



PRIVATE EQUITY IN ACTION - CASE STUDY

Algeta



Country	Norway
Region	Norway
Investor	HealthCap

In 2005, Norwegian pain palliation specialist Algeta raised \$29m with HealthCap as lead investor. Following the investment, HealthCap assisted Algeta in ensuring its product, Xofigo, reached full potential by redirecting its clinical focus from pain palliation to full cancer therapy. This involved clinical development, management team reinforcement and product globalisation.

Following the successful change in strategy, Algeta listed on the Oslo Stock Exchange, raising \$41m in 2007 with a further \$35m raised in 2009. Healthcap supported Algeta in achieving a commercialisation agreement with pharmaceuticals group Bayer, which, in 2014 acquired the business for \$2.9bn. With FDA and EMA approval for Xofigo, the product has now launched in the US and Algeta has proved itself a pioneer in cancer therapy.

What did the business need?

- Define a well-positioned clinical focus and a clear strategy for clinical development
- Raise funding from international investors to finance the pivotal clinical trial
- Attract experienced international management to build a strong leader team
- Engage with global players from the oncology field for potential structure deals

How did private equity backing create lasting value?

- Guided the clinical development strategy from pain palliation to

\$2.9bn

acquisition by Bayer AG in 2014

19x

gross return multiple for HealthCap



Algeta's management needed time to fully establish "Alpha" as a major new therapeutic class and HealthCap's long term strategic commitment enabled a steady increase in share price culminating in a major acquisition deal.

ANDREW M. KAY

castration resistant prostate cancer, an indication with a substantially higher value potential

- Led the series A round which raised \$29 million; invited international investor to join the financing round
- Strengthened and restructured the management team by introducing CEO Andrew Kay
- Kept influential representatives on the board of Algta before the acquisition

What outcomes did private equity investment achieve?

- Xofigo becomes the only approved alphaparticle emitter drug for cancer therapy by both FDA and EMA
- Share price of Algeta has increased by 650% since the IPO
- Algeta acquired for \$2.9 billion by Bayer in February 2014
- 19x payout for HealthCap in Algeta investment

More information

[HealthCap](#)

Former CEO
Algeta

