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M & A DEAL
OF THE WEEK

Novartis' agreement to acquire Avidity

NOVARTIS

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AVIDITY BIOSCIENCES

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Novartis' agreement to acquire Avidity: Executive Summary

Summary

On Sunday the 26th of October, a public press release was issued by the worldwide healthcare company Novartis AG regarding its intention to acquire Avidity Biosciences at an estimated value of $12 billion in a cash transaction on a fully diluted basis. This represents an enterprise value of roughly USD 11bn at the expected closing date. This acquisition aimed to broaden its genetic medical investment portfolio and increase Novartis' established presence within the RNA-based therapies industry, aimed at patients with unique neuromuscular illnesses.

- Avidity Biosciences was established in 2012, and their headquarters are in San Diego, employing 391 globally and they are best known for their creation of Antibody Oligonucleotide Conjugate (AOC) technology.
- Novartis AG was established in 1996 with their headquarters in Switzerland, an entity formed regarding the merger between Ciba-Geigy and Sandoz, employing 75,833 people globally.
- On the 4th October 2023, Novartis completed the Sandoz spin-off as a strategic transformation into an independent, leading and innovative medicines focused company.
- This deal follows, reinforcing Novartis' aims to continuously develop RNA therapy and genetic medicine.
- This presents an opportunity for Novartis to gain accessibility to Avidity's Antibody Oligonucleotide Conjugate (AOC) technological resources to create cures for muscular dystrophy and other unique illnesses.
- The prices of the cash deal amount to $72 per share, establishing a 46% premium to Avidity's past closing price in October 2024. The overall exchange is estimated to complete in H1 2026, dependant on regulatory checks and agreed closing terms & conditions, such as the separation of SpinCo from Avidity.
- Raises Novartis expected 2024 -2029 sales CAGR (compound annual growth rate) from +5% to +6%, strengthening mid-single digit growth in the long term.
- Internal Rate of Return (IRR) is expected to largely overweigh capital costs, with significant value creation.
- The acquisition will gain its capital from Novartis cash holdings, allowing for financial freedom funding. This will generate revenue in the long term internally for Novartis medical division.
- The RNA therapeutics market is worth $17 - $20 billion in 2025 and forecasts predict growth of over $60 billion by 2032, displaying the sectors rapid increase.
- Pharmaceutical M&A initiatives for 2025 are now concentrating on biopharma and RNA-based therapeutics. In addition, dominant entities from the same industry such as Roche and AstraZeneca are increasing their market research and investing a large amount of their resources toward a strategic shift for precision medicine.
- "Novartis' AG market valuation is estimated at $253 billion in 2025"
- News corporations and investors such as Bloomberg and the Financial Times reported this as the next breakthrough biotech for generations after viewing evidence.

Key Figures

Novartis (NVS)	*Avidity (RNA)*
Deal Value: $12 billion (all cash)	**Premium:** $72 per share (46% premium)
Enterprise Value: $278.29 billion	**Enterprise Value:** 5.27B
EV/EBITDA: 12.25x	**EV/EBITDA:** -17.10x
P/E Ratio: 16.84x	**P/E Ratio:** n/a
Market Cap: $252.65 billion	**Market Cap:** $10.256 billion
CEO: Vasant Narasimhan	**CEO:** Sarah Boyce
Employees: 75,833 as of December 2024	**Employees:** 391
Debt/Equity: 71.55%	**Debt/Equity:** 0.43%

Company Information

Novartis

Founded in 1996, through the merger of Ciba-Geigy and Sandoz, Novartis is a Swiss multinational pharmaceutical corporation based in Basel, Switzerland. Today it is recognised as one of the largest pharmaceutical companies in the world.

- Novartis has a far-reaching global presence, through its network of offices and operations across the Americas, Europe, the Middle East, Asia Pacific and Africa.
- Currently, Novartis' business model aims to research, develop and manufacture medicinces globally.
- Novartis prioritises research and development (R&D) by investing approximately $10 billion in 2024, roughly 20% of their annual net sales.
- Net sales reached $50.3 billion in 2024 - an expansion of 11% from 2023.
- Under the current chief executive officer (CEO) Vasant Narasimhan, roughly 75,000 staff members are employed.
- Since 2000, Novartis' market capital has surged by 289.23%, rising from $65.91 billion to $253 billion. That is a compound annual growth rate of 5.58%.
- In 2024, Novartis was ranked 1st in the 'Access to Medicine Index', which recognises their efforts to ensuring low and middle income countries have access to essential medicines.

Avidity Biosciences

Avidity Biosciences is an American, San Diego based, biopharmaceutical company founded in 2012. Avidity is regarded as a leading innovator in developing treatments for serious genetic diseases.

- In 2024, Avidity spent $303.6 million on R & D (Research and Development)
- Generated revenue totalled $10.9 million, up 14% from FY 2023.
- Avidity employed 391 employees as of 2024, a 54.55% increase from 2023 under the management of CEO Sarah Boyce
- Avidity has shown significant valuation growth, with its market capitalisation rising dramatically from $3.47 billion in 2024 to $10.26 billion by October 2025, an 185% increase year-to-date.
- Avidity Biosciences only operate in the United States, limiting their global influence on the biopharmaceutical industry.
- Avidity developed their own proprietary technology (AOC), giving them a competitive edge over the entire biopharmaceutical industry

Deal Rationale and Risk

Rationale - Strategic Positioning of the Pharmaceutical Market

Strengthening Novartis' late-stage Neuroscience and RNA therapeutics pipeline

This deal very much aligns with Novartis' long-term growth strategy, enhancing its value in complex genetic neuromuscular diseases, which are in extremely high demand, as these needs are yet to be met. Avidity's specialist knowledge in these rare conditions allows Novartis to gain a competitive advantage in this market. Novartis operates in more than 30 production sites worldwide, meaning they have the ability to start production on these new medications with ease. Additionally, Avidity's proprietary AOC technology will allow a more targeted delivery system, hopefully reducing barriers for patients to receive treatment, as there are approximately 14 million people globally who are affected by neuromuscular diseases. Having an easier delivery system will encourage more people who are affected to seek treatment when it becomes available. Therefore, this deal is built to drive long-term value for both the company and the customer.

Enhances mid-long-term growth profile

This acquisition has already shown positive signs for Novartis. The deal has raised Novartis' 2024 - 2029 sales CAGR from +5% to +6%, with substantial sales growth expected by 2039, potentially achieving multi-billion dollar sales contribution by 2030, providing substantial dividend payouts to their shareholders.

Risk

Clinical Trial Outcomes and Regulatory Approval

One of the biggest risks of this deal is success from trial outcomes, as these diseases are so complex that trials face big challenges. Some of these include small patient populations, the complexity of the disease itself. These challenges could mean that the drug might not reach the success rate needed to be approved by the U.S. Food and Drug Administration (FDA), which could slow production and delay potential company milestones.

Cultural and Talent Retention Issues

Avidity's specialisation has stemmed from a culture of innovation and risk-taking. The integration into a large firm may run the risk of clashes as a result, there could be a loss of key employees due to cultural friction. Therefore, potential advancements could be halted. Additionally, Avidity's AOC technology, as it is a novelty, there might be issues expanding it into the size of a large pharmaceutical firm like Novartis. There would have to be significant coordination across multiple departments to ensure efficient use.

Trump's U.S. Tariffs on Drugs

On 25 September, US President Donald Trump announced an 100% tariff on drugs not made in the United States – increasing up to 250% within the next 2 years – in effort to domesticate drug manufacturing. This policy would not include generic drugs, reducing the impact of it generally as generics account for about 90% of all US prescriptions.

Though the levies have not yet been implemented, CEO Vasant Narasimhan has reported that Novartis are in talks with the Trump Administration to match drug prices to Europe's lower level. Drugmakers also face heightened cost pressures from the "Most-Favoured Nation" (MFN) pricing framework, published by the White House in May 2025, which aims to price match US drug prices to the lowest prices in peer OECD countries. Nonetheless, the implications of these levies could come in the form of higher prices passed on to consumers, limiting the potential customer base that could benefit from these drugs.

Industry Analysis

This merger will have a significant impact on the biopharmaceutical sector, focusing more on RNA-based therapeutics. After buying Avidity Biosciences, Novartis is making significant investments in the rapidly developing field of RNA delivery technology. This purchase, valued at an estimated $12 billion-US$72 per share, indicates a strategic movement by Novartis to help grow their value regarding RNA therapeutics and neurological products.

The RNA Therapeutics Market

The market for RNA treatments has grown steadily over the past ten years thanks to developments in mRNA, siRNA, and antisense. After mRNA vaccines proved successful, pharmaceutical companies have invested in the sector, which might reach over $25 billion by 2030. A big improvement in this field is AOC technology, which helps send RNA treatments to places like the heart and muscles.

Novartis is currently at the forefront of this rapidly growing sector as a result of the purchase. The primary initiatives of Avidity, such those relating to DMD and DM1 therapies, complement Novartis' neuroscience strategy and its goals of creating revolutionary medicines for rare illness.

Key Trends

The strategic acquisition of RNA-focused biotechnology firms has become a key mechanism for large pharmaceutical companies to ensure long-term growth. Notable examples of this strategy include AstraZeneca's takeover of Gracell Biotechnologies and Roche's collaborative partnership with Ionis Pharmaceuticals. Platform Innovation and Targeted RNA Delivery: Avidity's AOC platform, one of the most advanced in the field, exemplifies how combining antibody targeting with oligonucleotide payloads can offer greater specificity and safety than traditional RNA modalities.

earnings dilution, the deal promises long-term revenue upside if late-stage trials succeed, reflecting broader enthusiasm for scalable platform-based biotech models.

Novartis's acquisition of Avidity continues its strategic push into advanced therapies. The deal integrates Avidity's RNA delivery technology to accelerate Novartis's RNA medicine development, leveraging its existing infrastructure. Analysts believe this will reshape its neuroscience pipeline, creating synergy with its current RNA and gene therapy portfolio. While promising, AOC technology is still in its early clinical stages, facing significant hurdles in integration, regulatory scrutiny, and manufacturing scalability. Furthermore, the competitive landscape, including rivals like Dyne Therapeutics and Pfizer's RNA division, poses a substantial threat to future market share.

Trends and Insights

Novartis's $12 billion acquisition of Avidity, representing a 46% premium, demonstrates the firm’s strong confidence in AOC technology. This deal highlights the growing demand for biotech companies with scalable platforms. Although there may be short-term losses, it has the potential to generate significant long-term revenue, depending on the outcomes of further research.

Novartis's acquisition of Avidity continues its strategic push into advanced therapies. The deal brings in Avidity's RNA delivery technology, further accelerating RNA medicine development at Novartis by building on its existing infrastructure. Regulatory maturity has also supported this expansion, as agencies such as the FDA and EMA have established clearer pathways for RNA-based approvals, boosting investor confidence and deal activity across the sector. According to analysts, this acquisition could reshape the company’s neuroscience pipeline and create synergies with its current RNA and gene therapy portfolio.

By acquiring Avidity, Novartis secures a leading position in next-generation RNA therapeutics, while also diversifying its pipeline at a strategic level. This transaction reflects one of the defining trends of the industry, the fusion of biotech innovation with big pharma capital, a partnership driving the future of precision medicine.

Final Thoughts

On 26 October 2025, Novartis AG announced plans to acquire Avidity Biosciences in a $12 billion cash transaction, valuing the company at about $11 billion. The deal expands Novartis' presence in genetic medicine and RNA therapeutics, granting access to Avidity's Antibody Oligonucleotide Conjugate (AOC) technology for treating rare neuromuscular diseases. It supports Novartis' long term strategy to strengthen its neuroscience portfolio and is expected to raise its 2024-2029 sales compound annual growth rate from 5% to 6%. However, the acquisition exposes Novartis to clinical and integration risks linked to Avidity's early stage RNA therapies. Overall, the move highlights Novartis' strategic commitment to RNA innovation as a key driver of future growth.

Rohan Harjai

I believe this acquisition in RNA therapies for muscle disorders is a step in the right direction to bolster innovation of muscle disorder therapeutics. Avidity's therapies are a natural fit for Novartis' rare disease portfolio, though the speed and price of the deal was unusual. Nonetheless, the deal highlights Vas Narasimhan's dedication to invest further in the advancement of cures for unique neuromuscular illnesses and signals confidence in M&A in the biotech space.

Sammy Abbasi

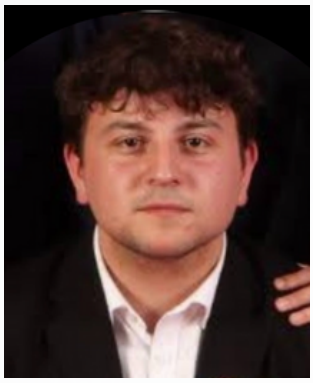
Novartis' acquisition of Avidity Biosciences shows a clear plan to strengthen its position in the pharmaceutical industry. Through this deal, the addition of Avidity's innovative technology improves Novartis' future production and supports its long term growth. While the acquisition presents an exciting future, the overall value of the deal will depend on Novartis' ability to maximise these programmes and bring them through to success on a global scale. Overall, this move provides Novartis with a competitive edge for future treatments and production, while giving Avidity the financial backing and global reach needed to accelerate their progress.

Ollie Johnston

Overall, the deal seems strategically sound and well aligned with Novartis' ambition to shift into more innovative, genetics-based, rare disease therapies. Acquiring such a specialist company can provide Novartis with a competitive advantage that could see them as one of the top pharmaceutical companies on the planet, as well as bringing well-needed, life-saving drugs that can help people with such complex diseases. It will be interesting to see how Novartis use their new resources to bring these drugs to market, and how successful they will be.

Aryan Basnet

Novartis bought Avidity Biosciences for $12 billion to grow its work in RNA medicine. Using Avidity's AOC technology, they can make better treatments for rare diseases and brain conditions and find new ways to deliver RNA therapies. Big pharma companies are doing more deals like this to keep growing and stay ahead in the game. Even though there are some risks, this deal helps Novartis lead in new treatments and shows how they focus on making medicines that really improve people's lives.



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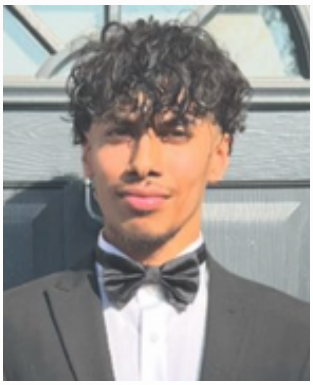

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