

Q1 2009

Being patient

**Financial  
Advisory  
Newsletter**

**Equity Markets**

Pages 2 to 5

- ▶ **Research-based Companies Valuation**  
Strong comeback in cardiovascular
- ▶ **Initial Public Offerings**  
No move
- ▶ **Follow-on Offerings**  
Still possible in the USA
- ▶ **Equity Indices and Sub-Sector Trackers**  
Animal Health & Biotech outperformed Pharma



**Mergers & Acquisitions in Biotech**

Pages 6 & 7

- ▶ **Transactions**  
Pfizer & Merck US: *les grandes manoeuvres*
- ▶ **Partnerships at and above \$100m**  
Big money in early stage deals

**Private Equity Activity**

Pages 8 & 9

- ▶ **Venture Capital in Europe**  
Still very active
- ▶ **Buy Outs**  
Lowest quarter ever?

**Selected Bionest Track Record**

Page 10

- ▶ **We bring quality financial services to the healthcare industry**

2008

Assessment of  
Oncology Franchise  
For Acquisition from

**Sole Advisor**

2008

Has Out-licensed  
Preclinical OP-R003  
to

**Sole Advisor**

2007

Has Sold Ginkor Fort  
to

**Sole Advisor**

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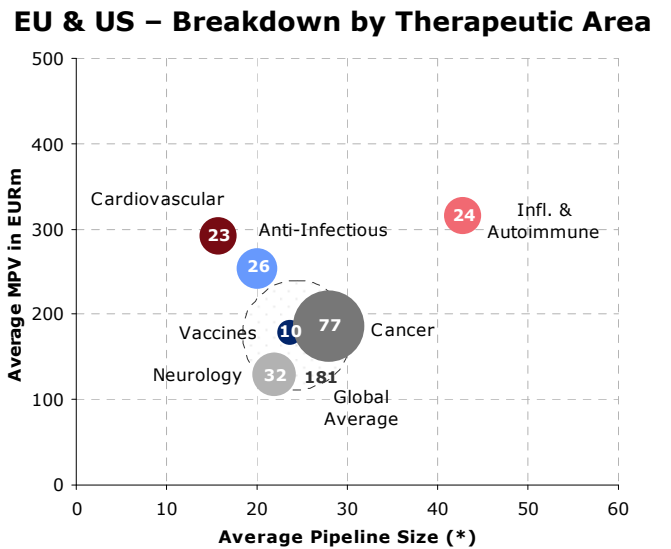
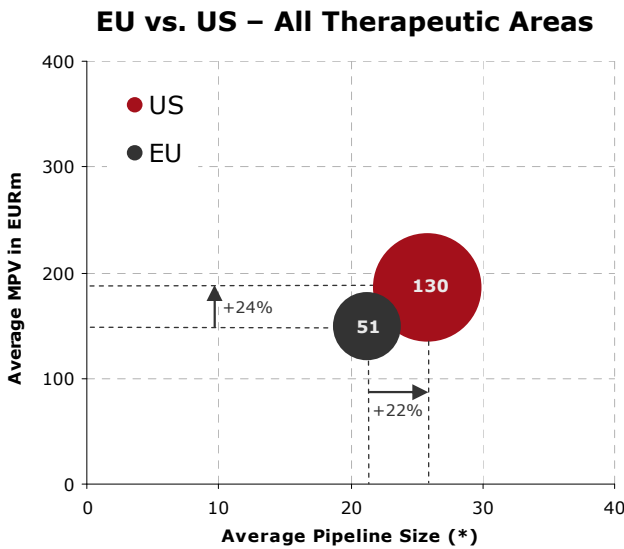
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Global Overview

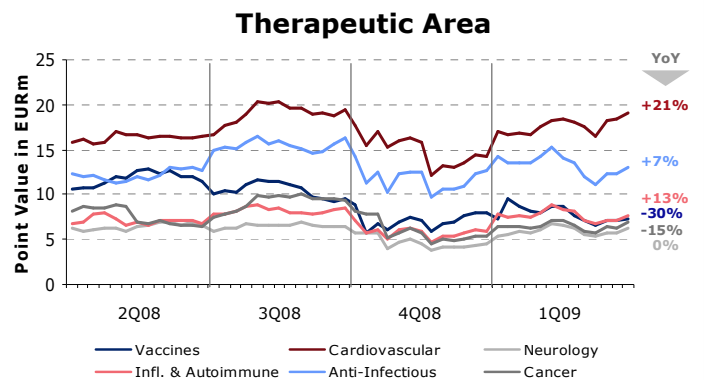
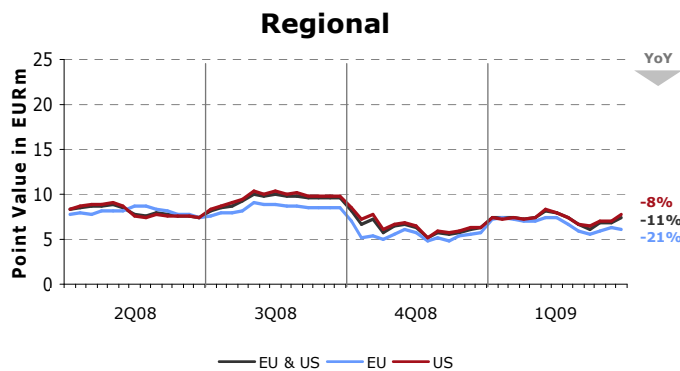


► Valuations in cardiovascular and infl. & autoimmune areas catching up with their 1Q08 levels

\* Based on Bionest's proprietary scoring system

Note: Bubble size represents the number of companies  
Sources: Bionest Research, FactSet, BioCentury, Dowjones

Regional & Therapeutic Historical Breakdown



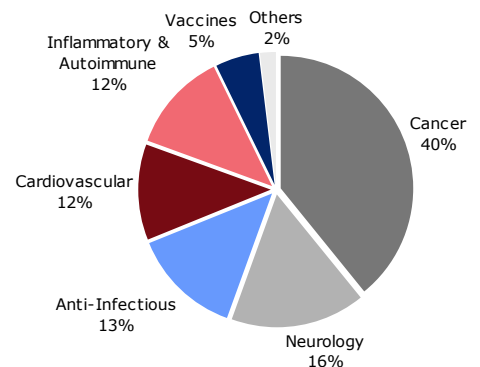
► Positive signals except in the vaccines and cancer areas

Sources: Bionest Research, FactSet, BioCentury, Dowjones

What is Bionest MPV™?

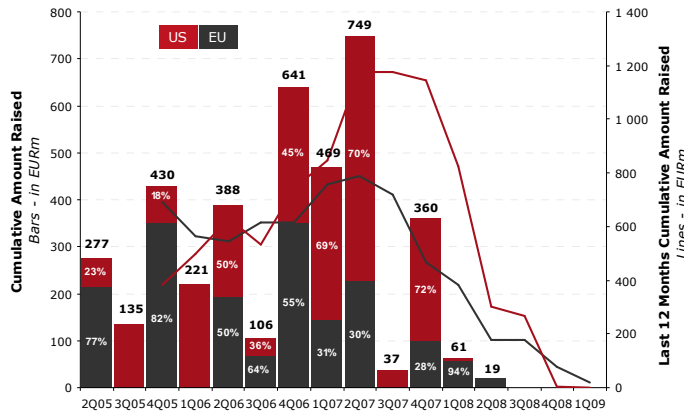
- Bionest MPV™ (Market Pipeline Value) is a proprietary benchmarking approach that compares the value of 200 research-based, mainly loss making, publicly listed companies in Europe and in the United States
- Bionest MPV™ is based on a pipeline scoring system and the value of publicly traded companies
- This approach allows to quickly assess the value of a clinical-stage portfolio of products with a limited amount of information

Bionest MPV™ Universe

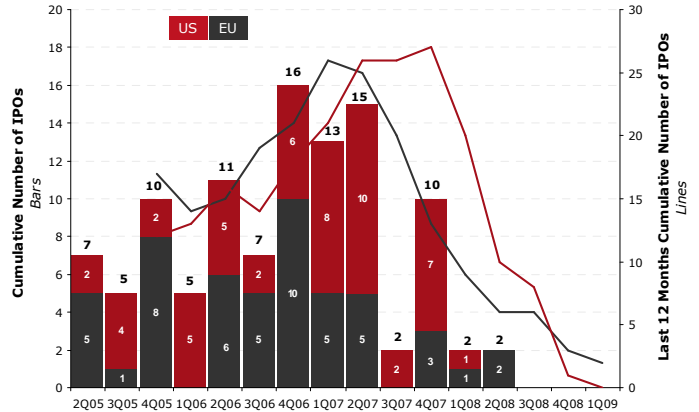


Cumulative Amount Raised and Number of IPOs

EU vs. US – Amount Raised

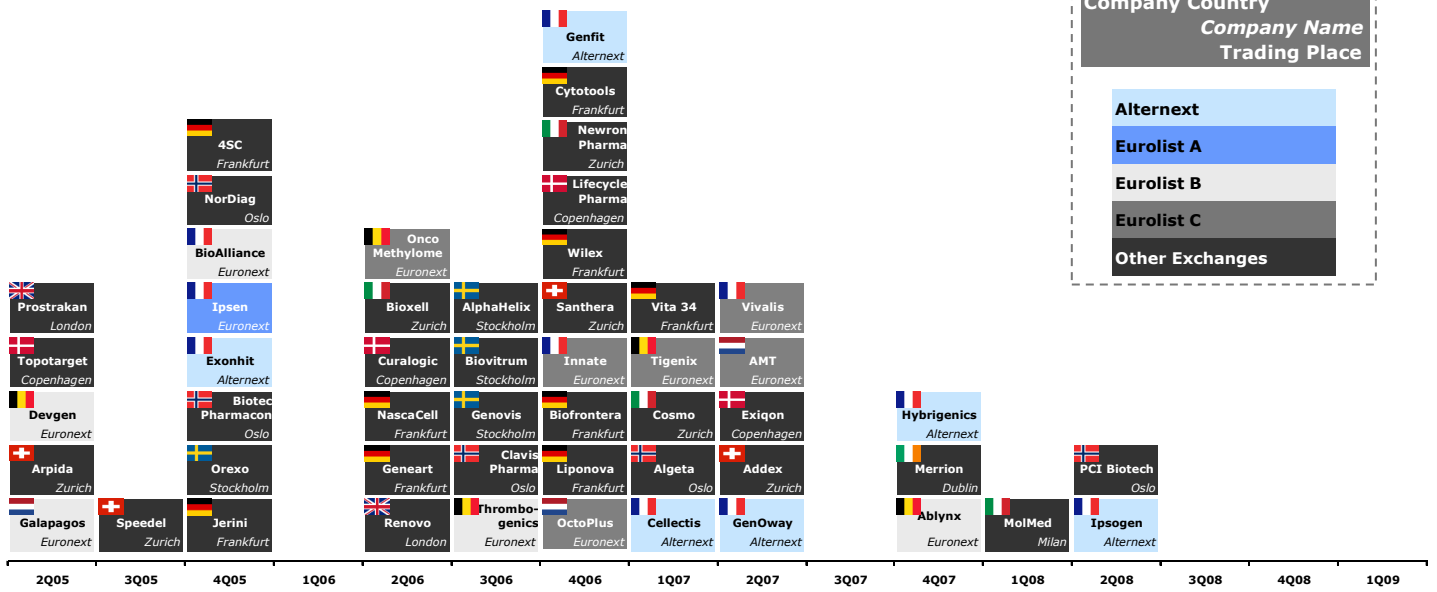


EU vs. US – Number of IPOs



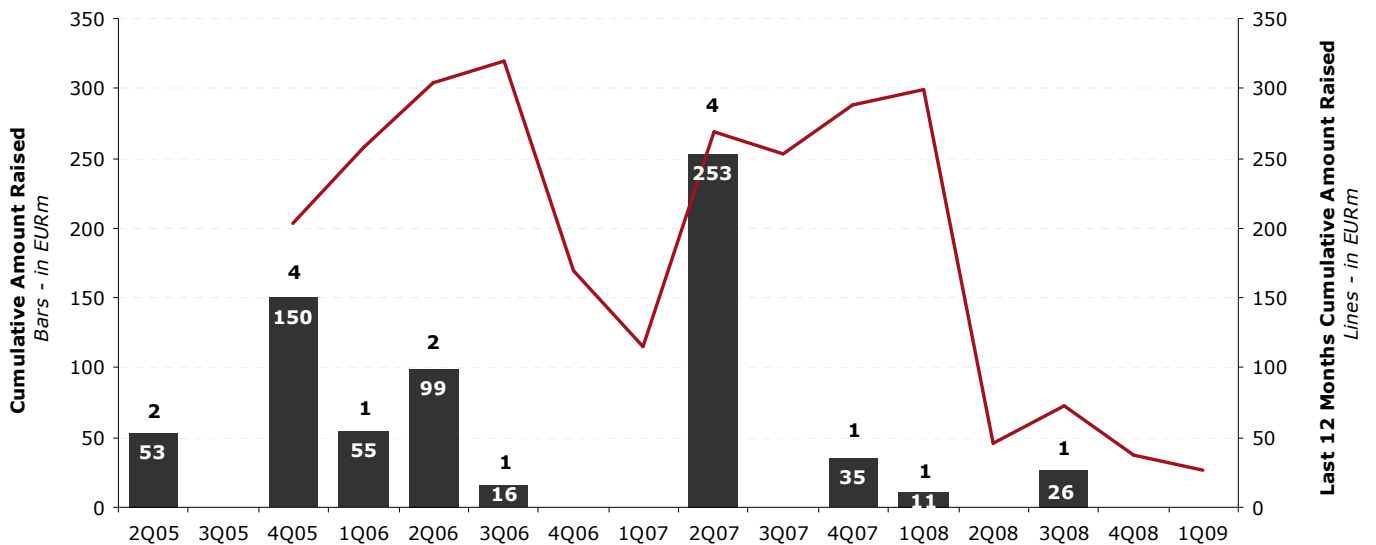
Sources: Bionest Research, FactSet, BioCentury, DowJones

European Biotech Listings



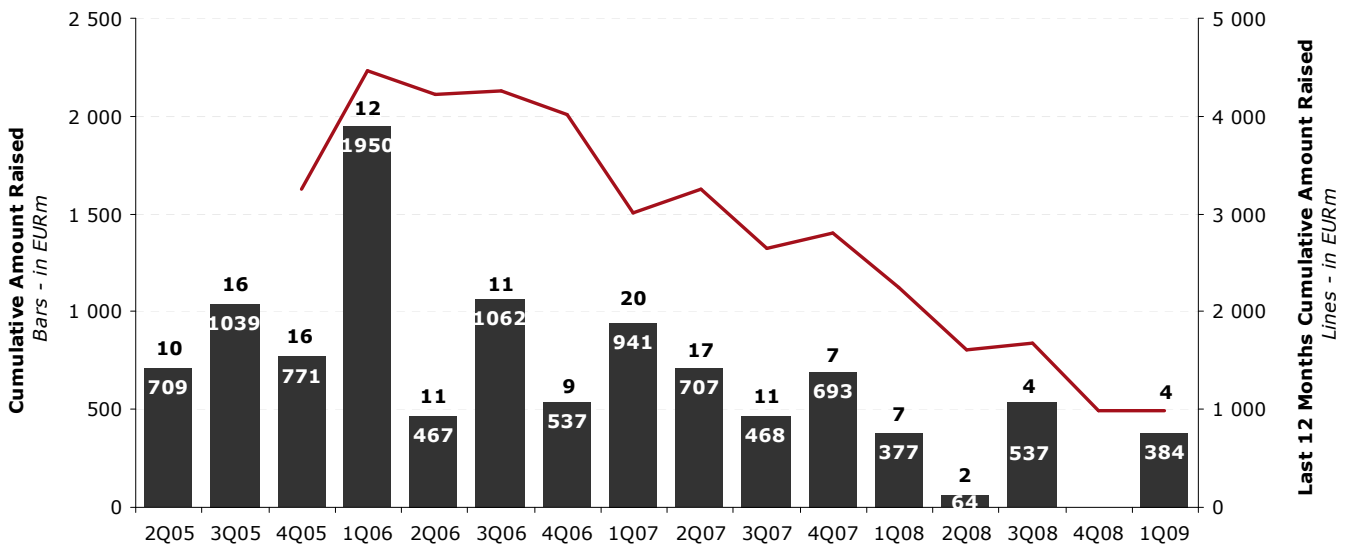
Sources: Bionest Research, FactSet, BioCentury, DowJones

Europe



Sources: Bionest Research, FactSet, BioCentury, Dowjones

United States



Sources: Bionest Research, FactSet, BioCentury, Dowjones

Q1:09: Focus on US Operations

Geron



► **Feb 13, 2009** Underwritten public offering of 7.25m shares of common stock to finance R&D, clinical trials and generate corporate use

Vertex Pharmaceuticals



► **Feb 18, 2009** Underwritten public offering of 10m shares of common stock at a price of \$32 per share

InterMune



► **Feb 13, 2009** Underwritten public offering of 4m shares of common stock completed on Feb 19,2009

Seattle Genetics



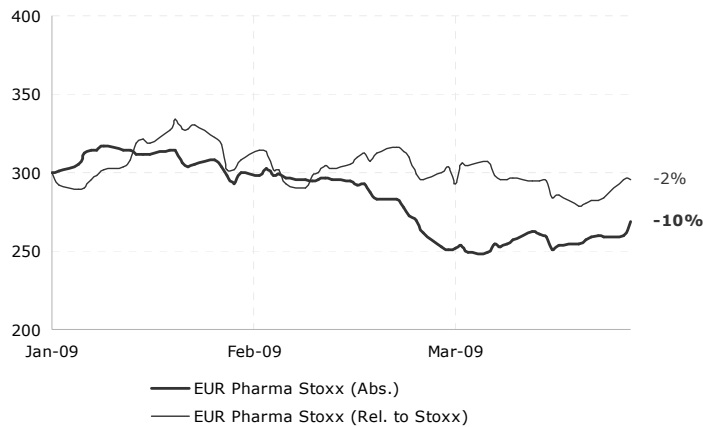
► **Jan 28, 2009** Underwritten public offering of 5.74m shares of common stock to fund R&D and for general corporate purposes

Sources: Bionest Research, FactSet, BioCentury, Dowjones

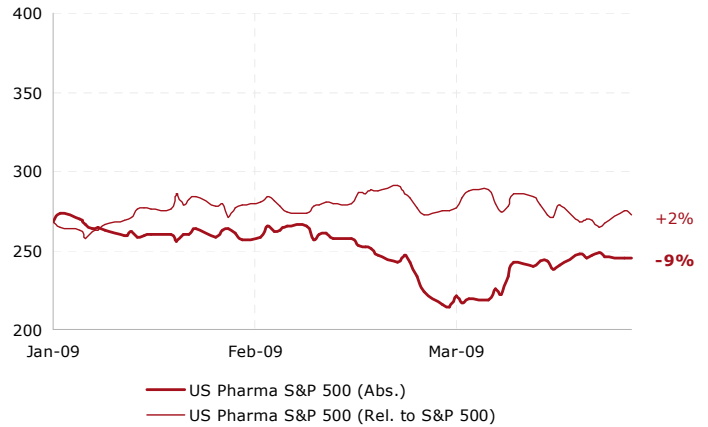
### Pharmaceutical Sector Absolute & Relative Performance

► Little performance over the quarter

EU Pharmaceutical Sector Performance



US Pharmaceutical Sector Performance

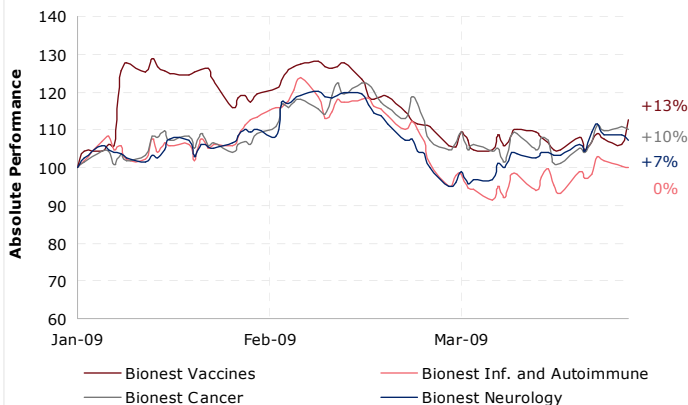


Sources: Bionest Research, FactSet, BioCentury, Dowjones

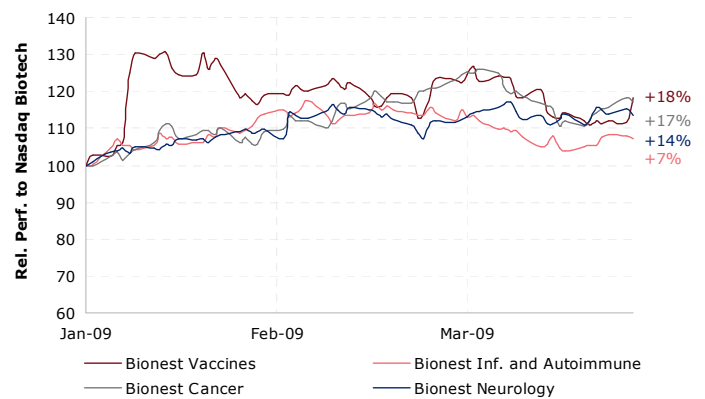
### Bionest Therapeutic Trackers

► Bumpy quarter in particular for vaccines

Absolute Performance



Relative Performance to Nasdaq Biotech

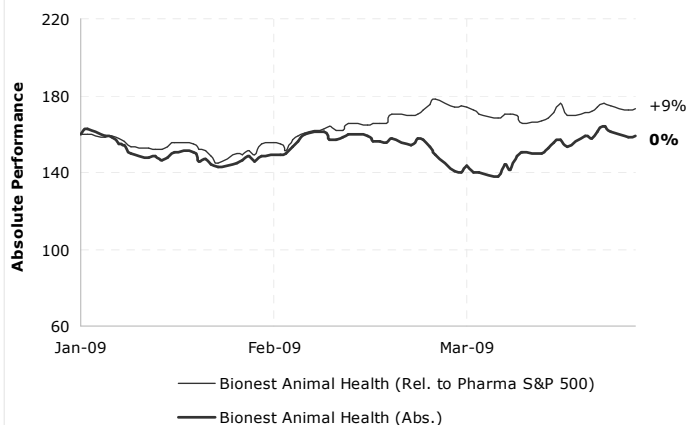


Sources: Bionest Research, FactSet, BioCentury, Dowjones

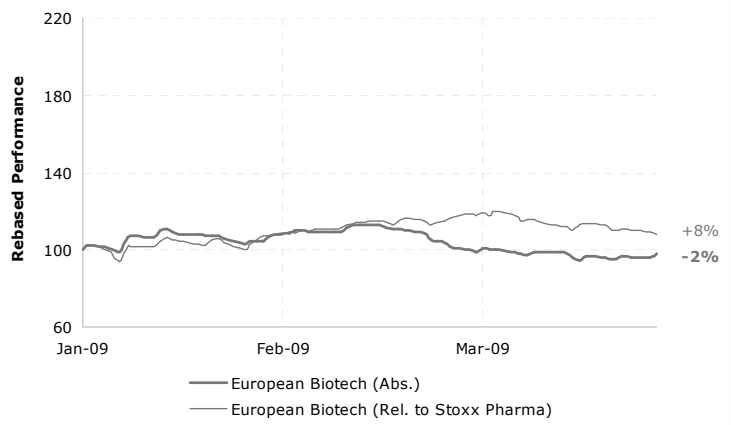
### European Pharmaceutical Sector Performance

► Animal Health & Biotech outperformed Pharma

Animal Health Sector Performance

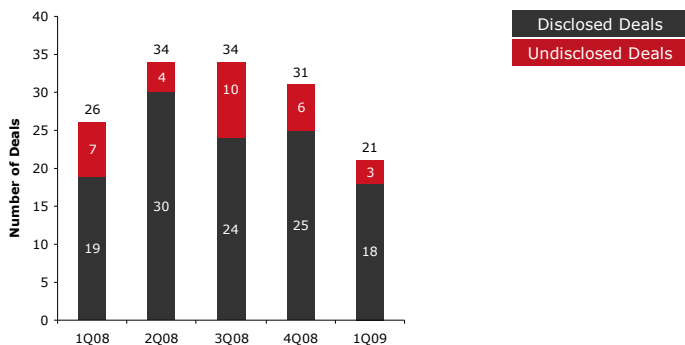


Biotech Sector Performance

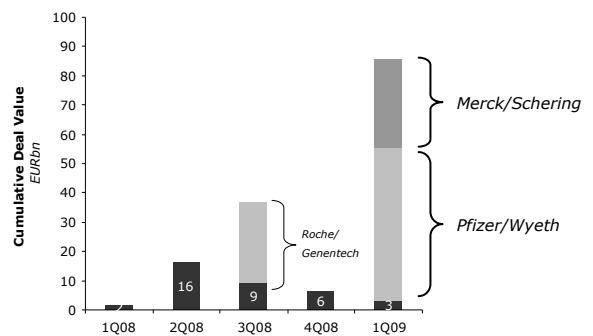


Sources: Bionest Research, FactSet, BioCentury, Dowjones

Global Overview: Toward More Smaller Deals

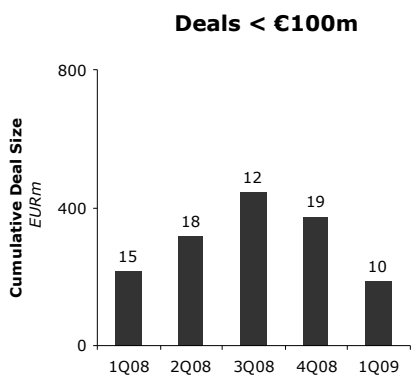


Note: Numbers on the top indicate the number of transactions

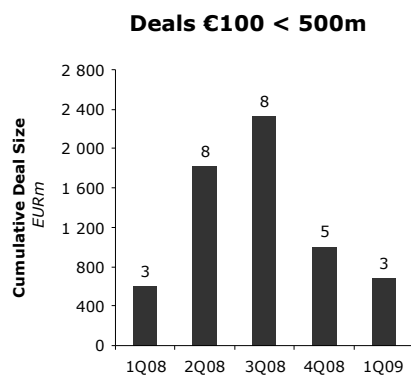


Sources: Bionest Research, FactSet, BioCentury, DowJones, Mergermarket

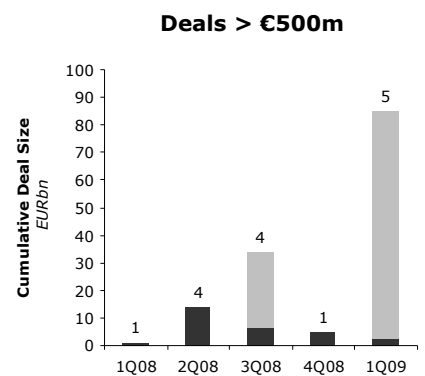
Deal Split per Size



Note: Numbers on the top indicate the number of transactions  
Disclosed transactions only

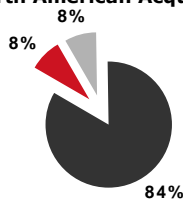


Sources: Bionest Research, FactSet, BioCentury, DowJones, Mergermarket

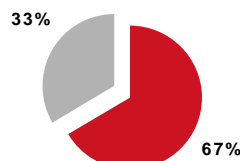


Targets Localization vs. Acquirers Region

North American Acquirers

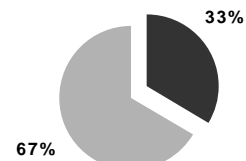


European Acquirers



Target Location: ■ US ■ EU ■ RoW

RoW Acquirers



In % of deals volume

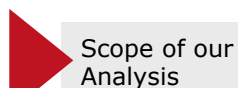
Major US Operations in Q109

Pfizer – Wyeth / January 2009

- ▶ Pfizer acquired Wyeth in a cash-and-stock transaction valued at \$50.19 per share or a total of approximately \$68billion.
- ▶ Combination strengthens platform to reduce costs in R&D and develop new leading products in Biotechnology. Pfizer is also looking to make up for Lipitor loss of income due to patent expiry in 2011.

Merck & Co – Schering Plough / March 2009

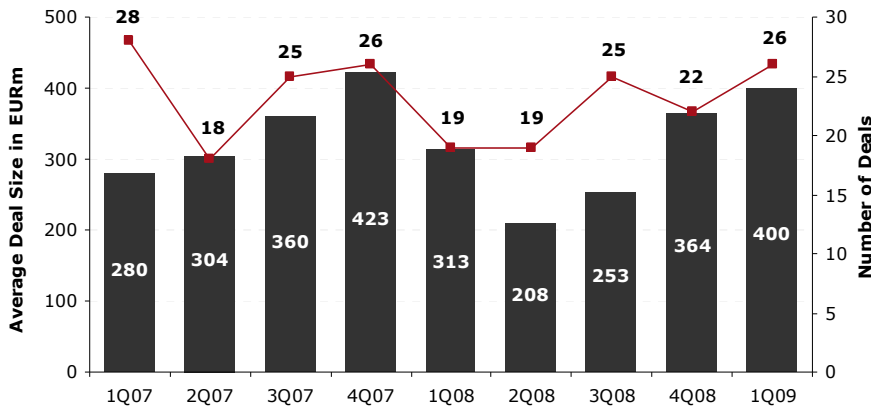
- ▶ Merck acquired Schering Plough in a cash-and-stock transaction valued at \$23.61 per share or a total of approximately \$41.1billion.
- ▶ Merck doubles its products in late stage (phase3) clinical trial and also makes up for Gardasil decrease in sales and Cordaptive non approval. Merck will gain worldwide exposure by making 50% of net income outside the U.S.



Scope of our Analysis

Corporate deals worldwide in the pharma/biotech industry

Global Overview



Top Story Focus

- **Date** 31/03/2009
- **Acquirer** Genzyme
- **Target** Bayer Schering
- **Products** Campath, Fludara & Leukine
- **Status** Marketed, Phase III
- **Area** Cancer, MS
- **Deal Value** €2.2bn

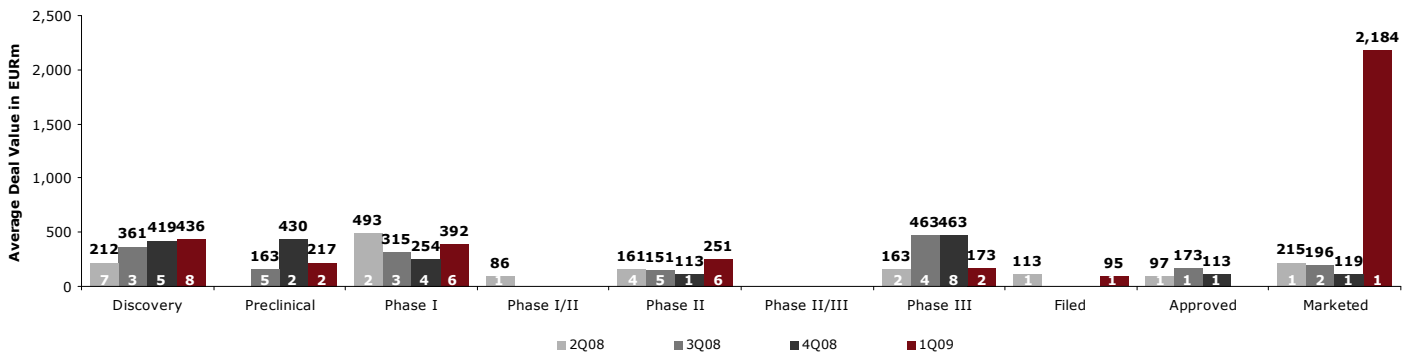
Genzyme bolstered its oncology portfolio through a potential \$2.9bn deal with partner Bayer that gives Genzyme rights to the marketed cancer drugs Campath, Fludara and Leukine - as well as control of the Phase III Campath program in MS

Note: Numbers on the top indicate the number of partnerships  
Disclosed partnerships only with deal values equal to \$100m or above

Sources: Bionest Research, FactSet, BioCentury, Dowjones, Recombinant Capital

Partnerships by Development Phase

► Steady trend in early stage deals

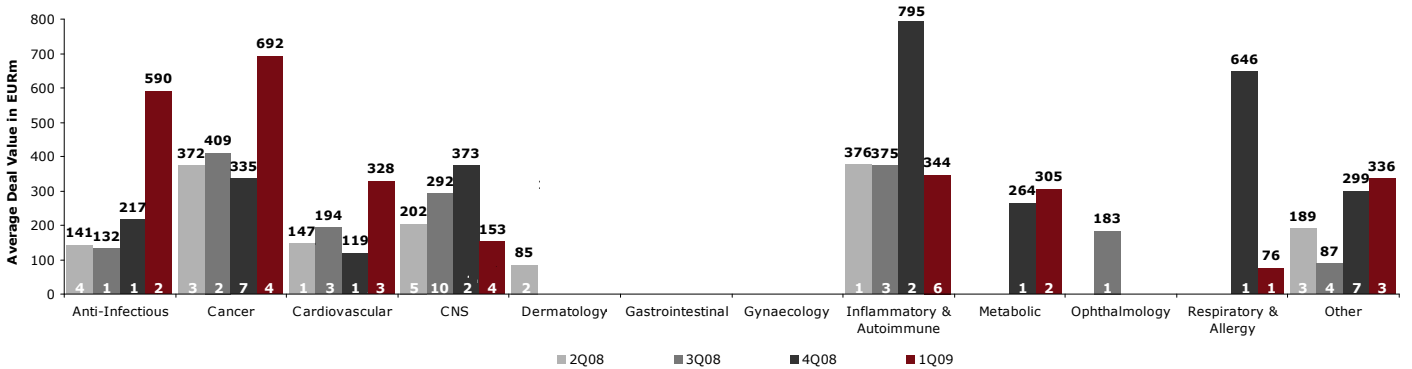


Note: Numbers on the top indicate the number of transactions; Two deal phases not disclosed in 3Q08  
Disclosed partnerships only with deal values equal to \$100m or above

Sources: Bionest Research, FactSet, BioCentury, Dowjones, Recombinant Capital

Partnerships by Therapeutic Area

► Performance in value for Anti-Infectious and Cancer



Note: Numbers on the top indicate the number of transactions; One deal therapeutic area not disclosed in 3Q08 and one in 1Q09  
Disclosed partnerships only with deal values equal to \$100m or above

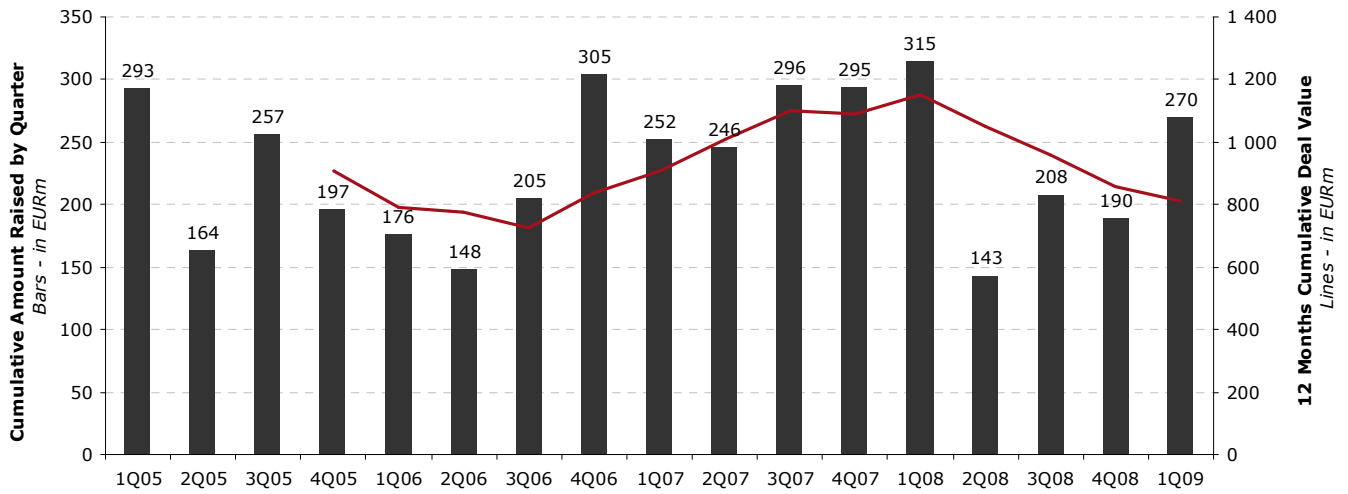
Sources: Bionest Research, FactSet, BioCentury, Dowjones, Recombinant Capital



Scope of our Analysis

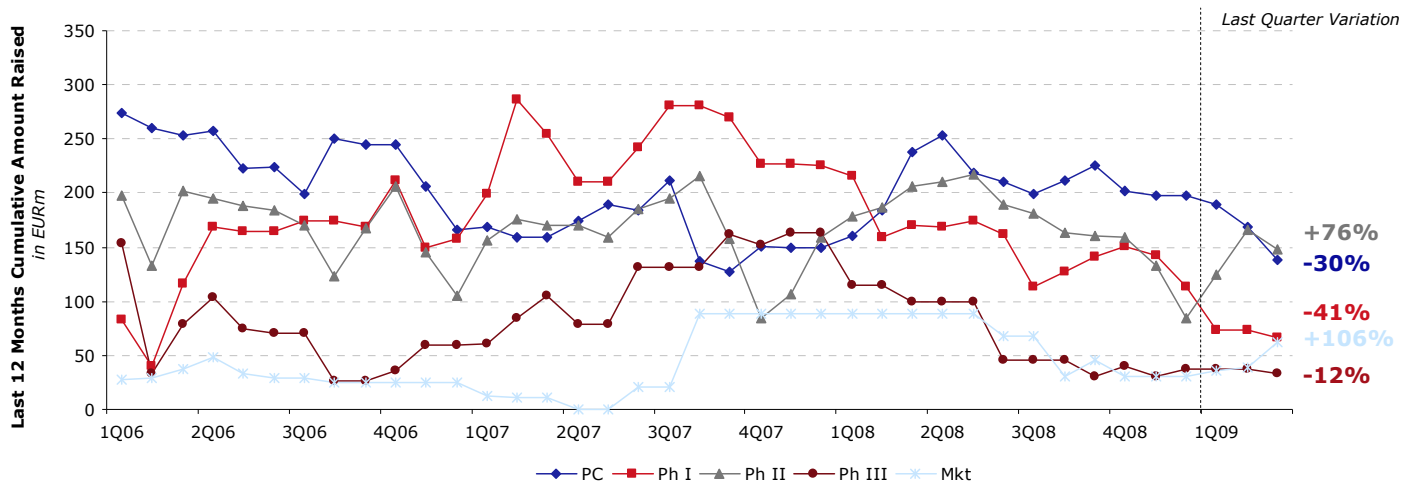
Biotech or pharma product transaction between global parties, for which the terms are disclosed, with a total deal value reaching \$100m at least

Cumulative Amount Raised...



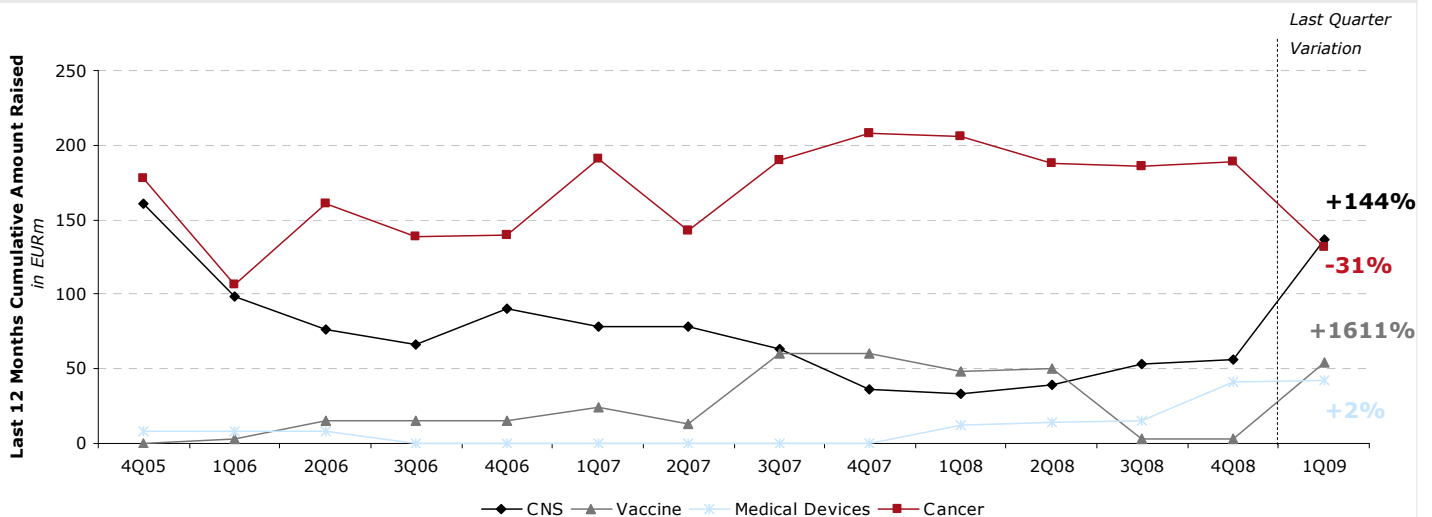
Sources: Bionest Research, FactSet, BioCentury, Dowjones

... per Development Stage



Sources: Bionest Research, FactSet, BioCentury, Dowjones

... per Selected Therapeutic Focus



Sources: Bionest Research, FactSet, BioCentury, Dowjones

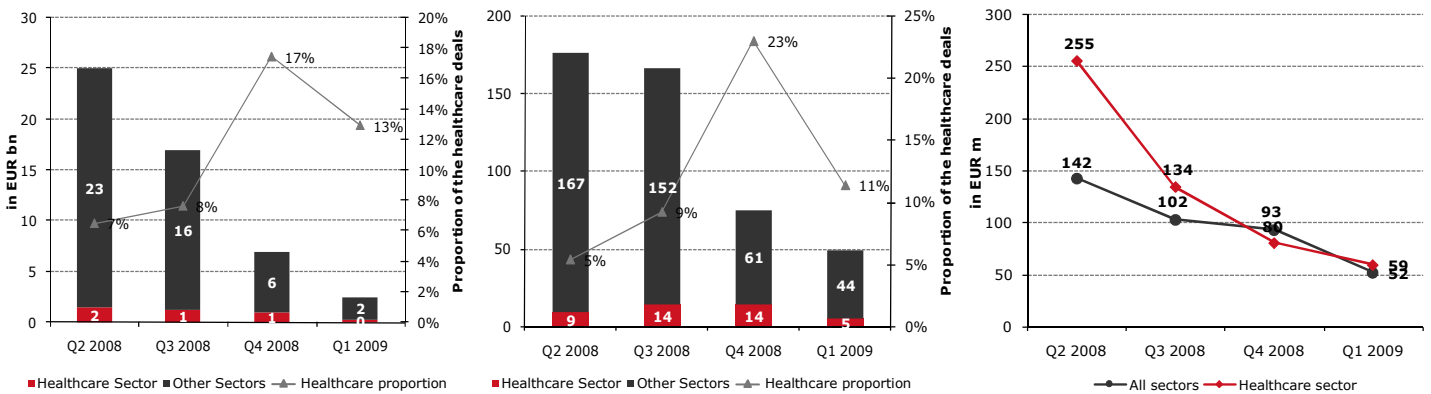


**Global Overview of Q1 09 Buy Out Healthcare Transactions**

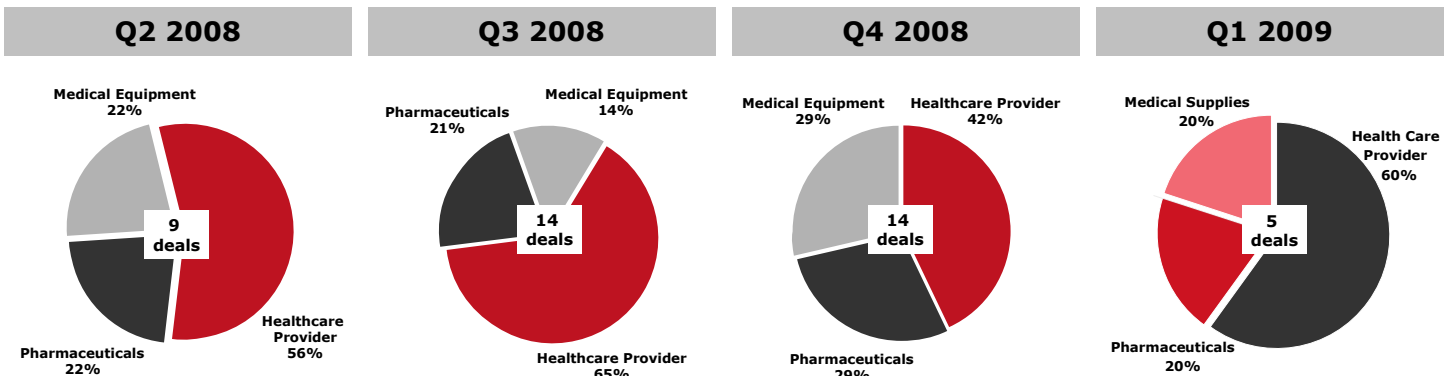
Target Company	Sub Sector	Value €m	Target Country	Deal Type	Acquirer
<b>March 2009</b>					
No Significant Deals					
<b>February 2009</b>					
Unomedical (Wound Care and Ophthalmics business)	Medical Supplies	ND	UK	Build-up	RoundTable Healthcare Partners LP via Aspen Surgical Products
Diamedix srl	Healthcare Provider	15	Romania	MBO	GED Iberian Private Equity
Quantum Specials Limited	Pharmaceuticals	36	UK	MBO	Lloyds TSB Development Capital Ltd
<b>January 2009</b>					
Terveystalo Healthcare Oyj	Healthcare Provider	162	Finland	IBO	Bridgepoint Capital Limited
6 Clinics	Healthcare Provider	80	France	Build-up	Barclays Private Equity Limited / LBO France via Médi-Partenaires
<b>Total Q1 (1 deal undisclosed)</b>		<b>293</b>			
<b>Q1 Average Deal Amount (1 deal undisclosed)</b>		<b>59</b>			

**Total Buy Out Deals vs. Healthcare Deals**

Value of Deals	Number of Deals	Average Size of Deals
----------------	-----------------	-----------------------



**Healthcare Sector Distribution (Number of Deals)**



Sources : Bionest Research, Private Equity Insight, Merger Market

# Selected Bionest Financial Advisory Transactions

2008



Has Out-licensed  
Research L-Asparaginase  
to



**A Sole Advisor**

2008




Has Divested  
MAb Research Business  
to




**A Sole Advisor**

2008




Has Out-licensed Research L-  
Asparaginase to




**A Sole Advisor**

2007




Has Sold Ginkor Fort  
to




**A Sole Advisor**

2008



Oncology  
-  
Assessment of  
Product Franchise



**A Sole Advisor**

2008



(Financing Round)

Oncology

**A Corporate Valuation**

2008




(Financing Round)

Mature Products

**A Corporate Valuation**


2006




Raised €15m  
Listed on Alternext

**A Co-Advisor**

2008




Has been acquired  
by




**A Due Diligence**

2007



Has been acquired  
by



**A Due Diligence**

2007



Commercial Due Diligence  
for



**A Due Diligence**

2006



Has been acquired  
by



**A Due Diligence**

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## Strategic advice and beyond



Bionest Partners are global experts focussed exclusively on the healthcare and life sciences sectors. We combine **strategic thinking with extensive real world experience to provide operational solutions**, which will help you to achieve your business goals.

### **Management consulting**

Bionest provides practical advice on global corporate and product strategy. We assist in the area of R&D operations, product launches, market entry and franchise set-up. We perform buy and sell-side strategic due diligence, working with both corporates and private equity funds.

### **Financial advisory services**

Bionest has in-depth expertise in corporate finance activities, including M&A, asset in- and out-licensing, company and pipeline valuation and also offers IPO support services as well as equity research via its securities arm.

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