

After a record year, where next for biopharma flotations?



[Edwin Elmhirst](#)



2021 was a huge year for IPOs, with pure-play developers raising \$14bn, but 2022 is likely to tell a different story.

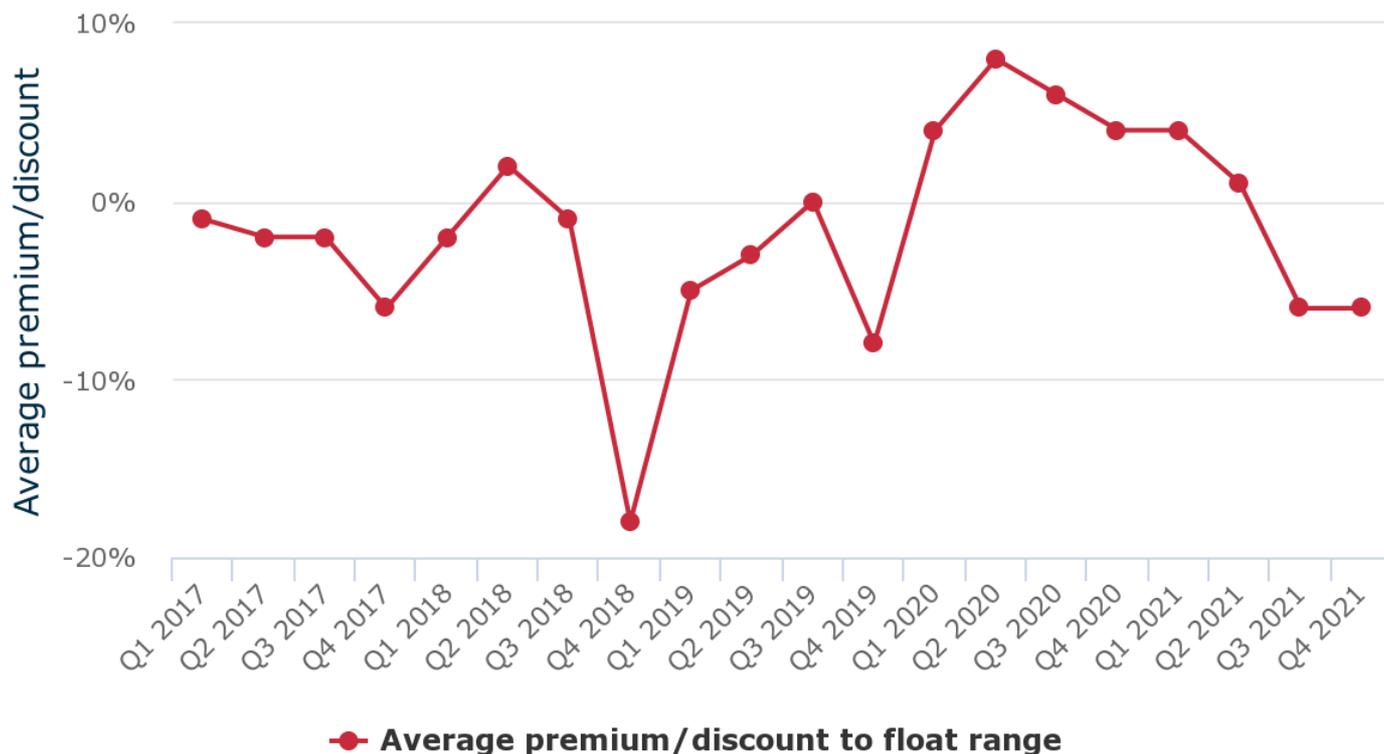
The pace of biopharma IPOs might have slowed over the course of 2021 but on many measures the year was unprecedented. Those record-setting days are over, however, with many predicting further retrenchment in 2022.

The depth of any slowdown is the big unknown, and the signs so far are mixed. Impressively, four developers floated in the opening days of the year, three of which managed to upsize their deals, while a couple more groups are sitting in the queue. The other side to this story is weak demand for newly floated biotech stocks, and a couple of recently pulled IPOs.

This suggests that while the window of opportunity is narrowing, it has not completely shut. Considering the parlous state of US biotech stocks, which have endured a 10-month bear market that shows no sign of bottoming out, this is in many ways remarkable.

An explanation can be found in [well-stocked venture and crossover funds](#), which are able support portfolio companies throughout, and after, the IPO process. But with conditions getting tougher, private groups that manage to get away successfully this year will surely represent the cream of the venture-backed crop.

Average Nasdaq premium/discount to IPO price range



Evaluate

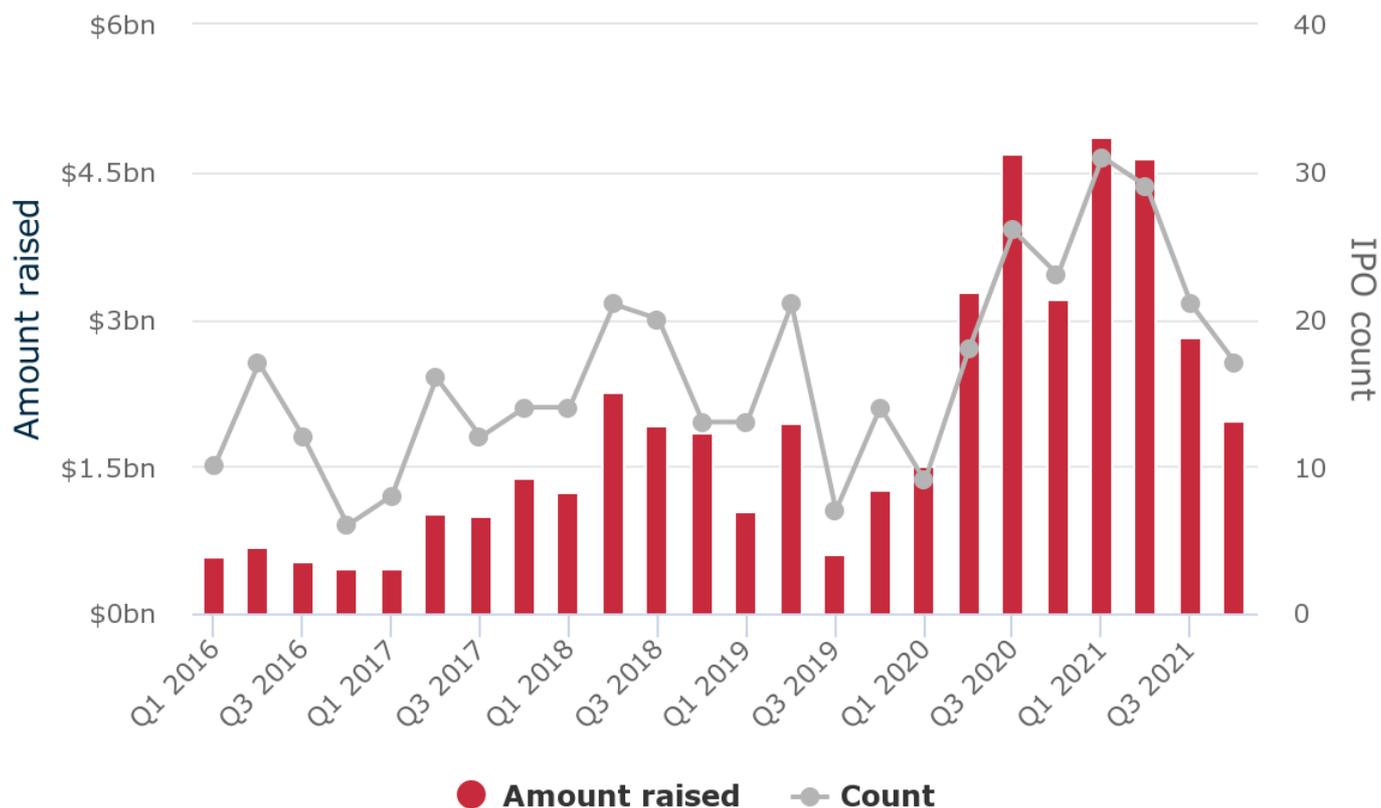
The prospects will be much dimmer for developers that do not fit into that category, and indeed there is much evidence to suggest this is already the case. Signs of weakening of demand started to emerge in mid-2021 when, as the graph above suggests, it became harder for bankers to extract any uplift to an initially proposed valuation.

It is also worth noting that almost 80% of last year's new issues were trading below their float price by the end of 2021. Some have already seen huge declines, with 35% losing more than half of their value. True, broader market conditions have been terrible and small caps have borne the brunt of this, [as a separate analysis by Evaluate Vantage recently showed](#).

None of this will make for comforting reading for those companies still hoping to test the public market waters. But it is also true that the final quarter of 2021 was far from a disaster, generating respectable stats when looking over the past five years.

This chart below illustrates the sheer size of 2021. On almost every metric the year set a new record, from the \$14.2bn raised over 98 IPOs, to the number of deals that banked more than \$100m: 62, according to *Evaluate Pharma*.

Biotech IPOs by quarter on Western exchanges



Evaluate

This is a performance unlikely to be matched in 2022, though that might not be a bad thing. Many blame the flood of early-stage and, in some cases, low-quality new issues for taking the steam out of the biotech market more generally. Even some venture capitalists will concede that a slowdown would not be all bad.

It will come as no surprise to learn that of the three of the four 2022 IPOs were backed by big biotech venture names. Cincor, which raised \$194m, counts Perceptive Advisors, Sofinnova and Omega Funds among its backers; Amylyx, which raised \$190m, also has Perceptive Advisors, as well as Morningside and Bain Capital.

So far these stocks have their heads above water, but the other two new arrivals, Vigil Neuro and Hillstream Biopharma, are already trading below their float price. This is despite Vigil being backed by the likes of Atlas Venture, Northpond and Hatteras Ventures, and having raised a respectable \$98m.

Biopharma watchers will be keen to find out whether this early rush continues at pace, or quickly fizzles out.

Evaluate Vantage's preview of 2022, with investor interviews and data on IPOs and more, is [free to download here](#).

Biggest IPOs by amount raised in the fourth quarter of 2021

Company	Primary focus	Amount raised (\$m)	Share price change since float to end Q4
Exscientia	AI-driven drug discovery, design and development	350	-10%
Lianbio	Licensed assets for China and other Asian countries	325	-62%
Entrada Therapeutics	Intracellular targeted projects for neuromuscular diseases	182	-14%
Ventyx Biosciences	Selective inhibitors of Tyk2 for autoimmune diseases	174	24%
Pyxis Oncology	ADC and MAb projects for various cancers	168	-31%

Source: Evaluate Pharma & SEC filings.

Note: all data concerns pure-play drug developers only, with sectors like medtech, diagnostics and digital health excluded.

[More from Evaluate Vantage](#)

Evaluate HQ
[44-\(0\)20-7377-0800](tel:44-020-7377-0800)

Evaluate Americas
[+1-617-573-9450](tel:+1-617-573-9450)

Evaluate APAC
[+81-\(0\)80-1164-4754](tel:+81-080-1164-4754)

© Copyright 2022 Evaluate Ltd.