

Life Sciences – 2008 Trends in Private Financings

BIOMEDEX 2008
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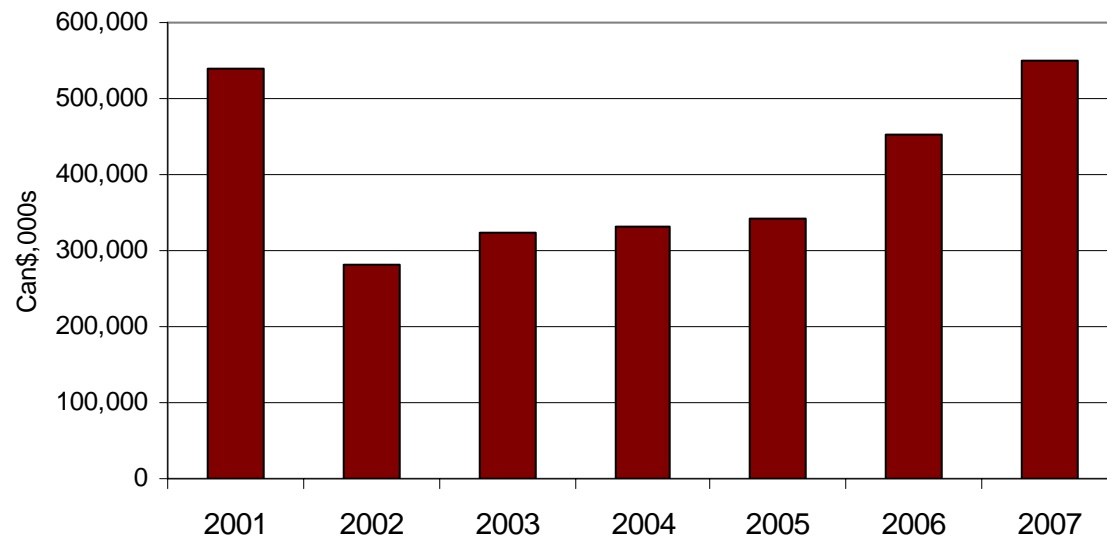


Key Drivers Affecting Biotech

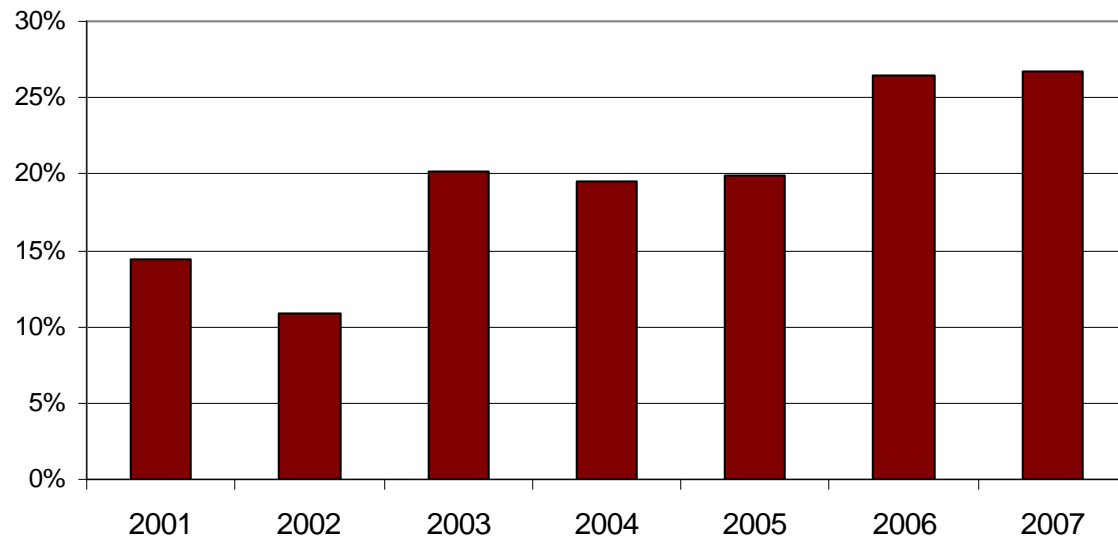


| | |
|--|---|
| Acceleration of scientific innovation | Maturation of pharma product pipelines |
| Increased demand for healthcare | Globalization and new economic powers |

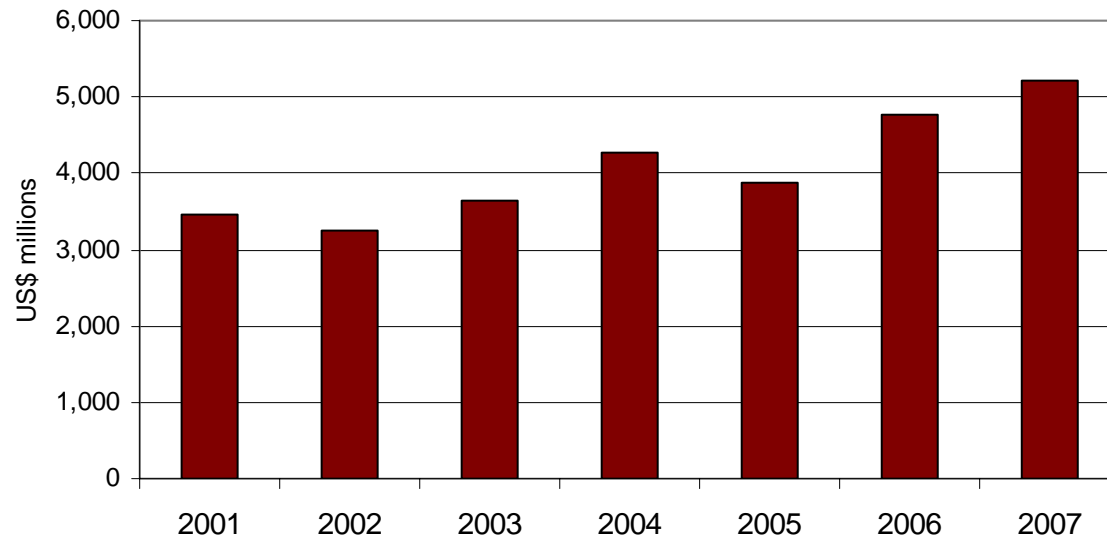
Biotech VC Investing in Canada



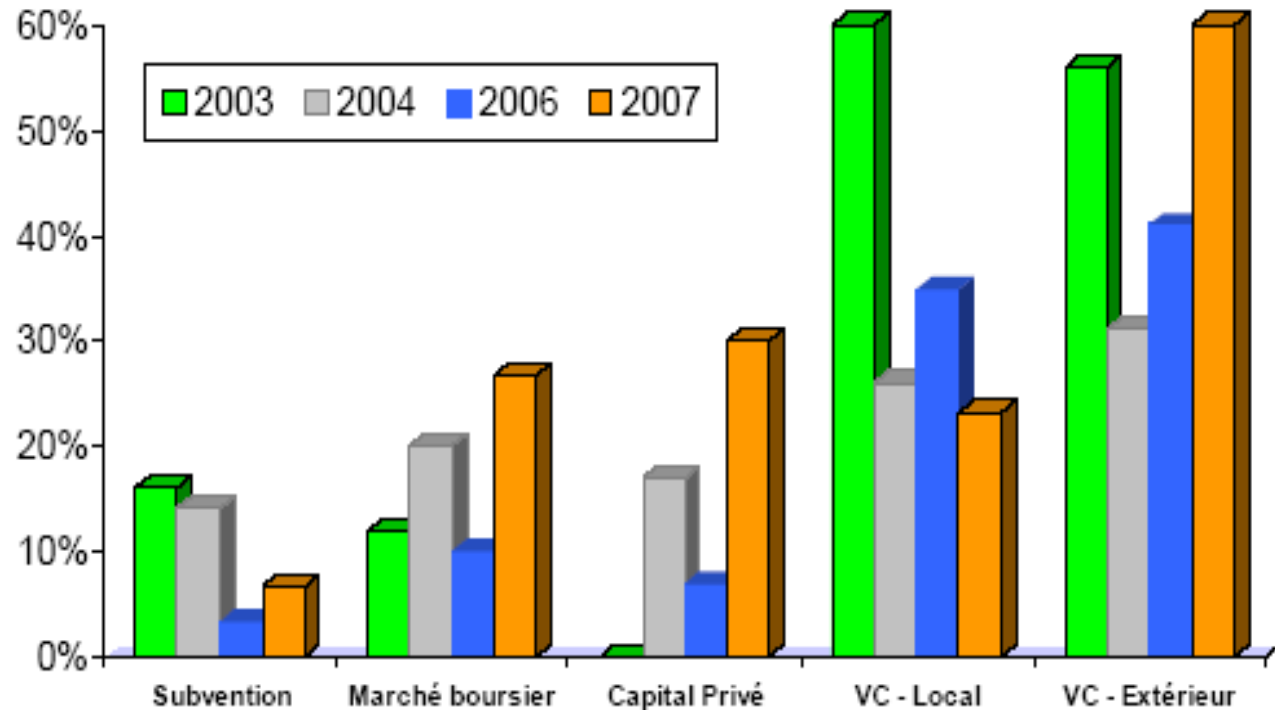
Biotech Investing in Canada — % of Total VC\$



Biotech VC Investing in US



Venture Capital Sources: External Shift



Raymond Chabot Grant Thornton-BIOQuébec 2007

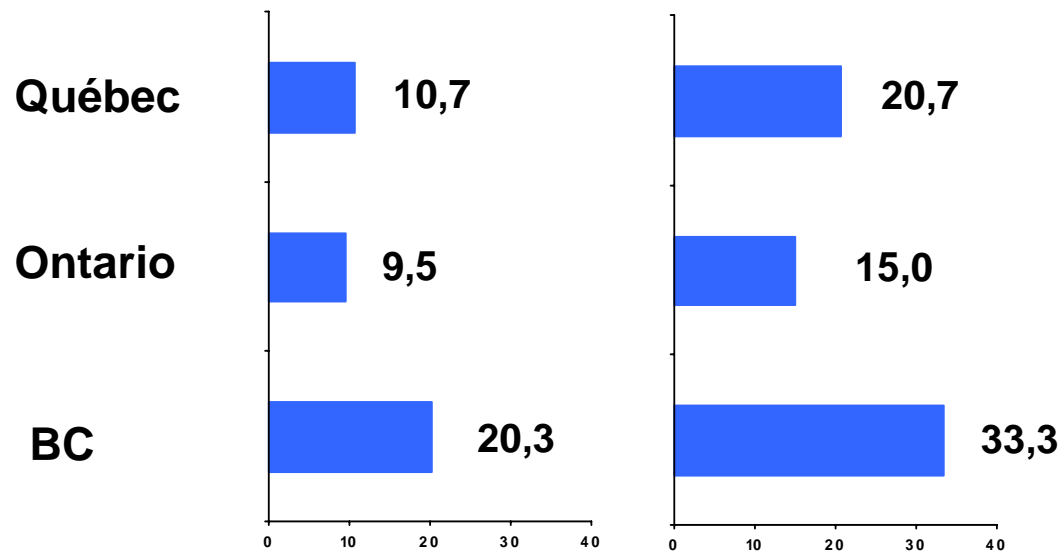
Funding Gap across Canada

Total des compagnies de biotechnologies financées par le capital de risque depuis 1996

Montant moyens investis (M\$)

Toutes

Avec rondes
> 5M\$



Risks/Uncertainties for Biotech Investing

- Regulatory environment (FDA, EMEA)
- Reimbursement challenges for drugs / devices
- Political environment in key markets (USA)
- Lack of liquidity in IPO / secondary offerings
- (Relative) abundance of US venture capital
- Appetite of Pharma / Big Biotech for M&A
- Competition from other technology sectors

Risks/Uncertainties for Biotech Entrepreneurs

- Financing at all stages (start-up, expansion, pre-IPO)
- Investor syndicates
- Management teams
- Intrinsic technological risk
- International competitive landscape

Key Success Factors in Private Biotechs - Scientific / Market

- Competitive advantage for the drug to be developed
 - NOT: Can you develop it?
 - BUT: Should you develop it and why?
- Scientific rationale – confirmed with leading international experts
- Clear regulatory approval pathway
- Differentiation from other compounds globally
- Pipeline / back ups / platforms

Key Success Factors in Private Biotechs - Management

- Top management
 - CEO level
 - Senior management
 - Consultants
 - (Networked) board
 - SABs
- Drug development expertise: pre-clinical, early clinical
- Regulatory expertise
- Formulation, manufacturing
- Others

Key Success Factors in Private Biotechs - Financing

- Knowledgeable lead investor(s) – part of international syndicate or flow of ideas
- Low cash burn through early start up/proof of concept phase (until phase IIa?)
- Leverage of non-dilutive financing (grants, pharma partners, etc.)
- Recourse to tranche-based financing
- Market-based (realistic) valuations

Key Success Factors in Private Biotechs - General

- Continuously assessing internal drug programs versus relevant others
 - Reprioritize / sell programs?
 - In-license new compounds?
 - Sell the company?
- Managing investors, boards, academic partners, markets
- (Over)communication and “trendiness” of the business