



Benchmark  
Holdings

# END OF YEAR RESULTS

FOR THE YEAR ENDING 30 SEPTEMBER 2014



**Presented by:**  
Malcolm Pye, CEO  
Mark Plampin, CFO  
Roland Bonney, COO

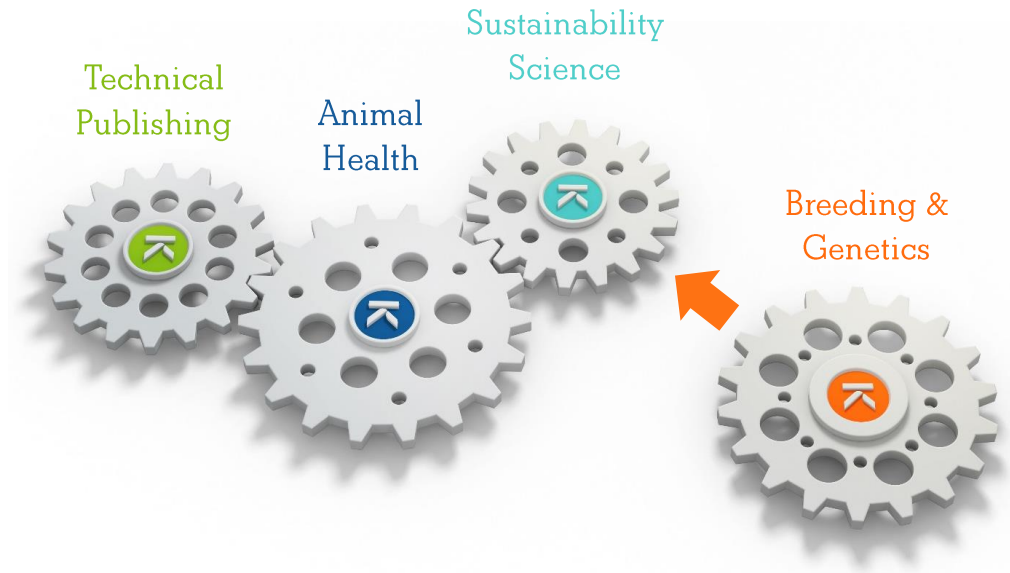
# INTRODUCTION TO BENCHMARK

**Founded in 2000 to build a company that progresses...**

- Good health and welfare of animals
- Growth in sustainable business
- Knowledge transfer for food chain
- Robust animal breeding and genetics

**by building...**

- A world-class team
- Next-generation scientific research & production capacity

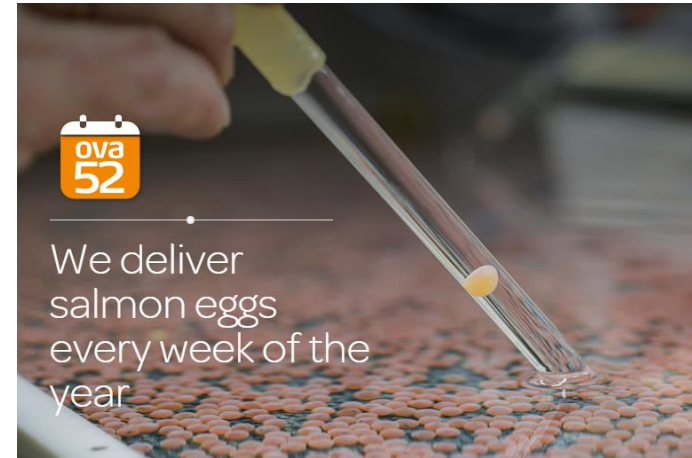


# UPDATE ON RECENT ACQUISITIONS

**Salmo**Breed

 **STOFNFISKUR**

- Successful merger of world's number two and number three salmon breeders
- Building on our strengths:
  - World leading genetically selected breeding stock
  - State of the art bio-secure breeding production facilities
  - Leader in gene typing
- Only company in the world to supply ova 52 weeks of the year
- Business integration well on target
- Extremely well received by the international salmon producing market
- Strong sales momentum



# GROUP FINANCIAL HIGHLIGHTS

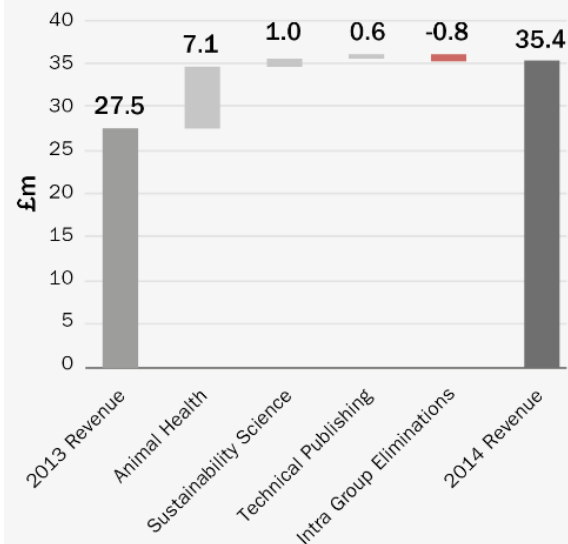
- 28% increase in revenue to £35.4m
- Revenue growth across all divisions
- Gross profit up by 16% to £14.8m

£000	2014	2013
Total revenue	<b>35,354</b>	27,543
EBITDA from Trading Activities	<b>6,623</b>	7,403
Profit before tax from Trading Activities	<b>5,031</b>	6,021
(Loss)/profit before tax	<b>(1,375)</b>	4,853
EPS from Trading Activities (pence)	<b>3.29</b>	5.59
Basic EPS (pence)	<b>-1.04</b>	4.72

## Group Revenue 2014: £35.4m (+28%)



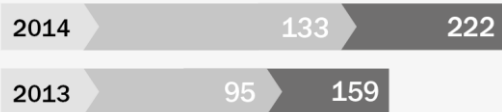
## Group Revenue by Division



# GROUP FINANCIAL HIGHLIGHTS

- Increased operating costs reflect increased scale and strategy to invest in people / infrastructure to deliver growth
- Increased investment in strategic marketing and professional advice to protect intellectual property
- EBITDA from Trading Activities in line with market expectations

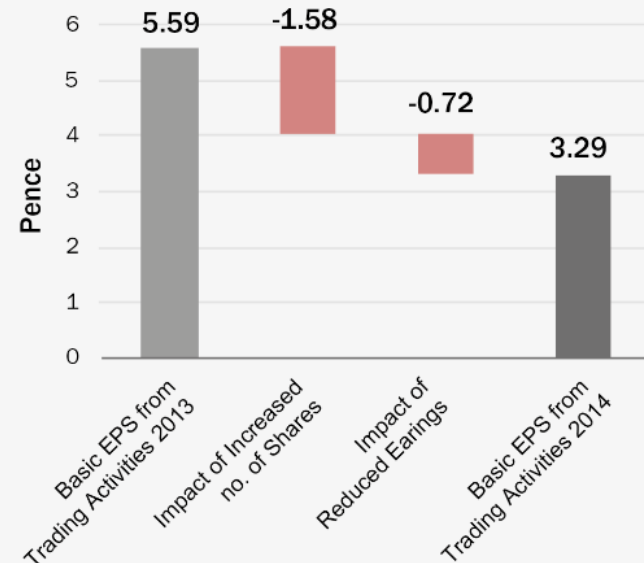
## Headcount (Including Number of Graduates) 2014: 222 (+40%)



## Group EBITDA from Trading Activities 2014: £6.6m (-11%)



## Basic EPS from Trading Activities



# INVESTING ACTIVITIES

- Investment in R&D (including acquired intangibles) up by 622%
- Product pipeline – 20 added, 3 launched, up by 17 to 47. Driven by IPO proceeds
- £1.7m opex invested in establishing and commissioning new laboratories in Norway and Thailand

## Investment in R&D (including acquired intangibles) 2014: £6.5m (+622%)

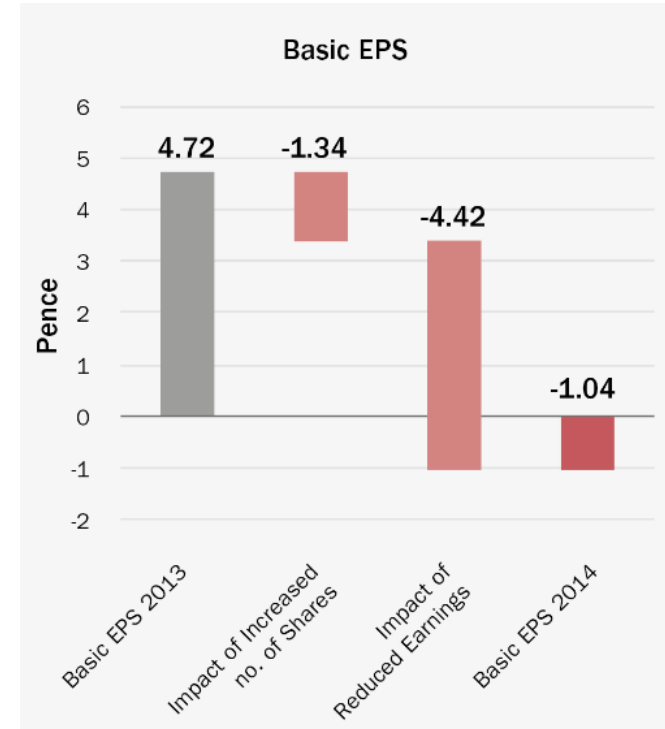
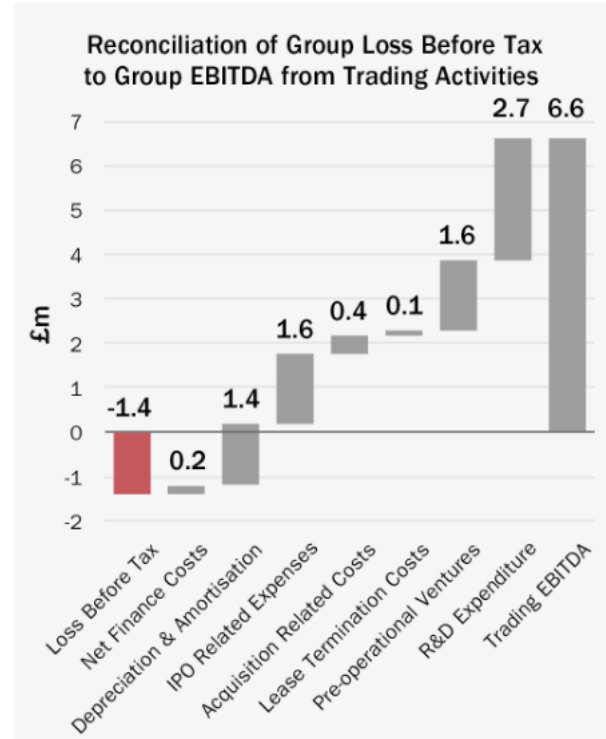


## Products in Pipeline 2014: 47 (+57%)



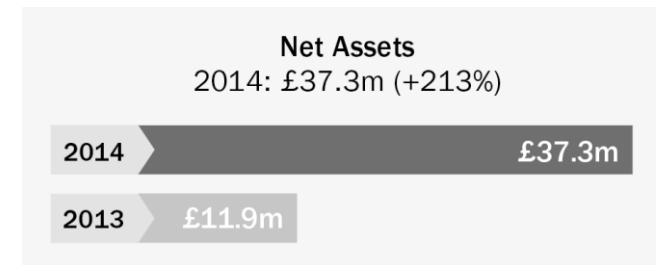
# GROUP FINANCIAL HIGHLIGHTS

- Expensed IPO costs amounted to £1.6m with a further £1.5m debited to share premium
- Acquisition costs relate to the five deals closed during the year
- Net finance costs largely result from early settlement of term debt
- Amortisation of intangible assets increased to £0.9m – reflecting the focus on growth since the IPO



# GROUP FINANCIAL HIGHLIGHTS

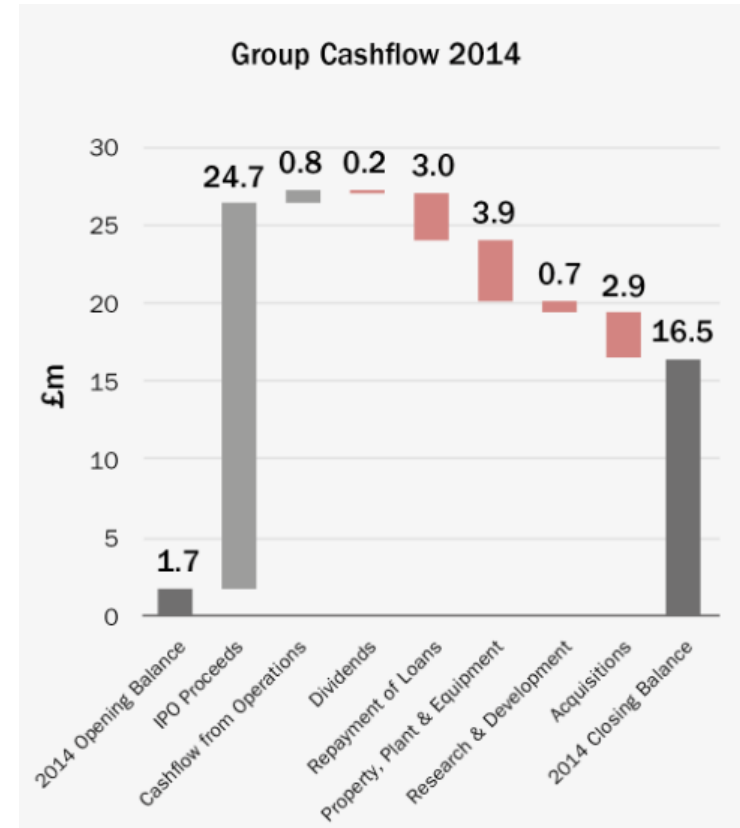
- Net assets increased by £25.4m primarily as a result of the £24.7m (net) raised at the IPO in December 2013
- Fixed asset additions c.£9.0m:
  - Intangibles c.£5.0m:
    - £3.8m of acquired intangibles relating to R&D and the new product pipeline:
      - Vaccine development programmes and prototypes
      - Vaccine technology licence agreements
    - £1.3m of other acquired intangibles and goodwill in respect of acquisitions during the year
  - Tangibles c.£4.0m:
    - FAI Farms Animal Health Centre
    - Benchmark Vaccines expansion phase 1
    - FAI Aquaculture clinical trials facility
    - Investment in lab fit outs in Norway and Thailand





# GROUP FINANCIAL HIGHLIGHTS

- Positive cashflow from operations
- Early repayment of term debt to reduce finance costs
- R&D of £0.7m reflects the initial payment for the vaccine technology licence
- Acquisitions reflects five deals completed, including the purchase of Zoetis aquaculture vaccines business



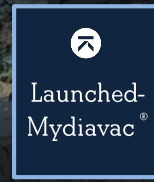
# ANIMAL HEALTH

## OPERATIONAL HIGHLIGHTS

- Launch of three pipeline products in the year and one post year end
- HypoCat agreement signed - virus like particle technology introduced to Benchmark (potential addressable market of c. £250m). Development trials underway
- Over £20m set aside to expand vaccine manufacturing capabilities
- Increased global outreach – aquaculture diagnostic laboratories opened in Norway and Thailand further expansion in Latin America in planning
- Pipeline increase from 30 to 47 products – addressable market £397m
- Successful acquisitions
  - Zoetis aquaculture vaccines business
  - Atlantic Veterinary Services
  - Aquatic Veterinary Services

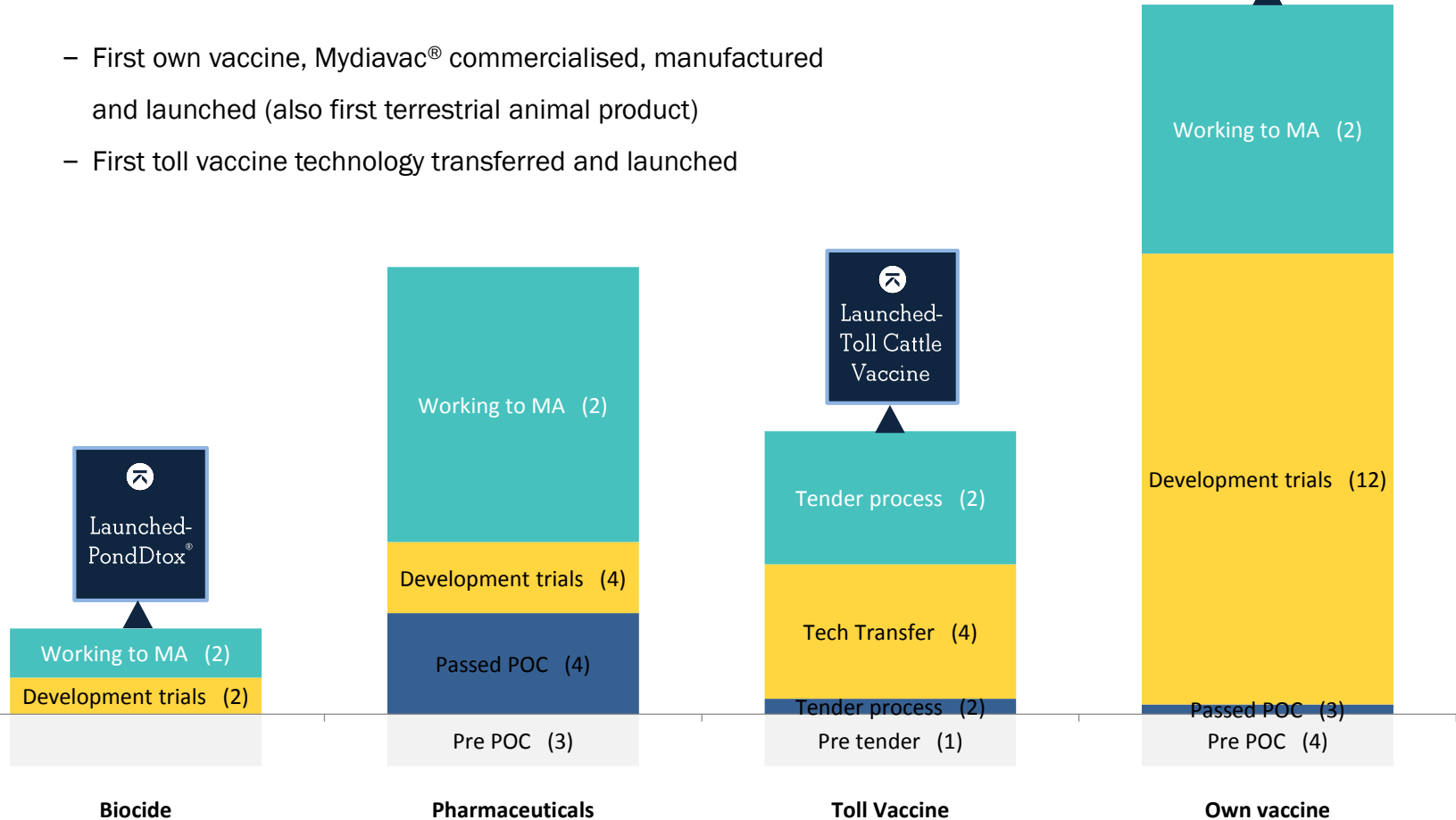


- › Pipeline increased from 30 at IPO to 47 products
- › Addressable market of £397m



- First own vaccine, Mydiavac® commercialised, manufactured and launched (also first terrestrial animal product)
- First toll vaccine technology transferred and launched

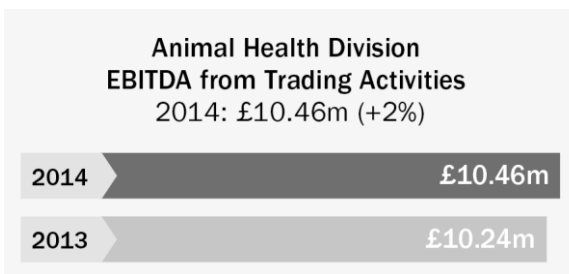
Benchmark view on NPV of opportunity



# ANIMAL HEALTH

## FINANCIAL HIGHLIGHTS

- Revenue growth across all revenue streams
- Own products were the principal driver of revenue growth
- Gross profit up 18% to £14.4m
- Gross profit percentage 44% - driven by sales mix
- Gross profit percentages for all revenue streams as 2013 or better
- Operating costs up 96% due to investment in people and infrastructure to deliver continued growth



	2014	2013
	£000	£000
Revenue	32,981	25,878
Cost of sales	(18,548)	(13,605)
Gross profit	14,433	12,273
Operating costs relating to Trading Activities	(3,971)	(2,030)
EBITDA (from Trading Activities)	10,462	10,243
Operating costs relating to Investing Activities	(4,622)	(1,006)
Depreciation and amortisation	(916)	(869)
Operating profit	4,924	8,368



## OPERATIONAL HIGHLIGHTS

- Planned investment of £1.8m in rebuild and expansion of FAI Aquaculture Ardtoe Marine Research facility well advanced, phase 1 completed
- FAI Farms Animal Health Centre - vaccine quality control facility completed and fully operational
- Expansion of FAI Brazil with tilapia hatchery at advanced planning stage
- Up lift in consultancy contracts underway







## FINANCIAL HIGHLIGHTS

- Strong organic revenue growth (18%) excluding acquisitions
- Increased cost base due to investment in people and infrastructure to deliver continued growth
- Investment in scaling up acquired businesses

### Sustainability Science Division Revenue 2014: £3.1m (+46%)



### Sustainability Science Division EBITDA from Trading Activities 2014: (£1.0m) (+261%)



	2014	2013
	£000	£000
Revenue	3,073	2,099
Cost of sales	(2,339)	(1,808)
Gross profit	734	291
Other income	101	111
Operating costs relating to Trading Activities	(1,863)	(687)
EBITDA (from Trading Activities)	(1,028)	(285)
Operating costs relating to Investing Activities	(140)	-
Depreciation and amortisation	(271)	(133)
Operating loss	(1,439)	(418)

# TECHNICAL PUBLISHING

## OPERATIONAL HIGHLIGHTS

- Continued growth of specialist products and services into agri-food sector
- Advertising revenue up
- Distance learning programme expansion, student numbers up by 90 per cent
- Developed new products for markets including Russia, Latin America and the companion animal sectors
- Delivered first successful conference on dairy cattle
- Acquisition of Old Pond Publishing – 400 new titles, 120 new authors
- Overall sales up



# TECHNICAL PUBLISHING

## FINANCIAL HIGHLIGHTS

- Strong organic revenue growth (17%) plus acquisition of Old Pond Publishing
- Cost of sales increased 58% in part due to investment in people and infrastructure to deliver continued growth

### Technical Publishing Division Revenue 2014: £2.9m (+23%)



### Technical Publishing Division EBITDA from Trading Activities 2014: (£0.3m) (-354%)



	2014	2013
	£000	£000
Revenue	2,873	2,343
Cost of sales	(2,438)	(1,546)
Gross profit	435	797
Operating costs relating to Trading Activities	(707)	(690)
EBITDA from Trading Activities	(272)	107
Operating costs relating to Investing Activities	(52)	-
Depreciation and amortisation	(191)	(110)
Operating loss	(515)	(3)



# OUTLOOK

- Successfully executing growth strategy set out at the time of the IPO
- Optimistic about the opportunities ahead
- Continued development of the new product pipeline
- Strong progress with corporate acquisitions - evaluating a number of targets
- Successful in diversifying revenues in addition to Salmosan
- Transformational acquisition to create new Breeding & Genetics division which has started well with early indications of synergies and growth opportunities materialising as expected

## APPENDIX: GROUP FINANCIAL HIGHLIGHTS

<b>Income statement</b>						
	<b>2014</b>			<b>2013</b>		
	<b>Trading Activities £m</b>	<b>Investing Activities £m</b>	<b>Total £m</b>	<b>Trading Activities £m</b>	<b>Investing Activities £m</b>	<b>Total £m</b>
<b>Revenue</b>	<b>35.4</b>	<b>-</b>	<b>35.4</b>	27.5	-	27.5
Gross profit	<b>14.8</b>	<b>-</b>	<b>14.8</b>	12.8	-	12.8
Operating costs and other income	<b>(8.1)</b>	<b>(6.4)</b>	<b>(14.6)</b>	(5.4)	(1.2)	(6.5)
<b>EBITDA</b>	<b>6.6</b>	<b>(6.4)</b>	<b>0.2</b>	7.4	(1.2)	6.2
Depreciation and amortisation	<b>(1.4)</b>	<b>-</b>	<b>(1.4)</b>	(1.1)	-	(1.1)
<b>Operating profit/(loss)</b>	<b>5.2</b>	<b>(6.4)</b>	<b>(1.2)</b>	6.3	(1.2)	5.1
Finance costs	<b>(0.2)</b>	<b>-</b>	<b>(0.2)</b>	(0.3)	-	(0.3)
<b>Profit/(loss) before tax</b>	<b>5.0</b>	<b>(6.4)</b>	<b>(1.4)</b>	6.0	(1.2)	4.9
Tax	<b>(0.9)</b>	<b>0.9</b>	<b>0.1</b>	(0.9)	0.4	(0.6)
<b>Profit/(loss) after tax</b>	<b>4.2</b>	<b>(5.5)</b>	<b>(1.3)</b>	5.1	(0.8)	4.3

## APPENDIX: GROUP FINANCIAL HIGHLIGHTS

<b>Balance sheet</b>	<b>2014</b>	<b>2013</b>
	<b>£m</b>	<b>£m</b>
Fixed assets	<b>15.1</b>	7.2
Net working capital	<b>5.6</b>	6.5
Cash and cash equivalents	<b>16.5</b>	3.3
Loans and borrowings	<b>(0.2)</b>	(4.4)
Tax assets/(liabilities)	<b>0.3</b>	(0.6)
<b>Net assets</b>	<b>37.3</b>	11.9

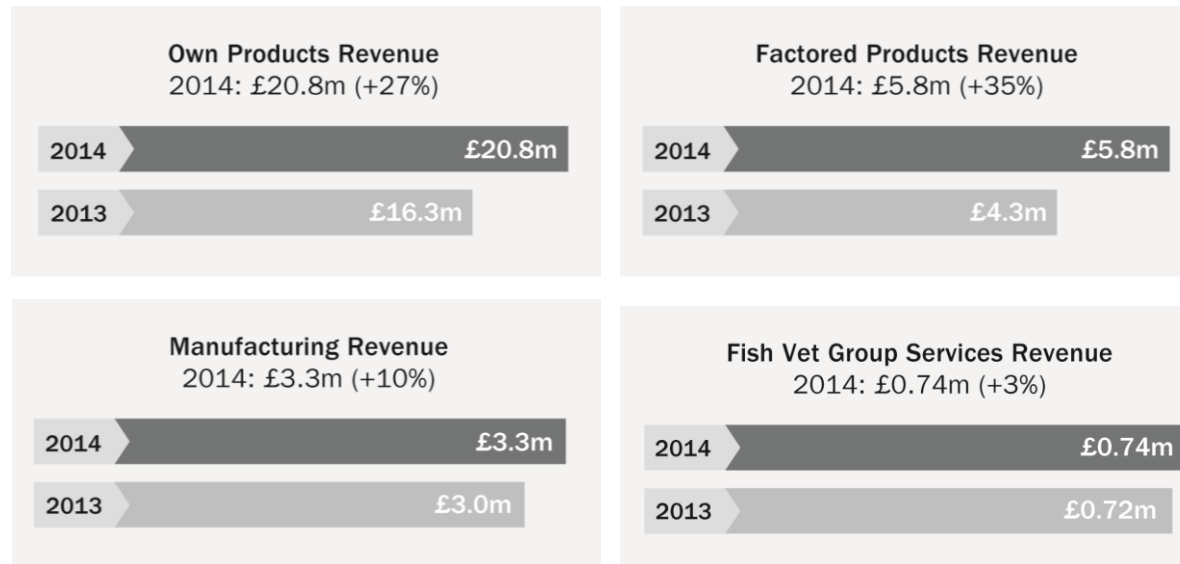
## APPENDIX: GROUP FINANCIAL HIGHLIGHTS

### Cash Flow Statement

	2014 £m	2013 £m
<b>Net cash flows from operating activities</b>	<u>(0.5)</u>	<u>5.5</u>
<b>Investing activities*</b>		
Acquisition of businesses and subsidiary undertakings	(2.9)	(0.3)
Purchase of fixed assets	(3.9)	(1.6)
Purchase of intangibles assets	(0.7)	(0.2)
Interest	0.1	-
	<u>(7.5)</u>	<u>(2.1)</u>
<b>Financing activities</b>		
Proceeds of IPO issue	27.5	-
IPO costs recognised through equity	(1.5)	-
Repayment of bank borrowings	(2.9)	(0.9)
Dividends	(0.2)	(0.4)
Other	(0.2)	(0.4)
	<u>22.8</u>	<u>(1.7)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>14.8</u>	<u>1.7</u>

\* Investing activities are based on the IFRS definition, not Benchmark's internal definition of Investing Activities as disclosed in the Annual Report

## APPENDIX: ANIMAL HEALTH REVENUE ANALYSIS



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