

Physical Therapy Network Rebranded as Pivot Physical Therapy

Physical Therapy Network, which previously received an investment from CI Capital Partners and InTandem Capital in Q1 2014, has rebranded its 60 clinics to Pivot Physical Therapy. The Company's Mid-Atlantic based locations previously operated under the names Professional SportsCare & Rehab, Maryland SportsCare & Rehab, Professional Physical Therapy & SportsCare, Southern Delaware Physical Therapy and Littlestown (Pa.) Physical Therapy & SportsCare.

Market Update

The third quarter of 2014 featured several strategic add-on acquisitions within the outpatient physical therapy sector. In the most notable deal, Hometown Urgent Care added physical therapy to its line of services through the acquisition of StepUp Rehab. The transaction will provide Hometown's patient base with more integrated care between physicians and physical therapists to treat injuries and other conditions. Given the complementary nature of urgent care and physical therapy services, Provident expects additional urgent care providers to diversify into outpatient PT through acquisitions and de novo locations.

Heading into the final quarter of the year, several additional add-on transactions are expected from active consolidators such as ATI and U.S. Physical therapy, while new private equity investors are continuing to look to take advantage of scalable companies in the outpatient and contract rehabilitation verticals. Meanwhile, EBITDA multiples and valuations are rising in the sector, as evidenced by U.S. Physical Therapy's EV/TTM EBITDA over the last four years.

U.S. Physical Therapy Valuation Multiples

Date	9/30/2010	9/30/2011	9/30/2012	9/30/2013	9/30/2014
EV/TTM EBITDA	5.12x	6.17x	7.33x	9.31x	10.15x

Month	Acquirer	Target Company	Details
September 2014	ATI Physical Therapy	Monroe Physical Therapy & Sports Medicine	ATI Physical Therapy, a portfolio company of KRG Capital Partners, acquired Monroe Physical Therapy & Sports Medicine for an undisclosed sum. Monroe is a six clinic physical therapy practice located in Southern Illinois and St. Louis Metro East, a new market for ATI. ATI now has clinics in 11 states.
August 2014	ATI Physical Therapy	Advanced Orthopaedic Physical Therapy	ATI Physical Therapy expanded its footprint in Wisconsin to 20 locations through the acquisition of Advanced Orthopaedic Physical Therapy. Terms of the transaction were not disclosed.
August 2014	Hometown Urgent Care	StepUp Rehab	Hometown Urgent Care expanded into the outpatient physical therapy sector through the acquisition of StepUp Rehab, which operates two clinics in Ohio. The deal complements Hometown's current footprint of 20 urgent care and occupational health centers in Ohio and Michigan. Terms of the transaction were not disclosed.
August 2014	U.S. Physical Therapy	Undisclosed	U.S. Physical Therapy acquired a three clinic physical therapy practice for \$1.05 million. The practice sees 10,500 patient visits per year with approximately \$1.23 million in annual revenue. U.S. Physical Therapy now operates 491 clinics in 42 states.
July 2014	ATI Physical Therapy	Ryan Center for Hand Therapy	ATI Physical Therapy acquired Ryan Center for Hand Therapy for an undisclosed amount. The transaction is ATI's 89 th clinic in Illinois.