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DC Discusses

European Healthcare

M&A finds its pulse

After two challenging years, the European Healthcare M&A market is showing renewed momentum. Globally, activity remains around 40% below peak levels, but sentiment is improving, pipelines are rebuilding, and investor appetite is returning.¹ While deal volume remains subdued, a significant spike in deal value confirms that large, high-conviction transactions are returning.² Nevertheless, higher interest rates, financing costs, and regulatory uncertainty have weighed on activity.³

DC Advisory's European Healthcare team analyses the trends shaping the market and what they signal for the future, including:

- Asian and US investors are increasingly targeting Europe, with cross-border activity rising
- Return of the relationship-driven advisory model
- The growth engines of European Healthcare M&A

In the latest DC Discusses article, our European Healthcare team discusses M&A trends, investor appetite, and the outlook for the sector.

First signs of a recovery

Like the broader M&A market, the Healthcare sector has faced a challenging deal environment over the past two years, impacted by higher interest rates, regulatory uncertainty, and geopolitical pressures.⁴ However, we are now seeing the first signs of recovery. We believe Europe is drawing increased attention from global investors, with renewed interest in high-quality, platform-ready assets with strong growth potential.

European M&A increasingly attractive to Asian and US investors

Our international team gives us a unique vantage point across Asia, Europe, and the US, and we've noticed a few clear shifts. On the investor side, we are seeing an increasing interest from Asian investors in Western assets, particularly in Europe, as geopolitical tensions, the perpetual focus on world-class technology, and the complex US-China relationship make Europe an attractive alternative. A prime example is the \$1.5 billion acquisition of OrganOx by Terumo, a leading innovator in organ preservation devices.⁵

At the same time, we see US investors also stepping into Europe, but with a different approach. They can often seek platform opportunities or entry points into new markets, while European investors tend to expand more incrementally. The trend of US sponsors seeking European platforms is evidenced by a number of recent notable deals, including KKR's acquisition of Karo from EQT⁶ to create a pan-European consumer health powerhouse and Avista's acquisition of Terrats from Miura to support international expansion and other growth initiatives.⁷

On the advisory side we have observed that the style of dealmaking has evolved. While traditional mass auctions remain relevant in some cases, clients increasingly seek relationship-driven advisory with senior bankers at the table, shoulder-to-shoulder throughout the process, not just transactional execution.

In many ways, it is a return to the old merchant banking model, where judgment, relationships, and global connectivity are as important as process.

Taken together, these shifts - cross-border capital flows into Europe, and a renewed emphasis on relationship banking - are reshaping how deals are sourced and executed globally.

Relationship-driven advisory

Clients are, in our view, seeking a more relationship-led advisory model, with senior bankers closely involved throughout the process. This approach prioritizes trust, continuity, and tailored advice, and we consider it a growing trend to move away from broad, commoditized auctions.

Growth engines of Healthcare M&A

The European M&A market today is defined by a careful balance of caution and opportunity. We see several themes shaping the landscape. Artificial intelligence and automation are increasingly influencing transactions, particularly in the Healthcare and life sciences sectors. In MedTech and Pharma Services, these technologies are driving efficiency and enabling data-driven value creation, making them critical factors in dealmaking.

Regulatory complexity remains a defining feature of the European market. While Europe continues to attract significant capital, investors must navigate a patchwork of tariffs, compliance requirements, and market fragmentation. These challenges require a nuanced approach and deep local expertise to unlock value.

In our view, strategic buyers are becoming more active, often pursuing carve-outs to streamline their portfolios and reinforce their core focus areas. This trend reflects a broader shift toward operational discipline and targeted growth.

From a capital perspective, there is renewed momentum from private equity, including growth investors. We see this as a strong bellwether for broader market activity. When growth capital becomes active, it typically signals rising confidence in the market outlook.

Within the market, we consider four subsectors to be particularly noteworthy. Specialty distribution stands out, where scale and resilient supply chains are crucial for success. MedTech outsourcing is also gaining traction, as efficiency and cost optimization drive demand. Asset-light patient services are attracting both strategic and sponsor interest, offering scalability and attractive economics. Finally, pharma services are showing early signs of growth, supported by an uptick in clinical trial

starts⁸ and the ongoing need for greater efficiency in drug development.

Together, these trends highlight a European M&A market that is both dynamic and complex, with opportunities favoring those who can navigate its unique challenges.

Preparing for a successful exit

Exits today can be far more demanding than a few years ago, so preparation and clarity are critical. From our perspective, one of the biggest challenges right now is the mismatch between demand and supply. On the one hand, there is a strong buyer appetite, private equity with capital to deploy, and strategics looking for growth. On the other hand, politics, economics, and a complex regulatory environment can create real blockages, slowing down processes and making it harder to get deals across the line. Bridging this gap requires more discipline from sellers.

The process has shifted; we believe broad, commoditized auctions are less effective. Narrower, tailored processes that focus on the correct set of strategic or financial buyers tend to create stronger outcomes. Buyers expect real conviction in the business plan. It is not enough to show a near-term forecast; they want a long-term vision demonstrating resilience and growth potential. With adjustments under much tighter scrutiny, sellers must present credible, defensible numbers. A proven growth track record is essential. Companies that can show delivery against KPIs in the past stand out, as this gives buyers confidence in future execution.

Finally, data quality and transparency are critical. Robust financials, operational KPIs, and well-prepared diligence materials help anticipate buyer questions and smooth the process.

In short, we see customized processes, long-term conviction, demonstrated growth, and strong data as the cornerstones of successful exits today. Companies that invest in these areas early should be well-positioned to secure competitive bids and get deals across the line.

European M&A returning to health

We are now seeing early signs of a resurgence in Europe, albeit in a more selective and disciplined way. Valuations in Life Sciences and MedTech are stabilizing, which is drawing buyers back to the table.⁹ Healthcare M&A volumes in Europe remain below peak levels, but the outlook is increasingly positive and private equity remains active, signaling that growth Healthcare investors are back.¹⁰ Recent significant Healthcare deals show strong signs that private equity interest has returned, including CapVest's €10bn acquisition of Stada,¹¹ ICG's purchase of Hakim Group,¹² and Warburg Pincus' investment in Health Partners.¹³ Strategic buyers are also expanding into adjacent sectors, with deals such as Essilor's acquisition of Optegra¹⁴ and Alcon's take-private of Staar Surgical.¹⁵

At DC Advisory, we've seen very positive momentum despite the unpredictable environment, with several transactions recently signed. We acted as exclusive financial advisor to ISTO Biologics, a portfolio company of Thompson Street Capital Partners, on the sale of its majority stake to Keensight Capital,¹⁶ and advised Cruinn Diagnostics on an investment by Waterland Private Equity.¹⁷

In Germany, we believe that regulatory uncertainty previously dampened deal flow, particularly in physician practice roll-ups; however, the environment has improved under the new government. The Hospital Reform Act is accelerating consolidation, with larger hospital groups absorbing assets and smaller hospitals converting to outpatient and ambulatory care.¹⁸ We see investors focus on segments less exposed to regulatory risk, such as dental laboratories, occupational health, and MedTech. Germany's strong base of family-owned MedTech companies and university-driven innovation can offer significant opportunities for private equity to professionalize and scale businesses.

We have noted that Spain is emerging as a leading market in the European Healthcare M&A recovery. Recent deals and growing international interest in asset-light services and pharma services have fueled this growth. MedTech services and specialized distribution are also in high demand, driven by digital innovation and the increasing need for resilient supply chains.

A revived outlook

In our view, financing conditions are expected to gradually improve over the next 12–18 months, supporting a steady and strategic recovery. As valuations stabilize and confidence starts to return, we see European Healthcare M&A show signs of a revival. We believe success will depend on relationship-led advisory, targeted growth strategies, and rigorous exit planning.



To discuss any of the themes and trends explored in this article in more detail, please contact our European Healthcare team below

Key Contacts



Andrew Murray-Lyon
Managing Director
UK

andrew.murray-lyon@dcadvisory.com



David Lyons
Managing Director
Ireland

david.lyons@dcadvisory.com



Joaquin Gonzalo
Managing Director
Spain

joaquin.gonzalo@dcadvisory.com



Martin Moser
Managing Director
Germany

martin.moser@dcadvisory.com



Yaoyao Wang
Director
UK

yaoyao.wang@dcadvisory.com

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