



## *FY 2023 – H1 2024 Pharma CDMO Market*

*Highlights, Trends, Opportunities & Outlook*

Reach the *Right Outcome*

[www.outcomecapital.com](http://www.outcomecapital.com)

# CDMO Segment Spans Market Launch To Commercial Manufacturing

FY 2023 – H1 2024 Pharma CDMO Market

## Outsourced Pharma Services Overview

### Preclinical CROs

*Contract research provider offering earlier-stage drug discovery services, non-human laboratory testing before clinical trials*

Select Market Leaders



### Clinical CROs

*Outsourced service provider leading clinical trial design, recruitment, data & project management*

Select Market Leaders



### CMOs/CDMOs

*Outsourced manufacturing services specializing in formulation developments & manufacturing (pre- & post-commercialization)*

Select Market Leaders

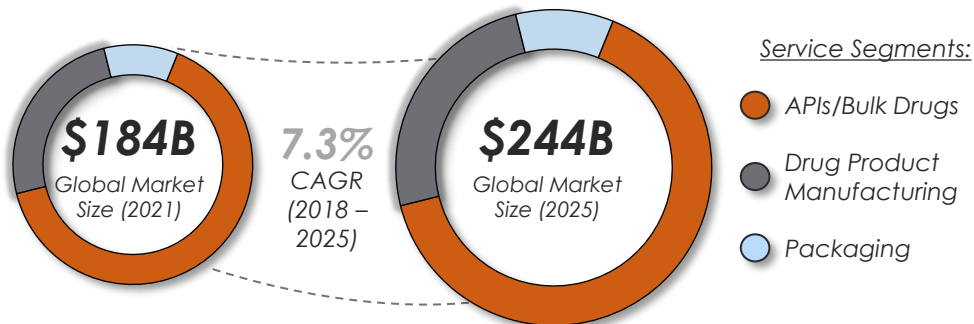


Outsourced Providers Optimize Scalable Manufacturing Processes For Pharma Partners

# Growing CDMO Market Expected To Outpace Pharma Growth

## FY 2023 – H1 2024 Pharma CDMO Market

### Global Pharma CDMO Market



### Market Dynamics

- Pharma companies are engaging with CDMOs earlier in process to streamline drug development & achieve milestones sooner, unlocking funding/exit opportunities
- In 2020/2021, many pharma strategics invested in in-house manufacturing capabilities with surge in funding
  - High-costs of maintaining capabilities resulted in selling off/spinning out business units into CDMOs, further contributing to market growth
- Complexity of drug development with emergence of novel therapeutics (i.e., biologics, cell & gene therapy, etc.) driving investment in specialized technical capabilities to service demand

“...the CDMO market is poised to **outpace overall pharma growth** through 2028 as **contract manufacturers become increasingly vital partners for drugmakers looking to churn out complex therapeutics**. As for 2024, CDMOs can work to advance their goals on three fronts...Embracing advanced therapeutics, building trust with partners and nudging regulators on novel production approaches.

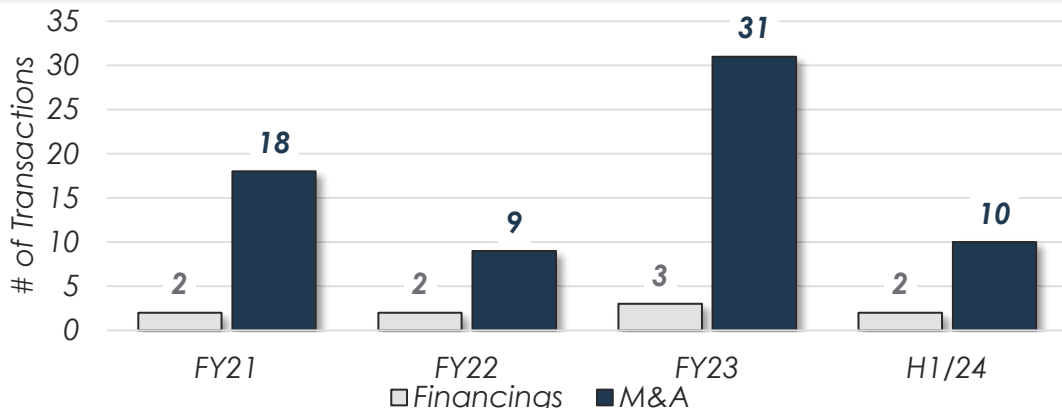


Pharma/Biotech Strategics Seeking Outsourced Expertise To Advance Complex Drugs

# Recent Transactions Highlight Key Value Drivers For CDMOs

## FY 2023 – H1 2024 Pharma CDMO Market

Pharma CDMO Transaction Overview (FY21 – H1/24)\*



\*Note: Includes company transactions; data on facilities acquisitions not included.

### Key Insights

- CDMOs leveraging M&A to move up value chain & provide services earlier in development
  - Pharma clients seeking comprehensive development partner to expedite time to market
- Existing CDMO platforms expanding specialized capabilities through bolt-on M&A

#### Select Financial Sponsors



#### Select Strategic Acquirers



### Value Drivers



**Manufacturing Capabilities:** State-of-the-art facilities with advanced technical capabilities as well as scalable processes adaptable for low & high-volume production



**Technical Expertise:** Extensive experience with process & formulation development to ensure high-quality products & efficient timelines



**Global Footprint:** Presence across major markets to gain expansive footprint, diversify their client base & enter new market segments



**Regulatory Compliance:** In-house regulatory expertise & guidance throughout process supports development through approvals & changing requirements/regulations



**Advanced Technologies:** Capabilities to service innovative solutions within pharma/biotech (i.e., small molecule drugs, biologics, cell/gene therapies, etc.)

Anticipating Additional Near-Term Consolidation As CDMOs Bolt-On Capabilities To Position As One-Stop-Shop

# Growth In Advanced Therapies Require High-Specialized Capabilities

## FY 2023 – H1 2024 Pharma CDMO Market

### Cell & Gene Therapy Overview

**>\$10B**

Cell & Gene Therapy  
Investments  
(H1/24)

**>3,200**

Cell & Gene Therapy  
Clinical Trials  
(2018 – 2023 )

### Market Dynamics & Insights

- Genetic medicines require multiple specialty elements through typically complex processes compared to other drug types
- Growing investment & pipeline of gene/cell therapies result in limited specialty development & manufacturing resources needed to accelerate timelines
  - Both small & large biotech/pharma organizations have yet to invest in internal infrastructure to service advanced therapy offerings
  - Resulting bottlenecks in manufacturing result in expanding capacity for advanced therapy manufacturers
- Challenges arise in technology transfers from smaller, highly-specialized niche CDMOs to larger organizations as cell/gene therapy companies begin to scale
  - Conversely, larger firms may lack the niche expertise for early development & small-batch projects

### Key Developments



**April 2024** – Advanced therapy CDMO Ascend nabs Florida manufacturing site & team from ocular gene therapy outfit Beacon



**May 2024** – After 5-year quest to streamline cell & gene therapy production, Ori Biotech reveals automated platform



**July 2024** – UniQure sells gene therapy manufacturing site to Genezen, along with production of CSL's Hemgenix

### Select Market Leaders



“

The gene and cell therapy space is at an **exciting inflection point** and in need of **new manufacturing solutions** that can **efficiently and reliably** bring promising precision therapies to patients at scale.

**Jonathan Leff** **DEERFIELD**  
Partner, Deerfield Advancing Healthcare™

Demand For Cell & Gene Therapy Production Underpins CDMO Expansion Strategy

# Platform Creation Sets Foundation For Bolt-On M&A

## FY 2023 – H1 2024 Pharma CDMO Market

| Date     | Target   | Buyer  | Target Description  |
|----------|--|--|---|
| 2/5/24   |  Catalent                   |  novo holdings  | Global CDMO enabling pharma, biotech & consumer health partners to optimize product development, launch & full lifecycle supply                 |
| 11/14/23 |  STERIPACK IRELAND          |  Sagard<br> STERIMED INFECTION CONTROL                         | Provider of high-end bespoke packaging solutions for medical device & pharma companies with state-of-the-art facilities                         |
| 9/29/23  |  Simtra BioPharma Solutions |  Advent International GLOBAL PRIVATE EQUITY<br> WARBURG PINCUS | Biopharma solutions business from Baxter; provides end-to-end CDMO services from clinical development to commercial fill /finish                |
| 5/2/23   |  PALL Life Sciences         |  cytiva   | Life Sciences business offering capabilities for assisting customers in discovering, developing & delivering next generation novel therapeutics |
| 4/13/23  |  Pyramid Labs               |  Audax Group  | Drug-product CDMO providing formulation development, analytical & stability testing & aseptic fill-finish manufacturing services                |

### Transaction Insights

- Private Equity groups seeking profitable CDMO targets with established client bases & broad geographic reach
- CDMO platforms seeking add-on opportunities to expand capabilities into niche segments
  - Growth of cell & gene therapies require different competencies & equipment
  - Opportunity to bolt-on bioproduction as well as other upstream & downstream service providers supports establishment of one-stop-shop offering

Acquirers Leverage Inorganic Growth Strategy To Build End-To-End CDMO Platforms

# Case Study: Baxter Spin-Out – Simtra BioPharma Solutions

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## Background

- Baxter International Inc. (NYSE: BAX) announced divestiture of its BioPharma Solutions business in May 2023
- Considered a non-core segment with declining revenue YoY
- BAX divested business unit to re-focus efforts & resources on core business areas to accelerate growth

## Value Creation Opportunity

- Advent International & Warburg Pincus acquired BioPharma Solutions business from BAX as standalone entity, Simtra BioPharma Solutions
- Identified high-quality reputation & differentiated technical capabilities as foundation for growth
  - Historical under-investment in capacity & resources halted growth while a division of BAX
- Warburg & Advent to embark on multi-pronged growth strategy
  - Organically add new lines of drug delivery systems
  - Expand existing capabilities & geographic presence through M&A

“

One of the reasons why we are **attracted to investing in pharma services** is that the industry has had a long track record of **introducing innovative therapies** to the market and relies on critical supply chain partners such as Simtra to manufacture those drugs...**[Simtra] will benefit from the growth of these new therapies, because it is providing critical outsourced services** in the manufacturing and production of those drugs...

”

**WARBURG PINCUS**  
 Ruoxi Chen  
 Managing Director

Enhanced Focus On Building Core Competencies Positions Simtra As High-Value Standalone CDMO

# Novo Holdings Acquires Catalent To Boost GLP-1 Production

FY 2023 – H1 2024 Pharma CDMO Market

|  |   |   |  |
|--|---|---|--|
| <br>Target  | <br>Buyer  |   |  |
| <b>Date:</b> February 5, 2024<br><b>Type:</b> M&A  | <table border="1"> <tr> <td style="text-align: center;"> <b>\$16.5B</b><br/> <small>Deal Value</small> </td> <td style="text-align: center;"> <b>Commercial</b><br/> <small>Deal Stage</small> </td> </tr> </table> | <b>\$16.5B</b><br><small>Deal Value</small> | <b>Commercial</b><br><small>Deal Stage</small> |
| <b>\$16.5B</b><br><small>Deal Value</small>  | <b>Commercial</b><br><small>Deal Stage</small>  |   |  |
| <b>Target Description:</b> Global CDMO enabling pharma, biotech & consumer health partners to optimize product development, launch & full lifecycle supply   |   |   |  |
| <b>Transaction Structure &amp; Overview</b>  |   |   |  |
| <ul style="list-style-type: none"> <li>• Take-private transaction for \$63.50 per share; represents a 16.5% premium on trading price prior to announcement</li> <li>• Following the transaction, 3 manufacturing plants were sold to Novo Nordisk to increase manufacturing capacity for Wegovy &amp; Ozempic</li> </ul> |   |   |  |

## Outcome Strategic Insights

“ The heated competition between Novo Nordisk and Eli Lilly in the diabetes and obesity market has led to one of the more interesting transactions in the CDMO space this year. In February, Novo Holdings, the majority owner of Novo Nordisk, announced it would acquire Catalent for \$16.5B. Upon closing this transaction, Novo Holdings has said they would sell three fill-finish sites to Novo Nordisk for \$1.1B to address the manufacturing bottleneck for Ozempic and Wegovy. Catalent would keep the remaining facilities and continue to service current and develop new CDMO clients for its new owner.

We still need to see if this transaction closes in Q4, considering the scrutiny that the FTC has placed on other transformative transactions over the past few years. Most recently, Senator Elizabeth Warren has urged FTC to scrutinize this transaction as it may give Novo Nordisk an unfair advantage in the marketplace. Time, and the US presidential election may impact how this transaction proceeds. ”



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# Outcome Capital Overview

## FY 2023 – H1 2024 Pharma CDMO Market

Outcome Capital is a **highly-specialized life sciences & healthcare-dedicated** investment banking & strategic advisory firm adopting a unique **market-driven, strategy-led** approach to value enhancement. Our team consists of industry veterans with broad **entrepreneurial, strategic & operational expertise with deep scientific, clinical & financial expertise.**

### Industry Expertise

|             |  |          |  |                |              |
|-------------|--|----------|--|----------------|--------------|
| Pharma      | <br>Life Sciences | Biotech  | <br>Healthcare | Digital Health | HCIT         |
| Diagnostics |  | MedTech  |  | Services       | RPM          |
| Tools       |  | CRO/CDMO |  | Payers         | Telemedicine |

### Strategically Focused Transactions



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