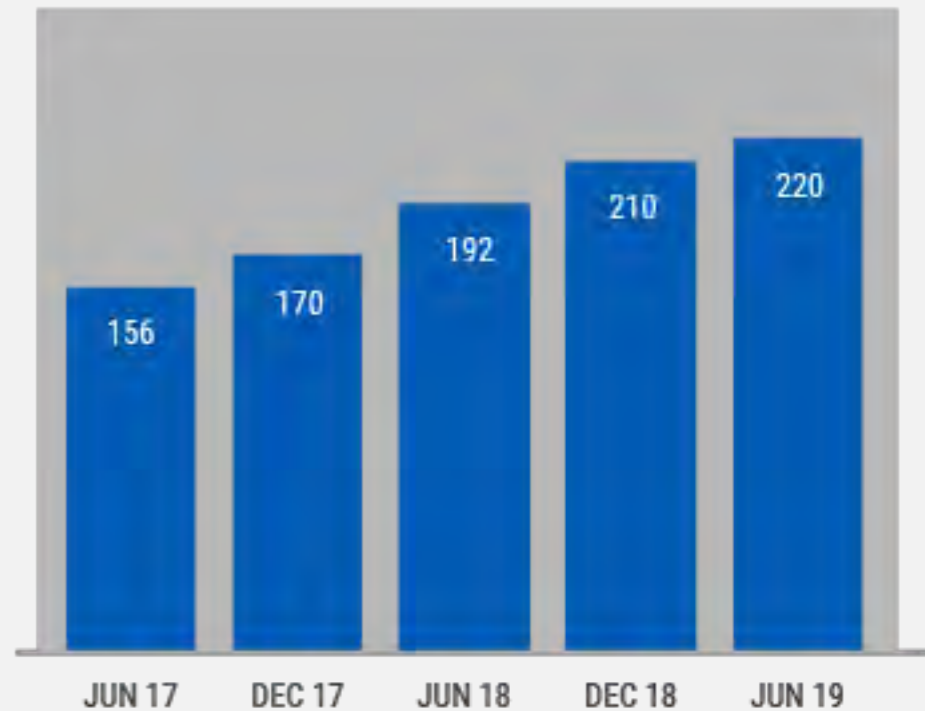
Geographical expansion

First acquisition since Admission

ANNUALISED COMMITTED MONTHLY RECURRING REVENUE (£,000,000)



INSTITUTIONAL CLIENTS



Financial Results

- Revenues **+32%** £7.35m (2018: £5.58m)
- Annualised Committed Monthly Recurring Revenue (ACMRR) **+32%** £9.1m (2018: £6.9m)
- Gross profit **+22%** £3.65m (2018: £2.98m)
- Gross profit margin 50% (2018: 53%)
- Underlying* EBITDA **+27%** £2.48m (2018: £1.95m)
- Underlying* EBITDA margin 34% (2018: 35%)
- Underlying profit before tax** £1.32m (2018: £1.19m)
- Underlying EPS** 2.58p (2018: 2.27p)
- Net cash at 30 June 2019 £1.02m (2018: Net cash £2.09m)
- Proposed final dividend 0.15p, equating to full year dividend payment of 0.35p (2018: 0.30p)

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** Underlying profit before tax and underlying EPS excludes amortisation on acquired intangibles, acquisition costs, share based payments and exceptional non-recurring costs

The benefits of our IaaS model:

- 99% of clients pay monthly
- Average monthly entry now of £2,200 (up from £800 at June-18)
- Institutional / private clients 80/20 revenue split

Acquisition of CNS

- 1,000 retail traders across multiple geographies
- Low latency algorithmic trading systems, virtual private networks and streaming media
- Datacentres in London, New York and Los Angeles
- Annualised recurring revenue ~\$1.0m, PBT \$0.17m (31 Dec '18)
- \$1.3m cash on completion with \$0.1m Contingent Consideration
- Financed out of existing cash balance and banking facilities

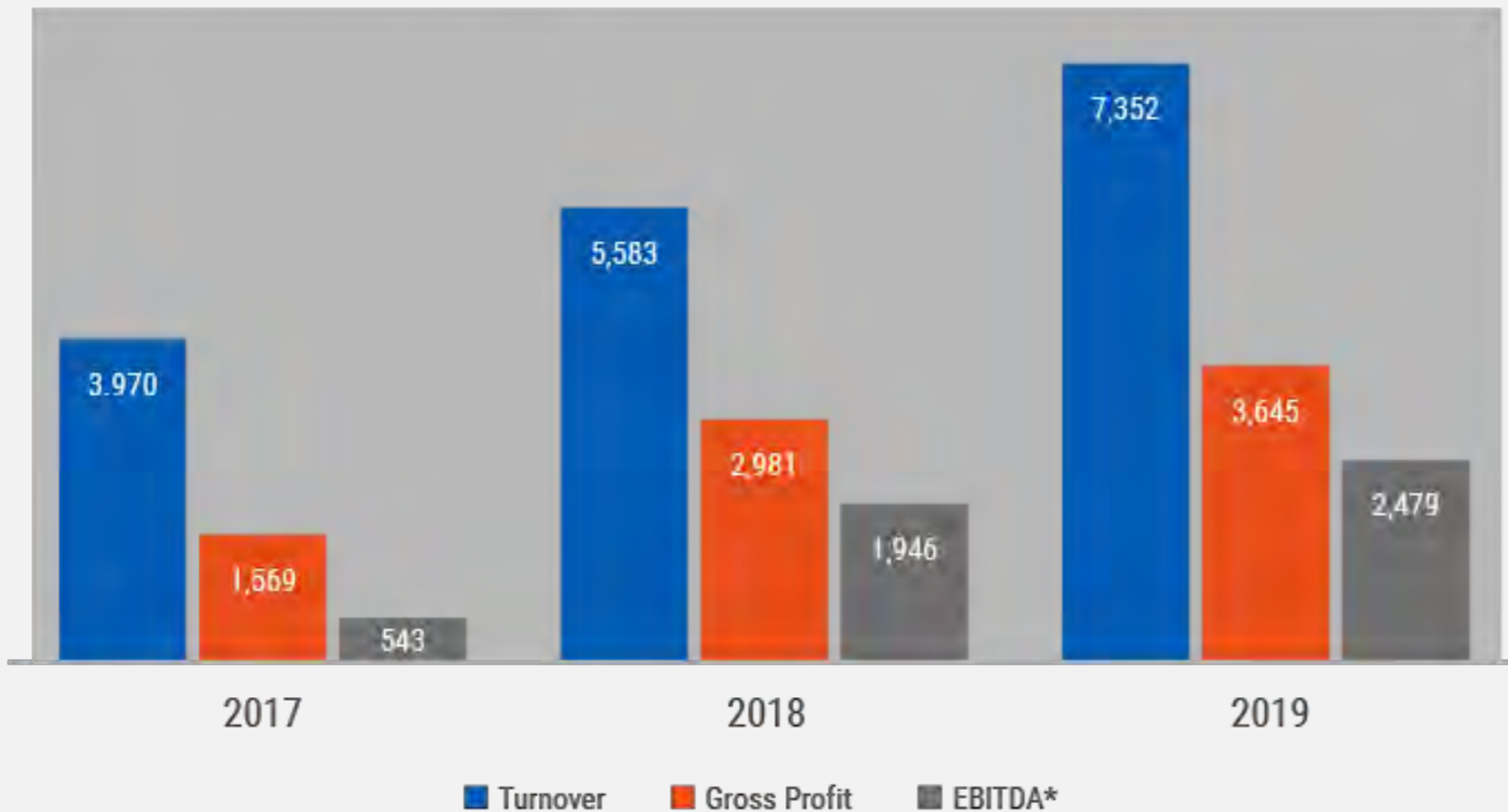
Additional customers and data centre locations to our retail offering

Expected to deliver cost synergies

Expected to be earnings enhancing within first full year of ownership

Income Statement

INCOME STATEMENT (£,000)



	30 JUN 17 (£'000)	30 JUN 18 (£'000)	30 JUN 19 (£'000)
INCOME STATEMENT			
Turnover	3,970	5,583	7,352
CoS	(1,921)	(1,924)	(2,627)
Dep and amort	(480)	(678)	(1,080)
Gross Profit	1,569	2,981	3,645
Gross Margin %	40%	53%	50%
EBITDA*	543	1,946	2,479
EBITDA %	14%	35%	34%
Operating profit*	143	1,344	1,461
Operating profit %	4%	24%	20%
Profit before tax**	55	1,191	1,316
PBT %	1%	21%	18%

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Capacity

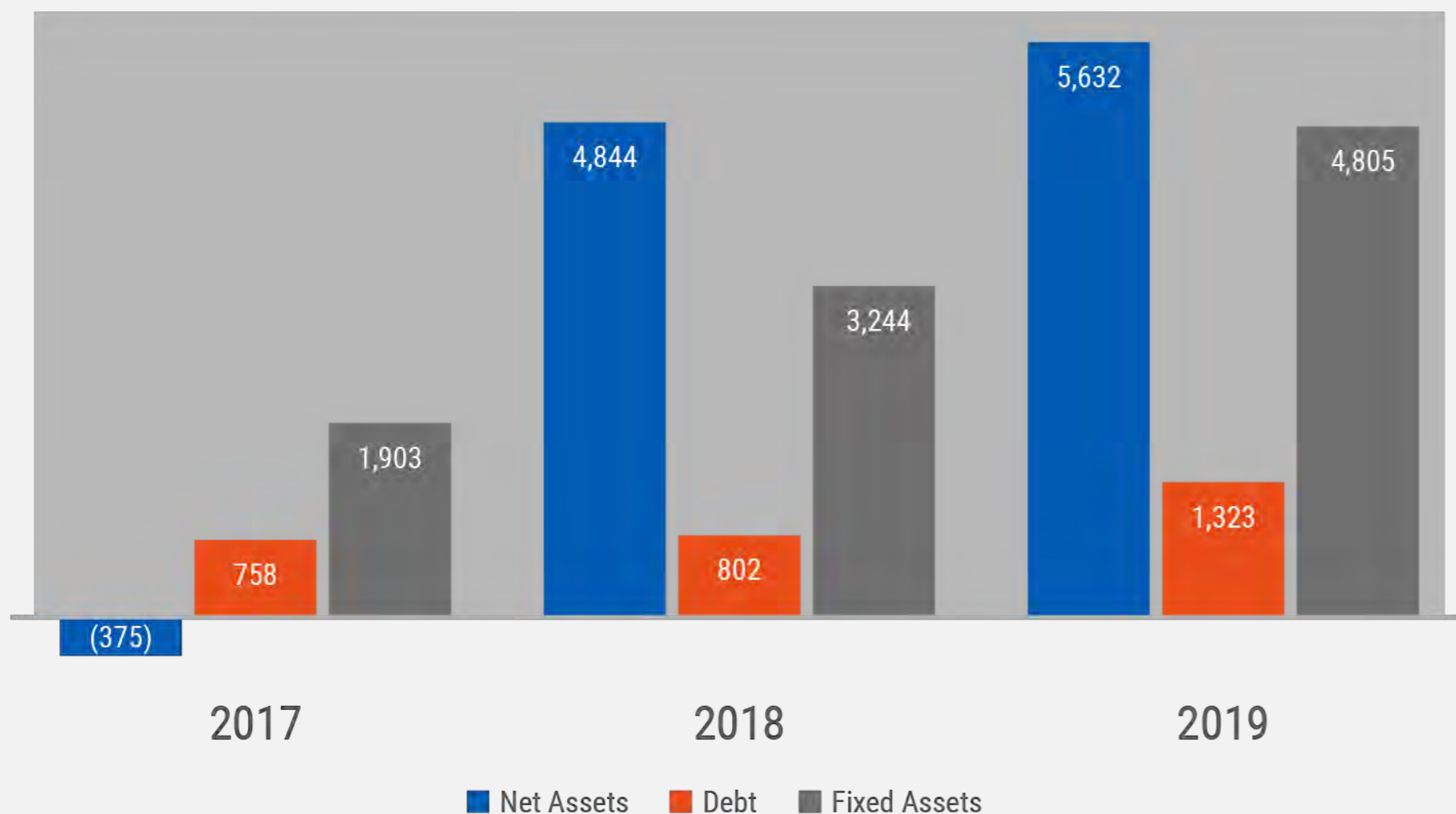
LOCATION	ROW	UNUSED CAPACITY
DC3 (USA)	3 RACK CAGES	0.25
EQUINIX FR2 (FRANKFURT)	1 RACK CAGE	0.25
EQUINIX HK1 (HONG KONG)	2 RACK CAGES	0.75
EQUINIX LD4 (LONDON)	4 RACK CAGES	0.5
EQUINIX LD5 (LONDON)	5 RACK CAGES	0.5
INTERXION LON1 (LONDON)	1 RACK CAGE	0.5

LOCATION	ROW	UNUSED CAPACITY
EQUINIX NY4 (USA)	1 RACK CAGE	0.5
EQUINIX TY3 (TOKYO)	2 RACK CAGES	0.5
HALSEY (USA)	2 RACK CAGES	1.0
SGX (SINGAPORE)	1 RACK CAGE	0.5
Digital Realty CH1 (USA)	1 RACK CAGE	0.5
EQUINIX NY5 (USA)	5 RACK CAGES	4.0

- Total unused capacity of 9.5 racks across locations
- Potential to support up to c.£3.0m of additional annualised revenue from 9 of these racks, depending on location/mix, from current cost base

Balance Sheet

BALANCE SHEET (£,000)



	30 JUN 17 (£'000)	30 JUN 18 (£'000)	30 JUN 19 (£'000)
BALANCE SHEET			
Assets			
Tangible fixed assets	1,302	2,137	2,440
Goodwill / Intangible assets	574	852	2,229
Deferred tax assets	27	255	136
Total fixed assets	1,903	3,244	4,805
Trade & other receivables	392	664	1,104
Cash & cash equivalents	23	2,887	2,338
Total current assets	415	3,551	3,442
Total Assets	2,318	6,795	8,247
Liabilities			
Trade & other payables	1,869	1,041	1,244
Leases & loans	360	470	624
Creditors < one year	2,229	1,511	1,868
Lease & loans	398	332	699
Other creditors & provisions	66	108	48
Creditors > one year	464	440	747
Total Liabilities	2,693	1,951	2,615
Net Assets	(375)	4,844	5,632

Cash Flow

	2017	2018	2019
	(£'000)	(£'000)	(£'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating cash flows before working capital (including tax paid)	(253)	1,486	2,310
Net receivables/payables/other	872	(1,038)	(211)
Net cash from operating activities	619	448	2,099
Purchase of PPE (net)	(818)	(1,071)	(1,222)
Purchase of goodwill/intangibles	(32)	(384)	(1,549)
Net cash used in investing activities	(850)	(1,455)	(2,771)
Proceeds from borrowings	136	-	990
Repayment of borrowings	(409)	(536)	(469)
Interest paid/received	(88)	(153)	(145)
Sale and leaseback of PPE	584	203	-
Proceeds from the issue of new share capital	-	4,357	1
Dividends paid	-	-	(254)
Net cash used in financing activities	(223)	3,871	123
Net increase/decrease in cash	(8)	2,864	(549)
Cash at beginning of year	31	23	2,887
Cash at end of year	23	2,887	2,338

Advantages of IaaS model



CAPEX to OPEX Based Model



Accelerate New Product Development & Innovation



Fit for Purpose Proof Of Concept Environments



Generate New Sources of Revenue

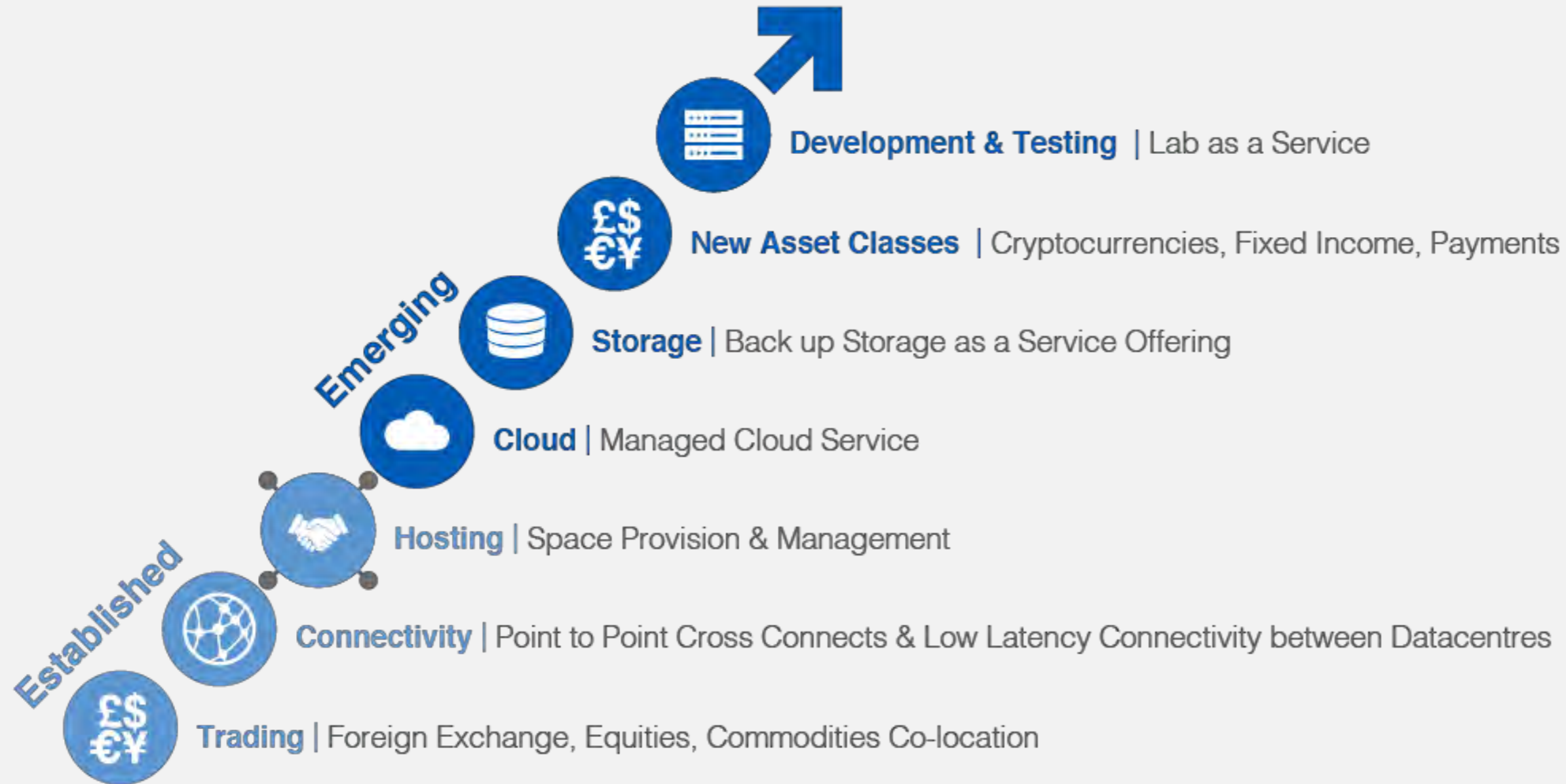


Test New Markets and Geographies



Decrease Time to Market

Growing Market Opportunity



Capturing the Tier 1 Market

Tier 1 needs	A solid & secure platform	Scalability & Flexibility	Financially stable provider
	<ul style="list-style-type: none"> ✓ Extensive network ✓ High levels of security ✓ Experienced ✓ Referenceable customers ✓ Meet the vendor management approval process requirements 	<ul style="list-style-type: none"> ✓ Unique portal ✓ Entrepreneurial approach ✓ Highly responsive 	<ul style="list-style-type: none"> ✓ PLC Status

Beeks

IMPACT

- Larger deal sizes
- Longer commitments
- Higher quality earnings
- Slower lead times

Further Tier 1 opportunities identified

Strategic Priorities

Ongoing investment	Service expansion	Customer growth
ISO Accreditation	Back up as a Service	Further Tier 1s
SOX Process start	Further new geographies	Continued mid-tier growth
Network automation	Network automation	Maintain retail customers
Alert to acquisitions		

Summary and Outlook

- Capitalising on the growth in demand for Infrastructure as a Service offerings within financial markets
- Expanding addressable market, with increased institutional customer opportunities
- Enhanced product offering and geographical reach
- Highly experienced team with strong technical expertise
- Stronger than ever sales pipeline
- Encouraging start to FY20, confident in continued progress

“We are confident the quality of our service will see our client list continue to grow in the year ahead, and we look to the future with confidence.”

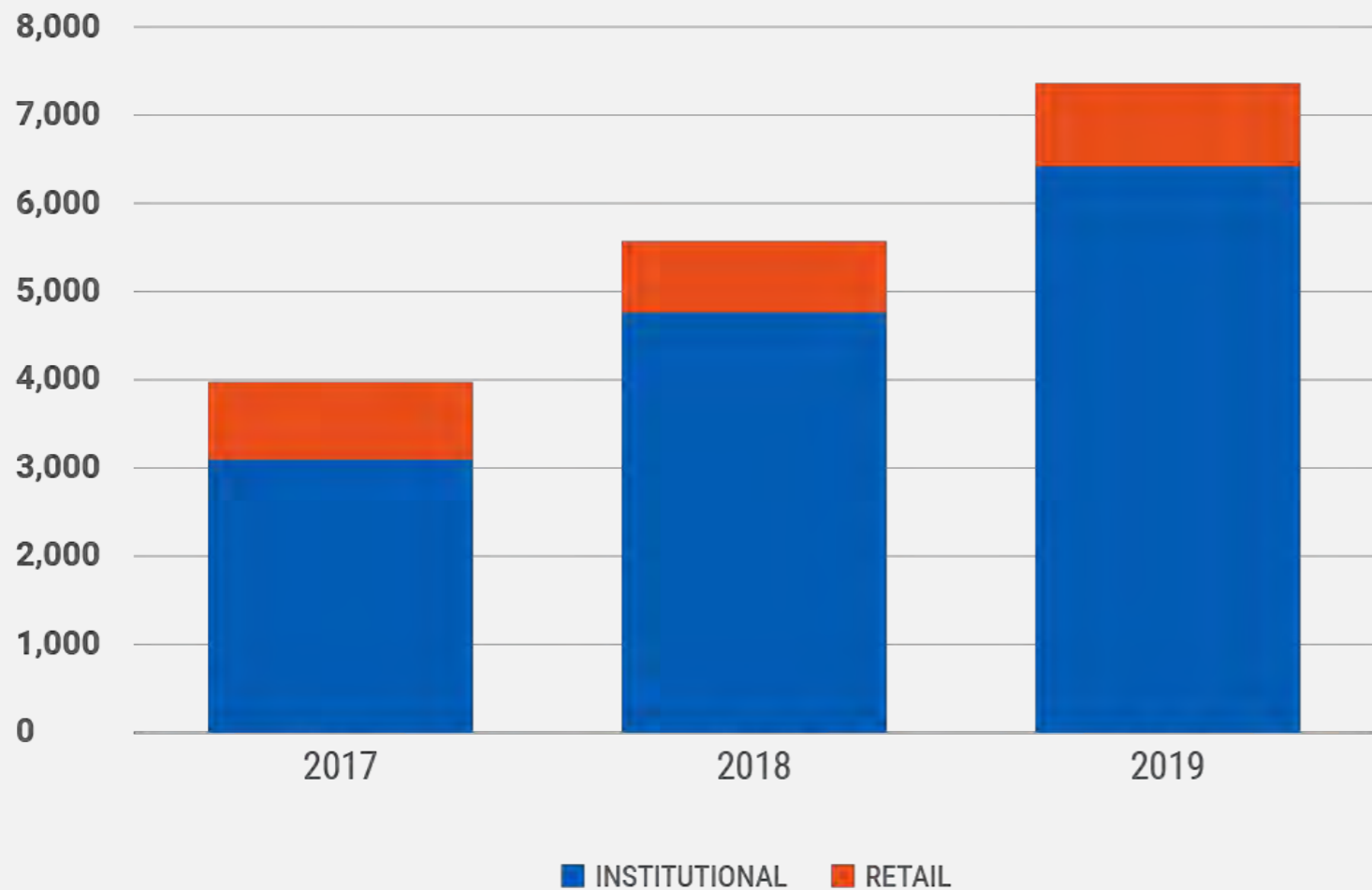
Appendix

Beeks Financial
Cloud

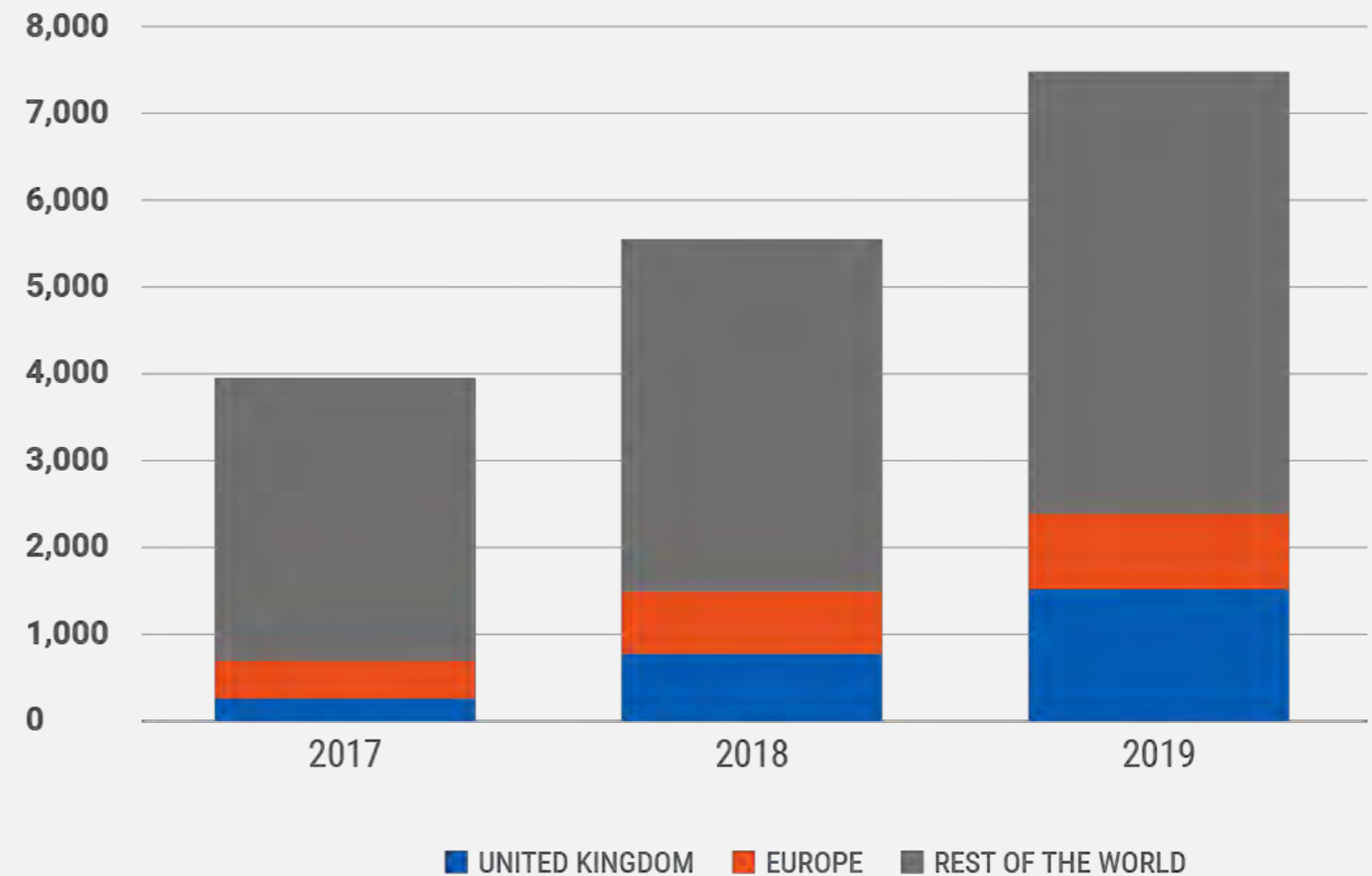


Revenue analysis

REVENUE BY CUSTOMER TYPE (£,000)



REVENUE BY GEOGRAPHY (£,000)



Self Service Portal

Industry leading, self-service platform

View our capacity of Dedicated Servers in each of our locations globally

Client simply selects the preferred server package, add any connectivity or customisations and then submit their order to be built

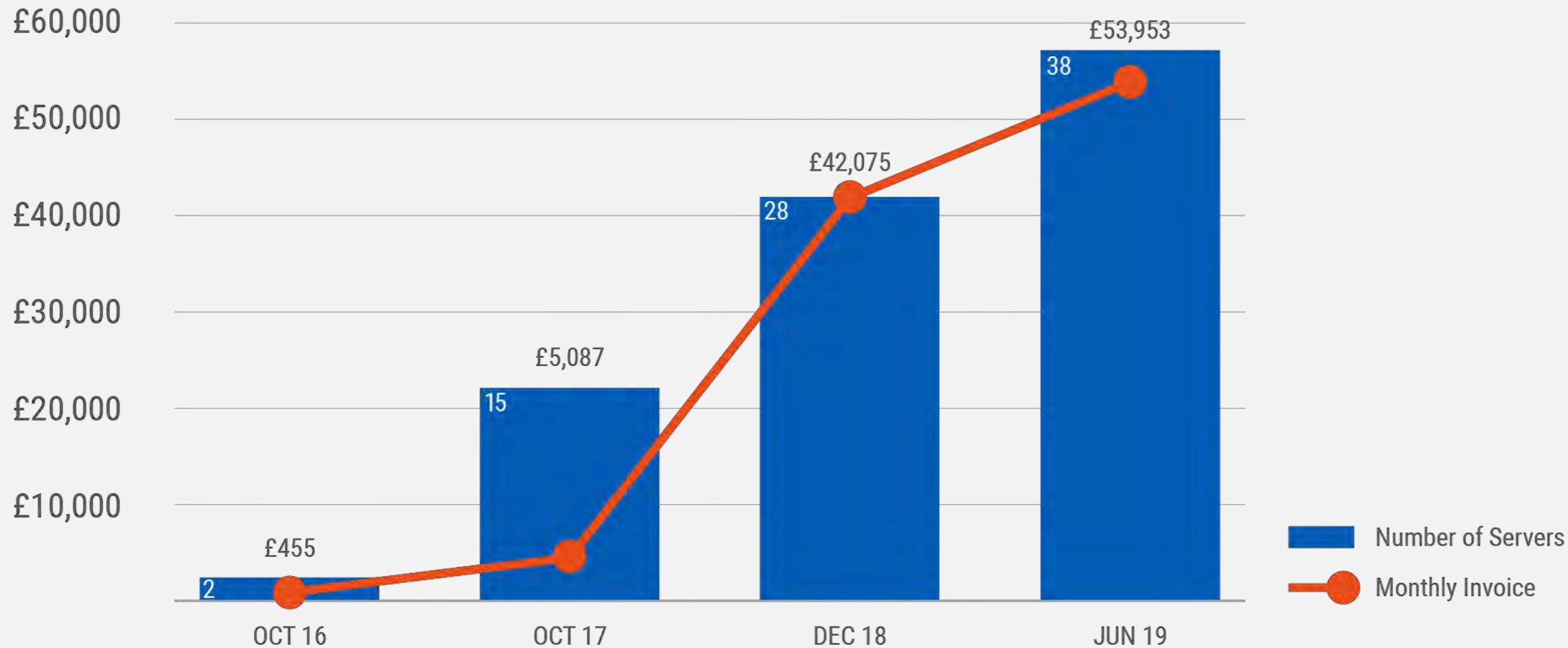
Standard Dedicated Server builds can be up and running within 24 hours

Review billing, check latencies, add any of our 200+ pre-built cross-connects to financial venues

By reducing human intervention, the speed and ease of the provision of products is greatly improved



Example customer journey



Cross Connects	1	11	102	104
Locations	London	London, New York	London, New York	London, New York

Fintech application vendor

- Started with first customer
- Every client the customer wins means Beeks sales
- As the fintech scales it provides significant revenue opportunity for Beeks

Board



Gordon McArthur
CEO

- Founder & CEO since 2011
- 20 years' experience in the IT Industry
- Previous positions include senior commercial roles with IBM for 8 years



Fraser McDonald
CFO

- At Beeks since 2016
- Over 18 years' experience in finance, management and consulting roles
- Previous roles include Head of Finance and Commercial Manager at ACCESS LLP (subsidiary of Serco Group PLC)



Mark Cubitt
Chairman

- 21 years' of PLC experience
- Formerly CFO at Wolfson Microelectronics PLC and Chairman of Superglass Holdings PLC
- Numerous CFO roles in public and private companies



Christopher Livesey
Independent NED

- 25 years' experience in the software industry
- Currently the SVP and General Manager of Mainframe Products at Micro Focus
- Held several senior sales and marketing leadership positions in global companies



Will Meldrum
Independent NED

- Currently SVP and Chief of Staff at IHS Markit
- Previously worked at Deutsche Bank managing interests across a portfolio of investments

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