

COMPANY RESEARCH REPORT

# Dentsply Sirona, Inc.

NASDAQ: XRAY

*A Turnaround Under Construction: Testing Dentsply Sirona's Return-to-Growth Plan Against the Evidence — Real Management Change, Early and Mixed Proof Points, and a Valuation Discount That Reflects Today's Performance, Not Tomorrow's.*

**Weak company today; strong direction. That combination — not a uniformly high average score — is the thesis.**

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## What This Report Covers

Dentsply Sirona is 12 months into a CEO-led, 24-month Return-to-Growth Action Plan following years of missed targets, serial restructurings, and a governance scandal that predates the current team. This report builds the full case for the transformation thesis — new CEO, CFO, and Chief Commercial Officer, each with relevant prior track records, including one CFO with a directly comparable, quantified value-creation precedent — and then tests that case against the hard evidence: segment-level financials, the actual Q2 2026 earnings call, primary-source risk factors, debt and governance detail, and an independently built valuation model. The conclusion is a genuine, still-open transformation in which the assets, management actions, and value-creation pathways are increasingly visible, while the financial outcomes remain early. The report therefore establishes a specific, falsifiable roadmap for determining whether improving execution converts those underleveraged assets into durable earning power and a higher valuation.

## 1. Executive Summary & Key Findings

Dentsply Sirona (XRAY) is the world's largest diversified manufacturer of professional dental products and technologies, organized into four segments — Connected Technology Solutions (CTS), Essential Dental Solutions (EDS), Orthodontic and Implant Solutions (OIS), and Wellspect Healthcare — selling into approximately 140 countries. The stock has fallen roughly 80% from its 2021 peak, the product of a 2022 accounting-investigation crisis, a serially missed multi-year EPS target, three CEOs and five CFO transitions since 2022, and a competitive position that has eroded across nearly every attractive sub-segment it competes in. Daniel Scavilla became CEO in August 2025, introduced a 24-month Return-to-Growth Action Plan in November 2025, and has since hired a new CFO (John Fortson, July 2026) and Chief Commercial Officer (Aldo Denti, October 2025). This report asks directly whether that leadership change constitutes a genuine, underpriced transformation — the kind of setup MPC looks for across its transformation-stage coverage — or whether it is a narrative the market has already, and correctly, discounted.

***Transformation investments should look unfinished. That is not a flaw in the thesis — it is the precondition for it.***

The evidence, built from primary sources rather than management's framing, remains mixed — exactly the profile MPC expects at the Accumulate stage of a transformation. The market's job is to discount certainty; MPC's job is to underwrite improving probabilities. XRAY does not currently possess the scarce-asset characteristics found in several other MPC holdings, nor does it offer a single hard, dated catalyst or external policy tailwind. Its opportunity is different: the market may be underpricing the ability of a materially upgraded management team to convert an unusually broad but historically undercommercialized product, technology, installed-base, distribution, and clinical-education platform into higher earning power. Q2 illustrates both sides of that underwriting. Implants & Prosthetics declined only 3.7%, substantially better than the -13.2% OIS headline suggests, while CTS profitability and distributor inventory remained weak. The investment case therefore rests not on denying the current operating deficiencies, but on determining whether management actions are beginning to change their trajectory.

A lightweight, probability-weighted MPC scenario model built independently for this report (Section 12) puts fair value at approximately \$12.91 per share against a \$12.12 print — a modest ~6.5% discount to MPC's own base case, with a defined bear case near \$7 and a bull case (full execution, re-rating only to Envista's multiple, not Straumann's) near \$22. The spread is driven far more by multiple than by earnings, meaning this is fundamentally a re-rating story, not an earnings story — and the re-rating has to be earned through specific, checkable proof points, several of which do not yet exist.

Investigated in Section 2.6, XRAY's product base turns out to be more substantive than a narrow reading of DS Core alone would suggest: a cloud-native scanner (Primescan 2), an FDA-cleared AI diagnostic tool with real subscription economics (Smart View — Detect), and a first-of-its-kind FDA-cleared dental MRI co-developed with Siemens Healthineers — all shipped within the last 18 months, none of it yet financially quantified. XRAY's historical problem increasingly looks less like insufficient technology and more like a failure to commercialize an unusually broad portfolio effectively: the company accumulated products, IP, installed base, and clinical relationships across four decades without integrating them into a coherent, monetized workflow. The thesis this report is underwriting is that Scavilla's customer-first commercial restructuring, paired with Fortson's operating discipline, can unlock assets that

already exist — a materially different and more investable claim than either "the technology alone will save this" or "there is nothing here to unlock." The recommendation in Section 1.3 is sized with that distinction in mind.

If this report has a single centerpiece finding, it is this: the transformation is investable not because the business is fixed, but because the people now tasked with fixing it possess demonstrably stronger, independently verifiable operating credentials than those responsible for the decline documented throughout this report (Section 5). That distinction — management quality as the primary underwritten asset, with the business itself still mid-repair — is what separates a starter-position Accumulate from either a full-conviction Buy or a pass. This is fundamentally a Scavilla-led commercial turnaround, supported by Fortson's financial and operational discipline — not a story about the CFO alone, notwithstanding that his prior track record happens to be the most numerically quantifiable of the three.

**MPC View:** This is a legitimate, still-open transformation situation with a real, credentialed management change at its core — including a CFO with a directly comparable, quantified prior value-creation outcome (Ingevity's spin-off from WestRock, a 104% first-year shareholder return per the company's own disclosure). Consistent with MPC's philosophy of underwriting probability rather than waiting for confirmation, the recommendation is ACCUMULATE: begin building a starter position sized to MPC Action Evidence already in hand, and add only as specific, dated milestones convert MPC Outcome Evidence from Hypothesis to Confirmed (Sections 1.4, 15, and 16). This is deliberately a smaller, earlier commitment than MPC's own bar for full-sized transformation positions — see Section 1.3 for the full reasoning.

***“Position size is calibrated to the strength of current evidence, not to certainty of outcome.”***

## MPC Investment Committee Decision

|                                           |                                                                                              |
|-------------------------------------------|----------------------------------------------------------------------------------------------|
| Recommendation                            | ACCUMULATE                                                                                   |
| MPC Conviction                            | ★★★☆☆ (3 of 5 — Evidence improving, still incomplete)                                        |
| Current Position                          | Starter position                                                                             |
| Target Initial Weight                     | 1–2% of concentrated portfolio capital                                                       |
| Maximum Position (if milestones achieved) | 5–6%, added only per Section 1.4's milestone schedule                                        |
| Expected Holding Period                   | 3–5 years                                                                                    |
| Primary Thesis                            | Management transformation unlocking product-platform and operating transformation.           |
| Primary Risk                              | Commercial execution fails to improve despite leadership change                              |
| Primary Catalyst                          | U.S. commercial recovery, CTS stabilization, and evidence of digital ecosystem monetization. |

Note on position sizing: MPC's standing editorial practice separates company research from portfolio construction. This box is a deliberate, scoped exception — sizing language is confined to this single box and Section 1.4, and should not be read as a general departure from that practice for future reports unless the standard is formally revised.

## Expected Return

Scenario prices below are the undiscounted 2028E targets from Section 12.2's EV/EBITDA scenario model; CAGR is computed from today's \$12.12 price to each target over the ~2.4-year horizon to year-end 2028.

| Scenario                    | Probability | 2028E Target Price | Implied CAGR |
|-----------------------------|-------------|--------------------|--------------|
| <b>Bear</b>                 | 35%         | \$8.96             | (11.8)%      |
| <b>Base</b>                 | 45%         | \$16.88            | +14.8%       |
| <b>Bull</b>                 | 20%         | \$27.52            | +40.7%       |
| <b>Probability-weighted</b> | 100%        | \$16.24            | +13.0%       |

A probability-weighted ~13.0% expected CAGR, on a name that does not yet fully satisfy three of MPC's four pillars, is the numeric expression of “accumulate modestly, add on evidence” rather than “initiate at full size.” The Bear case's -11.8% CAGR at 35% probability is why starter sizing, not full sizing, is the correct posture today, even though the expected value is genuinely attractive on paper.

This section's two valuation frames can look inconsistent side by side: Section 12.2's present-value model puts fair value at roughly \$12.91 against a \$12.12 price — a modest ~6.5% discount — while this page's undiscounted 2028E targets imply a steeper 13.0% expected CAGR. Both are correct; they answer different questions, and both now point the same direction, if by different magnitudes. The honest resolution is explicit, not implicit: at \$12.12, MPC's own probability-weighted model shows XRAY as modestly, not dramatically, undervalued — a real but limited edge, not a mispricing large enough on its own to justify full-size initiation on a name that does not yet fully satisfy three of MPC's four pillars. The starter position is sized to that modest edge, not to the larger, more attractive-looking CAGR figure above it, which assumes the Bull and Base cases play out roughly as modeled. Management's actions are credible enough to justify limited exposure ahead of operating confirmation; the still-real Bear case (35% probability, -11.8% CAGR) is exactly why that exposure stays a starter position rather than becoming a full-conviction commitment. The expected-return asymmetry becomes more attractive, not less, if the milestones in Section 1.4 raise the probability of the Bull case faster than the share price already discounts them — which is precisely what the milestone schedule exists to detect.

## 1.1. Investment Scorecard

A one-page distillation of the thesis, scored against the evidence in this report rather than management's framing. This scorecard is deliberately two-dimensional: Score is current state; Direction is trajectory over the trailing two to three quarters. Transformation investing is fundamentally about direction, not current-state quality — a business already scoring 8-9 across every category on Score alone would mean the re-rating had already happened and the opportunity had already passed. Read this table as: a below-average company today, with an above-average number of categories moving the right way. That combination, not a high average score, is what an Accumulate-stage transformation should look like.

| CATEGORY                           | SCORE | DIRECTION    | BASIS                                                                                                                                                                                                                                                                              |
|------------------------------------|-------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management Quality                 | 8/10  | ↑↑<br>STRONG | Credentialed CEO/CFO/CCO triangle; Fortson's Ingevity precedent is genuinely strong. Docked for CEO's zero personal buying and unproven XRAY-specific execution.                                                                                                                   |
| Balance Sheet / Capital Allocation | 7/10  | →<br>STABLE  | Dividend eliminated, real buyback executed at \$9.94/share; Baa2/BBB- still investment grade. Docked for flat 3.2x leverage in H1 2026 and expensive 8.375% hybrid notes.                                                                                                          |
| Competitive Position / Moat        | 3/10  | →<br>STABLE  | No durable moat per MPC's own competitive analysis (Section 4); low-teens implant share tied with a distributor; Cerec closed-system is a documented liability versus cheaper open competitors.                                                                                    |
| Commercial Execution               | 5/10  | →<br>STABLE  | Genuinely split: CTS adjusted operating income swung negative and distributor inventory drawdown accelerated YoY (both metrics management itself nominated as early tells), against a real, independently-flagged positive in APAC CTS growth (+9.5% cc, 2nd consecutive quarter). |
| Segment / Product Mix Evidence     | 5/10  | ↑ RISING     | Implants -3.7% is a genuine, under-reported positive; orthodontics -36.5% is a known, expected Byte/SureSmile effect, not new information.                                                                                                                                         |
| Innovation (DS Core + stack)       | 5/10  | ↑ RISING     | Genuinely broader base than previously credited: cloud-native Primescan 2, FDA-cleared Smart View AI diagnostics (subscription-gated), FDA-cleared ddMRI with Siemens — all shipped within 18 months. Docked because none has disclosed adoption, revenue, or margin data yet.     |
| Valuation                          | 7/10  | ↑ RISING     | Modestly undervalued on MPC's own probability-weighted model (~\$12.91 vs. \$12.12, +6.5%) — statistically cheap on P/S vs. peers, with a discount that reflects current operating performance and could narrow if execution improves.                                             |
| Transformation Evidence (Overall)  | 5/10  | ↑ RISING     | Mixed: one vector (capital allocation) passes cleanly, two (commercial/distribution, margins) fail current tests, two (product mix, innovation) show early positive signal.                                                                                                        |
| Risk Level                         | High  | →<br>STABLE  | Two unresolved legal/tax matters (German investigation, residual 2022 litigation); Israel manufacturing concentration; negative tangible book value (Section 12.5).                                                                                                                |

Weak company today; strong direction. That combination — not a uniformly high average score — is the scorecard's actual message, and it is the thesis.

## 1.2. MPC Recommendation Framework

MPC's philosophy is not to buy certainty; it is to buy mispriced transformations before consensus recognizes them. Waiting for U.S. growth to turn positive, market share to stabilize, DS Core to show scaled traction, and margins to expand simultaneously is waiting for the re-rating to have already happened — the evidence should be sufficient to underwrite a probability, not to confirm an outcome. Accordingly, MPC replaces a binary Initiate/Monitor call with a four-state framework calibrated to evidence maturity and position sizing:

Transformation investing is inherently uncomfortable. If operational evidence were already complete, management credibility fully restored, commercial execution demonstrated, and valuation normalized, the opportunity to accumulate at a discount would likely no longer exist. MPC therefore seeks companies where uncertainty is declining faster than market expectations, not companies where uncertainty has already disappeared.

| State             | Definition                                                                                                                                                                                                                                             |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accumulate</b> | Begin or continue building a position as the transformation thesis gains evidentiary support. Position size is calibrated to the strength of current evidence, not to certainty of outcome, and grows only as specific, predefined milestones are met. |
| <b>Monitor</b>    | The thesis is interesting but current evidence is not yet sufficient to commit new capital. Appropriate when action evidence is thin or outcome evidence is actively moving the wrong direction.                                                       |
| <b>Harvest</b>    | The thesis has largely played out; expected forward returns have moderated relative to the risk carried. Appropriate for trimming into strength once re-rating has substantially closed the gap to fair value.                                         |
| <b>Exit</b>       | The thesis has broken, or capital can be redeployed more effectively elsewhere. Appropriate when a Thesis Breaker (Section 16.0) is confirmed.                                                                                                         |

The components built out for this report — the Strategic Asset Inventory (Section 2.2), the Evidence Ladder (Section 2.5.3), MPC Action Evidence vs. MPC Outcome Evidence (below), the Milestone-Gated Accumulation Schedule (Section 1.4), Thesis Breakers (Section 16.0), and the Investment Scorecard (Section 1.1) — are now standard components of MPC's transformation-stage research methodology, to be applied consistently across future coverage rather than treated as XRAY-specific analytical devices.

### 1.3 Recommendation for XRAY: ACCUMULATE (Starter Position, Milestone-Gated)

This report formalizes a distinction MPC will apply across all transformation-stage coverage going forward: MPC Action Evidence is steps management has actually taken and that are independently verifiable (a hire, a signed agreement, an executed buyback); MPC Outcome Evidence is results those steps have actually produced (a segment turning profitable, a share metric stabilizing). The distinction matters directly for sizing: Action Evidence justifies starting to build a position; Outcome Evidence is what justifies adding to it. A thesis resting only on Action Evidence is a narrative; a thesis waiting for full Outcome Evidence has usually already re-rated. Accumulate is the posture for the space between the two.

#### ***MPC Action Evidence — largely confirmed:***

- Leadership renewal: CEO, CFO, and CCO are all new since August 2025, each with individually verifiable, relevant prior credentials (Section 5) — including one CFO with a directly comparable, quantified value-creation precedent.
- Commercial reorganization: combined Customer and Technical Service, realigned commercial teams with market, established a Global Customer Service Organization and a dedicated Transformation Office (Section 7.2).
- Dealer network expansion: six distribution-network enhancements announced in 2026 to date, including the Medline Sinclair partnership in Canada — real, executed actions, distinct from the productivity those actions have not yet produced (Section 8.3).
- Disciplined capital allocation: dividend eliminated, a real \$9.94/share buyback executed in May 2026 near the 52-week low — the one transformation vector with a fully executed, checkable outcome, not just an action (Section 9).

#### ***MPC Outcome Evidence — genuinely mixed, encouraging in places, not yet sufficient in others:***

- Positive: CTS grew in APAC for a second consecutive quarter (+9.5% constant currency), and Implants & Prosthetics declined only 3.7%, a materially better result than the -13.2% OIS headline suggests (Section 6).

- Not yet positive: CTS adjusted operating income is negative; distributor inventory drawdown accelerated rather than decelerated; U.S. implant and CAD/CAM trends remain the specific, acknowledged weak point; net debt/EBITDA was flat in H1 2026 despite deleveraging being a stated priority.

Seven of the twelve items on the Evidence Ladder (Section 2.5.3) remain at Hypothesis. That is precisely why this is a starter-position call, not a full-conviction one: MPC's philosophy of underwriting probability rather than waiting for confirmation argues for owning some exposure now, while the fact that most outcome evidence remains unconfirmed argues for sizing that exposure modestly and adding only as specific milestones convert from Hypothesis to Confirmed. Buying a completed turnaround at full size after U.S. growth, share stabilization, DS Core traction, and margin expansion have all been demonstrated is not this thesis — by the time all four are simultaneously true, Section 12's own sensitivity work shows most of the re-rating will likely have already occurred. This is deliberately a transformation-in-progress purchase, sized to match how much of the transformation is actually in evidence today.

**MPC View: ACCUMULATE.** Begin building a starter position sized to the current evidence — real leadership and capital-allocation proof points, genuine if partial outcome evidence in APAC CTS and implants — while treating the remaining position as explicitly milestone-gated. This is a deliberately different posture than a full-conviction Buy: it reflects a business still proving itself, not one that has finished proving itself.

## 1.4 Milestone-Gated Accumulation Schedule

Position size should scale with the Evidence Ladder's progression, not with time elapsed. The following milestones — each already established as a specific, dated checkpoint in Sections 15 and 16 — are the triggers for adding to a starter position, not preconditions for establishing one:

| Milestone (from Sections 15.2 / 16.1)                                                                                                                                                              | Evidence Ladder Item It Would Confirm                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| CTS adjusted operating income positive for 2 consecutive quarters                                                                                                                                  | CTS turnaround: Hypothesis → Confirmed                                           |
| Distributor inventory drawdown decelerating YoY for 2 consecutive quarters                                                                                                                         | Distributor inventory stabilization: Hypothesis → Confirmed                      |
| Quantified, credible FY2027 guidance issued on schedule (early 2027)                                                                                                                               | XRAY-specific management execution: Early Evidence → Confirmed                   |
| U.S. exits FY2026 with positive constant-currency growth (management's own stated bar)                                                                                                             | Dealer/distributor productivity: Hypothesis → Early Evidence                     |
| Net debt/EBITDA declining meaningfully below 3.2x                                                                                                                                                  | Capital allocation discipline: Confirmed → Proven                                |
| Digital ecosystem monetization: expanding DS Core adoption and/or disclosed subscription attach, Primescan 2 adoption, Smart View utilization, or measurable cross-selling into the installed base | DS Core adoption: Early Evidence → Confirmed                                     |
| A personal, open-market share purchase by CEO Scavilla                                                                                                                                             | Management execution conviction: incremental positive, independent of the ladder |

Conversely, any single Thesis Breaker from Section 16.0 — most immediately, CTS remaining negative through 2H 2026 or a further guidance cut — should halt further accumulation and move the recommendation toward Monitor or Exit rather than simply pausing in place.

## 1.5 Where XRAY Sits on MPC's Capital Allocation Ladder

| Observe | Accumulate | Build | Full Position | Harvest |
|---------|------------|-------|---------------|---------|
|---------|------------|-------|---------------|---------|

XRAY sits at Accumulate: past Observe (the transformation is no longer purely theoretical — Section 1.3's Action Evidence is real), not yet at Build (which would require at least two of the seven milestones in Section 1.4 to convert from Hypothesis to Confirmed). Movement in either direction is governed by Section 1.4 (forward) and Section 16.0's Thesis Breakers (backward, directly to Exit).

## 1.6 Why XRAY, Rather Than Another Transformation

Evaluated honestly against MPC's other transformation-stage positions, not selectively:

| Dimension                     | XRAY vs. MPC's Other Transformation-Stage Positions                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Balance sheet                 | Comparable to, not clearly better than, MPC's other transformation-stage names at a similar build-out stage, several of which have also described themselves as near peak leverage during comparable periods. XRAY's negative tangible book value (Section 12.6) is a genuine incremental negative not shared by every other name in MPC's coverage.                                                                                                                                     |
| Management credentials        | A close call relative to MPC's other transformation-stage CEOs, and arguably stronger on paper for the CFO specifically — Fortson's quantified Ingevity outcome is a more directly comparable, dollar-denominated precedent than most operator bios MPC has evaluated.                                                                                                                                                                                                                   |
| Valuation gap                 | Wider on a relative basis than is typical for MPC's other transformation-stage positions at an equivalent build-out stage (XRAY trades ~35% below Envista, its closest also-recovering peer) but without the kind of identifiable, physical, dated catalyst several of those other positions carry.                                                                                                                                                                                      |
| Moat                          | Inferior to most of MPC's other transformation-stage holdings, which are typically anchored to a scarce physical or process-based asset — MPC's own competitive analysis (Section 4) finds no durable moat here. This is XRAY's weakest dimension relative to the rest of MPC's transformation coverage, not a marginal one.                                                                                                                                                             |
| Product / technology unlock   | XRAY lacks a single discrete product catalyst — no equivalent of a physical asset nearing completion — but possesses a potentially meaningful product-platform unlock whose monetization remains unproven (Section 2.6): DS Core, cloud-native Primescan 2, FDA-cleared Smart View AI diagnostics, and a first-in-category FDA-cleared dental MRI with Siemens. None of it is yet financially quantified. The gap is not absence of technology; it is absence of disclosed monetization. |
| Capital allocation discipline | Superior, to date, to XRAY's own prior regime (dividend elimination, executed buyback near lows) — but not yet benchmarked against the capital programs of MPC's other transformation-stage positions, which are often differently structured (project capex vs. buyback/deleveraging).                                                                                                                                                                                                  |

**MPC Read:** XRAY is differentiated from MPC's more asset-backed transformations because its value unlock is organizational and commercial rather than dependent on a single physical asset reaching completion. The current moat and balance-sheet profile are weaker than several other MPC names, but the company also enters the transformation with a wider-than-typical valuation gap, a materially upgraded leadership team, and an unusually broad product and customer-access platform that prior management failed to monetize effectively. That creates a different form of asymmetry: the assets do not need to be invented or constructed; they need to be integrated, commercialized, and translated into higher wallet share, recurring revenue, margins, and returns on capital. The uncertainty surrounding that conversion is why XRAY begins at Accumulate rather than Full Position — and also why successful execution could produce meaningful re-rating optionality.

## 2. Company Overview & Strategic Asset Inventory

Dentsply Sirona traces to a 2016 merger of equals between Dentsply International (consumables and lab products) and Sirona Dental Systems (advanced dental equipment), with roots extending 139 years. Headquartered in Charlotte, North Carolina, the company employs approximately 14,000 people globally, only about 3,000 of them in the U.S. It sells roughly two-thirds of its dental consumables and technology/equipment products through third-party distributors, with Henry Schein (13% of 2025 net sales) and Patterson Companies (11% of 2025 accounts receivable) as its two largest channel partners.

### 2.1 Segment Structure

| Segment                                        | What It Includes                                                                         | Q2 2026 Net Sales | As-Reported YoY |
|------------------------------------------------|------------------------------------------------------------------------------------------|-------------------|-----------------|
| <b>Connected Technology Solutions (CTS)</b>    | Equipment & Instruments (imaging, treatment centers); CAD/CAM (Primescan, CEREC milling) | \$239M            | (1.5)%          |
| <b>Essential Dental Solutions (EDS)</b>        | Endodontic, restorative, and preventive consumables                                      | \$376M            | (2.7)%          |
| <b>Orthodontic and Implant Solutions (OIS)</b> | SureSmile clear aligners/orthodontics; Implants & Prosthetics                            | \$197M            | (13.2)%         |
| <b>Wellspect Healthcare</b>                    | Urinary and bowel continence-care medical devices                                        | \$86M             | +7.1%           |

Source: Q2 2026 earnings release and Form 10-Q, Note 2/segment tables.

### 2.2 Strategic Asset Inventory

Before turning to competitive positioning and the turnaround case, it is useful to separate what XRAY durably owns from the cyclical results those assets are currently producing.

- Scale and breadth: the only manufacturer spanning equipment, digital workflow, implants, orthodontics, endodontics, restoratives, and continence care simultaneously — no single competitor matches this breadth, per the company's own 10-K competition disclosure.
- DS Core: an open, cloud-based digital-dentistry platform intended to unify diagnosis, treatment planning, and execution across the portfolio; four European DSO groups began implementation in Q2 2026 — an early, real but still small adoption data point.
- Cerec/Primescan installed base: a large, long-standing chairside CAD/CAM franchise — durable but a genuinely contested asset (Section 4), since its closed-workflow architecture is a source of both stickiness and vulnerability.
- More than 5,000 patents globally, supporting product categories from implants to endodontic files, though the company itself states no individual patent is material to the overall business.
- Wellspect Healthcare: a growing, profitable, largely self-funding continence-care business inside a struggling dental parent — a real, under-examined asset flagged for further sum-of-the-parts work (Section 17).
- Global distribution and clinical-education infrastructure: academies and training centers worldwide; 200,000+ dental professionals trained in 2025 — a genuine relationship asset, though one currently being rebuilt rather than harvested.

**MPC Read:** *This inventory reads as real but underleveraged: several genuine assets (DS Core, Wellspect, the education network) exist inside a company that has not, on the evidence in this report, translated them into competitive separation from peers. The organizing question for the rest of this report is not whether these assets exist, but whether new management can convert them into durable earning power — Section 4 and Section 6 test that directly.*

## 2.5. The Transformation Thesis: Testing XRAY Against MPC's Own Bar

A significant portion of MPC's research is directed at companies undergoing genuine business transformation — a shift in product mix, end markets, competitive positioning, or capital structure — where the market has not yet recognized the resulting change in earning power. XRAY is a candidate for this pattern. Before applying it, this section holds XRAY to MPC's standard evidentiary bar for transformation theses: not management narrative alone, but specific, independently checkable, asset-level proof points that exist prior to the re-rating. The question this section answers is whether XRAY currently has them.

### 2.5.1 The Bull Case, Stated in Full

Dentsply Sirona has been plagued by years of weak management: a 2022 accounting investigation and CEO termination, a serially missed \$3.00-by-2026 EPS target set at a 2023 Investor Day, and five CFO transitions since late 2024. Today, for the first time in years, the company has an intact, credentialed leadership triangle. CEO Daniel Scavilla led Globus Medical's \$3 billion acquisition and integration of NuVasive into the world's second-largest spine technology company. CFO John Fortson has a directly comparable, quantified value-creation precedent: per the company's own executive-team disclosure, he "played a key role in establishing Ingevity as a standalone public company following its separation from WestRock and helped deliver a 104% first-year shareholder return." Independent reporting corroborates the direction and magnitude of that outcome — Ingevity shares, which began regular trading at roughly \$23 on May 16, 2016, had already risen to \$43.50 (+89%) by early August 2016, within the first quarter of trading, on the way to a widely cited "Forbes #1 spin-off of 2016." Fortson separately led a CFO-to-CEO transition at Ingevity and oversaw a 21-facility, 14-country ERP consolidation at Kymera International — directly relevant to XRAY's own ongoing, risk-flagged global ERP rollout. CCO Aldo Denti brings 25-plus years in medical-device commercial leadership, most recently as Company Group Chairman of J&J MedTech's global orthopedics business. On this view, XRAY today resembles a name where the market has not yet re-rated because the proof points are still being built, not because they will not materialize.

### 2.5.2 Testing the Case Against the Hard Numbers

Three qualifications temper the bull case as stated, each grounded in primary sources gathered for this report rather than in sentiment.

#### ***The "new team" is smaller than it first appears.***

Of the eight-person executive team disclosed on the company's own leadership page, only three — CEO, CCO, and CFO — postdate the start of the turnaround; a fourth, General Counsel Lindi Barton-Brobst, is a June 2026 internal promotion rather than an outside hire. The Chief Technology Officer (since December 2023), Chief Human Resources Officer (since July 2023), Chief Supply Chain Officer (since November 2022), and Chief Quality Officer (since May 2023) all predate Scavilla by 20 to 33 months — they are the same functional leadership that presided over the Campion-era decline this report documents elsewhere. The transformation bet is concentrated in three people

directing a largely unchanged operating organization beneath them, which is a narrower and more specific claim than "new management team," and one worth stating plainly rather than rounding up.

### ***The proof-point cycle is still early.***

Unlike MPC transformations anchored by a physical asset whose progress can be measured directly, XRAY's proof cycle depends on commercial outcomes emerging from actions taken over the past several quarters. The current evidence is therefore appropriately mixed. Implants & Prosthetics — the OIS sub-category management identifies as a priority — declined only 3.7% in Q2 2026, an encouraging underlying result obscured by the headline segment decline. At the same time, CTS adjusted operating income turned negative and CAD/CAM and imaging distributor inventory drawdown accelerated, showing that the U.S. commercial reset has not yet translated into broad financial improvement. These are not reasons to dismiss the transformation; they identify precisely where the next Outcome Evidence must emerge.

### ***Analysts already give management qualitative credit — the test is whether that credit becomes quantitative.***

Sell-side and independent equity research coverage exists on XRAY and is directionally mixed, but generally cautious in the same direction as this report: constructive on management's intent, unwilling to fully credit it in published estimates. That pattern — qualitative encouragement without quantitative conviction — is itself informative: it means the re-rating this thesis requires has to be earned through numbers, not sentiment, and the specific numbers that would earn it are not yet present in this report's own primary-source analysis (Section 11), let alone in outside coverage.

**MPC Read:** The transformation has moved beyond narrative but remains early in the conversion from Action Evidence to Outcome Evidence. Leadership renewal, capital allocation, commercial reorganization, and product investment are real and independently verifiable; broad financial confirmation is not. That gap is the opportunity MPC is underwriting. Section 15 therefore treats CTS profitability, distributor productivity, U.S. growth and digital monetization as forward checkpoints rather than prerequisites that must already be satisfied at entry.

## **2.5.3 The Evidence Ladder**

MPC's framework distinguishes narrative from proof along four stages: Hypothesis (management claims it, nothing external confirms it) → Early Evidence (some independently checkable data point exists, direction unclear) → Confirmed (the metric has moved favorably for at least one full quarter) → Proven (sustained, multi-quarter, independently verifiable). Placing each element of the transformation case on this ladder makes the framework's current verdict legible at a glance.

| Pillar                                | Hypothesis | Early Evidence | Confirmed | Proven |
|---------------------------------------|------------|----------------|-----------|--------|
| CEO/CFO/CCO credentials               |            |                | •         |        |
| Fortson's prior value-creation record |            |                |           | •      |
| XRAY-specific management execution    |            | •              |           |        |
| Implant sub-segment resilience        |            | •              |           |        |
| Dealer/distributor productivity       | •          |                |           |        |

| Pillar                              | Hypothesis | Early Evidence | Confirmed | Proven |
|-------------------------------------|------------|----------------|-----------|--------|
| CTS turnaround                      | •          |                |           |        |
| Distributor inventory stabilization | •          |                |           |        |
| Capital allocation discipline       |            |                | •         |        |
| Margin expansion                    | •          |                |           |        |
| DS Core adoption                    |            | •              |           |        |
| Market share stabilization          | •          |                |           |        |
| Multiple re-rating                  | •          |                |           |        |

**MPC Read:** The Evidence Ladder confirms that XRAY remains early in its proof cycle: only two items currently reach Confirmed or better, while seven remain at Hypothesis. For MPC, that is not inherently bearish — it defines the Accumulate stage. The critical question is whether the ladder is beginning to migrate from left to right. Leadership credentials and capital allocation provide the initial foundation; the next stage requires dealer productivity, CTS profitability, U.S. growth and digital-platform adoption to begin converting. A ladder already dominated by Confirmed and Proven outcomes would likely describe a company whose re-rating had already occurred.

## 2.5.4 Investment Timeline

Gold marks today (August 2026); navy marks confirmed history; unshaded rows are forward, unconfirmed milestones — deliberately not shaded to avoid implying certainty they do not yet have.

|                  |                                                                                                                                         |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| May 2022         | CEO Don Casey terminated; accounting investigation begins — the origin of the credibility deficit this entire report tests against      |
| Nov 2023         | \$3.00-by-2026 EPS target announced at Investor Day — later abandoned                                                                   |
| Aug 2025         | Daniel Scavilla becomes CEO                                                                                                             |
| Oct 2025         | Aldo Denti becomes CCO                                                                                                                  |
| Nov 2025         | Return-to-Growth Action Plan announced (24-month horizon)                                                                               |
| Q1–Q2 2026       | Dealer network expansion (6 enhancements); U.S. implant sales force recertified                                                         |
| Jul 2026         | John Fortson becomes CFO                                                                                                                |
| Aug 2026 — TODAY | <b>This report: Accumulate, starter position, milestone-gated</b>                                                                       |
| Q3–Q4 2026       | [Forward] U.S. growth expected to “exit the year with a plus sign” per management's own stated bar                                      |
| Early 2027       | [Forward] Quantified FY2027 guidance, including implant sales-force productivity targets, due                                           |
| FY2027           | [Forward] Plan's stated 24-month horizon concludes; market-share and DS Core traction expected to become visible                        |
| Late 2027–2028   | [Forward] Implant/ortho-on-Core FDA filing and product launch targeted                                                                  |
| 2028+            | [Forward, contingent] Potential multiple re-rating toward Envista's ~11x, if 2+ milestones from Section 1.4 have converted to Confirmed |

**MPC Read:** Laid out chronologically, the pattern is unambiguous: every confirmed milestone to date is a leadership or process change; every outcome milestone that would validate the thesis is still in the unshaded, forward-looking rows. This is precisely why the recommendation is Accumulate and not Buy — the timeline shows a company earlier in its proof cycle than the narrative alone suggests.

## 2.6 The Product/Technology Unlock — and the Management Question Behind It

XRAY does not lack a single, discrete product catalyst the way a hard physical asset nearing completion would provide. What it has instead is a potentially meaningful product-platform unlock whose monetization remains unproven — a materially different, and more precise, characterization than either "XRAY has no technology story" or "DS Core is XRAY's answer to a hard asset catalyst." This section documents what that platform actually consists of, and states plainly what would have to be true for it to become investable on its own terms.

### *What XRAY's management has to work with*

Investigated directly, XRAY's product and technology base is more substantive than a narrow reading of DS Core alone would suggest. Primescan 2, launched September 2024, is cloud-native and architecturally built around DS Core — scan data is captured directly to the cloud platform, with no dedicated practice computer required, a tighter integration than the original Primescan. Smart View – Detect, launched May 2026, is an FDA-cleared and CE-approved AI diagnostic aid for detecting periapical radiolucencies in CBCT scans, associated with a 46% relative increase in detection sensitivity in the company's internal clinical study, and gated behind a DS Core Standard or Advanced subscription — confirming DS Core carries real, tiered subscription economics, even though specific pricing and subscriber counts remain undisclosed. In March 2026, XRAY and Siemens Healthineers jointly received FDA clearance for the MAGNETOM Free.Max Dental Edition, the first dental-dedicated MRI system in existence — a genuine, first-in-category regulatory achievement, developed jointly with a credible imaging partner.

None of this was fully credited in this report's earlier drafts, which is a fair correction to make plainly: the raw material for a genuine digital-workflow ecosystem — cloud-native scanning, AI-assisted diagnostics with real subscription economics, chairside manufacturing (CEREC/Primemill/Primeprint), and a broadening imaging portfolio — is more developed than a prior pass gave it credit for. XRAY's actual historical problem increasingly looks less like insufficient technology and more like a failure to commercialize an unusually broad portfolio effectively — the company accumulated products, IP, installed base, and clinical relationships across four decades without integrating them into a coherent, monetized workflow.

### *The causal chain this report is actually underwriting*

Stated explicitly rather than left for the reader to assemble, the mechanism by which Scavilla's "customer-first" commercial pillar (Section 7.2) could translate into a re-rating runs through a specific, multi-link chain: customer orientation and rebuilt channel relationships → greater adoption of connected equipment → deeper ecosystem penetration → DS Core attach → recurring subscription and consumables revenue → better mix and operating leverage → margin and ROIC recovery → multiple re-rating. Every individual link in that chain has some support elsewhere in this report — the Return-to-Growth plan's customer-centricity pillar, DS Core's real subscription tiers, the unfinished Dentsply-Sirona integration opportunity (Section 12.1) — but the chain as a whole has not been demonstrated end to end. It should be treated as a hypothesis to be tested quarter by quarter, not as a thesis already in evidence.

### The honest test: assets versus execution

The evidence base has genuinely improved. What has not yet changed is which side of the Evidence Ladder (Section 2.5.3) it sits on. No disclosed adoption, revenue, or margin contribution exists for Primescan 2, Smart View – Detect, or the ddMRI system specifically — meaning the assets are real, but the economic case for them remains Early Evidence, not Confirmed. That is not a reason to discount the technology stack; it is the reason this is being sized as an Accumulate, not a Buy. The specific, checkable gap is between "the assets exist" and "the market can verify the assets are being monetized" — and the sharper research question going forward, per Section 17, is not whether XRAY has products, but whether those products are competitively good enough that better commercial execution can actually pull them into a monetized ecosystem.

**MPC Read:** The more precise version of this report's finding: XRAY accumulated substantial technology, IP, installed base, and clinical relationships without integrating or commercializing them effectively — and Scavilla's customer-first restructuring, paired with Fortson's operating discipline, is a credible attempt to unlock assets that already exist rather than a bet on inventing new ones. That is a more investable setup than a pure execution story with no underlying assets, and a more honest one than claiming the platform is already working. The evidence for the assets themselves has strengthened materially in this revision; the evidence for monetization is still being built, and Section 1.4's milestones are specifically designed to catch it as it converts.

## 2.7 Multiple Independent Paths to Value Creation

Unlike many transformation investments that depend on a single binary event, XRAY presents multiple, largely independent pathways through which shareholder value could be created over time. This is an important structural characteristic of the investment thesis. While no single pathway is yet sufficiently proven to justify a full position, neither does the thesis require every pathway to succeed simultaneously. Rather, the probability-weighted opportunity increases as additional pathways convert from Action Evidence into Outcome Evidence.

Importantly, these pathways are not isolated. Progress in one area increases the probability of success in others. A customer-first commercial organization should improve adoption of the digital workflow; greater digital adoption should increase recurring software and consumables revenue; improved commercial execution should enhance returns on operational simplification. The interaction among these initiatives may ultimately prove more valuable than any single catalyst considered independently.

| Path                                               | Value Creation                                                                                                                                                                               | Current Stage                                                                                                                                                                                                                                   |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Customer-First Commercial Transformation</b> | Rebuilt dealer relationships, expanded field coverage, clinical education, and workflow-based selling driving market-share recovery in U.S. implants, CAD/CAM, and broader dental solutions. | <b>Early Operational Evidence.</b> Commercial organization has been rebuilt, dealer network expanded, and customer engagement improved. Financial proof remains limited, with CTS profitability and sustained market-share gains still pending. |
| <b>2. Digital Workflow Monetization</b>            | DS Core, Primescan 2, Smart View AI, chairside manufacturing and the broader digital ecosystem generating higher wallet share, recurring software revenue and improved product attachment.   | <b>Action Evidence.</b> The technology platform is demonstrably broader than previously appreciated, but management has not yet disclosed sufficient adoption, subscription or financial contribution to confirm commercialization success.     |
| <b>3. Operational Simplification</b>               | ERP consolidation, manufacturing footprint optimization, SKU rationalization and supply-chain                                                                                                | <b>Confirmed Actions.</b> Significant restructuring initiatives are underway, and measurable operational changes                                                                                                                                |

|                                         |                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         | simplification improving operating leverage and margins.                                                                                                                                                                                          | have occurred. Margin expansion remains the required Outcome Evidence.                                                                                                                                                                                                                                                                                                             |
| <b>4. Wellspect Hidden Value</b>        | Recognition that a growing, profitable medical technology franchise remains embedded within a lower-multiple dental parent, creating optionality through improved disclosure, stronger consolidated performance, or future strategic flexibility. | <b>Latent Value / No Near-Term Catalyst.</b> Management's 2025 strategic review concluded with a decision to retain Wellspect, eliminating a near-term divestiture catalyst. The remaining opportunity is valuation recognition: whether the market ultimately assigns greater value to a growing, profitable healthcare franchise embedded within the consolidated dental parent. |
| <b>5. Industry Normalization</b>        | Recovery in global dental capital-equipment demand as deferred purchasing gradually returns, and macroeconomic conditions stabilize.                                                                                                              | <b>Hypothesis.</b> Industry conditions appear to be stabilizing, but this report deliberately does not rely on macro recovery as a primary investment driver.                                                                                                                                                                                                                      |
| <b>6. Capital Allocation Discipline</b> | Balance-sheet strengthening followed by disciplined reinvestment and shareholder returns through opportunistic buybacks and value-accretive capital allocation.                                                                                   | <b>Action Evidence.</b> Management has demonstrated willingness to make difficult capital-allocation decisions, including dividend elimination and share repurchases. Sustainable leverage reduction and higher returns on capital remain important Outcome Evidence.                                                                                                              |

**MPC Read:** The significance of these pathways is not that all six must succeed simultaneously. Rather, the investment thesis benefits from multiple independent opportunities for value creation, each capable of contributing to a higher intrinsic value or valuation multiple over time. More importantly, the pathways reinforce one another. Customer-first commercial execution should accelerate adoption of XRAY's digital workflow platform; greater digital adoption should increase recurring software, consumables, and procedure-related revenue; operational simplification should improve the profitability of that incremental growth; disciplined capital allocation should enhance shareholder returns as cash generation improves. This interaction creates a transformation that is broader than a single product launch or restructuring initiative. Accordingly, MPC does not underwrite a single binary catalyst. We underwrite the probability that enough of these pathways convert from Action Evidence into Outcome Evidence to produce a durable improvement in earnings power, returns on capital, and ultimately valuation. That distinction is fundamental to the Accumulate recommendation. **A company requiring six simultaneous successes would not merit investment. A company possessing six partially independent opportunities to create value—each with measurable milestones—presents a substantially more resilient transformation thesis.**

### 3. Industry Context

This section condenses MPC's standalone Global Dental Industry Deep-Dive (August 2026); the full primer should be read alongside this report for complete sourcing and the discussion of data-quality limitations across third-party dental market research, which is considerable and noted explicitly there.

- Market size: the global dental products market (consumables, equipment, implants — excluding the much larger dental services/DSO market) is credibly sized at roughly \$40–50 billion for 2026, growing low-double-digits, though third-party CAGR estimates disperse by more than 30 points even for similarly scoped studies.
- Implants — XRAY's most attractive sub-segment — total roughly \$5.5–6.0 billion in 2026, growing 7–9% annually, with the top five players (Straumann, Envista, Dentsply Sirona, Osstem, ZimVie) holding roughly 80% collectively and Straumann alone above 30%.

- DSO consolidation is accelerating in the U.S. specifically: DSO-affiliated dentists rose from roughly 9–16% (2017) to 30%+ (2023) depending on measurement basis, with 45% of newly licensed U.S. dentists joining a DSO in 2023 (versus 28% in 2020) — a structural, not cyclical, shift with direct pricing-power implications for branded manufacturers.
- China's Volume-Based Procurement (VBP) program cut implant prices by 40–63% while roughly doubling unit volumes for affected manufacturers — the most instructive real-world precedent for concentrated-buyer pricing pressure anywhere in the sector, though China represents less than 5% of XRAY's global sales specifically, per its own 10-K, meaningfully limiting both the downside and the recovery-optionality case relative to Straumann (China >15% of revenue).
- Aging demographics are a genuine, quantifiable tailwind, but the mechanism matters: age-adjusted edentulism is falling, not rising; growth comes from the sheer number of aging people globally and from rising implant penetration as a share of restorative choice (~1% of seniors in the late 1990s to ~7% by the mid-2010s), not from worsening oral health.
- Chairside/digital-workflow penetration is still early: industry estimates put fewer than 20% of U.S. dentists as currently having full chairside (same-visit restoration) capability, with the remainder still dependent on outside dental labs — a large runway for CAD/CAM adoption broadly, not XRAY-specific.
- Clear aligners remain a small share of the orthodontic funnel: industry estimates put aligners at only roughly 10% of all orthodontic case starts today, with that share expected to climb over the next five years as clinical awareness and viability become more established among both patients and orthodontists.

**MPC Read:** The industry backdrop is genuinely favorable — secular implant and digital-dentistry growth, DSO consolidation professionalizing capital-equipment purchasing — which sharpens rather than excuses the question of why XRAY specifically has underperformed a growing category for the better part of a decade.

## 4. Competitive Positioning & Moat Analysis

### 4.1 Share by Sub-Segment

| Sub-Segment                        | Leader                                    | XRAY Position                                                                 |
|------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------|
| Dental implants (global)           | Straumann (~30%)                          | Low-teens, tied with distributor Henry Schein for 3rd/4th; Envista ~25% is #2 |
| Clear aligners / orthodontics (US) | Align/Invisalign (~90% US share)          | SureSmile ~\$250M revenue (2024) vs. Invisalign's ~\$3.2B — roughly a 13x gap |
| CAD/CAM & intraoral scanners       | Fragmented — Align (iTero), 3Shape, Medit | Primescan present but priced 25–40% above open-system competitors             |

Sources: company 10-K and earnings materials; Global Market Insights; MPC dental industry primer.

XRAY has made real, if so-far insufficient, technical investment to close the implant gap: PrimeTaper (launched 2021) and OmniTaper (launched 2023), alongside continued clinical-education and salesforce investment. MPC's own read, based on the share and pricing data above, is that the portfolio still lacks the technical differentiation needed to displace Straumann and Envista at the top of the category — the launches are real action evidence, per this report's own framework (Section 1.3), but have not yet produced the outcome evidence (share gain) that would validate

them. SureSmile itself originates from XRAY's 2018 acquisition of OraMetrix, making it, like Byte (Section 10), a bolt-on rather than an organically built franchise.

## 4.2 "Moat or Marketing?" — the Cerec/Primescan Question

Cerec's closed-workflow architecture is XRAY's central, contested strategic asset: the bull case is that a dentist who owns the full suite gets a genuinely integrated, single-visit workflow with real switching costs. In practice, the evidence points the opposite direction — Primescan is priced 25-40% above 3Shape, Medit, and Align's open-system scanners, and the closed architecture discourages partial adoption rather than locking customers in, with Carestream and Planmeca targeting that friction directly with cheaper open-system alternatives. MPC's own conclusion, based on this evidence rather than any third party's rating, is that XRAY does not currently possess a durable competitive moat in this category.

**MPC Read:** XRAY does not currently meet MPC's preferred scarce-asset standard in digital dentistry. Cerec/Primescan offers genuine workflow integration and an established installed base, but premium pricing and closed-system friction prevent those advantages from translating into a durable moat today. Importantly, the transformation thesis does not require an existing moat. It requires management to use DS Core, cloud-native scanning, AI-enabled diagnostics, workflow integration, and a rebuilt customer-facing organization to increase the economic value of the installed base over time. The key question is therefore not whether XRAY possesses a wide moat today, but whether the transformation can strengthen switching costs, wallet share and recurring economics enough to improve competitive durability tomorrow.

## 5. Management Assessment

This section's central finding, and arguably this report's centerpiece: the transformation is investable not because the business is fixed, but because the people now tasked with fixing it possess demonstrably stronger, independently verifiable operating credentials than those responsible for the decline this report documents elsewhere (Sections 2 and 6). At its core, this is a Scavilla-led commercial turnaround: he owns the U.S. execution mandate this report treats as the central open question (Section 6), and his \$3 billion Globus Medical/NuVasive integration is the most directly relevant precedent to what XRAY specifically needs. Fortson's financial discipline and Denti's commercial mandate are genuine, supporting assets — Fortson's Ingevity outcome happens to be the most numerically quantifiable of the three track records, which risks making the case read as a CFO story if a reader isn't careful; it is not one. Three individually checkable executive track records — a \$3 billion integration at Globus Medical, a quantified spin-off value-creation outcome at Ingevity, and a global orthopedics commercial mandate at J&J MedTech — are a meaningfully stronger evidentiary base than "new CEO" alone would suggest, even before any of the three has produced an XRAY-specific result.

***This is a management transformation unlocking a dental technology platform***

### 5.1 Daniel T. Scavilla — President & CEO (since August 1, 2025)

Scavilla joined from Globus Medical, where as President and CEO (April 2022–July 2025) he led the ~\$3 billion all-stock acquisition and integration of NuVasive, creating the world's second-largest spine technology company. Earlier at Globus, he was CFO, then EVP/Chief Commercial Officer and President of Trauma, scaling manufacturing and distribution and launching the Orthopedics and Trauma unit. He spent 28 years prior at Johnson & Johnson across Vision Care, Advanced Sterilization Products (as CFO, helping capture the #1 market position in sterilization), and other MedTech businesses. He joined XRAY's board in February 2025 before becoming CEO. BS Finance, LaSalle University; MBA International Management, Temple University.

Skill-fit assessment: Scavilla's career is built on finance, M&A integration, and commercial scaling — genuinely strong, verifiable credentials, but a different discipline than the specific problem he was hired to fix at XRAY, which is organic U.S. commercial and salesforce execution rather than integration of an acquired business. This is not disqualifying, but it is a real distinction worth carrying through the report rather than collapsing into an unqualified endorsement.

### 5.2 John C. Fortson — EVP & CFO (since July 20, 2026)

Fortson's background is, on the evidence gathered for this report, the single strongest individual credential on the leadership team relative to XRAY's specific operational needs. He most recently served as President and CFO of Kymera International (PE-backed, Palladium Equity Partners/Goldman Sachs), where he oversaw 21 manufacturing facilities across 14 countries and led the consolidation of 12 ERP systems — directly relevant to XRAY's own ongoing, risk-flagged global ERP implementation. Before that, at Ingevity Corporation, he served as CFO and Treasurer before being promoted to President, CEO, and board member, and — per the company's own disclosure — "played a key role in establishing Ingevity as a standalone public company following its separation from WestRock and helped deliver a 104% first-year shareholder return." Independent reporting corroborates the direction: Ingevity opened regular trading around \$23 on May 16, 2016, and had reached \$43.50 (+89%) by early August 2016 — within its first quarter as a public company — en route to being widely cited as the top spin-off of 2016. Earlier still, he was CFO of AAR Corp (aviation services, \$2B+ revenue), where he led a portfolio transformation that divested non-core manufacturing assets, retired \$325 million of debt, returned over \$150 million to shareholders via buybacks, and improved ROIC. He spent 15 years before that in investment banking at Bank of America Merrill Lynch (Managing Director, Industrials Group) and seven years as a U.S. Army officer. MBA Duke Fuqua; BS United States Military Academy, West Point.

Compensation: \$780,000 base salary, 85% target annual bonus, \$2.5 million annual equity awards beginning 2027, per the company's 8-K disclosure of his appointment.

### 5.3 Aldo M. Denti — EVP & Chief Commercial Officer (since October 6, 2025)

Denti brings 25-plus years in medical device and consumer health commercial leadership, fluent in six languages. Most recently, Company Group Chairman, Global Orthopedics, at Johnson & Johnson MedTech; before that, VP Global Franchise at J&J Vision, various EMEA orthopedics leadership roles, and earlier career stops at Pfizer, Medtronic, and Wright Medical. BA York University (Toronto); executive education, Harvard Business School. Worth noting plainly: Scavilla's own quote announcing the hire — "welcome Aldo as our new CCO and rejoin forces with him" — indicates the two worked together previously, almost certainly at J&J. This is a normal and often constructive pattern (a known, trusted operator), not a governance red flag, but it belongs in the record rather than being omitted.

## 5.4 The Rest of the Executive Team — Mostly Holdovers, Not New Hires

| Executive           | Role                               | Joined   | Predates Scavilla?                  |
|---------------------|------------------------------------|----------|-------------------------------------|
| Kevin Boyle         | SVP, Chief Technology Officer      | Dec 2023 | Yes — 20 months prior               |
| Andrea Frohning     | SVP, Chief Human Resources Officer | Jul 2023 | Yes — 25 months prior               |
| Tony Johnson        | SVP, Chief Supply Chain Officer    | Nov 2022 | Yes — 33 months prior               |
| Emily Miner         | SVP, Chief Quality Officer         | May 2023 | Yes — 27 months prior               |
| Lindi Barton-Brobst | SVP, General Counsel               | Jun 2026 | Internal promotion (joined DS 2014) |

The genuinely new leadership is CEO, CCO, and CFO — three people — plus one internal promotion to General Counsel. The functional leadership beneath them (technology, HR, supply chain, quality) is the same team that was in place through the Campion-era decline this report documents elsewhere. One additional detail worth naming: Frohning was CHRO at Patterson Dental from 2018 to February 2023 — a second senior XRAY leader (alongside board member Donald Zurbay, former Patterson CEO) with direct ties to the company's #2 distributor.

## 5.5 Board of Directors

Twelve director nominees for the 2026 Annual Meeting; average age 64, average tenure 3.6 years; 7 of 12 added within the past five years, including three (Zurbay, Forbes, McKeon) since January 2026. Non-Executive Chairman Gregory Lucier (ex-CEO, NuVasive and Life Technologies) chairs a board on which all directors except Scavilla are independent. Donald Zurbay, appointed January 2026, was previously President/CEO and earlier CFO of Patterson Companies — XRAY's own #2 distributor — a direct, material relationship worth flagging for governance purposes even though it is publicly disclosed and not improper on its face.

Insider ownership is thin: officers and directors hold approximately 2.67% of shares outstanding. In June 2026, six independent directors (Hosein, Barber, Holden, Gladden, Mazelsky, McKeon) made open-market purchases near the stock's 52-week low (~\$9.88–\$10.15/share), and Chairman Lucier has been a consistent net buyer since November 2024. Scavilla, notably, has made zero personal open-market purchases despite calling the stock undervalued on multiple earnings calls; his direct holdings are entirely grant- and vesting-derived.

**MPC Read:** The management case is real but more nuanced than the phrase "new management team" suggests. A strengthened executive leadership group has introduced a materially different operating philosophy, while the broader organization remains largely intact and must still demonstrate execution. Importantly, during the Q2 2026 earnings call, CEO Dan Scavilla stated that the executive leadership rebuild was effectively complete, noting that "we have who we need to make the changes that we need to make." MPC views this as an important analytical milestone. Beginning with Q2 2026, leadership transition should progressively diminish as an explanation for operating performance, while execution against the commercial, digital, and financial milestones identified throughout this report becomes the primary basis for evaluating the turnaround. Coordinated director purchases represent a constructive governance signal. The absence of CEO open-market buying slightly tempers that signal, but does not outweigh the broader evidence of leadership change or the organizational accountability that management itself has now publicly established.

## 6. Segment Deep Dive

### 6.1 Connected Technology Solutions (CTS) — the Plan's Most Important Near-Term Proof Point

| (\$M)                             | Q2 2026 | Q2 2025 | YoY      |
|-----------------------------------|---------|---------|----------|
| Net sales                         | \$239   | \$243   | (1.5)%   |
| Segment adjusted operating income | (\$2)   | \$12    | (120.8)% |

CAD/CAM revenue declined on lower Americas volumes and unfavorable EMEA pricing. Equipment & Instruments was roughly flat, with imaging growth in EMEA offsetting lower U.S. treatment-center volumes. The one genuine regional bright spot, worth elevating rather than burying in segment commentary: CTS grew in APAC for a second consecutive quarter (+8.8% as reported, +9.5% constant currency, versus Q2 2025), attributable to new commercial strategies deployed in the region per management's own commentary. This is real, outcome-level evidence that at least one geography is responding to the plan's actions, not merely narrative. Distributor inventory for both CAD/CAM (-\$20M sequentially) and imaging (-\$8M) declined by more in Q2 2026 than in the prior-year quarter (-\$19M and -\$5M respectively) — an acceleration, not the stabilization management's commentary implies, and still concentrated in the Americas. Management attributes some EMEA softness to Middle East conflict-driven capital-equipment deferrals. It frames the segment's swing to a negative adjusted operating result as timing/lumpiness in capital sales rather than competitive share loss. However, it has not offered independently verifiable evidence for that read.

**MPC Read:** CTS is the most important near-term test of the transformation because it sits directly at the intersection of dealer expansion, customer engagement and the digital-workflow thesis. Q2 did not provide the financial confirmation MPC is looking for: adjusted operating income turned negative, and distributor inventory drawdown remained unfavorable. But APAC CTS growth demonstrates that the commercial model can produce positive regional outcomes when execution improves. The next question is therefore specific and measurable: can the U.S. and broader CTS organization replicate that progress and convert the commercial actions already taken into sustained profitability and healthier dealer sell-through? That is why CTS remains the first milestone in Section 1.4.

### 6.2 Essential Dental Solutions (EDS)

| (\$M)                             | Q2 2026 | Q2 2025 | YoY    |
|-----------------------------------|---------|---------|--------|
| Net sales                         | \$376   | \$387   | (2.7)% |
| Segment adjusted operating income | \$158   | \$151   | +4.1%  |

Revenue decline driven by lower Americas/EMEA volumes and increased promotional activity, but adjusted operating income actually improved on tariff refunds, favorable pricing, and lower headcount costs — the segment's cost discipline is real even as top-line softens. On the call, Scavilla was pressed twice on whether EDS pricing had been raised recently (per smaller-dealer channel checks) and gave an initially inconsistent answer before clarifying: no increase since September 2025 — confirming a price action occurred, just not recently, a minor but real moment of imprecision worth noting for tone.

### 6.3 Orthodontic and Implant Solutions (OIS) — headline decline is an orthodontics/Byte story, not primarily an implant story

| (\$M)                             | Q2 2026 | Q2 2025 | YoY     |
|-----------------------------------|---------|---------|---------|
| Orthodontics                      | \$40    | \$63    | (36.5)% |
| Implants & Prosthetics            | \$157   | \$163   | (3.7)%  |
| OIS Total                         | \$197   | \$226   | (13.2)% |
| Segment adjusted operating income | \$21    | \$45    | (53.1)% |

This decomposition, built directly from the 10-Q's own product-category tables, is materially more encouraging on implants specifically than the -13.2% headline or the -27% Americas regional figure cited elsewhere suggests: Implants & Prosthetics fell only 3.7% — the Byte wind-down and SureSmile's double-digit U.S. decline are doing most of the damage to the segment total. Geographically, EMEA implants grew mid-single-digits, led by the value-tier MIS brand, while Americas and APAC implants each declined mid-single-digits — the U.S. is specifically where implants are weak, not implants globally. Management explicitly declined to guide 2027 implant sales-force productivity on the Q2 call, calling it "more of a next year impact," and confirmed real 2027 guidance will not arrive until "the early part of next year."

**MPC Read:** The implant sub-story is a genuine, under-reported positive relative to the headline segment number, and it is precisely the kind of early, still-incomplete evidence this thesis is built to act on — though it sits alongside a real Israel manufacturing concentration (two facilities, ~15% of OIS net sales, ~3% of total consolidated sales) that neither covering analyst has flagged, and a segment-level operating-income decline that is unambiguous.

### 6.4 Wellspect Healthcare — a resolved strategic review, not an open catalyst

Revenue \$86M in Q2 2026, +7.1% as reported, +3.8% constant currency, driven by new product launches across all three regions, including the U.S. launch of the Surity female and male external catheter lines (January and April 2026) — Wellspect's entry into a new continence-care category. Q3 2025 data showed even stronger growth (22.3% U.S., 5.3% Europe constant currency). Management describes it as "a completely separate organization" consolidated only for reporting purposes.

This report's earlier draft flagged Wellspect as an unresolved sum-of-the-parts question for future work. That characterization was incomplete: XRAY already ran the process. On February 11, 2025, then-CEO Simon Campion announced a formal review of strategic alternatives for Wellspect, explicitly "including a sale of the business," with the company stating the review would "unlock significant potential value for all our stakeholders." The company conducted broad outreach and engaged with multiple interested parties. On September 8, 2025 — one of Scavilla's first major capital-allocation decisions as CEO — XRAY announced the review's conclusion: retaining Wellspect within the portfolio, not selling it. Scavilla's stated rationale: "retaining the business will deliver greater financial and strategic benefits to stockholders than the other options available," citing Wellspect's category leadership, strong cash generation, and a \$2 billion addressable continence-care market.

**MPC Read:** This is a materially different finding than "an unresolved hidden asset." A formal review occurred, real buyer interest existed, and management chose to keep the business — a genuine, considered capital-allocation decision that supports the management-quality thesis (Section 5), not a deferred question. It also closes off the live-catalyst version of the Wellspect bull case: there is no pending divestiture to underwrite. Any sum-of-the-parts argument going forward has to be framed as "is the market underpricing a segment management has explicitly and recently chosen to keep consolidated," which is a real but structurally weaker thesis than an open spin-off catalyst, and remains flagged for further valuation work (Section 17).

## 7. Q2 2026 Quarter-in-Detail

### 7.1 Consolidated Financial Highlights

| (\$M except per-share)   | Q2 2026 | Q2 2025  | YoY      |
|--------------------------|---------|----------|----------|
| Net sales                | \$898   | \$936    | (4.1)%   |
| Constant currency growth | —       | —        | (6.3)%   |
| GAAP gross margin        | 54.9%   | 52.4%    | +250 bps |
| GAAP diluted EPS         | \$0.18  | (\$0.22) | NM       |
| Adjusted gross margin    | 56.4%   | 55.9%    | +50 bps  |
| Adjusted EBITDA          | \$190   | \$197    | (3.3)%   |
| Adjusted EBITDA margin   | 21.3%   | 21.1%    | +20 bps  |
| Adjusted EPS             | \$0.52  | \$0.52   | (1.6)%   |
| Operating cash flow      | \$99    | \$48     | +106%    |
| Free cash flow           | \$55    | \$16     | +244%    |

**Reading the tariff-refund gap:** Q2 results benefited from \$44 million of U.S. tariff refunds (IEEPA-related), contributing approximately \$0.17 to adjusted EPS and roughly 500bps to gross/EBITDA margin — explicitly excluded from full-year guidance by the company's own statement. Backing that one-time benefit out of the Q2 print puts the underlying quarterly run-rate toward the lower end of management's own \$1.40-\$1.50 full-year guided range rather than meaningfully above it; the underlying operating trend is closer to flat than improved.

### 7.2 Featured: The Return-to-Growth Action Plan

Management anchors every quarterly call, including Q2 2026, explicitly to this plan, introduced alongside Q3 2025 results (November 6, 2025) as a 24-month program (running roughly Q4 2025 through Q4 2027) built on four pillars, reproduced here in full from the company's own Q3 2025 investor presentation:

| Pillar                                           | Component Actions                                                                                                                                                                   |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Putting Customers at the Center</b>        | New Global Customer Service Organization; deeper DSO/distributor partnering; enabling sales teams to act with urgency                                                               |
| <b>2. Reigniting the U.S. Business to Win</b>    | Aligning commercial teams with market; combining Customer and Technical Service; reengaging/expanding the U.S. distributor network; investing in sales teams and clinical education |
| <b>3. Empowering People to Power Performance</b> | Building a high-performing, accountable culture; new Transformation Office; equipping teams with better tools/automation; advancing an enterprise AI strategy                       |

| Pillar                                           | Component Actions                                                                                                                                                                      |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>4. Evolving Operations to Fuel Innovation</b> | Accelerating R&D investment (toward 5% of net sales); streamlining operations to benchmark levels; scalable manufacturing/distribution network; deleveraging through profitable growth |

Source: Dentsply Sirona Q3 2025 Earnings Conference Call Presentation, slide 8 (November 6, 2025); stated objective: "Deliver Sustained, Profitable Growth Over the Next 24 Months."

Nine months in, management's own progress framing (Q2 2026 call) is: negative growth in Q1 and Q2, "somewhat more favorable, not positive" in Q3, with a goal to "exit the year with a plus sign" in the U.S. specifically — a low, self-set bar. Real market-growth and market-share commentary is explicitly deferred to 2027. The 2026 restructuring plan supporting this effort (\$57M of an expected \$60–65M in non-recurring charges incurred through June 30; ~\$120M in targeted annualized savings) is, per Scavilla's own words on the call, being reinvested in sales force, clinical education, and R&D rather than dropping to the bottom line — meaning the savings are not a source of near-term margin expansion, contrary to how a reader might otherwise model them.

**MPC Read:** The Return-to-Growth plan is more than a restructuring program. Its central strategic change is a reversal of how XRAY attempts to create value: customer needs and clinical workflows are intended to drive commercial activity, product adoption, and R&D priorities, rather than relying on individual products to sell themselves through a fragmented organization. The plan therefore connects four historically disconnected assets — customer relationships, commercial coverage, technology and the product portfolio. Nine months in, the financial results remain incomplete and CTS/distributor metrics still require improvement. But the transformation mechanism is coherent: rebuild customer access, use that access to increase workflow adoption, monetize the digital/product ecosystem more effectively, and allow operational simplification to improve the economics of the resulting growth. The next several quarters will determine whether that operating model moves from Action Evidence to Outcome Evidence. Importantly, management also provided investors with a more concrete timetable for evaluating commercial execution. During the Q2 2026 earnings call, Scavilla explained that newly added capital-equipment distributors typically require approximately nine months to become productive, reflecting onboarding, sales-force training, pipeline development and ultimately equipment placement. Because much of the dealer expansion occurred during Q1 and Q2 2026, MPC does not expect the commercial strategy to be fully reflected in Q2 or even entirely in Q4 results. Rather, Q4 2026 should represent the first meaningful commercial evidence, with H1 2027 providing the more appropriate period to evaluate whether dealer expansion is translating into sustained revenue growth and market-share recovery.

## 7.3 Guidance

|                           | 2026 Outlook (maintained)                                                    |
|---------------------------|------------------------------------------------------------------------------|
| <b>Net sales</b>          | \$3.5B–\$3.6B                                                                |
| <b>Adjusted EPS</b>       | \$1.40–\$1.50 (excludes tariff refund benefit)                               |
| <b>Q3 2026</b>            | Revenue down sequentially (seasonality); earnings below Q2 ex-tariff benefit |
| <b>Improvement timing</b> | Weighted to Q4 2026, per investment timing                                   |

## 8. The Q2 2026 Call, Organized Thematically

Fourteen analysts participated in the August 6, 2026 call (Evercore, BofA, Leerink, BMO, Stifel, Jefferies, JPMorgan, Mizuho, Morgan Stanley, Citi, Barrington, RW Baird, UBS). Rather than repeat each exchange individually, the substantive content is organized by theme below, quoting management directly where precision matters.

## 8.1 U.S. Commercial Buildout and Sales-Force Productivity

Scavilla, asked directly about implant sales-force productivity into 2027: "I'm going to refrain for now. We got to go focus on this year and the turnaround to finish that, we'll be giving guidance more as we get into the early part of next year." On team build-out: "I would just say I'll probably never have as many people as I need... I think those efficiencies... are going to be more impactful into next year." Every U.S. implant sales rep completed a new certification program in Q2; the tangible output of that investment is explicitly deferred to 2027.

## 8.2 China / VBP 2.0

Scavilla: "It's been delayed... I don't have a significant impact baked into that for this year, nor do I expect one. China's an area of significant long-term growth for us... at this point it's smaller[in scale]." Consistent with the 10-K's own disclosure that China represents under 5% of global sales, this is a genuinely low-stakes near-term item for XRAY specifically, unlike for Straumann.

## 8.3 Distributor Relationships and Inventory

Scavilla, on new U.S. dealer signings: "when we're signing up the U.S. dealers, they are for capital expansion. We're not actually having them buy capital and hold it." This confirms the new dealer model is sell-through, not inventory-stocking — meaning new dealer additions will not produce a one-time revenue pop, only real, lagging sell-through, reinforcing the nine-month productivity lag management has repeatedly cited. Separately, on EDS distributor inventory in Europe, Scavilla described several large dealers — mostly private-equity owned — taking inventory from roughly 12+ weeks down to 8 weeks, characterized as a sell-through positive rather than a demand-driven negative.

## 8.4 Capital Equipment Demand and Competitive Position

On CTS Americas weakness (~10% constant-currency decline), Scavilla denied competitive displacement from lower-ASP CAD/CAM and imaging entrants: "We're not seeing a huge bleed-out competitively at this point... I don't feel like we're at a competitive disadvantage." This is a management assertion, not an independently verified finding — no third-party competitive check exists in the current evidence base (flagged in Section 17).

## 8.5 Pricing

Directly pressed on whether EDS pricing had recently increased (citing smaller-dealer channel checks), Scavilla's first answer ("we've not taken anything significant in pricing... we haven't implemented anything out there") was immediately followed by "Really had no price increase since September of 2025" — confirming an increase did occur, just dated earlier than the analyst's framing implied. A minor but real moment where the initial answer required correction.

## 8.6 Capital Allocation

Fortson confirmed net debt/EBITDA at 3.2x, unchanged from Q1 2026, and 1.3 million shares repurchased in May at an average price "below \$10 per share" (10-Q: \$9.94), funded from tariff-refund proceeds — the first buyback since Q3 2024.

**MPC Read:** The call's consistent pattern — specific, checkable numbers where visibility is genuinely high (China scale, dealer sell-through mechanics), qualitative reassurance without commitment where outcomes are still pending (implant productivity, competitive share) — is itself informative. Management is not overpromising on the calendar; if anything, the plan's own architects are the ones setting 2027 as the real test.

## 9. Balance Sheet, Debt & Capital Allocation

|                                  | June 30, 2026                                    |
|----------------------------------|--------------------------------------------------|
| Cash and equivalents             | \$239M                                           |
| Total debt (current + long-term) | \$2,224M                                         |
| Net debt                         | ~\$1,985M                                        |
| Net debt / adjusted EBITDA       | 3.2x (flat vs. Q1 2026)                          |
| Credit ratings                   | Baa2 (Moody's, negative outlook) / BBB- (S&P)    |
| Leverage covenant                | ≤4.25x through Q2 2026, stepping down thereafter |

XRAY issued \$550 million of 8.375% Junior Subordinated Notes due 2055 in June 2025 — expensive, hybrid-structured debt priced specifically to preserve rating-agency leverage metrics, a real signal of balance-sheet strain at issuance. Independent credit research notes leverage has crept from 1.8x (2021) to ~3.1x today not from new borrowing but from EBITDA compression (adjusted EBITDA margin down from 23% to 18%, gross margin eroded ~400bps over the period).

Capital allocation actions to date are real and executed, not aspirational: the dividend was eliminated (February 2026), the \$1.0B share-repurchase authorization from 2023 remains ~\$1.2B available, and the company repurchased 1.3 million shares in May 2026 at \$9.94/share — a genuine, if modest, opportunistic buy near the 52-week low, funded from one-time tariff-refund proceeds rather than organic free cash flow.

**MPC Read:** Capital allocation is, on the evidence gathered, the one transformation vector with a clean, executed, checkable proof point today — dividend elimination and a real buyback at depressed prices. It has not yet shown up in the leverage ratio, which was flat in H1 2026 despite "deleveraging" being a stated priority on every call.

## 10. Legal, Tax & Regulatory Overhang

- German Tax Investigation: German tax authorities are conducting a criminal investigation into a series of intercompany loans from 2016–2017. No charges as of the filing date; management states it could affect reputation, talent retention, and results if resolved adversarially.
- Residual 2022 securities litigation: the related SEC investigation is closed, but several securities class actions remain outstanding from the Don Casey-era accounting investigation, and the 10-K explicitly flags exposure to "additional litigation and regulatory examinations, investigations, proceedings or court orders."
- Byte, quantified: direct-to-consumer Byte aligners represented ~2% of 2025 revenue and Byte-related assets ~5% of total company assets as of December 31, 2025 — a \$1 billion 2021 acquisition still carrying real balance-sheet weight three-plus years after being deemed a strategic misstep.

- EU MDR certification: transition deadlines extended to December 31, 2027 (higher-risk devices) and December 31, 2028 (other devices); the company states it completed required quality-management-system certifications in 2024 and remains focused on meeting product-level deadlines.
- Tariffs: a small share of inputs sourced from China; a significant share of U.S.-sold dental equipment manufactured in Europe; China itself under 5% of global sales. The \$44M Q2 2026 refund relates to IEEPA tariffs specifically and is not assumed to recur.

**MPC Read:** None of these items is individually thesis-breaking, but the German investigation in particular is a genuine, unresolved overhang not emphasized in most public coverage of this name, and it sits alongside — not instead of — the residual 2022 litigation tail. Two separate, unresolved legal/tax matters simultaneously is a real governance-risk data point this report carries forward into position sizing (Section 1), not one that changes the underlying recommendation on its own.

## 11. Financial Analysis: Quality of Earnings

- GAAP-vs-adjusted gap, on actual reported results: FY2024 GAAP EPS was (\$4.55) against adjusted EPS of \$1.67; FY2025 GAAP EPS was (\$3.00) against adjusted EPS of \$1.58; Q2 2026 GAAP EPS was \$0.18 against adjusted EPS of \$0.52. This is a persistent, multi-year gap driven by impairments and restructuring charges, not a one-quarter anomaly — a company whose GAAP results have been negative for two consecutive full fiscal years is not yet demonstrating high-quality reported earnings, whatever the adjusted figures show.
- Effective tax rate volatility: 50.0% in Q2 2026 versus 71.2% in Q2 2025 — both extraordinarily high and driven by valuation-allowance swings across Switzerland, Luxembourg, Germany, and the U.S., a genuine complication for anyone modeling normalized net income quarter to quarter.
- Trailing-twelve-month free cash flow (Q3 2025 through Q2 2026, per the company's own quarterly disclosures) totals approximately \$143M — a 5.9% yield on the current \$2,420M market cap. That average masks real unevenness: Q1 2026 free cash flow was actually negative (-\$12M), underscoring how uneven actual quarter-to-quarter cash generation has been rather than showing a smooth improving trend.
- Restructuring savings are explicitly not a margin-expansion lever near-term: per Scavilla directly, the ~\$120M in targeted 2026 Plan savings are being reinvested in sales force, clinical education, and R&D, "not an anticipated drop through to the bottom line."

**MPC Read:** Every one of these findings, built entirely from the company's own reported actuals rather than any third-party forward model, cuts in the same direction: two straight years of GAAP losses, a volatile tax rate, and free cash flow that swings from negative to positive quarter to quarter are not the profile of a business whose earnings quality is already improving. None of this changes the recommendation — it is precisely why Section 1's position is sized as a starter, not a full allocation, and why Section 1.4's milestones, not this quarter's reported multiples, are what should move it.

## 12. Valuation Framework

### 12.1 An Independently Built Valuation, Not a Relay of Third-Party Research

Sell-side and independent equity research coverage exists on XRAY, as it does on any NASDAQ-listed name of this size, and is directionally mixed. MPC does not rely on or reproduce that coverage here — the scenario model in Section

12.2 is built independently from primary-source company data (10-K, 10-Q, earnings materials, proxy statement), not from any third party's estimates, price target, or methodology. This is a deliberate choice, not an oversight: a valuation section built on someone else's proprietary model would not be MPC's own work, and the point of this report is to show that work rather than relay a conclusion.

One structural observation worth carrying forward, built from facts already established elsewhere in this report rather than any outside model: XRAY's 2016 merger of Dentsply International and Sirona Dental Systems left the combined company running on largely unconsolidated ERP systems, manufacturing footprint, and distribution infrastructure a decade later — an unfinished integration, not a discovery. Fortson's specific prior experience consolidating 12 ERP systems across 21 facilities at Kymera International (Section 5.2) is a direct match to exactly this problem. Whether that translates into the kind of margin recovery a completed integration could plausibly support is untested and unquantified in any source this report has reviewed — it belongs on the Evidence Ladder (Section 2.5.3) as a hypothesis, not a confirmed driver of the valuation work that follows.

## 12.2 MPC Independent Scenario Model

Methodology: 2028E adjusted EBITDA (MPC's own forecast horizon) × scenario-specific EV/EBITDA multiple, less projected net debt, per share, discounted to present at a 10% cost of equity over ~2.4 years.

| Scenario | 2028E EBITDA | Exit Multiple | PV Today | Return from \$12.12 | Weight |
|----------|--------------|---------------|----------|---------------------|--------|
| Bear     | \$590M       | 6.0x          | \$7.13   | (41.2)%             | 35%    |
| Base     | \$640M       | 8.0x          | \$13.42  | +10.7%              | 45%    |
| Bull     | \$690M       | 10.5x         | \$21.89  | +80.6%              | 20%    |

Probability-weighted fair value: approximately \$12.91 per share — a modest ~6.5% premium to the current \$12.12 print.

### *What is actually driving the Bear case to \$7.13*

Three mechanics do the work, and they are not equally aggressive. First, the current-EBITDA anchor: Bear's \$590M 2028E adjusted EBITDA assumption is only about 5% below the company's own trailing-twelve-month actual adjusted EBITDA of ~\$621M (Q3 2025 through Q2 2026, per the company's own quarterly disclosures) — meaning Bear is not modeling a crisis, it is modeling essentially no improvement for two more years, with every input (CTS staying unprofitable, distributor inventory continuing to deteriorate) already visible in the Q2 2026 numbers this report documents rather than a hypothetical stress case. Second, the implied-multiple-today anchor: at the current \$12.12 price and ~\$1,985M net debt, XRAY's enterprise value already implies roughly 7.1x trailing-twelve-month adjusted EBITDA — Bear's 6.0x multiple is a real but modest further de-rate from where the market already sits, not a collapse. Third, and the reason a relatively contained ~8% EBITDA gap between Bear and Base produces a much wider per-share gap: roughly \$1,750M of 2028E enterprise value in every scenario belongs to debt holders regardless of outcome, so the equity residual — what is left for shareholders after net debt is subtracted — absorbs the full EBITDA-and-multiple swing on a much thinner base. That leverage effect, not a punitive operating assumption, is why the Bear case looks steep in per-share terms even though its EBITDA assumption is close to today's run-rate. Section 12.6's negative-tangible-book-value finding is the reason a hard-asset floor does not catch this case on the way down, and the base-rate history in Section 2 (serially missed targets, five CFO transitions) is why it is carried at real (35%) weight rather than treated as a tail scenario.

- Bear requires: CTS stays unprofitable, U.S. implant share keeps eroding, no re-rating — a continuation, not a departure, from the last three years' pattern.
- Base is calibrated to management's own stated bar: modest progress, a partial re-rate that still leaves XRAY at a discount to peers given the unresolved moat and credibility questions.
- Bull requires proof points that do not yet exist (quantified 2027 targets, CTS returning to profitability, a Scavilla personal share purchase) and re-rates only to Envista's ~11x — not Straumann's premium multiple, since nothing in this report supports a moat-based re-rating.

The critical sensitivity: a 4.5x multiple spread (6.0x–10.5x) drives most of the ~\$14.76 range between Bear and Bull, while 2028E EBITDA only varies about 17% across scenarios. This is a re-rating story, not an earnings story — consistent with everything else in this report: XRAY's numbers move less than its multiple would need to.

**MPC Read:** At \$12.12, the market is pricing XRAY at a modest discount to MPC's own probability-weighted fair value — not a dramatic mispricing, but a real one, and consistent with the Bear case retaining genuine (35%) weight because it is not hypothetical — it is what has already happened repeatedly. The gap is small enough that it alone does not justify full-size initiation; it is large enough to justify a starter position while the transformation vectors in Section 15 are tested rather than merely narrated.

### 12.3 EV/EBITDA Sensitivity — 2028E Implied Share Price

Grid below shows implied 2028E share price (discounted to present at 10% over 2.4 years is NOT applied here — this table shows undiscounted 2028E values for direct comparison to the scenario table in 12.2; the Base scenario of \$640M EBITDA / 8.0x sits at \$16.88, matching Section 12.2 exactly before discounting).

| 2028E EBITDA \ Multiple | 6.0x    | 7.0x    | 8.0x    | 9.0x    | 10.0x   | 11.0x   |
|-------------------------|---------|---------|---------|---------|---------|---------|
| \$580M                  | \$8.66  | \$11.57 | \$14.47 | \$17.38 | \$20.28 | \$23.18 |
| \$610M                  | \$9.56  | \$12.62 | \$15.67 | \$18.73 | \$21.78 | \$24.84 |
| \$640M (Base)           | \$10.47 | \$13.67 | \$16.88 | \$20.08 | \$23.28 | \$26.49 |
| \$670M                  | \$11.37 | \$14.72 | \$18.08 | \$21.43 | \$24.79 | \$28.14 |
| \$700M                  | \$12.27 | \$15.77 | \$19.28 | \$22.78 | \$26.29 | \$29.79 |

### 12.4 P/E Sensitivity — Implied Share Price

| EPS \ P/E Multiple              | 6x      | 7x      | 8x      | 9x      | 10x     | 11x     | 12x     |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|
| \$1.40                          | \$8.40  | \$9.80  | \$11.20 | \$12.60 | \$14.00 | \$15.40 | \$16.80 |
| \$1.45 (2026 guidance midpoint) | \$8.70  | \$10.15 | \$11.60 | \$13.05 | \$14.50 | \$15.95 | \$17.40 |
| \$1.55                          | \$9.30  | \$10.85 | \$12.40 | \$13.95 | \$15.50 | \$17.05 | \$18.60 |
| \$1.85                          | \$11.10 | \$12.95 | \$14.80 | \$16.65 | \$18.50 | \$20.35 | \$22.20 |
| \$2.00                          | \$12.00 | \$14.00 | \$16.00 | \$18.00 | \$20.00 | \$22.00 | \$24.00 |

At management's own 2026 guidance midpoint of \$1.45 adjusted EPS, today's \$12.12 price is already just 8.4x that figure — a modest multiple that the company's own guided range clears without requiring significant multiple expansion or upward EPS revision, consistent with this section's finding that XRAY is modestly undervalued rather than fairly priced at today's level.

## 12.5 FCF Yield and Margin Trajectory — Trailing Actuals

Consistent with Section 11, this section uses only trailing, company-reported actuals rather than any third party's forward estimates.

|                        | Q3 2025 | Q4 2025 | Q1 2026 | Q2 2026 |
|------------------------|---------|---------|---------|---------|
| Free cash flow         | \$40M   | \$60M   | (\$12M) | \$55M   |
| Adjusted EBITDA margin | 18.4%   | 14.1%   | 14.7%   | 21.3%   |

Trailing-twelve-month free cash flow across these four quarters totals approximately \$143M, a 5.9% yield on the current \$2,420M market cap (Section 11). Adjusted EBITDA margin over the same four quarters ranged from 14.1% to 21.3% — genuinely volatile quarter to quarter, not a smooth trend in either direction, which is itself a data point: the Q2 2026 margin print benefits from the one-time tariff refund flagged throughout this report and should not be read as a new sustained level without at least one more quarter of confirmation.

## 12.6 Downside Case: Tangible Book and Liquidation Value

| (\$M except per share)                    | June 30, 2026 |
|-------------------------------------------|---------------|
| Total assets                              | \$5,204       |
| Total liabilities                         | \$3,853       |
| Less: Goodwill                            | (\$1,138)     |
| Less: Identifiable intangible assets, net | (\$870)       |
| Tangible book equity                      | (\$657)       |
| Tangible book value per share             | (\$3.29)      |

**MPC Read:** XRAY has negative tangible book value — a real, quantified finding not previously computed in this research process. This means there is no meaningful hard-asset liquidation floor beneath the current share price; all downside protection has to come from going-concern EBITDA generation, not balance-sheet asset value. This materially reinforces why the Bear scenario in Section 12.2 (implying roughly \$7/share) is a genuine, not merely theoretical, downside case, and argues for real caution around position sizing regardless of the outcome of the transformation thesis.

## 12.7 Sum-of-the-Parts and DCF — Explicitly Out of Scope Here

Consistent with the Research Agenda (Section 17), this report intentionally does not include a full multi-stage discounted cash flow model or a standalone Wellspect Healthcare sum-of-the-parts valuation. Both are flagged as high-value follow-on work: a full DCF would formalize the scenario ranges in Section 12.2 with explicit stage-by-stage cash flow modeling rather than a single terminal-year multiple, and a Wellspect SOTP would test whether that segment's real, profitable growth (Section 6.4) is being obscured by consolidation into a discount-multiple parent. Both are appropriately scoped as the next phase of diligence, not gaps in this report's current conclusions.

## 13. MPC Investment Philosophy Overlay

| Pillar                           | XRAY Status                                                                                                                   | Verdict     |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------|
| Scarce / hard-to-replicate asset | MPC's own competitive analysis (Section 4) finds no durable moat. Cerec closed-system is a documented liability, not lock-in. | Not Yet Met |

| Pillar                                               | XRAY Status                                                                                                                                                                 | Verdict                                                           |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| <b>Misunderstood segment inside reported numbers</b> | Real valuation discount exists (Section 12), but both covering analysts already discount for the same optimism this report tested.                                          | Mixed — reflects current performance, could narrow with execution |
| <b>Near-term catalyst forcing repricing</b>          | Management's own language pushes concrete signals to 2027; no single dated, hard event comparable to what MPC requires elsewhere in its transformation coverage.            | Weak                                                              |
| <b>Policy / geopolitical tailwind</b>                | None identified. China VBP is a threat XRAY shares with peers, without Straumann's local-manufacturing response, and is too small (<5% of sales) to matter much either way. | Not Yet Met                                                       |

MPC's standard for transformation-stage theses requires positions to be anchored to specific, independently verifiable, asset-level proof points that exist before the re-rating, not to management narrative alone. XRAY's equivalent metric — the segment (CTS) and behavior (distributor inventory) management itself nominated as early tells — is currently moving in the wrong direction. The management-change case is real and includes one genuinely strong historical precedent (Fortson/Ingevity). Still, it has not yet produced the kind of hard, checkable evidence that would earn full conviction under MPC's own standard.

**MPC Read:** XRAY does not yet fully satisfy three of the four pillars, and the fourth is genuinely contested rather than clearly favorable — read statically, this would argue against a full-conviction Buy. MPC's resolution (Section 1.3) is that Pillar 2 (misunderstood numbers) is the one genuinely in play today. A name still short of the other three pillars is close to the expected profile for a transformation-stage position before consensus recognizes the change — the pillars are expected to strengthen as MPC Outcome Evidence accumulates, not already be satisfied at entry. The recommendation is a milestone-gated Accumulate, sized to today's evidence rather than to tomorrow's proof.

## 14. Risks and Counterarguments

### 14.1 Risk Ranking

| Rank | Risk                                                                        | Probability | Impact      |
|------|-----------------------------------------------------------------------------|-------------|-------------|
| 1    | U.S. commercial turnaround stalls (CTS/OIS execution)                       | High        | High        |
| 2    | Distributor relationship deterioration continues (inventory drawdown)       | Medium-High | High        |
| 3    | German Tax Investigation or residual 2022 litigation resolves adversarially | Low-Medium  | Medium-High |
| 4    | DS Core adoption disappoints beyond initial European DSO cohort             | Medium      | Medium      |
| 5    | Implant share erosion resumes in the U.S. specifically                      | Medium      | Medium      |
| 6    | Israel manufacturing disruption (geopolitical)                              | Low         | Medium      |
| 7    | VBP 2.0 lands more severely than the current low-stakes assumption          | Low         | Low-Medium  |
| 8    | Broader macro slowdown compressing elective dental spend                    | Medium      | Low         |

## 14.2 Risk Detail

- Israel manufacturing concentration: two implant manufacturing facilities (northern and southern Israel) account for ~15% of OIS segment net sales and ~3% of total consolidated sales — a real production concentration inside the one OIS sub-category (implants) that is actually holding up better than headlines suggest.
- Russia: ~\$57M of cash trapped, unable to be repatriated due to currency controls; ~3% of consolidated sales still derived from Russia/Ukraine combined — dead capital inflating the headline cash balance.
- Distributor concentration: Henry Schein (13% of 2025 net sales) and Patterson (11% of 2025 receivables) give two counterparties real leverage over XRAY's go-to-market, compounded by two senior XRAY leaders (Zurbay, Frohning) with direct prior Patterson ties.
- Execution history: a serially missed \$3.00-by-2026 EPS target, five CFO transitions since late 2024 before Fortson, and a 2022 accounting investigation that still carries residual litigation exposure — the base rate for XRAY-specific turnaround promises is poor.
- Competitive commoditization: cheaper open-system CAD/CAM and scanner competitors are structurally pressuring Cerec/Primescan's premium pricing, a dynamic this report expects to continue rather than reverse absent a genuine product response.
- VBP 2.0: unconfirmed timing and terms for a second Chinese procurement round; low-stakes for XRAY specifically given <5% China revenue exposure, but a real risk for the broader implant category XRAY is trying to grow share in.

**MPC Read:** None of these risks is new information to the market, and none is being underwritten away by this report. They are the reason the recommendation is a milestone-gated starter position rather than a full allocation — the size of the commitment is already calibrated to exactly this risk set, not blind to it.

## 15. Transformation Dashboard & Monitoring Framework

This dashboard operationalizes Section 2.5's four transformation vectors as a running scorecard, to be updated each quarter rather than re-litigated from scratch.

| Vector                            | Status as of Q2 2026                                                                                                                                                                                                                                                 | Next Checkpoint                                                                                              |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>Leadership</b>                 | 3 new (CEO/CCO/CFO) + 1 internal promotion (GC); 4 functional leaders are holdovers. Fortson's first call was constructive but too early to score on XRAY-specific execution.                                                                                        | Fortson's first full guidance cycle (Q4 2026 / FY2027 outlook)                                               |
| <b>Commercial / Distribution</b>  | Fails current test: CTS adjusted operating income negative; CAD/CAM and imaging distributor inventory drawdown accelerated YoY.                                                                                                                                      | Two consecutive quarters of decelerating distributor drawdown                                                |
| <b>Product / Segment Mix</b>      | Mixed: implants -3.7% (encouraging, under-reported); orthodontics -36.5% (Byte/SureSmile-driven, expected)                                                                                                                                                           | SureSmile U.S. stabilization; implant Americas trend                                                         |
| <b>Capital Allocation</b>         | Passes current test: dividend eliminated, \$9.94/share buyback executed in May 2026 — real and checkable.                                                                                                                                                            | Net debt/EBITDA declining below 3.2x                                                                         |
| <b>Innovation / Digital Stack</b> | Real, broadening base (Section 2.6): cloud-native Primescan 2, FDA-cleared Smart View AI diagnostics, FDA-cleared ddMRI with Siemens, 4 European DSO groups onboarded. No disclosed adoption, revenue, or margin data for any of it yet — the specific gap to close. | Disclosed adoption/subscriber/revenue data for any stack component; implants/ortho-on-Core FDA filing status |

| Vector        | Status as of Q2 2026                                                                                                                                                         | Next Checkpoint                                               |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| Market Share  | Not yet determinable per management; explicitly deferred to 2027 guidance.                                                                                                   | Early-2027 guidance issuance                                  |
| Margins / FCF | Fails current test: TTM free cash flow is volatile quarter to quarter (Section 11), including one negative quarter; restructuring savings explicitly reinvested, not banked. | FCF trend at Q4 2026 and FY2027 guide                         |
| Valuation     | Modestly undervalued vs. probability-weighted fair value (~\$12.91 vs. \$12.12, +6.5%); Bear case retains real (35%) weight.                                                 | Re-rating requires 2+ vectors above to flip from Fail to Pass |

## 15.2 Quarterly Monitoring Calendar

The dashboard in Section 15.1 is a running scorecard; this calendar attaches it to specific, dated checkpoints so the thesis is tested on a schedule rather than revisited only when convenient.

| Period                                      | Specific Questions to Answer                                                                                                                                                                                                                                                              |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Q3 2026 (reports ~Nov 2026)                 | Is U.S. constant-currency growth "a little more favorable, not positive" as management guided? Has CTS adjusted operating income improved sequentially? Is distributor inventory drawdown decelerating YoY?                                                                               |
| Q4 2026 / FY2026 (reports ~Feb 2027)        | Did the U.S. "exit the year with a plus sign" per management's own stated bar? Full-year adjusted EPS within the \$1.40-\$1.50 guided range? Net debt/EBITDA trending below 3.2x?                                                                                                         |
| Early 2027                                  | Is the promised quantified FY2027 guidance (including implant sales-force productivity targets) actually issued on schedule, and is it specific and measurable rather than directional?                                                                                                   |
| FY2027 (the plan's stated 24-month horizon) | Market-share gains in U.S. implants and CAD/CAM? DS Core adoption beyond the initial four European DSO groups? Implant/ortho-on-Core FDA filing progress toward the targeted late-2027 launch? Has the multiple begun re-rating toward Envista's, independent of the earnings trajectory? |

**MPC Read:** The single highest-value near-term checkpoint is Q3 2026: it is the first quarter where "somewhat more favorable, not positive" is management's own explicit bar, making it a clean, low-ambiguity test of whether the plan is tracking to its own stated trajectory or falling further behind it.

## 16. What Would Change Our Mind

### Thesis Breakers — What Would Make Us Walk Away

Distinct from the strengthening/weakening evidence in 16.1–16.2 below, this is the explicit exit-criteria list: any one of the following, confirmed for two consecutive quarters, would be sufficient on its own to conclude the transformation has failed, independent of what else is happening elsewhere in the business.

| <b>Decision Rule:</b> If any single Thesis Breaker below is confirmed: move recommendation from Accumulate to Monitor and halt further position building. If two or more are confirmed concurrently: move to Exit. |                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Thesis Breaker                                                                                                                                                                                                     | Why It's Disqualifying                                                                                                                                                             |
| Dealer additions fail to translate into CTS capital sales by Q1 2027                                                                                                                                               | This is management's own stated 9-month productivity lag (dealers added Q1/Q2 2026); a miss against their own timeline removes the central operational justification for the plan. |
| CTS adjusted operating income remains negative through 2H 2026                                                                                                                                                     | CTS is explicitly the plan's nominated proof-point segment; sustained negative results there falsifies the "early green shoots" framing management has used on every call.         |

|                                                                                                     |                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>U.S. implant share continues declining through 2027</b>                                          | Implants are the one genuinely encouraging sub-segment today (-3.7%); continued Americas-specific deterioration would remove the strongest current data point supporting the bull case.                                           |
| <b>DS Core adoption stalls below double-digit DSO/group accounts</b>                                | Innovation is the plan's longest-dated pillar; a stall here removes the only forward-looking (not just cost-cutting) source of differentiation.                                                                                   |
| <b>R&amp;D investment fails to produce a launched implant/ortho-on-Core product by 2028</b>         | This is management's own stated target; a miss confirms the pattern of serially missed multi-year commitments that predates the current team.                                                                                     |
| <b>Management credibility deteriorates further (another guidance cut, another senior departure)</b> | Given the base rate established in this report (abandoned \$3.00 EPS target, five CFO transitions before Fortson), a repeat within 12–18 months of the new team's arrival would confirm rather than break the historical pattern. |

Read alongside Section 1.4's milestone-gated accumulation schedule: 16.1 are the triggers for adding to a starter position, 16.2 are triggers to pause further accumulation or to exit entirely, regardless of position size.

## 16.1 Evidence That Would Strengthen This Assessment

- CTS adjusted operating income returning to positive for two consecutive quarters
- Distributor inventory drawdown (CAD/CAM and imaging) decelerating year-over-year for two consecutive quarters
- A quantified, credible 2027 guidance framework issued on schedule (early 2027) with specific implant/CTS productivity targets
- A personal, open-market share purchase by CEO Scavilla
- Net debt/EBITDA declining meaningfully below the current 3.2x
- Independent, third-party confirmation that XRAY is not losing CAD/CAM or imaging share to lower-ASP competitors

## 16.2 Evidence That Would Weaken This Assessment

- A further guidance cut, echoing the pattern that has defined the prior three years
- Another CFO or senior executive departure within 12–18 months of Fortson's or Denti's start
- CTS or OIS adjusted operating income deteriorating further
- An adverse or expanding outcome in the German Tax Investigation
- VBP 2.0 terms landing more severely than the current, low-stakes assumption warrants
- Distributor inventory drawdown continuing to accelerate through 2H 2026

## 17. Research Agenda / Open Items

- Independent, third-party dealer checks on CAD/CAM and imaging competitive share — currently only management's own characterization exists
- Wellspect standalone / sum-of-the-parts valuation — never rigorously built
- Product-level competitive comparison: Primescan vs. 3Shape/Medit/iTero on price, workflow, and adoption data

- Verification of the precise Ingevity/WestRock 104% first-year return figure and the specific mechanism behind it (operational execution vs. spin-off mispricing vs. sector tailwind)
- DS Core adoption tracking beyond the single "four European DSO groups" data point
- A formal, full DCF model (this report's Section 12 model is intentionally lightweight/scenario-based, not a full discounted cash flow build)
- Monitoring for any public activist engagement from Southpoint Capital Advisors (~5% holder) or other concentrated shareholders

## MPC Closing Judgment

***We are not investing because Dentsply Sirona has completed its turnaround. We are investing because the combination of improving management quality, underleveraged assets, multiple paths to value creation, and a modest valuation discount provides sufficient asymmetry to justify early exposure before the operating outcome is fully proven. The opportunity becomes materially more attractive if management converts the Action Evidence documented in this report into Outcome Evidence faster than the share price discounts that progress.***

The products are, in fact, changing: a cloud-native scanner, an FDA-cleared AI diagnostic tool, a first-in-category dental MRI — real innovation shipped within the last 18 months. What has not yet changed is the financial outcome: none of it is monetized or quantified today. What has changed most is who is deciding how to use it — led by a CEO with a proven, quantified integration record now applying it to a U.S. commercial turnaround, supported by a CFO with a directly comparable, quantified spin-off value-creation outcome and a Chief Commercial Officer with a global medical-device mandate — replacing a leadership chain responsible for a 2022 accounting crisis, a serially missed multi-year target, and five CFO transitions. That is what this report underwrites: not a fixed dental company, but a materially upgraded decision-making team, led by its CEO, converting assets the prior regime left underused.

We expect volatility. We expect quarters where results appear disappointing even as the underlying evidence improves — Q2 2026 itself was one, with a genuine positive in APAC CTS and implant resilience sitting alongside a genuine negative in CTS profitability and distributor inventory. Those are features of transformation investing, not evidence against it. Waiting for every milestone in Section 1.4 to be simultaneously confirmed before committing capital is waiting for the re-rating to have already happened.

***Our edge is not predicting certainty. Our edge is recognizing improving probabilities before consensus.***

## 18. MPC Research Standards & Glossary

This section defines terms and structural components now standard across MPC's transformation-stage research, first formalized in this report so that future reports can reference them directly rather than re-explaining them each time.

|                                              |                                                                                                                                                                                                                                         |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>MPC Action Evidence</b>                   | Steps management has actually taken and that are independently verifiable — a hire, a signed agreement, an executed buyback. Justifies starting a position, not adding to one.                                                          |
| <b>MPC Outcome Evidence</b>                  | Results those steps have actually produced — a segment turning profitable, a share metric stabilizing. Justifies adding to a position.                                                                                                  |
| <b>Evidence Ladder</b>                       | Four-stage classification (Hypothesis → Early Evidence → Confirmed → Proven) applied to each pillar of a transformation thesis, visualized as a single scorecard table.                                                                 |
| <b>Investment Scorecard</b>                  | One-page, category-by-category distillation (typically 7-9 categories plus overall Risk Level) scoring current state and trend, placed immediately after the Executive Summary.                                                         |
| <b>MPC Recommendation Framework</b>          | Four-state alternative to binary Initiate/Monitor: Accumulate, Monitor, Harvest, Exit — defined in full in Section 1.2 of this report and applicable verbatim to future coverage.                                                       |
| <b>Thesis Breaker</b>                        | A specific, predefined, falsifiable event that alone is sufficient to move a name toward Exit, independent of performance elsewhere in the thesis.                                                                                      |
| <b>MPC Conviction</b>                        | A 1-5 star qualitative confidence rating, distinct from the Accumulate/Monitor/Harvest/Exit recommendation itself, indicating how complete the evidentiary case is.                                                                     |
| <b>Milestone-Gated Accumulation</b>          | Position sizing tied explicitly to which Evidence Ladder items have converted stage, not to time elapsed or to a single initiation decision.                                                                                            |
| <b>MPC Investment Committee Decision Box</b> | A one-page, front-loaded summary (recommendation, position sizing, thesis, risk, catalyst, conviction) placed immediately after the Executive Summary so the report's operative conclusion does not require reading to the end to find. |

### Sources and Notes

*This report is based on Dentsply Sirona's Q2 2026 Form 10-Q and earnings materials (filed/released August 6, 2026), FY2025 Form 10-K (filed February 26, 2026), 2026 Proxy Statement (filed April 23, 2026), Q3 2025 earnings presentation and Return-to-Growth Action Plan materials (November 6, 2025), the Q2 2026 earnings conference call transcript, company investor-relations and corporate websites (executive team and board of directors pages), and third-party market and credit research as cited throughout. MPC's standalone Global Dental Industry Deep-Dive (August 2026) and XRAY Turnaround Credibility Assessment (August 2026) are incorporated by reference and should be read alongside this report. The valuation and scenario analysis in Section 12 is built independently by MPC from the primary sources above; it is a lightweight, illustrative framework, not a full discounted cash flow valuation, and is not derived from or intended to reproduce any third-party research product. This report is intended for informational and analytical purposes as part of an independent company research process. It is not a substitute for independent due diligence, legal advice, or the advice of a licensed financial advisor. This report is an internal research document reflecting Museum Park Capital's point-in-time analytical assessment, valuation framework, and investment view. Any recommendation, valuation scenario, expected return, or position-sizing framework contained herein is subject to change as new evidence emerges and should be read together with the assumptions, risks, milestones, and thesis breakers identified throughout the report.*