

## Growing Medical Spa Market is Primed for Investment and M&A Consolidation

### Commentary:

- The Medical Spa market is attracting significant investor interest with an astounding projected CAGR of ~15% through 2030, high profit margins, and service line expansion. The sector is continuing to provide a wider variety of treatments available at price points appealing to a broader patient base. The highly fragmented industry is a ripe opportunity for consolidation by institutional investors and strategic buyers.
- Beyond providing a broader service offering, patient demand and demographics (young and middle-age patients) are currently providing exceptional recurring revenues with repeat patient visits representing ~65% of visits. There is also an exceptional market opportunity that is largely untapped amongst men as they currently represent only 12% of Medical Spa patient population.
- The sector also maintains positive reimbursement characteristics with essentially no exposure to both commercial and government payors. Many providers also see additional runway for further service line expansion across medical and non-medical treatments (e.g., Bio-stimulatory treatments, massages, and acupuncture), as technology advancements expand treatments, and more locations vertically integrate services.
- And while the sector has many positive tailwinds supporting its growth, we do see a challenge through present and potential regulatory requirements and oversight. Corporate practice of medicine and non-physician provider supervision and regulation are likely to increase given the growth, which will require operators to adapt and be nimble in order to comply as more states impose greater regulations.
- M&A and Private Placement activity in the Medical Spa sector is light relative to other sectors. However, with the sector's continued growth, it has exhibited an increased velocity with the number of completed transactions doubling annually since 2021. As the sector continues to mature, transaction volume and values are expected to increase and achieve premium values.
- Going forward, we anticipate growing private equity investment and interest in the space as the sector's resiliency, growing market opportunity, and fragmentation provide elements that allow private equity to consolidate.

### Recent Notable Medical Spa M&A Activity:



SKINJECTABLES  
ANTI-AGING BAR

Target



SKIN SPIRIT

Target



Princeton Medspa Partners



KKR

### Contact Us

**Paul Kacik, Managing Director**

(949) 232-4446

pkacik@hexagoncapitalalliance.com

**Bradley Erhart, Director**

(714) 222-2679

berhart@hexagoncapitalalliance.com

**Daren Oddenino, Director**

(214) 918-2005

doddenino@hexagoncapitalalliance.com

*With 300+ Completed Transactions In The Firm's 24-Year History, Hexagon Capital Alliance's Investment Bankers Know The Appropriate Industry-Specific Strategic Buyers, Private Equity Groups, And Family Offices To Approach On Behalf Of Our Clients.*

**Select Healthcare Services Transactions**

 <p>has been acquired by</p> <p><b>Undisclosed Buyer</b></p>	 <p>has been acquired by</p> 	 <p>has been acquired by</p> <p>a portfolio company of</p> 	 <p>a portfolio company of</p>  <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 
 <p>has been acquired by</p>  <p>a portfolio company of</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	<p>We provided investment banking services for</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 
<p>We provided investment banking services for</p> 	 <p>has acquired</p> 	<p>BioVex, Inc.</p> <p>has been acquired by</p> 	<p>Home Pharmacy of California</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 
<p>Community Psychiatry</p> <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 	<p>Anesthesia Services Inc.</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 

\* Represents a transaction executed by principals of Hexagon Capital Alliance at a prior firm