



*Fueling life sciences through
transformative transactions*

Q2 2016: TRENDS IN BIOTECH FINANCE

July 21st, 2016

We focus on building companies across three distinct segments

Emerging Biopharma



Finance innovation by parallel processing global and regional deals with private and public capital tracks

Growth Biopharma



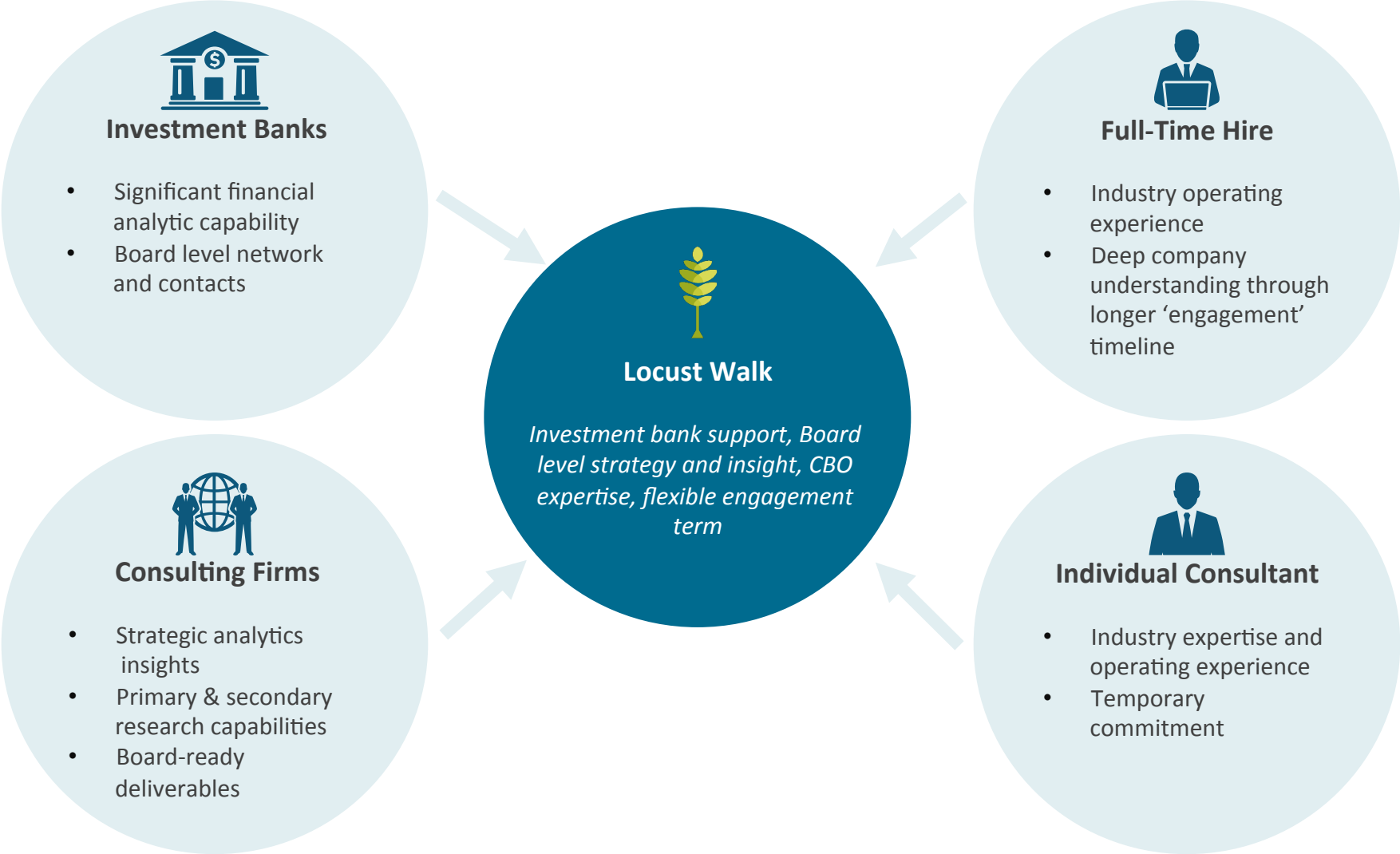
Rapidly expand product mix and grow pipeline to maximize value and mitigate risk

Medical Device



Commercialize products via strategic partnerships and innovative capital sourcing to maximize value

Locust Walk is uniquely positioned to bring your transaction from search to signature



Locust Walk has helped build many successful biopharma companies

 <p>Collaboration to develop & commercialize KHK's anti-LIGHT mAb</p> <p>KYOWA KIRIN</p> <p>Undisclosed</p>	 <p>Advised on IPO process and syndicate selection</p> <p>\$25M NASDAQ IPO</p>	 <p>Sell-side Asian Licensing Agreement for fasinumab</p>  <p>Mitsubishi Tanabe Pharma</p> <p>\$55M Upfront, \$270M Milestones</p>	 <p>Sell-side Asian Licensing Agreement for Tecarfarin</p>  <p>李氏大藥廠</p> <p>Undisclosed Value</p>	 <p>Buy-side licensing agreement for ALT1103 for Acromegaly</p>  <p>\$5M Upfront, \$105M Milestones, Plus Royalties</p>	 <p>Buy-side product acquisition of Somatoprim for Acromegaly</p>  <p>\$30M in Cortendo Equity</p>
 <p>Advised private placement to leading healthcare investors</p>        <p>\$33.2M Private Placement</p>	 <p>Sell-side North American Oravig® rights</p>  <p>Undisclosed Value</p>	 <p>Advised on Series B financing</p> <p>Life Science Investors</p> <p>\$24.3M Series B</p>	 <p>Advised private placement to leading healthcare investors</p>     <p>\$26.4M Private Placement</p>	 <p>Sell-side Option Agreement for OTC Topical Ibuprofen</p> <p>Leading Consumer Health Co</p> <p>Undisclosed Value</p>	 <p>Sell-side regional Licensing Agreement for TSX-002</p>  <p>\$15M Upfront, \$80M Milestones, Plus Royalties</p>
 <p>Advised on Series A financing</p> <p>Family Office Investors</p> <p>\$7M Series A</p>	 <p>Sell-side US Commercialization Agreement for Sitavig</p>  <p>advancing dermatology</p> <p>Undisclosed Value</p>	 <p>M&A Advisory on Fabrus / Senesco Merger</p>  <p>\$20M Transaction Value</p>	 <p>Advised on Follow-on Strategic Investment</p>  <p>\$63M Series F</p>	 <p>Buy-side Collaboration for Digital Technology</p>  <p>Undisclosed Value</p>	 <p>Sell-side Actimmune® Commercial Product</p>  <p>\$55M Upfront, \$4M Royalty</p>
 <p>Sell-side Deal Strategy and Valuation Support</p>   <p>\$200M Upfront, \$1.8B Total</p>	 <p>Sell-side Licensing Agreement for AT-406</p>  <p>Undisclosed Value</p>	 <p>Sell-side License/Research Collaboration for ANG1005</p>  <p>\$35M Upfront, Milestones Undisclosed</p>	 <p>Spinoff and Partnership for Synthetic Genomics Vaccines</p>  <p>Undisclosed Value</p>	 <p>Sell-side Licensing Agreement for OTC Topical Ibuprofen</p> <p>Leading Consumer Health Co</p> <p>Undisclosed Value</p>	 <p>Sell-side Japan Licensing Agreement for Salirasib</p>  <p>Undisclosed Value</p>

Locust Walk has closed 24 transactions across a variety of deal types, stages of development and therapeutic areas

* Sorted in Reverse Chronological Order

Our leadership includes successful biopharma operating, investing and transaction executives supported by a strong analytical team



Geoff Meyerson*

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- Healthcare Banker: **UBS**
- Life Science VC: **SR One**
- MBA: **Wharton, MB: Penn, BS: Duke**

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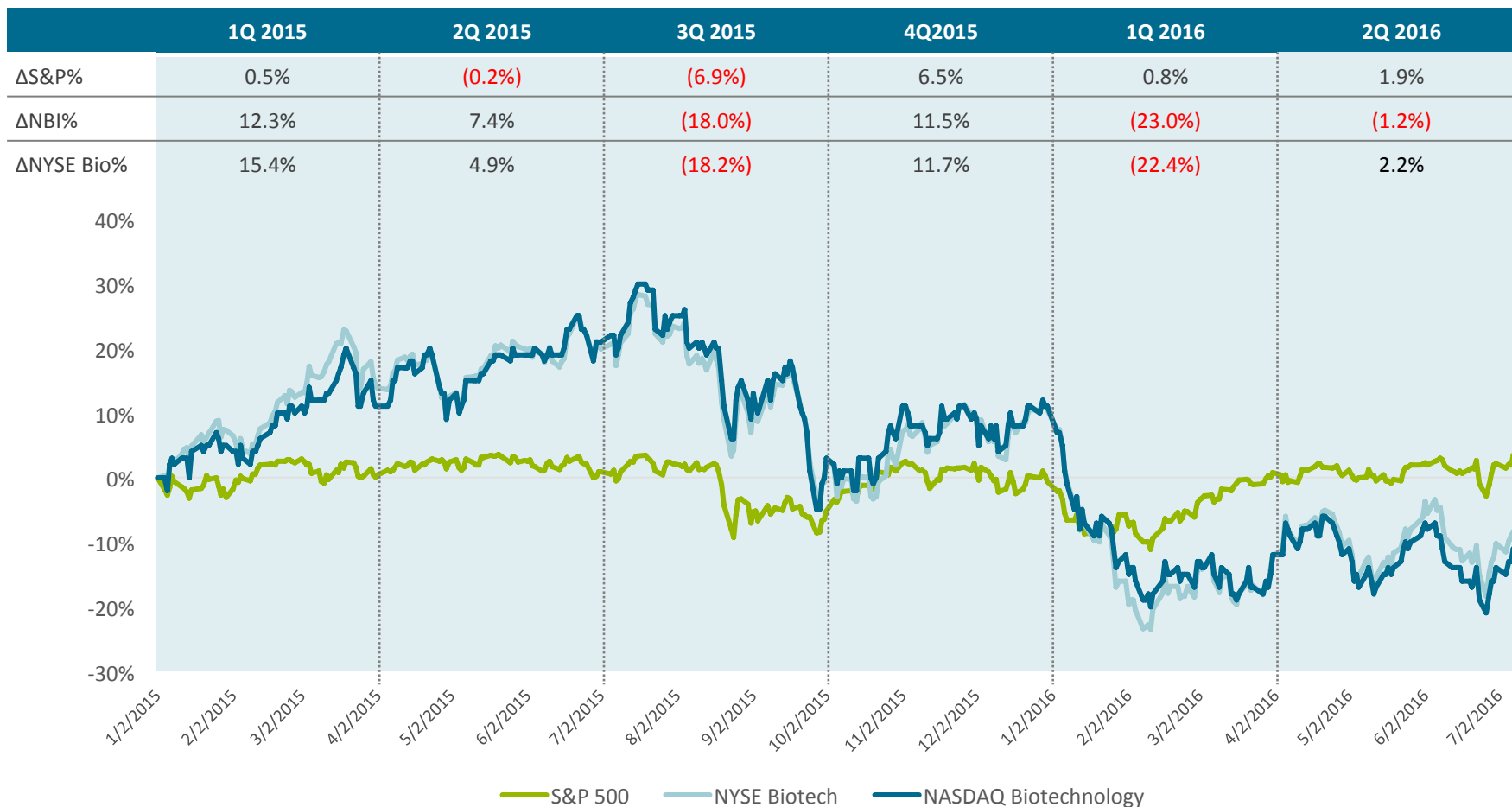
*Registered Reps with Locust Walk Securities, LLC.

Overview of Q2 2016 Biopharma Deal Landscape

- **Public biopharma markets stabilized in Q2 following a 25% drop in Q1**
 - ▶ While biopharma indices remained flat, the quarter was marked by uncertainty and volatility as global events such as Brexit weighed on the confidence of investors
- **Biopharma IPOs remained low in Q2 with only 10 new companies going public**
 - ▶ Increased investor selectivity has limited the number of IPOs as insider support continues to be a critical driver of success
 - ▶ While IPO volume remained low, top investors continued to support IPOs based on strong valuations and better aftermarket performance relative to 2015
- **Strategic transactions have also experienced a decline due to market uncertainty**
 - ▶ High transaction volume of 2015 has limited deal activity from top biopharma deal makers as they focus on integrated and supported new programs
 - ▶ Despite decline in transaction volume, M&A activity has increased as buyers look to broaden their portfolios for investors and targets seek alternative sources to continue supporting programs

Major biopharma indices remained flat in Q2 following downward performance in Q1 caused by macro volatility and price concerns

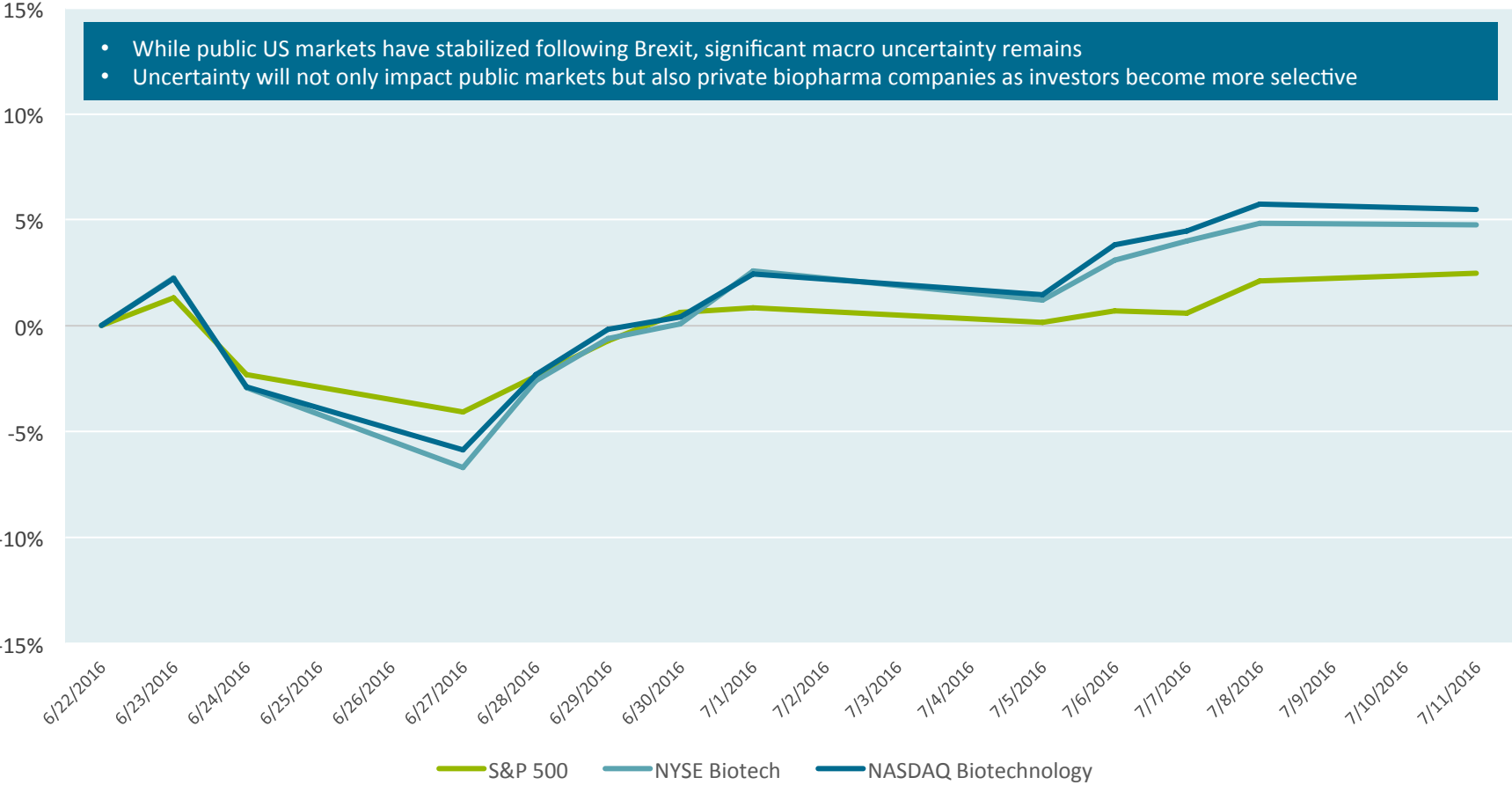
2Q 2016 and Historical Performance of Key BioPharma Indices



Source: Yahoo! Finance

UK Referendum (“Brexit”) created short-term volatility, which has since stabilized, however market uncertainty lingers

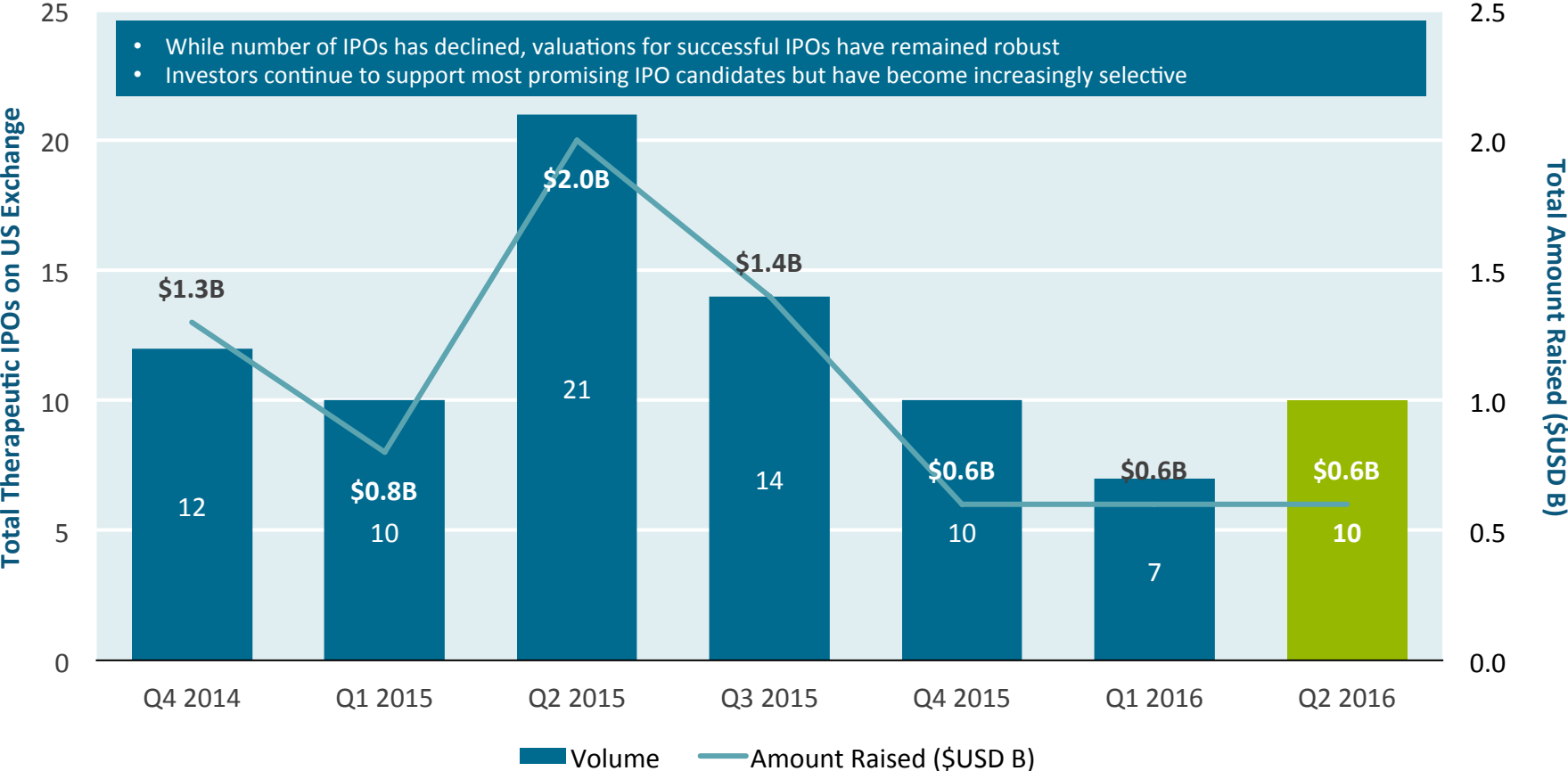
Performance of Key BioPharma Indices since “Brexit”



Source: Yahoo! Finance

IPO lull has continued into Q2 2016 from the past two quarters and has seen 10 new biopharma IPOs with smaller avg. raises

Number of Therapeutic IPOs and Aggregate Total Raised By Quarter



Sources: Thomson Reuters Life Sciences Dealmaking 2015; HBM Pharma/Biotech M&A Report 2016

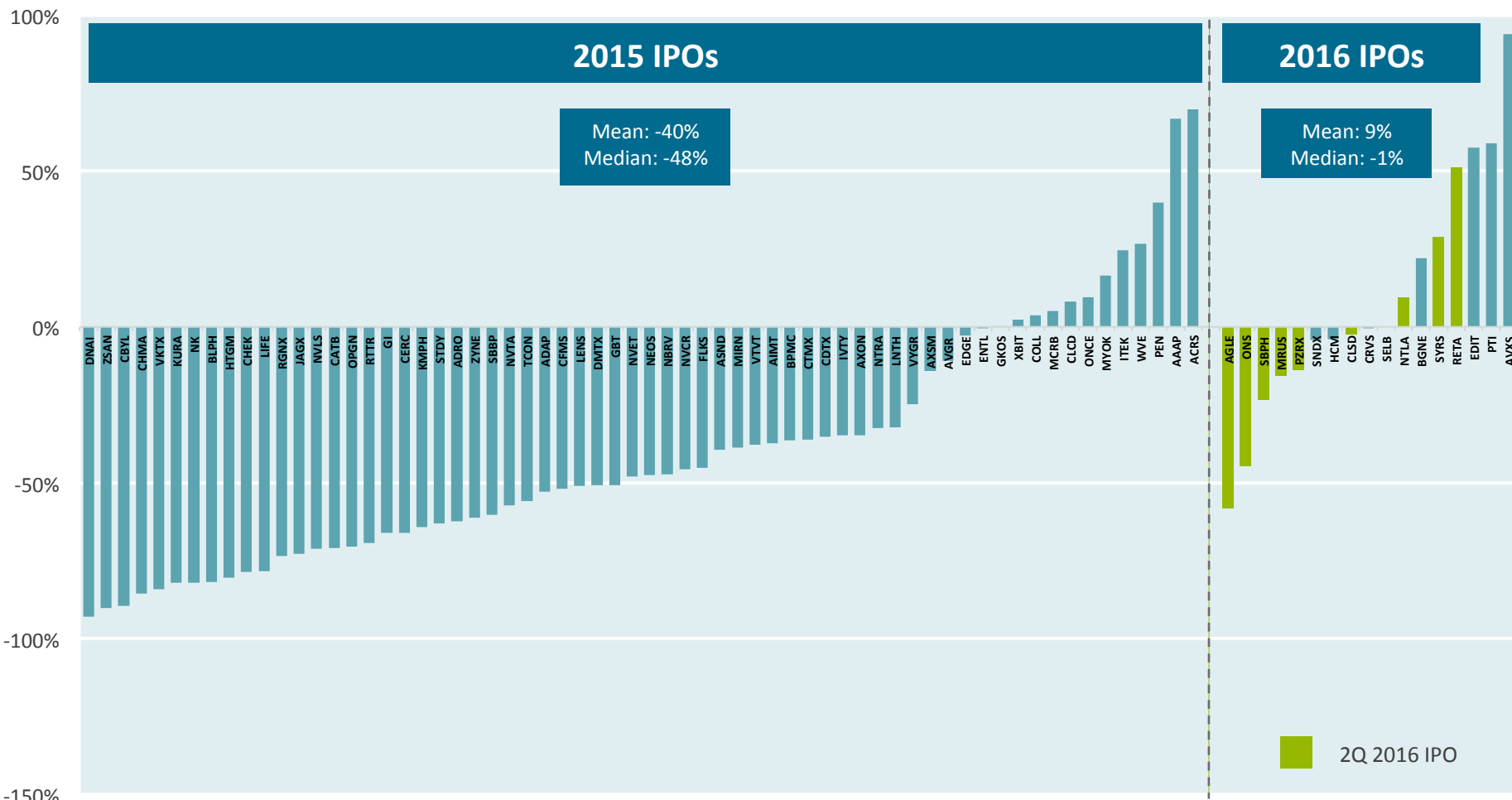
2016 Biopharma IPOs (17 total)

Issuer	Therapeutic Area	Phase of Lead Product	Offer Date	Public Offering Price (\$)	Insider Participation	Price Change to Current
2Q 2016						
Syros Pharmaceuticals	AML and MDS	Phase 2 Ready	6/29/16	12.50	70.0%	45.2%
Selecta Biosciences	Gout	Phase 1 Ongoing	6/21/16	14.00	57.1%	(0.1%)
Clearside Biomedical	Macular Edema	Phase 3 Ongoing	6/1/16	7.00	54.5%	0.1%
Reata Pharma	PAH	Phase 3 Ongoing	5/25/16	11.00	48.3%	79.6%
Merus BV	Oncology	Phase 1/2	5/18/16	10.00	59.1%	(20.1%)
PhaseRx Inc	Orphan Liver Disease	Preclinical	5/17/16	5.00	50.8%	(16.4%)
Oncobiologics	Immunology/Oncology	Phase 3 Ready	5/12/16	6.00	57.1%	(23.0%)
Intellia Therapeutics	Gene Therapy	Preclinical	5/6/16	18.00	28.0%	18.6%
Spring Bank Pharmaceuticals	Infectious Disease	Phase 2 Ready	5/6/16	12.00	54.3%	(21.3%)
Aeglea BioTherapeutics	Oncology/Orphan	Phase 1 Ready	4/7/16	10.00	63.5%	(51.4%)
1Q 2016						
Corvus Pharmaceuticals	Oncology	Phase 1/1b	3/22/16	15.00	30.1%	(4.9%)
Hutchinson China MediTech	Oncology	Phase 3 Ready	3/16/16	13.50	0.0%	2.2%
Syndax Pharmaceuticals	Oncology	Phase 3	3/2/16	12.00	0.0%	(17.9%)
AveXis	Gene Therapy/ Orphan	Phase 1	2/10/16	20.00	20.0%	90.1%
Proteostasis Therapeutics	Endocrinology/ Metabolism	Phase 1 Ready	2/10/16	8.00	40.4%	51.6%
BeiGene	Oncology	Phase 1	2/2/16	24.00	39.8%	24.2%
Editas Medicine	Gene Therapy	Preclinical	2/2/16	16.00	0.0%	52.5%
				Mean	39.6%	12.3%
				Median	48.3%	0.1%

Source: BTIG Research, Stifel Capital Markets

Tepid public markets have limited Biopharma IPOs to stronger candidates, resulting in better aftermarket performance vs. 2015

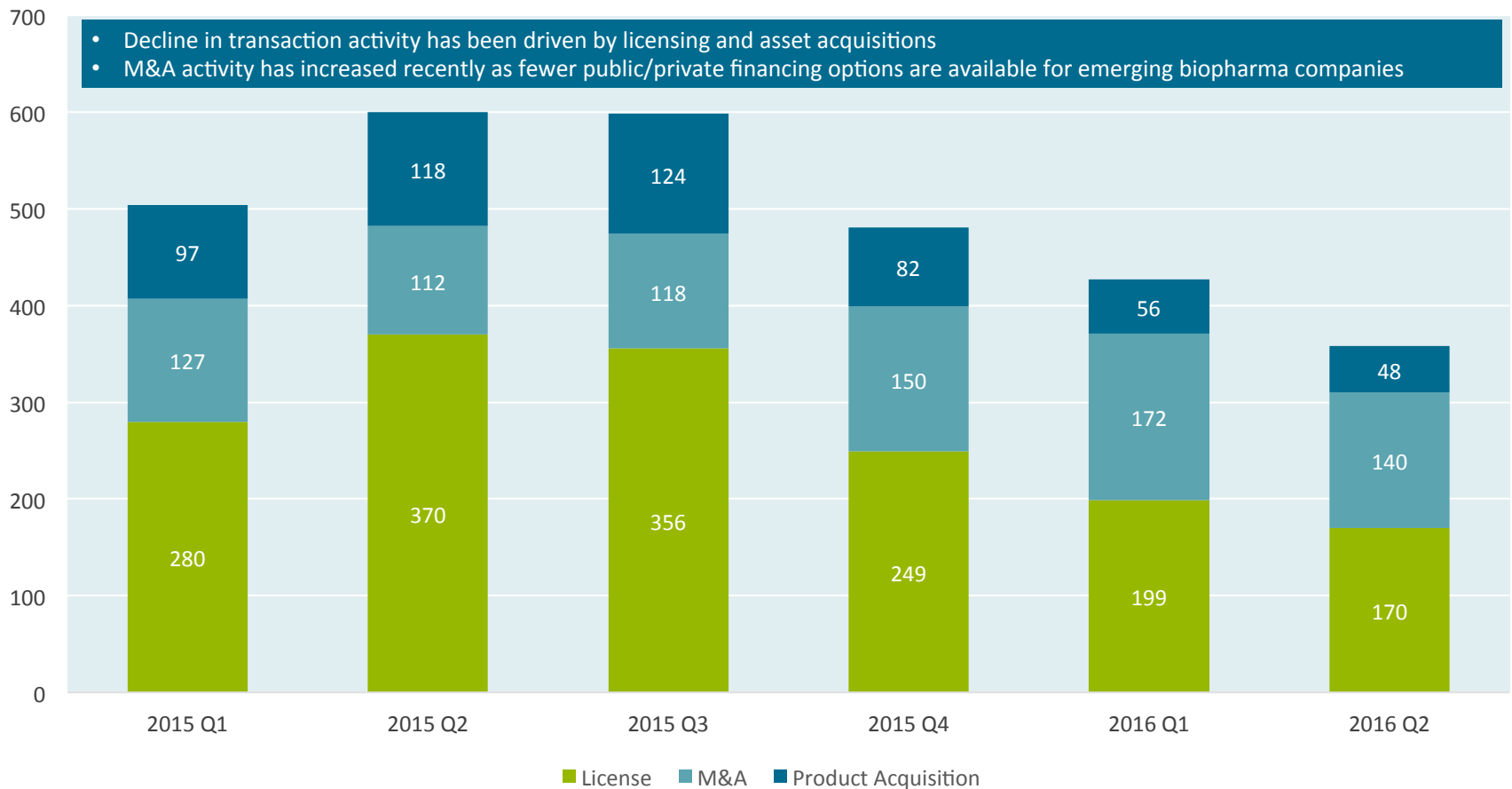
Aftermarket Performance to Date of 2015 and 2016 BioPharma IPOs



Source: Yahoo! Finance. Note: Prices as of 2016-07/01.

Similarly, macro volatility has negatively impacted deal landscape with biggest drop in licensing and asset acquisition

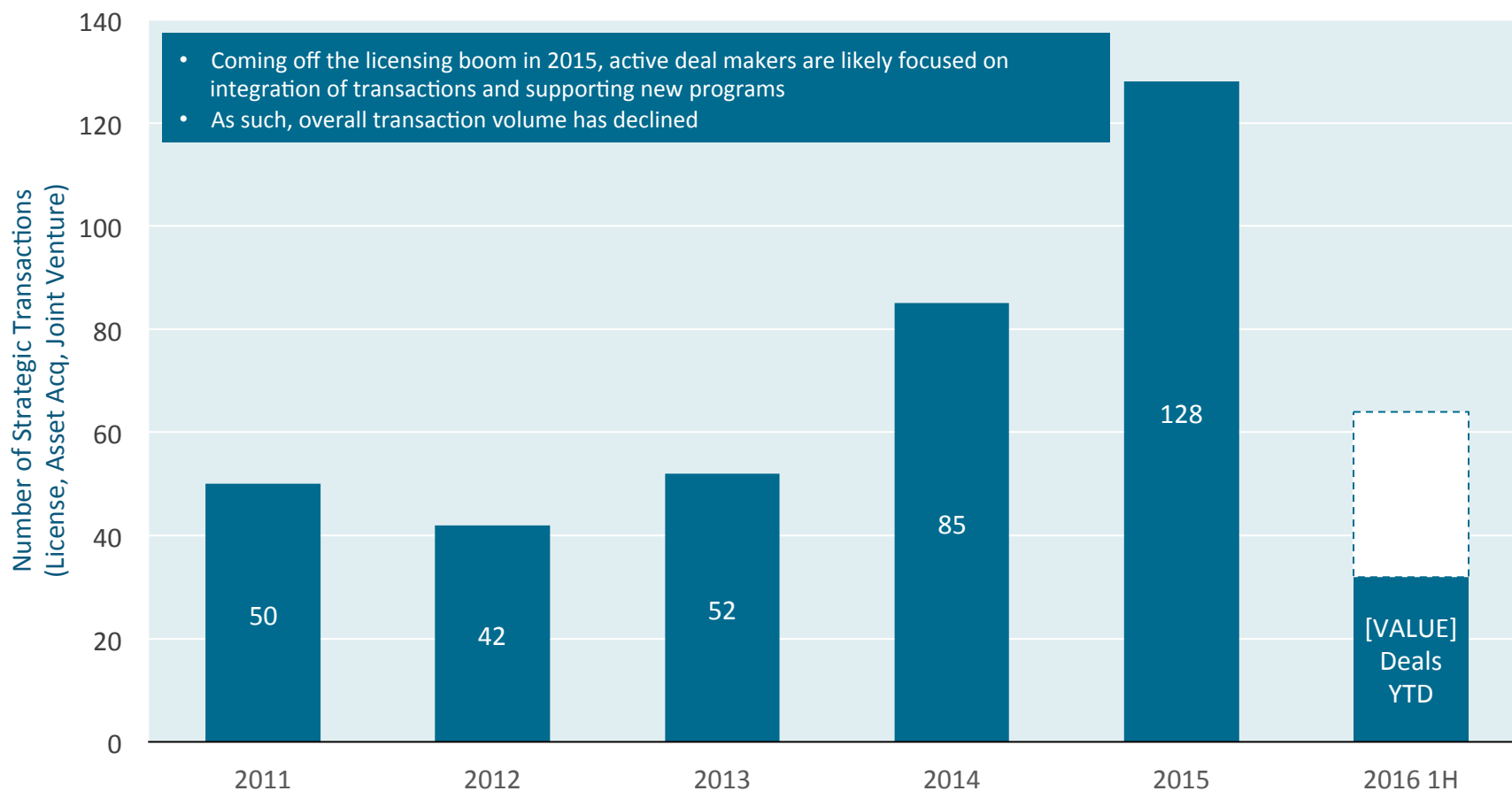
Quarterly Deal Activity by Transaction Type



Source: Recap IQ

Declining interest from most active biopharma deal makers has had the greatest impact on total deal landscape

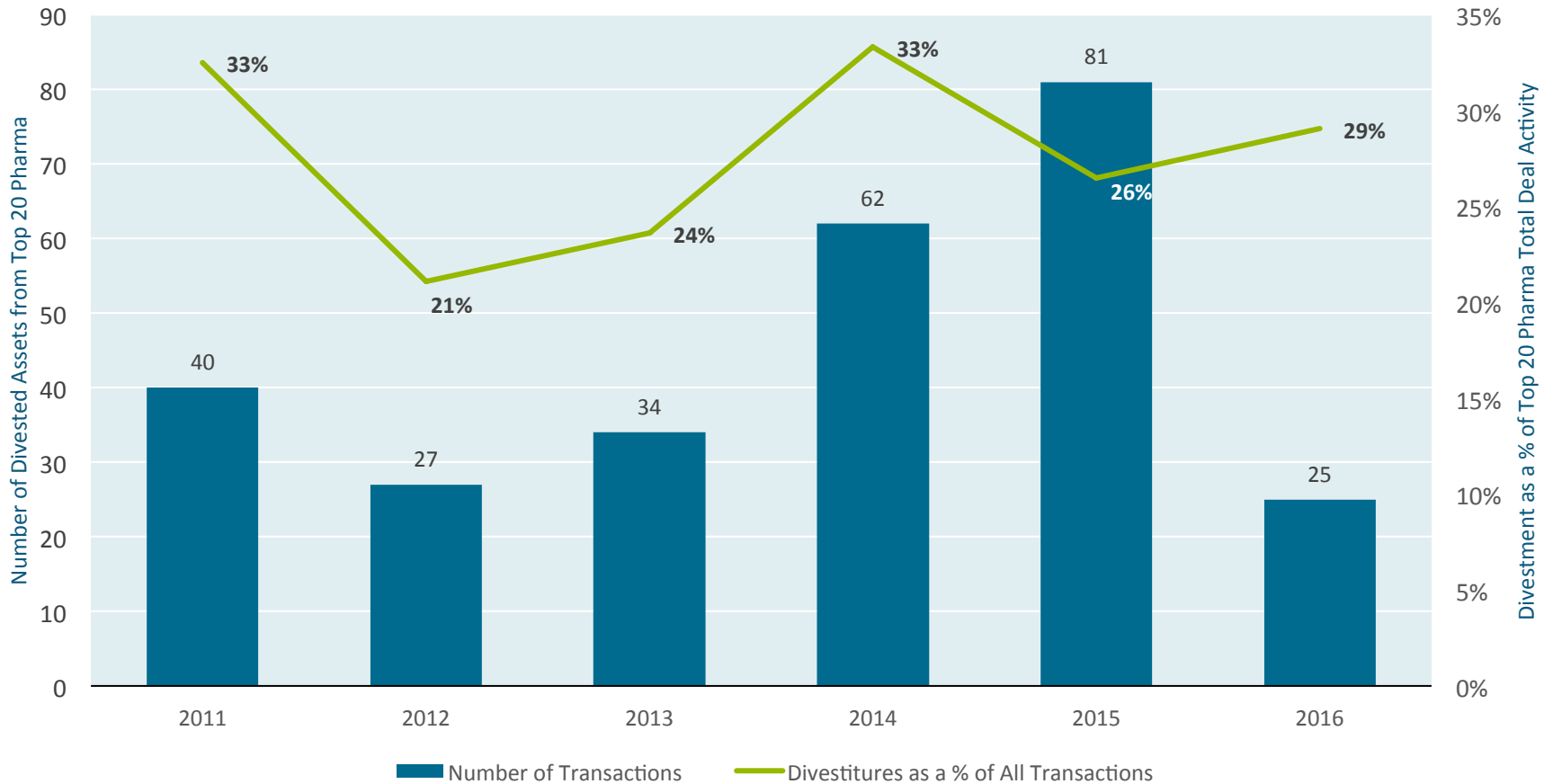
Number of Transactions by Biopharma Active Deal Makers*



*Biotech Active Deal Makers Defined as performing 10 or more transactions in the past 5 years
Sources: Thomson Reuters Life Sciences Dealmaking 2015; HBM Pharma/Biotech M&A Report 2016

Top 20 pharma divestitures have declined along with total transactions, but may increase as portfolio are reviewed

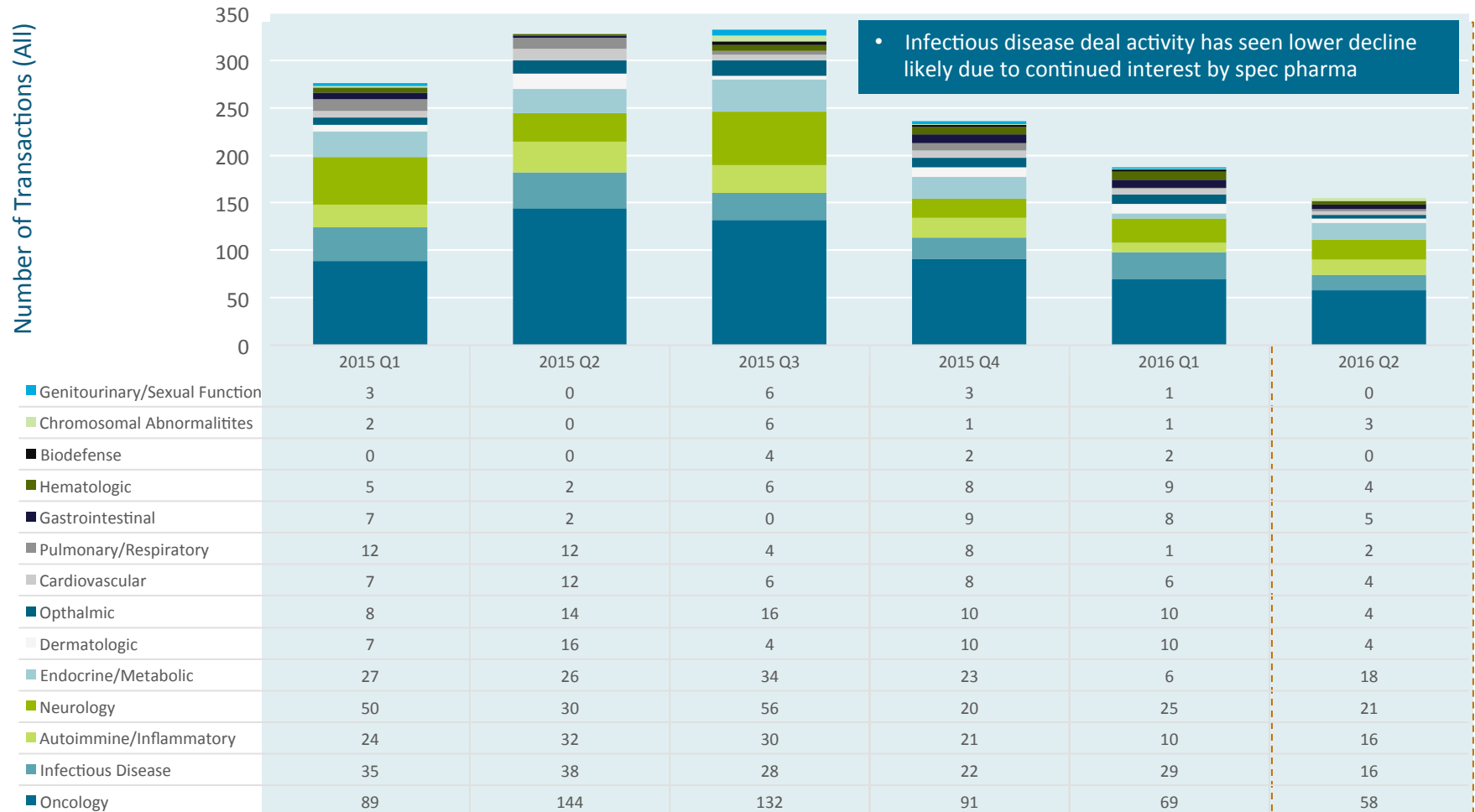
Top 20 Pharma Transactions with Divestitures as a % of all Transactions



Source: Recap IQ

Deal activity has dropped across all TAs; oncology and CNS continue to be high volume areas, but have experienced greatest decline

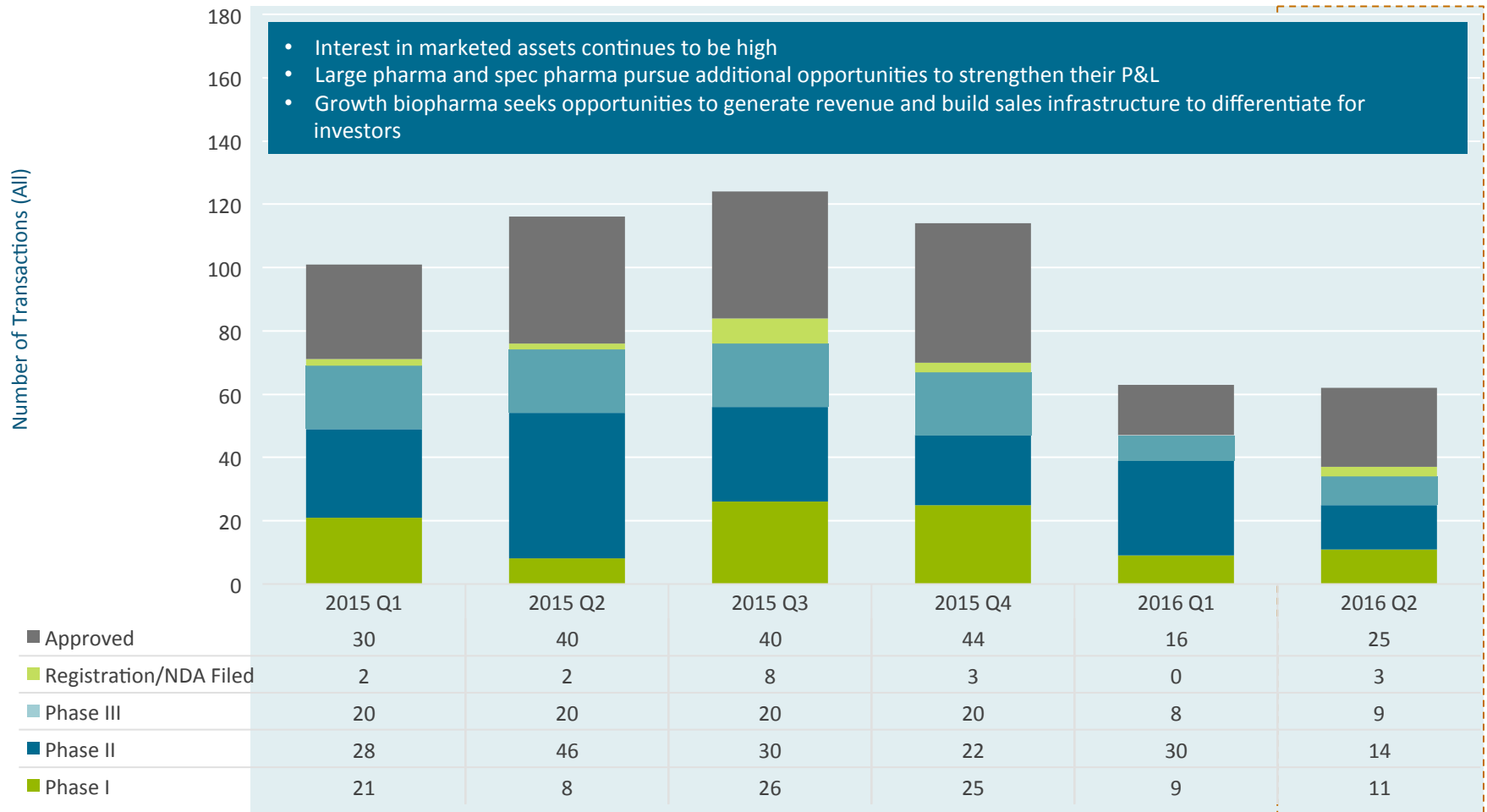
Quarterly Deal Activity by Therapeutic Area



Source: Recap IQ

Despite continued decline in activity, deal volume for approved assets increased in Q2 as companies seek revenue opportunities

Quarterly Deal Activity for Clinical Stage Deals by Phase of Development



Source: Recap IQ

What to expect in the second half of 2016 and beyond...

- **Biopharma market indices are likely to remain flat as uncertainty continues given global market volatility and US election**
- **Biopharma IPOs may remain pressured as investors remain selective**
 - ▶ Companies that have successfully gone public with the support of top-tier investors have experienced greater after market performance and are likely to continue to outperform
- **Companies are likely to focus on high-impact strategic deals that can differentiate them for investors**
 - ▶ M&A activity may increase relative to licensing as access to capital continues to be constrained for growth biopharma
 - ▶ Trend toward marketed products is expected to continue as companies seek to differentiate and establish a sales presence, but may be constrained by the number of available opportunities