

# Biotech holds its own in Q2

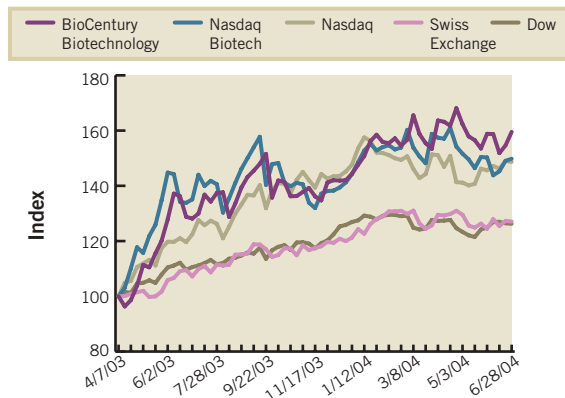
Stacy Lawrence

A jittery market and hesitant investors befell the biotech sector in the second quarter. For financing, biotech companies are turning increasingly to debt which, excluding public investment in private equities (PIPEs), represented 27% of total funds raised. That's up significantly

from the 16% it represented in the first quarter of this year (and could be due to a fall-off in PIPEs). Funding from public offerings and partnership deals did hold up, but it remains to be seen if the IPO window will stay open much longer.

## Stock market performance

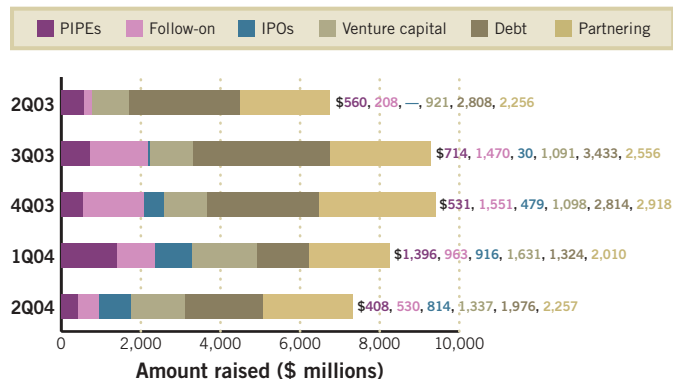
The Nasdaq and BioCentury Biotechnology Indices, despite some volatility, held relatively stable for the second quarter.



Source: Multex, BioCentury, Swiss Exchange

## Global biotech industry financing

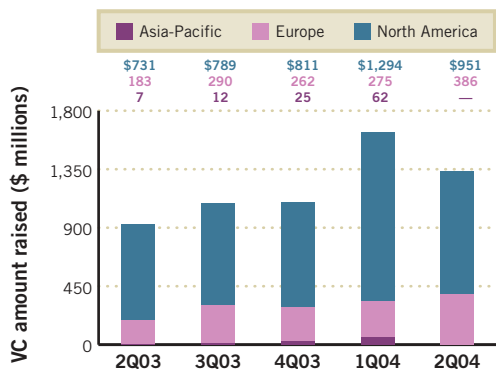
Debt and partnership payments increased over the last quarter, but every other financing category declined.



Source: BioCentury, Burrill & Company

## Biotech venture capital investment

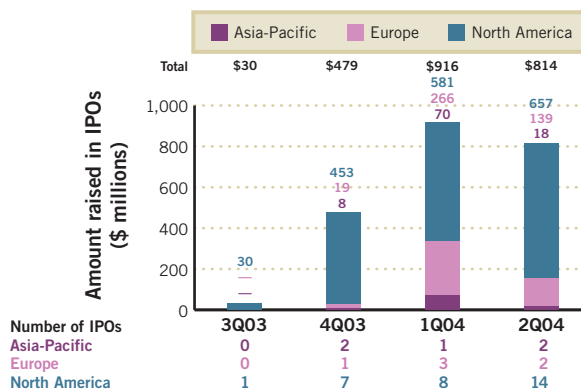
VC funding in North America and Asia shrank considerably, but European funding got a boost of 29 percent.



Source: Multex, BioCentury

## Biotech initial public offerings

The average amount raised in a biotech IPO fell precipitously in the last quarter from \$83 million to \$45 million.



Source: BioCentury

## Notable second quarter biotech deals

Company (lead underwriter)	Amount raised (\$ millions)	Percent change in stock price since opening <sup>1</sup>	Date launched
<b>IPO</b> Cytokinetics (Goldman Sachs)	\$103	14%	29-Apr
Barrier Therapeutics (Morgan Stanley)	\$75	-6%	28-Apr
Santarus (SG Cowen)	\$62	64%	1-Apr
Immunicon (UBS, SG Cowen)	\$55	-2%	15-Apr
Corcept Therapeutics (Thomas Weisel)	\$54	-36%	14-Apr
Company (lead investor)	Amount invested (\$ millions)	Round number	Date closed
<b>Venture capital</b> Corus Pharma (Bear Stearns Health Innoventures)	\$65	3	12-Apr
Aryx Therapeutics (Nomura Phase4 Ventures)	\$55	4	1-Jun
Altus Pharma (Warburg Pincus)	\$51	3	25-May
Archemix (Highland Capital Partners)	\$50	2	6-Apr
Dynogen Pharmaceuticals (Schroder Ventures Life Sciences)	\$50	2	19-Apr

	Target	Acquirer	Value (\$ millions)	Date announced
<b>Mergers and acquisitions</b>	Celltech Group	UCB Pharma	\$ 2,600	24-May
	Atrix Laboratories	QLT	\$ 750	21-Jun
	Bioglan Pharmaceuticals, Quintiles subsidiary	Bradley Pharmaceuticals	\$ 183	14-Jun
	Verdia, Maxygen subsidiary	DuPont	\$ 64	7-Jun
	Researcher	Investor	Value (\$ millions)	Deal type
<b>Licensing/collaboration</b>	Vertex Pharmaceuticals	Merck	\$ 384	Research partnership
	Arqule	Roche	\$ 276	Research partnership
	Indevus Pharmaceuticals	Pliva	\$ 215	Copromotion agreement
	Theravance	GlaxoSmithKline	\$ 129	Research partnership
	Vernalis	Biogen Idec	\$ 100	Research partnership

<sup>1</sup>Price as of July 1. Source: BioCentury, VentureOne, PricewaterhouseCoopers/Thomson Venture Economics/National Venture Capital Association, Thomson Financial, Burrill & Company, Hoovers