
MEDICAL INSIGHT
Mini Report
Home-Use Devices:
New Products Proliferate
October 2009

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M.I.I Professional Biography

Michael Moretti
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Michael Moretti has served as a medical industry analyst and strategic advisor for more than 20 years. In 1993, Mr. Moretti founded Medical Insight, Inc., the leader in focused aesthetic market research offering comprehensive data on procedure volume/growth, revenue forecasts and new product introductions. Under Mr. Moretti's leadership, Medical Insight publishes global market studies and forecasts for major industry sectors such as facial injectables, cosmeceuticals, body shaping procedures, skin rejuvenation technologies and home-use aesthetic products. Medical Insight also sponsors executive business forums throughout the year to address scientific developments and market trends for the investment community.

As an industry consultant, Mr. Moretti specializes in strategic business development projects and high-growth, emerging market segments. He provides custom reports and confidential market studies for a variety of clients, including global medical and pharmaceutical companies.

Mr. Moretti is also publisher and editor of *THE Aesthetic Guide* – a bi-monthly publication of Medical Insight featuring in-depth reports on new products, procedures and trends, reaching 50,000 physicians, industry and analyst subscribers globally. Special editions of *THE Aesthetic Guide* address the European market and the Primary Care audience.

In 2007, Mr. Moretti debuted THE Aesthetic Show, the first multidisciplinary annual medical meeting designed to bring together new aesthetic procedures, products and technologies in a dynamic interactive educational format. For more information visit www.aestheticshow.com and/or www.miinews.com

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i. Methodology

This mini report represents the fifth edition of Medical Insight, Inc.'s Home-Use Device mini-report series. Like its predecessor, which was issued in January 2009, this report contains the latest industry news and updated market forecasts, which take into account recent technology, product, company, regulatory and other developments, as well as an in-depth analysis of the competitive positions of key players selling to both core and non-core aesthetic practices.

Home-Use Devices was compiled from a wide variety of public and proprietary sources. Information was cross-checked against other data, using Medical Insight's proprietary forecasting models and synthesized into both qualitative and quantitative analyses and projections.

Public sources that were utilized include:

- articles in trade publications, medical journals and regulatory documents;
- articles in consumer magazines and newspapers;
- company news releases, website information, patent documents, regulatory data, marketing materials and financial filings;
- information from trade associations

Proprietary sources that were utilized include:

- Medical Insight's extensive database of industry and product information;
- industry analyst reports;
- exclusive interviews with and feedback from company executives, researchers, sales representatives, physicians, patients, consultants and other industry experts

Section 1 Executive Summary

With a plethora of new product introductions, the home-use aesthetic device market has been extremely dynamic as manufacturers seek to capitalize on consumers' desire for easy, effective and convenient aesthetic treatments. However, not all products are succeeding in the marketplace – a weak global economy is making consumers extremely selective, so that only the most effective, appropriately priced products are capturing share.

As this occurs, retail sales of home-use devices are expected to rise by 27.2% per year, on average, from an estimated $220.6 million in 2008 to $734.9 million in 2013.

As of the end of 2008, Radiancy (Orangeburg, New York, U.S.) dominated the market with 33.1% share of retail dollar sales. Lexington International (Boca Raton, Florida, U.S.), Pacific Bioscience Laboratories (Bellevue, Washington, U.S.), Labowell (San Jose, California, U.S.), Ultragen Ltd. (Tel Aviv, Israel), Zeno Corp. (Houston, Texas, U.S.) and others all trailed at a distance. Radiancy will continue to dominate the market in 2013, but a variety of other players will also emerge and some companies will fall by the wayside. Although they have not yet launched devices, Palomar Medical (Burlington, Massachusetts, U.S.) and Syneron (Irvine, California, U.S.) are expected to capture solid positions due to their relationships with Gillette, Johnson & Johnson (New Brunswick, New Jersey, U.S.) and Procter & Gamble (Cincinatti, Ohio, U.S.); however, current estimates have been reduced from prior forecasts to reflect significant delays from Palomar that could reflect upon the viability of this business model.

Radiancy is also expected to remain a leading supplier of home-use device disposables. Assuming that each year, 50% of the prior year's installed base continues to use the device and one consumable is bought by each customer (to conservatively allow for lagging interest and compliance), retail sales of its disposables will rise by 44.9% from $12.4 million in 2008 to $79.3 million in 2013. In general, manufacturers whose products offer prevention (Xthetix) rather than only treatment (Zeno Corp.) are expected to experience higher sales of disposables since consumers will use prevention-related devices more frequently than devices used primarily for treatment.