



**HOULIHAN
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Valuation & Financial Advisory | Investment Banking

**INDUSTRY UPDATE
HEALTHCARE
Q1 2026**

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Key Trends

- **AI & Digital Health Acceleration:** AI adoption in healthcare continued to outpace the broader economy in Q1 2026, with health systems leading uptake and nearly half of healthcare venture investment flowing to AI-enabled platforms. Use cases expanded across drug discovery, clinical documentation, revenue cycle automation, and ambient listening tools.
- **Workforce & Cost Pressures:** Labor shortages, wage inflation, and elevated utilization continued to compress provider margins. Operators leaned on flexible staffing models, automation, and care-setting migration to lower-cost outpatient and home-based settings to protect profitability.

Market Overview

- Healthcare M&A volumes **continued to cool** in Q1 2026 amid policy and rate uncertainty, though buyers remained active in scalable, high-growth segments such as healthcare technology, specialty care, and outsourced services.
- Healthtech venture funding climbed to **\$4.6B in Q1 2026, up ~25% YoY**, with deal counts up even faster as AI-led platforms drove the bulk of capital deployment and pushed valuations to record levels.

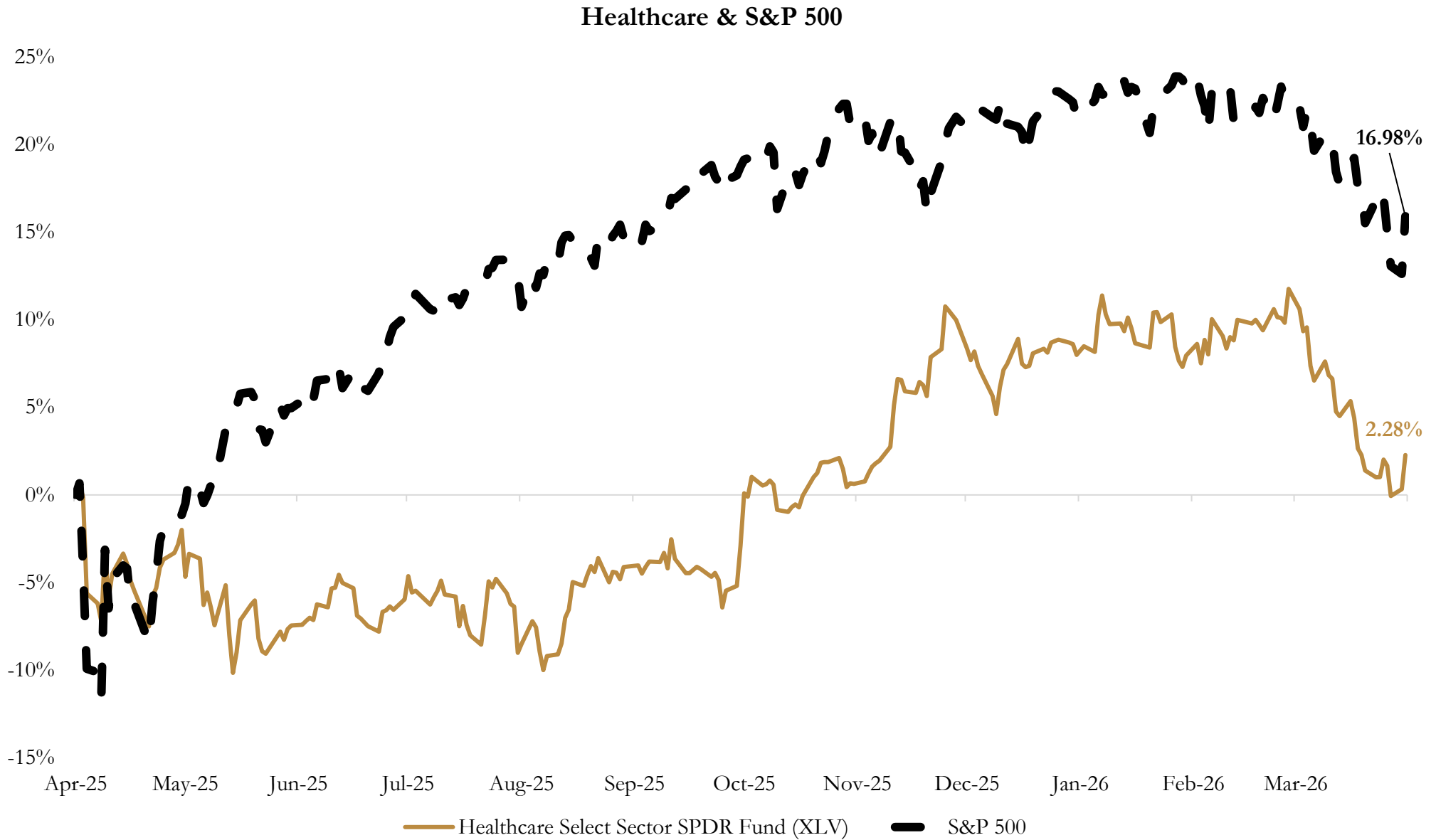
External Drivers

- The sector faced growing uncertainty as **federal health coverage programs pulled back**, insurance reimbursements came under pressure, and payers made it more difficult for providers to get paid.
- Aging demographics and rising chronic disease prevalence continue to **drive demand** for specialty care, GLP-1 therapies, and consumer-centric, digitally enabled care delivery.

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Public Market Performance

Sector ETF vs. S&P 500



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	Valuation Metrics					Financial Metrics			
		TEV	Price at 03/31/26	% 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	\$860,932	\$919.77	81.1%	13.2x	27.2x	\$65,179	\$31,693	44.7%	48.6%
Johnson & Johnson	JNJ	\$573,818	\$244.44	97.1%	6.0x	16.8x	\$96,362	\$34,105	7.9%	35.4%
AbbVie Inc.	ABBV	\$417,822	\$217.49	88.8%	6.8x	14.3x	\$61,160	\$29,254	8.6%	47.8%
Merck & Co., Inc.	MRK	\$314,850	\$120.29	96.1%	4.8x	10.8x	\$65,011	\$29,105	1.3%	44.8%
Amgen Inc.	AMGN	\$232,994	\$351.85	89.9%	6.3x	14.0x	\$36,751	\$16,617	10.0%	45.2%
Pfizer Inc.	PFE	\$206,798	\$28.08	99.2%	3.3x	8.0x	\$62,579	\$25,718	-1.6%	41.1%
Gilead Sciences, Inc.	GILD	\$177,828	\$139.37	88.6%	6.0x	12.2x	\$29,443	\$14,577	2.4%	49.5%
Bristol-Myers Squibb Company	BMJ	\$156,205	\$60.65	96.4%	3.2x	8.2x	\$48,194	\$19,116	-0.2%	39.7%
Vertex Pharmaceuticals Incorporated	VRTX	\$101,041	\$446.54	87.4%	8.4x	20.8x	\$12,001	\$4,866	8.9%	40.5%
Regeneron Pharmaceuticals, Inc.	REGN	\$60,721	\$772.64	94.1%	4.2x	14.3x	\$14,343	\$4,246	1.0%	29.6%
Healthcare Providers, Services, & Payers										
UnitedHealth Group Incorporated	UNH	\$387,299	\$270.59	44.6%	0.9x	17.9x	\$447,567	\$21,625	11.8%	4.8%
CVS Health Corporation	CVS	\$167,473	\$71.82	84.3%	0.4x	11.5x	\$399,834	\$14,625	7.9%	3.7%
HCA Healthcare, Inc.	HCA	\$156,187	\$473.24	85.0%	2.1x	10.1x	\$75,600	\$15,488	7.1%	20.5%
McKesson Corporation	MCK	\$108,545	\$865.36	86.6%	0.3x	18.3x	\$397,958	\$5,928	15.5%	1.5%
The Cigna Group	CI	\$95,320	\$266.75	76.2%	0.3x	7.9x	\$274,900	\$12,047	11.2%	4.4%
Elevance Health, Inc.	ELV	\$93,598	\$292.75	63.8%	0.5x	11.0x	\$200,416	\$8,541	9.4%	4.3%
Cencora, Inc.	COR	\$68,314	\$314.14	83.2%	0.2x	13.8x	\$325,778	\$4,962	7.4%	1.5%
Cardinal Health, Inc.	CAH	\$53,627	\$211.31	90.5%	0.2x	14.0x	\$244,673	\$3,823	10.1%	1.6%
Humana Inc.	HUM	\$35,250	\$173.39	55.0%	0.3x	9.9x	\$129,664	\$3,569	10.1%	2.8%
Centene Corporation	CNC	\$19,522	\$32.74	49.6%	0.1x	7.6x	\$176,151	\$2,561	19.7%	1.5%

Source: Capital IQ

2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

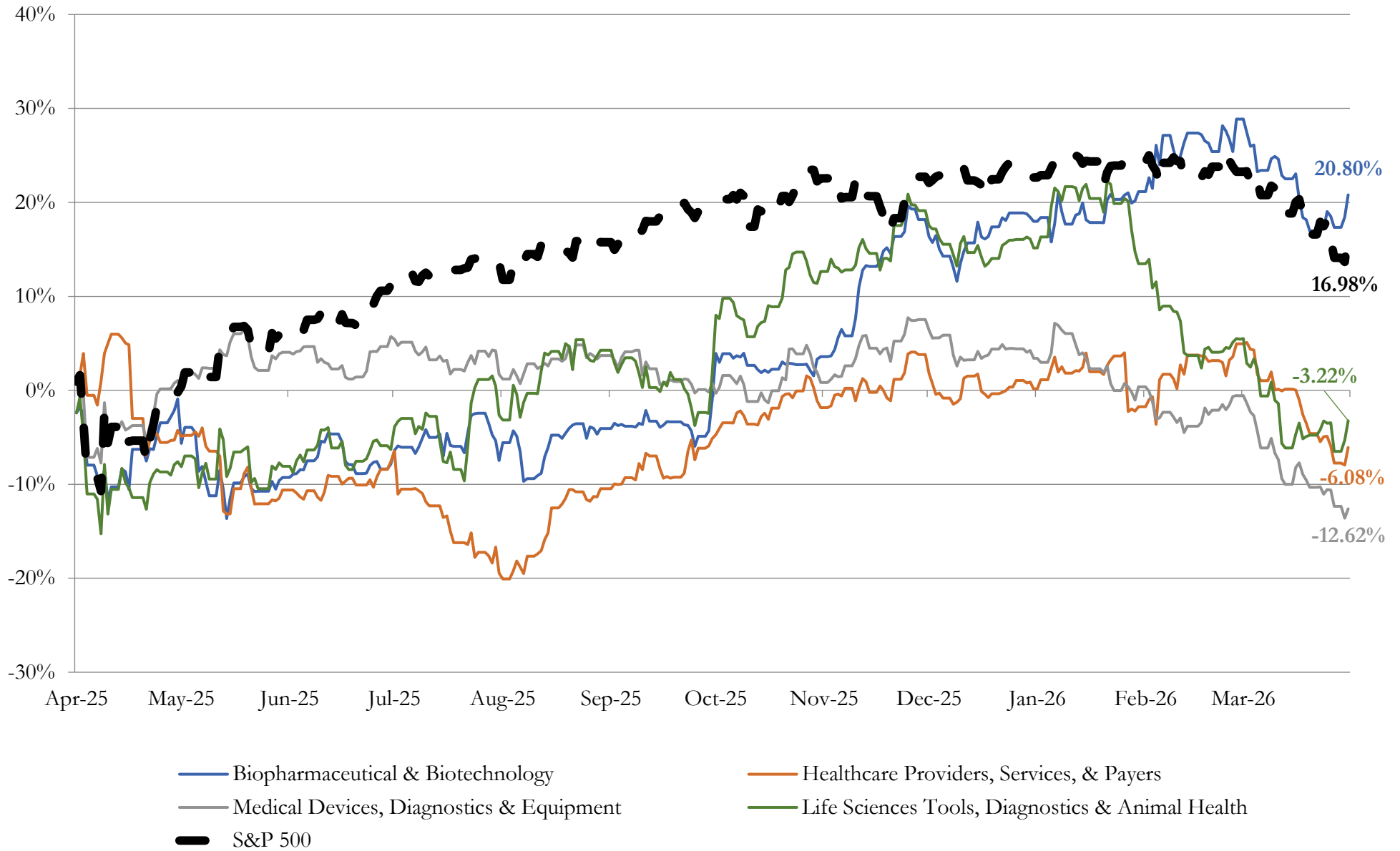
Company Name	Ticker	Valuation Metrics					Financial Metrics			
		TEV	Price at 03/31/26	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Medical Device, Diagnostics & Equipment										
Abbott Laboratories	ABT	\$165,548	\$102.67	73.8%	3.7x	13.6x	\$45,134	\$12,152	6.6%	26.9%
Intuitive Surgical, Inc.	ISRG	\$163,788	\$460.99	76.3%	15.5x	42.5x	\$10,582	\$3,853	21.4%	36.4%
Stryker Corporation	SYK	\$138,396	\$328.59	81.2%	5.5x	19.9x	\$25,116	\$6,949	11.2%	27.7%
Medtronic plc	MDT	\$126,600	\$86.65	81.5%	3.6x	13.4x	\$35,484	\$9,440	6.9%	26.6%
Boston Scientific Corporation	BSX	\$106,654	\$62.75	57.3%	5.2x	19.7x	\$20,614	\$5,427	17.4%	26.3%
Becton, Dickinson and Company	BDX	\$63,108	\$157.23	68.7%	2.9x	10.4x	\$21,924	\$6,042	6.2%	27.6%
Edwards Lifesciences Corporation	EW	\$43,477	\$80.08	91.1%	7.2x	24.2x	\$6,068	\$1,795	11.5%	29.6%
GE HealthCare Technologies Inc.	GEHC	\$38,761	\$71.18	79.3%	1.9x	10.6x	\$20,625	\$3,642	4.8%	17.7%
ResMed Inc.	RMD	\$31,635	\$224.48	76.4%	5.9x	15.6x	\$5,398	\$2,025	9.6%	37.5%
DexCom, Inc.	DXCM	\$23,866	\$62.80	69.8%	5.1x	20.5x	\$4,662	\$1,164	15.6%	25.0%
STERIS plc	STE	\$23,568	\$221.13	82.1%	4.0x	15.0x	\$5,828	\$1,575	8.0%	27.0%
Insulet Corporation	PODD	\$13,697	\$209.84	59.1%	5.1x	24.3x	\$2,708	\$564	30.7%	20.8%
Life Sciences Tools, Diagnostics & Animal Health										
Thermo Fisher Scientific Inc.	TMO	\$222,389	\$491.53	76.3%	5.0x	20.0x	\$44,556	\$11,138	3.9%	25.0%
Danaher Corporation	DHR	\$144,249	\$189.60	78.1%	5.8x	18.2x	\$24,778	\$7,935	4.0%	32.0%
Zoetis Inc.	ZTS	\$56,420	\$118.21	68.6%	6.0x	13.9x	\$9,467	\$4,066	2.3%	42.9%
IDEXX Laboratories, Inc.	IDXX	\$46,732	\$561.89	73.0%	10.9x	31.0x	\$4,304	\$1,505	10.4%	35.0%
IQVIA Holdings Inc.	MRK	\$43,703	\$170.54	69.0%	2.7x	14.9x	\$16,310	\$2,938	1.3%	44.8%
Agilent Technologies, Inc.	A	\$35,837	\$113.98	71.1%	5.1x	18.2x	\$7,065	\$1,971	8.1%	27.9%
Waters Corporation	WAT	\$33,781	\$297.80	71.9%	10.7x	30.9x	\$3,165	\$1,094	7.0%	34.6%
Mettler-Toledo International Inc.	MTD	\$28,725	\$1,261.20	82.7%	7.1x	23.7x	\$4,026	\$1,212	4.0%	30.1%

Source: Capital IQ

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Public Market Performance

Sub-Industry Performance vs. S&P 500



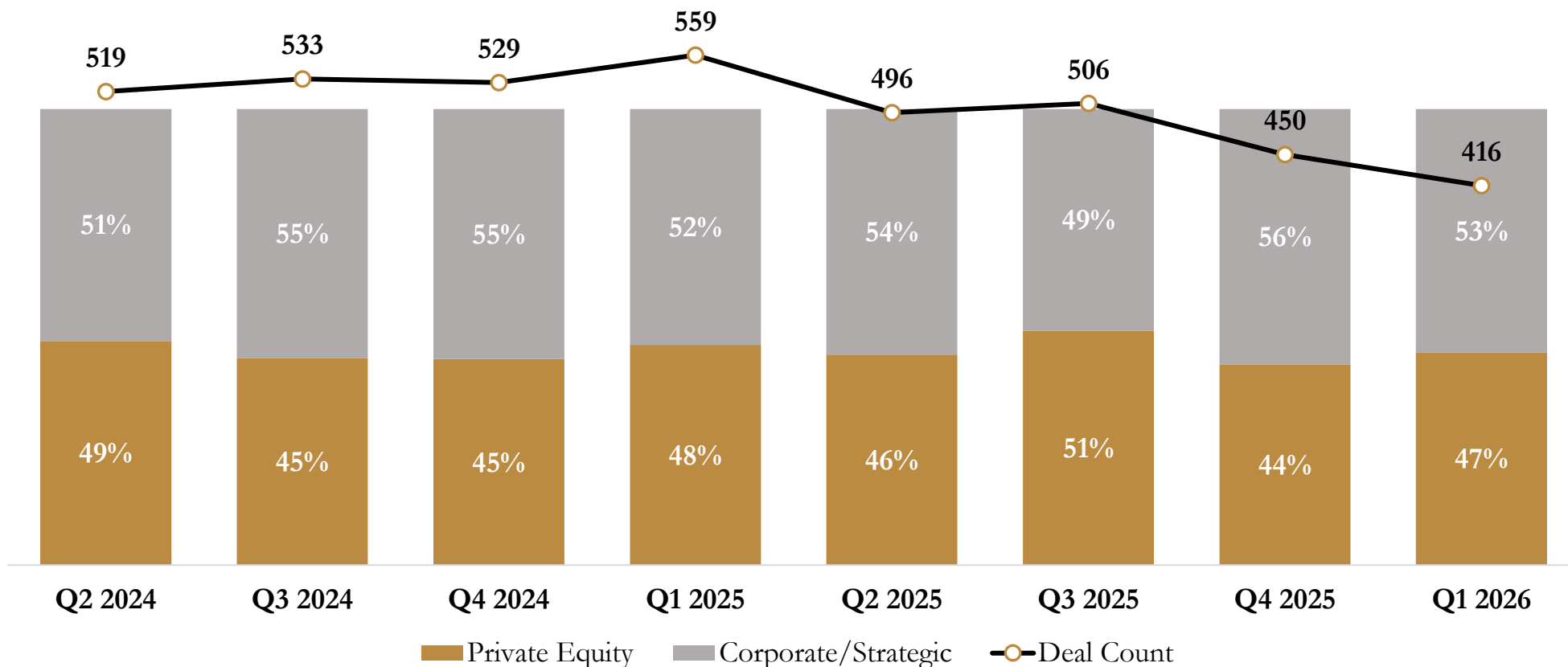
Source: Capital IQ

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M&A Trends

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

The Healthcare M&A market continued to cool in Q1 2026, with total transactions declining to 416 – the lowest level in the observed period and down 8% from the prior quarter. Corporate/strategic acquirers maintained a slight majority at 53%, while private equity buyers accounted for 47%, reflecting a broadly consistent buyer mix quarter over quarter. Even amid slower activity, buyers are concentrating on high-growth, scalable healthcare segments such as technology, specialty care, and outsourced services, seeking assets that deliver efficiency, recurring revenue, and resilience in a complex regulatory environment.



Source: PitchBook

Note: Transaction data reflects completed U.S. transactions involving Strategic M&A, PE-backed Companies, and Buyout/LBO platform transactions

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M&A Trends

Recent M&A Transactions

(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Mar-26	Exact Sciences Corporation	Abbott Laboratories	\$22,537
Feb-26	Avidity Biosciences, Inc.	Novartis AG	\$10,270
Mar-26	Clario	Thermo Fisher Scientific Inc.	\$9,400
Nov-25	Metsera, Inc.	Pfizer Inc.	\$9,365
Jan-26	Cidara Therapeutics, Inc.	Merck Sharp & Dohme LLC	\$8,837
Feb-26	OneOncology, LLC	Cencora, Inc.	\$7,400
Dec-25	Akero Therapeutics, Inc.	Novo Nordisk A/S	\$4,124
Dec-25	Halda Therapeutics Inc.	Johnson & Johnson	\$3,050
Nov-25	Premier, Inc.	Patient Square Capital, LP	\$2,703
Oct-25	89bio, Inc.	Roche Holding AG	\$2,517
Mar-26	RAPT Therapeutics, Inc.	GlaxoSmithKline LLC	\$1,717
Feb-26	Dynavax Technologies Corporation	Sanofi	\$1,567
Jan-26	Semler Scientific, Inc.	Strive Asset Management, LLC	\$1,531
Feb-26	ArthroSi Therapeutics, Inc.	Swedish Orphan Biovitrum AB (publ)	\$1,500
Dec-25	Orbital Therapeutics, Inc.	Bristol-Myers Squibb Company	\$1,500
Oct-25	Tourmaline Bio, Inc.	Novartis AG	\$1,142
Oct-25	Iodine Software, LLC	Waystar Holding Corp.	\$1,090
Mar-26	Ventyx Biosciences, Inc.	Eli Lilly and Company	\$909
Nov-25	Halozyme Hypercon, Inc.	Halozyme Therapeutics, Inc.	\$900
Dec-25	Acera Surgical, Inc.	Solventum Corporation	\$850
Mar-26	Res-Care, Inc.	National Mentor Holdings, Inc.	\$835
Jan-26	Bluejay Therapeutics, Inc.	Mirum Pharmaceuticals, Inc.	\$806
Feb-26	Tennova Healthcare - Clarksville/Certain ancillary businesses located in	Vanderbilt University Medical Center	\$779
Oct-25	ZimVie Inc.	ArchiMed SAS	\$743
Jan-26	Medical Manufacturing Technologies, LLC	Perimeter Solutions North America Inc.	\$685
Oct-25	Monogram Technologies Inc.	Zimmer Biomet Holdings, Inc.	\$678
Oct-25	Performant Healthcare, Inc.	Machinify, Inc.	\$667
Nov-25	Surmodics, Inc.	GTCR LLC	\$616
Jan-26	Astria Therapeutics, Inc.	BioCryst Pharmaceuticals, Inc.	\$577
Oct-25	Summa Health System, Inc.	Health Assurance Transformation LLC	\$515

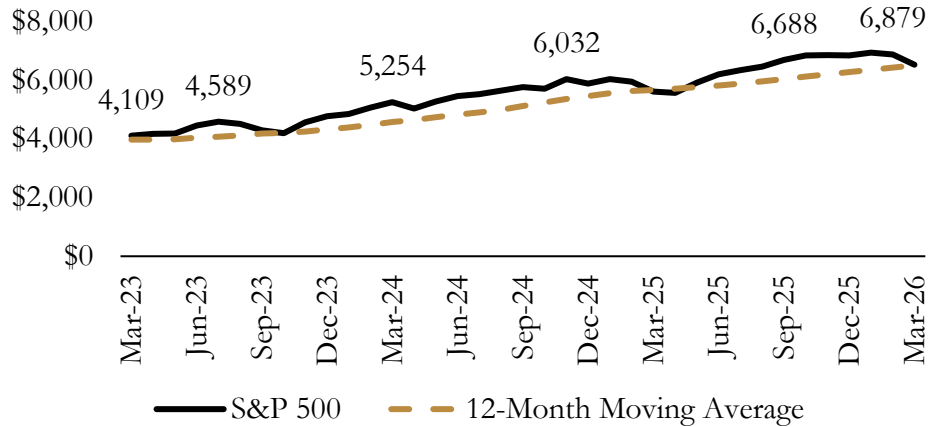
Source: Capital IQ

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Macroeconomic Environment

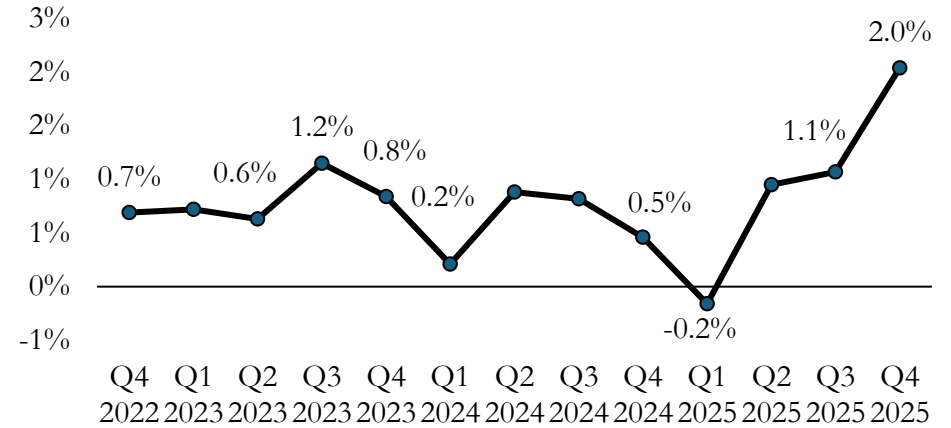
Macroeconomic Indicators

S&P 500



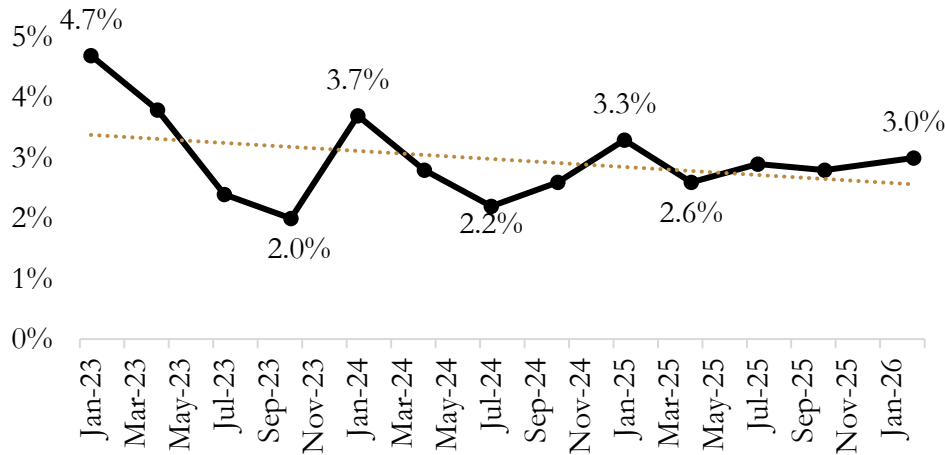
A leading equity index tracking the performance of 500 large U.S. companies.

Real GDP Growth



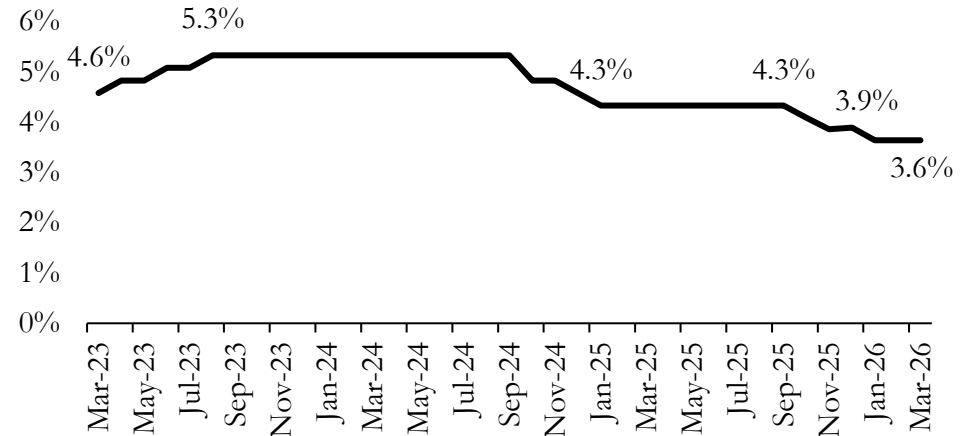
Tracks inflation-adjusted economic output, typically reported quarterly.

Core PCE



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.

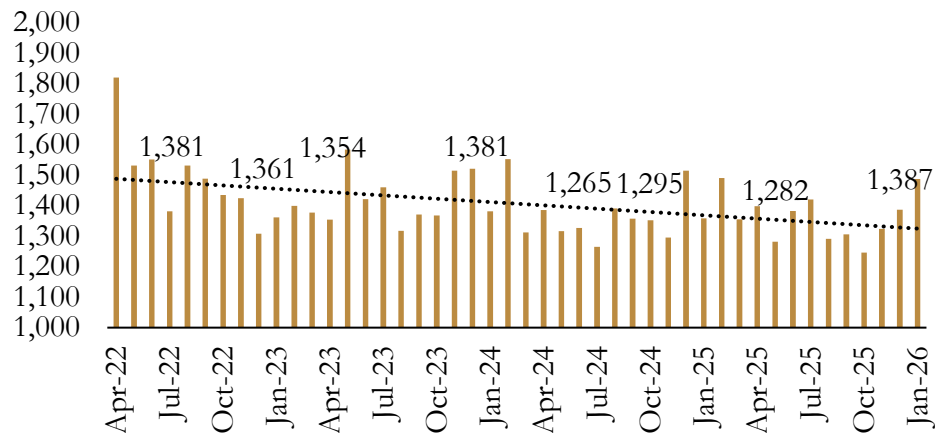
Source: Capital IQ, St. Louis Fed – FRED Economic Data

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Macroeconomic Environment

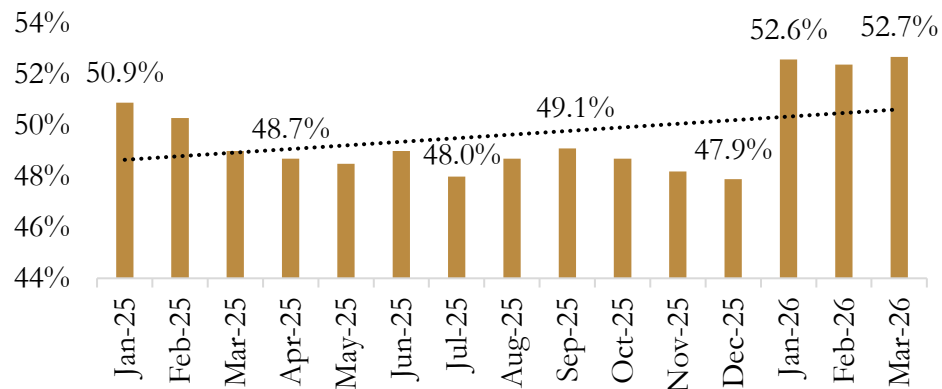
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



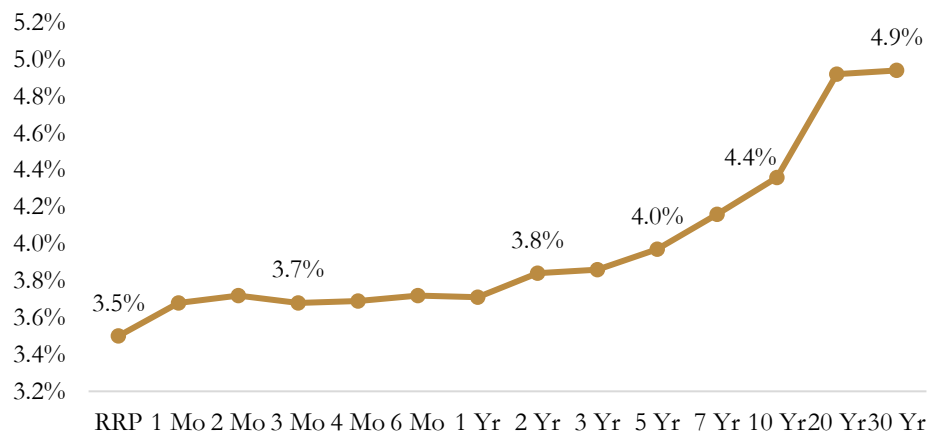
Measures the number of new residential construction projects begun each month.

Manufacturing PMI *Purchasing Manager's Index*



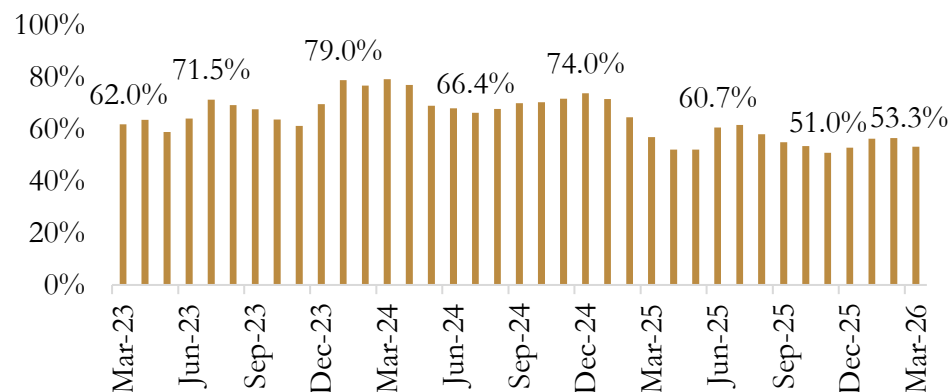
A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Treasury Par Yield Curve Rates



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

Consumer Sentiment *From the University of Michigan*



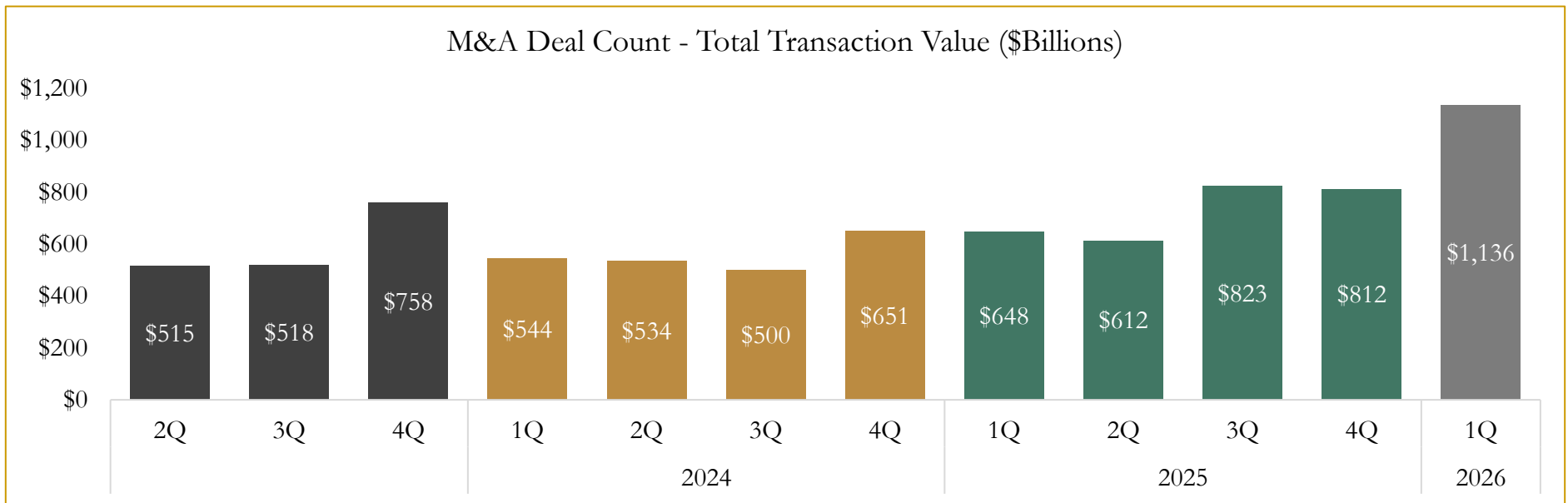
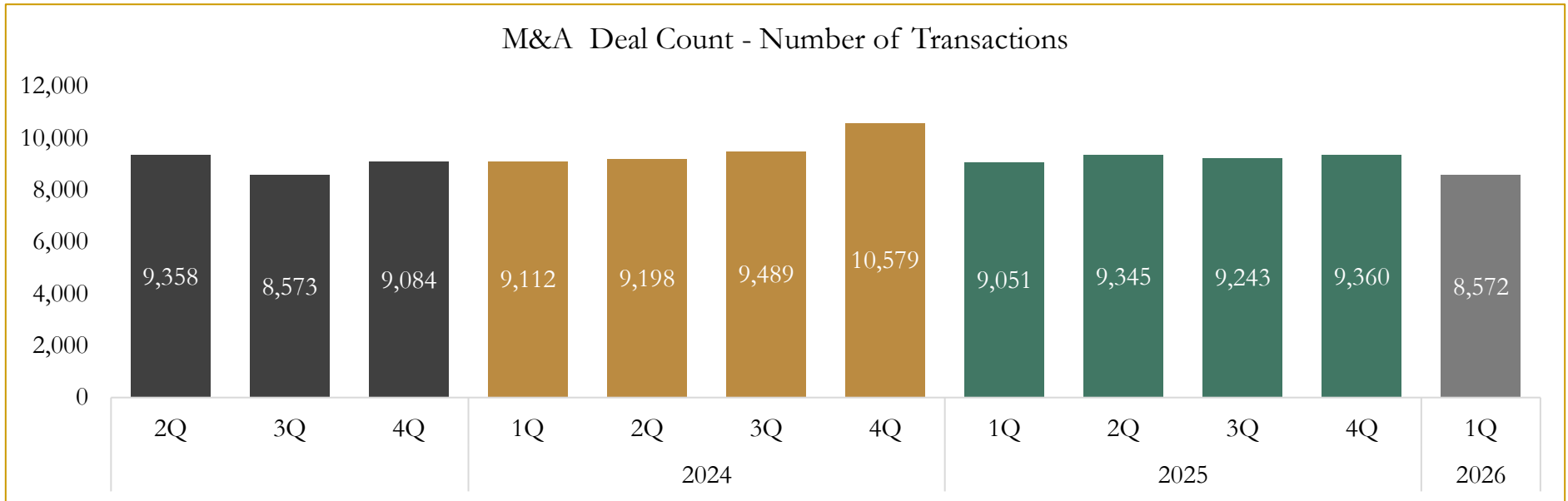
Measures consumer confidence in the economy based on monthly survey data.

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

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Macroeconomic Environment

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

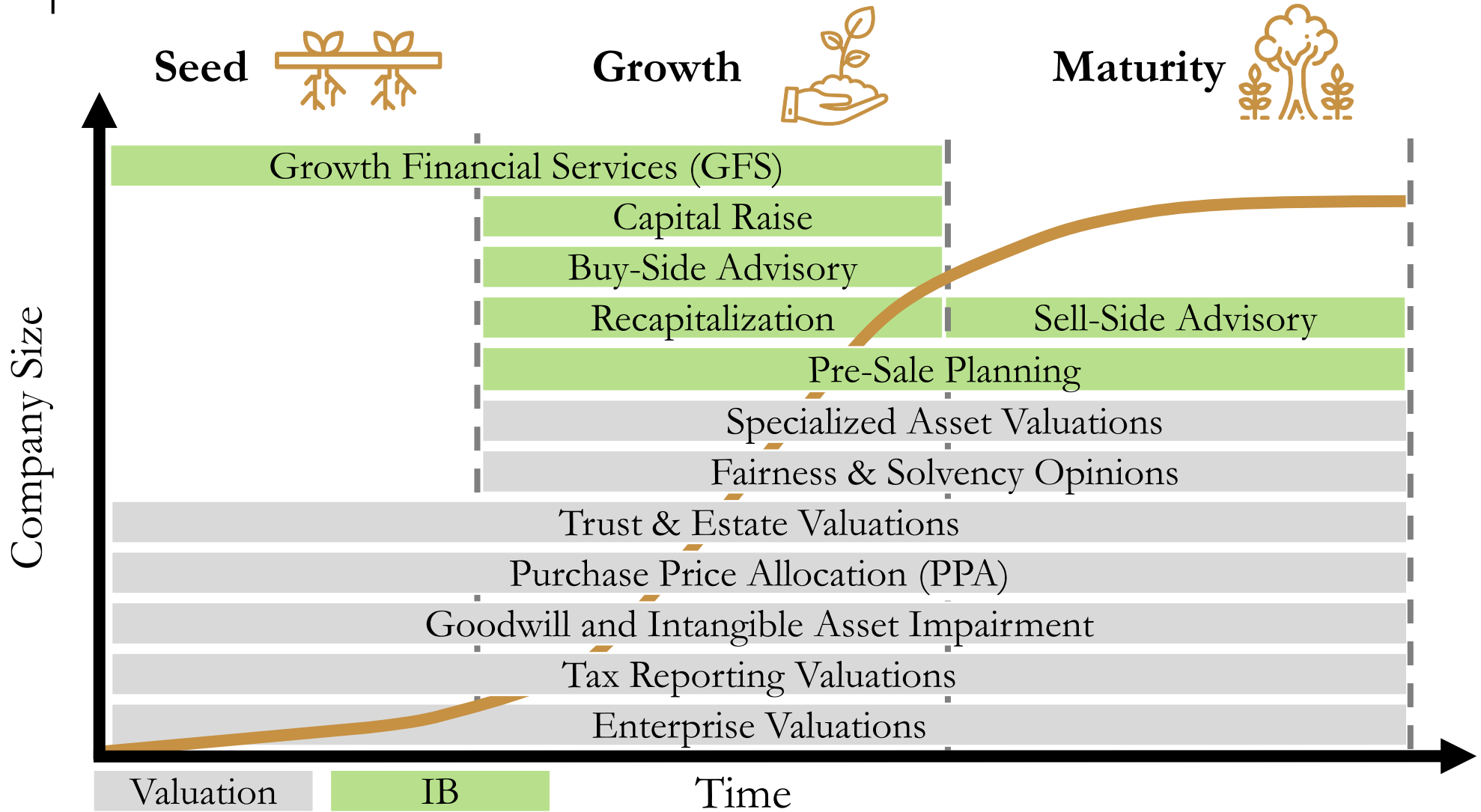


Source: Capital IQ; Data derived from M&A activity over the past three years. Q1 2026 consisted of 22 megadeals valued at over \$10 billion each

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Houlihan Capital

Houlihan's Services Along the Business Lifecycle



For questions or inquiries regarding our services, please contact:

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Houlihan Capital

About Us

Houlihan Capital is an employee-owned valuation, financial advisory and investment banking firm with expertise dating back to 1996. With a team of senior-level professionals, the firm serves business owners, institutional clients, and their trusted advisors across complex transactions and specialized industries.

Houlihan Capital is SOC-compliant, a FINRA and SIPC member, and committed to the highest levels of professional ethics and standards.

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- **Portfolio Valuation (ASC 820)**
- **Complex & Illiquid Securities (Level 3)**
- **Cryptoasset /Blockchain Valuations**
 - Locked Token Valuations
- **Enterprise Valuations**
- **Fairness & Solvency Opinions**
 - SPAC Fairness Opinions
- **Estate & Gift Valuations**
- **Purchase Price Allocation (ASC 805)**
- **Goodwill Impairment Testing (ASC 350)**
- **Stock-based Compensation (ASC 718, IRC 409A)**

Investment Banking

- **Mergers & Acquisitions**
 - Sell-Side Advisory
 - Sale of Minority Ownership Positions
 - Leveraged Buyouts
 - Majority Recapitalizations
 - Corporate Divestitures
- **Growth Financial Services**
 - Financial Modeling
 - Investor Presentation
 - Valuation Analysis
 - Strategic Advisory

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