

Market Update

The behavioral health space continues to see rapid consolidation across many of the subvertical that make up the universe. The sector saw over two dozen publicly announced deals in the Q3, which is in line with where deal flow has trended over the last few quarters. Private equity firms also continue to show interest in the space as roughly a quarter of transactions were characterized as platform investments.

Although the direct impact of COVID-19 has recently waned, indirect effects such as the deteriorating mental health of young individuals have driven demand for behavioral health services. Demand for mental health services and substance abuse treatment have grown 42% and 27% respectively over the past three months.

Provident anticipates deal flow in the space to remain robust as private firms divest their initial platform investments to new firms via secondary buyouts. Provident also expects a general increase in behavioral health IPOs as large players seek to exit investments through the public markets.

Transaction Spotlight



Has been acquired
by
ONEX

TSE: ONEX

*For \$780.0M at a
valuation of \$1,200M*

- Newport, founded in 2008, operates 100+ treatment, outpatient and residential locations that provide mental health services; the firm actively employs 2,000 professionals serving over 6,000 families across the United States
- The firm was previously acquired by The Carlyle Group in 2017 for an undisclosed sum
- Much of the firm's growth has been organic, however they have made two buy-side acquisitions

Select Transactions

Autism Services				
Month	Acquirer	Target	Location(s)	State(s)
August	Autism Care Partners	Puddingstone Place	3	MA
July	Cerberus Capital Management	Lighthouse Autism Center	24	MI, IN, IL
August	Ontario Teachers Pension Plan	Acorn Health	54	FL, IL, MD, MI, TN, PA, VA
July	Autism Care Partners	Autism Bridges	4	VT, NH, MA

Mental Health Services				
Month	Acquirer	Target	Location(s)	State(s)
September	Pathways	Renew Consulting	4	OR
September	Broadstep Behavioral Health	Coastal Southeastern United Care	8	NC, SC
September	Monte Nido & Affiliates	Walden Behavioral Care	13	MA, CN, GA
September	Patient Square Capital	Summit BHC	26	Nationwide
July	Onex Partners	Newport Academy	100+	Nationwide
July	The Mentor Network	Creative Work Solutions	25	NM

Addiction & Medication-Assisted Treatment (MAT)				
Month	Acquirer	Target	Location(s)	State(s)
September	Bradford Health Services	Cornerstone of Recovery	23	GA, KY, NC, SC, TN
August	Discovery Behavioral Health	Memorial Hermann Prevention & Recovery	1	TX
July	Baymark Health Services	Mt. Sinai Wellness Center	1	GA
July	BRC Healthcare	Nashville Recovery Center	1	TN
July	Kolmac Outpatient Recovery	Concerted Care Group	3	MD
July	Windrose Recovery	Positive Sobriety	1	IL

Provident Industry Coverage Team

Steven Grassa, CFA
Vice President

Chris Purdy
Associate

Tommy Spiegel, CFA
Associate

Daniel O'Brien
Analyst

BH Whitepaper

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in Mental Health Services](#)

sgrassa@providenthp.com cpurdy@providenthp.com tspiegel@providenthp.com dobrien@providenthp.com

(617) 226-4213

(310) 359-6617

(617) 226-4216

(617) 226-4292

www.providenthp.com