



**Thomson Reuters Contact:** Sandra Lee  
[Sandra.lee@thomsonreuters.com](mailto:Sandra.lee@thomsonreuters.com)  
646-223-5292

**BIO Contact:** Tracy Krughoff  
[Tkrughoff@bio.org](mailto:Tkrughoff@bio.org)  
202-312-9274

### **Biotechnology Industry is Expected to Rebound, According to BIO/Thomson Reuters Investor Perception Study**

New York (February 9, 2009, 8:15 AM EST) - The biotechnology industry is expected to rebound and outperform healthcare and the rest of the market this year, according to findings from an investor perception study released today by Thomson Reuters and the Biotechnology Industry Organization (BIO) at the 11th Annual BIO CEO & Investor Conference in New York. The perception study is an in-depth assessment of Wall Street's views of the biotech industry, its current challenges, its relative valuation, and the outlook for 2009. The purpose of the study is to inform and improve communication between biotech executives, investors and policymakers.

According to participants, who represent firms with \$2.3 trillion in assets under management, the credit crisis has shifted investors' focus with over 80% acknowledging that the effects have forced them to change their investment approaches. In particular, they have stated that a company's cash position is now more important. More than two-thirds in the study expect greater M&A volume in 2009, with major pharmaceutical companies buying biotech of all sizes and large biotechs buying smaller biotech companies.

Additional key findings include:

- Investors are optimistic about biotech stock performance
  - o 70% expect biotech to outperform the rest of the market this year.
  - o 59% consider biotech "undervalued" while only 4% say the sector is "overvalued."
  - o 57% expect biotech to rebound during this year; another 30% expect a rebound in 2010.
- Investors are less optimistic about research and development
  - o 60% state overall productivity in 2009-2011 will be the same as in 2006-2008.
- Investors see the best opportunities in mid-cap companies with late-stage pipelines
  - o 37% of polled investors see opportunity in micro-and small-cap companies, but only 16% favor early stage pipelines over late stage pipelines.
  - o 67% of investors state the best investment opportunities lie in oncology while 37% see promise in immunology.

In addition, the study found that most investors are neutral to positive about the policies likely to be pursued by the Obama administration. Investors are particularly hoping for greater consistency and predictability from the FDA where higher safety barriers and insufficient resources are cited as primary reasons for limited drug approvals.

Most investors pay little attention to activism in the biotech sector, according to the study. Looking at what the 'smart money owns' is the least popular source of new investment ideas and least important for research. Meeting with management is the most important factor when researching investments, followed by conferences and sell-side research, which is still considered important.

The perception study was conducted by Thomson Reuters, in conjunction with BIO's Investor Relations team, during December and January. It included over 80 participants representing firms with \$2.3 trillion in assets under management and included \$266 billion in healthcare and \$76 billion in biotech. The full study will be released at the end of March.

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