



**SKYWAY**  
CAPITAL MARKETS

Sector Update:

## **Physician Practice Management – Dermatology**

February 2025

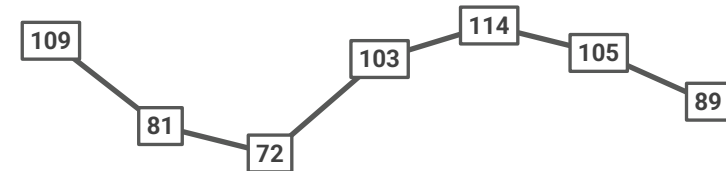
## M&A Update

### M&A Drivers

The dermatology market has attracted significant investment from institutional investors (private equity groups) in recent years. Several factors and key trends are contributing to the growing **M&A activity** and **consolidation**:

- Continued shifts in **reimbursement trends** have compelled dermatology clinics to expand their range of cash-based services, including injectable, and skin care treatments, further fueling consolidation in both the dermatology and medspa industries.
- Electronic Medical Record (EMR) regulations** have imposed ongoing cost pressures on solo practitioners and smaller practices, with the increased administrative workload cited as a key contributor to physician burnout.
- The **shortage of dermatologists**, with less than 4 per 100,000 people has created a **labor-driven gap** in dermatology services. This shortage is compounded by a 67% deficit in dedicated medical dermatology patient care time, **rising skin cancer rates**, **extended wait times**, and **increased demand for dermatology visits**.
- This labor shortage is a key factor fueling M&A activity, as private equity and strategic acquirers target dermatology practices to consolidate resources, improve access through scale, and capitalize on unmet demand in this growing market.

### M&A Deal Count



2018	2019	2020	2021	2022	2023	2024
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### Commentary

*"It would be challenging to arrive at the conclusion that we are in the early stages of dermatology consolidation. With that said, we still see plenty of "runway" left and are not hastily attempting to gain scale via acquisitions at the expense of strategic fit and quality. Dermatology is a rapidly evolving specialty which does open the door for additional avenues of growth and consolidation... a more near-term focus is expanding the cosmetics portion of the portfolio in order to complement our existing medical and surgical offerings."*

- Bill Butler, Chief Executive Officer at DOCS Dermatology

## Industry Overview

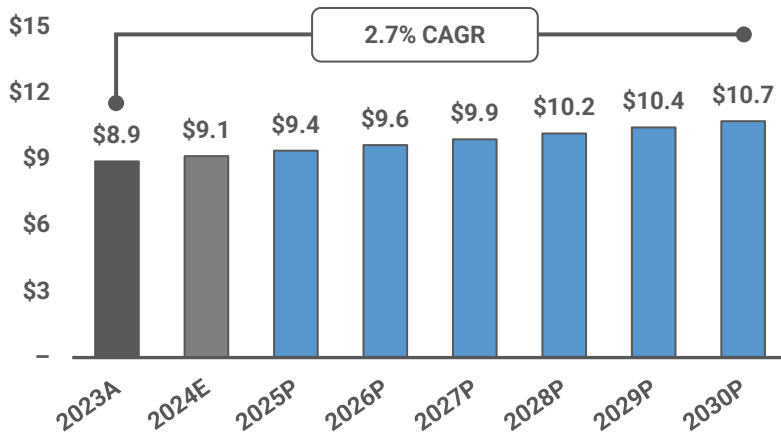
### Market Snapshot

The dermatology industry is expected to experience **steady annual growth of 2.7%**, with the market expected to reach **\$10.7 billion by 2030**. The industry has displayed resilience in recovering from economic downturns, providing investors with a stable investment opportunity.

The U.S. dermatology practice market has grown steadily over the past decade, driven by strong tailwinds such as **private equity investment, an aging population, rising skin cancer prevalence, and increasing demand for cosmetic procedures**.

### Market Size & Growth

(\$ in billions)



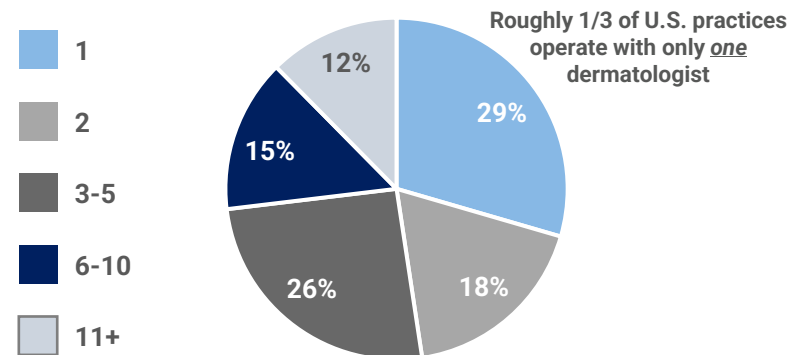
### Practitioner Consolidation

The dermatology practice industry has experienced **significant consolidation of solo practitioners** and other smaller practices in urban and suburban areas.

- Consolidation allows for **shared resources, reduced overhead costs, and streamlined operations**. Practices can centralize functions such as billing, HR, and IT, improving efficiency.
- Larger dermatology groups benefit from increased purchasing power for medical supplies, equipment, and services.
- Stricter requirements from CMS, state agencies, and private payers regarding documentation, accurate coding, and adherence to billing standards have made it increasingly costly and challenging for smaller practices to operate independently.

### Market Breakdown

(Average Number of Dermatologists per U.S. Practice)



## Industry Overview (cont.)

### Aging Population

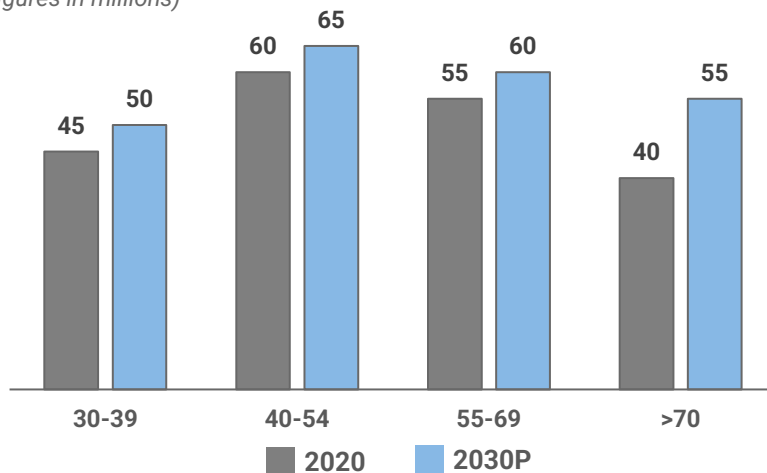
The United States is undergoing a demographic and health transformation that will have lasting implications for its healthcare system, **with the number of individuals over the age of 70 projected to grow from 40 million in 2020 to 55 million by 2030.**

This demographic shift is accompanied by a **rising prevalence of precancerous conditions and comorbidities**, driving up treatment costs and increasing healthcare spending. As a result, there is a **growing emphasis on value-based care models** to improve outcomes while managing costs more effectively.

Aging is also associated with aesthetic and structural skin changes, such as **wrinkles, age spots, excessive cellulite, and fatty tissue deposits**, which can be addressed through various treatments.

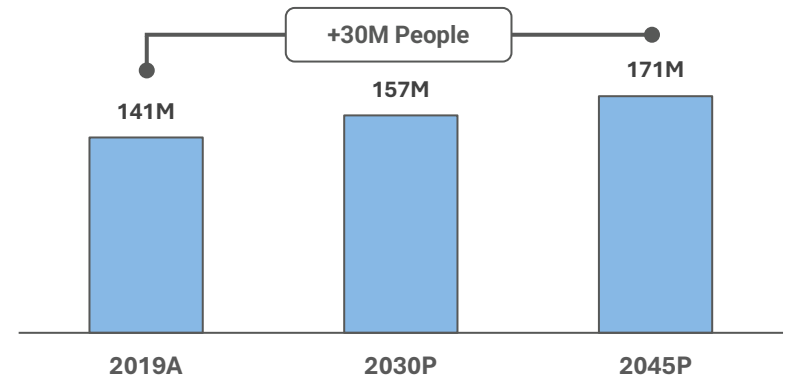
### Population Growth by Age Cohort

(figures in millions)

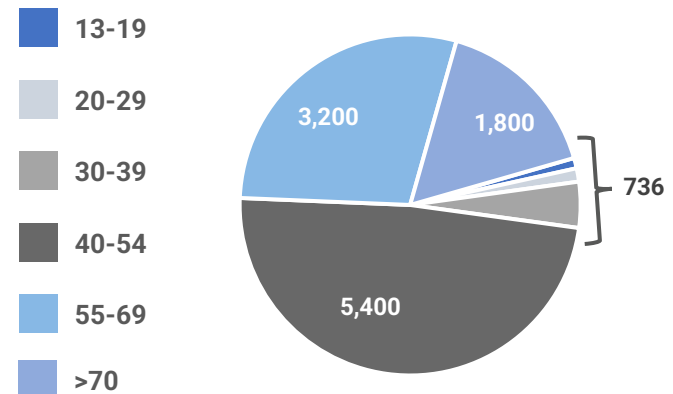


### Prevalence of Comorbidities in the U.S.

(As of 2019, 3/4 of adults aged 65+ have two+ chronic conditions in the United States)



### Minimally Invasive Procedures by Age Cohort<sup>1</sup>



<sup>1</sup> – Graphic based on minimally invasive cosmetic procedures (000's)

## Industry Overview (cont.)

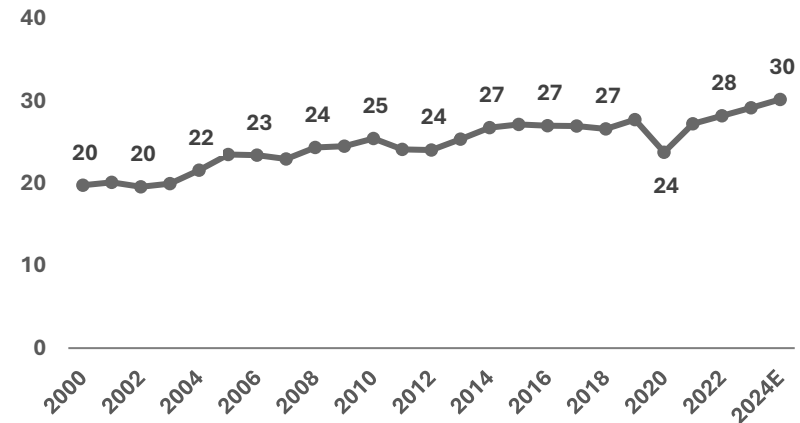
### Skin Cancer Treatment Trends

As the senior population continues to age, there is a notable rise in precancerous conditions, such as actinic keratosis, as well as cancerous lesions, including basal cell and squamous cell carcinomas. In 2023, an estimated 187,000 individuals were diagnosed with melanoma, the deadliest form of skin cancer, with 48% of cases being non-invasive and 52% classified as invasive.

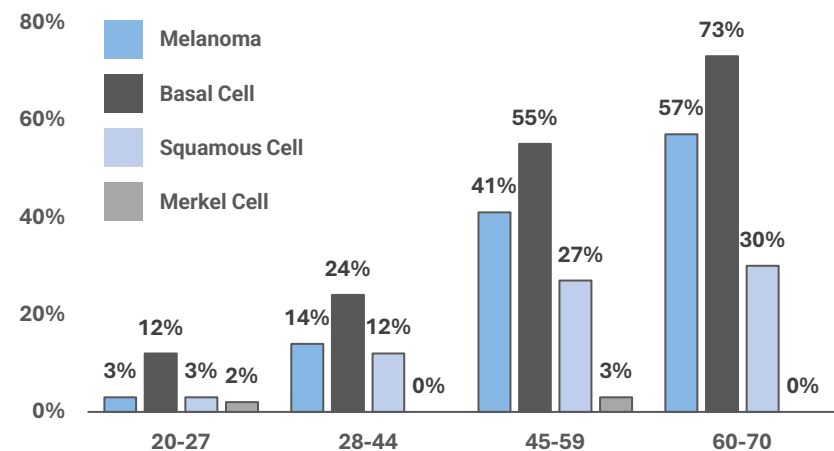
Recent advancements in dermatological treatments are providing innovative solutions for detection and prevention of different skin conditions:

- Among these advancements, one of the most promising breakthroughs is in immunotherapy. The FDA recently approved a combination of two immunotherapy drugs, **relatlimab** and **nivolumab**, as a first-line systemic treatment for certain types of advanced melanoma.
- The **CellFX system** is an innovative nano pulse stimulation technology that targets cells in benign lesions, which have the potential to progress into skin cancer. Unlike traditional treatments that destroy all cells indiscriminately, CellFX focuses only on harmful cells, resulting in minimal scarring and natural healing.
- **Advancements in photodynamic therapy (PDT)** are showing promise in treating pigmented basal cell carcinoma, a challenging condition due to the skin's natural absorption of light, especially in patients with higher melanin levels.

### New Case Rates & Skin Cancer Prevalence<sup>1</sup>



### % of Skin Cancer Cases by Age Cohort



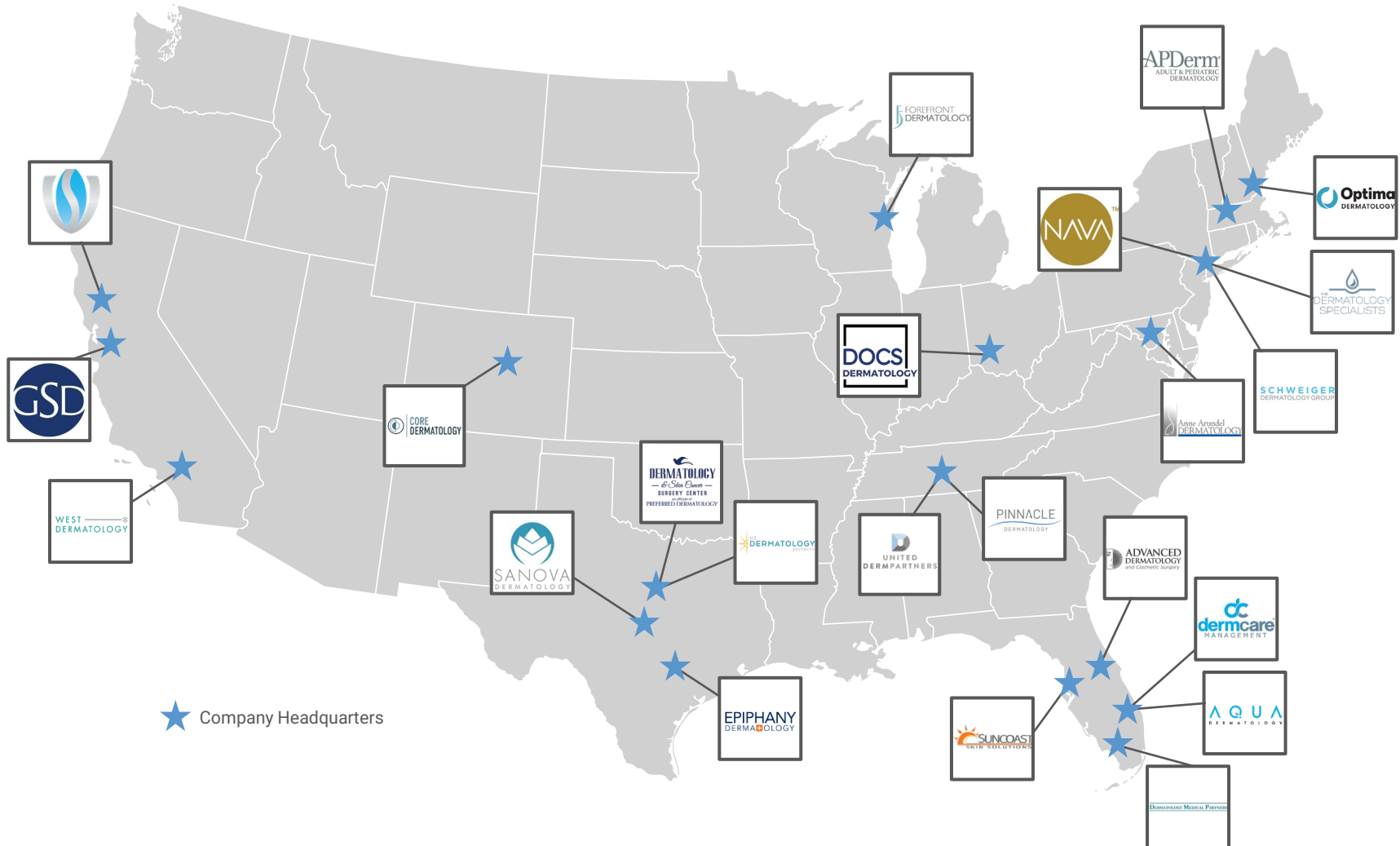
1 – New case rates are from the Surveillance, Epidemiology, and End Results (SEER) program and are per 100,000 men and women

## Competitive Landscape

### Select Private Equity-Backed Dermatology Practices

## Geographic Competitive Landscape



## Recent Transaction Activity

Target (Ownership)	Acquirer (Ownership)	Close Date	Location
<b>Knight Dermatology Institute</b> <i>Provider of dermatology services across Florida</i>	<b>Forefront Dermatology (Partners Group)</b>	Dec-24	Orlando, FL
<b>Dermatology and Surgery Associates</b> <i>Provider of dermatological and surgical services</i>	<b>Schweiger Dermatology Group (LLR Partners)</b>	Nov-24	Bronx, NY
<b>ClearlyDerm</b> <i>Provider of medical, surgical and cosmetic dermatology services</i>	<b>Schweiger Dermatology Group (LLR Partners)</b>	Oct-24	Boca Raton, FL
<b>Doherty Dermatology</b> <i>Provider of dermatological services for the treatment of skin cancer</i>	<b>Frontier Dermatology (A&amp;M Capital)</b>	Sep-24	Bellingham, WA
<b>Advanced Dermatology and Skin Care</b> <i>Operator of a skin care dermatology practice</i>	<b>Forefront Dermatology (Partners Group)</b>	Sep-24	League City, TX
<b>Contour Dermatology</b> <i>Operator of the dermatology clinic</i>	<b>DermCare Management (Hildred Capital Management)</b>	Sep-24	Palm Springs, CA
<b>Pioneer Valley Dermatology</b> <i>Operator of dermatology practice</i>	<b>Adult &amp; Pediatric Dermatology (Waud Capital Partners)</b>	Jul-24	Amherst, MA
<b>Dermatologic SurgiCenter</b> <i>Operator of a dermatological clinic center</i>	<b>Pennsylvania Dermatology Partners</b>	Jul-24	Philadelphia, PA
<b>First Coast Mohs</b> <i>Operator of dermatology and skin cancer specialist clinics</i>	<b>Aqua Dermatology (Gryphon Investors)</b>	Jul-24	Jacksonville, FL
<b>Boyne Dermatology</b> <i>Operator of the dermatology clinic</i>	<b>DermCare Management (Hildred Capital Management)</b>	Jul-24	Jacksonville, FL
<b>Absolute Aesthetics Rejuvenation and Laser Center</b> <i>Operator of a rejuvenation and laser center</i>	<b>DermCare Management (Hildred Capital Management)</b>	Jun-24	Plantation, FL
<b>Jacksonville Skin Cancer Center</b> <i>Operator of dermatology practice</i>	<b>Suncoast Skin Solutions (Ballast Point Ventures)</b>	May-24	Jacksonville, FL
<b>Longhorn Dermatology</b> <i>Operator of the dermatology clinic</i>	<b>DermCare Management (Hildred Capital Management)</b>	May-24	Spicewood, TX
<b>Irving D. Wolfe Dermatology</b> <i>Operator of the dermatology clinic</i>	<b>Dermatology Partners</b>	May-24	Owings Mills, MD
<b>Bassin Center for Plastic Surgery</b> <i>Provider of plastic surgery services</i>	<b>DermCare Management (Hildred Capital Management)</b>	May-24	Orlando, FL
<b>Dr. Kim Dermatology</b> <i>Provider of dermatology treatment services</i>	<b>DermCare Management (Hildred Capital Management)</b>	May-24	Frisco, TX



## Recent Transaction Activity (cont.)

Target (Ownership)	Acquirer (Ownership)	Close Date	Location
<b>Christine Brown M.D.</b> <i>Operator of dermatology practice</i>	<b>DermCare Management (Hildred Capital Management)</b>	May-24	Dallas, TX
<b>First Coast Dermatology</b> <i>Provider of dermatology care services</i>	<b>Suncoast Skin Solutions (Ballast Point Ventures)</b>	Apr-24	Jacksonville, FL
<b>Heller Dermatology Center</b> <i>Provider of personalized dermatology care</i>	<b>Suncoast Skin Solutions (Ballast Point Ventures)</b>	Apr-24	Daytona Beach, FL
<b>Dermatology Services</b> <i>Provider of dermatology services</i>	<b>Waud Capital Partners</b>	Feb-24	Dartmouth, MA
<b>Dermatology &amp; Skin Surgery Center of North Carolina</b> <i>Operator of clinical and surgical dermatology center</i>	<b>TM Medical Properties</b>	Jan-24	Asheboro, NC
<b>Lakeshore Dermatology Laser &amp; Medical Spa</b> <i>Operator of a medical spa and dermatology clinic</i>	<b>Forefront Dermatology (Partners Group)</b>	Dec-23	Grand Rapids, MI
<b>United Skin Specialists</b> <i>Provider of shared practice management services</i>	<b>Schweiger Dermatology Group (LLR Partners)</b>	Dec-23	Plymouth, MN
<b>Chadds Ford Dermatology</b> <i>Operator of dermatology clinic</i>	<b>Dermatology Partners</b>	Dec-23	Chadds Ford, PA
<b>Millburn Laser Center</b> <i>Operator of a medical and cosmetic dermatology clinic</i>	<b>Schweiger Dermatology Group (LLR Partners)</b>	Dec-23	Millburn, NJ
<b>Scherl Dermatology</b> <i>Operator of medical and cosmetic clinics</i>	<b>Schweiger Dermatology Group (LLR Partners)</b>	Dec-23	Englewood Cliffs, NJ
<b>SkinTrust Dermatology</b> <i>Operator of a dermatology clinic</i>	<b>Advanced Dermatology and Cosmetic Surgery (Harvest Partners)</b>	Nov-23	Greenville, SC
<b>Skin and Cancer Associates</b> <i>Provider of medical, surgical and cosmetic dermatologic care services</i>	<b>Platinum Dermatology Partners (Sterling Partners)</b>	Oct-23	Miami Beach, FL
<b>Albemarle Dermatology Associates</b> <i>Operator of a medical and surgical dermatology private practice</i>	<b>DermCare Management (Hildred Capital Partners)</b>	Oct-23	Charlottesville, VA
<b>Waldorf Center For Plastic Surgery</b> <i>Provider of cosmetic surgical care and related services</i>	<b>Forefront Dermatology (Partners Group)</b>	Oct-23	Portland, OR
<b>Delaware Valley Dermatology Group</b> <i>Provider of dermatologic care services</i>	<b>The Dermatology Specialists (Regal Healthcare Capital Partners)</b>	Sep-23	Wilmington, DE

## Skyway Capital – Firm Overview

Our team of 45+ professionals includes senior investment bankers with 25+ years, on average, of experience and expertise in mergers and acquisitions (M&A), capital markets, and private capital advisory. The firm is focused on middle-market businesses and has completed more than 200 transactions with a total transaction value exceeding \$20 billion.

### M&A Advisory

Skyway Capital is a middle-market investment bank led by a team of highly experienced professionals, providing tailored sell-side and buy-side advisory services.

### Capital Markets Advisory

Our team maintains a deep network of investor relationships and access to a wide range of capital sources to help companies obtain the necessary capital for achieving their growth, liquidity, and financing objectives.

### Private Capital Advisory

Working with a select group of best-in-class sponsors, Skyway Capital helps structure offerings that provide investors with attractive features and risk-adjusted returns.

### Nationwide Coverage



★ - Indicates select active & completed transactions

### Sector Coverage

BUSINESS  
SERVICES

HEALTHCARE

INDUSTRIALS

FINANCIAL  
SERVICES

CONSUMER

## Skyway Capital – Firm Overview (cont.)

### Senior M&A Bankers



**Jim DiCesaro, CFA**  
Senior Managing Director



**Keith Hodgdon**  
Senior Managing Director



**Jeff Hunt**  
Senior Managing Director



**Russ Hunt**  
Senior Managing Director



**Roger Overby**  
Senior Managing Director



### Recent M&A Transactions



acquired by



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## Skyway Capital – Healthcare Team

### Senior Healthcare Bankers



**Keith Hodgdon**  
Senior Managing Director



**Jim DiCesaro, CFA**  
Senior Managing Director



### Healthcare Focus

PROVIDER SERVICES

PHARMA SERVICES

HEALTH TECHNOLOGY

HEALTHCARE SERVICES

MEDICAL DEVICES

PAYER SERVICES

### Select Healthcare Transaction Experience



acquired by



acquired by



acquired by

**LINDSAY GOLDBERG**



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**LINDSAY GOLDBERG**



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**Florida Blue**



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