



European Life Sciences deals overview 2023 & 2024 outlook



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Life Sciences Strategy**

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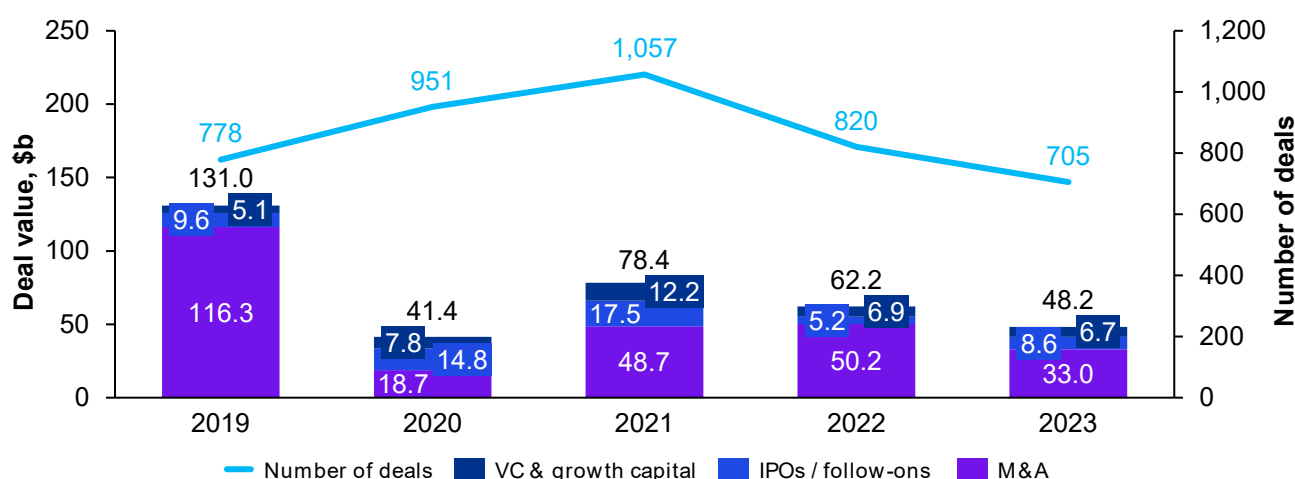
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European deal trends 2023

We have seen varied performance in life sciences¹ deals involving European targets. The 2023 M&A deal value declined, VC² & growth capital deals remained steady, follow-ons grew substantially compared to 2022 amidst a brightening public market outlook

Value and number of European life sciences deals 2019 – 2023



01

European life sciences (LS) deal values decreased by 22% YoY and deal numbers declined by 14% YoY in 2023, mirroring the global biotech pessimism, primarily influenced by macroeconomic factors, such as high interest rates, and geopolitical tensions

02

M&A market experienced a downturn with a YoY deal value decline of 34%. The largest M&A deals typically included targets with mid-/late-stage and/or commercial assets, specializing in the areas of i) biotech research tools including proteomics; ii) outsourced biopharma services; iii) rare diseases; iv) cardiometabolic diseases; and v) synergy-focused consolidation in biotech and medical devices

03

VC & growth capital activity was slightly lower, with specialist investors emphasizing on core areas. Some observed trends across top deals are: i) differentiated first-in-class therapies; ii) radiopharmaceuticals in diagnostics and therapeutics; iii) continued commitment to rare diseases; iv) robotic systems for minimally invasive surgery; and v) next-generation adeno-associated virus (AAV) engineering and manufacturing

04

The number of LS IPO listings decreased by 50% YoY, with the total IPO transaction value driven by the successful listing of Schott Pharma on the Frankfurt Stock Exchange. Reverse mergers were observed in 2023 as a compelling alternative to traditional IPOs

05

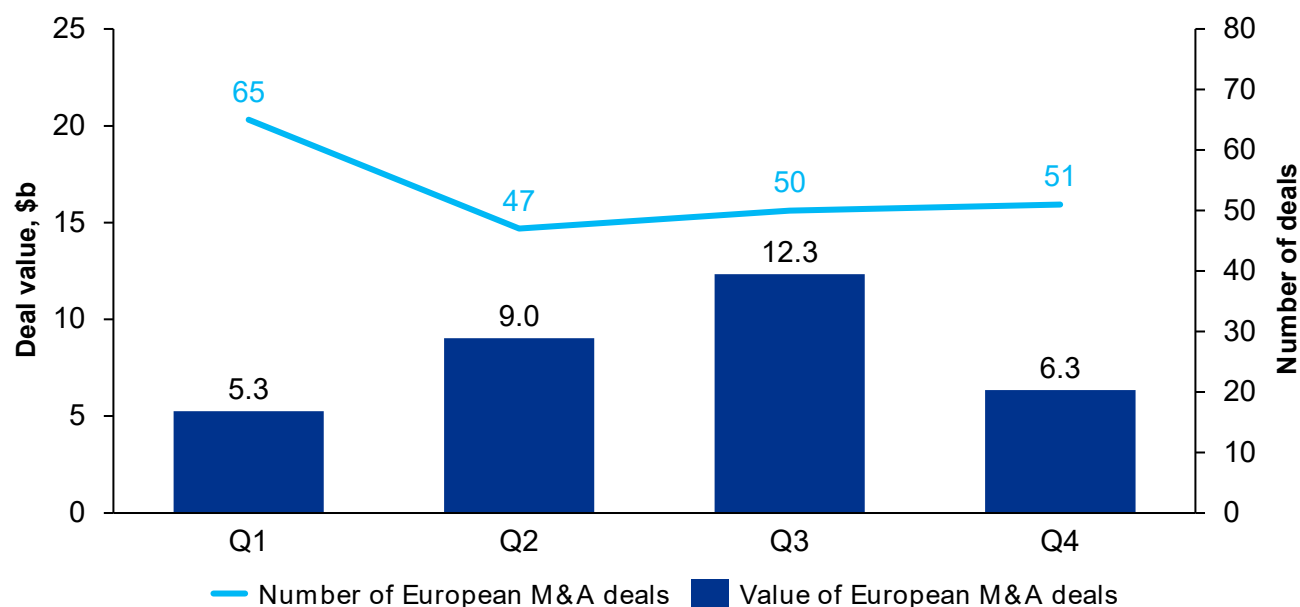
Follow-on equity offerings significantly rose from 2022 levels, as numerous companies sought funding to advance clinical development, particularly for rare diseases – a prevailing trend observed throughout all transaction types in 2023



Note(s): 1) Includes Pharmaceuticals, Biotechnology, MedTech, Diagnostics, and Biopharma services and equipment; 2) Venture Capital.
Source(s): Capital IQ; Mergermarket; Refinitiv; Stifel.

European M&A deals 2023

While deal activity remained stable after a decline in Q2, the total deal value peaked in Q3, mainly driven by the multibillion acquisition of Abcam by Danaher



Top 5 M&A deals

	Announced date	Targets	Bidder	Seller	Sector	Deal value (\$m)
	Aug 2023	Abcam	Danaher Corporation		Biotech research tools	5,666
	Oct 2023	Olink Holding	Thermo Fisher Scientific	Summa Equity	Biotech research tools	3,268
	Mar 2023	Polyplus Transfection	Sartorius Stedim Biotech	Warburg Pincus; ArchiMed	Upstream manufacturing for cell and gene therapies	2,610
	Jun 2023	Novartis (XIIDRA, libvatrep, AcuStream)	Bausch + Lomb	Novartis	Pharma (ophthalmology)	2,500
	Jan 2023	Amryt Pharma	Chiesi Farmaceutici		Biotech (rare gastrointestinal diseases)	1,429

Note(s): Only includes European targets.
 Source(s): Capital IQ; Mergermarket; Refinitiv; Company websites.

Key trends and takeaways from European M&A deals in 2023

In 2023, the largest M&A deals were concluded by globally leading LS instrument manufacturers Danaher and Thermo Fisher Scientific, which acquired Abcam (\$5.7b) and Olink (\$3.3b), respectively, **highlighting the growing interest in the proteomics field:**

- Abcam's expertise in developing high-quality antibodies was at the core of their expansion into broader research solutions, especially proteomics tools
- Olink attracted interest with "Explore," its differentiated high-throughput proteomics biomarker platform coupling with next-generation sequencing

A heightened strategic focus on commercial and late-stage rare disease portfolios is evidenced by the acquisition of Amryt Pharma (\$1.4b), a commercial biotech company featuring its top-selling drug, metreleptin, which addresses generalized and partial lipodystrophy. Ironwood's acquisition of VectivBio (\$1.2b) granted access to its lead candidate, apraglutide, a next-generation GLP-2 analog with best-in-class treatment potential for SBS-IF¹

Outsourced biopharma services and CRDMOs² claimed three out of the top 10 European 2023 M&A deals. By acquiring Polyplus Transfection (\$2.6b), Sartorius expanded its capabilities in plasmid vector design and nanoparticles for DNA/RNA delivery, a key bottleneck in the development of next-generation RNA, cell and gene therapies. Outsourced service players are expected to remain high-value targets in 2024, with vertical integration potential, particularly drawing interest from financial investors

Leading PE firms stayed committed to the LS sector despite macroeconomic challenges. CRDMOs topped the target list with deals including the acquisition of Fabbrica Italiana Sintetici (\$1.0b), a small molecule API and intermediates CDMO, and Ergomed (\$0.9b), a clinical research and pharmacovigilance service provider, by Bain Capital and Permira, respectively

High M&A activity in novel treatments for cardiometabolic diseases is anticipated to continue as a trend from 2023, exemplified by Novo Nordisk's acquisition of Embark Biotech (\$0.5b), including its novel assets (EMB1a, GPR3inh) targeting weight loss

Synergy-focused consolidation in biotech and medical devices:

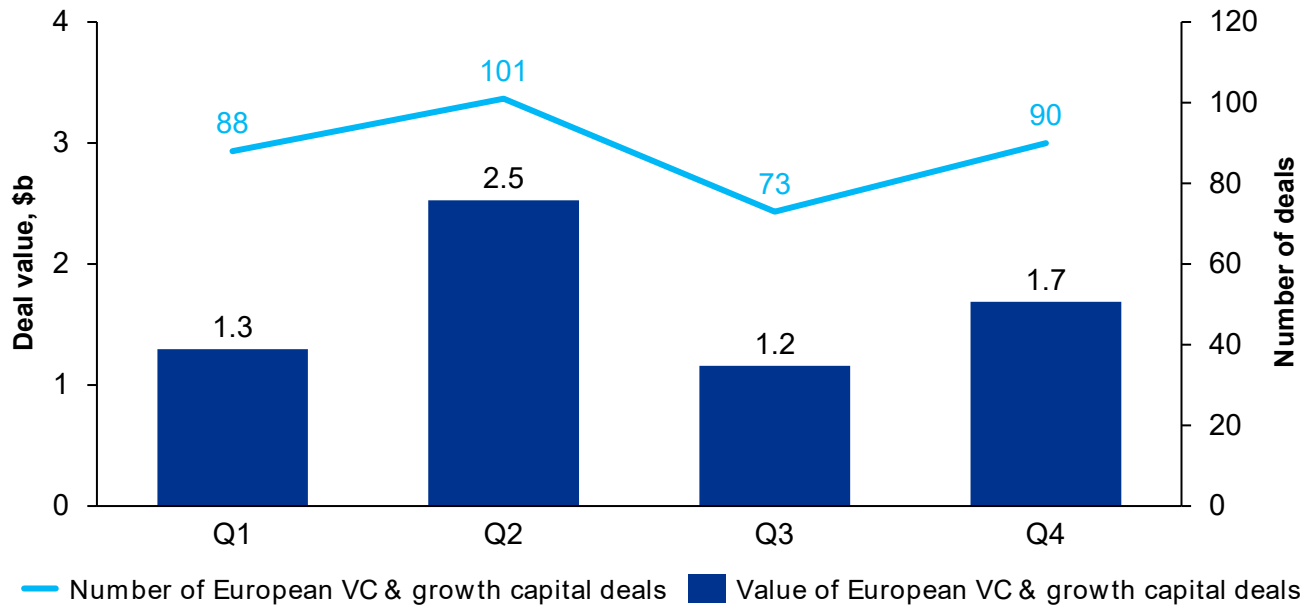
- Coloplast acquired Kerecis (\$1.3b), a commercial biologics wound care company
- Quince's acquisition of EryDel (\$0.5b) facilitated entry into its late-stage drug/device platform for AIDE³ targeting A-T⁴
- Bausch + Lomb's acquisition of Novartis's "front of eye" ophthalmology portfolio (\$2.5b)








Note(s): 1) Short bowel syndrome with intestinal failure; 2) Contract research, development and manufacturing organizations; 3) Autologous intracellular drug encapsulation; 4) Ataxia-Telangiectasia, a rare neurodegenerative disease.
Source(s): Capital IQ; Mergermarket; Refinitiv; Stifel; Company websites.

European VC & growth capital deals 2023

VC & growth capital deal volume remained steady over the year, achieving a total of at least \$1b in value and 70 transactions per quarter



Top 5 VC & growth capital deals

	Announced date	Targets	Investors	Sector	Deal value (\$m)
	Jun 2023	Galderma International	Current shareholders, new investors and management	Biologics in aesthetic and inflammatory dermatology	1,000
	Jun 2023	ITM Isotope Technologies	BlackRock, Carbyne, Athos, Temasek, Nextech, Qatar IA	Dx ¹ and therapeutic radio-pharmaceuticals in oncology	273
	Dec 2023	Apollo Therapeutics	M&G, Patient Square Capital, Rock Springs Capital	Portfolio biopharmaceutical company of capital allocators	260
	Sep 2023	CMR Surgical	Tencent, Cambridge Innovation, Escala, Lightrock, LGT Capital	Surgical robotic systems for minimal access surgery	165
	Apr 2023	Distalmotion	Revival Healthcare Capital	Minimally invasive surgical devices	150

Note(s): 1) Diagnostics; Only includes European targets.
Source(s): Capital IQ; Mergermarket; Refinitiv; Company websites.

Key trends and takeaways from European VC & growth capital deals in 2023

Reinforced interest in first-in-class therapies:

- Galderma's \$1b growth capital from shareholders and investors suggests a strategic move to expedite its integrated pipeline, incl. nemolizumab (IL-31) in inflammatory dermatology, and prepare for an IPO
- Hemab's \$135m Series B supported the progress of its prophylactic therapy, HB-001 (FVIIa/TLT-1), for GT¹
- Alentis's \$105m Series C financing advanced its anti-Claudin-1 antibodies in organ fibrosis and oncology

Radiopharmaceuticals in diagnostics and therapeutics: ITM and Artbio, received \$273m and \$113m, respectively, to progress their radiopharma pipelines. Both investments underscore the potential of targeted radionuclide and alpha-radioligand therapies in oncology

Continued commitment to rare diseases:

- Apollo raised \$260m for development activities for portfolio assets, incl. camoteskimab (IL-18) for AOSD²
- Amolyt raised \$138m Series C to develop its peptide, eneboparatide (PTH1), for endocrine diseases
- Noema's \$112m Series B supported its lead CNS³ candidate, basimglurant (mGluR5), for TN⁴ and TSC⁵

Robotic systems for minimally invasive surgery companies, CMR and Distalmotion, raised \$165m and \$150m, respectively, to drive global access, adoption and expansion of robotic surgery across specialties

Next-generation AAV vector engineering and manufacturing among the top 10 deals:

- VectorY raised \$138m toward its in-house manufactured vectorized antibody therapies for neurodegenerative diseases, incl. VTx-002 (TDP-43), an AAV-based delivery to the CNS
- Ascend Gene & Cell Therapies, a provider of advanced manufacturing support to gene therapy companies, raised \$133m Series A. In 2023, Ascend acquired Freeline Tx⁶ for CMC⁷ capabilities
- Beacon Tx secured \$120m in developing its next-generation treatment for retinal diseases, incl. a novel AAV-based program for dry AMD⁸

Support from top-tier biopharma specialized VCs:

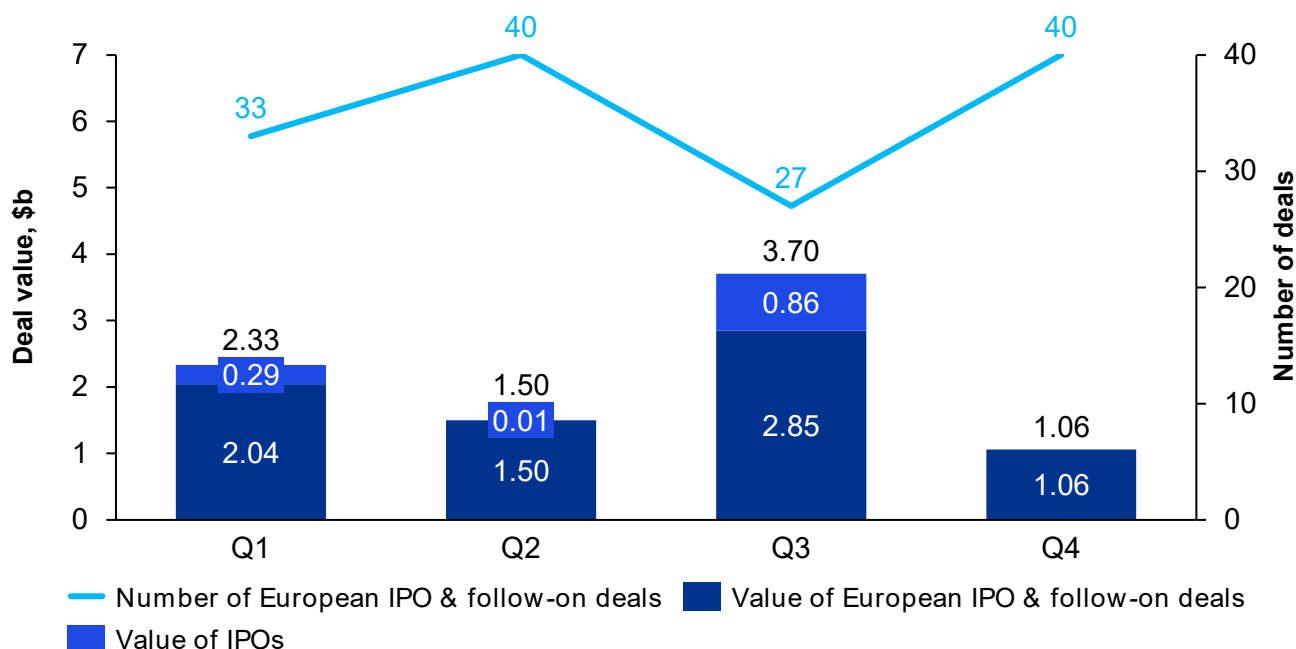
- European-based: EQT LS, Forbion, Jeito, Pureos, Sofinnova et al.
- US-based: Avoro, F-prime, Invus, OrbiMed, RA Capital, et al.
- Corporate VC arms of pharmaceutical companies: Bayer, Merck, Novartis, Novo Holding, Roche et al








Note(s): 1) Glanzmann thrombasthenia; 2) Adult-onset still's disease; 3) Central nervous system; 4) Trigeminal neuralgia; 5) Tuberous sclerosis complex; 6) Therapeutics; 7) Chemistry, manufacturing and controls; 8) Age-related macular degeneration.
Source(s): Capital IQ; Mergermarket; Refinitiv; Company websites.

European IPO & follow-on deals 2023

IPO activity remained marginal, with Schott Pharma IPO and Argenx's follow-on standing out in Q3



Top 5 IPOs and follow-ons

	Announced date	Targets	Type	Sector	Index	Deal value (\$m)
	Jul 2023	Argenx (ARGX)	Follow-on	Antibody-based medicines for autoimmune diseases	EBR ¹	1,064
	Sep 2023	Schott Pharma (1SXP)	IPO	Drug product and devices	ETR ²	855
	Aug 2023	MoonLake Tx (MLTX)	Follow-on	Nanobody medicines for inflammation	NSQ ³	765
	Dec 2023	Pharvaris (PHVS)	Follow-on	Oral alternatives for hereditary angiodema	NSQ ³	300
	Mar 2023	Reponex Pharma (PEG)	IPO	Biopharma drugs for inflammatory and chronic diseases	CPSE ⁴	219

Note(s): 1) Brussels Stock Exchange; 2) Frankfurt Stock Exchange; 3) NASDAQ; 4) NASDAQ Copenhagen.
Source(s): Capital IQ; Pitchbook; Company websites.

Key trends and takeaways from European IPO & follow-on deals in 2023

Subdued European IPO activity was driven by the overall cautious investment sentiment globally in the LS space. Schott Pharma, a **drug product and device manufacturer**, and one of the leading players in the glass packaging for mRNA vaccines and GLP-1RAs, stood out in LS IPOs by successfully raising over \$850m on the Frankfurt Stock Exchange

Only a few other biopharma companies generated sufficient investor interest to go public, including:

- Reponex Pharma, a late-stage company with a pipeline of drugs for Crohn's disease as well as colorectal cancer, raised \$219m
- Gubra, a CRO¹ with a partnership-driven pipeline as well as a proprietary pipeline in obesity and liver listed in the Nordic exchange, raised \$72m

Reverse mergers enabled smaller European medtech and biopharma companies to raise funds outside Europe. Examples include EvokAI, MindMaze and PMD Solutions. At least 10 transactions involving European companies were identified with an average disclosed deal size of \$20m

Clinical-stage companies raised large follow-on sums driven by strong clinical data:

- Argenx raised \$1b after Vyvgart Hytrulo (FcRn) reported positive topline results in chronic inflammatory demyelinating polyneuropathy
- Moonlake raised \$765m after successful phase 2 results of its nanobody, sonelokimab (IL-17A/F), designed to treat PsA²
- Pharvaris raised \$300m for development of its first-in-class oral therapy, deucricitbant (B2), for hereditary angioedema

IPO scarcity since 2021 has created a backlog of later-stage private companies eager to go public. As emerging companies integrate into the expanding cohort of IPO-ready firms, they might encounter competition for investors' attention when the IPO window opens. To succeed in this environment, companies could try to:

- Showcase robust clinical data in therapeutic areas with large patient population, e.g. metabolic and I&I³
- Adopt a clear strategy with a focused 1–2 key asset pipeline, avoiding a broad "platform" approach
- Secure support from top-tier specialized investors



Note(s): 1) Contract research organization; 2) Psoriatic arthritis; 3) Inflammation & immunology.
Source(s): Capital IQ; Pitchbook; Company websites.

European LS deals outlook 2024

In 2024, a **recovery in M&A levels** is anticipated amid expected interest rate cuts and positive market conditions, despite macroeconomic challenges. This optimism is driven by the following factors:

- Significant loss of exclusivity for pharma blockbusters in the next 5 years
- Heightened pressure on investors in need of funding or exits
- Convergence of valuation gaps
- Opportunistic moves driven by lower multiples

A **cautiously optimistic outlook for 2024** may create an opening of the **IPO window** for several European biotechnology companies that are ready for listing

Continued follow-on market growth is anticipated as returning investors target quality biopharma assets

The following key **investment trends** are expected:

- Focus on advanced technologies and innovation, e.g. ADC¹ and RNA modalities
- Attention to large indications in the cardiometabolic, I&I, oncology and neurology therapeutic areas
- Preference for mid-/late-stage biopharma and commercial growth opportunities with long-term exclusivity potential
- Outsourced biopharma services and tech-enabled healthcare services, e.g. CRDMOs and AI in drug discovery and development
- Bottom-line improvement to offset rising costs due to inflation and supply chain disruptions
- Persistent appetite for LS by VC and PE funds, many of which boast robust cash reserves

Note(s): 1) Antibody-drug conjugate.
Source(s): Mergermarket; Stifel; JPM2024.



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This study is based on the Mergermarket, Capital IQ, Refinitiv Eikon and KPMG databases, focusing on deals announced in 2023 but also providing historical data drawn from previous years.

The consideration of individual transactions are based on our judgment and are, thus, subjective. We have not been able to extensively verify all data and cannot be held responsible for the absolute accuracy and completeness thereof. Analysis of different data sources and data sets may yield deviating results.

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