

Physical Therapy Industry Update

Industry Valuation Multiples Revert toward Median

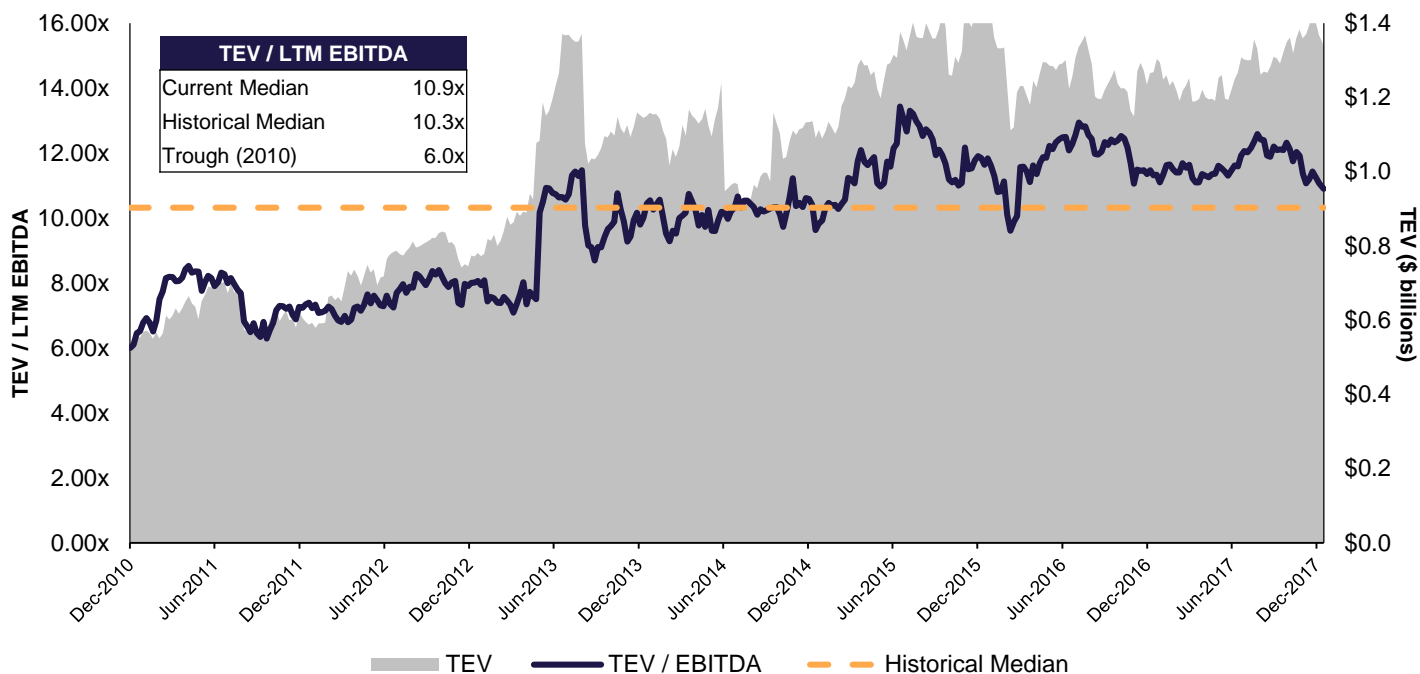
Executive Summary

- Physical Therapy companies are currently trading at a median multiple of 10.9x (TEV / LTM EBITDA), down from the most recent cycle peak of 13.6x reached in August; current multiples remain 5.2% above historical median levels
- Industry valuations follow the S&P 500 relatively closely, trading at 84.8% of the broad market. Public market data is limited as most providers are private
- Highly fragmented Outpatient Rehabilitation industry (no participant captures more than 5% market share, with 45% of clinics independently owned) creates opportunities for consolidation via M&A activity. There have been more than 15 transactions over the last twelve months, and future activity is expected to be brisk, following a similar trend in dermatology clinic consolidation

Key Takeaways

- The \$30 billion outpatient rehabilitation industry is expected to continue to post 7% annual growth through 2018. Physical therapy accounts for 90% of outpatient rehab spending
- Positive reimbursement environment due to the effective cost savings of outpatient rehabilitation and relatively low rate of governmental reimbursement (20%)
- Bridgepoint Merchant Banking advises practice owners seeking liquidity that timing is attractive to consider exploring monetization, financing and other strategic options

Physical Therapy Valuation Cycle

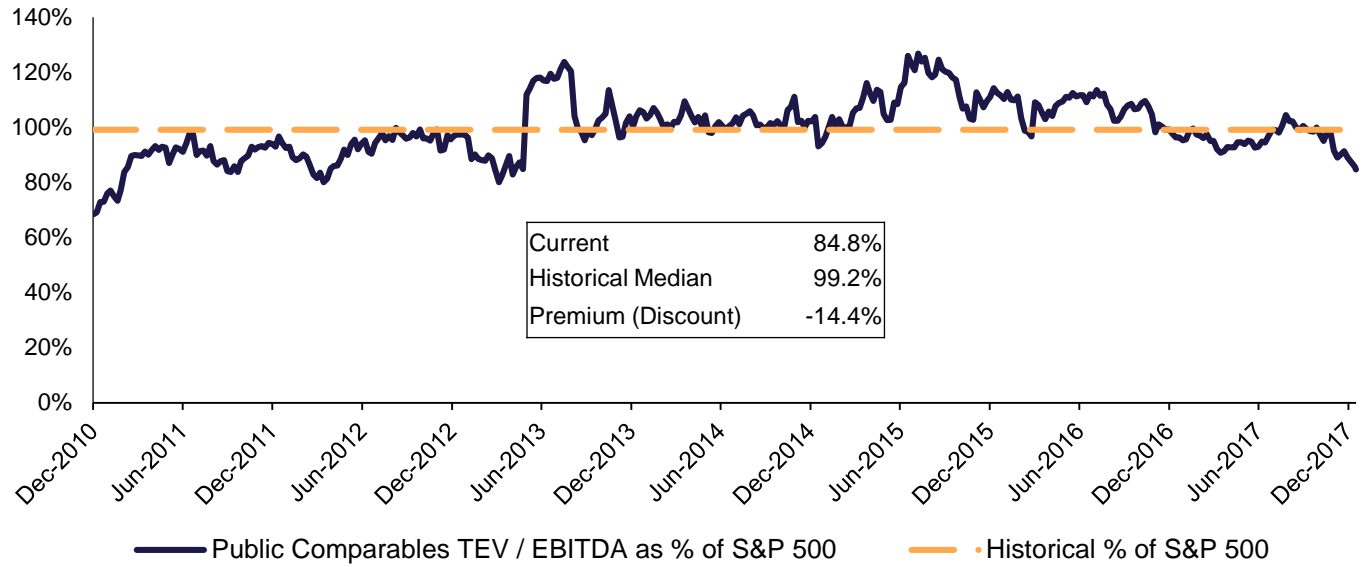


Note: Composite composed of selected public comparables as listed on page 2.

Source: Bridgepoint Merchant Banking, Capital IQ, IBISWorld

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TEV / LTM EBITDA – Physical Therapy Sector vs. S&P 500



Selected Public Comparables

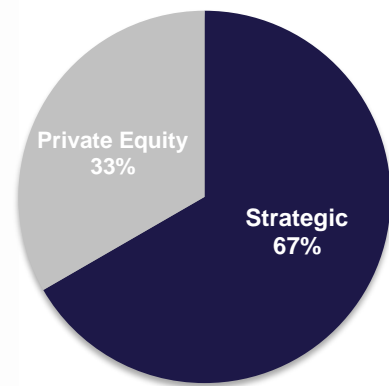
(\$ in millions, except per share data)

Company Name	Country	12/27/2017 Share Price	Equity Value	Enterprise Value	P/E 2017E	TEV/Revenue			TEV/EBITDA			TEV/EBIT 2017E
						LTM 2017E	2018E	2019E	LTM 2017E	2018E	2019E	
U.S. Physical Therapy, Inc.	United States	71.25	896.4	1,039.5	34.4x	2.7x	2.5x	2.4x	16.9x	18.0x	15.9x	19.2x
Acadia Healthcare Company, Inc.	United States	32.45	2,850.8	6,062.8	14.5x	2.2x	2.1x	2.0x	10.6x	10.1x	9.4x	14.0x
The Ensign Group, Inc.	United States	21.93	1,122.2	1,375.8	15.7x	0.8x	0.8x	0.7x	10.6x	8.1x	7.1x	11.0x
Select Medical Holdings	United States	17.25	2,308.5	5,730.7	20.3x	1.3x	1.3x	1.2x	11.2x	10.7x	9.8x	15.6x
BioScrip, Inc.	United States	2.82	359.6	884.6	NM	1.0x	1.1x	1.2x	25.0x	20.6x	14.1x	NM
Civitas Solutions, Inc.	United States	17.40	651.5	1,275.8	22.8x	0.9x	0.8x	0.8x	8.6x	7.4x	7.0x	15.4x

	Physical Therapy							
High	34.4x	2.7x	2.5x	2.4x	25.0x	20.6x	15.9x	19.2x
Mean	21.5x	1.5x	1.4x	1.4x	13.8x	12.5x	10.5x	15.0x
Median	20.3x	1.2x	1.2x	1.2x	10.9x	10.4x	9.6x	15.4x
Low	14.5x	0.8x	0.8x	0.7x	8.6x	7.4x	7.0x	11.0x

Selected Recent Industry Transactions

Date	Target	Country	Acquirer	Buyer Type
11/13/2017	Physical Therapy In Motion	United States	Proex Physical Therapy	Strategic
10/09/2017	Excel Physical Therapy (Omaha)	United States	Athletico Physical Therapy	Strategic
10/04/2017	Armada Physical Therapy Of Albuquerque	United States	Physical Rehabilitation Network	Strategic
08/24/2017	Back in Motion Physical Therapy	United States	GPB Capital Holdings	Private Equity
08/24/2017	Rehab Access, Inc.	United States	GPB Capital Holdings	Private Equity
08/23/2017	Medicomp, Inc.	United States	Interstate Rehab	Strategic
04/19/2017	Care New England Health System Inc.	United States	Partners Innovation Management	Strategic
04/05/2017	Tidewater Physical Therapy, Inc.	United States	PTN	Strategic
03/29/2017	Dynamic Physical Therapy & Aquatic Rehabilitation	United States	PTN	Strategic
03/22/2017	ProCare Physical Therapy, Inc.	United States	PTN	Strategic
01/09/2017	Invo HealthCare Associates, Inc.	United States	The Wicks Group of Companies	Private Equity
01/04/2017	Care Advantage, Inc.	United States	BellHealth Investment Partners	Private Equity
12/27/2016	NLJ Physical Therapy P.C.	United States	Bellin Health Systems, Inc.	Strategic
12/19/2016	Professional Physical Therapy	United States	Thomas H. Lee Partners, L.P.	Private Equity
12/19/2016	Corporate Health Center	United States	Concentra, Inc.	Strategic
12/06/2016	Tw in Cities Occupational Health & Rehabilitation	United States	U.S. Healthworks, Inc.	Strategic
11/29/2016	Great Lakes Home Health Services, Inc.	United States	Blue Wolf Capital Partners	Private Equity
10/31/2016	Carolina Physical Therapy Associates	United States	CORA Health Services, Inc.	Strategic

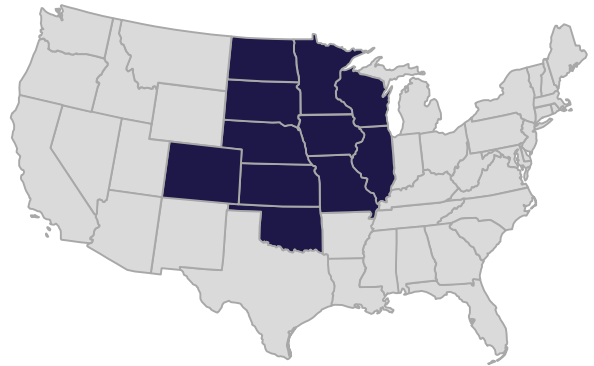


Source: Bridgepoint Merchant Banking, Capital IQ

About Us: Combined Experience

- \$158+ billion of M&A and capital raising experience
- 43 completed M&A assignments spanning more than \$36 billion
- 75 completed corporate finance transactions, raising more than \$74 billion in capital
- 117+ years cumulative investment banking & private equity experience
- Principals currently sit on 11 Boards
- 18 Investment bankers and professionals focused on Midwest companies

Geographic Focus Area



Selected Bridgepoint Transaction Experience

Media Company

USD45 million
Uni-tranche financing for recapitalization

Sole Bookrunner



USD811 million
Acquisition advisory and financing

Financial Advisor



USD266 million
Exit financing facilities

Sole Bookrunner



Not Disclosed
Sell-side advisory on sale to Beacon Roofing Supply, Inc.

Sole Financial Advisor



Not Disclosed
Buy-side Advisor on acquisition of Bank of Nebraska

Financial Advisor



Not Disclosed
Growth equity capital raise

Financing Arranger

Business Services Company

USD50+ million
Sell-side advisory

Financial Advisor



Not Disclosed
Sell-side Advisor to Austin Complete Nutrition

Sole Financial Advisor

Biopharmaceutical Company

USD20+ million
Sell-side advisory

Sole Financial Advisor



Not Disclosed
Sell-side advisory on sale to publicly-traded cross-border strategic

Sole Financial Advisor

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The list contained herein represents selected transactions completed by Bridgepoint principals while associated with Bridgepoint Merchant Banking, as well as securities transactions on which they advised in their capacity as investment bankers registered with various broker-dealers.