

# Q2-2018 Rehabilitation Update



## Market Update

The fourth notable deal of 2018 closed in the second quarter as New Harbor Capital announced its sale of PT Solutions to Lindsay Goldberg. Over a four and a half year span, New Harbor Capital helped PT Solutions open over 70 hospital satellite and de novo locations, in addition to closing seven add-on acquisitions. The organization's employee count increased by almost five times its size during the same span as the company grew to its current network of over 140 locations in 12 states. PT Solutions will look to continue its growth trajectory with the additional capital resources and expertise of Lindsay Global.

New Harbor Capital's secondary transaction with Lindsay Global, another private equity investor, is a similar exit strategy that many institutional investors have utilized in the outpatient physical therapy sector. Dating back to 2010, 11 of the 17 private equity portfolio company exits have been to larger funds. This indicates that new private equity firms entering the space still see plenty of opportunity to obtain new market share as large mergers, such as the Drayer-Upstream transaction in the first quarter, or sales to strategic buyers have been a minority of the exits in the last eight years.

## Evaluating the Recent PE Exits

Portfolio Company	Selling Investor	Approx. Years Held Before Exit	Acquirer
PT Solutions	New Harbor Capital	5	Lindsay Goldberg
Drayer Physical Therapy Institute	Goldman Sachs Merchant Banking	6	Upstream Rehabilitation
Dynamic Physical Therapy	Lake Capital	11	Pivot Physical Therapy
Athletico Physical Therapy	Harvest Partners	2	BDT Capital Partners
Professional Physical Therapy	Great Point Partners	5	Thomas H. Lee Partners

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		Significance
			Locations	State(s)	
June	Lindsay Goldberg	PT Solutions	140	12	Lindsay Goldberg has approximately \$13.4 billion of assets under management.
June	Professional Physical Therapy	Kassimir Hand Therapy	1	NY	The deal is Professional's fifth acquisition so far in 2018.
May	Upstream Rehabilitation	c.h. Physical Therapy	6	OR	Upstream made the acquisition through its subsidiary, Benchmark Physical Therapy.
May	U.S. Physical Therapy	Undisclosed	N/A	26	The target company is a provider of industrial injury prevention services with 450 client facilities. USPH acquired 65% of the business for \$9 million.
April	Professional Physical Therapy	Teamwork Physical Therapy	10	MA	Professional Physical Therapy has been a portfolio company of Thomas H. Lee Partners since 2016.

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## Provident Physical Therapy Market Update

*Provident's Perspective on the current physical therapy market titled, "The Evolving M&A Landscape in the Physical Therapy Sector", can be found on our website using the following link:*  
<http://www.providenthp.com/category/provident-perspectives/>