

## Eli's Rehab Report

### News Brief: Mergers and Acquisitions: New Physiotherapy Associates to 'Change the Face of the Industry'

Chicago -- Investors have their eye on the rehab market, and two of them are looking to create a "national leader in outpatient rehabilitation services."

Water Street Healthcare Partners, a Chicago-based private equity firm, and Wind Point Partners announced on June 28 that they have finalized a deal to merge Physiotherapy Associates and Benchmark Medical.

Water Street, which recently acquired Physiotherapy Associates from Stryker Corp. for \$150 million, and Wind Point, which has owned Benchmark Medical since 2000, will be the majority owners of the combined company, according to a press release.

**Looking ahead:** The new conglomerate will operate under the name Physiotherapy Associates. The company expects to generate combined revenues of \$420 million, employ 5,500 people and operate more than 800 clinics that offer physical therapy and prosthetic and orthotic services. At the helm of the new Physiotherapy will be Bill Floyd (past chairman, president and CEO of Beverly Enterprises) serving as CEO.

**Strategy:** "We see a tremendous opportunity to make a significant impact in the highly fragmented outpatient rehabilitation services market," said **Jeff Gonyo**, a managing director with Wind Point Partners and board member of Physiotherapy Associates, stressing that more than 70 percent of the outpatient rehab market consists of local or regional clinics that are standalone facilities.

"By partnering with Water Street to create a leading national company focused on high-quality clinical care at a local level, and bringing Bill Floyd, a top-caliber CEO, into the equation, we are changing the face of the industry," Gonyo said.