



# NOVACYT GROUP

AGM July 2019

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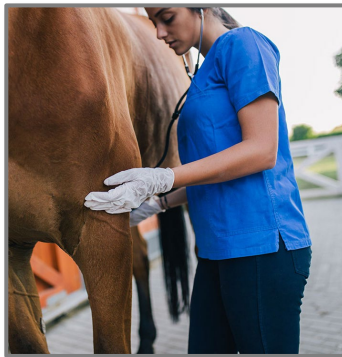
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- Welcome from the Chairman of Board of Directors James Wakefield
- Presentation reviewing Company performance FY2018
  - CEO Graham Mullis
  - CFO Anthony Dyer
- Shareholder Questions
- AGM Voting
- EGM Voting
- Closing

- Diagnostic company focused in clinical, life sciences and food testing markets



- Novacyt is a reagent manufacturer focused in protein and molecular based diagnostics
- 2018 sales €13.7m representing >30% CAGR growth over 4 years
- 2018 EBITDA profitability of €0.6m



# Novacyt Group : Dual-listed Paris:London

NOVACYT  
GROUP



Represents 10% of shareholding

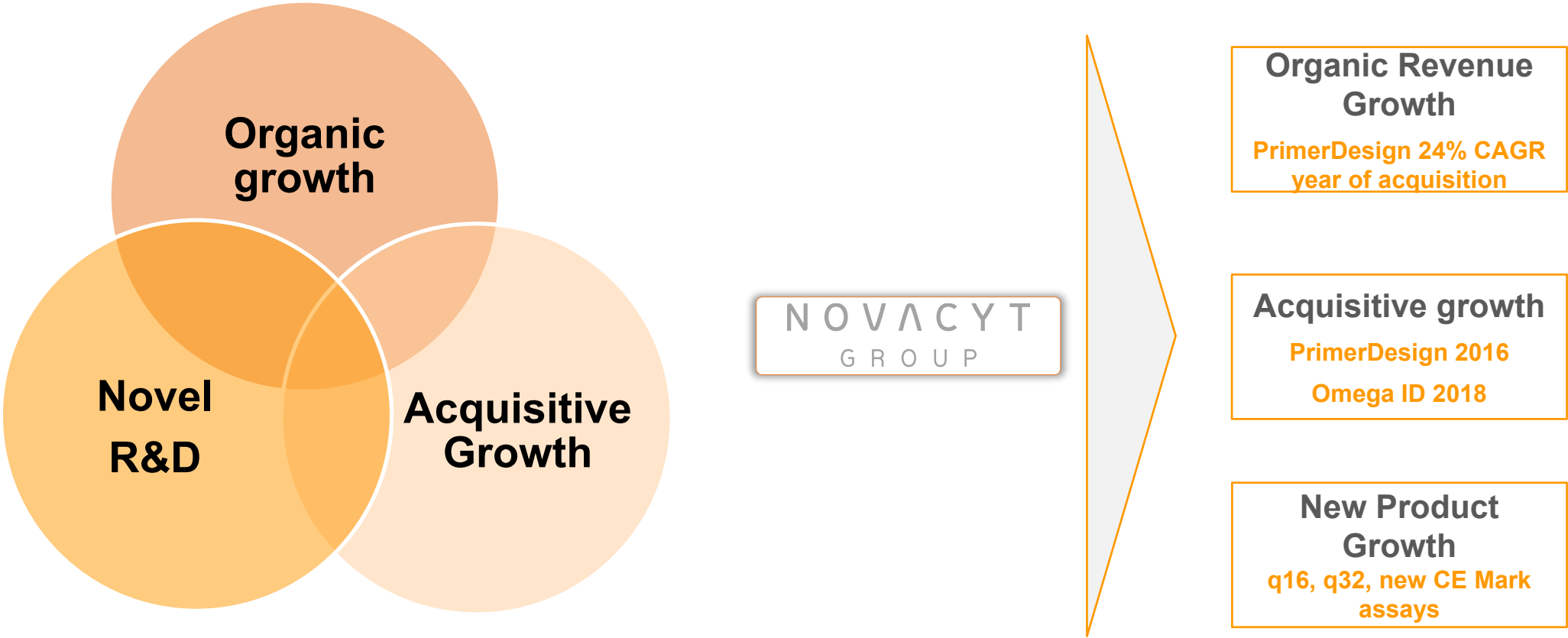


Represents 90% of shareholding

- **Complete Group restructure and focus on core diagnostic reagent manufacturing**
  - Successfully complete sale of Clinical Services operation in Cambridge
  - Successfully sell NOVAprep business unit
  - Complete integration of Omega ID manufacturing
  - Evaluate creating value from other non-core business parts
- **2019 financial performance**
  - Increase EBITDA and operating profit with NOVAprep® losses removed
  - Continued strong sales growth from Primerdesign and Lab21 Products divisions
  - Refinance equity line facility and improve share price value

# Novacyt Strategy – 3 Pillars of Growth

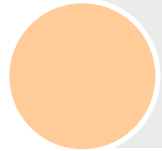
Major developer and manufacturer of diagnostic reagents



MICROGEN  
BIOPRODUCTS

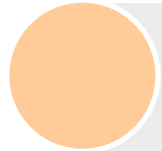
PRIMER  
DESIGN

LAB 21  
HEALTHCARE



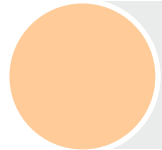
**Market leading and proprietary technologies** for diagnostic testing in oncology and infectious disease

*More than 100 patents with multiple brands and trade marks registered all over the world*



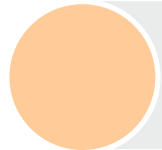
**Global network of distributors**

*Over 460 distributors across the Group*



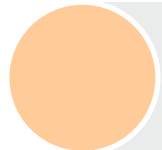
**Strong brand equity**

*Recognised brands with high levels of brand loyalty, focus on customer service*



**Quality and Product performance**

*Strong Quality & Regulatory culture*



**Successful M&A track record**

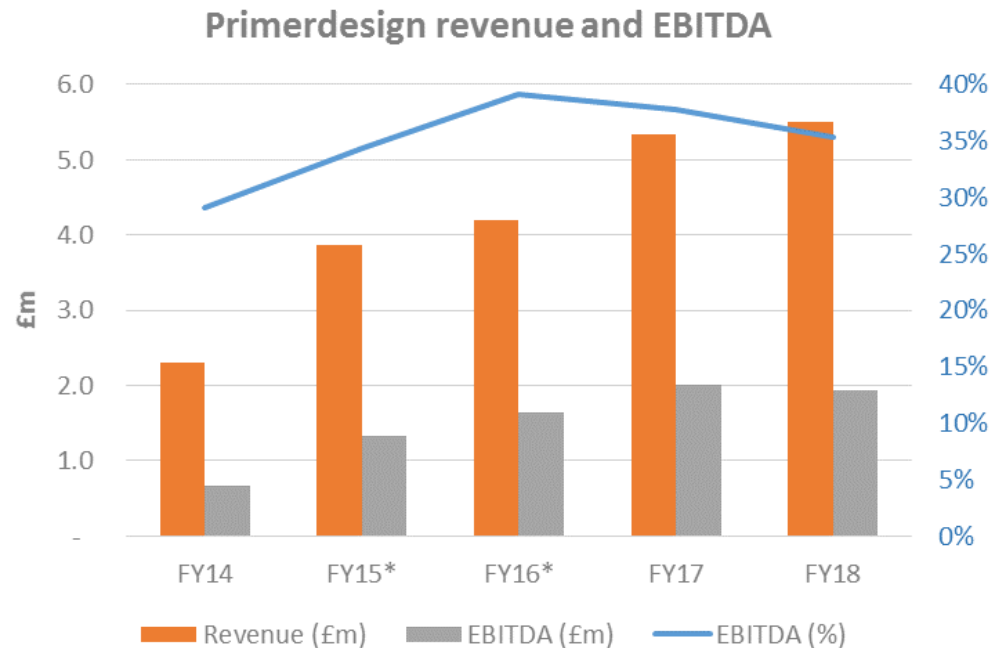
*Primerdesign fully integrated in 2017 and Omega ID asset purchase completed May-18*

 <b>Total Employees 119</b>	<i>Plan to hire 20+ employees in 2019</i>
 <b>Manufacturing sites</b>	<i>Three sites with 40,000 square feet (4,000 sqm)</i>
 <b>Regulatory &amp; Quality</b>	<i>ISO9001 &amp; 13485, GMP and CE-IVD</i>
 <b>Research &amp; Development</b>	<i>15 people with rapid prototyping molecular assay development in 4 weeks</i>
 <b>Major OEM relationships</b>	<i>Examples: Bio-Rad, Thermo, Biomerieux</i>

- **Consolidated unaudited Group revenue of €13.7m compared to €12.7m in 2017**
  - Consolidated CAGR of 32% between 2014 and 2018
- **Gross margin increased to 63% in 2018 (2017: 62%)**
- **Full year EBITDA of €0.6m delivered in 2018**
- **Acquisition of Infectious Disease business from Omega Diagnostics expanded products and sales channel improving profitability**
- **Strategic review and decision to sell non-core assets NOVAprep® and Clinical Service Laboratory businesses which commenced in late H2 2018**

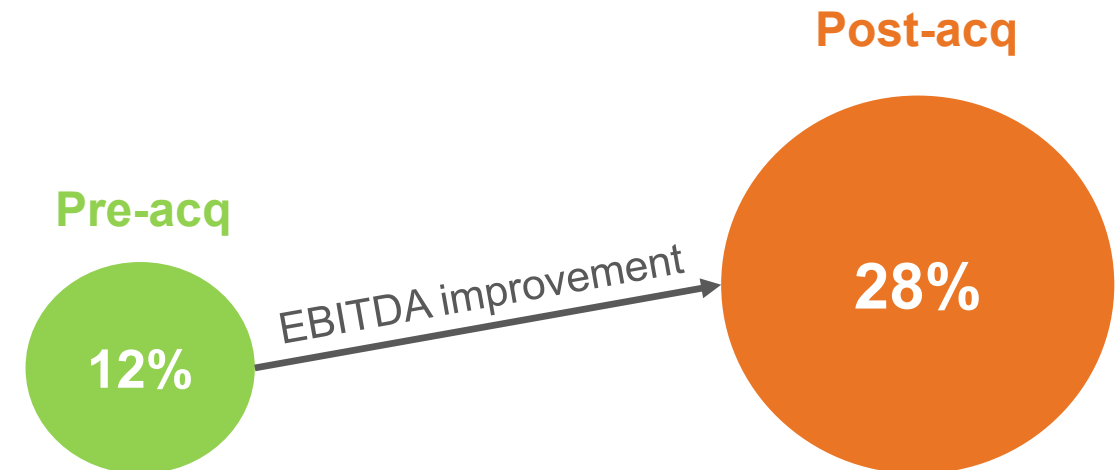
## Primerdesign acquisition successfully completed in May 2016

- Fully integrated in 2017 and a major contributor to financial transformation of Group
- Delivering strong growth and very high profitability
- Substantial market opportunity in molecular diagnostics
- Total consideration including earn-outs: **€13.6m**
- Revenue multiple vs FY15: **2.2x**
- EBITDA multiple vs FY15: **6.7x**

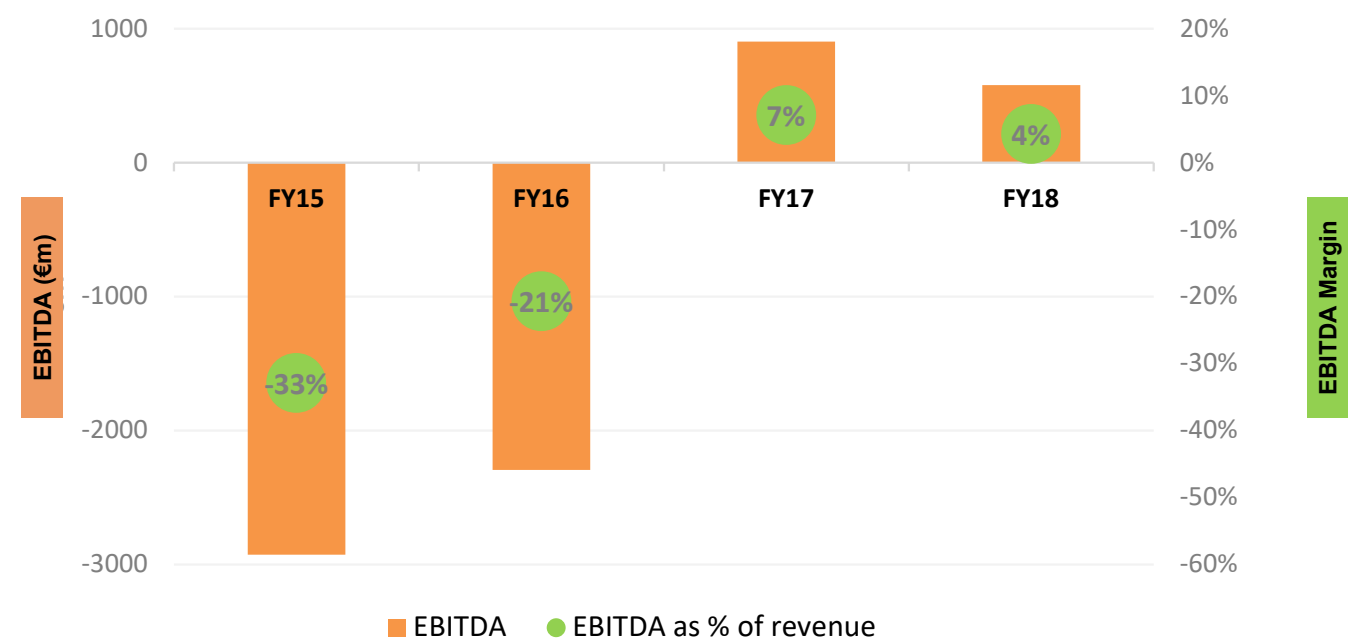


## Omega Diagnostics ID assets purchased in June 2018

- Acquired by Lab21 Products division in June 2018 to complement and enhance existing product portfolio
- Synergies identified to significantly improve EBITDA and grow sales
- Total consideration including earn-outs: **£2.175m (€2.456m)**
- Revenue multiple vs FY18: **0.9x**
- EBITDA multiple vs FY18: **7.0x**



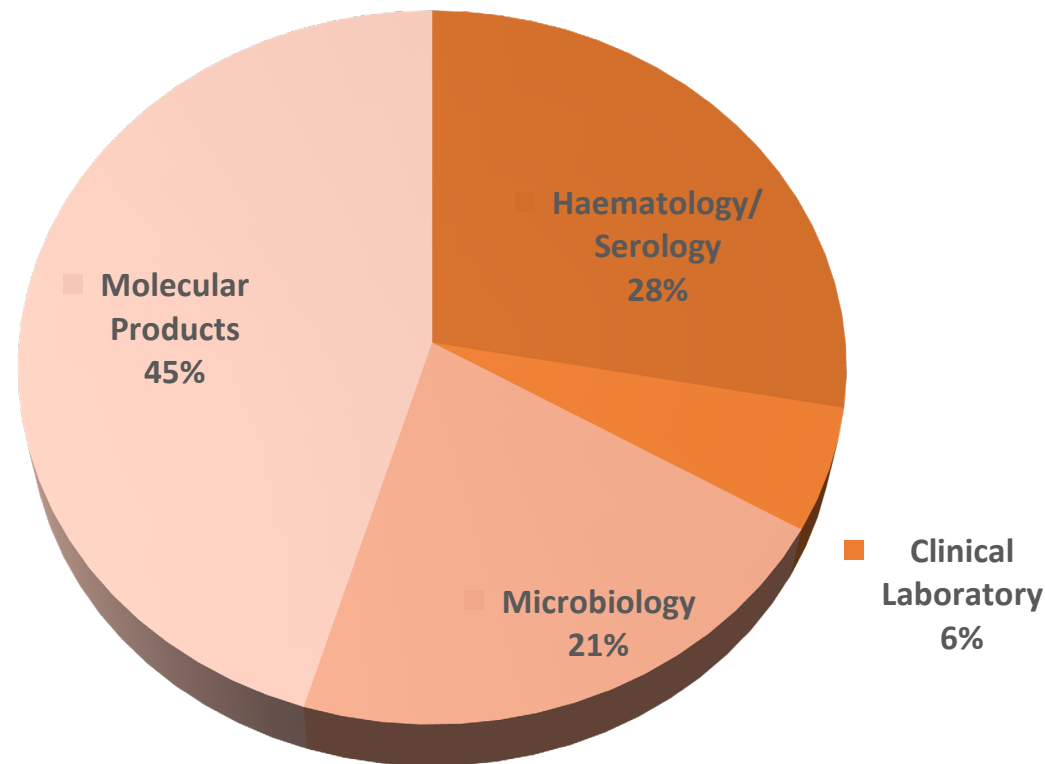
Achievement of operational profitability



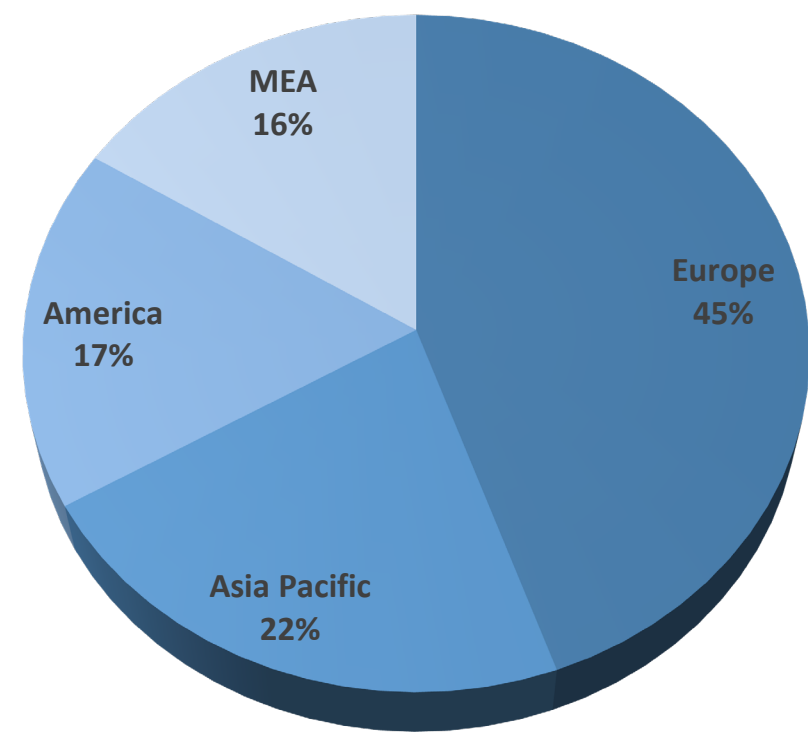
EBITDA has improved from a €2.9m loss in 2015 to €0.6m profit in 2018

# Revenue Breakdown – Product and Geography

Revenue by product



Revenue by geographical region



Source: 2018 Group audited financial statements

# Group Income Statement Summary

€'000	2018 Consol	2017 Consol
Revenue	13,721	12,749
Gross profit	8,604	7,909
Gross margin %	62.7%	62.0%
EBITDA	579	902
Recurring operating loss	(425)	62
Operating loss	(1,385)	(2,119)
Income from cash and cash equivalents	-	-
Gross borrowing costs	(682)	(1,202)
Other financial income and expenses	(13)	(171)
Income tax	(32)	1
Loss from discontinued operations	(2,626)	(1,951)
Total net loss	(4,738)	(5,442)

- EBITDA excludes non-recurring charges/income and long-term incentive plan
- NOVAprep® operational result excluded from EBITDA (2017 restated). Reported in Loss from Discontinued Operations
- Recurring operating loss of €0.4m (2017: profit of €0.1m) due to lower EBITDA and higher depreciation and amortisation (2018: €1.0m vs 2017: €0.8m)
- Operating loss improved to €1.3m from €2.1m in 2017. Non-recurring charges in 2018 (2017):
  - IPO costs - AIM listing project €0.1m (€1.8m)
  - Acquisition & Business Sale related €0.5m (€nil)
  - Site restructuring / relocation €0.2m (€0.2m)
  - Staff restructuring costs €0.2m (€0.2m)
- Borrowing costs reduced by €0.5m to €0.7m in 2018

# Group Balance Sheet Summary

€'000	2018	2017	€'000	2018	2017
Goodwill	16,134	16,466	Share capital and premium	60,582	60,616
Other non-current assets	6,369	6,650	Retained earnings	(40,444)	(35,702)
<b>Total non-current assets</b>	<b>22,503</b>	<b>23,116</b>	<b>Total equity</b>	<b>20,138</b>	<b>24,914</b>
Inventories	2,347	1,942	Borrowings (> 1 yr)	2,259	1,115
Other current assets	4,237	4,621	Other provisions and long-term liabilities	222	212
Cash and cash equivalents	1,132	4,345	<b>Total non-current liabilities</b>	<b>2,481</b>	<b>1,327</b>
<b>Total current assets</b>	<b>7,716</b>	<b>10,908</b>	Borrowings (< 1 yr)	3,115	2,778
			Trade and other payables	4,647	3,692
			Other provisions and short-term liabilities	2,047	1,313
			<b>Total current liabilities</b>	<b>9,809</b>	<b>7,783</b>
Assets of discontinued operations	2,294	-	Liabilities of discontinued operations	85	-
<b>TOTAL ASSETS</b>	<b>32,513</b>	<b>34,024</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32,513</b>	<b>34,024</b>

- Goodwill
  - Omega acquisition added €0.3m goodwill
  - €0.6m excluded from goodwill under IFRS 5 due to planned sale Clinical Lab business
- Total borrowings includes:
  - Kreos bonds of €1.0m (2017: €2.6m) - repayable in 2020
  - Vatel bonds of €4.2m (2017: €1.2) – 2 bonds repayable by 2020 and 2021
  - Other borrowings €0.2m (2017: €0.1m)
- Earn outs
  - Primerdesign earn-outs (£1.0m due as at Dec-18) and Omega earn outs (up to £0.4m due in 2019) shown in short and long-term liabilities

# Group Cash Flow Summary

Cash flow statement €'m	2018	2017
Cash from/(used in) operating activities	(1.2)	(4.6)
Cash from/(used in) investing activities	(2.7)	(2.8)
Cash from/(used in) from financing activities	0.8	9.0
<b>Net increase/(decrease) in cash</b>	<b>(3.2)</b>	<b>1.5</b>
Opening cash	4.3	2.9
FX impact	(0.0)	(0.0)
Closing cash	1.1	4.3

## Cash from operating activities in 2018 includes:

- €1.2m working capital inflows (2017: €1.8m outflow)
- €2.6m outflow from discontinued operations (2017: €2.0m)

## Investing activities in 2018 of -€2.7m (2017: -€2.8m) :

- Acquisition of a subsidiary -€2.0m (-€1.7m)
- Capex -€0.7m (-€1.0m)
- Other €nil (-€0.1m)

## Financing activities in 2018 of €0.8m (2017: €9.0m) :

- Equity raised (net of fees) €nil (€11.1m)
- Debt acquired (net) €4.0m (€2.7m)
- Debt repayments (cap + int) -€3.2m (-€4.8m)

- 2018 and 2019 years of transition with new dual listing, major restructure and sales of business units
- Delivered EBITDA profitability
- Significant growth opportunity in selected markets
- Focused on delivering business performance, restoring market confidence and shareholder value will follow
- Refinancing options being evaluated



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Thank You  
Questions?