Evaluate Vantage

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Deals and financing over the Christmas period

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Financing slowed down for the Christmas period, but did not completely halt. The holidays were marked by two fundraisings by low country biotechs with challenging financial outlooks, along with a big share sale by Texas developer Lexicon Pharmaceuticals that was well-received by investors.

Likewise, the pace of M&A dealmaking eased, but did not cease. While 2011 may be remembered for another rollercoaster year for markets, it should also be seen as the year when deals started to creep up again with Alexion's $1bn acquisition of Enobia finishing the year with a bang.

Financing

December 30

Netherlands-based Amsterdam Molecular Therapeutics became the second of two down-on-its-luck low countries biotechs to receive a boost with its €2.5m ($3.3m) share sale to Forbion Capital Patnersh, Gilde Healthcare Partners and Advent Venture Partners. It is not much comfort – management said the funds will give AMT some breathing room as it assesses its strategic direction following the EU rejection of gene therapy Glybera.

December 27

PharmacoFore was the second of two private companies to secure an equity financing over the holidays when it announced a $10m infusion from venture capital fund, Founders Fund, to support its early stage CNS candidates.

December 23

The last work day before Christmas was a big day for pharma financings as activity largely drew to a close for 2011 in Europe and the Americas. **Lexicon Pharmaceuticals** netted $161m in a previously announced offering of 142.5 million shares at $1.13 to existing investors, largely aimed at fulfilling an agreement with the company's largest shareholders Invus. That total will be added to the company's cash pile, which came in at $144.2m at September 30, 2011.

With three phase II trials with a total enrolment of 329 patients underway in two compounds, and another two about to get underway in two compounds with a planned enrolment of 420, all of which are expected to report in 2012 and 2013, the company's existing cash reserves may well have been tested by the ambitious programme. The extra money will likely put the Texas company in a better position when it comes to partnering talks should those mid-stage trials succeed.

Belgium's Pharming also received a lifeline that day, closing a convertible bond sale to institutional investors that brought in a net €8m ($10.4m). The company said the deal will help extend its cash runway through the completion of the phase III study of hereditary angioedaema treatment Rhucin to support US filing, which is expected to report in the third quarter of 2012.

In addition, private biotech Acceleron Pharma also announced it had received $30m in backing from existing investors, including Celgene, to help it advance its portfolio of oncology and orphan diseases candidates.

Deals

There were only two noteworthy deals completed over the festive period, but what they lacked in number the acquisitions made up for in size.

December 28

Alexion Pharmaceuticals, which started the year with its $111m acquisition of private company Taligen Therapeutic, finished it on much higher note by snapping up Enobia in a deal worth up to $1.08bn.

The acquisition plays handsomely into Alexion’s own strategy of focusing on very rare and life threatening genetic metabolic disorders, as seen with Solaris one of the most expensive drugs in the world. Enobia, a private Canadian company, will bring with it ENB-0040, an enzyme-replacement therapy for hyophosphatasia, which currently has no approved treatments.

Phase II EBB-0040 comes with orphan drug designation in both the US and Europe and fast-track status in the US. Alexion will initially be paying $610m for the drug in cash, with a possible $470m in regulatory and sales milestones futher down the line. The market welcomed news of the deal and Alexion finished the year at a historic high of $71.50, with shares rising 77% over the year.

December 27

Finally, while Alexion was touching share price highs, Omega Pharma took its final bow and waved goodbye to the stock exchange, following a successful $1.1bn management buyout from Marc Coucke, chief executive, to take the OTC specialist private.

Mr Coucke’s investment vehicle, Couckinvest, scooped up 91.3% of the shares, and is now hoping that with the distractions of maintaining a listing removed it will be able to invest more in brands and compete with some of the bigger players in the market.