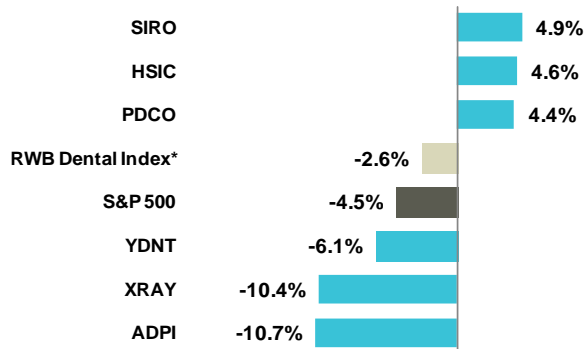




Industry Overview

- **Dental YTD Scorecard:** RWB Dental Index down 2.6% vs. S&P -4.5%. YTD leaders include SIRO (+5%), HSIC (+5%), and PDCO (+4%), while YTD laggards include ADPI (-11%) and XRAY (-10%).
- **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 1.24x multiple vs. five-year average of 1.32x.

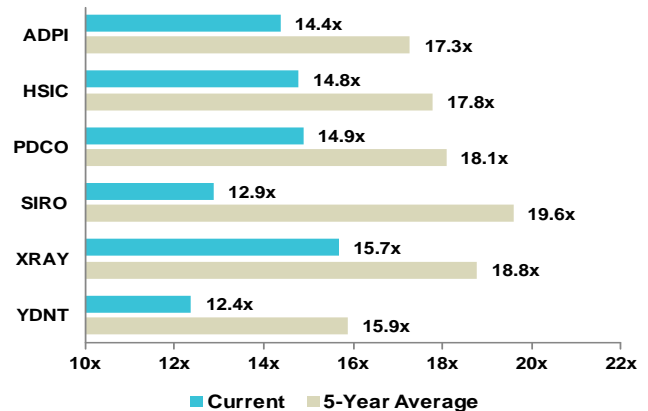
Dental YTD Performance



*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 May 29 +27% y/y, trailing four weeks +12% y/y.
- **Clinical Oral Evaluations (2,500+ offices):** Week ending May 29 +31% y/y, trailing four weeks +12% y/y.

Procedure-Specific Trends

- **Preventative Procedures (2,500+ offices):** Week ending May 29 +30% y/y, trailing four weeks +14% y/y.
- **Endodontics (1,000+ offices):** Week ending May 29 -2% y/y, trailing four weeks -1% y/y.
- **Crowns (2,500+ offices):** Week ending May 29 +24% y/y, trailing four weeks +13% y/y.
- **Dental Implants (300+ offices):** Week ending May 29 +21% y/y, trailing four weeks +9% y/y.

****NOTE: We believe Memorial Day timing likely positively influenced this week's year/year results****

Calendar of Events

- June 11: RW Baird Fieldtrip to XRAY (York, PA)
- June 18-20: CADapalooza (Dallas, TX)
- August 26-28: CEREC 25th Anniversary (Las Vegas)

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Please refer to Appendix – Important Disclosures and Analyst Certification

Recent News

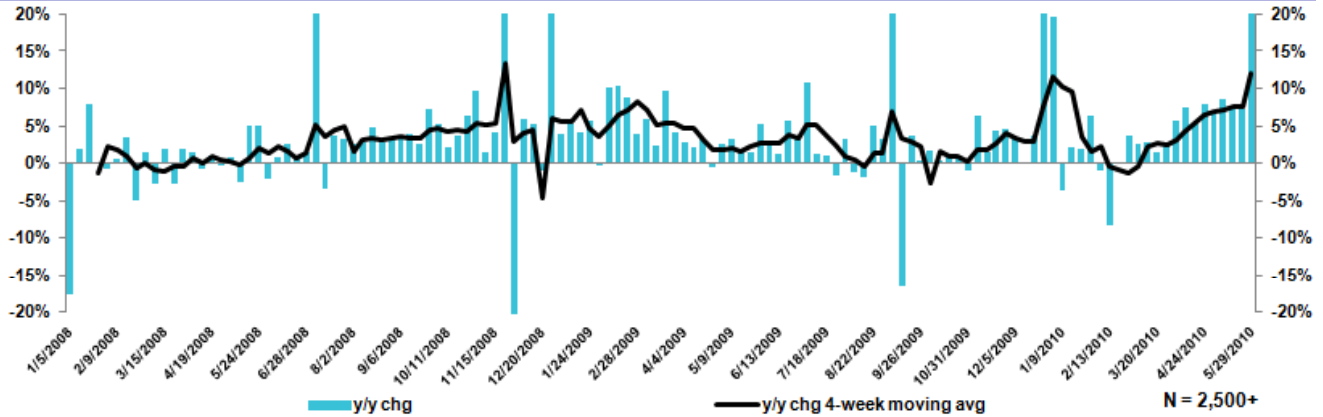
- 6/4 – **Non-farm payrolls for May** increased 431k, but came in below the 515k consensus, with temporary census jobs accounting for 411k of the jobs and private sector employment increasing a disappointing 41k. As a reminder, we believe domestic dental demand can eventually be helped (on a 6-12 month lagging basis) once sustained improvements in employment trends materialize.
- 6/2 – **DHR** indicated it now expects double-digit increases in second-quarter core revenues vs. upper-single- to low-double-digit growth previously. Although the company didn't provide any segment-specific details, we believe gradually recovering dental consumables and equipment demand is likely contributing.
- 6/2 – **ADPI** entered into an affiliation agreement with Cincinnati Dental Services, a six-office group with practices in Ohio and Kentucky. ADPI paid ~\$17 million for the affiliation, ~0.9x the \$19 million in annual patient revenue generated by Cincinnati Dental. ADPI is now affiliated with 278 dental facilities in 23 states.
- 6/2 – Practice management group **Great Expressions** acquired Nanston Dental, a 13-office group with practices located primarily in metro Atlanta. Great Expressions is now affiliated with 133 practices in seven states.
- 6/2 – **Maine** passed legislation allowing parents to include children on their dental insurance plans. Children under four are currently excluded by many insurance providers.

General/Preventative Weekly Trends

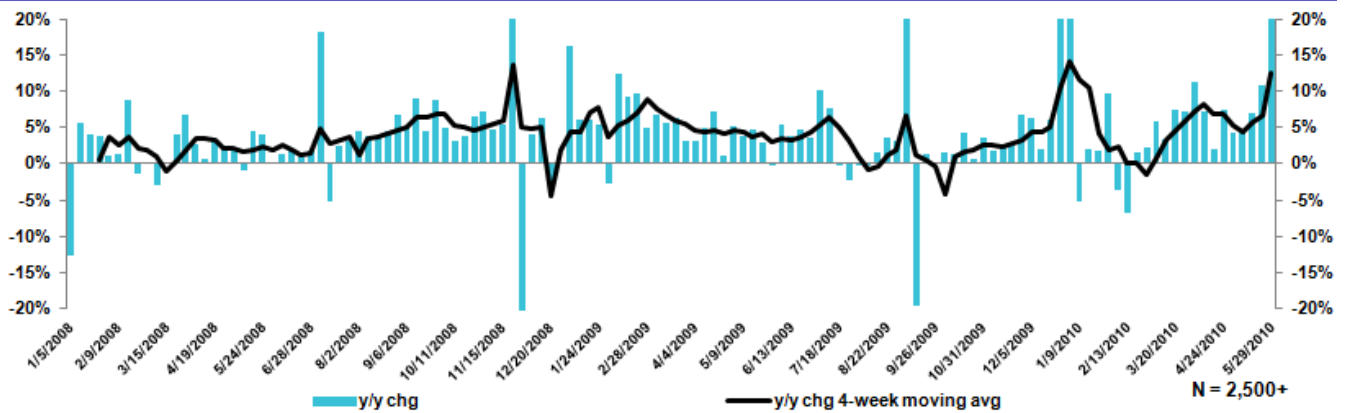
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- **Number of Patients Seen:** +27.1% y/y for the week, trailing four-week average +11.9% y/y and up ~440bp on sequential basis.
- **Clinical Oral Evaluations:** +31.5% y/y for the week, trailing four-week average +12.4% y/y and up ~580bp on sequential basis.
- **Preventative Care:** Primarily includes cleanings, other general dental care; +29.7% y/y for the week, trailing four-week average +13.8% y/y and up ~490bp on sequential basis.

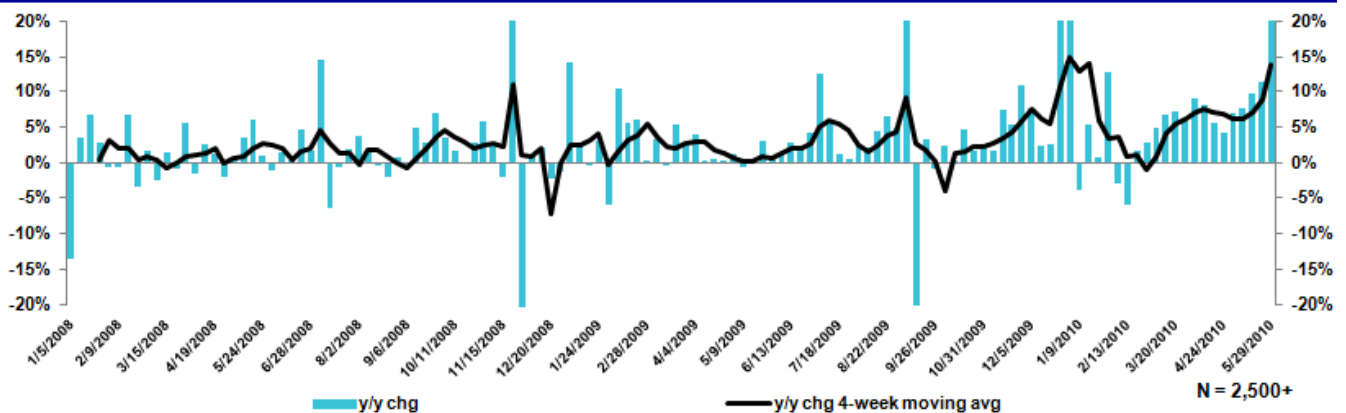
OF PATIENTS SEEN



CLINICAL ORAL EVALUATIONS



PREVENTATIVE

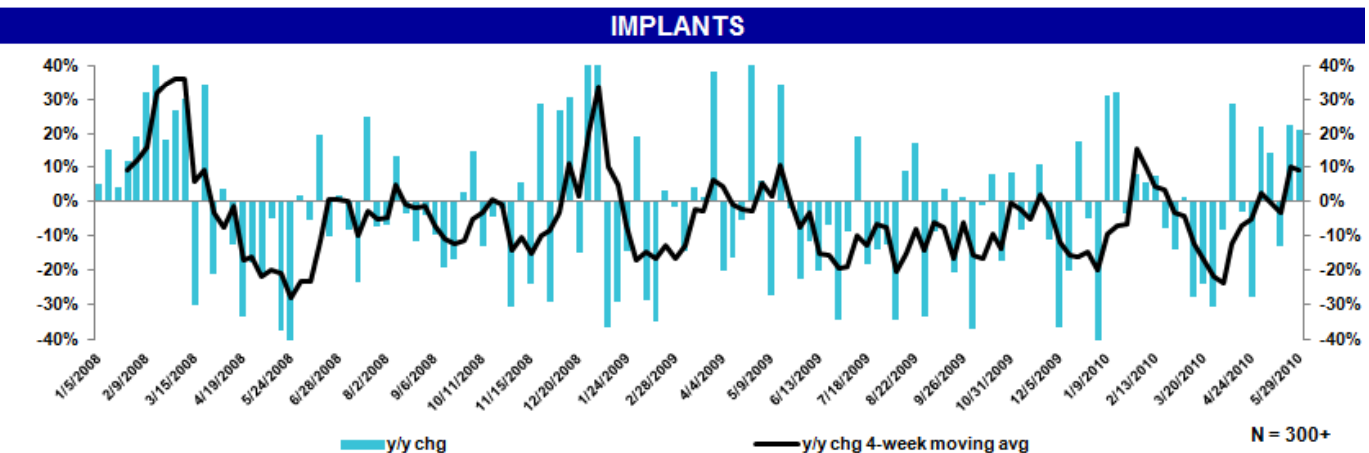
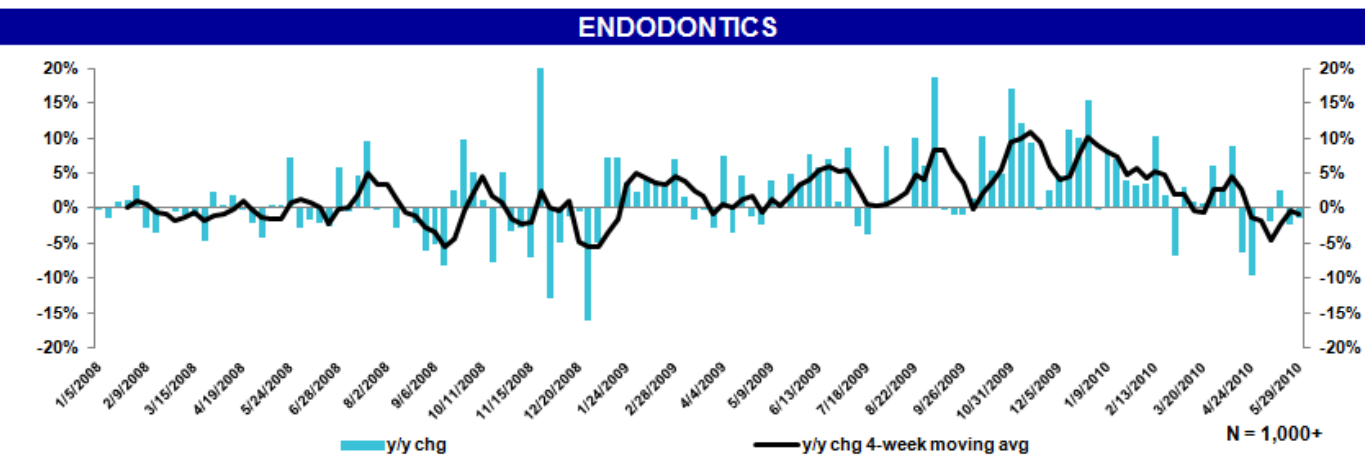
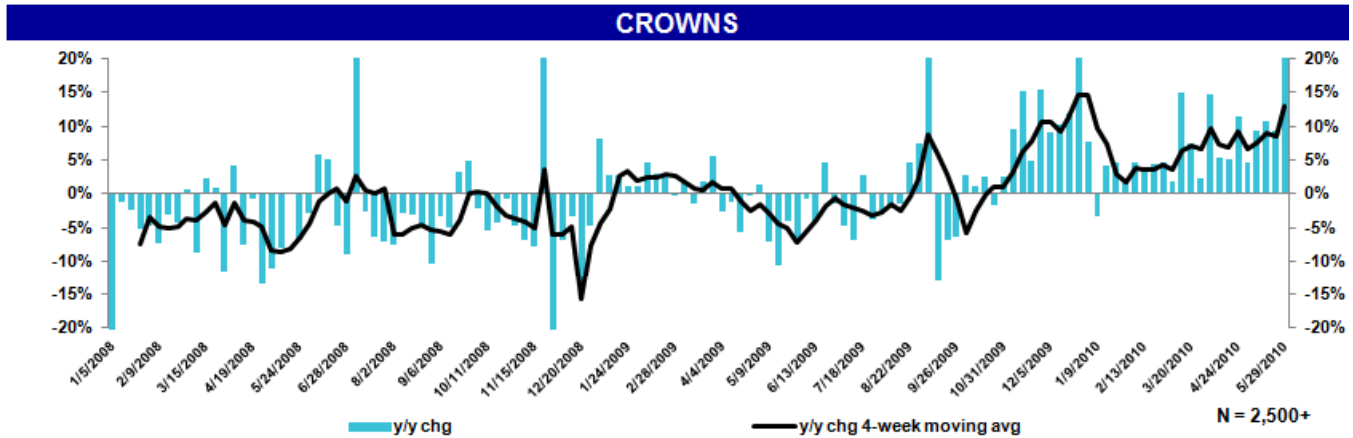


Source: Independent Data Source, Robert W. Baird & Co. Estimates

Restorative/Specialty Dental Trends

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- **Crowns:** An indicator of higher-end, more expensive restorative dental work being performed; +24.4% y/y for the week, trailing four-week average +13.0% y/y and up ~460bp on sequential basis.
- **Endodontics (root canal procedures):** -1.5% y/y for the week, trailing four-week average -0.8% y/y and down ~30bp on sequential basis.
- **Dental Implants:** Smaller sample size may limit reliability (n=300 offices; mostly GP office tracked in dataset); +21.1% y/y for the week, trailing four-week average +9.4% y/y.



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

RWB Dental Coverage

Company Name	Ticker	Current Price	Rating
Dentsply Int'l.	XRAY	\$31.45	Outperform
Henry Schein	HSIC	\$55.00	Outperform
Patterson Dental	PDCO	\$29.11	Outperform
Sirona Dental Systems	SIRO	\$33.30	Outperform
American Dental Partners	ADPI	\$11.51	Outperform
Young Innovations	YDNT	\$23.24	Outperform

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

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Appendix – Important Disclosures and Analyst Certification



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