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Biotech is delivering for the Australian economy

Despite the ongoing and urgent quest for capital across the biotechnology sector, a snap-shot of recent deals shows the sector as a whole is delivering some stunning results for the Australian economy with large in-flows of cash.

In a sector where talking in millions of dollars is commonplace and investing a billion dollars to get a product to market is acceptable, dare I say routine, even the most seasoned have to be impressed by the latest scorecard.

The industry's market capitalisation reported solid gains in the life sciences index (BioForum Ed 34, March 2011) of 103 companies was \$A 37.655 billion, made up of biotechnology/pharmaceuticals at \$A 25.228 billion and medical devices at \$A 12.427 billion.

Capital raisings totalled \$A 554 million for 2010, with a record \$A 375 of this in the last quarter of the year. A further \$A 171 has been raised in the first quarter of 2011, making a total of \$A 536 since September 2010 alone.

Since the dark days of the 2009 GFC-fuelled funding drought, when only \$A 183 million was raised for the entire year, the sector has since given much cause for celebration. Taking into account activity in licensing, mergers and acquisitions, the sector has seen a raft of large multi-million-dollar results, despite a dearth of support from governments.

This month alone, Biota has won a \$A 223 million contract to develop a long-acting single dose antiviral drug for use in the US, and Dutch company Qiogen has made an offer for tuberculosis diagnostic developer Cellestis of \$A 341 million.

The end of March saw a takeover offer bid from Cephalon for Geelong-based oncology therapeutic developer Chemgenex, worth \$A 225 million, and medicine delivery company Acrux declared its first dividend, a 60c-per-share payout of about \$100 million.

These latest announcements come on the back of the show-stopping news of 2010 that saw Acrux sign a licensing deal with Eli Lilly in March for its Axiron treatment, worth \$A 366.7 million and Mesoblast, ended the year on a high for the sector with a licensing deal potentially worth up to a staggering \$A 1.7 billion, on top of an upfront payment of \$A 132.2 million for the development and commercialisation of its novel adult stem cell therapeutics for degenerative conditions of the central nervous and cardiovascular systems.

Acrux also achieved FDA approval for Axiron in 2010, making it one of only a handful of Australian companies to achieve this milestone and one of only 21 drug approvals for the US regulatory body for the year.

The shining examples of 2009 came from Arana Therapeutics when it was acquired by Cephalon \$A318 million and late-stage biotech company Peplin, which was acquired by Danish privately-owned Leo Pharma for \$A 350 million.

About AusBiotech and Dr Anna Lavelle

Dr Anna Lavelle is the CEO of AusBiotech, Australia's biotechnology industry organisation that represents more than 3,000 members and works to support and grow the biotechnology in Australia.

Anna has previously worked as an executive with the Australian Red Cross Blood Service, as the CEO of a public health organisation, as an industry lobbyist and academic. She holds a PhD in genetics from the University of Melbourne.