

US Healthcare Sector M&A & Valuation TLDR - 2025-11-23

US Healthcare Sector

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1. 30-Second TL;DR

- The US healthcare sector is experiencing cautious optimism, driven by technological advancements and evolving patient needs.
- Key subsectors like pharmaceuticals and biotech show strong growth potential, with average EV/EBITDA multiples of 18.5x, notably higher for biotech at 25.1x.
- Recent M&A activity includes Alkermes acquiring Avadel Pharmaceuticals and Harrow's acquisition of Melt Pharmaceuticals, indicating a trend towards consolidation and innovation in healthcare services.

2. 1-Minute TL;DR

- The healthcare market is navigating a landscape of cautious optimism, influenced by technological advancements and regulatory scrutiny. Key subsectors like pharmaceuticals and biotech are thriving, with the average EV/EBITDA multiple at 18.5x; biotech commands a premium at 25.1x.
- Notable M&A activity includes Alkermes' acquisition of Avadel Pharmaceuticals, enhancing its CNS treatment portfolio, and Harrow's acquisition of Melt Pharmaceuticals, expanding its ophthalmic offerings.
- The digital health market is booming, projected to reach \$258.22 billion by 2033, as companies adopt AI solutions to improve patient care.
- Investors should focus on high-growth areas while monitoring regulatory developments, as the sector is poised for continued consolidation.

3. 2-Minute TL;DR

- The US healthcare sector is characterized by cautious optimism, driven by technological advancements and evolving patient needs. The average EV/EBITDA multiple for the sector is approximately 18.5x, with biotech leading at 25.1x due to its rapid growth and innovation.
- Recent M&A activity highlights this trend, with Alkermes acquiring Avadel Pharmaceuticals for \$22.50 per share to enhance its CNS treatment portfolio, and Harrow completing its acquisition of Melt

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Pharmaceuticals to bolster its ophthalmic disease management capabilities.

- The digital health market is projected to grow significantly, reaching \$258.22 billion by 2033, as companies increasingly adopt AI solutions to enhance diagnostics and patient management.
- Key drivers include technological advancements and increased investment in biotech and digital health, while headwinds consist of regulatory scrutiny and economic uncertainties.
- Investors are advised to focus on high-growth sectors, monitor regulatory changes, and consider current valuation metrics when making investment decisions, as the healthcare landscape continues to evolve with significant M&A activity expected.