

Pharma and Healthcare Dealtracker

Providing M&A and PE deal insights

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Deal snapshot



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The Indian pharma and healthcare sector witnessed significant growth in terms of value in Q2 2024 compared to the previous quarters, driven by a few large-value deals. Overall volumes were healthy with marginal growth. We witnessed 55 deals valued at USD 4.1 billion. Comparing these numbers y-o-y with Q2 2023, the overall deal value has grown by 57% from USD 2.6 billion, with 37 deals.

The healthtech and medical devices segments are experiencing growing investor interest, with three deals in healthtech and two deals in medical devices valuing over USD 100 million. The deal between Healthium MedTech and

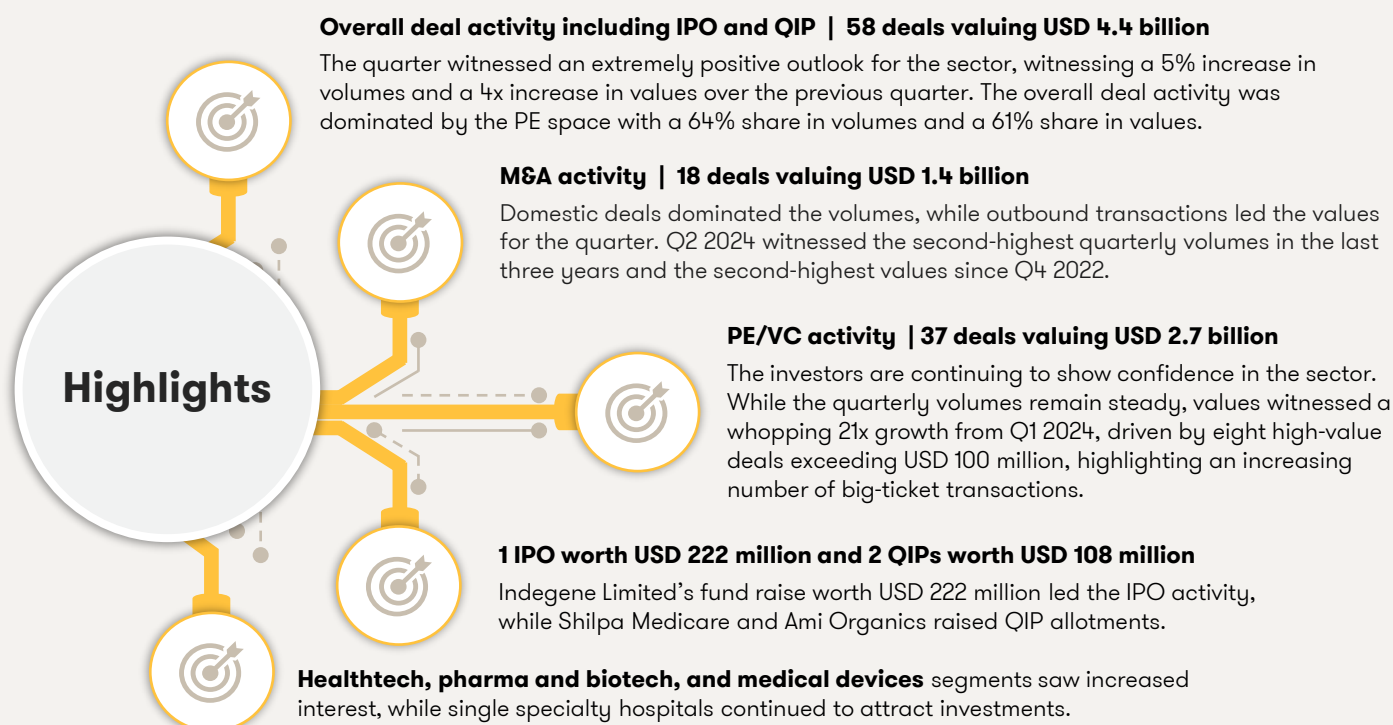
KKR Asian Fund IV, valued at USD 843 million, was the largest deal of the quarter. Large deals in healthtech were observed in the pharmacy retail segment.

In the pharma space, Indian companies continued their acquisition of products, brands and technology in regulated markets. We anticipate continued investments and capacity building in the active pharmaceutical ingredients (API), biotechnology, and contract development and manufacturing organisation (CDMO) segments in India, supported by government efforts, positioning the country as a global pharmaceutical producer.

The healthcare segment witnessed

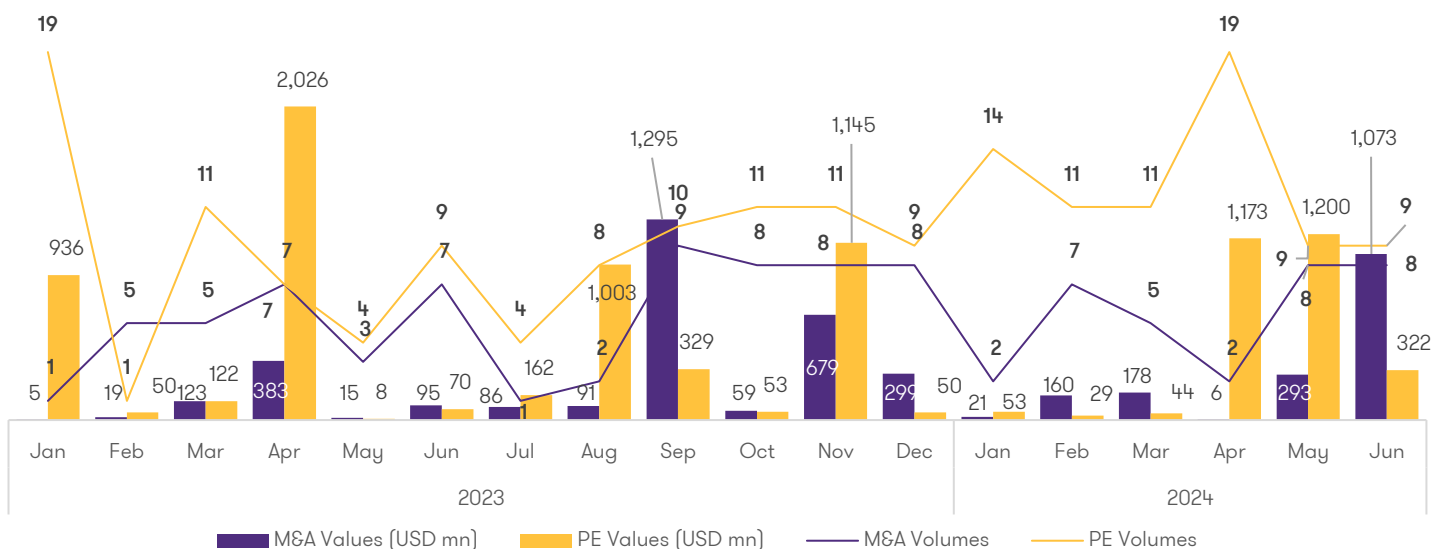
multiple deals in single specialty hospitals. In the upcoming months, we will continue to see increasing numbers in single specialty hospitals and digital healthcare driven by strong demand.

As India moves towards the goal of 'Viksit Bharat', we expect a substantial increase in the overall health budget to reach ~3% of the gross domestic product (GDP) in the upcoming Union Budget 2024 to address existing gaps in healthcare, especially in rural healthcare infrastructure and preventive care. This will offer a fertile ground for private investments, including public-private partnerships, to play a critical role in shaping a healthy India.



Deal snapshot

Monthly deal trend



Deal summary	Volume			Value (USD million)						
	Q4 2023	Q1 2024	Q2 2024	Q4 2023	Q1 2024	Q2 2024				
Domestic	15	11	12	619	344	317				
Inbound	3	1	1	15	5	34				
Outbound	6	2	5	403	10	1,022				
Total M&A	24	↓ 42%	14	↑ 29%	18	1,037	↓ 65%	359	↑ 282%	1,373
PE	31	↑ 16%	36	↑ 3%	37	1,249	↓ 90%	126	↑ 2,040%	2,696
Grand total	55	↓ 9%	50	↑ 10%	55	2,286	↓ 79%	485	↑ 739%	4,069

Notable Trends

- The pharma and healthcare sector witnessed significant activity in Q2 2024 with 55 deals totalling USD 4.1 billion, marking an 8x increase in values and a 10% rise in volumes over the previous quarter. The average deal size surged from USD 9.7 million in Q1 2024 to USD 74 million this quarter, driven by 11 high-value deals worth USD 3.4 billion, compared to just one high-value deal worth USD 150 million in Q1 2024.
- Compared to Q2 2023, deal values increased by 57% despite a notable USD 2 billion deal in the previous year executed by Temasek Holdings to acquire a 41% stake in Manipal Health Enterprises. Volumes witnessed a similar trend with 49% growth, reaching 55 deals this quarter, up from 37 deals in Q2 2023.
- M&A activity saw a 3.8x increase in values, reaching USD 1.4 billion, with volumes increasing by 29% from 14 deals in Q1 2024 to 18 deals this quarter. The top M&A deal was Dr. Reddy's Laboratories' acquisition of a 100% stake in Northstar Switzerland SARL for USD 633 million, which accounted for 46% of the quarter's overall M&A values. This significant deal underscores the growing momentum and high-value nature of M&A activity in the sector.
- Domestic consolidations continued to lead in terms of deal volumes, while outbound deals dominated in terms of values, contributing 74% to the M&A space in Q2 2024 in contrast to previous quarters. This quarter also recorded the second-highest quarterly outbound volumes and values compared to the past five years, indicating strong interest in cross-border investments despite global economic uncertainties.
- PE activity witnessed a similar trend with a 21x increase in values, while volumes remained steady, driven by an increase in large transactions and improved investor confidence. The largest PE deal was KKR Asian Fund IV's investment in Healthium MedTech, estimated at USD 843 million, accounting for 31% of the PE values this quarter.

Newsmakers

Top M&A deals of the quarter

Acquirer	Target	Sub-sector	USD million	Deal type	% stake	Domestic/cross-border
Dr. Reddy's Laboratories Ltd	Haleon Plc - Northstar Switzerland SARL	Pharma & biotech	633	Acquisition	100%	Outbound
Sun Pharmaceutical Industries Ltd	Taro Pharmaceutical Industries Ltd	Pharma & biotech	348	Merger	100%	Outbound
Manipal Health Enterprises Ltd	Medica Synergie Pvt Ltd	Hospitals	169	Majority stake	87%	Domestic
Healthcare Global Enterprises Ltd	Mahatma Gandhi Cancer Hospital and Research Institute	Hospitals	50	Majority stake	85%	Domestic
Firstsource Solutions Ltd	Quintessence Business Solutions Pvt Ltd	Healthtech	40	Acquisition	100%	Domestic

Top PE deals of the quarter

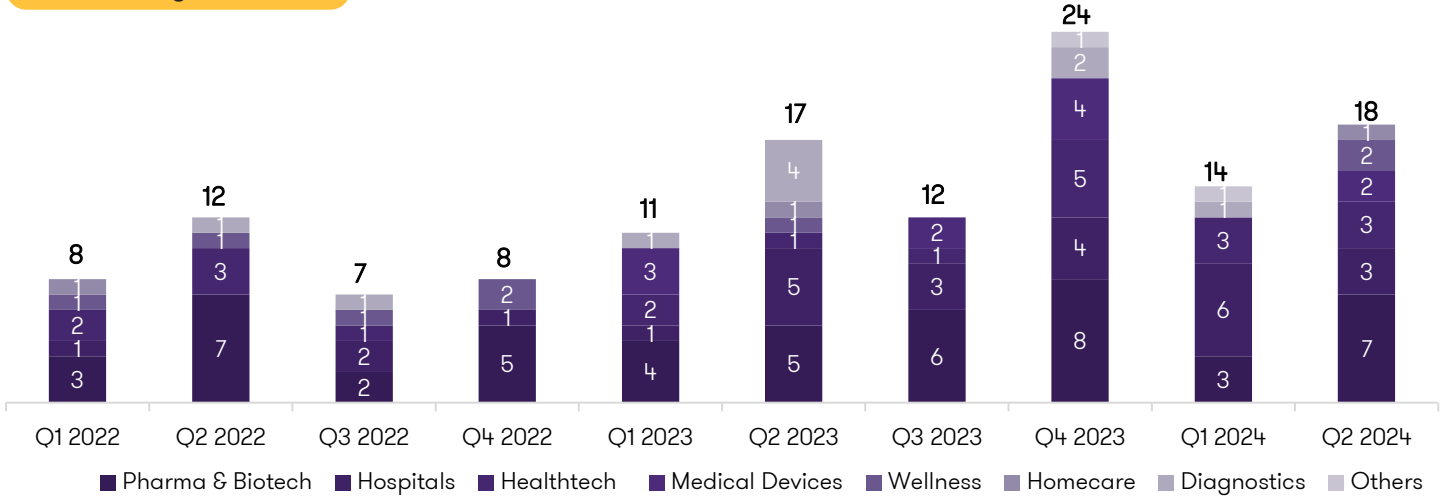
Investor	Investee	Sub-sector	USD million	% stake
KKR Asian Fund IV	Healthium MedTech Pvt. Ltd	Medical devices	843(est)	100%
Advent International	Merged entities - Keimed Ltd and digital healthcare business, Apollo 24/7	Healthtech	328	12%
Advent International	Apollo HealthCo Ltd	Healthtech	298	N.A.
Manipal Education and Medical Group, Prosus, Temasek, 360 One, CDPQ Private Equity, WSSS Investments, Goldman Sachs and Evolution Debt Capital	API Holdings Private Limited - Axelia Solutions Pvt. Ltd - Pharomeasy	Healthtech	216	N.A.
General Atlantic	Amar Ujala Group - Ujala Cygnus	Hospitals	193(est)	N.A.

Highlights

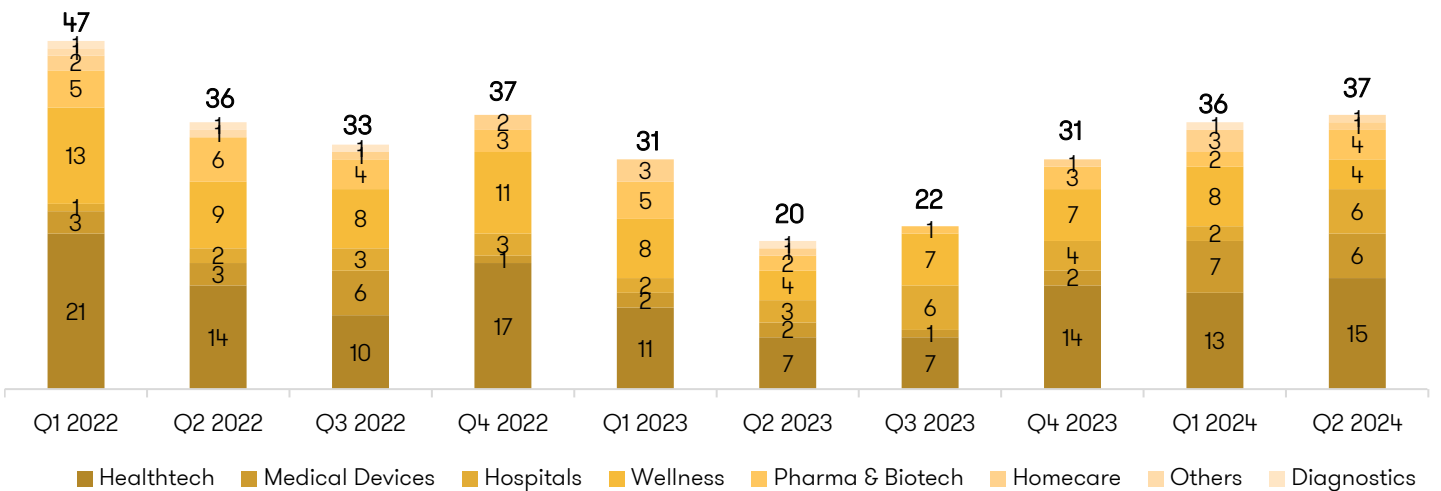
- Dr. Reddy's Laboratories Ltd's acquisition of Haleon Plc (nicotine brand) and Taro Pharmaceutical Industries' merger with Sun Pharmaceutical Industries are in line with our view that domestic companies will acquire brands/clients in regulated markets for market access.
- The top 5 M&A deals valued at USD 1.2 billion contributed to a 90% share within the M&A space, while the top 5 PE deals valued at USD 1.9 billion contributed to a 70% share within the PE space.
- 46% of PE investments were small-ticket transactions valued at less than USD 10 million. Meanwhile, an equal percentage of investments exceeded USD 10 million. This balance between smaller and larger investments highlights the diverse range of opportunities attracting investor interest.
- The PE investments in healthtech, medical devices and single specialty hospitals suggest a growing demand for advanced healthcare solutions, innovation and specialised care. This trend highlights lucrative opportunities for investors and a promising future for improved healthcare access.

Sector trends

M&A trend by sub-sectors



PE trend by sub-sectors



Sector Trends

- While the healthtech segment led the sector in terms of overall volumes with a 33% share, the pharma and biotech segment led in terms of overall values, closely followed by the medical devices segment. These two segments contributed to 59% of the overall sector's values, totalling USD 2.4 billion for the quarter.
- Q2 2024 saw a remarkable increase in the medical devices segment, with eight deals totalling USD 1 billion, representing an 87x increase in values compared to the previous quarter. This surge was primarily driven by a landmark transaction in the segment—KKR Asian Fund IV's acquisition of a 100% stake in Healthium MedTech, valued at approximately USD 843 million.
- The pharma and biotech segment led the overall M&A activity within the sector, with seven deals valued at USD 1.1 billion. Meanwhile, the healthtech segment continued to dominate PE volumes, contributing 41%.
- Although most segments saw an uptick in deal activity over the previous quarter, the diagnostics space witnessed muted activity, and the wellness segment witnessed reduced activity this quarter.
- In one of the notable deals in the pharma and biotech segment, Kotak Alternate Asset Managers has invested USD 175 million in Matrix Pharma to part-finance the acquisition of the API business of Viartis in India. Post this acquisition, Matrix Pharma will be the second-largest Indian API player and will gain access to Viartis' R&D capabilities, including more than 185 scientists

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