

Another venture funding surge sets up a strong 2018



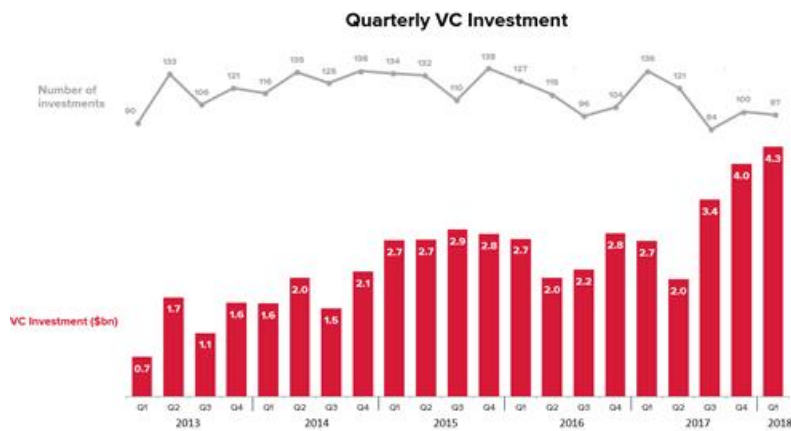
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Cell and gene therapy companies dominate the first quarter, but companies outside these fashionable areas are finding it harder to charm VCs.

In terms of biopharma venture financing 2017 was a whopper – and 2018 is shaping up to be even bigger. The \$4.3bn raised in the first three months of this year represents the largest quarterly total ever, surpassing the previous record holder, the fourth quarter of 2017 (see charts below).

Some huge rounds and an influx of non-traditional investors appear to spell good news for young companies seeking funds – those in hot areas, at least. But another fall in the number of rounds suggests that the gap between the haves and have-nots in biotech will continue to grow.



Source: EvaluatePharma

Certainly, it seems like cell and gene therapy players have easy access to cash – these companies dominated the top 10, with seven groups on the list in these or related sectors.

The mRNA specialist Moderna is the poster child for any would-be unicorns, with the group’s \$500m mega-round taking its value to a staggering \$7bn – even more flabbergasting considering doubts about whether its pipeline can live up to expectations.

Moderna has captured the imagination of generalist investors, which has no doubt helped swell its coffers. The list of backers in its latest round included some unusual names such as the Abu Dhabi Investment Authority, the investment arm of Singapore's economic development board and Sequoia Capital China.

The fact that the company is attracting investors outside the US might not be a coincidence – there are rumours that Moderna's long-awaited IPO might be a dual listing in the US and Hong Kong, with the latter exchange undergoing a rule change that will allow pre-profit or pre-revenue companies to float.

Top 10 rounds of Q1 2018				
Company	Investment (\$m)	Round	Date	Specialism
Moderna Therapeutics	500	Undisclosed	February	mRNA therapies
Biontech	270	Series A	January	mRNA/cell therapies
Celularity	250	Series A	February	Cell therapies
Viela Bio	250	Series A	February	Autoimmune disease
TCR2 Therapeutics	125	Series B	March	T-cell therapies
Hua Medicine	117	Series D	March	Diabetes
Braeburn Pharmaceuticals	110	Undisclosed	January	Opioid addiction
Rubius Therapeutics	100	Series B	March	Cell therapies
Tmunity Therapeutics	100	Series A	January	T-cell therapies
Generation Bio	100	Series B	February	Gene therapies

Source: EvaluatePharma.

Another big fundraiser, the newly formed Celularity, could also be shooting for a more generalist audience – its roster of investors included biotech names like Celgene and Sorrento Therapeutics, but it also received cash from Craig Venter's anti-ageing genomics company, Human Longevity.

The last seems like a natural fit: Celularity is developing placental cell-derived allogeneic therapies, including CAR-T and natural killer candidates, as well as so-called "augmented longevity" projects.

Some cell therapy players are obviously taking the opportunity to raise money while the going is good: Rubius's \$100m fundraising in March came not long after a \$120m round in June ([2017 rewrites the record books as venture funding accelerates, January 17, 2018](#)).

Annual VC investments					
Date	Investment (\$bn)	Financing count	Avg per financing (\$m)	No. of rounds ≥\$50m	No. of rounds ≥\$100m
Q1 2018	4.3	97	45.7	28	11
2017	12.1	442	29.9	72	16
2016	9.7	442	23.4	48	13
2015	11.0	514	22.5	56	13
2014	7.3	512	15.4	35	4
2013	5.1	457	12.6	12	3

Source: EvaluatePharma.

For those outside these trendy sectors, bringing in the big bucks can be harder. Still, Viela Bio managed it despite its pipeline being made up of big pharma cast-offs, in this case autoimmune projects previously developed by Astrazeneca. This strategy does not always work out, as shown by Menlo Therapeutics earlier this week.

Braeburn Pharmaceuticals is no doubt benefiting from the ongoing US opioid crisis, while China's Hua Medicine managed to lure investors with the promise of its sole clinical asset, the oral glucokinase activator dorzagliatin and – probably just as importantly – the growing Chinese diabetes market.

Chinese biotech appears to be gaining credibility with one US investor, Brad Loncar, recently setting up an index to track the performance of selected biopharma players in the region. Perhaps this interest in publicly traded Chinese groups could lead to more outside investment in the country's private companies.

The trend can work the other way as well, with the Chinese investors Boyu Capital and 6 Dimensions Capital getting involved in Viela Bio's inaugural round.

While there are exceptions, it seems that to reel in the really large rounds companies need cutting-edge science and mainstream appeal. The signs point to 2018 being a good year for fundraising for those who fit this mould.

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