



**Sample materials:  
Buy-side M&A target  
identification**

## Buy-side M&A Target Identification: Process Overview

Phase	M&A Strategy Review	Market Scan	Acq. Target Prioritization	Acquisition Target Selection & IOI
<b>Key goal</b>	<ul style="list-style-type: none"> <li>Review and stress-test M&amp;A strategy</li> </ul>	<ul style="list-style-type: none"> <li>Identify the universe of pot. acquisition targets</li> </ul>	<ul style="list-style-type: none"> <li>Identify top acquisition targets</li> </ul>	<ul style="list-style-type: none"> <li>Make a go/no-go decision on top acq. target(s) and proceed with IOI</li> </ul>
<b>Key outputs</b>	<ul style="list-style-type: none"> <li>Refined M&amp;A strategy</li> </ul>	<ul style="list-style-type: none"> <li>List of ~5-50 pot. acquisition options</li> </ul>	<ul style="list-style-type: none"> <li>Prioritized list of ~1-5 top acquisition targets</li> </ul>	<ul style="list-style-type: none"> <li>Decision on which acq. target(s) to pursue</li> </ul>
<b>Key activities</b>	<ul style="list-style-type: none"> <li>M&amp;A objective and purpose</li> <li>M&amp;A strategy (e.g., target mkts, ideal target profile, constraints)</li> <li>High-level financial impact model</li> <li>Key risks and mitigation plans</li> </ul>	<ul style="list-style-type: none"> <li>Target acquisition characteristics (e.g., geo., industry, size)</li> <li>Nation-wide (or global) scan to identify universe of pot. acq. targets</li> <li>Pot. acquisition list synthesis</li> </ul>	<ul style="list-style-type: none"> <li>Target filters and prioritization criteria</li> <li>Pot. acquisition research (e.g., desk research, interviews)</li> <li>Potential target assessments</li> <li>Top target overviews</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition target selection</li> <li>Indication of Interest (IOI) negotiation and signing</li> </ul>



## Case Study: MedReady buy-side M&A target identification

### Context:

- The team worked with MedReady to prioritize potential target acquisitions for a short-term M&A strategy
- The effort first identified a universe of potential acquisitions, then utilized must-have filters and prioritization criteria to identify ~4 top potential acquisitions for analysis
- The team developed deep dive overviews for each top acquisition and a high-level view of projected growth based on the highest-value potential acquisition

### Top illustrative insights:

- **~53 providers fit MedReady's high-level M&A goals** based on the team's scans of similar providers
- **Size was a key differentiator among the top 5 acquisition options**, with only 2 of the 5 options exceeding \$40M in revenue
- **Sunburst Clinic and Aurora Institute, the top acquisition options for MedReady, could unlock ~\$174M in revenue in 2026**

Note: Names and details have been changed for client confidentiality



## To kick off the project, the team worked with MedReady to develop an initial list of goals for the M&A effort

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### **1 Increase market share to 15% in Central Texas**

- MedReady currently has ~7 locations in Central and South Texas with an average of ~10% estimated market share

### **2 Develop state-wide presence**

- MedReady aims to expand into 1+ high-growth locations in North and East Texas

### **3 Expand into Oklahoma**

- MedReady has identified Oklahoma as a high-potential market for expansion into a new state



## The team compiled a list of 53 potential acquisitions in line with MedReady's M&A goals

<b>Example Company</b>	<b>Est. rev.</b>	<b>Est. margin</b>	<b>Location</b>	<b>Business overview</b>
<b>Sunburst Clinic</b>	\$56M	~30%	Dallas, TX	<ul style="list-style-type: none"> <li>Physical therapy center largely focused on sports medicine and leg injuries</li> </ul>
<b>Opulent Clinic</b>	\$54M	~28%	Austin, TX	<ul style="list-style-type: none"> <li>Addiction treatment center largely focused on alcohol addiction recovery</li> </ul>
<b>Flora Clinic</b>	\$36M	~25%	San Marcos, TX	<ul style="list-style-type: none"> <li>Physical therapy center largely focused on elderly population</li> </ul>

**List of potential acquisitions compiled by utilizing MedReady's existing materials (e.g., known contacts, existing partners) & additional research (e.g., market scan)**



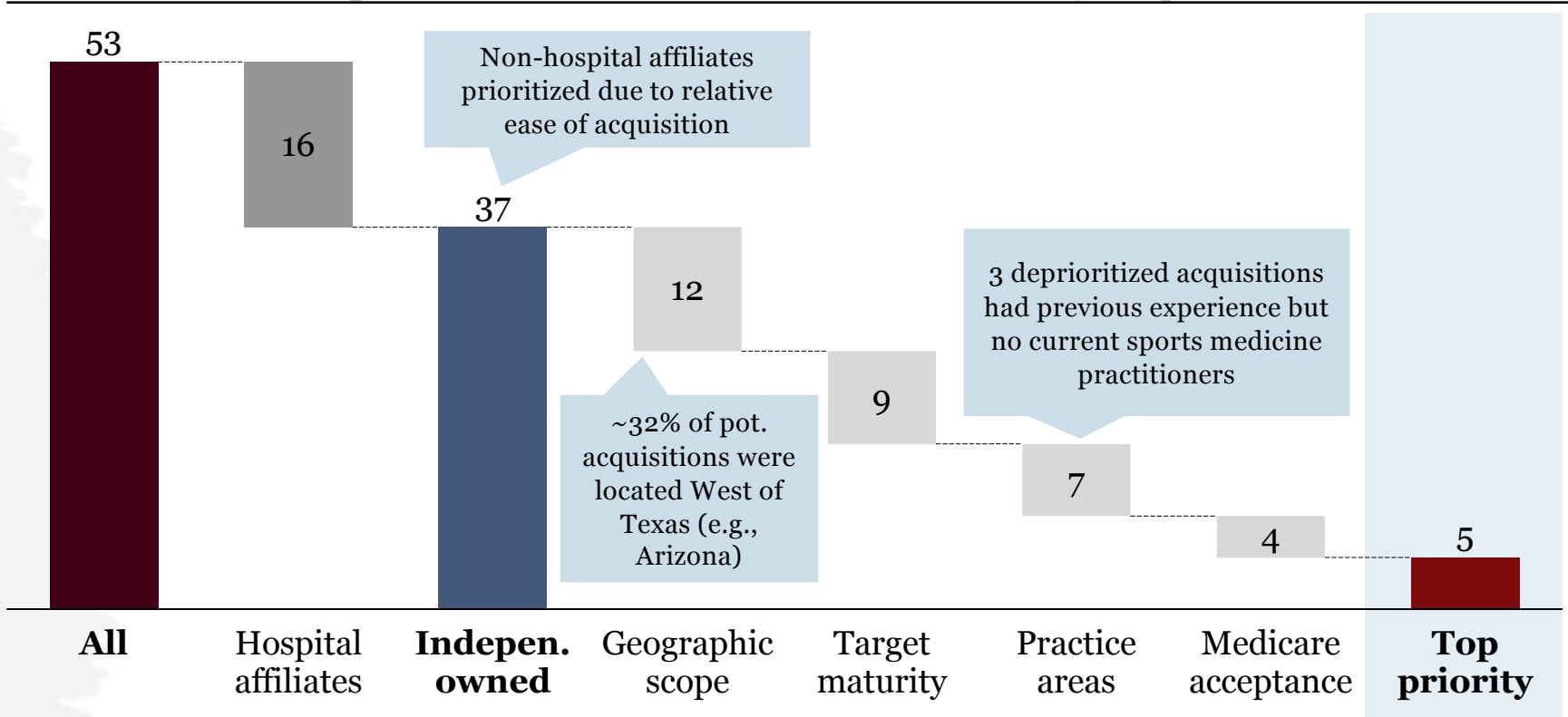
**The team developed 5 must-have filters to prioritize the highest-value acquisitions in line with MedReady's M&A goals for further review**

<b>Filter</b>	<b>Description</b>
<b>Independently owned</b>	<ul style="list-style-type: none"> <li>• Target acquisition is independently owned and not part of any hospital or health system</li> </ul>
<b>Geographic scope</b>	<ul style="list-style-type: none"> <li>• Target acquisition has location(s) in current or targeted MedReady markets (e.g., Houston, East Texas)</li> </ul>
<b>Target maturity</b>	<ul style="list-style-type: none"> <li>• Target acquisition must have been in operation for at least 5 years</li> </ul>
<b>Practice areas</b>	<ul style="list-style-type: none"> <li>• Target acquisition must be physical therapy clinic with 1+ practitioner(s) specializing in sports medicine</li> </ul>
<b>Medicare acceptance</b>	<ul style="list-style-type: none"> <li>• Target acquisition does not accept Medicare payments</li> </ul>



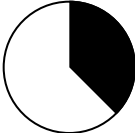
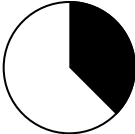
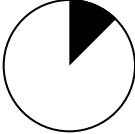
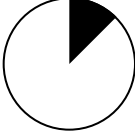
## Each of the 53 pot. acquisitions was run through the 5 filters to identify the highest value opportunities to further analyze

Prioritization of acquisitions based on must-have filters (*No. of companies*)



Of all ~53 potential acquisitions, 5 met the must-have conditions selected by the MedReady and RWA team

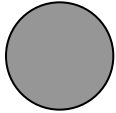
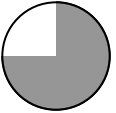
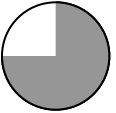
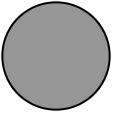

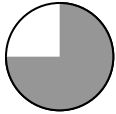
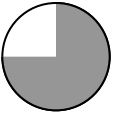
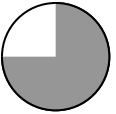
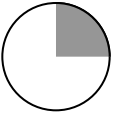

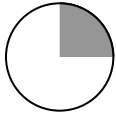
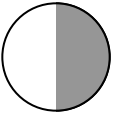
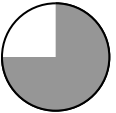
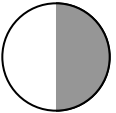

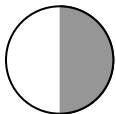
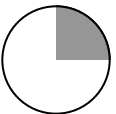
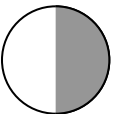
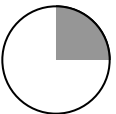

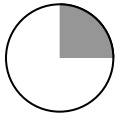
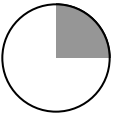
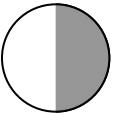
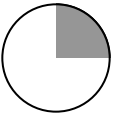

## The remaining 5 potential acquisitions were scored against 4 key prioritization criteria

Criteria	Key question	Scoring metrics	Weight
<b>Acquisition size</b>	<ul style="list-style-type: none"> <li>What is the target acquisition's est. annual top-line revenue?</li> </ul>	<ul style="list-style-type: none"> <li>Est. annual top-line revenue:                             <ol style="list-style-type: none"> <li>\$&lt;30M</li> <li>\$30M-\$39M</li> <li>\$40M-\$49M</li> <li>&gt;\$49M</li> </ol> </li> </ul>	
<b>Staffing levels</b>	<ul style="list-style-type: none"> <li>How many physical therapists does the target acquisition currently staff?</li> </ul>	<ul style="list-style-type: none"> <li>Number of physical therapists:                             <ol style="list-style-type: none"> <li>5-10</li> <li>11-15</li> <li>16-20</li> <li>21+</li> </ol> </li> </ul>	
<b>Geography</b>	<ul style="list-style-type: none"> <li>To what extent does the target acquisition's geographic coverage area overlap with MedReady?</li> </ul>	<ul style="list-style-type: none"> <li>Overlap w/ existing client geography:                             <ol style="list-style-type: none"> <li>Complete overlap</li> <li>&gt;50% overlap</li> <li>&lt;50% overlap</li> <li>No overlap</li> </ol> </li> </ul>	
<b>Payor mix</b>	<ul style="list-style-type: none"> <li>How does the group stack up against cash pay, commercial pay, Medicare, and Medicaid?</li> </ul>	<ul style="list-style-type: none"> <li>Est. payor mix by revenue:                             <ol style="list-style-type: none"> <li>&lt;30% commercial/cash</li> <li>30%-44% commercial/cash</li> <li>45%-59% commercial/cash</li> <li>60%+ commercial/cash</li> </ol> </li> </ul>	





## The top potential acquisition were scored across the prioritization criteria

Company	Acqu. size	Staffing levels	Geography	Payor mix	Overall
Sunburst Clinic					
Aurora Institute					
Ivy Clinic					
Recovery Zone					
RPTC					



## Accompanying deep dives overviewed the team's reasoning for the criteria scores

Company	Acq. size	Staffing levels	Geography	Payor mix	Overall
<b>Sunburst Clinic</b>	<ul style="list-style-type: none"> <li>• \$56M</li> </ul>	<ul style="list-style-type: none"> <li>• 25 physical therapists</li> <li>• 30 PAs</li> </ul>	<ul style="list-style-type: none"> <li>• Based in Dallas (2 locations)</li> <li>• 2 Austin locations</li> </ul>	<ul style="list-style-type: none"> <li>• 71% commercial or cash</li> <li>• 29% Medicare or Medicaid</li> </ul>	3.5
<b>Aurora Institute</b>	<ul style="list-style-type: none"> <li>• \$46M</li> </ul>	<ul style="list-style-type: none"> <li>• 8 physical therapists</li> <li>• 11 PAs</li> </ul>	<ul style="list-style-type: none"> <li>• Based in Fort Worth (3 locations)</li> <li>• 1 Dallas location</li> </ul>	<ul style="list-style-type: none"> <li>• 25% commercial or cash</li> <li>• 75% Medicare or Medicaid</li> </ul>	2.5
<b>Ivy Clinic</b>	<ul style="list-style-type: none"> <li>• \$27M</li> </ul>	<ul style="list-style-type: none"> <li>• 13 physical therapists</li> <li>• 16 PAs</li> </ul>	<ul style="list-style-type: none"> <li>• 1 location in San Marcos, Texas</li> </ul>	<ul style="list-style-type: none"> <li>• 37% commercial or cash</li> <li>• 63% Medicare or Medicaid</li> </ul>	2
<b>Recovery Zone</b>	<ul style="list-style-type: none"> <li>• \$34M</li> </ul>	<ul style="list-style-type: none"> <li>• 6 physical therapists</li> <li>• 8 PAs</li> </ul>	<ul style="list-style-type: none"> <li>• 2 locations in Georgetown, Texas</li> </ul>	<ul style="list-style-type: none"> <li>• 21% commercial or cash</li> <li>• 89% Medicare or Medicaid</li> </ul>	1.5
<b>RPTC</b>	<ul style="list-style-type: none"> <li>• \$29M</li> </ul>	<ul style="list-style-type: none"> <li>• 5 physical therapists</li> <li>• 3 PAs</li> </ul>	<ul style="list-style-type: none"> <li>• 1 location in Lago Vista, Texas</li> </ul>	<ul style="list-style-type: none"> <li>• 18% commercial or cash</li> <li>• 82% Medicare or Medicaid</li> </ul>	1



## Each top acquisition opportunity was summarized in a one-pager for high-level review

### Sunburst Clinic

**Overview:** Clinic specializing in physical therapy treatments for athletes, particularly knee and foot treatments

<b>Year Founded:</b>	2014	<b>Headquarters:</b>	Dallas, TX
Est. Annual Revenue:	\$56M	States Served:	TX
Est. Num. Phys. Therapists:	25	Est. margin:	~22%

### Capacity and Metrics

Avg. therapist experience:	5+ yrs	Est. num. of patient visits per week:	223
Num. of clinics:	3	Avg. recovery time:	~5 weeks

### Prioritization Criteria

Rank: 1

Acq. size	Staffing levels	Geography	Payor mix	Overall

### Services

(√ = Yes, ~ = Some, - = None)

Balance training	√	Endurance training	√
Pain mgmt	√	Gait training	√
Emergency care	~	Therapeutic massages	~

Additional Services: Concussion management, nutrition programs, joint replacement habilitation

### High Level Observations

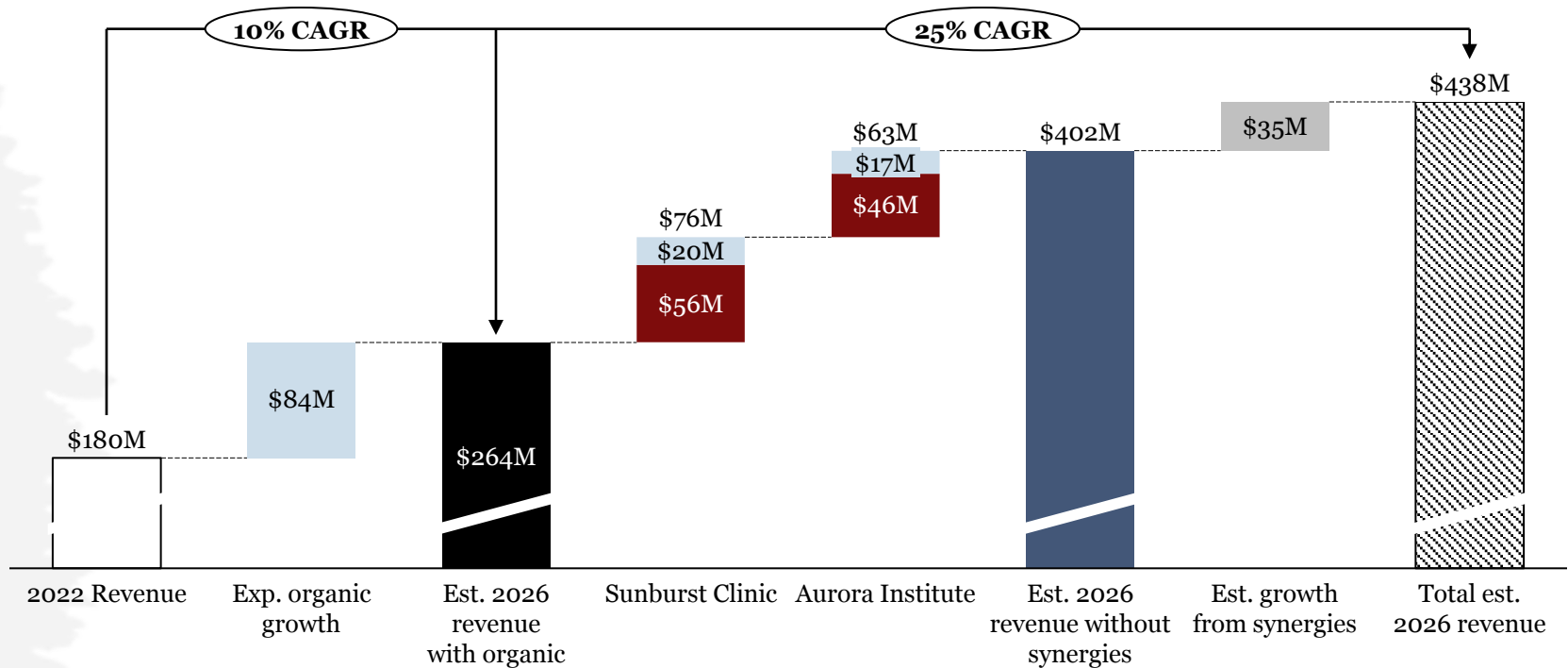
- Sunburst Clinic has a complementary offer set to MedReady's
- Sunburst Clinic has locations in and near high-value markets where MedReady is looking to increase penetration



# The team developed a 5-year view of projected growth from the top acquisition options

Est. revenue growth potential by key opportunity, 2022-2026 (\$Ms)

■ Acquisition ■ Organic growth



- Model assumes 12% annual growth in core segments
- Model assumes 8% annual growth in other segments

- Model assumes 8% annual growth for both acquisitions

- Model assumes 3% annual growth from synergies





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