

# M&A Activity Shows Early Signs of Recovery in Q3 2024

## *IQVIA Pharma Deals — December 2024*

**LUCY HAGGERTY**, Analyst, Global Market Insights, IQVIA  
**TASKIN AHMED**, Associate Director, IQVIA Pharma Deals

After a steady start to the year, there was hope that merger and acquisition (M&A) activity in the life sciences sector would start to pick up during the second half of 2024. Despite sustained headwinds, there was a slight decline in the number of M&A deals announced in Q3 2024, with 93 deals signed compared to 96 in Q3 2023. Notably, deal values were up significantly compared to the same period last year, as companies were willing to commit large sums of cash to acquire companies with established, de-risked assets that complemented their existing portfolios.

### M&A volume remains steady, yet values are on the rise

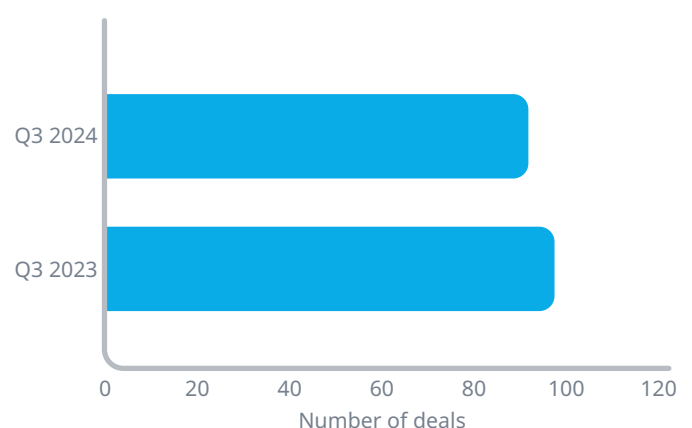
With dealmakers starting to gain confidence within the current market conditions, the number of M&A deals announced (defined here as Mergers, Business Acquisitions and Divestments, signed but not necessarily completed) was down by only 3% in Q3 2024 compared to Q3 2023 (Figure 1). Despite the aggregate total value decreasing by 18%, the mean total value of all M&A deals signed in Q3 2024 increased by 7% compared with the same period in 2023 (Table 1). Furthermore, the median deal value, which removes the skewing effects of any outliers, increased by a staggering 162% in Q3 2024 compared to Q3 2023.

Interestingly, eight M&A deals exceeded US\$1 billion in value in Q3 2024, compared with only six deals in Q1 2023. Of the top 10 M&A deals by total deal value, three deals in Q3 2024 involved a private equity firm, with the US\$3.8 billion purchase of Baxter's kidney care unit by The Carlyle Group topping the list. In



the biopharma sector, companies continued to favor modestly priced bolt-on acquisitions as opposed to transformational M&A, as the increased scrutiny from regulators poses a deterrence to dealmakers. Instead, companies continued to implement deal structures involving milestone payments or contingent value rights (CVRs) to mitigate any potential risks associated with acquired products.

**Figure 1: Number of M&A deals, Q3 2023 vs. Q3 2024**



Source: IQVIA Pharma Deals.

**Table 1: Aggregate, mean and median values of M&A deals, Q3 2023 vs. Q3 2024**

	Q3 2023	Q3 2024	CHANGE
<b>Aggregate value of all M&amp;A deals (USD)</b>	\$26,960 million	\$22,238 million	-18%
<b>Mean deal value (USD)</b>	\$627 million	\$674 million	+7%
<b>Median deal value (USD)</b>	\$95 million	\$250 million	+162%

Source: IQVIA Pharma Deals.

M&A deals in Q3 2024 were primarily focused on de-risked assets either already on the market or in late-stage clinical development. Oncology remained prominent as a key therapeutic area with innovative cancer modalities, such as targeted immunotherapies and radiopharmaceuticals, fueling several deals.

Selected key M&A deals announced in Q3 2024 from the IQVIA Pharma Deals platform are shown in Table 2. The largest biopharma M&A was Lilly’s acquisition of Morphic in July, at a 79% premium and total equity value of approximately US\$3.2 billion. Through the takeover, Lilly gains access to lead program, MORF-057, a selective oral small molecule inhibitor of  $\alpha4\beta7$  integrin currently being evaluated in two Phase II studies in ulcerative colitis and one Phase I study in Crohn’s disease.

In an attempt to bolster its immuno-oncology pipeline, Boehringer Ingelheim agreed to acquire Nerio Therapeutics, in July in a deal worth up to US\$1.3 billion. The key drivers of the deal are Nerio’s preclinical small molecules which inhibit the protein tyrosine phosphatases N1 and N2 (PTPN1 and PTPN2), which act as immune checkpoints. On the same day, Collegium Pharmaceutical also announced its takeover of Ironshore Therapeutics for US\$525 million in cash with the potential for an additional US\$25 million commercial milestone payment. Through the deal, Collegium picks up Ironshore’s marketed drug, Jornay PM (methylphenidate HCl), a central nervous system (CNS) stimulant prescription medicine for the treatment of attention deficit hyperactivity disorder (ADHD) in people six years of age and older.

A launched product similarly drove Pharmacosmos Therapeutics’ decision to acquire G1 Therapeutics for a total equity value of US\$405 million. The focal point of the merger agreement is G1’s Cosela (trilaciclib) which is the first and only product approved by the US FDA to decrease the incidence of chemotherapy-induced myelosuppression in adult patients when administered prior to a platinum/etoposide-containing regimen or topotecan-containing regimen for extensive-stage small cell lung cancer (ES-SCLC). The following day, after several setbacks in its pipeline, Exscientia announced that it will merge into Recursion to form a combined business that can expect approximately 10 clinical trial readouts within the next 18 months. The all-stock transaction, which is valued at US\$688 million, will combine Exscientia’s precision chemistry design and small molecule automated synthesis capabilities together with Recursion’s scaled biology exploration and translation capabilities, to create a technology-enabled drug discovery company with end-to-end capabilities.

Looking to expand its autoimmune portfolio, Otsuka Pharmaceutical announced its acquisition of Jnana Therapeutics for US\$800 million upfront as well as up to an additional US\$325 million in development and regulatory milestones. The transaction includes Jnana’s RAPID chemoproteomics platform which was used to develop JNT-517, an allosteric small molecule inhibitor of SLC6A19, an SLC (solute carrier) that regulates amino acid reabsorption in the kidney. According to Jnana, JNT-517 has the potential to become a first-in-class oral treatment for phenylketonuria following the announcement of promising Phase Ib/II data. Similarly using milestone payments as a risk-mitigating approach, Organon agreed to acquire Roivant’s Dermavant Sciences for US\$175 million upfront and the promise of up to US\$1.025 billion in regulatory and commercial milestone payments.

**Table 2: Selected M&A deals of Q3 2024, ranked by total deal value**

DATE ANNOUNCED	TOTAL DEAL VALUE (USD)	ACQUIRER	TARGET COMPANY	DEAL DRIVER
8 <sup>th</sup> July 2024	\$3.2 billion	Lilly	Morphic	MORF-057, an oral small molecule inhibitor of $\alpha 4\beta 7$ integrin for the treatment of inflammatory bowel disease
20 <sup>th</sup> August 2024	\$1.7 billion (\$600 million upfront + \$1.1 billion in milestones)	Johnson & Johnson	V-Wave	Ventura <sup>®</sup> Interatrial Shunt (IAS), a novel implantable device for heart failure with reduced ejection fraction
25 <sup>th</sup> July 2024	\$1.628 billion (INR136300 million)	Mankind Pharma	Bharat Serums and Vaccines; Advent Intl	Women's health, fertility and critical care portfolio
29 <sup>th</sup> July 2024	\$1.3 billion	Boehringer Ingelheim	Nerio Therapeutics	Immune checkpoint inhibitors of tyrosine phosphatases N1 and N2 for the treatment of cancer
18 <sup>th</sup> September 2024	\$1.2 billion	Organon	Dermavant Sciences	Vtama (tapinarof) cream for the topical treatment of mild, moderate, and severe plaque psoriasis in adults
1 <sup>st</sup> August 2024	\$1.125 billion (\$800 million upfront + \$325 million in milestones)	Otsuka	Jnana Therapeutics	JNT-517, an allosteric small molecule inhibitor of SLC6A19 for the treatment of phenylketonuria
22 <sup>nd</sup> July 2024	\$925 million	Agilent Technologies	BioVectra	Clinical-to-commercial scale production capabilities for biologics and APIs
8 <sup>th</sup> August 2024	\$688 million	Recursion	Exscientia	Precision drug design and small molecule automated synthesis technology
29 <sup>th</sup> July 2024	\$550 million (\$525 million upfront + \$25 million commercial milestone)	Collegium Pharmaceutical	Ironshore Therapeutics	Jornay PM (methylphenidate HCl), a CNS stimulant medicine for the treatment of attention deficit hyperactivity disorder in people six years of age and older
7 <sup>th</sup> August 2024	\$405 million	Pharmacosmos Therapeutics	G1 Therapeutics	FDA-approved Cosela, (trilaciclib), a proactive multilineage myeloprotection agent for extensive stage small cell lung cancer

Source: IQVIA Pharma Deals.

The deal is centered around Dermavant's Vtama<sup>®</sup> (tapinarof) cream, an FDA-approved, once-daily, non-steroidal, topical treatment of mild, moderate and severe plaque psoriasis in adults.

Interestingly, there was an uptick in transactions in Q3 2024 involving therapeutic medical devices, particularly for the treatment of cardiovascular diseases, highlighting the recent growth within this market. A notable example is Johnson & Johnson's (J&J) purchase of heart failure specialist V-Wave in August, for US\$600 million upfront and up to US\$1.1 billion in regulatory and commercial milestone payments.

The deal provided J&J with access to V-Wave's implantable device Ventura<sup>®</sup> Interatrial Shunt for the treatment of heart failure with reduced ejection fraction.

*M&A deals in Q3 2024 were primarily focused on de-risked assets either already on the market or in late-stage clinical development.*

## Outlook

With deal flow remaining somewhat consistent in 2024 despite persistent challenges, there is an optimistic outlook for M&A dealmaking activity for the remainder of the year. In fact, Q4 2024 had a promising start with a flurry of US\$1 billion+ bolt-on acquisitions announced in October. Lundbeck announced its US\$2.6 billion acquisition of Longboard Pharmaceuticals and its late-stage asset, bexicaserin, in development for the treatment of developmental and epileptic encephalopathies (DEEs) such as Dravet syndrome and Lennox-Gastaut syndrome. Additionally, Merck & Co. agreed to acquire Modifi Biosciences and its pipeline of preclinical cancer candidates for US\$30 million upfront and up to US\$1.3 billion in milestones, while AbbVie agreed to pay US\$1.4 billion to takeover Aliada Therapeutics and its lead investigational asset, ALIA-1758, an anti-pyroglutamate amyloid beta (3pE-A $\beta$ ) antibody for the treatment of Alzheimer's disease.

## Authors



**LUCY HAGGERTY**  
Analyst,  
IQVIA Pharma Deals,

Lucy Haggerty is an Analyst in the IQVIA Pharma Deals and Analytics Link team. She specializes in biopharma deals and alliances as well as company data research, analysis and forecasting. Lucy graduated from Imperial College London with a Master's degree in Chemistry with Medicinal Chemistry.



**TASKIN AHMED**  
Associate Director,  
IQVIA Pharma Deals

Taskin Ahmed has been working in the field of market research and healthcare business intelligence for over 10 years, previously at Intelligentsia and Thomson Reuters. During this time, he was responsible for research, analysis and development of biopharma industry focused reports, journals and databases. He has evolved his expertise in the pharmaceutical licensing deals and alliances area developing business relationships with pharmaceutical companies globally. Taskin holds an MBA from the University of Surrey Business School.



IQVIA™ Pharma Deals is a comprehensive life science deals and alliances database produced by IQVIA that leverages worldwide information sources to deliver the latest intelligence in deals and alliances. To find out more, please visit <https://pharmadeals.solutions.iqvia.com/>