

A dentist with blonde hair, wearing a dark blue uniform and blue gloves, is smiling while holding a dental X-ray machine. A patient with red hair is lying in a dental chair, wearing a green protective eyewear and a white dental bib. The background shows a typical dental clinic setting with white walls and equipment.

DENTISTS – AN UPDATE ON WHAT'S HAPPENING IN THE SECTOR IN 2024

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CEO of Samera



WHO AM I?

- Arun Mehra FCA
- Owner and CEO of the Samera Business Advisors
- Co-owner of the Neem Tree Dental Group, a Private Dental Group in London and Surrey
- 20+ years working with Dentists, hundreds of Dental clients across the UK and overseas
- Trained Chartered Accountant with PricewaterhouseCoopers, London
- Ex Vice President of Bank of America – Former Leading Equity Analyst

BRIEF OVERVIEW OF THE UK DENTAL SECTOR

- A political hot potato
- Manpower issues now with many concerns around national insurance rises, national minimum wage rises, and changing employment landscape
- More and more dentists moving private
- An indicator of what may occur in the wider healthcare landscape of the UK



SOME KEY STATS

UK MARKET COMPOSITION BY TYPE

- Total dental practices: 12,600
- Corporate and larger groups (>30 sites): 2,282
- Mid-sized and smaller groups (<30 sites): 2,482
- Independent single or dual practices: 7,836
- So over 62% of dental practices are still in single ownership rather than a particular group model

CORPORATE AND MID SIZED GROUP OWNERSHIP

- MyDentist: 543 practices
- Bupa: 426 practices
- Portman/Dentex: 384 practices
- Rodericks/Dental Partners: 221 practices
- Bhandal Dental Practices: 95 practices
- The Real Good Dental Company: 85 practices
- Clyde Munro Dental: 80 practices
- Colosseum: 77 practices
- Riverdale Healthcare: 60 practices
- Envisage: 45 practices

NHS DENTAL STATISTICS (ENGLAND)

- Adults seen by an NHS dentist in 24 months to 30 June 2023: 18.1 million (17.5% lower than the 22 million seen up to June 2019)
- Children seen by an NHS dentist in 12 months to 30 June 2023: 6.4 million (9% lower than 2019 levels)
- Courses of treatment delivered in 2022-23: 32.5 million (an increase of 23.2% compared with the previous year, and 82% of the 39.7 million provided in 2018/19)
- Dentists performing NHS activity during 2022-23: 24,151 (a decrease of 121 dentists on the previous year)
- Children in England not having an annual check-up with an NHS dentist in 2022: 44%

RECENT TRENDS

TECHNOLOGICAL ADVANCES

- Intra-oral scanners such as a Itero, leading to in-house labs, so the days of the small labs has diminished
- Large labs have grown to support with advanced technology
- Increasing demand for clear aligners – e.g. Invisalign
- Increasing demand for dental implants – as an ageing population
- Increasingly new technologies available but most are not available on the NHS – only privately

SLOW DOWN IN MARKET ACTIVITY

- Estimate around 400 dental practices sold in 2022
- Slow down due to rising interest rates.
- Typical borrowing rates are around 2-3% above the prevailing base rate
- Corporate buyers have slowed down due to the majority of these being funded by PE.
- Some groups like BUPA and MyDentist have sold practices
- But some renewed activity in the last 2-3 months.

THE RISE OF THE DENTAL START UP

- Significant rise in start up “squat’s” – dozens are opening up across the UK
- No goodwill to purchase, just the capital is required purchase equipment.
- For a well-run squat, this can prove to be a great low-cost approach to starting a business rather than purchasing a practice.
- All these squats tend to be fully private, as most young dentists leaving dental school appear to be itching to own or work in private clinics so they can do the more complex dental work.

THE NEW WORLD – PRIVATE DENTISTRY

- Tough but opportunistic time for dentists – for those who are business savvy
- Private dental care market is growing stronger each day even in a cost of living crisis
- NHS supply is limited and insufficient – hence many patients AND dentists are moving to the private sector
- But concerns around the recent budget
- So what happens next?

BUT WHAT ABOUT PRACTICE VALUES? WHERE ARE THEY HEADING?

The most important point is BE CAREFUL who you
listen to!

DENTAL GROUPS

- Increasing numbers of groups seeking to build EBITDA and sell to the next buyer
- Buying all shapes and sizes
- Is this a good thing that Private Equity owns healthcare businesses?
- Seeking quality and scale usually
- Slowed down due to interest rates in the last 12-18 months but I envisage this will pick up again in the next 12 -24 months again soon
- But lack of manpower is a major issue

INDEPENDENT PRACTICES

- Still many buyers but not so active in the last 24 months
- Lack of supply keeping prices resilient
- But buyers are choosy and are slower in making decisions due to the higher level of interest rates
- Many are turning to squat practices as discussed previously
- But rising costs are a concern across the board

THE CURRENT ENVIRONMENT

- Continued strong demand for practices to buy but now start ups too but as I mentioned borrowing costs have slowed things down
- Why – Uncertainty over the NHS
- Why – Uncertainty over workforce mix, and availability
- Why – Low exposure option when starting a practice
- Why – Change in planning laws enabling choice of location for practices
- Why – Dentists seeking security and the opportunity to control their own outcome

THE BANK OF MUM AND DAD BUYER

- Been working as an Associate a few years and have seen the values rise right in front of their eyes – kicking themselves for not buying earlier
- Increasingly frustrated they cannot find a practice they can afford and buy, as someone will always offer more!
- Will often pay top whack as they are keen to buy a practice
- If they are to work in the practice as a practising dentist they can often outbid Corporates and others....

THE POTENTIAL RISK WITH NHS PRACTICES

- The end of indefinite NHS contracts is a real possibility as the Treasury seeks value for money from all public sector providers
- This could mean an NHS contract bought or you may buy could become worthless overnight if contract terms change and NHS England put it out to tender
- No-one really knows what may happen but this is a distinct possibility, therefore one must risk manage the situation
- Remember – if you own an NHS clinic your main client is the NHS – not the case with private healthcare.

THE IMPACT ON ASSOCIATES

- NHS Associates are being commoditised at a general UDA value
- Private Associates cannot sit on their laurels, need to grow their skill set
- % and pay levels may drop for Associates as the pinch hits owners
- However, well skilled private associates can demand a higher % due to their ability to offer a range of clinical outcomes for patients

FUTURE TRENDS

MORE PRIVATE LESS NHS

- Patients and dentists wanting private more
- Less funding available in NHS dentistry – same old story from a few years back, lets see what Labour brings
- The funding has not kept up with the demands of the profession, hence many are moving private
- Increasingly younger dentists are using social media to build their clinics

MORE START UP'S THAN PURCHASES

- Week by week we get more and more start up's enquiring to open up a dental clinic
 - Lower cost
 - Gives dentists an opportunity to create something of their own
 - Lower borrowing levels
- Purchases still occurring but at the larger practice level.
- Lower end of the market has many more start up's now.

CONTINUED WORKFORCE ISSUES

- Recruiting of overseas dentists for NHS roles
- UK qualified dentists increasingly becoming private
- Over 50% of dentists are female, so this impacts the ownership dynamics of practice ownership too
- A changing business model with larger practices looking at changing their business models, looking at reducing overhead and using AI and offshore teams to support the business models going forward

AN OPPORTUNITY IN PRIMARY CARE?

- Dentists make great tenants
- Opportunity to get another income if you have space in the premises as the overlap between dentists and GP's is significant
- A one-stop shop solution is very helpful for patients
- Could be a good income stream for premises owners.

MY PERSONAL BET

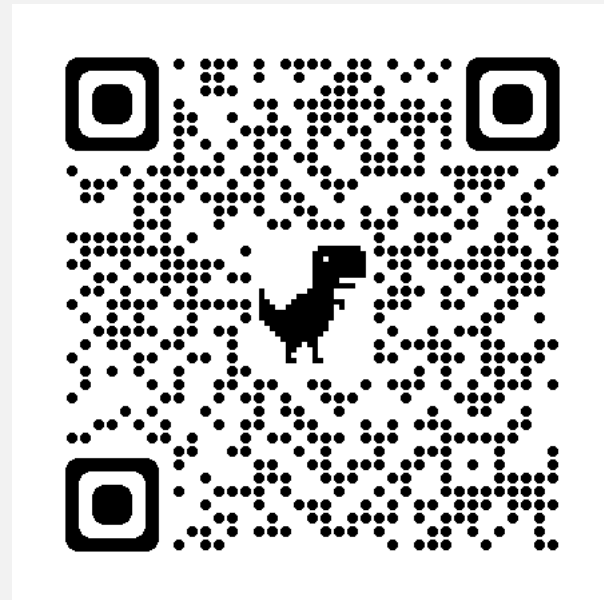
- The smart and the savvy will prevail
- This goes against what others are saying, BUT well-run private practices will prevail in my opinion
- Strong branding, strong team, mean a strong business with a strong valuation
- Values of NHS – totally unclear – what happens next? Remember if you own an NHS clinic you have ONE customer the NHS
- But if you have a private clinic you have many customers which can be good for any associated businesses
- This is all about RISK management and many dentists are thinking like this too with changing their business models accordingly

HOW WE HELP DENTISTS OVER THE LAST 20+ YEARS

- Accountants and Tax Advisors
- Commercial Finance Brokers
- Dental Buying Group
- But a lack of manpower appears to be the main issue!
 - From reception teams to admin, to financial teams....
- Turning into an HR solution provider providing offshore teams to support larger groups
- www.samera.co.uk

HOW WE HELP ACCOUNTANTS

- Lack of Manpower appears to be main issue!
- [Sameraglobal.com](https://sameraglobal.com)
- Helping UK firms build offshore teams of accountants to support their firms



HOW WE HELP ACCOUNTANTS AND PROFESSIONAL ADVISORS

- Finance Raising – We work with other professionals whose clients may need funding.
- We are FCA regulated so if your clients need to raise funds, our specialist Healthcare funding team can raise the funds for most things:
 - Property acquisition
 - New equipment Tax
- We work in partnership, so we split fees receive with introducers.
- An excellent secondary income for many of our partners
- Talk to Dan if you wish to discuss.

FROM ACCOUNTANTS TO NOW MANPOWER PROVIDERS!

- We also help accountants with their accountancy offshoring needs through our 100% owned subsidiary in India.
- Recruitment in UK accounting is difficult we can provide a full back-office support structure for your needs
- Payroll, book-keeping, accounts production, tax returns.....
- Our team work UK hours and have been fully trained on our client base.
- Fulfill the work, save time and save money with our offshoring solution

MY CONTACT DETAILS

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