

NOVEMBER 2016

# Draper Esprit plc Interim Results Investor Presentation

draper esprit

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# Company overview

Draper Esprit is a Pan- European venture capital company developing and investing in disruptive, high growth tech companies.

One of the most active venture capital firms in Europe with over **£350 million** in AUM.

Play a direct role in helping entrepreneurs build their companies.

Notable portfolio companies include **Trustpilot, Graze, Conversocial, M-files, Lyst, and Graphcore.**

Draper Esprit is part of the Draper Venture Network of Partner Funds.

Successful initial public offering (“IPO”) and admission to AIM and ESM.

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## Delivering on IPO Strategy

- Gross primary portfolio value of £106.9m, an increase of £28.1m including new investments of £6.8m (27% increase in 3 month period excluding new investments)
- £39.0m of portfolio realisations: Movidius (£27.4m), Qosmos (£8.0m) and Datahug (£3.6m)
- £11.1m invested, alongside a further £6.2m from our co-investment funds, including Lifesum, Graphcore, Resolver and post period Pushdoctor and Perkbox

# Executive team

## OUR TEAM



**Simon Cook**  
CEO

Simon is the CEO of Draper Esprit and has been involved with the European VC industry since 1995. He co-founded Draper Esprit in 2005 and has been involved with a number of Europe's most successful startups including Lovefilm (Amazon), Cambridge Silicon Radio (IPO), Virata (IPO), nCipher (IPO) and KVS (Symantec).



**Stuart Chapman**  
COO

Prior to co-founding Draper Esprit in 2005 Stuart was a partner of 3i Ventures where he was also a founding partner of their Menlo Park office. Over his 13 years at 3i he was responsible for investments in Neutec Pharma (LSE), Network Technology (LSE), The Cloud, Searchspace and Magic 4. Stuart served as a member of the BVCA Council and Chairman of the Venture Committee.



**Ben Wilkinson**  
CFO

Ben is an experienced leader of public company finance teams having served for five years as CFO of AIM listed President Energy PLC where he was responsible for all financial aspects of the group. Ben is a Chartered Accountant, FCA, with a background in M&A investment banking from ABN Amro/RBS.



**Brian Caulfield**  
Managing Partner

Brian is a serial entrepreneur turned VC. He previously founded software companies Exceptis Technologies which was acquired by Trintech Group and Similarity Systems that was acquired by Informatica. Prior to joining Draper Esprit, Brian was a partner at Trinity Venture Capital where he sat on the boards of or led investments in AePONA (Intel), ChangingWorlds (Amdocs), CR2, SteelTrace (Compuware) and APT (CSR).



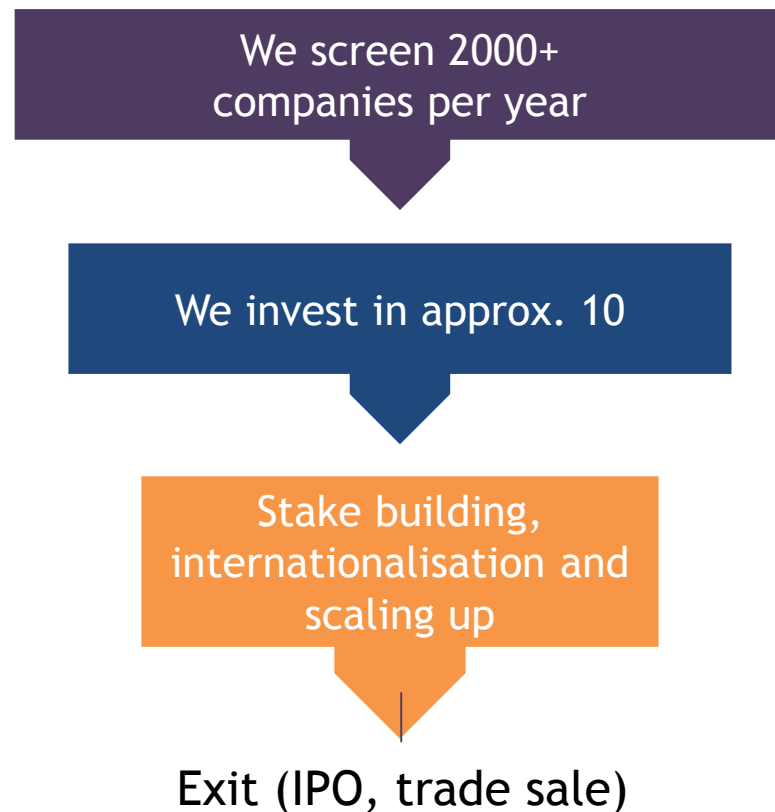
# Company strategy

# Select, build, grow

## Company overview

- ✓ We **actively manage**, board members of portfolio helping to build companies hands-on. We add value via networks and expertise.
- ✓ Target plc **return 20%+** per annum on portfolio value
- ✓ We typically **invest £3-10m over life for a 5-25% stake**, potential for co-investment/increased holdings
- ✓ We invest small amounts early but reserve more capital for later stage rounds to back winners
- ✓ NAVs underpinned by revenue growth and up-rounds as companies progress to milestones
- ✓ Tech businesses in Europe can exit for \$150m+ and increasingly \$1bn+

From potential opportunity to exit



# Our experienced management team

Simon Cook  
CEO



Stuart Chapman  
COO



Brian Caulfield  
Managing Partner



Jonathan Sibilia  
Head of  
Secondaries



Vishal Gulati  
Venture Partner



David Cummings  
Venture Partner



Richard Marsh  
Venture Partner



Alan Duncan  
Venture Partner



Tim Draper  
Founder, Draper  
Network



Gabe Turner  
CEO, Draper  
Network



Michael Jackson  
Partner



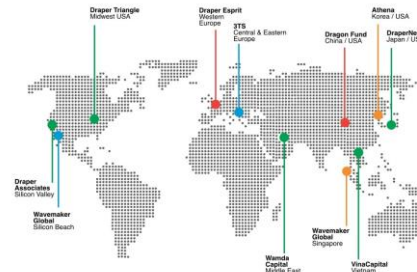
William Horlick  
Partner



- Team are a unique combination of VCs, entrepreneurs, bankers, 150+ companies invested, ex 3i, Cazenove, etc. Expanding as we grow, with Elderstreet acquisition and new hires
- Partner and board member of Draper Global Network headquartered in Silicon Valley



**DRAPER  
VENTURE  
NETWORK**



# Where we get our dealflow?

Digital model



+ £££ +



University model

1

**Deep Networks of Entrepreneurs:** Serial entrepreneurs, matching winners to great technologies (rather than the other way around)

2

**Global Branding to Support Global Ambitions:** Draper is a recognised Silicon Valley brand known to entrepreneurs.

3

**Feeder Funds:** EIS angel funds and Secondary strategy give access to deals, corporate investors such as Bosch also bring dealflow

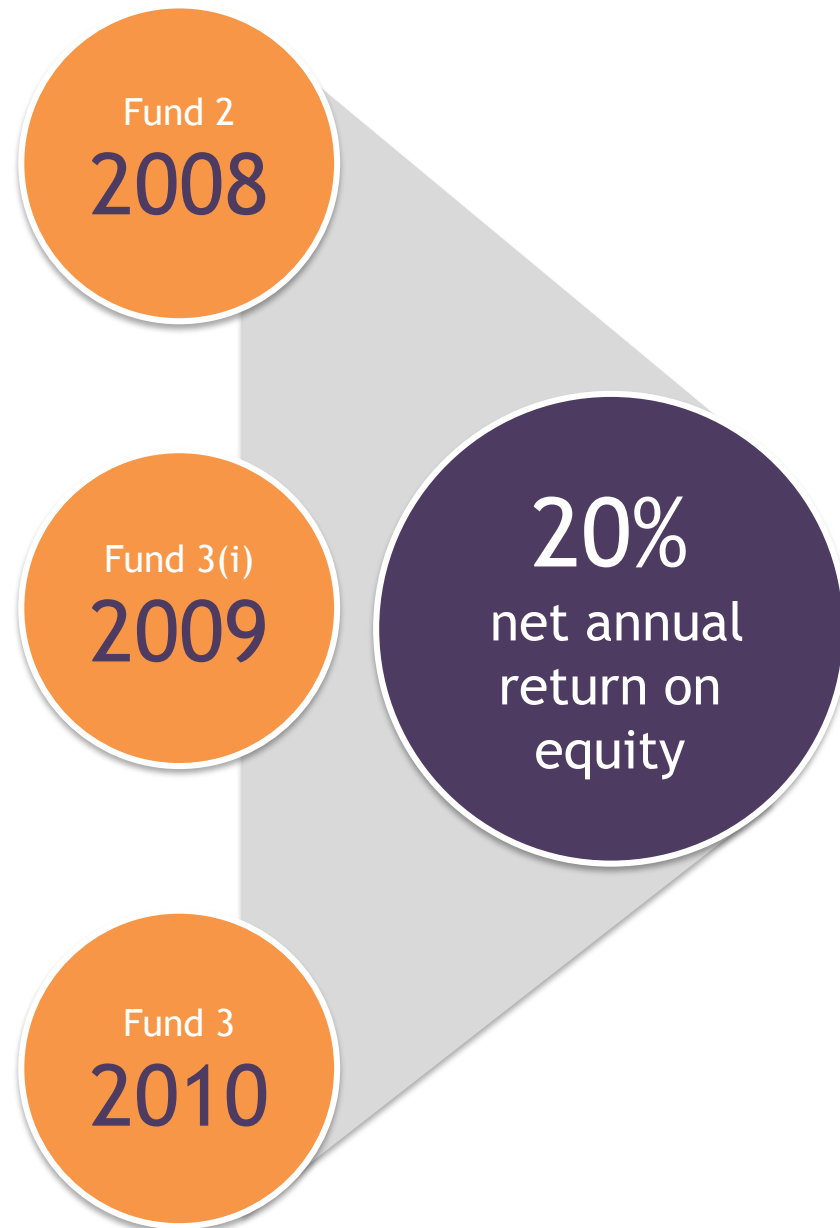
4

**Portfolio Pull:** Visible portfolio of growth companies - several of 'Future 50' UK companies



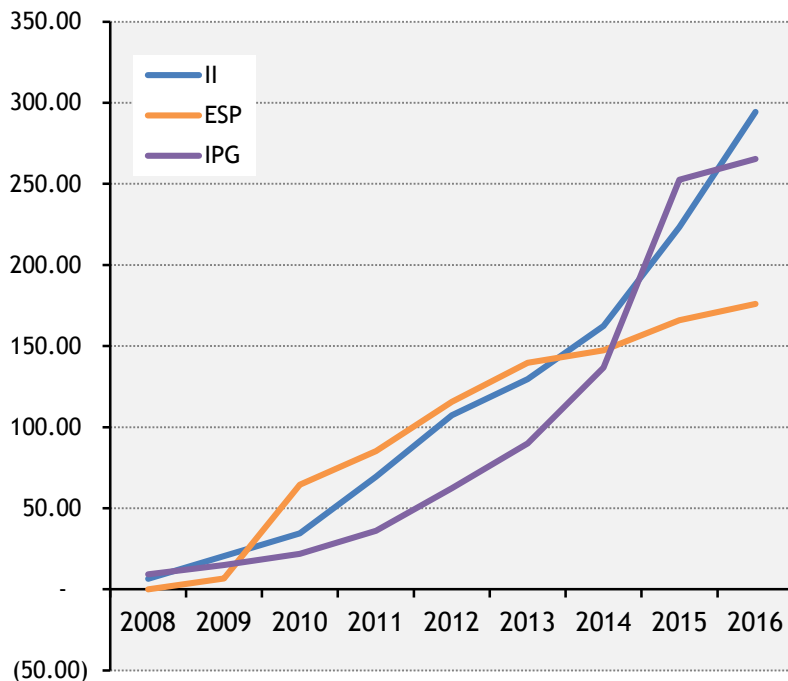
## Track record to IPO

- 10 years as a VC firm
- 111 investments across 4 funds
- 66 realisations with 34 gains on sale
- 2.5x gross return after losses on realised companies



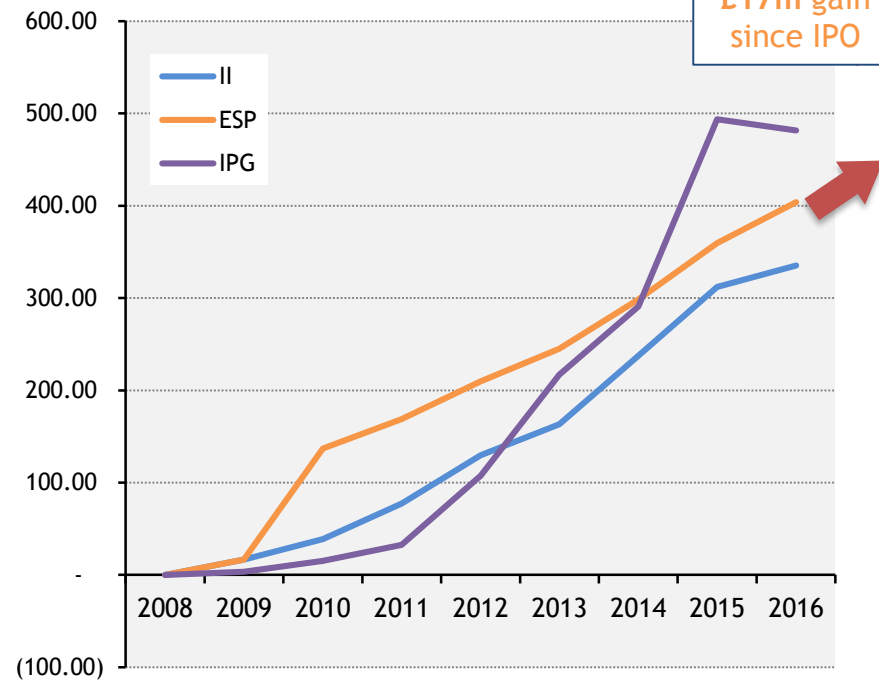
# Comparable performance to University VC

CUMULATED CAPITAL INVESTED



Figures to June 2016, DE analysis on public sources

NAVS + EXITS CUMULATED



£17m gain since IPO

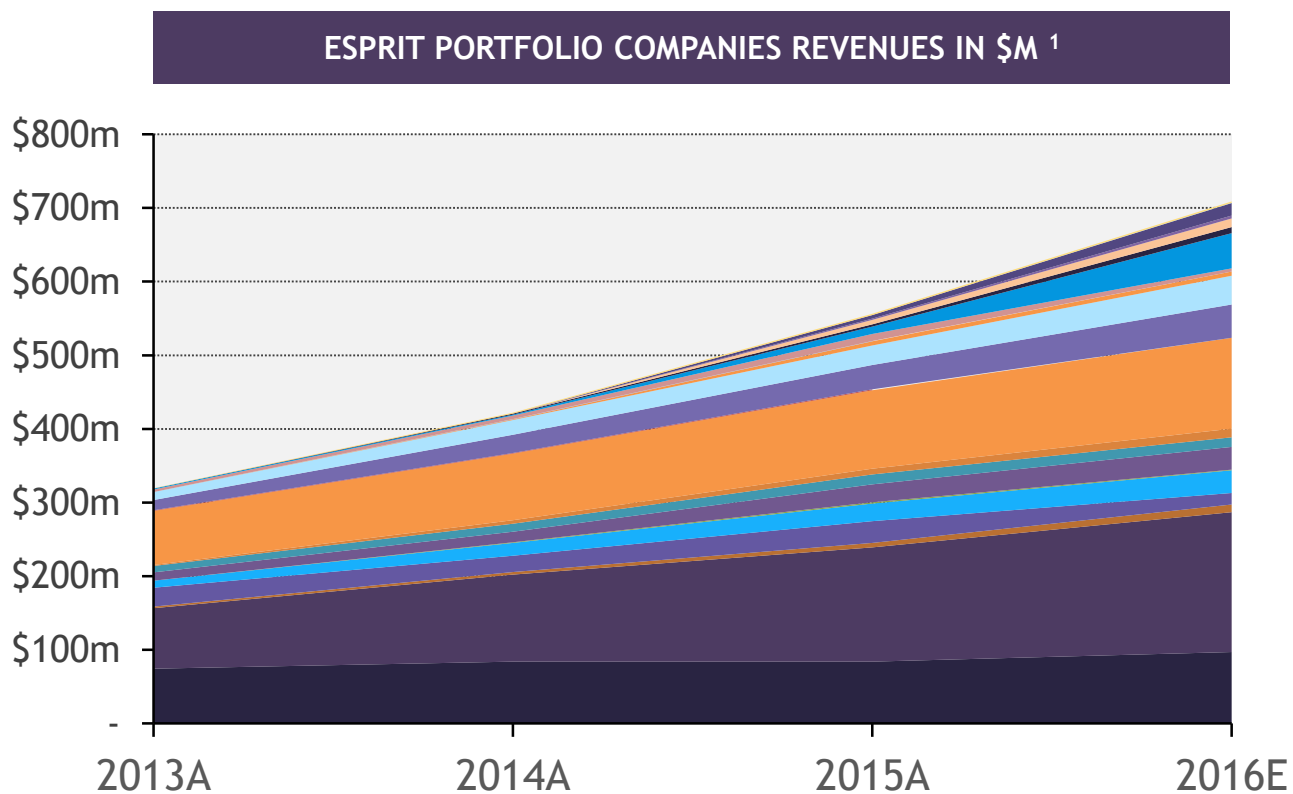
£m	Invested	Value	Mult	Cash Returned	%
Implnv	294.0	389.90	1.32	44.90	15%
Esprit	175.99	428.52	2.43	153.52	87%
IP Group	265.40	590.70	2.23	65.00	24%

NB data to IPO, Esprit returned £17m further value, £32m cash since June

# High growth portfolio companies

Aggregate revenues over \$710m (2016), average revenues \$36m\*

*Average revenue growth of c.30% per annum demonstrates the differentiated portfolio opportunity investors can access through Draper Esprit*






\* Average of Top 8 portfolio companies based on Fair value

<sup>1</sup> Source: the information used in preparing the graph above has been compiled from a number of sources including management accounts, portfolio company board packs and statutory accounts. In addition, management has made certain assumptions in respect of calendarisation of year ends and also exchange rates.




# Cash generation: £39m in recent exits\*

\* including amounts held in escrow. This relates to the period from June 2016- present




	Investment Date	Amounts invested	Subsequent exits with returns of cash	Exit multiples
 Movidius	26.03.2013	£3.6m	£27.4m	7.6x
 QOSMOS	31.08.2011	£4.1m	£8.0m	1.9x
 DataHug	23.10.2012	£2.24m	£3.6m	1.6x

Having bought varying degrees of participation in all three companies, we worked closely with the management teams to achieve successful exits

# Key portfolio companies

Companies	Portfolio Company Latest	History
	<ul style="list-style-type: none"> <li>• Founded in 2007, Trustpilot is a global, multi-language review community with customers in 65 countries</li> <li>• Trustpilot's aim is to build the world's single most trusted review company</li> <li>• Consumers visit the Trustpilot website to leave positive or negative reviews about an online merchant where they purchased a product. Once a merchant has a paid subscription to use Trustpilot, they are able to respond directly and openly with consumers who have left reviews</li> <li>• Merchants may embed the Trustpilot widget onto their site in order to highlight their ratings amongst customers, and can opt into having starred reviews showing up on ad-words when a customer searches for that merchant</li> <li>• Trustpilot has built a strong SaaS revenue model with excellent growth in Europe over the last 3 years</li> </ul>	<ul style="list-style-type: none"> <li>• First invested in Trustpilot in 2013 with follow on investment in 2015 bringing the total investment by the Group to £5.5 million.</li> <li>• Trustpilot raised US\$73.5 million in 2015</li> <li>• Northzone, Index Ventures &amp; Vitruvian Partners</li> </ul>
	<ul style="list-style-type: none"> <li>• Graze is an online and offline retailer and manufacturer of healthier snacks, operating in the UK and the USA</li> <li>• utilises data generated from user reviews to innovate and develop new products for evolving taste preferences and growing consumer demand for wholesome on the go snack options</li> <li>• The company has launched its own retail product with wide availability in the UK across 3,000+ stores including retailers such as Boots, Tesco, WH Smith and Sainsburys</li> <li>• The company has recently launched into 4,000+ retail stores in the USA and further online growth is forecast. Graze remains profitable with strong gross margins.</li> </ul>	<ul style="list-style-type: none"> <li>• First invested in Graze in 2010 with follow on investment in 2012</li> <li>• Total investment by the Group to £3.7 million</li> <li>• The Carlyle Group &amp; Octopus Investments</li> </ul>
	<ul style="list-style-type: none"> <li>• Conversocial aims to be the leading provider of cloud-based social customer service solutions using analytics</li> <li>• To provide accurate, actionable insights on customer trends over time and comprehensive application program interfaces that integrate into customer relationship management and contact centre technologies</li> <li>• Expanding its executive team to help innovate its product as companies invest in customer service applications in order to accelerate their customer engagement.</li> <li>• During the past year, has increased its office presence and has recorded new client wins across North America, UK and Europe</li> <li>• Announced the signing of a new partnership agreement with Twitter which is expected to drive larger enterprise sales over the next two years.</li> </ul>	<ul style="list-style-type: none"> <li>• First invested in Conversocial in 2011 with follow on investments each year to 2015 bringing the total investment by the Group to £2.3 million.</li> <li>• Raised \$11 million in 2015 from the Company, Dawn Capital and previous investor Octopus Investments.</li> </ul>

# Key portfolio companies

Companies	Portfolio Company Latest	History
	<ul style="list-style-type: none"> <li>• Founded in 2010, Lyst is an online fashion marketplace that lets people shop across over 11,500 different online stores using a single check-out</li> <li>• Differentiated from other “aggregation” websites by the size of the pool of online stores and designers that it aggregates</li> <li>• Develops technology to personalise the experience for visitors, suggesting new items to customers based on previous purchases, with a real-time ability to show the customer what is actually in stock and where.</li> </ul>	<ul style="list-style-type: none"> <li>• First invested in Lyst in 2012 with follow on investment in 2013 and 2015 bringing the total investment by the Group to £2.4 million.</li> <li>• Lyst raised US\$35 million in 2015 from investors including Group Arnault (owner of LVMH Moët Hennessy Louis Vuitton SE), with support from existing investors including Draper Esprit, Accel and Balderton</li> </ul>
	<ul style="list-style-type: none"> <li>• SportPursuit was founded in 2011 as a UK-based sport specific e-commerce website where members receive access to sales from brand partners targeting the technical sportswear and outdoor clothing and equipment space</li> <li>• Offers up to 70 per cent. discounts on sports and outdoor brands</li> <li>• Currently with customers in the UK, Australia, Germany, France and Scandinavia. It aims to be the world’s largest private shopping club for sports enthusiasts</li> <li>• The vision of the team is to utilise the power of the online channel, the SportPursuit brand and the community they build up around it to realise a greater value opportunity.</li> </ul>	<ul style="list-style-type: none"> <li>• First invested in SportPursuit in 2012 with follow on investment in 2013 and 2014 bringing the total investment by the Group to £3.2 million.</li> <li>• Alongside Draper Esprit investors include CIT Growth Capital and Scottish Equity Partners. The company raised £9.0 million announced in November 2015.</li> </ul>
	<ul style="list-style-type: none"> <li>• M-Files is a software company which provides enterprise information management (EIM) solutions to eliminate information silos and provides access to content from core business systems and devices</li> <li>• EIM system uses software based on the meta-data contained within the document. This provides it with a unique advantage as it is not constrained by where the document is stored or resides</li> <li>• M-Files is performing well with strong revenues and growth rates. New initiatives in product (mobile), geography (UK, Germany, Australia and NZ) and enterprise are driving the company’s revenue and enhancing its reputation</li> <li>• Recent wins with the IMF, the Romanian Government and Abbott, continue to demonstrate the products strength and potential</li> </ul>	<ul style="list-style-type: none"> <li>• First invested in M-Files in 2013 with follow on investment in 2015 bringing the total investment by the Group to £2.4 million</li> <li>• Alongside Draper Esprit investors include Finnish Industry Investment and Partech Ventures, raising \$36 million in February 2016</li> </ul>

# Portfolio Valuation to September 2016

conversocial

graze  
nature delivered

LYST  
LONDON & NEW YORK

M-Files®

Movidius

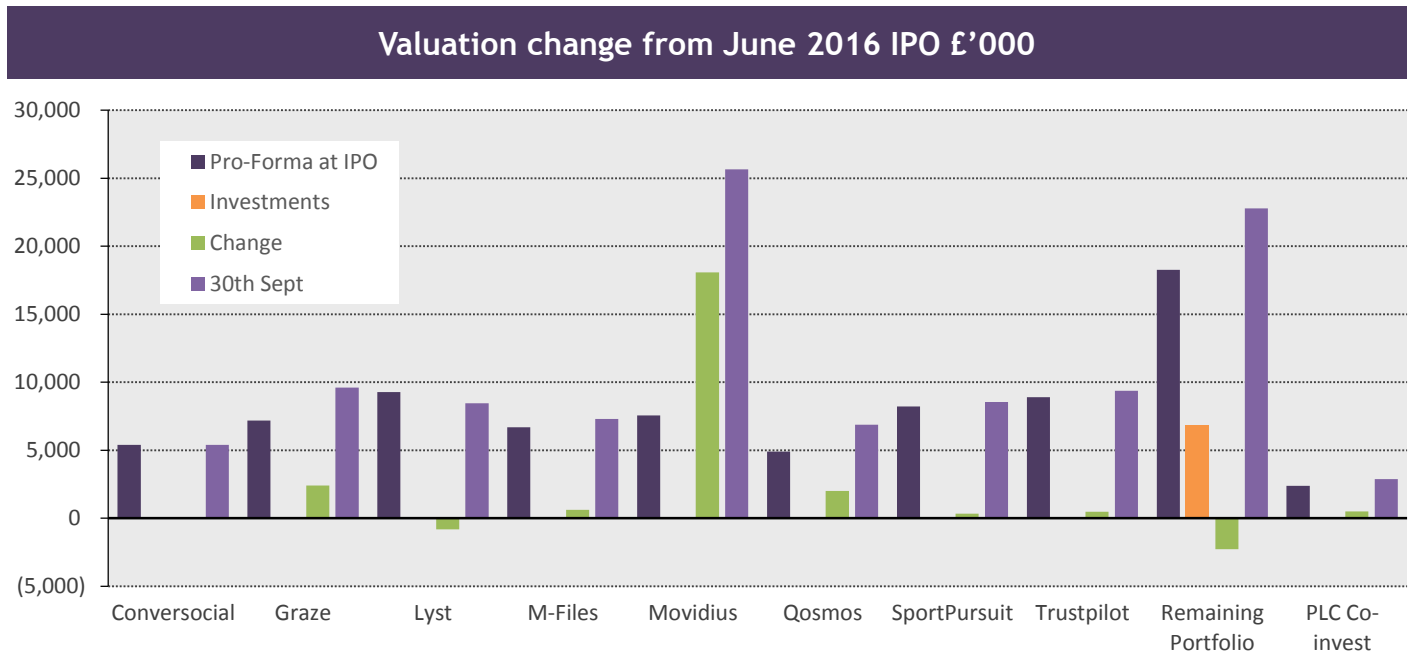
QOSMOS

Data} hug™

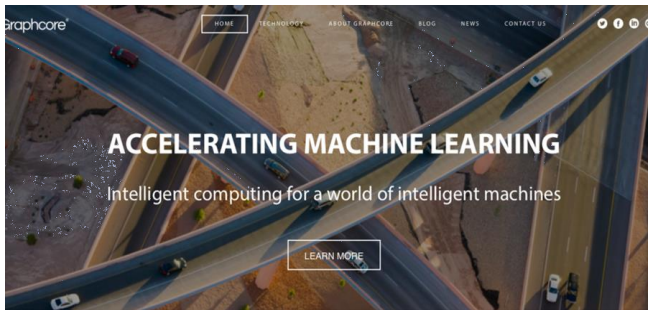
SPORT  
PURSUIT

draperesprit

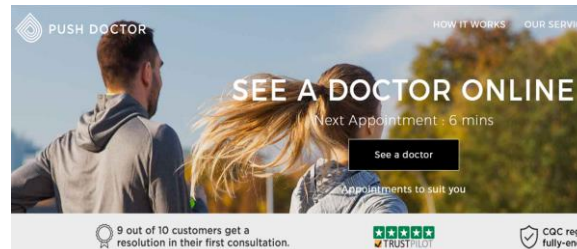
- Gross portfolio value increased to £106.8m (+£28.1m)
- Investments in the period of £6.8m
- Gain from £78.7m pro-forma at IPO of £21.3m (excluding new investments)



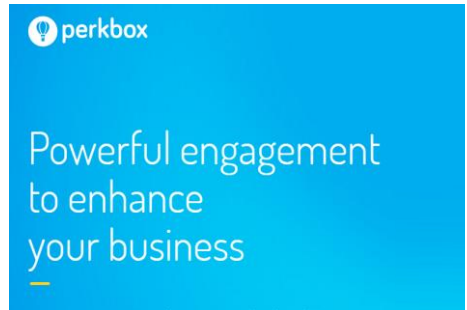
# £17 million invested in new companies: notable new investments



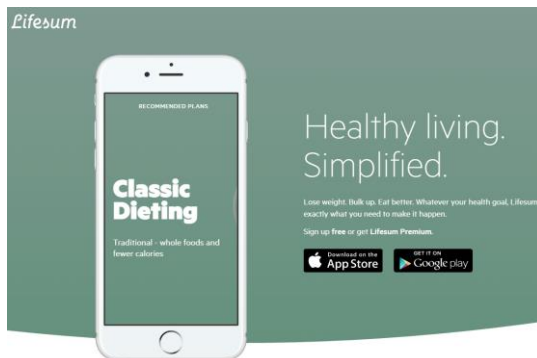
£2.3m of £3.1m in Graphcore, a machine intelligence semiconductor company



£1.0m of £1.5m in PushDoctor, an on demand healthcare app



£1.7m of £2.5m in Perkbox, employee benefits and engagement platform



£3.0m in Lifesum, a leading health tracking mobile app



£0.85m of 1.2m in Resolver, a customer service company



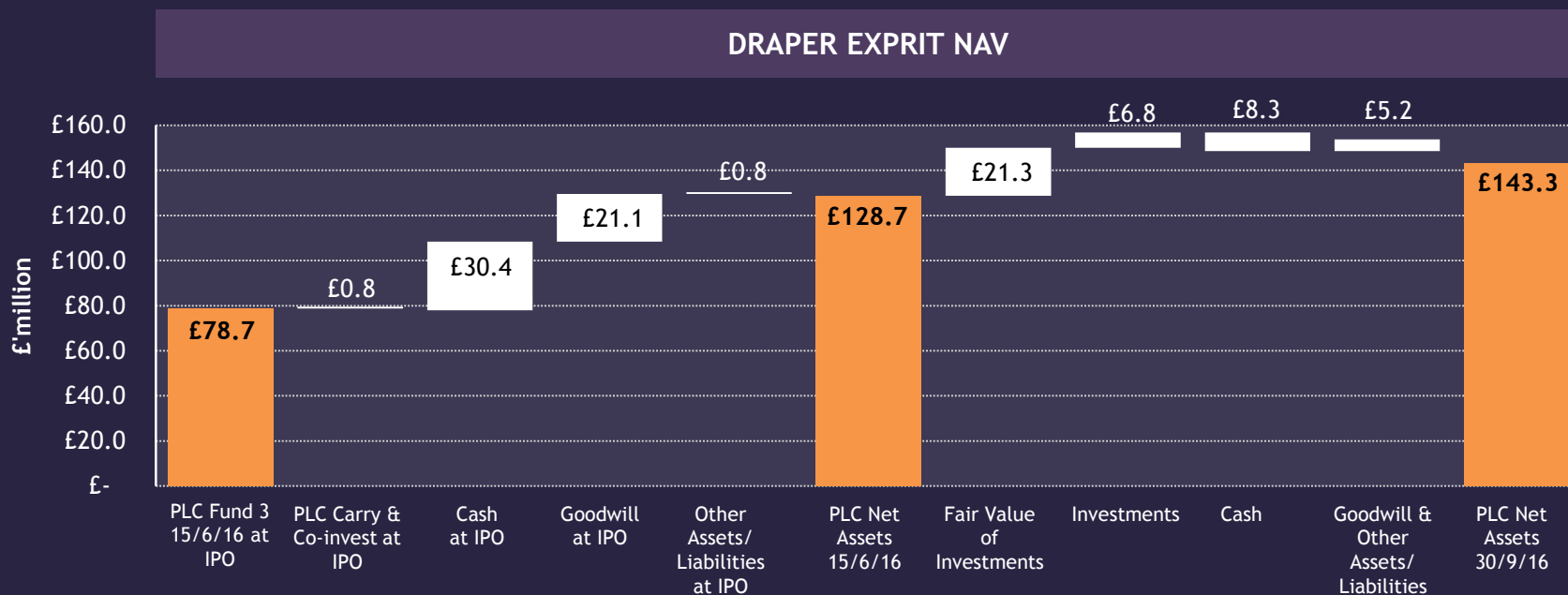


# Post IPO update

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# Interim Results 2016:

- Net Assets (incl. goodwill) **increased by 11% to £143.3m**
- Growth in fair value of portfolio **by 36% to £28.1m**, including £6.8m of new investments in the period



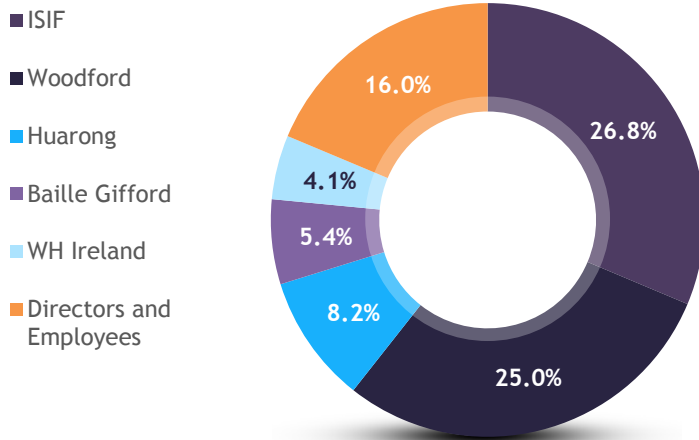
# Interim Results 2016:

- Gross portfolio value increased to **£106.8m (+£28.1m)**
- Profit after tax of **£26.1m**
- Available cash resources of over £60 million (**£54 million** across the Plc and **9 million** across all EIS)
- Revenue £0.7m and further £0.28m Trading carry & co-invest to offset cost

	FairValue 30th Sept 2016 £'000	Pro-Forma at IPO * 15th June 2016 £'000	Change £'000	Change %
<b>Balance Sheet</b>				
Gross Portfolio Value	106,848	78,745	28,103	36%
Net Asset Value	143,330	128,696	14,634	11%
NAV per share	352p			
<b>Income Statement</b>				
Revenue	716			
Operating costs	-1,204			
Revaluation of investments	26,707			
Operating Profit	26,219			
Finance income	295			
Tax	-424			
Profit after tax	26,090			
EPS	65p			
<b>Cash</b>				
Cash from operating activities	155			
Cash on balance sheet	22,182	30,444	(8,262)	
Investments in the period	6,794			
Post period end receipts*	32,000			

\* including anticipated £6 million relating to Qosmos

# Market metrics



Net Assets (inc Goodwill)	£'000 143,330
Issued Share Capital	No. of shares 40,747,576
Implied pence/ share	352p
Share Price	355p
Premium/ (Discount) to NAV	0.90%
Peer Group Premium to NAV	+20%

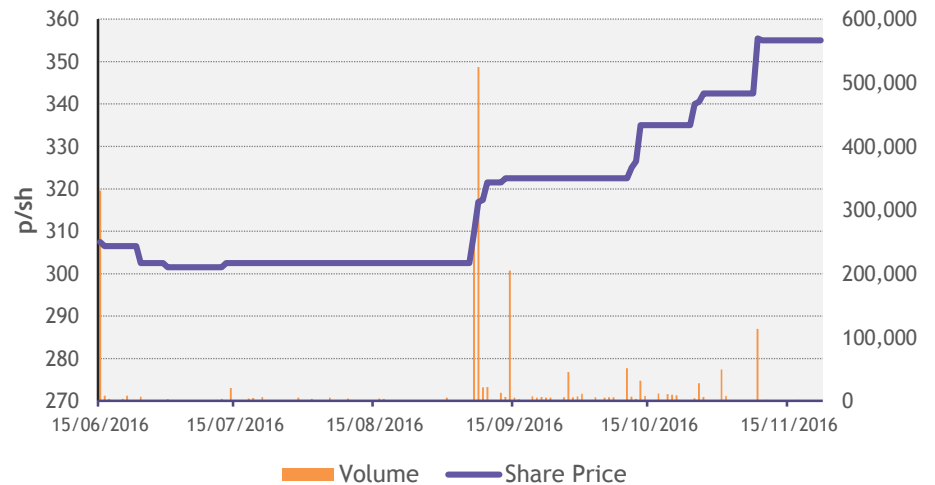
**Growth target of 20% per annum**



Price Target:  
**£4.02**



Price Target:  
**£3.75**



# Summary

- Recent successful exits have demonstrated significant cash returns for our investors
- Experienced management team with a strong track record
- Strong access to digital deal flow and investment opportunities underpin future success
- Differentiated offering in “patient capital” space



# Appendix

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# Interims NAV reconciliation

	Pro-Forma at IPO *	Adjustment**	Fair Value	Investments	Movement in Period	Fair Value	Change from Pro Forma
	15th June 2016	15th June 2016	15th June 2016			30th Sept 2016	to 30 Sept
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Portfolio	76,360	(12,421)	63,940	6,794	33,235	103,969	27,608
Co-invest assigned to PLC	2,385	(118)	2,267		612	2,880	495
	<b>78,745</b>	<b>(12,538)</b>	<b>66,207</b>	<b>6,794</b>	<b>33,848</b>	<b>106,848</b>	<b>28,103</b>
Carry External	(2,624)	1,209	(1,415)		(3,111)	(4,526)	(1,902)
Portfolio deferred tax provision***	0		0		(3,571)	(3,571)	(3,571)
Trading Carry & Co-invest****	1,847	(676)	1,171		954	2,126	278
	<b>77,969</b>	<b>(12,005)</b>	<b>65,963</b>	<b>6,794</b>	<b>28,120</b>	<b>100,877</b>	<b>22,908</b>
Cash	30,444	(238)	30,206	(6,794)	(1,230)	22,182	(8,262)
Goodwill	21,132	170	21,302		(828)	20,475	(658)
Other Tax provision***	0		0		(733)	(733)	(733)
Other Assets/(Liabilities)	(848)		(848)		1,377	529	1,377
<b>Net Asset Value</b>	<b>128,696</b>	<b>(12,073)</b>	<b>116,623</b>	<b>0</b>	<b>26,707</b>	<b>143,330</b>	<b>14,634</b>

\* Based on 30th December 2015 valuation adjusted solely for currency

\*\* Reflects actual price paid in cash and shares for the acquisition of initial portfolio for £63.9m, carried interest and co-invest assigned to PLC plus currency adjustments to 15th June 2016

\*\*\* Participation exemption for funds held through Ireland anticipated once investments held for period >12 months. Realisations of Movidius, Qosmos and Datahug all within a shorter holding period than envisaged and <12 months

\*\*\*\* Historical funds managed by the Company with a remaining economic interest

# Portfolio valuation

	Pro Forma at IPO * 15th June	Acquisition Adjustment** 15th June	Investment Portfolio 15th June	Investments	Movement in Fair Value	Fair Value of Investments 30th Sept	Interest FD*** 30th Sept
	2016	2016	2016			2016	2016
Investment	£'000	£'000	£'000	£'000	£'000	£'000	Cat N.o
Conversocial	5,384	(876)	4,508		876	5,384	4
Graze	7,186	(1,169)	6,017		3,581	9,597	2
Lyst	9,277	(1,509)	7,768		691	8,459	3
M-Files	6,677	(1,086)	5,591		1,711	7,302	2
Movidius****	7,563	(1,230)	6,333		19,312	25,645	3
Qosmos****	4,891	(796)	4,095		2,790	6,885	4
SportPursuit	8,226	(1,338)	6,887		1,669	8,557	4
Trustpilot	8,896	(1,447)	7,449		1,919	9,368	1
Remaining Portfolio	18,261	(2,969)	15,292	6,794	686	22,772	
Co-invest assigned to PLC	2,385	(118)	2,267		612	2,880	
<b>Total</b>	<b>78,745</b>	<b>(12,538)</b>	<b>66,347</b>	<b>6,794</b>	<b>33,848</b>	<b>106,848</b>	

\* Based on 30th December 2015 valuation adjusted solely for currency

\*\* Reflects actual price paid in cash and shares for the acquisition of initial portfolio for £63.9m, carried interest and co-invest assigned to PLC

\*\*\* Fully Diluted Interest categorised as follows: Cat 1: 0-5%, Cat 2: 6-10%, Cat 3: 11-15%, Cat 4: 16-25%, Cat 5: >25%

Holdings are often through preferred equity, hence the equity interest does not indicate an underlying value of the portfolio company

\*\*\*\* Sale post period end, valuation net of escrowed funds