



# Building global leaders in healthcare

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# Building global leaders in healthcare

A listed FTSE 250 healthcare company



## Differentiated model – Found. Build. Fund.

- Syncona is focused on founding, building and funding companies in innovative areas of science and is an established leader in cell and gene therapy
- We build our businesses to be stand-alone significant marketed product companies
- We are a conviction scale investor – building a portfolio of 15 - 20 companies with strategic ownership positions
- Our model allows us to take a strategic approach to building our portfolio – demonstrated by our cutting edge gene and cell therapy platforms, which have leading manufacturing capabilities and deep pipelines
- Since 2012, we have deployed £365.9m into Life Science, generating a return of 2.5x or 60% IRR\*
- In March 2019, we announced that the first Syncona-founded company, Nightstar had reached an agreement to be acquired by Biogen for \$877m; representing a 4.5x return and a 72% IRR
- A strategic capital pool is central to our model and uniquely enables us to create globally competitive companies

# Our model

Founding and building companies around exceptional science which can deliver transformational treatments



8

8 out of 10 current portfolio companies founded by Syncona

6

Companies where we have held operational roles, including 5 as CEO

17

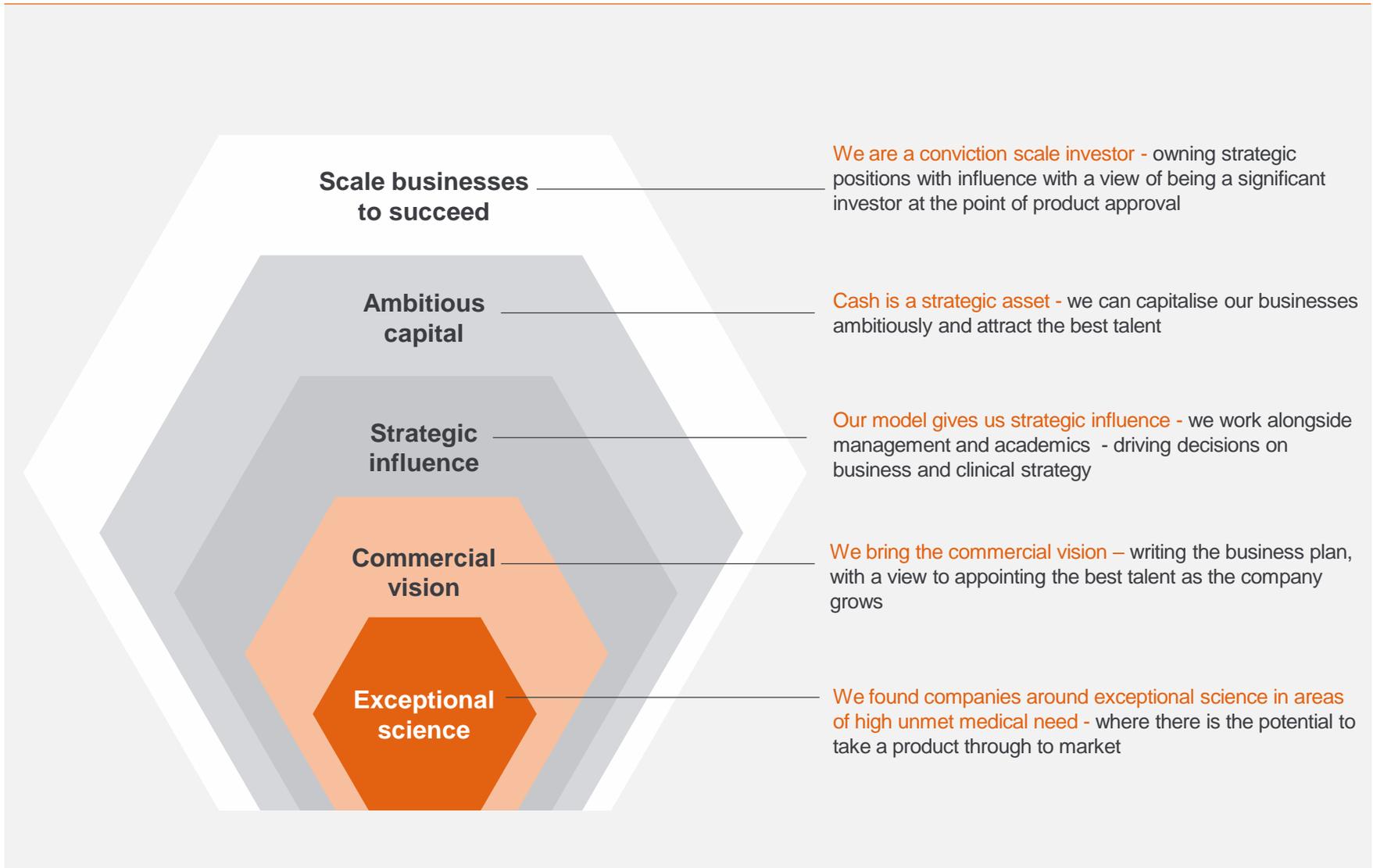
Board seats including 8 as chair

12

12 strong life sciences team, including 8 PhDs and significant commercial expertise

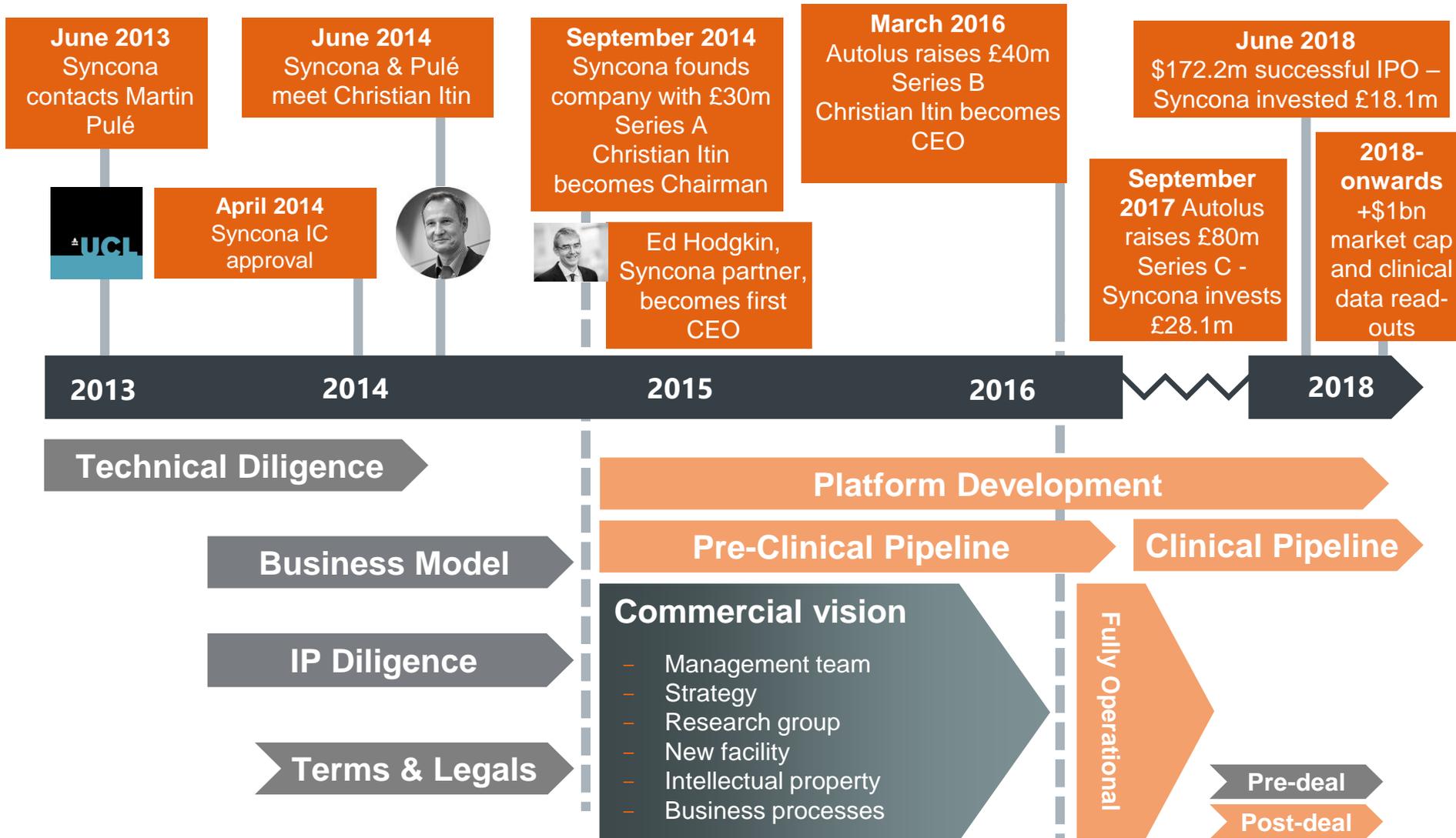
# Found. Build. Fund.

Our model gives us the strategic influence and ability to scale successful businesses quickly



# Founding, Building and Funding Autolus

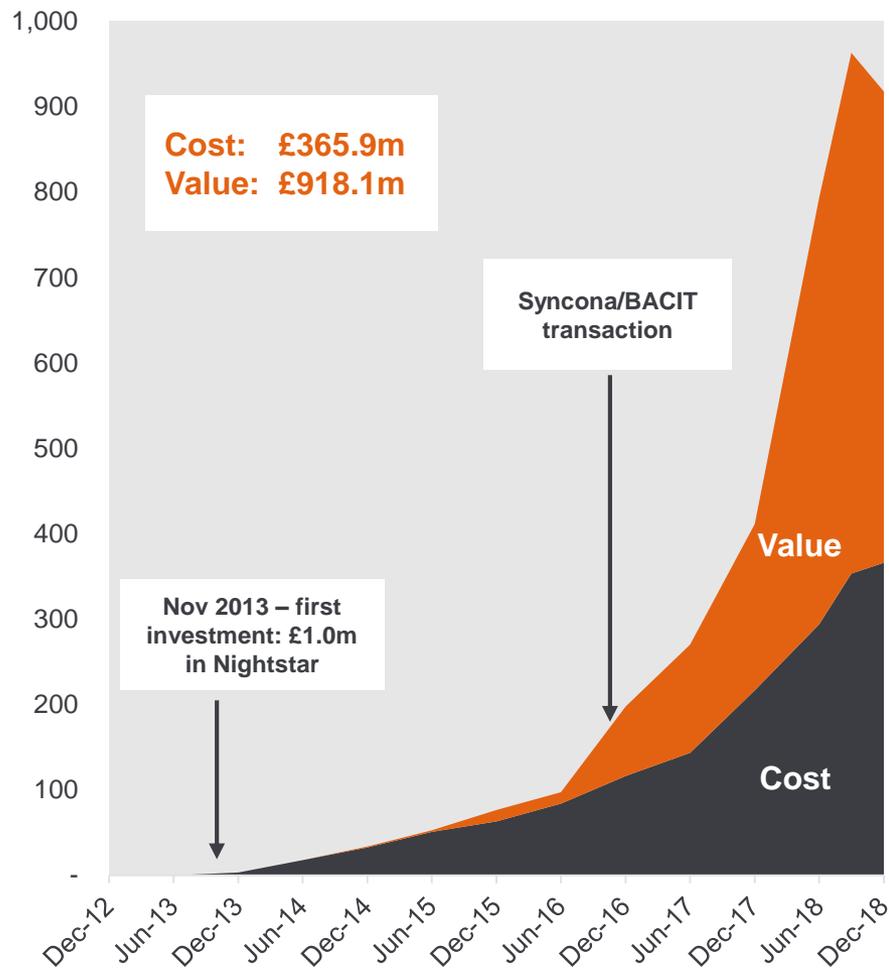
Origination, commercial vision, and operation



# Our approach has generated significant value



Turning a scientific asset into a financial one



As at 31 December 2018

Company	Cost <sup>1</sup>	Value	Multiple	IRR
<b>Established</b>				
Blue Earth	£35.3m	£240.4m <sup>2</sup>	6.8x	83%
<b>Maturing</b>				
Nightstar	£56.4m	£119.2m	2.1x	42%
Autolus	£76.2m	£349.8m	4.6x	95%
Freeline	£93.5m	£93.5m	1.0x	-
<b>Sub-total</b>	<b>£261.4m</b>	<b>£802.9m</b>	<b>3.1x</b>	<b>69%</b>
<b>Developing</b>				
Gyroscope	£15.0m	£15.0m	1.0x	-
Orbit	£8.4m	£9.4m	1.1x	16%
Achilles	£16.2m	£16.2m	1.0x	-
SwanBio	£4.9m	£5.4m	1.1x	13%
OMass	£3.5m	£3.5m	1.0x	-
<b>Investments</b>				
Unrealised investments	£44.1m	£48.1m	1.1x	3%
Realised investments <sup>3</sup>	£12.4m	£17.6m	1.4x	27%
<b>Total</b>	<b>£365.9m</b>	<b>£918.1m</b>	<b>2.5x</b>	<b>60%</b>

- In March, Nightstar reached agreement to be acquired by Biogen for \$877m
- £255m return of cash on completion, 4.5x cost and 72% IRR
- In February, £21.4m commitment to Anaveon, a new immuno-oncology company

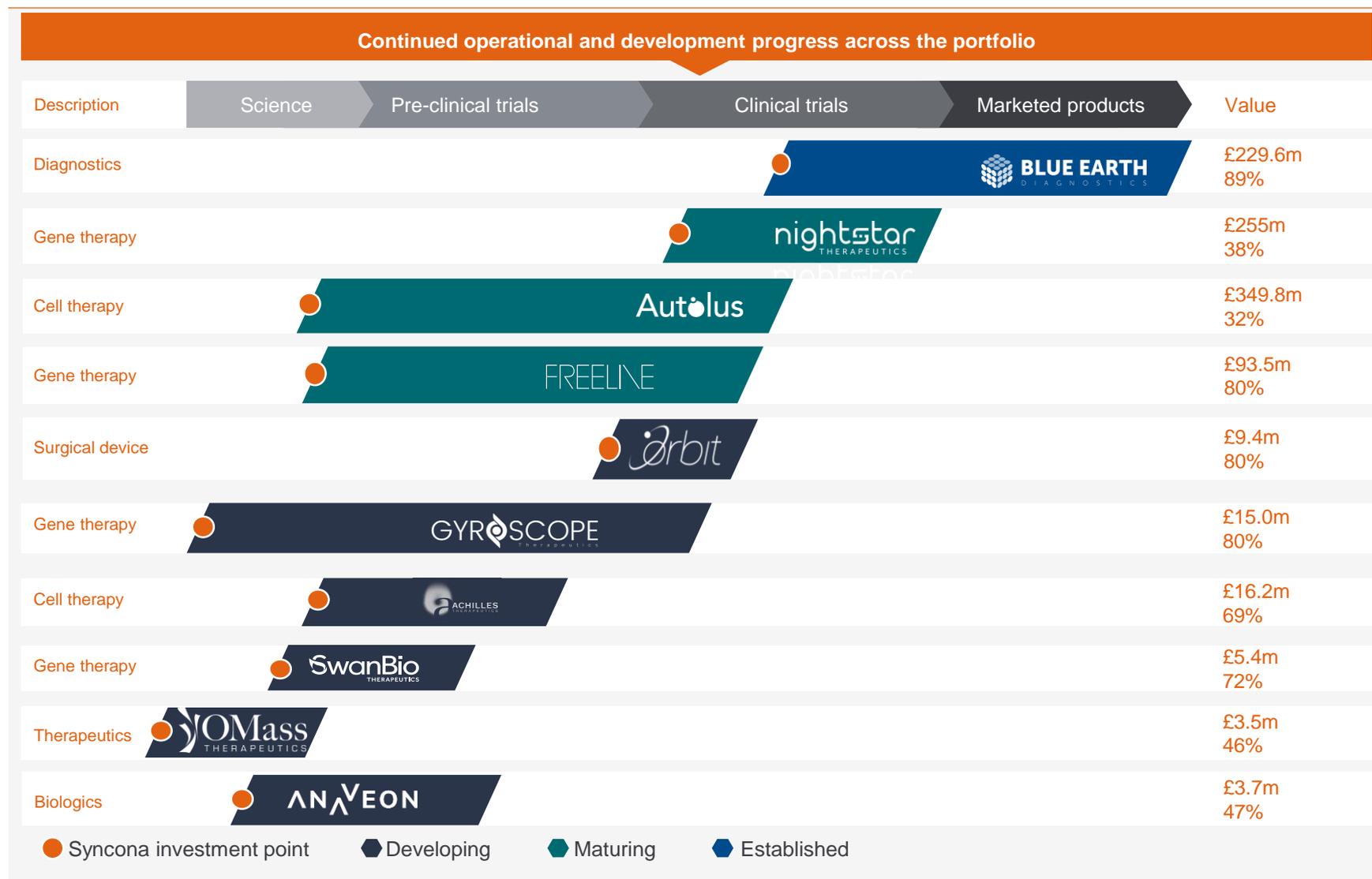
<sup>1</sup> Syncona Partners original cost

<sup>2</sup> Includes £10.8m return of capital to Syncona Ltd in December 2018

<sup>3</sup> 14MG and Endocyte

# With strong progress in portfolio companies

Companies in specialist and innovative areas of healthcare across the development cycle



# Managed by a team with deep scientific and commercial expertise



A life sciences team with a track record of creating value in the life science sector



## Martin Murphy, CEO

- Co-founded Syncona with The Wellcome Trust in 2012
- *Syncona companies: Blue Earth, Autolus, Achilles, OMASS*
- MVM Life Science Partners and 3i Group
- McKinsey & Company
- PhD Biochemistry, University of Cambridge



## Chris Hollowood, CIO

- Joined Syncona at foundation in 2012
- *Syncona companies: architect of gene therapy strategy: Nightstar, Freeline, Gyroscope, Swan and Orbit*
- Apposite Capital and Bioscience Managers
- PhD Organic Chemistry, University of Cambridge



## John Bradshaw, CFO

- Joined Syncona at its foundation in 2012
- Chartered accountant (ICAEW) with Arthur Andersen
- Extensive life science sector experience



## Edward Hodgkin, Partner

- Joined Syncona in 2013
- *Syncona companies: First CEO of Autolus, Chair of Omass, Syncona Collaborations*
- CEO of Biotica Technology
- DPhil Chemistry, University of Oxford



## Elisa Petris, Partner

- Joined Syncona in 2013
- *Syncona companies: Blue Earth and Achilles*
- Dyens, healthcare
- L.E.K. Consulting
- PhD Molecular Biology, Imperial College



## Dominic Schmidt, Partner

- Joined Syncona in 2014
- *Syncona companies: Gyroscope and Orbit*
- L.E.K. Consulting
- PhD Oncology, University of Cambridge



## Magda Jonikas, Partner

- Joined Syncona in 2016
- *Syncona companies: OMass*
- McKinsey & Co, pharmaceuticals
- PhD Bioengineering, Stanford University
- Postdoctoral fellow, Harvard Medical School.



## Alex Hamilton, Partner

- Joined Syncona in 2017
- *Syncona companies: Swanbio*
- Jefferies Healthcare Investment Banking
- PhD Immunology, University of Cambridge



## Freddie Dear, Partner

- Joined Syncona in 2018;
- *Syncona companies; Syncona Collaborations*
- Wellcome Trust
- Biochemistry, University of Edinburgh



## Michael Kyriakides, Partner

- Joined Syncona in 2018
- *Syncona companies: Nightstar, Gyroscope and Orbit*
- L.E.K. Consulting
- NMR Manager at Imperial College
- PhD Toxicology, Imperial College



## Alice Renard, Partner

- Joined Syncona in 2018
- Barclays Healthcare Corporate Finance and M&A
- Masters in International Health Policy and Health Economics, LSE



## Hitesh Thakrar, Partner

- Joined Syncona in 2016
- Strong investment track record
- Portfolio manager Abu Dhabi Investment Authority
- MBA, Cranfield
- BSc Chemistry, KCL



# Market Opportunity

Martin Murphy, CEO

# Changing healthcare landscape

A move from population based treatments to patient specific treatments

Central to Syncona's investment thesis is the shift from population based to patient specific treatments

This shift enables small companies to fund products to market

## *Powered by patient characterisation technology*



- DNA sequencing
- Imaging
- Mass Spectrometry
- Big Data / AI

## *Drugs being approved on a patient specific basis*



- Oncology now
- Broader opportunity set tomorrow
- Facilitated the creation of third wave therapies; gene and cell therapy

## *Outcomes and implications*



- Larger efficacy signals
- Shorter development cycles / priority review
- True innovation will be reimbursed
- Targeted markets (era of the small company)

# An inflection point for Third Wave therapies

Syncona has established a leadership position in a new wave of technologies

## “First Wave”

1950s

Small Molecule drugs, market dominated by large pharmaceutical companies.

## “Second Wave”

1990s

Large Molecule (antibody therapies and enzyme replacement therapies).

## The “Third Wave”

Today

Advanced Biologics and genetic medicines in areas such as gene therapy, cell therapy and DNA sequencing.

10,000

Number of monogenetic disorders, less than 100 with treatments today<sup>1</sup>

*“The promise is very much becoming a reality. These recent product approvals represent just the tip of the iceberg.”*

*Scott Gottlieb  
Commissioner, FDA*

First three ‘Third Wave’ therapies approved in the US in 2017

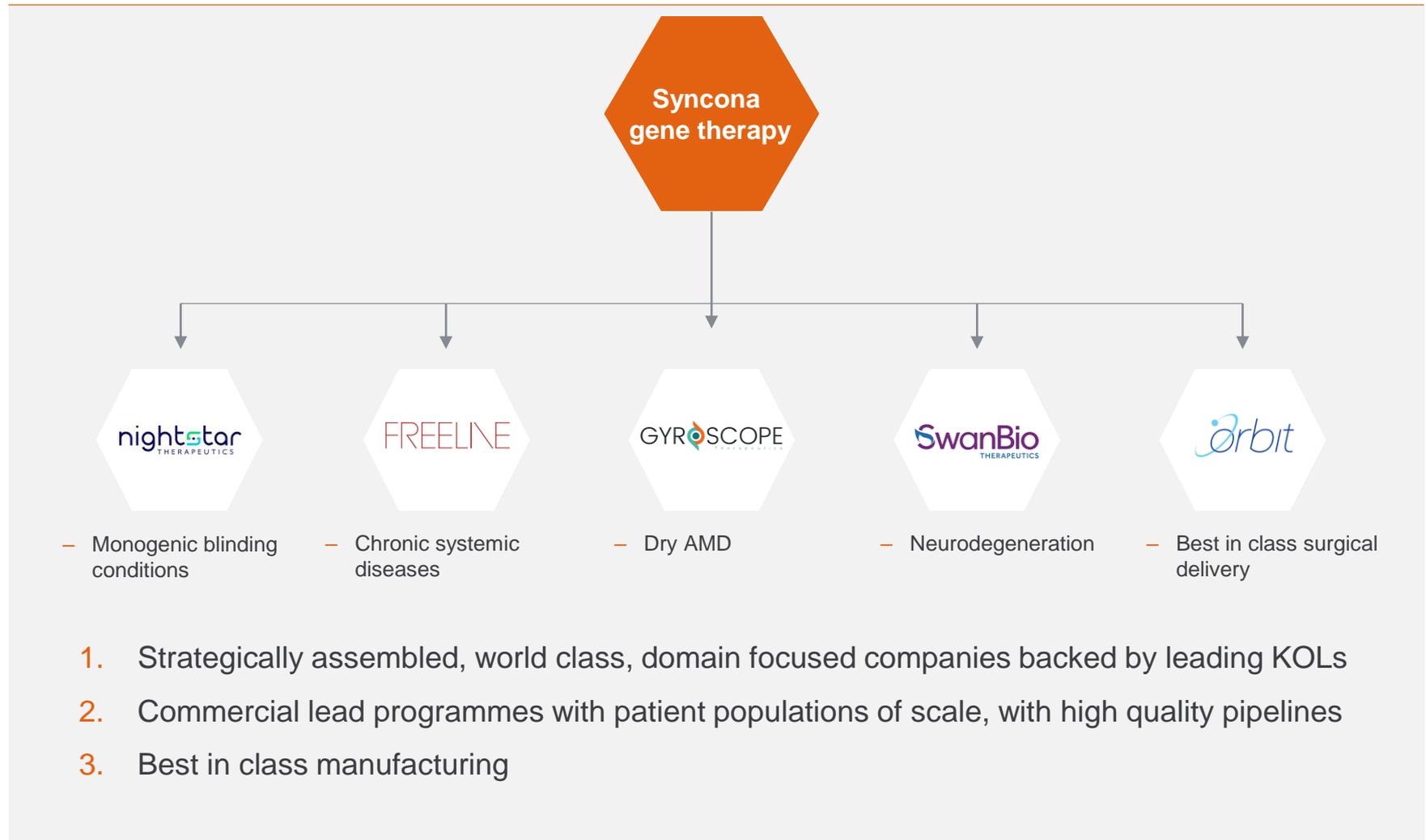
3

Top 10 Drugs <sup>2</sup>	2006	2016	2026
Small Molecules	8	2	?
Second wave	2	8	?
Third wave	0	0	?

<sup>1</sup>Source: World Health Organisation; <sup>2</sup>Source: Syncona analysis

# A global leader in gene therapy

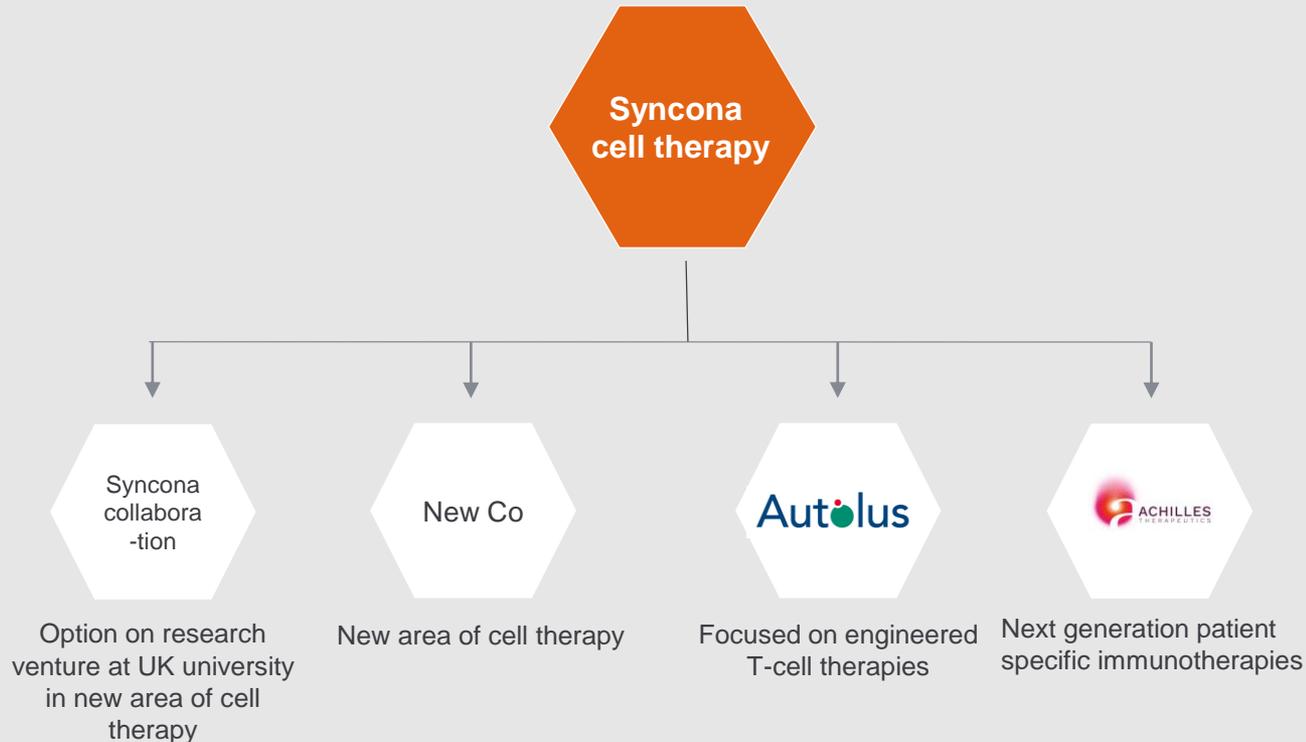
One of the largest and highest quality gene therapy platforms globally covering the key tissue compartments



**World leading platform for patients; vision to break out of rare disease**

# A leading position in the cell therapy revolution

Early mover advantage with deep expertise; significant future opportunity in engineered cells



1. Leadership position in the space with six clinical programmes and high quality pre-clinical pipelines
2. Manufacturing platforms established at company foundation – set up to deliver at commercial scale

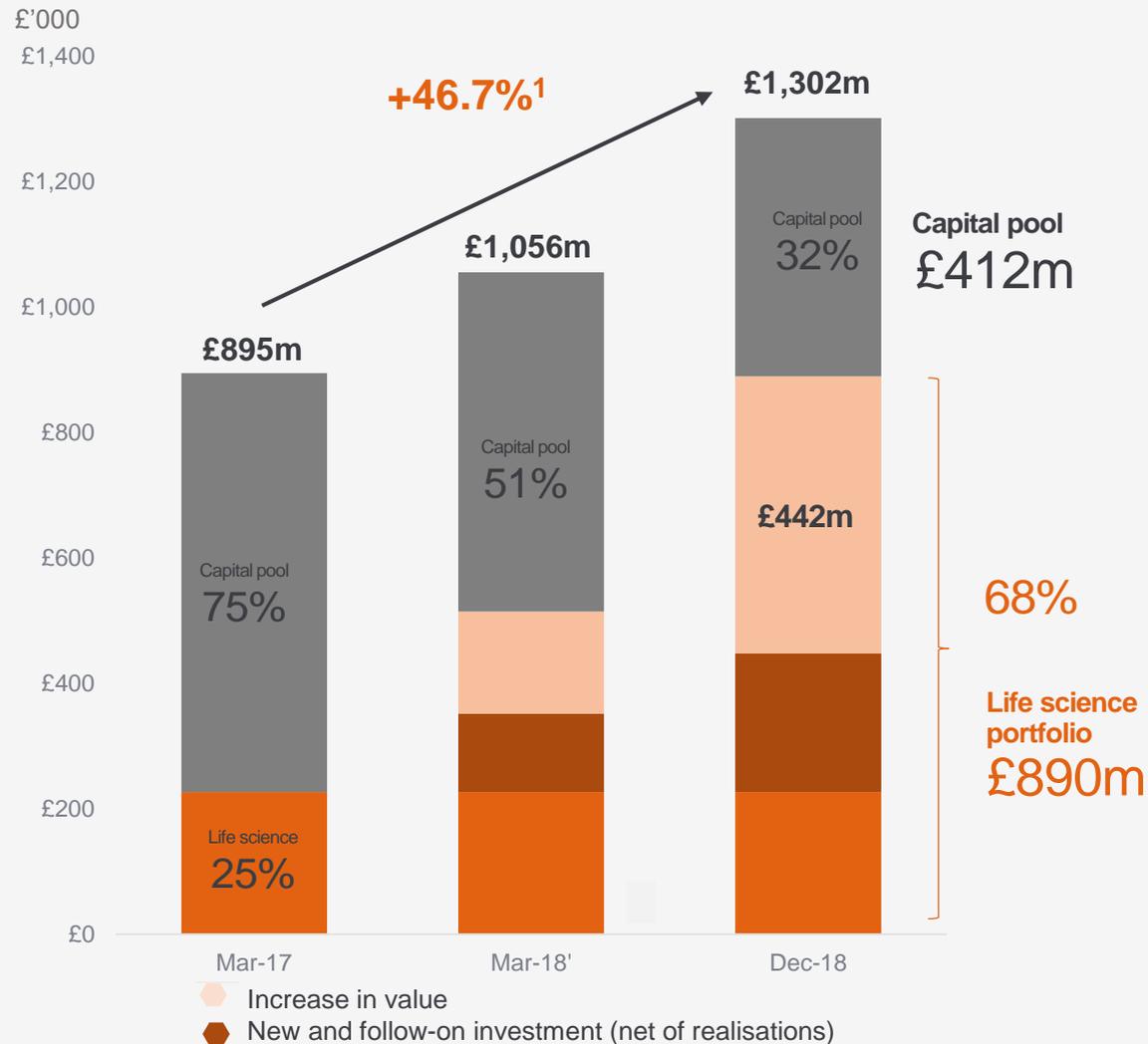
**Cell therapies are demonstrating impressive results with unprecedented and durable responses**



# Financial performance

# Strong performance as our companies scale

Life science portfolio supported by strategic pool of capital



1 Fully diluted NAV per share total return from March 2017 to December 2018

# A strategic capital pool

Cash is a strategic asset – successful businesses win by scaling quickly

## Capital pool of £412.4m

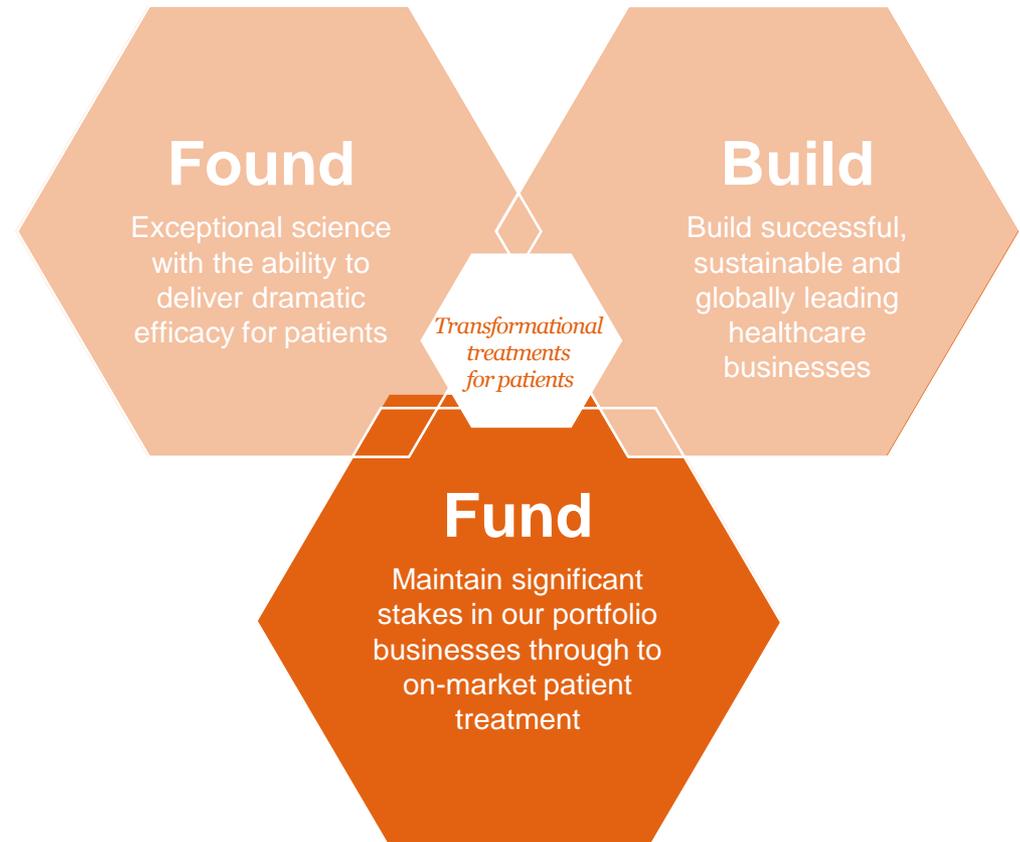
- From March 2019: capital pool transitioning to cash, cash equivalents and fixed income products

## £120.7m capital invested in nine months

- Expect investment in this financial year to be at the top end of guidance of £75m to £150m

## Uncalled commitments of £114.5m

- £93.8m linked to achievement of key milestones in life science portfolio companies





# Outlook

# Our companies

Established and mature companies make up 61% of NAV

Life Science portfolio	Company	Value drivers
<p><b>Established</b> £229.6m</p>		<p><b>Blue Earth</b></p> <ul style="list-style-type: none"> <li>- Continued positive sales progress in Axumin</li> </ul>
<p><b>Maturing</b> £562.5m</p>	  	<p><b>Nightstar</b></p> <ul style="list-style-type: none"> <li>- Announcement of acquisition of Nightstar by Biogen for \$877 million in early March</li> <li>- Closing expected end of June</li> </ul> <p><b>Autolus</b></p> <ul style="list-style-type: none"> <li>- Progress its pipeline of 6 clinical trials</li> <li>- Data read-outs from 5 clinical trials expected in 2019</li> </ul> <p><b>Freeline</b></p> <ul style="list-style-type: none"> <li>- Data from Haemophilia B programme</li> <li>- Commence second clinical programme in Fabry's</li> </ul>
<p><b>Developing</b> £49.5m</p>	    	<p><b>Gyroscope</b></p> <ul style="list-style-type: none"> <li>- Data from phase I/II clinical trial in stratified dry AMD population</li> </ul> <p><b>Achilles</b></p> <ul style="list-style-type: none"> <li>- Commence clinical trials in 2019</li> </ul> <p><b>SwanBio and Orbit</b></p> <ul style="list-style-type: none"> <li>- Recruit team, establish and build out operations</li> </ul> <p><b>OMass</b></p> <ul style="list-style-type: none"> <li>- Development of a pipeline of drug development programmes</li> </ul>

# Our companies

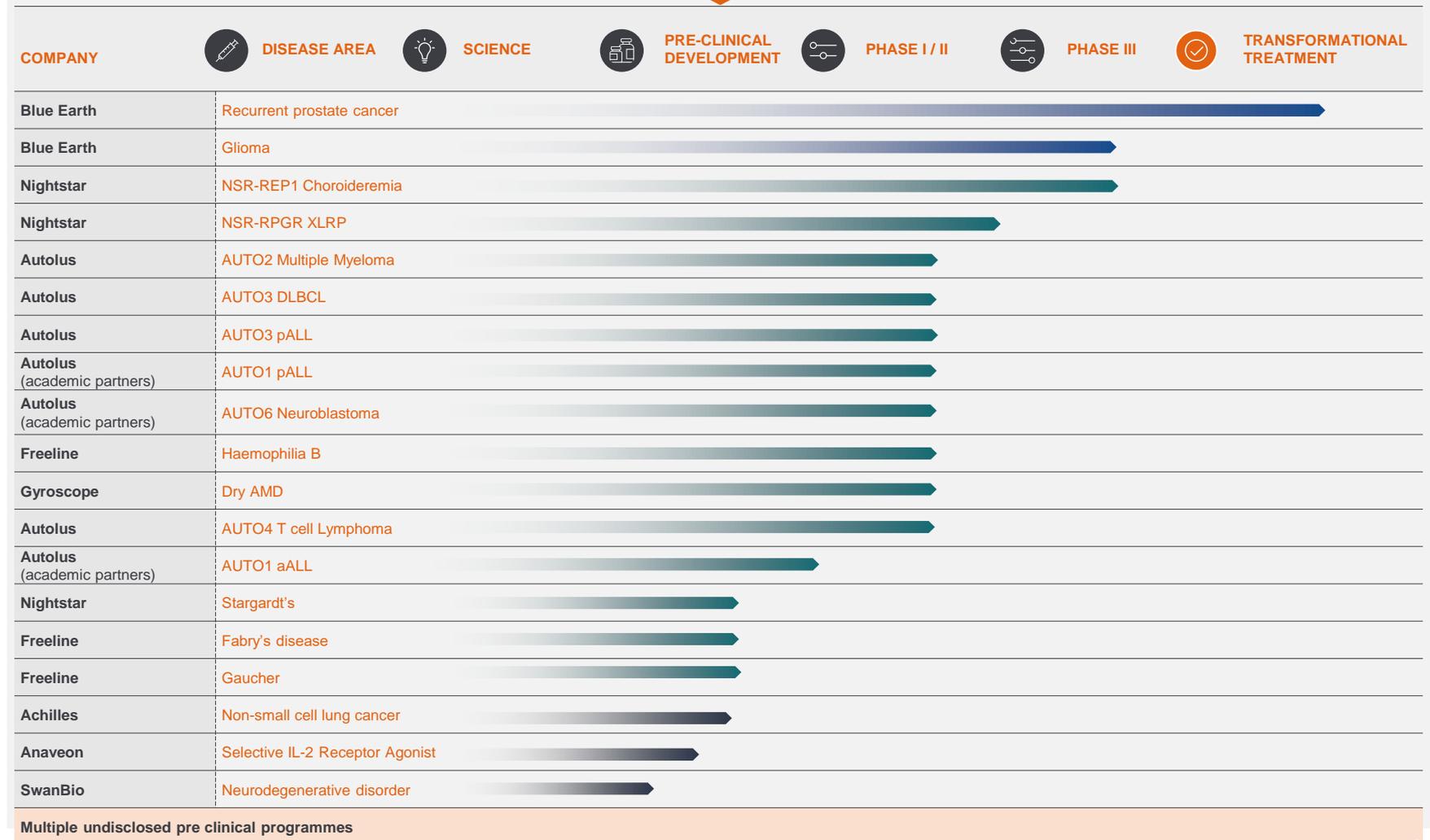
Five developing companies valued at £49.5m

Life Science portfolio	Company	Value drivers
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# Rich and broad pipeline of products

One product approved; two in phase III, one in phase II/III and nine in phase I/II

## Syncona's deep clinical pipeline



# Summary

Differentiated model driving significant shareholder value

## **Differentiated model – Found. Build. Fund**

- Our business model gives us the strategic influence and ability to found and scale successful businesses quickly
- Proven track record of taking our businesses from foundation to value realisation through focus on long-term product development strategy
- Our expertise means we can be a conviction scale investor – typically largest investor
- Our deep pool of capital gives us the flexibility to back our successful companies at each stage through to marketed product, transforming a scientific asset into a financial asset

## **12 month catalysts**

- Continued positive sales progress in Blue Earth
- Data read-outs in ongoing clinical trials; two new clinical trials expected to commence
- New financings, companies and programme initiations

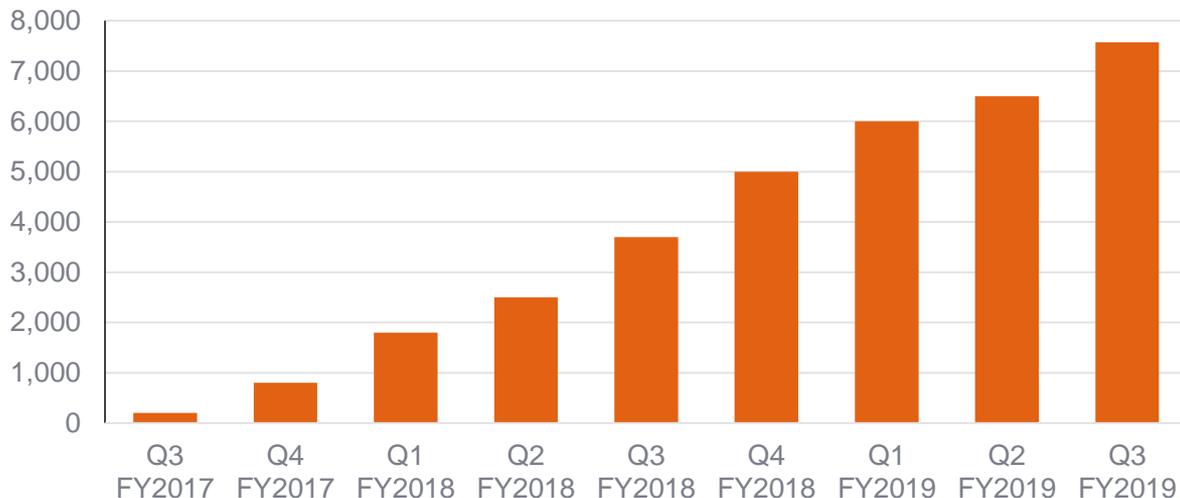


# Supplementary Information



## First Syncona-founded company to reach profitability

- Continued strong Axumin performance with over 28,000 patients dosed since launch in late 2016
  - Strong organic growth and reordering rates continue
  - Strong US unit growth in first half of the year
  - Revenues of £35.0m in 1H19 (2H18 £23.5m)
- Exclusive worldwide licence signed for high quality PSMA agents for prostate cancer imaging, securing leadership position



# Valuation policy

## Robust and conservative policy

- Updates outside the quarterly revaluation cycle driven by new investment rounds or following material new information
- In case where Syncona is the sole institutional investor and substantive clinical data has been generated, will use input from an independent valuations advisor in its determination of fair value
- Developing and maturing investments
  - At either Quoted, Cost or Price of Recent Investment where a credible arms-length third party transaction is available
  - Third party valuation guidance taken in the event of substantial clinical data in portfolio companies being held at cost where Syncona is the sole institutional investor
- Established investments
  - Once near or at on-market stage valued on a risk adjusted DCF valuation basis (in the absence of third party financing)
- CRT Pioneer Fund
  - Quarterly valuation based on an adjusted third party basis

Life sciences valuation basis

