



Executive Summary

Key Takeaways

Key Trends

- Shift Toward Non-Acute and Outpatient Settings: More care is being delivered outside hospitals: ambulatory surgery centers, home health, outpatient clinics. This helps providers manage costs, meet patient preferences, and respond to payer pressures.
- AI, Data, & Automation Becoming More Core: Health systems are increasingly investing in AI and advanced analytics not only to improve diagnostics but also to streamline administrative workflows. Key focus areas include predictive staffing to optimize workforce management, remote patient monitoring through wearables, and expanding telehealth services to enhance patient access and proactive care. Leveraging AI to reduce clinician burden ultimately boosts efficiency and patient outcomes.

Market Overview

- In Q3 2025, healthcare **underperformed** public markets due to regulatory uncertainty, rising costs, and investor shifts toward higher-growth sectors like tech and energy.
- Healthcare M&A activity declined further in Q3 2025, hitting a two-year low as increased regulatory scrutiny and cautious investor sentiment continued to weigh on deal-making across the sector.

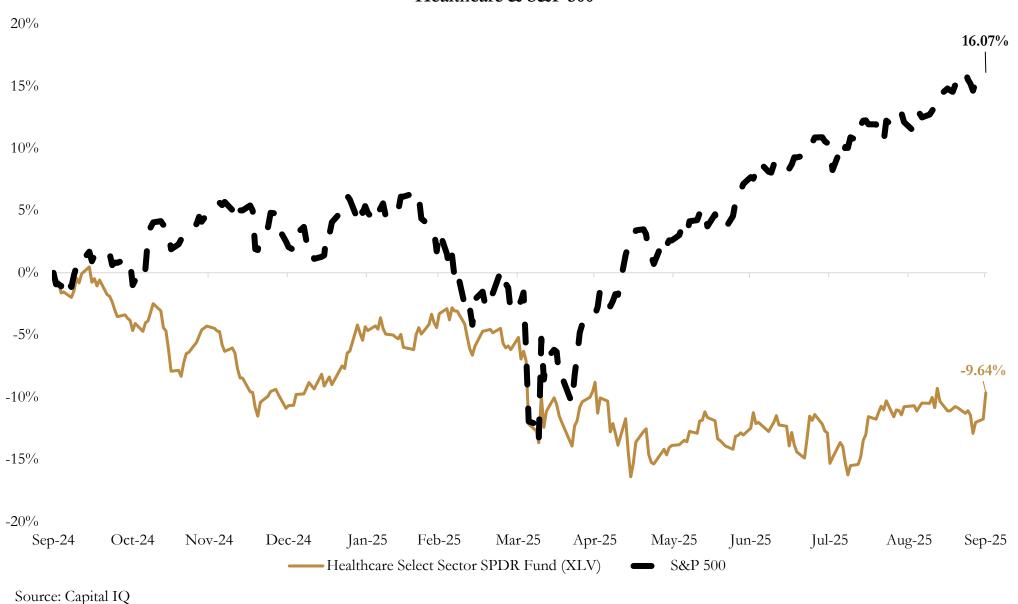
External Drivers

- Changes in Medicare/Medicaid
 reimbursement rules, particularly for specialty
 care and pharmaceuticals, are driving costs
 upward for payors and influencing provider
 behavior.
- Overall patient volumes continue to increase, with outpatient settings experiencing more rapid growth than inpatient facilities.

Sources: McKinsey & Company, BDO, New Frontier Group, Medicus

Public Market Performance Sector ETF vs. S&P 500





Public Market PerformanceKey Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

			Va	luation Metrics		Financial Metrics				
Company Name	Ticker	TEV	Price at 09/30/25	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Biopharmaceutical & Biotechnology										
Eli Lilly and Company	LLY	\$765,366	\$763.00	81.4%	14.4x	30.9x	\$53,258	\$24,775	36.8%	46.5%
Johnson & Johnson	JNJ	\$491,512	\$185.42	99.7%	5.3x	15.1x	\$92,149	\$32,480	5.1%	35.2%
AbbVie Inc.	ABBV	\$468,934	\$231.54	99.7%	8.0x	16.7x	\$58,328	\$28,074	6.1%	48.1%
Merck & Co., Inc.	MRK	\$238,409	\$83.93	73.1%	3.7x	8.4x	\$63,616	\$28,330	1.8%	44.5%
Amgen Inc.	AMGN	\$206,374	\$282.20	84.0%	5.9x	12.8x	\$34,917	\$16,148	12.9%	46.2%
Pfizer Inc.	PFE	\$188,522	\$25.48	83.7%	3.0x	7.7x	\$63,833	\$24,506	13.5%	38.4%
Gilead Sciences, Inc.	GILD	\$163,902	\$111.00	91.1%	5.7x	11.9x	\$28,863	\$13,801	3.8%	47.8%
Bristol-Myers Squibb Company	BMY	\$126,246	\$45.10	71.2%	2.6x	6.6x	\$47,704	\$19,115	2.6%	40.1%
Vertex Pharmaceuticals Incorporated	VRTX	\$95,188	\$391.64	75.3%	8.3x	20.7x	\$11,419	\$4,604	10.5%	40.3%
Regeneron Pharmaceuticals, Inc.	REGN	\$44,549	\$562.27	53.0%	3.1x	10.0x	\$14,214	\$4,467	5.4%	31.4%

Healthcare Providers, Services, & Pa	iyers									
UnitedHealth Group Incorporated	UNH	\$386,636	\$345.30	54.7%	0.9x	11.5x	\$422,818	\$33,577	9.7%	7.9%
CVS Health Corporation	CVS	\$169,758	\$75.39	97.5%	0.4x	12.1x	\$384,329	\$13,973	6.2%	3.6%
HCA Healthcare, Inc.	HCA	\$146,383	\$426.20	99.2%	2.0x	10.1x	\$72,698	\$14,499	6.4%	19.9%
The Cigna Group	CI	\$106,489	\$288.25	80.3%	0.4x	9.3x	\$262,023	\$11,408	20.2%	4.4%
McKesson Corporation	MCK	\$ 10 5, 887	\$772.54	99.7%	0.3x	19.6x	\$377,595	\$5,401	20.3%	1.4%
Elevance Health, Inc.	ELV	\$100,675	\$323.12	61.6%	0.5x	10.6x	\$189,254	\$9,487	10.2%	5.0%
Cencora, Inc.	COR	\$69,785	\$312.53	99.9%	0.2x	15.3x	\$316,654	\$4,569	11.6%	1.4%
Cardinal Health, Inc.	CAH	\$42,294	\$156.96	93.2%	0.2x	12.9x	\$222,578	\$3,273	-1.9%	1.5%
Humana Inc.	HUM	\$40,406	\$260.17	82.5%	0.3x	10.1x	\$123,110	\$4,015	9.9%	3.3%
Centene Corporation	CNC	\$21,058	\$35.68	47.4%	0.1x	4.4x	\$159,673	\$4,765	10.7%	3.0%

Source: Capital IQ

Public Market PerformanceKey Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

		Valuation Metrics					Financial Metrics			
Company Name	Ticker	TEV	Price at 09/30/25	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Medical Device, Diagnostics & Equ	ipment									
Abbott Laboratories	ABT	\$238,403	\$133.94	94.8%	5.4x	20.7x	\$43,843	\$11,522	6.4%	26.3%
Stryker Corporation	SYK	\$156,118	\$369.67	91.0%	6.6x	24.4x	\$23,818	\$6,388	11.4%	26.8%
Boston Scientific Corporation	BSX	\$154,332	\$97.63	89.2%	8.3x	32.8x	\$18,494	\$4,705	21.4%	25.4%
Intuitive Surgical, Inc.	ISRG	\$151,216	\$447.23	72.6%	16.5x	47.5x	\$9,145	\$3,186	20.8%	34.8%
Medtronic plc	MDT	\$144,538	\$95.24	99.0%	4.2x	15.3x	\$34,200	\$9,446	5.0%	27.6%
Becton, Dickinson and Company	BDX	\$72,573	\$187.17	74.3%	3.4x	12.3x	\$21,386	\$5,919	7.9%	27.7%
GE HealthCare Technologies Inc.	GEHC	\$40,248	\$75.10	79.2%	2.0x	11.0x	\$19,967	\$3,674	2.3%	18.4%
Edwards Lifesciences Corporation	EW	\$39,766	\$77.77	93.7%	7.0x	22.8x	\$5,685	\$1,741	9.1%	30.6%
ResMed Inc.	RMD	\$39,057	\$273.73	93.2%	7.6x	21.0x	\$5,146	\$1,860	9.8%	36.1%
DexCom, Inc.	DXCM	\$25,615	\$67.29	72.2%	6.0x	27.7x	\$4,301	\$923	9.3%	21.5%
STERIS plc	STE	\$25,224	\$247.44	97.8%	4.5x	16.8x	\$5,571	\$1,505	6.4%	27.0%
Insulet Corporation	PODD	\$22,740	\$308.73	87.3%	9.6x	47.3x	\$2,360	\$481	26.0%	20.4%
Life Sciences Tools, Diagnostics & A	Animal Health									
Thermo Fisher Scientific Inc.	TMO	\$227,490	\$485.02	78.2%	5.3x	21.0x	\$43,212	\$10,819	2.0%	25.0%
Danaher Corporation	DHR	\$163,220	\$198.26	71.0%	6.8x	21.7x	\$24,013	\$7,521	1.9%	31.3%
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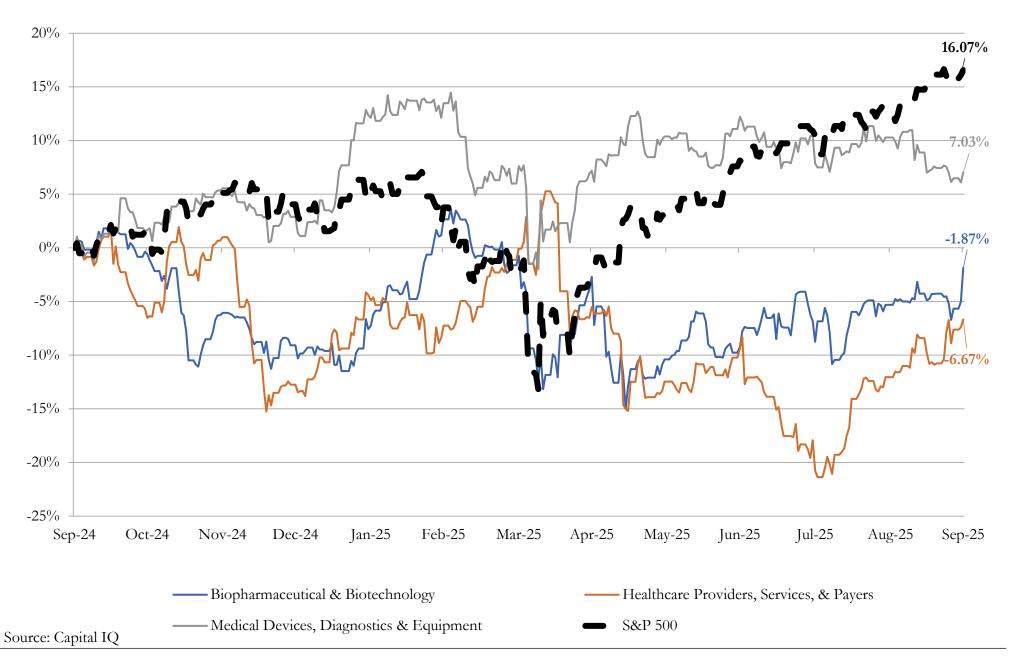
Life Sciences Tools, Diagnostics &	Animal Health									
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Danaher Corporation	DHR	\$163,220	\$198.26	71.0%	6.8x	21.7x	\$24,013	\$7,521	1.9%	31.3%
Zoetis Inc.	ZTS	\$68,944	\$146.32	74.4%	7.3x	17.4x	\$9,385	\$3,964	5.3%	42.2%
IDEXX Laboratories, Inc.	IDXX	\$52,028	\$638.89	92.8%	12.9x	37.4x	\$4,038	\$1,393	6.7%	34.5%
IQVIA Holdings Inc.	MRK	\$48,374	\$189.94	80.0%	3.1x	16.5x	\$15,700	\$2,923	3.6%	18.6%
Agilent Technologies, Inc.	A	\$41,193	\$128.35	83.4%	6.1x	22.4x	\$6,788	\$1,838	4.5%	27.1%
Mettler-Toledo International Inc.	MTD	\$28,963	\$1,227.61	80.7%	7.5x	24.4x	\$3,867	\$1,185	3.1%	30.7%
Waters Corporation	WAT	\$21,058	\$299.81	70.8%	6.9x	20.0x	\$3,046	\$1,055	5.9%	34.6%

Source: Capital IQ

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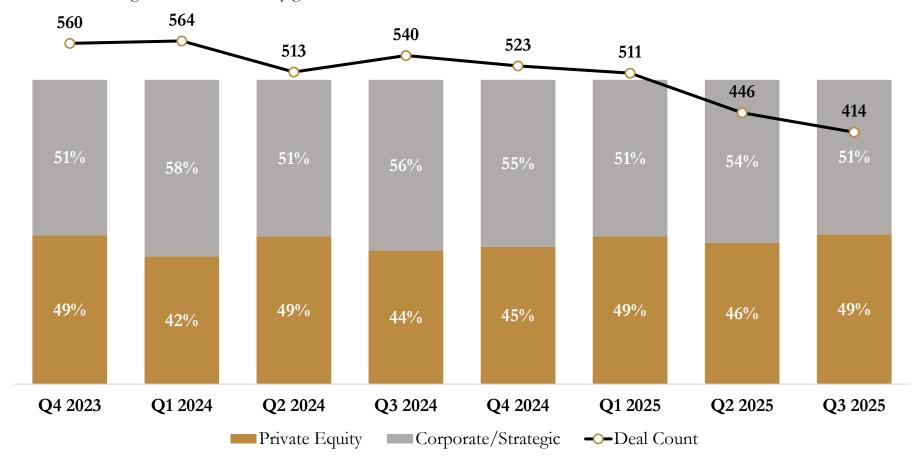
Public Market Performance

Sub-Industry Performance vs. S&P 500



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

The Healthcare M&A market continued to cool in Q3 2025, with total transactions declining to 414 – the lowest level in the observed period. Strategic acquirers maintained a slight majority at 51%, while private equity buyers accounted for 49%, reflecting a balanced but slower market. The decline in volume was driven by persistent regulatory uncertainty, reimbursement pressures, and ongoing integration challenges across provider and services platforms. Despite the slowdown, buyers remain focused on high-margin, scalable assets in healthcare technology, outsourced services, and specialty care, where structural growth and efficiency gains continue to attract investment.



Source: PitchBook

M&A TrendsRecent M&A Transactions

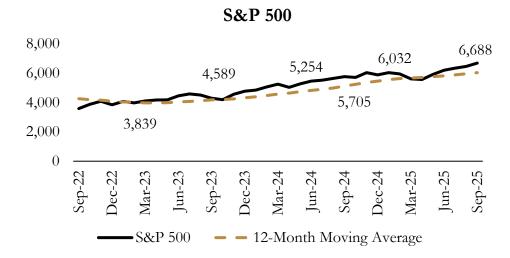
(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Apr-25	Intra-Cellular Therapies, Inc.	Johnson & Johnson Innovative Medicine	\$13,654
Jul-25	Blueprint Medicines Corporation	Sanofi	\$9,327
Sep-25	Purification Business of Solventum Corporation	Thermo Fisher Scientific Inc.	\$4,000
Aug-25	Amedisys, Inc.	Optum, Inc.	\$3,855
Jun-25	Community Oncology Revitalization Enterprise Ventures, LLC	US Oncology, Inc.	\$3,557
Jul-25	SpringWorks Therapeutics, Inc.	Merck KGaA	\$3,501
Apr-25	Patterson Companies, Inc.	Patient Square Capital, LP	\$3,482
Jun-25	HealthEdge Software, Inc.	Bain Capital Private Equity, LP	\$2,600
Jul-25	AmWiner & Raphe Holdings, LLC	Bachem Americas, Inc.	\$2,300
Aug-25	HistoSonics, Inc.	Johnson & Johnson Innovation - JJDC, Inc.; State of Wisconsin Investment	\$2,250
Jul-25	Nova Biomedical Corporation	Advanced Instruments, LLC	\$2,200
Aug-25	Capstan Therapeutics, Inc.	AbbVie Inc.	\$2,100
Jul-25	Efimosfermin alfa drug of Boston Pharmaceuticals	GSK plc	\$2,000
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
Apr-25	North Coast Medical Supply, LLC	Cardinal Health, Inc.	\$1,100
Apr-25	PRISM Vision Group	McKesson Corporation	\$1,063
Apr-25	Evergreen Theragnostics, Inc.	Lantheus Medical Imaging, Inc.	\$1,003
Jul-25	SiteOne Therapeutics, Inc.	Eli Lilly and Company	\$1,000
Jul-25	Verve Therapeutics, Inc.	Ridgeway Acquisition Corporation	\$882
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
Jul-25	Prospect Medical Systems, Inc.	Astrana Health, Inc.	\$708
Apr-25	Accolade, Inc.	Transcarent, Inc.	\$636
Apr-25	UDENYCA Franchise of Coherus BioSciences, Inc.	Intas Pharmaceuticals Limited	\$558
Jun-25	Cedar Park Health System, L.P.	Ascension Texas	\$545
Aug-25	Vigil Neuroscience, Inc.	Sanofi	\$519
May-25	Checkpoint Therapeutics, Inc.	Sun Pharmaceutical Industries Limited	\$404

Source: Capital IQ

Macroeconomic Environment

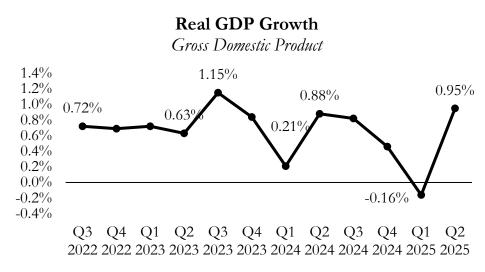
Macroeconomic Indicators



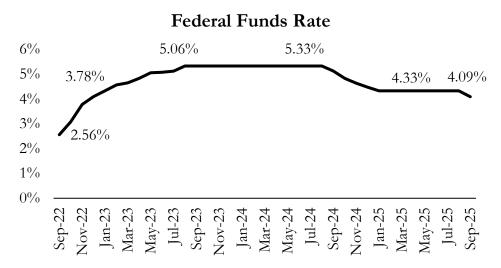
A leading equity index tracking the performance of 500 large U.S. companies.

Core PCE Personal Consumption Expenditures 5.2% 6% 5% 3.7% 3.3% 4% 2.6% 3% 2% 1% 0%Dec-22 Feb-23 **Dec-23** Apr-24 Aug-24 Jun-23 Aug-23 Oct-23 Feb-24 Jun-24 Oct-24

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



Tracks inflation-adjusted economic output, typically reported quarterly.



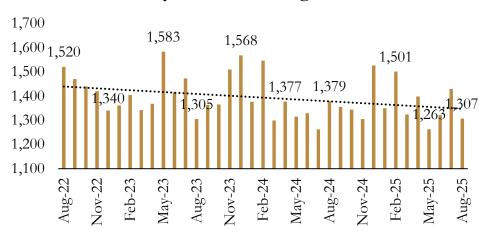
The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

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

Macroeconomic Environment

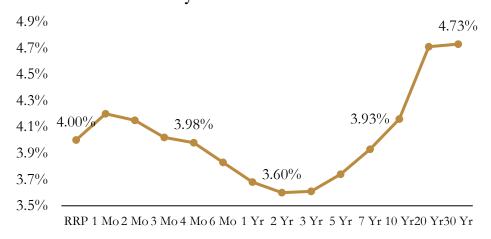
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



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

Treasury Par Yield Curve Rates



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

Manufacturing PMI

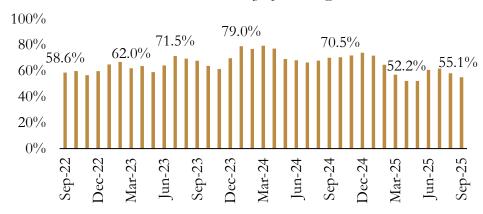
Purchasing Manager's Index



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

Consumer Sentiment

From the University of Michigan



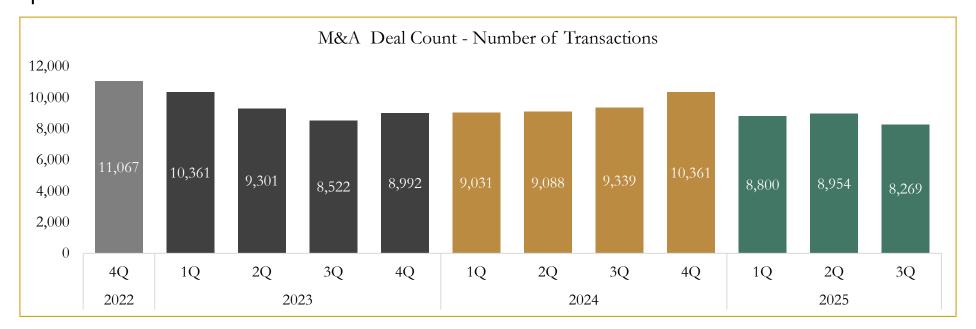
Measures consumer confidence in the economy based on monthly survey data.

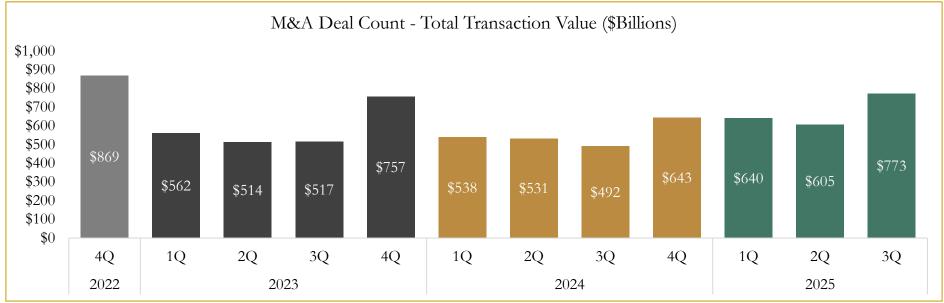
Source: St. Louis Fed – FRED Economic Data, Institute for Supply Management, ¹Figures in Thousands

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Macroeconomic Environment

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





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

Houlihan Capital

About Us

Company Overview

- Founded in 1996, Houlihan Capital is an employeeowned 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 and Transaction Advisory (i.e., Fairness Opinions) 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



