



Syneos Health Releases 2022 Dealmakers' Intentions Survey

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As Industry Dynamics Shift, Smaller Biotechnology Companies Will Continue to Drive Dealmaking in 2022

MORRISVILLE, N.C., Jan. 11, 2022 (GLOBE NEWSWIRE) -- Syneos Health® (Nasdaq:SYNH), the only fully integrated biopharmaceutical solutions organization, today released its 12th annual Dealmakers' Intentions Survey. Conducted on an annual basis, the survey provides a review of biopharmaceutical dealmakers' expectations for deal activity, supply and demand for specific assets in different development stages, pitfalls leading to deal failure and other factors affecting dealmaking.

This year's results indicate that important trends that began before COVID-19 will contribute to the backdrop for buying and selling in 2022. In particular, the Dealmakers' Intentions Survey shows that small companies will continue taking advantage of hot venture financing and IPO markets, which hit all-time highs in 2020 and 2021. With high market capitalizations and access to cash, these players will continue to drive dealmaking momentum more than large pharmaceutical companies, who've been the traditional deal initiators.

"Many factors that propelled dealmaking and financing in 2021 will persist in the coming year. These include an anticipated high number of FDA approvals, a favorable US tax code and companies' ability to access debt," said Neel Patel, Executive Managing Director, Commercial Advisory Group, Syneos Health Consulting. "The availability of capital and the roaring IPO markets are helping companies visualize the whole product development lifecycle. These dynamics are letting companies hold onto potentially risky assets longer, extracting more value in later-stage development and envisioning a commercial path either on their own or supported by new resourcing models. These new models include fully integrated partners with the agility and expertise to accelerate asset development."

Key findings include:

Dealmakers' Sentiment in 2022 Shifting:

- The top three factors that will propel financing are: easy access to capital, a favorable US tax code and options for small companies to pursue regional deals.
- Buyers and sellers alike generally expect a higher deal flow in 2022. Roughly 65% see growth in licensing and partnership deals, versus 44% who see an increase in outright acquisitions. Nearly as many buyers (42%) see growth in acquisitions with milestone-based payments or other "earn-outs."
 - This suggests buyers are looking to offset some risks through deal structure or partnerships, while sellers seek to retain rights in hopes of longer-term upside.
- Many buyers anticipate accelerated clinical development activity in 2022, which had slowed down during the pandemic.

Treatment and Technology Key Differentiators:

- A supply surplus (i.e., assets will exceed buyer interest) is expected in CNS (excluding pain) and oncology in 2022, while there will be a demand surplus in vaccines, antibiotics, dermatology and cardiovascular treatments.
- COVID-19 treatments, vaccines and organ/tissue engineering technologies gained prominence heading into 2022. Antibody drug conjugates, CRISPR/Cas9 and CAR-T cell therapies will still be among the "hottest" areas for another year running.
- Greater than 40% of dealmakers actively assess cell/gene therapy assets as part of their strategy, with gene replacement and mRNA-mediated therapies of particular interest to buyers.

Key Considerations for Deal Success:

- As in our surveys prior to the pandemic, the shortage of transformative pipeline technologies and the urgency to fill revenue gaps are the two most important drivers for deal premiums.
- The discount rate gap is expected to narrow in 2022, driven by an increased discount rate for buyers that may imply risk-averse behaviors while evaluating assets.
- Buyers and sellers generally report similar pitfalls leading to deal failure. Major factors include differing opinions of an asset's commercial potential, issues with intellectual property portfolios and unreasonable term expectations.
- The overall deal conversion rate for 2020-2021 increased to 10.1% from 3.6% in 2018, along with a significant rise in conversion rates across deal stages. Concurrently, the average number of deals evaluated dropped to about 80% of the amount in 2018. This may mean there was a greater motivation to close deals that are in progress due to the lack of options available in the marketplace.

To learn more:

- Download the full 2022 Dealmakers' Intentions Survey [here](#).
- [Submit a request](#) to have a Syneos Health Consulting team member present survey results and implications for your business.
- [Subscribe to the Syneos Health podcast](#) where the study experts will provide further analysis of the survey results.

About Syneos Health

Syneos Health® (Nasdaq:SYNH) is the only fully integrated biopharmaceutical solutions organization purpose-built to accelerate customer success. We lead with a product development mindset, strategically blending clinical development, medical affairs and commercial capabilities to address modern market realities.

We bring together approximately 28,000 minds, across more than 110 countries, with a deep understanding of patient and physician behaviors and market dynamics. Together we share insights, use the latest technologies and apply advanced business practices to speed our customers' delivery of important therapies to patients.

Syneos Health supports a diverse, equitable and inclusive culture that cares for colleagues, customers, patients, communities and the environment.

To learn more about how we are Shortening the distance from lab to life®, visit syneoshealth.com or [subscribe to our podcast](#).

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