White Paper for Investors and Lenders Highlights Risks of Excess Assets in Biopharmaceutical Sector

Analysis by Tiger Liquidity Services Biopharma Partnership underscores the strategic value to hedge funds, private equity firms, asset-based lenders, and bankruptcy professionals of leveraging asset-valuation and disposition in the biopharma/pharmaceutical space

NEWS PROVIDED BY
Tiger Group →
Jun 01, 2020, 09:00 ET

NEW YORK and BETHESDA, Md., June 1, 2020 /PRNewswire/ -- A white paper by Tiger Liquidity Services Biopharma Partnership is a primer on how investors and lenders can bolster the position of biopharmaceutical firms by leveraging asset valuation and disposition to right-size these companies' operations, launch new products and acquire promising startups.

With substantial capital resources as well as deep experience in sector-specific asset valuations, sales and remarketing, Tiger Group and Liquidity Services. formed the partnership in Nov. 2018. It focuses on rapid, high-recovery disposition of assets in biopharmaceutical manufacturing using global marketplace channels such as AllSurplus.

The 13-page white paper—available here free of charge—is titled *How to Right-Size Your Biopharmaceutical Operations Through Asset Valuation*. It explores three key takeaways:

1. *Investors and lenders serving biopharmaceutical companies need partners specializing in asset valuation and liquidation to ensure companies' ability to maintain sustainable operations through down-sizing, or otherwise extract maximum recovery during bankruptcy scenarios.*
2. *Biopharmaceutical companies need new products to stay ahead of potential regulation, competition, expiring patents, and research & development failures—all of which eat into revenue and ultimately profits. Against that background, some companies may need to retrofit or replace existing manufacturing lines to produce tomorrow's drugs.*
3. *To bring new products to market, biopharma companies acquire new businesses – particularly biotechnology firms—with innovative products, but also acquire unneeded assets while becoming dangerously burdened with debt. This results in the need to either down-size operations—and occasionally leads to bankruptcy.*

The paper begins with a clear-eyed analysis of the market. On the one hand, the authors note, the biopharmaceutical industry is in the midst of a renaissance, with high funding levels and record drug approvals—not only across traditional therapy classes like small molecules and biologics, but also for cutting-edge gene and cell therapies.

But pressures are intense. While the largest companies can weather major adverse events, smaller firms are in a more tenuous position. The reality is that a single clinical trial failure can scuttle the entire enterprise.

"Or paradoxically," the authors write, "a single success can lift a biotech onto the radars of pharmaceutical buyers eager to add potential gems to their R&D pipelines, and the difficult work of merger integration lies ahead."

In fact, biopharma has seen a resurgence of large-scale M&A. The authors explore how major M&A can lead directly to excessive assets and bloated operations. Detailed case studies take a look at how several leading biopharmaceutical companies leveraged asset-valuation and disposition to manage M&A, consolidations and bankruptcies.

Lastly, the authors encourage stakeholders to weigh three key questions about the biopharmaceutical companies in their investment or lending portfolios:

- Is the firm positioned to profit within a changing political and competitive arena?
- Could it handle redundant resources after M&A?
- Has it catalogued its current assets and equipment to serve as potential collateral?

"Carefully consider the answers to these questions," the authors conclude, "because they could mean the difference between a thriving, expanding business—or a rapid downfall after a single product failure."

The full paper is available at:
https://www.tigergroup.com/wp-content/uploads/2020/03/2020_CI_Biopharma_Whitepaper.pdf

SOURCE Tiger Group

Related Links

https://www.tigergroup.com