



For immediate release

NHS dental practices continue to attract higher prices than private practices according to the latest goodwill survey results from NASDAL. Carried out quarterly, the most recent survey for the period April to July shows that on average, an NHS practice – defined as a practice with more than 80% of its income from its NHS contract – was 105.2%.

The two previous NASDAL surveys also showed that NHS practices command more than 100 per cent of turnover and private practices around or below 100 per cent. When the figures for valuations are compared to the figures for deals, NHS practices can fetch more than expected and private practices go for less than expected. Meanwhile, mixed practices are more predictable. The valuation average for mixed practices was 100% in the quarter ending July 2013 and the deals show an average price of around 95%.

Alan Suggett, a specialist dental accountant of UNW LLP commented: “My thoughts about the survey are that it continues to show that NHS practices are highly sought after – with smaller ones being sold with goodwill valued on a percentage of fee income basis (usually around 100%), and larger ones on an EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) basis, which yields much more.”

A key aspect in the differentiation is that large NHS and mixed practices are of interest to corporate buyers which are competing with each other.

The figures can't be taken in isolation, Alan stressed, since large corporate purchasers usually insert performance criteria into their buying price. So, they may be ready to pay 125% of turnover for a practice but if in the years following the sale the practice doesn't perform in line with pre set expectations then the sale price is reduced. He added: "We are therefore measuring a maximum sale figure which, in the course of time, could be reduced."

Note to editors

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