American Addiction Centers

INVESTOR PRESENTATION

MARCH 2018

IMPORTANT PRESENTATION INFORMATION

Notice to Investors

We use market data and industry forecasts and projections throughout this presentation, including data from publicly available information and industry publications. These sources generally state that the information they provide has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information are not guaranteed. The forecasts and projections are based on industry surveys and the preparers' experience in the industry, and there can be no assurance that any of the forecasts or projections will be achieved. We believe that the surveys and market research others have performed are reliable, but we have not independently investigated or verified this information. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements contained in this presentation.

Forward-Looking Statements

Some of the statements made in this presentation constitute forward-looking statements within the meaning of federal securities laws. Forward-looking statements reflect our current views with respect to future events and performance. 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 pipeline, industry growth opportunities, disclosure of key performance indicators, business growth strategy and financial guidance in this presentation 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. For additional discussion of risks, uncertainties and other factors, see the section titled "Risk Factors" in our Annual Report on Form 10-K and other filings with the Securities and Exchange Commission (the "SEC").

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. 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.

PRESENTERS

Michael T. Cartwright
Chairman and Chief Executive Officer

- Founder and CEO of **Foundations Recovery Network**
- At Foundations, opened notable treatment facilities including **the Canyon** in Malibu, **La Paloma** in Memphis and **Michael's House** in Palm Springs
- Started **Moments of Change** & **Lifestyle Intervention**, two of the leading national industry conferences
- Author of ***Believable Hope***
- **20+ years industry experience**

Andrew W. McWilliams
Chief Financial Officer

- Former Chief Accounting Officer with AAC
- Former auditor with **Ernst & Young LLP**, a national public accounting firm
- Served multiple large for profit healthcare clients in Nashville, TN and Atlanta, GA including Fortune 100
- Experience across a variety of corporate transactions, including public offerings of securities and mergers and acquisitions
- **17+ years industry experience**

AAC: AT A GLANCE*

> **AAC Holdings, Inc. ("AAC") is the parent of American Addiction Centers, Inc.**

- Operates 9 residential alcohol and drug addiction treatment facilities in California, Florida, Louisiana,, Mississippi, Nevada, New Jersey and Texas
- Operates 19 standalone outpatient centers in California, Florida, Louisiana, Mississippi, New Jersey, Rhode Island and Texas
- Operates 5 sober living facilities in California, Florida Mississippi, Nevada, and Texas
- Over 1,300 detoxification, residential and sober living beds
- 2017 revenue of approximately $318 million up 14%
- Approximately 90% of reimbursements from commercial payors
- Approximately 2,100 employees as of 12/31/17
- Owns and operates 2 industry-leading laboratories providing toxicology, clinical diagnostic and genomics services
- Invested management and Board
- Headquartered in Brentwood, Tennessee

* Does not include AdCare

AAC IS A LEADING PROVIDER OF INPATIENT DRUG AND ALCOHOL ADDICTION TREATMENT SERVICES IN THE BEHAVIORAL HEALTH SECTOR

TIMELINE OF AAC'S SUCCESS

- AAC's strong organic track record and disciplined approach to de novos and acquisitions have driven exceptional growth
- Significant capacity in AAC network from recently completed investments
- Ability to scale census with limited incremental overhead

AAC: RECENT OPERATIONAL HIGHLIGHTS

> **Closed on acquisition of AdCare:**

- Revenue of $54 million, before the provision for bad debts and net income of $10 million for the twelve months ended September 30, 2017
- One of the leading providers of addiction treatment in New England with approximately 8,00 admissions, 116,000 outpatient visits and 7 outpatient centers
- Accelerates our plans to further diversify our business by payor, region and treatment type

> **Completion of Outcomes Study:**

- More than 4,000 patients in the study conducted in assistance with the Centerstone Research Institute, tracking 12 months of progress
- Results indicate that 63% of AAC patients maintain abstinence one year after treatment versus national benchmark of 30%
- Days of alcohol use decreased by 80%, and days of heroin use decreased by 88%, 12 months after completing treatment

> **Key Leadership Enhancements:**

- Dr. Tom Doub - Chief Clinical and Compliance Officer
  - .Formerly CEO of Centerstone Research Institute and Chief Clinical Officer of Centerstone of America
- Dr. Michael Nanko - President and Chief Operating Officer
  - Formerly President of Behavioral Health Services for HCA
- Andrew McWilliams - Chief Financial Officer
  - Formerly AAC's Chief Accounting Officer and Auditor with Ernst & Young

AAC: FINANCIAL HIGHLIGHTS

> **Delivered solid 2017 performance:**

- Average daily residential revenue (ADR) increased 38% to $873 and average revenue per outpatient visit (ARV) increased 19% to $403
- Adjusted EBITDA increased 20%; DSO's decreased by 10 days from Q4 '16 to 101 days at Q4 '17
- Cash flow from operations was $19.3 million, up substantially from the prior year
- Consolidated Louisiana, Southern Florida and Southern California operations

> **Increased financial flexibility:**

- Increased borrowing capacity with a new $210 million secured term loan facility and a $55 million revolving credit facility

> **Announced 2018 guidance:**

- Expect revenues of $365 - $370 million and Adjusted EBITDA of $68 - $72 million
- Guidance includes contribution from AdCare acquisition and is prior to the adoption of ASC 606

2018 ROADMAP

INVESTMENTS IN CLINICAL CARE

- Leveraging new technology that will transform our ability to provide client care
- Investing in clinical care and practices that will enhance patient treatment and lead to further positive outcomes

INTEGRATION OF ADCARE

- Realizing benefit from payor, geographic and service line diversification

CONTINUED IMPROVEMENTS IN OPERATIONS

- Improving performance and profitability at our facility, call center and corporate headquarters
- Census improvement across all sites
- Continuing the performance improvements we have made across all of our facilities
- Continuing to focus on the financial discipline required to improve key operating metrics including collections and DSOs

American Addiction Centers

ADCARE

We Care

ADCARE ACQUISITION RATIONALE

> **Leading provider of treatment for substance abuse and related behavioral conditions in the Northeast**
- 30+ year operating history with exceptional management team and well-developed marketing and referral channels

> **Payor diversification**
- Expands AAC payor mix to include government payors (i.e. Medicare and Medicaid) at similar residential ADRs to AAC average
- Increases in-network payor mix
- Lowers DSOs (AdCare DSO's were 32 days for their fiscal year ending 9/30/17)

> **Service line diversification**
- Expands AAC hospital inpatient revenue from 9% to 17% and standalone outpatient revenue from 9% to 10% (pro forma)

> **Geographic diversification**
- Further penetration of Northeast markets with addition of Massachusetts and expansion in Rhode Island

> **Attractive cost and revenue synergy opportunities**
- Ability to leverage combined sales and marketing effort and broader service offering to treat a larger patient population

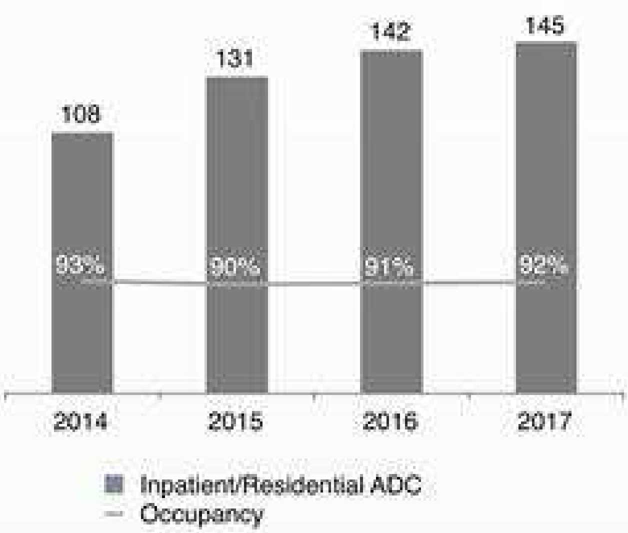
ADCARE FACILITY & PROGRAM OVERVIEW

	Worcester, MA	North Kingstown, RI	Outpatient Offices	AdCare Criminal Justice Services
Facility Type	Inpatient Hospital	Inpatient Residential	Outpatient	Correctional Facilities
Levels of Care	Medically Managed Detoxification, Rehab, Acute Residential	Detoxification, Residential	Day Treatment, IOP, OP, Continuing Care	Education and Group Counseling
Patient Population	Male/Female Adults	Male/Female Adults	Male/Female Adults	Male/Female Adults
2017 Net Revenue*	$34.5 million	$5.5 million	$9.3 million	$4.9 million
Capacity (effective beds/total beds)	110/114	46/59	N/A	N/A
2017 Average Daily Census (ADC)	105 Patients (95%)	40 Residents (87%)	>116,000 Visits	N/A

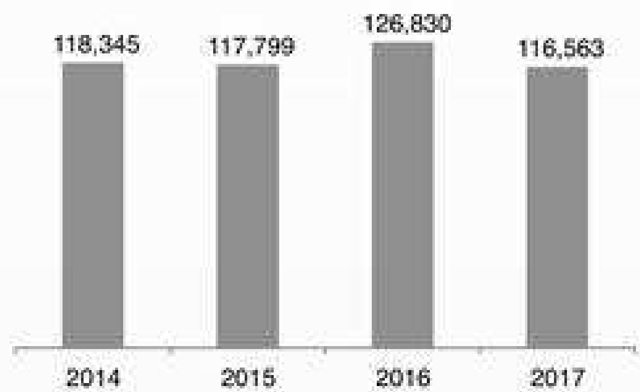
*Revenue before the provision for bad debts

ADCARE OPERATING / FINANCIAL PERFORMANCE

Inpatient/Residential ADC

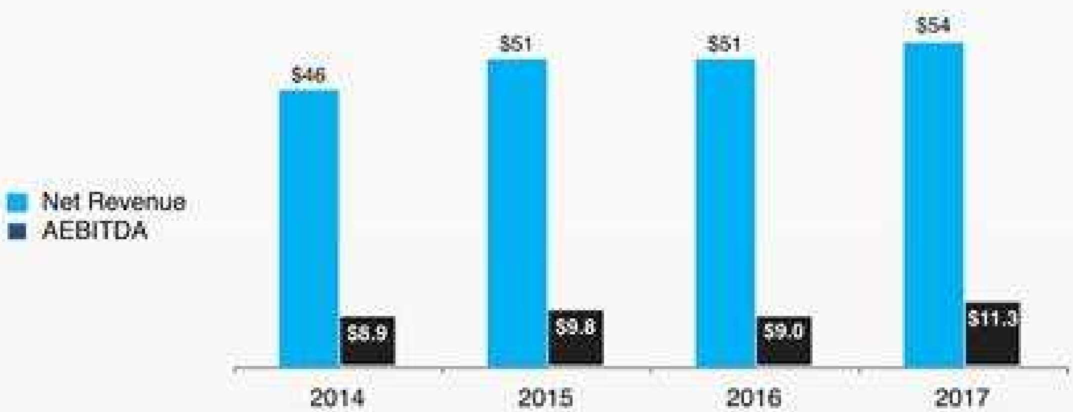


Outpatient Visits



Total Net Revenue / AEBITDA

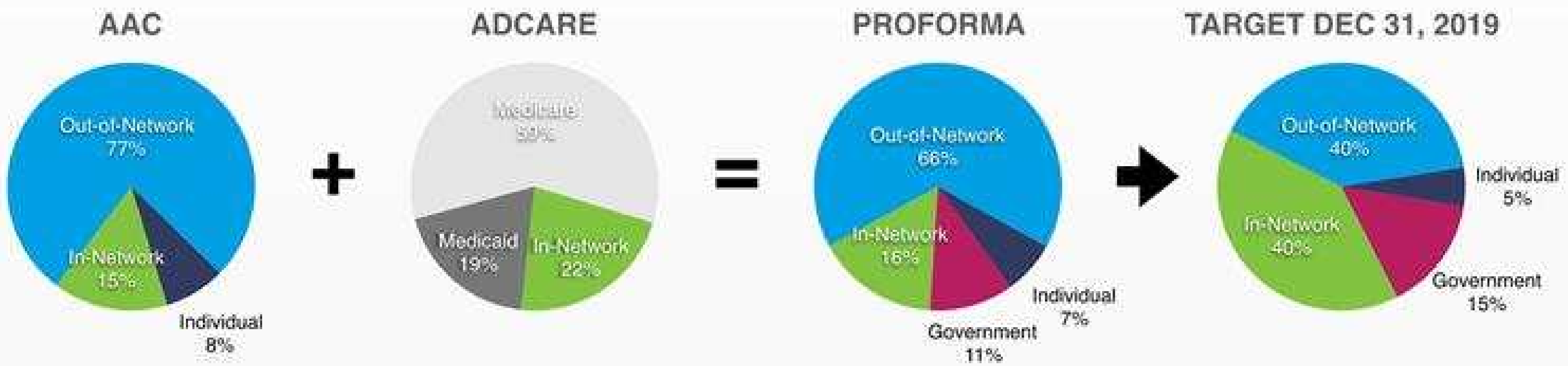
($ in millions)



PAYOR MIX DIVERSIFICATION

> **AdCare transaction materially diversifies AAC's payor mix**

- Out-of-network payor mix is reduced by from 77% to 66%
- Achieves 73% of AAC's target government payor mix



American Addiction Centers

GEOGRAPHIC DIVERSIFICATION

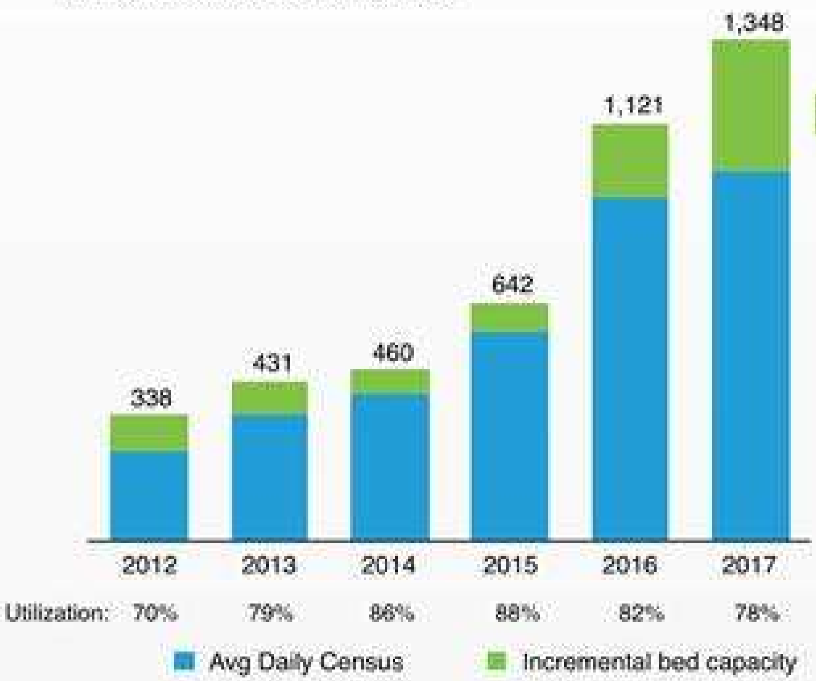
American Addiction Centers

FINANCIAL OVERVIEW

EMBEDDED GROWTH FROM RECENT INVESTMENTS

- Invested over $200mm since the beginning of 2015 to dramatically improve AAC's platform (added 700+ residential and sober living beds)
- Filling existing beds could potentially lead to $30 - $50mm of incremental annual revenue
  - Does not factor in incremental benefits of operating leverage and margin improvement

Significant growth in bed capacity
(average effective bed count during period)



Revenue growth opportunity

Current Residential Capacity	**1,348**		
Utilization Rate	83%	85%	90%
Census at Utilization Rate	1,119	1,146	1,213
Q4 2017 Census	995	995	995
Census Increase	124	151	218
Additional Mo. Revenue (MM)(1)	$2.5	$3.0	$4.4
Additional Annual Revenue (MM)	**$30**	**$36**	**$52**

(1) Analysis assumes $20,000 in additional monthly revenue per increase in average census.

American Addiction Centers

HIGH GROWTH PLATFORM WITH OPERATING

- Corporate overhead as a % of client revenue is trending down – *potential to achieve greater operating leverage on our corporate platform*
- Customer acquisition costs have dramatically decreased – *potential for additional improvement with more placement options*

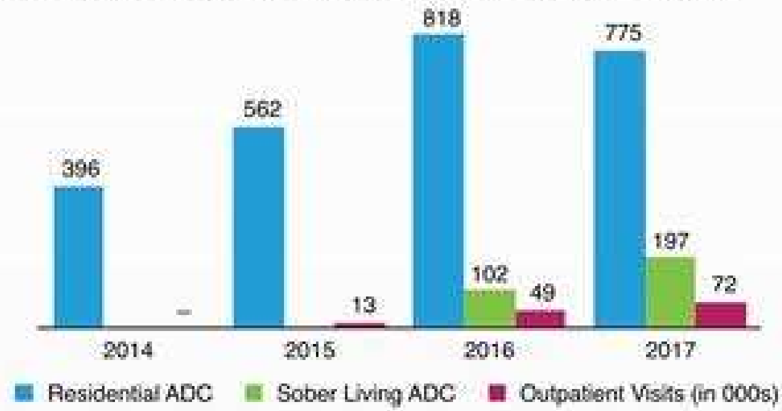
Corporate Overhead as a % of Total Revenue
(includes sales and marketing)

Customer Acquisition Cost ($)
(Cost per Admit)

American Addiction Centers

HISTORICAL FINANCIAL PERFORMANCE

Average Daily Census & Outpatient Visits



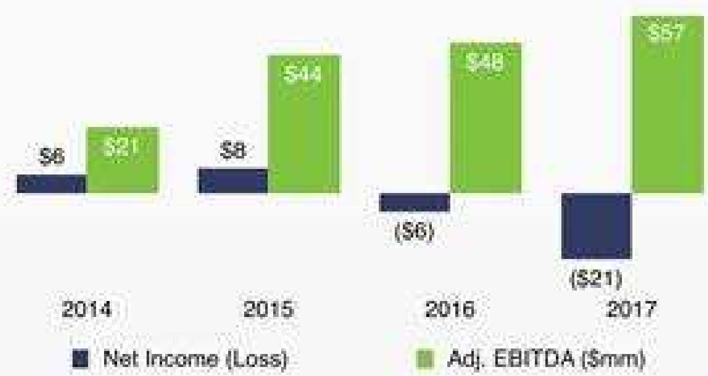
Average Daily Revenue / Revenue per visit

Total Revenues

($ millions)

Adjusted EBITDA(1)

($ millions)



(1) Please refer to the Appendix for a reconciliation of Adjusted EBITDA.

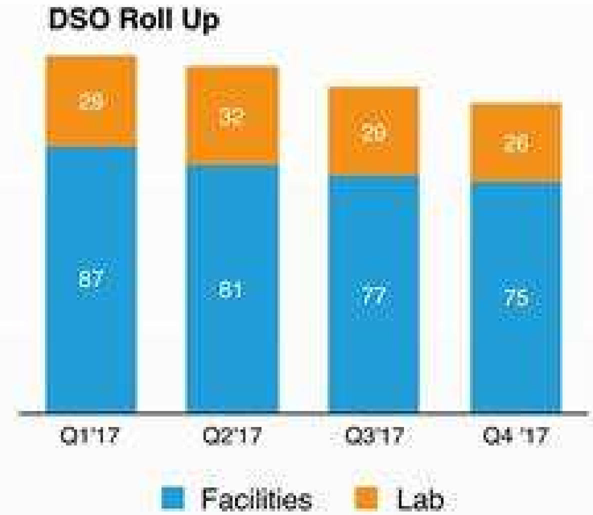
American Addiction Centers

COLLECTIONS

> Q4 2017 DSOs of 101 days represented a ten day decrease from Q4 2016

> Management expects DSOs to trend down to ~100 days in 2018
(Less than 100 days with AdCare)

> 2017 cash collections increased 15% from 2016



American Addiction Centers

CASH FLOWS

> Applying financial discipline to 2018, we believe that we can generate free cash flows of $20MM-$23MM for 2018 (assumes maintenance capex of 2.5% and conservative estimate on DSO's)

	2016	2017	2018 (Projected)*
Net Cash Provided by Operations	$0.1	$19.3	$31.0
Less: Maintenance Capex	-$10.8	-$12.10	-$9.5
Free Cash Flow	-$10.7	$7.2	$21.5
Less: Growth Capex	-$26.4	-$21.0	-$10.0
Excess Cash Flow	-$37.1	-$13.8	$11.5

* Includes AdCare for 10 months of 2018, excludes the estimated $23.5 million shareholder settlement and assumes maintenance Capex of 2.5%

American Addiction Centers

APPENDIX

APPENDIX: NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA and Pro Forma Adjusted EBITDA (herein collectively referred to as "Non-GAAP Disclosures") are "non-GAAP financial measures" as defined under the rules and regulations promulgated by the U.S. Securities and Exchange Commission. Management believes the Non-GAAP Disclosures provide investors with additional meaningful financial information that should be considered when assessing our underlying business performance and trends. We believe the Non-GAAP Disclosures also enhance investors' ability to compare period-to-period financial results. The Non-GAAP Disclosures should not be considered as measures of financial performance under U.S. generally accepted accounting principles ("GAAP"). The items excluded from the Non-GAAP Disclosures are significant components in understanding and assessing our financial performance and should not be considered as an alternative to net income (loss) or other financial statement items presented in the condensed consolidated financial statements. Because the Non-GAAP Disclosures are not a measure determined in accordance with GAAP, the Non-GAAP Disclosures may not be comparable to other similarly titled measures of other companies.

Management defines Adjusted EBITDA as net income (loss) adjusted for interest expense, income tax expense (benefit), depreciation and amortization expense, stock-based compensation and related tax reimbursements, litigation settlement and California matter related expenses, reorganization expense, acquisition-related expenses (which includes professional services for accounting, legal, valuation services and licensing expenses), de novo start-up and other expense, facility closure operating losses and expenses, employee severance expense, loss on extinguishment of debt, gain on contingent consideration associated with our acquisition of Townsend, and bargain purchase gain associated with our acquisition of Sunrise House in the fourth quarter of 2015.

APPENDIX: RECONCILIATION OF AEBITDA

($ in thousands)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Net income (loss)	$871	$1,099	$1,492	$6,366	$8,341	($5,741)	($25,087)
Add: Interest expense	337	980	1,390	1,872	3,607	8,175	16,811
Add: Income tax expense (benefit)	652	1,148	615	2,555	4,780	(1,220)	(5,018)
Add: Depreciation and amortization	195	1,288	3,003	4,662	7,837	17,686	21,504
Add: Stock-based compensation and related tax reimbursements	–	2,408	1,649	3,030	5,757	8,823	7,513
Add: Litigation settlement and California matter related expenses	–	–	2,588	487	5,446	8,690	25,031
Add: Reorganization expense	–	–	821	1,176	–	–	–
Add: Acquisition-related expenses	–	150	–	845	3,801	3,252	1,431
Add: De novo facility start-up and other expense	–	95	–	99	3,369	8,663	5,109
Add: Facility closure operating losses/expenses	–	–	–	–	3,114	771	972
Add: Employee severance expense	–	–	–	–	–	–	3,447
Add: Loss on extinguishment of debt	–	–	–	–	–	–	5,435
Less: Gain on contingent consideration	–	–	–	–	–	(1,350)	–
Less: Bargain purchase gain	–	–	–	–	(1,775)	–	–
Adjusted EBITDA (as reported)	**$2,055**	**$7,168**	**$11,558**	**$21,092**	**$44,277**	**$47,749**	**$57,148**

American Addiction Centers

APPENDIX: VALUABLE REAL ESTATE & COLLATERAL

> Gross real estate cost basis of approximately $129mm
> Accounts receivable net of allowances, of $94mm as of 12/31/17

Real Estate Cost Basis		
Laguna	$	20.1
River Oaks		19.8
Greenhouse		23.0
Oxford		19.1
Desert Hope		10.4
Ringwood		14.0
Sunrise House		7.8
Recovery First		1.3
AdCare real estate		13.7
Total Real Estate Collateral Cost Basis	$	129.2
Accounts Receivables, Net of Allowances (AAC only)	$	94.1
Total Real Estate and Receivables Collateral	$	223.3

American Addiction Centers

APPENDIX: FACILITY OVERVIEW

	Facility	*Beds*	*State*	*Levels of Care*	*Property*
Residential	River Oaks	162	FL	DTX, RTC, PHP, IOP	Owned
	Desert Hope	148	NV	DTX, RTC, PHP, IOP	Owned
	Greenhouse	130	TX	DTX, RTC, PHP, IOP	Owned
	Oxford Treatment Center	124	MS	DTX, RTC, PHP, IOP	Owned
	Sunrise House	110	NJ	DTX, RTC, PHP, IOP	Owned
	Laguna Treatment Hospital	93	CA	DTX, RTC, PHP, IOP	Owned
	Townsend New Orleans	36	LA	DTX, RTC, PHP	Leased
	Solutions Treatment Center	80	NV	DTX, RTC, PHP, IOP	Leased
	Recovery First	56	FL	DTX, RTC, PHP, IOP	Owned/Leased
	AdCare - Worcester	114	MA	DTX, RTC, PHP	Owned
	AdCare - North Kingstown	59	RI	DTX, RTC	Owned
	Total Residential	**1,112**			
Sober Living	Las Vegas Sober Living	138	NV	Sober Living	Leased
	Recovery First - Ft. Lauderdale East	83	FL	Sober Living	Leased
	Arlington Sober Living	80	TX	Sober Living	Leased
	Oxford Sober Living	72	MS	Sober Living	Owned/Leased
	San Diego Sober Living	36	CA	Sober Living	Leased
	Total Sober Living	**409**			
	Total	**1,521**			

DTX: Detoxification; RTC: Residential Treatment; PHP: Partial Hospitalization; IOP: Intensive Outpatient.

APPENDIX: PRO FORMA BUSINESS OVERVIEW LTM

		American Addiction Centers *	ADCARE **	Pro Forma
Residential	Facilities	9	2	11 (+22%)
Residential	ADC	775	145	920 (+19%)
Residential	Admissions	12,299	7,915	20,414 (+64%)
Residential	Length of stay	28	7	20 (-29%)
Residential	Occupancy	78%	93%	84% (+6%)
Residential	ADR	$873	$699	$846 (-3%)
Outpatient	Clinics	19	7	26 (+37%)
Outpatient	Visits	72,155	116,563	188,718 (+162%)
Outpatient	ARV	$403	$77	$202 (-50%)
Geographic Expansion		8 states	2 states	9 states (+13%)
Diagnostic EBITDA Contribution (2017E)		[illegible]	-	[illegible]
Payor Mix	Commercial	93%	22%	82% (-11%)
Payor Mix	Government	-	78%	12% (-%)
Payor Mix	Individual	8%	-	6% (-25%)
Out-of-network mix		77%	-	65% (-16%)

*Data based on LTM 12/31/2017
**Data based on LTM 9/30/2017

ADCARE TRANSACTION SUMMARY

Sources and uses

($ in millions)

Sources		Uses	
Incremental TLB - $65MM (net of issuance costs)	$61.0	AdCare purchase price	$85.0
Seller Note	9.6	Fees and expenses	0.5
New Equity (562,000 shares of AAC stock issued to seller)	4.8		
Earnout (AEBITDA 12-month Target)	3.1		
Cash from balance sheet / revolver	7.0		
Total sources	**$85.5**	**Total uses**	**$85.5**

Pro forma capitalization

($ in millions)	12/31/17	Adjustments	Pro Forma - AdCare
Cash and cash equivalents	$ 14	$ (1)	$ 13
Revolving credit facility	$ -	$ 6	$ 6
Term Loan B	207	65	272
Capital leases	1	-	1
Total secured debt	**$ 208**	**$ 71**	**$ 279**
Seller note	$ -	$ 10	$ 10
Total debt	**$ 208**	**$ 81**	**$ 289**
Net debt	*$ 194*	*$ 82*	*$ 276*
Consolidated EBITDA per Credit Agreement - 12/31/17	$ 58	$ 11	$ 69
<u>Credit statistics:</u>			
Secured debt leverage ratio	3.6x		4.0x
Total debt leverage ratio	3.6x		4.2x
Net debt leverage ratio	3.3x		4.0x

American Addiction Centers