



2013 Preliminary Results Presentation March 2014

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SAGENTIA

Science and Technology Consultancy Services & Product Development

- Medical Market (Diagnostics, Surgical, Patient Care)
- Commercial Market (Consumer, Industrial, Oil & Gas)
- Technology Advisory

International presence

- Headquarters and laboratories based in Harston, near Cambridge
 - Substantial freehold property
- Other offices: UK – London & Guildford; USA – Boston & Houston; and Dubai



Summary

Very satisfactory operating performance

- Acquisition of OTM (July 2013) and Quadro (February 2013)

Revenue growth of 37% to £30.6m (2012: £22.3m)

- Organic revenue growth: 27%

Adjusted operating profit increased by 48% to £5.7m (2012: £3.9m)

- Adjusted operating margins very strong at 18.8% (2012: 17.4%)
- Benefitted from one-off licence receipt

PBT increased by 65% to £4.9m (2012: £3.0m)

- Organic PBT growth of 58%

Adjusted diluted EPS growth of 34% to 12.2 pence (2012: 9.1 pence)

- Normalised corporation tax adjusted diluted EPS for 2013 of 9.9 pence

Strong balance sheet

- Cash balance: £22.4m (2012: £19.2m) and Net Funds of £12.6m (2012: £12.9m)

Revenue growth of 37% to £30.6m (2012: £22.3m)

- Core Business
 - Core business revenue growth of 45% to £28.3m including £2.4m from acquisitions
 - Consultancy fees of £25.8m (2012: £17.9m)
 - One-off licence received of £0.4m
- Other Revenue
 - Property: £1.2m (2012 : £1.4m).
 - Sagentia has taken on greater space in line with growth
 - 7,400 sq ft available to let
 - IT Support (Manage5Nines): £1.1m (2012: £1.3m)
 - Decision taken to wind down this business. Provision of £0.2m taken

Strong margins and profit growth

- Adjusted* operating profit growth of 48% to £5.7m (2012: £3.9m)
- Adjusted* operating margins at 18.8% (2012: 17.4%)
 - Margins at top end of range for comparator companies
- Profit before tax increase of 65% to £4.9m (2012: £3.0m)
- Adjusted* EPS (diluted) growth of 34% to 12.2p (2012: 9.1p)
 - Normalised for corporation tax: 9.9p (see slide on tax)

* Adjusted operating profit excludes share based payment charges, amortisation of acquisition related intangible assets and exceptional items

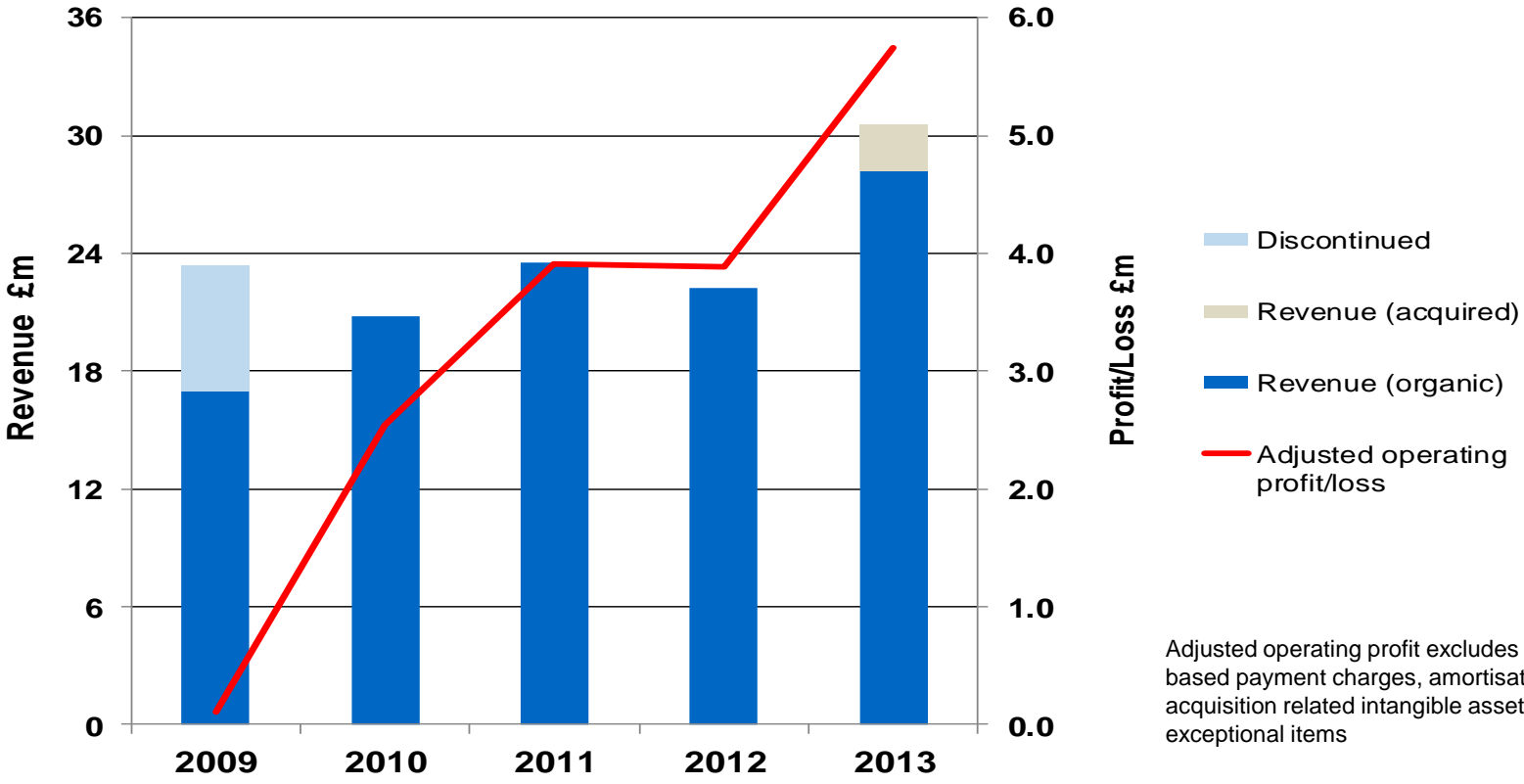
Currency Exchange Rates

- H1 benefitted from weaker sterling, particularly against US\$
- For the year, changes in US\$ and € did not have material effect on 2013 relative to 2012
- Average US\$ rate in 2013 = 1.57 (2012 : 1.59 and 28 Feb 2014 : 1.67)
- If 28 February 2014 US\$ and € exchange rates had prevailed in 2013, operating profit would have been approximately £0.8m lower
- Recent strengthening of Sterling could affect 2014



Financial Performance – Annual

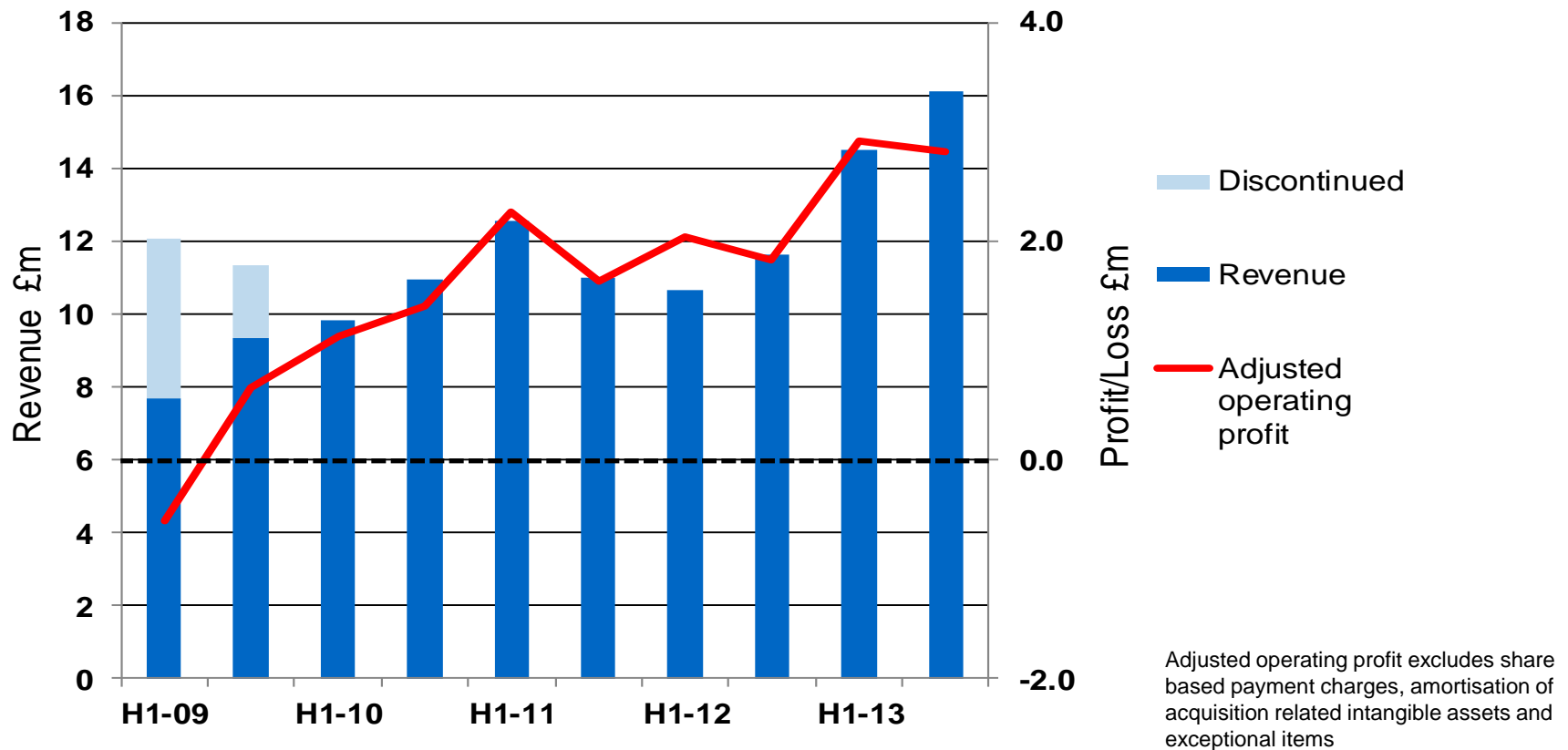
- Revenue growth of 37%
- Organic revenue growth of 27%
- Adjusted operating margin of 18.8%



Adjusted operating profit excludes share based payment charges, amortisation of acquisition related intangible assets and exceptional items

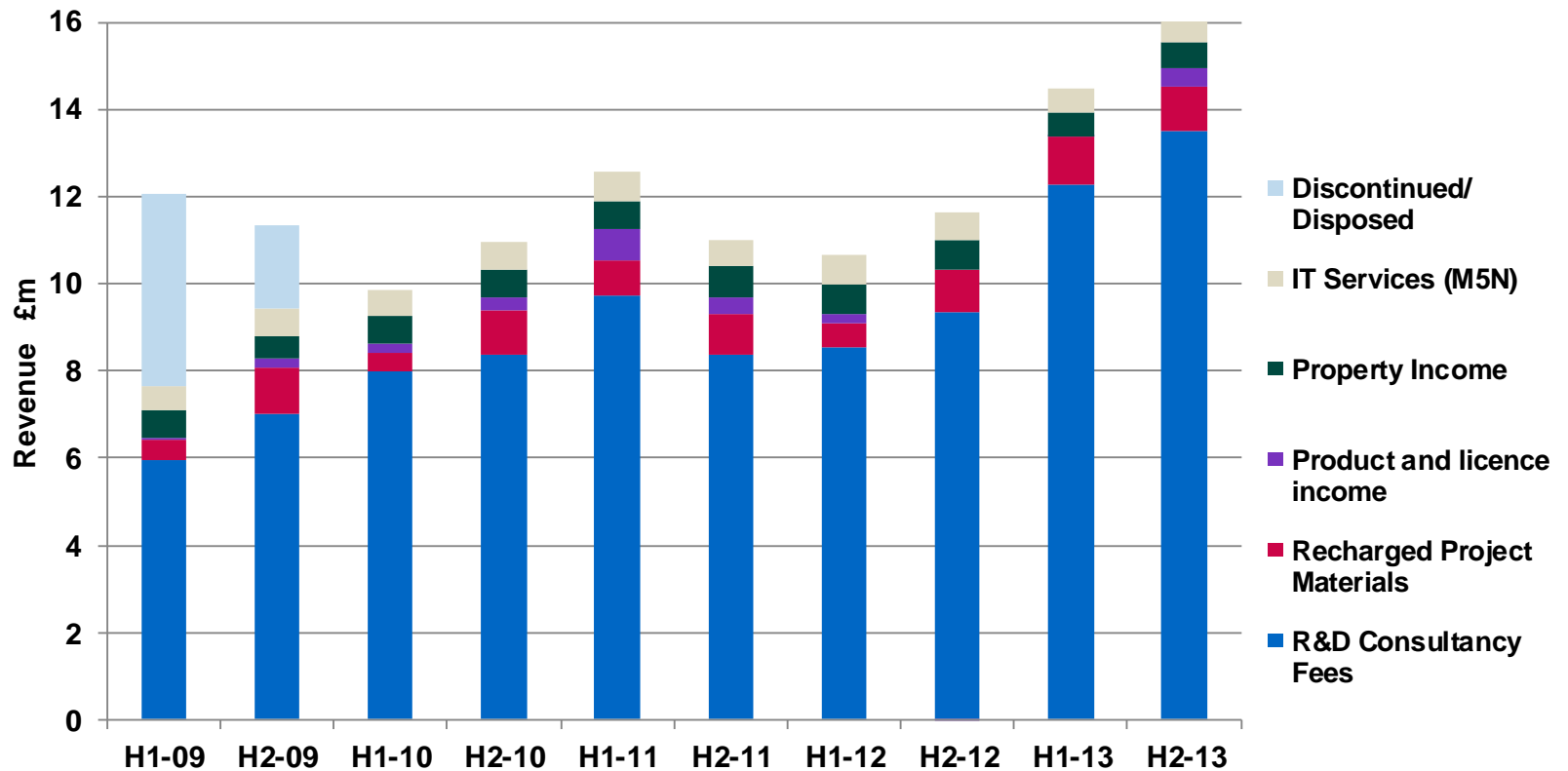
Financial Performance – Half Year

- Strong organic growth in first half of the year
- Utilisation levels normalised in H2 following H1 recruitment to support growth
- Second half benefitted from acquisition of OTM and one-off licence receipt



Revenue Breakdown

- Strong organic growth in Consultancy Fees enhanced by M&A
- One-off licence receipt
- Decline in non-core IT services. Business being wound down
- Reduction in property income, partly due to growth in Sagentia business



Segmental Analysis

Business sectors

- Medical market
 - Revenue of £13.1m (2012: £10.5m)
 - 46% (2012: 53%) of Consultancy Revenue
- Commercial market
 - Revenue of £15.2m (2012: £9.1m)
 - 54% (2012: 47%) of Consultancy Revenue
 - OTM acquisition in H2 2013 contributed £2.1m to Commercial Market revenues

Geographic

- Approx. 82% of R&D Consultancy revenue from overseas markets (2012: 71%)
- North America: 67%; ROW: 15%; UK: 18% (2012: NA: 56%; ROW: 15%; UK: 29%)

Customer profile

- Top 5 customers account for 40% of Core Business revenue (2012: 46%)
- Top 10 customers 59% (2012: 64%)

Balance Sheet Summary

Strong cash position

- Cash of £22.4m (2012: £19.2m) and Net Funds of £12.6m (2012: £12.9m)
 - After £3.8m spent on acquisitions (net of cash acquired)
- New bank loan of £10.0m
 - Replaced and repaid previous loan which expired in October 2015
 - Interest rate fixed via Swap instrument at 3.9%. Previous loan 4.7%

Freehold property

- Valued by Savills for Lloyds loan at £12.9-£18.0m (2010: £11.9m to not less than £14.0m)
- Carrying value on balance sheet has not been adjusted

Working capital

- Debtor Days at end 2013: 48 (2012: 31)
- Debtor and WIP days: 21 (2012: 11)

Tax losses

- At 31 December 2013 Group had tax losses of £19.4m (2012: £23.0m)
- See separate slide

Tax Loss Accounting and EPS

Tax losses

- Carried forward tax losses of £19.4 million (2012: £23.0 million)
- Includes £12.6 million of trading tax losses which it is anticipated will minimise tax cash payments in future periods
- At 31 December 2013 tax losses have been recognised in full as deferred tax asset
- Anticipated that in future periods, tax charge reported to arrive at statutory profit after tax will more closely reflect underlying tax charge
- This does not affect cash tax paid

EPS in future periods

- Release of deferred tax asset in future periods as tax losses are utilised will result in increased statutory tax charge being reported which will result in reduced reported profit after tax. But does not affect cash.
- On a like-for-like basis (assuming no share issues or buybacks in 2014) weighted average number of shares in issue will increase from 37.4 million to 38.5 million, the latter being the current issued share capital (excl treasury shares)
- The above two factors will result in a like-for-like reduction in reported basic and diluted EPS compared with 2013

Corporate Activity

OTM Consulting Limited ('OTM')

- Acquired July 2013 for £6.3m (~£4.8m net consideration after cash acquired)
 - £5.3m cash (£3.8m net) and £1.0m shares in Sagentia. 3-Year lock-in
- International technology management consultancy specialising in Energy market (oil, gas and alternative energy sectors). Established blue-chip customer base
- 35 staff. Offices in Guildford, Surrey; Houston, USA; and Dubai
- Contributed revenues of £2.1m and PBT of £0.2m to Group in 2013

Quadro Design Limited ('Quadro')

- Acquired February 2013 for £14k and 3 year earn-out up to maximum of 180,000 Sagentia shares. First year earn-out achieved
- Industrial design company. Complements Sagentia's product development offering
- Successfully integrated into Harston Mill operations and now growing

Manage5Nines Limited ('M5N')

- Legacy non-core IT services subsidiary
- Challenging market and declining revenue
- Decision taken to wind down the business
- Contributed revenues of £1.1m and PBT of £40k in 2013, pre £0.2m provision



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Sagentia is listed on the
London Stock Exchange (SAG.L)

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