



bridgepoint | INVESTMENT
BANKING

Healthcare
M&A Quarterly Update

Second Quarter 2021

Behavioral Health M&A Activity Poised to Increase Based on the Number of New Center Openings Across the Country

With an anticipated surge in demand, new center openings and private equity interest, M&A activity could reach a new peak in mid-to-late 2021

Behavioral Health Market Outlook

- **The behavioral health industry stayed strong during the pandemic** and is expected to grow at 5.02% CAGR from 2021 to 2027 due to the rising importance of mental health
- Platforms focused on outpatient and substance abuse treatment have drawn **heavy interest from financial sponsors**
- While traditional debt and operating income remain the primary sources of capital, **private equity investment could be the important variable** that contributes to a more optimistic outlook for many behavioral health providers

Behavioral Health Middle-Market M&A

M&A Activity



19 behavioral health transactions closed in Q1 2021, down from 23 in Q4 2020. We expect overall M&A activity to increase as vaccine distribution continues

Financial Sponsors



Private equity-backed companies continue to deploy capital into the space and represent 81% of the deals done this year

Strategic Buyers



Non-sponsor backed strategics in the industry are eager to continue the trend of roll-ups and become more regional and national brands

“With few publicly traded companies serving the behavioral health market, founder-owners can expect heavy interest from private equity firms, particularly those companies who have progressive delivery systems.”

– Gary Grote, Managing Director – Bridgepoint Investment Banking

Notable Behavioral Health Transactions in Q1 2021

Behavioral Health



On March 15, 2021 BayMark Health Services, backed by Weber Equity Partners, announced its acquisition of PIDARC. BayMark has completed more than 10 transactions in the opioid addiction space.

“Now, more than ever, access to evidence-based care is critical, and BayMark looks to partner with providers who have an established commitment to patient care and clinical excellence; PIDARC has absolutely established that in Washington, D.C.” – David K. White, Ph.D., CEO, BayMark Health Services

Behavioral Health



On February 18, 2021 LEARN Behavioral, which specializes in the treatment of children and young adults with autism, announced the acquisition of the Behavior Analysis Center for Autism.

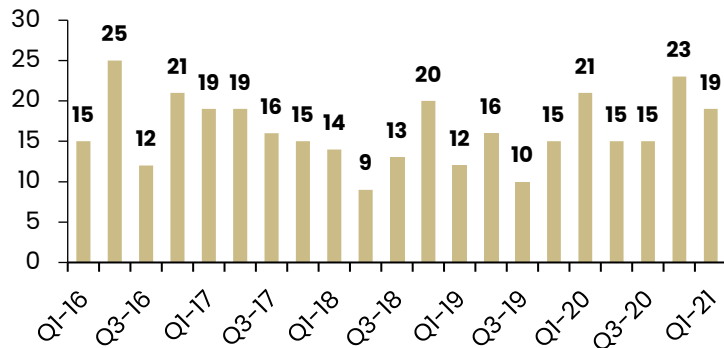
“BACA shares our commitment to clinical excellence and outstanding service to children and young adults with autism, as well as their families. We weigh a lot of factors when evaluating a potential acquisition, but none are more important than the strength of a provider’s mission, clinical staff and patient outcomes.” – Michael Maloney, CEO, LEARN Behavioral

2015–2020 PE Fundraising Capital Raised (\$bn)

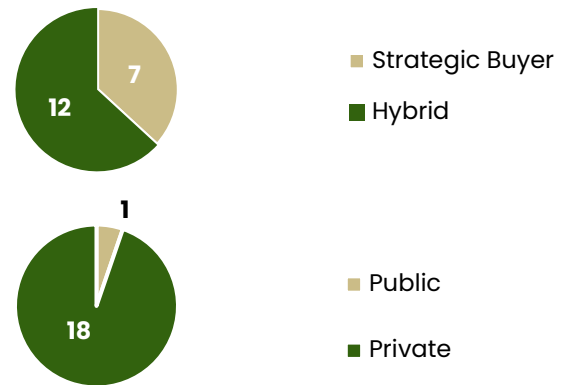


Selected Behavioral Health M&A Transaction Statistics

Transaction Volume 2016–2021



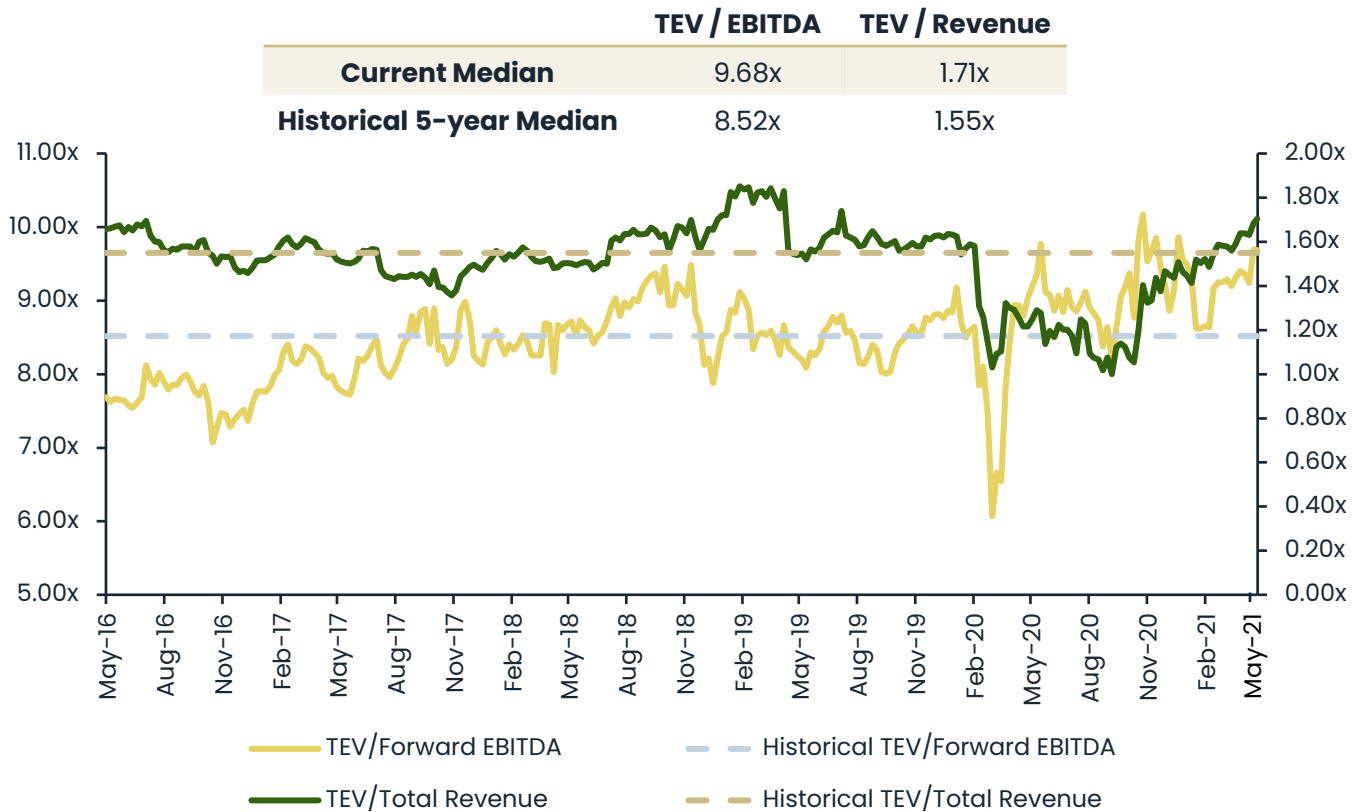
Transaction Buyer Statistics Q1 2021



Selected Recent Q1-21 Behavioral Health M&A Transactions

Date	Target	Buyer	Business Description
3/26/2021	Montgomery Addiction Clinic, PLLC	AppleGate Recovery, LLC	Provides opioid treatment programs
3/18/2021	180 Health Partners, Inc.	Mindoula Health, Inc.	Provides services related to substance use and behavioral health challenges
3/17/2021	South Coast Behavioral Health, Inc.	Footprints to Recovery	Provides detoxification, residential treatment, intensive outpatient, emotional, behavioral, trauma and cognitive therapy services
3/15/2021	Autism Center in Columbus, Indiana	VAV Operations, LLC	Offers center-based applied behavioral analysis (ABA) and pediatric therapy services
3/9/2021	CITrials, Inc.	CenExel Clinical Research	Offers clinical trials for autism, bipolar disorder, cognitive impairment, anxiety, PTSD, schizophrenia, depression and Tourette's
3/2/2021	Harbor Psychologist, Inc.	Community Psychiatry Management, LLC	Provides psychiatric and psychological services
2/18/2021	Behavior Analysis Center For Autism	Learn-it Systems, LLC	Provides applied behavior analysis services to children and young adults with autism while utilizing Skinner's analysis of verbal behavior
2/17/2021	Artemis Institute for Clinical Research, LLC	Headlands Research	Provides clinical research and trial services in behavioral health areas
2/17/2021	Providence Behavioral Health Hospital	Health Partners New England, Inc.	Operates as a hospital for behavioral health
2/2/2021	CLASS TULSA, LLC	ACES 2020, LLC	Offers applied behavior analysis (ABA) therapy to children with a diagnosis of autism

Behavioral Health May 2016 - May 2021



Selected Bridgepoint Healthcare Transaction Experience

MILLER VETERINARY SUPPLY
HAS BEEN ACQUIRED BY
PATTERSON COMPANIES, INC.
Sell-side Advisor on sale to Patterson Companies (NASDAQ: PDCO)
Sole Financial Advisor

NVS
Nebraska Vet Services
HAS BEEN RECAPITALIZED BY
MAINST CAPITAL CORPORATION
Acquisition and DDTL facility to support future growth
Sole Financial Advisor

MILLER VETERINARY SUPPLY
HAS BEEN RECAPITALIZED BY
NORTH MILL CAPITAL LLC
Asset-backed facility to support future growth
Sole Financing Arranger

diabetes supply
HAS BEEN ACQUIRED BY
adapthealth
Sell-side Advisor on sale to Adapthealth (NASDAQ: AHCO)
Sole Financial Advisor

PrairieCare
Senior & Mezzanine debt financings for debt recapitalization
Sole Financial Advisor

KemPharm INC
Preferred Stock Offering
Sole Bookrunner

Bridgepoint Executive Summary

- **Market-leading boutique investment bank providing M&A and capital raising advisory solutions focused on the Healthcare sector**
- 274+ years cumulative investment banking experience spanning 218 transactions
- \$121+ billion of M&A, capital raising, corporate finance and M&A transaction advisory service experience
- 97 completed M&A assignments spanning more than \$36 billion
- 121 completed corporate finance transactions, raising more than \$85 billion in capital

Bridgepoint's experience, process, and deep connectivity to real, national funders and buyers provides Healthcare Companies with tailored, value-add capital solutions

Services & Solutions

- ✓ Rescue & Bridge Financing
- ✓ Debt Restructuring
- ✓ Debt & Equity Recapitalization
- ✓ Growth / Acquisition Financing
- ✓ M&A Advisory

Outcomes

- ✓ Increased Cash Flow
- ✓ Debt Service Reduction / Flexibility
- ✓ Shareholder Liquidity
- ✓ Committed Capital Partner
- ✓ Optimal Transaction Result



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Sectors of Focus



Healthcare



Technology



Business & IT
Services



Consumer &
Retail



Industrials &
Transportation

274

YEARS OF EXPERIENCE

\$121B

IN TRANSACTIONS

218

TOTAL TRANSACTIONS

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