

# Raising capital for the life science sector: trends and challenges

Medicon Valley Alliance Annual Meeting 2019

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DNB Markets

# DNB is a global bank with a leading position in the Nordics



**International industry  
leadership and expertise**



**Circa 11,000 employees  
globally**

**Close to 200 years of history  
with heritage from 1822**



**One of the largest banks in the  
Nordics**



<sup>1</sup> In SEKbn as per 3 November 2019

Source: FactSet

# DNB Markets has a leading ECM franchise in Sweden and Norway

## Recent transactions

 <p><b>NOK 243m</b> NORDIC NANOVECTOR Private Placement Joint Bookrunner 2019</p>	 <p><b>SEK 727m</b> oncopeptides Private Placement Joint Bookrunner 2019</p>	 <p><b>NOK 370m</b> ultimovacs IPO Joint Global Coordinator 2019</p>	 <p><b>NOK 65m</b> zelluna Private Placement Financial Adviser 2019</p>
 <p><b>NOK 74m</b> targovax Private Placement Joint Bookrunner 2019</p>	 <p><b>NOK 222m</b> NORDIC NANOVECTOR Private Placement Joint Bookrunner 2019</p>	 <p><b>SEK 546m</b> oncopeptides Private Placement Financial Adviser 2019</p>	 <p><b>SEK 160m</b> vicore pharma Private Placement Joint Bookrunner 2019</p>
 <p><b>SEK 508m</b> Recipharm Private Placement Joint Bookrunner 2018</p>	 <p><b>SEK 7.1bn</b> ALEXION WILSON THERAPEUTICS Advisor to Alexion on acquisition of Wilson Financial Adviser 2018</p>	 <p><b>SEK 314m</b> oncopeptides Private Placement Joint Bookrunner 2018</p>	 <p><b>SEK 805m</b> BIOARCTIC IPO Joint Bookrunner 2017</p>

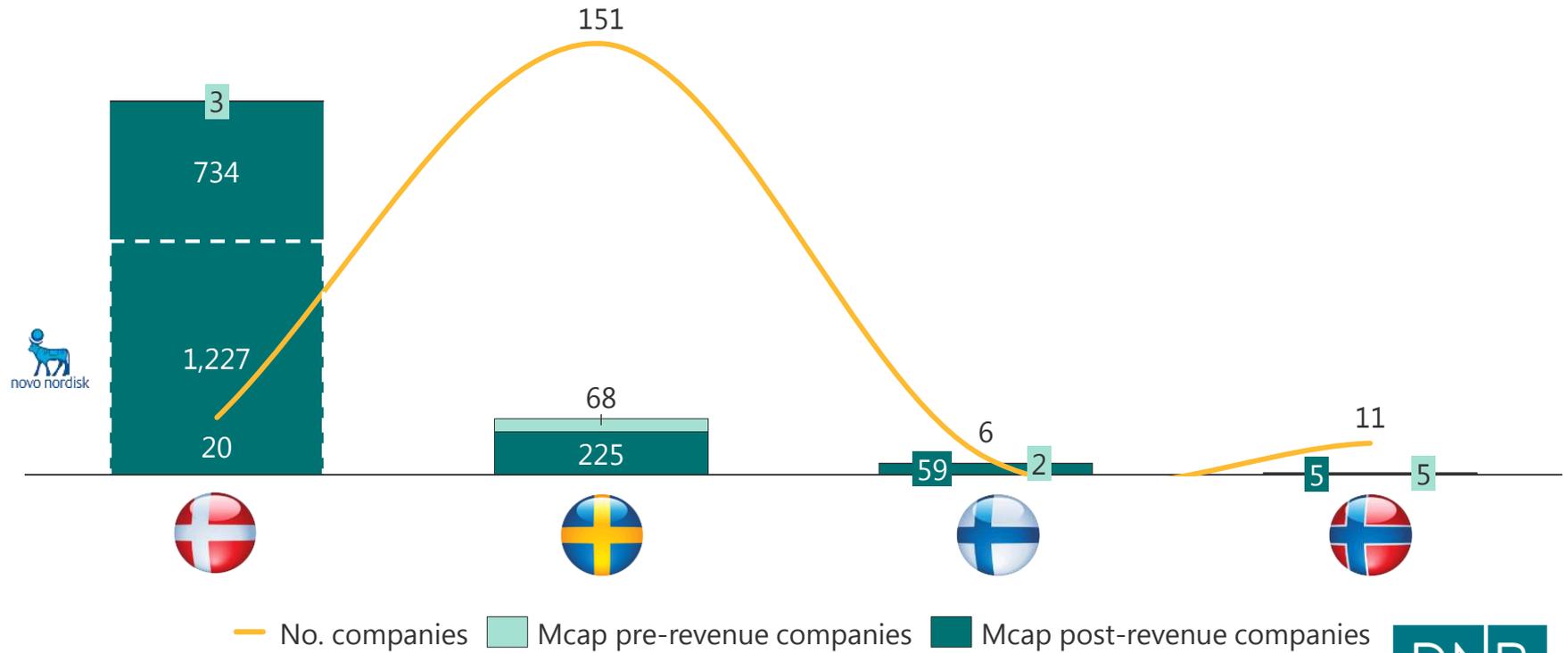
## No 1 ECM advisor across Norway and Sweden in 2018

	Total ECM volume (EURm) <sup>1</sup>	Issues
<b>DNB</b>	<b>2 662</b>	<b>36</b>
Carnegie	2 541	39
Pareto	2 212	31
SEB	2 165	19
ABG	2 031	32
Citi	1 912	5
Arctic	1 823	26
Nordea	1 644	14
Morgan Stanley	1 435	4
Danske Bank	1 177	14

<sup>1</sup> Norway and Sweden  
Source: Dealogic

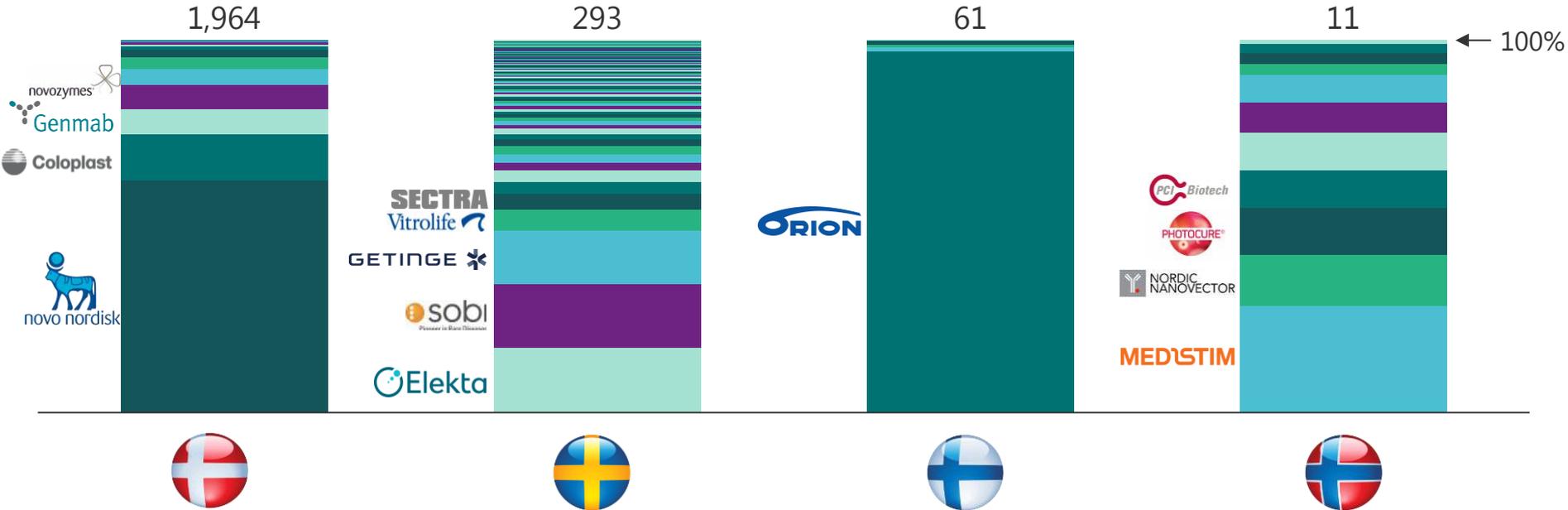
# Nordic equity market value concentrated to Denmark with pre-revenue life science equity value mainly in Sweden

Market capitalisation per country (SEKbn), number of listed companies



# Degree of equity market value concentration varies significantly across the Nordics with the greatest diversity in Sweden

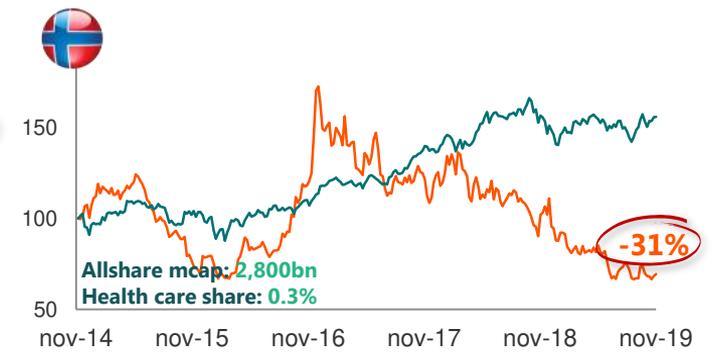
Market value per country split on constituent companies (SEKbn)



# The Healthcare sector L5Y has generally outperformed the broader Nordic market

Healthcare sector return compared to allshare return across Nordics (%)

■ Allshare health care index per geography  
■ Allshare index per geography

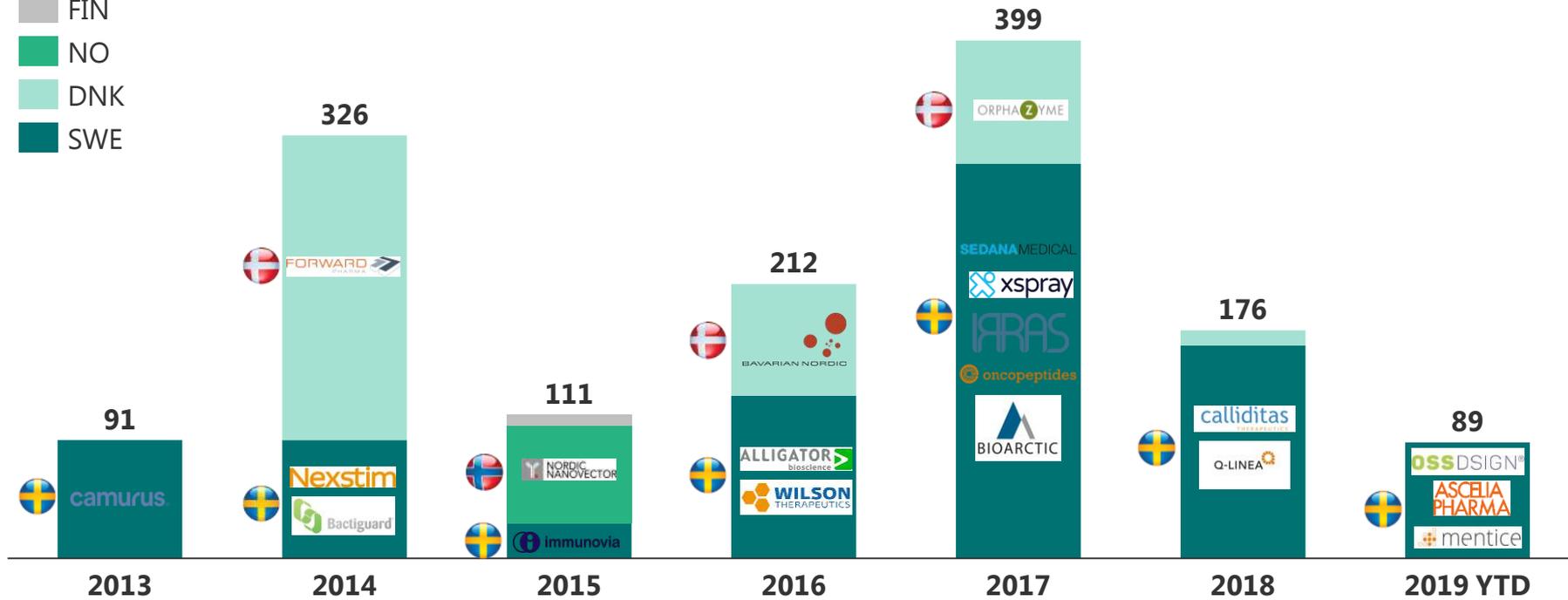
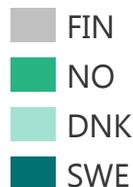


## Top performers L5Y

		2,686%
	CELLAVISION	780%
	Biotage	746%
	REVENIO	470%
	Genmab	451%

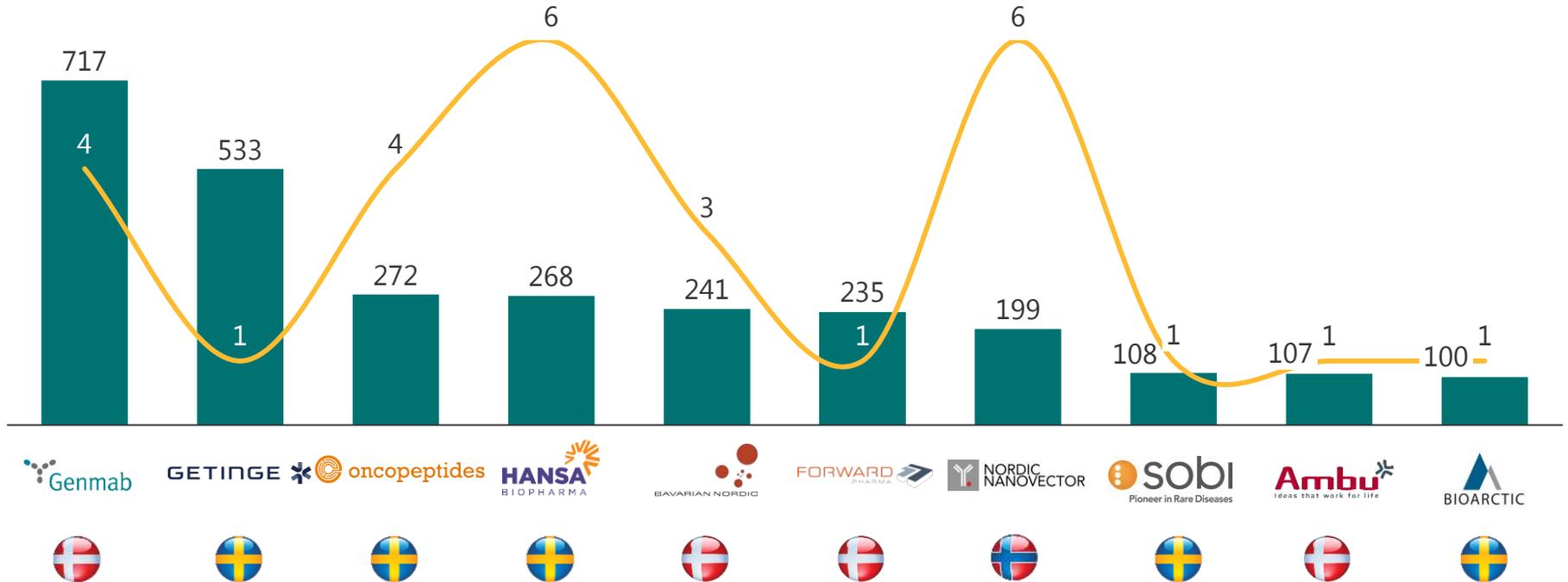
# The Life Science IPO market window has been open since 2013 across the Nordics

IPO capital raised (USDm)



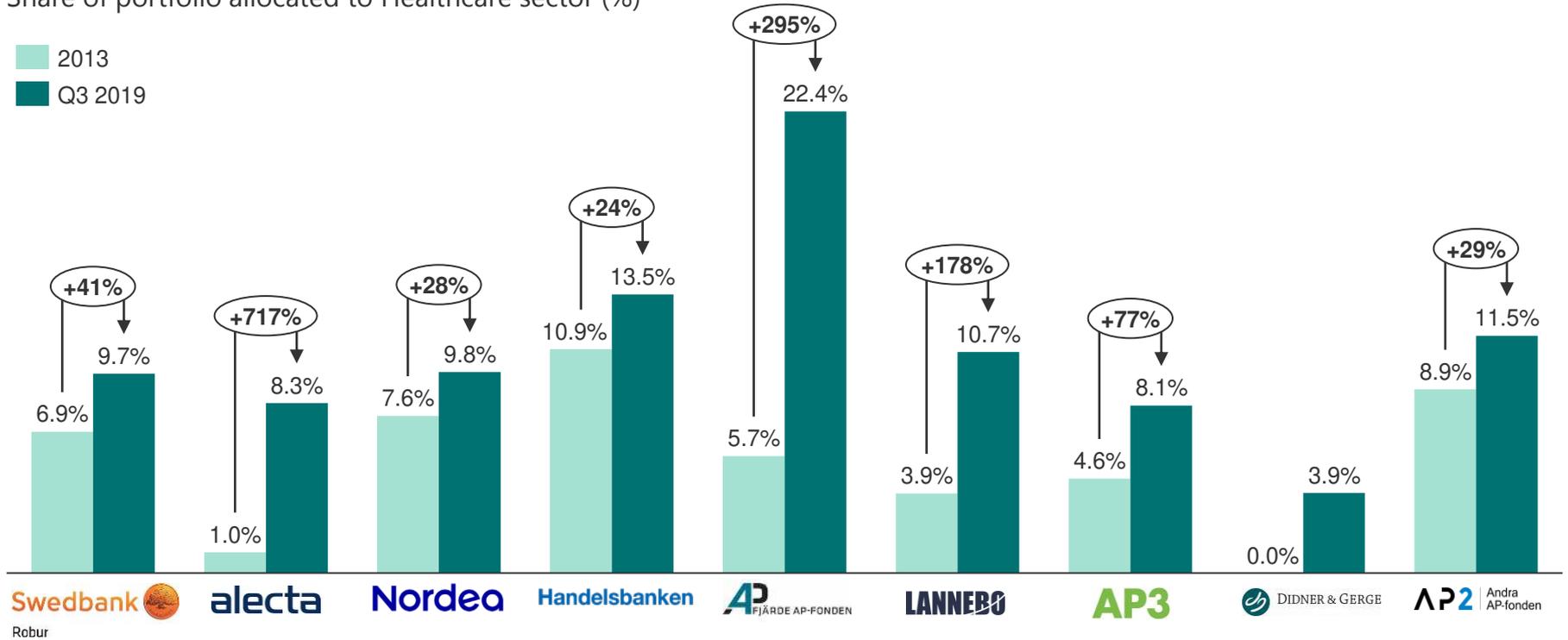
# Top-10 equity issuers in the Nordic life science market since 2013

Capital raised (USDm), number of issues



# Institutional investors' share of portfolio allocated to Healthcare equities has on average increased with 3x since 2013

Share of portfolio allocated to Healthcare sector (%)



# Designing the optimal life science IPO – what do investors want?

1	<i>Is it a promising product with significant commercial potential?</i>	✓	<i>First-in-class product in a potential USDbn market</i> <i>Orphan indications generally a plus</i>
2	<i>Does the Company have enough data?</i>	✓	<i>- Strong safety data</i> <i>- Phase II data recommended</i>
3	<i>Does the Company have a clear understanding of its regulatory pathway?</i>	✓	<i>Clear development plan</i>
4	<i>Is the capital need aligned with value inflection points and sizeable enough to attract both domestic and international investors?</i>	✓	<i>Multiple upcoming data points in short to medium term</i>
5	<i>Is Management able to execute on the proposed strategy?</i>	✓	<i>Highly competent team with strong backing</i>
6	<i>Does the Company have specialist and/or supportive owners?</i>	✓	<i>Specialist investors / VCs</i>
7	<i>News flow post listing – need to avoid “radio silence” first 6-12 months in the listed environment</i>	✓	<i>Value driving data triggers post IPO</i>
8	<i>Make sure that you secure strong equity research which can help investors to make informed investment decisions and support the company in the listed environment</i>	✓	<i>Only work with top ranked advisors</i>

# Equity research analysts are a critical tool for institutional investors to price life science assets

2016  
June

- IPO on Nasdaq Stockholm

2017  
April

- 2017 EASL conference<sup>2</sup>, detailed data presented. Sell-side research takes note of strong data
- **The WTX share jumps +30% upon the publication of Patrik's updated report (having not reacted before the research note publication)**

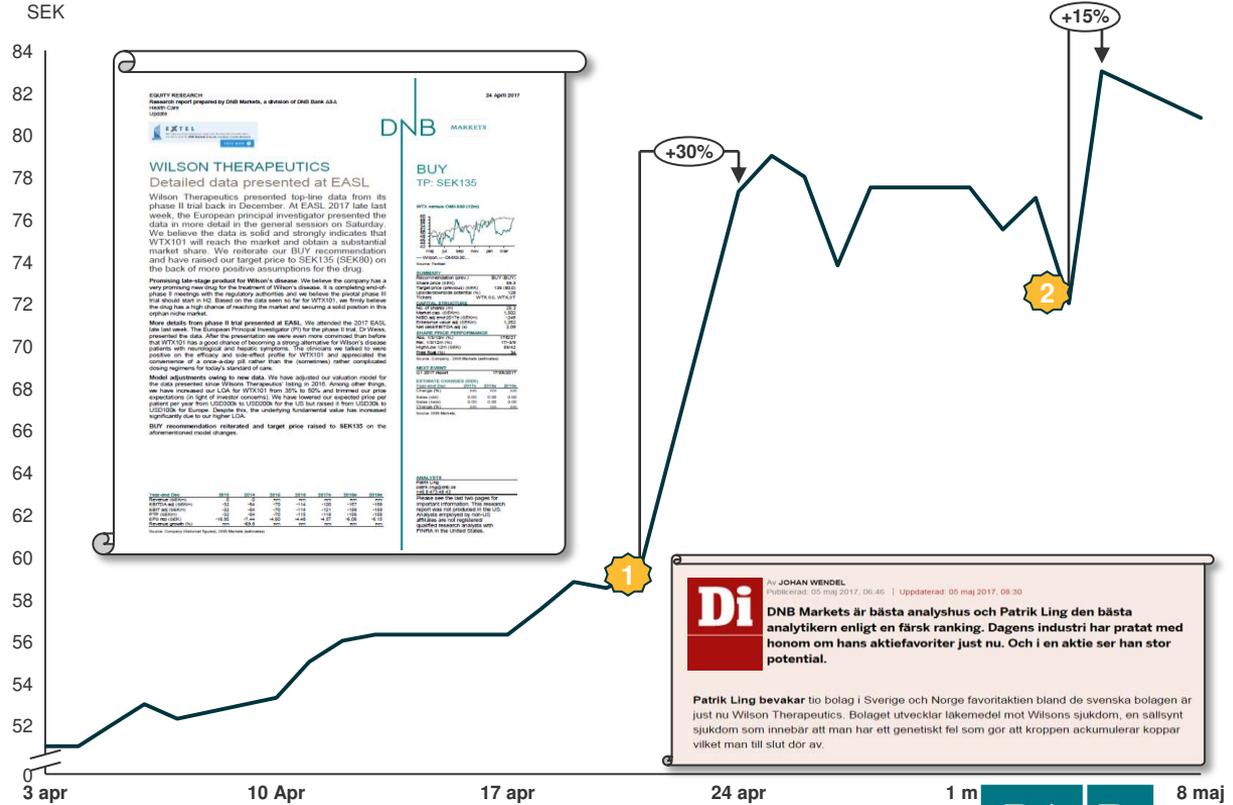
2017  
May

- Patrik is ranked "Top Stock Picker" in the Nordics by Starmine. In an interview with *Dagens Industri*, he points to Wilson Therapeutics as a favourite stock
- **The WTX share price appreciates +15% and closes at a new all-time high of SEK 83 upon publication of the news article**

2018  
Apr

- **Alexion acquires Wilson Therapeutics by the way of public offer**
- 70% premium to last close
- 373% premium to IPO price

## Wilson Therapeutics' Share Price Development



EQUITY RESEARCH  
Research Report prepared by DNB Markets, a division of DNB Bank ASA.

4 JUL 2017

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BUY  
TP: SEK135

WILSON THERAPEUTICS  
Detailed data presented at EASL

Wilson Therapeutics presented top-line data from its phase II trial back in December. At EASL 2017 late last week, the European principal investigator presented the data in more detail in the general session on Saturday. We believe the data is solid and strongly indicates that WTX101 will reach the market and obtain a substantial market share. We reiterate our BUY recommendation and have raised our target price to SEK135 (SEK80) on the back of more positive assumptions for the drug.

Promising late-stage product for Wilson's disease. We believe the company has a very promising new drug for the treatment of Wilson's disease. In a compelling medical-justification meeting with regulatory authorities, the principal investigator should start in H2. Based on the data seen so far for WTX101, we fully believe the drug has a high chance of reaching the market and securing a solid position in the orphan-drug market.

More details from phase II trial presented at EASL. We attended the 2017 EASL late last week. The European Principal Investigator (PI) for the phase II trial, Dr. Thörn, presented the data. After the presentation we were very much convinced that before the WTX101 trial a good chance of receiving a strong alternative for Wilson's disease patients with neurological and hepatic symptoms. The clinicians we talked to were positive on the efficacy and tolerability profile for WTX101 and appreciated the convenience of a once-a-day pill rather than the (sometimes) rather complicated dosing regimens for today's standard of care.

Model adjustments owing to new data. We have adjusted our valuation model for the data presented from Wilson Therapeutics during its 2017. Among other things, we have increased the CL for WTX101 from 20% to 30% and lowered our price expectations (on light of investor concerns). We have lowered our expected price per patient per year from USD20k to USD20k. The new US net revenue from USD20k to USD10k for Europe. Despite this, the underlying fundamental value has increased significantly due to our higher CL.

BUY recommendation reiterated and target price raised to SEK135 on the aforementioned model changes.

WILSON THERAPEUTICS	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue (M USD)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA (M USD)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (M USD)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income (M USD)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS (USD)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV (M USD)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV/Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV/EBIT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV/Net Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV/Share	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Av JOHAN WENDEL  
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DNB Markets är bästa analyshus och Patrik Ling den bästa analytikern enligt en färsk ranking. Dagens industri har pratat med honom om hans aktiefavoriter just nu. Och i en aktie ser han stor potential.

Patrik Ling bevakar tio bolag i Sverige och Norge favoritaktien bland de svenska bolagen är just nu Wilson Therapeutics. Bolaget utvecklar läkemedel mot Wilsons sjukdom, en sällsynt sjukdom som innebär att man har ett genetiskt fel som gör att kroppen ackumulerar koppar vilket man till slut dör av.

# Thank you for your attention!

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