

# HealthCap

*Venture Capital for breakthrough therapies*

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## **HealthCap Focuses on Breakthrough Therapeutics**

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### **Significant resource base**

- Partners with profound sector experience
- Six MD PhD's
- Extensive network in industry and academia

### **Deep understanding of:**

- Medical need
- Competitive landscape
- Value proposition

### **Proven therapeutics track record**

## HealthCap's Sector Footprint

**HealthCap**  
Since 1996

**30** companies taken public

**6.5 bn** EUR combined post-money

**6.5 bn** EUR in total funding raised by portfolio companies

**6** main funds

**900 m** EUR in raised capital

**101** investments

**20** marketed pharma products

**40+** marketed medtech products

**60** Exits

**2x** Gross X on exits

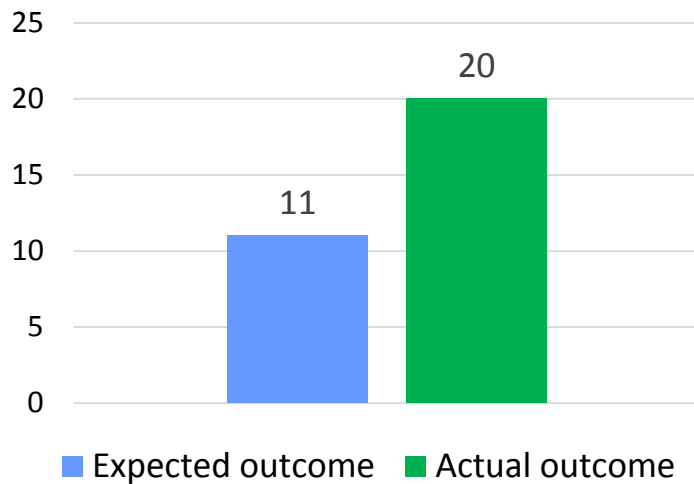
**20%** Gross IRR on exits

**1 bn** EUR realized proceeds

**11.5x** return on top 10

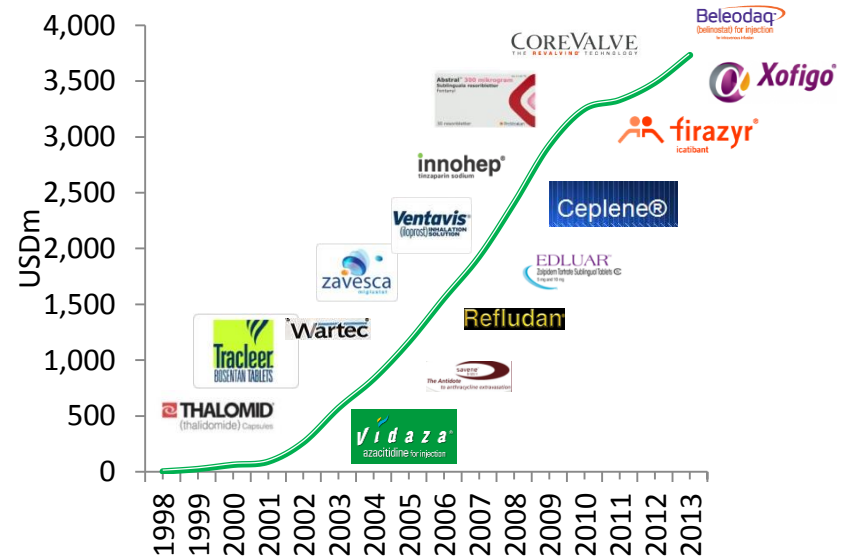
## HealthCap Portfolio Companies Bring Products to the Market

**20** Approved pharma products since inception



- 82% higher productivity than industry averages

**4** USD billion in current annual sales from selected launched pharma and medtech products



Approved Products Sources: HealthCap internal analysis, and industrial development averages from D. Brown and G. Superti-Furga, Drug Discovery Today, 2003  
 Approved Products Note: No double-counting of compounds. Including exited companies. No adjustment for licensing. Expected numbers have been calculated using industry average attrition rates and development times. HealthCap I & II, III, IV, V and VI have been treated as 16, 13, 10, 6 and 2 year old respectively (based on median investment). Sources Product sales: Company data and analyst estimates

## **Investment Strategy - Focus on Maximum Value Acceleration**

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### **Rare diseases**

- Suits VC model well
- More capital efficient
- Shorter time to value events
- Innovative products that address unmet medical needs

### **Drug re-inventing**

- Existing proof of concept
- Mitigating development and regulatory risks

### **European execution**

- Favorable regulatory system
- Early access to market

*De-risking investments while keeping up-side potential*

## Why Orphan Drugs Suit the Venture Capital Model Well

1

**De-risked**  
development

- Straightforward interventions address root cause of disease, not just symptoms
- Well-understood pathologies: often monogenetic diseases
- Going with biology

2

**Faster**  
pathway to  
patient

- PoC established in small number of patients or relevant models
- Accelerated reviews and approvals by regulators
- Breakthrough Therapy Designation

3

**Commercially**  
**attractive**

- High unmet medical needs, justifying premium pricing and reimbursements
- Market exclusivity
- Focused marketing, highly specialized

### HealthCap examples:



Up to USD 325 million  
March, 2012



**HealthCap's**  
**multiple 2x\***



EUR 328 million  
July, 2008



**HealthCap's**  
**multiple 2x**



USD 10 million  
Pre-money valuation in 2011



USD 1.5 billion  
Current market cap

**HealthCap's**  
**multiple 15.4x**

Source: FDA, Leerink Swann Research; Yahoo!Finance; HealthCap data. Data as of October 20 2014.

\*) Dependent on final outcome of post-closing milestone payments, HealthCap's investment multiple could increase up to 7x.

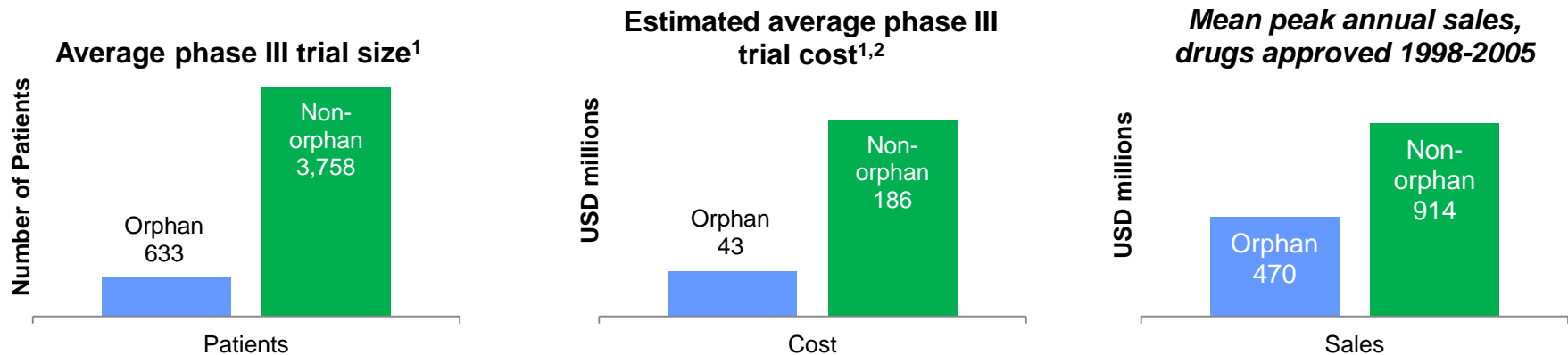
## Why Orphan Drugs Are Commercially Attractive

- More than **400 orphan drugs** have been approved by the FDA since 1983

- But only

*“...5% of the diseases have a treatment”*

**Emil Kakkis**, CEO Ultragenyx and former CMO BioMarin

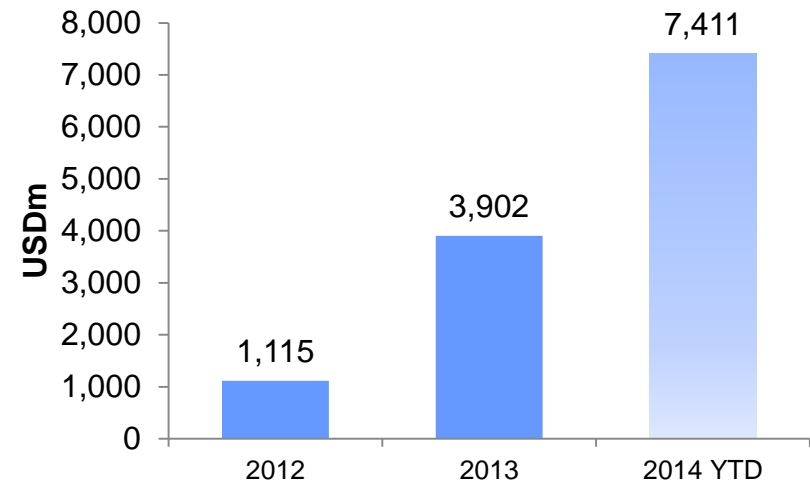


Source: BioCentury, Nature Reviews, The importance of new companies for drug discovery: origins of a decade of new drugs, 2010  
 Evaluate Pharma Orphan Drug Report 2013: 1) All new drug products entering phase III from 1 Jan 2000. 2) With potential 50% US Tax credit through the Orphan Drug Act.

## Record Year for Biotech IPOs

- Current window: Globally 180 biotech IPOs, raising USD 12.4 billion
  - Including >20 companies in phase I or preclinical stage
- Strong post IPO performance
- Considerable cash flow from M&A

Amount raised in Biotech IPOs, globally (USDm)



HealthCap examples:



Source: BioCentury.  
Data as of October 20, 2014.



## Selected Recent Events

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- Acquired by Bayer for **USD 2.9 billion**
- HealthCap proceeds EUR 269 million at **19x** gross multiple

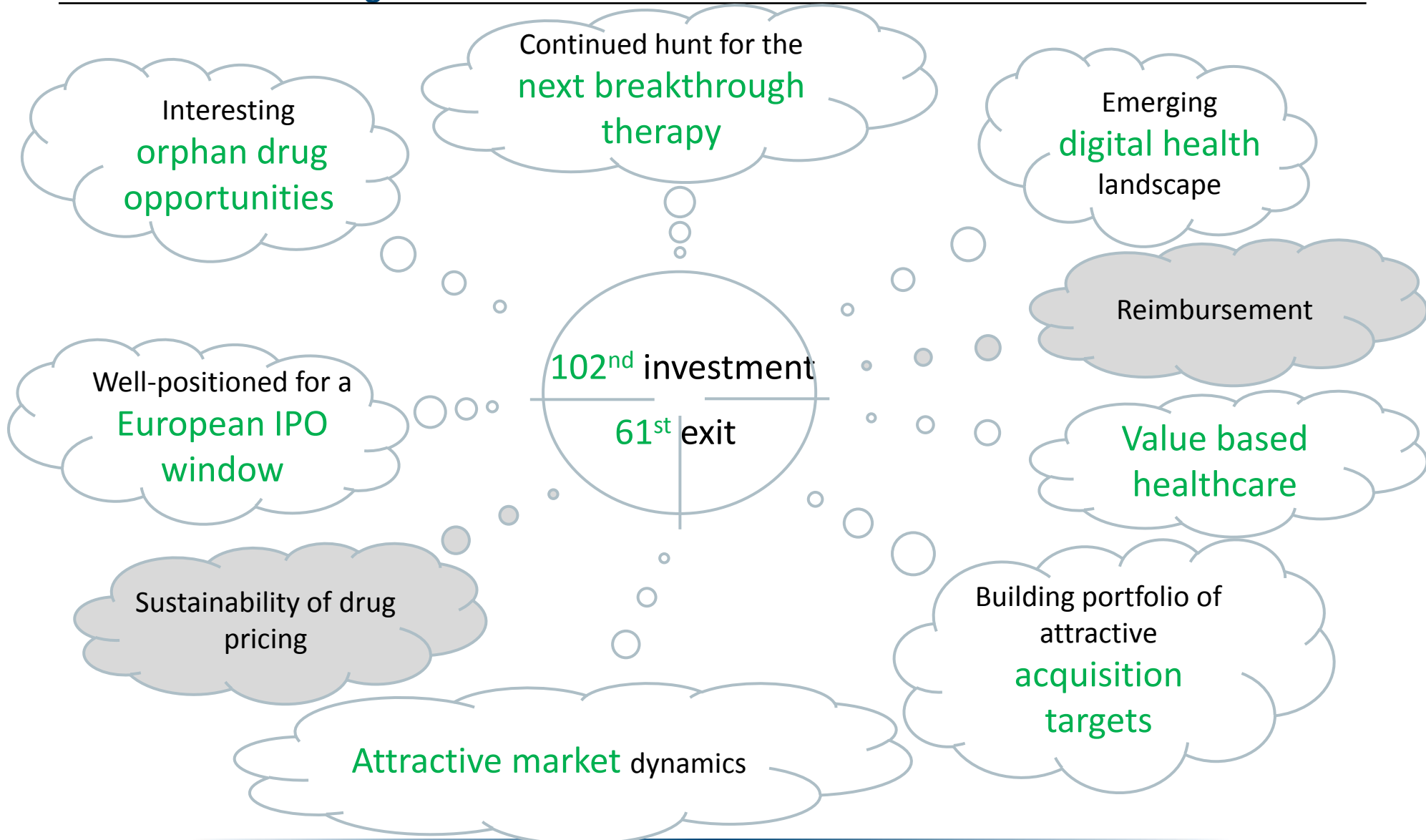


- Highly **oversubscribed IPO** on Nasdaq
- HealthCap at **homerun** levels
- HealthCap VI **distributions** already exceeding contributed capital



- Closed oversubscribed **pre-IPO financing**, raising NOK 300 million, or USD 47 million

## What We Are Thinking About the Future



## Summary

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### HealthCap provides value to various stakeholders

- Patients, delivering innovative products that **improve quality of life**
- Healthcare system, **saving money to payors** by introducing novel disruptive therapies
- Society, driver of **economic growth** and efficient translation of science into products

➔ **While generating strong returns to investors**