

Press release

Record investment in the biomedical sector in Catalonia in 2016: €153.1 million

The first *Study on investment in the Biomedical industry in Catalonia 2017: Achievements and future challenges* compiled by the CataloniaBio association of companies and EY, was presented yesterday

Venture capital, licensing agreements and debt are the main sources of funding for biomedical companies

82% of the companies' capital share is in hands of investors based in Catalonia, however in recent years, international investors have gained importance and now control 12% of the shares

60% of pharmaceutical companies have stakes in biotechnology companies

Barcelona, 11 October 2017 - Catalan biomedical companies were able to attract €153.1 million in investment in 2016, a record figure for the sector. This is the main takeaway from the first Study on investment in the Biomedical industry in Catalonia 2017: Achievements and future challenges presented today by [CataloniaBio](#) and [EY](#) at the Cercle d'Economia before some seventy members of the association, entrepreneurs, investors and other professionals.

The study, compiled with an ad-hoc methodology developed by EY, aims to paint an accurate picture of the investment landscape in Catalonia in order to measure and compare it in the coming years.

Funding is one of the key aspects for companies to evolve and for the cutting-edge research and innovation being done by pharmaceutical and medical technology companies to reach the world. In 2016, this investment was raised through **50 operations** from a variety of sources, depending on the type of company. In this regard, **product-development companies** financed most of their operations through venture capital (35%), licensing agreements (33%) and debt (16%). This was rounded out with industrial partners

(7%), MAB (4%), business angels and family offices (3%), crowdfunding and others (2%). **Service companies** did so mainly with funds from business angels and family offices (92%).

In total, the companies surveyed signed **42 licensing agreements in 2016**, valued at a total of **€65.5 million**. However, they believe these agreements could generate potential revenue in excess of €250 million over the next five years.

With regard to the geographical origin of the investors, it must be noted that most of the companies' capital share is in the hands of investors based in Catalonia (82%). Nevertheless, in recent years' international investors have gained importance, now controlling 12% of the shares of the companies surveyed, while investors from the rest of Spain own 6% of the capital. According to companies that have closed new rounds of funding, the founders are gradually reducing their participation in each round, falling below 50% by the third round.

Catalan investment companies —including Caixa Capital Risc, Healthequity, Inveready and Ysios Capital— performed a total of 33 operations with €32 million in committed capital in 2016. Approximately half of these resources (48%) was allocated to businesses located in Catalonia, where interest focused mainly on drug-discovery companies (55%).

The growing interest of **pharmaceutical corporations** in investing in the sector is particularly worth noting. This trend has been bolstered in recent years, with the study showing **60% of laboratories surveyed holds a stake in biotech companies** and 45% of the investees are located in Catalonia.

Despite the growing consolidation of the biotechnology ecosystem, it must be noted that many of the projects are still in the early stages, focusing on preclinical validation or product development and prototyping. The **five therapeutic areas** in which the majority of products being developed are: oncology, central nervous system, infectious diseases, cardiovascular system and respiratory system.

Ignasi Biosca, president of CataloniaBio and CEO of [Reig Jofre](#), highlights the collaborative projects in the sector (157 in total): “57% of pharma companies are working with research centres, and 29% with start-ups; these figures confirm that we are a sector open to innovation and, increasingly, technology transfer.”

Trends and future challenges

The biotechnology sector is entering into a **maturity stage worldwide**, where companies will need to accelerate changes in their business models. In the words of **Silvia**

Ondategui, Partner Global EY Life Sciences, “After years of exponential growth worldwide, the biotechnology industry is moving into an era of stability in which biomedical companies will have to co-exist with new stakeholders from the digital world. In this context, and according to the latest EY *Beyond Borders* study, the companies that come out on top in this new paradigm will be those that bring the greatest value to patients through their innovations.”

The main future challenges identified by Catalan biomedical companies are related to **continuing to raise financing, finding strategic partners, and demonstrating the economic value of their innovation**. In this regard, thanks to the study published by CataloniaBio and EY, we now know that 4 in 10 companies in the sector will have to resort to new financing sources within the year and 65% of companies, mainly those that are developing products, are already exploring the incorporation of partners to develop and/or market their products.

Companies believe financial risks pose the biggest threat to their future viability, followed by scientific and business-management risks.

The study is available in digital format at: <http://cataloniabio.org/en/publicacions>

Photo: The study was presented by Ignasi Biosca, president of CataloniaBio and CEO of Reig Jofre, and Silvia Ondategui, Partner Global EY Life Sciences

About CataloniaBio

CataloniaBio (www.cataloniabio.org) is the association of companies in the health and life sciences arena in Catalonia. The association was created in 2006 by a group of entrepreneurs and now has over 100 companies with significant activity in R&D&i, including start-ups and SMEs working in biotechnology, medical technology and services, as well as pharmaceutical corporations.

The current board of directors comprises: Ignasi Biosca, CEO of Reig Jofre (president); Antonio Parente, CEO of BCN Peptides, and Clara Campàs, Strategy and Development director at Kern Pharma (vice-presidents); Ana Maiques, CEO of Neuroelectrics (secretary); Jaume Amat, CEO of Bioemprèn and Specipig (treasurer); and voting members Eduard Valentí, director of Regulatory Affairs and Pharmaceutical Quality at Esteve; José Vicente Terencio, COO of Gri-Cel / Grifols; Josep Maria Echarri, managing partner of Inveready Investment Group; Joan Puig, CEO of Kymos Pharma; Francesc Mitjans, Biomed Division Manager at Leitat, and Marc Martinell, CEO of Minoryx Therapeutics. Melqui Calzado is the secretary general.

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