



Acadia Healthcare Reports Third Quarter Financial Results Consistent with Previously Announced Preliminary Financial Results

November 1, 2016

Revises Financial Guidance for 2016

Expects to Close U.K. Divestiture Transaction in the Fourth Quarter

FRANKLIN, Tenn.--(BUSINESS WIRE)--Nov. 1, 2016-- Acadia Healthcare Company, Inc. (NASDAQ: AHC) today announced financial results for the third quarter and nine months ended September 30, 2016. Revenue for the quarter was \$734.7 million, an increase of 53.1% from \$479.7 million for the third quarter of 2015. Loss from continuing operations attributable to Acadia stockholders was \$117.8 million, or \$1.36 per diluted share, compared with income from continuing operations of \$29.5 million, or \$0.42 per diluted share, for the third quarter of 2015. Results for the third quarter of 2016 include a loss on the planned U.K. divestiture of approximately \$174.7 million, which includes an allocation of the goodwill related to the U.K. operations to the facilities held for sale of \$106.9 million, estimated transaction-related expenses of \$25.6 million, and a loss on the sale of properties of \$42.2 million. Adjusted income from continuing operations attributable to Acadia stockholders grew 13.7% to \$49.9 million for the third quarter of 2016 from \$43.9 million for the third quarter of 2015, and adjusted EPS was \$0.58, a 6.5% decrease from \$0.62. Weighted average diluted shares outstanding increased 22.0% for the third quarter of 2016 from the third quarter of 2015, primarily due to the issuance of common stock in January and February 2016 related to the acquisition of Priory Group. A reconciliation of all non-GAAP financial results in this release appears beginning on page 8.

For the first nine months of 2016, revenue was \$2.1 billion, up 62.3% from \$1.3 billion for the first nine months of 2015. Loss from continuing operations attributable to Acadia stockholders for the first nine months of 2016 was \$35.7 million, or \$0.42 per diluted share, compared with income from continuing operations of \$78.0 million, or \$1.15 per diluted share, for the same period in 2015. Adjusted income from continuing operations attributable to Acadia stockholders was \$158.9 million for the first nine months of 2016, an increase of 43.9% from \$110.5 million for the comparable period in 2015, and adjusted EPS increased 13.4% to \$1.86 from \$1.64. Weighted average diluted shares outstanding increased 26.8% for the first nine months of 2016 from the first nine months of 2015.

"Acadia's revenue grew in excess of 50% for the third quarter of 2016, the ninth consecutive quarter of such growth versus the comparable prior year quarter," commented Joey Jacobs, Chairman and Chief Executive Officer of Acadia. "For the latest quarter, this growth was, again, primarily due to the increase in our inpatient beds during the last 12 months. We had approximately 17,900 beds at September 30, 2016, including approximately 7,100 added through the acquisition of the Priory Group in the first quarter of 2016, compared with approximately 9,600 a year earlier. For the nine months ended September 30, 2016, we added approximately 7,300 beds through acquisitions, 548 beds to existing facilities and 140 beds through the opening of two de novo facilities. During the third quarter, we added 173 beds to existing facilities in the U.S. and U.K. As previously announced on October 18, 2016, we signed a definitive agreement to sell 21 existing behavioral health facilities and one de novo behavioral health facility with approximately 1,000 beds in the U.K., subject to approval of the Competition and Markets Authority (CMA)."

The Company's third quarter revenue growth also reflected a consolidated 6.2% increase in same facility revenue, compared with the third quarter last year, which was less than anticipated. Same facility revenue in the U.K. increased 5.1% compared with an increase of 8.5% for the third quarter last year. Acadia believes this lower growth rate was primarily the result of the disruption to U.K. operations related to the July 14, 2016, announcement by the CMA regarding the Priory acquisition and subsequent events that led to the Company's definitive agreement to sell facilities in the U.K. to address the CMA's competitive concerns.

In the U.S., same facility revenue growth was 6.5% for the third quarter of 2016, compared to 5.9% for the same period last year. While the growth rate improved from last year, it is lower than we anticipated. Additionally, the third quarter results were also affected by a slower than expected ramping at several de novo acute inpatient facilities opened in 2015 and 2016.

Acadia had \$27.8 million in cash and cash equivalents at the end of the third quarter of 2016, and net cash provided by continuing operations increased 49.8% to \$79.4 million for the quarter and 84.7% to \$265.2 million for the first nine months of 2016, compared with the same periods in 2015. At the end of the third quarter, the Company had significant availability under its \$300 million revolving credit facility.

Based on Acadia's results for the third quarter and outlook for the fourth quarter, including the impact of the exchange rate and the planned U.K. divestiture transaction, the Company today revised its guidance for 2016 adjusted earnings per diluted share to a range of \$2.41 to \$2.42. Adjusted earnings per diluted share for the fourth quarter is projected to be in a range of \$0.55 to \$0.56 and assumes an exchange rate of \$1.22 per British Pound Sterling. The fourth quarter guidance was negatively impacted by approximately \$0.03 to reflect the lower exchange rate and \$0.02 for the net impact of the divestiture transaction, which is expected to close on November 30, 2016. Acadia's guidance also assumes a tax rate of 22%. The Company's guidance does not include the impact of any future acquisitions or transaction-related expenses.

Acadia will hold a conference call to discuss its third quarter financial results at 9:00 a.m. Eastern Time on Wednesday, November 2, 2016. A live webcast of the conference call will be available at www.acadiahealthcare.com in the "Investors" section of the website. The webcast of the conference call will be available through November 18, 2016.

Risk Factors

This news release contains forward-looking statements. Generally words such as "may," "will," "should," "could," "anticipate," "expect," "intend," "estimate," "plan," "continue," and "believe" or the negative or other variation on these and other similar expressions identify forward-looking

statements. These forward-looking statements are made only as of the date of this news release. We do not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements are based on current expectations and involve risks and uncertainties and our future results could differ significantly from those expressed or implied by our forward-looking statements. Factors that may cause actual results to differ materially include, without limitation, (i) the CMA's acceptance of our undertakings to address its concerns relating to the PRIORITY transaction and approval of the sale to BC Partners; (ii) our ability to divest facilities and fulfill our undertakings to the CMA on acceptable terms and within expected timeframes; (iii) potential difficulties operating our business in light of political and economic instability in the U.K. and globally following the referendum in the U.K. on June 23, 2016, in which voters approved an exit from the European Union, or Brexit; (iv) the impact of fluctuations in foreign exchange rates, including the recent devaluation of the British Pound Sterling (GBP) relative to the U.S. Dollar (USD) following the Brexit vote; (v) Acadia's ability to complete acquisitions and successfully integrate the operations of acquired facilities, including PRIORITY facilities; (vi) Acadia's ability to add beds, expand services, enhance marketing programs and improve efficiencies at its facilities; (vii) potential reductions in payments received by Acadia from government and third-party payors; (viii) the occurrence of patient incidents, which could adversely affect the price of our common stock and result in incremental regulatory burdens and governmental investigations; (ix) the risk that Acadia may not generate sufficient cash from operations to service its debt and meet its working capital and capital expenditure requirements; and (x) potential operating difficulties, client preferences, changes in competition and general economic or industry conditions that may prevent Acadia from realizing the expected benefits of its business strategy. These factors and others are more fully described in Acadia's periodic reports and other filings with the SEC.

About Acadia

Acadia is a provider of inpatient behavioral healthcare services. Acadia operates a network of 589 behavioral healthcare facilities with approximately 17,900 beds in 39 states, the United Kingdom and Puerto Rico. Acadia provides behavioral health and addiction services to its patients in a variety of settings, including inpatient psychiatric hospitals, residential treatment centers, outpatient clinics and therapeutic school-based programs.

Acadia Healthcare Company, Inc.

Condensed Consolidated Statements of Operations (Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------|------------------------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| (In thousands, except per share amounts) | | | | |
| Revenue before provision for doubtful accounts | \$ 744,802 | \$ 488,746 | \$ 2,139,039 | \$ 1,324,702 |
| Provision for doubtful accounts | (10,137) | (9,016) | (31,013) | (25,529) |
| Revenue | 734,665 | 479,730 | 2,108,026 | 1,299,173 |
| Salaries, wages and benefits (including equity-based compensation expense of \$7,145, \$5,327, \$20,989 and \$14,576, respectively) | 408,242 | 258,410 | 1,157,557 | 707,583 |
| Professional fees | 47,687 | 30,759 | 137,970 | 83,215 |
| Supplies | 30,555 | 21,634 | 88,449 | 58,430 |
| Rents and leases | 19,740 | 8,542 | 55,013 | 22,639 |
| Other operating expenses | 79,748 | 57,244 | 230,950 | 148,899 |
| Depreciation and amortization | 36,418 | 16,890 | 101,145 | 44,920 |
| Interest expense, net | 48,843 | 27,737 | 135,315 | 77,932 |
| Debt extinguishment costs | 3,411 | 9,979 | 3,411 | 9,979 |
| Loss on divestiture | 174,739 | - | 174,739 | - |
| (Gain) loss on foreign currency derivatives | (15) | 1,018 | (523) | 1,926 |
| Transaction-related expenses | 1,111 | 5,842 | 33,483 | 31,415 |
| Total expenses | 850,479 | 438,055 | 2,117,509 | 1,186,938 |
| (Loss) income from continuing operations before income taxes | (115,814) | 41,675 | (9,483) | 112,235 |
| Provision for income taxes | 2,396 | 12,669 | 27,767 | 34,794 |
| (Loss) income from continuing operations | (118,210) | 29,006 | (37,250) | 77,441 |
| Income from discontinued operations, net of income taxes | - | 80 | - | 83 |
| Net (loss) income | (118,210) | 29,086 | (37,250) | 77,524 |
| Net loss attributable to noncontrolling interests | 402 | 464 | 1,575 | 464 |
| Net (loss) income attributable to Acadia Healthcare Company, Inc. | \$ (117,808) | \$ 29,550 | \$ (35,675) | \$ 77,988 |

Basic earnings attributable to Acadia Healthcare Company, Inc. stockholders:

| | | | | |
|------------------------------------------|------------|---------|------------|---------|
| (Loss) income from continuing operations | \$ (1.36) | \$ 0.42 | \$ (0.42) | \$ 1.16 |
| Income from discontinued operations | - | - | - | - |

| | | | | | | |
|-------------------|----------|---|---------|----------|---|---------|
| Net (loss) income | \$ (1.36 |) | \$ 0.42 | \$ (0.42 |) | \$ 1.16 |
|-------------------|----------|---|---------|----------|---|---------|

Diluted earnings attributable to Acadia Healthcare Company, Inc. stockholders:

| | | | | | | |
|------------------------------------------|----------|---|---------|----------|---|---------|
| (Loss) income from continuing operations | \$ (1.36 |) | \$ 0.42 | \$ (0.42 |) | \$ 1.15 |
| Income from discontinued operations | - | | - | - | | - |
| Net (loss) income | \$ (1.36 |) | \$ 0.42 | \$ (0.42 |) | \$ 1.15 |

Weighted-average shares outstanding:

| | | | | |
|---------|--------|--------|--------|--------|
| Basic | 86,618 | 70,664 | 85,376 | 67,194 |
| Diluted | 86,618 | 71,110 | 85,376 | 67,539 |

Acadia Healthcare Company, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

September 30, December 31,
2016 2015

(In thousands)

ASSETS

Current assets:

| | | |
|----------------------------------------------------------------------------------------------------|--------------|--------------|
| Cash and cash equivalents | \$ 27,751 | \$ 11,215 |
| Accounts receivable, net of allowance for doubtful accounts of \$37,725 and \$29,332, respectively | 277,568 | 216,626 |
| Other current assets | 87,628 | 66,895 |
| Total current assets | 392,947 | 294,736 |
| Property and equipment, net | 2,786,646 | 1,709,053 |
| Goodwill | 2,702,009 | 2,128,215 |
| Intangible assets, net | 84,385 | 59,575 |
| Deferred tax assets - noncurrent | 3,791 | 49,114 |
| Derivative instruments | 49,903 | - |
| Assets held for sale | 392,483 | - |
| Other assets | 40,814 | 38,515 |
| Total assets | \$ 6,452,978 | \$ 4,279,208 |

LIABILITIES AND EQUITY

Current liabilities:

| | | |
|---------------------------------------|--------------|--------------|
| Current portion of long-term debt | \$ 77,598 | \$ 45,360 |
| Accounts payable | 92,819 | 91,341 |
| Accrued salaries and benefits | 105,308 | 80,696 |
| Other accrued liabilities | 104,513 | 72,806 |
| Total current liabilities | 380,238 | 290,203 |
| Long-term debt | 3,583,879 | 2,195,384 |
| Deferred tax liabilities - noncurrent | 81,443 | 23,936 |
| Other liabilities | 147,150 | 78,602 |
| Total liabilities | 4,192,710 | 2,588,125 |
| Redeemable noncontrolling interests | 18,147 | 8,055 |
| Equity: | | |
| Common stock | 866 | 707 |
| Additional paid-in capital | 2,488,803 | 1,572,972 |
| Accumulated other comprehensive loss | (425,869) | (104,647) |
| Retained earnings | 178,321 | 213,996 |
| Total equity | 2,242,121 | 1,683,028 |
| Total liabilities and equity | \$ 6,452,978 | \$ 4,279,208 |

Acadia Healthcare Company, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

| | Nine Months Ended September 30, | |
|------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------|
| | 2016 | 2015 |
| | (In thousands) | |
| Operating activities: | | |
| Net (loss) income | \$ (37,250) |) \$ 77,524 |
| Adjustments to reconcile net (loss) income to net cash provided by continuing operating activities: | | |
| Depreciation and amortization | 101,145 | 44,920 |
| Amortization of debt issuance costs | 7,714 | 5,017 |
| Equity-based compensation expense | 20,989 | 14,576 |
| Deferred income tax expense | 25,857 | 28,925 |
| Income from discontinued operations, net of taxes | - | (83) |
| Debt extinguishment costs | 3,411 | 9,979 |
| Loss on divestiture | 174,739 | - |
| (Gain) loss on foreign currency derivatives | (523) |) 1,926 |
| Other | 731 | 1,122 |
| Change in operating assets and liabilities, net of effect of acquisitions: | | |
| Accounts receivable, net | (12,579) |) (28,905) |
| Other current assets | (12,973) |) (12,201) |
| Other assets | (1,134) |) (4,879) |
| Accounts payable and other accrued liabilities | 2,067 | (8,316) |
| Accrued salaries and benefits | (10,759) |) 8,888 |
| Other liabilities | 3,746 | 5,071 |
| Net cash provided by continuing operating activities | 265,181 | 143,564 |
| Net cash used in discontinued operating activities | (5,524) |) (1,479) |
| Net cash provided by operating activities | 259,657 | 142,085 |
| Investing activities: | | |
| Cash paid for acquisitions, net of cash acquired | (683,285) |) (391,216) |
| Cash paid for capital expenditures | (249,961) |) (200,841) |
| Cash paid for real estate acquisitions | (37,947) |) (21,976) |
| Settlement of foreign currency derivatives | 523 | (1,926) |
| Other | (1,135) |) (887) |
| Net cash used in investing activities | (971,805) |) (616,846) |
| Financing activities: | | |
| Borrowings on long-term debt | 1,480,000 | 1,150,000 |
| Borrowings on revolving credit facility | 179,000 | 310,000 |
| Principal payments on revolving credit facility | (166,000) |) (310,000) |
| Principal payments on long-term debt | (46,069) |) (23,813) |
| Repayment of assumed debt | (1,348,389) |) (904,467) |
| Repayment of senior notes | - | (88,331) |
| Payment of debt issuance costs | (35,748) |) (25,584) |
| Payment of premium on senior notes | - | (6,890) |
| Issuance of common stock, net | 685,097 | 331,360 |
| Common stock withheld for minimum statutory taxes, net | (7,917) |) (7,582) |
| Excess tax benefit from equity awards | - | 8,020 |
| Other | (1,821) |) (374) |
| Net cash provided by financing activities | 738,153 | 432,339 |
| Effect of exchange rate changes on cash | (9,469) |) (856) |
| Net increase (decrease) in cash and cash equivalents | 16,536 | (43,278) |
| Cash and cash equivalents at beginning of the period | 11,215 | 94,040 |
| Cash and cash equivalents at end of the period | \$ 27,751 | \$ 50,762 |
| | \$ - | |

Effect of acquisitions:

| | | |
|------------------------------------------------------------------|--------------|--------------|
| Assets acquired, excluding cash | \$ 2,505,407 | \$ 1,793,139 |
| Liabilities assumed | (1,605,240) | (1,012,549) |
| Issuance of common stock in connection with acquisition | (216,882) | (380,210) |
| Redeemable noncontrolling interest resulting from an acquisition | - | (9,164) |
| Cash paid for acquisitions, net of cash acquired | \$ 683,285 | \$ 391,216 |

Acadia Healthcare Company, Inc.**Operating Statistics****(Unaudited, Revenue in thousands)**

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---------------------------------------|----------------------------------|------------|----------|----------|---------------------------------|--------------|----------|----------|
| | 2016 | 2015 | % Change | | 2016 | 2015 | % Change | |
| Same Facility Results (a,c) | | | | | | | | |
| Revenue | \$ 479,548 | \$ 451,431 | 6.2 | % | \$ 1,349,320 | \$ 1,252,370 | 7.7 | % |
| Patient Days | 725,761 | 683,043 | 6.3 | % | 1,991,511 | 1,853,799 | 7.4 | % |
| Admissions | 34,094 | 31,790 | 7.2 | % | 96,041 | 87,940 | 9.2 | % |
| Average Length of Stay (b) | 21.3 | 21.5 | -0.9 | % | 20.7 | 21.1 | -1.6 | % |
| Revenue per Patient Day | \$ 661 | \$ 661 | 0.0 | % | \$ 678 | \$ 676 | 0.3 | % |
| EBITDA margin | 26.9 | % 27.4 | % | -50 bps | 27.4 | % 27.1 | % | 30 bps |
| U.S. Same Facility Results (a) | | | | | | | | |
| Revenue | \$ 392,436 | \$ 368,507 | 6.5 | % | \$ 1,104,014 | \$ 1,020,673 | 8.2 | % |
| Patient Days | 568,103 | 534,745 | 6.2 | % | 1,581,786 | 1,476,581 | 7.1 | % |
| Admissions | 33,682 | 31,329 | 7.5 | % | 95,045 | 86,894 | 9.4 | % |
| Average Length of Stay (b) | 16.9 | 17.1 | -1.2 | % | 16.6 | 17.0 | -2.1 | % |
| Revenue per Patient Day | \$ 691 | \$ 689 | 0.2 | % | \$ 698 | \$ 691 | 1.0 | % |
| EBITDA margin | 27.4 | % 28.2 | % | -80 bps | 27.9 | % 27.7 | % | 20 bps |
| U.K. Same Facility Results (c) | | | | | | | | |
| Revenue | \$ 87,112 | \$ 82,924 | 5.1 | % | \$ 245,306 | \$ 231,697 | 5.9 | % |
| Patient Days | 157,658 | 148,298 | 6.3 | % | 409,725 | 377,218 | 8.6 | % |
| Admissions | 412 | 461 | -10.6 | % | 996 | 1,046 | -4.8 | % |
| Average Length of Stay (b) | 382.7 | 321.7 | 19.0 | % | 411.4 | 360.6 | 14.1 | % |
| Revenue per Patient Day | \$ 553 | \$ 559 | -1.2 | % | \$ 599 | \$ 614 | -2.5 | % |
| EBITDA margin | 24.6 | % 23.5 | % | 110 bps | 25.0 | % 24.3 | % | 70 bps |
| U.S. Facility Results | | | | | | | | |
| Revenue | \$ 431,521 | \$ 379,857 | 13.6 | % | \$ 1,269,994 | \$ 1,037,250 | 22.4 | % |
| Patient Days | 604,472 | 542,345 | 11.5 | % | 1,756,714 | 1,484,181 | 18.4 | % |
| Admissions | 37,039 | 32,101 | 15.4 | % | 107,719 | 87,666 | 22.9 | % |
| Average Length of Stay (b) | 16.3 | 16.9 | -3.4 | % | 16.3 | 16.9 | -3.7 | % |
| Revenue per Patient Day | \$ 714 | \$ 700 | 1.9 | % | \$ 723 | \$ 699 | 3.4 | % |
| EBITDA margin | 25.2 | % 26.8 | % | -160 bps | 26.3 | % 27.0 | % | -70 bps |
| U.K. Facility Results (c) | | | | | | | | |
| Revenue | \$ 303,146 | \$ 82,924 | 265.6 | % | \$ 836,004 | \$ 231,697 | 260.8 | % |
| Patient Days | 765,723 | 148,298 | 416.3 | % | 1,976,425 | 377,218 | 423.9 | % |
| Admissions | 2,996 | 461 | 549.9 | % | 7,395 | 1,046 | 607.0 | % |
| Average Length of Stay (b) | 255.6 | 321.7 | -20.5 | % | 267.3 | 360.6 | -25.9 | % |
| Revenue per Patient Day | \$ 396 | \$ 559 | -29.2 | % | \$ 423 | \$ 614 | -31.1 | % |
| EBITDA margin | 22.4 | % 23.5 | % | -110 bps | 22.2 | % 24.3 | % | -210 bps |
| Total Facility Results (c) | | | | | | | | |
| Revenue | \$ 734,667 | \$ 462,781 | 58.8 | % | \$ 2,105,998 | \$ 1,268,947 | 66.0 | % |
| Patient Days | 1,370,195 | 690,643 | 98.4 | % | 3,733,139 | 1,861,399 | 100.6 | % |
| Admissions | 40,035 | 32,562 | 23.0 | % | 115,114 | 88,712 | 29.8 | % |

| | | | | | | | | | | | | |
|----------------------------|--------|---|--------|---|----------|---|--------|---|--------|---|----------|---|
| Average Length of Stay (b) | 34.2 | | 21.2 | | 61.4 | % | 32.4 | | 21.0 | | 54.6 | % |
| Revenue per Patient Day | \$ 536 | | \$ 670 | | -20.0 | % | \$ 564 | | \$ 682 | | -17.2 | % |
| EBITDA margin | 24.0 | % | 26.2 | % | -220 bps | | 24.7 | % | 26.5 | % | -180 bps | |

(a) Same-facility results for the periods presented exclude certain services at three locations that will be closed and six outpatient programs that have been closed.

(b) Average length of stay is defined as patient days divided by admissions.

(c) Revenue and revenue per patient day for the three and nine months ended September 30, 2015 are adjusted to reflect the foreign currency exchange rate for the comparable period of 2016 in order to eliminate the effect of changes in the exchange rate. The exchange rate used in the adjusted revenue and revenue per patient day amounts for the three and nine months ended September 30, 2015 is 1.31 and 1.39, respectively.

Acadia Healthcare Company, Inc.

Reconciliation of Net (Loss) Income Attributable to Acadia Healthcare Company, Inc. to Adjusted EBITDA

(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------------------------------------------|----------------------------------|------------|---------------------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (in thousands) | | | |
| Net (loss) income attributable to Acadia Healthcare Company, Inc. | \$ (117,808) | \$ 29,550 | \$ (35,675) | \$ 77,988 |
| Income from discontinued operations, net of income taxes | - | (80) | - | (83) |
| Net loss attributable to noncontrolling interests | (402) | (464) | (1,575) | (464) |
| Provision for income taxes | 2,396 | 12,669 | 27,767 | 34,794 |
| Interest expense, net | 48,843 | 27,737 | 135,315 | 77,932 |
| Depreciation and amortization | 36,418 | 16,890 | 101,145 | 44,920 |
| EBITDA | (30,553) | 86,302 | 226,977 | 235,087 |
| Adjustments: | | | | |
| Equity-based compensation expense (a) | 7,145 | 5,327 | 20,989 | 14,576 |
| Debt extinguishment costs (b) | 3,411 | 9,979 | 3,411 | 9,979 |
| Loss on divestiture (c) | 174,739 | - | 174,739 | - |
| (Gain) loss on foreign currency derivatives (d) | (15) | 1,018 | (523) | 1,926 |
| Transaction-related expenses (e) | 1,111 | 5,842 | 33,483 | 31,415 |
| Adjusted EBITDA | \$ 155,838 | \$ 108,468 | \$ 459,076 | \$ 292,983 |

See footnotes on page 11.

Acadia Healthcare Company, Inc.

Reconciliation of Adjusted Income from Continuing Operations Attributable to Acadia Healthcare Company, Inc. to

Net (Loss) Income Attributable to Acadia Healthcare Company, Inc.

(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------|-------------------|-----------|
| | September 30, | | September 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| | (in thousands, except per share amounts) | | | |
| Net (loss) income attributable to Acadia Healthcare Company, Inc. | \$ (117,808) | \$ 29,550 | \$ (35,675) | \$ 77,988 |
| Income from discontinued operations, net of income taxes | - | (80) | - | (83) |
| Provision for income taxes | 2,396 | 12,669 | 27,767 | 34,794 |
| (Loss) income from continuing operations attributable to Acadia Healthcare Company, Inc. before income taxes | (115,412) | 42,139 | (7,908) | 112,699 |
| Adjustments to (loss) income from continuing operations: | | | | |
| Debt extinguishment costs (b) | 3,411 | 9,979 | 3,411 | 9,979 |
| Loss on divestiture (c) | 174,739 | - | 174,739 | - |

| | | | | |
|--------------------------------------------------------------------------------------------------------------|-----------|-----------|------------|------------|
| (Gain) loss on foreign currency derivatives (d) | (15) | 1,018 | (523) | 1,926 |
| Transaction-related expenses (e) | 1,111 | 5,842 | 33,483 | 31,415 |
| Income tax provision reflecting tax effect of adjustments to income from continuing operations (f) | (13,916) | (15,088) | (44,298) | (45,558) |
| Adjusted income from continuing operations attributable to Acadia Healthcare Company, Inc. | \$ 49,918 | \$ 43,890 | \$ 158,904 | \$ 110,461 |
| Weighted-average shares outstanding - diluted (g) | 86,778 | 71,110 | 85,643 | 67,539 |
| Adjusted income from continuing operations attributable to Acadia Healthcare Company, Inc. per diluted share | \$ 0.58 | \$ 0.62 | \$ 1.86 | \$ 1.64 |

See footnotes on page 11.

Acadia Healthcare Company, Inc.
Constant Currency Condensed Consolidated Statements of Operations (h)
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------|--------------------------------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | (In thousands, except per share amounts) | | | |
| Revenue before provision for doubtful accounts | \$ 799,559 | \$ 488,746 | \$ 2,227,782 | \$ 1,324,702 |
| Provision for doubtful accounts | (10,142) | (9,016) | (31,021) | (25,529) |
| Revenue | 789,417 | 479,730 | 2,196,761 | 1,299,173 |
| Salaries, wages and benefits (including equity-based compensation expense of \$7,145, \$5,327, \$20,989 and \$14,576, respectively) | 438,201 | 258,410 | 1,206,254 | 707,583 |
| Professional fees | 52,021 | 30,759 | 144,808 | 83,215 |
| Supplies | 32,370 | 21,634 | 91,419 | 58,430 |
| Rents and leases | 21,658 | 8,542 | 58,058 | 22,639 |
| Other operating expenses | 84,222 | 57,244 | 238,313 | 148,899 |
| Depreciation and amortization | 40,075 | 16,890 | 107,086 | 44,920 |
| Interest expense, net | 48,879 | 27,737 | 135,366 | 77,932 |
| Debt extinguishment costs | 3,411 | 9,979 | 3,411 | 9,979 |
| Loss on divestiture | 203,964 | - | 203,964 | - |
| (Gain) loss on foreign currency derivatives | (15) | 1,018 | (523) | 1,926 |
| Transaction-related expenses | 1,436 | 5,842 | 34,255 | 31,415 |
| Total expenses | 926,222 | 438,055 | 2,222,411 | 1,186,938 |
| (Loss) income from continuing operations before income taxes | (136,805) | 41,675 | (25,650) | 112,235 |
| Provision for income taxes | 1,009 | 12,669 | 26,357 | 34,794 |
| (Loss) income from continuing operations | (137,814) | 29,006 | (52,007) | 77,441 |
| Income from discontinued operations, net of income taxes | - | 80 | - | 83 |
| Net (loss) income | (137,814) | 29,086 | (52,007) | 77,524 |
| Net loss attributable to noncontrolling interests | 402 | 464 | 1,575 | 464 |
| Net (loss) income attributable to Acadia Healthcare Company, Inc. | \$ (137,412) | \$ 29,550 | \$ (50,432) | \$ 77,988 |

Constant Currency Reconciliation of Adjusted Income from Continuing Operations Attributable to Acadia Healthcare Company, Inc. to Net (Loss) Income Attributable to Acadia Healthcare Company, Inc. (h)
(Unaudited)

| | | | | |
|-------------------------------------------------------------------|---------------|-----------|--------------|-----------|
| Net (loss) income attributable to Acadia Healthcare Company, Inc. | \$ (137,412) | \$ 29,550 | \$ (50,432) | \$ 77,988 |
| Income from discontinued operations, net of income taxes | - | (80) | - | (83) |

| | | | | |
|--------------------------------------------------------------------------------------------------------------|---------------|-----------|--------------|------------|
| Provision for income taxes | 1,009 | 12,669 | 26,357 | 34,794 |
| (Loss) income from continuing operations attributable to Acadia Healthcare Company, Inc. before income taxes | \$ (136,403) | \$ 42,139 | \$ (24,075) | \$ 112,699 |
| Adjustments to (loss) income from continuing operations: | | | | |
| Debt extinguishment costs (b) | 3,411 | 9,979 | 3,411 | 9,979 |
| Loss on divestiture (c) | 203,964 | - | 203,964 | - |
| (Gain) loss on foreign currency derivatives (d) | (15) | 1,018 | (523) | 1,926 |
| Transaction-related expenses (e) | 1,436 | 5,842 | 34,255 | 31,415 |
| Income tax provision reflecting tax effect of adjustments to income from continuing operations (f) | (14,044) | (15,088) | (44,492) | (45,558) |
| Adjusted income from continuing operations attributable to Acadia Healthcare Company, Inc. | \$ 58,349 | \$ 43,890 | \$ 172,540 | \$ 110,461 |
| Weighted-average shares outstanding - diluted (g) | 86,778 | 71,110 | 85,643 | 67,539 |
| Adjusted income from continuing operations attributable to Acadia Healthcare Company, Inc. per diluted share | \$ 0.67 | \$ 0.62 | \$ 2.01 | \$ 1.64 |

See footnotes on page 11.

Acadia Healthcare Company, Inc.

Footnotes

We have included certain financial measures in this press release, including EBITDA, Adjusted EBITDA, Adjusted income from continuing operations, and constant currency adjusted income from continuing operations, which are “non-GAAP financial measures” as defined under the rules and regulations promulgated by the SEC. We define EBITDA as net (loss) income adjusted for income from discontinued operations, net loss attributable to noncontrolling interests, net interest expense, income tax provision and depreciation and amortization. We define Adjusted EBITDA as EBITDA adjusted for equity-based compensation expense, debt extinguishment costs, loss on divestiture, (gain) loss on foreign currency derivatives and transaction-related expenses. We define Adjusted income from continuing operations as net (loss) income adjusted for income from discontinued operations, provision for income taxes, debt extinguishment costs, loss on divestiture, transaction-related expenses, (gain) loss on foreign currency derivative and income tax provision reflecting tax effect of adjustments attributable to Acadia.

EBITDA, Adjusted EBITDA, Adjusted income from continuing operations and constant currency adjusted income from continuing operations are supplemental measures of our performance and are not required by, or presented in accordance with, generally accepted accounting principles in the United States (“GAAP”). EBITDA, Adjusted EBITDA, Adjusted income from continuing operations and constant currency adjusted income from continuing operations are not measures of our financial performance under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as measures of our liquidity. Our measurements of EBITDA, Adjusted EBITDA, Adjusted income from continuing operations and constant currency adjusted income from continuing operations may not be comparable to similarly titled measures of other companies. We have included information concerning EBITDA, Adjusted EBITDA, Adjusted income from continuing operations and constant currency adjusted income from continuing operations in this press release because we believe that such information is used by certain investors as measures of a company’s historical performance. We believe these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of issuers of equity securities, many of which present EBITDA, Adjusted EBITDA, Adjusted income from continuing operations and constant currency adjusted income from continuing operations when reporting their results. Our presentation of EBITDA, Adjusted EBITDA, Adjusted income from continuing operations and constant currency adjusted income from continuing operations should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

Foreign currency exchange rate fluctuations affect the amounts reported from translating U.K. revenues and expenses into USD. These rate fluctuations can have a significant effect on our reported operating results. As a supplement to our reported operating results, we present constant currency financial information. We use constant currency financial information to provide a framework to assess how our business performed excluding the effects of changes in foreign currency translation rates. Management believes this information is useful to investors to facilitate comparison of operating results and better identify trends in our businesses. To calculate financial information on a constant currency basis, financial information in the current period for amounts recorded in GBP is translated into USD at the average exchange rates that were in effect during the comparable period of the prior year (rather than the actual exchange rates in effect during the current year period).

The Company is not able to provide a reconciliation of projected adjusted earnings per diluted share, where provided, to expected results due to the unknown effect, timing and potential significance of transaction-related expenses and the tax effect of such expenses.

(a) Represents the equity-based compensation expense of Acadia.

(b) For the three and nine months ended September 30, 2016, represents debt extinguishment costs of \$3.4 million recorded in connection with the Tranche B-2 Repricing Amendment. For the three and nine months ended September 30, 2015, represents debt extinguishment costs related to the repayment of \$88.3 million of the Company's 12.875% Senior Notes due 2018 on September 18, 2015, including a prepayment premium of \$6.9 million and the write-off of \$3.1 million of deferred financing costs.

(c) Loss on the planned divestiture in the U.K. includes an allocation of goodwill to the U.K. disposal group of approximately \$106.9 million, estimated transaction-related expenses of approximately \$25.6 million and a loss on the sale of properties of \$42.2 million.

(d) Represents the change in fair value of foreign currency derivatives purchased by Acadia related to (i) acquisitions in the U.K. and (ii) transfers of cash between the U.S. and U.K. under the Company's cash management and foreign currency risk management programs.

(e) Represents transaction-related expenses incurred by Acadia related to acquisitions.

(f) Represents the income tax provision adjusted to reflect the tax effect of the adjustments to income from continuing operations based on tax rates of 21.8% and 25.6% for the three months ended September 30, 2016 and 2015, respectively, and 21.8% and 29.2% for the nine months ended September 30, 2016 and 2015, respectively.

(g) For the three and nine months ended September 30, 2016, approximately 0.2 million and 0.3 million, respectively, of the outstanding restricted stock and shares of common stock issuable upon exercise of outstanding stock option awards have been included in the calculation of weighted-average shares outstanding-diluted. These shares are excluded from the calculation of diluted earnings per share in the condensed consolidated statement of operations because the net loss for the three and nine months ended September 30, 2016 causes such securities to be anti-dilutive.

(h) Calculated on a constant currency basis whereby financial information in the current period for amounts recorded GBP is translated into USD at the average exchange rates in effect during the comparable period of the prior year (rather than the actual exchange rates in effect during the current year period). The exchange rate used for the three and nine months ended September 30, 2016 is 1.55 and 1.53, respectively.

View source version on businesswire.com: <http://www.businesswire.com/news/home/20161101006675/en/>

Source: Acadia Healthcare Company, Inc.

Acadia Healthcare Company, Inc.
Brent Turner, President, 615-861-6000