

February 2025:

UK Healthcare M&A Update

A look back at January 2025

We see things
differently.

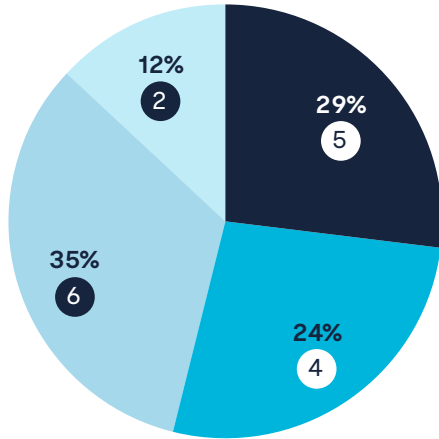
Executive summary

- There were 17 healthcare deals in the UK last month, with six announced and 11 completed. This is down from the 22 deals in January 2024 (21 of which were completed retrospectively). While January started slowly, this does not necessarily signal a subdued deal flow for Q1.
- Pharma and life sciences were the most active sectors, contributing 35% of the deal volume. This was largely driven by announcements from big pharma, including the sale of Alliance Pharma to DBAY Advisors and GSK's acquisition of IDRx.
- Strategic buyers accounted for 71% of deal volumes, while private equity activity was strongest in medical devices. Outbound deals made up 29% of the activity, compared to 18% inbound, with UK buyers focusing on foreign expansion in the US and Italy.
- Given the evolving US healthcare landscape under the "Make America Healthy Again" (MAHA) agenda, led by RFK Jr. the disruptor, and, given his confirmation, how will M&A activity by non-US strategic buyers be impacted? With the new administration's focus on reshaping healthcare policies, non-US buyers – particularly those from Europe – may need to adapt their strategies. As RFK Jr. begins to implement these policies, will non-US companies seize opportunities for expansion, or will the changing regulatory and market conditions create challenges for access?
- Ultimately, despite potential hurdles, the shifting landscape presents a wealth of opportunities for those ready to innovate and strategically position themselves in the new healthcare environment.



Total deals

■ Health & Social Care ■ Pharma & Life Sciences
■ Medical Equipment & Devices ■ Healthcare IT



Inbound vs Internal vs Outbound ¹



Notes: (1) Inbound: UK target company and non-UK buyer; Internal: UK target company and UK buyer; Outbound: non-UK target company and UK buyer,

Strategic vs PE buyers

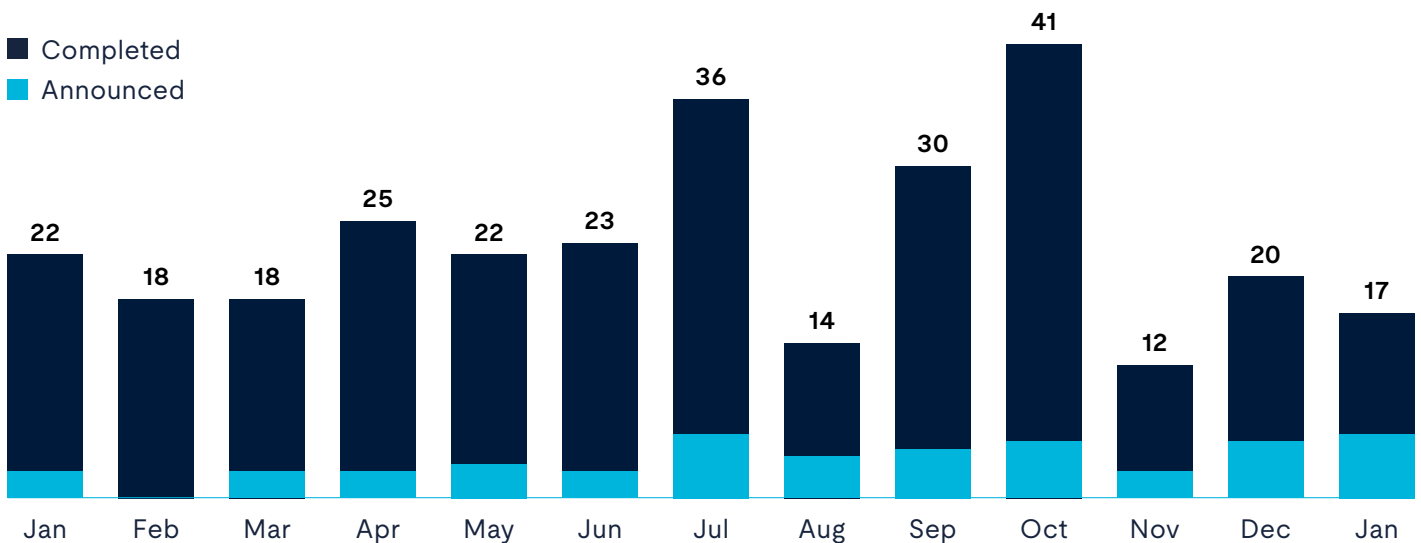
Strategic buyer

PE buyer



Rolling monthly M&A deal flow ²

■ Completed
■ Announced



Notes: (2) Data is accurate at the time of publication and accounts for the status of announced and completed deals. Announced deals are counted in the month of announcement and are still live and ongoing, and may or may not complete. Once completed, these deals will be removed from the month of announcement, and will be counted as completed in the relevant month of completion.

Completed deals

The completed deals occurred predominantly in Health & Social Care and Medical Equipment & Devices subsectors, which is reflective of previous trends.

Health & Social Care

Strong cross-border consolidation continued in the healthcare services sector.



Ambulnz UK, a subsidiary of US firm DocGo, expanded its service offerings by acquiring UK-based **Location Medical Services**, a provider of medical staff and services for film, TV, events, and NHS primary care settings, aiming to strengthen its position in the UK healthcare transportation and event medical services market.



Outcomes
First Group



Outcomes First Group, headquartered in Bolton, bought five **Chatsworth schools**, including one in Riyadh, to establish a selective independent schooling group, 'Blenheim Schools,' which is tailored to individual pupils' needs and learning styles.

consensus.



Consensus Support has expanded its services by acquiring **Creative Care**, for an undisclosed sum. Creative Care operates in 10 residential locations in the Midlands providing support for adults with special needs and learning disabilities.

Another, smaller, deal in the Health & Social Care sector included **Kiddi Corporation's** completed acquisition of **Ancaster Village Nursery & Forest School**. This was prompted by the retirement of the nursery's owner.

Healthcare IT

Healthcare Technology's scope covers the whole market as companies digitalise and integrate technology into their offerings, but virtual and software-based deals are becoming more prevalent.



Sword Health's acquisition of UK-based **Surgery Hero**. Sword Health is a US provider of virtual and digital physical therapy, who aims to enhance its digital health offering and expand its presence in the preoperative and postoperative care management space.

Pharma & Life Sciences

As well as the big pharma deals mentioned on page 6, there was also some activity in the mid-market.



US-based **Banner Life Sciences**, which develops treatments for relapsing forms of multiple sclerosis, was purchased by fellow UK-headquartered drug developer **Cycle Pharmaceuticals** for an undisclosed amount, aiming to strengthen its position in the specialty pharmaceuticals market.



Baird Capital, a US financial sponsor, invested growth capital into **Newmarket Strategy**, a life sciences consultancy and market access specialist. The new funding will allow for Newmarket's continued growth and is one of several investments made by Baird in the pharma services segment.

Medical Equipment & Devices

Private equity and private equity-backed businesses were particularly active in the Medical Equipment & Devices subsector, relinquishing some pent-up cash built through a period of high interest rates.



UK private equity firm **Queen's Park Equity** invested in **Medimatch Dental Laboratory**, aiming to support its domestic expansion in the dental prosthetics market.



Fremman Capital, a UK-based financial sponsor, acquired Italian firm **DIESSE Diagnostica Senese**, enhancing its size in the in-vitro diagnostics market.



Xiel, a UK distributor of nuclear medicine, radiotherapy, and diagnostic radiology equipment in was purchased by **MIS Healthcare**, backed by H2 Equity Partners, to expand its medical imaging presence and enhance healthcare technology offerings in the UK.

Deep dive: Occupational health

Already in 2025, the occupational health sector has experienced notable M&A activity. The total addressable market size for occupational health services is expected to be £1.9 billion in the UK in 2025, driven by an increasing emphasis on employee well-being and regulatory compliance. Key players will continue to benefit from engaging in acquisitions of smaller players to grow their market share of this fragmented sector. Indeed, in recent years, many larger players have obtained PE-backing, and subsequently completed bolt-on acquisitions to expand their offering.

In January, there were two notable deals in this segment:



AIM-listed **Optima Health** announced it would buy **BHSF Occupational Health**, located in Sheffield, for £1.4 million on a cash-free debt-free basis. This acquisition is expected to expand Optima Health's service offerings including the addition of 60 experienced occupational health clinicians and an attractive customer base. It is expected to add £8 million in additional revenue and be EBITDA-accretive following the first full year of ownership.



Canadian firm **Cority Software** acquired Southampton-based **Medical Management Systems** (trading as **Meddbase**). Meddbase has a broad service offering, covering occupational health, electronic health records and private healthcare management solutions, with a strong customer base across the UK, EMEA and Australia. Cority has been recognised as a leader in the occupational health market over the last 40 years with its software used by companies globally to monitor employees' health and ESG. This strategic move aims to provide comprehensive health management solutions to a global clientele.

Deep dive: Large pharmaceutical deals

Several high value pharmaceutical deals, a trend we identified in our [2024 M&A trends report](#), have continued to be announced in the first month of 2025. The pharmaceutical industry has seen substantial M&A activity, reflecting a strategic focus on expanding portfolios and enhancing R&D capabilities.

ALLIANCE

DBAY Advisors

Alliance Pharma, a UK acquirer and distributor of healthcare products and prescription medicines, has announced a £350 million takeover (8.2x EBITDA, 2.3x revenue) by its largest shareholder, also based domestically, **DBAY Advisors** to further fuel its growth. The deal prices each share at a 41% premium to its prior closing price. The acquisition is expected to become effective in the first half of 2025.



IDRx

GSK, headquartered in London, announced its agreement to acquire **IDRx**, a Massachusetts-based biopharmaceutical company which develops treatments for gastrointestinal stromal tumours (GISTs), for up to £942m, with 86% received on day one. This acquisition continues to bolster GSK's oncology portfolio.



The UK subsidiary of **Lantheus Holdings**, an American diagnostic and therapeutic products business, has entered into a definitive agreement to acquire **Life Molecular Imaging** for £640m, with around 45% payable immediately and the remainder based on earn-out and milestone achievements. This move is expected to enhance Lantheus' domestic position in radiopharmaceutical diagnostics, particularly in Alzheimer's disease imaging.

Other relevant announced deals



US-based **Tyber Medical**, a leading orthopaedic device manufacturer, announced it was to be acquired by UK private equity firm **Montagu Private Equity**, indicating the firm's interest in expanding its medical device portfolio.



Poolbeg Pharma, a London-based biotechnology company targeting areas of Cytokine release Syndrome (CRS) and metabolic conditions, announced a reverse merger with US company **HOOKIPA Pharma Inc.** for £24 million.

Announced deals show intention and may indicate future trends. However, the completion of these deals is uncertain, and it depends upon geopolitical and economic developments, such as the new US administration.



Deep dive: Trump administration gets started

Following the inauguration of President Donald Trump on January 20th, his administration has swiftly introduced a series of executive orders and policy changes. These changes are expected to shape deal volumes in the sector, affecting both strategic and financial investors.

One key tactic in this environment could be the imposition of US implementing tariffs. If such tariffs are introduced, they may create barriers for non-US firms accessing the US market. However, these tariffs could also be leveraged as a strategic bargaining tool, allowing European companies to emphasise their intellectual property and expertise, potentially negotiating favourable terms for collaboration or market entry.



Overall, as these policies take effect, we anticipate a gradual shift in the healthcare sector towards preventative medicine, with an increased focus on promoting lifestyle changes and addressing environmental factors that contribute to chronic diseases.

Key policy actions taken so far include:

Withdrawal from the World Health Organization (WHO)

The US has formally initiated its exit from the WHO, citing concerns over governance and funding priorities. This move could disrupt international public health collaborations and research partnerships, impacting pharmaceutical and biotech firms with global operations.

Restrictions on Gender-Affirming Care

A new executive order limits access to gender-affirming treatments for transgender minors, including puberty blockers and hormone therapies.

Affordable Care Act (ACA) Revisions

The administration has signalled changes to the ACA, focusing on deregulation, and increased private sector involvement. While full repeal remains unlikely, adjustments could impact insurance coverage, hospital reimbursement models, and patient access to care.

Nomination of Robert F. Kennedy Jr. as Health Secretary

Kennedy's appointment raises questions about future vaccine policy, public health initiatives, and FDA regulatory oversight, given his past advocacy on vaccine safety. We have written more about the implications of RFK's appointment in a [blog](#).

Ban on Red Dye #3

The FDA has officially banned red dye #3, a food additive linked to cancer risks and behavioural issues in children. This decision is expected to impact food and pharmaceutical companies that use the ingredient in over-the-counter medications and supplements.

Corporate Finance healthcare team

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