

### Project Pearl: Recapitalization

#### Executive Summary & Request

Rush Street Capital has been engaged by a Midwest-based private equity firm on a healthcare opportunity, the recapitalization of Project Pearl. Project Pearl is a private equity owned group of dental practices. This sponsor has a proven track record operating and growing DSOs (Dental Service Organization) and creating shareholder value.

Project Pearl was acquired with a substantial equity contribution by the sponsor. The Company is seeking a financial partner to recapitalize the Company with a \$14.0 million term loan and up to \$1.0 million working capital line of credit. An acquisition line of credit is also being considered for the Company's growth plans. The new lender will be in a senior secured position.

The Company is on target to generate \$12.5 million of revenue and \$3.5 million of Adjusted EBITDA for 2018. This translates into a closing leverage 4.00x on a Company that is growing and benefiting tremendously as a portfolio company of the sponsor. The sponsor has hired a reputable accounting firm to complete a standard Quality of Earnings Report on the consolidated entity, which should be completed in January 2019.

#### Background Information

Project Pearl has a total of seven practices, which focus on general dentistry but can provide specialty services. The Company is expanding in less competitive markets with substantially lower operating costs. The sponsor's strategic expansion into secondary (less competitive) markets enables it to quickly gain market share and a highly recurring customer base. As such, Project Pearl has excellent margins, consistent revenue and a very stable customer base.

Management has excellent financial reporting capabilities and is comfortable working with a lender. The Company employs a highly active and productive group of dentists. The dentists have varying subspecialties allowing them to meet all their patients' needs. More recently, as a consolidated entity, Project Pearl has increased its pediatric capabilities further adding to its organic growth.

Project Pearl is an opportunity to partner with an industry-experienced and proven sponsor and a Company that is experiencing tremendous growth. The Company is seeking a new financial partner to recapitalize its existing credit facility and provide a working capital line of credit for general business purposes.