

## Young & Partners Forum

### Reflections on 2024 and the Outlook – M&A

#### **What has happened in Pharma M&A in 2023 and what is the outlook?**

Pharma acquisitions by Pharma companies have traditionally been a regular part of the landscape. Although the Big Pharma companies have revived their ability to invent new drugs, they still need to supplement their own efforts with acquisitions of and collaborations with pharma and biotech companies.

32 pharma deals worth \$19.2 billion were completed in 2024 versus 29 deals completed worth \$95.8 billion for 2023. This represents a slight increase in the number of deals on an annualized basis, but a major decrease in the dollar volume of deals.

The largest acquisition was the \$4 billion purchase of Marati Therapeutics by Bristol-Myers Squibb.

The long period of a steady diet of mega deal acquisitions of large pharma companies has slowed to a crawl and Pharma companies have shifted their focus on small to medium sized pharma acquisitions. This trend is further demonstrated by the record number of biotech acquisitions, primary by Big Pharma.

Why has this been the case? The Pharma companies have come to realize that mega deals do not deliver accelerated innovation. So they continue to mainly focus on strategic small to medium sized pharma acquisitions.

They are also focused on Biotech companies via acquisitions, strategic partnerships, and in licensing to achieve pipeline growth.

As of December 31, 2024, the dollar value and number of deals announced but not closed was quite low at \$7.1 billion (16 deals).

Looking into the future, there may be one or two larger deals, but those deals will not be the strategic focus of the pharma companies. Pharma M&A to continue to be moderately active in terms of the number of deals, with a focus on small to medium sized transactions, but modest dollar volumes. Deals with a strong strategic rationale or a theme around adding new and growing technologies and products will continue to be pursued.

#### **What happened in the Biotech M&A market in 2024 and what is the outlook?**

In 2024, 73 biotech deals worth \$109.0 billion were completed versus 79 deals worth \$62.7 billion completed in 2023. This represents a surge in the total dollar volume and a continuation of the high number of deals versus 2023. We are at a record high level of Biotech M&A dollar

volume and a near record number of deals. Deals in the U.S. dominated relative to the rest of the world.

The largest transaction was the \$14.2 billion acquisition of Karuna Therapeutics by Bristol-Myers Squibb.

The dollar value of the pipeline of deals announced but not closed as of December 31, 2024 was healthy at \$9.2 billion (26 deals).

What is driving this trend? First of all, most of the acquisitions are being done by Pharma companies who are aggressively looking to build their pipelines and future revenues. Second, with the collapse of the IPO market, a severe reduction in equity funding, and a dramatic reduction in the share prices of Biotech companies, Biotechs are more willing to consider a sale of the company at an earlier stage than they were just three years ago.

What is the outlook for Biotech M&A? We expect more of the same in the future driven by the same factors, with a relatively robust number and dollar volume of Biotech deals being completed over the next couple of years, along with partnering, licensing and royalty monetization for funding and for shareholder liquidity.

M&A volume in terms of numbers of deals will continue to be strong in 2025 and beyond.

Peter Young  
CEO, Young & Partners  
[pyoung@youngandpartners.com](mailto:pyoung@youngandpartners.com)

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### Young & Partners

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