

Rehabilitation

Q3 2023

Market Update

M&A activity in the rehabilitation sector remained active throughout Q3-23. This quarter witnessed a diverse mix of transactions including continued bolt-on acquisitions, notable private equity exits, and creation of new private equity-backed platforms.








With investor interest at all time highs and a limited number of platform caliber groups remaining, investors are showing flexibility in their investment structure, as exemplified by Clairvest's strategic minority investment in Mountain Land Physical Therapy. Notably, several other transactions currently on the market, or forthcoming, are centered around minority equity partnership options. Provident expects this trend to continue, reflecting owners' aspirations to unlock further growth potential alongside PE partners while maintaining majority ownership and control.

USPH vs. Other Healthcare Facility Operators

| Company | EBITDA | EV/Rev | EV/ EBITDA |
|-----------------------|-----------|--------|------------|
| U.S. Physical Therapy | \$78M | 2.79x | 21.13x |
| Acadia Healthcare | \$569M | 2.88x | 14.05x |
| Encompass Health | \$948M | 2.22x | 10.68x |
| HCA | \$13,624M | 1.77x | 8.04x |

As of 9/30/2023

Select Transactions

| Month | Acquirer | Target | Locations | State(s) | Deal Description |
|-----------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September |  |  | 64 | Massachusetts New Jersey Pennsylvania | PT Solutions has completed the acquisition of ActivePro Rehab Partners, a former portfolio company of The Beekman Group with over 64 locations. The transaction highlights PT Solution's continued focused on expanding access to quality care for its patients. |
| September |  |  | 4 | Illinois | Ivy Rehab, a national leader in outpatient rehabilitative therapy and pediatric services, has acquired one of the nation's oldest physical therapy practices, PTSIR, based in Greater Chicago. |
| August |  | Not Disclosed | 5 | Virginia | USPH acquired a five-clinic physical therapy practice. The purchase price for the 70% equity interest was approximately \$2.1 million. The practice generates \$2.4 million in annual revenue. |
| July |  |  | 41 | Idaho Utah Montana | Clairvest Group has made a minority equity investment in Mountain Land, a leading physical therapy practice with 41 clinics located in the western mountain region of the U.S. |

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