

Q2-2021 Rehabilitation Update

Market Update

Merger and acquisition activity within the rehabilitation sector continued at a strong pace during the second quarter of 2021. While the bulk of the deal flow consisted of bolt-on transactions to existing platforms, private equity investors continue to seek out platform caliber opportunities, evident by H.I.G's acquisition of CORA Physical Therapy from Gryphon Investors.

Looking ahead, Provident expects continued add-on transaction activity with the potential for additional private equity exits as several platforms are rumored to be in the market seeking an exit. Due to increased competition for deals and a shrinking number of independent platform opportunities available, Provident has seen valuations remain at elevated levels in the rehabilitation space coming out of the pandemic and expects multiples to remain there for the foreseeable future.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
June	H.I.G. Capital	CORA Physical Therapy	228	9 states	H.I.G has completed its acquisition of CORA Physical Therapy. The platform operates over 230 clinics and employs over 850 physical therapists and physical therapy assistants. The deal is valued over \$500M.
June	Physical Rehabilitation Network	Synergy Therapies	2	Missouri	PRN made its third acquisition of the quarter elevating its nationwide clinic count to 156, across 15 states.
May	Phoenix Physical Therapy	Horizon Physical Therapy	2	Georgia	Phoenix Physical Therapy, backed by private-equity firm Audax, made its eighth acquisition with Horizon Physical Therapy.
May	Physical Rehabilitation Network	Rocklin Physical Therapy, Inc.	1	California	PRN announced its entrance into the Sacramento market through its acquisition of Rocklin Physical Therapy.
April	Physical Rehabilitation Network	Professional Rehabilitation Associates	4	Kentucky	PRN announced its entrance into the Kentucky market through its acquisition of Professional Rehabilitation Associates.
April	US Physical Therapy (NYSE: USPH)	Undisclosed Physical Therapy Practice	5	Undisclosed	USPH acquired 70% of the equity interests with the practice's founder and associates retaining 30%. The purchase price was \$11.9 million.

Provident Industry Coverage Team

Eric Major
Managing Director
emajor@providenthp.com
 (617) 226-4212

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

USPH vs. Other Healthcare Facility Operators

Company	Ticker	EV/Revenue (TTM)	EV/EBITDA (TTM)
US Physical Therapy	USPH	4.07x	23.72x
Acadia Healthcare	ACHC	3.34x	12.26x
Encompass Health	EHC	2.51x	13.36x
HCA	HCA	2.00x	9.65x

As of 7/7/2021

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.