

US Healthcare Sector M&A & Valuation TLDR - 2025-10-29

US Healthcare Sector

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1. 30-Second TL;DR

- The US healthcare market shows resilience amid rising operational costs and evolving demand, with strong growth in pharmaceuticals, biotech, and digital health.
- The average EV/EBITDA multiple for the sector is 18.5x, with biotech leading at 25.1x and digital health at 28.5x.
- Key challenges include rising medical costs and regulatory scrutiny, particularly affecting insurers like Molina Healthcare.

2. 1-Minute TL;DR

- The US healthcare sector is navigating challenges and opportunities, with strong growth in pharmaceuticals, biotech, and digital health, while traditional health insurance faces headwinds.
- The average EV/EBITDA multiple across the sector is 18.5x, with biotech at 25.1x and digital health at 28.5x, indicating investor interest in high-growth areas.
- Rising medical costs, exemplified by Molina Healthcare's high medical care ratio, and regulatory scrutiny are significant concerns for insurers.
- The banking pipeline is active, with notable deals in oncology and mental health, expected to generate approximately \$30 million in fees.

3. 2-Minute TL;DR

- The US healthcare market is characterized by resilience and growth, particularly in pharmaceuticals, biotech, and digital health. The average EV/EBITDA multiple stands at 18.5x, with biotech leading at 25.1x and digital health at 28.5x, reflecting strong investor interest in these sectors.
- Key drivers include strong demand for medical services due to an aging population and technological innovations like AI and telemedicine. However, rising medical costs, as seen in Molina Healthcare's increased medical care ratio of 92.6%, pose risks to profitability for insurers.

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- The banking pipeline is robust, with live deals such as Onward Therapeutics advancing its oncology program and BioMarin Pharma divesting gene therapy assets, expected to generate around \$30 million in fees.
- Stakeholders, including shareholders and employees, will be impacted by M&A activities, with potential for value creation and operational synergies, but also risks of dilution and job cuts.
- Overall, the healthcare sector presents both challenges and opportunities, with strategic focus on high-growth areas and technological advancements essential for success.