
GTCR takes majority stake in healthcare firm ATI Holdings

By Lynne Marek
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(Crain's) — GTCR Golder Rauner LLC is taking a controlling stake in Bolingbrook-based ATI Holdings Inc., which will use the investment to recapitalize and fuel expansion of its network of physical therapy and outpatient rehabilitation centers.

GTCR and ATI declined to disclose financial terms of the agreement, which is expected to close Friday, but said Chicago-based GTCR would own a majority stake in the company after the deal is complete.

ATI's founder and CEO, Greg Steil, will remain the largest individual shareholder. The company has 1,250 employees.

The new capital will be used to recapitalize a 2005 investment by Denver-based KRG Capital Partners and pay to keep adding centers through acquisitions and organic growth, Mr. Steil said in an interview.

He declined to comment on the company's financial performance.

ATI has 88 centers in five states, with the bulk of them — 58 — in the Chicago area; six in Wisconsin, and the remainder in Pennsylvania, Maryland and Delaware.

Mr. Steil expects to add about 15 more this year to keep up “slow and steady” growth, he said.

“We will expand to other states and continue to gain more of a market presence” in existing markets, Mr. Steil said.

ATI was founded in 1996 and won the investment from KRG in 2005. It then made its first acquisition in 2006 and added 17 centers in 2007 before slowing to about seven additions in each of 2008 and 2009.

The “significant” investment by GTCR comes from its ninth fund, which has \$2.75 billion in committed capital from investors, said David Katz, a GTCR partner.

The private-equity firm, which has \$8 billion under management, has made health care investments a core part of its business, injecting about a quarter of its funds into acute care hospitals, skilled care nursing facilities, long-term care hospitals and clinical labs over the 30 years since it was founded, Mr. Katz said.

ATI has a “consistent track-record of growth,” Mr. Katz said.

“The demographics in our country suggest that the demand for health care services is going to continue to grow over the coming years,” Mr. Katz said.
