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Investment

# European dental markets

How private equity is driving technological innovation and consolidation

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Private equity is playing a transformative role in the European dental markets. **Marc Kitten**, senior partner, and **Dr Marco Mazevet**, associate, at Candesic review the attractiveness of the markets as investors reshape the landscape - catalysing technological innovation and driving consolidation amidst steady growth forecasts of 5-8% over the next decade



# Private Equity is transforming European smiles

**T**he European dental market, covering both expenditure on core dental procedures as well as cosmetic dentistry, is estimated at €105bn and expected to grow at 5-8% over the coming years. Core expenditure on medical procedures, mainly dental caries and gum diseases, is expected to see an annual increase of 3-5% over the next decade.<sup>1</sup> This growth will be in spite of treatment penetration challenges in low-income countries, as well as among different regional socio-economic levels, resulting in unmet demand. Cosmetic dentistry is the fastest growing segment, notably the orthodontic and aligners segment, which are forecast to grow close to 10% in the next few years.<sup>2</sup>

Aside from market size and growth, a key attraction to investors continues to be the largely fragmented nature of the European market. Figure One shows the average number of professionals per lab and per dentist office. While the UK stands out in terms of average size of dentist offices, only 30% of the dental workforce practise in dental groups such as mydentist, Bupa Dental, or Portman

Dental, while on the lab side there is significant room for larger more efficient operations. In France, Dentego, the leader, holds a mere 3% of offices, while there has been very limited consolidation of dental offices and somewhat larger of labs. Finally, despite being one of the countries with the earliest adoption of dental chains, the largest group in Spain, Donte Group, holds just 5% of the market with 450 practices.

A testament to the attraction of the sector is the continued deal flow in the market. In spite of the drop in transactions last year (with year-end deals still not accounted for), as the sector felt the pressure from increased interest rates and overall uncertainty, the number of private equity deals had steadily increased over the past few years as seen in Figure Two, with almost 45% of investments focused on dental clinics, dental service organisations and chains of practices. Recent notable examples in the space include the acquisition of Curaeos by Jacob Holdings, which now operates more than 600 clinics across 11 countries. Another example is the

investment by Core Equity Holdings in the UK's Portman Dental Care, which operates 350 clinics across the UK, Ireland and Benelux, and which recently acquired the UK chain Dentex from Universal Partners for an estimated £450m - 14x EBITDA.

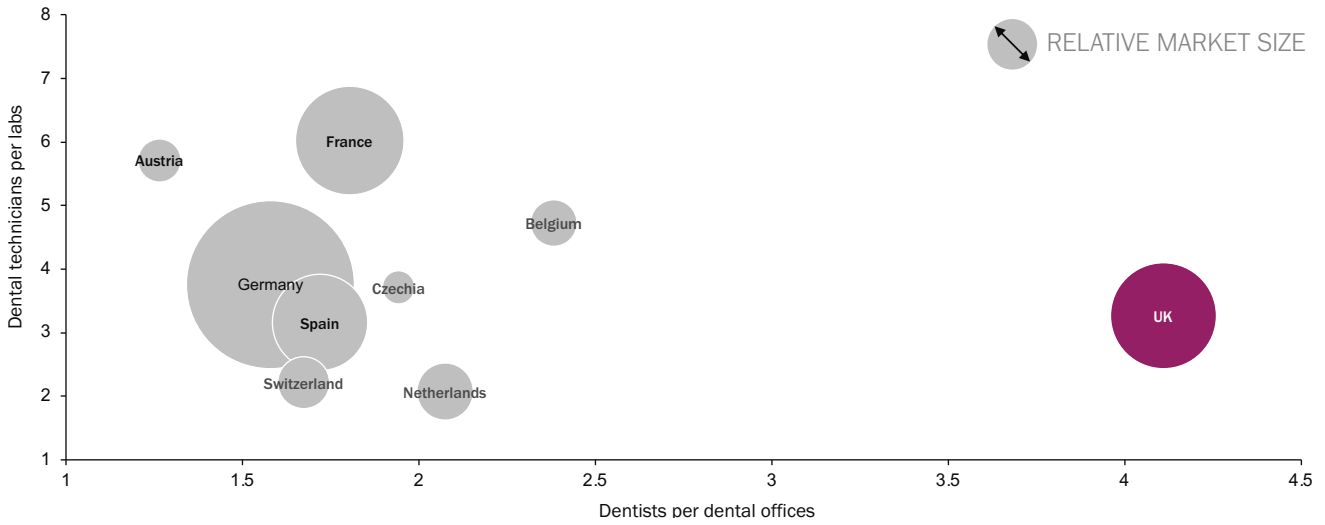
But the dental sector goes beyond clinics, and investment in equipment and materials is catalysing profound changes in all fields of oral health.

## New technologies provide opportunities for change

Dentistry is a multifaceted and technologically intensive field, encompassing a wide range of tools and materials from radiological equipment and ceramics to surgical items for implants, high-speed drills, and composite materials. This diversity opens vast opportunities for innovation in all treatment types, many of which have not seen significant challenge in the last two decades. As demographic shifts, changing patient preferences, and a greater emphasis on preventative care

**FIGURE ONE**  
**SUPPLY OF DENTAL PROFESSIONALS ACROSS SELECTED COUNTRIES, EUROPE**

**DENTISTS PER DENTAL OFFICES VS. TECHNICIANS PER DENTAL LABS<sup>1,2</sup>**



**NOTES** RELATIVE MARKET SIZE = DIRECT EXPENDITURE ON DENTAL PROCEDURES **1** 2023 SURVEY, ASSOCIATION FOR DENTAL DEALERS IN EUROPE **2** EU DATABASE 2024, COUNCIL OF EUROPEAN DENTAL OFFICERS  
**SOURCE** CANDESIC RESEARCH AND ANALYSIS

evolve, technological advancements are poised to address numerous challenges faced by patients and dental professionals alike.

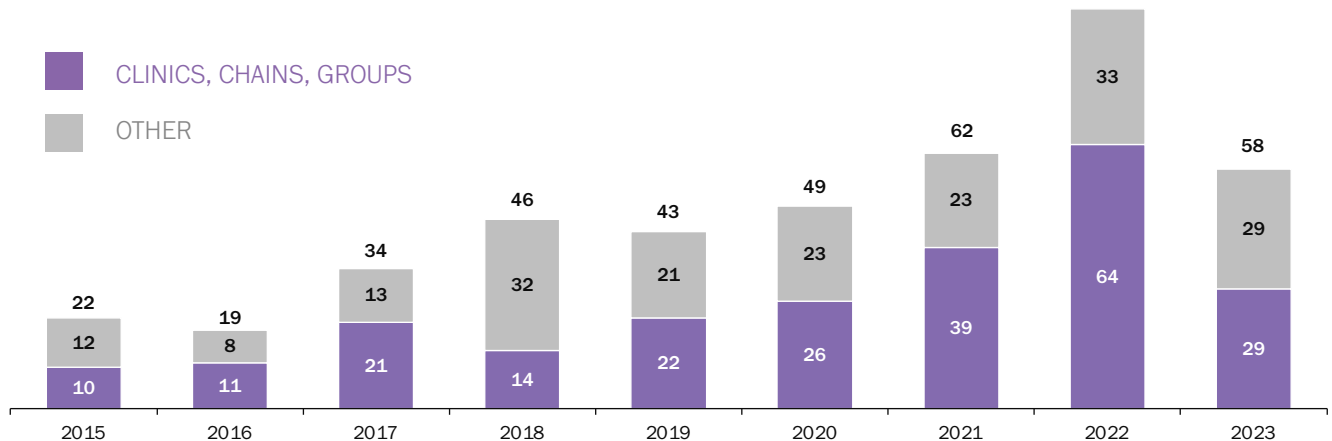
A key innovation transforming the field is the use of Intraoral scanners, which are quickly becoming the preferred method over traditional dental impressions for both dentists and patients. This transition is revolutionising the industry, facilitating completely digital workflows for certain prosthetic treatments that previously relied on close physical interaction

and manual work. Laboratories equipped with state-of-the-art digital technology stand to gain considerably by achieving economies of scale. An emerging leader in this space is 3Shape, a manufacturer of intraoral cameras globally and in which EQT acquired a significant stake. These scanners mark the beginning of an extensive CAD-CAM chain that has witnessed remarkable developments over the last five years. The advancement of CAD-CAM technology, including milling and drilling equipment, has enabled dental labo-

ratories to significantly automate their production processes, utilising materials like zirconia and titanium. The recent acquisition of a majority stake in imes-icore GmbH, a prominent German milling machine manufacturer, by private equity firm EMZ further validates the continued essential role of sophisticated machinery in dental technology and shows how access to growth capital continues to be essential, in this case allowing imes-icore to further penetrate laboratory and chair-side markets – the latter still in infancy

**FIGURE TWO**  
**YEARLY EUROPEAN PRIVATE EQUITY DEALS BY INDUSTRY, 2015-2023**

**NUMBER OF DENTISTRY RELATED PRIVATE EQUITY DEALS IN THE EU REGIONS**



**NOTES** **1** PITCHBOOK  
**SOURCE** CANDESIC RESEARCH AND ANALYSIS

due to time lengthy steps to be realised in the office, but at great potential for disruption.

Laboratories are also building high-tech solutions to increase differentiation as well as address cost pressures and challenges in workforce. In the UK, ALS Dental (Anso) has now formed a network of 33 practices through a roll of acquisitions in the past four years, building the UK's leading lab. Similar strategies have been seen in France with Minlay and Spain with Corus.

Another major change coming up is 3D printing technology that is rapidly infiltrating dental offices and labs, offering the significant benefit of reduced material waste. This technology not only promises to make the prosthetic production process more efficient but is also advancing the creation of high-quality, resin-based prosthetics. The industry is now exploring the possibilities for 3D-printed resin ceramic-like materials, indicating a potentially major leap forward in dental prosthetic technology. Bego, a German company backed by Asenza Capital and CareCapital, presented in 2022 an FDA approved resin-based crown that aims to mimic the properties of ceramic materials used for long term prosthetics. This would revolutionise the market with a technology that could be cheaper at both equipment and material level, with less reliance on dental technicians for simple cases.

The market is also fostering some alternatives to traditionally used materials: Swiss Dental Solutions has developed metal-free dental implants based on ceramic materials. The company just announced a significant partnership with Gilde Healthcare to propel its growth and reinforce its position as a global leader in ceramic dental implants.

Finally, AI hasn't spared dentistry and is increasingly present in diagnostics phases, automation and surveillance, with notable example of Dental Monitoring – a French OEM and SAAS company,

that has recently reached unicorn status with the financing of \$150m by Vitruvian and Merieux Equity Partner. Allowing orthodontists to remotely monitor the progress of their treatments remotely has allowed this company to expand worldwide at an impressive pace, becoming one of the 30 €1bn valued companies, despite serving a very niche healthcare area. Specialist dentistry, radiography and professional software have started to integrate neural networks models, which allows for automatic recognition of the patients' already existing treatments, assist to plan the required ones, and ensure compliance. When fully integrated in the workflow, these techniques could save hours for clinicians that often complain that they are burdened with administrative paperwork.

## Challenges faced by the sector also create opportunities

However, the sector is not immune to workforce issues, inflationary pressures and the constraints of public finances. As an example, Bupa Dental, one of the leading chains in the UK, is in the process of closing 85 practices across the country (10% of its workforce), due to inflationary costs, lack of NHS dentists and inappropriate NHS contracts. However, the strength of the secular sector tailwinds is helping most players adapt to this new environment – including through the help of technology as already covered.

A recent resolution from the World Health Organization (WHO)<sup>5</sup> has called on member states to integrate dental services into their universal health coverage schemes. This mandate is poised to ignite discussions and possibly drive reforms in various European countries, potentially leading to the public funding of certain dental care services. The WHO emphasises that funding should be

chiefly allocated to highly preventative and cost-effective procedures, pointing out that current investments are predominantly aimed at curative treatments. This shift underscores a strategic pivot towards preventing dental issues before they require more extensive and expensive interventions – but may provide opportunities for minimally invasive and preventive treatments that add value to patient outcomes.

Separately, countries like France and Germany are taking measures to regulate the proliferation of dental clinic chains and manage the influence of private capital in healthcare.<sup>6,7</sup> France is specifically targeting the distribution of dental practitioners by regulating their numbers in densely populated areas to ensure balanced access to dental care.

Germany, on the other hand, has tried to regulate private capital investments in the healthcare sector, reflecting a broader intention to 'safeguard' the quality and accessibility of healthcare services, including dentistry. While the outcome of these reforms is still not yet known, it has sparked some anxiety amongst investors.

## A bright outlook

With the expectation of continued sustained growth over the coming years, the dental market will continue to be an attractive subsector of the healthcare market at an average of 5% of the total expenditure across countries.

As with many other healthcare sectors, the theme of technology innovation to drive down cost and improve the experience of professional practitioners and clients alike, and the drive for consolidation to achieve scale, will be important drivers in shaping the future of the dental sector. And within all this, private equity investment is likely to continue transforming the landscape across materials, equipment and services.

### NOTES

**1** Jevdjevic M, Listl S, Beeson M, Rovers M, Matsuyama Y. *Forecasting future dental health expenditures: Development of a framework using data from 32 OECD countries*. Community Dent Oral Epidemiol. 2021 Jun;49(3):256-266. doi: 10.1111/cdoe.12597. Epub 2020 Nov

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**2** Omran, R., Dowie, A. *Increased demand for orthodontic treatments during the Covid-19 pandemic: a commentary*. Br Dent J 234, 84–87 (2023). <https://doi.org/10.1038/s41415-023-5451-3>

**5** Seventy-Fourth World Health Assembly, 31

May 2021, World Health Organisation

**6** LOI n° 2023-378 du 19 mai 2023 visant à améliorer l'encadrement des centres de santé, Journal Officiel Rep Fr

**7** German Minister to Stop 'Locust' Investors in Medical Practices, Bloomberg, 25/12/2022