



Life Sciences Exits: Value Creation Strategies

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Venture Capital Returns in 2000s

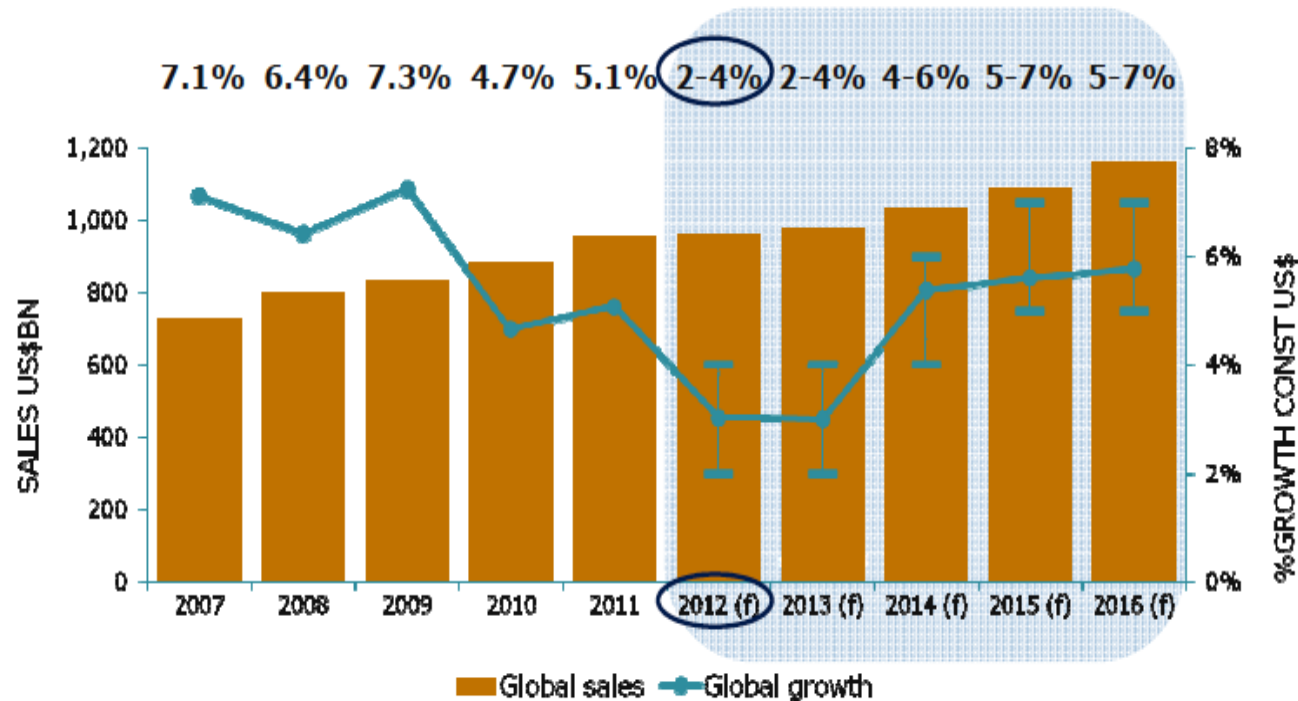


Source: Wilson Sonsini Goodrich & Rosati, 2012

WW pharmaceutical market

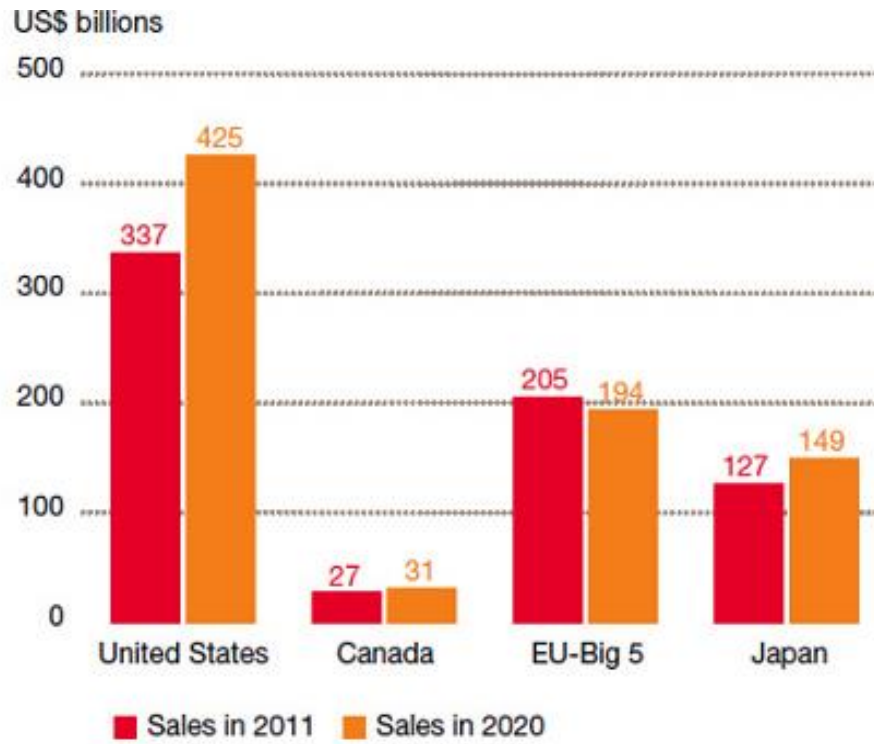
Total spending on drugs will reach almost \$1.2 trillion by 2016 with a rising growth rate

Global Sales and Growth, 2007-2016

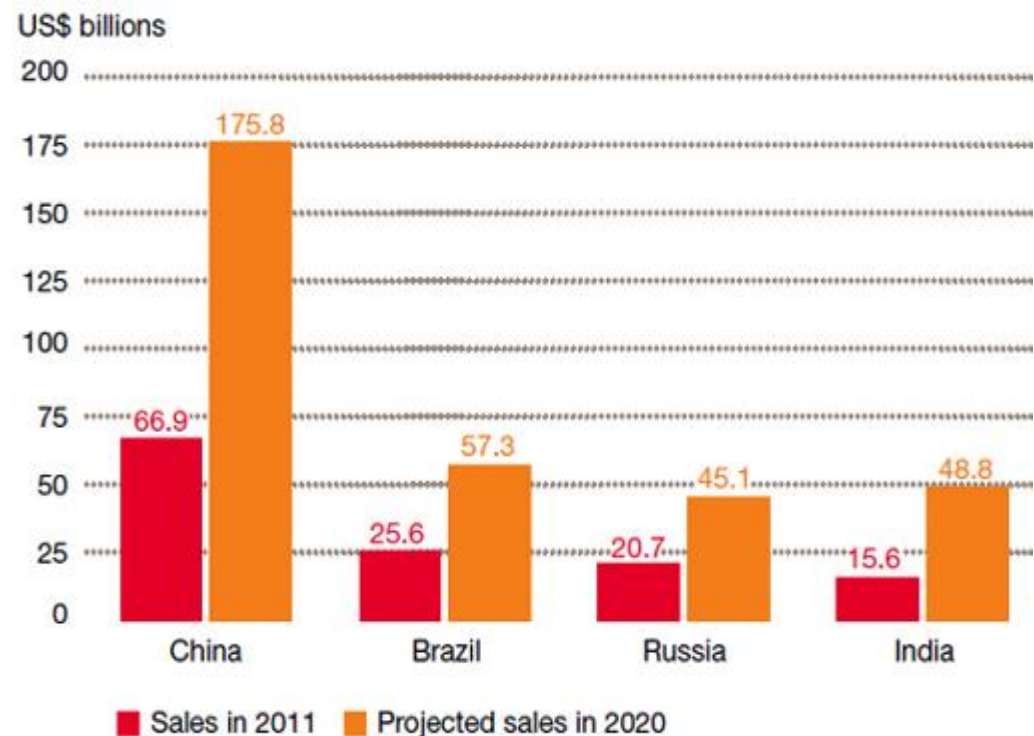


Source: IMS Market Prognosis, Sep 2012

RF pharmaceutical market dynamics



Russian market is still 10 times smaller than US, but growing rapidly



M&A vs. IPO

- Low Cost
- No dilution
- Opportunity to set a “bidding war”
- Extended payout schedules (“biobucks”) reduce IRR
- Liquidity and premium market value
- M&A flexibility
- High Cost
- Loss of control and privacy
- Reporting and performance pressures
- Restrictions

M&A vs. IPO



- \$500M acquisition
- \$53M venture capital invested
- Star team
- 20 FTEs
- 1 product
- Exit point:
 - intermediate Phase 2 data



- ~\$500M post-IPO market cap
- \$100.6M venture capital invested
- Star team
- 60 FTEs
- Product line
- Exit point:
 - Major corporate partnership
 - \$80M contract
 - Two products in Phase 1 and 2 trial

Chimerix – IP licensed from UCSD



- **Dr. Karl Hostetler – scientific founder (2001-2004)**
 - Novel chemical structure enabling broad spectrum antivirals
 - Increased safety and bioavailability

Chimerix – Move to Research Triangle



- **Dr. George Painter** – business founder (2004-2010)
 - Focus on government funding of the biodefense program
 - Capital Efficiency
 - Virtual company

Chimerix – Strategic Development



- **Kenneth Moch –**
President and CEO
(2010-present)
 - Growth
 - Strategic development
 - Exit strategy



Dr. George Painter
becomes Chairman

Chimerix – strengthening the team



Michelle Berrey, CMO



Michael Rogers, CDO

Heavyweights from Pharmasset – recent \$11 billion acquisition by Gilead Sciences

Significant Government Funding

- \$36M BARDA Grant
 - Non-dilutive funding
 - Smallpox drug development
- \$80M Government contract
 - Smallpox drug manufacturing for stockpiles
- The same drug is being developed for commercial applications (CMV)

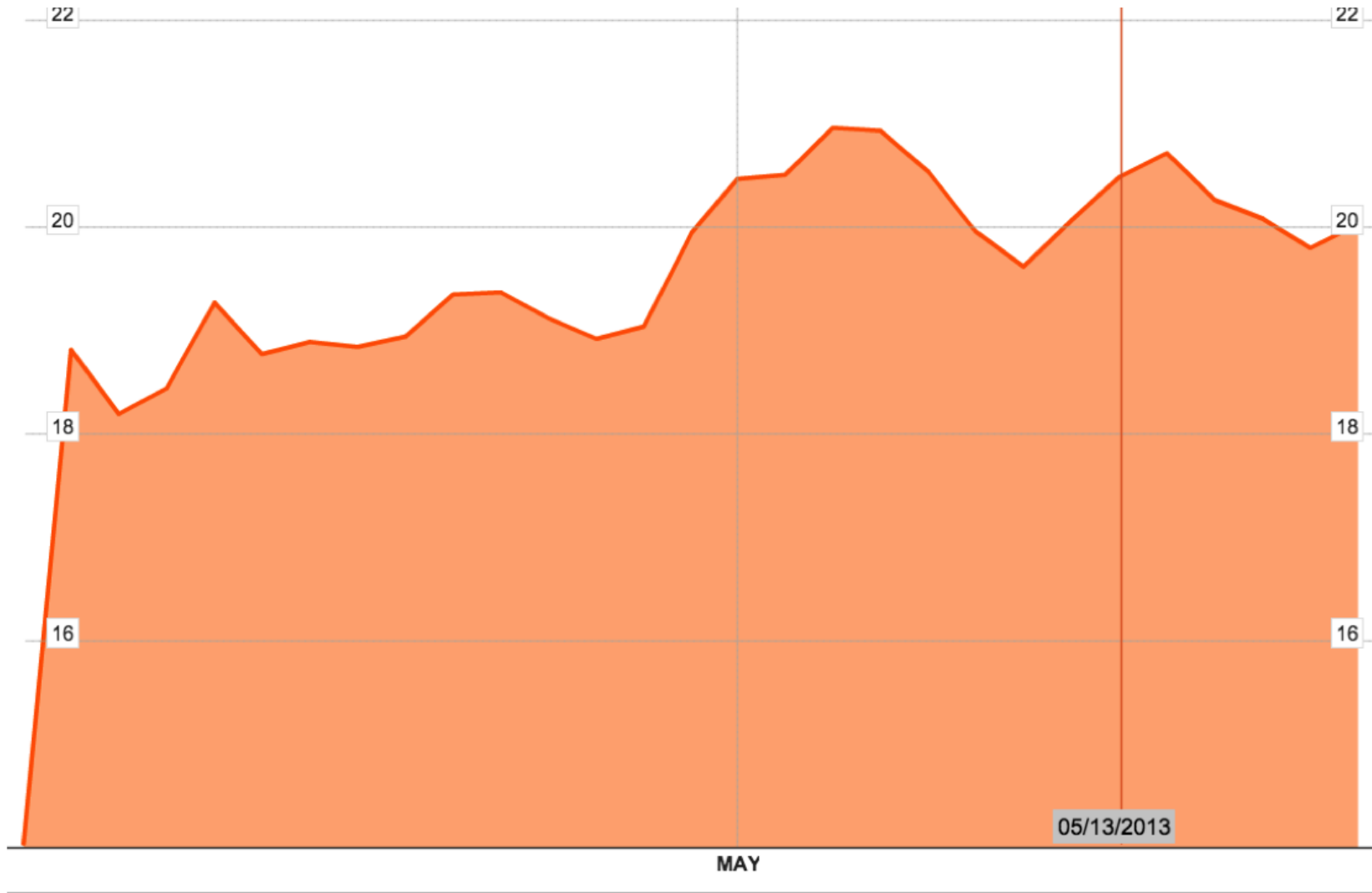
Corporate Partnership with Merck

- Exclusive worldwide license for HIV Drug (CMX157)
- \$17.5M upfront
- \$151M “biobucks”

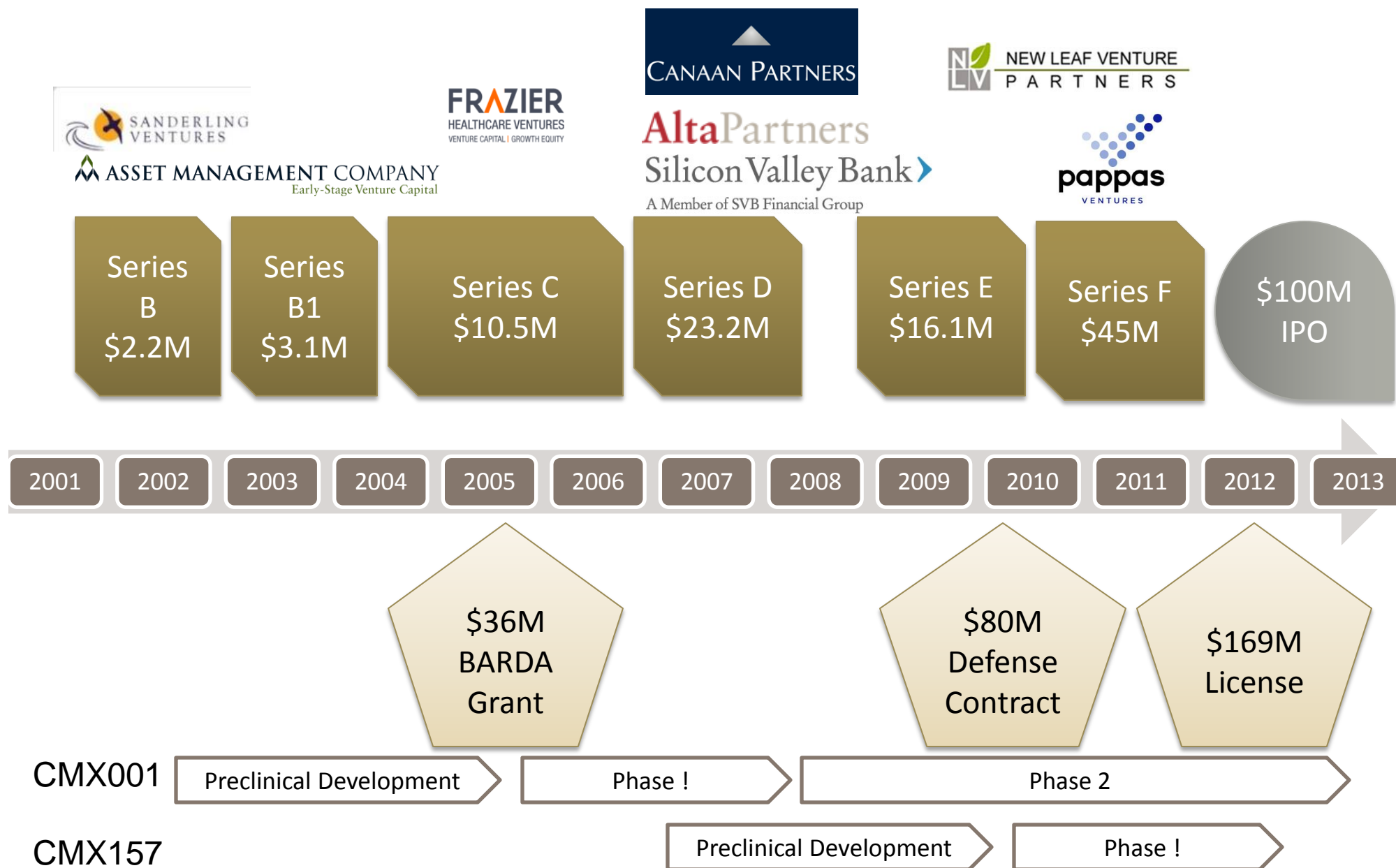
IPO

- Underwriters: Morgan Stanley and Cowen
- One month after S1 filing
- Raising \$100M (vs. \$85 projected)
- Oversubscribed
- 35% jump in the first day

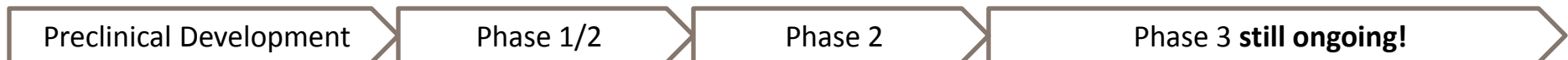
Chimerix, Inc. Stock Performance



Chimerix: Investment Timeline



BiPar Sciences: Investment Timeline



BiPar Sciences – technology spinout from UCSF



- Valeria Ossovskaya, PhD
 - Introduced the deal
 - Became associate director
- Novel PARP inhibitor out of UCSF
- First indication: triple-negative breast cancer

BiPar Sciences – star team



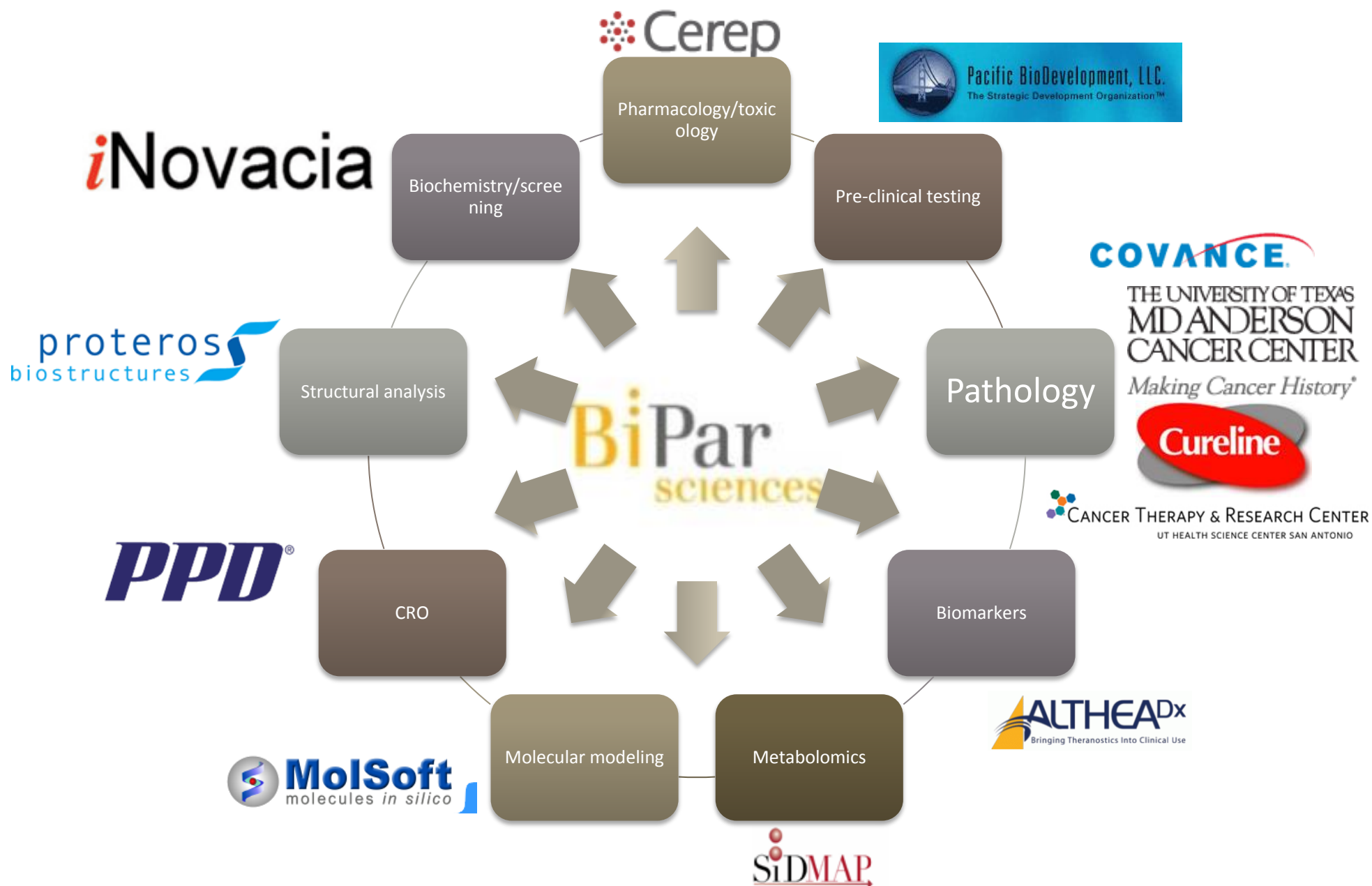
Dr. Barry Sherman
former CMO of Genentech



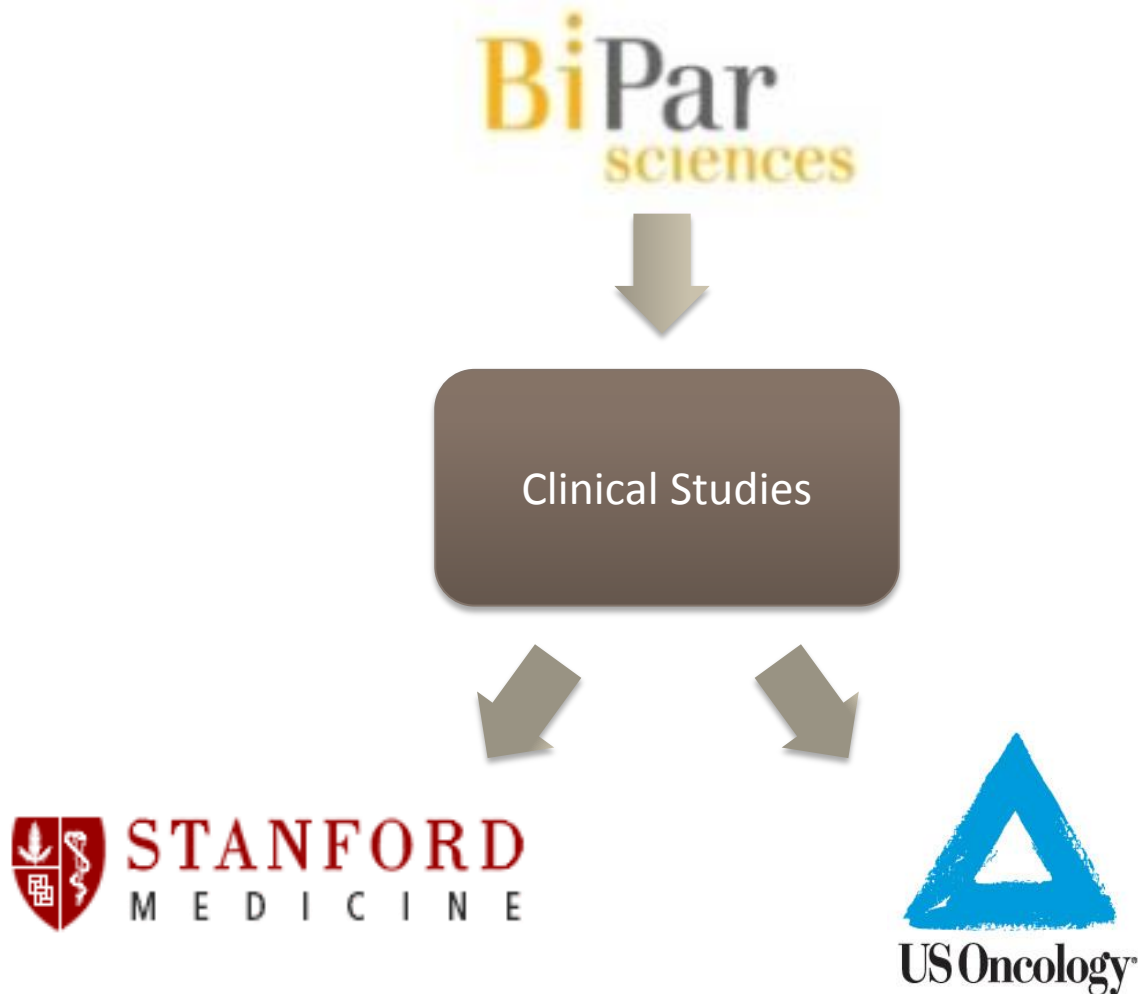
Kirk Raab
former CEO of Genentech

Heavyweights from Genentech
original developers of Herceptin (\$2B breast cancer drug)

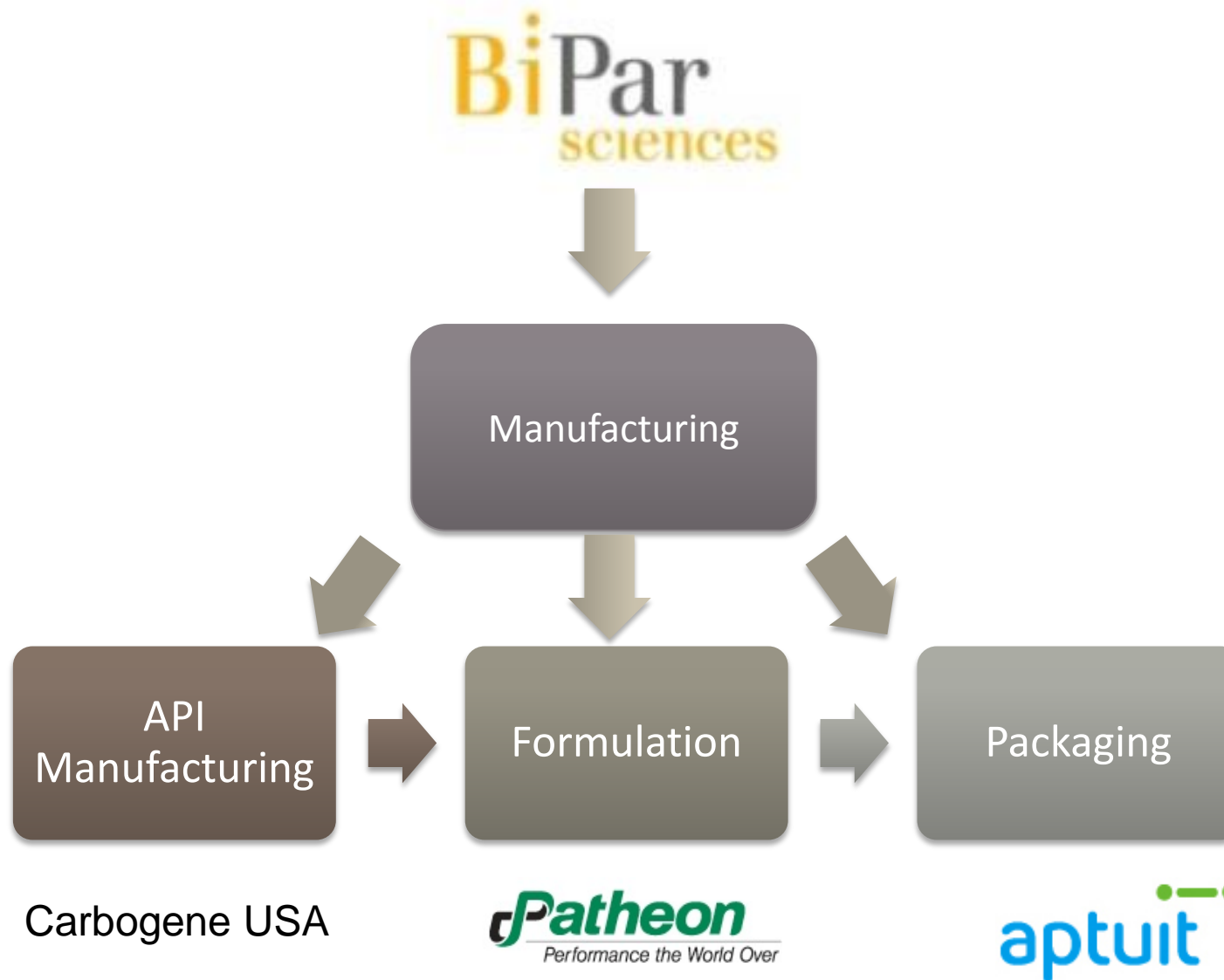
BiPar Sciences: Preclinical Program



BiPar Sciences: Clinical Program



BiPar Sciences: производство



BiPar Sciences – Strategic Development



- Dr. Hoyoung Huh, CEO and President (2008-2009)
 - Former executive at Nektar and McKinzie
 - Superior salesmen

BiPar Sciences – Strategic Development



Life Sciences VC: Success Factors

Important Problem/Compelling Need

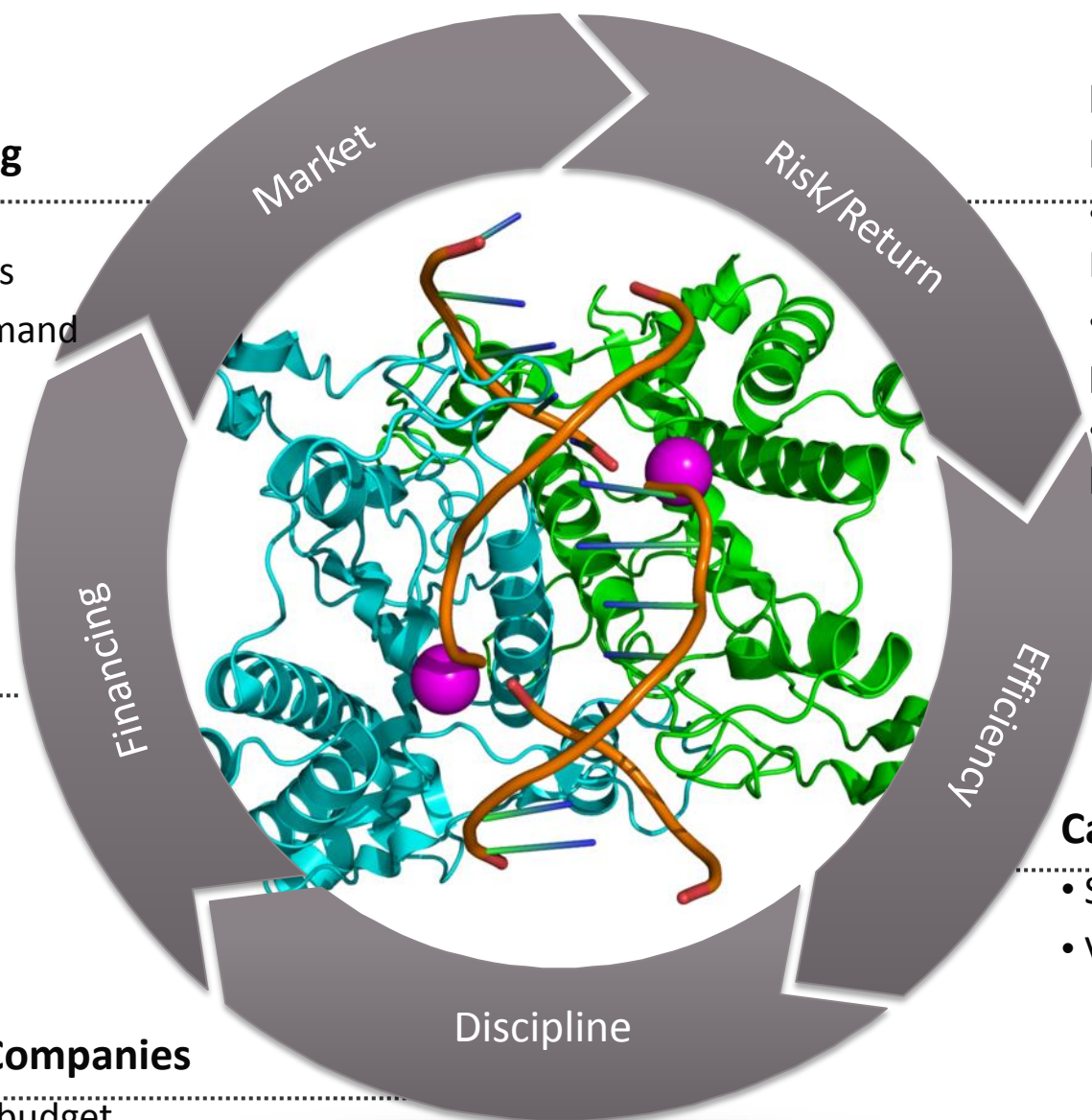
- Enabling Technologies
- Customer Driven Demand
- Easy decision making

Mitigated Financing Risk

- Strong syndicates
- Capital reserves

Building Solid Companies

- Tightly manage budget
- First-rate management team



Favorable Risk/Return Profile

- Minimized technology Risk
- Quicker development programs
- Minimized path to liquidity

Capital Efficiency

- Small financing rounds
- Value driven milestones

Why Now?



Megatrends Forcing Change