

Biotech start-up looks set for a healthy future



Company Name: Genera Biosystems Ltd
Issue Price: 50c per ordinary share
Security code: GBI
Capital to be raised: \$5 million
Expected offer close date: May 14
Recommendation: None

BIOTECHNOLOGY firms may not be for the faint-hearted, but the blue sky they usually offer makes them a punt many of us just can't resist.

One potential new listing in this space, Genera Biosystems, has started to turn heads.

"Genera Biosystems has an attractive pipeline of products in various stages of development that are targeting large markets," Wise-owl.com senior equities analyst Simon Guzowski says.

"It also boasts an agreement with Sonic Healthcare, so its lead product has already gained credibility with the big end of town".

Genera is focused on developing Molecular Diagnostic tools that will compete in fast-growing segments of the global diagnostics market. The global market for diagnostics is estimated to be worth \$US34 billion (\$36 billion), and the Molecular Diagnostic portion of this market that Genera is targeting is estimated to be worth \$US2.5 billion and growing.

"The lead product of Genera is PapType, a diagnostic test for human papillomavirus (HPV), which is responsible for 99.7 per cent of cervical cancers," Guzowski says.

PapType is shaping up to be as equally effective as existing tests for HPV, yet it is faster and requires fewer steps to complete, which gives it a competitive advantage. This is the most likely candidate to be first commercialised by Genera.

The AmpaSand platform, on which PapType is built, is also being developed to pursue other

commercial opportunities.

The most immediate of these will be a diagnostic tool for chlamydia and gonorrhoea, which are common sexually transmitted diseases.

"Genera's agreement with Sonic Healthcare is a big credibility booster for this emerging story," Guzowski says. "Sonic Healthcare is the world's third-largest commercial pathology provider, with revenues in the order of \$1.9 billion. Having such a partner on board is no small achievement."

Under this agreement, the two companies will collaborate on the further development of PapType.

Sonic will also help Genera conduct studies required by the US FDA, the US healthcare regulator for new medical products.

A commercial section of the agreement also caters for Sonic to purchase PayType non-exclusively for use in its laboratories.

For those with an appetite for the risk that comes with the biotech sector, GBI is shaping up as an IPO with good potential.

