

BD&L STRATEGY FOR ONCOLOGY LEADERSHIP

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The growing oncology market



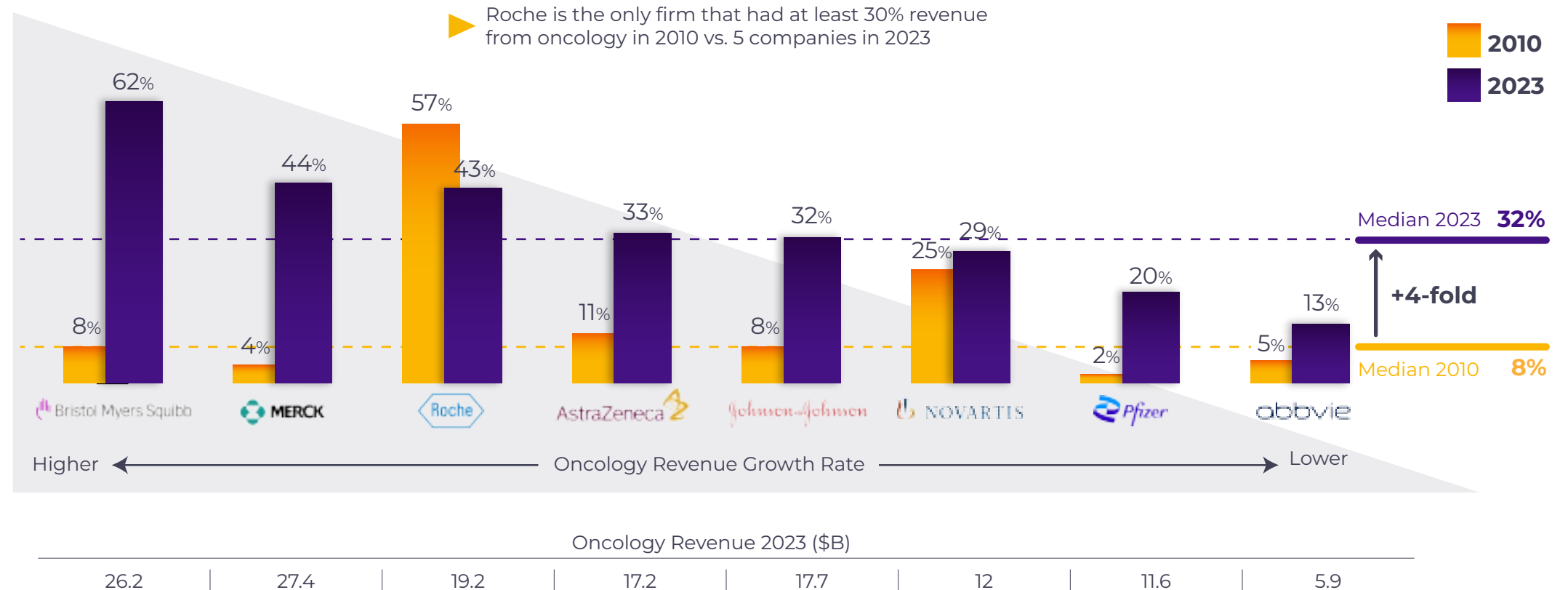


Oncology has gained significance for multiple companies over the past decade and is likely to become more significant for more companies in the future

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Oncology Revenue as % of Total Pharma Sales in Top 8 Pharma Companies (2023 vs. 2010)





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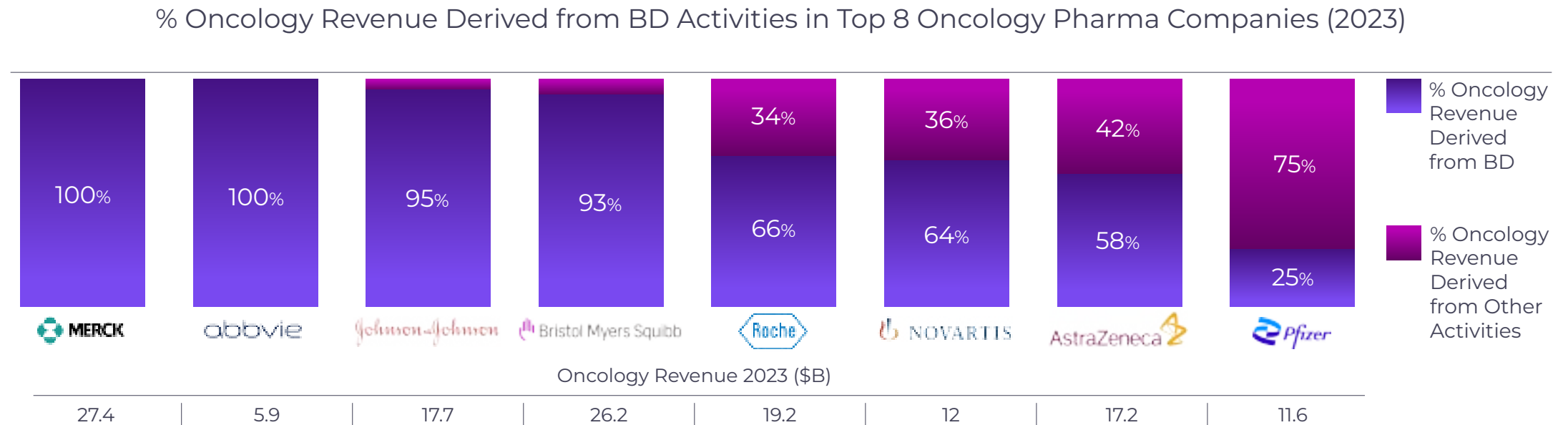
Importance of oncology BD&L activity in revenue growth





Most of 2023 oncology revenues at 7 of top 8 players resulted from M&A, partnering or licensing

With around half of all M&A activity in oncology over the last 2 years (in \$ terms), that trend is set to continue.



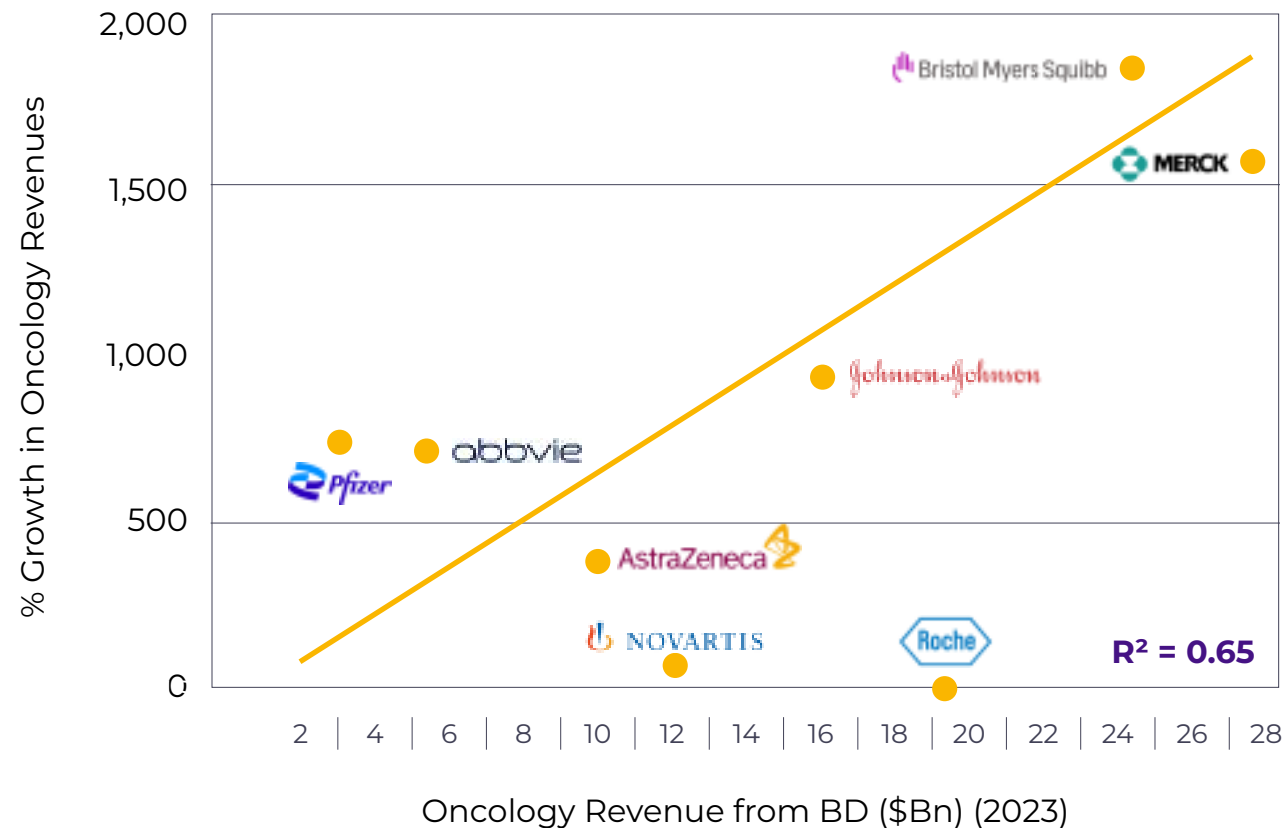
KEY TAKEAWAYS:

- 17 of the top 20 best-selling oncology drugs in 2023 (totaling \$85B in sales) were derived from M&A or partnering / licensing
- Oncology accounted for half of all pharma M&A dollars over the past 2 years
- No one size fits all, but those companies that have preferentially engaged in M&A vs partnering tend to be more successful



For top 8 players, oncology revenue growth since 2010 has largely been driven by BD&L

BD Drives Oncology Revenue Growth



KEY TAKEAWAY:

Growth in oncology revenues at the top 8 oncology companies since 2010 is strongly correlated with the fraction of current revenues derived from BD.

Business development activities are a critical driver of oncology revenue growth.

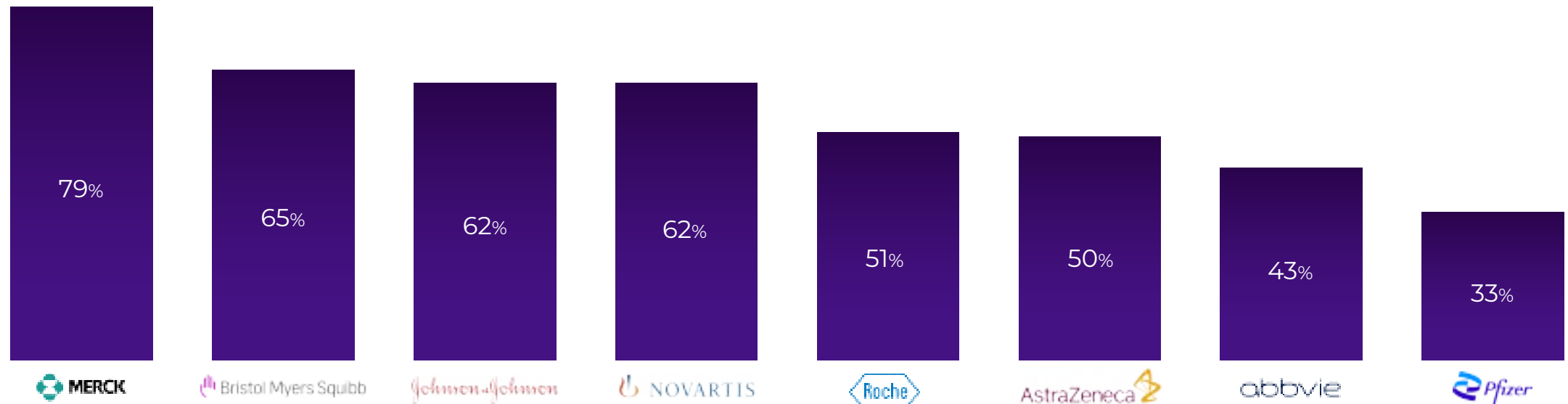


Business development activity has also added to R&D pipelines

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% of Clinical-Stage Oncology Assets Currently in Development That Are Derived from BD Activities



KEY TAKEAWAY: Over ½ of current clinical-stage drugs in oncology R&D pipelines at the top 8 oncology companies came directly from business development activities



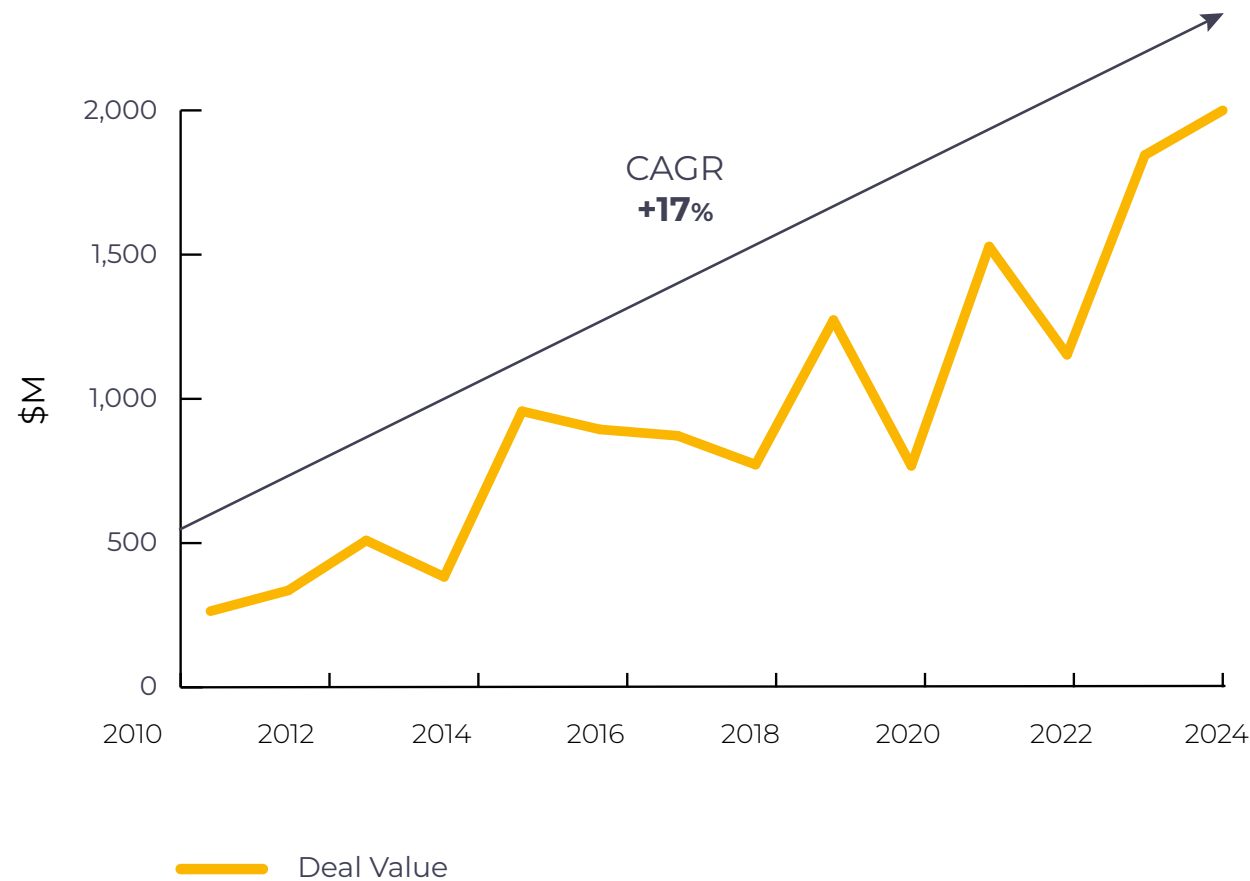
Growth in deal values



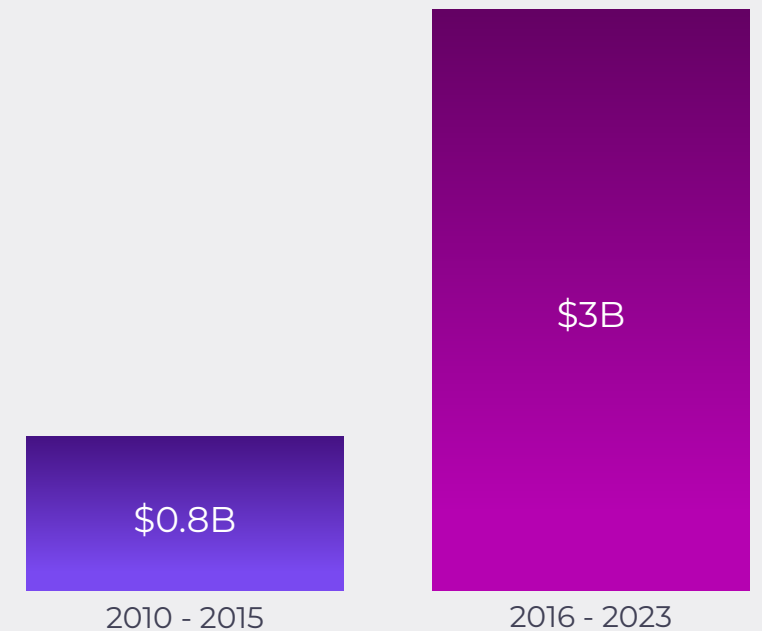


BD&L deal values have grown since 2010; with most of the growth driven by M&A activity

Oncology Partnering Drug Deal Values, \$M (2010-23)



Median deal value of \$2.2B for oncology partnering deals, driven by the past 8 years (vs. 2010-2015)

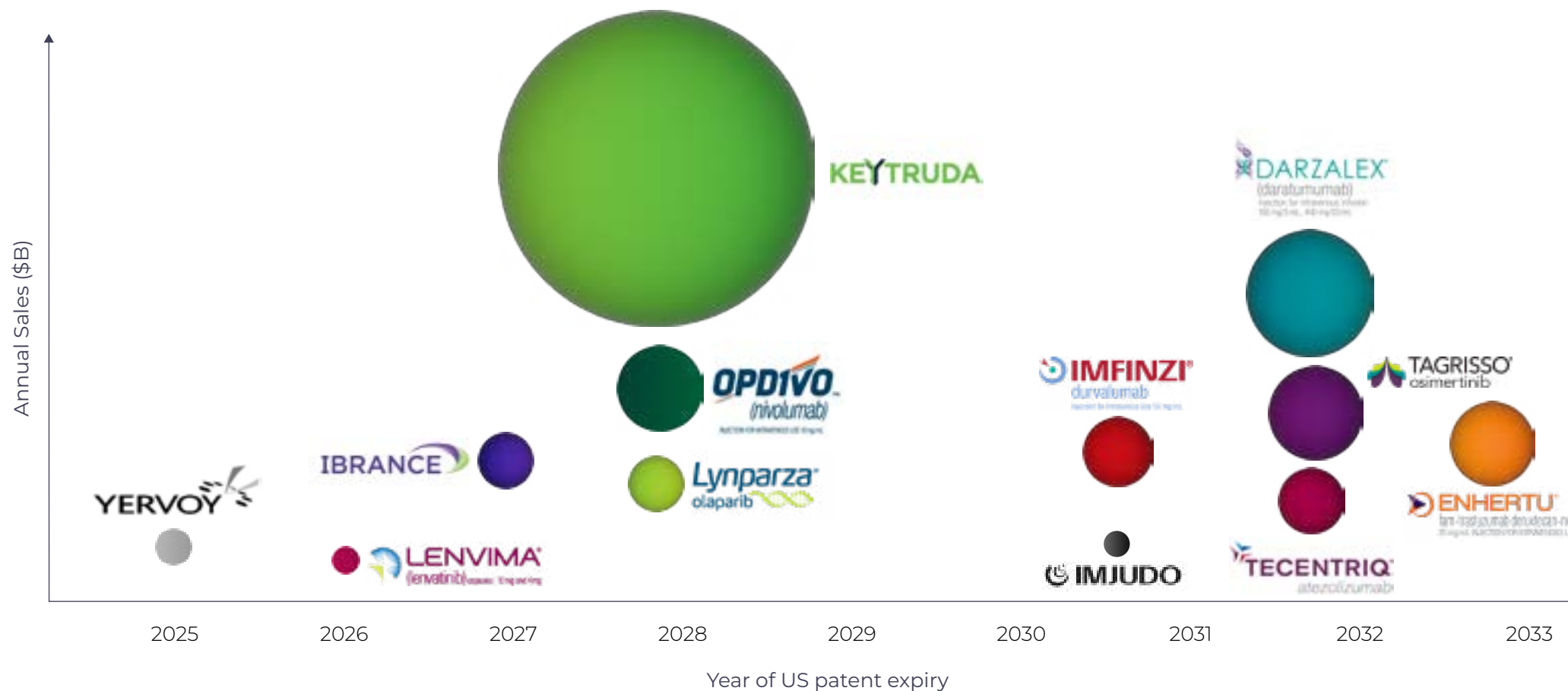




Looming LOE in oncology drugs expected to drive continued BD&L activity

Given the proximity of significant LOE events, there is an imperative to act sooner than later

~\$100B in annual sales at risk from LOE 2025-2033





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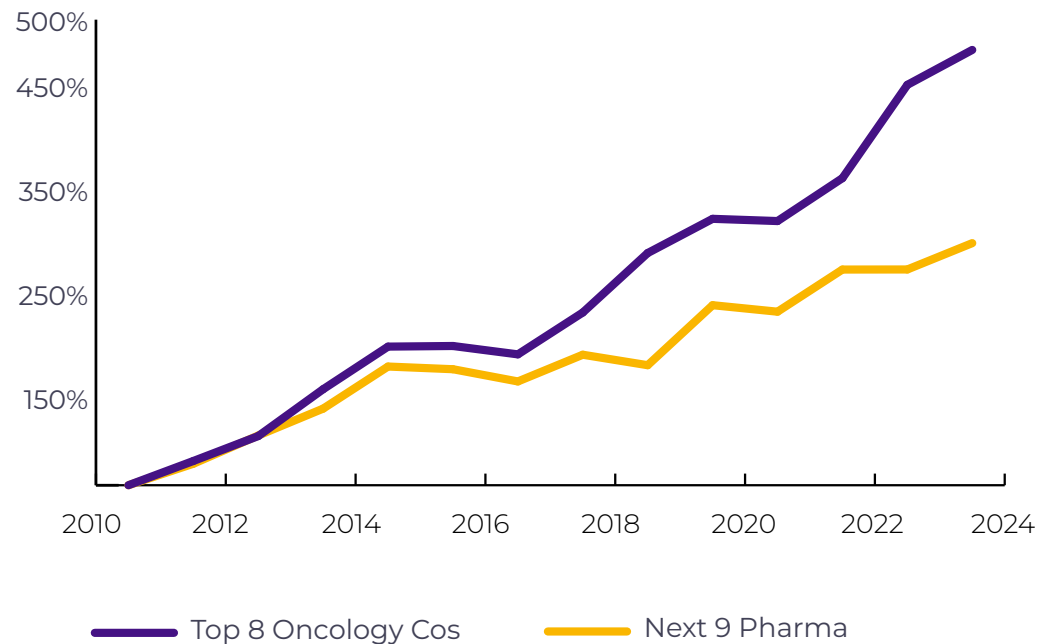
Oncology and above-average shareholder returns



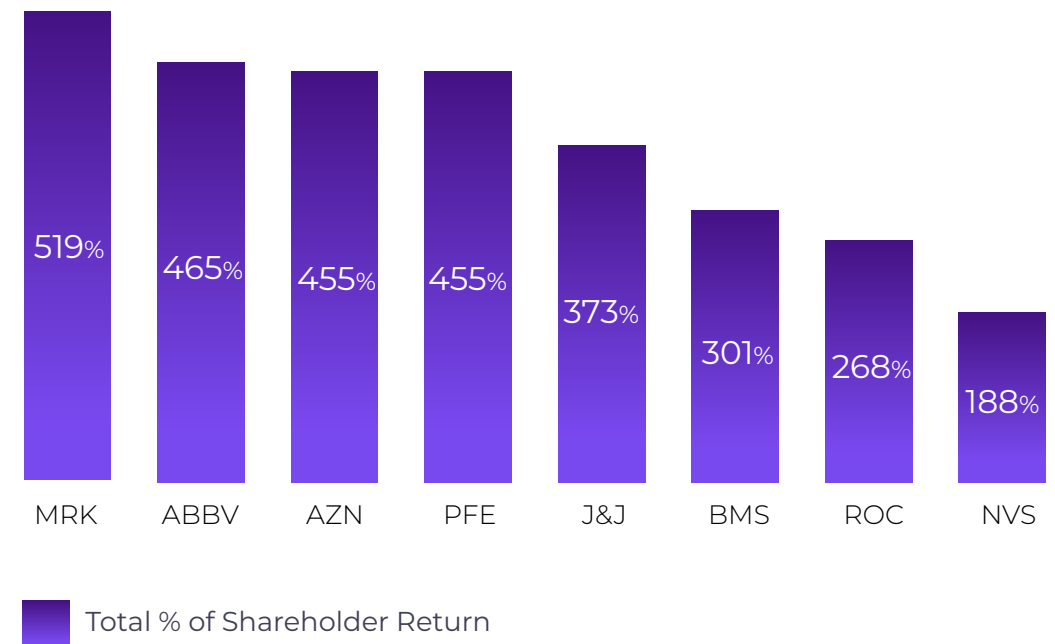


An increasing focus on oncology has helped to generate outsized returns for shareholders

% Total Shareholder Returns in Top 8 Pharma vs. Next 9 Pharma ex GLP-1 stocks and BI (2010-23)



% Growth in Shareholder Return by Company (2010-23)



KEY TAKEAWAY: While oncology isn't the sole driver of shareholder returns, companies with higher oncology revenues outperform the sector average.



Oncology BD&L activity is a key driver of pharma top-line growth

Investing in oncology has paid off for today's top players

248% **Oncology revenues** at today's top 8 oncology companies have **grown by 248%** since 2010

BD activities accounted for **87% of oncology revenues** at the top 8 companies in 2023 **87%**

56% **56% of current oncology clinical R&D pipeline drugs** are derived from M&A & partnering

At today's top 8 oncology companies, oncology accounts for a median 32% of revenues (vs 8% of those companies' revenues in 2010) **32%**

85% **17 of the top-20 oncology drugs in 2022** (totaling \$86B in sales) were derived from BD&L

BD&L activities drive oncology success



Today's leading oncology players built their portfolios by acquiring, licensing or partnering with novel products or companies



Oncology sales growth has been largely driven by BD&L activity since 2010, and this will likely continue



Targeted biologic and small molecule drugs have been equally commercially successful; other modalities are emerging and relatively unproven, e.g., cellular or radioligand therapies, oncolytic viruses, and cancer vaccines



Oncology licensing / partnering deal values have increased seven-fold since 2010, reflecting high potential returns and suggesting that companies will continue to need to pay-to-play



Upcoming significant LOE for major Immuno-oncology and targeted oncology drugs puts roughly \$100B in annual sales at risk and is likely to drive further BD&L activity

KEY TAKEAWAY: Investing through BD&L is pivotal to commercial success in oncology.



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Key takeaways and strategic recommendations





Key takeaways and strategic recommendations

Key takeaways

01

Oncology has become prominent for multiple companies in the past decade

In 2010, oncology revenues accounted for over 30% of Pharma sales at only one company; in 2023, it was five

02

Oncology BD&L activity is a key driver of top-line growth of key players

87% of oncology revenues in 2023 at the top 8 Pharma companies by oncology revenue were derived directly from BD&L activities

03

Deal values have grown since 2010, and will grow further due to LoE

Bio \$ partnering deal values have increased 7.6-fold from 2010-2023; trend likely to continue with ~\$100B in annual sales at risk due to LoE

04

Increasing focus on oncology has led to outsized shareholder returns

Companies with higher growth in oncology generated higher than average shareholder returns 2010-23

Strategic recommendations

With LOE looming for several oncology drugs, how should companies engage in BD&L to maintain or build oncology leadership?



No one-size-fits-all or formula approach



One-off larger M&A deals can buy an oncology presence, adding critical infrastructure and know-how



Bolt-on-M&A can add to existing oncology revenues and R&D pipelines, is more affordable, and will likely be the preferred approach for many companies



Partnering – at all stages of development – can also be highly successful, but with significant LOE expected, competition for deals and deal values are likely to continue to grow





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