



2025 Strategic Market Update and 2026 Outlook: Pharmaceutical Licensing & M&A

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1. Executive Summary

As we enter 2026, the pharmaceutical and biotechnology sectors have witnessed a definitive shift in deal-making psychology. After a period of recalibration in 2024, 2025 emerged as a year of "**Precision Aggression.**" Big Pharma, facing looming patent cliffs and empowered by stabilizing interest rates, deployed capital not just for volume, but for specific, high-value strategic fits.

For Sage Healthcare, the 2025 year has validated our core philosophy: **Strategic Transactionalism.** The deals of 2025 were not merely financial transactions; they were complex, multi-layered partnerships requiring deep therapeutic insight and cross-border agility—competencies that define the Sage approach.

This update provides a detailed analysis of the 2025 licensing and M&A landscape, segmented by therapeutic indication and deal value (from strategic bolt-ons to mega-mergers). Furthermore, we offer a forward-looking perspective on 2026, a year we forecast to be a "breakout" era for biopharma consolidation, particularly in Oncology, Precision Medicine, CNS, and Metabolic Diseases.

THERAPEUTIC PRIORITIES FOR 2026

1. Metabolic Disease (Obesity, MASH, CV-Metabolic)

GLP-1 therapies are now infrastructure. Value has shifted to combination strategies, liver protection, muscle preservation, and fibrosis.

2. CNS & Psychiatry

CNS risk premiums are compressing. Schizophrenia, bipolar disorder, depression, and neurodegeneration are strategic necessities.

3. Oncology

Selective precision oncology dominates, with focus on ADCs, bispecifics, and radiopharmaceuticals.

4. Immunology & Inflammation

Renewed interest in differentiated biology beyond TNF and IL-17.

5. Rare Disease & Genetic Medicine

Emphasis on scalable franchises and commercial expansion.

2026 OUTLOOK

Drivers include \$300bn+ patent exposure, \$1.3tn in deployable capital, improved regulatory clarity, and investor demand for growth.

Expect earlier engagement with sellers, more platform acquisitions, normalization of China-originated innovation, and structured control transactions.

SAGE HEALTHCARE POSITIONING

Sage combines deep therapeutic expertise, AI-driven intelligence via our new Market Analysis tool SAGEIQ, and global execution capability to guide clients through the most active deal cycle of the decade.

CONCLUSION

2026 will reward decisiveness. Winners will define strategy early and execute with precision.

2. The 2025 Landscape: A Year of High-Stakes Recalibration

Total M&A deal value in 2025 surged to over **\$70 billion in major transactions alone**, driven by a dual-track dynamic:

1. **The Metabolic Rush:** The "MASH" (Metabolic dysfunction-associated steatohepatitis) and Obesity markets saw fierce competition as heavyweights sought to lock in dominant positions.
2. **The Neuroscience Renaissance:** After years of caution, CNS returned to the forefront, marked by massive capital deployment into schizophrenia and neurodegenerative assets.

The market has moved away from broad platform speculation toward **de-risked, clinical-stage assets**. Companies with Phase 2/3 data commanded significant premiums, validating the need for rigorous due diligence—a service central to Sage Healthcare's offering.

3. Deal Analysis: From Niche Licensing to Mega-Mergers

We have categorized the defining deals of 2025 by value tier to illustrate the diverse strategies employed by acquirers.

Tier 1: Strategic Bolt-Ons & Licensing (Under \$5 Billion)

Targeting Specific Pipeline Gaps & Emerging Modalities

In this tier, acquirers prioritized agility and specific asset acquisition over organizational absorption.

- **Roche / 89bio (Metabolic/MASH)**
 - **Value:** ~\$3.5 Billion (Total Potential)
 - **Therapeutic Focus:** Cardiometabolic / MASH
 - **The Deal:** In September 2025, Roche aggressively moved to secure **pegozafermin**, a Phase 3 FGF21 analog. This deal was structured with a \$2.4 billion upfront payment and significant Contingent Value Rights (CVRs).
 - **Sage Insight:** This transaction highlights the high value placed on differentiated mechanisms in the crowded MASH space. It underscores the importance of structuring deals with CVRs to bridge valuation gaps in late-stage clinical assets.

- **AbbVie / Capstan Therapeutics (Immunology)**
 - **Value:** ~\$2.1 Billion
 - **Therapeutic Focus:** Autoimmune / in-vivo CAR-T
 - **The Deal:** AbbVie acquired Capstan to access its **in-vivo targeted lipid-nanoparticle (tLNP) platform**.
 - **Sage Insight:** A classic "technology grab." AbbVie is betting on the future of cell therapy moving *in vivo*, reducing manufacturing complexity. For Sage clients, this signals that early-stage platforms with clear manufacturing advantages remain highly attractive.
- **GSK / Boston Pharmaceuticals (Cardiovascular)**
 - **Value:** ~\$1.2 Billion (Upfront + Milestones)
 - **The Deal:** GSK acquired **efimosfermin alfa** to bolster its pipeline.
 - **Sage Insight:** This deal reflects the continued strategy of "externalizing R&D" where large pharma picks up de-risked assets from nimble biotechs once proof-of-concept is established.

Tier 2: Mid-Market Consolidations (\$5 Billion – \$10 Billion)

Securing Category Leadership

- **Merck / Cidara Therapeutics (Infectious Disease)**
 - **Value:** ~\$9.2 Billion
 - **The Deal:** Merck's all-cash acquisition of Cidara was driven by the late-stage flu antiviral candidate **CD388**.
 - **Sage Insight:** Infectious disease remains a critical, albeit selective, area for M&A. The premium paid here reflects the scarcity of late-stage, high-potential antivirals.
- **Sanofi / Blueprint Medicines (Oncology/Rare Disease)**
 - **Value:** ~\$9.1 Billion
 - **The Deal:** Sanofi acquired Blueprint to secure **Ayvakit (avapritinib)**, approved for systemic mastocytosis.
 - **Sage Insight:** This is a "revenue-now" play. Sanofi purchased an approved commercial product with label expansion potential, moving away from high-risk R&D toward immediate P&L accretion.

- **Genmab / Merus (Oncology)**
 - **Value:** ~\$8 Billion
 - **The Deal:** Genmab acquired Merus to obtain **petosemtamab**, a bispecific antibody in Phase 3 for head and neck cancer.
 - **Sage Insight:** This "biotech-buying-biotech" consolidation creates a European antibody powerhouse. It demonstrates that mid-sized players are increasingly competing with Big Pharma for prime assets.
- **Novo Nordisk / Akeru Therapeutics (Metabolic/MASH)**
 - **Value:** ~\$5.2 Billion
 - **The Deal:** Novo Nordisk acquired Akeru to pair **efruxifermin** with its existing GLP-1 portfolio.
 - **Sage Insight:** A defensive and offensive move. By owning the best-in-class FGF21 asset, Novo solidifies its fortress in metabolic disease against encroaching competitors like Lilly and Roche.

Tier 3: The Mega-Deals (> \$10 Billion)

Transformational Shifts & Franchise Builders

- **Johnson & Johnson / Intra-Cellular Therapies (CNS/Neuroscience)**
 - **Value:** ~\$14.6 Billion (Largest Deal of 2025)
 - **The Deal:** J&J acquired Intra-Cellular primarily for **Caplyta (lumateperone)**, a blockbuster antipsychotic for schizophrenia and bipolar depression.
 - **Sage Insight:** This deal signals the definitive return of Neuroscience as a top-tier M&A priority. The valuation reflects the massive commercial runway of Caplyta (patent protection until 2040) and the scarcity of clean, effective CNS drugs.
- **Novartis / Avidity Biosciences (Rare Disease/RNA)**
 - **Value:** ~\$12 Billion
 - **The Deal:** Novartis acquired Avidity to access its **Antibody Oligonucleotide Conjugate (AOC)** platform for neuromuscular diseases.
 - **Sage Insight:** A massive bet on a new modality. Novartis is looking beyond traditional small molecules and biologics, investing heavily in RNA delivery technologies that can reach previously "undruggable" tissue.

- **Pfizer / Metsera (Obesity)**
 - **Value:** ~\$10 Billion
 - **The Deal:** After a bidding war with Novo Nordisk, Pfizer acquired Metsera to re-enter the obesity race with a next-gen portfolio including a potent GLP-1/amylin analog.
 - **Sage Insight:** FOMO (Fear Of Missing Out) is a powerful driver. Pfizer, having missed the first wave of the obesity boom, paid a premium to catch up. This validates the "fast follower" strategy if the asset profile is superior.
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4. Therapeutic Sector Deep Dive

Oncology: The Precision Era Continues

Oncology remains the volume leader in deal flow, but the nature of the assets has changed. 2025 was dominated by **Antibody-Drug Conjugates (ADCs)** and **Bispecifics** (e.g., Genmab/Merus). We are seeing a shift away from general checkpoint inhibitors toward targeted "smart bombs" that offer better toxicity profiles.

- **Sage Perspective:** For our oncology clients, data differentiation in safety (not just efficacy) is now the primary lever for valuation.

CNS & Neuroscience: The Comeback Kid

Driven by J&J's \$14.6B acquisition of Intra-Cellular, CNS has overtaken Immunology in some deal metrics. Interest is high in **Schizophrenia, Alzheimer's, and Parkinson's**.

- **Sage Perspective:** The regulatory environment for CNS has thawed, encouraging investment. We advise clients with CNS assets to re-evaluate their valuation models, as "risk premiums" in this sector are compressing.

Metabolic & Obesity: The New Gold Rush

The MASH and Obesity market is consolidating into a battle of giants (Novo, Lilly, Pfizer, Roche). The acquisition of Akero and 89bio shows that **liver health (MASH)** is the next battleground after weight loss.

- **Sage Perspective:** For biotech clients in this space, the window for M&A is open, but the bar is high. Big Pharma is looking for *combinations*—drugs that can be paired with existing GLP-1 backbones.
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5. Sage Healthcare: Expertise in Action

In this volatile yet opportunity-rich environment, Sage Healthcare (www.sagehealthcare.com) remains the partner of choice for navigating complex transactions. Our value proposition in 2025 has been defined by three pillars:

1. SAGEIQ: The AI Advantage The speed of 2025's deal-making required superior intelligence. Our proprietary **SAGEIQ** platform empowered clients to identify "below the radar" targets and partners before they came to market. By leveraging AI-driven analytics, we helped clients visualize the competitive landscape for assets like *in-vivo* CAR-T and next-gen GLP-1s weeks ahead of traditional scouting methods.

2. Global Reach, Local Expertise 2025 saw a massive influx of innovation from Asia, particularly **China**, where high-quality assets are being developed faster and cheaper. Through our strategic presence in Japan, China, and India (and our partnership with e-Projection), Sage acted as the bridge for cross-border deals, helping Western pharma access best-in-class innovation from the East.

3. Strategic Transactionalism We do not just close deals; we craft strategies. Whether advising on the divestment of non-core assets to fund a major acquisition or structuring complex CVRs (like those seen in the Roche/89bio deal) to bridge valuation gaps, our team of former CEOs and industry veterans brings 30+ years of battle-tested experience to the table.

6. 2026 Outlook: Acceleration, Selectivity, and Precision

Looking ahead to 2026, Sage Healthcare forecasts an acceleration in activity.

Our Sage Predictions

M&A Volume

2026 is expected to be a record-breaking year for pharmaceutical M&A and strategic licensing, both in aggregate deal value and number of transactions.

Unlike previous cycles driven primarily by financial conditions, the 2026 wave is being propelled by structural necessity:

- Imminent patent expiries across multiple large franchises,
- A shrinking pool of late-stage, de-risked assets,
- Shareholder and board acceptance that inorganic growth is no longer optional.

Importantly, deal velocity is expected to increase not only at the mega-deal level, but also in mid-market and structured transactions, including:

- Minority-to-majority acquisitions,
- Option-based control deals,
- Platform acquisitions designed to seed multiple internal programs.

Sage expects earlier engagement with targets, fewer open auctions, and a higher proportion of bilateral or semi-competitive processes as acquirers seek to secure assets before valuations escalate further.

Hot Sectors Driving 2026 Activity

Radiopharmaceuticals

Radiopharmaceuticals are transitioning from a niche oncology modality into a strategic pillar for precision oncology portfolios.

Key drivers for 2026:

- Maturation of isotope supply chains and manufacturing logistics,
- Improved regulatory clarity around radioligand therapies,
- Demonstrated clinical and commercial success validating the modality.

Sage expects at least one major, franchise-defining acquisition in this space, alongside multiple bolt-on deals targeting:

- Novel targets beyond prostate and neuroendocrine tumours,
- Platform capabilities spanning diagnostics and therapeutics (“theranostics”),
- Integrated manufacturing and distribution infrastructure.

Strategic implication:

Radiopharmaceuticals are increasingly viewed not as single assets, but as precision oncology ecosystems, making platform ownership strategically attractive.

China-Originated Innovation

Western Pharma’s engagement with China is undergoing a fundamental qualitative shift.

In 2026, we expect:

- Increased licensing and acquisition of first-in-class and best-in-class assets originating in China,
- Earlier-stage transactions (Phase 1–2), driven by strong translational data,
- Broader therapeutic coverage beyond oncology into CNS, metabolic disease, and immunology.

What has changed is perception: China-originated assets are no longer seen primarily as cost-efficient fast followers, but as sources of genuine innovation, often developed faster and with greater clinical efficiency than Western equivalents.

Strategic implication:

Pharma companies lacking a credible China-sourcing strategy risk being structurally disadvantaged in the global competition for innovation.

Tech-Bio and AI-Enabled R&D

The integration of AI, machine learning, and advanced analytics into drug discovery and development is moving from experimentation to corporate necessity.

In 2026, Sage expects:

- Increased acquisition of AI-native biotech companies,
- Strategic investments in platforms that compress discovery timelines,
- M&A activity aimed at internalising capabilities rather than partnering at arm's length.

Crucially, value is shifting away from generic “AI discovery” claims toward use-case-proven systems that:

- Improve clinical trial design and patient stratification,
- Enhance target validation and translational success,
- Support real-world evidence generation and lifecycle management.

Strategic implication:

Tech-Bio assets that demonstrate direct impact on development speed, cost, or probability of success will command strategic premiums.

Precision Medicine: The Unifying Strategic Theme of 2026

Precision Medicine will not be a standalone category in 2026—it will be the organising principle underpinning M&A across multiple therapeutic areas.

Key characteristics of this shift include:

- Greater emphasis on biomarker-defined populations,
- Integration of diagnostics, digital biomarkers, and therapeutic decision tools,
- Assets designed for segmented, high-value patient populations rather than mass-market indications.

This is particularly evident in:

- Oncology (targeted therapies, ADCs, radiopharmaceuticals),
- CNS (biologically stratified schizophrenia, depression, neurodegeneration),
- Rare and genetic disease (expandable precision franchises),
- Immunology (mechanism-defined subpopulations).

From a deal-making perspective, Precision Medicine assets offer:

- Higher probability of regulatory success,
- Clearer pricing and reimbursement narratives,
- More defensible commercial positioning post-launch.

Sage Perspective:

In 2026, the most valuable assets will be those that combine scientific precision with commercial clarity. Precision Medicine is no longer a premium feature—it is becoming the minimum strategic requirement.

Summary View for Executives

- 2026 will reward early conviction and strategic clarity, not cautious consensus.
 - Precision Medicine is reshaping how assets are valued, acquired, and integrated.
 - Winning acquirers will think in platforms and franchises, not single assets.
 - Global sourcing, particularly from China, will be a defining competitive differentiator.
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7. Conclusion

2025 was the year the pharmaceutical industry regained its confident footing. 2026 will be the year it sprints.

For Sage Healthcare, our mission remains clear: to provide the **unassailable data quality, strategic creativity, and global network** necessary to turn your scientific ambitions into commercial reality. Whether you are a biotech seeking a transformative exit or a pharma major hunting for the next blockbuster, Sage is your strategic partner for the road ahead.

Contact Sage Healthcare *For a confidential consultation regarding your strategic options:* **Dr. Bill Mason** Executive Director **Email:** wtm@sagehealthcare.com **Tel:** +44 7785 950134 **Web:** www.sagehealthcare.com

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