

# Q1-2019 Behavioral Health Update



## Market Update

The new year has brought continued private equity investment into the behavioral health sector, with platforms in addiction treatment and autism services leading the field in add-on acquisitions in the first quarter.

Investment activity within autism services was especially robust in the first quarter of 2019 as three new platforms were formed, in addition to a landmark secondary transaction in which LLR Partners sold a majority position in LEARN Behavioral to Gryphon Investors. Investors continue to seek out ABA therapy platforms due to attractive reimbursement trends and increased incidence.

Addiction treatment platforms throughout the country are seeking add-on acquisition opportunities to complement organic growth initiatives such as hiring additional clinical providers and opening new treatment facilities across the continuum of care.

As both the addiction treatment and autism sectors continue to expand in scale and sophistication, private equity investors will continue to seek strong platform caliber businesses with experienced executive leadership, operational reporting capabilities, and growth opportunities in new and existing geographies.

Provident expects platform investment and add-on acquisition volume to continue throughout the year, with valuations remaining strong across all behavioral healthcare segments.

## Select Transactions

Autism Services				
Month	Acquirer	Target	Headquarters	Locations
March	Audax Group	Proud Moments ABA	Brooklyn, NY	9 locations
March	Gryphon Investors	LEARN Behavioral	Baltimore, MD	34 locations
February	Stepping Stones Group	The Perfect Playground	Staten Island, NY	1 location
February	TPG	Kadiant	Atlanta, GA	N/A
January	TA Associates	Behavioral Health Works	Anaheim, CA	N/A

Substance Abuse				
Month	Acquirer	Target	Headquarters	Locations
March	Ashley Addiction Treatment	Aquila Recovery	Washington, D.C.	4 locations
March	BlueMountain Capital Management	Promises Behavioral Health	Long Beach, CA	9 locations
February	BlueCross BlueShield	Ideal Option	Kennewick, WA	56 locations
February	Rosecrance	Jackson Recovery Centers	Sioux City, IA	13 locations
February	Acadia Healthcare	Mission Treatment Centers	Escondido, CA	9 locations
January	Hackensack Meridian Health	Carrier Clinic	Belle Mead, NJ	2 locations

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