2025 mid-year outlook

Global M&A trends in health industries

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How are health industries dealmakers preparing for the M&A triple threat?

By Christian K. Moldt and Jaymal Patel

The prospect of tariffs, pricing reforms and longer approval times will test the resolve of health industries dealmakers in the second half of 2025.

The resilience and adaptability of health industries dealmakers will be tested in the second half of 2025 as macroeconomic headwinds, regulatory changes and geopolitical tensions converge.

While we began 2025 with measured optimism for dealmaking across biopharma, medtech, healthcare services and health tech, the outlook for the sector has become increasingly complex. In particular, global pharma companies with significant operations in the US are facing greater uncertainty, with the potential for lower profits from a trifecta of changes in the offing:

> **Tariffs:** The implications of yet-to-be-announced tariffs on imported pharmaceuticals and the potential revocation of longstanding duty-free treatment for medical and life sciences products are affecting valuations and deal modelling assumptions. Based on our estimates, these new measures could potentially **increase annual tariffs on the sector from $0.5bn to $63bn.**
>
> **Drug pricing:** Proposed drug pricing reforms in the US stemming from a new **Most Favored Nation (MFN)** pricing executive order may result in global reference pricing for US drugs.
>
> **Regulations:** The sector faces ongoing regulatory shake-ups at the FDA, which may result in extended drug approval timelines.

Broader macroeconomic factors, including higher bond yields on top of these sector-specific changes, are also a dampener for health industries dealmakers, given that such factors could lower returns on investment.

In the shadow of this complexity, deal volumes and values have dropped in the first half of 2025. In early January, Johnson & Johnson's announced $14.6bn acquisition of Intra-Cellular Therapies sparked optimism for a broader rebound in the sector of deals valued at more than $10bn, but this optimism has largely faded—with larger deals now expected to be in the $1bn–$10bn range in the second half of 2025. The imperative to find new opportunities in a rapidly evolving health landscape continues to underpin M&A activity in the sector. Among other deal activity this year to date, we continue to see biopharma companies carrying out their 'string of pearls' strategies, acquiring early- to mid-stage innovation to fill future drug pipeline gaps and capability gaps.

Strategic reviews triggered by the Trump administration's recent tariff escalation are high priorities for dealmakers and CEOs, and the policy uncertainty more broadly is leading to a reshaping of valuation models. The valuation gap may widen between high-quality, IP-protected assets and those with vulnerable pricing structures. Meanwhile, supply chain restructuring is front of mind, with many firms modelling tariff-adjusted cost-of-goods, earnings-per-share and compliance scenarios.

In this unpredictable landscape, strategic and financial buyers alike are reevaluating M&A strategies to reflect heightened due diligence standards, valuation uncertainty and risk-adjusted investment returns. While public markets remain volatile, bold dealmakers who focus on what they can control, apply sector insight, undertake rigorous scenario planning and act with agility will be well positioned to capitalise on new opportunities.

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> 'Success in today's volatile market comes down to speed and ability to adapt. Health industries dealmakers who proactively model multiple value creation scenarios will be best positioned to navigate uncertainty, act with conviction and capture value'.

Jaymal Patel, Global Health Industries Deals Leader, PwC UK

Spotlight on:

Using M&A to move from 'health industries' to the 'how we care' domain

Global megatrends, including AI and climate change, are rapidly reshaping our healthcare systems. The emerging 'how we care' domain discussed in our recent **Value in Motion** research emphasises that to be successful, traditional healthcare companies must reframe their roles from transactional service providers operating in distinct fields to holistic care enablers. This entails embedding digital capabilities and new scientific breakthroughs that support prevention, early intervention and patient self-management. In this new paradigm, health tech is not just about digitalising legacy processes but about enabling an evolving standard of consumer-centric, connected care.

Some recent deals underscore this shift. Companies are targeting scalable health tech platforms that enable automation, interoperability and value-based care. ActiGraph's acquisition of Biofourmis' life sciences unit brings advanced remote patient monitoring and wearable data into its decentralised clinical trial stack, expanding the company's role in digital biomarkers. TELUS Health announced its $500m acquisition of Workplace Options, a global provider of remote wellness and telehealth solutions, furthering its ambition to be a category leader in virtual care. Lens maker EssilorLuxottica announced a deal to buy Optegra, an AI-focused ophthalmology platform, highlighting its medtech strategy to bring eyecare, advanced diagnostics, therapeutic interventions and surgical treatments together in one platform.

These and other deals highlight a growing convergence of sectors, especially the heightened role of technology in health care. For dealmakers, cross-domain transactions involving health industries, technology and other sectors are likely to be a new focus in the coming months and years.

> ‘Global forces like AI and shifting demographics are fundamentally redefining the healthcare landscape. For dealmakers, this means looking beyond traditional sector boundaries toward opportunities that fuse science, technology and consumer-centric care models. The next wave of M&A will be driven by those who can spot value in motion and move decisively to capture it—helping shape the next decade of global health’.
>
> **Christian K. Moldt**, EMEA Health Industries Leader, Partner, PwC Germany

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Key M&A themes for health industries in 2025

Below we outline the key themes we expect to drive M&A activity in health industries during the second half of 2025.

String-of-pearls approach to biopharma

Dealmakers navigate the policy crosswinds: Tariffs, timelines and global pricing

Alternative dealmaking: Risk-shared, innovation-fuelled

Portfolio reviews: Divesting non-core and low-growth assets

Health industries portfolio companies remain in the waiting room

Tech and AI drive competition

Global M&A volumes and values in 2025

Health industries deal volumes and values, H1’19-H1’25e

Click on the tabs below to view deal volumes and values by region.

Global | Asia Pacific | EMEA | Americas

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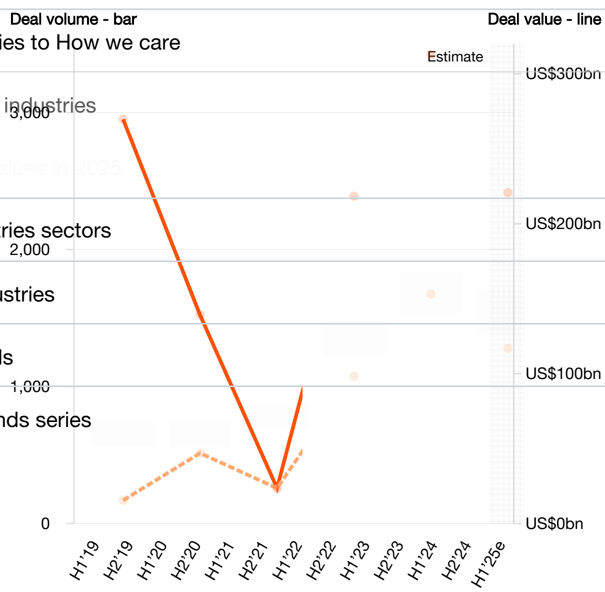
Pharma and life sciences Health services Deal value ~~Deal value (excluding megadeals)~~



Note: To facilitate meaningful comparisons with prior half-yearly periods, the data for the first half of 2025 (H1’25e) is an estimate based on the first five months of the year, extrapolated to represent a six-month period. Refer to the “about the data” note below for further information.
Sources: LSEG and PwC analysis

Global M&A volumes and values in health industries declined between the first half of 2024 and the first half of 2025 by approximately 22% and 25%, respectively. Pharma and life sciences deal volumes decreased by approximately 19%, but values decreased more significantly, by 33%, due to a decrease in average deal size. Healthcare services deal volumes declined by approximately 25%, whereas deal values increased by approximately 50%. In the first half of 2024, there were no healthcare deals announced greater than $1bn in value, which affected the overall deal values in that period. Since then, both the second half of 2024 and the first half of 2025 have seen a higher number of deals with a value of more than $1bn.

Regionally, the Americas saw the largest declines in deal volumes and values in the first half of 2025, resulting in lost market share that was primarily picked up by Europe, the Middle East and Asia (EMEA).

Global M&A trends in health industries

narma and life sciences

Biopharma M&A volumes will remain resilient, driven by a need to offset patent cliffs and secure innovation externally, though deals valued more than $10bn are considered less likely in the face of current policy uncertainty. We expect most activity will be in the $1bn–$10bn range, supported by the ‘string of pearls’ strategy employed by several major players. However, the outlook is complicated by MFN pricing policy, IRA implementation, and trade-related and regulatory disruptions.

US pharma firms now face pressure to match or fall below global reference prices, complicating deal models and increasing uncertainty in commercial forecasts. Companies outside the US must weigh the trade-offs of price increases abroad, market exits and potential US enforcement. Meanwhile, **licencing deals with China**, which have grown in strategic importance as China becomes a major biopharma player, have drawn heightened diligence as regulators and lawmakers scrutinise national security risks.

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Despite these challenges, the innovation cycle continues to attract capital, particularly for oncology, rare diseases, and cell and gene therapy. Valuations remain compressed in biotech, with many public companies trading below cash. As noted earlier, firms are also modelling IP location shifts and new customs valuation strategies in anticipation of tariff exposure.

Healthcare services

As noted in our Spotlight, health services technology companies that advance value-based care, digital engagement or personalised preventive care are attracting significant M&A interest from institutional and PE dealmakers alike. Labor cost pressures and reimbursement uncertainty are leading firms to look for M&A targets that will enable cost efficiency, cash collection improvement and patient engagement. Meanwhile, companies from outside the industry are looking to extend their reach into healthcare, such as tech companies pursuing wearable devices and remote health monitoring solutions. This activity is all in pursuit of a more holistic and efficient approach to healthcare delivery.

Healthcare providers are working through regulatory uncertainty about MFN, Medicare and Medicaid reimbursement in the US, and tariff-related cost pass-throughs, which has made diligence and revenue modelling more complex, slowing some transactions.

M&A outlook for health industries in the second half of 2025

The dealmaking environment in the second half of 2025 will be defined by recalibration and readiness. Companies with strong balance sheets and dealmakers who have clear strategic priorities and have undertaken robust scenario planning are best positioned to act amid uncertainty. While headwinds persist, from trade and tariff risks to pricing reforms and capital costs, M&A remains an essential tool to drive innovation, resilience and transformation.

About the data

About the authors

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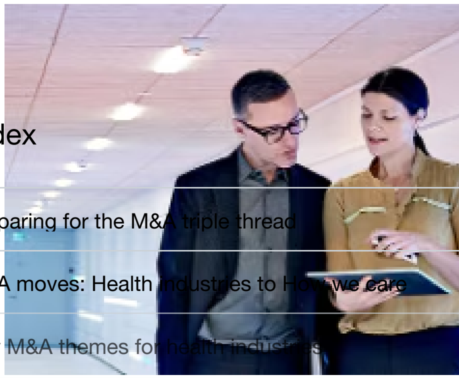

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Surprise, surprise: Winning M&A strategies for turbulent times

Future of Health

Strategy& has analyzed how BioPharma companies must reinvent their business models to succeed in the emerging LIFEcare ecosystem.

Pharmaceutical and life sciences insights

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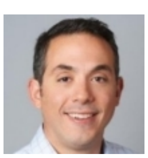

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