



PRESS RELEASE

Biotech Investment Barometer Reveals Continued Confidence in Sector

- **Early-stage funding environment eases slightly in Europe**
- **Improved relationship between big pharma and biotech**

Munich/Zug, 2 October 2007 – *Global Life Science Ventures (GLSV)* today released the results of its 3rd Annual GLSV Biotech Investment Barometer. The survey of the biotech and investment communities revealed that the sector continues to be viewed positively by a large majority of participants, although the level of optimism is slightly lower compared with last year. The results are being presented at Sachs Associates' Biotech in Europe Investment Forum, held in Zurich on 2-3 October 2007.

Among the 200 respondents to the survey, carried out in mid-September, 79% were based in Europe, with the remainder mainly in North America. Biotech executives and members of the investment community represented 40% and 50% of participants, respectively. The following are key results and conclusions from the survey.

Continued positive outlook

The overall outlook for the biotech sector remains clearly optimistic, though somewhat less so than last year. 68% of European respondents see the future of the European biotech sector as fairly or highly positive, down from 75% in 2006. 19% see it as negative, an increase from 9% in 2006. The 42% of European respondents who say they are more optimistic than 12 months ago is down from the 59% who gave the same response in 2006, with 29% now more pessimistic.

Impact of recent clinical results and drug approvals

A factor in the tempered optimism is recent clinical results and drug approvals, which are seen by 34% of European participants as having a negative impact on market sentiment, whereas only 20% see a positive impact.

Improved relationship between big pharma and biotech

The symbiotic relationship between pharma and biotech is of great importance to the biotech sector, and big pharma's attitude toward biotech companies is considered by 80% of European respondents to have improved in recent years. 69% also consider that big pharma has made more effective use of biotech's innovations to fill its pipelines in recent years.

Slight improvement in early-stage funding environment

There is a positive shift in the perception of the funding environment for early-stage biotech companies in Europe. While still viewed as difficult or very difficult by 62% of European respondents, this number is down from 74% last year, while fully 23% view it as good or excellent, up from 13% last year.



The US funding environment is again considered good or excellent by 45% of European respondents (42% last year), while only 18% consider it difficult or very difficult. North American respondents were, however, much more likely to view their own funding environment as difficult.

IPO market conditions similar in Europe and US

Europe and the US are now considered to have similar market conditions for IPOs, with respondents split approximately equally among those saying the conditions are still more favourable in Europe, about the same, and less favourable in Europe.

The two most important factors for the success of an IPO were considered to be a late stage product and a strong management team. Investors tended to place at least as great importance on the strength of the management team (34% ranked first) as a product in Phase III (28% ranked first). On the other hand, 50% of biotech executives viewed a product in Phase III as the most important factor, with only 15% viewing the strength of the management team as the number one factor. The number of products in the pipeline came third in the ranking, followed closely by the size of the therapeutic market.

Biotech stocks considered undervalued; good performance expected

European biotech stocks are still considered to be undervalued by 63% of European respondents (68% in 2006), despite performing well in the past year. Biotech executives are more likely by a 10% margin to consider them undervalued than the investment community. North American respondents were, on the other hand, more likely to view European biotech stocks as overvalued (42%).

There is a greater tendency since last year to view US biotech stocks as undervalued (34% vs 29% last year among European respondents), with fewer viewing the stocks as overvalued (21% vs 29% last year).

49% of European respondents expect biotech shares to outperform the stock market in the next 12 months, while only 22% expect them to underperform. Biotech executives and investors had similar views.

Mixed views on attractiveness of US vs Europe

Respondents were split between 48% who view the US as a more attractive region for life science VCs and 48% who consider the US and Europe equally attractive or Europe more attractive. The investment community was more likely than biotech executives to consider Europe as more attractive than the US (18% vs 7%).

Dr. Peter Reinisch, Partner at GLSV, commented, "The results show that the European biotech sector is maturing and continues to be viewed positively by a large majority of respondents, despite some difficulties with clinical trials and drug approvals. With all the fundamentals in place, the sector will continue to grow and fulfill its expectations as the source of innovative new drugs for the pharma industry's pipeline."

The full presentation with the Barometer results is available on the GLSV website at www.glsv-vc.com in the section "Download Area".



About Global Life Science Ventures

GLSV is a leading, independent venture capital fund focusing exclusively on the life sciences. With offices in Switzerland and Germany, GLSV is dedicated to supporting early-stage companies originating from universities, scientific institutions or industry, but also invests in selected later-stage companies, including buy-outs. The group currently advises and manages funds totaling more than €200 million. GLSV has now financed 34 innovative life science companies throughout Europe and the USA, thirteen of which have completed an exit through IPO, trade sale or M&A. Since 1996, GLSV has built up a broadly diversified portfolio of companies in pharmaceuticals, diagnostics, medical devices, and biotechnology.

Global Life Science Ventures

Industry-born team – Proven track record – Global perspective

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