

News Release

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Canada urgently needs to reinvest in the life sciences industry: PwC and BIOTECanada survey

TORONTO, April 20, 2009 — The biggest challenge for the Canadian life science and biotechnology industry is the ability to access capital, according to the biennial PricewaterhouseCoopers' (PwC) Canadian Life Sciences Industry Forecast 2009, completed in collaboration with BIOTECanada. Indeed, 78% percent of respondents believe it is the number one business challenge for the Canadian industry—a finding that has been consistently number one in all PwC Canadian Life Science Forecasts to date.

“Capital is the lifeblood of the industry,” says Gord Jans, National Leader, Life Sciences Group at PwC in Canada. “Access to capital has always presented a challenge as the industry competes for capital with other sectors. However, the situation has been exacerbated by the current economic crisis to the point where there will likely be a significant impact in Canada’s ability to emerge as a strong player, post-recession, in this globally competitive industry.”

Many countries believe that life sciences will be one of the key sectors in the economy of tomorrow. The countries that seize the opportunity and deliver most effectively on creating sustainable businesses will be in the best position to realize the benefits in terms of wealth creation and high paying jobs.

“Our report is a wake-up call for both government and industry to do more, now, to sustain this important future sector of the economy,” says Peter Brenders, President and CEO of BIOTECanada. “With over half (54 %) of respondents indicating that raising capital will be the biggest challenge over the next two years we need a long term strategy for our future and we need incentives now for risk capital and more favourable tax treatment from governments to keep Canada competitive for the future.”

Forty-three percent of Forecast respondents are currently seeking funding, with an additional 35% seeking funding within the next two years. Similar to 2007 responses, only 39% of respondents are seeking over \$10 million in funding and less than \$5 million continues to be the most popular choice for

respondents (44% in 2009, 42% in 2007). According to Jans, “The funding expectations reflect a weak capital raising environment and funding at this level is clearly insufficient for long term growth.”

Where do Forecast respondents believe this money will come from? One-third of respondents expect funding to come from strategic partners. Other major sources include private equity funds (20%), venture capitalists (19%) and angel investors (18%).

With the public markets being closed, industry is looking for strategic partnerships and private equity funds to at least partially fill the gap and enable the successful commercialisation of existing programs,” says Brenders. “With biotechnology today becoming cross-sectoral, we need to look at this as a strategic key enabler of our burgeoning knowledge economy. The industry will soon be releasing a blueprint that highlights our commitment to growing this economy, but as other countries commit to growing their science and technology sectors, it is clear we too must do more to sustain our industry.”

The Forecast also focuses on solutions for a better future from both a government and industry perspective. On the government side, Forecast respondents overwhelmingly believe creating incentives for risk capital and creating more favourable tax incentives are the most important actions government can take to improve Canada’s ability to compete globally. For industry, Forecast respondents believe continuing to focus on success in their own business and recruiting experienced senior management are the top two most important actions. According to Brenders, “If government cannot provide support through these primary initiatives, it will likely present the industry with further challenges in competing successfully on the global stage.” Jans adds, “While there has been some improvement on the tax front since our 2007 report unfortunately, despite significant lobbying efforts, the 2009 Federal budget did not contain any tax or risk capital incentives that will provide immediate help for the industry.”

Despite these challenges, both Jans and Brenders remain optimistic about the future potential for the Canadian life sciences industry. According to Jans, “The global race to successfully commercialise innovation in life sciences is still in progress. While there is still much to be done, at PwC we are trying hard to be part of the solution and our investment in producing the Forecast is one example of that commitment.”

A total of 167 respondents contributed to the PwC Canadian Life Sciences Industry Forecast 2009. The respondents from public and private life sciences and biotechnology businesses represent a total of approximately 5,000 employees across Canada and have revenues of approximately \$2 billion.

For more information, please visit www.pwc.com/ca/lifesciences or www.biotech.ca

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About BIOTECanada – www.biotech.ca

BIOTECanada is dedicated to the sustainable commercial development of biotechnology innovation in Canada. It is the national industry-funded association with over 250 member companies representing the broad spectrum of biotech constituents including emerging and established firms in the health, industrial, and agricultural sectors, as well as academic and research institutions and other related organizations.