

Insights into Healthcare M&A: Q3 2024 Trends



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Healthcare M&A activity increased in the third quarter of 2024, with 33 transactions vs. 21 in 2023. Healthcare Services was the most active healthcare subsector, representing 42% of deal volume, with the most notable transaction being TowerBrook's and CD&R's \$8.3B acquisition of R1 RCM. Biopharma transaction volume increased slightly in the third quarter of 2024, with 10 transactions vs. 9 in 2023, while transaction value declined from \$13 billion to \$9 billion. Oncology was the most active therapeutic area. We expect Biopharma M&A activity to remain dynamic as large biopharmaceutical companies seek to fill revenue and pipeline gaps via acquisitions of development-stage companies. We continue to expect both private and publicly traded pre-commercial biopharma companies to evaluate the full range of strategic alternatives, including partnerships, mergers and sale transactions. Given an improving macroeconomic backdrop and corresponding capital markets environment, we also expect private development-stage private companies to increasingly evaluate IPOs.

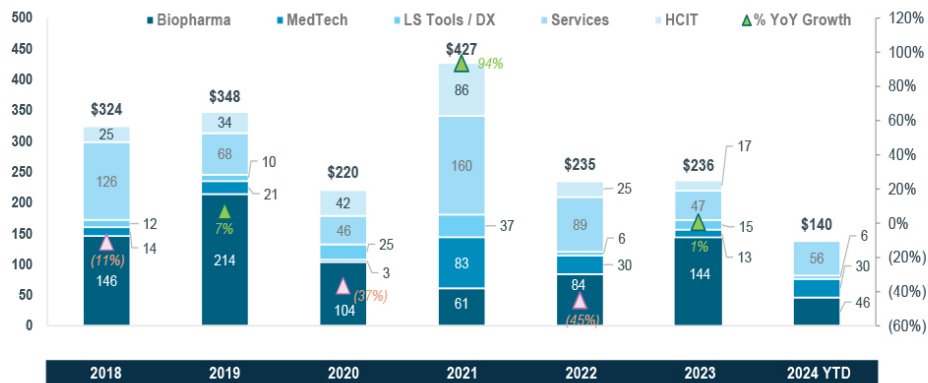
HEALTHCARE | M&A THEMES

- Healthcare M&A transaction value was up 6% and transaction volume was up 57% year-over-year in Q3 2024. Total Q3 2024 transaction value was \$32B on total deal volume of 33 transactions.
- There were several multi-billion dollar Healthcare deals of note, including TowerBrook's and CD&R's acquisition of R1 RCM (\$8.3B), Eli Lilly's acquisition of Morphic (\$3.2B), and The Carlyle Group's acquisition of Vantive Kidney Care (\$3.8B).
- Healthcare Services was the most active sub-sector of Healthcare in terms of deal volume and value. There were 14 transactions with aggregate value of \$17B in Q3 2024, up from 2 transactions with aggregate value of \$2 billion in Q3 2023.
 - TowerBrook's and CD&R's \$8.3B acquisition of R1 RCM accounted for 50% of the Healthcare Services deal value in Q3 2024.
- Biopharmaceuticals was the second most active sub-sector of Healthcare in terms of deal volume and value. There were 10 transactions with aggregate value of \$9 billion in Q3 2024, compared to 9 transactions with aggregate value of \$13 billion in Q3 2023.
 - Oncology was the most active therapeutic area, with 4 transactions totaling just over \$2B in deal value.
 - Inflammation and Immunology was the second most active therapeutic area, with 2 transactions totaling nearly \$4B in deal value.
- In MedTech, there were 5 transactions with aggregate value of \$4.4B in Q3 2024, compared to 4 transactions with aggregate value of \$3.6B in Q3 2023.
 - The Carlyle Group's \$3.6B acquisition of Vantive Kidney Care accounted for ~85% of the MedTech deal value in Q3 2024.

HEALTHCARE | M&A ACTIVITY

HEALTHCARE | M&A Activity

\$ in billions



No. of Deals

	2018	2019	2020	2021	2022	2023	2024 YTD
Biopharma	44	42	37	40	44	40	42
MedTech	15	19	9	23	23	21	17
LS Tools / DX	11	8	7	26	7	12	7
Services	70	69	58	103	71	32	30
HCIT	18	20	29	24	21	8	4
Total	158	158	140	216	166	113	100

Source: Dealogic, Scope Research, SEC filings, Company press releases. Deal inclusion criteria: Equity Value >\$100 million as of 09/23/24.

3Q 2024 HEALTHCARE | M&A ACTIVITY

3Q 2024 HEALTHCARE M&A Activity								
\$ in millions								
Ann. Date	Target	Acquirer	Equity Value	Enterprise Value	Contingent Consideration	Total Deal Value	1-Day Premium	
08/28/24	GeBBS Healthcare Solutions	Hillhouse Investment	\$870	\$870	-	\$870	NA	
08/14/24	Steward Health North Florida	Orlando Health	439	439	-	439	NA	
08/13/24	Vantive Kidney Care (Baxter)	Carlyle	3,800	3,800	-	3,800	NA	
08/12/24	Revence Therapeutics	Crown Laboratories	725	930	-	930	NA	
08/08/24	Exscientia	Recursion	723	353	-	353	14%	
08/07/24	G1 Therapeutics	Pharmacosmos	391	372	-	372	67% ⁽¹⁾	
08/05/24	Brookwood Baptist Health (Tenet)	Orlando Health	910	910	-	910	NA	
08/01/24	R1 RCM	TowerBrook and CD&R	6,240	8,250	-	8,250	29%	
07/29/24	Jnana Therapeutics	Otsuka Pharmaceutical	800	800	\$325	1,125	NA	
07/29/24	Nerio	Boehringer Ingelheim	ND	ND	ND	1,300 ⁽²⁾	NA	
07/29/24	Ironshore Therapeutics	Collegium Pharmaceuticals	525	525	25	550	NA	
07/28/24	Donatelle Plastics	DuPont de Nemours	313	313	-	313	NA	
07/28/24	Soliant Health	The Vistria Group	2,500	2,500	-	2,500	NA	
07/23/24	Rotech Healthcare Holdings	Owens & Minor	1,360	1,360	-	1,360	NA	
07/23/24	ConnectiCare Holding Company, Inc.	Molina Healthcare, Inc.	350	350	-	350	NA	
07/22/24	BIOVECTRA	Agilent Technologies Inc.	925	925	-	925	NA	
07/22/24	Hamilton Thorne	Astorg	282	282	-	282	NA	
07/16/24	Micromeritics Instrument Corporation	Spectris plc	630	630	-	630	NA	
07/08/24	Morphic Holding	Eli Lilly	3,196	2,567	-	2,567	NA	
07/03/24	LifetLabs	Quest Diagnostics	985	985	-	985	NA	
Median			\$800	\$870	-	\$918	29%	

Biopharma Deals

(1) Represents premium to share price on 05/08/2024, 1-day before takeover rumors. The 1-day premium to official announcement of takeover was 68%.

(2) Total Deal Value Disclosed as \$1,300M.

Source: Dealogic, Scope Research, SEC filings, Company press releases. Deal inclusion criteria: Equity Value >\$250 million as of 09/23/24.

BIOPHARMA | M&A THEMES

Biopharma M&A deal volume was up slightly YoY with 10 transactions in Q3 2024, compared to 9 transactions in Q3 2023. Transaction value of \$9B was down 35% YoY from \$13B in Q3 2023. Biogen's \$7.1B acquisition of Reata accounted for 53% of transaction value in Q3 2023.

- Acquirors signaled remained interest in oncology across varying modalities and stages of development, with Q3 2024 featuring a handful of smaller oncology deals that ranged from preclinical programs like Nerio's novel checkpoint inhibitors to G1 Therapeutics' COSELA, a commercial stage chemotherapy add-on designed to protect bone marrow.
- These deals represented a notable departure from large pharma acquiring late-stage clinical stage products or novel platforms with blockbuster potential.
 - Exscientia / Recursion (\$0.7B equity value)
 - Therapeutics / Pharmacosmos (\$0.4B equity value)

- Nerio / Boehringer Ingelheim (equity value not disclosed)
- For Q3 2024, Immunology & Inflammation remained an area of high interest for acquirors and Lilly's \$3.2B acquisition of Morphic was the largest Biopharma transaction in Q3 2024. Additionally, Organon entered the immune-dermatology space via their acquisition of Dermavant, which features VTAMA, a topical AhR agonist that launched in plaque psoriasis and is in registration stage for atopic dermatitis.

The XBI closed Q3 with a 7% gain and was up 10% year-to-date, though it remained 10% behind both the Nasdaq and S&P 500 year-to-date.

- Follow-on activity slowed in Q3, though remains on pace for a record-breaking year. \$6.7 billion of capital was raised across 24 registered offerings and 7 PIPEs. Aftermarket performance for these transactions has been largely positive.
- There was an uptick in go-public activity with \$1.2 billion of capital raised from five IPOs and the closing of the Tectonic Therapeutics and AvroBio reverse merger.

As stated in our Q2 M&A update, we expect biopharma M&A to remain active through the remainder of 2024. With the recent 50 basis point cut to the federal funds rate and a dovish outlook, we expect both public and private biopharma companies to benefit from a favorable macro environment. As we have mentioned in prior quarterly market updates, we continue to expect high-quality privately held biotechnology companies to evaluate sale transactions in parallel to assessing the public markets as an alternative exit for investors. We expect distressed publicly traded companies to continue to pursue private company mergers or cash-out transactions with financial buyers. On the demand side, large biopharma continues to face impending revenue gaps due to anticipated patent expiries and will continue targeting commercial stage or clinically de-risked companies targeting large commercial markets. Larger transactions are possible, but given the upcoming election and continued FTC uncertainty, large biopharma will remain hesitant to pursue mega deals. We expect to see continued robust activity away from the mega deals.

3Q 2024 BIOPHARMA | M&A ACTIVITY

3Q 2024 BIOPHARMA | M&A Activity

\$ in millions

Ann. Date	Target	Acquirer	Equity Value	Enterprise Value	Contingent Consideration	Total Deal Value	1-Day Premium
08/12/24	Revanche Therapeutics	Crown Laboratories	\$725	\$930	-	\$930	NA
08/08/24	Exscientia	Recursion	723	353	-	353	14%
08/07/24	G1 Therapeutics	Pharmacosmos	391	372	-	372	67% ⁽¹⁾
07/29/24	Jnana Therapeutics	Otsuka Pharmaceutical	800	800	\$325	1,125	NA
07/29/24	Nerio	Boehringer Ingelheim	ND	ND	ND	1,300 ⁽²⁾	NA
07/29/24	Ironshore Therapeutics	Collegium Pharmaceuticals	525	525	25	550	NA
07/08/24	Morphic Holding	Eli Lilly	3,196	2,567	-	2,567	NA
Median			\$724	\$663	-	\$930	40%

Commercial-Stage Deals

(1) Represents premium to share price on 05/08/2024, 1-day before takeover rumors. The 1-day premium to official announcement of takeover was 68%.

(2) Total Deal Value Disclosed as \$1,300M.

Source: Dealogic, Scope Research, SEC filings, Company press releases. Deal inclusion criteria: Equity Value >\$250 million as of 09/23/24.

Contributors:



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