

Professional Skin Care 2007: U.S. Market Analysis and Opportunities

Fact Sheet

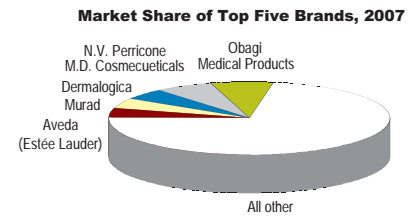
The Market

The professional skin care market in the United States registers another year of solid sales growth in 2007, with a growth rate that is consistent with that of prior years. Market sales increase by 12.8% over 2006, and mainstream professional brands which have fueled the overall market are expected to see slower gains in 2007.



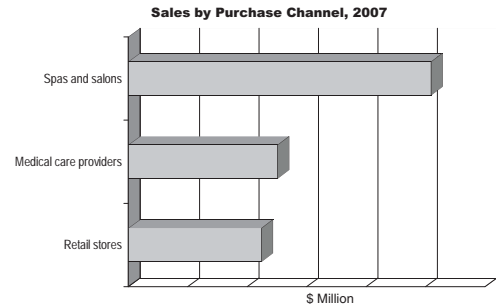
Competitive Landscape

Obagi Medical Products is the leading brand in a highly fragmented professional skin care market with a share of just over 7.0%. Dozens of smaller companies have sales less than \$10 million and more than 40.0% of the market share. In general, brands in the U.S. professional skin care market tend to be dominant in a single channel.



Channels of Distribution

Growth for the U.S. professional skin care market has been robust since 2002. Medical care providers record the highest growth, closely followed by retail stores. The increasing consumer demand from the medical and retail channels continues to erode the share of spas and salons.



Future Outlook

Under the base case scenario, total market growth in the United States is forecast to grow by 9.9% annually to reach \$1.6 billion by 2012. The market will be driven by a number of factors, including high income affecting spending habits, men and women more conscious about their looks, and the increased use of natural products.

