

# Company Summary

## Investment Profile

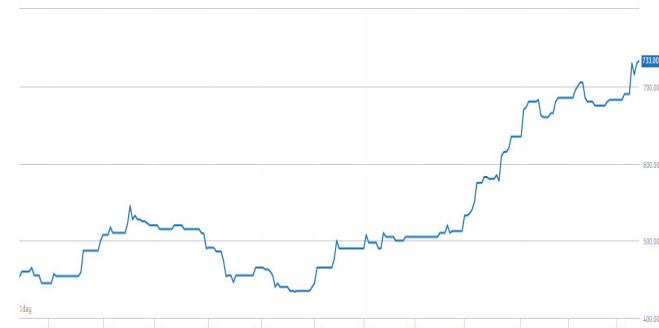
1. Transformational, earnings enhancing acquisitions with strong growth prospects
2. At-pace transition to SaaS model
3. Buoyant market outlook
4. Momentum across all group divisions
5. Solid revenue growth and cash flow

## Share Information

<b>Ticker</b>	AIM: INS
<b>Share Price (GBX)</b>	727
<b>Shares in issue (m)</b>	22
<b>Market Cap (£m)</b>	158
<b>12m Hi/Low (GBX)</b>	730/425

(Source: The London Stock Exchange, June 2021)

## 12-Month Share Price



(Source: The London Stock Exchange, June 2021)

## Major Shareholders (as of June 2021)

Name	%
Directors & Management	15.5
Liontrust Investment Partners	8.8
Lombard Odier AM	8.3
Canaccord Genuity	7.8
Aberdeen Standard Life Investments	6.5
Gresham House	6.1
Alto Eiffel	6.0
Chelverton Asset Management	5.1
River & Mercantile AM	3.2
JO Hambro Capital Management	3.2
BGF	3.2

(Source: [company website](https://www.instem.com))

## Company Overview

Instem plc (AIM: INS) is a leading provider of compelling IT solutions & services to the life sciences market.

Its solutions are used by over 600 customers worldwide, including all the largest 25 pharmaceutical companies, enabling clients to bring their life enhancing products to market faster. Instem increases client productivity by automating study-related processes while offering the unique ability to generate new knowledge through the extraction and harmonisation of actionable scientific information.

Importantly, its products and services address aspects of the entire drug development value chain, from discovery through to market launch. Management estimates that over 50% of all drugs on the market have been through some part of the Company's portfolio during their development.

Instem has four market facing business units:

*Study Management Solutions* empower organisations to more efficiently plan and execute studies in laboratories and early phase clinics, covering data collection, review, analysis, reporting and management.

*Regulatory Solutions* provide software and outsources services for converting, managing, storing, sharing and submitting data / information to world-wide regulatory agencies such as the FDA, EMA and MHRA.

*In Silico Solutions* (previously "Informatics") enable researchers to generate new scientific insights through the identification, extraction and analysis of actionable information.

*Clinical Trial Acceleration Solutions* provide technology and consulting services that facilitate data integration, statistics, analytics and insights while fulfilling regulatory submission requirements.

## What's New?

In March, Instem announced and has subsequently completed the acquisitions of discovery software solutions provider, **The Edge Software Consultancy Ltd**, and US-based clinical trial technology & consulting leader, **d-wise Technologies, Inc.** for a total consideration of up to £8.5m and \$31m respectively.

These earnings-enhancing acquisitions serve to extend the Group's reach across the drug discovery and development lifecycle, increase recurring revenues and strengthen relationships with existing clients.

The Edge will be integrated into the Company's Study Management unit, bringing together its complementary portfolio to broaden Instem's reach into the Discovery Study Management market. d-wise's market leading position in the clinical trial analysis and submission area will create a new business unit at Instem known as *Clinical Trial Acceleration Solutions*.

## The Market Opportunity

The market backdrop continues to be favourable for the Group, with global population growth and life expectancy underpinning increased demand for successful innovation in life sciences. Increasing amounts of money are being invested in the biotech industry with the pharmaceuticals sector investing heavily in drug development, underpinning a strong pipeline for Instem. The market dynamics were highlighted further by the onset of COVID-19, which presented a number of new opportunities as R&D increased with all of the major pharma companies (and many smaller ones) focusing on developing vaccines or therapies.

The constant development of the drug discovery pipeline continues to drive demand for Instem's solutions - enabling companies to provide faster and cheaper routes to market. Importantly, the regulatory-backed Standard for the Exchange of Non-clinical Data ("SEND") continues to underpin longer term opportunity and visibility. Further regulatory-backed business lines were added to the Group's portfolio with the acquisition of Leadscope, providing solutions for the ICH M7 (R1) standard.

Management is targeting revenue of £100m-150m (previously £50-75m) organically / inorganically over the next 3-5 years. The Company has a highly leverageable and scalable platform in place, with investments made already and a growing product suite. Looking ahead, it is focused on three distinct and deliverable opportunities to drive further growth: Organic revenue growth, margin improvement and further accretive M&A.

Backed by positive market, industry and company trends, there are a number of structural drivers and a regulatory regime stimulating growth for its products and services. Given the Company's highly resilient business model, large client base with high levels of recurring revenues, increasing cross-selling abilities to existing and new clients and also increasing SaaS delivery, it is well placed to continue driving shareholder value.

## Meet Instem plc

You can view the latest Company presentation and register to receive future presentations by signing up with **Investor Meet Company** here: <https://www.investormeetcompany.com/instem-plc/register-investor>

### Capital Markets Day: Thursday 1 July

On 1 July, Instem will be hosting an online Capital Markets Day for retail investors between 14:00-16:00 BST.

[Contact Walbrook to register here](#)

## Key Newsflow

**Jun: Notice of Capital Markets Day**

**Apr: Final Results**

**Apr: Completion of Acquisition of d-wise**

**Mar: Acquisition of d-wise & Investor Presentation**

**Mar: Acquisition of The Edge**

**Jan: Trading Update**

**Dec: (Reach) New Business Update**

## Management Team



### Phil Reason, Chief Executive Officer

Phil has been leading Instem as CEO since 1995, growing the business from a single product line with fifteen clients to serving hundreds of customers as the global market leader across a wide area of life sciences R&D. An experienced chief executive who has developed a number of IT businesses in the life sciences and nuclear industries, both organically and through acquisition, Phil has led the strategic acquisition of 10 companies, has opened new offices in the US, UK, China, and India and completed a UK-based IPO in 2010. Phil previously ran Instem's parent Company, Instem Limited's Nuclear and Laboratory Information Management Systems integration businesses.



### Nigel Goldsmith, Chief Financial Officer

Nigel, who joined Instem in November 2011, has a wealth of experience in senior financial roles, at both public and private companies within the pharmaceutical industry. After qualifying as a Chartered Accountant, Nigel spent over nine years at KPMG prior to moving into industry. Nigel was Finance Director for three years at AIM listed, pharmaceutical and medical devices company, IS Pharma plc.

## Forecasts (Source: Consensus forecasts compiled by Walbrook PR)

	DEC'20 (Actual)	DEC'21 (Est.)*	DEC'22 (Est.)	DEC'23 (Est.)
Sales (£m)	28.2	45.8	56.0	60.8
EBITDA (£m)	5.9	8.6	11.3	13.5
Pretax Income (£m)	4.2	5.8	8.0	9.8
EPS (p)	19.1	21.2	28.6	34.7

\* Partial year for The Edge and d-wise