

# MoFo BioMeter™

A quarterly deal report covering the biotechnology industry



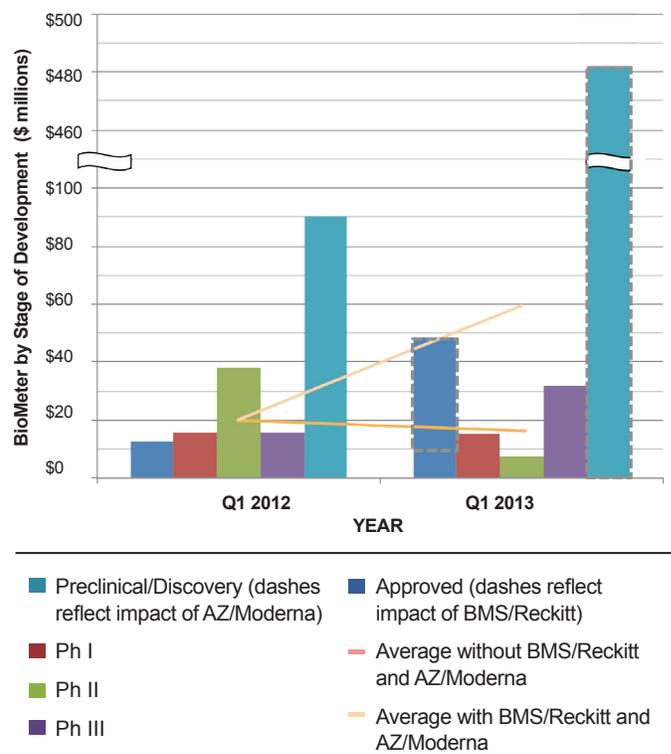
## Flat BioMeter Value and Decline in Deal Volume are Hallmarks of Q1

By Stephen B. Thau, Anelia V. Delcheva

The Morrison & Foerster BioMeter for the first quarter of 2013 shows a flat quarter for BioMeter value and a decline in dealmaking activity. A small number of large deals dominate an otherwise quiet quarter.

In the first quarter of 2013, the average BioMeter value for all transactions was approximately \$60 million, a significant increase compared to the same quarter in 2012. Much of this value is attributable to two transactions, however, the BMS/Reckitt transaction for multiple OTC products in Latin America, and the AstraZeneca/Moderna transaction for mRNA technology. Excluding these two transactions, the BioMeter value for the first quarter was \$16.3 million, a slight decline from the same quarter in 2012.

**Table 1: BioMeter Values by Stage of Development and Average for Q1 of 2012 and Q1 of 2013**

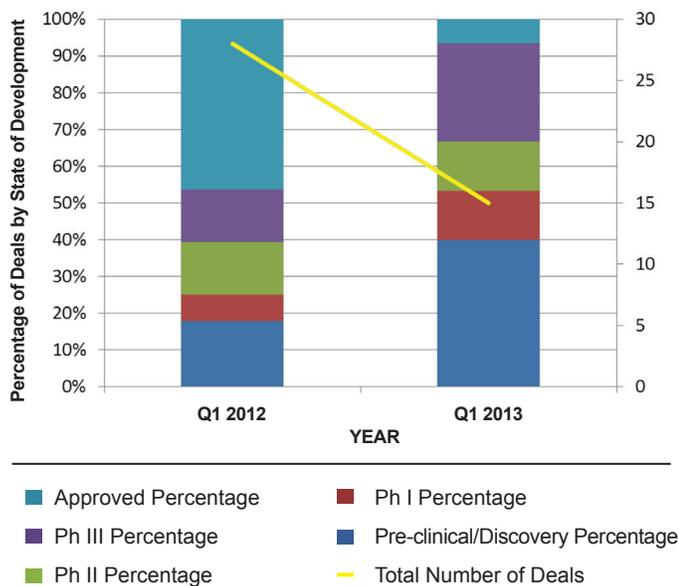


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Excluding AstraZeneca/Moderna, the BioMeter value for pre-clinical/discovery programs remained close to \$10 million and the BioMeter value for Phase 1 programs also held steady at \$15 million. Phase 2 programs showed the most significant decline in BioMeter value. After a very strong year in 2012 for Phase 2 deals (see BioMeter Volume 2, Issue 1), the BioMeter value for Phase 2 transactions fell sharply in the first quarter of 2013 to approximately \$7.4 million. This decline was offset by an increase in BioMeter value for Phase 3 transactions, to approximately \$32 million in the first quarter of 2013, compared to approximately \$15.5 million in the same quarter in 2012.

A key part of the BioMeter story for the first quarter of 2013 is the small number of reported transactions. We identified only 16 transactions that reported up-front payments, down by almost 50% from the similar quarter last year, and the lowest number by far in any quarter from our analysis back to 2006. The BMS/Reckitt deal was the sole reported transaction for an approved product in the first quarter of 2013, and there were only two reported Phase 2 transactions in this period, down from four in the same period in 2012.

**Table 2: Number and Percentage of Collaboration Agreement by Stage of Development for Q1 2012 and 2013**



The BioMeter suggests that the consequences of industry consolidation and tightening development budgets are coming home to roost. The data are consistent with anecdotal reports that pharma companies are increasingly constrained in their research and development spending, and are focusing efforts on a narrowing set of assets. In future editions we will look for trends across indications for development.

**About MoFo BioMeter**

The MoFo BioMeter is an index that measures the health of the biotechnology industry. The BioMeter averages up-front payments in licensing, collaboration, and development agreements between biotechnology companies (broadly defined) and companies that pay for commercialization rights. We focus on up-front payments because they are the most concrete representation of the value of a development-stage asset, and also because in an era of constricted venture funding for unapproved therapeutics, up-front payments from collaboration agreements have become an increasingly necessary source of capital for companies to sustain their development efforts. The BioMeter also allows us to measure changes in the industry, or by sector, over time.

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