

Horizon Discovery Group plc

Pre-Close Trading Update

Cambridge, UK, 3 August 2018: Horizon Discovery Group plc (LSE: HZD) ("Horizon" or "the Group"), a global leader in the application of gene editing and gene modulation technologies, today announces an unaudited trading update for the six months ended 30 June 2018. The Group will announce its interim results on Monday 17 September 2018.

Group Financials

The Group expects to report H1 2018 revenues of approximately £25.1 million (H1 2017: £12.1 million), £27.3 million on a constant currency basis, in line with Board expectations. This represents growth of 107% against the equivalent prior period, 126% on a constant currency basis. Revenues on a like-for-like basis (pre-acquisition of Dharmacon) are expected to be approximately £11.1 million (H1 2017: 12.1 million), £12.0 million on a constant currency basis. We expect revenues to be second half weighted, consistent with previous years, and exceed consensus for FY 2018.

Reported gross margins for H1 2018 are expected to exceed 60% (H1 2017: 64%), representing three consecutive interim periods of gross margins in excess of 60%. The Group had cash resources of £24.9 million as at 30 June 2018 (£4.8 million as at 30 June 2017).

Growth and Investment Strategy

Horizon continues to operate in fast-growing markets and is a global leader in its field. Gene editing is rapidly becoming embedded as a fundamental contributor to the R&D, manufacture and diagnostics for targeted therapies across the global healthcare sector. As part of its growth strategy, the Group identifies and pursues new high growth market areas to meet the requirements of its rapidly growing customer base, and to deliver substantial value for its customers through novel product and service offerings that generate repeatable revenue.

In order to maximise medium and longer-term shareholder value creation, the Board considers the Group's position will be enhanced by gaining a commanding share of its most rapidly-growing markets. To achieve this, the Board has committed to make increased investments that capture the available opportunity, provide further automation and scale and deliver enhanced customer solutions.

As a result of these investments, the Group expects to report positive EBITDA for FY 2018 before exceptional items below the current range of analysts' expectations. The Group expects to report negative EBITDA before exceptional items in H1 2018 due to the phasing and mix of revenue, which is anticipated to be exceeded by positive EBITDA in H2 2018. Further commentary around this growth strategy will be provided at the Group's interim results.

Business Units

Research products

Research products are expected to report revenues of approximately £15.3 million (H1 2017: £2.0 million), £16.7 million on a constant currency basis. Dharmacon revenues were approximately £14.0 million, £15.3 million on a constant currency basis, representing a return to single digit revenue growth driven by market share gains in RNAi in all territories and growth in CRISPR reagents.

Applied products

Applied products are expected to report revenues of approximately £4.6 million (H1 2017: £3.3 million), £5.0 million on a constant currency basis. The bioproduction business benefitted from

increased volumes of commercial licences following the successful Investigational New Drug (IND) filing relating to Horizon's bioproduction cell line during Q1 2018. Revenues from Horizon's molecular reference standards also continued to grow strongly during the period. The Group anticipates continued momentum following a strong start to H2 2018.

Services

Service revenues are expected to be approximately £5.2 million (H1 2017: £6.8 million), £5.6 million on a constant currency basis. Demand for gene editing services remains strong, however, as we anticipated, we are now seeing a transition away from our traditional screening services towards the rapidly growing and highly valuable emerging area of CRISPR screening, in which Horizon has a market leading capability and is developing a high quality forward order book. We have begun to consolidate our existing screening capabilities and further develop our gene editing capacity with a view to increasing the automation and scalability of these high growth service areas.

Board Change

Following the appointment of Terry Pizzie as CEO on 8 May 2018, Dr Ian Gilham will revert from executive to non-executive Chairman with immediate effect.

Terry Pizzie, Chief Executive Officer of Horizon Discovery, commented: *"The first half of 2018 has been an important period for Horizon, not only with the change in leadership but also with our continued transformation into a global, commercial and scalable business. Horizon is a world-class tools and services business focused on delivering commercial, scientific and operational excellence for customers in the dynamic and rapidly growing field of gene editing and gene modulation.*

"This is an exciting time for the business. As gene editing continues to industrialise, we are well positioned to benefit from further investment in our high value and rapidly growing segments of the market, and I look forward to talking more about our growth strategies at our interim results in September. With the commercial structure and leadership in place, I am excited for and confident in the short and long-term growth prospects for Horizon."

ENDS

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About Horizon Discovery Group plc www.horizondiscovery.com

Horizon Discovery Group plc (LSE: HZD) ("Horizon") is a world leader in gene editing and gene modulation technologies. Horizon designs and engineers cells using its translational genomics platform, a highly precise and flexible suite of DNA editing tools (rAAV, ZFN, CRISPR and Transposon) and, following the acquisition of Dharmacon, Inc., its functional genomics platform comprising gene knockdown (RNAi) and gene expression (cDNA, ORF) tools, for research and clinical applications that advance human health. Horizon's platforms and capabilities enable researchers to alter almost any gene or modulate its function in human or mammalian cell-lines.

Horizon offers an extensive range of catalogue products and related research services to support a greater understanding of the function of genes across all species and the genetic drivers of human disease and the development of personalised molecular, cell and gene therapies. These have been adopted by over 10,000 academic, drug discovery, drug manufacturing and clinical diagnostics customers around the globe, as well as in the Company's own R&D pipeline.

Horizon is headquartered in Cambridge, UK, and is listed on the London Stock Exchange's AIM market under the tic