



THE VALUATION EXPERTS

Investment trends and opportunities in drug
discovery and development

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Overview



- 1. Venture Valuation**
- 2. Key investment trends**
- 3. Find the right investor**

Valuation Valuation

Mission

Independent assessment and valuation of technology driven companies / products in growth industries

Biotechgate.com – the Global Life Sciences Database



Offices

HQ: Zurich with representative offices in Europe, North America and Asia

Employees

20 people in Switzerland / UK / Canada / Singapore / India

Clients

Pharma, Biotech and Investors such as Novartis Venture Fund, GSK, European Investment Bank, 4SC, Arpida/Evolva, Celtic Pharma
Biotech Associations / Governments like Biocom, Medicon Valley, BioHouston, SwedenBio, BIOTECCanada, Maryland

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Financing Trends: M&A



M&A in big Pharma:

- Novartis, GSK, Lilly => almost USD 30bn
- Pfizer, AstraZeneca => was to be USD 106bn+
- Bayer, Merck => USD 14.2bn

Focus, consolidation, pressure for new products in the pipeline

Financing Trends: Licensing

Pharma pressure leads to more deals and higher value deals

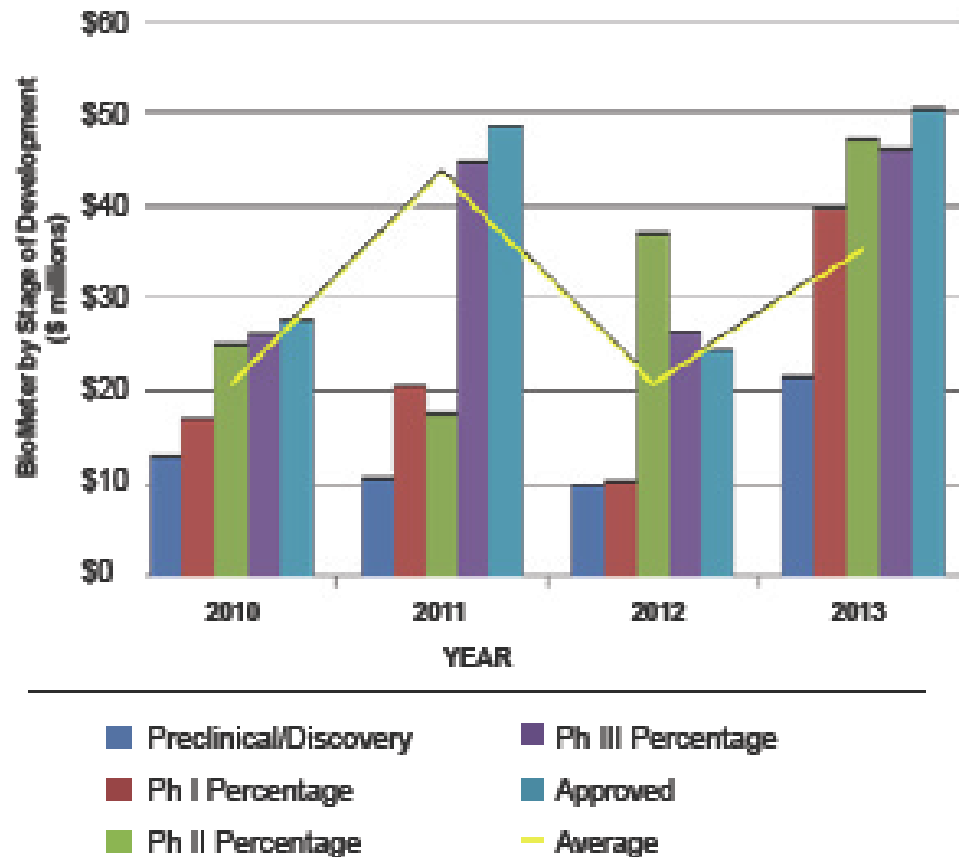
Deals 2014:

Immunocore Ltd., UK with MedImmune: USD 320m per program

Santaris Pharma A/S, DK, with Roche: USD 148m per product

Source: BioMeter, MoFo, 2014

Table 1a: BioMeter Values by Stage of Development and Average 2010 through 2013

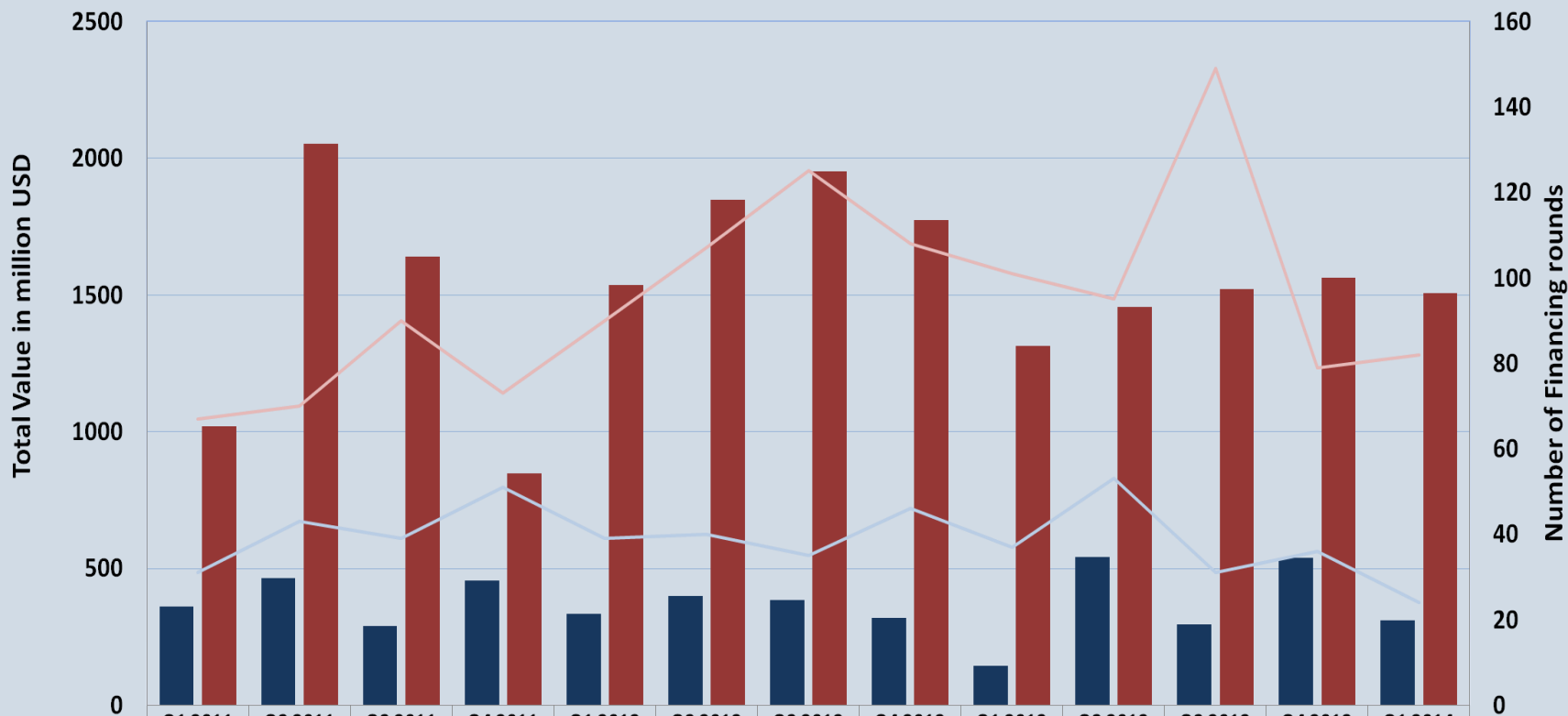


Financing Trends: Private Financing



Source: Biotechgate.com, 2014

Quarterly Biotech and Medtech VC Financing Rounds - E.U. vs U.S.

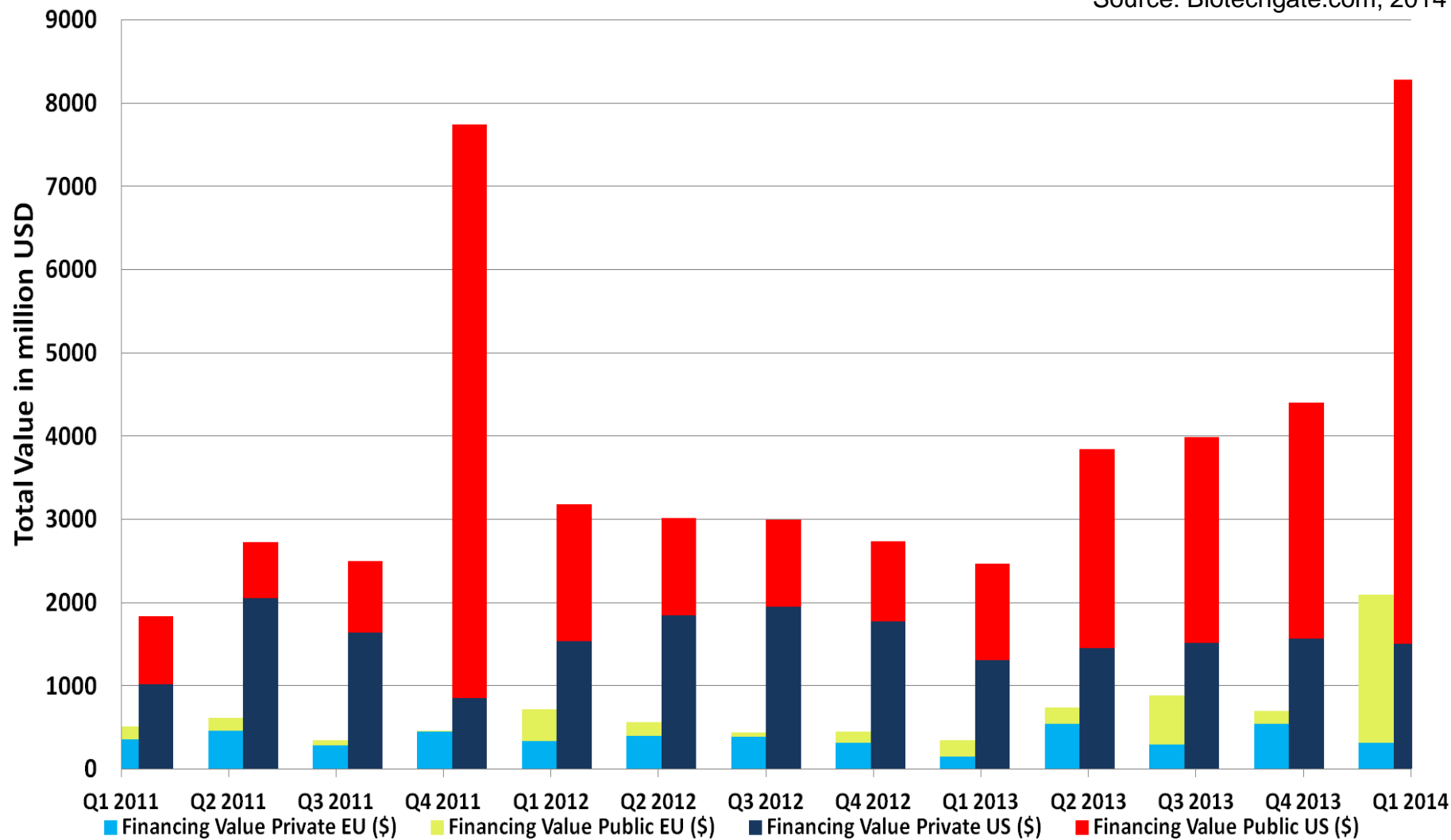


■ Financing Value EU (\$)	361	465	288	454	335	400	383	318	145	541	294	539	312
■ Financing Value US (\$)	1018	2052	1641	848	1537	1847	1951	1775	1312	1456	1520	1563	1505
— No. of Rounds EU	31	43	39	51	39	40	35	46	37	53	31	36	24
— No. of Rounds US	67	70	90	73	90	107	125	108	101	95	149	79	82

Financing Trends: Public & Private



Source: Biotechgate.com, 2014



Financing Trends: Financing

New investors

- Less VC
- IPO and public funding
- More corporate investors
- More family offices
- More grants / Government

=> more difficult for private companies to find financing

Industry Trends: EU Financing 2014



Company	Sector	Amount (in Million EUR)	Ownership	Country
QIAGEN B.V.	R&D Services	528	Post-IPO	Netherlands
Circassia Limited	Therapeutics/Diagnostics	240.6	IPO	United Kingdom
Flamel Technologies	Therapeutics/Diagnostics	76.2	Post-IPO	France
Transgene SA	Therapeutics/Diagnostics	65.5	Post-IPO	France
Vectura Group plc	Pharmaceuticals	62.6	Post-IPO	United Kingdom
Glycotope GmbH	Therapeutics/Diagnostics	55	Private	Germany
Horizon Discovery	R&D Services	48.1	IPO	United Kingdom
Nanobiotix	Therapeutics/Diagnostics	20.3	Post-IPO	France
invendo medical GmbH	Medical Technology	20.3	Private	Germany
Verona Pharma plc	Therapeutics/Diagnostics	16.8	Post-IPO	United Kingdom

Industry Trends: Orphan diseases



- High price (up to USD 500'000)
- Less competition, fast-tracked, lower-cost late-stage development and marketing
- Market size: USD 127bn by 2018 (16% of total prescription)
- Gross profit margins of over 80% (industry average 16%)
- Of 43 brand blockbusters 18 were approved solely for orphan
- Gleevec (original orphan to non-orphan) (9'000 to 120'000 patients)
- Biotechs more suited => small community, family, patient groups

=> M&A , partnerships and IPO opportunitites

Investment in Orphan diseases (EU)



Company	Country	Date	Financing round	Amount (m USD)	Lead product
UNIQUIRE	Netherlands	Feb 14	IPO	91,80	approval stage
GANYMED	Germany	Nov 13	Private round	61,40	phase II stage
OPSONA THERAPEUTICS	Ireland	Oct 13	Private round	45,00	phase II stage
ABLYNX NV	Belgium	Feb 13	Post-IPO	43,00	phase II stage
WILSON THERAPEUTICS AB	Sweden	Apr 14	Private round	40,00	phase I stage
TIGENIX NV	Belgium	Nov 13	Post-IPO/Debt	30,00	phase II stage
ERYTECH PHARMA	France	May 13	IPO	24,10	phase III stage
TXCELL	France	Apr 14	IPO	22,10	Company strategy
INDEX PHARMACEUTICALS	Sweden	Feb 14	Private round	20,00	phase III stage
ERYDEL SPA	Italy	Jul 13	Private round	19,90	Delivery system in phase II
PHARMALINK AB	Sweden	Oct 13	Private round	15,00	phase II stage

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Finding the right investor



- How much money do I need, **for what?**
- **Dilutive** or non-dilutive financing?
- **Where** should I get the money from?

=> **Valuation** as a key issue

=> Raising money takes a **lot of time**

Equity Finance



	Venture Capital	Corporate Investors	Family Offices	Business Angels
Size	> USD 5 m	Open	Open	< USD 2m
Company type	High risk / potential	Strategic fit, innovative	Service component, opportunistic	Seed / early stage
Total capital requirement	High	High	Medium	Low
Exit	5-10 years, M&A, (IPO)	M&A	Long-term partner	Medium term

Financing Conclusion



- Think outside the box / options
- Use local government and global research grants (non-dilutive)
- Consider licensing (in- and out-licensing)
- Understand the value of each product
- Find best match, not highest value
- Get the money when you can
- Network, network, network....



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Thank you!

Slides available for download: www.venturevaluation.com => Resource Center

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