

20-Years of Intelligent Dealmaking in Health Care M&amp;A

January, 2018



## Habilitative Services, Inc. Acquired by Civitas Solutions

PITTSBURGH, January 24, 2018 — Civitas Solutions, Inc. (NYSE: CIVI) recently announced it successfully completed the acquisition of Habilitative Services, Inc. and two related companies (“HSI”), providers of services to individuals with intellectual and developmental disabilities in the state of Minnesota. In August, Civitas announced it had reached an agreement to acquire HSI, subject to closing conditions and the expiration of a regulatory notice period.

***The Braff Group served as exclusive merger and acquisition advisor for Habilitative Services, Inc.***

Founded in 1985 and operating in 22 counties in Minnesota, HSI provides a continuum of residential and periodic services. HSI supports approximately 360 adults in 86 residential sites and another 180 individuals in periodic programs. With more than 1,100 employees, HSI generated revenues of approximately \$32.9 million for the 12-month period up to and including June 2017.

**“With few providers having both the size and deep market penetration as HSI, acquisition interest in the company was fierce,”** commented Nancy Weisling, The Braff Group Managing Director that headed up the deal team representing HSI. **“Moreover, with private equity finally realizing the value proposition of a much needed service that produces an annuity-like revenue stream, interest came from both strategic and financial buyers alike.”**

Civitas has deep roots in Minnesota through its REM Minnesota operations, which this year are celebrating 50 years as a leading provider of community-based services for individuals with intellectual and developmental disabilities. In more recent years, REM, which serves 59 of Minnesota’s 87 counties, has successfully expanded into a range of specialty services not currently offered by HSI, including brain injury, mental health and autism services.

“It is rare that we have the opportunity to welcome to our network a provider of the quality and scale of HSI,” said Bruce Nardella, president and CEO of Civitas Solutions. “I am delighted to welcome the HSI team and the individuals they support to Civitas.”

REM and HSI overlap in 12 counties, and only in seven counties for residential services that represent the vast majority of each organization’s revenue. Civitas management believes this may allow HSI to leverage REM’s specialty-service expertise and expand its offerings in the years ahead.

With the HSI acquisition, Civitas has announced a total of 10 acquisitions completed during its fiscal year 2017, which ended on September 30th. Eight of the 10 announced transactions were closed since the beginning of June.

“The acquisition of HSI is a terrific way to cap-off a very busy and productive year for M&A in our Company and positions us well for fiscal 2018,” said Nardella.



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## Forward-Looking Statements

This press release contains statements about future events and expectations that constitute forward-looking statements, including statements about the expected benefits of the transaction. Forward-looking statements are based on our beliefs, assumptions and expectations, taking into account the information currently available to us. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties that may cause our actual results to differ materially from our expectations, and you should not place undue reliance on such statements. Factors that could contribute to these differences include, but are not limited to, unanticipated transaction costs and our inability to successfully integrate the HSI business with our business, and the other factors described in “Risk Factors” in Civitas Solutions, Inc.’s Form 10-K. We qualify any forward-looking statements entirely by these cautionary factors. We assume no obligation to update or revise any forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

## About Civitas

Civitas Solutions, Inc. is the leading national provider of home- and community-based health and human services to must-serve individuals with intellectual, developmental, physical or behavioral disabilities and other special needs. Since our founding in 1980, we have evolved from a single residential program to a diversified national network offering an array of quality services in 36 states.

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