

## Young & Partners Forum

### Biotech and Pharma M&A in the First Quarter 2025 and Beyond

#### **What has happened in Pharma M&A in First Quarter 2025 and what is the outlook?**

Pharma acquisitions by Pharma companies have traditionally been a regular part of the landscape. Although the Big Pharma companies have revived their ability to invent new drugs, they still need to supplement their own efforts with acquisitions of and collaborations with pharma and biotech companies.

However, only 3 deals worth \$0.3 billion were completed in the first quarter of 2025 versus 32 deals completed worth \$19.2 billion for all of 2024.

This represents a massive decrease in the number of deals and the dollar volume of deals.

Why has this been the case? The Pharma companies have come to realize that mega deals do not deliver accelerated innovation and are mainly focused on strategic small to medium sized pharma acquisitions.

They are also focused on biotech companies via acquisitions, strategic partnerships, and in licensing to achieve pipeline growth. The biotech M&A volume is not reflected in the numbers above.

In addition, the turmoil that has entered the market with the major cuts in the funding of the FDA and the NIH and university research at certain institutions, possible Medicaid funding reductions, and the threatened actions by the U.S. Federal government with regard to drug pricing in the U.S., have injected fear and uncertainty into the market.

As of March 31, 2025, the dollar value and number of deals announced but not closed was quite low at \$6.4 billion (16 deals).

Looking into the future, there may be one or two larger deals, but those deals will be based on the strategic focus of a few pharma companies. Pharma M&A will continue to be only moderately active in terms of the number of deals, with a focus on small to medium sized transactions, but modest dollar volumes. Deals with a strong strategic rationale or a theme around adding new and growing technologies and products will continue to be pursued.

## **What happened in the Biotech M&A market in First Quarter 2025 and what is the outlook?**

In the first quarter of 2025, 12 deals worth \$4.8 billion were completed versus 73 deals worth \$109.0 billion completed in all of 2024. This represents, on an annualized basis, a major decline in the total dollar volume and the number of deals completed. Deals in the U.S. dominated relative to the rest of the world.

We were at a record high level of Biotech M&A dollar volume and number of deals at the end of 2024, driven by the combination of the ongoing strategic acquisition interests of Big Pharma and the plunge in biotech IPOs that have reduced the funding options for private biotech companies.

But, like in the case of Pharma, the turmoil that has entered the market with the major cuts in the funding of the FDA and the NIH and university research at certain institutions have further suppressed private funding and the prospects for biotech companies. Only selected technologies and therapeutic areas are garnering high interest from buyers.

The dollar value of the pipeline of deals announced but not closed as of March 31, 2025 was healthy at \$11.0 billion (24 deals). This indicates a small uptick in future volume, but still well below the pace of last year.

What is the outlook for Biotech M&A? We expect more of the same in the future driven by the same factors, with a moderate number and dollar volume of Biotech deals being completed over the next couple of years, along with partnering, licensing and royalty monetization for funding and for shareholder liquidity.

M&A volume in terms of numbers of deals will solid, but moderately subdued in 2025 and beyond.

Peter Young  
CEO, Young & Partners  
[pyoung@youngandpartners.com](mailto:pyoung@youngandpartners.com)

May 29, 2025

## Young & Partners

Young & Partners is a focused life science and chemical industry corporate strategy and investment banking firm serving the business and financial strategy consulting, M&A, financing and financial advisory needs of clients worldwide. Our focus is on providing in-depth life science industry expertise, excellent technical investment banking skills, exceptional contacts and senior attention to every transaction without any conflicts of interest. We have successfully completed a large number of investment banking projects over the last 29 years. Our offices are at 535 Fifth Avenue, 4<sup>th</sup> Floor, New York, New York 10017. Our website is [www.youngandpartners.com](http://www.youngandpartners.com)