

UK Healthcare M&A Update

A look back at Q1 2026

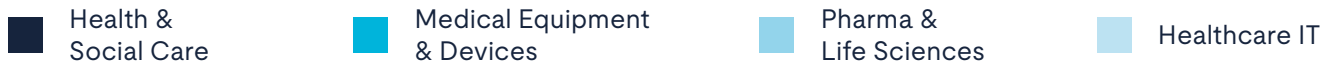
We see things
differently.



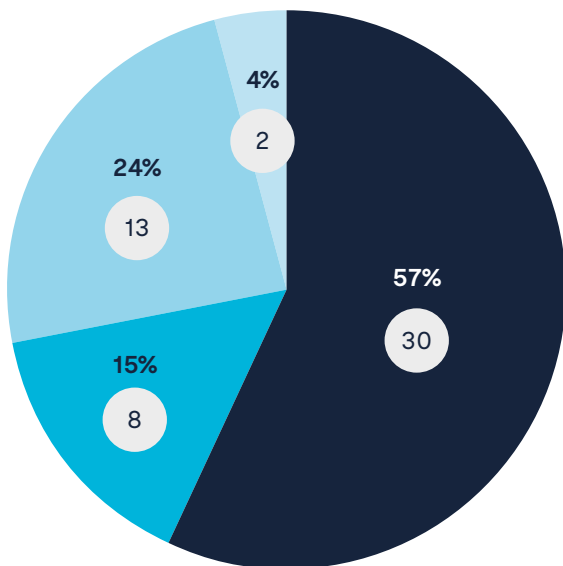
Executive Summary

- UK healthcare M&A recorded 53 deals in Q1 2026, down from 72 in Q1 2025 – a ~26% year-on-year decline, reflecting a more cautious dealmaking backdrop amid macro uncertainty and renewed geopolitical tensions in the Middle East.
- Health & Social Care dominated with 57% of deals, driven by continued consolidation across fragmented, defensive subsectors such as residential care, nurseries, complex care, pharmacy and broader healthcare services.
- Deal flow remained broad-based, with notable hotspots in elderly care, pharma, pharmacies and medical devices, underlining sustained appetite for essential, needs-led services.
- Despite softer volumes, large-cap activity persisted, particularly in Pharma & Life Sciences. Highlights included GSK's £1.7bn acquisition of RAPT Therapeutics, Smith & Nephew's £450m acquisition of Integrity Orthopaedics, and Sovereign Capital Partners' acquisition of Apollo Homecare.
- Financing conditions remain tight: elevated interest rates, staffing cost pressures, and uncertainty around ICB funding are extending timelines and constraining deal execution. Geopolitical tensions (including US–Middle East dynamics) are also feeding into energy price volatility and inflation expectations, reinforcing a more cautious, risk-off investor stance with greater valuation scrutiny.
- 81% of buyers were strategic, consistent with the 83% in 2025, reflecting continued focus on synergies, scale and pipeline expansion. Private equity was most active in medical devices and pharma.
- Cross-border activity remained balanced, with 23% inbound vs. 20% outbound deals. UK buyers continue to prioritise US expansion, alongside interest in France, Germany and Belgium.
- Despite a more cautious environment, resilient demand for defensive, needs-led healthcare assets continues to underpin M&A activity, particularly for high-quality platforms with strong earnings visibility.
- In 2024 deal activity increased into 2025, with strong Q1 volumes and solid year-end closings, reflecting momentum from prior pipelines. However, activity declines into 2026, with a weaker Q1 indicating slower deal execution with economic uncertainty and ongoing cost and regulatory pressures in healthcare.

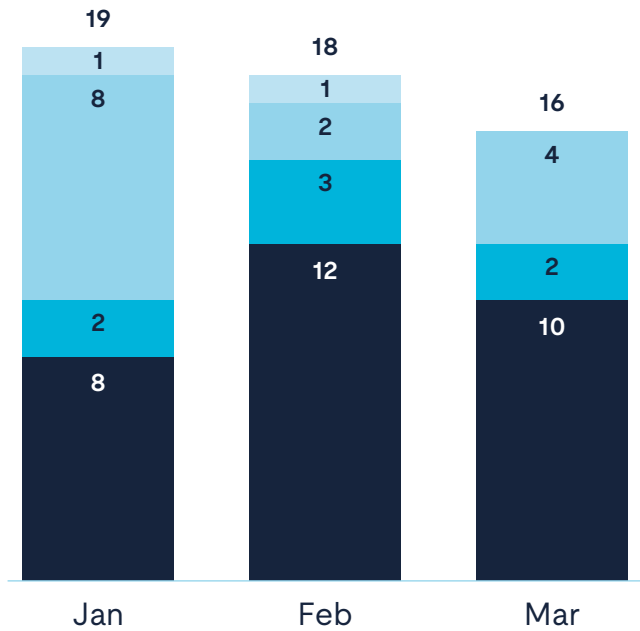
Q1 2026 in focus: UK Healthcare M&A



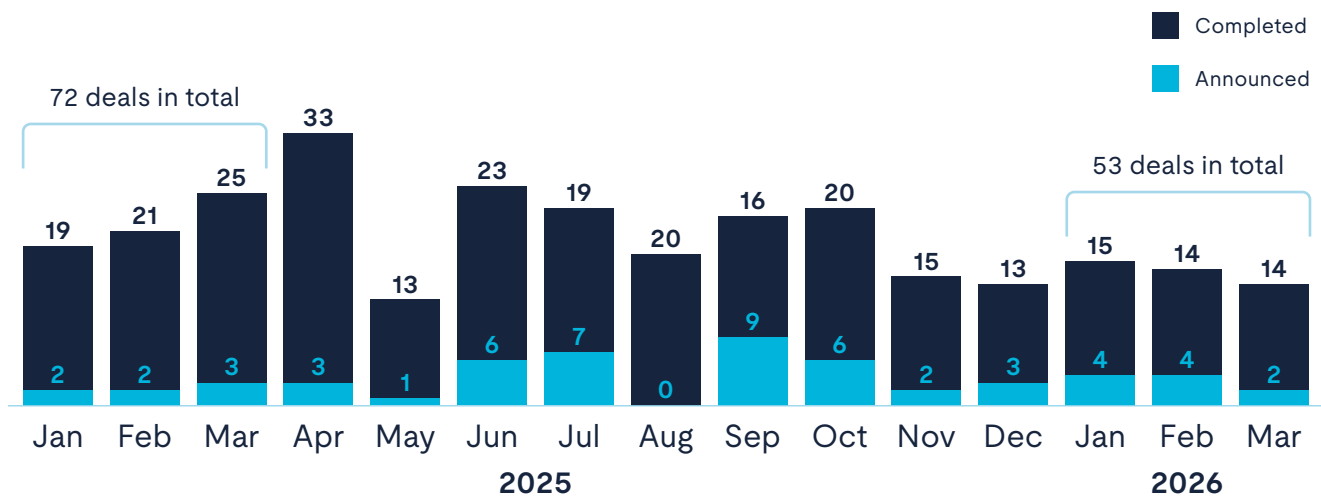
Deal volume by sub-sector



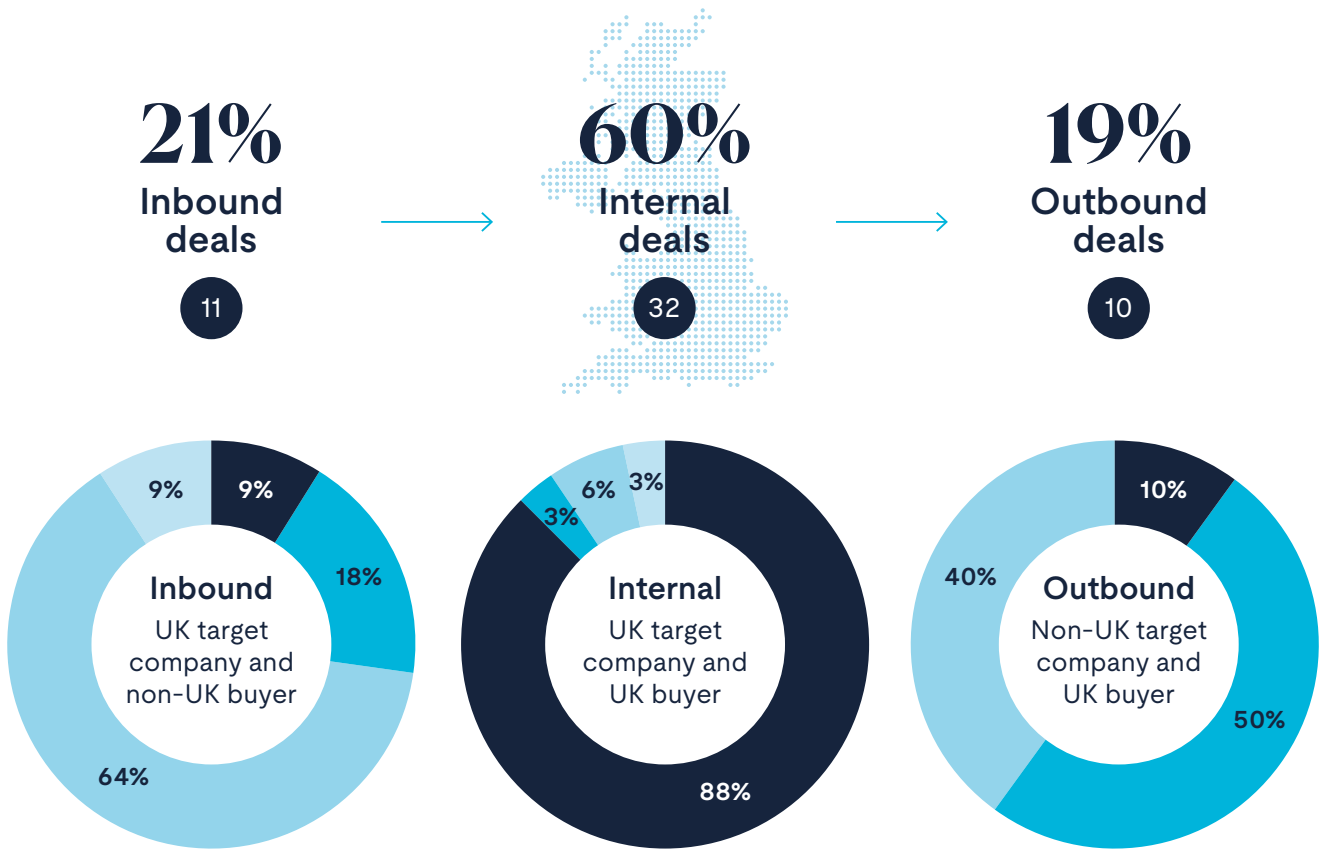
Q1 monthly M&A deal flow ²



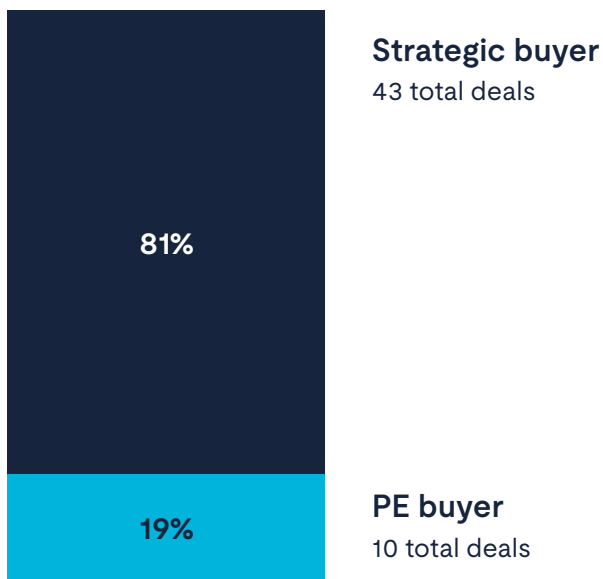
Rolling monthly M&A deal flow



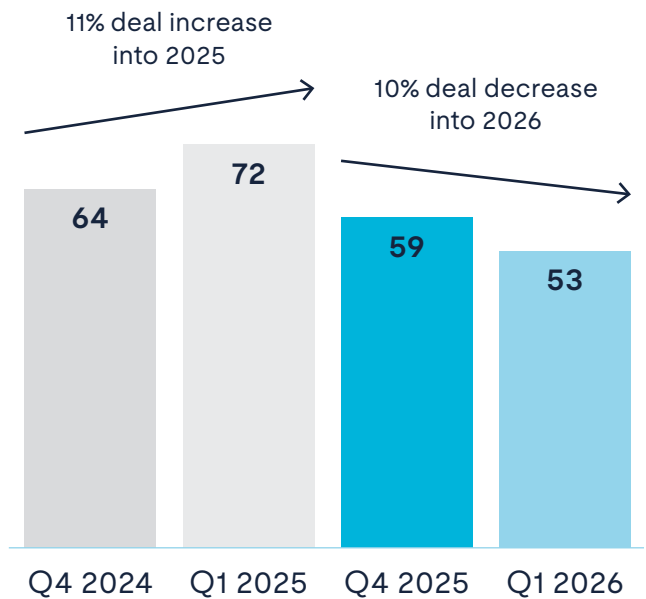
Inbound vs Internal vs Outbound ¹



Strategic vs PE buyers



Cross-Year Quarter Transition Comparison



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; (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

Health & Social Care

More than half of Q1 deals occurred in Health and Social Care, led by elderly care providers, nurseries and pharmacies, with 93% reflecting strategic consolidation as investors pursue scale in fragmented, demand-led markets.



UK-based **Sovereign Capital Partners** acquired UK-based **Apollo Home Healthcare**, a provider of complex, high-acuity care-at-home services for adults and children, supported by a large clinical workforce. The acquisition is part of Sovereign's fifth fund to support Apollo's continued geographic expansion and investment in people, technology, and client experience.



UK-based **Vulcan Two Group Plc** announced it will acquire UK-based **Hyperdrug Pharmaceuticals Ltd** and **Webmed Pharmacy Ltd**. Hyperdrug Pharmaceuticals operates an online pharmacy platform serving both human and veterinary markets, while Webmed Pharmacy is a UK-based online pharmacy business. Together, the acquisitions support Vulcan's expansion into digital pharmacy and e-commerce healthcare, building scale across both human and animal health segments. The Hyperdrug transaction is valued at approximately £3.6 million (including earnout), implying an EV/Revenue multiple of 0.3x and an EV/EBITDA multiple of 5.8x, while the Webmed acquisition is valued at approximately £2.1million.



UK-based **Optima Health plc** acquired UK-based **PAM Healthcare Ltd** from **LDC**. PAM Healthcare provides occupational health and wellbeing services -including health surveillance, absence management, physiotherapy, employee assistance programmes and specialist assessments- to corporate and public sector clients. The acquisition enhances Optima's scale and service breadth in workplace health. The transaction was valued at approximately £100 million.

Medical Equipment & Devices

Medical device deal activity in Q1 was characterised by strategic bolt-on acquisitions focused on expanding product portfolios, distribution capabilities and diagnostic ecosystems, with continued private equity interest in scalable, service-enabled platforms.



Belgium-based **Groupe Bruxelles Lambert SA** and **CVC Capital Partners plc** announced a minority investment in UK-based **Rayner Surgical Group Limited**, a manufacturer of ophthalmic medical devices, including intraocular lenses used in cataract surgery. On behalf of GBL, Investment Partner Michal Chalaczkiwicz said: "After Affidea and Sanoptis, this marks GBL's third investment in healthcare. With this premier MedTech business, we are investing in another quality platform, in an attractive segment with exciting growth opportunities." The transaction values the co-controlling minority stake at approximately £433 million.



Sweden-based **AddLife AB** acquired UK-based **Biospectrum Limited**. Biospectrum distributes surgical equipment and consumables (including urology, gynaecology and endoscopy products) to NHS hospitals. For the period ending December 31, 2025, Biospectrum Limited reported total revenue of £6 million, expecting to strengthen AddLife's UK medtech distribution platform.

Smith+Nephew



UK-based **Smith & Nephew plc** acquired US-based **Integrity Orthopaedics, Inc.** Integrity Orthopaedics is an early-stage commercial developer of Tendon Seam™, a biomedical RCR system designed to improve surgical outcomes and reduce re-tear rates. The acquisition strengthens Smith & Nephew’s sports medicine portfolio and shoulder repair offering. The transaction was valued at up to £340 million, comprising £170 million upfront plus contingent payments.

Pharma & Life Sciences

57% of the PLS deals were outbound and 43% of deals were inbound, illustrating deals in this sector are not domestically driven. The market is being shaped by international capital and strategic buyers pursuing innovation, products and specialist capabilities.

AstraZeneca



China rights to GPC3 armored CAR-T therapy

UK-based **AstraZeneca** acquired **China rights to GPC3 armored CAR-T therapy.** The acquisition strengthens AstraZeneca’s position in advanced cell therapies and expands its presence in the Chinese oncology market. The transaction is valued at up to £465 million, including upfront payment and development, regulatory and commercial milestone payments.

Immedica
pharma



Sweden-based **Immedica Pharma AB** acquired UK-based **Diurnal Group Limited** target from **Neurocrine Biosciences, Inc.** Diurnal is a specialty pharmaceutical company focused on rare endocrine disorders. The acquisition strengthens Immedica’s rare disease portfolio and expands its commercial footprint in Europe and beyond. The transaction was valued at approximately \$65 million in cash, including global rights to Alkindi and ex-US rights to Efmody.

Healthcare IT

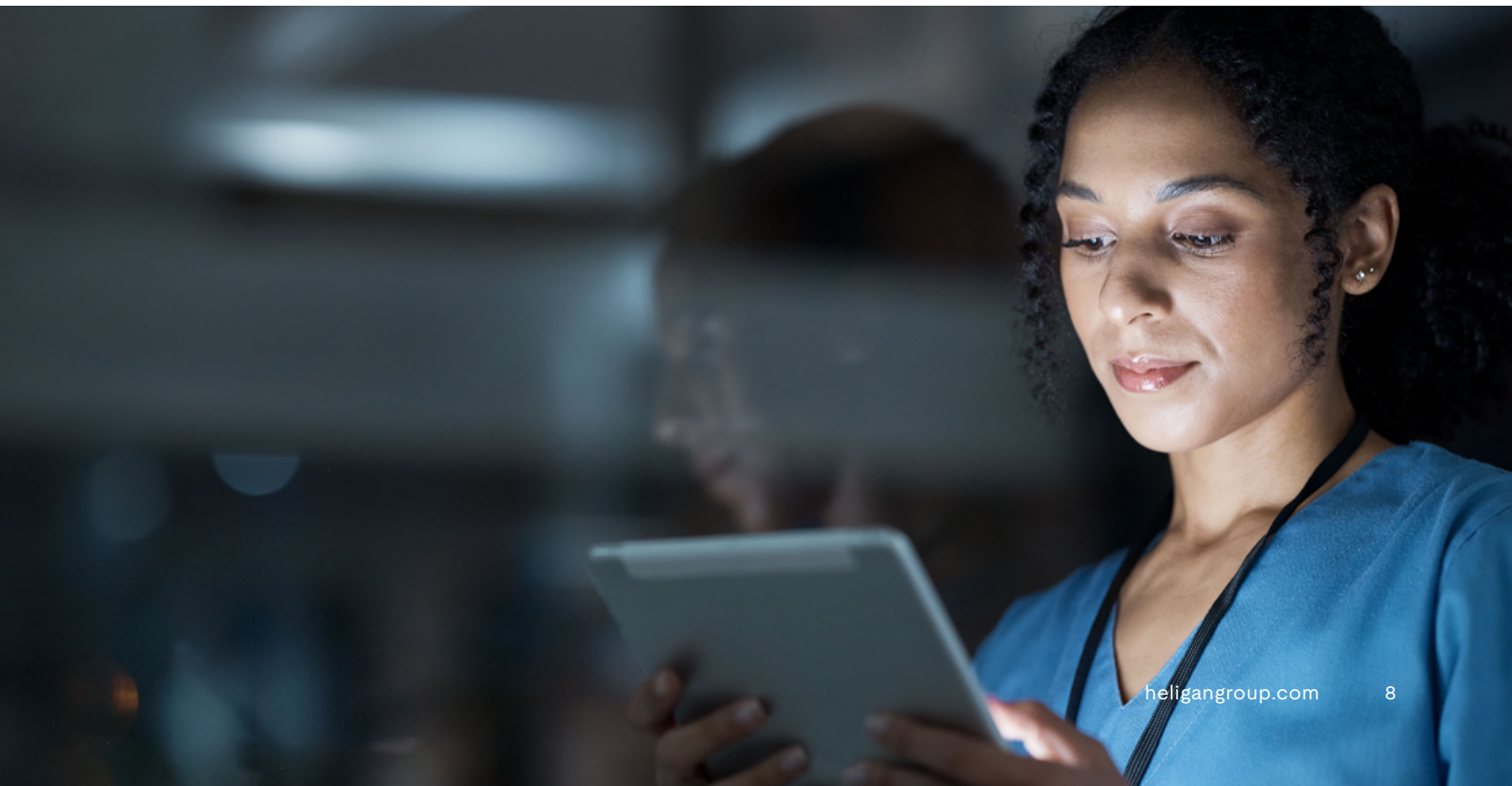
Healthcare IT deal activity remained limited, with only 4% of total deals, but highly strategic, with transactions focused on AI-driven drug discovery and digital patient support solutions, underscoring demand for technology that enhances clinical and R&D capabilities rather than standalone scale.



UK-based **Reframe Cancer**, a **Harley Street Concierge Ltd** subsidiary, acquired UK-based **Alvie Health Limited**, a provider of digital health solutions, including cancer care support tools. The acquisition supports Harley Street Concierge's expansion into integrated digital and patient support services.



UK-based **AstraZeneca PLC** acquired US-based **Modella AI, Inc.** Modella AI develops artificial intelligence and analytics solutions to support drug discovery and development. Modella will accelerate AstraZeneca's efforts to make pathology more quantitative – using computers to analyse biopsies for relevant proteins and correlate them with clinical data – so AstraZeneca can develop highly targeted biomarkers and then highly targeted therapeutics.



Deep Dive:

Precision over scale – Pharma’s return to targeted M&A

Pharma and life sciences M&A is being driven by targeted, high-value acquisitions of pipeline, platform and enabling assets, as strategic buyers prioritise innovation, speed to market and portfolio resilience.

Pharma and life sciences deal activity in Q1 was defined less by volume and more by high-value, strategically targeted acquisitions, as large pharmaceutical companies continued to deploy capital selectively to strengthen pipelines and access differentiated innovation. While the number of transactions was relatively modest compared to healthcare services, the segment accounted for only 24% of total deal value, driven by a handful of large-cap transactions.





Notably, **GSK plc's** announced acquisitions of **RAPT Therapeutics, Inc.** and **35Pharma Inc.** highlight the continued importance of M&A as a tool for pipeline expansion. The RAPT transaction, valued at approximately £1.6 billion equity value (with c.£1.4 billion upfront), gives GSK access to a clinical-stage immunology and oncology portfolio, including the ozureprubart programme, with global rights excluding certain Asian markets. In parallel, the c.£700 million acquisition of 35Pharma expands GSK's exposure to novel treatments for pulmonary hypertension, including its lead candidate HS235.

Together, these transactions strengthen GSK's pipeline across immune-driven diseases and cardiovascular indications, while broadening its access to high-potential early- and mid-stage assets. This reflects a broader trend across the dataset: strategic buyers are prioritising precision over scale. Rather than pursuing large, diversified acquisitions, pharma companies are targeting assets that offer:

- de-risked or late-stage pipelines
- specialist therapeutic focus (e.g. immunology, rare disease)
- platform or capability enhancements, including advanced therapies and AI

Another defining feature of the quarter was the international nature of dealmaking, with the majority of pharma transactions involving cross-border activity. This underlines the global competition for high-quality assets and the UK's continued role as both an acquirer and a target market for innovation-led businesses.

Overall, Q1 suggests that pharma M&A is not rebounding in broad volume terms, but is instead evolving into a highly selective, strategy-led market, where capital is concentrated in assets that can deliver near-term pipeline impact or long-term technological advantage.

Corporate Finance healthcare team

Our Heligan Corporate Finance team, seasoned across sectors and mid-market deal sizes, delivers exceptional, insight-driven results through deep expertise and a robust network.



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