



**Thera**  
technologies

June 22, 2010

# BUILDING THE COMPANY FOR A GROWING EARNINGS STREAM

:: TSX: TH ::

# FORWARD-LOOKING STATEMENTS

The following presentation, both oral and written, contains forward-looking information ("FLI") within the meaning of applicable securities legislation. The FLI reflects the Company's current expectations regarding future events and is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, that could cause actual results to differ materially from those stated, disclosed herein or implied by such FLI.

To help investors identify FLI, we have indicated the acronym "FLI" on certain slides where it appears and have indicated the principal underlying assumptions that were applied by the Company in drawing a conclusion or making a forecast or projection set out in the FLI and the risks related to such FLI. Investors are therefore cautioned against placing undue reliance on the FLI since actual results may differ from such FLI. Investors should consult the more exhaustive analysis of risks and uncertainties connected to the business of the Company which appear under the "Risks and Uncertainties" section of the Company's Annual Information Form dated February 23, 2010 available at [www.sedar.com](http://www.sedar.com).

The FLI should not be relied upon as representing the Company's view as of any date subsequent to the date of this presentation. The Company does not undertake and disclaims any obligation to update or revise its FLI whether as a result of new information, future events or otherwise, unless required by applicable laws.

- Canadian biotech company founded in 1993 and listed on TSX
- Core expertise in peptide-based therapeutics
- Lead compound: tesamorelin – Growth hormone-releasing factor analog with potential anabolic (muscle building) and lipolytic (fat burning) applications
- Lead clinical program: tesamorelin in HIV-associated lipodystrophy
  - Consistent safety and efficacy results in two independent Phase 3 studies
  - NDA submitted to the U.S. FDA in May 2009
  - FDA Advisory Committee recommends granting marketing approval for tesamorelin, by a 16-0 unanimous vote in May 2010
  - Agreement with EMD Serono, Inc., for U.S. commercialization
- Fully funded business plan (1,2)
- Positioned for an attractive and growing earnings stream (1,2)

#### Assumptions

(1) The business plan of the Company remains unchanged. The planned operating expenses are adequate to support the current business plan. (2) The product is approved and the Company meets its obligations to receive milestone and royalty payments under its collaboration and licensing agreement with EMD Serono.

#### Risks

(1) The Company needs additional financing to execute its business plan or unexpected events occur requiring the Company to seek additional financing. (2) The product is not approved or, if approved, the Company is unable to meet its obligations under its collaboration and licensing agreement.



- No financing required under current business plan <sup>(1)</sup>
  - CAD\$57M on hand as of February 28, 2010
  - Decreasing burn rate
  - Potential upcoming milestone payments <sup>(2)</sup>
- Launch in the U.S. market alone allows Theratechnologies to generate revenues <sup>(3)</sup>
- 60.4M shares outstanding
- No debt

#### Assumptions

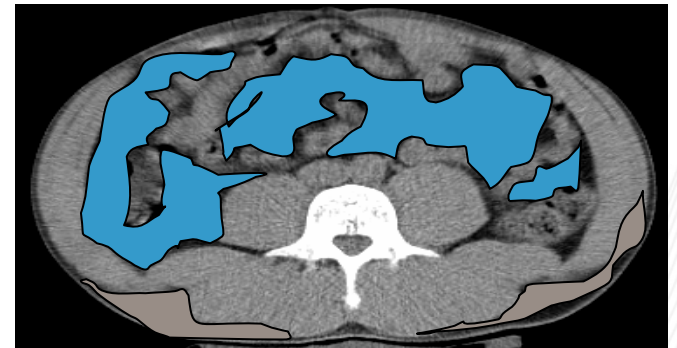
(1) The business plan of the Company remains unchanged. The planned operating expenses are adequate to support the current business plan. (2) The Company meets its obligations to receive milestone payments under its collaboration and licensing agreement with EMD Serono. (3) The product is approved and, under these circumstances, the sale of the product in the U.S. market is successful and the royalties generated by the U.S. market and the sales milestone payments are higher than the expenses of the Company.

#### Risks

(1) The business plan of the Company is changed and/or the Company needs additional financing to execute its business plan. Unexpected events occur requiring the Company to seek additional financing. (2) The Company is unable to meet its obligations under its collaboration and licensing agreement with EMD Serono. (3) The product is not approved and, if approved the royalties generated by the U.S. market and the corresponding sales milestone payments are lower than expected and/or the expenses of the Company are higher than expected.

*Lipodystrophy clinical program was identified as the most attractive risk-weighted option for rapid access to market.*

- HIV-associated lipodystrophy is a serious metabolic disorder characterized by changes in body composition, including accumulation of excess abdominal fat (VAT)
  - Condition caused by HIV infection and antiretroviral therapy
  - Important to treat: treating VAT could reduce risk of CV disease and can improve HIV drug regimen compliance of patients\*



\* Hadigan et al. HIV/AIDS 2001:130-139

#### Assumptions

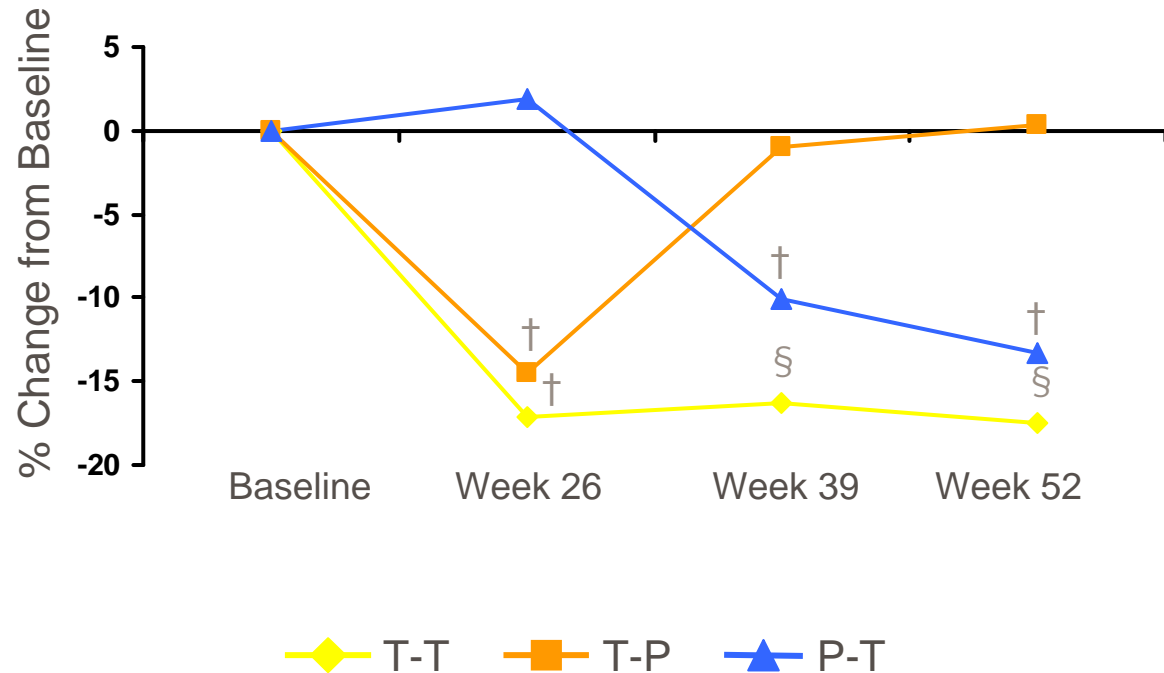
(1) To generate revenues, the Company assumed, among other things, that the product will be approved by the FDA, that the product will be accepted in the marketplace and that the Company will be paid royalties under its collaboration and licensing agreement with EMD Serono.

#### Risks

(1) The product is not approved and, even if approved, is not accepted in the marketplace. The Company is not paid royalties on the sale of the product.

# VAT Profile Over 52 Weeks Combined Phase 3 Results (1)

*Tesamorelin demonstrated that it was efficacious at reducing VAT, has a sustained effect, and was well tolerated, with the possibility of being administered in the longer term.*



- Maintenance of effect on VAT for 52 weeks
- VAT regained after treatment was stopped
- SAT is preserved throughout 52 weeks of treatment

Data are Mean  
 § P<0.001 vs Baseline and vs T-P.  
 †P<0.001 vs Baseline.

# CLINICAL AND REGULATORY STATUS UPDATE

- Primary and important secondary endpoints met
  - Consistent safety and efficacy results
  - Favorable profile relative to GH
- Second Phase 3 clinical trial completed in accordance with Special Protocol Assessment received from FDA in 2006
- NDA submitted to the FDA on May 29, 2009
  - Accepted to file on August 12, 2009
  - FDA Advisory Committee recommended granting marketing approval for tesamorelin, by a 16-0 unanimous vote: May 27, 2010
  - FDA Action Date: July 27, 2010
- Published in peer-reviewed journals
  - New England Journal of Medicine (Dec. 2007)
  - AIDS (Sept. 2008)
  - JAIDS (Mar. 2010)

*Regulatory review process advancing at the FDA.*

- EMD Serono is responsible for commercialization in the U.S.
- Theratechnologies is responsible for the manufacturing of tesamorelin
  - Bachem for active ingredient
  - Draxis for 'fill-and-finish'

*EMD Serono, an affiliate of Merck KGaA, has a seasoned sales force, expertise in drug delivery and is particularly well grounded in the growth hormone field.*

- Deal structure gives EMD Serono
  - Exclusive rights for tesamorelin in HIV-associated lipodystrophy in the U.S.
  - Responsibility for marketing and commercialization
  - Option to co-develop additional clinical programs in U.S.
- Up to US\$215M in milestone payments related to U.S. lipodystrophy market
  - Received US\$40M (CAD\$50M) to date
  - Two potential upcoming regulatory milestone payments
  - Increasing royalties on net sales

#### Assumptions

Tesamorelin is approved by the FDA for the treatment of HIV-associated lipodystrophy in the US, the product is accepted by the marketplace and the Company meets its obligations to receive milestone payments under its collaboration and licensing agreement with EMD Serono. In addition, it assumes that Theratechnologies' expenses for its current business plan will not change.

#### Risks

Tesamorelin is not approved or, even if approved, the product is not accepted in the market place. The Company is unable to meet its obligations under its collaboration and licensing agreement with EMD Serono or must change its business plan.

*Theratechnologies is leveraging its relationship with EMD Serono to take full advantage of the U.S. market opportunity.*

- Market research\* suggested a potential market of US\$400M - \$650M
- 233,000<sup>(1)</sup> HIV-infected patients with lipodystrophy focused in large centers in the U.S. in 2012
- Leveraging EMD Serono's commercialization experience for rapid, optimal market penetration (responsible for all activities post-approval)

\* 2007 Theratechnologies Proprietary Market Research. Based on Global, U.S. and European estimates, of which 50% is in the U.S.

#### Sources

(1) HIV patients treated with Antiretroviral Therapy: 2.3 M patients based on US 2003 CDC + EUROAIDS 2005, 3% CGR, Weighted diagnosed 72% (CDC, EuroAids); Weighted treated with ART 64% (ARBD – July 2007), Weighted Prevalence lipohypertrophy 36% ARBD – July 2007.

#### Assumptions

The sources listed in (1) reviewed by the Company are accurate.

#### Risks

The size of the HIV-associated lipodystrophy market may increase or decrease

# WELL POSITIONED FOR SHORT-TERM PROFITABILITY

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## Revenues

(U.S. Sales) \* (Royalty rate)  
+ (Milestones payments)

## Expenses\*

Current overhead = ~\$8 M

Current program expenses on average: ~\$17 M

## Other & Tax

Interest expense = nil

Tax = nil  
(~\$ 175 M in tax losses at launch)

## Net Earnings

- Subject to confidentiality obligations
- Active program to contain costs
- Potential for EMD Serono to share R&D spending
- Tax losses anticipated to shield income for 4 to 8 years (assuming U.S. launch only)
- Positive EPS anticipated

### Assumptions

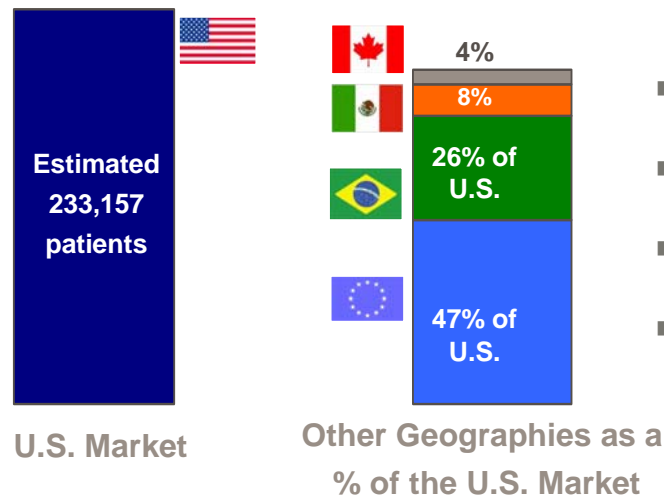
Tesamorelin is approved by the FDA for the treatment of HIV-associated lipodystrophy in the US, the product is accepted by the marketplace and the Company meets its obligations to receive royalty and/or milestone payments under its collaboration and licensing agreement with EMD Serono. The Company's planned expenses do not change and there are no additional financing under the current business plan.

### Risks

Tesamorelin is not approved by the FDA or, even if approved, the product is not accepted by the marketplace and the sales are adversely impacted. The Company is unable to meet its obligations under its collaboration and licensing agreement with EMD Serono or that the Company must increase its expenses.

- Potential additional markets represent a great opportunity

*Strategic alliance discussions underway for certain geographies.*



- 9,848 Canadian patients
- 19,224 Mexican patients
- 61,103 Brazilian patients
- 110,066 European patients\*

■ US ■ Europe ■ Brazil ■ Mexico ■ Canada

Sources: Estimated number of patients are based on Theratechnologies' market research and on public database information.

Assumptions: The Company assumes that the product will be approved in those geographies and, if approved, the product will be accepted by those marketplaces. The Company assumes that it will be able to commercialize the product in those geographies without incurring excessive costs and expenses.

Risks: The product is not approved in those geographies or, even if approved, is not accepted by the marketplaces of those geographies. In addition, the development of new HIV-related drug products may reduce the market potential of tesamorelin for the treatment of HIV-associated lipodystrophy.

\* Selected EU Countries, FR, ES, GB, DE, IT, DK, FI, GR, IE, LU, NL, PT, SE, AU, BE.

# SHORT-TERM GROWTH IN ADDITIONAL MARKETS

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*Accelerate short term growth with expansion into geographies where there is an attractive upside with limited expenses.*

- Objective to limit expenses in other geographies
  - Leverage work done to date
  - Pass on expenses to partners in those geographies
- Focus deal structure on future payments such as royalty stream
  - Objective to fuel a growing EPS
  - Each \$15M in additional royalty revenue<sup>(1)</sup> would currently equal ~ \$0.25 in pre-tax EPS contribution

## Assumptions

The Company assumes that it will enter into strategic alliances outside the U.S. to commercialize tesamorelin in other countries and that it will receive royalties from partners outside of the U.S. In addition, the Company assumes that its expenses will not increase significantly and that most incremental expenses are passed onto potential partners.

## Risks

The Company may not be able to enter into strategic alliances to commercialize tesamorelin outside of the U.S. The expenses of the Company increase significantly.

*Phase 2 programs evaluated with tesamorelin in several therapeutic areas all resulted in building muscle and burning fat.*

- Tesamorelin's anabolic and lipolytic properties suggest opportunities in other clinical programs
- Possible clinical programs under consideration:
  - Wasting in COPD
  - Adult GHD
  - Abdominal Obesity (GHDAO)
  - Mild Cognitive Impairment
- Multi-study Phase 2 programs completed
- Two ongoing NIH-sponsored independent studies in Growth Hormone Deficiency in Abdominal Obesity (GHDAO) and pre-Alzheimer's

Assumptions

Past results will support future clinical programs.

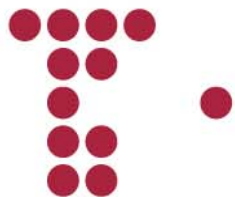
Risks

Phase 3 clinical programs may yield adverse results leading the Company to stop clinical development of tesamorelin.

# SUMMARY: BUILDING FOR STEADY GROWTH

*Experienced executive team understands the fundamental operational shift occurring and is able to manage the transition to becoming a profitable company.*

- Tesamorelin – Lower risk on clinical, regulatory and commercial levels
  - Primary endpoint met in two Phase 3 studies
  - NDA filed with the U.S. FDA and unanimously (16-0) recommended for approval by Advisory Committee
  - Partnered with EMD Serono for the U.S. commercialization
- Focus on tesamorelin, growth opportunities:
  - in the U.S.
  - in other geographies
  - in additional clinical programs



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## Information

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