November 2025
Issue #1

Healthcare

Sector Report



WARWICK M&A GROUP

Strong activity and resilience despite macroeconomic headwinds

Q3 in numbers

$57.7bn	46	$1.3bn
Total deal value (Q3 2025)	No of deals closed	Average deal value
+9.3% (YoY)	*-19.3% (YoY)*	*+35.5% (YoY)*

Average TEV/Revenue:	16.30x	**Average Day Prior Premium:**	50.85%
Average TEV/EBITDA:	18.14x	**Average Week Prior Premium:**	52.84%
Average TEV/EBITDA:	25.00x	**Average Month Prior Premium:**	64.05%

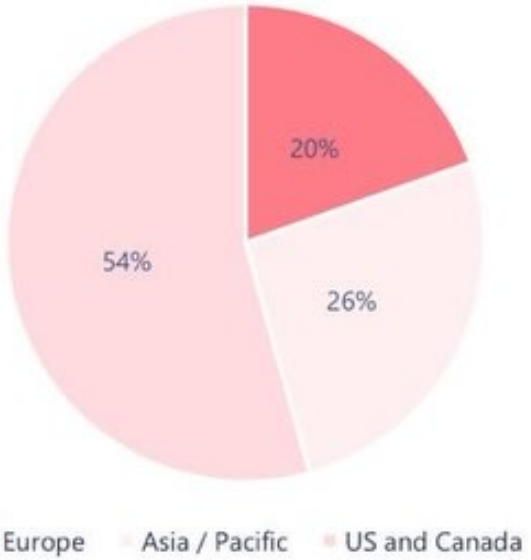
S&P Global 500 Healthcare (Q1-Q3)



Sectoral insight

- **Overall Sentiment:** Despite the cautious macro environment, the healthcare sector has remained resilient. **Strategic** buyers drove activity, particularly for pharmaceutical pipeline diversification and consolidation of healthcare service systems.
- The **'string of pearls'** acquisition strategy has continued with larger pharmaceutical and biotechnology companies acquiring early to mid-stage innovation companies.
- **Technology Trends:** AI adoption has broadened into workflow automation and virtual care and the **MedTech sub-sector** has deal volumes rising along with demand for AI-powered imaging and robotics. **Private equity** firms currently have significant capital and interest in digital healthcare companies is strong.
- The decline in global deal volumes reflects the trend of **fewer but larger** deals in healthcare in Q3.

Deal Count by Region



Sources: Capital IQ, S&P

Novartis AG to acquire Avidity Biosciences, Inc.

Acquirer: Novartis AG (SWX:NOVN)

Novartis AG is a Switzerland-based pharmaceutical company that researches, develops, manufactures, and distributes and sells medicine with a focus on four key areas: Cardiovascular, Renal, and Metabolic (CRM); Immunology; Neuroscience; and Oncology.

It operates globally across 120 countries with a focus on the U.S. and Europe. Included their portfolio are high-grossing medicines such as Entresto and Cosentyx.

Market Cap:	CHF199.5bn
Net Debt:	CHF18bn
LTM Revenue:	CHF44.6bn
EV/ LTM EBITDA	11.0x

Target: Avidity Biosciences, Inc. (NasdaqGM:RNA)

Avidity Biosciences, Inc. is a U.S.-based biopharmaceutical company focusing on RNA therapeutics, specifically Antibody Oligonucleotide Conjugates (AOCs).

Avidity seeks to address previously untreatable diseases with their AOC platform, which collectively refers to their pool of talent, proprietary technology, and engineering methodologies. Currently, they have three programs in their late-stage pipeline.

Market Cap:	$10.7bn
Net Debt:	($1.8bn)
LTM Revenue:	$20.9m
LTM EBITDA	($609m)

above closing price on 24th Oct 2025

Transaction Summary

- On October 26th 2025, Novartis announced it will acquire Avidity Biosciences for $10.6bn in an all-cash transaction.
- The deal is expected to close in H1 2026, subject to the successful spinoff of Avidity's early-stage precision cardiology programs.
- Avidity's AOC platform and three late-stage neuromuscular programs are expected to bolster Novartis' existing neuroscience portfolio.

Avidity Biosciences, Inc. (NasdaqGM:RNA) Share Price



Announcement date:	26th October 2025
Offer per share:	$72.00
Transaction value:	$10.6bn
Implied Premium:	46.5%
Acquirer adviser(s):	*Not Disclosed*
Target adviser(s):	Barclays, Goldman Sachs

Enhancing Novartis' Neuroscience Product Offering

Rationale and Outlook

Synergy with R&D Efforts and Past Deals:

The acquisition of Avidity aligns with Novartis' goals of acquiring new assets alongside in-house R&D efforts and builds on a series of past neuroscience deals. This transaction will add three late-stage programs, expected to launch before 2030, to Novartis' neuroscience pipeline, to which they state they are uniquely positioned to maximize with their strong technical experience and commercial footprint in the rare neuromuscular space.

Expected Sales Boost:

The programs raise projected 2024-2029 sales CAGR from +5% to +6% and are expected to drive revenue growth through 2040s, enhancing Novartis' mid-long-term growth profile.

Two Potential Blockbuster Drugs:

The Del-desiran and Del-brax treatments for DM1 and FSHD are on track to be the first-ever disease-modifying therapies in their field and external revenue forecasts show a multi-billion dollar sales potential over the next two decades.

Risks & Uncertainties:

Two of the programs have yet to conclude phase 3 trials. Similarly, the remaining program has yet to submit data and formally request approval from the FDA. This leaves Novartis exposed to potentials delays or cancellation due to operational disruptions or unexpected safety issues arising in the trials, and the potential for regulatory rejection, which would require costly retrials or abandonment of the programs.

Past Neuroscience Deals & Acquisitions

In Dec 2024, Novartis AG entered an in-licensing deal with PTC Therapeutics to develop and sell PTC- 518, a treatment with the potential to be a first-of-kind treatment for Huntington's Disease.

Novartis AG acquired Kate Therapeutics Inc., for $1.1bn in Oct 2024 to bolster Novartis' gene therapy and neuroscience portfolio. This included treatments for DMD, FSHD, and DM1.

Novartis AG acquired DTx Pharma, Inc. for $1bn in July 2023. This deal gave Novartis access to DTx's FALCON platform and two early-stage neuromuscular and central nervous system programs.

Eli Lilly and Company to acquire Adverum Biotechnologies, Inc.

Acquirer: Eli Lilly and Company (NYSE: LLY)

Eli Lilly and Company is a global pharmaceutical firm that develops and delivers medicines across key areas of health. This includes diabetes and metabolic conditions, neuroscience, immunology and oncology. The company has a broad international footprint, serving patients across more than 100 countries, with significant activity in the US and Europe. Included in its portfolio are its leading medicines, such as Mounjaro, Trucility, Verzenio and Taltz. The company was founded in 1876 and is headquartered in Indianapolis.

Market Cap:	$915.9bn
Net Debt:	$32.3bn
LTM Revenue:	$59.4bn
EV/ LTM EBITDA	32.8x

Target: Adverum Biotechnologies (NasdaqCM:ADVM)

Adverum Biotechnologies is a clinical stage biotechnology company focused on developing gene therapies for eye diseases. Its lead programme, Ixo-vec, is aimed at wet age-related macular degeneration, a condition that often requires regular injections. The company is also developing therapies for other rare retinal disorders and collaborates with research partners to move its programs forward. Adverum was founded in 2006 an is based in Redwood City, California.

Market Cap:	$94.9m
Net Debt:	$62.9m
2025E Revenue:	$12.66m
LTM EBITDA	($191.4m)

above closing price on 22nd October 2025

Transaction Summary

- On October 24th 2025, Eli Lilly announced it will acquire Adverum Biotechnologies for up to $80.2m, including a $3.56 per share in cash plus a CVR worth up to $8.91 per share.
- The deal is expected to close in Q4 2025, subject to a successful tender of a majority of Adverum's outstanding shares.
- Adverum's gene therapy pipeline, including its IXO-vec programme, is expected to strengthen Lilly's ophthalmology and genetic medicines portfolio.



Announcement date:	24th October 2025
Offer per share:	$12.47 (total potential)
Transaction value:	$80.2m
Implied Premium:	(14.8%)
Acquirer adviser(s):	Ropes & Gray LLP
Target adviser(s):	Cooley LLP & Aquilo Partners, L.P.

Why This Acquisition Matters?

Rationale and Outlook

Strategic Fit:

This acquisition will support Lilly's push into gene therapy, especially for eye diseases. This deal adds a late-stage gene therapy candidate that supports Lilly in expanding beyond its traditional biologics portfolio.

Expanding in Ophthalmology:

Adverum's main programme, Ixo-Vec for wet AMD, aims to replace frequent eye injections with a single treatment. Lilly views this as a valuable addition to its eye care portfolio and believes its experience can speed up development and bring therapy to the market faster.

Sales Potential:

Wet AMD is a large and rapidly growing market worth several billion dollars. If Ixo-Vec continues to show strong results in late-stage trials, it can potentially become a significant revenue contributor for Lilly throughout the 2030s.

Blockbuster Opportunity:

Early trial data for Ixo-Vec looks promising; if future studies confirm this, Ixo-Vec could become one of the first one-time gene therapies for major eye diseases. This would reduce the treatment burden for patients and would give Lilly a strong flagship product in gene therapy.

Past Acquisitions

Eli Lilly completed the acquisition of Morphic Holding Inc. For $3.2bn on August 16th 2024, to improve its immunology and gastrointestinal portfolio.

On December 27th 2023, Lilly acquired POINT Biopharma Global Inc. for $1.4bn. This deal gave Lilly access to POINT's radioligand therapy platform and two late-stage cancer programs, which are targeting prostate cancer and neuroendocrine tumours.

On August 14th 2023, Lilly acquired Versanis Bio for $1.925bn. Bimagrumab, Versanis' lead drug which aims to reduce body fat and improve metabolic health, gives Lilly a stronger position in obesity treatments.

We selected 4 deals with potentially the biggest impact on the industry...

November 14, 2025 **$2.25bn**

Submitted an unsolicited proposal to acquire:

Avadel

Stage of the deal: ○●○○○ **Chances of success:** Medium

Comment: Lundbeck's $23-per-share proposal (including CVRs) offers a premium to Alkermes' bid and reflects strong interest in Avadel's commercial sleep-medicine assets.

The CVRs depend on Avadel's products reaching $450m sales by 2027 and $700m by 2030, tying the offer to long-term performance.

Avadel's board is reviewing the bid as a potential Superior Proposal, though it still supports the existing Alkermes agreement.

October 2, 2025 **$18.3bn**

TPG Blackstone

Reached an agreement on the take-private of:

HOLOGIC

Stage of the deal: ○●●○○ **Chances of success:** High

Comment: Blackstone and TPG's $18.3bn take-private offer provides a substantial premium and signals strong confidence in Hologic's diagnostics.

The deal includes a 45-day go-shop period, allowing Hologic to solicit alternatives while Blackstone and TPG prepare regulatory and financing steps ahead of closing.

Hologic's board has unanimously approved the transaction, and early indications suggest a high likelihood of completion given minimal antitrust obstacles.

November 14, 2025 **$9.2bn**

MERCK

Reached an agreement to acquire:

CIDARA THERAPEUTICS

Stage of the deal: ○●●●○ **Chances of success:** High

Comment: Merck's $221.50-per-share tender offer for Cidara, representing a 109% premium, underscores its strategic move into long-acting flu prevention.

The acquisition hinges on Cidara's lead candidate CD388 achieving regulatory and commercial milestones in universal flu prophylaxis.

Cidara's board has unanimously approved the transaction, and given the absence of rival bids and limited antitrust concerns, the path to closing appears strong.

November 3, 2025 **$49bn**

Kimberly-Clark

Reached an agreement to acquire:

kenvue

Stage of the deal: ○●●○○ **Chances of success:** High

Comment: Kimberly-Clark's $40.3bn cash-and-stock offer for Kenvue delivers a 46% premium and reflects a major strategic push into consumer health.

The structure links value to long-term integration and synergy delivery, with Kimberly-Clark targeting significant cost efficiencies across Kenvue's portfolio.

Kenvue's board has endorsed the deal, and while litigation overhangs remain, the agreement is moving through shareholder and regulatory review.

Glossary

Strategic buyer: A company that acquires another business to strengthen or expand its own long-term operations.

String of pearls strategy: A growth approach where a company makes several smaller acquisitions to build a stronger combined portfolio.

MedTech sub sector: A segment of healthcare focused on medical devices, diagnostic equipment and technology used in patient treatment.

AOC (Antibody Oligonucleotide Conjugate): A therapy that links antibodies with genetic material to deliver targeted treatments to specific cells.

Pipeline (drug pipeline): The set of drug candidates a company is developing, usually moving through staged clinical trials.

Phase 3 trials: Large-scale clinical studies testing a treatment's safety and effectiveness before regulatory approval.

CVR (Contingent Value Right): A payment to shareholders that is only made if specific future milestones or performance targets are reached.

Tender offer: A public proposal to buy shares directly from shareholders at a set price within a limited time.

Go shop period: A window that allows a company to actively seek better acquisition offers after signing a deal.

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