

# Q1-2022 Rehabilitation Update

## Market Update

Merger and acquisition activity within the rehabilitation sector continued at a strong pace during the first quarter of 2022. Private equity investors remain bullish on the space evidenced by three new platform investments and one secondary buyout in Q1. While the outpatient physical therapy space has consolidated for some time, we're also seeing a renewed interest in contract therapy evident by Lee Equity Partner's investment in Therapy Partner Solutions. The industry-wide labor shortage and wage pressures have exacerbated supply and demand imbalances for therapy services in hospitals, SNFs, and other post-acute settings, leading to an increased demand for contract therapy services. Outpatient providers have faced similar challenges as well, hindering some groups' ability to grow organically. As a result, we're seeing platforms become more reliant on M&A growth strategies in order to reach targeted growth milestones, which has consequently increased competition and valuations in transaction processes.

## USPH vs. Other Healthcare Facility Operators

Company	Ticker	EV/Revenue (TTM)	EV/EBITDA (TTM)
US Physical Therapy	USPH	3.31x	15.89x
Acadia Healthcare	ACHC	3.22x	14.32x
Encompass Health	EHC	2.16x	10.04x
HCA	HCA	1.93x	8.97x

As of 3/31/2022

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
February	Athletico Physical Therapy	Pivot Health Solutions	259	Nationwide	Athletico Physical Therapy completed its acquisition of Pivot Health Solutions expanding its service offerings to 900 locations across 25 states
January	York Capital Management	APT Healthcare	55+	MD	York Private Equity made a strategic growth investment in APT Healthcare to expand the business within its existing footprint, enter new markets, and expand service offerings
January	General Atlantic	PT Solutions	90+	Nationwide	General Atlantic acquired PT Solutions from Lindsay Goldberg for approximately \$1.2 billion. The valuation implies a trading multiple of around 15x.
January	Athletico Physical Therapy	Georgialina Physical Therapy	18	GA, SC	Athletico Physical Therapy acquired Georgialina Physical Therapy marking the company's entrance into Georgia and South Carolina
January	Lee Equity Partners	Therapy Partner Solutions	61	AL, FL, GA, MA, NC, SC, TN, TX, VA	Lee Equity Partners invested in contract therapy provider, Therapy Partner Solutions. Both the founders and existing investor, Walnut Grove Capital Partners, retained a meaningful equity investment in the business
January	Rallyday Partners	Performance Physical Therapy	18	MA, RI	Performance Physical Therapy received a strategic investment from Rallyday Partners to continue its aggressive expansion across New England

## 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