**Market data**

EPIC/TKR	AVO
Price (p)	102.0
12m High (p)	217.0
12m Low (p)	98.0
Shares (m)	68.8
Mkt Cap (£m)	70.2
EV (£m)	61.4
Free Float*	59%
Market	AIM

\*As defined by AIM Rule 26

**Description**

Developing next generation proton therapy systems for use in radiation therapy of cancers. The first system is expected to be installed in Harley Street, London in 2017 and treating patients in 4Q 2017; to be operated through a joint venture company with CircleHealth.

**Company information**

Exec. Chairman Michael Sinclair  
CEO Nicolas Serandour

+44 (0)203 617 8728  
www.advancedoncotherapy.com

**Key shareholders**

Board & Management	18.4%
Brahma AG	15.8%
MK Trust	7.3%
Banca Profilio	5.5%
Aviva Investors	4.8%
Hargreaves Lansdowne	4.3%

**Key events**

May-17	Finals
Jun-17	AGM

**Analysts**

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## Advanced Oncotherapy

### Share subscription bolsters balance sheet

AVO is focused on delivering a more affordable, novel proton-based radiotherapy system, based on a technology originally developed and tested at the world renowned CERN. Planning Permission for its Harley Street site has been recently granted, and the first proton beam has successfully been fired from the proton source. The Metric Capital financing plan has been re-negotiated necessitating a £10m capital increase through a share Subscription at 100p, together with an Open Offer. Corporate governance has improved with Michael Sinclair splitting his roles, remaining Executive Chairman, and Nicolas Serandour moving up to CEO.

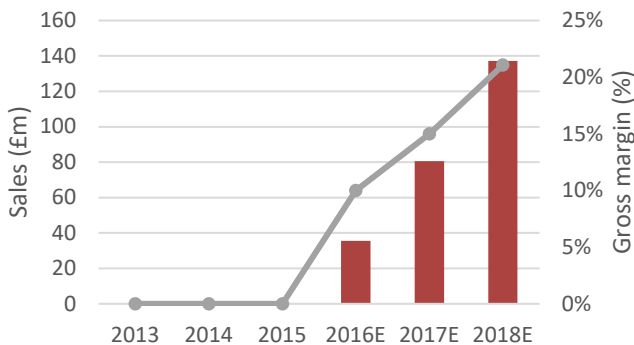
- **Strategy:** To develop a compact and modular proton therapy system at an affordable price for the payor, financially attractive to the operator, whilst generating superior patient outcomes. AVO benefits from the technology know-how developed by ADAM and relies on a base of world-class suppliers.
- **LIGHT:** AVO's manufacturing plan has been demonstrated through the successful achievement of key milestones with the first proton beam having been fired. AVO has also signed an industrialisation agreement with Thales with two production lines being designed, capable of producing 8 LIGHT systems pa.
- **Harley Street:** AVO announced on 19<sup>th</sup> October that Westminster City Council had granted Planning Permission for the Harley Street site, which represented an important milestone in the advancement of the next generation radiotherapy in UK. The construction tendering process is underway already.
- **Balance sheet:** Net debt at 30<sup>th</sup> June was £0.3m, comprising £0.7m cash and £1.0m of short-term debt. Trade creditors also appeared to have increased. The Subscription of £10m and potentially up to a further £4m from the Open Offer will alleviate the short-term strain on the balance sheet.
- **Investment summary:** The Subscription has attracted a new 7% shareholder with expertise in business development in Asia, particularly China, which is a key strategic goal for AVO. With two LIGHT systems ordered in China and a further four under negotiation, AVO is on the cusp of a steepening adoption curve with a proton therapy solution that is unique with respect to its competitors and addresses the needs of all key partners and stakeholders.

**Financial summary and valuation**

Year end Dec (£000)	2013	2014	2015	2016E	2017E	2018E
Sales	0.07	0.11	0.00	35.5	80.6	137.1
EBITDA	-2.04	-5.06	-6.41	-7.0	0.7	18.2
Reported EBIT	-3.17	-6.45	-8.51	-8.5	-1.2	15.9
Underlying PBT	-2.37	-5.06	-6.72	-7.4	-2.2	15.3
Statutory PBT	-3.96	-7.56	-8.63	-8.6	-3.7	13.3
Underlying EPS (p)	-14.77	-14.91	-7.13	-11.4	-3.2	22.3
Statutory EPS (p)	-24.66	-22.29	-12.25	-13.4	-5.4	19.4
Net (debt)/cash	-3.04	0.48	7.96	-0.7	8.5	8.0
Capital increase	2.44	10.16	21.06	9.4	0.0	0.0
P/E (x)	-6.8	-6.7	-14.1	-9.0	-32.3	4.6
EV/sales (x)	-	-	-	2.0	0.8	0.5
EV/EBITDA (x)	-	-	-	-10.2	92.8	3.4

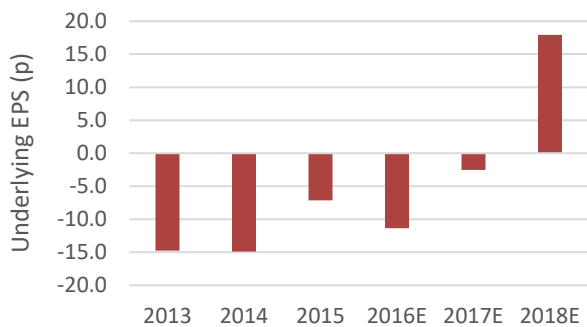
Source: Hardman &amp; Co Life Sciences Research

### Product analysis



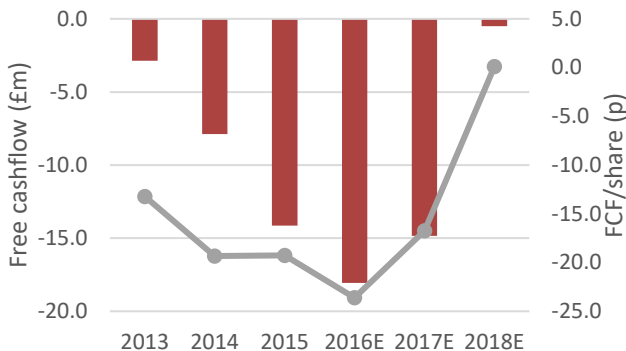
- ▶ Sales of the first LIGHT system are still expected during 2016
- ▶ Under the agreement with Thales, AVO will recover the initial costs of production through the retention of 100% gross margin on the first few LIGHT machines produced
- ▶ Initial gross margin is expected to be around 10% and rising steadily as more LIGHT machines are installed
- ▶ Management is expecting the gross margin to stabilise around 40%

### Underlying EPS



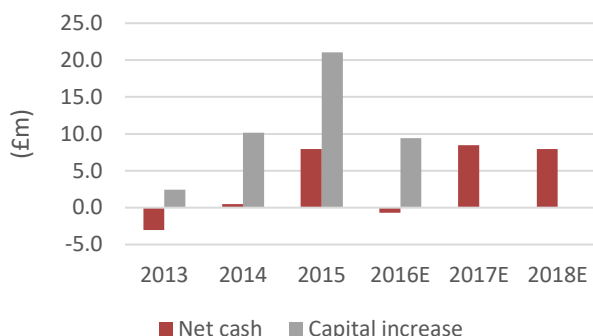
- ▶ Development investment in early years
- ▶ EPS turns sharply positive once the installations begin
- ▶ Figures have allowed for the £10m share Subscription announced end September, but do not allow for the Open Offer

### Free cashflow



- ▶ Investment in infrastructure in early years
- ▶ Free cashflow is heavily influenced by management of inventories and working capital requirements
- ▶ Cashflow forecast to remain negative through the development and investment phase

### Balance sheet



- ▶ Net debt at 30<sup>th</sup> June 2016 was -£0.3m, comprising short-term debt of -£1.0m and cash of £0.7m (@ 31<sup>st</sup> December +£8.0m)
- ▶ Shares in relation to the Subscription to raise £10m (gross) new funds were admitted onto AIM on 7<sup>th</sup> October
- ▶ Up to a further £4m could be derived from the Open Offer to existing shareholders
- ▶ Net cash is currently forecast to be +£1.8m at 31<sup>st</sup> December 2016

Source: Company data; Hardman & Co Life Sciences Research

## Interim results

### Key features

- ▶ **Industrialisation agreement with Thales** – Good progress in the partnership with Thales, a global leader and well-established manufacturer of radio frequency energy equipment, to assemble and commission the LIGHT system
- ▶ **Production lines** – Engineering studies have been undertaken by Thales. Two production lines are being envisioned to ensure the manufacture of eight machines per year
- ▶ **Harley street** – Planning Permission for the Harley street site was granted on 19<sup>th</sup> October by the Westminster City Council. Moreover, two treatment rooms will be included in the development, compared to one initially planned, boosting the returns
- ▶ **Edgbaston, Birmingham** – Discussions are ongoing surrounding an agreement to supply a LIGHT system alongside Circle Health's planned new-build hospital in Birmingham
- ▶ **LIGHT system** – The first proton beam has been fired through the proton source and the low energy beam transport (LEBT) system
- ▶ **Subscription** – AVO has announced a capital increase of £10m (gross) by way of a Subscription for 10m new Ordinary shares at a price of 100p. The Subscription has attracted a new major shareholder, MK Trust, holding 7.3%, of the enlarged capital that will also become a senior advisor and will be active in business development
- ▶ **Open Offer** – New ordinary shares are being offered to existing shareholders on a 1-for-13 basis at 100p per shares, which could raise up to an additional £4m
- ▶ **Vendor financing** – The terms of the loan with Metric Capital originally announced in May 2016 have been renegotiated. Under the revised term of the agreement, AVO is required to complete the £10m capital increase, which was concluded on 7<sup>th</sup> October, and implement an additional 'financing plan', after which the full £24m can be drawn down from Metric to support the installation of LIGHT in Harley Street
- ▶ **Balance sheet** – AVO had a net debt of £0.3m at the end of June and has a monthly burn rate of about £1m per month. The Subscription and related Open Offer was not only a requirement of the renegotiated Metric deal, but also boosted the balance sheet until Metric funds can be drawn down in early 2017

### Industrialisation agreement with Thales

In February 2016, Advanced Oncotherapy entered into an industrialisation agreement with Thales with the aim of manufacturing and building the LIGHT system. This means that AVO has entered into the commercialisation stage in partnership with one of the key global players in RF energy equipment. Thales is a well-established manufacturer of RF energy equipment, including Klystrons, electron tubes, amplifiers and X-ray detectors, as well as synchrotrons, accelerators and advanced medical imaging equipment.

Thales offers AVO access to its specialised execution and engineering skills to manage the transition from a prototype machine to full production manufacturing, as well as evaluating cost reduction capabilities.

As part of the agreement, Thales will undertake the initial engineering studies and test the facilities commissioning required for the construction of the custom-designed series production line. When the machine enters full production, AVO will recover these costs through the retention of 100% gross margin on the first few LIGHT machines produced, following which Thales will start to be paid a fee per machine produced. By organising the series production in a way that will push down costs under an appropriate quality framework, management expects longer-term gross margin to stabilise around 40%.

Whilst AVO is already expecting to provide a system at a fraction of the cost of first generation proton therapy machines, the cost reduction skills of Thales and its ability to reduce lead times through optimising processes will ensure that this next generation proton therapy system is affordable and, therefore, more widely and quickly available for cancer patients around the world.

This agreement also opens up big opportunities for a fast and efficient production ramp-up in a fast growing market. Two custom-designed production lines are being developed to ensure a production of eight machines per year.

### Progress in delivering the LIGHT system

Our previous report (11<sup>th</sup> August) focused on the key achievement and development milestones of the LIGHT system, highlighting that AVO is very much on course with its delivery plan. The first commercial LIGHT system will initially be assembled by Thales for full testing and validation. It will then be dismantled and the modules will be put back together at the Harley Street site. The first proton beam has been fired successfully through the LEBT system and the company is now on track to fully assemble and integrate the different modules constituting the LIGHT system.

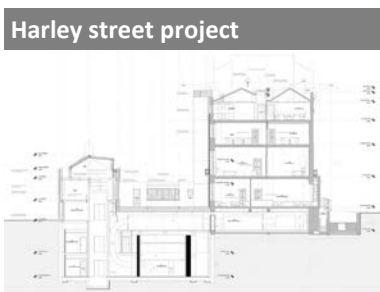
- ▶ The **proton source**, manufactured by Pantechnik at its facility in Bayeux (France), generates protons from a source of hydrogen gas. It has been fully assembled and the first proton beam has been fired successfully through the Low Energy Beam Transport (LEBT) system
- ▶ The **Radio Frequency Quadrupole (RFQ)** which accelerates the protons to 5MeV are being integrated into the proton source
- ▶ The **Side Coupled Drift Tube Linac (SCDTL)** module has been tested and is now ready for high power testing. They are used in the LIGHT system to accelerate the protons from 5MeV to 37.5MeV

### Harley Street planning permission granted

Planning Permission for the Harley Street site was granted by the Westminster City Council following the vote which took place on the 18<sup>th</sup> October. This represents a key milestone in the progress and development of the first LIGHT system on the prestigious medical address Harley Street. Howard de Walden Estate, AVO's development partner on the Harley Street Medical area, plans to start work on the site as soon as possible.

The project corresponds to a 49.9:50.1 joint venture with Circle Holdings and will be known as the London Proton Therapy Centre (LPTC). AVO will be responsible for all technical matters related to LPTC, whilst Circle will take responsibility for all operational and clinical matters and insurance provision.

Circle expects to start operating this new 15,000 square foot facility housed in two adjacent properties from late 2017. When fully operational, it could treat more than 500 patients with the two planned treatment rooms, per year from the UK and across the world. The centre will also look to offer its services to other hospitals that want access to the system, including the NHS.



Source: Advanced Oncotherapy

## Financing update

Concomitant with the interim results announcement, AVO announced details of a capital increase to strengthen its balance sheet, through the issue of 10.0m New Ordinary shares at 100p by way of a share Subscription representing gross funds of £10.0m. Management has also revised the terms of the £24m vendor financing agreement with Metric Capital Partners.

### Metric Capital

#### *Original announcement – 26<sup>th</sup> May 2016*

Back in May 2016, AVO and Metric Capital, a Pan-European private capital fund manager, signed an agreement whereby Metric would provide a £24m investment to AVO in the form of vendor financing to support the development of the LIGHT system. The key terms were as follows:

- ▶ £11m was to be paid to AVO “shortly” after signing the agreement
- ▶ A second tranche of £13m could be drawn down on completion of a £25m cash or capital injection into AVO
- ▶ Cash Interest at 250bp above the 3-month LIBOR (subject to a minimum of 150bp)
- ▶ Payment in kind (PIK) interest of 850bp payable at maturity or convertible into shares @250p per share
- ▶ Issue of 0.58m warrants per year over Ordinary shares exercisable @400p per share
- ▶ Certain guarantees and warranties
- ▶ Any future equity injections to be carried out on terms similar or better than the conversion terms of the PIK

In the event that the £25m cash injection required to trigger the drawdown of the second tranche is not achieved by 31<sup>st</sup> March 2017, then the initial £11m tranche would become repayable by September 2017.

#### *Deal renegotiation – 30<sup>th</sup> September 2016*

It is clear from the balance sheet at 30<sup>th</sup> June 2016 that the initial £11m tranche had not been paid to AVO by that date. Therefore, management returned to Metric Capital to renegotiate the terms of the financing package.

Instead AVO has agreed with Metric Capital that the full £24m vendor financing facility will be made available for drawdown. The main difference lies in the way AVO manages to raise £25m, subject to the following conditions:

- ▶ AVO to raise £10m of new capital
- ▶ AVO to implement a ‘financing plan’ supported by banks and strategic partners, which is not dilutive to equity investors
- ▶ Conditions concerning the issue of warrants, interests, warranties, guaranties and any future equity injections are still running

AVO management believes that this ‘financing plan’ will be implemented by the end of December 2016, allowing drawdown to take place in early 2017.

## Subscription and Open Offer

To satisfy the first of the new conditions set by Metric, AVO has announced a £10.0m (gross) capital increase by way of a share Subscription:

- ▶ Issue of 10.0m new Ordinary shares @100p per share
- ▶ MK Trust, a Japanese financial institution, has agreed to subscribe for £5.0m (50%) of the subscription monies, giving it 7.3% of the enlarged share capital
- ▶ Directors have subscribed for 3.155m shares
- ▶ The new shares were Admitted on the AIM on 7<sup>th</sup> October 2016
- ▶ The enlarged share capital is now 68,780,361 Ordinary shares and voting rights
- ▶ An Open Offer to shareholders on the basis of 1-for-13 existing shares has been announced on the same pricing terms. Shares are expected to be admitted to AIM on 1<sup>st</sup> November 2016

### Details of the Subscription\*

Shareholders	Number of new Shares	Total shareholding	% Enlarged capital
MK Trust	5,000,000	5,000,000	7.3%
Michael Bradfield – NED	2,000,000	7,080,740	10.3%
Michael Sinclair – Executive Chairman	1,035,000	4,628,230	6.7%
Nicolas Serandour – CEO	85,000	93,800	0.1%
Sanjeev Pandya – BDD	35,000	58,616	0.1%
Others (Management & Shareholders)	1,845,000	-	-
<b>Shares issued</b>	<b>10,000,000</b>	<b>68,780,361</b>	

*\*Numbers do not reflect the Open Offer  
Source: Company announcements*

MK Trust is a financial institution that is focused on Asian-related investments. It is owned by Ms Miky Kambara, who will become an advisor to AVO responsible for developing business opportunities for LIGHT in Asia. This decision is in line with AVO's strategy to expand in the Asian markets, particularly China.

AVO has always considered the Asian region to be a large market opportunity for LIGHT, where it has already secured purchase orders for two sites in China through its distributor Sinophi Healthcare Limited and is already in negotiation for four further sites.

### Open Offer

Existing ordinary shareholders are being offered new shares in an Open Offer on a 1-for-13 basis, also at @100p. This has the potential to raise a further £4.02m (gross) if fully taken up by shareholders. Qualifying shareholders may also apply for more than their Open Offer entitlement, but acceptance is conditional on other shareholders do not take up their full entitlement.

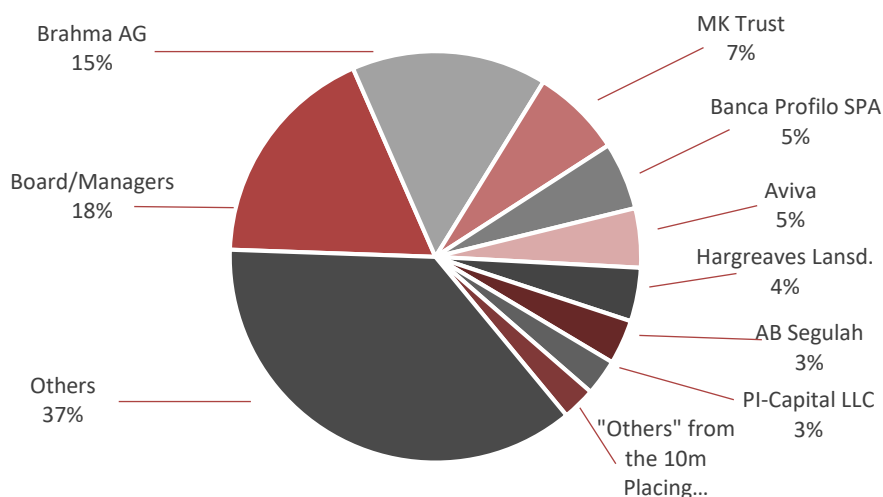
Given that around 50% of its current shareholders applied for shares in the recent Subscription and are, therefore, unlikely to participate again in the Open Offer, unless the remaining shareholders apply for at least double their entitlement, the Open Offer will not be fully subscribed. In all likelihood, Hardman anticipates that up to approximately £2.0m will be raised in this Open Offer.

Shares issued in relation to the Open Offer are expected to be admitted to AIM on 1<sup>st</sup> November 2016.

### Use of proceeds

- ▶ To continue the development of the Company's first LIGHT system in Harley Street, London
- ▶ To support the collaboration with Thales, which aims to provide volume manufacturing capabilities initially targeted at producing eight LIGHT systems a year

### Shareholding



Source: Hardman & Co Life Sciences Research

### Share price performance



Source: Hardman & Co Life Sciences Research

## Financial summary

### Profit & Loss

- ▶ **Administrative costs** – Emerged about £1.0m ahead of forecasts at the interim stage and this is expected to have a knock-on effect for the full year. Our forecast has been increased from -£9.5m to -£12.0m
- ▶ **Finance costs** – Given the delay in receiving funds from Metric Capital, coupled with the injection of cash from the share Subscription, interest charges are now expected to be lower in 2016 at -£0.14m versus -£0.74 previously forecast.
- ▶ **Currency** – Our forecasts are based on a GBP/USD exchange rate of 1.45 (unchanged). Should sterling weakness continue, whilst it would benefit the sales line, it would be detrimental to costs
- ▶ **EPS** – Our underlying earnings forecast has reduced from -9.5p to -11.4p, largely reflecting the increased administration costs falling through the P&L account

Profit & Loss account						
Year end Dec (£m)	2013	2014	2015	2016E	2017E	2018E
<b>LIGHT Systems sold</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>8</b>
Sales	0.07	0.11	0.00	35.48	80.65	137.10
Cost of goods	-0.16	-0.20	0.00	-31.94	-68.55	-108.23
<b>Gross profit</b>	<b>-0.09</b>	<b>-0.10</b>	<b>0.00</b>	<b>3.55</b>	<b>12.10</b>	<b>28.87</b>
Administrative costs	-2.04	-5.09	-7.62	-12.00	-12.75	-13.30
<b>Underlying EBITDA</b>	<b>-2.04</b>	<b>-5.06</b>	<b>-6.41</b>	<b>-6.97</b>	<b>0.67</b>	<b>18.17</b>
Depreciation	-0.08	-0.12	-0.18	-0.25	-0.28	-0.32
<b>Underlying EBIT</b>	<b>-2.12</b>	<b>-5.18</b>	<b>-6.59</b>	<b>-7.22</b>	<b>0.39</b>	<b>17.85</b>
Share of JV profit/(loss)	0.00	0.00	0.00	0.00	-0.50	0.28
Share based costs	0.00	-0.47	-1.03	-1.23	-1.54	-2.00
Exceptional items	-1.05	-0.80	-0.89	0.00	0.00	0.00
<b>Statutory EBIT</b>	<b>-3.17</b>	<b>-6.45</b>	<b>-8.51</b>	<b>-8.45</b>	<b>-1.15</b>	<b>15.85</b>
Net financials	-0.25	0.12	-0.12	-0.14	-2.56	-2.53
<b>Underlying Pre-tax profit</b>	<b>-2.37</b>	<b>-5.06</b>	<b>-6.72</b>	<b>-7.36</b>	<b>-2.17</b>	<b>15.32</b>
Exceptional items	-0.54	-1.23	0.00	0.00	0.00	0.00
<b>Reported pre-tax</b>	<b>-3.96</b>	<b>-7.56</b>	<b>-8.63</b>	<b>-8.59</b>	<b>-3.71</b>	<b>13.32</b>
Tax payable/credit	0.00	0.00	2.78	0.00	0.00	0.00
<b>Underlying net income</b>	<b>-2.37</b>	<b>-5.06</b>	<b>-3.65</b>	<b>-6.76</b>	<b>-2.17</b>	<b>15.32</b>
Discontinued operations	0.00	0.00	-0.71	0.00	0.00	0.00
Forex	0.00	0.00	0.29	0.60	0.00	0.00
<b>Statutory net income</b>	<b>-3.96</b>	<b>-7.56</b>	<b>-6.27</b>	<b>-7.99</b>	<b>-3.71</b>	<b>13.32</b>
<b>Ordinary shares:</b>						
Period-end (m)	24.2	41.1	56.7	68.8	68.8	68.8
Weighted average (m)	16.1	33.9	51.2	59.5	68.8	68.8
Fully diluted (m)	18.5	48.1	67.4	75.7	85.0	85.0
<b>Underlying Basic EPS (p)</b>	<b>-14.77</b>	<b>-14.91</b>	<b>-7.13</b>	<b>-11.36</b>	<b>-3.16</b>	<b>22.28</b>
Statutory basic EPS (p)	-24.66	-22.29	-12.25	-13.43	-5.40	19.37
<b>U/I fully-dil. EPS (p)</b>	<b>-12.81</b>	<b>-10.53</b>	<b>-5.41</b>	<b>-8.93</b>	<b>-2.56</b>	<b>18.03</b>
Stat. fully-dil. EPS (p)	-21.39	-15.73	-9.31	-10.55	-4.37	15.68
DPS (p)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Hardman & Co Life Sciences Research



## Balance sheet

- ▶ **Net cash/debt** – In the absence of the drawdown of the Metric loan by the end of June, AVO was in a net debt position, with £1.0m of short-term loans and £0.7m cash
- ▶ **Trade creditors** – There was also a build-up in trade creditors during the period, rising from -£2.4m at 31<sup>st</sup> December 2015 to -£4.9m at 30<sup>th</sup> June
- ▶ **Open Offer** – The Open Offer being made to existing shareholders could raise up to £4m. However, given that 50% of AVO's shareholders participated in the Subscription, we believe that the likely outcome will be nearer £2m.
- ▶ **Inventories** – Increase in the level of forecast inventories is the result of AVO and its partners building and testing completed LIGHT modules before they can be shipped for final construction and validation at the purchaser's clinic/hospital

Balance sheet						
@31st Dec (£m)	2013	2014	2015	2016E	2017E	2018E
Shareholders' funds	5.37	11.13	27.28	30.52	28.34	43.67
Cumulated goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Total equity	5.37	11.13	27.28	30.52	28.34	43.67
Share capital	6.04	10.28	14.18	17.20	17.20	17.20
Reserves	-0.68	0.85	13.10	13.32	11.15	26.47
JV investment	0.00	0.00	0.00	2.00	1.70	1.40
Long-term loans	0.00	0.00	0.00	5.00	24.00	24.00
Short-term debt	3.19	0.99	1.00	1.00	1.00	1.00
less: Cash	0.15	1.47	8.96	5.31	33.47	32.96
<b>Invested capital</b>	<b>8.41</b>	<b>10.65</b>	<b>19.32</b>	<b>33.21</b>	<b>21.57</b>	<b>37.11</b>
Fixed assets	0.67	0.88	1.00	1.25	1.52	1.80
Intangible assets	6.69	9.22	12.74	16.24	16.24	16.24
Investments	2.01	1.20	0.31	0.31	0.31	0.31
Inventories	0.04	1.11	4.42	19.16	41.13	64.94
Trade debtors	0.03	0.07	0.00	0.05	20.16	34.27
Other debtors	1.17	0.52	0.52	0.99	2.31	2.31
Tax liability/credit	-0.08	-0.22	2.78	0.00	0.00	0.00
Trade creditors	-0.72	-1.14	-0.34	-4.50	-36.36	-56.20
Other creditors	-1.40	-0.98	-2.12	-2.30	-4.93	-4.93
Debtors less creditors	-1.00	-1.75	0.85	-5.75	-39.63	-48.18
<b>Invested capital</b>	<b>8.41</b>	<b>10.65</b>	<b>19.32</b>	<b>33.21</b>	<b>21.57</b>	<b>37.11</b>
<b>Net cash/(debt)</b>	<b>-3.04</b>	<b>0.48</b>	<b>7.96</b>	<b>-0.69</b>	<b>8.47</b>	<b>7.96</b>

Source: Hardman & Co Life Sciences Research

## Cashflow

- ▶ **Monthly cash burn** – In the first half of 2016, the monthly cash burn was approximately £1m, which was about £0.1m per month higher than expected. A similar level is expected for the full year
- ▶ **Open Offer** – No cash injection from the Open Offer has been included in our forecasts at this stage. Therefore, the expected net cash position at the year end of £1.8m will be boosted by whatever extra amount is raised

Cashflow						
Year end Dec (£m)	2013	2014	2015	2016E	2017E	2018E
Operating profit	-2.12	-5.18	-6.59	-7.22	0.39	17.85
Depreciation	0.82	0.12	0.18	0.25	0.28	0.32
Inventories	-0.04	-1.07	-3.11	-14.74	-21.97	-23.81
Working capital	-0.04	0.92	-2.60	6.80	7.02	5.73
Exceptionals/provisions	0.00	-0.80	-0.81	0.00	0.00	0.00
Other	-0.41	-0.36	0.44	0.00	0.00	0.00
<b>Net cash from ops.</b>	<b>-1.79</b>	<b>-6.38</b>	<b>-12.49</b>	<b>-14.91</b>	<b>-14.29</b>	<b>0.09</b>
Net interest	-0.33	-0.18	-0.15	-0.14	0.00	0.00
Tax paid/received	0.00	0.00	2.78	1.00	0.00	0.00
<b>Operational cashflow</b>	<b>-2.12</b>	<b>-6.56</b>	<b>-9.85</b>	<b>-14.05</b>	<b>-14.29</b>	<b>0.09</b>
Capital expenditure	-0.54	-0.33	-0.76	-0.50	-0.55	-0.60
Capitalised intangibles	-0.19	-0.98	-3.53	-3.50	0.00	0.00
<b>Free cashflow</b>	<b>-2.86</b>	<b>-7.87</b>	<b>-14.14</b>	<b>-18.05</b>	<b>-14.84</b>	<b>-0.51</b>
Disposals	1.27	6.02	0.56	0.00	0.00	0.00
<b>Cashflow after invest.</b>	<b>-1.58</b>	<b>-1.85</b>	<b>-13.58</b>	<b>-18.05</b>	<b>-14.84</b>	<b>-0.51</b>
Share issues	2.44	10.16	21.06	9.40	0.00	0.00
Currency effect	0.00	0.00	0.00	0.00	0.00	0.00
Loans acquired	0.04	1.23	0.00	0.00	24.00	0.00
<b>Change in net debt</b>	<b>0.90</b>	<b>9.53</b>	<b>7.48</b>	<b>-8.65</b>	<b>9.16</b>	<b>-0.51</b>
Opening net cash	-3.75	-3.04	0.48	7.96	-0.69	8.47
<b>Closing net cash</b>	<b>-3.04</b>	<b>0.48</b>	<b>7.96</b>	<b>-0.69</b>	<b>8.47</b>	<b>7.97</b>
<b>Hardman FCF/share (p)</b>	<b>-13.22</b>	<b>-19.33</b>	<b>-19.26</b>	<b>-23.61</b>	<b>-16.72</b>	<b>0.11</b>

Source: Hardman & Co Life Sciences Research

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