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# Decoding M&A in Healthcare A European Perspective

PharmaSynergyOTC 2024

**PHARMA**  
— SYNERGY —

## **Corporate Finance International**

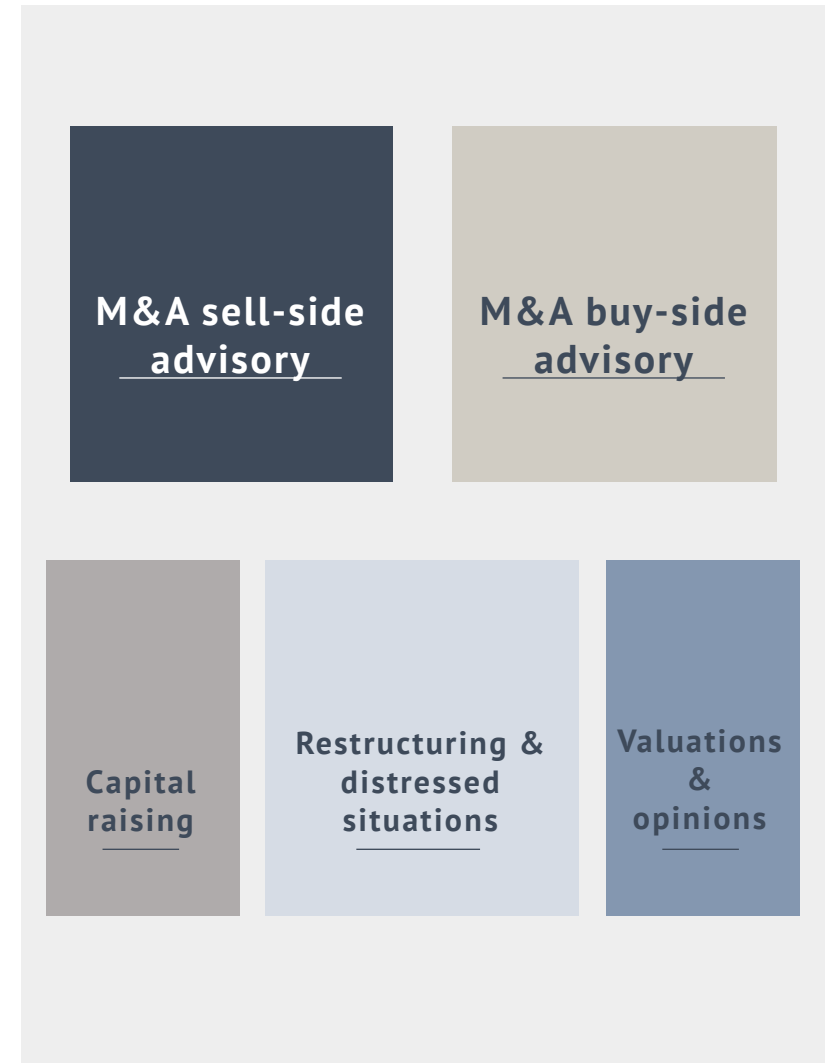
We are a corporate finance lead advisor for the middle-market with specific expertise in cross-border M&A transactions with EUR 10m to EUR 500m in value in specific key industry sectors.

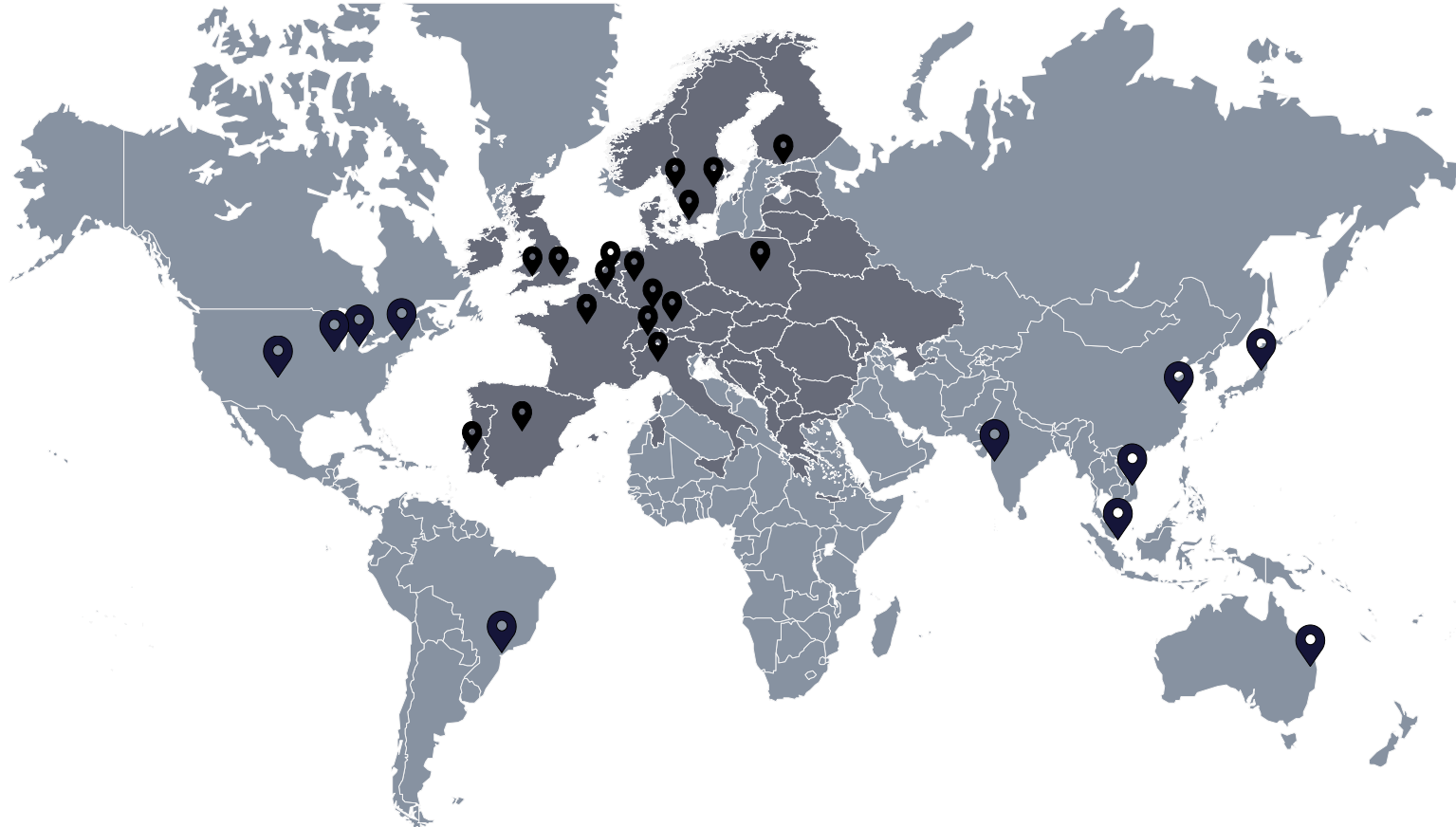
Our ability to provide:

- independent advice deep understanding of the sectors we cover;
- extensive network and contacts across the ecosystem;
- flawless deal execution track record.

At CFI, our goal is to provide creative counsel with impact and tailored deal execution for clients within our sector focus areas.

Each of our senior bankers brings years of transaction experience and capacity to complement local presence with a global perspective on both the buy-side and sell-side.





Amsterdam – Antwerp – Brisbane – Cardiff – Chicago – Denver – Detroit – Düsseldorf – Gothenburg – Helsinki – Hong Kong – London – Madrid – Melbourne – Miami – Moscow – New York – Paris – São Paulo – Singapore – Stockholm – Stuttgart – Tokyo – Warsaw – Zurich



## CHC – All players involved

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CHC is a 3-letter acronym but actually covers a very broad world, including in particular :

- Healthcare companies **x10 to x15 EBITDA (depending on country, products, brands, regulatory status, commercial team )**
- CDMO companies **Caps/Tablet: x5 to x7 EBITDA // Niche form: x10 to x15 EBITDA // Nutra CDMO: x8 to x13 EBITDA**
- Ingredients manufacturers companies **X6 for commodity to x15 EBITDA for branded products**
- Ingredients distributors companies **X6 to X10 EBITDA**
- Distribution (pharmacies, online retailers, grocery, drugstores) **X6 to X8 EBITDA**
- Packaging companies (pharmacies, online retailers, grocery, drugstores) **X6 to X8 EBITDA**
- Services companies (analytical, regulatory, marketing & communication) **X9 to X13 EBITDA**
- DNVB **X8 to X15 EBITDA**
- Cosmetics companies **X8 to X15 EBITDA**
- Medical device companies **X6 to X13 EBITDA**

Each subsector of CHC it has its own dynamics, and its own acquisition multiples

Basically, CHC sector is much **more attractive for investors due to market growth, especially vs pharma sector (flat)** .

Financial Investors continue to see CHC market as a fragmented market (with very few global OTC brands) with high potential for consolidation, considering **Consumer spending in the sector has held strong** despite macroeconomic pressures, with fundamental growth drivers such as **favorable demographic trends** and **heightened consumer focus on health and wellness** providing dynamism & interest for CHC players.

## Ongoing trends – More & More buyers, Interest from new countries & still high valuation

### Consolidation

- Corporate (Europe, US, APAC & MENA) and European Private Equity
- In Europe, Corporate are Acquirers in 60% / PE & Financial Vehicle for 40%

### Specialization

- Giant Pharma are less and less involved in CHC, carve out, divest or dedicated entity to manage this business more & more different from primary & specialty care.

### Digital transformation

- Strong emergence of DNVB in all European countries, mainly through the sale of food supplements, but also digitalization of many CHC functions (training, marketing & communication, etc.)

### Standard Ratio

- Investors are looking for non-dilutive investments, meaning they prefer to pay a higher price for a company with a profitability already in or above the market.

### Human First

- Investors, Corporate or PE, are paying more and more attention to management teams – an acquisition with the management team leaving will always be less well valued

## How to make a CHC player attractive for an acquisition

**From the perspective of International buyers (Corporate or Financial)**

**Below points must be considered if you are looking at onboarding foreign investors into your company**

- International footprint mandatory (at least 20% with growing potential)
- A profitability in the standard of the Industry (only limited dilutive deals can be envisaged)
- A global recognition of products and services offers (GMP, ISO 13485)
- If national business only, a top 10 position in the market
- A portfolio of attractive customers (for B2B business)
- A portfolio of attractive brands
- A specific and unique know how (USP)
- A reliable supply chain

To be attractive, you have to be unique, offer something different. Basic form CDMO, Ingredient commodity (not branded), Standard VMS products, usual packaging are not undervalued, because they are much less sought after.

## International M&A Introduction – Starting with a Minority Investment

Whether this is your first M&A operation, or whether it is common for you, carrying out a minority operation as part of a cross-border deal can be an interesting option, if it is well structured and controlled.

### Advantages

- Access to new markets
- Diversification of risk (by investing in companies abroad, companies can diversify their risk and reduce their exposure to any one market or region)
- Access to new technologies and expertise (example for a CDMO on new galenic form)
- Cost savings & limited investment.
- Strategic partnerships, from commercial collaboration to resources, market knowledge, and technology sharing.

### Disadvantages

- Lack of control & limited information
- Political and regulatory risk
- Cultural differences

**Preferred Japanese  
Strategy**

# International M&A – Full Acquisition

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The easiest way to manage an acquisition

## Advantages

- Greater control
- Facility to repatriate profits
- Protection of intellectual property
- Access to local resources (such as labor, materials, and expertise, helping to reduce costs and improve efficiency)
- Ability to build a global brands, in India and at International level
- Increase the global valuation of the company (from a local valuation to a global valuation).

## Disadvantages

- Increased risk with complexity to manage a foreign business
- Integration phase crucial considering cultural differences
- Larger investment



## CHC M&A Perspective Q4 2024 / 2025

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- + European market will be very active considering market growth in CHC and Cash available especially in PE (Growth Fund/MBO)
- LBOs will always be a little more complicated because of the cost of money

- Food Supplement companies
- OTC Drug companies/Portfolio)
- CDMO companies
- Ingredients manufacturers companies
- Ingredients distributors companies
- Distribution (pharmacies, online retailers, grocery, drugstores)
- Packaging companies (pharmacies, online retailers, grocery, drugstores)
- Services companies (analytical, regulatory, marketing & communication)
- DNVB
- Cosmetics companies
- Medical device consumer companies

## How can CFI support you...

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At CFI Group, we cover most of the Life Sciences sub-sectors. Each sub-sector is different, with its own characteristics, and we can help you in your strategic growth projects.

Biotech  
Pharma  
Healthcare  
Packaging  
Nutra/FS  
Hospital/Clinic  
Medical Device



CDMO  
API/Ingredients  
CRO  
Outsourcing Services  
Biology Lab  
Veterinary  
Cosmetics  
Digital Health

**Buy Side, Sell Side, Financing, Valuation** – we have the (1) **KNOW HOW**, (2) **LOCAL EXPERTISE** & (3) **GLOBAL COVERAGE** with connections with international buyers, whatever Financials or Corporate.

A local perspective on global deals  
Expertise. Integrity. Results

## Contacts



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