

Gastroenterology

Market Update

In the third quarter of 2024, the pace of M&A activity within gastroenterology slowed from the level of volume we have seen over the past few quarters. For private equity-backed acquirers, interest remains high for add-on opportunities, but there are simply less opportunities in the market than there were a few years ago as the sector matures and becomes less fragmented. Some of the more established platforms are also focused on internal initiatives including their own sale processes.

There are still practices of scale that have yet to transact which will be attractive acquisition targets for the existing GI platforms. Provident closed a transaction this quarter advising Albany Gastroenterology Consultants in their partnership with an undisclosed strategic acquirer. This marketing process was highly competitive and garnered interest from a broad list of strategic acquirers, evidence that while transaction volume has slowed, buyer interest remains strong.

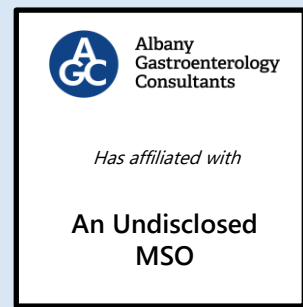
For the remainder of the year, Provident expects continued add-on activity and one or two secondary transactions where existing platforms complete a recapitalization. We have also seen consolidators that have traditionally been single-specialty looking to diversify into adjacent specialties. This market shift toward multispecialty platforms will provide a larger buyer pool to Independent practices as well as established platforms looking to recapitalize.

Provident Transaction

In Q3 2024, Albany Gastroenterology Consultants partnered with an undisclosed private equity backed MSO. Provident acted as the exclusive financial advisor to Albany GI as part of this transaction. Albany GI is one of the largest providers of digestive services in the upstate New York market with a provider base of 32 physicians and midlevel providers. Albany GI operates out of two main office locations and an eight-room ASC. This transaction represented a new market entry for the buyer, up to this point there had been no private equity activity for GI practices in the upstate NY market.

This marks Provident's ninth successfully closed transaction within the GI sector, making our firm the most active advisor to GI practices in the middle market. Provident is also working on a sizeable transaction in the Southern US that we expect to announce in Q4.

Q3 2024



July 2024

Select Announcements & Transactions:

Announcements:

September	u.s. digestive health	In September, USDH announced that it had agreed to a five-year contract with Highmark, ensuring in-network access for Highmark members in PA and DE. This announcement is evidence that as GI practices grow their scale enables greater negotiating power with payors, something that independent groups were previously unable to do.
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Month	Acquirer	Target	Physicians	Locations	State
July	Undisclosed	 Albany Gastroenterology Consultants	23	3	New York

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