



Coverage Addition Report: ALGN, SDC

Align Technology, Inc. (NASDAQ: ALGN)

Align Technology designs, manufactures, and sells 'Invisalign' clear orthodontic aligners, in addition to proprietary medical devices, software, and services for orthodontists and dentists.

Current Outlook: *Bullish*

The Bottom Line: This best-of-breed medical device company has a commanding share of the clear aligner market. Underlying consumer Mentions have risen steadily in recent years, translating to impressive sales numbers and new highs for the stock price. Based on the continued uptrend in Consumer Demand and the company's proven track record, we're comfortable with a bullish outlook.

Next Earnings: 21Q1 release (for the quarter ending 3/31/2021) is scheduled for 4/28/21 after the close. Last earnings release for [20Q4](#) (ended 12/31/2020) was on 2/3/21.

SmileDirectClub, Inc. (NASDAQ: SDC)

SmileDirectClub manages all aspects of an aligner therapy treatment program, including aligner manufacturing, marketing, fulfillment, and professional monitoring through its teledentistry platform. It also sells a variety of oral care products such as whitening gels and toothbrushes.

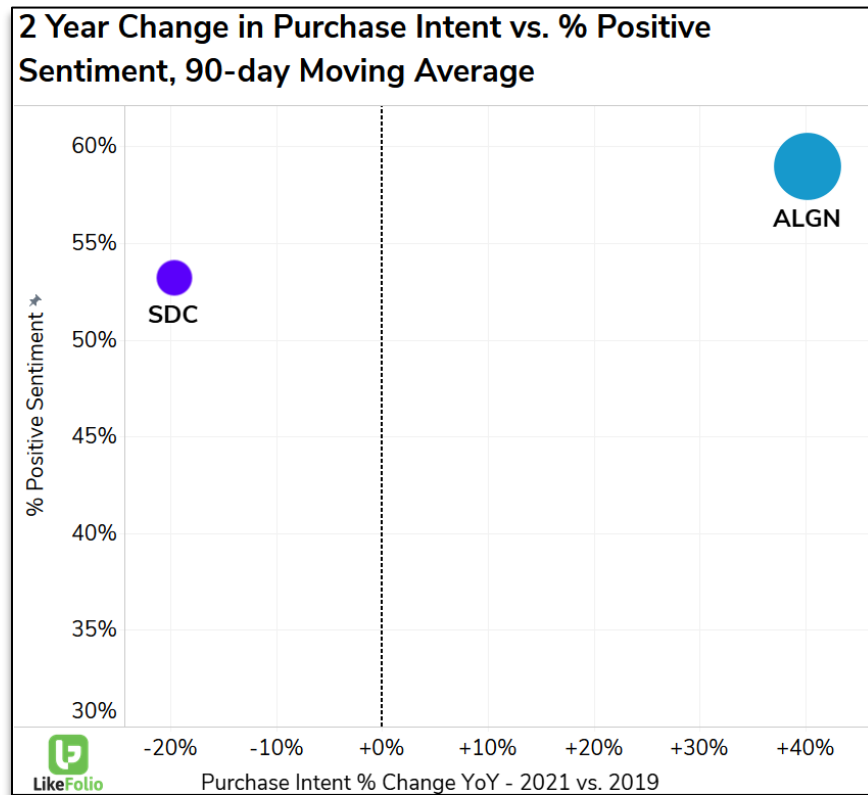
Current Outlook: *Leaning Bearish*

The Bottom Line: Compared with Align, SmileDirectClub is a newcomer in the clear aligner space. To better compete with its well-entrenched competitor, SDC prioritizes a direct-to-consumer approach, utilizing dedicated retail locations and teledentistry. SDC suffered a significant slowdown in both Mention volume and sales because of the COVID lockdowns. We're leaning bearish as a result. Still, we'll closely monitor this young company to see if they can turn things around in the future.

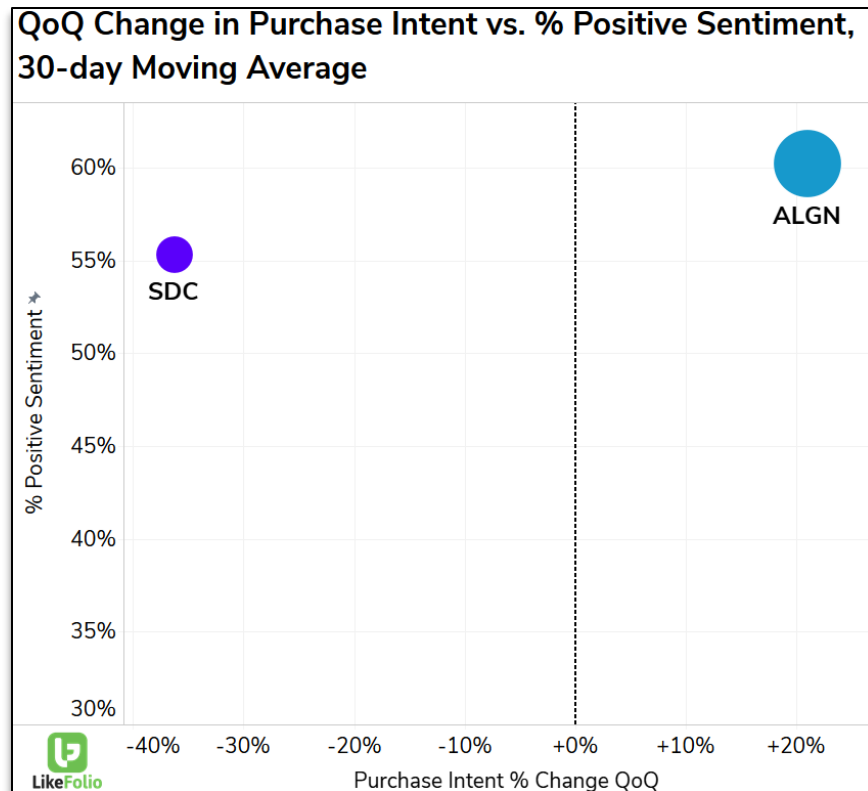
Next Earnings: 21Q1 release (for the quarter ending 3/31/2021) is expected to fall in the second week of May. Last earnings release for [20Q4](#) (ended 12/31/2020) was on 3/4/21.

Competitive Analysis:

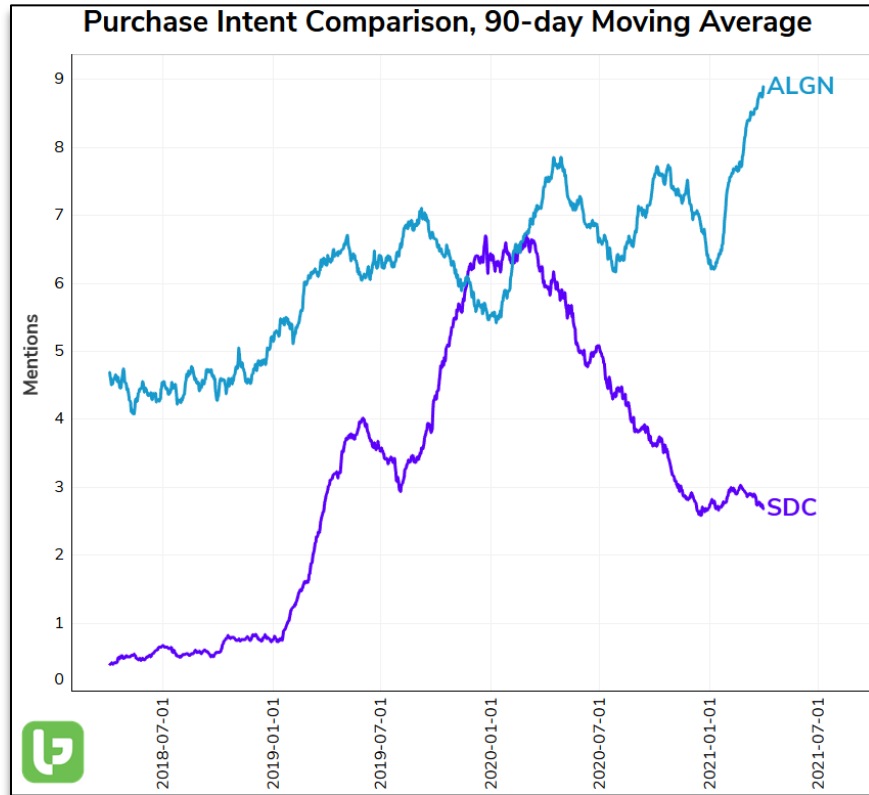
Long-term Change in Purchase Intent Mentions vs. Consumer Happiness:



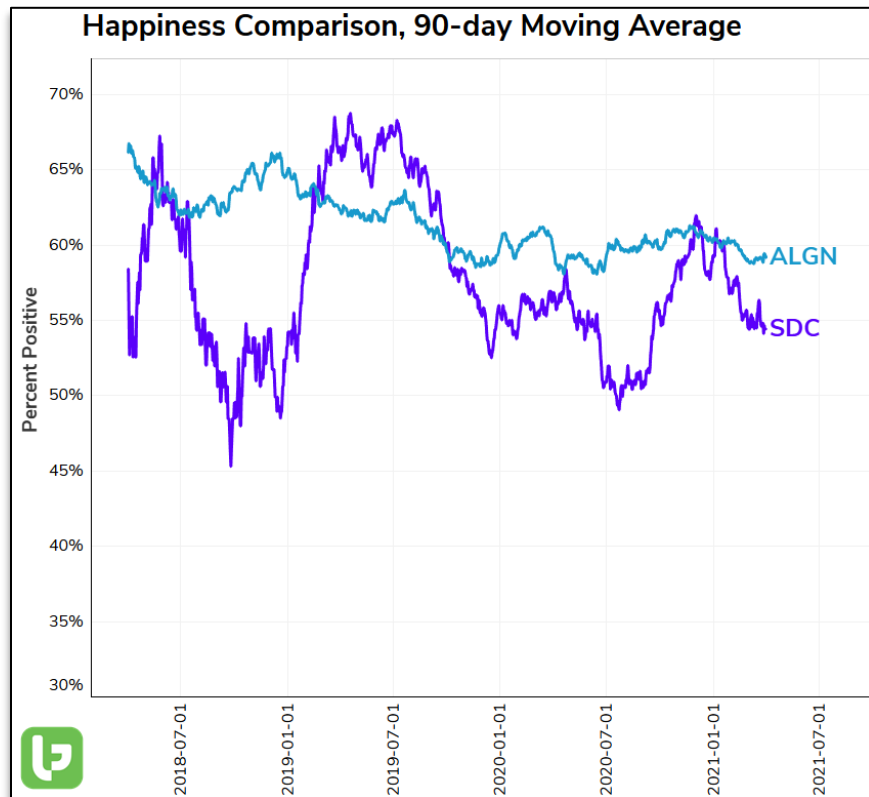
Short-term Change in Purchase Intent Mentions vs. Consumer Happiness:



Purchase Intent Comparison:



Happiness Comparison:



Key Takeaways:

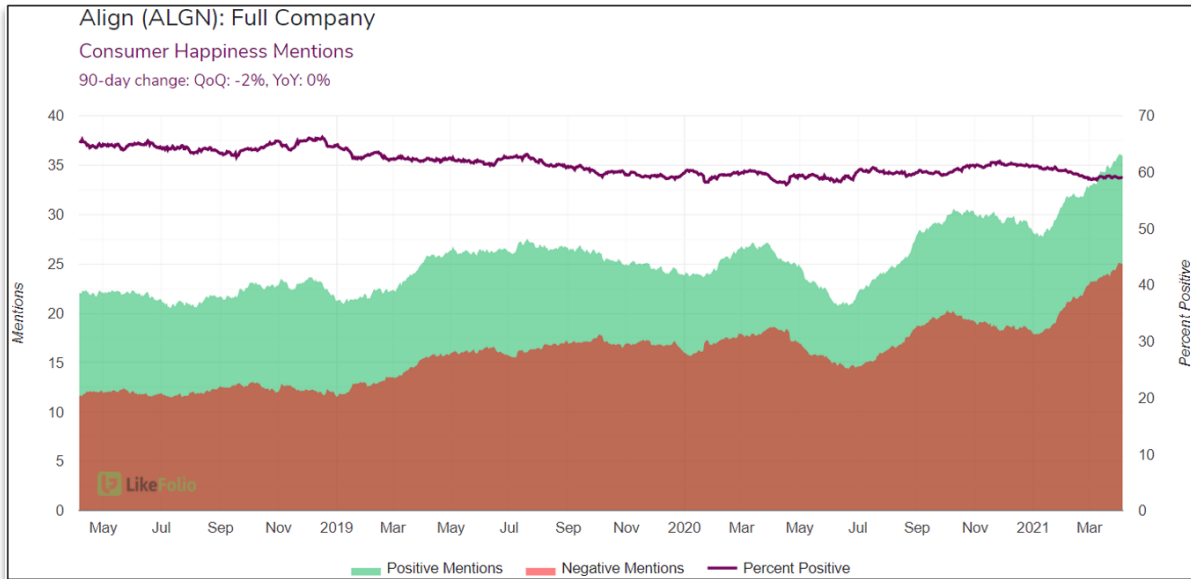
- **ALGN is outperforming** with Purchase Intent Mentions well above their pre-pandemic levels and still rising in recent months.
- **SmileDirectClub failed to maintain momentum** – Purchase Intent Mentions soared to an all-time high level in the months following [the company's IPO](#) but have steadily declined since.
- **Align has happier customers** – A 90-day moving average comparison shows that SDC maintained a higher level of Consumer Happiness than ALGN over time.
- **Invisalign brand is ALGN's key sales driver** – Despite the highly abnormal year, ALGN's clear aligner revenues were a record [\\$2.1 billion in FY 2020](#), up +3.7% YoY.
- **SDC could benefit from rising telehealth demand** – SDC provides remote monitoring and treatment for its customers through its SmileCheck platform, leveraging a network of approximately 250 licensed orthodontists and general dentists. Mentions of consumers utilizing telehealth services surged during the COVID lockdowns and have remained higher, up **+753%** vs. 2019 (90-day MA).
- **SmileDirectClub has a limited retail advantage** – The non-compete provisions of a [recently-ended supply agreement](#) between the two companies will prevent ALGN from opening any retail locations (Invisalign Stores) until the clauses expire in 2022. SDC will be able to continue adding SmileShop locations in the meantime.
- **ALGN Still has the edge** due to its massive network of Invisalign-trained doctors, unmatched brand recognition, and control of critical technologies such as the iTero scanner, which SDC relies on to manufacture retainers.

ALGN -- Key Charts

Consumer Purchase Intent Mentions for ALGN are at an all-time high on a 90-day MA: +19% YoY.

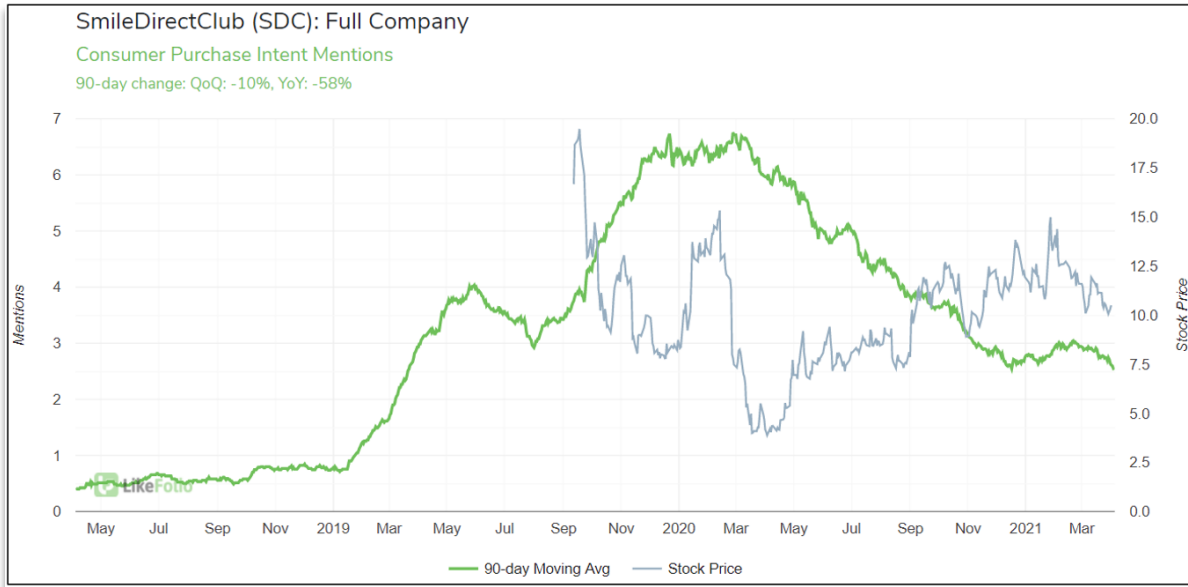


Consumer Happiness levels are stable: 59% positive in the past 90 days (0% YoY).



SDC -- Key Charts

SDC's Purchase Intent Mentions have declined significantly on a 90-day MA: -58% YoY.



Consumer Happiness is trending lower: 53% positive in the past 90 days (-3% YoY).

