

IPO slowdown could signal bubble trouble



[Madeleine Armstrong](#)

The €57.7m flotation of the anti-viral specialist Abivax on the Euronext Paris exchange has raised hopes of an improving climate for European pharma and biotech companies in the public markets.

But the number of IPOs this year looks set to fall short of 2014 levels in both Europe and the US, *EvaluatePharma* data suggest. And European players are still lagging well behind their US counterparts – both in terms of the number of transactions and the amount of money raised; if this is a leading indicator of the overall market then biotech bulls should take note (see tables below).

So far this year, there have been nine IPOs involving European companies, bringing in a total of \$537m, and 20 floats of US companies, which raised a combined \$1.4bn. Even if new entries continue at this rate 2015 is unlikely to beat last year, which saw 32 European and 67 US companies go public – adding to speculation that biotech has been in a bubble that is now deflating ([Floats stumble in Q1 as bubble debate escalates, April 13, 2015](#)).

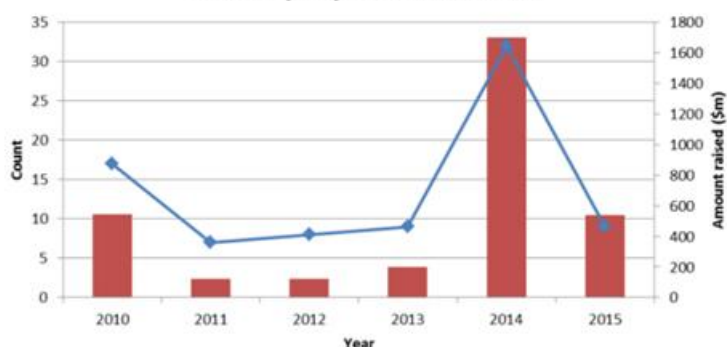
That said, in comparison with figures before 2014, this year's IPO activity looks reasonably healthy, though a closer look at the figures shows some less promising signs. One conclusion could be that last year was the high-water mark, at least for biotech flotations.

EU vs US company IPOs 2009-15

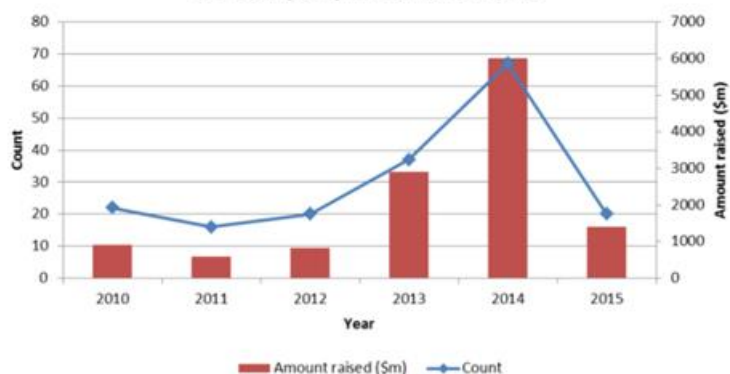
| Year | EU | | US | |
|-----------|----------------|--------------|----------------|--------------|
| | Number of IPOs | Total raised | Number of IPOs | Total raised |
| 2015* | 9 | \$537m | 20 | \$1,400m |
| 2014 | 32 | \$1,700m | 67 | \$6,000m |
| 2013 | 9 | \$199m | 37 | \$2,900m |
| 2012 | 8 | \$122m | 20 | \$813m |
| 2011 | 7 | \$120m | 16 | \$577m |
| 2010 | 17 | \$544m | 22 | \$909m |
| 2009 | 9 | N/A | 17 | N/A |
| 2009-2015 | 91 | \$3,200m | 199 | \$12,600m |

*as of 24 June 2015.

EU company IPOs 2010-2015



US company IPOs 2010-2015



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Floating on Mr Bubble

The number of European companies floating in 2015 has already equalled or exceeded that seen in each of the three years before 2014, and US numbers tell a similar story.

The top of Europe’s class of 2015 so far is the UK-based T-cell specialist Adaptimmune, which admittedly had to cross the pond to raise \$191m. Also looking to the US was Denmark’s Ascendis Pharma, which pulled in the second-largest sum.

These compare pretty favourably with the offerings from US residents, led by the gene therapy firm Spark Therapeutics, which raised \$185m.

But Europeans looking closer to home saw lower rewards – the most successful, the HDL cholesterol-targeting Cerenis Therapeutics, brought in a relatively small \$58m. Cerenis was one of five French companies to go public so far this year, making it the best-represented EU country by far.

European companies carrying out IPOs in 2015*

| Company | Country | Stock exchange | Amount raised | Date |
|---------------------------|---------|----------------|---------------|----------|
| Abivax | France | Euronext Paris | \$65m | Jun 2015 |
| Sensorion Pharmaceuticals | France | Euronext | \$9m | Apr 2015 |
| Adaptimmune | UK | Nasdaq | \$191m | Apr 2015 |
| OSE Pharma | France | Euronext Paris | \$24m | Mar 2015 |
| Cerenis Therapeutics | France | Euronext Paris | \$58m | Mar 2015 |
| Redx Pharma | UK | LSE AIM | \$17m | Mar 2015 |
| Bone Therapeutics | Belgium | Euronext | \$37m | Feb 2015 |
| Poxel | France | Euronext | \$28m | Feb 2015 |
| Ascendis Pharma | Denmark | Nasdaq | \$108m | Jan 2015 |

**as of 24 June 2015.*

If, as seems clear, investors in the US have deeper pockets, it is surprising that so few European players have looked further afield; only a small proportion have headed to the US markets over the past five years.

Even more surprising is that some US outfits should decide to travel in the opposite direction, a recent example being the Californian computational drug discovery specialist Verseon, which raised \$100m on London's AIM.

European company IPOs on European versus US markets

| Year | European | US |
|-------|----------|----|
| 2015* | 7 | 2 |
| 2014 | 25 | 7 |
| 2013 | 7 | 2 |
| 2012 | 7 | 1 |
| 2011 | 7 | 0 |
| 2010 | 17 | 0 |
| 2009 | 9 | 0 |

**as of 24 June 2015.*

Wherever companies look to raise their cash, it appears that the amount up for grabs has fallen from last year's giddy heights. Only time will tell whether this particular bubble has burst or not.

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