Life Sciences Sector Performance – Chair – Gareth Morgan

This document provides an update report of the Life Science Sector covering the period March 2012 to September 2014. It includes the work of the first (March 2012 to March 2014) and second Life Sciences Sector Panel (from April 2014).

Life Sciences Strategy for Wales

Life Sciences is an important driver of economic growth and improved well being. It is vital to the economy for creating jobs, increasing wealth and developing high-end skills.

The Welsh Government has a fresh vision for Life Sciences, namely to:

‘facilitate the growth of a dynamic life science ecosystem, leveraging financial investment where industry, academia, clinicians and government collaborate and deliver a sustainable economy and excellence in healthcare innovation’

To achieve this vision, the first Life Sciences Sector Panel developed a strategy based on four interlocking elements:

- The establishment of Life Sciences Hub to provide a physical focus for Life Sciences in Wales
- The establishment of a Life Science Investment Fund
- Stepping up international activity and raising our profile; and
- Developing a vibrant Life Sciences ecosystem with international reach

The strategy is focussed on:

- Supporting Businesses – accelerating innovation and commercialisation through targeted business support, face to face meetings with business.
- Increasing Business Investment - dedicated Welsh Life Sciences Fund; Repayable Business Finance, Welsh Economic Growth Fund; Research Development and Innovation finance; working with the Technology Strategy Board to increase Wales’ share of available funding.
- Creating a central Hub location for Life Sciences in Wales –with co-located stakeholders, events programme, communication and marketing activity.
- Developing and understanding the Ecosystem – active sector forum/networks, cementing BioWales as the signature event; assisting business engagement and collaborations with clinicians, NHS and academia, improving sector understanding and communication of sector knowledge.
- Stepping up international activity and profile - targeting FDI activity to realise best successes, focussed trade and export activity, strengthening brand/marketing activity.
**Successes and outputs**

Welsh Government is committed to making Wales the best possible environment for Life Sciences innovation and business growth and significant progress has been made on delivering the Life Sciences Strategy.

Combined with the £100 million Life Sciences Investment Fund, the largest dedicated investment fund for any sector in Wales, the launch of the Life Sciences Hub has placed Wales on the world stage for Life Sciences innovation and development.

The Life Sciences Hub and the Investment Fund will be used to connect the Life Sciences sector throughout Wales, will attract new sector opportunities and investment, nurture emerging Life Sciences projects, and accelerate the growth of the Life Sciences sector in Wales to create jobs and economic growth.

There has been significant activity in the sector in Wales over the past year with companies such as Convatec, Penn Pharma, PRA reinvesting in their businesses in Wales while the £100 million Wales Life Sciences investment fund has also made several strategic investments.

**Outputs**

**Sector performance 2013/2014**

Life Sciences supported a total of 1,103.5 jobs last year. In addition, 15 foreign direct investments were introduced to Wales with 1,175 jobs announced.

**Key Highlights**

- **Supporting businesses and increasing business investment**

During 2013/14, 34 Life Sciences companies were offered Overseas Business Development Support amounting to total investment of over £76,000. In addition, seven Life Sciences companies were offered International Trade Development support whilst 12 were offered International Trade Opportunity support.

Building on last year’s performance in attracting foreign direct investment into Wales, several new companies have already secured their future in Wales. Tissue Therapy, Kalgene Pharmaceuticals Inc, Verona Pharma and Cytori Therapeutics Ltd will all be opening new facilities in Wales.

Infrastructure support includes the new £4m national centre of excellence in wound prevention and treatment, the Welsh Wound Innovation Centre will be officially opened in September 2014 with the dual aim of delivering health and wealth benefits for people in Wales.
Welsh Government is also supporting the development of a state-of-the-art Advanced Therapy Medical Products manufacturing and development facility in Pencoed Technology Park, near Cardiff, due to complete in Spring 2015.

Life Sciences companies in Wales have also been successful in securing investment via the Wales Economic Growth Fund, with a total of 15 companies being offered over £3 million financial support since 2012 to June 2014. In addition, during 2013/14 a total of 9 companies were offered more than £3 million via the Repayable Business Finance fund.

Since its establishment in 2013, the Wales Life Sciences Investment Fund has made five investments to date. These investments have attracted considerable levels of co-investment into Wales and have also significantly raised the global profile of the sector in Wales as a thriving location for Life Sciences companies.

In May 2013, Merthyr based Simbec Research Limited, one of the UK’s leading clinical research organisations, benefitted from the first investment of the Fund.

In August 2013 the Stem Cell company ReNeuron, the first company to carry out clinical trials of stem cells in stroke, became the second recipient of investment and as a result will be setting up its headquarters, research and development, and manufacturing operations in Pencoed.

In March 2014, the fund announced a third investment into the Aim listed pharmaceutical firm specialising in medicines to treat respiratory diseases, Verona Pharma, who will also relocate their headquarters to Wales.

In June 2014, the fourth investment of the fund was announced, and resulted in the acquisition of Orion Clinical Services, a late stage clinical development company by Simbec Research to form Simbec-Orion Group Ltd. The Simbec-Orion Group headquarters will remain in Merthyr Tydfil and has ambitious growth plans for its 250 workforce. In this regard further acquisitions are expected. The combined company will be able to offer a complete clinical trial route, thus differentiating itself from competitors that tend to specialise in different stages of the lengthy process.

In August 2014, the fund invested in the Cardiff University spin out Medaphor, a global provider of advanced ultrasound education and training for medical professionals. This investment enabled the realisation of its plans to float on the AIM market of the London Stock Exchange and Medapor are anticipating significant exposure and growth as a consequence.

Performance of the Fund was considered by Finance Wales, was completed in May 2013. It concluded that for 2013/14 in terms of co-investment induced, the fund was performing well having secured £28.9m co-investment, 170% ahead of the annual budget target of £17 million. With respect to the economic benefits resulting from the three investments outlined above the report concluded that over 170 jobs had been created or safeguarded and that two new Head Offices had been acquired for Wales.
The fund management team continue to develop a strong deal-flow pipeline and further investments are expected before the end of this 2014.

- **Creating a central Hub location for Life Sciences in Wales**

The Life Sciences Hub Wales, a national and international focal point for the Life Sciences and Healthcare sectors in Wales was officially opened by the Minister for Economy, Science and Transport in the heart of Cardiff Bay in July 2014.

Steered by an internationally renowned and very experienced Board, the Hub will act as a central resource for the whole of the Life Sciences sector in Wales including academic, business, clinical and funding organisations to stimulate interaction, innovation, networking and collaboration.

The Hub will attract new opportunities and investment by raising the international reputation of Wales as a centre for Life Sciences and accelerate the growth of the sector by sourcing and brokering opportunities.

As well as global companies such as GE Healthcare and Siemens which are already based in Wales, multinationals, such as Eli Lilly and Johnson & Johnson Innovation, have recognised the benefit in engaging with Life Sciences in Wales and have signed up to the Hub in order to be part of our growth plans for the sector.

Other members include; BBI Healthcare, Finance Wales, Microsoft, Arthurian Life Sciences and a range of blue-chip professional advisers including Geldards, Broomfield Alexander and Withers & Rogers. At pre launch the Hub was over 50% capacity and this interest continues to grow.

- **Developing and understanding the Ecosystem**

A vibrant ecosystem where academics, businesses, clinicians and the investment community are well connected is one of the core elements of our Life Sciences Strategy.

BioWales, the signature event for the sector in Wales continues to grow, attracting 350 attendees in 2011, 500 attendees in 2012 and 550 in 2013. BioWales 2014 further excelled on all targets, attracting 650 delegates and hosting over 1000 partnering meetings.

Support for MediWales, the existing Sector networking organisation, has been maintained, enabling growth in the number of members.

- **Stepping up international activity and profile**

A strong trade activity programme has been delivered over the past few years demonstrated by the impressive representation at the Medica trade exhibition in
Dusseldorf. The Wales delegation to attend has exceeded 70 delegate attendees for both the 2012 and 2013 events whilst exhibiting Welsh companies increased from 8 (2012) to 17 (2013). For the November 2014 event, it is anticipated that delegate numbers will again surpass previous years with initially estimates exceeding 80.

With our particular strengths in medical devices, pharmaceutical services, as well as emerging areas such as e-health and regenerative medicine, the trade events have been chosen to offer the greatest opportunity for these sub sectors.

International business links are also being cemented through the Memorandum of understandings signed with Medicon Valley and Canton de Vaud, Switzerland, whilst our membership of the European Diagnostic Cluster Association continues to promote the Life Sciences Sector in Wales to a wider European audience.