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FY19 RESULTS PRESENTATION

Samantha Cheetham CEO
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Long successful operating history – founded in 1972 and listed on ASX in 1985 and Australia’s largest dental manufacturer



SDI conducts research and development of specialist dentist materials undertaking the development, manufacturing and marketing of dental restorative materials.



SDI sells to 100+ countries on all continents and with sales teams and distribution in Australia, Brazil, Europe and North America

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AGENDA

- FY19 highlights
- Product categories
- Key geographies
- Financial performance
- Strategy and outlook

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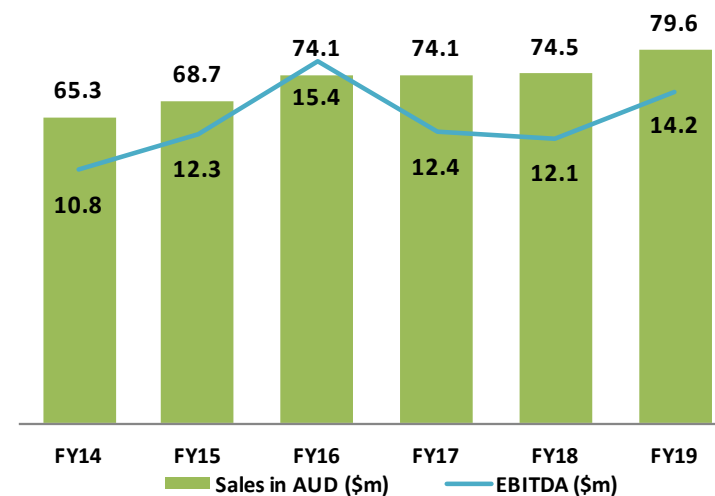
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FY19 Highlights

- Total sales up 6.8% to \$79.6m
- Gross margins up 2.3% to 62.6%, due to the favourable product mix and currency
- EBITDA growth of 16.7%
- NPAT up 29.5% to \$7.3m
- Aesthetic sales (42.7% of sales) up 11.6% in local currency
- Strong cash generation and no net debt
- Total dividends for FY19, including a special dividend in 1H19, increased by 48% to 3.7 cents

Sales v EBITDA (\$m)

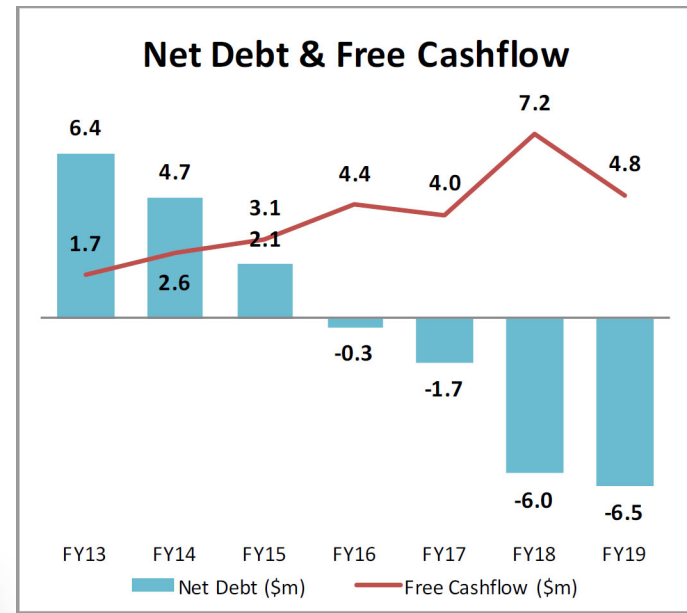


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STRONG FREE CASHFLOW AND NO DEBT

- Strong financial position enables continued to grow in the business
- Free cash to invest in the business, new machinery and product development.



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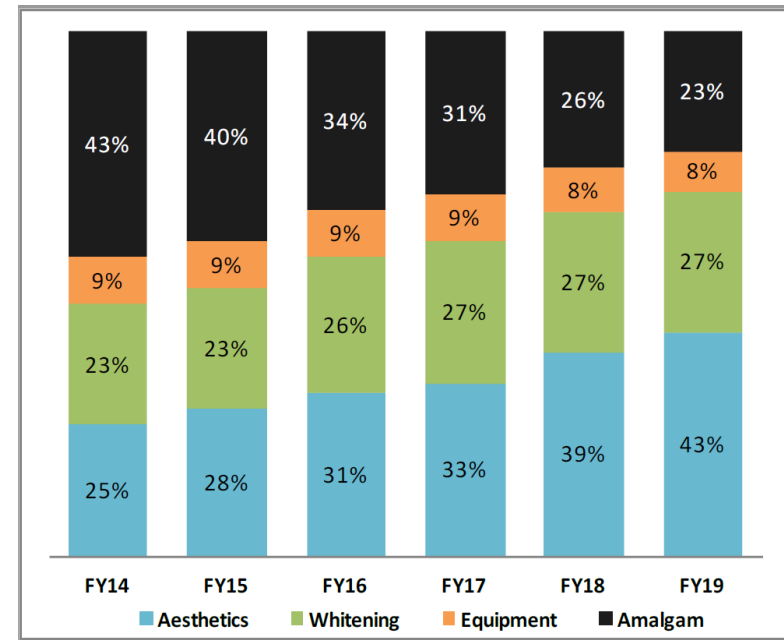
PRODUCT CATEGORIES

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Research & Development / Product Mix

- Continue to invest in Research and Development with \$2.6m spent in FY19
- Aesthetics and whitening products now represent 70% of all sales
- 70% of Intangibles are Aesthetics products, including Glass Ionomers and Composites



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AESTHETICS GROWTH AHEAD OF MARKET

- Aesthetics sales performed strongly, up 11.6% in local currency
- Whitening sales, now 26.9% of total sales, were up 3.2% in local currency
- Equipment sales, which are used to drive other product sales, were down 4.1% in local currency
- Amalgam sales, declined 10.1% in local currency, continuing the trend we have seen in recent years

Product Category Sales	Growth in Local Currency	Growth in AUD	% of Total AUD Sales
Aesthetics	11.6%	16.3%	42.7%
Whitening	3.2%	7.6%	26.9%
Equipment	(4.1)%	(1.8)%	7.6%
Amalgam	(10.1)%	(5.8)%	22.8%



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KEY GEOGRAPHIES



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Sales by business unit and product

- The Australian business sales grew by 12.1 in local currency, with direct exports to Middle East and Asia notably stronger
- North American sales saw a 1.5% decline, impacted by a 11.2% decline in Amalgam represents 34.4% of the amalgam sales
- This region also saw a 4.4% increase in other category sales, which represent 65.6% of sales
- European sales fell 3.5% impacted by a 22.1% decline in Amalgam which make up 17.9% of the region's sales.
- In the other product category we saw growth of 1.9%, which make up 82.1% of Europe sales



Business Units	% Growth in Local Currency	% Growth in AUD	% of AUD Sales
Australia*	12.1	17.1	38.4
North America	(1.5)	6.3	24.1
Europe	(3.5)	(0.1)	31.1
Brazil	(3.4)	(10.0)	6.4
Total	2.5	6.8	100.0

**includes direct exports*

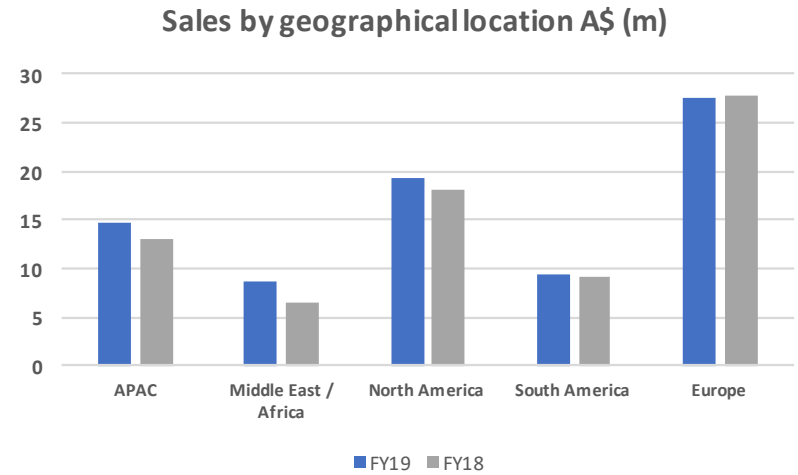
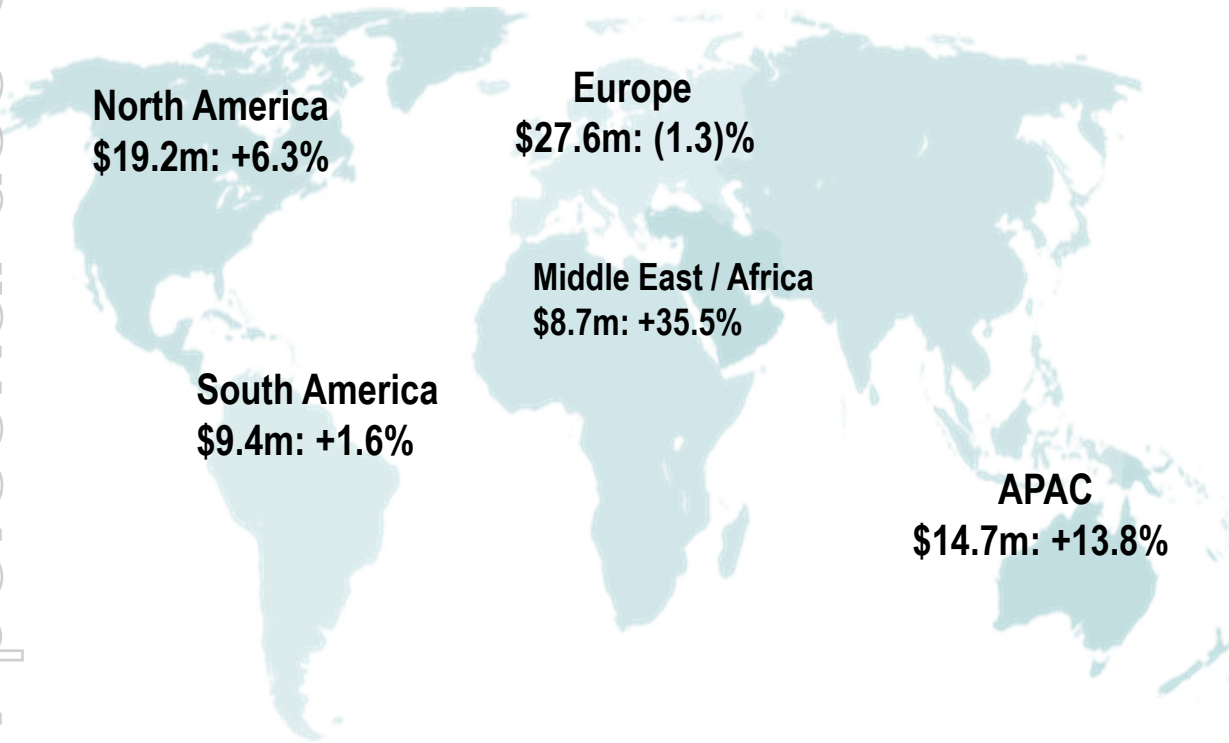
Business Units	Amalgam (AUD)		Aesthetics/Whitening/Equipment (AUD)	
	% Chg	% Sales	% Chg	% Sales
Australia*	3.3	18.2	14.2	81.8
North America	(11.2)	34.4	4.4	65.6
Europe	(22.1)	17.9	1.9	82.1
Brazil	(7.5)	29.8	(1.6)	70.2
Total	(5.8)	22.8	11.6	77.2

**includes direct exports*

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GEOGRAPHICAL SALES FY19 (AUD)



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FINANCIAL PERFORMANCE

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Profit & Loss

Profit & Loss (\$'000)	FY19	FY18	Change
Revenue			
Sales revenue	79,598	74,535	6.8%
Cost of goods sold	(29,805)	(28,966)	2.9%
Gross profit	49,793	45,569	9.3%
Gross margin	62.6%	61.1%	
Expenses			
Selling and administration expenses	(37,883)	(34,231)	10.7%
Research and development costs	(1,015)	(1,253)	(19.0%)
Other expenses	(1,312)	(1,976)	(33.6%)
Profit before tax	10,484	8,145	28.7%
Tax expense	(3,155)	(2,484)	27.0%
Net profit after tax	7,329	5,661	29.5%
Depreciation & Amortisation	(3,669)	(3,868)	(5.1%)
Net interest expense	(24)	(135)	(82.2%)
EBITDA	14,177	12,148	16.7%

Sales:

- F/X adj increased by 2.5%

Gross Profit:

- F/X adj 61.1%

S&A Exp: increased \$3.7m, incl:

- Additional Selling & Marketing \$1.5m
- F/X unfavourable effect on expenses \$0.9m
- International Dental Show \$0.3m
- LTI \$0.4m

R&D:

- includes \$0.9m Amortisation & a lower research expense

FY18 Other

- included \$0.3m Currency Loss

Total Exp:

- F/X adj increased by 5.1%

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Balance Sheet

Balance sheet (\$'000)	FY19	FY18	Change
Assets			
Cash and cash equivalents	6,481	8,246	(21.4%)
Trade and other receivables	18,596	16,225	14.6%
Inventories	17,242	14,558	18.4%
Prepayments	1,100	750	46.7%
Other receivables	713	885	(19.4%)
Property, plant and equipment	18,680	17,569	6.3%
Intangibles	24,603	23,657	4.0%
Total assets	87,415	81,890	6.7%
Liabilities			
Trade and other payables	7,077	3,957	78.8%
Borrowings	-	2,214	(100.0%)
Provision for income tax	1,386	182	661.5%
Employee benefits	3,516	3,546	(0.8%)
Deferred tax liability	2,363	2,437	(3.0%)
Total liabilities	14,342	12,336	16.3%
Net assets	73,073	69,554	5.1%

Cash

- Debt reduction \$2.2m
- Inventory increase \$2.7m
- P & E increase \$1.3m
- Dividend payment increase \$1.4m

Receivables

- 21% increase in Aust. direct exports, longer payment terms

Inventory

- Improve customer service, reduce air freight costs, meet sales expectations of existing and new products

Creditors

- Purchase of raw materials for large sales in May & June.

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Cash Flow

Cashflow statement (\$'000)	FY19	FY18	Change
Receipts from customers	77,399	74,000	4.6%
Payments to suppliers and employees	(64,905)	(60,264)	7.7%
Other revenue	58	36	61.1%
Interest and other finance costs paid	(37)	(163)	(77.3%)
Income taxes paid	(2,025)	(2,319)	(12.7%)
Net cash from operating activities	10,503	11,290	(7.0%)
Payments for PP&E	(3,146)	(1,824)	72.5%
Payments for intangibles	(2,706)	(2,346)	15.3%
Proceeds from disposal of PP&E	158	43	267.4%
Net cash used for investing activities	(5,694)	(4,127)	38.0%
Cash flows used in financing activities	(6,493)	(4,776)	36.0%
Cash & cash equivalents - end of period	6,491	8,246	(21.3%)

- Increase in sales
- Increase in inventories & operating expenses
- New machinery for new product lines & upgrade of existing machinery to improve automation
- Increasing R&D development project expenditure
- \$1.4m increase dividend payments
- \$2.2m of debt repayment

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STRATEGY & OUTLOOK

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REBRANDING / PROMOTIONAL INVESTMENTS

Sales and Marketing

- Increased global salesforce
- Strategic corporate re-branding positioning SDI as an innovator
- Investment in key opinion leaders
- Additional distributor and dentist training
- Increase in promotional materials and selling tools

International Dental Show (IDS)

- World's largest dental exhibition held biennially
- Global meeting point for the dental industry
- Presentations to dentists and distributors from over 100 countries
- Launched new products



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STRATEGY & OUTLOOK

Strategic priorities/progress:

- ❖ Rationalise product portfolio
 - Plans to reduce the number of SKUs by 30% on track
- ❖ Focus on key product categories – whitening, glass ionomers and composites
 - Launched new products at the IDS
- ❖ Drive amalgam replacement
 - Commonwealth Govt grant \$3m awarded in August 2019
- ❖ Increase innovation and speed to market
 - Investment in new product machinery
 - Riva Star research findings compelling

FY20 Plans:

- Complete rationalisation of product portfolio
- Brazil manufacturing starting September 2019
- \$3m planned investment on further machine automation and product development
- In FY20, we expect continued sales growth in Aesthetics and Whitening products in line with previous years (70% of sales)



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QUESTIONS



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