

Genoptix Shares Climb on First Day

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By Sara Lepro, AP Business Writer

Genoptix Shares Rise More Than 50 Percent in Market Debut After Pricing Above Expected Range

NEW YORK (AP) -- Shares of diagnostic services provider Genoptix Inc. climbed more than 50 percent in their first day of trading Tuesday, after the company's initial public offering priced above the expected price range at \$17 per share.

Shares jumped \$8.51, or 50.1 percent, to \$25.51 in midday trading. Shares hit a low of \$23.40 and a high of \$26.31 earlier in the session.

The Carlsbad, Calif.-based company had anticipated the offering of 5 million shares to price between \$14 and \$16 per share. Genoptix offered roughly 4.3 million shares and a group of stockholders offered the remaining 714,286 shares.

"This is a superb story," said Scott Sweet, managing director of research firm IPO Boutique, in an e-mail to the Associated Press. "The turnaround from large losses to profits is extremely impressive, but we have seen that before. What we don't often see, is a company that has so much potential to enhance their standing so quickly because of such innovation in the months and years ahead."

Genoptix provides diagnostic services to hematologists and oncologists, aiding physicians in making decisions concerning the treatment of malignancies of the blood and bone marrow and other forms of cancer.

For the six months ended June 30, Genoptix reported earnings of \$5.1 million, compared with losses of \$2.6 million in the first half of 2006. During the same period, the company increased its revenue to \$24.6 million from \$9.3 million.

The company plans to use proceeds from its portion of the offering to grow its work force, establish a second laboratory facility, expand its backup systems, repay all outstanding debt and pursue new collaborations or acquisitions.

In a research note, analysts for Renaissance Capital's IPOHome.com said Genoptix is in an "enviable position," as it addresses a large and growing market where barriers to entry are relatively high, given the high costs associated with state-of-the-art laboratories.

Genoptix and the selling shareholders also gave the underwriters an option to buy up to 750,000 additional shares to cover any overallocments.

Lehman Brothers was the lead manager of the IPO. Banc of America Securities and Cowen & Co. also served as underwriters.

Genoptix shares are trading on the Nasdaq Stock Market under the symbol "GXDX."