

The Wisdom Tooth:
A Dental Industry
Newsletter

Publicly Traded Dental Related Company Performance

(\$ in millions, except per share data)

Company	Share Price 01/31/2020	% of 52 Wk High	Market Capitalization	Enterprise Value	Valuation Multiples			PE Multiples		LTM Operating Margins			Net Debt/EBITDA	
					TEV/Total Revenue	TEV/EBITDA	TEV/EBIT	LTM P/E	CY18 P/E	Gross	EBIT	EBITDA		
Align Technology	ALGN	\$257.10	76.8%	\$20,263	\$19,438	8.1x	35.3x	35.3x	46.5x	54.7x	72.2%	22.6%	25.8%	(1.2x)
Dentsply Sirona	XRAY	\$56.00	92.0%	\$12,455	\$13,765	3.5x	21.6x	43.7x	80.0x	NA	52.3%	7.9%	16.0%	2.1x
Henry Schein	HSIC	\$68.94	94.7%	\$10,116	\$12,293	1.1x	13.8x	17.6x	20.6x	30.4x	31.0%	6.9%	8.7%	1.5x
Envista Holdings	NVST	\$29.59	88.9%	\$4,694	\$6,174	2.2x	22.1x	22.1x	18.5x	NA	55.4%	9.7%	14.3%	3.7x
SmileDirectClub	SDC	\$13.39	63.5%	\$5,119	\$4,988	7.3x	NA	NA	NA	NA	76.2%	(66.1%)	(63.2%)	0.8x
Patterson Companies	PDCO	\$22.01	87.2%	\$2,107	\$2,728	0.5x	13.3x	22.1x	37.3x	13.3x	21.6%	2.2%	3.7%	3.0x
Milestone Scientific	MILS	\$1.74	94.1%	\$85	\$83	8.5x	NA	NA	NA	NA	61.8%	(48.3%)	(46.1%)	0.4x
Led Medical Diagnostics	TSX:XRAY	\$0.29	88.3%	\$11	\$14	0.9x	9.8x	28.7x	NA	NA	64.1%	3.2%	9.5%	(0.3x)
Mean				\$6,856	\$7,435	4.0x	19.3x	28.2x	40.6x	32.8x	54.3%	(7.7%)	(3.9%)	1.2x
Median				\$4,907	\$5,581	2.9x	17.7x	25.4x	37.3x	30.4x	58.6%	5.1%	9.1%	1.1x
High				\$20,263	\$19,438	8.5x	35.3x	43.7x	80.0x	54.7x	76.2%	22.6%	25.8%	3.7x
Low				\$11	\$14	0.5x	9.8x	17.6x	18.5x	13.3x	21.6%	(66.1%)	(63.2%)	(1.2x)

Source: PitchBook

Total Enterprise Value (TEV) = Market Capitalization + Preferred Equity + Debt + Minority Interest - Cash

LTM = Last Twelve Months

Largest Dental Movers and Losers (largest % changes in the month of January)

	January 2020	LTM		January 2020	LTM
SmileDirectClub	53.2%	NA	Align Technology	(7.9%)	3.3%
Milestone Scientific	25.2%	NA	Dentsply Sirona	(1.0%)	33.5%
Patterson Companies	7.5%	(1.3%)	Envista Holdings	(0.2%)	NA
Henry Schein	3.3%	13.2%			
Led Medical Diagnostics	2.9%	5.0%			

Recent Industry News



Pacific Dental Services Affiliates with 800th Dental Practice

January 2, 2020 - California-based Pacific Dental Services now supports 800 dental practices throughout the U.S. The latest practice, Lake Barcroft Dental Group, is located in Alexandria, Virginia. Alex Sharifian, DDS, operates the practice, which offers endodontics, periodontics, pediatric dentistry and orthodontics. Pacific Dental Services is among the fastest growing dental service organizations in the country, competing with Aspen Dental, Heartland Dental and Smile Brands.



SmileDirectClub Partners with Walmart

January 6, 2020 - SmileDirectClub will roll out a suite of products exclusively in Walmart stores and on the retailer's website. The collection of products will be available for purchase in more than 3,800 U.S. Walmart locations. SmileDirectClub will offer Walmart consumers an electric toothbrush, whitening system, toothpaste, water flosser and ultrasonic UV cleaner. On top of the products available in Walmart, SmileDirectClub also plans to launch another electronic toothbrush and subscription package on its website.

Dental Industry Contacts

Tom Denison

(312) 283-0819

thomas.denison@thechicagocorp.com

Phil Clarke

(312) 283-0803

philip.clarke@thechicagocorp.com

Dave West

(312) 283-0841

david.west@thechicagocorp.com



The Wisdom Tooth: A Dental Industry Newsletter

Recent Industry News



Private Equity Firm Invests in Ohio DSO

January 7, 2020 - Mentor, Ohio-based Empire Dental Arts has received an investment from private equity firm Evolution Capital Partners. With the funding, Empire Dental Arts plans to expand throughout Northeast Ohio. Empire Dental Arts markets itself as a dental partnership organization that provides centralized administrative services to affiliated practices. The dental service organization was founded in 2017 by D. Todd Russell, DDS.



Competitive Health, TeleDentists Partner to Expand Virtual Dental Care

January 7, 2020 - The TeleDentists, a virtual dental care provider, has partnered with digital health solution supplier Competitive Health. The partnership will allow patients access to board-certified dentists via mobile or desktop devices. Services include oral health risk assessments, preventive treatment and urgent consultations, which are conducted in real time. If necessary, follow-up appointments are scheduled. The solution can reduce the burden of expensive ER visits and taking time off of work according to Competitive Health president and CEO.



SmileDirectClub Expands to Hong Kong

January 8, 2020 - SmileDirectClub has moved into Asia, opening two new locations in Hong Kong. About 70 percent of people in Hong Kong would feel more confident if they had a straighter smile, SmileDirectClub research found, citing cost as the leading barrier to doing so. Since launching in 2014, SmileDirectClub has treated more than 750,000 consumers. In 2018, the Company expanded internationally to Canada, Australia, New Zealand, Ireland and the United Kingdom. At the end of 2019, SmileDirectClub expanded into Germany.



Texas A&M University College of Dentistry Plans to Open New \$127M Center

January 8, 2020 - Dallas-based Texas A&M University College of Dentistry is scheduled to open its Clinic and Education Building later this year. A dedication for the building will be held January 23 to celebrate the milestone of opening its first stand-alone building for the dental school since 1950. The 160,000-square-foot, nine-story, \$127 million building was designed to meet the needs of underserved patients in the area while also expanding dental student enrollment. Texas A&M University College of Dentistry built the new center to feature nearly 300 dental chair stations. Dental students and faculty expect to treat around 100,000 patients a year because of the new building. Additionally, university officials proposed the center as a way to address the shortage of dental healthcare providers in Texas.



U.S. Oral Surgery Management Makes 2 Affiliations

January 13, 2020 - Irving, Texas-based U.S. Oral Surgery Management has partnered with two oral and maxillofacial surgery practices. USOSM has teamed up with Atlanta-based Peachtree Dunwoody Oral & Facial Surgery. Glenn Maron, DDS, Amy Kuhmichel, DMD, and Shenan Bradshaw, DDS, MD, lead operations at Peachtree Dunwoody Oral & Facial Surgery. Additionally, USOSM has partnered with the Metropolitan Oral & Maxillofacial Surgery Associates in Atlanta. Joyce Lee, DDS, MD, leads that practice. USOSM provides support to affiliated oral and maxillofacial surgeons in Texas, Colorado, Tennessee, Minnesota and Alabama.



Smile Brands Partners with Multi-location Affiliate in Southern California

January 15, 2020 - Irvine, California-based Smile Brands announced two new affiliate locations: Walnut Family Dental and Placentia Dental Studios. Michael Diep, DDS, and his team provide preventive, restorative and cosmetic dental services at his two dental offices. The practices are some of the only dental offices in the area with staff fluent in English, Spanish, Chinese, Vietnamese and Tagalog. Smile Brands will provide the practice with purchasing, payroll, accounting, IT, billing, facilities management and marketing support. The offices will continue to be operated by existing staff.



The Wisdom Tooth: A Dental Industry Newsletter

Recent Industry News



Dental365 DSO Acquires 4 Gentle Dental Offices, Opens 44th Location

January 17, 2020 – New York-based Dental365 has opened its 44th location, along with the acquisition of four Gentle Dental offices. Seven Gentle Dental dentists will be joining the dental support organization, all from offices located on Long Island, New York. Dental365 practices are open seven days a week, including weekends and holidays. The offices also offer 24-hour emergency dental care. Dental365's leadership is comprised of both dentists and business professionals who have worked in the dental industry their entire careers.



Western Dental Launches Its Own Aligner

January 21, 2020 - Orange, California-based Western Dental & Orthodontic has released its own orthodontic aligner, ClearArc. The clear aligners are made from plastic or acrylic material and are intended to help patients with crowded teeth or spacing issues. Patients should wear the aligners for at least 20 hours a day. Western Dental estimates the aligner process can take from a few months to a couple years. Western Dental began rolling out ClearArc at its 233 California practices in January. The aligners will become available to practices in Texas, Arizona and Nevada beginning in February.



Aspen Dental Expands to South Carolina Dental Shortage Area

January 23, 2020 - East Syracuse, New York-based Aspen Dental plans to open a new practice in Mount Pleasant, South Carolina, a dental health professional shortage area, on January 23. Joseph Adams, DMD, will lead the new practice. Dr. Adams received his degree from Jackson-based University of Mississippi School of Dentistry. He and his team will provide comprehensive dental care, including dentures, preventive care and restoration. Aspen Dental is one of the largest dental service organizations in the U.S., with more than 800 offices across the country.



Colgate Acquires 'Naturally Friendly' Company to Appeal to Younger Generations

January 27, 2020 - Colgate-Palmolive Co. has signed a definitive agreement to acquire Hello Products, an oral care company in the U.S. Hello is known for its "naturally friendly" products that appeal to younger consumers. The Company has developed toothpaste, mouth rinse, toothbrushes and floss that are sold only in the U.S. Colgate expects the acquisition to be complete no later than February 2020. Hello founder Craig Dubitsky and CEO Lauri Kien Kotcher will continue to lead the Company. Along with transaction costs, the acquisition will be flat to a penny on Colgate's 2020 diluted earnings per share. Financial terms of the agreement were not disclosed.



Henry Schein Teams Up with UPS for Drone Delivery

January 30, 2020 - Henry Schein has partnered with UPS to explore drone deliveries. The two companies will test unmanned aerial vehicles for business-to-business functions. Henry Schein will begin testing the drone delivery service some time this year, with focus on exploring the transport of essential healthcare products to customers. UPS Flight Forward has oversight from the Federal Aviation Administration. Working with Henry Schein, the two will explore the possibilities of delivering products to health campuses, remote communities or temporarily inaccessible areas.



Aspen Dental Inks Deal for Larger Chicago Office, Expands Workforce

January 30, 2020 - Aspen Dental has leased 200,000 square feet in a Chicago building, with plans to expand its workforce and quadruple its office space. Aspen signed a lease for nearly half of a 19-story office building under construction at 800 W. Fulton Market. The new lease is a large expansion compared to Aspen's current 50,000-square-foot Chicago office, opened in 2018. Though Chicago Business could not reach Aspen for comment, the dental support organization said in 2018 it would bring roughly 250 jobs to Chicago. The building is slated to open in spring 2021.



The Wisdom Tooth: A Dental Industry Newsletter

Overview of the Chicago Corporation

- Highly regarded investment bank with a long, distinguished history.
- Focused on middle market private companies owned by families and entrepreneurs with revenue up to \$250 million.
- Over 35 experienced professionals with broad industry experience.
- Providing traditional investment banking services as well as broader financial advisory services to assist clients facing issues of growth, capital structure, ownership transition, shareholder value and liquidity.
- All we do is advise clients on corporate finance matters. We don't trade or underwrite securities, provide wealth management services, or engage in principal investing.

Why the Chicago Corporation?

Deep Dental & Healthcare Experience

Two Managing Directors on Every Engagement

Trusted Advisors to Business Owners

Seasoned Bankers with 200+ Years of Combined Experience

Best-in-Class Unbiased Advice

Exceptional Transaction Execution



The Wisdom Tooth is a monthly newsletter published by The Chicago Corporation. To subscribe, please visit, www.thechicagocorp.com.

Information contained in this publication is based on data obtained from sources we deem to be reliable, however, it is not guaranteed as to accuracy and does not purport to be complete. Nothing contained in this publication is intended to be a recommendation of a specific security or company nor is any of the information contained herein intended to constitute an analysis of any company or security reasonably sufficient to form the basis for any investment decision. Nothing contained in this publication constitutes an offer to buy or sell or the solicitation of an offer to buy or sell any security. Officers or employees of affiliates of The Chicago Corporation, or members of their families, may have a beneficial interest in the securities of a specific company mentioned in this publication and may purchase or sell such securities in the open market or otherwise.

Sources include beckersdental.com, PitchBook and various publicly available news publications.

Additional information is available upon request.