

ATTENTION: Business, Economics and Technology Editors and Reporters

Ontario Corporate R&D Spending Falls -4.4% in Fiscal 2009 44 Ontario Firms Make Canada's Top 100 R&D Spenders List

Toronto - October 27, 2010 – Ontario's 44 firms identified on Canada's Top 100 Corporate R&D Spenders list posted a combined decrease of -4.4% in R&D spending in Fiscal 2009, according to *Canada's Top 100 Corporate R&D Spenders List 2010* released today by Research Infosource Inc. (www.researchinfosource.com). Combined R&D spending of these companies was \$5.64 billion in Fiscal 2009, a drop from \$5.9 billion in Fiscal 2008. Combined revenues (among companies reporting) also fell during this period by -12.3%. Overall, Canada's top corporate R&D companies invested \$10.22 billion in R&D activities in Fiscal 2009, down from \$10.4 billion in Fiscal 2008, a decrease of -1.8%. This continues a negative trend in R&D spending for the 4th consecutive year. For the first time in almost a decade, the Top 100 companies posted a substantial drop in revenue of -16.4% as the full force of the world economic situation hit home. Research In Motion (RIM), reporting \$1.1 billion in R&D spending in Fiscal 2009 became the new R&D leader and helped to fill in the spending gap created by the fading Nortel Networks.

Seventeen Ontario firms reported double/triple digit R&D growth in Fiscal 2009. Nine companies in particular reported R&D spending growth of 40% or more. Leading this group was **Enablance Technologies** #86, growing their R&D spending by 183.1%, with \$16.8 million in R&D spending in Fiscal 2009, up from \$5.9 million in Fiscal 2008. **Evertz Technologies** ranked #59, up from #89, with a growth of 54.2% and \$28.7 million in spending, from \$18.6 million in Fiscal 2008. **DragonWave** #88, grew their R&D spending by 52.7% to \$16.2 million, up from \$10.6 million. **Rogers Communications** in 28th spot, up from #39, reported \$81.0 million of spending, a 52.5% increase in Fiscal 2009. **Research In Motion** #1, reported a 51% increase in R&D spending over the period. **Ontario Power Generation** was in 19th position, up from #27 with \$112.0 million of spending, an increase of 49.3%. **Constellation Software** #30, up from #42, had a 45.8% increase in spending to reach \$75 million in Fiscal 2009. **IBM Canada** maintained #5 with a 40.2% increase and \$556.5 million in R&D spending. Bringing up the last of these companies was **Bayer** #41 with 40.1% increase in R&D spending in Fiscal 2009 to \$49.8 million.

"R&D performance in Ontario broadly mirrored the national trend, but a decline in R&D in Canada's industrial and financial heartland is nonetheless disappointing", said Ron Freedman, CEO of Research Infosource.

\$100 Million Club

Twenty-two companies qualified for Research Infosource's elite \$100 Million Club - firms that reported \$100 million or more in research spending in Fiscal 2009 - up from 19 firms last year. Together these companies spent \$7.42 billion in Fiscal 2009, accounting for 73% of total spending. However, half of these elite firms registered declines in their R&D spending between Fiscal 2008 and Fiscal 2009. The Top 6 companies - **Research In Motion**, **Nortel Networks**, **BCE**, **TELUS**, **IBM Canada** and **Magna International** - all reported more than \$500 million in R&D spending. New to the Club were **Suncor Energy**, **Biovail** (now part of Valeant Pharmaceuticals International), **Ontario Power Generation** and **Novartis Pharmaceuticals Canada**.

| Rank | Company | R&D Expenditures | |
|------|-------------------------|-----------------------|-----------------------|
| | | FY2009 (\$Million) | % Change 2008-2009 |
| 1 | Research In Motion | \$1,101.8 | 51.0 |
| 2 | Nortel Networks | \$864.5 | -48.5 |
| 3 | BCE | \$806.0 | -18.0 |
| 4 | TELUS | \$653.0 | 211.0 |
| 5 | IBM Canada | \$556.5 | 40.2 |
| 6 | Magna International | \$553.9 | -20.1 |
| 7 | Pratt & Whitney Canada | \$398.0 | -10.0 |
| 8 | Atomic Energy of Canada | \$393.1 | 19.3 |
| 9 | Alcatel-Lucent | \$224.0 | -5.5 |

| Rank | Company | R&D Expenditures | |
|------|---------------------------------|-----------------------|-----------------------|
| | | FY2009 (\$Million) | % Change 2008-2009 |
| 10 | Ericsson Canada | \$197.0 | 56.3 |
| 11 | Apotex | \$188.8 | -13.8 |
| 12 | sanofi-aventis Group | \$181.6 | -14.1 |
| 13 | Suncor Energy Inc. | \$172.7 | -13.7 |
| 14 | Bombardier | \$161.0 | -11.7 |
| 15 | GlaxoSmithKline Canada | \$147.8 | -1.3 |
| 16 | Biovail | \$137.9 | 39.4 |
| 17 | Open Text | \$132.7 | 17.5 |
| 18 | CAE | \$121.6 | 7.5 |
| 19 | Ontario Power Generation | \$112.0 | 49.3 |
| 20 | Novartis Pharmaceuticals Canada | \$110.0 | 14.6 |
| 21 | Pfizer Canada | \$109.4 | -11.0 |
| 22 | Hydro-Québec | \$100.0 | 0.0 |

Gainers and Losers

Overall, 44 companies reported positive growth in Fiscal 2009, 55 companies reported declines and 1 company reported the same (0% growth). Ten companies on the Top 100 list reported increases of 50% or more. Topping the list of gainers were **TELUS** (211%), following on another substantial increase in Fiscal 2008 of 147.1%. Next up was **Enablence Technologies** (183.1%), **Sierra Wireless** (83.9%), **Enobia Pharma** (62.2%), **Ericsson Canada** (56.3%), **Evertz Technologies** (54.2%), **DragonWave** (52.7%), **Rogers Communications** (52.5%), **Research In Motion** (51%) and rounding out the top 10 was **Nexen** (50%). Significant decreases were also reported by some well-known firms in Fiscal 2009 including **Angiotech Pharmaceuticals** (-52.3%), **Labopharm** (-44.7%) and **Tembec** (-42.3%).

Regional Scene

On a regional basis, British Columbia was the only province with positive R&D spending growth with combined spending for 11 top companies expanding by a substantial 66.4% in Fiscal 2009. However, in the other regions, R&D spending dropped between Fiscal 2008 and Fiscal 2009: Alberta's 11 companies had a combined decrease of -9.2%, Quebec's 29 companies (-8.4%) and Ontario's 44 companies (-4.4%).

In Fiscal 2009, Ontario accounted for 55% of the total R&D spending with \$5.64 billion, Quebec held 28% of the total share with \$2.82 billion, British Columbia with 10% and \$1.04 billion and Alberta with 6% of the total and \$563.6 million.

Industry Sectors

Looking at the leading industry sectors, 13 Communications/telecom equipment companies accounted for 27% of the total R&D spending with \$2.76 billion, decreasing by -10.9% in Fiscal 2009. The 28 Pharmaceuticals/biotechnology companies accounted for 17% of the total with \$1.72 billion, dropping -5.7% during the period. Telecommunications services with 4 companies accounted for 15% of the total (\$1.56 billion), registering a combined increase of 22.2%. The 10 Software and computer services companies accounted for 9% of R&D spending, Aerospace 7%, Energy/oil & gas and Electric power 6%, and Automotive 6% of total R&D spending in Fiscal 2009.

Canada's Top 100 Corporate R&D Spenders List 2010 is available on the Research Infosource website, **www.researchinfosource.com**. Research Infosource Inc., a division of The Impact Group, is Canada's source of R&D intelligence. Drawing from an extensive database, Research Infosource Inc. publishes *Canada's Top 100 Corporate R&D Spenders List*, *Canada's Top 50 Research Universities List*, specialized reports and produces *The Innovation Atlas of Canada*TM – a web-based mapping and data information tool.