



Your partner for sustained
Private Equity investments
with high potential.

*Investing
ethically and
entrepreneurially in Switzerland!*

New Value AG: Ethical and Environmental Investing in a Private Equity Company

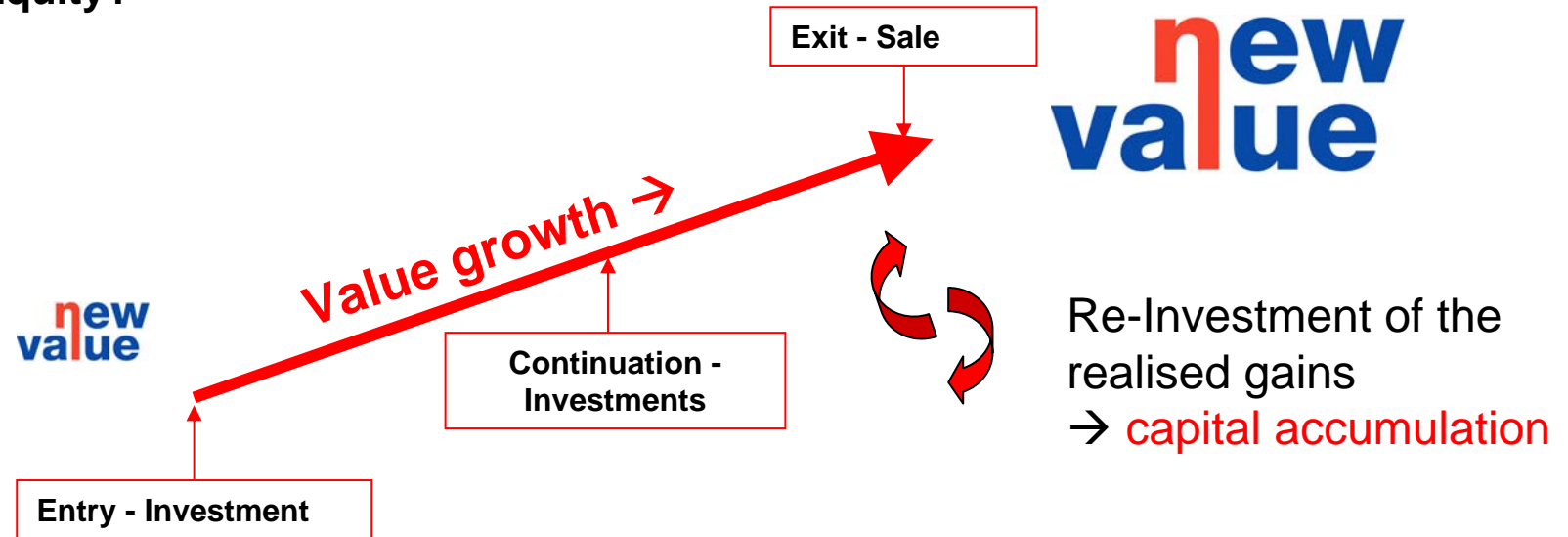
26th LCA Discussion Forum; Life Cycle Approaches for Green Investment
7th of June 2005; Ecole Polytechnique Fédérale de Lausanne, Switzerland

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Focus

1. New Value's business
2. Investment process and ethical consideration
3. Implementing ethics in New Value's activity
4. Results and conclusion

What is Private Equity?



- ▶ Private Equity is the direct investment with equity in promising growth companies, which shares are not traded on the stock exchange.
- ▶ Private Equity is capital that innovative enterprises have at their disposal for a certain period of time in order to develop new products or technologies, to follow an expansion, restructuring or acquisition strategy or to change the ownership structure.
- ▶ The simultaneous investment in several companies in different sectors through a specialist like New Value diversifies and limits the risks.

Objective: **Focus on the conscious, accelerated further development of the company together with management in order to generate significant value added.**

IMPLEMENTED WITH THE UNDERLYING IDEA ...

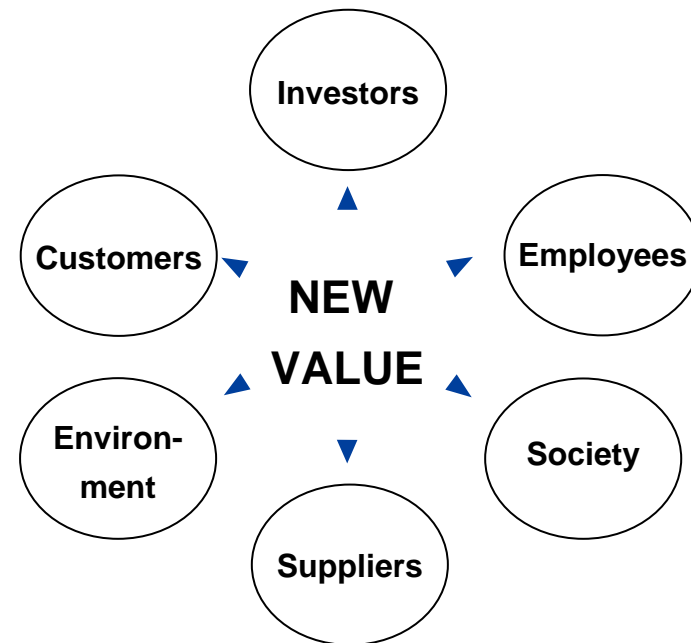
Ethics – a growing factor for profitability

Private Equity stakes are medium to long term financial investments

- ▶ sustainable company development becomes important in investment process
- ▶ adequate long term consideration of ethical competition factors assures more economic success

→ positive correlation between ethics and profits

→ as far as we know, nobody else does this in a broadly oriented manner



Positioning of New Value

New Value offers

as a **stock market traded Private Equity investment company**

access for institutional and private **investors** to a

highly attractive and sustained **portfolio of stakes**

in non publicly traded **growth companies** that possess

trend setting innovations and high market potential.

NEW VALUE'S BUSINESS



Structure and share facts

- ▶ Incorporated according to Swiss law as a holding company in May 2000 with domicile in Zurich
- ▶ Official status as Risk Capital Investment Company (RKG); Holding company status in canton Zurich (privileged tax status)
- ▶ Investment adviser is EPS Value Plus AG

- ▶ Quoted and tradable on the electronic stock exchange Berne eXchange since August 2000
 - ▶ Ticker NEWN
 - ▶ Security-No. 1081986
- ▶ Transparent investor relations
- ▶ Share correlates to a low extent with the rest of the stock market



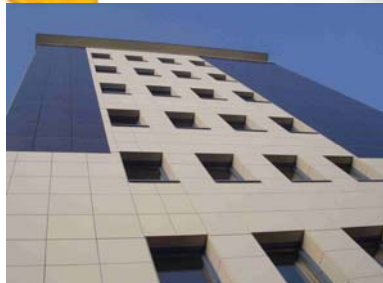
Capitalisation: ca. CHF 30 Mio.

Free float: 100%

Shareholder structure: ca. 75 registered shareholders
60% Institutional (Pension funds; private banks, insurances)
40% Private

Shareholders >5%: Personalvorsorgekasse der Stadt Bern
Aargauisches Versicherungsamt
Pensions- und Hilfsfonds des Opernhaus Zürich

DIVERSIFIED PORTFOLIO ...



▶ Market oriented products

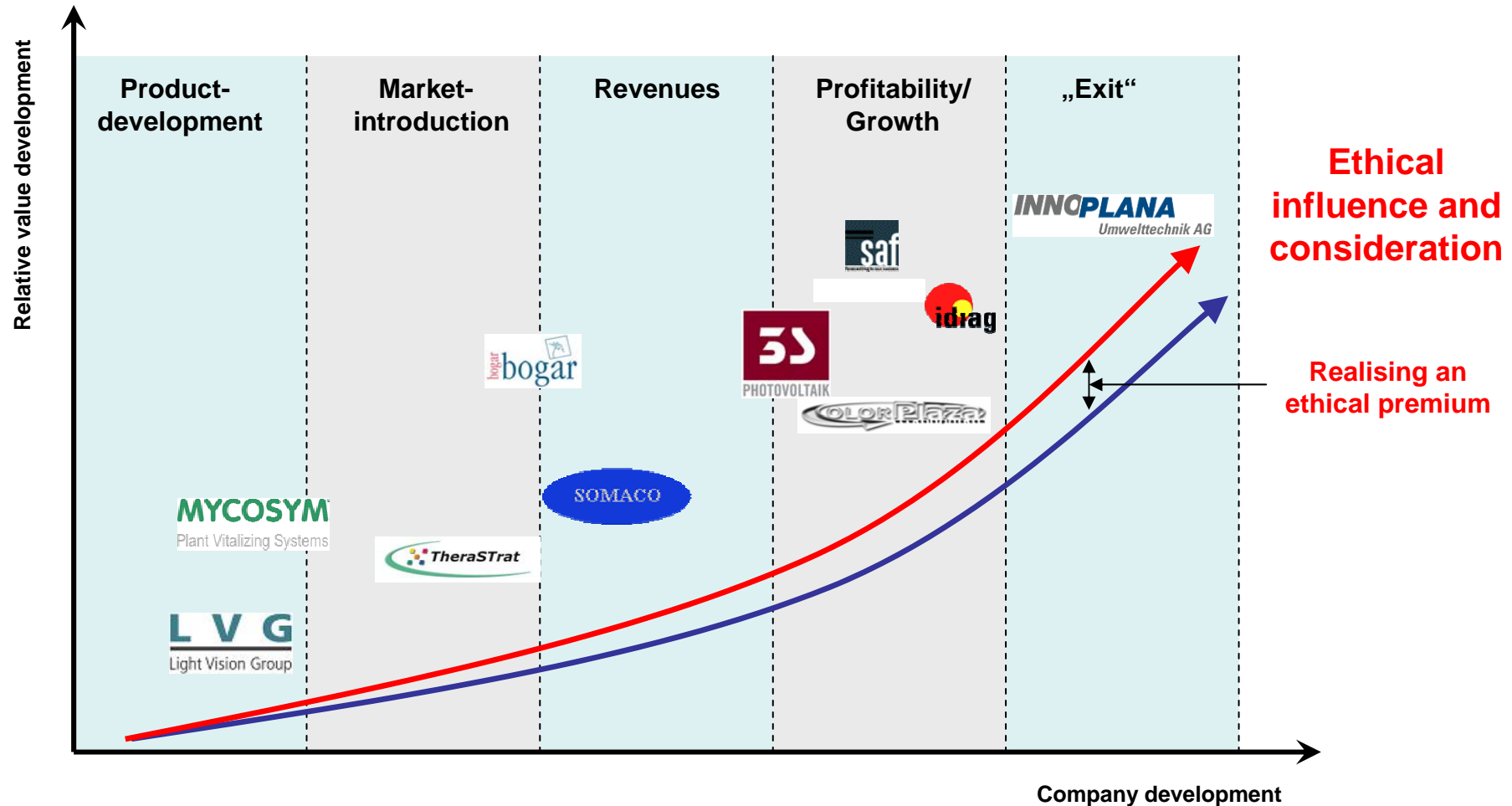
... WITH A CERTAIN MATURITY LEVEL



▶ Value oriented companies

DEVELOPING THE COMPANIES OVER TIME

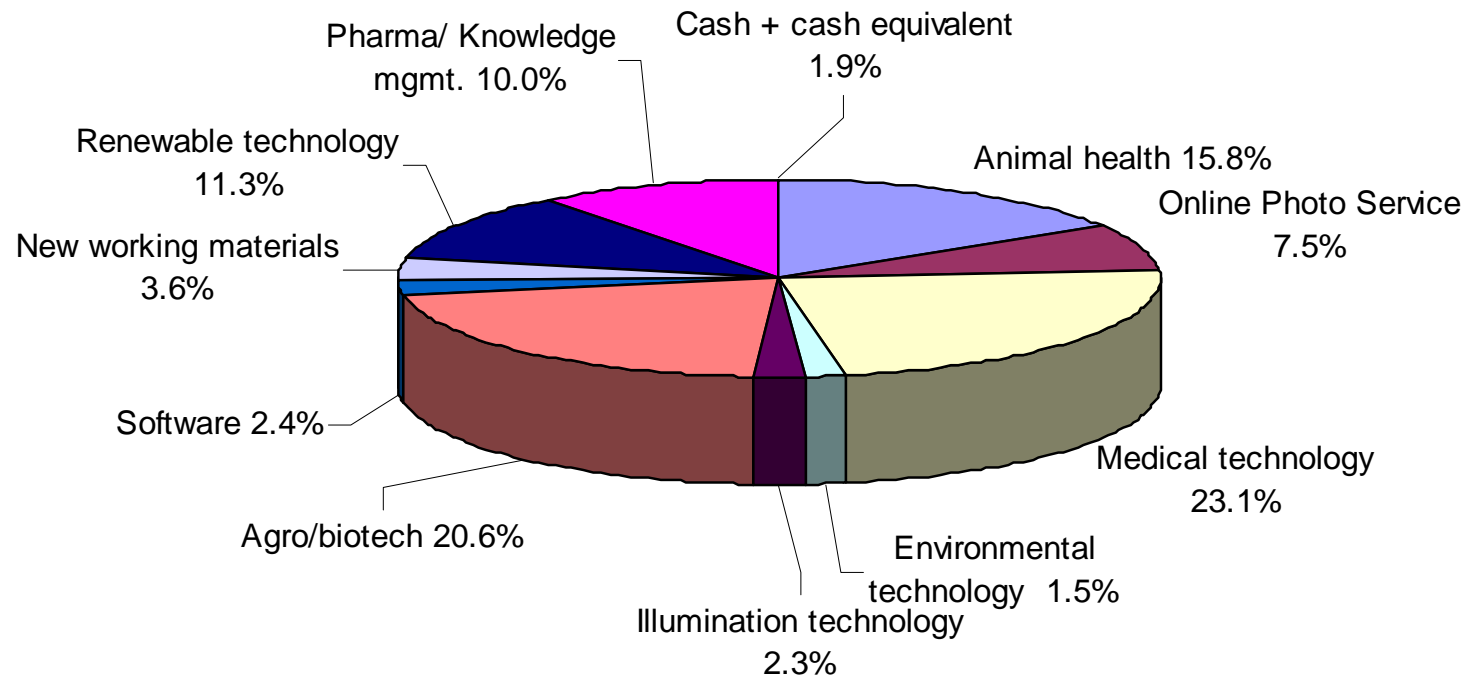
Diversified Private Equity portfolio for stable growth



- ▶ New Value invests in companies from a relatively early stage and has the scope to significantly influence their economic and ethical development.

BROAD SECTOR APPROACH

Sector-diversified Private Equity portfolio (as of 31st of March 2005)



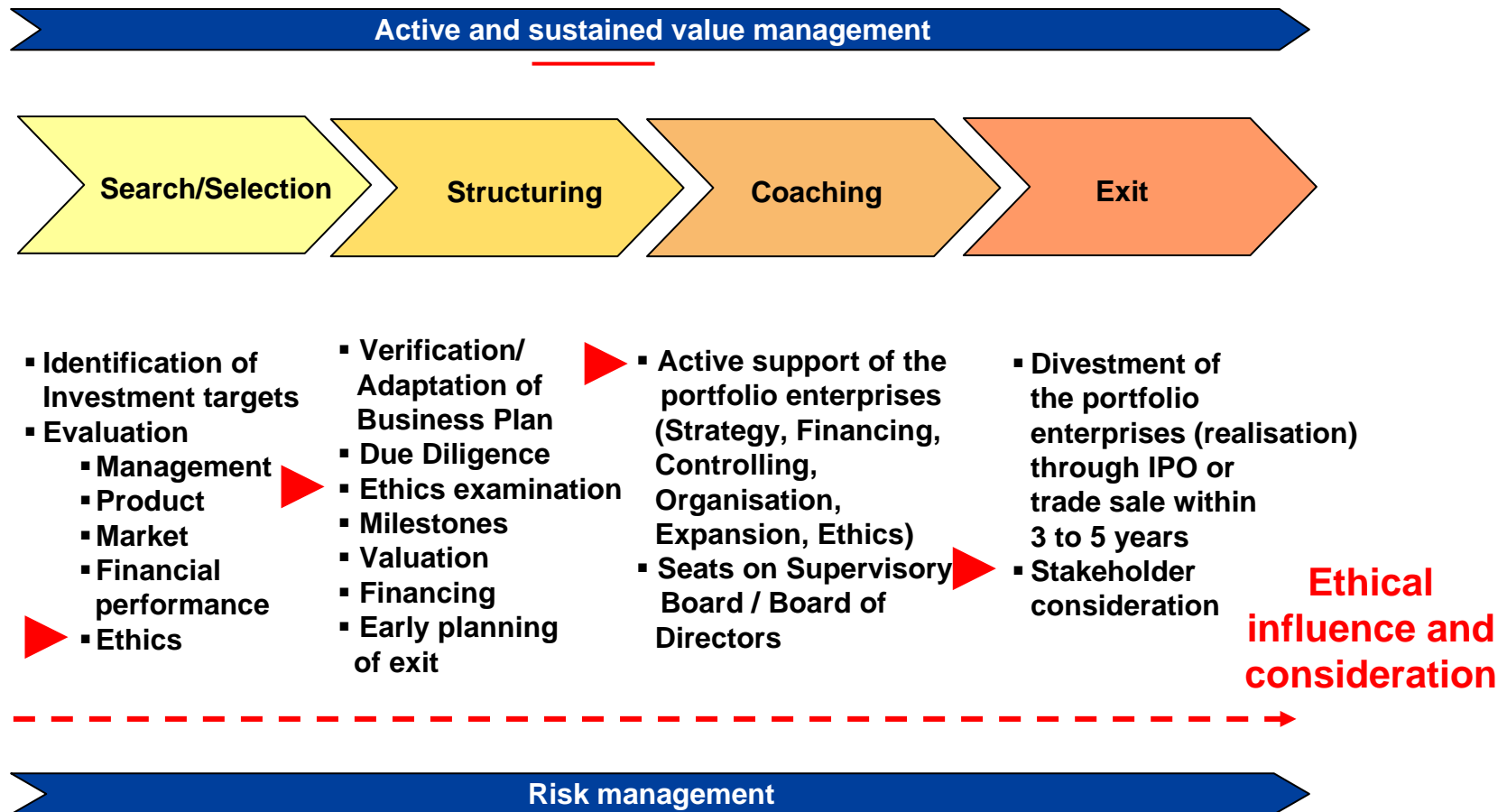
- ▶ Broad sector approach, but focused geographical Investment activity pursued.

Investment criteria

Region:	Switzerland and German speaking countries
Sectors:	Diversified; growth sectors with significant market potential
Phase:	Start-up to expansion (no seed)
▶ Exclusion criteria:	Defence, drugs, pornography a.o.
▶ Ethics:	Fulfilment of ethical norms (Ethical investment concept)
Investment:	CHF 1-5 Mio. per target (first investment from CHF 0.25 Mio.)
Form:	Equity or equity related financing instruments
Horizon:	3-5 years
Condition:	Participation on the board and influence on decisions; active coaching
Company:	SMEs (max. CHF 30 Mio. sales or 100 employees)
Business:	Proof of concept, management, know-how
Product/service:	Utility for customers, innovation, barriers to entry
Growth:	>20% p.a.

INVESTMENT PROCESS AND ETHICAL CONSIDERATION

Professionally structured investment process as key to success



- ▶ Ethical influence used and considerations made during the whole investment process as a guiding, but general principle.

Active ownership is what an active investment approach is about

New Value's active ownership approach
→ Leadership for change and expansion
Active contribution for focus and growth
Board representation
Active monitoring
Guidance and specific input
Regular contact with company
Board and management supplementation
Proactive in turnarounds



Anonymous ownership
→ Administration for maintenance
Wait and see
Mostly not represented
"Market monitors the company"
Little or no input and guidance
Rare or non-existent contact
Only supplement in exceptional cases
"Waiting for chapter 11"

- ▶ Ethical influence used and considerations made during the whole investment process as a guiding, but general principle.
- ▶ Portfolio companies are supported actively by New Value – management, founders or company invest years of their life and are given a fair chance
- ▶ Every company shall have the ability to survive – no investing according to "1 Top and 9 Flops"
- ▶ But, it is interfered in case it does not work – also in the interest of the stakeholders

What do we understand with ethics?

- ▶ Ethics target what is good for and which serves people, the environment and society, taking into consideration human opportunities and limitations.
- ▶ These objectives can best be expressed with the most important ethical principles in our culture:
 - ✓ Respect for life
 - ✓ Cultural compatibility/creation of sense
 - ▶ ✓ Safeguarding of the fundamentals for life/Sustainability
 - ✓ Social compatibility
 - ✓ Human dignity
 - ✓ Responsibility for the overall good
 - ✓ Participation
- ▶ Ethics are not understood as an accumulation of negative exclusion criteria, but rather as an approach for positive life-serving creation of the world, here through the ethical directing of the investment flow.

IMPLEMENTING ETHICS IN NEW VALUE'S ACTIVITY

Ethics – a growing factor for profitability

Emphasis on sustainable portfolio company development in the investment process. (Investments have medium to long-term character)

Ethical investing means to:

- ▶ evaluate, if the company takes its **ethical responsibility vs. the different stakeholders** seriously (Investors, customers, employees, environment, society and suppliers),
- ▶ pose the question of **sense-making**.

Ethical analysis and coaching of the companies

- ▶ EPS Value Plus AG as main coordinator, surveyor and coach
- ▶ Cooperation with BlueValue AG, Zurich/Vienna (Professor Hans Ruh)

Internal utility	External utility
Avoid liability	Fulfil ethically both legal requirements and customer needs
Achieve higher innovation ability	Secure positive image
Assure higher competence in terms of handling conflicts	Improve market position through differentiation
Provide early identification of weak points	Achieve easier acquaintance with authorities
Develop common values	Increase company value
Increase workers' motivation	Respond pro-actively to legal requirements

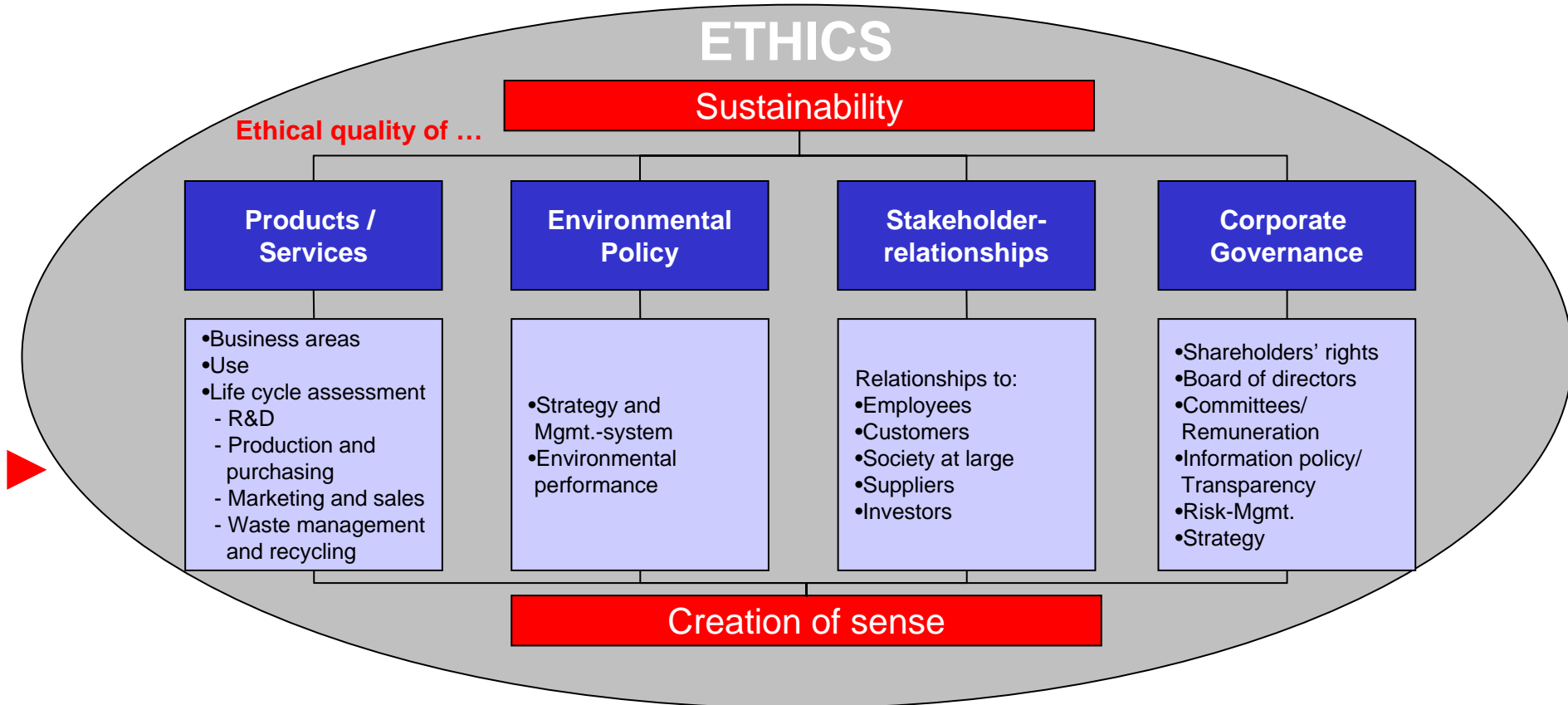
IMPLEMENTING ETHICS IN NEW VALUE'S ACTIVITY

New Value generates value for the stakeholders



IMPLEMENTING ETHICS IN NEW VALUE'S ACTIVITY

Ethics: New Value's understanding and implementation overview



D	D+	C-	C	C+	B-	B	B+	A-	A	A+
NEGATIVE		NEUTRAL			ACTIVE			PROACTIVE		

- ▶ Qualitative analysis and scale-valuation
- ▶ Recommendations through 'Potentials and Milestones' – judgement for action
- ▶ Often based on rudimentary documentation in the portfolio companies
- ▶ Working tool for board with the objective to develop and improve over 2-5 years

Ethics: Our implementation



- ▶ Evaluation of the proposed investment according to the ethical guidelines during the Due Diligence-Process.



- ▶ Re-examination of the company and ethical certification by Blue Value AG (SWOT – analysis, recommendations and milestones).



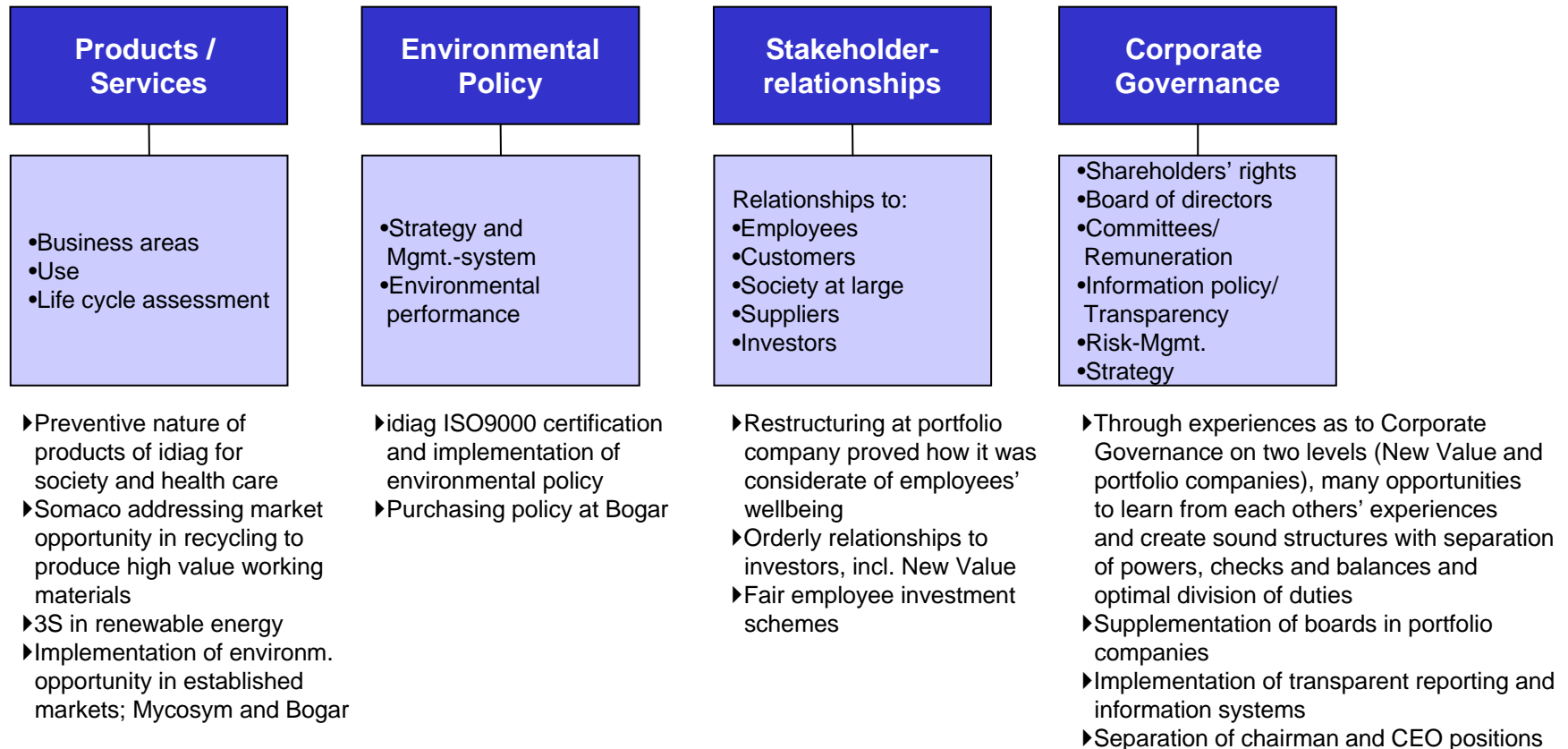
- ▶ Continuous check if ethical milestones are fulfilled.
- ▶ Ongoing coaching and development of the company.
- ▶ Concrete measures in case of non-fulfilment, e.g.: workshops.



- ▶ Optimal “exit” with fair structure.

- ▶ Ethics is important in all phases of an investment

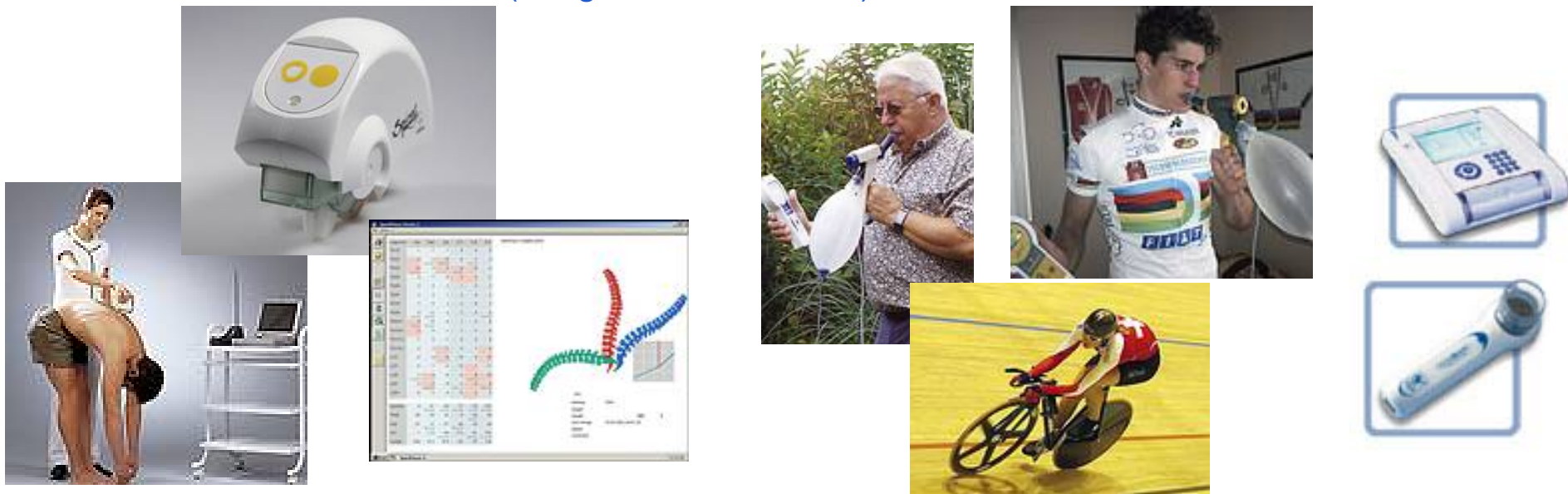
Real life examples and achievements



RESULTS: Example iddiag AG

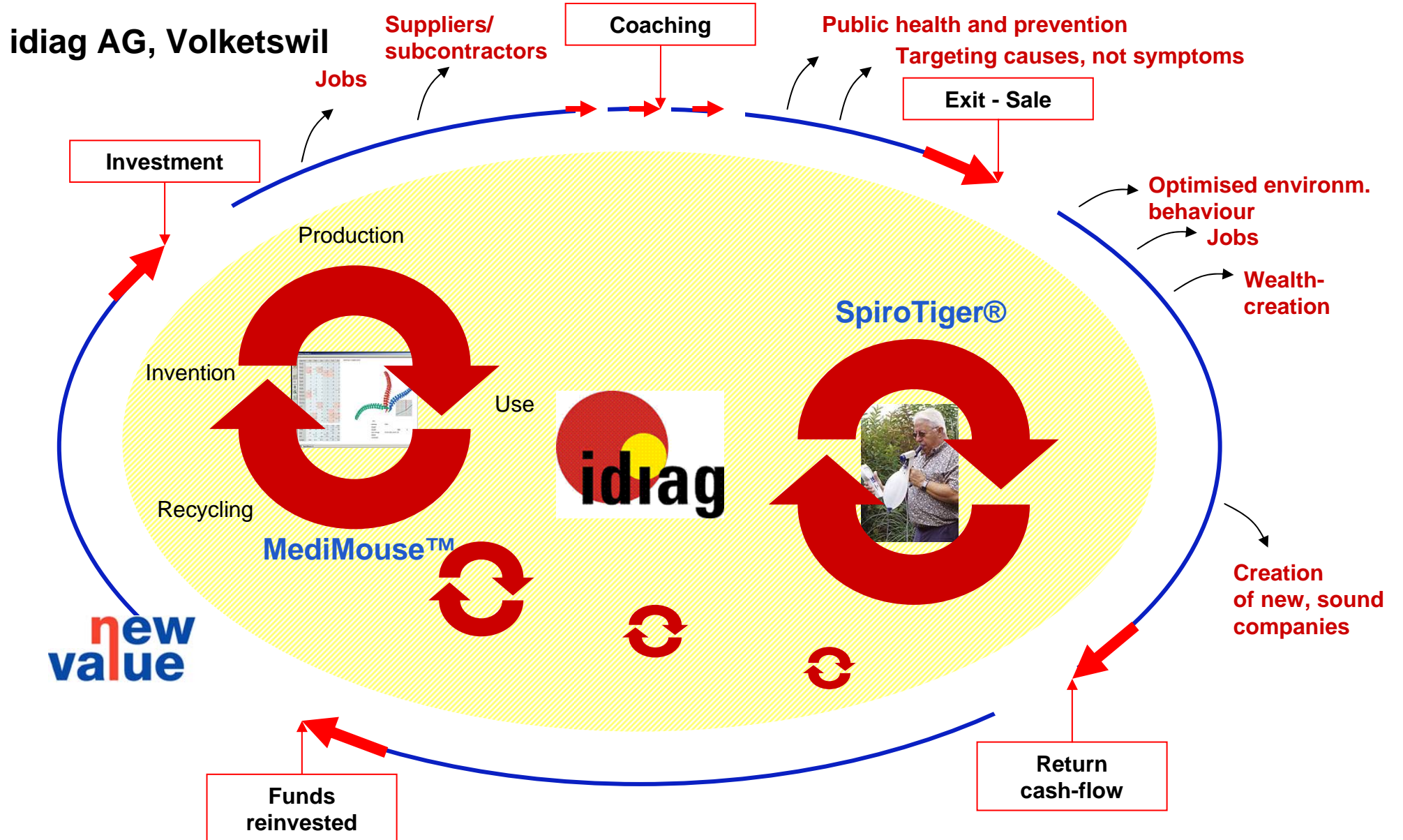
iddiag AG, Volketswil

- Sector:** Medical technology
- Investment-phase:** Expansion
- Share New Value:** 39.2%
- Products:** SpiroTiger® (Respiratory therapy and training)
MediMouse™ (non-invasive spinal analysis and diagnostics)
COSMED (Lung function devices)



Potential: Scientifically proven, attractive price/utility relationship, patented. Increase in spinal grievances, can be used in any kind of spinal therapy. Growth in medical disturbances in the respiratory domain. Broad application scope for respiratory training. Large market potential.

RESULTS: Example iddiag AG



▶ **Positive external effects on public and stakeholders**

What distinguishes New Value's ethical concept?

- ▶ Ethics as an integral part of our business, but not our prime “reason for being”
- ▶ Chosen to take and implement broad ethical scope and understanding
- ▶ Positive and emerging structuring of life and future basis of the economy
- ▶ Adjusted to the possibilities and limitations of small- and medium-sized enterprises
- ▶ Practical orientation with targets on our mind – objective is financial performance and control of risks!
- ▶ Qualitative issues and analysis often dominate
- ▶ Small companies – strike the balance between ambition level and what is possible from a resources point of view
- ▶ Active ownership implies close contact with company and implementation leverage in important phase of company life
- ▶ Life Cycle Analysis takes place on a qualitative level for New Value; might be completed on a more detailed quantitative level in the respective portfolio companies

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What do we understand with ethics?

The ethical concept of New Value distinguishes itself in comparison with comparable approaches through the following specific characteristics:

- ▶ The ethical approach should be widely interpreted. It goes beyond classical criteria of sustainability and social compatibility.
- ▶ Ethics are not understood as an accumulation of negative exclusion criteria, but rather as an approach for positive life-serving creation of the world, here through the ethical directing of the investment flow.
- ▶ A high degree of measurability of the ethical requirements is achieved through the use of specific indicators.

Objectives of the ethical analysis

Target group

- ▶ Current and future portfolio companies of New Value.

Recipients

- ▶ Management and board of portfolio company
- ▶ Private and institutional investors in the portfolio companies
- ▶ Potential new, future co-investors/debtors of the portfolio companies

Objectives of the ethical analysis

- ▶ SWOT-analysis of the portfolio companies (according to predefined topics) and recommendations.
- ▶ Additionally to current state, objectives shall also be outlined, which will serve the portfolio companies for their further development.
- ▶ The ethical analysis shall function as a working tool for the board of directors, on which basis e.g. milestones are defined and progress made can be checked.

Responsibilities ethical analysis

Blue Value AG

- ▶ Ethical analysis of portfolio companies according to:
 - Ethical quality of products/services
 - Ethical quality of environmental policy

EPS Value Plus AG

- ▶ Ethical analysis of portfolio companies according to:
 - Ethical quality of environmental policy
 - Ethical quality of stakeholder relationships
 - Corporate Governance

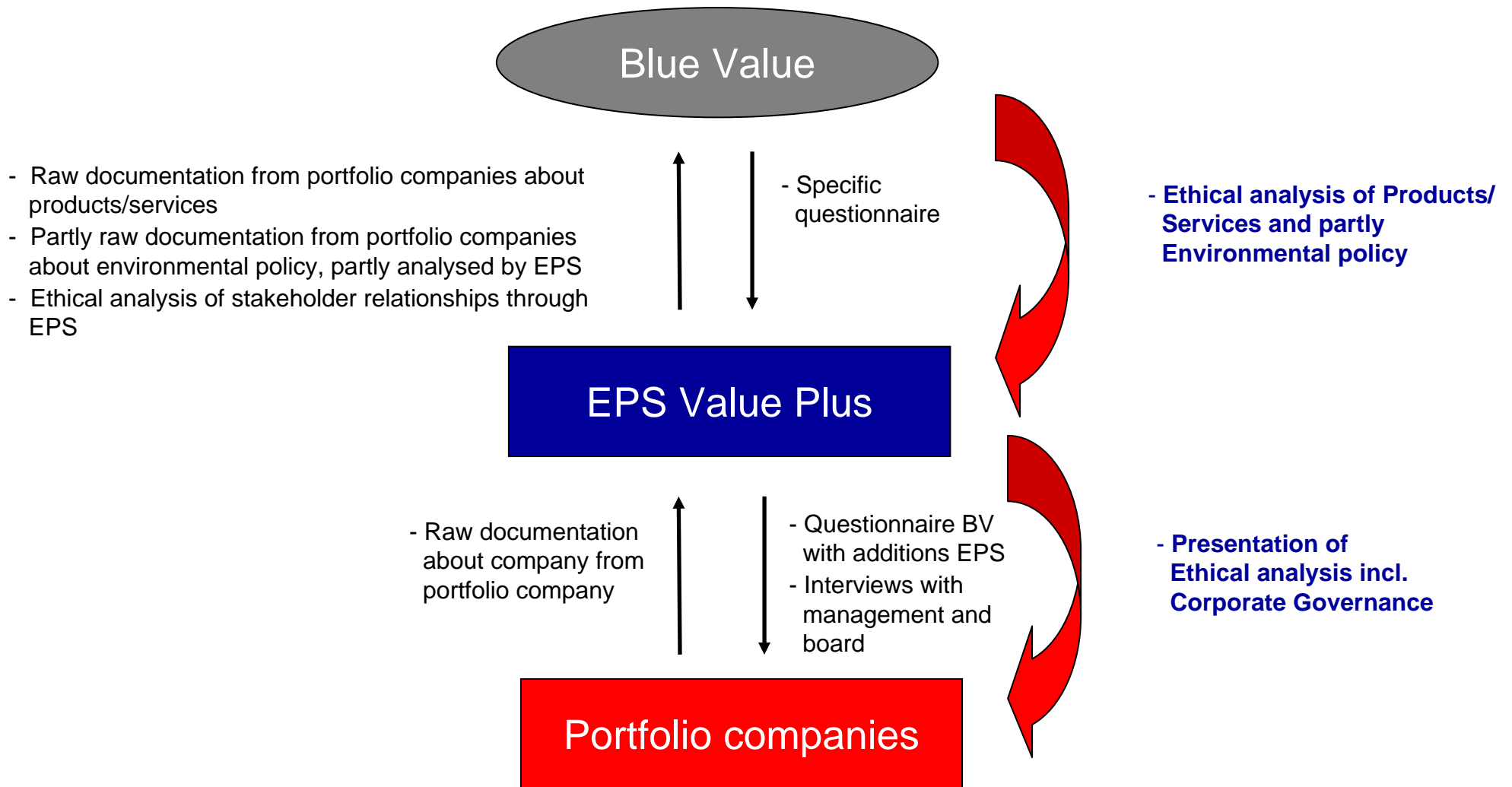
Costs

- ▶ Carried by New Value AG



BACKUP: IMPLEMENTING ETHICS IN NEW VALUE'S ACTIVITY

Overview of ethical analysis workflow with portfolio companies



Examples from the current investment portfolio of New Value



Bogar AG



Sector:	Animal health
Company:	Bogar develops, produces and distributes high-quality, vegetable-based medicines, supplementary food and care products to maintain the health and support the veterinary treatment of pets and other domesticated animals.
Founding:	1998
Domicile:	Zurich-Wallisellen, Switzerland
Management:	Dr. Thierry Latscha (CEO), Dr. Marijke Frater-Schröder (Founder, CSO)
Phase:	Expansion
Stake NV:	15.4%
Advantages:	A global pioneer with tested and registered, high-quality, vegetable-based products for veterinary medicine and animal food.
Potential:	Trend towards natural medicines. Animal health and food market of USD 11.5 billion world-wide. High entry barriers and excellent profit margins.

Bogar AG



Products:

Vegetable-based medicines, supplementary food and care products for veterinary treatment, animal food and care. Created to maintain health, prevent and/or treat skin diseases, old-age and chronic complaints, arthritis and for the improvement of the general constitution and health of pets and other domesticated animals.

Information:

www.bogar.com



Iddiag AG



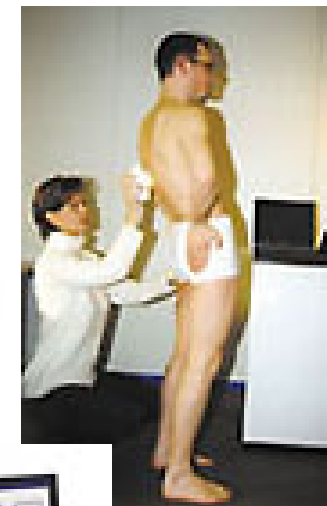
Sector:	Medical technology
Company:	Iddiag specialises in developing innovative product ideas all the way to market maturity and in commercialising them. Examples include the respiratory training device and a device for non-invasive spinal analysis.
Founding:	1993
Domicile:	Volketswil, Switzerland
Management:	Kurt Glaus (CEO), Dr. Lucio Carlucci (CSO)
Phase:	Expansion
Stake NV:	39.2%
Advantages:	Scientifically proven, high utility, attractive price/utility relationship, patented.
Potential:	Increase in spinal grievances, can be used in any kind of spinal therapy. Growth in medical disturbances in the respiratory domain. Broad application scope for respiratory training. Very large market potential.

Idiag AG



Products: SpiroTiger® (respiratory training device)
MediMouse™ (Measurement device for spinal diagnosis and in therapy control). Scientifically proven in trials together with renown clinics.

Information: www.idiag.ch





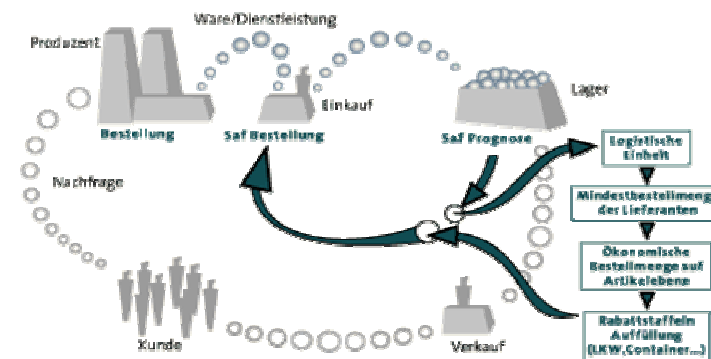
SAF Simulation, Analysis and Forecasting AG

Sector:	Software/Logistics
Company:	SAF is a pioneer in the development and marketing of unique software solutions for the automatic management of goods and services in retailing.
Founding:	1996
Domicile:	Tägerwilen, Switzerland
Management:	Dr. von Beringe (CEO), S. Bergsteiner (CFO), O. Drehmann (COO), Prof. Dr. Arminger (CTO)
Phase:	Expansion
Stake NV:	2.1%
Advantages:	The software solutions are based on the innovative concept of Demand Chain Management. DCM works on demand, i.e. what the customers want, as opposed to the traditional Supply Chain Management which focuses on supply or production.
Potential:	Software with potential for huge saving in the logistical domain. Large opportunities with strategic partners. Already customers in the EU and USA.



SAF Simulation, Analysis and Forecasting AG

- Products:** Super Store: Standard software for the automation of ordering in the store outlets.
 SuperWarehouse: Software for prognosis of the optimal stock and optimisation of the deliveries planning.
- References:** Metro, dm-drogeriemarkt, ATU, Teegut, etc.
- Strat. Partners:** SAP AG, Walldorf (D); SofTEchnics (USA), Wincore Nixdorf (D)
- Information:** www.saf-ag.com





Swiss Sustainable Systems AG (3S)

- Sector:** Renewable energy (Photovoltaics)
- Company:** 3S offers aesthetic solutions for solar energy exploitation through integration into building shells. Additionally, 3S develops machines for PV module production.
- Founding:** 2001
- Domicile:** Berne, Switzerland
- Management:** Patrick Hofer-Noser (CEO)
- Phase:** Expansion
- Stake NV:** 69.7%
- Advantages:** The multifunctional construction elements offers owners and architects nearly unlimited opportunities to build aesthetic facades and roofs that produce electricity.



Swiss Sustainable Systems AG (3S)

- Products:** Development and production of photovoltaic products for integration in building shells. A patent application was submitted in early 2003 (EU and CH) for the first self-developed product "MegaSlate", an integrated photovoltaic roofing system. It has since been certified by the TÜV in Germany.
- References:** PV-System Businesspark Berne, 72.5 kWp
Full integration MegaSlate® Waidspital Zürich, 52.5 kWp
Machines for PV module production sold and installed in the EU and US.
- Information:** www.3-s.ch

