

ELECO®

2020 FY Results & Growth Strategy

Creating certainty for the built
environment

29 March 2021



Presentation team

Serena Lang – Executive Chairman

Serena brings a depth of experience to bear on the long-term strategy of the business, international growth, merger and acquisitions as well as software development:

- Appointed Chair of Eleco plc in September 2020 - Non-Executive Deputy Chairman since 2017, and a Non-Executive Director since 2014.
- Previously at Invensys Plc (now part of Schneider Electric) running the highly profitable £130m North Europe and Africa Division of their international software and process businesses.
- Previously BP's group leadership team where she was VP Transformation in the downstream division.
- Executive Consultant at E&Y, heavily involved in client M&A and integration activities.



Jonathan Hunter – CEO

Jonathan has played a major role in Eleco's M&A activity since the commencement of his directorship, as well as driving a number of crucial global growth initiatives:

- Appointed as CEO of Eleco plc in February 2021 having assumed the role of Interim CEO in September 2020.
- Appointed to the Board in June 2016 and subsequently became COO in 2017, having held several senior management positions within Eleco plc since joining in 2010.
- Played a fundamental role in the transition to a software group during and post divestment of the company's Building Systems division.



Robert Tearle – CFO

- Rob has a passion for technology and has taken an active role in international expansion being based overseas and increasing value through revenue growth, whilst being efficient with cash and minimising risk.
- Prior to Eleco, Rob held the position of CFO at Hastee, Global Processing Services, The Content Group and SpinVox. He holds a Bachelor's degree in Accounting & Finance from Kingston University and is ACMA qualified.



Key Facts

Overview

- Founded in 1895; Listed (LSE:ELCO) in 1939
- In 2014, Elecosoft completed the shift into specialist market leading provider of digital construction software solutions to the built environment.
- Core geographic markets span the UK, Sweden, Germany, Netherlands, and US with increasing expansion into additional European and international markets



Employees

- **246 employees, of which:**
 - 78 client services/client facing
 - 68 for software development
 - 56 for sales and marketing
 - 44 for management and admin.



Focus

- **Elecosoft is principally focussed on the development of award-winning digital software solutions for the built environment.**
 - Project planning
 - Estimating
 - Site Management
 - Data Management
 - Visualisation
 - Maintenance



Sales Channel

- Direct sales model in core territories
- Indirect sales in international territories
- Product licencing spans SaaS, Perpetual/Term licences, On premise and hosted models

Positions in key markets

- Over 90% of the UK's top 100 main construction contractors use Powerproject.
- 7 of the UK's top 10 retailers use IconSystem.
- 40 of the top 50 construction companies in Sweden.
- 16/20 of the top installation companies in Sweden.
- 14 of the top construction companies in Germany use Powerproject.
- 70% of flooring manufacturers in the EU use our visualisation technology.
- 25% of the US Top 100 ENR use Powerproject.



BP Refineries, UK



Tottenham Stadium, London



Bosphorus Bridge, Turkey










Petronas Twin Towers, Malaysia

2020 Review

- Resilient performance
- Increasing recurring revenue
- Strong cash generation
- Customer retention
- Expanded customer base
- PBT growth.



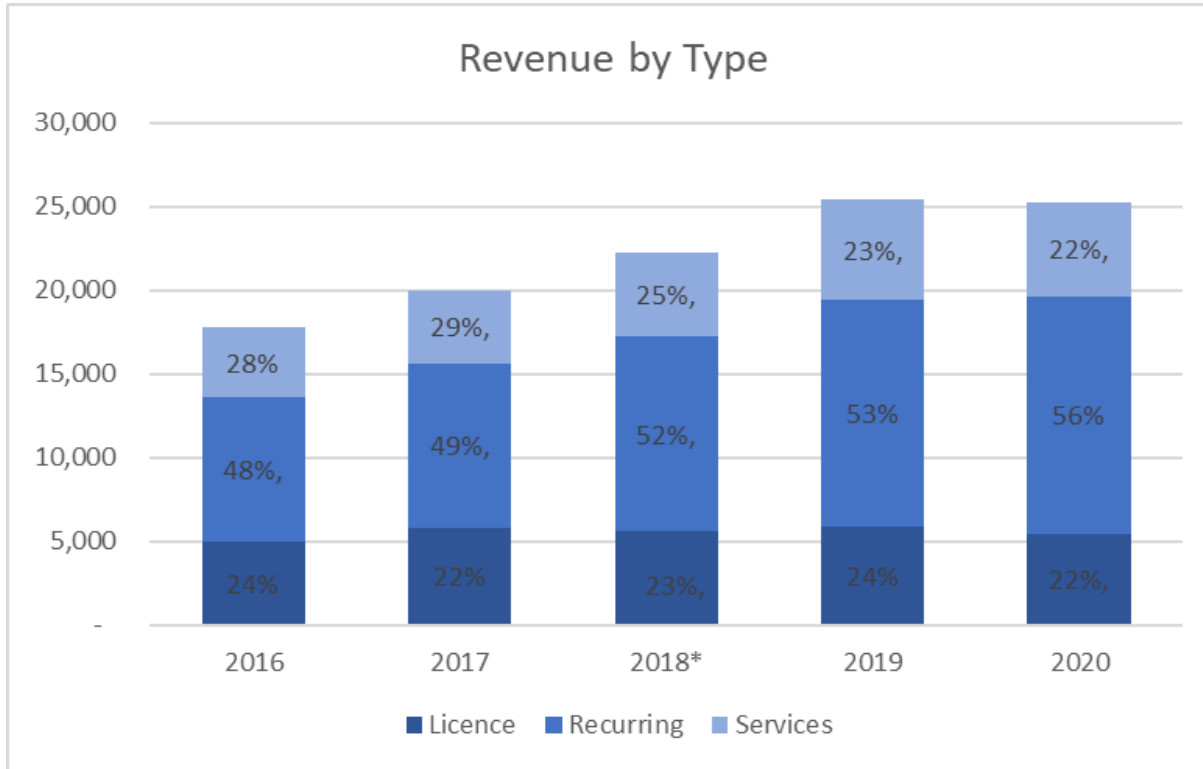
2020 Trading Performance

Revenue £25.2m (2019: £25.4m)		-1%
Recurring revenue (56% of total revenues)		+5%
Operating profit: £4.2m (2019*: £3.8m)		+9%
Profit before tax: £3.9m (2019*: £3.5m)		+12%
Development spend: £3.2m (2019: £3.1m)		+3%
Basic EPS: 3.9p (2019: 3.3p)		+18%
Net cash £6.2m (2019: £1.1m)		+464%

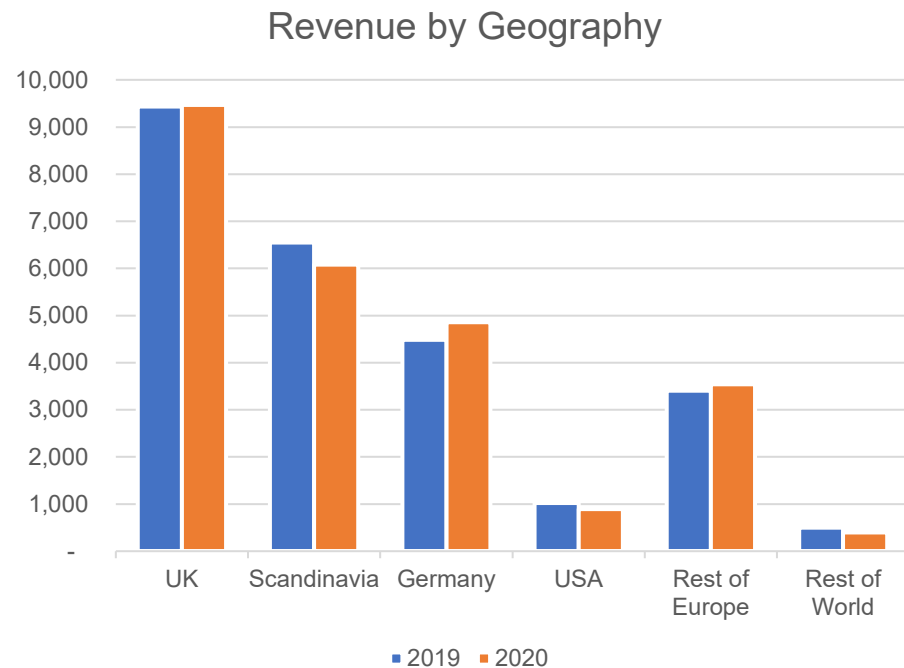
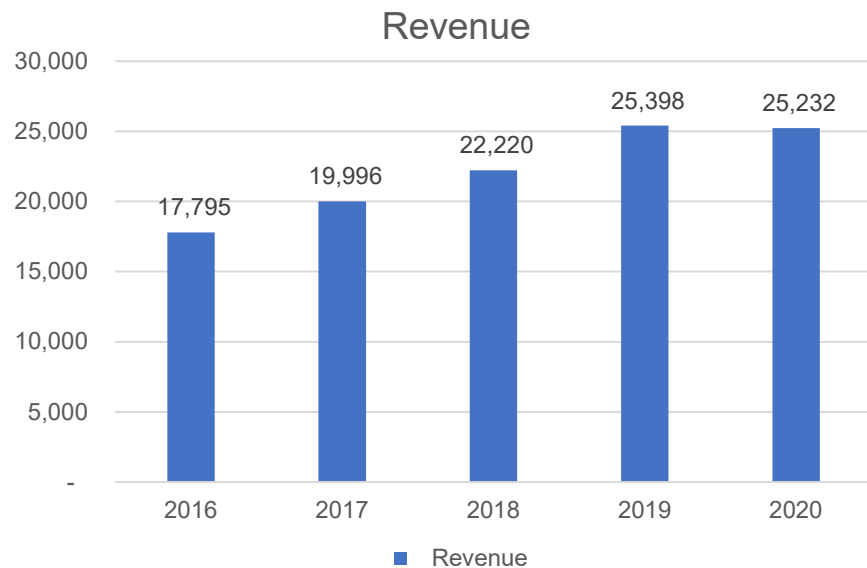
Highlights

- Transitioned the global workforce to home working in the face of Covid-19 restrictions.
- Expanded customer base and maintained high customer retention levels.
- Winner of best 'Project Management Software of the Year' of the seventh consecutive year at the UK Construction Computing Awards.
- Launched Powerproject subscription licensing.
- ShireSystem released Wallboard module.
- Released Bidcon Connect, enabling customers to get read access to estimations in the cloud

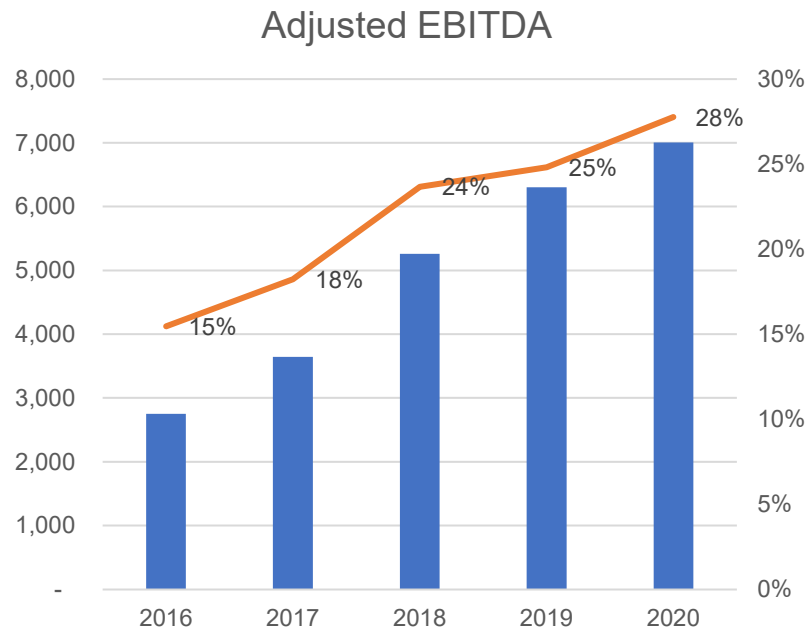
Strong predictability of revenue growth and gross margin



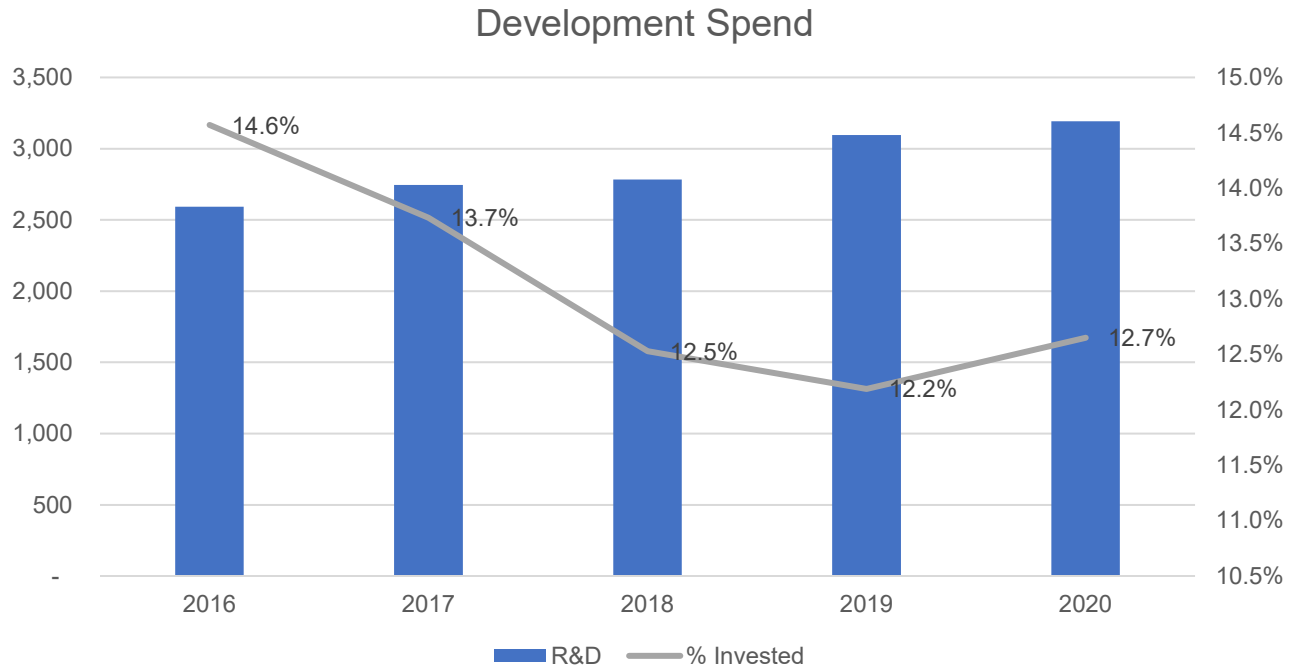
Resilient revenue performance for 2020



A history of underlying cash generation

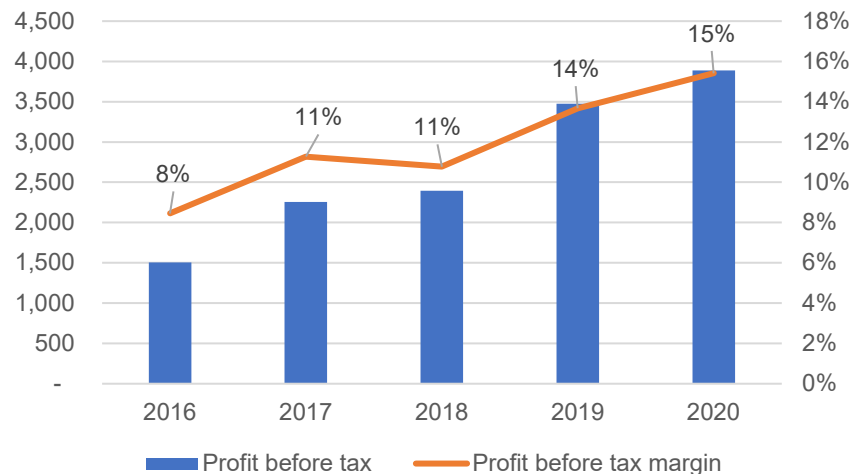


Investment in R&D

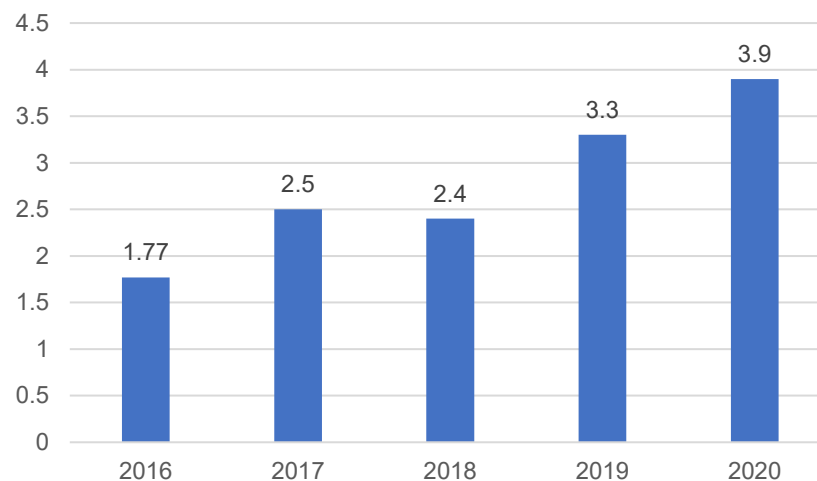


Bottom line profitability and EPS growth

Profit before tax



Basic EPS



Strong Foundations

- Strong and growing recurring revenue
- Strong cash position
- High customer retention
- Good governance
- Completed a strategic review
- Strong management team to deliver



Accelerating Organic Growth

- Focus
 - Product portfolio
 - Customer segments
 - Geographies
- Customer-centric approach
- Next Generation solutions

Complimented by...

- Targeted M&A
- Streamlined efficient operations



Our Strategy

An aerial, high-angle view of a city at night, featuring a dense cluster of skyscrapers. The scene is overlaid with a complex network of glowing white and blue lines that crisscross the city, suggesting a digital or data network. Several glowing location pin icons are scattered across the image, highlighting specific points of interest. The overall color palette is dominated by deep blues and greys, with bright highlights from the city lights and the digital overlays.

Software markets are changing as the built environment accelerates its digitalisation

1 Continued focus on cost reduction



Concentration on cost reduction due to ongoing margin pressures and talent shortages.

For example, through:

- Increased automation

2 Development of new construction techniques



Ongoing development and adoption of new construction methods including:

- Modularisation
- 3D Printing

3 Sustainable building practices



Driven by environmental, risk and safety concerns in addition to regulation. This includes the use of:

- Embodied Carbon Calculators
- CO₂ emission trackers
- Energy analysis tools
- Exoskeletons

4 Ongoing technological development and adoption



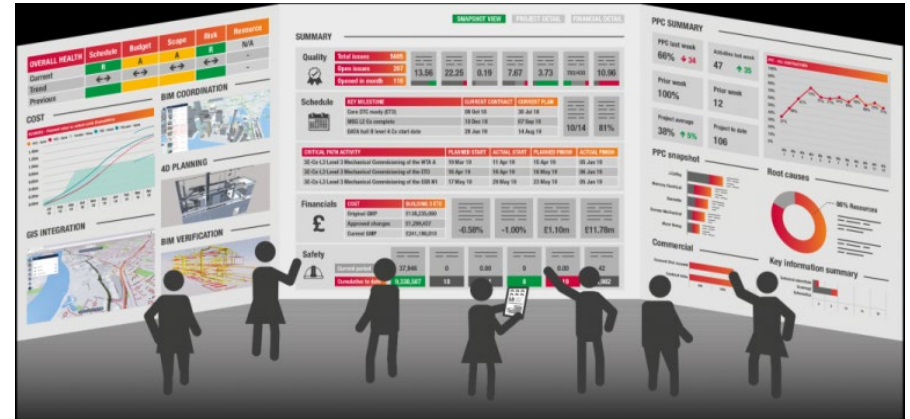
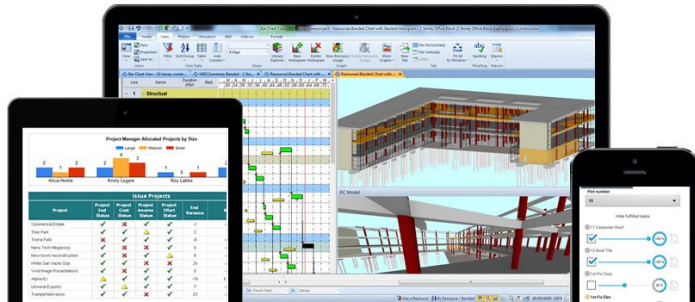
Continued creation and development of new hardware and software including:

- AI/ML
- Cloud
- IoT
- Smart phones
- 5G
- Collaboration Tools
- Robotics
- BIM

The Covid-19 pandemic has accelerated the rate of technology adoption

The future of construction – “control room”

- Eleco is driving the single source of data in a “control room” project which will transform construction project delivery.
- Powerproject Vision is driving real time planning data through partnerships.
- Our customers are more willing to share data.
- Customer pains have been identified and addressed as Eleco plays a part in this live prototype.
- This could be the template across all construction projects.



The future of maintenance

- Eleco released its ShireSystem Wallboard leading performance indicator module.
- Visually shares relevant, actionable data with a number of stakeholders.
- We have experienced a positive uptake in hosted ShireSystems as well as an increase in integration (API) projects.
- Data input and configured triggers are already being used to automate processes.



ELECO®

ShireSystem



Our runway for strategic growth

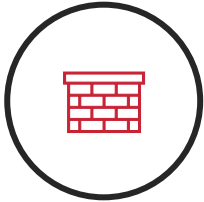
We are building four main pillars as our runway for strategic growth



1. Focus, reinforce & expand



2. Align to customer segments



3. Capitalise on our Strengths



4. Next Generation customer solutions



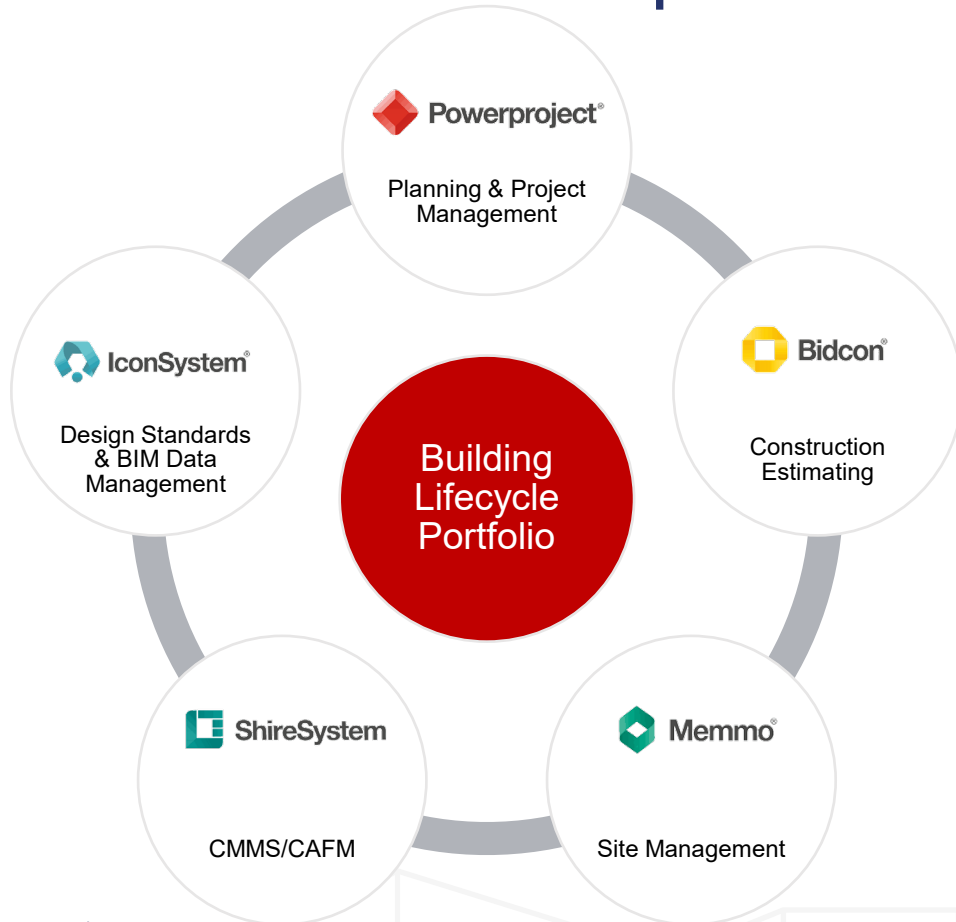
1. Focus, reinforce and expand

Focus on our “sweet spots” – our products, customer segments and countries where we can make the most impact.

Simplify our product offering and strengthen our product management team so that we can develop clear customer segment strategies.



A focused and streamlined portfolio



Visualisation and CAD

ESIGN

Interior floor/wall surface visualisation

activeonline

Curtains/blinds and soft surface visualisation

Arcon Evo

Small residential architects

Staircon®

Staircase manufacturers

Framing

Timber frame manufacturers

Statcon®

Structural Engineers

2. Align to customer segments

Align our teams for success against a single roadmap for growth.

Evolve to become a customer-centric, nimble organisation.

Organise a central leadership team to ensure we stay true to that path.



3.Capitalise on our Strengths

Take advantage of our unique capabilities to better serve specific customer segments' needs (“sweet spots”)

Apply the experience of our best of breed applications to our next generation solutions.

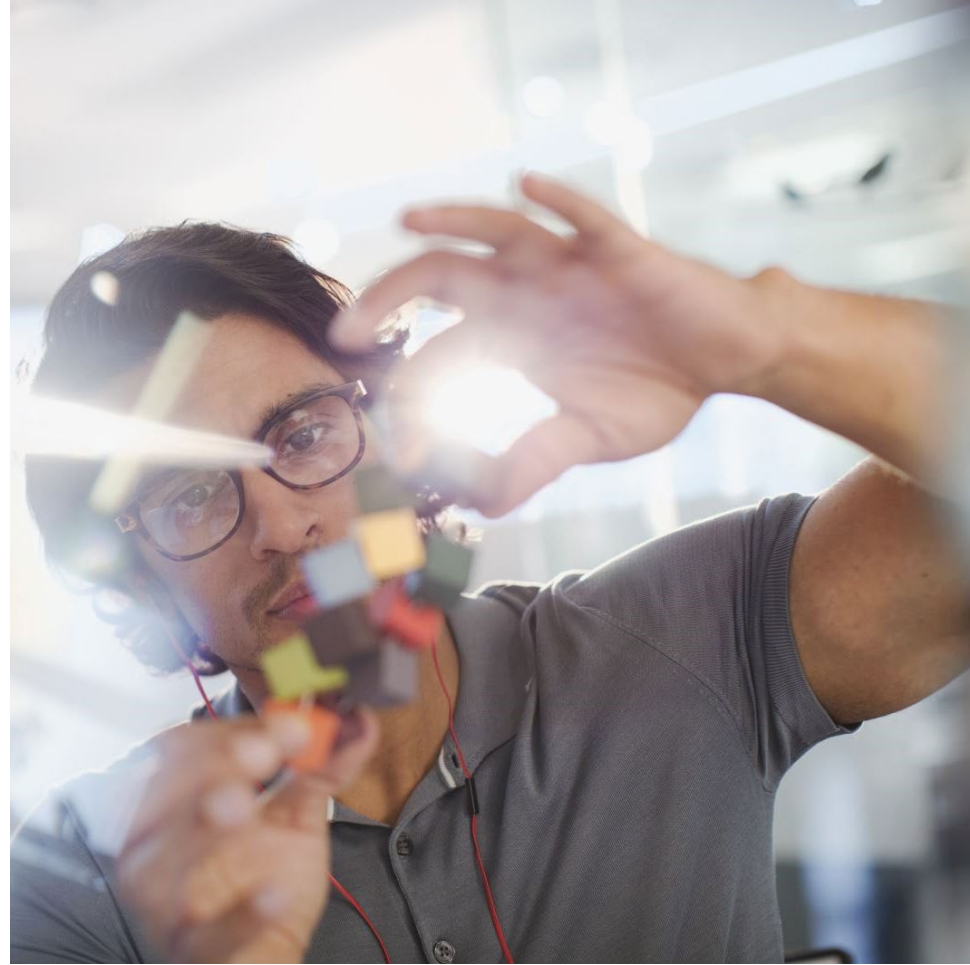
Build and monetise our strong customer relationships.

Build a one Eleco culture that supports our engaged and enthusiastic employees.



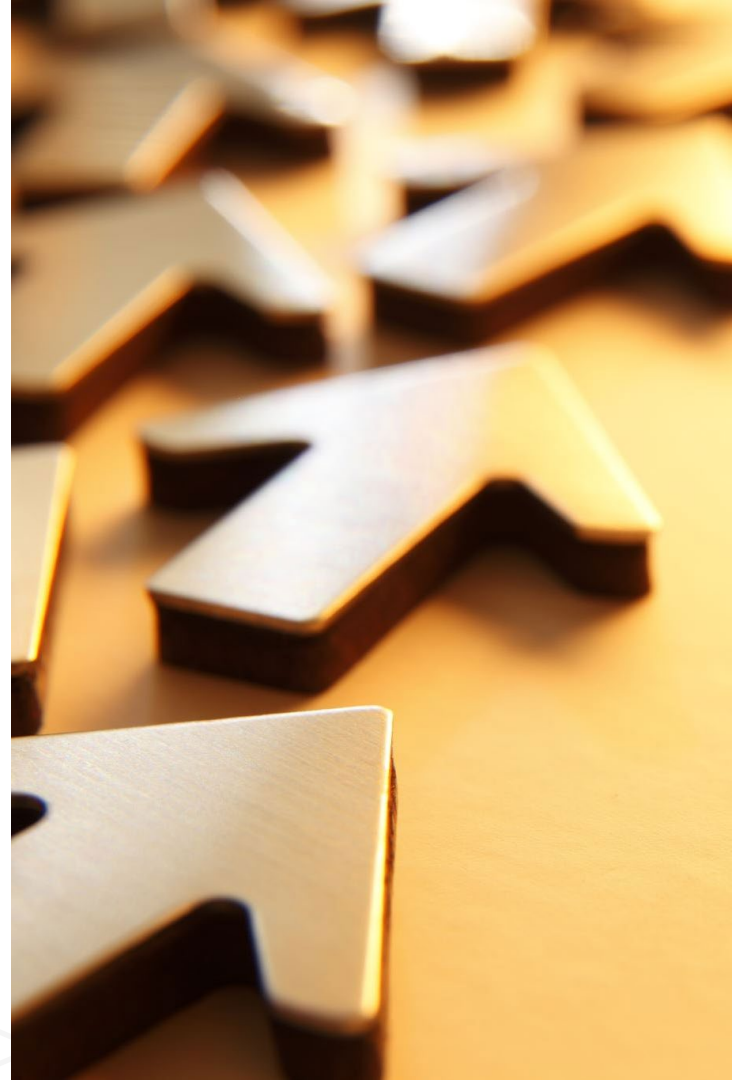
4. Next Generation customer solutions

Leverage Eleco's deep knowledge of its customer base to identify and address future needs and create solutions in-house, through partnership and/or acquisition



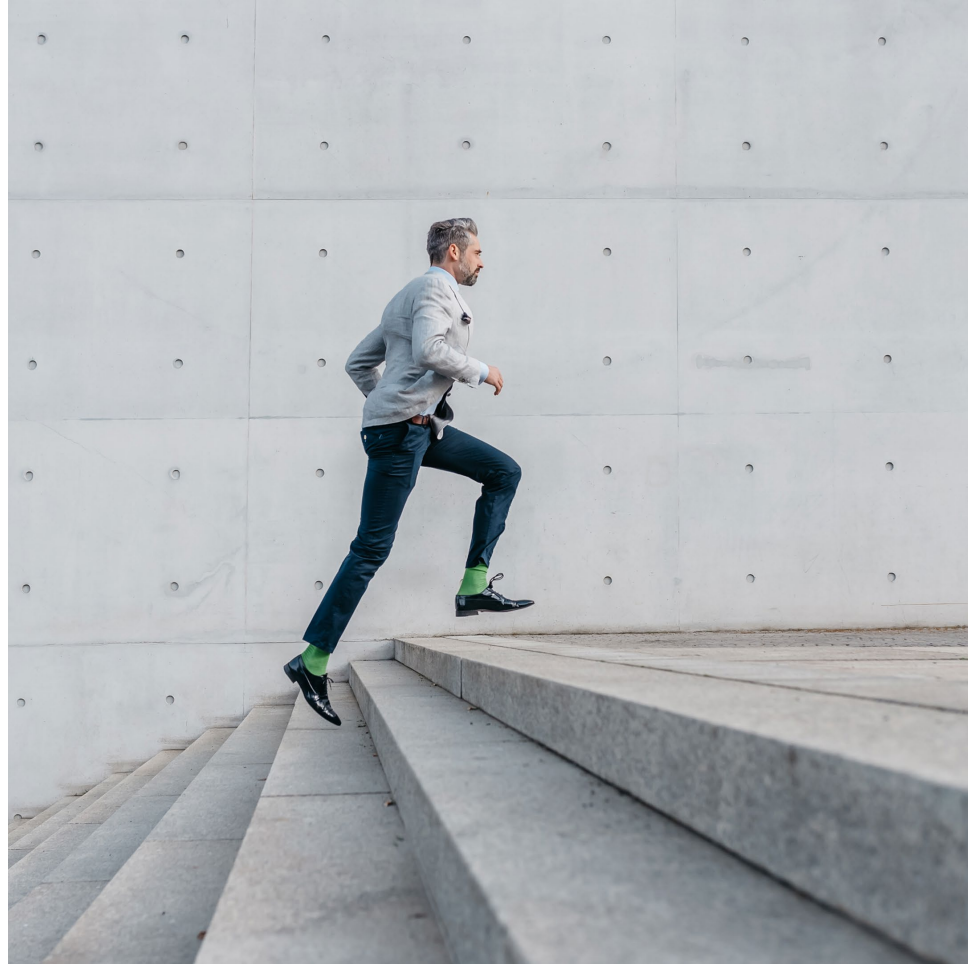
Growth will be achieved through a set of revenue and enabling initiatives

- Launch highest-value products in geographies identified as having greatest potential
- Expand sales team to support growth
- Strengthen the Product Management function for Building Lifecycle
- Launch direct sales capabilities in targeted geographies
- Next generation R&D and Building Lifecycle roadmap alignment



What to expect at the next results

- Update of strategic initiatives
- Continued recurring revenue growth
- Core product releases
- New customer facing website



Thank you

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ELECO[®]



Sometimes our customers and friends tell us what they think, and sometimes they tell us what they really think...

“Before IconSystem our information was spread around various contractors and databases with no clear ownership. Without the system, it would be impossible to accurately track changes and the associated costs which these can incur.”

Clive Proctor – Specifications Manager at Sainsburys

“Powerproject’s ease of use, depth of features and product nimbleness really made the difference for us. We found the software easier to use than other systems and with surprisingly deep functionality, which has made our teams more productive and effective in the field. And changes can be made much more quickly.”

Tim Johnson, Director of Planning & Scheduling in Mortenson, Wind Energy Group

“For far too long, developers have been forced to sync associated data back into the original 3D model where it doesn’t really belong. What IconSystem has done is an awesome demonstration of the principle of Internet-enabled design data. The data can reside and be managed in the appropriate place but is still visible and accessible in the context of the model.”

Jim Awe, Chief Software Architect at Autodesk Inc.