LIFE SCIENCES IPO MARKET REMAINS STRONG IN 2018

Life sciences companies represent a significant portion of the IPOs in 2018. The sector continues to attract investor dollars in Q3, and is No. 1 in the deal-count category with 20, representing $1.51 billion in capital invested. There have been several early-stage life sciences companies that have gone public, which further demonstrates strong investor appetite in this sector.

One vertical to watch is oncology, over and above the licensing deals. Approximately 10% of deals pertain to oncology during the past seven quarters. Oncology offers the potential for high returns on investments compared to any other therapeutic category.

The need for affordable care and efficiencies in the FDA approval process both have worked to increase demand for biotech and healthcare companies. Later-stage clinical trial companies are also very attractive targets for strategic investors.

Biotech has seen more upward momentum since the start of Q2, consistent with broader markets. Capital remains accessible, as the FDA continues to work efficiently with sponsors.

The financing activity in life sciences is in line with the increase in NYSE Arca Biotechnology and the NASDAQ Biotechnology Indexes. Execution will be a key driver to get continued investor attention. There is no reason to believe that this trend has peaked, because life sciences IPOs continue to offer the promise for significant returns.

“Given the scientific advancements and innovative technologies in the life sciences industry, it appears the window for IPOs in this sector will remain open into 2019. Life sciences companies should continue to explore opportunities in the public markets as part of their overall strategy to fund growth.”

— Ravi Raghunathan, Partner and Leader of CohnReznick’s Life Sciences Practice

“Healthcare represents about 60-65% of total deals. Pharma and Biotech represent 30-35% of deals.”

Capital invested per deal increased in 2018.

Companies generating revenue represent 50% of total deals.

Dividend recaps are up in 2018 due to tax rule changes.

Average IPO deal size was approximately $66 million.

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CohnReznick’s Life Sciences Industry specialists serve as trusted accounting, tax, and business advisors to assist you in making critical go-forward decisions. For a life sciences company, ongoing innovation, access to capital, and the ability to obtain regulatory approval are the cornerstones for success. Improving operational, financial, and risk management practices as you grow enhances your ability to attract investors, commercialize, and exit when the time is right. CohnReznick LLP is one of the top accounting, tax, and advisory firms in the United States, combining the deep resources of a national firm with the hands-on, agile approach that today’s dynamic business environment demands.