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Targanta Closes \$70M Series C For Product Launch

BY [JONATHAN MATSEY](#)

An IPO is likely next for the company, whose post-money valuation sits at more than \$150 million. The Series C will go toward launching its first product and is expected to last the antibiotics developer through the second half of 2008. Its lead product, oritavancin, is an antibiotic for gram positive infections.

Antibiotic developer Targanta Therapeutics Inc. said that it has raised \$70 million in Series C financing, as the company positions itself for a public offering and its first product launch.

New investors Brookside Capital, Skyline Ventures, Radius Ventures and OrbiMed Advisors led the round, joined by existing investors Seaflower Ventures, VenGrowth Advanced Life Science Fund and the Canadian Medical Discoveries Fund. Targanta raised \$40 million prior to this round.

Mark Leuchtenberger, president and chief executive of Targanta, said the financing is an up round and pegged the company's post-money valuation at more than \$150 million.

Based in Cambridge, Mass., Targanta is an antibiotic company focusing on hospital-based infections. The company's lead compound, oritavancin, is an antibiotic for gram-positive infections, including multiantibiotic-resistant strains. The drug was originally developed at Eli Lilly & Co. and was ultimately in-licensed by Targanta from InterMune Inc. in 2005. InterMune has an equity position in Targanta.

Last month, Leuchtenberger told VentureWire that the company was looking for a \$50 million round. The round closed higher because the company wanted plenty of cash on-hand for its development, he said. "We looked at the opportunities we have and we want to do justice to the indications we're in ... we want to start the trials as aggressively as possible."

Targanta, with 60 employees, is set to begin Phase II trials for oritavancin in pneumonia and complicated skin and skin-structure infections later this year. The drug has completed two Phase III trials with gram-positive infection. Leuchtenberger expects to

file a new drug application with the Food and Drug Administration in the third quarter with sales anticipated for the second half of 2008.

The Series C financing will last the company through the second-half of 2008, but Leuchtenberger said the company is eyeing a public offering before then. Alex Moot, Targanta's Chairman and a partner at Seaflower, said that an IPO is a much more logical route for a company like Targanta than an acquisition. "Valuations have been very healthy," he said.

Moot said that a lot of drug developers have not been active in the antibiotics space for about a decade, although interest is picking up speed. "A lot of pharmas that got out of the sector in the late 90s are getting back in, those that stayed in are upping their commitment and other companies are looking to get into the space." Moot said his firm would hold on to its stake in the company "for two or three years after the IPO."

Meanwhile, David Stoffel, a principal at Radius, pointed at recent acquisitions of antibiotics companies as signals of growing interest in the space. Stoffel cited as examples Peninsula Pharmaceuticals Inc., which was bought by Johnson & Johnson Inc., in June 2005, and Cerexa Inc. by Forest Laboratories Inc. last month. "This field has been neglected and off-the-radar," he said.

With the Series C financing, Jay Venkatesan, director at Brookside, and Eric M. Gordon, partner at Skyline, have joined Targanta's board.

<http://www.targanta.com>