

CRAIN'S DETROIT BUSINESS

POSTED: 8:00 p.m., May. 2, 2010
LAST MODIFIED: 8:06 p.m., May. 2, 2010

25th ANNIVERSARY: 25 Companies to Watch - Health Care/Biotech

Asterand eyes R&D deals, acquisitions

By [Tom Henderson](#)

Detroit-based **Asterand plc** (LSE: ATD) managed to grow its business in 2009 despite the economy — and make a profit of about \$400,000, the second profitable year in the company's 10-year history. Already this year, it has made a couple of big moves that could lead to record revenue.

Asterand was founded in Detroit as a tissue-bank company, supplying researchers around the world with a variety of tissue samples. But it has begun branching out into higher-margin businesses.

In February, for example, it bought San Francisco-based **BioSeek L.L.C.** in a deal that quickly made returns and news in March when Asterand announced a three-year research and development contract between BioSeek and **Ono Pharmaceutical Co. Ltd.** in Japan. The BioSeek deal involves an initial payment of \$1 million in Asterand stock and an additional payment of up to \$13 million more in 2011, based on the company's hitting milestones.

BioSeek's proprietary technology will use cells isolated from the human body to more efficiently test potential new drugs. Ono pays the R&D costs and milestone bonuses as drugs are developed.



CEO Martyn Coombs says Asterand is looking for acquisitions. "It's a good time to buy," he said.

Photo credit: Mark Lewis/Crain's Detroit Business

Advertisement

ASTERAND PLC

- **Location:** Detroit
- **Local employees:** 60
- **2009 revenue:** \$18 million
- **Founded:** 2000 by Randal Charlton
- **CEO:** Martyn Coombs

Why it's one to watch

- Finding profitable niches in biotech

Asterand is negotiating similar deals with drug companies in other regions and is looking for other acquisitions.

"We're looking at a lot of companies. It's a good time to buy. There are good valuations, for sure," said CEO Martyn Coombs.

Asterand trades on the **London Stock Exchange**, where it was the top performer in 2008 based on share-price increase. On March 30, **Daniel Stewart & Co.**, a market research firm in England, issued a buy report on Asterand, projecting a 39 percent increase in share price this year to the equivalent of about 38 cents. Stewart projected revenue to rise from \$18 million in 2009 to \$24 million this year and \$28.8 million in 2011.

Stewart praised the BioSeek deal, saying it "is already generating new sales and (Asterand) is now poised to benefit from significant cross-selling opportunities."

Asterand does not issue forward-looking statements or discuss revenue projections, but Coombs said: "We're very optimistic. Even last year, which was a tough year for everyone, we grew the business. And we made a lot of investments when everyone else was cutting back."

Coombs said that eventually he would like to make it easier for U.S. investors to buy shares by getting listed on the Nasdaq exchange. "We're a little small now. We need to triple our size. But when we do, we'll look at getting listed," he said.

The company employs about 60 in Detroit out of a worldwide total of a little more than 100 and will grow its staff here modestly in 2010, including adding a chief science officer.

Last November, Asterand was honored with the Good to Great Award at the annual **MichBio** conference in Kalamazoo. Last June, its CFO, John Stchur was named *Crain's* CFO of the year for a public company with less than \$1 billion in revenue.