

Aesthetics Innovation Summit

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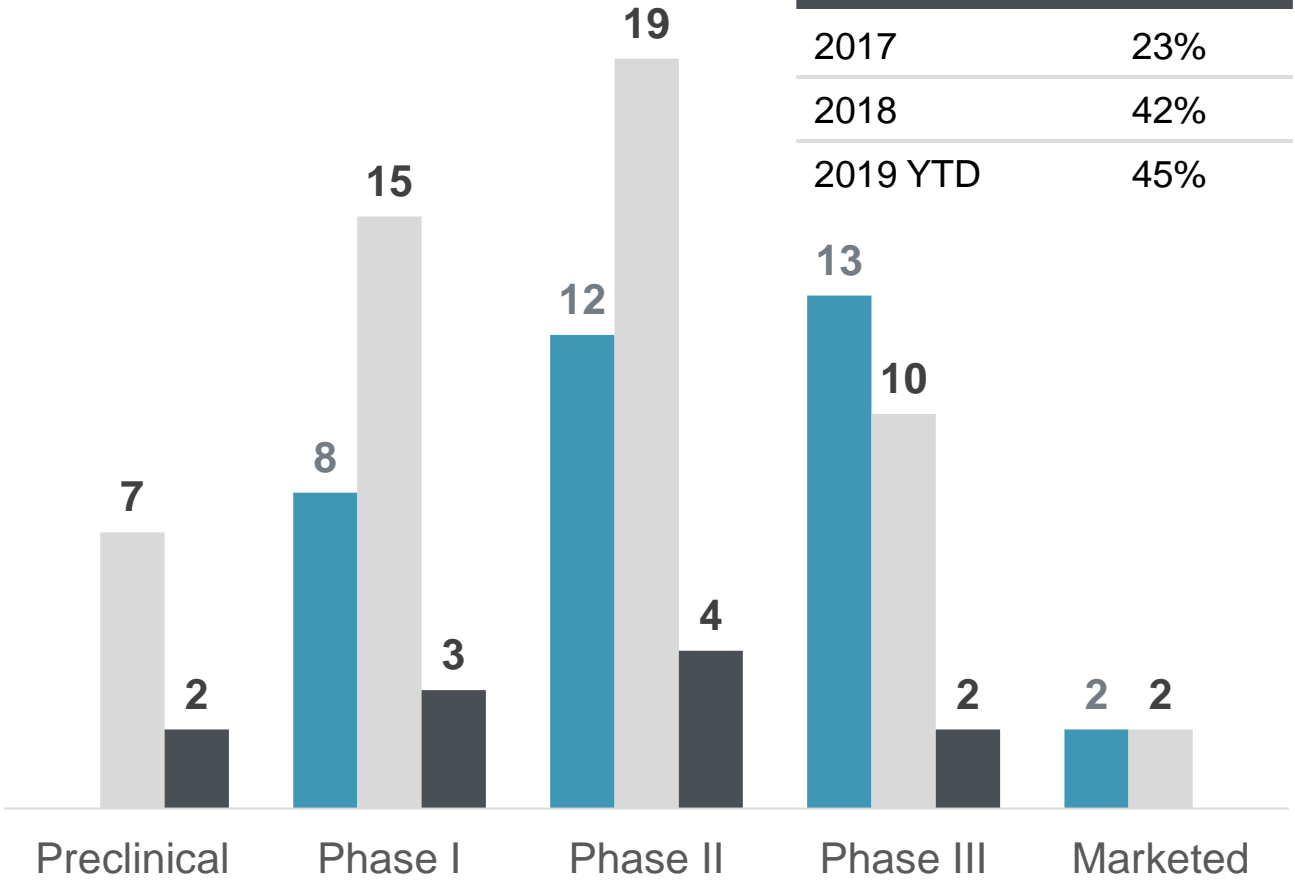
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Continued Brisk Pace of Life Sciences IPO Activity

Biotech IPO Frequency by Phase¹

■ 2017 ■ 2018 ■ 2019YTD

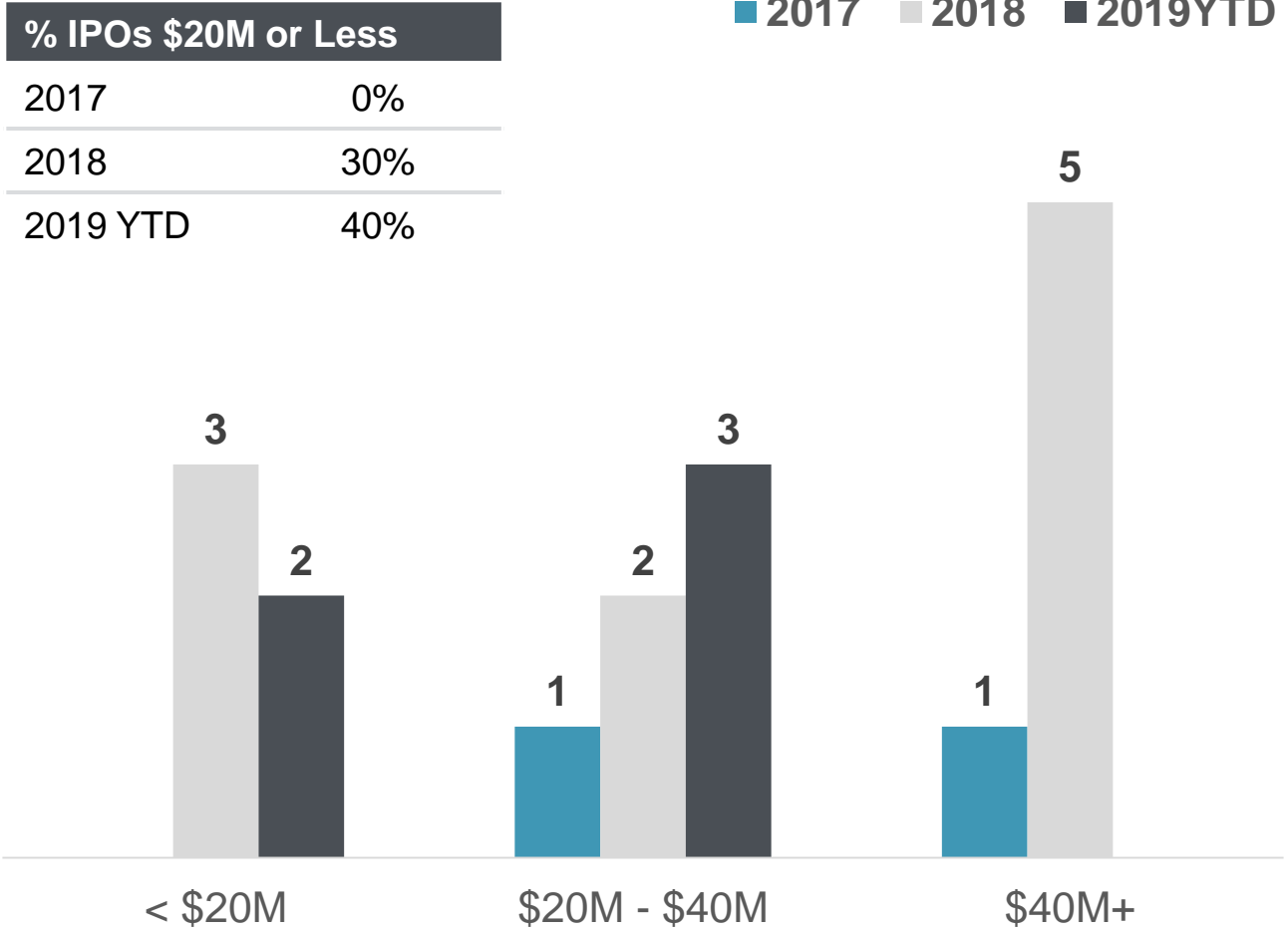


% IPOs Phase I or Earlier

2017	23%
2018	42%
2019 YTD	45%

Medtech IPO Frequency by Revenue (LTM)¹

■ 2017 ■ 2018 ■ 2019YTD

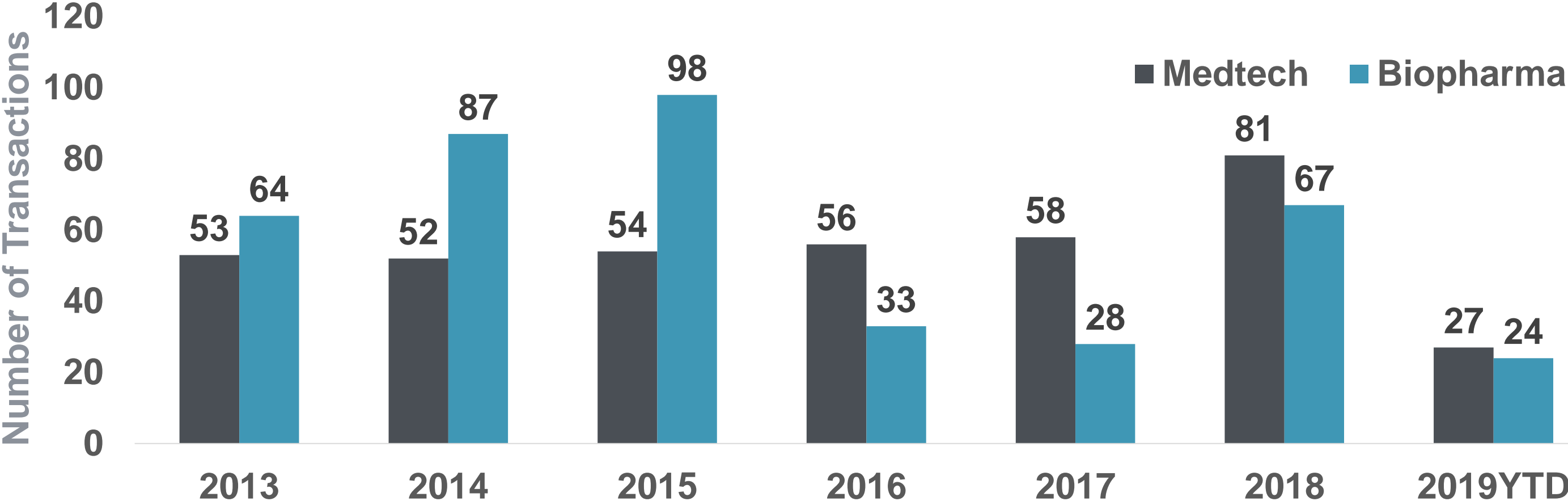


% IPOs \$20M or Less

2017	0%
2018	30%
2019 YTD	40%

Source: S&P Capital IQ, Company filings
¹Includes IPOs with gross proceeds greater than \$50 million

Active Life Sciences M&A Landscape

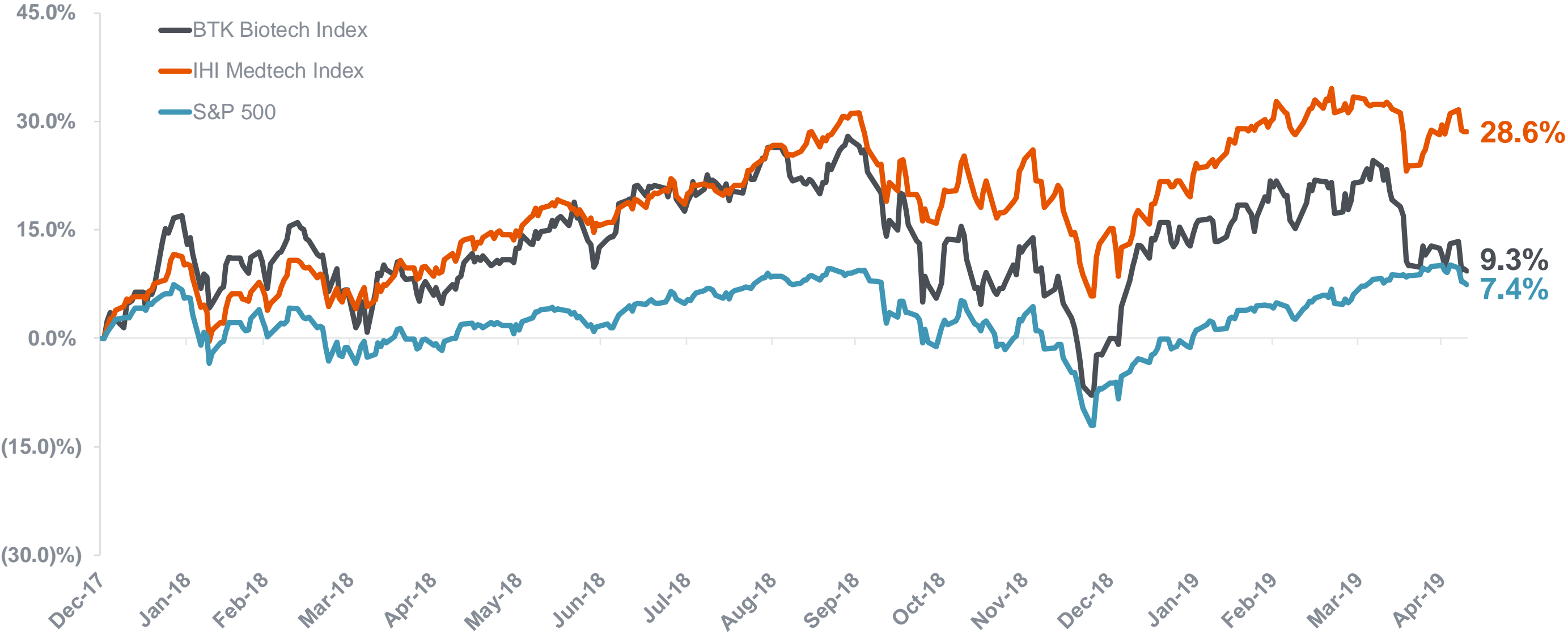


Median Transaction Value (\$M):

	2013	2014	2015	2016	2017	2018	2019 YTD
Medtech	\$200	\$219	\$178	\$258	\$233	\$202	\$285
Biotech	\$331	\$500	\$417	\$639	\$710	\$452	\$800

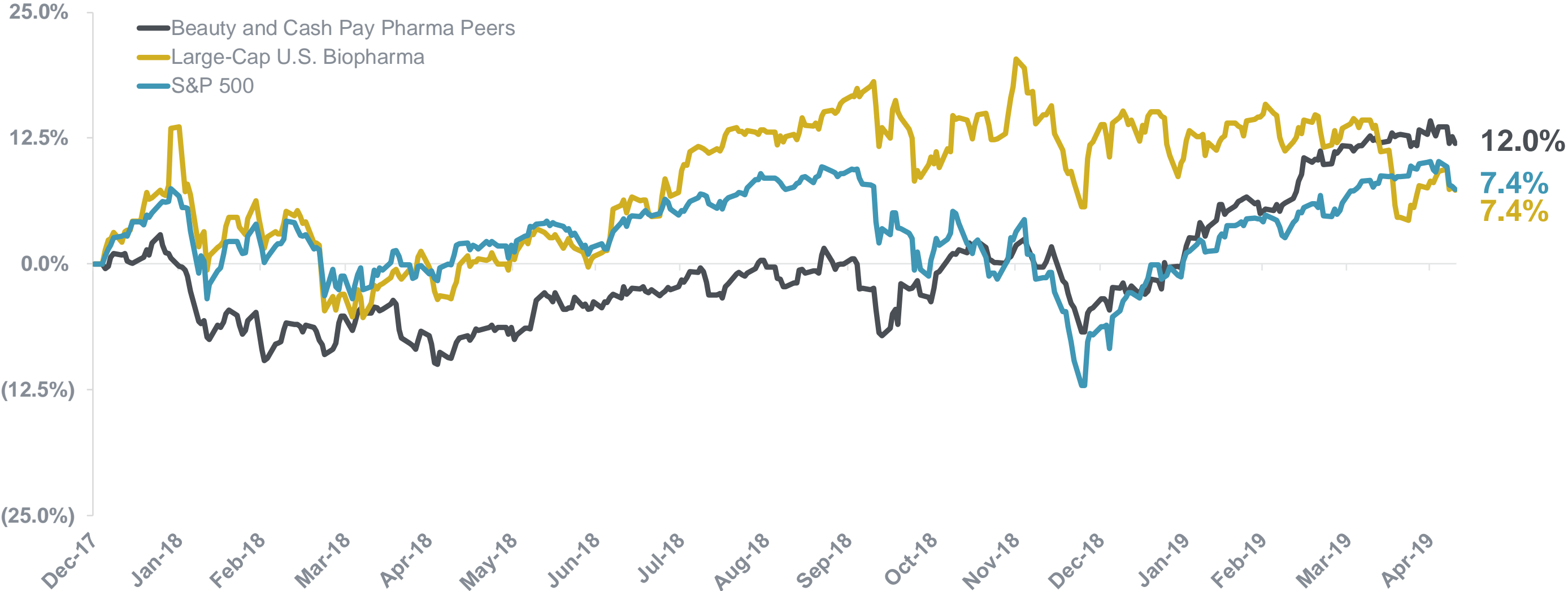
Source: Pitchbook, Company filings

Healthcare Performing Well; Medtech Leading The Way



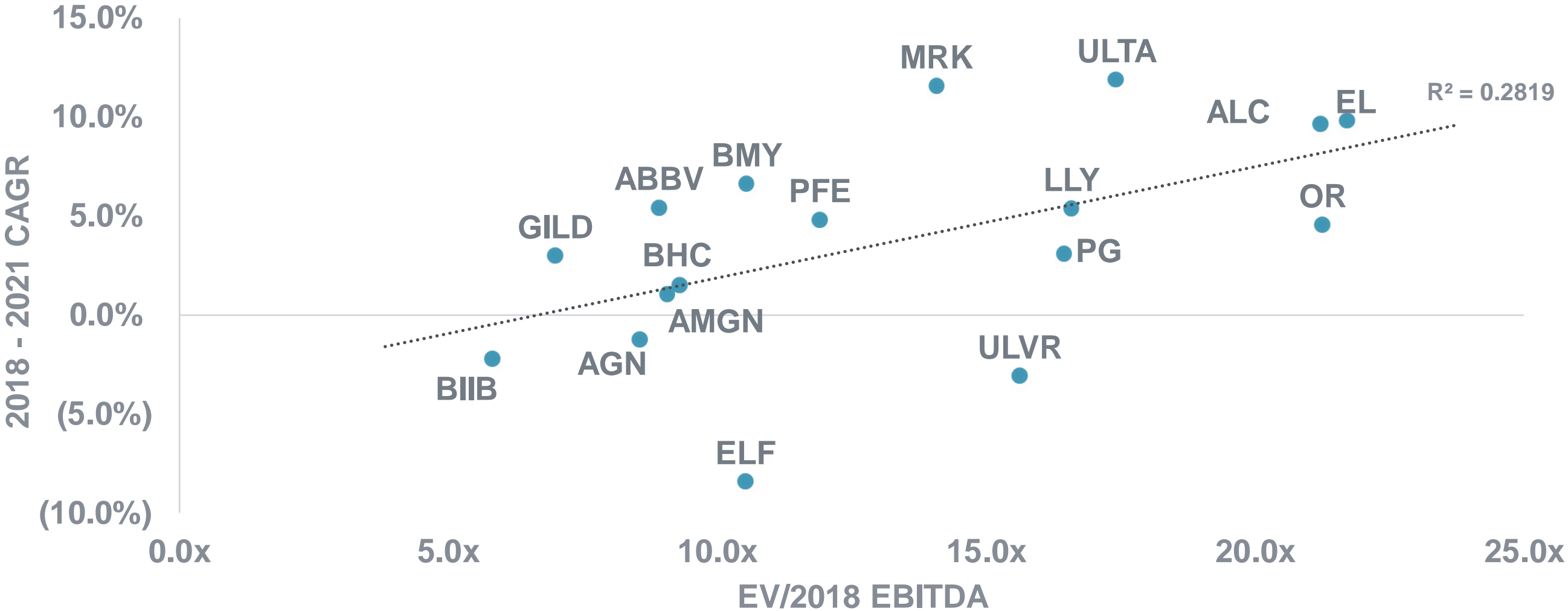
Data as of 5/9/19
Source: PJC Research, FactSet

The Market Likes Cash Pay/Consumer Facing Businesses



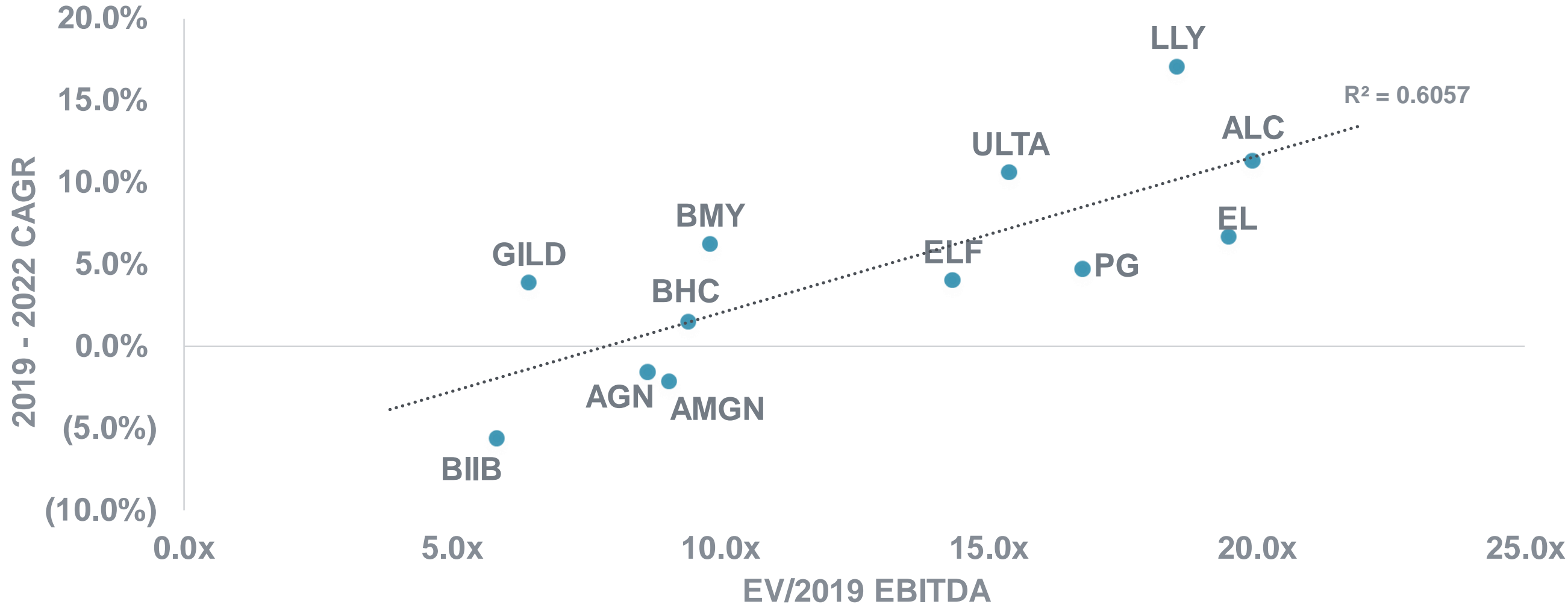
Data as of 5/9/19
 Source: PJC Research, FactSet
 Beauty and Cash Pay Pharma Peers includes: EL, OR-FR, ULTA, ELF, COTY, PG, ULVR, ALC, BHC, AGN
 Large-Cap U.S. Biopharma includes: AMGN, LLY, MRK, PFE, BIIB, ABBV, BMY, BIIB

Valuation: Richer Multiples For Consumer Facing Business Models



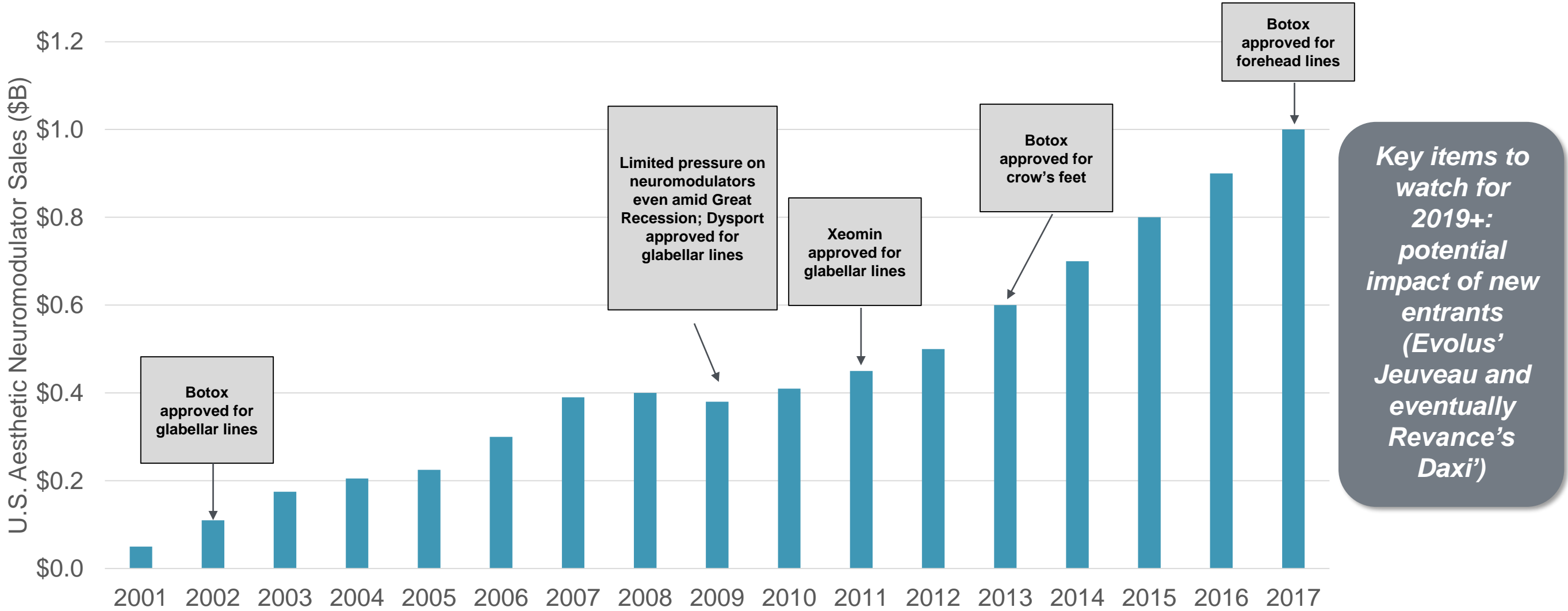
Data as of 5/9/19
 Source: PJC Research, FactSet

Valuation: Richer Multiples For Consumer Facing Business Models



Data as of 5/9/19
Source: PJC Research, FactSet

Aesthetic Neuromodulators: An Illustration



Source: RVNC investor presentation

What's On Investors' Minds

Areas of Innovation in Medical Aesthetics

1	Neuromodulators: the next-generation
2	Body contouring
3	Regenerative medicine
4	Dermal fillers: the next-generation

Question Marks

1	Expanding into broader demographics
2	Price competition in select categories (e.g., neuromodulators)
3	M&A activity
4	Provider expansion

Industry Risks

Regulatory risk. Products in development face significant regulatory scrutiny. The FDA is particularly sensitive to drug safety, and the agency typically requires that a drug demonstrate acceptable safety across a battery of analyses and studies in animals and humans. Therefore, the approval process can be relatively lengthy and can carry significant risks of regulatory delays.

Commercial risks. Many pharmaceuticals face significant competition from other agents, resulting in the need for companies to devote significant sales and marketing resources to drive sales, which in some cases could hurt product profitability.

Risks from generic competition. Intellectual property (IP) is critical to the long-term sales potential of branded pharmaceuticals, and companies often incur expenses related to patent challenges and litigation in order to defend their IP position. Additionally, generic versions of older therapies may put pressure on sales of a branded pharmaceutical.

Pricing risk. The presence of generic competition could put pressure on the prices of branded pharmaceuticals by making it difficult for manufacturers to charge more to wholesalers, forcing manufacturers to engage in rebating and discounting to drive product usage, ultimately resulting in lower-than-expected sales.

Reimbursement risk. Government payors such as Medicare, as well as private insurers, are sensitive to healthcare costs. Reimbursement of pharmaceuticals is unattractive if it does not have strong formulary status, which would ultimately have a negative impact on prescribing behavior and in turn would negatively impact sales.

Clinical development risks. Clinical trials are inherently risky and many smaller pharmaceuticals are leveraged on 1-2 products. The failure of pharmaceutical drug candidates in clinical trials could jeopardize the ability of companies to achieve profitability.

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Analyst Certification – David Amsellem, Senior Research Analyst

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