

The Wisdom Tooth:
A Dental Industry
Newsletter

Publicly Traded Dental Related Company Performance

(\$ in millions, except per share data)

Company	Share Price 05/31/2020	% 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	\$245.62	77.0%	\$19,346	\$18,629	7.7x	31.2x	35.9x	10.3x	54.7x	72.1%	21.6%	25.0%	(1.2x)
Dentsply Sirona	XRAY	\$46.52	76.4%	\$10,192	\$11,521	2.9x	22.7x	61.3x	125.7x	NA	53.9%	4.7%	12.8%	2.6x
Henry Schein	HSIC	\$60.72	82.1%	\$8,668	\$10,537	1.0x	11.6x	14.7x	12.5x	30.4x	30.7%	7.1%	9.1%	1.1x
Envista Holdings	NVST	\$21.14	63.5%	\$3,366	\$4,771	1.8x	12.6x	23.6x	19.6x	NA	54.1%	7.7%	13.9%	3.8x
SmileDirectClub	SDC	\$7.81	37.0%	\$3,007	\$3,089	4.0x	NA	NA	NA	NA	75.4%	(78.6%)	(74.2%)	(0.1x)
Patterson Companies	PDCO	\$19.69	76.6%	\$1,886	\$2,550	0.5x	12.4x	20.7x	39.4x	13.3x	21.6%	2.2%	3.6%	3.2x
Milestone Scientific	MLSS	\$1.84	65.7%	\$102	\$102	12.3x	NA	NA	NA	NA	69.0%	(102.5%)	(99.3%)	0.0x
Apteryx Imaging	TSX:XRAY	\$0.24	63.5%	\$10	\$11	0.7x	4.1x	6.4x	23.9x	NA	68.4%	11.1%	17.2%	(0.4x)
Mean				\$5,822	\$6,401	3.9x	15.8x	27.1x	38.6x	32.8x	55.6%	(15.8%)	(11.5%)	1.1x
Median				\$3,187	\$3,930	2.4x	12.5x	22.2x	21.8x	30.4x	61.3%	5.9%	10.9%	0.5x
High				\$19,346	\$18,629	12.3x	31.2x	61.3x	125.7x	54.7x	75.4%	21.6%	25.0%	3.8x
Low				\$10	\$11	0.5x	4.1x	6.4x	10.3x	13.3x	21.6%	(102.5%)	(99.3%)	(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 May)

	May 2020	LTM		May 2020	LTM
Align Technology	14.3%	(13.6%)	Apteryx Imaging	(12.5%)	(19.0%)
Henry Schein	11.3%	(5.8%)			
Dentsply Sirona	9.6%	(13.6%)			
Milestone Scientific	8.9%	NA			
Envista Holdings	8.6%	NA			

Recent Industry News



Henry Schein Launches Recovery Program to Help Dentists Safely Return to Work

May 4, 2020 - Melville, New York-based Henry Schein launched a recovery program on May 4 to help U.S. dentists prepare for reopening, reconnect with patients and access different financial services. The Henry Schein Thrive Practice Recovery Program is available with payments deferred for 90 days, and many resources offered as part of the program are also available to purchase separately. The program includes a recovery kit with supplemental infection control and personal protective equipment items; online training and safety protocols from the Henry Schein Dental Resource Center; best practices for patient reengagement through customized email and social media campaigns; utilizing eStatements with online bill pay and booking; help attracting new patients; guidance setting up a virtual waiting room process; discounts on items; and a Henry Schein practice analysis to understand the practice's financial health, among other things.



Delta Donates \$50K to COVID-19 Efforts in Tennessee

May 6, 2020 - Delta Dental of Tennessee made a \$50,000 donation to nonprofit organizations in Tennessee focusing on COVID-19 relief efforts. The Salvation Army Nashville Area Command and Second Harvest Food Bank of Middle Tennessee's will both receive \$25,000 to serve those in need during the pandemic. About 45 percent of Tennesseans reported struggling with hunger during the pandemic's early weeks.

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Massachusetts Dentists File Petition, Ask Delta for Relief Amid Pandemic

May 7, 2020 - The Massachusetts Dental Society filed a petition on May 5 urging the state Division of Insurance to require insurers to provide emergency financial aid. About 30 percent of Massachusetts dental providers, currently limited to emergency care, have lost more than \$30,000 in income between March 15 and April 15, while another 20 percent lost between \$20,000 and \$30,000, the petition states. A Massachusetts Dental Society survey of its 5,000 members found individual dentists need anywhere from \$150,000 to \$300,000 to reopen. Dentists have said insurance companies are still collecting premiums from policyholders, even as claims payments decline sharply. Delta Dental, the state's largest dental insurance provider, said it already pledged \$2 million to the dental society's COVID-19 recovery fund. The insurer is expected to announce a second phase of relief for Massachusetts dentists this week.



Dental Offices See Biggest Healthcare Job Losses

May 8, 2020 - Healthcare employment declined by 1.4 million in April, led by losses in dental offices, with 503,000 related unemployment claims filed in the last month, according to a May 8 report from the U.S. Bureau of Labor Statistics. Within ambulatory healthcare services, losses were highest at dentist offices, physician offices and offices of other healthcare practitioners. Nationally, a total of 20.5 million jobs were lost in April. The national unemployment rate reached 14.7 percent, a jump from February, when the unemployment rate was 3.5 percent.



Delta Credits All Tennessee Dentists with \$1K

May 11, 2020 - Delta Dental of Tennessee is giving \$1,000 to all in-network and out-of-network dentists statewide beginning May 11. Delta Dental of Tennessee announced its pledge of more than \$3.3 million for Operation #SmilesMatter, a program that gives all Tennessee dentists grants to obtain supplies and technology. During pandemic-induced closures, many dentists donated their personal protective equipment supply to front-line medical staff. Operation #SmilesMatter is meant to ensure that dentists can purchase enough equipment to safely resume operation.



Florida Dental Group Offers Free Care to First Responders

May 11, 2020 - Delray-Beach, Florida-based Spodak Dental Group is offering first responders dental care at no cost from May 11 to June 8. Spodak Dental Group is encouraging all first responders—including police officers, firefighters, EMS workers, hospital workers, physicians, nurses and support staff—who are having dental pain to schedule an appointment for a free exam, X-ray and diagnosis.



Dentist Joins DSO Amid Pandemic

May 12, 2020 - Colorado dentist Ken Gasper, DDS, has joined Denver-based DSO Espire Dental, marking the first dental group acquisition during the COVID-19 pandemic. Dr. Gasper, who leads the Aesthetic Dentistry by Design practice in Colorado Springs, completed the partnership agreement on April 30, which was facilitated by Professional Transition Strategies.



SmileDirectClub Picks Up Industry Veteran to Lead Office Direct Program

May 12, 2020 - Dental industry veteran Chris Thompon was appointed to the newly created position of vice president of sales for SmileDirectClub, the teledentistry company. Mr. Thompon will lead SmileDirectClub's efforts to build its Office Direct program, which allows dentists and orthodontists to offer its clear aligner therapy in-office with the option to continue treatment via its telehealth platform. Since the program's January launch, dentists and orthodontists in 21 U.S. states have joined. Prior to his new position, Mr. Thompon served as the global head of sales for information technology company Carbon's orthodontic channel and held senior roles at Align Technology and Johnson & Johnson Vision.

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Some Florida Dentists Adding COVID-19 Surcharges

May 15, 2020 - Some dentists in Jacksonville, Florida, are including a COVID-19 surcharge on patient bills. One of those dentists is Staci Suggs, DDS, a pediatric dentist in Jacksonville, who is charging a \$10 fee for every appointment, citing her practice's financial losses and limited amount of personal protective equipment as reasons for the charge. The American Dental Association has urged third-party payers to modify their fees to adjust to the increasing cost of PPE that dentists need to safely reopen their practices.



280K Masks Donated to Washington Dentists

May 18, 2020 - The Washington Dental Association and Delta Dental of Washington gave out 280,000 free protective masks to dentists as they prepare to reopen their offices. The two organizations obtained 300,000 masks from Washington's Emergency Management Division. The distribution drive, held May 16, gave each dentist one bag with 25 KN95 masks and 25 Class 3 surgical masks. The drive was held to help dentists replace the personal protective equipment stock they need to safely reopen their offices, after many of them donated their supply to healthcare facilities during the beginning of the COVID-19 pandemic.



SmileDirectClub Sues NBC for \$2.8B

May 19, 2020 - SmileDirectClub filed a \$2.8 billion lawsuit against NBCUniversal Media on May 18, claiming the news publication ignored facts and broadcast a story with over 40 errors in it. SmileDirectClub accuses NBC of publishing a misleading story in which NBC said some customers reported painful problems when using the at-home dental alignment product. The investigative journalism piece also included a quote from a SmileDirect employee claiming dentists weren't required to review patients before treatment, which SmileDirect has refuted. The teledentistry company argues that NBC and reporter Vicky Nguyen "knowingly and intentionally" made "factually inaccurate, misleading and defamatory claims. "The lawsuit wants to hold NBC accountable "for its abuse of power and betrayal of trust," adding that, "Readers across the country turn to the media for the information they need to make decisions about their health and well-being." "SmileDirect said its market cap dropped \$950 million after the NBC report. An NBC spokesperson told The Hill that the Company stands by its reporting and "believe[s] this is a meritless claim."



Resource Center at U of Michigan Dental School gets \$31.4M Grant

May 21, 2020 - A regenerative medicine resource center led by Ann Arbor-based University of Michigan School of Dentistry received a \$31.4 million grant from the National Institute of Dental and Craniofacial Research. The five-year grant will be used to continue research into the restoration of dental, oral and craniofacial tissues damaged or lost due to disease, injury or congenital disorders. The grant will advance 13 projects so investigators can potentially receive FDA approval and begin clinical trials for new products or procedures. Current projects include a patented bone adhesive designed to aid in the treatment of fractured bone and efficiently stabilize dental implants, and a gene therapy to provide relief from dry mouth in patients with damaged salivary functions.



Dentists Explore UV light Technology as Sanitation Tool

May 26, 2020 – Dentists nationwide are purchasing UV light technology to mitigate the spread of COVID-19 in their practices, but there are many factors to consider before buying these costly products. UV light decontaminates surfaces by destroying the layer of lipids coating a virus. The technology has been proven to destroy the coronaviruses that cause SARS and MERS, but there have been limited studies examining how it interacts with the new coronavirus. There is a variety of UV sanitizing products available to dentists, including disinfecting towers, air purifiers and chambers for equipment sterilization. These products have been used mainly in hospital settings, so it is uncertain how efficient they will be when implemented in smaller dental practices. Dental staff should not be in the room when these devices are operating because they could incur skin or eye burns. Dental staff should also note that UV technology is not compatible with all equipment materials, such as plastic. Dentists can use autoclaves, chambers that use heat to sterilize, to disinfect smaller pieces of equipment.

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

Additional information is available upon request.