Austrian Protaffin pockets €14 million

Targeting Cell-Surface

The Graz-based, pre-clinical stage biotech company Protaffin has completed a €14 million financing round. The small company with just a dozen employees managed to attract prominent equity investors, such as Atlas Venture and SR One Limited (the corporate venture fund of GlaxoSmithKline).

Protaffin is happy about €14 million.

Using engineered versions of human proteins, which bind to cell-surface glycan structures to affect their biological activity, Protaffin is to develop "a novel class of drugs" from these proteins. In the light of its pipeline of pre-clinical development candidates, directed against diseases like rheumatoid arthritis and cancer, it's still a long way for the Austrian company to market approval (say, ten years or so). The funding will be used to complete pre-clinical development and phase I testing of Protaffin's lead product PA401, a modified form of a human chemokine with anti-inflammatory activity.

Protaffin was founded in 2005 by former Novartis and Max Planck researcher Andreas Kungl, meanwhile a professor of protein chemistry in Graz. The company's Board contains well-known names, such as the 1988 Nobel laureate Robert Huber and Morphosys Chief Executive Simon Moroney (both from Martinsried, Germany). -WK-

GW Pharma gets €9 million from Spanish partner

Skyrocketing Share Prizes

United Kingdom's GW Pharmaceuticals (Salisbury) will receive a €9 million milestone payment from its Spanish licensing partner, Laboratorios Almirall (Barcelona), after GW's cannabis-based medicine, Sativex, has been submitted for approval in Spain. In a recently completed phase III trial, Sativex had produced positive results in treating spasticity in multiple sclerosis patients. Following approval in the UK and Spain, GW and Almirall intend to approve the drug in other European countries, GW's Managing Director, Justin Gover, revealed.

The pleasant news provoked feverish stock purchases, skyrocketing GW Pharma's shares 110 percent from €0.38 to €0.80. With an increase of even 165 percent to-date in 2009, GW Pharma's is the second best performing biotech stock in whole of Europe up to now, only surpassed by Norway's Algeta (220% in 2009). Other biotech outperformers of 2009 are Sweden's Active Biotech (108% increase), Norway's Biotec Pharmacon (74%), France's Tigenix (58%), and UK's Oxford Biomedica (54 percent increase), all speeding light-years away from the Eurostoxx50 (minus 1%). -WK-

Biotech report sees ray of hope in the US

Spreading Fear

Year after year, the accounting firm Ernst & Young publishes its Global Biotechnology Report with the hopeful slogan "Beyond Borders" shining on the front page. For CHF150 (equivalent to €100), the annual review tells the reader what happened in biotech during the recent year and predicts what will happen in the upcoming. If the experts piping up in the report are to be believed, 2009 will turn out to be quite a horrible year. Ernst & Young forecasts that an unprecedented number of companies will go bankrupt this year, due to a global 46 percent plunge in fundraising last year (dropping to €12 billion). At the end of 2008, 162 publicly traded biotech companies, that is 44 percent of the total, had less than a year's worth of operating capital in the bank – an inappropriate point of time, in the light of the current economic crisis and drying up sources of funding.

"This time we have a systemic financing crisis," Glen Giovannetti, global biotech leader at Ernst & Young, told *Reuters*, and added, "The recovery won't come fast enough for some companies."

A desperate situation? Not entirely: the global revenues of publicly traded biotechs jumped 12 percent (to €67 billion) in 2008 and their net loss was reduced 53 percent (to a minus of €1 billion). While the listed companies in Europe boosted their revenues by even 17 percent (to €11 billion), their US counterparts made an overall profit (€0.3 billion) for the first time ever, according to the report. -WK-