

# Interim Results Presentation July 2017

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To be read in conjunction with the Interim Results  
announcement released on 25 July 2017



# Science Group plc - Overview

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## Science and technology services

- Science-based Consultancy and Advisory Services
- Technology & Product Development

## Four subsidiary companies/brands

- Sagentia – founded 1986, servicing medical and commercial markets
- OTM Consulting – acq July 2013, servicing the oil and gas industry
- Oakland Innovation – acq February 2015, servicing consumer, healthcare and food & beverage markets
- Leatherhead Research – acq September 2015, servicing the food & beverage industry

## Significant freehold property assets

- Cambridge – offices and laboratories based in c.100,000 sq ft freehold property
  - Sagentia and Oakland Innovation
  - Approx one third sub-let to third party tenants
- Epsom – offices and laboratories based in c.50,000 sq ft freehold property
  - Leatherhead Research and OTM Consulting
- Other offices (leased) : UK – London; USA – Boston, Houston, San Francisco

## Corporate Strategy

- Board continues to explore acquisition opportunities to accelerate development of the Group
- No certainty that any transaction(s) will be completed

# Financial Summary

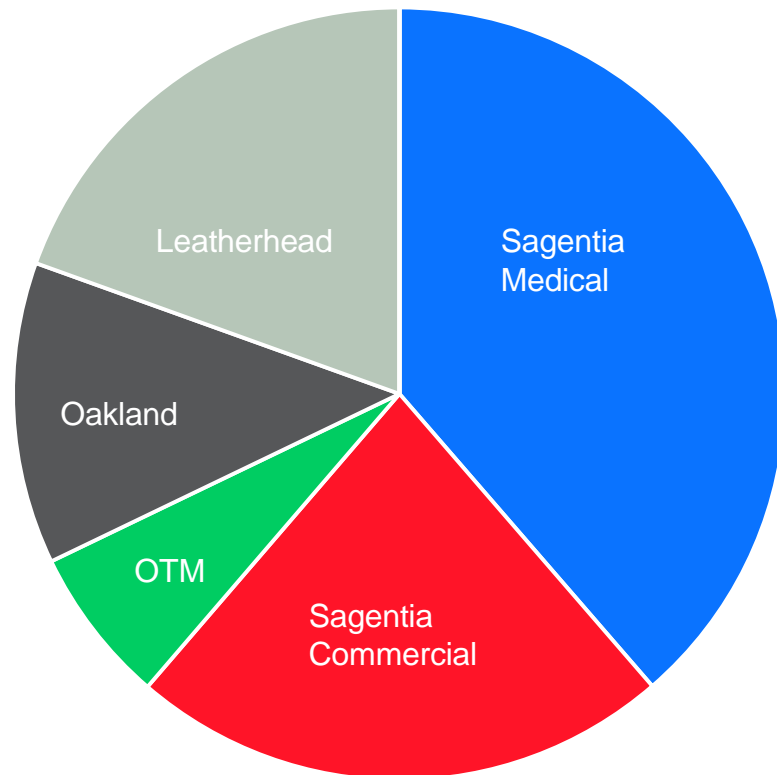
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- Group revenue of £18.0m (H1-16: £17.7m)
  - 80% of Core Business revenue from international markets
  - 32% of Core Business revenue invoiced in US Dollars and 9% in Euros
- Adjusted\* operating profit of £3.2m (H1-16: £2.5m)
  - Beneficial foreign exchange rates compared to H1-16
  - Currency rates now comparable to H2-16 rates
- Statutory PBT of £2.3m (H1-16: £1.1m)
  - 2016 PBT included £0.5m of one-off charges (Leatherhead integration and share option restructuring)
- Adjusted\* basic EPS increased to 6.1 pence (H1-16: 4.4 pence)
  - Basic EPS of 5.1 pence (H1-16: 2.4 pence) and diluted EPS of 5.0 pence (H1-16: 2.3 pence)
- Cash balance of £26.3m (H1-16: £17.2m) and Net Funds of £12.1m (H1-16: £9.9m)
  - Net funds + freehold property per share increased to 86.2 pence (H1-16: 76.0 pence)
  - Refinancing in H2-16 with new £15m loan (10 year debt secured on freehold property)
  - Returns to shareholders since June 2016 of £4.4m – dividend and H2-2016 buy-backs

\*Throughout this presentation, adjusted operating profit and margin is calculated as operating profit excluding impairment of goodwill and investments, amortisation of acquisition related intangible assets, acquisition integration costs, share based payment charges and other specified items. Adjusted EPS is calculated as adjusted profit after tax divided by the weighted average number of shares in issue. This includes a tax charge at the substantively enacted UK Corporation Tax Rate for the year.

# Services Revenue Profile – H1 2017

- Science Group comprises five operating businesses
- Four distinct brands under Science Group umbrella brand

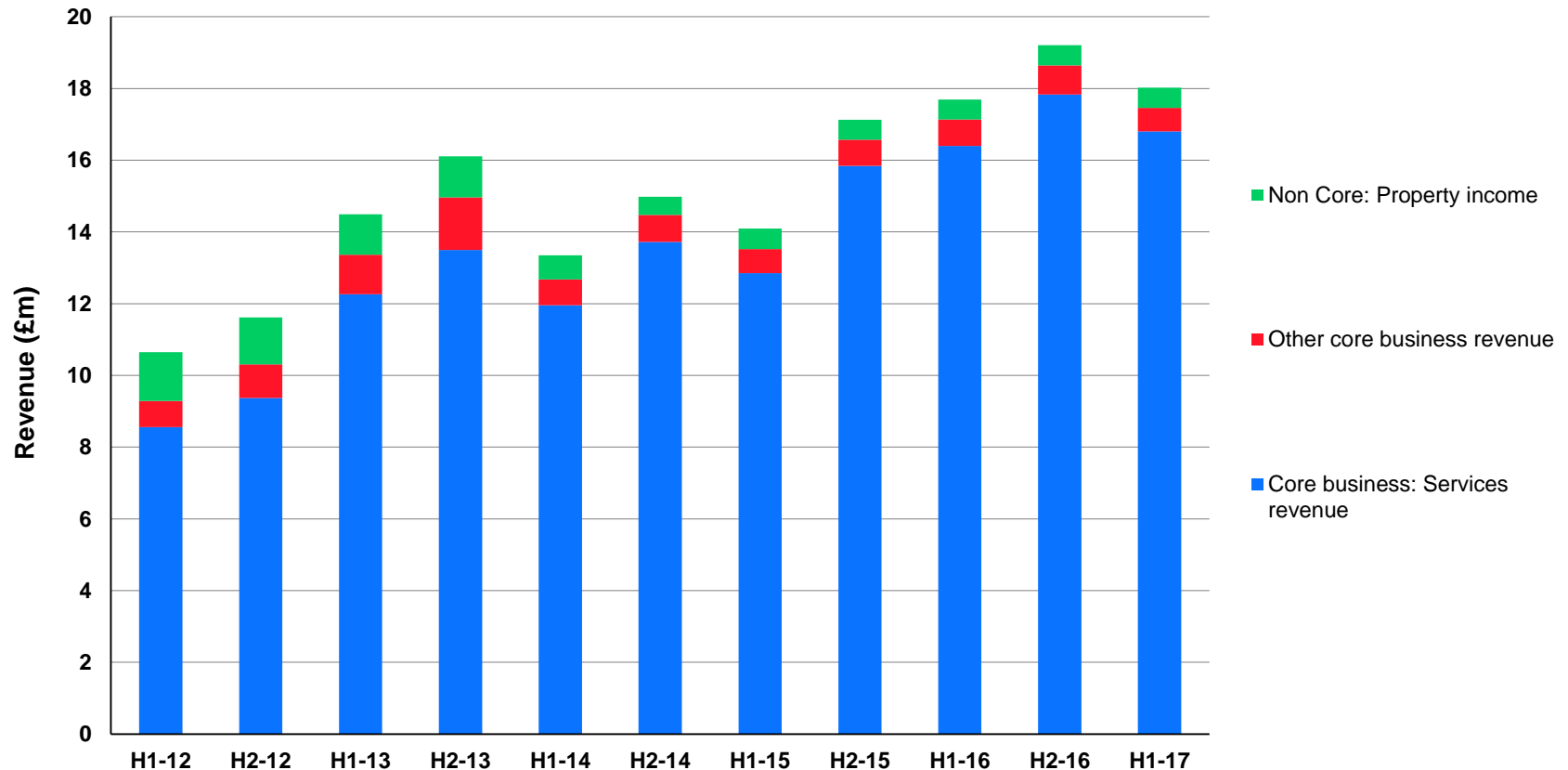


## Market Overview

- Medical: Strong recovery performance in the period
- Commercial: Quieter period due to major projects completing in second half of 2016
- Oil & Gas: Challenging market conditions continuing
- Food & Beverage: Revenue declined relative to prior year due to rationalisation during restructuring phase of integration
- Other Market Sectors: Satisfactory performance

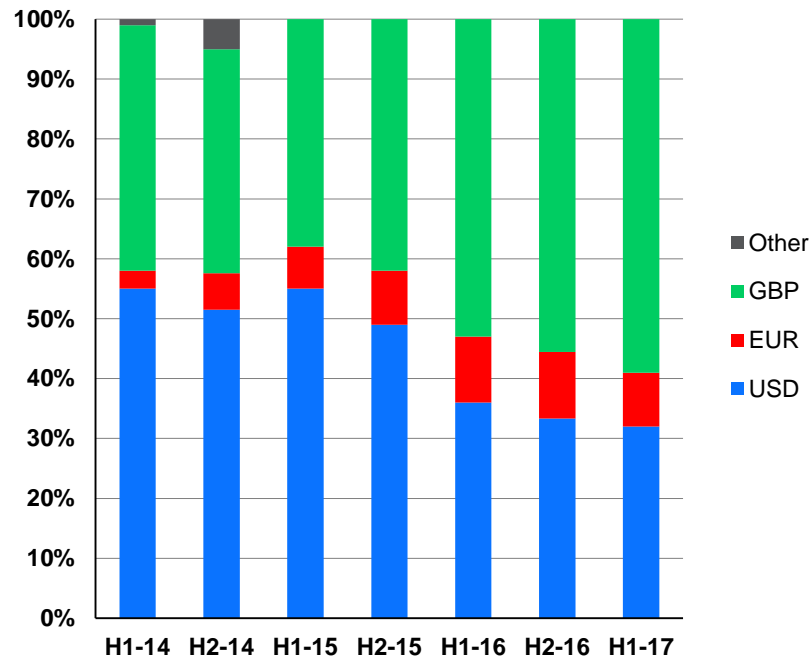
# Group Revenue (5 Year)

- Good organic growth in Outsourced Product Development (Sagentia) business on actual and/or constant currency measure. Driven by recovery in Medical sector
- Non-core property rental income from Harston site stable

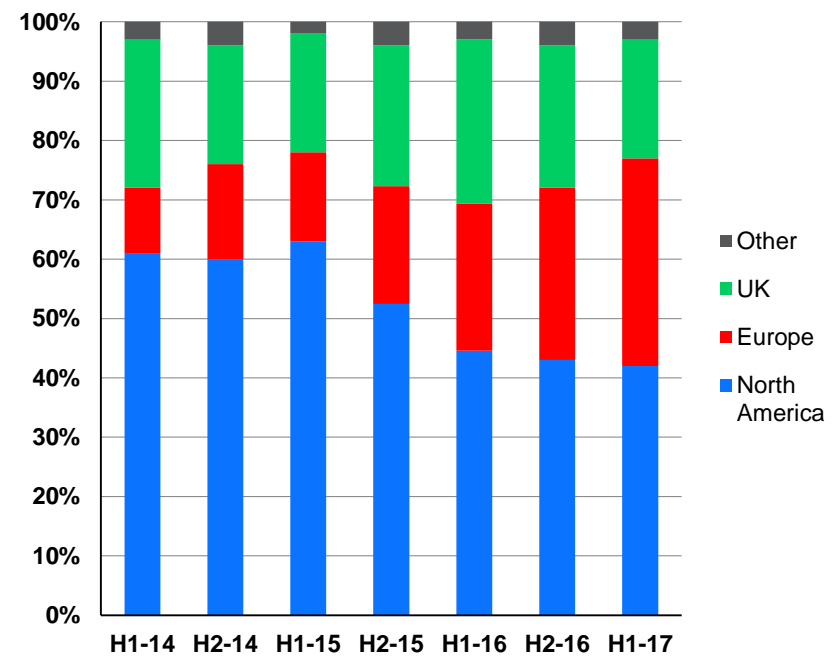


# International Services Business

- 80% of Core Business revenue derived from international markets
- 32% of Core Business revenue invoiced in US\$ (H1-16: 35%) and 9% in Euro (H1-16: 11%)
- Remaining international clients, primarily in Europe, are invoiced in GBP
- Over 90% of employees are based in the UK



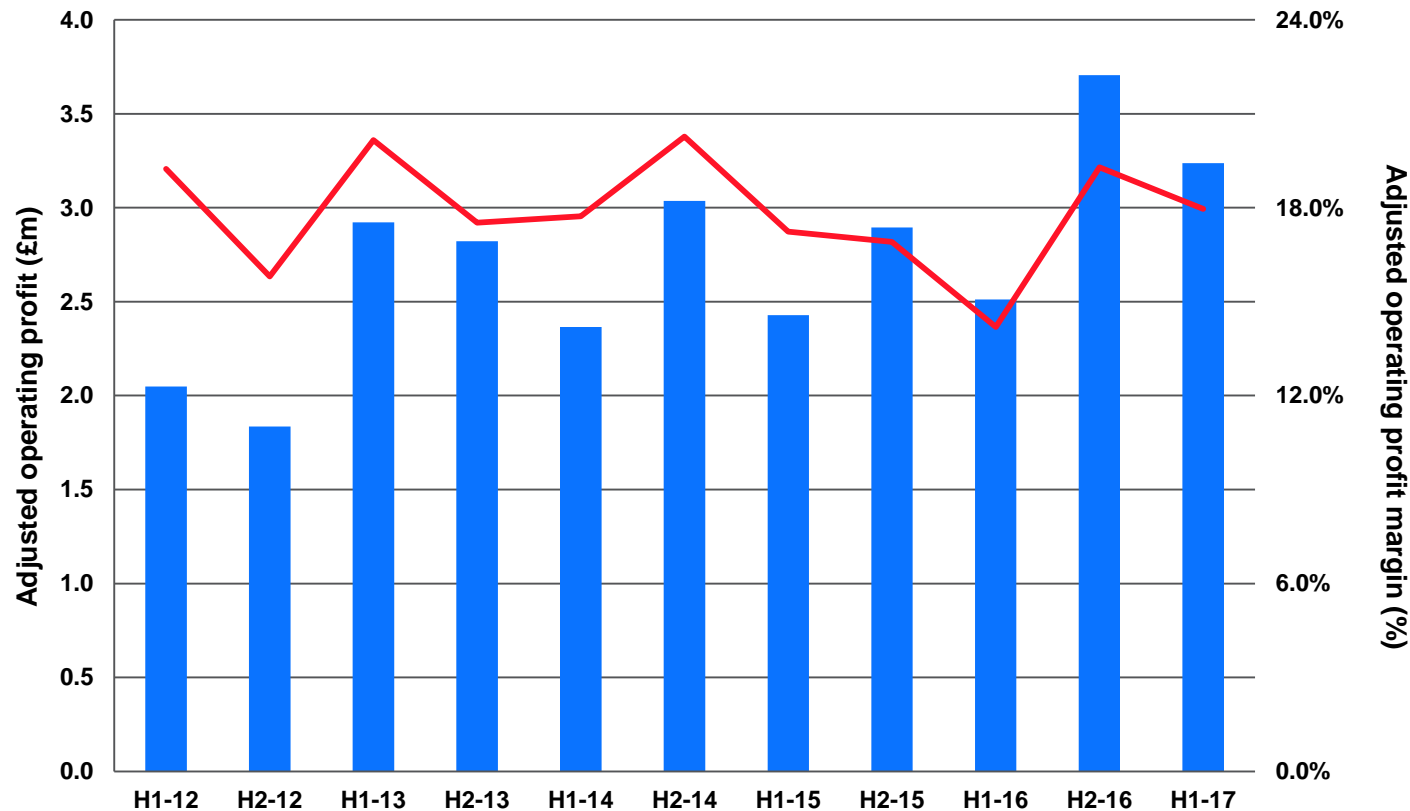
Core Business Revenue by Currency



Core Business Revenue by Geography

# Adjusted Operating Profit

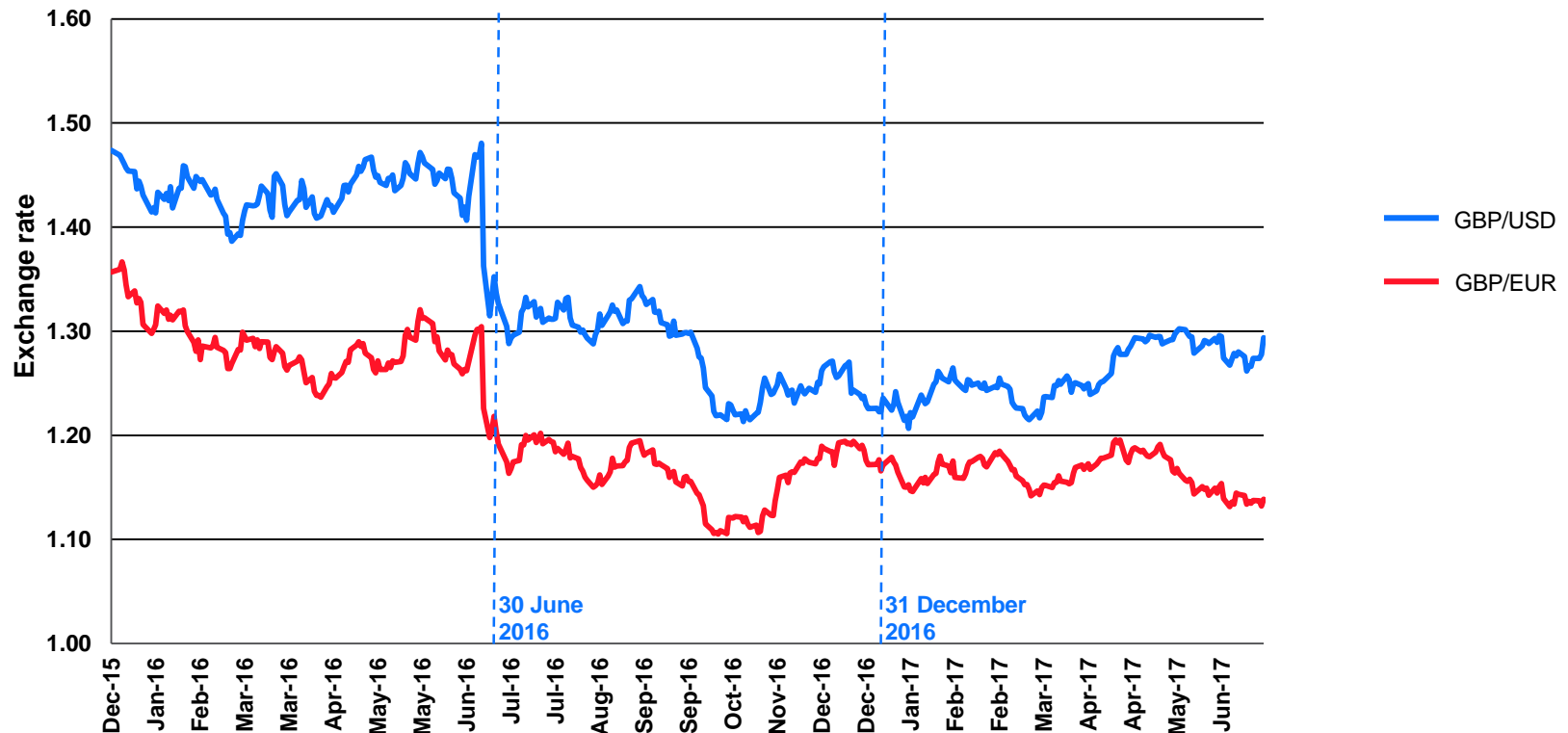
- Sagentia aggregate contribution increased due to strong Medical sector performance
- Foreign exchange benefit in H1-17 compared to H1-16
- Continuing to use part of FX benefit to increase investment



Adjusted operating profit and margin is calculated as operating profit excluding impairment of goodwill and investments, amortisation of acquisition related intangible assets, acquisition integration costs, share based payment charges and other specified items.

# Currency Exchange Rates

- Foreign exchange benefit in H1-17 compared to H1-16
- Average USD rate of 1.26 in H1-17 (H1-16: 1.44 and H2-16: 1.29)
- Average Euro rate of 1.17 in H1-17 (H1-16: 1.30 and H2-16: 1.17)
- Exchange rates for H1-17 broadly equivalent to H2-16 levels





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