

Q3-2015 Rehabilitation Update



Market Overview

In the third quarter, private equity-backed outpatient providers continued their focus on acquisitions that provide geographic density. While well-known acquirers such as ATI Physical Therapy and Professional Physical Therapy added clinics in existing markets, other players emerged as legitimate consolidators moving forward. UnitedHealth Group Ventures' portfolio company, Orthology, expanded outside of Minnesota into the Washington, D.C. and NYC markets through two transactions. Additionally, Physiotherapy Corp. reemerged with its first notable acquisition following a 2013 Chapter 11 bankruptcy filing. The organization showed its commitment to additional growth and consolidation efforts utilizing its \$175 million in senior secured credit facilities provided through GE Capital's Healthcare Financial Services. Combined with Celerity Partners' investment into 360 PT Management, the first outpatient platform to emerge in Arizona, the flurry of capital investment maintained its momentum in the physical therapy market. While new private equity groups continue to seek recapitalizations of the limited platform opportunities still available, Provident expects add-on acquisitions will dominate the outpatient sector's deal flow moving forward.

SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
Sept 2015	PT Solutions	Performance Rehab Institute & Sports Medicine	PT Solutions acquired Performance Rehab Institute & Sports Medicine (Prism) for an undisclosed sum. The deal is the second acquisition for PT Solutions under the ownership of New Harbor Capital and will add to the practice's presence in the Palm Harbor, Florida market.
Sept 2015	Physiotherapy Corp.	Therapy Plus	Physiotherapy Corp. completed the acquisition of Therapy Plus, a seven location provider in southeastern Wisconsin. Physiotherapy operates with 552 locations in 28 states. Terms of the transaction were not disclosed.
Sept 2015	Orthology	NYSportsMed	Orthology acquired NYSportsMed (NYSM), a sports medicine, physical therapy, and athletic performance company. The transaction adds three NYC locations to Orthology's seven preexisting clinics in Minnesota and Washington D.C. Terms of the deal were not disclosed.
Sept 2015	Professional Physical Therapy	Bi-County, Flynn, and S.M.A.R.T. Physical Therapy	Professional Physical Therapy completed the acquisitions of Bi-County Physical Therapy & Rehabilitation, Flynn Physical Therapy, and S.M.A.R.T. Physical Therapy. In total, the three transactions add six locations in the Long Island and Queens area. Professional now has 63 outpatient physical therapy centers in New York, New Jersey and Connecticut. Terms of the deals were not disclosed.
August 2015	Phoenix Rehabilitation and Health Services	Advanced Center for Physical Therapy	Phoenix Rehabilitation and Health Services acquired Virginia-based Advanced Center for Physical Therapy for an undisclosed amount. The deal adds two locations in a new state for 3 Rivers Capital-backed Phoenix Rehab.
August 2015	Orthology	Sports and Spinal Physical Therapy	Orthology acquired Sports and Spinal Physical Therapy. The acquisition furthers Orthology's plan for strategic growth in the Washington, DC and greater Mid-Atlantic markets. Terms of the transaction were not disclosed.
August 2015	Celerity Partners	360 PT Management	Celerity Partners completed the recapitalization of 360 PT Management, an eight clinic physical therapy provider servicing the Arizona market. With the platform investment, Celerity will look to accelerate 360 PT's growth within the Southwest market. Financial terms of the deal were not disclosed.
August 2015	Professional Physical Therapy	Premier Physical Therapy & Wellness	Professional Physical Therapy, a portfolio company of Great Point Partners, expanded its presence in the Northeast through the acquisition of Premier Physical Therapy & Wellness for an undisclosed sum. The deal adds 13 locations to Professional in Manhattan, Westchester, and Connecticut.
July 2015	ATI Physical Therapy	Olympic Physical Therapy	ATI Physical Therapy acquired Olympic Physical Therapy for an undisclosed amount. The deal adds nine locations to ATI in the Greater Puget Sound area, bringing ATI's total outpatient clinics in the state of Washington to 33 following its previous acquisition of Apple Physical Therapy in 2014.