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Mulling a Botox Deal? Try Before You Buy

It's an extreme form of due diligence likely to raise eyebrows among private equity partners or investment bankers.

Or, in Joseph Crepaldi's case, just the opposite.

Mr. Crepaldi, managing director of Crescendo Partners Capital, opted for a Botox injection when scrutinizing the books ahead of last year's acquisition of a 20% stake in Juv'ae, a specialist in non-invasive cosmetic surgery.

Established in 2009, Juv'ae operates a mobile Botox and dermal filler service to beauty, medical and specialist rooms across Sydney. Though current revenues are below A\$5 million annually, year-on-year growth forecasts are 200%.



Wendell Sailor receiving a Botox treatment from Juv'ae

Southern Cross Austereo

Australia is proving a fertile market as skin types of many citizens, especially those of European descent, aren't suited to the climate. The power of the sun means people can age faster than in Europe if they spend a lot of time outdoors.

Although the recent Sydney summer proved largely a washout, with the mercury climbing above 30 degrees Celsius on only a handful of days, citizens readily recall droughts triggered by sweltering heat in previous years. Meteorologists recorded the longest hot spell in the city in a century and a half when temperatures topped 30 degrees for eight days through February 6 last year.

The Australia cosmetic medicine industry is worth more than A\$400 million and has experienced a 10% growth in per capita spend over the past two years, according to Crescendo.

"Crescendo Partners Capital's investment has placed Juv'ae in a position to capitalize on the highly fragmented and relatively immature Australian cosmetic medicine market which has seen high returns and consistently strong growth over recent years," Mr. Crepaldi told Deal Journal Australia, adding he endured one Botox injection as part of the investment process.

Mr. Crepaldi followed in the footsteps of former Australian rugby union star Wendell Sailor who had a treatment from Juv'ae in a radio interview with Southern Cross Austereo's Kyle and Jackie O Show in 2010.

"There has been a significant shift in cultural acceptance of cosmetic medicine as a means to maintain a youthful complexion and Australia's harsh climate is a major factor driving the cosmetic industry," Mr. Crepaldi said, adding cosmetic treatments such as botox ensure repeat customers.

Mr. Crepaldi said Juv'ae's future expansion into other Australian states and overseas would be relatively inexpensive due to the low capital expenditure required.

Should all go well, Crescendo reckons it will be able to make a successful exit within the next three years via a trade sale as the industry consolidates or via an initial public offering.

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