



Dental Industry Trends and M&A Report

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Q3 2023



DENTAL INDUSTRY OVERVIEW

The dental industry has been on a roller coaster since the outbreak of the COVID-19 pandemic with shutdowns occurring throughout 2020, stellar M&A activity happening in 2021, and then a macroeconomic crisis with wage inflation, staff shortages and a dramatic rise in the cost of capital in the following year, slowing M&A activity and overall growth. However, advancements in artificial intelligence and certain fee schedule increases from private and public insurers indicates growth happening in the coming years.

This industry overview will go over the key numbers and trends in the dental industry, as well as providing valuable commentary from CEOs of several medium to large dental groups in the United States.

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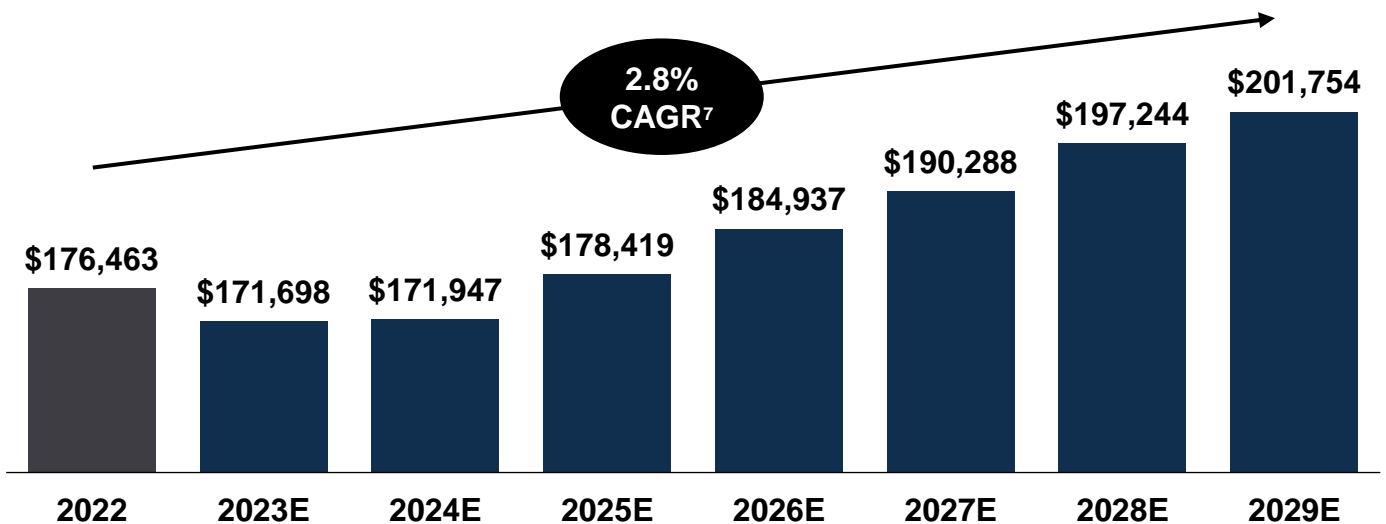
Dental Trends Overview

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DENTAL INDUSTRY STATS

\$172BN	Expected Dental Industry Revenue in 2023¹	37.4%	Proportion of Dentists Over 55⁴
2.8%	Expected Annual Industry Growth 2023-2028¹	50%	Percentage of US Adults With Private Dental Insurance³
46.2%	Percentage of Solo Dental Practitioners²	199,508	Number of Dentist Establishments in the US¹
22%	Percentage of Adults With Dental Coverage Who Didn't See a Dentist in the last year³	73.0%	Percentage of Dentists Who Have Ownership in Their Practice⁶

PROJECTED INCREASE IN DENTAL REVENUE



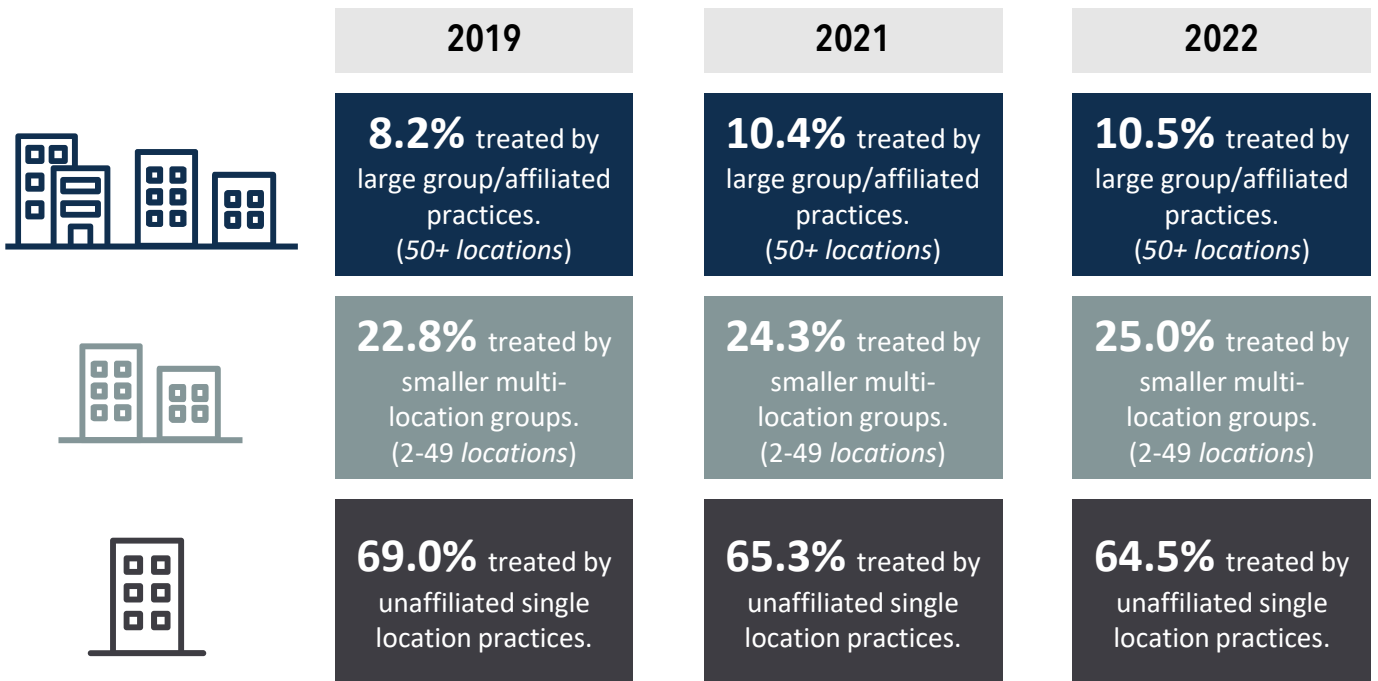
DENTAL INDUSTRY OVERVIEW



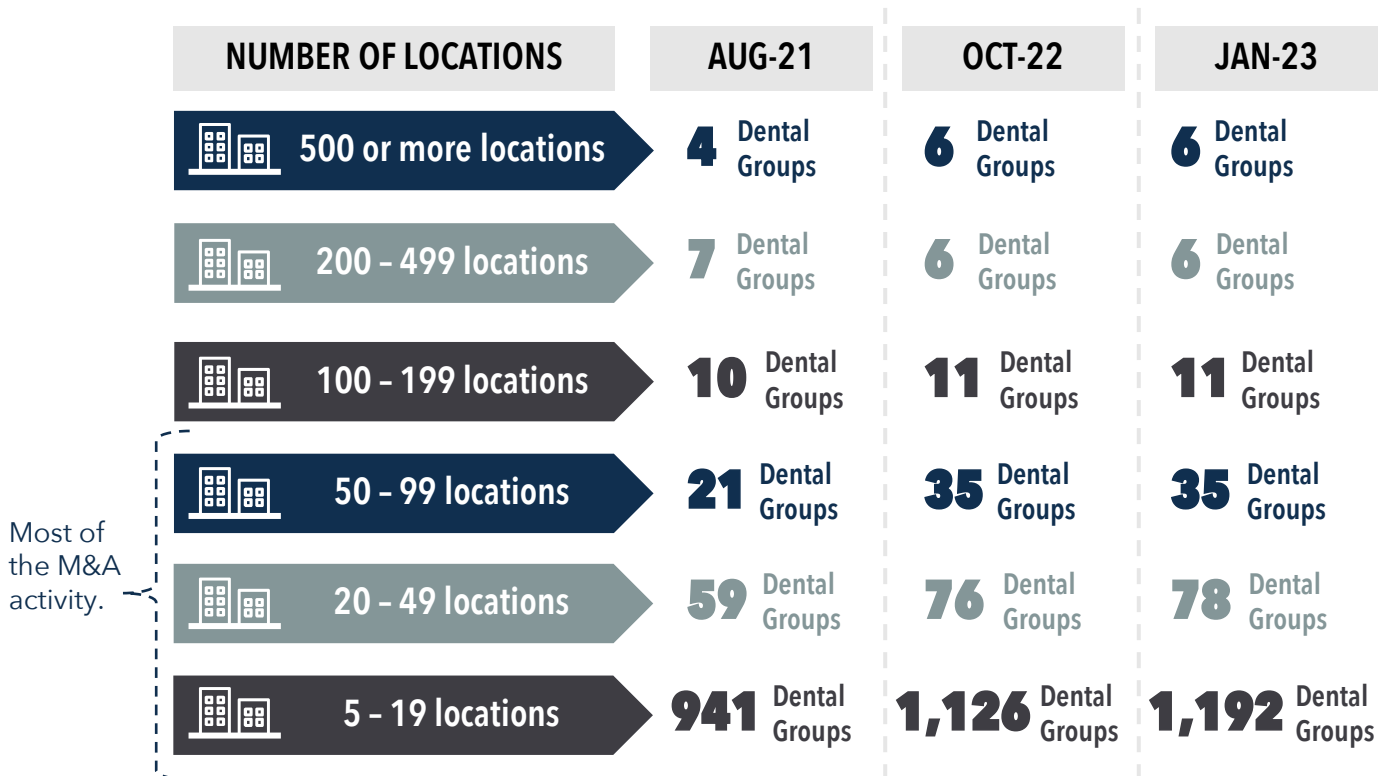
CONSOLIDATION BY THE NUMBERS

Large dentistry groups have been growing at a rapid pace, but most dentistry is typically performed in single, unaffiliated practices. Single, dentist-owned practices attracted an estimated 69% of the total amount of patient visits prior to the pandemic, and they still comprise the majority of these visits.⁸

[Click here to watch Professor Bob's Tips on what's driving consolidation.](#)



OVERVIEW OF THE DENTAL MARKET BY GROUP SIZE⁸



VALUATION MULTIPLE DRIVERS

VALUATION MULTIPLE DRIVERS include practice size and geographic footprint, the payor mix, the mix of services performed, and same store trends including organic growth and doctor retention. Valuation is more of an art than a science, but these four drivers are the biggest factors to influence a deal price and terms.

[Click here to watch Professor Bob's Tips on what's driving EBITDA.](#)

SIZE

Description: The most significant factor impacting practice value is size, specifically EBITDA. Other factors related to size are number of locations, doctors, and patients.

Insight: More EBITDA is generally better. Certain thresholds of EBITDA enable you to work with different classes of buyers.

PAYOR MIX

Description: A practice's payment composition regarding Medicaid, private insurance, and self-pay.

Insight: Traditionally investors apply a lower value to high Medicaid exposure. A higher proportion of private and self-pay can lead to a higher valuation multiple, as well as a more robust pool of potential buyers.

PROCEDURE MIX

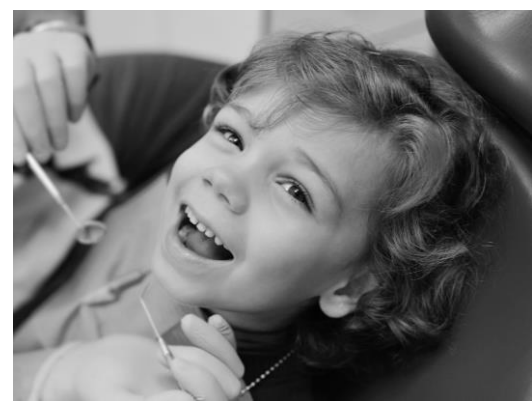
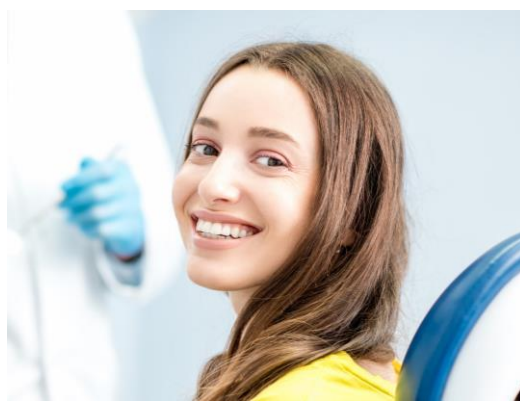
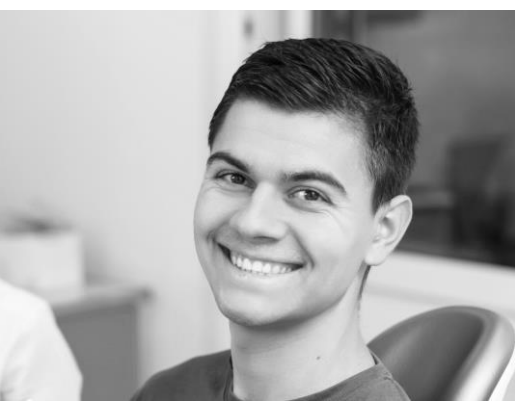
Description: The more specialized services offered, the higher valuation a dental platform typically receives.

Insight: Layering in specialty services on top of a recurring general dentistry base has proven beneficial not only to the multiple, but also to the margin profile. Certain specialty-only platforms have emerged recently, fetching attractive valuations.

SAME-STORE TRENDS

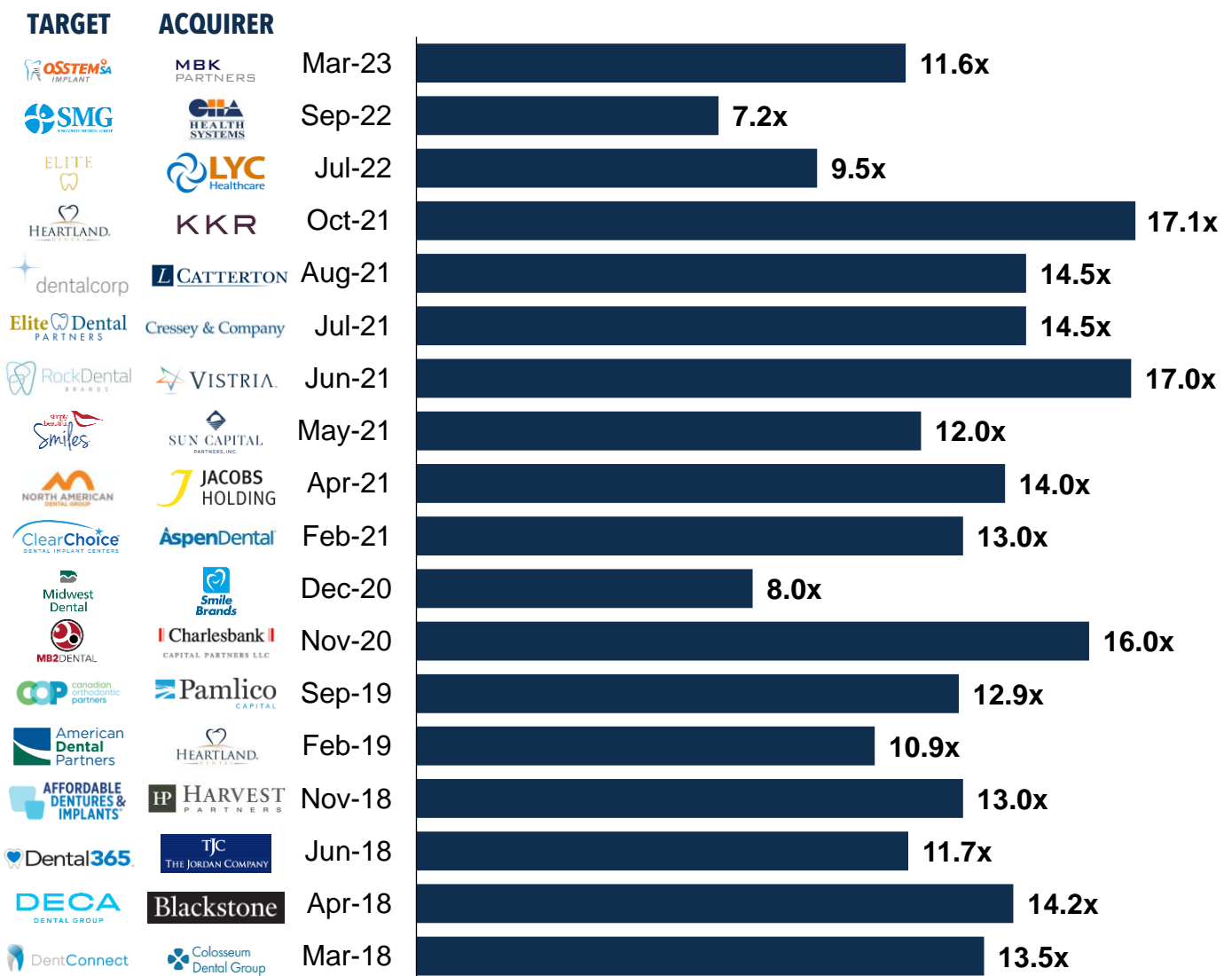
Description: Within a given practice, consistent performance, organic growth opportunities, and high doctor retention are drivers of the additional transaction value.

Insight: Investors want enduring profitability and stability, especially at the doctor level.



SELECT PRECEDENT TRANSACTIONS

Dental transaction multiples have remained attractive despite the industry’s rollercoaster since the onset of COVID-19. Multiples in the dental industry reached a peak in 2021 but have recently come back to pre-pandemic levels.



PUBLIC COMPANY COMPARABLES

DENTAL COMPANIES ⁹	Ticker	Share Price	Market Cap	Enterprise Value	EPS	EBITDA LTM	EV/EBITDA	P/E
DentalCorp	TSX: DNTL	\$4.93	\$937M	\$1,878M	(\$0.22)	\$128M	14.67x	-
Patterson Companies Inc.	NASDAQ: PDCO	\$26.16	\$2,589M	\$2,974M	\$1.64	\$335M	8.87x	13.02x
Average		\$15.55	\$1,763M	\$2,426M	\$0.71	\$232M	11.77x	13.02x
DENTAL EQUIPMENT COMPANIES ⁹	Ticker	Share Price	Market Cap	Enterprise Value	EPS	EBITDA LTM	EV/EBITDA	P/E
SmileDirectClub, Inc.	NASDAQ: SDC	\$0.40	\$53,747M	329M	(\$0.20)	(\$190M)	-	-
Zimmer Biomet Holdings	NYSE: ZBH	\$126.37	\$26,624M	\$32,129M	\$3.41	\$2,336M	13.75x	58.87x
Envista Holdings Corporation	NYSE: NVST	\$32.78	\$5,446M	\$6,330M	\$1.14	\$489M	12.95x	25.45x
Straumann Holding AG	SWX: STMN	\$150.71	\$24,166M	\$23,512M	\$2.17	\$725M	32.42x	49.99x
Dentsply Sirona, Inc.	NASDAQ: XRAY	\$36.26	\$7,853M	\$9,744M	\$0.59	\$647M	15.06x	-
Align Technology	NASDAQ: ALGN	\$284.59	\$21,837M	\$20,909M	\$4.51	\$724M	28.87x	68.89x
Average		\$105.19	\$23,279M	\$15,492M	\$1.94	\$789M	20.61x	50.80x
OTHER HEALTHCARE COMPANIES ⁹	Ticker	Share Price	Market Cap	Enterprise Value	EPS	EBITDA LTM	EV/EBITDA	P/E
Abbott Laboratories	NASDAQ: ABT	\$102.12	\$178,885M	\$184,602M	\$2.55	\$10,721M	17.22x	30.62x
Amedisys, Inc.	NASDAQ: AMED	\$76.96	\$2,519M	\$2,976M	\$3.00	\$201M	14.82x	22.51x
ModivCare	NASDAQ: MODV	\$47.82	\$708M	\$1,661M	(\$1.36)	\$163M	10.22x	-
Henry Schein	NASDAQ: HSIC	\$74.10	\$9,815M	\$11,982M	\$3.59	\$1,048M	11.43x	20.30x
Pediatrix Medical Group	NYSE: MD	\$19.39	\$1,103M	\$1,821M	\$1.18	\$225M	8.08x	11.27x
HCA Healthcare, Inc.	NYSE: HCA	\$288.29	\$76,984M	\$122,100M	\$17.58	\$12,279M	9.90x	13.90x
Utah Medical Products Inc.	NYSE: UTMD	\$93.83	\$346M	\$257M	\$3.77	\$27M	9.39x	19.67x
Average		\$100.36	\$38,623M	\$46,486M	\$4.33	\$3,523M	11.58x	19.71x



C-Suite Perspectives

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C-SUITE PERSPECTIVES

To get further insights beyond the numbers, Logan interviewed three CEOs of medium and large dental support organizations focused on the topics below. Quotes from these executives are included in the subsequent pages of this report.

ACQUISITIONS – HOW HAS THE INCREASED COST OF CAPITAL AND DECREASED DEBT AVAILABILITY AFFECTED YOUR ADD-ON ACQUISITION STRATEGY AND EXECUTION?

RATES – HAVE YOU BEEN ABLE TO REALIZE REIMBURSEMENT RATE INCREASES FROM THE INSURANCE PAYORS?

SYNERGIES – WHAT REAL SYNERGIES, BEYOND MULTIPLE ARBITRAGE, ARE YOU ABLE TO REALIZE IN AN ADD-ON ACQUISITION?

STAFFING – HOW HAVE THE STAFFING CHALLENGES AND WAGE INFLATION BEEN TRENDING MORE RECENTLY?

MEDICAID – HAS THE PERCEPTION ON MEDICAID CHANGED IN A DOWN ECONOMY?

OTHER – WHAT OTHER TRENDS ARE YOU SEEING IN THE INDUSTRY? WHAT ABOUT ARTIFICIAL INTELLIGENCE IN DENTISTRY?



C-SUITE PERSPECTIVES

HOW HAS THE INCREASED COST OF CAPITAL AND DECREASED DEBT AVAILABILITY AFFECTED YOUR ADD-ON ACQUISITION STRATEGY AND EXECUTION?



Mike McInelly,
CEO



“ Not from debt availability, as we have a good debt facility set up. The cost of capital has gone up of course. With our own evolution, we were more opportunistic before and are more conservative or disciplined today. Now we won't look at a practice under 6-7 operatories. Whereas before, we used to pursue locations with 3-4 operatories or that were even closed-down; we were much more scrappy in the early days. If the office can't have two docs eventually, it doesn't make sense for us to pursue it. Eight operatories and above are more interesting. This isn't a result of COVID but rather just our own maturation and discipline.



Lane Theriault,
CEO



“ Not necessarily the cost of capital but rather the sentiment around the higher cost of capital has caused lenders to be more risk averse so the bar or threshold you must bring to the table to get a deal done has gotten a lot higher; lenders are more risk averse. In 2021 they would fund anything; now, more detailed questions are asked. Regarding valuation, I was up on stage in Dykema last year saying peak multiple has arrived and all is coming down. I don't know if that has necessarily panned out—I'm still seeing lots of incredibly high valuations in the market but there are fewer buyers. The opportunities with organic growth are where I'm seeing the highest multiples. So many folks were focused on acquisitions and not organic growth and now they have to find organic growth. If a practice has extra space and can add more operatories, they can get a higher multiple.



David Lohmann,
CEO



“ I wouldn't want to refinance right now. We've negotiated a good debt facility with a supportive lender. However, we're currently funding deals primarily out of equity and using little-to-no debt. Our cost of debt has doubled, and we want to make sure we remain in a good position from a cash flow perspective. Thankfully, we have a very supportive equity sponsor backing us. We haven't heard much lately from previously active buyers, and we've actually heard many groups are not buying right now. I think lenders are playing the biggest role in this shift. We're certainly more thoughtful now and make sure we're underwriting the true go forward costs, including the real payroll. We've always been mindful of this, but now we have to adjust up front if a practice isn't paying market wages because those costs will get right sized sooner or later.

C-SUITE PERSPECTIVES

HAVE YOU BEEN ABLE TO REALIZE REIMBURSEMENT RATE INCREASES FROM THE INSURANCE PAYORS?



Mike McInelly,
CEO



“ Fee schedule increases are talked about more than realized, in my opinion. Sellers talk about it or hear about it on a podcast, so they think there’s going to be a massive windfall when they join a larger group. Most groups I talk to aren’t seeing significant results. It’s just really complex. Years ago, we hired experts who achieved mixed results. We’ve had some success on our own, but not as much as we’d hoped. The most success we’ve had is where we have more regional density so we have more leverage. A couple of cases have been massively successful; usually when we acquired a practice with a bad fee schedule and made significant improvements. Year-over-year negotiations are not as impactful as I’ve wanted.



Lane Theriault,
CEO



“ Huge success with it. We have an analysis in terms of where codes can be and have achieved a huge upside. There are entanglements and umbrella plans so it’s not a straightforward answer if we should go in-network or out-of-network; sometimes we go out of network on Delta. It may be better to drop the direct plan and get access to an umbrella to get a fee bump, but this is a complex analysis. In certain cases, we are not meeting directly with insurance payors and still getting rates increased north of 10%.



David Lohmann,
CEO



“ For nine years of our existence, we’ve loved fee for service practices; however, we’ve shifted more recently as we’ve achieved some meaningful rate increases from insurance providers. With those increases, we’re able to realize substantial revenue gains from PPO practices now. Unfortunately, those increases aren’t equal across payors. Our team has worked hard, and we’ve recognized some big wins on this front. Some from individual payors, and some pick up through umbrellas of direct vs. indirect contracting. In general, most payors have been open to a discussion over the past 12 months. They understand practice costs are going up, and our practice density has helped, as we’re pretty dense in some of the major cities in Texas.

C-SUITE PERSPECTIVES

WHAT REAL SYNERGIES, BEYOND MULTIPLE ABRITRAGE, ARE YOU ABLE TO REALIZE IN AN ADD-ON ACQUISITION? (1/2)



Mike McInelly,
CEO



“ I’ve noticed a lot of groups in the market that are aggregators vs. platforms. The aggregators do multiple arbitrage and financial engineering with some supply synergies but often not much else. Lots of those groups are emerging, but I fear that model will be frustrating for doctor’s because there’s no platform support for the doctors. We have approached the market from a platform perspective. We can help with doctor recruitment, retention, and training which is extremely difficult. There are lots of operational efficiency standardizations regarding how to answer the phone, treatment planning, case presentation, financial reporting, billing, credentialing, etc. We usually operate a lot more efficiently. The national average doctor compensation is \$180k, and our associates average \$325k. That is a result of our platform efficiency. Our partners are way north of that. Compliance is another big one. Most solo practitioners have no real compliance around quality charts; we help with that and get ready for the inevitable audits or lawsuits patients file. We also work very hard to make lifestyle improvements for our doctors. We have a strong sense of comradery, and we do outings and partner trips.



Lane Theriault,
CEO



“ Supplies are obvious—they can knock 1% off your margin. At \$130M of revenue, that’s 1M, so it’s worth it. Multiple that by 10x, and yes, I’ll get out of bed for \$10M. Other areas aren’t necessarily a synergy but are done more efficiently with better and more effective management. See a problem in this practice then see the same problem in another practice and know how to fix it. This is institutional knowledge across the portfolio of practices. Better marketing, better recruiting, credentialing, billing, collections, etc. We can identify problems in the practice, and we know the solutions; we have better processes.

C-SUITE PERSPECTIVES

WHAT REAL SYNERGIES, BEYOND MULTIPLE ABRITRAGE, ARE YOU ABLE TO REALIZE IN AN ADD-ON ACQUISITION? (2/2)



David Lohmann,
CEO



“ Cost synergies - some of that is questionable but efficacy synergies are real. We can simply do some things better as a group including marketing, IT, payroll, and accounting. You’re not going to get rich on the cost savings but there are efficacy increases that can truly make a practice more productive. We can do some things better with the same amount of money to drive better results. Increased mindshare for doctors drives improved results as they can focus their time more on diagnostic and case presentation and less on billing, staff issues, etc. We see revenue pick up after doctors join us because their minds are clear from all the other things that were on their plate as a practice owner. Their treatment acceptance goes up -- that’s not us, it’s a product of doctors who are more focused on it.

With meaningful scale, there are some real synergy opportunities. For instance, a call center if could drive real synergies in your front desk teams -- working recall, insurance verification, etc. Everyone in the industry has woken up to RCM and getting better about collecting and claims follow up. Both of these things take some scale to recognize the efficiencies, but we’re seeing a pathway to real savings on those two functions. Supplies and labs typically don’t have enough margin to squeeze them too much. In the end, you’re never going to make your return on cost savings alone, and I think most groups are realizing that.

C-SUITE PERSPECTIVES

HOW HAVE THE STAFFING CHALLENGES AND WAGE INFLATION BEEN TRENDING MORE RECENTLY?



Mike McInelly,
CEO



“ At JPM Healthcare Conference, every dental platform asked about staffing and everyone was experiencing it within their entire portfolio. That solidified this as a huge issue for everyone nationwide. It’s such a complex problem. We experienced it. It has gotten better in the past 3 months, but it’s still an issue. We’ve gotten more aggressive in expanding our recruiting function, so we have fewer holes in our team now. Wages have increased significantly but so has turnover. People will jump and aren’t as loyal; they will go in and out of work and take a month off knowing they can always come back. It has improved, but is still a huge problem.



Lane Theriault,
CEO



“ Staffing issues and wage inflation. It’s more stable now but is still bad. It’s slowly ticking to a better place. It feels like it’ll be 10 years before we get back to where we were before COVID. The long-term trend doesn’t look good for assistants and hygienists—we have a demographic problem. These people aren’t paid well enough to go through the training and rigor of the job.



David Lohmann,
CEO



“ This seems to go in waves by market. For instance, Austin for the longest time was a brutal staffing market, but it has gotten better. I’m less concerned today when we see openings in Austin, but now DFW has gotten more difficult to staff. In general, it feels like we’ve seen a plateau in wage escalation. I’m certainly not suggesting we’ve seen a decline in wages but rather a decline in wage pressure. For the first time in 18 months, I’m starting to feel like we’re leveling out and we can get a feel for the go-forward cost structure of our business. Staffing overall has definitely started to loosen up a bit. The time to fill an open position and voluntary turnover have decreased exponentially; people are again looking for stability. It has been a brutal operating environment the past three years with COVID, labor shortages, and wage inflation. In most practices we evaluate, we thankfully see that patient volume has held up strong. The top line is great, so the question is costs and margin right now. We’re pulling every lever we can, and it feels like there is beginning to be a path to margin stabilization and improvement.

C-SUITE PERSPECTIVES

HAS THE PERCEPTION ON MEDICAID CHANGED IN A DOWN ECONOMY?



Mike McInelly,
CEO



“ It feels like it has certainly shifted over the past 10 years. We’ve always accepted Medicaid but the sentiment back in 2014 was that Medicaid is super high stroke-of-pen risk, so don’t take Medicaid. That has softened since 2014. There seems to be a big delineation if you have pediatric and multi state diversification. Seems extremely safe. Adult and high state concentration are still very sensitive.



Lane Theriault,
CEO



“ I haven’t seen it change. In the current version of the investor presentation, we focus on non-government pay. I’d love for that perception to change because we have strong Medicaid contributors who have been some of our best deals. There’s been over 100% price increase from Medicaid in our St. Louis region. Pediatric Medicaid is politically very difficult to pull away.

C-SUITE PERSPECTIVES

WHAT OTHER TRENDS ARE YOU SEEING IN THE INDUSTRY? WHAT ABOUT ARTIFICIAL INTELLIGENCE IN DENTISTRY? (1/2)



Mike McInelly,
CEO



“ The financial aggregators (vs. the DSO platforms with operational support) might have tough times ahead. The risk is if doctors get diluted down in a transaction where they own very little, and then they are not getting operational support, the financial incentives make less sense, and they will want to leave. The model isn't sustainable if the doctors aren't getting support.

Artificial Intelligence—we use two diagnostic platforms but not in all locations. We've had mixed results, but the net has been positive overall. It really depends on the clinician. We thought we'd roll it out everywhere, but it's tough to predict who will use it. Even some tech-savvy clinicians won't use it, for unpredictable reasons. For those who do engage, we see good results because even the most experienced clinicians can miss some diagnoses. AI also can help with case acceptance by showing the patient an objective screen.



Lane Theriault,
CEO



“ Artificial Intelligence is not doing the job of the dentist but is supplementing and really helping with case acceptance. This is very objective. I can't say the computer is trying to make money off you. We're just scratching the surface, but this could create a big shift in the industry to help patients get better treatment acceptance. All our doctors are very keen to do that.

Patient financing is an area that could be improved. There is a huge need for reliable sub-prime solutions.

C-SUITE PERSPECTIVES

WHAT OTHER TRENDS ARE YOU SEEING IN THE INDUSTRY? WHAT ABOUT ARTIFICIAL INTELLIGENCE IN DENTISTRY? (2/2)



David Lohmann,
CEO



“ The last couple of years have shown that more doctors are looking for or exploring the advantages of partnering with a group. More small groups are looking for partnerships. I’m seeing a real change in posture among 5-20 location groups. 12 months ago, many of those groups were focused on growth and they were intent on taking over the world, but the current environment has resulted in many being more open to partnership discussions. They’re experiencing capital constraints, they may not have access to outside capital, and they’ve outgrown their lender. People are starting to say, “This isn’t that much fun at this size.” Solo practitioners too. I certainly don’t think the sky is falling for these guys, but today more than ever, people are open to conversations about partnerships. It’s an increasingly difficult operating environment for everyone. There will continue to be a reset on valuation across the industry. Deals at super high multiples simply aren’t going to cash flow with a double digit cost of debt, and equity investment is hard to come by.

On the technology front, there is a big push for technology and AI, specifically. We’ve seen some really cool things like Pearl and the additional toolbox it gives our doctors. It doesn’t diagnose for you, but it is another tool for doctors to leverage when discussing treatment with patients. There are a lot of cool trends coming to the industry, but economic softness may slow the adoption in the short-term.



Evolution of Dental Platforms

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TYPES OF DENTAL PLATFORMS

Dentists seeking to join a group have several options to choose from and should consider their own personal goals as well as their intentions for the future of their practices. Each type of DSO carries both benefits and shortcomings for the merging dentist.

DSO 1.0

DSO 1.0 is an associate-driven model with very few doctor owners.

PROS

- High cash at close buyout.
- Very short and limited future commitment. Ability to retire quicker with fewer strings attached.
- Ability to convert to W2 employee with little administrative burden.

CONS

- No equity participation and therefore no equity upside.
- Bigger DSO dictates operational policies so practice operations will change.
- Owner will lose control of culture and operations.

DSO 2.0

DSO 2.0 allows doctors to own equity at the platform or HoldCo level and benefit from share value accretion as the platform grows.

PROS

- Opportunity to have a piece of a large pie and ride the coattails of a growing enterprise.
- Often make outsized returns on the investment as compared to other generally available investments.
- Retain more autonomy of practice than with DSO 1.0 model.
- Benefit from lower costs, better tech, etc.

CONS

- Very little influence over overall performance of the platform.
- Equity can be whipped out or stagnant growth if platform doesn't perform well.
- Sellers can be forced to buy in at a very high multiple and get immediately diluted.

DSO 3.0

DSO 3.0 enables doctors to hold equity at both, the platform level as well as the practice or joint-venture level, where they exert greater influence.

PROS

- Equity is held where owners can influence at the location or sub-DSO level.
- Often can get distributions on their portion of equity.
- Receive some benefits from corporate support and size.
- Sometimes can sell equity at a much higher valuation and tag-along with the larger platform multiple.

CONS

- Sometimes the platform restricts sale of the JV equity or limits the multiple at which it can be sold.
- Lots of restrictions on selling the JV equity.
- Lenders often get confused with this model and often won't be as supportive for add-on acquisitions.

YOUR OPTIONS AS A DENTIST

With a great variety of alternatives for dentists seeking to transact, the owner’s choices are not limited to only the best type of partner, but also the best type of transaction to address the three common goals owners are looking to achieve through a transaction.

[Click here to watch Professor Bob’s Tips on needs to solve.](#)

1	DIVERSIFY ILLIQUID NET WORTH		Many practice owners have worked hard for several years and would like to benefit from the fruits of their labor. A transaction can free up part or all of the illiquid net worth to be diversified in order to de-risk a doctor.
2	REDUCE ADMIN. BURDEN		Dental support organizations and private equity groups can both remove unwanted administrative responsibilities from a doctor’s shoulders and enable him/her to focus on doing more dentistry or leading growth initiatives.
3	INCREASE FUTURE UPSIDES		Partnering with an investor with capital and expertise scaling multi-site healthcare businesses can accelerate growth and bring additional upside beyond what a founder can do alone.

INVESTMENT TIMEFRAME

TRADEOFF – CASH NOW OR CASH LATER?	NOW	PRIVATE EQUITY FUND	A PE fund will acquire a majority of your business and provide a significant liquidity event while you will continue to run the business and have rollover equity in the new company.
		STRATEGIC BUYER	A strategic buyer such as a larger DSO will buyout the majority of your company while enabling you to reinvest some proceeds back into the business and the DSO will often provide operational support.
	LATER	FLEXIBLE LENDER	A flexible lender will lend to do acquisitions and growth indicatives without requiring equity.
		MINORITY EQUITY	A minority equity investor provide flexible and patient capital thus reducing the risk of a business in growth mode.
		STATUS QUO	Status quo means to grow organically primarily by reinvesting cash flows into growth initiatives.



Future Industry Insights

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INDUSTRY INSIGHTS (1/4)

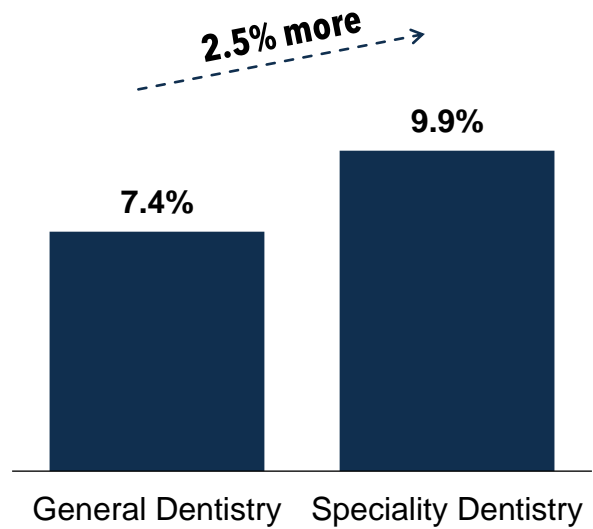
Investor Demand for Specialty

Historically, private equity investors have had little appetite for acquiring and managing specialty dental platforms. This stemmed from the belief that industry-wide consolidation would result in specialty doctors being absorbed into larger general dental platforms and referrals would be kept in-house as DSOs proliferated.

In recent years, PE investors have embraced specialty-only practices for their higher margins. This new model of targeting specialty dental clinics allows specialty doctors to work in specialty-only practices and enjoy a more traditional lifestyle rather than rotating through many different general practices concurrently.

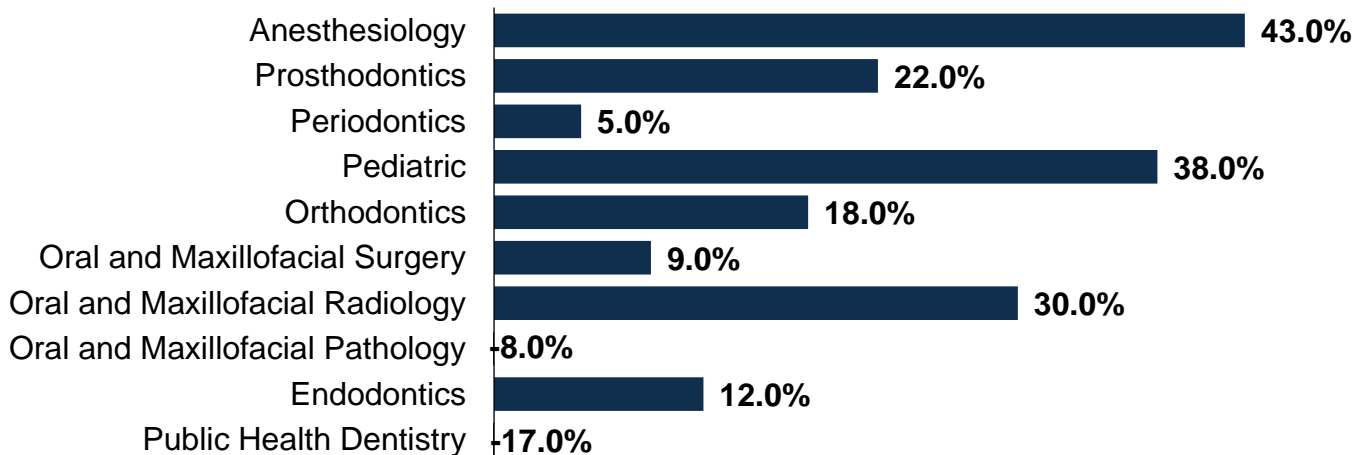
The thesis of these specialty-only platforms is that patients will seek out and find the best doctors and the best specialty doctors will want to work in specialty groups, rather than general dentistry groups.

Growth Rates of General and Specialty Dentistry Through 2027^{11, 12, 13, 14}



Specialty dentistry is projected to grow at a faster pace than general dentistry, thus making it a more appealing acquisition target for PE investors.

Growth in Specialty Membership Across Dental Specialty Certifying Boards¹⁵

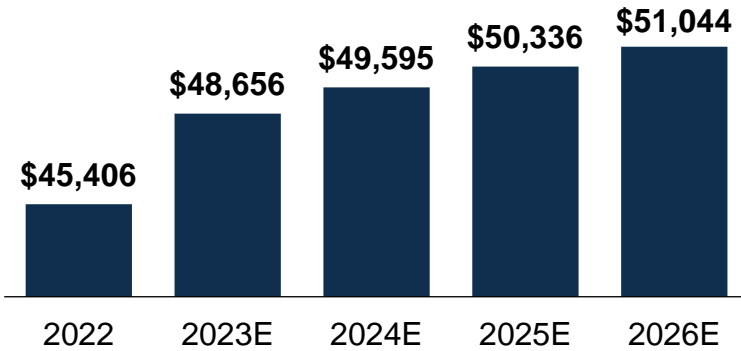


All but two dental specialty certifying boards have seen growth in membership from 2010 to 2019, illustrating the sustained interest of doctors in pursuing specialty dentistry services.

INDUSTRY INSIGHTS (2/4)

Rising Disposable Income

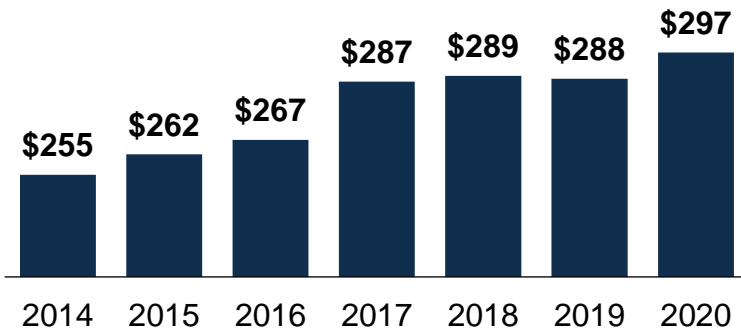
Disposable income is projected to rise by 7.3% over the next five years.¹⁶



Rising disposable income in the United States is increasing rapidly. With the increase in income, consumers will likely demand more general and specialty services.¹⁰

Average School Debt (in thousands)

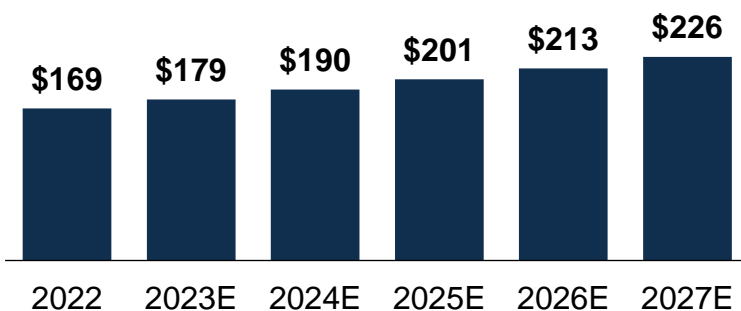
Dental school is becoming more expensive, leading students to take out more loans. The average graduating debt for a dentist has increased 33% in the past 10 years.¹⁷



Increased debt levels have inhibited newly graduated dentists from acquiring practices and have led more graduating dentists to associate positions with a stable income.

Dental Insurance (in billions)

Dental insurance market is projected to grow at a CAGR of 6.02% over the next five years.¹⁸

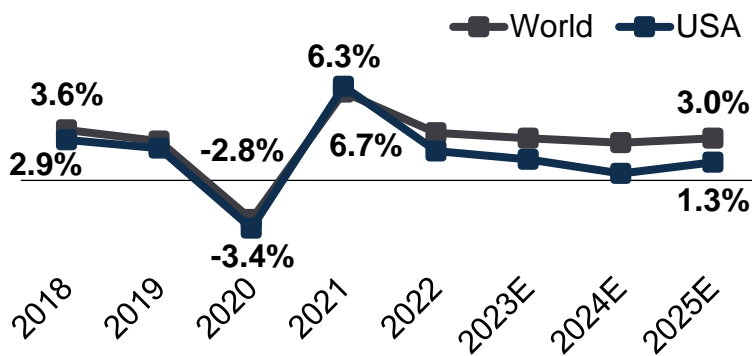


General and specialty dental coverages are becoming more popular with employees and employers. As more treatment is covered, dental revenues should increase.

INDUSTRY INSIGHTS (3/4)

World vs. US GDP Growth

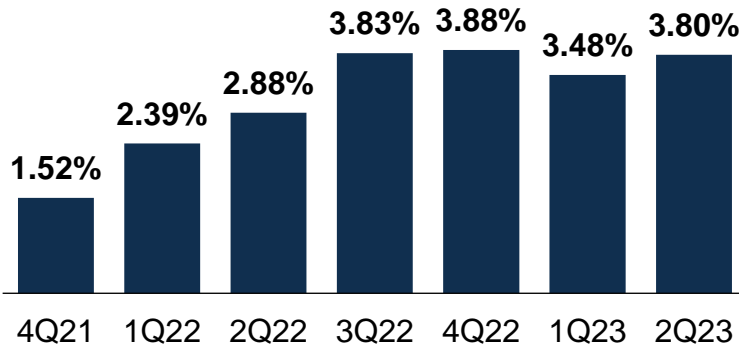
GDP growth is set to return to normal levels following the decline in 2020 and the boom of 2021.¹⁹



GDP growth in the US and the world is stabilizing into pre-pandemic levels. This should bring about a steadier macroeconomic environment and consistent growth, paving way for further investment across all industries.

US 10-Year Treasury Bond

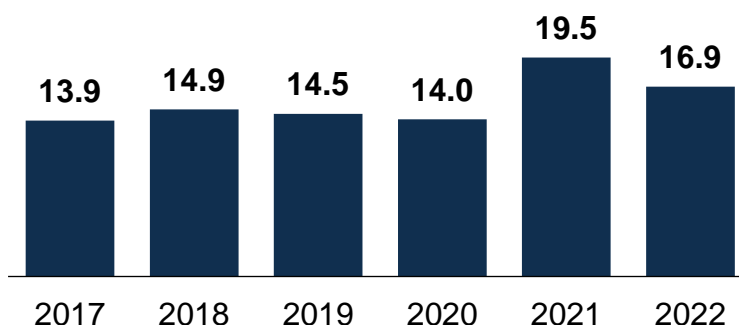
Interest rates in the US have been on the rise during 2022, recently reaching levels last seen in the aftermath of the 2008 crisis.²⁰



Interest rates have been rising during 2022 and the first half of 2023, increasing the cost of debt and dampening economic activity, especially in M&A.

North American M&A Activity (in thousands)

After an unprecedented 2021, M&A activity has decreased significantly in 2022.²¹



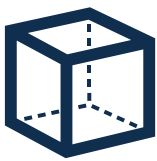
The recent decline in M&A activity can be attributed to the troubling macroeconomic scenario as well as uncertainty surrounding capital markets. This decline evidently affects investments in the dental industry as well.

INDUSTRY INSIGHTS (4/4)

Technological Innovations in Dentistry

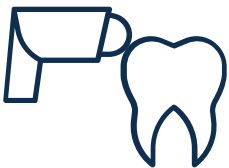
As technology continues to advance exponentially, several new tools are being created for the field of dentistry. Here are the top 5 technological innovations in dentistry so far in 2023:

3D PRINTING



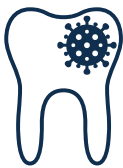
3D printing technology has advanced in recent years, and it has already had a significant impact on the dental industry. Innovations in 3D printing have allowed for the creation of custom dental implants, bridges, and crowns that are tailored to fit the unique shape and size of a patient's teeth. The speed and accuracy of 3D printing means that patients can have their restorations completed in a matter of hours, rather than weeks.

DIGITAL IMPRESSIONS



Traditionally, taking dental impressions involved the use of a tray of tacky material that patients would bite down on. However, in 2023, digital impressions have replaced this outdated process, making it more comfortable and accurate for patients. Digital impressions use a handheld scanner to capture highly detailed images of a patient's teeth and gums. These images can then be used to create custom dental restorations with a high degree of accuracy.

LASER DENTISTRY



Laser dentistry is a non-invasive, highly precise form of dental treatment that is increasing in popularity in 2023. Laser dentistry uses a laser to remove diseased or damaged tissue and can be used to treat a wide range of dental issues, including gum disease, tooth decay, and oral lesions. The laser used in laser dentistry is incredibly precise, allowing dentists to remove only the targeted issue, leaving the surrounding tissue intact.

INTRAORAL CAMERAS



Intraoral cameras are used for a wide range of dental procedures, including routine checkups, restorative work, and cosmetic treatments. These intraoral cameras allow dentists to see areas of the mouth that may be difficult to access, such as the back molars, and can help to identify issues that may not be visible to the naked eye. This can lead to earlier diagnosis and treatment of dental issues, reducing the risk of complications and improving outcomes for patients.

ARTIFICIAL INTELLIGENCE



Artificial Intelligence (AI) has seen the most innovation in 2023. AI is increasingly being used in dentistry to improve diagnoses, create treatment plans, and outcomes for patients. AI algorithms can analyze patient data, such as x-rays, CT scans, and medical histories, to identify patterns and make predictions about future outcomes.



Logan Growth Advisors

LOGAN
GROWTH
ADVISORS

THE LOGAN PROCESS

Deal Prep: EBITDA Optimization

LGA creates a comprehensive Quality of Earnings report for your business, making several EBITDA adjustments such as adding back nonrecurring expenses. These adjustments unlock hidden value, leading to a more accurate valuation of your business.

When Logan joined Project Tampa, the founder had signed an LOI for \$15M.



Without Logan



With Logan

Logan drafted a new QofE and negotiated to win a higher valuation of \$22M for the founder.

Deal Pitch: Multiple Optimization

We generate high demand for your company by running a competitive auction process. Facilitating a competitive bidding environment often results in a higher valuation. At LGA, we pitch your company to over 1,000 investors to get you the valuation your business deserves.

Project Trident was initially valued at 8x by a few potential investors.

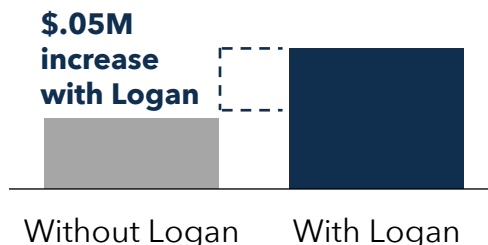


After a robust, invitation-only, blind auction process, using various stage gates to vet hundreds of carefully targeted and qualified investors, Trident closed at 10x.

Deal Close: Terms Optimization

We go to war for our clients to secure the best possible outcome. LGA's executive team has extensive experience negotiating terms with various investors. LGA protects clients from irregular terms during confirmatory checks, defending and guiding founders through all investor interactions.

The buyer in Project Me Gusta tried to slide in a last-minute reduction of \$0.5M disguised as a working capital adjustment.



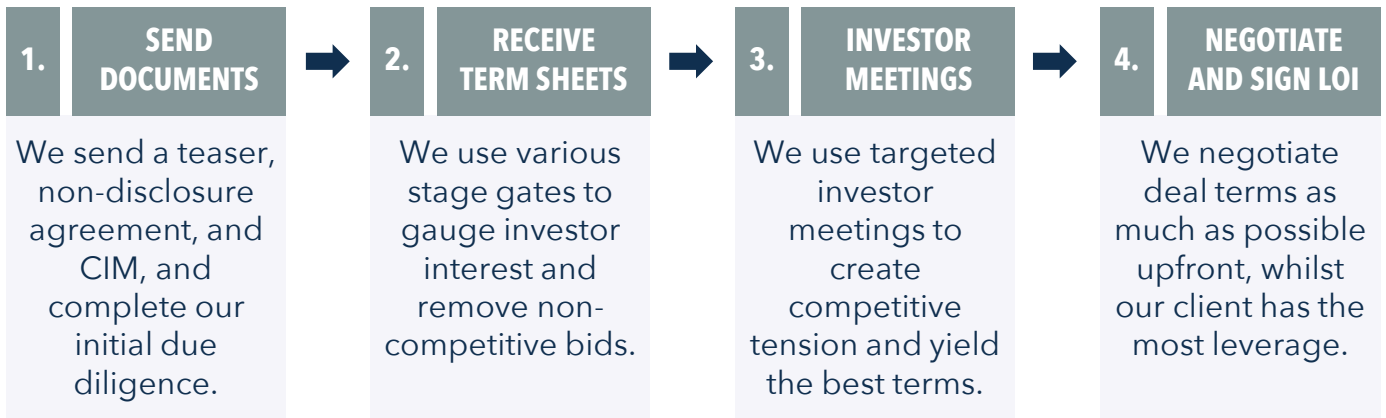
Logan responded with more insightful math and eliminated the reduction.

HOW THE MAGIC HAPPENS

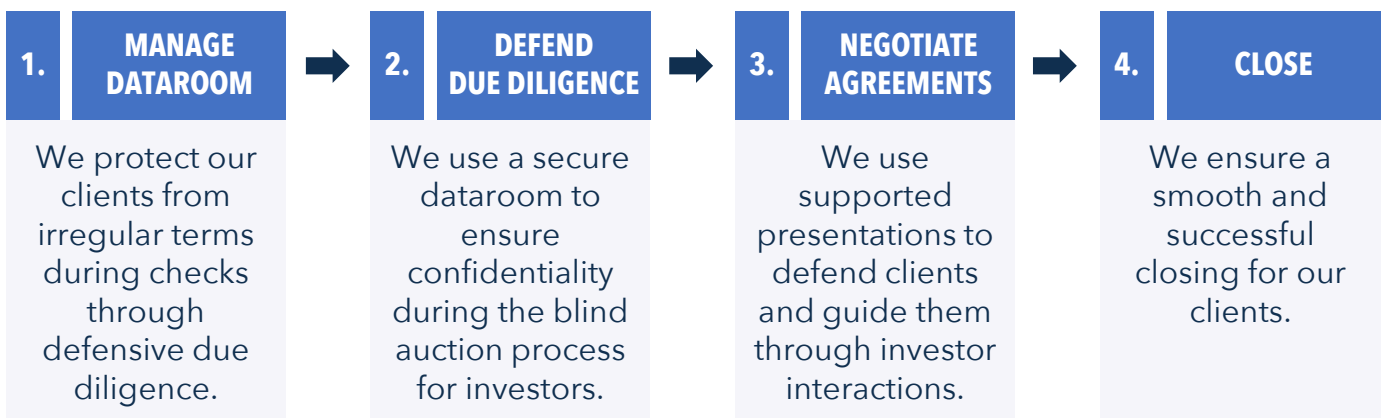
OPTIMIZE EBITDA - *DEAL PREP*



OPTIMIZE MULTIPLE - *DEAL PITCH*



OPTIMIZE TERMS - *DEAL CLOSE*



LOGAN DIFFERENTIATION

WORLD CLASS PEOPLE

30+

Team members dedicated to the **success of your transaction**

10+

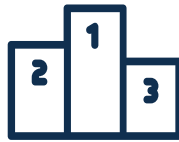
Full time researchers **scour the world for potential investors**



WORLD CLASS PROCESS



Logan performs a defensive QofE to **optimize EBITDA**



Logan's auction process leads to competition and the **optimum multiple**



Logan understands buyers' playbooks and negotiates **optimal terms**

WORLD CLASS PERFORMANCE

















































30+

Deals completed in the last three years, as well as bringing higher returns, greater certainty to close and greater speed to close for our clients.



SELECT TRANSACTIONS

Logan gets deals done.

<p>2023 LOGAN GROWTH ADVISORS</p>  <p>Partnered with</p> 	<p>2022 LOGAN GROWTH ADVISORS</p> <p>Undisclosed Investor</p> <p>Partnered with</p>  <p>Riverside Oral Surgery</p>	<p>2022 LOGAN GROWTH ADVISORS</p> <p>Undisclosed Investor</p> <p>Partnered with</p> <p>Undisclosed Dental Company</p>	<p>2022 LOGAN GROWTH ADVISORS</p>  <p>Partnered with</p> <p>Undisclosed Dental Company</p>	<p>2022 LOGAN GROWTH ADVISORS</p> <p>Undisclosed Investor</p> <p>Partnered with</p> 	<p>2022 LOGAN GROWTH ADVISORS</p>  <p>Has acquired</p> <p>Smile Images</p>
<p>2022 LOGAN GROWTH ADVISORS</p>  <p>Has acquired</p> 	<p>2022 LOGAN GROWTH ADVISORS</p> <p>BAYMARK ■ PARTNERS</p> <p>Has invested in</p> <p>Neurology Treatment Centers</p>	<p>2022 LOGAN GROWTH ADVISORS</p>  <p>Has acquired</p> 	<p>2021 LOGAN GROWTH ADVISORS</p> <p>Undisclosed Investor</p> <p>Partnered with</p> 	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has acquired</p> <p>Bridget Burris, DDS</p>	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has acquired</p> 
<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Purchased certain assets of</p> 	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has invested in</p> 	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has acquired</p> 	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has invested in</p> 	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has invested in</p> <p>CASH FOR DIABETICS</p>	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has acquired</p> <p>LOGAN NALLEY JR., DMD, PC</p>
<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has acquired</p> 	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Purchased certain assets of</p> 	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has invested in</p> 	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has completed a refinance of</p> 	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>A portfolio company of</p>  <p>Has acquired assets of</p> 	<p>2021 LOGAN GROWTH ADVISORS</p>  <p>Has invested in</p> 
<p>2020 LOGAN GROWTH ADVISORS</p>  <p>Has invested in</p> 	<p>2020 LOGAN GROWTH ADVISORS</p>  <p>Has invested in</p> 	<p>2020 LOGAN GROWTH ADVISORS</p>  <p>Has invested in</p> 	<p>2020 LOGAN GROWTH ADVISORS</p>  <p>Purchased certain assets of</p> 	<p>2020 LOGAN GROWTH ADVISORS</p>  <p>Has invested in</p> 	<p>2020 LOGAN GROWTH ADVISORS</p> <p>Crawley & Co</p> <p>Has invested in</p> 

and many more...

CLIENT FEEDBACK



Lane Theriault,
Independence Dental

“ Our capital raise was a challenging assignment in that we had a very tight deadline to close. However, the Logan team was able to deliver and got us the funding we needed to launch our business.



Steve DeLong,
Bluetree Dental

“ We enlisted LGA during the pandemic and people told us it was the worst time to go to market. We felt confident in Logan’s ability to present our strengths to potential debt partners. We came out the other end with the right partner, and most importantly, without it being a major distraction from company operations.



Dr. Tien Phan,
Access Dental

“ The Logan team moved heaven and earth to get my deal done. I don't think any other advisor could have achieved the successful outcome Logan helped me get.

Founder, Medix Infusion

“After a larger investment bank didn’t give us time and attention, we found Logan, who dove in and used all its resources to get us the exact deal we were hoping for. I wish we’d found Logan sooner.”

Founder, Synergy IONM

“Logan is the best. Their attention to detail and commitment are unmatched. I was impressed with their in-depth analysis and ability to anticipate difficult questions. I would enthusiastically recommend Logan to any business owner.”

CFO, Altius

“I have worked with the Logan team on multiple projects over several years now... they don’t operate like a consultant; they become a partner invested in the success of your... business.”

MEET THE LEADERSHIP

- Bob founded Logan in 2015 and has built a world-class team and process. He specializes in helping founders win by negotiating with buyers/investors to achieve optimal deal terms.
- He is also a professor of FIN 425 PE/VC at BYU and M&A at Utah State.
- Bob began his career in growth strategy consulting for Fortune 500 companies. He later purchased businesses as a private equity investor. Before Logan, Bob purchased, ran, and later sold a group of dental practices.
- He majored in Finance at Brigham Young University and earned an MBA from Northwestern University.
- Bob prioritizes life around the five Fs: Faith, Family, Finance, Fitness, and Food.

- Daniel leads Logan's financial due diligence and deal closing teams performing quality of earnings studies to maximize EBITDA for founders.
- Daniel began his career at KPMG and performed hundreds of due diligence quality of earnings studies over eight years primarily for private equity investors seeking businesses to purchase. He later became CFO of a 20+ location dental group before joining Logan.
- Daniel majored in Business Administration, Accounting and earned a Master of Science in Finance at Texas A&M University.
- In his spare time, Daniel enjoys collecting and building complex Lego sets and eating Tex-Mex.

- Kevin leads Logan's capital markets team and is constantly pitching deals to investors and acquirers to create competitive tension to maximize the valuation multiple and economic terms for founders.
- Kevin began his career as a hedge fund investor and investment banker on Wall Street buying companies and assets. He then completed a multi-site beauty roll-up and facilitated buy-side transactions for IQor before joining Logan.
- Kevin graduated from Brigham Young University with a major in Finance.
- In his free time, Kevin enjoys working with his wife and daughter at their farm in Ecuador.



Bob Winder

President & Founder
bwinder@logangrowth.com



Daniel Stark

Principal
dstark@logangrowth.com



Kevin Khona

Principal
kkhona@logangrowth.com

“

*The Logan team moved **heaven and earth** to get my deal done.*

I don't think any other advisor could have achieved the successful outcome Logan helped me get.

Dr. Tien Phan, Access Dental

APPENDIX

Release of Liability

The recipient shall not distribute through copy or electronic format, in whole or in part, any portion of the materials to any person without written consent from Logan Growth Advisors. Under no circumstances should the company, employees, suppliers, patients, or service providers be contacted directly.

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SOURCES

(1) IBIS World: "Dentists in the US Industry Report", (2) ADA: "HPI: Solo Practice Continues to Decrease", (3) CDC: "Regional Variation in Private Dental Coverage and Care Among Dentate Adults Aged 18-64 in the United States, 2014-2017", (4) American Dental Association: "The Dentist Workforce", (5) Deals on Health: "Key Dental Industry Trends, Facts, and Stats", (6) ADA: "HPI: Practice Ownership Among Dentists Continues to Decline", (7) IBIS World "Dentists in the US", (8) DentaBase: "Dentist Source of Truth" (9) Values are from Finbox on 05/30/2023 at 1:58PM (10) Springer Link: "Consolidation in the Dental Industry", (11) Fortune Business Insights: "Dental Market Size", (12) Fortune Business Insights: "U.S. Orthodontics Market Size", (13) Global NewsWire: "Global Periodontics Market", (14) Mordor Intelligence: "Endodontics Market", (15) IBIS World: "Per capital disposable income", (16) ADEA: "Average Educational Debt Among Graduating Students", (17) Precedence Research: "Dental Insurance Market", (18) Itaú BBA: "Long-term Macroeconomic Projections", (19) FRED Economic Data: "Market Yield on U.S. Treasury Securities." (20) Pitchbook: "Q2 2023 Global M&A Report"