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Despite Pfizer/Seagen's Splash, Deals Are Staying Small

First Half 2023 Deal-Making Infographic

by **Joseph Haas**

Although late 2022 and early 2023 saw a few large transactions, a look at deal activity in the first half of the year shows bolt-on M&A remains in vogue for biopharma. Alliances are down from first half 2022.

Biopharmaceutical M&A activity started with a bang in 2023, as [Pfizer Inc.](#)'s 13 March acquisition of [Seagen Inc.](#) for \$43bn was the sector's largest buyout since a pair of mega-mergers ([Bristol Myers Squibb Company/Celgene Corporation](#) and [AbbVie Inc./Allergan plc](#)) in 2019. That deal, combined with [Merck & Co., Inc.](#)'s \$10.8bn deal for [Prometheus Biosciences, Inc](#) on 16 April and on the heels of [Amgen, Inc.](#)'s \$27.8bn acquisition of [Horizon Therapeutics plc](#) announced in December 2022, raised hopes that the industry might see more major transactions. But a look at deal statistics for the first half shows that big pharma by and large remains committed to smaller acquisitions.

The cluster of mega-deals drove up aggregate spending on biopharma M&A, which more than doubled the total spend in the first half of 2023 compared to the first two quarters of 2022. Average M&A size also doubled from the previous year as well, but the increase was largely driven by Pfizer's Seagen acquisition – excluding that, average M&A value falls from \$2.26bn to \$881m, a decline from first half 2022.

Overall, a continued emphasis on smaller, bolt-on deals remains in place from previous years as companies look to build on their existing strengths in therapeutic areas and/or treatment modalities, while avoiding larger deals that are harder to

Biopharma M&A's Busy Pace Expected To Continue During 2023's Second Half

integrate.

Looking at alliance deal-making in the first half of 2023 provides a clearer picture of the continuing trend, as biopharma companies are looking to add, but in a measured way that reflects the constrained financial market at present. Total deals declined by more than 25%, but aggregate potential value is nearly level with that recorded in the first half of 2022, as is the number of alliances with potential of \$1bn or more. Average deal

value is up compared to 2022, but that is a challenging metric to assess as a significant portion of the earnouts in alliance deals are unlikely to be realized. (Also see "[The Deal Landscape At Mid-Year: Is Industry Following Through On Business Development Promises?](#)" - Scrip, 24 Aug, 2022.)

So far, M&A and alliance deal-making in 2023 looks somewhat like a reprise of 2022's activity during the first six months. Where full year 2022 was buoyed by the Amgen/Horizon merger at the end of the year, the Pfizer/Seagen deal early this year is likely to be a similar outlier increasing the averages for 2023. (Also see "[2022 Deal-Making Snapshot: One Big Deal Didn't Change The Downward Trends](#)" - Scrip, 21 Apr, 2023.) The next six months will test how biopharma prevails in the challenging economic climate.

By [Joseph Haas](#)

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Analysts from PwC see multiple factors that should continue to drive bolt-on deals valued at \$1bn or more, but heightened FTC scrutiny of large M&A may discourage bigger transactions.

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First Half 2023 Deals Review

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