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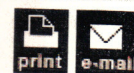
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ZENA OLIJNYK

July 08, 2002

Here's to us, who's like us?**YM BioSciences has reason to celebrate: it's the first biotech IPO this year**

On June 12—the day YM BioSciences Inc. started trading on both the TSX and the London Stock Exchange's Alternative Investment Market (AIM)—chairman and CEO David Allan took his employees out for a long, celebratory lunch. “Someone suggested to me I do it the day before,” says Allan later that afternoon, as he sips a scotch and soda in the gazebo of his garden in Toronto's tony Rosedale neighborhood. “But I said, ‘No way—not until the cheque is signed.’” In this investment climate, you can't be too sure of anything.

That cheque—proceeds of a \$15-million offering of 3.75 million preferred shares at \$4 each—represents the bottom end of the financing the Mississauga-based cancer drug development company was hoping for (its prospectus set a maximum of 10 million shares). Nonetheless, Allan says “it's a major victory for YM BioSciences,” considering the market has been so tough on the biotech sector. In fact, YM (TSX: YM.PR.B) is the first biotech IPO in Canada this year, and one of just two or three in Europe. And with headlines screaming that the markets haven't been this bad in 30 years, just closing the financing is an accomplishment.

So why AIM? Well, one-third of YM's pre-IPO investors were European, and much of the company's clinical trials are being conducted overseas. Besides, Allan says, more European analysts and portfolio managers are dedicated to biotech than Canadian ones. Had YM listed on the TSX only, many of them

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FINANCING

Here's to us, who's like us?

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able to buy in. “Going on AIM was a good way of increasing the population of potential investors,” he says. Europeans bought about 60% of YM's preferred shares, which will convert to common shares in a year.

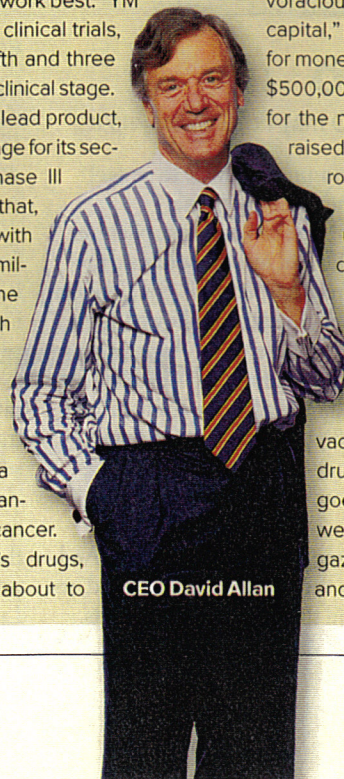
Launching an IPO is risky these days, but Allan says YM's business strategy—and its “late-stage” drug portfolio—gave it an edge. Founded in 1994, the company has dedicated itself to finding new drugs to treat cancer. “While most biotech companies are founded around a product and how it might be used in treating a disease, we do it the other way around,” says Allan. “We focus on the disease and then try to find the treatments that might work best.” YM has four drugs in clinical trials, an option on a fifth and three others at the pre-clinical stage. Tesmilifene, YM's lead product, is in the design stage for its second round of Phase III trials. Allan says that, in combination with other drugs, Tesmilifene extends the life of patients with metastatic, or advanced, breast cancer. Tesmilifene is also in Phase II trials as a treatment for advanced prostate cancer. Another of YM's drugs, EGF Vaccine is about to

complete Phase II for treating non-small-cell lung cancer.

And to think, many of YM's drugs were almost trashed. Bristol-Myers Squibb, for instance, pulled the plug on Tesmilifene after reviewing two years of what appeared to be inconclusive data from a Phase III trial on women with advanced breast cancer. YM later licensed the drug because it showed promise for treating prostate cancer. Then it learned that follow-up tests on more than 300 women (four years after Tesmilifene went into Phase III) showed a remarkable improvement in survival rates—50% longer for patients using it in combination with standard treatment.

It will cost a lot of money to bring Tesmilifene to market, however. Despite his post-IPO euphoria, Allan admits biotech has a voracious appetite for cash. “We live all on capital,” he says, “and we're always looking for money.” YM, which burns through about \$500,000 a month and lost \$5.4 million for the nine months ended March 31, has raised \$36 million in previous financing rounds. More than half of the \$12.3 million netted from the IPO will be used for licensing and product development until 2004, with another \$5 million going to general expenses. But the company—which has a market cap of about \$70 million—has a steady pipeline: it hopes to license cancer vaccine Norelin this year, a second drug in 2003 and a third in 2004. If all goes according to plan, Allan may well be spending a lot of time in his gazebo, celebrating with a scotch and soda.

ZENA OLJNYK



CEO David Allan