

Q4-2017 Behavioral Health Update



Market Overview

The behavioral health sector experienced a very active fourth quarter to close out a year full of rampant merger and acquisition activity across all service lines in the sector. Public companies, private equity backed strategics, and private equity firms completed investments in the fourth quarter, with motivations to expand geographic coverage and diversify service lines. Smaller providers are realizing the benefit of aligning with well-capitalized groups that have significant back-office personnel and valuable contracts with major insurers, which provide immediate synergies in a partnership. Looking into 2018, Provident predicts acquisition volume will increase as the opioid crisis continues to plague the U.S., resulting in significant investments into organizations that can expand services and provide quality care offerings to patients.

SELECT TRANSACTIONS:

Date	Acquirer	Target	Description
December 2017	Acadia Healthcare Company (NASDAQ: ACHC)	MMO Behavioral Health Systems	Acadia Healthcare Company (NASDAQ: ACHC), a provider of inpatient behavioral healthcare services in 39 states and abroad, has acquired MMO Behavioral Health Systems, an operator of two acute inpatient facilities in Baton Rouge, LA. This transaction strengthens Acadia's market position within Louisiana and provides its patients greater access to care. Financial terms of the transaction were not disclosed.
October 2017	D'Amore Healthcare	Pat Moore Foundation	D'Amore Healthcare, a dual diagnosis substance abuse addiction treatment center, has announced the acquisition of the Pat Moore Foundation, a substance abuse, detoxification, and addiction treatment center located in Costa Mesa, CA. The acquisition adds to D'Amore's presence in Southern California. Financial terms of the transaction were not disclosed.
October 2017	Odyssey Behavioral Healthcare	Selah House	Odyssey Behavioral Healthcare, a portfolio company of Nautic Partners and operator of behavioral health clinics for multiple modalities in 5 states, has acquired the Selah House, an eating disorder treatment center for women in Anderson, Indiana. The transaction brings Odyssey's portfolio to over 200 total beds. Financial terms of the transaction were not disclosed.
October 2017	Meridian Behavioral Health	New Beginnings	Meridian Behavioral Health, a mental health services provider and portfolio company of Audax Group, has acquired New Beginnings Minnesota, a provider of inpatient and outpatient addiction care services. With the addition of New Beginnings Minnesota, Meridian will operate more than 30 facilities in five states. Financial terms of the transaction were not disclosed.
October 2017	The Halifax Group	Delphi Behavioral Health	The Halifax Group, a lower middle market private equity firm, has announced the platform acquisition of Delphi Behavioral Health Group (Delphi), a leading substance abuse treatment provider with eight care centers in California and Florida. The CEO of Delphi, Dominic Sirianni, will retain a meaningful ownership position in the organization. Financial terms of the transaction were not disclosed.
October 2017	Invo Healthcare	Autism Home Support Services	Invo Healthcare, a behavioral health and special education organization backed by The Wicks Group, The Jordan Company, and Post Capital Partners, has acquired Autism Home Support Services, a provider of behavioral analysis therapy solutions to children diagnosed with Autism. The Company provides services in Illinois, Michigan, and Colorado. Financial terms of the transaction were not disclosed.