

Q3-2019 Rehabilitation Update



Market Update

Merger and acquisition activity within the rehabilitation sector continued at a strong pace during the third quarter of 2019. Macro tailwinds, a fragmented competitive landscape, and a focus on preventative care have continued to drive consolidation and valuations. The third quarter of 2019 exemplified the trend of strategic consolidators fueling expansion through mergers and acquisitions in an attempt to grow patient census, add new locations, and enter new geographies. While strategic buyers have been primarily responsible for the bulk of 2019 deal flow, private equity investors continue to seek out platform caliber rehabilitation companies in to enter the market or build upon existing competencies. Provident Healthcare Partners expects the rehabilitation sector to see further consolidation activity throughout the remainder of 2019 and into 2020.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
September	Spine & Sport Physical Therapy	Wisdom Physical Therapy	1	California	Spine & Sport Physical Therapy, a portfolio company of Great Point Partners, acquired Wisdom Physical Therapy. This marks Spine & Sport's third acquisition since Great Point's investment in December of 2019, bringing their location count to 22.
September	Bay State Physical Therapy	Wellbridge Physical Therapy	2	Massachusetts	Bay State Physical Therapy acquired the Brookline and Newton locations of Wellbridge Physical Therapy.
August	Warburg Pincus	WebPT	1	Arizona	Private equity firm Warburg Pincus signed an agreement to buy a majority interest in the EHR developer WebPT, acquiring it from Battery Ventures. Provident expects continued investment into platforms that are well positioned for the shift toward value-based care in the rehab therapy market.
August	Drayer Physical Therapy	Elite Therapy	2	Mississippi	Drayer Physical Therapy announced the acquisition of Elite Therapy, which includes centers in Saltillo and Baldwin, Mississippi. Drayer now has eleven centers throughout the state of Mississippi.
July	Spindletop Pain Management & Trinity Pain Associates	Barnes Physical Therapy	1	Texas	Spindletop Pain Management Holdings and San Antonio-based Trinity Pain Associates acquired Barnes Physical Therapy in San Antonio and rebranded as Phase Four Physiotherapy. Spindletop plans to continue making acquisitions in the rehabilitation sector in an attempt to become a leading provider of comprehensive pain management services.

Provident Industry Coverage Team

Eric Major
Vice President
emajor@providenthp.com
 (617) 226-4212

Jake Vesely
Analyst
jvesely@providenthp.com
 (617) 226-4293

Industry Conferences

The Provident Healthcare Partners investment banking team regularly attends conferences and other events related to the rehabilitation sector. We invite industry executives and shareholders to reach out for a confidential meeting to gain a more detailed perspective on valuations and transaction activity within the sector.