

Lombard postpones IPO as US indices decline



[Elizabeth Cairns](#)

It is hard to know what to make of the IPO scene in medtech. In recent months companies have been unusually keen to file for initial offerings, and some, such as Tandem Diabetes Care and LDR, have done very nicely. Lombard Medical Technologies has decided to indefinitely postpone its hotly anticipated \$60m float on the Nasdaq, saying that market conditions are not right.

Shares in biotech companies had a rough time last week, and with the Dow Jones U.S. Medical Equipment Index down 4.5% over last week too, perhaps fears of a bursting biotech bubble have started to contaminate medtech. Lombard shares, currently listed on the AIM in London – delisting had been planned as part of the Nasdaq float – fell 12% on Friday, but even so the company may have made the right decision.

London is the new New York

It has become apparent over the past couple of weeks that the previously scalding biotech market has gone off the boil. Also on Friday, two biotech companies announced fundraisings for which their shares were priced at hefty discounts, prompting corrections. Regado Biosciences aims to raise \$60m by offering 10 million shares at \$6 each, a 16% discount to Thursday's closing price. And OHR Pharmaceutical priced its \$18m fundraising at \$10 per share, a 17% discount to the previous day's close.

It seems likely that, had these two companies arranged their fundraisings a couple of months ago, they would not have had to price at a discount.

The difficulties may be limited to the US; Lombard itself specified the US stock market when it mentioned adverse conditions. Both Regado and OHR are listed on the Nasdaq.

The unprecedented success of allergy specialist Circassia's £200m (\$334m) IPO on the London exchange would certainly seem to point to a healthy climate ([Circassia joins the exclusive \\$100m+ IPO club, March 20, 2014](#)). Another London IPO last week was more modest. Exova, which provides chemistry and microbiology testing services to the pharmaceutical industry, had priced its £220m IPO at 220p per share – at the lower end, though still within, its range. The shares have sunk slightly since, but overall the IPO seems to have been fairly priced.

Exova may not have flown as high as Circassia but even so, conditions on the London exchange might be more amenable to floats than the Nasdaq environment.

So was that it? Investors will be pondering whether the medtech IPO window opened with Foundation Medicine in late September only to close six months later ([Foundation's flotation points to new era for medtech IPOs, October 8, 2013](#)). Lombard says it is still planning to go ahead with its move to the US. But unless the volatility Nasdaq – and particularly the biotech index – has displayed recently simmers down, the company might be well advised to stay put.

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