Biotech equities heat up in 1Q12

Walter Yang

The first quarter of the year saw biotech stock indices rise by 17–18%. Of \$3.1 billion in total funding, seven companies raised \$454.2 million via initial public offerings (IPOs), a record 34 follow-on deals totaling \$2 billion were completed and private investments in public equity

Stock market performance

The tech-heavy NASDAQ along with the BioCentury 100 and NASDAQ Biotechnology were up 17–19% last quarter.

Global biotech industry financing

Excluding partnerships, biotechs raised \$8.3 billion in 1Q12, down from \$14.5 billion a year ago due to a handful of mega debt deals done in 1Q11.

Source: BCIQ: BioCentury Online Intelligence, Burrill & Co. PIPE, private investments in public equity.

Notable 1Q12 deals

IPOs

Company (lead underwriters)	Amount raised (\$ million)	Change in stock price since offer	Date completed
Merrimack (JPMorgan)	100	-12%	3/28/12
Beijing Leadman	79	13%	2/7/12
ChemoCentryx ^a (JPMorgan; Citigroup)	64	7%	2/8/12
Verastem (UBS; Leerink)	63	9%	1/26/12
Cempra (Stifel Nicolaus Weisel; Leerink; Cowen)	58	26%	2/2/12
DBV Technologies (Societe Generale; Gilbert Dupont)	54	0%	3/28/12

Venture capital

Company (lead investors)	Amount raised (\$ million)	Round number	Date closed
Aria Diagnostics (Meritech; Venrock; Domain)	53	3	1/9/12
Celladon (Pfizer Venture Investments)	43	not disclosed	2/15/12
Aragon Pharmaceuticals (Topspin Partners)	42	3	3/6/12
C3 Jian (Wyssta; Renaissance Health Services; Corvesta)	30	3	2/27/12
Elevation Pharmaceuticals (Novo Ventures)	30	2	1/4/12
Strand Diagnostics (NantWorks)	30	1	3/28/12

Mergers and acquisitions

Target	Acquirer	Value ^b (\$ million)	Date announced
Boston Biomedical	Dainippon Sumitomo	2,630	3/1/12
Inhibitex	Bristol-Myers Squibb	2,500	1/7/12
Micromet	Amgen	1,160	1/26/12
Avila Therapeutics	Celgene	925	1/26/12
Stromedix	Biogen Idec	563	2/14/12
Ista Pharmaceuticals	Bausch + Lomb	500	3/26/12

accounted for \$584.6 million. More than \$4 billion was raised from debt financings, of which \$2.2 billion came from Gilead Sciences (Foster City, CA) to help fund its acquisition of Pharmasset (Princeton, NJ). Private biotechs raised \$1.1 billion in 1Q12, versus \$1 billion in 1Q11.

Global biotech initial public offerings

Seven biotechs raised \$454.2 million via IPOs in 1Q12, in comparison to seven that raised \$325.2 million a year ago.

	1Q11	2Q11	3Q11	4Q11	1Q12
Americas	5	2	2	2	4
Europe	1	2	0	0	2
Asia-Pacific	1	0	1	3	1

Source: BCIQ: BioCentury Online Intelligence. Table indicates number of IPOs.

Global biotechnology venture capital investment

Private biotechs raised \$1.1 billion in 1Q12, vs. 1 billion in 1Q11, and down from \$1.4 billion in 4Q11.

	1Q11	2Q11	3Q11	4Q11	1Q12
Americas	51	62	66	57	62
Europe	30	31	25	30	32
Asia-Pacific	1	4	4	3	0

Source: BCIQ: BioCentury Online Intelligence. Table indicates number of VC investments and includes rounds where the amount raised was not disclosed.

Notable 1Q12 deals (continued)

Licensing /collaboration			
Researcher	Investor	Value ^b (\$ millions)	Deal description
Galapagos	Abbott	1,350	Develop and commercialize Galapagos' rheumatoid arthritis compound GLPG0634
Forma Therapeutics	Boehringer Ingelheim	815	Discover and develop small molecules against 'oncology-relevant' protein-protein interactions
Xenon Pharmaceuticals	Roche	646	Discover and develop compounds and companion diagnostics to treat pain
Threshold Pharmaceuticals	Merck KGaA	550	Codevelop and commercialize Threshold's cancer product TH-302
ThromboGenics	Novartis	492	Ex-US rights to commercialize symptomatic vitreomacular adhesion candidate ocriplasmin
Enanta Pharmaceuticals	Novartis	440	Exclusive, worldwide rights to develop and commercialize HCV product EDP-239

^aIncludes shares sold in concurrent private placement. ^bValue includes milestones. Source: BCIQ: BioCentury Online Intelligence.

Walter Yang is Research Director at BioCentury