

Ergomed H1 2020 Trading Update

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Ergomed plc
21 July 2020**PRESS RELEASE****Ergomed H1 2020 Trading Update**

- **EBITDA for FY 2020 expected to be materially ahead of market expectations**
- **Integrated pharmaceutical services business demonstrates resilience during Covid-19**
- **Total revenue growth of 14.8% over H1 2019; like for like service fee revenue up 18.0% over H1 2019**
- **Order book up 22.0% since 1 January 2020 provides high visibility into H2 2020 and beyond**
- **Strong cash balance of £14.1 million and debt free**

Guildford, UK - 21 July 2020: Ergomed plc, (LSE: ERGO) ("Ergomed" or the "Company"), a company focused on providing specialised services to the pharmaceutical industry, today announces a trading update for the first half of 2020. The Company will provide further details of the first half performance with the publication of its audited interim results in September 2020.

Trading materially ahead of expectations

Building on the robust performance reported at the beginning of the year, Ergomed had an excellent first half, with overall growth in revenue driven by continued demand for its services across the integrated business, despite the global Covid-19 pandemic. Ergomed now expects EBITDA for the year ending 31 December 2020 to be materially ahead of current market expectations.

Total revenues for H1 2020 increased by 14.8% to £40.4 million (H1 2019: £35.2 million). Service fee revenues, excluding revenue from the recently acquired PrimeVigilance USA, pass-through revenues and H1 2019 one-off revenues of £1.6 million relating to change orders and the implementation of IFRS 15, increased by 18.0% over H1 2019.

Revenues in PrimeVigilance, the pharmacovigilance (PV) business, increased by 62.1% to £26.1 million from £16.1 million in H1 2019. The underlying increase was 36.0%, excluding £4.2 million revenues from the now fully integrated PrimeVigilance USA business.

The Contract Research Outsourcing (CRO) business saw its underlying service fee revenue decline 6.7% from £11.9 million in H1 2019 to £11.1 million. Total CRO revenues decreased from £19.0 million in H1 2019 to £14.3 million due to the Covid-19 impact on pass-through revenues and the inclusion in H1 2019 of the £1.6 million one-off revenue uplift referred to above.

Positioned for further growth; high visibility into H2 2020 and beyond

Sales of new business for H1 2020 increased by 22.9% to £60.2 million (H1 2019: £49.0 million), including significant levels of new business from effective cross-selling activities between the CRO and PV businesses. Ergomed won major new contracts for both its CRO and PV services drawing on its expanded geographic territory, including within its newly acquired PrimeVigilance USA client base.

Ergomed's order book remains healthy at £151.4 million at the end of H1 2020, up 22.0% from £124.1 million at 31 December 2019 and up 28.0% on the prior year (H1 2019: £118.3 million), providing excellent visibility of contracted revenues for the second half of 2020 and beyond.

Cash balances at 30 June 2020 were £14.1 million and the Company continues to be debt free with additional facilities of £30 million available to support expansion.

The continuing sales growth, healthy order book and financing capability position Ergomed firmly for further growth.

Covid-19 update

Ergomed is contributing to the global fight against the Covid-19 virus, becoming a recognised provider of Covid-19 research support and facilitating a number of projects through both its CRO and PV businesses in Europe, North America and Asia. This included the SISCO study at the Papa Giovanni XXIII Hospital in Bergamo, Italy, one of the first major Covid-19 projects globally, which demonstrated Ergomed's specialist capabilities in successfully managing complex clinical programmes.

At the beginning of the pandemic Ergomed implemented a range of employee safety measures and successfully transferred to a fully remote working operation with no disruption to the business and no redundancies or furloughed staff. The trading results for H1 2020 confirm that despite the Covid-19 crisis, the business maintained its momentum over the second quarter lockdown period, and continued to grow strongly, achieve its sales targets, build its order book and bolster its robust financial platform.

Dr Miroslav Reljanović, Executive Chairman of Ergomed, commented: *"Ergomed has delivered exceptional progress both operationally and financially during the first half of the year. We have responded strongly to the challenges of the Covid-19 pandemic, maintaining momentum and improving margins with EBITDA expected to be materially ahead of market expectations for the full year. This excellent performance has strengthened the platform from which to deliver on our strategy to provide specialist services in key market sectors, to invest for organic growth and efficiency, and to make disciplined acquisitions to achieve geographic expansion and drive increased sales and enhanced profitability."*

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About Ergomed plc

Ergomed provides specialist services to the pharmaceutical industry spanning all phases of clinical development, post-approval pharmacovigilance and medical information. Ergomed's fast-growing, profitable services business includes an industry leading suite of specialist pharmacovigilance (PV) solutions, integrated under the PrimeVigilance brand, a full range of high-quality contract research and trial management services under the Ergomed brand (CRO), and an internationally recognised specialist expertise in orphan drug development, under PSR. For further information, visit: <http://ergomedplc.com>.

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