Abzena

Acceleration towards profitability

Abzena is an integrated group offering a broad range of services and technologies to improve the chances of discovering and developing effective biopharmaceutical drugs. With strong footprints in both the US and UK, the company provides a fee-for-service offering with the aim of embedding its technology – 'Abzena *Inside*' – into commercial products, on which it will derive a long-term royalty stream. New funds will be invested to significantly increase capacity and current service capabilities in response to customers' need and to accelerate the rate at which Abzena becomes profitable and cash generative.

- **Strategy**: Abzena has a dual strategic objective of providing enabling technology on a fee-for-service basis and, wherever possible, securing technology agreements from embedding its 'know-how' into customers' final commercial products to generate a significant long-term royalty stream.

- **Capital increase:** The Placing of 75.8m shares @33p to raise £23.8m (net) of new capital was approved by shareholders on 21st April. All three major institutional shareholders took part in the Placing and some new institutions took the opportunity to invest in the company.

- **Use of Proceeds:** Abzena will be investing funds relatively quickly to increase capacity in response to customer queries. The main areas for investment are: the biomanufacturing facilities in San Diego, to increase capability three-fold; establishment of GMP ADC conjugation projects in Bristol, PA; more personnel.

- **Risks:** Although there are inherent clinical trial and commercialisation risks in drug development, these are mostly borne by Abzena's partners. Not all of the 'Abzena *Inside*' portfolio will reach the market for every indication, but this is mitigated by having a broad portfolio that will be constantly replenished.

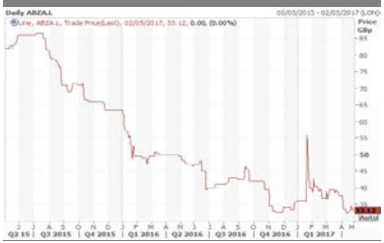
- **Investment summary:** The fast growing service business alone more than justifies the current market capitalisation, suggesting that the market is not recognising the long-term royalty stream. The company looks set to deliver an EBITDA profit in 2019 and to achieve overall profitability and cash generation in fiscal 2020, making the risk/reward profile extremely favourable.

Financial summary and valuation

Year end March (£m)	2015	2016	2017E	2018E	2019E	2020E
Sales	5.41	9.57	18.0	28.3	38.2	47.5
R&D investment	-2.99	-4.22	-4.2	-4.0	-3.5	-3.5
EBITDA	-4.51	-6.82	-8.3	-5.9	0.2	6.6
Underlying EBIT	-4.80	-7.62	-9.5	-8.6	-3.1	2.7
Reported EBIT	-5.30	-10.90	-10.8	-9.9	-4.5	1.3
Underlying PBT	-4.72	-7.37	-9.5	-8.5	-3.1	2.8
Statutory PBT	-5.22	-10.66	-10.7	-9.8	-4.5	1.4
Underlying EPS (p)	-5.9	-5.9	-6.5	-3.9	-1.2	1.3
Statutory EPS (p)	-6.6	-8.9	-7.4	-4.5	-1.9	0.6
Net (debt)/cash	15.8	13.7	2.2	8.7	4.6	6.5
Capital increase	19.0	20.0	0.0	23.8	0.0	0.0
EV/sales (x)	8.6	4.9	2.6	1.6	1.2	1.0

Source: Hardman & Co Life Sciences Research

Pharmaceuticals & Biotechnology



Source: Eikon Thomson Reuters

Market data

EPIC/TKR	ABZA
Price (p)	33.5
12m High (p)	65.0
12m Low (p)	30.0
Shares (m)	213.6
Mkt Cap (£m)	71.6
EV (£m)	46.6
Free Float*	29%
Market	AIM

**As defined by AIM Rule 26*

Description

Abzena is a UK-based Life Sciences company engaged in the provision of services to enable the discovery and development of better bio-pharmaceuticals. Embedding its 'know-how' into customers' products is expected to generate a long-term royalty stream.

Company information

CEO	John Burt
CFO	Julian Smith
Chairman	Ken Cunningham

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www.abzena.com

Key shareholders

Directors	1.7%
Invesco	25.8%
Woodford	23.0%
Touchstone	16.9%

Diary

Jun-17	Finals
Sep-17	AGM

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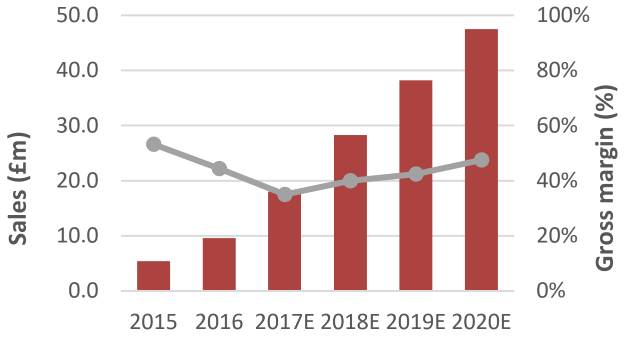
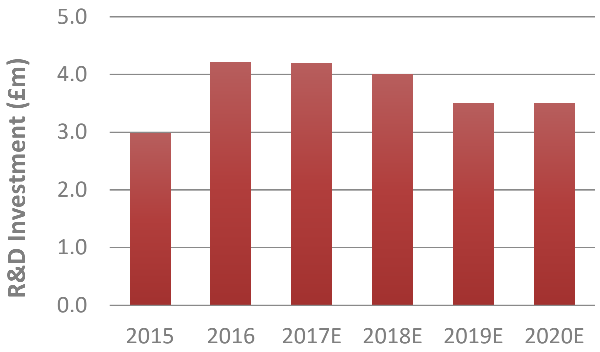
Sales & Gross margin



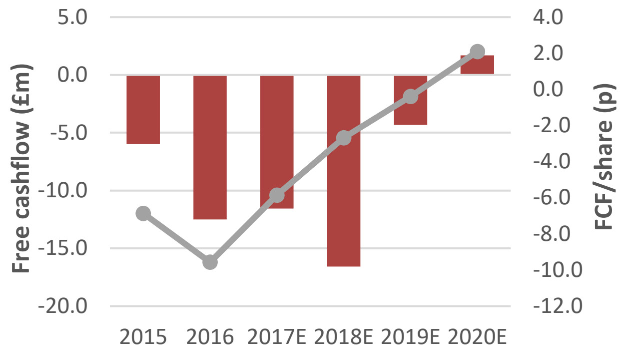
- Fiscal 2017 will have a full contribution from acquisitions made in 2016 and will provide the base for growth
- The 3-year CAGR has increased from +25% to +38% following the capital increase
- Gross margins dip initially because of acquisitions and then due to the increased levels of depreciation, but thereafter start to rise again

R&D spend



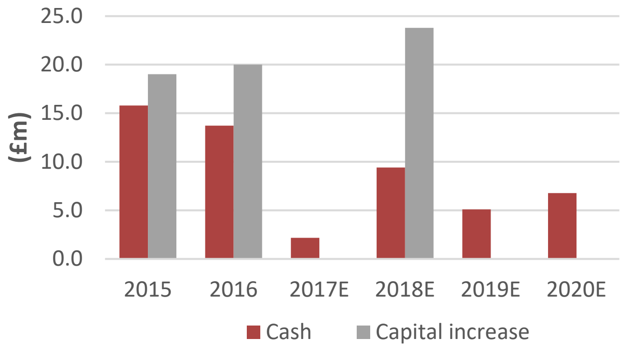
- Investment in R&D will still continue at £3.5 - £4.0m per annum
- Focus on service enhancement and technology development
- All clinical development costs of 'Abzena Inside' products are borne by customers

Free cashflow



- Trading profit is the key driver of cashflow. Investment in new plant and equipment is expected to see Abzena reach profitability in fiscal 2020
- Only a modest increase in working capital is required to grow the business
- The majority of capex investment will be made during fiscal year 2018
- Forecasts do not allow for future licensing deals, the timing of which is difficult to predict

Net cash/Capital increases



- At 31st March 2017, the net cash position is forecast to be just over £2m
- Net funds of £23.8m were completed in April 2017 and about 59% is expected to be invested in the current financial year
- No allowance is made for the potential for generating significant milestones from existing and new licensing agreements

Source: Company data; Hardman & Co Life Sciences Research

Capital increase

Introduction

Abzena has embarked upon an accelerated growth strategy…

… with profitability expected in 2020

Since its IPO in 2014, Abzena has been expanding its services offering and geographic footprint through organic growth and with two acquisitions in the US – PacificGMP (San Diego) and The Chemistry Research Solution (Bristol, near Philadelphia). Over the last 12 months, management has integrated and realigned operations into three business segments that now trade under the unified 'Abzena' brand. Abzena can now offer customers the services and technologies to influence and optimise development of a putative drug at every stage of the discovery and development process. However, the attraction of this broader service offering has meant that demand will soon exceed capacity, therefore, the company has decided to raise new capital to embark on an accelerated growth strategy that will see it delivering an EBITDA profit in fiscal 2019 and overall profitability in fiscal 2020.

Reasons for the fundraise

The broader integrated service offering that is now available from Abzena has appealed to existing customers and attracted new customers. Use of the company's vast catalogue of services across the different operations, mainly in biomanufacturing and the antibody drug conjugate (ADC) chemistry services, has resulted in upward business momentum from biopharmaceutical companies, with customers including 18 of the top 25 global majors.

Abzena responds to customer's demands with increased capacity and capabilities

However, demand is such that it exceeds the current capacity. Management indicated in the Circular to shareholders that at the current run-rate of enquiries, existing capacity would be fully utilised by 2018 if these were converted into binding contracts. Therefore, without increasing capacity, Abzena would run the risk of losing the competitive advantage that it has carefully built. In order to provide potential new customers with a reasonable timeframe for completion of projects, Abzena has decided to increase both its capability and capacity through investment, for which it required more capital.

At present, Abzena has the capacity to manufacture quantities of material suitable for Phase II clinical trials. The new funds will allow the company to provide extensive Good Manufacturing Practice (GMP) and other services through Phase II clinical trials, thereby increasing its current cross selling capability and add additional services that are being demanded by customers. Such contracts command increased value and will place Abzena on an accelerated growth profile toward profitability in fiscal 2020.

Placing

Abzena has raised net new capital of £23.8m

Abzena has raised £25m gross (£23.8m net) through the issue of 75,757,576 new Ordinary shares at 33p, representing 35.47% of the enlarged share capital. This was approved at a General Meeting of shareholders on 21st April.

Changes in major shareholdings

Shareholder	Pre-Placing		Number of	Post-Placing	
	Number of shares	%	Placing shares	Number of shares	%
Invesco	36,171,279	26.24%	19,000,000	55,171,279	25.83%
Woodford	31,774,956	23.05%	17,450,000	49,224,956	23.04%
Touchstone Innovations	27,120,102	19.67%	8,900,000	36,020,102	16.86%
Total number of shares	**137,846,327**		**75,757,576**	**213,603,903**	

Source: Shareholder Circular; Hardman & Co Life Sciences Research

With support from existing major shareholders

All three existing major shareholders (68.96%) participated in the Placing, subscribing for 60% of the new shares available. Invesco and Woodford retained their positions, while Touchstone Innovations (formerly Imperial Innovations) decreased modestly. In addition, the directors (other than Nigel Pitchford, Chief Investment Officer of Touchstone Innovations) took part in the Placing, subscribing for 196,970 Shares (0.26%).

The total number of shares in issue is now **213,603,903**.

Use of proceeds

Proceeds will be used in all three main operations:
- Biomanufacturing
- Chemistry
- Biology

The majority (ca.71%) of the net proceeds will be used to expand the facilities, equipment and personnel across Abzena's three main operations – manufacturing, chemistry and biology, with the remainder being used to increase working capital and for general corporate activities.

- ► Increasing the current capabilities and facilities
- ► Additional integrated capabilities and services

Estimated use of proceeds

Manufacturing:	Increase manufacturing capacity, conversion to stirred tank bioreactors, and conversion of facilities	£11m
Chemistry services:	Increased chemistry research and GMP service capacity with additional equipment, space renovation, and IP development	£3m
Biology services:	Capital expenditure to streamline and maintain commercial edge	£3m
Working capital		£2m
General corporate		£6m
Total		**£25m**

Source: Shareholder Circular; Hardman & Co Life Sciences Research

Concomitantly, and already planned prior to the capital increase, UK operations will be consolidated in a single new headquarters and laboratory building based on the Babraham Research Campus, having been built by Imperial College.

Biomanufacturing

In its 2017 interim results announcement, Abzena disclosed sales growth of +60% from Biomanufacturing services at £2.0m (vs *pro forma* £1.2m). This business is divided between Cambridge, for cell line development programmes, and San Diego, which is involved in process development and GMP manufacturing for Phase I and II trials.

46% of the proceeds will be used to increase biomanufacturing capabilities in San Diego three-fold

About 46% of the net proceeds are earmarked to increase the facilities, and hence capacity, in San Diego. With the interim results, management indicated initial expansion of its 9,000 sq.ft facility with the addition of two new cleanroom suites. With the new funds, Abzena will increase productivity through the creation of three biomanufacturing lines, upgrading the existing platforms and enhancing process development capacity to enable the transition from cell line development. As a result, Abzena will be expanding annual capability from 8 to an estimated of 24 biomanufacturing programmes and, with it, the potential to secure higher value contracts.

The strategic intent is to eventually be involved further in customer's clinical development products by providing Phase III GMP capability and, ultimately, to be the commercial supplier for approved products. However, this goal will require further investment which will be implementing at an appropriate point in time.

Chemistry

13% to augment the chemistry business…

…with the ThioBridge technology that has the potential to generate high milestones and royalties

Abzena's offering in chemistry is focused on ADCs and, in particular, on its ThioBridge linker platform. The highest rate of sales growth (+ 66% to £3.5m) was seen in this service at the interims. In order to pursue further growth, investment will be made to increase capacity for process development and manufacturing, and also to extend and upgrade the GMP manufacturing operation in Bristol, Pennsylvania.

The company is already experiencing a high level of repeat business from existing customers and two deals using the ThioBridge technology have the potential, long-term, to yield licence fees and milestone payments of up to $500m, with royalties once products are commercialised.

Biology

At its Cambridge UK facility, Abzena will extend its immunology and bioassay offering. Abzena sees 80% of sales related to repeat business from returning customers. This high level of repeat business is important as it provides the company with a solid base of possible customers, who are likely to continue using Abzena for further development.

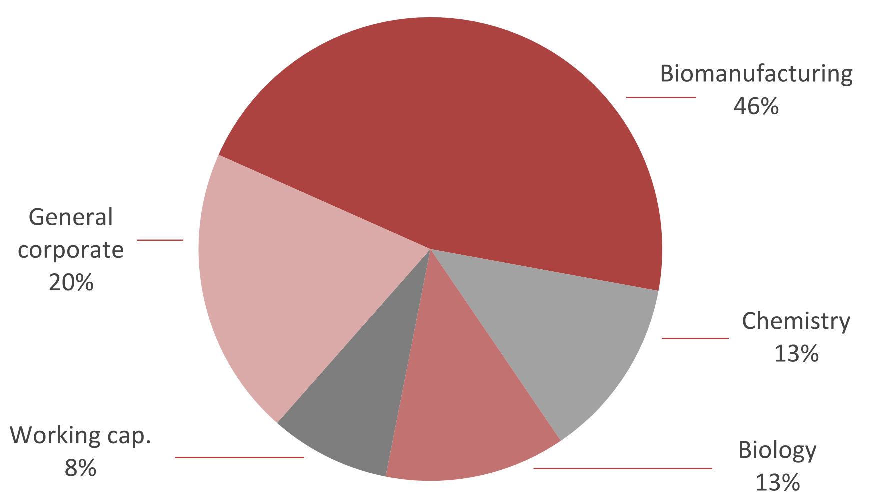
Increase offering in the biology operation

Key within biology services is Abzena's proprietary Composite Human Antibody platform that allows the removal of immunogenicity from engineered antibodies, an important pre-requisite for biopharmaceuticals. Successful outcomes can lead to Abzena securing the subsequent stages of the drug development process, such as cell line development projects and biomanufacturing.

Business development

Abzena also intends to develop further its capabilities in customer support in biopharmaceutical drug discovery and development, with investments in the business development group towards increased proficiency in project management.

Use of proceeds (net)



Source: Hardman & Co Life Sciences Research

Changes to forecast

Trading update

Strong demand for Abzena's services

Given that the capital increase was completed after the year end, there have not been any changes to fiscal 2017 forecasts which were adjusted following the trading update in February 2017. Management highlighted that underlying demand for Abzena's services had been strong, but investment in strengthening the US management and marketing teams, coupled with the weakness of sterling, had made an impact on costs. At that point in time, we tweaked our expectations for 2017 to those shown in the table below, which resulted in underlying EBIT moving from -£8.4m to -£8.7m (+4%).

Impact of Placing

Placing will have full effect on fiscal 2018…

Given its timing, the Placing will have a full effect on fiscal 2018 and beyond. All our forecasts are based on constant currency using the actual forex rates for the year to March 2017 (Bank of England average GBP:USD 1.304).

Cap-ex

…when most of the cap-ex investment will take place…

Changes to the P&L account largely stem from the investments being made to enlarge the facilities and expand capacity in both San Diego and Bristol, in the US. Much of this investment will take place during fiscal 2018, benefiting subsequent years, and our cap-ex forecast for this year has increased from a maintenance level of -£2.5m to -£11.0m which is being funded from the Placing monies. Irrespective of this, Abzena had already started to increase capacity in Bristol, US, which will benefit the current financial year

Sales

…to generate high sales growth in all operations

Although sales growth was already predicted to be strong at +25% compound over the next three years, as a result of the investment in facilities and equipment we expect this to rise to CAGR of +39%. While figures are not directly comparable to business segments, management indicated in the Circular that it expected biomanufacturing in San Diego to rise >+70%; the investment in chemistry services in Bristol to rise >+45%; and growth in UK biology and chemistry research services to rise >+15% compound over the three year period. Care should also be taken with currency. Our numbers might be slightly lower than the company indications as our figures are based on constant currency at this early stage of the fiscal period.

COGS

Gross margins are expected to rise modestly every year

Increased staffing levels will be required to operate the plant and generate the sales growth which will result in higher COGS, but these will be lower as a percentage of sales as greater levels of higher margin services are provided. Therefore, gross margins are forecast to rise each year over the forecast period.

SG&A

Investment in corporate infrastructure, together with increased customer support will see higher levels of SG&A, but again the rate of rise will be slower, again helping the trend towards overall profitability.

R&D

With the focus on accelerated growth, there is less attention on new R&D, which is likely to remain at a maintenance level for the foreseeable future.

Effect of Placing on forecast

Year end March	2016	2017E	------- 2018E -------		*Change*	------- 2019E -------		Change	------- 2020E -------		*Change*
(£m)	actual	forecast	Pre-	Post-	*%*	Pre-	Post-	%	Pre-	Post-	*%*
Sales	**9.57**	**18.0**	**24.8**	**28.3**	***+14%***	**30.3**	**38.2**	**+26%**	**35.3**	**47.5**	***+35%***
COGS	-5.32	-10.8	-14.0	-17.0	*+21%*	-17.0	-22.0	+29%	-19.6	-25.0	*+28%*
SG&A	-8.89	-13.5	-15.0	-18.0	*+20%*	-15.3	-18.6	+22%	-16.0	-19.5	*+22%*
R&D	-4.22	-4.3	-4.0	-4.0	-	-4.3	-3.5	-9%	-4.5	-3.5	*-22%*
EBITDA	-6.82	-7.5	-4.7	-5.9	*-26%*	-2.2	0.2	-	-0.4	6.6	-
Depreciation	-0.80	-1.2	-1.3	-2.6	*+100%*	-1.5	-3.4	+127%	-1.7	-3.8	*+124%*
Underlying EBIT	**-7.62**	**-9.5**	**-6.7**	**-8.6**	***+28%***	**-4.3**	**-3.1**	**+28%**	**-2.4**	**2.7**	**-**
U/lying EPS (p)	-5.86	-6.5	-4.3	-3.9	*+9%*	-2.5	-1.2	+48%	-1.1	1.3	-
Op. cashflow	-10.47	-8.0	-6.8	-7.3	*+18%*	-5.2	-1.2	+85%	-4.0	4.2	-
Cap-ex	-2.03	-3.5	-2.5	-11.0	*+340%*	-2.4	-3.5	+46%	-2.4	-2.8	*+17%*
Free cashflow	-12.50	-11.6	-9.3	-17.3		-7.6	-4.1	-	-6.5	1.9	-
Net cash/(debt)	**13.72**	**2.2**	**-6.6**	**8.7**	**-**	**-14.1**	**4.6**	**-**	**-20.6**	**6.5**	**-**

Some figures may not add up exactly due to rounding
Source: Hardman & Co Life Sciences Research

EBITDA & EBIT

Abzena is now projected to be EBITA positive in fiscal 2019…

…with overall profitability in fiscal 2020…

Investment of the new funds will give Abzena a stronger, wider and integrated offering that will accelerate sales growth and generate profitability at a faster rate. Although the COGS rises at least as fast as sales over the forecast period, part of this increase is due to the rise in depreciation on new plant and equipment. EBITDA eliminates this accounting anomaly and Abzena will move into EBITDA profit in fiscal 2019.

Overall profitability is expected to be achieved in fiscal 2020 based on our forecasts.

Cashflow

…and cash generative as well

Faster growth in operations is reflected in the cashflow, with operational cashflow improving from year one, and the company becoming cash generative in fiscal 2020. Abzena has sufficient headway with its net cash position throughout the forecast period. Thereafter, it will be running as a sustainable and growing business. Also, around this point in times, first royalties from the 'Abzena *Inside*' portfolio could start.

Financials & Investment case

Compound sales growth +38% over the next three years

Profit & Loss

- **Sales** – Forecast sales figures are for the service businesses only. Fees from up-front licensing, milestones, royalties and grants are all shown separately. The CAGR for sales over the forecast period is +38%
- **Gross margin** – Gross margin are expected to rise steadily over the forecast period to 47.5% even with the increased level of depreciation
- **Forex** – All forecasts are based on constant currency to show the underlying growth in the company. A 5¢ move in the GBP:USD exchange rate alters sales ±£1.0m. Given its substantial overseas operations, Abzena has a natural hedge to currency movement

Profit & Loss account

Year end March (£m)	2015	2016	2017E	2018E	2019E	2020E
Key currency GBP:USD	1.61	1.51	1.30	1.30	1.30	1.30
Service sales	**5.41**	**9.57**	**18.00**	**28.30**	**38.20**	**47.50**
COGS	-2.53	-5.32	-11.70	-16.99	-21.98	-24.96
Gross profit	**2.88**	**4.25**	**6.30**	**11.31**	**16.22**	**22.54**
Gross margin	53.2%	44.4%	35.0%	40.0%	42.5%	47.5%
SG&A	-5.63	-8.89	-13.50	-17.99	-18.55	-19.50
R&D	-2.99	-4.22	-4.20	-4.00	-3.50	-3.50
EBITDA	**-4.51**	**-6.82**	**-8.33**	**-5.92**	**0.23**	**6.57**
Depreciation	-0.29	-0.80	-1.20	-2.67	-3.37	-3.84
Licensing/royalties	0.26	0.29	0.70	1.20	1.80	2.30
Other income	0.19	0.37	0.30	0.00	0.00	0.00
Underlying EBIT	**-4.80**	**-7.62**	**-9.53**	**-8.59**	**-3.14**	**2.73**
Amortisation	-0.50	-0.59	-0.88	-0.88	-0.88	-0.88
Share based costs	0.00	-0.16	-0.39	-0.42	-0.47	-0.51
Exceptionals	0.00	-2.54	0.00	0.00	0.00	0.00
Statutory EBIT	**-5.30**	**-10.90**	**-10.80**	**-9.90**	**-4.49**	1.33
Net interest	0.08	0.24	0.02	0.05	0.03	0.03
Pre-tax profit	**-4.72**	**-7.37**	**-9.50**	**-8.54**	**-3.11**	**2.76**
Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00
Reported pre-tax	**-5.22**	**-10.66**	**-10.72**	**-9.84**	**-4.46**	1.36
Tax payable/credit	0.50	0.96	0.53	0.50	0.44	0.00
Tax rate	10%	9%	5%	5%	10%	0%
Underlying net income	**-4.22**	**-6.41**	**-8.98**	**-8.04**	**-2.67**	**2.76**
Statutory net income	-4.72	-9.70	-10.20	-9.34	-4.02	1.36
Ordinary shares (m):						
Period-end	97.47	136.2	137.8	213.6	213.6	213.6
Weighted average	71.62	109.4	137.4	207.3	213.6	213.6
Fully diluted	79.07	117.2	145.3	215.1	221.4	221.4
Underlying Basic EPS (p)	**-5.9**	**-5.9**	**-6.5**	**-3.9**	**-1.2**	**1.3**
Statutory Basic EPS (p)	-6.6	-8.9	-7.4	-4.5	-1.9	0.6
U/l Fully-diluted EPS (p)	**-5.3**	**-5.5**	**-6.2**	**-3.7**	**-1.2**	**1.2**
Stat. Fully-diluted EPS (p)	-6.0	-8.3	-7.0	-4.3	-1.8	0.6
DPS (p)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Hardman & Co Life Sciences Research

Balance sheet

- **Cash** – Abzena is expected to have just over £2m net cash when it reports results for the period ending 31st March 2017. This will then be boosted by the net proceeds from the capital increase of £23.8m, 50% of which is forecast to be invested in the accelerated growth strategy during the current financial year

Balance sheet						
@31st March (£m)	**2015**	**2016**	**2017E**	**2018E**	**2019E**	**2020E**
Shareholders' funds	27.85	41.06	30.86	46.51	42.49	43.85
Cumulated goodwill	2.03	15.06	15.06	15.06	15.06	15.06
Total equity	29.88	56.12	45.92	61.57	57.55	58.91
Share capital	0.20	0.27	0.27	0.43	0.43	0.43
Reserves	27.65	40.78	30.58	46.08	42.06	43.43
Provisions/liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax	1.15	2.03	2.03	2.03	2.03	2.03
Long-term loans	0.00	0.00	0.00	0.00	0.00	0.00
Short-term debt	0.00	0.00	0.00	0.00	0.00	0.00
less: Cash	15.80	13.72	2.18	8.70	4.57	6.49
Invested capital	**13.20**	**29.36**	**30.71**	**39.84**	**39.95**	**39.40**
Fixed assets	1.49	4.17	6.49	14.83	14.96	13.92
Intangible assets	6.91	8.12	7.24	6.35	5.47	4.59
Inventories	0.82	1.38	2.59	4.08	5.51	6.85
Trade debtors	*1.23*	*2.14*	*4.02*	*5.32*	*6.68*	*8.31*
Other debtors	*1.93*	*3.30*	*3.36*	*3.42*	*3.48*	*3.54*
Tax liability/credit	*1.15*	*1.57*	*0.96*	*0.53*	*0.50*	*0.44*
Trade creditors	*-0.83*	*-1.95*	*-2.80*	*-3.56*	*-4.61*	*-5.23*
Other creditors	*-1.52*	*-3.54*	*-5.20*	*-3.65*	*-3.99*	*-4.10*
Debtors less creditors	1.95	1.52	0.34	2.06	2.07	2.96
Invested capital	**13.20**	**29.36**	**30.71**	**39.84**	**39.95**	**39.40**
Net cash/(debt)	**15.80**	**13.72**	**2.18**	**8.70**	**4.57**	**6.49**
Stock days	80	75	62	72	80	90
Creditor days	73	64	62	60	57	58
Debtor days	89	96	74	68	68	72

Source: Hardman & Co Life Sciences Research

Cashflow

High levels of cap-ex short term…

- **Operational** – The faster rate of growth has benefitted operational cashflow in each of the forecast years
- **Cap-ex** – Significant change in capital expenditure over the next 24 months as management invests the new funds to accelerate the rate of growth. In fiscal 2020, cap-ex is expected to return to maintenance levels

…then becoming cash generative in fiscal 2020

- Stronger operations suggest that the company will become cash generative in fiscal 2020
- **Funding** – Net funds from the Placing of £23.8m are included in fiscal 2018

Cashflow

Year end March (£m)	2015	2016	2017E	2018E	2019E	2020E
Underlying EBIT	-4.80	-7.62	-9.53	-8.59	-3.14	2.73
Depreciation	0.29	0.80	1.20	2.67	3.37	3.84
Inventories	*-0.52*	*-0.56*	*-0.52*	*-0.81*	*-1.10*	*-1.38*
Receivables	*-0.90*	*-1.20*	*-0.96*	*-1.30*	*-1.36*	*-1.63*
Payables	*1.19*	*-1.12*	*-0.33*	*0.76*	*1.05*	*0.62*
Change in working capital	-0.23	-2.88	-1.30	-1.35	-1.42	-2.38
Exceptionals/provisions	-0.12	-1.17	0.00	0.00	0.00	0.00
Disposal profit/loss	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Company cashflow	**-4.86**	**-10.87**	**-9.62**	**-7.28**	**-1.19**	**4.19**
Net interest	0.08	0.03	0.02	0.05	0.03	0.03
Tax paid/received	-0.13	0.37	1.57	0.96	0.53	0.50
Operational cashflow	-4.91	-10.47	-8.03	-6.26	-0.63	4.72
Capital expenditure	-1.08	-2.03	-3.52	-11.02	-3.50	-2.80
Sale of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00
Free cashflow	**-6.00**	**-12.50**	**-11.55**	**-17.28**	**-4.13**	**1.92**
Dividends	0.00	0.00	0.00	0.00	0.00	0.00
Acquisitions	0.00	-9.37	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Other investments	0.00	0.00	0.00	0.00	0.00	0.00
Cashflow after invests.	**-6.00**	**-21.87**	**-11.55**	**-17.28**	**-4.13**	**1.92**
Share repurchases	0.00	0.00	0.00	0.00	0.00	0.00
Share issues	19.04	20.01	0.00	23.80	0.00	0.00
Currency effect	0.00	0.00	0.00	0.00	0.00	0.00
Borrowings acquired	0.00	-0.22	0.00	0.00	0.00	0.00
Change in net debt	**13.04**	**-2.08**	**-11.55**	**6.52**	**-4.13**	**1.92**
Hardman FCF/share (p)	-6.86	-9.57	-5.84	-3.02	-0.30	2.21
Opening net cash	2.72	15.76	13.69	2.14	8.66	4.53
Closing net cash	**15.76**	**13.69**	**2.14**	**8.66**	**4.53**	**6.45**

Source: Hardman & Co Life Sciences Research

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