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Oncology Biotechs You've Probably Never Heard Of: 2 Potential IPOs And 2 Non-USA

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(Editor's Note: This article covers stocks trading at less than \$1 per share and/or with less than a \$100 million market cap. Please be aware of the risks associated with these stocks.)

In the first six weeks of 2014, 18 life sciences companies went public. In fact, the IPO rate went up to 2 per day for the week of February 3-7, raking in more than half a billion greenbacks. Inevitably there is talk of a bubble, and I'm going to ignore that for now - having made note of it -- because my crystal ball is too cloudy to see tomorrow, much less April or May. But of course we have to keep in mind that the IPO window can slam shut very quickly, and has done so many times; in fact, IPOs seldom seem to taper off - they stop like the drop of a guillotine blade in most cases.

From my perspective, the huge class of 2013-14 is the logical result of the Great Recession that began in 2008. Whenever the economy lumbers to a halt, or a crawl that might as well be a halt, garage-type startups begin to proliferate like cicadas waking up after their Rip van Winkle-style underground hibernations. It is a natural progression from corporate retrenching and personnel reductions.

According to Fierce Biotech's Damian Garde writing on Valentine's Day, the average gain on those 18 life sciences companies was 34.7% above their initial pricings. The star of the Early Show of IPOs was Dicerna ([DRNA](#)), which was up 260% from its IPO price of \$15 - and even today is trading over \$35.50, which of course is so high a return you can't calculate it on an annual basis. He also pointed out that there have been very few duds this year - remembering that he was writing on February 14 and February was a difficult month in the market after a thousand-point drop in the Dow that bottomed out on February 3.

We all know that the nature of many of these companies is binary. There is an either-or moment like a Roman emperor's thumbs up or thumbs down for most, and the emperor in this case is called the FDA. Even so, with so much optimism on the part of the public about seeing an end to cancer in our lifetime, it's hard to imagine that the birthing of new biotechs will slow down much. Add to that the ongoing redesign by government committees of the US healthcare environment, and it seems obvious that we need to continue to find new ways to treat and, one hopes, cure big indications like diabetes, a dizzying number of cancers, hypertension, autoimmune disorders, and individual bug-generated diseases like HIV and Hepatitis C, to name just a few.

If we assume that the current Big Push against cancer will not vanish, then the next crop of oncology biotechs and diagnostics may be a good place to look for winners. So I've had a look around, and found some companies that a healthcare investor might want to be aware of.

Formula Pharmaceuticals is a privately held, venture-funded oncology drug development company targeting initially multiple myeloma (that's what Tom Brokaw was diagnosed with last month), myeloid leukemia, mesothelioma and ovarian cancer. What makes them stand out from the hoi polloi is that their

first drug, which goes by the lab name of FPI-01 is licensed from Memorial Sloan Kettering Cancer Center (MSKCC), and it's hard to come up with a more distinguished pedigree than that. It targets patients who are in remission from multiple myeloma, and aims to prevent relapses.

The Company says on its website that based on encouraging survival rates in early human trials, fully sponsored MSKCC Phase II studies have been initiated with the full collaboration of MSKCC and other renowned cancer centers. FPI-01 will also be the subject of trials for other hematologic cancers and solid tumors. Their website is at www.formulapharma.com, and they are located just outside Philadelphia in Berwyn PA. They look to the disinterested outsider like an IPO candidate in the making, and we believe they may be doing a B round currently. Their CEO is Dr Maurits Geerlings, who has an impressive and spot-on resume in biotech, having worked with Infinity Pharmaceuticals ([INFI](#)), Prism Pharma (now part of Baxter), Cephalon (now part of Teva) and Alexion Pharma ([ALXN](#)).

eMMUNITY is a privately held diagnostic and immunotherapy development company headquartered in Bethesda MD, and targeting cancer therapy and prevention for genetically related cancer patients. They translate DNA sequence data into immunological information, and use proprietary tests and algorithms to guide doctors in making treatment decisions. They are using their tools to develop vaccines for specific cancers tailored for the genetic portrait of the patient. Their therapies boost the patient's immune system to bombard cancer cells with at least ten different "bullets." They aim to provide "the right patient with the right drug and the right dose at the right time." They will test their vaccines on genetically matching patients selected with their own proprietary tests.

There are numerous companies, including a recent IPO, Foundation Medicine ([FMI](#)), that perform cancer genetic testing, but eMMUNITY may be the only one that combines immunogenetics with tumor-associated antigen testing. They envision collaborating with companies developing new immunotherapies to optimize trials, and they believe that their vaccines may be complementary to those developed by other companies.

Why is eMMUNITY interesting? Well, aside from its general pursuit of personalized cancer therapies based on genetic diagnostics and analysis of individual tumor materials (which are strong draws) - the CEO is Dr Elemer Piros, who has a strong background in the lab and the clinic, but who became best known as a much-sought-after Wall Street analyst who basically led the research analysis side of the antic life sciences business of Rodman & Renshaw in its glory years. A man with a dizzying range of medical and biotech knowledge, Dr Piros apparently had his fill of Wall Street after working with Burrill & Co subsequent to his time at Rodman & Renshaw, and headed back to the lab. One assumes that eMMUNITY, like all other biotechs, will consume money at a fairly rapid pace, and that Dr Piros knows 95% of the potential funding sources, and probably 100% of the potential IPO bankers. Just saying If you're interested, contact their Chief Business Officer, John Hautman (johnhautman@emmunityinc.com). Their headquarters is 4400 East West Highway, Suite 1126, Bethesda, MD 20814.

Bionomics is a publicly traded company based in Adelaide, South Australia, and with operations in San Diego CA. They trade on the Australian Stock Exchange ([BNO](#)), and they have a sponsored ADR that is quoted on the Pink Sheets, but seldom trades ([OTCPK:BMICY](#)). They have a market cap of about US\$261 million, and the UK's Edison Research anticipates that its soon-to-be-reported Phase II results for its lead drug, a vascular disrupting agent for second-line renal cell carcinoma, will be "a major stock price catalyst." Bionomics also recently reported encouraging results from Phase I/II trials for its therapeutic for recurring ovarian cancer. They are also pursuing drugs for memory loss in Alzheimer's and Parkinson's, although those are outside the purview of this article, and are entering trials on colorectal, pancreatic and breast cancer.

Bionomics is on this list because I believe that few US investors are familiar with the company, and since its ADR barely trades, it is effectively not quoted for trade in the US. My experience is that regional exchanges such as the ASX frequently are quite conservative in their valuations of local companies. A favorable result on a Phase II trial for renal cell carcinoma or ovarian cancer could bring in a whole new audience for Bionomics - one that might well find it considerably more valuable than its current market capitalization indicates. At their last financial report they had about A\$20 million in cash, which appears to be funding for multiple years, and since that report they announced a 6-year funding from the Australian government amounting to A\$34 million. It does not appear that massive dilution is hanging over them like a Damocles sword.

One more: BioInvent International is headquartered in Lund, Sweden, and trades on the OMX Stockholm under the ticker symbol BINV (on many internet sites in the US, it is BINV.ST). There is an unsponsored ADR that settles in Stockholm although it is symbolized in the US, but the stock is basically not traded in the US. The market capitalization is about SEK 255 million, which equates to about US\$40 million. I decided to include BioInvent because their first clinical-stage product, BI-505, is a fully human antibody treatment for multiple myeloma (see Formula Pharmaceuticals above). The antibodies they are developing bind to certain types of cancer cells and can cause apoptosis (cell death), so they are intended to act like robots or drones, killing the targeted tumor cell by cell. They will have data on their Phase II study by the third quarter of 2014, in just a few months. Their website is at www.bioinvent.com.

They are also developing an antibody for non-Hodgkin's lymphoma, and they are partnered with Bayer on a research project on another antibody. They have a proprietary method of matching antibodies to diseases or cancer cells that they believe makes them more efficient and speedier than other companies at identifying useful antibodies.

Obviously there are many publicly traded companies in the US that are targeting various kinds of cancer as well. Many of those are well covered on SeekingAlpha: ARGS, PPHM, ECYT and IMUC are four that have small libraries of articles on SeekingAlpha. The purpose of this article is to bring to your attention some companies you may want to keep an eye on. Unless you are a VC you most likely can't invest in Formula Pharmaceuticals or eMMUNITY until such time as they go public. You can invest in Bionomics or BioInvent International - most US broker-dealers can trade on foreign exchanges - but keep in mind that they may not be liquid enough for your goals.

Nonetheless, if you're interested in the War on Cancer, as I am, each little David could be successful against some cancerous Goliath.

Please do your own due diligence before jumping into a biotech stock