

# SHS-REPORT

September 2006 Edition

## Editorial



Dear Readers,

Since the last newsletter some noteworthy events happened at SHS that should be shared with our friends and partners. For this

reason we would like to give an update on SHS and the SHS portfolio.

The most important question for investors is that of our funds' performance: Is venture capital in Europe just burning money or is it yielding good returns similar

to the US returns? We are most decidedly of the opinion, naturally, that venture capital functions as well in Europe. Outstanding results from German funds support this. And in all modesty, we would

claim that SHS belongs amongst the best in the industry. Thus our VC fund that was raised in 2000 has largely been paid back, and the remaining portfolio's performance has been assured sustainably through contracts and transactions.

Below, selected reports about current transactions and results should support our bold claim. But they should also show how necessary and reasonable venture capital is in an economy. Mutualism not parasitism, in remembrance of Mr. Müntefering's reference to private equity companies as locusts.

*Dr. Bernhard Schirmers, Director*

## SHS divests Novosis investment to Schweizerhall

SHS sold its shares in the Miesbach based pharmaceutical company, Novosis AG, to the Basel based company, Schweizerhall Holding AG. Contingent on the company's further development the purchase price amounts to up to 80 million euros.

Novosis is the European market leader in the development of transdermal and parenteral drug delivery systems and produces therapeutic patches and implants for actively controlled drug release. In 2001 SHS funds took a stake in Novosis AG as the lead investor and, since then, hold 33 percent of the shares.

The turnover of Novosis, founded in 1997, grew since SHS took their shares from about two million to an expected 19 million euros in 2006.

The founder, Dr. Wilfried Fischer, will remain the CEO of Novosis within the Schweizerhall Group. Dr. Bernhard Schirmers, SHS partner in charge of the Novosis investment, will continue to preside over the advisory board.



Implantable Drug Delivery Systems

Since the sale Novosis continues to show strong and profitable growth. Moreover, the company has now received its first authorization for a proprietary product.

[www.novosis.com](http://www.novosis.com)

## BORSIG strengthens its partnership with PolyAn through a shareholding

The partnership - begun in 2004 between Borsig Membrane Technology GmbH (BMT), a member of the Borsig Group in Berlin, and PolyAn GmbH in Berlin - has now been strengthened through a shareholding.

PolyAn is a world leader in technology in the area of highly specific functionalized consumables, whose application has proven itself in the area of Life Sciences, for example with innovative bio-chips, as well as in petrochemical processes. An example of a trend-setting PolyAn product is the re-

moval of the carcinogen benzene in fuel production.

The goal of the partnership is the industrial application of PolyAn developed materials and procedures for the fluids and gas separation in the area of chemistry and petrochemistry. In the next few years, leading experts expect a strong trend towards the substitution of conventional thermal techniques by modern membrane techniques. BMT is a leading supplier of apparatuses and plants that offer a solution for separation problems in the oil

industry. PolyAn compliments and expands the portfolio through new approaches and highly effective and innovative membrane materials.

"With Borsig we have found an experienced partner for the industrialization of our new technology and for the marketing of our membranes. SHS initiated this process as our main shareholder and structured it, thus realizing an optimal partnership for both sides," Dr. Uwe Schedler, the managing director of PolyAn GmbH comments.

[www.poly-an.de](http://www.poly-an.de)

## VITA 34: Five year old receives his brother's stem cells

For the first time in Europe VITA 34, co-founded by SHS, used privately banked umbilical cord blood. A five year old boy from a town near Osnabrück was treated with this blood. The transplantation occurred at the Medical University in Hanover. The boy contracted aplastic anemia when he was three years old. "Aplastic anemia is a rare disease, where haematopoiesis in liquid bone marrow malfunctions," says Dr. Eberhard Lampeter, the managing director of the cord blood bank VITA 34. "The blood values deteriorated drastically during the drug therapy. A stem cell transplant was the only option."

The umbilical cord blood was collected in February 2005 at the birth of the healthy brother and within the scope of the "sibling-initiative" it was conserved at no cost at VITA 34 in Leipzig. As the condition of the five year old deteriorated, the attending physicians requested the cord blood as a graft and transplanted it together

with a small amount of liquid bone marrow. "The patient tolerated the umbilical cord blood well," according to Lampeter. "Already after a rather short time the blood values reached an acceptable level so the boy could leave the hospital."

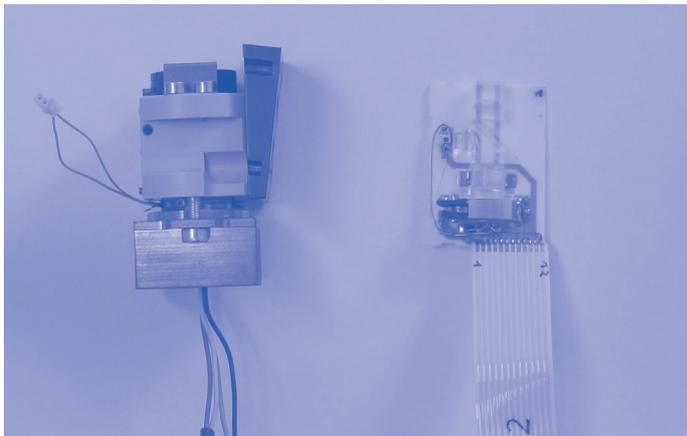
VITA 34 is the largest private cord blood bank in Europe. Founded in 1997 with support from SHS, umbilical cord blood is conserved

for private provision by VITA 34. "Preparations from VITA 34 have already been successfully applied hundredfold in research projects, for example for heart attack or stroke therapy," says Lampeter. "The successful transplant in Hanover shows that the storage of umbilical cord blood is safe and can save lives."

[www.vita34.de](http://www.vita34.de)



## ASKION: Strong growth and new products in 2<sup>nd</sup> year after foundation



Since March 2006 SHS is shareholder of Askion GmbH in Gera, who specializes in high-tech applications in the optical industry.

The former development and pilot

production site of AGFA was spun-off in 2005 by way of a MBO.

The demand for products from the original core business and OEM partnerships with companies from

the diagnostics field exceeds the hitherto planned budget. SHS supports ASKION especially in the area of business development for applications in the Life Sciences field.

A competitive advantage for ASKION's optical systems is the proprietary hybrid optical modules (HOM): micro-optic components (see picture: left is a conventional construction and right is an HOM) are joined on ceramic mounting materials to complete optic modules. Advantages are integrated electronics, compactness, high precision and stability, as well as limited production costs.

[www.askion.com](http://www.askion.com)

## Pre-marketing phase completed: SHS raises third fund

The SHS Fund III aims at an investment volume of 70 million euros and plans to invest mainly in young growth companies in the Health Care and Life Sciences field within German-speaking countries. Targets are companies in the medical technology, diagnostics, and services field.

First closing for the SHS Fund III is planned for the end of 2006. Commitments and Lols from institutional and private investors are already on hand. The annual gross fund returns should be at 30 percent. The term is ten years. Investors can participate in the SHS Fund III from 1 million euros onwards. SHS chose the Life Sciences and Health Care sector

because this industry offers a very attractive buying and selling potential for investments:

Right at this point in time there exists an excellent technology and deal flow basis within German-speaking countries in the areas of Health Care and Life Sciences. At the same time it is also an extremely attractive consumer market due to its margins and volume. And there exists global demand for young companies that have proven, interesting products or services, allowing for good trade sale potential.

With the issue of SHS Fund III, SHS aims at investments in companies that possess a profitable

niche in their respective market segment and whose products or services are ready for market entry. "We are explicitly not investing in the area of early drug development, because the contingency risk is extremely high and the need for further financing is highly probable. Our portfolio companies should break even after three to five years. For this reason we provide capital and management know-how exclusively for companies that are ready for market, targeting attractive market segments with new products or technologies and that possess potential for market leadership," says Hubertus Leonhardt, partner at SHS.

### Impressum

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# SHS legt neuen Venture Capital Fonds auf Die Presse zum neuen SHS Fonds III



Created by Ruth Dejer & Niels Valkering

Keep up-to-speed on tech investment

## FINANCE

Das Finanzmagazin für Unternehmer

11. August 2006, 10:30 Uhr

Neuer VC-Fonds für Life-Sciences-Unternehmen



Die SHS-Gesellschaft für Beteiligungsmanagement mbH legt einen neuen Venture Capital Fonds auf. Der SHS Fonds III hat ein angesprochenes Investitionsvolumen von 70 Mio. Euro und soll vor allem in junge, wachstumsstarke Unternehmen aus dem Bereich Health Care und Life Sciences im deutschsprachigen Raum...

## REAL DEALS

Europe's private equity and venture capital magazine

Real Deals Magazine - News  
10-Aug-2006

### SHS TARGETS €70M FOR LIFE SCIENCES FUND

German venture firm SHS has launched a €70m life sciences fund for investment in German-speaking regions, especially in the medical technology, diagnostics and service sectors.

## FINANCIAL TIMES DEUTSCHLAND

### Wagnisfinanzier SHS will neuen Fonds auflegen

Die Tübinger Wagniskapitalgesellschaft SHS plant einen neuen Fonds. Dieser solle 70 Mio. € betragen und in junge, wachstumsstarke Unternehmen der Gesundheits-, Biotechnologie- und Pharmabranche investiert werden, teilte SHS gestern mit. Trotz der allgemeinen Zurückhaltung der Investoren gegenüber deutschen Wagniskapitalfonds zeigt sich SHS zuversichtlich, bereits Ende 2006 einen ersten Zeichnungsschluss zu erreichen. „Zusagen und Absichtserklärungen führender institutioneller Anleger liegen bereits vor“, so SHS. Die Firma, gegründet von ehemaligen McKinsey-Beratern, hat seit 1997 rund 80 Mio. € Eigenkapital investiert. Geldgeber sind unter anderem die Staatsbank KfW, die staatliche TBG sowie die SachsenLB. ANGELA MAIER

## Frankfurter Allgemeine ZEITUNG FÜR DEUTSCHLAND

### SHS plant neuen Wagniskapitalfonds

da, FRANKFURT, 11. August. Der auf die Gesundheitsbranche spezialisierte Tübinger Wagniskapitalgeber SHS Gesellschaft für Beteiligungsmanagement mbH legt einen neuen Fonds auf. Der nunmehr dritte Venture-Capital-Fonds solle ein Volumen von 70 Millionen Euro haben und vorwiegend in Unternehmen der Medizintechnik und der Diagnostik investieren, teilte die Gesellschaft mit. Bis Ende dieses Jahres will SHS den Fonds schließen, den Investoren wird eine jährliche Bruttorendite von 30 Prozent versprochen. Der Risikokapitalgeber schließt sich damit einer Reihe von Gesellschaften an, die nach einer jahrelangen Durststrecke in diesem Jahr wieder Geld einsammeln. Beispielsweise stellt die Hamburger Earlybird derzeit einen Fonds im Volumen von rund 200 Millionen Euro auf die Beine. Die Tübinger SHS investiert ebenso wie die meisten deutschen Wagniskapitalgeber nur noch in etabliertere Unternehmen mit ersten Umsätzen und marktreifen Produkten („Later-Stage“).

## AltAssets the alternative assets network

SHS launches SHS Fund III with a target size of €70m

Further capital investment from SHS Gesellschaft für Beteiligungsmanagement mbH in a new venture capital fund, SHS Fonds III, will invest primarily in young, rapidly expanding companies in the German-speaking region, especially in the medical technology, diagnostics and service sectors.

## unquote

GERMANY - SHS launches new fundraising

SHS, a German venture capital firm, is targeting €70m to invest in young, rapidly expanding companies in the healthcare and life sciences sectors in the German-speaking region, especially in the medical technology, diagnostics and service sectors.

## AssCompact

SHS legt neuen Venture Capital Fonds auf (sic) Die SHS Gesellschaft für Beteiligungsmanagement mbH legt einen neuen Venture Capital Fonds auf. Der SHS Fonds III hat ein angesprochenes Investitionsvolumen von 70 Mio. Euro und soll vor allem in junge, wachstumsstarke Unternehmen aus dem Bereich Health Care und Life Sciences im deutschsprachigen Raum...

## WirtschaftsBlatt

### Neuer VC-Fonds für Life Sciences-Firmen wird lanciert

SHS will 70 Mio. Euro Beteiligungskapital für junge Life-Sciences Unternehmen im deutschsprachigen Raum lancieren



Die SHS-Gesellschaft für Beteiligungsmanagement mbH legt einen neuen Venture Capital Fonds auf. Der SHS Fonds III hat ein angesprochenes Investitionsvolumen von 70 Millionen Euro und soll vor allem in junge, wachstumsstarke Unternehmen aus dem Bereich Health Care und Life Sciences im deutschsprachigen Raum lancieren. Geldgeber sind unter anderem die Staatsbank KfW, die staatliche TBG sowie die SachsenLB.

**evcj** European Venture Capital

August 31, 2006

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**German VC fund launched Aug 26, 2006**

German venture firm SHS has launched SHS Fonds III, a fund with a target investment volume of €70m to invest primarily in young, rapidly expanding companies in the healthcare and life sciences sectors in the German-speaking region, especially in the medical technology, diagnostics and service sectors.

The firm plans a first closing at the end of 2006, and aims to make a 30% gross return per annum, with a maximum stake for investors of €1m. SHS aims to invest in early stage companies with revenues of up to €10m and employees of up to 50.

## PRIVATEEQUITYONLINE THE DESTINATION FOR GLOBAL PRIVATE EQUITY

### Germany's SHS launches €70m venture fund 10 August 2006

SHS, a German venture capital firm, is targeting €70m to invest in life science businesses in the German-speaking region.

SHS Gesellschaft für Beteiligungsmanagement, a German venture capital firm, has launched a new fund with a target of €70 million (€90 million).

Bernhard Schürmers, chief executive and partner at SHS, said that SHS Fonds III is expected to hold a first close before the end of the year of approximately €40 million. A hard cap of €70 million has been targeted for Summer 2007.



Bernhard Schürmers, CEO of €70 million

Schürmers said that Fonds III will follow a similar strategy to Fonds II, which raised €50 million and is fully invested in 22 companies, of which seven have been exited to trade buyers.

Fonds III will invest in early stage companies in the healthcare and life sciences sectors in the German-speaking region, with a particular focus on medical technology and diagnostics. The fund will typically invest between €3 million and €5 million.

Schürmers said the firm had not used a single placement agent across the fund. "But we are using various placement agents."

## VentureCapital Magazin

SHS launches new life sciences venture capital fund, targeting €70m

Investment in young, rapidly expanding companies in the German-speaking region, especially in the medical technology, diagnostics and service sectors.

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