

## Press release

Zug, 30 October 2009

### **HBM BioVentures Quarterly Report as at 30 September 2009**

HBM BioVentures' net asset value (NAV) recovered during the quarter under review, from CHF 58.35 to CHF 67.30 (+15.3%). The share price rose sharply from CHF 25.95 at the end of June to CHF 46.85 at the end of September (+80%). One of the reasons for this increase in the share price is the successful sale of two companies – Brahms and ESBATech – which had been in the HBM BioVentures portfolio since 2005 and 2006 respectively.

#### **The successful sales of the companies Brahms and Esbatech**

Both companies could be sold at a price that far exceeded the book value at which they were carried in the HBM BioVentures balance sheet. At the end of June 2009, the investment in Brahms had a book value of CHF 41 million, yet was sold at CHF 134 million. At the same time, the investment in ESBATech was carried at CHF 14 million in the HBM BioVentures balance sheet and was sold for a total of CHF 32 million, which includes a conservative valuation of future milestones. The two sales above book value show that the strict application of the European Venture Capital Association (EVCA) valuation guidelines can result in valuations that are well below market values.

#### **The investment portfolio**

During the reporting period CHF 9.5 million went into follow-on financing for existing private companies. Specialised venture capital funds called CHF 1.4 million of existing investment commitments. During the reporting period, HBM BioVentures adjusted the valuations of a number of private investment holdings owing to further financing rounds or company-specific events. These valuation adjustments totalled minus CHF 7.2 million net during the quarter under review, with minus CHF 12.7 million accounted for by valuation adjustments on a variety of small holdings, and CHF 5.5 million by an increase in the value of our investment in mtm laboratories following a financing round that brought in a major new investor.

In the portfolio of public companies, the holding in Newron was reduced significantly. There was little, if any, change to other holdings.

The weak US dollar (minus 9% against the Swiss franc since 31 March 2009) reduced the valuation of US dollar investments. During the quarter HBM BioVentures repurchased Going Public convertible bonds corresponding to CHF 8 million nominal at attractive prices.

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## **Outlook**

Whereas in the first few years in business more than half of HBM BioVentures' disposals took the form of IPO's, this exit route is unlikely to be open in the foreseeable future. But the quarter just ended has shown that the transaction market in the healthcare sector nonetheless remains active and is generating some impressive company valuations. HBM BioVentures' portfolio comprises a large number of top-quality companies that should bring good news in the future through successful sales and further positive contributions to the net asset value (NAV).

The Quarterly Report as at 30 September 2009 is available via the following link on the HBM BioVentures Ltd website [www.hbmbioventures.com](http://www.hbmbioventures.com):

<http://www.hbmbioventures.com/en/04-downloads/geschaeftsjahr-2009-2010.asp?navanchor=1010033>

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

As a venture capital company, HBM BioVentures is invested globally in some 35 mature emerging companies in the biotechnology/human medicine, diagnostics and medical technology sectors. The lead products of HBM BioVentures' portfolio companies are either at an advanced stage of development or already available on the market. The company focuses on emerging companies that are not yet listed, with two-thirds of assets 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 SIX Swiss Exchange (ticker: HBMN).

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