

smartFOCUS Group plc

Proactive Investors Meeting

9 September 2010

Chris Underhill, CEO

***MAKE
MARKETING
SMARTER**

smartFOCUS



Agenda

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- smartFOCUS : a snap shot
- AGM comment
- Recent contract wins
- Consolidation : recent M&A activity
- Peer Group Analysis
- Growth Opportunities
- Summary

smartFOCUS: marketing software that improves results

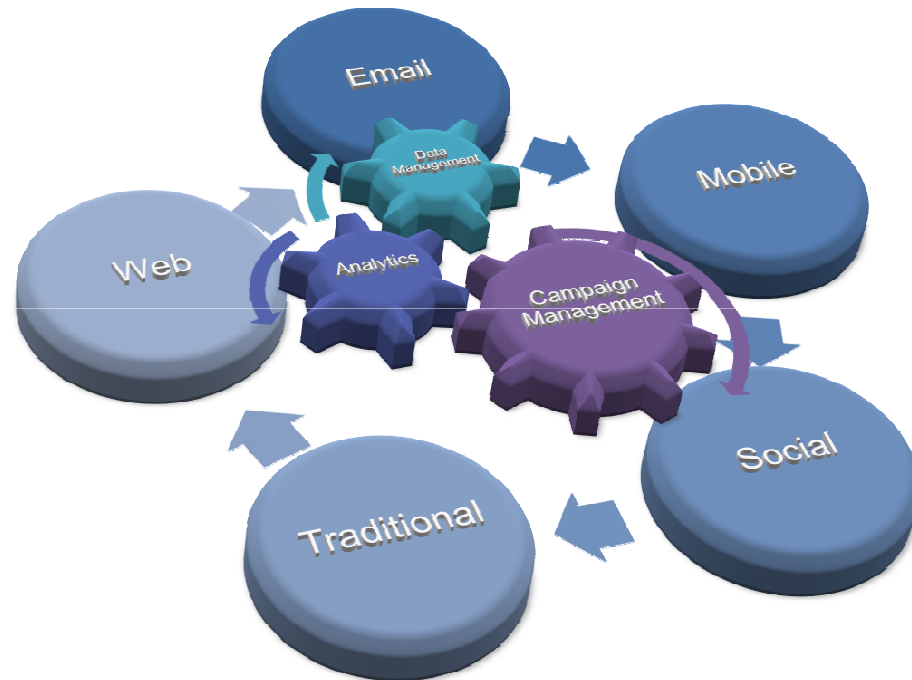
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Snapshot:

- 80% direct : 20% partner
- 750+ customers
- 80+ partners
- Founded 1999
- Listed AIM 2004 (STF)
- 140 Employees
- Offices in UK, US, Europe



Multi-channel Marketing Proposition



“Software that makes it **easy** and **cost effective** for marketers to **create and action** marketing insight and optimise cross channel communication, **improving results**”

Measurable Results

	<p>“118% year on year sales increase through targeted & personalised marketing campaigns”</p>		<p>“Increased campaign response by 40%”</p>
	<p>“Over 18 months loyalty scheme delivered £9m increase in sales”</p>		<p>“Reduced campaign construction time by 87%”</p>
	<p>“Outsourced digital marketing team”</p>		<p>“Saved 800k from single piece of analysis”</p>
	<p>“Solution paid for itself 4 times over in only 6 weeks”</p>		<p>“Doubled click-through rate of campaigns”</p>
	<p>“Reduced massive manual process overhead”</p>		<p>“Campaign process reduced from one week to one hour”</p>
	<p>“10% improvement in marketing campaign efficiency”</p>		<p>“Doubled number of campaigns they could run”</p>

“In six months, customer retention was up 30 percent, and the overall response rate has increased by 22 percent,” says Roessen. “The smartFOCUS software is making a real difference to our company.”

terrapinn
B2B media

Sharon Roessen, Marketing
Director, terrapinn

smartFOCUS 

Recent AGM statement : 28 June 2010

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- Trading in the first six months of 2010 has been very positive
- Continued to experience strong demand for smartFOCUS' solutions
- Customers investing more in marketing to retain and grow customer value and improve business results.
- Results for the first half of the year will be ahead Board's expectations with increased top line growth and expected profitability
- Increased confidence and visibility for the remainder of 2010
- smartFOCUS examining options enabling it to pay a dividend to shareholders

Interim Results : 29 September 2010

Recent Contract Wins

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- **Myprotein.co.uk (April 2010)** UK's leading online sports nutrition company selected smartFOCUS to deliver stronger email marketing campaigns a better understanding of key purchasing groups and customer behaviour, and to improve their marketing performance
- **PartyGaming (June 2010)** the world's leading listed online gaming company , has asked smartFOCUS to implement a high performance marketing solution to increase both the volume and value of player activity across the range of PartyGaming brands including PartyPoker, PartyCasino, PartyBets and PartyBingo
- **thetrainline.com (July 2010)**, the largest independent retailer of UK train tickets, to maximise customer value and improve its marketing activity by enhancing visibility of customer data

What the Broker Says : Peer Group Analysis

smartFOCUS
Monetising Multi-channel Marketing

auth. finance

Valuations

We have constructed a peer group of companies with exposure to the rapid growth in CRM, content management, analytics and Multichannel marketing markets.

Peer Group Analysis

As can be seen below, smartFOCUS is currently trading at more than an 80% discount to our peer group on an EV/Sales metric despite its high quality earnings under its SaaS revenue model. smartFOCUS is actually more closely aligned with Albertus on the multi-channel marketing side which trades on a forward EV/Sales metric of almost 2x.

The offer for Portrait Software at 20p per share on the 10th of June represented a 20% premium to the previous closing price of 25p per share. Based on market estimates for Portrait, the exit valuation represented approximately 2.2x EV/Sales, pre EV/EBITDA, the EV/EBIT and 17x PER. Using these metrics across our peer group clearly illustrates the hidden value within our quoted group.

As EV sales for smartFOCUS suggest an exit enterprise value of £10m against today's EV of £2m. Therefore, there is clear evidence that the market is failing to value this company correctly and we expect a significant re-rating over the next 12 months.

Furthermore, from a competitive standpoint, we note that several companies within the peer group, including Albertus, have made profit warnings over the last 12 months whereas we believe smartFOCUS should be well placed to weather the most economic downturn due to its high revenue visibility.

Table 1: Peer Group Analysis

Company	Market Cap (£m)	EV (£m)	EV/Sales (x)	EV/EBITDA (x)	EV/EBIT (x)	PER (x)
Sales	275.0	325.8	1.8	3.7	8.5	8.6
SDE	275.0	325.8	1.8	3.7	8.5	8.6
Kofax	119.0	209.2	1.0	9.9	31.3	9.4
Albertus	96.8	83.5	2.0	3.8	7.8	5.5
Portrait*	27.2	38.4	3.1	1.9	19.2	16.8
Wise**	14.2	13.4	0.2	4.8	3.0	8.4
zErgo	23.8	21.0	0.9	2.7	16.7	3.0
Min			0.1	0.2	4.8	3.0
Arithmetic Mean			1.3	3.2	11.5	8.4
Max			3.1	9.9	31.3	16.8
smartFOCUS	12.4	10.9	0.7	0.9	3.2	10.0

Source: Morning Star, Investment Analysts, * Portrait 2010, ** Portrait 2010

It could even be argued that the continued ability to address traditional and digital marketing channels over a SaaS financial model with higher quality earnings and the lack of capitalised development costs justify a premium to these peers. However, in a conservative mood, we estimate fair value for smartFOCUS on an EV/Sales metric of 1.25x sales or 20p per share.

29 June 2010

- finncap fair value 21p
 - smartFOCUS trading more than 80% discount to peer group
 - Several peer companies have issued profit warnings over the last 12 months
- Arbutnot strong buy 18p
- 88% visibility August 2010
 - smartFOCUS in much stronger position due to its high revenue visibility

Multi-channel Marketing Functional Comparison

Company	Customer Insight			Execution Channels				
	Data Management	Analytics	Campaign Management	Email	Mobile	Social	Traditional	Web
smartFOCUS								
Alterian								
Portrait								
Unica								
emailVision								
Velti								

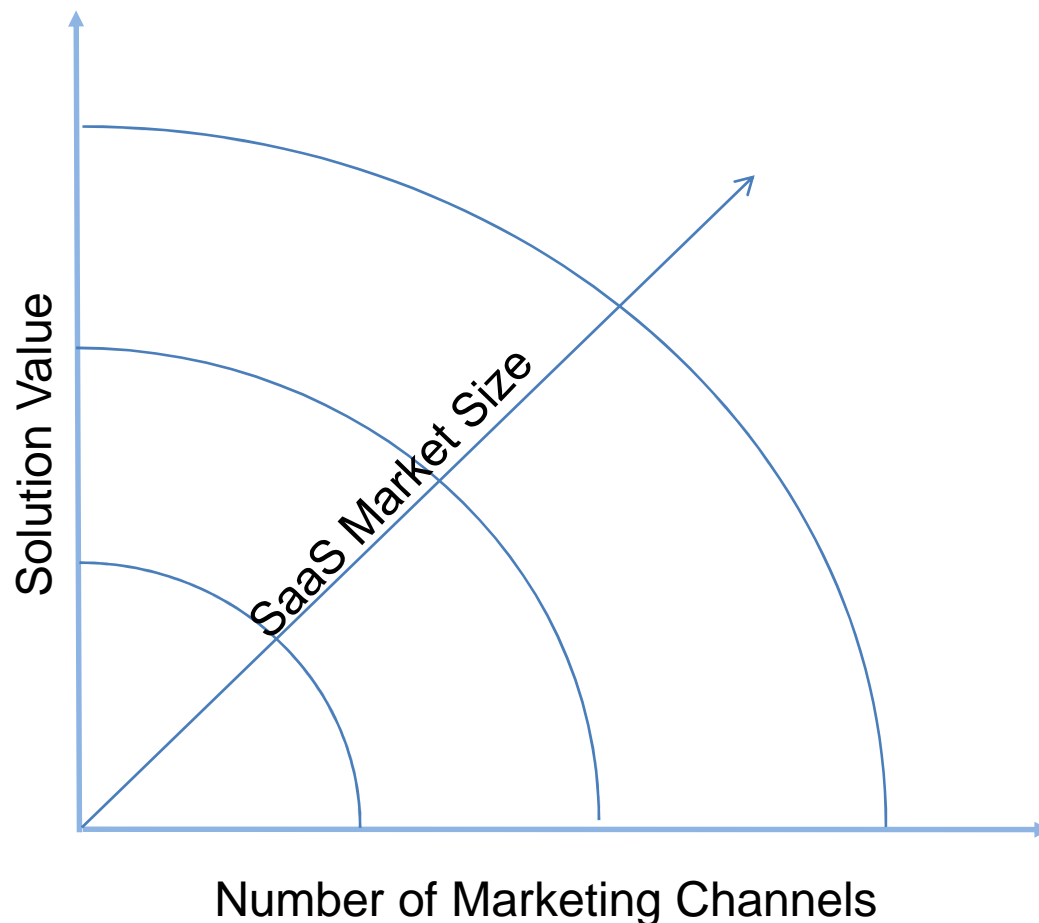
Sector Ripe for Consolidation

- **Pitney Bowes acquires Portrait Software**
 - Cash offer
 - 38% premium to Portrait's share price
 - Valuing Portrait at £44.4m
- **IBM acquires Unica**
 - Cash offer for \$480 million or \$21 per share
 - Double Unica's share price
 - IBM paying 4x forecast revenues for FY2010
- **Francisco Partners acquires Emailvision**
 - Cash offer for 58.9% of share capital
 - 35% premium to Emailvision's share price
 - Valuing Emailvision at €83m



Growth Strategy & Opportunities

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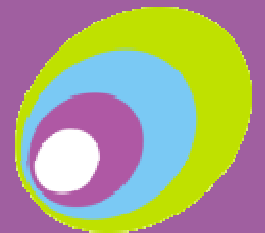
- **SaaS market growth**
 - More products, broader market
- **Execution Channel integration**
 - Social Networks, Mobile, Web
- **Distribution growth**
 - International partners
 - New direct territories
- **Acquisition opportunities**
 - Execution Channels

Summary

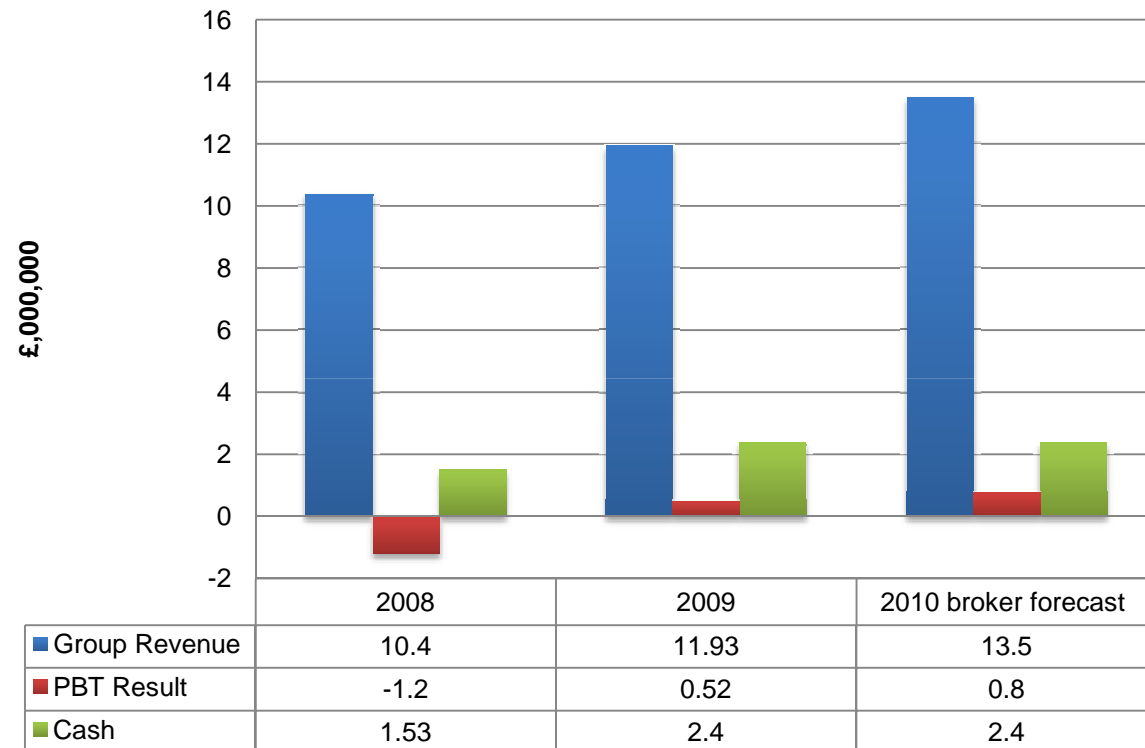
- Continued strong growth through H1 2010
- Excellent blue chip client wins
- Low penetration of large International market
- Consolidation in sector creates greater opportunities for smartFOCUS
 - M&A opportunities
 - Re-emphasises current and longer term value of smartFOCUS
- Further update on current trading at Interim Result
 - 29th September 2010

Appendices

Financial Review



2010 Broker Forecast



2009 Financials

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	2008	2009
Group revenue	10.40	11.93
Other operating income and charges	(11.60)	(11.41)
Operating result	(1.20)	0.52
Results from continuing operations before taxation	(1.74)	0.49
Tax expense, net	0.00	(0.21)
Net results for the period	(1.74)	0.28
Earnings per share (basic)	(1.87p)	0.30p
Earnings per share (diluted)	(1.87p)	0.28p

2009 Financials

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	2008	2009
Non-current assets	5.03	5.15
Trade and other receivables due within one year	3.71	2.92
Cash and cash equivalents	1.53	2.44
Total assets	10.27	10.51
	=====	=====
Equity and Reserves	3.00	3.50
Non-current liabilities	0.52	1.12
Trade payables	0.49	0.46
Other payables falling due within one year	6.26	5.43
Total liabilities	7.27	7.01
Total liabilities and equity	10.27	10.51
	=====	=====