

# A New Breed of Healthcare Deal Making

*The Duravest Business Model*

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**Ogan Gurel, MD MPhil**  
Chief Executive Officer



# Investment Thesis

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- *Deploy capital in innovative companies in order to*
  - ***accelerate** the development of*
    - ***safe, convergent** medical technologies and*
      - ***generate** shareholder value through superior returns on capital.*

***About***  
***Duravest***  
***Estracure***  
***BMTS***

# DUVT: Snapshot

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- Venture/private equity fund
- Publicly traded
  - Frankfurt XETRA – DUV
  - OTC.BB – DUVT
  - 47M shares outstanding
  - ~ \$42M market capitalization
- Highly experienced management
- World-class Medical and Scientific Advisory Boards
- **Investment Focus**
  - Convergent Medical Technologies
  - Development stage to expansion stage companies
  - Safety
  - Majority stakes
  - Usual deal size
    - Acquisition: \$5 - \$15M
    - Exit: 8 – 9 figures
  - Operational
- **Current portfolio companies**
  - Estracure, Inc.
  - Bio-Magnetic Therapy Systems, Inc.
- **Exit**
  - Via public markets or M+A

# DUVT: Strategy

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- **Rapid commercialization**
  - Earlier to market = greater ROI.
  - Providing subsidiaries with financial, operational and scientific support.
  - Publicly-traded model facilitates flexible financing and rapid mobilization of resources.
  - Off-the-shelf scientific and medical advisory boards.
- **Safety**
  - Major trend in medicine.
  - Mitigates investment risk.
- **Convergent medical technologies**
  - Major trend in medicine.
  - Spans the traditional categories of biotechnology, pharmaceuticals, healthcare IT and medical devices.
  - Duravest is the leader in understanding and investing in these next-generation technologies.

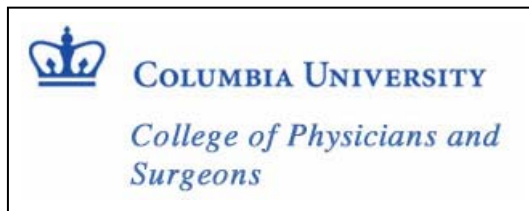
# DUVT: Dr. Ogan Gurel

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- **Chief Executive Officer & Director**  
*Duravest, Inc.*
- **Director**  
*Estracure, Inc.*
- **Director**  
*Bio-magnetic Therapy Systems, Inc.*
- **President-elect**  
*Chicago Health Executives Forum*
- **Adjunct Professor (Bioinformatics)**  
*Roosevelt University*
- **Prior Experience**
  - *Aesis Research Group* - Founder of a consultancy serving the healthcare investment community
  - *Sg2, LLC* – VP & Medical Director at a leading healthcare consultancy and think-tank
  - *Booz, Allen and Hamilton* – Consultant to several Fortune 500 life sciences companies
- **Medical and Scientific Credentials**
  - BA, *Biochemical Sciences*  
Harvard University
  - MPhil, *Biochemistry and Molecular Biophysics*,  
Columbia University
  - MD (*Alpha Omega Alpha*)  
Columbia U. College of Physicians and Surgeons
  - Clinical Fellow in Surgery (*Mass General Hosp*)  
Harvard Medical School

# DUVT: World Class Advisory Boards

- **Medical Advisory Board**



- **Scientific Advisory Board**



# DUVT: Medical Advisory Board

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- **Peter Bonis, MD**  
Director of Research and Deputy Editor of Gastroenterology at UpToDate and Assistant Director of the Tufts – NEMC Evidence Based Practice Center
- **Donald Landry, PhD, MD**  
Professor of Medicine at the Columbia University College of Physicians & Surgeons and Director, Division of Experimental Therapeutics at Columbia University
- **John Lopez, MD**  
Associate Professor of Medicine at the University of Chicago Pritzker School of Medicine and Director, Cardiac Catheterization Laboratory, University of Chicago Hospitals
- **Mehmet Oz, MD, FACS**  
Professor of Surgery and Director of the Cardiovascular Institute at Columbia-Presbyterian Medical Center
- **Ron Waksman, MD**  
Associate Director of the Division of Cardiology at Washington Hospital Center and Director of Experimental Angioplasty for the Cardiovascular Research Institute

# DUVT: Scientific Advisory Board

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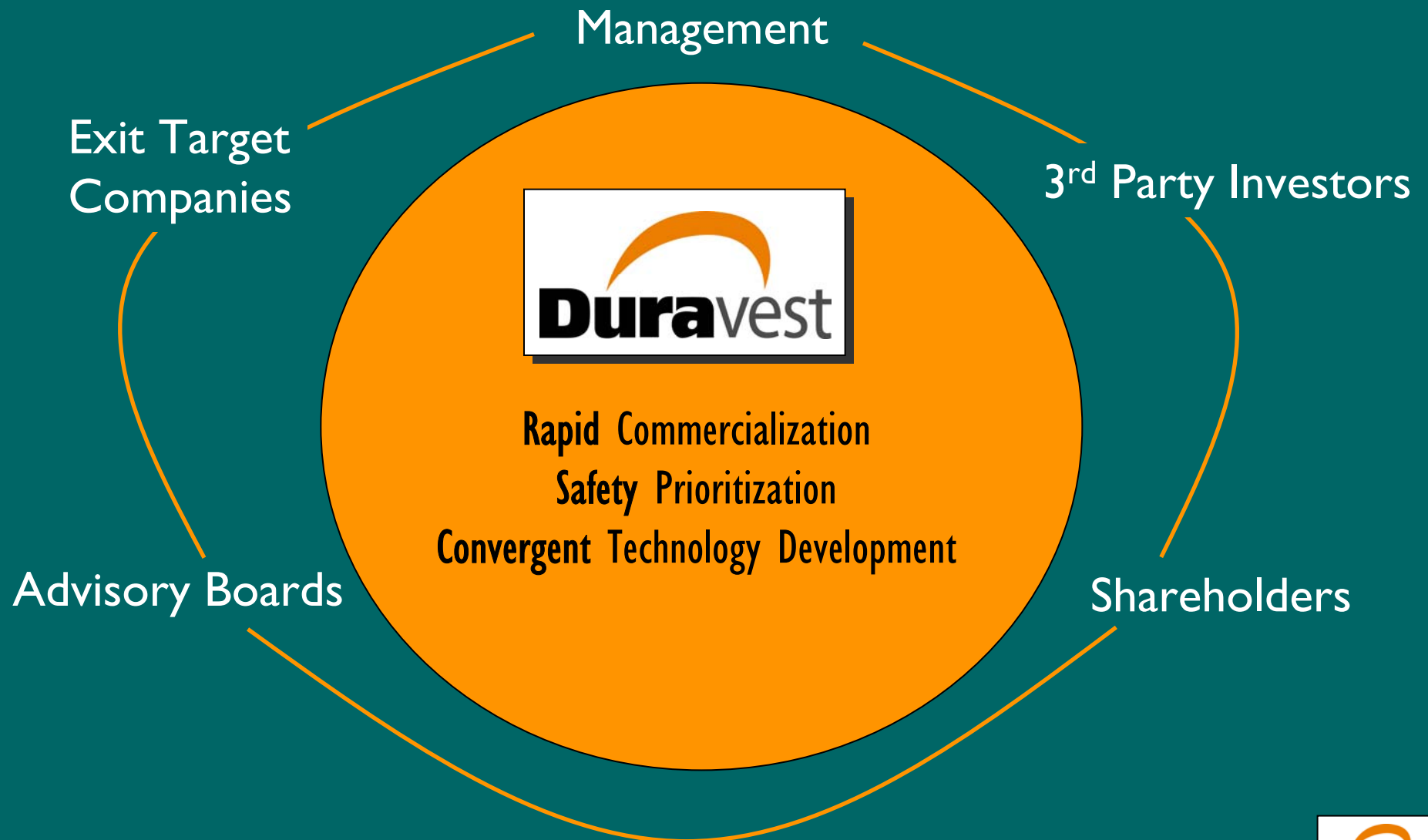
- **Lisa Randall, PhD**  
Professor of Theoretical Physics at Harvard University and a Member of the American Academy of Arts and Sciences
- **Alex Norbash, MD, MHCM**  
Chairman and Professor of Radiology at Boston University School of Medicine
- **Philip Bourne, PhD**  
Professor of Pharmacology and Director of the San Diego Supercomputing Center at the University of California, San Diego (pending)
- **Shu Chien, MD PhD**  
Professor and Chairman of Bioengineering at the University of California, San Diego (pending)

# DUVT: Current Subsidiaries

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- **Estracure, Inc.**
  - Development-stage company
  - Based in Montreal, Canada
  - Developing next generation coronary stenting products based on proprietary estrogen based technologies
  - 50.01% owned by Duravest
- **Bio-Magnetic Therapy Systems, Inc.**
  - Expansion-stage company (already profitable)
  - Based in Frankfurt, Germany
  - Delivering safe, non-invasive treatment of osteoarthritis, osteoporosis and orthopedic injuries and associated pain.
  - 70.6% owned by Duravest

# DUVT: Optimize Stakeholder Involvement



# DUVT: Advantages to 3<sup>rd</sup> Party Financiers

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- **Upside opportunity**
  - Through convertible loan provisions
  - Access to ongoing relationships with large exit-target companies
  - Duravest as leading player in convergent medical technologies
- **Risk mitigation**
  - Through convertible loan provisions
  - Emphasis on safety (both in acquisition and development of technologies)
  - Duravest as a leading player in convergent medical technologies
- **Accelerated Development**
  - Rapid development leads to earlier (and greater) ROI
  - Instant access to world-class medical and scientific support
  - Partnerships with leading business support, legal and consulting teams

# DUVT: Convergent Technologies are the Future

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- Drug Delivery
  - Transdermal patches
- Device-Based Drug Therapy
  - Implantable pumps
- Therapeutically Active Devices
  - Drug-eluting Stents
- “Soft” Devices
  - Orthobiologics
- Drug / Device Combinations
  - Medical nanotechnology
- Service / Device Combinations

# DUVT: Revenue Model and Strategy

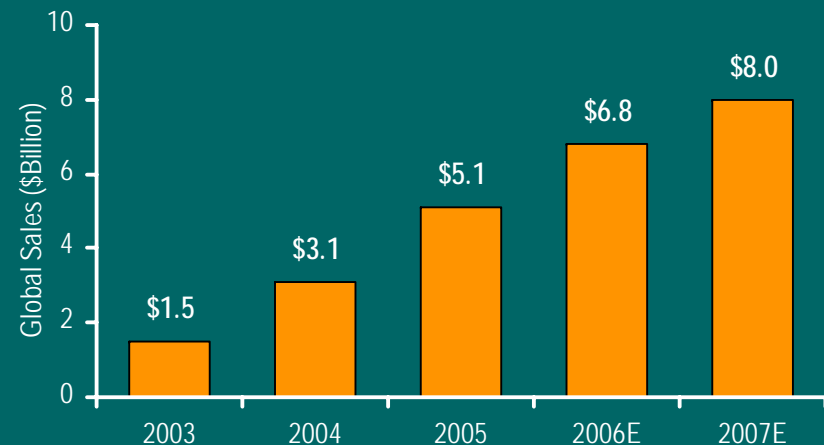
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- **Multiple revenue sources**
  - Consolidated results from revenue generating subsidiaries
  - Revenue generation from new 3<sup>rd</sup>-party financing of acquisitions
  - Interest income from loans to subsidiaries
- **Strong Balance Sheet Flexibility**
  - Currently \$6 million in cash and \$2 million in liabilities
- **3 – 5 portfolio companies**
  - 2 – 4 year exit windows
  - 1 – 2 large deals per year
  - Stock appreciation with each deal

***About***  
***Duravest***  
***Estracure***  
***BMTS***

# Estracure: DES Market

- Drug-eluting stents introduced in 2003
- Currently a \$5B market
- Approximately 90% of market captured by stents using current-generation anti-proliferative drugs
- Safety concerns first highlighted in *NEJM* in 4Q04
- European clinical trial planned for patient accrual in 4Q06



# Estracure: Overview

- The Duravest/Estracure 17- $\beta$ -estradiol stent represents the next-generation of DES technology
  - **Why estrogen?**
- The current generation of DES based on cytotoxic drugs:
  - Have safety concerns
  - Are inappropriate for use with vulnerable plaque – a potentially \$15B market!

	SMC proliferation	Endothelial-ization	Safety Implications
Current DES (cytotoxic)	Inhibit	Inhibit	<ul style="list-style-type: none"><li>▪ In-stent thrombosis</li><li>▪ Thrombolytic therapy</li></ul>
Estracure	Inhibit	<i>Stimulate</i>	<ul style="list-style-type: none"><li>▪ Improved</li></ul>

# Estracure: Timeline

- Preclinical studies completed (5/01)
- DUVT obtains majority stake (1/05)
  - Human “Proof of Concept” Trial completed (10/05)
  - Pig trials results expected (5/06)
  - Human “First-In-Man” trials planned (2H06)
  - CE (Europe) Mark (1H08)
  - FDA (US) Trial (2H08)



# Estracure: Capital Requirements

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- Currently \$4M in cash available
- About \$1M required for a “First-in-Man” European clinical trial
- \$4M- \$6M required for the European Phase II/III clinical trial, starting 2H06
- \$10M- \$20M for the FDA trial, starting 2008

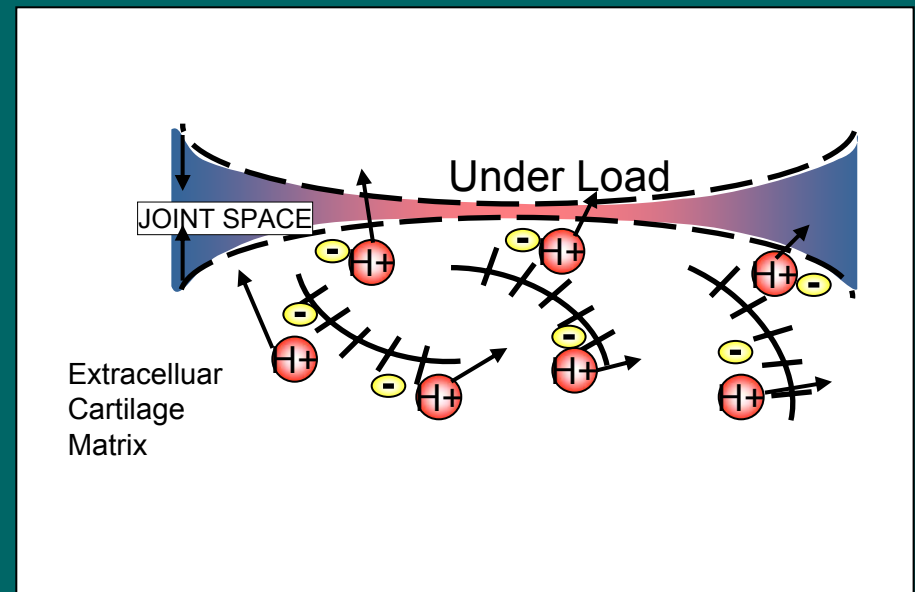
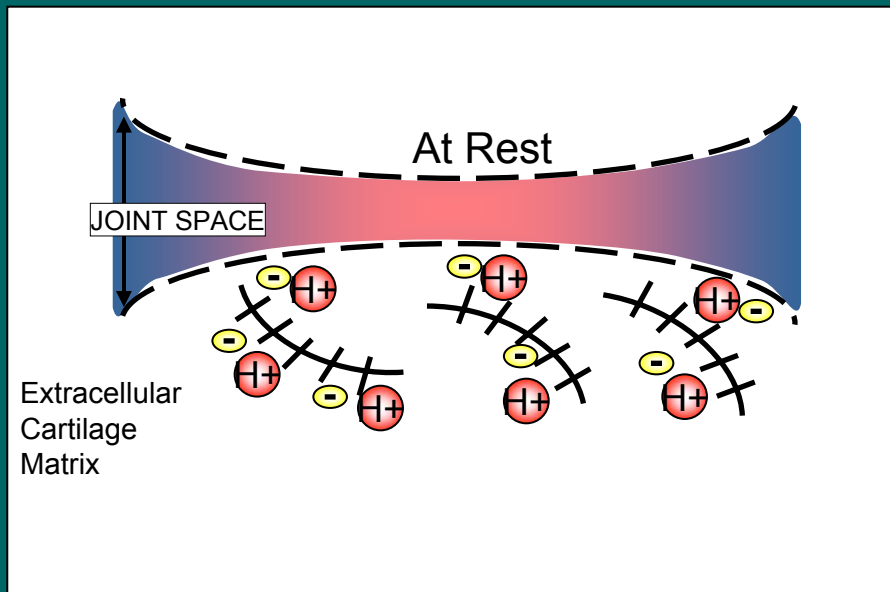
***About***  
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***BMTS***

# BMTS: Overview

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- Founded in 1991
- Patented Pulsed Signal Therapy (PST)™ system
  - Delivers a unique pulsed electromagnetic signal that stimulates the healing of connective tissue (cartilage, tendons, ligaments and bone) injuries
  - Offers a cost competitive, painless, non-invasive and proven therapy for the treatment of musculoskeletal disorders
- BMTS has successfully launched PST™ in Germany
  - To date more than 300,000 patients have been treated with a documented clinical success rate of over 75%
- Expansion plans
  - Further internationalization of distribution network
  - U.S. market targeted for 2008

# BMTS: Technology



*"Pulsed Signal Therapy" (PST™) system delivers a unique pulsed electromagnetic signal that simulates the signals produced during load-induced healing. PST has been clinically shown to stimulate the healing of connective tissue (cartilage, tendons, ligaments and bone) injuries.*

# BMTS: Market Potential

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- **Osteoarthritis Market**
  - Osteoarthritis affects approximately 19% of the U.S. population
  - 33.4 million Americans
- **Sports Injury Market**
  - 2% of U.S. population incurs sports related injuries annually
  - Additional 1% of U.S. population suffers from work related injuries annually
  - 7.7 million sports related injuries per year in U.S.

# BMTS: Financials

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- Revenues have grown at an average annual rate of 35% last three years
- \$7.5M in revenues in FY 2004
- \$1.3M in adjusted EBITDA in FY 2004 (31% annual growth)
- Continued strong growth expected as additional markets open doors to patented technology
- \$4.5M in additional funds needed for future development, including FDA trials.

Prepared with



Duravest, Inc. (OTC BB: DUVT, XETRA: DUV) is a publicly traded holding company that strategically acquires and develops next-generation convergent medical technologies. The Duravest strategy encompasses three themes: (1) rapid commercialization of next-generation medical technologies, (2) prioritization of safety and (3) development of convergent medical technologies that span the traditional categories of biotechnology, pharmaceuticals, healthcare IT and medical devices.

# Thank you

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