

Q2 2021 Behavioral Health Market Update

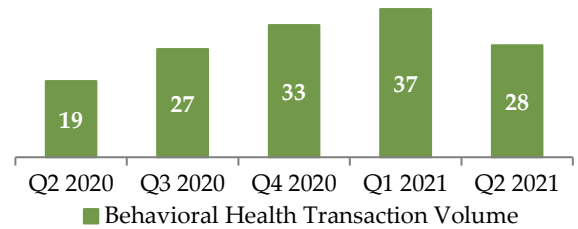
Market Commentary

- In the wake of the COVID-19 pandemic, demand for behavioral health services, especially for addiction treatment and autism/intellectual developmental disability facilities, continues to rise. According to the National Institute for Mental Health, one in four Americans suffer from a behavioral health condition, and the percentage of this group requiring healthcare increases every year.
- Although transaction volume in this market has fallen slightly after last quarter's boom, the trends pushing M&A activity show no signs of slowing.
- High demand, in tandem with increasing focus from investors including private equity and a relaxed regulatory environment, has pushed growth and transaction activity.

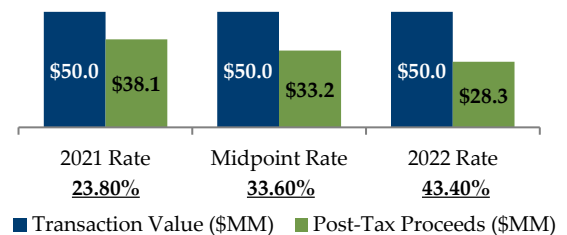
Last Call...

- In most years, business owners with the goal of closing a transaction before year-end need to enter the market no later than August. This year stakes are especially high due to the potential increase in the long-term capital gains tax in 2022.
- Transactions can be closed in a shorter timeframe, but there will be less certainty than ever before with most investment banks and ancillary firms (accountants, attorneys, etc.) at or near full capacity through the remainder of 2021.

M&A Transaction Volume



Potential Capital Gains Tax Effect



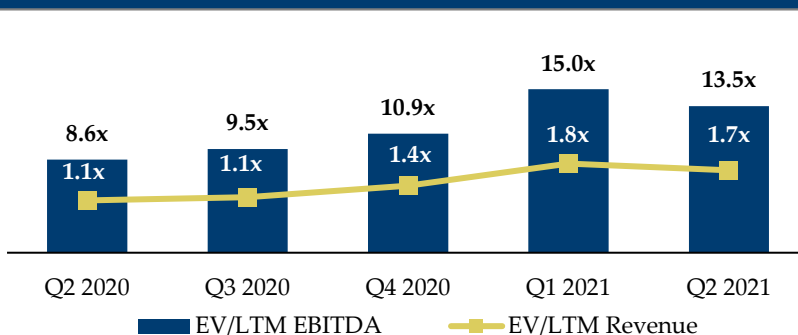
Select Q2 2021 Behavioral Health Transactions

Date	Acquirer	Target	Deal Value
06/22/21	Broadstep Behavioral Health, Inc.	Bethesda Lutheran Homes	Undisclosed
06/10/21	Acorn Health, Inc.	LEAP Behavior Analysis, LLC	Undisclosed
05/13/21	Caravel Autism Health, LLC	The Center for Autism Treatment, Inc.	Undisclosed
05/04/21	Center for Social Dynamics, LLC	JF Autism Services, LLC	Undisclosed
04/30/21	The Mentor Network	Sage Care Therapy Services	Undisclosed
04/23/21	Recovery Ways, LLC	Breakthrough Recovery Group	Undisclosed
04/15/21	KNR Therapy, LLC	Forbes Behavioral Services, LLC	Undisclosed
04/15/21	The Speech Pathology Group, Inc.	Child Counseling & Behavior Therapy Clinic, Inc.	Undisclosed

Select Publicly Traded Behavioral Health Companies¹

Company	Ticker	Market Cap.	Revenue	EBITDA	EV/Rev.	EV/EBITDA
Universal Health Services, Inc.	UHS	\$13,688.5	\$12,210.3	\$2024.5	1.4x	8.2x
Acadia Healthcare Company, Inc.	ACHC	5,709.2	2,222.6	492.2	3.2x	14.1x
Magellan Health, Inc.	MGLN	2,466.3	4,616.8	107.9	0.5x	18.2x

Historic Mean Valuation Multiples



Max	3.2x	18.2x
Median	1.4x	14.1x
Mean	1.7x	13.5x
Min	0.5x	8.2x

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