



**Preliminary Results Presentation – 2012  
March 2013**

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**Chairman  
Finance Director**

**SAGENTIA**

# Sagentia Group plc

- Technology Consultancy & Product Development Company
  - One of the top Cambridge Science & Technology Consultancies
- Outsourced R&D
  - Predominantly time-and-materials consultancy
  - Medical Sector (Diagnostics, Surgical, Patient Care)
  - Commercial Sector (Consumer & Industrial)
- Based in Harston, near Cambridge
  - Significant freehold property
  - Move to larger offices in downtown Boston, USA in late 2012



# Summary

- Good operating performance despite more difficult market conditions
- Underlying revenue growth offset by suspension of Medical sector project in H1
  - Recovery in Commercial sector benefiting from multi-year outsource R&D contract
  - YOY revenue growth of 5.6% in H2
- Adjusted\* operating margins very strong at 17.6% (2011: 16.6%)
  - Upper end of comparable companies range
- Strong balance sheet
  - Shareholders Funds increased by 9% to 68.9 pence per share (2011: 63.1p)
  - Cash £19.2m (2011: £21.2m) & Net Funds £12.9m (2011: £14.1m) after £4.5m buy-back
  - Tax losses: At 31 December 2012, Group had tax losses of approximately £23.0m
- Adjusted\* diluted EPS increased by 16% to 8.5p
  - Diluted EPS increased to 7.5p (2011: 7.3p)
- Proposed maiden dividend of 1.0p (2011: nil)

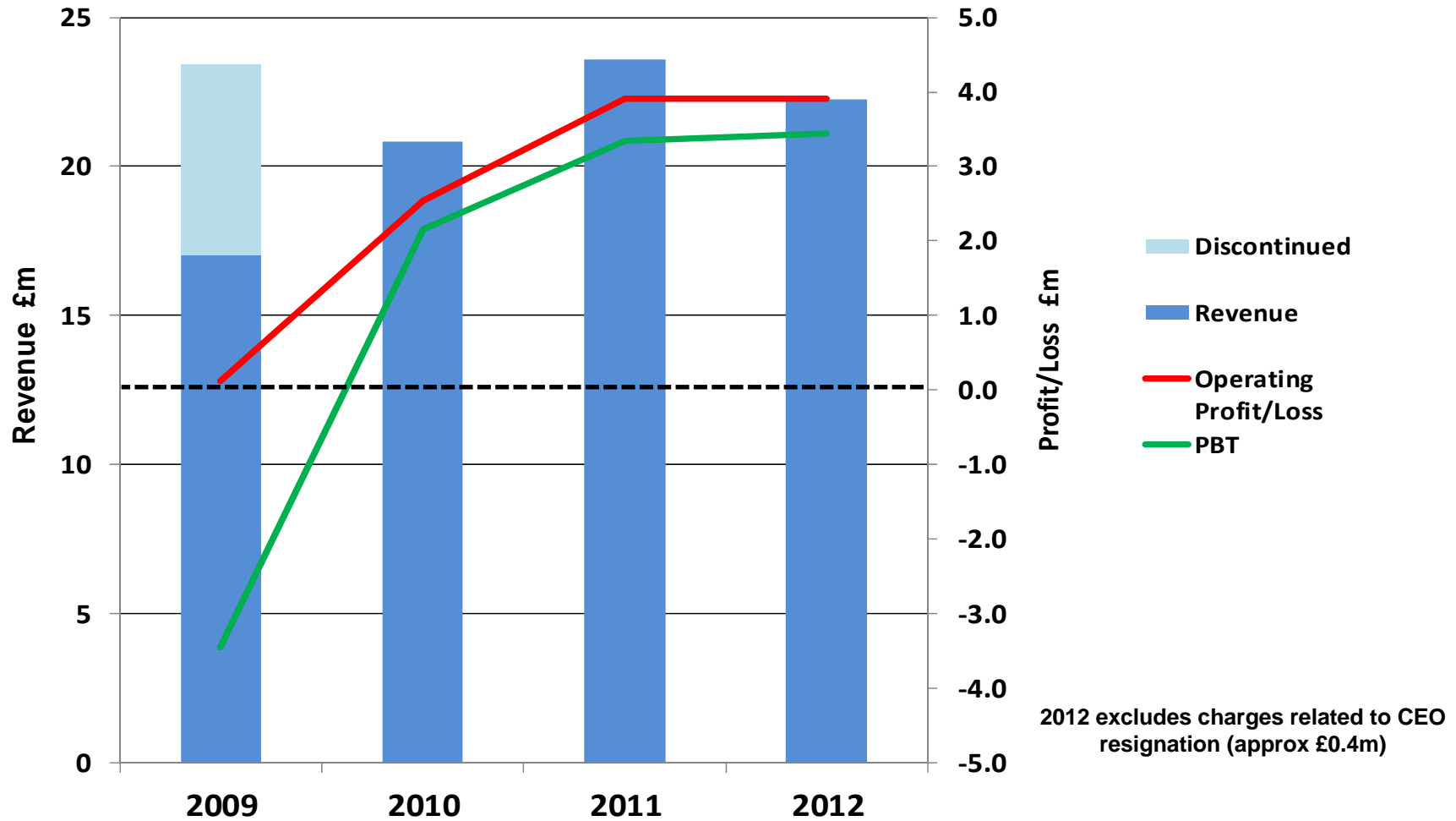
\*Adjusted figures exclude charge related to departure of CEO in 2012

# Financial Summary

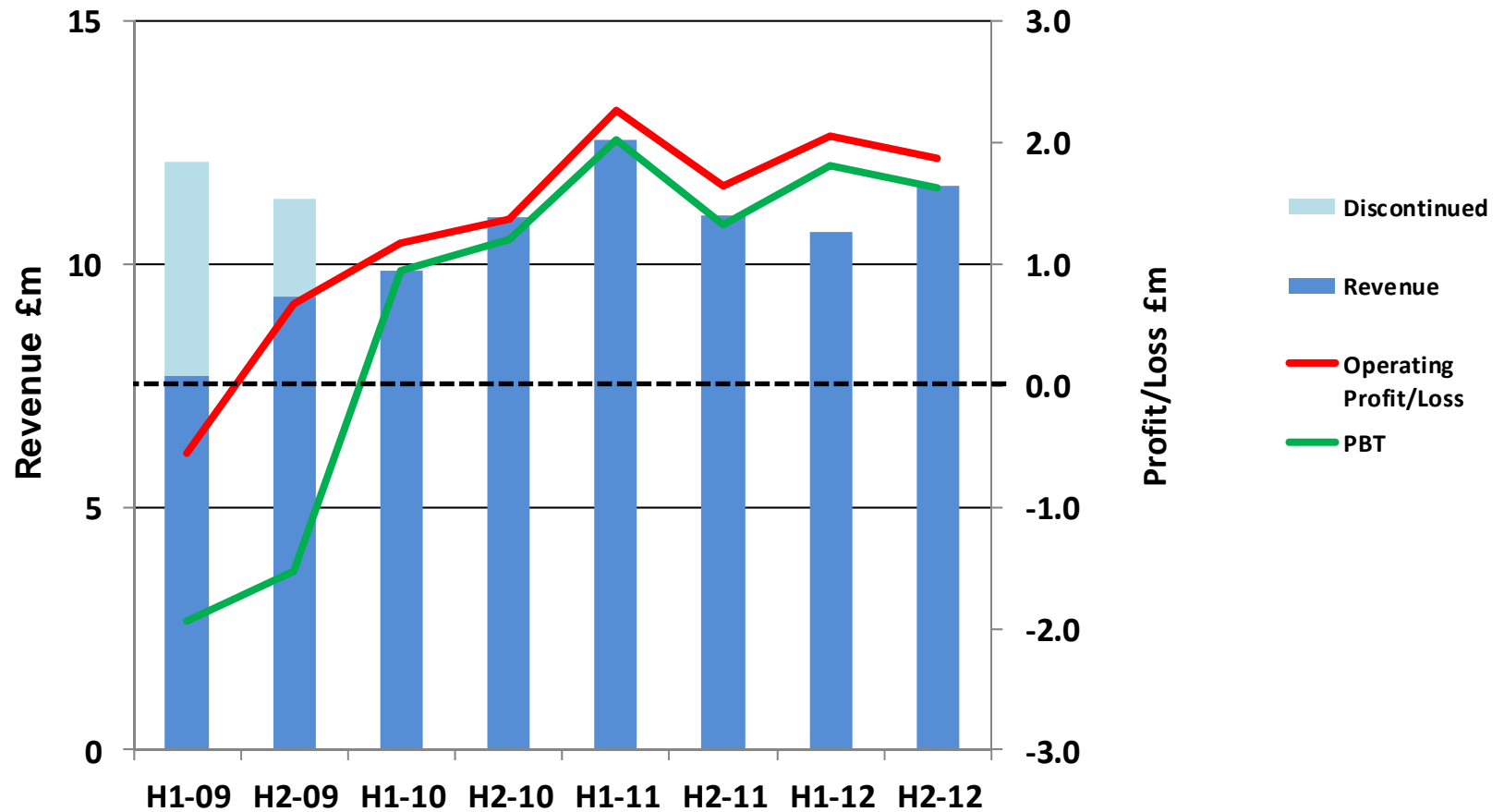
- **Return to Revenue Growth in H2 2012 (9.1% increase on H1 2012)**
  - Annual revenue of £22.3m (2011: £23.6m)
  - One-off product revenue in 2011 (£0.8m) and reduced royalty income in 2012
- **R&D Consultancy revenues of £19.4m (2011: £19.9m)**
  - Recovery in Consultancy Revenues in H2 2012
  - 6.0% YOY growth in H2 2012; 10.1% YOY decline in H1 2012
  - Suspension of Medical sector project in H1 2012
  - 38% growth in Commercial sector
- **Margin Improvement**
  - Adjusted\* Operating Profit of £3.9m (2011: £3.9m)
  - Adjusted\* PBT of £3.4m. PBT of £3.0m (2011: £3.3m);
  - Adjusted\* PBT margin of 15.4% (2011: 14.2%). Adjusted\* Operating margin of 17.6% (2011: 16.6%), at the top end of the Board's target range
- **Earnings per Share Growth**
  - EPS (basic) of 7.9p; Adjusted\* EPS (basic) of 9.0p (2011: 7.8p)
  - EPS (diluted) of 7.5p; Adjusted\* EPS (diluted) of 8.5p (2011: 7.3p)

\*Adjusted figures exclude charge related to departure of CEO in 2012

# Financial Performance - Annual



# Financial Performance – Half Year



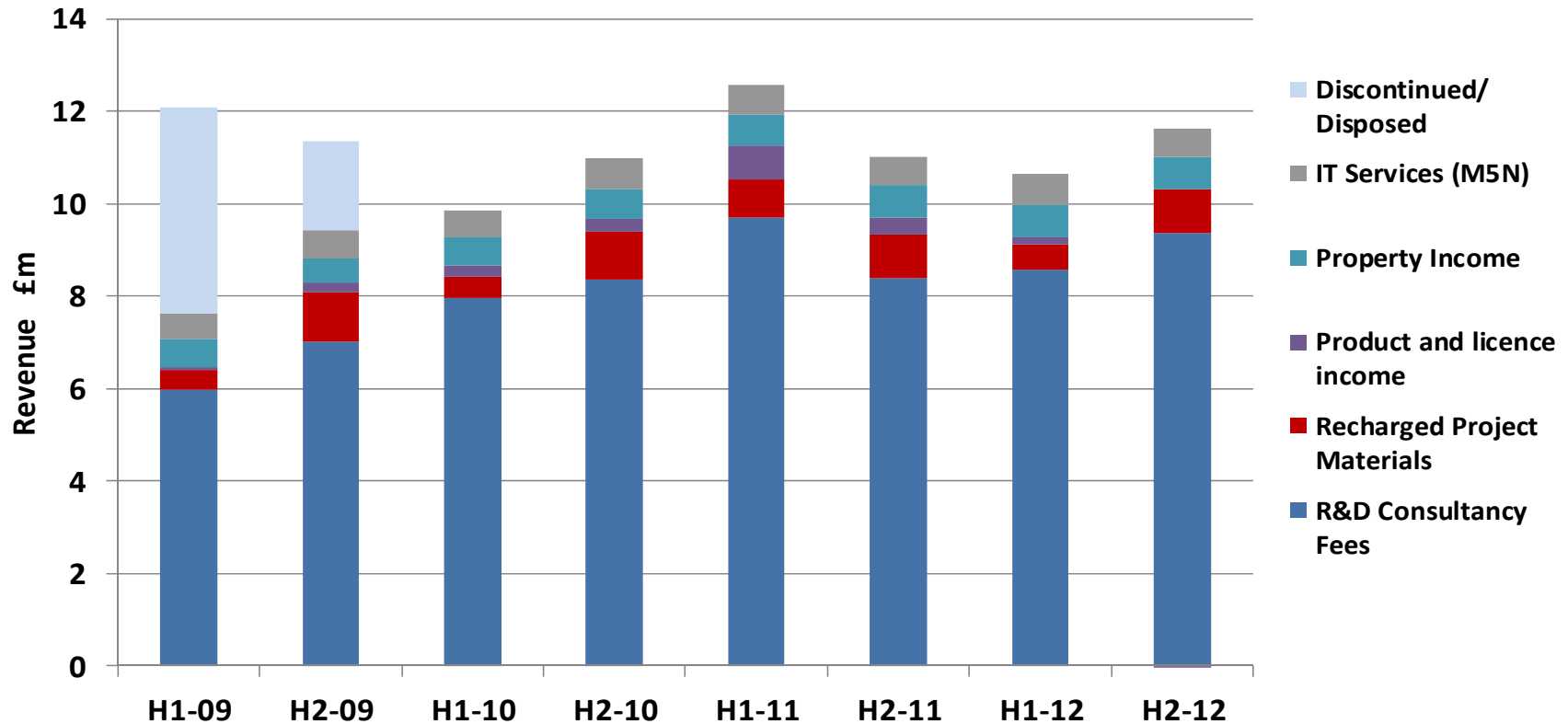
2009 includes revenue from disposed/discontinued activities (approx £6.4m)

2011 revenue benefited from significant one-off product revenue and high level of recharged project expenses

2012 excludes charge related to CEO resignation (approx £0.4m)

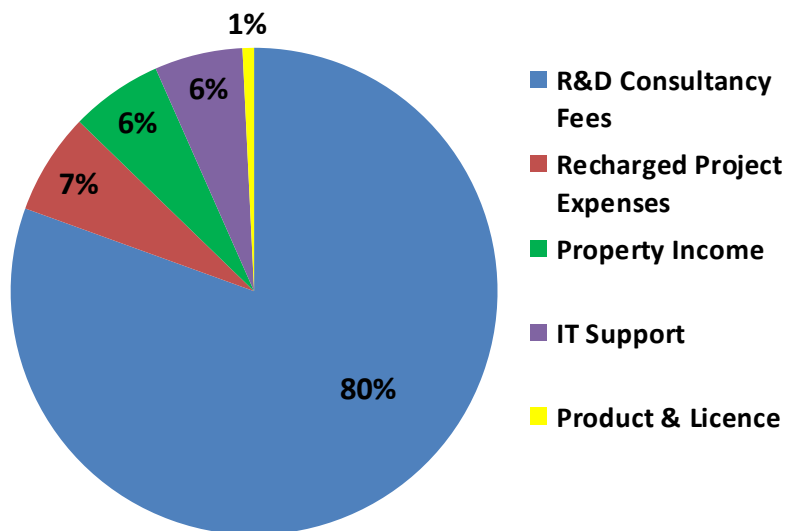
# Revenue Breakdown

- H2 2012 recovery in Core Consulting Fees
- Strong performance in Commercial sector (38% revenue growth) offset by suspension of North American project in Medical Sector in H1
- Reduction in Product and Licence income in 2012

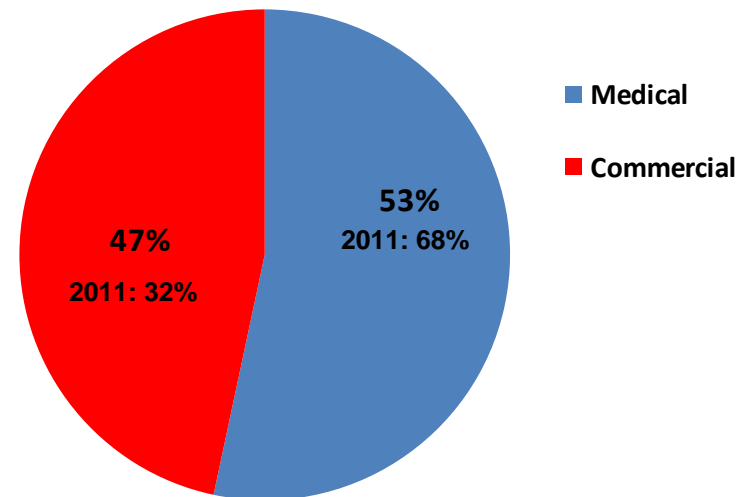


# Revenue Breakdown

## Total Revenue



## R&D Consultancy Revenue



### Segment Definitions

**Core Business:** R&D Consultancy Fees, Recharged Project Expenses, Product & Licence income

**R&D Consultancy Revenue:** R&D Consultancy Fees and Recharged Project Expenses

**Other:** IT Support and Property Income



# Segmental Analysis

- **Market Sectors**

- Commercial sector: Strong performance with revenue growth of 38%
  - Benefited from multi-year contract won in 2011
  - Improved Industrial market and entry into Oil & Gas sector
- Medical Sector: Relative weakness in 2012
  - 53% of R&D Consultancy revenue (2011: 68%)
  - North American project in H1 2012 discontinued

- **Geographic**

- Approx 71% of R&D Consultancy revenue derived from overseas markets (2011: 87%)
  - North America: 56%; ROW: 15%; UK: 29% (2011: NA 66%; ROW 21%; UK: 13%)

- **Customer Size**

- Top 5 customers account for c.46% of Core Business revenue (2011: 52%)
  - 2 out of top 4 customers in Commercial Sector (2011: Top 4 all Medical Sector)
  - Top 10 customers c.64% (2011: 67%)

## Balance Sheet (extracted information)

	31 Dec 2009	31 Dec 2010	31 Dec 2011	31 Dec 2012
	£m	£m	£m	£m
<b>Cash</b>	<b>4.2</b>	<b>16.4</b>	<b>21.2</b>	<b>19.2</b> (after £4.5m share buyback in 2012)
<b>Borrowings</b>				
•Bank	(6.5)	(7.8)	(7.0)	(6.2)
•Other borrowings	(0.4)	(0.1)	(0.1)	(0.0)
<b>Equity Investments</b>	<b>1.4</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Freehold Property</b>	<b>14.0</b>	<b>13.9</b>	<b>13.8</b>	<b>13.7</b>
• Last valuation: August 2010				
<b>Shareholders Funds</b>	<b>12.7</b>	<b>22.7</b>	<b>26.4</b>	<b>25.3</b>
• Shareholders Funds per Share	58.4p	54.7p	63.1p	68.9p

# Growth Strategy

- **Organic Development**

- Commercial sector recovery following sector management changes
- Patient Care in Medical sector gaining traction
- New Sectors: Entry into Oil & Gas in 2012
- New Geographies: Exploring Scandinavia, China, West Coast USA
- Accelerated Development Programmes

- **Balancing Operating Margins & Investment**

- Operating margins at upper end of range for consultancy business
- Increasing investment to deliver medium term growth and shareholder value

- **Acquisition Strategy**

- Strong balance sheet with significant cash resources
- Acquisition of QDA in February 2013. Small industrial design company
- Additional add-on consultancy/technology acquisitions currently being progressed
- Board continues to seek and explore other opportunities
- No certainty of transaction and Board prudence being maintained

# Summary

- **A strong end to 2012 in difficult market environment**
  - Consultancy revenues in H2 2012 return to growth
  - Loss of North American Medical project in H1 2012
- **Strong operating margins**
  - At upper end of Board target range
  - Board will balance margin and investment
- **Robust balance sheet and cash flow**
  - NAV of £25.3m includes net cash and freehold property equivalent to £26.6m
- **Strong Shareholder Returns**
  - Share buyback of 5.4m shares in 2012 at average price of 82.8p
  - Adjusted EPS (diluted) of 8.5p; a 16.4% increase on 2011
  - Shareholders Funds per share of 68.9p (2011: 63.1p) – 9.2% increase
  - Recommended maiden dividend of 1.0p per share

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Sagentia is listed on the  
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**SAGENTIA**