



## Q2 2014 REHABILITATION INDUSTRY UPDATE



### Harvest Partners Recapitalizes Athletico

In the most notable transaction of the quarter, one of the largest independent outpatient PT providers, Athletico Physical Therapy, received an investment from Harvest Partners in a deal that was estimated to value the company at about \$400 million, which equates to a double-digit multiple of EBITDA. With private equity-backing, Athletico has the capital to expand its more than 80 clinic footprint across the Midwest and into new regions through competing with the largest players for add-on acquisition opportunities.

### Market Update

Heightened deal flow in the rehabilitation industry continued into the second quarter of 2014 with a mix of strategic add-on acquisitions coupled with two notable private equity recapitalizations. In addition to three smaller tuck-in transactions, strategic deals included U.S. Physical Therapy's acquisition of 13 clinics in a new state and PT Solutions' first add-on deal since receiving an investment from New Harbor Capital in Q4 2013. Professional Physical Therapy also added density to its footprint in the Greater New York City area through the acquisition of 13 Sports Physical Therapy of New York locations.

In terms of private equity transactions, Shore Capital Partners invested into another rehabilitation company following its success in the outpatient sector with Michigan Rehabilitation Services. Through the recapitalization of MyTherapyCompany and subsequent add-on acquisition of Cumberland Therapy Services, Shore's portfolio company, Pediatric Therapy Services, is poised to expand rapidly in the school-based therapy sector.

Moving forward, Provident expects steady deal flow to continue as private equity interest remains high, leverage terms are favorable within the sector, and valuations remain strong. With the potential of double-digit EBITDA multiples for the few largest players in the outpatient sector, accretive add-on acquisitions are expected to continue at a heightened pace throughout the rest of 2014 and into next year.

### NOTEWORTHY TRANSACTIONS

Month	Acquirer	Target Company	Details
June 2014	PT Solutions	Regional Rehabilitation Services	PT Solutions, a portfolio company of New Harbor Capital, completed the acquisition of Regional Rehabilitation Services, a physical therapy and sports medicine practice located in Palm Harbor, Florida. PT Solutions offers a comprehensive suite of services including physical, occupational and speech therapy, sports medicine, industrial rehabilitation and medical fitness through 54 locations in six states.
June 2014	U.S. HealthWorks Medical Group	IndustriCare	U.S. HealthWorks announced its acquisition of IndustriCare for an undisclosed sum. IndustriCare is a comprehensive, full-service occupational healthcare and rehabilitation services provider located in Charlotte, North Carolina.
June 2014	Pediatric Therapy Services	Cumberland Therapy Services	Pediatric Therapy Services, a portfolio company of Shore Capital, has completed its first add-on acquisition of Cumberland Therapy Services. Cumberland provides speech language pathology, occupational therapy and related services to a variety of public school districts and private learning centers. No financial terms of the transaction were disclosed.
June 2014	Shore Capital Partners	MyTherapyCompany	Shore Capital Partners announced that it has completed the recapitalization of MyTherapyCompany for an undisclosed sum. MyTherapyCompany is the leading provider of speech-language pathologists, occupational therapists, physical therapists and special education teachers to school districts and early intervention regional centers. As part of the transaction, Shore Capital formed the holding company, Pediatric Therapy Services.
June 2014	Matt Smith Physical Therapy	Rancho Injury Care Center	Matt Smith Physical Therapy has expanded its operations to include the acquisition of Rancho Injury Care Center. The clinic will become the company's 14th location in Southern Nevada. Financial terms were not disclosed.
June 2014	Professional Physical Therapy	Sports Physical Therapy of New York	Professional Physical Therapy, a Great Point Partners portfolio company, has acquired Sports Physical Therapy of New York's ("SPTNY") 13 downstate locations. Through the acquisition, Professional will provide broader New York City and Queens coverage, as well as expand its services into Brooklyn, Rockland County and the Bronx. Financial terms of the transaction were not disclosed.
May 2014	U.S. Physical Therapy	Undisclosed	US Physical Therapy acquired a 70% interest in an undisclosed target that operates with 13 locations in Virginia for approximately \$11 million. The business sees more than 125,000 patient visits per year and generates approximately \$12.4 million in annual revenue.
May 2014	Harvest Partners	Athletico Physical Therapy	Athletico Physical Therapy received an investment from New York private equity firm Harvest Partners. Based in Chicago, Athletico operates with over 80 clinics throughout Illinois, Wisconsin and Indiana.
May 2014	Lattimore Physical Therapy Network	Greater Rochester Physical Therapy	The Lattimore Physical Therapy Network, with 17 clinics across Northwestern New York, has acquired Greater Rochester Physical Therapy, which has offices in Webster and Pittsford, NY. Financial terms of the transaction were not disclosed.