

Q1-2017 Dental Services Update



M&A Update

Dental service organizations continued strong consolidation initiatives in the first quarter of 2017. Private equity firms were largely responsible for catalyzing consolidation activity within the sector, not only acquiring initial platforms such as CORDENTAL for future expansion, but also funding acquisitions on behalf of their portfolio companies to expand into new geographies or augment their current footprints. As dental expenditures continue to rise amidst a fragmented sector, we expect private equity firms to continue executing on roll-up strategies, while also creating efficiencies through back office infrastructure, to generate significant returns for all shareholders involved. Given the lack of quality platforms within the market amidst the vast level of interest within the sector, Provident expects valuations for groups of size and scale to be compelling for operators and shareholders to consider M&A initiatives into the near future.

Select Transactions

Month	Acquirer	Target Company	Details
March 2017	Western Dental Services	Smile Wide	Western Dental Services, a dental and oral health maintenance organization that provides dental healthcare services in California, Arizona, Nevada, and Texas, acquired 14 Smile Wide dental offices. Smile Wide provides dental and oral health care services in Southern California.
March 2017	New MainStream Capital	CORDENTAL Group	New MainStream Capital, a New York based private investment firm, acquired CORDENTAL Group. CORDENTAL Group provides dental support services for dental practices in the Mid-Atlantic, Midwestern, and Southeastern United States. The company was founded in 2017 and is based in Cincinnati, Ohio.
March 2017	Dynamic Dental	Dental Partners	Dynamic Dental, a Huron Capital dental practice management company, acquired Dental Partners. Founded in 2011, Dental Partners is a dental service organization that provides routine, cosmetic, and specialized dental health services to 18 dental practices in Tennessee, Kentucky, Florida and Georgia.
February 2017	Smile Brands	A+ Dental Care	Smile Brands, a provider of support services to general and multi-specialty dental groups in 17 states, acquired A+ Dental Care. A+ Dental Care's nine general dentists and three specialists provide dental services to Northern California communities in Roseville, Lincoln, Rocklin, and the surrounding areas.
February 2017	Smile Brands	OneSmile Silicon Valley	Smile Brands, the Irvine, California based provider of support services to dental groups, acquired three dental practices in Mountain View and Los Gatos which will now be known as OneSmile Silicon Valley (OSSV). OSSV provides a full range of general dental services plus specialty services including endodontics, periodontics, OS, orthodontics, and complex implants to the Silicon Valley, CA area. The 17-person staff includes six general dentists, six specialty dentists, and five hygienists.
January 2017	Spring & Sprout	Wood, Lombardozzi, PC	Spring & Sprout, a pediatric dental group backed by Huron Capital Partners, acquired Wood, Lombardozzi. Wood, Lombardozzi provides tooth care and dental services to the Richmond, VA area. This acquisition marks the first geographic expansion into the state of Virginia for the Spring & Sprout pediatric dental group.
January 2017	Sentinel Capital Partners	Altima Dental	Sentinel Capital Partners, a lower middle market private equity firm, acquired Altima Dental. Founded in 1993, Altima Dental is a provider of general and specialized dental services through a network of thirty dental clinics across Canada.
January 2017	Knight Dental Group	Precision Craft Dental Laboratory	Knight Dental Group, an operator of dental laboratories and diagnostic services, acquired Precision Craft Dental Laboratory. Precision Craft Dental Laboratory is a full service dental laboratory that specializes in dental implant solutions.