

## The year of the small buyout



[Amy Brown](#)



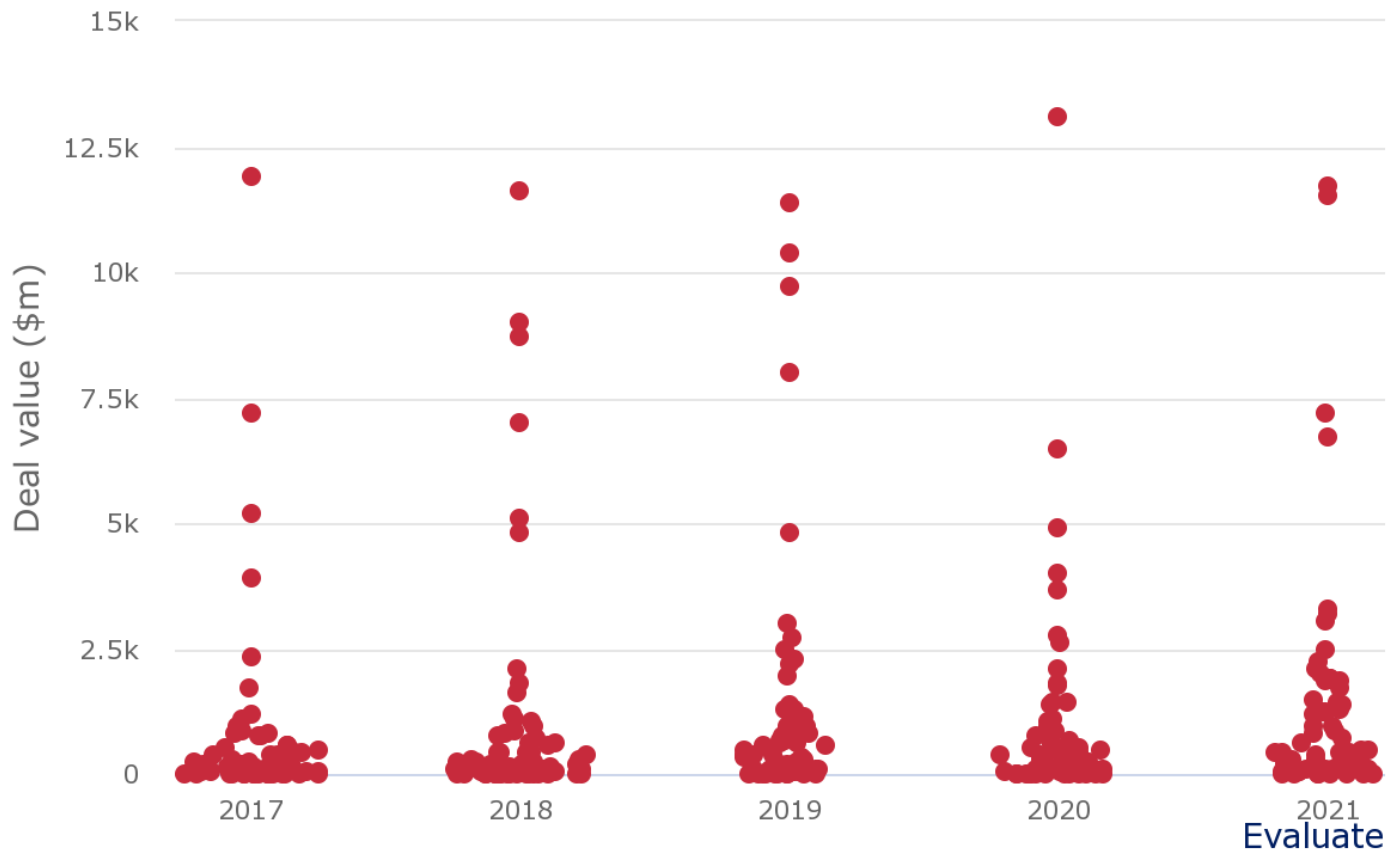
### **Biopharma takeouts in the \$1-5bn range jumped in 2021, as rising valuations made their mark.**

[A previous Evaluate Vantage analysis](#) revealed how deal making by small and mid-sized developers ticked up last year. But what did this mean for the type of transactions happening? Smaller buyers mean smaller deals, of course, while the impact of rising private valuations can also be seen.

The number of deals struck at under the \$5bn mark has remained pretty steady over the past five years, but the distribution of these buyouts has gravitated towards the higher end of that ceiling. 2021 was considered a disappointing year for M&A, perhaps because it was still a seller's market.

The following chart maps out five years of biopharma deals, and it is obvious that the bolus of small deals has been edging higher. Dig into the numbers and this trend becomes clearer: there were 19 company buyouts in the \$1-5bn range in 2021, a five-year high by a wide margin, while the number of sub-\$1bn deals has dropped over the same period, from 60 in 2017 to 42 last year.

## <\$15bn biopharma takeout deals



More than two thirds of the sub-\$5bn buyouts were struck over private groups, a fact that also helps explain this apparent drift upwards. Valuations in the private world are said to have swelled much more than on the public markets, particularly in competitive therapy areas or technologies.

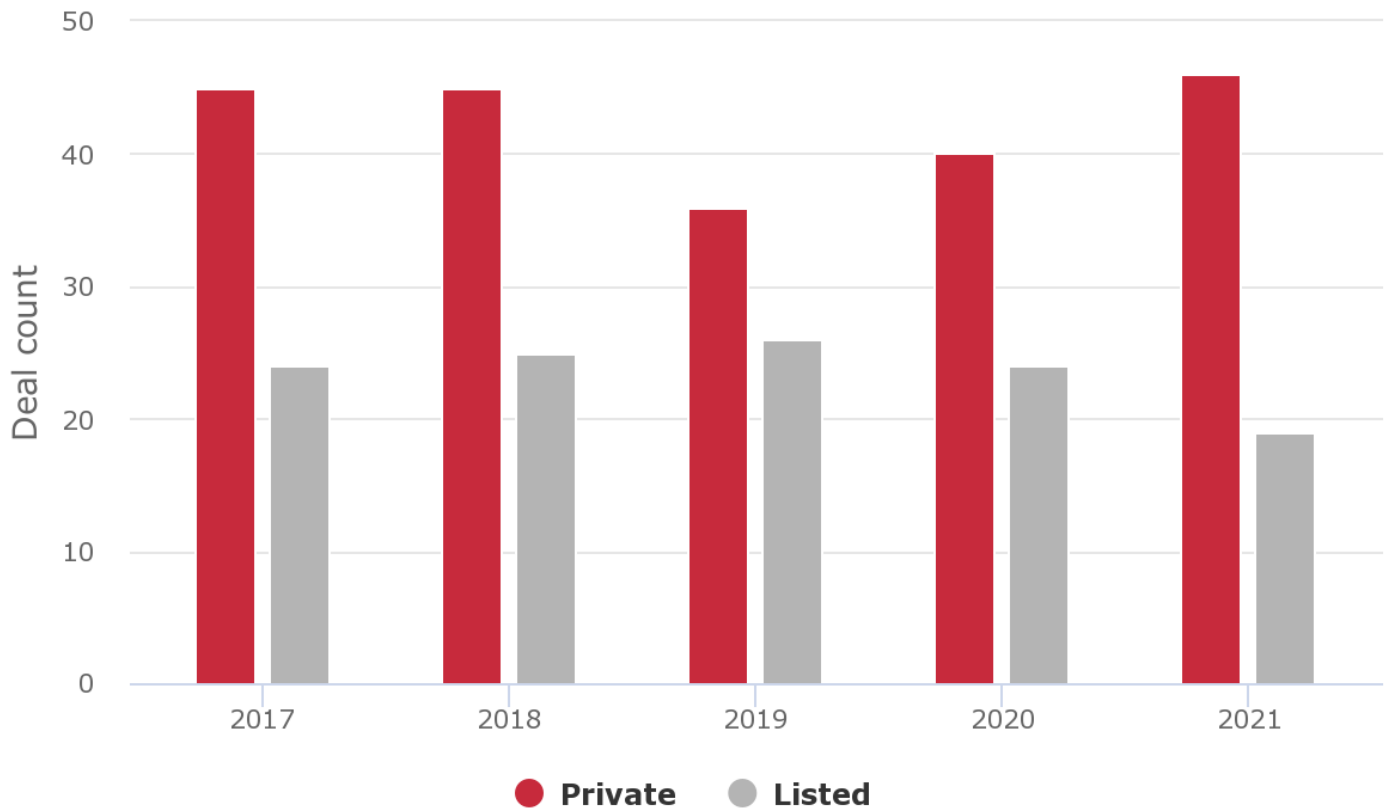
Biotech investors bemoaning the poor M&A year are not too concerned about these private buyouts, of course. They are more interested in transactions concerning listed developers, and the chart below shows why they are despondent.

The number of listed companies bought dropped to at least a five-year low in 2021, while [M&A activity dimmed overall](#). The fact that no big-ticket takeovers emerged - no buyout breached the \$12bn mark last year - did not help either.

Smaller developers have enjoyed easy access to financing in recent years, making them much more reluctant to sell. This sends purchase prices higher and, it seems, bigger buyers to the sidelines, as a previous *Evaluate Vantage* analysis showed.

But, with biotech stocks tumbling and sentiment on the public markets poor, the vast valuations of venture-funded groups will not be protected forever. It is hard to believe that the bolus of small deals will drift much higher this year.

## Deal count by target status



Evaluate

*Note on methodology: these data concern only deals between pure-play drug developers, and only those that disclose terms. The real volume of biopharma takeouts each year is much higher than suggested here; stripping out buyouts with undisclosed terms erases around two thirds of the annual deal flow.*

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