**VO:** *The BioWorld Insider* podcast.

**Lynn Yoffee:** This is the *BioWorld Insider* podcast. I'm Lynn Yoffee, *BioWorld*'s publisher. Our guest today is Karen Carey. She's *BioWorld*'s managing editor and chief analyst. Karen tracks the avalanche of biopharma data, including financings and deals. You can see that data on the *BioWorld* website under the Data Snapshots tab. There you can find a wealth of useful information, including things like PDUFA dates and clinical trial data. She's also our chief analyst who helps to provide perspective related to the financings and deal-making landscape, among other things. She's here today to talk about the first quarter performance and where we stand compared to last year. Welcome, Karen.

**Karen Carey:** Hi, Lynn. Good to be here.

**Lynn:** Karen's talking with Lee Landenberger, a *BioWorld* staff writer and the *BioWorld Insider* podcast host. Over to you, Lee.

**Lee Landenberger:** Thank you, Lynn. Karen, thank you for joining us today. Thanks for stepping away from the calculator for a moment to chat with me. [You see] these numbers every day. It's an onslaught, and we like to check in with you occasionally to get some perspective and see how the industry stands. Everybody knows it's been a tough few years, and I wonder if when you were going through this latest round of numbers, if you saw any hope that the landscape is improving. Just from where I'm sitting, it looks like things are improving somewhat, but I wanted to ask you. First off, the public markets appear to have opened up in 2024. How have we done with biopharma financing so far in the first quarter?

**Karen:** Oh, well, thanks, Lee. Financings have been doing quite well. The biopharma industry raised $47 billion in the first quarter. That's the second highest amount for a quarter ever since 2011. Really, it's only behind the second quarter of 2020, which, of course, reflected the huge amount of money going into drug development when COVID came about. It did feel, after that onslaught, like financings had dropped off quite a bit last year. A lot of analysts felt it could only get better in 2024, and they were right.

It did, but it did by a lot, and that has surprised some people. I'm not really sure why we saw so much activity in the first quarter, but I guess we have to remember it's a U.S. presidential election year, and that is always filled with uncertainty. Investors may have been flooding into the markets to find investments ahead of the election, and therefore, maybe we'll see the activity slow down later this year. Also, the Fed has sort of backed off on raising interest rates for the time being, so that opened the window a bit. Just yesterday, the Fed held interest rates steady, so, the economy, inflation, all of that plays a role, and, perhaps investors thought things were looking a bit better at the beginning of the year.

**Lee:** Are the follow-on offerings that are largely responsible for the rise in the financings?

**Karen:** Oh, yes. They are a big part of it. Through the first quarter, the industry had raised $27.6 billion in follow-on offerings. If you look at the whole, that's 59% of the amount raised for all financings this year. It was basically more than was raised through follow-ons during 21 of the past 24 full years. Only 2015, 2018, and 2020 are higher, but they are including 12 months of the years, and this is only three months for 2024. Now, there are sometimes these big pharma public offerings that skew the numbers a bit, so I have to qualify for that. This included a $13 billion notes offering by Bristol-Myers and a $3.1 billion share offering by Pfizer.

Just as an aside, pharma needs to continually reinvest in R&D as some of their products near patent cliffs and face generic competition, plus there are concerns over the Inflation Reduction Act and IP protection and other potentially revenue-eroding issues. For its part, BMS was funding the cash part of some of its acquisitions with its large notes offering. Besides big pharma, we definitely still had some sizable follow-ons from traditional biotechs like Vaxcyte, Viking and Madrigal, all of which raised upwards of $600 million. Vaccine company Vaxcyte, it was actually $862 million. Viking, which is making headway into the obesity market, they raised $632 million. While Madrigal raised $600 million just after getting FDA approval for Rezdiffra to treat non-alcoholic steatohepatitis.

By volume, there were 80 follow-on offerings in Q1, which is in the top six of all quarters. Our data goes back to the year 2000. I also, Lee, I wouldn't ignore the IPO market. Although that slowed down a bit through April, we did well in the first quarter, raising about $4 billion through 10 IPOs. That one did include one done in Switzerland worth $2.5 billion from Galderma. That's the largest IPO we've ever tracked. We also had CG Oncology, the first one this year, raising $437 million. Kyverna Therapeutics, they raised $367 million through the IPO in February.

**Lee:** It wasn't that long ago that we weren't talking about billions. Now we see it, it's fairly frequent. What about private financings?

**Karen:** Okay, so those were at $5.65 billion for the first quarter. There were about 106 completed. We're also seeing some increased funding in earlier stages, like seed rounds, for example. They accounted for 6% of the total versus 5% for Q1 in 2023. Series A rounds were 38% of this year's total. With the public markets opening up, it does seem like private financings aren't dominating like they once did. There were some nice-sized raises in Q1, though. Precision medicine company, Mirador, they raised $400 million. Alumis, which is focused on immune-mediated diseases, they raised $259 million.

Cystic fibrosis company Sionna Therapeutics raised $182 million. I also should probably note that private financings of public companies, including private placements, have had a good showing so far this year, with nearly $10 billion raised. That's up by 33% over the fourth quarter of 2023, and it's actually the fourth-highest quarter on record. Just like follow-ons, there were a lot of them. 160 is how many we tallied.

**Lee:** You mentioned Mirador in there. The CEO, Mark McKenna, was our guest in the last podcast. He had great insight into things. At the time, when he raised that seed funding, it was a lot of money, it was oversubscribed. He said that he hadn't anticipated going for that much of a raise and got way more than he expected and said, "Well, if it's here, we should take it.” That's a good podcast. We just had that one and it's up on the site if you care to listen to it.

**Karen:** Yes. I think a lot of people are finding if the money's being offered, they do need to take it because you just don't know what's around the corner. To think of people back in 2019 that were thinking of doing a financing when COVID hit, it may not have been as easy for some companies, even though financings were quite high that year.

**Lee:** Yes. Okay. Let's shift over to the deals. Biopharma deals totaled $44 billion just in the first quarter of this year. Are we still seeing a large number of the deals that are worth a billion dollars and more, and what types of things are attracting partners?

**Karen:** Yes. The $44 billion total value, that sort of falls in between the four quarters last year with two ahead of it and two behind it. 2023, you may remember, was the highest year on record for deal value, but it was also a weak financing market. Companies that maybe wanted to raise money were seeking deals instead. Now, deals are a little lower and financings are strong. Being lower in comparison to last year doesn't mean there's not a lot of activity. In fact, in Q1, there was a lot of activity. In fact, in Q1, there were 362 deals, and they are right in line with what we saw in the fourth quarter of 2023, which was 359. You mentioned the $1 billion plus deals. By deals, I should say we only are including licensings, joint ventures, and collaborations, not M&As. We count those separately. In Q1, there were 14 deals with a combined value of $22.83 billion. Those are 14 deals that were worth more than $1 billion each. The $22.8 billion, that's 52% of the total deal value for the quarter. More than half of the deal value was through these 14 $1 billion plus deals.

We saw investments in RNA technologies, radiopharmaceuticals, artificial intelligence, cell and gene therapies, antibody drug conjugates, and as always, small molecules and peptides. Top therapeutic areas were cardiovascular disease, cancer, as well as metabolic and rare diseases. What we didn't see is any COVID-19 deals, which is a relief. Not to say that there isn't some investment in other infectious diseases in efforts to improve pandemic response, but when we're not seeing the deals in that area, it indicates we've moved on, which is nice because there's a lot of other work to be done.

The biggest deals in the first quarter were an RNA deal between Novartis and Argo worth $4 billion plus for cardiovascular disease oligonucleotide assets. Roche's $2 billion plus oncology precision medicine deal with Moma. Boehringer Ingelheim's $2 billion deal with Suhzou Ribo Life Science for siRNA treatments for NASH, or what's called MASH, metabolic dysfunction associated steatohepatitis.

Isomorphic signed two AI drug discovery deals with Eli Lilly and Novartis with a combined $3 billion, and there were cell and gene therapy deals between AbbVie and Umoja Biopharma worth $1.4 billion for cancer, and Novartis and Voyager worth $1.3 billion for Huntington's disease and spinal muscular atrophy. As always, there were several ADC deals with Roche's $1.5 billion deal with Medilink for a solid tumor candidate being one of the largest.

**Lee:** Okay, M&As, they have struggled in the past few years, but it seems like the things are changing a little bit. What are we seeing with them?

**Karen:** M&As totaled $50 billion in Q1. That's down from $84 billion in the fourth quarter of 2023. There were some big ones that closed during Q4. You may remember Pfizer's buyout of Seagen, which was $43 billion by itself. That closed in December. Then there was also Amgen buying Horizon for $27.8 billion. That closed in October. Q4 of 2024 was a little unusual. Really, $50 billion in Q1 is pretty good and is ahead of all first quarters in the previous four years. One thing we have noticed is M&As used to be a larger percentage of the total value when combining M&As and deals together. In 2016, M&As were 65% of the total value combined.

That dropped down to 27 percent in 2022 and 39 percent in 2023. In Q1 of 2024, however, it was 53 percent. It's coming back up. Most of the value of M&As in Q1, about 94 percent, consists of 10 M&As worth $1 billion or more. That includes Bristol Myers' three big acquisitions of the first quarter. They acquired Corona for $14 billion, Mirati for $5.8 billion, and Rayzebio for $4.1 billion. Another big M&A in Q1 was Abbvie's purchase of Immunogen for $10.1 billion, as well as Gilead's buyout of Cymabay for $4.3 billion. The headlines last year had a lot to do with FTC challenges, but those probes certainly have not seemed to deter the industry from seeking M&A transactions. It will be interesting, though, to see what happens as the year progresses.

**Lee:** M&As and deals are doing well. Financings are better than expected. If that's the case, why are so many companies still going through layoffs? The most recent one last week, I think, was Bristol Myers, and they got 2,200 positions.

**Karen:** Yes, that was a huge amount. There's still a lot of jobs being lost. We've tracked 7,834 biopharma jobs lost so far in 2024, with the bulk of that being the Bristol Myers cut announced just last week. That accounted for 28% of all layoffs this year. We are tracking down from last year, which had 17,400 by the end of the year, and from 2022, which had 18,500. Obviously, as I had mentioned earlier, there are ripple effects through the economy, but some of these workforce reductions occur as a result of companies shifting priorities, trying to see what is in their pipeline that will have the biggest return on investment.

That's what several biopharma companies have done. Those working on the research teams for the cut R&D products are affected. What we don't track, I should say, are the jobs created when the companies take on new programs. What's happening with deals and financings isn't necessarily related to these changes being made. For smaller companies, however, those that aren't profitable, it has come down to simple math and financings are related. Drug development is expensive, as we all know, and investors often stand back until they see solid data or encouraging signals that a company can either fill an unmet need or tap into a large market. Some companies just can't stretch their cash to hit the data milestones they need to attract investors.

Without that ability, they have one choice, and that's to reduce staff in programs. In the case of Bristol Myers, the company wants to focus on things that drive the most growth. Its layoffs are supposedly saving $1.5 billion, with two thirds of that coming from R&D. Also, the company's anticoagulant, Eliquis, is one of the 10 drugs selected for CMS negotiation as part of the Inflation Reduction Act. That is expected to impact revenues going forward. Pharma companies, again, are focused on replacing revenues of products, falling off patent or facing generic competition or even facing pricing challenges. That means putting money into programs with the most potential for future growth. That shifting of resources sometimes results in these layoffs we're seeing. Unfortunately, some good programs also get shelved.

**Lee:** Great. Thank you very much, Karen. I feel like I'm up to date. For everyone who wants some more detail on what Karen just went through, again, the *BioWorld* website that has data snapshots, all that's in there. It's a great tool to keep track of what's going on. Karen, thank you so much for your time and your insight. Lynn, back to you.

**Lynn:** I'll throw one more question at Karen, if that's okay. Karen, it's a lot of data that you've reviewed for us today. To me, the takeaway message is the industry, the sector is pretty healthy. Is that your takeaway?

**Karen:** It is. I feel like, wow, back in 2020 when COVID hit, what we were seeing was insane with the financings. I think everybody thought, this can't be a good thing. Companies that shouldn't be funded are getting funded. I think we have a reverse of that now. Investors are getting back to fundamentals. Pharma companies, when doing deals, are looking for companies that have solid data now. It's not so much of, I've heard the expression "Looking at the tea leaves," and deciding where to invest or put your money.

I think that's a good thing, because if we're getting back to the fundamentals in investing, the return on investment that the pharma companies are looking for, that may come to fruition in a better way than it would from companies that were invested in back in 2020. Overall, yes, I think we're moving toward a healthy place here. I don't know exactly what's going to happen the rest of the year. I mentioned the presidential election, all that, worries about the economy, inflation, that all plays a role. When you get down to it, the biopharma industry just has to, move forward and do what it does best, which is innovation and developing drugs and vaccines for unmet needs and for everybody. Yes, I'm upbeat. I'm pretty positive that we're moving in a good direction.

**Lynn:** That's terrific. It's great for the business of drug development, but importantly, it's really good news for ultimately for the patients who will benefit from the therapeutics that they're working on. That's our show for today. As always, *BioWorld* will continue to keep you informed of all the most important scientific, clinical, regulatory, and business updates. We're a daily news service covering drug development. If you need to track the development of drugs, turn to BioWorld.com. You can follow us on X and you can get in touch with us at [newsdesk@BioWorld.com](mailto:newsdesk@BioWorld.com). If you're enjoying this podcast, don't forget to subscribe via your favorite platform. Thanks for joining us today.

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