

**Thera**  
technologies

March 2-3, 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 tentative date set for May 27, 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.

*Theratechnologies has a solid cash position and the ability to finance its growth.*

- No financing required under current business plan <sup>(1)</sup>
  - CAD\$65M on hand as of November 30, 2009
  - Decreasing burn rate
  - Potential upcoming milestone payments <sup>(2)</sup>
- Launch in the U.S. market alone should allow Theratechnologies to become cash flow positive based on current business plan <sup>(3)</sup>
- 60.4M shares outstanding
  - No dilution currently anticipated
- 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.

## OVERVIEW OF TESAMORELIN AND HIV-ASSOCIATED LIPODYSTROPHY

*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\*
- An entry point for generating revenues: <sup>(1)</sup>
  - Unmet medical need (no approved treatment)
  - Attractive mid-size market
  - Regulatory pathway fairly straightforward
  - Leader in the field

\* 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.

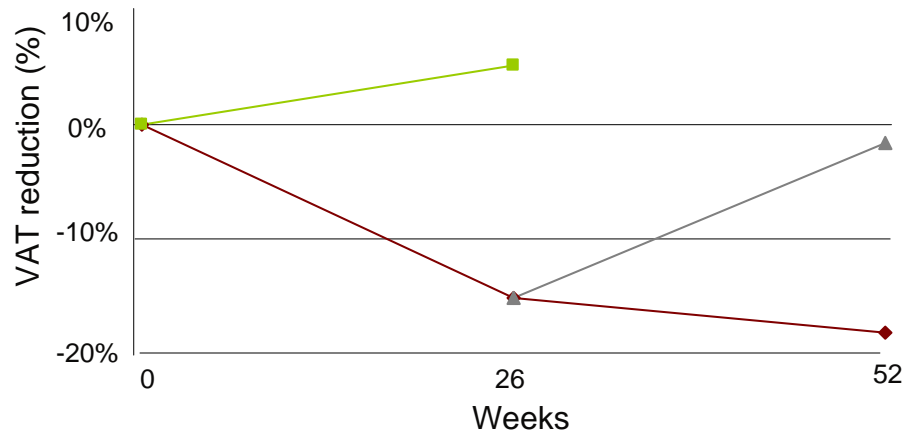
#### Risks

(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.

# CONSISTENT PHASE 3 RESULTS

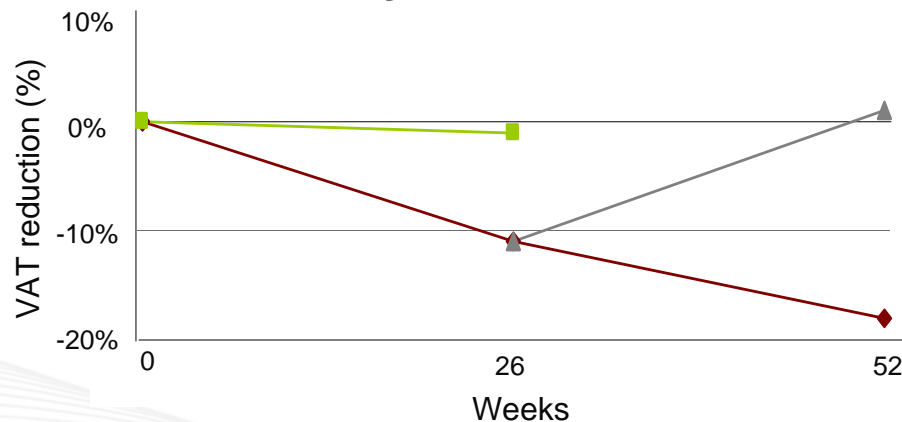
*Tesamorelin demonstrated that it was efficacious at reducing VAT, has a sustained effect, and was well tolerated, with the possibility of being administered in the longer term.*

## First Phase 3 Trial



- 15% VAT reduction vs. baseline and 20% vs. placebo at 26 weeks in first trial
- VAT regained after treatment was discontinued
- Maintained benefit from week 26 to 52
- Treated patients increased their muscle mass by 1.4kg (3.1lbs) and lost 1.2kg (2.5lbs) in trunk fat
- Confirmatory trial conducted with European and North American patients

## Confirmatory Phase 3 Trial



Placebo ■  
 Tesamorelin ◆  
 Tesamorelin/Placebo ▲

P < 0.001 vs. Baseline  
 P < 0.001 vs. Placebo  
 Falutz et al. JAIDS 2008:1719-1729

# CLINICAL AND REGULATORY STATUS UPDATE

*Regulatory review process advancing at the FDA.*

- Primary and important secondary endpoints met
  - Consistent safety and efficacy results
  - Favorable profile relative to GH
- Phase 3 clinical program 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
  - Advisory Committee tentative date: May 27, 2010
- Published in peer-reviewed journals: New England Journal of Medicine (Dec. 2007) and 2 articles in Journal of the International AIDS Society (Sept. 2008 and Mar. 2010)

*Thera technologies' growth strategy over the coming years will focus on realizing full value of the tesamorelin asset.*

## *Focus is on tesamorelin*

1. U.S. market for HIV-lipodystrophy
  - Establish profitability rapidly with royalty stream
2. New geographies for HIV-lipodystrophy
  - Direct EPS growth from other territories
3. New clinical programs
  - Potential growth into significant markets
4. Life cycle management

### Assumptions

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 and milestone payments under its collaboration and licensing agreement with EMD Serono. In addition, the Company assumes that it will enter into strategic alliances outside the U.S. to commercialize tesamorelin in other countries, and that new clinical programs could contribute to overall growth.

### Risks

The product is not approved, not accepted in the marketplace, consequently the Company is not paid its milestones or royalties. In addition, the Company may not be able to enter into strategic alliances to commercialize tesamorelin outside of the U.S. or to initiate additional clinical programs.

# *FIRST PRIORITY* – PATH TO SHORT-TERM PROFITABILITY

## **1. CAPITALIZE ON THE LARGEST MARKET: THE U.S. MARKET**

*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.*

- Exclusive U.S. rights for tesamorelin in HIV-associated lipodystrophy
- Up to US\$215M in milestone payments related to U.S. lipodystrophy market
  - Received US\$40M (CAD\$50M)
  - Two potential upcoming regulatory milestone payments
  - Additional milestone payments based on sales levels
- Increasing royalties on net sales
  - Typical of Phase 3
  - Expected to make Theratechnologies profitable based on U.S. market alone

#### 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.



## PARTNERED WITH EMD SERONO

*Exciting revenue model designed to eliminate need for future financing and to generate net earnings based on current business plan.*

- Structure of deal allows to control costs:
  - Marketing and commercialization costs assumed by EMD Serono
  - Cost of goods assumed by EMD Serono with manufacturing under the responsibility of Theratechnologies
- EMD Serono has an option to co-develop additional clinical programs in the U.S.
  - Potential sharing of R&D may improve profitability for Theratechnologies
- Theratechnologies retained rights to territories outside of the U.S.

*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.
- Leveraging EMD Serono's commercialization experience for rapid, optimal market penetration

\* 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.

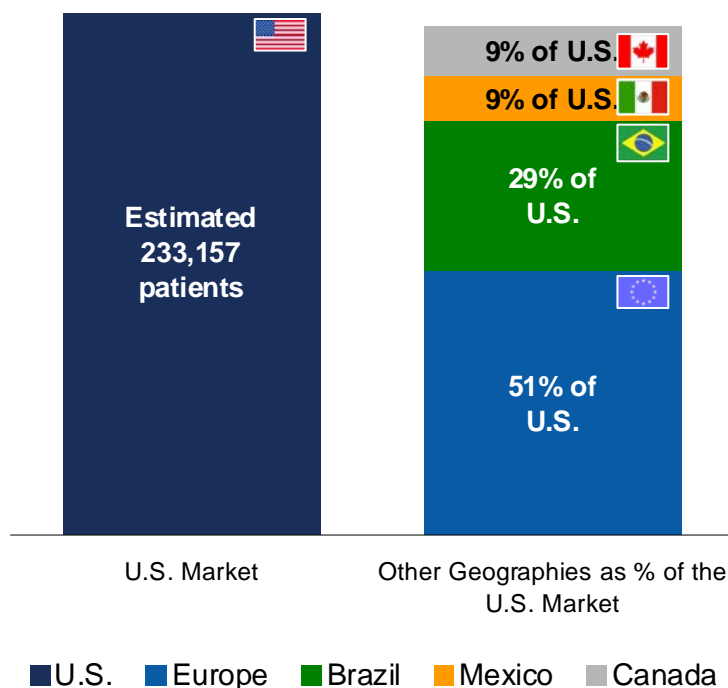
## **2. LEVERAGE TESAMORELIN TO OTHER GEOGRAPHIES FOR HIV-LIPODYSTROPHY**

# MAIN HIV-LIPODYSTROPHY MARKETS

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- Potential additional markets represent a great opportunity

*Strategic alliance discussions underway for certain geographies.*



- 21,940 Canadian patients
- 20,515 Mexican patients
- 66,980 Brazilian patients
- 117,750 European patients

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.

# 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.

## **3. EXPAND WITH NEW CLINICAL PROGRAMS**

# FURTHER DEVELOPMENT OF TESAMORELIN



*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
  - Multi-study Phase 2 programs completed
  - Two ongoing NIH-sponsored independent studies in Growth Hormone Deficiency in Abdominal Obesity (GHDAO) and pre-Alzheimer's
- Strict criteria to select future clinical programs:
  - Well defined regulatory path
  - Compelling market size
  - Leverage existing expertise
  - Manageable clinical program

#### 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.

# EXAMPLE OF POTENTIAL DEVELOPMENT OPTIONS

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## Estimated number of patients

|  |  |
|--|--|
| Wasting in COPD                                    | <b>3,000,000</b> (U.S. and Europe)         |
| Growth hormone deficient abdominal obesity (GHDAO) | <b>1,200,000</b> (U.S. alone)              |
| Pre-Alzheimer's (mild cognitive impairment)        | <b>1,000,000</b> (U.S., Canada and Europe) |

### Sources

Wasting in COPD: Potential population in the US and in Europe based on Wasting, Schols AM, 1993, (based on FFMPIWB <67M-63W).

GHDAO: Potential population in the US based on Savastano S., GH status in morbidly obese subjects and correlation with body composition, June 2006, Journal of Endocrinological Investigation.

MCI: Potential population in US, Canada and Europe based on Decision Resources, MCI Report, 2002, range diagnosed in 2005.

### Assumptions

The sources listed above are still accurate.

### Risks

There could be changes in the market forces since the publication of these documents.

## **4. MANAGING THE LIFE CYCLE**

*Life cycle management is key to sustaining growth.*

- Judicious management of patents
  - Composition of matter patent covers tesamorelin in the U.S. until 2015.
  - Use patent covers method of treatment of HIV-associated lipodystrophy using tesamorelin in the U.S. until 2023.
- Improved formulation in development
- Possibility to use drug delivery systems

Assumptions

The Company can develop new formulations and devices to sustain patent life of tesamorelin.

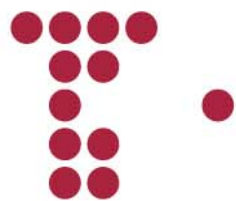
Risks

The Company cannot develop new formulations or obtain patents for new formulations or devices.

## 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 accepted for review
  - 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
  - through life cycle management
- Ability to avoid dilution through self-financing



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Thank you

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