

Q1-2023 Gastroenterology Update

Market Update

The Gastroenterology sector continues to be one of the most active M&A sectors within physician services. Q1 2023 was characterized by continued add-on acquisitions from existing private equity-backed platforms as well as a private equity-backed platform transaction.

In March, Frazier Healthcare Partners announced the sale of their portfolio company United Digestive to Kohlberg & Company. This is the third PE-backed GI platform to trade to date and follows Gastro Health and GI Alliance whose respective investors exited their positions in 2021 and 2022. The third sale of a PE-backed platform shows that large cap investors are highly interested in GI services, and they see significant runway remaining to build upon the growth of these practices. This investment should give GI physicians still in private practice conviction that we are still in an early phase of the investment life cycle and there is upside remaining for groups that partner with private equity now.

GI Alliance gained strong geographic density in the Northeast through their transaction with CTGI in January. This is the first major transaction they have closed following their own partnership with Apollo Asset Management that closed in September 2022.

Notable Transaction



Has been acquired by



In March 2023 United Digestive, a portfolio company of Frazier Healthcare Partners, announced a growth capital investment from Kohlberg & Company at reported valuation of \$485 million.

Frazier Healthcare Partners formed United Digestive out of an initial investment made in Atlanta Gastroenterology Associates in 2018. They have since grown the business to over 200 providers and have 80 locations throughout the southeast.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
March			200	80	GA, FL, NC, SC
February			5	2	Florida
January			82	25	Connecticut
January		Skyline Gastroenterology and Endoscopy of West Tennessee	8	2	Tennessee

Provident Gastroenterology Coverage Team

Kevin Palamara
Managing Director
kpalamara@providenthp.com
(617) 226-4221

Eric Major
Managing Director
emajor@providenthp.com
(617) 226-4212

Conor Duffey
Vice President
cduffy@providenthp.com
(617) 226-4294