

The Wisdom Tooth:
A Dental Industry
Newsletter

Publicly Traded Dental Related Company Performance

(\$ in millions, except per share data)

Company	Share Price 03/31/2020	% 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	\$173.95	52.0%	\$13,699	\$12,890	5.4x	20.5x	23.4x	31.5x	54.7x	72.5%	22.9%	26.1%	(1.3x)
Dentsply Sirona	XRAY	\$38.83	63.8%	\$8,598	\$9,795	2.4x	14.1x	26.3x	33.2x	NA	53.7%	9.2%	17.3%	1.7x
Henry Schein	HSIC	\$50.52	68.3%	\$7,244	\$9,056	0.9x	10.1x	12.7x	10.8x	23.9x	31.0%	7.2%	9.0%	1.0x
Envista Holdings	NVST	\$14.94	44.9%	\$2,373	\$3,702	1.3x	8.3x	13.3x	9.3x	NA	55.0%	10.1%	16.2%	3.0x
SmileDirectClub	SDC	\$4.67	22.1%	\$1,795	\$1,810	2.4x	NA	NA	NA	NA	76.2%	(69.3%)	(65.6%)	0.2x
Patterson Companies	PDCO	\$15.29	59.5%	\$1,465	\$2,129	0.4x	10.4x	17.3x	30.6x	13.3x	21.6%	2.2%	3.6%	3.2x
Milestone Scientific	MLSS	\$1.25	44.6%	\$62	\$60	7.2x	NA	NA	NA	NA	68.3%	(91.3%)	(88.2%)	0.2x
Apteryx Imaging	TSX: XRAY	\$0.21	56.1%	\$8	\$11	0.7x	7.6x	22.5x	NA	NA	64.1%	3.2%	9.5%	(0.3x)
Mean				\$4,406	\$4,931	2.6x	11.8x	19.3x	23.1x	30.6x	55.3%	(13.2%)	(9.0%)	1.0x
Median				\$2,084	\$2,915	1.9x	10.2x	19.9x	30.6x	23.9x	59.6%	5.2%	9.3%	0.6x
High				\$13,699	\$12,890	7.2x	20.5x	26.3x	33.2x	54.7x	76.2%	22.9%	26.1%	3.2x
Low				\$8	\$11	0.4x	7.6x	12.7x	9.3x	13.3x	21.6%	(91.3%)	(88.2%)	(1.3x)

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 March)

[NONE]

	March 2020	LTM
Milestone Scientific	(43.2%)	NA
Envista Holdings	(41.1%)	NA
Apteryx Imaging	(38.4%)	(28.5%)
SmileDirectClub	(37.6%)	NA
Patterson Companies	(35.7%)	(31.2%)

Recent Industry News



New Jersey Dental Group Sells 50% to Private Equity Company

March 2, 2020 - Private equity company Clairvest Equity Partners acquired 50 percent of Newark, New Jersey-based The Childsmiles Group. With the funding, Childsmiles will continue to expand its footprint. Founded in 2008, Childsmiles has grown into a group with five practices and 250 employees. The dental group was founded by Michael Skolnick, DDS, and Brooke Skolnick, DDS. The Clairvest co-investment portfolio is capitalized at \$600 million.



Align Technology Hit with Class-action Lawsuit for Allegedly Misleading Investors

March 4, 2020 - A class-action lawsuit has been filed against Align Technology claiming the Company made misleading statements that violated the Securities Exchange Act. In the complaint filed by the law firm Robbins Geller Rudman & Dowd, investors claim that between April 24, 2019, and July 24, 2019, Align Technology made false statements that emphasized the Company's growth in China. Align Technology allegedly described its Chinese operations as a "huge market opportunity" with "tremendous growth". As a result of Align Technology's statements on its performance in China, its common stock inflated to more than \$330 per share during the time frame mentioned above.

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Ohio DSO Completes 1st Acquisition Since Private Equity Backing

March 4, 2020 - Mentor, Ohio-based Empire Dental Arts has acquired Papich-Forsyth DDS Associates. Papich-Forsyth DDS Associates has two practices in Stow and Cuyahoga Falls, Ohio. Maria Papich-Forsyth, DDS, founded the practice after receiving her dental degree from Chicago-based Northwestern University Dental School. This is Empire Dental Arts' first transaction since being acquired by private equity firm Evolution Capital Partners in January. 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.



Aspen Dental Expands to Florida Dental Shortage Area

March 5, 2020 - East Syracuse, New York-based Aspen Dental is opening a new practice in St. Johns, Florida, a dental health professional shortage area. Yasodhara Vadlamudi, DDS, will lead the new practice. Dr. Vadlamudi received her degree from University at Buffalo (New York) School of Dental Medicine. She and her 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 41 states. In 2019, dentists with Aspen Dental had 5.5 million patient visits.



SmileDirectClub Approves of American Association of Dental Boards' Proposed Teledentistry Regulations

March 5, 2020 - Nashville, Tennessee-based SmileDirectClub announced its approval of the American Association of Dental Boards' state-level examples of teledentistry regulations. The suggested provisions include ensuring the consumer has information about a treating dentist, access to clear aligner therapy via remote platforms, and access to care without office visits and mandatory radiographs.



Align Technology Acquires Dental Software Company for \$420M

March 5, 2020 - Align Technology has entered into a definitive agreement to acquire Exocad for approximately \$420 million in cash. With the acquisition, Align Technology hopes to strengthen its digital platform. Exocad develops CAD/CAM software that integrates into dental labs and dental practices. Align Technology will integrate the software with its iTero intraoral scanners. In the future, Align Technology hopes to expand to a fully validated workflow that would enable dentists to complete millings of dental restorations in-house. Exocad will continue to operate as it exists today. The Company's leadership is expected to remain after the transaction is complete. Align Technology anticipates the acquisition to close during the second quarter of 2020.



Virginia DSO Acquires Dental Group

March 11, 2020 - Woodbridge, Virginia-based Light Wave Dental Management has acquired Raleigh, North Carolina-based Triangle Family Dentistry. Triangle Family Dentistry currently has six offices in the Raleigh area. The dental group, which was co-founded by Hesham Baky, DDS, and Jonathan Boes, DDS, has plans to develop several more offices in the coming years. Light Wave Dental Management supports 42 affiliated practices in Virginia and North Carolina. The dental service organization has a unique model that allows affiliated practices to be part owned by private equity and part by the dentists themselves. Light Wave Dental Management is backed by Alpine Investors.



Texas DSO Names Permanent CEO

March 12, 2020 - Dallas-based Jefferson Dental & Orthodontic has named Mick McCormick permanent CEO. Mr. McCormick joined the dental service organization in June 2019 on an interim basis. He has past experience holding leadership positions at Columbia Sports, Nike, Golf Galaxy and advisory firm Growth Operators. Along with naming a permanent CEO, Jefferson Dental also announced several promotions. Ankoo Raina, DMD, was promoted to chief dental officer; Joseph Kadado was named executive vice president of operations; and Melissa Wilson will now serve as vice president of clinical operations. Jefferson Dental currently supports 70 affiliated clinics throughout Texas. The DSO estimates that it serves more than 200,000 families annually.



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Michigan Dental Association Asks Offices to Close for 2 Weeks

March 17, 2020 – The Michigan Dental Association recommended dental offices throughout the state to shut down for the next two weeks, beginning March 17. Some offices closed their doors starting March 16 to stop the spread of COVID-19. Many also expect the downtime to last longer than two weeks. As of now, offices are expected to open again March 31.




North American Dental Develops Outbreak Protocol for Dentists

March 18, 2020 - Pittsburgh, Pennsylvania-based North American Dental Group has developed an "essential treatment only" model, along with infection control procedures, for dental practices to use amid the COVID-19 pandemic. North American Dental Group, in partnership with the Professional Dental Alliance and its Dental Advisory Board, developed a list of essential and non-essential treatments, along with updated infection control guidelines. Information regarding infection control includes standard operating procedures for monitoring the temperatures of staff and patients, a risk survey for screening patients, procedure for front desk sign-ins, enhanced cleaning protocol, what to do if a team member or patient is infected with COVID-19, and procedures for closing a practice.



Idaho Dentists Urge Governor to Veto Bill Limiting Teledentistry

March 24, 2020 - Two Idaho dentists urged Governor Brad Little to veto legislation that would limit teledentistry practices, calling the timing of the billing "downright offensive". The Idaho Legislature passed Senate Bill 1295, legislation "with the sole purpose of making it difficult and expensive for patients to utilize teledentistry," Ben Bowen, DDS, and Kenneth Wolf, DDS, claim. The two dentists argue that Idaho State Dental Association lobbyists pushed for the bill, which would require providers using teledentistry to have a business relationship with a dentist from the same area as the patient seeking care. Telemedicine is a critical component of care for patients who are isolated or otherwise unable to receive care, the dentists said. Teledentistry can help people living below the poverty line because it is cheaper and provides patients with flexible solutions. The goal of the bill, the dentists allege, is to "discourage the use of telemedicine for dental care, forcing people to spend their money with brick-and-mortar dentists. It's about money, not patient safety."



Delta Dental Offering \$10.5M to Iowa Dentists Affected by Pandemic

March 24, 2020 - Delta Dental of Iowa and the Delta Dental of Iowa Foundation are offering \$10.5 million to Iowa dentists and nonprofits affected by the COVID-19 pandemic. The Advance Claims Payment Program has \$10 million available to give to Iowa dentists with immediate cash flow problems. Another \$500,000 will be distributed via the COVID-19 Nonprofit Emergency Operating Relief Fund, with grants up to \$10,000 for Iowa agencies addressing food needs or providing health services during the outbreak. Dentists can request funds until April 17.



Georgia Dentist 3D-prints Masks for Hospital Staff

March 25, 2020 - In the wake of a shortage of N95 masks, a Georgia dentist is using his orthodontic office to 3D print substitute masks. Mark Causey, DDS, has already made more than 80 masks in the past few days. He is donating them to local healthcare facilities. While these are not FDA approved, Dr. Causey says they are "better than a bandana, a scarf or a house made mask." The masks are complete with a filter and seal. Along with printing the masks, Dr. Causey is offering the public the opportunity to drop off any 3D masks they print and he will fit them with the appropriate seal.



Pennsylvania Reverses Dental Restrictions, Allows Emergency Procedures

March 30, 2020 - The Pennsylvania Health Department adjusted its dental restrictions after facing backlash from dentists claiming the March 22 order prevented even emergency procedures. The new rules, issued March 26, allow patients experiencing an emergency to undergo a phone evaluation with a dentist and come in for treatment if necessary. The initial order required dentists to conduct emergency procedures in negative-pressure rooms and wear personal protective equipment, including N95 respirators. Under the March 26 rule, dentists still must wear a respirator mask, but don't need to work in a negative-pressure room.

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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.

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Two Managing Directors on Every Engagement

Trusted Advisors to Business Owners

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Best-in-Class Unbiased Advice

Exceptional Transaction Execution



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

Additional information is available upon request.