

Q1-2018 Behavioral Health Update



Market Update

Investment and consolidation activity within Behavioral Health has been particularly robust in recent years. The first quarter of 2018 proved no different as strategic consolidators within Autism Services and Substance Abuse continued to execute acquisitive growth strategies to build regional density, enter new markets and bolster service lines. Macro tailwinds and a fragmented competitive landscape has attracted private equity dollars in recent years, driving valuations to elevated levels. Provident expects mergers and acquisitions activity to continue to increase as financial and strategic acquirers flock to a sector ripe for consolidation.

Notable Market Trends



KKR, one of the largest private equity firms in the world, announced the creation of Blue Sprig Pediatrics, a platform of ABA clinics based in Houston, TX. KKR's move into the space affirms Behavioral Health's status as one of the most highly sought after sectors within Healthcare Services.

Select Transactions:

Autism Services				
Month	Acquirer	Target	Headquarters	States
January	Five Arrows Capital Partners	The Stepping Stones Group	Lafayette, CO	26
February	The Family Treatment Network (Pharos Capital)	Behavior Care Specialists	Sioux Falls, SD	4
February	The Stepping Stones Group (Five Arrows Capital)	Cobb Pediatric Therapy Services	Kennesaw, GA	20

Substance Abuse				
Month	Acquirer	Target	Headquarters	Locations
January	BayMark Health Services (Webster Capital)	Health Care Resource Centers	Boston, MA	4
February	Mirror, Inc.	The Lawrence Clinic	Lawrence, KS	1
February	Summit BHC (FFL Partners)	Cottonwood Tucson, Inc.	Tucson, AZ	1
March	Banyan Treatment Center	Clearbrook Manor Treatment Center	Laurel Run, PA	1
March	US HealthVest (F-Prime Capital Partners)	Vista Medical Center West	Waukegan, IL	1
March	American Addiction Centers (NYSE:AAC)	AdCare Hospital of Worcester	Worcester, MA	1

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