



NEWS RELEASE

Stonegate Capital Partners Updates Coverage on Safeguard Scientifics, Inc.

9/21/2017

[Dallas, TX, September 21, 2017](#) — Stonegate Capital Partners updates research coverage on Safeguard Scientifics, Inc. (NYSE: SFE).

Company Description

Safeguard Scientifics, Inc. (NYSE: SFE) is a publicly traded private equity and venture capital firm that provides growth capital to early stage businesses. Safeguard has a noted track record of cultivating innovation and building market leaders that spans more than six decades. Safeguard provides the relevant expertise and capital to fuel the growth of technology-driven businesses in financial services, digital media and healthcare. Safeguard targets companies that utilize the next wave of enabling technologies with a particular focus on the Internet of Everything, enhanced security and predictive analytics. Safeguard is a proven partner for entrepreneurs looking to accelerate growth and build long-term value in their businesses.

Summary

Safeguard's business model involves acquiring positions in early- and growth-stage technology-driven businesses in financial services, digital media and healthcare. Safeguard targets companies that have competitive advantages and are currently operating in large and/or growing markets and in areas with high barriers to entry.

SFE's investment strategy can be summarized as: acquire significant minority positions, between 20% and 50%, in early- and growth-stage companies with attractive growth prospects; provide hands-on strategic, management and operational support; hold positions in partner companies until they believe the risk-adjusted value has reached its highest point; use the proceeds of sales to pursue other capital deployment opportunities or for working capital purposes.

Safeguard looks for companies with total anticipated deployment of up to \$25 million (initial capital requirements between \$5 million and \$15 million, and follow-on financing requirements of between \$5 million and \$10 million).

The Company's corporate staff of about 30 employees is committed to helping partner companies build and realize value through well-timed, selective exits of partner companies. Safeguard believes that these focuses will generate long-term value for their shareholders.

Safeguard management has equity incentive compensation that is structured to align with shareholder interests. In addition, there are ownership requirements of 2x-4x base salary for senior management.

As of June 30, 2017, Safeguard had \$324.7 million deployed into 27 partner companies, with a primary ownership percentage ranging from 21% to 47%. Safeguard looks to serve as the lead financial sponsor in a deal and Safeguard executives will serve on the board of directors of partner companies.

Safeguard has a proven track record of successful acquisitions of equity holdings, with 27 partner companies currently in the portfolio.

We have conducted a sum-of-the-parts analysis of Safeguard's partner company positions to illustrate a more accurate valuation. Based on our analysis, we believe that Safeguard is significantly undervalued, without factoring in SFE's \$225 million in NOLs.

The full report can be accessed by clicking the following link: www.stonegateinc.com/reports/SFE_September_2017_Final.pdf

About Stonegate Capital Partners

Stonegate Capital Partners is a Dallas-based corporate advisory firm dedicated to serving the specialized needs of small-cap public companies. Since our inception, our mission has been to find innovative, undervalued public companies for our network of leading institutional investors who seek high quality investment opportunities.

SOURCE: Stonegate Capital Partners