

# LaVoie Group Newsletter

*The Acknowledged Leader in Life Science Communications*

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## Announcements

In our quick survey of 34 newly public biotechnology companies in the class of 2004/5, 15 experienced stock prices well below their offering price. Twelve of those 15 companies with stock performance below offering price had no visible external agency representation. 13 of the 17 with stock prices above offering price employ some form of external representation. We don't think that this is coincidental. (Survey done in August 2005).

## Happy autumn from LaVoie Group!

There is no surprise that the shift toward M&As continues as IPOs have not been the exit choice of recent late due to many factors -- predominately the market's discriminatory preference for late-stage product companies and the reluctance of companies to institute and fund the development of regulatory structures such as Sarbanes-Oxley. The pharma industry's continued thirst for promising drug candidates to fill drug pipelines as a result of blockbuster patent expirations and low valuations have also fueled this shift. Despite the shift to M&A, some companies that have recently gone public have experienced strong stock performance. This is fueling discussion that the IPO market is getting ready again.

Some leaders in the field have concluded that the criteria for the "new class" of IPO's includes late stage product candidates and clinical validation by big pharma/biotech. We think there is more to it. For the "new class" of IPO's to outperform the last class, companies will need sophisticated levels of business development, corporate positioning, investor outreach and media relations.

Sincerely,



Donna L. LaVoie  
President & CEO

## Part 1 of 2: Planning Your Successful IPO

Irrespective of the exit strategy you select for your company, you need to plan your attack.

Indicators lead us to believe that the public markets are still the preferred choice for many companies and that strong performance from the recent IPO class will provide the runway for others. Because of this, we will focus this issue on the 5 key steps toward planning for a successful IPO.

**Objectives.** The key rationale for employing a program prior to IPO is to 1. Extend your market presence, 2. Make appropriate introductions to the right bankers, analysts and institutions, 3. Maximize sponsorship of your stock in the aftermarket and 4. broaden the range of choices for banking sponsorship.

**Business Development & Media Relations.** We all know how important validation by a corporate partner is to your company's valuation. Get your program in gear; develop a business development and media relations program for product candidates for which you seek corporate partners. You will need to package these products appropriately for the corporate partner audience. A tailored media relations program can also help to achieve visibility to your products.

**Pre-IPO Program.** Develop a financial timeline going out 12-18 months and include all relevant conferences, reporting dates, and potential milestones. Discuss with the rest of your management team your company's approach and style for communications and outreach. SEC regulations will dictate the need to communicate based on material news and the financial markets will quickly learn your company's style of communicating. For example, do you typically release news on Monday's in the morning or do you wait until after the close? Do you call a "black out" period prior to impending material news? Be sure to train your audience appropriately so that you can manage expectations accordingly.

**Corporate Disclosure.** If you are a company that already issues press releases and other news on a regular basis, then you need to review your press release and corporate disclosure process in order to get your company "ready" to be a publicly traded entity. There will be "black out" dates during the IPO process that you will need to adhere to. Form a Corporate Disclosure Committee early to include legal counsel, Finance, PR and IR. Develop a written disclosure policy that everyone buys into and adopts to it. It could serve to be a document that will defend your company in the event of a disclosure issue.

**Investor Positioning Session.** While your bankers will be involved in preparing your company's story for the financial community, it is important to be ready prior to having them involved as you want to be courted so you have a choice of banking sponsorship. As part of this process, be sure to develop a peer group from which to benchmark your company. Develop a working investment thesis -- what are our tenets for building fair valuation? Set appropriate corporate milestones for internal discussion and then decide on the appropriate public disclosure of these milestones.

**Investor Presentation Development.** Not only is it important to develop and perfect your corporate spokespersons, you will need to develop internal "messaging documents" to keep key spokespersons "on-message." Many times company spokespersons say they have it under control only to come back later with a "corporate disclosure issue." Be prepared.

**Conduct Pre-IPO Perception Audit.** You may need to conduct an audit (either blinded or unblinded) in order to understand how investors will perceive your company's story well in advance of the road show. This may eliminate the cost of going out too early or shed light on a perceived weakness that was not previously well understood.

If you'd like to know more about how LaVoie Group can help you with these strategies and tactics, please contact us! The second edition of this newsletter will focus on Post-IPO program.

## LaVoie Group Adds Elusys to Client Roster

LaVoie Strategic Communications Group, Inc. (LaVoie Group), a specialty public and investor relations life science consulting firm announced recently that it has added Elusys Therapeutics Inc., a developer of targeted anti-infective therapeutics to its life science client list. The Company is currently raising approximately \$15 - \$20 million in additional venture capital funds in the U.S. this fall from new investors and existing shareholders. Elusys was recently awarded \$4.4M from the National Institute of Allergy and Infectious Diseases (NIAID) and \$1M from the Department of Defense. To date, the company has been awarded \$20M from the U.S. government for the development of novel therapeutics to combat bioterror agents. Current venture investors have included Essex Woodlands Health Ventures LLC, Invesco Private Capital, Crescendo Ventures, EagleAdvisors, the Legg Mason Emerald Fund and others. For more information, visit [www.elusys.com](http://www.elusys.com).