

## Venture capital continues to flow for biopharma

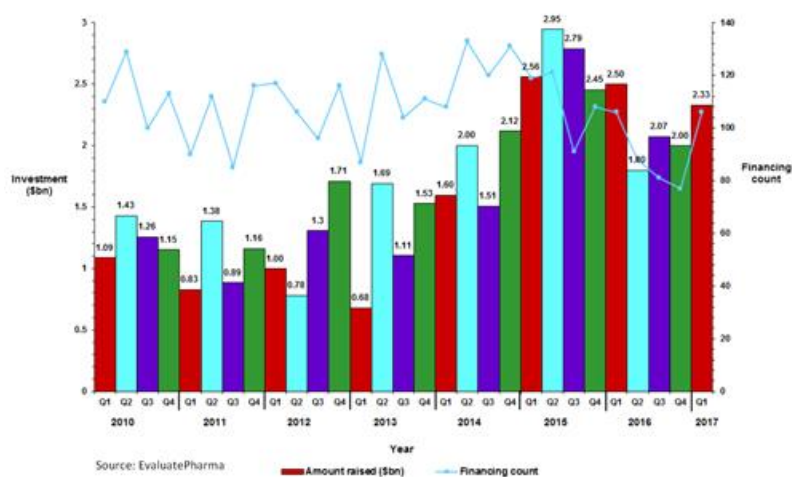


[Edwin Elmhirst](#)

Private drug developers attracted a healthy jump in venture capital in the first quarter of the year, bucking the weaker trends seen in acquisition and flotation data. Demand for early-stage research has seemingly not waned, even as investors have cooled elsewhere.

While levels remain below those seen in 2015, in the midst of the biotech bull market, the \$2.3bn invested across the three months is substantially higher than amounts typically seen in pre-boom times. The number of deals struck also jumped, *EvaluatePharma* data show, raising hopes for the rest of the year (see tables below).

### Quarterly VC investments



What looks to be a recovery in the number of deals being struck is one encouraging signal that can be taken from this analysis, which includes only companies seeking to develop human therapeutics. Medtech and diagnostic firms are among those excluded.

The number of financings being arranged has noticeably declined in recent years, particularly in relation to the total sums being invested. This is down to a shift in models of venture investing, with a trend to larger rounds and larger syndicates, as well as firms becoming much more selective about the start-ups they chose to support.

However, seed funding and company formation have also been falling, which is a cause of concern to those who worry about a diminishing pool of innovation.

It is too soon to declare a reversal here, ahead of more detailed analyses and data on the remainder of the year. But it is notable that the average amount raised in the first quarter is smaller than the last few years, which could perhaps indicate more small rounds or seed funding.

Annual VC investments					
Date	Investment (\$bn)	Financing count	Avg per financing (\$m)	No of rounds ≥\$50m	No of rounds ≥\$100m
Q1'17	2.3	106	22.9	14	2
2016	8.4	352	24.8	44	11
2015	10.7	439	24.5	57	14
2014	7.2	492	14.7	35	4
2013	5.0	433	11.6	12	3
2012	4.8	437	11.0	16	2
2011	4.4	408	10.7	11	3
2010	5.0	452	11.0	13	3

Source: EvaluatePharma

Still, it is clear that the days of the super round are far from over. Topping the first-quarter table is Vir Biotechnologies, which counts the Bill & Melinda Gates Foundation and Arch Venture Partners as lead investors. The latter has committed \$150m, although the total invested in the company so far has not been disclosed; Vir has [hinted](#) that the total sum is considerably higher.

With an ambitious aim to come up with new ways to fight infectious diseases, and Biogen's ex-chief executive George Scangos at the helm, Vir has quickly emerged as one to watch. Still, virtually no details of its "immune programming" approach have yet been revealed.

It was not just the US getting big money rounds in the first quarter: the UK's Cell Medica and China's Ascentage also managed to attract huge sums. Both are working in the cancer space, which remains a draw for venture firms.

Asclethis is also essentially a Chinese company, although it does have a US presence; its commercial focus is only on China, however.

If previous years are anything to go by, these are unlikely to end up the biggest rounds of the year. With the venture climate seemingly still buoyant, those seeking to tap private funds are in a good place.

Top five VC rounds of the first quarter				
Company	Investment (\$m)	Round	Location	Date
Vir Biotechnology	150*	Undisclosed	US	Jan
Asclethis	100	Series B	China/US	Mar
Cell Medica	74	Series C	UK	Mar
PMV Pharmaceuticals	74	Series B	US	Feb
Ascentage Pharma	72	Series B	China	Jan

\*undisclosed total amount, source: EvaluatePharma

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