

Biotech investors pray for a takeover miracle



Amy Brown



Three of the top five buyouts of 2021 happened in the final quarter, and with biotech stocks hurting many hope that the flurry will continue.

Last year failed to deliver much fizz on the M&A front, though the final months of the year raised hopes [for a pick-up in activity](#). Unfortunately, the week of the JP Morgan Healthcare conference, a favourite time for biopharma companies to unveil their latest moves, was bereft of big-ticket buyouts.

True, [a string of smaller transactions did emerge](#), and few would dispute that the sector remains an active deal-making space. But with US biotech stocks languishing investors are desperate for sentiment to improve. A clear signal that the large end of the sector is putting serious money to work could help trigger an upturn.

The problem is that large developers seem to prefer small bolt-ons and licensing deals, a trend that EY also highlighted in its [annual review of biopharma spending](#). According to *Evaluate Pharma* the two biggest company takeouts in 2021 barely breached \$10bn. In this analysis, *Evaluate Vantage* considers only deals between pure-play drugmakers, and sorts the data by announcement data, rather than when transactions officially close.

Acquirer	Target	Status	Value
CSL	Vifor Pharma Group	Open	\$11.7bn
Merck & Co	Acceleron Pharma	Closed	\$11.5bn
Jazz	GW Pharmaceuticals	Closed	\$7.2bn
Pfizer	Arena Pharmaceuticals	Open	\$6.7bn
Novo Nordisk	Dicerna Pharmaceuticals	Closed	\$3.3bn

Source: EvaluatePharma.

The sector's last mega-buyout was Astrazeneca's \$39bn swoop on Alexion, which was announced in December 2020. Deals of that size are infrequent, of course, but based on timing alone biopharma is probably due another big one.

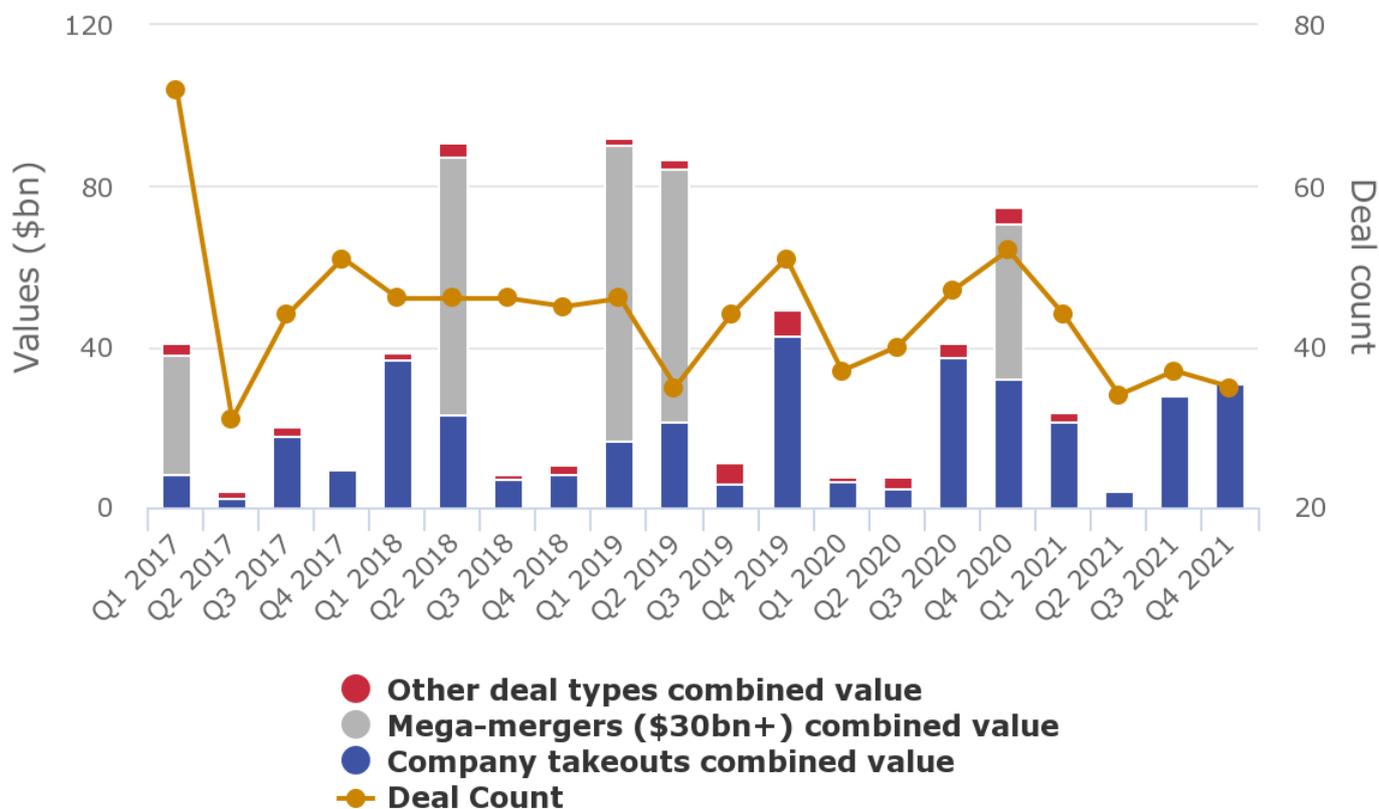
What this might be is the burning question. Biogen was added to the list of motivated buyers yesterday, after comments made by the company's chief executive on an analyst call. Shares in Aurinia, Biohaven and Amylyx all rose after being [named as potential targets by Stat](#).

Aurinia has long been considered a target, with both Bristol Myers Squibb and Glaxosmithkline reported to be interested, though no buyout has emerged. And, with a market cap of \$2.4bn, its acquisition would hardly set the sector on fire.

With Novartis sitting on a windfall from [the sale of its Roche stake](#), Pfizer rich on Covid cash and plenty of others well stocked, biopharma is not bereft of firepower. Going by the state of the markets it might soon not be short of sellers.

The closely watched exchange-traded fund the XBI fell below \$100 yesterday for the first time in 18 months, for a 15% decline so far this year. Demand for US biotech stocks is as poor as many can remember for some time. It might take a string of Aurinia-type deals, and possible a couple of Alexion's size, before this tanker is turned around.

Quarterly M&A deals



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