

# Vision Care

## INDUSTRY MARKET UPDATE



### 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.

<sup>(1)</sup>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<sup>(2)</sup>, driven by rising disposable income and an increasing number of people suffering from ophthalmic disorders.
- » 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](https://www.visioncenter.org/resources/lasik-statistics)

### 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
- » **60%+** of Americans reported symptoms of Computer Vision Syndrome due to increasing use digital devices<sup>(3)</sup>

Sources: (3) Research and Markets: The US Vision Care Market: Analysis by Product

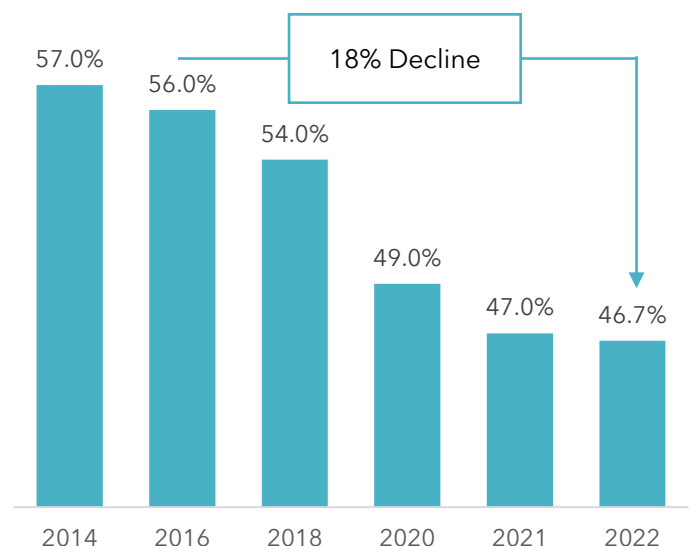
### Challenges for Physicians

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 <sup>(4)</sup>



Sources: (4) 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 the past decade, private equity groups have accumulated as much as 8% of the nation's ophthalmology practices.
- » As of late 2022 private equity groups made more than 35 large investments in more than 30 different eye care platforms around the U.S. <sup>(5)</sup>
- » The TTM period for Q1 2023 delivered **72** reported ophthalmology practice acquisitions <sup>(6)</sup>
- » 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.

Sources: (5) Physician Growth Partners (6) Focus: Q1 2023 Acquisition Activity and Outlook

## Valuation Trends <sup>(7)</sup>

Target Profile	Range of EBITDA Multiple
Less 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

Sources: (7) Cascade Partners Proprietary Database

## Cascade Partners Select Transactions

<p><b>Sell-Side Advisor</b></p>  <p>has been acquired by <b>VISION INTEGRATED PARTNERS</b> a portfolio company of <b>FIRMAMENT</b></p>	<p><b>Sell-Side Advisor</b></p>  <p>has sold a majority interest to <b>STERLING PARTNERS</b></p>	<p><b>Sell-Side Advisor</b></p>  <p>has partnered with <b>MIDWEST VISION PARTNERS</b> a portfolio company of <b>ALPINE</b></p>	<p><b>Sell-Side Advisor</b></p>  <p>has partnered with <b>UNIFEYE VISION PARTNERS</b></p>
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## Select Private Equity Groups with Vision Care Investments



## 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

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