

Q4-2018 Behavioral Health Update



Market Update

The fourth quarter of 2018 capped an active year of private equity investment volume within the autism and substance use disorder sectors of behavioral health, with valuation multiples remaining at some of the highest levels within healthcare.

Consolidation activity, specifically within autism services, remained robust through the fourth quarter as new private equity firms invested into the sector while established platforms, such as LEARN Behavioral, were also active through acquisitions.

In the substance abuse vertical, outpatient MAT-provider focused platforms made headlines as Clearview Capital and Webster Capital's platforms Community Medical Services and BayMark Health Services, respectively, continued to make add-on acquisitions throughout the United States. This is indicative of a broadening interest in including MAT as a component of drug treatment services.

In 2019, we anticipate valuation multiples to remain strong across all behavioral segments, with activity expected to increase as new investors enter the space and compete for add-on acquisition opportunities.

Select Transactions

Autism Services				
Month	Acquirer	Target	Headquarters	Locations
November	Pharos Capital	ABA of North Texas	Plano, TX	2 locations
October	ABRY Partners	Lighthouse Autism Center	Mishawaka, IN	5 locations
October	LEARN Behavioral	Total Spectrum	Elmhurst, IL	6 locations
October	MBF Healthcare Partners	Acorn Health	Coral Gables, FL	N/A
October	Nextphase Capital	Action Behavior Centers	Austin, TX	6 locations

Substance Abuse				
Month	Acquirer	Target	Headquarters	Locations
December	The Carlyle Group	Odyssey Behavioral	Brentwood, TN	7 locations
December	Vistria Group	Behavioral Health Group	Dallas, TX	46 locations
November	Discovery Behavioral Health	Ambrosia Treatment Center	Medford, NJ	5 locations
November	Community Medical Services	Premier Care & MARS	Ohio & Texas	11 locations
November	BayMark Health Services	SpecialCare Hospital Management	St. Louis, MO	46 locations
October	Varsity Healthcare Partners	Ideal Option	Kennewick, WA	56 locations
October	Fulcrum Equity Partners	Life of Purpose Treatment	Boca Raton, FL	4 locations
October	Pyramid Healthcare	WaldenSierra	Charlotte Hall, MD	8 locations

Other Behavioral Health Transactions				
Month	Acquirer	Target	Headquarters	Locations
November	Windrose Health Investors	Traditions Behavioral Health	Napa, CA	60 locations
October	Atar Capital	Pathways	Fredericksburg, VA	173 locations

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