

Market Update

Pharmaceuticals

Q2 2024

Table of Contents

Section One — Pharmaceutical Update

Pharmaceutical Market Commentary	5
Macro Environment	6
Sub-Sector Spotlight: PRV Marketplace	7
Selected Recent Transactions	8
Public Trading Comparisons	10
Pharma Indices	14

Section Two — Bourne Partners

Thought Leadership	16
Bourne Partners Overview	17
Investment Bank Overview	18

Don Hooker

Director, Head of Research
dhooker@bourne-partners.com
+1 980-414-0945



Jeremy Johnson

Senior Managing Director, Head of IB
jjohnson@bourne-partners.com
+1 704-714-8351



Robert Stanley

Director, Head of Pharma Coverage
rstanley@bourne-partners.com
+1 704-714-8354



Carson Riley

Vice President, Pharma Coverage
criley@bourne-partners.com
+1 615-483-9689



Oliver White

Associate
owhite@bourne-partners.com
+1 704-388-4765



Luke Habecker

Associate
lhabecker@bourne-partners.com
+1 407-489-8402



Bourne's Pharmaceutical Expertise

Pharma Sector Expertise



Industry Segments

- Big Pharma
- Commercial-Stage Biopharma
- 505(b)(2) Development
- Generic Pharmaceuticals
- Established Brands
- Royalty Monetization
- Priority Review Voucher (PRV) Market



Transaction Structures

- Sell-Side M&A
- Buy-Side M&A
- Product Divestiture
- Licensing & Partnership Deals
- Alternative Financing Solutions



Pharma



Pharma Services



Healthcare Services



Consumer Healthcare

Select Pharma Transaction Activity

ani
Pharmaceuticals, Inc.

has acquired

novitium

Buy-Side M&A

NIVAGEN

has licensed injectable 505(b)2 asset to

FRESENIUS KABI

Sell-Side M&A

Apollo
Pharmaceuticals

has been acquired by

PROVEPHARM

Sell-Side M&A

WOODWARD PHARMA

has acquired assets from

GSK Eisai

Buy-Side M&A

COVIS
PHARMA

has been acquired by

CONCORDIA
INTERNATIONAL CORP.

Sell-Side M&A

endo

has sold assets to

Lannett

Sell-Side M&A



Section One

Pharmaceutical Update

i. Pharmaceutical Market Update & Outlook

ii. Macro Environment

iii. Sub-Sector Spotlights

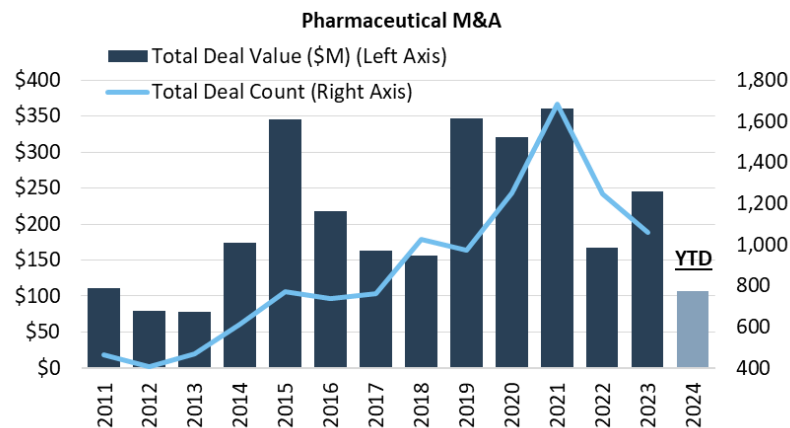


Pharmaceutical Market Update

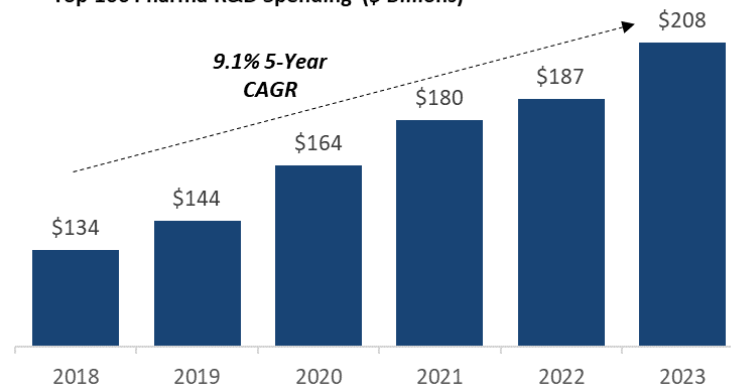
In our view, **the pharma industry needs to ‘double-down’ on organic and inorganic innovation** to navigate multiple challenges in the coming years. First is a looming “patent cliff” with the top 20 biopharma companies collectively facing as much as \$180B of potential revenue headwind through 2028. Also, we expect physician access may become more challenged due to hospital and health system consolidation in recent years. Finally, the *Inflation Reduction Act* (IRA) will pressure clinical development strategies and may have ‘ripple’ effects into commercial pricing.

Notable News and Trends

- Inflation Reduction Act (IRA).** The U.S. Department of Health and Human Services announced the first round of Medicare price reductions under the IRA. The price reductions averaged 60% (ranging from 38% to 79%). The worst hit drugs were Merck’s Januvia (cut by 79%) and Novo Nordisk’s Fiasp (cut 76%).
- Entering a “GLP-1” era.** Many pharma companies are focused on new iterations of weight loss drugs with fewer side effects and lower costs. At the American Diabetes Association conference in late June, researchers shared data on 27 *new* GLP-1 drugs in development, some of which target a different hormone. Also, there is early data suggesting new applications for GLP-1 drugs in new disease areas such as Alzheimer’s Disease. Finally, Teva launched the first GLP-1 generic in the United States.
- Advances in Alzheimer’s.** Eli Lilly received FDA approval for a potential blockbuster drug for Alzheimer’s Disease (Kisunla), on the heels of Lequemi (by Biogen and Eisai) in early 2023. Both drugs are the vanguard of a new class of drugs that are hypothesized to be the root cause of the disease. There are upwards of 7M+ Americans with Alzheimer’s Disease today.
- The BIOSECURE Act.** In our view, the BIOSECURE Act may not get a vote until after the Presidential election. Even still, we believe that the proposed legislation has already had a significantly negative effect on the willingness of life sciences companies partnering with Chinese CDMOs, CROs, and drug developers.



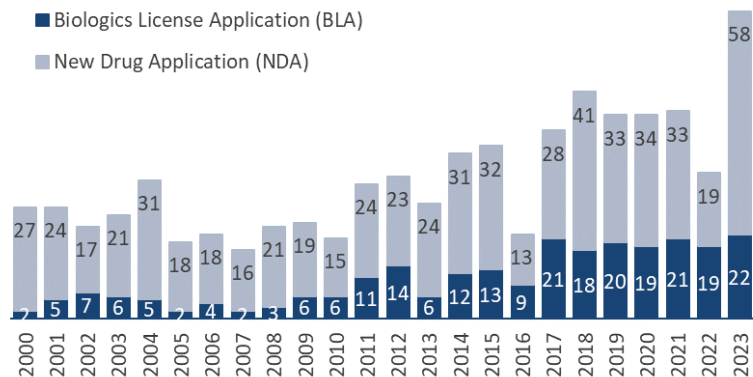
Top 100 Pharma R&D Spending (\$ Billions)





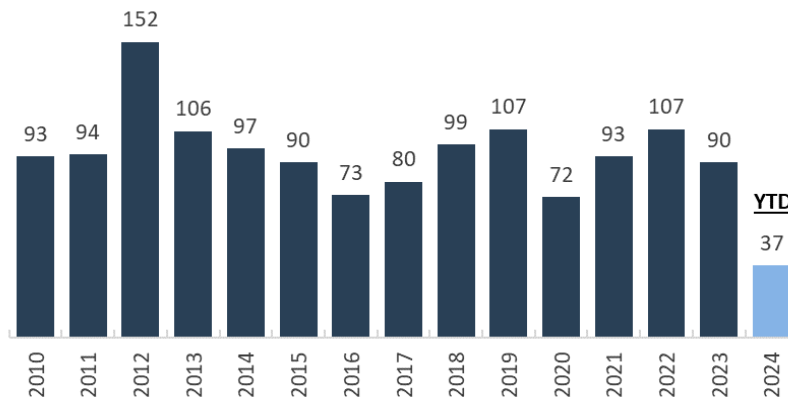
Macro Environment

Annual Drug Approvals



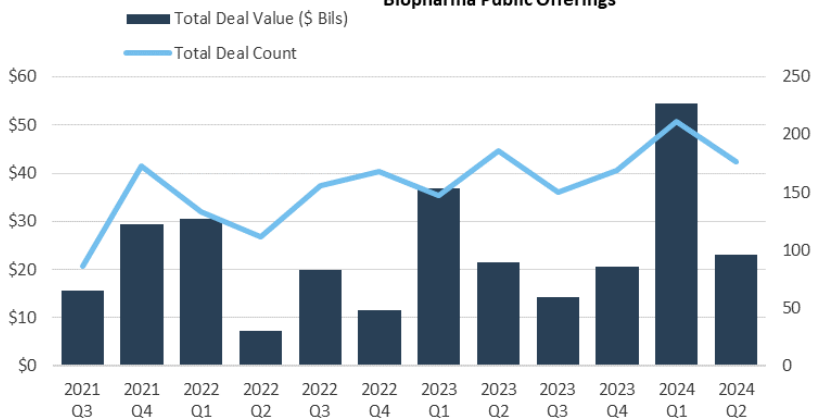
Source: U.S. Food and Drug Administration (FDA) and Bourne Partners

First Generic Drug Approvals (ANDA)



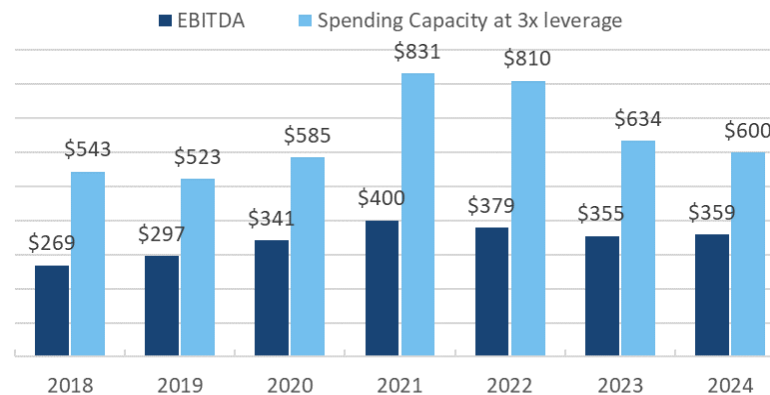
Note: Year-to-date (YTD) data above is as of July 19, 2024
Source: U.S. Food and Drug Administration (FDA)

Biopharma Public Offerings



Source: S&P Global Intelligence (As of June 30, 2024)

Spending Capacity for Top 50 Pharma (\$ Billions)



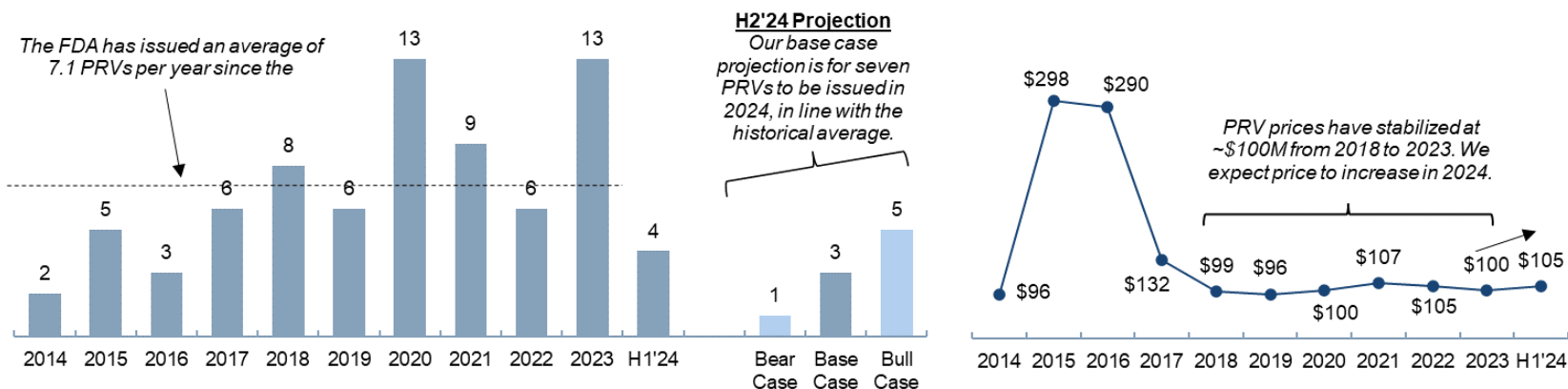
Note: Spending Capacity calculated as 3x EBITDA – Net Debt
Source: S&P Global Intelligence and Bourne Partners



Sub Sector Spotlight: Priority Review Vouchers (PRVs)

We see a generally healthy marketplace for priority review vouchers (PRVs) in the coming years, and an extension of the rare pediatric disease (RPD) PRV program before it expires in September. Importantly, the price environment for PRVs has been relatively stable with the pricing of the last four PRVs falling in a relatively narrow range of \$103M to \$108M. This adds visibility for smaller biopharma firms with PRV-eligible treatments in development. Also, each of the last two PRVs awarded were successfully sold within 35 days.

- Looking ahead, we expect anywhere from five to nine PRVs to be awarded in 2024, including the four already awarded in the first half of 2024 and two PRVs that were on track to be issued in the first half of the year but were modestly delayed. This is down significantly from the 13 issued in 2023 (and the 13 issued in 2020), but we still think this is a healthy number that is in line with historical levels.
- We anticipate Big Pharma will continue to be the primary acquirer of PRVs, given the need to replace potentially lost revenue from upcoming patent cliffs. Usage of PRVs has been particularly strong in the competitive Respiratory Syncytial Virus vaccine space, although this could be mitigated going forward due to recent CDC recommendations on lifetime usage. Large cap biotech companies are also becoming more involved in the PRV market with a large mix of redemptions for supplemental filings.
- Beyond 2024, we are optimistic that the rare pediatric disease (RPD) PRV program will be renewed ahead of its expiration on September 30. The RPD program is critically important to the broader PRV ecosystem, accounting for ~70% of the PRVs issued to date (54 of 77) as well as all seven of the most recently issued PRVs. We are also watching for a potential reauthorization of the Medical Countermeasure (MCM) PRV program, which has been inactive since quietly expiring in October 2023.
- Refer to our recently published *Bourne Briefing* titled “Priority Review Voucher (PRV) Market Update” for full discussion. [Link](#)



Selected Pharma Transactions (1)

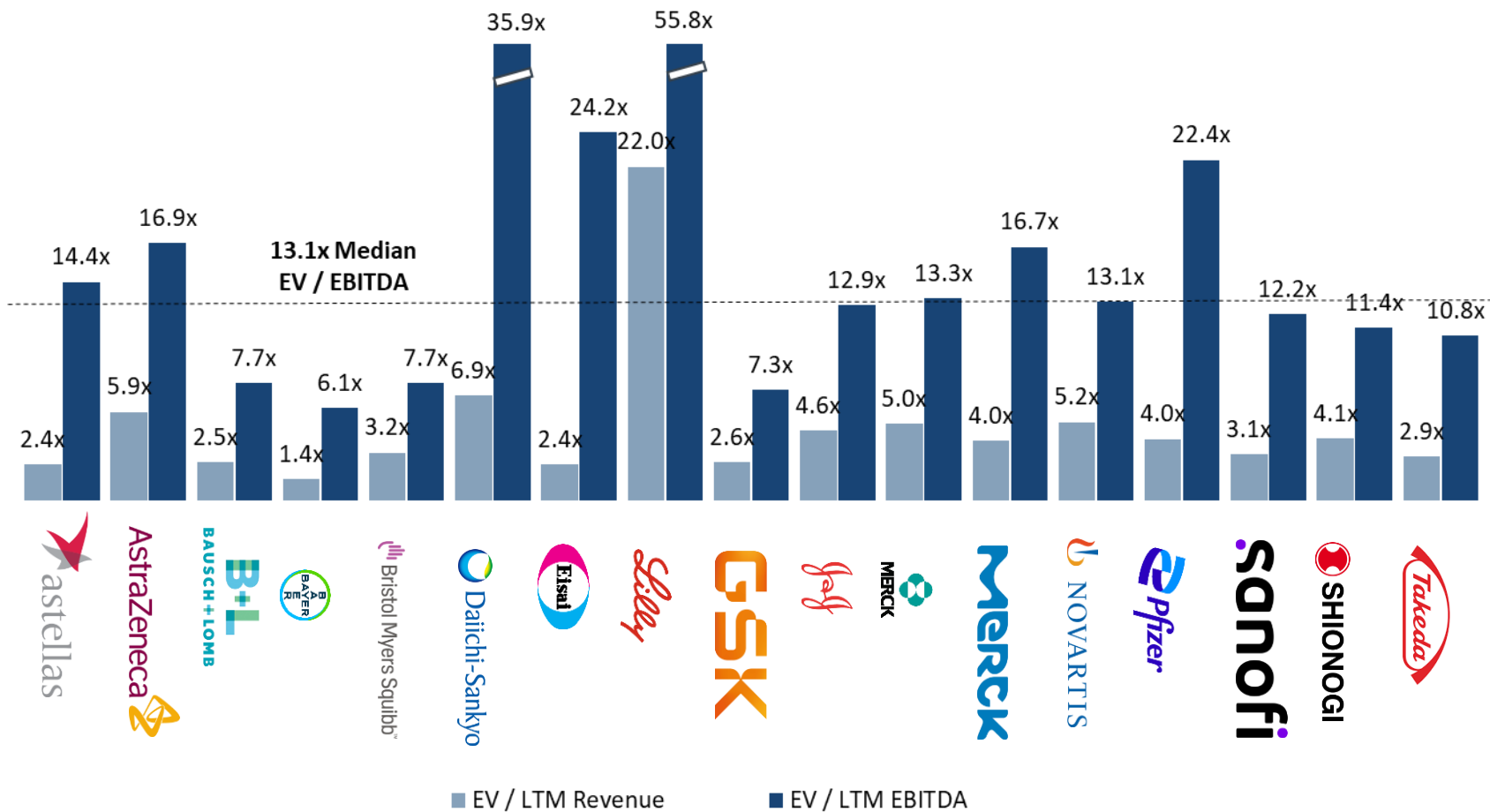
Date	Target	Acquirer	Commentary	Tags	Deal Values
May-2024	EyeBio	MERCK	EyeBio's late-phase candidate Restoret™ will enable Merck to enhance its ophthalmology pipeline	Biopharma	\$3,000M
May-2024	calliditas THERAPEUTICS	AsahiKASEI	Asahi gains biopharma expertise in commercializing a suite of novel treatments in orphan indications	Specialty Pharma	\$1,090M
May-2024	<i>Yellow Jersey, a portfolio company of...</i> NUMAB	Johnson & Johnson	This Numab spinout gives J&J access to investigational bispecific antibody NM26, targeting atopic dermatitis	Specialty Pharma	\$1,250M
May-2024	HI-Bio	Biogen	Biogen expands rare disease pipeline by adding Hi-Bio's late-stage lead candidate, felzartamab	Biopharma	\$1,800M
May-2024	mirus bio®	MERCK	Merck expands its novel modalities portfolio with MirusBio, a leading provider of transfection solutions	Biopharma	\$600M
May-2024	PROTEOLOGIX	Johnson & Johnson	J&J will bolster its leading dermatology portfolio with opportunity to address unmet atopic dermatitis needs	Biopharma	Undisclosed
May-2024	mariana ONCOLOGY	NOVARTIS	Novartis gains a strong suite of expertise in the R&D of safe, effective, and targeted radiopharmaceuticals	Biopharma	\$1,750M
Apr-2024	epygenix	HB HARMONY BIOSCIENCES	Harmony acquires Epygenix Therapeutics to add late-stage epilepsy franchise to pipelines of CNS assets	Biopharma	\$680M
Apr-2024	deciphera	ONO	Ono, a Specialty Pharma company, acquires Deciphera to expand pipelines for cancer and kinase biology	Specialty Pharma	\$2,400M
Apr-2024	escient pharmaceuticals	Incyte	Incyte gains control of a pipeline led by clinical-phase treatments of atopic dermatitis and other conditions	Biopharma	\$750M

Selected Pharma Transactions (2)

Date	Target	Acquirer	Commentary	Tags	Deal Values
Apr-2024	tenet HEALTH	eliem Therapeutics	Eliem acquires Tenet Medicines to advance the anti-CD19 antibody TNT119 for autoimmune diseases	Biopharma	Undisclosed
Apr-2024	CLADE THERAPEUTICS	CENTURY THERAPEUTICS	Century Therapeutics aims to advance iPSC-derived cell therapies for autoimmune diseases	Biopharma	\$45M
Apr-2024	ALPINE Immune Sciences	VERTEX	Vertex advances to povetacicept, promising treatment for IgA nephropathy and other autoimmune disease	Biopharma	\$4,900M
Apr-2024	RENAISSANCE Pharma Ltd	ESSENTIAL PHARMA	Essential acquires Renaissance Pharma for Hu14.18, an immunotherapy for high-risk neuroblastoma	Pharma Product	Undisclosed
Apr-2024	ARCA biopharma	ORUKA THERAPEUTICS	Oruka forms a new entity focused on developing novel biologics for chronic skin diseases by acquiring Arca	Biopharma	\$180M
Apr-2024	ProfoundBio	Genmab	Genmab gains access to ProfoundBio's antibody-drug conjugate technology and oncology candidates	Biopharma	\$1,800M
Apr-2024	SEARCHLIGHT PHARMA	APOTEX	Apotex expands its portfolio covering women's health, urology, hospital specialty drugs, etc. with Searchlight	Pharma	Undisclosed
Apr-2024	VarianBio	WINDTREE THERAPEUTICS	Windtree purchases two preclinical assets used for various cancers and rare malignant diseases	Pharma Product	Undisclosed
Apr-2024	MODULUS THERAPEUTICS	GINKGO BIOWORKS	Through this cell therapy asset transaction, Ginkgo gains CAR-T and CAR-NK for autoimmune diseases	Pharma Product	Undisclosed



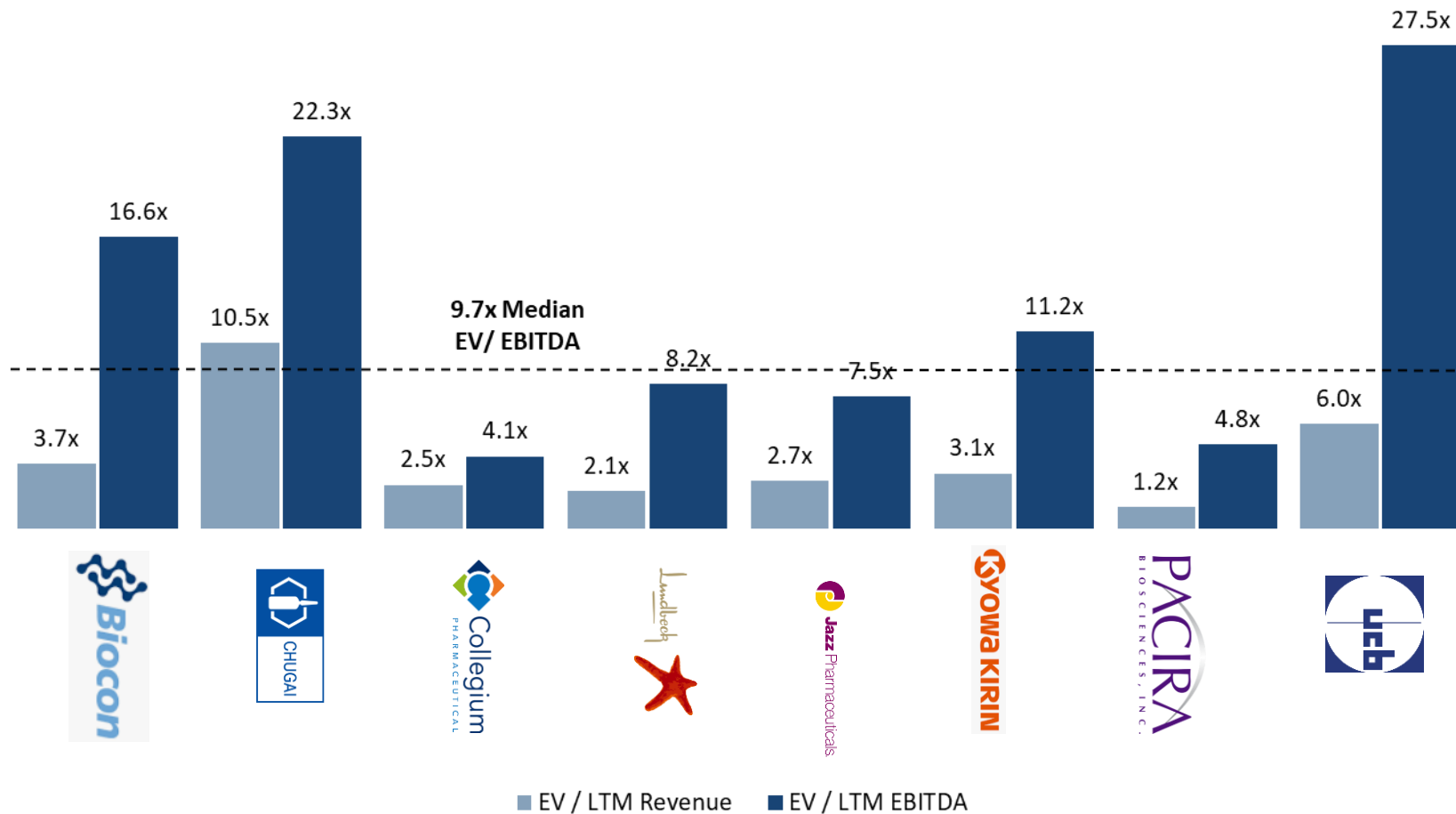
Select Large Cap Pharma Trading Valuations



Note: Market values as of the close of business August 16, 2024.
Source: S&P Global Market Intelligence



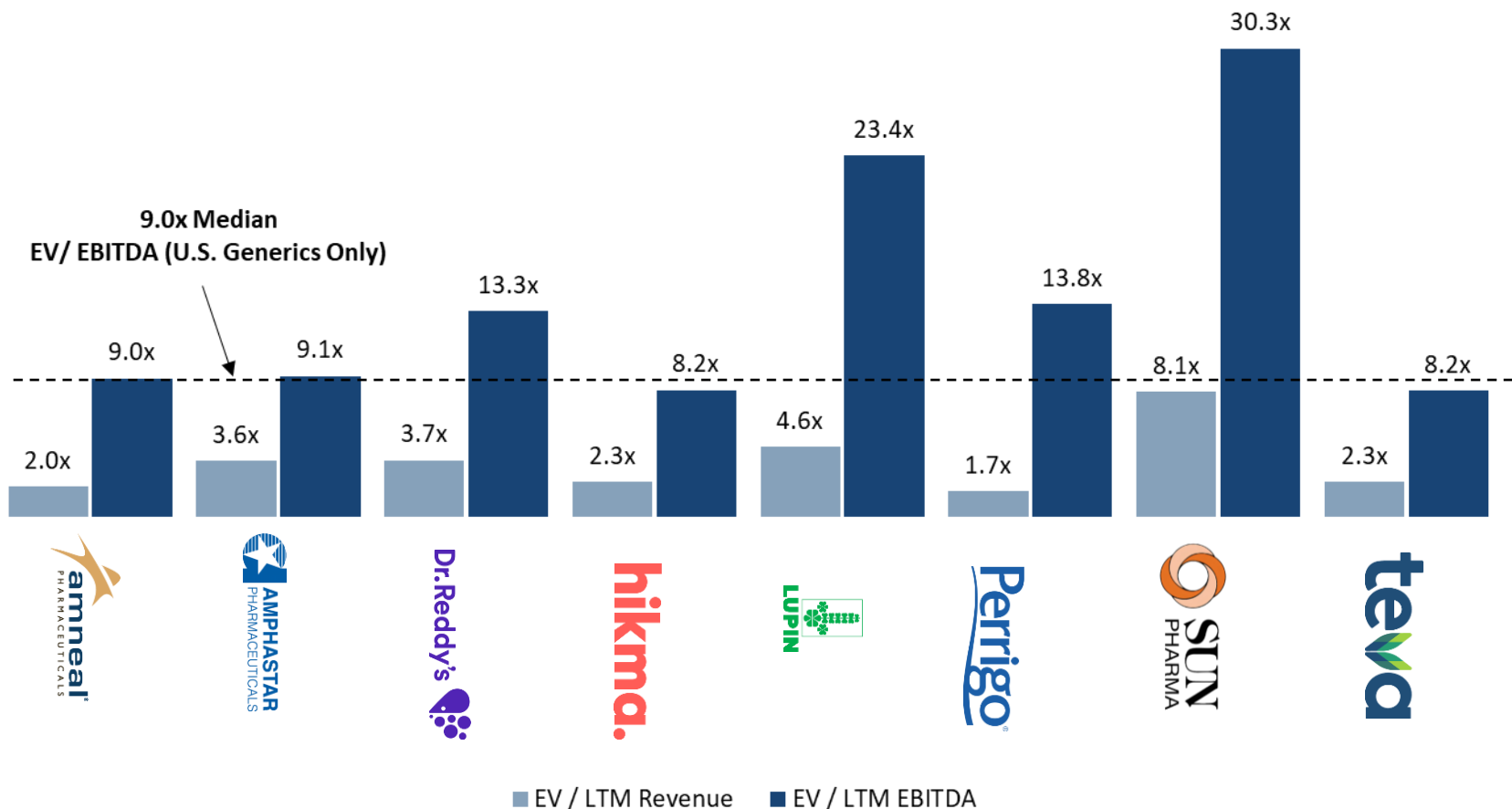
Select Branded Pharma Trading Valuations



Note: Market values as of the close of business August 16, 2024.
Source: S&P Global Market Intelligence



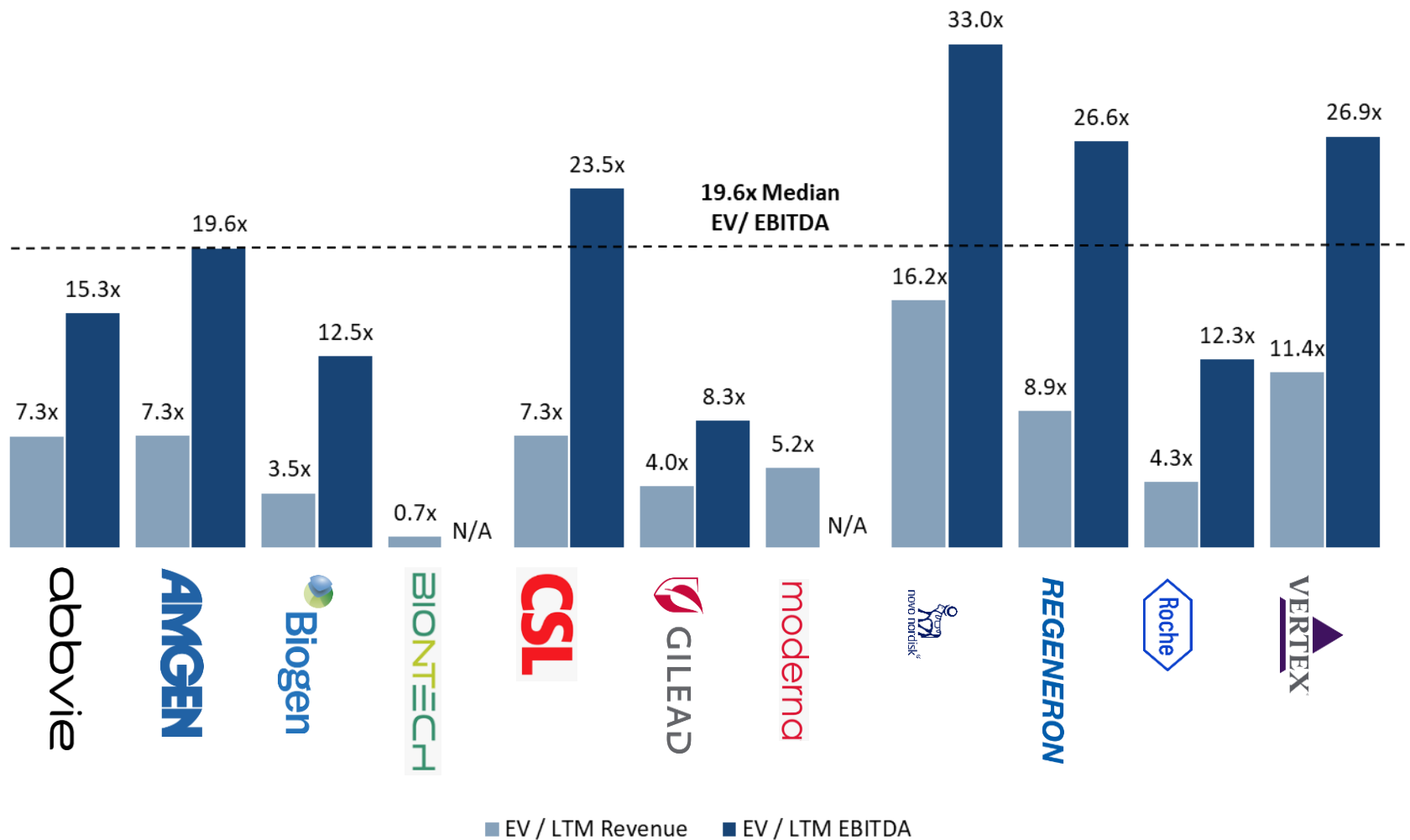
Select Generic Pharma Trading Valuations



Note: Market values as of the close of business August 16, 2024.
Source: S&P Global Market Intelligence



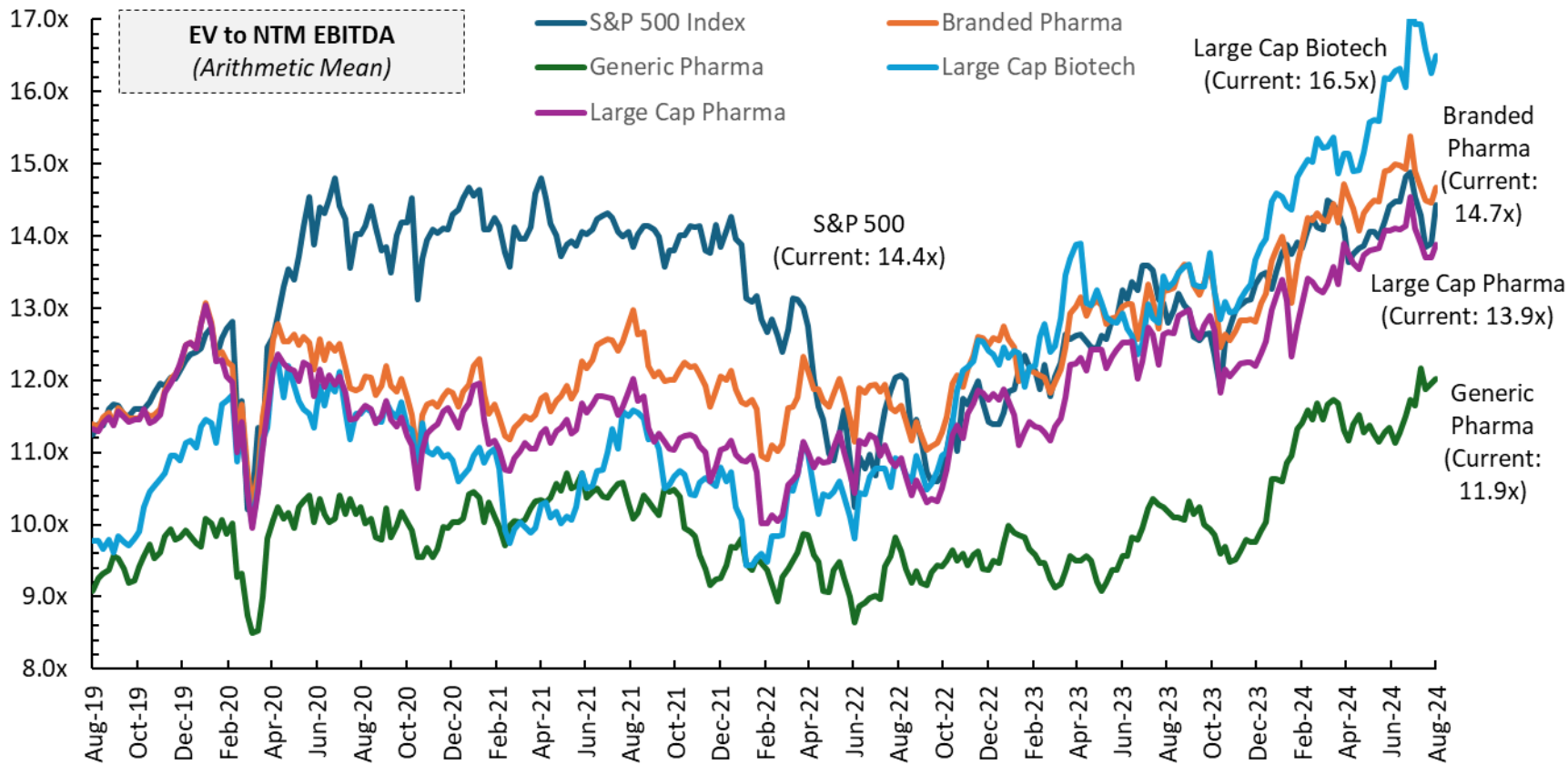
Select Large Cap Biotech Trading Valuations



Note: Market values as of the close of business August 16, 2024.
Source: S&P Global Market Intelligence



Bourne Pharmaceutical Indices (By Sub-Segment)



Note: Market values as of the close of business August 16, 2024. See pages 10-13 for components of the above indices.
 Source: S&P Global Market Intelligence

Section Two

Bourne Partners

i. Thought Leadership

ii. Bourne Partners Overview

iii. Investment Bank Overview



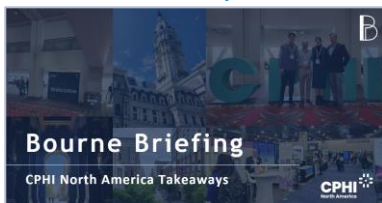
Thought Leadership

Bourne Perspective

After 20+ years of exclusive industry and capital markets coverage, we know the space and we are committed to providing actionable insights to our clients. We provide cutting-edge thought leadership on all things Pharma, Pharma Services, and Consumer Health.

Through leveraging resources and insights of both Bourne Partners Strategic Capital and Investment Banking divisions, **we provide differentiated perspectives to our clients from our unique vantage point.** Our goal is to deliver heavy-hitting, timely reports in an easy-to-read format tailored specifically for executives within our industry coverage.

Conference Commentary



Industry Update Posts



Weekly Newsletter

Week of May 28, 2024 | Vol. 13, Issue 22

In This Issue

- Upcoming Events
- Industry Activity
- Market Research
- M&A Pipeline
- Featured Headlines
- Recent Transactions

Contact
Xan Smith
 Managing Director, Private
 Equity Coverage &
 Origination

Jeremy C. Johnson
 Senior Managing Director,
 Head of Investment Banking

[About](#)

[Research](#)

Industry Snapshot

Week Ending	Total Transactions	Aggregate Reported Deal Value (USD Millions)
Week Ending May 4	~180	~\$100
Week Ending May 11	~190	~\$110
Week Ending May 18	~150	~\$80
Last Week	~120	~\$60

Market Updates



Market Reports



Sector Updates



Bourne Partners Overview

Our Service Offering

For over twenty years, Bourne Partners has focused exclusively on providing investment banking advisory services and making direct investments in the Pharmaceutical, Pharma Services, Pharmacy Services, and Consumer Health and Wellness industries. Since 2015, we have successfully executed on **over \$10B** in transactions, having worked with many leading companies and private equity investors in these core focus areas.

Investment Banking

Mergers and Acquisitions

Sell-side and buy-side assignments

Transaction Experience: \$10M - \$3.5B

Capital Sourcing

Debt / Equity / Hybrid

\$10 - \$500 million raises

Business Development Support

Development stage and approved products

Local and international

Strategic Capital

Investment Focus

Direct investments in private companies

Selective approach in vital focus areas

Other Criteria

Cash flow positive opportunities

Complex situations with creative structures

Actionable growth stage or middle market business

Flexible investment targets with established private equity relationships

Geographic Coverage



Sector Expertise

Pharmaceuticals

Pharma Services

Pharmacy Services

Consumer Healthcare



Investment Banking Overview

Bourne Partners Investment Banking provides investment banking services within the healthcare and Pharmaceutical sector for external clients as well as our portfolio companies.

Value Beyond the Deal

Total Perspective

Experience advising, investing in, building, operating, buying, and selling companies
 Unmatched 360° perspective for every project

Uncompromised Service

Direct involvement of senior management throughout process
 High level of attention regardless of transaction value

Global Reach

Experience working with companies around the globe
 Extensive network of potential international buyers

Focus Areas



Select Recent Tombstones

 has been acquired by 	 has sold its consumer CDMO operations to 	 has been acquired by 	 has been acquired by 	 has been acquired by 	 has been recapitalized by
------------------------------	--	------------------------------	------------------------------	------------------------------	-----------------------------------

Partners, Sponsors, and Lenders



Recent Clients & Counterparties





550 South Caldwell Street, Suite 900
Charlotte, NC 28202
+1 704.552.8407

