

Big Pharma Mega-Mergers 1995-2014

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Abstracts

Introduction

Mega-mergers (defined here as M&A events with deal sizes >\$5bn) have been a long-term strategic feature of the pharmaceutical industry and have played a key role in shaping the structure and composition of today's leading companies. Is it possible to quantify exactly how much of Big Pharma's sales growth has been driven by M&A versus how much has been self-produced through organic growth?

Scope

*This report analyzes 22 large scale M&A events that have occurred to date within the Big Pharma peer set over the period 1995-2014

*Datamonitor has identified two distinct classes of M&A event: small/fast growth acquisitions and big/slow growth acquisitions.

*Using these two classes Datamonitor has identified three company-level M&A growth strategies that can be attributed to each of the Big Pharma players:

*In addition to the impact of mega-M&A on sales performance the report also assesses the financial implications associated with different M&A strategies

Highlights

Twenty-two large-scale M&A events (defined as those valued above \$5 billion) have occurred within Big Pharma over 1995-2014. Furthermore, every Big Pharma player has undertaken large scale M&A activity at some stage over this period, thereby illustrating it as an ingrained peer set strategy.

Over the period 1995-2014, Big Pharma prescription pharmaceutical sales are forecast to increase from \$84 billion to \$381 billion, with absolute growth of +\$187 billion provided by M&A activity. In other words, two-thirds (c.63%) of Big Pharma sales expansion over a 20-year period will be driven entirely by M&A activity.

Reasons to Purchase

- *Assess how much of Big Pharma's sales growth over 1995-2014 will be driven by M&A versus how much will be self-produced through organic growth.

- *Assess how Datamonitor has classified each of the current Big Pharma players by their dominant M&A growth strategy

- *Analyze the M&A and organic sales growth profiles for each Big Pharma company over the period 1995-2014

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c.63% of absolute Rx sales growth contributed by large-scale acquisitions

M&A has allowed Big Pharma sales growth rate to keep pace with overall market...

...while maintaining Big Pharma's overall market share

Since 1995, 22 large scale M&A events have occurred within Big Pharma

Each of the Big Pharma players have implemented large-scale M&A

Acquirer/target company overview

The 22 M&A events can be classified by scale and growth performance

Assessment of M&A size and five-year sales CAGR performance reveals two main acquisition types

Only three M&A events have delivered fast growth performance over subsequent five year period

All fast growth acquisitions share mAb-access characteristic

Roche's acquisition of Genentech has delivered most sustainable revenue growth

Only access to high-growth statins lifts large-scale acquisitions above flat growth threshold

Oncology mAbs to replace statins as leading product type in Rx market

Flat growth for recently acquired Big Pharma companies illustrates that M&A will be insufficient to offset patent cliff decline but scale growth remains imperative

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c.63% of absolute Rx sales growth contributed by large-scale acquisitions

M&A has allowed Big Pharma sales growth rate to keep pace with overall market...

...while maintaining Big Pharma's overall market share

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