

The chain store among dentists

Healthy and beautiful teeth should not be a matter of luck. A recently founded medical practice association is dedicated to the highly profitable dental industry. Return on sales of 30% with average sales volumes of 750,000 euros are not uncommon.

The current situation

High costs, long waiting times and small clinics are the standard among German dentists. There are also inconsistent quality standards that are detrimental to the patient.

Outsourcing to foreign dental laboratories also increases costs and waiting times.

The legal restriction of the size of the company was limited to two practices, as a sole proprietorship, which meant that there was no possibility to form a Medical Practice Association. A change in law in August 2015 cleared the way in Germany for the use of MVZ structures (medical care centers in the form of a GmbH) in the dental field, with the restriction that only dental practitioners can be shareholders in a dental MVZ.

The market and the business model

The present business model uses the above-mentioned change of law to form a chain of branches in the dental industry, with all the advantages of a classic branch system (high economies of scale / high quality standards / high market penetration). The company wants to remain market leader and continue to expand this position through the merger and purchase of so-called age-related practices (reaching the age limit). It wants to set and guarantee high quality standards in treatment. In addition, to educate patients regardless of their insurance status across the spectrum, taking into account the possibilities that are considered healthy, feasible and useful. The concept includes short and well-planned treatments, which can also take place on weekends, in a state-of-the-art ambience. Another benefit is a system that revolutionizes dentistry, cuts costs and gives patients the option of taking any dentures on the same day. The present business model also offers advantages for dentists and patients, e.g. a secure employment relationship for dentists willing to hire, the guarantee of corporate succession, as well as the secure acquisition of age practices. In addition, the state-of-the-art treatment concept (beautiful and healthy teeth for all, for a lifetime) is guaranteed and enforced.

Profitability and amortization

There are currently around 65,000 dentists practicing in Germany. With regard to the treatment methodology, very uneven quality standards result to the detriment of the patients. Statistically, more than 1000 surgeries are due each year for reaching the age limit for succession. However, succession arrangements are proving rather difficult at the present time, as young dentists are risk averse and, unlike in the past, are no longer able to finance banks without further ado. The purchase price of a so-called "age practice" (10-15% return) lies in the middle of an annual profit and is (compared to other asset classes) downright "cheap"!

The former typical male profession of the dentist is now often enforced by female dentists.



However, because of their life planning, they aspire employment rather than running their own practice. The further purchase of dental practices should further increase market leadership and profitability. This is made possible by this company, which has the necessary know-how, a high level of competence in the development of practices and an experienced team. The founder himself is an experienced dentist and was a self-employed dentist for years.

The required funding

For the financing of the expansion (acquisition of "age practices" etc.), Capital in the amount of Euro 10 million is needed.

The vision of the founder

The goal is to expand the practice network to 100 practices and 100 million sales by the end of 2021, with a return of 25%.

The company has a first-mover advantage and is already the market leader in Germany with 11 practices. Low purchase prices for old-age practices and short payback periods after acquisition (15 months on average) and savings from third-party laboratories are likely to lead to high economies of scale, return on sales, and high cash flow.

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