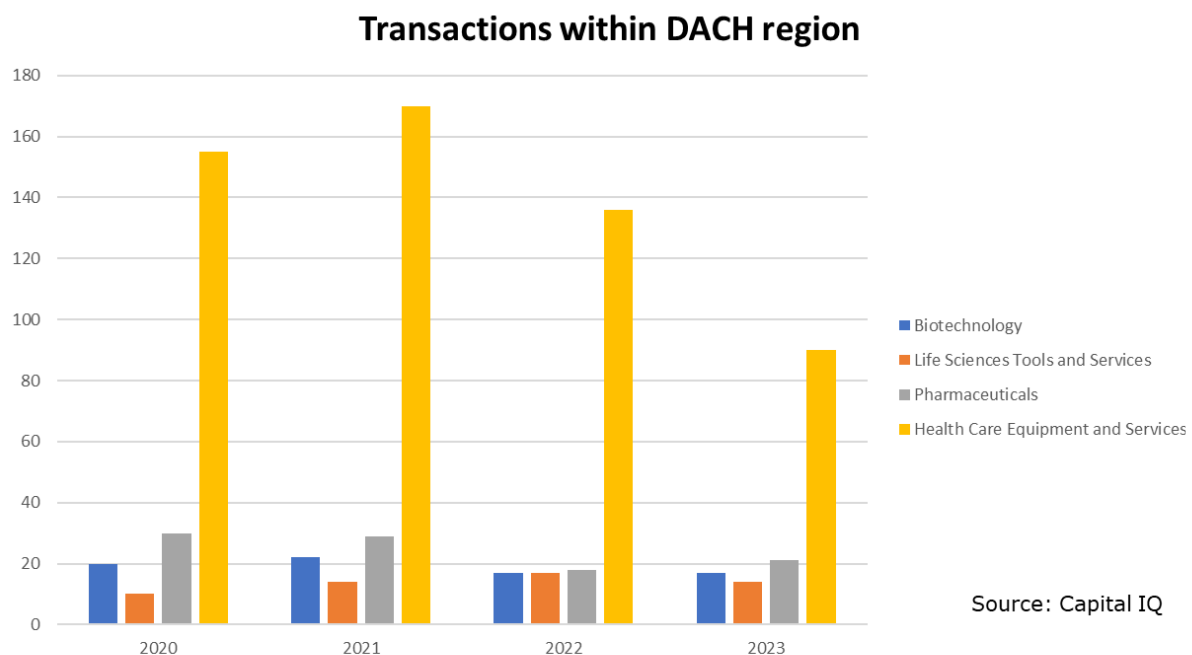


## M&A in Health Care industry within DACH region

In this report, we are presenting a comprehensive analysis of mergers and acquisitions within the Health Care industry across the DACH region and especially in Switzerland.

We compared majority transactions of the years 2020 to 2023. Our analysis clearly shows

- **a decline of transactions in the DACH region in the Health Care industry over the last three years due the difficult market environment.**
- **Switzerland keeps developing positively and remains on a constant level when it comes to the number of transactions.**
- **For 2024, the industry sees many signs for a positive transaction environment in Switzerland.**



Within the DACH region, the number of transactions in the Health Care industry significantly declined between 2022 and 2023 by 24% from 188 to 142 transactions. This is mainly driven by the transaction volume in the field Health Care Equipment and Services, which dropped by 34%. Over the entire sample timeframe, the declining trend is evident. The total transaction volume declined by 33% between 2020 and 2023, again largely driven by the significant decline in transaction volume of Health Care Equipment and Services. This strikingly demonstrates the effect of macroeconomic and geopolitical uncertainties during this period. In a high-interest-rate market environment, valuations tended to be lower. In addition, financing costs increased to relatively high levels.

For 2024 the industry is optimistic as the challenging environment could see first attempts at easing with expected interest rate reductions and decelerating inflation. Furthermore, the persistent demand for health care at low cost, the continuous search for technical innovation and the intentions of optimizing cost structures reaffirms M&A as a strategically valuable option and activity may expectedly increase in 2024.

### Largest transactions within the DACH region

Within the DACH region, the number of transactions reached 142 in 2023, out of which information was disclosed for 32 transactions, corresponding to about 23% of the total number of transactions in 2023. The average transaction value in 2023 within the DACH region of the number of disclosed transactions is CHF 389m. The median transaction value is CHF 33m. The 10 largest transactions in 2023 are listed below. (Source: Capital IQ)

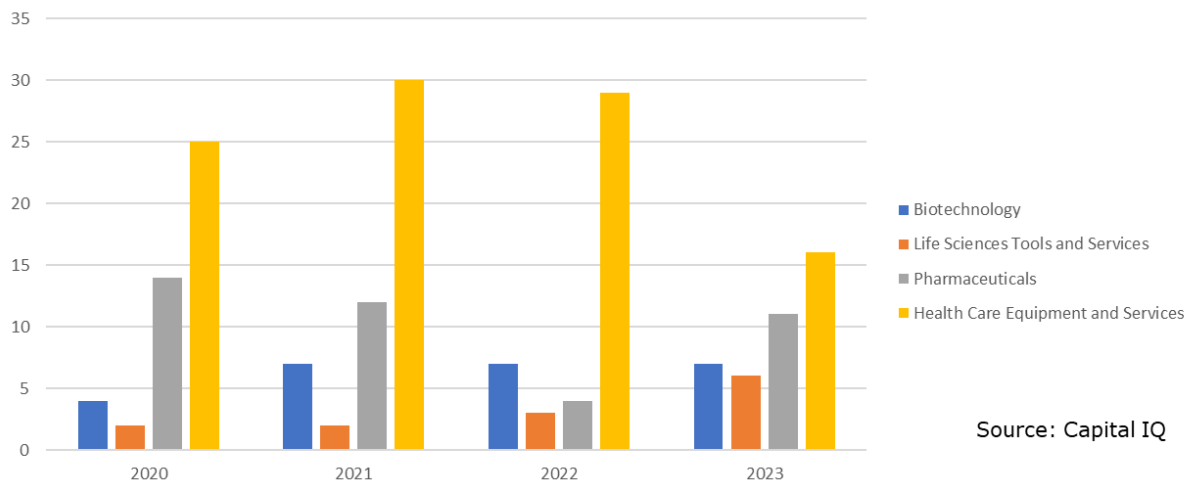
Announcement Date	Primary industry	Target location	Target	Buyer	Buyer Location	Transaction value (Mio. CHF)	Percent sought
08.05.2023	Pharmaceuticals	Germany	Simtra BioPharma Solutions	Advent International, L.P.; Warburg Pincus LLC	USA	3'779.87	100%
13.03.2023	Health Care Equipment and Services	Germany	SYNLAB AG (XTRA:SYAB)	Cinven Limited	UK	3'285.60	57%
30.06.2023	Pharmaceuticals	Switzerland	ophthalmology assets of Novartis AG	Bausch + Lomb Ireland Limited	Ireland	2'237.15	100%
22.05.2023	Biotechnology	Switzerland	VectivBio Holding AG	Ironwood Pharmaceuticals, Inc. (NasdaqGS:IRWD)	USA	1'064.62	100%
22.11.2023	Biotechnology	Switzerland	T3 Pharmaceuticals AG	Boehringer Ingelheim International GmbH	Germany	450.00	100%
28.07.2023	Health Care Equipment and Services	Germany	Klingel Holding GmbH	Elos Medtech AB (publ)	Sweden	354.17	100%
03.04.2023	Health Care Equipment and Services	Germany	Diagnosticum GmbH	Sonic Healthcare Limited (ASX:SHL)	Australia	188.98	100%
26.04.2023	Health Care Equipment and Services	Germany	MVZ Medizinische Laboratorien Düsseldorf GmbH	Sonic Healthcare Limited (ASX:SHL)	Australia	177.08	100%
22.06.2023	Health Care Equipment and Services	Switzerland	Lunaphore Technologies SA	Bio-Techne Corporation (NasdaqGS:TECH)	USA	152.52	100%
27.06.2023	Health Care Equipment and Services	Switzerland	synlab Suisse SA	Sonic Healthcare Limited (ASX:SHL)	Australia	150.00	100%

### Focus on Switzerland

Focusing on Switzerland, the number of transactions involving Swiss targets remained with 40 transactions almost at the same level as 2022 (-3). This development indicates that M&A activity within the Swiss Health Care industry has not been affected as much by the persisting factors contributing to a declining trend in M&A activity across the broader economy but rather proved to be relatively resistant even in challenging environments. The factors, causing the challenging environment, remain the same: the macroeconomic landscape, elevated interest rates, increased inflation, and geopolitical uncertainties. Although the change in number of transactions across the industry is relatively small, the individual sectors display fairly large changes in year-on-year activity levels (see table below).

The following graph illustrates the transaction volumes, measured in the number of transactions, across four distinct subsectors within the Health Care industry from 2020 to 2023.

## Transactions with Swiss target



## Largest transactions including Swiss targets

In 2023, out of a total of 40 transactions with target location Switzerland, nine transactions came with disclosed information on transaction value. The average transaction value in 2023 is CHF 463m, the median is CHF 150m. (Source: Capital IQ)

Announcement Date	Primary industry	Target location	Target	Buyer	Buyer Location	Transaction value (Mio. CHF)	Percent sought
30.06.2023	Pharmaceuticals	Switzerland	ophthalmology assets of Novartis AG	Bausch + Lomb Ireland Limited	Ireland	2'237.15	100%
22.05.2023	Biotechnology	Switzerland	VectivBio Holding AG	Ironwood Pharmaceuticals, Inc. (NasdaqGS:IRWD)	USA	1'064.62	100%
22.11.2023	Biotechnology	Switzerland	T3 Pharmaceuticals AG	Boehringer Ingelheim International GmbH	Germany	450.00	100%
22.06.2023	Health Care Equipment and Services	Switzerland	Lunaphore Technologies SA	Bio-Techne Corporation (NasdaqGS:TECH)	USA	152.52	100%
27.06.2023	Health Care Equipment and Services	Switzerland	synlab Suisse SA	Sonic Healthcare Limited (ASX:SHL)	Australia	150.00	100%
04.01.2023	Life Sciences Tools and Service	Switzerland	Biognosys AG	Bruker Corporation (NasdaqGS:BRKR)	USA	75.00	97%
21.11.2023	Biotechnology	Switzerland	Evolva AG	Danstar Ferment AG	Switzerland	30.00	100%
14.11.2023	Biotechnology	Switzerland	Osmopharm S.A.	Saudi Pharmaceutical Industries and Medical Appliances Corporation (SASE:2070)	Saudi Arabia	3.83	68%
17.11.2023	Health Care Equipment and Services	Switzerland	Altamira Medica AG	-	NA	2.04	51%

## Inbound and national transactions

In 2023, a total of 40 transactions in the Health Care industry included Swiss targets. 70% of these transactions were inbound transactions, meaning a Swiss target was sold to an international buyer. 27% were national transactions, where both target and buyer are located in Switzerland, and 3% were not disclosed. Comparing 2023 to the entire sample timeframe, it appears to be only slightly above the average distribution of 2/3 inbound and 1/3 outbound transactions. Notably, most international buyers engaging in inbound transactions with Swiss targets in 2023 were US-based, followed by Germany and France.

## Valuations under pressure

Within our transaction activities we faced lower transaction valuations in 2023. The decrease depends on the subsectors within Life Sciences. Whereas for example the Biotech sector has seen substantial valuation decreases in 2023, it was less obvious in the diagnostics area, in particular in the IVD space.

At Hoffmann & Partner, we see ourselves as your trusted M&A partner. Based in Basel, we are renowned as the leading M&A boutique in Northwestern Switzerland. With a focus on the broader Life Sciences sector (incl. Medtech, Diagnostics, Medical Devices, Pharmaceuticals, Biotech and related services like CRO, CDMOs). Our team comprises seasoned experts and is well-connected within the industry and globally through our international M&A organisation AICA. The AICA organisation enables us to maintain close relationships with international buyers in our numerous inbound transactions (CH – world).

## Appendix

Majority stake		Yes				
Anzahl von Primary industry		Year				
Target location	Primary industry	2020	2021	2022	2023	DACH Gesamtergebnis
☐ Austria	Biotechnology	2	2	1		5
	Life Sciences Tools and Services	1	1		1	3
	Pharmaceuticals	4	3		2	9
	Health Care Equipment and Services	4	6	6	4	20
Austria Ergebnis		11	12	7	7	37
☐ Germany	Biotechnology	14	13	9	10	46
	Life Sciences Tools and Services	7	11	14	7	39
	Pharmaceuticals	12	14	14	8	48
	Health Care Equipment and Services	126	134	101	70	431
Germany Ergebnis		159	172	138	95	564
☐ Switzerland	Biotechnology	4	7	7	7	25
	Life Sciences Tools and Services	2	2	3	6	13
	Pharmaceuticals	14	12	4	11	41
	Health Care Equipment and Services	25	30	29	16	100
Switzerland Ergebnis		45	51	43	40	179
DACH Gesamtergebnis		215	235	188	142	780