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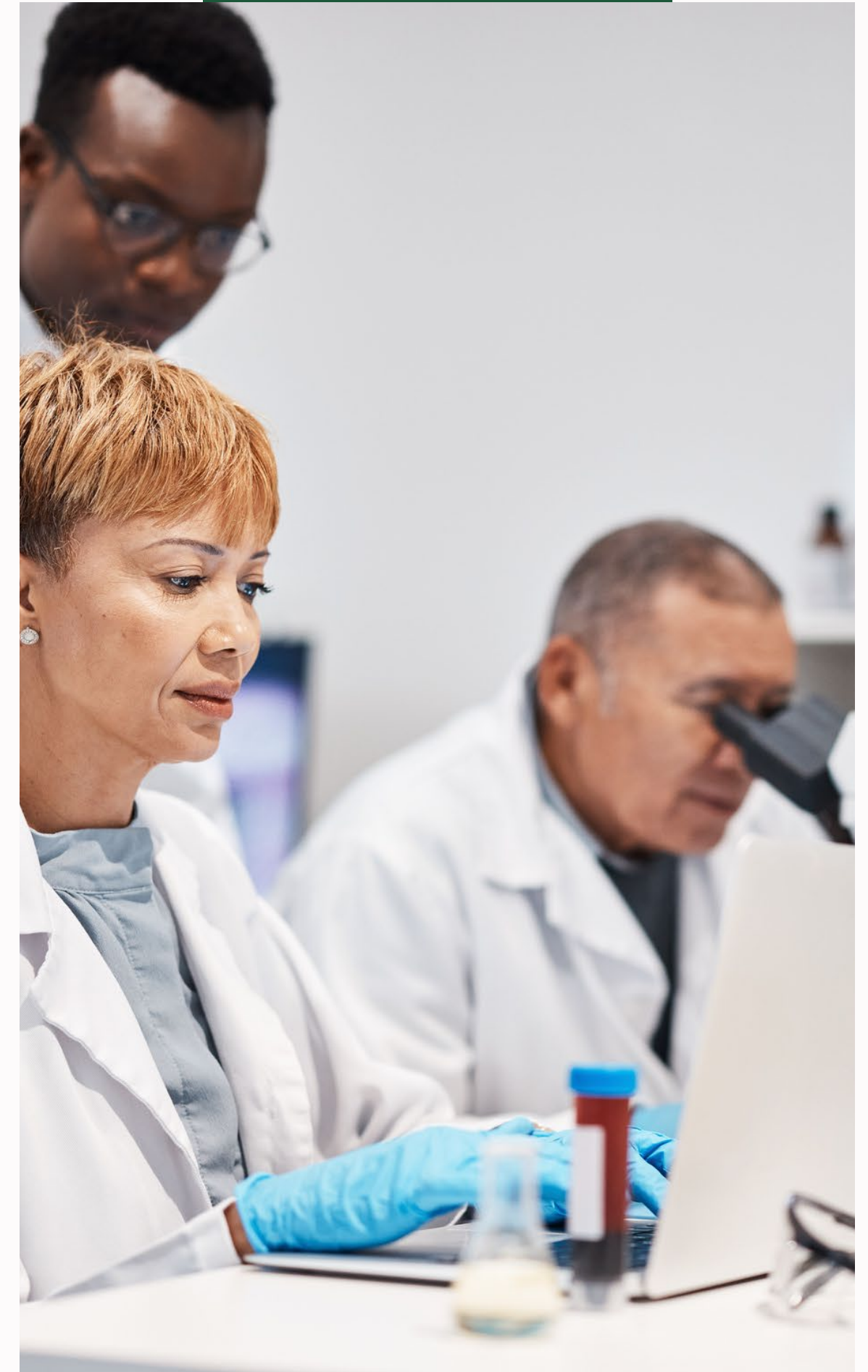


# HEALTHCARE INVESTMENT MARKET OVERVIEW 2024

*November 7, 2024*

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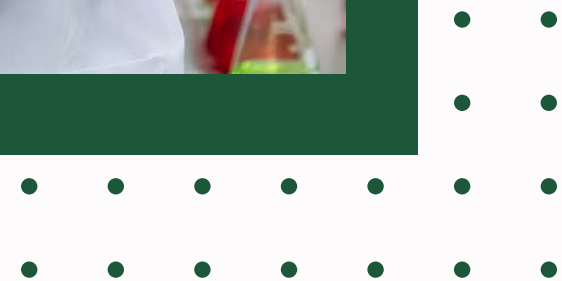
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# Healthcare Introduction

## Biotech

## Pharmaceuticals

## Medical Devices



*Kymriah, developed by Novartis, is a prime example of a CAR-T cell therapy, used to treat certain types of blood cancer.*



*Keytruda, developed by Merck, is an immunotherapy drug widely used to treat various cancers.*



*The Da Vinci robotic surgery system, improving surgeons' precision and flexibility while reducing patients' recovery times and significantly enhancing surgical success rates.*

# EQUITIES PERFORMANCE

## USA: SPDR S&P Biotech ETF (XBI)



### Comparison between 2023 & 2024 XBI

- **2024:** Shown an **8.36%** increase, peaking in March and July, stabilized around \$98 in October.
- **2023:** Declined by 19.53%, showing significant volatility and a downward trend
- **2024 Growth vs. 2023 Decline:** **\$30.85** higher compared to October 2023. 2024 showed clear recovery and growth, contrasting with 2023's instability and downturn.

## USA: Vanguard Health Care Index Fund ETF (VHT)



### Comparison between 2023 & 2024 VHT

- **2024:** Shown an **8.83%** increase, with a steady upward trend. Peaking mid-year, and stabilizing around \$277 in October.
- **2023:** Experienced a decline of 6.4% with relatively minor fluctuations.
- **2024 Growth vs. 2023 Stability:** **\$44.95** higher compared to October 2023. Compared to 2023, 2024 showed recovery and growth.

# EQUITIES MARKET

## Reason

- **Economic Recovery:** Improved inflation outlook and potential rate cuts in 2024 boosted investor confidence
- **Higher FDA Approvals:** More drug approvals in 2023 led to increased investment in biotech innovations, driving positive trends in 2024
- **Increased M&A Activity:** Surge in M&A since late 2023 brought more capital and stability to the sector in 2024

# EQUITIES PERFORMANCE - CANADA

## Canada: S&P/TSX Capped Health Care Index (TTHC)



### Comparison between 2023 & 2024 TTHC

- **2024:** Increased by **18.66%** to **\$27.72**, demonstrating strong recovery.
- **2023:** Shown a slight increase of 1.49%, Relatively stability but limited growth.
- **2024 vs. 2023:** Price in 2024 increased by **\$6.68** than 2023.

### Reason

- **Market Size & Innovation:**
  - U.S.: Larger market, more innovation, abundant capital; supports steady growth.
  - Canada: relies on external partnerships.
- **Economic & Regulatory Environment:**
  - U.S.: Strong economic resilience, favorable regulations; promotes stable funding and innovation.
  - Canada: Regulatory hurdles limit sector expansion.

# Regeneron Pharmaceutical in 2024

## Case Analysis

### Strategic Product Innovations & Expansions

- Development of Eylea HD
  - High-dose version launched to counter patent expiry. Sales rose from \$1.23B in Q4 2023 to \$2B in Q1 2024.
- Addressing Side Effects in Weight-Loss Drugs
  - Planned trials combining semaglutide with Trevogrumab and Garetosmab to tackle muscle loss, addressing gaps in existing therapies.

### Expansion of the Oncology Portfolio

- European Approval of Ordspono
  - EU approved for tough-to-treat lymphomas (FL, DLBCL). Strengthened Regeneron's oncology portfolio and provided a new revenue stream

### Robust R&D Investments

- Increased R&D Spending - \$5 Billion Investment
  - This commitment to innovation helped the company expand its pipeline and reinforced its competitive edge

### September Decline in Regeneron Stock Price

- Eylea Biosimilar Ruling
  - Regeneron's stock fell in September 2024 after a court allowed Amgen to launch a biosimilar for Eylea, heightening investor concerns over increased competition and revenue impact.

## Regeneron Pharmaceuticals Inc

**\$962.34** ↑6.34% +57.34 YTD

After Hours: \$962.34 (0.00%) 0.00

Closed: Oct 22, 5:33:18 PM GMT-4 · USD · NASDAQ · Disclaimer



# M&A Activities

In 2024, M&A in the healthcare sectors experienced strong growth in some sectors. Key drivers included **patent expirations**, **biotech innovation**, and investments in **digital health** and **AI**.

## Healthcare Market

- 2024
  - Deals#: 64, representing **56.6%** of 2023.
  - Deal Value: \$1.66 billion, which has already reached **44.9%** of 2023, suggesting that the full year might approach 2023's levels if growth continues.
  - Price per Deal: \$2.09 billion, reflecting a **decrease of 20.57%** compared to 2023.
- **Biopharma** and **MedTech** continue to drive high-value deals, indicating sustained interest in sectors that are advancing innovation in treatment and diagnostics.
- 2024 is on track to approach or potentially exceed 2023 levels.
- Deal count and total value are strong, though the average price per deal has decreased, reflecting a shift toward smaller, strategic acquisitions. Suggesting a more targeted approach in the healthcare sector as companies prioritize specific assets and innovations.



# A Activities

## HEALTHCARE | M&A Activity

\$ in billions



No. of Deals

	2018	2019	2020	2021	2022	2023	2024 YTD
Biopharma	44	42	37	40	44	40	32
MedTech	15	19	9	23	23	21	11
LS Tools / DX	11	8	7	26	7	12	4
Services	70	69	58	103	71	32	15
HCIT	18	20	29	24	21	8	2
<b>Total</b>	<b>158</b>	<b>158</b>	<b>140</b>	<b>216</b>	<b>166</b>	<b>113</b>	<b>64</b>

Source: Dealogic, Scope Research, SEC filings, Company press releases. Deal inclusion criteria: Equity Value >\$100 million as of 06/27/24.

# Biopharmaceuticals

- 2023
  - Deals: 40
  - Deal Value: \$144 billion
  - Price per Deal: \$3.6 billion
- 2024
  - Deals in 2024 H1: 32, representing **80%** of 2023.
  - Deal Value in 2024 H1: \$37 billion, reaching only **25.7%** of 2023
  - Price per Deal in 2024 H1: \$1.16 billion, a **reduction of 67.8%**
- Focus: Acquiring late-stage biotech firms to fill drug pipeline gaps.

## Medical Devices

- 2023
  - Deals#: 12
  - Deal Value: \$13 billion
  - Price per Deal: \$1.08 billion
- 2024
  - Deals#: 11, representing **91.7%** of 2023.
  - Deal Value: \$25 billion, which has already reached **192.3%** of 2023.
  - Price per Deal: \$2.27 billion, reflecting an **increase of 110%** compared to 2023.
- Focus: Rapid acquisition of innovative therapies (gene therapy, immunotherapy).

## Regulatory Scrutiny

- U.S. Focus: FTC intensifies antitrust reviews on large deals (e.g., Amgen-Horizon).
- Mid-sized Deals: Remain active due to eased financing pressures from Fed rate cuts.

## Outlook

- M&A growth expected, especially in medical devices, digital health and telemedicine, driven by AI advancements.
- Continued focus on gene editing, immunotherapy, and rare disease treatments.
- Regulatory challenges may slow some deals, but overall M&A will drive innovation and market expansion.

# Novo Holdings Acquisition of Catalent (2024)

## M&A Case Analysis

### Acquisition Overview

- Novo Holdings acquired Catalent for \$16.5 billion.
- In 2023, Catalent faced production challenges and financial setbacks, Novo Holdings offering a 16.5% premium over its prior stock price.

### Strategic Importance

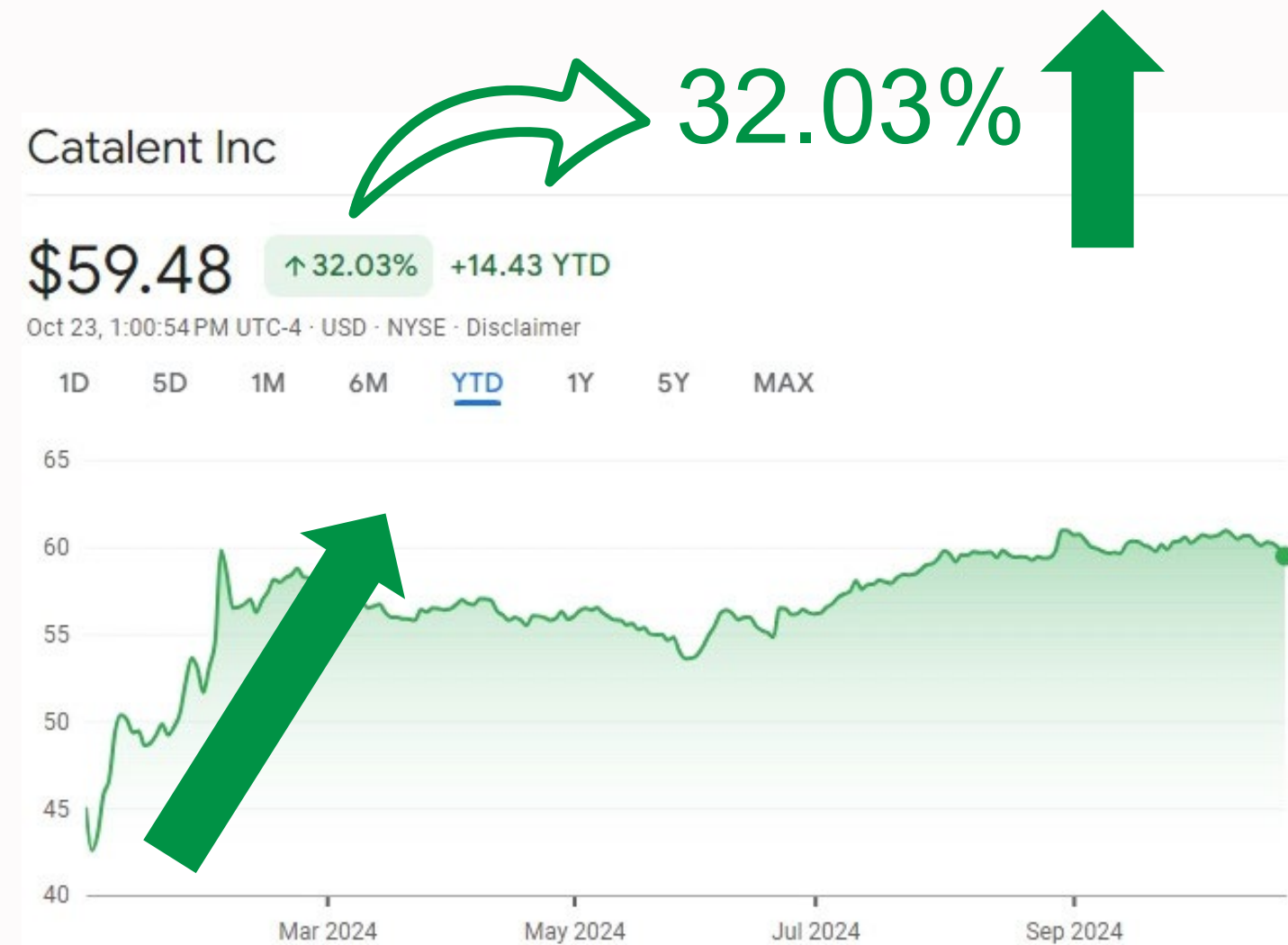
- **Enhanced Manufacturing Capacity:** Catalent's extensive global network allowed Novo expanded its manufacturing infrastructure.
- **Supply Chain Optimization:** Catalent's expertise in drug production and delivery helped Novo Holdings strengthen its supply chain.

### Post-Acquisition Plans

- **Selling Manufacturing Facilities:** Novo planned to sell three of Catalent's major manufacturing sites to Novo Nordisk for \$11 billion. Helping to address supply chain bottlenecks and meet global demand.
- **Privatization of Catalent:** Catalent was delisted and transitioned into a private company.

### Stock Performance

- After the announcement in early 2024, Catalent's stock saw a sharp rise, increasing by 9.7%.
- Although Novo Holdings is private, Novo Nordisk's stock remained stable, with slight gains following the acquisition announcement.



# Financing & Trending

## VC Dollars and Deals by Healthcare Sectors

US, EU and UK

● Number of Deals



## US Healthcare VC Fundraising<sup>1</sup> 2012-H1 2024

■ Capital Closed ■ Capital Raising<sup>2</sup>



\$15B



Sectors (\$M)	2021			2022			2023			H1 2024		
	US	EU & UK	Total	US	EU & UK	Total	US	EU & UK	Total	US	EU & UK	Total
Biopharma	29,975	6,534	36,509	22,999	4,234	27,233	16,627	3,967	20,593	12,839	2,493	15,331
Healthtech <sup>1</sup>	27,981	2,775	30,756	18,466	3,710	22,176	10,240	1,131	11,371	5,637	581	6,217
Dx/Tools	11,277	2,805	14,082	7,682	1,768	9,450	4,083	1,495	5,578	2,469	558	3,027
Device	6,461	2,257	8,717	6,676	1,532	8,208	4,991	1,382	6,373	2,638	764	3,402
<b>Total<sup>2</sup></b>	<b>75,723</b>	<b>14,371</b>	<b>90,093</b>	<b>55,848</b>	<b>11,261</b>	<b>67,108</b>	<b>35,963</b>	<b>7,979</b>	<b>43,942</b>	<b>23,618</b>	<b>4,396</b>	<b>28,014</b>

# Financing & Trending

## 2023-2024 Recovery

- **Growth in Deals#:** 2024 H1, total deals reached 1,400, showing a **10.85% increase** compared to 2023 Q3-Q4.
- **Growth in Total Value:** The total deal value in 2024 H1 is \$23.6 billion, reaching approximately **65.67%** of the full-year 2023 deal value of \$35.96 billion. This strong performance suggests that 2024 is on track to surpass the total deal value of 2023.
- **Growth in VC Fundraising:** 2024 H1 VC Fundraising totaled \$15 billion, with \$9 billion in capital closed and \$6 billion in capital raised. 2024 H1 has already **reached 75%** of 2023's total fundraising, trailing by \$5 billion to match the previous year's full amount. If this pace continues, 2024 is on track to exceed 2023's total fundraising.
- **Outstanding Sector: Biopharma** has **reached 77.1%** of its 2023 U.S. total (\$16.6B), showing strong investment interest and potential for further growth.

## Outlook

- Financing remains below 2021 but shows steady deal growth.
- Biopharma continues to fuel activity; strong focus on health tech and biotech innovation likely to sustain momentum through 2024.
- AI and Digital Health Growth: Rising investments in digital health and AI are driving advances in diagnostics, personalized care, and efficiency, with strong future growth expected in health tech.

# AbbVie's Expansion in China

## Case Analysis

### Strategic Growth:

- **Key Move:** Expanded in China via partnerships, solidifying market presence and promoting global drug innovation.

### Key Partnership:

- **Innovent Biologics:** Co-developed Sintilimab (PD-1 inhibitor). Success boosted AbbVie's oncology footprint globally.

### Market Expansion:

- **Rapid Drug Approvals:** Rinvoq, Venclexta gained fast-track approvals; Rinvoq secured 7 indications in 20 months.
- **Result:** Significant revenue growth from China by 2023.

### Workforce & Future Plans:

- **Employee Growth:** Increased from 400 to 2,200 in a decade.
- **Future Strategy:** Plan to introduce 30+ new drugs/indications by 2030.

### Conclusion:

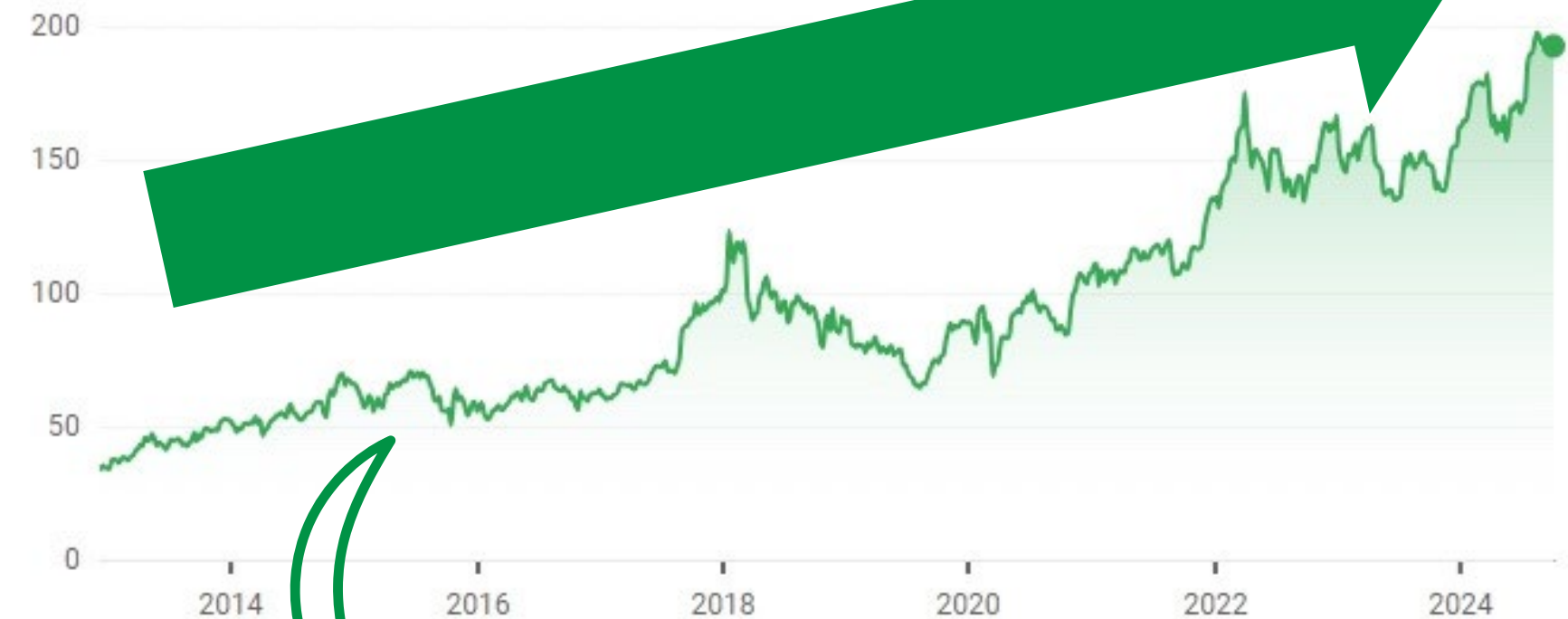
- **Employee Growth:** Increased from 400 to 2,200 in a decade.
- **Future Strategy:** Plan to introduce 30+ new drugs/indications by 2030.

### AbbVie Inc

**\$192.48** ↑ 483.27% +159.48 MAX

Oct 8, 12:15:48 PM UTC-4 · USD · NYSE · Disclaimer

1D 5D 1M 6M YTD 1Y 5Y MAX



Collaboration and expansion in China began around 2014-2015



# OUTLOOK



## AI

- \$1.5 billion in AI-driven healthcare, a threefold increase from last year
- Enhanced diagnostic accuracy, supports personalized medicine.



## Gene Editing

- Gene editing, like CRISPR, is revolutionizing treatments for genetic diseases and cancer.
- Technologies enable personalized therapies. Expanding opportunities in precision medicine.



## Telemedicine

- Virtual health platforms, remote diagnostics, and AI-assisted monitoring drive growth potential.
- Offers convenient, cost-effective care, especially beneficial in remote regions.

# OUTLOOK



## Regulatory Environment

- Drug Pricing Regulations: Drug pricing policies, IRA
- FDA Approvals: Regulatory hurdles from the FDA
- Data Privacy Laws: Strict privacy regulations, HIPAA, present challenges for data-driven healthcare solutions.



## Aging Population

- Aging population grows the demands of healthcare market from all aspects.



## Macroeconomics Environment

- Lower interest rates encourages increased investment in healthcare technologies and innovations.

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