



# Biotech 2022 Financial Markets Overview and the Role of Business Development in Value Creation

---

TANYA E. BORSUK, PHD

---

# Who am I?



EXECUTIVE VICE PRESIDENT OF  
CORPORATE AND BUSINESS  
DEVELOPMENT

**congruence** TX

Tanya joined Congruence Tx as EVP Corp Dev and BD in Sept 2022, bringing over 15 years of experience in Business Development, Business Insights, and Corporate Strategy across the global biotech and pharmaceutical communities.

She previously held the role of Chief Business Officer at Sitryx Therapeutics in Oxford, UK, and prior to that was a Vice President of Pipeline Strategy and Alliances at Flagship Pioneering, a VC where she helped guide business development and strategic pipeline creation across numerous technology platforms and therapeutic areas for early-stage companies in the Flagship ecosystem.

Prior to this, she was co-founder and Director of the Business Development Search and Evaluation team at Celgene Corporation, later acquired by Bristol Myers Squibb, where she helped lead BD activities in Oncology, Hematology and Cell Therapy.

Tanya holds a Doctorate in Cell Biology and Molecular Genetics from Rutgers University in New Jersey, a bachelor's degree in Biology from Queen's University at Kingston, Ontario, Canada, and a Mini-MBA from the Rutgers University Business School.

---

# Topics for Today

- Brief Overview of the Current Financial Market Trends in Biotech
- The Role of BD in Value Creation Within the Biotech and Pharma Industries



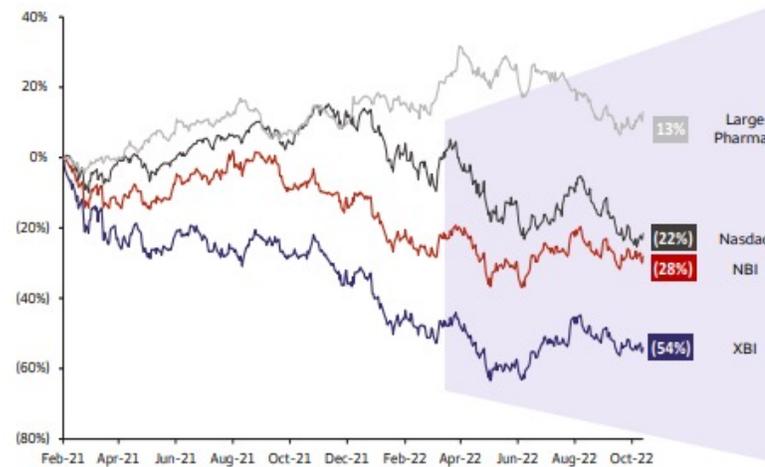
# Overview of the Recent Financial Market Trends in Biotech

Biotech has Experienced a Historic Correction; However, a Trough Appears in Place

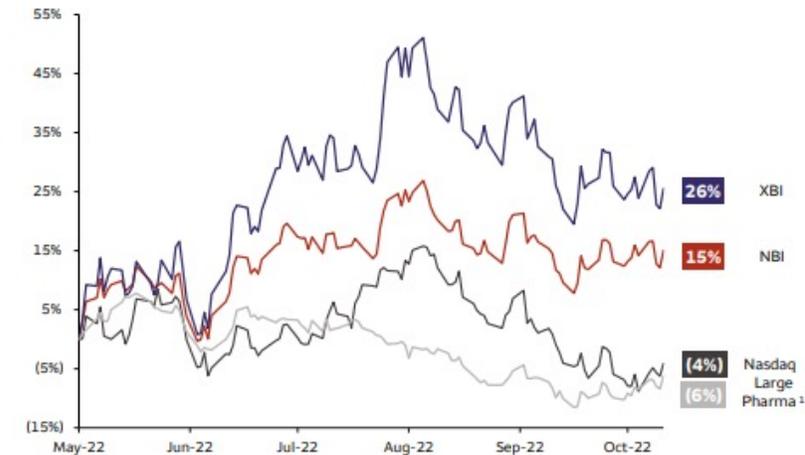
### Indexed Performance Since Peak in Biotech Market

	Since Peak	Peak to Trough	Since Trough	1 Year	YTD	3 Month	1 Month
Large Pharma	13%	20%	(6%)	3%	(3%)	(10%)	2%
Nasdaq	(22%)	(18%)	(4%)	(28%)	(30%)	(10%)	(5%)
NBI	(28%)	(37%)	15%	(21%)	(17%)	(3%)	0%
XBI	(54%)	(63%)	26%	(36%)	(30%)	(5%)	(3%)

Since Market Peak (February 9, 2021)



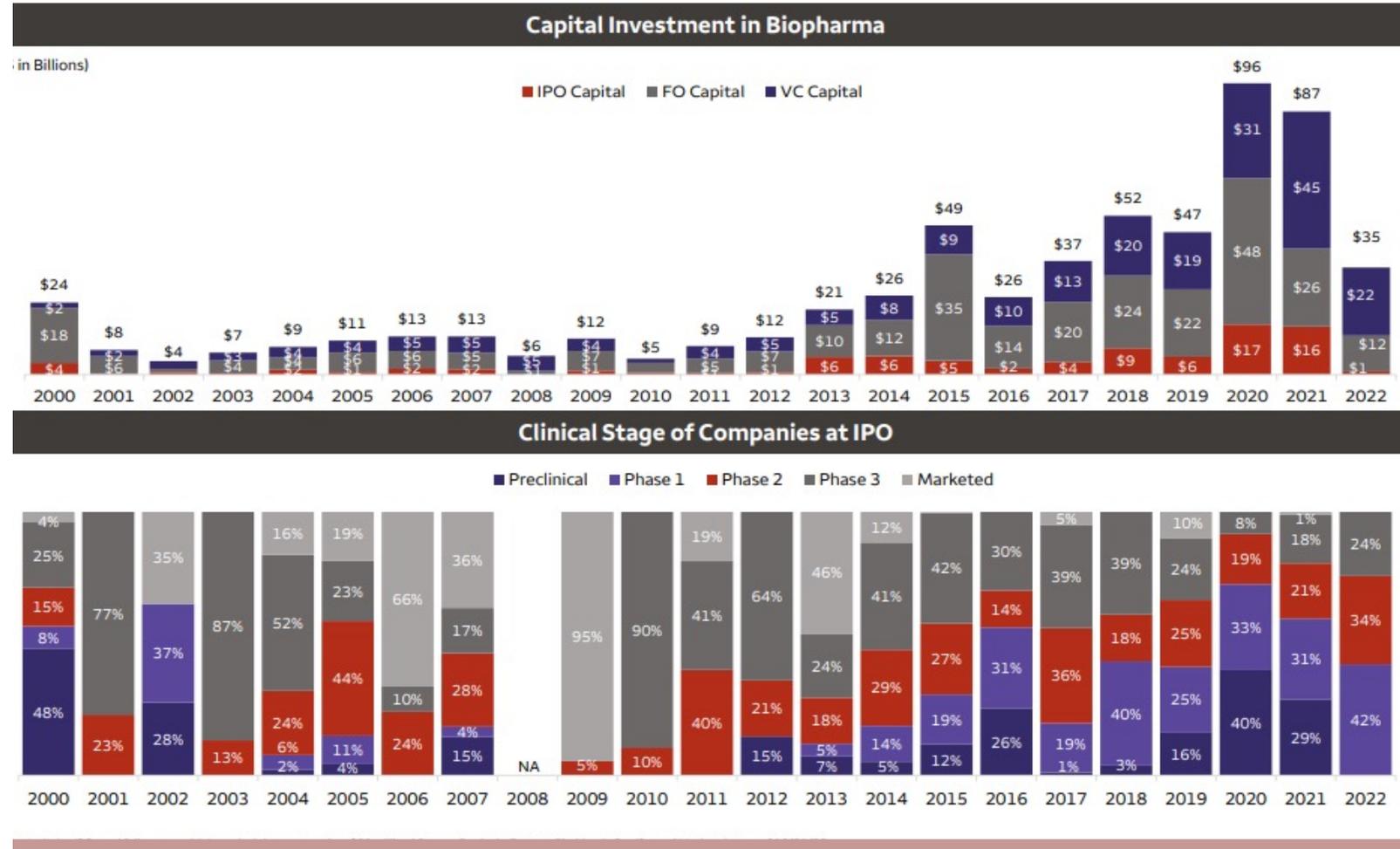
Since Market Trough (May 11, 2022)



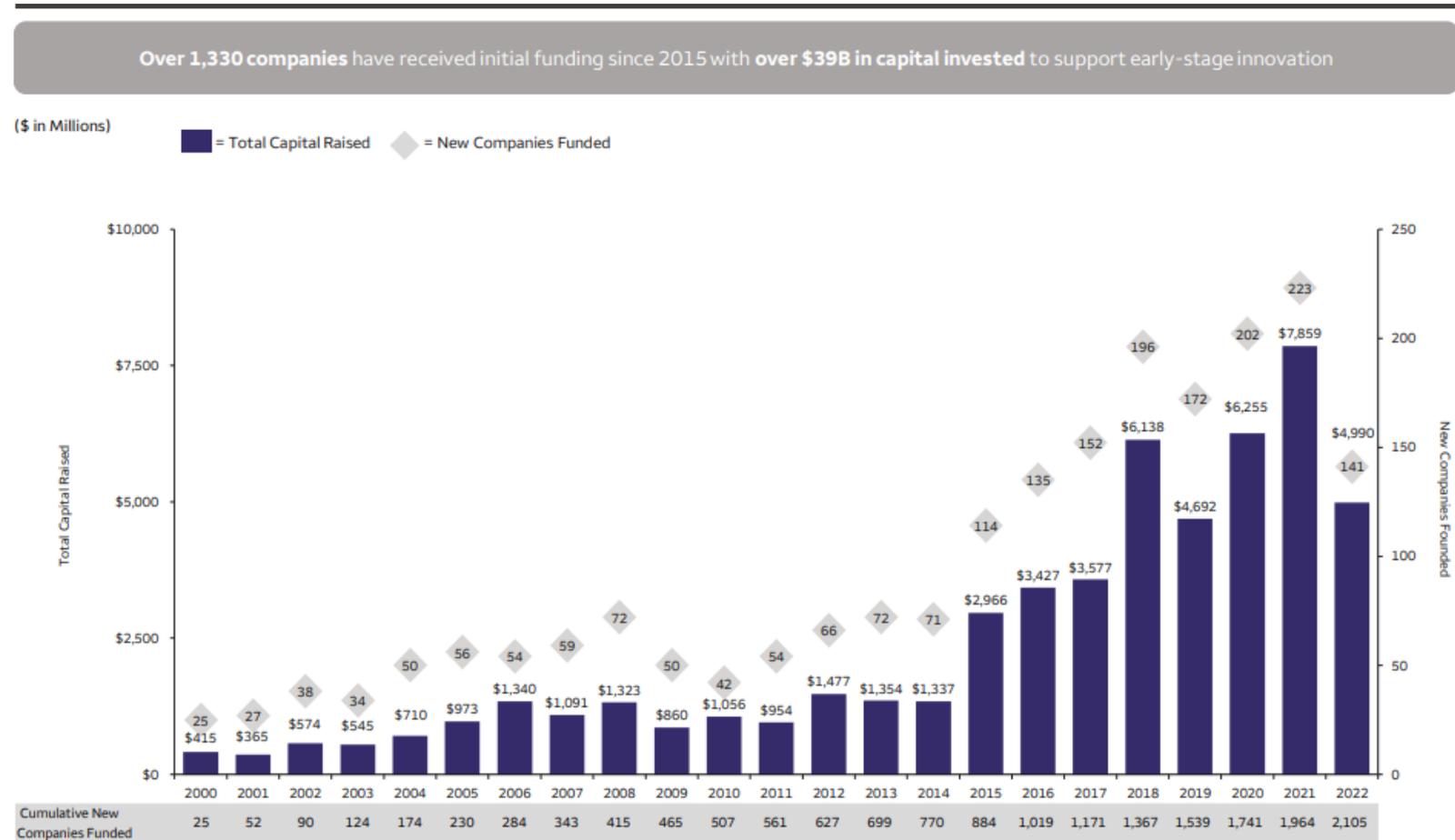
SMID Cap biopharma companies have faced a relatively unprecedented market selloff as shown through the performance of the XBI... While the performance of the NBI and Large Pharma reflects investors seeking safety in large cap and broad diversified pipelines

Market sentiment has improved meaningfully in Biotech as the XBI and NBI have outperformed the broader market. Focus remains on ongoing catalysts to support momentum and market response to increase capital markets activity

There has Been a Paradigm Shift in Amount of Capital Invested in Sector



# The Inflow of Private Capital Provided Catalyst for Significant Company Creation



# Record Levels of Capital & Company Creation have Led to Over 650 SMID Cap Companies

A strong IPO market has supported ten-year rapid increase in the number of publicly traded biopharma companies. Recent decline in public companies is driven by falling below minimum market capitalization threshold of \$25 million

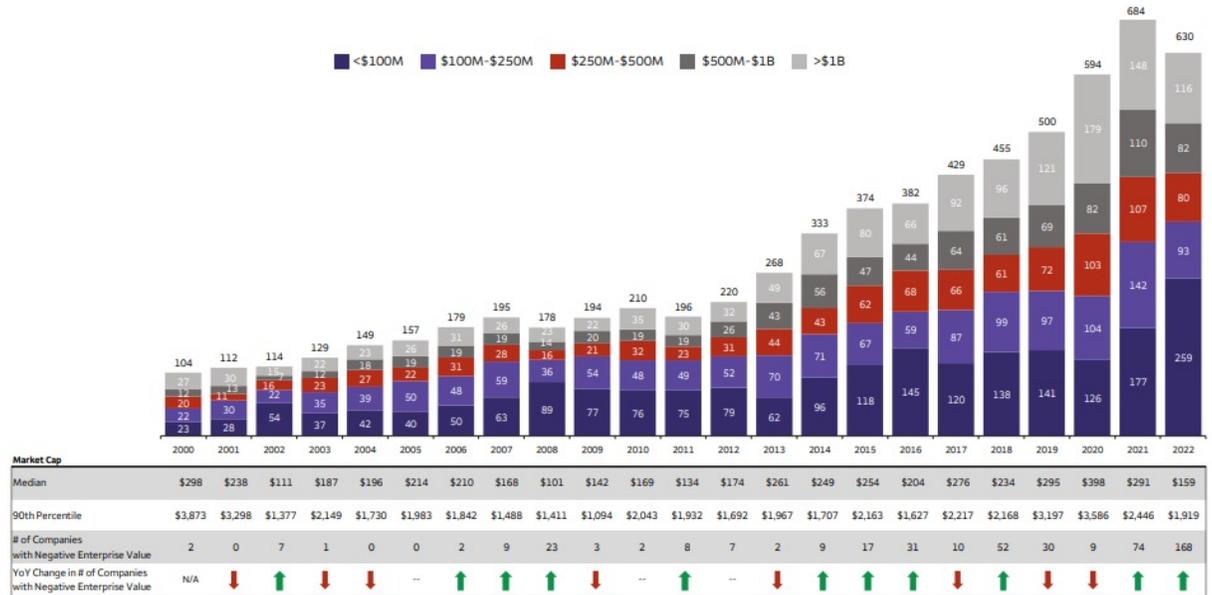
(\$ in Billions)



Note: Analysis reflects end of year market capitalization and number of publicly traded companies | Note: Includes biopharma companies with market capitalizations greater than \$10M and less than \$30B (Excludes 17 large-cap companies)

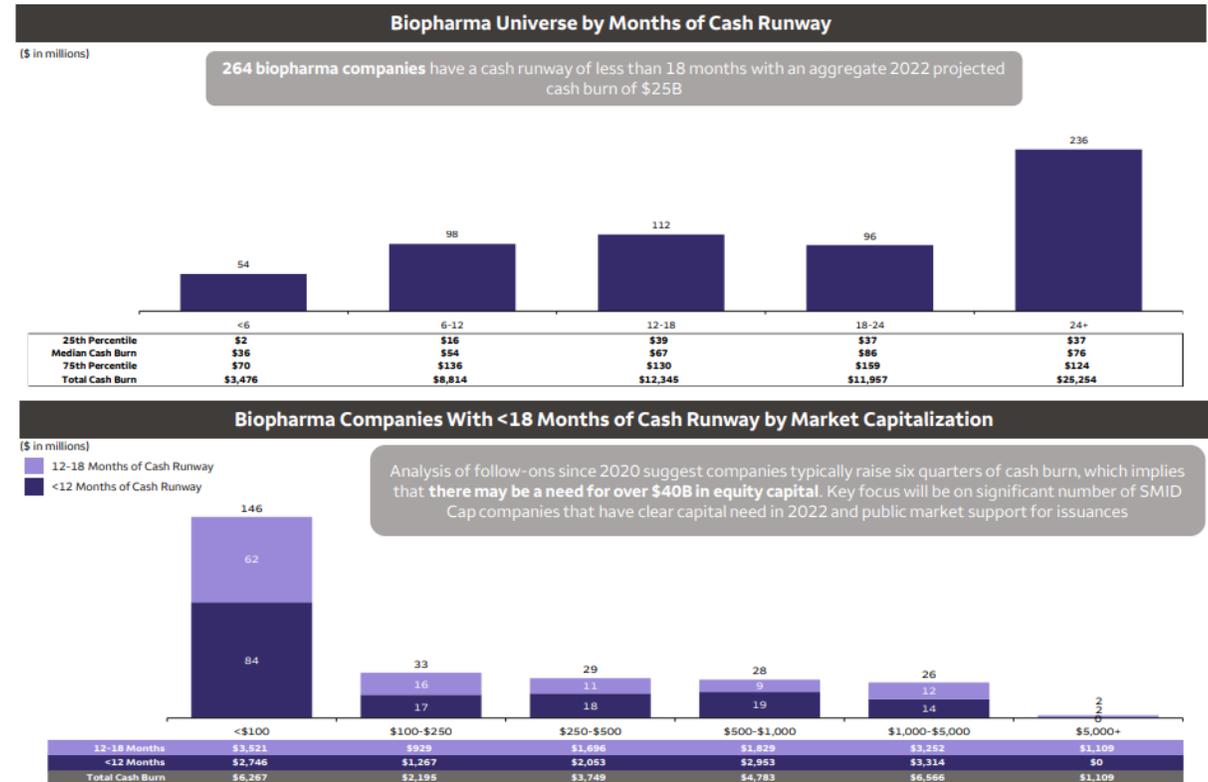
Despite early  
Innings of Recovery,  
an Historic Number  
of Companies Have  
a Negative EV

Recent market pullback and record level of publicly traded companies has created an unprecedented situation with **168 companies trading at or below cash**

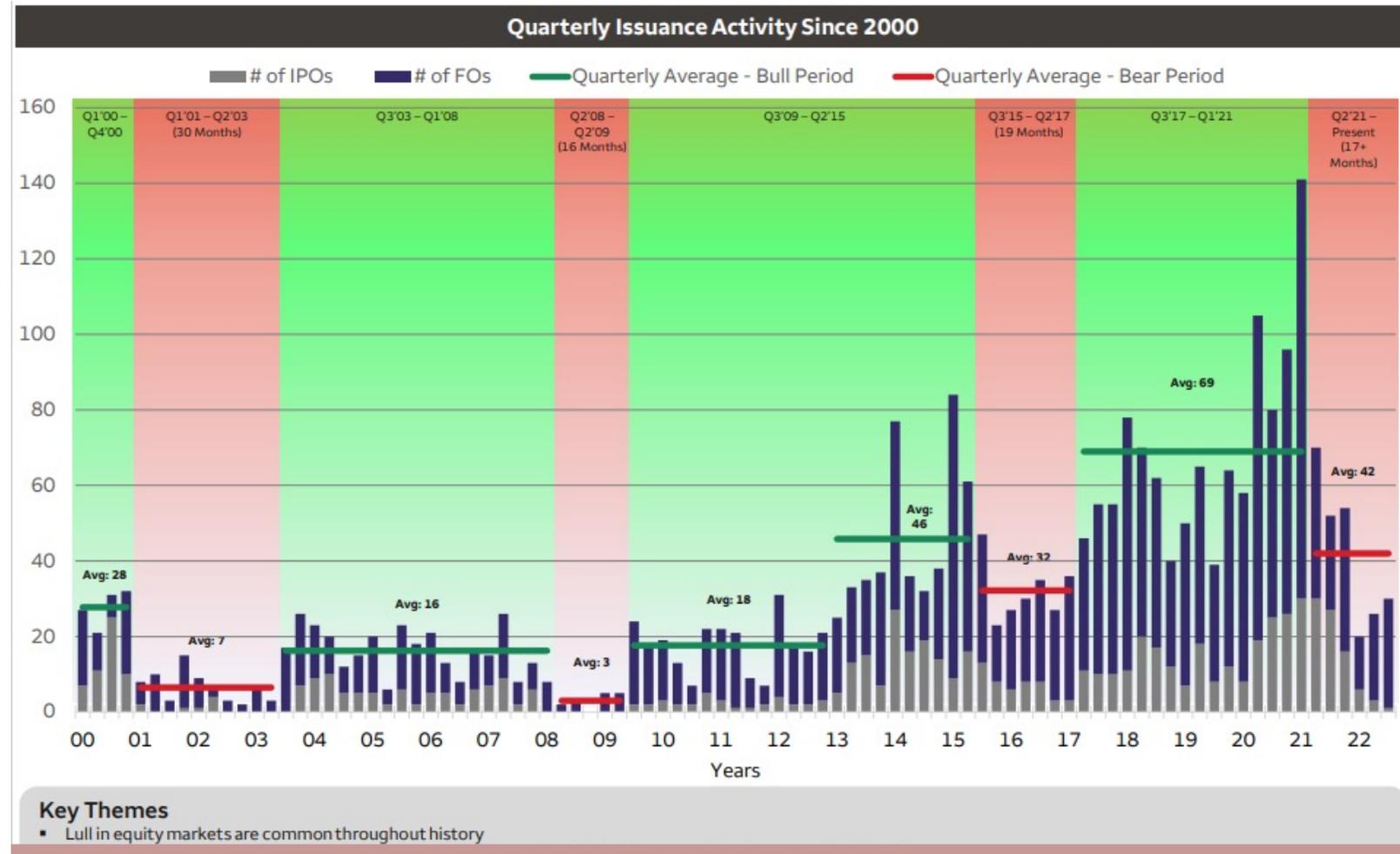


Note: Public biopharma companies include biotech, spec pharma and large pharma companies with market caps greater than \$10M and less than \$30B | Source: Dealforma, Factset | Market data as of 10/21/22

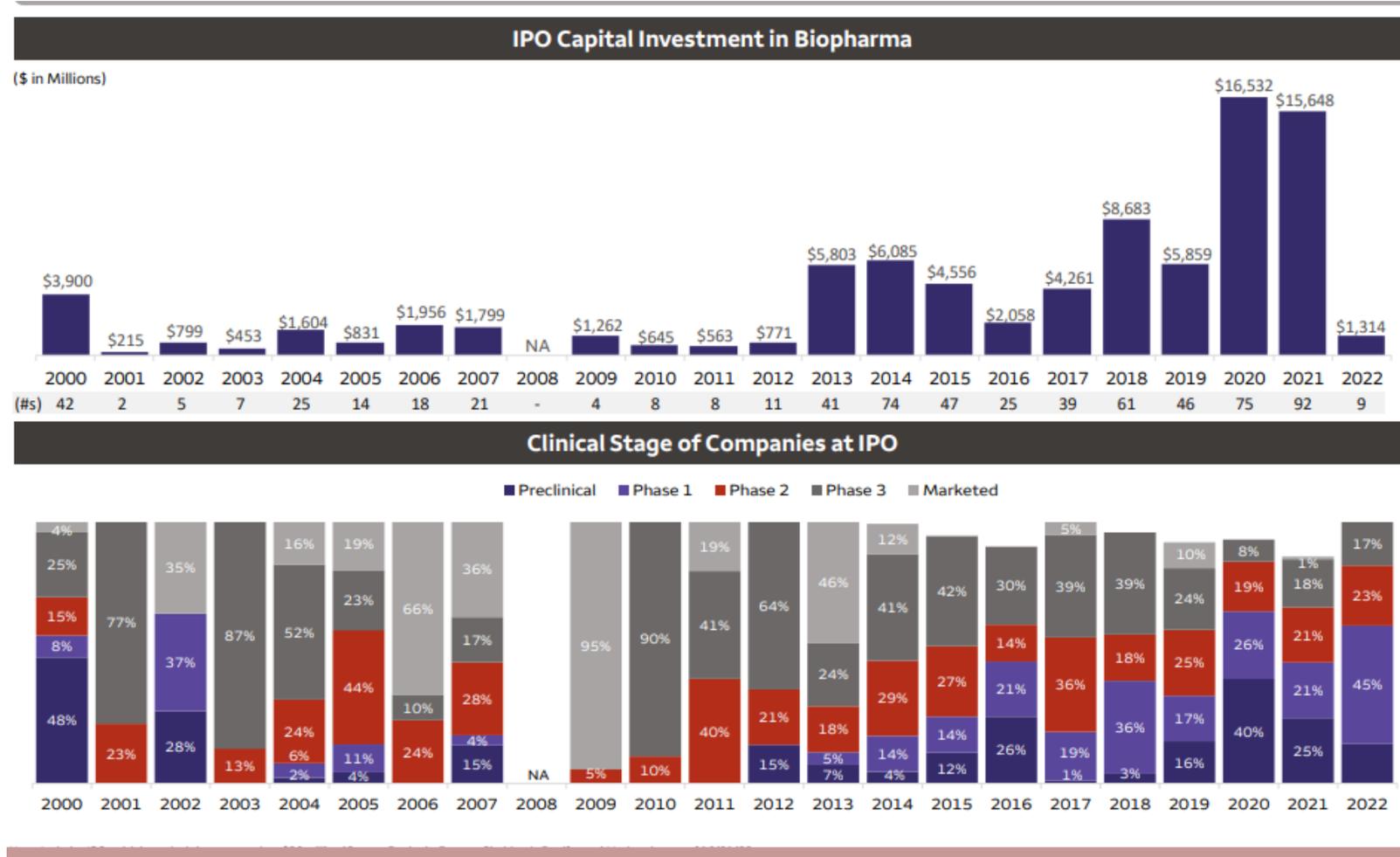
# Growth in Public Markets has Led to Large Cash Burn that Requires Equity Funding



# Historical Issuance Levels in Biopharma Equity Market (quarterly since 2000)



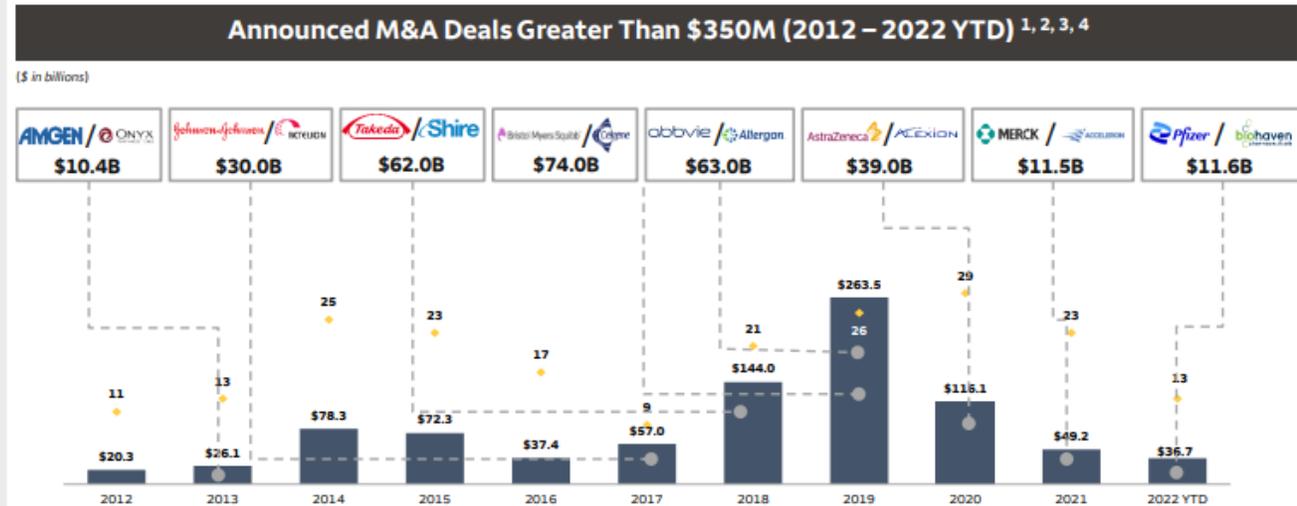
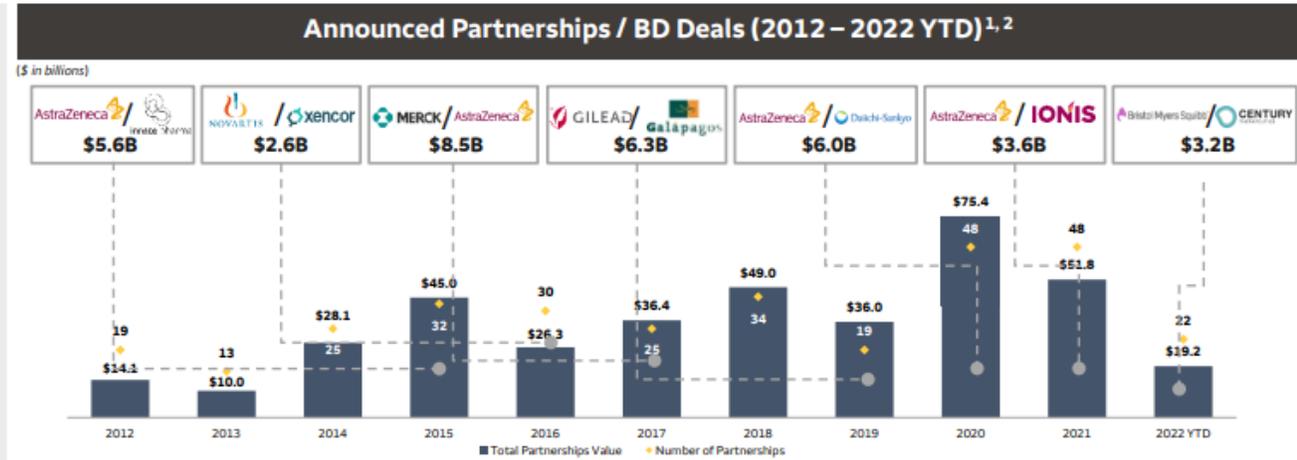
As the IPO Market Returns, Investors will Prioritize Later Stages of Development



# M&A Activity is Expected to Increase

## Commentary

- M&A and partnership activity has generally been on the rise following the global financial crisis of 2008-2009
- Mega deals of 2017-2019 largely driven by patent expirations and proactive measures to replace revenue at risk through broad based platform integration
- M&A volumes decreased meaningfully as Biotech valuations peaked in 2020 and Big Pharma emphasized BD to bolster distinct therapeutic franchises and development pipelines
- There was an increase in M&A activity but the momentum has slowed as market conditions have





# What is Business Development and its Role in Biotech Value Creation

# What is Business Development?

According to the [Forbes article](#), *What, Exactly, is Business Development*, “Business development is creating long-term value for an organization from customers, markets, and relationships. It is all about figuring out how the interactions of those forces combine to create growth opportunities.”

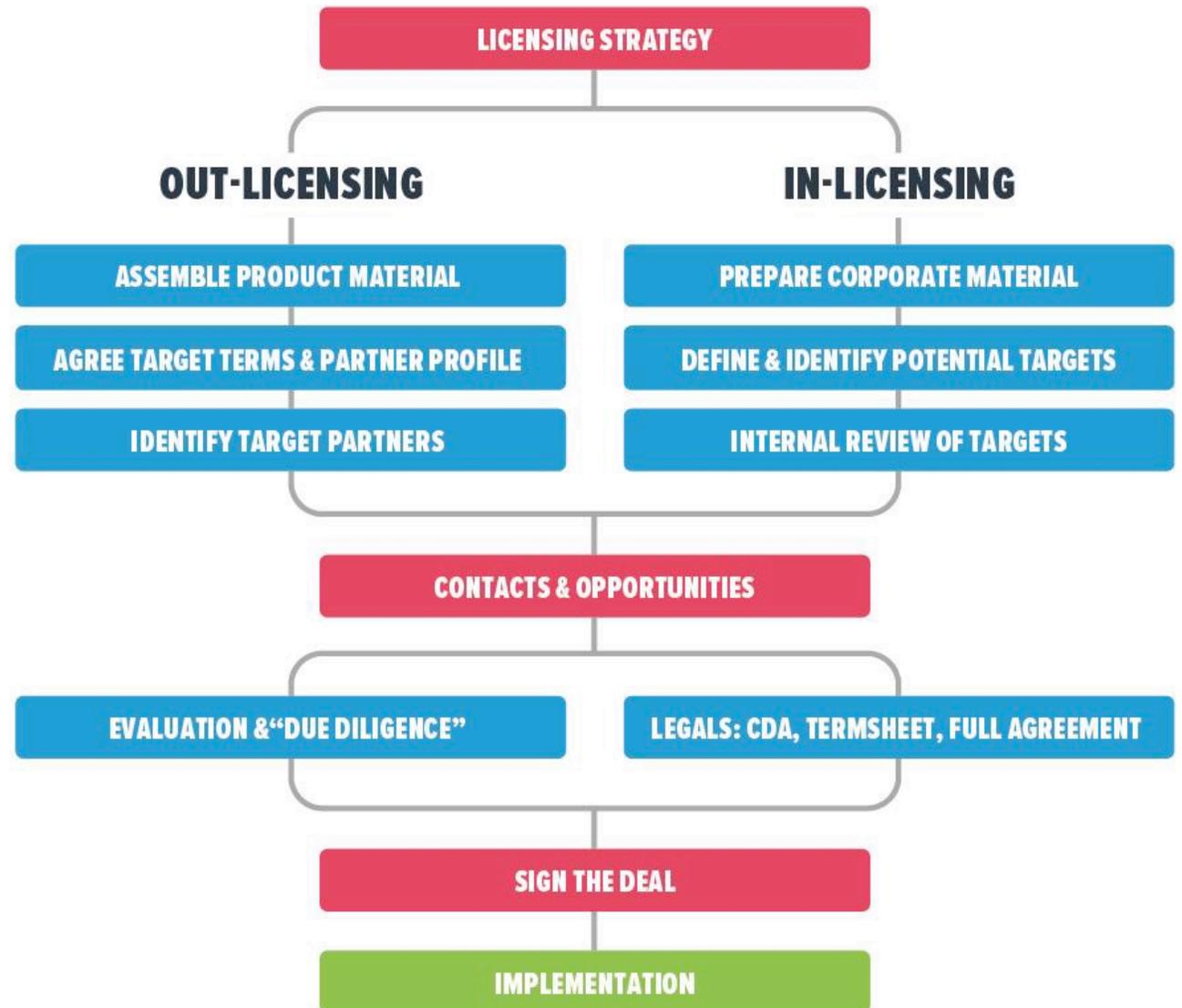
*BD staff work in small companies, large companies, government centers, universities, and private institutions. The daily activities are varied, ranging from strategy and market planning to customer contact, new business development, and licensing*

*Every business needs to acquire new customers to grow, but not every potential customer will be the right fit for the company.*

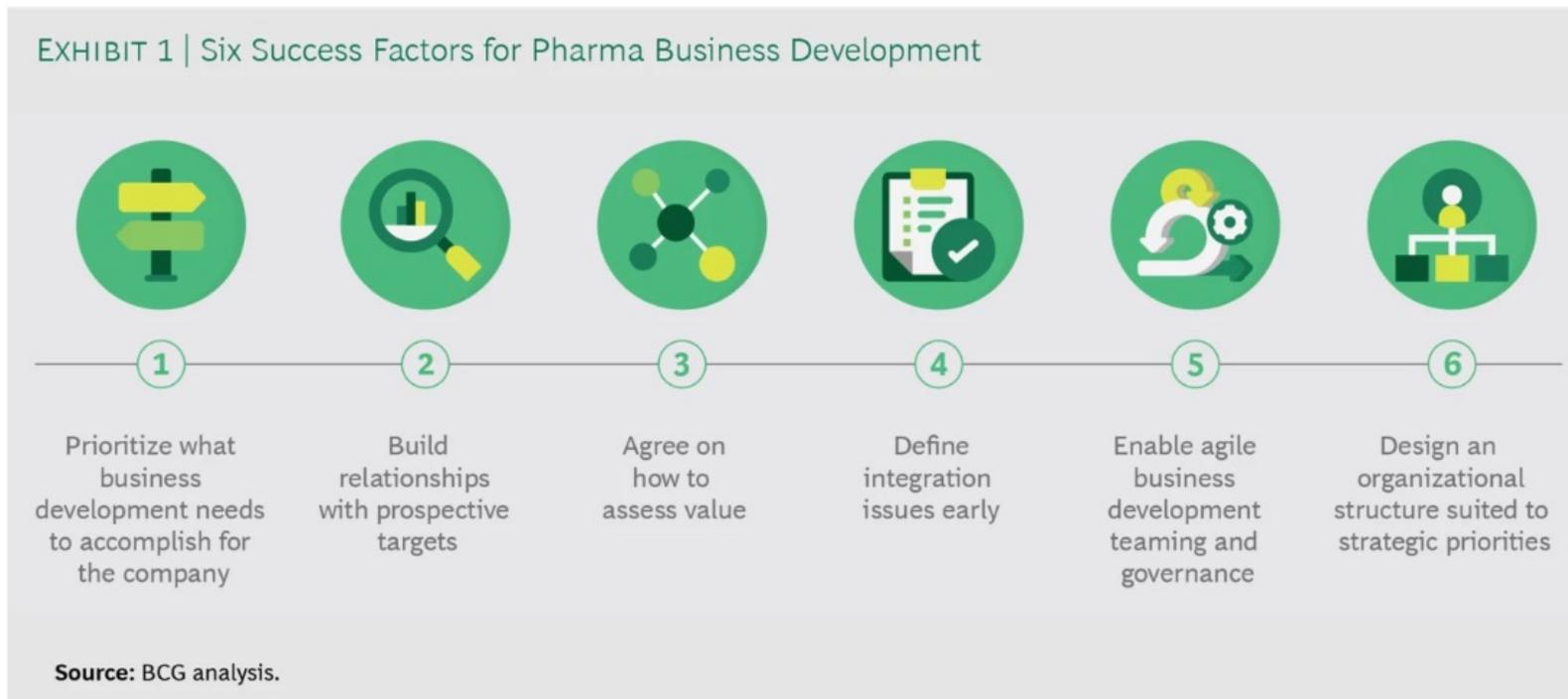
*So, business development professionals need to stay knowledgeable about the current market and evaluate whether or not a prospect is qualified to buy what your business is selling. They are solely responsible for prospecting and qualifying leads before handing them off to the sales team to nurture the relationship and keep its revenue engine running to create long-term value*



# What Does the Overall BD Process Look Like?

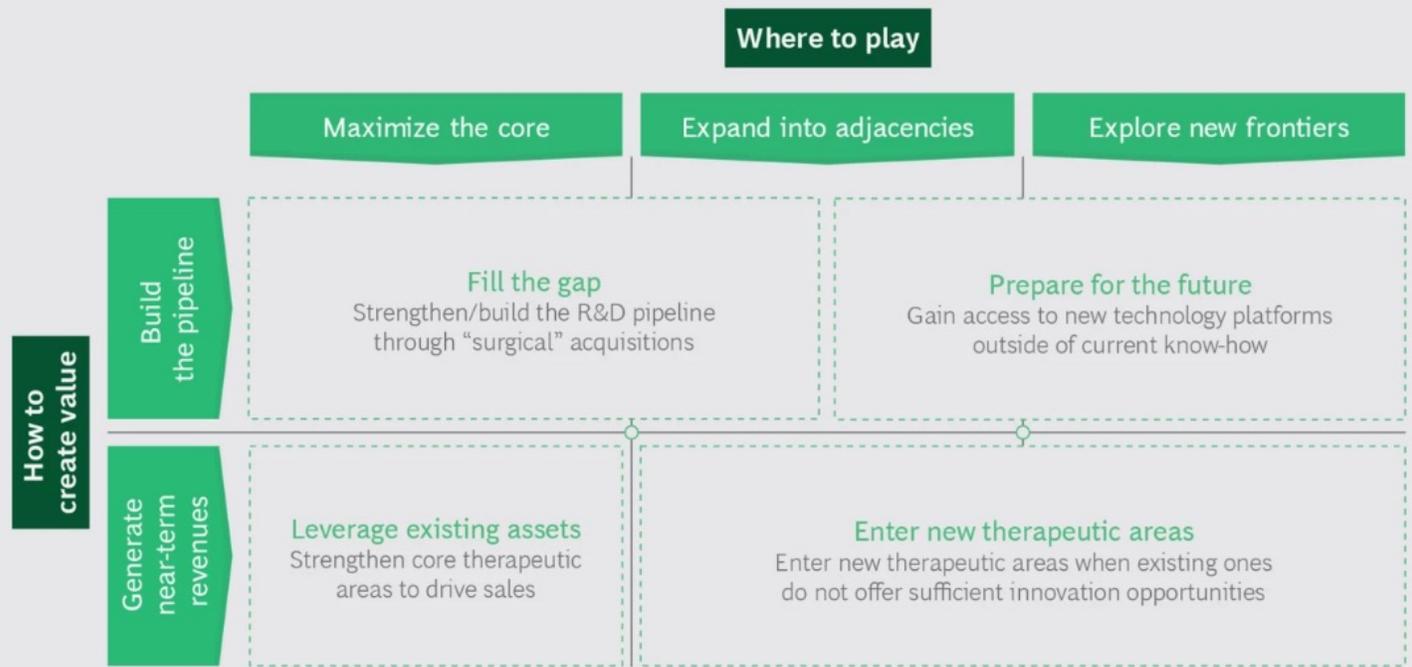


# What Is the General Path of BD in Pharma?



# Why is BD So Integral to the Pharma Industry?

EXHIBIT 2 | Drivers of Pharma Business Development



Source: BCG analysis.

## Key Questions

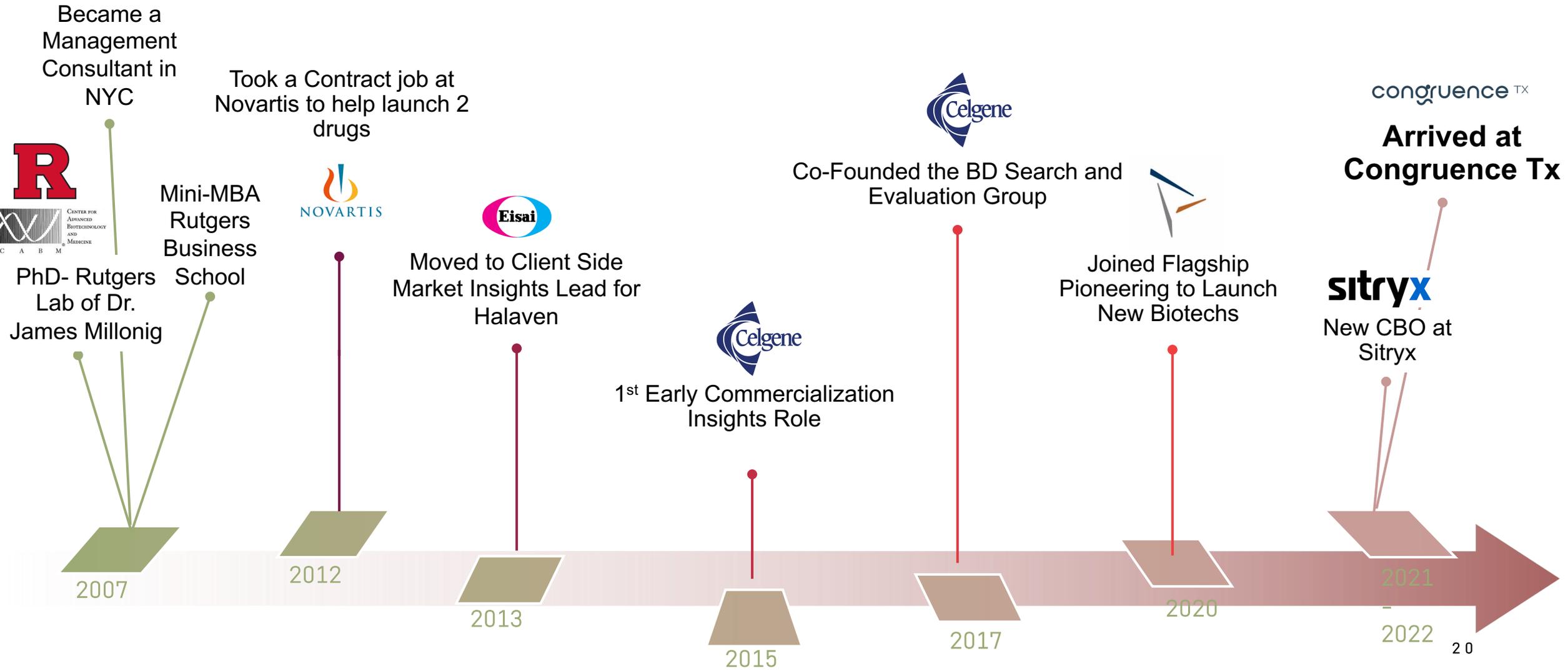
- What business sectors are you in now and in which sectors do you want to be in the future?
- What are your strengths in terms of therapy expertise and in terms of clinician groups visited by your sales force?
- Where do you have the potential to market more products, in terms of geographical areas or clinician groups?
- Where are there gaps in your product pipeline?
- What spare development capacity do you have?
- Are you planning to enter any new areas that will benefit from having additional products to sell?
- Do you have any products that require more sales support than you have available?
- What products do you have on the market and in research that do not fit with your current business and expertise?

---

# How is Business Development Key for Biotech Success?

- Validates technology platform/management of an early-stage Biotech
- Provides non-dilutive financing and extends cash runway
- Limited R&D/Pipeline Capacity
- Provides clinical partnerships
- Seeking a partner for global or regional launch
- Monetizes assets that are not appropriate development candidates for the company
- Allows Biotechs to learn from more established companies

# How Did I Get Here?



---

Questions?