

Interim Results Presentation July 2016

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To be read in conjunction with the Interim Results
announcement released on 12 July 2016



Science Group plc

Science and technology services

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

Four subsidiary companies/brands

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

Significant freehold property assets

- North-of-London Facility – offices and laboratories based in freehold property in Harston, Cambridge
 - Sagentia and Oakland Innovation
- South-of-London Facility – offices and laboratories based in freehold property in Epsom
 - Leatherhead Research and OTM Consulting
- Other leasehold offices: UK – London; USA – Boston & Houston

Financial Summary - 1

Satisfactory operating performance

Group revenue of £17.7m (H1-15: £14.1m)

- Benefitting from 2015 acquisitions
- Continuing challenging oil & gas market resulted in OTM revenue decline
- Sagentia-Medical affected by end of large projects in mid-2015. Significant new projects recently won

Adjusted* operating profit of £2.5m (H1-15: £2.4m)

- Leatherhead Research contribution exceeded integration plan

Statutory PBT of £1.1m (H1-15: £1.9m)

- One off costs relating to Leatherhead, including restructuring/relocation of £0.3m (H1-15: £nil)
 - Approx. 60% of total Leatherhead and OTM staff have been relocated to the Epsom site
- Increase in amortisation of acquisition related intangible assets arising from 2015 acquisitions
- Settlement of vested unapproved share options resulting in one off cost of £0.2m (See later)
- Loss on revaluation of interest rate swap of £0.1m (H1-15: gain of £0.1m)

* Throughout this presentation, adjusted operating profit and margin excludes amortisation and impairment of intangible assets, share based payment charges and other exceptional costs

Financial Summary - 2

Freehold property assets : £21.3m (H1-15 : £13.6m)

- Harston Mill : £13.5m; approx gross 100k sq ft; approx. one third of space is sublet
- Great Burgh : £7.8m; approx gross 50k sq ft; will be fully used by Science Group

Cash balance of £17.2m (H1-15: £21.5m) and Net Funds of £9.9m (H1-15: £13.2m)

- Acquisition of business and property in H2-15 of £13.6m
- Cash generated from operations in H1-16: £5.3m (H1-15: £3.3m) including £1.5m VAT rebate re property
- Bank debt at 30 Jun 2016: £7.3m (H1-15: £8.3m)

Basic EPS of 2.4 pence (H1-15: 4.0 pence) and diluted EPS of 2.3 pence (H1-15: 3.6 pence)

- In line with reduction in PBT following non-recurring and other exceptional items

Share Options

At 31 December 2015, the Group had 3.0m share options outstanding

- Of which 1.9m have vested or are anticipated to vest during 2016

Share options settlement offer to employees

- Limited liquidity in Science Group shares and not understood by many employees
- Difficult for share option holders to exercise and unexercised share options act as share overhang
- Eligible employees offered a cash settlement in exchange for waiving right to unexercised, unapproved, vested share options (and PSP) issued up to Dec 2013, totalling 1.0m options
- Following this action, outstanding options have reduced to 1.8m, of which 0.8m have vested or will vest in 2016 and 0.2m anticipated to lapse

Accounting impact

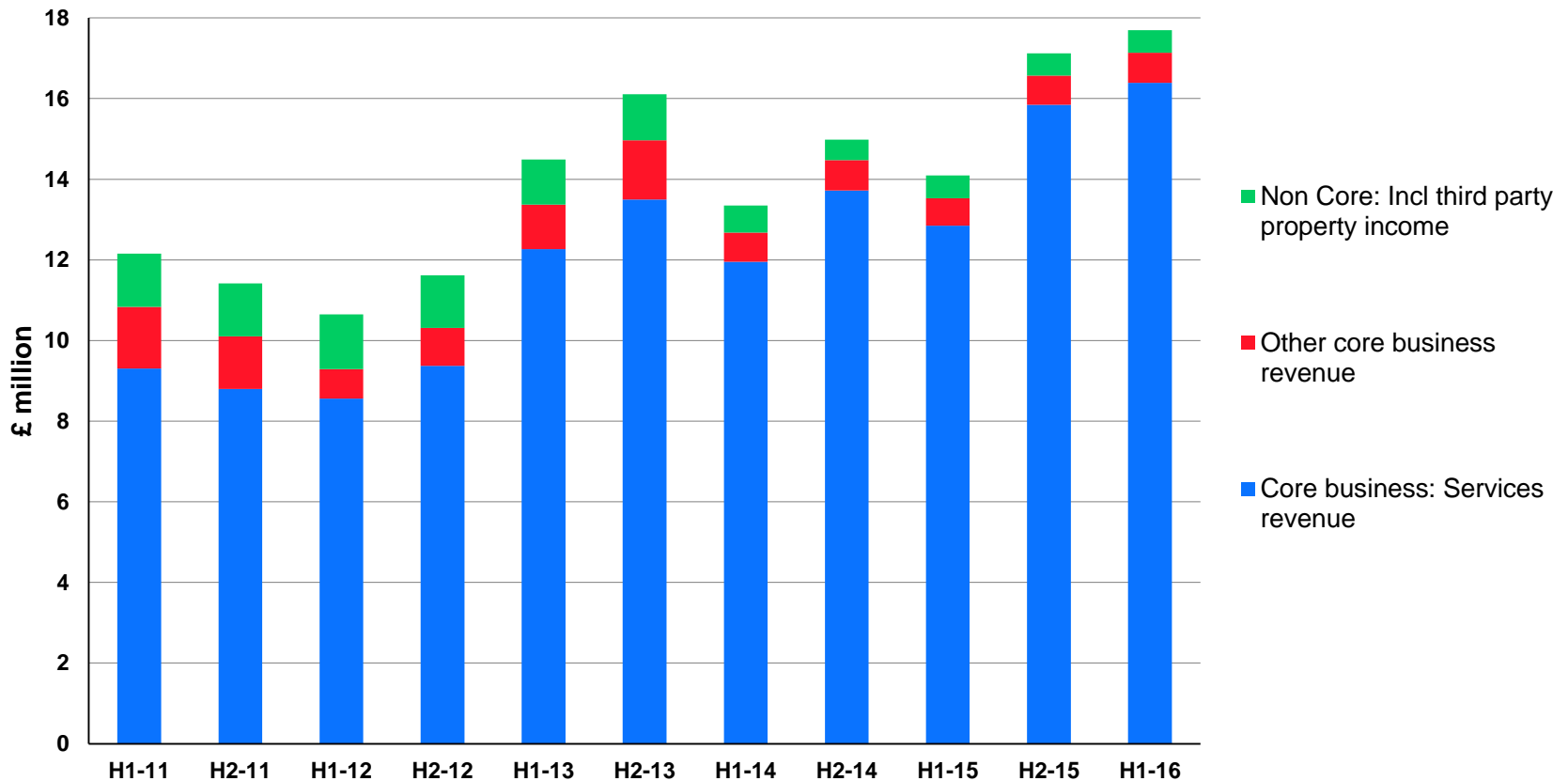
- Cash outflow for settlement to employees who accepted the offer of £0.6m
- Incremental P&L employment cost of £0.2m, recognised as an exceptional cost

Future Share Option Grants

- Limited to Senior Grades as part of total remuneration package
- Under normal circumstances, limitation to not more than 1% of ISC per annum
- 2008 Unapproved Scheme will be terminated as soon as practicable

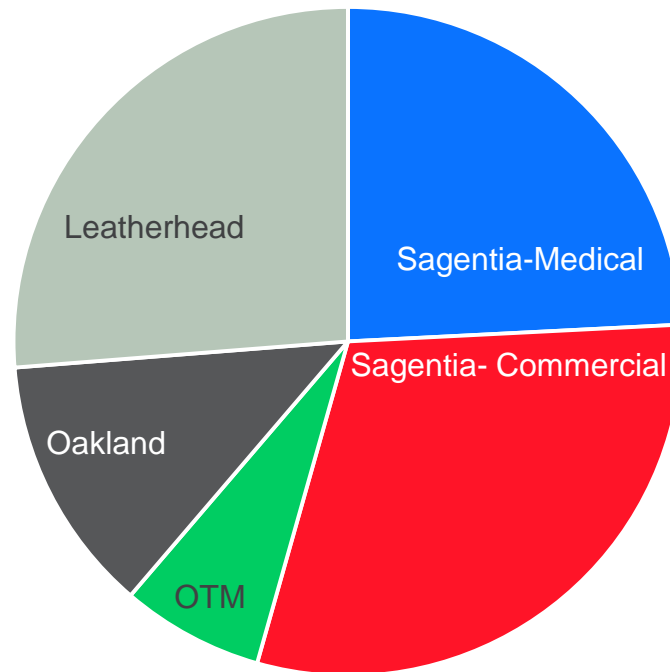
Group Revenue Breakdown

- Benefitted from 2015 acquisitions
- Offset by challenging oil & gas market
- Phasing of projects in Medical sector continued to affect revenue. New large projects won



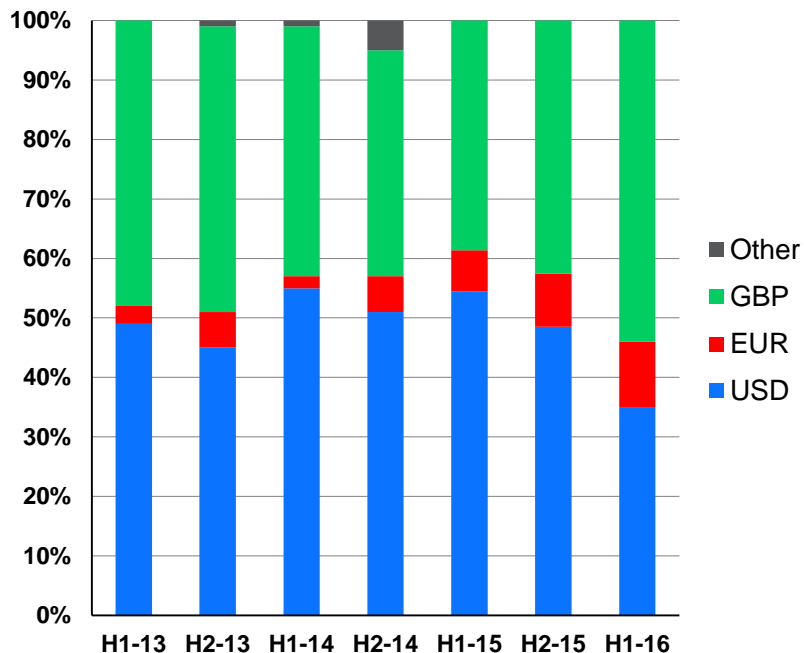
Services Revenue Profile – H1 2016

- Group comprises 5 operating businesses using 4 brands
- 2015 acquisitions have expanded customer base and service offerings
- Food & Beverage market synergies : Sagentia-Commercial, Oakland and Leatherhead

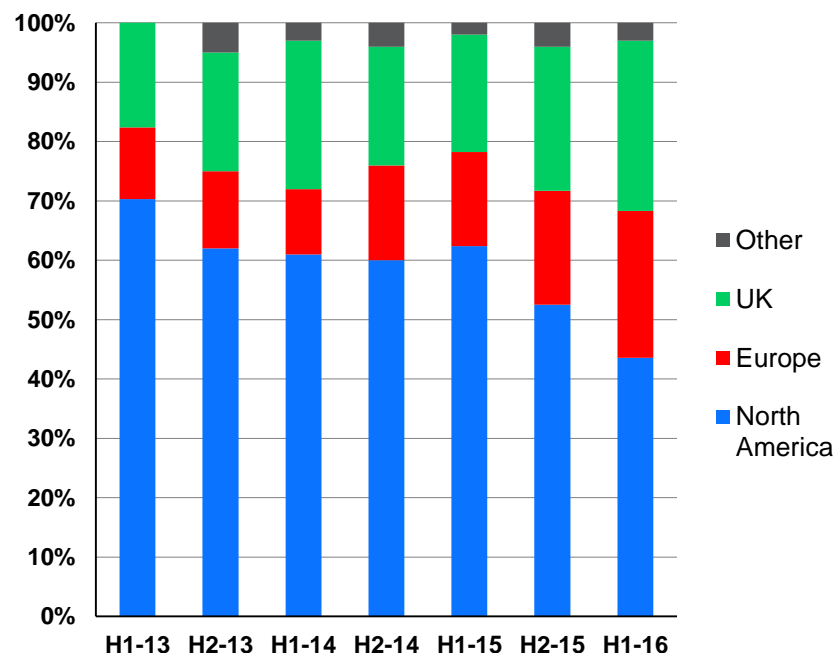


International Services Business

- Science Group is an international business : approx. 70% of Services revenue outside UK
- 35% of services revenue in US\$ (H1-15: 55%) and 11% in Euro (H1-15 : 7%)
- Over 90% of employees are based in the UK



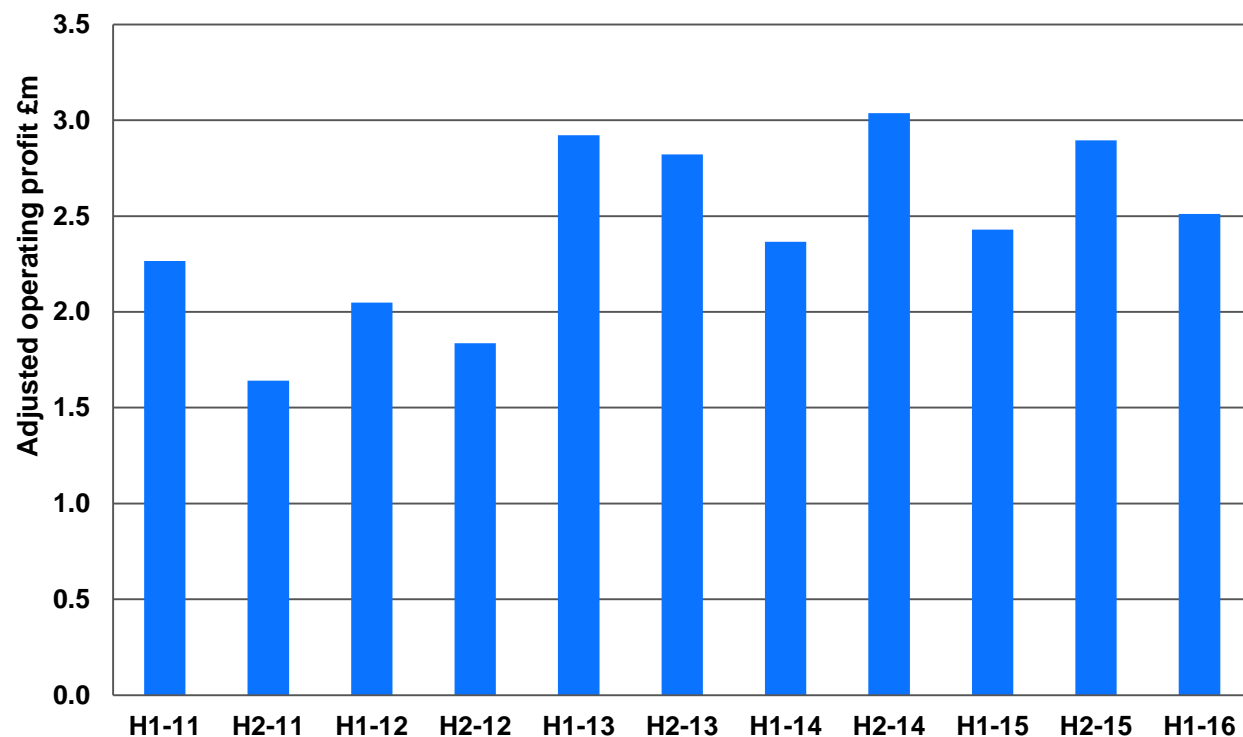
Services Revenue by Currency



Services Revenue by Geography

Adjusted Operating Profit

- Leatherhead contribution ahead of integration plan level
- Offset by OTM business in challenging Oil and Gas market
- Sagentia aggregate contribution declined due to project phasing in Medical division
- Oakland contribution strong



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

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