



Biotechnology in Europe poorly financed says study

BioVision, Lyon – 13 April 2005:

Today, Critical I present a comprehensive study comparing the biotech industry across some fifteen European nations and the USA at the World Life Sciences Forum BioVision, Lyon. For the first time, the study uses a single definition of biotech which is consistently applied across all countries to permit true comparability between nations.

The figures reveal that while Europe and US have the same number of companies, the US biotechnology industry employs twice as many people, spends almost three times as much on research and development, raises 3 or 4 times as much venture capital, and has access to 4 times as much debt finance. In Europe, however, more new companies are established.

“Europe starts a lot of biotech companies, but they need to be muscular enough to compete internationally,” says John Hodgson, Director of Critical I, a specialist biotechnology consultancy.

The report develops the idea of the Elite European Company. These companies are relatively large, still growing, and continuing to invest in value-creating R&D. “Elite European Companies can compete against US firms for finance, personnel, and deals. The problem is, there simply aren’t enough of them.” says Hodgson.

The study includes a profile of the biotechnology sectors in each of the 15 countries covered as well as what a typical company looks like.

According to the study the financing gap is probably the biggest barrier for European biotech industry, particularly the lack of suitable financial infrastructure later in the business cycle. Thus, many companies collapse after 3 to 5 years. “It is crucial that the European Union e.g. EIB and EIF reconsider how they stimulate the market to invest in innovation,” says Johan Vanhemelrijck, Secretary General, EuropaBio. EuropaBio is also calling for harmonisation of financial rules across Europe and welcomes the single prospectus directive as a good step forward. The industry considers that harmonised securities markets

and a special fiscal status for Young Listed Companies will help get more funds to biotech companies. According to Feike Sijbesma, Chairman of EuropaBio: “Europe also needs coherence of policies to stimulate investment and help Europe’s high growth potential companies to flourish and compete internationally”.

Link to the report: www.europabio.org

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About Critical I

Critical I is an industry specialist consultancy for biotechnology. Established only in 2002, Critical I's data is rapidly becoming the gold standard for the biotechnology community. The company provides information for better understanding and better decisions, both for the private and public sector. Our client base includes national governments, regional and national industry bodies, regional development authorities, investment groups, and biotechnology companies. The company works with organisations in the USA, Australia, France, Germany, The Netherlands, Belgium, Switzerland, and the UK, and have undertaken projects in Finland, Denmark, and Spain.
www.criticali.net

About EuropaBio

EuropaBio, the European Association for Bioindustries, has 50 direct members operating worldwide and 25 national biotechnology associations representing some 1500 small and medium sized enterprises involved in research and development, testing, manufacturing and distribution of biotechnology products.
<http://www.europabio.org>

Biotechnology in Europe: 2005 Comparative Study

Some key figures

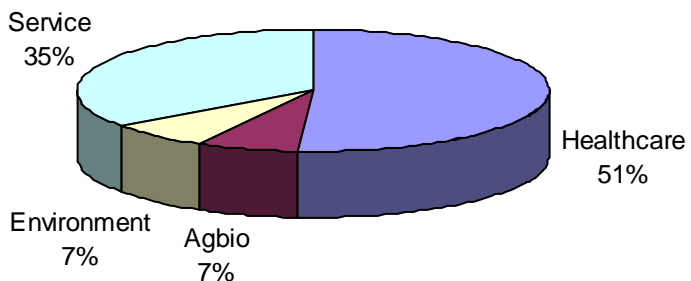
Critical I present the study comparing the biotechnology sector across some fifteen European nations and the USA. Critical I has looked in depth at: Denmark, Finland, France, Germany, Ireland, Norway, Sweden, Switzerland, and the UK and undertaken some preliminary survey on Austria, Belgium, Italy, The Netherlands, and Portugal.

Snapshot – Biotech sector – EU – US

At end 2003, Europe's biotechnology industry	At end 2003, US biotechnology industry
Had 1976 companies	Comprised 1830 companies (1891:2002)
Employed approximately over 94 000 people, including 35,000 in R & D	Employed approximately 172,400 people (2002:168,000)
Spent about €6 billion in R & D	Spent €16.4 billion on R & D
Had 450 compounds in clinical development or awaiting approval	Had over 1110 new drugs in clinical development or awaiting approval (2002:1164)
Generated nearly €19 billion revenue	Generated nearly €42 billion of revenue (2002: nearly €40 billion)
Raised €750 million in Venture Capital (raised over €940 million in 2004)	Raised €2.1 billion in Venture Capital in 2003 and over €2.9 billion in 2004
Raised a total of €1.49 billion through equity in 2003 and €1.6 billion in 2004	Sold an additional €5 billion worth of equity – largely through the public markets in 2003 and another €4 billion in 2004
Raised nearly €1 billion in debt financing in 2003 and over €1 billion in 2004	Raised a further €4.3 billion of debt in both 2003 and 2004
Formed 132 new companies	Formed 83 new companies

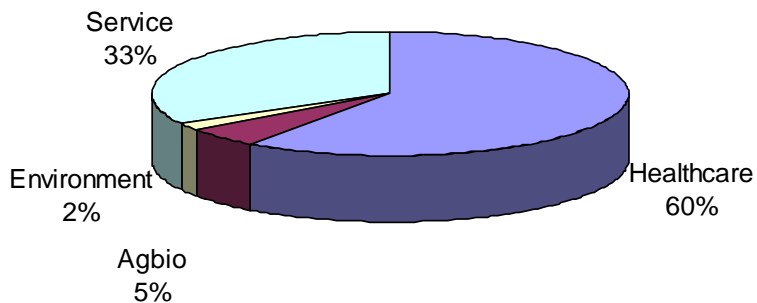
Source: Critical I Limited

European biotech companies by sector



Source: Critical I Limited

US biotech companies by sector



Source: Critical I Limited

Typical or Elite?				
<i>Financial data in € millions</i>				
A Typical European Company				
Age (years)	0-2	3-5	6-10	11-15
Employees	9	19	31	42
Revenue	€0.46	€1.3	€5.56	€7.58
Research strength (personnel)	8	12	17	17
Research strength (R & D budget)	€1.47	€1.76	€3.28	€3.28
Elite European Company				
Employees	32	54	121	132
Revenue	€1.12	€3.7	€16	€22
Research strength (personnel)	10	32	66	76
Research strength (R & D budget)	€4	€5.8	€15	€22

Source: Critical I Limited

Typical Companies – Europe versus US				
<i>Financial data in € millions</i>				
Europe				
Age (years)	0-2	3-5	6-10	11-15
Employees	9	19	31	42
Revenue	€0.46	€1.3	€5.56	€7.58
Research strength (personnel)	8	12	17	17
Research strength (R & D budget)	€1.47	€1.76	€3.28	€3.28
USA				
Employees	16	27	61	66
Revenue	€0.56	€1.85	€8.02	€10.9
Research strength (personnel)	10	16	33	38
Research strength (R & D budget)	€1.97	€2.91	€7.32	€10.99

Source: Critical I Limited