

Dental's Global Sector Health in 2025

We believe the next four quarters are positioned to be a pivotal transactional period for the dental industry, as consolidation trends and technological advancements shape a dynamic and competitive landscape for investors and operators alike. Innovative startups—across dental technology, appliances and implants—lab and DSO platforms coming to market, a robust pipeline of large deals and record levels of dry powder in private capital markets are increasing investor interest in the dental sector's mergers and acquisitions (M&A) activity in the coming quarters.

Shifting macroeconomic conditions stand to affect valuations and transaction processes across the M&A market; however, this disruption will open opportunities for private innovation and new financial sponsors to enter recession-resistant sectors like dental. High levels of capital and quickly maturing investments will necessitate private equity (PE) activity through 2025, and the global dental market remains a cornerstone of stability underpinned by strong structural trends and long-term growth drivers.





























Dental M&A's Attractive Downside Protection for Investors

- 1 | Demographic development and higher life expectancy** means the share of the global population over the age of 60 is rising, expected to double from 1 billion in 2020 to 2.1 billion in 2050.
- 2 | Expanding oral health consciousness** fueled by research highlighting the link to systemic diseases and overall quality of life.
- 3 | Global megatrends of health & beauty** and an increasing focus on aesthetic dentistry drive demand for high-fee services and aligners.
- 4 | High prevalence of cavities and tooth loss**, including >20% of people over 60 suffering tooth loss, causes 45-55% of the population to need dental implants and restorations.
- 5 | Increasingly more affordable and cost-effective treatments** drive demand, especially for private out-of-pocket treatments.
- 6 | Growing penetration of digital dentistry** and automated workflows increase efficiency and cost savings for practices.
- 7 | Technological innovations** improve outcomes for patients and practice workflows (e.g., AI-driven diagnostics, robotic surgery).
- 8 | Ongoing DSO and dental lab consolidation** support technological adoption due to financial capabilities and network synergies.



Lincoln International is uniquely positioned to guide clients through the complexities of today's evolving dental sector, from traditional M&A to bespoke capital solutions. Our global service offerings include comprehensive coverage spanning the dental supply chain and worldwide geographies, supported by over 100 dedicated healthcare M&A and capital advisory bankers. Lincoln's multi-faceted deal teams further enhance dental advisory processes, offering proprietary insights and tailored, strategic-oriented strategies to help clients achieve their unique goals.

With a proven track record of over 40 successful dental transactions and a robust network of key industry decision-makers, our clients benefit from actionable, strategic guidance to navigate regulatory and economic complexities with confidence. Read ahead to learn more about Lincoln's global perspectives and actionable insights to empower your decision-making in the dental sector in 2025.

<p>Staple Street CAPITAL</p> <p>has sold</p> <p> EASTERN DENTAL</p> <p>to</p> <p> BRANFORD CASTLE PARTNERS</p> <p>Sell-Side</p> <p></p>	<p>cbpe</p> <p>has sold</p> <p> rodericks dental</p> <p>to</p> <p> CAPVEST</p> <p>Sell-Side Staple Financing</p> <p></p>	<p> PHOENIX</p> <p>has completed a multi-asset continuation vehicle transaction involving</p> <p> envisage <small>REDEFINING GROUP DENTISTRY</small></p> <p> Nineteen</p> <p>Fairness Opinion</p> <p></p>	<p> AKKR <small>ACCEL-KKR</small></p> <p>has sold</p> <p> Cloud 9 Software</p> <p>to</p> <p> planet DDS</p> <p>a portfolio company of</p> <p>AQUILINE  LEVEL EQUITY</p> <p>Sell-Side</p> <p></p>
<p> myOrthos</p> <p>has been sold to</p> <p> Smile Doctors</p> <p>a portfolio company of</p> <p> THL  LINDEN</p> <p>Sell-Side</p> <p></p>	<p> benevis</p> <p>has sold substantially all of its assets pursuant to Section 363 of the Bankruptcy Code to credit investment funds managed by</p> <p> NMC NEW MOUNTAIN CAPITAL</p> <p>Sell-Side</p> <p></p>	<p> SMILE AMERICA PARTNERS</p> <p>has completed an equity investment</p> <p>Equity Financing</p> <p></p>	<p> OrthoFi</p> <p>a portfolio company of</p> <p> AKKR <small>ACCEL-KKR</small></p> <p>has acquired</p> <p>Ortho Banc</p> <p>Acquisition Financing Buy-Side</p> <p></p>

U.S.

For the remainder of the year, M&A activity in the U.S. is set to navigate a shifting economic landscape as businesses respond to President Donald Trump's reciprocal tariffs and their broader macroeconomic effects. While many sectors face headwinds, provider-based healthcare services—such as dental—remain largely insulated from tariff-related disruptions, offering a compelling defensive investment opportunity.

Despite over three years of investor caution toward provider-based healthcare services, the sector presents an attractive path forward for private equity, especially as high levels of dry powder and aging investments pressure sponsors to return capital. In this environment, with the guidance of a trusted and experienced investment banking advisor, assets with clear growth levers and actionable M&A strategies are well-positioned to attract attention in the private capital market.

DSO M&A Activity Amidst the Multisite Healthcare Overhang

The global dental industry has undergone multi-decade consolidation, yet it remains highly fragmented and continues to offer significant opportunities for further roll-up. In the U.S., dentist affiliation with dental service organizations (DSOs) has been steadily increasing for over a decade, yet only about 25% of the nearly 200,000 dental practices are DSO-affiliated. With more than 120 U.S. DSOs—ranging in EBITDA from \$5 million to over \$300 million—the market is well-positioned for continued consolidation, including DSO-to-DSO M&A.

Over the past two years, more than 40 DSOs were brought to market in the U.S, yet fewer than 10 transactions successfully closed. While platform-level DSO deals have slowed, private equity-backed DSOs continue to consolidate the fragmented market through tuck-in acquisitions at attractive valuations, typically ranging from 3x to 6x EBITDA. In 2024 alone, the sector recorded over 120 add-on acquisitions, the highest volume among all healthcare services categories. Larger DSOs remain cautious about acquiring peer organizations, carefully balancing the potential synergies of such deals against the execution risks and integration challenges—often favoring the more manageable and lower-risk opportunities presented by smaller add-on acquisitions.

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Value Levers for DSOs



Margin Expansion, driven by driving volume increases, technological innovations and personnel solutions



Sustained practice-level performance, including post-acquisition revenue growth acceleration



Doctor alignment and retention, often the most critical asset driving stability after a transaction

Against the backdrop of significant consolidation opportunities, operational excellence and a well-executed growth plan, both of which drive margin stability and expansion, remain the centerpiece for sponsors, existing platforms and privately owned businesses preparing for an exit. As consolidation continues in the U.S market, this can be achieved through volume increases, technological innovations and personnel solutions. When considering a transaction, acquirers specifically prioritize targets that demonstrate the following:

- 1 | Consistent mid-to-high single-digit same-store sales growth, driven by both patient volume and pricing
- 2 | Strong dentist recruiting capabilities and retention metrics
- 3 | Highly productive dentists and a stable hygienist program with the ability to drive higher average revenue per patient encounter
- 4 | Well-built back-office support infrastructure, including management personnel and strong IT and reporting capabilities, enabling real-time clinic-level performance visibility
- 5 | Well-integrated practices with a cohesive culture and unified practice management systems across all locations
- 6 | Strong internal referral flows between generalists and specialist dentists
- 7 | A proven ability to execute both de novo and M&A growth strategies, supported by a clear, actionable roadmap for market expansion

In addition to sustained practice-level performance across key metrics—such as post-acquisition revenue acceleration and margin stability or expansion—strong doctor alignment and retention are essential to building investor confidence and maximizing long-term value. Supporting these factors with robust data analytics and a compelling, well-articulated narrative further reinforces the long-term growth potential of the business.

Lincoln's dental-focused team has established a strong track record of successful transactions, positioning embedded opportunities within businesses for strong margin expansion, along with supporting analyses that highlight practice-level performance metrics and ensure doctor alignment and stakeholder buy-in. Notable recent deals include the landmark March 2025 sale of myOrthos to Smile Doctors, the first scaled orthodontic services organization (OSO) acquisition by another OSO platform in the U.S. Another recent example is the December 2024 sale of Eastern Dental to Branford Castle, where Lincoln's team applied its strategic guidance to drive success by effectively addressing concerns around utilization and profitability across different payor types, including capitation.

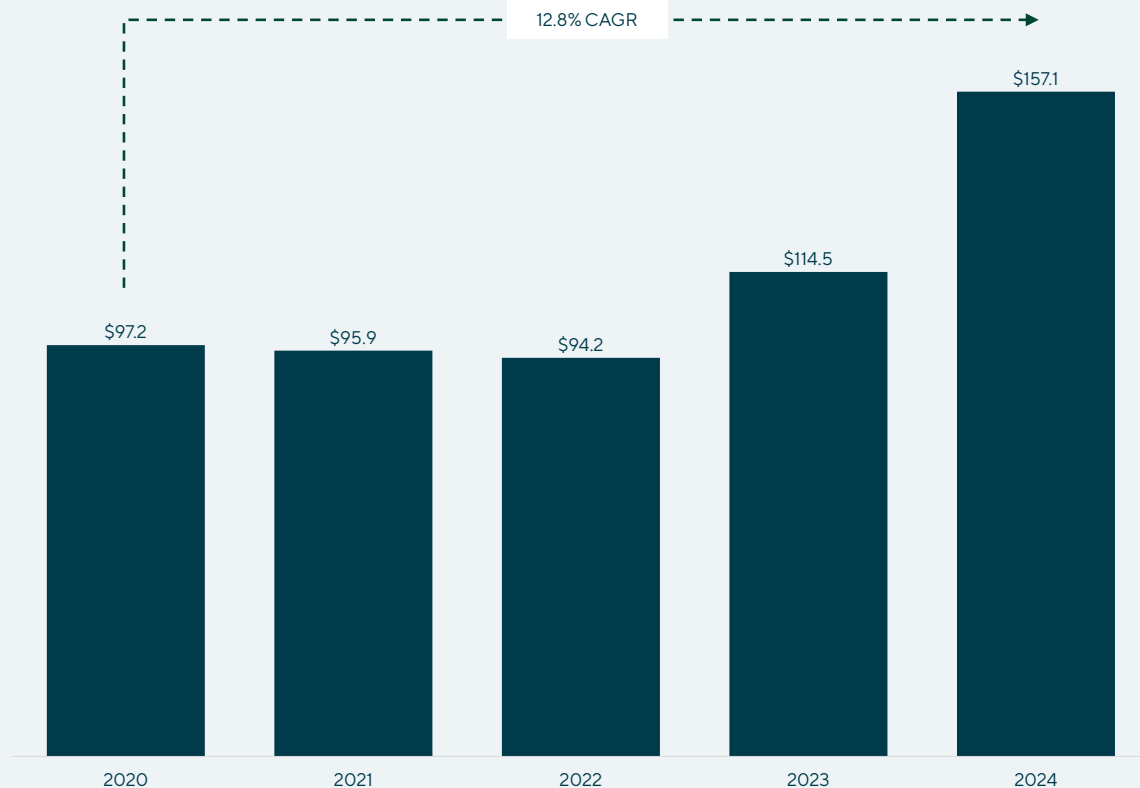
Contact us to learn more about the Eastern Dental and myOrthos transactions and how our expert bankers executed these deals with a high level of creativity to address recent challenges in physician practice management transactions. Leveraging in-depth analyses, Lincoln highlighted key business KPIs, including metrics such as practice-level performance, post-acquisition revenue growth acceleration, embedded growth potential, and doctor retention.

Navigating Liquidity Pressures

Several U.S. DSOs continue to experience negative pressures on cash flows, particularly platform investments made prior to the COVID-19 pandemic. Legacy issues include falling patient volumes, rising labor costs, dental insurance reimbursements failing to keep pace with rising costs and high leverage ratios linked to aggressive growth strategies reliant on de novo clinic openings and anticipated ramp-ups. While patient volumes have largely recovered and wage pressures eased, these structural challenges continue to weigh on profitability for certain platforms.

Many sponsors who acquired assets during the valuation peaks of 2020–2021—often financed with inexpensive debt given interest rate levels at the time—are now managing higher debt burdens and approaching debt maturities. However, record dry powder in the private credit markets is available to support alternative capital solutions that can extend investment runways, provide partial liquidity events, and support realizing long-term growth plans. Amid heightened macroeconomic uncertainty, investors may consider new opportunities to access capital through the ~\$160B private credit market.

Private Credit Dry Powder (\$ in Billions)



Alternative Capital Solutions to Unlock Liquidity for DSOs



Increased lender appetite for **dividend recapitalizations** given slowdown in broader M&A activity can provide distributions back to LPs



Refinancing existing credit facilities approaching maturities to extend investment horizon with more supportive



Structured capital solutions provide flexible capital that can ease cash interest burdens and allow the company to grow through transition periods and / or fund M&A activity

The dental sector remains underpinned by recessionary-resistant demand and stable long-term fundamentals that make it an attractive option for private capital seeking durable returns.

Europe

Europe's dental M&A activity is expected to see robust growth, particularly driven by the current deal pipeline, including two high-profile assets with EBITDAs of \$100+ million set to come to market in the near-term. Additionally, several primary transactions are expected to be announced, driven by successions, and investors expect regulatory relief in key markets.

Pressure for Inorganic Growth

Strategic buyers are expected to resume M&A activity as a key growth mechanism across European markets, driven by valuations that have softened since the market peak in 2021, when multiples were often in the teens. Add-on acquisition multiples, for example, have declined by 1–3x EBITDA, varying by geography. This recalibration has extended hold periods beyond five years for many financial sponsors, with several processes halted as seller expectations remain misaligned with current market realities. Despite recalibration across the market, similar pressure to return liquidity to investors and utilize high levels of dry powder exist in Europe as in the U.S. Europe's buyers remain interested in key metrics for valuation, including margin improvement, operational streamlining, and organic growth.

Growth Paths for Add-On Acquisitions



Proprietary products, including restorative materials and innovative implants, provide differentiation to sustain pricing power and market share



Digital solutions, particularly AI-driven platforms, optimize practice efficiency and enhance patient outcomes



Value-added services, such as patient financing programs and customized treatment plans, diversify revenue streams and strengthen patient loyalty

Private market players seeking interest from strategic acquirers and financial investors have a clear strategy playbook, including attaining a strong and defensible market position, above-market growth and an attractive margin profile. Leveraging the three key growth drivers can help drive premium multiples, as sponsors seek to leverage these drivers during the investment period.

Dental MedTech as a Growth Path

Amidst larger market pressures to continue growth and provide returns to investors, dental MedTech is a uniquely promising vertical for investors. Several sub-verticals have seen enhanced operational efficiency and growing use cases. Technology has expanded margins by driving down equipment costs, streamlining processes and increasing patient engagement. The vertical will continue to drive growth across Europe through 2025 and beyond.

Growth Paths in Dental MedTech



Aligners, which see over 15 million case starts annually, are fast-growing sub-vertical driven by high demand for aesthetic and functional solutions



3D printing, which is driven by affordable equipment options and user-friendly interfaces, is a driver of efficiency and customization



Software, which increases patient engagement and treatment personalization, streamlines operations and system processes

Sponsors and strategic buyers can optimize and enhance portfolios, streamline supply chains and strengthen go-to-market approaches with aligned acquisitions in the vertical. Meanwhile, strategic buyers can drive growth through accretive M&A, cross-selling synergies and R&D investments that solidify market leadership.

Lincoln's expertise in the dental MedTech market was underscored by the rigorous buy-side advisory process to Proclinic, S.A., a leading specialized distributor and full-service provider of dental solutions across Europe. Proclinic's acquisition of Meditrans, which distributed 20% of the dental consumables in Poland at the time, harnessed an impressive portfolio of aligners and other MedTech products to achieve substantial revenue growth.

Looking Ahead with Lincoln

Lincoln's dedicated healthcare M&A and capital advisory bankers are uniquely positioned to guide clients through today's evolving dental sector. With a proven track record of over 40 successful dental transactions and a robust network of key industry decision-makers, our comprehensive coverage spans the dental supply chain and worldwide geographies. Reach out today to empower your decision-making in the dental sector.

Ready to discuss the opportunities ahead for you?

Connect with a senior professional at connect@lincolninternational.com