

The Second Decade of Crop Biotechnology: Private Investments in Biotechnology



**Washington, DC
January 16, 2008**

Jorg Riesmeier, General Partner

Background on LSP

- **20 years of life sciences investing in Europe**
- **Invested in 46 companies and realized 23 IPO's / trade sales**
- **Eight Partners with finance, science and industry experience**
- **Expanded into the US in 2006**
- **Prime position in Europe and the US**
- **Top quartile returns with realized multiple > 3.5x**
- **Raised \$ 500 million from top tier investors in Europe and USA**

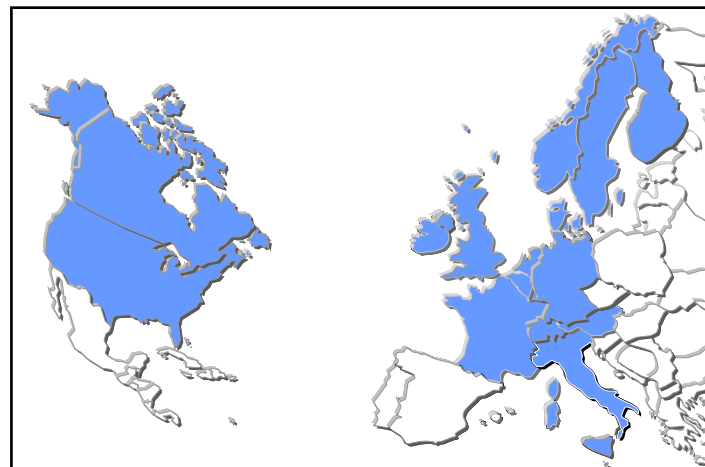
LSP's Reach

➤ US Office

- Located in Boston since 2006
- Invest along the agricultural based value chain
- Large US VC network
- A Value adding investor with deep domain expertise
- Lead-investor and Hands-on

➤ European Offices

- LifeSciences investors with 17+ yrs experience
- Invest in early to late stage therapeutics and medical devices
- Offices in Amsterdam and Munich
- Top-five position in Europe,
- Lead investor and hands-on approach



LSP BIOVENTURES INC.

The BioVentures Strategy: Invest along the agricultural based value chain



Environment &
Crop Solutions



BioEnergy



Biomaterials



Food & Nutrition



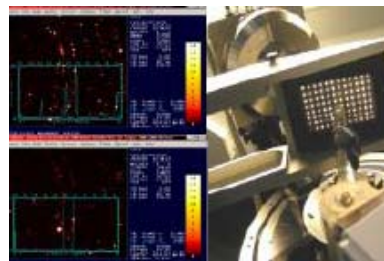
Health & Wellness

Seed / Farm

Processing

Consumer

Platform Technologies



LSP BIOVENTURES INC.

LSP
Life Sciences Partners

AgBioTech: Historical Perspective

➤ 1980's/1990's

- Crop protection companies buy seed companies and technology start-ups at high valuations
- New genomics, bioinformatics companies will usher new era
- Forecast growth from more crops, geographic expansion
- Output traits will lead next generation

➤ 1999 - 2007

- Consolidation of crop protection industry (12 => 6)
- Plant biotech divisions in turmoil after consolidation
- Further consolidation through R&D alliances between Monsanto/BASF and Syngenta/Pioneer
- Public perception problems for GMO in Europe continues
- No real progress on output traits

Investor Perspective

- Few VC's know plant biotech space; even fewer are committed to invest in the space
- Early collaborations and license deals generate early cash-flow, but restrict the exit potential
- Time to exit tests the patience of VC's
- Few exit opportunities
 - IPO markets are not in favour of plant biotech companies
 - Limited number of potential M&A partners
 - Reactive acquisitions not necessary strategic
 - Auction situations are rare
 - Data points not trends (Verdia, Crop Design)
 - Timing is everything

Current Trends - Entrepreneurial Companies

- Still need a viable business model
 - Finance gap from discovery to royalties
 - R&D alliances are important but don't guarantee financial security

- Some AgBio companies re-inventing themselves as biofuels / clean tech plays
 - Yield, nitrogen utilization become a biofuels/global warming traits
 - Opens up new strategic alliance options (e.g. BP)
 - VC money easy to raise; Much higher valuations
 - Still need a sustainable business model

Upcoming Innovations?

- Incremental yield improvements
 - New / better disease and weed control
 - Drought resistance
 - Nutrient efficiency
 - and others

- Output traits
 - Biomaterials
 - Nutritional quality
 - Industrial raw materials

- BioEnergy

BioEnergy: A Bubble or the Future for Crop Biotech

- In short-term the status of corn-to-ethanol and R&D timelines are not aligned.
- Cellulosic ethanol may open mid-term opportunities.
- BioMaterials could be the winner
- Biomass improvements will be key



Thank You

Jorg Riesmeier (jriesmeier@lspvc.com)