

Æterna Laboratories Inc.

Fulfilling Its Potential

Talking with Gilles Gagnon, President and CEO

Can you tell our readers how you have reached your current position?

Before becoming President and Chief Executive Officer of Æterna Laboratories Inc., I spent 20 years in the management of health-care-related organizations. I worked in both hospital administration and in the pharmaceutical industry, where I held several executive positions. Prior to joining Æterna Laboratories, I was Vice-President, External Affairs for Novartis Pharma Canada Inc.

Would you give us an introduction to Æterna Laboratories and bring us up to date with the company's activities in the past two years?

Æterna is a biopharmaceutical company focused on oncology and endocrinology. We have a portfolio of 12 products and 13 strategic partnerships. We also have a 62% stake in Atrium, a profitable subsidiary, which develops, markets, and distributes active ingredients and products mostly in cosmetics, nutrition, and fine chemicals.

Since 2000, Æterna has evolved dramatically, expanding operations in North America and Europe. We've acquired German biopharmaceutical company, Zentaris, while Atrium acquired two companies, resulting in sales increasing from \$44 million in 2001 to over \$100 million in 2002.

In a very short time span, we have expanded our single-product portfolio into a 12-product portfolio. We've gone from having no products on the market to having two, from a portfolio generating no revenue to

revenues of \$30 million last year, and from two strategic partnerships to 13.



Gilles Gagnon, President and CEO.

Could you give us more details on your product pipeline?

Our product portfolio encompasses eight compounds in oncology, three in endocrinology, and one in anti-infectives, making it one of the most extensive portfolios in the Canadian biopharmaceutical industry.

Two of those products are already marketed and generated over \$30 million in 2002. Cetrotide™ is a drug used for in vitro fertilization and sold worldwide (except in Japan) by the Swiss biotech giant, Serono. We expect approval of Cetrotide for the Japanese market in the first half of 2004.

Impavido® is the first oral drug which cures visceral leishmaniasis, better known as black fever. It is currently marketed in India and should be marketed in Bangladesh by early 2004. A Phase III trial with Impavido has just been successfully completed in South America for the cutaneous form of leishmaniasis and approval is expected in 2004.

Another promising compound is Cetrorelix®, which is currently in Phase II trials for endometriosis, uterine myoma, and benign prostate hyperplasia, which affect millions of people around the world. Development costs for this compound and the majority of our products are all paid for by our strategic partners.

At the clinical development stage, Neovastat is our top priority in oncology. This angiogenesis blocker is

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a novel cancer treatment approach which aims at stopping the growth of tumours by cutting off their blood supply. We recently completed a Phase III trial in renal cell carcinoma which showed a statistically significant ($p=0.0236$) increase in median survival time for a group of patients at the earliest stage of the disease.

The finding is in line with the design of our ongoing Phase III study in non-small cell lung cancer patients. In this study Neovastat is being administered to newly diagnosed, non-metastatic patients as first-line treatment in combination with chemotherapy and radiotherapy. Sponsored by the U.S. National Cancer Institute, the study is being conducted with 760 patients in 50 hospital centres across Canada and the U.S. The results are expected in late 2006.

We also have quite an interesting portfolio at the preclinical level in oncology and endocrinology.

Finally, we benefit from a drug library of 100,000 compounds. Our goal is to bring at least one new drug candidate to the development stage per year.

Can you give us a picture of what lies ahead for Æterna over the next 12 to 18 months?

We expect approval of Cetrotide and Impavido for additional markets in the first half of 2004. Results of

Phase II trials with Cetrorelix in endometriosis, uterus myoma, and benign prostate hyperplasia could lead to Phase III trials in one or more of these indications within the next 12 months.

At the corporate level, we will continue our growth strategy based on acquisitions and partnerships. We are actively searching for opportunities to acquire additional technologies and companies to expand our pipeline, as well as looking to establish new partnerships for products that are either already marketed or in development. Atrium sales are expected to grow by 25%. Finally, our overall financial position will remain solid with the goal of becoming cashflow positive within the next 18 to 24 months.

The scientific, medical, and financial communities are gradually grasping the scope of Æterna's growth within the last 12 months and I am confident they will understand its full potential for the future. The management team has extensive experience in pharmaceutical development and marketing partnerships, as well as in mergers and acquisitions. All of these are key ingredients that should enable Æterna to become a true international biopharmaceutical company. **CPM**

