



Mergers & Acquisitions | Capital Raise | Strategic Advisory

2025 Healthcare Services M&A Activity Outlook

Commentary:

With 2024 now in the rearview mirror, we thought we would reach out to our Healthcare clients and prospects with some thoughts on what to expect in 2025. To get right to the point, the next 12 months are expected to be very active for Healthcare M&A and Hexagon predicts 2025 will be a strong seller's market:

Private Equity Demand: Many Private Equity Buyers have been sitting on the sidelines for the last couple of years due to a higher interest rate environment and valuation sticker shock within the healthcare space from 2020-2023. Most of these groups are starting to feel pressure from their investors to deploy the record amount of capital that they have raised but have not yet invested.

Falling Inflation/Interest Rate Cuts: While the country is still in a relatively high inflationary environment, inflation rates have been tapering off compared to recent years and there is an expectation that the Federal Reserve will likely effect modest rate cuts in 2025. Lower interest rates enable buyers to use cheaper debt in their acquisitions and therefore cause buying activity to increase.

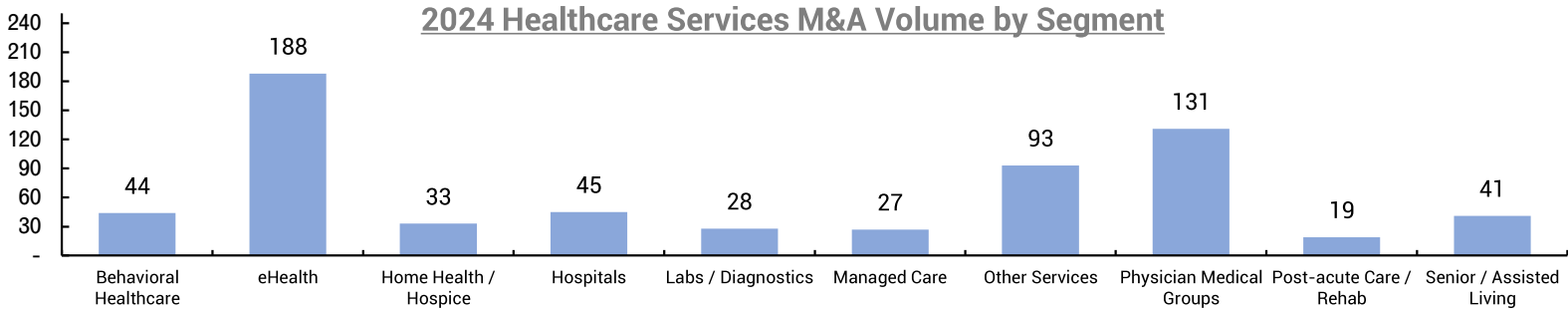
Competition for Deals: With so many Private Equity buyers jumping back into the M&A market, the competition for good quality healthcare deals will be fierce and therefore likely to push valuations up.

Healthcare business owners who have been contemplating a sale or capital raise in 2025 or even early 2026 should start preparing now. While competition for deals is expected to be high, buyers are placing greater emphasis on due diligence. Areas such as regulatory compliance, staff retention rates, as well as billing and coding practices are being scrutinized much more thoroughly. Sellers that are well-prepared for this buyer due diligence, can generally expect to close their deals faster and can in many cases command a premium valuation.

Hexagon's Healthcare M&A team has helped hundreds of healthcare business owners navigate successful transactions. Give us a call if you would like to have a confidential discussion pertaining to your company.

Recent Transaction Activity

2024 Healthcare Services M&A Volume by Segment



Source: CapitalIQ

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With 300+ Completed Transactions In The Firm's 24-Year History, Hexagon Capital Alliance's Investment Bankers Know The Appropriate Industry-Specific Strategic Buyers, Private Equity Groups, And Family Offices To Approach On Behalf Of Our Clients.

Select Healthcare Services Transactions

 <p>has been acquired by</p> 	 <p>has acquired</p>  <p>The Worldwide Home Care division of</p> 	 <p>has been acquired by</p> <p>Undisclosed Buyer</p>	 <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 
 <p>a portfolio company of</p>  <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	<p>We provided investment banking services for</p> 
 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 	 <p>has been recapitalized by</p> 	 <p>has acquired</p> 	<p>BioVex, Inc.</p> <p>has been acquired by</p> 
<p>Home Pharmacy of California</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 	<p>Community Psychiatry</p> <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 

* Represents a transaction executed by principals of Hexagon Capital Alliance at a prior firm