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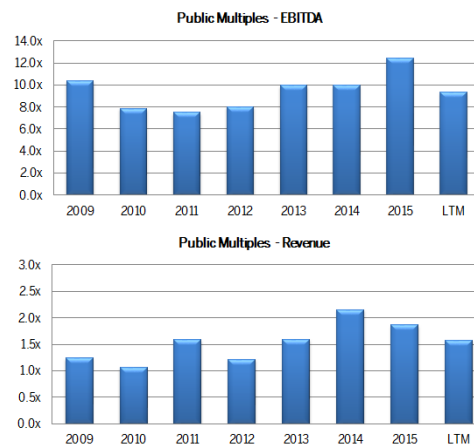
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# Behavioral Healthcare Market Analysis

Fragmented behavioral healthcare market continues to consolidate among market leaders and financial buyers to expand geographically and increase service offerings

## Industry Multiples and Index

Over the past three years, valuations have remained strong in the behavioral healthcare industry. Over last twelve months, public company multiples have been tracking at a median of 1.6x revenue and 9.9x EBITDA while transactions over the last two years are currently tracking at a median of 1.3x and 9.2x, respectively. Since late-2013 our Behavioral Healthcare Index has risen 25.6% compared to a 22.6% increase in the S&P 500.



Source: Capital IQ

## Recent Trends

The main drivers of growth within behavioral health include:

- **Expansion in insurance coverage:** Passage of the Affordable Care Act provides large expansion of mental health and substance abuse insurance coverage building on the Mental Health Parity and Addiction Equity Act of 2008.
- **More structured reimbursement environment:** Private insurers are beginning to reimburse using a value-based care model, resulting in decreased spending and better patient outcomes.

- **Awareness of behavioral health issues:** One in five Americans have a mental health condition with only 44% of adults receiving treatment.<sup>1</sup> This figure is expected to increase as treatment options become more accessible.

The segment is currently a \$19 billion industry and has grown at a 4.7% CAGR over the last five years.<sup>2</sup>

The most active industry leaders, AAC Holdings, doing business as American Addiction Centers, Inc. ("AAC"), and Acadia Healthcare Company ("Acadia"), have been active in making acquisitions to expand their geographic presence by acquiring inpatient and outpatient behavioral facilities and programs. In the past two years, Acadia has made 13 acquisitions, including its \$2.2 billion acquisition of the Priory Group to reenter the U.K. market and its \$1.2 billion acquisition of CRC Health group to add 120 inpatient network facilities. Over the same time period, AAC has completed six acquisitions, including The Oxford Centre (\$35 million) and Wetsman Forensic Medicine (\$20.5 million). These acquisitions represent AAC's entry into the Missouri and central Pennsylvania markets.

Several financial sponsors have created behavioral healthcare platforms to take advantage of the growing industry. Sponsors have been able to grow their behavioral health platforms through a series of acquisitions and de novo properties.

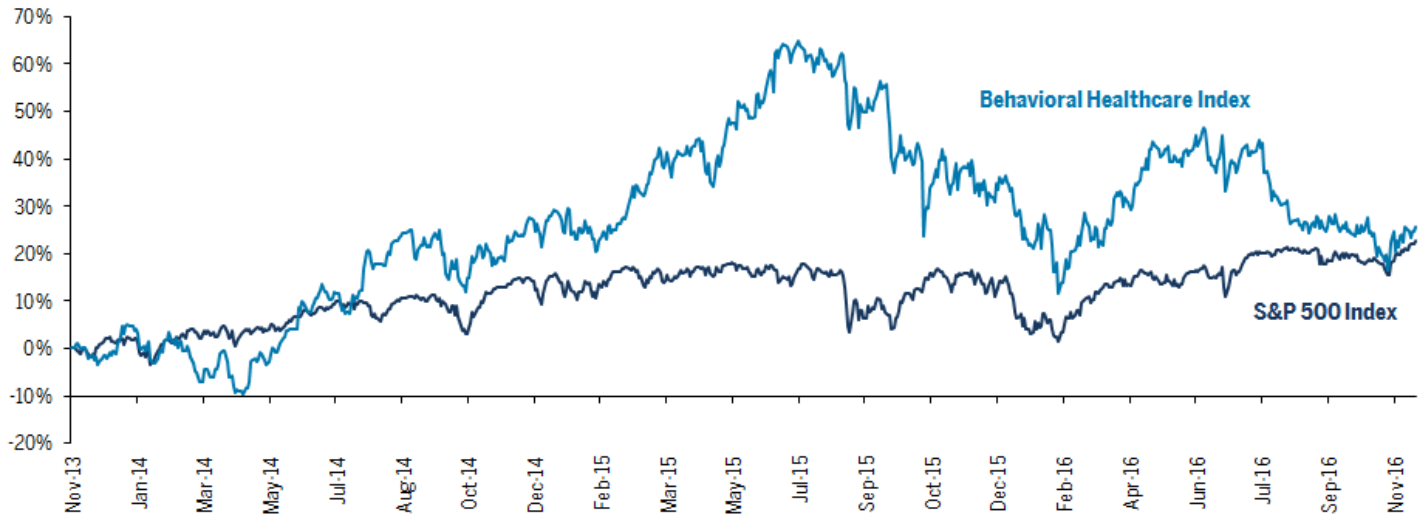
Flexpoint Ford-backed Summit Behavioral Healthcare has made five acquisitions in the last two years, including Texas-based The Ranch at Dove Tree and Georgia-based Willingway Hospital, to expand its services nationally. Since Clearview Capital's acquisition of Pyramid Healthcare in 2011, it has made seven add-on acquisitions, including its recent acquisitions of Mazzitti & Sullivan Counseling Services and Quest Services to expand its behavioral healthcare programs.

<sup>1</sup>Mental Health America

<sup>2</sup>IBISWorld

## Behavioral Healthcare Index

Below is an index of behavioral healthcare companies compared to the S&P 500 over the past three years.



\*Behavioral Healthcare index includes: AAC Holdings, Inc.; Acadia Healthcare Company, Inc.; CareTech Holdings PLC; Cambian Group plc; Centric Health Corporation; Civitas Solutions, Inc.; Magellan Health, Inc.; Universal Health Services, Inc.  
Source: Capital IQ

## Comparable Company Analysis

Below is a snapshot of selected companies in the behavioral healthcare market.

Company	Price	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA		
		High	Low				2014	2015	LTM	2014	2015	LTM
AAC Holdings, Inc.	\$ 9.35	\$ 25.05	\$ 6.01	\$ 391.7	\$ 176.7	\$ 223.6	5.8x	2.8x	1.6x	NM	19.2x	16.9x
Acadia Healthcare Company, Inc.	\$ 38.16	\$ 70.84	\$ 34.40	\$ 7,002.3	\$ 3,633.7	\$ 3,350.4	4.6x	3.7x	2.7x	22.7x	17.1x	12.9x
CareTech Holdings PLC	\$ 3.42	\$ 3.48	\$ 2.61	\$ 444.4	\$ 224.9	\$ 219.5	2.3x	2.3x	2.3x	9.5x	8.8x	8.0x
Cambian Group plc	\$ 1.65	\$ 1.80	\$ 0.60	\$ 635.8	\$ 331.9	\$ 303.9	2.0x	1.7x	1.5x	10.2x	12.4x	15.8x
Centric Health Corporation	\$ 0.35	\$ 0.33	\$ 0.14	\$ 118.1	\$ 62.3	\$ 55.5	2.5x	2.1x	0.9x	17.8x	15.6x	10.5x
Civitas Solutions, Inc.	\$ 18.16	\$ 30.23	\$ 15.19	\$ 1,254.9	\$ 632.9	\$ 621.9	1.0x	1.2x	0.9x	9.3x	12.8x	9.3x
Magellan Health, Inc.	\$ 71.23	\$ 72.31	\$ 49.50	\$ 1,949.0	\$ 304.0	\$ 1,640.8	0.4x	0.4x	0.4x	7.4x	7.7x	8.2x
Universal Health Services, Inc.	\$ 121.78	\$ 139.77	\$ 100.82	\$ 15,414.7	\$ 3,578.4	\$ 11,758.6	1.8x	1.7x	1.6x	10.0x	9.1x	9.1x

\*Enterprise Value (EV) = market capitalization + debt + noncontrolling interest  
All currency figures in USD. Price figures in actual dollars; EV, Net Debt, and Market Cap in millions  
Market Cap and Enterprise Value as of 12/01/2016  
Source: CapitalIQ

	EV/Sales			EV/EBITDA		
	2014	2015	LTM	2014	2015	LTM
<b>High</b>	5.8x	3.7x	2.7x	22.7x	19.2x	16.9x
<b>Mean</b>	2.6x	2.0x	1.5x	12.4x	12.8x	11.3x
<b>Median</b>	2.2x	1.9x	1.6x	10.0x	12.6x	9.9x
<b>Low</b>	0.4x	0.4x	0.4x	7.4x	7.7x	8.0x

## Comparable Transaction Analysis

Below is a selection of recent transactions in the behavioral healthcare industry.

Date Closed	Target	Acquirer	Transaction Description	Transaction Value	Enterprise Value	EV*/Revenue	EV*/EBITDA
11/21/2016 (Announced)	Akeso Clinics (Pty) Ltd	Netcare Limited (JSE: NTC)	South Africa's second-largest private hospital firm, Netcare, announced the acquisition of Akeso Clinics, a chain of South African psychiatric health facilities, to increase its exposure to mental healthcare, which it sees as a fast-growing segment in its home market.	91.1	91.1	N/A	N/A
11/17/2016	Starting Point of Darlington LLC and Starting Point of Florence, LLC	Crossroads Holding, LLC	Crossroads, a Greenville, South Carolina-based provider of opiate treatment program services, acquired Starting Point, a provider of substance abuse treatment services, to expand its footprint in South Carolina.	N/A	N/A	N/A	N/A
11/4/2016 (Announced)	Haven4Change, Inc.	LifeSkills, Inc.	Through the announced acquisition of Haven4Change, a residential transitional living facility for women and children recovering from substance abuse and dependency, LifeSkills expands its footprint in Kentucky.	N/A	N/A	N/A	N/A
10/31/2016	Seven Counties Services, Inc.	Centerstone of America, Inc.	Louisville-based behavioral health provider, Seven Counties Services, merged with Tennessee-based Centerstone to become the largest regional behavioral health and addiction services provider. The combined organization will serve 150,000 people in five states.	N/A	N/A	N/A	N/A
10/28/2016	Two addiction treatment programs in Chesapeake and Virginia Beach, Virginia	Behavioral Health Group, Inc.	Behavioral Health Group, a Dallas-based opioid addiction treatment center, acquired two addiction treatment programs in Virginia to expand its presence in the mid-Atlantic U.S. region.	N/A	N/A	N/A	N/A
10/27/2016	Pomegranat Health Systems	Sequel Youth and Family Services, LLC	Through the acquisition of Pomegranat Health Systems, a 70 bed inpatient psychiatric facility, Sequel expand its mental and behavioral health capabilities in Ohio.	N/A	N/A	N/A	N/A
10/25/2016	MedTech Healthcare Group LLC	BayMark Health Services Inc.	BayMark Health Services acquired, Pennsylvania-based provider of opioid use disorder treatment services, in order to expand its footprint in Pennsylvania.	N/A	N/A	N/A	N/A
10/24/2016	SARquaviatæ Servicios a la Dependencia, S.L	HomeVi SAS	HomeVi SAS acquired Madrid, Spain-based SARquaviatæ Servicios a la Dependencia to create scale and strengthen its market share of behavioral health facilities in Spain.	478.8	478.8	N/A	N/A
10/18/2016	22 U.K. Facilities from Acadia Healthcare Company	BC Partners	BC Partners, a leading European private equity firm, acquired a portfolio of 22 mental health facilities from Acadia Healthcare to create a new behavioral health platform enabling them to take advantage of expected growth in the behavioral health sector.	N/A	N/A	N/A	N/A
10/6/2016	LLMS, LLC	New State Capital Partners LLC	New York-based New State Capital Partners acquired a majority stake in LLMS, the parent company of California-based substance abuse treatment centers Bridges Recovery Center and Infinity Malibu. New State Capital expects to make further acquisitions to expand the LLMS's capabilities and geographic presence.	N/A	N/A	N/A	N/A
9/30/2016	Aitch Care Homes (London) Limited	The Regard Partnership Ltd	Through the acquisition of Aitch Care Homes, an operator of residential care homes that offer support to adults with learning disabilities in the South and East of England, The Regard Partnership expands its service offering and geographic footprint in the U.K.	N/A	N/A	N/A	N/A
9/15/2016	WoodRidge Behavioral Care, LLC	Perimeter Healthcare LLC	Ridgemont Equity Partners-backed Perimeter Healthcare acquired WoodRidge Behavioral Care, a psychiatric residential treatment provider with five facilities and three acute hospital programs serving adolescent and geriatric patients in Tennessee, Arkansas and Missouri, to enter new geographic markets.	N/A	N/A	N/A	N/A
9/13/2016	Red River Behavioral Health System LLC	Meridian Behavioral Health LLC	Minnesota-based Meridian Behavioral Health acquired Red River Behavioral Health System, an acute psychiatric hospital located in Grand Forks, North Dakota servicing adolescent, adult and geriatric patients, to expand capabilities in an underserved market in rural communities in North Dakota and northern Minnesota.	N/A	N/A	N/A	N/A
8/25/2016	Family Life Mental Health Center, Inc.	People Incorporated	People Incorporated and Family Life Mental Health Center merged to further strengthen their capabilities to service mental health patients in Anoka County, Minnesota.	N/A	N/A	N/A	N/A
8/10/2016	Pinnacle Treatment Centers, Inc.	Linden LLC	Linden, a Chicago-based healthcare private equity firm, acquired New Jersey-based Pinnacle Treatment Centers, a leading provider of inpatient and outpatient treatment for those suffering from substance abuse addiction, to leverage existing managerial experience in the growing behavioral healthcare market.	N/A	N/A	N/A	N/A
8/5/2016 (Announced)	Highland Hospital Association, Inc.	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	The acquisition of Charleston, West Virginia-based Highland Hospital Association compliments Acadia's existing behavioral health service offerings with the addition of 80 acute-care beds, a 24-bed psychiatric residential treatment facility for children and adolescents, and a 16-bed residential treatment and detox program.	N/A	N/A	N/A	N/A
7/5/2016	Armed Forces Services Corporation	Magellan Health, Inc. (Nasdaq:MGLN)	Through the acquisition of Armed Forces Services Corporation, a provider of behavioral health and specialty services to various agencies of the U.S. federal government, including all five branches of the U.S. Armed Forces, Magellan Health expands its capabilities for suicide prevention and programs assisting PTSD patients.	127.5	127.5	0.9x	N/A
7/1/2016	Lower Naugatuck Valley Parent Child Resource Center	BHcare, Inc.	The merger between Connecticut-based Lower Naugatuck Valley Parent Child Resource Center and BHcare allows the combined company to transition and provide behavioral health services for children through adolescents and adulthood.	N/A	N/A	N/A	N/A
6/30/2016	Addiction & Mental Health Services, Inc. (d/b/a Bradford Health Services)	Centre Partners Management LLC	Through an investment from Centre Partners, a middle market private equity firm, Bradford Health Services will benefit from Centre's behavioral health operational and acquisition experience to further grow the firm. Bradford is one of the largest providers of substance abuse treatment and recovery services in the Southeastern U.S.	N/A	N/A	N/A	N/A
6/17/2016	Autism Behavioral Consulting, Inc.	Center for Autism and Related Disorders, Inc.	Washington-based Autism Behavioral Consulting, a provider of behavior analytic and social thinking instruction services to children with autism and related disorders was acquired by Center for Autism and Related Disorders, Inc. (CARD) to expand CARD's service offerings for children diagnosed with autism and related disorders.	N/A	N/A	N/A	N/A
6/7/2016	Valhalla Place Inc.	Meridian Behavioral Health LLC	Meridian acquired Valhalla Place, Minnesota's largest Medication-Assisted Treatment (MAT) program, to expand its service offerings to treat opiate addiction.	N/A	N/A	N/A	N/A

## Comparable Transaction Analysis, continued

Date Closed	Target	Acquirer	Transaction Description	Transaction Value	Enterprise Value	EV*/ Revenue	EV*/ EBITDA
6/2/2016	ACI Support Specialists, Inc.	Dungarvin, Inc.	The acquisition of North Carolina-based ACI Support Specialists, a provider of support to 450 individuals with intellectual and/or developmental disabilities and approximately 190 children in therapeutic foster care, allows Dungarvin to expand its footprint into North Carolina.	N/A	N/A	N/A	N/A
5/24/2016	Ed Supports, LLC	Platinum Health Care LLC	Illinois-based Platinum Health Care acquired Ed Supports, a San-Francisco-based provider of educational and behavioral services for children with autism and related disorders, to expand its service offerings and national presence.	N/A	N/A	N/A	N/A
5/20/2016	The Meadows of Wickenburg, Inc.	Alita Care, LLC	The Meadows of Wickenburg, headquartered in Wickenburg, Arizona, was acquired by Kohlberg & Company-backed Alita Care to expand service offering to include treatment for trauma, addiction, eating disorders, and related mental health conditions.	180.0	180.0	N/A	N/A
5/18/2016	Care UK Limited, Learning Disabilities Division	The Lifeways Group	Through the acquisition of Care UK's Learning Disabilities Division, London-based Lifeways expands its behavioral health services, supporting around 1,000 individuals in supported living, residential care and day services.	66.0	66.0	N/A	N/A
5/17/2016	Constellation Behavioral Health, LLC	New MainStream Capital	New MainStream Capital, a New York private equity firm, acquired Constellation Behavioral Health, a provider of treatment programs for individuals and families suffering from addiction, mental health and behavioral health disorders, expecting to grow the company through strategic acquisitions and de novo facility openings.	N/A	N/A	N/A	N/A
5/16/2016	Willingway, Inc.	Summit Behavioral Healthcare, LLC	Through the acquisition of Willingway Hospital, a treatment center for alcohol and drug abuse with 40 beds, Tennessee-based Summit Behavioral Healthcare will expand its presence in Georgia.	N/A	N/A	N/A	N/A
5/15/2016	Turning Point Treatment Center	Summit Behavioral Healthcare, LLC	Summit Behavioral Healthcare acquired Turning Point, a 106-bed addiction treatment center based in Franklin, Pennsylvania, to increase its market share in Pennsylvania.	N/A	N/A	N/A	N/A
5/10/2016	Rehabilitation Associates, PC.	Epic Health Services, Inc.	Webster Capital-backed Epic Health Services expanded its footprint in Virginia through the acquisition of Virginia Beach-based Rehabilitation Associates, the largest private pediatric therapy provider in Virginia.	N/A	N/A	N/A	N/A
5/3/2016	Solutions Recovery, Inc.	AAC Holdings, Inc. (NYSE: AAC)	Through the acquisition of Solutions Recovery, a provider of treatment services to people with alcohol and drugs addiction problems, AAC expands its presence in Las Vegas behavioral health market.	13.0	13.0	N/A	N/A
5/2/2016	Vericare Management Inc.	MedOp Acquisition, LLC	MedOptions acquired San Diego-based Vericare Management to create a national provider of behavioral health services to long-term care facilities.	N/A	N/A	N/A	N/A
5/2/2016	Quest Services, Inc.	Pyramid Healthcare, Inc.	Quest Services, a central Pennsylvania provider of behavioral healthcare services was acquired by Pyramid Healthcare. Quest is Pyramid's third acquisition in 2016 as they continue to build a network of affordable behavioral healthcare programs and facilities.	N/A	N/A	N/A	N/A
5/1/2016	Polaris Hospital Company	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Through the acquisition of Polaris Hospital, an operator of specialty hospitals providing inpatient and outpatient behavioral health treatment, acute medical treatment and rehabilitation programs for adults and seniors, to expand its footprint in Nevada.	N/A	N/A	N/A	N/A
4/21/2016	Mazzitti & Sullivan Consulting Services, Inc.	Pyramid Healthcare, Inc.	Pyramid Healthcare acquired Mazzitti & Sullivan, a provider of outpatient behavioral health services and employee assistance programs, to expand its service offerings to central Pennsylvania.	N/A	N/A	N/A	N/A
4/19/2016	Two Opioid Treatment Programs in Spartanburg and Aiken, South Carolina	Behavioral Health Group, Inc.	The acquisition of Two Opioid Treatment Programs in South Carolina allows Behavioral Health Group bring its service offering to the South Carolina behavioral health market.	N/A	N/A	N/A	N/A
4/19/2016	Clenia AG	Hinderer Holding AG	Through the acquisition of Switzerland-based Clenia, an operator of psychiatric and psychotherapy clinics, Hinderer expands its service offering in the behavioral healthcare market.	N/A	N/A	N/A	N/A
4/1/2016	Wetsman Forensic Medicine, LLC	AAC Holdings, Inc. (NYSE: AAC)	AAC Holdings acquired Wetsman & Sullivan, an operators of a network of addiction treatment centers, to expand its presence in central Pennsylvania.	20.5	20.5	14x	7.0x
3/23/2016	Real Recovery of Asheville, Inc.	Pyramid Healthcare, Inc.	Real Recovery of Asheville, a sober home for young men, was acquired by Pyramid Healthcare. The acquisition expands Pyramid's service offerings in the North Carolina area.	N/A	N/A	N/A	N/A
3/15/2016	Oakleaf Care (Harwell) Limited	CareTech Holdings PLC (AIM: CTH)	CareTech acquired Oakleaf Care, a Northampton-based provider of care and support for men with Acquired Brain Injuries. The acquisition extends Caretech's offering in neurological conditions.	28.8	28.8	N/A	N/A
3/14/2016	Maryland Adult Day Health, Inc.	Civitas Solutions, Inc. (NYSE: CIVI)	Through the acquisition of five Maryland-based Adult Day Health (ADH) centers, Civitas Solutions expands its ADH platform to the mid-Atlantic U.S.	12.3	12.3	10x	N/A
3/3/2016	St. Joseph Institute, Inc.	Summit Behavioral Healthcare, LLC	Through the acquisition of St. Joseph Institute, a 40-bed addiction treatment center, Summit Behavioral Healthcare continues to expand geographic presence through acquisition.	N/A	N/A	N/A	N/A
2/29/2016	Tender Loving Care, Inc.	Civitas Solutions, Inc. (NYSE: CIVI)	Civitas Solutions acquired Tender Loving Care, a provider of services to individuals with intellectual and developmental disabilities, to expand services in Minnesota.	8.5	8.5	11x	N/A
2/16/2016	Priory Group Limited	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Through the acquisition of Priory Group, a leading provider of behavioral healthcare services in the U.K., Acadia expands its services and capabilities into international behavioral healthcare markets.	2,193.3	2,193.3	2.5x	11.2x

## Comparable Transaction Analysis, continued

Date Closed	Target	Acquirer	Transaction Description	Transaction Value	Enterprise Value	EV*/Revenue	EV*/EBITDA
2/1/2016	Three Massachusetts Adult Day Health (ADH) Centers	Civitas Solutions, Inc. (NYSE: CIVI)	Civitas Solutions acquired three Massachusetts Adult Day Health (ADH) centers to expand its ADH platform to the Northeastern U.S.	N/A	N/A	N/A	N/A
1/13/2016	LifeMark Health Corporation	Audax Group, Inc.	Audax Group, a Boston-based private equity firm, acquired Lifemark Health, the physiotherapy, rehabilitation and medical divisions of Centric Health. Audax plans to leverage its operational experience and acquisition expertise to accelerate growth of the business.	N/A	N/A	N/A	N/A
1/5/2016	Spring Hill School	Cambian Group plc (LSE: CMBN)	Through the acquisition of Spring Hill School, a specialist day and residential school near Pison, North Yorkshire, Cambian expands its specialist education services for children with autism and related disorders.	N/A	N/A	N/A	N/A
1/4/2016	Calhoun Treatment Center, Inc. and Houston Treatment Center, LLC	Addiction Research and Treatment, Inc.	Webster Capital-backed Addiction Research and Treatment, Inc. acquired Calhoun Treatment Center and Houston Treatment Center, providers of medication assisted treatment programs, to expand its service offering to Alabama.	N/A	N/A	N/A	N/A
12/31/2015	Five Inpatient Facilities with 200 Beds and 19 CTCs	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Tennessee-based Acadia Healthcare acquired five in-patient mental health and substance abuse treatment facilities, adding 200 beds and 19 CTCs to its network of behavioral health facilities.	N/A	N/A	N/A	N/A
12/31/2015	Eating Disorder Center of San Diego	Monte Nido & Affiliates, LLC	Eating Disorder Center of San Diego was acquired by California-based Monte Nido in order to expand its footprint in the California market.	N/A	N/A	N/A	N/A
12/21/2015	Seabrook House, Inc., Seabrook West Facility Located in Tioga County, Pennsylvania	Summit Behavioral Healthcare, LLC	Summit Behavioral Healthcare, a network of leading addiction treatment and behavioral health centers in the U.S., acquired Seabrook House, an addiction treatment center with 14 detox bed, 23 residential and 12 transitional beds, to expand its presence in the northeast U.S.	N/A	N/A	N/A	N/A
12/7/2015	Meridian Behavioral Health LLC	Audax Group, Inc.	Through the acquisition of Meridian Behavioral Health, a mental health provider located in Minnesota, Audax Group, a Boston-based private equity firm, plans to leverage its operational experience and acquisition expertise to facilitate growth.	N/A	N/A	N/A	N/A
12/1/2015	ROC Northwest Ltd.	CareTech Holdings PLC (AIM: CTH)	CareTech acquired Lanchashire, U.K.-based residential care and education services provider, ROC Northwest, to expand its behavioral health service offerings.	17.2	17.2	N/A	N/A
11/23/2015	AdvoServ, Inc.	Wellspring Capital Management LLC	AdvoServ, a provider of comprehensive treatment services that include special education, structured day programs, vocational training, and community living programs, was acquired by Wellspring Capital Management, a New York-based private equity firm, in order to accelerate growth through various growth initiatives.	N/A	N/A	N/A	N/A
11/1/2015	Discovery House-Group, LLC	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Through the acquisition of Discovery House Group, an addiction treatment center operator, Acadia expands its service offerings in Rhode Island.	118.5	118.5	N/A	N/A
11/1/2015	Providence Human Services, LLC and Providence Community Services LLC	Molina Healthcare (NYSE: MOH)	Molina Healthcare acquired Providence Human Services and Providence community Services, providers of accessible, outcome-based behavioral and mental health services in 23 states and the District of Columbia, in order to expand its breadth of services and geographic footprint.	200.0	200.0	0.6	N/A
10/15/2015	MedMark Services, Inc.	Addiction Research and Treatment, Inc.	Webster Capital-backed Addiction Research and Treatment acquired MedMark Services. Addiction Research and Treatment plans to leverage its operational experience and acquisition expertise to facilitate growth.	N/A	N/A	N/A	N/A
10/15/2015	Northstar Psychological Services, Inc.	South Bay Mental Health Center, Inc.	Through the acquisition of Northstar Psychological Services, a Georgia-based provider of community-based behavioral health services, South Bay Mental Health Center completes its seventh acquisition in a strategy to expand its geographic footprint.	N/A	N/A	N/A	N/A
10/1/2015	Sunrise House Foundation, Inc.	AAC Holdings, Inc. (NYSE: AAC)	New Jersey-based Sunrise House Foundation, a non-profit corporation operating a substance abuse treatment center, a halfway house and two outpatient programs was acquired by AAC Holdings. The acquisition increases AAC's bed capacity by 16% in the mid-Atlantic region.	7.1	7.1	N/A	N/A
9/29/2015	Questhouse, Inc.	JourneyPure LLC	JourneyPure acquired Questhouse, a 21-bed behavioral health treatment center located in Kentucky, increasing its residential and outpatient capacity.	N/A	N/A	N/A	N/A
9/18/2015	Foundations Recovery Network, LLC	Universal Health Services, Inc. (NYSE: UHS)	Through the acquisition of Foundations Recovery Network, a provider of treatment programs for adults with co-occurring addiction and mental health disorders, UHS expands its capacity with 332 residential beds in four facilities and 8 outpatient centers.	350.0	350.0	N/A	N/A
8/21/2015	Monte Nido & Affiliates, LLC	Levine Leichtman Capital Partners	Levine Leichtman Capital Partners, a California private equity firm, acquired Monte Nido, an operator of treatment centers in the United States, expecting to grow the company through strategic acquisitions and increase operational efficiency.	280.0	280.0	N/A	N/A
8/19/2015	Alpha Hospitals Limited	Universal Health Services, Inc. (NYSE: UHS)	Alpha Hospitals, an operator of mental health care facilities that provide psychiatric care services in the U.K., was acquired by UHS. The acquisition will increase UHS behavioral health capacity with the addition of four hospitals with 305 beds.	95.0	95.0	N/A	N/A
8/8/2015	Start Fresh Private Management, Inc.	MyLife Recovery Centers, Inc.	MyLife Recovery Centers acquired Start Fresh Recovery, a U.S. national provider of drug and alcohol addiction treatment services, increasing its geographic presence with eight additional locations.	N/A	N/A	N/A	N/A
8/3/2015	Carolina Choice, LLC	South Bay Mental Health Center, Inc.	Through the acquisition of Carolina Choice, a North Carolina-based provider of wellness services to children and adolescents with severe mental health challenges, South Bay Mental Health Center continues its strategy to expand its service offering and geographic footprint.	N/A	N/A	N/A	N/A

## Comparable Transaction Analysis, continued

Date Closed	Target	Acquirer	Transaction Description	Transaction Value	Enterprise Value	EV*/Revenue	EV*/EBITDA
8/1/2015	The Oxford Centre, Inc.	AAC Holdings, Inc. (NYSE: AAC)	Through the acquisition of The Oxford Centre, a alcohol and drug treatment center, AAC expands its treatment options into Missouri.	35.0	35.0	2.9x	6.2x
7/29/2015	Spark of Genius Limited	CareTech Holdings PLC (AIM: CTH)	UK-based CareTech, a social care and support service for children and adults, acquired UK-based Spark of Genius Limited, a service for children and young people with autism, to enhance its ability to provide services for children.	14.4	14.4	N/A	N/A
7/27/2015	Futures Behavior Therapy Center, LLC	South Bay Mental Health Center, Inc.	South Bary Mental Health Center, a Massachusetts based mental health and substance abuse counseling service, acquired Futures Behavior Therapy Center, a Massachusetts-based treatment provider for children with autism and other related disorders, to enhance its services in the area.	N/A	N/A	N/A	N/A
7/27/2015	The Ranch at Dove Tree	Summit Behavioral Healthcare, LLC	Summit Behavioral Healthcare acquired The Ranch at Dove Tree, a collegiate-focused addiction and behavioral health treatment center based in Lubbock, Texas. The acquisition is Summit's second acquisition in Texas.	N/A	N/A	N/A	N/A
7/8/2015	Brookdale Care Services Ltd.	Trascare Group Ltd	Through the acquisition of Brookdale Care Services, a UK based provider of rehabilitation services for adults with autism and Asperger syndrome, Trascare enhances its existing services to adults living with mental disabilities in the UK	N/A	N/A	N/A	N/A
7/1/2015	The Manor Clinic	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Tennessee-based Acadia Healthcare acquired The Manor Clinic, an addiction treatment service, to enter the UK addictions treatment market.	5.9	5.9	N/A	N/A
6/30/2015	Belmont Center For Comprehensive Treatment	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Through the acquisition of Belmont Center for Comprehensive Treatment, a Pennsylvania-based behavioral facility, Acadia expands its inpatient behavioral health operations into Philadelphia.	35.0	35.0	N/A	N/A
6/30/2015	Accredited Rehab and Treatment Services LLC and Hollywood Detox Center	Convalo Health International Corp (TSXV: CXV)	Convalo Health International, a provider of detox and outpatient rehabilitation services in the US, acquired Accredited Rehab and Treatment Services LLC and Hollywood Detox Center, California based rehab and detox facilities in California	14.5	14.5	1.0x	N/A
6/30/2015	Addiction Research and Treatment, Inc.	Webster Capital	Webster Capital, a Massachusetts based private equity firm, acquired Addiction Research and Treatment, a San Francisco based drug treatment service, to help address the growing opioid and heroin abuse in the US.	N/A	N/A	N/A	N/A
6/15/2015	Iris Group AB	Anthor B Nilsen Utdanning AS	Anthor B Nilsen Utdanning AS, operator of 14 schools in Norway and Sweden, acquired Iris Group, a Swedish based strengthening service for people with dyslexia, dementia, and hearing and visual impairments.	N/A	N/A	N/A	N/A
6/1/2015	Care UK Limited, Behavioral Health Operations	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Acadia Healthcare Company acquired Care UK Limited's Behavioral Operations, 15 inpatient health facilities in the U.K., to expand its presence in Britain.	88.2	88.2	N/A	N/A
5/15/2015	Disability Services, Inc.	Dungarvin, Inc.	Through the acquisition of Disability Services, a New Mexico-based provider of supported living services, Dungarvin expands its supported living service offerings.	N/A	N/A	N/A	N/A
5/15/2015	Renaissance Management Group, Host Home Segment	Dungarvin, Inc.	Ohio-based, Dungarvin, acquired the Renaissance Management Group's Host Home Segment, an Oklahoma based group with the ability to serve 21 individuals, to enhance its supported living operations.	N/A	N/A	N/A	N/A
5/7/2015	Prairie Center Health Systems and Wellspring Resource	Centerstone of Illinois, Inc.	Cornerstone of Illinois, a not-for-profit behavioral healthcare provider acquired Prairie Center Health Systems, a substance abuse treatment center based in Illinois, and Wellspring Resource, a mental health and substance abuse treatment service based in Illinois.	N/A	N/A	N/A	N/A
4/16/2015	Colonial Management Group, LP, Five Minnesota Facilities	Behavioral Health Group, Inc.	Behavioral Health Group, a Dallas-based opioid addiction treatment center, acquired five Minnesota-based methadone clinics from the Colonial Management Group.	N/A	N/A	N/A	N/A
4/8/2015	St. Louis Regional Psychiatric Stabilization Center (nka: Barnes-Jewish Hospital Psychiatric Support Center)	BJC Health System, Inc.	BJC HealthCare, a nonprofit medical service company, acquired St. Louis Regional Psychiatric, a Missouri based acute psychiatric inpatient unit for mental health crisis treatment, to enhance its regional mental health operations.	N/A	N/A	N/A	N/A
4/7/2015	12 Keys Rehab	JourneyPure LLC	JourneyPure, a Tennessee based operator of addiction treatment centers, acquired 12 Keys Rehab, a Florida based drug and alcohol rehabilitation service provider, to enhance its service offerings in the central Florida area.	N/A	N/A	N/A	N/A
4/1/2015	Choice Lifestyles, Two Facilities	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Acadia Healthcare Company acquired Midway Oaks and two facilities from Choice Lifestyles, both companies are UK based inpatient psychiatric service providers, to expand its behavioral health services in the UK.	53.3	53.3	N/A	N/A
3/10/2015	A Specialist Care Facility based in Mastin Moor	Cambian Group plc (LSE: CMBN)	UK-based Cambian Group, a provider of personality and mental health services to adults and children, acquired a specialist care facility based in Mastin Moor, a 28 person healthcare facility for personality and mental disorders, to enhance its device offerings in the UK.	N/A	N/A	N/A	N/A
3/1/2015	Pastoral Care Group	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Tennessee-based Acadia Healthcare Company acquired Pastoral Care Group, a UK-based operator of hospitals and living facilities for the personality and mental illness treatments, to enhance its UK-based treatment services.	34.5	34.5	N/A	N/A
3/1/2015	Quality Addiction Management Inc.	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Acadia Healthcare Company acquired Quality Addiction Management, a Wisconsin-based narcotic addiction treatment service provider, to enhance its comprehensive treatment center services.	54.6	54.6	N/A	N/A

## Comparable Transaction Analysis, continued

Date Closed	Target	Acquirer	Transaction Description	Transaction Value	Enterprise Value	EV*/ Revenue	EV*/ EBITDA
2/20/2015	Recovery First, Inc.	AAC Holdings, Inc. (NYSE: AAC)	Through the acquisition of Recovery First, a Florida-based inpatient substance abuse treatment facility, AAC adds 56-bed-in network beds to its Florida substance abuse operations.	13.0	13.0	N/A	N/A
2/17/2015	Addiction Rehabilitation Center in Hollywood, California	Convalo Health International Corp. (TSXV: CXV)	Convalo Health International, a provider of detox and outpatient rehabilitation services in the U.S., acquired an addiction rehabilitation center in California as part of the company's US addiction rehabilitation roll up strategy.	N/A	N/A	N/A	N/A
2/11/2015	CRC Health Group, Inc.	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Tennessee-based Acadia Healthcare acquired California-based CRC Health Group, a provider of in-patient mental health and substance abuse treatment facilities, adding 120 facilities to the company's network of behavioral health facilities.	1,228.8	1,207.7	2.8x	13.4x
2/9/2015	Orchard Portman Nursing Home	Universal Health Services, Inc. (NYSE: UHS)	UHS acquired U.K.-based Orchard Portman House Hospital, a 46-bed behavioral healthcare facility, to expand its geographic presence region around Taunton.	N/A	N/A	N/A	N/A
2/2/2015	Community Advantage Rehabilitation, Inc. (CAR) and Active Health Services Ltd.	Centric Health Corporation (TSX: CHH)	Through the acquisition of Canada-based CAR and Active Health, providers of rehabilitation and disability management services to seniors in retirement, assisted-living and long-term care homes, Centric Health bolsters its physiotherapy, rehabilitation and assessments segment service offering.	12.2	12.2	0.6x	N/A
1/23/2015	Clinical Services of Rhode Island, Inc.	AAC Holdings, Inc. (NYSE: AAC)	American Addiction Centers acquired Clinical Services of Rhode Island, a provider of intensive outpatient substance abuse treatment services, to expand its outpatient treatment services with the addition of three addiction and mental health outpatient facilities.	1.9	1.9	1.5x	9.2x
1/13/2015	Cassell & Associates, LLC	Civitas Solutions, Inc. (NYSE: CIVI)	Through the acquisition of Michigan-based Cassell & Associates, Boston-based Civitas Solutions expands its brain injury services.	24.3	24.3	3.0x	N/A
1/7/2015	Crossroads Holding, LLC	Revelstoke Capital Partners LLC	Revelstoke Capital Partners, a Denver-based private equity firm, acquired majority control of Greenville, South Carolina-based Crossroads, a leading regional provider of substance abuse treatment services through outpatient facilities in the Southeast to accelerate growth through Revelstoke's operational and M&A experience.	N/A	N/A	N/A	N/A
1/1/2015	Medical Management Options, Inc.	Acadia Healthcare Company, Inc (Nasdaq: ACHC)	Acadia Healthcare acquired MMO Behavioral Health systems to expand its Louisiana operations to include two acute inpatient behavioral health facilities with a total of 80 beds.	20.0	20.0	12x	N/A
1/1/2015	Legacy Endeavors, Operations for Residential Programs	Dungarvin, Inc.	Through the acquisition of Minnesota-based Legacy Endeavors' residential programs operations, Dungarvin's operations expand to include 12 group homes providing behavioral health services.	N/A	N/A	N/A	N/A
12/5/2014	Woodleigh Community Care	Cambian Group plc (LSE: CMBN)	Cambian Group acquired U.K.-based Woodleigh Community Care, one of U.K.'s largest specialist behavioral health service providers with 152 beds across 13 residential homes, to increase its specialists capability and capacity, and expand into geographies where the company is under-represented.	98.3	98.3	3.5x	9.3x
12/3/2014	Castlecare Group Limited	Priory Group Limited	Through the acquisition of Castlecare, one of the U.K.'s leading behavioral healthcare providers to children and adolescents, Priory Group adds 34 children's homes and five specialists schools to its network of behavioral health facilities.	N/A	N/A	N/A	N/A
9/26/2014	Cygnat Health Care Limited	Universal Health Services, Inc. (NYSE: UHS)	UHS acquired U.K.-based Cygnat Healthcare, a provider of behavioral health services with 15 inpatient behavioral health hospitals and two nursing homes, to expand its international services.	335.0	335.0	2.2x	8.8x
6/8/2014	Ansel Group Limited	Cambian Group plc (LSE: CMBN)	Through the acquisition of Nottingham, U.K.-based Ansel Group, Cambian complements existing business with services for men with complex mental health needs.	4.1	4.1	1.2x	N/A

Representative transactions only include closed deals with publicly available sales data.  
Source: Capital IQ and Public Findings  
\*Enterprise Value (EV) = market capitalization + debt + noncontrolling interest

Max	3.5x	13.4x
Mean	1.7x	9.3x
Median	1.3x	9.2x
Min	0.6x	6.2x