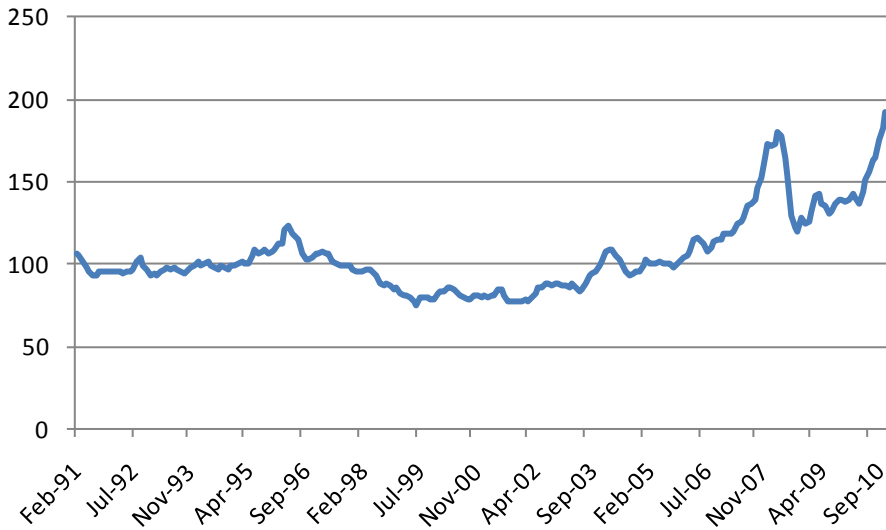

Implementation - Constructing the platforms from idea to product

Sustainable Intensification: Growth from Research & Technology

SCI-Syngenta Symposium, 30 October 2012

18 months ago.....

FAO Monthly Food Price Index*



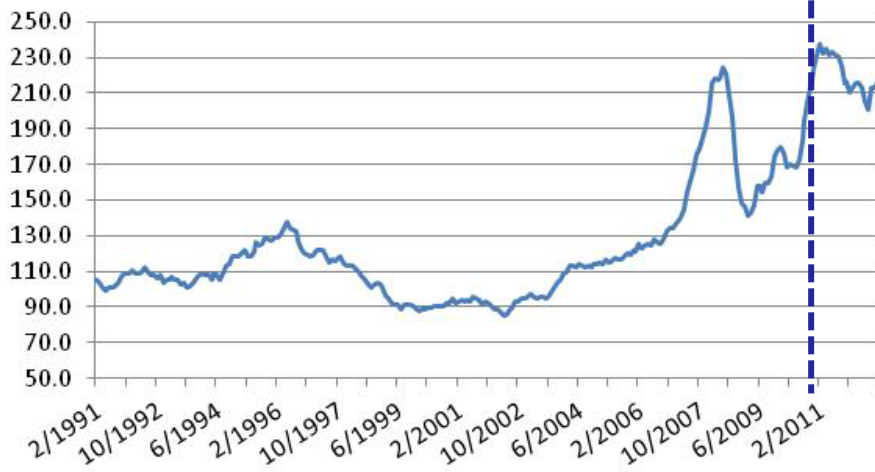
Oil Price, Brent Crude, \$/bbl



* Commodity Food Price Index, 2005 = 100, includes Cereal, Vegetable Oils, Meat, Seafood, Sugar, Bananas, and Oranges Price Indices

The new normal?

FAO Commodity Food Price Index

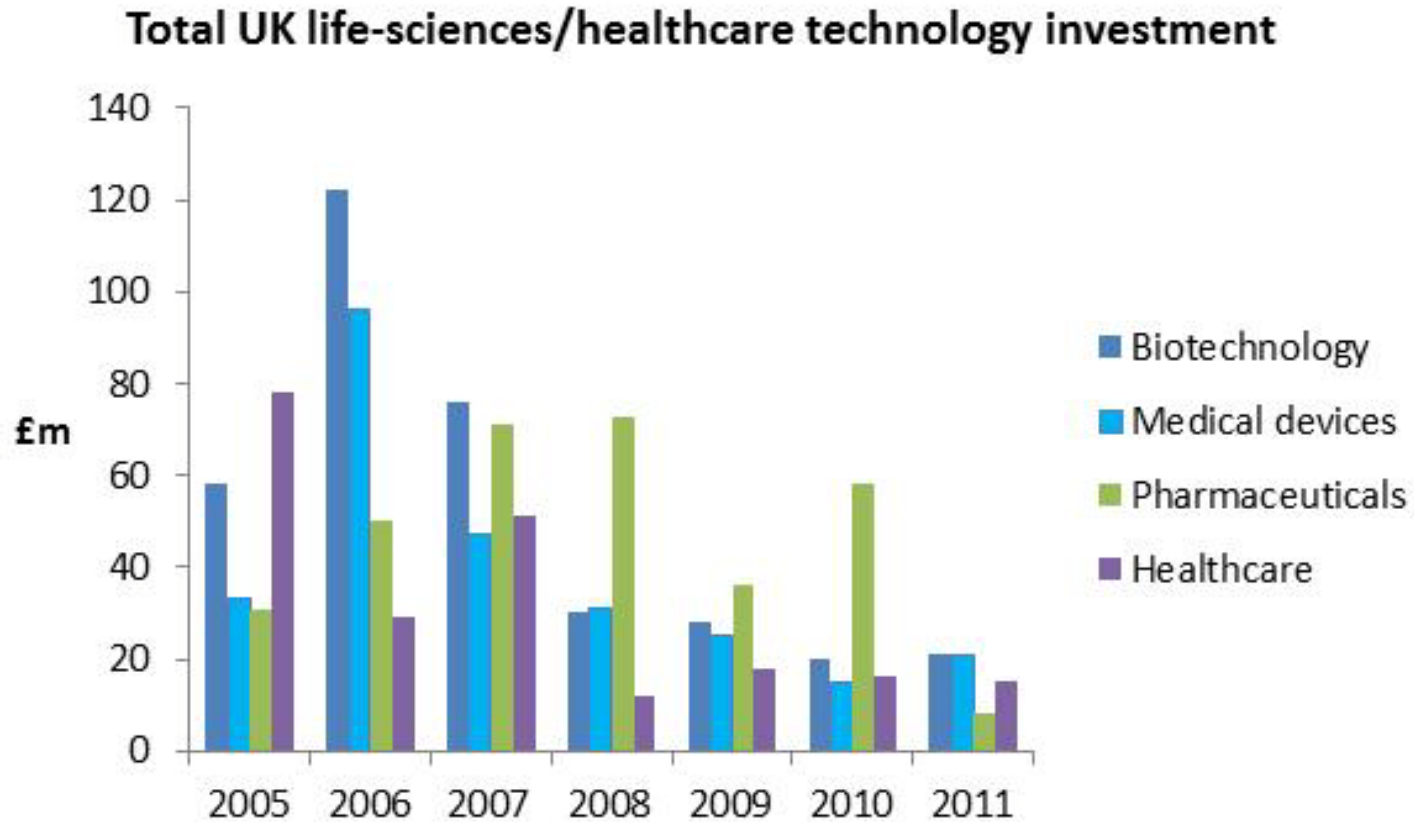


European Brent Crude Oil FOB, \$/bbl



Elevated prices maintained despite prolonged recession...

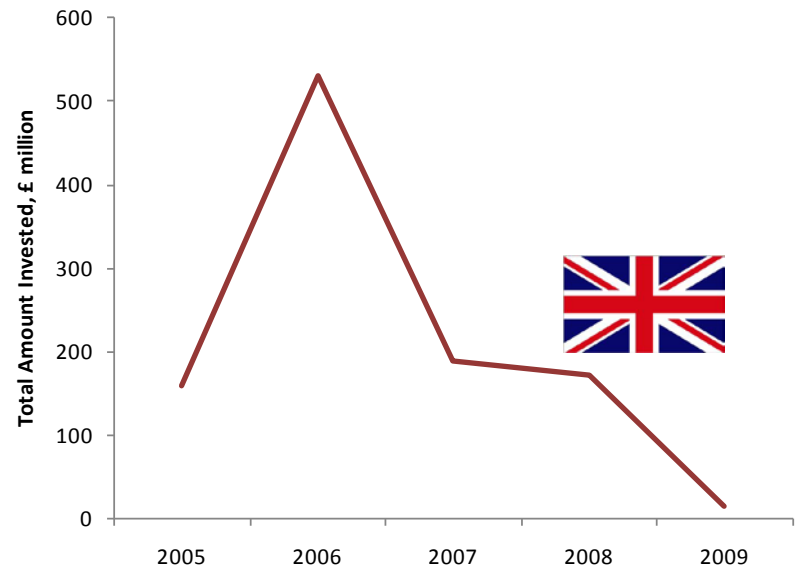
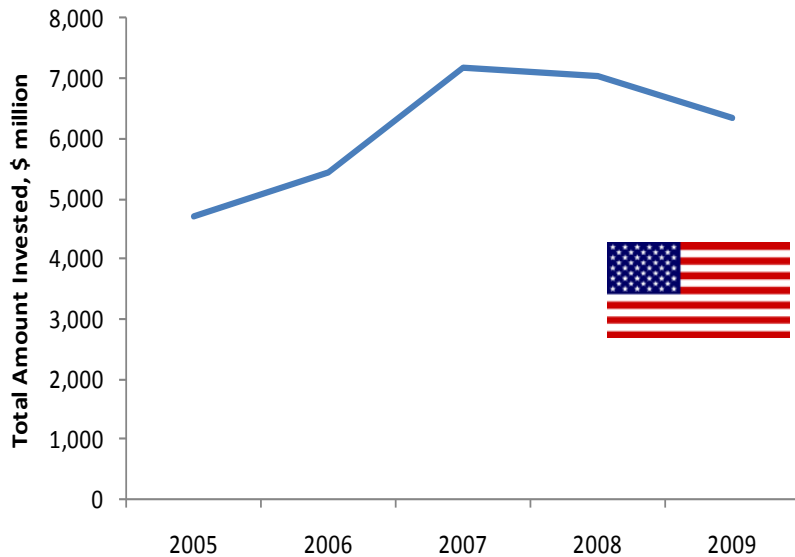
Life-sciences VC investment has continued to struggle



Source: BVCA

Start-up investment: UK vs US

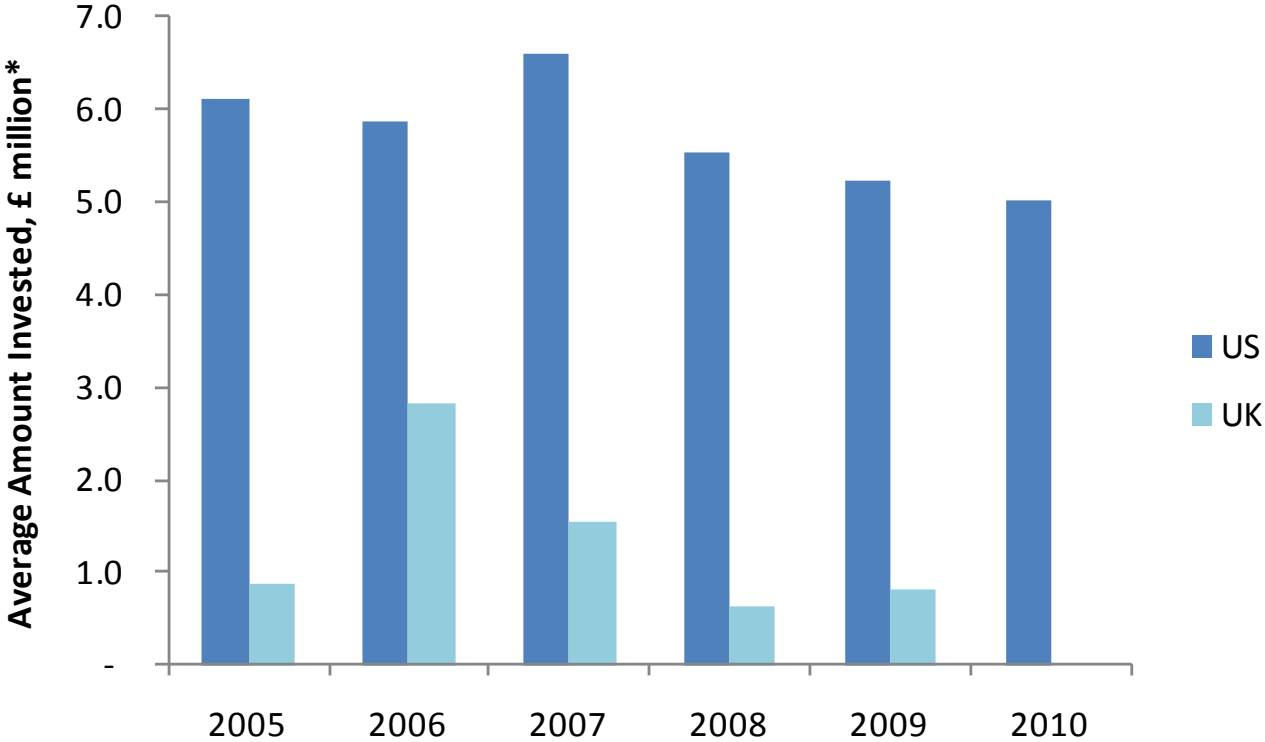
Total investment, Start-ups



Source: BVCA, US NVCA

Average biotech investment – UK vs US

Average amount invested in biotech companies, £ million*

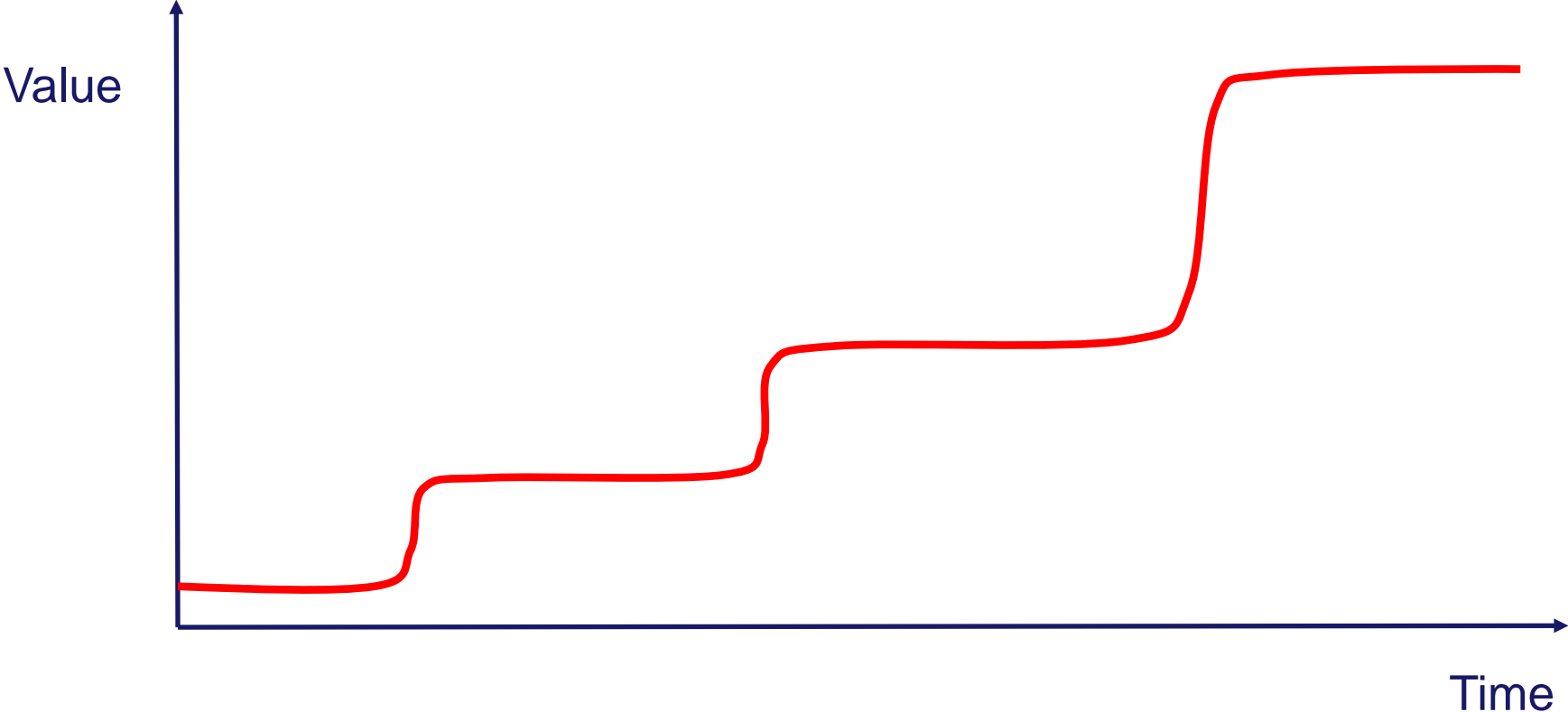
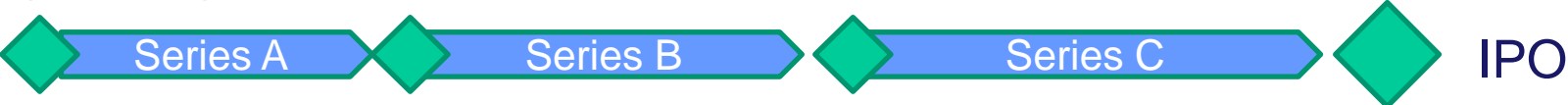


* US \$ converted at \$1.6/£

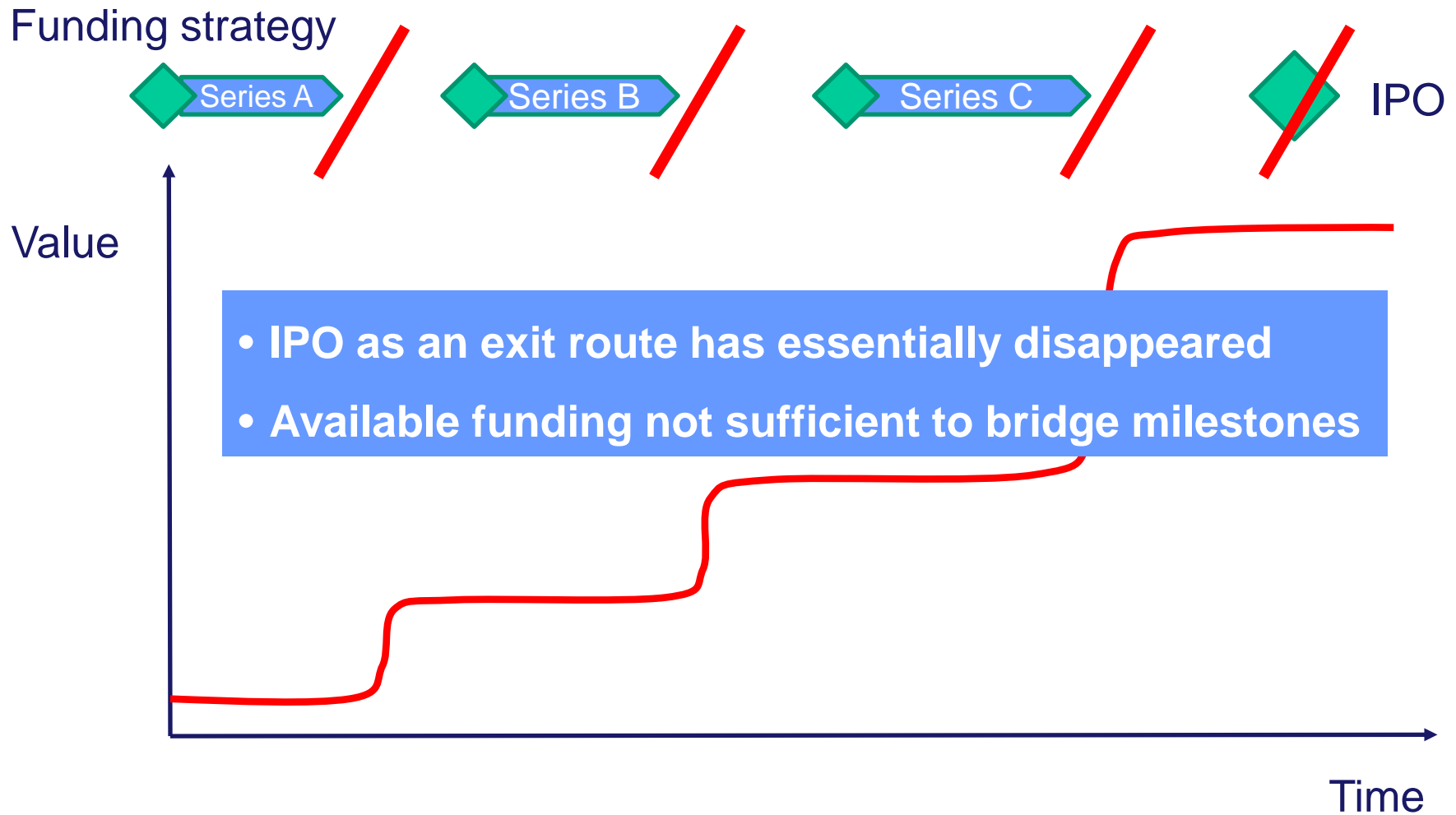
Source: BVCA, US NVCA

The old VC investment model

Funding strategy



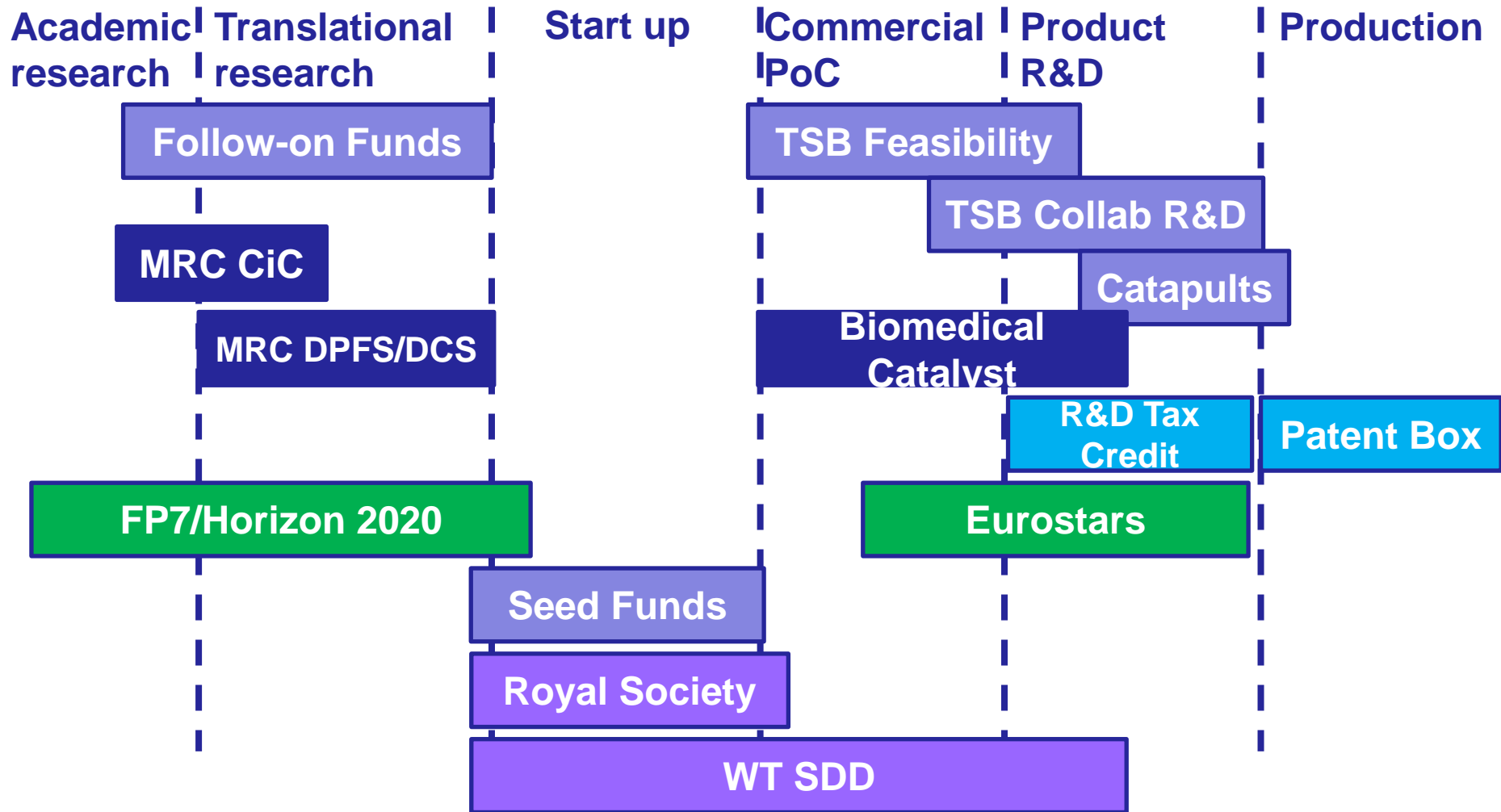
The old VC investment model has long since expired



Agrobio/chemical technology poses additional challenges for VC investors compared to pharma

- Comparable long timelines, high development costs & risks
- Market sizes generally smaller
- Impact of new technology smaller uplift in value
- Profit margins lower
- Fewer opportunities for collaboration/licensing, due to extensive industry consolidation
- Uncertain, politicised, regulatory environment

An integrated raft of initiatives has now been assembled to attempt to address this market failure



'Big Ag' remains a willing partner to strong agricultural technology propositions

- Open Innovation (eg *syngentathoughtseekers.com*)
- Active licensing/collaboration programmes
- Trade sale exit route open

Company	2012	2011
Bayer Cropscience	AgraQuest, ProSoy Genetics	Raps GbR
Dow Agroscience	Cal/West Seeds	Northwest Plant Breeding
Monsanto	Precision Planting	Beeologics, Divergence
Syngenta	DevGen, Pasteuria Biosciences	Chromatin

Boot-strapping the investment proposition

- Use the “free” money to demonstrate early PoC
 - Translational research grants
 - European collaborative funding
 - Local/regional funds
- Target early corporate partnerships
 - Funding for preferential access/option
 - De-risks the proposition for investors
- Sell off a non-core application to fund the rest?

New beasts on the funding block



Preparing the ground

- **Technology**
 - Platform potential?
 - Exploitable IP position?
 - Sufficiently developed?
 - Does it have “currency”?
- **Management**
 - Technology champion to join company?
 - Right, experienced, commercial team?
- **Financial plan**
 - Viable business model?
 - Realistic milestones – “bridges not piers”?
 - Plausible exit route?

Finding the funding

- **Focus on the lead**
 - Many followers, few leaders
 - Lead will bring co-investors
- **Write the plan for the funder**

Investor requirements vary:

 - Quantum of funding, follow-on capacity
 - Risk profile
 - Time horizon
 - Syndication
- **Read the runes**
 - How well do you fit?
 - Many say they're investing, few actually are
 - Lots of "Maybes" few outright "Nos"
- **Allow time**

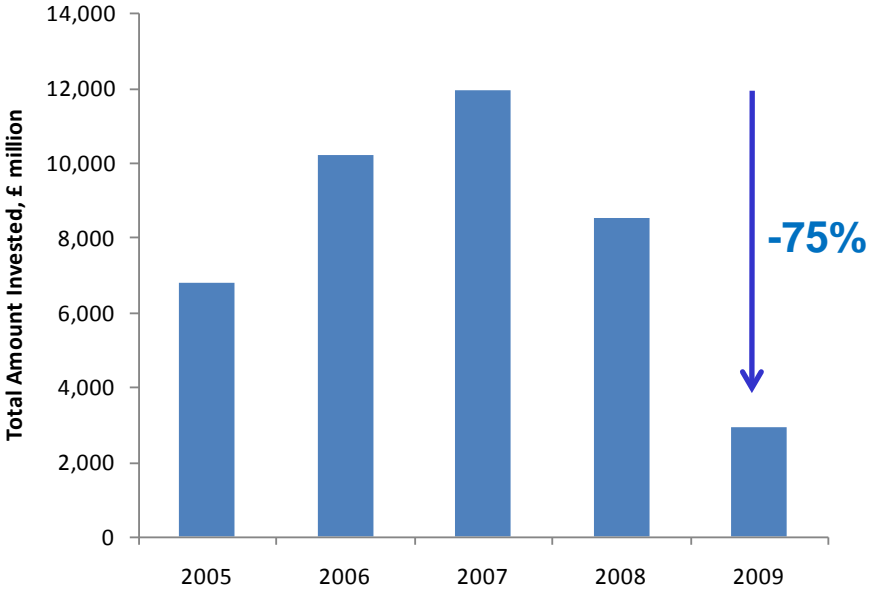
Simon Turner
Canopus Management

simon@canopus-management.co.uk
07971 627173

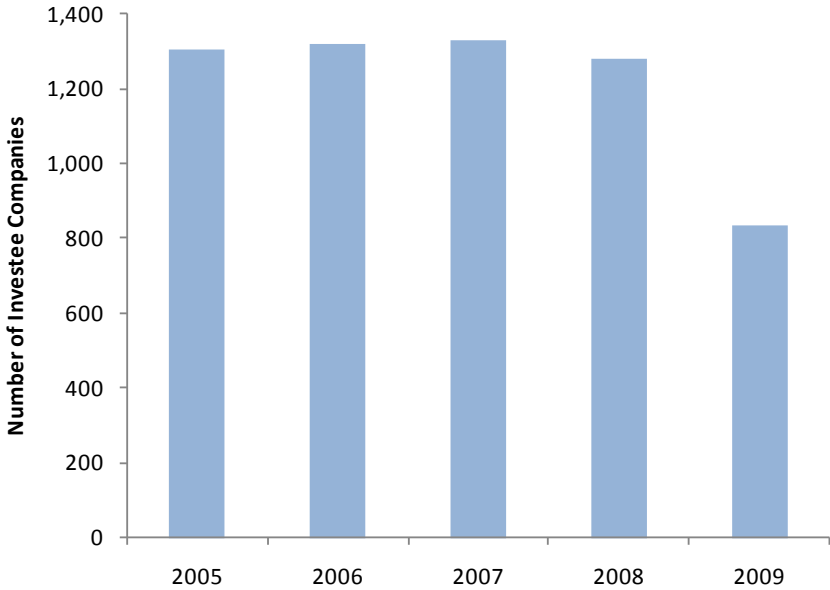
Additional slides

The VC funding climate has deteriorated markedly

Total Investment, £m



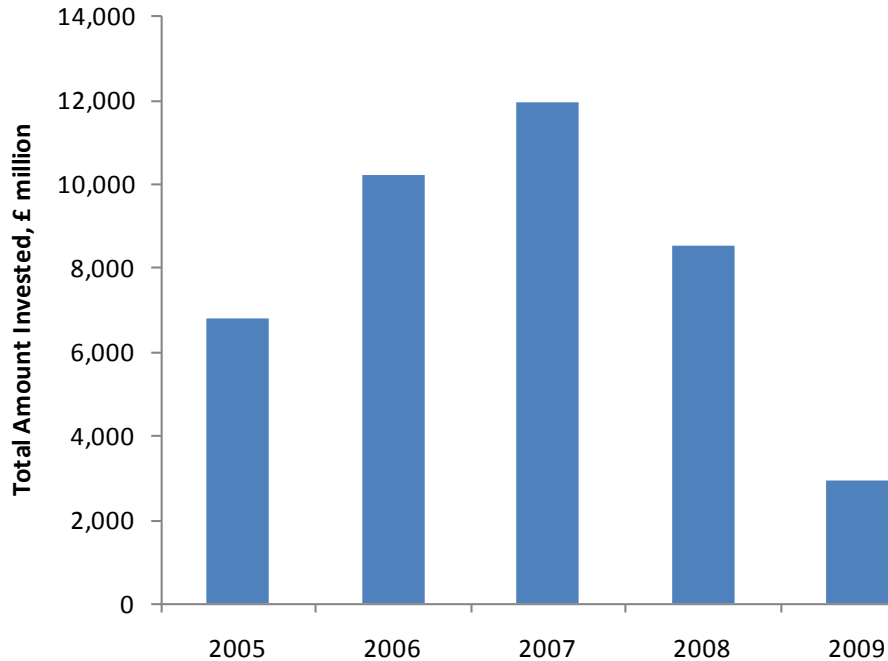
Number of Companies



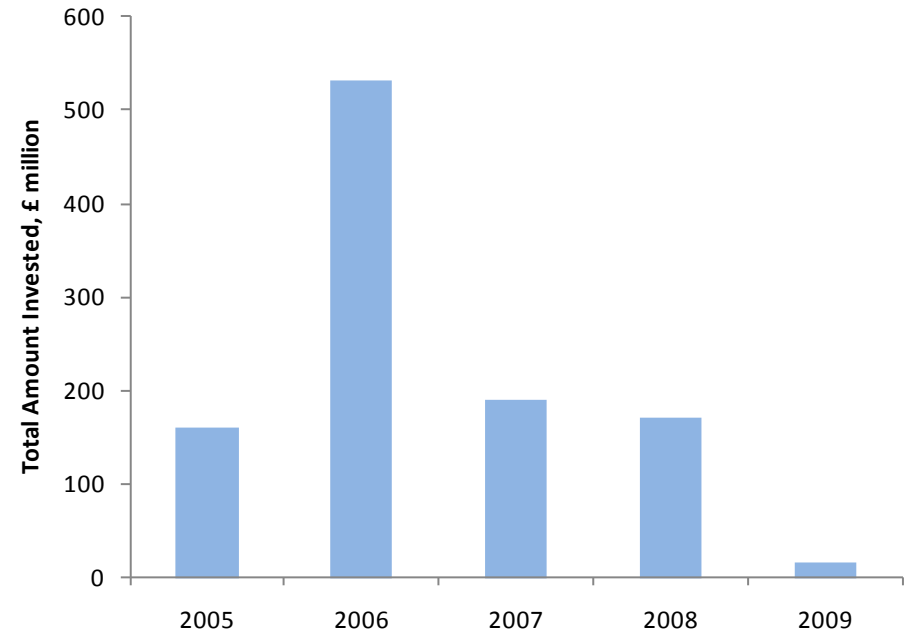
Source: BVCA

Particularly badly affected is start-up investment

Total investment, All VC/PE

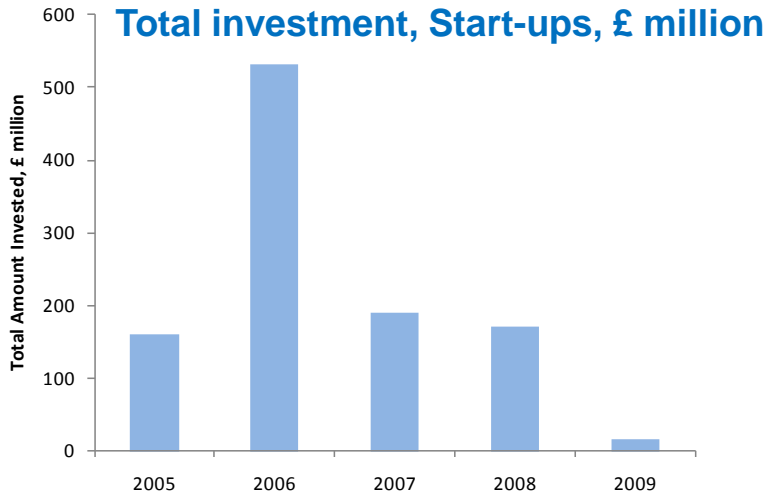


Total investment, Start-ups

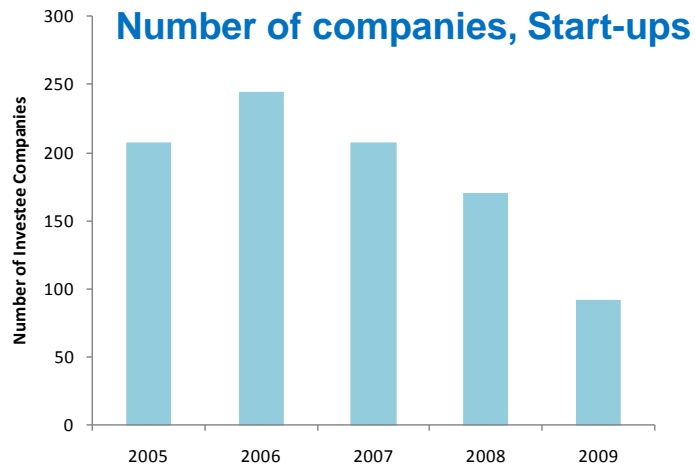
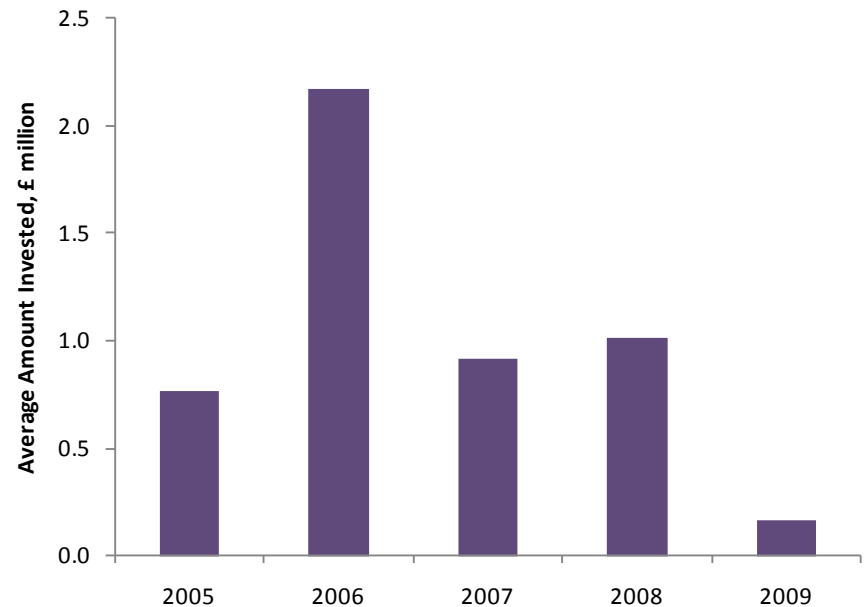


Source: BVCA

Average start-up deal sizes have collapsed



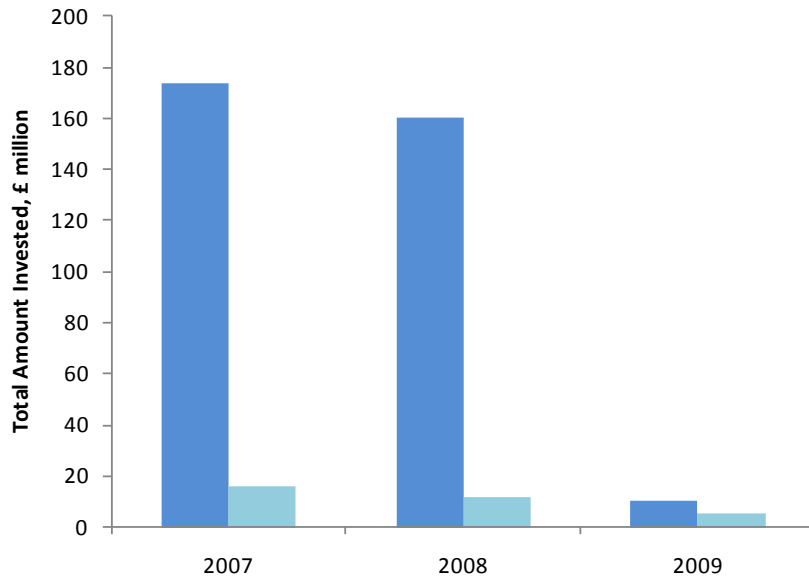
Average amount invested, Start-ups, £ million



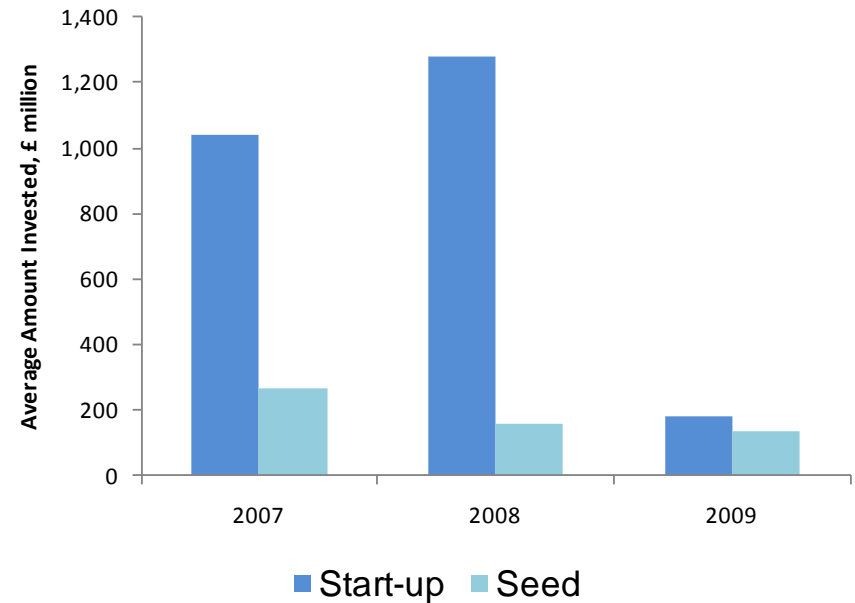
Source: BVCA

Start-up versus seed

Total amount invested, £ million

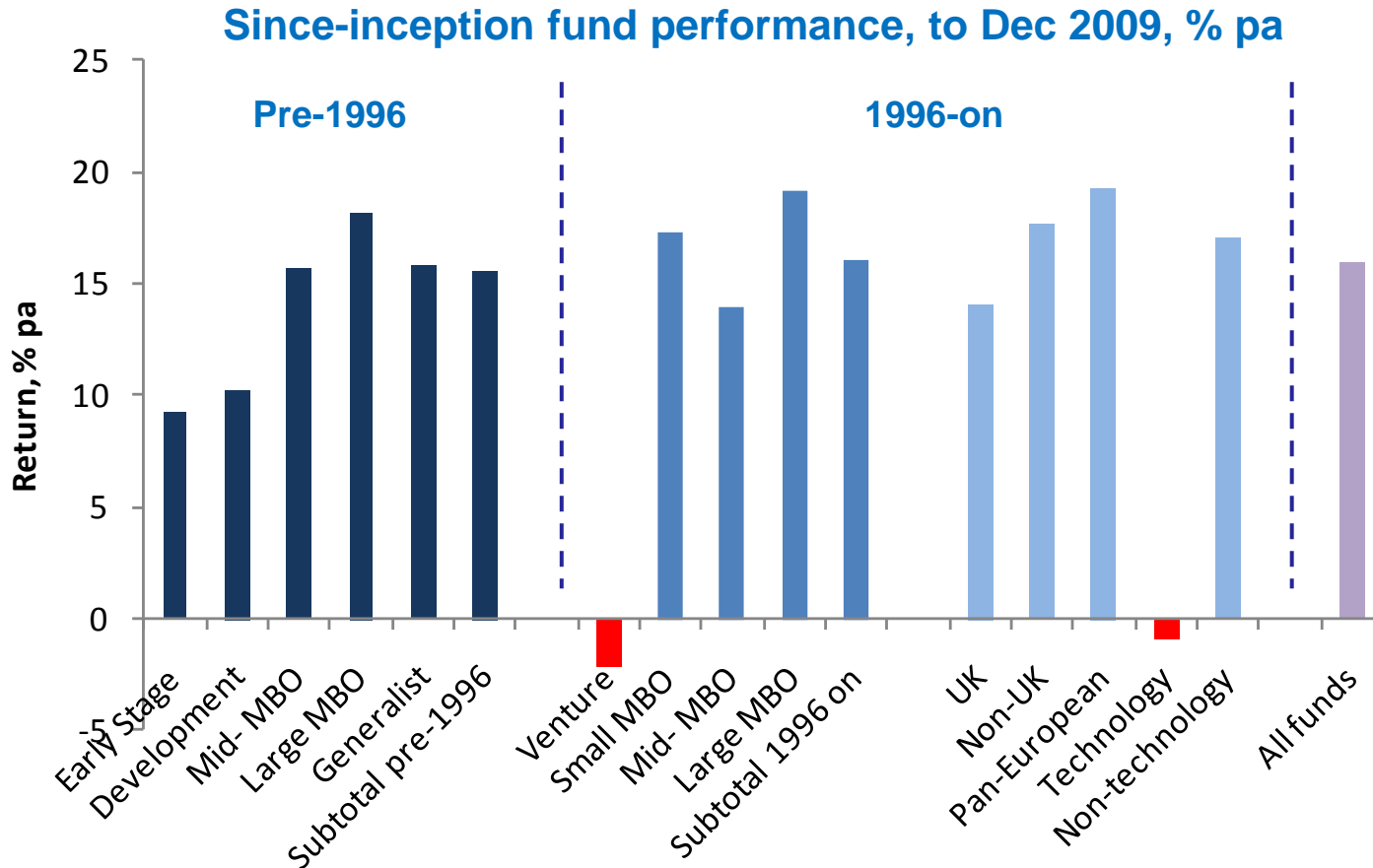


Average amount invested, £ million



Source: BVCA

Average VC fund returns have been lamentable



Source: BVCA