



Vision Care

INDUSTRY MARKET UPDATE



ACQUISITIONS
DIVESTITURES
FINANCINGS
RESTRUCTURINGS

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 nondeferrable 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

Industry Overview

The US vision care market was valued at US\$24.35 billion in 2022, and it is projected to grow to US\$33.40 billion by 2028.⁽¹⁾ 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 approximately 96% of refractive procedures, is expected to grow at a CAGR of 7% from 2023 through 2030⁽²⁾, 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

Sources: (1) MarketWatch, US Vision Care Market Report 2023. (2) Vision Center: visioncenter.org/resources/lasik-statistics

U.S. 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



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.



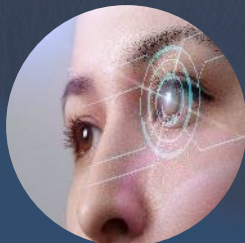
Greater infrastructure needs, reimbursement demands, and reporting requirements are burdening practices with increasing costs.



Labor shortages are making it increasingly more challenging and competitive to hire talented providers.



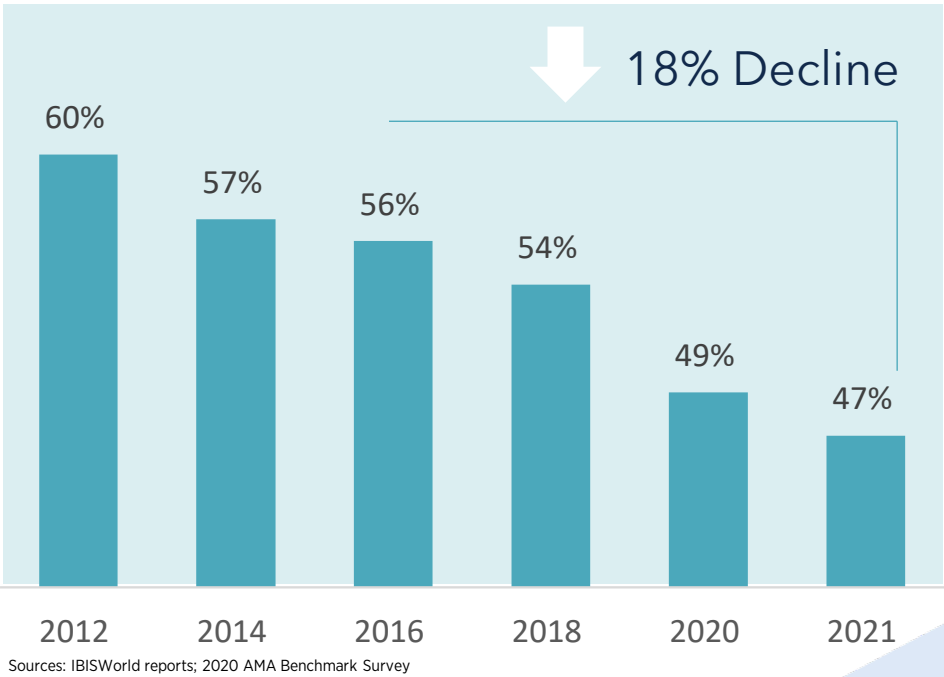
More and more, patients expect a fully integrated digital patient experience, requiring practices to invest in new software tools.



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.

Physician-Owned Practices



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.

Valuation Trends

Target Profile Range of EBITDA Multiple

Fewer than 3 Locations

3-8 Physicians
No ASC

5.0x – 7.0x

4-9 Locations

9-15 Physicians
At least 1 ASC

7.0x – 9.0x

10+ Locations

16+ Physicians
Multiple ASCs

10.0x – 13.0x



Select Private Equity Groups with Vision Care Investments

- Alpine Investors
- Blue Sea Capital
- Cortec Group
- FFL Partners
- Gauge Capital
- Gryphon Investors
- Harvest Partners
- HLG Capital
- KKR
- LLR Partners
- NMS Capital
- Olympus Partners
- Partners Group
- QUAD-C
- Ridgemont Equity Partners
- Sheridan Capital Partners
- ShoreView
- Waud Capital
- Webster Equity Partners

Recent M&A Activity

DATE	TARGET	ACQUIRER	LOCATION
Aug-23	HealthDrive Corporation	Cressey & Company LP	MA
May-23	Buffalo Niagara Retina Associates	Spectrum Vision Partners, LLC	NY
Mar-23	Hudson Valley Eye Associates	OCLI Inc.	NY
Feb-23	OC Eye Clinic Management, LLC	Eye Academy of America Ltd.	TX
Feb-23	Bausch Eye Associates	OCLI Inc.	PA
Jan-23	Zimm Cataract & Laser Center	Sunvera Group, LLC	Pa
Jan-23	Colorado Cataract & Laser, LLC	Total Vision Eye Care	CO
Dec-22	Retina Consultants of America	Retina Group of New England, P.C.	TX
Nov-22	Elite Optical LLC	Lumina Vision Partners LLC	AZ
Oct-22	Silver Spring Eye	PRISM Vision Group	MD

Select Transactions

Sell-Side Advisor



has been acquired by



a portfolio company of



FIRMAMENT

Learn more about the transaction in the case study and view Dr. Britton's Cascade Difference testimonial here.

Sell-Side Advisor



MICHIGAN EYE INSTITUTE

has partnered with



a portfolio company of



ALPINE

Learn more about the transaction in the case study and view MEI's Cascade Difference testimonial here.

Sell-Side Advisor



has partnered with



UNIFEYE
VISION PARTNERS

Learn more about the transaction in the case study and view Dr. Ehlen and his team's Cascade Difference testimonial here.

Sell-Side Advisor



has sold a majority interest to



STERLING
PARTNERS

Learn more about the transaction in the case study and Bob Wolford, Grand Rapids Ophthalmology Executive Director's Cascade Difference testimonial here.

About Cascade Partners

Cascade Partners is a boutique investment banking firm focused on middle-market businesses in industrials, healthcare, business services and manufacturing. Manufacturing and related business services are passions and specialties at Cascade Partners.

With more than 250 years of combined experience, we work with business owners and shareholders to achieve their objectives and explain the impact and opportunity of their options. Our experience extends beyond just being transaction advisors, too. We have been operators, served on boards and made personal investments in services firms. From buy-side and sell-side advisory services to securing growth financing, restructurings or recapitalizing your business, our expertise and insight goes deeper than the economic factors of a deal.

We recognize and respect the long-term impacts of a transaction on our clients' company, employees, family, wealth and personal lives and are committed not only to creating long-term value for companies but to creating transformative solutions for people.

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