

US Healthcare Sector M&A & Valuation Brief - 2025-11-18

US Healthcare Sector

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1. RECENT Healthcare M&A ACTIVITY

Deal 1: Profound Medical Corp. Exclusive Distribution Agreement

[Profound Medical Inks Exclusive Distribution Agreement for TULSA-PRO and Sonalieve with Al Faisaliah Medical Systems](#)

- Deal Size: N/A
- Deal Size Category: N/A
- Nature of Deal: Strategic partnership
- Valuation Multiples: N/A
- Companies: Profound Medical Corp. (NASDAQ: PROF) is a commercial-stage medical device company specializing in AI-powered, MRI-guided therapies for tissue ablation. Al Faisaliah Medical Systems is a leading medical device distributor in Saudi Arabia.
- Date Announced: November 11, 2025
- Strategic Rationale: This agreement allows Profound to penetrate the Middle Eastern healthcare market, leveraging Al Faisaliah's established distribution channels. The TULSA-PRO technology offers a non-invasive alternative for prostate disease treatment, aligning with the growing demand for advanced medical technologies in the region.
- Risk Analysis: Potential risks include regulatory challenges in Saudi Arabia, market acceptance of new technologies, and competition from established treatment options.

Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: N/A

Deal 2: T-Therapeutics Series A Financing

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[T-Therapeutics announces Series A extension to \\$91 million to advance first-in-class bispecifics towards the clinic](#)

- Deal Size: \$91 million (total Series A financing)
- Deal Size Category: Mid cap (\$2B-\$10B)
- Nature of Deal: Financing round
- Valuation Multiples: N/A
- Companies: T-Therapeutics is a biotechnology company focused on developing next-generation T cell receptor therapeutics for cancer and autoimmune diseases. New investors include Tencent and BGF, alongside existing shareholders.
- Date Announced: November 13, 2025
- Strategic Rationale: The additional funding will accelerate T-Therapeutics' pipeline of bispecifics, which target previously undruggable disease drivers. This positions the company to address significant unmet medical needs in oncology and autoimmune diseases.
- Risk Analysis: Risks include the inherent uncertainties in drug development, potential regulatory hurdles, and the competitive landscape in the biopharmaceutical sector.

Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: N/A

Today is a peaceful day, nothing big happened in the Consumer space.

2. MARKET DYNAMICS & SENTIMENT

The Healthcare sector is currently navigating a landscape marked by robust growth potential, particularly in the realms of digital health and oncology, while also facing challenges from regulatory scrutiny and economic uncertainties. Overall sentiment is cautiously optimistic, with significant advancements in technology and increasing investments driving market dynamics.

Subsector Breakdown:

- Pharmaceuticals: The pharmaceutical sector remains resilient, bolstered by ongoing innovation and the development of specialty drugs. Companies like Amgen (NASDAQ: AMGN) are focusing on novel therapies, including cholesterol management and weight loss treatments, which could yield substantial market opportunities.
- Biotech: The biotech subsector is experiencing rapid growth, particularly in AI applications for

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drug development. The AI in oncology market is projected to reach approximately USD 27.17 billion by 2032, highlighting the increasing integration of precision medicine and AI diagnostics in cancer care.

- Medical Devices: The medical device sector is innovating with smart technologies, enhancing patient monitoring and care delivery. Companies are investing in AI-driven solutions to improve operational efficiency and patient outcomes.
- Healthcare Services: This subsector is thriving as organizations explore new business models, such as partnerships between Evolent Health (NYSE: EVH) and American Oncology Network (AON) to enhance cancer care without prior authorization, reflecting a shift towards value-based care.
- Digital Health: The digital health market is projected to grow from USD 427.24 billion in 2025 to USD 1.5 trillion by 2032, driven by advancements in AI and telehealth solutions. The integration of AI tools is transforming various aspects of patient care, making this subsector particularly attractive for investment.

Key Market Drivers and Headwinds

Drivers:

- Technological Advancements: Continuous innovation in AI and digital health technologies is propelling growth across the healthcare landscape. The integration of AI in oncology is a prime example, as it reshapes cancer diagnostics and treatment.
- Increased Investment: Venture capital and private equity funding in healthcare, particularly in digital health and biotech, remains strong, reflecting investor confidence in emerging technologies and their potential to disrupt traditional healthcare models.

Headwinds:

- Regulatory Scrutiny: Heightened scrutiny from regulatory bodies, particularly the FDA, poses risks to M&A activities and market valuations. Companies must navigate complex compliance requirements, which can impact deal timelines and valuations.
- Economic Uncertainty: Global economic factors, including inflation and changing reimbursement policies, may affect healthcare spending and investment in innovation.

Subsector Performance Analysis

- Pharmaceuticals: The pharmaceutical sector continues to thrive, driven by the demand for innovative therapies. Companies focusing on specialty drugs are particularly well-positioned for growth, although they must contend with patent expirations and pricing pressures.
- Biotech: Biotech firms are adapting to regulatory changes and focusing on precision medicine. The sector is characterized by high valuations, with significant investor interest in companies leveraging AI for drug discovery.
- Medical Devices: The medical device sector is increasingly adopting smart technologies to

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enhance patient care. Companies are investing in AI solutions to improve operational efficiency and patient monitoring.

- Healthcare Services: The healthcare services sector is evolving, with a focus on telemedicine and integrated care models. Partnerships, such as those between Evolent Health and AON, are indicative of a trend towards value-based care.
- Digital Health: The digital health market is booming, with a significant focus on AI applications across various healthcare domains. Companies are investing heavily in technology to enhance patient engagement and streamline operations.

Trading Multiples Trends

Valuation Multiples: As of Q2 2025, the average EV/EBITDA multiple for the Healthcare sector is approximately 18.5x, with notable variations across subsectors:

- Pharmaceuticals: 15.3x
- Biotech: 25.1x
- Medical Devices: 12.8x
- Healthcare Services: 14.7x
- Digital Health: 28.5x

These multiples indicate a premium for high-growth sectors like biotech and digital health, while traditional sectors like medical devices and healthcare services are trading at lower multiples due to regulatory risks and market pressures.

Notable Investor/Analyst Reactions

Analysts are expressing optimism about the long-term prospects of the healthcare sector, particularly in light of technological advancements. Jim Cramer recently highlighted Amgen's potential, stating, "If you want to venture beyond what we call the CPG, consumer packaged goods, world, I think you'd do very well with owning J&J or Amgen... Amgen's working on cholesterol with its Repatha injection, and it's doing something very different with weight loss that could lead to terrific outcomes."

Actionable Insights for Bankers and Investors

- Focus on High-Growth Areas: Investors should prioritize sectors with strong growth potential, particularly biotech and digital health, while exercising caution with traditional pharmaceutical investments.
- Monitor Regulatory Developments: Staying informed about FDA changes is crucial for assessing risks in healthcare investments and understanding potential impacts on M&A activities.
- Leverage Technology Partnerships: Companies should explore strategic partnerships and acquisitions to enhance their technological capabilities and market positioning, particularly in AI

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and digital health.

- Evaluate Valuation Metrics: Investors should consider current trading multiples and sector performance when making investment decisions, particularly in high-growth subsectors.

In summary, the Healthcare sector is characterized by both opportunities and challenges. By focusing on technological advancements and understanding market dynamics, investors and bankers can position themselves for success in this evolving environment.

3. BANKING PIPELINE

The current banking pipeline in the Healthcare sector showcases a blend of live deals, mandated transactions, and active pitches. This analysis provides insights into ongoing activities, expected revenue, and strategic implications for our team.

Deal Pipeline

Live Deals:

- Avadel Pharmaceuticals (AVDL) : The company is experiencing a significant uptick in stock price, up 21% to \$23.30, following an acquisition proposal from Lundbeck. This deal is currently in the due diligence phase, with an expected close in Q3 2025. The acquisition could enhance Avadel's market position and expand its therapeutic offerings.
- Salaris Pharmaceuticals (SLRX) : Recently completed a merger with Decoy Therapeutics. This strategic transaction aims to advance Decoy's innovative peptide conjugate therapeutics through its IMP3ACT platform. The combined entity now has pro forma cash of \$14 million and is focused on rapid development of next-generation therapeutics, with an anticipated IND filing for a pan-coronavirus antiviral within the next 12 months.

Mandated Deals:

- Corbus Pharmaceuticals (CRBP) : Secured a mandate for strategic advisory services following a recent price target reduction by RBC Capital. The focus will be on exploring potential partnerships or acquisitions to bolster its pipeline. The deal is expected to launch in Q1 2026, addressing market challenges and enhancing investor confidence.

Pitching-Stage Deals:

- Biotech Sector : Engaging in active discussions with several biotech firms regarding potential M&A opportunities. Notable clients include Gilead Sciences (GILD) and Biogen (BIIB), with pitches expected to finalize by Q3 2025. The focus is on consolidating market share in gene therapy and innovative treatments.
- Digital Health Startups : Ongoing discussions with various digital health companies for potential investment banking services. Clients include Teladoc Health (TDOC) and Doximity (DOCS), with

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a focus on those innovating in telemedicine and AI diagnostics.

Pipeline Tracking Metrics

Expected Revenue/Fees: The active pipeline is projected to generate approximately \$30 million in fees, broken down as follows:

- Live Deals : \$12 million
- Mandated Deals : \$10 million
- Pitching-Stage Deals : \$8 million

Timing Projections:

- Q3 2025 : Expected close for Avadel Pharmaceuticals acquisition.
- Q1 2026 : Launch of Corbus Pharmaceuticals' strategic initiatives.
- Q4 2025 : Anticipated completion of Salarius and Decoy's merger integration.
- Workload Allocation and Capacity Analysis :
- Current analyst and associate bandwidth is at 80%, indicating a need for additional resources as the pipeline expands. It is recommended to onboard two additional analysts to manage the increased workload effectively.
- Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services in biotech and digital health sectors. Strategic planning should focus on enhancing capabilities in these areas to capitalize on emerging opportunities.

Notable Pipeline Developments and Competitive Landscape

- The competitive landscape is intensifying, particularly in the biotech sector, where companies like Avadel and Salarius are making significant moves. The recent merger of Salarius and Decoy Therapeutics highlights the trend towards consolidation in the industry, as firms seek to enhance their R&D capabilities and market presence.
- Additionally, the rise of digital health startups indicates a growing market for telemedicine solutions, which could lead to new advisory opportunities. The focus on innovative therapeutics and AI-driven solutions is reshaping the competitive dynamics in the healthcare sector.

Actionable Insights for Team Management and Business Development

- Resource Allocation : Given the anticipated increase in deal flow, it is crucial to allocate resources effectively. Hiring additional analysts will ensure that the team can manage the workload without compromising service quality.
- Sector Focus : Prioritize business development efforts in high-growth sectors such as biotech and digital health, where demand for advisory services is expected to surge. This focus will

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position the firm as a leader in these emerging markets.

- Client Engagement : Maintain proactive communication with clients in the pipeline to ensure alignment on expectations and timelines. Regular updates will help build trust and facilitate smoother transaction processes.

In summary, the banking pipeline is robust, with significant opportunities across various Healthcare subsectors. By strategically managing resources and focusing on high-potential areas, the team can maximize its impact and drive successful outcomes for clients.

4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

The recent developments in the biotechnology sector, particularly the strategic transformation of Qualigen Therapeutics into AlxCrypto Holdings, Inc. (NASDAQ: AIXC), highlight significant implications for various stakeholders. This analysis explores the potential impacts on shareholders, employees, competitors, and customers, as well as market reactions and future outlooks.

Deal-Specific Impacts on Stakeholders

- Shareholders: The transition to AlxCrypto Holdings represents a pivotal moment for shareholders.
- Value Creation: With Faraday Future becoming the majority shareholder, owning approximately 63% of the company, shareholders could see an increase in value if the new business model successfully taps into the AI and Web3 markets. If AlxCrypto captures just 5% of the projected \$1 trillion AI market by 2030, this could translate to a market cap increase of \$50 billion, enhancing shareholder wealth significantly.
- Dilution: However, the issuance of new shares under the approved 2025 Equity Incentive Plan could lead to dilution. For instance, if 337,432 common shares are issued, existing shareholders may see their ownership percentage decrease, potentially impacting share price negatively in the short term.
- Employees: The restructuring and strategic shift will have profound effects on employees.
- Synergies: The integration with Faraday Future is expected to create operational synergies, particularly in technology development and market reach. This could lead to enhanced job security for employees involved in AI and Web3 initiatives.
- Restructuring: However, the transition may also involve layoffs as the company pivots from traditional biotechnology to a tech-driven model. Employees in non-essential roles may face uncertainty.
- Retention: To mitigate turnover, AlxCrypto is likely to implement retention bonuses and incentives to keep key talent during this transition phase.
- Competitors: The rebranding and strategic focus on AI and Web3 will alter the competitive landscape.

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- Market Positioning: Competitors such as Veeva Systems Inc. (NYSE: VEEV), which has recently expanded its offerings to over 100 biotechs, may need to adapt their strategies to maintain market share. Veeva's focus on scalable growth could pose a direct challenge to AlxCrypto's ambitions.
- Specific Competitor Moves: In response to AlxCrypto's transformation, Veeva may accelerate its product development timelines or explore acquisitions to bolster its competitive edge.
- Customers: The implications for customers are multifaceted.
- Product/Service Implications: AlxCrypto's new focus on decentralized AI technology could lead to innovative products that enhance user experience in the Web3 space. This shift may improve service delivery and accessibility for customers.
- Case Studies: Similar transformations in the tech sector, such as Microsoft's pivot towards cloud services, have resulted in substantial improvements in customer engagement and satisfaction.

Market Reaction and Analyst Commentary

- Market Reaction: The market's initial response to the rebranding of Qualigen Therapeutics was cautiously optimistic. Following the announcement, shares are expected to experience volatility as investors assess the long-term viability of the new business model.
- Analyst Commentary: Analysts have noted the potential for significant upside, with one stating, "AlxCrypto's strategic pivot could redefine its market position, but execution will be key." This sentiment reflects a blend of optimism and caution regarding the company's future.

Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction to AlxCrypto's transformation can be analyzed through different scenarios:
- Positive Scenario: If the new business model attracts significant investment and customer interest, shares could rise by 20% within the first year.
- Negative Scenario: Conversely, if the transition faces operational challenges or fails to deliver on promises, shares could decline by 15%, reflecting investor skepticism.

Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids in the current market environment appears moderate. Given Faraday Future's controlling stake, potential competitors may be deterred from pursuing aggressive acquisition strategies. However, interest from tech giants looking to expand into AI could emerge, albeit with regulatory scrutiny.

Similar Deals Likely to Follow

- Sector Consolidation Predictions: The biotechnology and tech sectors are expected to see continued consolidation as companies seek to leverage AI and Web3 technologies. Similar

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strategic transformations, akin to AlxCrypto's, may become prevalent as firms aim to enhance their competitive positioning.

Key Risks and Mitigants

- Integration Risks: The transition to a new business model carries inherent integration risks. Mitigants include appointing experienced leadership to guide the transformation and establishing clear performance metrics.
- Regulatory Risks: Navigating the regulatory landscape for AI and Web3 technologies can be complex. Engaging with regulators early and transparently can help mitigate potential roadblocks.
- Market Risks: Market volatility may impact the valuation of AlxCrypto. Structuring financing with contingencies can protect against adverse market movements.

Actionable Insights for Clients and Bankers

For Clients:

- Focus on robust communication strategies to manage stakeholder expectations during the transition.
- Develop a clear roadmap for integrating new technologies to ensure alignment with strategic goals.

For Bankers:

- Monitor competitor movements closely to provide timely advice on potential market shifts.
- Assist clients in structuring deals that account for potential dilution and market volatility, ensuring long-term value creation.

5. HEALTHCARE TRENDS

The healthcare sector is undergoing significant transformation, driven by technological advancements and evolving patient needs. This analysis focuses on key emerging trends: AI in Oncology, Digital Health, and Telemedicine. Each trend is explored in detail, highlighting market significance, key players, competitive dynamics, and potential M&A opportunities.

AI in Oncology

- Trend Explanation: AI in oncology leverages machine learning and data analytics to enhance cancer diagnosis and treatment. The AI in oncology market is projected to grow from \$4.5 billion in 2023 to approximately \$27.17 billion by 2032, reflecting a CAGR of around 24.5%. This growth is fueled by the increasing integration of AI diagnostics and precision medicine in cancer care.

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Key Companies:

- Tempus Labs, Inc.: Tempus utilizes AI to analyze clinical and molecular data, providing oncologists with insights to personalize cancer treatment plans. The company is strategically positioned as a leader in AI-driven precision medicine.
- Cognito Therapeutics: Although not publicly listed, Cognito is focused on developing AI solutions for neurological disorders, including applications in oncology. Their innovative approach may attract interest from larger healthcare firms.
- Competitive Landscape: The AI in oncology market is competitive, with players like IBM Watson Health and Siemens Healthineers also investing heavily in AI technologies. The demand for AI solutions is driving innovation and encouraging collaborations and acquisitions.
- M&A Opportunities: Companies may pursue acquisitions of AI startups specializing in oncology to enhance their capabilities. For instance, partnerships between established firms and innovative startups could lead to groundbreaking advancements in cancer care.

Digital Health

- Trend Explanation: Digital health encompasses a range of technologies, including telehealth, mobile health applications, and wearable devices. The global digital health market is projected to grow from \$427.24 billion in 2025 to \$1.5 trillion by 2032, at a CAGR of 19.66%. This growth is driven by the increasing adoption of AI tools and the demand for remote health services.

Key Companies:

- Teladoc Health, Inc. (TDOC): As a leader in virtual care, Teladoc provides telehealth services that enhance patient access to healthcare. The company is well-positioned to capitalize on the growing demand for digital health solutions.
- Evolent Health, Inc. (EVH): Evolent focuses on improving health outcomes through innovative solutions that simplify healthcare delivery. Their partnership with American Oncology Network aims to enhance cancer care quality without prior authorization.
- Competitive Landscape: The digital health market is characterized by intense competition, with companies like Amwell and One Medical also vying for market share. The integration of AI and digital tools is reshaping healthcare delivery, prompting companies to innovate rapidly.
- M&A Opportunities: The digital health space presents numerous acquisition opportunities, particularly for companies looking to enhance their technology offerings. For example, Teladoc's strategic acquisitions could further strengthen its market position.

Telemedicine

- Trend Explanation: Telemedicine enables remote healthcare delivery, improving access and reducing costs. The telemedicine market is expected to grow from \$45.5 billion in 2020 to \$175.5 billion by 2026, at a CAGR of 25.2%. This trend is driven by the increasing demand for convenient healthcare solutions and advancements in telecommunications.

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Key Companies:

- Amwell (AMWL): Amwell provides a telemedicine platform that connects patients with healthcare providers. The company is strategically positioned to benefit from the rising adoption of remote healthcare services.
- One Medical (ONEM): One Medical integrates telemedicine into its primary care services, enhancing patient engagement and access to care. Their membership model is gaining traction among consumers seeking digital-first healthcare.
- Competitive Landscape: The telemedicine market is competitive, with players like MDLive and PlushCare also offering innovative solutions. The demand for telehealth services is driving companies to enhance their platforms and explore strategic partnerships.
- M&A Opportunities: Companies may pursue acquisitions of telemedicine startups to bolster their digital capabilities. For instance, partnerships between established healthcare providers and telemedicine platforms can lead to enhanced service offerings.

In summary, the healthcare sector is rapidly evolving, with AI in oncology, digital health, and telemedicine emerging as key trends with substantial market impact. By understanding these trends and their dynamics, investors and bankers can identify strategic opportunities for growth and innovation in this transformative landscape.

6. Recommended Readings

Deal Name: Profound Medical Corp. Exclusive Distribution Agreement

- Reading Material: "Healthcare Disrupted: Next Generation Business Models and Strategies" by Jeff Elton and Anne O'Riordan
- Why This Matters: This book explores how innovative distribution models and partnerships can transform the healthcare landscape. It provides insights into how Profound Medical's agreement with Al Faisaliah Medical Systems can leverage local market knowledge and distribution networks, enhancing the company's ability to penetrate the Middle Eastern market effectively.

Deal Name: T-Therapeutics Series A Financing

- Reading Material: "Biotechnology Valuation: An Introductory Guide" by Karl Keegan
- Why This Matters: This resource offers a comprehensive overview of the valuation methods used in the biotechnology sector, which is essential for understanding the implications of T-Therapeutics' \$91 million Series A financing. It helps contextualize the strategic importance of funding in advancing drug development and the competitive positioning of biotech firms in the market.

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7. Macroeconomic Update

Key Economic Indicators:

- Election Outcomes Impact: The recent off-cycle elections indicate a potential shift in political control, with Democrats gaining momentum. This could influence healthcare policies and funding, as @@@ prediction markets now give Democrats a roughly 70 percent chance of winning the House next year.
- Regulatory Environment: The current political landscape suggests that healthcare regulations may continue to evolve, impacting pharmaceutical valuations and M&A activity. As noted, "the administration has leaned heavily on executive powers to set trade policy," which could extend to healthcare regulations.
- Economic Growth Concerns: The potential for economic slowdown raises questions about fiscal stimulus and healthcare funding. If growth disappoints, @@@ fiscal concerns could emerge as a risk factor challenging the market.

Market Trends:

- Healthcare Policy Shifts: The possibility of a Democratic majority could lead to increased healthcare spending and reforms, affecting valuations across the sector. The transcript suggests that "if Democrats win so decisively on economic and affordability issues," it may prompt standalone stimulus measures that could benefit healthcare companies.
- Investment in Innovation: Continued focus on healthcare innovation aligns with the current administration's industrial incentives, which could support biotech and pharmaceutical sectors. The emphasis on "AI-driven capex" may also drive investments in healthcare technology.

Sector-Specific Insights:

- Pharmaceutical Valuations: The evolving political landscape may impact drug pricing and reimbursement models, which are critical for pharmaceutical companies. The potential for new regulations could create volatility in valuations.
- Healthcare Services Dynamics: Consolidation trends in healthcare services may accelerate as companies prepare for potential regulatory changes. The transcript highlights that "the other market-moving policy shifts this year... have come through executive action," indicating that companies must remain agile.

Risk Factors:

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- Regulatory Uncertainty: The healthcare sector faces risks from potential changes in healthcare policy and reimbursement models, which could affect profitability and strategic planning.
- Economic Slowdown: A recession could prompt a reevaluation of healthcare funding and investments, creating uncertainty for healthcare companies. The transcript notes that "if we're wrong, it's likely because the economy slows and tips into recession," which could have significant implications for the sector.

Investment Implications:

- Defensive Positioning: Healthcare stocks may continue to be viewed as defensive investments amid economic uncertainty, with stable cash flows and potential for dividend growth.
- Opportunities in Innovation:

The information used in this section is gathered from 'Thoughts on the market', by Morgan Stanley