

The Wisdom Tooth:  
A Dental Industry  
Newsletter

Publicly Traded Dental Related Company Performance

(\$ in millions, except per share data)

| Company              | Share Price<br>10/31/2020 | % of 52 Wk<br>High | Market<br>Capitalization | Enterprise<br>Value | Valuation Multiples  |            |          | PE Multiples |             | LTM Operating Margins |       |          | Net<br>Debt/EBITDA |        |
|----------------------|---------------------------|--------------------|--------------------------|---------------------|----------------------|------------|----------|--------------|-------------|-----------------------|-------|----------|--------------------|--------|
|                      |                           |                    |                          |                     | TEV/Total<br>Revenue | TEV/EBITDA | TEV/EBIT | LTM<br>P/E   | CY18<br>P/E | Gross                 | EBIT  | EBITDA   |                    |        |
| Align Technology     | ALGN                      | \$426.08           | 89.6%                    | \$33,597            | \$33,067             | 14.5x      | 81.6x    | 105.1x       | 19.4x       | 54.7x                 | 71.0% | 13.8%    | 17.7%              | (1.3x) |
| Dentsply Sirona      | XRAY                      | \$47.19            | 77.5%                    | \$10,311            | \$11,488             | 3.3x       | 33.9x    | 480.7x       | NA          | NA                    | 51.4% | 0.7%     | 9.9%               | 3.5x   |
| Henry Schein         | HSC                       | \$63.58            | 85.9%                    | \$9,077             | \$11,044             | 1.2x       | 14.9x    | 20.1x        | 15.9x       | 30.4x                 | 29.8% | 5.9%     | 5.9%               | 1.9x   |
| Envista Holdings     | NVST                      | \$26.42            | 79.3%                    | \$4,218             | \$5,473              | 2.4x       | 26.3x    | 369.8x       | NA          | NA                    | 51.1% | 0.7%     | 7.9%               | 7.0x   |
| SmileDirectClub      | SDC                       | \$8.90             | 57.3%                    | \$3,432             | \$3,477              | 5.1x       | NA       | NA           | NA          | NA                    | 68.4% | (45.7%)  | (39.8%)            | (0.2x) |
| Patterson Companies  | PDCO                      | \$24.88            | 81.9%                    | \$2,397             | \$3,082              | 0.6x       | NA       | NA           | NA          | 13.3x                 | 21.5% | (10.3%)  | (8.8%)             | (1.4x) |
| Milestone Scientific | MLS                       | \$1.54             | 50.6%                    | \$98                | \$82                 | 13.3x      | NA       | NA           | NA          | NA                    | 69.2% | (171.6%) | (167.3%)           | 1.5x   |
| Mean                 |                           |                    |                          | \$9,018             | \$9,674              | 5.8x       | 39.2x    | 243.9x       | 17.6x       | 32.8x                 | 51.8% | (29.5%)  | (24.9%)            | 1.6x   |
| Median               |                           |                    |                          | \$4,218             | \$5,473              | 3.3x       | 30.1x    | 237.5x       | 17.6x       | 30.4x                 | 51.4% | 0.7%     | 5.9%               | 1.5x   |
| High                 |                           |                    |                          | \$33,597            | \$33,067             | 14.5x      | 81.6x    | 480.7x       | 19.4x       | 54.7x                 | 71.0% | 13.8%    | 17.7%              | 7.0x   |
| Low                  |                           |                    |                          | \$98                | \$82                 | 0.6x       | 14.9x    | 20.1x        | 15.9x       | 13.3x                 | 21.5% | (171.6%) | (167.3%)           | (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 October)

|                      | October 2020 | LTM     |                 | October 2020 | LTM     |
|----------------------|--------------|---------|-----------------|--------------|---------|
| Align Technology     | 30.2%        | 65.8%   | SmileDirectClub | (23.8%)      | (28.9%) |
| Milestone Scientific | 10.8%        | 46.7%   |                 |              |         |
| Henry Schein         | 8.2%         | 0.4%    |                 |              |         |
| Dentsply Sirona      | 7.9%         | (14.9%) |                 |              |         |
| Envista Holdings     | 7.1%         | (10.8%) |                 |              |         |

Recent Industry News



New Dental Startup Raises \$37M

October 1, 2020 - New dentistry startup, Tend, raised \$37 million in a Series B round that will help the Company's aim of making dental visits a positive experience. Tend was co-founded by Mr. Hudson, Andy Grover and Michael Stenclick in October 2019. Mr. Hudson served as the former CEO at SmileDirectClub. Tend has five studios in New York City, two of which just opened this summer. All the offices were forced to close in March at the beginning of the pandemic.



Scientist Receives \$450K+ to Develop Self-cleaning Dental Material

October 2, 2020 - The National Institutes of Health's National Institute of Dental and Craniofacial Research has granted \$459,000 to Jirun Sun, PhD, a scientist with the American Dental Association Science & Research Institute, to develop self-cleaning dental material. The proposed research would aim to develop pH-responsive "smart" materials that prevent biofilm formation. Successful completion of the project would advance research into materials that could reduce dental infection and pain.



SmileDirectClub Granted Patents for Toothbrush, Case Can be Tracked with Bluetooth

October 7, 2020 - SmileDirectClub received patents for its electric toothbrush and Bluetooth-powered aligner case. SmileDirectClub's electric toothbrush features interchangeable aligner heads that can clean invisible aligners, and its case uses Bluetooth location technology to ensure aligners are never lost.

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### Chicago DSO Announces New COO, Human Resources Officer

October 7, 2020 - Chicago-based Webster Dental Care, a dental service organization with 12 locations, has appointed a new COO and its first human resources officer. Michelle Chua has been appointed COO. Prior to her new position, Ms. Chua oversaw day-to-day operations at the DSO's operatory multispecialty dental center. The organization also appointed Rachel Spears to the executive team as its first human resources officer. Prior to joining, Ms. Spears served as a recruiter for Careers in Nonprofits.



### Dental Care Alliance Taps Former Walgreens Exec as New President

October 7, 2020 - After serving as Walgreens' senior vice president of pharmacy and retail operations, Jeffrey Koziel has joined Sarasota, Florida-based Dental Care Alliance as its new president. Mr. Koziel's career spans more than 25 years, beginning with a degree from Chicago-based Midwestern University's Chicago College of Pharmacy. Throughout his career, he focused on bringing healthcare to the forefront of retail. Dental Care Alliance supports 320 affiliated practices across 20 states, making it one of the largest multi-branded dental support organizations in the US.



### Wisconsin Practice 1<sup>st</sup> Carbon Neutral Dental Office in US, Offsets 100% of Greenhouse Gas Emissions

October 7, 2020 - Madison, Wisconsin-based Artisan Dental has partnered with Carbon Credit Capital and Green Trees to become certified as the first carbon neutral general dental practice in the US. Artisan Dental offsets all its greenhouse gas emissions associated with the Company's operation, such as team business travel, commutes, office energy and procurement of all supplies. Carbon Credit Capital will measure the practice's emissions, while Artisan Dental will purchase carbon offset credits from Green Trees' reforestation program, which plants new forests on degraded lands throughout the Mississippi Valley.



### Neocis, Maker of 1<sup>st</sup> FDA-approved Dental Surgery Robot, Raises \$72M

October 8, 2020 - Miami-based Neocis, the manufacturer of the only FDA-approved robot-assisted surgical system for the dental industry, announced a \$72 million Series D round of financing. Neocis' Yomi is a computerized navigational system that assists in both the preoperative and surgical phases of flapless dental implant procedures. The robotic-assisted surgical system has been used to place more than 2,700 dental implants to date. Yomi is also being used at Boston University Henry M. Goldman School of Dental Medicine and Morgantown-based West Virginia University School of Dentistry.



### Harvard to Close Student, Faculty Dental Clinic, Cites Financial Hardship

October 14, 2020 - Cambridge, Massachusetts-based Harvard University will offset financial strains by closing its dental clinic and pharmacy. In an email sent to Harvard students, faculty and staff, Harvard University Health Services spokesperson Michael Perry said the closures do not reflect the quality of services the entities delivered or the way they were managed. The dental clinic will complete prepaid procedures and care underway, give patients free copies of their dental records upon request and provide referrals to in-network dental providers through the end of the year.



### Western Dental Opens 234th Practice in California

October 14, 2020 - Orange, California-based Western Dental is opening a new practice in San Diego, the organization's 234th office in California. The new office provides a full range of dental services, with 12 operatory and exam rooms, including four treatment rooms dedicated to endodontics and pediatric dentistry. A virtual open house and ribbon-cutting ceremony are planned.



### Teledentistry Startup Partners with Service Provider to Expand Care Delivery

October 15, 2020 - Young teledentistry company, The TeleDentists, partnered with healthcare services provider FlexCare Digital Health on October 13<sup>th</sup> to offer its services to more employees. Effective immediately, the partnership will give FlexCare Digital Health's employer groups benefits that cover virtual dental services from The TeleDentists.




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### **Pandemic Leaves 4,000 Boston Public School Students without Dental Care**

October 19, 2020 - Nearly 4,000 Boston children have lost their access to dental care due to public schools' pandemic-induced suspension of dental programs for students who may not otherwise receive services. Boston schools are only letting a limited number of organizations inside to support student health, and many of the students who used to receive in-school dental checkups do not have a family dentist or dental insurance. The school district is looking for "creative ways to provide in-person services" to these students.



### **Oral-B Teams Up with Eva Longoria, More to Launch \$1M Oral Health Initiative**

October 20, 2020 - Oral-B has joined nonprofit Dental Lifeline Network in an initiative to improve the oral health of underserved communities. The multistage program will provide \$1 million worth of donated electric toothbrushes and dental care to patients at risk of poor dental health. Oral B also tapped celebrities such as Eva Longoria, Mario Lopez and Kelly Rowland for a video campaign to raise awareness about the importance of maintaining oral health.



### **SmileDirectClub Partners with Texas DSO**

October 21, 2020 – SmileDirectClub partnered with Dallas-based Deca Dental, integrating the DSO's more than 100 affiliated practices into its network. The partnership will give patients at Deca Dental-affiliated practices the opportunity to begin treatment using SmileDirectClub's clear aligner therapy and teledentistry platform.



### **University at Buffalo Dental School Receives \$1M to Establish Chair in Oral Biology**

October 22, 2020 - The University at Buffalo (New York) received \$1 million from Japan-based Sunstar Group to establish an endowment fund in honor of the late Robert Genco, DDS, PhD, a leading periodontal researcher. The Sunstar Robert J. Genco Endowed Chair in Oral Biology will be a new faculty position that supports faculty who are also scholars, researchers and innovators, and facilitate collaboration in oral biology and periodontal medicine. Dr. Genco died in March 2019 after spearheading a relationship between University at Buffalo and oral healthcare company Sunstar, which led to several advancements in periodontal health.



### **Heartland Dental Adds 100+ Dentists in 2020**

October 27, 2020 - The pandemic has not slowed Heartland Dental's growth, as the Effingham, Illinois-based DSO has added more than 100 new dentists in 2020. The DSO, which includes more than 1,700 dentists in nearly 1,100 dental practices across 38 states, provides dental practices with assistance with human resources, IT, marketing, supply, accounting and insurance credentialing. It also offers dentists and hygienists an array of professional development and continuing education opportunities.



### **Western Dental Appoints New Exec**

October 28, 2020 - Western Dental promoted Patricia Himpelmann to Senior Vice President of Specialty Services. Ms. Himpelmann joined Western Dental, which comprises 325 dental offices in California, Texas, Arizona, Nevada and Alabama, in 2015 as VP of Soft Tissue Management. In that role, she led an oral hygiene program and recruited and deployed nearly 150 hygienists across the network. Her promotion widens her role to include management of operational support for all dental specialties, including periodontics, endodontics, oral surgery and pediatric dentistry.

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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.

## 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



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

Additional information is available upon request.