



Market Observations

- Strong sector tailwinds and acquisitive platform companies present favorable transaction opportunities for gastroenterology (“GI”) practices.
- GI is the second largest sub-specialty of internal medicine with over 21% of the population treated by over 15,000 physicians.
- GI is the most represented specialty among healthcare ASC cases making up 32% of all procedures in 2022.
- The American Cancer Society recently lowered its recommended age for colorectal cancer screening from 50 to 45, expanding the patient pool.
- EdgePoint expects M&A activity within the gastroenterology market to remain robust. Independent practices are expected to continue pursuing private equity investment for the capital necessary to meet increasing demand for GI services.

Market View Consolidation (Number of Providers)

Highly Fragmented Gastroenterology Market

15,000+ gastroenterologists

7,000+ over 55 years old

11,000+ independent

Select Mid-Size Platforms




Mega Platforms




Sources: PGP; University of Michigan; Becker's Healthcare; Levin Associates


Recent Selected Gastroenterology Transactions



Target



Buyer



Sponsor

- **September 14, 2023** - U.S. Digestive Health has partnered with Wilmington-based GI Specialists of Delaware.
- The partnership will expand USDH's footprint in Delaware as it adds GI Specialists of Delaware's Wilmington-based Limestone Medical Center office and ASC and its ASC at Glasgow Medical Center in Newark, Del.



Target




Buyer




Sponsor


- **September 1, 2023** - Gastro Health has finalized a partnership with Gastroenterology Consultants of Polk County in Davenport, Florida.
- This is Gastro Health's sixth partnership in the Central Florida region.



Target



Buyer



Sponsor

- **August 24, 2023** - Digestive Disease Associates of Rockland has joined Allied Digestive Health (ADH), an integrated gastroenterology organization dedicated to providing comprehensive patient care.
- The partnership will allow Digestive Disease Associates to enhance its current service offering.



Target



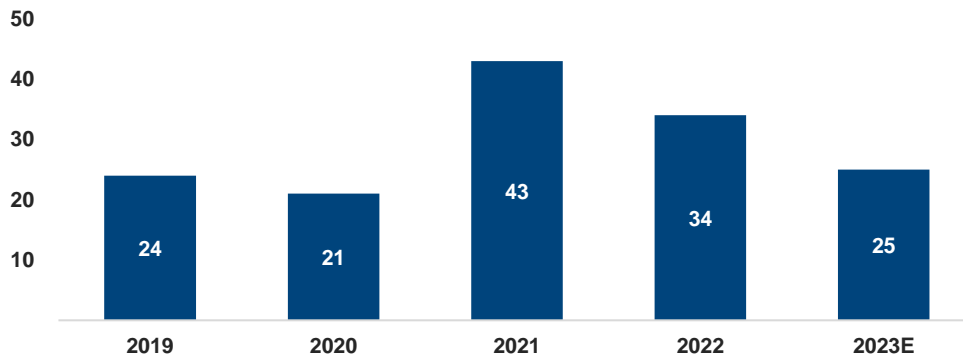
Buyer



Sponsor

- **August 8, 2023** – US Digestive Health has added Altoona, Pa.-based Blair Gastroenterology Associates, further expanding its presence in Central Pennsylvania.
- The partnership will add 21 new providers to US Digestive. The management organization has over 225 providers across more than 33 locations

Gastroenterology Deal Activity – Last Five Years



Source: Pitchbook (November 21, 2023)

- Gastroenterology practices have been going through a period of consolidation since 2016 when the most recent wave of GI-focused physician practice management companies started acquiring practices.
- M&A activity peaked in 2021, which was an extremely robust year for healthcare M&A. Activity has decreased slightly the last two years as interest rates increased and valuations tapered.
- Valuation multiple for a GI practice depends on a variety of factors including size of the practice, location, and deployment of technology including EMR, online booking, and referral management.

Valuation Range

