

Q1-2019 Rehabilitation Update

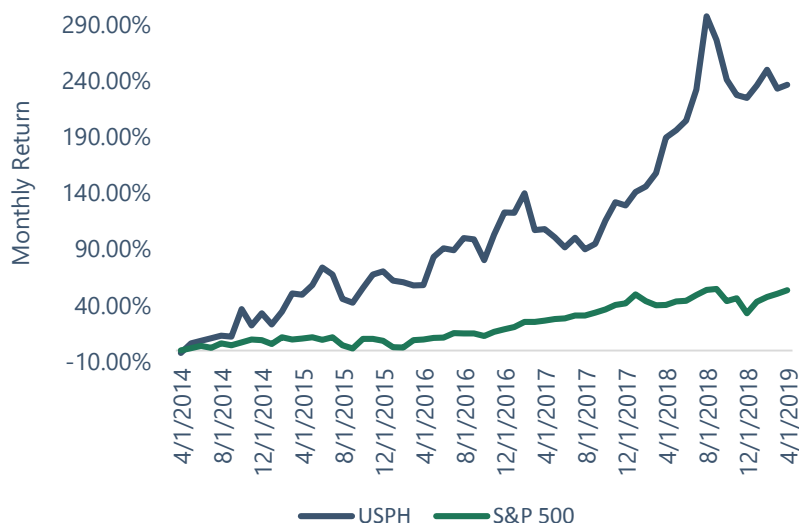


Market Update

Rehabilitation sector transaction activity remained strong in the first quarter of 2019, highlighted by Calera Capital's recapitalization of MA-based Bay State Physical Therapy. This transaction represents Calera Capital's first investment into the rehabilitation sector and will serve as a platform deal. Provident expects Calera to aggressively grow the business by acquiring local practices with the goal of positioning Bay State as a leading outpatient rehabilitation services provider in the greater New England market.

In 2019, Provident expects a similar mix to 2018 in terms of private equity platform and add-on activity, with tuck-in acquisitions representing the bulk of the closed deals in the outpatient market. There is also the likelihood of another PE-backed group merging with a larger PE-backed consolidator similar to the Upstream Rehabilitation transaction with Drayer Physical Therapy Institute in January 2018. Moving into the second quarter of 2019, Provident expects overall physical therapy sector consolidation activity to continue at a rapid pace.

USPH Versus S&P 500 Monthly Return



Select Transactions:

Month	Acquirer	Target	Target – Number of:		Significance
			Locations	State(s)	
March	Calera Capital	Bay State Physical Therapy	50	MA	Calera Capital, a Boston and San Francisco-based private equity firm, has invested in Bay State Physical Therapy, a MA-based outpatient physical therapy provider, through a leveraged buyout transaction. Bay State has 50 locations across Massachusetts.
February	Spine & Sport Physical Therapy	Complete Care Physical Therapy	3	CA	Spine & Sport Physical Therapy, a portfolio company of Great Point Partners, has acquired Palm Springs, CA-based Complete Care Physical Therapy.
February	ATI Physical Therapy	First Choice Physical Therapy	1	IL	ATI Physical Therapy has acquired First Choice Physical Therapy, a leader in outpatient orthopedic rehabilitation in Quincy, Illinois.
January	Confluent Health	Pappas Physical & Hand Therapy	7	RI	Confluent Health, a Louisville, KY-based provider of physical therapy services, acquired a majority stake in RI-based Pappas Physical & Hand Therapy.

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Upcoming Conferences



NEXT APTA
 Conference and
 Exposition
 June 12th – June 15th
 Chicago, Illinois