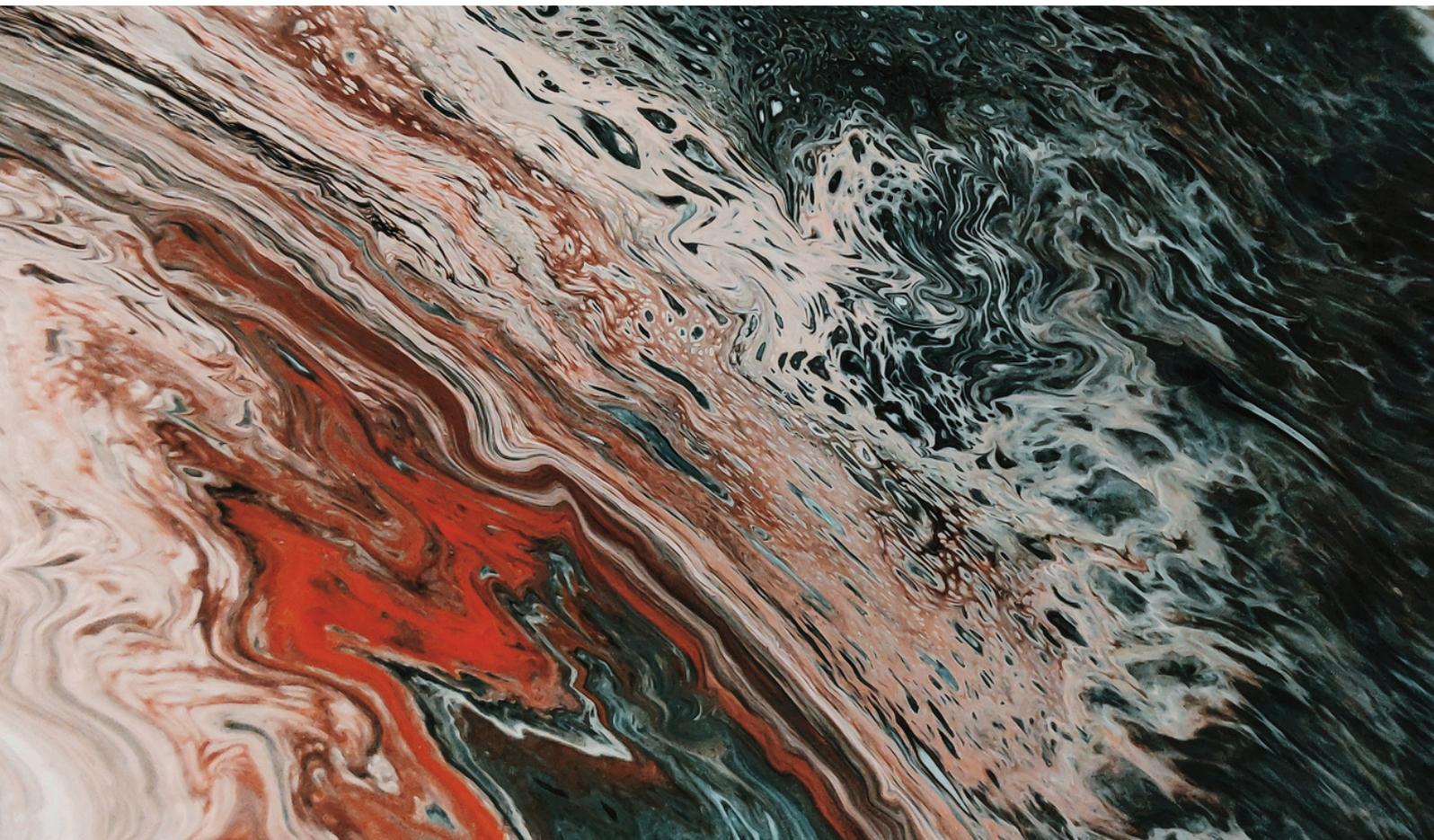


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# The Private Equity Catalyst: Reshaping the Generics and Biosimilar Industry

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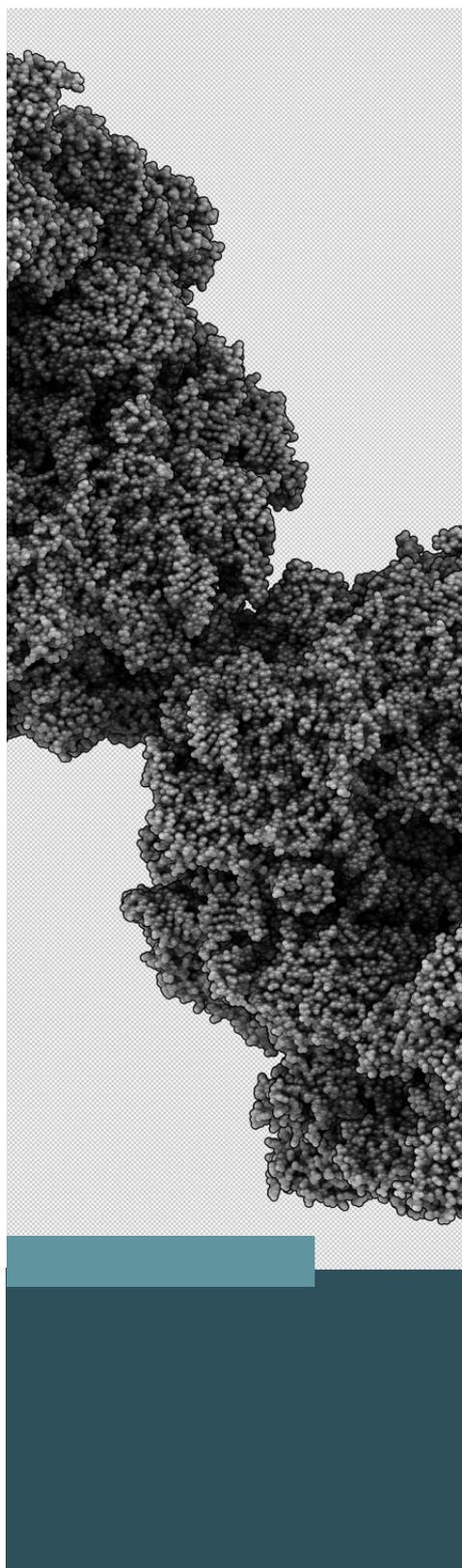


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# Executive Summary

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Private equity's engagement with the generics and biosimilar industries has evolved beyond traditional financial engineering to become a primary force for operational transformation, strategic consolidation, and targeted growth. This shift is predicated on a clear understanding of the market's underlying dynamics: a high-volume, cost-effective sector critical to global healthcare systems, yet ripe for efficiency gains. While generics and biosimilars account for a remarkable 90% of all U.S. prescriptions, they represent a disproportionately small 13.1% of prescription drug spending, creating a stable, recession-resistant revenue foundation. This stability is leveraged by private equity to finance aggressive, high-return strategies.

The modern private equity playbook in this sector is not merely about debt-fuelled acquisitions. It is a strategic, multifaceted approach centred on operational improvements, strategic "buy-and-build" models, and the acquisition of non-core corporate assets or "carve-outs." The transformative success of this model is exemplified by the Zentiva case study, where a non-core division acquired by Advent International for €1.9 billion in 2018 was operationally transformed and sold to another private equity firm, GTCR, for €4.1 billion in 2025. This remarkable outcome was driven by targeted investments in expanding its product portfolio and manufacturing footprint, which more than doubled its revenue and EBITDA.

A critical, often understated, element of this success is the strategic deployment of talent. Private equity firms utilise specialised executive search to install visionary C-level executives and transformative operating partners who are responsible for the hands-on execution of strategic and operational changes. These leaders are tasked with navigating complex manufacturing, evolving regulatory landscapes, and integrating new acquisitions, a particularly crucial role in the high-stakes biosimilar market. This report will detail the investment thesis, analyse the Zentiva case as a blueprint for success, explore the critical role of talent, and provide a balanced perspective on the associated risks and the broader implications for the future of pharmaceutical manufacturing and accessibility.

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## Dan Nathan

Owner & Founder  
Parsity Group



# Jefferies Temperature Check

The annual Jefferies Healthcare Temperature Check research report captures the prevailing sentiment, priorities, and expectations across the global healthcare ecosystem. This comprehensive study draws on the perspectives of senior leaders, investors, and innovators whose insights collectively shape how capital, conviction, and strategic focus are directed across the sector.

## The Market Outlook

# 50%

expect the FTSE 100 to be higher at the end of 2026

Respondents are broadly positive on market movements for 2026.

- However, fewer expect the FTSE 100 (50%) and MSCI World Health Care (58%) to finish higher next year than previously.
- This suggests some anticipation of a market correction following the recent bull run.

## Capital Markets and Financing Conditions

# 60%

expect their exposure to the healthcare sector to be higher in 2026

The healthcare industry maintains its strong appeal as a defensive asset class:

- 60% of respondents expect their exposure to healthcare to be higher in 2026.
- 57% of Institutional investors plan to increase allocations.
- Private Equity remains optimistic, with 46% planning to expand allocations (down slightly from 50% in 2024).

## Sectoral Outlook

# 53%

expect mid and small cap pharma and biotech to perform best in 2026

Respondents favour pharma and biotech growth:

- Mid and Small-Cap Pharma & Biotech are the top-ranked performers (53%), buoyed by renewed M&A.
- Large-Cap Pharma & Biotech are seen as defensive (18%), but are increasingly viewed as consolidators rather than primary growth engines.

## Dealmaking in 2026

# 65%

expect M&A activity to be higher in 2026 than in 2025

Confidence in healthcare dealmaking remains high:

- 65% expect M&A activity to be higher in 2026 (vs. 72% last year).
- 50% believe corporates will dominate transactional activity (Institutional Investors are 68% confident; corporates are 50% confident).
- 13% point to private equity led M&A.

# The Investment Thesis

## A Market Defined by Scale, Savings, and Stability

The fundamental economic case for private equity (PE) investment in the generics and biosimilar industries is rooted in their critical, yet often underappreciated, role in the global healthcare ecosystem. The financial data highlights a market characterised by immense scale and efficiency. In 2022, generics and biosimilars generated a record \$408 billion in savings for patients and the U.S. healthcare system, a figure that climbed to \$445 billion in 2023, with biosimilars alone contributing \$12.4 billion in that year.

A key metric that captures the essence of this market's attractiveness is the stark disparity between prescription volume and spending share. Despite accounting for 90% of all U.S. prescriptions filled, these medicines represent only 13.1% of the country's prescription drug spending and a mere 1.2% of total U.S. healthcare expenditures. This massive gap is not a mere statistical anomaly; it is the core economic argument that validates the investment. For private equity firms, this disparity signifies a high-volume, incredibly stable market with predictable demand. Unlike innovative drug classes with volatile sales trajectories, generics and biosimilars provide a consistent, recession-resistant revenue stream. While the price of individual generic products has been under constant pressure, with average prices falling 20% since 2019, the sheer volume of prescriptions and the essential nature of these medicines offer a durable foundation for investment. The data demonstrates that PE firms can leverage this underlying stability as a base from which to implement aggressive, value-creation strategies such as operational enhancements and market consolidation.

The biosimilar segment presents a parallel but distinct opportunity. While the small-molecule generic market is mature, the biosimilar market is poised for significant growth as numerous blockbuster biologics lose patent protection, creating a multibillion-dollar opportunity for new entrants.

The allure of biosimilars is magnified by their impact on market dynamics; the average sales price for biosimilars is on average 50% less than the reference brand biologic at the time of launch, with competition reducing the brand price by an average of 25%. However, this opportunity is accompanied by substantial barriers to entry. Developing and marketing a biosimilar is significantly more complex and costly than a small-molecule generic, requiring an investment of between \$100 million and \$250 million over a period of 7 to 8 years.

This high barrier naturally favours well-capitalised players with the strategic and operational expertise to mitigate risk, making it an ideal target for private equity firms. They have the financial capacity to absorb the high development costs and the experience to forge strategic alliances and partnerships that are crucial for success in this segment.

### The Next Frontier: What PE Firms Will Target Between 2025–2030

- Interchangeable biosimilars (major multiplier for market capture)
- “Bio-betters” that blend biosimilar stability with improved profiles
- Expanded sterile fill–finish capacity (global bottleneck; demand growing 12–15% CAGR)
- AI-driven comparability and analytical characterisation (reduces development timelines by months)
- Long-acting biologic reformulations becoming an emergent mid-market biotech category
- Latin America & Eastern Europe biosimilar expansion, half the assets are still undervalued

# The Distinct PE Playbook: Beyond Financial Engineering

The modern private equity playbook in the generics and biosimilar industries has evolved significantly from a simple reliance on financial leverage. While debt remains a component of these deals, the primary focus is on a multifaceted value-creation approach that leverages operational expertise and strategic market positioning. A key strategy involves acquiring "carve-outs," the non-core divisions of larger pharmaceutical corporations. This allows PE firms to obtain high-quality assets at attractive valuations and then provide the dedicated focus and capital needed to unlock their full potential.

The investment thesis is also moving beyond a singular focus on generics to encompass a broader, more sophisticated portfolio strategy. While generics and small molecules are growing at a stable but modest rate of approximately 5% annually, private equity firms are actively seeking exposure to higher-growth, large modalities and niche services that support the entire biopharma value chain. High-growth modalities like cell therapy, gene therapy, and ADCs are experiencing rapid growth, with projected compound annual growth rates (CAGRs) of up to 42%. The generics and biosimilar businesses serve as a stable, cash-generating platform that can be used to fund or acquire complementary services, such as sterile fill-finish capabilities or specialised analytical services, where demand is high and capacity is constrained. This demonstrates a sophisticated strategy that leverages the stability of the generics market to finance and support ventures in higher-growth, more innovative segments of the life sciences industry.



This strategic evolution underscores a fundamental change in private equity's role from a passive capital provider to an active operational partner. The research consistently highlights the importance of implementing operational-efficiency levers to accelerate revenue while minimising costs. This includes streamlining supply chains, renegotiating vendor contracts, and optimising production processes. The involvement is deep and hands-on, going beyond simple cost-cutting to a full-scale operational transformation. A clear investment thesis serves as an operational blueprint that guides the investment team's decisions and ensures capital is allocated to improve a company's financial performance, management capabilities, and competitive advantages. This approach of providing not just capital but also a strategic blueprint and the operational expertise to execute it is the defining characteristic of private equity's influence on the sector.

High-growth modalities like cell therapy, gene therapy, and ADCs are experiencing rapid growth, with projected compound annual growth rates (CAGRs) of up to 42%.

# The PE Playbook in Action:

## The Zentiva Blueprint



The acquisition and subsequent transformation of Zentiva stand as a paradigmatic example of the modern private equity playbook. In 2018, private equity firm Advent International acquired Zentiva, a European generics unit, from Sanofi for €1.9 billion. This was a classic "carve-out" transaction, where a non-core division of a large corporation is separated and acquired by a financial sponsor. Sanofi, a global pharmaceutical giant, was likely seeking to streamline its portfolio and refocus on its core, higher-margin businesses, while Zentiva was a mature, operational asset with a strong brand and existing market presence. The challenge for Advent was to transform it from a non-core, overlooked division into a standalone, agile, and market-leading enterprise.

### The Value Creation Journey

Under Advent's ownership, Zentiva experienced remarkable growth. The company more than doubled its revenue and EBITDA, a direct result of its multi-pronged value-creation strategy. This success was not achieved through simple financial engineering but through a combination of organic growth and targeted mergers and acquisitions (M&A). Advent worked closely with Zentiva's management team, actively investing to expand the company's portfolio of medicines and its manufacturing footprint. This approach is a textbook example of a "buy-and-build" strategy, a central driver of private equity value creation.

In Zentiva's case, this resulted in an expansion of its geographical footprint across Europe and an enhanced portfolio of prescription and over-the-counter medicines. The documented success—doubling revenue and EBITDA—is a powerful testament to the efficacy of this strategy in the generics market, where scale and diversification are critical to achieving a competitive advantage and driving profitability.

### The Exit and the Broader Implications

The ultimate validation of Advent's strategy came in 2025 when it sold Zentiva to another major private equity firm, GTCR, for a reported €4.1 billion. The competitive bidding process and the final transaction price, which represented a healthy return on Advent's initial €1.9 billion investment, confirmed the success of the operational and strategic transformation. The fact that the buyer was another private equity firm rather than a strategic corporate buyer is highly significant. It signals a mature, liquid market for these assets and demonstrates that the value created by Advent was not a one-off but part of a replicable model. The acquiring firm, GTCR, is betting it can unlock even more value, validating the business's long-term potential and the effectiveness of the playbook.

### The Zentiva Value Creation Snapshot

Transaction	Acquisition [Advent]	Sale [GTCR]
Date	2018	2025
Price	€1.9B	€4.1B
Key Outcome	Acquired a corporate "carve-out"	Sold to another PE firm
Value Creation Metric	N/A	More than doubled revenue and EBITDA

# Key Private Equity Generics & Biosimilar Deals

Company	PE Firm(s)	Acquisition Price	Key Outcomes & Value Drivers
Zentiva	Advent International	€1.9B (2018)	More than doubled revenue and EBITDA through organic growth and M&A; sold for €4.1B
Stada	Cinven & Bain Capital	€4.1B (2017)	Significant revenue growth and market penetration via operational efficiencies and new market entry; sold for €10B
Adalvo	EQT (from Metric Capital)	N/A	EBITDA grew from €30M to €80M-€85M in 18 months via an asset-light model and strategic acquisitions
Panasonic Healthcare	KKR & Co.	\$1.67B (2014)	Expanded product lines and R&D; streamlined operations; led to significant revenue growth and profitability
Par Pharmaceutical	TPG Capital	\$1.9B (2012)	Focused on high-value complex generics; improved manufacturing efficiency and regulatory strategy; resulted in substantial revenue and profitability growth



In 2017, Stada was acquired by Cinven and Bain Capital for approximately €4.1 billion. The strategy was a buy-and-build model, focusing on expanding the generics and OTC portfolio, implementing operational efficiencies, and entering new markets, particularly Eastern Europe and Asia. This successful strategic transformation led to significant growth, culminating in a PE-to-PE transaction where CapVest acquired Stada for a reported €10 billion.



Adalvo provides a recent example of rapid value creation in the B2B pharmaceutical space. In 2025, EQT acquired a majority stake in the company. Adalvo's EBITDA grew from €30 million in 2023 to over €80 million just 18 months later, driven by an asset-light and scalable model. Its continued strategy under EQT involves selective, high-value acquisitions, such as a portfolio of four branded products from Sandoz, strengthening its global market presence and diversifying its portfolio.



TPG Capital acquired Par Pharmaceutical, a U.S. specialty generic drug company, for approximately \$1.9 billion in 2012. TPG's strategy focused on expanding the company's portfolio of high-value, complex generic drugs, improving manufacturing efficiency, and enhancing its regulatory strategy to accelerate approvals. This targeted approach to an underserved niche market resulted in substantial growth in revenue and profitability.

# The Talent Factor: Catalyzing Growth and Performance

## The Demand for Niche and Technical Expertise

The challenges inherent to the generics and biosimilar industries, particularly in the biologics space, place a premium on niche and technical expertise. Manufacturing biologics and biosimilars is a highly complex process that requires significant scientific expertise and experience, creating a steep learning curve for new entrants. This complexity extends to regulatory and legal hurdles, which are far more significant than those for small-molecule generics. The regulatory landscape is constantly evolving, requiring developers to navigate a protracted approval process that can lead to delays and increased costs.

Furthermore, scaling up biosimilar production poses significant workforce challenges. It requires a competent manpower resource with specialised expertise in bioprocessing that is difficult to recruit and retain. The research indicates that talent scarcity is an industry-wide issue, with leading companies such as Novartis and Pfizer actively recruiting hundreds of new biosimilar jobs to build internal capabilities. This talent deficit represents a significant market bottleneck. Private equity firms, through their deep professional networks and specialised search partners, can acquire or install the leadership and technical talent needed to navigate these complexities. Their ability to provide not only capital but also access to this scarce, high-value talent pool gives their portfolio companies a distinct competitive advantage, allowing them to focus on niche, high-growth subsegments of the market and overcome barriers that would otherwise discourage other players.

## The Role of Executive Search and the Operating Partner

The success of private equity firms is not solely a function of financial capital; it is inextricably linked to their ability to attract, install, and manage the right

leadership and specialised talent. The operational improvements and strategic changes that drive value creation are not self-executing. They require high-calibre leaders who can translate a strategic vision into tangible results. Private equity firms utilise specialised executive search to find visionary C-level executives and transformative operating partners who are responsible for this critical execution.

### The Leadership Bottleneck: A Market Constraint Money Can't Fix

- 70–80% of biosimilar delays link directly to process development or regulatory strategy gaps
- Less than 400 global executives have successfully brought a biosimilar to market
- Only ~150 manufacturing leaders globally have scaled biologics facilities from 5L → 10,000L
- PE-backed companies that install the correct CEO/COO/CTO in year 1 outperform others by 2.4× in EBITDA growth

Operating partners, in particular, play a crucial role. These individuals often have a history of running successful private equity-backed businesses and are brought in to work directly with the management teams of portfolio companies to drive operational improvements and ensure execution focus. The ability of PE firms to quickly install these hands-on leaders is a core part of their value proposition. For a private equity-backed company, attracting and retaining quality talent is essential, especially when its growth and brand promise are delivered through its people. Without the right talent in place, even the most promising investment opportunity and the most well-designed strategic vision cannot be fully realised.

# Outcomes, Success Factors, and Future Challenges

## Measuring Success: Key Outcomes and the Value Creation Matrix

Private equity's impact on the generics and biosimilar industries can be measured using a defined value-creation matrix. The research reveals that the largest driver of PE value creation is revenue growth, which on average accounts for 54% of total value created, followed by multiple expansion at 32% and margin expansion at 14%. This breakdown shows that success is not merely a product of financial engineering but a result of a tailored, strategic approach. A well-executed buy-and-build strategy is central to this model, driving revenue growth by expanding the product portfolio and market footprint, as demonstrated in the Zentiva case. For example, the TPG acquisition of Par Pharmaceutical was focused on expanding the portfolio of high-value complex generic drugs, highlighting a strategic focus on niche, higher-margin segments.

Operational improvements, a key strategic lever for PE firms, directly contribute to margin expansion by streamlining processes, improving efficiency, and reducing overhead. When these operational and strategic improvements lead to high growth rates, defined as a compound annual growth rate (CAGR) of over 30%, the companies command significantly higher multiples at exit, amplifying the investment return. This approach provides a clear, data-driven blueprint for understanding how private equity transforms its portfolio companies. By executing on these levers, firms can achieve a significant uplift in valuation, proving that the value created is not just theoretical but tangible and measurable in the market.

### Value Creation Matrix

Value Creation Driver	Operational Improvements	Buy-and-Build	Talent Management
Revenue Growth	Improves efficiency and throughput to accelerate sales.	Expands product portfolio and geographic footprint through strategic acquisitions.	Installs C-suite and operating partners to drive strategic initiatives and execution.
Margin Expansion	Reduces costs, streamlines supply chains, and optimises production processes.	Achieves economies of scale and synergies by integrating acquisitions.	Hires experts to manage complex manufacturing and regulatory processes.
Multiple Expansion	Signals a healthy, well-run business to prospective buyers.	Creates a larger, more diversified, and higher-growth enterprise at exit.	Establishes a reputation for strong, competent leadership, increasing investor confidence.

## Risks and Mitigation Strategies

While private equity's influence can be highly positive, the same levers that create immense value also introduce significant risks. A primary concern is the use of substantial debt to finance acquisitions, which can create pressure to prioritise short-term financial gains over long-term investment and patient welfare. In the healthcare sector, this focus can, in some cases, lead to reductions in staffing and essential services, potentially compromising patient safety. The research also highlights that PE acquisitions often escape regulatory scrutiny due to complex deal structures and a focus on horizontal mergers. This can lead to the consolidation of smaller competitors into a single, dominant market player through "rollup" deals, harming competition by reducing product variety and driving up prices.

The sector also faces heightened scrutiny from regulatory bodies, including the Department of Justice, with an increasing focus on fraud, anti-kickback, and false claims liability. Private equity firms must be vigilant in their due diligence and maintain proper internal controls to mitigate these risks. This requires a balanced approach where the pursuit of financial returns is tempered by a commitment to operational excellence and a competitive, high-quality pharmaceutical supply chain. Successful private equity firms understand that a purely extractive model is unsustainable and that long-term value creation depends on a positive, measurable impact on the market. The Zentiva case study, which focused on expanding the company's manufacturing and portfolio rather than simply cutting costs, is a positive example of a value-additive approach that aligns financial goals with market needs.



"The true defence against short-term, high-debt models in healthcare is elite leadership. Value creation only becomes sustainable when the executive team is built for operational excellence and patient safety, not just immediate financial extraction."

Dan Nathan, Owner & Founder Parsity Group

# The Enduring Influence of Private Equity

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Private equity has fundamentally reshaped the generics and biosimilar industries, transforming a fragmented, commoditised market into a dynamic, operationally-driven investment vertical. The initial attraction for PE firms was the market's inherent stability and immense scale, which provided a low-risk foundation. However, the true influence of private equity has been its ability to go beyond financial engineering, applying a disciplined and hands-on playbook centred on operational transformation and strategic consolidation.

The success of this model is evidenced by landmark transactions like the Zentiva deal, which demonstrated that a corporate "carve-out" could be revitalised into a market-leading entity through a targeted "buy-and-build" strategy. This approach, which focuses on revenue growth and margin expansion, has proven that private equity can drive significant value by providing not only capital but also the strategic and operational expertise required to navigate a complex industry. Crucially, this value is unlocked by the strategic deployment of talent. Private equity's ability to attract and install visionary C-level executives and specialised operating partners who can execute on these strategies is a critical, often unstated, competitive advantage.

Looking forward, the influence of private equity is poised to continue. Its role is dual: it is a critical source of capital that fuels innovation and consolidation, but it is also a force that demands careful regulatory oversight

As the sector evolves, the interplay between financial innovation, operational excellence, and the continued demand for affordable, accessible medicines will shape its future. For private equity to sustain its success, it must maintain a focus on responsible growth, ensuring that its pursuit of returns is balanced with the public interest in a competitive and high-quality pharmaceutical supply chain. The future of generics and biosimilars will be defined by the firms that can successfully navigate these complexities, turning operational challenges into opportunities for enduring value creation.

"Financial engineering opens the door, but operational expertise drives the valuation. Private equity's greatest lever in generics is not debt, but its superior ability to recruit and align C-level talent capable of executing complex buy-and-build strategies."



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# How Parsity Group Adds Value

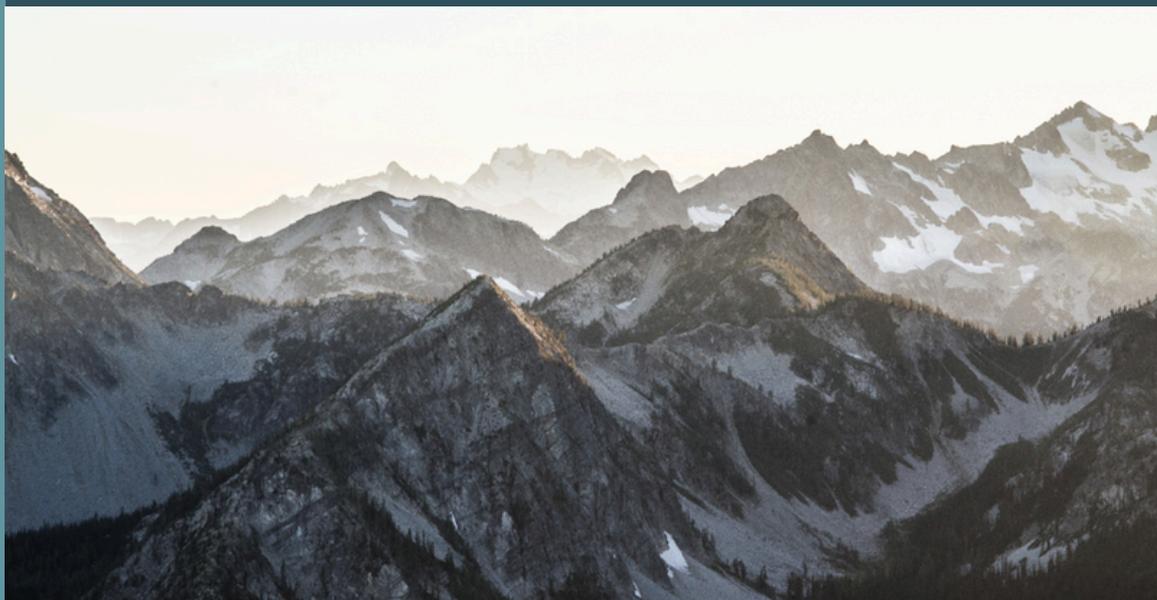
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Private equity's ability to reshape the generics and biosimilars sector depends on one factor more than any other: leadership capable of executing complexity at scale. Parsity Group delivers that capability. Now more than ever, attracting the right leadership talent requires proactive mapping, compelling employer branding, and a nuanced understanding of industry context. We're proud to bring that depth to every search we conduct.

At Parsity Group, we combine:

- Specialist knowledge of the generics, specialty pharma, and biosimilars sector
- Cross-sector and global talent access
- Data-driven, unbiased candidate assessments (including DiSC behavioural profiling)
- Hands-on agile senior leadership engagement from search to onboarding

In a high-stakes and fast-moving market, having the right executive search partner makes a measurable difference.





+44 207 692 8280

[www.parsitygroup.com](http://www.parsitygroup.com)

Head Office: 49 Grosvenor Street, Mayfair, London, UK, W1K 3HP

US Address: Forrestal Village, 206 Rockingham Row, Princeton, NJ 08540, US