

Petit raises \$5M to expand biotech MiMedx

Premium content from Atlanta Business Chronicle by Urvaksh Karkaria, Staff Writer

Date: Friday, January 6, 2012, 6:00am EST



Expansion: MiMedx President and COO Bill Taylor, from left, and CEO Pete Petit plan to expand the biotech this year.

A Kennesaw-based biotech led by industry heavyweight Pete Petit has raised \$5 million to help finance a corporate expansion.

MiMedx Group Inc. (OTC BB: MDXG) expects to add about 100 production and sales-related jobs this year. To accommodate the growth, MiMedx will double manufacturing capacity and take an additional 20,000 square feet of production space next year, said CEO Petit, a life sciences research benefactor.

The expansion comes amidst some shrinkage in the region's life sciences industry. Several Atlanta area firms, such as Solvay, Stiefel Laboratories Inc. and AtheroGenics Inc. have exited the market because of acquisitions or bankruptcy.

MiMedx develops and manufactures regenerative biomaterials and bioimplants processed from human amniotic membrane, for use in wound care, burn healing, soft tissue trauma, sports medicine and other areas.

The human amniotic membrane, typically discarded after birth, is the innermost layer of the placenta and lines the amniotic cavity. The natural sheet, designed to protect the baby in the womb, is rich in growth factors and other molecules that can grow tissue and heal wounds, said Dr. William Li, president and medical director of the The Angiogenesis Foundation, a Cambridge, Mass.-based nonprofit that promotes blood vessel growth technologies.

MiMedx technology dries and processes the amniotic membrane to a durable product with a shelf life of five years, said Li, an adviser to MiMedx.

"The membrane is applied on a wound to jump-start [it] into healing mode," Li said. "MiMedx is taking a page from Mother Nature's playbook, to speed healing."

MiMedx's tissue grafts can close wounds twice as fast as the competition, and often with half the number of applications, Petit said. The grafts have been applied to wounds in gums and even in the eye.

MiMedx has yet to fully exploit the healing potential of the amniotic membrane.

"This natural product may have multiple benefits and applications that have yet to be discovered or developed," Li said. "A small company like MiMedx has to work very carefully to be able to determine where it's going to put its resources."

MiMedx, which has raised more than \$20 million in the last three years, reported 2011 revenues of about \$8 million. The company expects sales to top \$23 million this year and anticipates profitability in the first quarter.

In addition to the amniotic membrane product, MiMedx has commercialized a polyvinyl alcohol polymer called HydroFix, used as a blood vessel guard during anterior spine surgery; and a collagen-based fiber technology, called CollaFix, that acts as a scaffold for soft tissue repair.

MiMedx's growth strategy includes making acquisitions, as it searches for new technologies and markets.

"I always seek companies that are at the top of their markets, that would blend with something we've already done, and would make us a strong No. 1 or No. 2 player," Petit said.

Acquisitions not only broaden MiMedx's product portfolio — they also leverage the company's distribution network and sales force, Petit said.

Last year, MiMedx acquired Kennesaw-based Surgical Biologics Inc., which develops tissue processing techniques for creating implants.

The acquisition gives MiMedx a larger foothold in the wound care business — a market estimated to be worth about \$7 billion in the United States, and one that is expanding at a 10 percent to 15 percent annual clip, Petit said.

The wound care business, which accounted for about 25 percent of MiMedx's 2011 revenues, is expected to double this year.

Cardiovascular disease, diabetes and obesity are converging to create an epidemic of chronic wounds, Li said.

Chronic wounds may not heal for years and can be life-threatening because they make patients vulnerable to infections that can lead to gangrene and even amputation.

The market potential for treating chronic wounds also makes it a competitive one — MiMedx faces growing competition from other advanced technologies, Li said.

Beyond wound care, MiMedx is focused on the sports medicine and orthopedics markets — both seeing robust growth from an aging and more active population.

Plastic surgery could also be an attractive market for MiMedx, because the amniotic membrane grafts “reduce the formation of scar tissue,” Petit said.

MiMedx, which holds exclusive rights to eight issued and 33 pending U.S. and foreign patent applications, was launched by serial entrepreneur Steve Gorlin. Petit, a major investor in the company, took over as chairman, president and CEO in February 2009.

MiMedx is steered by a “top-notch management team,” said Lee Herron, vice president of commercialization at the Georgia Research Alliance.

“They’ve been there and done that multiple times,” Herron said. “They know what works and doesn’t work.”

Petit founded and led Matria Healthcare Inc. before selling it to Inverness Medical Innovations Inc. (NYSE: IMA) for \$1.2 billion in 2008. Matria was a subsidiary of Healthdyne, which Petit founded in 1971.

At Georgia Tech, he endowed the Petit Institute for Bioengineering and Bioscience, and assisted with the funding of buildings that bear his name at Tech and Georgia State University.