



Private Equity and Venture Capital in Switzerland

Venture Valuation W AG | Badenerstr. 18 | 8004 Zurich | Switzerland | Phone +41 (43) 321 86 60
Fax + 41 (43) 321 86 61 | info@ventureevaluation.ch | www.ventureevaluation.com

Agenda



- Overview of Swiss Private Equity and Venture Capital Industry
- Outlook
- Valuation of High Growth Companies

A growing industry...



- **Steady growth** of Swiss Private Equity and Venture Capital market in number of funds and deal flow in the past 5 years
- **Top 20 ranking** worldwide in terms of growth of Swiss PE and VC markets as of 2002
- **Top 5** ranking in Europe and top 20 worldwide in terms of attracting High Tech Capital Funding

A fertile climate...



- **Lower** inflation and interest rates and lower corporate and personal tax rate than European average
- **PE and VC Lobby** Groups (*S.E.C.A.* and *Le RESEAU*) promote private equity and corporate finance activities, entrepreneurship and small company creation in Switzerland.
- **SWX Swiss Exchange** provides know-how and state of the art access to Swiss and International financial markets

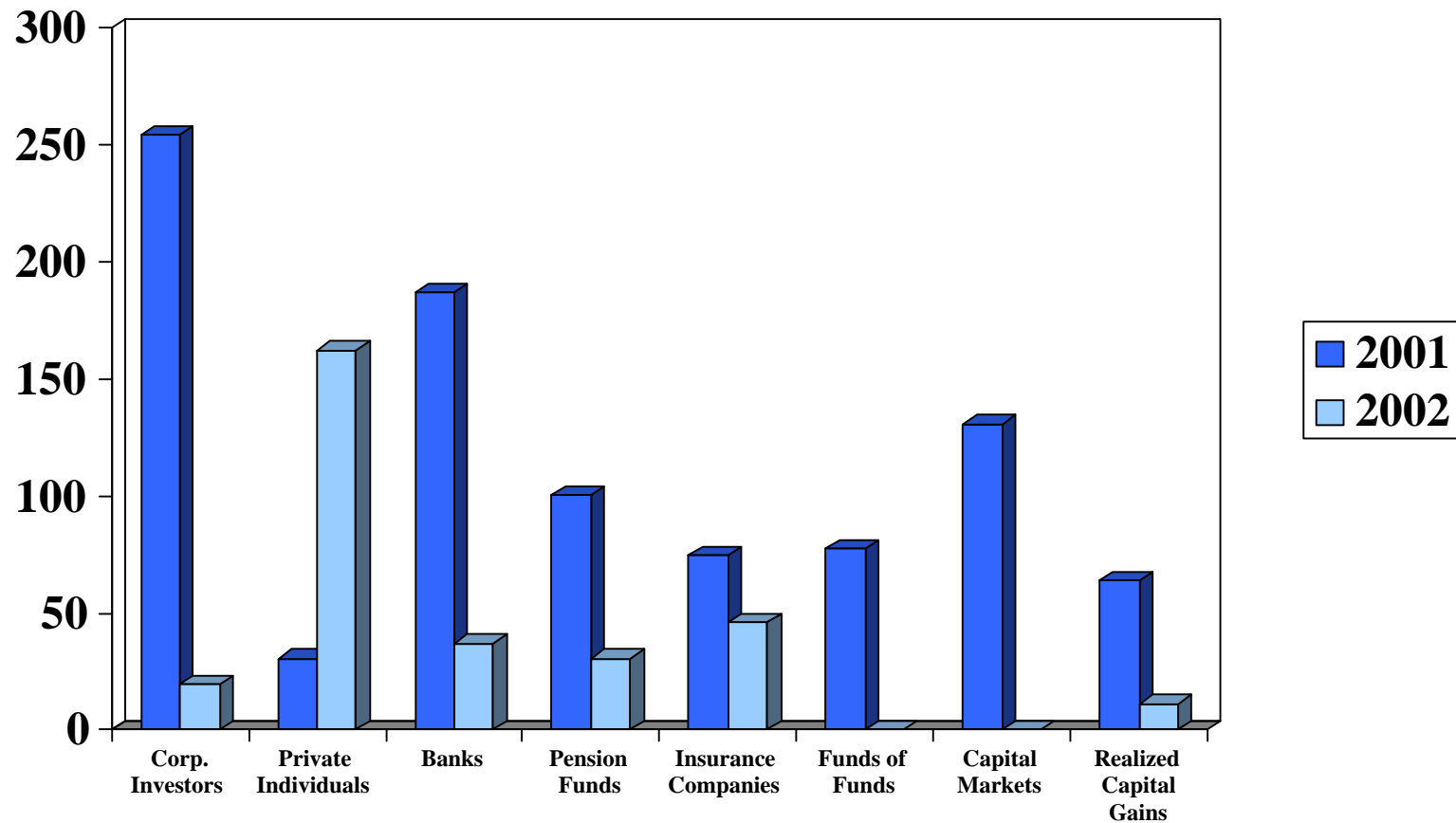
Innovation and People...



- **High level** of innovation within top research institutions such as CERN, EPFL, ETH, and the Biocenter paired with mature technology transfer practices ensure a steady flow of new investment opportunities
- **Exceptional presence** of major multi-national corporations (Nestle, ABB, Novartis, Roche) provides experienced management pool, R&D spin-off companies and capital
- **Banking Tradition** fuels pool of talented private equity managers
- **High Standard of Living** continues to attract people, companies and investors from around the world.

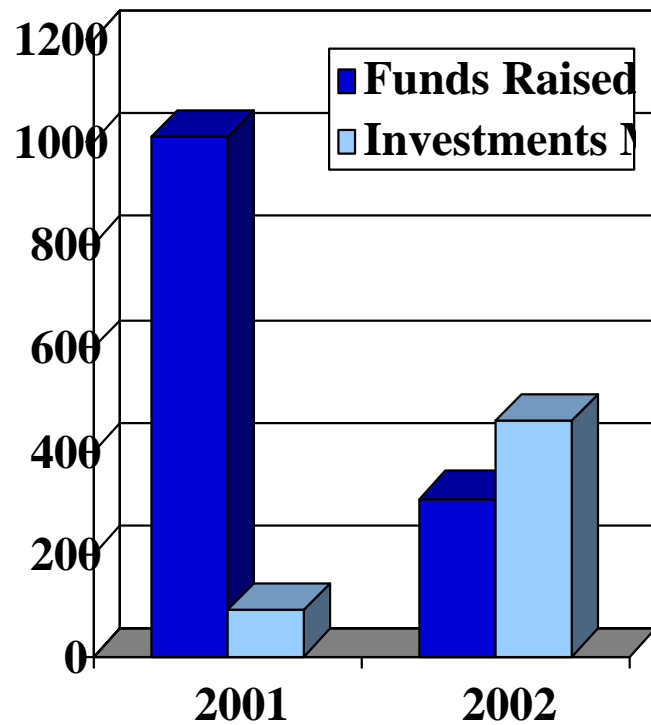
Sources of Capital Raised

Millions

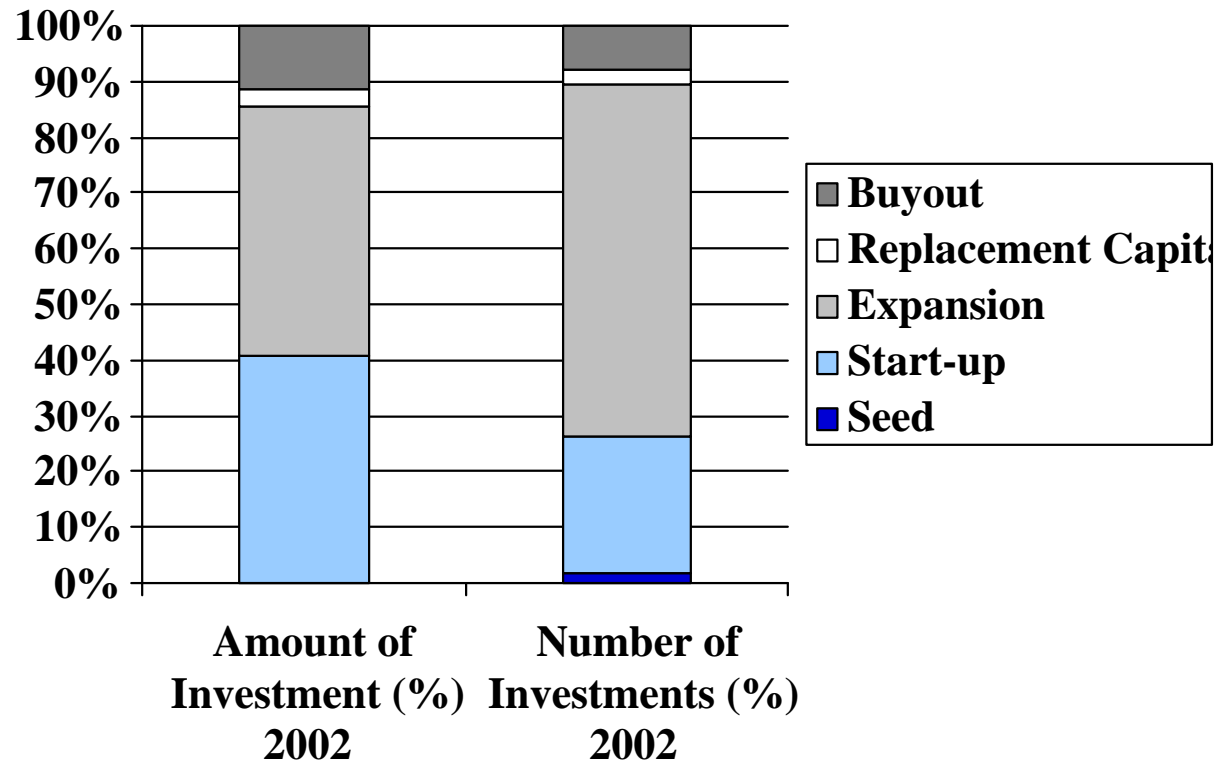


Investment Trends...

Millio








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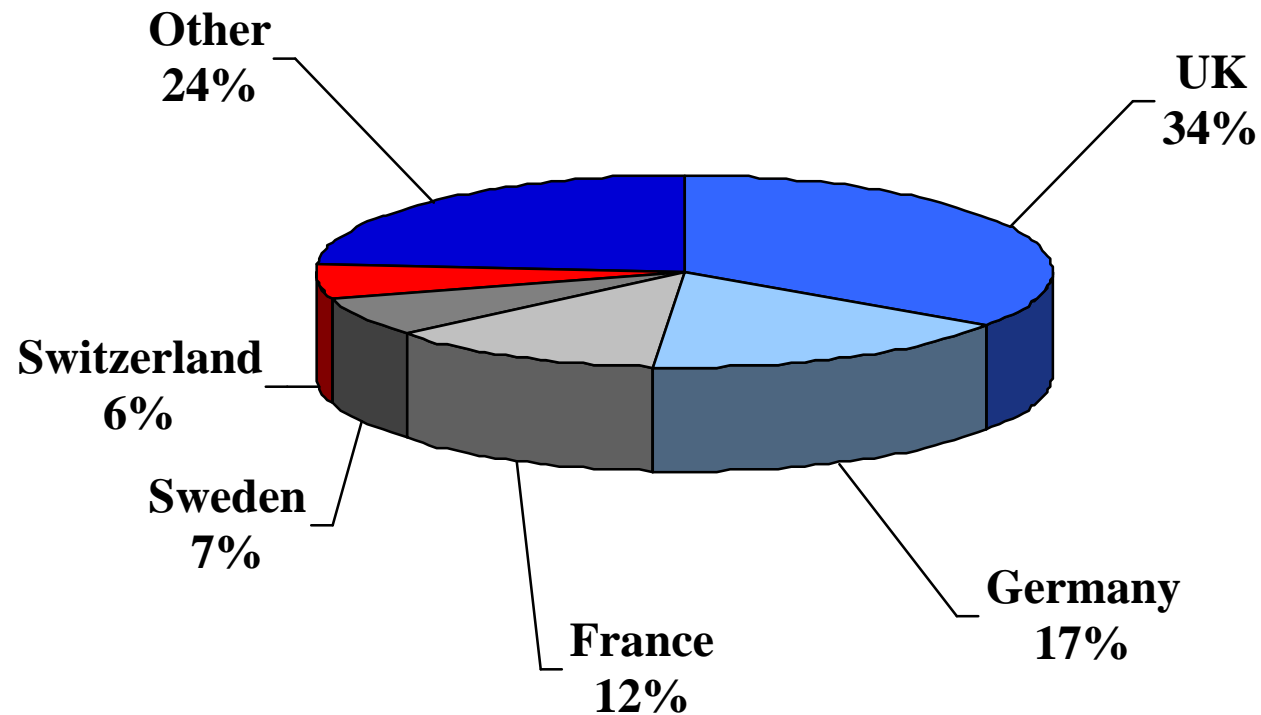
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Venture Capital Scene...

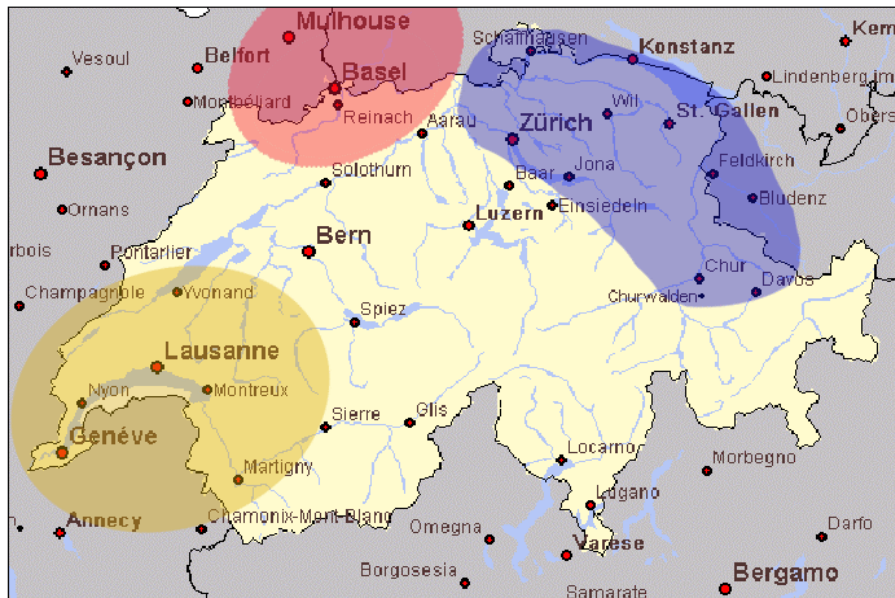
	Investor	Sector	PE Capital (m EUR)	Portfolio
	Aravis	LS, HS	n/a	5
	Aventic (UBS Group)	Tech, IT, LS, HS	160	30
	BioMedinvest AG	LS, HS	33	5
	CapVis (ABB)	Tech, Med Tech	400+	25+
	HBM BioVentures AG	LS, HS	700+	44
	Index Ventures	LS, HS, IT	497	36
	Inventages (Nestle)	LS, HS	150	n/a
	Invision	Tech, IT	200+	21
	Novartis Venture Fund	LS, HC	204	117
	Partners Group	Tech, IT, LS, HS	n/a	n/a
	Schweizerhall Holding	Chem, LS, HS	164	21
	SAM (sust. asset mgmt)	Energy, Nutrition	90	12
	Ultreia Capital Ltd	LS, HS	130	35
	Venture Incubator	Tech, LS, HS	100+	10

Focus on Technology...

Top 5 European High Tech Capital, Country Breakdown 2002



Biotechnology and Medical/Health related sector “Hot Spots” ...



3 main clusters

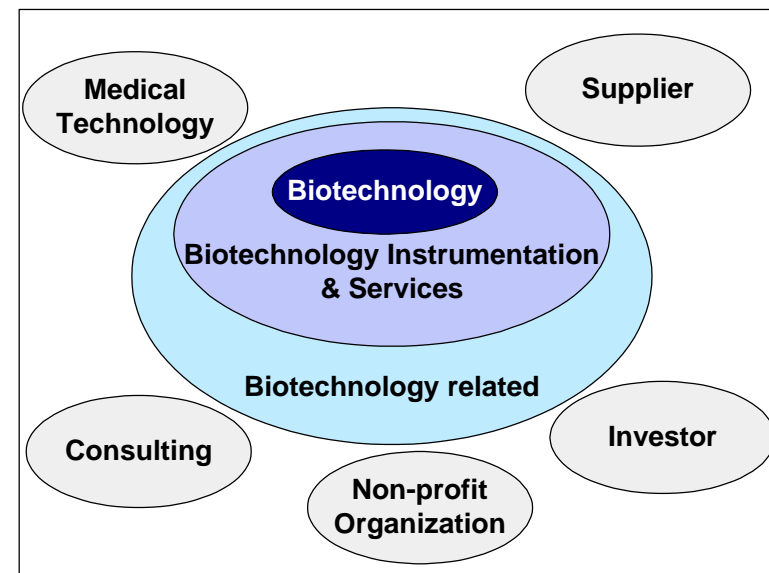
- BioAlps (Geneva, Lausanne; 22%)
- BioValley (Basel; 25%)
- Greater Zurich Area (Zurich; 36%)
- Rest of Switzerland (17%)

Partners:



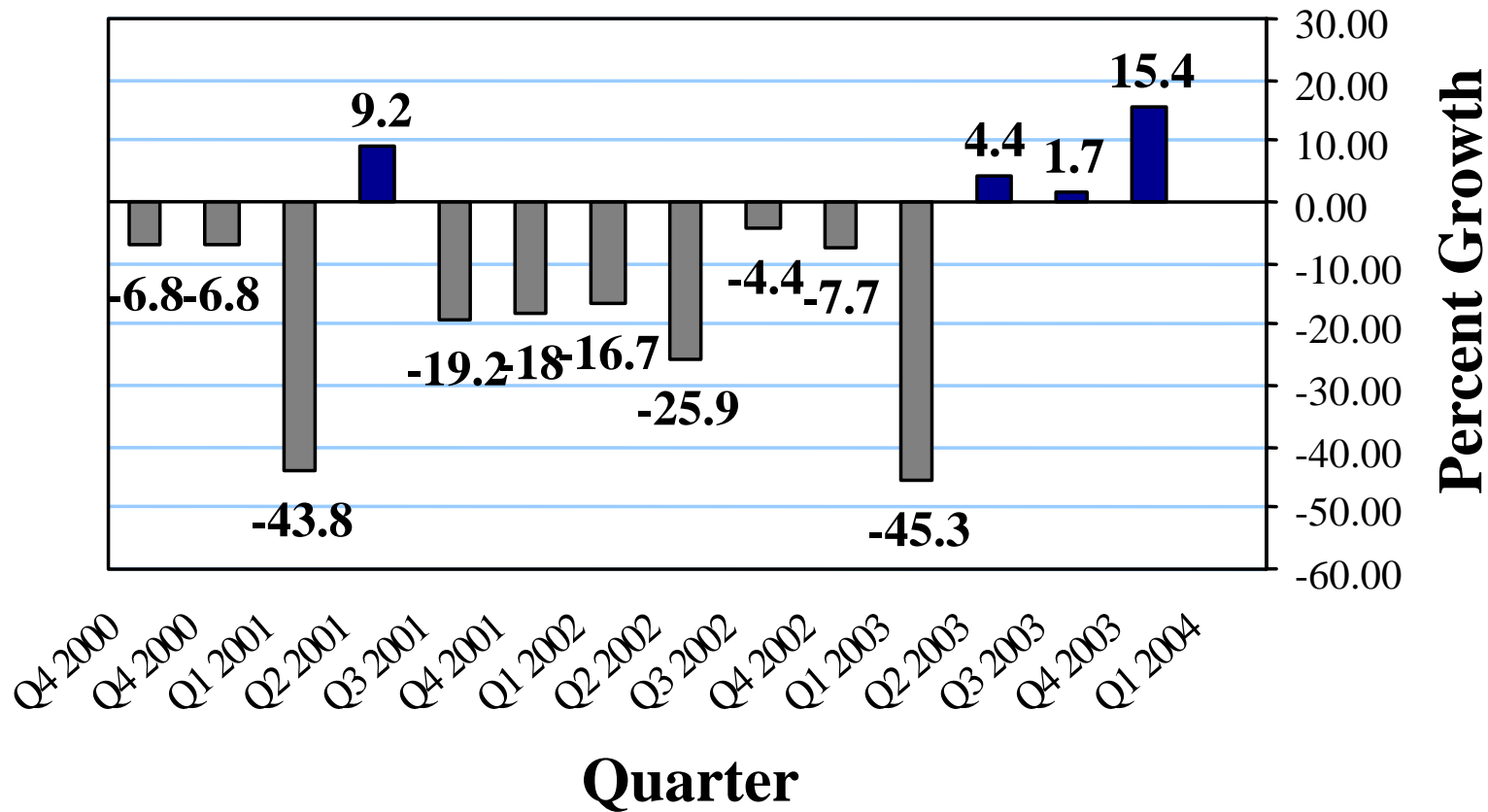
- Free, searchable database with focus on Swiss Life Sciences Industry
- Transparency for investors, companies and all other stakeholders in Switzerland and abroad
- Promotes Switzerland as one Biotech hub

Biotechnology	49
Biotechnology Instrumentation & Services:	114
Biotechnology related:	99
Medical Technology:	107
Supplier:	266
Consulting:	87
Investors:	44
Public organizations/NPO:	95
Total	861



Outlook...

Growth Technology Funding in Europe by Quarter



Outlook...



- **Growth** of Swiss PE and VC Industry, especially in the biotech and high tech sectors, is expected to continue
- **Risk Capital**, is increasingly available and sophisticated fund managers continue to be open to good opportunities both in Switzerland and abroad
- **High level of innovation** and experienced pool of management will continue to ensure steady flow of new investment opportunities in Switzerland

High Tech Valuation Issues...



- Volatility of quoted companies
- Long investment cycle, especially biotech
- Traditional valuation methods unsuited
- Understanding the drug value chain
- Industry lacks transparency (number of companies and therapeutic approaches)
- Multiple forms of competition (capital supply, IP, partnerships, market share & sales force)
- Complex technology and IP situations make for non traditional risk assessment

Venture Valuation Approach...



- **Specialize** in independent, third party Valuations of high growth companies and portfolios
- **Combine experts** in Finance, Lifesciences and High Technology to assess soft factors, risk profile and future earnings
- **Systematic** / Validated Approach
- **Track record** of over 80 valued companies world-wide
- **International presence** (Offices in Switzerland, Germany, France and Canada)
- **Clients** are companies, investors, gouvernement and academic institutions

your valuation expert



Thank you

Presentation available on:
www.venturevaluation.com

**...and how do you
value your company?**