

ATTENTION: Business, Economics and Technology Editors and Reporters

Corporate Quebec R&D Spending Continues to Fall in Fiscal 2009

Toronto - October 27, 2010 – Quebec's 29 firms on Canada's Top 100 Corporate R&D Spenders list posted a combined decrease in R&D spending of -8.4% in Fiscal 2009, continuing a negative trend from the previous year 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 \$2.82 billion in Fiscal 2009, down from \$3.01 billion in Fiscal 2008. Combined revenues in Quebec (among firms reporting) also declined, but only slightly (-1.2%), much less than in other regions. 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.

Many Quebec firms reported negative R&D growth in Fiscal 2009, however, 7 firms posted double-digit R&D spending growth between Fiscal 2008 and Fiscal 2009. In rank order: **Ericsson Canada** #10, up 4 spots with \$197.0 million in spending in Fiscal 2009, up from \$126.0 million in Fiscal 2008, an increase of 56.3%. **Novartis Pharmaceuticals Canada** #20 reported \$110.0 million in spending with a growth of 14.6%. **CGI Group** #29, jumped 9 spots this year with 38.8% growth and \$76.0 million in R&D spending. **Axcan Pharma** #48, up from #68 place, reported a 37.8% gain with \$41.2 million of spending in Fiscal 2009, up from \$29.9 million. **EXFO Electro-Optical Engineering** (now EXFO) in 49th spot, from #59 reported \$40.8 million, an 18.0% spending increase. **Enobia Pharma** #69 posted a substantial 62.2% increase in their spending, up to \$23.2 million in R&D spending. **Miranda Technologies** in 73rd spot had a 22.8% growth in R&D spending with \$21.8 million in Fiscal 2009.

"R&D spending was down sharply in Quebec, despite the fact that local firms' revenues held up reasonably well. It's not a particularly encouraging picture for the future", 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 2009	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
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

Rank	Company	R&D Expenditures	
2009		FY2009 (\$Million)	% Change 2008-2009
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.

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