Financing the evolution of great ideas into world-changing businesses

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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
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
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
Balance sheet: 30 June 2015

<table>
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<th>HY 2015</th>
<th>FY 2014</th>
<th>Change</th>
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<tr>
<td>Intangibles</td>
<td>£478m</td>
<td>£71m</td>
<td>£3m</td>
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<tr>
<td>Other</td>
<td>£526m</td>
<td>£75m</td>
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<tr>
<td>Cash and Deposits</td>
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<td>£97m</td>
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<tr>
<td>Portfolio</td>
<td>£478m</td>
<td>£350m</td>
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Balance: £772m

Change: £246m
Portfolio snapshot: 30 June 2015

By Fair Value
100% - £478m as at 30 June 2015

- Healthcare: £265m
- Technology: £72m
- Cleantech: £62m
- Biotech: £34m
- Multiple Sectors: £45m

By number of companies
100% - 96 companies as at 30 June 2015

- Healthcare: 31 companies
- Technology: 27 companies
- Cleantech: 20 companies
- Biotech: 14 companies
- Multiple Sectors: 4 companies
EIB:IP Group Facility
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
- Managed funds
- Co-investors
- Jobs and SMEs
- Patience
- R&D and innovation
Example companies supported to date

- Anacail
- perpetuum
- ionix
- Ultrahaptics™
- POLAR
- surrey nanosystems
- Oxehealth
- alesi surgical
- OxSyBio
- Ubiquigent
- Cronin Group Plc
- GENOMICS plc
- Magnomatics
- Eight19
- seren Photonics Ltd
- Diurnal
- KARUS THERAPEUTICS
Case studies
• 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
• 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
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!