

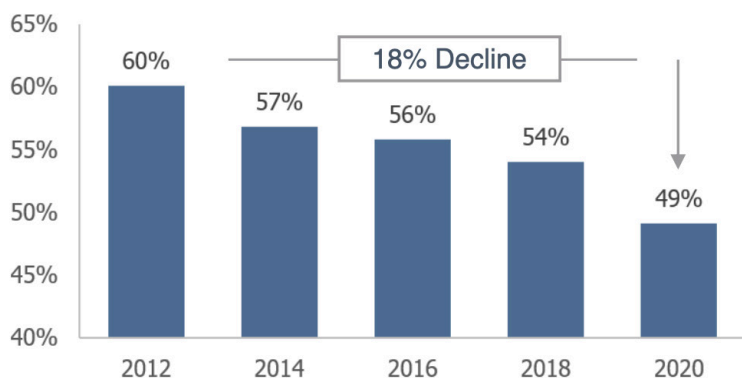
INDUSTRY OVERVIEW

Heightened demand and growth for ophthalmology services and recession resiliency has created a beneficial dynamic for investors to enter the vision care space. The increased need of ophthalmology and related services as the population ages, stabilizing reimbursement trends, multiple ancillary revenue streams (ASCs, optometry, retina, etc.) and limited supply of physicians all continue to drive interest in the segment. Several private equity (PE) investors have partnered with vision care providers to establish platforms or consolidate the U.S. ophthalmology market. As consolidation remains at the forefront of many physician practices, PE firms are attracted by the success of early market participants.

- Combined with the increasing prevalence of eye disease and need for corrective eyewear, the shortage of ophthalmologists provides opportunities for increased revenue per ophthalmologist and increased service offerings from optometrists
- 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
- Artificial intelligence has gained a lot of traction for eye disease screening, diagnosis, and treatment and can help diagnose and treat patients faster
- LASIK Surgery, making up 96% of refractive procedures, is expected to grow at a CAGR of 4% from 2021 to 2028, driven by disposable income rising after the global pandemic and declining surgery rates

Labor challenges and patient expectations are requiring practices to invest in more robust technology tools. Due to the cost effectiveness of ODs performing selective procedures over MDs, the OD to MD ratio is expected to grow to 4:1 to help practices survive.

DISTRIBUTION OF PRACTICES WHOLLY OWNED BY PHYSICIANS



Source: IBIS World Reports; 2020 AMA Benchmark Survey

KEY STATISTICS



\$51.4B economic effect of vision problems



>200m Americans use a vision-correction device



>50% of individuals will have a cataract requiring non-deferrable



8% of individuals over 40 have chronic retinal conditions



151m individuals required vision correction over the last five years



2.1m Americans suffer from late age-related macular degeneration

US POPULATION 65+ YRS



2019 | **16.5%** of population

2019 | **54m** people



2060 | **23.6%** of population

2060 | **98m** people

KEY DRIVERS FOR PHYSICIANS

- In 2021 the MIPs performance threshold will be set by the mean or median provider score (currently 74) with small provider groups currently averaging 43, a significant gap
- Resources and capital to expand operations and geographic diversity
- Lowering risk profile by realizing significant value of practice today while continuing to maintain upside
- Broader management resources and expertise to accelerate the growth of each practice
- Greater infrastructure needs, reimbursement demands, and patient expectations are burdening practices with increasing costs

2021 VISION CARE INDUSTRY UPDATE



Acquisitions | Divestitures | Financings | Private Investment

ACCELERATED INVESTOR INTEREST AMID COVID REBOUND

The U.S. eye care market continues to gain strong interest from successful healthcare investors.

- Q1 2021 reported 29 eye care acquisitions in the U.S, with Q2 2021 already surpassing the deals completed Q2 2020
- The most recent ten transactions in the space were completed by seven different buyers, which highlights the competitive nature for value assets in the market

By the end of Q2 2021, most practices will have a full year of non-COVID-19 normalized financial results which will put practices in a favorable position to go to market and obtain maximum value for the practice.

SELECT PRIVATE EQUITY GROUPS WITH VISION CARE INVESTMENTS



RECENT M&A ACTIVITY

Date	Target	Acquirer	Location
Jun-21	Zion Eye Institute	Comprehensive EyeCare Partners	UT
Jun-21	The Retina Center	Webster Equity Partners	MN
Jun-21	Two Practices	EyeSouth Partners	GA
Jun-21	TruVista Surgery Center	Ridgemont Equity Partners	MI
Jun-21	Retinal Consultants of San Antonio	Webster Equity Partners	TX
May-21	New Look Vision Group	FFL Partners	Canada
May-21	Retina Care Specialists	EyeSouth Partners	FL

CASCADe PARTNERS SELECT TRANSACTIONS

Sell-Side Advisor	Sell-Side Advisor	Sell-side advisor
 GRAND RAPIDS OPHTHALMOLOGY has sold a majority interest to STERLING PARTNERS	 MICHIGAN EYE INSTITUTE has partnered with MIDWEST VISION PARTNERS A portfolio company of ALPINE	 NorthwestEye <i>Be Eye Wise</i> has partnered with UNIFEYE VISION PARTNERS

SELECT AWARDS

 ACG Association for Corporate Growth WINNER Dealmaker of the Year Rajesh U. Kothari (2019)	 THE M&A ADVISOR WINNER Private Equity Deal of the Year Remington (2019)	 ACG Detroit WINNER Rising Star Matthew B. Feldman (2021)
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