

Substance Use Disorder

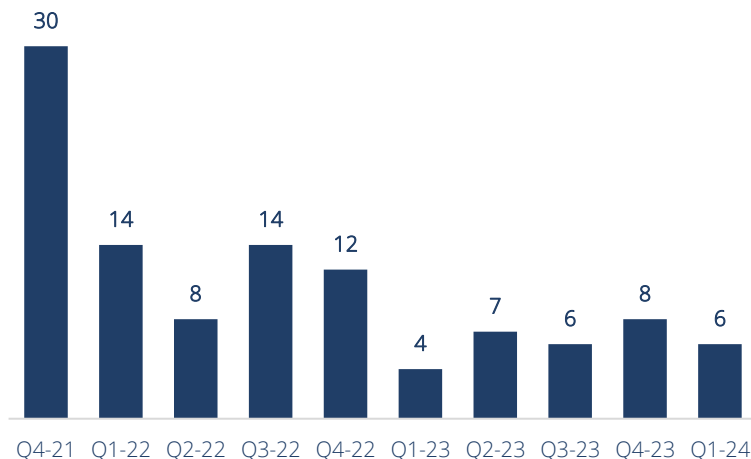
Q1 2024

Market Update







Investment in the addiction treatment sector is off to a slow start in 2024. In Q1, six majority transactions occurred, which was in line with 2023, but significantly less than 2021 and 2022 which saw a quarterly average of thirteen. Five of the six transactions completed were add-ons and one was a platform acquisition. From a growth playbook standpoint, SUD platforms are currently relying more on de novo and organic opportunities vs. M&A, but certainly will consider accretive deals, particularly ones not requiring significant debt financing.

Despite sluggish overall deal-flow, it is an encouraging sign the market continues to see new platform investment. This signals the sentiment among investors that the sector is poised for continued growth. Well-capitalized acquirers that do not require debt to fund deals continue to utilize M&A, made evident by Acadia's deal-flow, completing three of the six Q1 transactions. Provident expects transaction activity to increase in Q3 and Q4.

Quarterly Transaction Volume



Select Transactions

Month	Investor	Target	Deal Description
March			Acadia Healthcare acquired three OUD treatment programs in North Carolina. The acquisitions are a testament to the company's commitment to expanding its Comprehensive Treatment Center (CTC) program. The deals bring Acadia's CTC offering in the state to 10 locations and 160 locations nationwide.
March			Summit Behavioral Healthcare, a nationwide provider of addiction treatment and mental health services, acquired Sobriety Centers of New Hampshire, a four-location addiction treatment provider serving the state of New Hampshire. The acquisition marks Summit's first partnership in the New England region.
February			UpLift, a technology-enabled behavioral health company focused on psychiatric and addiction treatment services, acquired TAO Connect, a digital mental health solution purpose-built for higher education institutions. The deal comes at a time where SUD and mental health diagnoses are nearing an all-time-high among college age individuals.

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Publications & Podcasts

Whitepaper

[An Update on Investment and Consolidation in the Addiction Treatment Sector](#)

Podcast

[Building a Comprehensive Behavioral Health Platform: Sanford Behavioral Health Spotlight](#)