

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 30, 2019

**Acadia Healthcare Company, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

001-35331  
(Commission  
File Number)

45-2492228  
(IRS Employer  
Identification No.)

6100 Tower Circle, Suite 1000  
Franklin, Tennessee, 37067  
(Address of Principal Executive Offices, including Zip Code)

(615) 861-6000  
(Registrant's Telephone Number, including Area Code)

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value	ACHC	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01. Regulation FD Disclosure.**

Acadia Healthcare Company, Inc. (the “Company”) intends to use the presentation, furnished as Exhibit 99.1 to this report, to present the results of its strategic review to investors and other interested parties on May 30, 2019.

The information in this Item 7.01, including the information in Exhibit 99.1 attached hereto, is being furnished to the Securities and Exchange Commission and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as expressly set forth by specific reference in such a filing.

**Item 8.01. Other Events.**

On May 30, 2019, the Company will present the results of its strategic review of its business portfolio.

The strategic business review, which was conducted with the assistance of a third-party strategy consulting firm, included a detailed analysis of all business lines in the US and UK, with a focus on quality, growth and capital return.

The Company does not intend to comment further on the progress or status of the items identified by the strategic review unless the Company determines that further disclosure is appropriate or required by law.

The Company affirms the financial guidance for 2019 detailed in its April 30, 2019 earnings release.

**Cautionary Statement Regarding Forward-Looking Statements**

This Current Report on Form 8-K and related presentation contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include any statements that address future events, occurrences or results. In some cases, forward-looking statements can be identified by terminology such as “may,” “might,” “will,” “would,” “should,” “could” or the negative thereof. Generally, the words “anticipate,” “believe,” “continue,” “expect,” “intend,” “estimate,” “project,” “plan,” “guidance” and similar expressions identify forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from these forward-looking statements.

The Company has based these forward-looking statements on its current expectations, assumptions, estimates and projections. Although the Company believes that such expectations, assumptions, estimates and projections are reasonable, forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors, many of which are outside of the Company’s control and could cause the Company’s actual results, performance or achievements to differ materially and adversely from any results, performance or achievements expressed or implied by such forward-looking statements.

Given these risks and uncertainties, undue reliance should not be placed on these forward-looking statements. These forward-looking statements are made only as of the date of this Current Report on Form 8-K. The Company does not undertake, and expressly disclaims, any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

**Item 9.01. Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">99.1</a>	<a href="#">Update on Strategic Priorities and Initiatives — Conference Call</a>

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ACADIA HEALTHCARE COMPANY, INC.**

Date: May 30, 2019

By: /s/ Christopher L. Howard

Name: Christopher L. Howard

Title: Executive Vice President,  
General Counsel and Secretary



UPDATE ON  
STRATEGIC PRIORITIES AND INITIATIVES  
CONFERENCE CALL

MAY 30, 2019

## SAFE HARBOR

Some of the statements made in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include any statements that address future results or occurrences. In some cases you can identify forward-looking statements by terminology such as “may,” “might,” “will,” “should,” “could” or the negative thereof. Generally, the words “anticipate,” “believe,” “continues,” “expect,” “intend,” “estimate,” “project,” “plan” and similar expressions identify forward-looking statements. In particular, statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance contained in this are forward-looking statements.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors, many of which are outside of our control, which could cause our actual results, performance or achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements.

Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. These risks and uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. Additional risks and uncertainties are described more fully in “Risk Factors” in our periodic reports and other filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date of this presentation. We do not undertake and specifically decline any obligation to update any such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments.

# UPDATE ON STRATEGIC REVIEW

## PROCESS OVERVIEW

- Commenced a thorough and comprehensive review of the portfolio with the help of a third-party strategy consulting firm in mid-March
- Evaluated the core of Acadia's business by focusing on our portfolio strategy, determining the future shape and direction of the entire business, including the UK business line, and identifying opportunities for operational improvement
- Reviewed preliminary findings with the Board of Directors
- Further identification and execution of operational improvement opportunities

ALIGNED STRATEGY TO DELIVER ENHANCED SHAREHOLDER RETURN  
WHILE POSITIONING THE BUSINESS LINES FOR FUTURE GROWTH

# ACADIA STRATEGY UPDATE

## COMPREHENSIVE BUSINESS REVIEW IDENTIFIED ACTIONS TO DRIVE SHAREHOLDER VALUE

- CEO perspective – well-positioned and diversified leader in behavioral healthcare with plans to grow and improve operational efficiency
  - » Acadia is a leading pure-play behavioral healthcare company in an attractive, growing and fragmented industry
  - » Identified attractive near-term and long-term opportunities to improve results driven by an operational approach that emphasizes discipline, integration and leveraging of Acadia's assets
- Board of Directors to explore strategic alternatives with respect to UK operations, including a potential sale
  - » Will move quickly in a disciplined way to determine whether a sale could enhance shareholder value
  - » Confirmed numerous operational and financial opportunities to drive growth and expand margin
  - » Initiatives will be implemented concurrent with exploration of options
- Identified and targeted areas for operational improvement in the US based on business line review
  - » Identified attractive near-term, actionable opportunities to improve growth, profitability and cash flow
  - » Management team with strong operational track record focused on executing the plan
- Capital allocation framework to identify and prioritize future opportunities
  - » Acadia's current assets produce a significant amount of free cash flow
  - » Acadia has a large range of value creating opportunities to pursue, including organic growth, debt pay down, and targeted M&A

## CEO PERSPECTIVE

### STRONG PLATFORM TO CONTINUE TO BUILD ON

- Strong leadership across the organization and dedicated employees who are committed to providing the highest quality care
- Set of unique and valuable assets that are a critical part of delivering high-quality continuum of care
- Experienced team has executed well on growth in the US and built a diverse and difficult to replicate portfolio with leadership positions in large, fragmented and growing markets
- Regardless of outcome of strategic review process, clear path to improve margins and business mix in UK
- Long-term opportunity to continue to build best-in-class behavioral healthcare company, and play natural role as industry consolidator

### STRATEGIC DIRECTION AND FOCUS AREAS

- Time is right to explore strategic alternatives in the UK, including a potential sale
  - » Established path to improve financial performance, currently realizing positive impact
- Cost and revenue opportunities to improve operational efficiencies and capture unrealized synergies by operating in a more standardized, integrated and disciplined way
- Capital allocation framework focused on increasing returns and prioritizing best opportunities
  - » Prudent management of debt / leverage levels
  - » Targeted approach to US M&A with strict return requirements



# UK BUSINESS LINE REVIEW & STRATEGIC PRIORITIES

ACADIA  
CORPORATION

# UK BUSINESS DECISION

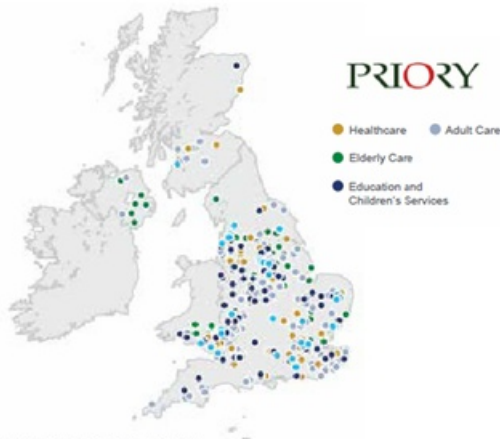
## OPPORTUNITY TO EXPLORE SALE WHILE IMPROVING OPERATIONS

- Board of Directors to explore strategic alternatives with respect to UK operations, including a potential sale, to maximize Acadia shareholder value
  - » The Board will evaluate a potential transaction expeditiously and ensure that any transaction maximizes shareholder value
  - » No guarantee that any process will result in a transaction
  - » The Company does not intend to provide further updates to the market unless or until it determines that further disclosure is necessary or appropriate
- Enviably positioned in attractive European behavioral market
  - » Clear market leader in an attractive market with strong fundamentals
  - » Business model with high barriers to entry
  - » Strong asset-backed portfolio
- Stable financial results with operational opportunities for improvement
  - » Include near-term and long-term projects
  - » Continue concurrent focus and actions to improve the business and maximize value

# UK BUSINESS OVERVIEW

## GEOGRAPHIC PRESENCE

Operates 370 behavioral healthcare facilities with 8,800 beds across England, Wales, Scotland, and Northern Ireland <sup>(1)</sup>



<sup>(1)</sup> Facility and bed counts as of March 31, 2019.  
<sup>(2)</sup> *Using Behavioral Health Hospitals & Community Mental Health Services, UK Market Report.*

## BUSINESS HIGHLIGHTS

### Leading Behavioral Health Player

- Excellent clinical outcomes reinforce premium brand reputation
- Comprehensive service and geographical offering across the entire care pathway
- Experienced UK leadership team with infrastructure to support operational initiatives and potential growth opportunities

### Strong Financial Profile

- Diversified revenue streams from healthcare, adult care, education/children's services and elderly care
  - » Healthcare: 83 facilities <sup>(1)</sup>, ~\$620 million revenue in 2018
  - » Adult Care: 181 facilities <sup>(1)</sup>, ~\$200 million revenue in 2018
  - » Education and Children's Services: 70 facilities <sup>(1)</sup>, ~\$190 million revenue in 2018
  - » Elderly Care: 36 facilities <sup>(1)</sup>, ~\$100 million revenue in 2018
- Strong asset-backed portfolio of owned property valued at ~\$1.7 billion
- Margin stabilization and improvement expected over near to mid-term

### Attractive Industry Fundamentals

- Large addressable market: ~8.7 million people currently have mental health disorders <sup>(2)</sup>
- NHS outsourcing is expected to continue given lack of NHS bed capacity and specialization and increasing demand for mental health services <sup>(2)</sup>
- Legislative support for additional mental health funding

# IDENTIFIED UK BUSINESS IMPROVEMENTS

## REVENUE

- Drive sustained collaboration with NHS to deliver on Transforming Care Agenda and New Care Models
- Cultivate trusted relationship with NHS to receive preferred contracts with NHS entities
- Reset rate growth recently to be more in line with inflation
- Retool facilities to address higher acuity patients by geography
- Focus on quality and expand ability to provide full continuum of care
- Maximize private provision across existing and new services
- Use of new sales and marketing platform

## LABOR

- Build and retain best-in-class workforce in behavioral health
- Maintain strong reputation as “great place to work”
- Reduce reliance on higher-cost agency labor
- Mandated use of preferred agency vendors
- Increased recruitment support
- Strengthen retention efforts across all service lines
- Reduced management layers of organization to more quickly respond to issues

IMPLEMENTATION OF SEVERAL IMPROVEMENT INITIATIVES HAS ALREADY BEGUN  
AS WE EVALUATE OUR STRATEGIC ALTERNATIVES

# US BUSINESS LINE REVIEW & STRATEGIC PRIORITIES

ACADIA  
HEALTHCARE

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# US BUSINESS OVERVIEW

## ACUTE BUSINESS OVERVIEW

Clear growth path through facility bed expansions, de novo & joint venture builds

### Acute services accounted for 43% of Acadia's 2018 US revenue

- Acadia is a leading acute provider in fragmented market
- ~\$15 billion market with projected growth of ~2% annually <sup>(1)</sup>
- Reimbursement tailwind – favorable legislation increasing coverage and funding for behavioral health services
- Balanced payor mix with Medicaid at 42%, Medicare at 32%, and Commercial at 26% in 2018

### ACUTE PATIENT GROWTH

- Bed expansions
- De novo builds
- JV builds
- Outpatient
- Telehealth

## SPECIALTY BUSINESS OVERVIEW

Focus on bed expansions while maintaining favorable payor mix

### Specialty services accounted for 24% of Acadia's 2018 US revenue

- ~\$16 billion market with projected growth of ~4% annually <sup>(2)</sup>
- Coverage changes driving demand growth as more people have access to treatment
- Strong and diverse portfolio in fragmented market
- Favorable payor mix (~65% of reimbursement from commercial) with significant in-network coverage (~80%)

### STRUCTURAL COMPETITIVE ADVANTAGES

- Highly specialized facilities – including substance use and eating disorder treatment
- Consistent high quality
- National clinical referral network
- Cross – referrals with acute facilities
- Outpatient
- Telehealth

<sup>(1)</sup> IHS/Ipsos Psychiatric Hospitals in US. Figures represent patients in for mental disorders.

<sup>(2)</sup> IHS/Ipsos Mental Health & Substance Abuse Centers in the US. Figures represent residential treatment programs for mental illness, detoxification and substance abuse, and other services for mental health and substance abuse.

# US BUSINESS OVERVIEW

## CTC BUSINESS OVERVIEW

Additional opportunity for growth

**CTC business accounted for 16% of Acadia's 2018 US revenue**

- Leading provider of Medication-Assisted Treatment with 125 locations with focus on delivering high-quality, comprehensive care
- Strong position and economics in attractive, growing market <sup>(1)</sup>
  - » Methadone treatment growth at ~4% <sup>(1)</sup>
  - » Suboxone treatment growth at ~24% <sup>(1)</sup>
- Leveraging base to expand treatment types, offering suboxone in existing facilities
- Favorable reimbursement trends including expanded funding in Medicaid and new coverage for Medicare
- Solid payor mix: ~70% Medicaid, ~20% Self-Pay

### BUSINESS LINE HIGHLIGHTS

- Success with expansion of suboxone treatment
- Largest player in opioid treatment

## RTC BUSINESS OVERVIEW

Continues to demonstrate consistent returns

**RTC services accounted for 15% of Acadia's 2018 US revenue**

- Residential behavioral health programming for adolescents
  - » 14 facilities in 11 states <sup>(2)</sup>
- Fragmented market and patient demand growing at ~8% with facilities declining ~4% per year <sup>(3)</sup>
- Performance varies by facility -
  - » Top performing facilities leverage relationships with State referring agencies and have strong facility management teams

### KEY BUSINESS FACTORS

- Unique, specialized programs
- Strong presence in existing markets but less attractive return profile for expansion into new markets

<sup>(1)</sup> National Survey of Substance Abuse Treatment Services for 2017 from the Department of Health and Human Services.

<sup>(2)</sup> Facility count as of March 31, 2019.

<sup>(3)</sup> National Mental Health Services Survey for 2017 from the Department of Health and Human Services.

# SIGNIFICANT OPPORTUNITY SET ACROSS THE US PORTFOLIO

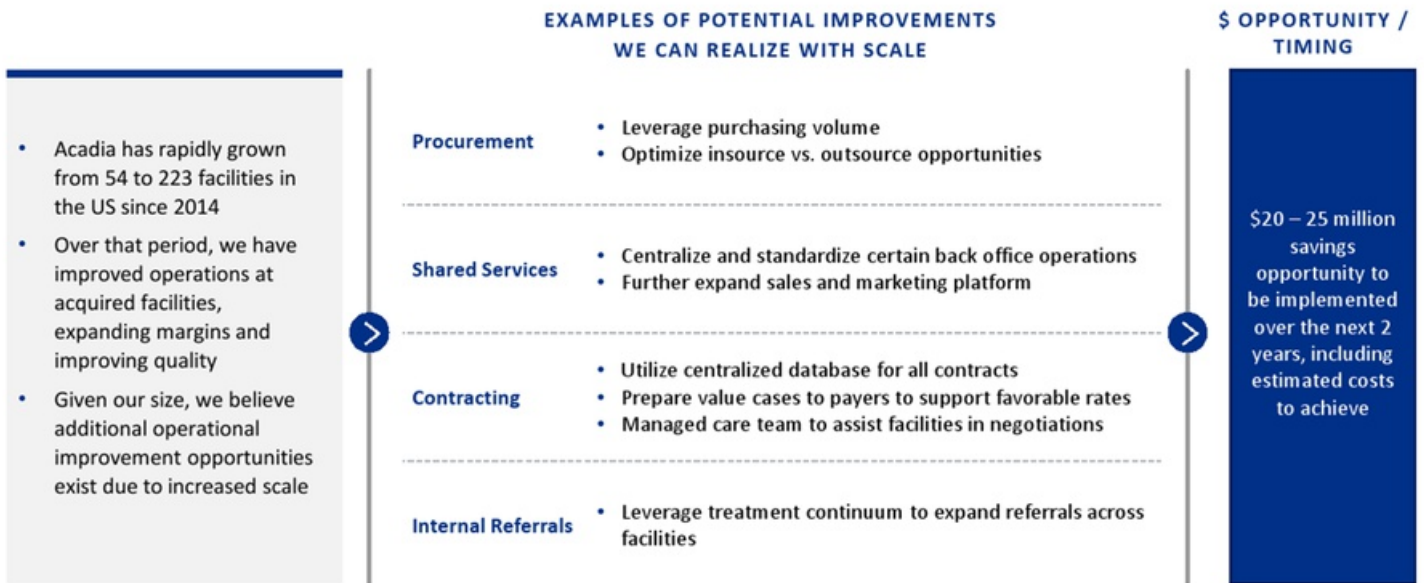
## DECISION-MAKING FRAMEWORK FOR CAPITAL ALLOCATION

### STRATEGIES TO ENHANCE TOPLINE GROWTH

FACILITY EXPANSION	JOINT VENTURES	DE NOVOS	M&A
<p>Service Line: Acute, Specialty, CTC, RTC</p> <ul style="list-style-type: none"><li>• High-value bed expansions at existing facilities</li><li>• Market growth and demand for new services drives business decision</li><li>• Experienced team in place to execute</li></ul>	<p>Service Line: Acute</p> <ul style="list-style-type: none"><li>• Strong local brand and existing patient stream</li><li>• Partner's market share accelerates operations ramp up</li><li>• Ability to integrate physical and mental health services into holistic, high-quality programs</li><li>• Potential to leverage payor relationships and favorable rates</li></ul>	<p>Service Line: Acute, CTC</p> <ul style="list-style-type: none"><li>• Local market under-bedded, with clear indication of unmet need</li><li>• Payor mix and reimbursement rates favorable</li><li>• Broad, diversified referral source base</li></ul>	<p>Service Line: Acute, Specialty, CTC</p> <ul style="list-style-type: none"><li>• Established business with strong local brand</li><li>• New geographic market – opens access with strong existing demand and reimbursement</li><li>• Existing geographic market – provides synergies and complementary services</li><li>• Revenue and margin opportunities through operational improvements and bed expansions</li></ul>



# OPERATIONAL IMPROVEMENT PROGRAM TO BE IMPLEMENTED IN THE US



# CAPITAL ALLOCATION FRAMEWORK

CAPITAL ALLOCATION FRAMEWORK TO ENHANCE DISCIPLINE AND ENSURE PRIORITIZATION OF BEST INVESTMENT OPPORTUNITIES

## ANNUAL CASH FLOW GENERATION

	<b>2019 Estimates</b>
Adjusted EBITDA <sup>(1)</sup>	\$610 - \$630M
Less: Interest Expense	~ \$195M
Less: Cash Taxes	~ \$40M - \$50M
Less: Maintenance Capital Expenditures	~ \$70M - \$80M
<b>Cash Flow before Expansion Capital Expenditures <sup>(2)</sup></b>	<b>\$285M - \$325M</b>

### ORGANIC GROWTH INVESTMENTS

- Fund expansions of existing facilities
- Fund de novo and joint venture projects according to decision-making framework
- Clear strategic rationale

### REDUCE DEBT

- Improve credit profile to a lower targeted leverage
- Evaluate incremental debt repayment versus returns available from organic growth investments

### TARGETED M&A

- Behavioral market within the US remains fragmented
- Opportunistically pursue attractive "tuck-in" M&A in targeted markets and business lines
- Disciplined M&A strategy driven by longer-term business strategy and return requirements
- Successful integration will be a key in maintaining growth and margin profile

<sup>(1)</sup> See slide 18 for definition of Adjusted EBITDA.  
<sup>(2)</sup> Excludes transaction-related expenses and any changes in working capital.

# ALIGNING ON THE PATH FORWARD FOR GROWTH



## • Focus on Quality

- » Focused on delivering high quality care and maintaining highest compliance with industry regulations
- » Utilizing evidenced-based practices across all treatment settings and patient populations
- » Emphasis on data driven decision-making to promote best practices, demonstrate results and address emerging value-based payments
- » Expanding outcomes measure initiative throughout all service lines

## • Solidify the Core

- » Explore strategic alternatives in the UK, including a potential sale
- » Implement operational improvement plans in the US and the UK
- » Continue to lead the industry in quality and patient outcomes

## • Pursue Best-in-Class Growth Trajectory

- » Increase financial flexibility through de-leveraging
- » Make selective growth investments with focused return on capital discipline
- » Solidify role as best-in-class pure-play behavioral healthcare company

Maintain Acadia's Position as the Leading Pure-Play Behavioral Health Platform  
with Best-in-Class Operational Performance and Market Leading Growth

# APPENDIX

## USE OF NON-GAAP FINANCIAL MEASURES

We have included certain financial measures in this presentation, including EBITDA and Adjusted EBITDA, which is “non-GAAP financial measure” as defined under the rules and regulations promulgated by the SEC. We define EBITDA as net income adjusted for loss from discontinued operations, net of income taxes, net loss attributable to noncontrolling interests, income tax provision (benefit), net interest expense and depreciation and amortization. We define Adjusted EBITDA as EBITDA adjusted for equity-based compensation expense, cost savings synergies, debt extinguishment costs and certain other items.

EBITDA and Adjusted EBITDA, as presented in this presentation, are supplemental measures of our performance and are not required by, or presented in accordance with, GAAP. EBITDA and Adjusted EBITDA 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 and Adjusted EBITDA may not be calculated similarly to, and therefore may not be comparable to, similarly titled measures of other companies and are not measures of performance calculated in accordance with GAAP. We have included information concerning EBITDA and Adjusted EBITDA in this presentation because we believe that such information is used by certain investors as measures of a company’s historical performance and by securities analysts, investors and other interested parties in the evaluation of issuers of equity securities, many of which present EBITDA and adjusted EBITDA when reporting their results. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

ACADIA  
HEALTHCARE