

Aesthetic Services Sector Brief

Q4 2024



The Aesthetic Services Industry at a Glance

Medspa



Concepts that primarily offer minimally invasive aesthetic services, such as injectables, skin resurfacing, and laser hair removal, among others

Representative Concepts



Key Trends

- Attractive secular trends, low relative penetration, and compelling unit economics, combined with relative dearth of investable assets contributing to influx of capital and strong multiples
- While long-term industry trends remain positive, recent trends have been more mixed on a service and concept level, further differentiating those platforms that have demonstrated consistent performance.

Plastic Surgery



Providers offering invasive surgical treatments to improve cosmetic appearance or treat reconstructive issues

Representative Concepts



Key Trends

- Increased investor interest in this area of aesthetics, given large average ticket and growing realization that the services are more recurring than many appreciated
- Number of platforms formed relatively recently; key to demonstrate benefits of coming together (i.e., ability to train providers / reduce provider concentration, expand service offerings, and improve customer experience)

Other Aesthetic and Wellness Services



Providers focusing on enhancing personal well-being and appearance through specialized health, beauty, and wellness services

Representative Concepts



Key Trends

- Consumers have proven their willingness to spend on products and services that improve their health, fitness, nutrition, appearance, sleep, and mindfulness.
- In addition to traditional services, seeing evolution of concierge wellness practices that address combination of medical and aesthetic / wellness needs

Hybrid Concepts



Providers of both medspa and plastic surgery services seeking to serve as a "one-stop shop" for aesthetic services

Representative Concepts



Key Trends

- Hybrid aesthetic strategies aim to combine the most attractive attributes of medspa and plastic surgery.
- Platforms see opportunities to expand TAM, cross-sell between services, diversify key person risk, and optimize average ticket and visit frequency

Dermatology



Specialty medicine focused on the treatment of skin, hair, and nails, and increasingly, aesthetic services

Representative Concepts



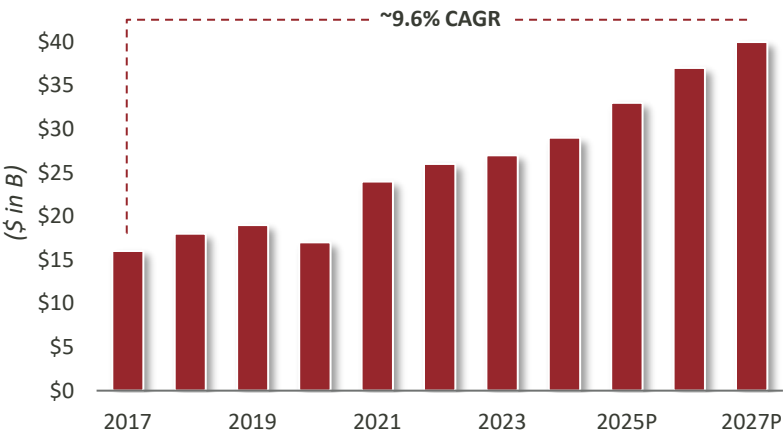
Key Trends

- Aesthetic services provide meaningful benefits to medical / surgical dermatology platforms, including expanding their addressable market, allowing them to take price, and in some cases, inflecting their overall growth curve.
- Virtually all concepts exploring their own aesthetics strategy, ranging from selling products in-clinic to seeking to partner with pure-play aesthetic providers

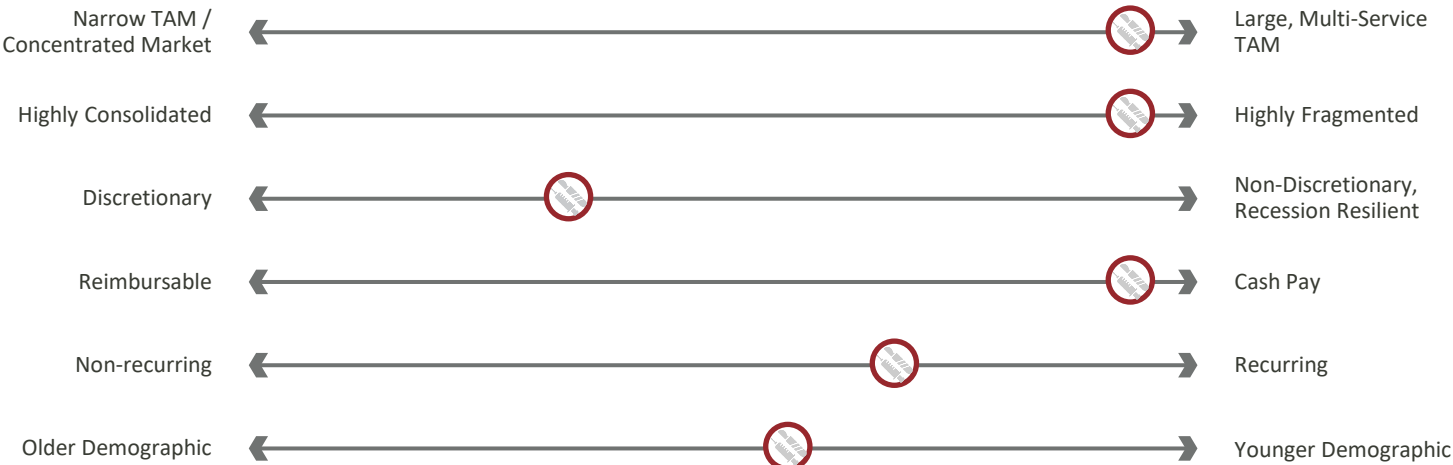
Aesthetic Services Overview and Value Drivers

Aesthetic Services Industry Market Size¹

The aesthetic services industry is a massive market and growing at an attractive rate



Attractive Value Drivers



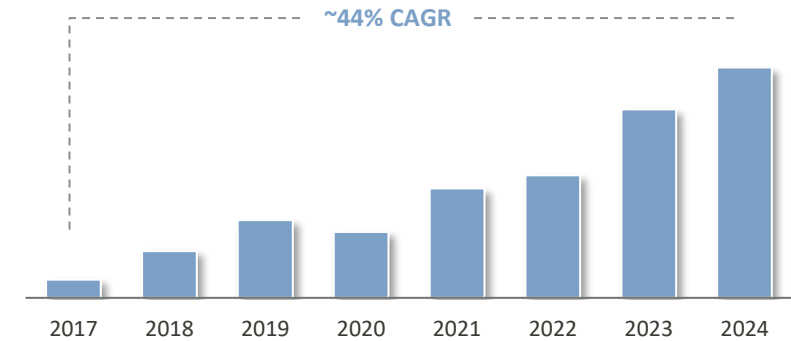
Recent Trends in Aesthetic Services Market^{1, 2}

Emerging tailwinds present opportunities to realize significant growth

- A highly fragmented market is primed for M&A activity as larger players look to consolidate and strengthen their market positions
- A combination of younger patients partaking, as well as wider acceptance of the industry across demographics has contributed to increased procedures.
- Significant influence from social media and celebrities promoting a natural yet youthful appearance as an ever-increasing importance
- Growing investment activity, particularly by private equity, is expected to continue given strong untapped market potential.

Volume of Medspa Online Searches³

Number of U.S.-based online searches



Growth Opportunities in Aesthetic Services^{2, 4}

Emerging tailwinds present opportunities to realize significant growth

- The market for weight loss drugs is projected to increase rapidly over the next few years, from ~\$6B in 2023 to ~\$100B in 2030.
- Other wellness categories are also gaining momentum, such as IV therapy and hormone replacement services.
- New business models, such as subscriptions for neuromodulators and devices for facial rejuvenation, further present growth opportunities.
- Only one-third of medspas currently offer membership plans despite 70% of customers expressing interest, highlighting a significant growth opportunity to boost visit spend and frequency.

What We're Reading

Here to Stay: An Attractive Future for Medical Aesthetics

McKinsey & Company

The market for medical aesthetics in the United States and Canada, which represents an outsize share of the global market, has enjoyed a steady climb since 2019, as illustrated by neuromodulator and dermal filler injectables, as well as energy-based devices for facial rejuvenation and hair removal.

Read the full article [here](#)

Weight-Loss Drug Boom Sparks Battle Over Pharmacy Copycats

Axios

A fight is brewing between drug giants and pharmacy compounders that have seized on the consumer demand for blockbuster obesity drugs. The clash is testing the boundaries of Food and Drug Administration policy that allows pharmacies to make versions of drugs — including Eli Lilly's Zepbound and Novo Nordisk's Wegovy — that are otherwise protected by patents when there are shortages.

Read the full article [here](#)

The Six Types of Medical Aesthetics Consumers, and How to Serve Them All

Boston Consulting Group

The cost of living is rising in many developed markets, but there is one area where consumers are unlikely to scale back their spending: medical aesthetics. A recent BCG survey of 5,000 consumers in ten major global markets, including Brazil, China, and the United States, found that 85% plan to spend the same amount or more on procedures over the coming year.

Read the full article [here](#)

Plastic Surgery Sees Steady Growth Amidst Economic Uncertainty

American Society of Plastic Surgeons

Despite high interest rates and tighter budgets, Americans seemed to prioritize cosmetic procedures in their self-care routines in 2023. The American Society of Plastic Surgeons (ASPS) has released the 2023 ASPS Procedural Statistics, which show a 5% rise in plastic surgeries and a 7% rise in minimally invasive procedures compared to the previous year.

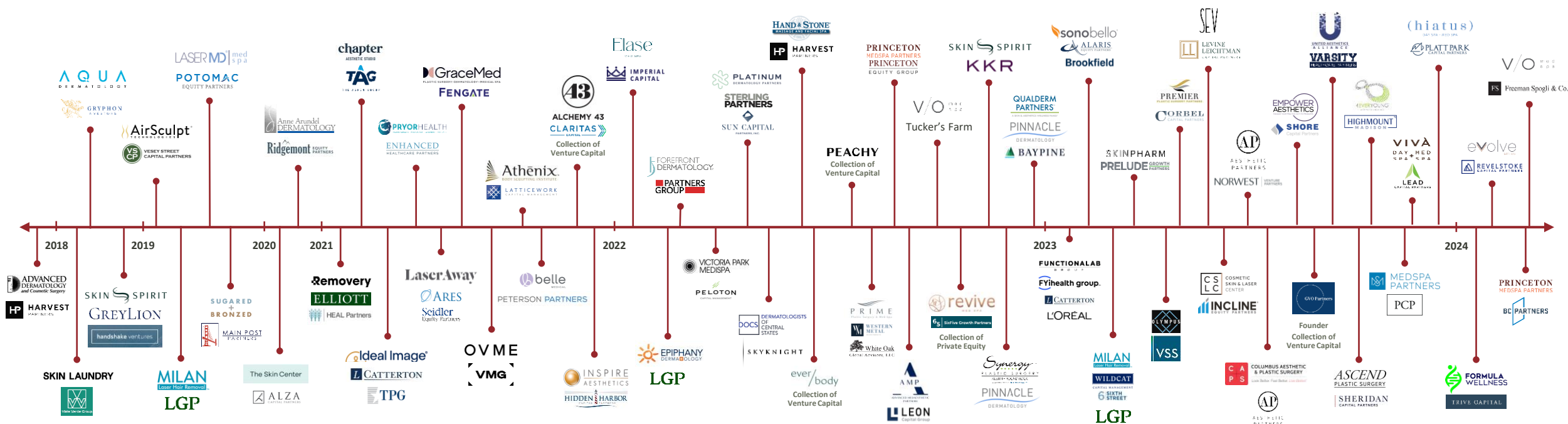
Read the full article [here](#)

Aesthetics M&A Market Overview

We are seeing a continued rise in deals across the aesthetics space, with most deals being either add-on acquisitions or smaller platforms. We expect to see continued momentum for the remainder of 2024 and into 2025, with deal size beginning to increase.

Harris Williams Observations

- Aesthetics market activity has been relatively robust, with deal activity increasing meaningfully since 2019 – activity does not reflect true underlying investor demand, which remains constrained by lack of actionable opportunities
- Continued interest from investors stems from key market characteristics, including the fragmented composition of industry players, a rapidly expanding consumer base via shifts in both culture and demographics, and continued innovation as companies work relentlessly to develop cutting-edge products and services that can generate better results for their clients
- Fragmented market in the early innings of consolidation presents platforms of scale significant M&A opportunities in the form of add-on acquisitions
- Increasing opportunity for investors to partner with larger platforms as concepts continue to scale and mature



Consumer Health

Learn more about our experience advising premier companies across Aesthetics and Consumer Health.

Company A

European Aesthetics Platform

(Pending)

TRIVE CAPITAL

has acquired

FORMULA WELLNESS

PCP Persistence Capital Partners

single-asset continuation vehicle

MEDSPA PARTNERS

DERMATOLOGIKUM HAMBURG

a portfolio company of

ECM

has been acquired by

BERGMAN

Radiance HOLDINGS

a portfolio company of

RIVERARCH EQUITY PARTNERS

has been acquired by

TSG CONSUMER

qdp QUALDERM PARTNERS

a portfolio company of

Granite Growth HEALTH PARTNERS

has been acquired by

PINNACLE DERMATOLOGY

a portfolio company of

BAYPINE

HAND+STONE

MESSAGE | FACIALS | WAXING

a portfolio company of

LEVINE LEICHTMAN CAPITAL PARTNERS

has been acquired by

HP HARVEST PARTNERS

DOCS DERMATOLOGISTS OF CENTRAL STATES

a portfolio company of

SHERIDAN CAPITAL PARTNERS

has been acquired by

SKYKNIGHT

FOREFRONT DERMATOLOGY

a portfolio company of

OMERS

has been acquired by

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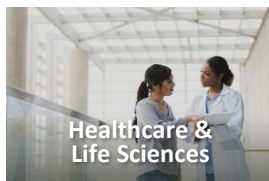
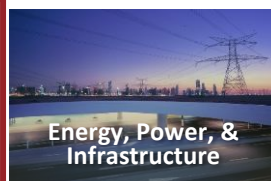
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Deep Industry Experience



Unique Multi-Sector Coverage of Consumer Healthcare

Proven Expertise

MERGERS & ACQUISITIONS

PRIVATE CAPITAL SOLUTIONS

PRIMARY FUND PLACEMENT

Core Values That Drive Success



75% Revenue from repeat clients

87% Managing Directors promoted from within

30+ Year history

Sources and Disclosures

Sources

- | | |
|----------------------------|---|
| 1. Boston Consulting Group | 4. L.E.K. Consulting |
| 2. McKinsey & Company | 5. Axios |
| 3. SEM Rush | 6. American Society of Plastic Surgeons |

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