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THERMAGE INC
Form 425
July 07, 2008

Filed by Thermage, Inc. Pursuant to Rule 425

Under the Securities Act of 1933 and

Pursuant to Rule 14a-12

Under the Securities Exchange Act of 1934

Subject Company: Thermage, Inc.

Commission File No.: 001-33123

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Webcast Presentation
Webcast Presentation
July 7, 2008
July 7, 2008
Creating a Global Leader in
Creating a Global Leader in

Aesthetic Devices
Aesthetic Devices

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Additional Information and Where You Can Find It

This communication may be deemed to be solicitation material in respect of the proposed transaction between Thermage and Reliant.

In connection with the transaction, Thermage will file a registration statement on Form S-4 with the SEC containing a proxy statement/prospectus/information statement. The proxy statement/prospectus/information statement will be mailed to the stockholders of Thermage and Reliant. Investors and security holders of Thermage and Reliant are urged to read the proxy statement/prospectus/information statement when it becomes available because it will contain

important information about Thermage, Reliant and the proposed transaction. The proxy statement/prospectus/information statement (when it becomes available), and any other documents filed by Thermage with the SEC, may be obtained free of charge at the SEC's web site at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by Thermage by contacting Thermage Investor Relations by e-mail at IR@thermage.com or by telephone at (510) 259-7117. Investors and security holders are urged to read the proxy statement/prospectus/information statement and the other relevant materials when they become available before making any voting or investment decision with respect to the proposed transaction. Thermage and its respective directors and executive officers may be deemed to be participants in the solicitation of proxies from its stockholders in favor of the proposed transaction. Information about the directors and executive officers of Thermage and their respective interests in the proposed transaction will be available in the proxy statement/prospectus/information statement.

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Forward Looking Statements

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding potential transaction timing, projected financial results, and anticipated cost savings, synergies and other opportunities. Forward-looking statements are based on management's current, preliminary expectations and are subject to risks and uncertainties, which may cause actual results to differ

materially from the statements contained herein, including the risks that the transaction is delayed or ultimately not consummated, and that the anticipated financial and operating benefits of the transaction are not realized, among other risks.

Further information on potential risk factors

that could

affect Thermage's business are detailed in the Company's Form 10-Q for the quarter ended March

31, 2008, and additional risk factors relating to the proposed transaction discussed in this presentation will be presented in future public filings. Undue reliance should not be placed on forward-looking statements, which speak only as of the date they are made. Thermage undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date they were made, or to reflect the occurrence of unanticipated events.

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Creating a Global Leader

Creating a Global Leader

Strategic Rationale

Financial Rationale

Combines two of the most differentiated
and valued brands in aesthetic devices

Highly complementary product offering

Targeting the highest growth market

sectors

Strong economies of scale

Significant cross-selling opportunities

Track record of innovation

Creates one of the largest sales forces in
aesthetic devices

Enhanced resources to target international
sales

Unique recurring revenue financial model

Significant cost synergy opportunities

benefiting from proximity of headquarters

Anticipated cash flow generation of over
\$15 million in 2009

Expected to be accretive to GAAP EPS in
2009

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Significant Synergy Opportunity

Significant Synergy Opportunity

EPS Accretive in 2009*

Over \$14 million in projected annual costs savings achieved in 12 months

Significant efficiencies created in SG&A and manufacturing

Leverage combined purchasing power

Consolidate administrative activities and close proximity of headquarters

Projected revenue opportunities

Cross-selling
Enhanced consumable opportunities
Potential for product bundling

*

As
compared
to
First
Call
2009
consensus
GAAP
EPS
of
\$0.26
as
of
July
3,
2008

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Combining Two of the Most Differentiated
Combining Two of the Most Differentiated
& Valued Brands in Aesthetic Devices
& Valued Brands in Aesthetic Devices
Leader in skin tightening
Recent introduction of cellulite reduction
Over 500,000 procedures performed since

commercialization in November 2002

Broad Distribution:

Over 80 countries

OUS revenue of almost 50%

Industry's leading disposables business model

Unique IP-protected technology

Thermage

Leader in skin resurfacing and rejuvenation

Pioneer of fractional resurfacing in 2004

Strong momentum in new product

placements

Broad distribution:

Over 60 countries

OUS revenue of almost 38%

Reliant

NewCo

Creates one of the largest Aesthetic device companies in the industry

Strong balance between recurring revenue and new product placement

Highly differentiated technologies

Large installed base of approximately 4,000 systems

Track record of innovation

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Targeting the Highest Growth Markets

Targeting the Highest Growth Markets

CAGR for U.S. Procedures & Device Sales (2007-2011)

33%

14%

26%

11%

23%

16%

19%

34%

17%

11%

18%

12%

0%

5%

10%

15%

20%

25%

30%

35%

40%

Skin

Tightening

Skin

Rejuvenation

Skin

Resurfacing

Cellulite

Reduction

Hair Removal

Acne

Reduction

No. of Procedures

Device Sales (\$MM)

Source: Millennium Research Group 2007 report.

Initial Target Markets

9
Installed Base
Over 1,500
Installed Base
Over 2,500
Cross Selling Opportunities
Cross Selling Opportunities
Cross-Branding

Opportunities
Strong Combination
Therapy
One Stop Shopping
For Physicians
Potential to Bundle
Technology

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Creating One of the Largest Sales
Forces in Aesthetic Devices
Largest Bifurcated
U.S. Sales Force
Focused on

Disposables
Focused on
Generators

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Consumable Revenue
Consumable Revenue
2007 Consumable Revenue Per Installed Instrument
Dedicated sales force
focused on consumables
Proven cooperative
marketing campaigns with

physicians
Enhanced resources to
increase visibility with
physicians and patients
\$20,300
\$13,700
\$-
\$5,000
\$10,000
\$15,000
\$20,000
\$25,000
Thermage
Reliant

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Creating a Strong Sustainable Business
Creating a Strong Sustainable Business
2007 Revenue Streams
68%
26%
6%
20%

72%

8%

42%

51%

7%

0%

20%

40%

60%

80%

100%

Thermage

Reliant

NewCo

Tips

Systems

Other

13
4/26/06
Eyes by Thermage
Track Record of Innovation
Track Record of Innovation
10/26/06
2/1/07
ThermaCool®NXT

Tummy by Thermage

2/2/07

Hands by Thermage

6/26/07

Lips by Thermage

8/2/07

ThermaTip

STC

10/1/07

ThermaTip

DC and

Body Shape procedure

2/1/08

ThermaTip

CL (Cellulite)

8/14/06

Fraxel®

SR1500 Laser

2/2/07

Roller tips

2/2/07

2 Generation Optical Tracking

6/4/07

Fraxel

Re:Fine

Laser System

9/7/07

Fraxel

Skin Ecology System

1/31/08

Re:Pair

Laser

Q1

2007

Q4

Q3

Q4

Q3

Q2

Q1

Q2

Q1

2008

2006

Q1

2007

Q4

Q3

Q4

Q3
Q2
Q1
Q2
Q1
2008
2006
Fraxel
nd

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Financial Overview
Financial Overview
Jack Glenn
Chief Financial Officer

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Transaction Overview

Transaction Overview

Purchase

Consideration

23.6 million shares and \$25 million in cash, plus the assumption of \$7.0 million of net debt, for an approximate total consideration of \$95 million, based upon the closing

price of Thermage common stock on July 3, 2008

Pro Forma

Ownership

(treasury stock method)

Thermage: 51.1%

Reliant: 48.9%

Board/Management

Chairman & CEO: Steve Fanning

CFO:

Jack Glenn

Thermage:

Six Directors

Reliant:

Three Directors

Approvals

Transaction is subject to approval of Thermage stockholders, of which certain stockholders holding 33% of the shares outstanding have agreed to vote in favor of the transaction

Reliant stockholders have already approved the transaction by written consent

Additional customary conditions to closing

Anticipated Timing

To Closing

Fourth Quarter of 2008

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Combined Financial Strength
Combined Financial Strength
Thermage
2007
Revenue
\$63.1
Reliant

2007

Revenue

\$70.5

Combined Company

2007

Revenue

\$133.6

Shares Outstanding

48 mil.

17
International Sales
International Sales
62%
38%
United States
Rest of World
52%

22%

16%

10%

United States

Asia Pacific

Europe & Middle East

Rest of World

Expansion of international distribution for Reliant products

Greater leverage with distributors

18
\$63
\$71
\$102
\$124
\$124
\$134
\$141

\$149

\$0

\$20

\$40

\$60

\$80

\$100

\$120

\$140

\$160

THRM

Reliant

CUTR

PMTI

CYNO

NewCo

ELOS

CLZR

Creating Strong Economies of Scale

Creating Strong Economies of Scale

Source: Wall Street Research, and company (Thermage and Reliant) management.

Strong Economies of Scale

Greater Liquidity

Enhanced Cash Flow

Greater Resources to

Drive R&D

Better Negotiating

Leverage With Suppliers

and Distributors

2007 Revenue

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