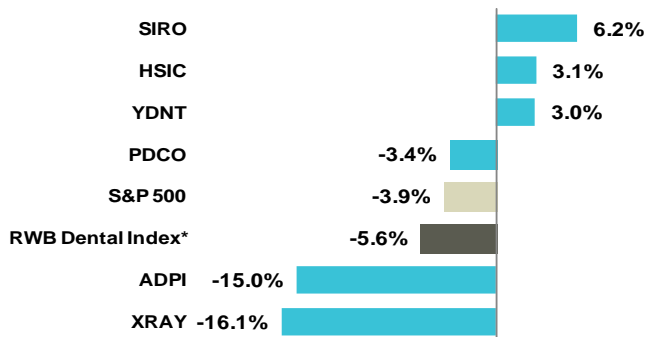




Industry Overview

- **Dental YTD Scorecard:** RWB Dental Index down 5.6% vs. S&P down 3.9%. YTD leaders include SIRO (+6.2%), HSIC (+3.1%), YDNT (+3.0%), and PDCO (-3.9%) while laggards are XRAY(-16.1%) and ADPI(-15.0%).
- **Week ending August 20:** RWB Dental Index up 0.1% vs. S&P down 0.7%, with SIRO (+1.8%), YDNT (+1.8%), HSIC (+1%), and PDCO (+1%) the top performers.
- **Valuation – vs. historical.** All six of our dental names under coverage currently trade at an NTM P/E multiple below their respective five-year averages.
- **Valuation – relative.** Relative to the S&P 500, the entire dental group trades at a 1.18x multiple vs. five-year average of 1.30x.

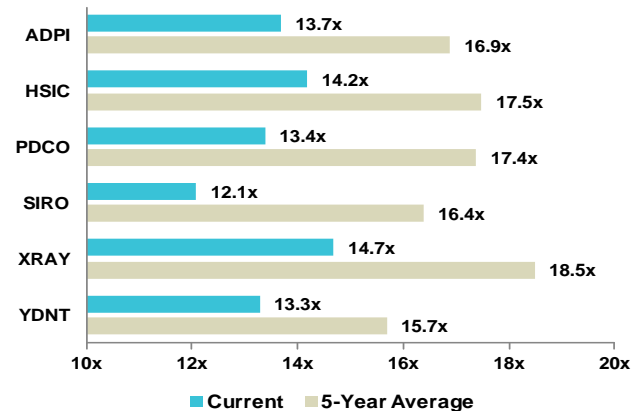
Dental YTD Performance



*RWB Dental Index includes ADPI, ALGN, BLTI, BDMS, HSIC, PDCO, SIRO, XRAY, & YDNT

Source: FactSet

Dental Valuation – NTM P/E



Source: FactSet

Dental Billings

Key Practice Metrics

- **Number of Patients Seen (2,500+ offices):** Week ending August 14 +9.6 % y/y, trailing four weeks +10.7% y/y.
- **Clinical Oral Evaluations (2,500+ offices):** Week ending August 14 +17.8%/y, trailing four weeks +17.1% y/y.

Procedure-Specific Trends

- **Preventative Procedures (2,500+ offices):** Week ending August 14 +16.6% y/y, trailing four weeks +16.2% y/y.
- **Endodontics (1,000+ offices):** Week ending August 14 -8.2% y/y, trailing four weeks -6.2% y/y.
- **Crowns (2,500+ offices):** Week ending August 14 +7.7% y/y, trailing four weeks +6.2% y/y.
- **Dental Implants (300+ offices):** Week ending August 14 -29.5% y/y, trailing four weeks -7.9% y/y.

Calendar of Events

- August 26: PDCO reports FQ1 results
- August 26-28: CEREC 25th Anniversary (Las Vegas)
- September 14-15: Baird Health Care Conference
- September 17: PDCO's Institutional Investor's Day (NYC)
- October 9-12: 2010 ADA annual session (Orlando)

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Please refer to Appendix – Important Disclosures and Analyst Certification

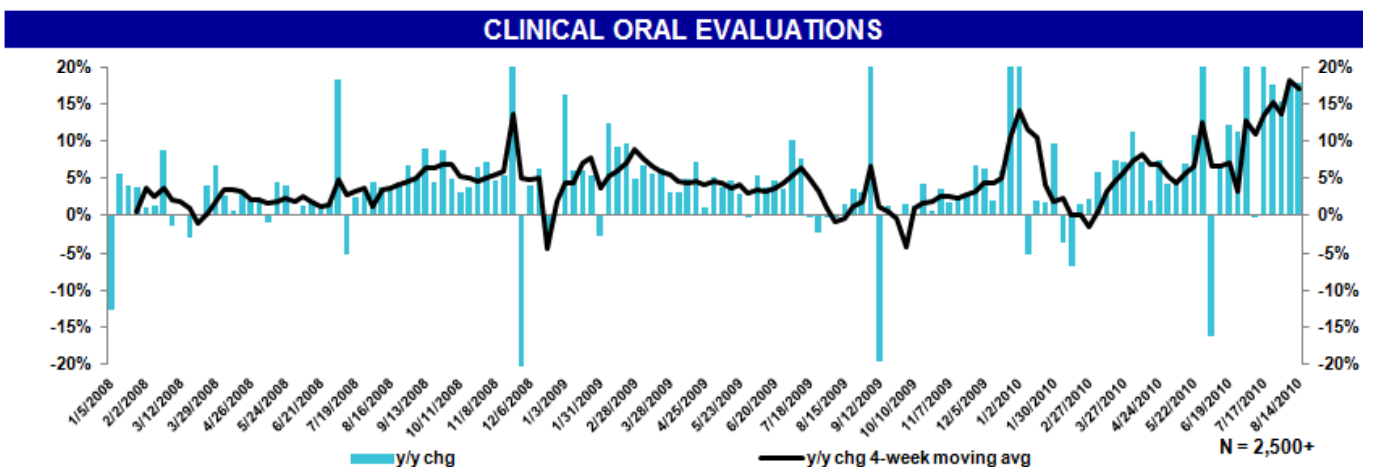
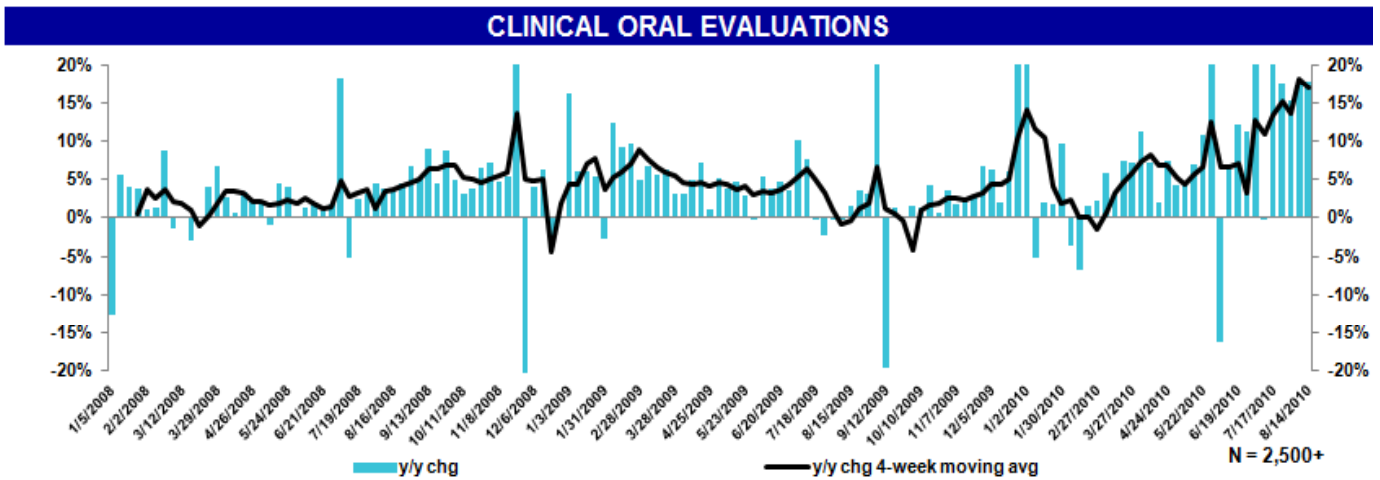
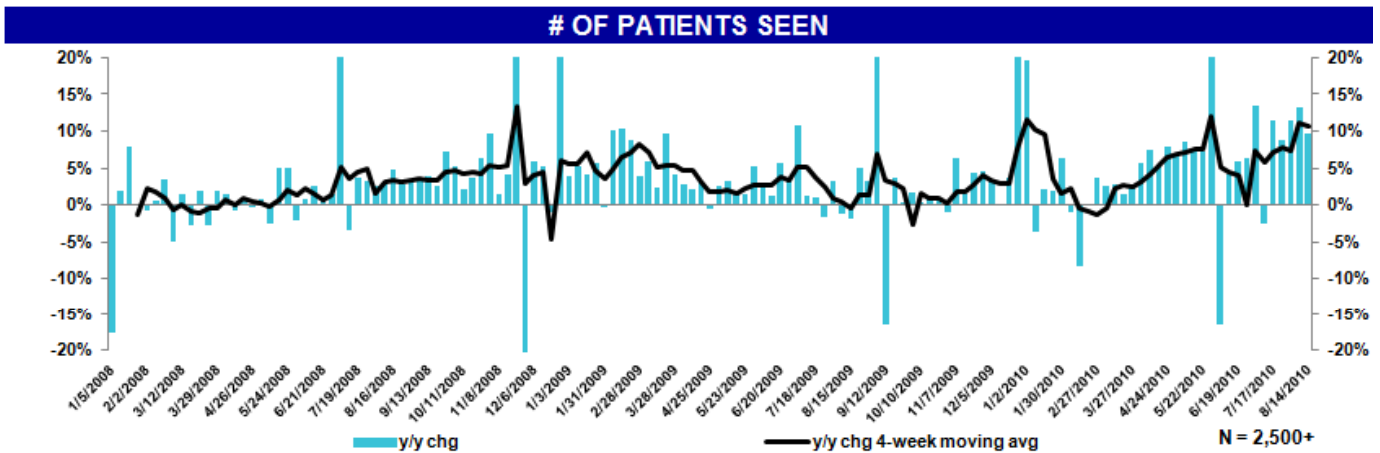
Recent News

- 8/20 – **Coltene/Whaldent** reported 1H results, with ww cc growth increasing 9.8%. Strength across several European countries (France, Benelux, Russia/CIS) as well as 4% cc growth in the U.S. were primary contributors to the improved performance. The company reported that although China and India also posted solid double-digit gains, the remainder of the Far East markets posted y/y declines.
- 8/19 – **Straumann** reported Q2 results with +5.4% ww cc growth. On a geographic basis, growth in Europe was 4% cc (strength in Germany, France, and UK), North American sales rose 8% cc, growth in Asia-Pacific was also 8% cc (strength in China), while Rest of World posted a 16% cc increase (strength in Brazil and Mexico).
- 8/17 – **BLTI** reported Q2 results with net revenue of \$5.9 million (-59% y/y) and a loss of \$0.17. Q2 results were impacted by a change in the purchasing pattern and minimum purchase commitment from distributor HSIC.
- 8/16 – **ALGN** introduced Invisalign G3, allowing practitioners to more easily use Invisalign with Class II and Class III patients. New with the G3 product is “Precision Cuts”, which enables the use of aligners with elastics.
- 8/12 – **BDMS** reported Q2 results with net revenue of \$15.7 million (+4.2% y/y) and EPS of \$0.11. The revenue increase was driven by added revenues from three offices acquired in Q4-09 and one de novo office that opened in February 2010. Excluding these contributions, same-store sales declined \$527,000 or 3.5%.

General/Preventative Weekly Trends

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- **Number of Patients Seen:** +9.6% y/y for the week, trailing four-week average +10.7 y/y and down ~350bp on sequential basis.
- **Clinical Oral Evaluations:** +17.8% y/y for the week, trailing four-week average +17.1% y/y and flat on a sequential basis.
- **Preventative Care:** Primarily includes cleanings, other general dental care; +16.6% y/y for the week, trailing four-week average +16.2% y/y and up ~10bp on sequential basis.

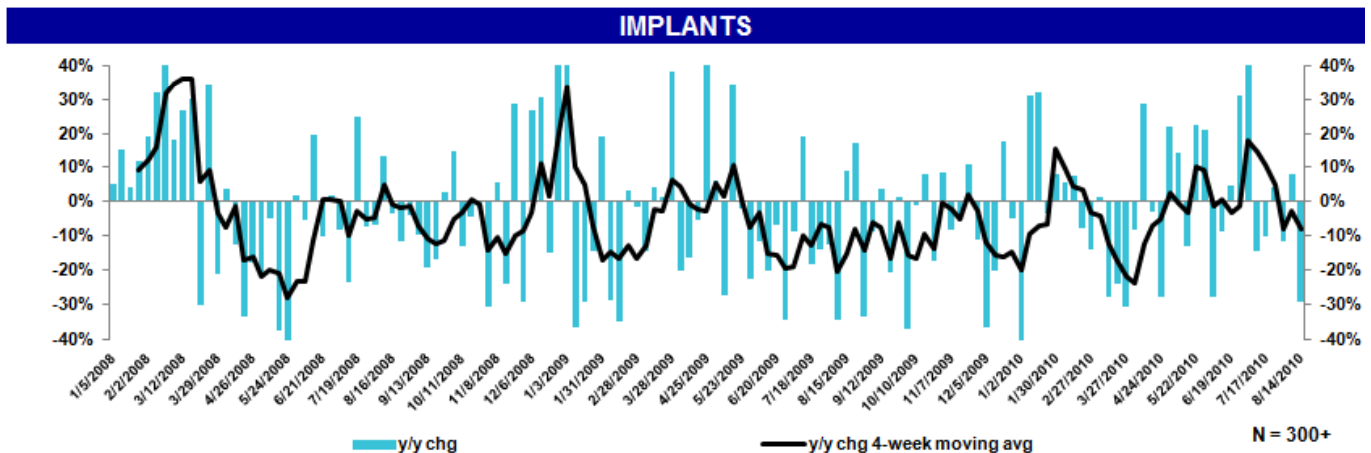
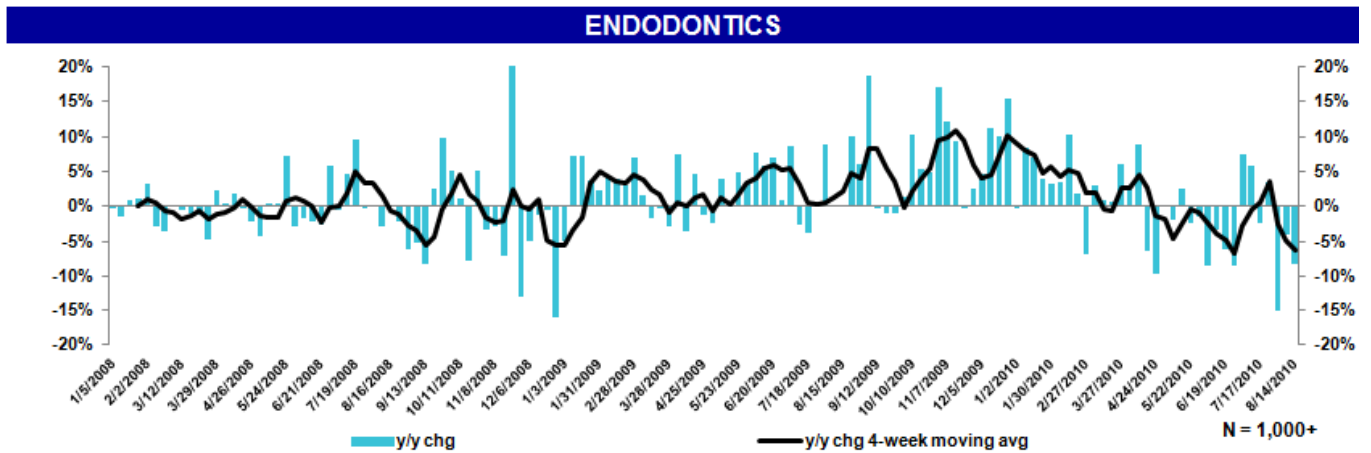
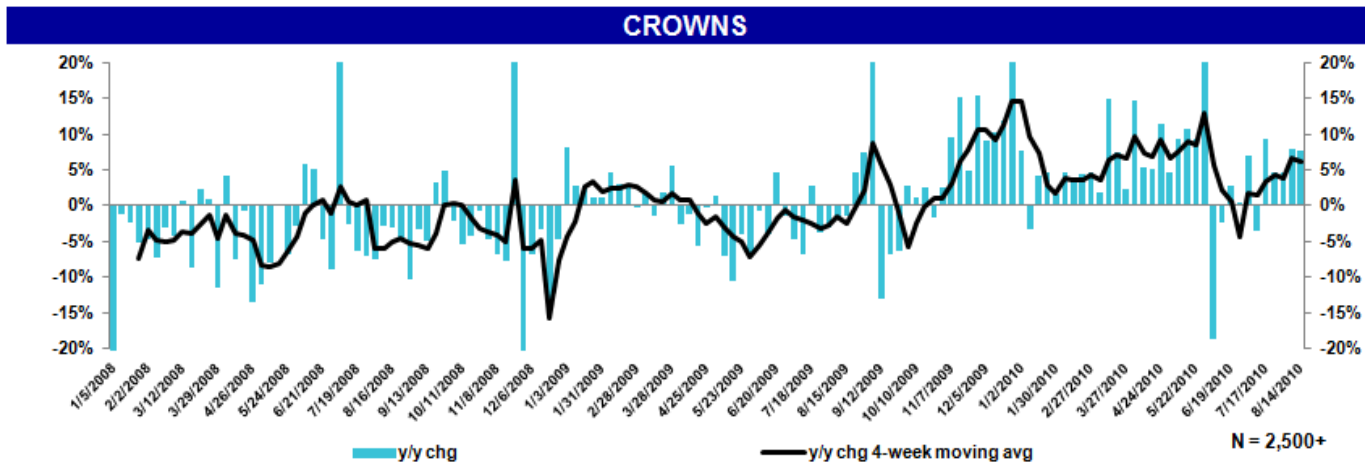


Source: Independent Data Source, Robert W. Baird & Co. Estimates

Restorative/Specialty Dental Trends

BAIRD

- **Crowns:** An indicator of higher-end, more expensive restorative dental work being performed; +7.7% y/y for the week, trailing four-week average +6.2% y/y and down ~10bp on sequential basis.
- **Endodontics (root canal procedures):** -8.2% y/y for the week, trailing four-week average -6.2% y/y and down 430bp on sequential basis.
- **Dental Implants:** Smaller sample size may limit reliability (n=300 offices; mostly GP office tracked in dataset); -29.5% y/y for the week, trailing four-week average -7.9% y/y.



Source: Independent Data Source, Robert W. Baird & Co. Estimates

RWB Dental Coverage

Company Name	Ticker	Current Price	Rating
Dentsply Int'l.	XRAY	\$29.46	Outperform
Henry Schein	HSIC	\$54.24	Outperform
Patterson Dental	PDCO	\$26.93	Outperform
Sirona Dental Systems	SIRO	\$33.71	Outperform
American Dental Partners	ADPI	\$10.96	Outperform
Young Innovations	YDNT	\$25.49	Neutral

Source: Company Reports, Robert W. Baird & Co. Estimates

Appendix – Important Disclosures and Analyst Certification



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Appendix – Important Disclosures and Analyst Certification



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