

How to position a business for growth capital

Module 4: Investor presentation and documentation

GCE Ocean Technology Course Programme Spring 2020
by Idévekst Energi on behalf of GCE Ocean Technology

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Programme overview



May 19	Module 1: Intro and real-life examples	<ul style="list-style-type: none">• Introduction to the programme: Background & objective, Capitalization & sales process, Programme overview & modules, The investment landscape & what it takes – an overview• «Stories from real life»
May 26	Module 2: Preparations and business plan	<ul style="list-style-type: none">• Preparations for a capital / transaction process: Why? What? How?• Business plan: Which topics to cover? How? Some examples. Capital need / funding plan
June 2	Module 3: Investors and the investment process	<ul style="list-style-type: none">• Different types of financial investors – and their characteristics: Business angels, seed, venture capital, buyout, family offices• The investment process: Preparation, marketing, transaction (negotiations, due diligence, execution)
June 9	Module 4: Investor presentation	<ul style="list-style-type: none">• Elements of a good investor presentation• Giving an investor presentation• Other documentation needs
June 16	Module 5: Growth and exit	<ul style="list-style-type: none">• What does it mean to work with active owners to implement a growth and value creation plan• Preparations for exit: Part or 100% sale of the company

Agenda – Module #4 – June 9

Part 1: Investor presentation – an investor’s perspective: Johan Odvar Odfjell, Planet 9 Venture

Part 2: Investor presentation – and other documentation needs

- Key contents of an investor presentation – a quick overview
- A “teaser”
- Other documentation needs

Part 3: Telling – and selling - the story

- Different audiences – different needs
- What triggers an investor?
- Some examples
- Q & A

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The investor presentation – an external perspective



Johan Odvar Odfjell

Planet 9 Venture

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Presentation and documentation objectives



Overall
transaction
objectives

Attracting the right investors –
and the desired funding

Low transaction risk

Favorable terms (\$\$, warranties,
agreements, other terms)

Presentation and
documentation
objectives

- Marketing:
 - Triggering initial interest from potential investors and buyers
- Selling:
 - Generating deep / sincere interest from some of these investors / buyers
 - Describing and documenting value creation potential and other “selling points”, technology, uniqueness / edge, team, execution capabilities
- Enabling a sufficiently common understanding (company / buyer / investor) – to secure a successful transaction – as well as success after the transaction

Typical documentation involved in a transaction process

Preparation

Marketing

Transaction

Post-transaction

Teaser /
introduction

“Investment
memorandum”
Prospectus

Investor /
company
presentation

“Company
description”

Financial
information

Other supporting
information

Business plan /
company
strategy

Due diligence
information

“Questions &
answers”

Agreements

Updated / joint
business plan
“100 day plan”

Key marketing material: Teaser / introduction / “one-pager”



TYRIS AS - INVESTMENT OPPORTUNITY

COMPANY OVERVIEW

- Tyris AS provides solutions and services enabling the seafood industry to combat fish diseases and lice problems comprising:
- Chemical and biological sensor solutions for early stage detection of a range of harmful fish diseases by conducting real time trace element analyses of the water in the cages. Fish having contracted a specific disease emit certain trace elements prior to showing symptoms and Tyris sensor solutions detect these trace elements allowing early intervention before loss of biomass.
- A treatment given by injections which causes sea lice not to attach to salmon/trout. The mechanism behind the treatment is the fact that sea lice do not stick to certain species (e.g. cod). To sea lice a treated salmon/trout appear to be a cod and the sea lice consequently do not remain attached to treated fish.
- Established in 2014 based on technology coming out of Chr. Michelsen Research and the University of Bergen
- 10 employees of which 6 PhDs within engineering and life science
- Facilities include advanced biological & chemical labs including assembly and test set-up for sensor solutions and a batch manufacturing set-up for injection liquid.

Tyris AS is a fictitious company has no resemblance to reality

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INVESTMENT RATIONALE

- Recognized in and well positioned toward the seafood industry and in dialog about concrete business opportunities with leading fish farming players.
- The market for sensors for early stage detection of fish diseases expected to grow considerably driven by global need to increase aquaculture production as meat production declines –ref. e.g. on-going initiatives in the US, China, Australia and Norway.
- Sea lice is a major concern in the seafood industry resulting in significant increase in production costs, and consequently Tyris lice treatment will typically reduce production costs by more than 20%.
- Tyris' solutions expected to enable the fish farming industry (which is under regulatory and environmental pressure) to obtain new concessions and increased revenue.
- Unique technology successfully demonstrated at several fish farms.
- Highly capable and solution oriented technical team.
- Cost competitive and scalable delivery setup.

BUSINESS PLAN HIGHLIGHTS 2020 - 24

- Scale up supply of sensor solutions.
- Invest in new production line for sea lice treatment injection liquid.
- Develop new solutions directed towards other species.
- Scale up organization and supply chain in line with business growth.

FINANCIAL DEVELOPMENT



ALL ENQUIRIES REGARDING THIS DOCUMENT OR A POSSIBLE TRANSACTION SHOULD BE DIRECTED TO:

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Key marketing material: Teaser / introduction / “one-pager”



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Tyris financials - historic and forecast [MNOK]

Year	Revenue	EBITDA
2017	1	-2
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Company presentation – A possible index

Objective:

- *Presentation that can be used in a meeting with interested buyers / investors to present the company – and increase this interest!*
- *And – ideally – that can be read (before or after a meeting) to give investors / buyers a good (and appealing) overview of the business*

- Executive summary
 - 1-2 pages summarizing the core elements of the plan
- Chapter 1 Company overview
 - Business idea & value proposition: The basic business idea and what problem(s) you solve and the resulting value you provide to clients
 - History
- Chapter 2 Products, services & technology
 - Products, services and core elements of the underlying technology/IPR
- Chapter 3 Market
 - Target market, market description (trends/outlook/size/segmentation), customers, competitors and competitive edge
- Chapter 4 Operational set-up and organization
 - Supply chain, manufacturing set-up, sustainability / ESG, revenue model, margins & pricing, how to sell/distribute etc.
 - Organization: Team, core expertise, required resources and facilities, organizational build-up, HSEQ
- Chapter 5 Business plan (3 – 5 years)
 - Short and long term objectives, overall action plan, more specific short term action plan (next 12 months)
- Chapter 6 Financials
 - Financial history and forecasts, capital required and plan for funding
- Optional: Appendix with additional detail on some of the topics above – if required

*This index builds on the possible “Business plan” index outlined in Module #2 – but with some minor adaptations
Typical length: Approximately 25 – 30 pages*

Other documentation (1:2)



“Investment memorandum”
& Prospectus

- For publicly traded securities there are specific regulations from Finanstilsynet, EU etc dictating information requirements. Pls refer to these regulations and solicit legal advice if required

“Company description”

- Text document giving a description of the Company and plans – in a similar fashion to an Investor Presentation but with additional detail and intended to be read rather than presented in a meeting

Supporting documentation: In most transactions, one or more of the following may be requested / should be available:

Financial information

- Historical financials (official accounts, management accounts, ledgers, supporting analysis)
- Financial projections (assumptions, profit & loss, key balance sheet items, cash flow projections, sensitivities / scenarios)
- Budgets

Business plan / company
strategy

- Strategy documents
- Market analyses
- Business plans, financial plans, action plans

Due diligence information

- Typically extensive information covering all essential aspects of the business (upside and downside / risk)
- Financial, legal, environment / sustainability, commercial, technical / products / IP, operational, organization, etc etc

Other documentation (2:2)



“Questions & answers”

- Be prepared for questions during the process – and seek to provide good answers to these
- During DD: Establish a structured Q&A mechanism / channel – and keep track of and document all questions and answers

Other supporting information

- Depending on the situation, various supporting information may be relevant and asked for. E.g., supporting technical / product information, market analyses, customer / partnership / other agreements, offers, past and future financial information, etc.

Agreements

- Term sheet / letter of intent / LOI
- Share purchase agreement and/or investment agreement and/or asset purchase agreement
- Employment agreements, rental agreements, other agreements
- Shareholders agreement

Updated / joint business plan

- Updated business plan – made in conjunction by / with common understanding from both old and new shareholders

“100 day plan”

- Part of business plan – with specific focus on actions in the period immediately after transaction – to secure a good start to the common ownership – and to create value for both old and new shareholders

“Content above style”, but both matter....



Content

Covers the essential topics appropriately
(ref. the proposed index on page 10)

What is the business idea – and what makes your
business unique? How will you make money?

Why and how will you succeed? Explain how the
company has “what it takes”

What are your plans? Are they credible? Are risks
considered and addressed appropriately?

How will the company create value going forward? For
customers, the company, investors?

What makes this a good investment opportunity? How
will you generate an attractive return for your investors?

Structure, style and format

Structured, logical, easy to follow

Tells a convincing story – in a credible way

Is the presentation intended to be presented in a
meeting, or read, or both?

Free of errors (language, numbers, facts and contents)

Layout / formats are “good enough to give a
professional impression”

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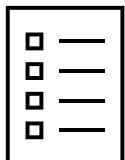
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Marketing – process



1



- Investor presentation
- “One-pager” for initial introduction without NDA
- NDA to be used when sharing investor presentation
- Prioritized list of investors including contact details
- Draft your input to a potential term sheet

Documents

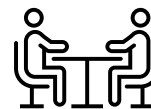
2



- Contact the investors and present your case on a “one-pager” level.
- Follow-up as needed
- Investors will evaluate the investment opportunity and decide if they want to continue the dialogue
- Try to align as many potential investors as possible

Initial dialogue

3



- Sign NDA prior to sharing the investor presentation
- If feasible, give the presentation in a meeting with the investors
- A Q&A-phase will follow – respond swiftly!
- Do not enter into exclusivity at this stage

Management presentations

4



- Set a deadline for the investors to submit indicative offers if you have several interested investors
- Evaluate the offers; valuation, expertise, relations
- Be prepared to enter into exclusivity
- Sign term sheet and prepare for DD and negotiations

Indicative offer & Term sheet



What are investors and buyers typically looking for?

Attractive business idea



Strong value proposition



Attractive business model



Strong competitive edge

Credible & able to execute



Resources: Team & Expertise



Resources: Capital



Structured approach, solid plan and hard work
... and a bit luck

What will make your buyers or investors “tick”?



Need to “Cover the basics” on all dimensions – with no “black holes”

What are the “unique selling points” that will make buyers / investors really want your business?

Attractive
business idea



Strong value proposition



Attractive business model



Strong competitive edge

Credible & able
to execute



Resources: Team & Expertise



Resources: Capital



Structured approach, solid plan and hard work
... and a bit luck

What are the “unique selling points” that will make buyers or investors really want your business? *Some examples*



Industrial buyers

Unique technology and patents

Strong products or services

Team / competence / capabilities

Market position – market access – contracts - consolidation

Regulatory developments or other external developments

GAS
SECURE



Financial buyers / investors

Business model

Scalability & growth potential

Consolidation opportunity

Profit improvement potential

Exit opportunities (later on)

“Megatrend” fit



Bringing it all together in a value creation plan (1:2)



Example

Business objectives

Which position is the company aiming for (in 3 – 5 year perspective)?

Top 3 supplier of XXX to the oil & gas industry in the North Sea

Key initiatives

1. Introduce new products X and Y to the market
2. Geographic expansion - UKCS
3. Enter ZZZ segment through an acquisition
4. Streamline manufacturing setup and logistics

Action plan – how will you get there?

High level 3 year plan

Specific 1 year plan

2020

2021

2022

New product X and Y	⇒	xxx xxx xxx	xxx xxx xxx	xxx xxx xxx
Geographic expansion - UKCS	⇒	xxx xxx xxx	xxx xxx xxx	xxx xxx xxx
Acquisition ZZZ segment	⇒	xxx xxx xxx	xxx xxx xxx	xxx xxx xxx
Streamline manufacturing setup and logistics	⇒	xxx xxx xxx	xxx xxx xxx	xxx xxx xxx

Bringing it all together in a value creation plan (2:2)



How will we ensure success?

Revenue

EBITDA

**Company XX – 2019
starting position**

New product X and Y

Basic technology development and patents in place
Pilot customer testing underway with strong feedback
Launch plan XXX

**Geographic expansion -
UKCS**

Market analysis completed – confirming demand
Norway customers AAA and BBB wants support also on UKCS
In dialogue with 2 potential key employees

Acquisition ZZZ segment

Strong product synergies / market logic to combined offer
4 potential targets identified. In initial dialogue with XX and YYY
Fallback: Organic entry based on XXX

**Streamline manufacturing
setup and logistics**

From 6 to 4 sites – based on ZZZ
Service levels confirmed through XXX
Potential savings: XXX

**Company XX – 2022 target
position**

400

+100

+80

+120

700

40

+15

+10

+30

+25

120



Giving an investor presentation

Have a story well planned, be firm and do not “let your mind fly” which could jeopardize your story’ message. Do dry runs before the investor meeting so you are sure you keep the allotted time.

- Important points
 - Explain your solution/service briefly and understandably to non-experts
 - Business idea – value proposition
 - Company’ ESG (Environmental, Social, and Governance) / sustainability
 - Uniqueness / IP
 - How you will grab and /or increase market share
- Your Team
 - Competency, stable workforce with right values
- Have investors focus
 - Put yourself in buyers- / investors seat
 - The value creation and return of investment
 - How will the new capital be spent

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Preview – Module #5 – June 16

Part 1: Working with active owners to implement a growth and value creation plan

- XXX
- XXX
- Q & A

Part 2: Preparations for exit: Part or 100% sale of the company

- XXX
- XXX
- Q & A



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