



DealReader

Behavioral Healthcare

1H 2016

Lincoln's Behavioral Health Focus

In 2015, Lincoln's Healthcare Group completed two behavioral health deals:

Collegiate Addiction

has been sold to

a portfolio company of

FLEXPOINT FORD

Specialized Community Behavioral

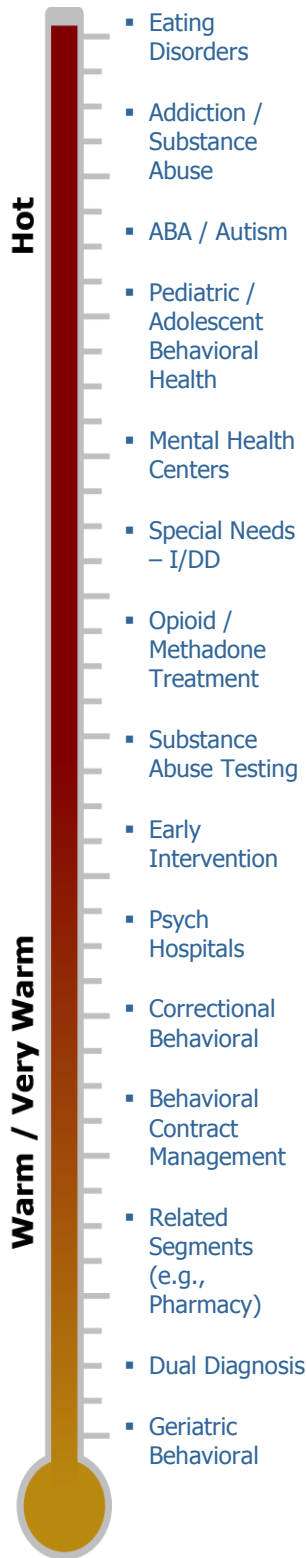
has refinanced

COMMUNITY
INTERVENTION SERVICES

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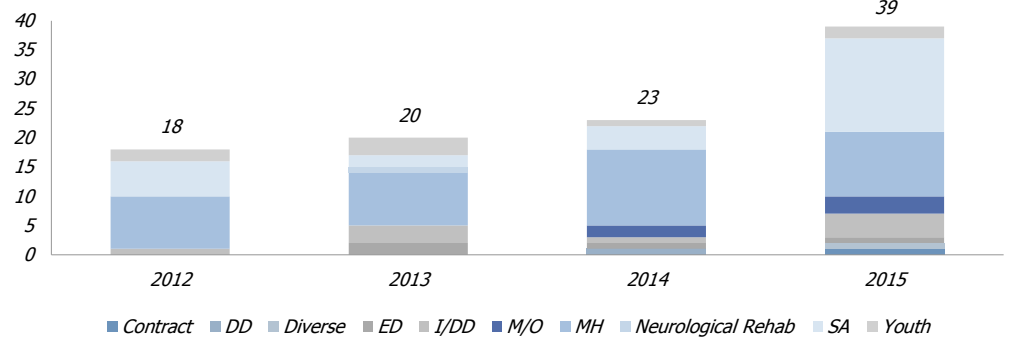
**The Newsletter on Behavioral Health Industry
M&A and Sector Dynamics**

Segments with Strong M&A Activity



The Newsletter on Behavioral Health Industry

Number of M&A Deals by Segment



Key: DD=Dual Diagnosis; ED=Eating Disorder; I/DD=Intellectual and Developmental Disabilities; M/O= Methadone/Opioid; MH=Mental Health; SA=Substance Abuse

2015 – Present M&A Deals

Date	Target	Classification	Primary Service Model	Acquirer
Q1 2016	Lighthouse Recovery	Substance Abuse	Residential	Recovery Centers of America
Q1 2016	ED Center of San Diego	Eating Disorder	Residential	Monte Nido
Q1 2016	D&S Residential	I/DD	Group Home, Outpatient	Comvest Partners
Q1 2016	Noble Care	I/DD	Group Home	Res-Care Inc.
Q4 2015	Priory Group	SA, MH	Centers, Outpatient	Acadia Healthcare
Q4 2015	Sprout Health Group	Substance Abuse	Detox, Partial, Outpatient	Housatonic Partners
Q4 2015	Turning Point Family Care	MH, SA	Home, Outpatient	National Counseling
Q4 2015	Solutions Recovery	Substance Abuse	Inpatient, Outpatient	American Addiction
Q4 2015	Meridian Behavioral	MH, Special Needs	Outpatient	Audax Group
Q4 2015	MMO Behavioral	Mental Health	Inpatient	Acadia Healthcare
Q4 2015	AdvoServ	I/DD	Group Homes	Wellspring Capital
Q4 2015	Discovery House	Substance Ab/Opioid	Outpatient	Acadia Healthcare
Q4 2015	Medmark Services	Methadone/Opioid	Outpatient	Bay Area Addiction
Q4 2015	Start Fresh Private Management	Substance Abuse	Outpatient	MyLife Recovery Centers
Q4 2015	Northstar Psychological	Mental Health, Other	Home, School	Community Intervention
Q3 2015	Providence Human & Comm'y	Special Needs	Group Homes, Outpatient	Molina Healthcare
Q3 2015	Questhouse	Substance Abuse	Residential	JourneyPure
Q3 2015	Foundations Recovery	Substance Abuse	Residential & Outpatient	Universal Health Services
Q3 2015	Florida Autism Center	Autism, EI	Center & School	Shore Capital Partners
Q3 2015	Monte Nido	Eating Disorder	Residential & Outpatient	Levine Leichtman
Q3 2015	Caron Foundation Treatment	Substance Abuse	Residential	Sunspire Health
Q3 2015	Specialized Education	Special Needs	Center & School	Catapult Learning
Q3 2015	Greenlight Recovery	Substance Abuse	Residential	Sherwood Hills Recovery
Q3 2015	Futures Behavior Therapy	Autism, EI	Clinic & School	Community Intervention
Q3 2015	Pasadena Villa	Mental Health	Residential	Odyssey Behavioral
Q3 2015	Ranch at Dove Tree	Substance Abuse	Residential & Outpatient	Summit Behavioral
Q3 2015	Alpha Hospitals	Mental Health	Inpatient	Universal Health Services
Q3 2015	Community Psychiatric	Mental Health	Outpatient	New Harbor Capital
Q3 2015	Brookdale Care Services	I/DD	Inpatient, Residential	Trascare
Q3 2015	Sunspire Health	SA, Dual Diagn, ED	Residential	Kohlberg & Co.
Q3 2015	Agape	Substance Abuse	Residential, Outpatient	Cherokee Health Systems
Q2 2015	The Oxford Centre	Substance Abuse	Residential & Outpatient	American Addiction
Q2 2015	The Hills Clinic	Mental Health	Inpatient	Pulse Health
Q2 2015	Pastoral Care Group	Mental Health, I/DD, Autism	Inpatient, Community	Acadia Healthcare
Q2 2015	St. Louis Regional Psychiatric Stabilization Center	Mental Health	Inpatient	BJC Health System
Q2 2015	MedOptions	Behavioral to SNFs	Inpatient/PPM	Summit Partners
Q2 2015	Bay Area Addiction	Methadone, SA	Outpatient	Webster Capital
Q2 2015	Care UK	Mental Health	Hospital Inpatient	Acadia Healthcare
Q2 2015	12 Keys Rehab	Substance Abuse	Residential & Outpatient	JourneyPure
Q2 2015	Sunrise House Foundation	Substance Abuse	Residential, Outpatient	American Addiction
Q1 2015	Quality Addiction	Substance Abuse	Residential & Outpatient	Acadia Healthcare
Q1 2015	Recovery First	Substance Abuse	Detox & Inpatient	American Addiction
Q1 2015	CRC Health	Diversified	Residential & Community	Acadia Healthcare

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Industry M&A Trends and Observations

- Banner M&A year in 2015 in behavioral health, with a total of 40 platform-like transactions, up 70% over 2014.
- Deal activity remains strong, with 15 platform transactions completed since October 2015.
- We now count over 40 private equity-backed platform companies active in the broad spectrum of behavioral health services. Private equity players making investments in 2015 include Deerfield Management, Wellspring Capital, Webster Capital, New Harbor, Shore Capital, Summit Partners, Audax Group, Levine Leichtman, Kohlberg & Co, Housatonic Partners and others.
- Virtually all segments of the behavioral industry are seeing good or strong activity. With most behavioral health issues having their onset during childhood and adolescent years, pediatric-to-young-adult behavioral health services are worth particular attention, in our view.
- We are also keeping a close eye on behavioral health dynamics across the world. M&A and investment activity is on the rise in several countries around the world, including PE investments.

Private Equity's Growing Role in Behavioral Health

Selected Platforms Backed by Financial Sponsors

Company	Sponsor	Year	Primary Service	Service Setting
Advanced Recovery	Goldman Sachs	2013	SA, ED, MH	RTC
Advoserv	Wellspring Capital	2015	I/DD	RTC
Bay Area Addiction	Webster Capital	2015	Opiate/Meth	Centers
Behavioral Health Group	Frontenac	2011	Opiate/Meth	Centers
Castlewood Treatment	Trinity Hunt	2008	ED	RTC
CenterPointe Behavioral	NaviMed Capital	2015	MH	Inpatient, Outpatient
CleanSlate Addiction	Apple Tree Partners	2014	SA, Opioid	Outpatient
Community Intervention	HIG Growth	2012	Diverse (peds)	Comm'y/Ctrs
Community Psychiatric	New Harbor	2015	MH	Outpatient
Constellation Behavioral	Alpine Investors	2010	SA	RTC
Delphi Behavioral	Blue Ox	2014	SA	RTC, Outpatient
Diamond Healthcare	Markel Ventures	2011	MH	Contract Acute
Discovery Practice	Webster Capital	2011	ED	RTC, Outpatient
Eating Recovery Center	Lee Equity	2013	ED	RTC
Elements Behavioral	Frazier	2008	MH, SA	RTC, Outpatient
The Emily Program	TT Capital	2014	ED	RTC
Epic Health Services	Webster Capital	2010	Pediatric HH	Home, Outpatient
Florida Autism Center	Shore Capital	2015	Autism, EI	Centers
Haven Behavioral	Cressey	2008	MH	Inpatient, Partial
InnerChange	Cressey	2011	MH, SA (wom)	RTC
Lakeview Health	Trinity Hunt	2013	SA	Detox, RTC, Outpat
LifeStance Health	Summit, Silversmith	2015	SA, ED	Detox, RTC, Outpat
MedOptions	Summit Partners	2015	MH	Contract SNF
Meridian Health	Audax Group	2015	Diverse (peds)	Centers, Outpat
Monte Nido	Levine Leichtman	2015	ED	RTC, Outpatient
Pacific Child & Family	Great Point	2010	Autism, ABA	Home, School
Polaris Hospital	HCP & Co.	2011	MH	Inpatient
Pryamid Healthcare	Clearview Capital	2011	MH	Inpatient
Recovery Centers of America	Deerfield Management	2015	SA, MA	RTC
RiverMend Health	Norwest Venture	2015	SA, ED	RTC, Outpatient
Seaside Healthcare	Pharos Capital	2013	MH, SA	Inpat, Partial, IOP
Sequel Youth and Family	Alaris Royalty	2013	Diverse (peds)	RTC, Comm'y, Home
Springstone Behavioral	Welsh, Carson	2010	MH, SA	Inpatient
Sprout Healthcare Group	Housatonic Partners	2015	SA	Partial, Detox, Outpat
Strategic Behavioral Health	Dobbs Management	2006	MH	Inpatient
Summit Behavioral	Flexpoint Ford	2015	SA	Detox, RTC, Outpat
SUN Behavioral Health	Petra Capital	2015	MH	Inpat, Partial, IOP
Sunspire Health	Kohlberg & Co.	2015	MH, SA, ED	RTC
U.S. Community Behavioral	Bregal Partners	2013	I/DD	Homes/RTC
Vericare	HLM, Salix	2006	MH (geriatric)	Contract SNF
Walden Behavioral	Seacoast Capital	2013	ED	RTC

Key: ABA=Applied Behavioral Analysis; DD=Dual Diagnosis; ED=Eating Disorder; EI=Early Intervention; I/DD=Intellectual and Developmental Disabilities; M/O= Methadone/Opioid; MH=Mental Health; SA=Substance Abuse

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Energy & Power
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Food & Beverage
Healthcare
Industrials
Packaging
Technology & Media

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