

The flotation window stays open, for now



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The first quarter of 2021 sets a new record, but the tide might be starting to turn.

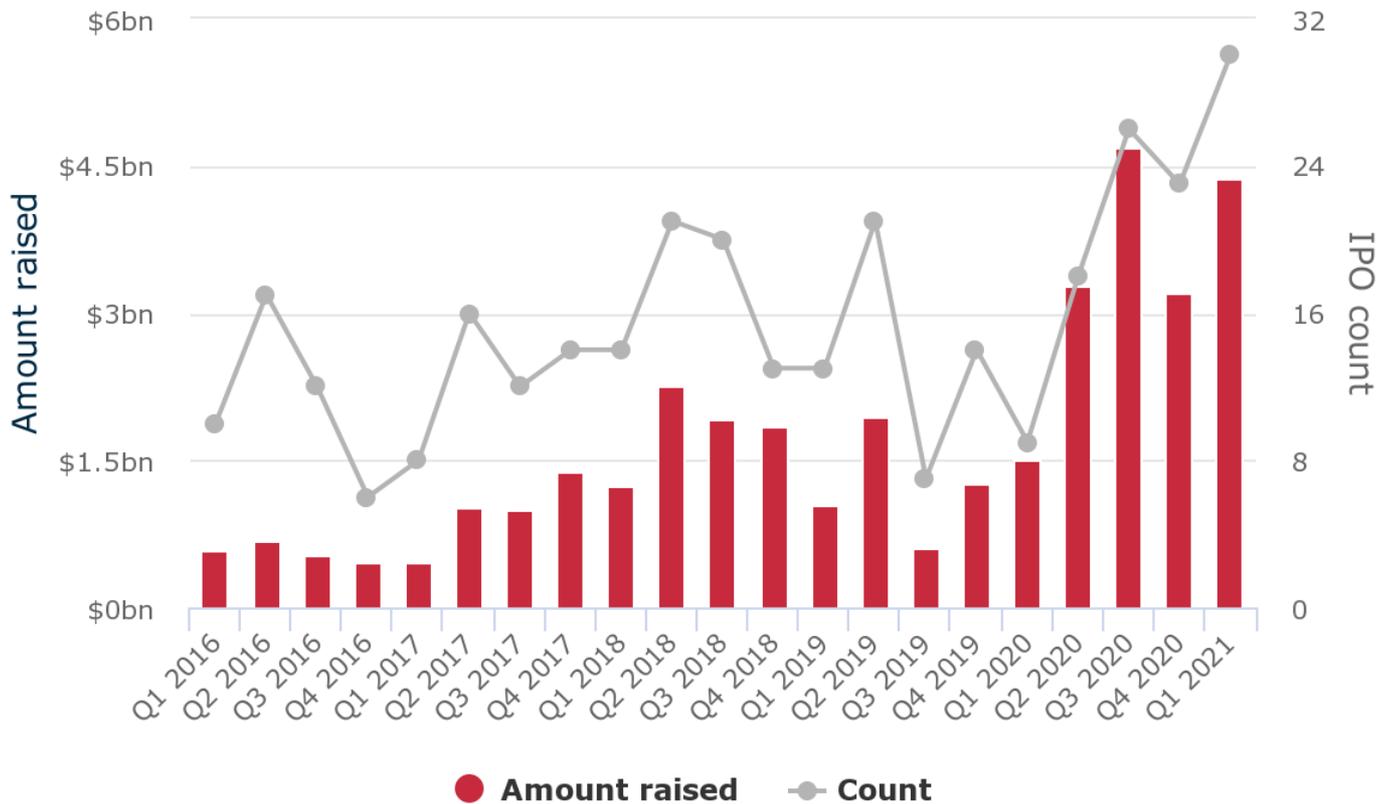
Private biopharma companies worried about missing the boat to go public will be reassured by the IPO numbers from 2021 so far: the first quarter was huge, in terms of both the number of flotations and the amounts raised. It looks like the window is still wide open.

However, there have been signs recently that this might not be the case for much longer. With sentiment souring on the stock market, the second quarter could be key to gauging how the rest of 2021 will pan out.

Not that any evidence of retrenchment can be seen in the figures for the first quarter. The three month period saw 29 IPOs, more than any other in recent memory except the first quarter of 2014, [which recorded 33](#).

And the \$4.3bn raised in the quarter dwarfs the \$2.2bn seen in the corresponding period in 2014. In terms of cash raised, the first quarter of 2021 was only beaten by the [impressive third quarter of last year](#).

Biotech IPOs by quarter on Western exchanges



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This analyses concerns pure-play drug developers only, excluding fields like medtech, diagnostics and digital health, so provides a snapshot of the very highest-risk end of healthcare.

However, the riskiness of drug development has been on investors' minds recently: [fears of a new, strict stance from the US FDA](#), along with a proposed international [clampdown on anticompetitive mergers](#), has led to jitteriness on the public markets.

Whether these concerns will have a knock-on effect on the IPO market is an open question. One measure of appetite is whether companies manage to float at or above the initial prices proposed by bankers. In the first quarter of 2021 the signs were good, with groups going public at an average premium of 3%, continuing the trend seen throughout 2020.

Average Nasdaq premium/discount to IPO price range



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Not only that, but many succeeded in maintaining this enthusiasm, posting impressive share price gains immediately after floating. The mean change in share price after the first day of trading was an increase of 29%; by the end of the quarter the mean rise was 19%. And the quarter's biggest IPOs especially did well on the latter measure, as shown in the table below.

The largest flotation concerned the Hans Bishop-backed Sana Biotechnology, which managed to raise a whopping \$676m in its upsized IPO. With the company's projects not set to hit the clinic until 2022 at the earliest, it will be a while before it becomes clear whether this excitement is justified.

If the rest of this year keeps up the blistering pace seen so far, it will be another record breaker. Evercore ISI's Josh Schimmer noted that the first quarter usually accounts for around 20% of the IPOs done in a given year - if this holds true, 2021 could see around 150 deals, outstripping the 76 IPOs seen in 2020, the previous record holder ([After a big year, biotech flotations have much to do, January 13, 2021](#)).

Given the way the market seems to be turning, that is a big if.

Biggest IPOs by amount raised in the first quarter of 2021

Company	Primary focus	Amount raised (\$m)	Premium/(discount); float price to initial offer	Share price change since float to end Q1
Sana Biotechnology	Cell therapies for oncology and rare diseases	676	6%	34%
Immunocore	T-cell receptor-based therapies for oncology and infectious diseases	297	8%	64%
Bolt Biotherapeutics	Immune stimulating antibody conjugates for oncology	265	8%	65%
Cullinan Oncology	Diverse oncology/ immuno-oncology pipeline	250	8%	98%
Design Therapeutics	Small-molecule genomic medicines	240	5%	50%

Source: Evaluate Pharma, SEC filings.

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