

## CardioDx yanks float as medtech market fails to pick up



[Elizabeth Cairns](#)

Having increased the haul it expected from its IPO from \$86m to \$92m at the start of this month, the Californian diagnostics company CardioDx has now pulled its flotation altogether. The firm's cited reason, poor market conditions, is particularly interesting in light of the highly successful IPO of Tandem Diabetes Care on the very same day.

CardioDx's decision, coupled with a less exhilarating showing by fellow medtech company Veracyte, though, might point to a slowdown or at least to a blip in what many had hoped was a rejuvenated medtech IPO space. Flotations of device makers are rare compared with biotech firms. Perhaps they are destined to stay that way.

### Unfavourable

CardioDx was due to go public on Thursday along with Tandem and two biotech companies, Celladon and Xencor, both of which also decided to hold off owing to what they considered an unfavourable market.

The market cannot have been all that unfavourable. Tandem, a maker of insulin pumps, listed at \$15 per share, the top of its range, making \$120m. It was so confident that it upped its initial expectations from \$100m, and the shares have since reached \$21.84.

But Tandem is the subject of much excitement; artificial pancreas projects are finally starting to look like they might become a reality and Tandem is the only company with sufficiently advanced technology to enable a true multi-hormone closed-loop system ([Therapeutic focus - Artificial pancreas projects will deliver over time, October 4, 2013](#)).

Perhaps CardioDx felt that it could not engender excitement in investors in the same way. But the company's core technology, Corus CAD, is a genomic test for coronary artery disease and therefore the sort of thing that investors have shown interest in before. Moreover, the product is on the market in the US and is covered by Medicare ([EP Vantage Interview - CardioDx looks to Europe, November 27, 2012](#)).

It is interesting to contrast CardioDx's situation with that of Foundation Medicine, Foundation Medicine, whose \$106m IPO was hailed as a landmark back in September ([Foundation's flotation points to new era for medtech IPOs, October 8, 2013](#)). Both have molecular diagnostics products already on sale; maybe the fact that Foundation's test is in the hot area of oncology accounts for CardioDx's lack of confidence.

**Medtech IPOs on western stock exchanges in October and November 2013**

Company	Date	Amount raised	Offering price	Range	Discount/premium	Exchange	Share performance to November 15
LDR Holding	October 08, 2013	\$75m	\$15	\$14-16	0%	Nasdaq	44%
Veracyte	October 30, 2013	\$65m	\$13	\$13-\$15	-7%	Nasdaq	-7%
Tandem Diabetes Care	November 14, 2013	\$120m	\$15	\$13-\$15	7%	Nasdaq	46%

Or maybe not: Veracyte's main product is also a molecular diagnostic for use in cancer, and is also on sale in the US. But the company's IPO disappointed, pricing at the bottom of its range and seeing a 7% drop in share price so far.

It had been hoped that Foundation's success back in September would lead to other medtech companies joining the fray, and in terms of sheer numbers this is true. 10 companies have floated so far in 2013, more than in 2010 or any year since. But Foundation remains the only one to have listed above its range. At close on Friday it was trading at 36% above its float price.

Two other medtech companies are planning to float, and both specialise in diagnostics. Their IPOs - assuming they go ahead - will be closely watched, but it is beginning to look like Foundation Medicine was an outlier. It seems unlikely that its success will be matched this year, and perhaps for many years to come.

<b>Planned medtech IPOs on western stock exchanges</b>			
<b>Company</b>	<b>Amount intending to raise</b>	<b>Price range</b>	<b>Exchange</b>
CardioDx (postponed)	\$92m	\$14-16	Nasdaq
Biocept	\$25m	\$10-\$12	Nasdaq
Oxford Immunotec	\$86.25m	-	Nasdaq

To contact the writer of this story email Elizabeth Cairns in London at [elizabethc@epvantage.com](mailto:elizabethc@epvantage.com) or follow [@LizEPVantage](https://twitter.com/LizEPVantage) on Twitter

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

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

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

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