

Q4-2021 Gastroenterology Update



Market Update

Gastroenterology has continued its trend of rapid consolidation into its sixth year, and is expected to continue at this pace for the foreseeable future. The story of 2021 within GI M&A activity was centered around the sector's first successful exit of a financial sponsor in Audax's successful sale of Gastro Health to OMERS, the expansion of existing PE-backed MSOs into new markets, and increased competition amongst the nine PE-backed consolidators in the market for potential deal flow.

Increased competition and the successful recapitalization of Gastro Health have further buoyed investor confidence and aggressiveness in the space, which has in turn bolstered valuations for independent GI groups to new highs. Provident expects these compelling valuation levels to increase interest in pursuing potential partnerships amongst independent GI groups in 2022.

Select Transactions:

Gastroenterology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
December	Gastro Health	Gastroenterology Associates of Pensacola	8	17	2
December	Gastro Health	Optimal Digestive Care	1	1	1
December	United Digestive	Gastroenterology Associates of Southwest Florida	11	4	1
December	GI Alliance	East Valley Gastroenterology and Hepatology Associates	6	7	1
November	Gastro Health	Digestive Care Center	1	1	1
November	United Digestive	DeKalb Gastroenterology Associates	6	2	1
October	United Digestive	Associates in Digestive Health	7	2	1
October	Covenant Physician Partners	Gastroenterology Associates in Arizona	2	1	1

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