

Circassia joins the exclusive \$100m+ IPO club



[Joanne Fagg](#)

Circassia broke records when it floated in London this week, pulling off what many believe to be the biggest IPO of a research-stage biotech that Europe has seen to date. But the amount raised was also pretty big by US standards: the £200m (\$334m) in new money is by far the largest sum seen since the most recent IPO window opened (see table below).

Data collected by *EP Vantage* find 13 biotechs that have raised more than \$100m in an IPO since 2011. All but one is trading above its float price, and as a group they are performing incredibly well – the average share price performance since float is 172%. Biotech stocks are on a winning streak so this performance is perhaps not surprising. But big fundraisings attract much attention and investors will expect to see substantial progress in return for these substantial sums.

This is particularly true for the UK's Circassia. A string of failures like Ark Therapeutics, Antisoma and Renovo have left local investors highly sceptical about the sector; should the allergy specialist also stumble it will severely dent confidence in the country's ability to identify and develop promising start-ups. It will also make life very tough for other early-stage drug researchers trying to brave the public markets.

The UK stock exchange is certainly a hard place to thrive for a fledgling drug developer. On top of a wary local investor base unwilling to grant the sort of valuations commonly seen in the US, and reluctant to forget past failures, raising new money is much, much harder, for various technical and cultural reasons.

This is partly why Circassia raised so much money. The company's chief executive, Steve Harris, told *EP Vantage* this week: it did not want to have to come back for more any time soon ([Circassia emerges as one of the UK's most valuable life science companies, March 18, 2014](#)).

More and more

By comparison, Clovis Oncology has topped up its coffers twice since floating in 2011, raising \$70.5m in 2012 and \$259m last year, meaning that it has raised far more money to date than Circassia. This is despite its lead compound failing in phase II in 2012, and its pipeline consisting of only two wholly owned projects, one of which has just made it into phase III.

Of course, Clovis is run by a management team with a record of building and selling successful drug companies and is operating in the red-hot oncology field. This is a description that also fits Puma, the other stand-out performer in this analysis. As such, these are unique cases that managed to pull off huge IPOs for reasons other than the potential in their pipelines.

Raising significant sums of money might, logically, be associated with a company at a more advanced stage of development. This was the case for Portola and Merrimack, both of which had broad pipelines with compounds in phase III and phase II testing when they floated; Portola also had several big pharma partners on board.

But as 2013 progressed and the IPO window opened wider – and the Nasdaq Biotechnology Index climbed ever higher – having a late-stage assets or a partner in place were no longer prerequisites for a market listing or the ability to raise substantial sums of money.

Agios, for example, did not even have a compound in human trials when it listed last July, although it did have a broad collaboration with Celgene. Bluebird Bio was working on gene therapies and PTC Therapeutics on mRNA, both traditionally high-risk areas that did not stop them raising big sums at their floats.

Versartis, which is working on rare metabolic diseases, said yesterday that it would increase its IPO to \$126m. And it seems highly likely that 2014 will see other companies join the \$100m+ club.

Biggest biotech floats since 2011

	Company	Raised (\$m)	Performance since float	Current market cap (\$bn)	Date
1	Circassia	334	0%	0.97	Mar 2014
2	Ophthotech Corporation	167	72%	1.26	Sep 2013
3	Intrexon Corporation	160	92%	2.98	Aug 2013
4	Clovis Oncology	130	567%	2.94	Nov 2011
5	PTC Therapeutics	125	111%	0.95	June 2013
6	Portola Pharmaceuticals	122	95%	1.56	May 2013
7	Ultragenyx Pharmaceutical	121	199%	1.88	Jan 2014
8	Puma Biotechnology	120	663%	3.68	Apr 2012
9	Karyopharm Therapeutics	109	163%	1.25	Nov 2013
10	Agios Pharmaceuticals	106	145%	1.39	Jul 2013
11	Chimerix	103	90%	0.71	Apr 2013
12	Bluebird Bio	101	61%	0.66	June 2013
13	Merrimack Pharmaceuticals	100	-20%	0.58	Mar 2012
	<i>Average</i>	<i>138</i>	<i>172%</i>		

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