

Rehabilitation

Q2 2024

Market Update

Physical therapy M&A activity maintained a strong pace throughout the second quarter of 2024, primarily consisting of strategic bolt-on transactions. Despite more than two decades of consolidation, the industry remains highly fragmented, presenting significant opportunities for strategic operators to enhance market share through M&A and for new private equity groups to enter the market.

Following its 2023 acquisition of Motion PT, Confluent Health announced two additional acquisitions in Q2. Most notably, Confluent acquired Access PT, a provider with 66 outpatient clinics across CT, NY, NC, and PA. As groups look to leverage existing contracts for rate lifts, Provident expects PE-backed platforms to remain highly active with in-state add-on acquisitions. Valuations should remain elevated for scaled groups as competitions remains fierce among strategic players.

USPH vs. Other Healthcare Facility Operators

Company	EBITDA	EV / Rev	EV / EBITDA
U.S. Physical Therapy	\$89	2.4x	16.8x
Acadia Healthcare	\$667	2.6x	11.8x
Encompass Health	\$1,072	2.3x	10.6x
HCA	\$12,908	1.8x	9.6x

As of 7/1/2024 (\$ in millions)

Select Transactions

Month	Acquirer	Target	Locations	State(s)	Deal Description
May		Not Disclosed	n/a	n/a	USPH acquired an industrial injury prevention (IIP) business for \$24.0M through its primary IIP subsidiary, Briotix Health Limited Partnership. The target generates roughly \$11.0M in annual revenue.
April	 		10	MT, ND	Confluent Health announced its acquisition of Lone Peak Physical Therapy, a 10-clinic outpatient PT operator specializing in occupational, pelvic health, and hand therapy.
April	  		6	NC, TX	H2 Health acquired North Texas Physical Therapy and Physio Physical Therapy, expanding its footprint to 215 locations across 11 states.
April	 		66	CT, NY, NC, PA	Confluent Health acquired Access Physical Therapy & Wellness, adding 66 outpatient locations to its national network.

Provident Industry Coverage Team

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

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