

HEALTHCARE

2024 M&A UPDATE



Market Comment

High interest rates, persistent inflation and geopolitical uncertainty collectively exacted a toll across the broader M&A markets in 2023, making for a somewhat muted year overall. However, healthcare, a traditionally defensive sector and more sheltered from short-term market fluctuations, has remained a strong-performing segment of the economy and has continued to attract the interest of investors seeking quality in times of uncertainty.

With inflation cooling down slightly towards the end of 2023, market consensus has been firmly established that central banks are due to begin rate cuts in 2024, bringing with it more favourable dealmaking conditions. As signals of momentum have picked up, healthcare has been one of the first sectors to respond, showing a strong uptick in deal sizes in Q4 2023, making the outlook for 2024 exciting and positive.

£34bn

Largest deal in 2023

>£250bn

Capital invested in the healthcare space in 2023¹

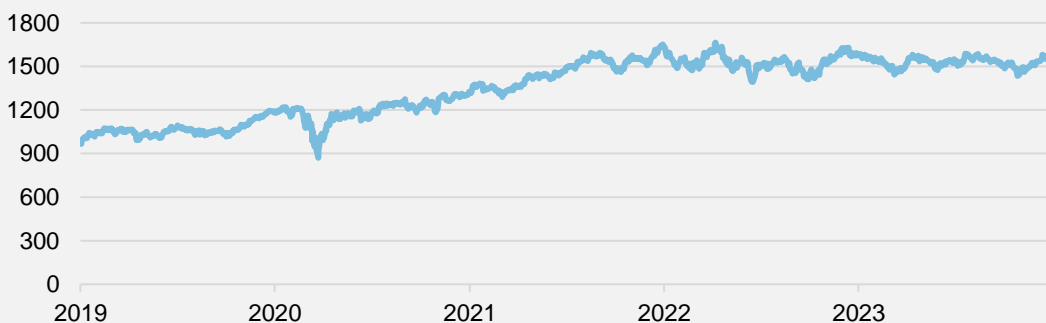
3,400+

Healthcare M&A deals in 2023, with a median valuation of £33m¹

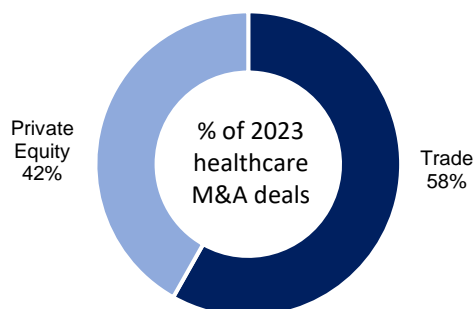
15%

Of global M&A deals in 2023 were in healthcare, a 5pp increase on 2022²

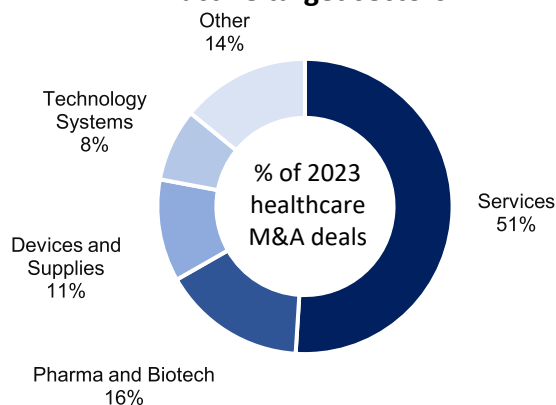
S&P Healthcare Index close to 10-year high



Well-capitalised corporate investors leading deal activity¹



Biopharma and Healthtech increasingly active target sectors



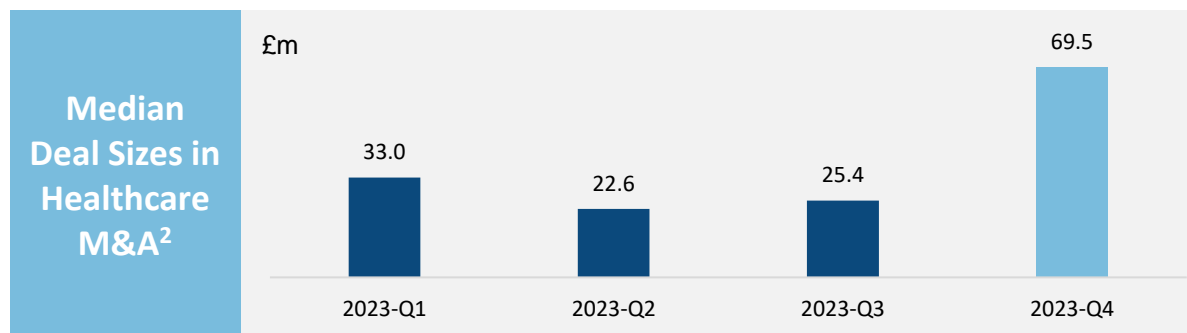
Insights

1. Cash-rich pharma and Medtech leaders ready to invest

Reports show that the top 25 pharma and Medtech companies all have at least 15% of their past 12 months' revenues on hand in the form of cash¹. With this readily available capital to deploy and an improving fundraising environment, the industry is well-positioned for a significant increase in corporate dealmaking activity.

2. Rapid pick-up in healthcare investment in Q4 2023

As an improving inflationary and interest rate outlook presented in the latter half of 2023, healthcare saw an uptick in the deployment of capital in M&A, with a doubling of the median deal size compared with the average of the first three quarters. This increased activity is a positive signal that the space is set to perform well in 2024.



3. Looming patent expirations to spark dealmaking

The looming expiration of patents for Regeneron's Eylea, J&J's Stelara and other top-selling drugs in the next decade is expected to increase competition and drive up M&A activity in the wider healthcare sector as industry players fight for strategic advantage.












4. Healthcare – a port in a storm

In spite of broader economic turbulence, healthcare has been one of the strongest-performing sectors in recent years. The Medtech industry in particular witnessed robust performance, driven by increased demand for non-imaging diagnostics and research-related equipment, particularly amplified by the COVID-19 pandemic.

5. Long-term, sector-specific growth drivers

Despite recent challenges, long-term macro trends are still driving fundamental growth. An ageing global population and a rise in underserved chronic disease patients is underpinning consistent demand, and the acceleration of digitalisation and machine learning is fuelling particularly rapid developments in the sector, increasing efficiencies and opening up new markets.

2023's Standout Deals

Date	Target	Description	Acquirer	Deal size
Dec-23	 Seagen	Biotech developing targeted cancer therapies		£34bn
Oct-23	 HORIZON	Biotech for autoimmune and inflammatory diseases		£23bn
Apr-23	 Prometheus Biosciences	Biotech systems for immune-mediated diseases		£9bn
May-23	 Oak St. Health	Network of primary-care centres in the USA		£8bn
Jan-23	 Summit Health	Multi-specialty care centres in the USA	 EVERNORTH HEALTH SERVICES  Walgreens Boots Alliance	£7bn

All eyes on AI

Artificial Intelligence (AI) is revolutionising healthcare by leveraging its advanced technologies to enhance overall patient benefit globally. The convergence of AI and healthcare stands as a pivotal focus on the M&A landscape, reflecting a strong strategic response from companies to participate in these transformative industry trends.



















- **AI unleashes precision diagnoses**

Harnessing the power of Machine Learning (ML), vast datasets can be analysed for early disease detection and forecasting patient risks, paving the way for bespoke treatment plans.

- **Attracting significant early-stage investment**

Private Equity and Venture Capital firms have been increasingly investing in companies with generative AI built as a core value offering¹. For example, in 2023, Genesis Therapeutics, a platform employing generative AI for drug discovery, completed its £176m series B funding round, with participation from Blackrock and Fidelity.

Bluebox's Experience in the Healthcare Space

<p>Sale</p>  <p>to</p>   <p>Description For over 20 years, Bookwise has been a leading provider of innovative scheduling software, customised to perfectly suit the varying requirements of hospitals across the UK.</p>	<p>Sale</p>  <p>to</p>   <p>Description Specialist pharmaceutical distributor, providing unparalleled access to unlicensed and difficult-to-source medicines to healthcare authorities, hospitals, overseas ministries of health and military agencies across MENA.</p>	<p>Sale</p>  <p>to</p>   <p>Description Leading supplier of licensed and unlicensed ophthalmic medicines and medical devices to both the hospital and community pharmacy markets.</p>
<p>Sale</p>  <p>to</p>   <p>Description Innovative health-tech solution developed to assist organisations, employees and their families in proactively addressing and managing the challenges associated with ageing, eldercare, and the later stages of life.</p>	<p>Sale</p>  <p>to</p>   <p>Description Number-one provider of PPM software to the NHS and is a critical partner in delivering strategic programmes for several government agencies and a range of private sector clients.</p>	<p>Sale</p>  <p>to</p>   <p>Description One of the leading providers of innovative clinical decision support softwares for the global healthcare market. Bluebox was tasked with readying the business for sale using its acclaimed 'Blue Diamond' program.</p>



93-95 Gloucester Place
London
W1U 6JQ

T: + 44 (0) 20 3924 5150
E: info@blueboxcfg.com

www.blueboxcfg.com