

A horizontal blue rectangular box containing white text.

Chemicals | Pharma | MedTech | Health Care
Focus: Value Creation in MedTech

A white robotic arm holding two surgical instruments, set against a blurred blue background. The bottom of the page features a dark blue area with a white bar chart graphic.

M&A Industry Quarterly

Q4/2024

M&A metrics at a glance



Chemicals



Pharma



MedTech



Health Care

Total number of deals
Q3 24 vs. Q3 23

40
↓ -18,4%

13
↓ -7,1%

39
↑ 2,6%

111
↑ 0,9%

Total value of deals (b€)
Q3 24 vs. Q3 23

2.6
↑ 23.9%¹

1.7
↓ -73.2%¹

3.7
↓ -8.2%¹

0.4
↓ -88.3%

Mega deals
Q3 24

1

1

1

0

Total number of PE deals
Q3 24 vs. Q3 23

4
↓ -60,0%

3
↑ 50,0%

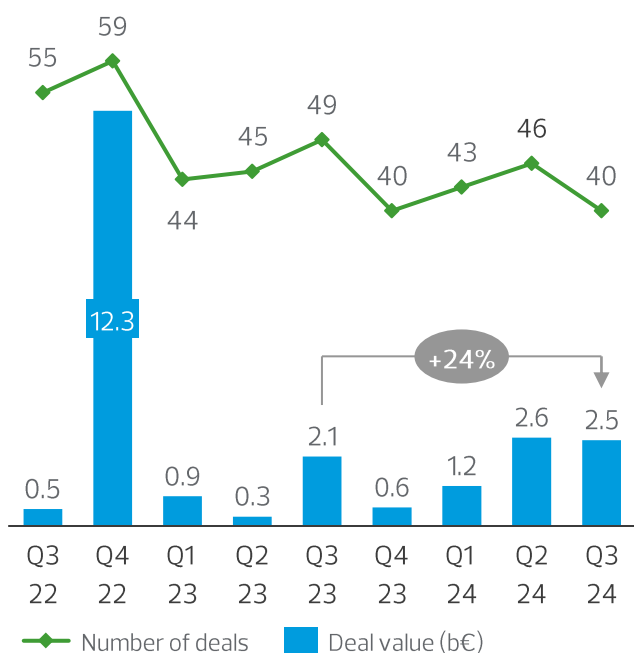
7
↑ 16,7%

17
↑ 41,7%

Note: 1) Mega Deals > 1 b€

European Chemicals: Q3 24 deal activity marginally below LTM average but with strong deal value

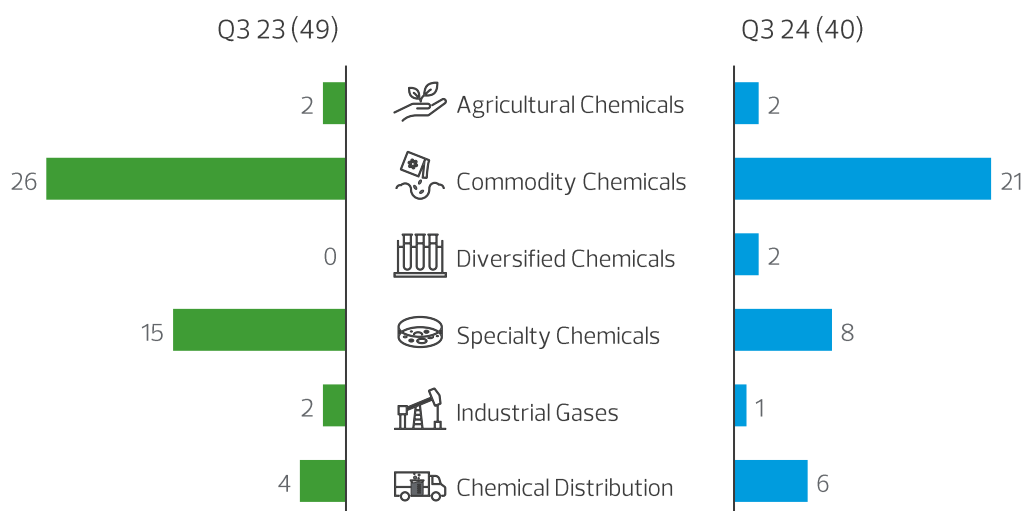
Value & number of deals – Chemicals Europe¹



Comments

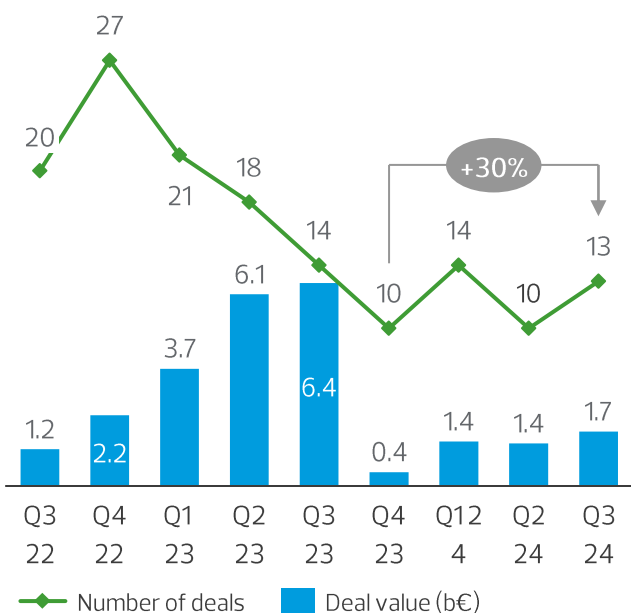
- After the continuous recovery of deal activity and deal value in the last two quarters, the industry observed a minor decline in overall deal numbers, but overall deal value came in close to the previous quarters deal value
- The industry seems to have achieved a new normal with around 42 deals on an average number of announced deals over a trailing 12-month period and approx. 44 deals since Q1 23
- Among the subsegments commodity chemicals remains the most active one, despite showing a 20% lower activity on YoY comparison – interestingly this quarter no PE activity was observed for the subsegment

Number of European Chemicals deals as per subsegment



European Pharma: Deal value and number of deals stabilizes in anticipation of hoped-for recovery

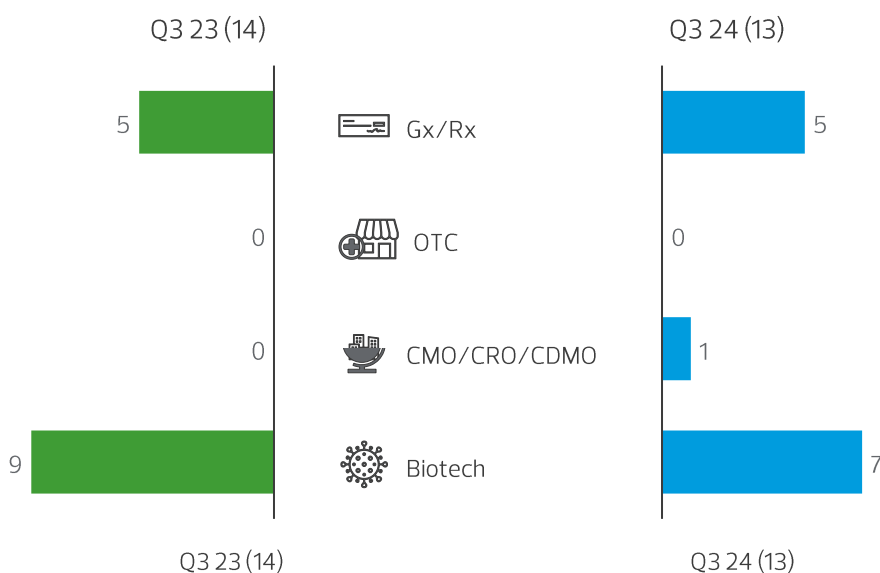
Value & number of deals – Pharma Europe¹



Comments

- After observing an underwhelming Q2 24 the European Pharma industry slightly improved deal activity and deal values in Q3 24
- While the increase in both metrics is a positive trend for the industry, the expected recovery did not materialize as anticipated and the overall activity remains behind historic performance
- European Pharma rather seems to have found, similar to Chemicals, a new baseline at approx. 12 deals per quarter since Q3 23
- One deal highlight during Q3 24 for the industry has been the acquisition of Dermavant Sciences for 1.4 b€ by Organon in an effort to expand their portfolio in the area of women's health and other

Number of European Pharma deals as per subsegment

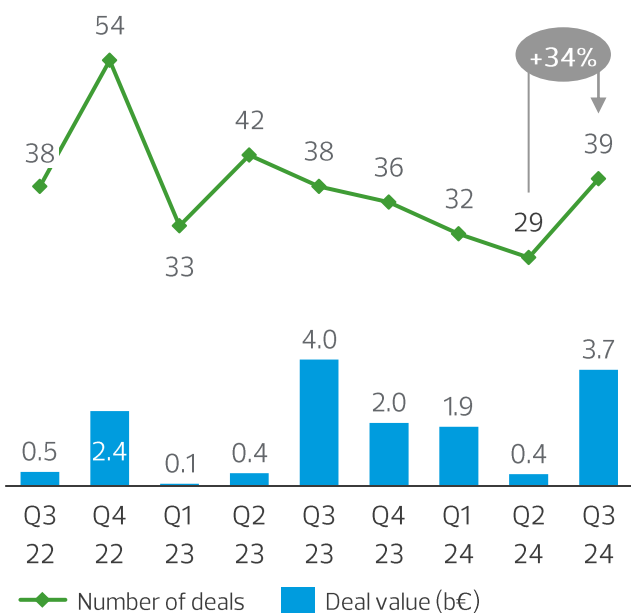


Source: RSMES MC Research, Capital IQ

1) Includes transactions where due to small size no details (deal value / multiples) are available

European MedTech: Both deal activity and deal value rebound substantially

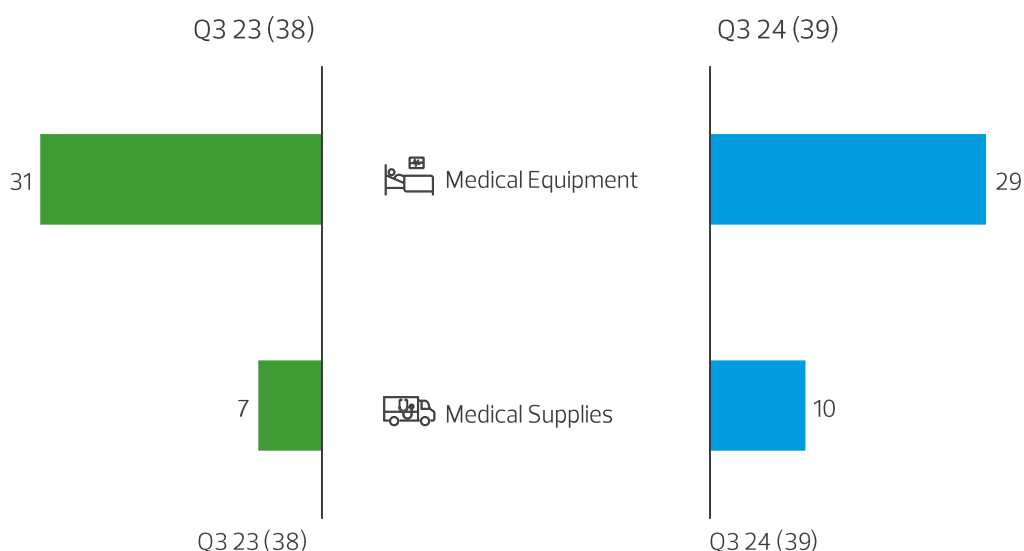
Value & number of deals – MedTech Europe¹



Comments

- After posting declining number of deals for the last five consecutive quarters, Q3 24 witnessed an increase of 34% in number of deals vs. Q2 24 marking a highly anticipated return of the industry
- The observed deal values reflect on the deal activity as Q3 24 showed one of the highest values across the entire observation period
- A key driver behind the deal value has been the sale of the operating business of VantiveHealth from Baxter Int. to the Carlyle Group at >3 b€
- The strong rebound in Q3 24 leads to the question if current M&A activity is boosted by a catch-up year-end rally or if the deals sentiment in EU MedTech has become attractive again

Number of European MedTech deals as per subsegment

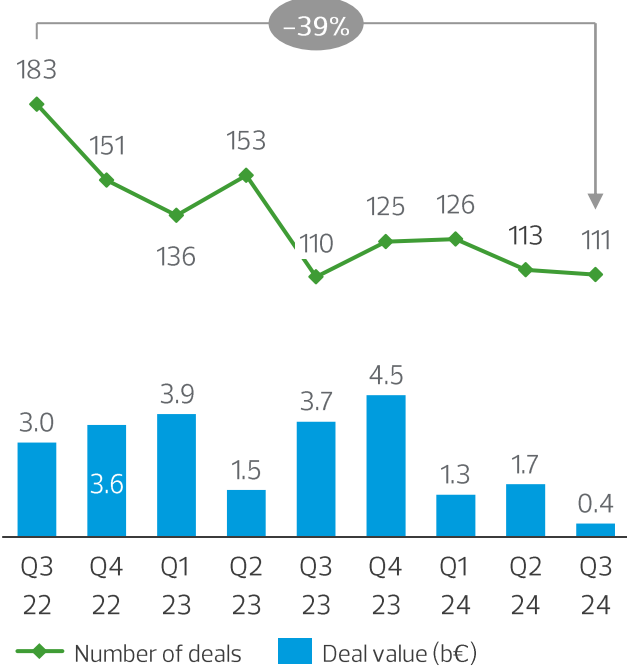


Source: RSMES MC Research, Capital IQ

1) Includes transactions where due to small size no details (deal value / multiples) are available

European Health Care: Deal value tumbles to new low despite stable number of deals

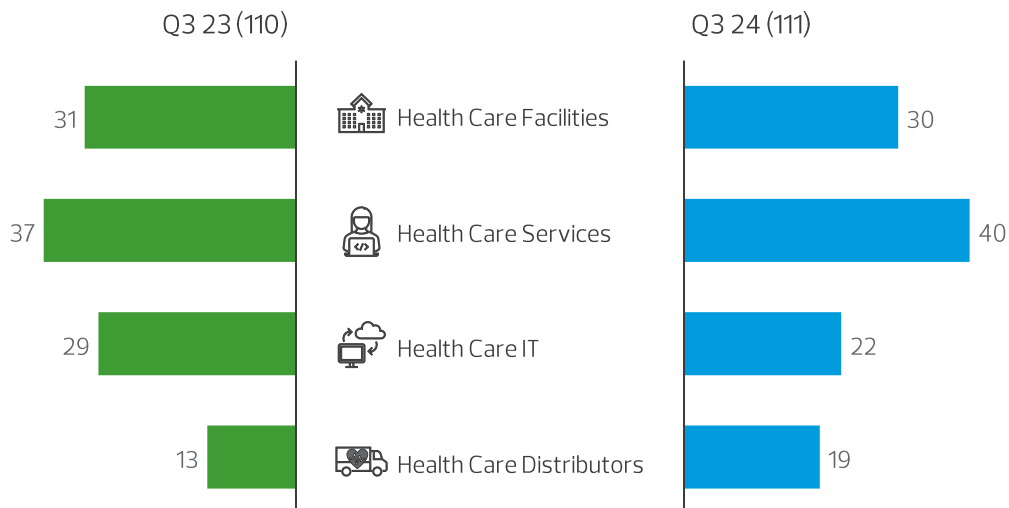
Value & number of deals – Health Care Europe¹

















Comments

- While M&A activity in terms of number of deals seems to have stabilized in the same pattern as pointed out for the European Chemicals and Pharma industries, the deal value drops for the first time below a total of 1 b€ during Q3 24
- Compared to all other quarters, Q3 24 recorded only one deal valued just above 9 digits – previously the industry observed on a regular basis at least a few deals valued above 200 m€
- Despite the lack of large deals in this quarter a higher activity of financial investors has been recorded, their significant capital reserves are expected to lead to higher deal values in this industry in the upcoming quarters

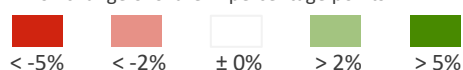
Number of European Health Care deals as per subsegment



Geographic overview of global Chemicals, Pharma, MedTech, and Health Care deals activity YTD (Q3 24 versus Q3 23)

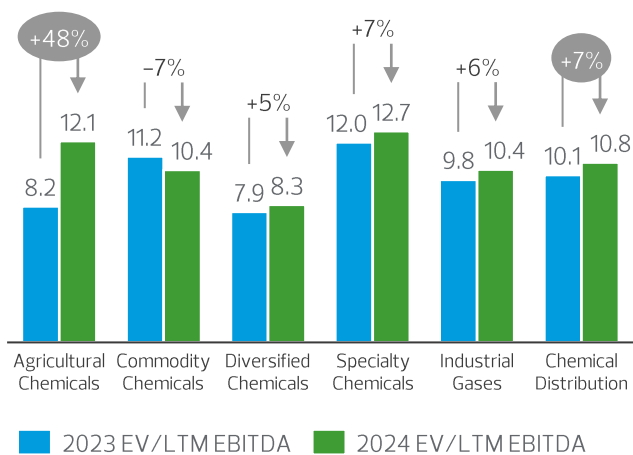
	 Chemicals	 Pharma	 MedTech	 Health Care	
<hr/>					
 Number of deals	28%	19%	32%	24%	Europe
	 Total Deal Value	25%	10%	15%	
<hr/>					
 Number of deals	30%	34%	43%	53%	North America
	 Total Deal Value	41%	72%	77%	
<hr/>					
 Number of deals	3%	3%	1%	1%	South America
	 Total Deal Value	0%	0%	0%	
<hr/>					
 Number of deals	37%	43%	22%	20%	Asia & Pacific
	 Total Deal Value	26%	19%	5%	
<hr/>					
 Number of deals	2%	1%	3%	1%	Africa & ME
	 Total Deal Value	8%	0%	2%	

Δ YoY change of share in percentage points



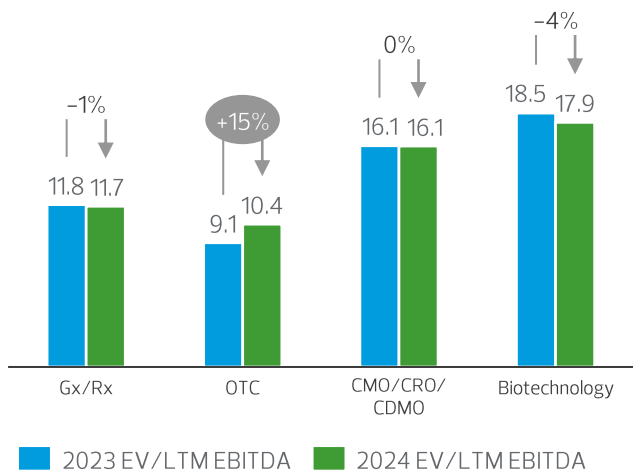
Overall valuation levels stable to positive across subsegments in Chemicals and Pharma ...

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



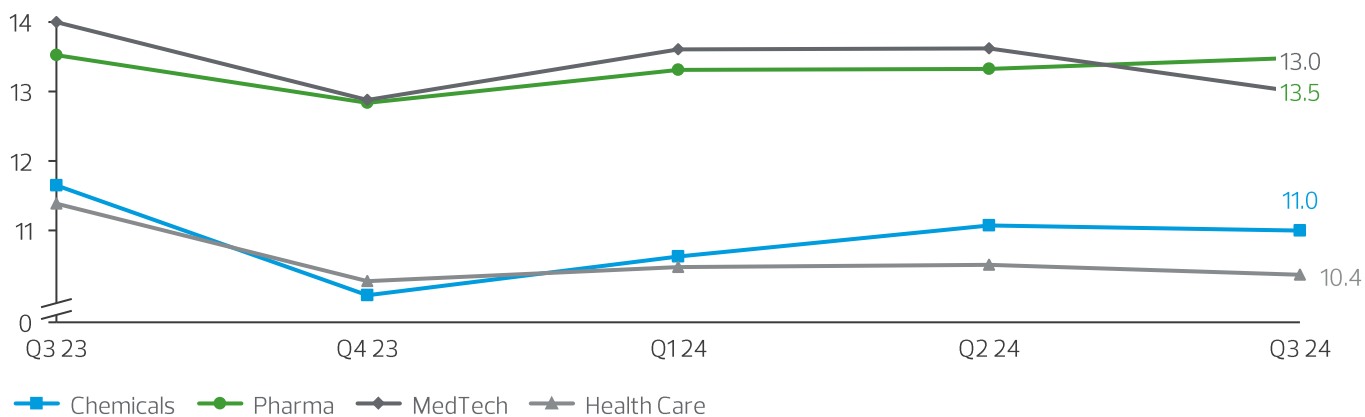
- Most of the subsegments in the chemicals sector show a solid increase in their EBITDA multiples except for commodity chemicals
- In particular, agricultural chemicals show a remarkable 48% increase in the EBITDA multiple
- Valuation in this subsegment is driven by rising food prices and demand for sustainable agricultural processes and products

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



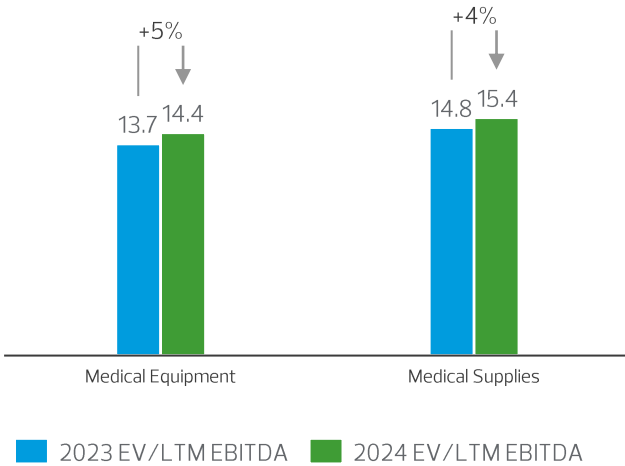
- CMO/CRO/CDMO and biotechnology remain, despite some minor fluctuations, the sub-segments with the highest individual valuations within the data set
- OTC achieved higher valuations than last year
- Market analyses show that many large pharmaceutical companies expect sales growth, supported by a number of new drug approvals and innovative therapies

Development of the EV / EBITDA multiples over time per industry



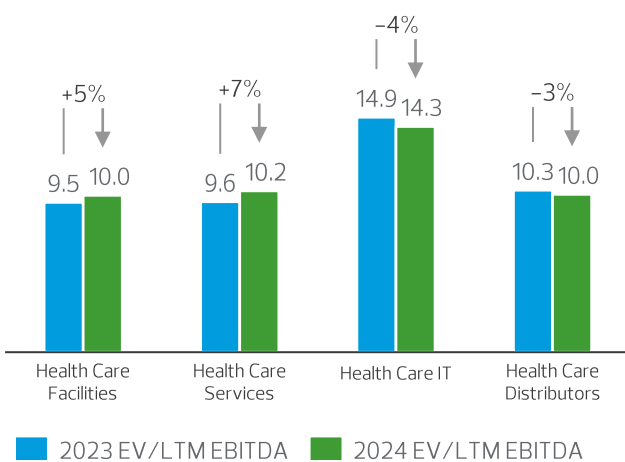
... with a similar trend being observed for the MedTech and Health Care industries

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



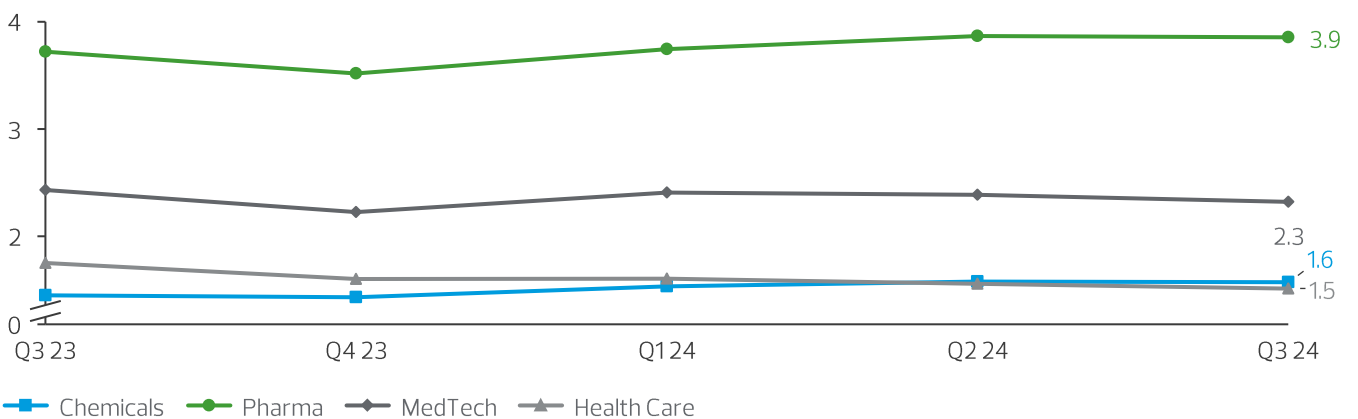
- MedTech in general remains the highest valued industry based on an EV/EBITDA trading multiple across all industries in our coverage
- Both subsegments Medical Equipment and Medical Supplies are increasing the first time this year their valuation compared to previous periods, leaving behind some uncertainties surrounding the European regulatory environment

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



- Health care multiples remain among the lower valuations despite having the attractive subsegment of Health Care IT
- Health Care IT is driven by innovative and modern companies that operate in a favorable business environment setting themselves apart from other subsegments like Health Care Facilities and Health Care Services who face strong regulatory boundaries

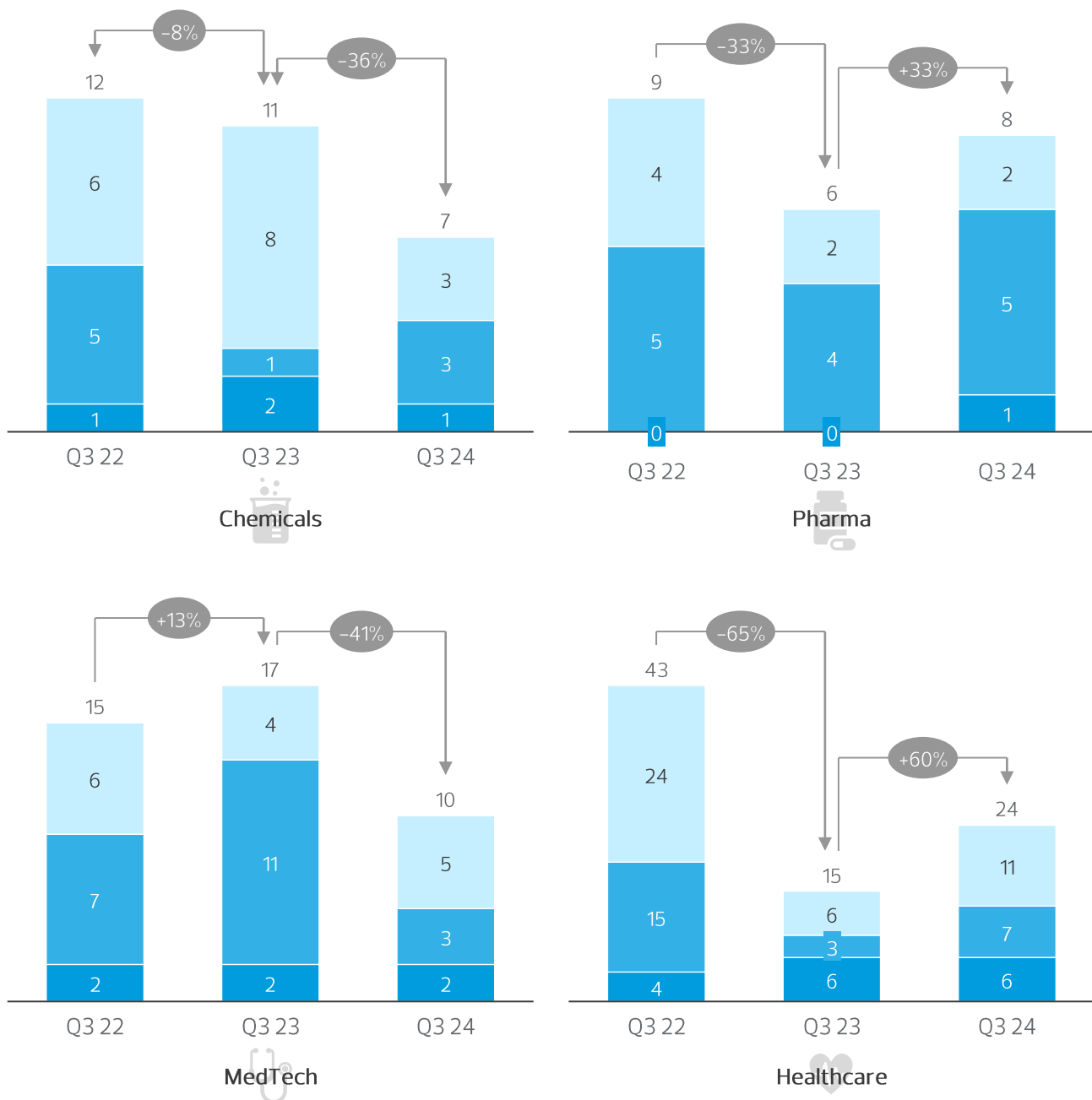
Development of the EV / EBITDA multiples over time per industry



Improvement in PE activity within Pharma and Healthcare whereas PE deals in Chemicals and MedTech are declining

Number of deals driven by PE as buyer / seller

PE Buyer PE Seller PE-to-PE

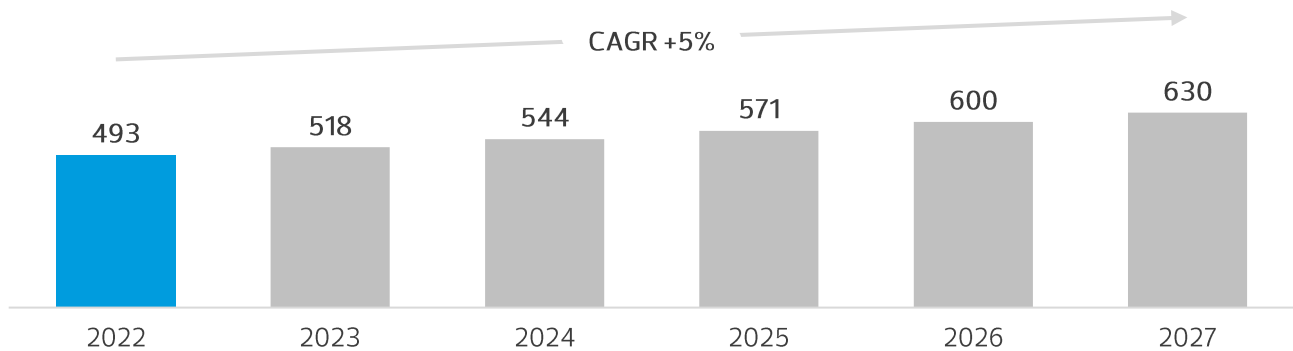


Q3 2024

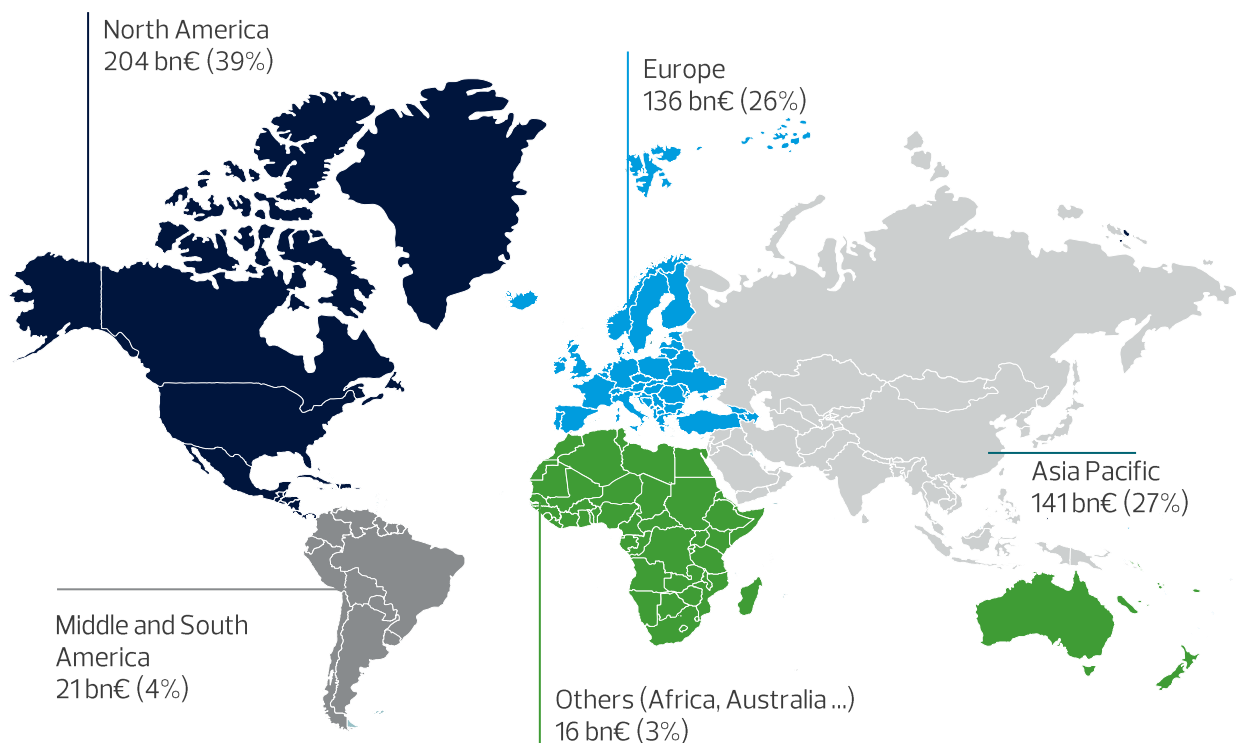
Deals with PE as seller	PE-to-PE deals	Deals with PE as buyer
Σ 18	Σ 10	Σ 21
8.9% of total deals	4.9% of total deals	10.3% of total deals

Highly dynamic and growth-oriented MedTech industry presents value creation opportunities ...

The MedTech segment is highly diversified ranging from laboratory equipment to consumables to all different kinds of assisting therapeutic or diagnostic equipment










- The global MedTech industry is forecasted to have stable growth rates around 5% p.a. primarily driven by technological advancements
- Changing healthcare environment also adds new market opportunities and requires companies to adapt to, e.g., new regulatory environments
- The European MedTech market is the 3rd largest after North America with Germany as its core driver for innovation



... however, investors need to focus on the right combination of sub-sector and investment strategy

The MedTech segment is highly diversified ranging from laboratory equipment to consumables to all different kinds of assisting therapeutic or diagnostic equipment

 Laboratory equipment ¹	 Medical Imaging	 MedTech IT & services	 Medical Diagnostics	 Medical consumables	 Medical Services	 Orthopedic devices ²
Lab equipment serves a wide variety of functions ranging from analysis to filtration, cooling to pipetting, and more	Medical imaging include X-rays, CT scans, MRIs and ultrasounds	mHealth, mobile IT and portable technologies and key MedTech IT components	Clinical chemistry, immunology, cytology, infections, genetic and microbiology are key areas within diagnostics	Medical supplies include care products, hygiene products and consumables used in hospitals, patient clinics etc.	Medical Services include medical analyses and expert opinions, as well as consulting services in healthcare facilities	Orthopedic Devices, Orthoses and Prostheses, Orthopedic Implants and Trauma Products

How to create value in this sector?

There are several strategies and concepts to create value in this segment which are highly dependent on the sub-sector and the investor objectives.

	Key focus	<ul style="list-style-type: none"> Laboratory Equipment Medical Imaging Medical diagnostics 	Platform Investments Buy-&-Build
	Opportunistic	<ul style="list-style-type: none"> Medical IT & Services Medical services Orthopedic devices 	Minority invest Growth investment
	Selective	<ul style="list-style-type: none"> Medical consumables 	Succession situations Mid-market deals

The complete article about value creation in MedTech will be published shortly in the yearly EHIA edition "Healthcare Investing in Europe".

Transaction multiples in European MedTech confirm the current trading multiple of ~18x EV/EBITDA

Selection of Deals within the several MedTech subsectors

Year	Subsector	Target	Buyer	Rationale	Volume [m€]	EV / Revenue	EV / EBITDA	
2024	Imaging	Radiologie Hofheim 	Rad-X Management GmbH 	Strategic	n/a	n/a	n/a	
2024	Imaging	PHS Medical GmbH 	Delta Med SpA 	Strategic	n/a	n/a	n/a	
2024	Laboratory equipment	Oxford Nanopore Technologies 	Novo Holdings A/S 	Strategic	64	6.7x	n/a	
2024	Laboratory equipment	Endomagnetics 	Hologic 	Financial	310	8.9x	n/a	
2024	Laboratory equipment	Peters Surgical 	Advanced Medical Solutions Group 	Financial	155	1.7x	n/a	
2024	Consumer Goods	Neuromedex 	PINOVA Capital 	Financial	n/a	n/a	n/a	
2024	Laboratory equipment	Rovers Medical Devices 	Halma plc 	Strategic	99	7.6x	n/a	
2024	IT	Inception Point Systems 	Symplr Software 	Strategic	247	5.6x	n/a	
2024	Diagnostics	Labor Hermann 	Sonic Healthcare Ltd 	Strategic	n/a	n/a	n/a	
2024	Laboratory equipment	Fehling Instruments 	Stille 	Strategic	40	2.1x	6.8x	
2023	Laboratory equipment	AprioMed 	Halma plc 	Strategic	12	3.3x	n/a	
2024	Consumer Goods	Limacorporate 	Enovis 	Financial	850	3.2x	n/a	
2024	Laboratory equipment	Philipp Kirsch GmbH 	Andreas Hettich GmbH & Co KG 	Strategic	n/a	n/a	n/a	
2023	IT	Instem 	ArchiMed SAS 	Financial	256	3.2x	19.4x	
2023	Diagnostics	synlab SUISSE SA 	Sonic Healthcare Ltd 	Strategic	168	n/a	n/a	
2023	Imaging	Koninklijke Philips 	Exor 	Strategic	2,262	0.9x	28.2x	
					Average	405	4.3x	18.2x

Our key takeaways



The overall deal activity in Q3 24 seems to establish a new normal, stopping the downward trend observed in Q2 24 with strong rebound in deals for the MedTech and Pharma industry



Trading multiples across all industries have risen with only few exceptions – Agricultural Chemicals leads once more YoY valuation



Mega deals in the Chemicals, Pharma and MedTech industry drive total deal value in Q3 24 to be 35% higher than in Q2 24, especially for European MedTech this is a positive change in deal landscape after facing regulatory challenges that threatened to decrease valuation



Stabilized deal activity and improved valuation levels provide for a strong baseline in European M&A activity with potential for a year-end rally in Q4, historically always among the best performing quarters

Next M&A Quarterly: Q1 / 2025

Edition Focus: Opportunities in the dynamic dental industry

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