

## Press release

Zug, 30 January 2009

### **HBM BioVentures quarterly report as at 31 December 2008**

The most turbulent quarter for decades on the financial markets also left its mark on HBM BioVentures' net asset value (NAV). It dropped as a result of lower market prices for public investment positions and valuation adjustments on private investments. Although the characteristics of the HBM BioVentures portfolio differ considerably from those of typical listed private equity companies, HBM BioVentures shares also suffered from the difficult market sentiment towards these companies. Via the second trading line, HBM BioVentures has already bought back a third of its own shares that are subject to the buyback programme announced in September 2008.

#### **Emerging private companies**

Investments were concentrated exclusively on follow-on financing for existing portfolio companies. All forthcoming financing rounds at portfolio companies are closely monitored. HBM BioVentures participates with restraint, but to a degree sufficient to safeguard its own interests. During the quarter under review, HBM BioVentures provided a number of companies with funding for the continued development of their product candidates or to bridge the period prior to a sale. US company Panomics was taken over by exchange-listed Affymetrix during the final quarter of 2008. Valuation adjustments on a number of holdings in the private investment portfolio had to be made as at the end of December 2008. The companies concerned either fell short of their operating targets or carried out financing rounds at lower valuations. The valuation adjustments in question may all be temporary in nature. The holding in Genizon was written off entirely.

#### **Public portfolio companies**

We reduced some of our public investment holdings slightly during the quarter under review. While public investment holdings in general suffered in the difficult market climate, Basilea in particular sustained further losses following an announcement from the FDA. The delay in granting a market entry in the US for Zeftera resulted in considerable volatility in Basilea's share price. The public market in HBM BioVentures' target area was characterised by the absence of IPOs. There were fewer than for many years, with just three companies going public in the USA in the whole of 2008 (2007: 38) – and all of them before the end of March.

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The share prices of “listed private equity companies” came under enormous pressure from October 2008 onwards. This price pressure generally resulted in companies trading at massive discounts to their NAV. Although the characteristics of most listed private equity companies' portfolios differ from those of the HBM BioVentures investment portfolio – e.g. considerable investments in buy-outs that have been financed heavily by borrowing, or investments in sectors of the economy that are vulnerable to recession – HBM BioVentures shares also suffered from the gloomy market sentiment towards listed private equity companies.

### **Outlook**

As planned for some time, activities to sell a number of portfolio companies have either already begun or are scheduled to start in the first quarter of 2009. The candidates for sale in the HBM BioVentures portfolio comprise one clearly profitable company, as well as several drug developers that are very likely to publish Phase III trial data in the first quarter of 2009. Despite turbulent markets, we expect certain of these transactions to be completed successfully over the next twelve months. Most pharma and large biotech companies have a strategic interest in the extension of their product pipeline and hold enough cash to finance acquisitions.

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### **Brief profile of HBM BioVentures Ltd**

As a venture capital company, HBM BioVentures is invested globally in some 40 mature emerging companies in the biotechnology/human medicine, diagnostics and medical technology sectors. The primary products of HBM BioVentures' portfolio companies are either at an advanced stage of development or already available on the market. The company focuses on unlisted emerging companies, with two-thirds of its investment capital invested in private companies that offer high value creation potential. This has enabled HBM BioVentures to carve out a unique and distinctive market position. HBM BioVentures has a broad shareholder base and is listed on the SWX Swiss Exchange (ticker: HBMN).

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