

TM Capital's Plastic Surgery and Aesthetic Medicine Spotlight

Summer 2024



Introduction



TM Capital is pleased to present our Summer 2024 Plastic Surgery and Aesthetic Medicine Spotlight report addressing recent sector activity and trends.

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To learn more about TM Capital or to discuss our work with clients in this sector, please contact any of TM's healthcare team members listed below:



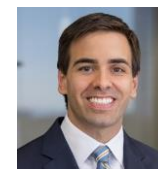
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ABOUT TM CAPITAL

Founded in 1989 and now part of Janney Montgomery Scott, TM Capital is the client-first investment banking team advising industry leading companies across North America and around the world. In everything we do, our professionals share a relentless commitment to engineering extraordinary outcomes with an unmatched standard of client care. Over the last three decades, we have completed more than 350 transactions with a combined value in excess of \$25 billion. With offices in Atlanta, Boston and New York, our mission critical capabilities include complex mergers and acquisitions; debt and equity financings; minority and majority recapitalizations; restructurings; and board advisory services. TM Capital is also a founding member firm of Oaklins, the world's most experienced mid-market M&A advisor with 700 M&A professionals in 60 offices operating in the major financial centers around the world. For more information, please visit www.tmcapital.com.

Trends in Plastic Surgery and Aesthetic Medicine



A New Paradigm in Plastic Surgery and Aesthetic Medicine

The ~\$50 billion medical aesthetics market has experienced a recent surge in investor interest, driven by rapidly increasing consumer demand, innovative new treatment offerings, and growing confidence around long-term sustainability of the sector.

A proliferation of new private equity backed platforms, including plastic surgery practices and non-surgical medical spas, are bringing capital and administrative (or operational) expertise to a highly fragmented market ripe for consolidation. In the past 5 years alone, more than \$3.1 billion has been invested by private equity firms in the medical aesthetics sector. ⁽¹⁾

While private equity investors have a well-developed playbook for investing in physician practice management (“PPM”) platforms, their focus on plastic surgery is more nascent. Many healthcare-focused private equity firms are pursuing assets in the category as they become more comfortable with customer “stickiness” across macroeconomic cycles and recognize the enormous growth potential for a fragmented sector in the early innings of consolidation. Further, medical aesthetic practices are often predominantly cash-pay, mitigating reimbursement complexities common in other PPM models and creating attractive working capital dynamics.

Notably, consumer attitudes toward medical aesthetics are quickly evolving, supported by (i) increased access to care (including a rapid increase in the number of medspas), (ii) a greater focus on personal appearance (and willingness to speak openly about aesthetic services), and (iii) demographic shifts driving younger consumers to seek aesthetic care earlier than ever before (including *recurring*, and sometimes subscription-based, services such as injectables and fillers to counter the impacts of aging).

The medical aesthetics market is broadly bifurcated into (i) plastic surgery practices, focused on cosmetic or reconstructive procedures, and (ii) medspa focused on non-invasive procedures. Investors have varying views on the ideal mix of surgical vs. non-surgical revenue, but many of the most successful platforms recognize the benefits of a holistic 360-degree approach to aesthetic care.

Medspa patients tend to be long-term repeat customers, particularly for neuromodulators (e.g., Botox) and fillers which are often injected multiple times per year. Many of these medspa patients separately choose to undergo surgical procedures at different aging milestones (e.g., breast augmentation, “mommy makeovers” and face lifts) – creating significant opportunities for plastic surgery practices with complementary medspa operations to capture a greater share of patients’ spending.

Select Healthcare-focused PE Firms with Aesthetics Investments

HIDDEN HARBOR
CAPITAL PARTNERS

SHERIDAN
CAPITAL PARTNERS

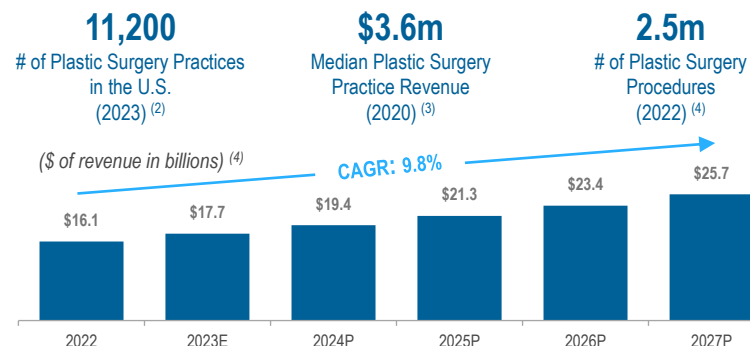
SHORE
Capital Partners

Varsity
HEALTHCARE PARTNERS

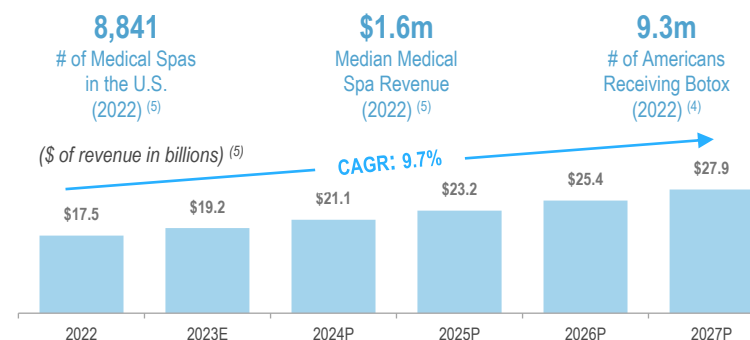
VSS

Webster
Equity Partners

Plastic Surgery



Medical Spas



1) McKinsey
2) IBISWorld
3) Allergan / BSM Consulting

4) American Society of Plastic Surgeons
5) MarketResearch

Rapidly Expanding Demand Drivers

MARKET DRIVERS

No longer dominated by aging consumers trying to preserve a youthful appearance, the medical aesthetics market is increasingly attracting younger patients turning to surgical and non-surgical interventions to proactively mitigate the impacts of aging. The most obvious examples are Botox and other neuromodulators, which are more frequently being used as preventative (rather than restorative) measures to delay the formation of fine lines and wrinkles in younger patients.

GLP-1s for weight loss (such as Ozempic, Wegovy, and the recently announced compounded alternative from Hims & Hers) also create opportunities, with patients likely to seek surgical skin tightening and other procedures to maintain and enhance their post-treatment appearance.

Following the COVID “Zoom boom” and with increased use of social media, consumers are more focused than ever on their personal appearance, more willing to spend on aesthetic procedures, and more willing to openly discuss their use of aesthetic services.

Patient demographics are also changing, with men and younger individuals availing themselves of regular aesthetic care. Between 2019 and 2022, the number of cosmetic surgery procedures in the U.S. increased 19% overall (led by Gen X patients aged 40-54), with procedures for men increasing by 207% (led by liposuction and abdominoplasty).

With the rapid increase in procedures, plastic surgery practices and medspas often struggle to add staff to meet demand. We expect continued wage pressures as productive surgeons, injectors and aestheticians seek enhanced compensation and ownership opportunities.

INCREASED CONSUMER FOCUS ON AESTHETICS

Gen Z has had work done – and they’ll tell you all about it

The Washington Post

The New York Times

***Don’t Like What You See on Zoom?
Get a Face-Lift and Join the Crowd***

The new beauty regimen: Lose weight with Ozempic, tighten up with cosmetic surgery

Los Angeles Times

The New York Times

For These Guys, a Face-Lift Is Like a Car Tuneup



Advances In Minimally Invasive Technology / Procedures

Non-invasive injectables, GLP-1s, lasers and procedures such as CoolSculpting provide rapid results with minimal recovery / downtime



Increased Access To Aesthetic Care

Rapid growth in medical spas (+63 from 2018 to 2021)¹⁾, particularly in “tier 2” and “tier 3” markets outside major population centers



Shift From Restorative To Preventative Care

Patients increasingly seek care earlier to reduce and delay the onset of age-related appearance changes (e.g., wrinkles)



Increased Focus On Wellness and Regenerative Medicine

Advances in stem cells, hormones, peptides & biostimulators present opportunities to offer patients cutting-edge wellness / longevity programs



Demographic Factors

Social media has heightened interest in aesthetics (and patients’ willingness to discuss), drawing a younger and more diverse customer base



Economic Tailwinds

Continued macroeconomic strength and a rise in disposable income has supported spending on aesthetic procedures

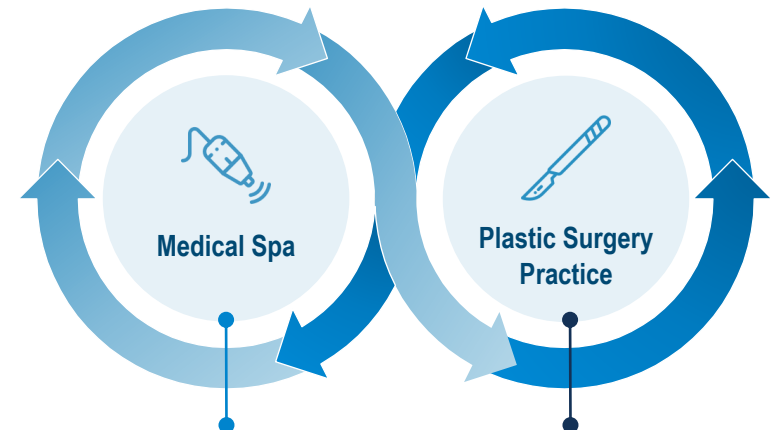
Accelerating Value: A Holistic Approach to Aesthetic Care

COMPLEMENTARY RELATIONSHIP BETWEEN MEDSPAS AND SURGICAL PRACTICES

Increasing consolidation in the aesthetic care sector is presenting significant upside opportunities for both plastic surgeons and medspa operators to capture ancillary revenues and expand their patient reach. Similarly, investors recognize the complementary nature of surgical practices and medspas given the overlap in referral sources, predominantly cash-pay focus, and importance of developing a differentiated brand and superior patient experience.

Many private equity platforms have pursued a dual-track approach to aesthetics – building a baseline of surgical expertise in key markets, supplemented by medspa operations to increase customer stickiness. This model is particularly attractive to investors focused on buy & build strategies (within what remains a highly fragmented market ripe for consolidation) and enables buyers to leverage their operational toolkits to enhance targets' purchasing power, marketing, data analytics, and recruitment / retention efforts.

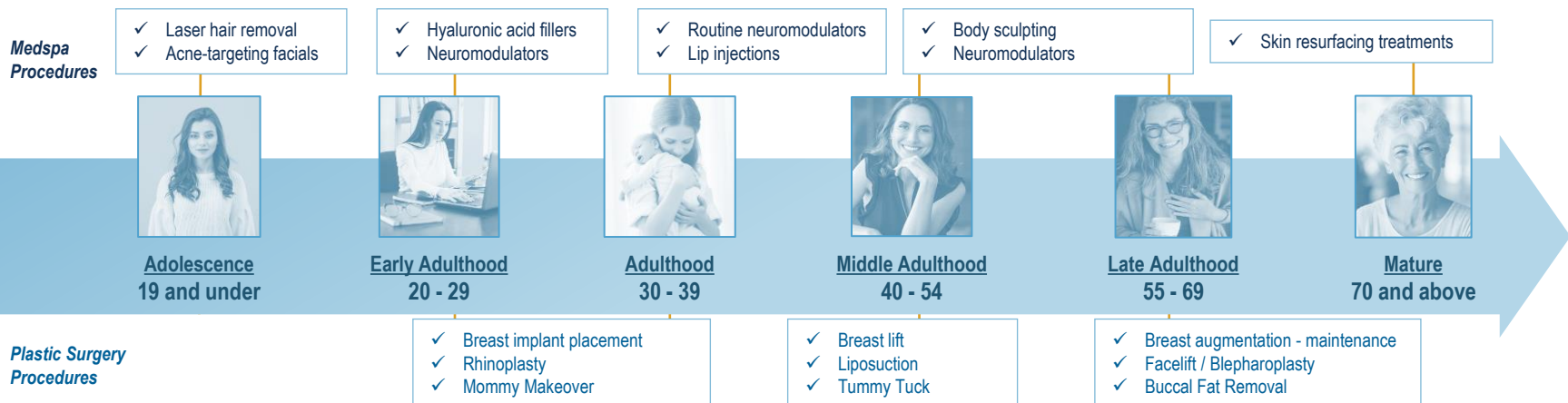
TM Capital recently advised on the sale of Artisan Plastic Surgery and Artisan Beauté, a leading female-focused plastic surgery practice and affiliated multi-location medspa brand. By proactively cross-selling patients on the benefits of recurring medspa treatments combined with periodic surgical interventions, Artisan created an extraordinarily “sticky”, entrenched customer base and leveraged its medspa services to enhance and maintain post-surgical results.



Medspas serve as an **initial entry point** for patients, driving **recurring revenue** and **new surgical referrals**

Surgical practices refer patients to medspas for **ongoing post-procedure beauty maintenance** and **periodic surgical interventions** as patients age

ILLUSTRATIVE PATIENT JOURNEY ⁽¹⁾



Increasing Investor Interest Driving Consolidation

MARKET DRIVERS

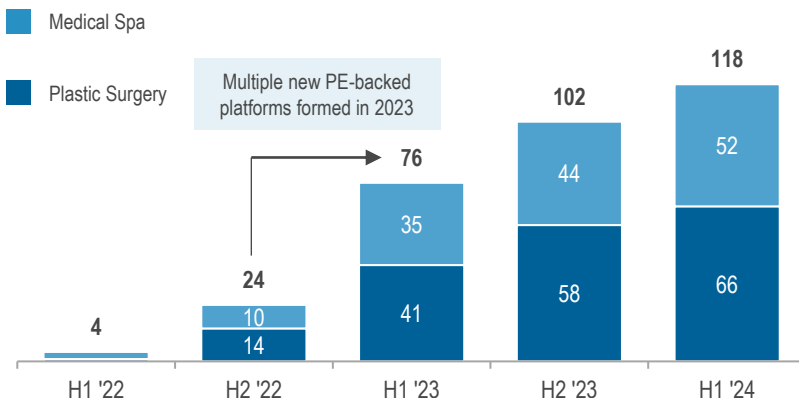
Consolidation in the medical aesthetics sector is a recent phenomenon but is quickly gaining steam. We believe there were several barriers to historical private equity interest in the category, including (i) concerns around the macroeconomic cycle risk, discretionary nature of services and key provider risk (where patients are often loyal to individual providers by name / reputation), (ii) challenges designing appropriate incentive plans for highly-compensated physicians, and (iii) fragmentation across a market dominated by small, independent practices.

While it's difficult to ignore these factors, we believe providers with more affluent patient bases and a diverse procedure / service mix are well positioned to weather potential economic headwinds. Notably, aesthetic procedures are typically cash-pay, creating positive working capital dynamics and avoiding many of the reimbursement complexities present in other PPM models.

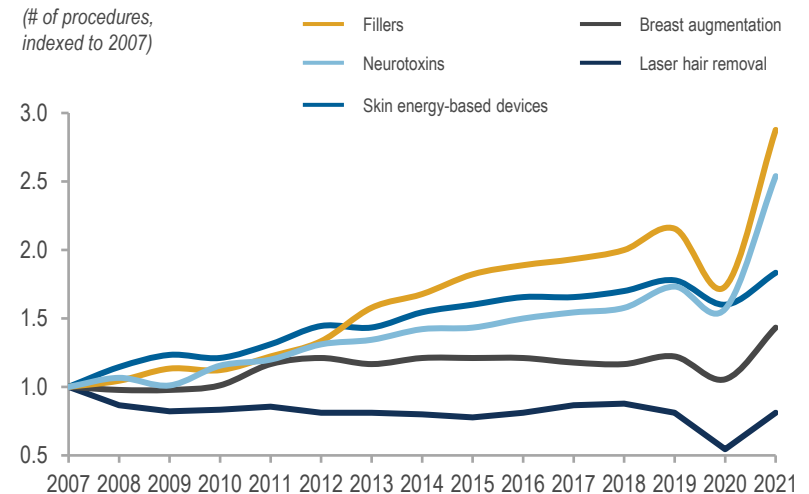
In a recent survey by the American Society of Plastic Surgeons, more than 70% of providers reported an increase in procedures compared to pre-pandemic levels, and we believe consolidation in this sector is poised to rapidly accelerate as investors seek to further diversify their PPM end market opportunities. ⁽¹⁾

ACCELERATING CONSOLIDATION IN PLASTIC SURGERY AND MEDSPA SECTORS ⁽³⁾

(cumulative # of transactions, beginning in 2022)



DEMONSTRATED RESILIENCE DURING PERIODS OF RECESSION ⁽²⁾



1) American Academy Of Facial Plastic And Reconstructive Surgery
 2) Boston Consulting Group
 3) Pitchbook

Artisan Plastic Surgery and Artisan Beauté



TM Capital recently advised the owners of Artisan Plastic Surgery and Artisan Beauté in connection with a sale to Olympus Cosmetic Group, a portfolio company of private equity firm VSS. Artisan is a premier female-focused plastic surgery practice and affiliated medspa serving the greater Atlanta metropolitan area.

Since its founding in 2000, Artisan has developed an exceptional brand reputation, combining a full suite of surgical face, body and breast treatments along with a complementary medspa to offer patients a holistic approach to beauty.

As the premier plastic surgery practice in the attractive Atlanta market, Artisan's partnership with Olympus offers multiple opportunities to accelerate growth through new surgeon additions, expanded surgical and non-surgical capabilities, operational enhancements, and new locations.

Artisan garnered significant investor interest given its nearly 100% cash-pay profile and affluent, loyal patient base for both surgical and minimally invasive procedures.

What Attracted Buyers:

- Differentiated position as Atlanta's premier cosmetic plastic surgery practice, providing a full suite of leading-edge face, breast and body treatments
- Renowned brand built through over 20 years of exceptional patient outcomes and an individualized approach to patient care
- Complementary surgical practice and medspa brand enable broad patient reach, driving high repeat visits and a loyal, entrenched patient following
- Attractive growth opportunities in a highly fragmented industry (and geographic market) ripe for consolidation



TESTIMONIAL

For more than 20 years Artisan has served the aesthetic needs of a loyal patient base throughout Atlanta and beyond. Dr. Wang-Ashraf and I take great pride in the quality of the practice we've built with the support of our close-knit and deeply talented colleagues. We needed a financial advisor that would appreciate what makes Artisan unique and help select the right type of acquirer to assist in building on our strengths. In TM Capital, we found the ideal partner – their deep industry relationships, experience with founder-owners, and dedication to their clients gave us comfort through every step of this process. We appreciate the work TM Capital did on our behalf, and we couldn't be more excited about our partnership with Olympus and VSS.

Dr. Diane Alexander, Co-Founder

Select PE-Backed Plastic & Reconstructive Surgery Platforms

PLASTIC SURGERY PLATFORM LANDSCAPE (HEADQUARTERS)



Key Considerations in Medical Aesthetics Transactions



Geographic Focus

Addressable market, population demographics, and state / local regulatory requirements



Surgical vs. Non-surgical Offering

Investors have varying perspectives on the ideal revenue mix depending on their specific growth objectives



Payor Mix

General preference for cash-pay models, although reimbursed procedures (e.g., reconstruction) are typically less discretionary and can hedge against macroeconomic issues



Patient Demographics

Retention trends, discretionary income, and typical patient profile



Service Offering

Breadth of capabilities, subspecialty expertise, and concentration of procedure / service revenue



Sustainable Infrastructure

"Next generation" of providers, scalability of systems, excess capacity for surgical and non-surgical treatments



Clinical Excellence

Reputation for exceptional patient care, brand equity, and in-house practitioner support



Growth Opportunities

Ability to grow organically (new patient acquisition, new providers) and inorganically (acquisitions, new markets)



Referral Sources

Concentration of referral sources and depth of relationships with hospitals and surgical centers



Financial Profile

Sustainability of growth and margin profile, productivity by provider, reimbursement metrics, and price / volume trends

Plastic Surgery Market Overview



Sector Overview – Plastic Surgery

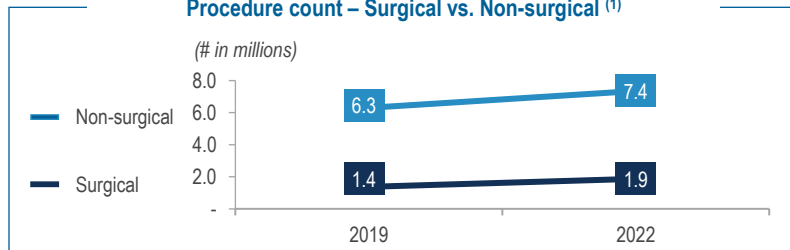
MARKET DRIVERS

Plastic surgery practices principally focus on surgical procedures designed to enhance patients' appearances, mitigate the effects of aging, or reconstruct physical features following injury or disease. In 2022, more than 2.9m plastic surgery procedures were performed in the U.S., of which 65% were cosmetic / aesthetic and 35% were reconstructive (e.g., post-cancer breast reconstruction). ^{(1) (2)}

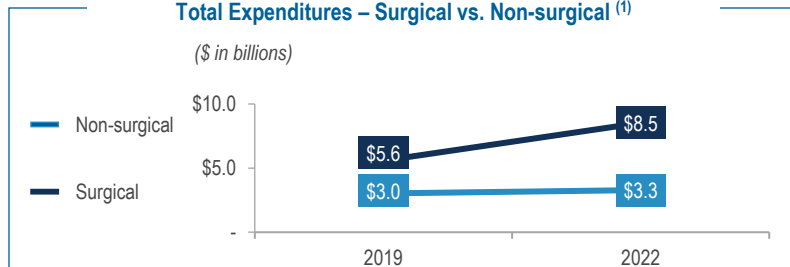
Cosmetic procedures are typically cash-pay and often paid in advance, with providers having significant control over surgical fees and related charges. This dynamic is attractive to investors who seek to mitigate potential reimbursement risk and reduce collection challenges (and expenses), although many acquirers value the non-discretionary nature of reconstructive procedures as a hedge against potential macroeconomic and discretionary income concerns.

In recent years, many plastic surgery practices have increased their offering of non-surgical services, including in-office injections for fillers and neuromodulators, to further increase their share of patient spending (and to enhance surgical outcomes by ensuring patients are on a recurring beauty care regimen).

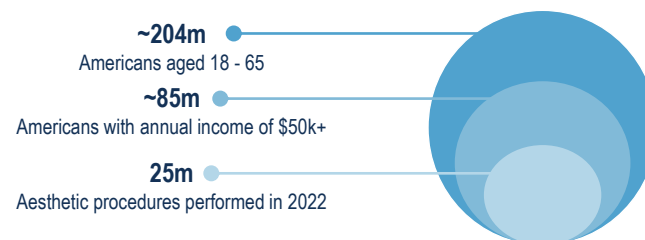
Procedure count – Surgical vs. Non-surgical ⁽¹⁾



Total Expenditures – Surgical vs. Non-surgical ⁽¹⁾

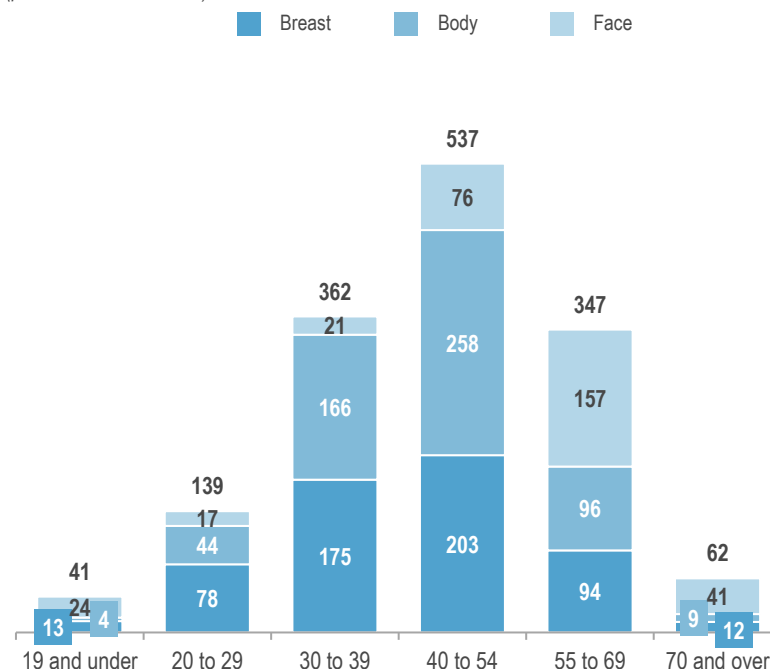


SIGNIFICANT ADDRESSABLE MARKET OPPORTUNITY ^{(1) (3)}



COSMETIC SURGICAL PROCEDURES BY AGE ⁽¹⁾

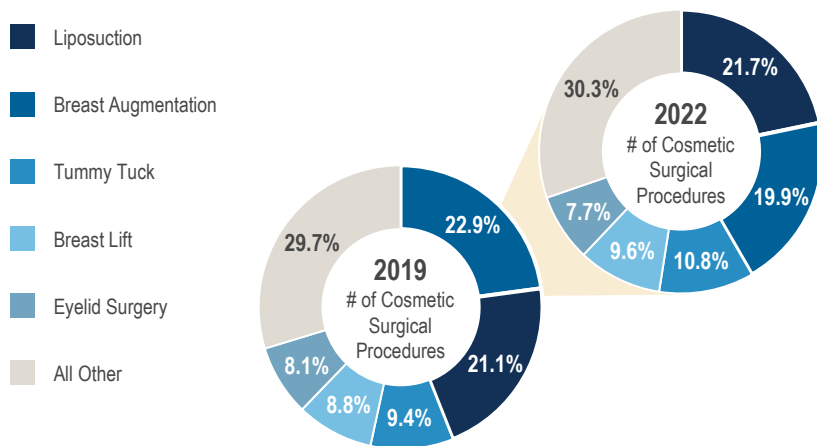
(procedures in thousands)



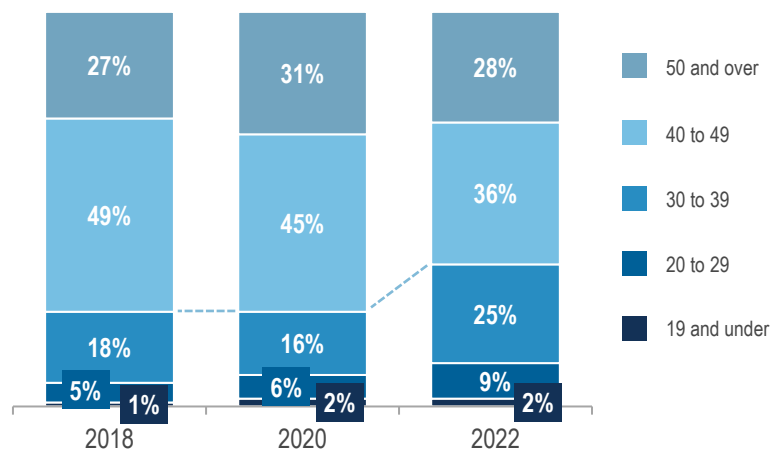
1) The Aesthetic Society
2) American Society of Plastic Surgeons
3) Census

Key Stats – Plastic Surgery

TOP COSMETIC SURGICAL PROCEDURES (2019 - 2022) ⁽¹⁾



COSMETIC SURGERY - AGE DEMOGRAPHIC BREAKDOWN (2018 - 2022) ⁽¹⁾



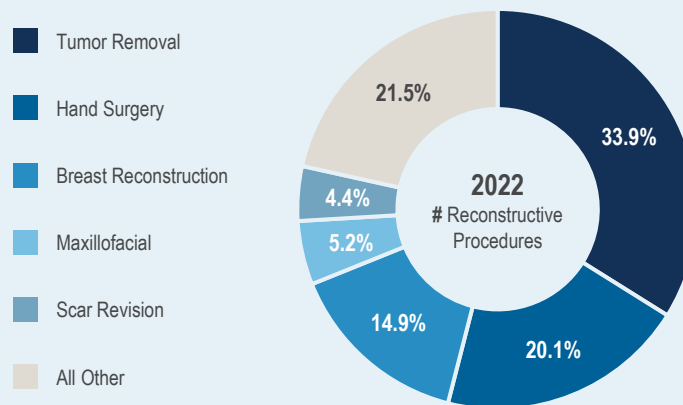
RECONSTRUCTIVE SURGERY OVERVIEW ⁽¹⁾

Reconstructive surgery is a specialized segment of plastic surgery performed to treat body parts affected either aesthetically or functionally by congenital defects, developmental abnormalities, disease or trauma. Plastic surgeons are extensively trained in both cosmetic and reconstructive procedures, but often choose to specialize.

Tumor removal continues to be the most common type of reconstructive surgery, used to eliminate abnormal skin growths or masses (which may be cancerous or benign). Other prevalent procedures include hand surgery (which is a specialized field and requires microvascular expertise given the intricacies of tendons, nerves, blood vessels and skin within the hand structure) and breast reconstruction, which is often performed post-mastectomy.

While most private equity backed platforms have focused on cash-pay cosmetic procedures, we believe many investors are actively evaluating the addition of insurance-based, non-discretionary reconstructive surgery capabilities to further diversify revenue.

Top reconstructive surgical procedures (2022) ⁽¹⁾



Representative Transactions – Plastic Surgery

May 2024



ACQUIRED BY



A PORTFOLIO COMPANY OF




Tallahassee Plastic Surgery provides cosmetic and reconstructive surgery


Apr 2024



ACQUIRED BY



A PORTFOLIO COMPANY OF



Artisan is a premier female-focused plastic surgery practice and affiliated medspa

Apr 2024



ACQUIRED BY



A PORTFOLIO COMPANY OF



Ponte Vedra Plastic Surgery provides a range of cosmetic surgical procedures

Mar 2024



ACQUIRED BY



A PORTFOLIO COMPANY OF



My Houston Surgeons specializes in cosmetic and reconstructive surgery

Mar 2024




ACQUIRED BY




Love Plastic Surgery and Aesthetics is a provider of high-value, premium-level treatments, and procedures


Feb 2024



ACQUIRED BY




A PORTFOLIO COMPANY OF




Vanguard Aesthetic Plastic Surgery provides complex microsurgery in Fort Lauderdale

Feb 2024



ACQUIRED BY



Wave Plastic Surgery & Aesthetic Laser Center offers a range of cosmetic surgery procedures

Jan 2024



ACQUIRED BY



A PORTFOLIO COMPANY OF



Anne Therese Aesthetic Medicine serves medical aesthetics needs in Ohio and Florida

Jan 2024



ACQUIRED BY



A PORTFOLIO COMPANY OF



Bengtson Center for Aesthetics provides plastic surgery, cosmetic treatments and medspa services

Dec 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Williams Center provides high-value cosmetic surgery

Nov 2023

ERIC MARIOTTI, MD
Plastic & Reconstructive Surgery



ACQUIRED BY



Dr. Eric Mariotti operates a plastic surgery practice in San Francisco

Nov 2023



A PORTFOLIO COMPANY OF

CONANT CAPITAL
HAS RECEIVED A STRATEGIC INVESTMENT FROM



Aesthetic Partners is a platform seeking to partner with medspas & plastic surgery clinics

Oct 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Posh Plastic Surgery offers cosmetic enhancements in Jacksonville

Oct 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Waldorf Center for Plastic Surgery provides cosmetic and reconstructive surgery in Oregon

Sep 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Edina Plastic Surgery provides plastic surgery and medspa services

Sep 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF




The Practice of Dr. Brian Biesman provides oculo-facial medical aesthetics

Aug 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Barbarino Surgical Arts provides medical aesthetic services in Texas and California

Jul 2023




ACQUIRED BY




Premier Plastic Surgery and Aesthetics provides plastic surgery services

Representative Transactions – Plastic Surgery (cont.)

Jul 2023



ACQUIRED BY



Plastic Surgery of Texas provides cosmetic and reconstructive procedures

Jun 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Columbus Aesthetics & Plastic Surgery provides cosmetic surgery and medspa services

Jun 2023

LOWCOUNTRY PLASTIC SURGERY CENTER

ACQUIRED BY



Lowcountry Plastic Surgery provides cosmetic surgery and medspa services

Jun 2023



ACQUIRED BY



Plastic Surgery Associates and Allegro Medspa provides surgical and non-surgical cosmetic services

Jun 2023



ACQUIRED BY



Olympus Cosmetic Group provides cosmetic surgical and non-surgical procedures

May 2023



ACQUIRED BY



Aesthetic Center for Plastic Surgery provides a range of plastic surgery procedures

May 2023



ACQUIRED BY




A PORTFOLIO COMPANY OF




Canadian Dermatology & Plastic Surgery Centre provides dermatology and plastic surgery care


Apr 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Nihalani Group provides weight loss surgery and non-surgical body contouring

Apr 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Shapiro Aesthetic Plastic Surgery and Skin Clinic offers cosmetic surgical and non-surgical procedures

Apr 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



CimiSurgical specializes in diagnosis and treatment of craniofacial disorders

Mar 2023



ACQUIRED BY



The Center for Cosmetic Surgery provides cosmetic surgery and non-surgical medspa services via Rejuvenate

Mar 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Advanced Plastic Surgery Center provides reconstructive and cosmetic surgery in Pearl River, New York

Mar 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Miami Valley Plastic Surgeons provides cosmetic surgery in Dayton, Ohio

Jan 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Minneapolis Plastic Surgery offers plastic surgery procedures

Jan 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Healing Waters provides spa, wellness and plastic surgery procedures

Jan 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Plastic, Reconstructive and Microsurgical Associates provides reconstructive and plastic surgery services

Jan 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Midwest Breast & Aesthetic Center offers plastic surgery and body sculpting

Jan 2023



ACQUIRED BY



A PORTFOLIO COMPANY OF



Boston Facial Rejuvenation provides plastic surgery, breast enhancement and body sculpting

Medspa Market Overview



Sector Overview – Medspa

The recent proliferation of medspas has dramatically increased patients' access to non-invasive aesthetic care and made services such as neuromodulators (e.g., Botox), fillers (e.g., Juvederm), and laser-based skin treatments and hair removal "top of mind" for a rapidly evolving patient base.

In 2022, there were over 8,800 medspas in the U.S., representing a ~19% increase vs. 2021. The vast majority of medspas (>80%) are single locations operated by independent owners, presenting significant consolidation opportunities for larger regional and multi-location platforms – and driving an influx of private equity capital into the sector. ⁽¹⁾

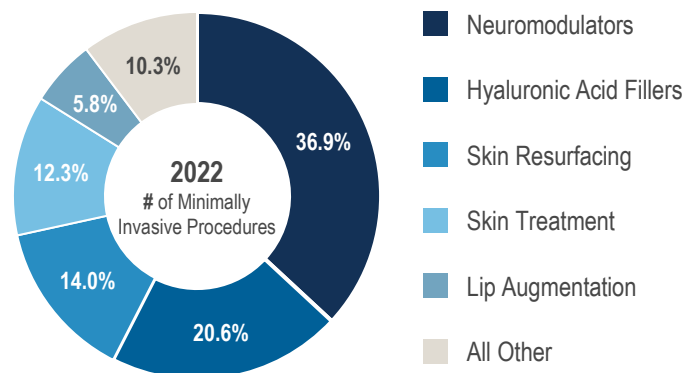
The relatively modest buildout costs and attractive economics associated with new medspas present opportunities for private equity backed platforms to expand aggressively. Investors increasingly view medspas as pure-play roll-up opportunities given their scalability, recurring revenue and cash flow dynamics, and changing consumer attitudes toward medical aesthetics. As patients begin preventative treatment regimens earlier in life and allocate more discretionary income to self care, the "lifetime value" of a loyal patient base is significantly increased.

Many plastic surgery practices and dermatology platforms similarly recognize significant benefits from medspas, enabling providers to further entrench their patient base, enhance post-procedure appearance, expand their brand, and capture a greater share of patients' aesthetic spending in-house.

The American Med Spa Association estimates that ~65% of patients visit medspas multiple times per year, with an average per-visit spend of \$536.⁽¹⁾ Notably, many medspas now offer subscriptions or pre-purchased packages for recurring services, further enhancing cash-flow and working capital dynamics.

While state and local regulations vary, many jurisdictions have enacted requirements around medspa staffing (e.g., many states require a physician to be onsite, whereas others allow a physician assistant or nurse practitioner to perform procedures with remote supervision). In addition, the talent war for top injectors and aestheticians in competitive markets has driven wage inflation and led to a re-thinking of recruitment / retention initiatives. Given their experience in other PPM models, we believe many healthcare-focused private equity investors are well equipped to leverage their operational expertise to capitalize on these dynamics.

TOP 5 MEDSPA PROCEDURES ⁽²⁾



Top 5 Medspa Procedures – Overview & Popular Brands ⁽³⁾

Procedure ⁽¹⁾ (# of visits)	Targets	Representative Brands
Neuromodulators (Repeat every 4-6 mo.)	<ul style="list-style-type: none"> ✓ Frown lines ✓ Crow's feet 	
Hyaluronic Acid Fillers (Repeat every 4-12 mo.)	<ul style="list-style-type: none"> ✓ Nasolabial folds ✓ Forehead wrinkles 	
Skin Resurfacing (1-6 visits depending on the laser)	<ul style="list-style-type: none"> ✓ Acne scars ✓ Hyperpigmentation ✓ Superficial lines 	
Skin treatment (1-6 visits)	<ul style="list-style-type: none"> ✓ Improved skin elasticity 	
Lip augmentation (Repeat every 4-12 mo.)	<ul style="list-style-type: none"> ✓ Plumping & reshaping lips 	

1) AmSpa 2022 Medical Spa State of the Industry

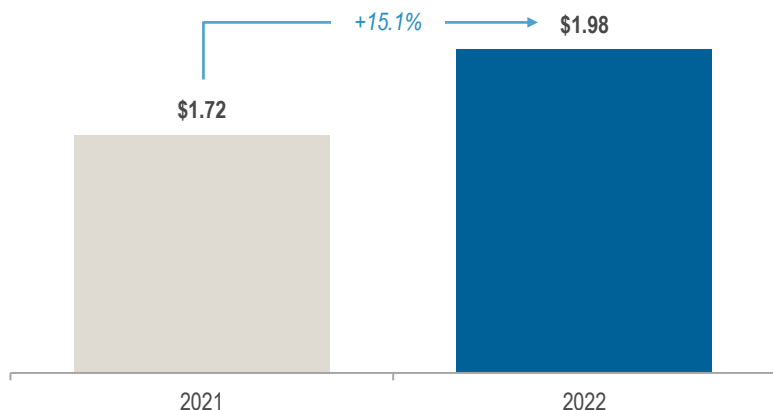
2) American Society of Plastic Surgeons

3) The Aesthetic Society

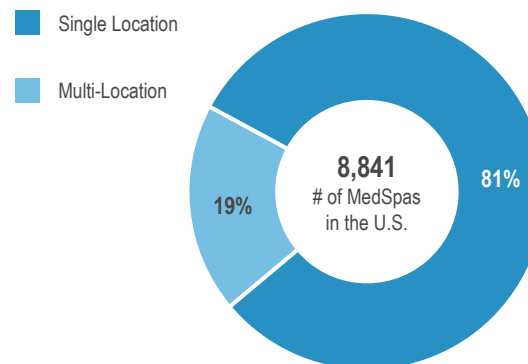
Key Stats – Medspa

AVERAGE ANNUAL PER-LOCATION MEDSPA REVENUE (2021 – 2022) ⁽¹⁾

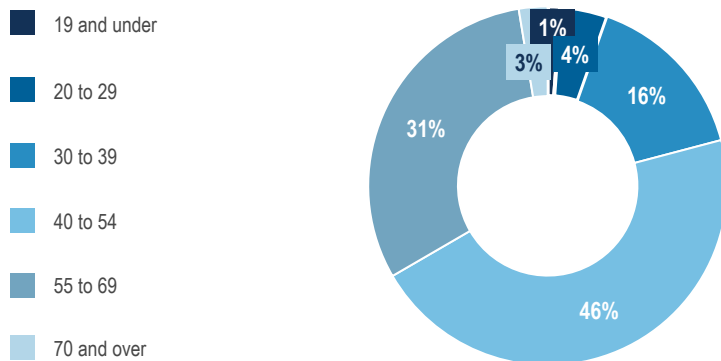
(\$ in millions)



PERCENTAGE OF MEDSPAS BY # OF LOCATIONS (2022) ^{(1) (3)}

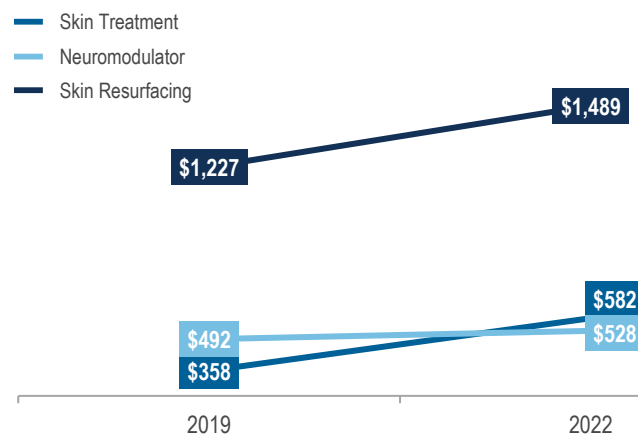


MEDSPA - AGE DEMOGRAPHICS (2022) ⁽²⁾



SELECT MEDSPA PROCEDURES – AVERAGE COST BY CATEGORY ⁽²⁾

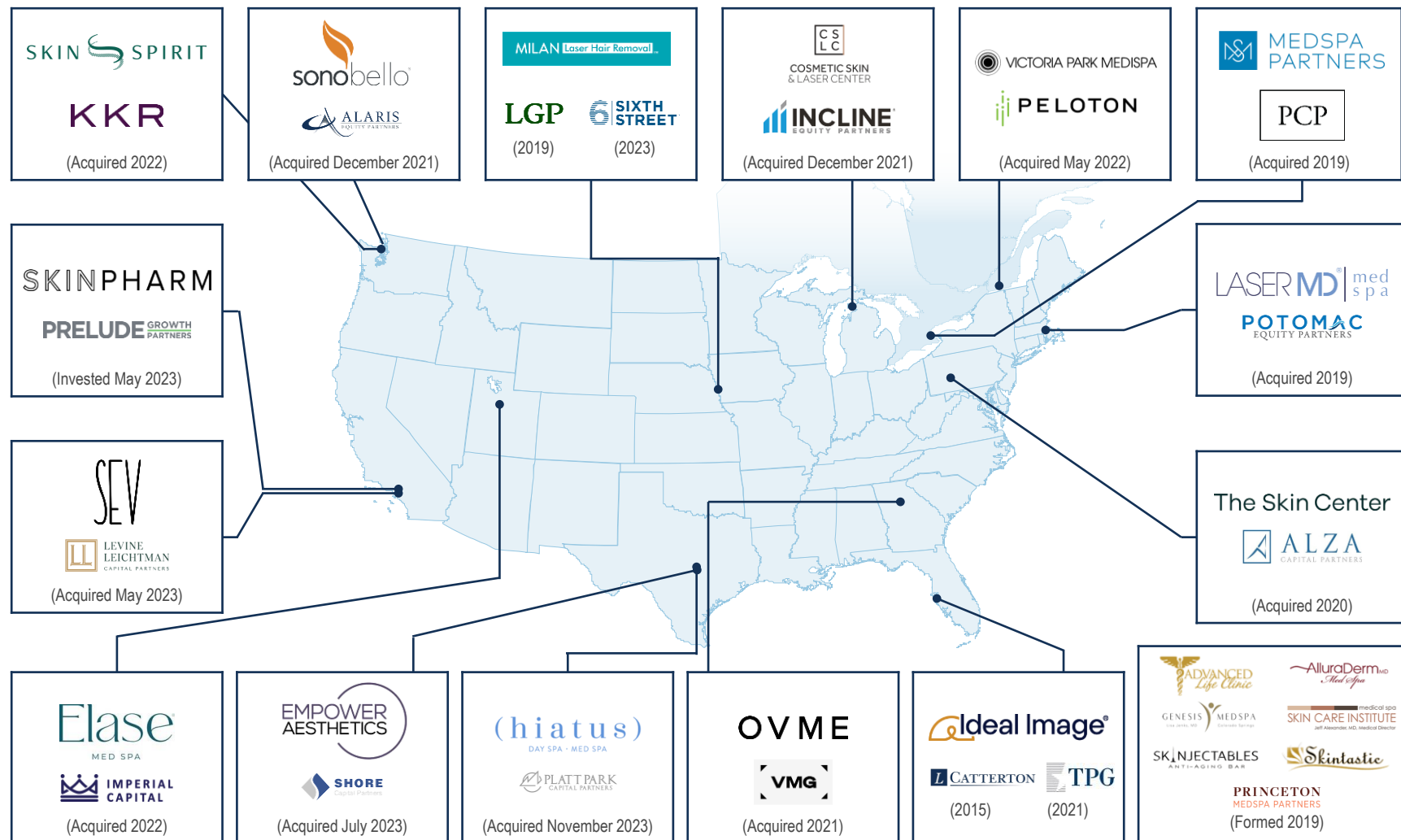
(\$ in actuals)



1) AmSpa 2022 Medical Spa State of the Industry
2) American Society of Plastic Surgeons
3) MarketResearch

Select PE-Backed Medical Spa Platforms

MEDSPA PLATFORM LANDSCAPE (HEADQUARTERS)




Note: Represents pure-play medspa platforms; excludes companies with significant plastic surgery operations

Representative Transactions – MedSpa


Apr 2024

ARTISAN
PLASTIC SURGERY BEAUTÉ

ACQUIRED BY




A PORTFOLIO COMPANY OF



Artisan is a premier female-focused plastic surgery practice and affiliated medspa

Apr 2024



ACQUIRED BY



MD ESTHETICS

InjectZen operates a medical spa serving North Shore, Massachusetts

Mar 2024

AVA MD

ACQUIRED BY



MEDSPA PARTNERS

A PORTFOLIO COMPANY OF



Ava MD delivers cosmetic & medical dermatology care

Mar 2024



FORMULA WELLNESS

ACQUIRED BY



Formula Wellness provides integrated wellness and aesthetics services

Feb 2024



LIVINGYOUNG
CENTER FOR HEALTH & ANTI-AGING

ACQUIRED BY



A PORTFOLIO COMPANY OF



LivingYoung Center provides medical spa services⁴

Jan 2024



SPRINGHOUSE
DERMATOLOGY AND AESTHETICS

ACQUIRED BY



MEDSPA PARTNERS

A PORTFOLIO COMPANY OF



Springhouse Dermatology delivers cosmetic & medical dermatology care

Jan 2024

DermaTouch[®] RN
Laser & Skin Care Clinic

ACQUIRED BY



A PORTFOLIO COMPANY OF



DermaTouch RN operates a wellness center focused on minimally invasive treatments

Jan 2024



H-MD MEDICAL SPA
JENNIE HUNDELL, MD

ACQUIRED BY



A PORTFOLIO COMPANY OF



H-MD Medical Spa provides aesthetic treatments

Jan 2024

Opulent
AESTHETICS & WELLNESS

ACQUIRED BY



MD ESTHETICS

Opulent Aesthetics & Wellness provides medical spa and wellness services

Nov 2023

BCRN
AESTHETICS

ACQUIRED BY



A PORTFOLIO COMPANY OF



BCRN Aesthetics specializes in injectables, dermal fillers and non-invasive procedures

Nov 2023

LASERcenter
of Marin

ACQUIRED BY

alpha
AESTHETICS PARTNERS

A PORTFOLIO COMPANY OF



The Laser Center of Marin provides cosmetic and laser treatments in Northern California

Nov 2023

VIVA

HAS BEEN ACQUIRED BY



Viva Day Spa + Med Spa provides massage, spa, body contouring and facials

Oct 2023



Procerus
SKIN CARE

ACQUIRED BY




A PORTFOLIO COMPANY OF



Procerus Skin Care offers skin rejuvenation and hair restoration treatments

Oct 2023



Truth + Beauty

ACQUIRED BY

SKIN & SPIRIT

A PORTFOLIO COMPANY OF

KKR

Truth + Body provides facial and body treatments

Sep 2023

THE ARTISTRY OF FACE
Medical Aesthetics

ACQUIRED BY




A PORTFOLIO COMPANY OF



Artistry of Face provides a wide range of facial treatments in Albany, New York

Sep 2023



BLUE SPIRAL
MEDSPA

ACQUIRED BY

CPP | COSMETIC PHYSICIAN PARTNERS

Blue Spiral MedSpa provides medical aesthetic treatments

Aug 2023



VANDERVEER
CENTER

ACQUIRED BY

VIDA
aesthetic medicine

VanderVeer Center offers non-surgical cosmetic and laser treatments for the body

Jul 2023



ADVANCED
Life Clinic

ACQUIRED BY

PRINCETON
MEDSPA PARTNERS

Advanced Life Clinic provides CoolSculpting, hormone replacement & other procedures

Representative Transactions – MedSpa (cont.)

Jul 2023

AMARA
MED SPA

ACQUIRED BY

Efase

A PORTFOLIO COMPANY OF

IMPERIAL CAPITAL

Amara Med Spa provides medical aesthetic treatments in Northern Florida

Jul 2023

BLUSH
MED SPA

ACQUIRED BY

AMP

A PORTFOLIO COMPANY OF

LEON
Capital Group

Blush Medical Spa is a medical aesthetics practice serving the greater Hartford, Conn. area

Jul 2023

EMPOWER AESTHETICS

ACQUIRED BY

SHORE
Capital Partners

EmpowerAesthetics offers a wide range of rejuvenation services

Jun 2023

genesis
MEDSPA

ACQUIRED BY

PRINCETON
MEDSPA PARTNERS

Genesis Medspa provides age-reversing treatments for the cosmetic industry

Jun 2023

HTB
AESTHETICS

ACQUIRED BY

alpha
AESTHETICS PARTNERS

A PORTFOLIO COMPANY OF

TG
THURSTON GROUP

HTB Aesthetics is a multi-location medical aesthetics practice in Southern California

Jun 2023

SEV

ACQUIRED BY

LEVINE LEICHTMAN
CAPITAL PARTNERS

SEV Laser offers laser hair removal, injectables and medical aesthetic services

May 2023

CS LC

COSMETIC SKIN & LASER CENTER

ACQUIRED BY

INCLINE
EQUITY PARTNERS

Cosmetic Skin & Laser Center provides anti-aging treatments

May 2023

glo
MEDSPA

ACQUIRED BY

AMP

A PORTFOLIO COMPANY OF

LEON
Capital Group

Glo Medspa provides high-quality aesthetic services

May 2023

SKINPHARM

RECEIVED A STRATEGIC INVESTMENT FROM

PRELUDE GROWTH PARTNERS

Skin Pharm provides skin care services and procedures

May 2023

TORONTO DERMATOLOGY CENTRE
WILLSON, COSMETIC & LASER

ACQUIRED BY

MEDSPA PARTNERS

A PORTFOLIO COMPANY OF

PCP

Toronto Dermatology Centre is a comprehensive skin care clinic in Canada

May 2023

CA

Contempo Aesthetics

ACQUIRED BY

SKIN SPIRIT

A PORTFOLIO COMPANY OF

KKR

Contempo Aesthetics offers integrated medical grade skincare and injectables

Apr 2023

Faces
OF SOUTH TAMPA

ACQUIRED BY

MEDSPA PARTNERS

A PORTFOLIO COMPANY OF

PCP

Faces of South Tampa is a medical aesthetics clinic located in Tampa Bay

Apr 2023

esthetics center

ACQUIRED BY

alpha
AESTHETICS PARTNERS

A PORTFOLIO COMPANY OF

TG
THURSTON GROUP

Esthetics Center provides beauty treatments, contouring and permanent makeup

Mar 2023

skinjectables
COSMETIC CLINIC

ACQUIRED BY

PRINCETON
MEDSPA PARTNERS

Skinjectables operates a skincare & aesthetic medical salon

Feb 2023

Reflections
Center for Cosmetic Medicine

ACQUIRED BY

AMP

A PORTFOLIO COMPANY OF

LEON
Capital Group

Reflections Center of Cosmetic Medicine provides non-surgical treatments

Feb 2023

MILAN
Laser Hair Removal

ACQUIRED BY

SIXTH STREET & WILDCAT
CAPITAL MANAGEMENT

Milan Laser Hair Removal provides laser hair removal services

Feb 2023

sonobello

ACQUIRED BY

ALARIS
EQUITY PARTNERS

Sono Bello provides laser liposuction, facelifts and body contouring

Jan 2023

BELLE VIE
WELLNESS & MEDICAL AESTHETICS

ACQUIRED BY

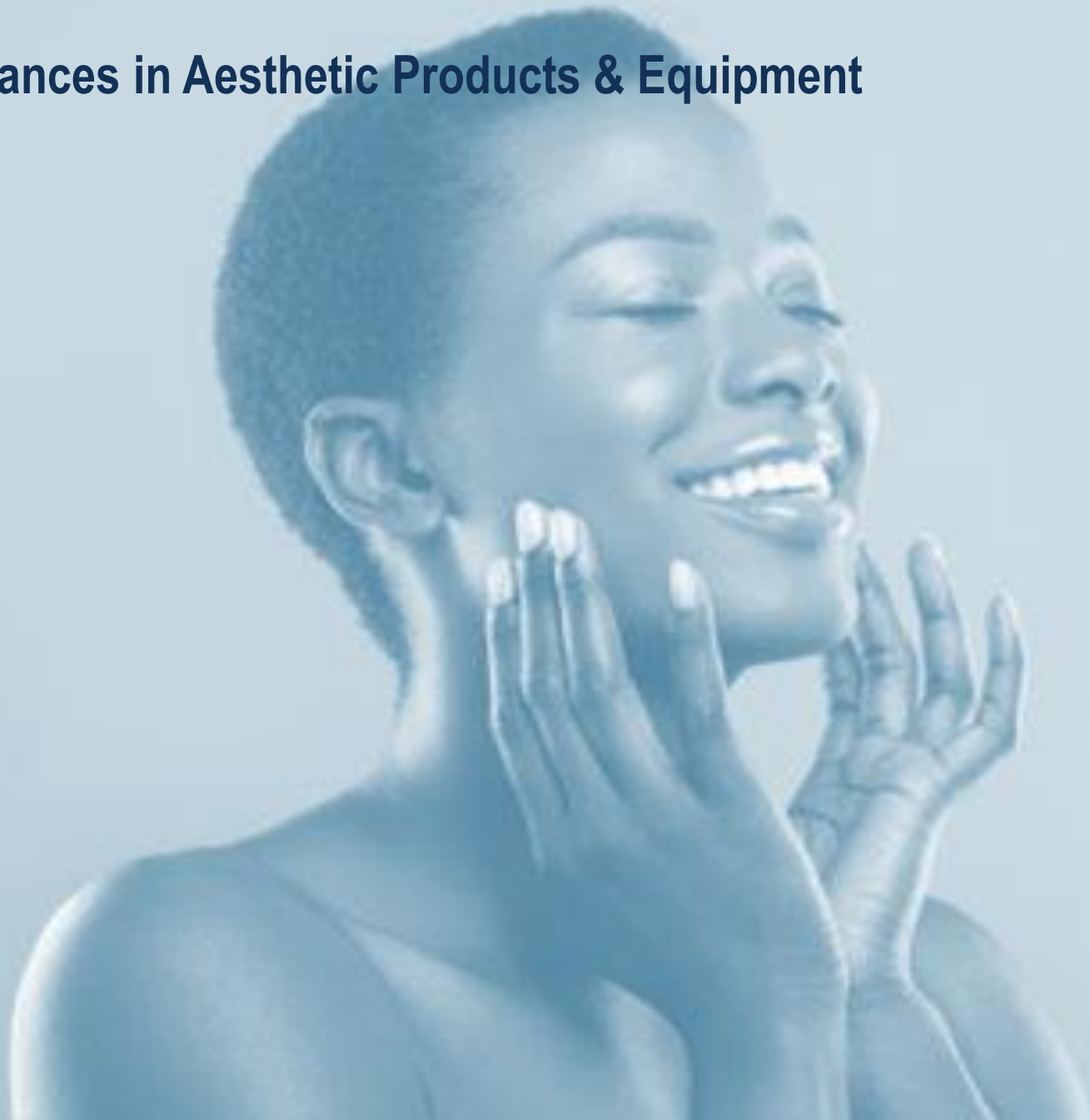
DOCS
DERMATOLOGISTS OF CENTRAL STATES

A PORTFOLIO COMPANY OF

SKYKNIGHT

Belle Vie operates a skincare clinic intended for medical aesthetics

Advances in Aesthetic Products & Equipment



Sector Overview – Aesthetic Products & Services

The aesthetic products and equipment sector has benefitted from many of the same trends underpinning the plastic surgery and medspa markets, including an expanding patient base, a proliferation of service providers expanding access to care (e.g., new medspa openings), and increasing acceptance of aesthetic medicine, particularly for younger consumers.

Unsurprisingly, the fastest growing (and “stickiest”) subsectors include neuromodulators and fillers along with energy-based (i.e., laser) treatments for hair removal and facial / skin procedures. In a recent survey by McKinsey, consumers overwhelmingly indicated they would continue using many of these products / treatments even in a recessionary environment while only 7% would consider stopping treatment entirely (though cessation of certain treatments may lead to a rapid reversion of cosmetic results).

Advancements and innovations in products and equipment are also impacting the medical aesthetics market, potentially enabling providers to expand into wellness, weight loss and other adjacent services focused on consumer wellbeing.

What's Next For Medical Aesthetics



Peptide Treatments

Smaller particles that can be absorbed into the skin to reduce appearance of fine lines



Hormone Replacement

Targets menopausal patients, those with hormonal deficiencies and transgender individuals



Biostimulators

Minimally invasive, involving injections into the middle layer of skin to stimulate collagen



Weight Loss (GLP-1s)

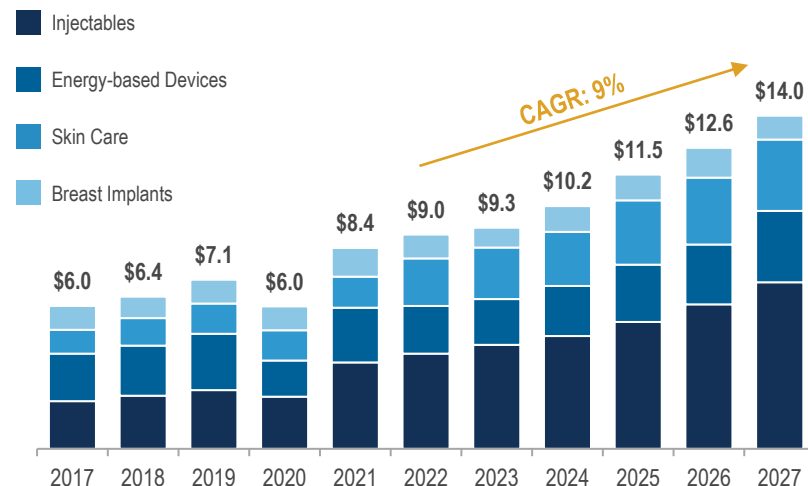
Originally developed to manage type 2 diabetes and obesity, GLP-1s are being used off-label for cosmetic weight loss



Anti-Aging

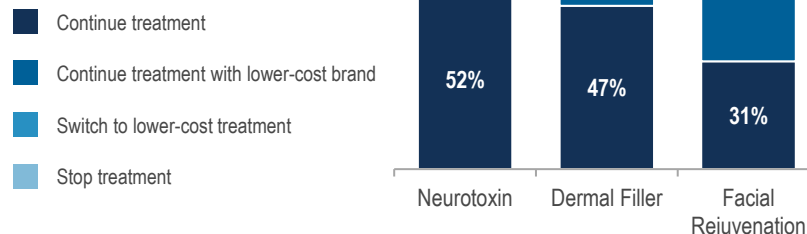
Cell therapy, tissue engineering and gene therapy are just some of the many breakthroughs in anti-aging medicine

MANUFACTURER REVENUE (\$ IN BILLIONS) ⁽¹⁾



RECESSION-RESILIENT PATIENT BEHAVIOR ⁽²⁾





















According to a 2022 McKinsey survey, 93% of respondents stated that they would continue their aesthetic treatment in some way in case of recession in the next 12 months



(1) Boston Consulting Group

(2) McKinsey

The Aesthetic Product & Equipment Landscape

Representative Products / Services				
	INJECTABLES	ENERGY-BASED	SURGICAL / IMPLANTS	TOPICAL
	<ul style="list-style-type: none"> Neuromodulators Dermal Fillers Hyaluronic Acid Thread Lift Platelet-Rich Plasma 	<ul style="list-style-type: none"> Laser Hair Removal IPL Hair Removal Tattoo Removal Microneedling CoolSculpting® Skin Resurfacing Cellulite Reduction 	<ul style="list-style-type: none"> Breast Implants Liposuction Skin Tightening Reconstructive Implants Body Contouring Facelifts 	<ul style="list-style-type: none"> Chemical Peels Nail Treatments Eyelash Treatments Cosmeceuticals Skin Rejuvenation Anti-Aging Cleansers
Representative Brands	   	   	   	   
Medspa	✓	✓		✓
Plastic Surgery Practice	✓	✓	✓	
OTC / At-Home				✓
Dermatology	✓	✓		✓

Applications



Anti-Aging



Preventative Care



Congenital Defects



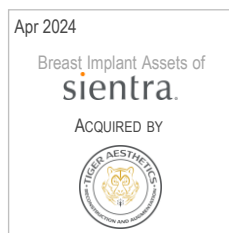
Disease / Injury



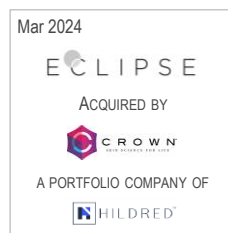
Aesthetic Enhancement

Representative Transactions – Aesthetic Products & Equipment

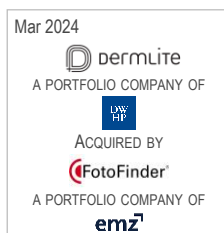
REPRESENTATIVE TRANSACTIONS



Sientra offers breast implants, tissue expanders and scar management products



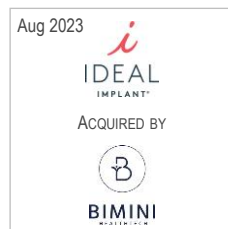
Eclipse MedCorp offers aesthetics-focused assets



DermLite provides handheld dermatoscopes



Lutronic provides intelligent laser and energy-based systems



Ideal Implant provides artificial breast implants



Benev manufactures & distributes growth factor-based skincare products



Surgical Innovation Associates offers soft tissue support products for reconstructive & aesthetic surgery











INDIBA provides a therapeutic that shrinks fat cells and improves skin elasticity



Classys provides devices that enable fat-reduction procedures and facelifts

RECENT FDA CLEARANCES ⁽¹⁾

Product Name	OEM	Product Description
Letybo	 HUGEL	Neuromodulator
Daxxify	REVANCE [®]	Neuromodulator
VorFat System	 Alma [™]	Suction Lipoplasty System
Skinvive by Juvederm	 Allergan	Dermal Filler
AviClear	 CUTERA [™]	Laser
VirtueRF Microneedling	 cartessa.	Microneedling
SkinPen	 CROWN AESTHETICS	Microneedling
ellacor	 CYTRELLIS	Micro-coring
Alluzience	 GALDERMA <small>EST. 1981</small>	Neuromodulator

Closing Thoughts

AN ATTRACTIVE MARKET IN THE EARLY INNINGS OF CONSOLIDATION

Given the substantial (and sustainable) tailwinds backing plastic surgery and medical aesthetics, we expect a significant increase in investor activity in the coming years. We believe several factors are key to this trend:

- ✓ Early and well-publicized investments by leading healthcare investors in plastic surgery and medspa platforms have brought increased attention to the category (with many larger platforms likely to transact with new owners in the next 3-5 years)
- ✓ Fundamental shifts in patient attitudes toward aesthetic medicine – including greater prioritization of spending on recurring and preventative aesthetic care, more willingness to speak openly about aesthetic services, and pervasive social media which reinforces consumers' desire to enhance and maintain their appearance
- ✓ Significant advances in technology, resulting in (i) less downtime and recovery, (ii) enhanced treatment efficacy and longevity, and (iii) lower cost (or greater value) to patients
- ✓ The rise of GLP-1s and other weight-loss solutions, which are likely to increase demand for skin tightening and other surgical and non-surgical interventions to enhance and maintain patients' post-weight-loss appearance
- ✓ Medspas increasingly offering consumers a holistic one-stop solution for their health and wellness needs
- ✓ A proliferation of newly formed concepts (particularly in the medspa category) which have expanded patients' access to care and are led by entrepreneur-founders who will seek liquidity in future years
- ✓ Increasing physician and provider comfort with private equity ownership (with many other medical subspecialties having "led the way" in forming larger private equity-backed platforms)



TM Capital has advised a broad range of privately owned and financial-backed healthcare clients. We would be pleased to discuss sector dynamics, valuation trends and general trends in aesthetic medicine; please reach out to any member of TM Capital's healthcare team for more details.



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