



GROUPE
LCF ROTHSCHILD

biodiscovery Newsletter

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NEWS

Portfolio seminar setting the tone for positive outlook



Edmond de Rothschild Investment Partners invited its portfolio companies and selected international industry experts to gather for the first life sciences meeting at Bordeaux at Château Clarke, a wine property of the LCF Rothschild group

in Bordeaux.

Over 40 participants attended, representing 28 different companies either with short presentations or on the various panels. Two busy days were dedicated to friendly and open-minded discussions on the impacts of the economic downturn and the best possible strategies on how to grow business and create value in harshening environs. Dr Jean-Pierre Garnier, CEO of Pierre Fabre SA, previously CEO of GlaxoSmithKline, presented his personal views on how the big pharma defines value opportunities for emerging life sciences companies. Joseph McCracken, head of business development at Genentech, expanded on the R&D process in large biotechnology companies and possible inroads for start-up partners. David Cassak, chief editor of Windhover, a leading journal on medical technology, continued with the impact of the financial crisis on the medical technology company business models. Finally, a panel caught up the participants interests on how best position companies for M&A exits.

Edmond de Rothschild Investment Partners life sciences team reiterated its support to growing the portfolio companies which meet their key development milestones and the overall confidence that the early portfolio development bodes well for the fund's return and liquidity ■

Pierre-Michel PASSY
Managing Partner

Selecting the most promising from a strong deal flow

The fresh funds raised in 2008 have put Edmond de Rothschild Investment Partners in a privileged position.

The closing of BioDiscovery 3 has raised the awareness of EdRIP life sciences throughout Europe and has positioned the group as one of the first contact points for European life sciences investing. As one of the few European players with a newly raised sizeable capital

today we attract more and more deals and opportunities. Thus market timing and deal flow are expected to result in a range of promising investments for BioDiscovery 3.

During the first six months of 2009 the life sciences team of Edmond de Rothschild Investment Partners has generated a tremendous increase in investment opportuni-

ties with the first half of 2009 up 64% over the previous six months and up 60% on the first half of 2008. A majority of our deal flow originates from Europe and the US, with France accounting for a quarter. In line with our fund focus we are busy looking at both therapeutic products and medtech opportunities.

Our bite size ranges to € 3 million to € 8 million for initial investments

It is a highly demanding task for the team to cope with this workload and selectivity will

remain a key objective for us; pre selecting the most promising proposals and dedicating the right resources and thorough due diligence to the valuable projects. Our stringent process selectivity has resulted in the three most recent investments in the companies SuperSonic Imagine and Glycovaxyn and Novoxel (buy-out of shares from an existing investor) ■

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FOCUS

Recent deals

→ Edmond de Rothschild Investment Partners led, alongside existing and new investors, the € 26 million Series B round in the France-based, medical ultrasound company SuperSonic Imagine, which closed in October 2008.

The new funds will enable the company to continue the clinical evaluation of its ultrasound imaging system, to pursue regulatory agency approval in the EU and the US, and to build a marketing and sales force in Europe. Aixplorer, SuperSonic's ultrasound imaging system combines conventional 2D imaging and Doppler with an ultra fast acquisition mode, for elastographic imaging in real time. The technology provides a unique signature of tissue elasticity, which can be applied to the diagnosis of fibrotic and malignant diseases. The first clinical application is breast lesion imaging.

Olivier Litzka represents Edmond de Rothschild Investment Partners on the board of SuperSonic Imagine.

→ Edmond de Rothschild Investment Partners led the € 17 million Series B financing round of the Swiss company Glycovaxyn in March 2009, with participation of existing investors Index Ventures and Sofinnova Partners.

The new funds will enable the company to advance its lead vaccine candidate for intestinal infections into clinical development, as well as to reach key milestones in its Staphylococcus aureus, Group B meningococcal and Group A Streptococcus conjugate vaccine programs. Glycovaxyn is building a vaccine pipeline using its proprietary in vivo glycosylation platform, a platform for the production of immunogenic glycoproteins in a simplified biological process that has many advantages over current methods.

Gilles Nobécourt represents Edmond de Rothschild Investment Partners on the board of Glycovaxyn ■

MEDICAL TECHNOLOGY

Imagining Innovation

an interview with Dr. Jacques Souquet, CEO of SuperSonic Imagine

With EU government budgets stretched thin as a result of the financial crisis, and impending changes to the US healthcare system, the life sciences industry is evolving. Even facing an uncertain future, the industry continues to innovate. One of the key areas of innovation, and a future revenue driver in the industry, is in diagnostic devices, which will ultimately lead to reduced health care costs as they improve detection, allowing both earlier, less costly treatment, and also a reduction in the number of unnecessary treatments. One of the companies that will lead the way in innovation of diagnostics is SuperSonic Imagine, an Edmond de Rothschild Investment Partners Portfolio company, located in Aix-en-Provence, France.

Dr. Jacques Souquet, CEO of SuperSonic Imagine (SSI), spoke to us about innovation in the diagnostic imaging industry.

You have spent all your professional life in innovation concerning medical imaging and ultrasound. What, in your view, are the general drivers of innovation?

"There are four key parts to innovation. The first is to challenge orthodoxies, by changing the rules, and not blindly 'following the leader.' The second is to harvest discontinuity, by taking advantage of changing patterns. A general example of this is the social networks on the internet. In the medical field, examples include focusing on the ageing population, using non-invasive techniques and molecular imaging; and within the continuum of care prevention, finding new types of diagnostics and preventative therapies. The third is to leverage competencies and

strategic assets, whether they be your area of technological expertise, your market experience, or even the people you know. The fourth is to understand un-articulated needs, and this can only be done by anticipating, listening well, shadowing the customer – this is crucial to innovation!"

How did you apply these principles for SuperSonic Imagine?

"Historically, the emphasis of the imaging market was on hardware; we focused on software, which allowed greater flexibility. We answered the demands of the market: for non-invasive imaging, which provides superior information; for elastography to detect stiff lesions; and for faster image acquisition. The experience of the management was indispensable, as we had access to a vast network of academic, public health, and industry experts. We also shadowed doctors while they were using diagnostic machines, and from this we could understand better their requests, and also detect issues that they themselves had not identified or even propose new approaches to address their difficulties."

How are those aspects reflected in the overall strategic plan of SuperSonic Imagine?

"We concentrated our efforts to bringing our disruptive elastography technology to one market – breast cancer diagnostics. The Aixplorer was ready after 2 ½ years; a big company would have needed 5 to 7 years to achieve this. But the work is not finished. After entering the market this year, our goal is to have an immediate global presence and to gain traction.

Then there is the pipeline of new applications and probes, which will

enable us to move into other indications and to target other organs such as thyroid, prostate and liver and cardiovascular in the mid term.”

And how about your short term goal?

“We will focus on sales, market acceptance and commercial proof of concept. The visibility of the company is also important and is absolutely necessary in order to

sustain in a market dominated by three large players. But most of all, we need to continue to be fast, because this is the biggest advantage of a start up compared to the giants” ■

PORTFOLIO

Selected recent investments

Company	Activity	Date & round
Glycovaxyn	Vaccines	2009 - € 17 million
SuperSonic Imagine	Ultrasound imaging	2008 - € 26 million
BT Pharma (France)	Immunotherapeutics	2008 - € 3 million
Pangenetics (Netherlands)	Monoclonal antibodies	2008 - € 23 million
Jena Valve (Germany)	Percutaneous valves	2007 - € 10 million
Noxxon (Germany)	Aptamer drug development	2007 - € 38 million
Implanet (France)	Orthopaedic implants	2007 - € 13 million
Novoxel (France)	Anti-infective products	2007 - € 50 million
U3 Pharma (Germany)	Oncology products	2006 - € 27 million
Novagali Pharma (France)	Ophthalmology products	2006 - € 26 million
Cytomics Pharma (France)	Oncology products	2006 - € 10 million
Biospace Med (France)	Medical imaging	2005 - € 7.5 million
OncoMethylome Sciences (Belgium)	Molecular diagnostics	2005 - € 15 million

Portfolio companies in the news

- NOXXON announces the initiation of the first clinical trial with a Spiegelmer.
- PanGenetics receives approval for the clinical evaluation of its anti-NGF antibody in patients with chronic pain.
- Novagali Pharma announces the FDA Clearance of its IND for a phase III trial of Catioprost, a cationic emulsion of Latanoprost, in patients with Glaucoma.
- JenaValve names Michael Dormer, former Worldwide Chairman of Johnson & Johnson Medical Devices & Diagnostics, as Chairman of the Board.
- Novoxel's NXL104/ceftazidime combination commences a second Phase II clinical trial in hospital patients with complicated intra-abdominal infections (cIAIs).
- Biospace Lab receives the 2008 European Imaging in Life Sciences Frost & Sullivan Product Line Strategy of the Year Award.
- SuperSonic Imagine completes its € 26 million financing round led by EdRIP, with Wellington and IRDI as further new investors alongside the existing investors.
- French President Nicolas Sarkozy illustrates a campaign about growth and innovation by visiting the company SuperSonic Imagine.



SuperSonic Imagine Aixplorer system

Introducing the Life Sciences activity

Edmond de Rothschild Investment Partners is dedicated to minority investments in privately owned companies. With a staff of 21, it currently has more than € 550 million under management which is being invested in three areas - life sciences venture capital, growth capital and innovative investments

The life sciences activity has approximately € 300 million under management, principally through three dedicated funds, BioDiscovery 1, 2 and 3. The first fund was raised in 2000 and has been fully invested in 19 companies. BioDiscovery 2 was raised in 2005 and its investment period is now closed with 11 active portfolio companies (following the sale of U3 Pharma in May 2008).

With our new Biodiscovery 3 fund of € 155 million Edmond de Rothschild Investment Partners acts as a lead investor in the financing of European life sciences companies.

Its investment policy focuses on European companies in the areas of therapeutic products, molecular diagnostics and medical technology.

Edmond de Rothschild Investment Partners can invest up to € 15 million in a company. The life sciences team combines complimentary know-how in venture capital and industry and all individuals have extensive exposure to international environments. The team works with a high profile, international network of scientific and medical advisors connected to industry and academia. The specialised support throughout the different development stages of the portfolio companies makes the team highly valuable partners to the entrepreneurs.

The life sciences team is pleased to welcome Sofia Ioannidou, who joined in February 2009 as a new Associate. Sofia has a PhD in Cell Biology and brings six years of experience in the biotech sector through work in industry and strategy consulting ■

Management team



Pierre-Michel Passy
Managing Partner



Olivier Litzka
Partner



Gilles Nobécourt
Partner



Raphaël Wisniewski
Partner



Geoffroy de Ribains
Associate



Sofia IOANNIDOU
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Thierry Hercend
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