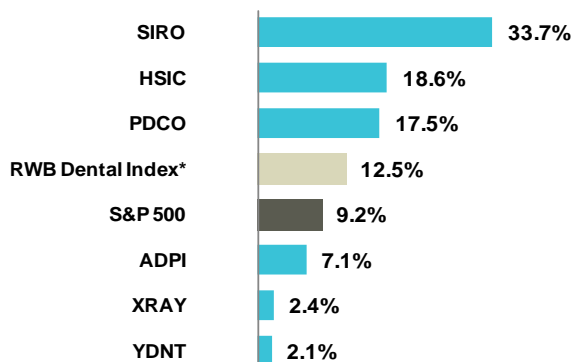




Industry Overview

- **Dental YTD Scorecard:** RWB Dental Index up 12.5% vs. S&P up 9.2%. YTD leaders include SIRO (+34%), HSIC (+19%), and PDCO (+18%), while YTD laggards include XRAY (+2%) and YDNT (+2%).
- **Week ending April 23:** RWB Dental Index up 2.3% vs. S&P up 2.1%, with SIRO (+9.3%) and ADPI (+3.2%) posting the greatest gains.
- **Valuation – vs. historical.** Of our six names under coverage, four continue to trade at NTM P/E multiples below their five-year average, while ADPI currently trades just above its five-year average.
- **Valuation – relative.** Relative to the S&P 500, the entire dental group trades at a 1.22x multiple vs. five-year average of 1.33x.

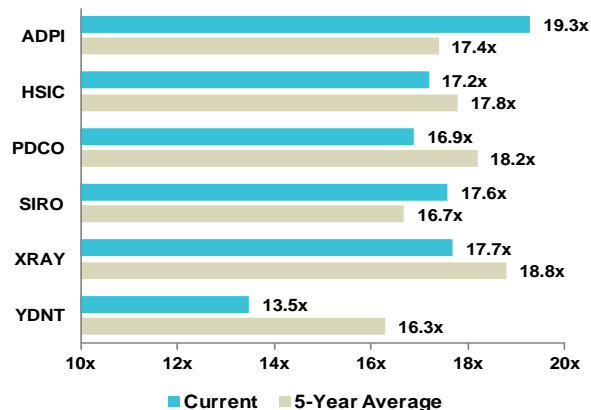
Dental YTD Performance



*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 April 17 +5% y/y, trailing four weeks +5% y/y.
- **Clinical Oral Evaluations (2,500+ offices):** Week ending April 17 +2% y/y, trailing four weeks +7% y/y.

Procedure-Specific Trends

- **Preventative Procedures (2,500+ offices):** Week ending April 17 +6% y/y, trailing four weeks +7% y/y.
- **Endodontics (1,000+ offices):** Week ending April 17 -6% y/y, trailing four weeks +3% y/y.
- **Crowns (2,500+ offices):** Week ending April 17 +5% y/y, trailing four weeks +7% y/y.
- **Dental Implants (300+ offices):** Week ending April 17 -3% y/y, trailing four weeks -7% y/y.

Calendar of Events

- April 29: XRAY & ADPI release Q1 results
- April 30-May 4: American Assoc Orthodontists (Wash DC)
- May 4: HSIC releases Q1 results
- May 5: SIRO releases FQ2 results
- May 13-17: CDA (Calif Dental Assoc Meeting – Anaheim)
- May 18-20: Baird Growth Stock Conf (HSIC, XRAY, SIRO)

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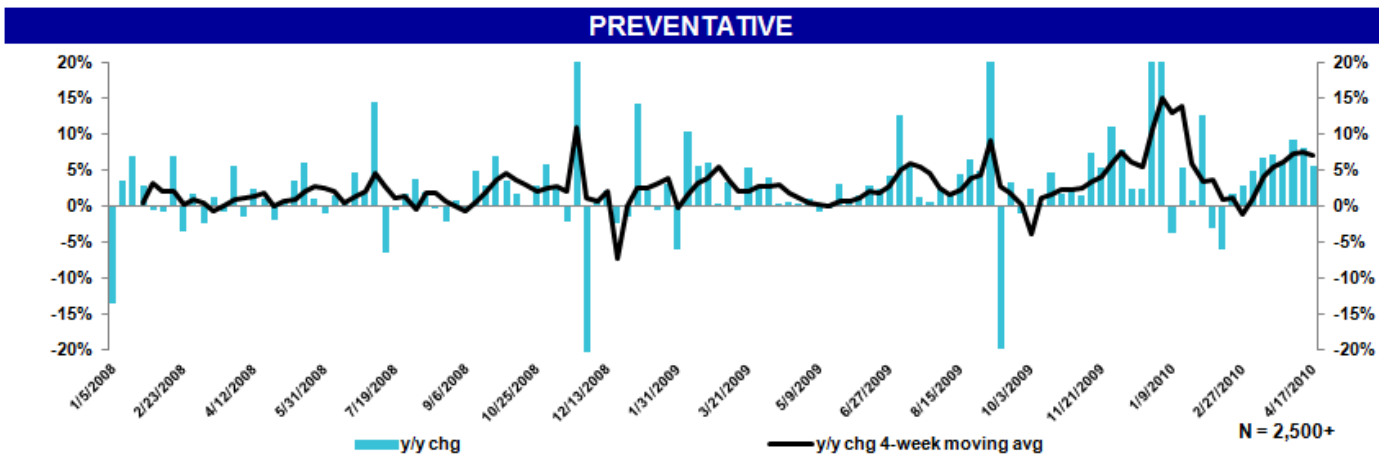
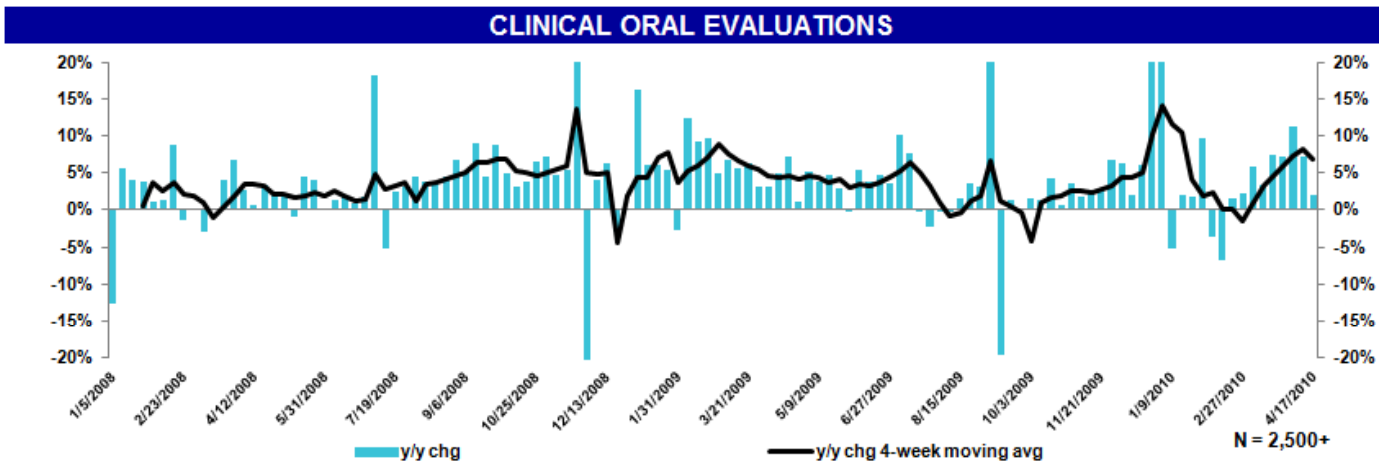
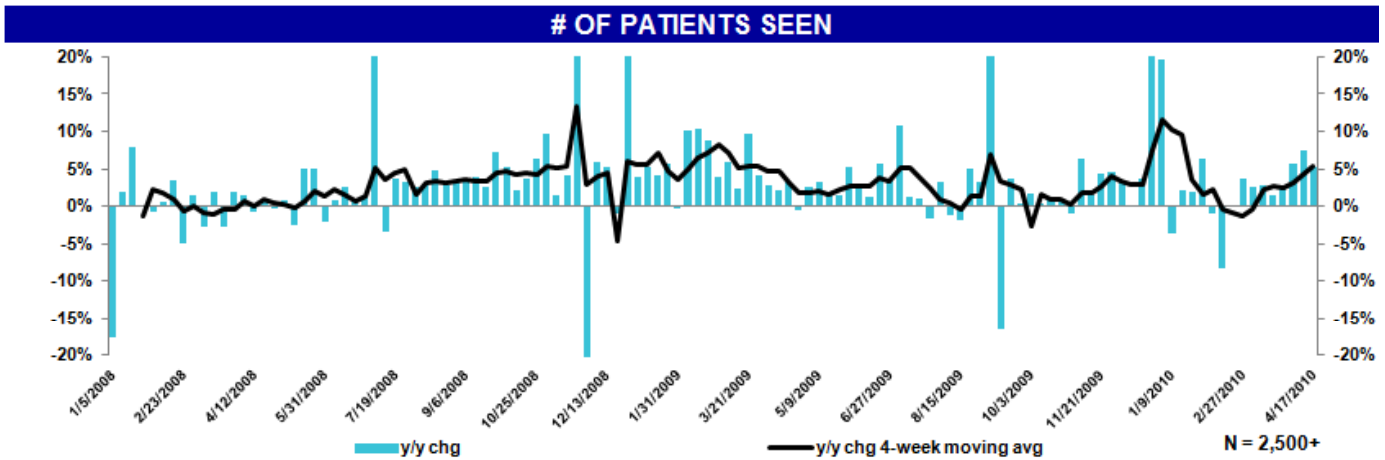
Recent News

- 4/22 – **DHR** reported Q1 results, with dental revenues increasing 14.5% y/y (2.0% organic), encouraging given Q4 revs down “mid-single digits” and Q3 revs that declined “mid-teens.” Dental consumables sales were “essentially flat,” while dental equip. sales increased “mid-single digits.”
- 4/22 – **ZMH** reported Q1 results, with ww cc dental implant growth of 6% (vs. -4% last quarter) and indicated dental implants growth in the Americas was up in the low-single-digit range. Within the segment, sales of implants, restorative components, and regenerative products all grew.
- 4/22 – **YDNT** reported Q1 results, with organic growth accelerating ~150bp to 3.8% as organic consumables growth likely approached ~5-6% during the quarter, although management cautioned the mid-single-digit growth may be indicative of the timing of orders rather than improving underlying demand.
- 4/22 – **ALGN** beat Street estimates at the top and bottom line, with case starts up 27% y/y. ALGN also announced it would be eliminating the annual case requirement for Invisalign providers.
- 4/14 – **Biomet** reported a 1% ww cc decline in its 3i dental implant business for FQ3-10 (period end 2/28/10) vs. an 8% ww cc decline last quarter. US dental implant sales returned to positive growth (+1% vs. -8% last quarter) for the first time in nearly two years.

General/Preventative Weekly Trends

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- **Number of Patients Seen:** +5.2% y/y for the week, trailing four-week average +5.3% y/y and up ~100bp on sequential basis.
- **Clinical Oral Evaluations:** +1.9% y/y for the week, trailing four-week average +6.9% y/y and down ~130bp on sequential basis.
- **Preventative Care:** Primarily includes cleanings, other general dental care; +5.5% y/y for the week, trailing four-week average +7.1% y/y and down ~30bp on sequential basis.

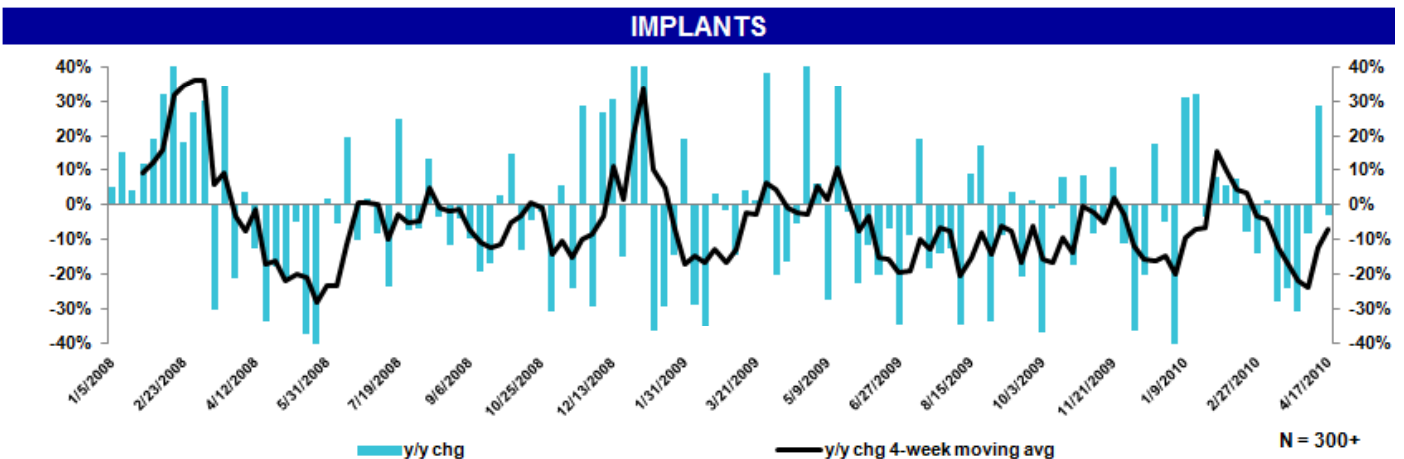
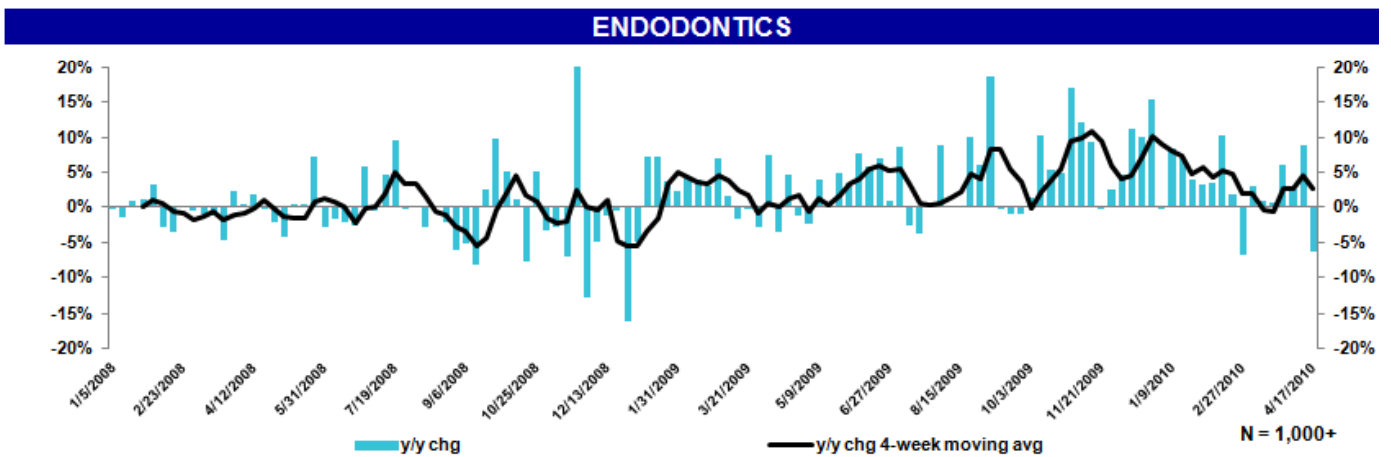
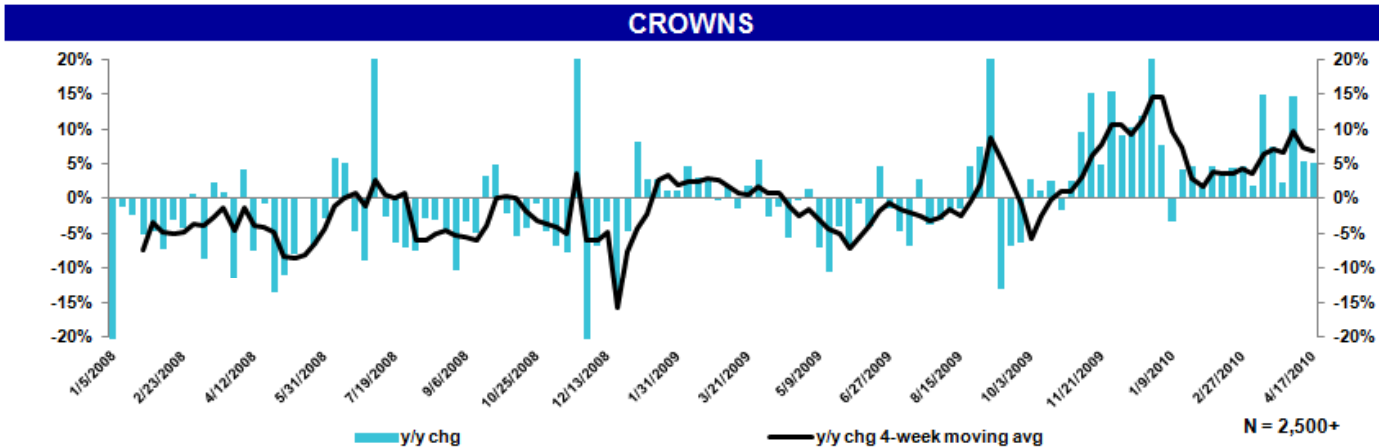


Source: Independent Data Source, Robert W. Baird & Co. Estimates

Restorative/Specialty Dental Trends

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- **Crowns:** An indicator of higher-end, more expensive restorative dental work being performed; +5.1% y/y for the week, trailing four-week average +6.8% y/y and down ~60bp on sequential basis.
- **Endodontics (root canal procedures):** -6.4% y/y for the week, trailing four-week average +2.6% y/y and down ~190bp on sequential basis.
- **Dental Implants:** Smaller sample size may limit reliability (n=300 offices; mostly GP office tracked in our dataset); -3.1% y/y for the week, trailing four-week average -6.9% y/y.



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

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Appendix – Important Disclosures and Analyst Certification



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