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Astrazeneca shows megamergers were still possible in 2020



[Lisa Urquhart](#)



One of the biggest surprises of 2020 was how biopharma M&A emerged relatively unscathed from Covid-19.

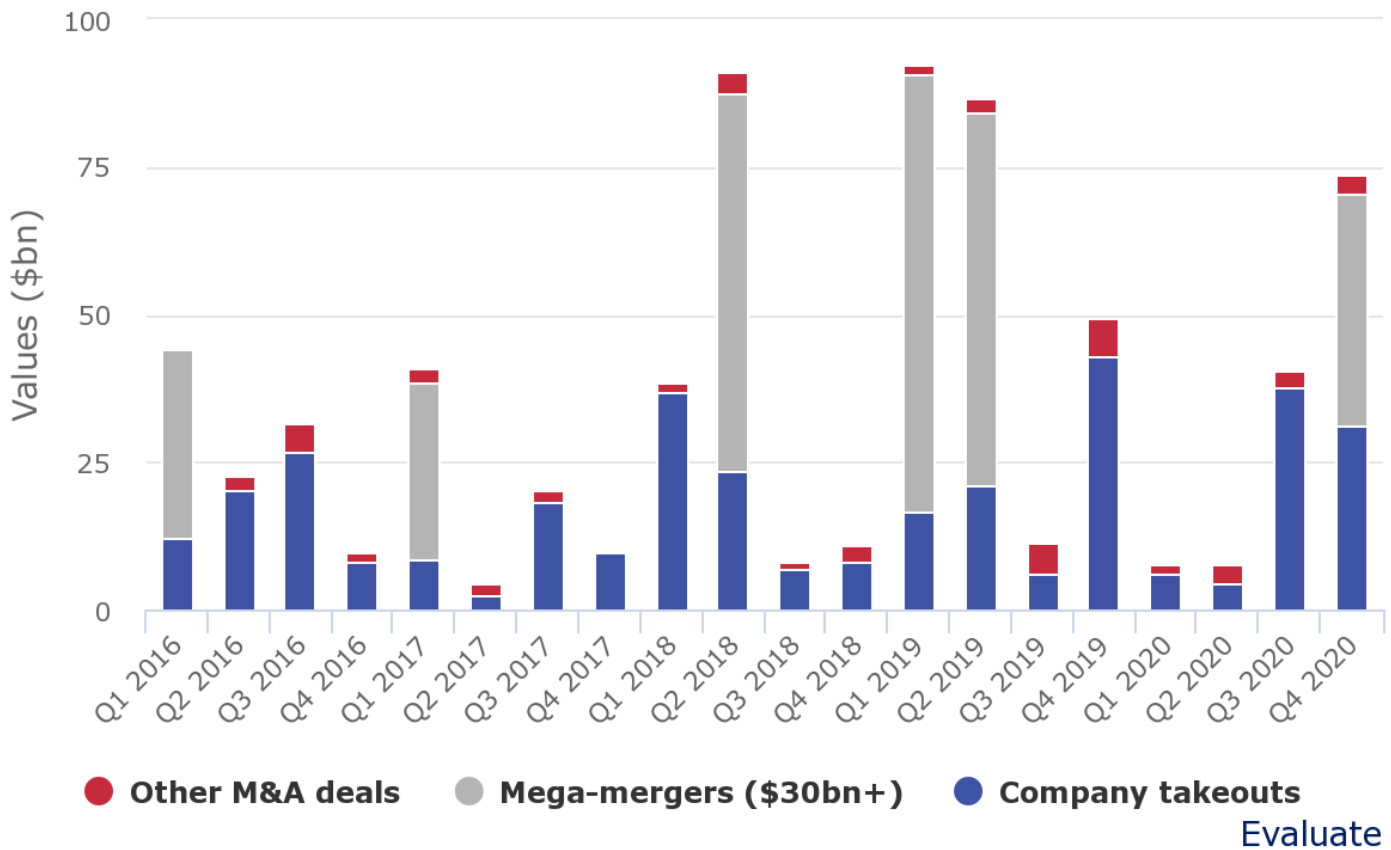
It might not have been the biggest year for biopharma acquisitions, but despite a global pandemic and rising asset prices 2020 still managed to pull off a respectable transaction haul, with almost \$130bn of deals announced.

There had been concerns after a very flat first half that things might not play out so well, but a strong finish to the fourth quarter, thanks to Astrazeneca and Bristol Myers Squibb, ensured that despite its problems 2020 compared favourably to more normal years.

The big question will be how M&A trends play out in 2021. The year has got off to an early start with [Angelini striking for Arvelle](#). But with many countries dealing with fresh waves of Covid-19 infection and questions around the speed of vaccine rollouts, the runes are even harder to read.

The traditional bellwether for M&A transactions, the JP Morgan healthcare conference, is due to start next week, but with the annual gathering now virtual it is unclear whether this will affect any deal announcements.

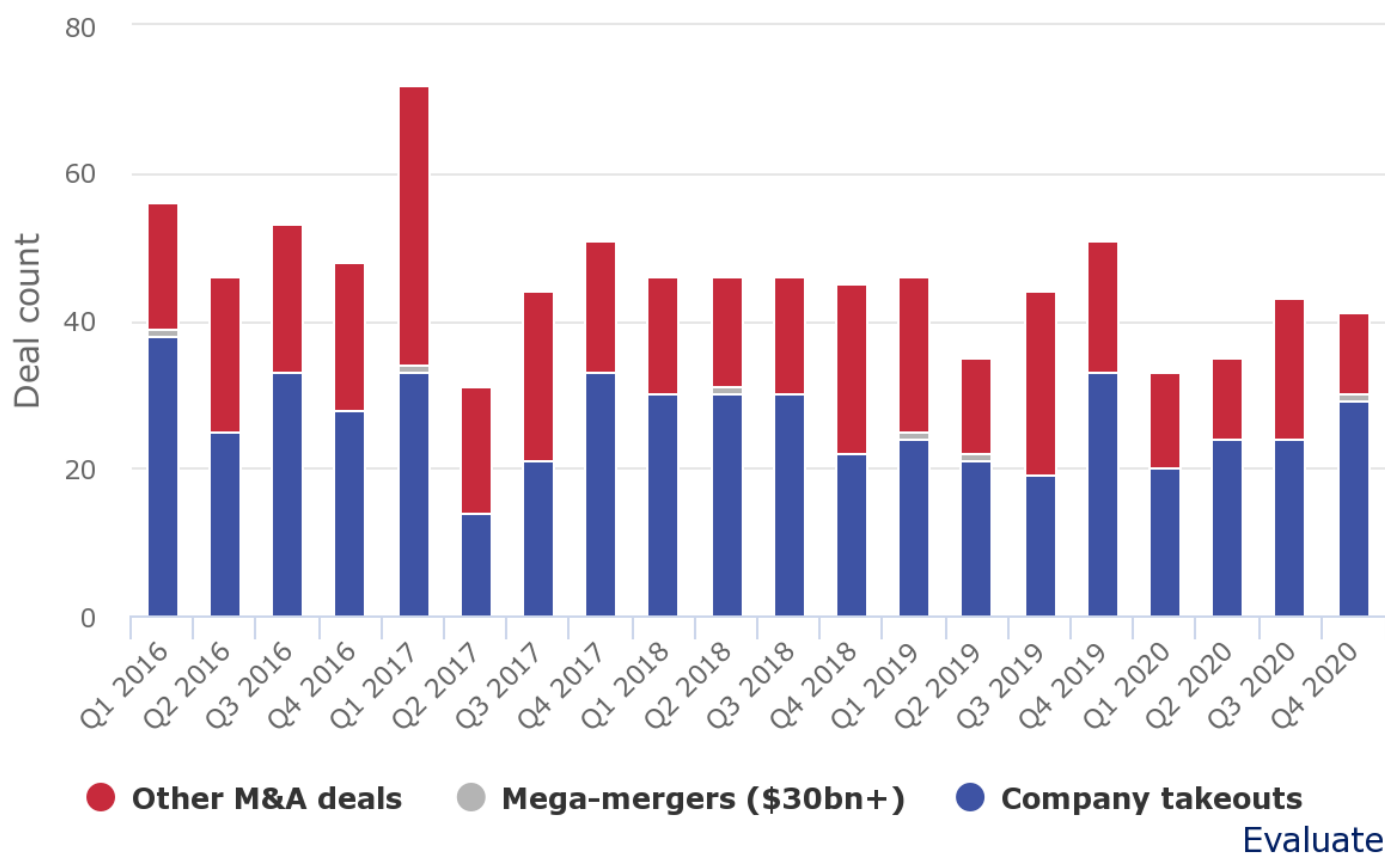
Combined M&A deal values



As well as straight company takeouts, this analysis also counts minority and majority stake purchases, acquisitions of business units, reverse mergers and options; these are aggregated in “other deals”. The numbers also only concern deals between dedicated drug makers – diagnostics and medtech moves are excluded – and do not cover licensing transactions.

One of the continuing themes of the year, and indeed past years, was the fall in total transaction volumes. While straight company takeouts staged a comeback this year, the number of deals was among the lowest on record.

Quarterly M&A deal counts



Even with asset inflation, pharma companies have still needed to refresh pipelines, ensuring that deals were done. After disappointing activity in the first two quarters, as the world got to grips with new ways of working, deal volumes and values alike picked up in the second half. Indeed, the final quarter saw the year's biggest deal, an event that might give deal bankers heart as we head further into 2021.

After suffering years of takeover speculation [Alexion finally got taken off the board by AstraZeneca](#). And at \$39bn the transaction was not only 2020's sole mega-merger, it also went a long way to saving the year from being distinctly pedestrian in terms of deal size. While the purchase might have been struck ostensibly for revenues, it did also give Astra access to Alexion's early-stage pipeline in rare diseases.

The other big spender in 2020 was Gilead, which was one of the few multiple purchasers, having pulled out its chequebook for Immunomedics and Forty Seven. But even with these new additions pressure remains on Gilead to do more to boost its growth prospects, so there could be more M&A to come in 2021.

On the other hand, the company could itself be a takeover target given its current share price slump.

Biggest M&A deals announced in 2020

Acquirer	Target	Status	Value (\$bn)
AstraZeneca	Alexion	Open	39.0
Gilead	Immunomedics	Closed	21.0
Bristol Myers Squibb	Myokardia	Closed	13.1
Johnson & Johnson	Momenta	Closed	6.5
Gilead	Forty Seven	Closed	4.9

Source: EvaluatePharma.

At the beginning of 2020 there had been fears that the inability to meet in person would severely curtail deal making, but this scenario has failed to play out. The US presidential elections also proved to be less disruptive than had been feared.

As such, as we head into 2021 perhaps the biggest factor influencing M&A will be the continuation of capital

flow into the sector. Companies are now sitting on inflated market caps and are in better positions to resist big company overtures, so if deals are to be [done even higher premiums might be expected](#).

Biggest M&A deals announced in Q4 2020

Acquirer	Target	Status	Value (\$bn)
Astrazeneca	Alexion	Open	39.0
Bristol Myers Squibb	Myokardia	Closed	13.1
Bayer	Asklepios	Closed	4.0
Merck & Co	Velosbio	Open	2.8
Servier	Agios's oncology portfolio	Open	2.0

Source: EvaluatePharma.

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