



CORPORATE FINANCE

MAY INSIGHTS PAPER: MEDICAL CONSUMABLES

Navigating the MedTech Consumables M&A landscape in 2025



The medical consumables M&A market is active with various recent platform acquisitions and roll-up strategies underway in the UK and Europe



There is a trend towards increased use of custom procedure packs to streamline preparation and improve infection control



With the abolishment of NHS England, which currently handles medical supplies procurement, considerable opportunity exists for those that can navigate the changing landscape



Innovation in single use devices and consumables that reduce sterilisation costs and increase hospital capacity are a key area of growth



With a high carbon footprint, sustainable consumables that are either recyclable or compostable are expected to be favoured to improve ESG metrics

THE MEDICAL CONSUMABLES MARKET OVERVIEW



Medical consumables encompass a wide array of products used in healthcare settings that are either single-use or need frequent sterilisation or replacement. These essential items are fundamental to the delivery of patient care, playing a crucial role in diagnostics, treatment, and the prevention of infections. The global market size is of scale, estimated to be \$422 billion in 2025, growing at a 3.2% CAGR to \$571 billion by 2035.¹ The NHS spends £8.0 billion² annually on medical equipment and consumables in the UK, with an estimated £1.75 billion³ spent on single-use consumables.

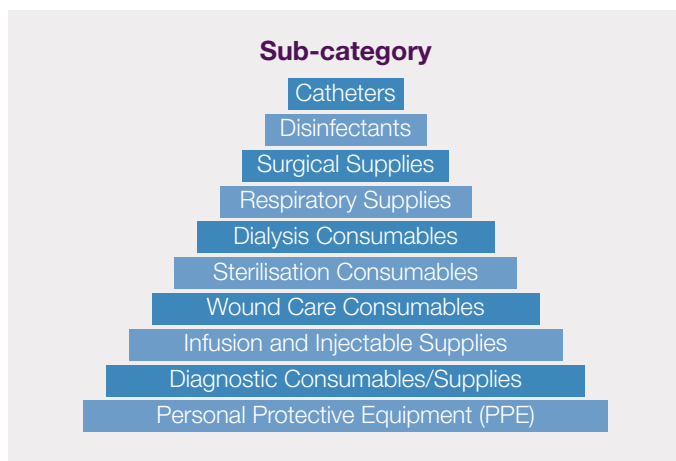
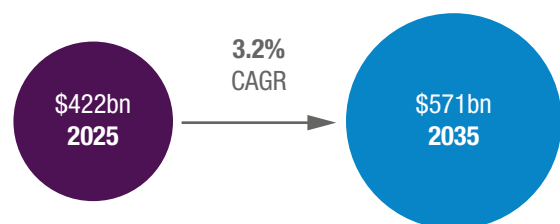


Figure 1 – Global Medical Consumables market size¹

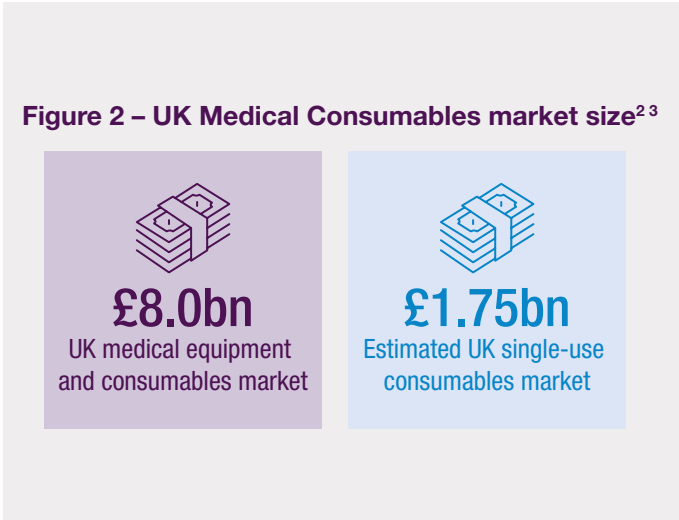


Sources: ¹FMI Hospital Consumables Market Analysis – Growth, Demand & Forecast 2025-2035; ²UK Parliament - NHS Supply Chain and efficiencies in procurement; ³PMSI internal unpublished analysis, conducted May 2025; no publicly available source.



Examples of medical consumables include wound dressings used to protect injuries and promote healing, syringes for administering medications and fluids, gloves to maintain hygiene and prevent cross-contamination, and diagnostic reagents used in lab tests to identify diseases and monitor patient health. These items are characterised by their high usage rates and the necessity for constant replenishment.

The dominance of medical consumables within the broader hospital supply market underscores their fundamental importance in all facets of healthcare delivery.



It is important to distinguish medical consumables from equipment. While both are integral to healthcare, medical equipment typically refers to durable devices with a longer lifespan, such as imaging machines, patient monitoring systems, and surgical instruments designed for repeated use. In contrast, medical consumables are intended for short-term use or are depleted during procedures.

Key end-users of consumables include hospitals, which represent the largest segment due to the breadth of medical services, specialty clinics that focus on specific medical conditions, and the growing home healthcare sector, which requires a range of consumables for patients receiving medical care in their own domicile. The dominance of medical consumables within the broader hospital supply market underscores their fundamental importance in all facets of healthcare delivery.

Sources: ¹FMI Hospital Consumables Market Analysis – Growth, Demand & Forecast 2025-2035; ²UK Parliament - NHS Supply Chain and efficiencies in procurement; ³PMSI internal unpublished analysis, conducted May 2025; no publicly available source.



UK MEDICAL CONSUMABLES M&A MARKET



Market drivers and trends:

There are significant tailwinds that are driving an increase in the demand for medical consumables, including:

- An increasing and aging population leading to increased patient volume both in and out of the hospital.
- A greater focus on infection prevention, leading to the heightened use of single use devices and custom procedure packs.
- The increasing prevalence of chronic diseases leading to increased volume of medical procedures.
- Technological advancement leading to the creation of reliable and efficient single-use devices.

North America holds the largest share of the market at 43%, with UK and Europe in second at a combined 28%, and APAC in third at 22%.⁴ APAC is estimated to be the fastest growing region due to population growth and standard of living improvement.

As a result of the strong drivers in this vertical, medical consumable manufacturers are continuing to receive significant interest from both strategic and financial investors.



Investor appetite and activity:

In the UK we have seen strong M&A activity from a variety of acquirer types, including:















- **Private Equity platforms:** Elysian Capital finalised a platform investment into IMS Euro in April 2025, looking to further grow IMS Euro as a leading provider of medical consumables across Europe.
- **Private Equity bolt-ons:** KKR backed Clinisupplies acquired Great Bear Healthcare, a manufacturer of consumable continence supplies in the UK.
- **Strategic trade acquisitions:** Lohmann & Rauscher acquired UniSurge, a UK based manufacturer and supplier of customer procedure packs and other operating room products.
- **Growth investments:** BGF and the Development Bank of Wales supported additional growth funding in IQ Endoscopes, the UK based manufacturer of sustainable single use endoscopes, which is focused on reducing endoscopy capacity constraints created by reusable device sterilisation down-time.

Sources: ⁴TowardsHealthcare – Healthcare Consumables Market Volume, Stake and Expansion



RECENT UK MEDICAL CONSUMABLES TRANSACTIONS⁵



Date	Acquirer	Target	Rationale
Apr-25	 Elysian Capital	 IMS Global Medical	Aims to build on IMS Euro's position as a leading provider of quality, cost-effective medical consumables across the UK and Europe
Mar-25	 Lohmann & Rauscher	 UNISURGE	Provides L&R with access to the UK hospital sector and surgical products market, enhancing its existing product range and strengthening its market position in both the UK and the broader European operating room product market
Feb-25	 ASKER HEALTHCARE GROUP	 HSL HOSPITAL SERVICES LIMITED	HSL's equipment and services offering complements Asker Group's existing offering well, further strengthening market share in its key geographies and adds a UK&I platform
Feb-25	 BGF	 IQ ENDOSCOPES	Growth funding for IQ Endoscopes to accelerate the roll-out of its single-use endoscopes, which are designed and built in the UK
Sep-24	 GBUK Group	 severn+	Aims to strengthen GBUK's clinical specialist positioning further as Severn specialises in providing single-use devices across the ENT and Neuro-Otology specialisms
Jul-23	 Clinisupplies KKR	 Great Bear Healthcare	Strengthens Clinisupplies' core business in the UK and build a platform for future growth in the chronic care medical devices and supplies market.
Jul-23	 MARSDEN	 Bailey INSTRUMENTS	Enhances Marsden's international growth strategy and diversifies its range of medical instruments.



With a positive market backdrop and activity across a diverse range of buyers, a range of liquidity options exist for medical consumables businesses in the UK. Large public diversified medical device & consumables companies that dominant the sector globally (such as Medline, Smith & Nephew, McKesson, B. Braun) also remain exit options for larger mid-market entities with differentiated offerings.

Sources: ⁵CapitalIQ.



PUBLIC MARKET SNAPSHOT (AS OF MAY 2025)⁶



Company	Market cap	Revenue	Revenue growth	EV/ EBITDA	EBITDA	EBITDA margin
Smith & Nephew	9.5 billion	4.4 billion	4.7%	10.1x	1.0 billion	23.0%
Asker Healthcare Group	2.9 billion	1.2 billion	11.7%	23.2x	104 million	9.0%
Advanced Medical Solutions	423 million	178 million	40.7%	13.4x	36 million	20.5%
Teleflex	4.0 billion	2.3 billion	2.4%	9.5x	533 million	23.2%
Conmed Corporation	1.3 billion	993 million	4.3%	10.9x	168 million	17.0%
Hartmann	0.7 billion	2.0 billion	2.5%	5.2x	144 million	7.1%



ESG CONSIDERATIONS

The NHS' sustainability strategy is driving action across its supply chain, utilising its procurement power to embed sustainability within its practices. The NHS presents a roadmap for its suppliers, setting key milestones to progressively increase environmental reporting and accountability. Suppliers must already have carbon reduction plans for Scope 1 and Scope 2 emissions, and by 2027, they will be required to report and set targets for Scope 3 emissions (which includes those emissions generated by their own supply chain) should they want to continue supplying the NHS.

To address plastic pollution, carbon emissions, and resource depletion, the industry is adopting biodegradable materials, such as plant-based plastics, and promoting reusable, sterilisable products like metal surgical tools. Closed-loop recycling and waste-to-energy conversion further reduce landfill waste, while energy-efficient manufacturing and localised supply chains cut emissions.

Companies like Medtronic and Johnson & Johnson lead with recyclable packaging and bio-based alternatives, driving a shift toward a sustainable, circular economy in healthcare.

With the NHS supply chain contributing 66% of the overall carbon emissions, there is expected to be increased pressure to reduce emissions. Companies that can provide solutions that reduce the overall carbon footprint through sustainable materials and lower supply chain emissions are expected to be favoured.

Publicly listed companies in the medical consumables market include large diversified companies, such as J&J, Medtronic, Styker, 3M, and other well known medical device companies. As their revenues from medical devices and technologies can far outweigh the medical consumables component, their trading multiples are not good comparisons for pureplay medical consumables providers, and as such are not included in the table above.

A positive indication in the European medical consumables market is that Asker Healthcare Group AB, a prominent European provider of medical products and solutions, successfully launched its initial public offering (IPO) on Nasdaq Stockholm in March 2025. The offering garnered substantial interest from both institutional and retail investors, leading to an oversubscription on the float. The company intends to utilise the net proceeds primarily to refinance existing credit facilities and for general corporate purposes, including future strategic acquisitions.

Since 2019, Asker has grown net revenue and EBITDA at a CAGR of over 25%, helping drive high trading multiples as the Company looks to continue strong growth both organically and through acquisitions.⁷ Since hitting a record number of global IPOs in 2021, public markets have seen reduced activity with the number of listed companies on major indices declining. More capital options exist today allowing companies of significant scale to stay private, which allows companies to avoid the regulatory burden and reporting costs that come with being publicly listed.

Sources: ⁶CapitalIQ; ⁷<https://www.asker.com/investors-and-media/press-releases-and-news/2025/asker-publishes-prospectus-and-announces-price-for-its-initial-public-offering-and-listing-of-its-shares-on-nasdaq-stockholm/>



IMPACT OF THE ABOLITION OF NHS ENGLAND⁸



NHS England, established in 2013 to manage the NHS with operational independence, is being abolished and merged with the Department of Health and Social Care (DHSC) by 2027. Announced in March 2025, this move aims to reduce bureaucracy, cut approximately 9,000 administrative roles, and save £500 million annually. This change is not the abolition of the NHS supply chain itself, which remains a separate entity responsible for procurement for the NHS, but rather a restructuring of how it is managed and governed.

- **Procurement Streamlining:** Centralising procurement under the DHSC could reduce duplication and improve efficiency, potentially benefiting suppliers with standardised contracts
- **Short-Term Disruptions:** The transition may halt ongoing procurement reforms, delaying the acquisition of medical supplies and causing uncertainties in supplier negotiations.
- **Regional Disparities:** Additionally, the absorption of NHS England's functions into the DHSC suggests that local Integrated Care Boards (ICBs) may gain greater autonomy over procurement decisions. While this could allow for more region-specific adaptations of health services, it also carries the risk of creating inconsistencies in the availability of medical treatments and supplies across different geographical areas.

- **Budget Constraints:** Addressing a £7 billion NHS financial deficit may tighten procurement budgets, challenging price negotiations and limiting access to innovative products. Conversely, innovative products that can prove an economic benefit can asymmetrically benefit from the cost pressures.

The abolition of NHS England, therefore, introduces a period of uncertainty and potential disruption to the established procurement processes for medical supplies, which could have implications for market access and the timely introduction of new medical technologies in the consumables sector.

The government has also expressed its commitment to fostering a more effective working relationship with suppliers, particularly within the medical consumables sector, with the aim of driving economic growth through innovation in healthcare. This move towards value-based pricing indicates that manufacturers of medical and surgical consumables will need to increasingly focus on demonstrating the long-term value and cost-effectiveness of their products. This includes not only the direct cost of the consumables but also their contribution to improved patient outcomes, reduced hospital stays, and overall operational efficiency within the NHS. Where more advanced and impactful medical consumables are concerned, such a shift could favor products that offer comprehensive benefits to the healthcare system, going beyond simply being the lowest-priced option.



THE IMPACT OF US TARIFFS⁹

In early 2025, under the second Trump administration, the US escalated its tariff regime, which included a 10% baseline tariff on all countries and higher rates on certain nations, such as China. On 8th May, 2025, a trade deal between the UK and US was announced, which maintains the 10% base rate, with exemptions on certain products such as UK steel and pharmaceuticals.

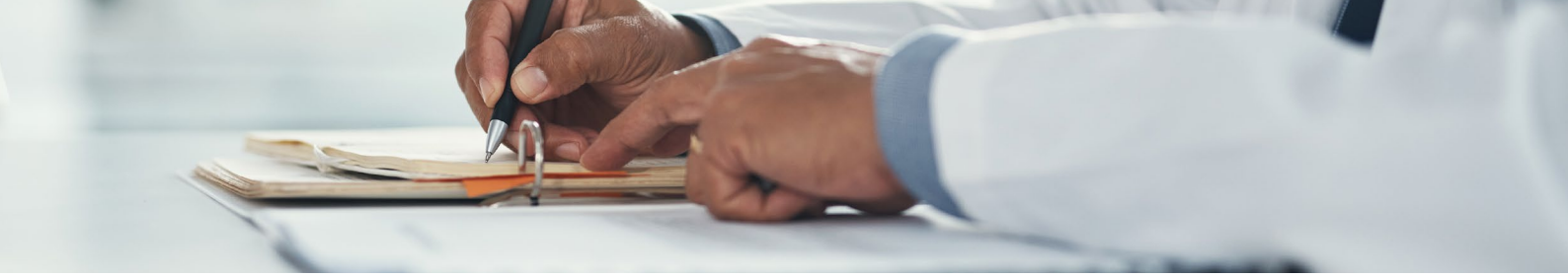
For the medical consumables sector this means a 10% tariff on exports to the US. As the medical consumables sector relies heavily on global supply chains, these tariffs have introduced additional costs for UK exporters, potentially reducing profit margins and competitiveness in the US market.

Despite the 10% tariff, the US has imposed higher tariffs on many of the UK's competitors, such as China and the EU, which could make UK medical consumables relatively more attractive in the US market where competing products are at similar price points. UK exports could become cheaper compared to those from countries with higher tariff rates, depending on where the ongoing tariff negotiations land.

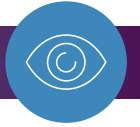
For non-pharmaceutical medical consumables (e.g., surgical supplies, PPE, diagnostic tools), the general 10% tariff still applies. The trade deal provides a framework for future negotiations, which could potentially extend tariff reductions to other healthcare-related products.

Overall the impact of the recent US tariffs and the US/UK Trade deal on the UK medical consumables sector is mixed. The trade deal provides some relief and stability, particularly through its framework for future negotiations, but challenges remain for non-pharmaceutical segments. The sector's performance will depend on how well UK manufacturers can adapt to the new tariff environment and leverage the trade deal's benefits.

Adding to the cost burden, the recent National Minimum Wage increase of 6.7% and National Insurance increase from 13.8% to 15.0% both further compound the impact of tariffs on UK manufacturers.



SECTOR OUTLOOK



With plenty of positive activity in the market from growth funding, to mid-market private equity platform investments all the way to IPOs, the threat and impact of tariffs have not seemed to deter investors in the medical consumables sector. With more penal tariffs still possible for competing countries in the EU and most notably China, the UK may benefit from the higher cost structure as a relatively lower cost alternative with lower medium-term risk as the US-UK trade relations appear to be trending in the positive direction following the recent trade deal.

With secular tailwinds, including the aging and growing population, increased prevalence of chronic disease and technological advancement, the market is forecast to steadily grow. The favourable long-term outlook helps fuel activity in the sector and in the near-to-mid-term, we expect the following M&A market trends to play out:

- 1. Tuck-in acquisitions to build scale and add complementary products** – Existing private equity platforms and strategic trade buyers are well positioned to make additional acquisitions in the UK to build out their product portfolios and expand regional presence.
- 2. Further investment in technology** – Products that have a clear value-based pricing benefit to the healthcare system can be expected to perform well as budget constraints and healthcare spending continue to be key political concerns.
- 3. Focus on ESG concerns** – It is clear that the carbon footprint of medical products is a key concern to the NHS, especially due to the substantial plastic make-up of many consumable medical supplies. Not only is the cost of the product important, the cost to the environment is as well. Companies that can provide sustainable products with recyclable or compostable materials, and a relatively small supply chain carbon footprint will be key M&A targets.
- 4. Private Equity platform investments** – Although the sector is populated with diversified global medical technology, device and supplies companies, many mid-market companies exist due to the range of products and use cases in the sector. As NHS England disbands and procurement becomes more localised, mid-market companies with strong regional ICB relationships may have a first mover advantage in securing new supply contracts, creating opportunity for new platforms of scale to be built.

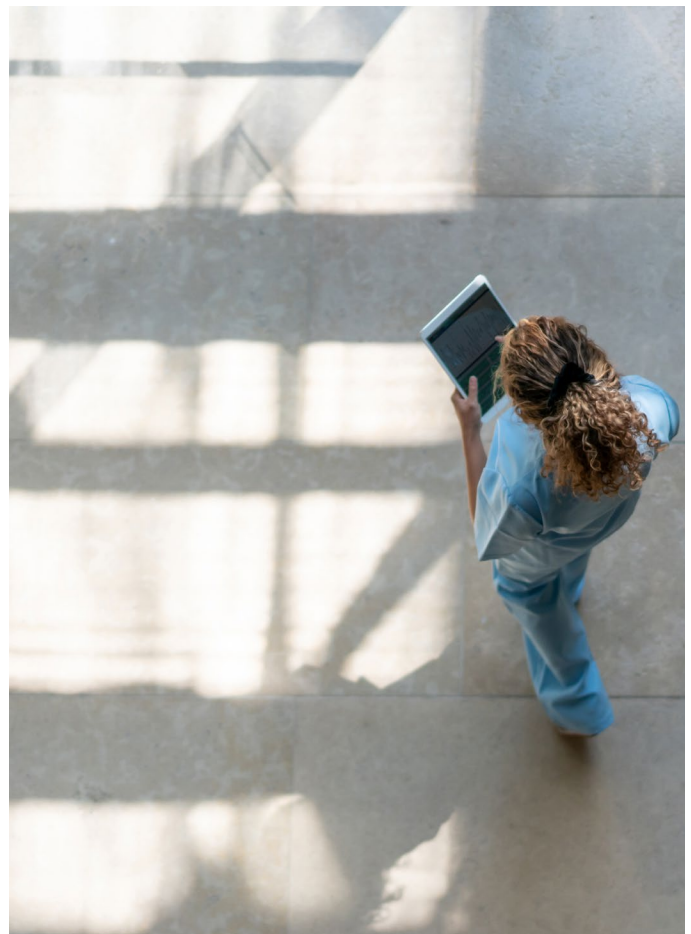
Despite being a well populated and mature sector, given technological advancement, ESG considerations and government reform, the rest of the decade appears to be filled with opportunity for medical supplies companies that can innovate and move quickly to build market share amidst shifting national market dynamics.

HOW CAN A&M HELP YOU

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