

Biopharma M&A Market Update and 2024 Outlook

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Published on: November 29, 2023

Healthcare M&A activity declined in 2023 due, in part, to rising interest rates and persistent economic uncertainty. Biopharma was the most active healthcare subsector for M&A, while Services experienced the largest year-over-year decline due largely to a drop in financial sponsor activity. Looking forward to 2024, we expect Biopharma M&A activity to remain resilient as large pharmaceutical companies attempt to fill revenue and pipeline gaps via acquisitions of late- or commercial-stage companies. Furthermore, we expect to see more pre-commercial biopharma companies pursue strategic alternatives, including mergers, reverse mergers and cash-out transactions as a result of the challenging capital markets environment.

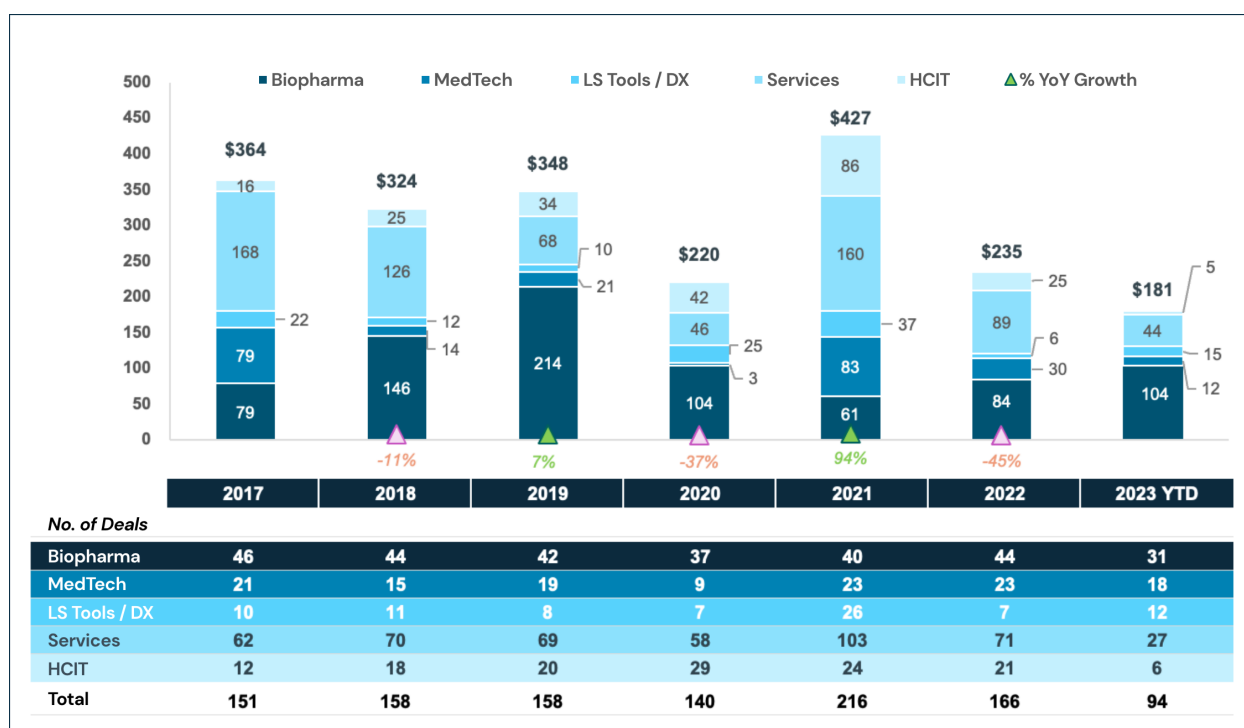
Healthcare | M&A Themes

- Healthcare M&A deal value was \$181B YTD 2023, down 10% on an annualized basis, from \$235B in 2022, while deal volume was 94 transactions YTD 2023, down 34% on an annualized basis, from 166 transactions in 2022
- Biopharmaceuticals remained the most active sub-sector of Healthcare and represented 58% of deal value and 33% of the number of Healthcare transactions in 2023 (vs. 36% of deal value and 27% of the number of Healthcare transactions in 2022)
 - Oncology was the most active therapeutic area for M&A, with 11 deals totaling \$49B in deal value (~\$6B excluding Pfizer's ~\$43B announced acquisition of Seagen)
 - Rare Disease was the second most active therapeutic area for M&A, with 9 deals totaling \$13B in total deal value (~\$6B excluding Biogen's ~\$7B acquisition of Reata)
 - Immunology was the third most active therapeutic area for M&A, with 7 deals totaling \$25B in total deal value (~\$15B excluding Merck's ~\$10B acquisition of Prometheus)

- Healthcare services transaction activity is down significantly from 2022, with 27 deals totaling \$44B in deal value vs. 71 deals totaling \$89B in 2022
- HCIT activity is also depressed from 2022, with 6 deals totaling \$5B in deal value vs. 21 deals totaling \$25B in deal value in 2022

Healthcare | M&A Activity

\$ in billions



Source: Dealogic, Scope Research, SEC filings, Company press releases. Deal inclusion criteria: Upfront consideration >\$100 million as of 11/15/23.

4Q 2023 Healthcare | M&A Activity

\$ in millions

Ann. Date	Target	Acquirer	Equity Value	Enterprise Value	Contingent Consideration	Total Deal Value	1-Day Premium
11/07/23	Community Family Care Medical Group IPA	Apollo Medical Holdings, Inc.	\$172	-	\$30	\$202	NA
11/01/23	Cook Medical OBGYN Business	CooperCompanies	300	-	-	300	NA
10/31/23	Paragon Medical, Inc.	AMETEK, Inc.	1,900	-	-	1,900	NA
10/23/23	MSDR	AMN Healthcare	300	-	-	300	NA
10/23/23	Telavant	Roche	7,100	7,100	150	7,250	NA
10/17/23	Olink Holding AB	Thermo Fisher Scientific Inc.	3,243	3,100	-	3,100	74%
10/16/23	KBP Biosciences (Ocedurenone)	Novo Nordisk	ND	-	-	1,300	NA
10/11/23	Healthmark Industries Co. Inc.	Getinge Group	320	-	-	320	NA
10/10/23	OpSens Inc.	Haemonetics Corporation	253	-	-	253	56%
10/09/23	Alvarado Hospital Medical Center	UC San Diego Health	200	-	-	200	NA
10/08/23	Mirati Therapeutics	Bristol Myers Squibb	4,800	4,670	1,000	5,670	33%
10/05/23	Mitokinin	AbbVie	110	110	545	655	NA
10/05/23	Orchard Therapeutics	Kyowa Kirin	364	213	23	236	97%
10/04/23	Standard BioTools Inc.	SomaLogic, Inc.	470	-	-	470	30%
10/03/23	POINT Biopharma	Eli Lilly	1,322	887	-	887	87%
Median							56%
BioPharma Deals							

Source: Dealogic, Scope Research, SEC filings, Company press releases. Deal inclusion criteria: Upfront consideration >\$100 million as of 11/15/23.

Biopharma | M&A Themes

Biopharma M&A deal activity declined modestly in 2023 with the announcement of 44 deals YTD, down 11% on an annualized basis from 58 in 2022

- Both large cap and mid-cap biopharmas have taken advantage of the challenging capital markets environment to acquire commercial or late-stage assets to fill revenue gaps
 - Pfizer – Seagen (~\$44B transaction value at 45% unaffected premium)
 - Biogen – Reata (~\$7.1B transaction value at 59% unaffected premium)
 - Astellas – Iveric (~\$5.1B transaction value at 64% unaffected premium)
- Acquirers have moved early to protect / expand key franchises
 - Novo Nordisk – Inversago (Metabolic - ~\$1B transaction value for private target)
 - Eli Lilly – Versanis (Obesity - Up to ~\$1.95B transaction value for private target)
 - Eli Lilly – DICE (Immunology - ~\$2.4B transaction value at 42% unaffected premium)
- Acquirers seeking to establish new growth pillars have acted boldly or bid aggressively for targets
 - Merck – Prometheus (Immunology - ~\$10B transaction value at 75% unaffected premium)
 - Sanofi – Provention (Immunology - ~\$2.5B transaction value at 273% unaffected premium)

- GSK – Bellus Health (Respiratory - ~\$1.6B transaction value at 103% unaffected premium)
- New equity issuance in biopharma has seen a slight uptick from 2022 in terms of pace, however remains down from elevated pandemic levels
 - 135 IPOs and FOs priced through November 10, 2023, raising ~\$22.8B in total issuance (compared to 118 through November 10, 2022, raising ~\$18.4B in total issuance)
 - Of the IPOs priced in 2023, 8% priced below the launch range and 83% are trading below issue

We expect biopharma M&A activity to remain elevated in 2024. On the supply side, given challenging capital markets environment, we anticipate more biopharma companies to consider strategic transactions as a means to continue developing their assets and technologies. We also expect distressed publicly traded companies will continue to pursue reverse mergers or mergers of equals transactions. In addition, financial buyers will continue to step into provide cash-out transactions for companies trading significantly below cash. On the demand side, large biopharma continues to face impending revenue gaps due to anticipated patent expiries and will continue to acquire commercial stage of clinically de-risked companies in billion-dollar-plus deals. Larger transactions are possible, but we believe they are less likely considering recent FTC challenges to Horizon/Amgen and Seagen/Pfizer. We expect to see significant activity away from the mega deals.

4Q 2023 Biopharma | M&A Activity

\$ in millions

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10/23/23	Telavant	Roche	\$7,100	\$7,100	\$150	\$7,250	NA
10/16/23	KBP Biosciences (Ocedurenone)	Novo Nordisk	ND	-	-	1,300	NA
10/08/23	Mirati Therapeutics	Bristol Myers Squibb	4,800	4,670	1,000	5,670	33%
10/05/23	Mitokinin	AbbVie	110	110	545	655	NA
10/05/23	Orchard Therapeutics	Kyowa Kirin	364	213	23	236	97%
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Median							87%

Source: Dealogic, Scope Research, SEC filings, Company press releases. Deal inclusion criteria: Upfront consideration >\$100 million as of 11/15/23.

Biopharma | Q4 Selected Key Upcoming Events

Company	Drug	Indication	Event	Timing
Pfizer	Danuglipron	Obesity	Phase 2 data	4Q23
Vertex	VX-548	Acute pain; Neuropathic pain	Phase 3; Phase 2 topline data	YE23; 1Q24
Agios	Pyrukynd	Sickle cell disease	Phase 2 data	4Q23 (ASH)
Compass	CTX-009	Late-line CRC	Phase 2 initial US data	2H23
Merus	MCLA-129	1L/2L EGFR NSCLC; HNSCC	Phase 1/2 expansion data (inc. combo)	4Q23
Arcellx / Gilead	CART-ddBCMA	r/r multiple myeloma	Phase 1 update	4Q23 (ASH)
Merck	V116	Adult pneumococcal vaccine	Phase 3 results	4Q23 (Nov 28)
POINT / Lantheus	PNT2002	Prostate cancer	Phase 3 topline data	4Q23
Replimmune	RP1	CSCC	Phase 2 registrational topline data	4Q23 (Dec)
Mirum	Maralixibat	Biliary atresia	Phase 2b topline data	4Q23
Intellia	NTLA-2001	TTR amyloidosis	Phase 1 updated data	4Q23
Argenx	SC efgartigimod	PV/PF; ITP	Phase 3 topline data	4Q23
Immunovant	Batoclimab	Graves' disease	Phase 2 POC topline data	4Q23 (Dec)
Disc Medicine	Bitopertin	Erythropoietic protoporphyria	Phase 2 full data	4Q23
Axsome	Reboxetine (AXS-12)	Narcolepsy type 1 (with cataplexy)	Phase 3 data	4Q23/1Q24
Jazz	JZP-150	PTSD	Phase 2 data	4Q23
Crinetics	Paltusotine	Carcinoid syndrome	Phase 2 data	4Q23
Reneo	Mavodelpar	PNM	Phase 2b pivotal data	4Q23 (Dec)
Cytokinetics	Aficamten	oHCM	Phase 3 topline data	4Q23 (Dec)
Pfizer	Marstacimab	Hemophilia A & B	Phase 3 pivotal preliminary data	4Q23 (ASH)
Calliditas	Tarpeyo	Primary IgA nephropathy	PDUFA full approval	4Q23 (Dec)
Pfizer	Fordadistrogene movaparvovec	Duchenne muscular dystrophy	Phase 3 results	4Q23

Source: SEC filings, Company press releases, and presentations.

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