

# Q1-2023 Rehabilitation Update

## Market Update








The first quarter of 2023 witnessed a strong start to merger and acquisition activity, highlighted by two significant secondary buyouts – Motion PT Group and Excel Physical Therapy. Recent physical therapy transaction processes have seen a greater focus on rate arbitrage opportunities, with consolidators using scale and regional health system partnerships to secure favorable contracts with payors. As a result, there is increased interest among smaller providers and consolidators seeking to form partnerships to benefit from these advantageous contracts. In the midst of the ongoing competition for quality assets and the accretive value created in these situations, sellers are experiencing elevated valuations. Provident anticipates this trend to persist throughout 2023.

## USPH vs. Other Healthcare Facility Operators

Company	EBITDA	EV/ Rev	EV/ EBITDA
U.S. Physical Therapy	\$86	3.09x	22.70x
Acadia Healthcare	\$561	3.11x	14.45x
Encompass Health	\$870	2.05x	10.25x
HCA	\$13,290	1.91x	8.66x

As of 3/31/2023

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
March		Not Disclosed	1	Not disclosed	USPH acquired a one location physical therapy practice. The purchase price for the 80% equity interest was approximately \$6.2 million. The practice generates more than \$3 million in annual revenue and has approximately 27,000 patient visits per year.
March			7	TX	Empower Physical Therapy, backed by Sheridan Capital Partners, expanded its portfolio in Texas with the acquisition of Spectrum Therapy Consultants. With this addition, Empower now operates 53 clinics across AZ, CA, LA, and TX.
February			59	CT, MA, MD, NY	Confluent Health, backed by Partners Group and Chrysalis Ventures, acquired Motion PT Group from Pharos Capital. This acquisition brings Confluent Health's national footprint to 609 clinics in 35 states.
February			24	NJ	Ivy Rehab, a national leader in outpatient musculoskeletal rehabilitation and pediatric services, as well as New Jersey's largest physical therapy provider, added 24 clinics through its newest partnership with Excel Physical Therapy.

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