Ergomed

What's next after stellar 2020 performance?

Company outlook

Healthcare services

Although most of 2020 was challenging for the contract research outsourcing (CRO) sector, for Ergomed it was a transformative growth period due to well-balanced pharmacovigilance (PV) and CRO offerings. Ergomed managed to withstand global woes caused by the COVID-19 pandemic and delivered another solid year of growth, organically and through acquisitions. We believe the company will continue to benefit from a clear strategic focus (oncology, rare diseases and pharmacovigilance), order book growth and margin control and strong secular CRO sector growth. Our valuation of £683m or 1,400p/share is virtually unchanged.

Year end	Revenue (£m)	Adjusted EBITDA* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/19	68.3	12.5	19.8	0.0	61.9	N/A
12/20	86.4	19.4	23.7	0.0	51.7	N/A
12/21e	119.6	21.7	30.4	0.0	40.3	N/A
12/22e	136.8	23.2	32.9	0.0	37.2	N/A

Note: *Adjusted EBITDA and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Brimming book underpins a stellar performance

Ergomed's revenue was up 27% to £86.4m in FY20 with gross margin improving to 45.9% from 43.3%. FY20 adjusted EBITDA increased to £19.4m from £12.5m in FY19. Throughout 2020, Ergomed grew its order book substantially, which stood at an all-time high of £193m at the end of 2020, up 55.5% y-o-y. This provides high revenue visibility for FY21. Ergomed had cash of £19.0m (no debt) at the end of FY20, up from £14.3m a year ago (operating cash flow £18.1m), which is impressive considering it made two acquisitions in 2020 with outflows of £12m.

M&A remains on the agenda with plenty of firepower

Ergomed has repeated on several occasions that it aims to expand via both organic top-line growth and M&A. The latter was evident from the two acquisitions completed in 2020. Furthermore, MedSource was acquired in December 2020, when the pandemic was at its peak in many Western Countries (which complicates the due diligence process). We believe, this exemplifies the determination to pursue growth through acquisitions. Looking forward, with cash of £19.0m at hand (end-2020) and access to £30m in unused credit facilities, Ergomed has plenty of firepower to continue pursuing its active M&A strategy.

Valuation: £683m or 1,400p/share

We maintain our estimates and our valuation is virtually unchanged at £683m or 1,400p/share derived from our DCF model implying an EV/EBITDA multiple of 30.5x based on our FY21 forecasts. We note that Ergomed trades at a premium EV/EBITDA (FY21e) of 26.9x compared to the peer average of 20.0x (in line with Medpace). In this report, we analyse the sensitivity of our valuation to a set of DCF assumptions (long-term sales growth and profit margins). We find that a bull case would correspond to a valuation of 1,950p/share, while a bear case 995p/share. The AGM trading update in June 2021 and full H121 trading update in July 2021 are the next catalysts.

1 June 2021

Price	**1,225p**
Market cap	**£598m**

Net cash (£m) at end 2020	19.0
Shares in issue	48.8m
Free float	78%
Code	ERGO
Primary exchange	AIM
Secondary exchange	Frankfurt Xetra

Share price performance

%	1m	3m	12m
Abs	5.2	(2.0)	222.4
Rel (local)	4.0	(9.6)	172.8
52-week high/low		1,430p	380p

Business description

Ergomed is a global full-service contract research outsourcing business with a core focus on the US and EU. It provides Phase I–III clinical services in addition to post-marketing pharmacovigilance services through its PrimeVigilance division. Ergomed is predominantly focused on oncology, orphan drugs, rare diseases and pharmacovigilance.

Next events

AGM and AGM statement on trading	June 2021
H121 interim results	July 2021
Additional bolt-on acquisitions	2021/22

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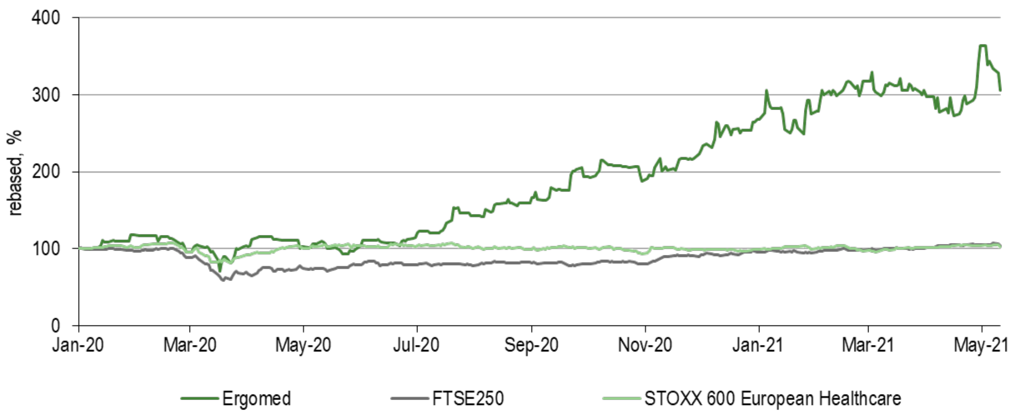
Stellar performance in unusual times

Founded in 1997, Ergomed is a full-service pharmaceutical services company. Its two divisions are CRO, which provides Phase I to III clinical trial services, and PrimeVigilance, which provides post-marketing PV (Phase IV) services. The company has expertise across all common disease areas but is predominantly focused on oncology and rare diseases/orphan drugs. The company was listed on the AIM market of the London Stock Exchange in 2014. At 31 December 2020, Ergomed employed over 1,150 people and 300 contractors across 16 offices globally, had completed 600 studies with over 125,000 patients enrolled across 60 countries and was supporting products in over 100 countries. It has 240 active clients (including those of the recently acquired PrimeVigilance USA and MedSource) and low client concentration. Because of the well-balanced pharma services offering (PV and CRO), Ergomed has proved to be a resilient business and delivered excellent returns in 2020.

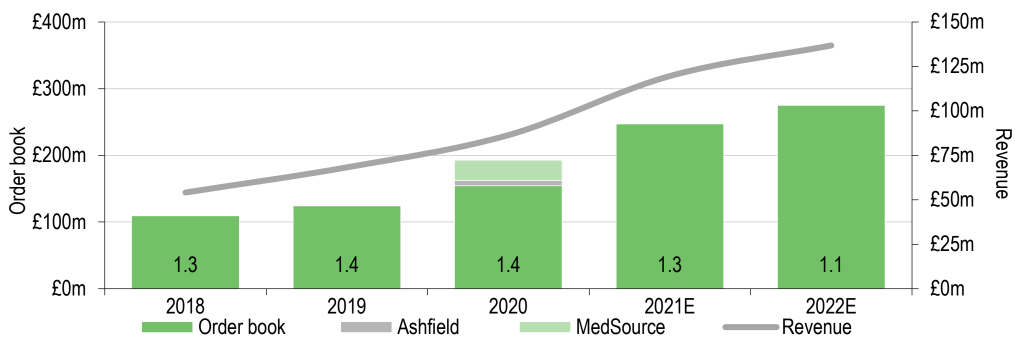
Exhibit 1: Ergomed's share performance through the COVID-19 pandemic (last 18 months)



Source: Refinitiv

Ergomed's revenue was up 27% to £86.4m in FY20. Gross profit increased to £39.7m from £29.5m, with gross margin improving to 45.9% from 43.3%. FY20 adjusted EBITDA increased to £19.4m from £12.5m in FY19. Adjusted FY20 EPS increased by 29.6% y-o-y. Throughout 2020, Ergomed grew its order book substantially, which stood at an all-time high of £193m at end-2020, up 55.5% y-o-y. We note that although this benefited from the accretive acquisitions of both Ashfield and MedSource in 2020 (c £40m), underlying organic growth in the order book was also strong (+24.6%, c £31m) in part reflecting an increase in cross-selling between its service offerings (CRO and PV) and its broadening US sales presence. This provides high revenue visibility for FY21.

Exhibit 2: Order book and revenue growth



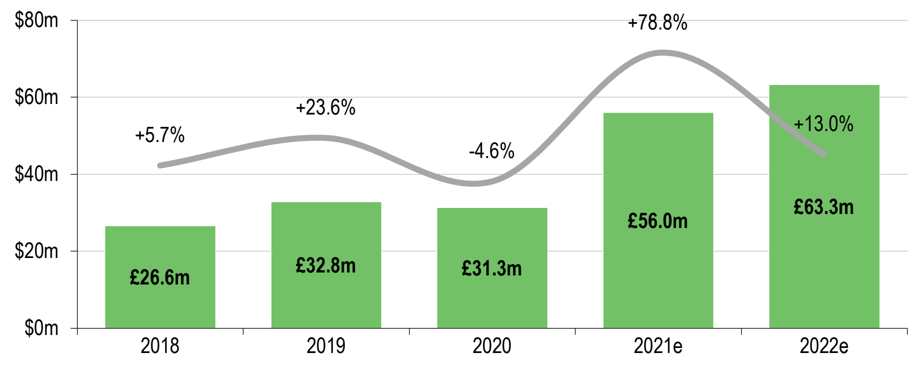
Source: Edison Investment Research. Note: The number inside each column is book-to-bill ratio.

Ergomed had cash of £19.0m and was debt free at the end of FY20 (vs £14.3m at the beginning of the year), which is impressive considering the company made two acquisitions in 2020 with cash outflows totalling £13m. Underlying organic cash generation was a healthy £18m in FY20, representing strong cash conversion. In addition, the company has access to £30m in unused credit facilities.

CRO: Affected by pandemic, but poised for rebound

Unsurprisingly, the CRO segment was flat in 2020 with like-for-like CRO revenues ending at £31.3m (after adjusting FY19 revenues for a £1.6m one-off). This was entirely related to clinical trial delays caused by workflow disruptions in hospitals. Many trials either slowed down or were forced to slow patient recruitment. Ergomed's key markets are the US and Europe, where vaccine deployment should be relatively efficient, so we expect the CRO segment to rebound throughout 2021. In H220 CRO segment service fee revenues were up 13.5% over H120 and up 16.7% y-o-y, which indicates the potential magnitude of the rebound. We forecast CRO segment revenues of £56.0m and £63.3m in 2021 and 2022 respectively.

Exhibit 3: CRO segment performance and forecast



Source: Ergomed, Edison Investment Research

The CRO segment was significantly strengthened in the US after the acquisition of MedSource in December 2020. The private US-based CRO booked $19.3m (£14.5m) and $17.0m (£12.8m) in service fees in 2019 and 2020, respectively, while adjusted EBITDA was $1.3m (£1m) in 2019. Ergomed indicated that MedSource is on track to recover from the impact of the COVID-19 pandemic in 2021 and guided to a potential uplift of 4–5% in revenues over 2019. Therefore, in addition to the expected resumption of organic CRO growth, MedSource will significantly boost 2021 CRO revenues and expand Ergomed's presence in the US.

MedSource was acquired for $16.2m (£12.2m) in cash and $1.8m (£1.4m) in shares (at a 30-day average daily closing price before the acquisition). The initial cash outlay was $7m (£5.2m), as the company retained MedSource's cash (no debt). There is an earn-out of up to $7m (spilt 90:10 cash and shares) depending on performance in 2021. The transaction was immediately accretive, according to Ergomed.

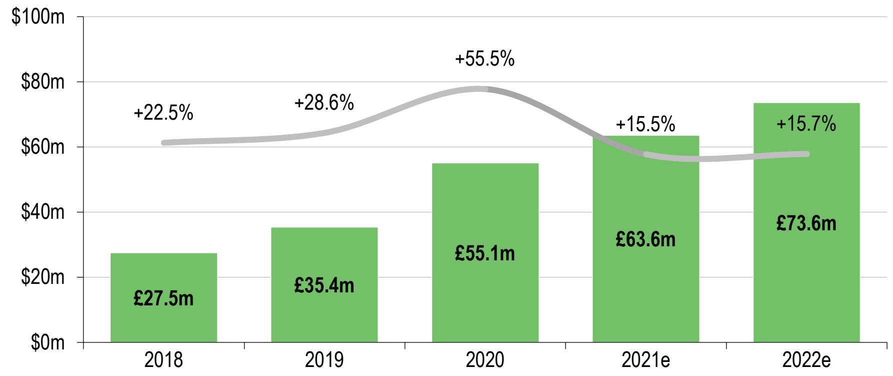
Ergomed's CRO business segment is full-service, clinical and able to execute clinical development from the first patient through regulatory approval to post-marketing studies. Services offered include, but are not limited to, clinical trial and project management, medical writing, regulatory affairs, quality management and PV. A typical full-service clinical trial contract would consist of the CRO organising all aspects of a study, including the creation of an internal team to run the trial. A CRO contract is typically signed a couple of months before a clinical trial is expected to start. Revenue is recognised over the life of the contract when hours are billed and targets are met (eg patients are enrolled). Tight control over these margins is critical to ensuring profitability. How effectively a CRO uses its billable employees is key to driving both revenue and profit. A poor understanding by senior management of how its employees are being used will result in missed targets, higher costs and damaged reputations, while good control of this will enable a management team to push margin and revenue growth.

PrimeVigilance excels in 2020

Widespread lockdowns caused disruption to the clinical drug development industry in 2020. However, demand for PV services remained high, which allowed Ergomed to record strong organic growth in 2020. Like-for-like revenues in the PrimeVigilance segment increased to £46.0m, up by an impressive 30% and on a par with growth of 29% recorded in pre-pandemic 2019 over 2018. Including the Ashfield Pharmacovigilance (now PrimeVigilance US) acquisition, total 2020 revenues were £55.1m, up 56%. Ergomed acquired US-based Ashfield Pharmacovigilance from UDG Healthcare in January 2020 in a deal that was immediately accretive to earnings, according to the company. We forecast PrimeVigilance segment revenues of £63.6m and £73.6m in 2021 and 2022, respectively.

Ergomed's PrimeVigilance business segment focuses on PV work across the globe. Once a drug is approved and marketed, regulators require pharma companies to track the safety of their drug to ensure no unforeseen risks arise. This originally involved tracking any adverse events that patients experience, but has evolved to cover a whole suite of product lifecycle management.

Exhibit 4: PrimeVigilance segment performance and forecast



Source: Ergomed

Margins comparable across divisions

Pass-through revenues are Ergomed's expenses reimbursed by customers, but booked in the top line according to IFRS. To get the true profit per segment, these pass-through revenues need to be adjusted. Reported gross margins for the CRO and PrimeVigilance divisions were 35.1% and 52.0%, respectively, in FY20. Once pass-through revenues are stripped out, underlying gross margins were 46.3% for CRO and 52.5% for the PrimeVigilance division.

Exhibit 5: Underlying gross margins across divisions

	2017	2018	2019	2020
CRO				
CRO revenue (£m)	25.2	26.6	32.8	31.3
CoGS (£m)	(18.0)	(19.9)	(21.5)	(20.3)
Gross profit (£m)	7.1	6.7	11.3	11.0
Gross margin %	28.4%	25.1%	34.4%	35.1%
CRO service revenue (£m)	*17.4*	*19.7*	*24.3*	*23.7*
CoGS (£m)	*(10.6)*	*(12.2)*	*(13.0)*	*(12.7)*
Gross profit (£m)	*6.8*	*7.5*	*11.3*	*11.0*
Underlying gross margin %	**38.9%**	**38.3%**	**46.4%**	**46.3%**
PrimeVigilance				
PrimeVigilance revenue (£m)	22.5	27.5	35.4	55.1
CoGS (£m)	(12.0)	(14.9)	(17.2)	(26.4)
Gross profit (£m)	10.5	12.6	18.2	28.7
Gross margin %	46.4%	45.7%	51.5%	52.0%
PrimeVigilance service revenue (£m)	*22.3*	*27.1*	*34.9*	*54.6*
CoGS (£m)	*(11.8)*	*(14.6)*	*(16.7)*	*(25.9)*
Gross margin (£m)	*10.5*	*12.5*	*18.2*	*28.7*
Underlying gross margin %	***47.1%***	***46.1%***	***52.1%***	***52.5%***

Source: Edison Investment Research, Ergomed

Valuation: 1,400p base, 1,950p bull and 995p bear

Our valuation of Ergomed is virtually unchanged at £683m or 1,400p/share from our post-results update in March 2021. This is derived from our DCF model (Exhibit 6) using a 10% discount and 2% terminal growth rates. Our valuation implies an EV/EBITDA multiple of 30.5x based on our FY21 forecasts. We note Ergomed trades at a premium EV/EBITDA (FY21e) of 26.9x compared to peer average of 20.0x (but in line with Medpace).

Ergomed has demonstrated sales growth rates (2017–20 CAGR of 22.0%) that are higher than the growth of most peer group companies (Exhibit 7). Medpace is the smallest company by market cap in the peer group and has demonstrated an even higher CAGR in revenues of 28.5% over the same period. Medpace's current EV is almost 10x larger than Ergomed's, which indicates much larger CROs can sustain high growth rates. Ergomed is significantly smaller than the rest of its listed peers, it is also differentiated (focused on orphan drug development) and active in M&A. For these reasons, we believe it can sustain our forecasted growth rates and margins over our projected period in the DCF model.

Exhibit 6. Ergomed base case DCF model

£'000s	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
Revenue	119,600	136,813	161,312	187,121	215,502	246,390	279,653	315,075	352,359	391,119
Growth (%)	*38.4%*	*14.4%*	*17.9%*	*16.0%*	*15.2%*	*14.3%*	*13.5%*	*12.7%*	*11.8%*	*11.0%*
Adj. EBIT	17,595	19,049	28,546	37,424	44,896	53,385	62,922	73,518	85,154	97,780
Margin (%)	*14.7%*	*13.9%*	*17.7%*	*20.0%*	*20.8%*	*21.7%*	*22.5%*	*23.3%*	*24.2%*	*25.0%*
Tax	(3,111)	(3,387)	(5,192)	(6,933)	(8,326)	(9,909)	(11,689)	(13,669)	(15,844)	(18,207)
Rate (%)	*(19.0%)*	*(19.0%)*	*(19.0%)*	*(19.0%)*	*(19.0%)*	*(19.0%)*	*(19.0%)*	*(19.0%)*	*(19.0%)*	*(19.0%)*
D&A	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150
Working capital	(3,371)	2,267	(2,532)	(3,546)	(534)	411	1,540	108	1,595	2,368
CapEx inc M+A	(3,550)	(3,550)	(3,550)	(3,362)	(3,184)	(3,015)	(2,855)	(2,704)	(2,561)	(2,425)
Operating free cash flow	**11,713**	**18,529**	**21,422**	**27,733**	**37,003**	**45,021**	**54,067**	**61,403**	**72,493**	**83,666**

	Sales CAGR	Peak EBIT Margin	Value	Value /share
DCF for forecast period (2020 to 2023)	23.1%	17.7%	£43.6m	89p
DCF for transition period (2023 to 2030)	13.5%	25.0%	£193.6m	397p
Terminal value	2.0%	25.0%	£426.4m	875p
Enterprise value			**£663.6m**	**1,361p**
Net cash/(debt) at 31st December 2020			£19.0m	39p
Equity value			**£682.6m**	**1,400p**

Source: Edison Investment Research. Note: 10% WACC.

Exhibit 7: Ergomed comparable companies

Company	Price	EV	EV/EBITDA (x)				EV/sales (x)				P/E (x)				CAGR 2017–20e	EBIT%
			2020	2021e	2022e	2023e	2020	2021e	2022e	2023e	2020	2021e	2022e	2023e		
Ergomed*	**1,200p**	**£566m**	**29.2x**	**26.0x**	**24.4x**	**17.3x**	**6.6x**	**4.7x**	**4.1x**	**3.5x**	**52.9x**	**41.0x**	**38.0x**	**25.7x**	**22.0%**	**16.8%**
Syneos	$85	$11.6bn	18.3x	15.1x	13.6x	12.3x	2.6x	2.2x	2.1x	1.9x	25.0x	19.8x	17.2x	15.0x	18.2%	6.7%
PRA	$172	$11.9bn	24.2x	19.9x	17.7x	16.1x	3.7x	3.2x	3.0x	2.7x	36.2x	28.4x	25.2x	22.9x	12.1%	9.5%
ICON	$226	$11.4bn	24.0x	18.8x	17.3x	15.9x	4.1x	3.3x	3.1x	2.9x	34.6x	26.3x	24.1x	22.1x	16.7%	14.1%
Medpace	$162	$5.6bn	29.6x	26.2x	21.3x	17.9x	6.0x	4.9x	4.2x	3.6x	42.3x	37.1x	32.0x	27.1x	28.5%	18.0%
Average	**-**	**$10.1bn**	**24.0x**	**20.0x**	**17.5x**	**15.6x**	**4.1x**	**3.4x**	**3.1x**	**2.8x**	**34.5x**	**27.9x**	**24.6x**	**21.8x**		

Source: Edison Investment Research, Refinitiv. Note: *Edison numbers; We note the merger of ICON and PRA Health Sciences announced on 24 February 2021.

Bear, base and bull scenarios

After a transformational 2020 for Ergomed, we decided to examine the sensitivity of our valuation to different assumptions and understand how bull and bear case scenarios could look. Sales growth and operating profit margins are the two variables that influence the company's cash flow generation. Therefore, in our sensitivity analysis (Exhibit 8) we focused on these two underlying inputs:

- In our base case, we forecast near-term revenues growth of c 23% CAGR (2020–2023e). Over the longer term, we assume sales will grow at c 13.5% CAGR (2023–2030e) and EBIT margin will peak at c 25% in 2030.
- In our bull case scenario, we assume c 17.5% revenues CAGR and c 30% EBIT margin, which results in a 1,950p/share valuation. The sales growth rates and margins in this scenario are based on discussions with the company and considered optimistic.
- In our bear case scenario, we assume 9.5% revenues CAGR and c 20% EBIT margin, which results in 995p/share. The sales growth rate in this scenario is based on market growth (Exhibit 10).

Exhibit 8 provides a two-dimensional sensitivity analysis of these two variables. We also note that cash flow-based valuation methods discount cash at WACC and do not assume that the company could grow further via M&A and generate additional returns. Because Ergomed has an active M&A strategy, there is a significant possibility that accumulating cash will be used to acquire businesses, which, if successful, could deliver additional returns. For this reason, there is potential for additional upside on top of the values in Exhibit 8.

Exhibit 8: Valuation (share and FY21 EV/EBITDA) sensitivity to sales growth and peak EBIT margin

		Mid/long term growth (sales CAGR 2023–30)				
	rNPV/share	9.5%	11.5%	13.5%	15.5%	17.5%
Peak EBIT margin (2030)	20.0%	**995p (21.4x)**	1089p (23.5x)	1190p (25.8x)	1303p (28.3x)	1423p (31.0x)
	22.5%	1079p (23.3x)	1184p (25.7x)	1297p (28.2x)	1423p (31.0x)	1558p (34.0x)
	25.0%	1160p (25.1x)	1276p (27.7x)	**1400p (30.5x)**	1539p (33.6x)	1687p (36.9x)
	27.5%	1244p (27.0x)	1371p (29.9x)	1507p (32.9x)	1659p (36.3x)	1821p (40.0x)
	30.0%	1325p (28.8x)	1462p (31.9x)	1610p (35.2x)	1774p (38.9x)	**1950p (42.8x)**

Source: Edison Investment Research

Sensitivities: Reputation is everything

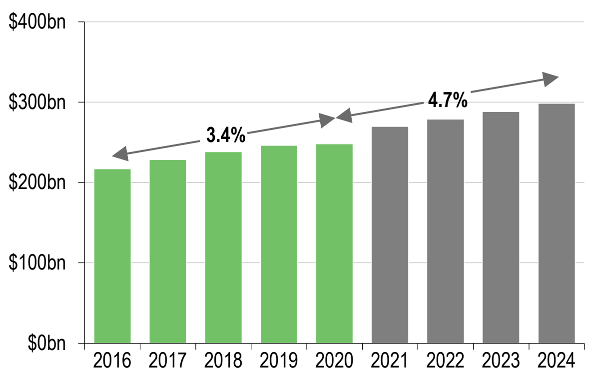
Ergomed is reimbursed on a time and materials basis as a services company and not based on study outcome; as such it is not associated with the usual biotech and drug development risks, including clinical development delays or failures, regulatory risks, competitor successes or partnering setbacks. However, it is subject to business risks that include the loss of key clients, changing costs and increased competition. Ergomed relies on its reputation; any failure to deliver on contractual obligations with clients could affect its ability to win new contracts. It is sensitive to pressure around clinical trials, notably around patient enrolment, where actual timelines and costs could drastically differ from a proposal if the correct planning is not undertaken.

Pharmaceutical services outsourcing is a secular trend

Innovation in healthcare is driving sales and growth in the number of clinical trials being initiated, as pharmaceutical and biotechnology companies continue to invest substantially to remain ahead of competition. The number of trials being initiated globally is increasing, as is their complexity. As a result, the operation of clinical trials in their entirety and on a day-to-day basis is beyond the expertise of many pharmaceutical and biotechnology organisations, especially newly spun-out biotechnology companies. CROs can provide expertise when the industry needs it.

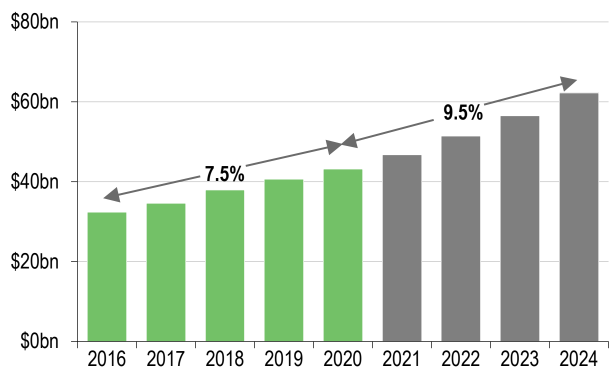
At the same time, the development costs are rising, while success rates remain relatively flat (one in 10 drugs that enter human clinical trials will succeed). As a result, the R&D return on investment is increasingly underwhelming. To counter this, pharmaceutical and biotech companies are choosing to outsource services to specialist CROs, a sector now worth $43bn (2020) and expected to grow to $62bn by 2024 (CAGR or 9.5%, source: Statista).

Exhibit 9: Total industry R&D expenditure



Source: Evaluate Pharma. Note: Four-year CAGR shown.

Exhibit 10: Global CRO market



Source: Statista, Frost & Sullivan; Note: Four-year CAGR shown.

Industry-wide consolidation has created several large (>£5bn market cap) CROs (eg IQVIA, LabCorp, Syneos, Parexel) with global capabilities, the recent example being the merger of ICON and PRA Health Sciences announced on 24 February 2021. While these CROs can provide a full range of services, expertise in one specific technology, disease or geography will vary on a company-by-company basis. The opportunity exists for smaller CROs that can offer specific expertise. Ergomed aims to grow its market share by its focus on oncology, rare diseases, PV and its core geographies of the EU and US.

The CRO industry is broadly split into companies that offer pre-clinical services and those that offer clinical services. Pre-clinical work involves pre-discovery work (finding new targets and causes of disease), drug discovery (finding a promising lead compound) and pre-clinical research (testing lead compounds in cellular and animal models). In the clinical CRO sector, companies are broadly focused on delivering human clinical trials through Phase I, II and III, in addition to post-approval studies (Phase IV) and support.

Exhibit 11: Financial summary

Accounts: IFRS, year end 31 December (£000s)	2019	2020	2021e	2022e
INCOME STATEMENT				
Total revenues	68,255	86,391	119,600	136,813
Cost of sales	(29,790)	(38,686)	(59,198)	(76,176)
Reimbursable expenses	(8,940)	(8,055)	(22,650)	(24,371)
Gross profit	29,525	39,650	53,522	60,035
Gross margin %	43%	46%	45%	44%
SG&A (expenses)	(23,513)	(27,803)	(36,700)	(41,755)
R&D costs	(545)	(152)	(203)	(207)
Other income/(expense)	51	1,839	0	0
Exceptionals and adjustments	3,265	993	976	976
Reported EBITDA	9,230	18,378	20,769	22,223
Depreciation and amortisation	3,712	4,844	4,150	4,150
Reported EBIT	5,518	13,534	16,619	18,073
Finance income/(expense)	(245)	(395)	(245)	(245)
Other income/(expense)	(286)	(511)	0	0
Reported PBT	4,987	12,628	16,374	17,828
Income tax expense (includes exceptionals)	583	(2,936)	(3,111)	(3,387)
Reported net income	5,570	9,692	13,263	14,441
Basic average number of shares, m	46.6	48.5	48.7	48.7
Basic EPS (p)	12.0	20.0	27.2	29.6
Adjusted EBITDA	12,495	19,371	21,745	23,199
Adjusted EBIT	8,783	14,527	17,595	19,049
Adjusted PBT	8,637	14,442	17,950	19,404
Adjusted EPS (p)	19.8	23.7	30.4	32.9
Adjusted diluted EPS (p)	19.8	22.7	29.3	31.6
Order book	124,100	193,000	246,902	274,995
BALANCE SHEET				
Property, plant and equipment	1,110	1,742	1,742	1,742
Right-of-use assets	5,171	4,715	4,715	4,715
Goodwill	13,380	24,605	24,605	24,605
Intangible assets	2,755	9,618	9,018	8,418
Other non-current assets	2,616	4,310	4,310	4,310
Total non-current assets	25,032	44,990	44,390	43,790
Cash and equivalents	14,259	18,994	29,485	46,793
Trade and other receivables	14,359	22,224	30,767	36,123
Other current assets	3,382	7,009	7,009	7,009
Total current assets	32,000	48,227	67,261	89,925
Lease liabilities	3,716	3,128	3,128	3,128
Long term debt		0	0	0
Other non-current liabilities	635	2,529	2,529	2,529
Total non-current liabilities	4,351	5,657	5,657	5,657
Trade and other payables	10,373	15,702	20,874	28,497
Lease liabilities	1,718	1,978	1,978	1,978
Other current liabilities	3,770	17,388	17,388	17,388
Total current liabilities	15,861	35,068	40,240	47,863
Equity attributable to company	36,820	52,492	65,755	80,196
CASH FLOW STATEMENT				
Profit before tax	4,987	12,628	16,374	17,828
Cash from operations (CFO)	11,788	18,084	14,042	20,858
Capex	(996)	(974)	(3,550)	(3,550)
Acquisitions & disposals net	(107)	(11,969)	0	0
Other investing activities	(1,728)	0	0	0
Cash used in investing activities (CFIA)	(2,831)	(12,760)	(3,550)	(3,550)
Net proceeds from issue of shares	1,427	(157)	0	0
Movements in debt	(1,677)	(2,189)	0	0
Other financing activities	0	0	0	0
Cash from financing activities (CFF)	(250)	(477)	0	0
Increase/(decrease) in cash and equivalents	8,707	4,847	10,492	17,308
Currency translation differences and other	363	(113)	0	0
Cash and equivalents at start of period	5,189	14,259	18,993	29,485
Cash and equivalents at end of period	14,259	18,993	29,485	46,793
Net (debt) cash	14,259	18,993	29,485	46,793

Source: Ergomed accounts, Edison Investment Research

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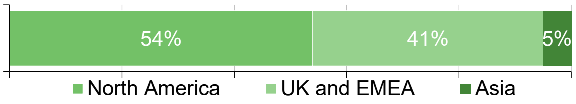
Revenue by geography



Management team

Executive Chairman: Dr Miroslav Reljanović

Miro is a medical doctor and a board-certified neurologist who founded Ergomed in 1997 and co-founded PrimeVigilance in 2008. Miro led Ergomed through its IPO onto the AIM market of the London Stock Exchange in July 2014 and the subsequent completion of numerous acquisitions. Miro brings to the board his in-depth experience in clinical development and the operational execution of drug development, as well as a detailed knowledge of the group and its operations.

Chief Financial Officer: Richard Barfield

Richard joined Ergomed as chief financial officer in June 2019. He has gained more than 25 years' experience at CFO level in the healthcare, technology and business services sectors in US multinational companies as well as in UK-listed and private equity-backed businesses. Most recently Richard was CFO at Chiltern International, a leading global mid-tier private CRO, from July 2013 to March 2018. During his term, Richard was instrumental in transforming the corporate finance and strategy of the business, enabling it to grow revenues from $160m to $560m.

Chief Commercial Officer: Roy Ovel

Roy has a wealth of experience with more than 30 years in international business development with some of the leading global CROs. His reputation as a leader with strong commercial acumen focused on working with customers to meet their needs is key in an environment where customers' demands on pharmaceutical and biotech continues to grow. Roy has worked for both small, local CROs and larger CROs like ICON, TFS and Worldwide Clinical Trials.

Principal shareholders	(%)
Miroslav Reljanović	22.3
BlackRock	12.5
JPMorgan Chase	11.7
Jupiter Fund Management	10.2
Standard Life Aberdeen	10.0
Slater Investments	5.3
Hardwood Capital	5.2
Octopus Investments	3.5
Premier Miton Group	3.5
Aegon	3.0

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