

Financing high growth ventures

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by Jakob Steen Jensen

Agenda

1. About SEED Capital
2. Venture capital investments
3. The Perfect Investment
4. Cleantech
5. Cases

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About SEED Capital

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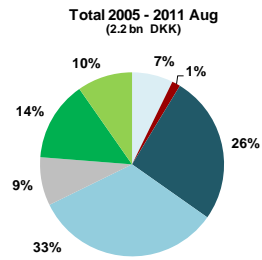
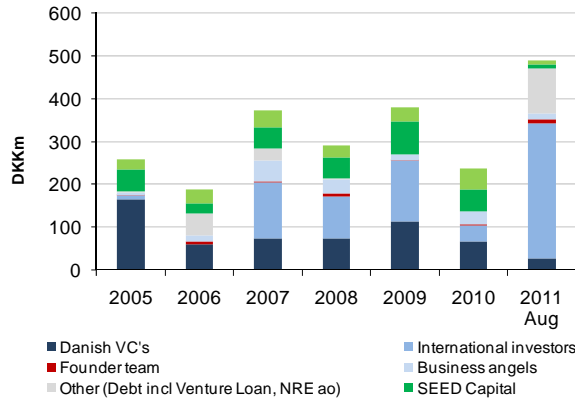
SEED Capital in brief

- The largest early stage venture fund in Denmark.
- DKK 1.5 billion under management
- 70 portfolio companies
- 11 positive exits and 1 IPO
- Attracted DKK 2 billion to portfolio companies over the last 3 years
- 12 investment professionals with relevant domain knowledge

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Syndication is strong

Funding to SEED companies *



* Note: Additional 1,000 mDKK funding to non-SEED portfolio companies

Exits

Survac was acquired by Merck KGaA in 2005



AudioAsics acquired by Analog Devices Inc. in 2006



Fullrate was bought by TDC in 2009



Evolve was listed on the Swiss Stock Exchange in 2009



Kaleido was acquired by AAC Acoustics in 2010



2005 2006 2007 2008 2009 2010 2011



- Wecapack (2010)
- Swantec (2008)
- TagAway (2008)
- Virogates (2007)
- Image Metrology (2007)
- Dralle (2007)
- Orthometer (2004)



WecaPack



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Venture Capital Investments

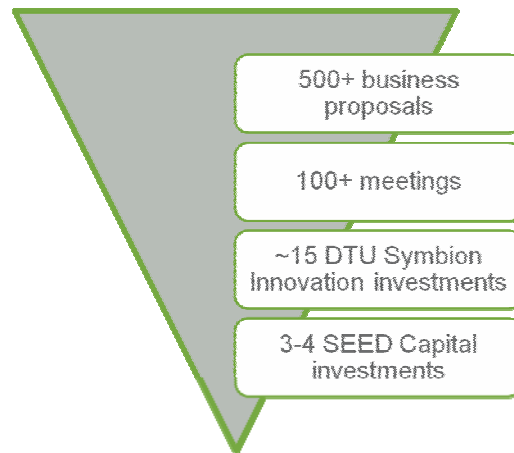
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Purpose

- Invest in high-risk & high return
- New companies
- Substantial competitive edge
- Growth markets
- Buy shares for cash
- Sell shares after 5-7 years
 - Trade sale
 - Stock exchange (IPO)

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How we select investments



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Taking a portfolio approach

Individual Event	Probability
<i>Company has sufficient capital</i>	80%
Management is capable	80%
Product development follows plan	80%
Production follows plan	80%
Competitors behaves as expected	80%
<i>Customers want product</i>	80%
<i>Pricing fits market</i>	80%
Patents are issued and enforced	80%
Combined probability of success	17%

If probability of one parameter drops to 50% the combined probability drops to 10% and there are more success factors out there

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The Perfect Investment

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Market

- Sizeable - > €200 million
- True customer pain
- Clear value proposition
- Know the competitors
- Know the customers!

Technology

- Breakthrough
- Proprietary
- Sustainable competitive edge

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Team

- Skilled
- Good track record
- Relevant & complimentary backgrounds
 - Technical, commercial, financial, organizational, ...
- Strong & operational board
- Focus on execution!

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Business Model & Go-To-Market Strategy

- Focused
- Scalable
- Realistic

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Exit

- Multiple, clear exit options
 - Who's buying?
 - What are they buying?
 - Why are they buying?
 - When are they buying?
 - How much are they paying?

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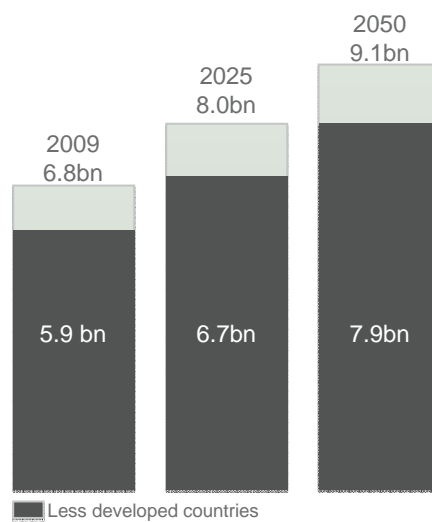
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Cleantech

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1 The world population is growing ↯

Currently the global population grows by 1bn every 12 years!



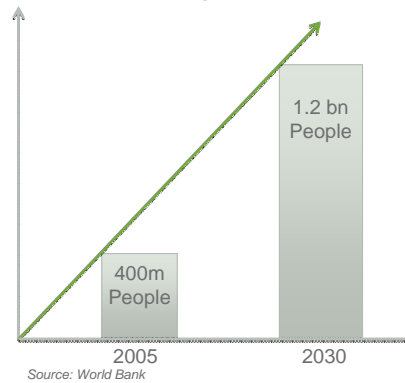
Less developed countries

Source: The world population to exceed 9 billion by 2050, Un.org

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2 Higher living standard for millions

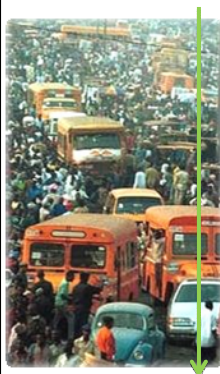
Population in low- and middle-income countries earning \$4,000 - \$7,000 PPP/c



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3 Rural-urban migration to mega cities



- 2010 19 mega cities (>10 million)
- 2015 33 mega cities
- 2030 More than... 50% of Asians,
60% of Africans,
84% Latin Americans ... will live in cities
- 2050 70% of the world will be urban dwellers
(Anna Tibaijuka, Director of UN-Habitat)

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A gigantic use of resources

Water

- Water use per capita/day

US	578 liters
UK	334 liters
Developing Countries	47 liters

Source: Center for Communication Programs, The Johns Hopkins School of Public Health

Energy

- By 2030, world energy use will increase by more than 50%
- China is currently opening 3-4 coal power plants per week

Source: UNEP

Consumption

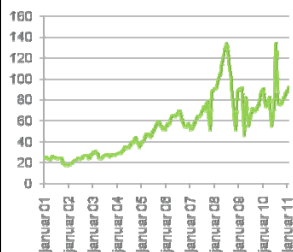
- 13,500,000 million new cars sold in China in 2009
- Equivalent to 10 years sales in Denmark

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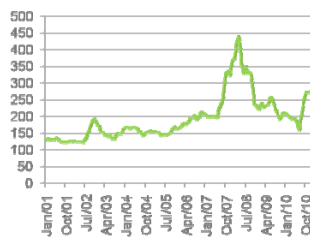
Increasing resource prices

Crude Oil Prices



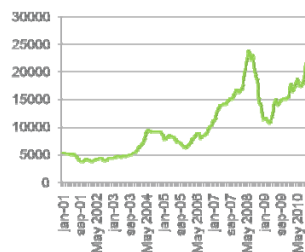
Weekly All Countries Spot Price FOB (US\$ per Barrel) in Monthly Averages
Source: US Energy Information Administration

Wheat



Wheat, No.1 Hard Red Winter, ordinary protein, FOB Gulf of Mexico, US\$ per metric ton
Source: IMF

Tin



Tin, standard grade, LME spot price, US\$ per metric ton
Source: IMF

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Lack of availability

- We all know the discussions on oil and natural gas
- The Ogallala Aquifer
 - Agricultural irrigation on the high plains
 - 170,000 wells
 - Ground water level has dropped up to 60m
- China controls 95% of all rare earth resources and imposes strict export quotas



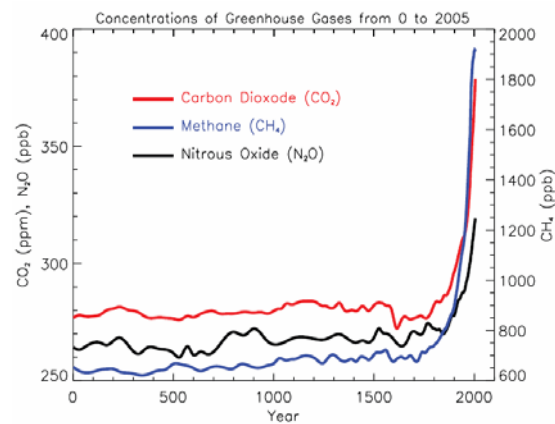
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Negative side effects of resource use

CO₂ emission

- Radical higher concentration of CO₂ that results in global warming



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Negative side effects of resource use

Waste, pollution and dirty waters

- Every km² of ocean hosts roughly 120,000 pieces of floating plastics

Source: UN

- Mexico City failed to meet WHO air standard 300 days a year

- In Denmark every person generates 802 kg of waste per year; a 40% increase since 1994



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Negative side effects of resource use

Changes in nature

- Lease contracts on oil sand areas in Alberta Canada at a size of Florida

- It takes 5 barrels of water and up to 100 cubic meters of natural gas to extract one barrel of oil!

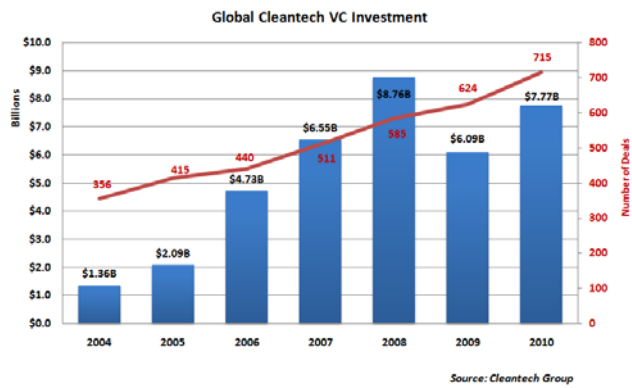


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Cleantech in strong growth

Cleantech VC is growing rapidly



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Cases

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abeo_{als}

www.abeo.dk

Value proposition:

- 30-50% reduction in price, time and CO2 emissions from concrete production
- Bearing decks with wider spans (120 meter)
- Drastically increases the architectural and engineering possibilities in new buildings and infrastructure

Status:

Technology:

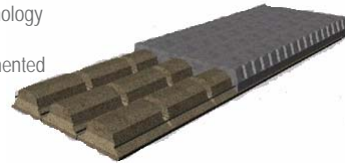
- Patented new methods of using known concrete technology
- Presently looking for demonstration projects
- Superior strength, fire, & acoustic properties all documented

Commercial

- Much interest from potential customers

Team

- Founders: 3 A-level business students + inventor (professor at DTU)
- Good back-up from industry (w/i construction, consulting, architects)



AMMINEX

Value proposition:

- High density safe storage and release of Ammonia
- DeNOx is driven by legislation that demand lower pollution levels.
- Amminex has effective, safe reduction of NOx on diesel engines and lean burn gasoline engines with easy to use system, able to operate at all temperatures and thus out-perform competitive AdBlue solution.
- The total estimated market potential for deNOx solutions is 20m solution for cars (25% of total car market) and 2m solutions for trucks (100% of market)
- Safe storage for hydrogen for fuel cells could solve holy grail for Hydrogen as a fuel

Status and milestones achieved:

- DeNOx systems successfully developed and tested by several OEM's
- Long term supply agreement with Navistar
- Navistar and existing investors invested \$29 m in 2010
- Faurecia invested \$25 mill in 2011
- Advanced discussions car OEM for 1,5 mill cars / year
- Hydrogen ammonia cracker for 500W prototype for fuel cell completed



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www.expanite.com

Value proposition:

- 8x improvement of surface hardness of stainless steel
- Corrosion free and scratch resistant
- <100x better durability
- Low cost, on-site production possible

Status:

Technology:

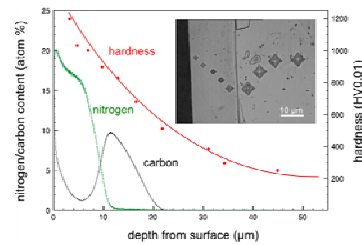
- Patented new methods of using known materials and equipment

Commercial

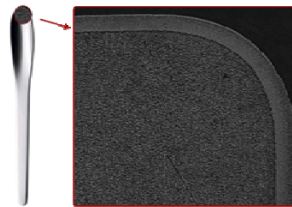
- First smaller orders delivered.
- Much interest from potential customers

Team

- Founders with deep materials insights



The dissolution of nitrogen and carbon results in a smooth transition in compressive stresses from the hardened surface to the soft base alloy.



www.sunflake.com

Value proposition:

- Improvement of efficiency of commercial solar cells from <20% to >30%
- Solar cells are a multi billion dollar market with double digit growth rates

Status:

Technology:

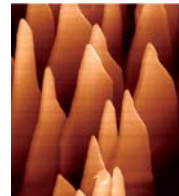
- Newly discovered nano structures protected by potentially strong IPR
- Proof of technology reached February 2008
- Prototype expected 2012

Commercial

- Much interest from potential partners.

Team

- Founder is PhD from Niels Bohr Institutet (NanoScience Center)
- Team is 5 persons. 4 w/ research background + commercial CEO.



Windar Photonics

Anemometer (wind measuring) for wind turbines

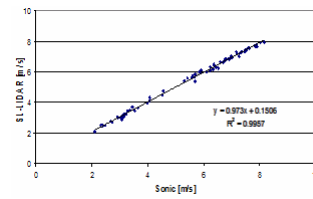
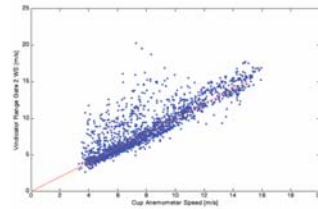
- Increased efficiency
- Reduced O&M costs



ROI ~5yrs



ROI ~6 months



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