



NORTH AMERICAN  
**DERMATOLOGY**  
M&A Activity and Valuation Trends  
Q4 | 2015

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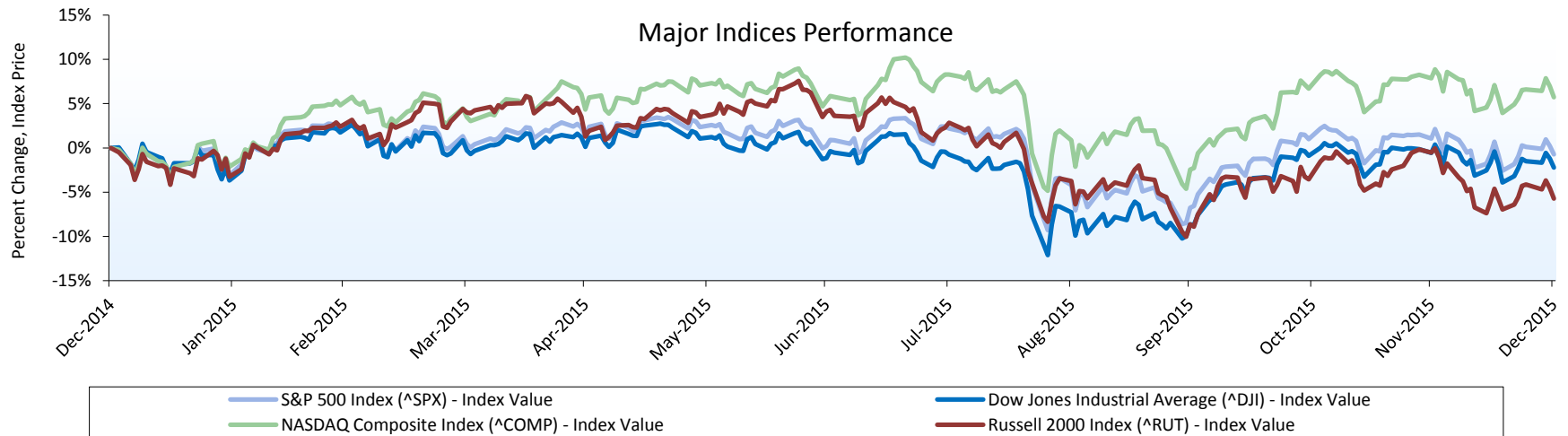
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# Economic Indicators

## Macroeconomic Overview



Index	As of 3/31/2015	As of 6/30/2015	As of 9/30/2015	As of 12/31/2015
^SPX	2,086.24	2,063.11	1,920.02	2,043.94
^COMP	4,947.44	4,986.87	4,620.16	5,007.41
^DJI	17,976.31	17,619.51	16,284.7	17,425.03
^RUT	1,252.77	1,253.95	1,100.68	1,135.89

### Major Economic Indicators

Economic Indicator	2011	2012	2013	2014	2015
Real GDP (% change)	1.60%	2.30%	2.20%	2.40%	2.50%
CPI (% change)	3.10%	2.10%	1.50%	1.62%	0.50%
Cons. Spending (% change)	2.30%	1.80%	2.40%	2.50%	3.10%
Nonfarm Productivity	0.10%	1.00%	0.90%	0.70%	-
Unemployment Rate	9.00%	8.10%	7.40%	6.20%	5.60%

### Interest Rates

Interest Rates	3/31/2015	6/30/2015	9/30/2015	12/31/2015
United States Treasury - 2 Year	0.56%	0.64%	0.63%	1.05%
United States Treasury - 5 Year	1.37%	1.63%	1.36%	1.76%
United States Treasury - 10 Year	1.94%	2.35%	2.04%	2.27%
United States Treasury - 30 Year	2.54%	3.11%	2.86%	3.02%
United States Prime Rate	3.25%	3.25%	3.25%	3.25%

Source: Capital IQ, S&P NetAdvantage

# Industry Overview

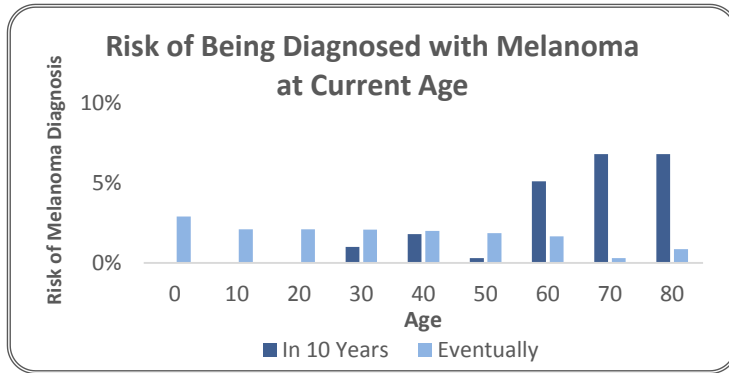
## Key Drivers

Trends	Impact
Increase in Skin Cancer Diagnoses	Perhaps the most important driver in the increase of dermatological procedure is the rise of skin cancer awareness and skin cancer diagnosis. This trend is expected to continue through 2015 with 137,310 diagnoses projected to occur in 2015 alone, which would be up from 75,000 in 2009.
Market Consolidation	The dermatology industry is highly fragmented and is expected to consolidate due to soaring medical costs. As rising costs reduce profit for services provided by dermatologists, many are looking to leave their practices in favor of multi-physician establishments.
Decreasing Number of Private Practices	Along with higher medical costs discouraging new and current dermatologists to begin or continue solo practices, many are opting to join multi-physician firms to increase focus on their services rather than worry about running a practice.
Aging Populations	With the current population beginning to age, susceptibility to skin cancer has seen a corresponding increase. Cosmetic procedures have also seen a resurgence with an aging population and recovering economy. These factors have and will continue to spur demand in the dermatology sector.
Rising Demand Outpacing the Number of Available Dermatologists	As demand for dermatological procedures increases, the ratio of individuals needing assistance to practicing dermatologists will increase to the point where the high demand cannot be serviced by the static residency training capacity each year.

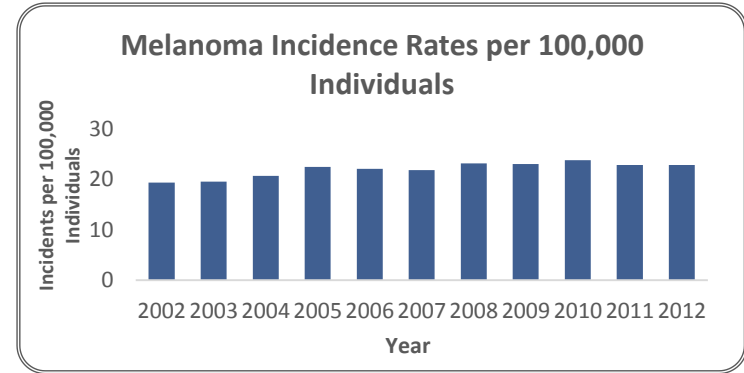
Sources: American Academy of Dermatology, IBIS World

# Industry Overview

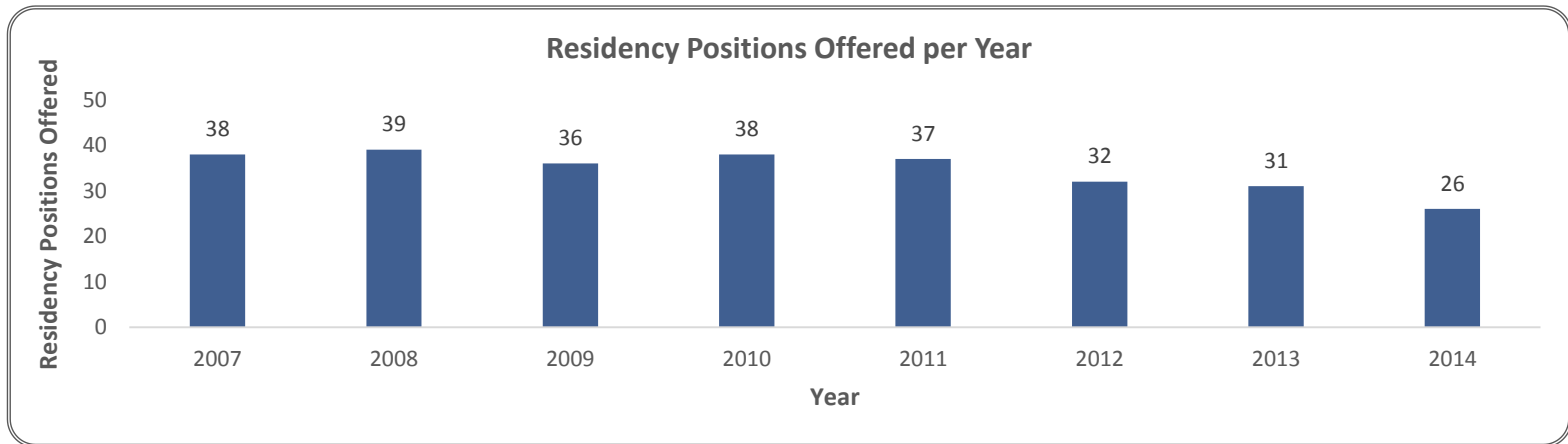
## Dermatology



Based on this chart, as individuals age, the potential risk of being diagnosed with Melanoma within the next 10 years increases while the overall eventual risk decreases.



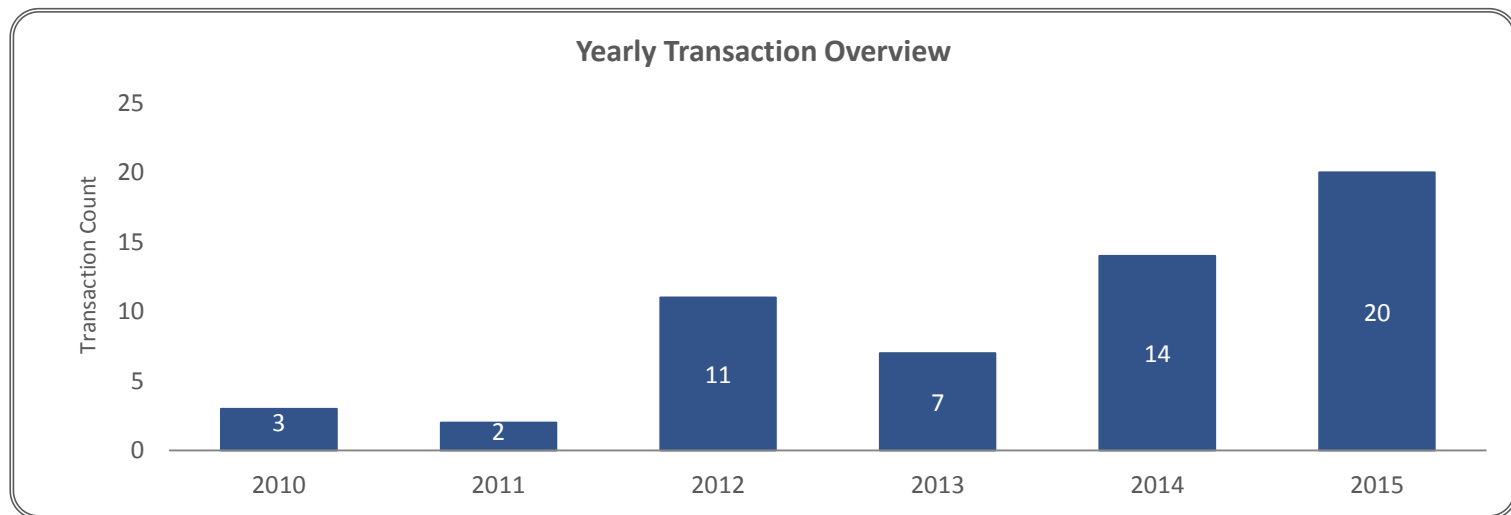
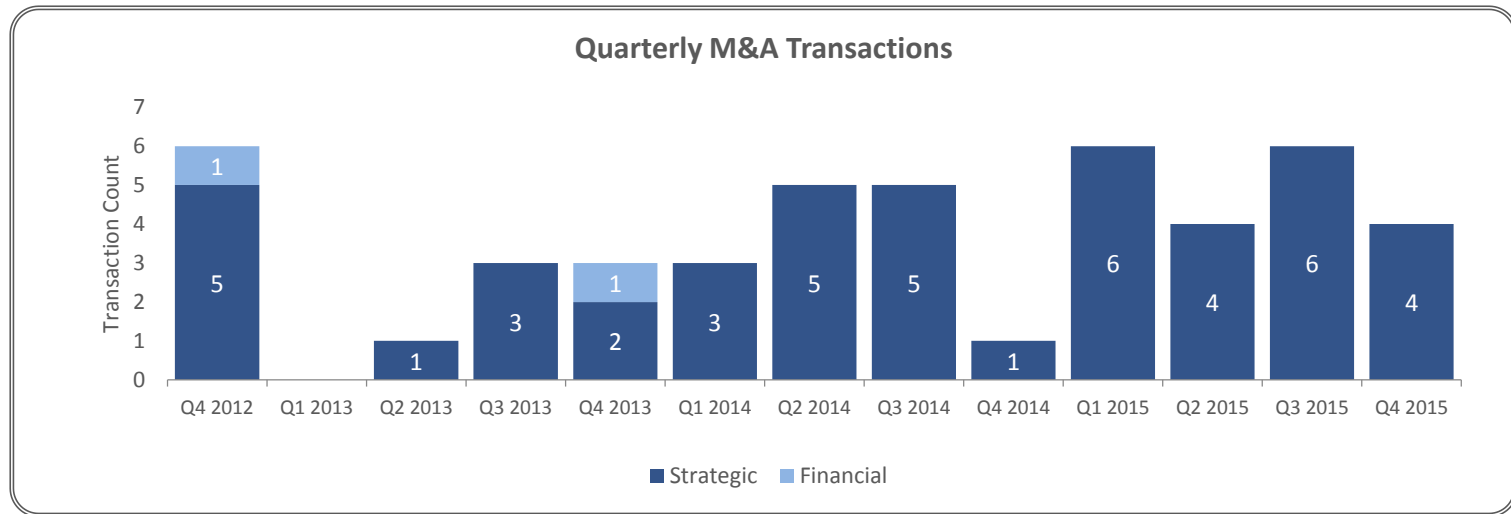
In the span of 10 years from 2002-2012, the number of individuals diagnosed with Melanoma has steadily increased from 19.34 incidents per 100,000 individuals to 22.87 per 100,000 individuals.



Sources: National Resident Matching Program, SEER Cancer Statistics

# Mergers & Acquisitions Overview

## Dermatology



Sources: Capital IQ

# Fourth Quarter Transactions Overview

## Dermatology

Date	Acquirer	Target	Industry Segment	Target LTM		Enterprise Value	Enterprise Value / LTM	
				Revenue	EBITDA		Revenue	EBITDA
12/31/16	Adv. Dermatology & Cosmetic Surgery Inc.	Greater Washington Dermatology, P.A.	Dermatology Services	-	-	-	-	-
11/19/15	Forefront Dermatology	Premier Dermatology, Ltd.	Dermatology Services	-	-	-	-	-
10/8/15	Dermatology Associates of Central Texas	Lone Star Dermatology	Dermatology Services	-	-	-	-	-
10/7/15	Swedish Health Services, Inc.	South Kingston Internal Medicine	Dermatology Services	-	-	-	-	-
9/22/15	Adv. Dermatology & Cosmetic Surgery Inc.	Dermatology of Northern Colorado PC	Dermatology Services	-	-	-	-	-
9/16/15	St. John Health System, Inc.	Steven A. Smith, M.D., Dermatology, P.C.	Dermatology Services	-	-	-	-	-
9/2/15	Adv. Dermatology & Cosmetic Surgery Inc.	Dermatology & Laser Institute of SW Florida	Dermatology Services	-	-	-	-	-
8/25/15	Adv. Dermatology & Cosmetic Surgery Inc.	Mid-Michigan Dermatology, PLLC	Dermatology Services	-	-	-	-	-
7/30/15	Adv. Dermatology & Cosmetic Surgery Inc.	Bay Area Dermatology	Dermatology Services	-	-	-	-	-
7/23/15	Adv. Dermatology & Cosmetic Surgery Inc.	Solo Dermatology Practice in Philadelphia	Dermatology Services	-	-	-	-	-
5/18/15	Encore Dermatology, Inc.	Valeant Pharmaceuticals North America LLC, Hylatopic, Tetric and BenzEfoam	Dermatology Services	-	-	-	-	-
4/15/15	Adv. Dermatology & Cosmetic Surgery Inc.	Towson Dermatology & Cosmetic Center	Dermatology Services	-	-	-	-	-
4/14/15	Adv. Dermatology & Cosmetic Surgery Inc.	Dermatology & Laser Center At Harvard Park, PLLC	Dermatology Services	-	-	-	-	-
4/2/15	Adv. Dermatology & Cosmetic Surgery Inc.	Arizona Advanced Dermatology - Gilbert, P.C.	Dermatology Services	-	-	-	-	-
3/9/15	Adv. Dermatology & Cosmetic Surgery Inc.	Denver Dermatology Consultants, P.C.	Dermatology Services	-	-	-	-	-
2/18/15	Steven K. Grekin , D.O., P.C.	Dermatology Clinic in Livonia, Michigan	Dermatology Services	-	-	-	-	-
2/10/15	Adv. Dermatology & Cosmetic Surgery Inc.	Deland Dermatology & Surgery	Dermatology Services	-	-	-	-	-
1/7/15	Adv. Dermatology & Cosmetic Surgery Inc.	Albany Dermatology Clinic, P.A.	Dermatology Services	-	-	-	-	-
1/6/15	Adv. Dermatology & Cosmetic Surgery Inc.	Dermatology Associates of Northern Michigan, P.C.	Dermatology Services	-	-	-	-	-
1/2/15	Adv. Dermatology & Cosmetic Surgery Inc.	Spencer Dermatology & Skin Surgery Center LLC	Dermatology Services	-	-	-	-	-

Sources: Capital IQ

# Dinan Capital Advisors

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Based on a highly structured process that leverages our experience, research capabilities, and proprietary technology platforms, we initiate every engagement by first assessing the market climate, and then developing an understanding of the current situation and strategic objectives of each company. From there, we partner with our clients to develop a plan that maximizes shareholder value and delivers the optimal transaction outcome.

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