

Healthcare & The State of Venture Capital Investing

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President & CEO of NVCA



Funding innovation. Empowering entrepreneurs.

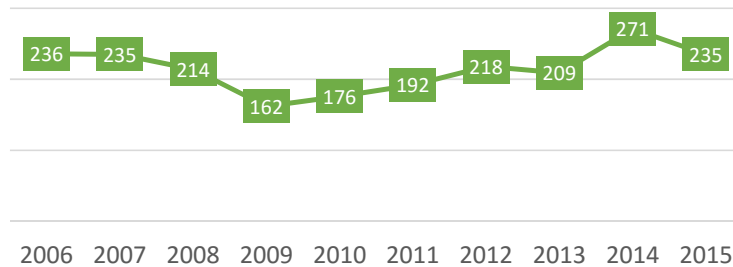
Overall VC Trends



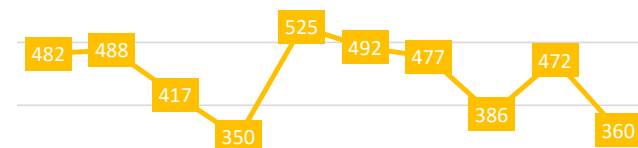
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Pace of Fundraising, Investment, and Exit Activity by Number Slows in 2015

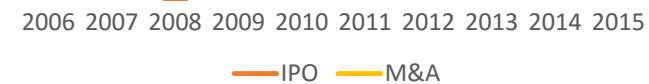
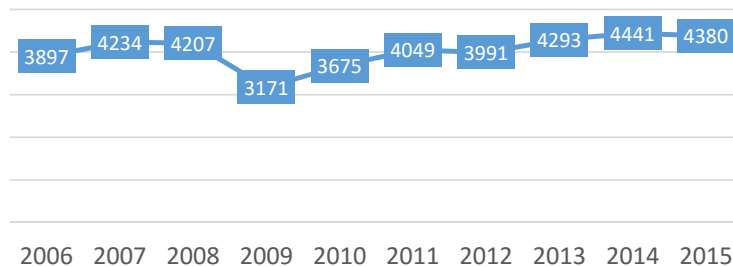
VC Fundraising (No.)



VC Exits (No.)



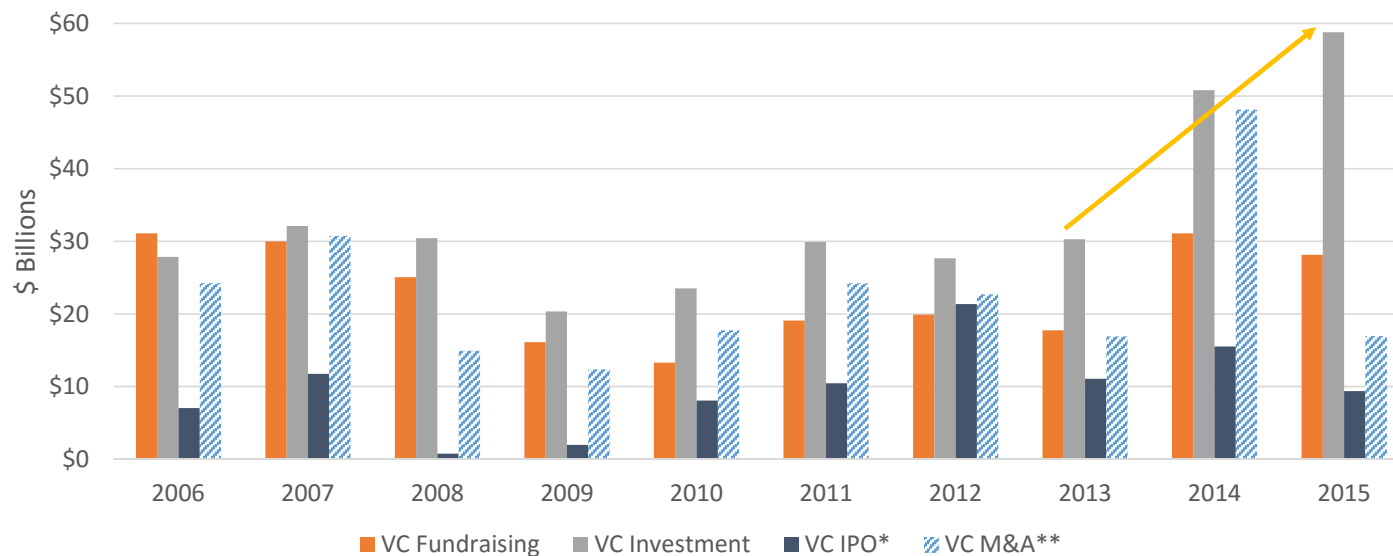
VC Investment (No.)



Source: Thomson Reuters

VC Dollars Invested Increase for 3rd Consecutive Year in 2015; Hit Highest Annual Mark since 2000

VC Fundraising, Investment, IPO, and M&A Activity
2006-2015

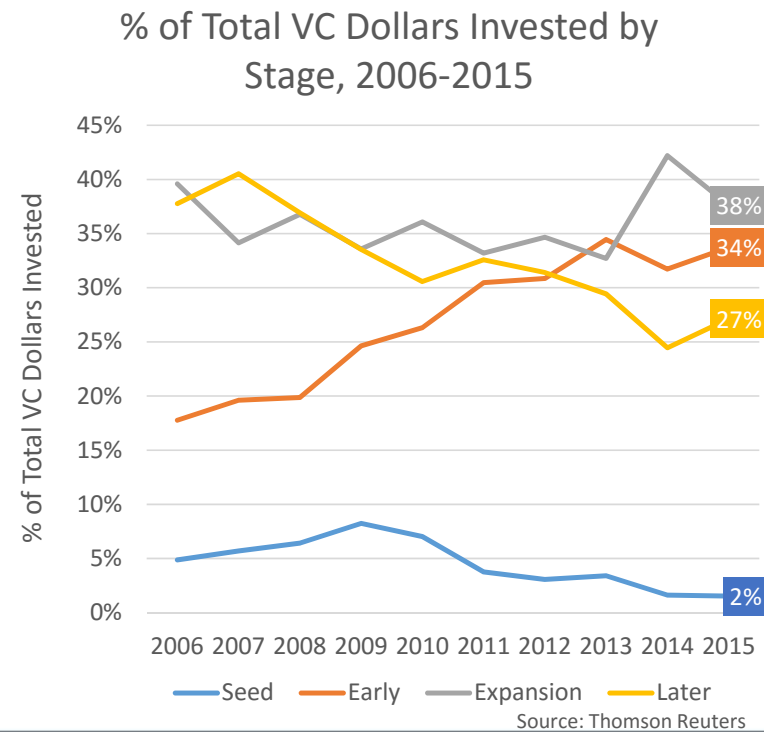
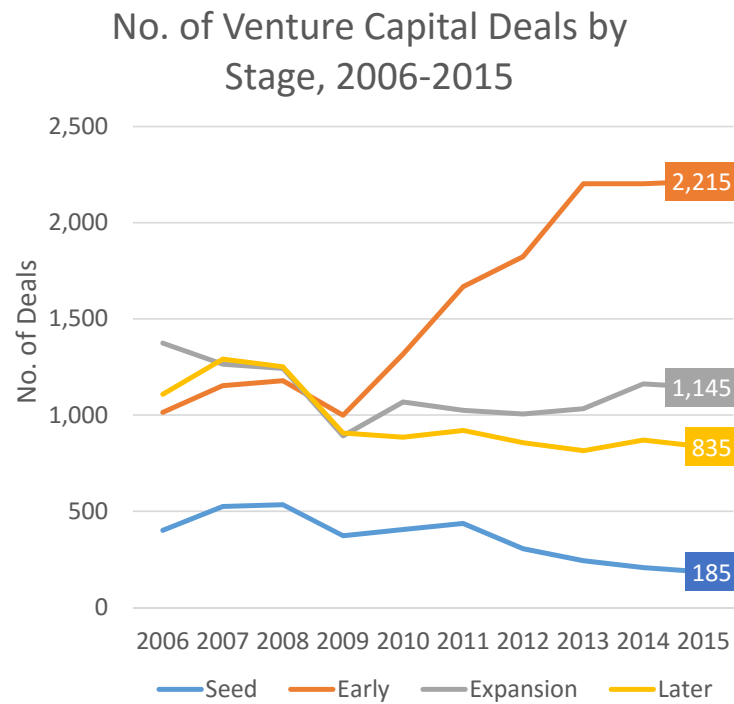


Source: Thomson Reuters

*Offering Amount at IPO

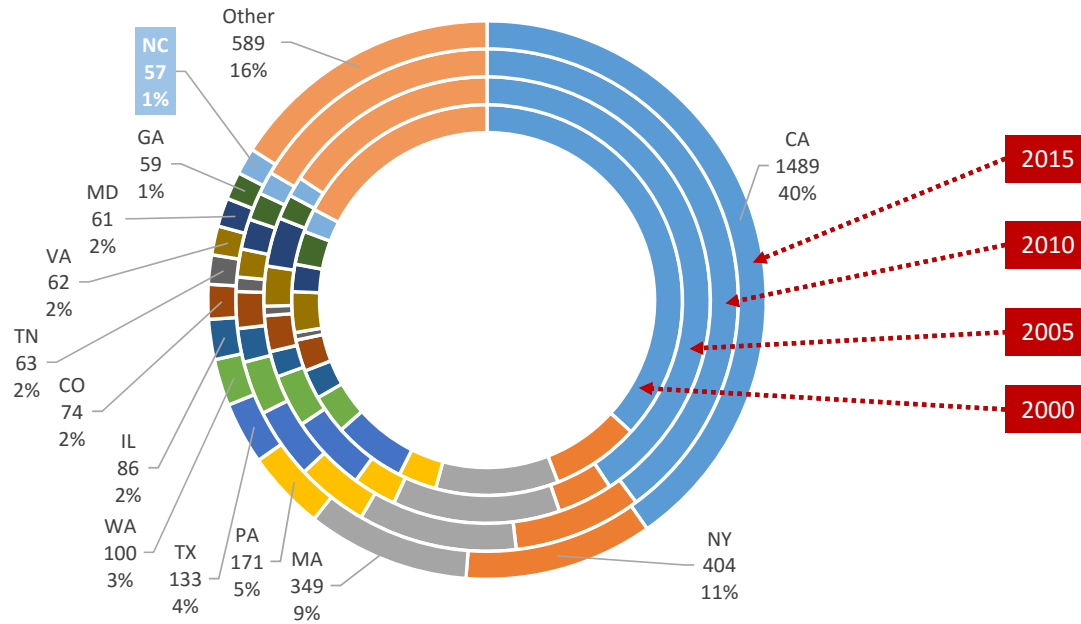
**Only includes values for DISCLOSED M&As.

No. of Early Stage Deals has Increased 2.2x since 2010; Account for 1/3 of VC Dollars



NC Ranks 13th Based on No. of Cos Receiving VC Funding in 2015

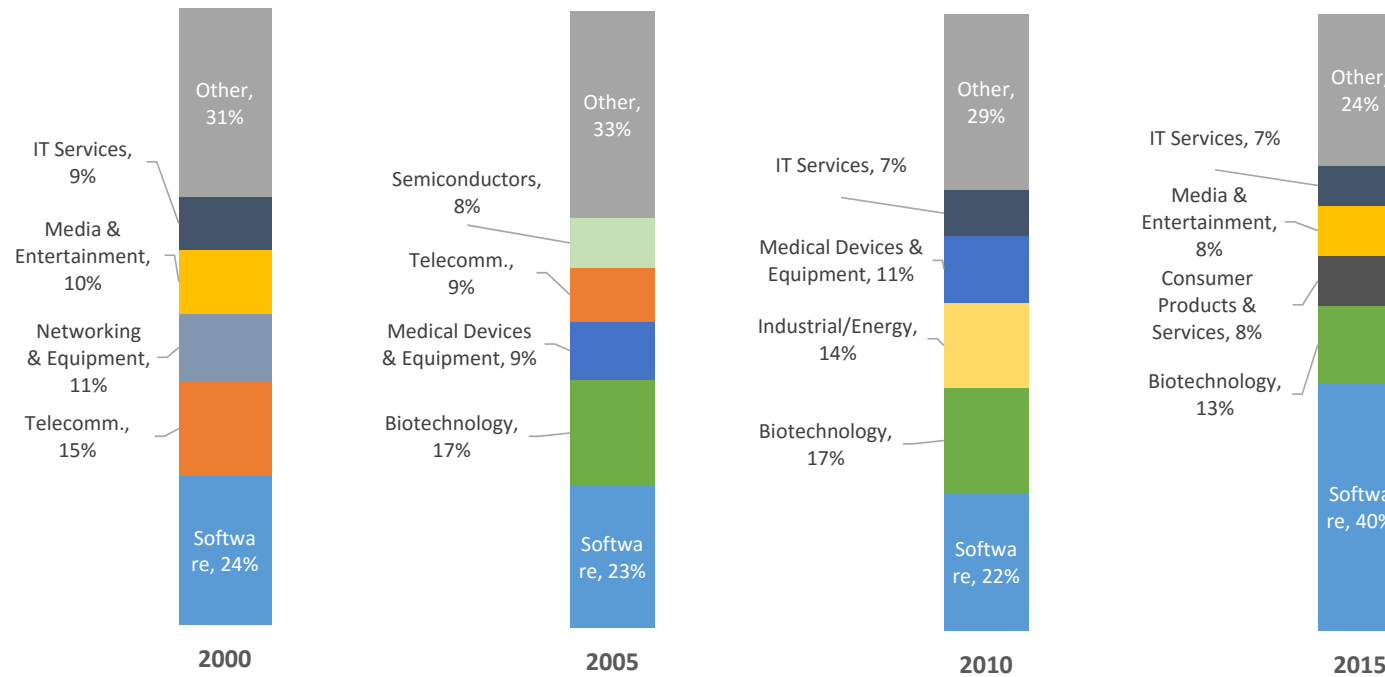
Annual Companies Receiving VC Funding by State
(No. of Companies and % of Total U.S.)



Source: Thomson Reuters

Biotech % of Dollars has Dropped; Med. Devices has Fallen out of Top 5

Percent of Annual VC Dollars by Top 5 Industries, 2000 vs. 2005 vs. 2010 vs. 2015



Source: Thomson Reuters

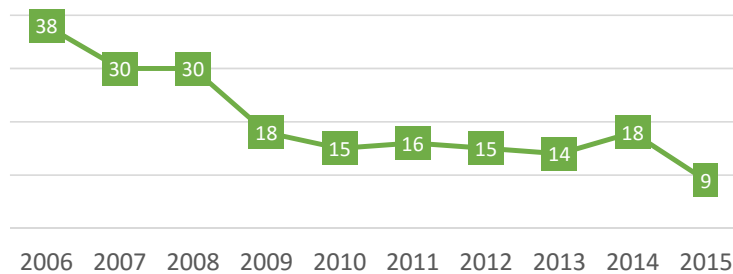
VC Healthcare Trends



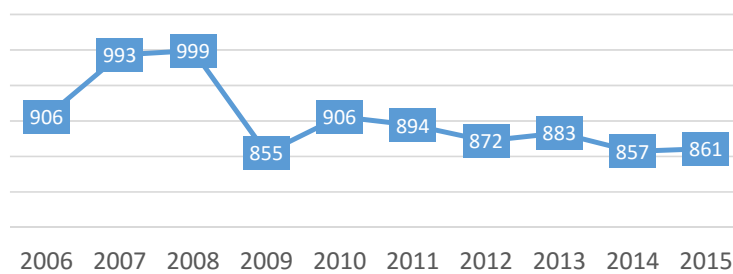
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Healthcare Fundraising has Waned; No. of Deals Steady; Exits Remain Strong

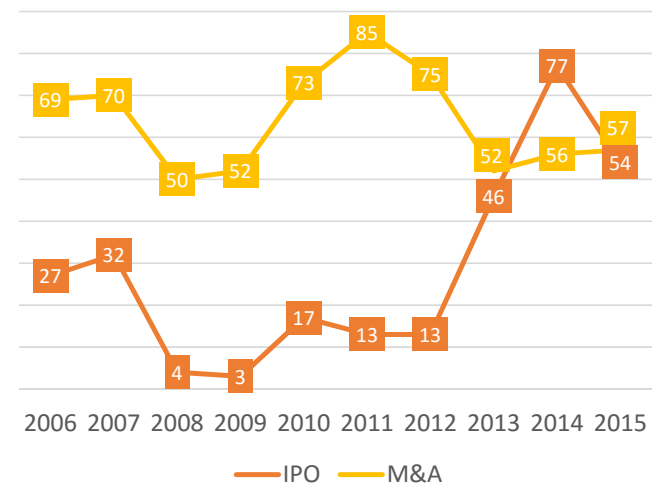
Healthcare VC Fundraising (No.)



Healthcare VC Investment (No.)



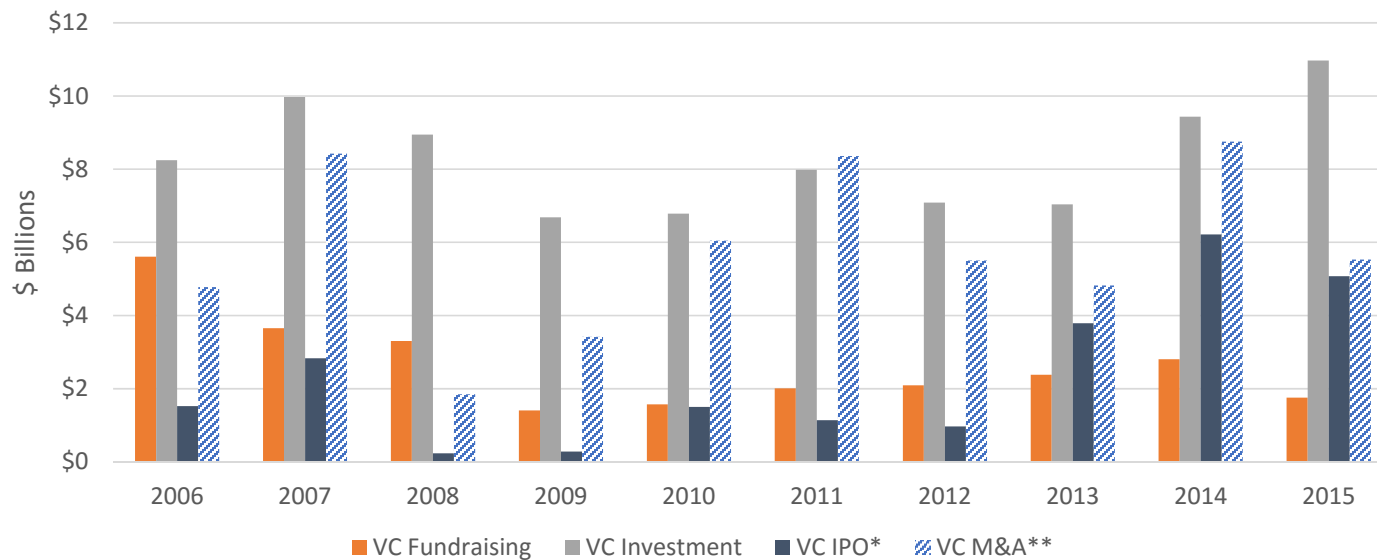
Healthcare VC Exits (No.)



Source: Thomson Reuters

Healthcare VC Dollars Invested Reached \$11B in 2015, a 21-Year High

Healthcare VC Fundraising, Investment, IPO, and M&A Activity, 2006-2015



Source: Thomson Reuters

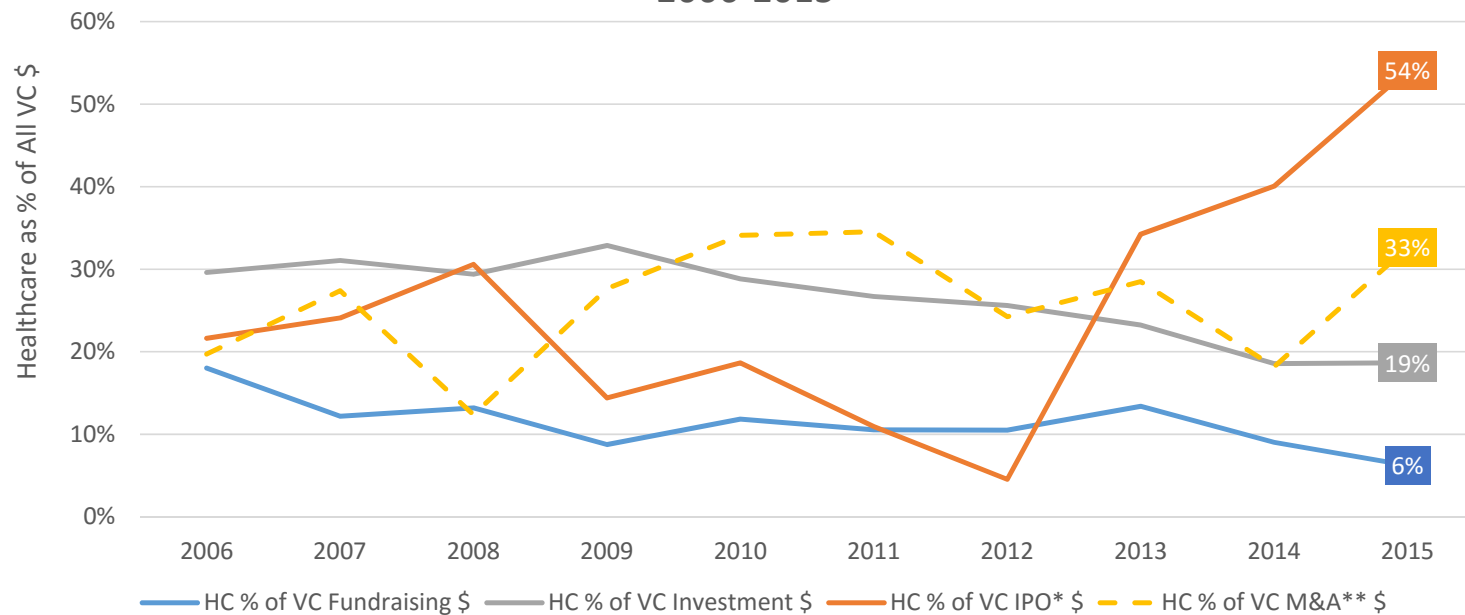


*Offering Amount at IPO
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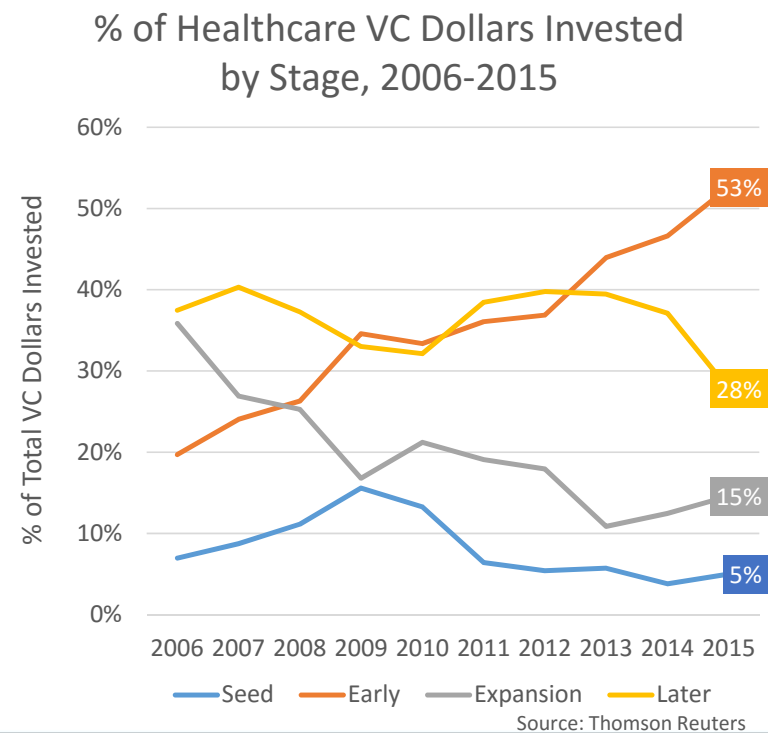
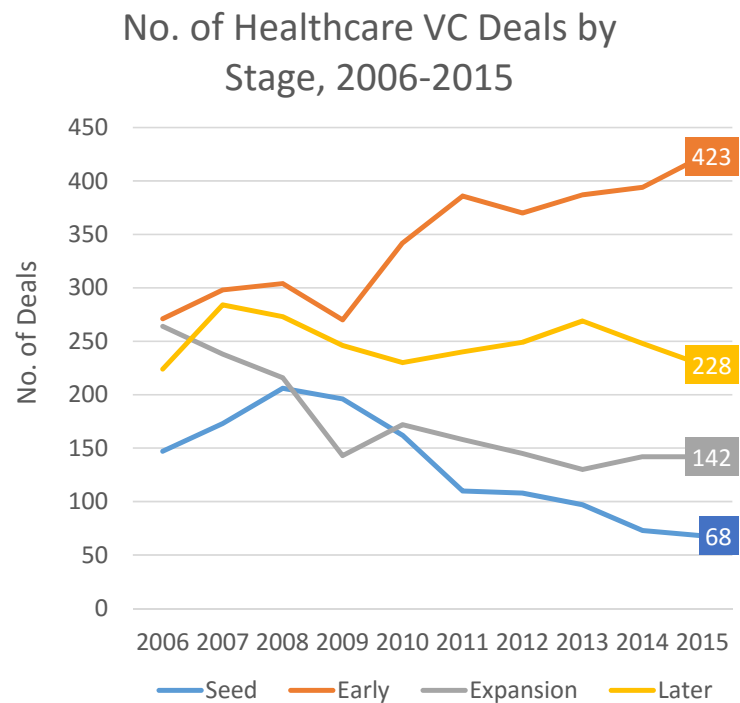
Healthcare Accounted for 54% of All VC-Backed IPO Offerings in 2015

Healthcare \$ as % of All VC \$ Fundraising, Investment, and Exit Activity, 2006-2015



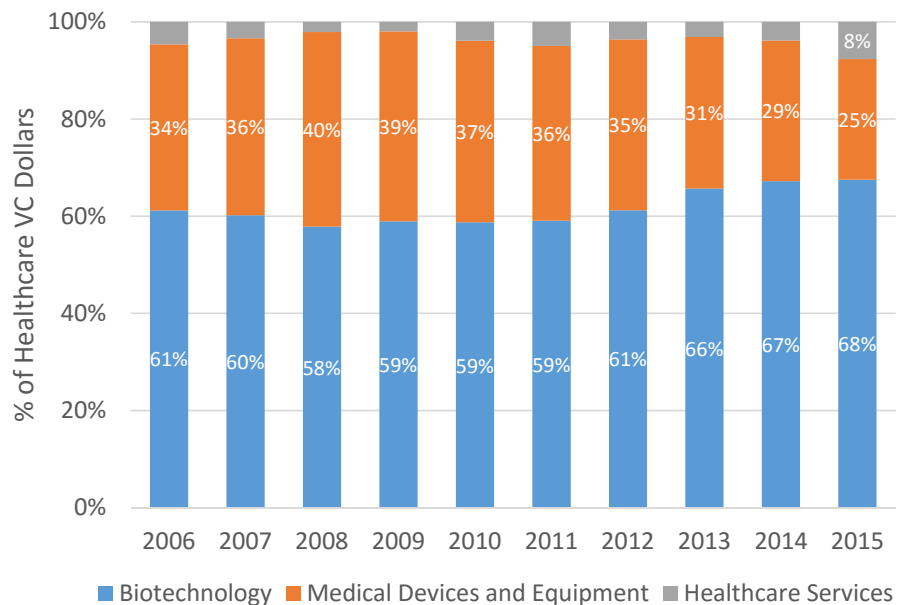
Source: Thomson Reuters

Activity for Early Stage Healthcare Companies Rising



Biotech. Dollars Hit 21-Year High; Med. Devices has Fallen to Just ¼ of Healthcare Dollars

Healthcare VC Dollars by Sector

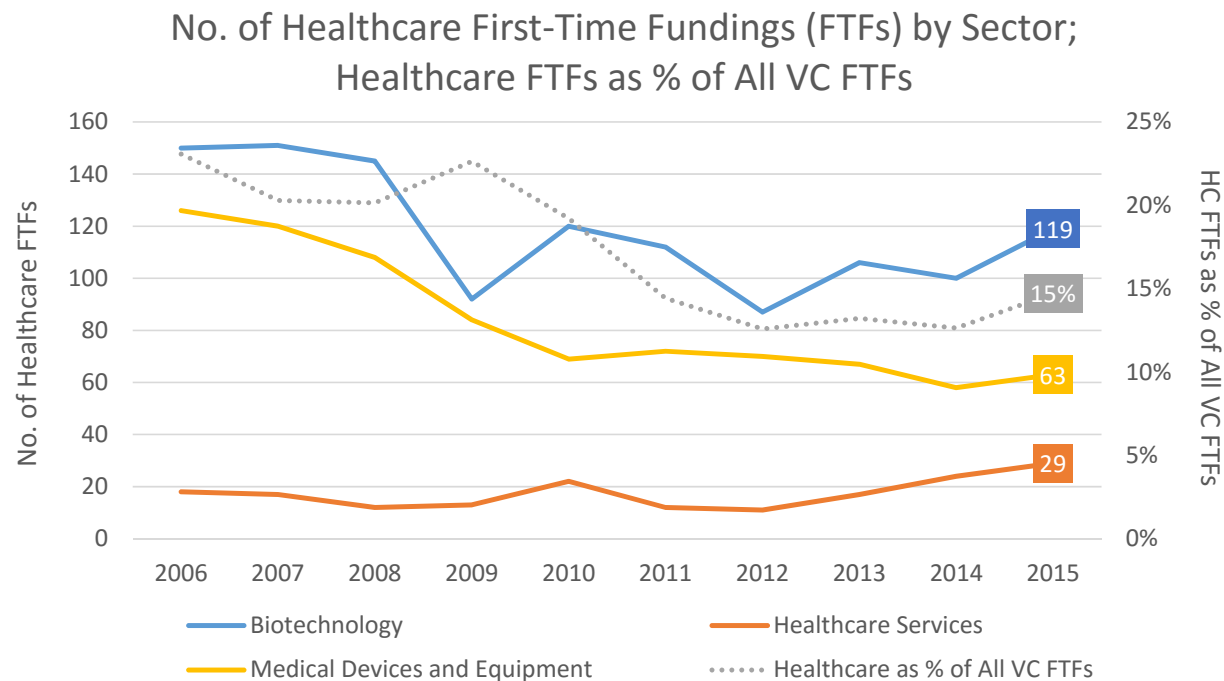


2015 Top 5 Healthcare Sub-Sectors by VC Dollars

Sector	Sub-Sector	\$B Invested
Biotech.	Other Therapeutic Biotechnology	\$2.38
Biotech.	Other Therapeutic Proteins (incl. hormones & TPA)	\$1.10
Biotech.	Immune Response Effectors (interferons, vaccines)	\$0.68
Medical Devices & Equip.	Other Therapeutic (incl. defibrillators)	\$0.64
Biotech.	Therapeutic Monoclonal Antibodies	\$0.57
Top 5 Sub-Sectors as % of All Healthcare VC \$		49%

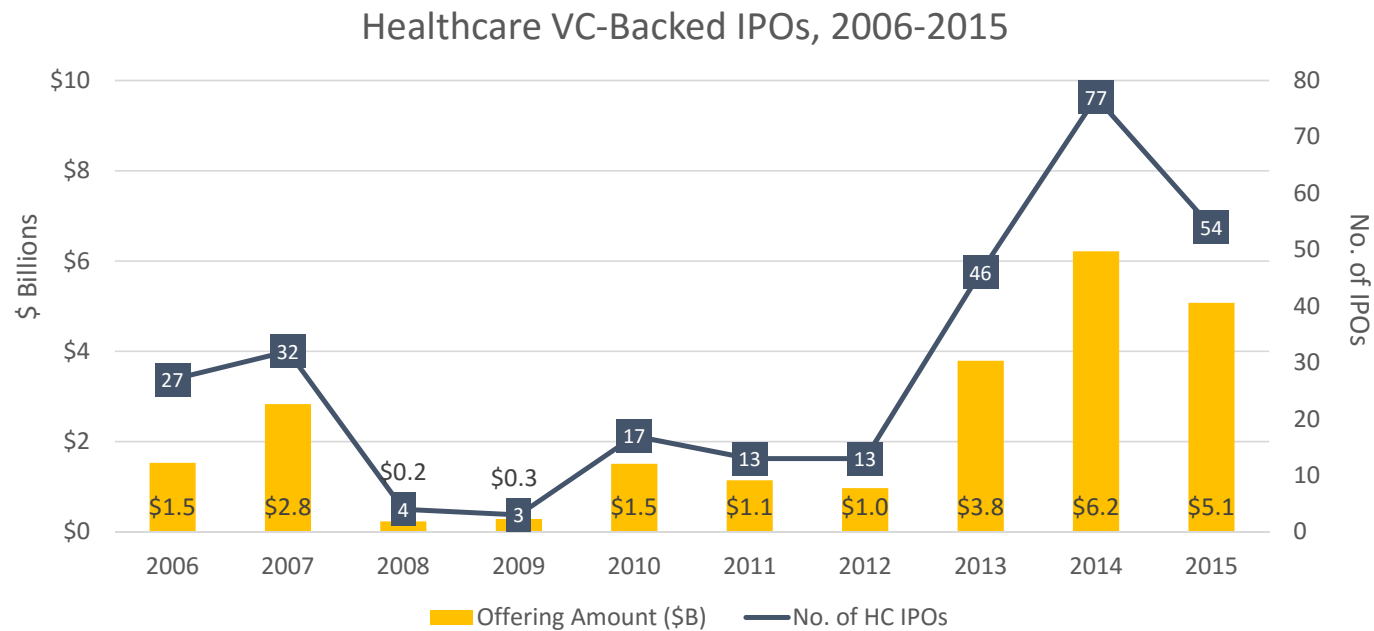
Source: Thomson Reuters

First-Time Fundings for Med. Devices Have Nearly Halved Since 2006



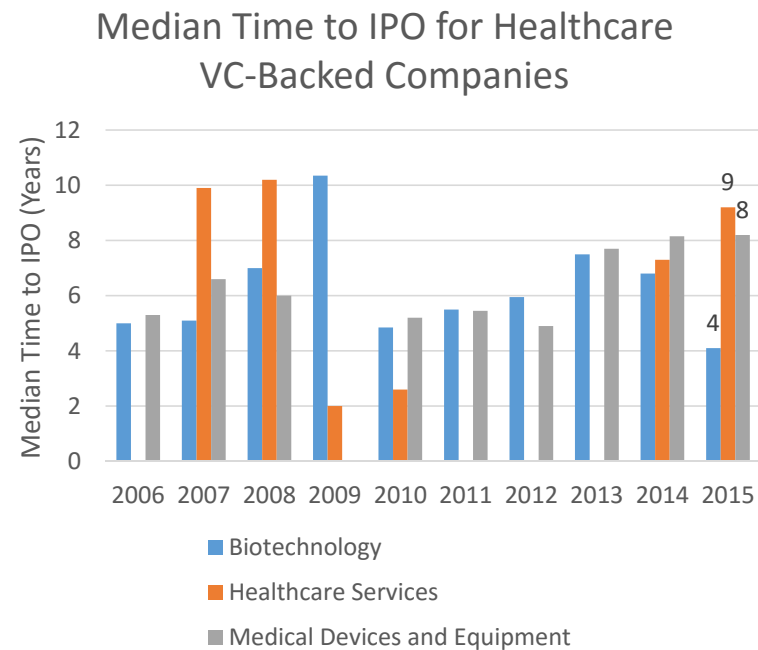
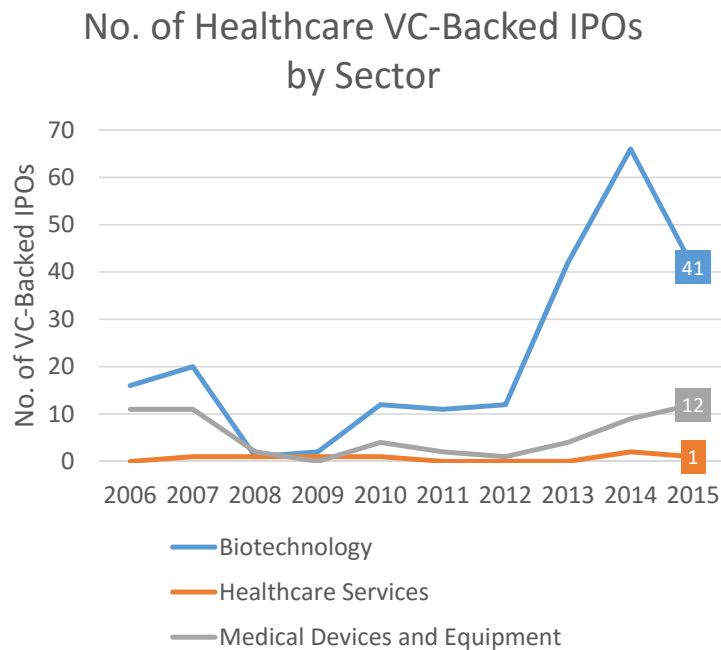
Source: Thomson Reuters

Healthcare IPOs Remain Strong in 2015 but Unable to Maintain Pace from 2014



Source: Thomson Reuters

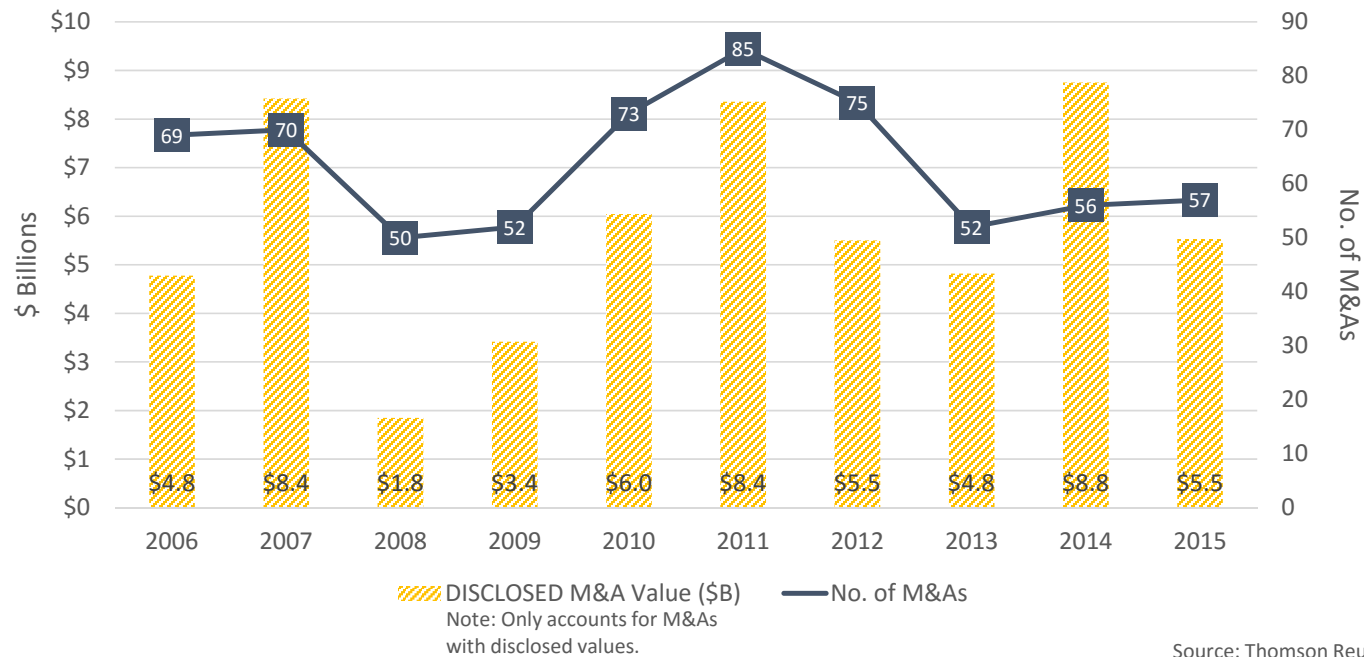
Biotech. IPOs Spiked in 2014, Time to IPO Decreased in 2015



Source: Thomson Reuters

No. of Healthcare M&As has Held Relatively Steady the Past 3 Years

Healthcare VC-Backed DISCLOSED M&As, 2006-2015



Source: Thomson Reuters

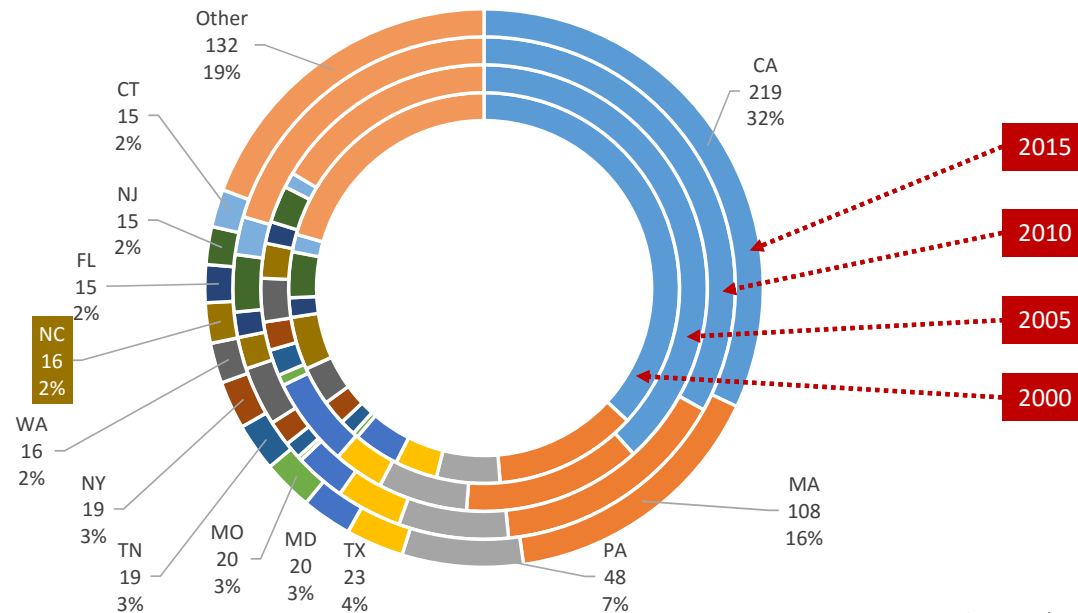
North Carolina VC Healthcare Trends



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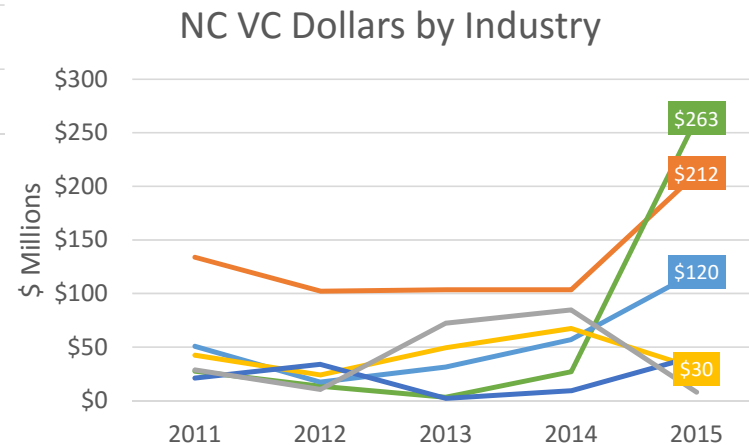
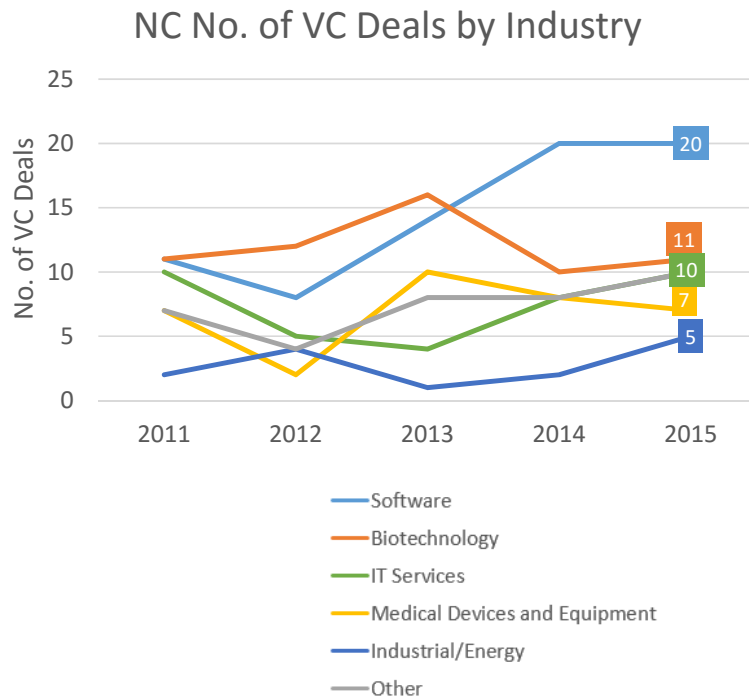
NC Ranks 9th Based on No. of Healthcare Companies Receiving VC Funding in 2015

Annual Healthcare Companies Receiving VC Funding by State (No. of Companies and % of Total U.S.)



Source: Thomson Reuters

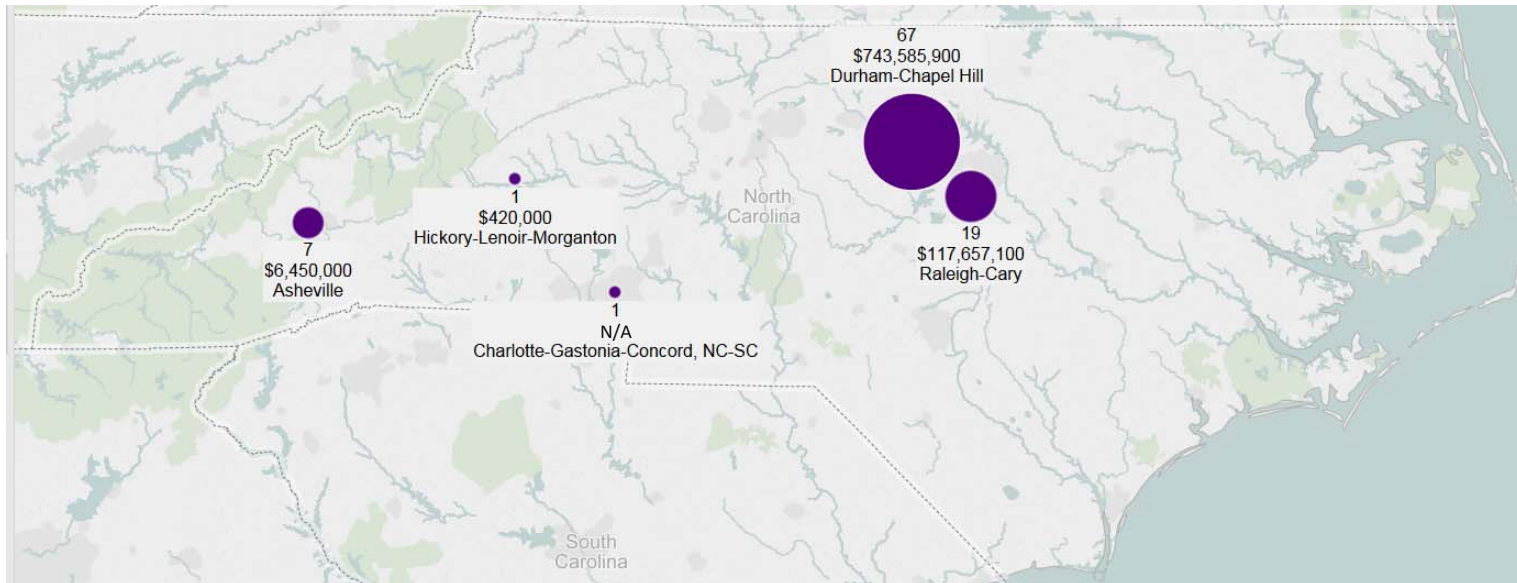
Biotech. Industry Ranks 2nd in NC Based on No. of VC Investments and VC Dollars in 2015



Source: Thomson Reuters

Durham-Chapel Hill has Accounted for the Majority of VC Healthcare Activity

VC Healthcare Investment in NC by Metropolitan Statistical Area, 2011-2015
(No. of Deals and Amount)



Source: Thomson Reuters

Notable NC Healthcare Deals & Exits

3 of the 5 Largest 2015 VC Investments in NC were for Biotech. Companies

Company	City	Industry	Amount (\$M)	Description
Asclepis Inc	Chapel Hill	Biotechnology	\$35	Asclepis focuses on building a global specialty therapeutics business dedicated to discovering and developing important new treatments for cancer and infectious diseases.
AgBiome LLC	Research Triangle Park	Biotechnology	\$34.5	AgBiome is a biotechnology company using new knowledge of the plant-associated microbiome to create innovative products for agriculture.
G1 Therapeutics Inc	Durham	Biotechnology	\$33	G1 Therapeutics is a clinical-stage oncology company developing novel, small-molecule therapies that address significant unmet needs in patients with cancer.

Q4 2015 VC-Backed Healthcare M&As of NC Healthcare Companies

Company	City	Time to Exit (Years)	Acquirer Name	Purchase Price (\$M)	Total Funding Prior to IPO (\$M)	Industry
Ncontact Surgical Inc	Morrisville	10.4	AtriCure Inc	\$91	\$77	Medical/Health
Cardioxyl Pharmaceuticals Inc	Chapel Hill	9	Bristol-Myers Squibb Co	N/A	\$73	Biotechnology

Source: Thomson Reuters

Questions?

If you'd like a copy of this presentation or if you have any questions about NVCA,
please contact:

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