

Presentation of BIOQuébec-KPMG Secor's Study Results

**CONTRACT RESEARCH ORGANIZATIONS IN QUÉBEC: 71 ORGANIZATIONS,
MORE THAN 4500 DIRECT JOBS, AND REVENUES OF MORE THAN \$550
MILLION, 82% OF WHICH ARE FROM FOREIGN SOURCES**

BROMONT (Québec) April 7, 2016 – BIOQuébec's Executive Manager, Anie Perrault, and Daniel Denis, an associate at KPMG Secor, have released the results of the first characterization study of Contract Research Organizations (CROs) in Québec, entitled "Contract Research Organizations in Québec: A Powerhouse of Socio-Economic Development for the Province". The study examines this newly developing sector in Québec, whose role in the life sciences innovation chain is increasingly important.

"Québec's life sciences industry has shown renewed vigour recently, particularly in the CRO sub-sector which seems especially vibrant", says Ms. Perrault. "With the help of close to a dozen private partners, and in collaboration with the Ministry of Economy, Science, and Innovation's ACCORD initiative, we have mandated KPMG Secor to characterize these overlooked organizations so that we can understand their role and their importance within this new ecosystem".

Observations

Their concentration, the nature of their involvement in research, and their economic power confirm that Québec's CROs are a key element in the life sciences innovation chain.

While several life sciences firms that focus on human and animal healthcare do their own research and development, a growing number of companies are having this work done by independent specialists, namely contract research organizations (CROs). According to KPMG Secor's Daniel Denis, CROs constitute nearly 20% of the life sciences industry.

"CROS are to the backbone of our industry's innovation chain!" – Yves Roy, Corealis Pharma

The combined expertise of Québec's CROs encompasses all stages of research, from discovery to Stage 4 clinical research, in a wide range of therapeutic fields.

Québec's CROs are globally recognized for their expertise in pharmaceutical and biotechnology research as it applies to human and animal health.

“Performing contract research here allows our researchers to import and consolidate knowledge and expertise from around the world.” – Nathalie Gagnon, AccelLab

Both Québec’s economy and Canada’s economy benefit from the influx of foreign money.

More than \$550 million: those are the revenues from CROs in Québec, 82% of which come from foreign sources.

This contribution continues to rise, as the worldwide growth of this sector is mirrored in Québec, where 76% of CROs have seen their revenues increase over the last three years.

When it comes to reducing healthcare costs in Québec, CROs are doing their part.

One dollar spent for a new drug leads to \$7 saved on fees for other expenses.¹ Québec’s CROs actively contribute to the development of new drugs, treatments, diagnostic tests, and health-related treatments used globally to save lives and reduce healthcare costs.

Due, in part, to scientific research and experimental development (SR&ED), Québec’s CROs create and retain quality jobs.

Biopharmaceutical industry jobs represent:

75% more value added per direct job

2X more income taxes than all other sectors of economic activity in Québec²

With 4375 direct jobs in Québec, CROs represent nearly 8% of the biopharmaceutical industry workforce, with a total payroll estimated at \$244 million.

College degrees are held by 46% of employees, with another 45% holding university degrees. Due to an increase in demand, 73% of Québec organizations questioned by Secor foresee hiring additional personnel within the next three years. CROs offer non-traditional career paths, especially to graduates of animal health, nursing, and pharmacology technology programs.

“CROs create wealth in Québec: their activities inject new money into the economy and sustain quality jobs”, concludes BIOQuébec’s Executive Manager. “Supporting a tax system adapted to its challenges, namely by increasing access to SR&ED credits, would allow Québec’s CROs to be even more competitive, gain access to new markets, and have a faster, more positive impact on Québec’s economy.”

1. INNOVATIVE MEDICINES CANADA “Report for Canadians” p.6, [online]

2. LES AFFAIRES, « Les sciences de la vie, une composante essentielle de l’économie du savoir », [online]

Overview of Contract Research Organizations in Québec

Legal structure	Privately-owned (93%)
Length of time in Québec	Less than 10 years (53%)
Main activity sector	Pre-clinical or clinical research (51%)
Number of employees	Fewer than 25 (65%)
Main source of contracts	Pharmaceutical companies (66%) Biotechnology companies (34%) Public entities (7%)
Revenues	Less than \$1 million (46%)
Origin of revenues	Outside of Canada (82%)
R&D credits	Eligible for a credit (61%)

Methodology

BIOQuébec and its working group on CROs mandated KPMG Secor to undertake this study, which had four components: defining the sector, creating a registry of companies, questioning the targeted companies, and supplementing the compiled information through research and analysis. The results of the study are available on BIOQuébec’s website at www.bioquebec.com, under the *Newsroom* tab.

BIOQuébec, A Dynamic Network

BIOQuébec is committed to fostering the growth of the province’s biotechnology and life sciences industry, which creates wealth and specialized jobs, is focused on innovation and marketing, and is dedicated to improving everyone’s health and quality of life. For more information, go to www.bioquebec.com.

BIOQuébec’s CRO Committee

This committee was created in the summer of 2015 to develop a better understanding of the issues facing this segment of the life sciences industry. The following companies participate in its endeavours: Accellab, Cirion, CiTox Lab, Corealis Pharma, Diex Recherche, Inixium, InVentiv Health, Laboratoires BNK, Laboratoires Charles River, and Vantage Biotrials.

About the ACCORD Initiative

The ACCORD (Action concertée de coopération régionale de développement) initiative is a strategic regional economic development plan created by the Québec government. This initiative focuses on regional strengths and on the search for excellence in the province's key sectors. The program aims to build productive regional systems, in all areas of the province, which are able to compete both in North America and abroad through the definition and development of niches of excellence which can become their brand image.

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Information

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