

## Rehabilitation

Q1 2024

### Market Update

Physical therapy M&A activity in the first quarter of 2024 was primarily comprised of strategic add-on acquisitions. Both public and private equity-backed platforms continue to compete for market share in a sector that remains highly fragmented. These platforms have strategically pursued regional add-on acquisitions to expand geographic reach and build economies of scale with established centralized administrative and corporate functions.

The Provident team anticipates that M&A momentum in the physical therapy sector will sustain its current pace as investors and platforms continue to capitalize on opportunities for growth and expansion. As several large operators are expected to begin marketing processes in the first half of 2024, Provident anticipates multiple landmark acquisitions to be announced by the end of the year.

### USPH vs. Other Healthcare Facility Operators

Company	EBITDA	EV/Rev	EV/ EBITDA
U.S. Physical Therapy	\$90	3.1x	21.0x
Acadia Healthcare	\$645	2.9x	13. 3x
Encompass Health	\$1,030	2.4x	11.4x
HCA	\$12,730	2.0x	10.3x

As of 12/31/2023 (\$ in millions)

### Select Transactions

Month	Investor	Target	Location(s)	State(s)	Deal Description
March		Not Disclosed	9	n/a	USPH acquired a 50% equity interest in a nine-clinic physical and hand therapy practice; USPH purchased the Practice for \$16.4M. The practice generated roughly \$11.4 million in annual revenues and around 65,000 patient visits every year.
March			4	FL	H2 Health announced its acquisition of Back to Work Physical Therapy, a four-clinic operation in the greater Tampa Bay area. The acquisition marks H2 Health's entrance into the Florida market.
February			8	NY	MVPT Physical Therapy announced its acquisition of Genesee Valley Physical Therapy. The Rochester-based practice will add eight locations to the MVPT platform as part of the Company's campaign to grow throughout the state of New York.
January			4	CA	Empower Physical Therapy acquired Huntington Beach Physical Therapy Specialists, a SoCal outpatient leader in operation for over 25 years. The acquisition adds four clinics to the Empower PT platform.

### Provident Industry Coverage Team

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

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