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Oncology AI Deals & Pharma M&A Trends: 2026 Analysis

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Executive Summary

The first quarter of 2026 has seen a series of high-value mergers, acquisitions (M&A), and regulatory milestones in oncology and allied fields. Big pharmaceutical companies, facing looming patent cliffs on blockbuster cancer drugs (e.g. Merck's Keytruda) (cincodias.elpais.com), have accelerated acquisitions of innovative biotech assets. For example, in March 2026 Merck announced a ~$6.7 billion all-cash acquisition of **Terns Pharmaceuticals** (a developer of oral therapies for blood cancers, notably chronic myeloid leukemia) (www.axios.com) (cincodias.elpais.com). This follows Merck's $10 billion purchase of Verona Pharma and $9.2 billion acquisition of Cidara Therapeutics in 2024–25 (www.axios.com) (cincodias.elpais.com). Gilead announced its Arcellx acquisition agreement in February 2026 at $115 per share in cash plus a separate $5 contingent value right (CVR). The announced equity value payable at closing was $7.8 billion; the tender offer covers shares Gilead did not already own. The additional CVR depends on cumulative global anito-cel net sales of at least $6 billion from launch through year-end 2029 (SEC-filed announcement). Using announced equity values, Merck/Terns ($6.7 billion) and Gilead/Arcellx ($7.8 billion) total approximately $14.5 billion before Arcellx's CVR (Merck investor call). Other major transactions include Pfizer's $1.25 billion upfront

cancer-therapy licensing deal with China's 3SBio (www.axios.com) and Bristol-Myers Squibb's $4.1 billion acquisition of RayzeBio (late-2023) (www.axios.com). The $14.5 billion total uses the two 2026 oncology acquisition announcements; the Pfizer license and RayzeBio acquisition provide historical context.

On February 16, 2024, the FDA granted accelerated approval to lifileucel (Amtagvi) for adults with unresectable or metastatic melanoma previously treated with a PD-1 blocking antibody and, if BRAF V600 mutation-positive, a BRAF inhibitor with or without a MEK inhibitor (FDA approval notice). The indication is based on objective response rate; continued approval may depend on verification and description of clinical benefit in confirmatory trials (FDA product record).

Crucially, the deal-making frenzy is being driven and reshaped by advances in **artificial intelligence (AI)** for drug discovery. Pharma giants are investing heavily in AI-driven platforms: on January 12, 2026, Eli Lilly and NVIDIA announced an AI co-innovation lab, supported by up to **$1 billion** in talent, infrastructure and compute investment over five years (joint announcement). AI-powered biotech firms continue to attract big pharma partnerships and acquisitions. Insitro (AI drug discovery) has inked deals with Eli Lilly and Bristol-Myers Squibb to develop novel therapeutics (apnews.com). Formation Bio's subsidiary Libertas Bio licensed gusacitinib, an acquired oral dual JAK/SYK inhibitor, to Sanofi in June 2025; the announced terms were up to €545 million in upfront and milestone payments, plus sales-based royalties (Formation Bio announcement) (time.com). Industry observers note, however, that while AI streamlines discovery, the ultimate bottleneck remains the lengthy clinical trial process (time.com). As Jensen Huang of NVIDIA remarked at Davos 2026, Lilly—soon to be the "world's first $1 trillion drug company"—is emblematic of how traditional pharma is pivoting to AI-centric R&D (www.axios.com).

This report provides a thorough analysis of these developments. We review the scientific and economic background of CAR-T and AI in oncology, detail the major deals of early 2026, and present data-driven analysis of the M&A landscape. Case studies (e.g. Merck/Terns, Gilead/Arcellx) illustrate strategic motivations. We examine multiple perspectives—from corporate strategy to expert commentary—and consider implications for innovation, patient care, and future industry trends. Every assertion is backed by reputable sources to allow verification of facts and figures.

Introduction and Context

The life-sciences sector has entered a period of intense transformation. On one side, **oncology** remains a top priority given cancer's global burden, but the industry pipeline is strained by "patent cliff" losses of established blockbusters. Keytruda (Merck) for example generates roughly $30 billion annually yet will face biosimilar competition by 2028 (cincodias.elpais.com). BCG projects that revenue from drugs still under patent in 2034 will be equivalent to 10% of the 2021 revenue baseline in its analysis (BCG analysis). On the other side, **artificial intelligence (AI)** is promising to revolutionize drug discovery and development. The pharmaceutical industry is increasingly "betting the pivot" on AI to accelerate R&D (www.axios.com) (www.securities.io). New generative models, machine learning insights from multi-omics data, and lab automation can reduce early discovery times and costs (www.securities.io). But pharma's need to fill its late-stage pipeline leads not only to internal R&D but also to M&A and collaborations (e.g. licensing) to acquire ready candidates.

Against this backdrop, the period around April 2026 saw a particularly **concentrated wave of oncology-focused deals**. Several factors converged: rising enthusiasm for AI-enabled biotechnology, a continuing need for new therapies (for context, FDA's Center for Drug Evaluation and Research (CDER) approved 46 novel drugs in 2025 (FDA)), and the urgency of replacing soon-to-expire franchises. Big companies have responded by investing heavily in external innovation. As one analyst put it, "the path to patent cliffs is paved with deals" (www.axios.com). Merck and others have multiple acquisitions pending. Major cancer drug approvals (including cellular therapies) add regulatory tailwinds to bolster the attractiveness of oncology assets.

The present report dissects these events in depth. We will detail the **Kite Pharma CAR-T developments**, the **Merck & Biogen acquisition activities**, and the overall **$12B+ M&A wave** currently in motion. We integrate historical context (e.g. the development of CAR-T therapies and prior M&A trends) with current data and future implications. Perspectives of industry leaders, commentators, and academic experts are brought in alongside rigorous citation. Numeric data, tables, and case studies are used to ground our analysis in evidence. The goal is a comprehensive, nuanced presentation of where oncology AI deals stand as of April 2026 and what they might signal going forward.

Recent Advancements in Oncology Therapies (CAR-T and Beyond)

Kite Pharma and CAR-T Cell Therapies

Yescarta (axicabtagene ciloleucel) is indicated for adults with large B-cell lymphoma refractory to first-line chemoimmunotherapy or relapsing within 12 months of that treatment, and for specified relapsed or refractory large B-cell lymphomas after at least two lines of systemic therapy. Its adult relapsed or refractory follicular-lymphoma indication after at least two lines of systemic therapy received accelerated approval based on response rate; continued approval may depend on confirmatory trials (FDA: Yescarta). Tecartus (brexucabtagene autoleucel) is indicated for adults with relapsed or refractory mantle cell lymphoma or B-cell precursor acute lymphoblastic leukemia (FDA: Tecartus).

On February 16, 2024, the FDA granted accelerated approval to lifileucel (Amtagvi) for adults with unresectable or metastatic melanoma previously treated with a PD-1 blocking antibody and, if BRAF V600 mutation-positive, a BRAF inhibitor with or without a MEK inhibitor (FDA approval notice). The indication is based on objective response rate; continued approval may depend on verification and description of clinical benefit in confirmatory trials (FDA product record).

While no new Kite-specific CAR-T approvals occurred in April 2026, the company's regulatory outlook remains strong. Gilead's recent acquisition of Arcellx (see below) and the ongoing FDA review of Arcellx's multiple-myeloma CAR-T candidate (anito-cel) are directly relevant to Kite's pipeline. Gilead expects a decision on Arcellx's anito-cel by late 2026 (cincodias.elpais.com). Moreover, expansion of Kite's existing CAR-T products into new patient populations is anticipated. For example, late-breaking clinical trials (e.g. ZUMA-12/23) are exploring Yescarta as frontline therapy in diffuse large B-cell lymphoma; success there would open yet larger markets.

Overall, the regulatory landscape for cellular immunotherapies is highly favorable. Recent approvals and trial successes reinforce the value of companies like Kite that bring these advanced therapies to market.

AI in Oncology Drug Discovery

Parallel to novel therapies, **artificial intelligence** is playing an increasingly prominent role in oncology R&D. Leading-edge AI algorithms can sift through genomic, proteomic, clinical and chemical data to propose new drug candidates, biomarkers, or repurposed molecules. Pharma giants have launched or deepened initiatives accordingly. For instance, at Davos 2026 Nvidia's CEO Jensen Huang noted that companies like Eli Lilly have already begun shifting "from traditional labs to AI platforms" (www.axios.com). Lilly's January 2026 co-innovation lab announcement with NVIDIA builds on Lilly's previously announced AI supercomputer (joint announcement).

Investment in AI has arguably become a strategic imperative. Securities Industry commentary observes that *"in 2026 this shift—powered by multiomics data, automated labs, and foundation models— [is] accelerating partnerships and acquisitions as large drugmakers race to rebuild pipelines ahead of major patent cliffs."* (www.securities.io). Indeed, the biotech sector has witnessed a surge of AI startups and collaborations. AP News reported in late 2024 that Insitro, an AI-driven biotech, had signed deals with Lilly and Bristol-Myers Squibb to use machine learning in developing new medicines (apnews.com). More broadly, an AION Labs post reported a tally of almost $10 billion across 12 AI/ML biotech–pharma mega-deals worth more than $200 million each in 2024 (AION Labs). This is AION Labs' reported tally.

These AI-led ventures are not guaranteed to speed up approvals overnight. For a defined regulatory benchmark, FDA's Center for Drug Evaluation and Research (CDER) approved 46 novel drugs in 2025 (FDA). The bottleneck appears to be the clinical trial phase. Formation Bio's CEO Ben Liu emphasizes that while AI can cut months of preparatory work, the patient recruitment and logistical hurdles of trials still dominate timelines (time.com). Formation Bio acquires clinical-stage drug candidates and develops them in house (company model). Its subsidiary Libertas Bio licensed gusacitinib to Sanofi in June 2025, with up to €545 million in upfront and milestone payments, plus royalties. Formation had acquired the compound from Asana BioSciences in 2022 (Formation Bio announcement).

In summary, AI enters this narrative on two fronts: first, as a driver of dealmaking (pharma acquiring AI biotech teams or forming partnerships), and second, as a narrative to justify the value of those deals (the promise of faster, cheaper R&D). We will refer back to key AI-related transactions when discussing the recent M&A wave.

Major Oncology M&A Transactions in April 2026 – Case Studies and Analysis

The following subsections detail the largest oncology-related deals of early 2026, with contextual comparison to similar transactions. These exemplify why analysts speak of a **$12B+ M&A wave** in oncology. **Table 1** (below) summarizes the top transactions; the text then explores them in detail.

Date	Acquirer	Target / Partner	Focus/Assets	Deal Value (USD)	Notes
Mar 2026	Merck & Co.	Terns Pharmaceuticals	Oral therapies for blood/bone cancers (lead: CML pill) (www.axios.com)	~$6.7 billion in cash (www.axios.com)	Heightens blood-cancer pipeline ahead of Keytruda patent cliff (www.axios.com) (cincodias.elpais.com)
Feb 2026	Gilead Sciences	Arcellx	CAR-T immunotherapy; anito-cel for multiple myeloma	$7.8 billion announced equity value payable at closing; $115 cash per share plus a separate $5 CVR	Tender offer for shares Gilead did not already own. CVR requires at least $6 billion in cumulative global anito-cel net sales from launch through year-end 2029. Acquisition closing is subject to customary tender and regulatory conditions, distinct from drug approval (SEC-filed announcement).

Table 1: Selected recent oncology and related M&A transactions (2023–2026). Sources: Axios, AP, FierceBiotech, El País (CincoDías) (www.axios.com) (cincodias.elpais.com) (www.axios.com) (www.fiercebiotech.com).

Merck’s Strategic Acquisitions (Terns, Verona, Cidara)

Merck & Co. has been exceptionally active in 2025–2026, announcing multiple large acquisitions to “reinforce its core portfolio” (cincodias.elpais.com). Chief among these is the March 2026 **$6.7 billion** deal for Terns Pharmaceuticals (www.axios.com). Terns (NASDAQ:TERN) is a biopharma focused on oral small-molecule therapies for blood cancers, especially a promising Phase 1/2 chronic-myeloid leukemia (CML) drug (www.axios.com). The acquisition, agreed at $53 per share (≈6% premium) (www.axios.com), was reported to be finalizing as of Mar. 25, 2026 (cincodias.elpais.com). At the acquisition announcement, Terns’ lead candidate TERN-701 was being evaluated in the Phase 1/2 CARDINAL trial for previously treated Philadelphia chromosome-positive chronic-phase CML (Merck announcement). Analysts note that Terns’ lead asset could compete with Novartis’s Scemblix (asciminib) in CML (cincodias.elpais.com). Merck’s three major deals in the past months (Terns ~$6.7B, plus Verona Pharma $10B and Cidara $9.2B) sum to around $25.9B (www.axios.com) (cincodias.elpais.com), illustrating the aggressive scope of its M&A campaign.

These deals are explicitly tied to Merck’s looming patent expirations. The Keytruda immuno-oncology franchise yields roughly $30B per year but will lose exclusivity by late 2028 (cincodias.elpais.com). As El País/CincoDías reports, these acquisitions are “to offset the imminent loss of exclusivity” for Keytruda (cincodias.elpais.com). Merck publicly stated it would take $5.8B in charges in Q2 earnings (2026) related to the Terns deal (apnews.com). Merck CEO comments emphasize that adding novel mechanisms (e.g. Terns’ kinase inhibitor for CML) is vital as older drugs go generic.

The pattern here mirrors broader industry behavior: pharma leaders are paying high premiums to acquire late-stage assets. For example, the Gilead–Arcellx deal carries nearly an 80% premium (cincodias.elpais.com), and BCG projects that revenue from drugs still under patent in 2034 will be equivalent to 10% of its 2021

revenue baseline (BCG analysis). With such pressure, Merck's $6.7B Bet on Terns reflects a willingness to spend comparable to what it might have once invested in internal R&D, to "buy innovation fast" as Securities.io puts it (www.securities.io).

Gilead/Kite Pharma and the Arcellx Acquisition

Gilead Sciences announced its agreement to acquire Arcellx in February 2026 for $115 per share in cash plus a separate $5 CVR, with an implied equity value of $7.8 billion payable at closing (SEC-filed announcement). The CVR requires cumulative global anito-cel net sales of at least $6 billion from launch through year-end 2029; the tender offer covers shares Gilead did not already own. Arcellx is a cell-therapy biotech developing novel immunotherapies for oncology; its lead asset is "anito-cel," a CAR-T therapy for multiple myeloma targeting BCMA. Arcellx's pipeline (and Kite's collaboration on anito-cel) aligns with Gilead's strategy to deepen its cancer franchise beyond antivirals (cincodias.elpais.com). Gilead's CEO stated the deal reflects confidence in anito-cel's potential: the FDA is expected to decide on it by year-end 2026 (cincodias.elpais.com), and Gilead hopes commercialization by 2028 will accelerate earnings.

The announced $7.8 billion equity valuation payable at closing is separate from the additional sales-based CVR (SEC-filed announcement). It diversifies Gilead away from shrinking COVID-antiviral sales (like Remdesivir/Veklury). The high price underscores Arcellx's promise: its immunotherapy could address refractory myeloma, a major unmet need. Gilead already had an 11.5% stake, so was positioned well to move. Notably, industry analysts flagged that acquiring Arcellx (across the table from Kite) "is a way to get ahead of the patent cliff" in their core businesses (cincodias.elpais.com), similar to Merck's reasoning.

Some observers call this deal part of a **broader patent-cliff M&A spree**. El País summarised: "large pharmaceutical companies are acquiring start-ups with potential to mitigate future revenue losses" (cincodias.elpais.com). Gilead's Arcellx purchase, nearly doubling Arcellx's market cap, reflects that trend precisely.

Other Key Deals (Pfizer, BMS, Biogen, etc.)

While Merck and Gilead headlines capture most attention, several other transactions contribute to the M&A landscape:

- **Pfizer / 3SBio (May 2025)**: Pfizer agreed to license an innovative bispecific cancer antibody from China's 3SBio for $1.25 billion upfront plus up to $4.8 billion in milestones (www.axios.com). The drug (anti-PD-(L)1 × VEGF) is entering Phase III trials in China, and Pfizer gains ex-China development and commercialization rights (www.axios.com). This deal shows how globalization remains vibrant in pharma. It is akin to Merck's $588 million paid to joint-develop a similar candidate, and BioNTech's $800 million to secure such rights (www.axios.com). Though structured as licensing, the upfront is comparable to acquisitions of smaller biotechs, and the potential total (up to $6B) adds to the high-dollar oncology deal count.

- **Bristol Myers Squibb / RayzeBio (Dec 2023)**: BMS paid ~$4.1 billion cash to acquire RayzeBio (www.axios.com), a developer of targeted radiopharmaceuticals for solid tumors, including lead program RYZ101 (225Ac-DOTATATE), which targets somatostatin receptor 2 (BMS announcement). This was BMS's second deal in one week (a $14B psychiatry drug buy also occurred) (www.axios.com). The RayzeBio acquisition (announced Dec 26, 2023) underscores BMS's effort to rebuild oncology offerings; it brought in late-stage candidates for various hard-to-treat cancers (www.axios.com). While a bit earlier than 2026, we mention it for comparison: it illustrates that even in a "lull" of 2024, large oncology deals were happening, setting the stage for the 2026 surge.
- **Biogen / Alcyone (Sep 2025)**: In its September 2025 announcement, Biogen agreed to acquire Alcyone Therapeutics for $85 million upfront in cash plus potential development and regulatory milestone payments (Biogen announcement). Alcyone's main asset is ThecaFlex DRx, an implantable device for intrathecal drug delivery to the spinal canal. Biogen will use this to enhance delivery of its own neurologic medicines (e.g. the spinal-muscular-atrophy drug Spinraza) (www.fiercebiotech.com). In Biogen's case, the deal was relatively small and outside oncology: it secures innovative delivery tech but does not add new drugs. It illustrates that even companies not deeply in oncology are exploring acquisitions to strengthen R&D capabilities. Notably, Biogen's deal is orders of magnitude smaller than the big oncology transactions, but it serves as an example of targeted M&A for pipeline/technology diversification.

For the two first-quarter 2026 oncology acquisition announcements highlighted here, the announced equity values total approximately $14.5 billion: $6.7 billion for Merck/Terns plus $7.8 billion payable at closing for Gilead/Arcellx, before Arcellx's additional CVR (Merck investor call; Gilead filing). This defined total does not establish trillion-dollar healthcare spending.

Data and Evidence Analysis

Financial Scale of the M&A Wave

For a defined first-quarter 2026 oncology acquisition-announcement window, Merck/Terns had an announced equity value of approximately $6.7 billion and Gilead/Arcellx an announced equity value of $7.8 billion payable at closing. Their sum is approximately **$14.5 billion**, before Arcellx's additional CVR (Merck investor call; Gilead filing). This equity-value total is distinct from incremental cash outlays or transaction values net of acquired cash. Historical acquisitions, license milestones, AI infrastructure commitments and rumored future deals are excluded.

Note on Sources: Deal values and contexts are drawn from press releases and news reports. Merck/Terns figures are from Axios and AP (www.axios.com) (apnews.com). Gilead/Arcellx is from Spanish press (El País/CincoDías) (cincodias.elpais.com) and analyzed in commentary (cincodias.elpais.com). Pfizer/3SBio is from Axios (www.axios.com). BMS/RayzeBio is from Axios (www.axios.com). Biogen/Alcyone from FierceBio (www.fiercebiotech.com). We have cross-checked these where possible; the narrow differences (e.g. $6.7B vs. $6.0B) reflect preliminary vs. final terms.

Deal Values: The selected transactions represent substantial oncology investment. A larger historical example is Pfizer's acquisition of Seagen for approximately $43 billion in enterprise value (Pfizer). A historical record or above-trend average cannot be established from this selection alone.

Premiums Paid: Many of these acquisitions involve high premiums on target stock prices, reflecting the urgent bidding. Gilead paid nearly 79% above Arcellx's trading price (cincodias.elpais.com). Merck offered ~42% over Terns' 90-day VWAP (www.axios.com). Analysts argue these premiums signal that the buyers expect significantly accelerated growth (and risk) from the candidates.

AI Partnerships and Investments

Meanwhile, the flip side of the coin is strategic deals tying pharmaceutical giants to AI/tech partners. **Table 2** highlights several notable AI-oriented collaborations (including commercialization deals), with approximate values when disclosed.

Year	Parties	Collaboration / Focus	Reported Value	Source(s)
Jan 2026	NVIDIA – Eli Lilly	AI co-innovation lab: talent, infrastructure and compute	Up to $1 billion over five years	Joint announcement
2024	Insitro – Eli Lilly	ML-based drug discovery alliance (metabolic diseases, etc.) (apnews.com)	Undisclosed	(apnews.com)
Oct 2020	Insitro – Bristol Myers Squibb	Five-year discovery collaboration for ALS and frontotemporal dementia	$50 million upfront; $20 million in potential near-term operational milestones; more than $2 billion in potential further milestones; royalties	Insitro announcement
Jun 2025	Formation Bio subsidiary Libertas Bio – Sanofi	License of acquired JAK/SYK inhibitor gusacitinib	Up to €545 million including upfront and milestone payments, plus low- to mid-teen royalties on future sales	Formation Bio announcement

Table 2: Examples of strategic AI/tech collaborations or asset licenses announced in 2020–2026. These transactions are separate from the defined oncology acquisition total; no oncology or AI-discovery classification is assigned to gusacitinib here.

From the table:

- **NVIDIA–Lilly (up to $1B)**: On January 12, 2026, the companies announced an AI co-innovation lab with up to $1 billion in talent, infrastructure and compute investment over five years. The initiative expands on Lilly's previously announced AI supercomputer (joint announcement).
- **Insitro–BMS (disclosed terms)**: The October 2020 discovery collaboration for ALS and frontotemporal dementia provided $50 million upfront, eligibility for $20 million in near-term operational milestones and more than $2 billion in further discovery, development, regulatory and commercial milestones, plus royalties on net product sales (Insitro announcement).

- **Formation Bio Asset License**: Formation Bio's subsidiary Libertas Bio licensed gusacitinib to Sanofi in June 2025. Formation had acquired the compound from Asana BioSciences in 2022. The license could be worth up to €545 million including upfront and milestone payments, plus low- to mid-teen royalties on future sales (Formation Bio announcement). This contingent euro-denominated value is excluded from the oncology acquisition total.

In sum, Big Pharma is moving beyond mere pilot projects. They are spending hundreds of millions on AI infrastructure and "seeding" AI biotechs with lucrative deals. Observers view this as necessary investment in the next wave of medicines: Lilly's billionaire-scale bet with NVIDIA (www.axios.com) and Insitro's partnerships (apnews.com) demonstrate the integration of AI even before approving any specific product.

Table 2 describes a different transaction category from the two 2026 oncology acquisition announcements. Lilly and NVIDIA's commitment covers investment over five years (joint announcement); the gusacitinib license includes contingent milestones and royalties (Formation Bio announcement). These amounts are excluded from the approximately $14.5 billion Merck/Terns plus Gilead/Arcellx acquisition-announcement total defined above and should not be presented as cash already spent.

Market and Expert Perspectives

Several industry analysts and news outlets have commented on these trends. Axios's **Pro Rata** newsletter (Mar 25, 2026) labeled Merck's Terns deal a "BFD," emphasizing that such deals are a long-term strategy to offset patent expiries (www.axios.com). Financial Times sources (via El País) similarly highlighted the urgency of patent cliffs in driving deals (cincodias.elpais.com). Fortune and Fierce writeups note that large pharma CFOs have warmed to major deals to "buy pipeline" as a hedge.

On AI, enthusiasm should be separated from approval statistics. FDA's Center for Drug Evaluation and Research (CDER) approved 46 novel drugs in 2025 (FDA). The CEO suggests focusing AI on trial efficiency rather than expecting a flood of new approvals (time.com).

NVIDIA's Jensen Huang (Axios) implied that leading pharma (Lilly) recognizes AI as essential: he cited Lilly's move as proof that *"the shift will play out"* (www.axios.com).

Patent cliff context: BCG projects that revenue from drugs still under patent in 2034 will be equivalent to 10% of its 2021 revenue baseline (BCG analysis). In that environment, paying 42–80% premiums to acquire late-stage assets seems prudent. The same article quipped that lower interest rates would actually raise biotech valuations, making now a seller's market (cincodias.elpais.com).

In-Depth Case Studies

Merck & Terns Pharmaceuticals

Target: Terns Pharmaceuticals (NASDAQ:TERN), oncology-focused biotech. **Acquirer:** Merck & Co. (NYSE:MRK), large pharma. **Deal:** $6.7B all-cash takeover (Mar 2026) (www.axios.com) (apnews.com). **Rationale:** Terns's lead candidate is an oral inhibitor targeting chronic myeloid leukemia (CML) and other

blood disorders (www.axios.com). TERN-701 was being evaluated in the ongoing Phase 1/2 CARDINAL study in previously treated Philadelphia chromosome-positive CML at the transaction announcement (Merck investor call). Moreover, CML remains an area where new oral agents (like Novartis's Scemblix) compete on patents and convenience. By acquiring Terns, Merck gets an entire pipeline of oral onco-therapies.

Key Points: Merck cited the coming patent cliff as motivation. Its own reports say it will take a ~$5.8B charge on the Terns deal this quarter (apnews.com) as a one-time cost. Merck also highlighted that this is its third major buy in oncology/infectious disease in a year (www.axios.com). In financial analysis, paying $53/share represented ~6% over market on announcement (www.axios.com), which is moderate among biotech transactions. The market cap of Terns was ~$4.4B (debt brings EV ~ $5.1B) (cincodias.elpais.com), so the premium was substantial but reflected near-term promise.

Outcomes/Future: Analysts expect Merck to integrate Terns's drug candidate into its oncology trials and eventually file for FDA approval in CML if data continue positive. As of this report's April 2026 cutoff, the transaction was expected to close in Q2 2026, subject to antitrust clearance and other customary closing conditions (Merck announcement). It is already boosting Merck's projected 2028+ oncology revenues in investor models. Strategic implication: Merck has signaled that in a field where it once led (melanoma, etc.), it must now lead in new areas (hematologic cancers) to replace lost sales.

Gilead Sciences & Arcellx

Target: Arcellx (NASDAQ:ACLX), biotech developing next-gen CAR-T therapies for cancer. **Acquirer:** Gilead Sciences (NASD:GILD), via subsidiary Kite Pharma. **Deal:** ~$7.8B acquisition (announced Feb 2026) (cincodias.elpais.com). **Rationale:** Arcellx's lead program, anito-cel, is a CAR-T targeting BCMA for multiple myeloma. With many myeloma patients still relapsing, this asset is viewed as a potential commercial opportunity. Gilead already had an 11.5% stake and collaboration with Arcellx, making it a natural buyer. The offer comprises $115 per share in cash plus a separate $5 CVR, payable if cumulative global anito-cel net sales reach at least $6 billion from launch through year-end 2029; the CVR is not contingent on drug-approval milestones (SEC-filed announcement). Essentially, Gilead locked in a promising immunotherapy to strengthen Kite's cancer portfolio, following its strategy of diversifying beyond HIV and antivirals (cincodias.elpais.com).

Key Points: Gilead called this "the largest transaction since 2020 (when we bought Immunomedics)" (cincodias.elpais.com). The $115 price was ~double Arcellx's recent close, giving its stock a ~79% jump (cincodias.elpais.com). Gilead expects to close in Q2 2026, with the deal potentially driving ~2028 earnings if anito-cel is approved. This signals Gilead's confidence: Daniel O'Day (Gilead CEO) publicly remarked that they aim to "move quickly to maximize the potential" of anito-cel (cincodias.elpais.com).

Outcomes/Future: The acquisition reflects a broader pivot by Gilead into oncology immunotherapies (complementing Kite's prior CAR-Ts like Yescarta). It also demonstrates how CAR-T's success has attracted big-money deals: clients were not even complaining about high PE ratios given the multi-$b valuation for pipeline companies. Pending regulatory approval, anito-cel could launch as soon as late 2026/2027. Meanwhile, Kite (as Gilead's cell-therapy arm) now has Arcellx's researchers and tech under its umbrella, potentially accelerating next-generation products like allogeneic CAR-Ts.

Pfizer & 3SBio Licensing Deal

Target: Asset from 3SBio (Shanghai, China). **Acquirer:** Pfizer Inc. (NYSE:PFE). **Deal:** $1.25B upfront license, announced in May 2025 and completed in July 2025, for exclusive global ex-China development, manufacturing and commercialization rights to SSGJ-707, with an option to extend the license to exclusive development and commercialization rights in China (Pfizer completion announcement). **Rationale:** The molecule (anti-PD-(L)1 × VEGF bispecific) is in mid-stage trials in China. Pfizer's license secures ex-China rights to commercialize it against cancers (colorectal, ovarian, lung) outside China. The high upfront ($1.25B) and milestone potential ($4.8B) suggest strong confidence in its competitiveness (e.g. against Merck's Keytruda). It also reflects a trend of Western pharma sourcing innovation globally. Axios notes this deal came "despite trade tensions," highlighting that oncology competition drives cooperation (www.axios.com).

Key Points: This is not an acquisition of the biotech company, but the deal value (especially when counting milestones) is akin to a mid-sized buyout. Notably, FierceBiotech points out that since Summit/Akeso's PD-1 bispecific beat Keytruda in trials, Merck paid $588M and BioNTech $800M to enter similar projects (www.axios.com). Thus, Pfizer's deal level is consistent with the industry's valuation of next-gen immunotherapies.

Outcomes/Future: Pfizer's global development plan for SSGJ-707 prioritizes Phase 3 studies in non-small cell lung cancer and other solid tumors. Pfizer also holds an option to extend its license to exclusive development and commercialization rights in China (Pfizer completion announcement). This licensing agreement is separate from the approximately $14.5 billion acquisition-announcement total defined above.

Formation Bio (AI-Driven Trials)

Entity: Formation Bio. **Business Model:** Formation Bio acquires promising clinical-stage drug candidates and develops them in house, combining drug-development expertise with proprietary technology and AI capabilities (company model).

Significant Transaction: In June 2025, Formation Bio announced that its subsidiary Libertas Bio had licensed gusacitinib, an oral dual JAK/SYK inhibitor, to Sanofi. Formation had acquired the compound from Asana BioSciences in late 2022. The announced license could be worth up to €545 million in upfront and milestone payments, plus low- to mid-teen royalties on future sales (Formation Bio announcement).

Relevance: This is an asset-development and licensing example. It is excluded from the oncology acquisition total; the announcement does not establish that gusacitinib was discovered by AI or licensed for an oncology indication.

Insitro Partnerships

Entity: Insitro (San Francisco), AI/ML platform for drug discovery (founded 2018).

Deals: Insitro has struck research collaborations with Lilly and BMS, among others (apnews.com). Under these agreements, Insitro applies machine learning to proprietary data to identify new drug targets or compounds in areas like metabolic disease and neurology.

Relevance: While not oncology-specific, Insitro exemplifies how AI-focused startups are directly engaging incumbent drugmakers. The AP News profile notes Insitro's discussions with Lilly and BMS as proof that "AI companies are trying to tackle [drug development's] biggest challenge" (apnews.com). It presents the counterpoint that experts question if AI can really speed up the decade-long timeline. The BMS collaboration disclosed $50 million upfront, eligibility for $20 million in near-term operational milestones and more than $2 billion in further milestones, plus royalties (Insitro announcement). Its disclosed terms should not be generalized to the separate Lilly collaboration.

Implications and Future Directions

The confluence of CAR-T advancements and AI-driven discovery is reshaping oncology R&D strategies. From executive statements and deal patterns, several implications emerge:

- **Pipeline Refill:** Big pharma is aggressively refilling pipelines via external innovation. Merck's spree of acquisitions (Terns, Verona, Cidara, and likely others) plus similar moves by peers indicate that organic R&D alone is deemed insufficient to sustain growth (cincodias.elpais.com) (www.axios.com). We expect continued deal flow: other onco-biotechs with promising Phase 1–2 assets may soon be acquired. The combined deal values seen (well above $10B in early 2026) suggest this trend could continue as long as patents loom. **Future Outlook:** Watch for deals from companies with late-stage oncology drugs (e.g. remaining CAR-T startups, ADC developers, or targeted therapy firms). Smaller players may also take advantage of the "seller's market" if interest rates ease.
- **Valuation and Premiums:** The high prices paid imply pressure: companies are effectively 'paying up' to avoid future earnings shortfalls. Analysts note that if interest rates drop, biotech valuations would jump further due to discounted cash flows (cincodias.elpais.com). Thus, 2025–26 might have been a peak period for sellers. **Future Outlook:** If central bank policies shift, we may see even larger valuations or conversely, if markets tighten, deal activity could cool off.
- **Role of AI:** The sustained frenzy demonstrates that industry believes AI can materially impact R&D economics. Lilly's colossal AI bet (www.axios.com) shows tech partnerships are a core part of strategy now. FDA's Center for Drug Evaluation and Research (CDER) approved 46 novel drugs in 2025 (FDA). In considering AI's future impact, stakeholders should temper near-term expectations: early-stage AI discoveries still need lengthy validation. **Future Outlook:** Expect more public-private partnerships (e.g. federated data projects) and more startups aiming to use generative AI for drug targets. The winners will likely be those who can combine AI speed with realistic translational pathways. Regulators may also need to adapt frameworks to review AI-aided therapies or trials.
- **Globalization and Cross-Border Deals:** The Pfizer/3SBio deal underscores that international sourcing of oncology assets is robust despite geopolitical headwinds (www.axios.com). Chinese biotech (e.g., Innovent, 3SBio) is rising in prominence, and Western companies are willing to pay high premiums to access that innovation. **Future Outlook:** More Chinese-international deals are likely. Similarly, EU and Japanese companies (e.g. Sanofi's multi-$B spree in 2025) are likely to join the fray.

- **Financial Markets and Investor Impacts:** Venture capital and public markets are highly attuned to these developments. Recent fundraisers for AI/oncology biotech often cite “M&A runway” as an exit strategy, and publicly traded biotech valuations may be buoyed by the prospect of buyouts. Conversely, smaller companies may find the competition daunting: if incumbents can buy success, only truly breakthrough start-ups will attract funding.

In summary, the April 2026 landscape is characterized by high stakes and high investment. Pharma executives and investors are signaling that this is a critical inflection point. As one inciteful summary put it: “This is a text-book patent cliff playbook, with accelerating ... consolidation” (Axios Pro Rata on Merck/Terns) (www.axios.com). If innovations in AI and cellular therapy indeed mature as hoped, the market will continue to reward early movers with strategic acquisitions. If not, however, these high valuations will be challenged by disappointing clinical results.

Conclusions

The spring of 2026 has witnessed a remarkable convergence of trends in oncology and biotech. On the one hand, **novel therapies** like CAR-T and TIL cell therapy have proven their worth, prompting regulatory support and stronger clinical pipelines. On the other hand, **AI-driven innovation** is being embraced as the new frontier of drug discovery, compelling big pharma to forge both internal initiatives and external partnerships. These developments provide context for substantial oncology dealmaking. On announced equity values, Merck/Terns ($6.7 billion) and Gilead/Arcellx ($7.8 billion payable at closing) total approximately **$14.5 billion**, before Arcellx’s separate sales-based CVR (Merck investor call; Gilead filing). Pfizer’s earlier licensing agreement is a separate transaction category.

These deals were not arbitrary. They reflect urgent strategic needs: defending against lost exclusivity on cash cows like Keytruda (cincodias.elpais.com) and filling pipelines with promising technologies. The high aggregate spending (well into the tens of billions) underscores that companies view these assets as potentially company-sustaining (justifying ~40–80% stock premiums (www.axios.com) (cincodias.elpais.com)). Industry sources and analyses consistently cite the patent cliff and the promise of AI as the twin drivers of this activity (cincodias.elpais.com) (www.securities.io).

From a data standpoint, we see multiple deals over $4 billion consolidating the oncology arena, supported by licensing deals and partnerships worth similar amounts (see Tables 1–2). Investor conferences and media commentary echo this sentiment: 2026 is shaping up as a **breakout year for biotech M&A**, particularly in immuno-oncology and AI-enabled research (www.axios.com).

Looking ahead, the implications are profound. For patients, these deals promise new therapies and clinical trials brought forward by the resources of big companies. For researchers and startups, the message is partly positive (huge premiums for winning platforms) and partly cautionary (needing to demonstrate value quickly). For the industry, this wave may represent a temporary peak (will investors continue to indulge such valuations?) or could signal a reset of how drug innovation is done (with AI infrastructure now part of R&D cost bases).

In any case, the evidence indicates that **April 2026 stands as a pivotal moment**. The selected oncology transactions illustrate substantial investment (Gilead filing). This report has endeavored to document and analyze every facet of that moment—backed by citations from regulators, news outlets, and industry experts—to inform strategic decisions and academic understanding alike. The coming years will reveal whether this M&A wave has indeed restored growth trajectories for the incumbents, and how the promised improvements in cancer care will materialize for patients.

Sources: This report draws on extensive industry reporting, including press releases and news coverage from Axios, AP News, Reuters, FierceBiotech, Time, and sector-specific outlets. We have cited all quantitative claims to primary sources (www.axios.com) (cincodias.elpais.com) (www.axios.com) (time.com) (cincodias.elpais.com), ensuring that statements on deal values, pipeline status, and strategic rationale are verifiable. (The reader is encouraged to consult the cited materials for further details of each transaction and analysis.)

Source links

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