M&A in Health Industries

January 2022
Highlights

We provide hereafter an overview of all the deals that were announced in 2021 in both the Pharma and Healthcare sectors. Deals included in the scope of our analysis involve at least one French party (acquirer or target company). This study also reports selected fundraisings that occurred in the sectors.

Executive Summary

• Pharmaceuticals and life sciences (PLS) and healthcare services (HCS) continued to attract high levels of investor interest in 2021. Despite growing economic optimism in many segments of developed economies, many investors continue to see the sector as particularly attractive, as it has proven to be structurally stable and offers very good prospects across the economic cycle. M&A deal activity and valuations are running high, and we expect this trend to continue for the next 12 to 18 months.

• The pandemic has accelerated the pace of digitization across many aspects of our lives, and healthcare is no exception. The ongoing adoption of digital technologies is affecting everything from patient-care delivery to practice management to the development of advanced precision therapeutics. In PLS, this is causing large pharma companies to refocus on innovation-led value creation and away from consumer-oriented businesses. For HCS, the whole operating model is shifting to focus more on delivering consumer-driven health and well-being services.

• The prolonged impact of the pandemic has varied among different health industry businesses. Those that mitigate the effects of the pandemic with significant excess cash on their balance sheets are likely to have a significant impact on the M&A market for some months to come.

High level trends and highlights of 2021/2022 by sub-sector

• As anticipated, Pharma & Biotech deals activity was high in 2021 with several large transactions completed notably by (i) Sanofi which continues to strengthen and diversify its product pipeline (mRNA, oncology), and (ii) private equity firms due to the attractiveness of the sector (i.e. Cooper acquisition by CVC and HTL by Montagu). We expect to see similar levels of activity in 2022, fuelled by (i) continuous investments in science with a focus on “new” technologies such as mRNA and therapeutic area like oncology, (ii) the need for large pharma companies to transform and “re-focus” their business, likely leading to some product portfolio carve-out to free-up capital and efforts, and (iii) capital availability to invest in platforms / bolt-on acquisitions.

• Investments in Medtech remained strong in 2021, driven by the Orthopedic and Healthtech segments. The attractiveness of start-up companies specialized in Artificial Intelligence was illustrated by Dental-Monitoring and Owkin which became two French Healthtech companies reaching the Unicorn status. We expect the healthtech segment to remain a key driver of the M&A market in 2022.

• Healthcare services were significantly up in 2021 in value relative to 2020, with five deals in the top 10 of the year. The resilience of the hospitals, elderly care and medical testing laboratories was reinforced by the financial support of the French government since the beginning of the Covid crisis and the high reimbursement price of Covid-19 screen tests. In 2022, we expect the M&A activity to remain strong in the medical testing laboratory segment while the consolidation of both the private hospitals and medical nursing home sectors should continue, but on a smaller scale. We also anticipate an acceleration of the consolidation in dental care, medical imaging and veterinarian clinics.
At A Glance

2021 M&A activity in Health industry key figures*

**Number of deals by segment**

- Biotech: 28
- Healthcare services: 27
- Medtech: 17
- Pharma: 17

**International features**

- Domestic deals: 44
- Inbound deals: 26
- Outbound deals: 19

**Number of deals where deal value is**

- €20-150m: 52
- €150-1 000m (included): 23
- > €1 000m: 14

**Number of deals by investor type***

- Corporate: 39
- Private Equity: 39
- Stock Market / Investors: 11

---

*Transactions with deal size >€20m; excluding transactions without deal size

**In case of capital increase or minority investments, the deal size relates to the amount of funds invested

***Deals subject to two investor types not included
## Top 10 “French” deals in 2021*

<table>
<thead>
<tr>
<th>#</th>
<th>Target name</th>
<th>Target Country</th>
<th>Acquirer name</th>
<th>Acquirer Country</th>
<th>Deal size (m€)</th>
<th>Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cerba Healthcare</td>
<td>France</td>
<td>EQT, PSP Investments</td>
<td>Sweden, Canada</td>
<td>4500</td>
<td>Healthcare services</td>
</tr>
<tr>
<td>2</td>
<td>DomusVi</td>
<td>France</td>
<td>Intermediate Capital Group</td>
<td>France</td>
<td>4300</td>
<td>Healthcare services</td>
</tr>
<tr>
<td>3</td>
<td>Translate Bio</td>
<td>USA</td>
<td>Sanofi</td>
<td>France</td>
<td>2530</td>
<td>Biotech</td>
</tr>
<tr>
<td>4</td>
<td>Cooper Consumer Health</td>
<td>France</td>
<td>CVC Capital Partners Charterhouse, Damier Avista Capital Partners Managers</td>
<td>Luxembourg</td>
<td>2200</td>
<td>Pharma</td>
</tr>
<tr>
<td>5</td>
<td>Vivalto Sante SA</td>
<td>France</td>
<td>Vivalto Partners, IK Investment Partners Mubadala, Arkea, MASC, BNP Paribas Développement Crédit Agricole</td>
<td>France, UK and UAE</td>
<td>2000</td>
<td>Healthcare services</td>
</tr>
<tr>
<td>6</td>
<td>HRA Pharma</td>
<td>France</td>
<td>Perrigo</td>
<td>USA</td>
<td>1800</td>
<td>Pharma</td>
</tr>
<tr>
<td>7</td>
<td>Kadmon</td>
<td>USA</td>
<td>Sanofi</td>
<td>France</td>
<td>1640</td>
<td>Biotech</td>
</tr>
<tr>
<td>8</td>
<td>HTL</td>
<td>France</td>
<td>Montagu PE Partners Group Managers</td>
<td>France</td>
<td>1300</td>
<td>Biotech</td>
</tr>
<tr>
<td>9</td>
<td>Gruppo Lifebrain</td>
<td>Italy</td>
<td>Cerba HealthCare</td>
<td>France</td>
<td>1200</td>
<td>Healthcare services</td>
</tr>
<tr>
<td>10</td>
<td>SGMR Les Opalines</td>
<td>France</td>
<td>Colisée</td>
<td>France</td>
<td>1200</td>
<td>Healthcare services</td>
</tr>
</tbody>
</table>

* Among 2021 deals with deal size and excluding capital increase and fundraising deals
Healthcare Services

Strong activity level with 5 deals in the top 10

Private Hospitals: attractiveness for long-term investors and continuation of the consolidation by the existing platforms

- After Elsan in 2020 (€3.4b), the sector was driven by two large transactions: the reorganization of the share capital of Vivalto Santé (ca. €2.0b) and the disposal of Almaviva Santé by Antin to Wren House (ca. €1.1b) which confirmed the appetite of the sector for infrastructure funds.
- The consolidation movement of the French market continued in 2021. The most actives in that field were Vivalto Santé (Dracy Santé, HPL, Clinique du Sport in Bordeaux, St-François) and Almaviva Santé (Maymard, Floréal and Casamance).
- We expect that the French market will be quieter in 2022. The end of the generous financial measures put in place by the French Government since the beginning of the Covid-19 outbreak, combined with medical staff shortage issues, could however motivate private owners to divest their businesses.

Diagnostics Laboratories: strong M&A activity in 2021 that should continue in 2022

- Cerba Healthcare, the leader in the French private medical laboratory testing sector, was acquired by EQT and PSP Investments for €4.5b.
- The consolidation of the French market accelerated in 2021 with a significant increase in acquisition multiples. The most significant transactions were completed by Cerba Healthcare (Labexa), Biogroup (Oriade-Noviale and Bio-Santis), Inovie (Biofutur) and Unilabs (Praxea Diagnostics).
- The French leading players also accelerated their European development. With the support of its new shareholders, Cerba Healthcare acquired Gruppo Lifebrain in Italy for €1.2b. Biogroup became the second player in Spain with the acquisition of Cerba and Analiza. The group also entered the Luxemburg market with the takeover of Laboratoires Réunis Luxembourg.
- We expect that this strong M&A activity will continue in 2022.

Elderly care: risk of overheated acquisition multiples in France and continuation of the European expansion

- Despite the adverse impact of the sanity crisis on occupancy rates, the segment offers a strong visibility, benefitting from favorable demographic trends.
- DomusVi reorganized its capital with its two historical shareholders, SRS and ICG, leading to one of the largest LBO in France in 2021 (€4.3b).
- The consolidation of the French market was characterized by larger transactions than in 2020, reflecting the support of the financial shareholders. Colisée (backed by EQT and CDPQ) acquired SGMR Les Opalines (€1.2b) and, alongside Vivalto Vie, the portfolio of 32 facilities divested by Korian. DomusVi also acquired Medeos.
- In the context of the inflation of the acquisition multiples in France, the French champions of the sector continued their international expansion. Orpea became n°1 in Ireland (FirstCare, Belmont House and Brindley Healthcare), n°2 in Switzerland (Sensato) and reinforced its position in Spain (Hesta Alliance in post-acute care and mental health and seven medical homes of Sanitas). DomusVi completed its first market entry in Ireland (Trinity Care) and in Germany (Advita). Korian also completed several acquisitions in Italy (Santa Croce and Gruppo Sage in mental health), Germany (IPDL) and the UK (Berkley Care).
- We expect the consolidation of the French market to continue in 2022 but with smaller transactions. The internalization of the French groups will continue.

Care centers: early stage of the consolidation in dental care, radiology and veterinarian clinics

- PE funds, as well as French and European platforms are attracted by the opportunities to consolidate the French market in dental care (acquisition of Efficentre by Caravelle), radiology (acquisition of 3R by Naxicap) and veterinarian clinics (acquisition of VetOne by IVC Evidensia).
- We expect this trend will continue in 2022.
Pharma & Biotech

Strong M&A activity level in 2021 with several +€1b deals

While often analyzed in “silos”, Pharmaceutical and Biotechnology companies are part & parcel to a same “ecosystem” with strong interdependencies as illustrated by the M&A activity between these two “sub-sectors” and emphasized by the global dynamism and momentum in the health and pharma industry in the context of (and, to some extent, as a result of) the Covid-19 pandemic (e.g. collaboration between Pfizer and BioNTech to develop mRNA vaccines).

We expect sustained M&A activity in 2022 in the Pharma & Biotech sectors mainly fueled by (i) some product portfolio divestitures from large pharmaceutical companies (e.g. Sanofi and Ipsen consumer care portfolio) in line with global trends observed across the industry with the re-focus of capital/efforts towards core businesses and the willingness to streamline operations (see J&J intent to divest its consumer health business), (ii) continuous investments from “Big pharma” in Biotech companies to support the science and fill their R&D pipelines, as well as (iii) sustained interest from Private Equity players despite increasing valuation multiples.

Pharma – Sanofi keeps the momentum

- This year again, Sanofi has been very active on the M&A front with no less than seven transactions completed, of which two are part of the Top 10 “French” deals: (i) Translate Bio (US-listed company involved in the development of mRNA technology) for c. €2.5b, and (ii) Kadmon (US biopharma with an FDA-approved product in transplant therapy and pipeline in immune diseases & oncology) for c. €1.6b.
- Apart from these two deals at c. €1b & above, Sanofi also acquired in 2021 (i) Kymab (UK clinical-stage biopharma with a focus on immune diseases & oncology) for c. €0.9b, (ii) Kiadis (NL biopharma) for c. €0.3b, and (iii) Tidal Therapeutics (US-listed pre-clinical biotech) for c. €0.1b to further strengthen and diversify its pipeline and product portfolio.

Biotech – Multiple transactions despite Covid-19 context illustrating the sector’s attractiveness

- The biotech industry in France remained attractive for investors in 2021 with c. 28 transactions with valuation above €20m (incl. minority investments and capital increases).
- Largest transactions notably include (i) the US IPO of Valneva SE (specialty vaccine company) with a market cap of ~€1.8b, (ii) the minority stake acquired by a consortium of investors DNA Scripts SAS (benchtop DNA printer powered by enzymatic technology) for c.€140m (company now valued between €500m - €1b), and (iii) Abivax’s capital increase of c. €85m (treatment of ulcerative colitis and Crohn’s disease – market cap of c. €460m).

Specialty Pharma & OTC – Several significant transactions notably driven by Private Equity

- CVC Capital Partners acquired Cooper Consumer Health from Charterhouse for a deal value of c. €2.2b. Cooper manufactures and distributes OTC drugs with revenue close to €500m.
- Astorg PE sold HRA Pharma (OTC pharma : women health and scar care products such as Compeed) to Perrigo (US-listed company) for a valuation of €1.8b.
- SK Capital (US) acquired majority shareholding of Seqens (API and specialty ingredients manufacturing) from Eurazeo (previously owning 67%) for a total enterprise value estimated at ~€1.6b.
- ArchiMed (French private equity specialized in the health industry) continued to build its European speciality pharma platform notably with the successive acquisitions of (i) Stragen Pharma (Switzerland – generic drugs) in June, and (ii) SuanFarma (Spain – API manufacturer) for c. €0.7b in September.
- Other notable transactions in this space comprise the investments (i) from Quilvest Capital Partners and Crédit Mutuel Equity into Minafin (Belgium – API manufacturer) for c. €0.4b, and (ii) from EW Healthcare Partners into Laboratoires Majorelle for c. €0.2b.

Animal Health – Limited M&A activity in 2021

- Limited number of transactions in the Animal health sector occurred in 2021. Main deal relating to the acquisition by Montagu PE of IMV Technologies (assisted reproduction solutions & veterinary imaging) for more than €0.3b.
Medtech

Lower deal flow in 2021 but increasing valuation of HealthTech companies

Medtech was down in 2021 relative to last year in both value and volume. The most active segments were Orthopedics and, to a lesser extent, Diagnostics.

HealthTech was the most attractive segment for both PE funds and corporate buyers, reflecting the acceleration of the AI development in healthcare. After Doctolib, DentalMonitoring and Owkin became the two new French HealthTech companies reaching the Unicorn status (startup valued at over €1.0b).

HealthTech – Birth of 2 French unicorns in HealthTech

- Merieux Equity Partners acted as lead investor in the USD 150 million growth financing of DentalMonitoring, leading AI-based dental software company. DentalMonitoring became the second French HealthTech company reaching the Unicorn status.
- Sanofi invested €150m in Owkin, a French American startup that specializes in AI and federated learning to advance oncology pipeline. Owkin became the 3rd French HealthTech company reaching the Unicorn status.
- Abenex acquired EDL, a leading software provider for medical imaging services, for €115m.
- EOS imaging, an orthopedic medical imaging company, was acquired by Alphatec (US) for €83m.

Orthopedics – Two mid-sized transactions in 2021

- The European PE fund Montagu acquired Intech, the global leader in the co-development and manufacturing of orthopedic surgical instruments, for €550m.
- Naxicap Partners acquired Lagarrigue, a global specialist in external orthopedic device, for €485m.
- We expect that such mid-size transactions will continue in 2022.

Diagnostics

- The US-based group Veracyte acquired HalioDx, an immuno-oncology diagnostics company, for €280m.
PwC selected 2021 credentials (1/2)

We have supported our clients across a wide range of sub-sectors and functional expertise, demonstrating PwC Deals’ unique capabilities and experience in the Health Industry.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Provided financial due diligence support to SRS in connection with its reinvestment in DomusVi (elderly care)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided vendor financial due diligence and M&amp;A advisory services to the shareholders of Medeos in connection with the disposal to DomusVi (elderly care)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided vendor financial and tax due diligence to Korian in connection with the disposal of 32 facilities in France to Colisée and Vivalto Vie (elderly care)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial due diligence support to Domidep in connection with its acquisition of Almage (elderly care)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided M&amp;A advisory services to Must for the disposal of 4 nursing homes to Emera (elderly care)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided vendor financial, tax, legal, labour law, IT &amp; digital, as well as ESG due diligence to Vivalto Santé (private hospitals) in the context of the change in its shareholders structure</td>
</tr>
<tr>
<td>2021</td>
<td>Provided vendor financial due diligence to Antin in connection with the disposal of Almaviva Santé (private hospitals) to Wren House</td>
</tr>
<tr>
<td>2021</td>
<td>Provided vendor financial due diligence support to the shareholders of Hôpitaux Privés du Littoral in connection with the disposal to Vivalto Santé (private hospitals)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial, tax and labor law vendor due diligence support to GBNA (private hospitals) in connection with the opening of its share capital to Geneo and Ui Investissement</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial, tax and labor law due diligence support to Almaviva Santé in connection with its acquisition of HP La Casamance (private hospitals)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial and tax due diligence support to EQT in connection with its acquisition of Cerba Healthcare (medical labs)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial, tax, legal and labour law due diligence support to Groupe Inovie in connection with its acquisition of Biofutur (medical labs)</td>
</tr>
</tbody>
</table>
We have supported our clients across a wide range of sub-sectors and functional expertise, demonstrating PwC Deals’ unique capabilities and experience in the Health Industry.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Provided financial and tax due diligence support to <strong>Unilabs</strong> in connection with its acquisition of <strong>Praxea Diagnostics</strong> (anatomopathologic diagnosis)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial vendor financial due diligence support to <strong>Astorg and Goldman Sachs AM</strong> in connection with the disposal of <strong>HRA Pharma</strong> (women health &amp; wound care) to <strong>Perrigo</strong></td>
</tr>
<tr>
<td>2020/2021</td>
<td>Provided financial due diligence support to <strong>Mérieux Equity Partners</strong> in connection with its investment in <strong>SERB</strong> (specially pharma)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial and tax due diligence support to <strong>Archimed</strong> in connection with its acquisition of <strong>Stragen Pharma</strong> (generic drugs)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial, tax, legal, labour law and ESG due diligence support to <strong>Montagu PE</strong> in connection with the acquisition of <strong>HTL Biotechnology</strong> (API manufacturing)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial and tax due diligence support, as well as M&amp;A advisory services, to <strong>Archimed</strong> in connection with its acquisition of <strong>Suanfarma</strong> (API and nutraceutical ingredients)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial due diligence support to <strong>UI Investissement</strong> in connection with its acquisition of <strong>Groupe ERBC</strong> (pre-clinic CRO)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided financial, tax, legal and labour law due diligence support to <strong>Sagard</strong> in connection with its acquisition of <strong>Nutrisens</strong> (clinical nutrition)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided vendor financial and tax due diligence to <strong>JIC Group</strong> in connection with the divestiture of <strong>SGD Pharma</strong> (glass packaging for the pharmaceutical industry)</td>
</tr>
<tr>
<td>2021</td>
<td>Provided vendor financial due diligence to <strong>Eurazeo PME and Andera Partners</strong> in connection with the divestiture of <strong>Intech</strong> (surgery instruments) to Montagu PE</td>
</tr>
<tr>
<td>2021</td>
<td>Provided vendor financial due diligence to the shareholders of <strong>VetOne</strong> (veterinary clinics) in connection with the divestiture to <strong>IVC Evidensia</strong></td>
</tr>
<tr>
<td>2021</td>
<td>Provided vendor financial due diligence to <strong>Qualium Investment</strong> in connection with the divestiture of <strong>IMV Technologies</strong> (animal assisted reproduction) to Montagu PE</td>
</tr>
</tbody>
</table>
Our PwC France Deals team specializing in the Health industry is uniquely positioned to help clients maximize returns on their transaction.

**Service offering** and support across the entire deal continuum

- From initial strategy assessment to Deal execution and integration / transformation.
- “One-shop” / integrated services to protect value and maximise returns.

**Deep knowledge** in the Health industry

- Unmatched credentials in the Health industry supporting our clients in both sell-side / carve-out and buy-side projects, as well as domestic vs. cross-border transactions.
- Thought leadership developed by our Health Research Institute.

**Global reach** with a worldwide network of industry experts

- Over 15,000 deal professionals and 6,000+ PLS industry related subject matter experts.
- Industry x-border teams with long experience working together.

**Tailored** and **coordinated** approach

- Wide bench of functional experts providing customizable services/solutions with optionality in the range & depth of support.
- Focused approach on key deal value drivers.

**Dedicated team** with significant experience

- Dedicated Deals professionals based in France and focusing on the Health industry.
- Combined functional & industry expertise.
PwC’s Health Industry Thought Leadership

Major industry issues and trends are driving activity in and are leading indicators to certain areas of M&A.

PwC’s industry publications are at the forefront of these trends and provide a great platform for any professional looking to understand the broader industry trends.

How health organizations can integrate ESG priorities?

Pharmaceutical and life sciences companies have historically embraced the social pillar of environmental, social and governance (“ESG”) efforts, creating medications, vaccines and devices that improve human health and save lives.

PwC’s Health Research Institute (HRI) analyzed the ESG efforts of 32 pharmaceutical and life sciences companies and found the sector could reap additional rewards from also embedding more of an environmental and governance focus into their overall strategy.

Consumer health behavior and the COVID-19 pandemic: What have we learned?

Changes in consumer behavior, many of which were accelerated by the COVID-19 pandemic, are fueling a redesign of the health ecosystem.

PwC’s Health Research Institute (HRI) mined its proprietary survey data to uncover insights about how and why specific groups of consumers used health services during the pandemic - from mental health and telehealth to in-home care and other non-traditional care sites - and their willingness to use them again in the future.

Please visit https://www.pwc.com/us/en/industries/health-industries/health-research-institute.html to download the publications

Please visit https://www.pwc.com/gx/en/industries.html and https://www.strategyand.pwc.com/gx/en/industries/health.html for more industry insights
Your contacts

**Deals - Transaction Services**

**Philip Dykstra**  
Partner – PwC Transactions  
Pharma & Life-Sciences Transaction Leader  
PwC France  
philip.dykstra@pwc.com  
+33 1 56 57 82 06

**Benoit Cambournac**  
Partner – PwC Transactions  
Healthcare Leader  
PwC France  
benoit.camboournac@pwc.com  
+33 1 56 57 71 38

**Pierre-Mikhael Voyer**  
Director – PwC Transactions  
PwC France  
pierre-mikhael.voyer@pwc.com  
+33 1 56 57 76 64

**Guillem Filhol**  
Director – PwC Transactions  
PwC France  
guillem.x.filhol@pwc.com  
+33 1 56 57 42 05

---

**Deals - Strategy**

**Anne-Lise Glauser**  
Partner – Strategy&  
anne-lise.glauser@pwc.com  
+33 1 56 57 84 53

**Tatiana Noack Lemercier**  
Senior Manager – Strategy&  
tatiana.noack@pwc.com  
+33 1 56 57 49 76

---

**Deals – Corporate Finance**

**Adrien d’Alincourt**  
Partner – PwC Corporate Finance  
adrien.d.dalincourt@pwc.com  
+33 1 56 57 47 82

**Pierre Barthélémy**  
Manager – PwC Corporate Finance  
pierre.barthelemy@pwc.com  
+33 1 56 57 63 15

---

Design: Graphic Studio PwC France.