2014 Preliminary Results Presentation
March 2015

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To be read in conjunction with the audited preliminary results announcement released on 4 March 2015

SAGENTIA GROUP PLC

Sagentia Group plc

Science and Technology consultancy

- Science, Product & Technology Development
- Technology Advisory (including OTM and Oakland acquisitions)

International presence

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

Summary

Satisfactory operating performance in volatile currency environment

- Challenging H1-14 compared with very strong H1-13
- Return to growth in H2 core consultancy fees despite continued negative FX impact relative to H2-13

Group revenue of £28.3m (2013: £30.6m)

- FX impact reduced revenue by £0.8m compared to 2013
- One-off licence benefit of £0.4m in 2013 and M5N closed in 2014
- Full year benefit from OTM acquisition in July 2013

Adjusted operating profit of £5.4m (2013: £5.7m)

- Adjusted operating margins strong at 19.1% (2013: 18.8%)
- Negative FX impact on profit of £0.7m partially offset by tight cost control

Acquisition of Oakland Innovation Limited in February 2015

- Cambridge-based Technology Advisory business

Proposed significant dividend increase to 4.0 pence per share (2013: 1.1 pence)

Return of cash and share liquidity programme

Adjusted operating profit and margin excludes amortisation and impairment of intangible assets and share-based payment charges

Statutory Results

Operating profit of £4.7m (2013: £5.4m) and profit before tax of £4.2m (2013: £4.9m)

- Negative FX impact of £0.7m
- Share-based payment charge related to PSP scheme of £0.4m (2013: £0.3m)
- Amortisation of intangibles from OTM acquisition in prior year of £0.2m (2013: £0.1m)
- Interest rate swap valuation change of £0.2m recognised within interest expense in PBT

Diluted EPS of 8.1 pence (2013: 11.2 pence; Normalised 2013 for tax: 10.1 pence)

- Adjusted diluted EPS of 9.6 pence (2013: 12.2 pence; Normalised 2013 for tax: 10.9 pence)
- Increase in effective corporation tax rate – no effect on cash tax payment
- Weighted average number of shares in issue increased to 38.5m (2013: 37.4m)
  - Number of shares in issue (excl treasury shares) at 31 December 2014 was 37.3m after buy back of 1.6m shares
  - Number of shares in issue (excl treasury shares) at 28 February 2015 was 38.4m after Oakland acquisition

Strong balance sheet

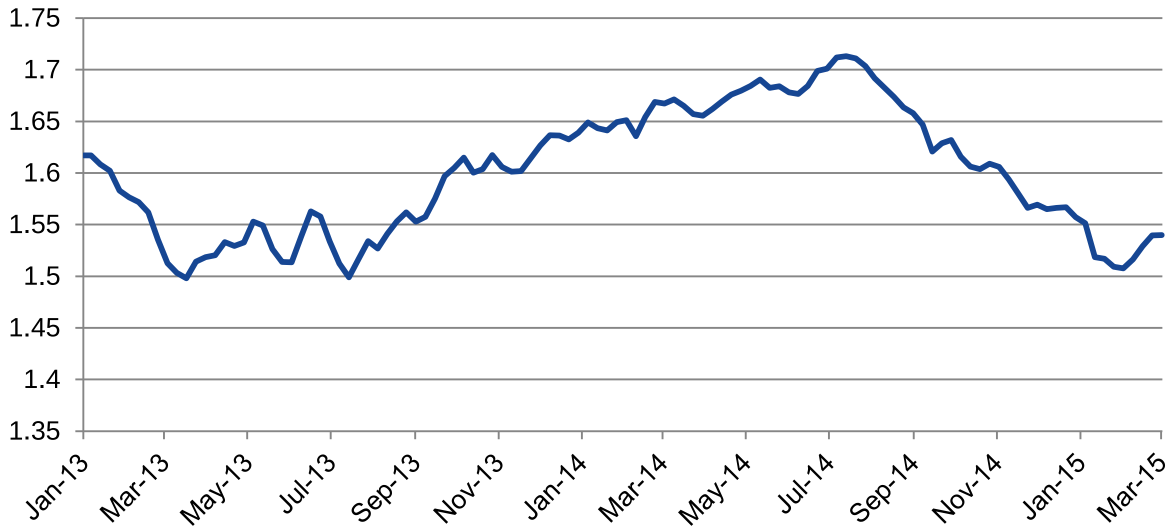
- Cash balance: £23.8m (2013: £22.4m) and net funds of £15.0m (2013: £12.6m)
- Share buy back of £1.8m
- Strong cash conversion continuing to benefit from tax losses carried forward
  - At 2014 run-rate, Group has approx. two more years of trading tax losses

Adjusted operating profit and margin excludes amortisation and impairment of intangible assets and share-based payment charges

Currency Exchange Rates

- Significant amount of revenue in US$ – 52% of Core Business revenue
- Cost base predominantly in Sterling; US$ costs lessened FX impact on profit
- Summer 2014 saw sterling at 5 year high against US$
- Average US$ rate in 2014 = 1.65 (2013: 1.56 and at 28 February 2015: 1.54)
- Revenue negatively impacted by £0.8m and profit by £0.7m, compared to 2013
- Correction in exchange rate in H2 but still negative variance (£0.3m) compared to 2013

GBP/USD exchange rate
Jan 13 to Mar 15



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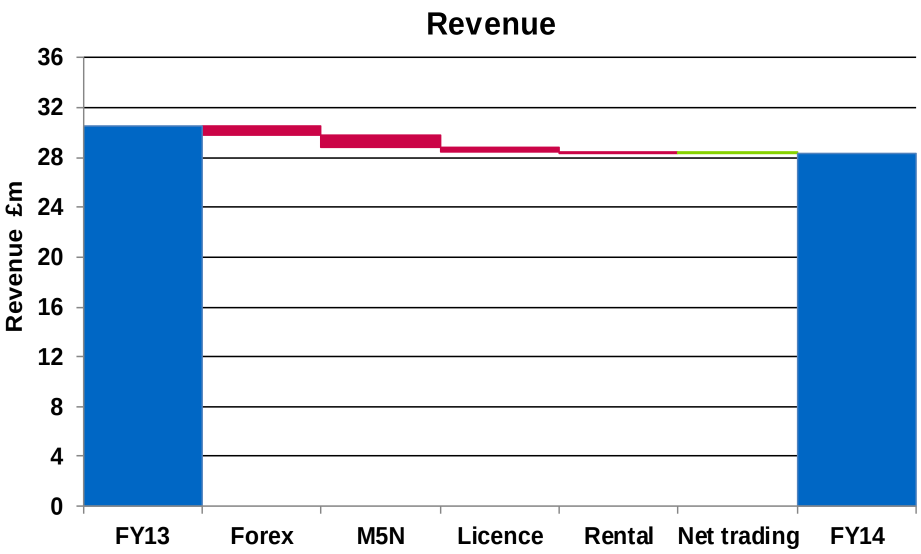
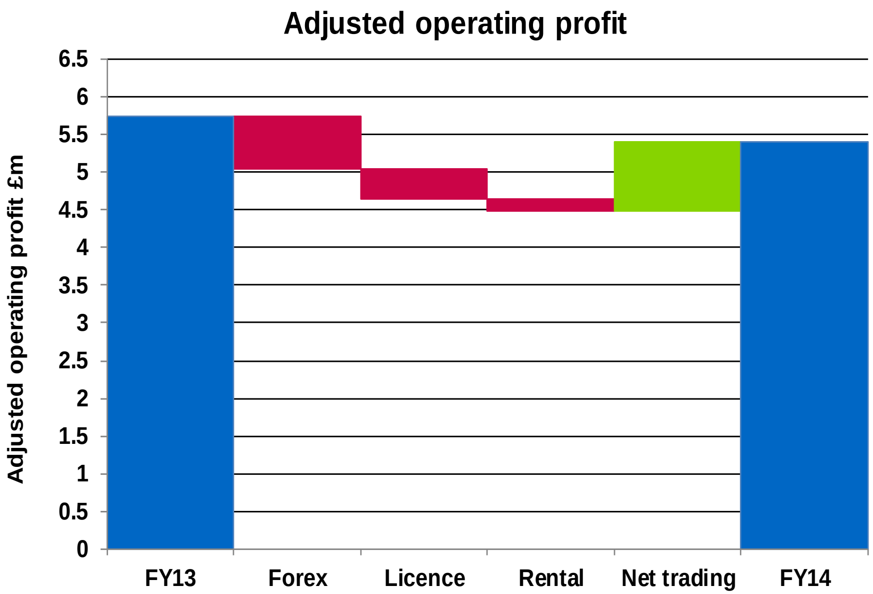
Bridge from 2013 to 2014 (Revenue & Adjusted Operating Profit)

- 2013 exceptionally strong, particularly H1, as noted at the time
- OTM acquired in July 2013
- Negative FX impact (revenue of £0.8m & profit of £0.7m)
- Closure of M5N
- One-off licence in 2013 of £0.4m
- Operating margins remain at top end of peer group range





Adjusted operating profit and margin excludes amortisation and impairment of intangible assets and share-based payment charges

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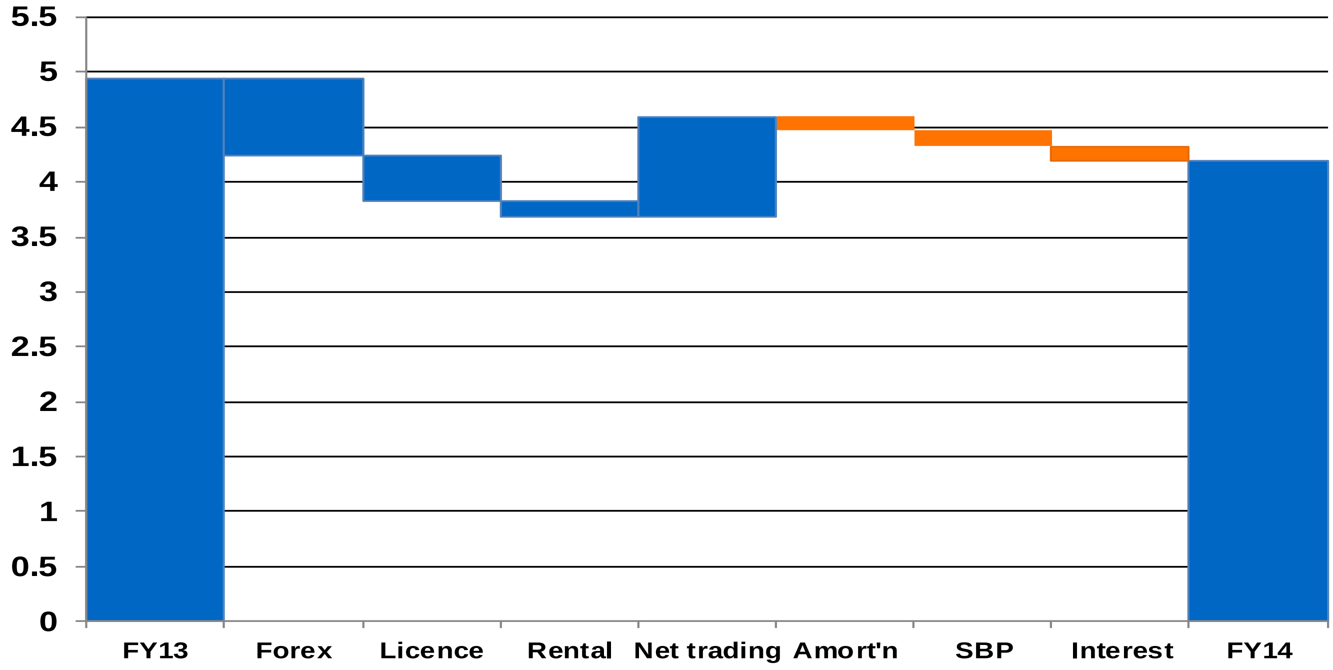
Bridge from 2013 to 2014 (Reported Profit before Tax)

- Operating profit bridge as prior slide
- Intangible amortisation arising from 2013 acquisition
- Increase in share-based payment charge due to full year impact of 2013 PSP scheme
- Interest charge increase from:
  - Interest rate swap valuation change recognised within interest expense
  - Offset by refinancing in 2013 (higher principle at lower interest rate)



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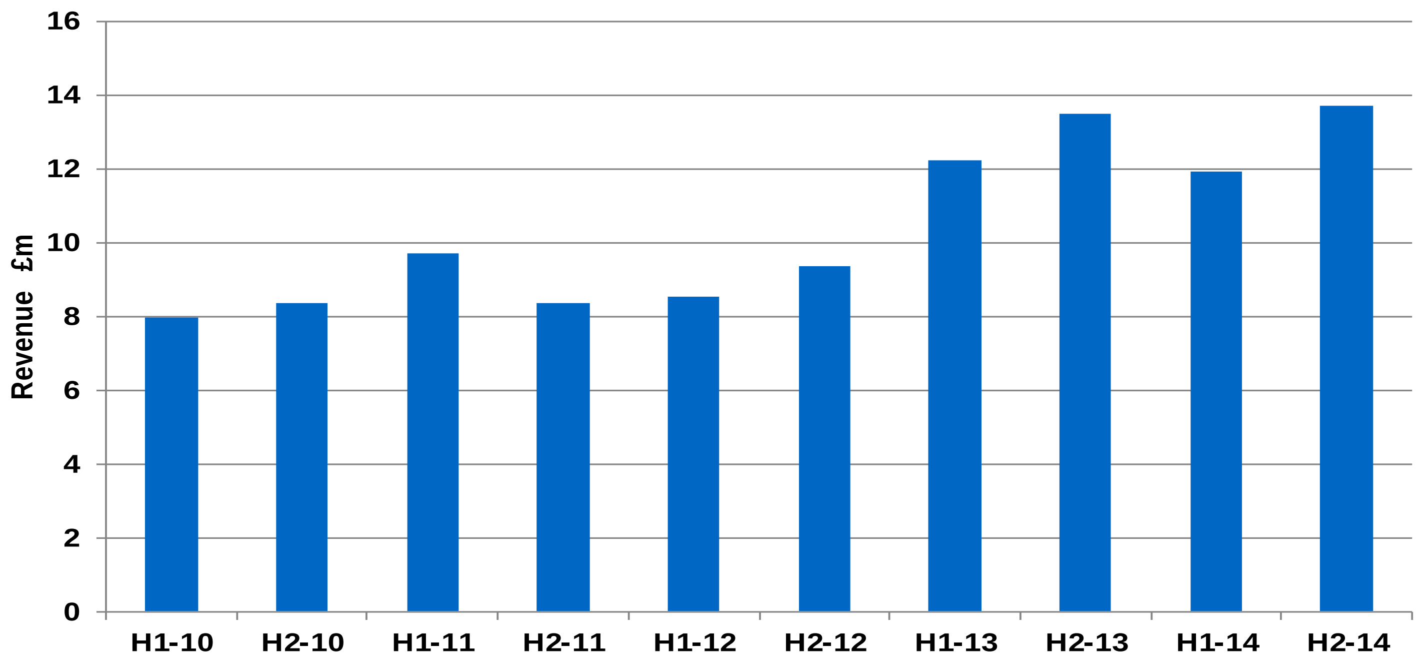
Revenue Breakdown – Core Consultancy Fees (not FX adjusted)

- Satisfactory performance in core consultancy services
- 2014: Challenging H1 followed by stronger H2, despite currency pressures
- Negative impact of FX in 2014 compared to 2013 in both H1 and H2 (£0.5m and £0.3m)
- Very strong comparators in 2013
- OTM acquisition in July 2013



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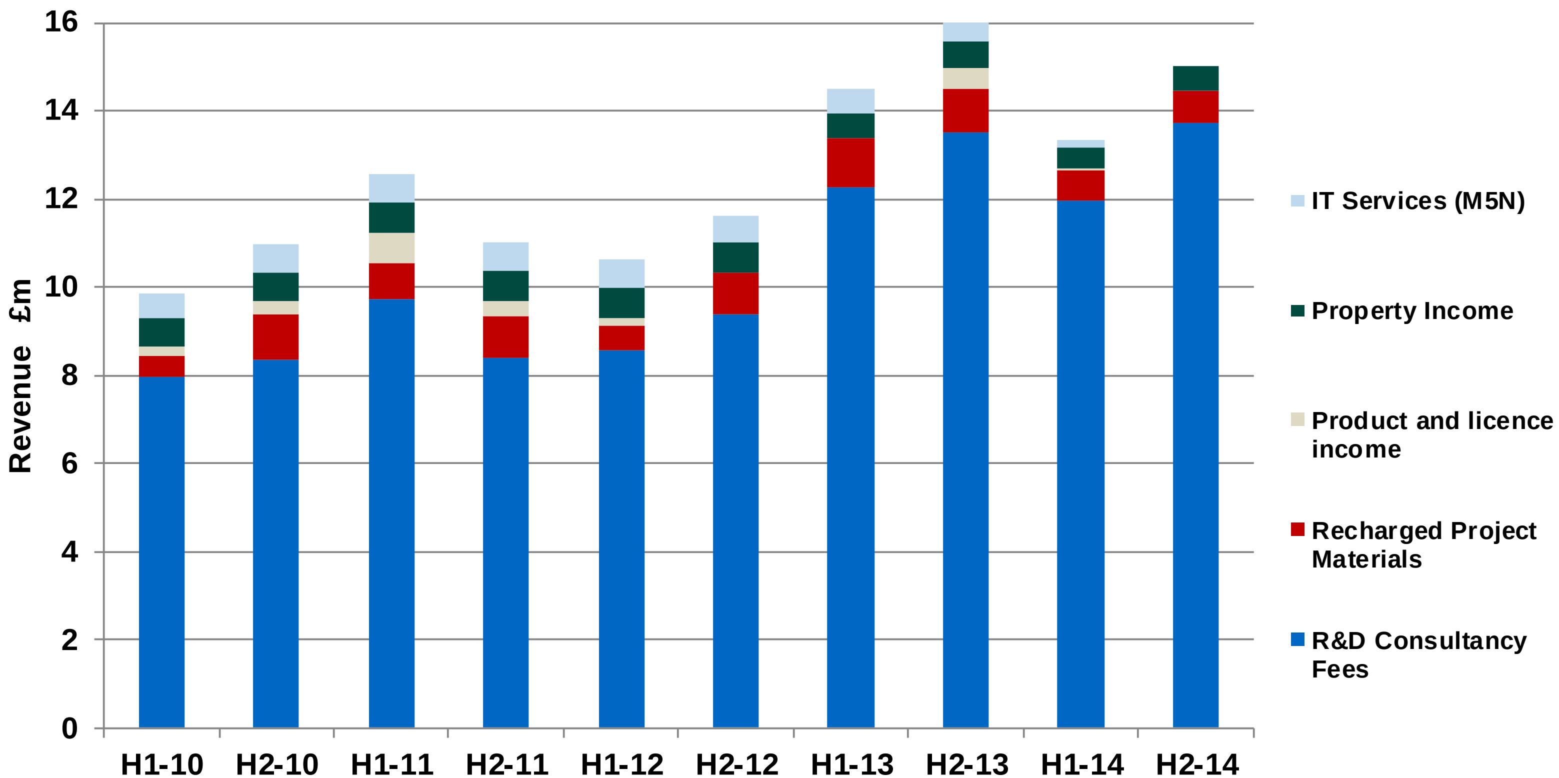
Group Revenue Breakdown (not FX adjusted)

- Consultancy fees – see prior slide
- IT services business (M5N) closed in H1-14
- Reduction in property income – primarily due to investment in Sagentia business
- H2-13 benefit from one-off licence (£0.4m)



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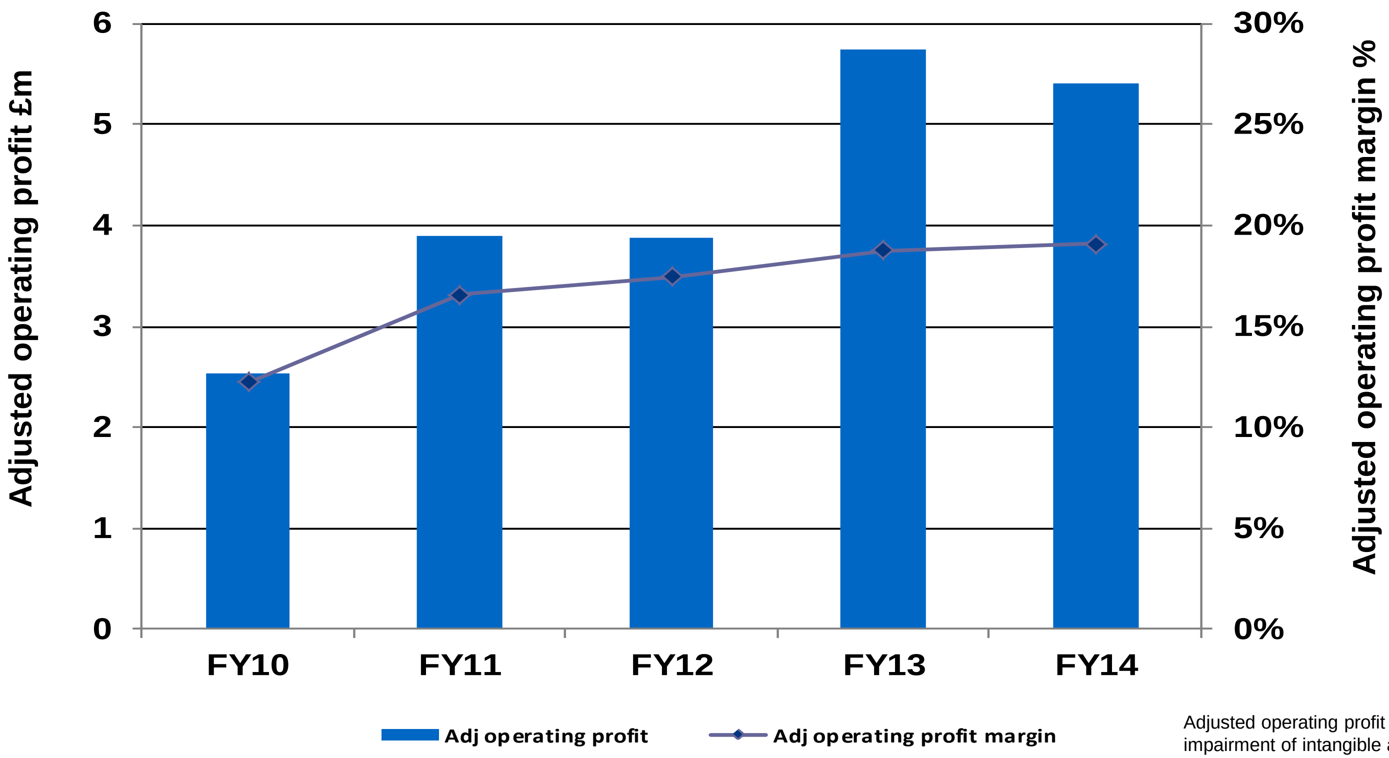
Adjusted Operating Profit and Margin

- Operating margins remain strong. Top end of peer group range
- Tight cost control in volatile forex environment
- Good comparative margin performance when taking into account FX and one-off factors
  - 2014 operating profit would be £0.7m higher on 2013 constant currency basis
  - One off licence of £0.4m in 2013



Adjusted operating profit and margin excludes amortisation and impairment of intangible assets and share-based payment charges

Balance Sheet Summary

Working capital and cash

- Cash of £23.8m (2013: £22.4m). Net funds of £15.0m (2013: £12.6m)
  - £2.2m cash outflow related to share buy-back and dividend
- Debtor Days at end 2014: 50 (2013: 48)
- Debtor and WIP days: 12 (2013: 21)

Freehold property

- Valued by Savills in 2013 for bank loan at £12.9m-£18.0m
- Carrying value on balance sheet has not been adjusted at £13.6m

Tax losses

- Carried forward tax losses at 31 December 2014 of £17.6m (2013: £20.9m)
  - Includes £9.3m of trading tax losses which it is anticipated will minimise tax cash payments in future periods (2013: £12.6m). At 31 December 2014, these £9.3m of trading tax losses recognised in full as deferred tax asset
  - Remaining £8.3m (2013: £8.3m) carried forward tax losses will only be recognised if probable losses can be utilised
- Tax charge reported to arrive at statutory profit after tax more closely reflects underlying tax charge with effective tax rate of 18.2% (2013: 6.2%). This accounting treatment does not affect cash tax paid in 2014
- Release of deferred tax asset as tax losses are utilised results in increased statutory tax charge being reported and therefore reduced reported profit after tax and EPS
- Anticipate that cash outflow remains modest for next two years, after which the tax cash flow will increase

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Acquisition of Oakland Innovation Limited

Acquisition of 100% of share capital completed in February 2015

- Net assets on acquisition approximately £0.5m, including £0.7m cash

Cash consideration of £5.0m is satisfied by:

- £3.6m cash on completion
- £1.4m satisfied through sale of treasury shares (1.04m shares) subject to lock-in period of up to 3 years

R&D consultancy founded in 1989 by Managing Director, Michael Zeitlyn

- Providing services to Consumer and Healthcare markets

Revenue generated in 2014: £3.9 million with operating margin approx. 18%

- 47 staff based in Cambridge UK – two-thirds are PhD qualified

Integration into Technology Advisory division

- Management remaining with business and relocating to Harston facility

Share Liquidity and Cash Return

Increasing dividend to 4.0 pence per share (2013: 1.1 pence)

- Total cost approx. £1.5m (2013: £0.4m)

Buy-Back Programme

- Renew standard authority to buy-back 10% of issued share capital
- Propose extension for coming year of additional 10%
- Provide liquidity to enable sale of shares by shareholders

Treasury Shares

- At 31 December 2014, 4.7m shares held in treasury (28 February 2015: 3.7m)
- Renew standard pre-emption authority
- Subject to conditions, selectively use that authority to provide supply of shares to institutional investors through sale of treasury shares:
  - Company's Broker made reasonable endeavours to source in market;
  - Minimum volume of 1.0m shares;
  - Buyer not holding more than 10% of ISC after the transaction; and
  - Price to reflect prevailing market price at time of sale

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

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