



# Sharp decline

## REPORT

### ANALYSIS OF EUROPEAN BIOTECH COMPANIES ON THE STOCK MARKET

Biotech stock markets in 2019 have declined significantly. Only two European companies went public in the first half of the year, and volumes of capital increases have charted at a comparatively low level so far. However, first signs of recovery can be already seen in the third quarter, so that a positive turn might be expected by the end of the year.

In view of pricing debates and unsure reimbursement strategies for new drugs, biotech stock markets have declined considerably in 2019 so far, and IPOs of European biotech companies have seen little momentum this year. According to the analysis, which also includes all European biotech firms listed on the US Nasdaq, most of the key figures for 2019 thus far indicate a sharp decline and demonstrate more signs of consolidation than growth. The 241 European biotech companies raised a total of €1.74bn in financial proceeds by the first half year of 2019 – 32% less than during the same time period in 2018 (€2.54bn) (see Fig 1).

# €97m

Amount of money raised via IPOs by European biotech companies in HY 2019

When it comes to IPOs and listings, 2019 continued to demonstrate very low activity. A total of two European biotech IPOs took place, raising a total figure of €97m. This indicates a decline of 73% compared to the same period in 2018 (see Fig 2). One company opted for Vienna, and the other one floated on US Nasdaq – both are of Austrian origins.

### Five IPOs in 2018

Whereas Marinomed Biotech raised €22.4m at the Vienna Stock Exchange, the Nasdaq IPO of Austrian Hookipa Biotech AG reached a total of €74.4m. In addition to the two IPOs, two further listings took place. UK-based Circassia changed from AIM to the main market at LSE in London, and Swedish company Alzinova AG listed at the Nasdaq Nordic Stock Exchange in Stockholm without raising additional money. For this reason, the Swedish stock market now

has the same number (46) of listed companies as Paris (46). London (44) is in the second place, followed by Frankfurt (17) and Zurich (12). The shares of 27 European companies are currently traded on US Nasdaq.

### Follow-on financings

In 2019, investors have been quite reluctant to spend money on European biotech companies. In the first half of this year, a total of €2.18bn was dropped into these companies via follow-on financings, a decrease of 25% compared to the same period in 2017 (see Fig. 3). Furthermore, the average size of capital increase in 2018 was a bit smaller (€26m), compared to €28m in the same period in 2017.

Within Europe, Frankfurt had the highest volume with total proceeds of €247m (with 5 financings), followed by Nasdaq Nordic (11 financings, €173m), Euronext (11 financings, €167m), and Euronext Growth (8 financings, €84m). The US-listed companies brought in a total of €804m capital, with 8 financings, a strong decline compared to the half year numbers of 2018 (€1.21bn).

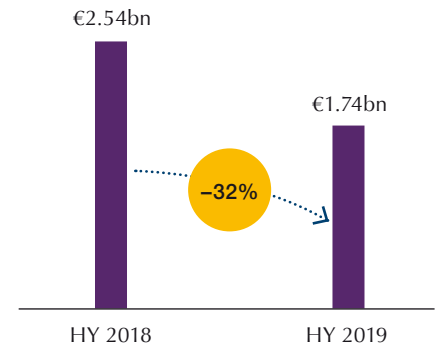


Fig. 1: Total financial proceeds of European biotech companies

### Oncology in the spotlight

The vast majority of companies (85%) are active in the health sector, developing diagnostics or new therapies for which major investments and long-term financial strategies are required. The two stock market newcomers in 2019 can be assigned to this category as well. The most attractive field within the health area is oncology (see Fig. 4). A total of 75 companies operate in this field, followed by neurology (38), inflammatory (31), and metabolic diseases (30), as well as auto-immune diseases (27). Service providers that offer biotech-based processes for others in

Initial public offerings:

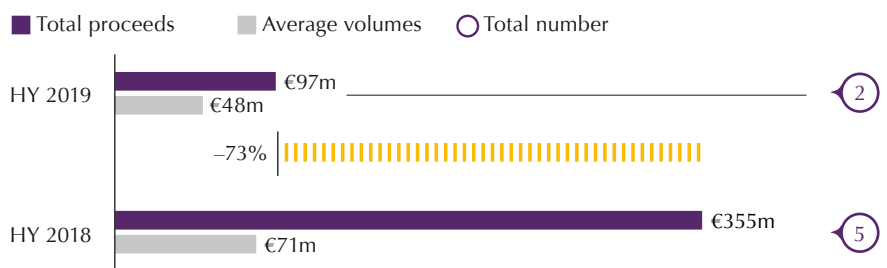


Fig. 2: Number of IPOs and capital raised

Follow-on and other financings:

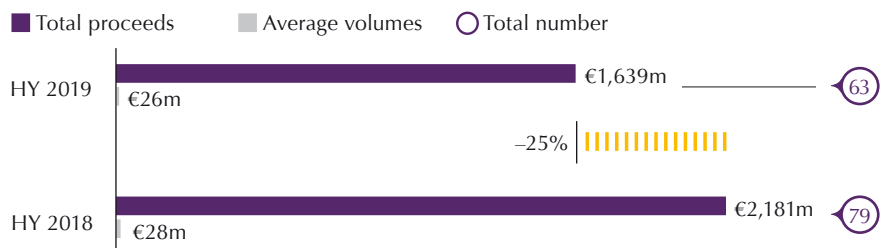
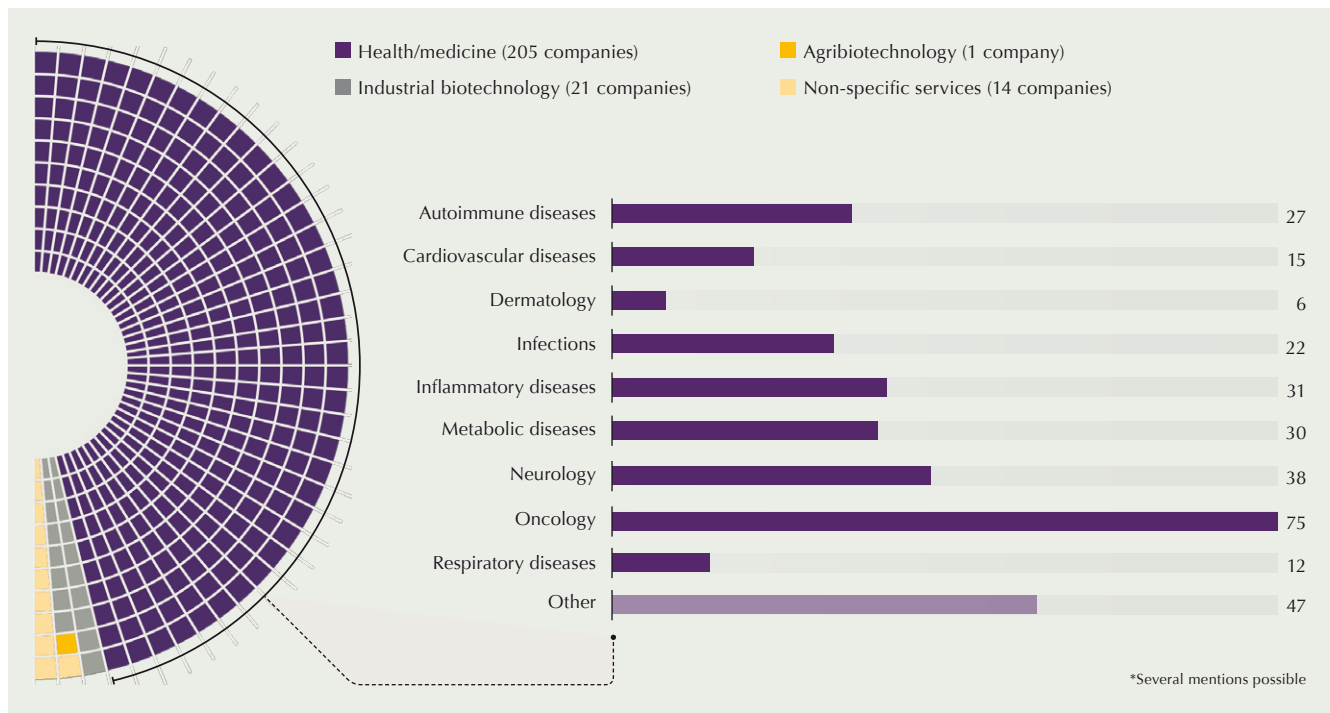


Fig 3: Number of financing rounds and capital raised



**Fig 4: Fields of activity and the areas of indications\* medical biotech companies address**

the B2B environment have a completely different risk profile than companies focused on biopharma. Although mid- and large-cap companies such as bioMérieux and Eurofins fall into this category, only 14 companies overall operate in this field. Another area of listed European companies is industrial biotechnology.

### Critical mass is needed

A total of 21 firms are involved in the development of new enzyme-based processes or biobased solutions for various industries – a number that has not changed in recent years. With 15 dif-

ferent trading centres, the variety of stock exchanges relevant to European biotech companies is huge. Analysis of previous years has revealed that the cross-border stock market Euronext is especially attractive for European biotech companies, as it clearly provides a critical mass of listed biotech companies, as well as a nurturing environment in terms of innovation and high-risk financing. However, in 2019, again, less activity took place here, and no biotech company went public. But the Euronext-listed companies succeeded with follow-on financings – in particular those with a double listing in the US (DBV Technolo-

gies and Zealand Technologies SA). The first half-year of 2019 also demonstrated that the other cross-over exchange in Europe, the Nasdaq Nordic, is catching up. Although no IPO took place, some further listings happened, and companies such as Oncopeptides and NeuroVive Pharmaceutical succeeded in raising large amounts for capital increases. Furthermore, the Austrian stock exchange in Vienna saw a renaissance with the long awaited IPO of Marinomed Biotech AG. The performance of other exchanges – mainly those in Germany, Switzerland, and UK – depend on a limited number of active companies. In 2019, Hamburg-based Evotec demonstrated strong activity, Summit Therapeutics did in London, as did Santhera in Zurich.

### Key facts of the European public biotech sector

- › 241 public European biotech companies\*
- › 39 European biotech companies listed on US Nasdaq
- › 2 IPOs with €97m capital raised in HY 2019 (–73%)
- › 62 financings with €1.64bn capital raised in HY 2018 (–25%)
- › Total financial proceeds of €1.74bn in 2019 (–32%)

### Few new entries on Nasdaq

The first six months of 2019 saw quite modest activity for new European biotech companies on Nasdaq. In March, Austrian arenavirus-based cancer and infectious diseases specialist Hookipa went for an IPO. The company aims to use the cash boost toward its mid-

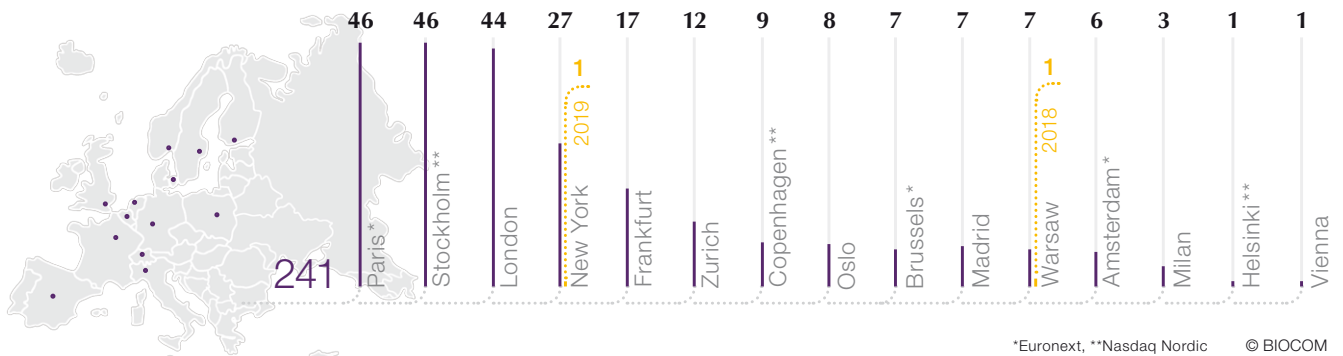


Fig 5: Overview of trading centres with total numbers of listed European biotech companies and IPOs in 2019

stage cancer and infectious disease candidates. Hookipa is developing a pipeline derived from two arenavirus-based vector platforms: Vaxwave and TheraT. VaxWave is based on lymphocytic cho-

ture that raises safety concerns but also opens the door to superior efficacy. Its lead candidates, HB-201 and HB-202, are targeting cancer indications. So far, overall activity for 2019 demonstrates a weak stock market development for European biotech companies with comparatively low numbers.

financial goals for a Nasdaq listing in September, as well. The initial public offering price is expected to be between \$18.00 and \$20.00 per ADS, and BioNTech aims to raise approximately \$250m at the midpoint of the range. Based on the latest news, overall biotech stock market numbers will definitely increase until the end of 2019.

**€1.74bn**

capital raised by European biotech companies on the stock markets in HY 2019

**Strong third-quarter activity**

However, some signs of recovery may be appearing on the horizon: During the first weeks of the third quarter some companies showed significant activity, which led to huge capital increases and IPOs. This is not only true for the secondary listing of Danish biotech company Genmab in July, but also for some larger capital increases and Nasdaq IPOs of European Biotech companies, which took place in September.

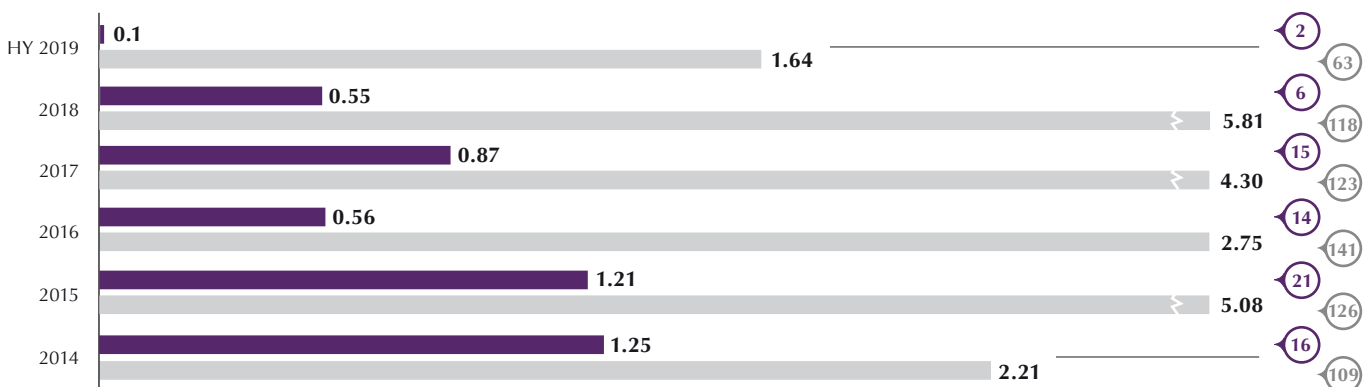
\*Please note: IPOs and capital increases later than 30st June are not included in half-year-data of 2019 for this report

In addition, German biotech company BioNTech announced its ambitious fi-

**Report is available online:**  
[www.biocom.de/en/analysis2019](http://www.biocom.de/en/analysis2019)

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■ IPO activity and volumes in €bn since 2014    ■ Follow-on financings in €bn since 2014



Overview of IPO activity and follow-on financings of European listed biotech companies since 2014

# Stocks at the low point

**EUROPEAN BIOTECH COMPANIES ON NASDAQ** Although US Nasdaq continues to have a strong reputation among European biotech companies, the first half year of 2019 was characterised by particularly low activity and an overall decline in numbers. In 2019, Nasdaq saw only one – down-sized – European biotech IPO, and comparably less follow-on financings.

## Key facts of European listed biotech companies: US vs. Europe

	Nasdaq US	US/Europe	Europe	Total numbers
Number of European biotech companies	27	12	202	241
Capital raised via IPOs/listings in HY 2019	€74.4m	–	€22.4m	€96.8m
Capital raised via follow-on financings in HY 2019	€ 719.0m	€85.3m	€834.9m	€1.64bn
Total proceeds in HY 2019	€ 793.4m	€85.3m	€857.3m	€1.74bn

Usually, IPOs and listings on Nasdaq are particularly interesting for companies that need a large amount of capital – such as those active in immuno-oncology. However in 2019, thus far, this route was obviously not the most attractive one to raise capital for biotech companies.

### Only a single IPO

Only one European company – Austrian Hookipa – filed for an IPO in the US. In April, the Phase II biotech developing T cell immunotherapies for cancer and infectious diseases, raised \$84m by offering 6 million shares at \$14, the low end of the range of \$14 to \$16. It had previously filed to offer 6.7 million shares at the same range.

### Low investors' appetite

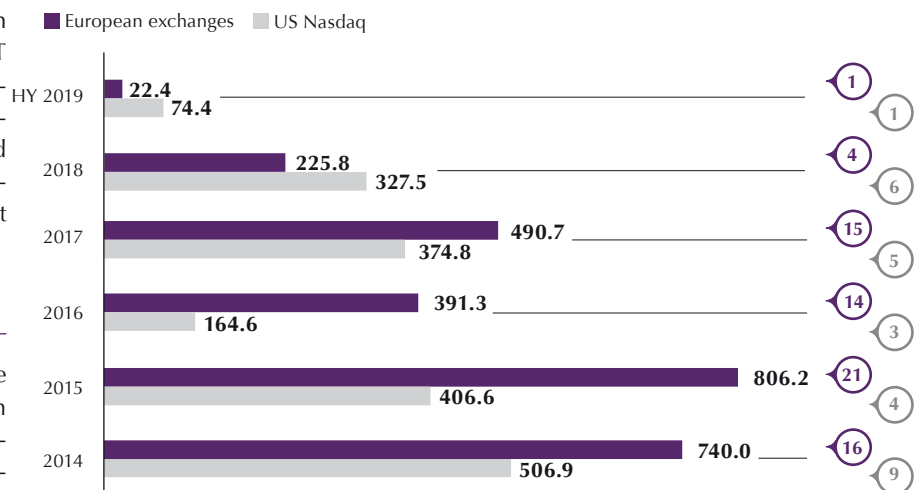
Compared to last year, overall volume decreased significantly and has been lower than figures in Europe. The 29 listed European biotech companies at Nasdaq raised total financial proceeds of about €878m via IPOs, secondary list-

ings, and follow-on financings. This is a loss of 43% compared to the same period in 2018 (1.54bn), demonstrating a decreasing appetite in European biotech companies. Thus, 2019 marks a new low point of European stock market development, although new therapeutic approaches, such as gene therapy, CRISPR, or cancer immunotherapies, are valued with high potential.

### Uncertain political conditions

However, more uncertain conditions – nurtured by harsh, critical debates about pharma prices and aggressive marketing – apparently had a bigger influence on the stock market in the first half year of 2019 and led to very low numbers so far

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Comparison of IPO numbers and volumes (in €m) raised by European companies