Portfolio Media. Inc. | 860 Broadway, 6th Floor | New York, NY 10003 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

European Biotechs Catch US IPO Fever

By **Chelsea Naso**

Law360, New York (June 4, 2015, 7:45 PM ET) -- Biotie Therapies Corp. fine-tuned its initial public offering plans Thursday, making the Finnish central nervous disease treatment developer the latest European life sciences company to push forward with plans to break into the busy U.S. markets, where a sophisticated pool of industry-specific investors and analysts are on tap.

Venture capital-backed Biotie, which is publicly traded on the Nasdaq OMX Helsinki Ltd. exchange in Finland, set terms to raise about $50 million, preparing to become the fifth European drug developer to list in the U.S. so far this year. Since January, Belgium-based Galapagos NV, U.K.-based Adaptimmune Therapeutics PLC, France-based Cellectis SA and U.K.-based Summit Therapeutics PLC have splashed onto the Nasdaq in New York, together raking in $728.2 million.

The year so far has been a busy one for life sciences debuts in the U.S. A total of 31 companies from the health care industry — largely life sciences companies — have drawn $2.5 billion through U.S. IPOs so far this year, according to IPO exchange-traded fund manager Renaissance Capital.

That fever has spread to Europe's life sciences industry, with Biotie's anticipated offering highlighting the growing number of European life sciences companies launching listings — either new or dual — in the U.S., explained David Bakst, a Mayer Brown LLP partner.

While Israeli life sciences and even technology companies have long been eyeing up the U.S. public markets, European biotechs, which typically have access to liquid domestic markets, have only started to really tap into the trend over the course of the last nine months to a year, Bakst said.

Turku, Finland-based Biotie, which will list on the Nasdaq under the symbol BITI, plans to offer 3.37 million American depositary shares for $14.82 apiece, according to the amended prospectus filed with the U.S. Securities and Exchange Commission. Each ADS represents 80 ordinary shares.

Biotie is focused on developing therapies for central nervous system disorders, including Parkinson's disease and Alzheimer's disease, two of the most prevalent neurodegenerative disorders worldwide, according to the prospectus.

The biopharmaceutical company's lead drug candidate, tozadenant, is set to enter Phase 3 clinical trials in the U.S. The drug would serve as an adjunctive treatment to the widely prescribed Parkinson's disease drug levodopa, which can lose its effectiveness over time, according to the prospectus. Net proceeds from the IPO, along with capital from a private placement, will be used to help fund clinical trials for tozadenant.

Aside from tozadenant, Biotie's pipeline features two development-stage drugs, including a Parkinson's disease-related dementia and Alzheimer's disease treatment and an orphan fibrotic liver disease therapy. The biopharmaceutical company also has commercialized an alcohol dependence therapy known as Selincro under an agreement with Danish pharmaceutical company Lundbeck A/S, according to the prospectus.

The European biotech trend has roots in the Jumpstart Our Business Startups Act of 2012, which helped open the door for the U.S. public markets to become a viable place for both domestic and foreign emerging growth companies to raise capital by offering confidential filings of draft prospectuses and reduced public company reporting requirements, Bakst noted.

The JOBS Act's so-called testing the waters provision has also been particularly beneficial to the life sciences industry, giving companies the opportunity to go into some detail to evaluate investor appetite for a specific therapy or device and the science behind it, he explained.

"Since the passing of the JOBS Act of 2012, there has been a significant increase in IPOs in general, but particularly in the life science and biopharmaceutical sector," Bakst said. "The science behind what they are doing and trying to achieve is very complicated, and being able to go into some detail with investors has been beneficial."

With the JOBS Act cutting some risk and cost from the U.S. IPO process, foreign issuers have found it easier to access the deeper pool of sophisticated institutional investors that specialize in the life sciences field and are willing to bet on an early-stage company, Bakst explained.

"The early stage is really where it's highest risk, higher reward, but that's where there is a broad base of institutional investors that can get behind these companies," he said. "For them, going to the Nasdaq is really natural."

Belgium-based Galapagos, a venture capital-backed biotech developing two drug candidates with AbbVie Inc., beat sweetened terms in its U.S. IPO in May. Galapagos, which is also publicly traded on the Euronext exchanges in Belgium and Amsterdam, drew a total of $275 million in the IPO and a concurrent private placement.

Galapagos, which is developing treatments for cystic fibrosis and inflammatory diseases, priced nearly 5 million American depositary shares at $42.05 each in its U.S. offering, above increased expectations, before listing the ADS on the Nasdaq under the symbol GLPG.The biotech also sold roughly 1.53 million ordinary shares for €37 ($42.09) apiece in a concurrent private offering marketed in Europe.

May also saw U.K.-based cancer immunotherapy treatment developer Adaptimmune pull in $191.2 million in its U.S. IPO. The venture capital-backed company, which is only public in the U.S., sold 11.25 million shares — 1.88 million more than planned — at $17 each, the high end of the $15 to $17 indicative share range.

In March, France-based Cellectis SA, which is also developing immunotherapy treatments for cancer, brought in $228 million in an upsized IPO. Cellectis, which also trades on the Alternext market of Paris Euronext, sold 5.5 million American depositary shares for $41.50 each, beating out increased terms to raise $197 million by offering 4.25 million shares for $41.10 apiece

U.K.-based Summit Therapeutics PLC, which focuses on developing and commercializing new medications for illnesses or disorders that do not have existing treatments, also slipped onto the Nasdaq in March, drawing a modest $34 million after pricing below expectations.

More European drug developers are also working their way through the U.S. pipeline. Belgium-based Celyad SA, a cardiovascular disease and oncology treatment developer, made its initial public filing in May, outlining plans to raise about $115 million in its U.S. listing.

And, so long as the market stays open, the stream of European life sciences companies listing in the U.S. isn't expected to dwindle any time soon, Bakst said.

"We expect this is something we will continue to see," he said. "The key thing that we need for the trend to continue is for the markets to continue."

Biotie, which is backed by Invesco Perpetual, UCB SA, Versant Ventures, Vivo Capital and OrbiMed Private Investments V LP, is represented by a Davis Polk & Wardwell LLPteam including Richard Truesdell and Sophia Hudson. Hannes Snellman Attorneys Ltd. also assisted with certain matters of Finnish law.

The offering's underwriters, including RBC Capital Markets LLC, Stifel Financial Corp, JMP Securities LLC and Roth Capital Partners LLC, are represented by a WilmerHaleteam including Steven Singer and Lisa Firenze.

--Editing by Katherine Rautenberg and Philip Shea.
