



Biotechnology and Medical Devices
Similarities and Differences
from an Investors Point of View

19 October 2006
Burkhard Feurstein

Content

- **About GCP**
- **Venture Capital – Cost of Capital**
- **A View on a Project**
- **Biotech vs. Medtech**
- **Contact**

- **Founded in 2002, 37.6m€ managed funds**
- **Portfolio of 13 companies in ICT and Life Sciences**
Investment Team of 7 Persons, focused on growth capital in
technology based companies in D/A/CH and CEE (SK/CK/H/SLO)
- **2 years after final close of gamma II: 75% of commitments called,**
35% repayed, >20% net IRR expected
- **gamma III with identical strategy and a target of 75m€**
prepared for launch

- **Investors in VC Funds are Banks, Insurance Companies, Pensionfunds etc.**
- **Return expectation is > 20% p.a. net to investors -> 2,5x money back after 5 years**
- **Only 50% of the invested money performs well, the rest goes for costs and “drop-outs”**



- **“Performing well” means > 5x “money back” in a project!**
- **If this amount of value creation is not likely, a VC-Fund will not invest.**

A View on a Project

■ **Project Environment - First Priority**

- » **Medical Need, Existing Standard of Care, Existing Suppliers**
- » **Competing Science Groups and Firms**
- » **Regulatory Hurdles**

Tension between clear focus and attractive size of an opportunity!

■ **Project Software – Second Priority**

- » **Team, Management - Experience, Energy, Commitment, Vision**

No part time people in a project!

■ **Project Hardware – Third Priority**

- » **Science, IP, Data, R&D-Plan, Existing Business/Assets**

You should only invest in companies with an unfair advantage!

Biotech vs. Medtech

■ Biotech

- » Outstanding Value Creation possible (> 1bn USD)
- » High Uncertainty and a Multitude of Real Options
- » Fundraising, R&D and Partnering are core skills
- » Potentially lethal Scientific Risks even after Market Launch
- » Little Residual Value if Projects fail

Biotech-Investment is a game for large, well diversified, global funds!

■ Medtech

- » Good Value Creation (< 100m USD)
- » Straightforward Development, Validation, Market Launch
- » Near-term Profitability likely and necessary
- » High Commercial Risk from unknowable Life Cycle
- » Total Loss unlikely

Medtech-Investment is a game for smaller, globally oriented funds!



German & Swiss Office

gcp gamma capital
Deutschland Beratungs GmbH

Businesspark Lindenberg
Lauenbühlstrasse 59
D-88161 Lindenberg
GERMANY

T: +49-(0)8381- 8077-71 or -72

F: +49-(0)8381- 8077-73

Main Office

gcp gamma capital partners
Beratungs- & Beteiligungs AG

Marokkanergasse 22/7a
A-1030 Vienna
AUSTRIA

T: +43-(0)1- 513 1072-100

F: +43-(0)1- 513 1072-200

CEE Office

gcp gamma capital partners
consulting s.r.o.

Zámocká 22
SK-811 01 Bratislava
SLOVAK REPUBLIC

T: +421-(0)2-541 313 78

F: +43-(0)1- 513 1072-200

www.gamma-capital.com
b.feurstein@gamma-capital.com