

# MONTROSE CAPITAL

---

## Dental Practice Evaluation Checklist

A structured framework for assessing dental practice acquisition opportunities in the UK and Ireland

### HOW TO USE THIS CHECKLIST

Use this checklist when you've identified a practice you're interested in acquiring. Work through each section systematically — ideally before making an offer. The questions are designed to surface the information that matters most for dental practice economics and to flag potential risks early.

Green flags suggest strength. Red flags warrant further investigation or may indicate the practice isn't the right fit.

## QUESTION

## WHY IT MATTERS

## 1. REVENUE &amp; FINANCIAL PROFILE

<input type="checkbox"/>	<b>1</b> What is the practice's total annual revenue?	<i>Baseline for valuation. Compare to asking price for EV/Revenue sense check.</i>
<input type="checkbox"/>	<b>2</b> What is the split between NHS/HSE, private, and plan income?	<i>Private &amp; plan income is more controllable and typically valued higher.</i>
<input type="checkbox"/>	<b>3</b> How has revenue trended over the past 3 years?	<i>Growth, decline, or flat — each tells a different story about the practice.</i>
<input type="checkbox"/>	<b>4</b> What is the EBITDA on an associate-led basis?	<i>The metric lenders and buyers use. Owner-operated EBITDA overstates true earnings.</i>
<input type="checkbox"/>	<b>5</b> What are the associate fee rates (NHS / private / hygiene)?	<i>Directly impacts cost of sales. Rates above market reduce EBITDA.</i>
<input type="checkbox"/>	<b>6</b> Are there any one-off or exceptional items in recent accounts?	<i>Non-recurring costs or income can distort the true earnings picture.</i>
<input type="checkbox"/>	<b>7</b> Has the practice been valued? What multiple is being asked?	<i>Benchmark against comparable transactions. Overpaying kills returns.</i>

## QUESTION

## WHY IT MATTERS

**2. PATIENT BASE**

<input type="checkbox"/> 8	How many active patients are registered?	Core asset of the practice. More patients = more defensible revenue.
<input type="checkbox"/> 9	What is the annual patient attrition rate?	High attrition signals quality or service issues.
<input type="checkbox"/> 10	What is the patient demographic profile?	Age, income, and location affect private uptake and long-term value.
<input type="checkbox"/> 11	Is there a waiting list or excess demand?	Indicates capacity to grow without marketing spend.
<input type="checkbox"/> 12	What proportion of patients are on a dental plan?	Recurring, predictable revenue. High plan % is a green flag.

**3. STAFFING & CLINICAL TEAM**

<input type="checkbox"/> 13	How many associates, hygienists, and nurses are employed?	Understand the clinical capacity and cost structure.
<input type="checkbox"/> 14	Are associates on fixed contracts or self-employed?	Employment status affects cost, risk, and retention.
<input type="checkbox"/> 15	Will the principal / owner stay on post-completion?	Critical for patient retention and transition. Negotiate a minimum period.
<input type="checkbox"/> 16	Are any key clinicians at risk of leaving?	Losing a productive associate can wipe out EBITDA overnight.
<input type="checkbox"/> 17	What are current staff wages relative to market?	Below-market wages may mean retention risk. Above-market inflates costs.

**4. PREMISES & EQUIPMENT**

<input type="checkbox"/> 18	Is the property freehold or leasehold?	Freehold adds asset value. Leasehold requires sufficient remaining term.
<input type="checkbox"/> 19	If leasehold, what is the remaining lease term and rent?	Lenders typically want 15+ years remaining. Short leases are a risk.
<input type="checkbox"/> 20	How many surgeries, and are any unused or underutilised?	Spare capacity = growth opportunity without capital expenditure.
<input type="checkbox"/> 21	What is the age and condition of key equipment?	Old chairs, compressors, or X-ray units mean capex soon after purchase.
<input type="checkbox"/> 22	Is the practice CQC / HIQA compliant? Any outstanding issues?	Regulatory non-compliance can delay or derail the transaction.

QUESTION

WHY IT MATTERS

5. FUNDING & DEAL STRUCTURE

<input type="checkbox"/> 23	What is the total consideration (goodwill + freehold if applicable)?	<i>Total capital required drives your funding structure and returns.</i>
<input type="checkbox"/> 24	What equity can you contribute (typically 10-20%)?	<i>Lenders expect skin in the game. More equity = better terms.</i>
<input type="checkbox"/> 25	What is the projected DSCR at the offered price?	<i>Must be &gt;1.25x minimum, ideally &gt;1.5x for comfort.</i>
<input type="checkbox"/> 26	What is the LTV at the proposed funding level?	<i>High LTV = higher risk. May need vendor finance to bridge.</i>
<input type="checkbox"/> 27	Is the vendor open to deferred consideration or earn-out?	<i>Deferred payment reduces upfront funding need and aligns incentives.</i>
<input type="checkbox"/> 28	Have you spoken to a healthcare-specialist lender?	<i>Specialist lenders offer better terms than high street banks for dental.</i>

**GREEN FLAGS**

- Stable or growing revenue over 3 years
- Strong private / plan income mix
- Low patient attrition rate
- Associates on contracts, willing to stay
- Principal committed to transition period
- Modern equipment, long lease or freehold
- DSCR comfortably above 1.5x
- Spare surgery capacity for growth

**RED FLAGS**

- Declining revenue with no clear cause
- Heavy reliance on a single associate
- Short lease remaining (< 10 years)
- Principal leaving immediately on completion
- DSCR below 1.25x at asking price
- Significant capex needed post-acquisition
- Outstanding CQC / HIQA compliance issues
- Aggressive adjustments inflating EBITDA

**Need help evaluating a practice?**

We advise dental professionals across the UK and Ireland on acquisitions, valuations, and deal structuring. Get in touch for a confidential conversation.

[info@montrosecapital.ie](mailto:info@montrosecapital.ie)

| [montrosecapitalpartners.com](http://montrosecapitalpartners.com)