

Q3-2017 Rehabilitation Update

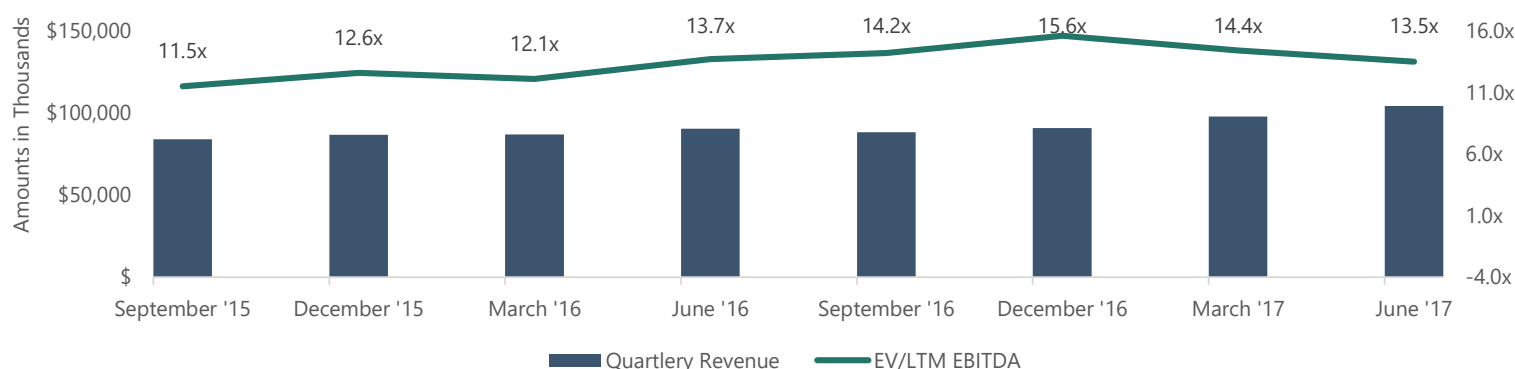


Market Overview

Private equity-backed platforms and strategic acquirers continued to consolidate the physical therapy sector in the third quarter, accounting for 9 of the 10 publicly announced acquisitions in the past three months and 27 of the 28 total transactions year-to-date 2017. While the pace of new private equity firms entering the outpatient physical therapy sector has slowed, overall transaction activity has been similar to recent years as a result of these add-on acquisitions.

This quarter, GPB Capital entered the physical therapy sector through its new platform, Alliance Physical Therapy. This marks the first platform investment in the outpatient physical therapy space since Gryphon Investors recapitalized CORA Health Services in July 2016. GPB acquired four smaller practices scattered around the country to form its platform, unlike the typical model in which a private equity group invests in a single independently-owned and operated group with size and scale. Their strategy gives them national reach, and the next step for the platform will be to increase geographic density.

U.S. Physical Therapy (USPH) Quarterly Revenue and EV/LTM EBITDA



SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
September 2017	SSM Health Physical Therapy	SpineCare	SSM Health Physical Therapy, part of a joint venture between SSM Health-St. Louis and Select Medical, acquired St. Louis-based SpineCare, a provider of spinal pain care and rehabilitation services. With the acquisition, SSM Health now operates over 60 physical therapy centers in the region.
August 2017	Ivy Rehab Network	Three Physical Therapy Practices	Ivy Rehab, the physical therapy platform of Waud Capital Partners, added 21 clinics to its network with the acquisition of Southeastern Physical Therapy, Southeastern Therapy for Kids, and Spectrum Physical Therapy. The three acquired companies previously operated under a single owner.
August 2017	EXOS Physical Therapy	D1 Sports Medicine	EXOS acquired D1 Sports Medicine, a provider of physical therapy services and customized care for athletes. The services provided by D1 Sports Medicine are highly complementary to those of EXOS, a provider of performance training services.
August 2017	GPB Capital	Four Physical Therapy Practices	GPB Capital entered the physical therapy sector, forming Alliance Physical Therapy through the acquisition of four physical therapy practices: Back in Motion, Rehab Access, Arrow Physical Therapy & Rehabilitation, and Whatcom Physical Therapy.
August 2017	Physical Rehabilitation Network	Belmar Physical Therapy	Physical Rehabilitation Network acquired Belmar Physical Therapy, which marks PRN's 10 th clinic in the Denver area. PRN, an operator of over 100 clinics, is the platform company of Silver Oaks Capital.
August 2017	Ivy Rehab Network	DiSabatino Physical Therapy	Ivy Rehab acquired DiSabatino Physical Therapy, expanding the platform's footprint in Southern New Jersey.
July 2017	U.S. Physical Therapy (NYSE: USPH)	Undisclosed Practice	U.S. Physical Therapy, a national operator of outpatient physical therapy clinics, acquired an undisclosed nine-clinic physical therapy practice. U.S. Physical Therapy acquired 60% ownership for \$16.3 million.