

A big finish confirms 2019 as a takeover year to remember



[Amy Brown](#)



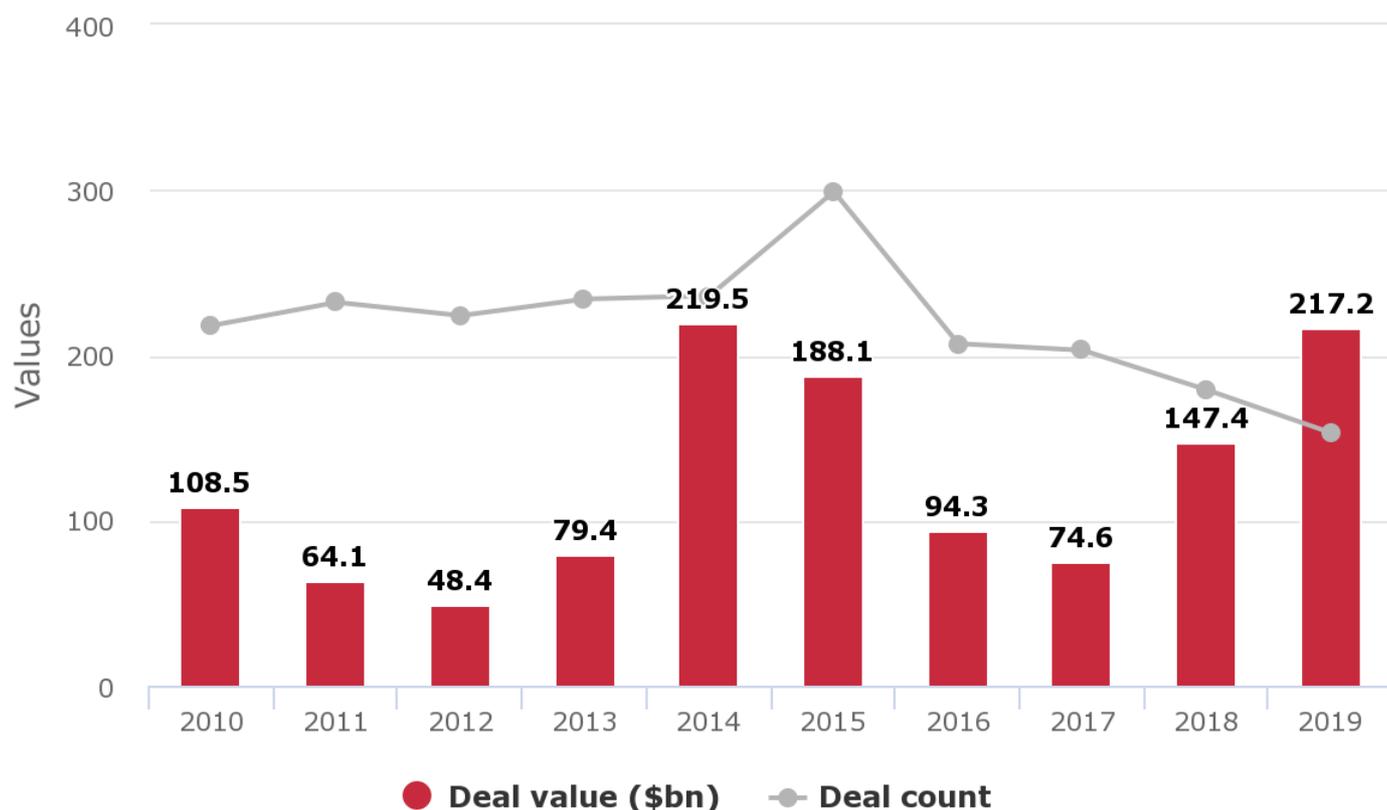
Two megamergers meant that 2019 was always going to be a big year for biopharma M&A in dollar terms - and then came a late flurry of deals.

A long wished-for pick-up in company takeouts at the end of last year confirmed 2019 as a bumper period for biopharma deal-making. *EvaluatePharma* calculates that global drug makers spent \$217.2bn on M&A deals, a touch below 2014's record-breaking levels.

Whether the spending spree continues this year is the next big question, and in many ways the runes read positively: there is easy access to financing, for example, and numerous large, cash-rich players are under pressure to build portfolios. Investors will hope that the JP Morgan healthcare conference, which starts next week, confirms unsated appetites and delivers more deals.

The table below illustrates just how much firepower was unleashed last year, relative to spending throughout the decade, though the vast majority of the cash deployed went on buying Celgene for \$74bn and Allergan for \$63bn. This analysis includes only deals between developers of human therapeutics - it excludes medtech companies and diagnostic players, for example.

A decade of biopharma M&A



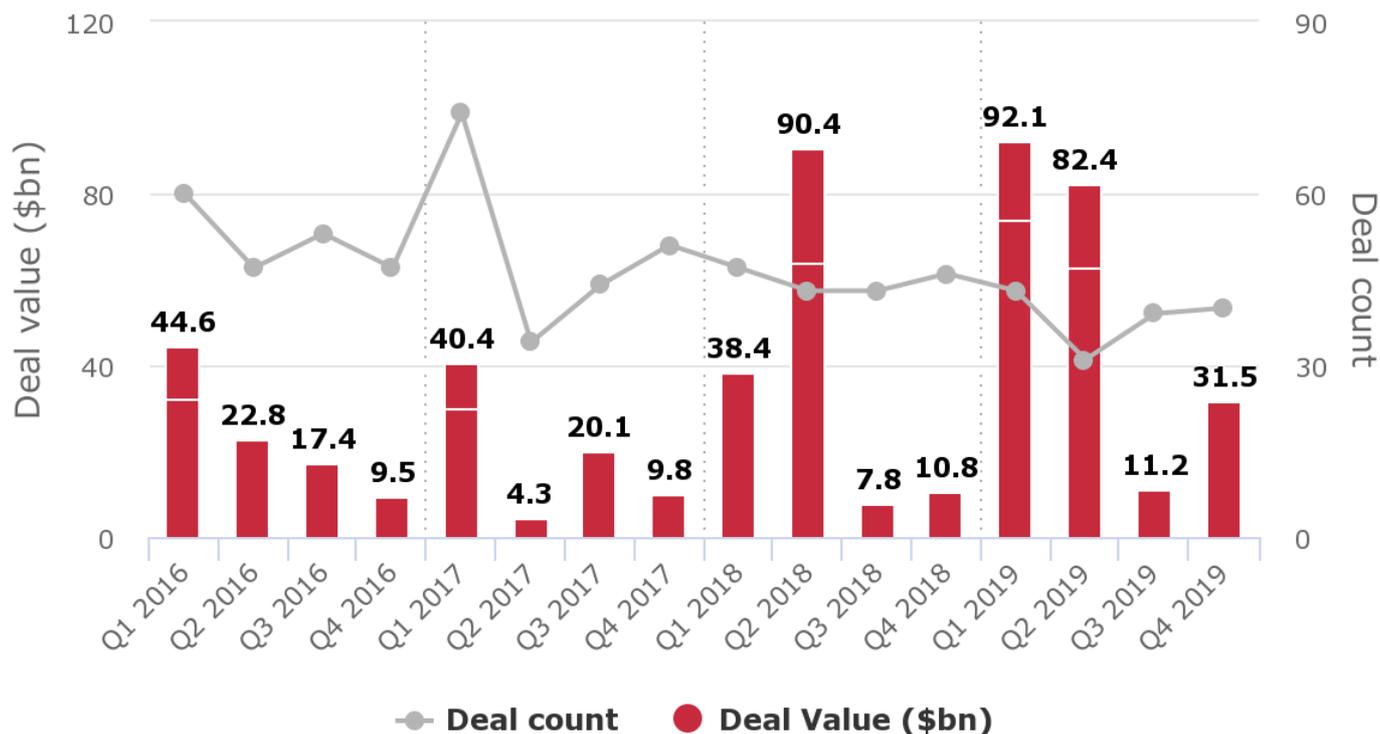
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Another important point here is that this analysis incorporates various types of M&A deal. As well as company takeouts – which accounted for around half of the transactions last year – minority and majority stake purchases, acquisitions of business units, reverse mergers and option deals are also counted.

This should be remembered when looking at the total transaction volume, which has been declining since hitting a peak in 2015, and currently sits at a low for the decade. This has been driven by a slump in these other types of M&A deals – straight company takeouts have remained largely flat over the past couple of years, and a fuller analysis of these transactions can be found here: [What makes a great year for takeovers?, January 9, 2020](#).

A look at trends in more detail over the past four years shows that total deal volume has hovered around 40 a quarter since the beginning of 2017. The recent takeover flurry aside, this seems like relatively slim pickings for an investment banking sector that earns valuable fees from proposing and administering these types of deals.

Biopharma M&A transactions announced each quarter



EvaluatePharma

Bankers will certainly take heart from the fourth quarter, however. The \$31.5bn in cash committed is a huge sum when considering that the largest deal was the \$9.7bn Novartis pledged for The Medicines Company. A big pick-up in smaller transactions, much loved by stock-pickers, really drove these numbers, and gave sentiment towards the sector a big boost.

The JP Morgan conference is a favoured occasion for the unveiling of major moves, and disappointment will be palpable should this fail to occur this year. However, it is also worth remembering that the flurry of deals late last year came in the wake of a poor summer for biopharma stocks that had many fearing the worst for the end of the decade.

Perhaps this helped those deals get done; concerns about the future will only have been exacerbated by the approaching US presidential election, and all the uncertainties and threats that this holds for the sector.

The stock market might be up again, but there are many reasons to be cautious as biopharma heads into 2020. Companies sitting on newly inflated market caps must hope that these valuations do not deter buyers while they are in the mood to splash the cash.

Biggest M&A deals announced in Q4 2019

Acquirer	Target	Status	Value (\$bn)
Novartis	The Medicines Company	Open	9.7
Astellas Pharma	Audentes Therapeutics	Open	3.0
Amgen	Beigene*	Closed	2.7
Merck & Co	Arqule	Open	2.7
Sanofi	Synthorx	Open	2.5

Biggest M&A deals announced in 2019

Acquirer	Target	Status	Value (\$bn)
Bristol-Myers Squibb	Celgene	Closed	74.0
Abbvie	Allergan	Open	63.0
Pfizer	Array Biopharma	Closed	11.4
Novartis	The Medicines Company	Open	9.7
Lilly	Loxo Oncology	Closed	8.0

*Minority stake purchase. All other deals were full company takeouts. Source: EvaluatePharma.

This story has been amended to state that straight company takeouts stayed flat last year, rather than rising, as previously stated.

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