

# **Biotech Financing Update**

January to June 2017



# Biotech Financing Update

## How is UK biotech doing in 2017?

These statistics offer an update on the figures from our annual finance report - **‘Building something great: UK’s Global bioscience cluster’** that the BIA produced in conjunction with our data partner Informa Pharma Intelligence. This snapshot takes a look at the headline data for the first half of 2017 and will be updated in January 2018 when we take a look at the full year data.

2017 has already been a busy year for the sector. We continue to build a global bioscience cluster that delivers life-changing treatments for patients in the NHS, rewarding and high-paying R&D and manufacturing jobs for people across the UK, and sustainable long-term economic growth for the country.

Brexit will continue to pose a level of uncertainty but there have been a number of government investments in 2017 that offer tangible support to the sector. We have also seen the announcement of the Life Sciences Industrial Strategy and the ongoing Patient Capital Review, demonstrating the impact and vibrancy of the life sciences sector to the UK economy.

These figures show encouraging data for venture capital funding and secondary offerings, and highlight the availability of new debt financing for the sector. IPO activity has been slow so far but as further IPOs have already taken place in H2 of 2017, this number will grow.

IPO	All other public financings	Venture capital
<b>£4.5 MILLION</b>	<b>£261 MILLION</b>	<b>£361.4 MILLION</b>

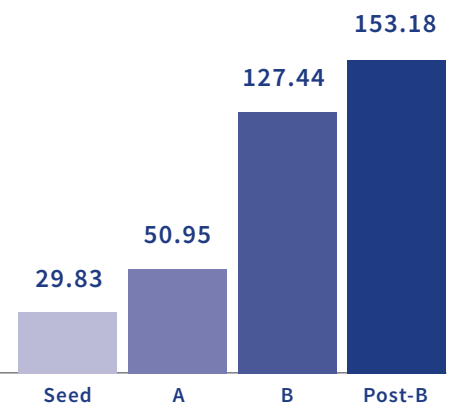
Source: Informa, Strategic Transaction and Scrip

## Venture capital figures on track

Savvy investors that know the sector continue to invest in the world class science coming out of the UK and we continue to place third globally and to lead in Europe. At the half way point in 2017, seed, second and later round funding are all on track to meet or surpass last year's figures with only first round currently behind. The UK currently sits third globally behind San Francisco Bay Area and Massachusetts and is ahead of San Diego. The strong VC figures may also indicate that companies are waiting until they have matured before going to the public markets – a positive trend that the BIA has long encouraged.

### UK VC rounds

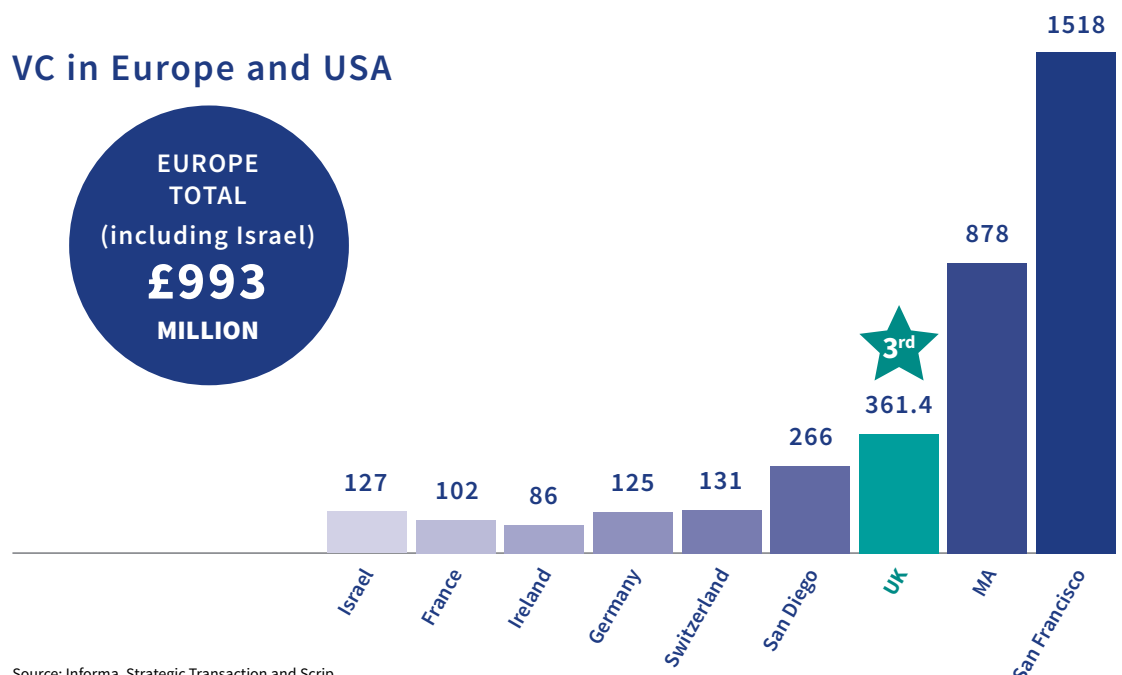
TOTAL  
**£361.4**  
MILLION



Source: Informa, Strategic Transaction and Scrip

### VC in Europe and USA

EUROPE  
TOTAL  
(including Israel)  
**£993**  
MILLION



Source: Informa, Strategic Transaction and Scrip

## Slow start for IPOs but expected to pick up in H2

The first half of 2017 saw only one IPO from Skin Biotherapeutics who raised £4.5 million on AIM. There were 18 IPOs and 8 readmissions which raised £440 million in H1 2017 across all sectors; biotech's share of the money was 1%. GM salmon developer, Aquabounty Technology, raised £20.3 million on AIM in a follow-on offering in January then cancelled its registration on AIM in June following acquisition by Nasdaq-listed Intrexon. In H2 of 2017, there has been further IPO action from Destiny Pharma and Creo Medical and with a whole quarter left we could see more IPOs.

Nasdaq remains an attractive market for UK companies and we have seen Nucana and Nightstar prepare to IPO in the US. The UK market has some way to go to beat Nasdaq for the larger businesses but as we see more mature UK companies looking towards public financing we would expect the market to mature.



Skin Biotherapeutics raised  
**£4.5 MILLION**  
on AIM

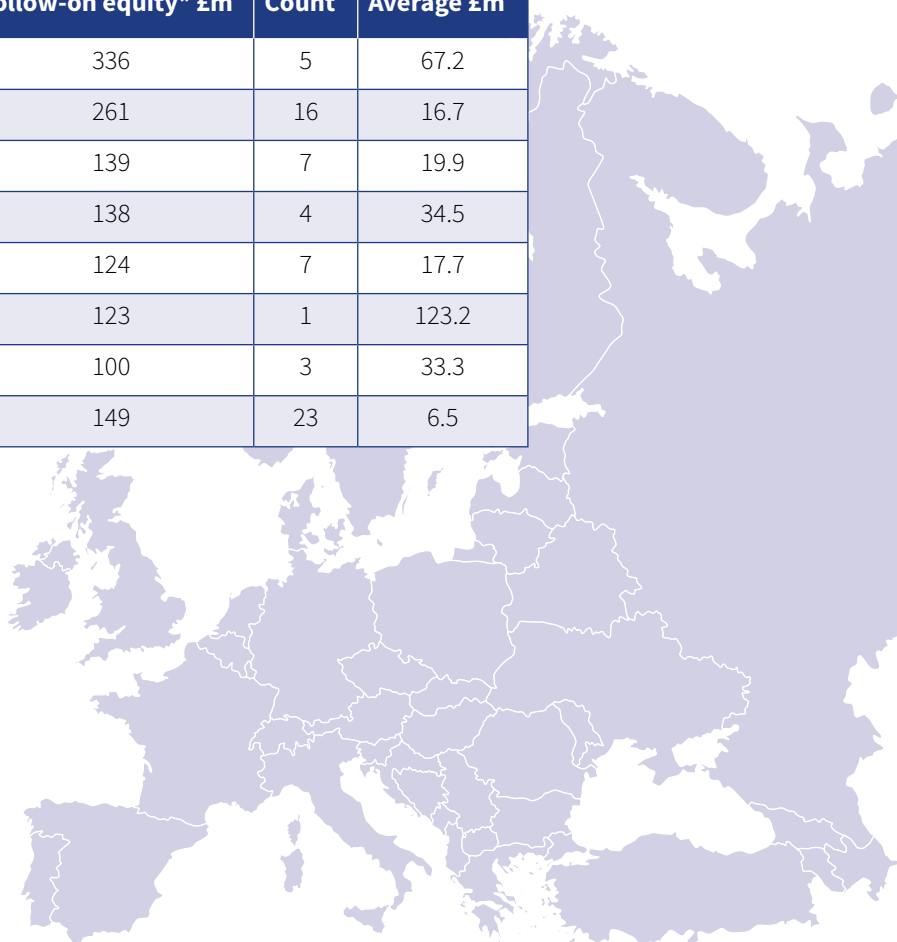


## Strong secondary offerings show the sector is maturing

Although there weren't very many IPOs there were a lot of secondary fundraisings. This shows that investors are still supporting the sector. Abzena and Motif did particularly well and broke the £20 million barrier.

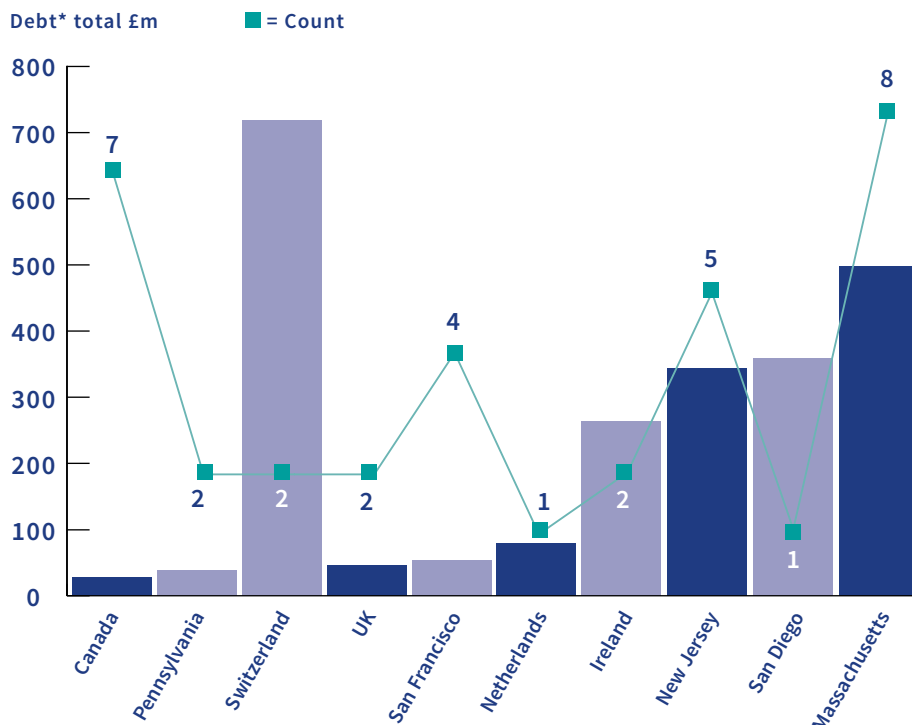
In Europe, Galapagos NV's massive €363.9 million sale of American Depositary Shares boosted Belgium's ranking. The UK boasted 16 secondary offerings in H1 2017 but their average yield fell below that seen in many US regions. Belgium and Galapagos aside, the UK topped the European rankings in secondary finance raising on public markets. The UK figures are made up of £106.4 on AIM and £154.6 on Nasdaq.

Region	Follow-on equity* £m	Count	Average £m
Belgium	336	5	67.2
UK	261	16	16.7
France	139	7	19.9
Switzerland	138	4	34.5
Germany	124	7	17.7
Ireland	123	1	123.2
Netherlands	100	3	33.3
Other Europe	149	23	6.5



## Debt financing – potential new source of finance for UK biotech?

Based on feedback from BIA members we have started to monitor debt financing. Outside North America, access to debt financing is uncommon for biopharma companies. Two US-quoted Dublin-headquartered firms, Endo and Amarin, and NYSE-listed Basel neuroscience company Axovant Sciences put Ireland and Switzerland on the biotech debt map. The emergence of Biopharma Credit, which raised over £600 million on the LSE through initial placements and secondary placements, could be a source of finance for UK biotech, providing the specialist lender finds credit-worthy opportunities in the UK sector. We will continue to track this metric to understand what impact it has on the sector.



Source: Informa, Strategic Transaction and Scrip

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