



How to present your business to potential new investors

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Turquoise Associates - Overview

- Turquoise International Limited (“Turquoise”) is an FSA-authorized advisory company, established in 2002 to focus on corporate finance for “Energy and the Environment”
- Services provided include equity and debt fundraising, M&A and investment appraisal
- Turquoise has wide sector experience including automotive efficiency, biofuels, biogas, biomass CHP, CCS, carbon credits, fuel cells, geothermal, wind and wood pellets
- Turquoise Engineering Consulting (“TEC”) is a technical consultancy specialising in the evaluation of early stage technology companies
- TEC consultants have held senior positions in leading industrial companies with responsibility for research and development
- Turquoise Capital is a seed funder and developer of early stage projects and technology ventures

What Do Typical Venture Investors Look For?

- Experienced team
- Significant market opportunity
- Clear route to market
- Unique defensible offering
- 3rd party validation
- Expert, strong co-investors
- Exit plan

Business Plan

- **Detailed description of the opportunity, that does not presume any specialist knowledge**
 - Company background
 - Technology/ project description
 - Market (opportunity, size)
 - Growth strategy
 - Funding requirement
 - Financial projections and exit route
 - Management CVs

- **Typically 20-40 pages, be concise, focus on facts and avoid acronyms**

Investor Presentation

- ~15 page non-confidential summary of the business plan
- Investors get hundreds of teasers/ investor presentations each year, so have limited attention span
- **Focus on facts**
 - what have you got
 - what do you want to do
 - how much funding is required
- **Have a good succinct email cover**

Financial Model

- **The model should include the following:**

- Input sheets (listing all assumptions)
- Calculations (working capital, depreciation, tax etc.)
- P&L, Cashflow and Balance Sheet
- Debt schedules, valuation sheet, shareholdings (if required)

- **The model will allow investors to:**

- Clearly see what assumptions are being used to facilitate due diligence
- Assess the capital required to break-even
- Calculate investor returns

- **The model should be clearly laid out, avoid unnecessary complexity and use consistent formulas so that investors do not struggle to understand how it works**

Management

- Clear management structure with identified CEO
- Full time commitment from key staff
- Track record of success with a previous venture is very valuable
- Ideally the CEO will have made money for investors in the past
- Appropriate incentive package
- Commercial experience

Valuation And Investment Structure

- For early stage companies, VCs typically seek a 3x-10x multiple on their investment and valuation will often be determined by rules of thumb or valuation bands
- For later stage companies, value is driven by DCF and comparable companies/ transactions
- Investment structure is sometimes used to postpone setting a valuation, or adjust it for performance:
 - loan notes converting at a discount to next round
 - preferred equity
 - loan notes and ordinary equity
- Calculating implied equity value of a structure may not be straightforward

Investors Categories

- **The following are a list of investor types to approach**
 - Friends & Family
 - HNWIs & Business Angels
 - Family Offices
 - VCs
 - PE funds
 - Infrastructure funds
 - Strategic investors
 - IPO (institutional investors)

Approaching Investors

- If approaching professional investors, the fundraising process will typically take at least 3 months – allow 6
- Be patient
- Answer questions – even ignorant ones
- Show respect – they have the money
- Need to get a lead investor

Use A Good Adviser

- **Allows management to focus on the business**
- **Understanding of what investors look for, thereby providing what is required and saving time**
- **Investor contacts and relationships**
- **Advice on structuring and valuation**
- **Adds credibility - perception that the adviser has already carried out due diligence**
- **Negotiating investment terms (which can be toxic)**

- **Before hiring an adviser, check their track record – how many renewables/cleantech deals have they closed**

Contact

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