

## LAZARD RELEASES 2021 GLOBAL HEALTHCARE LEADERS STUDY

### - Most healthcare industry leaders expect the pandemic to continue through 2022 and beyond -

NEW YORK, September 27, 2021 – Lazard Ltd (NYSE: LAZ) today released its fourth annual in-depth study of strategic challenges and opportunities in the global healthcare industry, surveying 200 C-level executives and investors across three global sectors: Biopharmaceuticals; Medical Devices and Diagnostics; and Healthcare Services. As the COVID-19 pandemic continues to evolve, this year's study focuses on the healthcare leaders' pandemic-related challenges and expectations, as well as the strategic priorities for their businesses.

In last year's study, there was a high correlation between healthcare industry leaders' responses and the subsequent course of events. This year's study finds that most healthcare leaders expect a protracted battle with the global health crisis, with the majority of respondents expecting the pandemic to continue through 2022 and beyond. They also have significant concerns about scenarios that could create risk for resurgence, such as vaccine hesitancy, distribution shortfalls in developing countries, and new variants. In addition, the majority of respondents expect the pandemic to have lasting impacts, both positive and negative, on their industry, the business world and socioeconomic trends globally.

"Most healthcare industry leaders expect the pandemic to permanently accelerate the digital revolution, technology and automation, but a significant number also expect worsening national and global inequity, worsening political divides and protectionist trends," said David Gluckman, Global Head of Lazard's Healthcare Group. "In a challenging environment for the healthcare industry, scientific innovation and advances in digital technologies are seen as the greatest forces for positive transformation."

"The need for growth and innovation continues to drive companies toward strategic transactions, including M&A, alliances and licensing activity," said Stephen Sands, Chairman of Lazard's Global Healthcare Group. "The majority of respondents predict increased strategic activity for the remainder of this year and into 2022 and beyond."

The study offers a variety of insights, including the following selected highlights:

- Healthcare leaders expect the pandemic to continue through 2022 and beyond. 90% of respondents expect baseline case loads to persist at more than minimal levels in 2022, and 58% expect this to continue in 2023 and beyond. More than 90% expect the same for peak case loads in 2022, and two thirds expect this trend for peak case loads to continue in 2023 and beyond.
- 70% of healthcare leaders expect that the flexible, hybrid working arrangements widely adopted by office workers during the pandemic will be a permanent shift. Almost half of respondents also expect a permanent shift in economic activity to virtual channels, with less in-person interactions, movement and travel.
- 64% of healthcare leaders expect the pandemic to permanently accelerate the digital revolution, technology and automation. Almost half expect a permanent shift toward a greater focus on secure supply chains with domestic supply for key elements. U.S.-based

healthcare services leaders are the most concerned about the possibility of materially higher taxes following the pandemic, with 48% expecting a permanent shift in this direction, compared to 28% of all study respondents.

- Almost all healthcare leaders expect significantly greater use of virtual healthcare delivery, with 61% expecting a permanent shift. A similar number expect a permanent shift toward increased usage of remote patient monitoring. In addition, most healthcare leaders expect increased delivery of healthcare in the home and other alternate sites, as well as greater use of non-physician professionals to deliver care. Despite alarming episodes of overburdened intensive care facilities around the U.S. during the past 18 months, the majority of respondents do not expect greater hospital capacities as a result of the pandemic.
- When healthcare leaders focus on the greatest strategic challenges facing the healthcare industry, pricing and reimbursement remains at the top of their list by a significant margin. In this year's study, 68% cite this as a top three strategic challenge, compared to 61% in 2019 and 57% in 2017. Quality, cost of healthcare, and the political and regulatory environment remain in the top three challenges, as they did in 2019 and 2017.
- The top challenges to executing strategic transactions in the current environment are price level and value expectations, according to 82% of healthcare leaders. Scarcity of attractive candidates, and pricing and reimbursement uncertainty are also mentioned by 49% and 38% of respondents, respectively. One third of study respondents cite the ready availability of capital for smaller companies as a top challenge.
- Most healthcare leaders expect private financings, IPOs and equity follow-ons to stay at the same level or increase for the balance of 2021 and into 2022. However, the distribution of responses suggests somewhat more uncertainty about the direction of IPOs. Private company executives, however, are especially bullish that IPOs will increase over the remainder of 2021 and into 2022, with approximately half expecting IPO activity to rise. However, the majority of healthcare leaders expect SPAC financings to decrease over this period. Investors in particular have a strong view that SPAC financings will decrease, with approximately 80% expecting a decline, compared to approximately 60% of all study respondents.
- Many biopharmaceutical leaders expect the pandemic to have a meaningful impact on their sector. The largest number expect greater use of innovative clinical trial designs, clinical trial management and use of real-world evidence, with 51% expecting a moderate impact and 33% expecting a permanent shift in this area. Very similar numbers expect permanent shifts in other areas, with greater focus on scientific innovation, increased focus on data analytics in R&D, and a rise in digital-enabled and virtual approaches to commercialize products.
- Almost two-thirds of biopharmaceutical leaders say that oncology is a top therapeutic area priority for the next year, followed by 53% who cite rare diseases and 48% who cite autoimmune/inflammation – similar percentages to last year's study. Notably, the central nervous system (CNS) has moved up as a priority therapeutic area, with 42% naming it as their top priority, compared to 30% last year.
- Immuno-oncology, precision medicine and gene therapy are still viewed among the top innovative, disruptive technological priorities for the next 12 months, according to biopharmaceutical leaders, followed by RNA-based therapeutics, cell therapy and next-generation antibodies.

The Global Healthcare Leaders Study surveyed 171 C-level executives and 29 investors across three sectors: Biopharmaceuticals; Medical Devices and Diagnostics; and Healthcare Services. These 200 healthcare leaders represent many of the largest healthcare entities globally, smaller public and private companies, and prominent investment firms.

The Global Healthcare Leaders Study reflects Lazard's approach to long-term thought leadership, commitment to the sectors in which it participates, and focus on intellectual differentiation. An executive summary of the Study is posted at [www.lazard.com/perspective](http://www.lazard.com/perspective).

Lazard's Global Healthcare Group advises senior executives and boards of directors on strategic M&A, corporate preparedness, capital advisory, and other strategic and financial matters. The group is active in all areas of the healthcare and life sciences industry, including pharmaceuticals, biotechnology, healthcare services, and medical devices.

## **ABOUT LAZARD**

Lazard, one of the world's preeminent financial advisory and asset management firms, operates from 41 cities across 26 countries in North America, Europe, Asia, Australia, Central and South America. With origins dating to 1848, the firm provides advice on mergers and acquisitions, strategic matters, restructuring and capital structure, capital raising and corporate finance, as well as asset management services to corporations, partnerships, institutions, governments and individuals. For more information on Lazard, please visit [www.lazard.com](http://www.lazard.com). Follow Lazard at @Lazard.

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