

November 20, 2025 | [Wendy Diller](#)Posted In: [Investors & Dealmaking](#)

Private Equity's New Play in Medtech

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ARTICLE SUMMARY:

Private equity buyers have jumped into the medical device sector in 2025, flush with capital and plans for revamping companies in an unforgiving, volatile macroenvironment. Blackstone and TPG's take out of publicly traded Hologic is a high-profile example of the opportunity.

Private equity (PE) has been notably active in the medical device sector in 2025. PE investors have taken out or are in the process of buying five public medtech companies, including, most recently, **Hologic**, one of the few companies primarily focusing on women's health. TPG and Blackstone have agreed to take the company, which had revenues slightly exceeding \$4 billion in 2024, private in a deal valued at \$18.3 billion. Dozens of private medical device companies have been or are in the process of being bought by PE investors as well (*see Figure 1*).

Manufacturers are looking for capital to grow their businesses in an expensive, uncertain lending environment, while investors are under pressure from their limited partners (LPs) to deploy the enormous amounts of capital they have raised, points out Oded Ben-Joseph, PhD, managing partner at Outcome Capital, a life-sciences-focused investment bank, adding, "LPs see private equity as an alternative investment and want that money to go to work, not sit."

Figure 1
Select Top PE Medical Devices and Supplies Deals 2025*

Company	Description	Date (A=announced; C=closed)	Deal Size (\$B)	Investors	Deal Type
Hologic	Women's Health/ Diagnostics	10/25-A	\$18.3	Blackstone/TPG (and Abu Dhabi Investment)	LBO/Buyout
Patterson Companies	Dental and animal health distributor	4/25-C	\$4 (including refinancing of receivables)	Patient Square Capital	LBO/Buyout
Baxter Kidney Care (now Yantiva)	Kidney dialysis equipment and services	2/25-C	\$3.8	Carlyle	LBO/Buyout as part of roll-up strategy
HistoSonics	Noninvasive histotripsy oncology	8/25-C	\$2.25	Consortium of PE, VC, and corporate venture funds	Management buyout
Nova Biomedical	Critical care point-of-care monitoring	3/25-A	\$2.20	Patricia Industries (Advanced Instruments)	Roll-up
Antylla Scientific	Diversified life sciences	5/25-C	\$1.34	Brookfield Asset Management	PE-to-PE
Honeywell (personal protective equipment)	Personal protective equipment	5/25-C	\$1.33	Odyssey Investment Partners (Protective Industrial Products portfolio company of Odyssey) and consortium	Roll-up
ZimVie	Dental implants	10/25-C	\$0.76	ARCHIMED	LBO/Buyout
Stryker Spine (now VB Spine)	Spinal implants	4/25-C	NA	Vaccigios Brothers	Buyout of corporate division
Lexington Medical	Minimally invasive surgical instruments	4/25-C	\$0.05	Ampersand Capital Partners	PE growth

*In some cases, consortia include a mix of types of investors—management, venture funds, and corporate venture, but the lead investor is a PE firm.
Sources: Pitchbook data; MedTech Strategist analysis

Those conditions aren't new. For more than a decade, private equity firms by and large have been consistently able to raise large healthcare-dedicated funds, which are "resilient amid a broader fundraising slowdown, outperforming the rest of the asset class in the first half of 2025 and accounting for an increased share of all PE funds," according to Pitchbook's *H1 Healthcare Funds Report*.

Strikingly, however, PE deal activity in medtech remains robust, even as other areas of life sciences are struggling to obtain

capital. Biotechnology companies in particular, unable to attract financing at reasonable valuations amid a multiyear slowdown, have been suffering through a reality check, as investors declined to back high-risk, capital-intensive drug development.

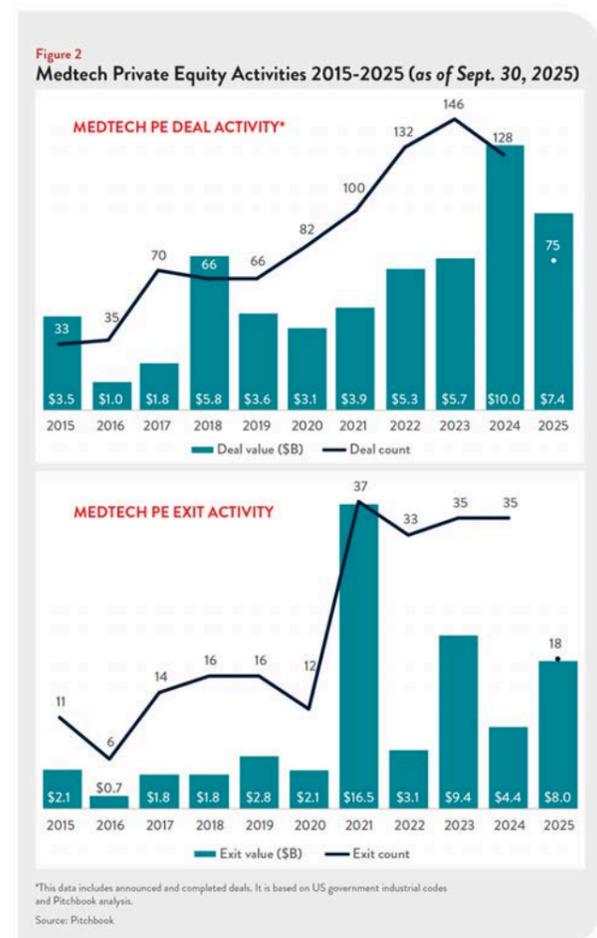
Medtech PE deal flow through the third quarter of this year, however, was \$7.4 billion across 75 investments, the second highest on record, behind only 2024, when deal values for the full year totaled \$10 billion across 128 deals, according to Pitchbook (see *Figure 2*). Although Pitchbook analysts had projected deal activity could break a record this year, they have since slightly scaled back expectations.

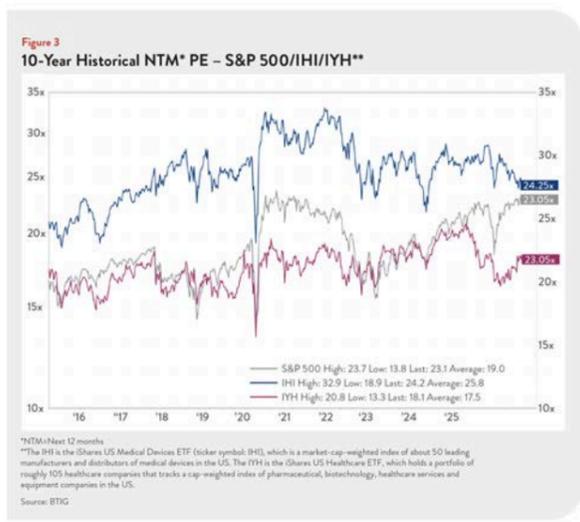
Still, the Pitchbook analysts noted, medtech remains a hot area for PE investors, who see "a strong cycle for medtech innovation (driven by AI and secular growth), pandemic-era investments coming up on exit timelines, and IPO green shoots driving renewed investor optimism for longer-term exit prospects." Although medical devices account for only a small proportion of total PE deal flow in healthcare, the plethora of opportunities for capital infusion to drive exponential growth in the sector and the ongoing introduction of new technologies that enable operational efficiencies are draws, analysts say.

Stock market dynamics are partly responsible for PE's current interest in medical devices. Historically, medtech has traded at a 31.36% premium to the S&P 500, on a price-to-earnings basis, but currently that multiple is only 1.06%, points out Ryan Zimmerman, senior medtech research analyst at BTIG. (see *Figure 3*). Generalists especially have been rotating out of medtech, given the promise of faster-growing opportunities elsewhere. Aware from the glare of public markets, however, PE owners can revamp these companies and focus on the long-term opportunities.

Indeed, private company valuations have been outpacing those of public medtech companies (3.5 to 4 times revenues versus 6 times revenues for private medical device companies). As a result, activist investors like Elliot Associates (took a stake in **Medtronic**) and Jana Partners (took a stake in **Cooper Companies**) are aggressively trying to force changes at public medical device laggards, including selling off underperforming assets, some of which are falling into PE investors' hands.

Recent exit data is reinforcing this optimism. In the first 10 months of 2025, the sector registered 12 exits totaling \$3.09 billion, compared with 14 deals worth \$0.75 billion for the full year 2024.





While not a traditional medtech company, **Medline's** IPO filing in October 2025 is a prime example of an attractive PE exit.

Medline is one of the world's largest med-surgical suppliers and distributors, which a consortium of PE firms—Blackstone, Carlyle, and Hellman & Friedman—bought in 2021. The PE firms paid \$34 billion for a 79% stake in the family-owned business, making it one of the largest PE deals in healthcare, and they now stand to reap the benefits of a strong public exit. Although the company hasn't disclosed pricing of its shares, by some estimates, the IPO would raise \$5 billion, which would value the company at more

than \$50 billion and make it the largest sponsor-backed IPO in the US so far this year.

Leveraged Buyouts

Types of deals and financing structures vary. The large PE firms buying large, established public companies, as Blackstone and TPG are doing with Hologic, and as ARCHIMED did when it bought **ZimVie** in October 2025 for \$730 million, rely on leveraged buyout structures using a mix of debt and equity financing. More than 80% of healthcare PE-backed deals, however, tend to be add-ons to portfolio companies of growth-equity investors, rather than leveraged buyouts (LBOs), says Outcome Capital managing director **Peter F. Meyer, PhD.**

PE buyers pursuing roll-up strategies are looking to take advantage of economies of scale on the back end, and soup-to-nuts commercial approaches on the customer-facing part of their businesses. The expectation is that these synergies will create a parent that is stronger - than the sum of its parts. Smaller specialty manufacturers and original equipment manufacturer (OEM) suppliers, both public and private, are especially interesting to PE because of the loyalty of their customers, enormous technical expertise, and steady cash flows, which buyers can borrow against, points out Bruce Roberts, a managing director at RM Global Partners, a life-sciences-focused investment bank, who adds that many of these companies operate in highly fragmented segments of the industry, which are ripe for roll-ups. "PE loves OEM and specialty manufacturers and are always on the hunt for those kinds of companies," he says, pointing out that customers of these companies are slow to switch suppliers, given the regulatory and other complexities of the business.

Growth-capital-focused PE investors, on the other hand, which are generally willing to take on more risk than large PE firms but less risk than VCs, help companies that have stalled and may be able to climb out of their rut and into a vastly expanded world if they obtain access to sufficient capital. The high cost of equity financing is a problem for these companies, which are also more vulnerable to unexpected external shocks amid an increasingly volatile operating environment, and some are still coping with lingering aftereffects of the COVID-19 pandemic, such as supply chain issues. PE financing enables these relatively healthy, small companies to find synergistic opportunities that enhance their rapid growth, points out Outcome's Ben-Joseph.

Earlier this year, Outcome Capital, for example, advised **Zien Medical Technologies**, a privately held, family-owned contract design and manufacturing company, in its leveraged buyout to **Averra Holdings**, a portfolio company of Banner Capital and provider of specialized packaging for medical device companies and others. The deal expands Averra's capacity to provide end-to-end medtech contract development and manufacturing services from its previous focus on sterile medical manufacturing, according to **Peter Meyer.**

Zien's financial profile compared favorably with Avera's, and Zien had engineering design and regulatory documentation capabilities that Avera lacked but customers would appreciate. In addition, Zien's design expertise could help Avera innovate its own packaging and drive further revenue growth, he points out.

Roll-ups aren't always easy to integrate, however. Clashing corporate cultures account for roughly half of failure rates, especially if several companies are brought together within short time periods. Success starts with a very clear understanding of the key value points for each of the businesses and the appropriate ways to maintain those value points, Meyer says, adding, "You need to be absolutely clear about what must be preserved as well as less important things [that can be jettisoned], and you need to understand differences in commercial models, product life cycles, and incentive alignments."

Venture capitalists, in contrast, continue to struggle to raise funds in an unforgiving environment for risky, often pre-commercial assets with long horizons until exits, and heavy reimbursement and regulatory hurdles. As a result, they are reinvesting in their existing portfolio companies to protect them, rather than in new ventures, Meyer continues. PE owners in contrast generally hold companies that already have revenues and healthy EBITDAs, and so they do not have the same urgency to prop up fragile assets during a period when exit options are limited. In the VC world, the money invested in medical device start-ups is flat and the number of deals being done is down, leading to depressed valuations and a cascade of delayed exits. (See "Assessing Medtech in 2025: Financings Steady in a Weak Lifesciences Market," MedTech Strategist, August 8, 2025.)

Investor classes, flush with cash and responding to changing market dynamics, are themselves pushing boundaries, with VCs moving more aggressively upstream to fund companies involved in pivotal clinical trials for PMA devices, or those getting ready to commercialize products that have regulatory approval, points out Jonathan Norris, managing director at HSBC Innovation Banking. Growth investors are staying put, funding companies that have limited regulatory risk and some commercial risk, with a clear path to solutions, and private equity investors are chasing higher multiples as a small proportion moves from cash-flow positive opportunities for consolidation to high-potential opportunities at companies on the verge of revenue-ramping.

Taking Out Publicly Traded Medtech

The largest public-to-private takeout this year by far is TPG and Blackstone's leveraged buyout of Hologic, but it is not the only deal of this kind. Others include Patient Square Capital's acquisition in April of **Patterson Companies**, a dental and animal health distributor, for approximately \$2.8 billion (\$4.1 billion including the refinancing of Patterson's receivables facilities); ARCHIMED's purchase in October of ZimVie, a dental implant manufacturer; and two PE leveraged buyouts of business units within public companies: Carlyle's \$2.8 billion acquisition in February of **Baxter International's** kidney care business, which Carlyle renamed **Vantive**, and the Viscogliosi Brothers' purchase in April of **Stryker's** spine business unit for an undisclosed amount. (See "The Viscogliosi's Holistic Approach to Back Pain Comes Into Focus," MedTech Strategist, March 28, 2025.)

The Hologic deal and others like it indicate that private equity sees compelling long-term value creation opportunities that public investors are lacking interest in currently," Zimmerman wrote in a note on October 21, following the announcement of the Hologic deal.

Hologic needs “breathing room” after the exponential success of its diagnostics business during the COVID-19 pandemic, and subsequent rocky performance of various business segments in its aftermath as it tried to compensate for the inevitable pullback once the pandemic subsided, he said in a follow-up interview. The company’s shares are down ~3.1% year-to-date, but its return over the past three and five years has been equally disappointing (up ~9.4% and ~4.4%, respectively), compared to the S&P’s growth, Zimmerman says. Hologic currently is neither struggling enough to appeal to deep value investors, or growing fast enough for growth investors, putting it in an uncomfortable middle ground.

While the collective focus of the company on women’s health makes strategic sense, other companies in higher growth subsectors of the space or those that are smaller and more narrowly focused are more attractive to investors, he noted. Hologic’s prospects are good, particularly for its diagnostics business, but Zimmerman believes that acceleration won’t happen until later in 2026.

Among its challenges are inflation, supply chain hurdles, and the maturity of the company’s bread-and-butter markets in gynecological surgery and breast health. Hologic, to be fair, anticipated the top-line drop, and used its strong balance sheet to strengthen its other businesses through a series of tuck-in acquisitions but it couldn’t outrun the decline, he continues. (See “Hologic Uses COVID Funds to Prep for Post-COVID Opportunities,” MedTech Strategist, May 7, 2021.)

COVID assays since the pandemic began have generated cumulatively \$2.35 billion, including \$680 million in the second quarter that ended March 31, 2021. Cash flow from operations of \$1.9 billion over the last year has enabled four acquisitions, CEO and Chair Stephan MacMillan told analysts on the company’s quarterly earnings call on April 28.

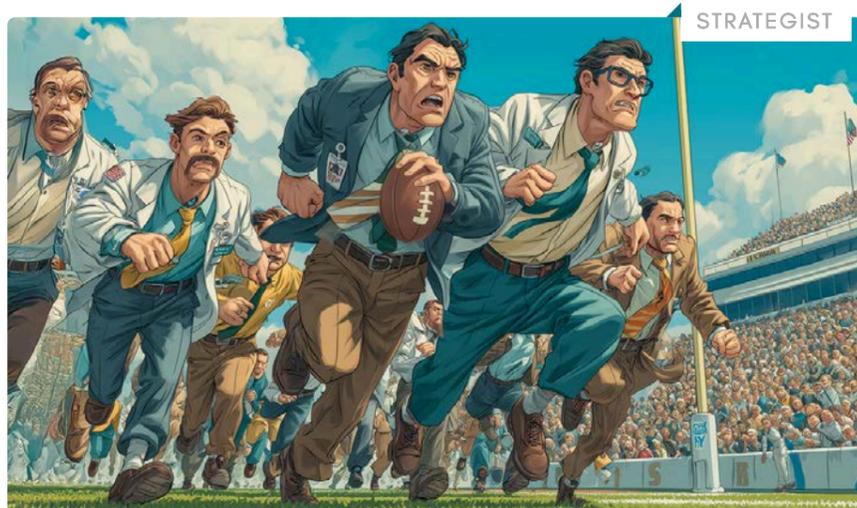
Hologic dominates mammography, but that’s a mature market, and a new system it plans to launch in late 2026 offers incremental improvements, not transformational ones that would drive the rapid adoption needed to move the needle, Zimmerman says.

The new owners-to-be haven’t discussed their plans, but Zimmerman notes it is a lot easier to evaluate the situation and make decisions away from public scrutiny, and perhaps even split the company into three businesses. Diagnostics has the highest growth profile of three major businesses—originally an STI business, it now offers STD, and cytology perinatal testing, and is moving into other dx subsectors.

Still, he emphasizes, Hologic will continue to grow. “It isn’t true that they hit a wall, so they are going private—they could have continued, growth is coming, but it would have been a longer road to get to where they want to go and investors don’t have much patience in the public markets.”

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