

PRESS RELEASE

Innovation requires equity capital: market analysis of financing behavior among medical technology companies

Tübingen, Germany, 01 March 2017 – German medical technology companies rely on equity capital financing and the truly successful companies among them have particularly high equity ratios. This is the result of a market analysis conducted by Professor Christian Koziol from the Eberhard Karls University in Tübingen together with the investment firm SHS Gesellschaft für Beteiligungsmanagement.

In 2014 the companies from the medical technology industry that were included in the analysis had an equity ratio of almost 55 percent. Over the entire duration of the study, this ratio is clearly above the comparable values of most other industries, the average among the 30 DAX-listed companies being 31.3 percent in 2013. "The analyzed data shows that medical technology companies prefer equity capital financing, thus remaining more independent from outside creditors that tend to be more wary of risks," explains Professor Christian Koziol. "This is a clear vote of confidence for equity capital financing."

Especially the largest and most profitable medical technology companies have particularly high equity ratios. "It is easier for these companies to implement their preferred form of financing and they choose to increase their equity capital despite the advantages that debt financing can hold for existing investors", adds Professor Koziol.

Only in phases of strong growth – with a rapid and significant increase in balance sheet totals – did the debt ratio increase among the companies included in the study. It then decreases again in the following years, however, as the rapid growth slows. In more than half the cases, the equity ratio even rises to a higher level than before the growth spurt.

"The market analysis is consistent with our experience as an investor in medical technology companies, as we are seeing an increasing number of equity capital inquiries. Especially innovative and growth-oriented medical technology companies show great interest in a high equity ratio. Particularly when it comes to intensifying research and development

efforts, equity providers seem to be viewed as the right partners", says Hubertus Leonhardt, Managing Partner at SHS Gesellschaft für Beteiligungsmanagement. "We at SHS not only provide the equity capital required to finance necessary investments, but also our extensive experience in this industry. We have been active in this sector for over two decades and have developed a widespread network, with which we support our portfolio companies both with regard to the increasing number of complex regulatory hurdles and the challenges of internationalization."

We will be glad to provide you with further information pertaining to the market analysis.

About the study:

Professor Christian Koziol from Eberhard Karls University in Tübingen worked together with SHS Gesellschaft für Beteiligungsmanagement to conduct an analysis of the financing behavior of medical technology companies in Germany. As part of this study, the financing expert analyzed the development of equity capital of more than 300 companies between 2007 and 2014 and examined the medical technology companies' annual statements with regard to equity capital, debt capital, balance sheet totals and annual profit.

About SHS Gesellschaft für Beteiligungsmanagement mbH

SHS Gesellschaft für Beteiligungsmanagement is based in Tübingen, Germany and invests in medical technology and life science companies with a focus on expansion financing, changes in shareholder structures and successor situations. SHS holds minority as well as majority interests. SHS was founded in 1993 and has since gained extensive experience as an industry investor, which supports the growth of its portfolio companies through a network of partnerships regarding the introduction of new products, regulatory issues or entering new markets. The SHS fund's German and international investors include the European Investment Fund, professional pension insurers, retirement funds, funds of funds, family offices, entrepreneurs and the SHS management team. The AIFM-registered company is currently investing from its fourth generation of funds, for which investors have provided 125 million euro. Equity of up to 20 million euro is invested. Transactions can be carried out in the mid double-digit million range together with a network of co-investors. Reinhilde Spatscheck, Dr. Bernhard Schirmers, Hubertus Leonhardt and Uwe Steinbacher are the Managing Partners at SHS.

Further information: <http://www.shs-capital.eu>

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