



BAILEYSOUTHWELL&CO

EYECARE

A BSC Healthcare Services Sector Report

The eyecare industry is worth approximately \$40 billion and includes ophthalmologists, optometrists, opticians, retailers, mass merchandisers, and corrective lens manufacturers / distributors. Given recent trends, such as growth in the aging U.S. population and advances in technology and surgical procedures, demand is rising for eyecare services. Further, due to factors such as high fragmentation and the industry's combination of retail / medical models, investor appetite and M&A activity has quickly accelerated and is expected to continue.

Eyecare Industry

The three largest segments that cater to the vision industry include retailers, optometrists, and ophthalmologists. Retailers specialize in fitting eyeglasses and creating lenses for vision correction. Optometrists provide comprehensive eyecare by conducting examinations and prescribing lenses. Ophthalmologists are trained to diagnose and treat eye disease, prescribe medicine, and perform eye surgery.

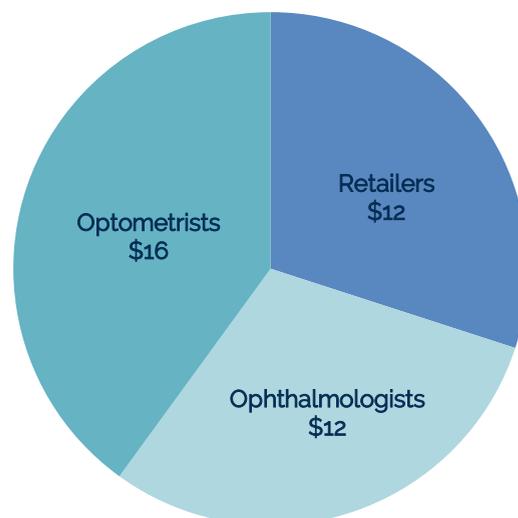
\$40 billion industry with estimated CAGRs of 3% for optometrists, 3% for retailers, and 4.5% for ophthalmologists

~19,000 ophthalmologists in the U.S.

\$1,267 average net revenue per surgical procedure

> 150 million Americans utilize corrective eyewear

Total Addressable Market (\$ in billions)



Eyecare Growth Drivers

GROWING CATARACT SURGERY VOLUMES

- 50% of Americans develop cataracts before age 75 and 70% develop them before age 80
- Cataracts will impact over 30 million Americans by 2020
- 3 million lens implants in refractive cataract surgeries and refractive lens exchanges occur per year

24.5 million
Americans have cataracts

AGING POPULATION & VISION

- 6.6 million Americans expected to be blind / have low vision issues by 2030
- 10x more procedures performed on senior citizens
- Cataracts, macular degeneration, and glaucoma occur at rates of 17%, 8%, and 2%, respectively, in populations over 40

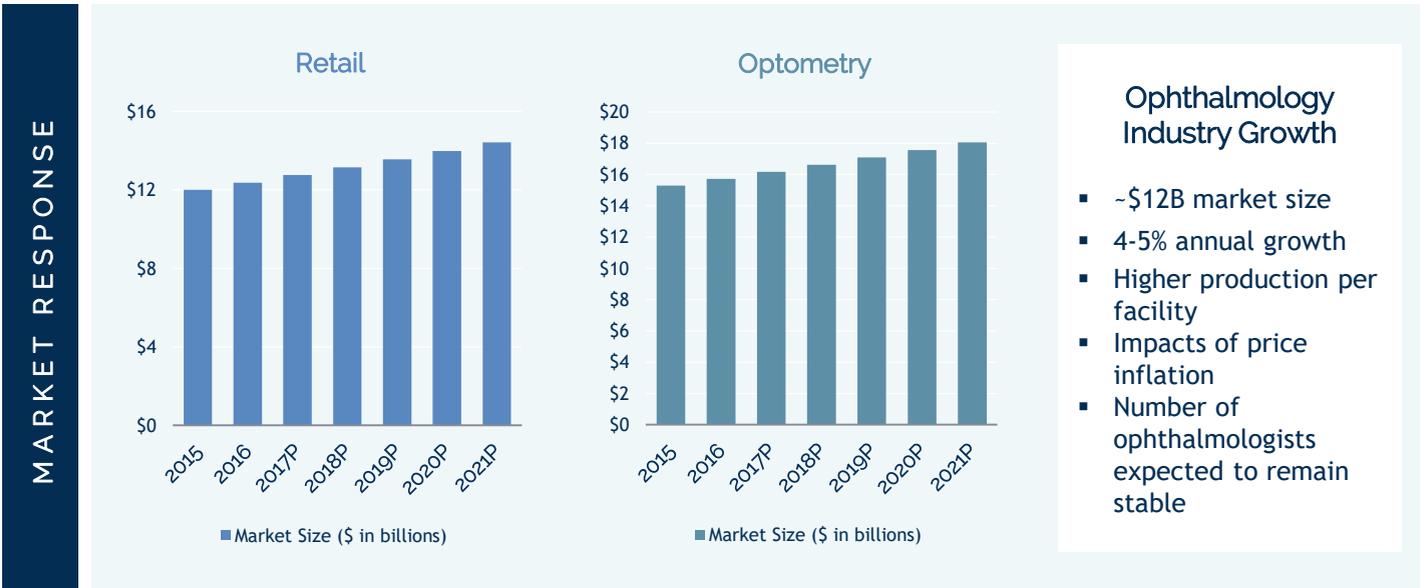
\$145 billion
Annual economic impact of major vision problems on adult population 40+

Sources: IBISWorld, National Eye Institute, Vision Protection, Shoreline Vision, Eye Research

Eyecare Industry

SITE OF SERVICES	AMBULATORY SURGERY CENTERS	PHYSICIAN CLINICS	RETAIL OPERATIONS
	Surgeries performed in ASCs and related operations (“facility fee”)	Optometry services and ophthalmology services, including pre- / post-operative office visits (“professional fee”)	Glasses and contact sales and other ancillary products

- GROWTH DRIVERS
- 4.5% annual growth in ophthalmology due to increasing incidents of glaucoma, cataracts, and macular degeneration
 - Aging population and increasing prevalence of chronic disease
 - Increase in disposable cash and willingness to spend among the population over 50 years old on premium eyecare procedures
 - Federal healthcare programs have expanded the pool of insured and coverage for eyecare
 - Stable refractive surgery volumes (2% annual growth since 2015)
 - Advancement in drugs / biologics to aid in treatment via eye injections

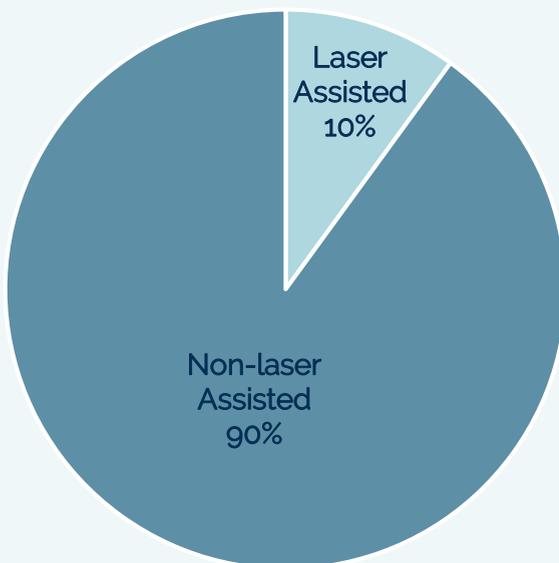


Sources: IBISWorld, National Eye Institute, Vision Protection, Shoreline Vision, Eye Research

Eyecare Industry

- There are two primary opportunities for incremental cash ancillary revenue for ophthalmologists through the use of advanced surgical technology
 - Femto second laser surgery or "Femto" ("Laser Cataracts")
 - Premium Intraocular Lenses ("IOLs")
- Femto provides computer guided accuracy for the corneal incision to access the lens being replaced
- Premium IOLs allow patients better results over the standard lens covered by Medicare / Insurance
 - Multi-focal lens
 - Bifocal lens
 - Toric lens (astigmatism)
- Premium cash revenue for Femto and Premium IOLs range from \$750 per eye for laser cataracts and \$1,500 - \$2,500 per eye for each premium lens

National Laser Cataract Penetration



Femto Lasers



Premium IOLs



Sources: BSC Estimates

Eyecare Industry

Our Recent Transaction

October | 2018

Eyecare Provider

"We are grateful for the sound advice we received from Bailey Southwell throughout the entire process, BSC knew our market and provided the necessary industry expertise to help us navigate the transaction, ensuring we were able to focus on running our business during the process. We would highly recommend BSC to other physicians considering selling their practice."

- Dr. Mark Kroll
Owner, McPeak Vision Partners



has been acquired by



A Portfolio Company of



Undisclosed

Financial Advisor to McPeak Vision Partners

Client Description:

Founded in 1986, McPeak is a state-of-the-art physician practice providing ophthalmology, optometry, and primary eyecare in Southern and Western Kentucky. It currently has locations in Glasgow, KY, and Bowling Green, KY.

Results:

Through the transaction, McPeak will be able to leverage EyeCare Partners' resources and relationships to grow and improve its best practices while maintaining its leading clinical reputation. Backed by FFL Partners, EyeCare Partners will add to its 240 locations throughout the Midwest, Southeast, and Mid-Atlantic regions, strengthening its footprint in Kentucky.

Eyecare Industry

Other Recent Transactions

November | 2018

Eyecare Provider

Unifeye Vision Partners, a portfolio company of Waud Capital Partners, entered into a strategic partnership with Minneapolis-based Northwest Eye. Through this partnership, Unifeye will add one of the largest specialty eye care providers in the upper Midwest, encompassing 12 ophthalmologists and 4 optometrists operating across 8 locations. It is Unifeye's second largest acquisition in the Twin Cities area.



Was acquired by



A Portfolio Company of



Waud Capital

October | 2018

Eyecare Provider

Cobb Eye Center was acquired by EyeSouth Partners, a portfolio company of Shore Capital Partners. Cobb Eye Center, focused on cataract surgery, glaucoma, diabetic eye management, and primary eyecare, will add 3 ophthalmologists operating locations in Marietta, Georgia and Dallas, Georgia to EyeSouth Partners existing operations as they continue to build out their practice in the Southeast.

Cobb Eye Center, LLP

Was acquired by



A Portfolio Company of



October | 2018

Eyecare Provider

In its first transaction since its formation in May, 2018, CEI, a portfolio company of Revelstoke Capital Partners, acquired Dayton Eye. Dayton Eye, a leading group of 12 ophthalmologists and optometrists operating across 3 locations in Dayton, will add to CEI's existing operations and further allow it to solidify its position in Ohio in addition to its locations in Northern Kentucky and Indiana.



Was acquired by

CEI

CINCINNATI EYE INSTITUTE

A Portfolio Company of



September | 2018

Eyecare Provider

Quad-C, a middle market private equity firm, and NJRetina have entered a joint investment through a newly created Company, NJ Eye. NJRetina operates 15 clinical sites throughout New Jersey and is one of the largest and most well-known retina practices in the country dating back to 1979. NJ Eye will serve as a platform for Quad-C to pursue additional acquisitions in the eyecare space.



Was acquired by



September | 2018

Eyecare Provider

Chicago Pacific Founders acquired SightMD, based in Hauppauge, N.Y., a provider of ophthalmology services with 24 locations throughout Long Island, Queens, and Manhattan. This represents Chicago Pacific Founders', a healthcare services focused Private Equity firm, entrance into the eyecare industry and will serve as its platform in pursuing additional opportunities in this space.



Was acquired by



Eyecare Industry

SELECT INVESTORS IN EYECARE



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