

Q2 2009

Signs of appetite

**Financial
Advisory
Newsletter**

Equity Markets

Pages 2 to 5

- ▶ **Research-based Companies Valuation**
Europe valuation is catching-up
- ▶ **Initial Public Offerings**
-
- ▶ **Follow-on Offerings**
The US market remains active
- ▶ **Equity Indices and Sub-Sector Trackers**
Confirmed Q1 Biotech rebound



Mergers & Acquisitions in Biotech Pages 6 & 7

- ▶ **Transactions**
Slowdown versus 2008
- ▶ **Partnerships at and above \$100m**
Preclinical : the place to be

Private Equity in Europe Page 8

- ▶ **Buy Outs**
Bottom reached in Q1?

Selected Bionest Track Record Page 9

- ▶ **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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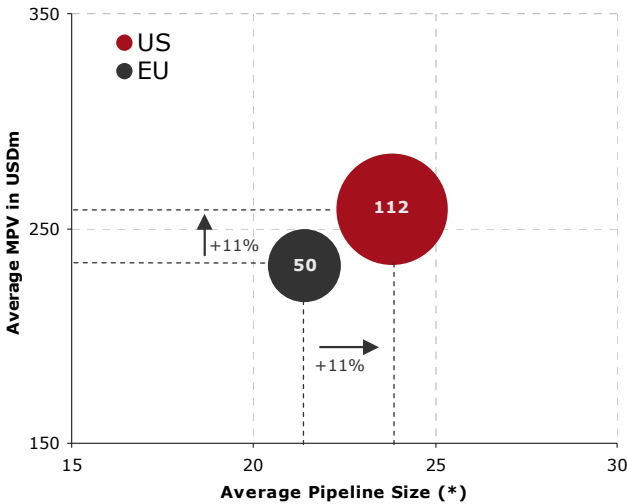
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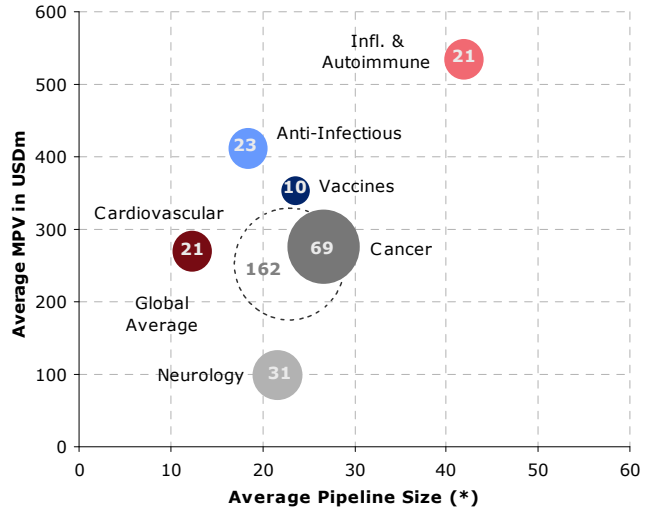


Global Overview

EU vs. US – All Therapeutic Areas



EU & US – Breakdown by Therapeutic Area



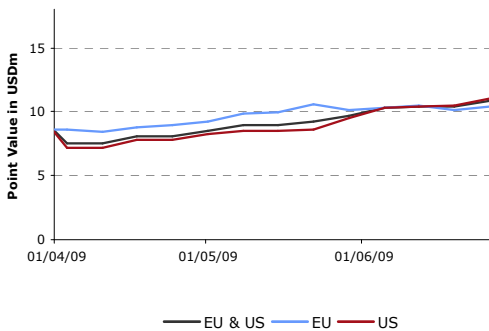
► The spread between Europe and US is narrowing down

* 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

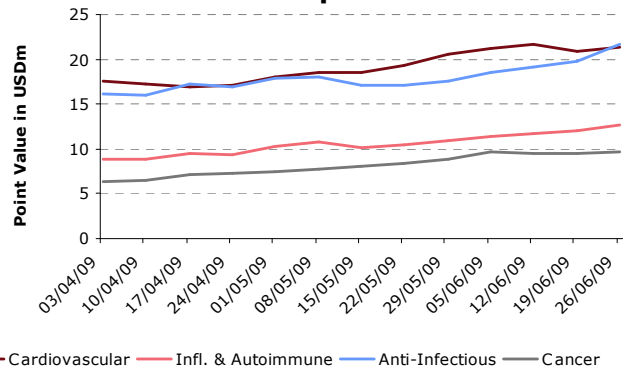
Regional



► Europe outperformed the US until early June
► Cardiovascular and anti-infectious remain highly ranked

Sources: Bionest Research, FactSet, BioCentury, DowJones

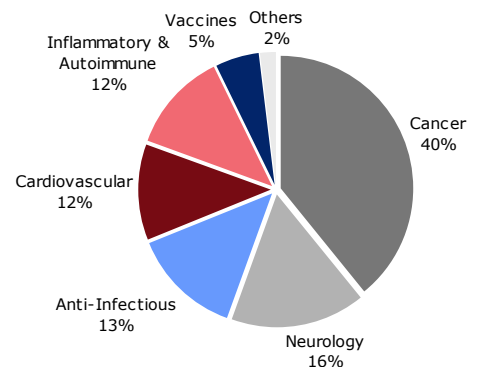
Therapeutic Area



What is Bionest MPV™?

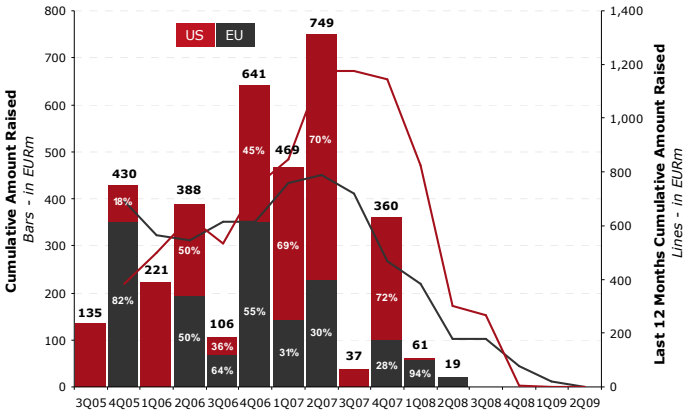
- Bionest MPV™ (Market Pipeline Value) is a proprietary benchmarking approach that compares the value of 162 research-based, mainly loss making, publicly listed companies in Europe and in the United States
- Bionest MPV™ is based on a pipeline scoring system and the value of publicly traded companies
- This approach allows to quickly assess the value of a clinical-stage portfolio of products with a limited amount of information

Bionest MPV™ Universe

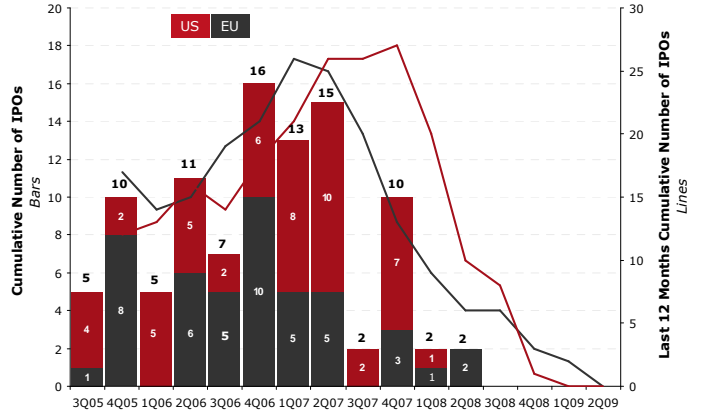


Cumulative Amount Raised and Number of IPOs

EU vs. US – Amount Raised

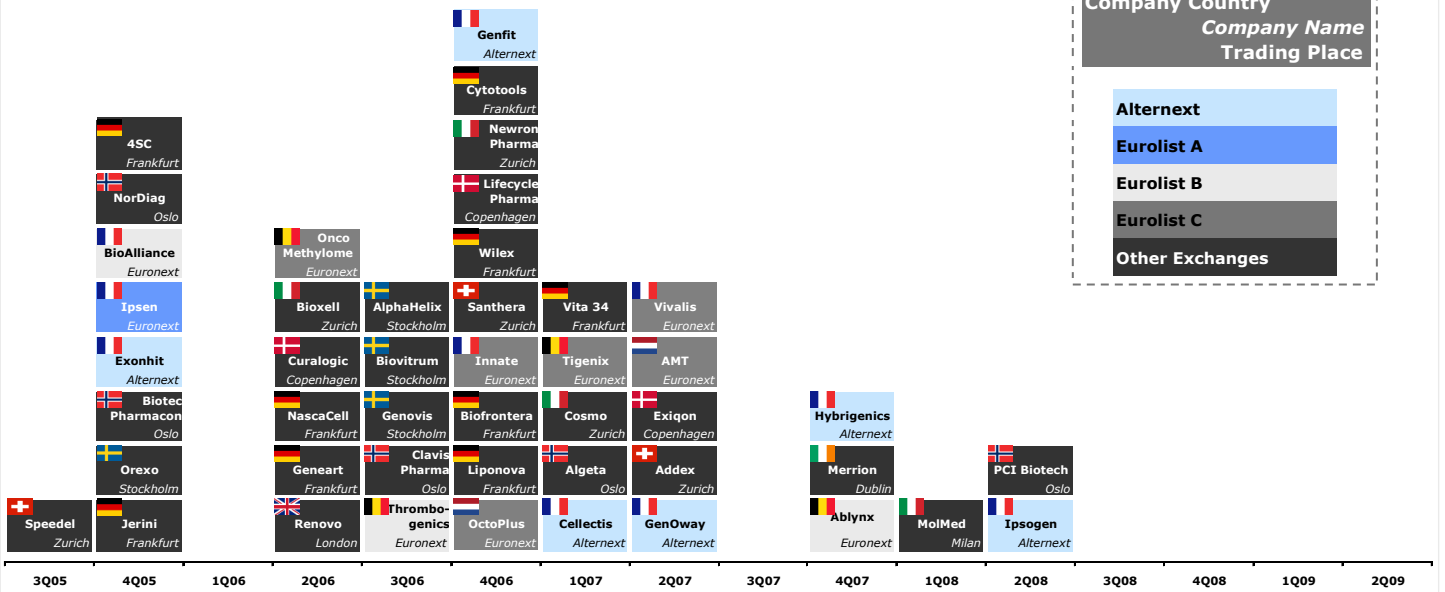


EU vs. US – Number of IPOs



Sources: Bionest Research, FactSet, BioCentury, DowJones

European Biotech Listings

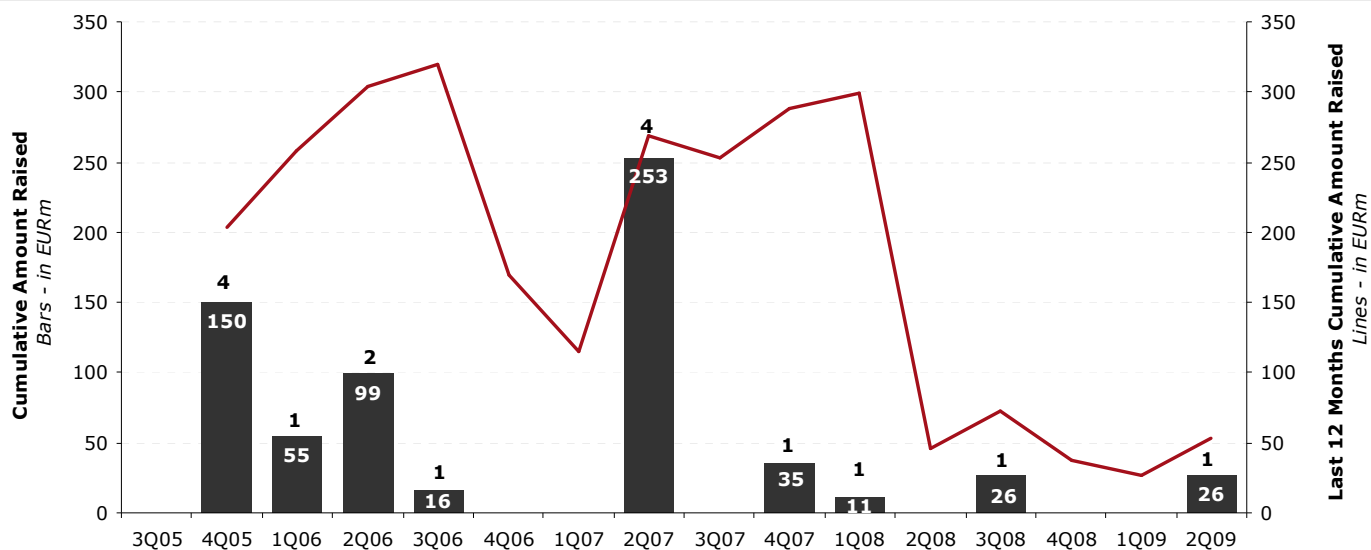


→ How to read it?

| Company Country | Company Name | Trading Place |
|-----------------|--------------|-----------------|
| Alternext | | Alternext |
| Eurolist A | | Eurolist A |
| Eurolist B | | Eurolist B |
| Eurolist C | | Eurolist C |
| Other Exchanges | | Other Exchanges |

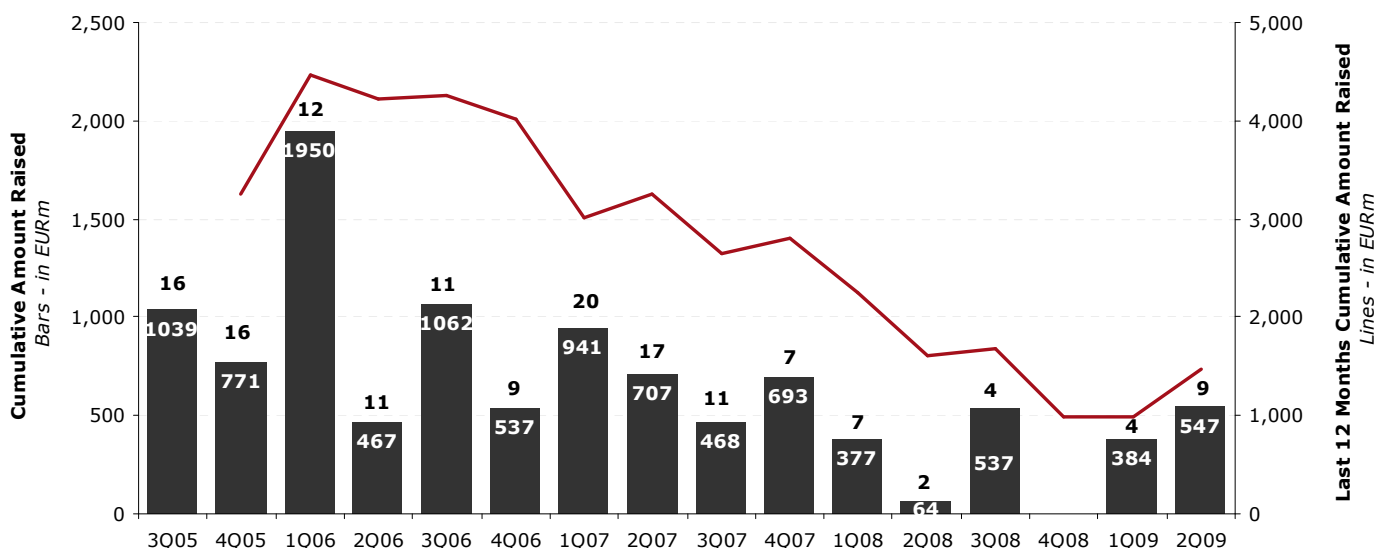
Sources: Bionest Research, FactSet, BioCentury, DowJones

Europe



Sources: Bionest Research, FactSet, BioCentury, DowJones

United States



Sources: Bionest Research, FactSet, BioCentury, DowJones

2Q09: 9 for the US vs. 1 for EU

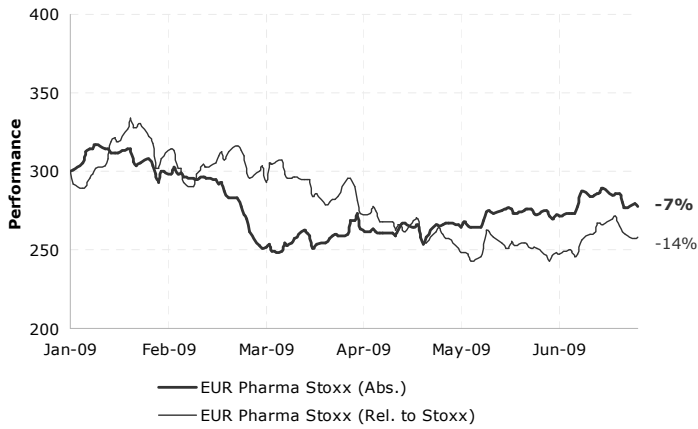


Sources: Bionest Research, FactSet, BioCentury, DowJones

Pharmaceutical Sector Absolute & Relative Performance

► Flattish performance this quarter

EU Pharmaceutical Sector Performance



US Pharmaceutical Sector Performance

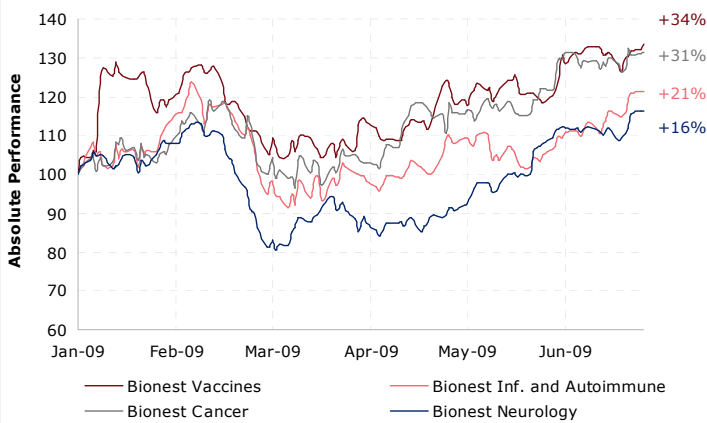


Sources: Bionest Research, FactSet, BioCentury, DowJones

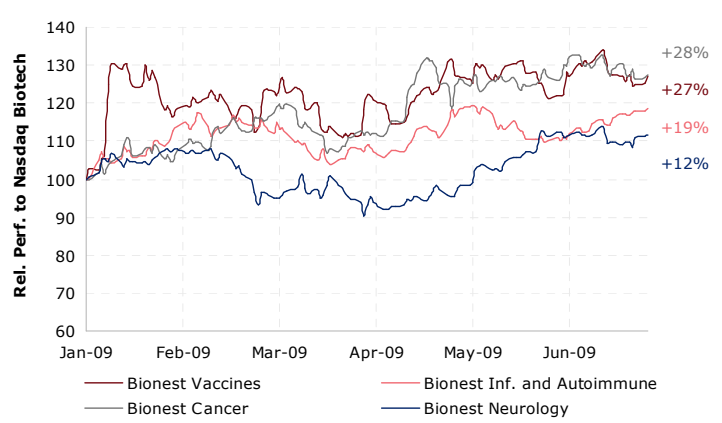
Bionest Therapeutic Trackers

► The rebound seen in the first quarter is confirmed

Absolute Performance



Relative Performance to Nasdaq Biotech

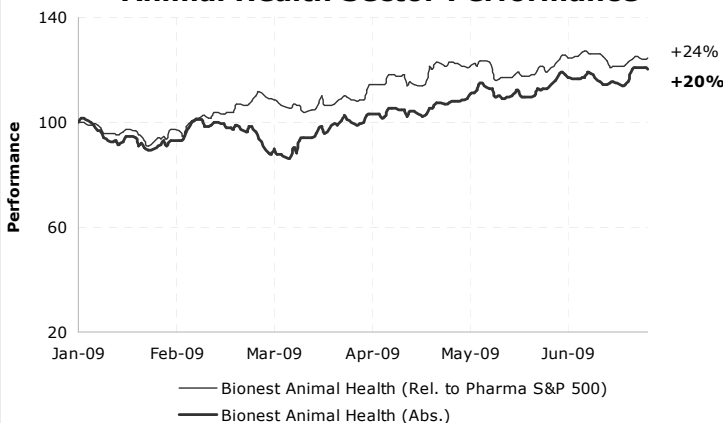


Sources: Bionest Research, FactSet, BioCentury, DowJones

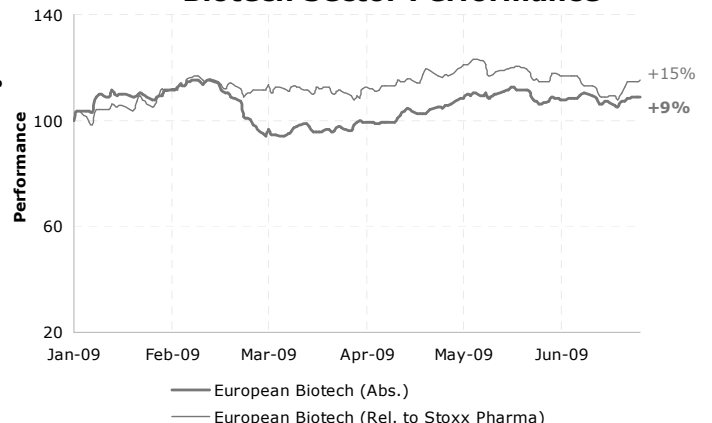
European Pharmaceutical Sector Performance

► Strong performance of Animal Health and Biotech compared to the first quarter

Animal Health Sector Performance

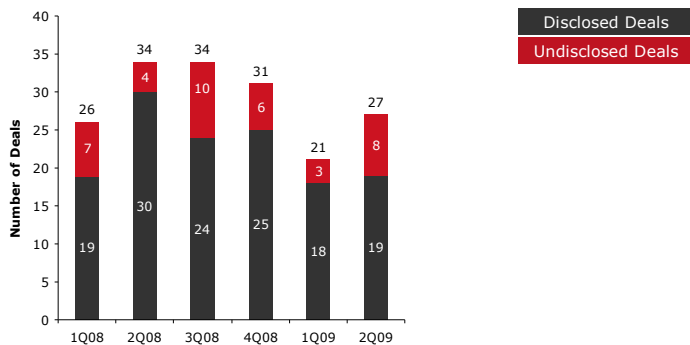


Biotech Sector Performance

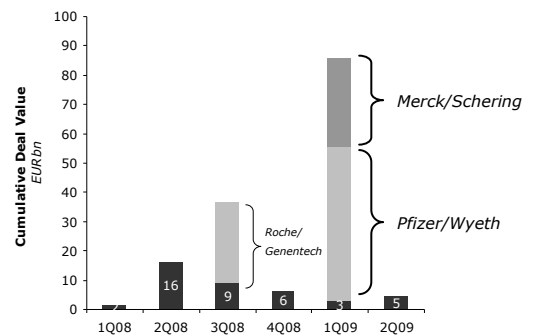


Sources: Bionest Research, FactSet, BioCentury, DowJones

Global Overview: Towards Smaller Deals

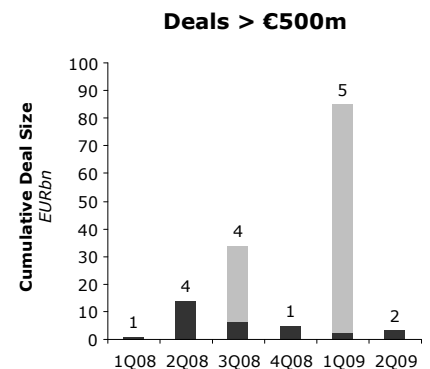
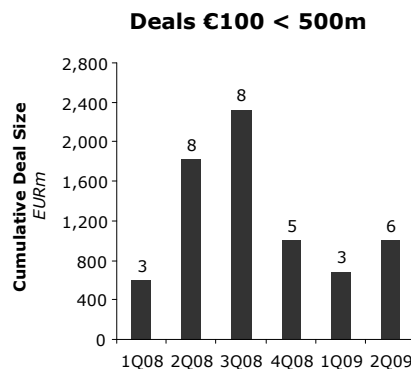
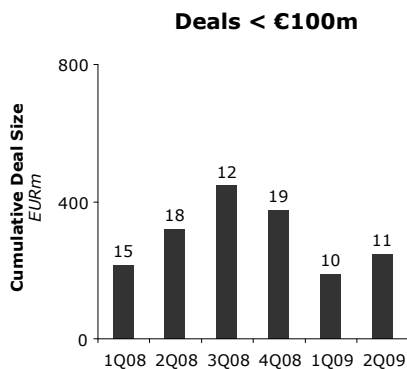


Note: Numbers on the top indicate the number of transactions



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

Deal Split per Size



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

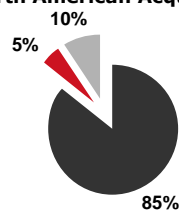
Sources: Bionest Research, FactSet, BioCentury, DowJones, Mergermarket

Targets Localization vs. Acquirers Region

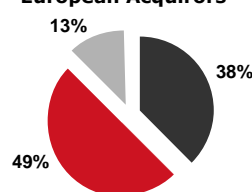
Target Location:

- US
- EU
- RoW

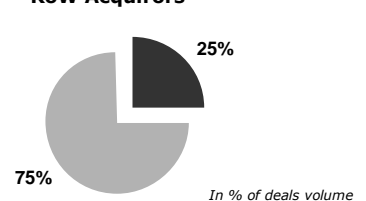
North American Acquirors



European Acquirors



RoW Acquirors



In % of deals volume

Major Operations in Q209

GSK – Stiefel Laboratories / April 2009

- ▶ GSK acquired Stiefel Laboratories for a cash consideration of \$ 2.9 billion in cash and will assume \$0.4 billion of net debt upon closing. A potential further \$0.3 billion cash payment is contingent on future performance.
- ▶ Cost synergies for the new business are expected from combining manufacturing and administrative functions. Besides, Stiefel's products will benefit from GSK's global distribution and commercial organisations in the BRIC countries while GSK's products will benefit from Stiefel's experience in dermatology.

Express Scripts – WellPoint NextRx / April 2009

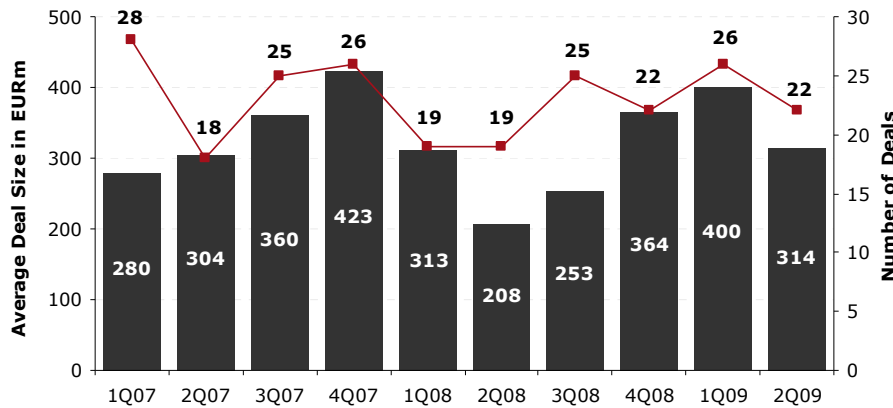
- ▶ Express Script acquired WellPoint NextRx in a cash-and-stock transaction valued at approximately \$4.7billion. The transaction includes a 10-year contract for Express Scripts to provide services to WellPoint, following closing of the transaction.
- ▶ WellPoint will retain control of medical policy, formulary and integrated disease management, and will work alongside Express Scripts to offer best-in-class pharmacy management and data analytics



Scope of our Analysis

Corporate deals worldwide in the pharma/biotech industry

Global Overview



Top Story Focus

- ▶ **Date** 14/05/2009
- ▶ **Acquirer** Sanofi-Aventis
- ▶ **Target** Kyowa Hakko Kirin
- ▶ **Products** Anti-LIGHT MAB
- ▶ **Status** Preclinical
- ▶ **Area** Infl. & Autoimmune
- ▶ **Deal Value** €232m

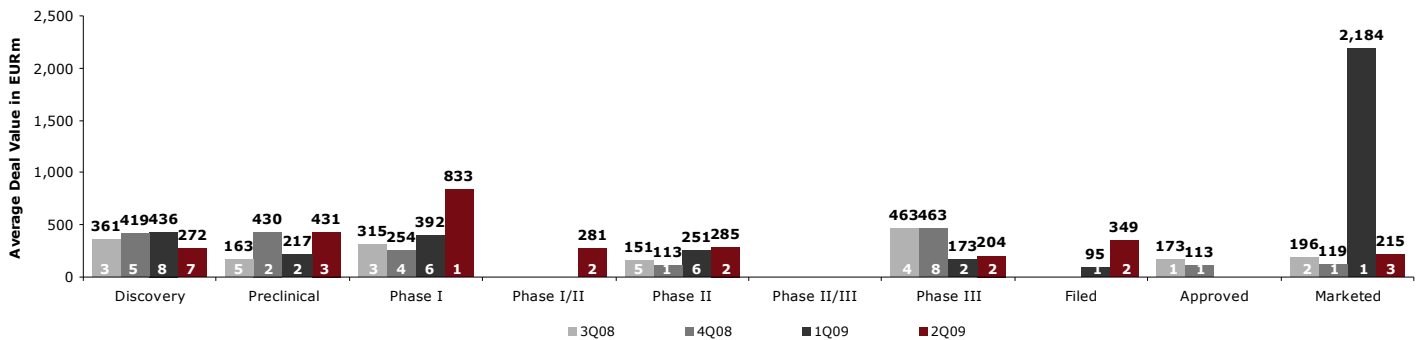
Sanofi-aventis and Kyowa Hakko Kirin enter into a collaboration and licensing agreement on an Anti LIGHT fully human monoclonal antibody

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

▶ Impressive decreasing number of deals in Phase I and Phase II

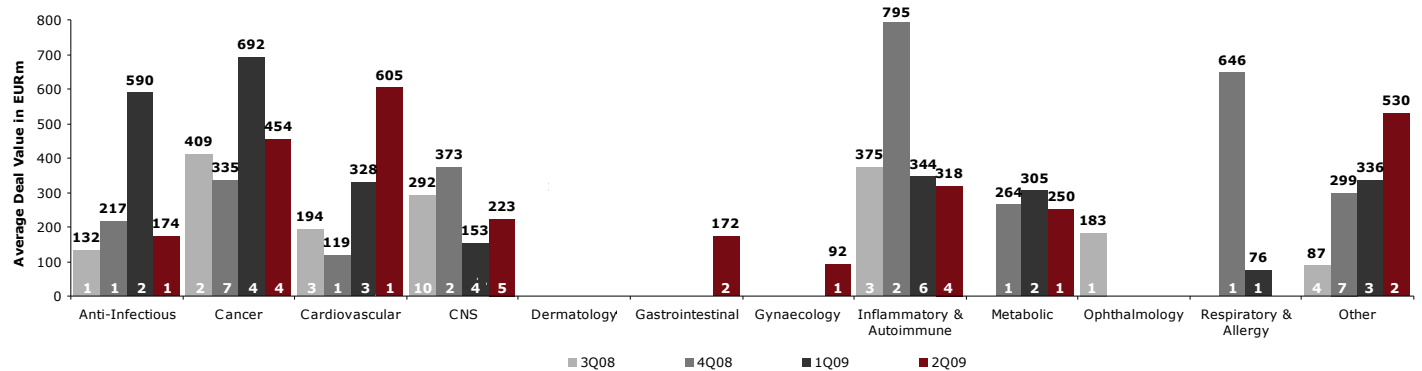


Note: Numbers on the top indicate the number of transactions; Two deal phases not disclosed in 3Q08
Disclosed partnerships only with deal values equal to \$100m or above

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

Partnerships by Therapeutic Area

▶ Small deals but deals... in Gastrointestinal and Gynaecology!



Note: Numbers on the top indicate the number of transactions; One deal therapeutic area not disclosed in 3Q08, one in 1Q09 and one in 2Q09

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

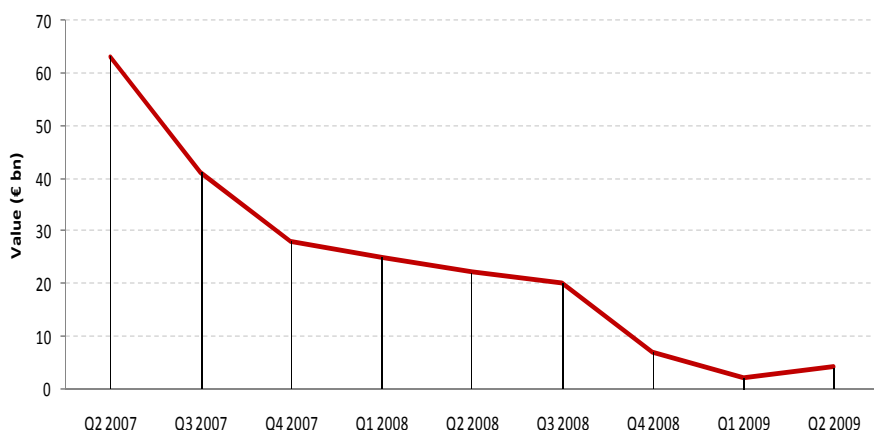
Global Overview of Q2 09 Buy Out Healthcare Transactions

| Target Company | Sub Sector | Value €m | Target Country | Deal Type | Acquirer |
|-----------------------------------------------------|---------------------|----------|----------------|-----------|------------------------------------------------------------------|
| June 2009 | | | | | |
| Elysee Dental Solutions BV | Medical Equipment | ND | Netherland | IBO | Synergia Capital Partners BV |
| Société d'Etudes de Recherche et de Fabrication SAS | Medical Supplies | ND | France | Build-up | Turenne Capital via Dedienne Sante SAS |
| Korian SA (three housing facil.) | Healthcare Provider | ND | France | Build-up | Azulis Capital / BNP Developpement / Dominique Pelle via Domidep |
| Grupo SAR | Healthcare Provider | 200 | Spain | IBI | G Square Capital / Palamon Capital Partners LP |
| Grupo Iberica de Diagnostico y Cirurgia | Healthcare Provider | 100 | Spain | IBI | Mercapital SL |
| May 2009 | | | | | |
| No Significant Deals | | | | | |
| April 2009 | | | | | |
| Articles de Laboratoire de Precision SAS | Medical Supplies | ND | France | Build-up | American Capital Ltd / Axygen Scientific |
| Aesculabor-Karlsruhe GmbH | Healthcare Provider | ND | Germany | Build-up | 3i Group Plc via Labco |
| Vanguard Healthcare Solutions | Medical Equipment | 34 | UK | MBO | MML Capital Partners LLP |

Top 10 European Private Equity Buyouts: 3 in the Healthcare Field !

| Target Company | Value €m | Target Country | Equity Providers |
|-------------------------------|----------|----------------|--------------------------------------------------|
| Wood Mackenzie | 637 | United Kingdom | Charterhouse Capital Partners |
| Chesapeake Corporation | 366 | United Kingdom | Irving Place Capital, Oaktree Capital Management |
| Grupo SAR | 200 | Spain | G Square Capital, Palamon Capital Partners |
| Bol.com | 110 | Netherlands | Cyrte Investments |
| Grupo Diagnóstico Recoletas | 100 | Spain | Mercapital |
| Moret Industries | 100 | France | Céréa Mezzanine, Unigrains |
| TMD Friction | 100 | Germany | Pamplona Capital Management |
| Bounty Group Ltd | 70 | United Kingdom | Barclays Private Equity |
| Vanguard Healthcare Solutions | 34 | United Kingdom | MML Capital Partners |
| The Amor Group | 31 | United Kingdom | Close Growth Capital, Scottish Enterprise |

European Private Equity Buyouts: End of decline ?



End of decline ?

- ▶ For the first time since Q2 2007, overall value of European Private Equity Buyouts has increased.
- ▶ The numbers are still far from those in 2007, but this increase from €2bn in Q1 to €3.6bn in Q2 (overall buyouts) could be the first signs of a potential private equity buyouts upturn...

Selected Bionest Financial Advisory Transactions

2009



Entered financial agreements with



Due Diligence

2008



Has Out-licensed Research L-Asparaginase to



Sole Advisor

2008




Has Divested MAb Research Business to




Sole Advisor

2007




Has Sold Ginkor Fort to




Sole Advisor

2008



Oncology - Assessment of Product Franchise



Sole Advisor

2008



(Financing Round)

Oncology

Corporate Valuation

2008




(Financing Round)

Mature Products

Corporate Valuation

2006




Raised €15m Listed on Alternext

Co-Advisor

2008




Has been acquired by




Due Diligence

2007



Has been acquired by



Due Diligence

2007



Commercial Due Diligence for



Due Diligence

2006



Has been acquired by



Due Diligence

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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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