

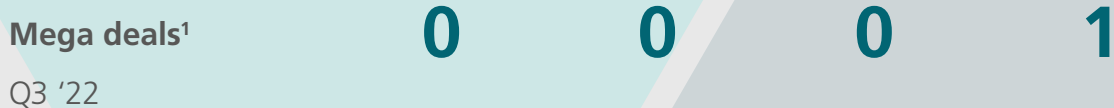
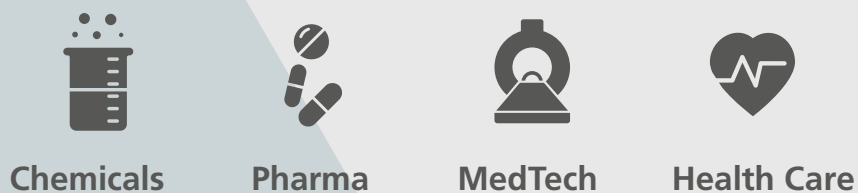
M&A Industry Quarterly

Chemicals | Pharma | MedTech | Health Care



Edition Focus
European CDMO

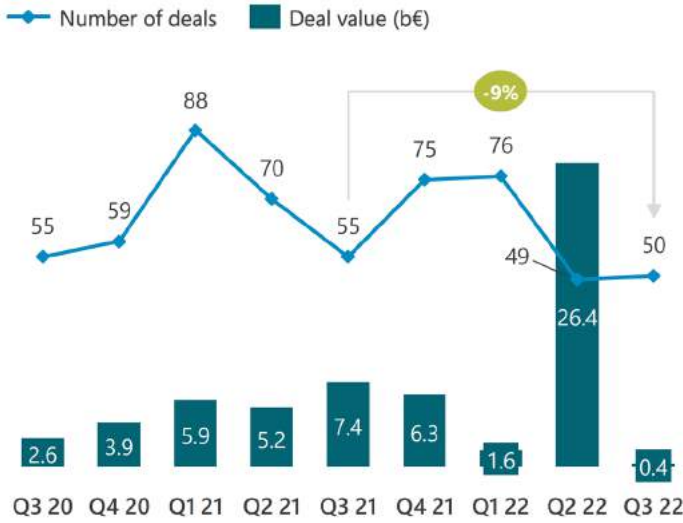
M&A metrics at a glance



Note: 1) Mega Deals >1 b€

European Chemicals: Number of Deals stable in Q3/22 with larger portion of small to mid-sized deals executed

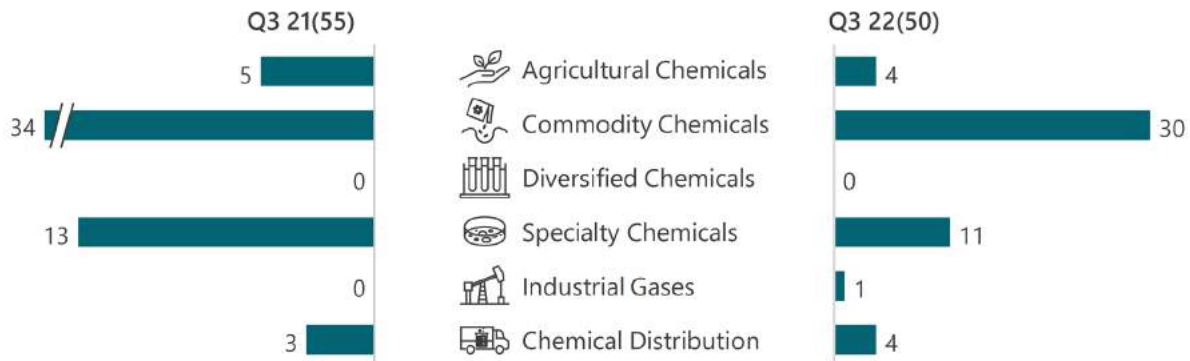
Value & number of deals – Chemicals Europe



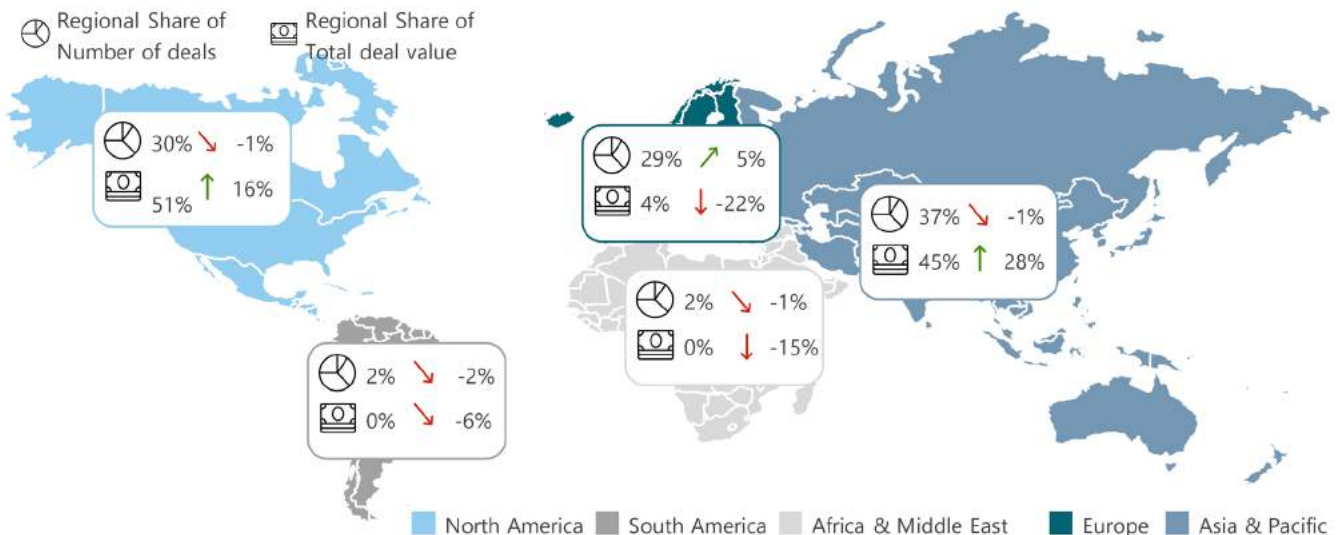
Comments

- Q3/22 was less eventful in terms of deal value compared to Q2/22 for the European chemicals industry with only 2 deals with a reported value > 100 m€, namely Intermas Nets/Abac Capital & Catrala Garden & home Depot (110 m€) and Quatas/Global Amines (112 m€).
- Global economic risks and uncertainties have impacted the industry further, with especially energy prices and raw material availability having adverse effects leading to lower appetite for larger deals.
- Smaller deals are still completed at a comparable rate as in Q3/21.

Number of European Chemicals deals as per subsegment



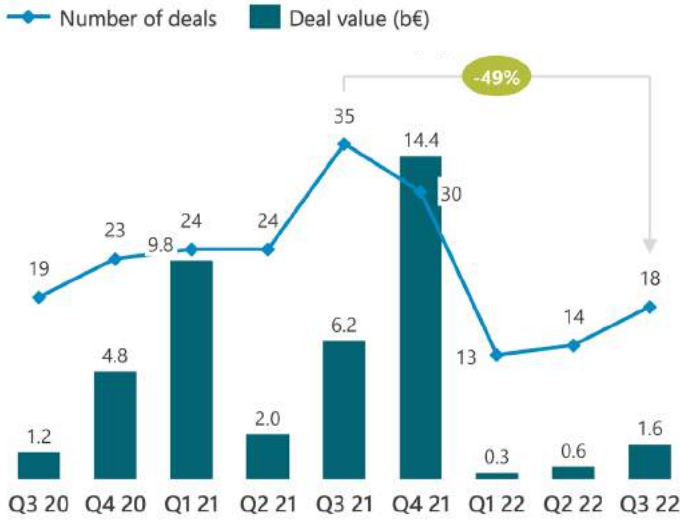
Geographic overview of global chemicals deals activity (Q3/22 versus Q3/21)



Source: ESMC Research, S&P Capital IQ, October 2022

European Pharma: Deal making regained confidence in Q3/22 despite existing uncertainties but still on low level

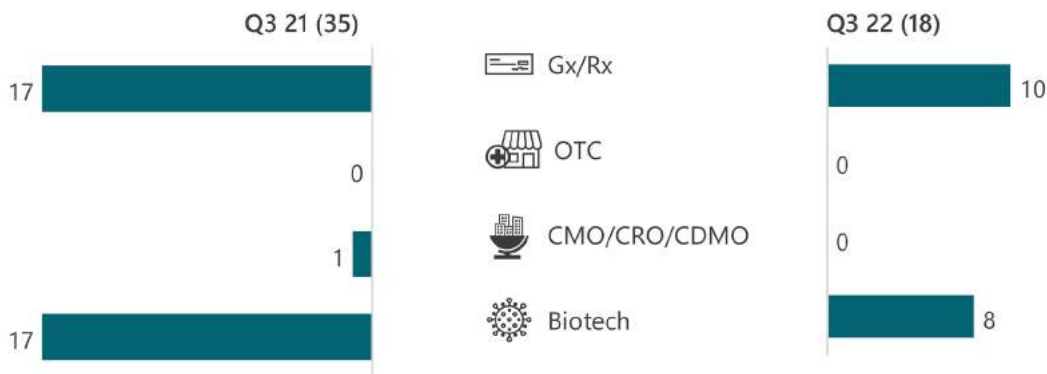
Value & number of deals – Pharma Europe



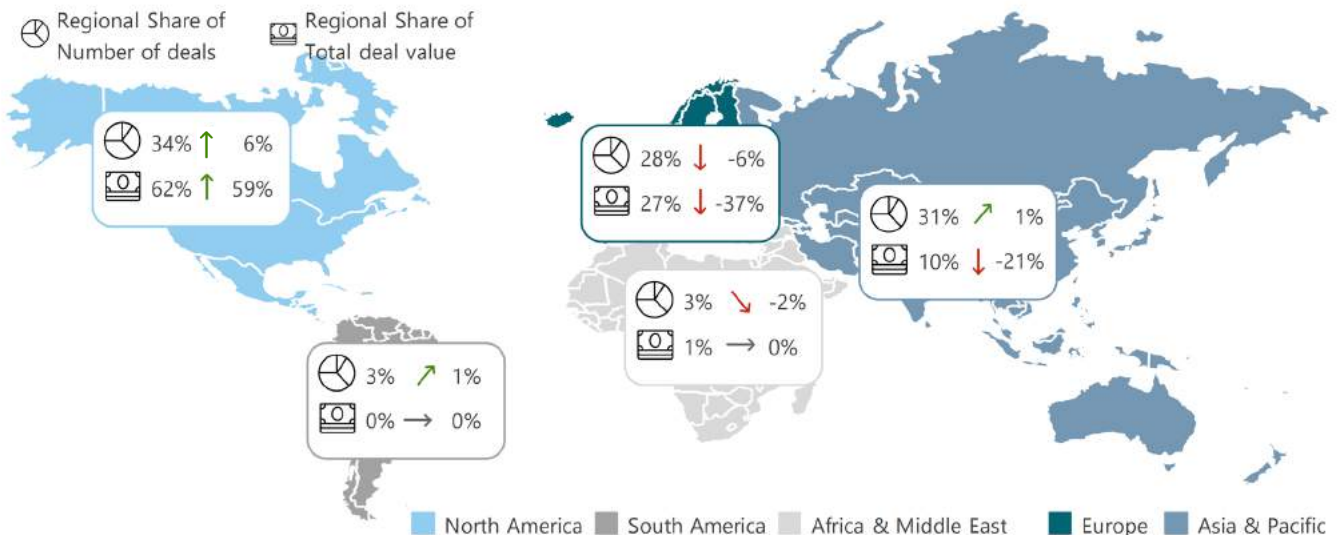
Comments

- › 18 deals were announced in Q3/22 within European Pharma, which is an increase when compared to Q1/22 and Q2/22.
- › Regardless of the upward trend in Q3/22, overall deal activity in 2022 remains by far below 2021, both in terms of deal numbers and deal values.
- › Historically, M&A activity in Pharma usually picks up in Q3 and Q4. We expect slow improvement to continue with primarily smaller to medium-sized deals.

Number of European Pharma deals as per subsegment



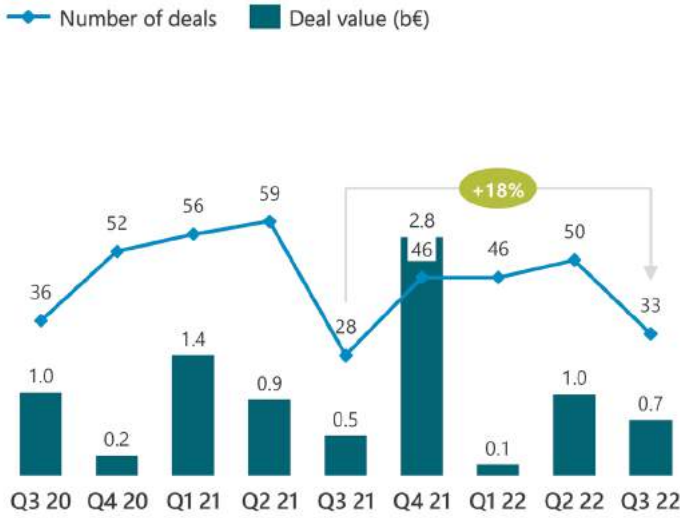
Geographic overview of global Pharma deals activity development (Q3/22 versus Q3/21)



Source: ESMC Research, S&P Capital IQ, October 2022

European MedTech: Predominantly small deals with lower deal activity than previous quarters but in line with Q3/21

Value & number of deals – MedTech Europe



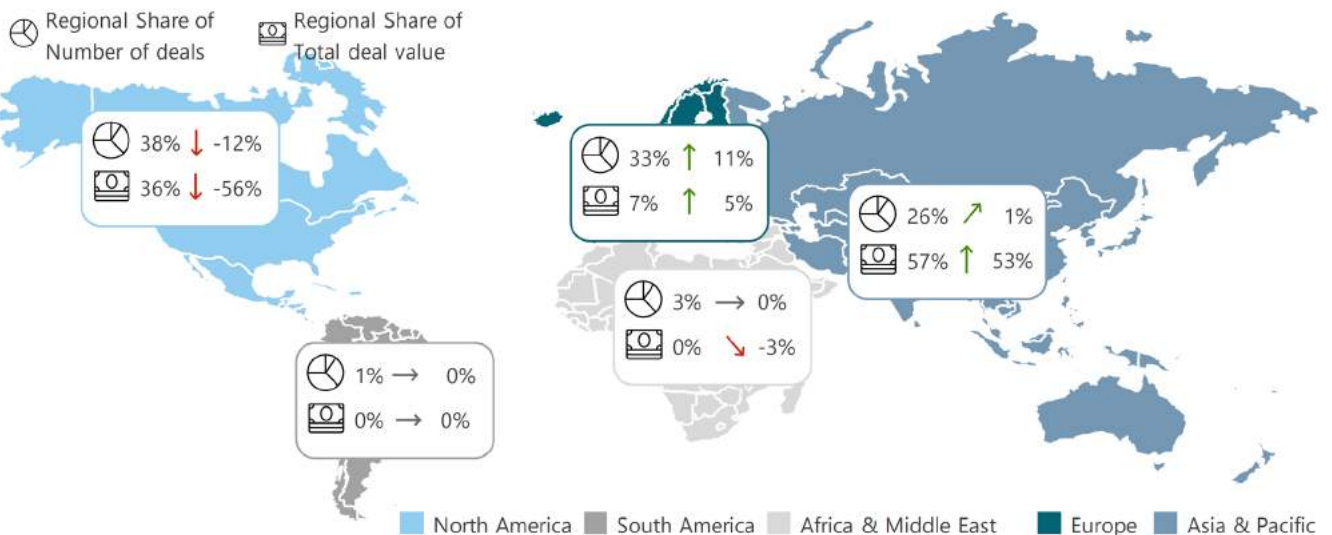
Comments

- › In contrast to the upward trend in the Pharma industry, European MedTech faces a decline in deal numbers and deal values when compared to previous quarters.
- › Key deals announced within Q3/22 were the sale of Medi-Globe Technologies to DCC Healthcare at approx. 250 m€ and minority investment by All Seas Capital into German Zimmer MedizinSysteme.

Number of European MedTech deals as per subsegment



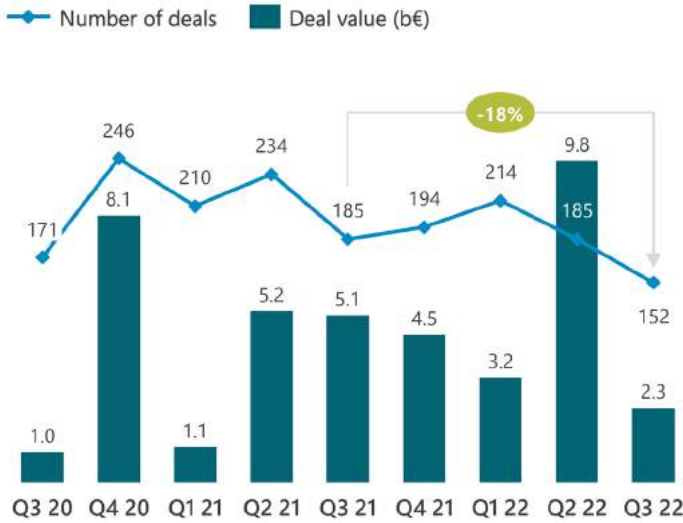
Geographic overview of global MedTech deals activity development (Q3/22 versus Q3/21)



Source: ESMC Research, S&P Capital IQ, October 2022

European Health Care: Total number of deals decrease second quarter in a row

Value & number of deals – Health Care Europe



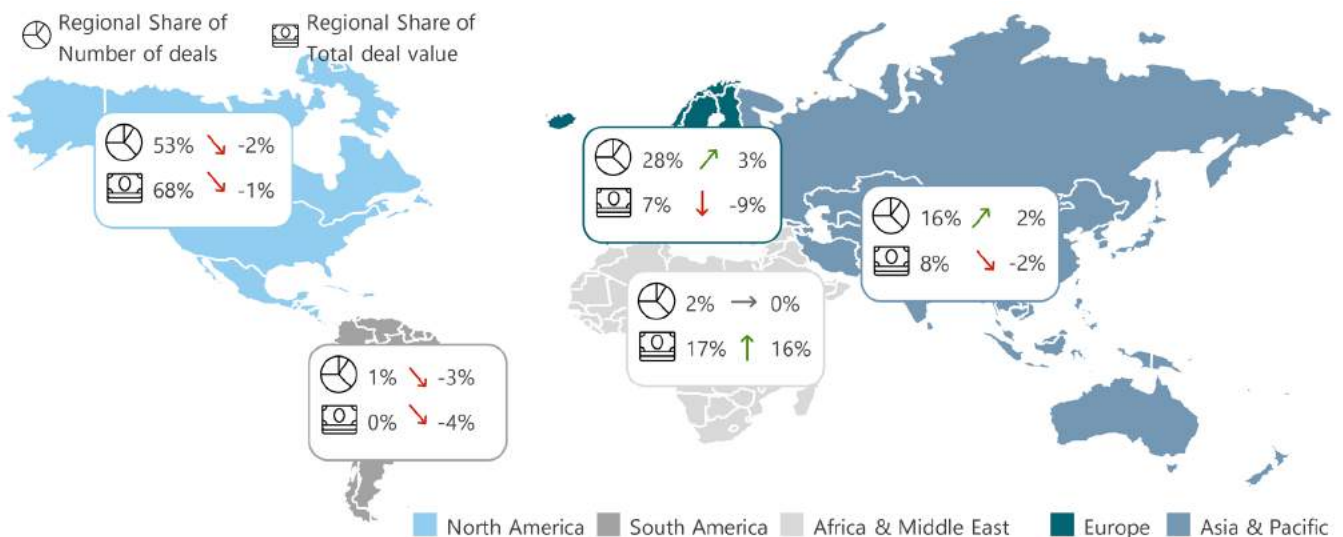
Comments

- › Within Q3/22, 152 deals were announced within the European Health Care industry. This is the lowest deal activity for any quarter within the last two years.
- › Nevertheless, the total deal value remained within the bandwidth of previous quarters when disregarding outliers like Q2/22 and Q4/20 with some mega deals.
- › AUCTUS Capital Partners sale of PharmaLex Holding at 1,28 b€ was one of key deals in the sector and showcases successful PE exit strategy within the life sciences sector.

Number of European Health Care deals as per subsegment



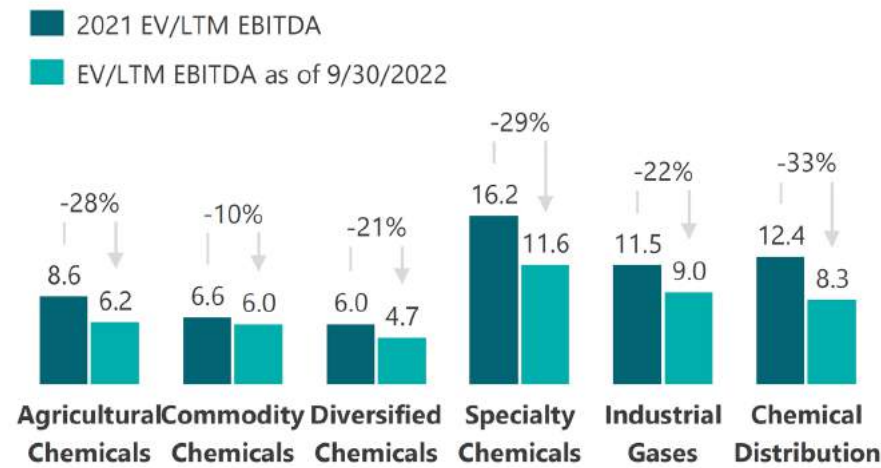
Geographic overview of global Health Care deals activity development (Q3/22 versus Q3/21)



Source: ESMC Research, S&P Capital IQ, October 2022

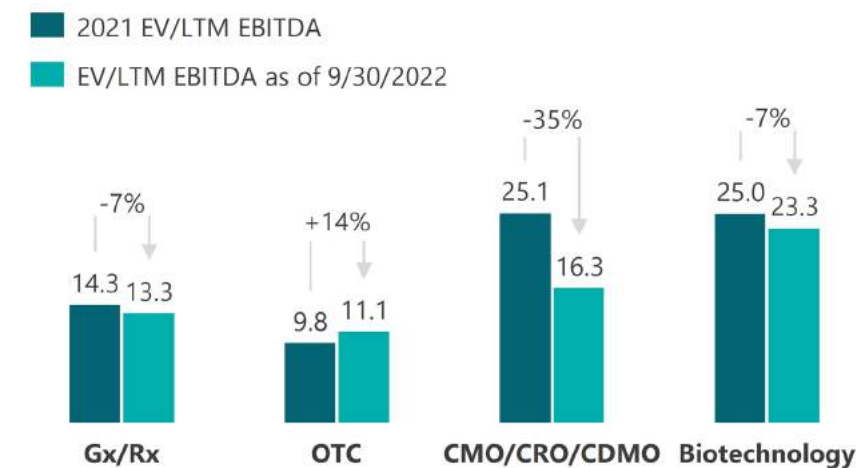
Continued economic and political disruptions without a clear end in sight continue to...

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



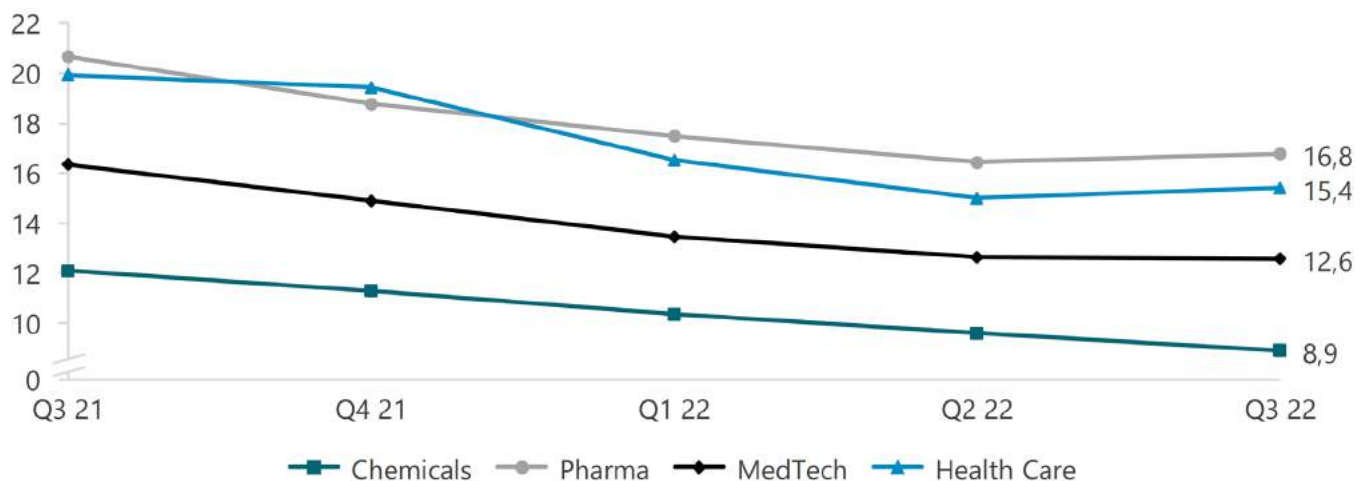
- › Fears of a global recession, increases in interest rates, rising consumer inflation and surging energy prices has led to continuous decline in investor confidence.
- › EV/EBITDA multiples within the chemicals industry are at its lowest point since 2021 with the curve signaling further decline, even though some subsegments improved slightly as on LTM basis.

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



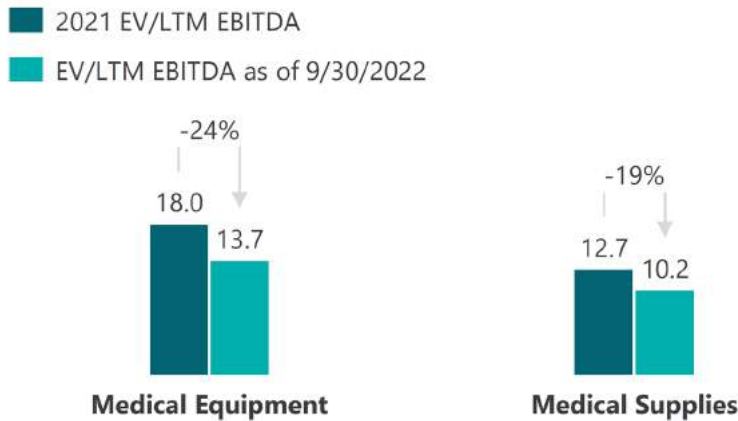
- › Multiples across the Pharma industry witnessed an upward trend, for the first time since Q3/21. OTC and Biotechnology even outperformed and reduced the gap to 2021 average, respectively.
- › Subsegments like Gx/Rx and CMO/CRO/CMDO, however, experience further reduction in valuation multiple.

Development of the EV / EBITDA multiples over time per industry



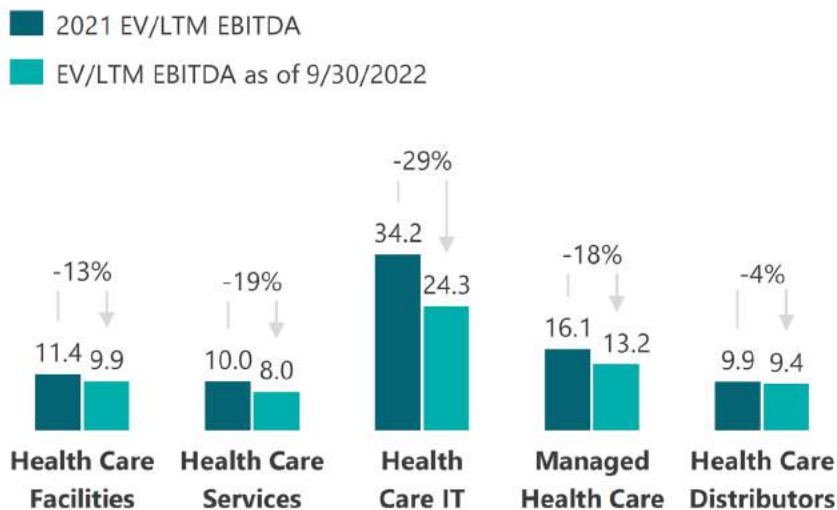
... put downward pressure on valuation multiples

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



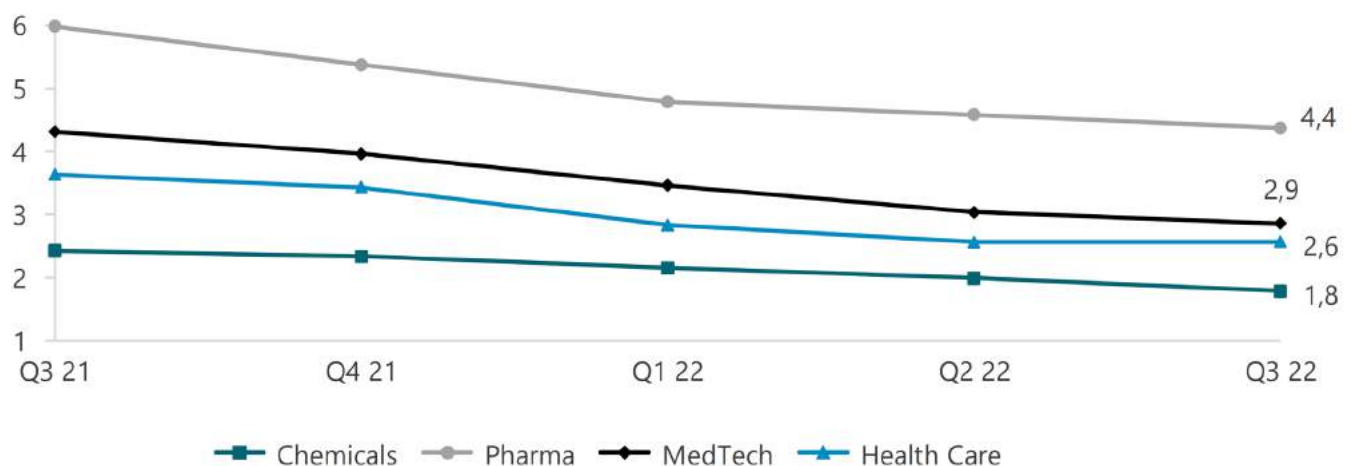
- › Rising interest rates continue to be a cause of concern especially for the Capex intensive Medical equipment sector where valuation levels have decreased by almost 25% when compared to 2021 levels.
- › But multiples in the Medical Supplies segment were also affected, regardless their commodity type of products.

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



- › After a strong decline in industry multiples in Q1/22, EV/EBITDA multiples across the Health Care subsegments have bounced back slightly in Q3/22 but overall remain lower than 2021 levels.
- › High pressure on the global technology industry is a key driving force behind the significant drop in valuation multiples within the Health Care IT subsector, with no improvement on the horizon.

Development of the EV / EBITDA multiples over time per industry

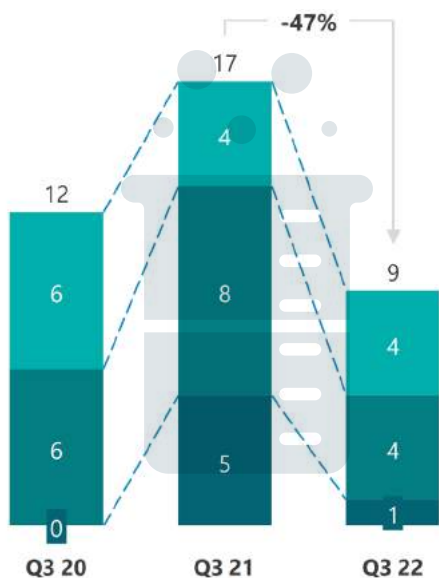


Owing to unfavorable financing environment, PE activity witnessed a decline across sub-sectors expect in MedTech

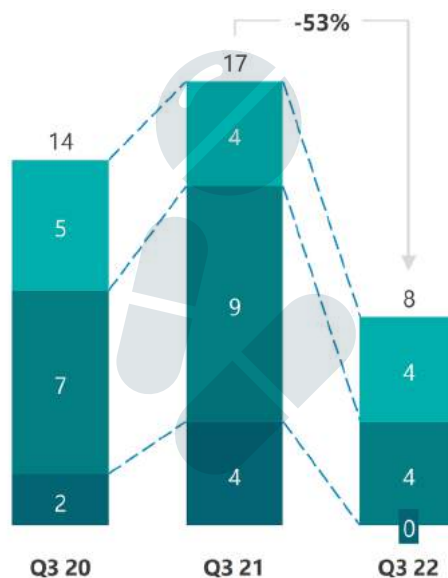
Number of deals driven by PE as buyer/seller

PE Buyer PE Seller PE-to-PE

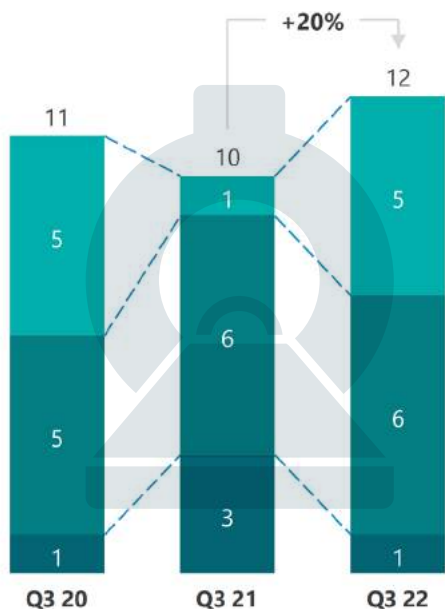
Chemicals



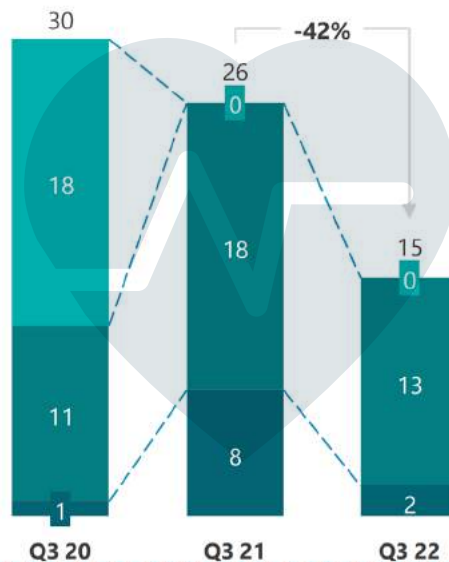
Pharma



MedTech



Health Care



Q3 2022

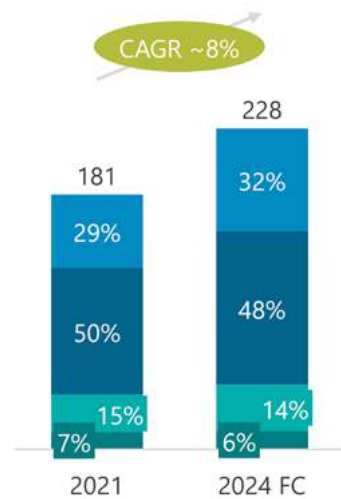
Deals with PE as buyer	.....	Σ 13	.....	5.1 % of Total deals
Deals with PE as seller	.....	Σ 27	.....	10.7 % of Total deals
PE-to-PE deals	.....	Σ 4	.....	1.6 % of Total deals

Edition Focus CDMO Industry



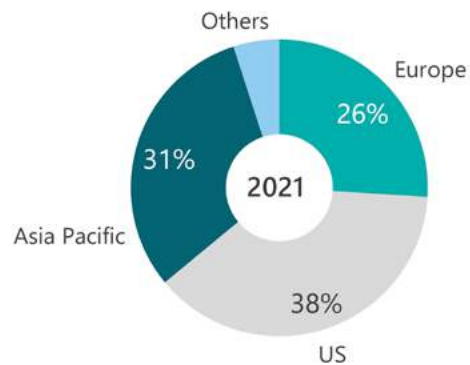
Global CDMO market overview

market size, b€

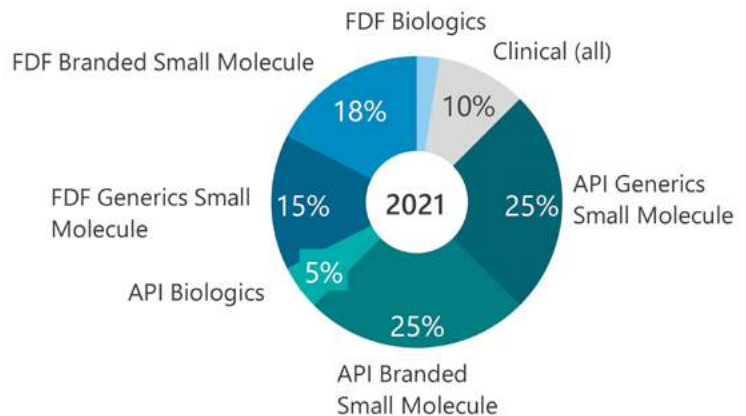


- (pre)clinical research
- API production
- Drug product manufacturing
- Secondary packaging

CDMO market by region



CDMO market by product category



Fragmented market with limited number of scale players, offers attractive buy-build opportunity for PE investors

Overview of European CDMO M&A activity



CDMO Trends & Outlook



- › In response to changing Pharma industry demands, CDMO companies are adjusting their business model, both through internal investments and by strategic M&A initiatives



- › As CDMO's place a high value on their technology expansion, they will become even more important in the next decade within the whole Pharma industry ecosystem



- › With production shifting back from Asia to Europe and the U.S., the European CDMO market is becoming more vibrant with high-quality assets and people in limited supply



- › CDMO's are expected to bring know-how along the entire value chain, from development and commercial manufacturing, as the customer base has also expanded to small biotech companies



- › CDMOs will continue to be an attractive target for investors in the future, particularly hard to make small molecule like in cell and gene therapies, biologics, and high-value secondary drug products such as sterile fillers and pharmaceutical device combinations

























- › CDMO is a highly fragmented sector with no single large player having more than 10% of the market share. This provides strong consolidation potential for strategic and PE investors.



- › Since many years, PE is a key player within the CDMO M&A landscape, both as buyer and seller and with more than a dozen active platforms at present in the respective portfolios

European CDMO M&A deal activity is characterized by small to mid sized deals with a strong PE activity

Selection of announced CDMO European deals (2021, Q1–Q3/22)

Ann. Date	Buyer	Target	Target Country	Buyer Country	Target description	Deal value €m	Strategic / Financial
May-22	Astorg Partners	Corden Pharma International GmbH			Contract development and manufacturing of APIs etc.	3,000	Financial
Feb 22	Recipharm AB	GenIBET Biopharm., S.A.			Biopharmaceutical contract manufacturing company	-	PE-backed
Dec-21	Enexis AB	Tetra Pharm Technologies ApS			Manufactures and sells cannabinoid-based medicines to treat pain.	2	Financial
Sep 21	Fortitude Life Ins. & Ann. Company	Procaps Group S.A.			Develops, produces, and markets pharmaceutical solutions worldwide.	101	PE-backed
Sep 21	AS "AB CITY"	AS Olainfarm (~ 50% acquired)			Manufactures, distributes chemical and pharmaceutical products	72	PE-backed
Jul 21	AS "AB CITY"	AS Olainfarm (~50% acquired)			Manufactures, distributes chemical and pharmaceutical products.	63	PE-backed
Jul 21	Seed Innovations Limited	Eurox Group GmbH			Develops, manufactures, and sells medical cannabis extracts.	3	Financial
Jun 21	Norbel Inversiones S.L.	Laboratorios Farm. Rovi, S.A.			Research, development, production, and sale of pharmaceutical.	92	Financial
Jun 21	Black Duck Invest a.s.	AS Olainfarm			Manufactures, distributes chemical and pharmaceutical products.	30	Financial
Apr 21	Essity AB	Abigo Medical Aktiebolag			Development, manufacturing, marketing of medical devices.	23	Strategic
Mar-21	Moneda Asset Management SpA.	Procaps Group S.A.			Develops, produces, and markets pharmaceutical solutions worldwide.	86	Financial

Our key takeaways



Overall deal numbers and volumes are strongly subdued in times of high uncertainty whilst smaller and more specialized deals do still happen.



Valuation levels have come down substantially in segments with high volatility and significant raw material and/or energy consumption, while specialty and service-oriented segments are less affected



With PE still having massive dry powder plus distressed M&A picking up, we expect deal numbers to pick up rather sooner than later



Join us for our upcoming Webinar
 “Nutraceuticals – Boom or Bust in Turbulent Times?”
 Thursday 17th November, 2022 10am CET
[Registration Link](#)

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

Principal
 +49 162 2140764
andre.laner@ebnerstolz.de
 M&A