

Takeover-driven resurgence fails to materialise for biotech



[Amy Brown](#)



Deal making in biosimilars dominates a slow start to the year for biopharma M&A.

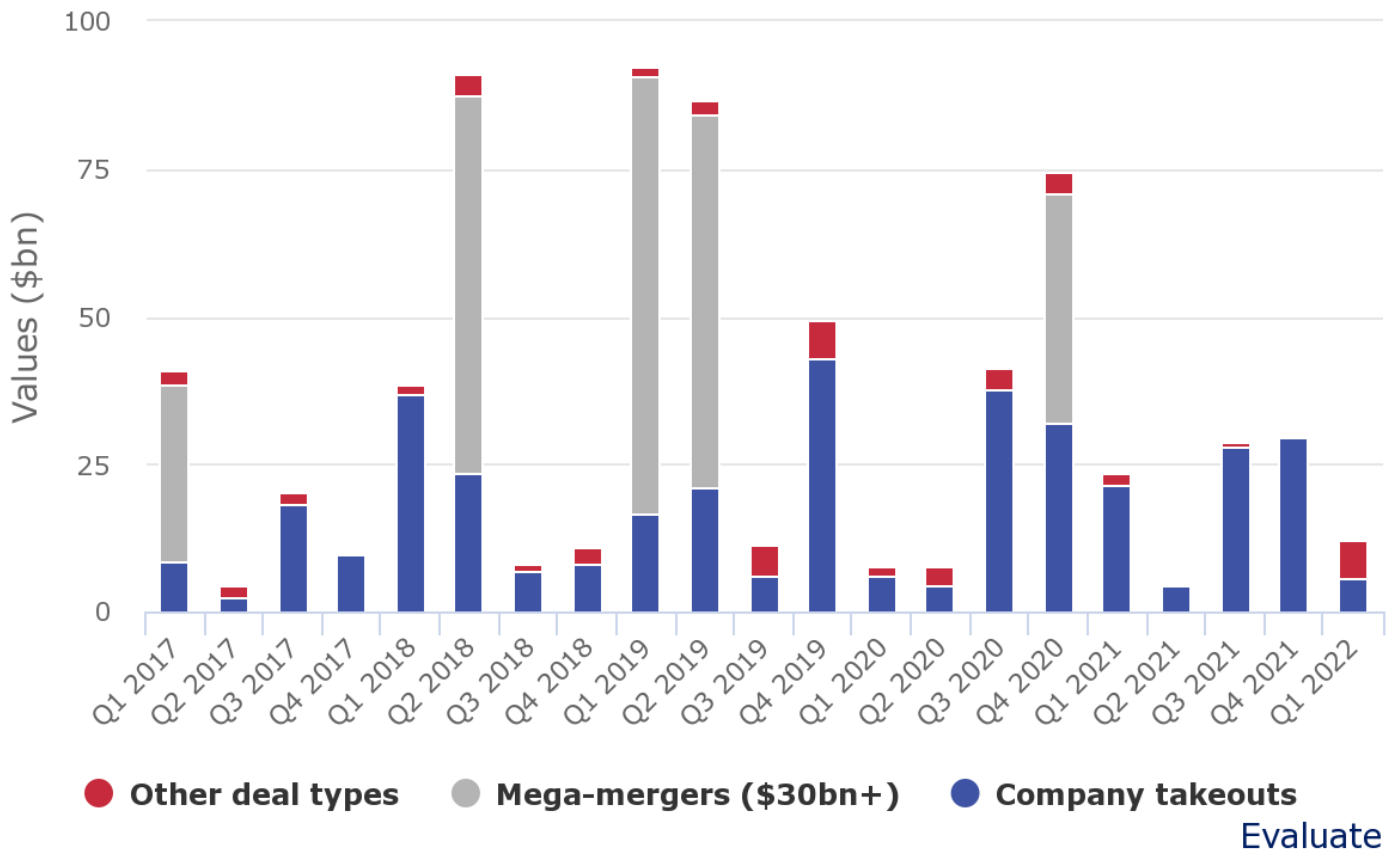
Those hoping for a string of buyouts to tempt investors back into biotech will be disappointed by the opening months of 2022. Transaction volume fell to a five-year low in the first quarter, while the sums involved were only rescued by two big joint-venture deals in the biosimilars space.

True, a couple of deals emerged today, with Glaxosmithkline's move on Sierra Oncology showing that big pharma is still shopping. But large public buyouts have been notable by their absence in 2022 so far, with only three of the 21 company acquisitions recorded by *Evaluate Pharma* in the first quarter concerning a listed developer.

One of those, [Eagle's buy of the distressed group Acacia](#), was struck at a 30% discount – hardly the transaction to get investors' pulses racing.

The dearth of takeouts shows that depressed valuations should not be considered a driver of M&A. Such theories are wishful thinking and, as the Acacia situation shows, the outcome of deals struck in more difficult times can be disappointing, particularly for those left holding the bag.

Combined M&A deal values



As the chart above shows, M&A deals other than full company takeouts dominated in the first quarter; this "other deal type" category incorporates majority and minority stake purchases and business unit buys.

This analysis does not concern licensing deals, or transactions not involving therapeutics; companies involved in medtech or digital health are not considered, for example.

It was two biosimilars joint-venture deals that moved the needle in the first quarter: [Biogen's sale of its 49.9% stake in Samsung Bioepis](#) to the other party in the joint venture, Samsung Biologics, and [Biocon's buyout of certain biosimilar assets](#) from Viatriis.

UCB's move on the US biotech Zogenix, for its rare epilepsy drug, was the most notable full company takeover of the quarter.

Biggest biopharma M&A deals announced in Q1 2022

Acquirer	Target	Status	Deal terms
Biocon	Viatriis biosimilar venture	Open	Total value \$3.3bn (includes \$1bn of shares in Biocon Biologics)
Samsung Bioepis	Biogen stake in biosimilar JV	Open	Total value \$2.3bn (includes \$1bn cash up front)
UCB	Zogenix	Closed	\$1.9bn in cash up front (plus \$2 per share CVR)
Biohaven	Knopp's Channel Biosciences unit	Open	Total value \$1.2bn (\$100m up front)
Abbvie	Syndesi Therapeutics	Closed	Total value \$1.0bn (\$130m up front)

Source: Evaluate Pharma.

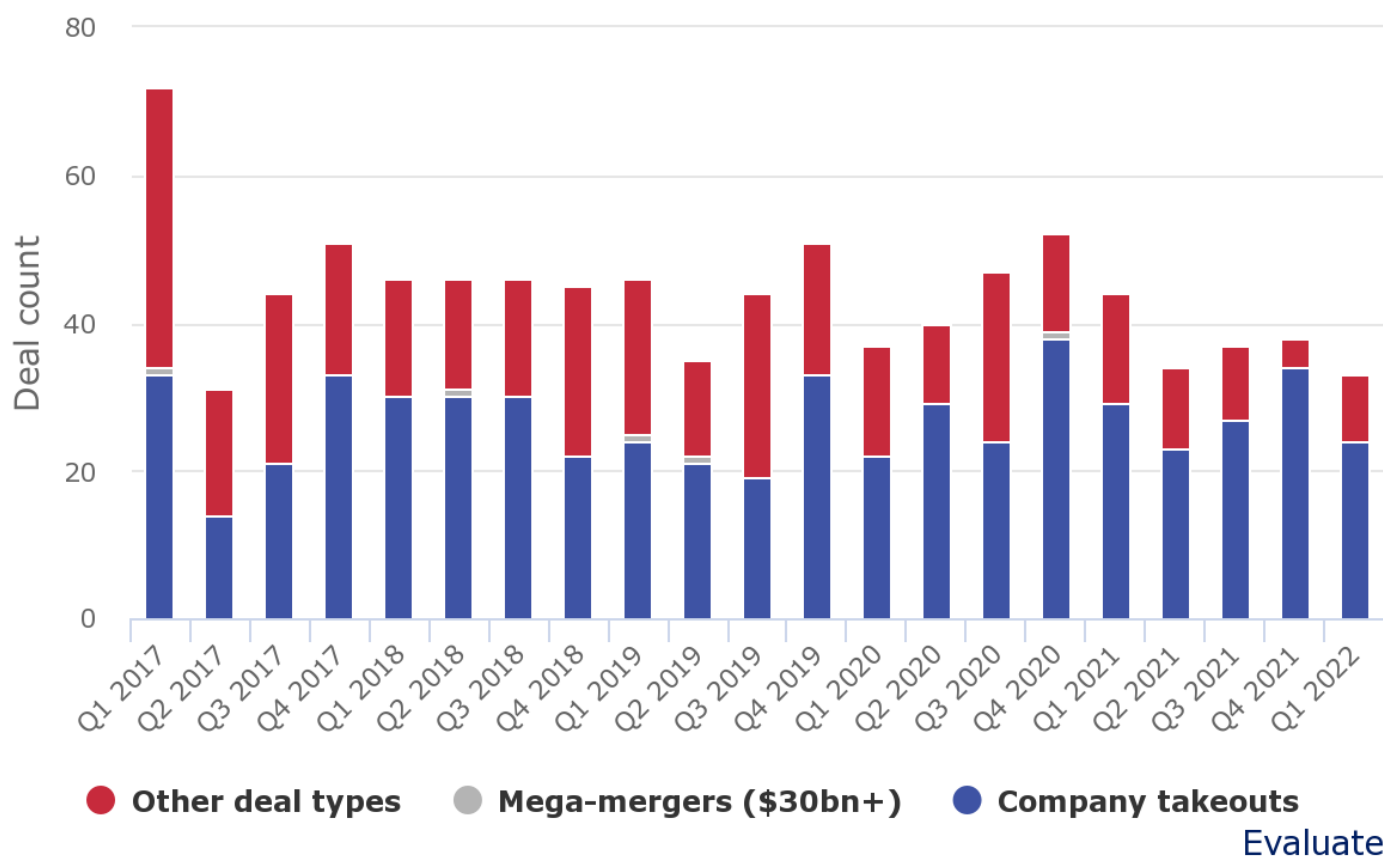
The question for investors is what might be holding buyers back. Access to capital is never a problem for the world's largest developers, a group that will buy desired assets pretty much regardless of wider market conditions. Indeed, an influx of Covid cash has driven expectations for an uptick in buyouts.

And the closing of Pfizer's acquisition of Arena without any apparent antitrust interference might have calmed

the worst fears of a tightening stance from anti-competition regulators.

Perhaps the answer lies more on the other side of the negotiating table. Targets will be disinclined to sell up while valuations are so low, and for now much of the sector remains cashed up and able to resist low-ball approaches. But the funds raised while the going was good will not last for ever.

Quarterly M&A deal counts



[More from Evaluate Vantage](#)

Evaluate HQ
[44-\(0\)20-7377-0800](tel:44-020-7377-0800)

Evaluate Americas
[+1-617-573-9450](tel:+1-617-573-9450)

Evaluate APAC
[+81-\(0\)80-1164-4754](tel:+81-080-1164-4754)

© Copyright 2022 Evaluate Ltd.