Movetis looking for an opening of European IPO window?

Coincidence? Last week at the BioPartnering Europe conference a panel made their annual forecasts for the next 12 months and one member, Antoine Papiernik, managing partner at Sofinnova Partners, predicted the potential for “a few selected IPOs in Europe for more mature companies”, following the recent opening of the IPO window in the US (Cumberland cracks open IPO window, August 12, 2009).

Today, Belgium’s De Standaard newspaper reports that a Belgian specialty pharma company, Movetis, is planning an IPO next month on the Euronext exchange in Brussels. Coincidentally, Mr Papiernik, who declined to comment on these rumours, is a board member at Movetis, a result of Sofinnova Partners being a lead investor in the group’s €49m ($65m) series A financing round in January 2007. If EP Vantage’s deductions from this coincidence are correct, Movetis could provide the first real test of investor confidence and whether the European IPO window will be opened for the first time in 18 months.

Mature company required

Given the recent experiences of the US IPO scene, in which mature companies with marketed products generating healthy revenues and profits such as Cumberland Pharmaceuticals and Talecris Biotherapeutics broke the ice, it seems logical that any company seeking an IPO in Europe would be of a similar profile.

Although Movetis does not have any marketed products to generate revenues or profits, it is on the verge of commercialising its first product in Europe. Established late in 2006 as a spin out from Johnson & Johnson, Movetis’ pipeline of candidates to treat various gastrointestinal (GI) disorders was donated by the US healthcare giant.

The lead pipeline candidate at the time, Resolor, was in phase III trials for the treatment of chronic constipation. Since then Movetis completed the clinical trials and filed Resolor, known generically as prucalopride, in Europe in May 2008 and in July this year a European advisory panel issued a positive opinion on the drug. Final approval from the European regulator is therefore imminent, which would no doubt help with an IPO attempt.

As it stands Movetis intends to commercialise Resolor itself in certain European markets and will look for partners in other regions, including the US. Having raised €49m nearly three years ago, funds are now likely to be required to launch Resolor, as well as continue the development of its pipeline which includes two phase II projects: M0003, a prokinetic agent to treat gastro-oesophageal reflux disease and M0002, a vasopressin antagonist for ascites of the liver.

Failed trade sale?

The De Standaard report also claimed that Credit Suisse, who will be handling the IPO with another of Movetis’ series A investors, KBC, had also looked at potential options for selling Movetis but that none were suitable.

Given that the US IPO companies, including the recently launched Omeros, had to float at the lower end of their initial offering price range, and have all since failed to hold their valuation, it is clear that IPOs are probably still the second best exit option behind a trade sale.

Either way, it will be fascinating to see if these rumours are true and Movetis braves the public markets in Europe. Although Swiss biotech company mondoBIOTECH listed on the Swiss stock exchange in August, it did not raise any money in the process and therefore was not an IPO in the classic sense. MolMed, the Italian biotech, was the last genuine IPO in Europe back in February last year (MolMed cuts lonely figure on IPO road, March 3, 2008).

Mr Papiernik, who told the conference that he expects investor confidence to “trickle back to the pharma sector” over the next 12 months, could be proved correct in his IPO prediction much earlier than anybody in the audience at BioPartnering may have anticipated.