

Market Update

Q4-2021 rounded out a record year for behavioral health M&A as private equity and strategic investors, alike, spent 2021 deploying capital into the rapidly expanding sector.

2021 brought about renewed interest in digital health and telehealth treatment models within the behavioral health vertical. Resulting from the barriers set forth by the COVID-19 pandemic, investor attention turned in the favor of those groups implementing a digital model, due to their ability to be flexible and agile in a remote work environment. This is made evident by the merger of digitally native platforms, Ginger and Headspace, and Talkspace's \$1.4 Billion SPAC deal. As more groups adopt telehealth treatment modalities Provident believes, add-on volume will continue to climb for these existing platforms in coming years.

Provident believes that 2022 will be characterized by an influx in add-on acquisitions as the platforms established in 2021 and 2020 compete to gain market share in an increasingly competitive space.

Transaction Spotlight

Apax
PARTNERS

Has acquired



- Apax Partners, one of the largest PE funds in the country, alongside Oak HC/FT, has announced their acquisition of eating disorder program, The Eating Recovery Center (ERC) for \$1.4 Billion
- The investment marks Apax's largest investment into the behavioral health sector to date and one of the largest eating disorder transactions to date
- Apax intends to grow the digital and physical presence of ERC to be a nationwide provider
- The deal also includes sister company, Pathlight Mood and Anxiety Center

Select Transactions

| Mental Health Services | | | | |
|------------------------|---------------|------------------------------|-------------|----------------|
| Month | Acquirer | Target | Location(s) | State(s) |
| November | CareSource | The Columbus Organization | 8 | PA, IN, GA, OH |
| November | MindBeacon | Harmony Healthcare | 1 | NV |
| November | LifeStance | Acuity Counseling | 7 | WA |
| October | Headspace | Ginger | Digital | Nationwide |
| October | Shore Capital | Transformations Care Network | 26 | MA, PA, VA |

| Addiction & Medication-Assisted Treatment (MAT) | | | | |
|---|-----------------------------|------------------------------|-------------|------------------------|
| Month | Acquirer | Target | Location(s) | State(s) |
| December | Baymark Health Services | The Riverwood Group | 7 | AR, FL, SD, KS, NE, IN |
| December | Acadia Healthcare | CenterPointe Health System | 10 | MO |
| December | Baymark Health Services | Granite Recovery Centers | 3 | NH |
| December | FFL Partners & Two Sigma | Community Medical Services | 50+ | Nationwide |
| November | Brightview Health | Right Path Treatment Centers | 5 | VA |
| October | Sunrise Treatment | Port 45 Recovery | 2 | OH |
| October | Broadstep Behavioral Health | Coastal Southern United Care | 10 | NC |
| October | Patient Square Capital | Summit Behavioral Health | 50+ | Nationwide |

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Conference Attendance Spotlight



**Treatment Center
Investment & Valuation Retreat**

Provident team members, AJ Shekar and Daniel O'Brien attended the Treatment Center Investment and Valuation Retreat in Scottsdale, AZ in December. The conference was attended by over 350 operators, advisors and investors that work in and around the addiction treatment sector www.providenthp.com