Financing the evolution of great ideas into world-changing businesses

Greg Smith, Chief Financial Officer, IP Group plc

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Agenda

1. IP Group background
2. EIB:IP Group Facility
3. Portfolio company examples

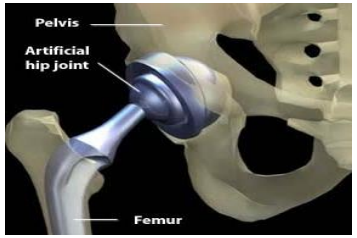
What do these all have in common?

Liquid Crystal Display

Blood Glucose Monitoring

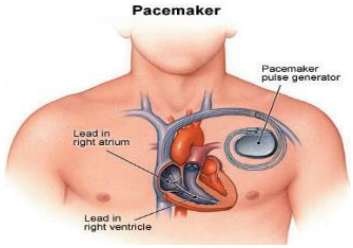
Contraceptive pill

Artificial hips

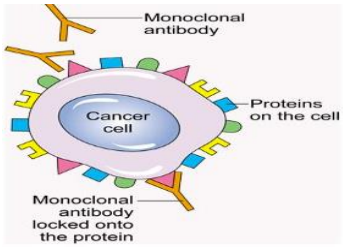


Ultrasound

Pacemaker

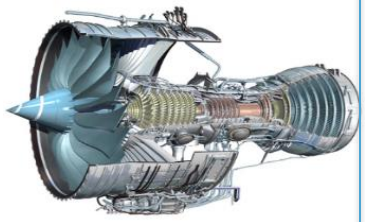


Monoclonal antibodies



Low cost satellites

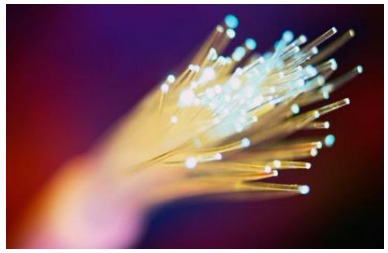
The Jet Engine



MRI scanning

Compact disc / DVD

Fibre optic cable



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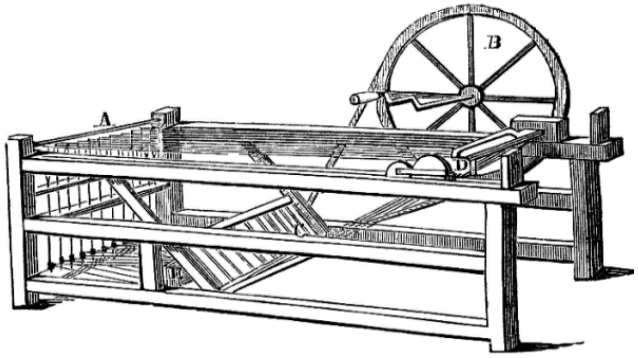
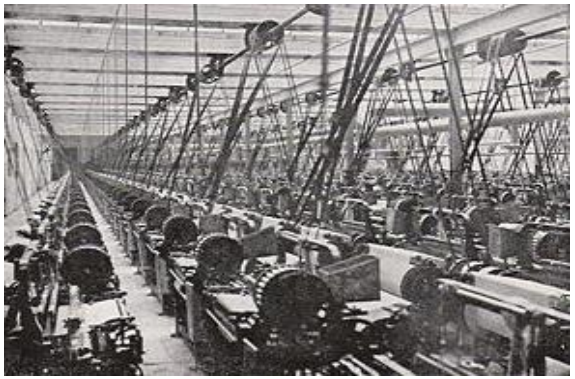
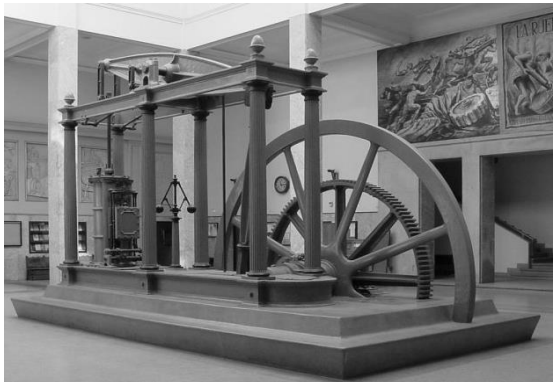
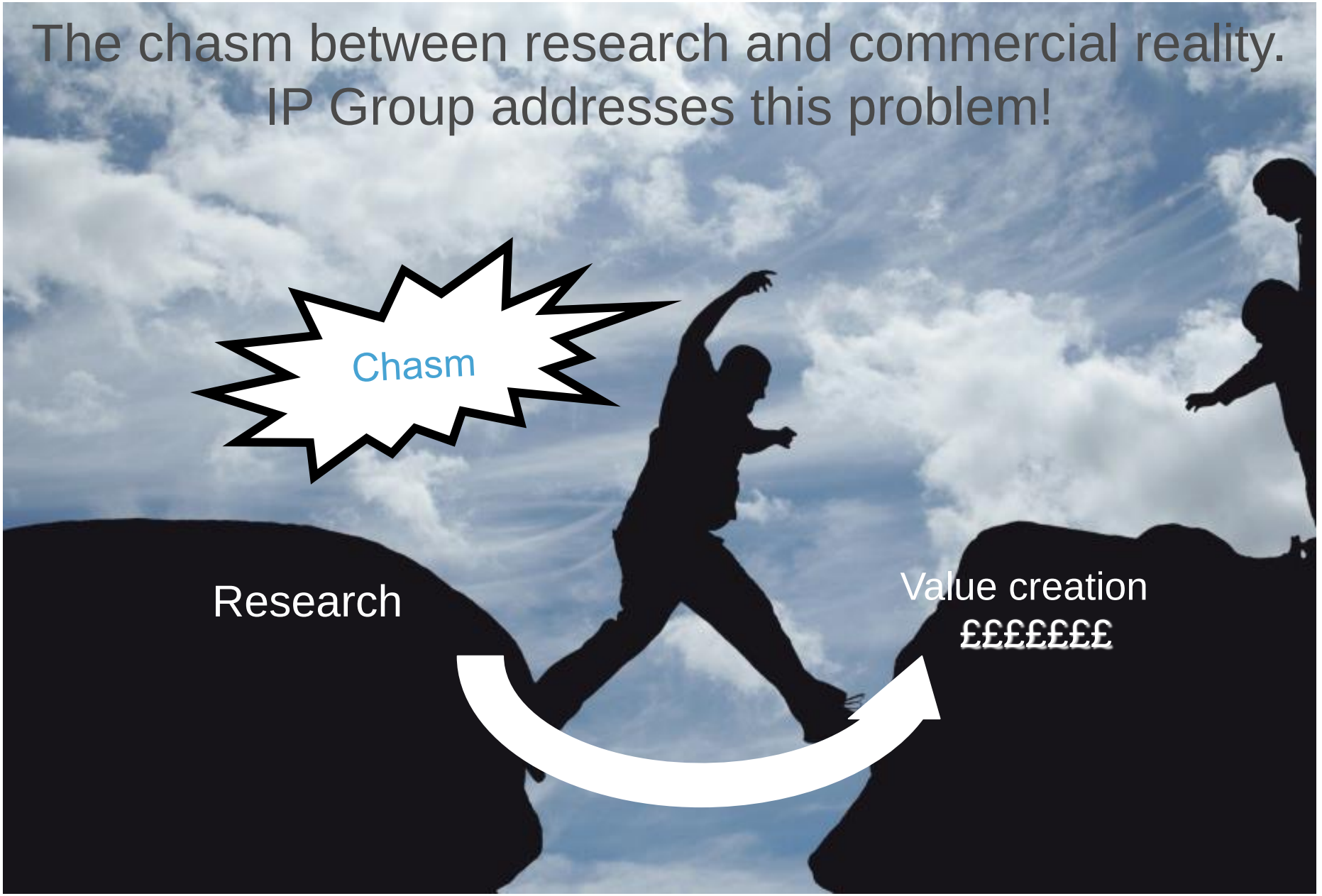
In previous generations, the UK leveraged its innovation to lead the development of new industries







The chasm between research and commercial reality. IP Group addresses this problem!



Overall objective

A Fundamental innovation

B Robust businesses

Evolving great ideas into world-changing businesses

Key differences to the ‘traditional’ venture model

Partnerships

Public vehicle (plc)

People

Patience

ipcleantech

XEROS® BEAD CLEANING

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IP Group today

Four divisions

ipbiotech iphealthcare ipcleantech iptech

Two countries

UK

US

2015

100 companies

Fair value >£550m

Provided £76m of capital to companies

Strong balance sheet with +£175m of cash

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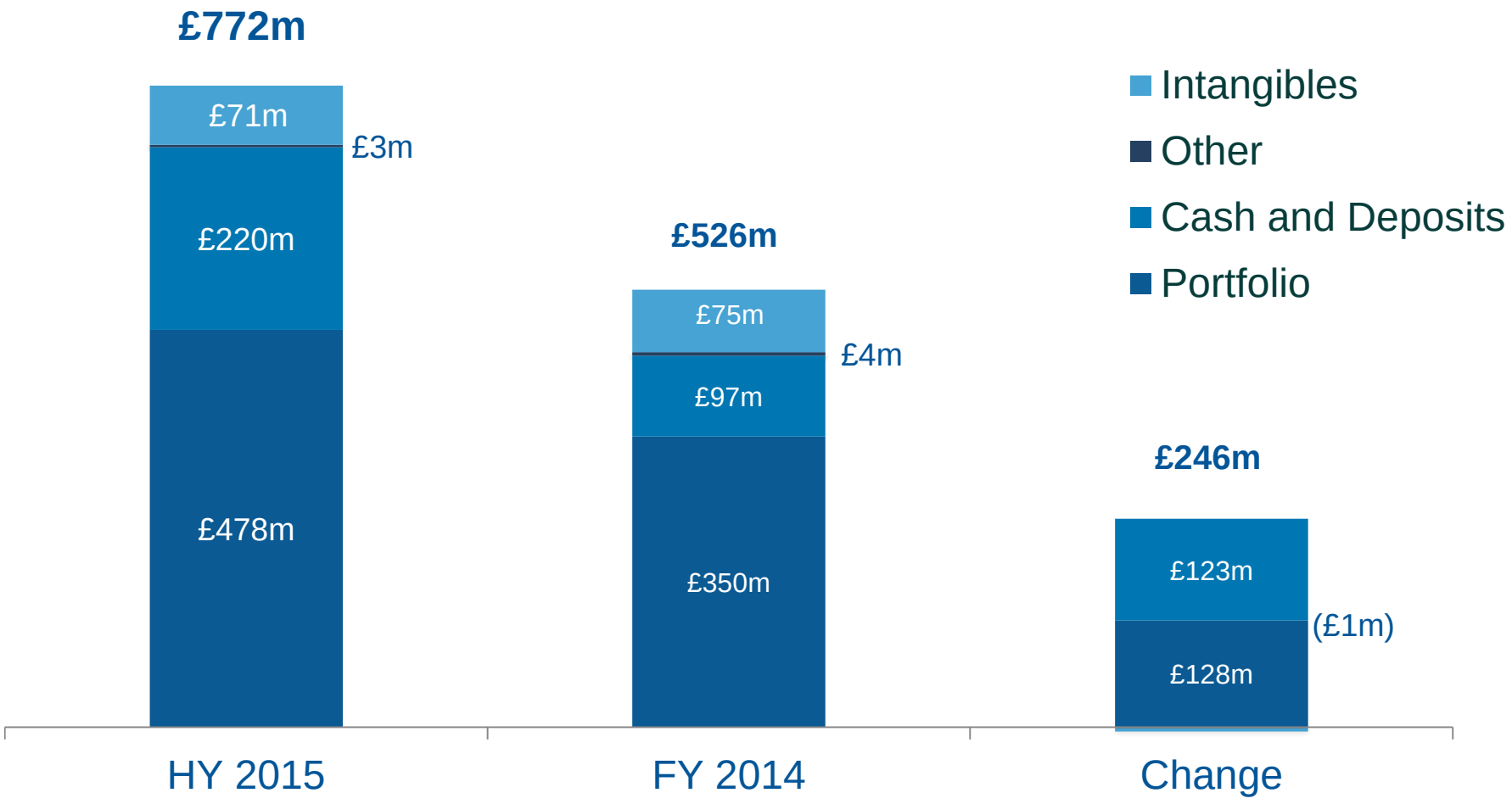
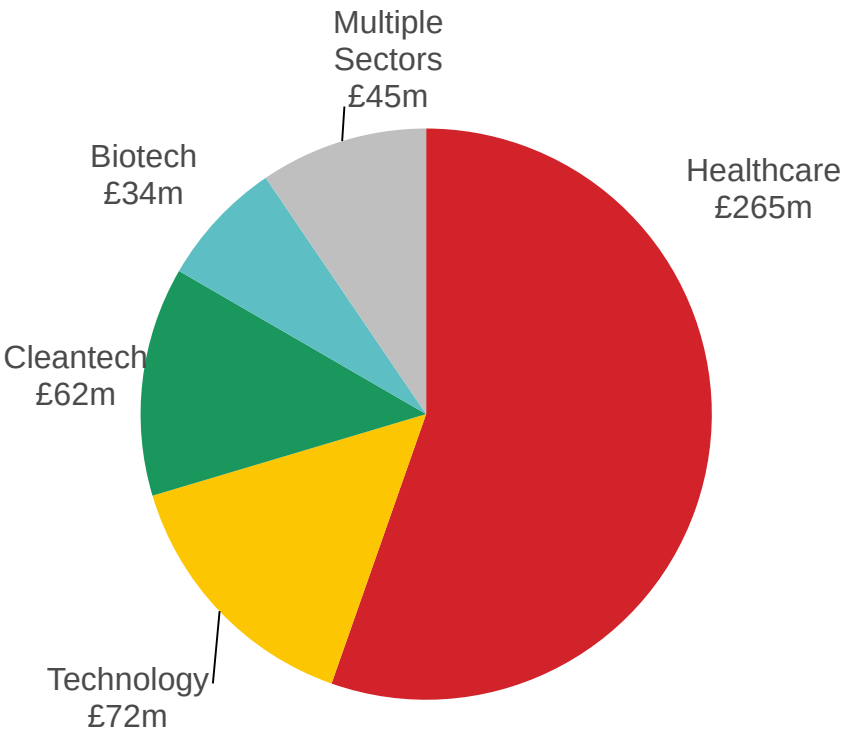
Balance sheet: 30 June 2015



Portfolio snapshot: 30 June 2015

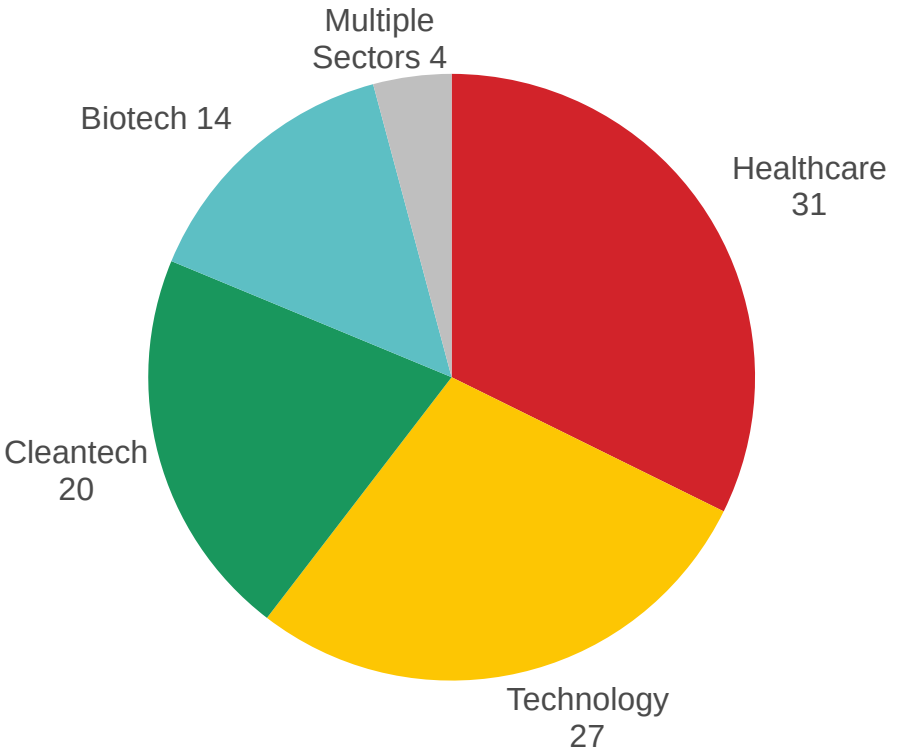
By Fair Value

100% - £478m as at 30 June 2015



By number of companies

100% - 96 companies as at 30 June 2015



EIB:IP Group Facility

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EIB:IP Group Facility

- New facility: “IP Group Innovation Investments”
- £30m facility
- Supporting up to £100m total capital into portfolio companies
- 8-year term; two £15m tranches
- 3-year repayment holiday, 5-year amortising
- 6:1 assets:loan ratio required

- Approx. 50 companies part-funded during first 18 months, receiving a total of £40m from IP Group

“IP Group has an impressive track record of enabling innovative ideas to be transformed into world-leading companies. The European Investment Bank recognises the essential need to invest in innovation across Europe and we are pleased to work with IP Group to unlock the potential of spin-out companies from UK universities to turn the latest ideas into commercial success,” Jonathan Taylor, Vice President of the European Investment Bank.

EIB:IP Group – strategically aligned

European Investment Bank

EUROPEAN INVESTMENT FUND

European Investment Bank

European Investment Bank

Patience

R&D and innovation

Jobs and SMEs

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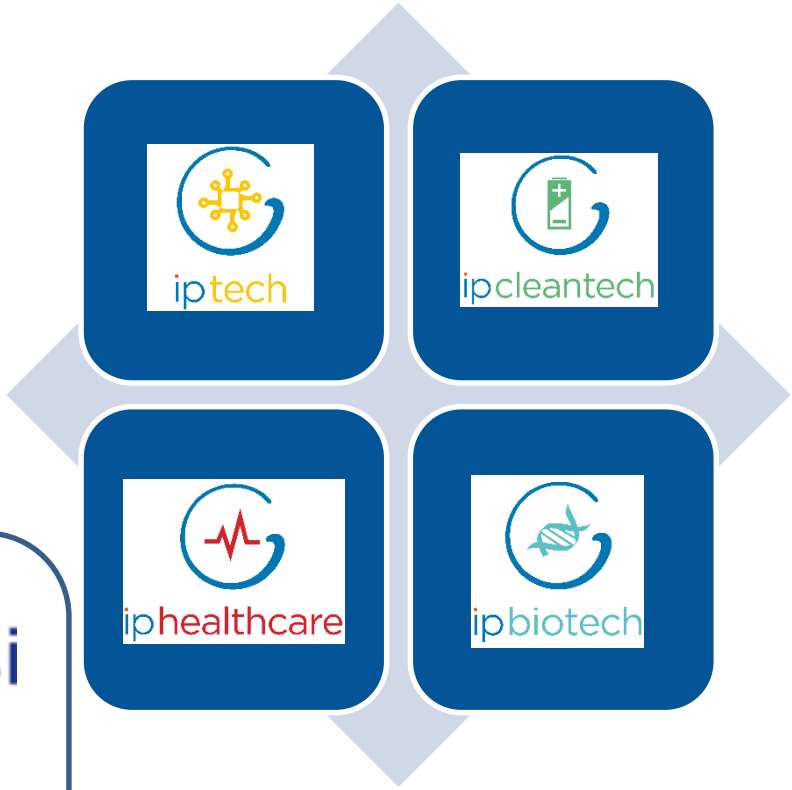
Example companies supported to date



Anacail
perpetuum
ionix ADVANCED TECHNOLOGIES
Ultrahaptics™
POLAR
surrey nanosystems

Magnomatics
Cloud Sustainability
azuri
seren Photonics Ltd
Eight19

Oxehealth
alesi surgical
OxSyBio
UBIQUIGENT™
Cronin Group Plc
GENOMICS plc

Diurnal
KARUS THERAPEUTICS
glythera

ipgroup

Case studies

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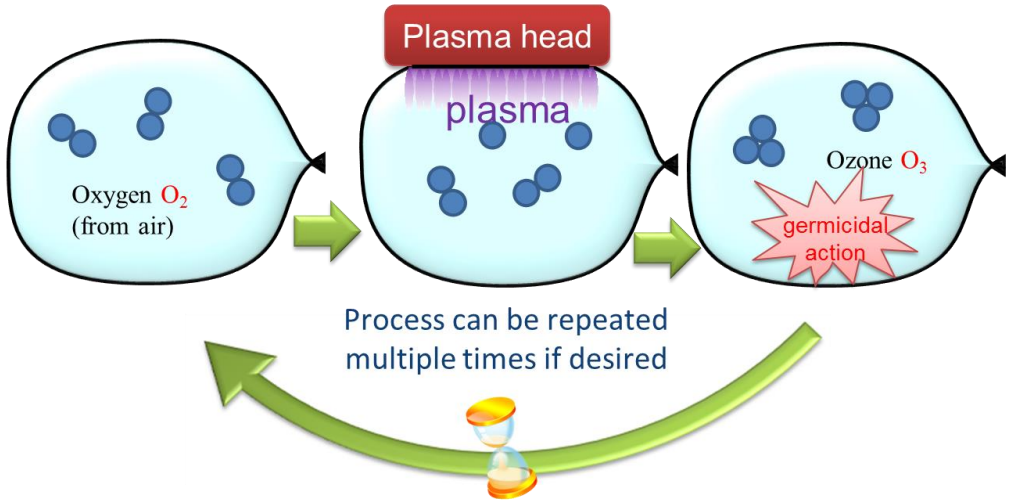
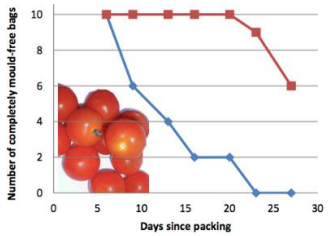
Anacail

- Spin-out from Astrophysics Department at Glasgow University
- Name means shield or preserve in Gaelic
- Creating and handling Ozone in revolutionary, safe and effective ways
- IPG has invested £1.5m to date and owns c.42% undiluted





Food safety & preservation: £300m+ opportunity*

Medical device sterilisation: $3bn+ opportunity*

*Company estimates

Ultrahaptics™

- Spin-out from Bristol University
- Research commenced in 2009, company founded in November 2013
- “Feeling without touching”
- IPG has invested £3.5m to date and owns c.34% undiluted

Predictive Infotainment Screen
Predicts which button you will press.

Mid-Air Touch
Finger tips tingle to confirm button selection.

Mind Sense
Driver concentration monitored through steering wheel sensors.

Wellness Seat
Analyses driver heart rate and respiration.

Forward Monitoring
Scans for possible hazards and gathers traffic sign data.

Haptic Pedals
Haptic pedals will warn the driver of hazards by pulsing or vibrating the accelerator pedal. Haptic pedal could also alert the driver if the vehicle detects a lack of concentration, and in conjunction with Traffic Signal Recognition (TSR), help ensure correct speed limits are observed.

SIXTH SENSE JAGUAR

TopSpeed.com

JAGUAR

LAND ROVER

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Summary

- IP Group evolves great ideas into world-changing businesses
- We have an excellent track record to date
- Long-term patient capital is a key component of the model
- The EIB:IP Group Facility extends IP Group's ability to finance and develop exciting new companies
- And help the Group achieve its aim of becoming a global leader in the emerging IP commercialisation industry

Thank you!

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