

## Quiet times return for biopharma takeouts



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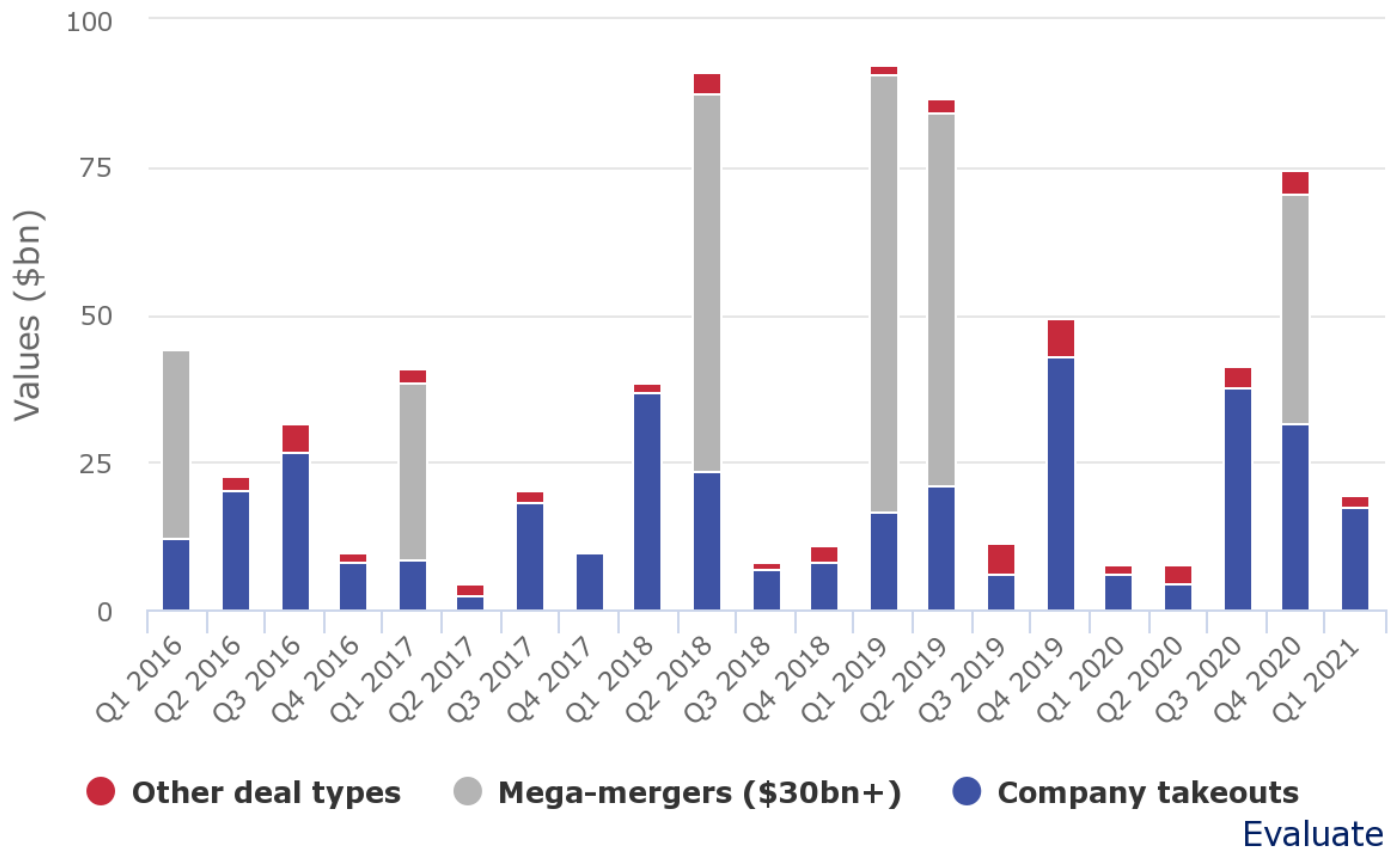
### **The first quarter of 2021 saw fewer deals than any in recent memory.**

Anyone hoping that AstraZeneca’s \$39bn purchase of Alexion last December signalled a resurgence in biopharma M&A will be disappointed by the latest numbers. The first quarter of 2021 looks decidedly anaemic, both in terms of the number of deals done and the amount of cash spent.

Indeed, the 26 acquisitions seen last quarter represent the lowest number since at least 2016, an analysis by *Evaluate Vantage* reveals. Deal bankers will be hoping that the tally picks up as the year goes on, but young companies will probably be happy to keep going solo, as long as [ready access to venture cash](#) continues and the [IPO window stays open](#).

Still, at least in terms of the combined deal value, the M&A scene does not look as depressed as it did at the beginning of last year, when Covid-19 hit.

## Combined M&A deal values



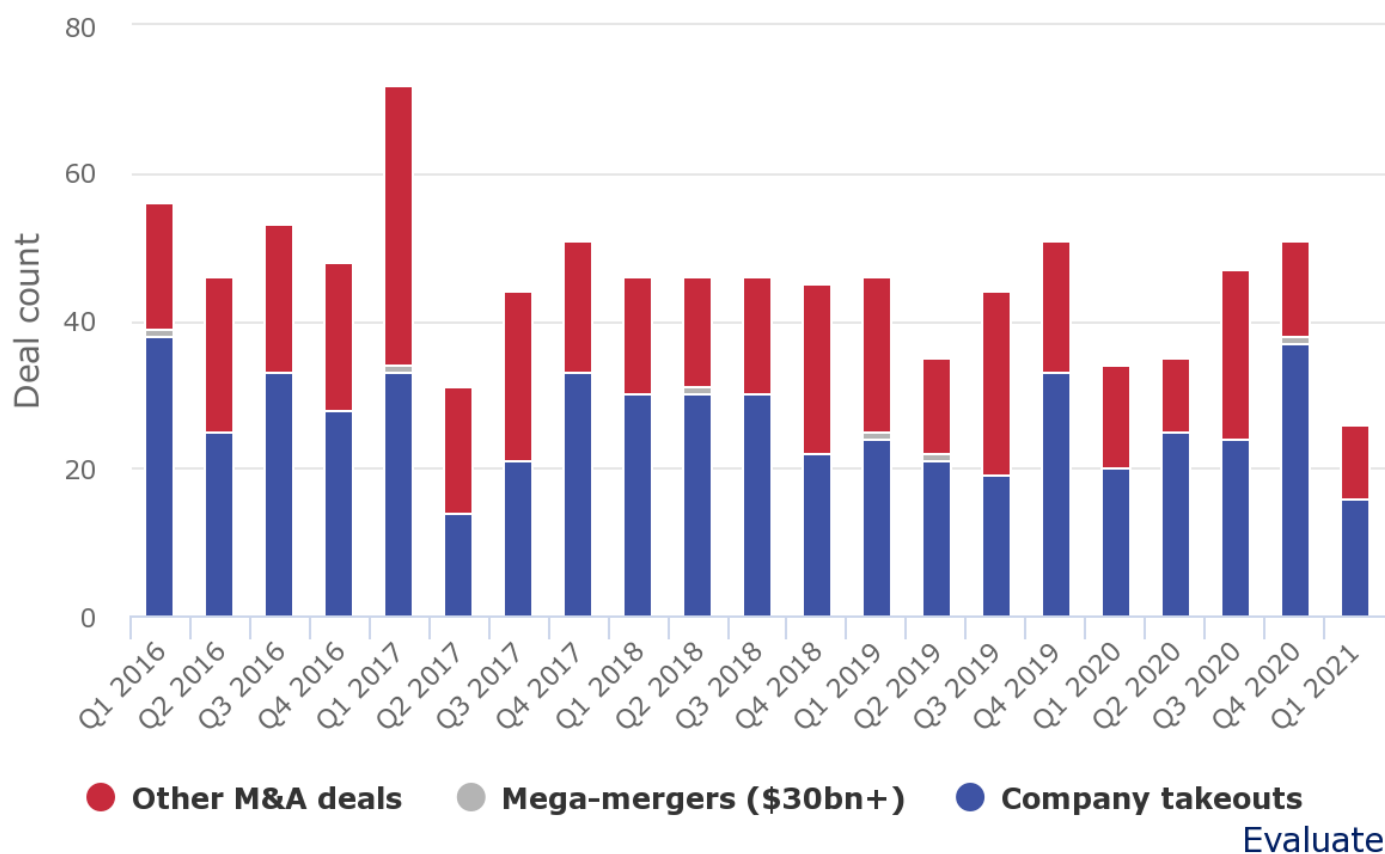
Second - and third - waves of the pandemic are raging worldwide, but the coronavirus can no longer be blamed for stopping deals getting done. There was a resurgence in biopharma M&A in the second half of last year, including several big buys, such as Astra's aforementioned swoop on Alexion and Gilead's \$21bn purchase of Immunomedics ([Astrazeneca shows megamergers were still possible in 2020, January 6, 2021](#)).

It is possible that the virtual format of this year's JP Morgan meeting might have reduced pressure on companies to sign a deal - there is often at least one big acquisition announced around the time of the conference as groups try to make a splash there.

But the main reason for the lack of M&A activity is more likely the [sky-high valuations of potential targets](#), even given the recent correction on the stock market. If the squeeze on share prices continues, perhaps valuations will come back into a range that looks more attractive for buyers, which could lead to an uptick in M&A activity.

However, this could be counterbalanced by an [international crackdown on anticompetitive deals](#); even if this does not put a brake on M&A entirely it could make acquisitions harder to get through.

# Quarterly M&A deal counts



As well as takeovers, this analysis includes minority and majority stake purchases, acquisitions of business units and options, and these are aggregated in “other deals”. And the numbers concern deals only between dedicated drug makers; diagnostics and medtech transactions are excluded.

Of the takeovers that did cross the line in the first quarter, the biggest was [Jazz’s purchase of GW Pharmaceuticals](#), for a not exactly earth-shattering \$7.2bn. The fact that Merck & Co’s purchase of Pandion made it into the top five is an indication of the lack of large transactions: Pandion, which only went public last July, [has an intriguing but early pipeline in autoimmune disease](#).

Merck paid a 134% premium for Pandion, illustrating the sort of prices that buyers have had to shell out recently to get their targets. No wonder many potential acquirers are clearly deciding to keep their powder dry for now.

But there will always be companies that need to refill lacklustre pipelines. One group that might have to go shopping soon is Biogen, if its Alzheimer’s project aducanumab gets the thumbs down from the FDA; a decision is expected by June 7.

## Biggest M&A deals announced in Q1 2021

Acquirer	Target	Status	Value (\$bn)
Jazz Pharmaceuticals	GW Pharmaceuticals	Open	7.2
Horizon Therapeutics	Viela Bio	Closed	3.1
Amgen	Five Prime Therapeutics	Open	1.9
Merck & Co	Pandion Therapeutics	Open	1.9
Sanofi	Kymab	Open	1.5

Source: Evaluate Pharma.

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