

# Q4-2021 Rehabilitation Update

## Market Update

Investment activity within the physical therapy sector remains robust with heightened valuations and buyer interest driving companies of all sizes to explore transaction opportunities. In addition to the transactions highlighted below, Athletico Physical Therapy announced it entered into a definitive agreement to acquire Pivot Health Solutions, a portfolio company of PennantPark, at a rumored transaction value of approximately \$550 million. The transaction is expected to close in Q1 of 2022.

Along with the continued outpatient physical therapy interest, Provident is seeing increased demand for those offering complementary tech solutions. Virtual physical therapy providers Hinge Health and Sword Health both announced significant capital raises in the fourth quarter at \$600 million and \$163 million, respectively. At a valuation of \$6.2 billion, Hinge Health is one of the highest-valued digital health companies in the market. Investors clearly see a big opportunity for consolidation and innovation driven by favorable demographic trends. As a result, Provident expects valuations and investor interest to remain high for both traditional assets as well as new tech-enabled solutions across the musculoskeletal space.

## Select Transactions:

| Month    | Acquirer                                 | Target  | Target – Number of: |                                | Deal Significance   |
|----------|--|---|---------------------|--------------------------------|---|
|          |  |   | Locations           | States                         |   |
| December | BPOC Partners                            | Alliance Physical Therapy Partners, LLC           | 90+                 | 14 States                      | BPOC, one of the longest-tenured pure play healthcare investors, acquired Alliance Physical Therapy Partners from GPB Capital Holdings LLC.   |
| December | U.S. Physical Therapy, Inc. (NYSE: USPH) | Undisclosed Industrial Injury Prevention Services | n/a                 | n/a                            | USPH, acquired 70% ownership in an undisclosed industrial injury prevention services company. The target generates approximately \$27.0 million in annual revenue. USPH acquired its interest in the company at a purchase price of approximately \$63.2 million. |
| December | Confluent Health                         | Foothills Therapy Partners                        | 45                  | Arizona                        | Confluent Health, backed by private equity firm Partners Group, acquired Foothills Therapy Partners, the largest outpatient physical therapy provider in Arizona.   |
| November | ATI Physical Therapy (NYSE: ATIP)        | Auburn Physical Therapy                           | 4                   | Michigan                       | ATI Physical Therapy acquired Auburn Physical Therapy increasing its Michigan portfolio to more than 85 locations.  |
| October  | Ivy Rehab Network                        | Elite Physical Therapy                            | 11                  | Rhode Island and Massachusetts | Ivy Rehab Network, backed by Waud Capital, acquired Elite Physical Therapy to enter the Rhode Island and Massachusetts markets.   |

## USPH vs. Other Healthcare Facility Operators

| Company             | Ticker | EV/Revenue (TTM) | EV/EBITDA (TTM) |
|---------------------|--------|------------------|-----------------|
| US Physical Therapy | USPH   | 2.95x            | 18.83x          |
| Acadia Healthcare   | ACHC   | 3.99x            | 12.25x          |
| Encompass Health    | EHC    | 2.05x            | 10.15x          |
| HCA                 | HCA    | 1.99x            | 9.15x           |

As of 12/31/2021

## Provident Industry Coverage Team

**Eric Major**  
*Managing Director*  
[emajor@providenthp.com](mailto:emajor@providenthp.com)  
 (617) 226-4212

**Jake Vesely**  
*Associate*  
[jvesely@providenthp.com](mailto:jvesely@providenthp.com)  
 (617) 226-4293