

# Industry Market Update: Vision Care



## Industry Overview

The total vision care market grew to \$38.3B in 2021, up from \$28.4B a decade earlier. As the US population ages, there is an increasing prevalence of eye disease and need for corrective eyewear. This trend is expected to continue, creating a significant market opportunity for eye care providers to grow, increase revenue per provider, and expand into multiple ancillary revenue streams (ASCs, optometry, retina, etc.).

- » Cataracts disease is anticipated to have the highest growth in the coming years, with an expected 50M people to suffer from the disease by 2050.
- » LASIK surgery, comprising 96% of refractive procedures, is expected to grow at a CAGR of 7% through 2030, driven by rising disposable income and an increasing number of people suffering from ophthalmic disorder.
- » Nearly 2M Americans aged 40 and older are affected by age-related macular degeneration, and another 7.3M are at substantial risk of developing the condition.
- » Due to the cost effectiveness of ODs performing selective procedures, the OD to MD ratio is expected to grow to 4:1 to help practices manage increased volume.

## US Population Aged 65+ Years

**2020** » 16.9% of population » 55M people

**2040** » 21.6% of population » 80.8M people

**2060** » 23.6% of population » 98M people

## Key Statistics

- » **\$51.4B** total economic effect of vision problems
- » **>200M** Americans use a vision-correction device
- » **>50%** of individuals will have a cataract requiring non-deferrable surgery by age 80
- » **8%** of individuals over 40 have chronic retinal conditions
- » **151M** individuals have required vision correction services over the last five years
- » **2.1M** Americans suffer from age-related macular degeneration

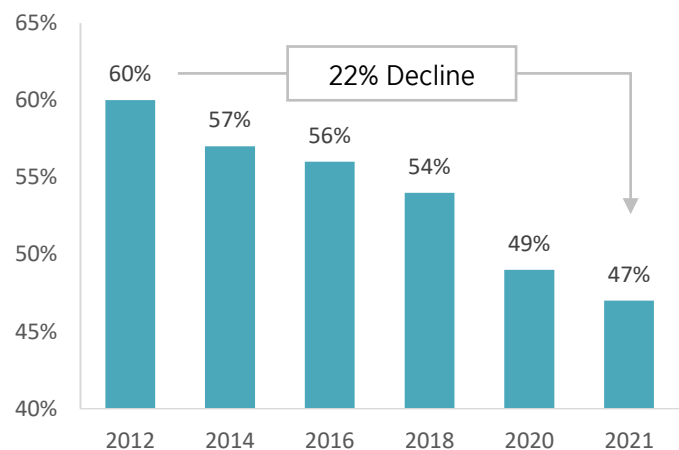
## Challenges for Physicians

While the market for eye care services is growing, changes in regulation, reimbursement, and competition for patients are creating a more challenging environment for practices to operate in.

- » Greater infrastructure needs, reimbursement demands, and reporting requirements are burdening practices with increasing costs.
- » Labor shortages are making it increasingly more challenging and competitive to hire talented providers.
- » More and more, patients expect a fully integrated digital patient experience, requiring practices to invest in new software tools.
- » Artificial intelligence has gained traction as a tool for treating eye disease requiring practices to invest in more robust technologies to provide the highest level of service.

To remain competitive, practices must adapt to changing market conditions. This typically requires significant management expertise and an investment of resources and capital to scale their practices.

## Practices Owned by Physicians



Sources: IBISWorld reports; 2020 AMA Benchmark Survey

### Increased Investor Interest

Several private equity (PE) investors have established partnerships with eye care providers and continue to consolidate the U.S. ophthalmology market. The increased need for eye care services, stabilizing reimbursement trends, opportunity for multiple ancillary revenue streams (ASCs, optometry, retina, etc.), and limited supply of physicians all drive investor interest in the segment. These partnerships are attractive to physicians who can lower their risk profile by realizing significant value today while maintaining upside for the future.

- » In 2016, there were 5 PE investors in ophthalmology practices and surgery centers. There are now more than 35 PE investors, making it one of the most coveted physician practices in the healthcare space.
- » Through October 2022, there were 51 eye care acquisitions in the U.S.
- » Significant levels of dry powder and competition for a limited number of physician practice acquisition targets are keeping deal multiples at historic highs.
- » The most recent ten transactions in the space were completed by nine different buyers, highlighting the competitive nature for strong assets in the market.

### Successful Exits

Even as the market has matured, consolidation remains at the forefront of many physician practices since multiple PE firms who were early market participants have sold their platforms and generated successful “*second bites of the apple*” for many ophthalmologists.

- » EyeCare Partners (Partners Group) bought CEI Vision Partners (Revelstoke Capital Partners) for \$600M in Q4 2021.
- » Most recently, Olympus Partners bought EyeSouth Partners (Shore Capital Partners) for \$1B in Q3 2022.

### Cascade Partners Select Transactions

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### Select Private Equity Groups With Vision Care Investments



### Recent M&A Activity

Date	Target	Acquirer	Location
Oct-22	Silver Spring Eye	PRISM Vision Group	MD
Oct-22	Snellville	Woolfson Eye Institute	GA
Oct-22	Prado Vision Center	Sight360	FL
Oct-22	Novus Clinic, Corrective Eye Center, and Retina Specialists of Ohio	EyeCare Partners	OH
Oct-22	Northern Plains Surgery Center	Unifeye Vision Partners	ND
Sep-22	EyeSouth Partners	Olympus Partners	GA
Sep-22	Britton Vision Associates and Southwest Eye Clinic and Surgery	Vision Integrated Partners	OK
Sep-22	Mitchell & Morin Eye Institute	PRISM Vision Group	VA, MD
Sep-22	West Georgia Eye Care Center	Eye Health America	GA
Sep-22	20/20 Vision Center	Panorama Eyecare	CO

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