

**Interim Results Presentation  
July 2011**

**SAGENTIA**

## Technology & Product Development Company

- Outsourced R&D
  - Predominantly time-and-materials consultancy (H1 2010 predominantly fixed price projects)
- Sectors : Medical, Consumer & Industrial
- Based in Harston, near Cambridge
  - Significant freehold property (Approx half occupied. Remainder sub-let)
  - Leased offices in Cambridge, Ma, (USA)
- AIM listed since July 2008. Original IPO on Main List in December 2000

## Summary H1 2011

- Performance substantially ahead of expectations at start of year
- Strong organic revenue growth
- Highest operating margins for at least ten years
- Strong balance sheet
- Transition from fixed price to T&M pricing model effectively complete

# Summary of H1 2011 - Financials

## Continued Revenue Growth

- Revenue of £12.6m (H1 2010: £9.8m) : 27.6% growth
  - Enhanced by exceptional product revenue in H1 2011
- Consulting fees of £9.7m (H1 2010: £8.0m) : 21.8% growth

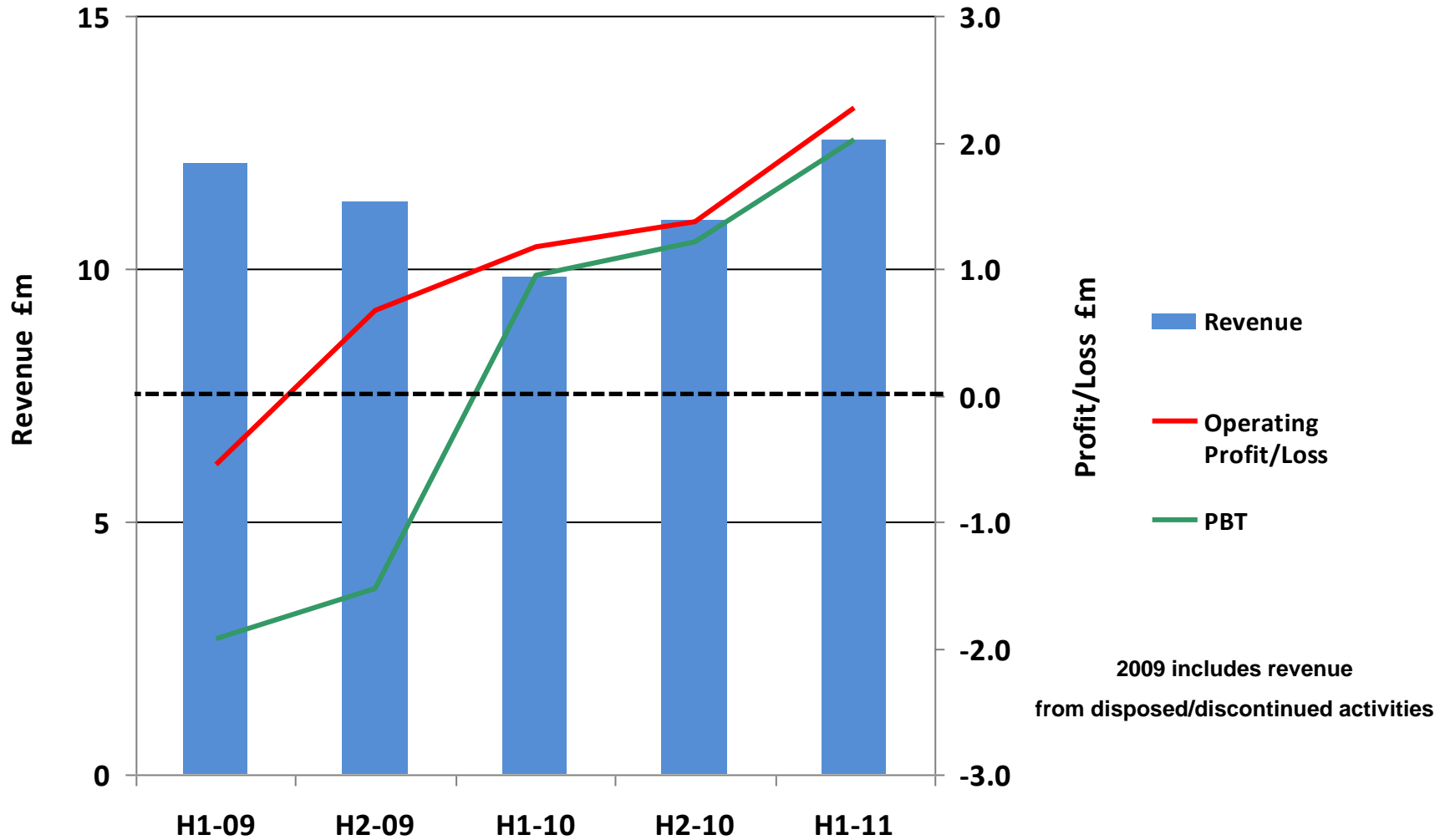
## Continued Margin Improvement

- Operating Profit of £2.3m (H1 2010: £1.1m) : 101% growth
- Profit before tax of £2.0m (H1 2010: £0.9m) : 114% growth
- PBT margin of 16.0% (H1 2010: 9.6%)
  - Above the Board's target range; enhanced by exceptional product revenue in H1 2011
- EPS (diluted) of 4.6p (H1 2010: 3.8p) : 21% growth
- EPS (basic) of 4.9p (H1 2010: 3.9p)

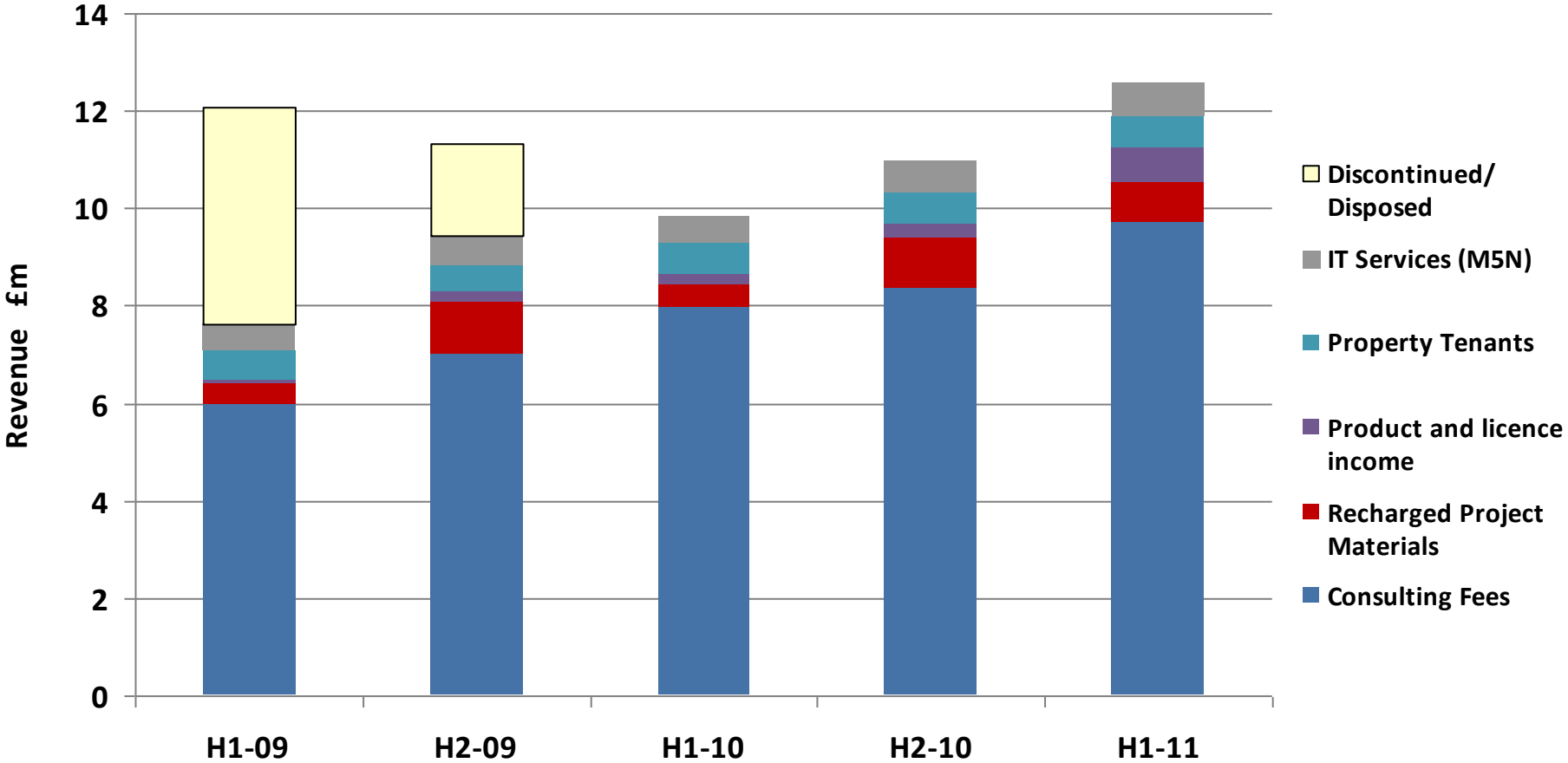
## Balance Sheet

- Cash of £17.7m (H1 2010: £12.5m)
- Net Funds of £10.1m (H1 2010: £6.6m)
- Debtor Days at 30 June 2010: 44 (30 June 2010: 56)

# Summary Financial Performance

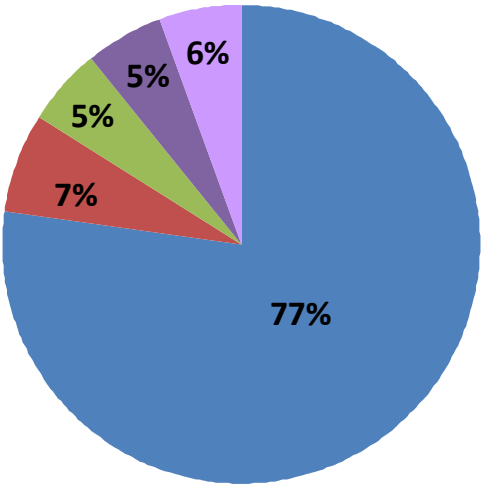


# Revenue Breakdown



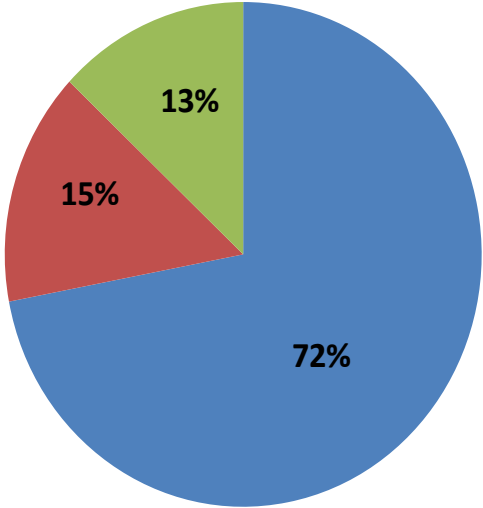
# Revenue Breakdown

### Total Revenue



- Consulting Fees
- Recharged Project Materials Tenants
- Property
- Manage5Nines
- Product and NTRI

### Consulting Fees



- Medical
- Consumer
- Industrial

# Segmental Analysis

## Business Sectors

- Medical sector was strong in H1, accounting for 72% of consulting fees
  - Sagentia reputation for successful medical device developments increasing
- Consumer sector had a slower start but recovered in Q2
- Industrial sector was quieter

## Geographic

- Approx 77% of Consulting fees derived from overseas markets
  - North America : 65%; ROW : 12%

## Customer Size

- Top 5 customers account for c.51% of Core revenue
- Top 10 customers c.69%

## Balance Sheet (extracted information)

|   | 30 June 2010 | 31 Dec 2010  | 30 June 2011 |
|---|--------------|--------------|--------------|
|   | £m           | £m           | £m           |
| <b>Cash</b>                                       | <b>12.5</b>  | <b>16.4</b>  | <b>17.7</b>  |
| <b>Borrowings</b>                                 |              |              |              |
| •Bank   | (5.5)        | (7.8)        | (7.4)        |
| •Other borrowings                                 | (0.4)        | (0.1)        | (0.2)        |
| <b>Equity Investments</b>                         | <b>1.4</b>   | <b>1.0</b>   | <b>0.8</b>   |
| • BVCA valuation. Realisable value indeterminate. |              |              |              |
| <b>Freehold Property</b>                          | <b>13.9</b>  | <b>13.9</b>  | <b>13.8</b>  |
| • Last valuation (Savills) : August 2010          |              |              |              |
| <b>Shareholders Funds</b>                         | <b>21.3</b>  | <b>22.7</b>  | <b>24.7</b>  |
| • Shareholders Funds per Share                    | <b>51.1p</b> | <b>54.7p</b> | <b>59.2p</b> |

# Other Matters

## Operational

- Closure of Hong Kong site – migration of work to Harston and Boston
- Expansion of Boston facility in H2 2011
- Investment in sales and account management resources

## Corporate

- Disposal of Sensortec and Atranova shareholdings
- Buy out of minority shareholding in M5N

## Business Systems

- Upgrade of accounting and ERP system in H2 2011
- Further enhancement of CRM system

## M&A opportunities being explored

- Board will remain prudent

# Summary

## **Turnaround completed in 2010. Performance sustained in H1 2011**

- Substantially de-risked operating model

## **Strong organic growth in excess of 20%**

## **Strong operating margins**

- Enhanced by exceptional product revenue in H1 2011
- Board will balance margin and investment
- Revenue per head increased by approx 13%, compared to H1 2010

## **Robust balance sheet and cash flow**

- NAV of £24.7m includes net cash and freehold property equivalent to £24.1m
- No goodwill or intangible assets on balance sheet

[www.sagentia.com](http://www.sagentia.com)  
[info@sagentia.com](mailto:info@sagentia.com)



**Sagentia Ltd**  
Harston Mill  
Harston  
Cambridge  
CB22 7GG  
UK

T. +44 1223 875200

**Sagentia Inc**  
One Broadway  
14th Floor  
Cambridge  
MA 02142  
USA

T. +1 617 401 3170

[www.sagentia.com](http://www.sagentia.com)  
[info@sagentia.com](mailto:info@sagentia.com)

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London Stock Exchange (SAG.L)

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