LaVoie Group Newsletter

The Acknowledged Leader in Life Science Communications

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Greetings:

Autumn is the season of change. Change can sometimes be good as many life science companies have spent the summer getting their stories together in preparation for a venture or equity raise, a pharmaceutical partnership or both. This issue briefly outlines an increasingly hot topic - deciding to list on an international exchange. We will review some basics with respect to The London Exchange (AIM) as well as SWX Swiss Exchange.

Sincerely,

Donna L. LaVoie
President & CEO

Considering a Foreign Listing?

As discussed in previous newsletters, positioning and outreach are important components to corporate strategy whether your preferred financing choice is the public markets and/or a merger/acquisition.

One option that some US-based life science companies have taken is to list on a foreign exchange like the AIM (which is often compared to the US Nasdaq) or on the SWX Swiss Exchange. Each has its advantages and disadvantages, but one commonality is that both exchanges are more than 3,000 miles away from the US with their own currencies. Each has lighter regulatory requirements and lower listing fees. However, it remains unclear whether you will achieve a better valuation for your stock. Nontheless, read on.

Access to Key Institutions. Both the SWX and the AIM exchanges provide access to an international professional investor base. Switzerland is a leading financial center for equity investing and is home to many experienced life science investors such as UBS, Credit Suisse, Lombard Odier and Bank Leu. With AIM's home base in London, this provides an equally interesting group of specialized life science investors that mirror the US such as Fidelity, Merrill Lynch, Invesco and Framlington. Some of these funds work on global teams and share information. These institutions should be interested in your story if you meet their criteria (clients inquire within) and will be more likely to invest if you have a local presence in their market, such as existing shareholders in their market, a partnership with a pharmaceutical company in their homeland, an established subsidiary in their country or links with financial networks, such as banks or VCs.

The SWX has a large life sciences constituency and benchmarks its performance against such indices as the Nasdaq Biotech and BioCentury 100. Companies listed on Nasdaq tend to be more richly valued than those listed on AIM. Initially, however, AIM could be a good way to finance your company less expensively prior to moving to a national exchange such as Nasdaq or AMEX. Some recommend AIM as an optional financing choice for small US companies.

Currently 51 US-based companies trade on the AIM, and 37 of those joined at the beginning of 2005. Unlike Nasdaq, AIM requires no minimum track record or market cap and there is no public float requirement. However, be aware that market receptivity can be very company-specific just as a national exchange. Receptivity will depend upon market conditions, a clear story, an investment worthy story, appropriate valuation, free float and a better than average IR program and lead bank manager.

Analyst Attention. The SWX boasts strong coverage by 60 brokers/banks, and international research providers for companies with valuations above $80 million. The life sciences companies are a strong peer group that analysts pay attention to - provided there is a link in their country. The SWX has a long tradition in the life sciences and has increasingly had a focus on small and mid-caps. London is also home to many brokerage firms and the opportunity for coverage exists there too, provided you meet their valuation threshold and criteria.

Media Strategies. This is another very important factor to consider if looking to list on a foreign exchange. The London AIM and the SWX may provide a US-based company the ease of raising capital without the media attention from American journalists. This may be useful if markets are choppy and the story is a bit early. In both cases, a listing on either exchange will most likely be covered extensively in the respective markets. Certainly, there is a strong "sector cluster" of big pharma in Switzerland as well - and this may provide easier access to partnerships, spin-outs, academic and R&D centers.

Small-Cap and Foreign Presence. The SXI LIFESCIENCES® (comprised of pharma, medtech and biotech companies) along with the SXI Bio+Medtech® sub-index, both are benchmarks for one of Switzerland's leading sectors. In 2005, the SWX outperformed the Nasdaq Biotech, BioCentury 100, Nasdaq and Dow Jones indices by 30 percent. Approximately 35 percent of the SWX is made up of foreign companies, while AIM is made up of about 30 percent.

Regardless of your decision to list on a foreign exchange, you will need good partners in IR/PR, corporate communications, legal, accounting, banking and more. If you'd like to learn more about partnering with us on these strategies, contact us at the number below.

New Clients: Transport Pharmaceuticals and EyeGate Pharmaceuticals

LaVoie Strategic Communications Group, Inc. (LaVoie Group), a specialty public and investor relations life science consulting firm announced that it has added two new clients to its roster, Transport Pharmaceuticals, Inc., a leader in the convergence of drugs and medical devices for the topical treatment of dermatological conditions and EyeGate Pharmaceuticals, Inc., a developer of drug/device combination products for intraocular diseases of the eye, which provide an alternative to intraocular injections.

Dory Valiquette Joins LaVoie Group Team

Dory Valiquette, a seasoned IR executive, recently joined the LaVoie Group team as senior IR counselor. The hire was made in response to the firm's continued demand for experienced life science consulting and execution. Most recently, Dory was head of Investor Relations and Corporate Communications at Emisphere Technologies, Inc.