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# After A Bumper 2021, How French Biotech Is Surviving Market Doldrums

by Ayisha Sharma

**French Biotech In Focus:** Amid a global biotech funding boom last year, French biotech saw a rise in the number of high-value financing rounds while its firms adopt savvy licensing strategies.

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French biotech companies raised their fair share of funds in 2021 as the industry saw record levels of investments while R&D flourished amid the continuing COVID-19 pandemic, a new survey reveals.

The French biotech industry saw a spate of high-value partnership deals and financings in 2021, supported by strong public funding and a strategic focus on targeting unmet medical needs.

The data are from the industry association France Biotech's annual Panorama France HealthTech report (supported by Bpifrance, EY and Euronext), drawn from a dedicated survey and publications by companies in the sector. This year's report looked at information was collected in late 2021 from 427 companies, 180 of which were biotech firms (the rest were Medtech, diagnostics and eHealth companies), presented at the France Biotech conference earlier this month.

The report states that France is back in third place at European level (behind the UK and Switzerland) in terms of total amounts raised by healthtech firms between 2019 and 2021, but remains in second place for the number of transactions completed. France had a very dynamic year in terms of IPOs, including [Valneva SE](#)'s dual listing following its IPO on Nasdaq in May after an initial listing on Euronext.

France also rose to second place in Europe, behind the UK, in terms of venture capital funding

raised in 2021 at €1,565m, enjoying a significant increase in investments exceeding €30m (201% growth in this segment).

“There were some record investments in France last year with an increase in the number of investment rounds raising more than €50m,” France Biotech’s market research manager Chloe Evans told *Scrip*. Furthermore, seven French firms across biotech, medtech and E-health went public last year. This included microbiome modulator-focused firm [MaaT Pharma SA](#), which launched a successful €31.1m initial public offering on Euronext.



EVANS LEADS ON FRANCE BIOTECH'S MARKET RESEARCH

The financial climate for biotech firms has cooled since the start of this year, prompting a change in tack. “Due to poor valuations linked with the ongoing global biotech downturn, investors are hesitant to engage in dilutive financing,” Cedric Moreau, partner at Sofinnova Partners’ crossover fund team, told *Scrip* during the France Biotech conference. Sofinnova is developing a multi-fund strategy through dedicated funds executed by specialist investment team.

Moreau joined Sofinnova in June 2018, bringing 18 years of experience in life sciences investment banking. The current trend is centered on non-dilutive financing such as partnerships involving research or commercialization licences while big pharma companies remain in ‘wait and see’ mode regarding potential M&A deals, he explained (see

chart below).

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Out of all strategic alliances involving French biotech firms over the past two years, the five highest-value deals occurred in 2021, according to the Panorama France Healthtech 2021 report. These included last year’s expansion of a collaboration between [Cellestis SA](#) and US firm [Cytovia Therapeutics, Inc.](#) to develop gene-edited induced pluripotent stem cell-derived natural killer (NK) and chimeric antigen receptor NK cells. Cellestis received a \$20m equity stake in Cytovia stock and is eligible for up to \$805m in development, regulatory and sales milestones as well as single-digit royalties. (Also see “[Dealmaking Quarterly Statistics, Q1 2021](#)” - In Vivo, 6 May, 2021.)

However, partnerships with academic institutions still made up the bulk of deals as opposed to inter-company collaborations (see chart below).

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## Popular Areas For Investment

In terms of trending areas for investment, immuno-oncology remains strong but others are gaining traction such as personalized medicine approaches, Moreau said. Oncology remains a major therapeutic area of interest as well as neurodegenerative diseases and some rare diseases, as these areas present high unmet needs.

The report notes oncology partnerships comprised 29% of European agreements involving French biotech between 2019 and 2021. The combination of oncology, CNS and infectious disease agreements made up more than half of all partnerships inked within this timeframe.

## Precision Medicine Ensures Pricing Power

Sofinnova favors the precision approach to R&D whereby firms target a disease sub-indication which may not address as many patients as a traditional approach but enables increased specificity and therefore higher impact. “The precision approach gives you greater pricing power which is very important,” Moreau said.



MOREAU JOINED SOFINNOVA IN 2018

While all investors care about scientific capabilities, their attitudes towards leadership capabilities can be mixed with some giving less attention as they have the option of changing the CEO. However, Sofinnova invests in people to drive and develop the science. “As an active investor we help our companies to attract the best talent at the C-level but also to set the proper governance,” Moreau explained. In particular, Sofinnova highlighted it prioritizes ensuring company boards have the right balance in terms of gender diversity and skillset.

## Public Support Continues

Importantly, French healthcare companies also benefit from strong public funding. More than €1.2bn in grants was awarded to biotech, medtech and E-

health firms in 2021 to support more than 850 projects, representing a fourfold increase since 2020. Furthermore, the government’s France 2030 plan has allocated €3bn with the aim of producing 20 biopharmaceuticals for cancer and chronic diseases as well as innovative medical devices.

*Editor’s note: This article has been updated to describe Cytovia as a US-based firm.*