

Q1-2021 Rehabilitation Update

Market Update

The outpatient physical therapy market remains at an all-time high in terms of interest and valuations, particularly from the private equity community. As evidenced by the exits of several private-equity backed platforms last year and the recent SPAC announcement regarding ATI Physical Therapy, private equity firms clearly remain bullish on the sector and their ability to successfully exit their investments, which is translating to heightened activity and valuation levels for groups of all sizes.

The continuing influx of new consolidators within the sector offer a variety of attractive avenues for independent organizations to evaluate potential transaction options, whether that's to join an existing strategic or PE backed organization, or to become a PE platform of their own.

USPH vs. Other Healthcare Facility Operators

Company	Ticker	EV/Revenue (TTM)	EV/EBITDA (TTM)
US Physical Therapy	USPH	4.11x	23.50x
Acadia Healthcare	ACHC	2.49x	14.76x
Encompass Health	EHC	2.61x	13.47x
HCA	HCA	1.65x	8.69x

As of 12/31/2020

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
March	Spine & Sport Physical Therapy	Performance Therapy Center	3	California	Great Point Partners' portfolio company, Spine & Sport Physical Therapy, a leading provider of outpatient physical therapy and rehabilitation services in Southern California, has acquired Performance Therapy Center, expanding its footprint to Ventura County.
February	SPAC (NYSE: FVAC II)	ATI Physical Therapy	900	25 States	ATI Physical Therapy announced a merger agreement that will take the company public, with a value of \$2.5 billion, or 14.0x 2020E Adjusted EBITDA. This is the first physical therapy SPAC offering.
January	CORA Physical Therapy	Volk Physical Therapy & Sports Medicine and Advanced Physical Therapy Center	2	North Carolina	CORA Physical Therapy, a top-10 national operator of outpatient physical therapy services, has broadened its coverage in North Carolina with the acquisition of Volk Physical Therapy & Sports Medicine and Advanced Physical Therapy Center.

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Upcoming Conference

While industry in-person conferences have been postponed, we would invite the opportunity to connect with executives and shareholders about some of the trends and transactions we are seeing in the rehabilitation space on a confidential basis. Please reach out via email or telephone to discuss further.