

# Ideagen PLC Preliminary Results 2013-14

David Hornsby – CEO

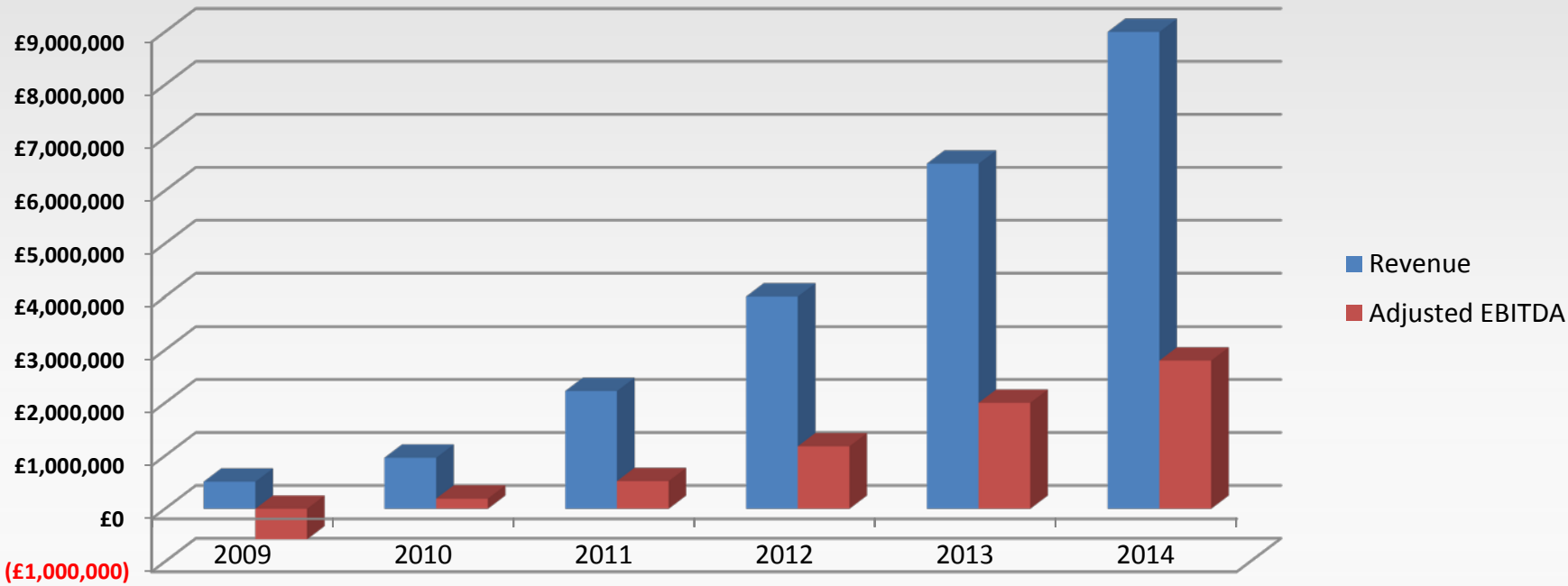
Graeme Spenceley – Finance Director

# Overview

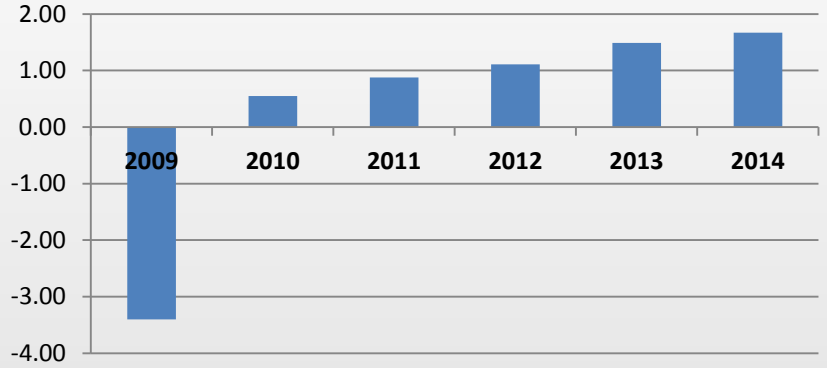
- » Information Management software company specialising in:
  - » Governance, Risk and Compliance
    - Complex Manufacturing, Banking & Finance, Energy
  - » Clinical and Content
    - NHS, Private Healthcare
- » Acquired 6 companies in 4 years
  - » Strong integration capability
- » 13% organic revenue growth in year to 30 April 2014
- » Recurring revenues cover 86% of fixed cost base

# Consistent Growth in Key Metrics

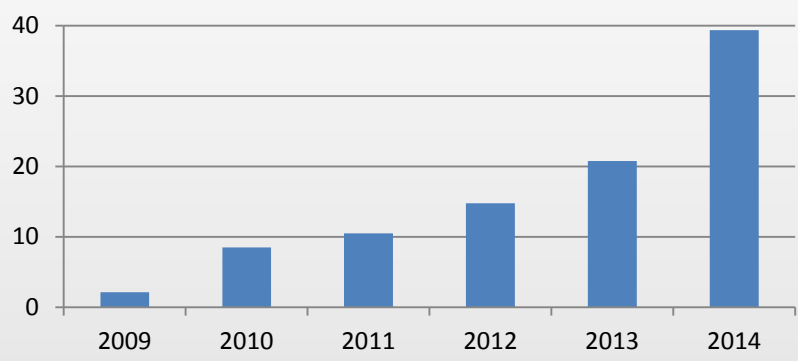
## Revenue and EBITDA



## Diluted Earnings per share (pence)



## Share price at 30 April 2014 (pence)



# Financial Highlights

- » Revenue up by 38% to £9.0m (2013: £6.5m)
  - Proforma organic revenue growth of 13%
  - Recurring revenues of £5.1m at year end covering 86% of fixed cost base
- » Adjusted EBITDA up by 39% to £2.8m (2013: £2.0m)\*
- » Adjusted PBT up by 36% to £2.6m (2013: £1.9m)\*\*
- » Diluted adjusted EPS up by 12% to 1.67 pence (2013: 1.49 pence)\*\*
- » Cash generated by operations of £1.7m (2013: £2.2m)
- » Net Cash at year end of £4.0m (2013: £6.4m)
- » Net Assets of £13.4m (2013: £12.3m)
- » Proposed final dividend of 0.1 pence per share making a total of 0.15 pence per share for the year

\*Before share based payments and exceptional items

\*\*Before share based payments, amortisation of acquisition intangibles and exceptional items

# Operational Highlights

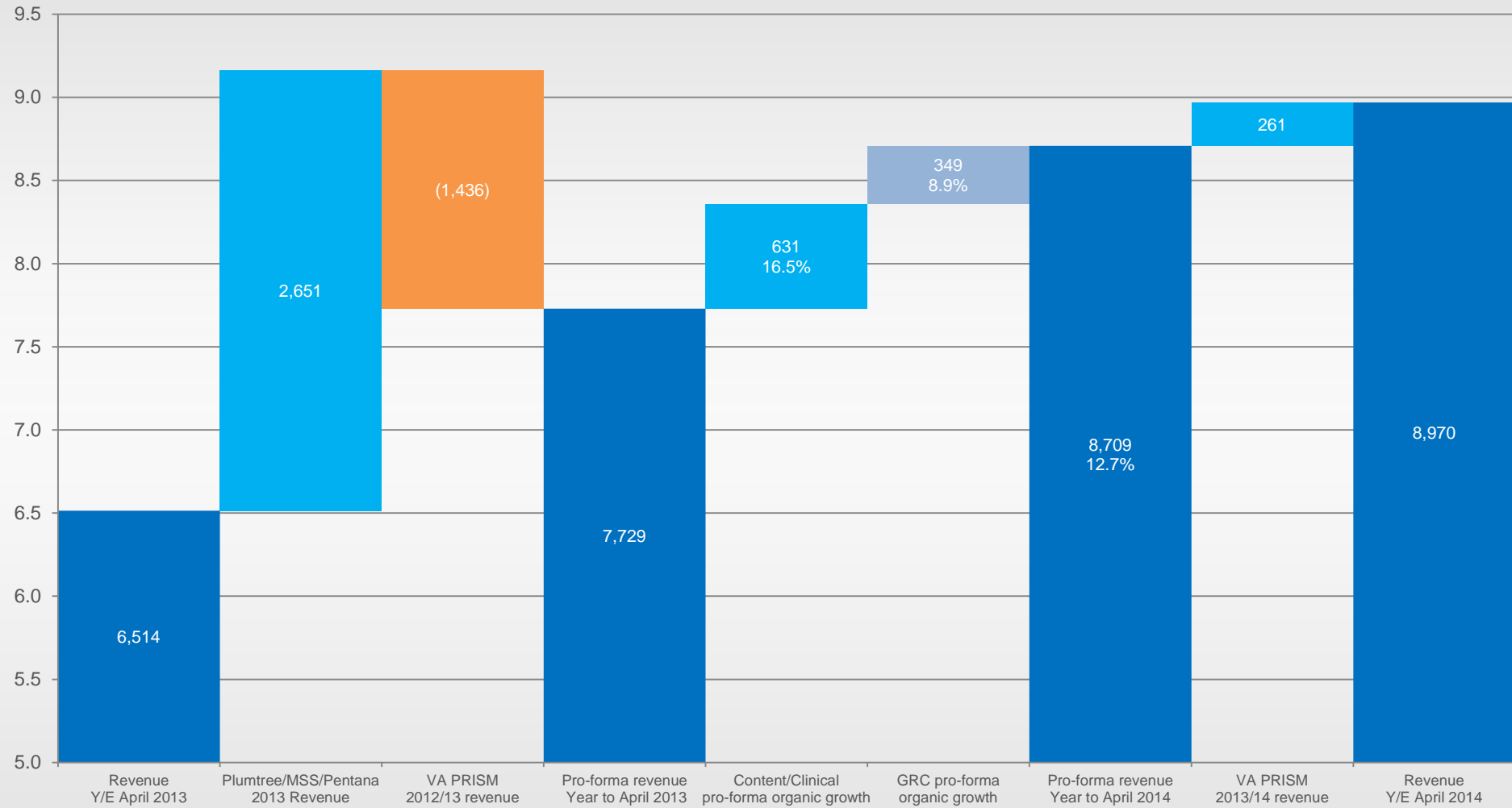
- » Acquisition of MSS strengthening the Group's position in the UK Healthcare sector
- » Acquisition of Pentana Ltd strengthening the Group's Governance, Risk and Compliance (GRC) capability
  - » Strong contribution in the second half of the financial year
  - » Appointment of Ken Ebbage, formerly Chief Executive of Pentana as Managing Director of GRC
- » Launch of dart/KW, a document focused Patient Information solution
- » Significant contract wins at Central Manchester University, Birmingham Heartlands, Royal Wolverhampton, and Christie NHS Trusts
- » Strong performance within the life sciences market
- » Implementation of single Finance and CRM systems across the Group
- » Support and maintenance contract renewal rate of 97%
- » Post year end acquisition of EIBS

# Income Statement

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	8,970	6,514
Cost of sales	<u>(1,425)</u>	<u>(869)</u>
<b>Gross profit</b>	7,545	5,645
Operating costs	<u>(4,733)</u>	<u>(3,629)</u>
<b>Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items</b>	2,812	2,016
Depreciation and amortisation	(1,220)	(1,117)
Costs of acquiring businesses	(246)	(88)
Share-based payment charges	(285)	(178)
Impairment of acquisition intangible	-	<u>(2,086)</u>
<b>Profit / (Loss) from operating activities</b>	1,061	(1,453)
Movement in fair value of contingent consideration	-	150
Finance income / (costs)	10	<u>(14)</u>
<b>Profit / (Loss) before taxation</b>	1,071	(1,317)
Taxation	<u>(198)</u>	<u>512</u>
<b>Profit / (Loss) for the year</b>	873	(805)
<b>Other comprehensive income</b>		
Exchange differences on translating foreign operation	(10)	(1)
<b>Total comprehensive income for the year attributable to the owners of the parent company</b>	<u>863</u>	<u>(806)</u>
<b>Earnings per share</b>	<b>Pence</b>	<b>Pence</b>
Basic	0.72	(0.87)
Diluted	0.68	(0.87)

# Revenue analysis

(£m)



# Statement of financial position

	2014	2013
	£'000	£'000
<b>Non-current assets</b>		
Intangible assets	11,807	7,716
Property, plant and equipment	166	199
Deferred income tax assets	173	206
	<u>12,146</u>	<u>8,121</u>
<b>Current assets</b>		
Inventories	389	-
Trade and other receivables	3,637	1,972
Cash and cash equivalents	4,011	6,372
	<u>8,037</u>	<u>8,344</u>
<b>Current liabilities</b>		
Trade and other payables	2,421	1,636
Contingent consideration on business combinations	327	-
Current income tax liabilities	283	311
Deferred revenue	2,356	1,345
Deferred consideration on business combinations	50	100
	<u>5,437</u>	<u>3,392</u>
<b>Non-current liabilities</b>		
Deferred income tax liabilities	1,377	796
	<u>1,377</u>	<u>796</u>
<b>Net assets</b>	<u>13,369</u>	<u>12,277</u>



# Cash flow statement

	2014 £'000	2013 £'000
<b>Cash flows from operating activities</b>		
Profit/(loss) for the year	873	(805)
Depreciation of property, plant and equipment	110	57
Amortisation of intangible non-current assets	1,110	1,060
Profit on disposal of property, plant and equipment	2	(15)
Share-based payment charge	285	178
Finance (income)/costs recognised in profit or loss	(10)	14
Tax charge/(credit) recognised in profit or loss	198	(512)
Acquisition costs in profit or loss	246	88
Impairment of intangible assets	-	2,086
Net foreign exchange loss/(gain) in profit or loss	10	(13)
Gain recognised on fair value of contingent consideration	-	(150)
(Increase) in inventories	(389)	-
(Increase) in trade and other receivables	(1,154)	(319)
Increase in trade and other payables	392	628
Increase/(decrease) in deferred revenue	14	(59)
<b>Cash generated by operations</b>	1,687	2,238
Interest received/(paid)	5	(12)
Income tax paid	(281)	(257)
Business acquisition costs paid	(180)	(97)
AIM flotation costs paid	-	(247)
<b>Net cash generated by operating activities</b>	1,231	1,625

# Cash flow statement continued

	2014	2013
	£'000	£'000
<b>Cash flows from investing activities</b>		
Cash outflow on acquisition of businesses net of cash acquired	(2,844)	(1,413)
Payments of deferred consideration on business combinations	(106)	(506)
Payments for development costs	(525)	(350)
Payments for property, plant and equipment	(65)	(122)
Proceeds from disposal of property, plant and equipment	24	21
<b>Net cash used in investing activities</b>	<u>(3,516)</u>	<u>(2,370)</u>
<b>Cash flows from financing activities</b>		
Proceeds from placing of equity shares	-	6,000
Payments for share issue costs	-	(228)
Proceeds from issue of shares under share option scheme	5	5
Equity dividends paid	(61)	-
Repayment of borrowings	-	(168)
<b>Net cash (used) / generated by financing activities</b>	<u>(56)</u>	<u>5,609</u>
<b>Net (decrease)/ increase in cash and cash equivalents during the year</b>	(2,341)	4,864
Cash and cash equivalents at the beginning of the year	6,372	1,496
Effect of exchange rate changes on cash balances held in foreign currencies	(20)	12
<b>Cash and cash equivalents at the end of the year</b>	<u>4,011</u>	<u>6,372</u>

# Acquisition Criteria



# GRC: Governance / Risk / Compliance



**SIEMENS**



**BAE SYSTEMS**



UNITED STATES  
DEPARTMENT OF VETERANS AFFAIRS



**ACCA**

**Raytheon**

Grupo **BBVA**

**MARSH**



Allianz 



MINISTRY OF DEFENCE

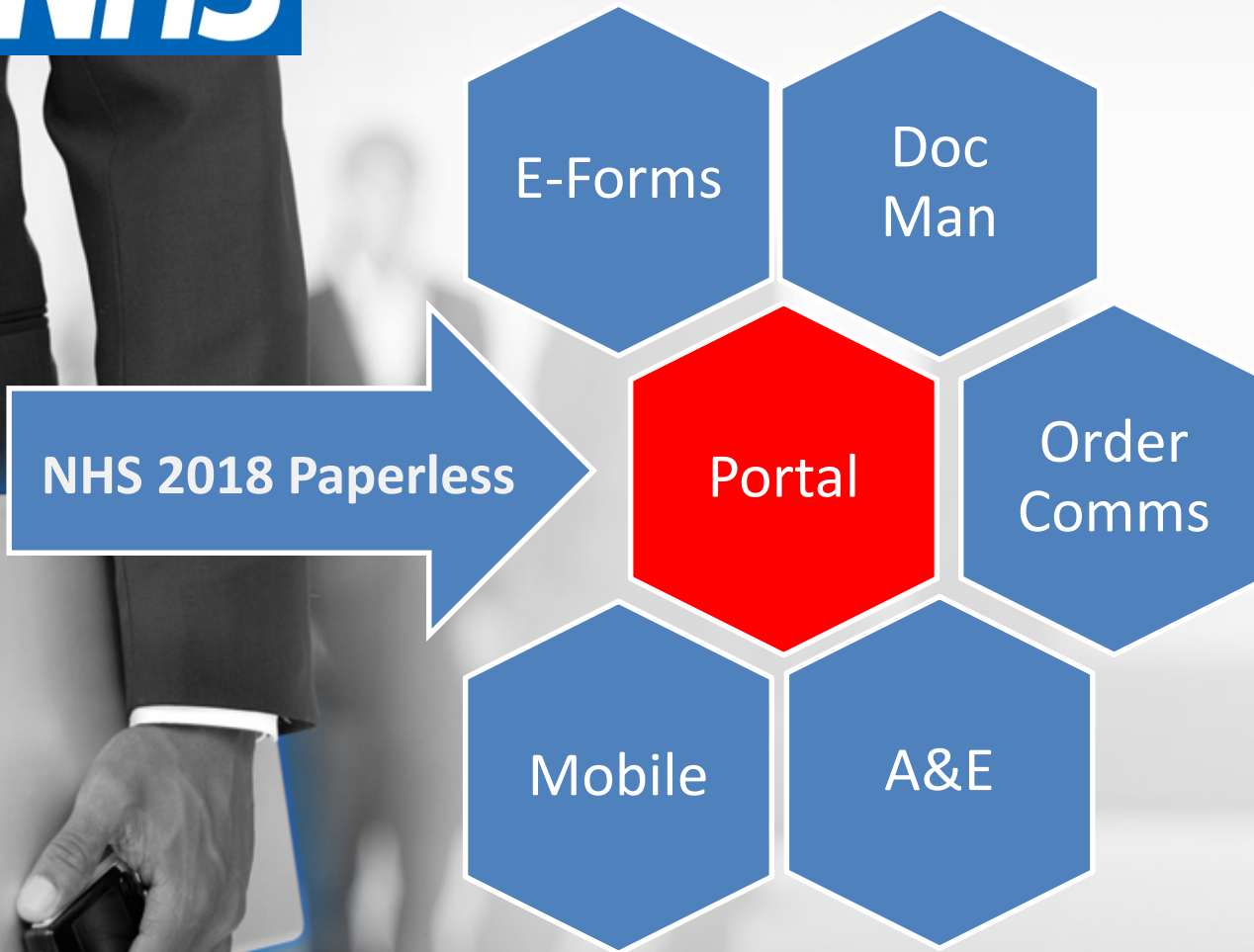
**Standard Life**

 **ICICI Bank**

**Balfour Beatty**

**CRODA**

# NHS Opportunity



# Acquisition of EIBS

- » Strong IP
- » Intranet, Portal, Mobile
- » CTO and development team
- » Good recurring revenues
- » Easy to integrate
- » Expected to be earnings enhancing in financial year 2015-16

# Summary and Outlook

- » Strong growth in revenue and profits following the successful acquisition and integration of Pentana and MSS
- » Recurring revenues covering 86% of fixed cost base
- » Operating in a niche market with strategic drivers
- » Fragmented industry, opportunities for further acquisitions
- » Proven ability to acquire, integrate and grow businesses
- » Strong balance sheet with cash of £4.0m at year end and no debt
- » Confident in outlook for 2014-15