

N+1 SINGER

2014 Review

A year of two halves

January 2015

N+1 Singer Chief Executive's Review - 2014

This past year has been one of marked contrasts. Equity markets entered 2014 in strong heart, with economic recovery picking up and investors keen to deploy funds. These conditions persisted throughout the first half of the year and saw significant growth capital invested across the market. In the second half this sense of optimism and opportunity rapidly dwindled as a broad range of factors took their toll.

Economic fears grew thanks to slowing growth in the Far East and stagnation in Europe, as both regions have failed to make the headway that commentators had hoped to see. The impact of this slowdown could be seen in the performance of various commodities, with energy markets and mining being particularly hard hit. In addition the wider geopolitical picture became increasingly challenging and complex, with the conflicts in Ukraine and across the Middle East still looking a long way from resolution. The position in the Middle East deteriorated significantly, with growing instability leading to intervention by the West. Meanwhile the spread of Ebola in Africa created further concerns about its impact on travel and economic growth within the region and beyond.

Despite these pressures, the UK delivered a resilient economic performance with solid growth and a substantial improvement in employment data. Although sentiment has weakened since the start of 2014, perhaps reflecting more sustainable levels, investors remain positive and are ready to support businesses with strong management, a good track record and demonstrable growth opportunities. AIM continued to be the market of choice for many growth companies, with over £5bn raised in the year, the highest level since 2009.

The last year has seen N+1 Singer build on its track record of delivery. We have enjoyed some notable successes including the £112m bond restructuring and associated raise for SkyePharma and our largest IPO to date, the €301m raise for Blackstone/GSO Loan Financing. Across 2014 we successfully delivered over 30 transactions, meaning that our business has now raised in excess of £1.1bn for clients since 2013 generating a return across all the issues of over 23%. The team's efforts across the firm ensure that N+1 Singer has continued to outperform, with strong market share in our stocks and the on-going support of our clients.

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2014 also saw our first ever IPO, New Britain Palm Oil, being sold for over £1bn, an uplift of £700m from the original float value. In addition Advanced Computer Software, a business we have championed since the early days of its development, was subject to a recommended offer of £750m, providing an 800% return for initial investors.

In further news we are pleased to announce that our partner and significant shareholder N+1 has agreed to merge with Dinamia, a quoted private equity vehicle.














The new entity will be known as N+1 Dinamia and will create the European mid-market specialist in investment banking, asset management and direct investments in companies and investment funds. The combined group will be listed on the Madrid Stock Exchange and the merged entity will be present in Germany, UK, France, Spain, Italy, Switzerland and Turkey.

Looking ahead, our industry is set to face the challenge of an extension to MiFID regulations from 2017. This has the potential to change the way that the industry is remunerated and may well result in the market cutting the level of research coverage for small and medium sized companies; something that we believe will be disadvantageous for both our institutional and corporate clients. We will monitor this position closely. However our business model has served us well and at this time we see little reason to change our approach, though we have put in place some recent refinements in research and distribution. N+1 Singer has invested in and is dependent on the strength of its people – our business is majority owned by its employees which promotes an attitude that puts the client at the heart and soul of all that we do. **We look forward to working closely with all our clients, both current and prospective, during 2015 and beyond. We fully intend N+1 Singer to maintain and further embed its position as one of the top five corporate advisory and broking businesses in the UK small and mid-cap markets.**

Tim Cockroft












Partner & Chief Executive

HIGHLIGHTS

Client		Transaction	Value
Blackstone/GSO Loan Financing		IPO	€301m
Skyepharma		Placing, open offer and bond structuring	£112m
Marimedia		Placing and admission to AIM	€30m
Summit Corporation		Placing and open offer	£22m
Minds & Machines		Placing	£21m
Torotrak		Placing, open offer and acquisition	£16m
blur		Placing and open offer	\$22m
Futura Medical		Placing	£12m
Incadea		Conditional placing and acquisition	£11m
Sigma Capital		Two placings	£7m
Expansys		Offer by PDJ Bidco	£7m
Rated People		Pre-IPO financing	£6m
Synety		Placing and open offer	£5m

CLIENT WINS

We were delighted to be appointed by 13 new quoted clients during 2014:

Client		Sector	Market Cap
Actual Experience		Technology	£48m
Attraqt		Technology	£11m
Bagir		Consumer	£6m
Blackstone/GSO Loan Financing		Investment Funds	€305m
Dekel Oil		Renewables	£16m
e-Therapeutics		Life Sciences	£71m
Futura Medical		Life Sciences	£35m
incadea		Technology	£116m
Marimedia		Media	£89m
Puricore		Healthcare	£16m
Redde		General Financials	£249m
Summit Corporation		Life Sciences	£55m
Verona Pharma		Life Sciences	£12m

CLIENT SERVICES

Delivering excellent service to our clients is fundamental to our business.

N+1 Singer will always seek to provide the best solutions and advice for all clients, in particular via:

- Market leading sales, trading and market making
- Incisive and value added research
- Trusted and dependable corporate advice

What our clients say:

Advanced Computer Software – Vin Murria (CEO)

“We appointed N+1 Singer at the beginning of 2010. They have been supportive throughout that time in all their key areas of Corporate Finance, Sales, Trading and Research.

They can absolutely take credit for being a significant part of the Advanced Computer Software team that has enabled institutions to make nearly 800% return on their investment.”

Skyepharma – Peter Grant (CEO)

“Skyepharma had been shackled by substantial debts and the Board had been looking at ways to restructure the balance sheet. N+1 Singer recommended a capital raise to pay off the bonds at a discount. It was a multi-functional and complex deal and involved all areas of Singers in its execution.

Since the deal the share price has nearly doubled and the mainstream institutional share base has increased from sub 10% to over 60%.

The Board of Skyepharma was very pleased with the efforts of N+1 Singer on its behalf.”

New Joiners

We would like to introduce the new members of our team, all of whom will be working with you as part of our partnership.

Jennifer Boorer <i>Corporate Finance</i>	James White <i>Corporate Finance</i>	Richard Salmond <i>Corporate Finance</i>
Angus Peagam <i>Corporate Finance</i>	Ben Griffiths <i>Corporate Finance</i>	Thomas Smale <i>Corporate Finance</i>
Harry Gooden <i>Business Development</i>	Heidi Bryant <i>Corporate Finance</i>	Faye Barber <i>Corporate Finance</i>
Trevor Griffiths <i>Research</i>	Greg Poulton <i>Research</i>	Dolores Munroe <i>Research</i>
Rachel Kellett-Clarke <i>IR – Client Relations</i>	Daniel Reiser <i>Head of Compliance</i>	James Dane <i>Head of IT</i>
Henry Spurrier <i>Sales</i>	Adam Hatcliff <i>Operations</i>	Mary Vitsou <i>Reception</i>

N+1 Singer is committed to hiring and retaining exceptional talent

KEY FACTS ABOUT N+1 SINGER

- Overall 5th largest corporate broker in the UK by number of clients, 3rd largest on AIM
- Clear focus on UK small and mid-cap equities
- 114 quoted corporate clients with an average market cap of circa £115m
- 11 core sectors:
 - Technology, Life Sciences, Healthcare, Industrials, Cleantech, Consumer, Media, Support Services, Mining, Financials, Investment Funds
- 210 stocks under coverage
- Majority employee owned with a strong partnership culture
- Backed by blue chip institutions; Artemis, Henderson and N+1 Group
- Access to the leading international M&A and debt advisory capabilities of N+1 Group
- Over £1.1bn of growth capital raised since the start of 2013, return of over 23%

N+1 SINGER

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