



# Drivers for value creation in life sciences

Life Sciences Beleggerscongres  
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**Gimv**

Building leading companies.







# Gimv: multidimensional cross country platform strategy to partner with the next generation entrepreneurs



- **Consumer 2020**  
Companies with a clear vision on the needs and preferences of the future consumer
- **Health & Care**  
Health and care solutions for the ageing, health- and cost-conscious society
- **Smart Industries**  
Smart, technology enabled solutions and added value services
- **Sustainable Cities**  
Services, utilities & infrastructure with a sustainable community impact

**FACTS & FIGURES:** Listed on Euronext Brussels - EUR 1.8 billion AUM - 35 years of expertise in PE & VC - 98 employees in 4 offices & 4 platforms across Gimv's home market: Belgium, the Netherlands, France and Germany

# Health & Care value creation strategies

Biotech	Medtech	HealthCare Services
<p>Development projects with well defined <b>value creating milestones</b></p> <ul style="list-style-type: none"> <li>• We invest in disruptive technologies</li> <li>• with good chances to yield a <b>transaction with pharma</b></li> </ul> <p><b>Product engines</b> with multiple shots on goal</p> <p>From <b>early to mid stage</b> (seed investments included in Flanders)</p>	<p><b>Disruptive technologies</b></p> <ul style="list-style-type: none"> <li>• at least animal data</li> <li>• close to CE-mark</li> </ul> <p><b>Next generation</b> products</p> <ul style="list-style-type: none"> <li>• incremental technology improvements: more complementary with existing technologies</li> </ul> <p><b>Growth acceleration</b></p> <ul style="list-style-type: none"> <li>• initial revenues</li> <li>• clear sales/distribution model</li> <li>• growth capital and buy-outs</li> <li>• buy &amp; build on top of existing business</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Buy &amp; build</b> in the mid-market</li> <li>• Regional <b>pre-consolidation</b></li> <li>• <b>Growth acceleration</b> in new healthcare delivery models</li> <li>• Participate in new <b>integrated care</b> models</li> <li>• Partner with <b>family owned</b> businesses</li> <li>• (partial) <b>Privatization</b></li> <li>• <b>Value chain optimization</b></li> </ul>
		
		

# Gimv & Biotech Fonds Vlaanderen have track record of >30 yrs in Life Sciences & invested >460 mio EUR in the sector



Plant Genetic Systems (BE) **TRADE SALE**



Crucell (NL) **IPO**



Innogenetics (BE) **IPO**



Fovea (FR) **TRADE SALE**



Devgen (BE) **IPO** **TRADE SALE**



Covagen (CH) **TRADE SALE**



CropDesign (BE) **TRADE SALE**



Prosonix (UK) **IPO**



Ablynx (BE) **IPO**



Endosense (CH) **TRADE SALE**



Prosensa (NL) **IPO**

# Venture capital is not only winning

- Venture capital = risk capital
  - no return without risk
  - to be successful one needs to manage risks carefully
  - ... is not the same as gambling !
- Portfolio approach
  - different disease areas
  - geographical diversification
  - broad spectrum of technologies, products, ...
  - different stages of development (from seed to public companies)
  - different exit options – trade sale / IPO



WHAT DOES THE “PERFECT” DEAL LOOK LIKE ?

The investors point of view

# Gimv strategy in Life Sciences (Biotech & Medtech)

## General deal characteristics

- Private companies; public investments are exception to the rule
- Providing money for innovative projects in return for ownership (shares) in the company
- Active board involvement
- Europe
- 8-10m euro total investment



*"I call my invention 'The Wheel', but so far I've been unable to attract any venture capital."*

# Investment criteria: what are VCs looking for ?

## Unique, proprietary technology delivering a pipeline of products

- **Unique selling proposition**

- Unmet clinical needs
- Benefits for all stakeholders (patients, prescribers and payers)
- Shift towards **products**
  - Pharma interested in late-stage compounds
  - Public markets focus on “product companies”
  - Technologies are only valuable if they deliver real products
- Well differentiated products **near / in the clinic**
- Or **disruptive technology** platforms with broad application possibilities

- **Strong IP** position

- Great science without patent protection has no commercial value
- **Freedom-to-operate**
  - Limits
  - Risks of litigation



# Investment criteria: what are VCs looking for ?

## Huge markets with limited competition

- There are a lot of good ideas, but **often the market is too small** for a venture deal
- For bigger markets there is always competition from pharma and biotech companies
  - Be first-in-class and/or best-in-class!
  - Looking for attractive niches: Orphan drug products
  - Size the correct market **segment** – top down and bottom up
- No competition might translate as “no market”
- Clear road to market
  - What is the **target patient** and **treatment path** it fits in?
  - How does **pricing / reimbursement** look like ?
  - What are the hurdles on the **regulatory path** ?
  - Who is the **decision maker, buyer, payer** ?

# Investment criteria: what are VCs looking for ?

## Management teams with proven track record & corporate governance

### By far the most important factors for success (or failure)

- Skilled, experienced teams are rare (especially in Europe)
  - A limited pool of talent
  - Specialized expertise necessary
    - General management
    - Scientific leadership
    - IP
    - Clinical expertise
    - Business development
    - M&A
  - Team with complimentary skills / international
  - People who have built companies before
  - Realism
- Constant challenging, improvement and strategic adaptation to fast changing environment requires a committed board and corporate governance structure.

# Investment criteria: what are VCs looking for ?

## Strong investment syndicates are key

- How much money is needed until a credible exit moment ?
- International players
- Deep pocket, long term investors
- Complementarity
- How to select
  - Track record
  - Network
  - Personal fit
  - Experience
  - Terms and conditions
  - Composition other syndicates

# Investment criteria: what are VCs looking for ?

## How will the exit look like

- One of the first questions for VCs when considering a new investment
  - Value creating milestones?
  - Time to exit?
  - Who might buy this later on?
  - Avoid “living deaths”
- “An IPO is planned for...” might not be the answer VCs are looking for



## Conclusions

# Take home messages

- Many stories are too good to be true
  - Gain experience
  - Thorough reality check for all stakeholders
- Diversification is important: losers are part of the game
  - Different disease areas
  - Geographical spread
  - Broad spectrum of technologies, products, ...
- Mid-long term investment horizon, (> 5 years)
  - Clearly identify next value inflexion point to set investment horizon
  - Add 50% to the money and time required
  - Go for long-term quality vs short-term bets
- Ecosystem is important
  - Strong locally embedded board (commitment) with international network is as important as good management
  - The closer to your home, the better informed you will be