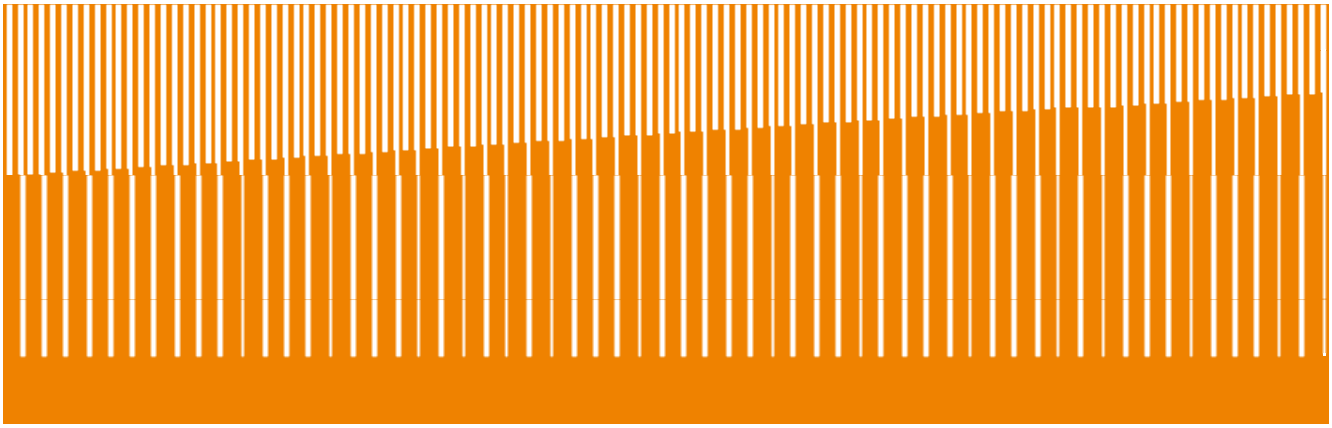
Investor Growth Capital
Stephen Campe

Head of Investor Growth Capital



Agenda

1. Rationale for Investor Growth Capital and strategy
2. Business overview and setup
3. Our value creation model
4. The portfolio
5. Case studies
6. Today and beyond





Venture capital attractive for Investor

Strategic rationale

- Higher return potential in proprietary portfolio
- Enables Investor position at forefront of new technology trends
- A way of leveraging and reinforcing our network and brand
- Synergies with Core Investments and Operating Investments in due diligence processes and development of holdings
- One way of sourcing new long-term investments (and knowledge) for Investor and it's holdings
- International presence extends Investor's market reach and access



Differentiating factors

- One of few truly global VC firms
- Strong financial backing that stands out in challenging environments
- Structure enables longer-term view and consistency
- Blue chip reputation: built track record and brand despite two harsh venture market downturns in the last ten years
- Seasoned teams with deep venture and sector experience
- Active, value-added investor in the Investor tradition
- Diversified portfolio in terms of sectors and geography



Strategic focus and goal

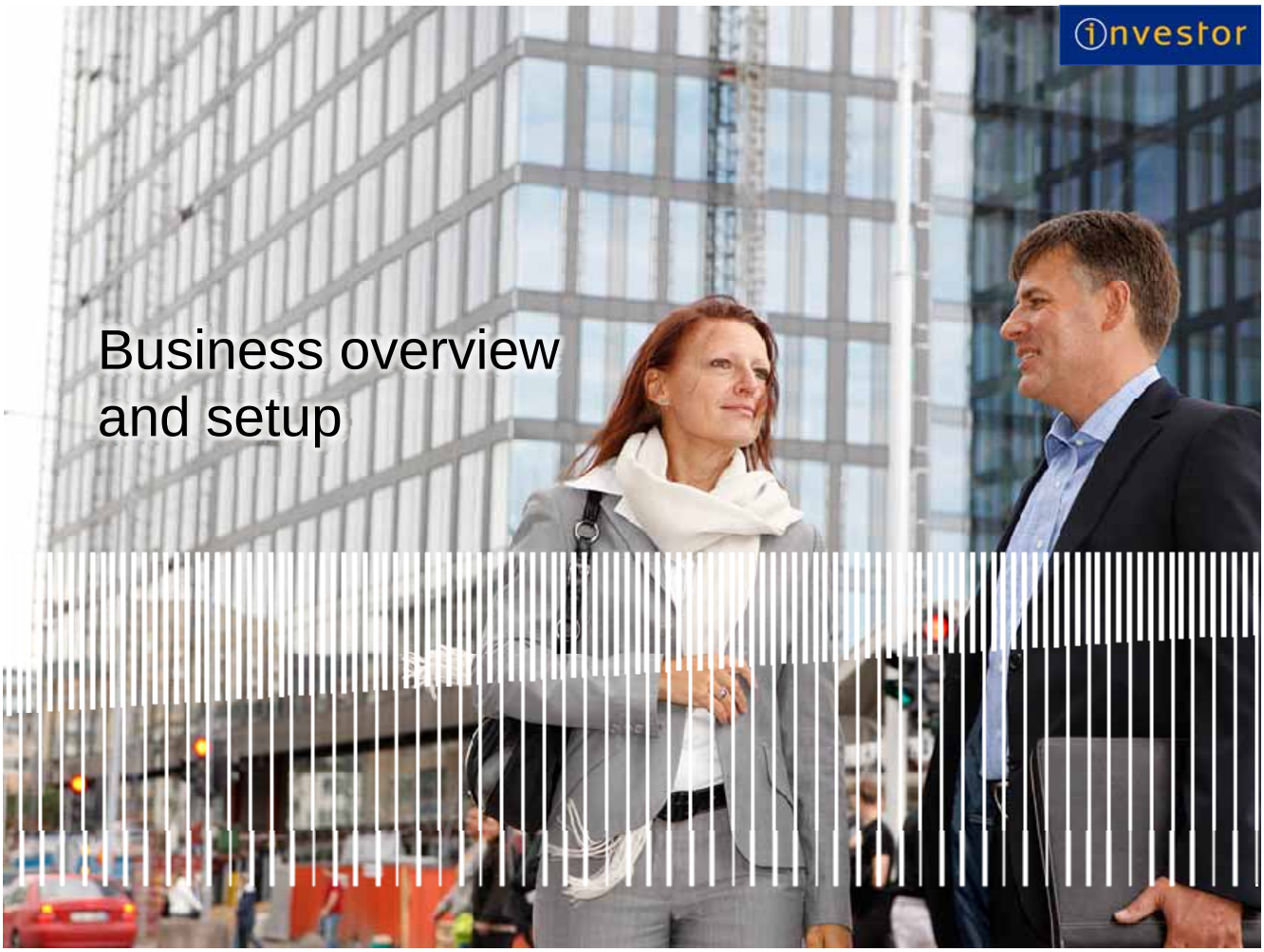
- Focus on private equity style investing
- Active involvement in company development
- Industrial approach in building companies
- Follow disciplined, consistent investment approach

Goal:
Average annualized return (IRR) of 20% or more before administrative expenses

Building a balanced portfolio across different geographies, development stages and industries to create a steady flow of exits

Strategic focus last couple of years

Rebuild portfolio	> 52 new investments since Q4 2006 > SEK 5.5 bn. invested since 2006 > 103 active portfolio companies in total
Broaden track record	> Several attractive exits including two highest return investments to date > Successful companies poised for exit in all geographies
Grow within existing units	> Initiated expansion in the U.S. > Positioning for growth in Europe and Asia



Who we are

Seasoned team of professionals

> IGC Partners typically have 20 – 30 years business and investing experience:
  - Deep sector knowledge and ”hands-on” experience
  - Network and experience to implement active ownership

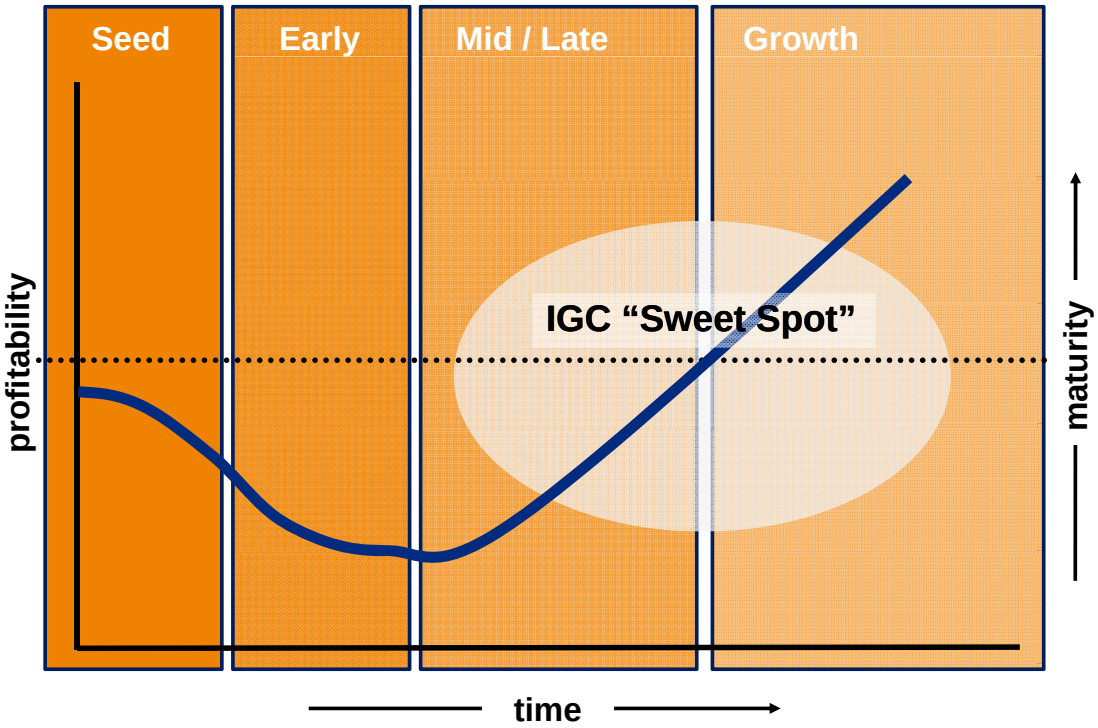
> Teams organized in focus areas that map to investment themes

Example team profiles:

Managing Director (US)	• 23 years total business experience, of which 16 as investor • Specialist in software and technology services
Managing Director (Asia)	• 30+ years total business experience as entrepreneur and CEO, including 11 as investor • Specialist in communications and technology infrastructure

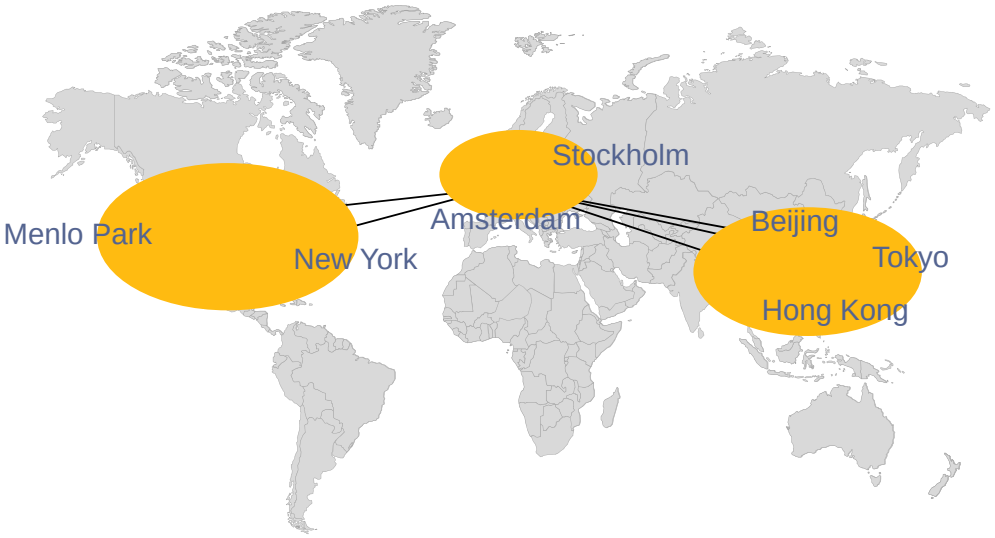
Our market positioning

Focus on later-stage venture & growth financings

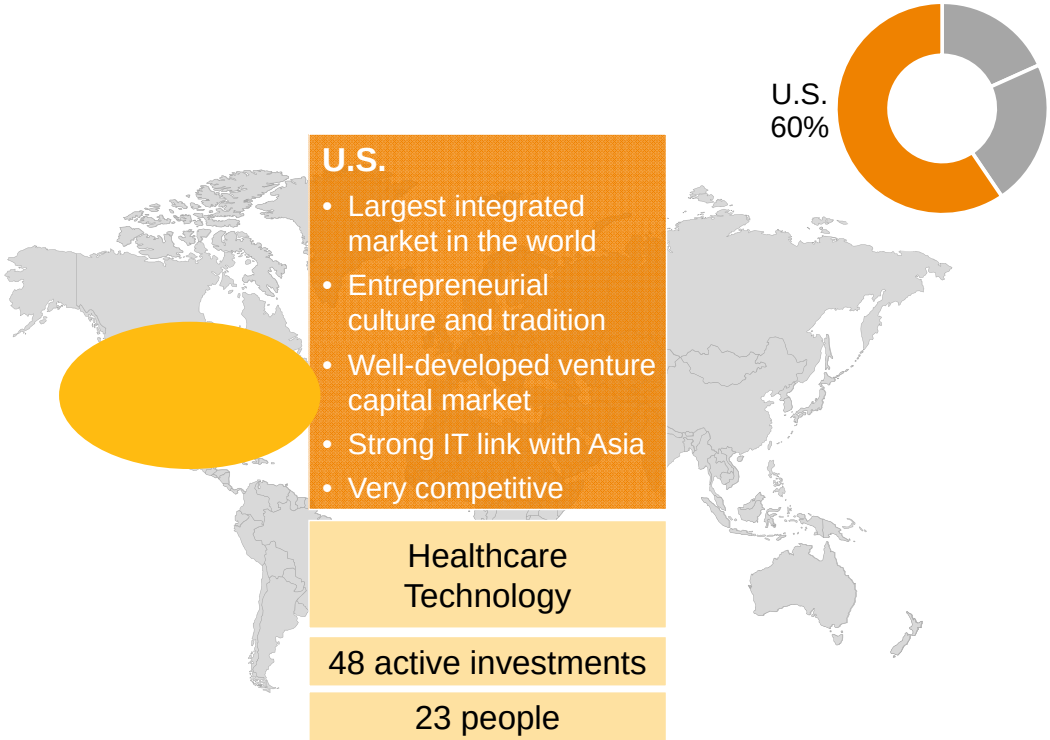


Global reach creates differentiation

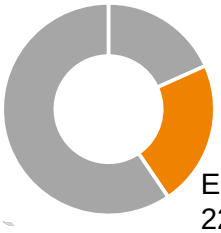
A network of “on the ground” professionals



Markets with different attractions

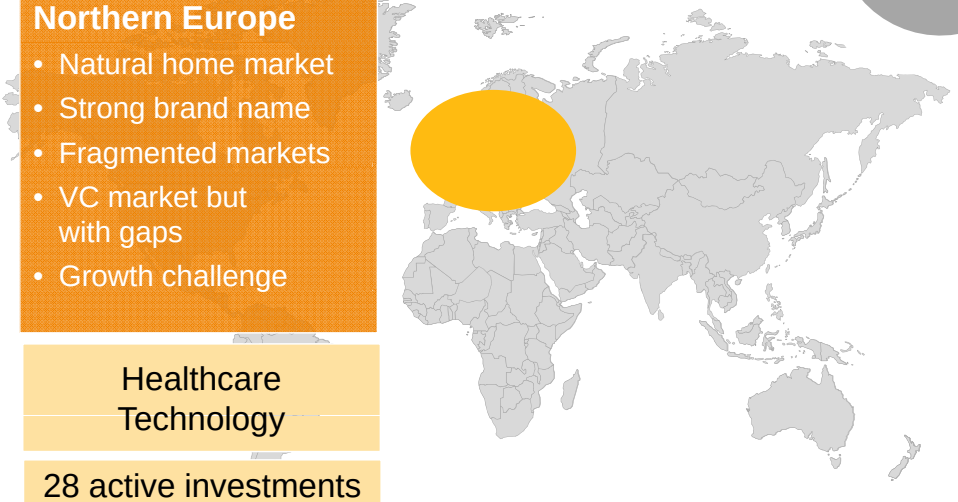


Markets with different attractions



Northern Europe

- Natural home market
- Strong brand name
- Fragmented markets
- VC market but with gaps
- Growth challenge

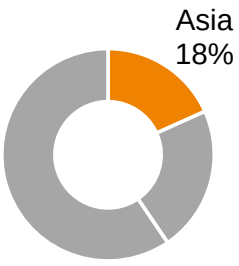


Healthcare Technology

28 active investments

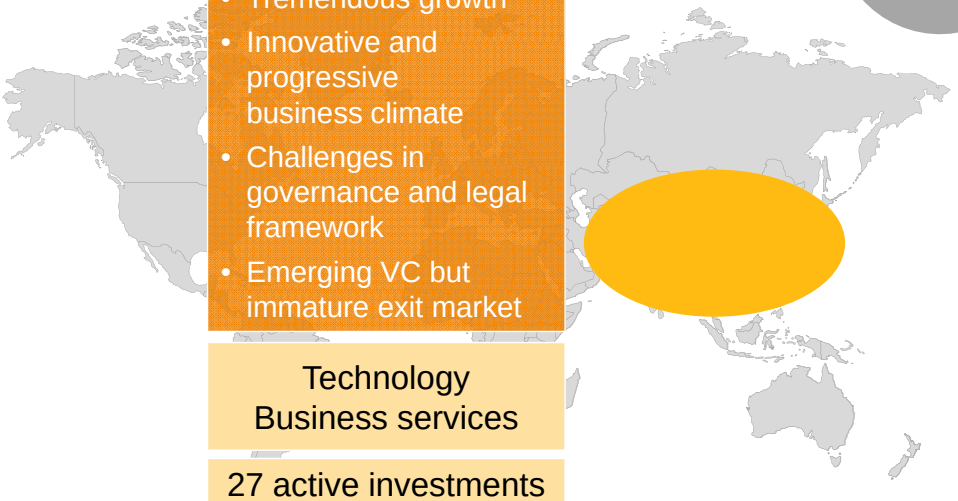
9 people

Markets with different attractions



Asia

- Tremendous growth
- Innovative and progressive business climate
- Challenges in governance and legal framework
- Emerging VC but immature exit market



Technology Business services

27 active investments

9 people



Investment process

Consistent focus on sourcing channels

- Entrepreneur / management relationships
- Venture coinvestor network
- Proactive thematic search
- Banking / advisors

Sourcing

> Inbound and outbound

> Nurture long-term relationships

> Implement disciplined tracking processes

Qualified leads for due diligence and investment

Active ownership model

Developing companies throughout holding period

> Deep engagement with portfolio companies to pursue value creation plan
  - Typically one or more BoD seats with key committee roles
  - One of largest shareholders

> Consistent internal monitoring and development focus

Ownership priorities

- Technology (IP) development and validation
- Establish and fine-tune business model
- Strengthen management team
- Create / enhance strategic position and exit rationale

Creating and Managing Exits

75% +

Strategic M&A

- Most common
- Clean exit – cash upfront
- No participation in value beyond transaction

< 25%

IPO

- Most upside
- Enables long-term ownership
- Liquidity risk
- Unpredictable windows

Exits

The key to a great exit is to build a great business (not a transaction)

"Companies are bought, not sold"

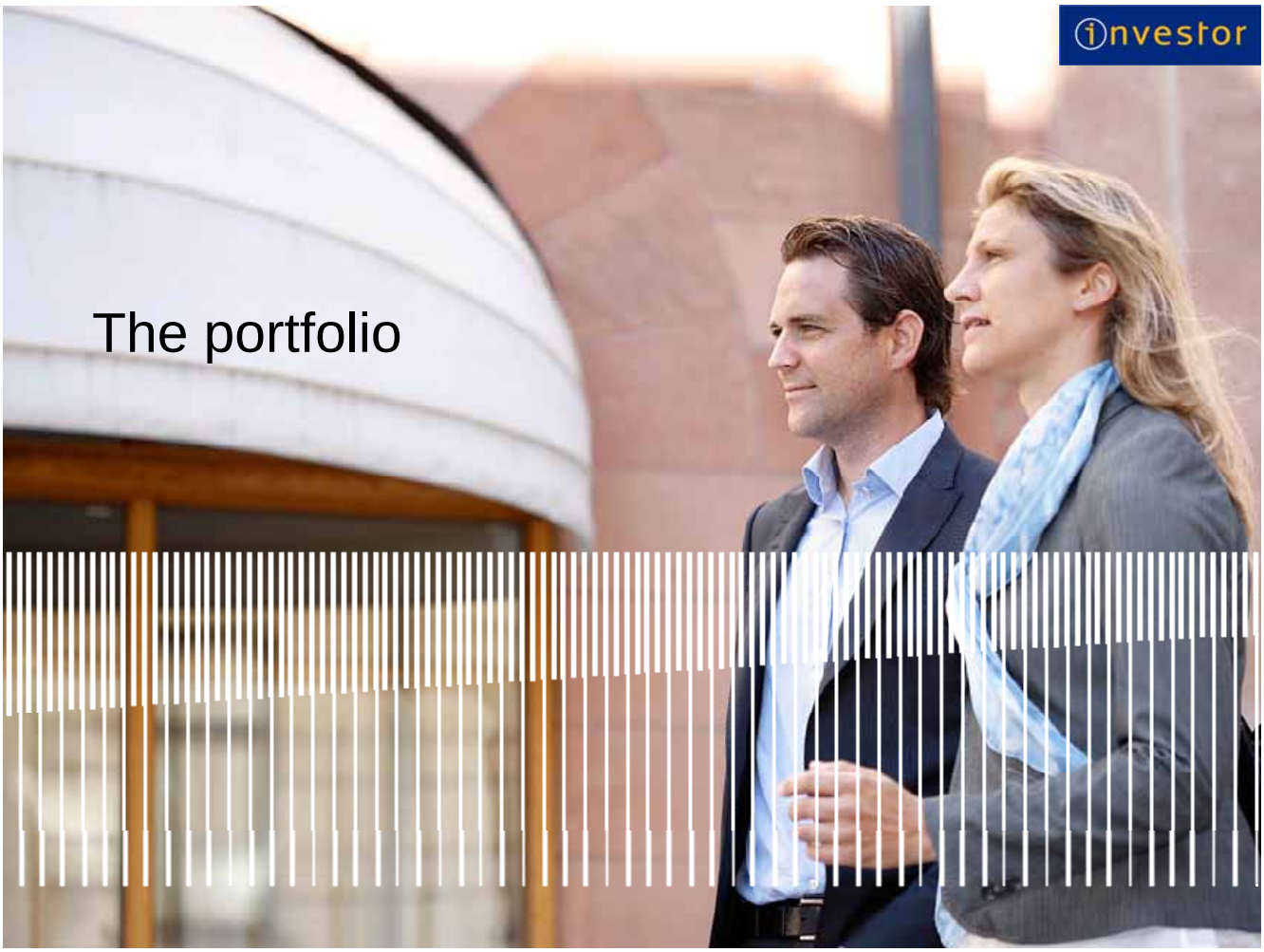
Portfolio valuation

Approach varies by stage

	Development stage	Commercial expansion	Public company or exit

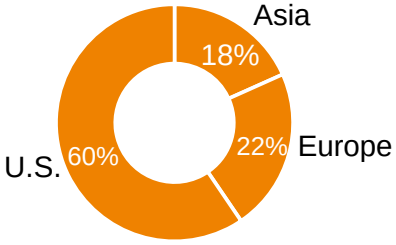
Valuation Approach	• Cost
	  - Adjusted for significant milestones or impairment
	• Third party financing value
		• Cost if recent
		• Comparables
		  - Revenue or EBITDA multiples
		  - Private company discount
		• Third party financing value
			• Public market price
			• Exit price:
			  - Upfront proceeds
			  - Discounted future payments

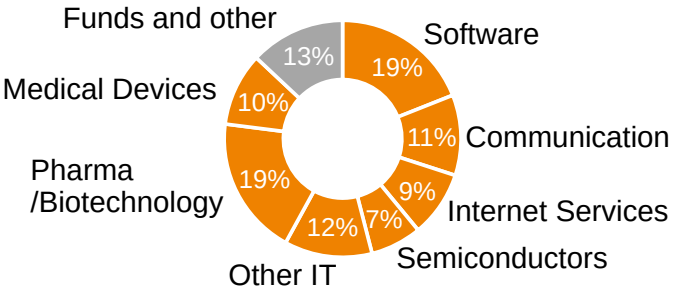
→ 12 out of the last 13 private company exits above carrying value



Portfolio split, top down

Total Porfolio value SEK 8.3 bn,Q1 2010







Investor Growth Capital

Our role in many “firsts”

A revolutionary robotic surgical system…

INTUITIVE SURGICAL®

da Vinci S SURGICAL SYSTEM



Investor Growth Capital

Our role in many “firsts”

Connecting Sweden to the Internet

BREDBANDS BOLAGET



Investor Growth Capital
Our role in many “firsts”

The first respiratory vaccine for newborns…

MedImmune

SYNAGIS® PALIVIZUMAB



Swedish Orphan International (Europe)
A niche specialty pharma company within orphan drugs

IGC Investment (2004):	SEK 59 m.
Divestment (Jan 2010):	SEK 1,524 m.

SWEDISH ORPHAN INTERNATIONAL

IGC plan at investment:

- > Increase number of products
- > Enlarge territory from Nordic countries to Europe
- > Increase proportion of proprietary products
- > Build new management team

SOI at exit:

- > Complete new management team except CEO
- > Pan-European sales force
- > Number of products increased to 50 (25)
- > Sales increased from SEK 302 m. to SEK 694 m.
- > Gross margin increased from 40% to 62%, EBIT from SEK 36 m. to > SEK 200 m.

SOI merged with Biovitrum in 2010 providing IGC with a successful exit and enhanced the value of an Operating Investment.

Visiprise (U.S.)

Enterprise manufacturing planning software

IGC Investment (2005): USD 16.2 m.
Divestment (2008): USD 34.6 m.

IGC plan at investment:

> Exploit product leadership through expanded offering

> Establish cost-effective offshore development

> Broaden market reach through geographic expansion and partnerships

Visiprise at exit:

> Extended leadership in core offering, acquired/integrated new products in strategic planning arena

> 140 engineers in Ukraine

> SAP distribution relationship

> Tripled revenue in 3 years

SAP acquired Visiprise in June 2008 to strengthen strategic move into manufacturing planning/execution, providing 2.1x return to IGC (IRR 28.1%).

Greenway Medical (U.S.)

A provider of electronic medical records to physicians

Background/ sourcing	> IGC led first institutional financing in 2004 > USD 35 m. invested to date; largest shareholder/ 2 BoD seats > Sourced through boutique banker in our network
Investment hypothesis	> Building trend towards shift from paper to electronic records > Easiest-to-use, most advanced system available for small MD practices > Founding management team with demonstrated success
Focus since investment	> Expanding distribution footprint → Partnership with PSS > Increase efficiency and operating leverage → Revenues 5x in 5 years while becoming EBITDA positive > Build-out management team → CFO, VP Services, VP Sales

Keybroker (Europe)

A technology service company enhancing ROI in online advertising

Background/ sourcing	> IGC led Series B financing in Q1, 2008 > Invested SEK 47.2 m.; 30% ownership / 2 BoD seats > Directly sourced after an 18 month long dialogue (no agent)
Investment hypothesis	> Established transition trend from traditional advertising to online. > A unique offering in performance-based models and search > A strong team led by serial entrepreneurs
Focus since investment	> Geographic expansion → Revenue growth > 200% > Prove-out business case in existing geography → Achieved EBITDA breakeven > Strengthen board → Måns Hultman (ex CEO and Chairman of Qliktech) joins BoD

ForeSee Results (U.S.)

Online customer experience management tools

Background/ sourcing	> IGC co-led first institutional round in 2007 > USD 8 m. invested to date; 24% ownership/1 BoD seats/ 1 Obs. > Sourced from proactive CEM market scan & industry executive intro.
Investment hypothesis	> Emerging market for online customer experience mgmt. tools > Proprietary technology that drives significant and measurable ROI > Attractive subscription model enables IPO and strategic exit opps.
Focus since investment	> Build out product portfolio → Acq./developed 3 new solutions > Build-out management team → New CFO, VPs in Sales, Mktg. > Drive enhanced scalability in business model → Growing stable of large customers across verticals, improved gross margin profile thru automation → Revenues 3x in 3 years while becoming EBITDA positive

NS Focus/China Greens (Asia)

A supplier of network security solutions

Background/ sourcing	> IGC acquired stake in 2003 > Invested USD 2.9 m. to date (>30% equity stake) > Sourced through team's network in China > Active board seat since investment
Investment hypothesis	> Rapid growth of corporate & government IT networks in China and a general lack of network security > Best technology team in China in the space & strong market share among select customer segments
Focus since investment	> Cash management → Achieved profit & Cash flow + > Strengthen technology leadership → Aggressive R&D & product line expansion > Expand addressed markets → Strong move into government and international sales → revenue 10x







Market environment

Rebound in activity but VC consolidation



- New investment activity picking-up since late 2009, pointing right direction for 2010
- Strategic M&A activity catalyzed by strong balance sheets and renewed economic growth
- Hints of IPO market window opening, but too early to call
- VC industry compression playing out:
  - Number of active U.S. funds down by 30% since peak, more to go
  - Capital and human resources concentrating with successful firms

Summary of case

A differentiated platform for growth

- Strong and unique global presence
- Synergies with Investor AB and the other holdings
- Solid track record and reputation
- Valuations supported by exit activity



Investor Growth Capital position and direction

