

# 2006: A stellar year for financing

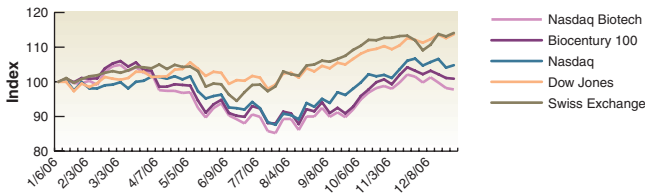
Stacy Lawrence

Last year, biotech excelled in terms of financing, but failed to set the stock markets alight. Total biotech financing surpassed 2000 levels to reach \$46 billion, although much of this came from partnership deals

where payments may (or may not) extend into the future. Debt deals led all categories, almost doubling over 2005, whereas private investment in public equity (PIPEs) increased by more than half.

## Stock market performance

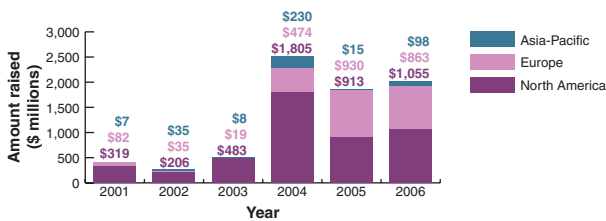
Mainstream indices closed strongly to finish the year with double-digit increases, whereas biotech indices had no gains or some losses after recovering in the third quarter.



All indices reset to 100 at start of year for better visualization of annual trend. Source: Muxtex, BioCentury

## Global biotech initial public offerings

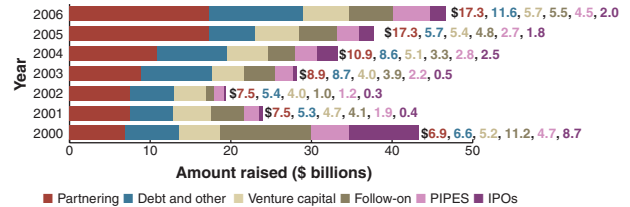
Markets in Europe continued to account for a significant share of IPO funds raised, with those in Asia-Pacific also contributing.



Source: BioCentury

## Global biotech industry financing

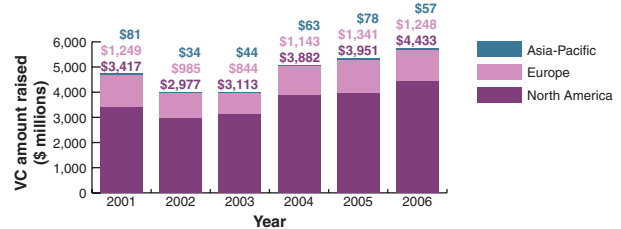
Biotech financing increased by ~24% to \$47 billion, with the amount of debt raised almost doubling and PIPEs growing by more than half. Partnering, venture capital and public offerings also grew, albeit more modestly.



Source: BioCentury, Burrill & Company

## Global biotech venture capital investment

VC investment climbed by 5% making this the third year in a row of growth.



Source: BioCentury

## Notable 2006 biotech deals

IPOs	Company (Lead underwriters)	Amount raised (\$ millions)	Percent change in stock price since offer <sup>1</sup>	Date launched	Licensing/collaboration	Researcher/investor	Value (\$ millions)	Deal description	Date
	Altus Pharmaceuticals (Merrill Lynch., Morgan Stanley, SG Cowen)	105.0	26%	1/26/06		Genmab/GlaxoSmithKline	2,100	Develop of atumumab (anti-CD20 IgG1κ)	12/19/06
	Renovo (Goldman Sachs)	99.9	101%	7/4/06		ChemoCentryx/GlaxoSmithKline	1,500	Develop four anti-inflammatory small molecules targeting CCR1/CCR9/C5aR	8/24/06
	Newron Pharmaceuticals (Lehman Brothers, Morgan Stanley)	99.0	-3%	12/8/06		Epix Pharmaceuticals/GlaxoSmithKline	1,200	Develop small molecules targeting G protein-coupled receptors	12/13/06
	Affymax (Morgan Stanley)	92.5	38%	12/14/06					
	Wilex (WestLB, Sal. Oppenheim jr. & Cie)	70.2	1%	11/10/06					
Venture capital	Company (Lead investors)	Amount invested (\$ millions)	Number of round	Date closed	Licensing/collaboration	Researcher/investor	Value (\$ millions)	Deal description	Date
	Kalypsys (Tavistock Life Sciences)	100.0	3	11/29/06		Fibrogen/Astellas	815	License small molecules inhibiting hypoxia-inducible factor prolyl hydroxylase	4/28/06
	Macroflux (Nomura Phase4 Ventures)	75.0	1	10/10/06		Trubion/Wyeth	800	Develop single-chain polypeptides targeting CD20	1/3/06
	Microbia (Sigma Capital Management)	75.0	5	2/27/06		Plexxikon/Roche	706	Develop small molecule targeting B-RafV600E gene	10/5/06
	Xanthus Pharmaceuticals (N/A)	68.0	2	11/30/06					
	Merrimack Pharmaceuticals (N/A)	65.0	5	4/3/06		Sirna Therapeutics/GlaxoSmithKline	700	Develop RNAi drugs for respiratory disease	4/3/06
Mergers & acquisitions	Acquirer/target	Deal value (\$ millions)	Date announced <sup>2</sup>						
	Merck/Serono	13,200	9/6/06						
	Abbott Laboratories/Kos Pharmaceuticals	3,700	11/6/06						
	Gilead Sciences/Myogen	3,200	10/6/06						
	Eli Lilly/Icos	2,300	10/6/06						
	Watson Pharmaceuticals/Andrx	1,900	3/6/06						
	AstraZeneca/Cambridge Antibody Technology	1,100	5/6/06						
	Merck/Sirna Therapeutics	1,100	10/6/06						

<sup>1</sup>As of January 3. <sup>2</sup>As of deal announcement date. Source: BioCentury, Recombinant Capital

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