



Results for the six months ended 30 September 2011

Paul Nichols, CEO
David Gibbon, CFO



Agenda

- H1 Overview
- Financial Performance
- Market & Business Review
- Outlook
- Q&A



H1 Overview

Paul Nichols, CEO



H1 Overview

- ▶ Revenue down 6% on same period last year
 - ▶ £0.9m lost through the Nokia and HP/Palm contract reductions
 - ▶ Delays to two large license deals expected in H1
 - ▶ Recurring revenue maintained (66% of total)
- ▶ Expect to meet Full Year expectations due to:-
 - ▶ 82% of expected full year revenues recognised or contracted at H1
 - ▶ Expected closure of two deals in Q3 delayed from H1
 - ▶ ...addition of two further large licence deals during Q4
 - ▶ ...plus two further significant upgrade contracts
 - ▶ ...and benefit from cost rationalisation in Reverse Logistics (KRL)
- ▶ Interim dividend increased 13.5% to 0.42p



H1 Financial Performance

David Gibbon, CFO



Financial summary

Six months ended 30 Sept	2011	2010	Change
Revenue	£27.2m	£28.9m	-6%
Recurring revenue as % of total ⁽¹⁾	66%	62%	
Adjusted operating profit ⁽²⁾	£2.3m	£4.2m	-45%
Operating loss/profit	-£0.7m	£0.7m	n/a
Adjusted operating profit margin ⁽²⁾	8.4%	14.4%	-6%
Operating loss/profit margin	-2.6%	2.4%	
Adjusted EBITDA ⁽²⁾	£3.0m	£4.8m	-37%
Adjusted EBITDA margin ⁽²⁾	11.2%	16.6%	
Adjusted EPS ⁽³⁾	1.8p	3.3p	-45%
Adjusted diluted EPS ⁽³⁾	1.8p	3.2p	-44%
EPS	-0.9p	1.2p	n/a
Interim dividend	0.42p	0.37p	+13.5%

(1) Recurring revenue is defined as annually contracted revenue (Software as a Service, hosting and maintenance).

(2) Adjusted operating profit is before amortisation of intangibles of £2.3 million (2010: £3.2 million), share based payment charges of £0.1 million (2010 £0.2 million), expensed acquisition costs of £nil (2010: £0.1 million) and reorganisation costs of £0.6 million (2010: £nil) as set out in the condensed consolidated income statement as the Directors regard this as providing additional useful information on trends in underlying performance. Adjusted EBITDA is also before depreciation of £0.7million (2010: £0.6 million).

(3) In order to arrive at the adjusted earnings per share figures, adjustments made to consolidated pre-tax profit include the adjustments to operating profit as noted above, plus adding back notional interest on deferred consideration £0.1 million (2010: £0.1 million). The resulting adjusted profit before taxation is then subject to a notional tax charge at the weighted average tax rate for the Group excluding intangible amortisation, amounting to 29.5% (2010: 29.9%).

Adjusted operating profit

Six months ended 30 Sept	2011	2010
	£'000	£'000
Revenue	27,215	28,933
Operating expenses	(27,932)	(28,249)
Operating (loss)/profit	(717)	684
Analysed as:		
Adjusted operating profit	2,293	4,175
Amortisation of intangibles	(2,321)	(3,188)
Acquisition costs	-	(143)
Reorganisation costs	(575)	-
Share based payments	(114)	(160)
Operating (loss)/ profit	(717)	684
Interest receivable	55	54
Finance costs	(76)	(119)
(Loss)/profit before taxation	(738)	619
Taxation	(54)	434
(Loss)/profit for the period	(792)	1,053

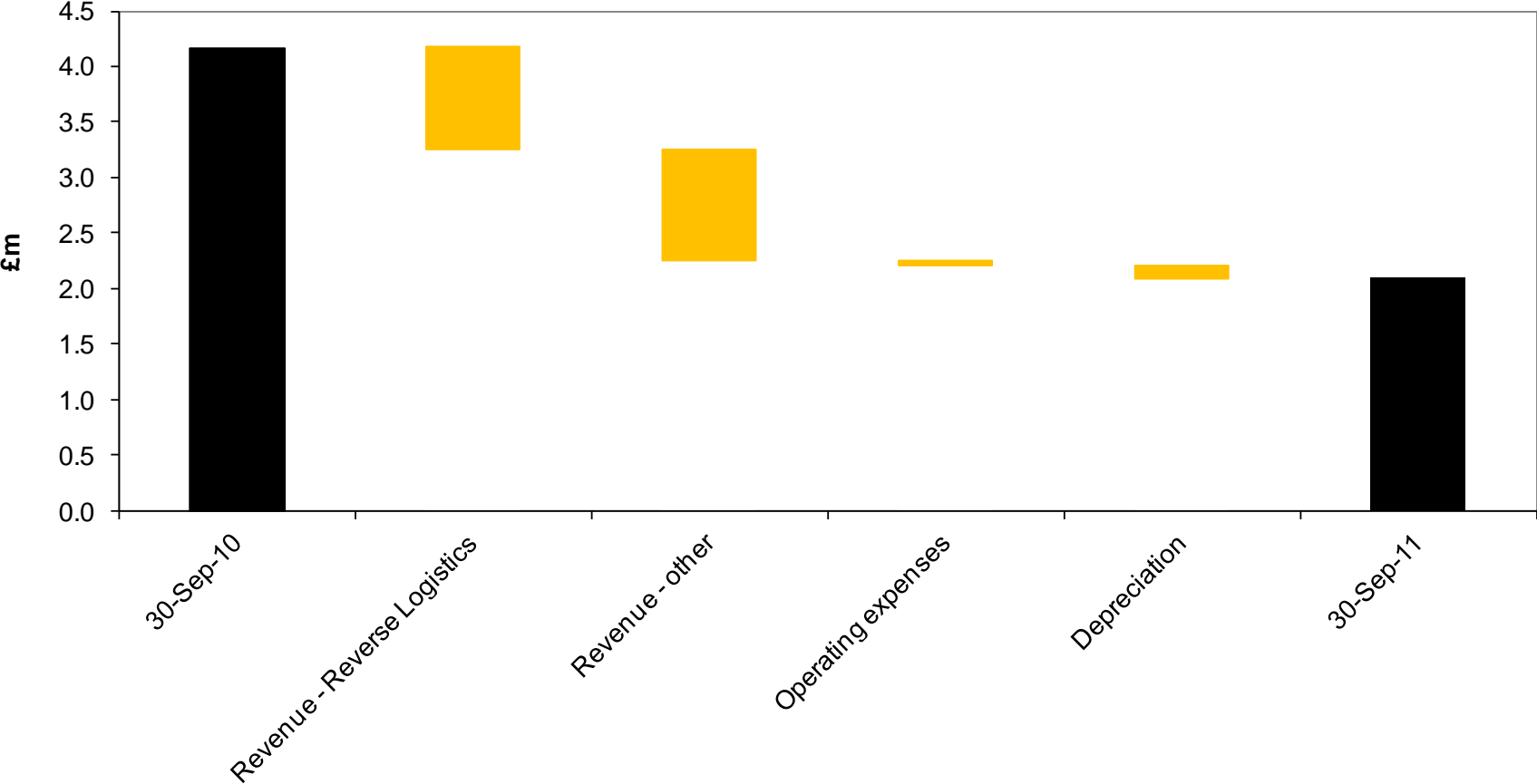
Growth performance

<i>Six months ended 30 Sept</i>	2011	2010	Change
Revenue			
Total revenue	£27.2m	£28.9m	-6%
Organic revenue	£25.8m	£28.1m	-8%
Organic revenue excluding Nokia/HP reductions	£25.8m	£27.2m	-5%
Adjusted operating profit			
Total adjusted operating profit	£2.3m	£4.2m	-45%
Organic adjusted operating profit	£2.1m	£4.1m	-49%

Note: organic is excluding 2010 Minihouse acquisition

Adjusted operating profit bridge

Profit H1 2010/11 to H1 2011/12



Revenue by region

Americas

Total revenue £8.9m (-12%)

	Revenue reported	Growth at CC	Growth excl. Nokia/HP reductions
Total revenue	8.9	-7%	-5%
Licence	0.6	-42%	-42%
Professional Services	3.0	9%	9%
SaaS/Hosted	1.6	-17%	-10%
Maintenance	3.6	-3%	-3%
Other	0.1		
Recurring revenue	5.2	-8%	-5%

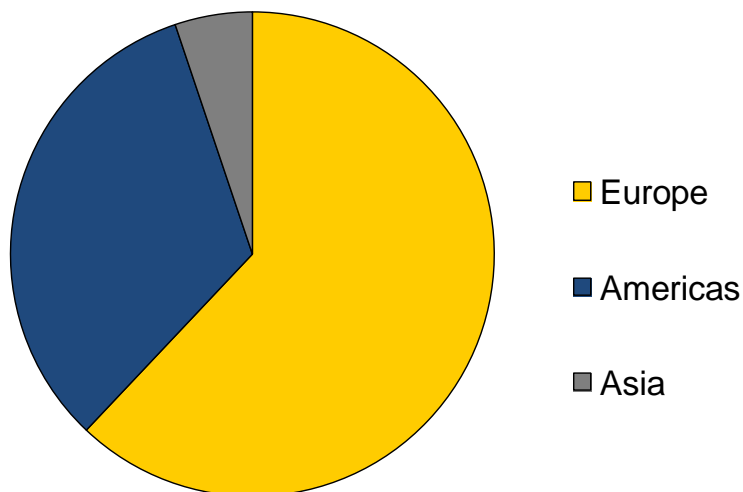
Region 33% of Group revenue

Europe

Total revenue £16.9m (-1%)

	Revenue reported	Growth at CC	Growth excl. Nokia/HP reductions
Total revenue	16.9	-4%	0%
Licence	0.2	-60%	-60%
Professional Services	4.0	-11%	-10%
SaaS/Hosted	9.1	3%	11%
Maintenance	2.5	3%	3%
Other	1.1		
Recurring revenue	12.0	2%	8%

Region 62% of Group revenue



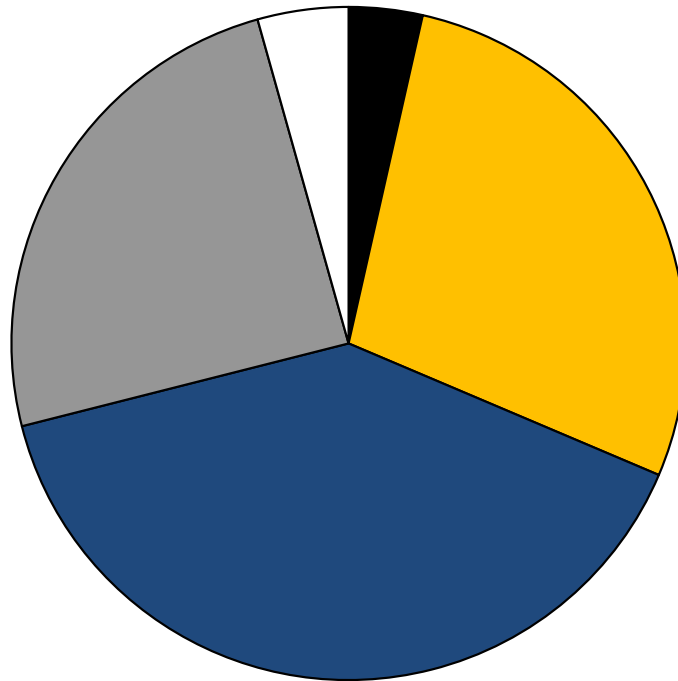
Asia

Total revenue £1.4m (-19%)

	Revenue reported	Growth at CC
Total revenue	1.4	-22%
Licence	0.1	-51%
Professional Services	0.5	-33%
SaaS/Hosted	0.1	-1%
Maintenance	0.6	1%
Other	0.1	
Recurring revenue	0.7	1%

Region 5% of Group revenue

Recurring revenue



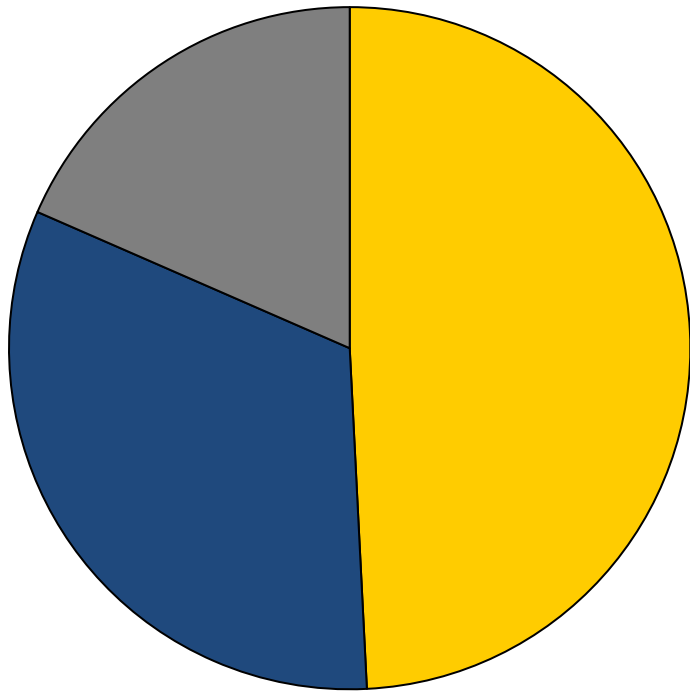
➤ Recurring revenue 66%

- Hosting/SaaS 40%
- Maintenance 26%

- Licence
- Services
- Hosting/SaaS
- Maintenance
- Other

£m	As reported			Excluding Nokia/HP reductions		
	H1 11/12	H1 10/11	Change	H1 11/12	H1 10/11	Change
Licence	1.0	1.9	-50%	1.0	1.9	-50%
Services	7.6	8.1	-7%	7.6	8.1	-6%
Hosting/SaaS	10.8	10.7	1%	10.8	9.8	10%
Maintenance	6.7	6.9	-3%	6.7	6.9	-3%
Other	1.2	1.3	-10%	1.2	1.3	-11%
Total Revenue	27.2	28.9	-6%	27.2	28.0	-3%

Revenue by line of business



Regional summary

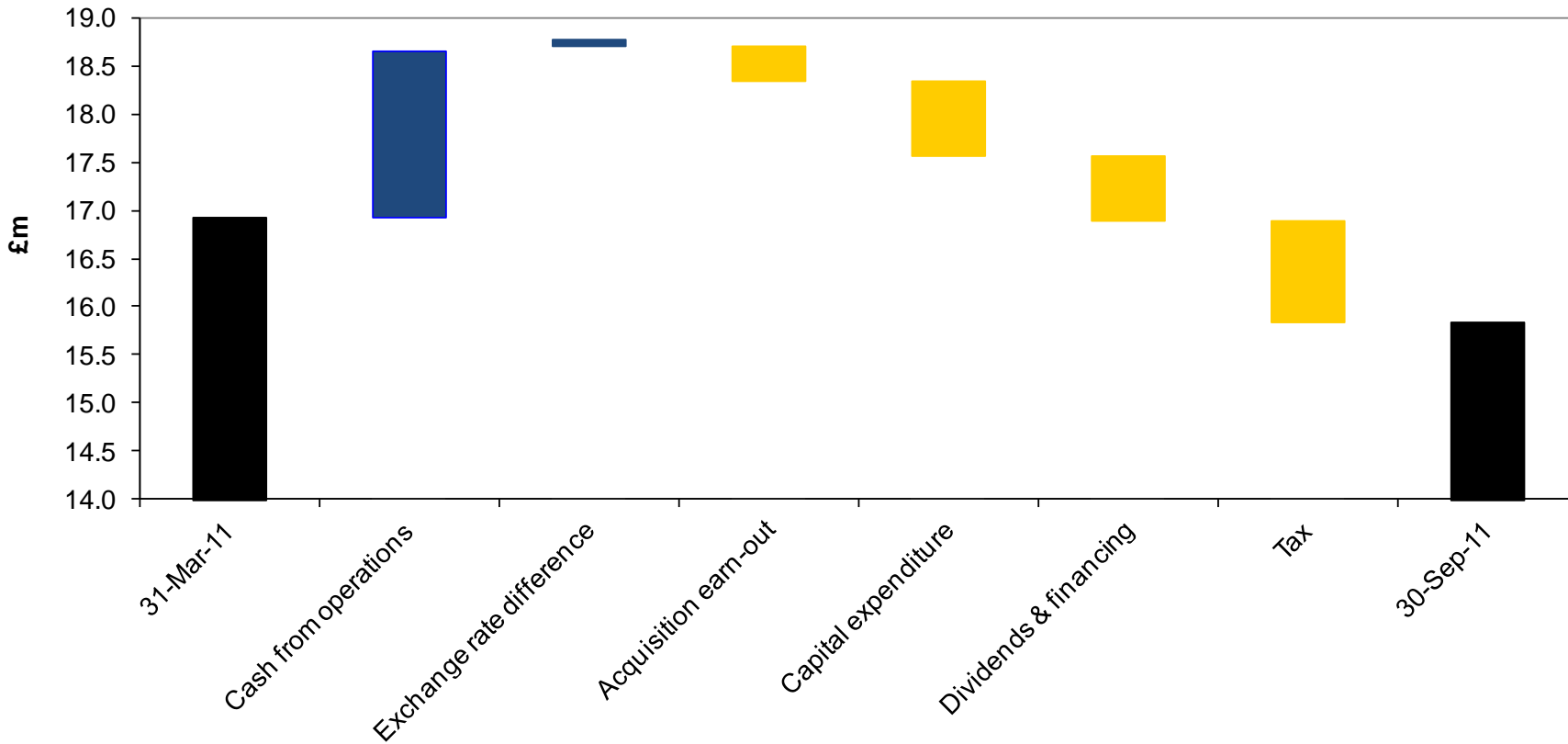
	Europe	Americas	Asia	Total
Customs & Forwarding	8.4	3.8	1.2	13.4
Transport & Logistics	3.7	5.0	0.1	8.8
eCommerce and B2Bi	4.8	0.1	0.1	5.0
Total revenue	16.9	8.9	1.4	27.2

- Customs & Forwarding
- Transport & Logistics
- eCommerce and B2Bi

£m	As reported			Excluding Nokia/HP reductions		
	H1 11/12	H1 10/11	Change	H1 11/12	H1 10/11	Change
Customs & Forwarding	13.4	12.6	6%	13.4	12.6	6%
Transport & Logistics	8.8	11.0	-20%	8.8	10.1	-13%
eCommerce and B2Bi	5.0	5.3	-6%	5.0	5.3	-6%
Total Revenue	27.2	28.9	-6%	27.2	28.0	-3%

Cash generation bridge

Cash FY 2010/11 to H1 2011/12



Cash flow

	2011 £'000	2010 £'000
Cash flows from operating activities		
Cash generated from operations	1,725	3,821
Income tax paid	(1,055)	(1,027)
Net cash generated from operating activities	670	2,794
Cash flows from investing activities		
Acquisition of subsidiaries	(374)	(5,022)
Purchase of property, plant and equipment	(772)	(902)
Sale of property, plant and equipment	226	-
Net interest paid	-	43
Net cash used in investing activities	(920)	(5,881)
Cash flows from financing activities		
Net proceeds from issue of ordinary shares	164	34
Purchases of ordinary shares	(279)	-
Repayment of borrowings	-	(229)
Dividends paid	(791)	(674)
Net cash used in financing activities	(906)	(869)
Net decrease in cash and cash equivalents	(1,156)	(3,956)
Cash and cash equivalents at the start of period	16,938	16,950
Effect of exchange rates	55	(671)
Cash and cash equivalents	15,837	12,323

Cash Conversion:

- Cash generated £1.7m
- Represents 100% of adjusted operating profit less reorganisation costs (£1.7m)

Balance sheet

	2011 £'000	2010 £'000
Assets		
Non-current assets		
Goodwill	36,570	36,414
Other intangible assets	6,469	11,446
Property, plant and equipment	3,367	3,226
Deferred tax assets	4,992	3,460
	51,398	54,546
Current assets		
Inventories	99	57
Trade and other receivables	10,691	10,606
Cash and cash equivalents	15,837	12,324
	26,627	22,987
Current liabilities		
Trade and other payables	15,683	15,877
Current tax liabilities	323	681
Contingent consideration	996	965
Provisions	263	449
	17,265	17,972
Net Current assets/(liabilities)	9,362	5,015
Non-current liabilities		
Deferred tax liabilities	1,586	2,870
Contingent consideration	2,719	2,991
Provisions	84	119
Net Assets	56,371	53,581



Market & Business Review

Paul Nichols, CEO



Kewill mission

To be the leading international transportation & logistics software provider, accelerating our customers' supply chains with their trading partners and regulatory agencies. Kewill customers achieve greater agility through our consulting, technology and intimate customer understanding

**TRANSPORTATION
AND LOGISTICS**



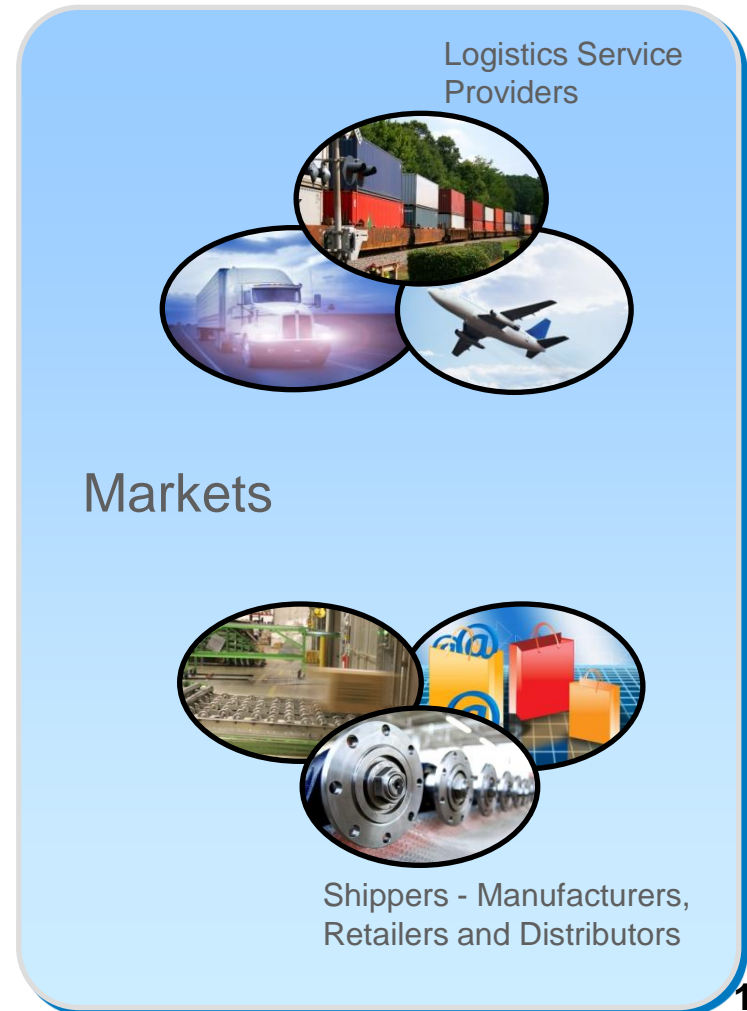
**ECOMMERCE AND
B2B INTEGRATION**



**CUSTOMS AND
FORWARDING**

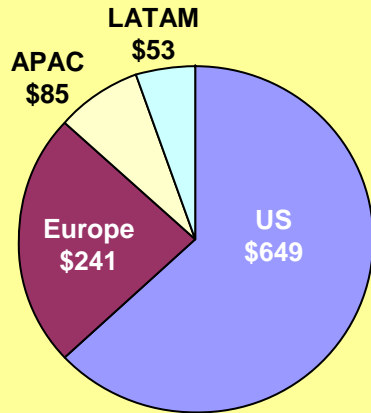


Kewill products

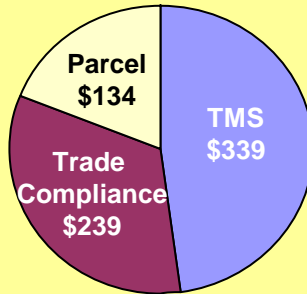


Market sizing

Shipper Market:



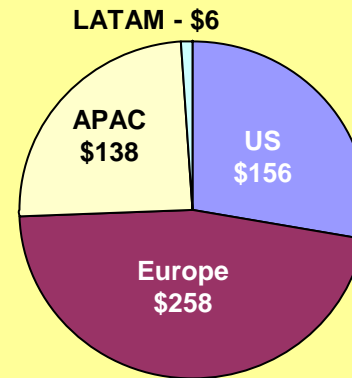
\$1.03B
CAGR 8.0%



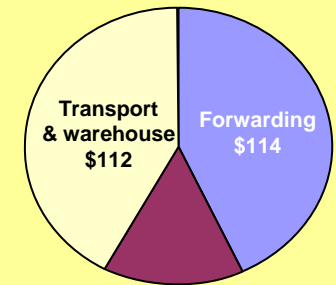
Addressable
\$711M

- Targets: Manufacturers, retailers
- Larger market but more competitive in Tier 1
- Parcel consolidating into TMS in mid market
- SaaS TMS mid-market growing at 17%
- Spend is US centric

LSP Market:



\$558M
CAGR 6.0%



Addressable
\$265M

- Targets: Contract logistics, freight forwarders
- Smaller market, ability for Kewill to be #1
- Majority of major forwarders headquartered in Europe and Asia
- US carrier market is small and slow growth
- Europe has much higher rate of outsourcing Int'l transportation (91% versus 66%)

Major supply chain trends

Growth in international trade
(WTO – 6.5% in 2011)

Kewill Opportunity

Supply chains are becoming more complex and regulated

- Need to manage multiple transportation modes
- Integration of domestic & international transport & logistics
- Connection of supply chain partners
- Consolidate visibility & control of international supply chains

Customers are outsourcing more of their logistics

Consolidation in customer base

Industry analyst and customer perspective



Gartner.



DC VELOCITY



KEWILL®

The velocity of mandates coming from governments and international bodies is having a major effect on freight operations worldwide

Parcel capabilities are becoming integrated with multimodal transportation management systems (TMSs), in which parcel is one of the available mode choices

7 Musts of a TMS

- Parcel shipping
- International movements
- Carrier contracts
- Freight settlement
- Item visibility
- Benchmark data
- Business intelligence

Customer survey

- 65% of respondents do not optimize freight and parcel
- 88% do not have commercial TMS,
- 85% of respondents export their products

Kewill added value

- Help control and manage transportation costs and margin
 - Transportation is mostly outsourced to carriers (airlines, ocean carriers, TL/LTL carriers, small package)
 - Many partners/subcontractors in end to end shipment processing
 - Fuel prices drive near-shore/offshore decisions
- Accelerate cycle time for customer shipments
 - Reduces inventory position & lowers storage space & costs
 - Balanced against increased transportation costs
- Avoid costly delays and penalties
 - Comply with regulatory agencies on import and export requirements
- Reduce manual process across multiple geographies
- Improve accuracy on customer delivery expectations

Latest industry headlines

UPS Supply Chain and Freight operating profits up over 10.0% in Q3

Stobart reports higher revenues, lower profits in H1

Norbert Dentressangle's 9M revenue grows 25%

CEVA Logistics expects fall in Q3 revenue

Pacer reports three fold increase in income from operations

C.H. Robinson reports 11.4% growth in Q3 net profits

DSV sees 9M EBITA up 12.1%, revenues up 4.2%

Ryder's Q3 Supply Chain Solutions pre-tax earnings climb 47%

Old Dominion Freight Line reports earnings growth of 52%

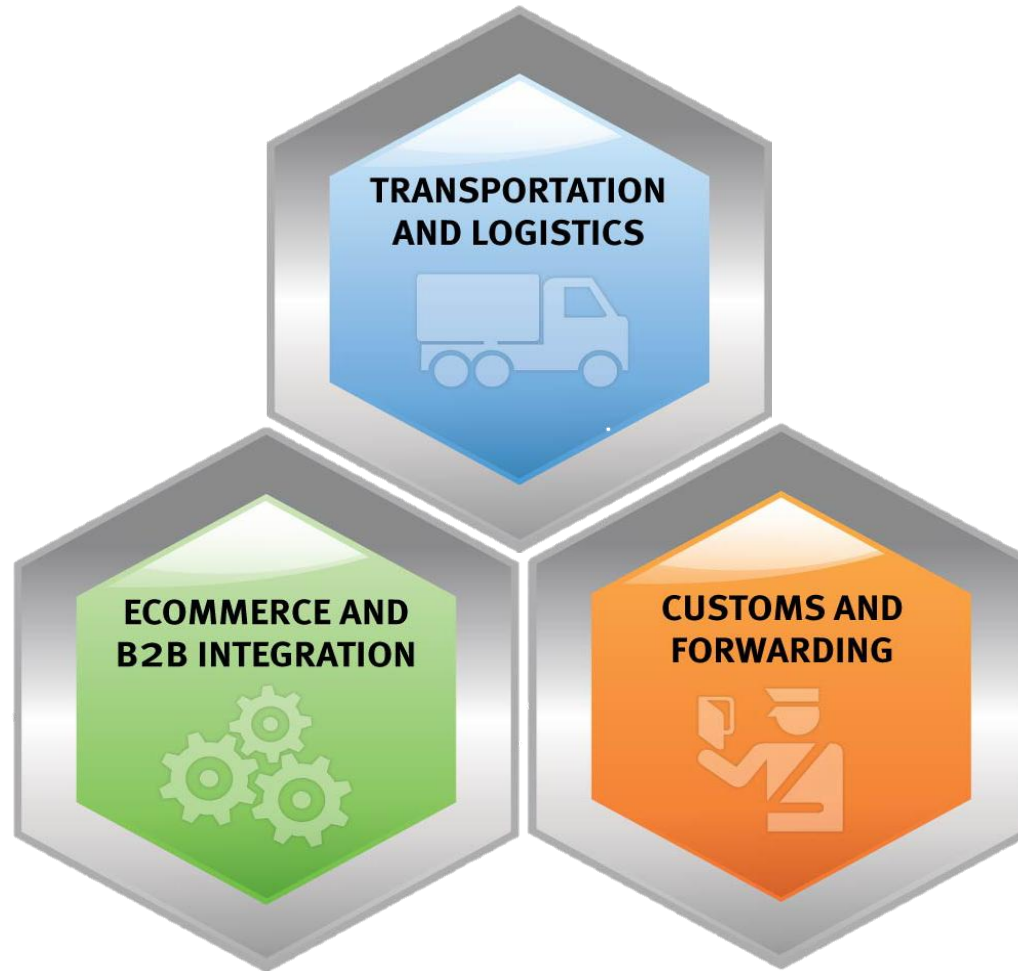
Aramex reports 19% growth in Q3 revenues

Gefco revenues climb 7.1% in Q3

Itella Logistics sees net sales grow 9.1% in Q3

Source – Analytiqa – weekly global logistics bulletin 31/10/11

Line of business update





Customs & Forwarding

Product Accomplishments

- New features
 - Hub and gateway
 - End to end visibility
 - Bonded warehouse
 - Integration with Kewill Customs Exchange
- KCX - live for ICS in 15 EU countries

Customer Success

- Selected by 3 major LSPs
- New sale to Halal (HGS) in Thailand
- Upgrades - Union Airfreight, Transpeed, Trinet, Hankyu Hanshin and Senator Singapore
- Phase 1 roll-out for Yusen across Asia & US
- TradePermit go-live in Singapore.

Damco

- Background
 - Top 30 LSP globally
 - Sister company to Maersk
- Challenge
 - Replace legacy and fragmented systems
 - Improve customer service, lower inventory
- Solution
 - Kewill Freight Forwarding
 - Global single system to provide visibility
 - Roll out to 3000 users in 250 branches
- Benefits
 - Personalized customer service
 - Improved inventory management & visibility
 - Greater operations efficiency



Transportation & Logistics

Product Accomplishments

- New features
 - Web-based plan board
 - Cross-dock & 4PL enhancements
 - Integration with Minihouse
 - Kewill Export/ECS integration with Flagship
- 30+ customers migrated from KShip to Flagship

Customer Success

- Kewill Transport selected by major European LSP
- New customers - L'Oreal, Laitrim, American Music, NMB Solutions, CTL Global & PT Senopati
- First TMS Quickstart pilot in Europe
- Upgrades – Black & Decker, Cisco, Aviall American Mailing, GE Aviation, Deluxe Corporation
- Added over 90 Value Added Resellers across USA

Lowe's

- Background
 - Second largest home improvement store
 - Over 1700 stores in US and Canada
 - \$48B in annual revenue
- Challenge
 - Growth of Internet Retail channel
 - Leverage store network & supply chain
- Solution
 - Kewill Flagship
 - Integration of store and Internet shipping
 - Provide customer choice
 - Order at store or online
 - Pickup at store or home delivery
 - Transportation cost savings
 - Fulfill home delivery from local store



Product Accomplishments

- New releases for specific customer needs
- Kewill Trade Quick Start Launched
- New release of EasyTrade web edition

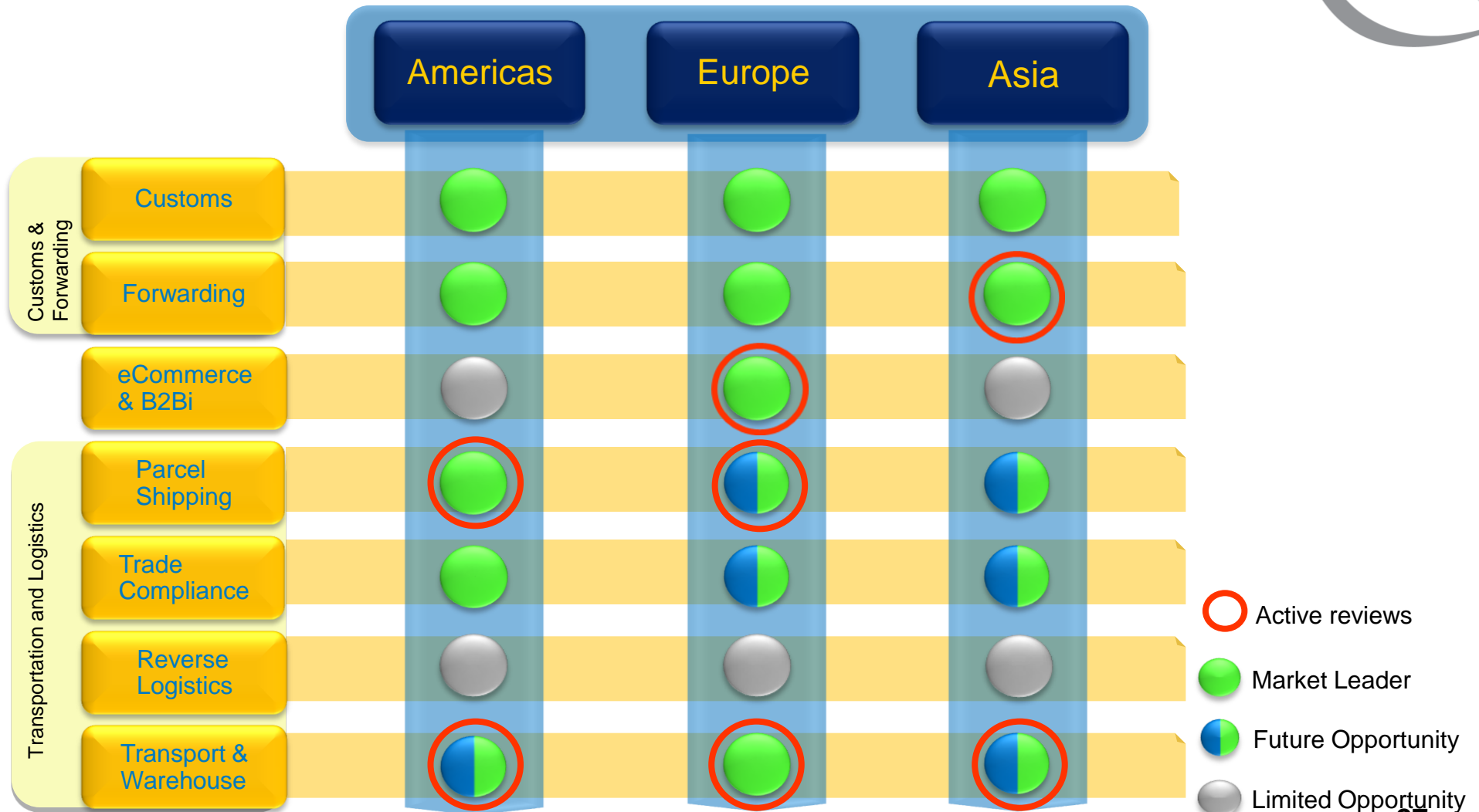
Customer Success

- New customers - HP Enterprise, Auto Windscreens & Paymentsshield
- Upgrades - MM, Markerstudy, Thomas Pink & VAX
- Renewals – ARB Underwriting, JD Williams, Dunelm & J Sainsbury

Scott's & Co

- Background
 - Multi-channel UK retailer
 - Multiple catalogs and brands
- Challenge
 - Improve connectivity and visibility with direct dispatch suppliers
- Solution
 - Kewill Trade cloud solution to connect Scott's & Co with direct dispatch suppliers
- Benefits
 - Reduced delivery times from 14-28 days to 10-14 days
 - Improved customer service from reduced errors & increased visibility
 - 10% savings on transportation costs

Filling the gaps with selective M&A





Outlook



Strategy & outlook

George Elliott, Chairman commented:-

“The Board’s expectations for full year revenues include 82% that is already recognised or contracted and we fully expect that the pilot orders described previously will convert to licence sales in the second half. In addition, we are seeing a strong sales pipeline across all regions and this gives us confidence that Kewill will recover the first half shortfall in adjusted operating profit and deliver full year results in-line with expectations. To demonstrate our confidence in the trading outlook for the second half, the Board has declared a 13.5% increase in the interim dividend.”

George Elliott – Chairman November 2011

Summary

- Market leading products & services
- Deep domain skills in key trading locations
- Improving market dynamics & growing pipeline
- High visibility of revenue
-
- Strong balance sheet
- Dividend growth



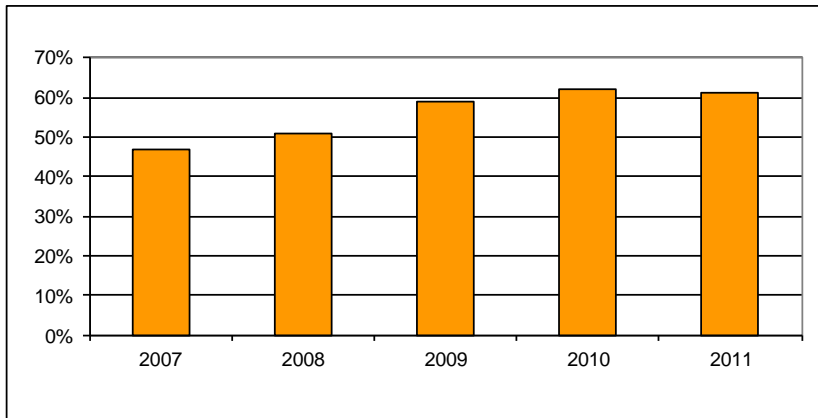
Q&A



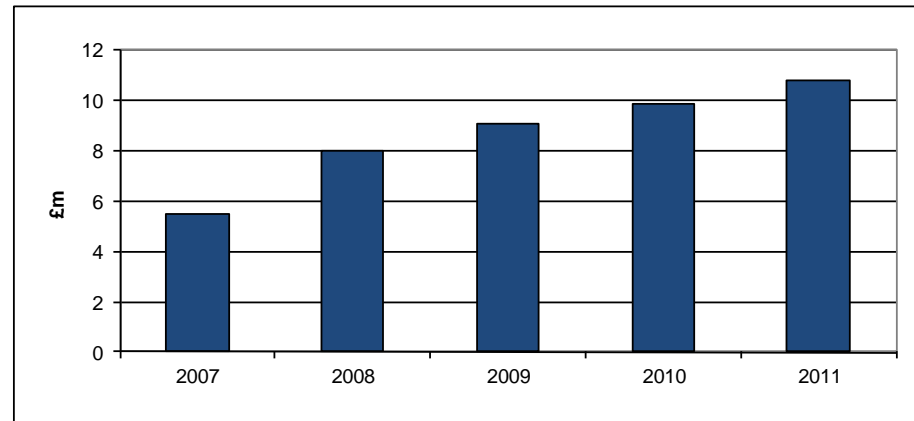
Track Record (Full Year Results)

	2007 £'000	2008 £'000	2009 £'000	2010 £'000	2011 £'000
Revenue	41,583	50,854	53,266	56,312	60,030
<i>Growth</i>	<i>31%</i>	<i>22%</i>	<i>5%</i>	<i>6%</i>	<i>7%</i>
Recurring as % Total	47%	51%	59%	62%	61%
<i>Recurring revenue growth</i>	<i>41%</i>	<i>32%</i>	<i>21%</i>	<i>11%</i>	<i>6%</i>
Adjusted EBITDA	5,524	8,032	9,097	9,876	10,802
<i>% revenue</i>	<i>13%</i>	<i>16%</i>	<i>17%</i>	<i>18%</i>	<i>18%</i>
<i>Growth</i>	<i>53%</i>	<i>45%</i>	<i>13%</i>	<i>9%</i>	<i>9%</i>
Adjusted Operating profit	4,809	7,167	7,920	8,790	9,643
<i>% revenue</i>	<i>12%</i>	<i>14%</i>	<i>15%</i>	<i>16%</i>	<i>16%</i>
<i>Growth</i>	<i>52%</i>	<i>49%</i>	<i>11%</i>	<i>11%</i>	<i>10%</i>

Recurring %



Adjusted EBITDA (£'000)



Cross selling success

Expand solutions to new geographies



Kewill Forwarding – Damco, Yusen, Crane, Toll, Halal
Kewill Transport – DHL Asia, Havi, PT Senopati
Kewill ECS – Wescon Africa

Sell multiple products to existing customers



ME Dey – Customs and ECS
Toll Group - Forwarding and Customs
US defence Co – Flagship and SPEX
Havi – Transport and Forwarding
Parker Hannifin – Flagship, Kewill Export & ECS
Molson Coors – eBizManager and SPEX

