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M&A activity slows down in APAC

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In 2011, the number of mergers and acquisitions in the life sciences field of Asia Pacific witnessed a fall.Ã?Â An independent M&A intelligence service mergermarket noted that the number dropped to 147 in 2011 from 171 in 2010. This drop in the volume of deals also brought down the total value of the deals during 2011 to $10.76 billion from $19.51 billion in 2010. Even the average size of the deal dropped to $73.2 million in 2011 as compared to $114.11 million in 2010.

This indicates that although Asia Pacific continues to be attractive for multinational pharmaceutical companies, they are very selective. The life sciences industry witnessed a growth in 2010 in the terms of number of deals and also the value of the deals over 2009. The region boasted of only 94 deals in 2009, valued at a total of $6.5 billion.

In 2011, out of the top 20 deals, only two were just over a billion dollars and the remaining rest in the range of $150 million-to-$670 million. Out of the top 20 deals in 2011, nine deals were related to pharmaceuticals, eight were in the medical domain and the remaining three were related to the biotechnology industry.

These top deals included, the acquisition of a Turkey-based healthcare company Acibadem Saglik Hizmetleri ve Ticaret AS (Acibadem), which operates in 20 different locations through a network of 11 general hospitals, eight outpatient clinics, medical centers and laboratories by Khazanah Nasional, an investment holding arm of the Government of Malaysia at $1.5 billion. The other deal which crossed the billion dollar mark was the acquisition of 30 percent stake in Integrated Healthcare Holdings by Japanese company Mitsui & Co. Integrated Healthcare, which is a subsidiary of Khazanah Nasional Berhad, Malaysia, operates hospitals and offers healthcare services.

The Mitsui deal is an indication that the demand for medical services is expected to expand in Asia due to rapid population growth and aging. Aiming to expand hospital infrastructure and improve the quality of medical services in Asia, Mitsui, will continue to strive in order to strengthen hospital business in Asia.Ã?Â

The mergermarket report noted that China had a total of 97 deals worth $6.5 billion, followed by Australia with 40 deals and, India and South Korea each boasting of securing 39 deals from January 2011 until date. Although Malaysia has only nine deals during the period, its value touched $4.66 billion. In terms of value of the deals, Australia stands at the fifth position with deals totaling to $1.97 billion.

Additionally, mergermarket noted that out of the top 10 inbound deals, six were focused on pharmaceuticals and two each in biotechnology and medical technologies space. Among the top 10 deals, Australia had three transactions while Malaysia, Singapore and China had two each during the year. US companies continued to focus on emerging markets by acquiring firms in the Asian region. Japan, which is the second largest pharmaceutical market in the world and has seen single digit growth, also started looking at the Asian region for expansion. Even companies from Canada, the Netherlands, Switzerland and the UK have done transactions during the year. The top 10 deals were in the range of $105 million-to-$1 billion.

In the top 10 outbound deals, Australia stood at the top with four transactions followed by China and Korea with two each and Singapore and Malaysia with one each. Most of these deals happened in the western world mainly in the US and in European nations. With respect to the outbound deals, all deals, except the first two, were worth less than $50 million. Unlike the inbound deals, seven took place in medical technology, two in biotechnology and only one in pharmaceutical area.