

Pharma M&A set to boom in 2026

31 January 2026 | Analysis | By Ayesha Siddiqui

After years of unspectacular Mergers and Acquisitions (M&A) activity, 2025 recorded some of the largest pharma deals. With major patent expiries approaching, large pharmaceutical companies are turning to acquisitions to replenish pipelines and secure future revenue. EY reported that total deal value increased 81 per cent in 2025 to \$240 billion, driven mainly by large transactions rather than a rise in the number of deals. China accounted for 34 per cent of global alliance investments. Companies also increased the use of artificial intelligence in target identification and integration planning. These shifts in 2025 have shaped expectations for higher M&A activity in 2026.



Life sciences M&A accelerated in 2025, with deal sizes increasing and total spend surpassing 2024 levels before the end of the third quarter. According to EY, the industry closed \$240 billion in acquisitions during the year, an increase of 81 per cent year on year, despite a lower overall number of transactions.

Therapeutic focus in 2025 was more varied than in previous cycles. By deal value share, the top five therapy areas were central nervous system disorders at 23 per cent, cardiovascular–renal–metabolic disease at 22 per cent, oncology at 20 per cent, respiratory at 15 per cent, and immunology at 10 per cent, according to IQVIA.

Big Pharma announced around 20 major acquisitions during the year. More than six transactions were valued at or near \$10 billion. These included Abbott's \$21 billion acquisition of Exact Sciences in oncology diagnostics, Novartis's agreement to acquire Avidity Biosciences for about \$12 billion in neuromuscular RNA therapies, Pfizer's roughly \$10 billion acquisition of obesity-focused Metsera, and Merck's \$10 billion purchase of Verona Pharma to expand its respiratory portfolio. Near-\$10 billion deals included Sanofi's \$9.5 billion acquisition of Blueprint Medicines in rare disease and Merck's \$9.2 billion acquisition of Cidara Therapeutics in infectious disease. Novartis was the most active acquirer, completing four deals across neuromuscular, RNA, and cardiovascular disease, followed by Merck with three acquisitions and Johnson & Johnson with two. Other companies, including Pfizer, Roche, AbbVie, Eli Lilly, Abbott, AstraZeneca, GSK, and Merck KGaA, each completed a single major acquisition.

In Asia-Pacific, deal activity was smaller in scale but steady, with transactions focused on oncology, manufacturing capacity, and regional expansion. The largest deal in the region was Torrent Pharmaceuticals' move to acquire a controlling stake in JB Chemicals and Pharmaceuticals in a domestic consolidation valued at about Rs 25,689 crore. Japan-based Taiho

Pharmaceutical agreed to acquire Swiss antibody–drug conjugate specialist Araris Biotech for \$740 million, China's Sino Biopharma completed the \$951 million acquisition of LaNova Medicines to strengthen its ADC capabilities. Japanese companies were active buyers, with Marubeni acquiring Sumitomo's Asia pharmaceutical business for ¥45 billion, Ono Pharmaceutical acquiring a rare blood cancer therapy from Ionis for \$280 million, and Daiichi Sankyo purchasing oncology ADC assets from Glycotope for \$132.5 million. Australia's Telix Pharmaceuticals also acquired next-generation therapeutic assets from ImaginAb.

Citi expects more M&A deals in Asia in 2026, particularly in the healthcare sector and cross-border transactions.

China will be key element in 2026

It is impossible to talk about biopharma without addressing China's growing influence. The country has become an established innovation hub, contributing about 30 per cent of the global biotech pipeline. In 2025, China accounted for more than one in every three biobucks spent by the industry, and China-linked alliances represented five of the ten highest-value alliance deals of the year.

"China's biotech companies are increasingly recognised as key contributors to the global innovation ecosystem, and the trend of exporting innovation through out-licensing and M&A transactions is ever-increasing, with a number of landmark, multi-billion dollar deals in 2025. There have also been increasing numbers of leading China-based biotech companies completing new rounds of financing as they reach milestones and technical breakthroughs, and sale or out-licensing of assets has also become a popular and recognised way of monetisation. Observing the increasing global acceptance of China-originated assets as demonstrated in the past a few years, I expect that such trends of out-licensing and M&A activities involving China-based biotech companies by leading global pharma companies will continue to boom in 2026," said **Ning Zhang, Partner, Morgan Lewis**.

According to EY, the life sciences sector entered 2026 with an estimated \$2.1 trillion in available firepower, providing scope for continued dealmaking even as competition for assets has pushed up premiums. Companies are also operating amid geopolitical, trade, pricing, and regulatory pressures, alongside tighter operating margins. In this environment, dealmaking has remained central to growth strategies, with the focus shifting from whether to pursue M&A to how to execute transactions efficiently under more complex conditions.

Now the important question is, where is this capital likely to be deployed? According to Evaluate, biologics and next-generation modalities remain the main focus of deal activity, reflecting continued interest in targeted therapies. Cell and gene therapies are also expected to attract investment, alongside emerging mechanisms of action such as TL1A inhibitors, protein degraders, and PDE3/4 inhibitors, which have seen increased dealmaking activity. RNA technologies, including circular RNA and microRNA, are also gaining attention as companies look to expand into newer therapeutic approaches.

The future looks exciting. How many billion-dollar transformational buyouts will emerge, and whether dealmaking will centre on established or unexpected therapeutic areas, remains to be seen.

Ayesha Siddiqui