

21ST ANNUAL INTERNATIONAL M&A CONFERENCE  
THE PLAZA HOTEL, NEW YORK

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# HEALTHCARE / LIFE SCIENCES M&A

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PRESENTED BY THE IBA'S CORPORATE AND M&A LAW COMMITTEE  
5 June 2024

# SPEAKERS

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## Session chairs:

**Nicola Charlston** - King & Wood Mallesons, Melbourne, Australia; Co-Chair, Corporate and M&A Law Committee

**Eric Swedenburg** - Simpson Thacher & Bartlett, New York, New York, USA

## Panellists:

**Dieter Gericke** - Homburger AG, Zürich, Switzerland

**Arne Grimme** - De Brauw Blackstone Westbroek, Amsterdam, Netherlands

**Rabindra Jhunjunwala** - Khaitan & Co, Mumbai, Maharashtra, India; Conference Coordinator Asia Pacific, Corporate and M&A Law Committee

**Jamie Leigh** - Cooley, San Francisco, California, USA; Conference Coordinator North America, Corporate and M&A Law Committee

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# TOPICS

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REGULATORY ISSUES / SENSITIVITIES

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# 1. INTRODUCTION

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# 2. STATISTICS

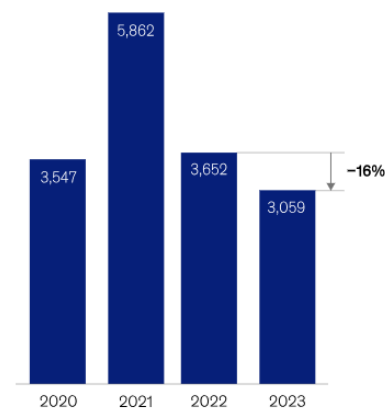
## GLOBAL HEALTHCARE M&A

- *“In 2023, deal volume declined across sectors, but deal value rose because of notable megadeals in pharma and medtech” (Bain, January 2024)*

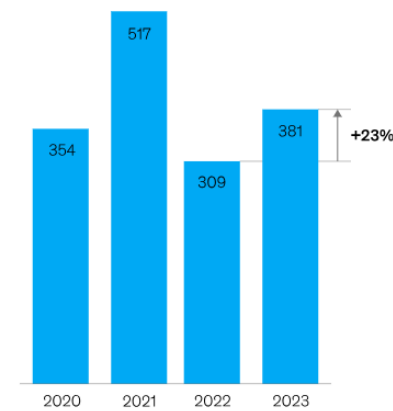
Unlike the global M&A market, the life sciences sector saw deal activity increase in 2023.

Deal value, \$ billion

Global M&A market<sup>1</sup>



Life sciences sector



<sup>1</sup>Deals announced (and not withdrawn) of value greater than \$25 million. Source: Dealogic; McKinsey analysis

McKinsey & Company

## ACTIVE SECTORS

- **Oncology:** *“Interest in oncology M&A is continuously growing as the top 20 pharma companies face the imminent loss of exclusivity of some of their best performing cancer drugs in the next five to six years,” said Fady Riad, CEO of the consulting firm Centurion Life Sciences’ (Mergermarket, May 2024)*
- **Pharma:** *“The return of big pharma pushed average deal size up 77%, and this trend will continue to drive increased M&A spending in 2024” (EY, January 2024)*
- **Biotech/medtech:** Biotech and pharma accounted for 61% of volume and 23% of value, respectively. Smaller medtech transactions delivered 29% of deals, but only 15% of value (EY, January 2024)

# 3. UNDERLYING DRIVERS

- **Pharma:** patent cliffs & cash to burn
  - Pursuit of biotech
  - E.g. Merck / Prometheus; Pfizer / Seagen
- **Innovative assets:** oncology, rare diseases, weight loss
- **‘Divest to invest’ strategy:**
  - 60% of surveyed M&A practitioners in healthcare and life sciences say that they are evaluating assets to divest (Bain, January 2024)
- **AI:** reshaping healthcare?

# 54%

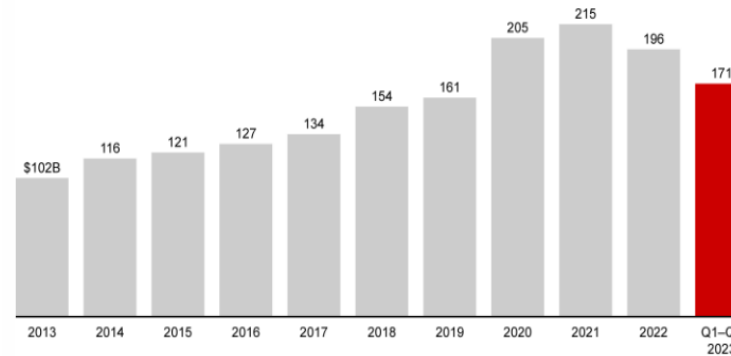
of Health Industries  
CEOs say they plan to  
make at least one  
acquisition in the next  
three years

Source: PwC's 27th Annual Global CEO Survey

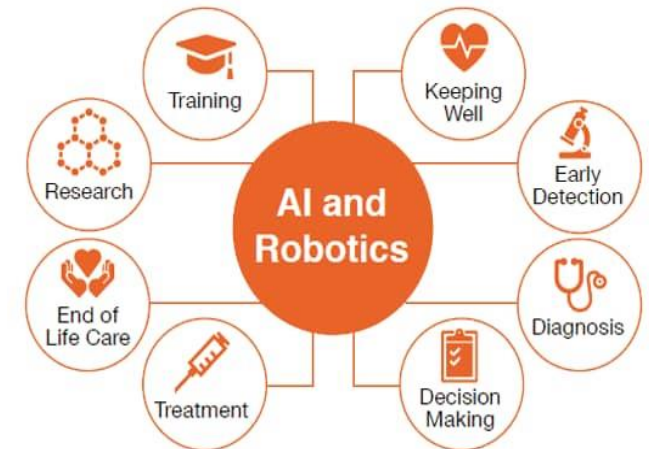
Figure 1

Pharma subsector has \$171 billion in 2023 cash reserves

Cash on hand for overall pharma subsector  
(in billions of US dollars)



Sources: S&P Capital IQ, Crunchbase



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# 4. DEAL TECH / HEALTHCARE M&A ISSUES

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- **Increase in partnerships and joint ventures:** cf full acquisitions
  - Popular in pharma - e.g. Merck / Daiichi
- **Outsourcing:** Biopharma Services and CDRMOs
- **EU:** impact of China's Biopharma Industry
- **Exits:**
  - Return of dual track processes
  - IPOs / listings

## Merck signs \$5.5 billion deal with Daiichi for cancer therapy development


By David Dolan and Kanjyik Ghosh

October 21, 2023 2:07 AM GMT+11 · Updated 7 months ago



Expert Analysis

## Dual-Track IPO-M&A Exit Strategies For Life Science Cos.

By Michal Berkner, Kristian Werling and Todd Kornfeld ·  [Listen to article](#)



# 5. REGULATORY ISSUES / SENSITIVITIES

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## FDI ISSUES



- Timing for FDI review - understanding timelines to closing
- Biotech becoming more in scope
- Position around the world?

*“As FDI screening grows in prominence across different jurisdictions, it could be expected more deals will stumble on governments’ security concerns, with focus points on chips, critical minerals, energy and biotech”*  
(Mergermarket)

## ANTI-TRUST



- Pharma competition risk in the EU
  - *Illumina/Grail v European Commission*
- US Federal Trade Commission: recent losses
- Anti-trust position in India?

## OTHER

- Mass claims for excessive pricing in the Netherlands



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THANK YOU

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