



Industry Update
Healthcare
Q1 2025

Key Trends

- **Regulatory:** Scrutiny intensified in Q1 2025, with states like California and Oregon enacting stricter oversight on healthcare M&A, and new HIPAA proposals pushing organizations to enhance data protection protocols.
- **Technology:** Adoption surged, particularly around AI and telehealth, but also raised concerns around data privacy and compliance risk.
- **Political:** Robert F. Kennedy Jr.'s appointment as Health and Human Services Secretary and proposed cuts to the National Institutes of Health created biotech sector uncertainty. Outpatient care demand remains strong, with continued investment in lower-acuity settings.

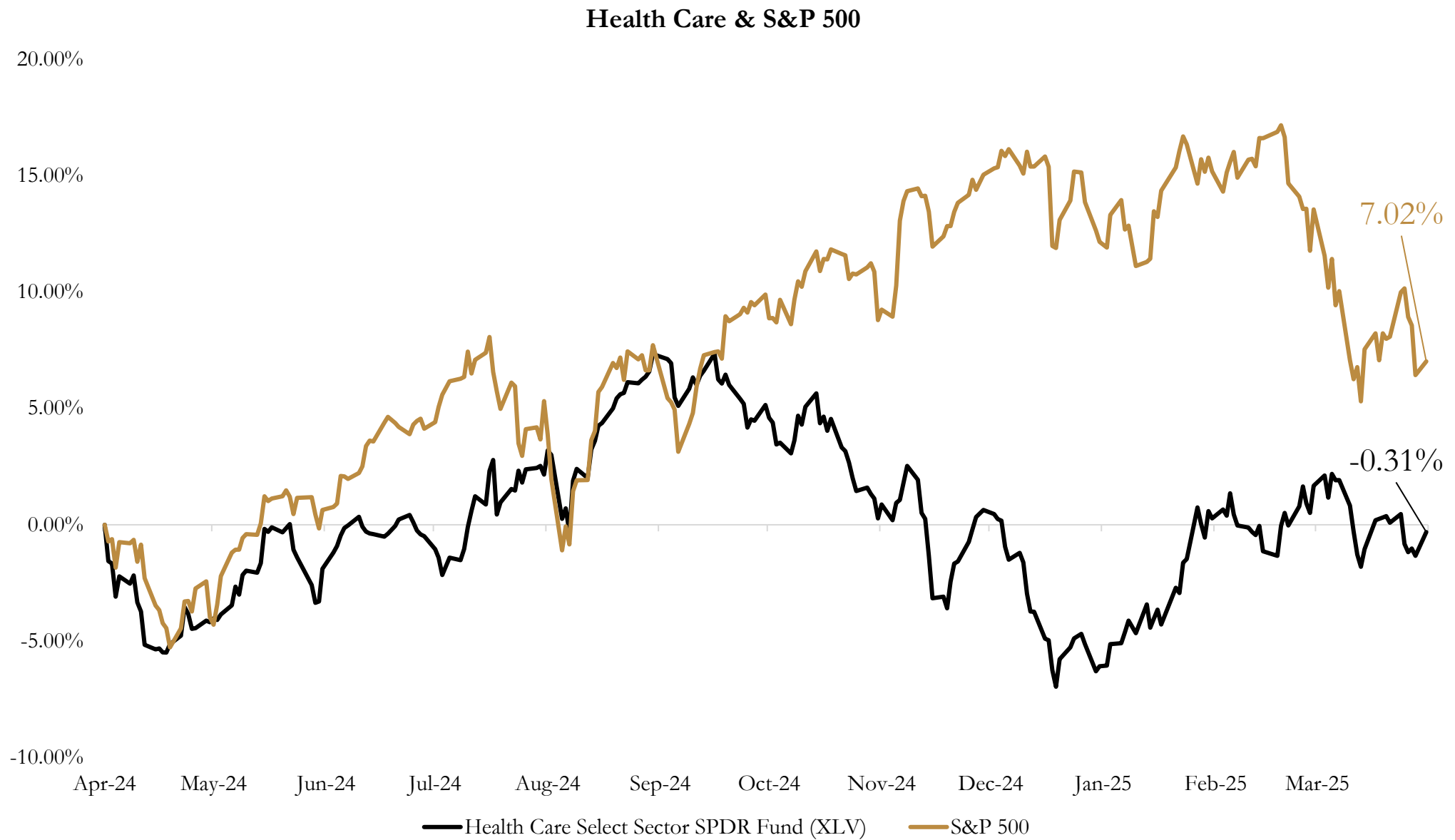
Market Overview

- Public markets showing that the healthcare industry is **underperforming** relative to the public equities market.
- M&A activity in the healthcare space **took a dip** in Q1 2025, recording the lowest transaction count in the past two (2) years.
- The macroeconomic environment **remains uncertain with turbulence** in financial markets and global supply chains.

External Drivers

- **Falling interest rates** may boost healthcare deal activity by lowering capital costs.
- Labor shortages persist, especially in **high-acuity settings**, impacting quality and margins.
- New regulations, from HIPAA updates to state M&A laws, are pressuring operators and **delaying** some deals.

Sources: Reuters, OR Manager, Investor's Business Daily, WSJ, Barron's, PwC, Hexagon Capital, AP News.



Source: Capital IQ

2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

Company Name	Ticker	Financial Metrics					Valuation Metrics			
		Price at 03/31/25	% of 52 Week High	TEV	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin	TEV / LTM Revenue	TEV / LTM EBITDA
Biopharmaceutical & Biotechnology										
Eli Lilly and Company	LLY	\$825.91	84.9%	\$685,816	\$49,003	\$22,003	36.4%	44.9%	14.0x	31.2x
AbbVie Inc.	ABBV	\$209.52	95.8%	\$386,022	\$57,367	\$27,366	5.4%	47.7%	6.7x	14.1x
Johnson & Johnson	JNJ	\$165.84	97.6%	\$382,033	\$89,331	\$30,025	4.3%	33.6%	4.3x	12.7x
Merck & Co., Inc.	MRK	\$89.76	66.7%	\$218,980	\$63,922	\$28,795	4.1%	45.0%	3.4x	7.6x
Amgen Inc.	AMGN	\$311.55	89.8%	\$194,472	\$34,126	\$15,726	15.6%	46.1%	5.7x	12.4x
Pfizer Inc.	PFE	\$25.34	80.3%	\$176,368	\$62,464	\$23,321	11.6%	37.3%	2.8x	7.6x
Gilead Sciences, Inc.	GILD	\$112.05	93.4%	\$150,153	\$28,735	\$13,724	4.7%	47.8%	5.2x	10.9x
Bristol-Myers Squibb Company	BMJ	\$60.99	96.3%	\$134,853	\$47,636	\$19,174	4.6%	40.3%	2.8x	7.0x
Vertex Pharmaceuticals Incorporated	VRTX	\$484.82	93.3%	\$102,080	\$11,100	\$4,584	9.0%	41.3%	9.2x	22.3x
Regeneron Pharmaceuticals, Inc.	REGN	\$634.23	52.4%	\$48,967	\$14,086	\$4,471	7.5%	31.7%	3.5x	11.0x
Healthcare Providers, Services, & Payers										
UnitedHealth Group Incorporated	UNH	\$523.75	83.0%	\$335,530	\$410,057	\$36,238	8.1%	8.8%	0.8x	9.3x
CVS Health Corporation	CVS	\$67.75	84.7%	\$147,310	\$376,741	\$13,947	6.6%	5.4%	0.6x	11.5x
HCA Healthcare, Inc.	HCA	\$345.55	82.8%	\$140,204	\$71,585	\$14,219	16.2%	1.5%	0.3x	17.0x
Elevance Health, Inc.	ELV	\$434.96	76.7%	\$113,021	\$183,124	\$9,835	24.0%	4.5%	0.4x	9.3x
The Cigna Group	CI	\$329.00	88.7%	\$106,283	\$255,368	\$11,471	4.7%	3.7%	0.4x	10.6x
McKesson Corporation	MCK	\$672.99	99.2%	\$92,025	\$359,051	\$5,416	7.3%	19.9%	2.0x	9.9x
Cencora, Inc.	COR	\$278.09	99.1%	\$64,427	\$310,232	\$4,311	12.2%	1.4%	0.2x	14.9x
Cardinal Health, Inc.	CAH	\$137.77	99.4%	\$41,995	\$222,286	\$3,165	0.9%	1.4%	0.2x	13.3x
Humana Inc.	HUM	\$264.60	65.1%	\$39,215	\$120,262	\$4,097	7.2%	4.2%	0.2x	5.2x
Centene Corporation	CNC	\$60.71	75.3%	\$33,832	\$153,266	\$6,484	10.1%	3.4%	0.3x	9.6x

Source: Capital IQ

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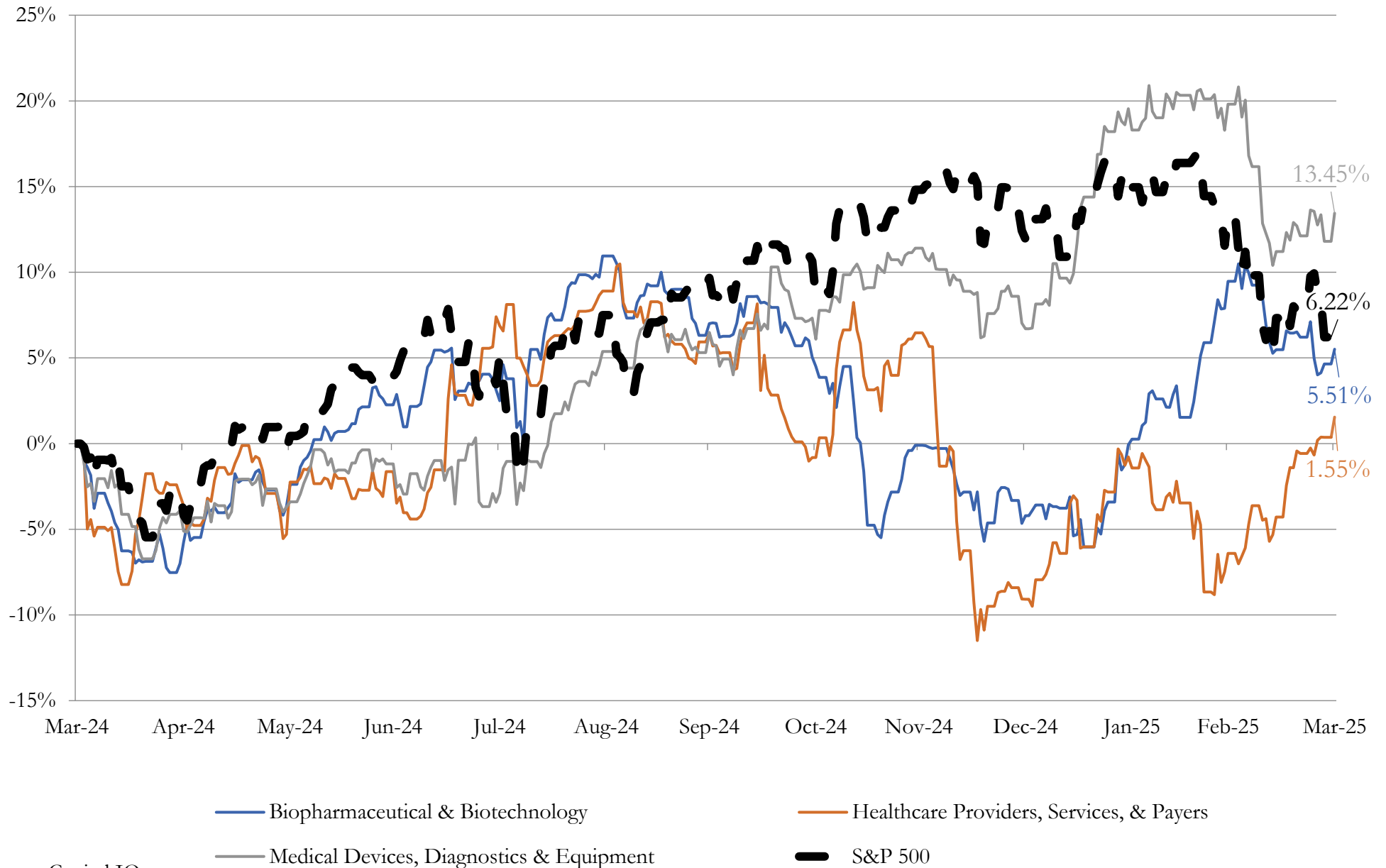
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Medical Device, Diagnostics & Equipment										
Abbott Laboratories	ABT	\$132.65	93.9%	\$238,184	\$42,344	\$11,021	5.0%	26.0%	5.6x	21.6x
Intuitive Surgical, Inc.	ISRG	\$495.27	80.4%	\$191,670	\$8,715	\$2,966	19.1%	34.0%	22.0x	64.6x
Boston Scientific Corporation	BSX	\$100.88	94.1%	\$166,025	\$17,554	\$4,536	19.4%	25.8%	9.5x	36.6x
Stryker Corporation	SYK	\$372.25	91.6%	\$160,074	\$23,218	\$6,177	10.8%	26.6%	6.9x	25.9x
Medtronic plc	MDT	\$89.86	93.4%	\$127,991	\$33,199	\$9,410	2.7%	28.3%	3.9x	13.6x
Becton, Dickinson and Company	BDX	\$229.06	90.9%	\$68,210	\$20,867	\$5,573	5.8%	26.7%	3.3x	12.2x
Edwards Lifesciences Corporation	EW	\$72.48	75.7%	\$41,498	\$5,522	\$1,686	8.2%	30.5%	7.5x	24.6x
GE HealthCare Technologies Inc.	GEHC	\$80.71	85.1%	\$38,821	\$19,799	\$3,656	9.5%	35.1%	7.2x	20.4x
ResMed Inc.	RMD	\$223.85	85.1%	\$35,913	\$5,022	\$1,765	1.6%	18.5%	2.0x	10.6x
DexCom, Inc.	DXCM	\$68.29	48.1%	\$33,168	\$4,148	\$858	9.1%	20.7%	8.0x	38.7x
STERIS plc	STE	\$226.65	91.3%	\$26,074	\$5,460	\$1,255	6.2%	23.0%	4.8x	20.8x
Insulet Corporation	PODD	\$262.61	90.7%	\$23,302	\$2,199	\$425	23.5%	19.3%	10.6x	54.9x
Life Sciences Tools, Diagnostics & Animal Health										
Thermo Fisher Scientific Inc.	TMO	\$497.60	79.3%	\$178,755	\$42,898	\$10,826	1.0%	25.2%	4.2x	16.5x
Danaher Corporation	DHR	\$205.00	72.8%	\$149,286	\$23,820	\$7,464	0.3%	31.3%	6.3x	20.0x
Zoetis Inc.	ZTS	\$164.65	82.2%	\$76,912	\$9,286	\$3,867	6.3%	41.6%	8.3x	19.9x
IDEXX Laboratories, Inc.	IDXX	\$419.95	76.5%	\$41,176	\$3,932	\$1,342	5.6%	34.1%	10.5x	30.7x
IQVIA Holdings Inc.	MRK	\$176.30	69.5%	\$36,421	\$15,497	\$2,926	-3.0%	27.6%	5.1x	18.4x
Agilent Technologies, Inc.	A	\$116.98	75.3%	\$33,124	\$6,533	\$1,802	1.2%	30.9%	6.7x	21.6x
Mettler-Toledo International Inc.	MTD	\$1,180.91	76.3%	\$25,562	\$3,830	\$1,184	2.8%	18.9%	2.4x	12.4x
Waters Corporation	WAT	\$368.57	87.0%	\$21,830	\$2,983	\$1,038	2.6%	34.8%	7.3x	21.0x

Source: Capital IQ

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Public Market Performance

Sub-Industry Performance vs. S&P 500



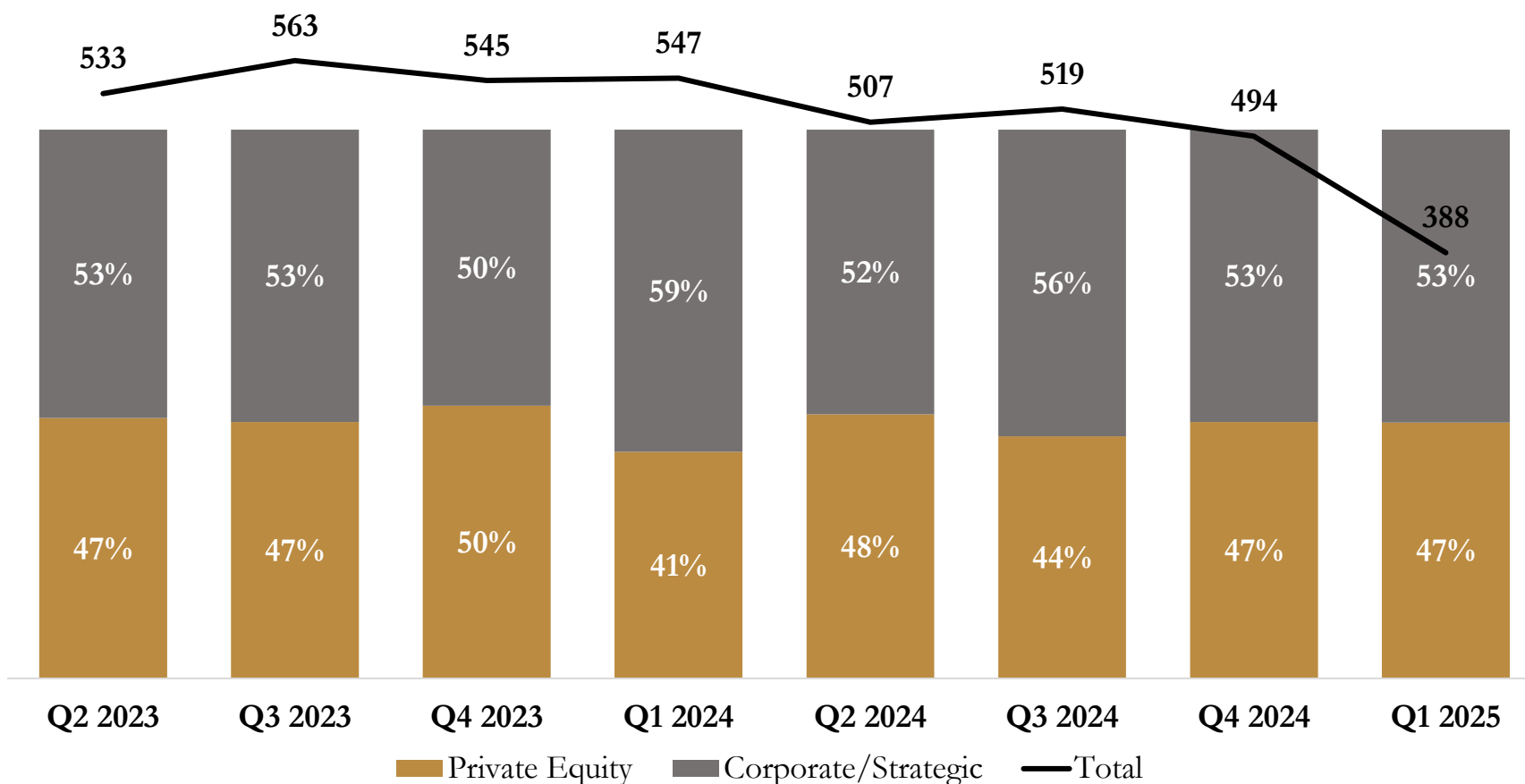
Source: Capital IQ

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M&A Trends

Quarterly M&A Volume (Strategic vs. Private Equity)

The strategic landscape remained acquisitive through 2024 and into 2025, making up the majority of acquisitions within the healthcare sector. Deal volume remained stable through 2023 and early 2024 but has declined over the past two quarters, driven in part by regulatory uncertainty. Despite the slowdown, median deal size has climbed sharply – from ~\$50M in 2023 to ~\$140 million in the first quarter of 2025.



Source: PitchBook

(USD in millions)

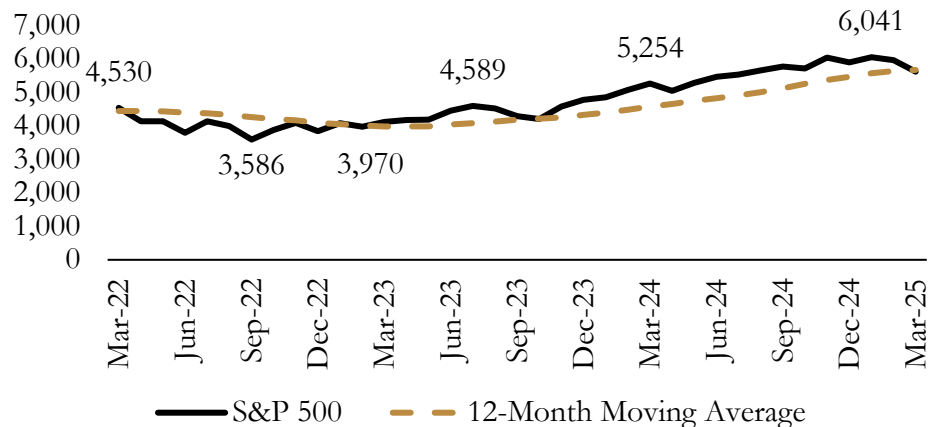
Close Date	Target	Acquirer	Implied TEV
Dec-24	Catalent, Inc.	Novo Holdings A/S	\$16,475
Nov-24	R1 RCM Inc.	Clayton, Dubilier & Rice, LLC; TowerBrook Capital Partners L.P.	\$8,644
Jan-25	Retina Consultants of America	Cencora, Inc.	\$6,140
Feb-25	Inari Medical, Inc.	Stryker Corporation	\$4,809
Jan-25	The GI Alliance Management, LLC	Cardinal Health, Inc.	\$3,836
Nov-24	Axonics, Inc.	Boston Scientific Corporation	\$3,356
Mar-25	Medicare Advantage, Cigna Supplemental Benefits and CareAllies Businesses	Health Care Service Corporation, a Mutual Legal Reserve Company	\$3,300
Dec-24	Longboard Pharmaceuticals, Inc.	Langkawi Corporation	\$2,365
Dec-24	Aliada Therapeutics, Inc.	AbbVie Inc.	\$1,400
Oct-24	PetIQ, Inc.	Bansk Group LLC	\$1,361
Oct-24	Modifi Biosciences, Inc.	Merck & Co., Inc.	\$1,330
Jan-25	Poseida Therapeutics, Inc.	Roche Holdings, Inc.	\$1,313
Oct-24	Reneo Pharmaceuticals, Inc.	OnKure Therapeutics, Inc.	\$1,302
Oct-24	Kate Therapeutics Inc.	Novartis AG	\$1,163
Feb-25	IDRX, Inc.	GSK plc	\$1,150
Dec-24	AdvancedMD, Inc.	Francisco Partners Management, L.P.	\$1,125
Dec-24	Integrated Oncology Network, LLC	Cardinal Health, Inc.	\$1,115
Feb-25	Avid Bioservices, Inc.	Ampersand Management LLC; GHO Capital Partners LLP	\$1,037
Feb-25	Revance Therapeutics, Inc.	Crown Laboratories, Inc.	\$694
Oct-24	Clinical Services Business of Avantor, Inc. (nka:Resonant Clinical Solutions)	Audax Management Company, LLC	\$650
Feb-25	Ambry Genetics Corporation	Tempus AI, Inc.	\$578
Oct-24	Sharecare, Inc.	Altaris, LLC	\$518
Jan-25	Portfolio of Skilled Nursing Facilities in Tennessee and Alabama	CareTrust REIT, Inc.	\$500
Dec-24	1,228-unit Senior Living Communities in West Coast	Brookdale Senior Living Inc.	\$495
Feb-25	Connecticare Holding Company, Inc.	Molina Healthcare, Inc.	\$350
Dec-24	Integracare of Abilene/NP Plus/Girling Health Care Services Of	Addus HealthCare, Inc.	\$350
Feb-25	Pharmaceutics International, Inc	Jabil Inc.	\$349
Jan-25	Gynesonics, Inc.	Hologic, Inc.	\$341
Jan-25	Nimble Therapeutics, Inc.	AbbVie Inc.	\$330
Oct-24	Mountain High Products, LLC	Canopy USA, LLC	\$298

Source: Capital IQ

Macroeconomic Environment

Macroeconomic Indicators

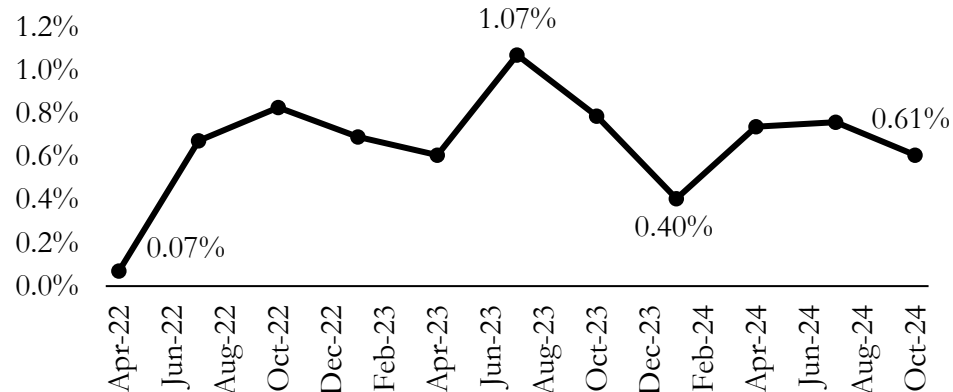
S&P 500



A leading equity index tracking the performance of 500 large U.S. companies.

Real GDP Growth

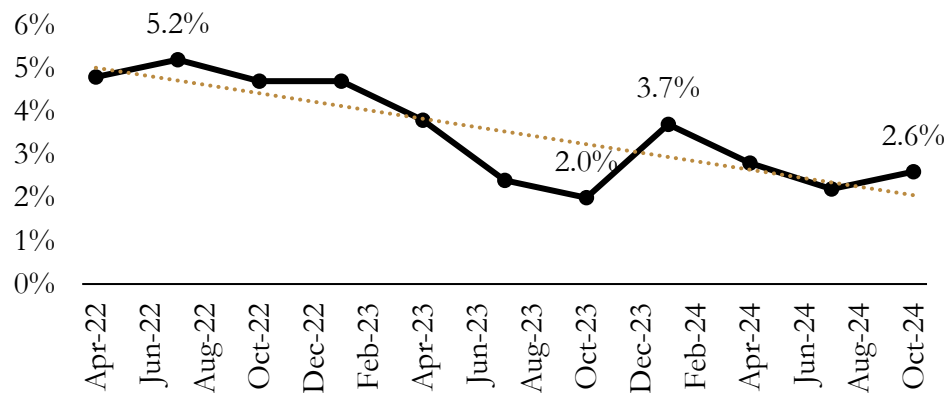
Gross Domestic Product



Tracks inflation-adjusted economic output, typically reported quarterly.

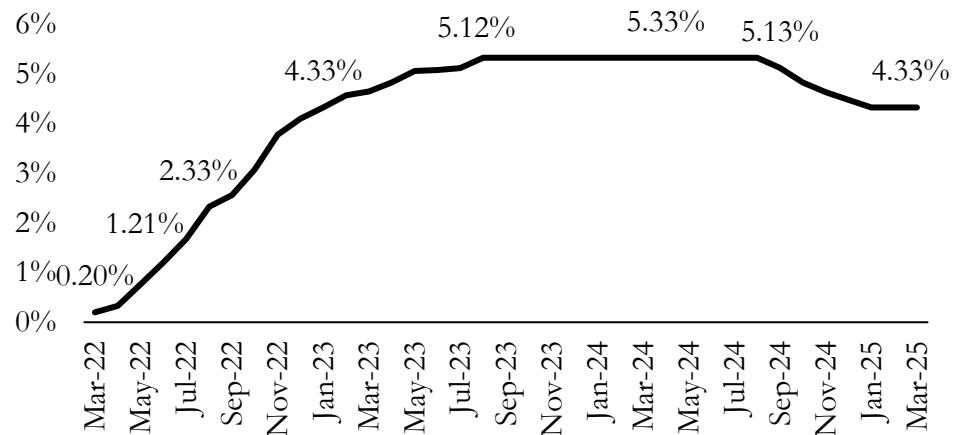
Core PCE

Personal Consumption Expenditures



A key inflation gauge that tracks consumer spending, excluding volatile food and energy prices.

Federal Funds Rate



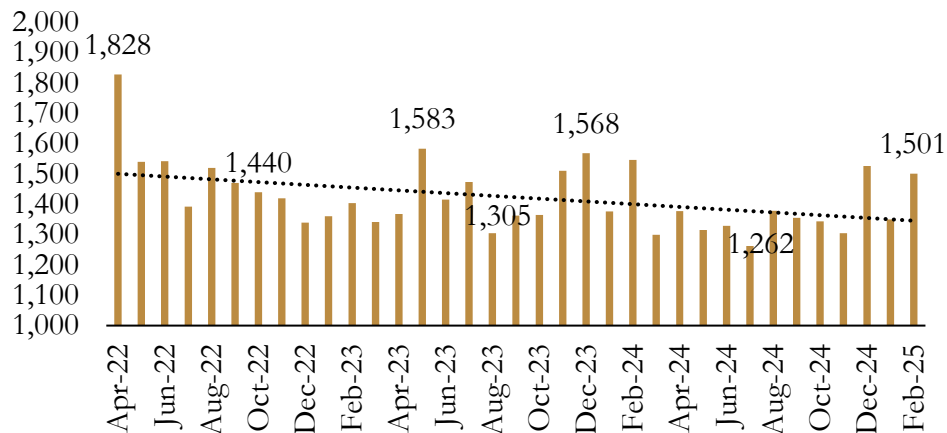
The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

Source: Capital IQ, St. Louis Fed – FRED Economic Data, Institute for Supply Management

Macroeconomic Environment

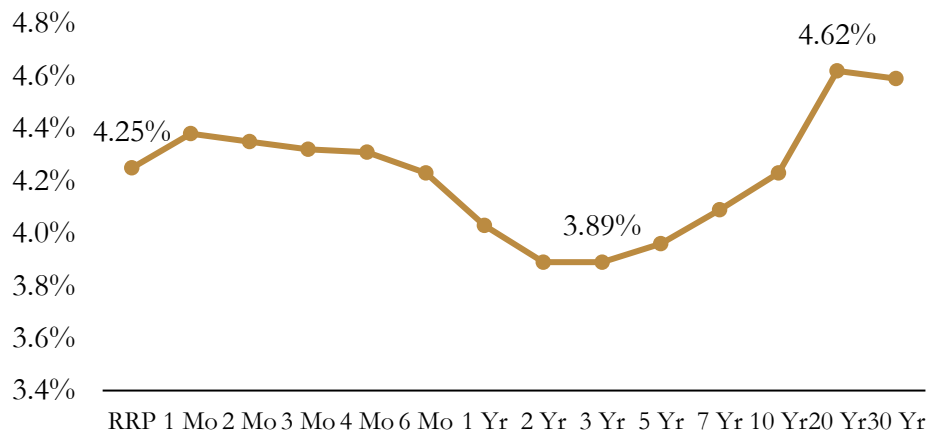
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



Measures the number of new residential construction projects begun each month.

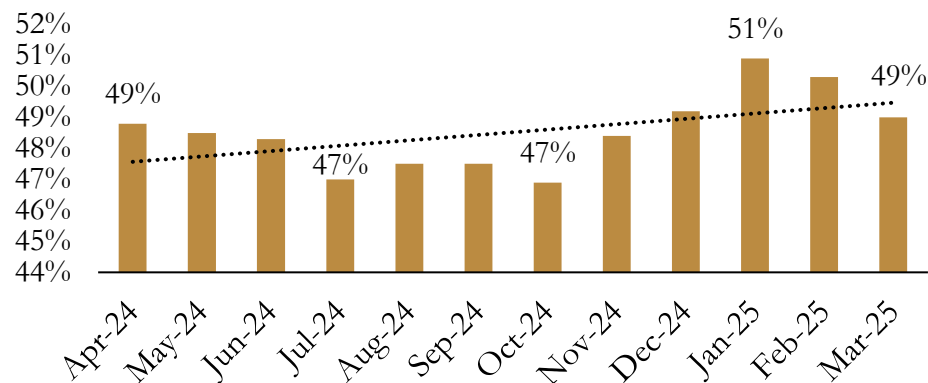
Treasury Par Yield Curve Rates



Displays yields across Treasury maturities, reflecting market expectations for future interest rates.

Manufacturing PMI

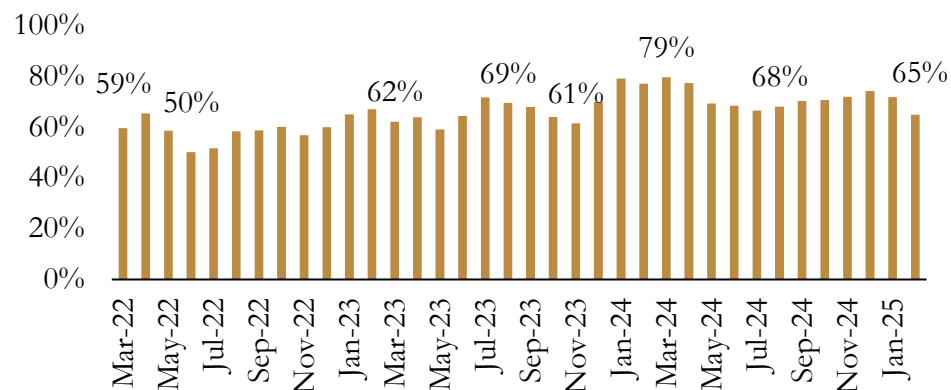
Purchasing Manager's Index



A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Consumer Sentiment

From the University of Michigan

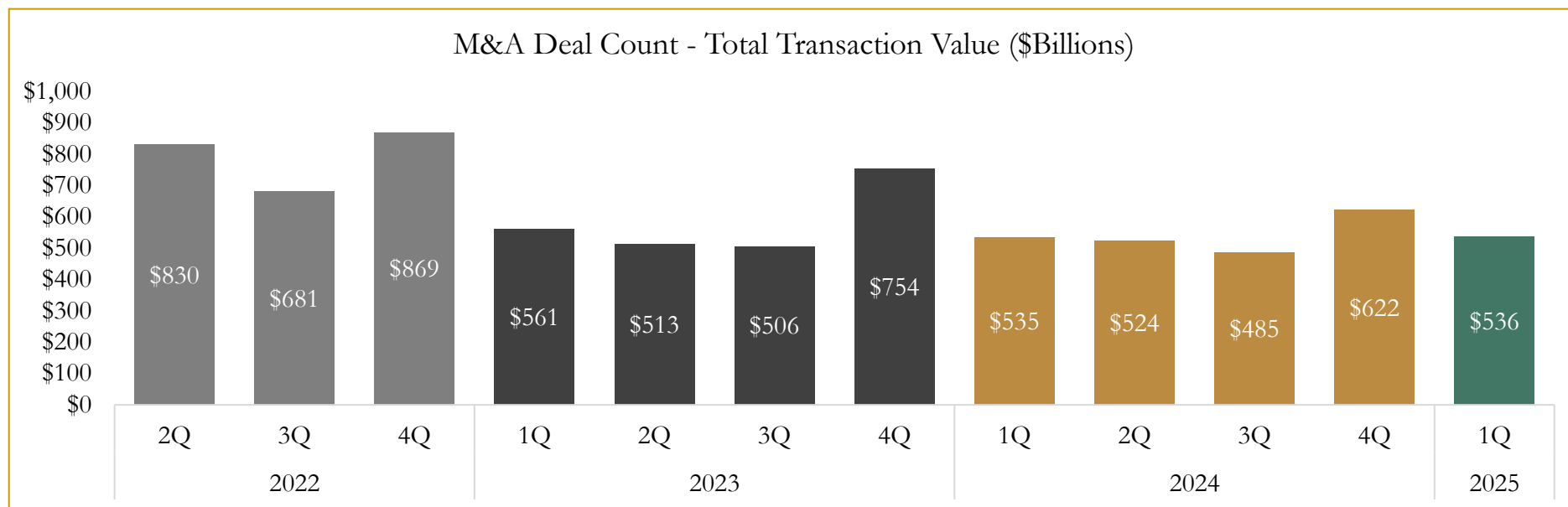
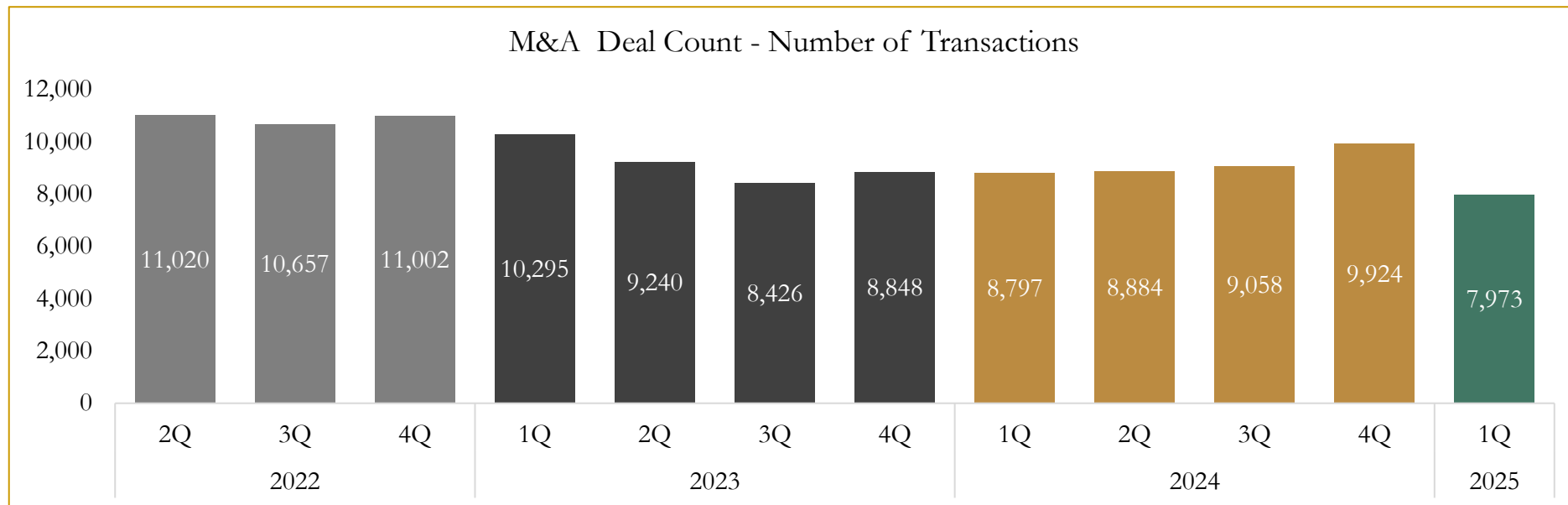


Measures consumer confidence in the economy based on monthly survey data.

Source: St. Louis Fed – FRED Economic Data ¹Figures in Thousands

Macroeconomic Environment

Total M&A Volume (Past Three (3) Years)



Source: Capital IQ; Data derived from M&A activity over the past three years.

Company Overview

- Founded in 1996, Houlihan Capital is an employee-owned valuation and investment banking firm.
- As a member of FINRA and SIPC, our team of 40+ professionals are committed to the highest levels of quality and professionalism.

Divisions & Core Offerings

- Valuation & Financial Advisory – Portfolio Valuations for Funds, with an industry specialization in cryptocurrency.
- Investment Banking – M&A Advisory for Founders and Family-Owned businesses in the lower middle market.

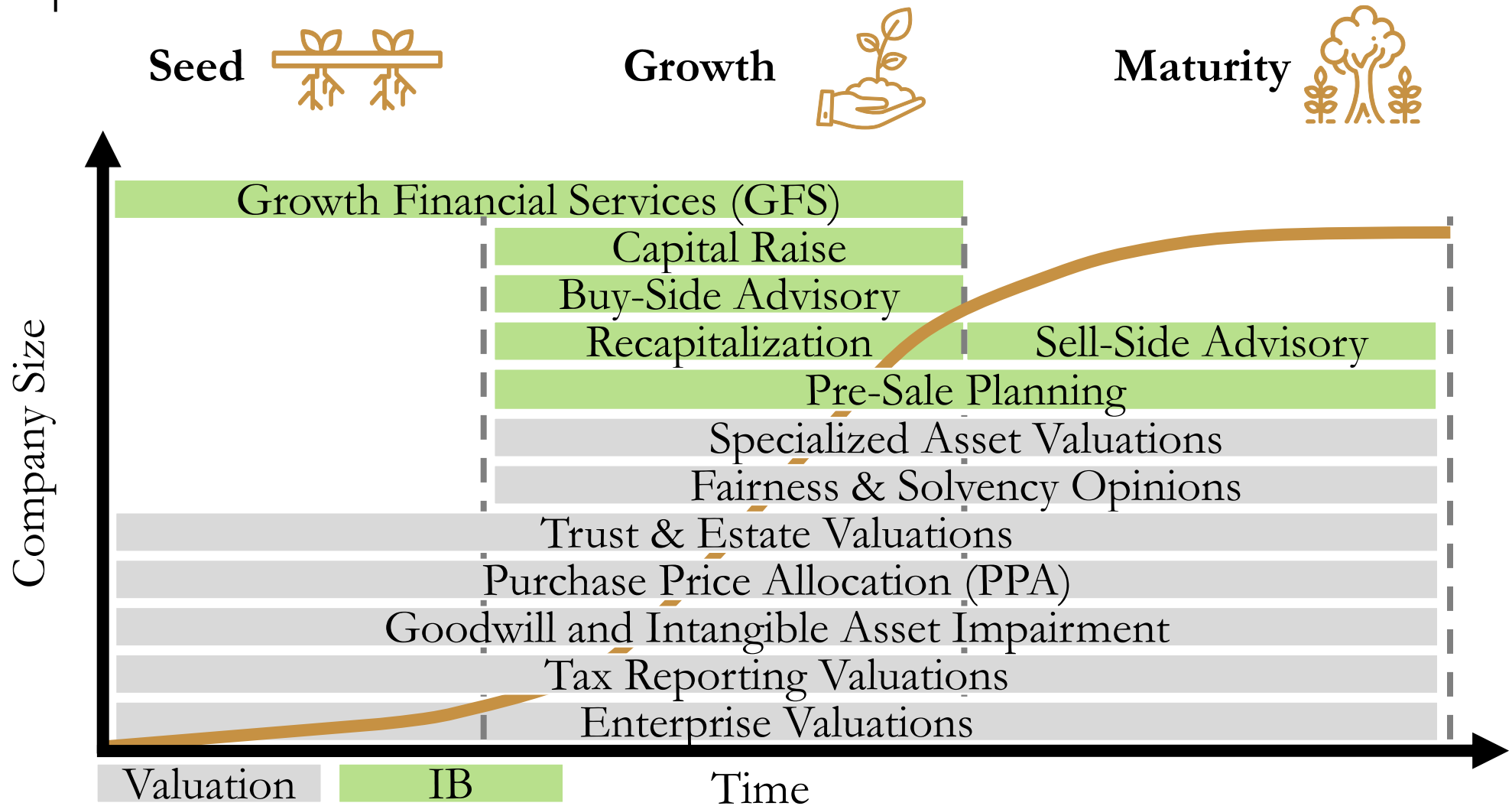
Houlihan Capital Locations



Chicago, IL



Cleveland, OH



For questions or inquiries regarding our services, please contact:

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