

Rehabilitation

Q3 2024

Market Update

Investor interest remained strong across the broader rehabilitation sector in Q3. While traditional outpatient PT deals were stagnant—not due to a lack of demand, but rather a limited supply of available assets—M&A activity for digital health solutions and virtual therapy gained momentum, driven by labor shortages and a growing demand for PT services.

Leading virtual PT companies such as Sword Health and Hinge Health continue to attract significant investor interest, with Sword Health's recent \$30 million funding round raising its enterprise value to \$3 billion. Following several successful raises, Hinge Health is reportedly nearing an IPO after hiring Morgan Stanley to run the process.

Meanwhile, several PE-backed platforms, including Confluent Health and H2 Health, are rumored to be exploring potential sales. As PE continues to achieve successful exits, Provident expects M&A activity across the sector to accelerate.

USPH vs. Other Healthcare Facility Operators

Company	EBITDA (\$M)	EV / Rev	EV / EBITDA
U.S. Physical Therapy	\$90	2.4x	16.7x
Acadia Healthcare	\$679	2.3x	10.5x
Encompass Health	\$1,097	2.5x	11.8x
HCA Healthcare	\$13,401	2.1x	10.6x

As of 10/8/2024

Select Transactions

Month	Acquirer	Target	Locations	State(s)	Deal Description
September	 Confluent Health	 Fitness Quest Physical Therapy	16	FL	Confluent Health ("Confluent") acquired Fitness Quest Physical therapy ("Fitness Quest"), a provider of orthopedic and sports physical therapy and auto accident injury recovery services.
September	 USPh ONE PARTNER	Not Disclosed	8	PA	USPH acquired 70% interest in an eight-clinic physical therapy and hand therapy practice with \$5.5M in annual revenue.
July	 MVPT PHYSICAL THERAPY	 VILLAGE PHYSICAL THERAPY	3	NY	Cypress Health Partners acquired Village Physical Therapy to expand its presence in New York. Village PT will become a part of MVPT Physical Therapy with the Village founder assuming his role as the Director of Injury Prevention Services.
July	 Concentra	IPO	600+	41 states	Concentra Group Holdings Parent, Inc. ("Concentra"), a wholly owned subsidiary of Select Medical and the largest provider of occupational health and PT services in the US, announced the pricing of 22.5M shares of common stock at \$23.50 / share.

Provident Industry Coverage Team

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

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