

The Wisdom Tooth:
A Dental Industry
Newsletter

Publicly Traded Dental Related Company Performance

(\$ in millions, except per share data)

Company	Share Price 09/30/2020	% 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	\$327.36	96.2%	\$25,792	\$25,459	11.8x	85.0x	99.7x	15.2x	54.7x	70.7%	11.8%	13.9%	(1.1x)
Dentsply Sirona	XRAY	\$43.73	71.8%	\$9,555	\$10,732	3.1x	31.6x	449.0x	NA	NA	51.4%	0.7%	9.9%	3.5x
Henry Schein	HSIC	\$58.78	79.4%	\$8,392	\$10,359	1.1x	14.0x	18.9x	14.7x	30.4x	29.8%	5.9%	8.0%	1.4x
Envista Holdings	NVST	\$24.68	74.1%	\$3,934	\$5,292	2.3x	25.5x	219.6x	176.3x	NA	51.8%	1.1%	8.4%	7.1x
SmileDirectClub	SDC	\$11.68	75.2%	\$4,504	\$4,549	6.7x	NA	NA	NA	NA	70.1%	(97.2%)	(93.5%)	(0.1x)
Patterson Companies	PDCO	\$24.11	79.3%	\$2,323	\$3,008	0.6x	NA	NA	NA	13.3x	21.5%	(10.3%)	(8.8%)	(1.4x)
Milestone Scientific	MLSS	\$1.39	45.6%	\$92	\$76	12.3x	NA	NA	NA	NA	69.2%	(170.7%)	(166.4%)	1.5x
Mean				\$7,799	\$8,496	5.4x	39.0x	196.8x	68.7x	32.8x	52.1%	(37.0%)	(32.7%)	1.5x
Median				\$4,504	\$5,292	3.1x	28.6x	159.7x	15.2x	30.4x	51.8%	0.7%	8.0%	1.4x
High				\$25,792	\$25,459	12.3x	85.0x	449.0x	176.3x	54.7x	70.7%	11.8%	13.9%	7.1x
Low				\$92	\$76	0.6x	14.0x	18.9x	14.7x	13.3x	21.5%	(170.7%)	(166.4%)	(1.4x)

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 September)

	September 2020	LTM		September 2020	LTM
SmileDirectClub	43.0%	(11.3%)	Patterson Companies	(16.9%)	38.7%
Align Technology	10.2%	79.6%	Henry Schein	(11.5%)	(6.8%)
Envista Holdings	2.9%	(8.3%)	Milestone Scientific	(7.3%)	55.0%
			Dentsply Sirona	(2.5%)	(18.2%)

Recent Industry News



MB2 Dental Enters 17th State

September 1, 2020 - Carrollton, Texas-based MB2 Dental has expanded into Michigan, the 17th state the dental partnership organization has reached. MB2 Dental's newest partnership is with Jonathan Gillesby, DDS, owner of Dowagiac Family Dentistry. MB2 Dental has partnered with 33 new practices in 2020 thus far.



UV Light Disinfection Company Targeting Dental Practices

September 1, 2020 - Eight dental practices across the country have implemented Purge Virus technology in their offices amid the pandemic. Purge Virus was established amid the COVID-19 pandemic to incorporate ultraviolet light disinfection technology into HVAC systems. The Company encourages use of its UV light technology in dental practices as dentists continue to experiment with new ways to keep their staff and patients safe amid the pandemic. Installation of the ultraviolet light disinfection technology usually costs between \$3,000 and \$3,500 per practice.



\$3.8M Awarded to Expand Dental Clinic at Montana University

September 1, 2020 - A construction company has been awarded a \$3.8 million contract to build a new public dental clinic for Great Falls College Montana State University. The project is slated to be completed at the beginning of the 2021-22 school year and will allow the college to admit 25 dental hygiene students each year instead of 18, which will help improve a statewide hygienist shortage.

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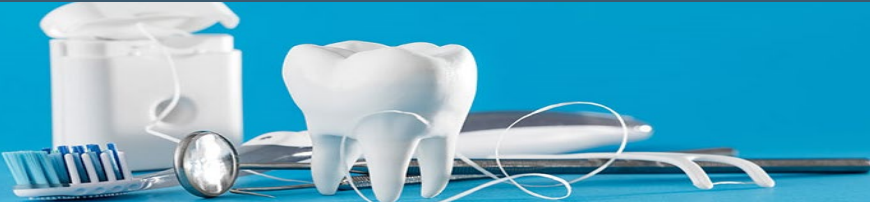
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Illinois May Enlist Dentists, Dental Hygienists to Administer COVID-19 Vaccine

September 3, 2020 - Illinois will need to recruit additional health professionals to administer COVID-19 vaccines, including dentists and dental hygienists, said Ngozi Ezike, MD, director of the state health department. At an Aug. 7 meeting about vaccine distribution, Dr. Ezike said Illinois will need to recruit nursing students, medical students, dentists, dental hygienists and even veterinarians to administer vaccines. Such vaccinators will need medical-grade masks, gowns and gloves to keep them safe.

Dentists Can Suspend Social Security Withholdings From Employee Paychecks Through 2020

September 8, 2020 - Dental practices have the option to take part in the federal government's new payroll tax deferral plan that allows them to suspend Social Security withholdings from employee paychecks. The plan, which runs Sept. 1 through Dec. 31, is designed to give workers temporary assistance amid pandemic-induced financial hardships. Salaried employees making less than \$104,000 per year or whose wages are less than \$4,000 per biweekly pay period are eligible for the suspension. Dental practices that suspend collection of employees' Social Security withholdings must repay the deferred taxes to the IRS during the first four months of 2021. Practices should ensure employees are aware the deferred taxes will be collected then, making for smaller paychecks during those four months.

SmileDirectClub Scraps \$37M Plans for Manufacturing Site in Texas

September 9, 2020 - SmileDirectClub has pulled the plug on a \$37 million manufacturing plant in Kyle, Texas, that was expected to employ 850 people. The teeth-straightening company said it was impractical for employees based at its Nashville, Tennessee, headquarters to oversee the plant development amid travel restrictions and health concerns related to the COVID-19 pandemic. A SmileDirectClub spokesperson said delays in rolling out some manufacturing automation slowed the initial time table, but that the pandemic prompted the project cancellation.

School Closures Cutting Access to Dental Care for Poor Students

September 15, 2020 - School closures amid the pandemic may have a disproportionate effect on the oral health of low-income children. Before the pandemic, dental hygienists visited schools in rural and urban areas of Oregon, treating thousands of children a year. The hygienists haven't been back to school since the program was suspended in March. Queensbury, New York-based Hudson Headwaters Health Network treated 2,000 to 2,500 children annually since the program began nearly four years ago. School visits were suspended in April, and though many schools in the region reopened this month, officials haven't given hygienists permission to return.

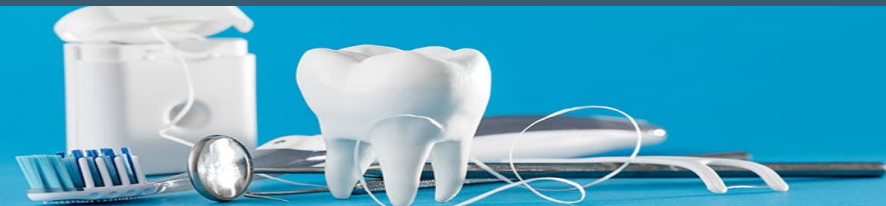
Delta Dental Grants \$272K+ to South Carolina Oral Health Organizations

September 15, 2020 - Delta Dental of South Carolina donated \$272,400 to organizations leading oral health initiatives in the state as part of its annual Mission Giving Program. The funding was spread across four organizations, which will use the money to buy new dental equipment to provide care for uninsured South Carolinians and provide loan repayment assistance to providers who treat underserved communities.

New Bill Calls for \$25K Tax Credit for Dentists Buying PPE

September 16, 2020 - The American Dental Association established its support of a bill that would give a tax credit to dentists purchasing personal protective equipment to protect patients and staff against COVID-19 transmission. The Small Business Personal Protective Equipment Tax Credit Act calls for a tax credit of up to \$25,000 for businesses purchasing personal protective equipment. The ADA wrote a letter Sept. 10 to leaders of the House Ways and Means Subcommittee on Select Revenue Measures voicing its support of the bill. The ADA also asked the subcommittee to support four more COVID-19 tax bills, including one that would ensure dentists will not have to pay taxes on aid provided through the Provider Relief Fund and one that would help dental practices retain and rehire their employees.

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Boston Venture Capital Firm Invests in California Dental Software

September 17, 2020 - Santa Clarita, California-based Yapi, a company that makes software for dental offices, has received an investment from a Boston venture capital firm. Boston-based M33 Growth did not disclose the dollar amount of the investment. Yapi will use the funding to hire employees in account management, customer service, and research and development, as well as to strengthen its sales and marketing teams. YAPI is an automated practice efficiency software founded in 2009 by Gina Dorfman, DDS. Dr. Dorfman brought the software suite to market in 2011 to help other dentists automate and digitize tasks, including electronic dental forms, appointment reminders and patient recalls. In addition to the venture investment, Yapi's flagship software was recently named a winner of the 2020 Best of Class Technology Award issued by Cellerant Consulting Group.

Kentucky-based DSO Launches New Alternative to Dental Insurance

September 23, 2020 - Louisville, Kentucky-based Mortenson Dental Partners has launched Smiles360, a dental savings club that aims to provide an affordable alternative to dental insurance. Launched September 1 across all 140 practices, the Smiles360 Dental Savings Club provides routine services at no additional cost. This includes cleanings, exams and fluoride treatments, as well as any necessary X-rays and one emergency visit per year. Members also receive 50 percent off periodontal treatment; 25 percent off fillings, crowns, extractions and dentures; and 10 percent off comprehensive orthodontic treatment.

Dental Practice in Japan Uses Camera to Avoid Closeup Exams, Cut Risk of COVID-19 Spread

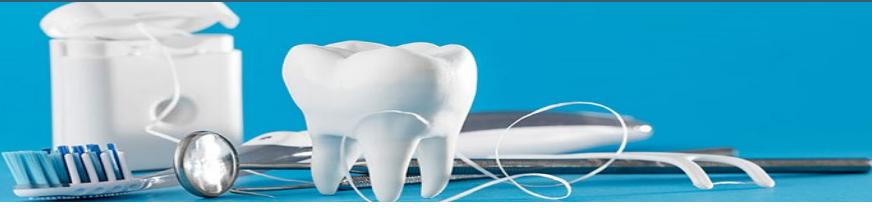
September 28, 2020 – Japanese dentist Hidehiro Fujie has been affixing a camera in patients' mouths during procedures to reduce his contact with aerosols amid the pandemic. The camera, which Dr. Fujie can manipulate with one hand, transmits a live feed showing the inside of a patient's mouth to a monitor. This significantly reduces dentists' need to peer into patients' mouths and allows him to maintain about 20 inches of distance from a patient's mouth when he uses an aerosol-producing drill. Since patients can also view the camera's monitor, the method also allows Dr. Fujie to explain his treatment to patients as he gives it.

UnitedHealthcare Wins 7-year Contract to Provide Dental Benefits for Federal Employees

September 28, 2020 - Minnetonka, Minnesota-based UnitedHealthcare has been awarded a seven-year contract to provide dental and vision benefits to federal employees. The benefits will be available through the Federal Employees Dental and Vision Insurance Program, a voluntary program with about 6.9 million enrollees. Plans will be available to eligible enrollees starting January 1, 2021.

New Dental Council Forms to Boost AI's Role in the Industry

September 29, 2020 - The Dental AI Council, a trade organization focused on advancing the role of artificial intelligence in dentistry. The DAIC consists of members from dental practices, DSOs, insurers, laboratories, universities, equipment manufacturers and practice management software providers. The organization seeks to spearhead research efforts on AI applications and measure AI's ability to improve dental care to better understand the technology's role in dentistry. The DAIC also plans to foster AI-focused thought leadership, educational programs and public health initiatives.



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Overview of the Chicago Corporation

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

Additional information is available upon request.