

Q2-2016 Dental Services Update



M&A Update

The second quarter of 2016 continued to show private equity money and influence pouring into the dental sector. Two experienced middle market private equity groups within healthcare services, The Halifax Group and Waud Capital Partners, both made platform investments in the sector. Along with these investments, we have seen private equity backed groups such as Marquee Dental (backed by Chicago Growth Equity) and Deca Dental (backed by Blue Sea Capital) continue to embark on aggressive acquisition strategies to grow their geographic and operational footprint by targeting smaller organizations as they look to take advantage of the continued market fragmentation.

As the sector continues to be primarily dominated by regionally-focused yet growing platforms, we continue to see large organizations attracting significant interest from private equity groups. We expect to see continued platform investments and tuck in acquisitions, as well as currently private-equity backed dental organizations being sold to either strategic buyers or larger private equity groups as their investment timeline and returns are met.

Select Transactions

Month	Acquirer	Target Company	Details
May 2016	Marquee Dental Partners	Signature Smile	Marquee Dental Partners, a Nashville, Tennessee-based dental support organization backed by Chicago Pacific Founders, announced the acquisition of Signature Smile and Save-On Dental. Both companies are located in Alabama and provide Marquee with a foothold of 7 locations in the state. Since its founding in 2015, Marquee has added 16 practices in 3 states as it continues its expansion. Financial terms of the transactions were not disclosed.
		Save-On Dental	
April 2016	Waud Capital Partners	Dimensional Management	Waud Capital Partners has announced its investment in Dimensional Management, a dental services organization in New Jersey and Michigan. Dimensional operates under two different brand names, with Eastern Dental in New Jersey with 23 locations and Midwestern Dental operating in 7 locations in Michigan. The partnership forms another private equity platform in the dental sector, continuing the trend that has been ongoing at an increasing rate. Financial terms of the transaction were not disclosed.
April 2016	Deca Dental Holdings	Brush 32	Deca Dental Holdings, a portfolio company of Blue Sea Capital, has acquired Brush 32. Brush 32 is a dental services organization based in Texas with two locations in the Austin marketplace. The acquisition expands Deca's presence in Texas to over 40 affiliated locations. Financial terms of the transaction were not disclosed.
April 2016	The Halifax Group	Familia Dental Group Holdings	The Halifax Group has completed its investment, alongside of management, in Familia Dental Group Holdings. Familia is a Chicago based provider of general dentistry, orthodontics, and oral surgery services to over 30 locations in Illinois, Indiana, Wisconsin, New Mexico, and Texas. Familia services over 250,000 patients annually, and the partnership with Halifax will enable the organization to expand at a more aggressive rate than it has historically accomplished. Financial terms of the transaction were not disclosed.