



PEAPACK PRIVATE

Investment Banking

Industry Perspectives

Physical Therapy

Summer 2025



Industry Overview

Physical Therapy (PT) Services, a field within the healthcare industry, is a \$49.9 Bn industry, projected to grow to \$57.5 Bn by 2029. Below are primary trends that will continue to impact the sector.

Consolidation

The PT space has seen intense consolidation activity, as clinics face staffing shortages and rising costs. Private clinics have looked to join PE-backed groups (as part of “roll-ups”) or larger healthcare systems for economies of scale and enhanced efficiency (notable activity is highlighted on the following page).

Value-Based Care

Given the increased focus on quality-measured performance in healthcare, commercial payers and Medicare have leaned towards value-based payment models focused on patient outcomes and satisfaction.

Consolidation

Surging Demand

Physical Therapy
Key Trends

Value-Based Care

AI Adoption

Surging Demand

Due to the aging U.S. population, demand is expected to continue to rise and create steady revenues, as PT is increasingly seen as a first-line treatment for chronic pain, injuries, neurological disorders, and musculoskeletal conditions.

AI Adoption

Technologically advanced PT practices have begun to integrate AI into their treatment services, with the aim to boost operational efficiency and enable a cost-effective approach to engage and onboard clients.

Source: IBIS World – Physical Therapists in the US in Feb. 2025

Securities offered through our affiliated broker dealer, PGB Securities LLC., member FINRA/SIPC..

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Select Private Equity Roll-Up Activity

Private equity firms have been particularly active in the physical therapy industry over recent years. Below are select examples of acquisitions by private equity firms in the space.



Transactions Completed Since FYE 2016



Source: PitchBook as of 7/24/2025. Select add-on logos only for illustrative purposes, some add-on logos unavailable.

Public Market Activity

Physical Therapy Services

| Company: | ATI Physical Therapy, Inc. | U.S. Physical Therapy, Inc. | Company Average |
|----------------------------------|----------------------------|-----------------------------|-----------------|
| (\$ in MM) As of: | 12/31/2024 | 3/31/2025 | |
| Revenue | \$737.2 | \$692.3 | \$714.8 |
| EBITDA | \$244.5 | \$145.1 | \$194.8 |
| EBITDA Margin | 33.2% | 21.0% | 27.1% |
| EPS | (\$13.22) | \$2.19 | (\$5.51) |
| Net Debt | \$727.3 | \$266.6 | \$497.0 |
| Market Value (MV) | \$4.5 | \$1,149.1 | \$576.8 |
| Preferred Equity | \$246.2 | \$0.0 | \$123.1 |
| Minority Interest | \$5.0 | \$261.7 | \$133.4 |
| Total Enterprise Value (TEV) | \$983.0 | \$1,677.5 | \$1,330.2 |
| Summary Leverage Statistics: | | | |
| Total Debt/EBITDA | 3.1 x | 2.1 x | 2.6 x |
| Total Debt/(Total Debt + Equity) | 0.9 x | 0.3 x | 0.6 x |
| Summary Valuation Multiples: | | | |
| TEV/Revenues | 1.3 x | 2.4 x | 1.9 x |
| TEV/EBITDA | 4.0 x | 11.6 x | 7.8 x |

* Valuation multiples not discounted for size and liquidity

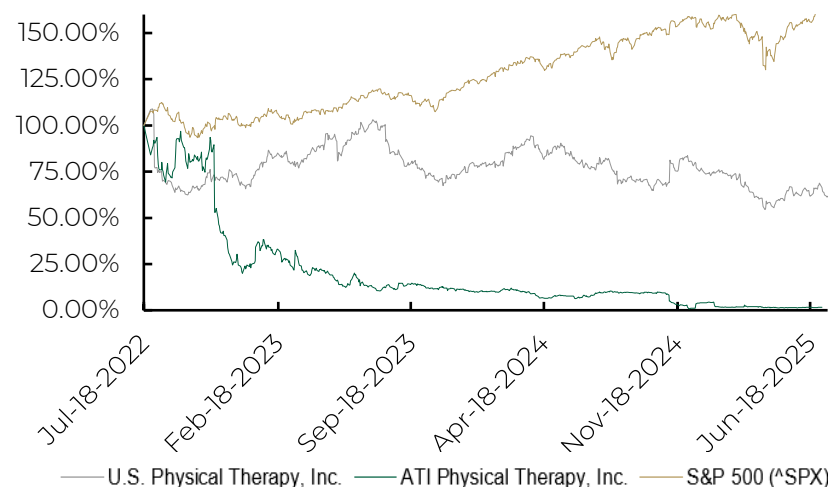
USPH Acquisition Summary

USPH operates 775+ clinics across 43 states. It is headquartered in Houston, TX and has completed 37 add-ons to date.

| Date | Description | Implied EV | Revenue (\$mm) | EV / Revenue |
|--------|--|------------|----------------|--------------|
| Oct-24 | Metro Physical & Aquatic Therapy | \$193.0 | \$64.0 | 3.0x |
| Apr-24 | Undisclosed 9-clinic practice | \$32.8 | \$11.4 | 2.9x |
| Oct-23 | 2 practices located in AK and CO | \$19.9 | \$7.2 | 2.8x |
| Nov-22 | Undisclosed 13-clinic practice | \$31.3 | \$12.0 | 2.6x |
| Nov-22 | Undisclosed 14-clinic practice | \$32.2 | \$9.0 | 3.6x |
| Sep-22 | 6-clinic practice located in WV and PA | \$5.0 | \$2.5 | 2.0x |
| | Average | \$52.4 | \$17.7 | 2.8x |
| | Median | \$31.8 | \$10.2 | 2.8x |

Sources: Capital IQ and USPH Press Release as of 7/24/2025.

Relative Stock Performance – Last 3 Years



Most Recent Company Updates



ATI Physical Therapy stock has been struggling due to intense competition, rising labor costs, and a rapidly evolving landscape. ATI received a delisting notice from the NYSE and their stock now trades on OTC Pink Sheets. They continue to operate around 900 locations in 24 states with nearly 5,000 employees.



USPH has been public since 1992. The company has been rapidly expanding its portfolio of clinics while maintaining a significantly lower leverage ratio than ATI. Although its 3-year stock performance has been mixed, investors are optimistic about its future due to improving financials and strong cash flow.

About Peapack Private Bank & Trust

Peapack Private Bank & Trust (NASDAQ: PGC) is a 104-year-old boutique commercial bank with total assets of \$7.2 Bn and AUM of \$12.3 Bn as of 6/30/2025. Business segments include Wealth Management, Commercial Banking, Investment Banking, Commercial Real Estate, Peapack Capital (Equipment Finance), and Retail Banking.

Peapack Private Investment Banking (PPIB) offers mergers and acquisition (M&A), capital raising, strategic and financial advisory services through our Corporate Advisory team and provides bank financing (bilateral, club, or syndicated) through our Structured Finance team. Our team of professionals provide thoughtful services to family and founder owned middle market corporate clients and financial sponsors.

What Makes Us Different

- **Middle market experts** – working exclusively with family and founder owned middle market companies, the advisory team has executed over 75 transactions over the past 15 years across a variety of sectors and economic cycles. We create and execute the right solution based on client-specific challenges
- **Senior-level attention** – our senior bankers take a hands-on approach to plan and execute your solution
- **Independent, objective advice** – our financial solutions are unbiased; we always have our client's best interests in mind
- **Unparalleled resources** – no other corporate advisory boutique has the access to data sources, proprietary research, relationships and access to subject matter experts that comes from a multi-billion-dollar wealth management platform
- **Customized solutions** – to determine the best strategy, we take the time to thoroughly analyze our client's business and understand their goals
- **An honorable way of conducting business** – we conduct business the old-fashioned way: face-to-face, with integrity, discretion and transparency
- **One team** – we make it easy for our clients to do business with us through a singular, responsive and accountable relationship

Our Capabilities

Mergers and Acquisitions

- ✓ Sales and divestitures
- ✓ Acquisition advisory
- ✓ Fairness opinions / Valuations

Corporate Finance Advisory

- ✓ Management buyouts
- ✓ Growth capital
- ✓ Transaction Readiness / Restructuring / Recapitalization

Capital Formation

- ✓ Private placements of senior debt, subordinate debt and equity
- ✓ Capital markets advisory
- ✓ Capital structuring and financing advisory services

Structured Finance Solutions

- ✓ Financial sponsor finance
- ✓ Leveraged and cash-flow finance
- ✓ Asset-based lending
- ✓ Equipment leasing

Dedicated Sector Focus

- ✓ Healthcare
- ✓ Business Services
- ✓ Information Technology
- ✓ Industrials
- ✓ Financials
- ✓ Utilities and Telecom
- ✓ Consumer Staples
- ✓ Consumer Discretionary
- ✓ Materials & Energy
- ✓ Communication Services & Real Estate

PPIB has access to a team of equity research analysts through Peapack Private covering 13 industry verticals to meet the corporate finance needs of middle market business owners and investors.

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