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Synova invests in Charnwood Molecular

Synova Capital (“Synova”) is delighted to announce it has completed a significant investment into Charnwood Molecular (“Charnwood” or the “Business” or the “Company”). The deal will provide the Company with additional investment to support its continued development and growth.

Charnwood is one of the UK’s leading providers of outsourced drug discovery services, supporting an international client base of pharmaceutical and biotech companies in developing novel drugs.

The Company was founded in 1998 by University Professors, Steve Allin (CEO) and Phil Page as a spin out from Loughborough University, initially focused on outsourced chemical synthesis services to the life sciences industry. Steve has led Charnwood through a strategic shift over the past 4 years, as the Business has leveraged its deep chemistry expertise to establish higher value services in synthesis, medicinal chemistry and scale-up research for new drugs.

Charnwood operates against a backdrop of a fast growing market. Large pharma companies have seen reducing returns on R&D and are increasingly looking to acquire novel therapeutics from biotechs and smaller pharma companies, which has led to increasing investment in the sector. There is therefore strong demand for outsourced services from pharmaceutical companies across an industry seeking a value-added partnership approach to drug discovery for their mission critical projects. Demand outpaces supply in the sector, and there remains a limited number of high quality service providers, with Charnwood being one of the last independent platforms of scale in the UK.

Synova will support Charnwood to deliver an ambitious growth plan, built upon increasing investment in the Business’s core capabilities as a trusted partner in innovative chemistry, alongside expanding its service offering into complementary scientific disciplines. Charnwood will also look at selective acquisition targets which support this expansion of its product offering.

Commenting on the investment, Steve Allin, founder and CEO of Charnwood, said: *“We are extremely excited about what we can achieve in partnership with Synova. Synova supported the business over an extended period prior to their investment, helping us to develop a strategic plan that we are all committed to delivering. They were able to leverage their sector expertise and introduced the business to a number of leading industry figures who will help us to grow going forwards. With Synova’s support we now have the resources to accelerate growth of our core service offering and to develop further specialist services to support our clients to develop innovative new treatments.”*

Tim Ashlin, Synova Partner and Head of Healthcare, commented: *“Having tracked Charnwood’s progress for a number of years, we are delighted to announce this investment to fuel Charnwood’s ambitious growth plans. It’s exciting to be supporting a business that is focused on developing the next generation of cutting-edge pharmaceuticals, and to support the continued growth of the UK life sciences industry.”*

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NOTES:

1. Synova invests in UK growth opportunities with a particular focus on companies valued between £20m and £100m. Key verticals include Healthcare & Education, Technology, Business Services and Financial Services. The transaction was led by Tim Ashlin (Partner and Head of Healthcare), and Zachary Tsai (Investment Director), with support from Mike Mullally (Investment Manager). Tim Ashlin and Zachary Tsai will join the board.
2. Synova introduced Ben Cons to the Business, who has joined the Board as Chairman. Ben is a senior industry figure having held global senior executive positions with GSK and Quintiles, alongside an extensive non-executive career.
3. Synova's previous investment in the life sciences sector, Kinapse, yielded a 16.1x return on exit in 2016, with over 400 jobs created during Synova's investment period and profits growing ten-fold.
4. The acquisition of Charnwood Molecular is Synova's fourth new platform deal in the last 12 months following its investments into Mediatonic, Chatsworth Schools and Preventx.
5. Synova's advisers on the transaction were Alantra (financial advisor), Addleshaw Goddard (legal), PwC (financial and tax due diligence) and L.E.K. Consulting (commercial due diligence). CCD Partners advised Charnwood Molecular.

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