

Kasia Galecka
Venture Valuation
June 2010

What can Polish Biotechnology offer to Western Industry

About Us



VENTURE VALUATION

Independent assessment and valuation of high growth firms prior to an investment, trade sale or licensing deal.

**BIOTECH
GATE**

COMPANY DATABASE



Life Science company database including product, technology and licensing deal information about over 18'000 companies world wide.

EUROPA BIO

The European Association for Bioindustries

14
**All
BIO**

European Commission sponsored project to assess the state of the biotechnology industry in the 14 New Member and Candidate States. In Collaboration with EuropaBIO.

Overview

1) A Developing Sector: Poland and the 14 New EU Member States

- Status of the Sector
- Finding Unmet Need

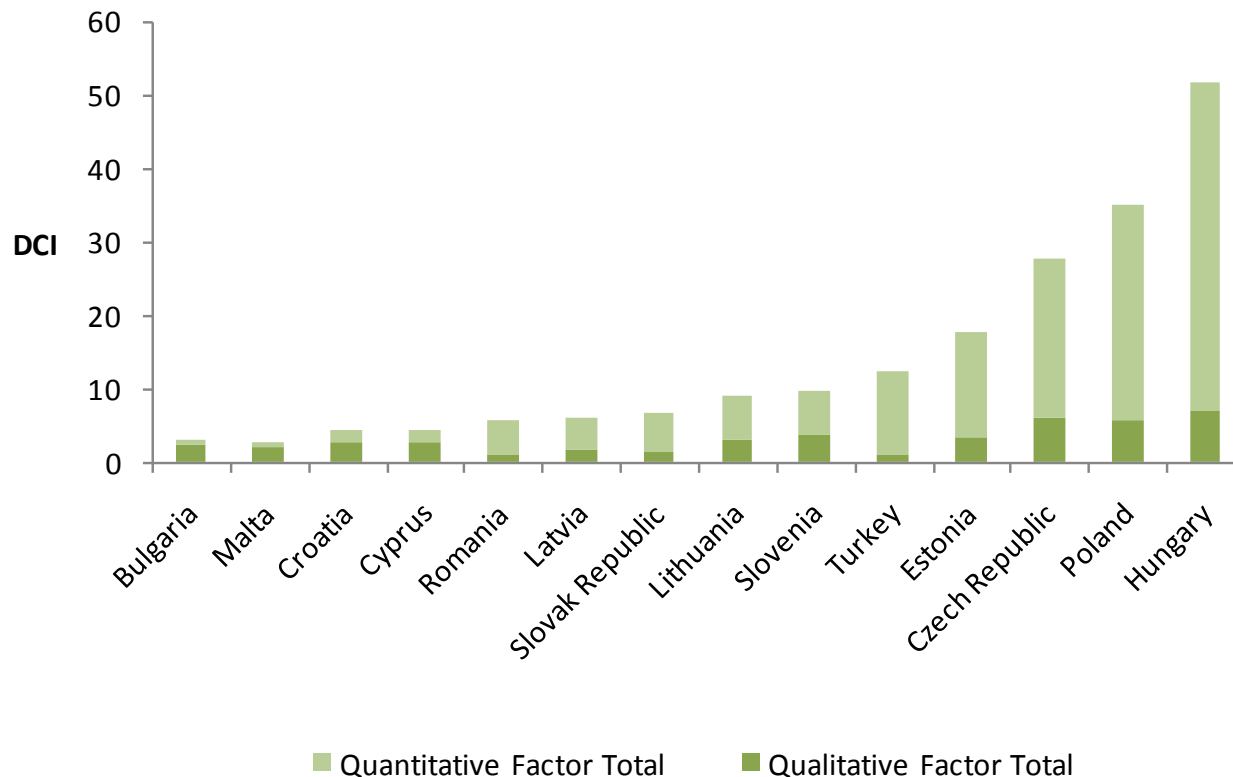
2) Attracting Investment

- The Funding Cycle
- Public Funding
- Private Funding
- CROs

A Developing Sector: Poland and the 14 New Member States

Development Capacity Index (DCI)

DCI in the 14 new Member States and Candidate Countries



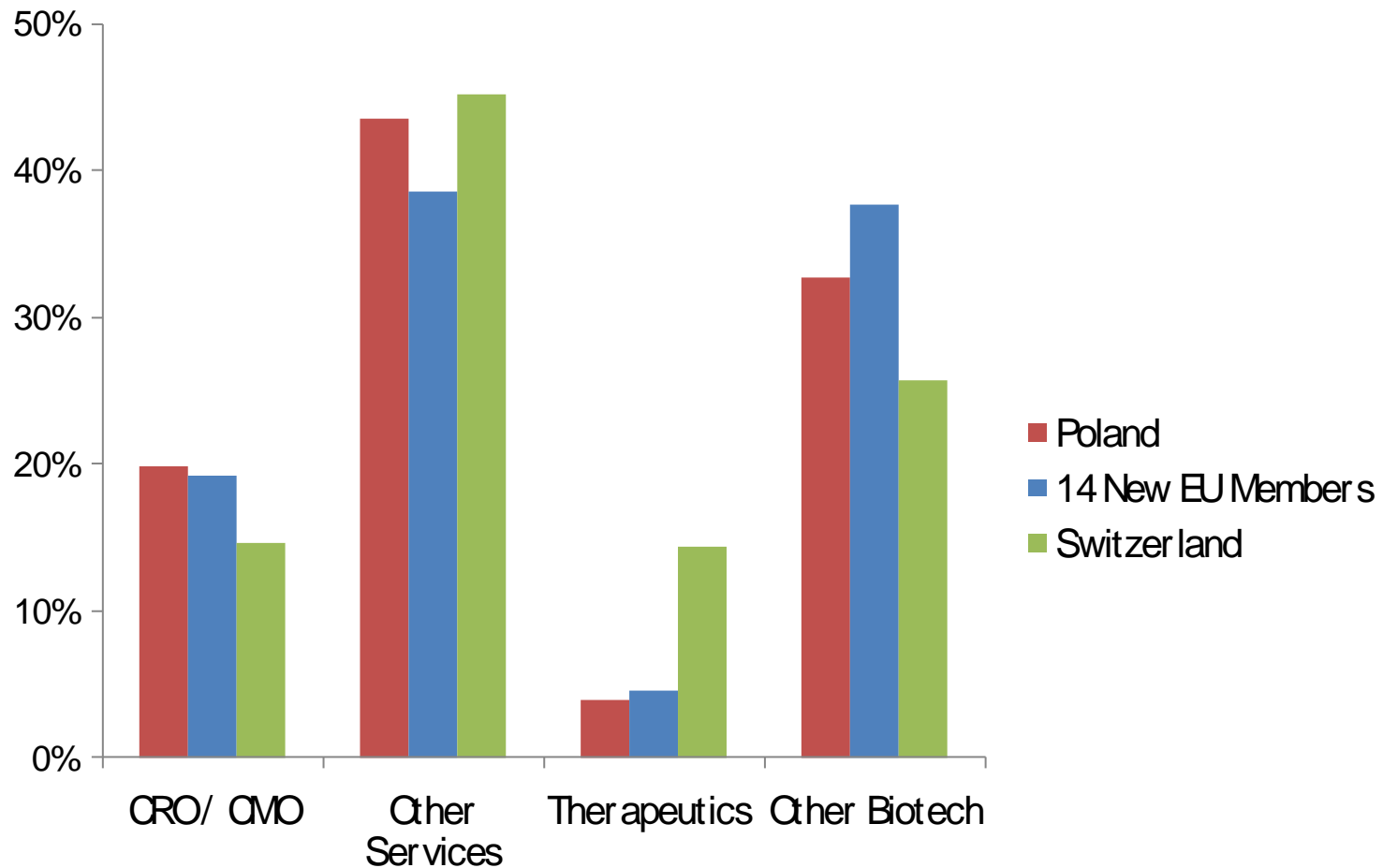
“A higher DCI indicates the presence of a more advanced biotechnology industry and a more favourable environment for future growth”

A Developing Sector:

Status of the Sector

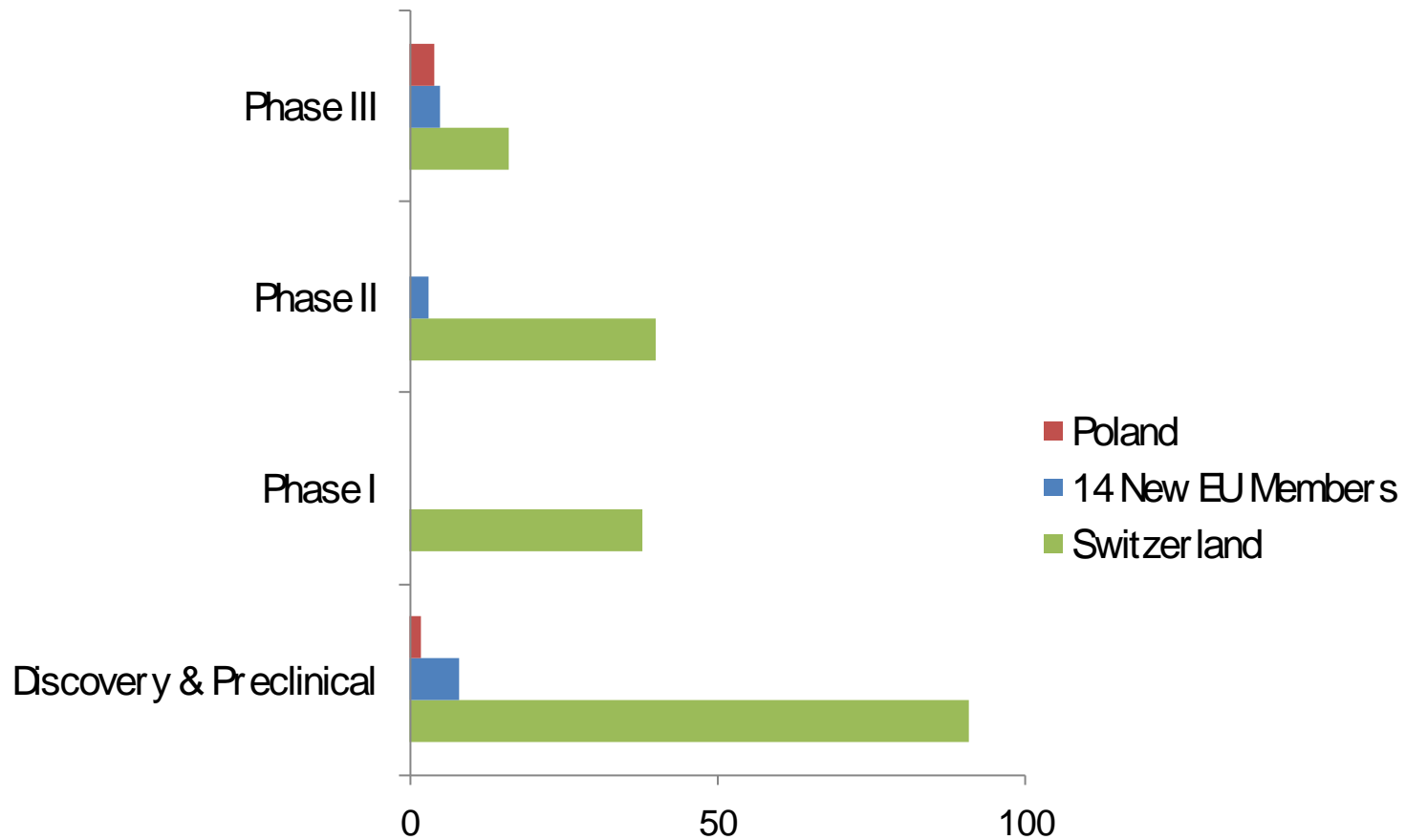
Poland	14 New Members	Switzerland	
59	274	285	Total Biotechnology Companies
4	20	71	Biotech - Therapeutics
35	178	164	Biotech - R&D Services
20	76	50	Biotech - Other
>3'500	>10'000	>19'000	Employees
>250	>1'900	>1'000	R&D Employees
86%	89%	90%	Percentage of SMEs
2%	2%	5%	Percentage of Companies Publicly Owned

A Developing Sector: Composition of the Biotechnology Industry



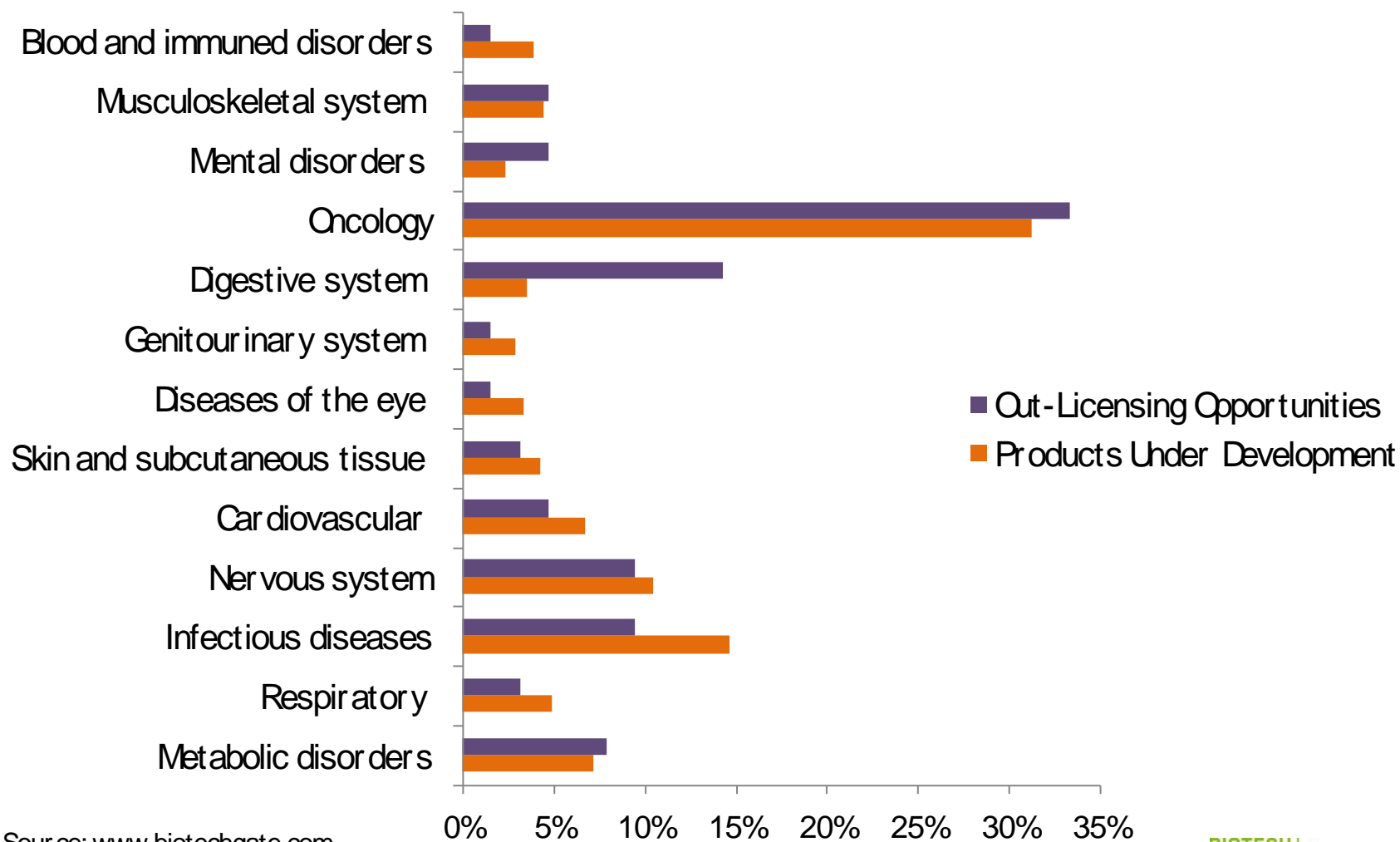
Source: www.biotechgate.com

A Developing Sector: Stage of the Biotech Pipeline



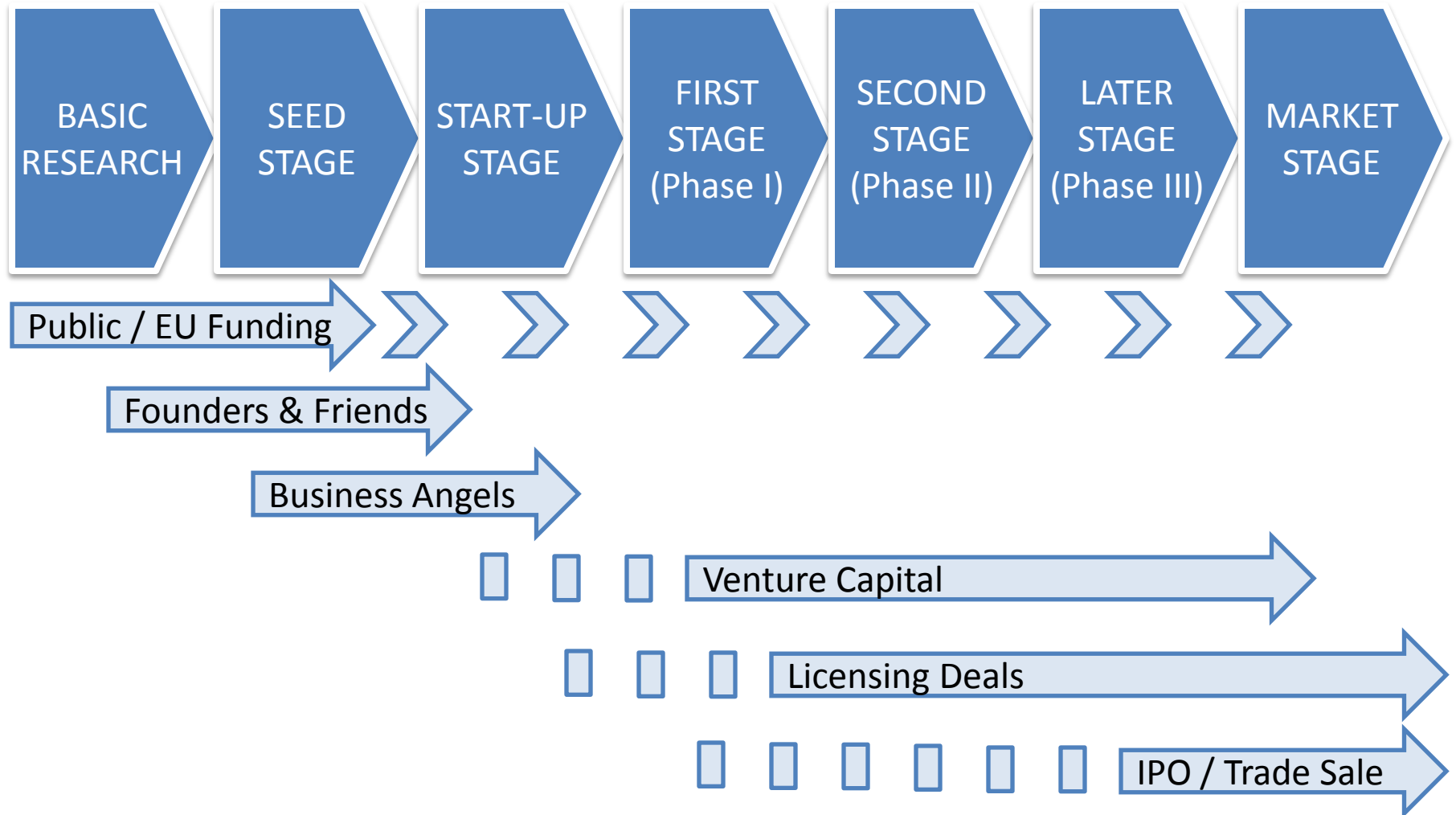
Source: www.biotechgate.com

Attracting Investment: Finding Unmet Need



Source: www.biotechgate.com

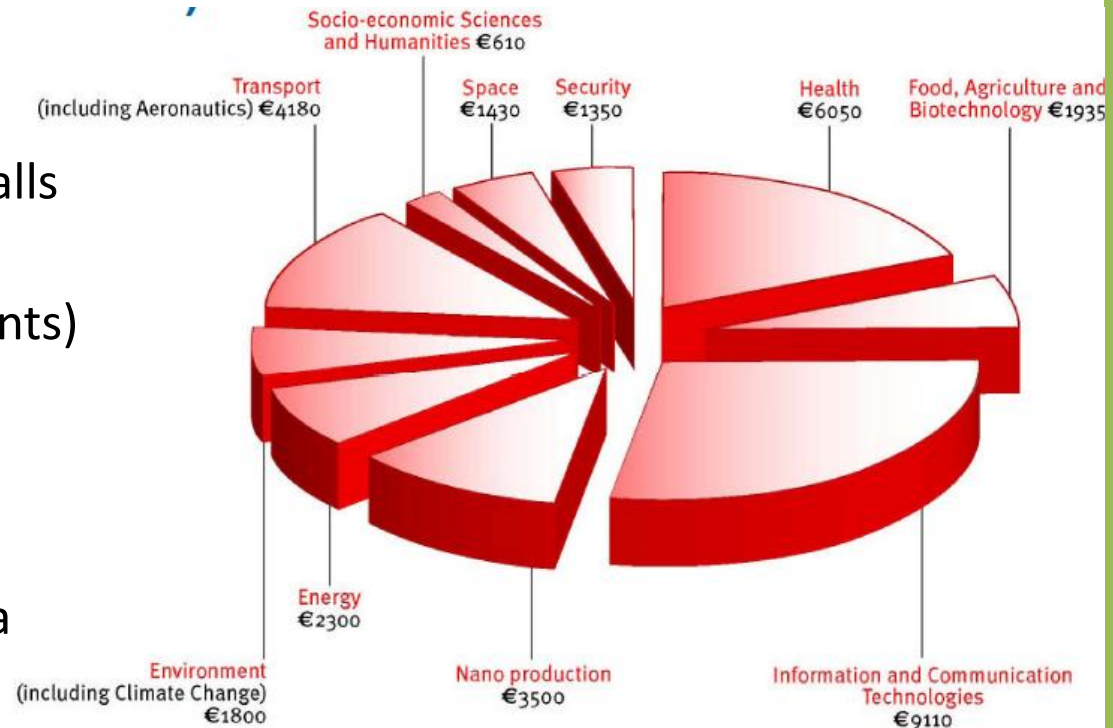
Attracting Investment: The Funding Cycle



Attracting Investment: Public Funding

FP7

- Total budget for 2007-2013:
approx. € 54 Billion
- Top down approach (specific calls for proposals)
- Large consortia (3-20 participants)
- Funding is 75% for SME
- Competition is high, typical chances of success: 10-20%
- Typical amount of funding for a participant is around
€ 100'000 / year



Source: KAPPA-Health Training Materials

EUREKA / Eurostars, ERASMUS, IMI

Attracting Investment:

Private Funding

Founders & Friends

- no dilution of profits or risk
- limited growth potential
- no dependencies

Business Angels

- hard to find
- finance small amounts and often demand large price per share
- can provide a network and operational support

Venture Capital

- take high risks and expect high returns
- plan specific exits
- responsible to their own investors

Attracting Investment: Private Funding

Licensing Deal

- share development risks and rewards
- milestone and royalty payments
- no dependencies

Trade Sale

- convenient exit for investors
- price greatly affected by market and firm stage

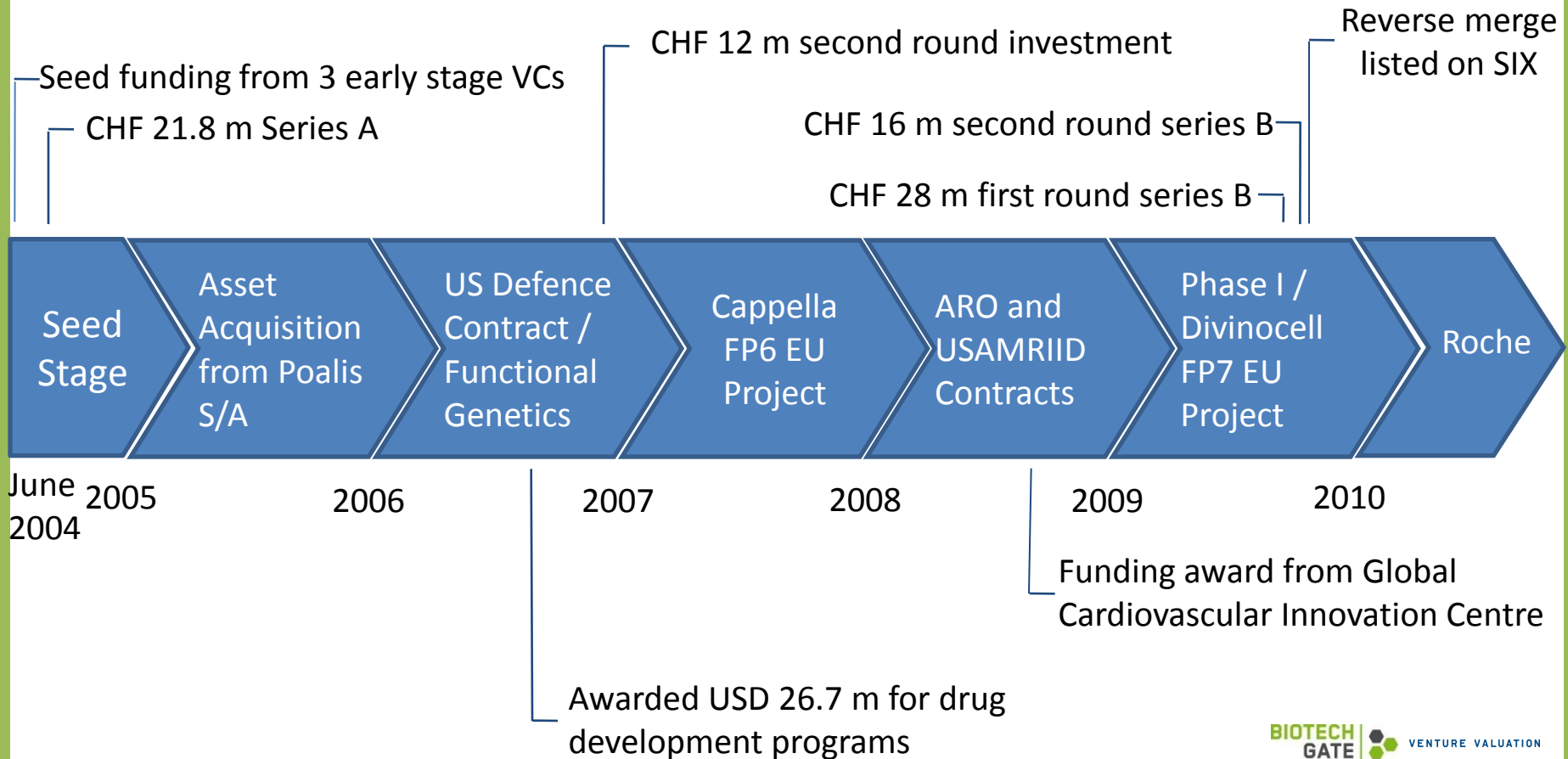
IPO

- cheaper access to capital
- minimum market cap and other requirements
- timing is crucial

Attracting Investment:

Example: Evolva

Discovery and development of novel, differentiated pharmaceutical product candidates that target significant unmet medical needs, with an emphasis on cardio-renal and infectious diseases.



Attracting Investment:

Private Funding – Venture Capital and Poland

National Investment

- Polish Private Equity Association
- most active equity and VC investment of the new member states

Foreign Investors

- becoming more aware of investment opportunities in Poland
- hesitant to invest in areas where they do not have expertise or a good network
- need to be attracted by something special they cannot get locally
- wait for local venture capital community to be established first as a validation
- sceptical of government supported venture capital efforts
- a critical mass of companies needs to be achieved to attract foreign investors

Attracting Investment:

The Importance of CROs and Service Companies

- Leverage the highly skilled and price competitive work force
- Attract potential partners and clients to the area
- Revenues generated by services can be used to finance product development

Thank you for your attention

Kasia Galecka
Venture Valuation AG
Kasernenstrasse 11
8004 Zürich
Switzerland

k.galecka@venturevaluation.com

+41 43 321 8660

Slides available at www.venturevaluation.com

