

State of biotech sector—2004

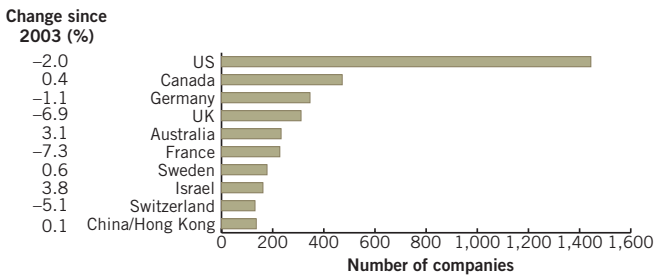
Stacy Lawrence

In its latest annual review of the biotech industry, business consulting firm Ernst & Young finds a sector in flux (for 2003 stats see *Nat. Biotechnol.* 22, 789, 2004). Profitability still looks distant; although revenues for public companies were up by 17%, so were net losses.

Employment was up in the US and in Asia, but plummeted (down 21%) in Europe; the number of private companies contracted significantly in both the US and Europe, whereas Asia showed strong growth.

Top ten countries by number of companies

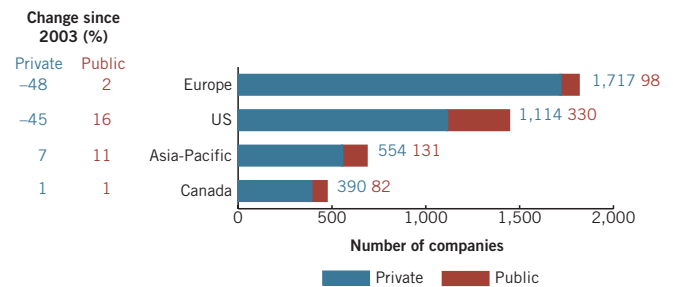
Several major European countries as well as the US saw the overall number of biotech companies decline last year; Australia and Israel show healthy growth.



Source: Ernst & Young

Number of biotech companies

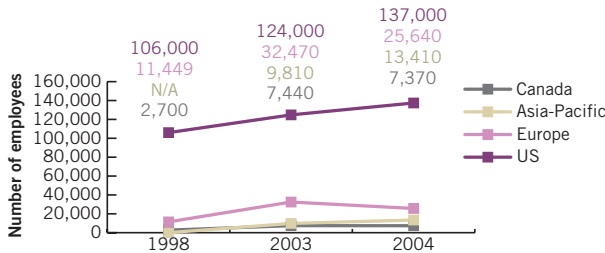
Globally, public companies grew by 5% (from 611 to 641), whereas private enterprises declined by 2% (3,860 to 3,775), particularly in the US and Europe.



Source: Ernst & Young

Employees of public biotech companies

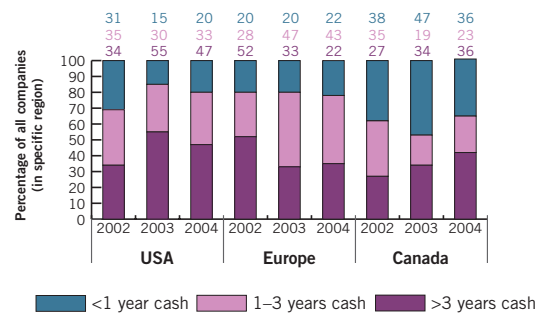
Whereas biotech employment shrank in Europe last year (by >20%), US and Asian employment grew significantly (by 10% and 37%, respectively).



Source: Ernst & Young

Capital concentration in Western public biotechs

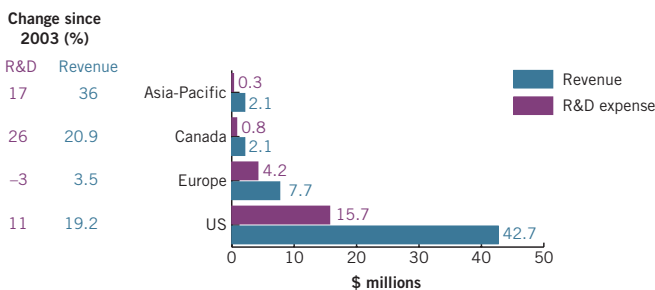
US biotech is best capitalized, most European companies have more than a year of cash, but over a third of Canadian firms are low on funding



Source: Ernst & Young

Global biotech revenue and spending

Outside Europe, average revenue of biotechs shows fast growth. On the other hand, European biotechs are best rationing R&D spend.



Source: Ernst & Young

Global overview of biotech companies

| Public company data | 2003 | 2004 | Percent change (%) |
|------------------------|----------|----------|--------------------|
| Revenues (millions) | \$46,553 | \$54,613 | 17 |
| R&D expense (millions) | \$18,636 | \$20,888 | 12 |
| Net loss (millions) | \$4,548 | \$5,304 | 17 |
| Number of employees | 174,520 | 183,820 | 5 |

Source: Ernst & Young