
Venture Debt Helps to Strengthen Balance Sheet Ahead of IPO

"I have known the Senior team at Hercules for over 6 years as they have been part of important financing for two other companies I was involved with. We decided to go with Hercules because we knew that they could execute quickly on a large financing when we needed it."

Jim Scibetta, CFO

About

Pacira Pharmaceuticals, Inc. (NASDAQ: PCRX) is an emerging specialty pharmaceutical company focused on the clinical and commercial development of new products that meet the needs of acute care practitioners and their patients. The company's current emphasis is on the development of non-opioid products for postsurgical pain control, and its lead product, EXPAREL® (bupivacaine liposome injectable suspension), was approved for administration into the surgical site to produce postsurgical analgesia by the U.S. Food and Drug Administration in October 2011. EXPAREL and two other commercially available products utilize the Pacira proprietary product delivery technology DepoFoam®, a unique platform that encapsulates drugs without altering their molecular structure and then releases them over a desired period of time.

Challenge

Pacira has been a well-backed bio-pharmaceutical company that had raised more than \$120 million from four leading venture capital and private equity firms. After the Company's successful Phase III trials and NDA filing in Q3 2010, the Company looked to Hercules and the public markets to finance its next growth phase.

Solution

Debt financing from Hercules was a way to boost the balance sheet, providing negotiating leverage ahead of the IPO and insurance capital in the event that the IPO was not completed.

Hercules worked with the company to refinance debt from an existing provider and committed a total of \$26 million based on the actual vs. perceived risk of the investment. Hercules also conducted significant due diligence on Pacira's technology platform and placed significant reliance on a top-notch management team which they knew well since they had worked together closely at several other successful start-ups.

Result

In February 2011, Pacira completed its IPO, raising ~\$40 million. The combination of the IPO proceeds and Hercules debt financing placed the company in a strong operating position to get through the regulatory approval with the FDA on its lead program. In Q4 2011, the Company received FDA approval for its lead program, EXPAREL, and raised an additional ~ \$50 million in a secondary offering. Hercules expects to remain a long-term financing partner of Pacira as it commercializes its products.

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