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# Oxford Nanopore valuation doubles following surprise £31.4m fund-raising

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Oxford Nanopore has announced a surprise £31.4m fundraising, taking the total raised by the Oxford University spin-out since its foundation in 2005 to £105.4m.

The funding is surprising because the company only raised £25m a year ago, stated on its web site that it wasn't looking for further funding and CEO, Dr Gordon Sanghera, told the Sunday Telegraph just two months ago that the company was well financed for the next stage of growth.

One source told Cabume that the company did not in fact go looking for the funds, but was approached by the existing shareholders who wanted to make sure the company faced no distractions later on as it builds up its commercial operation and enters a relatively competitive phase.

"The shareholders went to them, they wanted the company to be completely solid through this phase," said the source. "Oxford Nanopore has not been on the road looking for new investors in this round."

However, with talk of an IPO sometime next year and its potential as an acquisition target, Oxford Nanopore's investors have also laid down a public marker on their faith in the company.

The extra £31.4m has come almost entirely from existing investors in a move that could be said doubles the value of the company's shares going on figures from IP Group, which holds a 21.3 per cent stake in Oxford Nanopore.

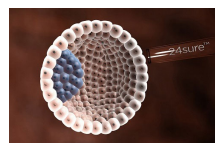
In an announcement to the stock market, IP Group said its 21.3 per cent undiluted beneficial stake in Oxford was now valued at £66.5m, compared to £33.4m for 21.5 per cent in April 2011. If that value holds true for the rest of the shareholders, Oxford Nanopore's shares are worth £312m compared to £155m last year.

However, the eventual exit price is potentially much more. Analyst, Numis Securities, said that while IP Group's announcement indicated a pre-money valuation of Oxford Nanopore at around \$450m (£278m) and a far cry from



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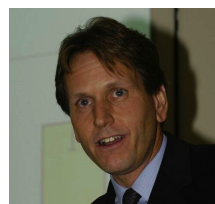
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the \$2bn valuation used in its price target calculation – or the \$2.5-3.0bn valuation implied by IP Group's current share price – the private placement was almost entirely subscribed by existing investors and did not view it as an “externally-validated valuation.”

In its note on the deal, Numis said: “We continue to value Oxford Nanopore at \$2bn, although this does assume a positive response by the Key Opinion Leaders who first use Oxford Nanopore's technology over the next few months.”

There certainly is a need for the company to invest in a range of commercial activities, Interest in Oxford Nanopore, which set up an 'informatics outpost' at Chesterford Research Park in July last year, has rocketed ever since it broke cover on its GridION platform and the eye-catching 'sequencer on a stick', a disposable DNA sequencer that would sell for around \$900, roughly the size of a USB memory stick.

The Nanopore technology involves passing DNA or other single molecules through a hole, or 'pore' in a specially fabricated protein nano-structure and detecting exactly what molecule has passed through based on an electrical signature. Cheaper, faster and simpler than what is currently out there, it is hoped that nanopore technology may be the key performance enhancer in the race for the \$1000 genome.

Seen as a potentially disruptive technology, the company has since been mentioned in some press reports as a [potential factor in Roche's decision](#) to step away from its \$5.7bn hostile takeover bid for Illumina, currently a world leader in DNA sequencing as well as a major investor in Oxford Nanopore.

In the company's official statement regarding the new funding, Sanghera said the money will support a range of corporate development activities including the development of its commercial infrastructure, expansion of manufacturing and further R&D for its DNA/RNA sequencing and protein/miRNA analysis applications.

"We will also continue to maintain our leadership position in nanopore innovation through maintenance and expansion of our broad intellectual property portfolio," said Dr Sanghera.

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