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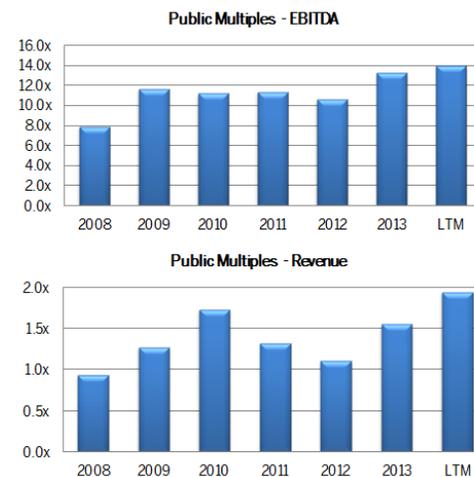
# Dental Products Market Analysis

Geographic expansion and advanced technology help drive acquisitions in the dental products market

## Industry Multiples and Index

The dental products market is expected to grow at an annualized rate of around 7%, reaching \$27.6 billion by 2015. The market for dental implants and dental biomaterials is expected to grow at 6% and 10.5% respectively from 2010 – 2015.<sup>1</sup>

Revenue multiples are currently tracking at a median of 1.9x, while EBITDA multiples have a median of 13.9x. Since 2012, these have seen 73% and 31% increases, respectively.



Source: CapitalIQ

## Recent Trends

Since the acquisition of Astra Tech by DENTSPLY in August 2011 and the acquisition of BioHorizons by Henry Schein in December 2013, there has been further consolidation among the top players in the market. In April 2014 Zimmer announced an

agreement to acquire Biomet in for \$13.4 billion. Two months later, Nobel Biocare, the world's second-biggest maker of dental implants, announced a possible sale of the company.

One major trend in the industry is that companies are acquiring distributors as a means to expand their geographical reach. Companies aim to reinforce their position in existing markets as well as accelerate their international expansion and access emerging markets.

In the last twelve months Henry Schein made at least six acquisitions of dental products distributors. Most recently, the acquisition of Sirona Direct in June 2014 helped Schein established itself as the exclusive distributor for Sirona Dental across most of France. The acquisitions of the five businesses of Arseus and Lincoln Dental in February 2014 helped Henry Schein strengthen presence in Europe and North America respectively. At the same time, the acquisition of Dental Speed Graph in May 2014 helped Schein enter the Brazilian market while the acquisition of Dental Warehouse in October 2013 helped Schein expand into South Africa.

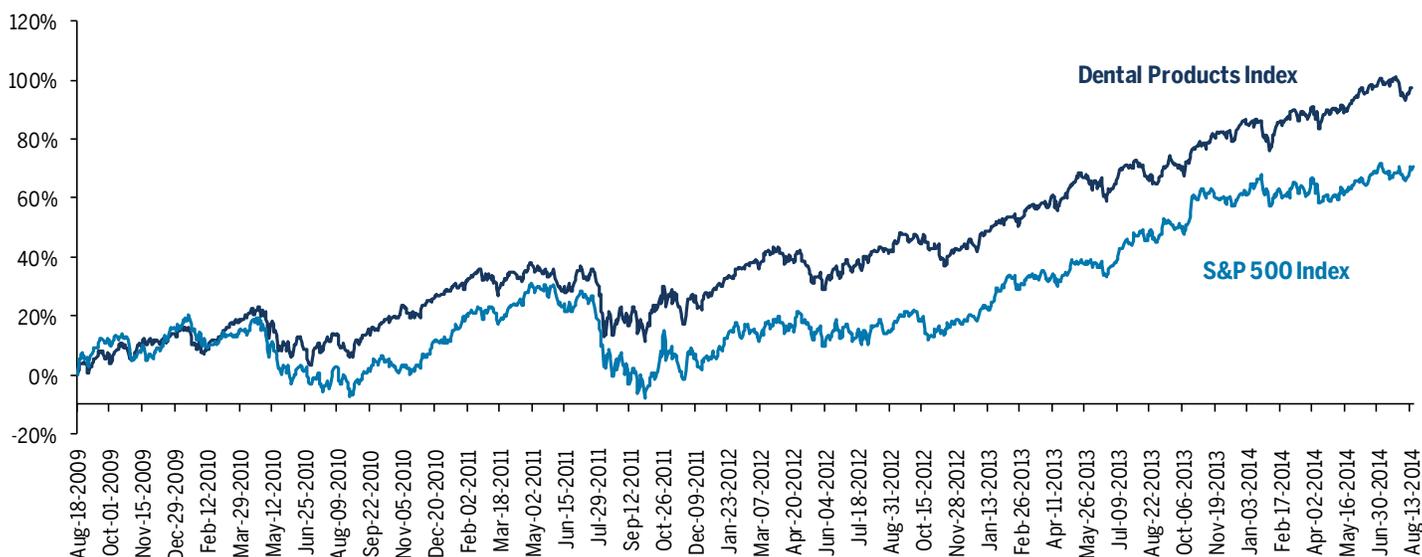
Similarly, the acquisition of Gerho in January 2014 helped Curaden International expand in Europe while the acquisition of Fiskers in March 2014 helps Plandent strengthen its position as the Danish market leader in dental supplies.

Dental laboratories represent another area of active M&A activity. National Dentex Corporation, owned by GeoDigm Corporation, has acquired at least four dental lab businesses since 2012. In January and February 2014, it made back to back acquisitions of nSequence and Tri-Country Dental Lab.

<sup>1</sup> MarketsandMarkets Report

## Dental Products Index

Below is an index of dental products companies compared to the S&P 500 over the past five years.



\*Dental Products index includes: Align Technology, Inc.; Biolase, Inc.; COLTENE Holding AG; DENTSPLY International, Inc.; Henry Schein, Inc.; Meta Biomed Co. Ltd.;

Nobel Biocare Holding AG; Osstem Implant Co. Ltd.; Patterson Companies, Inc.; SDI Ltd.; Shin Hung Co., Ltd.; Shofu, Inc.; Sirona Dental Systems, Inc. Straumann Holding AG; and Value Added Technologies Co. Ltd.

Source: Capital IQ

## Comparable Company Analysis

Below is a snapshot of selected companies in the dental products market.

Company	Price	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA		
		High	Low				2012	2013	LTM	2012	2013	LTM
Align Technology Inc.	\$ 54.49	\$ 65.10	\$ 41.83	\$ 4,036.5	\$ (365.5)	\$ 4,402.0	3.4x	6.5x	5.7x	13.7x	24.0x	20.0x
BIOLASE, Inc.	\$ 2.14	\$ 3.53	\$ 1.47	\$ 95.1	\$ 1.2	\$ 93.9	1.0x	1.8x	1.9x	NA	NA	NA
COLTENE Holding AG	\$ 60.33	\$ 64.28	\$ 47.88	\$ 272.3	\$ 17.8	\$ 254.5	1.0x	1.4x	1.5x	6.9x	9.0x	9.8x
DENTSPLY International Inc.	\$ 47.81	\$ 50.99	\$ 41.57	\$ 8,142.4	\$ 1,362.7	\$ 6,778.4	2.5x	2.9x	2.8x	13.9x	15.1x	14.1x
Henry Schein, Inc.	\$ 119.63	\$ 120.99	\$ 100.64	\$ 11,315.5	\$ 666.2	\$ 10,148.6	0.9x	1.1x	1.1x	10.5x	13.2x	13.8x
Meta Biomed Co., Ltd.	\$ 3.05	\$ 4.13	\$ 2.79	\$ 99.2	\$ 45.2	\$ 53.0	1.1x	1.5x	1.7x	6.9x	12.5x	13.5x
Nobel Biocare Holding AG	\$ 19.03	\$ 19.14	\$ 13.00	\$ 2,208.2	\$ (130.8)	\$ 2,339.0	1.3x	2.3x	2.8x	7.9x	14.3x	17.3x
Osstem Implant Co., Ltd.	\$ 33.19	\$ 36.07	\$ 20.19	\$ 503.9	\$ 30.3	\$ 471.3	2.2x	1.7x	2.4x	18.3x	15.8x	18.2x
Patterson Companies, Inc.	\$ 40.73	\$ 44.39	\$ 36.59	\$ 4,631.8	\$ 422.7	\$ 4,209.1	1.1x	1.2x	1.1x	10.0x	11.5x	11.6x
SDI Limited	\$ 0.58	\$ 0.73	\$ 0.40	\$ 74.6	\$ 6.0	\$ 68.6	0.8x	1.6x	1.4x	5.5x	13.1x	11.7x
Shin Hung Co., Ltd.	\$ 7.55	\$ 8.50	\$ 5.63	\$ 89.8	\$ 17.5	\$ 71.8	0.7x	0.7x	0.8x	18.8x	14.4x	12.1x
Shofu Inc.	\$ 9.59	\$ 9.63	\$ 7.90	\$ 103.6	\$ (49.4)	\$ 153.1	0.4x	0.5x	0.6x	4.4x	5.1x	5.2x
Sirona Dental Systems Inc.	\$ 80.14	\$ 84.95	\$ 64.40	\$ 4,414.3	\$ (217.5)	\$ 4,629.2	3.5x	3.3x	3.8x	13.7x	13.4x	15.4x
Straumann Holding AG	\$ 246.91	\$ 249.21	\$ 170.02	\$ 3,625.5	\$ (209.7)	\$ 3,835.2	2.4x	3.6x	4.7x	14.3x	17.4x	22.9x
Value Added Technology Co., Ltd.	\$ 21.31	\$ 23.46	\$ 8.53	\$ 366.3	\$ 30.0	\$ 312.3	1.1x	1.3x	2.3x	10.6x	9.7x	15.3x

\*Enterprise Value (EV) = market capitalization + debt + minority interest

All currency figures in USD. Price figures in actual dollars; EV, Net Debt, and Market Cap in millions  
Market Cap and Enterprise Value as of 08/22/2014

	EV/Sales			EV/EBITDA		
	2012	2013	LTM	2012	2013	LTM
<b>High</b>	3.5x	6.5x	5.7x	18.8x	24.0x	22.9x
<b>Mean</b>	1.6x	2.1x	2.3x	11.1x	13.5x	14.3x
<b>Median</b>	1.1x	1.6x	1.9x	10.6x	13.3x	13.9x
<b>Low</b>	0.4x	0.5x	0.6x	4.4x	5.1x	5.2x

## Comparable Transaction Analysis

Below is a selection of recent transactions in the dental products industry.

Closing Date	Target	Buyer	Dental Segment	Transaction Description	Total Trans. Value (\$m)	Enterprise Value (\$m)	EV*/Revenues	EV*/EBITDA
7/16/2014	Elysee Dental Solutions B.V.	Modern Dental Laboratory Co., Ltd.	Laboratory Services	Modern Dental, one of the largest producers of dental prosthesis based in Hong Kong, acquired Elysee Dental Holding B.V. as part of its roll-up strategy. Elysee Dental Solutions B.V. operates a full-service dental laboratory based in the Netherlands.	NA	NA	NA	NA
6/30/2014	Owandy SAS	Villa Sistemi Medicali s.p.a.	Equipment	Villa S.M. acquired long-time partner Owandy Radiology to gain economies of scale through integration of the production lines as well as synergies in R&D. Owandy SAS engages in manufacturing dental imaging systems, and developing imaging and practice management software.	NA	NA	NA	NA
6/30/2014	DDS Lab LLC	Blue Sea Capital LLC and CITIC Capital Partners	Laboratory Services	Blue Sea Capital and CITIC Capital invested in DDS Lab, a National Board Certified full-service dental laboratory that sells custom dental prosthetic appliances to dental service organizations, mid-size group practices and sole practitioner dentists across the United States.	NA	NA	NA	NA
6/27/2014 (Announced)	Ishifuku Metal Industry Co., Ltd. Dental Implant Business	Nippon Piston Ring Co., Ltd. (TSE:6461)	Implants / Prosthetics	Nippon Piston Ring agreed to acquire the Dental Implant Business from Ishifuku Metal Industry Co., Ltd. The transaction is expected to close on October 31, 2014.	NA	NA	NA	NA
6/3/2014	Sirona Direct	Henry Schein, Inc. (NasdaqGS:HSIC)	Distribution / Consumables	The acquisition of Sirona Direct helps establish Henry Schein as Sirona Dental Systems' exclusive distributor to practitioners across most of France. Sirona Direct is the exclusive distributor of dental equipment for Sirona Dental Systems in Paris and Normandy.	NA	NA	NA	NA
6/2/2014	aap BM productions GmbH	Botiss Medical Ag	Implants / Prosthetics	Botiss has exercised the option to buy the remaining 50% of the shares of the joint venture with aap Implantate.	1.4	2.7	NA	NA
5/28/2014	Quantidade Servicos e Comercio de Produtos Para Saude Ltda (d/b/a Dental Speed Graph)	Henry Schein, Inc. (NasdaqGS:HSIC)	Distribution / Consumables	The acquisition of Dental Speed Graph, the largest direct marketing provider of dental consumable merchandise in Brazil, helps Henry Schein enter the Brazilian market.	NA	NA	NA	NA
4/24/2014 (Announced)	Biomet Inc.	Zimmer Holdings, Inc. (NYSE:ZMH)	Implants / Prosthetics	The transaction positions the combined company as a leader in the musculoskeletal industry. The dental segment of Biomet develops reconstruction products designed to improve oral rehabilitation through the replacement of teeth and the repair of hard and soft tissues	13,926.1	13,926.1	4.3x	17.1x
4/3/2014	TDV Dental Ltda.	Septodont Limited	Distribution / Consumables	The acquisition of TDV Dental strengthens Septodont's restorative footprint by adding a restorative accessory category to their growing dental restoratives line. The acquisition provides Septodont with a solid manufacturing presence in Latin America.	NA	NA	NA	NA
3/13/2014	Fiskers Dental Service A/S	Plandent A/S	Equipment	The acquisition of Fiskers strengthens Plandent's position as the Danish market leader in dental supplies. Fiskers Dental Service is the fourth biggest dental distributor in the Danish market.	NA	NA	NA	NA
3/6/2014	Fotona d.d.	The Gores Group LLC, Technology4Medicine, LLC	Equipment	Fotona d.d. is a Ljubljana, Slovenia, manufacturer of high performance lasers for medical, dental and aesthetic applications.	17.1	24.2	NA	NA
2/20/2014	Zila, Inc.	Den-Mat Holdings, LLC	Distribution / Consumables	The acquisition of Zila helps Den-Mat expand its North American sales and entry into the oral hygiene market. Zila has a portfolio of proprietary oral hygiene products dedicated to the detection, prevention and treatment of periodontal disease, and the management of oral health.	NA	NA	NA	NA
2/10/2014	Arseus NV, Five Businesses	Henry Schein, Inc. (NasdaqGS:HSIC)	Distribution / Consumables	The acquisition of the five business from Arseus will allow Henry Schein to strengthen its presence across the European Continent as the only Pan-European value-added distributor serving dental offices and dental laboratories.	68.2	68.2	0.7x	NA
2/4/2014	Lincoln Dental Supply, Inc.	Henry Schein, Inc. (NasdaqGS:HSIC)	Distribution / Consumables	Lincoln Dental Supply will become part of Zahn Dental, Henry Schein's dental laboratory distribution business. Zahn is the leading distributor to dental laboratories in North America.	NA	NA	NA	NA
2/1/2014	nSequence Center for Advanced Dentistry	GeoDigm Corporation (National Dentex Corporation)	Laboratory Services	nSequence is a full service digital and conventional dental laboratory that specializes in CT guided surgery and guided prosthetics.	NA	NA	NA	NA
1/21/2014	Tri-County Dental Lab Inc.	GeoDigm Corporation (National Dentex Corporation)	Laboratory Services	Tri-County Dental Laboratory represents the fourth acquisition National Dentex has closed since 2012 as part of their roll-up strategy.	NA	NA	NA	NA
1/1/2014	Gerhò s.p.a.	Curaden International AG	Distribution / Consumables	The acquisition of Gerhò helps Curaden expand in Europe. Gerhò is one of the largest suppliers of consumable products in Italy, France and Spain.	NA	NA	NA	NA
12/31/2013	BioHorizons, Inc.	Henry Schein, Inc. (NasdaqGS:HSIC)	Implants / Prosthetics	The acquisition of BioHorizons allows Henry Schein to expand its position in the dental specialty market. BioHorizons is a dental implant manufacturer.	NA	NA	NA	NA
11/22/2013 (Announced)	QAHR and Triodent	DENTSPLY International Inc. (NasdaqGS:XRAY)	Distribution / Consumables	DENTSPLY made two back-to-back acquisitions to continue growth. QAHR, based in Hong Kong, is a direct dental selling organization in Asia. Triodent, based in New Zealand, provides professional dental consumables for use in restorative dentistry.	NA	NA	NA	NA
10/29/2013	The Dental Warehouse (Pty) Ltd	Henry Schein, Inc. and Litha Healthcare Group Limited	Distribution	The minority investment helps Henry Schein expand into South Africa. Litha also invested a minority interest as part of a strategic partnership with Henry Schein. The Dental Warehouse distributes dental consumable merchandise to dentists, private clinics, universities and governmental agencies.	NA	NA	NA	NA
10/23/2013	dentaZOOM GmbH	High-Tech Gründerfonds Management GmbH	Equipment	dentaZOOM GmbH received funding from High-Tech. It develops and sells dental microscopes. The company intends to use the funds to start the serial production and worldwide marketing of this surgery microscope.	NA	NA	NA	NA
10/7/2013	Medentika GmbH	Straumann Holding AG (SWX:STMN)	Implants / Prosthetics	The acquisition of 51% stake in Medentika, a provider of implant prosthetics that are used with most leading implant and CAD/CAM systems, will strengthen Straumann's position in the "value" segment of the tooth replacement market.	43.5	85.2	5.7x	NA
10/7/2013	Creotech Medical S.L.	Straumann Holding AG (SWX:STMN)	Implants / Prosthetics	The acquisition of 30% stake in Creotech Medical, a manufacturer dental frameworks in biocompatible materials, will strengthen Straumann's position in the "value" segment of the tooth replacement market.	NA	NA	NA	NA
10/4/2013	Kol Dental Sp Z O O Spolka Komandytowo Akcyjna	Planmeca Oy	Distribution	The acquisition allows Plandent Division to enter the Polish market.	NA	NA	NA	NA

## Comparable Transaction Analysis, continued

Closing Date	Target	Buyer	Dental Segment	Transaction Description	Total Trans. Value (\$m)	Enterprise Value (\$m)	EV*/Revenues	EV*/EBITDA
8/15/2013	Cal Ceram Dental Lab, Inc.	Beacon Bay Holdings	Laboratory Services	The acquisition is part of BBH's strategy to partner with dental laboratories across North America. Cal Ceram, which specializes in the field of implant prosthetics, is also complementary with BBH's dental laboratory family.	NA	NA	NA	NA
8/2/2013	Mercer Advisors Inc.	Patterson Companies, Inc.	IT	Through the acquisition, Patterson will gain Mercer's proprietary OnTrack® dental practice performance software system and expand Patterson's software offerings for dental practices	NA	NA	NA	NA
7/5/2013	AR Dental Supplies Sdn. Bhd.	Q & M Dental Group (Singapore) Limited	Equipment	The acquisition brings economies of scale to Q&M's clinic operations and purchasing in Malaysia.	2.7	3.9	NA	NA
7/2/2013	Zest Anchors LLC	Avista Capital Holdings, L.P.	Equipment	The private equity group reacted to an increased demand for dentures among a growing population of U.S. adults over age 65. Zest expects its implant overdentures market to grow more than 150% by 2017.	NA	NA	NA	NA
6/30/2013	Heraeus Dental	Mitsui Chemicals, Inc. (TSE:4183)	Prosthetics	Mitsui plans to expand its activities in the dental products area, which will give Heraeus Dental promising opportunities for development.	578.8	578.8	1.3x	NA
6/20/2013	DENTCA, Inc.	Mitsui Chemicals, Inc. (TSE:4183)	Equipment	Mitsui Chemicals targets an expansion of its global denture business through DENTCA's denture design technology.	NA	NA	NA	NA
6/1/2013	RIEMSER Pharma GmbH, Regeneration Operations of the Dental Business Unit	Curasan AG	Distribution	The acquisition is a strategic step to increase and accelerate the company's growth. The acquired distribution structures are used for the distribution of new Curasan products.	NA	NA	NA	NA
4/16/2013	DBG (UK) Limited	The Carlyle Group, Palamon Capital Partners	Distribution	Carlyle and Palamon will continue to grow and diversify DBG's services and will facilitate greater cooperation with IDH, which operates the largest healthcare practise network in the UK.	NA	NA	NA	NA
2/14/2013	Depot Dentaire Humblet S.A. and Ek'P Dental S.A.	Planmeca Oy	Distribution	Plandent Division plans to strengthen its position in the growing Central European market through the acquisition.	NA	NA	NA	NA
1/31/2013	Young Innovations Inc.	Linden LLC	Disposables / Equipment	Linden took Young Innovations private and views Young Innovations as platform for growth in the oral care sector.	319.2	319.2	2.8x	10.4x
12/18/2012	McNeil-PPC Inc., Reach Toothbrushes	Dr. Fresh, Inc.	Equipment	REACH is a complement to Dr. Fresh's existing portfolio. Dr. Fresh aims to grow the REACH business.	NA	NA	NA	NA
12/6/2012	Boyd Industries, Inc.	Salt Creek Capital Management, LLC	Equipment	Salt Creek Capital Management plans to transition Boyd to new management and guide the business to continue growing the business. Boyd is a manufacturer of examination and operatory equipment for the dental and medical specialty markets.	NA	NA	NA	NA
12/3/2012	PeriOptix Inc	Den-Mat Holdings, LLC	Equipment	The acquisition leverages Den-Mat Holdings's marketing reach and distribution network.	NA	NA	NA	NA
11/29/2012	KLOX Technologies Inc., Professional In-Dentists-Office Whitening Kit Business	Valeant Pharmaceuticals International, Inc.	Cosmetic	This acquisition helps Valeant continue to enhance its commercial capabilities within the dental market segment	NA	NA	NA	NA
11/21/2012	Wieland Dental + Technik GmbH & Co. KG	Ivoclar Vivadent AG	Implants	The acquisition strengthens Ivoclar's position in the area of all-ceramic product systems, which represent its core competencies.	NA	NA	NA	NA
11/5/2012	Southern Anesthesia & Surgical, Inc.	Beecken Petty O'Keefe & Company; Golub Capital	Distribution	Southern Anesthesia & Surgical represents a strong growth platform for Beecken Petty O'Keefe & Company.	68.0	68.0	NA	NA
9/27/2012	The Exan Group	Henry Schein, Inc. (NasdaqGS:HSIC)	IT	Through this transaction Henry Schein further expands its business with dental schools in the U.S. and Canada, as well as general practice dental offices primarily in Canada.	NA	NA	NA	NA
9/10/2012	Iowa Dental Supply, LLC	Patterson Dental Supply, Inc.	Distribution	Iowa Dental Supply strengthen the competitive position of Patterson Dental in several of their midwestern markets.	NA	NA	NA	NA
9/5/2012	Riemser Arzneimittel AG	AXA Private Equity	Pharmaceuticals	The acquisition supports AXA's strategy of continued specialization and internationalization.	NA	NA	NA	NA
8/31/2012	Nu-Life	Dental Lab Holdings, LLC	Laboratory Services	Dental Lab, owned by Beacon Bay Holdings, acquired Nu-Life for its full service capabilities, implant expertise and strong regional presence in the New York dental community.	NA	NA	NA	NA
8/31/2012	Rogers Dental and New Solutions	GeoDigm Corporation (National Dentex Corporation)	Laboratory Services	National Dentex acquired New Solutions and Rogers Dental Lab, two dental laboratories based in Tennessee, as part of its roll-up strategy.	NA	NA	NA	NA
8/17/2012	Orthodontic Design & Production, Inc.	G&H Wire Company, Inc.	Orthodontics	The merger with Orthodontic Design & Production makes G&H Wire Company the orthodontic industry's only full-line supplier of orthodontic appliances and accessories.	NA	NA	NA	NA
8/3/2012	IOS Technologies, Inc.	Glidewell Laboratories, Inc.	IT	The combination of the two companies will enable Glidewell to provide a complete chairside restorative system.	NA	NA	NA	NA

Max	5.7x	17.1x
Mean	3.0x	13.7x
Median	2.8x	13.7x
Min	0.7x	10.4x

Source: CapIQ, Company press releases and other public sources  
\*Enterprise Value (EV) = market capitalization + debt + minority interest.