

Business Angel Finance

Dr. Colin Lucas

xénos South & West Wales Regional Manager

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The logo for xénos features the word "xénos" in a blue, italicized serif font. The letters are partially enclosed by a thick, dark blue, curved line that arches over the top of the text, resembling a stylized 'e' or a protective shield.

***xénos*, the Wales Business Angel Network**

- Who are business angels?
- What do business angels look for?
- How does *xénos* operate?
- *xénos*' achievements
- Considerations for investors in the energy sector
- Levels of angel engagement
- Why choose *xénos* angel investment?

Who are business angels?

- ‘High net worth’ individuals, or ‘sophisticated investors’
- In UK 18,000 business angels control funds of £2.5bn
- Positively consider technology, pre-revenue and early stage opportunities
- Make small to moderate investments for an equity stake
- Average investment in Wales is £140K
- Tend to take a five year view (3 - 7)

What do business angels look for?

- **An experienced and credible management team**
- Proprietary or patented technology and strong USPs
- A realistic and deliverable business plan with defined milestones and timescales
- An exceptional return (5x to 20x)
- A clear exit route at around 5 years (re-finance, trade sale, buy back, flotation)
- EIS tax relief if available

How does *xénos* operate

- Assistance to businesses to help them become 'investment ready'
- Email 'alerts' of opportunities
- Monthly printed Investment Bulletins
- Investment Forums
- Computer database search and personal introductions
- Facilitate syndication of deals with multiple investors
- "Inside Track" *xénos* newsletter

***xénos* achievements**

- Operating since 1997:
 - ✓ 770 investee companies seeking investment
 - ✓ Over 370 angels recruited
 - ✓ Nearly £20 million investment facilitated in 170+ deals
- 150+ angels currently registered
- Active, but seeking the 'best' opportunities
- £2.8 million investment facilitated in 24 deals in 2009/10
- £8.5 million of leveraged funds

Considerations for investors

- Want to acquire a 'reasonable' level of equity
- Don't want to be diluted out of sight
- Not keen on large number of investors
- Don't want to invest in a 'Betamax' technology
- Realism of prospects, and confidence in team
- Want defined project and milestone timetables
- £££ : want to know likely total cost to market
- £££ : valuation, valuation, valuation
- Since 2009 : 'hedging' bets = smaller investments

Levels of investor engagement

Very early stage - invention	Investor “punts” £10K - £50K
First prototype stage	Investor “punts” £10K - £50K
Full prototype evaluation	£50K - £100K
Pre-production phase	£50K - £200K
Market implementation	£50K - £250K

Why choose *xénos* angel investment

- Provides a route to access ‘secretive’ angels
- Provides exposure for technologies and businesses
- **Angel investment = money + expertise**
- Benefit of management input: skills and contacts
 - Top level business skills
 - Can open doors
- Access to further rounds of funding

Thank you

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xénos, the Wales Business Angel Network Ltd

www.xenos.co.uk

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