

# Q4-2022 Gastroenterology Sector Update

## Market Update

The Gastroenterology sector continues to be one of the most active M&A sectors within physician services. Q4 2022 was characterized by continued add-on acquisitions from existing private equity-backed platforms as groups continue to expand via an acquisition strategy.

Two of the current existing platforms, Gastro Health and One GI, had particularly active quarters for M&A. Each platform closed multiple add-on sized acquisitions. One GI added a new state (Virginia) to their Geographic footprint and Gastro Health bolstered their position in two existing geographies (Ohio and Washington). Competition for large practices with greater than 20 physicians remains very high as there are so few independent practices of this scale remaining.

Provident closed three transactions within the Gastroenterology sector in 2022 and has closed seven over our history. We are one of the most active M&A advisors within GI and are on pace to have multiple transactions to announce in 2023.

## Notable Transaction










In Q4 2022 Gastroenterology Associates of Olympia Washington finalized its partnership with Gastro Health. Gastroenterology Associates is a large regional practice comprised of ten physicians and nine APPs.

This marks Gastro Health's third acquisition in the state of Washington and bolsters their position as one of the largest GI platforms in the country. At the time of the announcement, Gastro Health had 390 physicians across spread across seven states (FL, AL, WA, VA, OH, MD, MA) and 150 locations.

Gastro Health is not the only PE Backed platform to move into the state of Washington; in January 2022 GI Alliance acquired Washington Gastro, the largest practice in the state. The strong presence of both GI Alliance and Gastro Health within Washington will create added competition for add-on opportunities going forward.

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
October		 <b>SPRINGFIELD GASTROENTEROLOGY</b>	3	2	Ohio
November		Gastroenterology & Hepatology Specialists of Canton OH	3	1	Ohio
November		 <b>THE COLON STOMACH LIVER CENTER</b>	3	2	Virginia
November		 <b>GASTROLOGIX</b> A GI Specific GPO	<b>Summary:</b> Gastrologix, a GI-specific GPO was acquired by Specialty Networks, a portfolio company of Linden Capital Partners. Specialty Networks is a portfolio of multi-specialty GPOs and other physician practice support services businesses. This transaction is evidence that private equity investors are exploring new ways to gain exposure to Gastroenterology in their investments.		

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