



# MDY Healthcare plc

**Annual General Meeting**

**29 April 2008**



## *MDY Healthcare plc*

- AIM-quoted investment company specialised solely in the **healthcare sector**
- Portfolio of 7 strategic investments demonstrating progress
- Investing **globally** in **public** and **private** companies with a focus on realising value through M&A opportunities
- **Sector-specialised** management team with operational, transactional and investment experience





## *Board of Directors*

- [David Wong](#), Chairman
- [Charles Spicer](#), Chief Executive
- [Derek Ablett](#), Non-executive director
- [Alan Mackay](#), Non-executive director

## *Senior Advisory Panel*

- [Brian Steer](#), Chair, Stanmore Implants ex-Chair, Gyrus Group plc
- [Lawrence Kinet](#), ex-Smiths Medical
- [Jonathan Milner](#), CEO Abcam plc
- [June Scott](#), ex-Close, Sagitta and F&C

## *Executive Team*

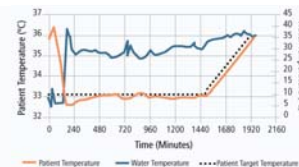
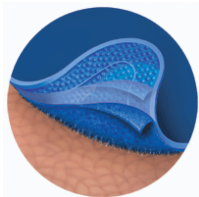
- |                                  |   |
|----------------------------------|---|
| ▪ <a href="#">Charles Spicer</a> | Chief Executive, <i>ex-Head of Healthcare, Numis and Nomura</i>               |
| ▪ <a href="#">Louisa Hellier</a> | General Counsel and Company Secretary, <i>ex-Nomura and Allen &amp; Overy</i> |
| ▪ <a href="#">Robert Watson</a>  | Associate Director, <i>ex-Sofinnova Partners, DPhil in Neurology, Oxford</i>  |
| ▪ <a href="#">Marina Nones</a>   | Office Manager  |

## Medivance Inc

- Based in Colorado, develops instruments that provide clinicians with safe, easy and precise methods for regulating body temperature
- Leading product, ArcticSun®, is a patented and an FDA-approved non-invasive device to rapidly cool patients (“therapeutic hypothermia”) and precisely control core body temperatures
- MDY led placing of \$4.5m in convertible loan notes in Dec 2006 and supported Series D equity financing. Currently own c.10%

### Progress since investment

- Successful Series D private equity raising \$23m following pulled AIM IPO
- Sales doubled in 2007 ahead of plan
- First \$1m month in October 2007
- 2008 target to double sales again and reach breakeven in Q4
- Year end cash c. \$15m comfortably sees them through to cash generation



[www.medivance.com](http://www.medivance.com)

Medivance  
INCORPORATED

## *AOI Medical Inc*

- Based in Orlando, develops innovative orthopaedic instruments and implants in the spine and trauma markets. Leveraging patented Balloon Assisted Management of Fracture (BAMF) technology platform, licensed from Cavitech LLC
- Lead product, AscendX Fracture Reduction System, a set of surgical tools for treating vertebral compression fractures
- MDY led pre-IPO placing in Q3 2006 (investing \$1.5m) and supported IPO with follow-on investment (investing \$2m). MDY owns c. 9% of company

### *Progress since investment*

- Successful IPO on AIM in June 2007 raising £8 million
- 510(k) submitted for Ascendx™ in July 2007; FDA granted conditional approval for AOI to begin 60 subject, single arm study on Ascendx™ in December 2007
- Clinical trial expected to commence in Q2 2008; commercial launch targeted for H2 2008
- Manufacturer of competitive product, Kyphon, acquired in 2007 by Medtronic for \$3.9bn



## Consumer healthcare joint venture

- MDY attracted by convergence of consumer healthcare and online retail
- William Ransom & Son are leading and longest-established UK natural healthcare specialists
- Well-established core manufacturing and wholesale business, a newly refurbished distribution facility

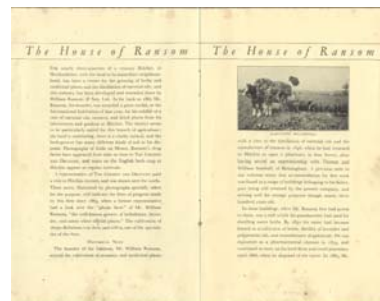
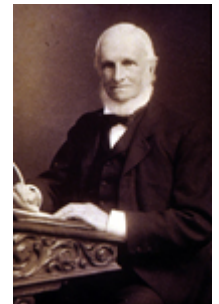
### Deal Summary

- Structured a unique joint venture, majority-owned by MDY, to sell natural healthcare products (primarily sourced from Ransom) DTC through multi-channels
- MDY is providing up to £3m in loan financing, and is coordinating the hiring of team and project coordination
- Ransom has the option to acquire 100% of JV company with an agreed timetable and valuation process
- MDY will have right to receive consideration in Ransom shares or cash (or combination)



## *Progress since investment*




- Existing Ransom product range competitive with specialists – no competitors offer best practice customer experience
- c. 200 product range competitive with main competitors
- Products already established at higher end of market
- JV well placed to position itself as “premium provider of natural products” with a “strong product range backed by top quality service”
- DTC retail offering will be based on existing brand strength and Ransom heritage
- UK direct sales market for health and beauty estimated at £670m, growing at 9% CAGR
- Existing warehouse easily adaptable to accommodate DTC fulfillment capability







# Strategic investments

Company	Date of initial investment	Business description	Investment	Value Drivers
	Feb 2007	AIM-quoted biopharma company with two small molecules spun-out from SmithKline being developed for neurological and psychiatric conditions	Acquired 2% stake in placement led by US venture capital firm, Care Capital	<ul style="list-style-type: none"> <li>• Pivotal phase IIb trial commenced on lead product Tonabersat: results due H1 2008</li> <li>• With a positive result in trial, an M&amp;A candidate</li> </ul>
	Mar 2007	AIM-quoted specialty pharmaceutical company spun-out from SmithKline Beecham, focused on developing and marketing allergy immunotherapies	Acquired 0.7% stake on the market	<ul style="list-style-type: none"> <li>• Lead product, Pollinex Quatro, dosed in 1000-patient Phase III trial</li> <li>• Underlying profitable business with follow-on development products</li> </ul>
	Aug 2007	AIM-quoted medical device company developing cardiac stents for abdominal aortic aneurysms	Acquired 2.6% stake in placement and in market	<ul style="list-style-type: none"> <li>• Ongoing pivotal US clinical trial of lead product, Aorfix™</li> <li>• Received full FDA Approval of its supplemental IDE for pivotal US clinical trial to treat high angle aneurysms</li> </ul>



# Corporate highlights

## corporate

Sale of operating business and change to investing company

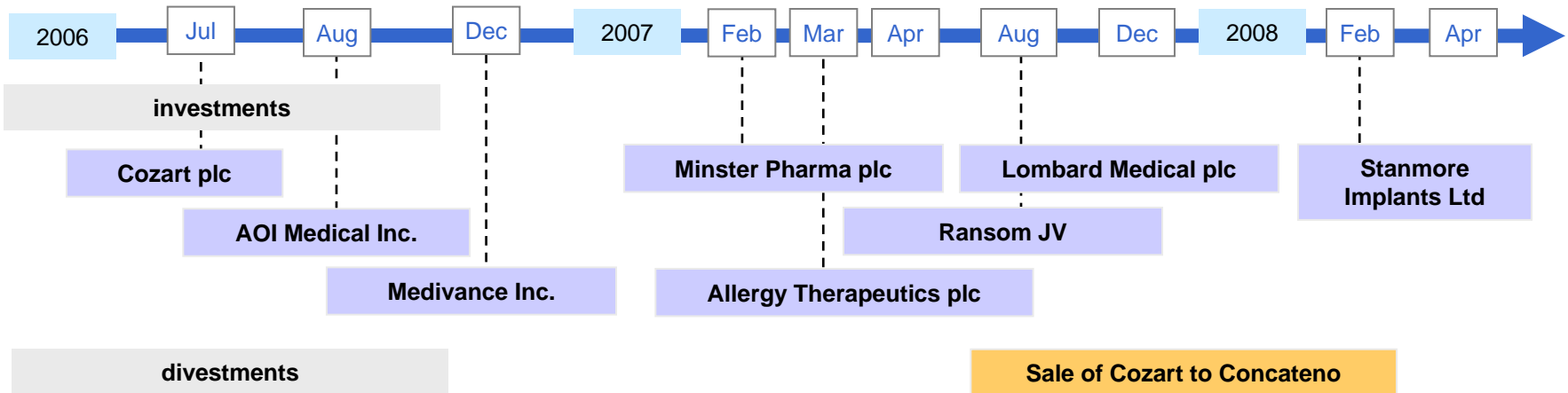
Capital injection by 3i and management, move to AIM and appointment of Charles Spicer as CEO

Building of investment team, Board of Directors and Senior Advisory Panel

AGM & Share Consolidation

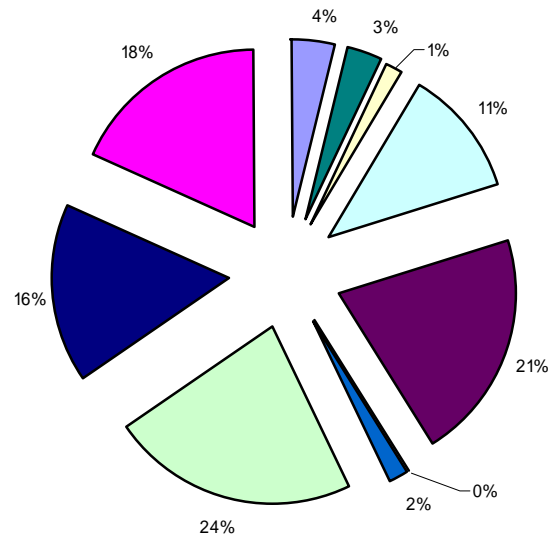
Full year results published

AGM



## MDY Healthcare portfolio

- Lombard Medical
- Minster pharma
- Allergy Therapeutics
- AOI Medical
- Medivance
- Acorn equity
- Acorn loan
- Stanmore Implants
- Open Trading Positions
- Cash





# Healthcare investment areas



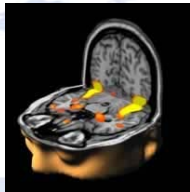
## Medical Technologies

*Implants, instruments, delivery systems*



## Healthcare Services

*Specialty clinics, informatics*



## Medical Diagnostics

*PoC testing, biomarkers, imaging systems*



## Consumer Health

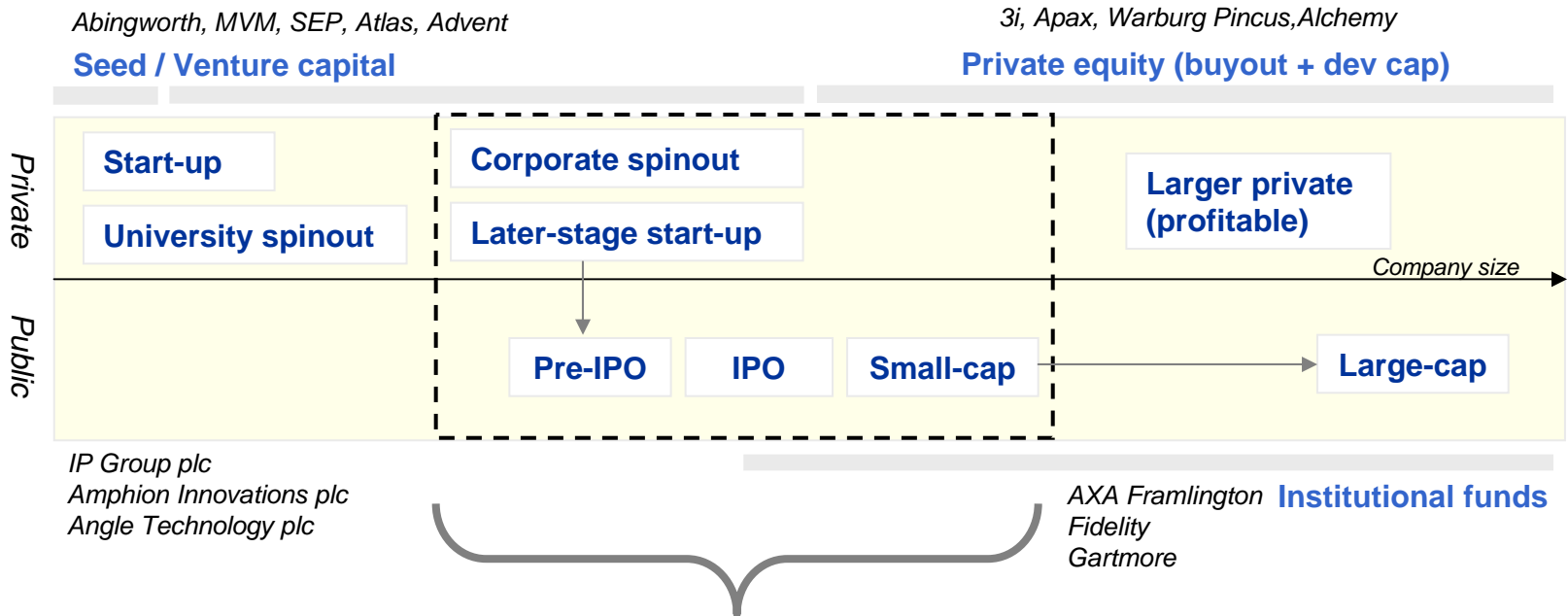
*Innovative retailing, new products*



## Biotechnology / Specialty pharma

*"Nichebuster" products, spinouts*





- Seek **value** opportunities in high growth new medical products **without early-stage development** risk profiles
- Focus on companies with **clear M&A exit potential** in <5y time frame
- Exploit **market inefficiencies** (e.g. private / public company arbitrage) to generate special financing opportunities

- Flexible and dynamic company structure allows us to utilise a **range of investment strategies** e.g. convertible debt, JV's, PIPEs, buyouts
- Focus on investments in **special opportunities**: areas & situations not crowded by other healthcare-specialised investors e.g. M&A-financing situations
- As a lead investor, looking to syndicate deals with value-adding investors
- As a quoted company able to hold investments indefinitely (i.e. not a function of fund lifetimes) – private or public, albeit all investments will have an exit strategy
- Team includes a broad and deep range of experiences within the healthcare and investment sectors, in particular: **M&A, private equity** and **operational**





## *Building a unique healthcare investment company focused on special situations in high growth areas*

- 8 strategic investments made to date with one IPO, one realisation through trade sale and one company successfully refinanced in the last year
- Increasing specialisation on medtech and consumer health
- Development of strategic relationships with other investors
- Continued focus on finding financing opportunities in under-valued healthcare companies where we can see M&A exit opportunities ideally in 1-3 year time horizon
- A tough last 12 months for the healthcare sector has created a growing number of investment opportunities at historically very attractive valuations



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