

The Wisdom Tooth:  
A Dental Industry  
Newsletter

Publicly Traded Dental Related Company Performance

(\$ in millions, except per share data)

Company	Share Price 07/31/2020	% 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	\$293.82	90.0%	\$23,149	\$22,816	10.6x	76.2x	89.4x	13.7x	54.7x	70.7%	11.8%	13.9%	(1.1x)
Dentsply Sirona	XRAY	\$44.60	73.3%	\$9,771	\$11,100	2.8x	21.9x	59.1x	120.5x	NA	53.9%	4.7%	12.8%	2.6x
Henry Schein	HSIC	\$68.73	92.9%	\$9,812	\$11,681	1.2x	12.8x	16.3x	14.2x	30.4x	30.7%	7.1%	9.1%	1.1x
Envista Holdings	NVST	\$21.87	65.7%	\$3,486	\$4,844	2.1x	23.3x	201.0x	156.2x	NA	51.8%	1.1%	8.4%	7.1x
SmileDirectClub	SDC	\$8.45	40.0%	\$3,254	\$3,335	4.3x	NA	NA	NA	NA	75.4%	(78.6%)	(77.9%)	(0.1x)
Patterson Companies	PDCO	\$26.56	99.8%	\$2,557	\$3,150	0.6x	NA	NA	NA	13.3x	21.8%	(10.0%)	(8.5%)	(1.3x)
Milestone Scientific	MLSS	\$1.93	63.4%	\$107	\$107	12.9x	NA	NA	NA	NA	69.0%	(102.5%)	(99.2%)	0.0x
Mean				\$7,448	\$8,148	4.9x	33.6x	91.4x	76.1x	32.8x	53.3%	(23.8%)	(20.2%)	1.2x
Median				\$3,486	\$4,844	2.8x	22.6x	74.2x	67.4x	30.4x	53.9%	1.1%	8.4%	0.0x
High				\$23,149	\$22,816	12.9x	76.2x	201.0x	156.2x	54.7x	75.4%	11.8%	13.9%	7.1x
Low				\$107	\$107	0.6x	12.8x	16.3x	13.7x	13.3x	21.8%	(102.5%)	(99.2%)	(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 July)

	July 2020	LTM		July 2020	LTM
Patterson Companies	20.7%	36.8%	Milestone Scientific	(1.0%)	NA
Henry Schein	17.7%	3.2%			
Align Technology	7.1%	45.2%			
SmileDirectClub	7.0%	NA			
Envista Holdings	3.7%	NA			

Recent Industry News



Florida Dental Association Enters Exclusive Partnership with Bento

July 1, 2020 - The Florida Dental Association on June 30 endorsed Bento, a Boston-based cloud-based dental benefits technology company. The platform eliminates the need to contract with a traditional dental insurance company and allows dentists and patients to collaboratively decide what procedures are necessary. It also supports group discount plans and encourages practices to offer their own in-office plans. The Florida Dental Association plans to help institute Bento's platform for its more than 8,100 member dentists.



SmileDirectClub Sues Delta Dental for Denying Teledentistry Coverage

July 1, 2020 - SmileDirectClub filed lawsuits June 30 against three Delta Dental entities for denying their customers teledentistry benefits. The lawsuits were filed against Delta Dental Plans Association, Delta Dental of Illinois Foundation and Delta Dental of California. The teledentistry company alleges that the insurance providers denied patients teledentistry coverage by refusing to cover clear aligner therapy prescribed by SmileDirectClub-affiliated dentists. Delta Dental is the only major U.S. insurance provider that does not provide this coverage, as Aetna, UnitedHealthcare, Cigna, Anthem Blue Cross, Anthem Blue Cross and Blue Shield, and Empire BlueCross and BlueShield all offer benefits for SmileDirectClub's clear aligner therapy.

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### Dental Therapists Now Licensed to Practice in Maine

July 2, 2020 - Dental therapists can now obtain licenses to practice in Maine. The Maine Board of Dental Practice finalized the regulations in April, creating specific qualifications for dental therapy licensure. Dental therapists are licensed to perform preventive and basic restorative procedures, such as filling cavities and placing temporary crowns. The addition of these providers is aimed at reducing barriers to oral health services, such as remote locations and dentist shortages. In Maine, nearly 330,000 people, or a quarter of the state's population, live in areas federally designated as having a shortage of dentists.



### Colgate Distributes Products to Combat COVID-19 via Dental Vans

July 6, 2020 - Colgate is distributing \$8 million worth of free hygiene essentials to promote the maintenance of everyday health practices as COVID-19 cases continue to rise. The Company is distributing 25 million bars of soap with packaging that instructs users on proper handwashing technique, along with body wash, dishwashing soap, toothpaste and toothbrushes. Some of these products will be delivered by Colgate's mobile dental vans, which are operating in New York City, Chicago, Baltimore, Dallas, Washington, Los Angeles, Atlanta, Miami and Charlotte. Colgate is also working with Feeding America to incorporate hygiene product deliveries into grab-and-go lunch programs for local school districts.



### North American Dental Group Appoints New CFO

July 7, 2020 - Pittsburgh-based North American Dental Group has tapped Jonathan Walker as its new CFO. Before joining the dental service organization, Mr. Walker served as CEO of MedExpress, a leading urgent care and employer on-site clinic management services organization. During his tenure, MedExpress doubled in size by opening more than 150 new locations in 15 states. Mr. Walker earned his bachelor's degree in economics from Durham, North Carolina-based Duke University and his MBA from Boston-based Harvard Business School.



### Southern Illinois University Carbondale Offers Children Free Dental Care at Pop-up Clinics

July 8, 2020 - Southern Illinois University Carbondale provided local children ages 3 to 17 free preventive dental care. The Southern Illinois University Carbondale Dental Sealant Grant Program operated eight pop-up dental clinics in the area on eight different days and locations from July 9-31. No appointment was required, as children were cared for on a first-come, first-served basis. Children received exams and fluoride treatments, which fulfill Illinois' requirements for students entering kindergarten, second, sixth and ninth grades.



### Dentists Now Eligible for HHS Pandemic Relief Funding

July 13, 2020 - Dentists who did not qualify for HHS pandemic relief funding are now eligible to apply for payments from the department's provider relief fund. The fund was established in June to provide Medicaid and Children's Health Insurance Program providers with financial support as they dealt with drastic losses in revenue and increased infection control costs. As of July 10, the funding application has been extended to all healthcare providers. Applications for relief funding are submitted through the HHS online portal, which will stop accepting applications July 24. Dentists whose applications are approved will receive a 2 percent reimbursement of their yearly reported patient revenue.




### California Dental Employees Must Pass Life Support Training Course to Retain Licensure

July 14, 2020 - Dentists, registered dental assistants and registered dental hygienists who obtained their licenses in California need to complete a basic life support course as part of the state's continuing education requirements. To decrease the effect the pandemic has on dental staff's licensure retainment, California's department of consumer affairs extended the deadline for course completion for all dental employees whose licenses expire between March 31 and August 31. Some segments of the course are available online, but all licensees must perform an in-person skills assessment. Licensees can sign up for an online course through the American Heart Association's website, which will also prompt them to select a location for their in-person skills session.



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### Former Invisalign Execs Raise \$13M, Unveil OrthoFX Teeth Aligners

July 23, 2020 - Clear aligner therapy company OrthoFX raised \$13 million to roll out a new digital care platform, a dentist-centric financial model and emergency aligners. OrthoFX was founded by a coalition of former Invisalign and Philips Sonicare executives in June 2019. It announced its launch of new technologies and services July 22. The Company's new FXOnTrack platform, which provides patients with a new aligner for every week, allows for virtual consultations, remote monitoring, sensor tracking and clinical support. OrthoFX also launched its "rescue" aligners for patients who forget to wear their aligners daily and a new financial model in which dentists are paid within five days of beginning OrthoFX treatment with a patient.



### New York DSO Hires 50 New Employees from Other Closed Practices

July 27, 2020 - New Hyde Park, New York-based Dental365 reopened all its offices in June, recalling most of its staff and hiring about 50 new employees. Dental365 had to lay off more than 400 of its 600 employees across 46 locations in March when offices closed. All offices reopened in June, recalling most staff members too. Some staff were reluctant to return because they were receiving about \$1,100 a week in unemployment benefits. Employees were told that their spots would no longer be saved if they declined to come back. Dental 365 has since hired about 50 new workers, many from practices that permanently closed. Employment at dental practices has more than doubled since hitting a low point in April, the fastest growth of any sector tracked by the U.S. Department of Labor.



### MB2 Dental Expands into 16th State

July 28, 2020 - Carrollton, Texas-based MB2 Dental has partnered with a practice in Pennsylvania, marking the dental partnership organization's growth into 16 states. MB2 Dental's most recent partnership is with Kevin Sambuchino, DMD, owner of Lake Erie Dental. The organization has partnered with 24 new practices in 2020. Founded in 2007, the organization's model aims to empower dentists to preserve the profession.



### Delta Dental of Illinois Recommends Children Receive Dental Checkups Before School Begins

July 29, 2020 - Delta Dental of Illinois is asking parents and guardians to make sure their children visit a dentist for a checkup before school begins. As many patients delay routine dental care due to fear of contracting COVID-19, Delta Dental of Illinois is urging caretakers to schedule dental appointments for their children, as delaying dental care can often lead to more serious health problems. Two in every five Illinois children are affected by tooth decay, and 22 percent of Illinois students have untreated cavities. Pain resulting from poor oral health can often become a distraction to children, causing them to perform worse in school. Delta Dental of Illinois encourages parents and guardians to ask their dental practice about newly implemented safety measures to ensure their children are safe and know what to expect.



### DEA Prescriber Registration Fees to Increase October 1

July 31, 2020 - Beginning October 1, the Drug Enforcement Administration will increase its registration fee for prescribers from \$731 to \$888 for a three-year period. Dentists need a DEA registration if they prescribe controlled substances. The DEA says the registration fee, which has not been increased since 2012, is going up to recover the costs of its Diversion Control Program. Dentists who do not want to renew their DEA prescribing registrations should check with their dental plans beforehand, as some require such registrations during the credentialing process.

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

Additional information is available upon request.