

Business Case
Agri-Food and Innovation





Guelph

is ranked #1 agricultural biotechnology cluster in Ontario - one of the top 2 in Canada.

The Agri-Food and Innovation cluster in the city of Guelph is a leading Canadian industry. With unmatched expertise in advanced agricultural sciences, bio-based materials and automotive parts, veterinary medicine, chronic disease prevention, and food and nutraceutical research, Guelph is the location of choice for many internationally-renowned companies and organizations.

A mecca for agri-business and environmental enterprises, Guelph features the world-renowned research and development facilities of the University of Guelph and a cluster of government and industry support services.

This Agri-food and Innovation Cluster in Guelph represents links between companies and institutions, most within walking distance of one another, including government, education, agri-food technology, agricultural supply, equipment, food processing, associations, research, marketing and other services.

In addition, with its strategic location in the heart of southern Ontario, Guelph brings together all the advantages of location, resources and quality of life to foster the growth of life science, agri-food and innovation companies and associations.

This industry is evolving and growing to affect other industries including environmental technologies, automotive (such as the BioCar Initiative), construction (including the development of naturally grown fibre and plastic composites), and nutraceutical and functional foods (Human Nutraceutical Research Unit works with industry to evaluate products in controlled human studies for potential health claims). Branching out of the traditional agricultural framework, the Agri-food and Innovation Sector in Guelph is taking biotechnology into new realms that will be the future of this and many other industries.

Currently, agri-food represents a \$63-billion value chain in Ontario which is second in size only to the auto industry (Source: Innovation Canada – Biotech's Burgeoning Portfolio, online, 2004). Over 640,000 people in the province are employed in the industry with more than 6,500 of those in the Guelph-Wellington area.



Sector Statistics

- Greater proportion of knowledge workers are settling in Guelph
- Growing cluster of knowledge-based firms
- Guelph has a rich business support infrastructure with government agencies such as Ontario Ministry of Agriculture and Food and Rural Affairs (OMAFRA), the regional offices of Agriculture and Agri-Food Canada, Health Canada, Ministry of Environment and the Canadian Food Inspection Agency
- Guelph is further complimented by over 100 agricultural and industry associations, 30 research centres and laboratories and 70 companies working in the field of agriculture, food and life science
- More than 6,500 employed in this sector comprising 10% of local workforce
- Ag-technology commercialization support for emerging and expanding companies through Ontario Agri-Food Technologies, Soy 20/20, Guelph Partnership for Innovation (GPI), MaRS Landing, BioEnterprise, Ontario BioAuto Council
- Ontario BioAuto Council provides support for biomaterials ventures and commercialization
- Guelph Partnership for Innovation (GPI) was formed with the objective of bringing together local the Agri-food and Innovation Sector in order to facilitate information sharing and cluster development

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- Guelph is home to Canada's largest Network of Centres of Excellence - Advanced Foods & Materials Network - specializing in food and advanced biomaterial
- More than \$350 million of private investment has been attracted from this sector since 2003.

World-renowned University of Guelph

Guelph's reputation in this sector is primarily based on the research activities within the University of Guelph.

- Globally recognized and world-class university
- Ranked the #1 comprehensive research university in Canada and is ranked #7 worldwide for its impact on agricultural sciences – the only Canadian University to be ranked
- 18,000 students, 1,000 faculty members
- World leader in food science, agricultural science, bio-products, environmental science, animal health and veterinary medicine, food safety and nutritional science including functional foods and nutraceuticals
- Over \$155 million in annual research funding
- In April 2008, University of Guelph and OMAFRA partnership was announced with OMAFRA providing an additional \$300 million in funding over five years
- The investment in agrifood and bioscience research programs yield a yearly \$1 billion return
- Building has begun on a new \$70-million facility at the University of Guelph's Ontario Veterinary College. This building will significantly enhance Canada's capacity to prevent diseases and solve health problems at the human/animal interface
- Some of the research results include Omega-3 eggs, DHA milk, improved livestock genetics and pesticide and herbicide reduction in addition to the second highest increase in productivity per hectare in Canada

Company Business Case Studies

Elanco Animal Health

Elanco Animal Health is a global research-based company that develops, manufactures and markets products to improve the health of animals in more than 100 countries. Founded in 1954, Elanco has offices in 47 countries and over 2,500 employees. Elanco is the animal health division of Eli Lilly and Company, a leading innovation-driven pharmaceutical corporation.

As part of the Elanco organization, Naturagen Health Solutions focuses on the development and registration of science-based natural health products globally, working with start-up companies and academic partners.

Products & Services

Elanco products include antibacterials, parasiticides, anticoccidials, and productivity enhancers. These products control respiratory, parasitic and enteric disease, improve feed efficiency and increase growth rate. The benefits of Elanco's products include decreased costs for livestock producers, increased food production and reduced environmental impact.

Naturagen's products focus largely on maintaining the health and well being of animals. Product types range from probiotics, to plant extracts, and other natural chemistries.

Fact Sheet

- Research and Development Budget: 9% of sales
- Elanco has 17 marketed products
- The largest major animal health company with no mergers in the past 20 years

Advantages of being located in Guelph

Guelph offers access to best-in-class research collaborators at the University of Guelph and through other companies located in and around the Guelph area. This, in combination with the closeness of the agriculture community and our customers, makes Guelph an ideal location for Elanco and Naturagen Health Solutions.

Gay Lea

Gay Lea Foods is an Ontario based co-operative owned by over 1,200 Ontario dairy farmers. With 400 employees in five facilities, Gay Lea manufactures market-leading dairy products for the retail, foodservice and industrial sectors.

Gay Lea Foods Co-operative is a proud, contributing member of our local communities. This support includes the producer or processor sectors of the dairy community, the rural community where our members live and work and the provincial, national and international levels of our co-operative communities. Gay Lea market leading retail brands include:

- Gay Lea Butter and 'Spreadables' Butter Blend
- Sour Cream
- 'Real Whipped Cream' aerosol
- 'Nordica' cottage cheese and single serve fruit on the bottom cottage cheese

For the foodservice and industrial markets, Gay Lea produces butter, fluid milk and creams, yogurt, sour cream, cottage cheese, skim milk powder and milk powder blends in a variety of package sizes.

Fact Sheet

- One of Greater Toronto's Top 50 Employers for 2008
- 2008 is Gay Lea's 50th anniversary
- Gay Lea butter awarded Reserve Grand Champion, 2007 Royal Winter Fair
- Nordica Single Serve Fruit on the Bottom Cottage Cheese awarded Best New Dairy Product, 2006 Consumers Choice Awards

Advantages of being located in Guelph

Gay Lea Foods has been part of the Guelph community for the last 50 years. As a local dairy processor, we have grown with Guelph as it has developed from its roots as a rural community to a vibrant city. While our employees will extol the benefits and quality of life gained from living in Guelph and the surrounding region, the location has been a great asset to the company, too.

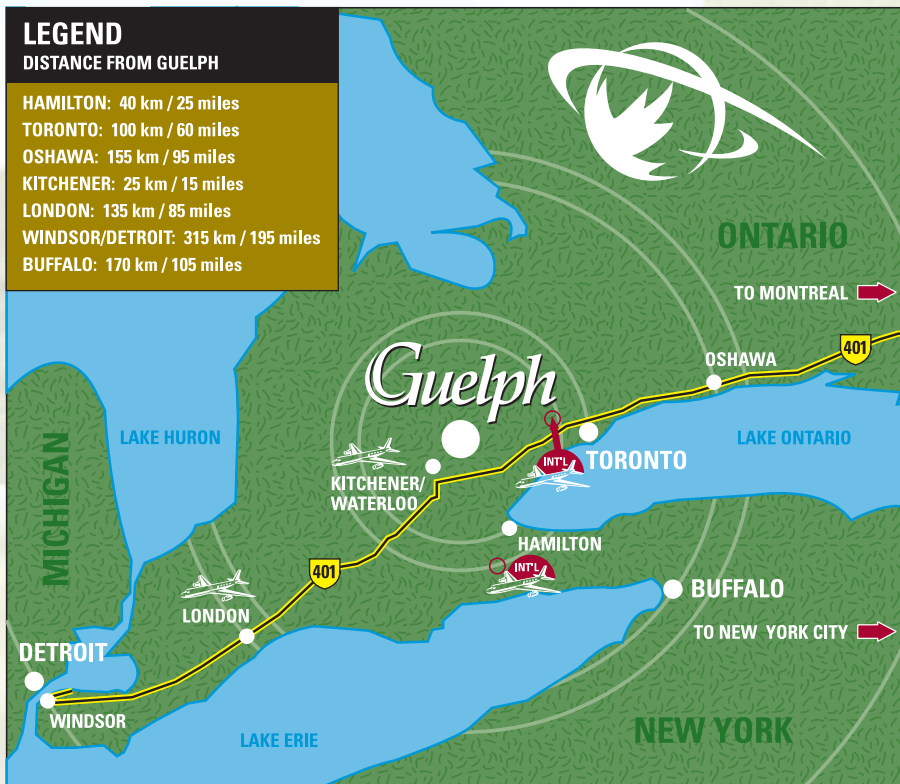
Access to the resources and people at the University of Guelph has assisted Gay Lea research program on numerous occasions. Several graduates of the U of G Food Science program are part of the R & D group at Gay Lea. Co-op food science and engineering students have greatly contributed to our company for several years. The Guelph Food Technology Centre continues to be a source of technical expertise and education and training for Gay Lea. Having both federal and provincial industry, agricultural and inspection offices located in Guelph are a benefit for both regulatory and economic support. Local municipal initiatives like GPI (Guelph Partnership for Innovation) have also provided many opportunities to network and consult with other companies in the region.

In the past seven years, Gay Lea has invested over \$65 million in the expansion and upgrade of its local operations. Gay Lea Foods recognizes and appreciates the value of its location in the city of Guelph.

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Grow Your Future **Here**





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