

Positive Tailwinds Driving Dental Market Consolidation

Commentary:

- As we enter the middle stage of the DSO consolidation across the U.S., we are seeing continued strategic and investor interest in the large and growing market as it approaches \$200 billion by 2027.
- Growth drivers include:
 - Increasing coverage and financing options for dental services
 - Pediatric and Medicaid reimbursement rates are improving
 - Increasing access to care through growing number of practicing dentists
 - Aging population requiring more frequent care
- As the market continues to consolidate and mature, we are seeing investors place an increasing emphasis on differentiation in the form of specialty services and service extensions which leverage operators retail expertise. Further, we are witnessing operational rationalization occurring as consolidated entities streamline systems and improve automation to drive profitability. The acyclical demand and resiliency of the sector coupled with the current interest rate environment is driving exceptional private equity add-on transaction activity.
- Strategics and private equity groups see positive macro tailwinds for the foreseeable future which has contributed to the strong transaction activity with 200 M&A transactions completed in 2021 and 2022 and has led 2023 to a strong start. With fragmentation still present in the market, we see a long runway for the consolidation play to continue. We also see a more favorable reimbursement profile relative to other PPM sectors, which helps prop up activity relative to those other sectors.
- HCA will be in attendance at the Dykema Dental Conference in Denver, CO, July 19th through the 21st and would welcome the opportunity to speak with you and discuss your strategic objectives and share some additional trends and observations within the dental M&A market environment.

Relevant Hexagon Capital Alliance Transaction Activity:



BLACKFORD DENTAL MANAGEMENT


has been acquired by



NORTH AMERICAN DENTAL GROUP

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Birner Dental Management Services, Inc.




PERFECT TEETH

has been acquired by




MID-ATLANTIC DENTAL PARTNERS



Travis Mathew

has been acquired by



Callaway



ANNEX PRODUCTS

parent of



QUAD LOCK

has been acquired by



QUADRANT PRIVATE EQUITY

Contact Us

* Represents a transaction executed by principals of Hexagon Capital Alliance at a prior firm



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With 300+ Completed Transactions In The Firm's 22-Year History, Hexagon Capital Alliance's Investment Bankers Know The Appropriate Industry-Specific Strategic Buyers, Private Equity Groups, And Family Offices To Approach On Behalf Of Our Clients.

Select Healthcare Services Transactions

 <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 	 <p>a portfolio company of</p>  <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> <p>Confidential Buyer</p>	 <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 	<p>Provided investment banking services to</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	<p>Provided investment banking services to</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 
<p>Provided investment banking services to</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	<p>Home Pharmacy of California</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 
<p>Community Psychiatry</p> <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 	<p>Anesthesia Services Inc.</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 

* Represents a transaction executed by principals of Hexagon Capital Alliance at a prior firm