

## CORPORATE

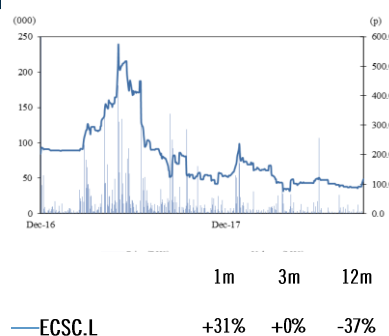
Current price 117p

Sector TMT

Code ECSC.L

Listing AIM

### Share Performance



Source: Thomson Reuters, Allenby Capital

### Share Data

Market cap (£) 10.7m

Shares in issue (m) 9.1

52 weeks High Low  
207.5p 77.5p

Financial year end 31 December

Source: Company Data, Allenby Capital

### Key Shareholders

Ravinder Bahra 18.9%

Ian Mann 18.1%

Unicorn Asset Management 15.9%

Phil McLear 5.2%

Lucy Sharp 3.3%

Malcolm Hoare 3.3%

Artemis Investment Management 3.2%

Source: Argus Vickers

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## ECSC GROUP PLC (ECSC.L)\*

### Interims – Further market share gains

ECSC Group, an established and proven cyber security service provider via Consultancy and Managed Services, has reported interim results with organic revenue growth of 43% to £2.6m and a substantial reduction in adj. LBITDA to £0.5m (H1 FY17 LBITDA: £1.5m). There was an encouraging performance across both main divisions and the company continues to take share in a growth market. ECSC has invested in its technology and service capability to offer a full suite of cyber and information security services - a key differentiator in a fragmented market. Ian Mann, founder and previously CEO, who had moved to an executive director role, has returned to CEO but retains direct responsibility for the sales team. Net cash was a comfortable £0.95m.

- Managed Services** – Management is committed to growing the proportion of Managed Services revenue and H1 saw three new three-year contracts that will contribute at least £900k to the long-term order book. Other Managed Services growth came from client renewals, expanded services and upgrades to ECSC's full 24/7/365 service following the opening of its Security Operations Centre (SOC) in Australia in 2017. Managed Services revenue increased 52% to £0.8m and the order book is £2.4m. Gross margins of 41% (H1 FY17: 45%) have been temporarily depressed by the increased SOC capacity but increased from 35.1% in H2 FY17 and will increase further as new customer take on requires minimal additional cost.
- Consulting** – More than 50 new clients were added in H1 and this represents a good source of Managed Service prospects as ECSC develops a trusted relationship with its Consulting customers. Revenue increased 36% to £1.6m and gross margin remained stable at 57% reflecting good utilisation rates and stable pricing.
- Tighter cost controls** – The planned cost reduction programme was completed on time and is delivering the intended savings whilst maintaining growth capacity. Sales and marketing costs reduced 30.6% to £1.3m and Administrative costs by 6.1% to £1.2m. There was an additional one-off £99k charge in H1 (H2 FY17: £275k). H2 will see the full benefits of the cost reduction programme. Net cash was £0.9m (FY17: £1.5m).

Allenby Capital has been appointed Nomad and Broker. A full initiation note will follow in due course. Management are available for meetings in London today and tomorrow.

### SUMMARY OF FINANCIALS

Year End: December (£000)	2017A	2018E	2019E	2020E
REVENUE	4,115	5,434	6,460	7,727
ADJUSTED EBITDA	(2,915)	-677	239	1,031
ADJUSTED PBT	-3,163	-1,017	-161	651
ADJUSTED EPS (P)	-34.2	-10.3	-1.2	7.4
NET CASH	1,536	939	1,011	1,567
EV/EBITDA	NEG	NEG	40.5	8.9

Source: Company; Allenby Capital.

\*Adjusted PBT and EPS exclude one-off charges and share based charges

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## RESEARCH RECOMMENDATION DISCLOSURE

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