



# Medical Spa Sector Overview

Q3 2022

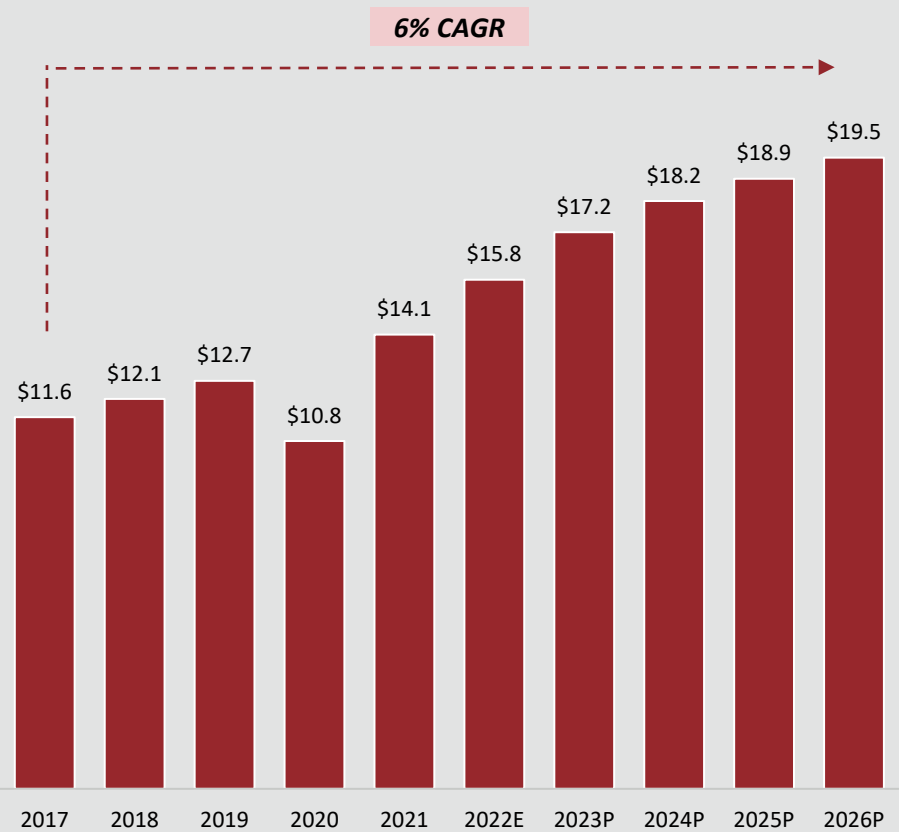
# Large, Rapidly Growing North American Market

## Compelling Characteristics of the Medical Spa Market

- ✓ 100% Private Pay
- ✓ Highly Recurring and Effective Services
- ✓ Nature of Treatments Supports Extended Patient Lifetime Value
- ✓ Services Can Be Performed by Physician, Nurse or Technician
- ✓ Brand Relevance / Patient Loyalty
- ✓ Affordable Pricing Promotes Further Resiliency








## Massive Market with Solid Growth

Retail Spend in \$US billions



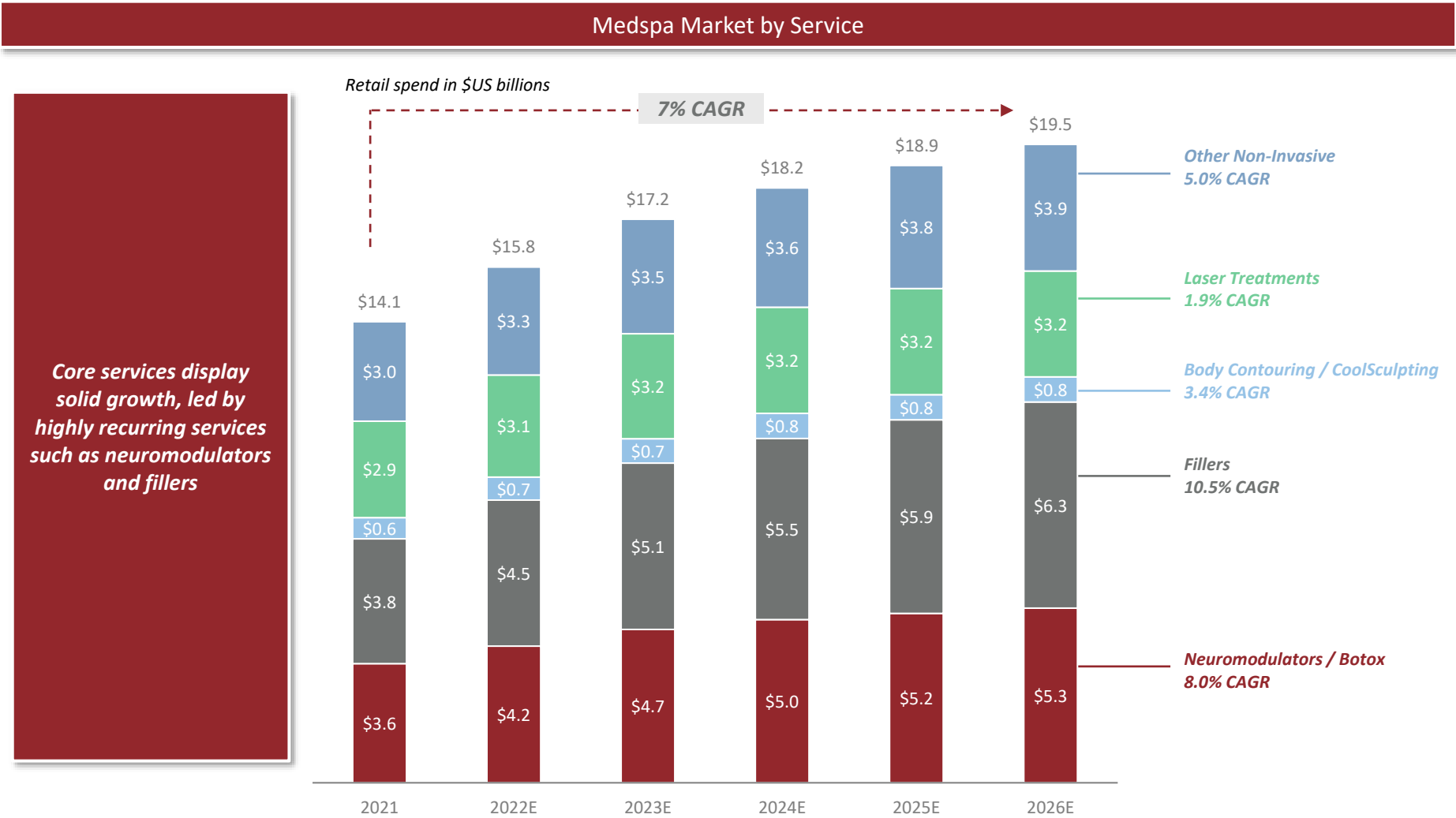
Source: American Med Spa Association 2019 Report and Proprietary Market Study

# Core Medical Spa Services

Service Type		Brands	Description
<b>Neuromodulators</b>		<b>Botox Dysport Xeomin</b>	<ul style="list-style-type: none"> <li>Injectables used primarily to reduce the appearance of facial wrinkles, with several medical applications as well (e.g., reducing sweat, preventing migraines, etc.)</li> <li>Consumers average 2-4 treatments per year to maintain the effects of the service</li> </ul>
<b>Fillers</b>		<b>Juvéderm Radiesse Restylane</b>	<ul style="list-style-type: none"> <li>Gel-like substances that are injected beneath the skin to restore lost volume, smooth lines and soften creases, or enhance facial contours</li> <li>Given the limited lifespan of fillers, consumers use them multiple times per year (2-3) to maintain their desired appearance</li> </ul>
<b>Laser Treatments</b>		<b>Candela GentleMax LightSheer</b>	<ul style="list-style-type: none"> <li>Non-invasive devices regularly used to remove unwanted hair and to help improve various skin problems (e.g., acne scarring, fine lines, wrinkles, sunspots), as well as remove tattoos and loose skin</li> <li>Laser services require multiple treatments (6+ depending on area of the body), and therefore, the one-time, upfront purchase translates to multiple visits to the clinic</li> </ul>
<b>Body Contouring</b>		<b>CoolSculpting</b>	<ul style="list-style-type: none"> <li>A nonsurgical fat reduction procedure that uses applicators that freeze away fat cells, reducing overall fat deposits in certain areas of the body (e.g., stomach, thighs, neck, etc.)</li> <li>Each body contouring service typically requires 2-3 treatments for each area of the body. Patients normally pay upfront for the package, receiving treatment over the course of weeks or months</li> </ul>
<b>Microneedling</b>		<b>Morpheus8 Profound RF</b>	<ul style="list-style-type: none"> <li>Treatment using small needles to prick the skin, generating new collagen and tissue for smoother, firmer, more toned skin, commonly used on the face to treat scars, wrinkles, and large pores</li> <li>Service is repetitive by nature, with many users reporting multiple treatments per year for skin renewal purposes</li> </ul>
<b>Ultrasound Therapy</b>		<b>Ultherapy</b>	<ul style="list-style-type: none"> <li>A non-invasive, annual alternative to a surgical facelift. Designed to boost collagen, it is used to counteract signs of aging like skin sagging, wrinkles on the face, neck, and chest, as well as drooping of the brow area</li> </ul>
<b>Facials</b> (incl. chemical peel, microdermabrasion, HydraFacials, etc.)		<b>n/a</b>	<ul style="list-style-type: none"> <li>A non-invasive, recurring treatment that use chemicals, serums, scrubs and applicators to help tone and tighten the skin, increase blood circulation, and renew skin cells</li> <li>To maintain results, facial therapies are typically a repetitive service that can be done as frequently as once a month</li> </ul>

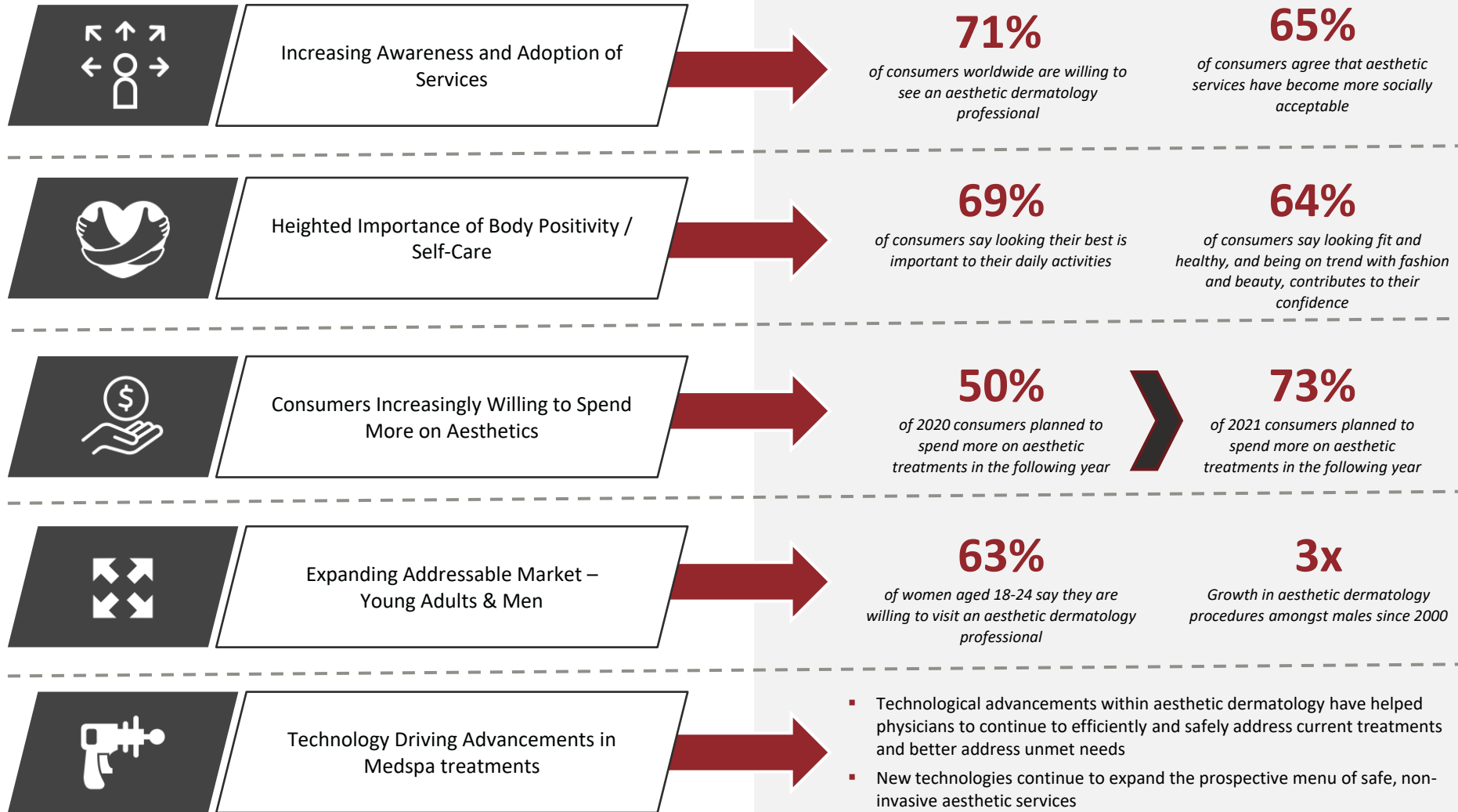
Source: Mayo Clinic; Dermatology & Skin Cancer; Everyday Health; Cleveland Clinic; Ultherapy; Chicago Derm MD; Healthline. Often include multiple treatments for a specific area of the body. Once that area has been lasered for the intended purpose (e.g., hair removal), repeat purchases are unlikely

# The Medical Spa Industry Is Composed of Attractive, Fast-Growing Services



Source: Proprietary Market Study

# Strong Tailwinds Driving Long-Term Growth



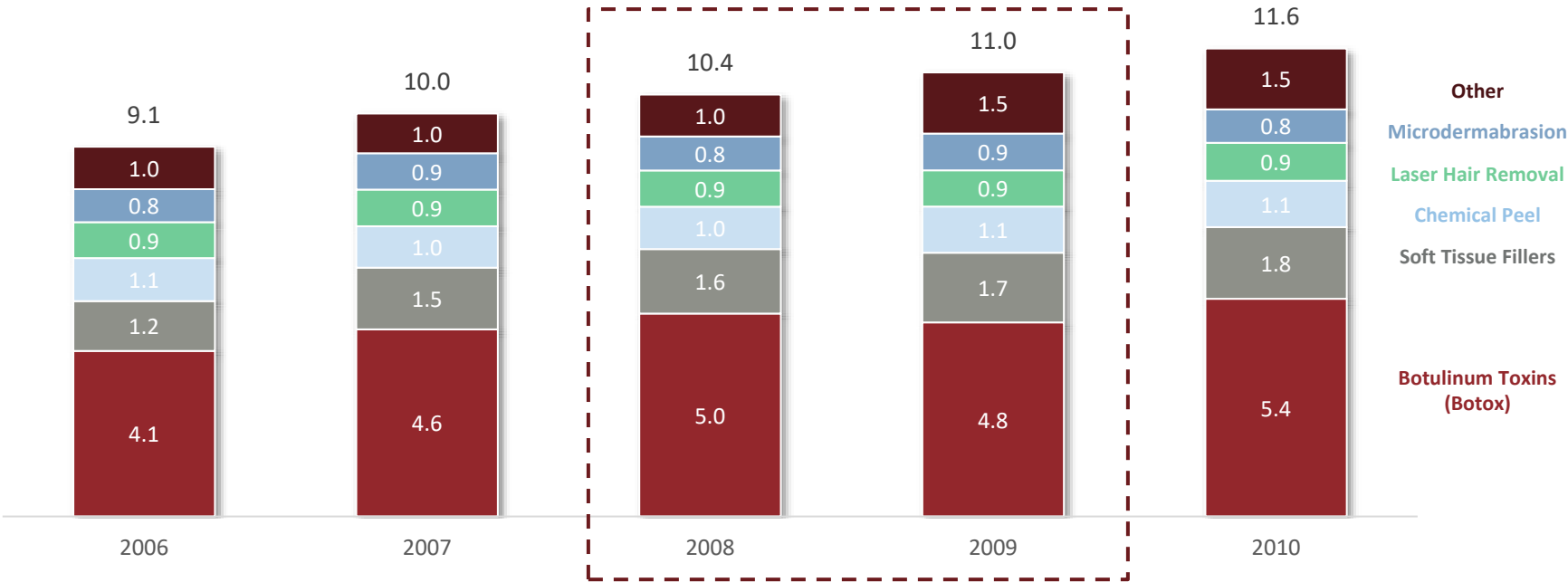
Source: Allergan, American Spa, McKinsey

# Highly Resilient Industry

## Sector Performance During Financial Crisis

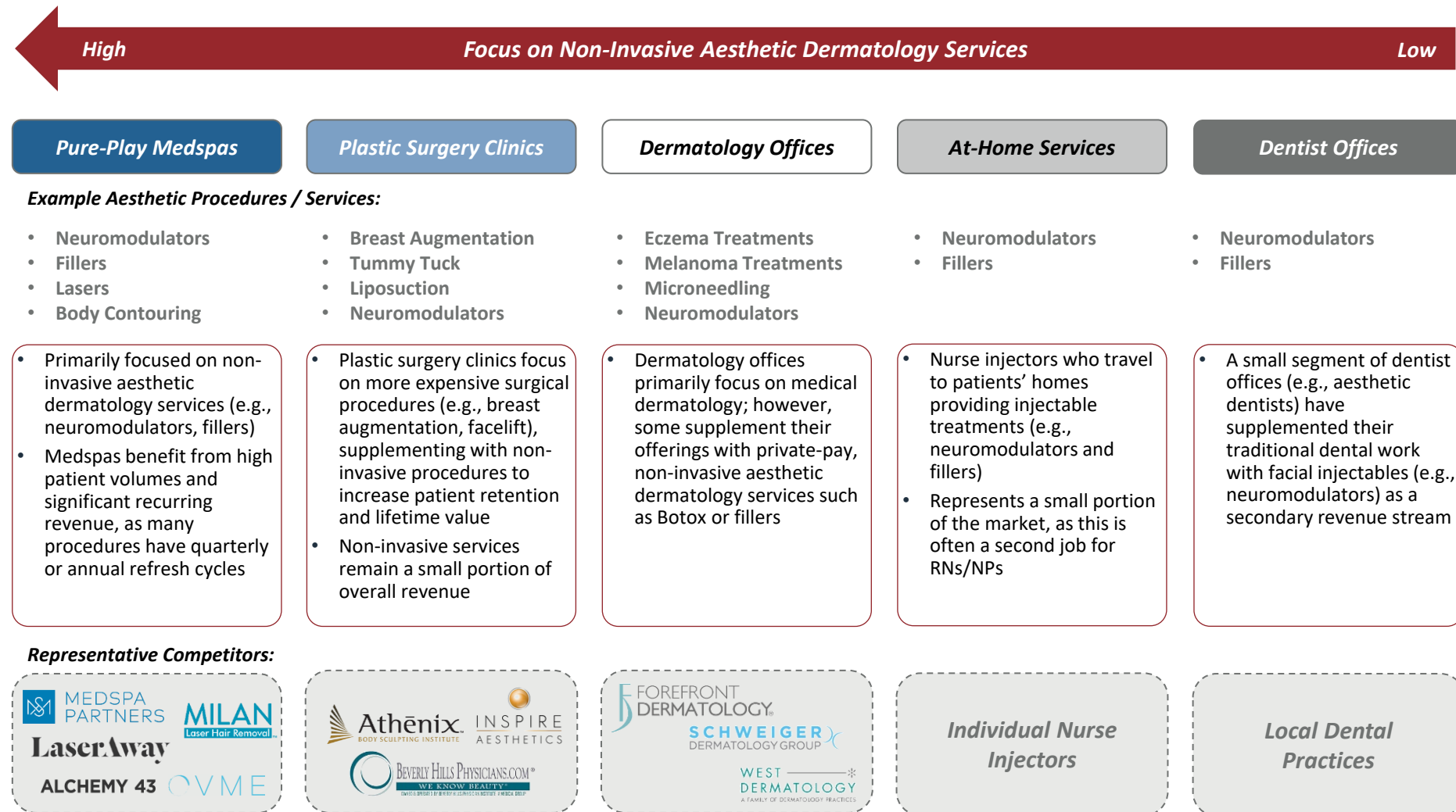
Procedure Volume in Millions

Medical spa procedures continued to grow through 2008/2009 financial crisis in the U.S.



The frequency of procedures increased during the economic downturn, signaling the recurring nature of patients once they've tried a procedure

# Multiple Practice Settings with Varying Focuses and Value Propositions



Source: Proprietary Market Study

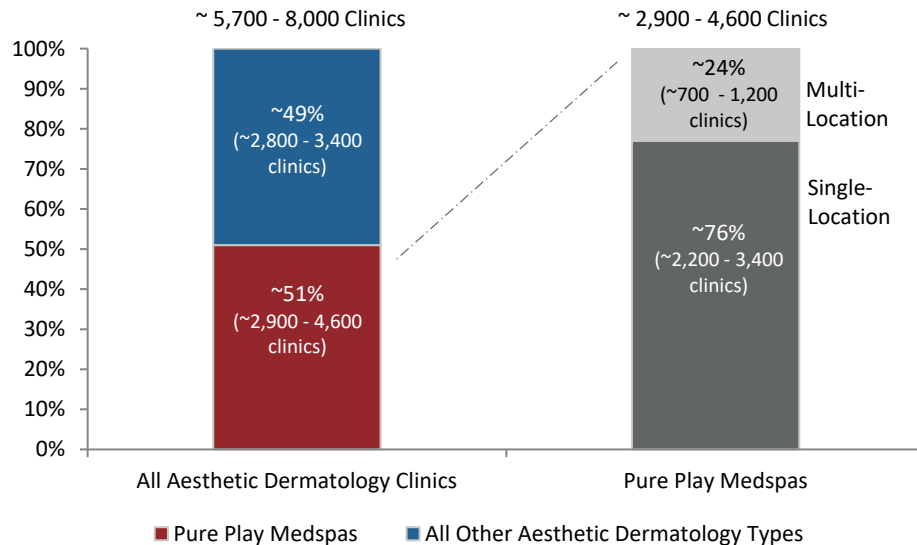


# Highly Fragmented Market with Opportunity for Consolidation

- The medical spa industry has over 2,900 clinics in North America, comprised of mainly small-scale “mom and pop” operators
- Industry will continue to consolidate as scaled operators increasingly benefit from operational efficiencies, including:
  - Veteran management teams with greater operational depth and expertise
  - More resources available to invest in infrastructure, such as marketing, technology, operational processes, compliance, training, and research
  - Higher employee retention for clinicians and corporate-level team members as a result of in-house professional development opportunities and higher compensation
  - Superior standardized process across clinics and patient care driving referrals and patient retention

## Market Share by Clinic Count

North American Market Share by Clinics



## Medspa Market Landscape

**Massive Market with Limited Number of Scaled Platforms**

**> 2,900**

Pure-play Medspas in North America

**60%-70%+**

Are Single-Location Operators

**\$14.1B**

North America Market Size

**7%**

Industry CAGR 2021 – 2026P

Source: Proprietary Market Study



# Medspa / Aesthetic Dermatology M&A Activity

MEDSPA AND AESTHETIC DERMATOLOGY ASSETS HAVE CONTINUED TO RECEIVE SIGNIFICANT INTEREST FROM THE PRIVATE EQUITY UNIVERSE

- Platforms have received premium valuations, driven by a number of compelling dynamics:
  - Large and highly fragmented market, with long runway for growth
  - Early stages in adoption cycle, with proven and increasing adoption
  - Recurring, sticky service base
  - Cash-only customer base with high LTV
- Given compelling unit economics and typically fast ramps, many concepts leverage de novos to expand, but a number of platforms are driving growth through consolidation of other practices
  - Small practices are attracted to acquisitions by larger platforms that provide a broader network of physicians and patients to leverage, scalable and value-add infrastructure, and a toolbox of shared services

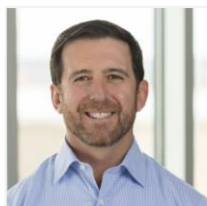
## RECENT NOTABLE MEDICAL SPA / AESTHETIC DERMATOLOGY TRANSACTIONS

	June 2017	August 2017	May 2018	June 2018	August 2018	September 2018	October 2018	
TARGET								
ACQUIRER								
	June 2019	July 2019	March 2020	May 2021	October 2021	February 2022	February 2022	May 2022
TARGET								
ACQUIRER								

# A Collaborative Approach to Consumer Healthcare

WE POOL THE EXPERTISE IN CONSUMER, HEALTHCARE AND LIFE SCIENCES, AND TECHNOLOGY TO ADVISE PREMIER COMPANIES ACROSS THE CONSUMER HEALTHCARE LANDSCAPE

FOR MORE INFORMATION ON OUR EXPERIENCE IN  
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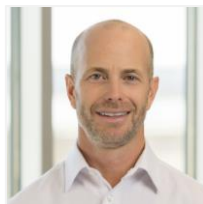
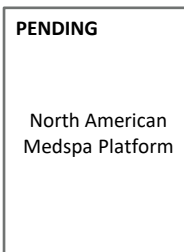


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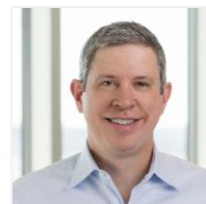


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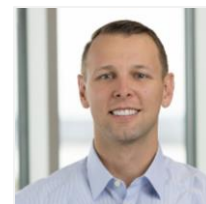
## SELECT TRANSACTIONS



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# Harris Williams: Capabilities and Locations

HARRIS WILLIAMS HAS A BROAD RANGE OF INDUSTRY EXPERTISE, WHICH CREATES POWERFUL OPPORTUNITIES. OUR CLIENTS BENEFIT FROM OUR DEEP SECTOR EXPERIENCE, INTEGRATED INDUSTRY INTELLIGENCE AND COLLABORATION ACROSS THE FIRM, AND OUR COMMITMENT TO LEARNING WHAT MAKES THEM UNIQUE. FOR MORE INFORMATION, VISIT OUR WEBSITE AT [WWW.HARRISWILLIAMS.COM](http://WWW.HARRISWILLIAMS.COM)



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Life Sciences



Industrials



Specialty  
Distribution



Technology



Transportation  
& Logistics

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