



Industry Update
Healthcare
Q2 2025

Key Trends

- **Rise in Mental Health Services Demand:** Growing recognition of mental health's importance is fueling investment and innovation in behavioral health services, including digital therapeutics and integrated care solutions.
- **Value-Based Care Gains Momentum:** Healthcare providers and payers are accelerating shifts toward value-based care models, emphasizing outcomes and cost-efficiency, supported by expanded use of data analytics and patient engagement tools.
- **Expansion of Personalized Medicine:** Advances in genomics and data analytics are enabling personalized treatment plans, improving outcomes and boosting demand for precision therapies.

Market Overview

- Public markets are showing that the healthcare industry is **underperforming** relative to the public equities market.
- M&A activity in the healthcare sector continues to decline, marking the **lowest transaction volume** seen in the past two (2) years. This slowdown reflects growing market uncertainties, tighter regulatory scrutiny, and cautious investor sentiment, which are collectively impacting deal-making momentum.

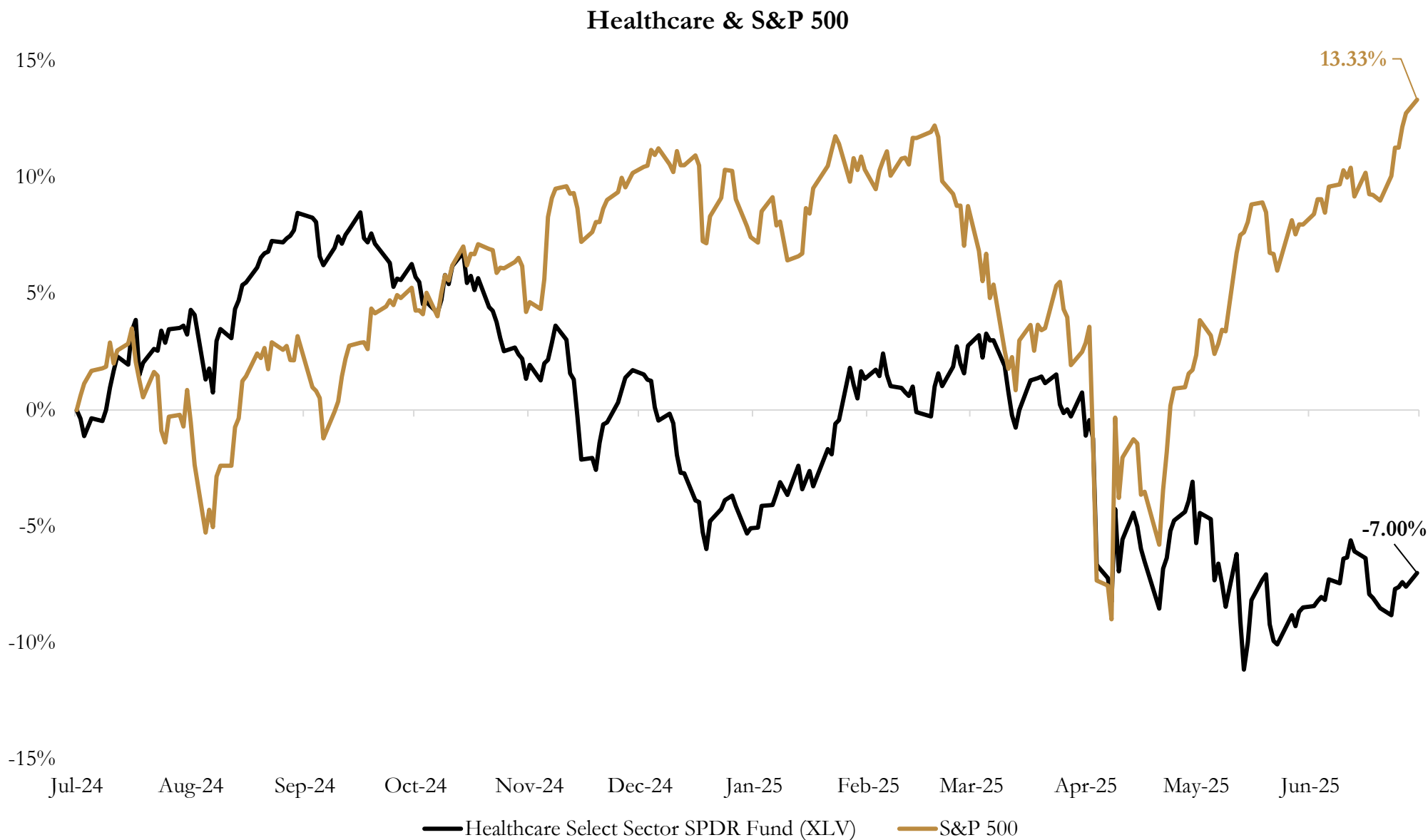
External Drivers

- New federal and state regulations, including data privacy enhancements and stricter M&A review processes, are **increasing compliance burdens** and **extending** transaction timelines, adding complexity to the regulatory landscape.
- The growth of telehealth and AI solutions is **transforming care delivery** and driving healthcare investments toward digital innovation and technology.

With nearly 30 years of experience, Houlihan Capital has built trusted relationships with top executives, senior professionals, partners, and directors across the M&A market. Below, we share insights from a senior director at a private equity-backed platform company on the current state of the healthcare landscape—particularly within physician practices.

Insider Commentary

- M&A activity remains steady within the physician services space as regional and national physician practice management companies look to expand their platforms.
- Multiple trends vary by specialty, with some of the "newer" consolidating specialties (i.e. cardiology, vascular, med spa) maintaining higher multiples while other, more mature specialties (i.e. dermatology, dental, emergency medicine) trading at lower multiples.
- Higher cost of capital has continued to put pressure on operators to drive organic growth and value creation through integration, instead of just relying on multiple arbitrage.
- It is important to focus on the continuously changing regulatory environment for which more states have put forth transaction review requirements related to physician practices, which will likely impede future Physician Practice Management (PPM) deal volume.
- It is anticipated that there will be an increase in secondary transactions as strategic acquirers look to continue to diversify their business (i.e. CardinalHealth's acquisition of GI Alliance; Cencora's acquisitions of OneOncology and Retina Consultants of America).



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 06/30/25	% 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	\$779.53	80.2%	\$741,449	\$49,003	\$22,003	36.4%	44.9%	15.1x	33.7x
AbbVie Inc.	ABBV	\$185.62	84.9%	\$401,602	\$57,367	\$27,366	5.4%	47.7%	7.0x	14.7x
Johnson & Johnson	JNJ	\$152.75	89.9%	\$389,492	\$89,331	\$30,025	4.3%	33.6%	4.4x	13.0x
Merck & Co., Inc.	MRK	\$79.16	60.9%	\$235,879	\$63,922	\$28,795	4.1%	45.0%	3.7x	8.2x
Amgen Inc.	AMGN	\$279.21	80.5%	\$208,012	\$34,126	\$15,726	15.6%	46.1%	6.1x	13.2x
Pfizer Inc.	PFE	\$24.24	76.9%	\$190,695	\$62,464	\$23,321	11.6%	37.3%	3.1x	8.2x
Gilead Sciences, Inc.	GILD	\$110.87	92.4%	\$157,020	\$28,735	\$13,724	4.7%	47.8%	5.5x	11.4x
Bristol-Myers Squibb Company	BMJ	\$46.29	73.1%	\$136,196	\$47,636	\$19,174	4.6%	40.3%	2.9x	7.1x
Vertex Pharmaceuticals Incorporated	VRTX	\$445.20	85.6%	\$113,288	\$11,100	\$4,584	9.0%	41.3%	10.2x	24.7x
Regeneron Pharmaceuticals, Inc.	REGN	\$525.00	43.3%	\$43,468	\$14,086	\$4,471	7.5%	31.7%	3.1x	9.7x
Healthcare Providers, Services, & Payers										
UnitedHealth Group Incorporated	UNH	\$311.97	49.5%	\$335,467	\$410,057	\$36,238	8.1%	8.8%	0.8x	9.3x
CVS Health Corporation	CVS	\$68.98	95.1%	\$153,066	\$376,741	\$13,947	4.7%	3.7%	0.4x	11.0x
HCA Healthcare, Inc.	HCA	\$383.10	91.8%	\$139,393	\$71,585	\$14,219	7.3%	19.9%	1.9x	9.8x
The Cigna Group	CI	\$330.58	89.1%	\$104,330	\$255,368	\$11,471	24.0%	4.5%	0.4x	9.1x
Elevance Health, Inc.	ELV	\$388.96	68.6%	\$100,875	\$183,124	\$9,835	6.6%	5.4%	0.6x	10.3x
McKesson Corporation	MCK	\$732.78	99.5%	\$93,083	\$359,051	\$5,416	16.2%	1.5%	0.3x	17.2x
Cencora, Inc.	COR	\$299.85	96.9%	\$66,133	\$310,232	\$4,311	12.2%	1.4%	0.2x	15.3x
Cardinal Health, Inc.	CAH	\$168.00	99.8%	\$44,608	\$222,286	\$3,165	0.9%	1.4%	0.2x	14.1x
Humana Inc.	HUM	\$244.48	60.1%	\$38,120	\$120,262	\$4,097	10.1%	3.4%	0.3x	9.3x
Centene Corporation	CNC	\$54.28	67.4%	\$20,074	\$153,266	\$6,484	7.2%	4.2%	0.1x	3.1x

Source: Capital IQ

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Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

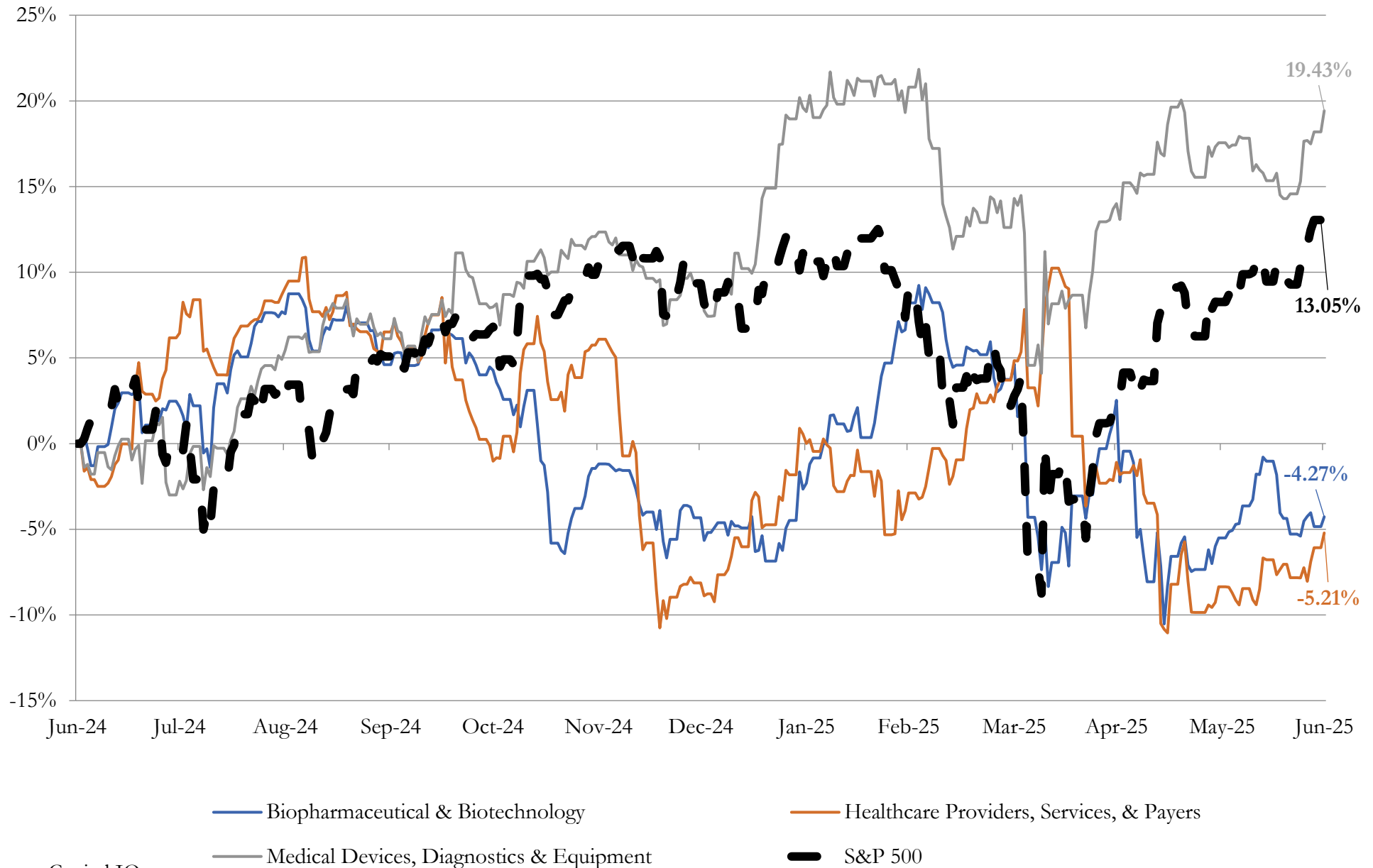
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Medical Device, Diagnostics & Equipment										
Abbott Laboratories	ABT	\$136.01	96.3%	\$238,480	\$42,344	\$11,021	5.0%	26.0%	5.6x	21.6x
Intuitive Surgical, Inc.	ISRG	\$543.41	88.2%	\$184,881	\$8,715	\$2,966	19.1%	34.0%	21.2x	62.3x
Stryker Corporation	SYK	\$395.63	97.4%	\$164,775	\$23,218	\$6,177	10.8%	26.6%	7.1x	26.7x
Boston Scientific Corporation	BSX	\$107.41	99.9%	\$163,540	\$17,554	\$4,536	19.4%	25.8%	9.3x	36.1x
Medtronic plc	MDT	\$87.17	90.6%	\$134,909	\$33,537	\$9,113	3.6%	27.2%	4.0x	14.8x
Becton, Dickinson and Company	BDX	\$172.25	68.4%	\$68,887	\$20,867	\$5,573	5.8%	26.7%	3.3x	12.4x
Edwards Lifesciences Corporation	EW	\$78.21	82.1%	\$42,138	\$5,522	\$1,686	8.2%	30.5%	7.6x	25.0x
GE HealthCare Technologies Inc.	GEHC	\$74.07	78.1%	\$41,536	\$19,799	\$3,656	1.6%	18.5%	2.1x	11.4x
ResMed Inc.	RMD	\$258.00	98.1%	\$37,367	\$5,022	\$1,765	9.5%	35.1%	7.4x	21.2x
DexCom, Inc.	DXCM	\$87.29	74.5%	\$33,160	\$4,148	\$858	9.1%	20.7%	8.0x	38.7x
STERIS plc	STE	\$240.22	95.0%	\$24,794	\$5,460	\$1,464	6.2%	26.8%	4.5x	16.9x
Insulet Corporation	PODD	\$314.18	95.4%	\$21,399	\$2,199	\$425	23.5%	19.3%	9.7x	50.4x
Life Sciences Tools, Diagnostics & Animal Health										
Thermo Fisher Scientific Inc.	TMO	\$405.46	64.6%	\$186,909	\$42,898	\$10,826	1.0%	25.2%	4.4x	17.3x
Danaher Corporation	DHR	\$197.54	70.1%	\$159,413	\$23,820	\$7,464	0.3%	31.3%	6.7x	21.4x
Zoetis Inc.	ZTS	\$155.95	77.8%	\$75,501	\$9,286	\$3,867	6.3%	41.6%	8.1x	19.5x
IDEXX Laboratories, Inc.	IDXX	\$536.34	99.8%	\$44,375	\$3,932	\$1,342	5.6%	34.1%	11.3x	33.1x
IQVIA Holdings Inc.	MRK	\$157.59	62.3%	\$40,699	\$15,497	\$2,926	2.8%	18.9%	2.6x	13.9x
Agilent Technologies, Inc.	A	\$118.01	76.7%	\$36,655	\$6,628	\$1,835	0.6%	27.7%	5.5x	20.0x
Mettler-Toledo International Inc.	MTD	\$1,174.72	75.9%	\$27,337	\$3,830	\$1,184	1.2%	30.9%	7.1x	23.1x
Waters Corporation	WAT	\$349.04	82.4%	\$21,940	\$2,983	\$1,038	2.6%	34.8%	7.4x	21.1x

Source: Capital IQ

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Public Market Performance

Sub-Industry Performance vs. S&P 500



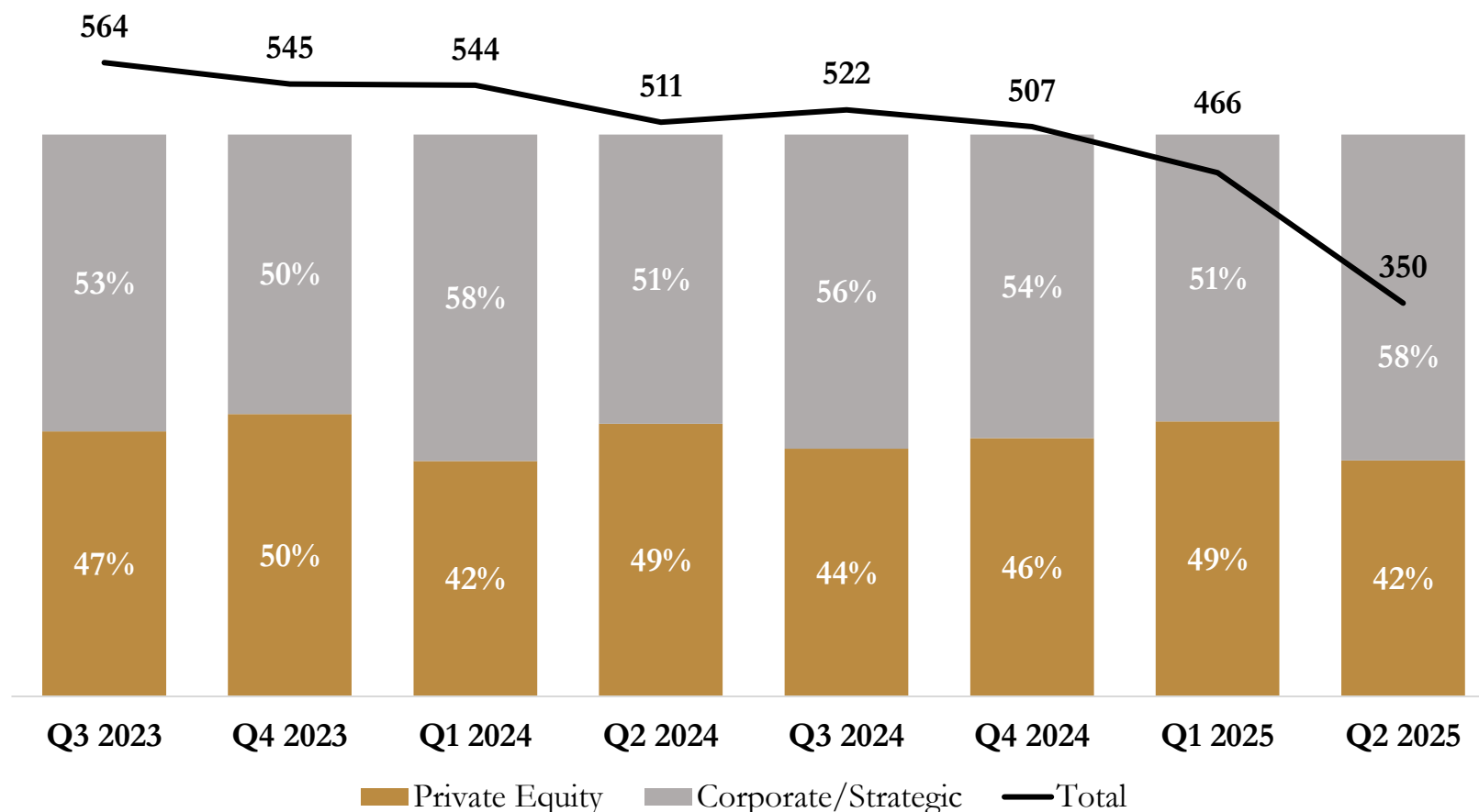
Source: Capital IQ

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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 three quarters, driven in part by regulatory uncertainty. Despite the slowdown, median deal size has climbed sharply – from ~\$110 million and ~\$70 million in 2023 to ~\$1.2 billion and ~\$175 million in the second quarter of 2025 for Private Equity and Corporate/Strategic, respectively.



Source: PitchBook

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M&A Trends

Recent M&A Transactions

(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Dec-24	Catalent, Inc.	Novo Holdings A/S	\$16,475
Apr-25	Intra-Cellular Therapies, Inc.	Johnson & Johnson Innovative Medicine	\$13,654
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
Jun-25	Community Oncology Revitalization Enterprise Ventures, LLC	US Oncology, Inc.	\$3,557
Apr-25	Patterson Companies, Inc.	Patient Square Capital, LP	\$3,482
Mar-25	Medicare Advantage, Cigna Supplemental Benefits and CareAllies Businesses	Health Care Service Corporation	\$3,300
Apr-25	CentralReach, LLC	Roper Technologies, Inc.	\$1,850
May-25	Antylia Scientific	Caisse de dépôt et placement du Québec; Brookfield Business Partners L.P.	\$1,340
Apr-25	Paragon 28, Inc.	Zimmer Biomet Holdings, Inc.	\$1,316
Jan-25	Poseida Therapeutics, Inc.	Roche Holdings, Inc.	\$1,313
Feb-25	IDRX, Inc.	GSK plc	\$1,150
Dec-24	AdvancedMD, Inc.	Francisco Partners Management, L.P.	\$1,125
Apr-25	North Coast Medical Supply, LLC	Cardinal Health, Inc.	\$1,100
Apr-25	PRISM Vision Group	McKesson Corporation	\$1,063
Feb-25	Avid Bioservices, Inc.	Ampersand Management LLC; GHO Capital Partners LLP	\$1,037
Apr-25	Evergreen Theragnostics, Inc.	Lantheus Medical Imaging, Inc.	\$1,003
Jun-25	Regulus Therapeutics Inc.	Novartis AG	\$860
Apr-25	Bolt Medical, Inc.	Boston Scientific Corporation	\$845
Apr-25	Chimerix, Inc.	Jazz Pharmaceuticals plc	\$799
Feb-25	Revance Therapeutics, Inc.	Crown Laboratories, Inc.	\$694
Apr-25	Accolade, Inc.	Transcarent, Inc.	\$636
Feb-25	Ambry Genetics Corporation	Tempus AI, Inc.	\$578
Apr-25	UDENYCA Franchise of Coherus BioSciences, Inc.	Intas Pharmaceuticals Limited	\$558
Jun-25	Cedar Park Health System, L.P.	Ascension Texas	\$545
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
May-25	Checkpoint Therapeutics, Inc.	Sun Pharmaceutical Industries Limited	\$404
Mar-25	Ascension Illinois facilities	Prime Healthcare Services, Inc.	\$375

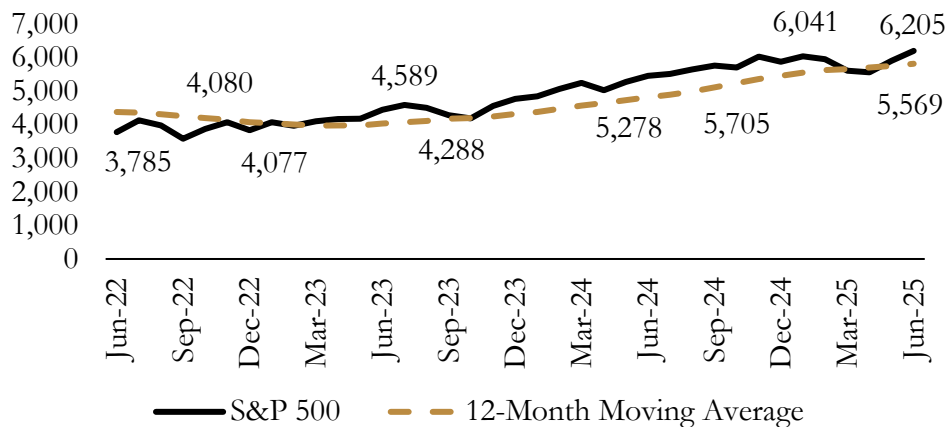
Source: Capital IQ

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Macroeconomic Environment

Macroeconomic Indicators

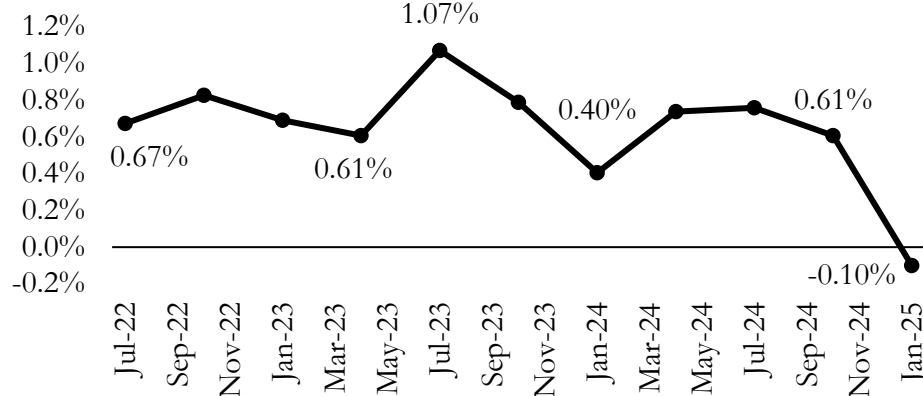
S&P 500



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

Real GDP Growth

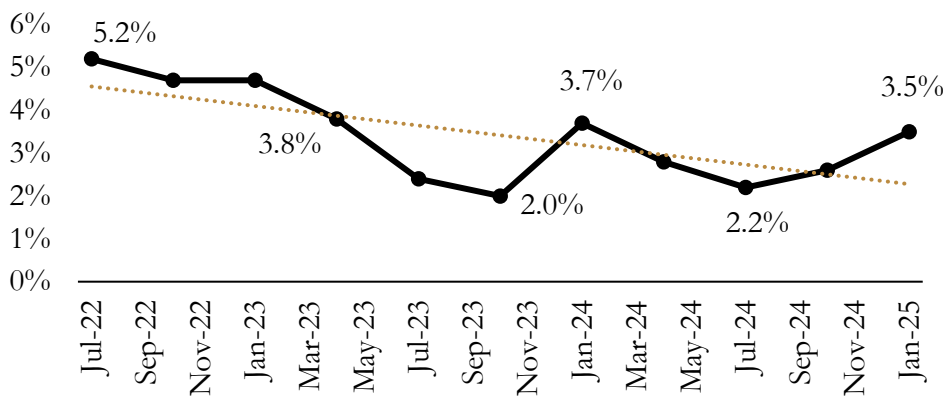
Gross Domestic Product



Tracks inflation-adjusted economic output, typically reported quarterly.

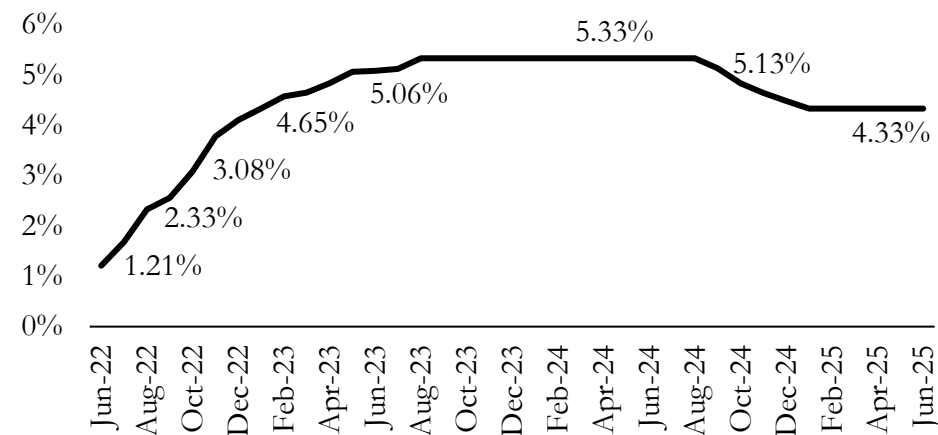
Core PCE

Personal Consumption Expenditures



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

Federal Funds Rate



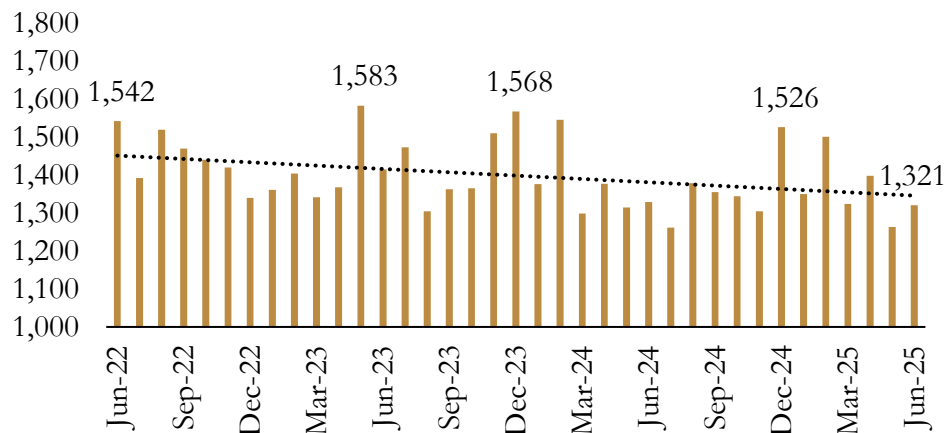
The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

Source: Capital IQ, St. Louis Fed – FRED Economic Data

Macroeconomic Environment

Macroeconomic Indicators (Cont.)

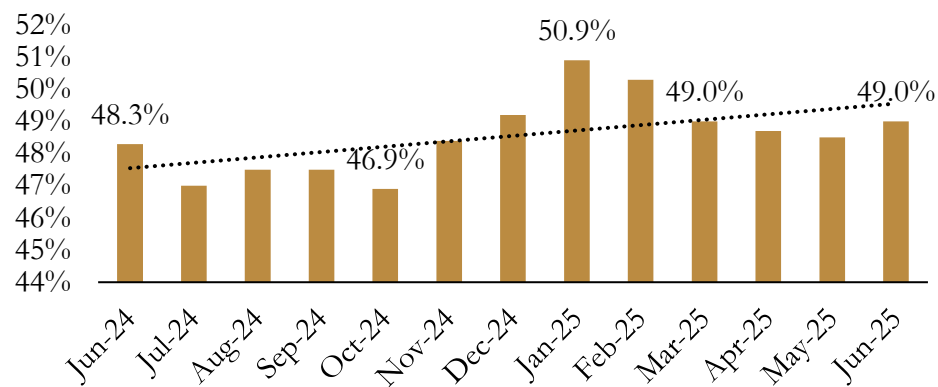
New Privately-Owned Housing Units Started¹



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

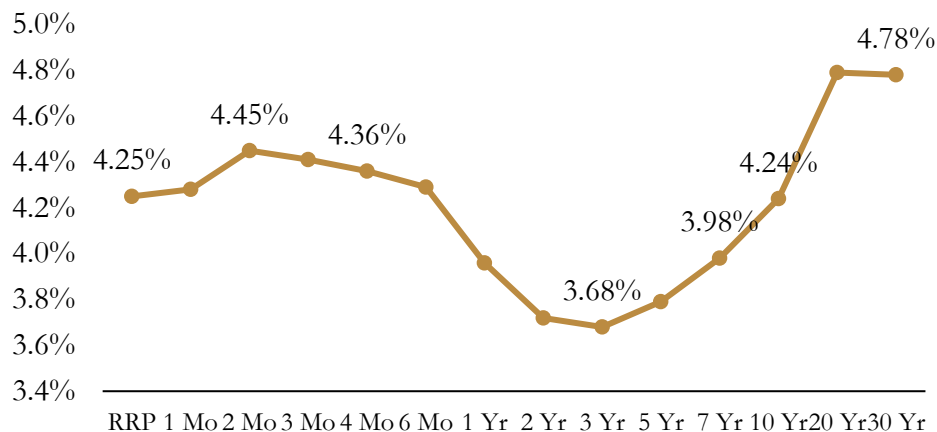
Manufacturing PMI

Purchasing Manager's Index



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

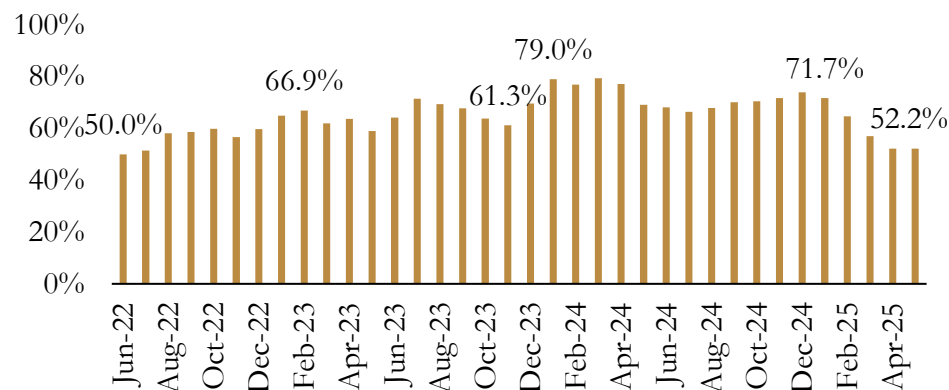
Treasury Par Yield Curve Rates



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

Consumer Sentiment

From the University of Michigan

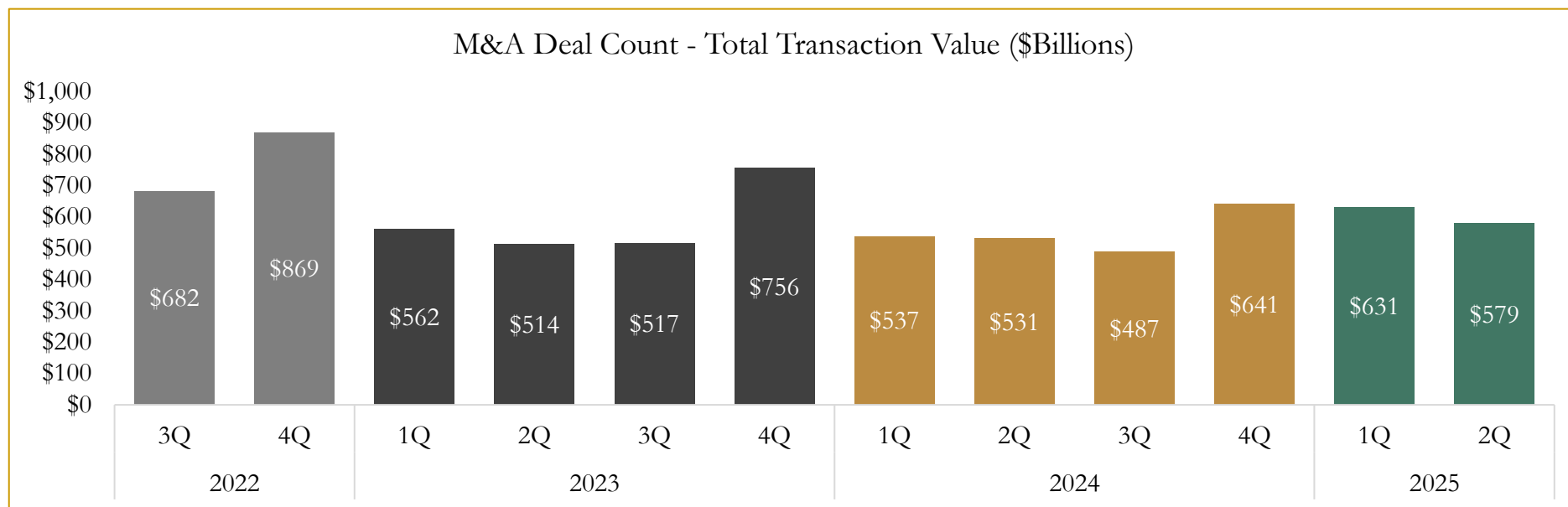
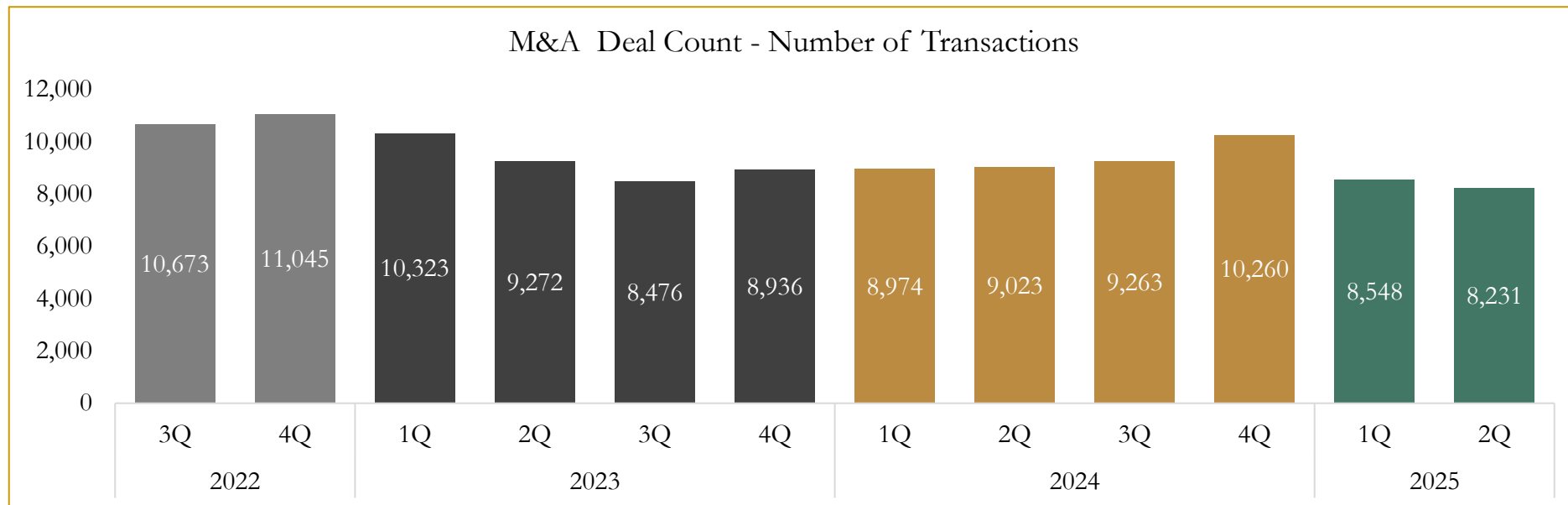


Measures consumer confidence in the economy based on monthly survey data.

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

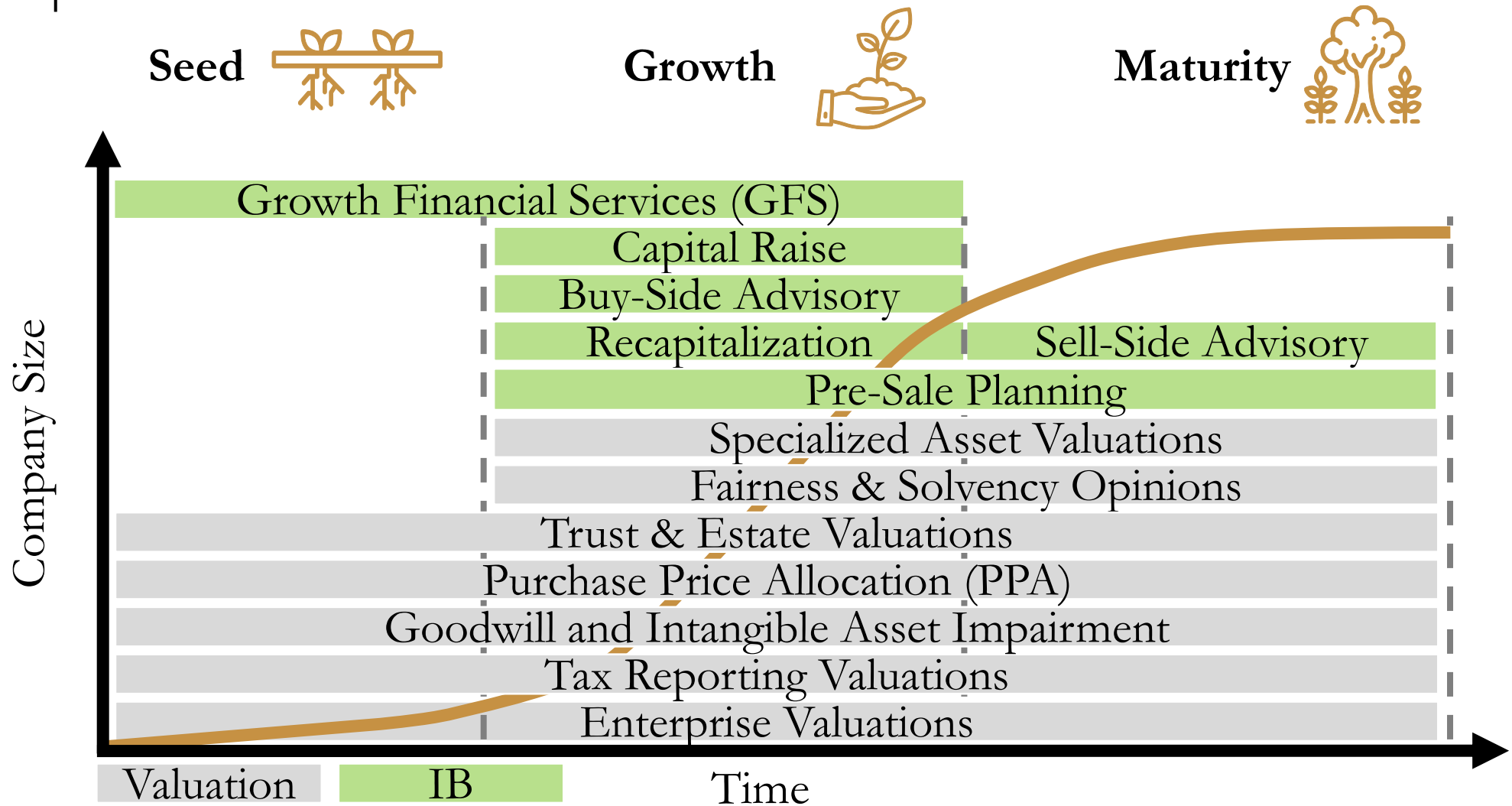
Houlihan Capital Locations



Chicago, IL



Cleveland, OH



For questions or inquiries regarding our services, please contact:

info@houlihancapital.com