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Resurgence in MedTech M&A

Dealmaking trends and predictions

Contents

Background and Introduction	3
MedTech M&A predictions likely to shape dealmaking	4
Deep-dive on MedTech M&A predictions	5
Conclusion	12
Authors	13
Endnotes	14

Background and introduction

After a few slow years post-pandemic, **the MedTech sector is experiencing a strong uptick in dealmaking activity.** These M&A trends come on the heels of solid earnings growth in the sector. This should give MedTech M&A executives a strong reason to be energized.

In 2024, MedTech stocks (S&P 500 Health Care Equipment index) grew by 18%¹ from their lowest post-COVID value in October 2023. These stocks **significantly outperformed** the overall S&P 500 Health Care index, which grew at about 9% during the same period. Inflation-adjusted revenue of US MedTech companies also witnessed **an approximate 6% year-over-year increase in 2024**, compared with a nearly 2% decline in 2023. In 2025, US MedTech companies are expected to have an YoY growth of almost 3%.²

MedTech M&A activity, by contrast, has been largely muted over the last few years, as companies primarily focused on enhancing profitability and leveraging divestitures to realign portfolios.

Today, we see clear signs of **a resurgence in MedTech M&A activity.**

MedTech M&A deal value in 2024 surpassed the total deal activity in 2022 and 2023. More than 40 deals with a cumulative value of \$32.2 billion were announced in 2024, marking an approximate **66% increase** compared to 2023 activity.³ This trend has continued in 2025 with 30 deals with cumulative value of about \$14 billion announced as of mid-June. We anticipate that this **momentum will continue and accelerate in the coming years**, given the favorable outlook toward M&A under the Trump administration.

In this paper, we confidently stand behind MedTech M&A predictions likely to shape dealmaking, based on detailed research and analysis around key M&A trends in this space.

MedTech M&A predictions likely to shape dealmaking

1. Margin pressures will continue to drive portfolio balancing and sell-side activity

Large, diversified MedTech conglomerates continue to face profit margin and growth pressures due to increased competition, pricing pressures, and higher regulatory compliance costs. We anticipate that **they will continue to leverage divestitures and spin-offs** to counter these headwinds and optimize their portfolio to enhance shareholder value.

2. M&A growth in high-growth attractive therapeutic areas will drive deal volumes

After a slowdown in 2022 and 2023, we saw notable increases in buy-side M&A activity in 2024. This trend has continued in 2025, and we expect **MedTech companies will actively search for high-growth small/mid-cap companies** and innovative pre-commercial companies in higher-growth markets and therapeutic areas (TAs), such as in vitro diagnostics, cardiovascular, and orthopedic. This will be further fueled by the expected favorable macroeconomic outlook and **strong cash reserves that MedTech companies have accumulated** due to a flurry of divestitures or limited buy-side investments over past two to three years.

3. Expanded M&A and venture funding toward 'innovative' tech as new opportunities emerge

MedTech companies have been **rapidly adopting cutting-edge/proprietary technologies** (e.g., wearables and connected care, Generative AI-based solutions), which are expected to transform the sector and improve patient outcomes. These innovative technologies also **have been a significant focus of venture capital (VC)**, and we see clear signs that traditional **MedTech companies will aggressively leverage M&A** to acquire these innovative technology businesses to enhance their pipeline and fuel future growth.

4. Offensive and defensive M&A tactics from incumbents as GLP-1 investments increase

Rapid adoption of GLP-1 (weight-loss) drugs has created uncertainty for MedTech companies. These **pose a threat to device usage** in obesity-linked conditions (e.g., sleep apnea, diabetes, orthopedics, and cardiovascular care). MedTech companies will need to **leverage M&A to "GLP-1 proof" their portfolios**.

5. Revived interest from private equity (PE) in MedTech given strong dry powder and attractive valuations

After a slowdown in 2022 and 2023, the **MedTech sector experienced notable PE investments** in 2024 with increased activity in **select therapeutic areas** (e.g., dental, nephrology, urology, and diagnostics). A **strong dry powder position** is likely to propel further PE activity. We also anticipate **more club deals in the coming months**, in which PE firms partner with corporate buyers who are looking to double down on their focus in certain therapeutic areas.

Deep-dive on MedTech M&A predictions

Amid prevailing trends, opportunities, and challenges, the MedTech sector is poised for significant transformation in the coming years, driven by an evolving M&A landscape. As we look ahead, **five key M&A predictions emerge**, each illustrating the **shifting priorities and strategies for both established incumbents and emerging disrupters within this sector**.



Prediction 1

Margin pressures will continue to drive portfolio balancing and sell-side activity

MedTech companies continue to face margin pressures due to increased competition, pricing pressures, and higher regulatory compliance costs. Profit margins have not improved over the past few years, with the average earnings before interest and taxes (EBIT) margin for the top 20 global listed MedTech companies⁴ in 2024 being roughly 169 basis points (bps) lower compared to 2021. Revenue growth was also muted, averaging around 4% during this period.⁵ Between January 2022 and December 2024, the average total shareholder return (TSR) for these companies was negative (-7%), in contrast to the S&P 500 Index's nearly 28% return,⁶ resulting in **reduced investor confidence**.

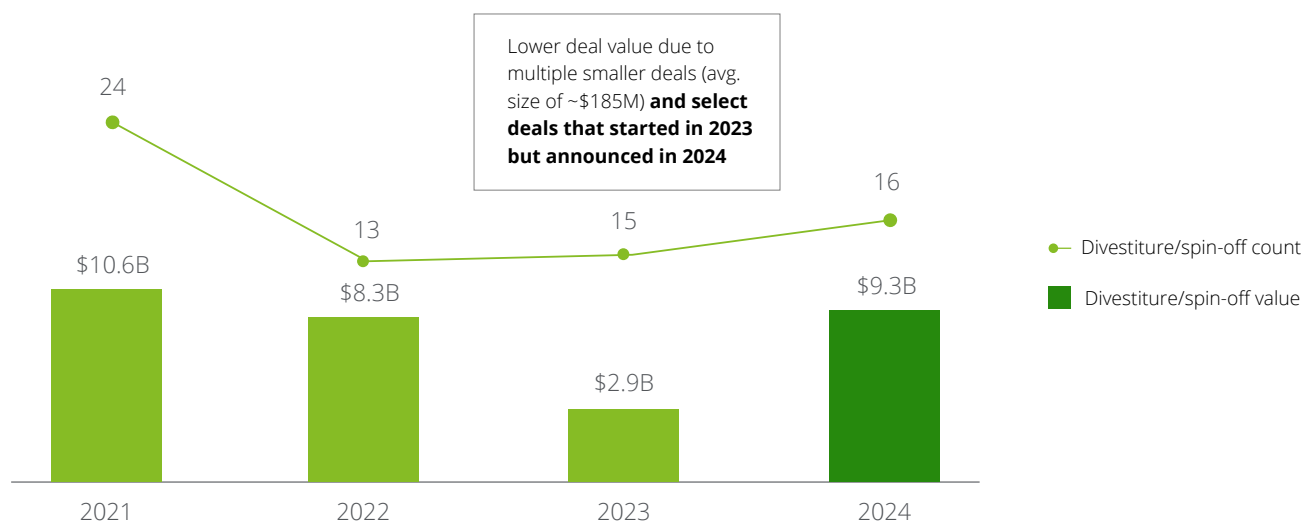
To counter these headwinds, MedTech companies have been actively engaging in divestitures and spin-offs of their non-core assets (figure 1). For instance, in September 2024, Edwards divested its critical care business to Becton Dickinson for \$4.2 billion in a strategic move to focus on higher-growth

areas, specifically its structural heart and implantable technology businesses. Similarly in July 2024, Johnson Matthey divested its medical device components business to Montagu PE for \$0.7 billion.

Other recent prominent divestitures/spin-offs include Olympus Corporation's divestiture of Evident for \$3.2 billion to Bain Capital announced in August 2022, Labcorp's spin-off of Fortrea (a CRO company) for \$3.1 billion announced in July 2022, and the sale of Smiths Medical division to ICU Medical for \$2.4 billion in September 2021.

As MedTech companies continue to navigate margin challenges and investor pressures, we anticipate a continued emphasis on divestitures of non-core assets to fuel focus on their core high-growth businesses.

Figure 1: MedTech divestiture/spin-off activity by volume and value (\$ billion)



Source: S&P CapIQ; Deloitte analysis

Prediction 2

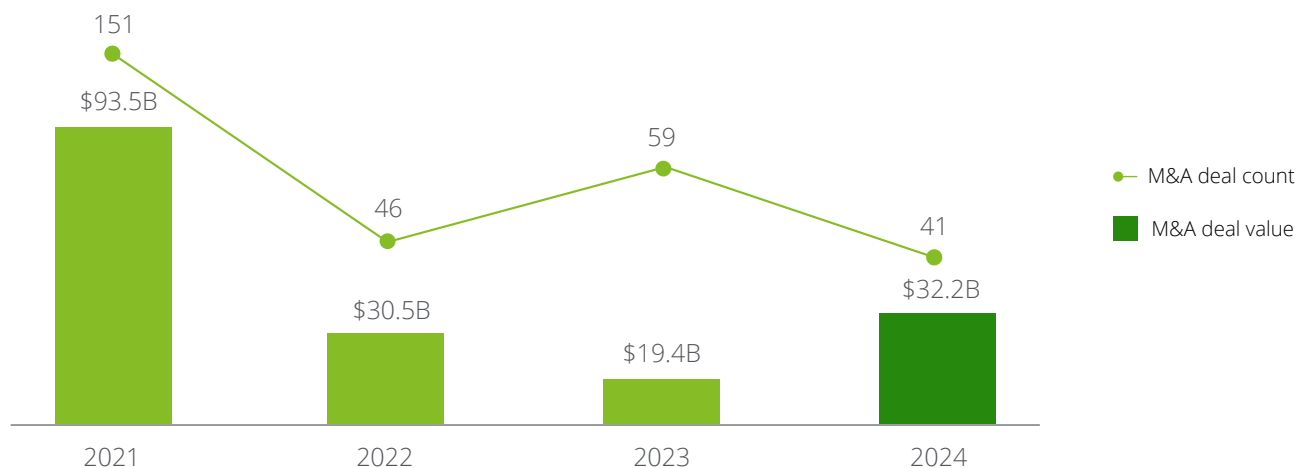
M&A growth in high-growth attractive therapeutic areas will drive deal volumes

After a sharp decline in 2022, M&A activity rebounded in 2023 and has continued the upward trajectory in 2024 (figure 2). For instance, within cardiovascular, Johnson & Johnson (J&J) announced the acquisition of Shockwave Medical for \$12.9 billion in April 2024 to gain access to innovative intravascular lithotripsy technology for stent deployment. Similarly, Edwards Lifesciences announced the acquisitions of JenaValve and Endotronix for \$1.6 billion in July 2024 to strengthen its structural heart portfolio. Within nephrology, Boston Scientific announced the \$3.4 billion acquisition of Axonics in January 2024 to gain access to minimally invasive sacral neuromodulation therapy.

Other recent prominent buy-side deals include Coloplast's acquisition of Kerecis for \$1.2 billion announced in July 2023, the merger between Globus Medical and NuVasive for \$3.1 billion announced in February 2023, and J&J's acquisition of Abiomed for \$16.6 billion in December 2022.

The top 20 pure-play MedTech companies had more than \$41 billion⁷ in cash reserves at the end of 2024 from ongoing divestitures and restructuring initiatives. We anticipate continued growth in acquisitions, particularly in higher-growth markets and therapeutic areas such as in vitro diagnostics, cardiovascular, and orthopedic, driven by high cash reserves, lower interest rates, and a favorable macroeconomic outlook.

Figure 2: MedTech acquisition activity by volume and value (\$ billion)



Source: S&P CapIQ; Deloitte analysis

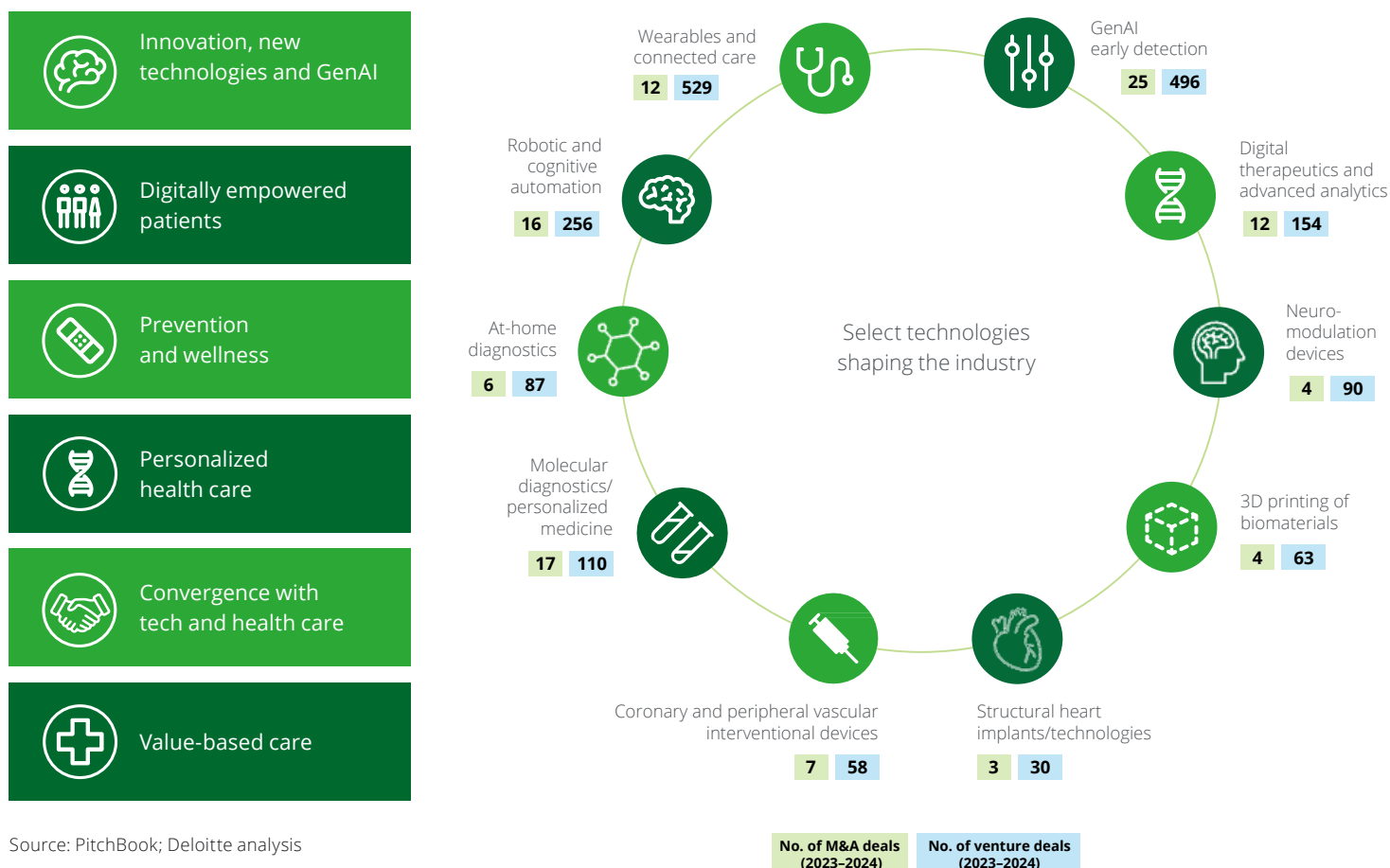
Prediction 3

Expanded M&A and venture funding toward 'innovative' tech as new opportunities emerge

Rapid adoption of cutting-edge technologies is expected to transform the MedTech sector and improve patient outcomes. As of December 31, 2024, the US FDA has approved 1,016 artificial intelligence/machine learning (AI/ML)-based MedTech devices since

1995. In 2023 alone, there were 223 approvals, marking the highest number of annual FDA approvals.⁸ As noted in figure 3,⁹ a number of these technologies have attracted significant venture capital (VC) focus as well as traditional M&A.

Figure 3: Disruptive trends in MedTech and select technologies shaping the industry



Select examples of recent M&A interest from traditional incumbents within these technologies:

- **Wearables and connected care technology:** Novo Nordisk acquired Biocorp for \$165 million in June 2023 to bolster its diabetes portfolio. With value-based care **emphasizing earlier detection and chronic disease management**, large MedTech companies are likely to actively seek innovative assets in this space.
- **AI-based early diagnostics:** Philips acquired DiA's AI-powered ultrasound analysis technology for \$100 million in May 2023 for enhanced objectivity and accuracy. **AI-based early diagnostics** technologies have extensive applications in early disease detection, treatment plan guidance, and drug discovery and development, offering potential for revenue growth for MedTech companies.
- **Robotic and cognitive automation (RCA):** JJD, Johnson & Johnson Innovation's venture arm, invested \$55 million in Moon Surgical in May 2023 to streamline surgeries and help reduce patient recovery times and costs.
- **Digital therapeutics:** Abbott acquired Bigfoot Biomedical for an undisclosed amount in September 2023 to further strengthen its focus on analytics-driven diabetes management. With a favorable regulatory and reimbursement environment, these technologies are poised to play a more substantial role in care delivery¹⁰ and will likely attract higher M&A investments.

These deal examples clearly highlight the MedTech sector's focus on disruptive innovation to fuel future growth. We anticipate MedTech companies (especially those with active corporate venture capital arms) to look for continued investments in these technologies.

Prediction 4

Offensive and defensive tactics from incumbents as GLP-1 investments increase

GLP-1 growth and MedTech impact

GLP-1 therapies have been utilized for more than two decades, primarily to manage type 2 diabetes. However, their **efficacy in treating obesity has recently garnered significant public attention**, as evidenced by the sharp increase in market share of obesity treatment within the GLP-1 market, up from 11% in 2020 to 31% in 2024 (figure 4).¹¹ **Projections indicate that obesity treatments will constitute half of the GLP-1 market by 2029.**

Some MedTech analysts have forecast a potential decline in demand for devices and procedures in obesity-linked conditions. For instance, following the **announcement of Novo Nordisk's GLP-1 trial results, there was a more than 20% decline in MedTech stocks between August and October 2023.**¹² However, the extent of the long-term impact on the MedTech sector will likely depend on several factors influencing GLP-1 utilization, including the cost of medication, its long-term effects, and patient adherence.

Dual impact of GLP-1 on MedTech

GLP-1 drugs might lead to a decrease in bariatric surgery volumes as patients and providers seek to exhaust non-surgical options first.¹³ Effective obesity management drugs could also result in **lower demand for devices in other obesity-caused therapeutic areas such as sleep apnea, diabetes, orthopedics, and cardiovascular care.**

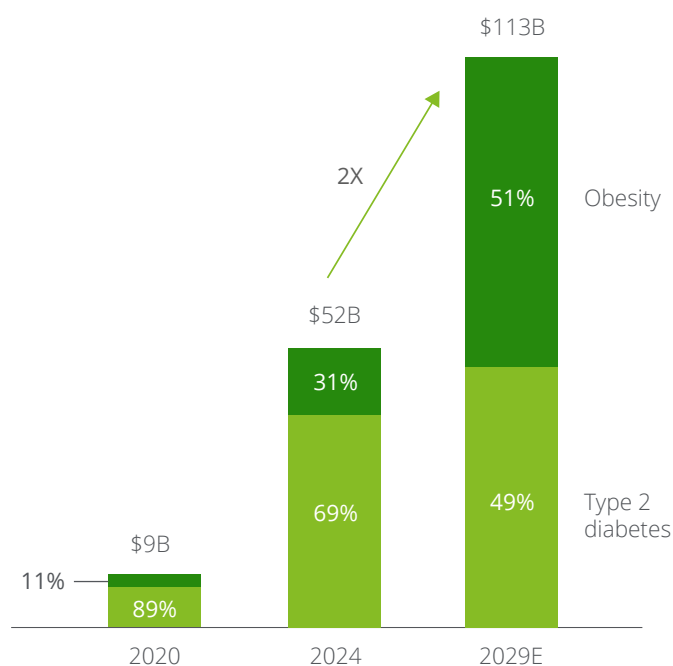
On the flipside, effectiveness of GLP-1 drugs in managing obesity could lead to increased usage of continuous positive airway pressure (CPAP) devices for sleep apnea and continuous glucose monitors (CGMs) for diabetes due to an **increase in eligible patient pool** that can undergo use of such devices.¹⁴ GLP-1 mediated weight loss could also increase the volume of procedures in bariatric, orthopedic, and cardiovascular therapeutic areas due to an increase in eligible patient pool. This dual impact underscores the importance for MedTech companies to adapt and innovate in response to the evolving treatment paradigms.

Strategies for navigating GLP-1 adoption

MedTech companies **will look to develop or acquire next-gen solutions that work synergistically with GLP-1 therapies**, such as combination therapies or advanced drug administration methods. For example, Dexcom and Abbott are already expanding their CGM systems to integrate with broader health management platforms in a market increasingly dominated by GLP-1 therapies.¹⁵

In terms of M&A, **we expect MedTech companies will also focus on investing in therapeutic areas** that are less likely to be affected by GLP-1 therapies (e.g., wound care, neurology, and diagnostics), while delaying investments or divesting businesses that are more vulnerable to GLP-1 competition (e.g., sleep apnea and bariatric surgery).

Figure 4: Global GLP-1 market size and share of obesity



Source: Jefferies research analysis; Deloitte analysis

Prediction 5

Revived interest from PE in MedTech given strong dry powder and attractive valuations

After peaking at \$63 billion in 2021, PE activity in the MedTech sector dropped significantly to \$8.7 billion in 2022,¹⁶ as an interest rate increase in 2022 led to higher leverage-buying costs. However, MedTech valuation multiples have been gradually increasing, as indicated by the average multiples of the top 20 global listed MedTech companies.¹⁷ Additionally, as of December 2024, **global dry powder held by PE firms reached approximately \$2.5 trillion**,¹⁸ indicating continued revival in interest from PE clients in this space.

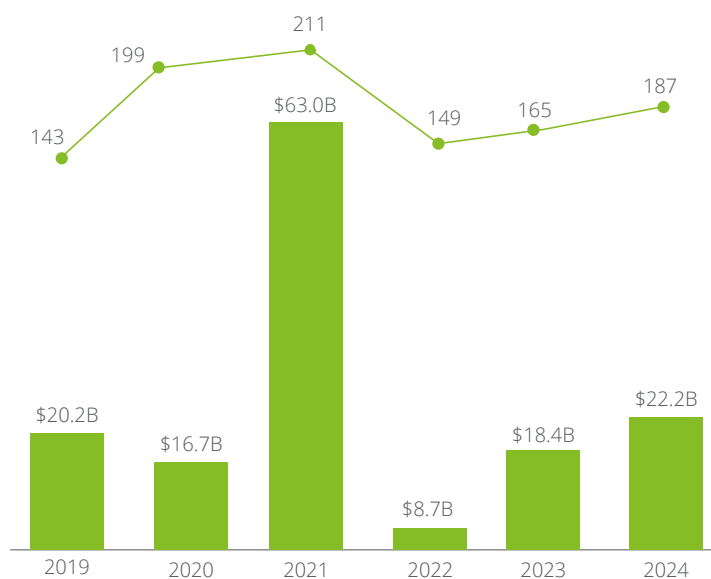
In 2024, the MedTech sector experienced notable PE investments totaling \$22.2 billion. PE activity was the highest (in terms of investment value) within select therapeutic areas (figure 5). For example, within **dental**, Patient Square Capital

acquired Patterson Companies for \$4.1 billion in December 2024, and in **nephrology and urology**, Carlyle Group acquired Baxter's kidney-care business for \$3.8 billion in July 2024. Within **cardiovascular**, Montagu acquired Johnson Matthey's medical device business for \$0.7 billion in March 2024. Within **diagnostics**, GTCR acquired Surmodics for \$627 million in May 2024.¹⁹

We believe that the **strong dry powder position will propel further PE activity across the MedTech sector**, as firms seek to deploy capital in high-growth areas and innovative technologies. **We may also see more club deals next year, in which PE firms partner with corporate buyers** who are looking to double-down on their focus in certain therapeutic areas and not miss out on a certain "technology boom."

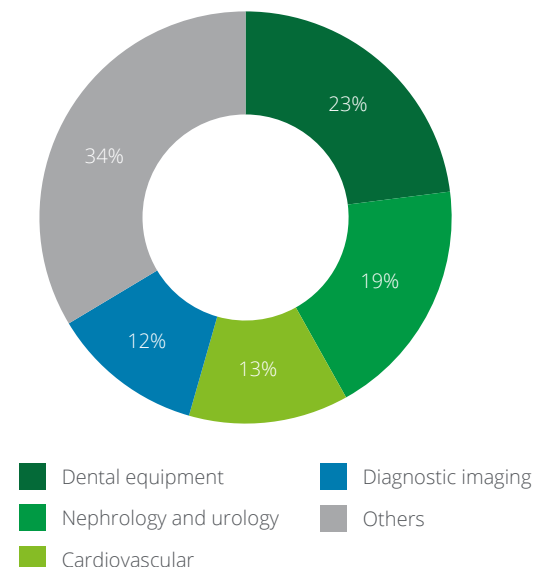
Figure 5: PE activity and investment value in MedTech

PE activity in MedTech (\$B)



Source: PitchBook; Deloitte analysis

PE investment value by therapeutic area in 2024



Note: Percentages may not add up to 100% due to rounding
Source: PitchBook; Deloitte analysis

Conclusion

MedTech M&A executives have many reasons to be energized by the prevailing tailwinds in the sector. The next two to three years will provide unique opportunities to enhance patient outcomes and drive value across stakeholders. As MedTech companies look at expanding their M&A aperture to drive shareholder value, **getting it right will not be easy**. Executives will **need to make thoughtful strategic choices** and have a longer-term view of the sector.

Deloitte can serve as a trusted adviser for companies on this journey, offering deep experience in the MedTech sector and M&A service offerings across the deal life cycle. **We have advised the top 10 MedTech companies** and **several emerging disrupters** on transformative deals—leveraging our strong functional experience coupled with deep therapeutic area knowledge and experience.



Authors



Varun Budhiraja

Principal
Deloitte Consulting LLP
vbudhiraja@deloitte.com
+1 818 441 4455



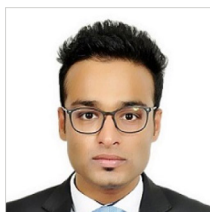
Sheryl Jacobson

Principal
Deloitte Consulting LLP
shjacobson@deloitte.com
+1 646 387 2845



Varun Madan

Senior Manager
Deloitte Consulting LLP
vmadan@deloitte.com
+1 312 871 9374



Vishal Garga

Senior Manager
Deloitte Consulting LLP
vgarga@deloitte.com
+91 989 989 3099

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Puneet Agarwal, Mahak Jain, Raghav Nayyar, Kate Collins, Subhro Biswas

Endnotes

1. Between October 31, 2023, and June 13, 2024; based on price return and sourced from S&P Global.
2. Deloitte analysis based on IBISWorld's report on medical device manufacturing in the United States.
3. Deloitte analysis based on deals data from CapIQ.
4. Top 20 global pure-play MedTech players based on FY 2024 revenue (excludes health care distributors).
5. S&P CapIQ data extract for top 20 MedTech as per FY 2024 revenue.
6. Based on S&P 500 Index Total Return.
7. Top 20 global pure-play MedTech players based on FY 2024 revenue (excludes health care distributors).
8. FDA database: AI/ML-enabled medical devices.
9. Based on analysis of deals sourced from PitchBook with completed or announcement date between January 1, 2023, and December 31, 2024.
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13. Kevin Lin, Ateev Mehrotra, and Thomas C. Tsai, "[Metabolic bariatric surgery in the era of GLP-1 receptor agonists for obesity management](#)," *JAMA Network* 7, no. 10 (2024): e2441380.
14. Matthew Arnold, "[What GLP-1 drugs mean for medtech](#)," Clarivate, July 2, 2024.
15. Elise Reuter, "[Dexcom. Abbott ramp up DTC marketing amid fight for share of growing diabetes market](#)," *MedTech Dive*, August 17, 2023; Elise Reuter, "[Abbott and Dexcom are launching the first over-the-counter CGMs. Here are 7 questions on the new tech](#)," *MedTech Dive*, June 26, 2024.
16. Based on PitchBook data extract for all completed and announced or in progress PE deal types including IPO, PIPE, buyout/LBO, and growth/expansion as defined by PitchBook in health care devices and supplies, lab services, and select deals from the health care services (clinics/ outpatient services and distributors [health care] that were relevant to the analysis) industry.
17. Average EV/EBITDA multiple for top 20 global listed MedTech players (by revenue) increased to 21.4x as of December 31, 2024, compared to 18.2x as of December 31, 2022.
18. Dylan Thomas and Shambhavi Gupta, "[Private equity-backed megadeals jumped higher in 2024](#)," S&P Global Market Intelligence, January 15, 2025.
19. The deal has been litigated by the FTC under Hart-Scott-Rodino (HSR) review and is currently pending close.

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