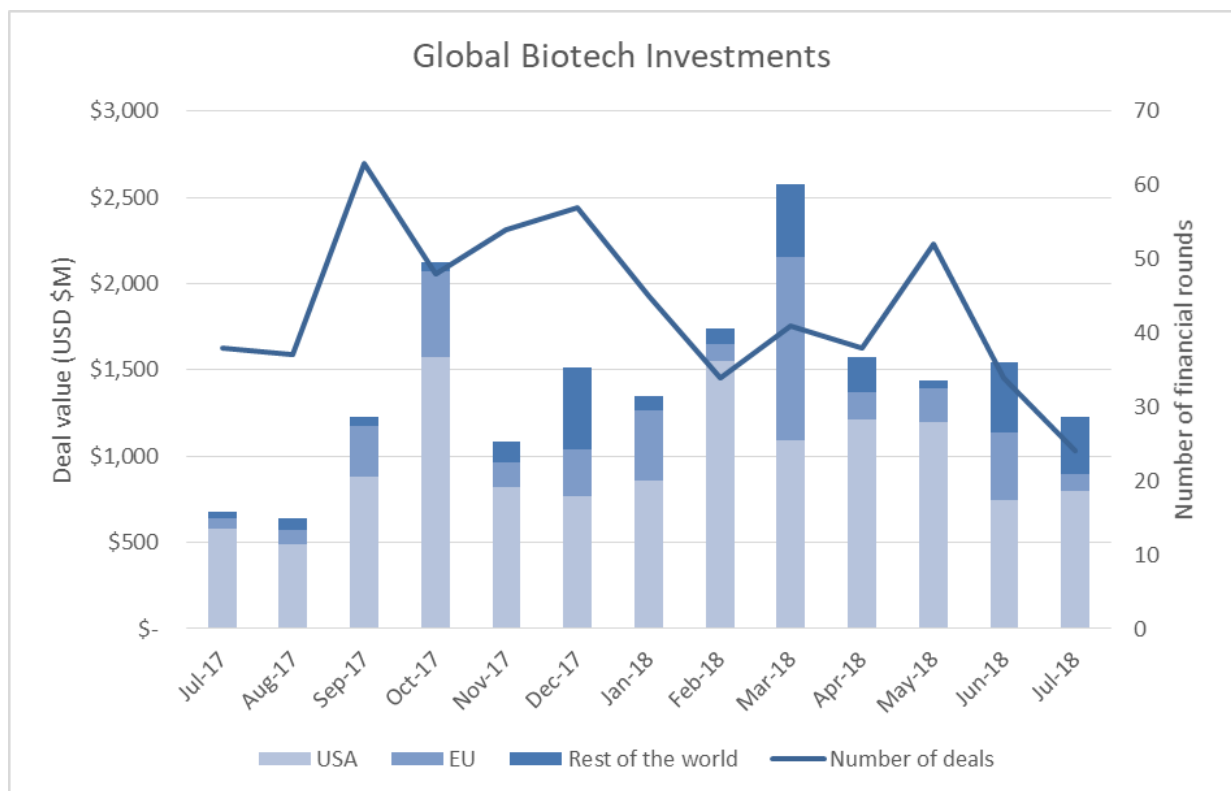


The Rise of Bigger, Earlier M&A Deals for Biotech

Zurich, August 2018

Continuing a trend that began in 2017, this year has seen the rise of big investment deals in the biotech sector. Smaller biotechs are also cashing in as Big Pharma look to fill dwindling pipelines; according to [Bloomberg data](#), biotech acquisitions are expected to be at the highest level for 12 years. This is driven by some big deals seen in the first half of the year with Takeda pharmaceutical's USD 60.5B takeover of Shire, Sanofi's USD 11B purchase of Bioverative Inc, Celgene's USD 9B deal for Juno Therapeutics Inc and Novartis' USD 8.7B acquisition of AxeXis Inc.

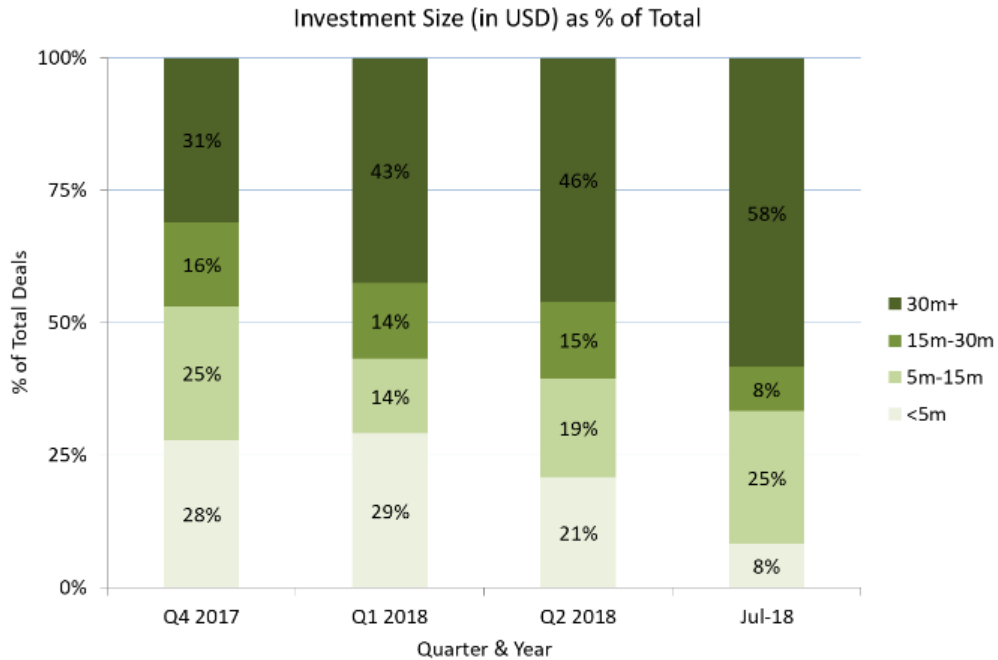
Data from the [Biotechgate](#) database, which tracks financial rounds in the Biotech sector, shows that global investment in the last three quarters has surpassed USD 4.5B per quarter. For comparison, the current rate of quarterly investment is equivalent to the total invested across 2012 and 2013.



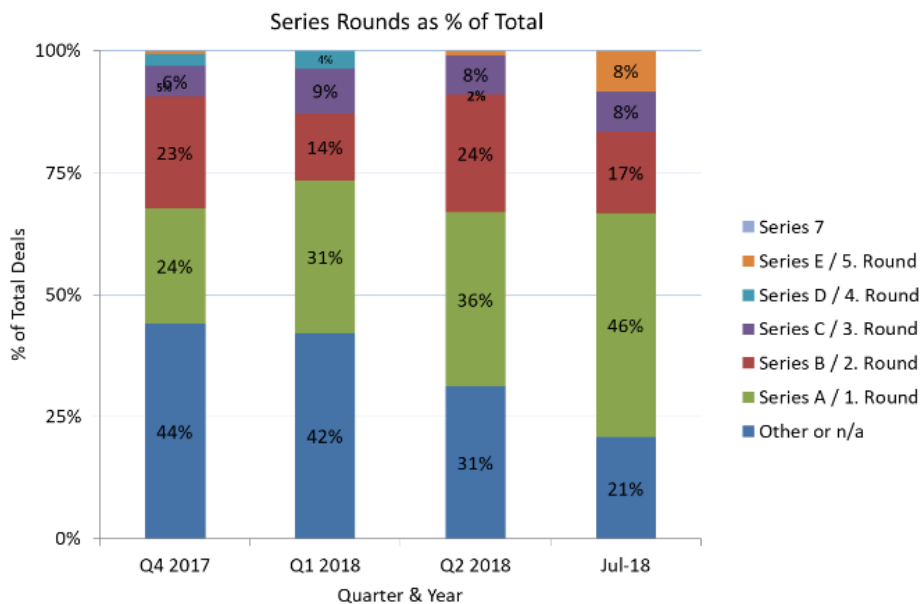
Source: Biotechgate, August 2018

Analysing this data further reveals two interesting insights:

A. Larger investment deals



B. A larger proportion of Series A and Series B deals.



So, what factors have been driving larger, earlier investment in biotech firms? Here are three key drivers:

1. **Increased downstream demand from IPO and M&A markets:** successful exits have increased the attractiveness of the sector and this perceived risk reduction has lowered the cost of capital for early stage companies. In essence, the risk of missing out on a big upside is driving VCs to pay more for fewer shares, increasing the size of the round and raising pre-money valuations.
2. **Global investment opportunities:** three of the top 10 rounds in H1 2018 have been secured by China-based firms. The US venture investment field is fiercely competitive and funds are looking outside core markets for growth opportunities.
3. **Big investment in hot technologies:** several companies based on cell therapy and CART-T breakthroughs have attracted high levels of early investment. The CAR-T field has two approved products, Novartis' Kymriah (tisagenlecleucel) and Gilead Sciences' Yescarta (axicabtagene ciloleucel), but with many products in development, there is a risk that late entrants will find the market very crowded.

With strong downstream dynamics and an appetite among investors to secure early stage positions in exciting technologies, now it is great time for start-up companies looking to build the next Biogen.

For more information on the biotech sector, including product pipelines, licensing deals and investments and to receive customized reports on what you are looking for, see www.biotechgate.com.

Author: [Ben Moore](#), Venture Valuation / Biotechgate