



News release

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Life Sciences survey shows industry wants government to step up its support *Confidence is better with recovery but funding still critical issue: PwC and BIOTECanada*

January 20, 2011— A Canadian life sciences forecast published by PwC and BIOTECanada shows that survey participants are counting on more government support at a time when funding is hard to find.

“While the turnaround in the Canadian economy has helped the longer-term confidence level of survey participants, raising capital is still the number one issue – and it’s becoming more crucial,” says Gord Jans, PwC Canada’s national life sciences leader.

According to the survey, the top success factors for the Canadian life sciences industry are:

- 73% - Access to capital from any source
- 35% - Increased Canadian venture capital
- 33% - More success stories from existing businesses

“Eighty per cent of respondents say that unfavourable industry and market conditions is the top challenge to successfully raising capital – that’s why especially in the short term the industry feels the government needs do more to help,” says Jans. According to the survey, the number of companies seeking over \$10 million in funding has increased to 47% compared to 39% in 2009.

“With the demand for products rising, an aging population and the need for larger pharmaceutical companies to bolster their product pipelines, the industry has positive fundamentals. But funding needs to vastly exceed current levels if Canada is to remain a significant player in this globally competitive sector,” he says. In total, survey respondents are seeking more than \$1.0 billion of new capital.

“Because there are scarce sources of capital to support funding, there is a strong view by respondents that government can help by creating incentives for risk capital (78% of respondents) and more favourable tax incentives (63%),” says Peter Brenders, President and CEO of BIOTECanada.

“The industry expects more incentives from government and of the 30% of respondents who are considering relocating some or all of their businesses, 38% said they will consider relocating for better



incentives from foreign governments (vs. 2% in 2009). We have suggested a flow through share model to support Canada's life sciences industry. This model is one example of a risk capital incentive demanded by survey respondents," says Brenders.

Effective lobbying to government (53%) is seen as the most important action that the industry can take to improve Canada's ability to compete globally, following by "focusing on the success of current business - 48%," and "recruiting experienced senior management - 42%."

"Government and industry have to work more closely on supporting an environment where life science companies can compete globally. In order to do this there is a need for large levels of investment to maximize Canada's opportunity," says Brenders. Ninety per cent of respondents say being acquired is the likely scenario for a typical successful life science business, followed by licensing or selling IP (71%) and co-development/partnerships (70%).

While both Jans and Brenders are optimistic about the future potential for the Canadian life sciences industry, they note that, "We are at a critical period -- an inflection point -- in the sector. The challenge is how best to sustain companies through the full cycle of commercialization."

The survey report is called *Inflection Point: Canadian Life Sciences Industry Forecast 2011*. A total of 100 respondents contributed to the survey. The respondents from public and private life sciences and biotechnology businesses represent a total of approximately 3,000 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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