

M&A Industry Quarterly

Chemicals | Pharma | MedTech | Health Care



Edition Focus

Additive manufacturing
(3D printing) industry

M&A metrics at a glance



Chemicals



Pharma



MedTech



Health Care

Total number of deals

Q1 '23 vs. Q1 '22

40

↓ -47.4%

15

↑ 7.1%

31

↓ -34.0%

127

↓ -40.9%

Total value of deals (b€)

Q1 '23 vs. Q1 '22

1.0

↓ -38.0%

3.7

↑ 1,110%²

0.1

↓ -53.9%

4.4

↓ -29.3%

Mega deals¹

Q1 '23

0

2

0

1

Total number of PE deals

Q2 '23 vs. Q1 '22

5

↓ -44.4%

2

↓ -66.7%

6

↓ -14.3%

7

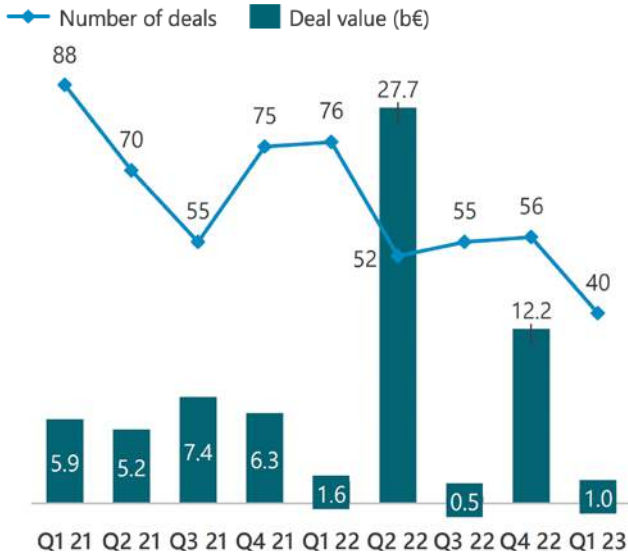
↓ -81.1%

Note: 1) Mega Deals > 1 b€; 2) high increase is due to low number of disclosed deals in Q1 '22

Source: ES MC Research, Capital IQ

European Chemicals: Industry starts 2023 with the lowest deal activity since 2020

Value & number of deals – Chemicals Europe



Comments

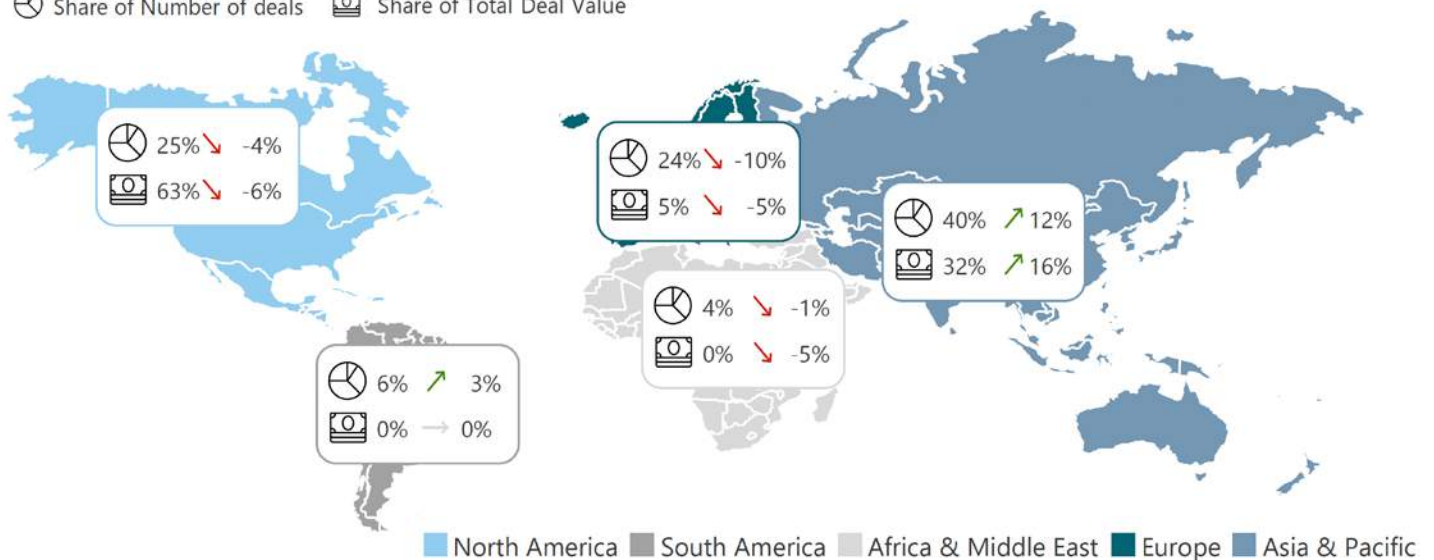
- › In terms of number of deals, Q1 23 witnessed the lowest deal activity since 2020 with only 40 deals in the Industry across Europe
- › Overall, the industry continues to face various headwinds ranging from economic, to geopolitical and structural changes that suppress M&A activity
- › Despite a calming inflation and more moderate changes to key interest rates by central banks, private equity dropped engagement by nearly 50% in Q1 23 compared to Q1 22
- › The largest transaction was a divestment by the Belgian chemical group Solvin, which sold the Russian PVC producer RusVinly to their Joint Venture partner Sibur for 430 m€

Number of European Chemicals deals as per subsegment



Geographic overview of global chemicals deals activity (Q1/23 versus Q1/22)

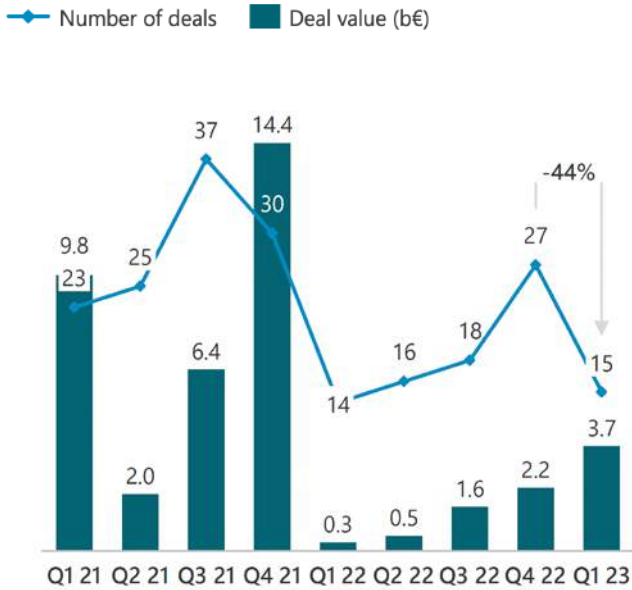
🍷 Share of Number of deals 📊 Share of Total Deal Value



Source: ES MC Research, Capital IQ; 1) Includes transactions where due to the small size no details like deal value / multiples are available

European Pharma: Constant growth in deal value despite a drop of nearly 50% in deal activity

Value & number of deals – Pharma Europe



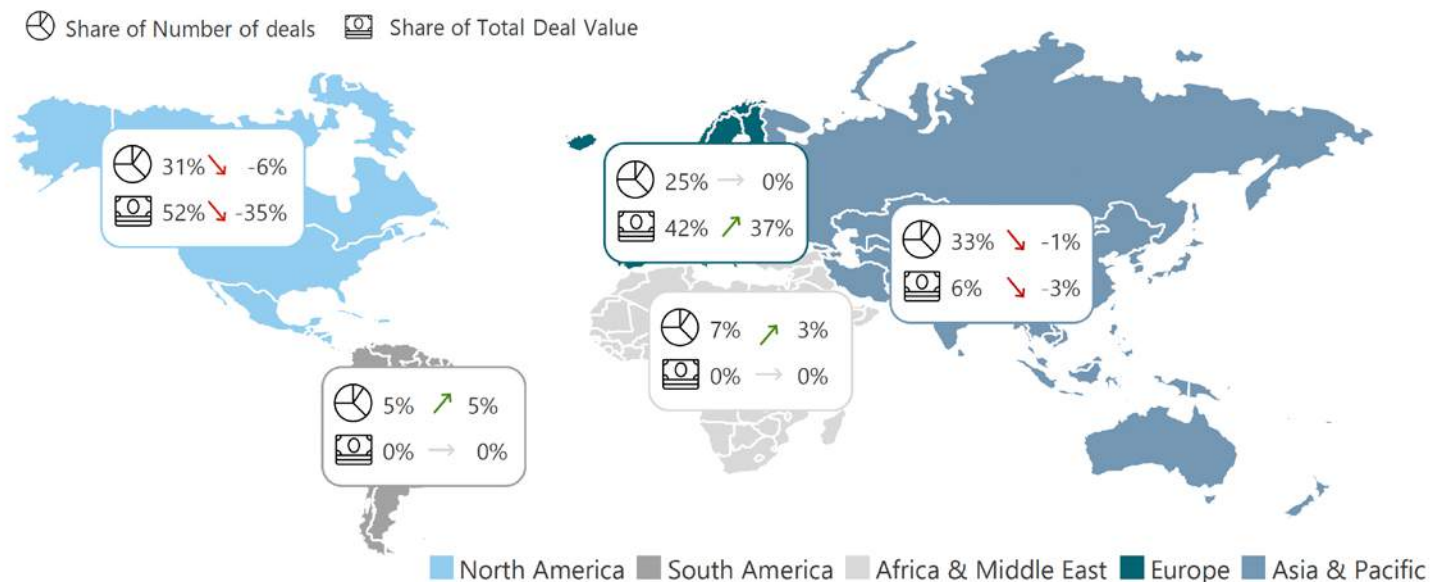
Comments

- › Similar to previous years, Q1 23 also saw a drop in the number of deals compared to its preceding quarter
- › After a strong finish in Q4 22, the number of deals in the industry returned to the levels between Q1 and Q3 2022
- › Despite the lower number of deals, the total transaction value increases for the fourth consecutive quarter, but remains below high levels in 2021
- › The comparably high deal value was driven by two PE exits with transaction values of over 1 b€ each (i.e., mega deal)
- › Sartorius Stedim Biotech acquired Polypus-transfection SA for 2.4 b€ and Amryt Pharma was bought by Chiesi Farmaceutici for 1.1 b€

Number of European Pharma deals as per subsegment



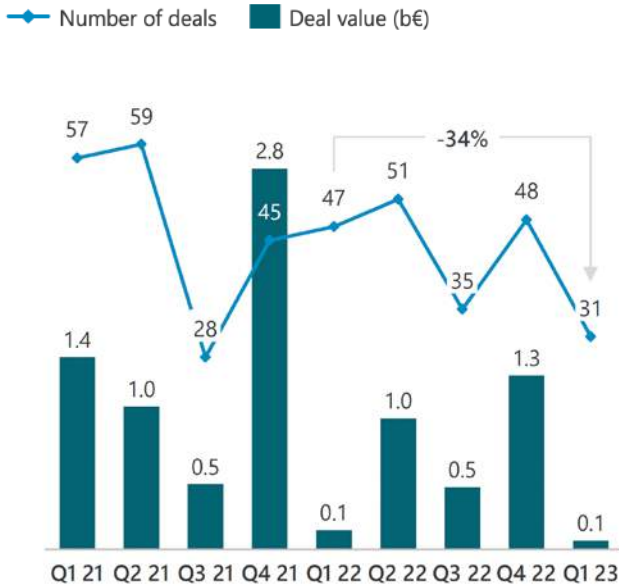
Geographic overview of global Pharma deals activity development (Q1/23 versus Q1/22)



Source: ES MC Research, Capital IQ; 1) Includes transactions where due to the small size no details like deal value / multiples are available

European MedTech: Slow start to 2023 with deal activity lowest since Q3 21 with primarily small volumes

Value & number of deals – MedTech Europe



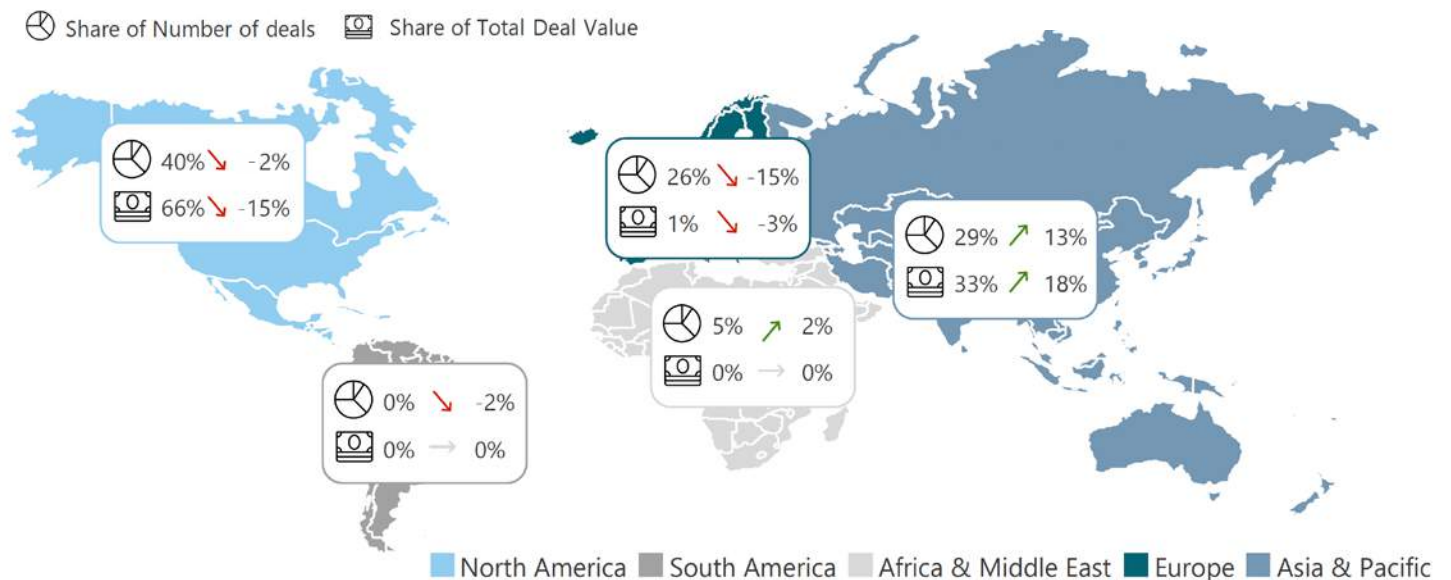
Comments

- › After the deal activity had recovered in Q4 22, Q1 23 showed a slow and careful start of market participants in the European MedTech market
- › In comparison to Q1 22, the total number of deals dropped while the deal value reflecting primarily small deals and add-ons
- › In general, transaction values were disclosed for only four transactions in the first quarter of 2023 (13% of total transactions)
- › The largest transaction took place between the two Irish manufacturers of wound care products Advanced Medical Solutions Group plc (buyer) and Connexicon Medical Ltd. (target)

Number of European MedTech deals as per subsegment



Geographic overview of global MedTech deals activity development (Q1/23 versus Q1/22)



Source: ES MC Research, Capital IQ; 1) Includes transactions where due to the small size no details like deal value / multiples are available

European Health Care: While deal activity has been steadily declining, transaction value is rising again since Q3 22

Value & number of deals – Health Care Europe



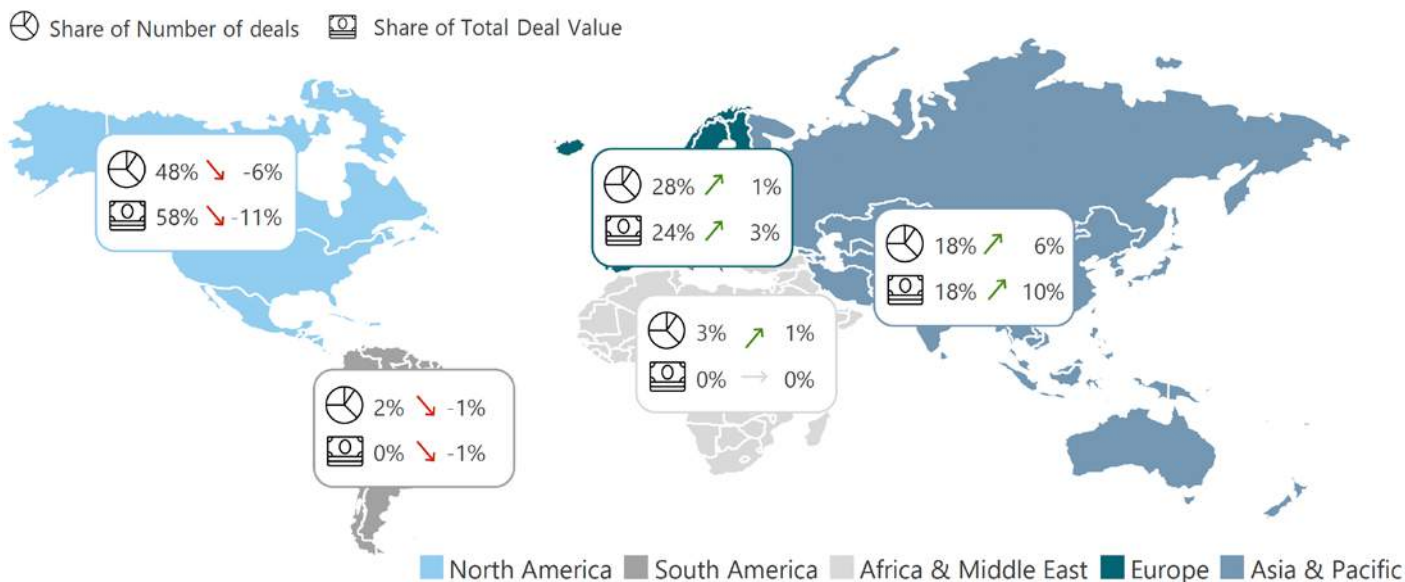
Comments

- › Deals activity within the European Health Care market is still on a very high level albeit it is continuously decreasing since Q1 22
- › PE involvement in Health Care deals has continuously gone down in the last quarters, partially caused by increased obstacles to execute Health Care practice roll-up models
- › Cinven’s mega deal acquiring Synlab for 3.4 b€ marks the beginning of further expected large deals in Health Care

Number of European Health Care deals as per subsegment



Geographic overview of global Health Care deals activity development (Q1/23 versus Q1/22)



Source: ES MC Research, Capital IQ; 1) Includes transactions where due to the small size no details like deal value / multiples are available

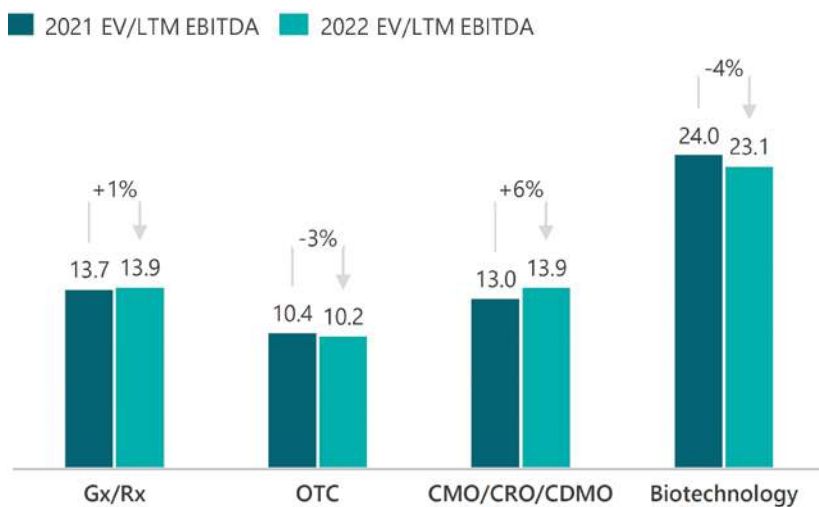
Trading multiples are not quite back on the upswing, but declines are becoming less significant, ...

Chemicals multiples (x) per subsegment (publicly traded companies)



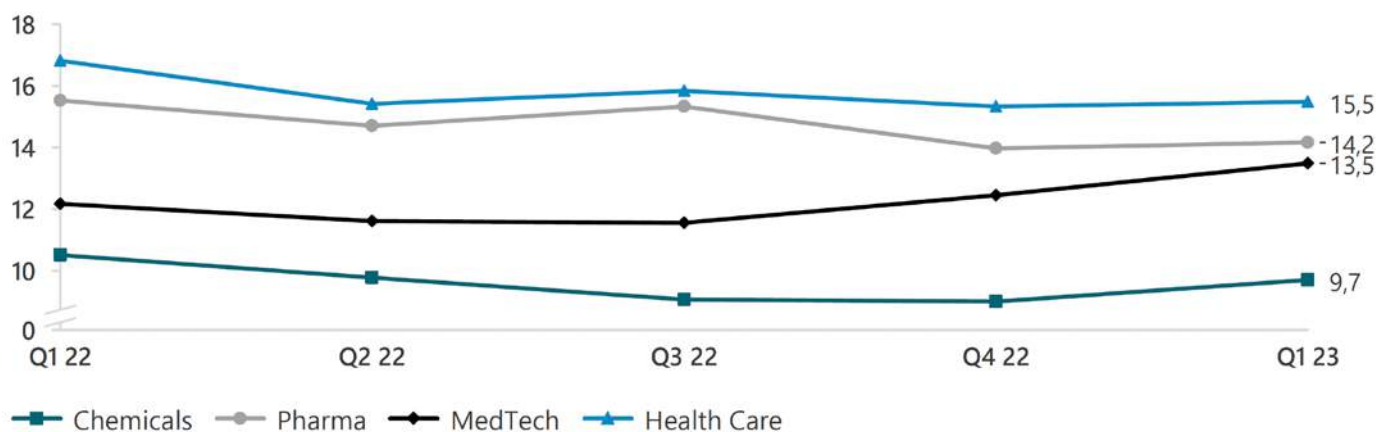
- › In comparison to 2022, trading EV / EBITDA multiples rose in nearly all segments
- › In Commodity Chemicals, valuation increased significantly by 27%, which is mainly due to petrochemicals companies benefitting from increased market prices driven by geopolitical turmoil
- › Other segments also saw a slight upturn and signals of improvement following sharp declines in previous quarters

Pharma multiples (x) per subsegment (publicly traded companies)



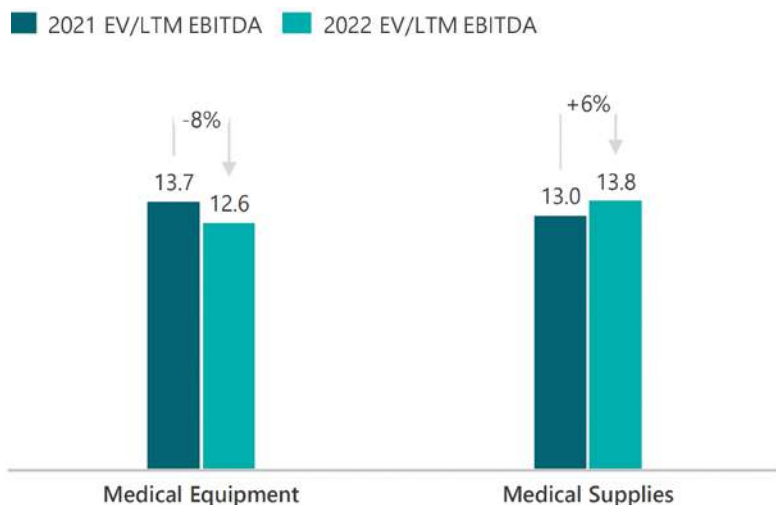
- › In Pharma, macroeconomic and geopolitical factors continue to affect multiples
- › While CMO/CRO/CDMO and Gx/Rx noticed an increase, other segments have not yet been able to recover from falling multiples in the past quarters
- › However, the decline in trading multiples seems to have stopped for the time being, which could be an indication of a potential recovery in the upcoming quarters

Development of the EV / EBITDA multiples over time per industry



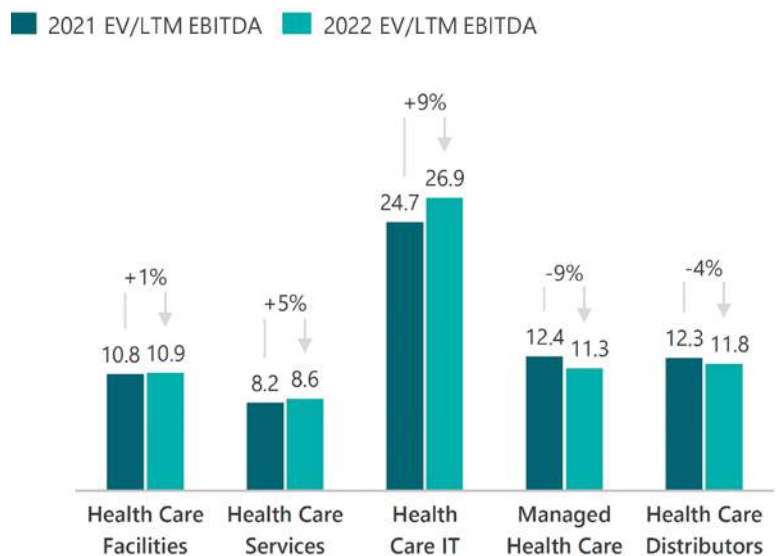
...allowing cautious optimism for future development of the deals universe in the respective subindustries

MedTech multiples (x) per subsegment (publicly traded companies)



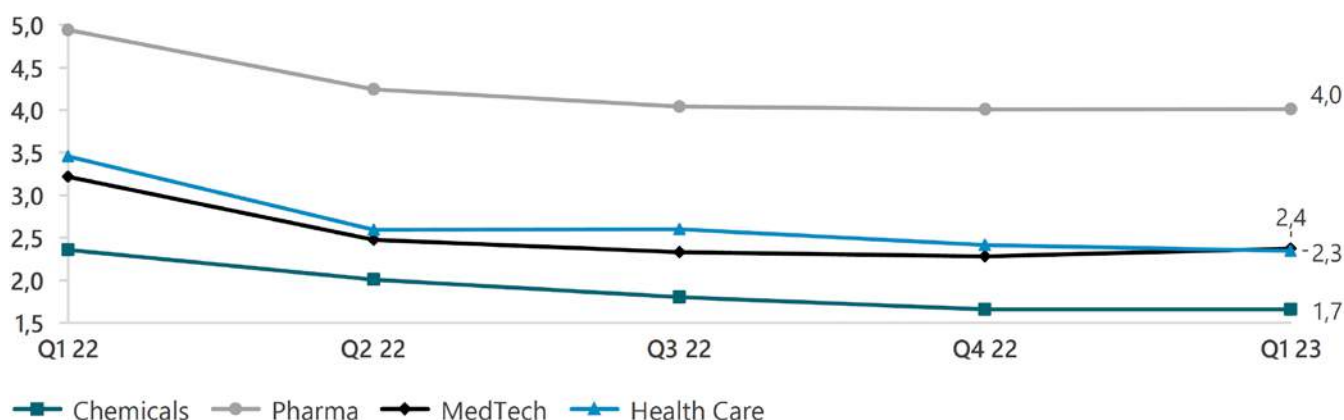
- › In total, MedTech trading multiples increased for the second quarter in a row
- › After an already slightly positive development in 2022 (2%), the Medical Supplies sector starts with a further increase
- › However, multiples in Medical Equipment continue to fall after peaking during the pandemic, as the negative trend of 2022 (-2%) seems to be confirmed for the start of 2023

Health Care multiples (x) per subsegment (publicly traded companies)



- › As the most acute phase of the Covid-19 pandemic seems to be over, the valuation of Health Care companies is slowly getting back to pre-pandemic levels
- › Especially the valuation of the subindustry Health Care IT, which experienced a high founder wave in the beginning of the pandemic, dropped by over 30%. This is also in part influenced by the global slowdown in the technology/IT sector

Development of the EV / EBITDA multiples over time per industry



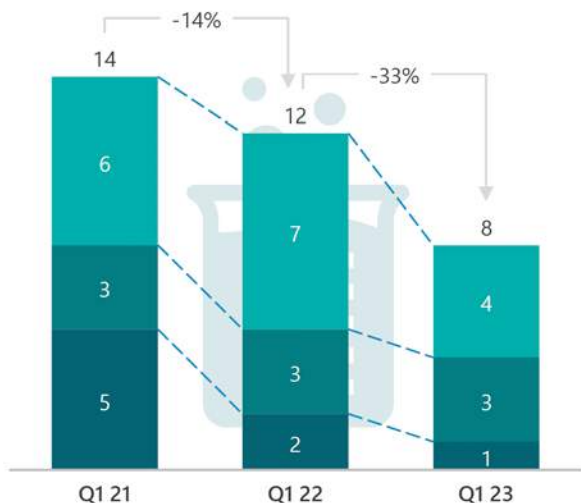
Source: ES MC Research, Capital IQ
Ebner Stolz Management Consultants GmbH

PE activity declines in Q1 23 as deals become less attractive to financial investors due to higher interest rates

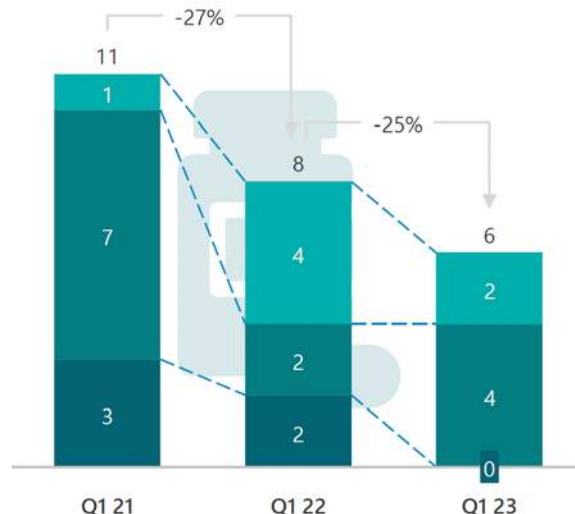
Number of deals driven by PE as buyer/seller

PE Buyer PE Seller PE-to-PE

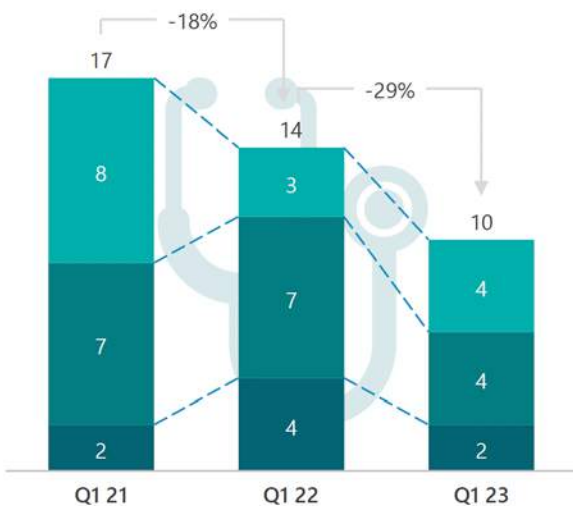
Chemicals



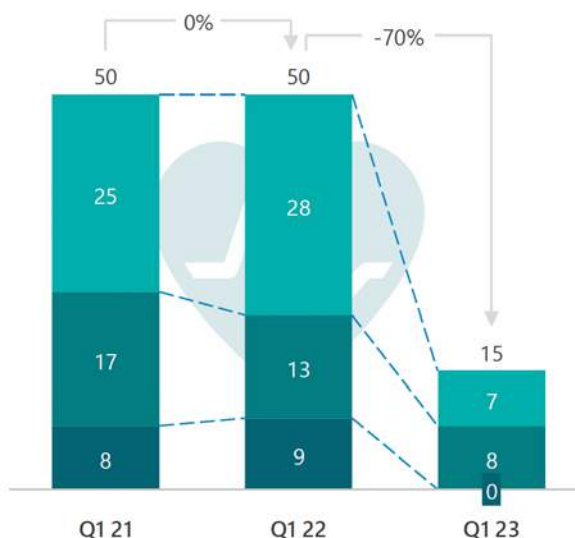
Pharma



MedTech



Health Care



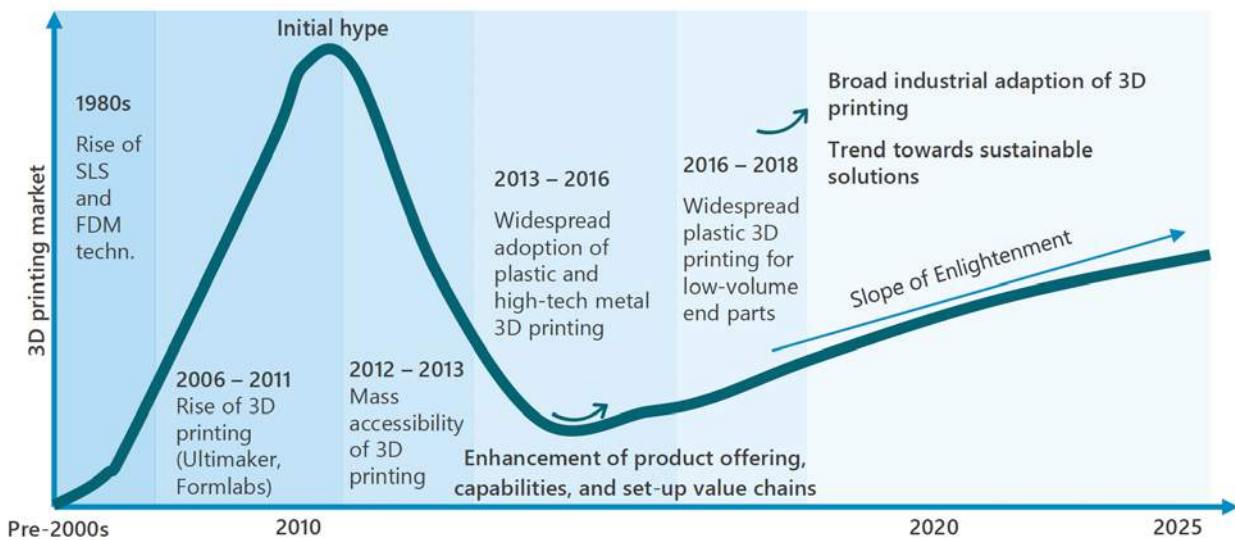
Q1 2023

Deals with PE as buyer	.....	Σ 17	.....	8.0% of Total deals
Deals with PE as seller	.....	Σ 19	.....	8.9% of Total deals
PE-to-PE deals	.....	Σ 3	.....	1.4% of Total deals

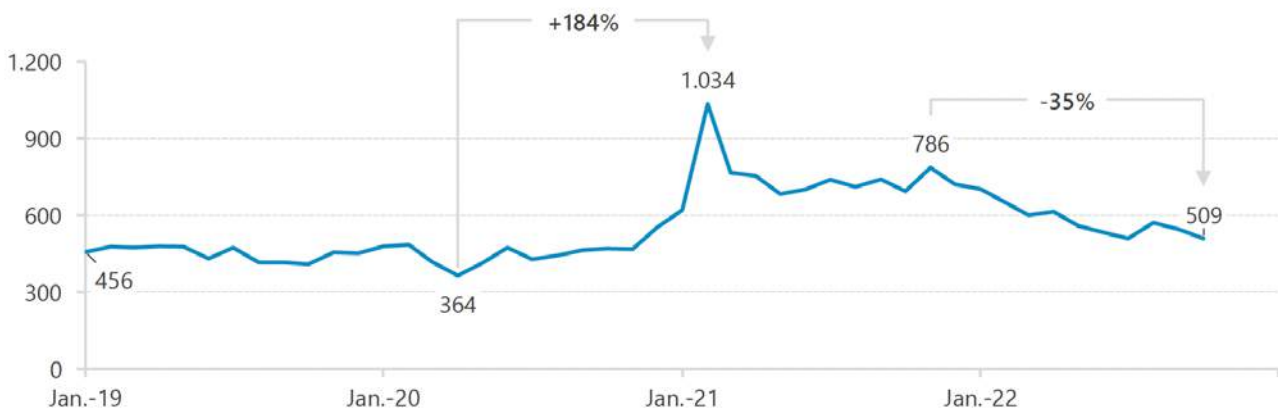
Edition Focus

Additive manufacturing (3D printing industry)

Experts' expectation for 3D printing hype (3D printing hype cycle)¹



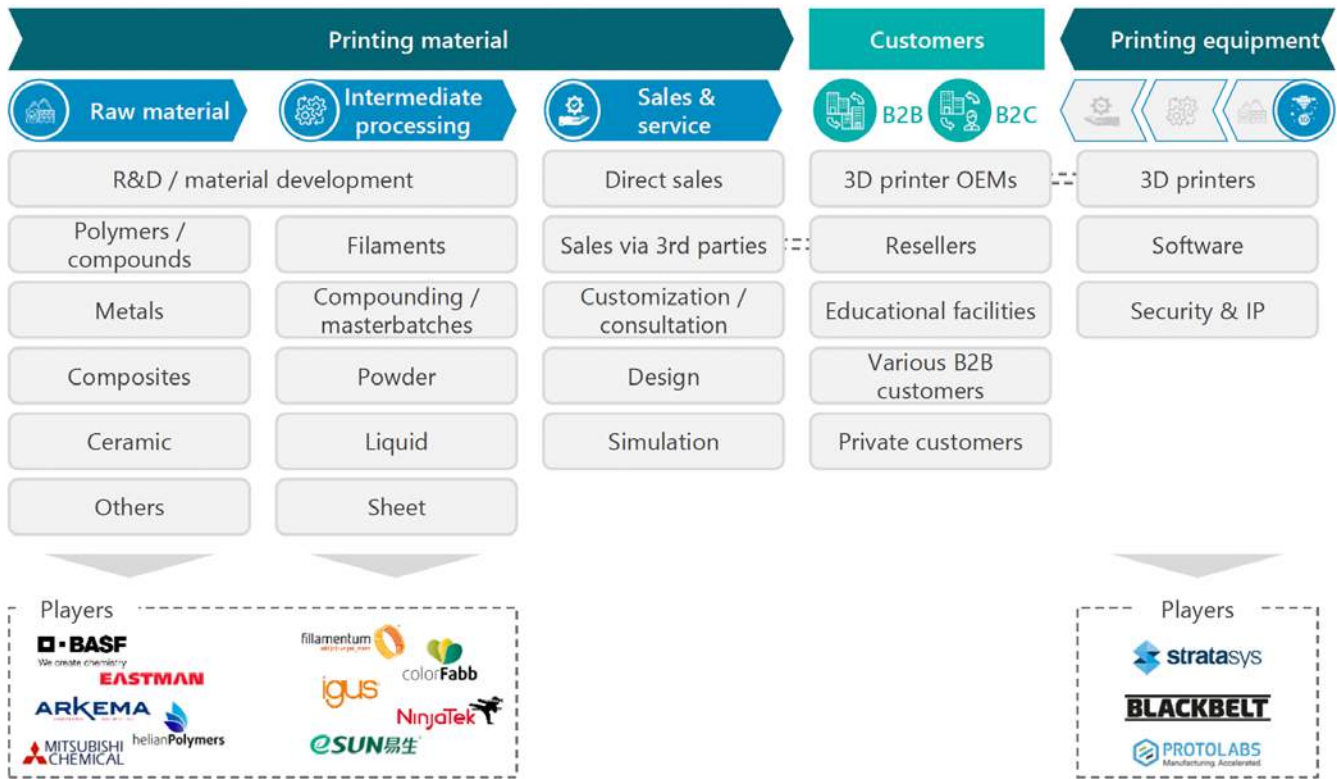
Actual performance index of 3D Printing companies 01/2019 – 10/2022²



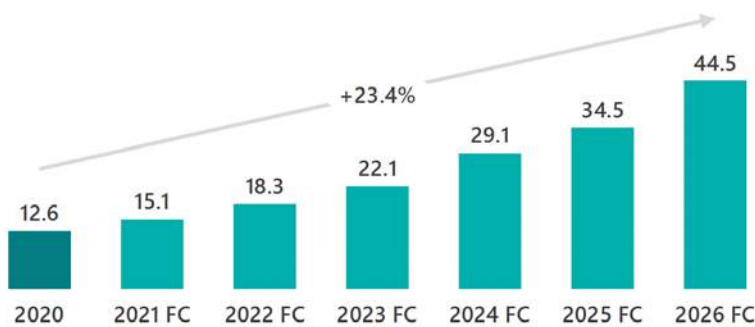
Source: ES MC Research, Capital IQ; 1) Gartner, Inc. (2018); 2) STOXX Global 3D Printing Tradable Index (2022)

Due to a large number of potential industrial applications, the global 3D market is expected to grow at a CAGR of 23%

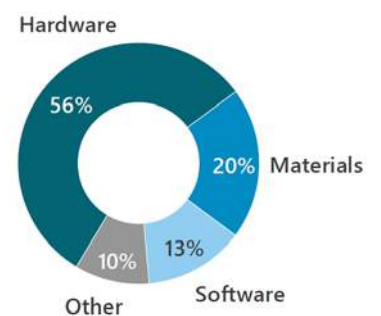
3D printing value chain



Global 3D printing market size 2020 – 2026 FC [b€]¹



Market by product category 2020²



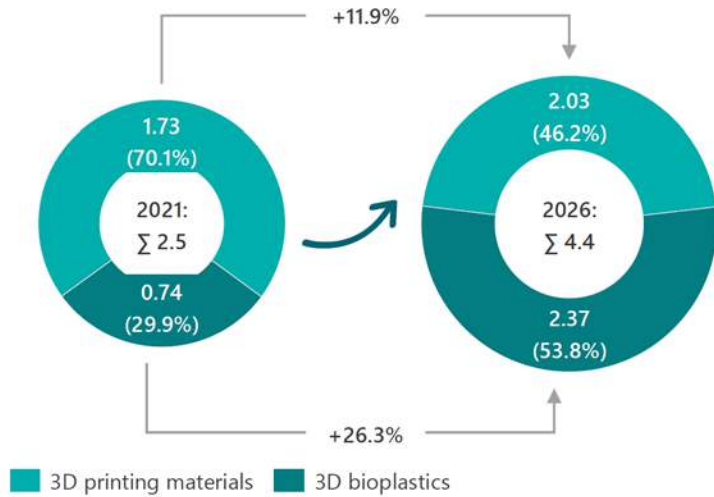
Comments

- › The 3D market is organized in a contradictory structure with the customer right in the center of the value chain, as both printing materials producer and equipment manufacturer aim to actively address the end consumer
- › The global 3D printing industry is growing at a CAGR of 23.4% from 2020 to 2026
- › With over 50% market share, hardware (i.e., 3D printers and accessories) represent the biggest revenue driver of the industry
- › In the printing materials market, sustainability (e.g., in form of sustainable plastic) was identified as a strong growth driver
- › The strongest industries for 3D products are Aerospace (expected revenue share in 2030 42% with a 15-year CAGR of 23.0%), MedTech (25%, CAGR 22.7%) and Automotive (12%, CAGR 14.5%)³
- › Other industrial applications with future potential are seen in the sectors Architecture, Decoration, Food, Sports, Toys, and Universities

Source: ES Research; 1) Statista (2021), 2) AMFG industry landscape (2020); 3) PwC market report (2018)

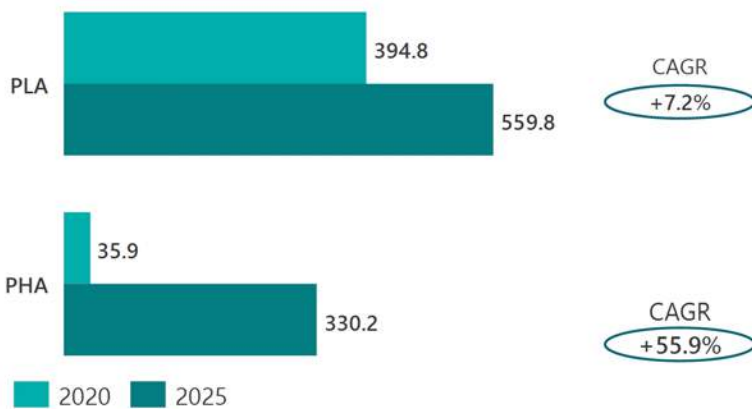
Sustainable Bioplastics are expected to increase in importance in the 3D printing materials market

3D printing materials market and share of 3D bioplastics [b€]¹



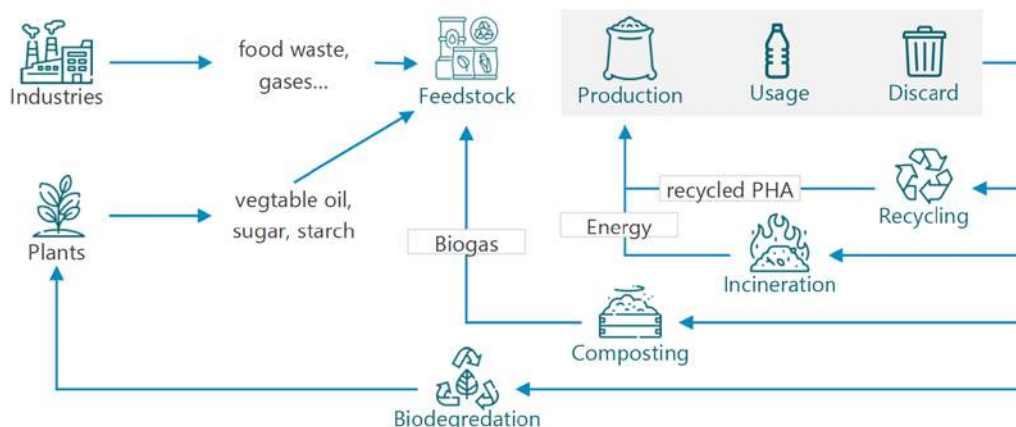
- › The 3D printing materials market is expected to grow at a CAGR of 11.9 % between 2021 and 2026
- › With a CAGR of 26.3 %, 3D bioplastics rapidly gain market share (53.8 % in 2026)
- › Companies and investors believe that 3D bioplastics are a viable alternative to various plastic-based products
- › Hence, since products in the field are not yet fully mature, innovators have a good chance of significant growth in the up coming years

3D bioplastics production capacity by type [kmt]²



- › PLA is typically made from sugars in corn starch, cassava, or sugarcane
 - It has limited applications if used purely due to brittleness and low thermal stability
 - Already most popular material in 3D printing, further growth expected
- › PHA is produced by microorganisms through bacterial fermentation
 - Ranges from high-strength, hard and brittle to low-strength, soft and elastic
 - Very strong growth expected until 2025 (CAGR: 55.8 %)

Biodegradation cycle PolyHydroxyAlkanoate (PHA)³



Source: ES MC Research; PHA: PolyHydroxyAlkanoate, PLA: Polyactide; 1) Statista (2021) & Facts and Factors (2019); 3) nova-institute (2020)



















Strong deal activity in the European 3D printing industry with transactions along the entire value chain

Selection of announced 3D printing European deals 2021-22							
Ann. Date	Buyer	Target	Buyer Country	Target Country	Services (Industry)	Deal value €m	Strategic / Financial
Aug 21	BC Partners	CeramTec			Manufacturing of industrial ceramics (broad)	3,800	Financial
May 22	Ultimaker	MakerBot Industries			Printer and materials OEM (broad)	180	Strategic
Jun 21	BICO Group	Discover Echo			Printer components OEM (broad)	99	Strategic
Mar 21	BICO Group	MatTek			3D printed bioproducts (MedTech)	61	Strategic
Feb 21	BICO Group	Ginolis			Manufacturing solutions provider (MedTech)	61	Strategic
Jul 22	Markforged Holding	Digital Metal			Printer OEM and printing service provider (broad)	41	Strategic
May 21	BICO Group	Nanoscribe			Printer and materials OEM (broad)	37	Strategic
Feb 22	3D Systems Corporation	Kumovis			Printer OEM (medical)	33	Strategic
Nov 21	Materialise	Link3D			Printing software (broad)	29	Strategic
Oct 21	Stratasys	Xaar 3D			Printer components OEM (broad)	25	Strategic
Jul 21	Desktop Metal	Aerosint			Printing service provider (broad)	19	Strategic
Jul 22	Nano Dimension	Formatec Holding			Printing service provider (broad and medical)	13	Strategic
May 21	BICO Group	Visikol			3D printed bioproducts (MedTech)	13	Strategic
May 22	BICO Group	Allegro 3D			3D printed bioproducts (MedTech)	10	Strategic

Source: ES MC Research, Capital IQ

Ebner Stolz Management Consultants GmbH

Strong deal activity in the European 3D printing industry with transactions along the entire value chain – continued

Selection of announced 3D printing European deals 2021-22							
Ann. Date	Buyer	Target	Buyer Country	Target Country	Services (Industry)	Deal value €m	Strategic / Financial
Jul 21	Prodways Group	Creabis			Printing service provider (broad)	3	Strategic
Jul 22	Sygnis	ZMorph			Printer OEM (broad)	1	Strategic
Dec 22	Meta Platforms	LUXeXcel Group			3D printed products (broad)	-	Strategic
Nov 21	EOS	Metalpine			Printing Material (broad)	-	Strategic
Jun 21	Arkema	Erpro 3D Factory			Printing service provider (broad and medical)	-	Strategic
May 21	INDEX Werke	One Click Metal			Printer OEM (broad)	-	Strategic
May 21	3D Systems Corporation	Additive Works			Printing software (broad)	-	Strategic
Apr 21	BeamIT	3T Additive Manufacturing			Printing service provider (broad)	-	Strategic
Feb 21	3DPRINTUK	Digits2Widgets			Printing service provider (broad)	-	Strategic

Our key takeaways



Overall deal activity decreased across all subindustries in Q1 2023 while deal values partially increased due to mega deals in selected



While macroeconomic and geopolitical factors continue to suppress deal activity, selected sub-segments show higher valuations for the first time after several quarters of decline



We expect deal activity to be boosted in the upcoming months especially by financial investors which currently show low deal activity and are therefore holding back record amounts of capital



Next M&A Quarterly: Q3/2023

On-site Industry Group Event June 2023:

Transformation Dialogue – Boosting performance in Pharma, MedTech and LifeScience hosted by Ebner Stolz and Roll & Pastuch

Our team



Alexander Wenzel

Partner

+49 160 5361796

alexander.wenzel@ebnerstolz.de

Chemicals, Pharma,
MedTech M&A



Pranshu Rohatgi

Senior Manager

+49 151 1573 4843

pranshu.rohatgi@ebnerstolz.de

Chemicals, Pharma,
MedTech M&A



Michael Euchner

Partner

+49 172 73 22 029

michael.euchner@ebnerstolz.de

M&A



André Laner

Partner

+49 162 2140764

andre.laner@ebnerstolz.de

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