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# Deal Volume Up, Value Down During The First Half

*H1 2024 Dealmaking Infographic*

by **Joseph Haas**

Without a mega-merger like 2023's Pfizer/Seagan takeout, M&A deals grew smaller during the first half of 2024, while volume rose. In alliance deals, H1 2024 activity somewhat mirrored activity from H1 2023.

The biopharmaceutical industry's preference for targeted, bolt-on acquisitions seemed to take hold even more strongly during the first half of 2024, as merger-and-acquisition deal volume increased by 18% compared to the first half of 2023, but valuations declined significantly at the same time. The first six months of 2024 saw no major deals, with the largest deal to date being a move by [Novo Nordisk A/S](#) to improve semaglutide supply.

Aggregate M&A valuation – based on deals with publicly disclosed valuations – declined 28% compared to the activity during the first half of 2023, and average deal size also decreased precipitously, by 44%. Further, if the largest acquisition of the first half – Novo Holdings' \$16.5bn takeout of contract manufacturing and development organization [Catalent, Inc](#) – is discounted, average M&A deal value dropped by 58% to below \$1bn per deal. (Also see "[Novo Splashes Out Again To Solve Semaglutide Supply Problem](#)" - Scrip, 5 Feb, 2024.)

Factoring that deal out is arguably a fairer comparison to first-half 2023 M&A activity since the Novo/Catalent transaction centered on manufacturing capacity as opposed to bringing the buyer new commercial drugs or pipeline assets. (Also see "[Despite Pfizer/Seagen's Splash, Deals Are Staying Small](#)" - Scrip, 12 Jul, 2023.) The other nine largest biopharma M&A deals of H1 2024 and all 10 of the largest such transactions from H1 2023 involved a drugmaker acquiring either a commercial- or clinical-stage drugmaker.

At the recent BIO annual meeting, dealmakers discussed how lower values but high volume reflects a shift in what pharmas are looking for. But from the purchasing side, Novo Nordisk head of business development and M&A John McDonald reported that there are fewer late-stage drugs and commercial-stage companies available for purchase.

Meanwhile, a review of alliance activity from the first half of 2024 – deals involving research and development or commercial partnerships and/or licensing deals – saw near parity to the activity recorded during the first half of 2023. Alliance deal volume rose by 6% from H1 2023 to H1 2024, while the total potential value of those deals (including prospective earnouts such as milestone or royalty payments) was largely static with a 1% decrease. Alliance deals with total potential value of \$1bn or more increased, however, by 11% from H1 2023 to H2 2024.

By quarter, alliance deal volume dropped by 15% year-over-year from Q1 2023 to Q1 2024, while deal volume increased by 25% year over year in Q2 2024.

Valuations moved in the opposite direction of volume – the lower total of deals seen in Q1 2024 compared to Q1 2023 nonetheless resulted in slightly higher aggregate value (up 1%) for the current year, while in the corresponding second quarters, valuation totaled 3% higher in 2023 compared with 2024.

On the M&A side, first-half 2024 data appear to suggest that smaller, targeted dealmaking is business as usual as large-pocketed buyers consistently make acquisitions in the \$1bn-\$5bn range. In recent quarters larger deals such as those valued at \$10bn or more have become increasingly scarce and mega-mergers valued at more than \$30bn occur at less than a rate of one per year. Industry watchers expect that practice to continue into the second half of 2024 as acquirers look to bolster their core competencies and fill in gaps where they fear they might be falling behind the innovation curve. (Also see "[Scrip M&A Podcast: Assessing The Biopharma Deals Environment At Midyear](#)" - Scrip, 5 Jul, 2024.)

The first half of 2024 saw 11 alliances in which \$100m or more was committed up front, but there were no deals carrying more than \$1bn of upfront cash. The largest upfront in an alliance deal during H1 2024 was the \$500m pledged by [Sanofi](#) to [Novavax, Inc.](#) to license its COVID-19 vaccine, while in H1 2023 alliances between [Novartis AG](#) and [Bausch + Lomb Inc.](#) and between [Eli](#)

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By [Mandy Jackson](#)

21 Jun 2024

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[Lilly and Company](#) and [Cheplapharm Arzneimittel GmbH](#) carried \$1bn-plus advances. (Also see "[Sanofi's \\$500m COVID-19 Deal Comes Four Years Too Late](#)" - Scrip, 10 May, 2024.)

## First Half 2024 Deals Review

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