

Biotech M&A: Reflections on the First Quarter and Beyond

How did the Biotech M&A market perform in the first quarter and what is the outlook?

Switching to biotech acquisitions, in the first quarter of 2023, 21 deals worth \$14.8 billion were completed versus 45 deals worth \$24.3 billion completed during all of 2022.

This is a significant increase compared to last year on an annualized basis. There was only one large transaction in the first quarter, the \$6.0 billion acquisition of Nimbus Lakshmi by Takeda Pharmaceuticals.

This uptick in both the dollar volume and number of deals is reaching peak levels compared to history. Although we are well off the record dollar volume of \$53 billion that was set in 2020, the last two years have been the highest in years in terms of the number of deals completed. The next highest year over the last 30 years was in 2016 when 35 deals closed.

What is driving this trend? First of all, most of the acquisitions are being done by pharma companies who are looking to build their pipelines and revenues. Second, with the collapse of the IPO market, a severe reduction in equity funding, and a dramatic reduction in the share prices of biotech companies, biotech companies are more willing to consider a sale of the company at an earlier stage than they were just a year and a half ago. On the other hand, pharma companies are also using strategic partnerships and licensing as a way to access biotech company technologies and drug candidates, so M&A is not the sole method available to achieve pharma company goals.

The dollar value of the pipeline of deals announced but not closed as of March 31, 2023 was healthy at \$3.8 billion (9 deals).

What is the outlook for biotech M&A for the rest of 2023 and beyond? We expect more of the same in the future driven by the same factors, with a relatively robust number of biotech deals being completed for the next couple of years, along with strategic partnerships and licensing.

Young & Partners

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Save the Date

The 19th Annual Young & Partners Pharmaceutical Executive Summit will be held on November 9 at the Yale Club of New York. The speakers will be leading experts covering important strategic and financial issues. It will be hybrid, with both in person and virtual participation. Please save the date. Invitations will be sent out in mid-June.

Regards,
Peter Young
CEO and President
Telephone: 212-682-5555
Email: pyoung@youngandpartners.com