



ALLIED MINDS

# Capital Markets Day

London, 18 January 2018

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# Team in attendance



**JILL SMITH**  
PRESIDENT  
AND CEO



**JOE PIGNATO**  
CHIEF FINANCIAL  
OFFICER



**MIKE TURNER**  
EXECUTIVE VICE  
PRESIDENT AND  
GENERAL COUNSEL



**DR. OMAR  
AMIRANA**  
SENIOR VICE  
PRESIDENT;  
ACTING CEO  
SCIFLUOR



**SIMON  
DAVIDSON**  
EVP -  
TECHNOLOGY  
INVESTMENTS



**NEIL PIZEY**  
HEAD OF  
CORPORATE  
DEVELOPMENT



**MATT THOMS**  
VICE PRESIDENT



**TOM SPARKMAN**  
Spin Transfer  
Technologies  
CEO



**ANDY WALKER**  
Spin Transfer  
Technologies  
VICE PRESIDENT  
OF PRODUCT



**JOHN SERAFINI**  
HawkEye 360  
CEO



**CHRIS DEMAY**  
HawkEye 360  
FOUNDER  
AND COO



**BARRY MATSUMORI**  
BridgeSat  
CEO



**IYAD TARAZI**  
Federated  
Wireless  
CEO



**AMIR TEHRANI**  
Precision  
Biopsy  
CEO



**BENNY (BEN) C.  
ASKEEW, JR. PhD**  
SciFluor  
Vice President  
Research



**SCOTT EDWARDS, PhD**  
SciFluor  
VICE PRESIDENT AND  
GENERAL MANAGER

# Agenda

9.00 AM	Allied Minds	Investing, managing for strong returns
9.20 AM	Spin Transfer	Next generation memory
10.00 AM	Hawkeye <sup>360</sup>	Space-based RF detection / analytics
10.40 AM	BridgeSat / Space	Panel discussion
11.10 AM	Break	
11.20 AM	Federated Wireless	Spectrum sharing software
12.00 PM	Precision Biopsy	Prostate cancer diagnostics / therapy
12.30 PM	SciFluor	Topical eye drop for DME / AMD
1.00 PM	Allied Minds	Closing remarks / Q&A
1.15 PM	Lunch	Meet and greet

# Objectives for today

## **Allied Minds' model**

- Requirements for superior shareholder returns
- Driving returns through disciplined operating and capital allocation model
  - Focus on building great businesses, driving premium exits
- New investments

## **Top 6 investments**

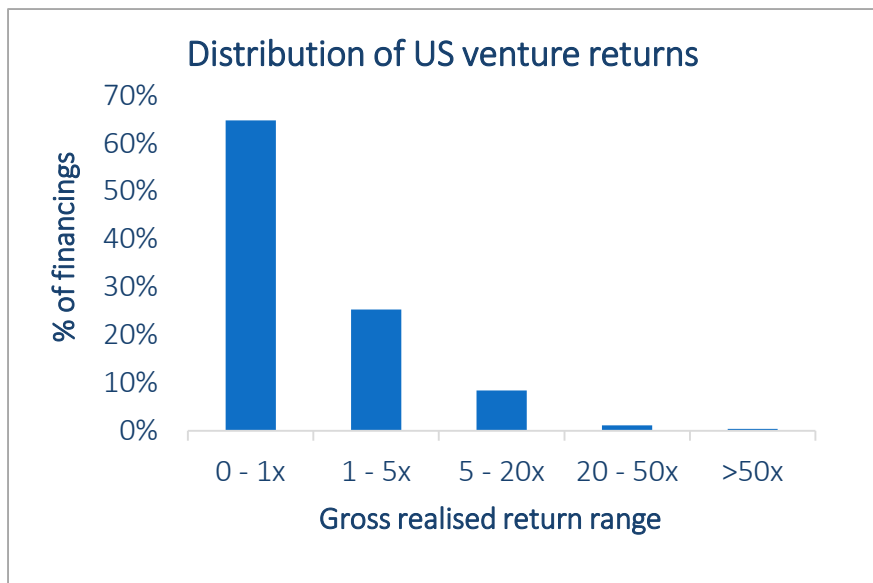
- Introduce subsidiary CEOs
- Uniqueness, readiness
  - Size of the prize - market size / dynamics
  - Progress to date – technological, commercial and regulatory
  - Critical future milestones - our guidance framework
- Assessment against requirements for a premium exit valuation

# Driving returns from early stage investing

Small minority of premium exits drive overall investment returns

## Small # assets determine fund performance

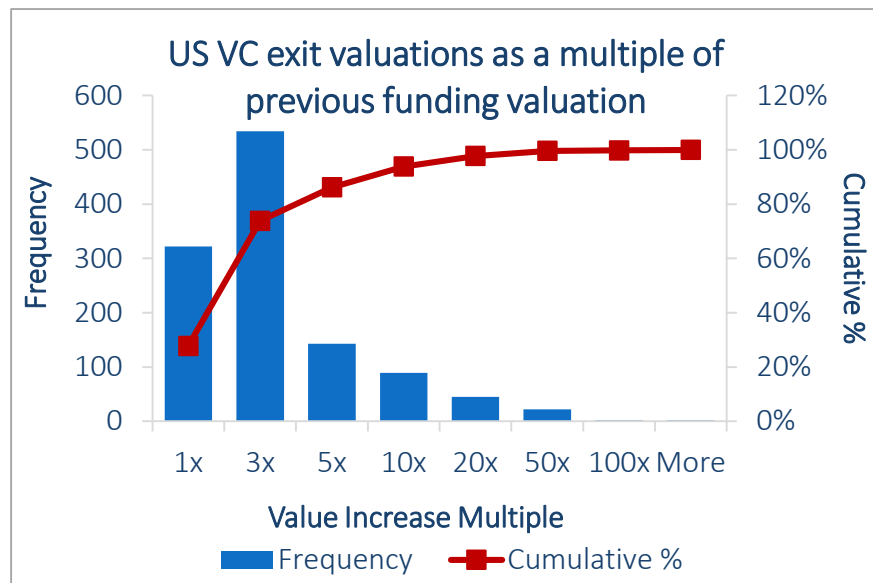
- Early stage investing: high risk/reward
- >60% VC-backed businesses killed / don't return capital
- Small # of assets generate **all** returns



Source: Correlation Ventures, including data from DowJones Venture Source and other sources  
Note: Includes companies going out of business, IPO'd or acquired, 2004-2013 (n = 21,640 financings)

## Exit valuation is what matters

- Valuation progression non-linear
- Key is setting up conditions for premium exit
- Exit value / previous funding round value: mean 3.6x<sup>(1)</sup>; 6%  $\geq$  10x



Source: Pitchbook  
Note: includes all VC backed exits 2013-2017  
(1) Excludes adda52.com, deemed an outlier given the exit multiple of 2,823x

# ALM portfolio maturing

Small # assets determine performance to date

First investment in 2006  
Multiple investments to date

6 companies will  
define ROIC




- **Multiple opportunities for premium exit valuations**
- **Potential for strong returns**
- **Sets stage for next phase:**
  - **Manage early stage to growth/exit or wind-down**
  - **New investments**

# Investing, operating to drive premium exits

	Comment	ALM (Top 6) example
Disruptive innovation solving important problem	<ul style="list-style-type: none"> <li>• Innovation addresses critical problem</li> <li>• In unique way</li> <li>• First to market</li> </ul>	<ul style="list-style-type: none"> <li>• HawkEye<sup>360</sup>: RF/geolocation</li> </ul>
Favorable market dynamics	<ul style="list-style-type: none"> <li>• Large market; and/or</li> <li>• High growth rate</li> </ul>	<ul style="list-style-type: none"> <li>• STT - &gt;\$20bn market opportunity</li> </ul>
Sustainable competitive advantage	<ul style="list-style-type: none"> <li>• Unique / superior solution</li> <li>• Sustainable, barriers to entry eg IP</li> </ul>	<ul style="list-style-type: none"> <li>• SciFluor – eye drop vs injection, with heavy patent protection</li> </ul>
Route to widespread adoption	<ul style="list-style-type: none"> <li>• Distribution channels known, available</li> <li>• Min barriers to adoption eg reimbursement</li> <li>• Scalability and high margin potential</li> </ul>	<ul style="list-style-type: none"> <li>• HawkEye<sup>360</sup> – US Government, Advisory Board</li> </ul>
Capable management, with aligned interests	<ul style="list-style-type: none"> <li>• Experienced management teams with right skill mix (technical and commercial)</li> <li>• Accountability for substantive milestones</li> </ul>	<ul style="list-style-type: none"> <li>• All</li> </ul>
Establish potential for competitive tension	<ul style="list-style-type: none"> <li>• Customer, partner or annoyance</li> <li>• Bring strategics in as investors                             <ul style="list-style-type: none"> <li>• Validation and alignment</li> <li>• Expand, accelerate and de-risk plan</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Federated Wireless – multiple strategic investors, attractiveness in multiple sectors</li> </ul>



# Top 6 companies

Subsidiary	Year formed	ALM % ownership	Strategic investors?	Addressable market
 Spin Transfer Technologies <small>An Allied Minds Company</small>	2007	48%	Pursuing (2018)	>\$20bn (DRAM)
 HawkEye <sup>360</sup> <small>An Allied Minds Company</small>	2015	53%	 Defense Co.	MDA = \$2.4bn (initial mkt segment)
 BRIDGE SAT, INC. <small>AN AMFI COMPANY</small>	2015	98%	 SPACE ANGELS NETWORK	>\$1.5bn (LEO sat-comms)
 federated wireless™	2012	52%	 ARRIS  Charter  AMERICAN TOWER	Multi-billion (access points, value add)
 PRECISION BIOPSY™ <small>AN ALLIED MINDS COMPANY</small>	2008	65%	Pursuing (2018)	>\$4bn (US and EU)
 SciFluor™ <small>Life Sciences an allied minds company</small>	2010	70%	Pursuing (2018)	>\$8bn (injectables)

Total ALM investment to date: \$124.2m

# New investments – thesis-led

Leverage investments, experience, networks for proprietary deal flow

- Creating winners in new or emerging markets builds reputation, proprietary insight, networks
  - Space/analytics: HE360, BridgeSat
  - Connectivity: Federated Wireless, BridgeSat
  - Data/ML: HawkEye<sup>360</sup>, Federated Wireless
  - ML-based medtech/wearables: Precision Biopsy, Signature Medical
- Sources aligned with theses AND where ALM has reputation/competitive advantage
  - Focus on targeted fed labs, universities/research institutions
  - Networks drive proprietary access
  - Accelerators
- Creates opportunities to invest across spectrum of early stage investment
  - IP commercialisation
  - Majority and minority seed
  - Series A



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Thank you