

# LSP

Life Sciences Partners

## **Financing a private company in today's climate**

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**10 April 2014**

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## Topics

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- What is venture capital?

- Who we are and what we do
- The process – how to emerge a winner from a tough selection
- Financing challenges (in Finland)

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## What is venture capital? (1/2)

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*Money provided by an outside investor to finance a new, growing business*

- Financial instrument
- Equity investment
- Mostly financially driven
- Long holding periods
- High risk/return ratio
- Hands-on involvement in the company
- Goal is to create an exit by trade sale or IPO



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## What is venture capital? (2/2)

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### *Comes with bells and whistles*

- Investment in preference shares
- Liquidation preference
- Decision rights
- Anti-dilution
- Preemptive rights
- Drag-along / tag-along
- Etc. etc. ...



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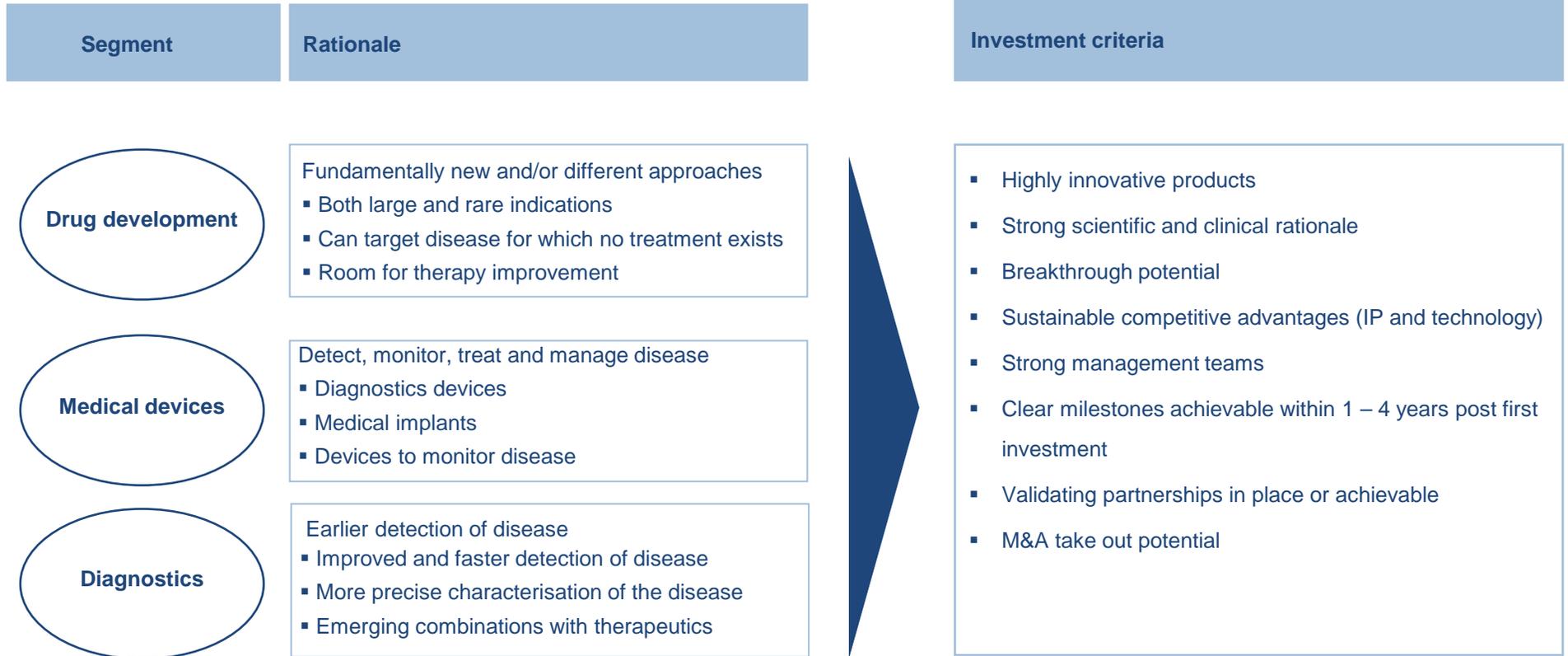
## LSP: 25+ years of investing in the European life sciences

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### LSP is one of the largest and most successful life sciences investors in Europe

- >25 years of investing in the European life sciences
- Raised > €600 mln from a global investor base
- Coherent team of 12 Partners from variety of finance and science backgrounds
- Global coverage with offices in Amsterdam, Munich and Boston
- >65 investments, realized >25 exits
- Pan-European deal flow of >500 deals per year
- Excellent network within the academic community
- Investor network through syndication with other top tier VC's
- Active role in companies as lead investor and board member

# LSP focus and investment criteria



# LSP team

## The LSP investment Team



Martijn Kleijwegt



Mark Wegter



Rene Kuijten MD PhD



Joachim Rothe PhD



Fouad Azzam PhD



Rudy Dekeyser PhD



John de Koning PhD



Anne Portwich PhD



Joep Muijers PhD



Merijn Klaassen



Geraldine O'Keefe



Jörg Neermann PhD



Prof Clemens van  
Blitterswijk PhD



Daan Ellens PhD

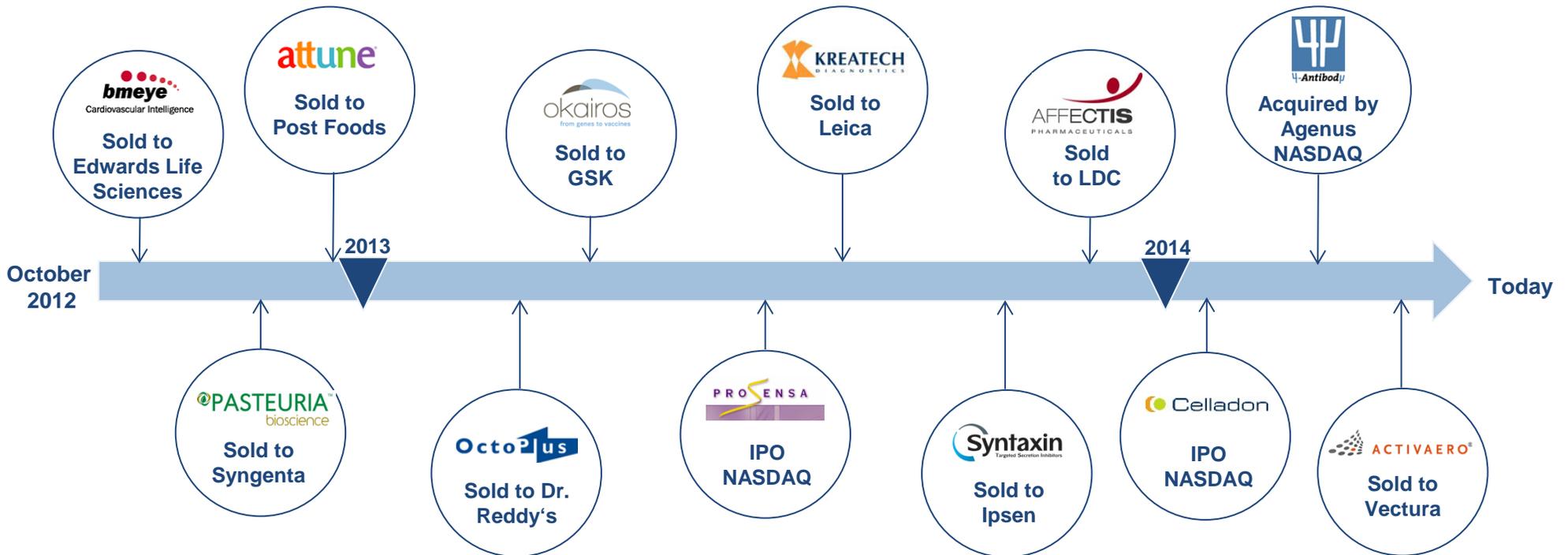


Bruno Holthof MD PhD



Bas Vaessen

# LSP achieved an unprecedented 12 exits in 16 months



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## Fund raising preparation starts well before the funds are needed

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- Many VCs invest in companies they already know



- Introduce your company to relevant VCs
- Present the company in various European investor forums and international conferences
- Update on recent development on a regular basis

***Fundraising always takes longer than you think.***



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## Stringent selection process

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500+ deal opportunities



ca. 3-5 investments



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## Investment Criteria

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### Criteria

- Deal source – how was the company introduced
- Science – what do advisers say about it and the team behind
- Business model – how does it all come together
- Management – capabilities and reputation
- Valuation – similar companies in the space
- Investors base/syndicate – strategy, follow-on commitments
- Exit potential – can we make money and how soon?
- Opportunity/timing/capacity – is this the right deal for us today?



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## Financing a private company in today's climate (1/3)

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*It is (still) a difficult financing climate for life sciences companies*

- Money is scarce in the current market – number of active VCs is declining
- Investors increase reserves for existing investments, making less new investments
- Formation of syndicates takes longer
- Pharma deals are more often back-loaded
- Investors are looking for more mature companies run by experienced teams

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## Financing a private company in today's climate (2/3)

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*And there are additional challenges for a Finnish company*

- Lack of local life science venture capital expertise
- Syndicate formation challenging
- Location (“why invest here if I can invest in my home region?”)
- Limited local success stories
- Limited internationalization
- Often fragmented shareholder base due to several rounds of family, friends and fools financing

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## Financing a private company in today's climate (3/3)

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### *What can YOU do about it?*

- Strengthen your team and supervisory board with international expertise
  - Possibly track record in the industry
  - Possibly existing contacts with the VCs
  
- Get early validation of your product/technology proving potential for an excellent return
  - Know potential acquirers, have their first feedback on the product/technology
  - Look for recent acquisitions of comparable companies
  
- Try to get high quality investors into your company from the beginning
  - Let the market dictate the terms
  - Prepare your company for future financings

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**Thank you for your attention!**

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