



Mergers & Acquisitions | Capital Raise | Strategic Advisory

## Leading DSO Insights and Takeaways from Dykema DSO Conference

### Commentary:

The Hexagon Capital Alliance healthcare team attended the Dykema DSO conference last week in Aurora, CO. We observed the following leading themes and observations for the industry and DSO M&A market:

#### General DSO Industry Trends and Observations

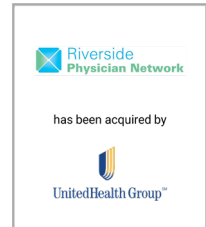
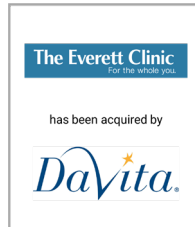
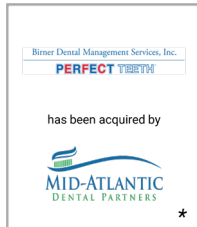
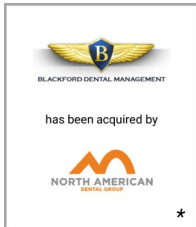
- Industry leaders remain positive about the growth of the overall dental market and DSO growth and demand remains strong; specifically, Steve Thorne at Pacific Dental stated 2023 is the best year in the Company’s history.
- The industry can do more to create awareness with politicians and other regulatory bodies that oral health is essential in supporting overall health, which should drive more volume and better reimbursements.
- While leaders were optimistic about the growth and future of the industry, they were also realistic that there are current challenges around costs and staffing given the inflationary environment.
- Keys to managing through this are investments in technology and providing employee flexibility.

#### State of DSO M&A Market and Current Themes

- A lot of runway/white space left for consolidation with estimates of 80% of industry ending up as DSOs.
- Same store sales growth and the concept of a “Super GP” practice are gaining a lot of attention with investors and viewed as a lever to drive topline and offset the current cost environment.
- The current macro environment created from rising interest rates and inflation is creating a narrower fairway for acquirers looking at potential targets and targets need to be strong operators.
- Valuations for mid-market DSOs holding relatively steady with transactions likely having more structure.

These are just a limited few of the observations and themes we witnessed as participants, and we would love to set up a time to discuss additional insights and perspectives and assist you in ensuring an optimal outcome for your practice.

### Relevant Hexagon Capital Alliance Transaction Activity:



### Contact Us

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



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Select Healthcare Services Transactions

 <p>ACCELERATE PRODUCTIVITY</p> <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>Transforming Lives Together</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>PEOPLE. PASSION. SERVICE.</p> <p>a portfolio company of</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 
 <p>For the whole you.</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>We provided investment banking services for</p>  <p>The Practice of Innovation</p>
 <p>has been acquired by</p>  <p>St. Joseph Heritage Healthcare</p>	 <p>has been acquired by</p> 	<p>We provided investment banking services for</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 
<p>We provided investment banking services for</p> 	 <p>has acquired</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> 

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