



# Swiss M&A Report – Market and valuation update

Health Industries



June 2024

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## M&A sell-side

- Company sales
- Succession solutions
- Carve-outs
- Management buy-outs
- Financing solutions
- Commercial vendor assistance
- Financial vendor assistance
- SPA advice
- Tax structuring and advice
- Operational carve-outs

## M&A buy-side

- Strategic acquisitions
- Buy-and-build acquisitions
- Mergers
- Management buy-ins
- Joint ventures and strategic alliances
- Commercial due diligence
- Financial due diligence
- Legal due diligence
- Tax due diligence
- Post-merger integration

# Introduction

PwC is the leading mid-market M&A advisor trusted by more top decision-makers than any other service provider. Our clients choose us for our expertise, industry knowledge and proven ability to execute successful transactions. We are a community of experts who combine human ingenuity, experience and technology to deliver sustained outcomes and build trust.

The 'Swiss M&A Report – Market and valuation update' gives you an overview and insights into the current Health Industries M&A market in Switzerland and globally. You will find information on the overall transaction environment as well as current valuation levels of eight selected subsectors covering the entire Health Industries market.

PwC offers holistic M&A advisory services covering all aspects before, during and after a transaction. As your financial advisor, we coordinate and advise you along the entire transaction process, and we can support you on specific enquiries or individual parts of the transaction. With our wider Deals practice, we can support you on any transaction-related matter.

#1

M&A mid-market  
advisor

>25

completed transactions  
in 2023 in Switzerland

>600

completed transactions  
globally

## Who we are...



...the **leading M&A advisor**  
for mid-sized transactions in  
Switzerland and globally.



...your **ideal partner** for all  
matters before, during and after  
a transaction.



...a very experienced **M&A team**  
**focused** on the **Health**  
**Industry** advising on local and  
cross-border deals supported  
by our **global network**.

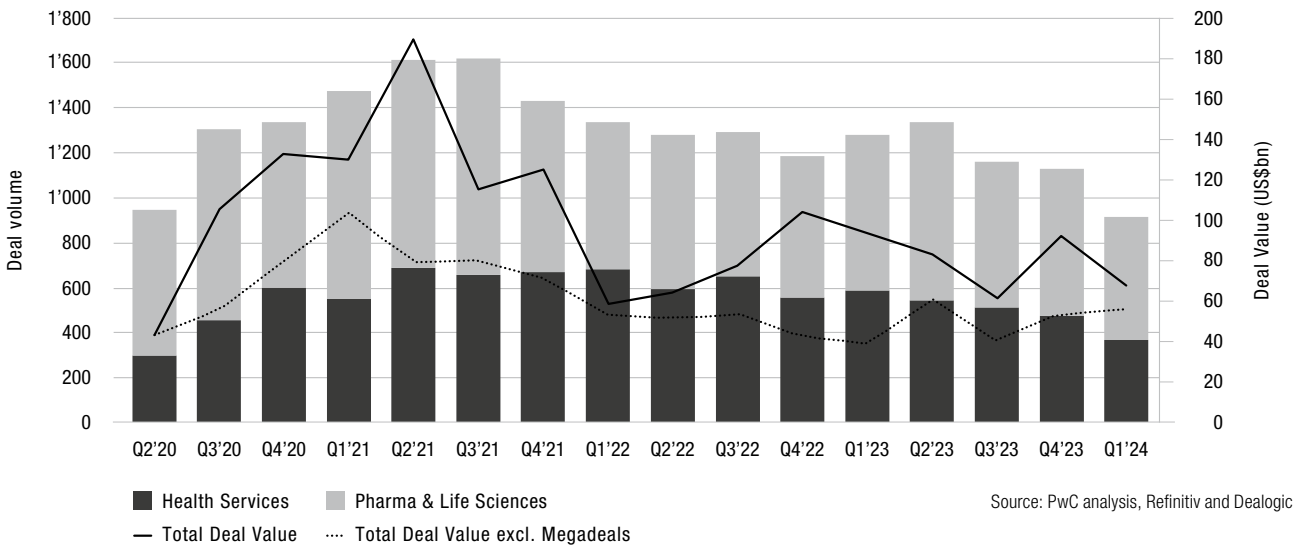


...**one-stop shop offering**  
additionally all other transaction-  
related services, e.g. legal  
and tax advice or due diligence  
and valuation services.

# Transaction environment

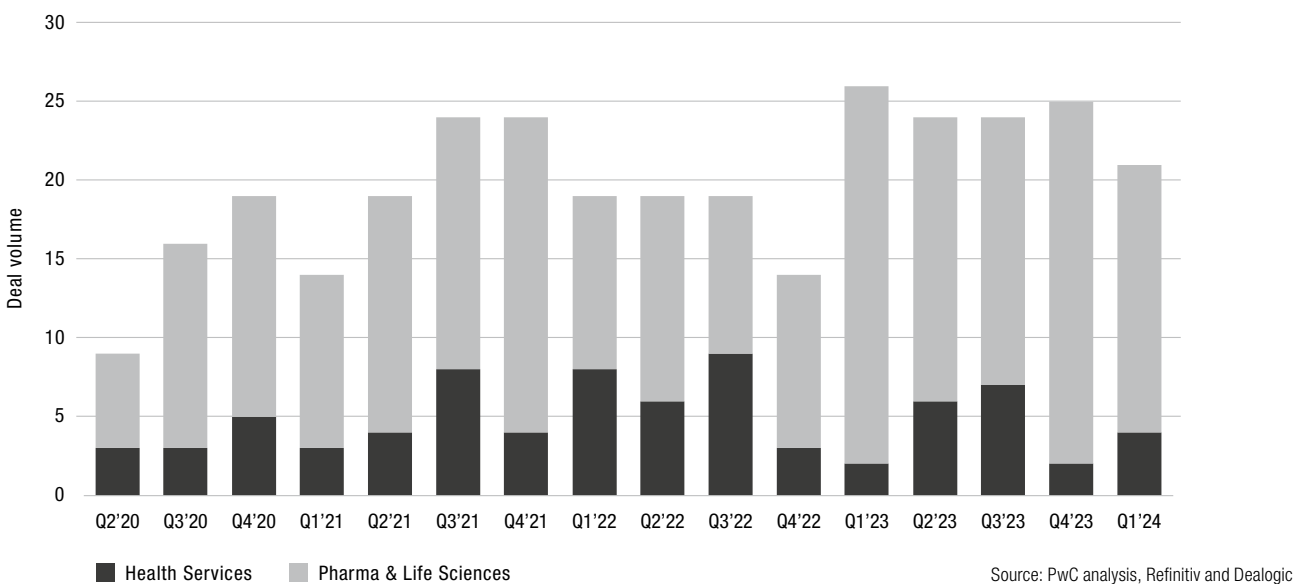
## Global Health Industries deal volumes and values, 2020–2024

After reaching the peak in global deal volumes and values in 2021, recent global M&A activity has been generally weaker compared to previous years.



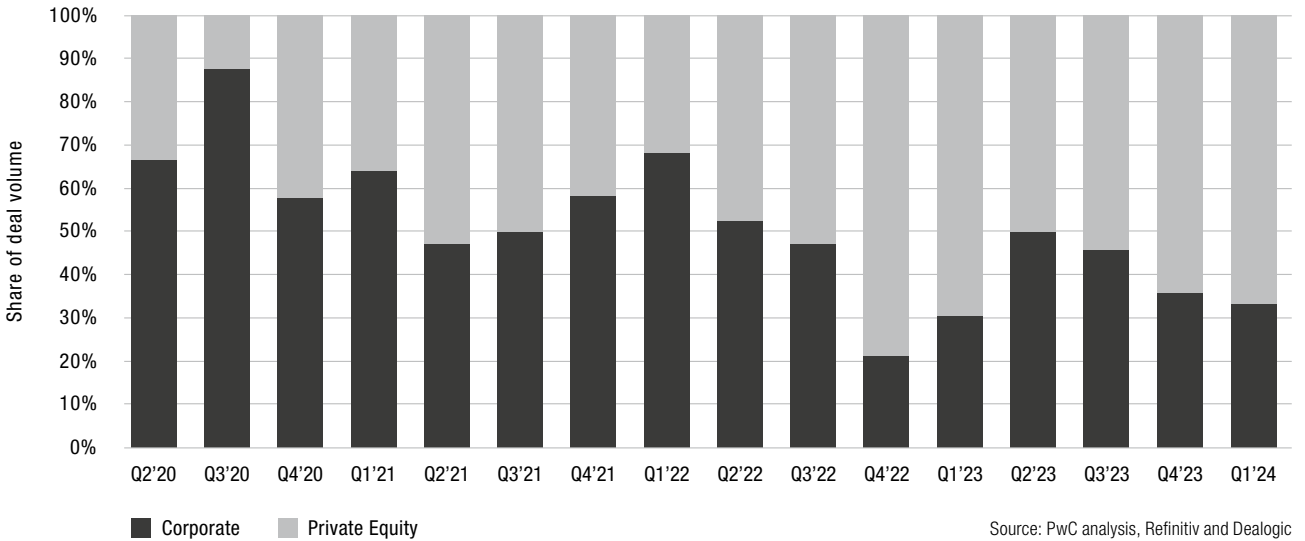
## Swiss Health Industries deal volumes, 2020–2024

Unlike the global M&A market, the Swiss Health Industries transaction activity has remained consistently robust, even when compared to the high-volume COVID-19 period.



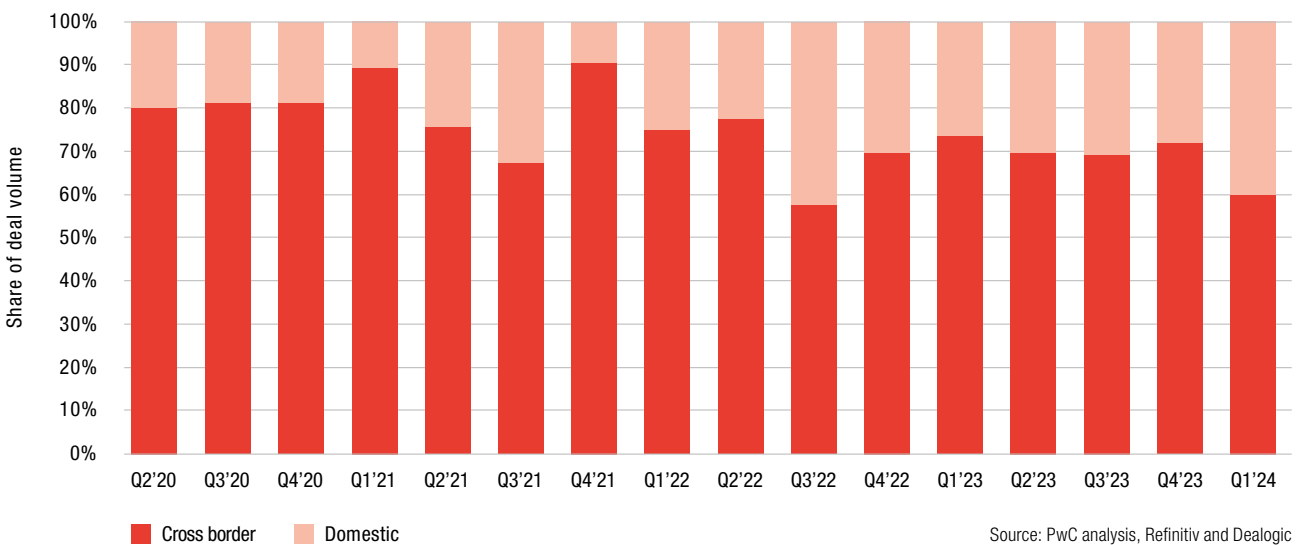
## Corporate vs private equity activity in the Swiss Health Industries market, 2020–2024

The Health Industries space in Switzerland is seeing an increasing interest from private equity (PE), venture capital (VC) and other financial investors, with over 60% of transactions involving a financial sponsor in the last 12 months.



## Cross border vs domestic deals in the Swiss Health Industries market, 2020–2024

The high share of cross border deals (around 60% in Q1'24) underlines the attractiveness of Swiss Health Industries assets and the sector's strong international perspective.



# Top 10 deals in the last six months

## Targets with Swiss HQ by deal value

| Announced date | Target   | Industry    | Transaction type (stake) | Buyer  | Seller       | Deal value (in USD m) |
|----------------|--|-------------|--------------------------|--|--------------|-----------------------|
| 22.11.2023     | T3 Pharmaceuticals AG                          | Pharma      | Sale (100%)              | Boehringer Ingelheim International                 | –            | 509                   |
| 28.02.2024     | Idorsia Ltd. (Selatogrel and Cenerimod rights) | Biotech     | Sale (100%)              | Viartis Inc.                                       | Idorsia Ltd. | 350                   |
| 13.09.2024     | CRISPR Therapeutics AG                         | Biotech     | Investment (4.7%)        | SR One Capital Management LP and EcoR1 Capital LLC | –            | 280                   |
| 20.03.2024     | Labormedizinisches Zentrum Dr. Risch AG        | Diagnostics | Sale (100%)              | Sonic Healthcare Ltd.                              | –            | 131                   |
| 14.11.2023     | Nouscom AG                                     | Biotech     | Investment (Series C)    | Investor group led by Andera Partners SCA          | –            | 73                    |
| 03.04.2024     | Neurosterix SA                                 | Biotech     | Investment (Series A)    | Investor group led by Perceptive Advisors LLC      | –            | 63                    |
| 27.02.2024     | Arga Medtech SA                                | MedTech     | Investment (Series B)    | Investor group led by Advent Life Sciences LLP     | –            | 52                    |
| 28.03.2024     | Healthcare Holding Schweiz AG                  | MedTech     | Investment               | KKA Management GmbH and Winterberg Advisory GmbH   | –            | 49                    |
| 21.11.2023     | Evolva SA                                      | Biotech     | Sale (100%)              | Lallemand Inc.                                     | –            | 30                    |
| 24.01.2024     | icotec ag                                      | MedTech     | Investment               | MVM Partners LLP                                   | –            | 28                    |

Source: PwC analysis, Mergermarket, S&P Capital IQ, S&P Capital IQ Pro

Notes: Overview only includes deals with publicly available deal value and where the target was headquartered in Switzerland

# Health Industries sector overview

## Overview of operational key performance indicators

|                             | Sales growth FY22 | Sales growth FY23 | EBITDA margin FY22 | EBITDA margin FY23 |
|-----------------------------|-------------------|-------------------|--------------------|--------------------|
| Big Pharma                  | 14.7%             | 3.4%              | 35.0%              | 33.4%              |
| Biotech                     | 8.8%              | 7.8%              | 34.8%              | 29.0%              |
| CRO/CDMO                    | 12.3%             | 4.2%              | 22.5%              | 23.5%              |
| Diagnostic Services         | -1.1%             | -3.0%             | 17.3%              | 12.2%              |
| Elderly and Specialist Care | 7.6%              | 9.8%              | 9.2%               | 8.8%               |
| Generics                    | 1.8%              | 12.7%             | 26.1%              | 27.2%              |
| Hospitals                   | 8.9%              | 9.4%              | 13.9%              | 14.1%              |
| MedTech                     | 7.6%              | 6.4%              | 24.5%              | 24.0%              |

## Overview of revenue, EBITDA, and EBIT trading multiples

|                             | EV/Revenue LTM | EV/Revenue 5y average | EV/EBITDA LTM | EV/EBITDA 5y average | EV/EBIT LTM | EV/EBIT 5y average |
|-----------------------------|----------------|-----------------------|---------------|----------------------|-------------|--------------------|
| Big Pharma                  | 3.9x           | 4.7x                  | 11.5x         | 11.1x                | 16.4x       | 16.7x              |
| Biotech                     | 5.0x           | 5.5x                  | 14.6x         | 13.1x                | 18.6x       | 19.3x              |
| CRO/CDMO                    | 3.7x           | 4.8x                  | 19.9x         | 20.0x                | 25.4x       | 26.4x              |
| Diagnostic Services         | 1.9x           | 2.1x                  | 10.4x         | 9.3x                 | 20.4x       | 16.0x              |
| Elderly and Specialist Care | 1.7x           | 2.0x                  | 11.4x         | 11.9x                | 22.0x       | 23.5x              |
| Generics                    | 3.8x           | 3.1x                  | 15.5x         | 15.4x                | 18.6x       | 20.9x              |
| Hospitals                   | 1.5x           | 1.7x                  | 9.5x          | 10.0x                | 14.9x       | 16.6x              |
| MedTech                     | 4.3x           | 5.2x                  | 18.9x         | 19.9x                | 26.8x       | 28.5x              |

Source: PwC analysis, S&P Capital IQ, S&P Capital IQ Pro

Notes: Effective market date of 30 April 2024

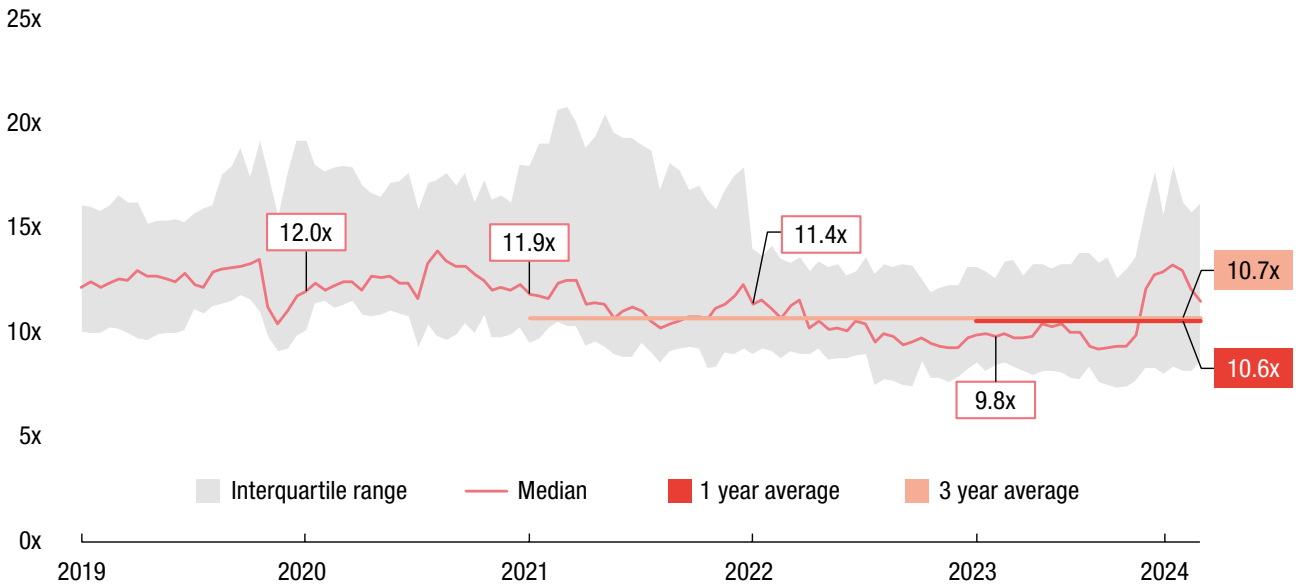


# Big Pharma

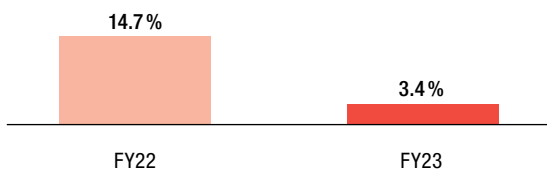


|                | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM            | 3.9x       | 11.5x     | 16.4x   |
| 5-year average | 4.7x       | 11.1x     | 16.7x   |

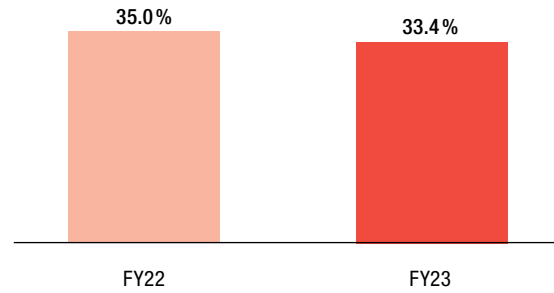
## EV/EBITDA LTM – Trading over time



## Sales growth



## EBITDA margin



## Selected examples of the peer group



\* EV/EBITDA LTM multiple for Novo Nordisk 36.2x

\*\* EV/EBITDA LTM multiple for Eli Lilly 53.6x



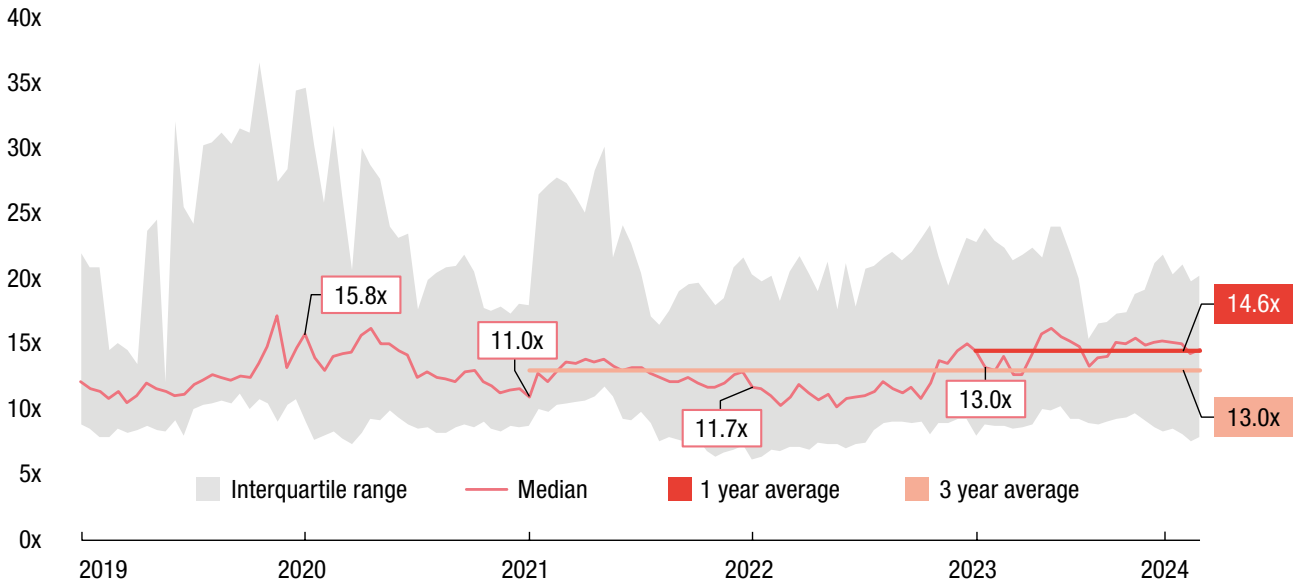


# Biotech

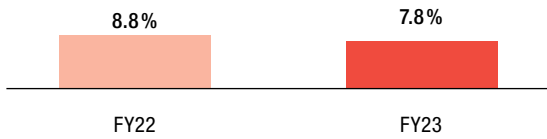


|                | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM            | 5.0x       | 14.6x     | 18.6x   |
| 5-year average | 5.5x       | 13.1x     | 19.3x   |

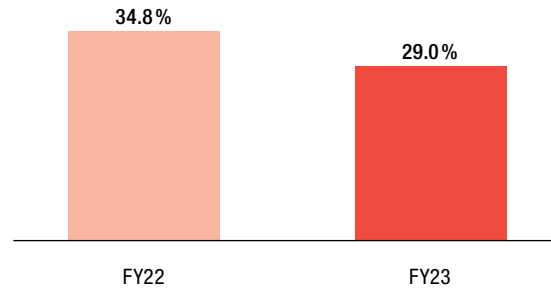
## EV/EBITDA LTM – Trading over time



## Sales growth



## EBITDA margin



## Selected examples of the peer group



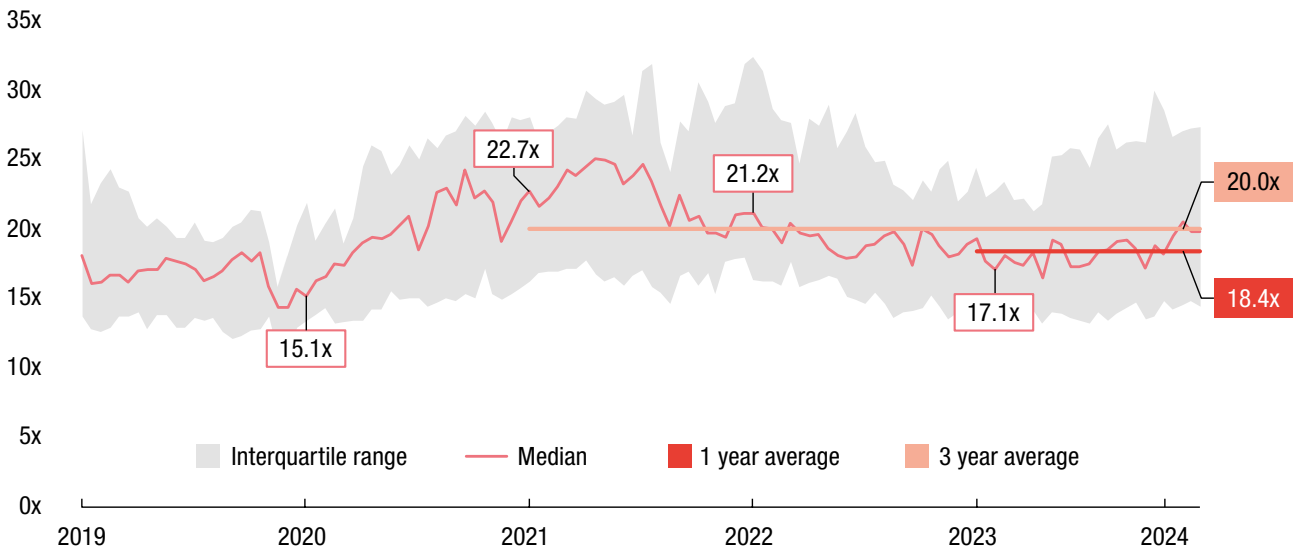


# CRO/CDMO

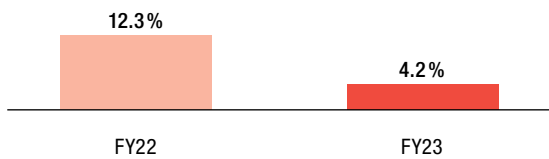


|                | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM            | 3.7x       | 19.9x     | 25.4x   |
| 5-year average | 4.8x       | 20.0x     | 26.4x   |

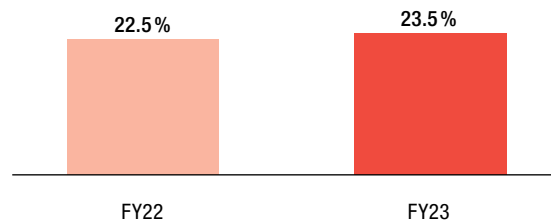
## EV/EBITDA LTM – Trading over time



## Sales growth



## EBITDA margin



## Selected examples of the peer group



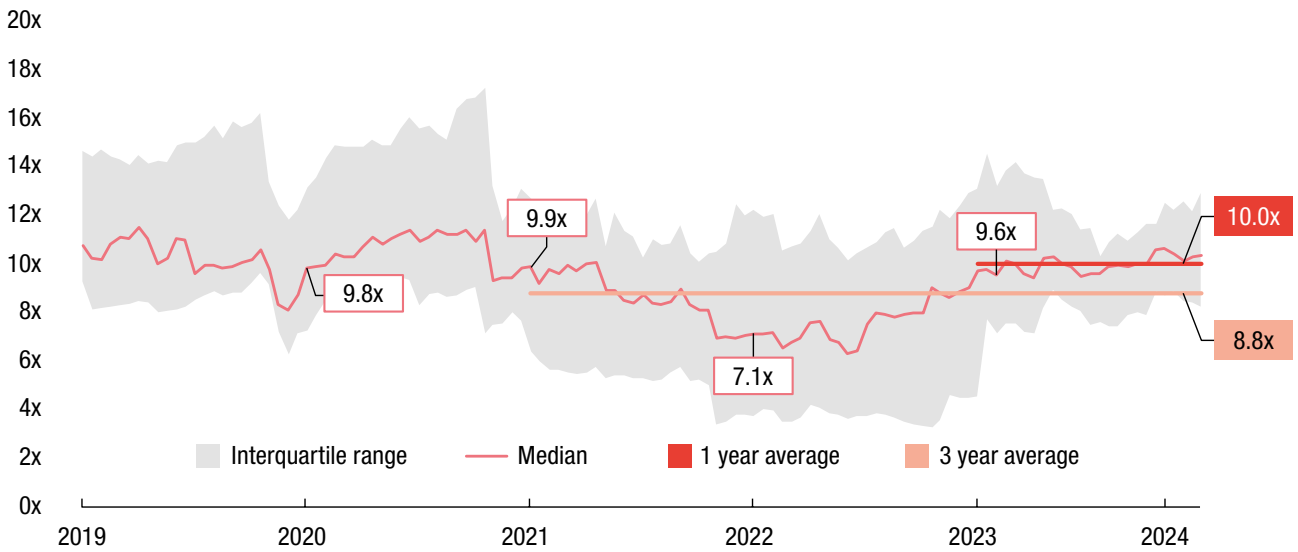


## Diagnostic Services



|                | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM            | 1.9x       | 10.4x     | 20.4x   |
| 5-year average | 2.1x       | 9.3x      | 16.0x   |

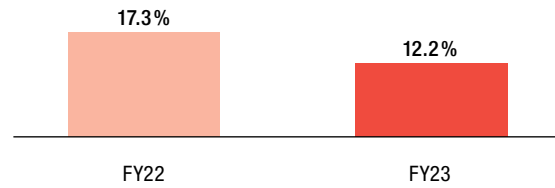
### EV/EBITDA LTM – Trading over time



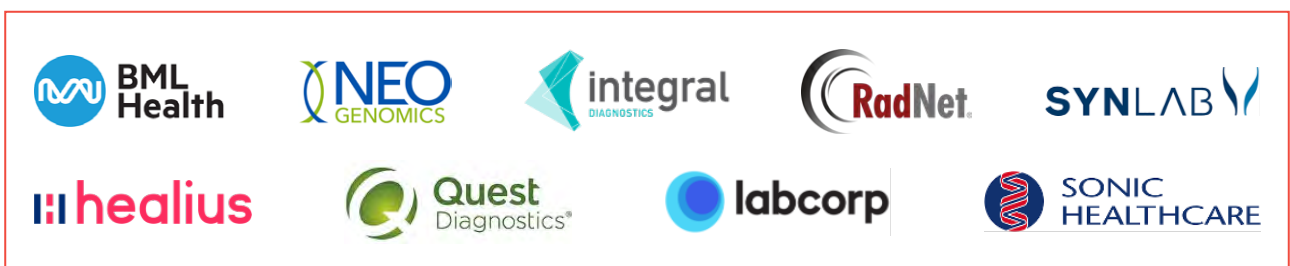
### Sales growth



### EBITDA margin



### Selected examples of the peer group



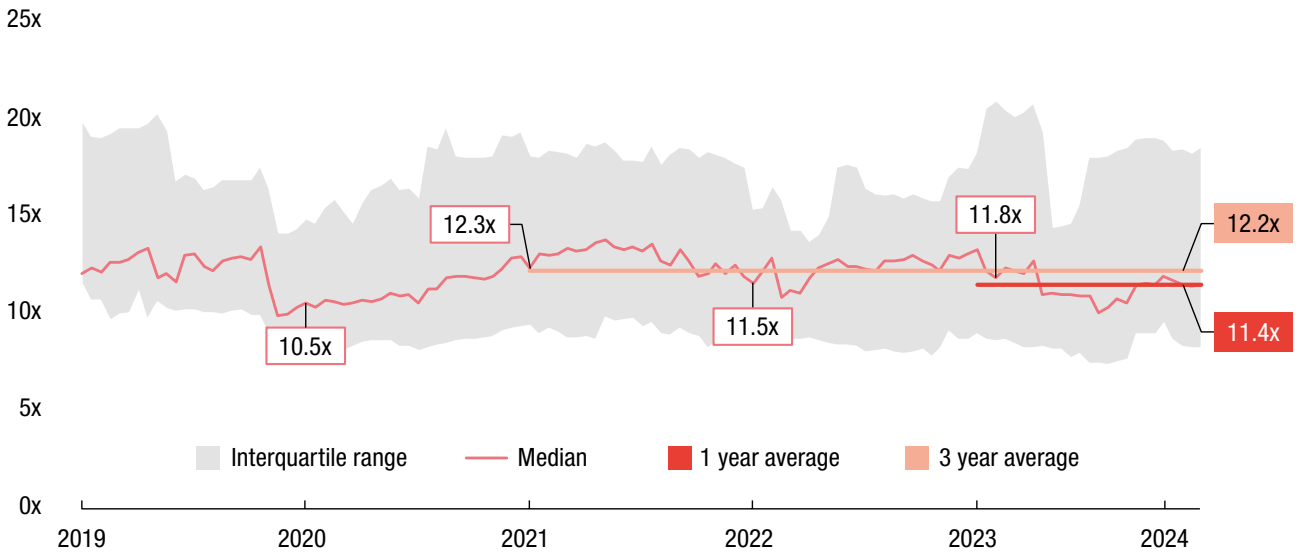


## Elderly and Specialist Care

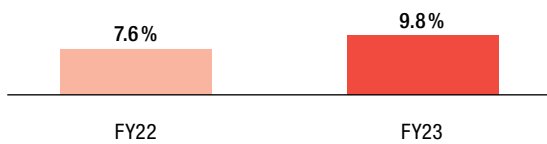


|                | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM            | 1.7x       | 11.4x     | 22.0x   |
| 5-year average | 2.0x       | 11.9x     | 23.5x   |

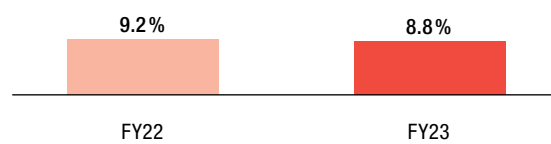
### EV/EBITDA LTM – Trading over time



### Sales growth



### EBITDA margin



### Selected examples of the peer group



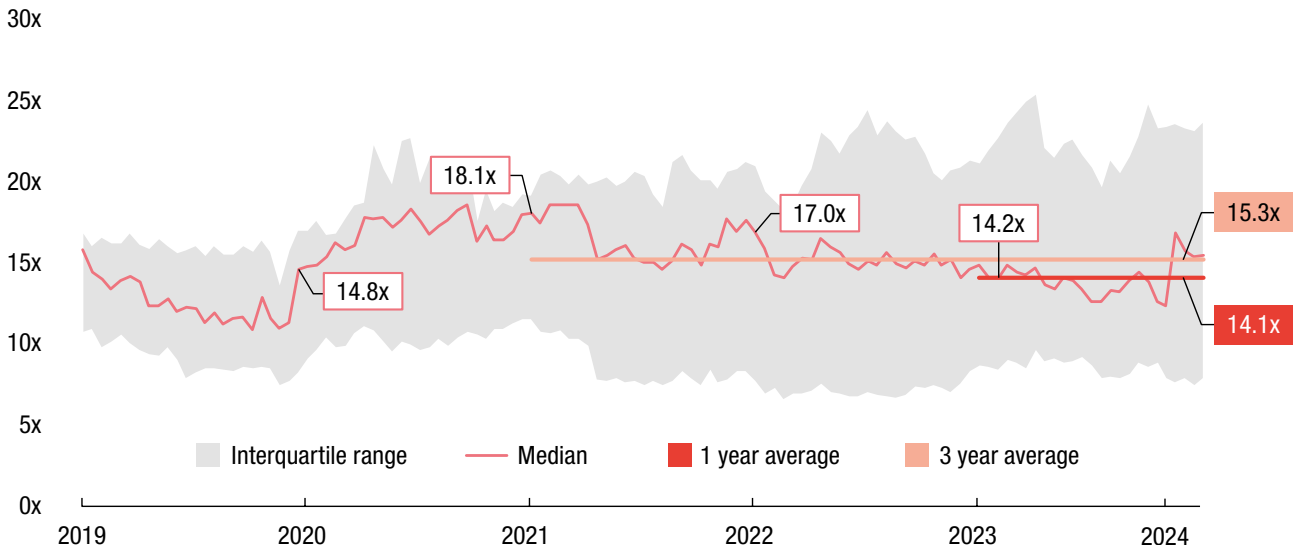


# Generics

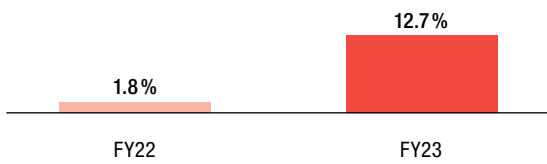


|                | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM            | 3.8x       | 15.5x     | 18.6x   |
| 5-year average | 3.1x       | 15.4x     | 20.9x   |

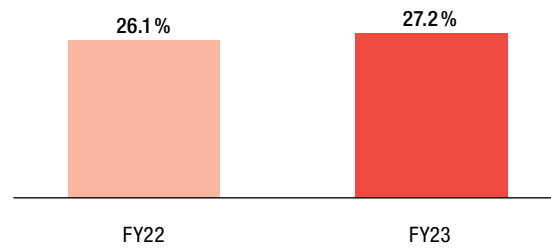
## EV/EBITDA LTM – Trading over time



## Sales growth



## EBITDA margin



## Selected examples of the peer group



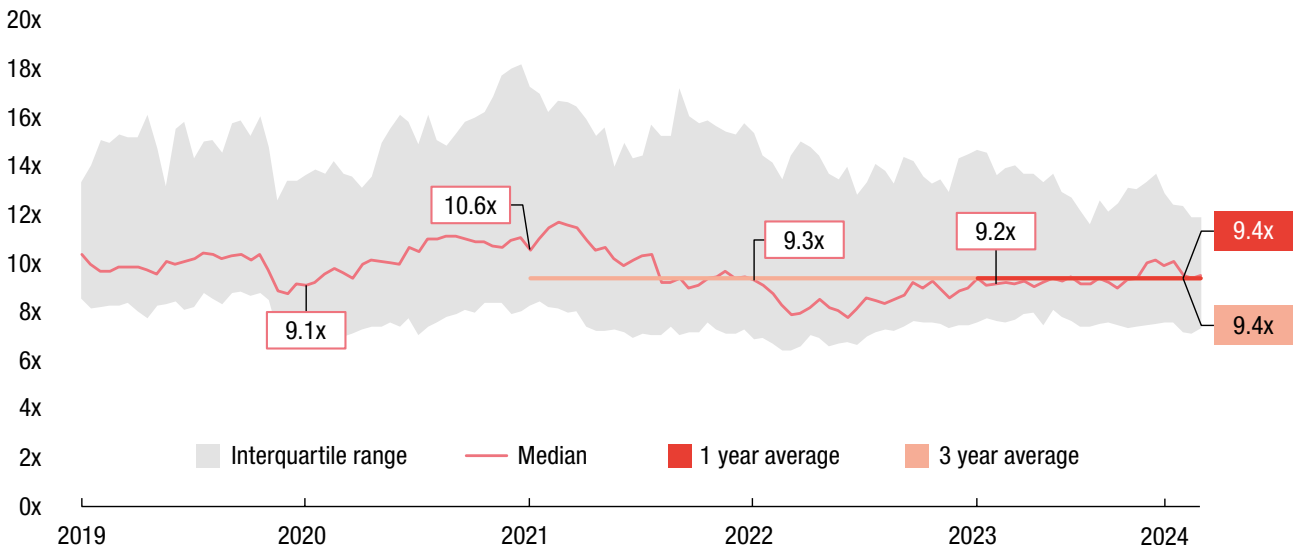


# Hospitals

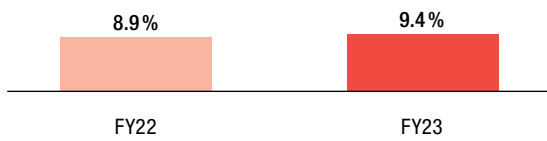


|                | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM            | 1.5x       | 9.5x      | 14.9x   |
| 5-year average | 1.7x       | 10.0x     | 16.6x   |

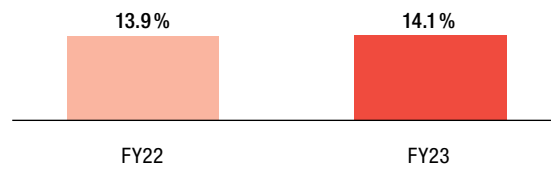
## EV/EBITDA LTM – Trading over time



## Sales growth



## EBITDA margin



## Selected examples of the peer group



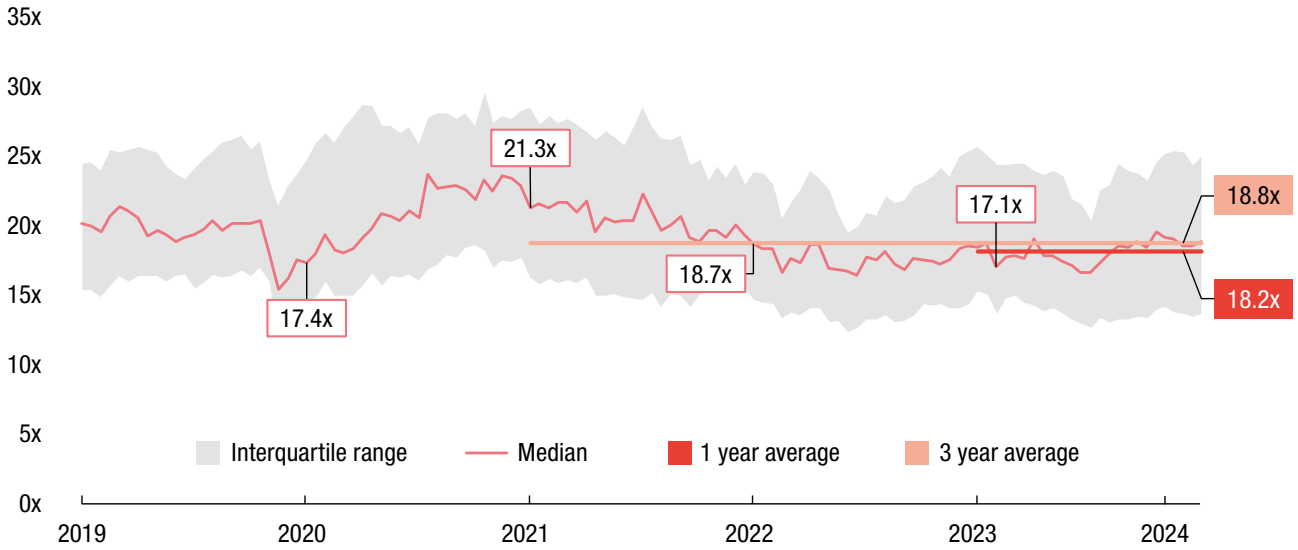


# MedTech

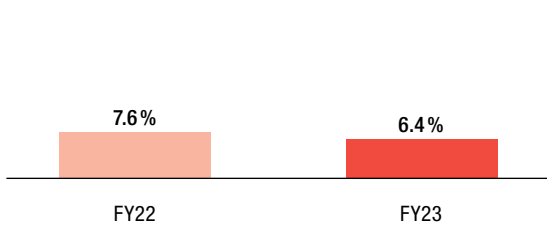


|                | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM            | 4.3x       | 18.9x     | 26.8x   |
| 5-year average | 5.2x       | 19.9x     | 28.5x   |

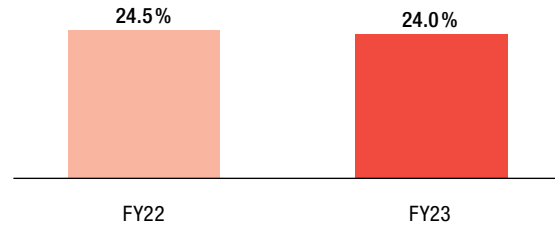
## EV/EBITDA LTM – Trading over time



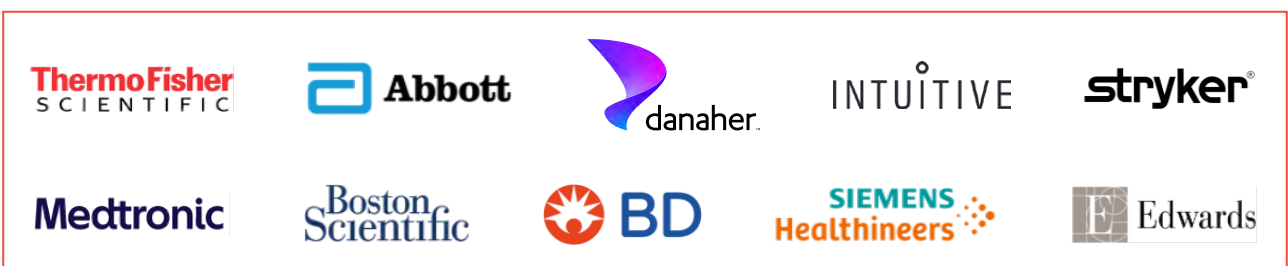
## Sales growth



## EBITDA margin



## Selected examples of the peer group





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**The generally anti-cyclical nature of Health Industries continues to make this sector very attractive for buyers and sellers alike. The sector is also expected to be an overall beneficiary of positive forces such as increasing personalisation of care, digitisation, ageing populations, rising patient affluence and the overall uptick in attention to one's health, following the COVID-19 experience.**

**Peter Urbanek**  
Director, M&A Health Industries Leader



# Why you should consider M&A and how we can help you



## Continuous disruption

According to creative destruction theory, businesses that do not keep up with current innovations and remain stuck in their status quo risk falling behind the competition and, ultimately, becoming obsolete. History has shown this to be true, including in the Health Industries market.

AI across pharma and healthcare, robotics and automation, 3D printing, predictive maintenance, digital transformation, portfolio renewal, biotech integrations, supply chain digitisation, smart manufacturing, compliance and regulatory pressure optimisation, advanced data analytics

## How does your business stay relevant?



### ... it's Threats

Declining revenues, profitability pressures, new projects, lack of innovation, status quo, financial stress, critical mass, non-core assets, ongoing consolidation, intensifying competition, large platforms/one-stop shops, skills shortage, increasing regulatory requirements, changing consumer behaviour, globalisation, ESG

We are convinced that M&A can help your business to stay relevant for a long time, secure or monetise your



### ... it's Opportunities

Product innovations, new markets, customers diversification, market share, improved market position, synergies, economies of scale, consolidation, exit, succession, expansion, bilateral offer, multiple arbitrage, portfolio diversification, technological leadership, buy and build, new partner for growth, joint venture, enhanced bargaining power, financial stress/needs

life's work and protect you from the risks resulting from the ever-increasing pressure to innovate.

## Professional M&A advice mitigates the stumbling blocks to M&A transactions

### ... and actions to succeed

Auction process, exit strategy, re-investment, tax optimisation, due diligence, integration, normalised earnings, adjusted EBITDA, small cap discount, illiquidity discount, control premium, equity story, sale preparation, acquisition strategy, SPA, information memorandum, management presentation, value drivers, value creation, net working capital target, net debt, equity value, enterprise value, multiple analysis, net present value, negotiation

The value of businesses is not just the EBITDA multiple times EBITDA – although this can be a good proxy.



The market value, if professionally considered, depends on multiple factors and needs careful analysis. It is critical to define and pursue well-defined transaction goals to realise a successful and rewarding transaction.

With our highly experienced team, we can help you benefit from the numerous advantages of M&A transactions and mitigate the respective risks, whether objectives be strategic, financial or personal. The transaction process can be a bumpy ride – but with professional preparation and collaboration throughout the process, it can be the successful end of one chapter and the beginning of a new chapter that opens many new opportunities.

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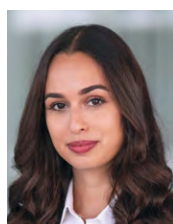
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For more information  
please visit our site



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**Swiss companies stand at the forefront of global Health Industry trends, with further M&A activity buoyed by the ambition for capability and capital allocation optimisation. This combined with strong participation from financial sponsors and foreign buyers, will ensure that the sector will continue being one of the most active industries when it comes to M&A in Switzerland.**

**Peter Urbanek**  
Director, M&A Health Industries Leader

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