

AUSTRALIAN BIOTECHNOLOGY

Improving the quality of life for millions globally

By Dr Anna Lavelle, Chief Executive Officer, AusBiotech

AusBiotech recently held the second Australasian Life Science Investment Summit (ALSIS), where more than 150 invited investors attended from around the world – re-confirming the event's place as the largest of its kind in this part of the world.

The event showcased the high calibre of investment potential of 39 Australian life science companies to the 150 investors who attended from 99 companies. 49 of these investors travelled from overseas to represent 39 international companies. Nineteen US investor companies sent at least one representative.

ALSIS attracted angel investors, venture capitalists, fund managers, and investment bankers, as well as representatives of superannuation funds and venture capital arms of the major pharmaceutical and biotechnology companies from Australia, the Asia Pacific region, North America and Europe.

"Biotechnology has the potential to make the quality of our lives better"

To make our lives longer; to drive our economies; and to expand our job markets. And for these reasons biotechnology stocks are increasingly becoming a valuable addition to an investment portfolio. Biotechnology is a new player in relative terms, but it provides a broad spectrum of business opportunities.

The range of biotechnologies that are now within our reach is astounding. They affect the bare basics, like the water we drink, the food we consume and fuels that enable us to move around. It already touches so many aspects of our lives, from the detergents we use to life-saving medicines; from a gene test to a heart valve; from a higher fibre cereal to a treatment for cystic fibrosis.

McKinsey's published an article recently that argues biotechnology and its discoveries have provided us with the global dawn of the 'organic age', where "Biology is likely to become the greatest single driver of the global economy."

The Australian biotechnology sector now boasts a raft of success stories and a world-class industry. With an ever growing number of mature, well established companies, with increasing revenues, new products reaching market and pipelines showing great promise, biotechnology has the potential to shape our economy and improve how we live our lives.

Australia is the leading location of biotechnology companies in the Asia-Pacific region with almost 450 biotechnology companies and 600 medical technology companies. We are home to numerous research organisations and co-operative research centres. Australia's number of ASX-listed life science companies has grown from 30 in 1999 to 111 just over a decade later. In comparison the US has within the realm of 330 companies.

Major Australian biotechnology companies, CSL, ResMed and Cochlear, are now followed by a new wave of maturing, substantive companies with promising technologies and world-class business acumen.

Last year, Australian life sciences companies attracted significant new investment and raised \$673 million, demonstrating strong recovery from 2008. This year, multi-national pharmaceutical companies are increasingly embracing a collaborative model for pharmaceutical drug development, and anecdotally have moved from their traditional 'research and development model' to a 'search and development model.'

Senior representatives from many of the world's largest pharmaceutical companies, including Merck, GlaxoSmithKline, Roche, Pfizer, Novartis and Eli Lilly attended the AusBiotech 2010 annual conference, showing a keen interest, which has resulted in some major, exciting partnerships.

Eli Lilly has become a major international player in Australia's biotechnology industry this year with up to a \$50million contribution to an Australian-first venture capital partnership between the Queensland Government, Eli Lilly & Company, and other strategic US partners. The company has also entered into important agreements with Acrux and Starpharma.

In what is believed to be the largest licensing deal ever signed with an Australian biotech company, Eli Lilly earlier this year announced the acquisition of a global license to AXIRON testosterone solution from Acrux for a reported deal for AU\$366.7 million.

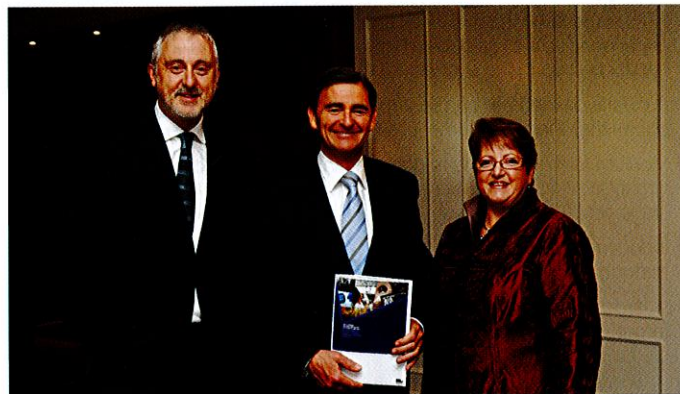
Since July last year New York-based investment fund SpringTree Special Opportunities Fund has provided convertible note funding facilities for a number of companies in Australia. These include therapeutics developer CBio, which captured a facility worth AU\$12.5 million in May after listing in February.

SpringTree has invested in Prima BioMed, with a July 2009 commitment of AU\$25.5 million to fund a clinical trial program for ovarian cancer treatment, CVac, and a AU\$7.5 million investment in ovarian cancer diagnostic test developer HealthLinx, in October last year.

During 2009-10 San Francisco-based La Jolla Investments' funding facilities were important to other companies, such as Cellmid with a US dollar investment of \$8 million, \$6 million to Bone Medical, \$6 million to Benitec, \$6 million to Avita Medical (formerly Clinical Cell Culture) and a \$6 million investment in Viralytics.

Australia's discoveries have improved the quality of life for millions of people across the world. These include the now legendary advances, like the ear, and the cervical cancer vaccine, Gardasil. More recently, the anti-viral treatment, Relenza, was integral in treating those affected by the swine flu outbreak. On the horizon is the vaccine for skin cancer, treatments for many significant illnesses including Alzheimer's, biofuels made from algae, crops that are more tolerant of salt, and a diagnostic tool for mental illness. Regardless of the area of biotech, we are seeing incredible advancement.

Beyond biotech companies, supportive public policy across many portfolios is key to leveraging the industry. Australia has weathered the GFC very well, but the biotech industry still awaits the passage and implementation of the R&D Tax Credit, which is to be debated in the Lower House imminently. The R&D Tax Credit is expected to be a huge stimulus to the industry, with the 45% refundable component for companies with turnover under \$20 million and a 40% credit for remaining companies.



(L-R) The Hon Gavin Jennings, Victorian Innovation Minister, The Hon John Brumby, Premier of Victoria, Dr Anna Lavelle, CEO of AusBiotech, at the opening of the Australasian Life Science Investment Summit held in October 2010.

About AusBiotech

AusBiotech is Australia's Biotechnology industry organisation, which represents over 3,000 members, covering the human health, agricultural, medical device, bioinformatics, environmental and industrial sectors in biotechnology. AusBiotech is dedicated to the development, growth and prosperity of the Australian biotechnology industry.

The Australasian Life Science Investment Summit was held on 19 October 2010 in Melbourne, Victoria. Further information can be found at: www.ausbiotech2010.com.au/alsis


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AUSTRALIA'S BIOTECHNOLOGY ORGANISATION