

SDI Limited
Chairman's Address
Annual General Meeting
November 25, 2016

I have served with great pride as Founder & Managing Director of SDI for 45 years. As the company continues to evolve and grow, a strategic decision was made to appoint Ms. Samantha Cheetham as Managing Director, effective 1 July 2016. I have assumed the role of Executive Chairman and look forward to continuing my involvement in this outstanding company, particularly in research and development.

Ms. Cheetham has over 20 years of diverse experience with SDI, in both its overseas and local operations, and has been the Executive Director of Sales and Marketing for over 15 years. Over the years she has demonstrated great leadership and a deep understanding of the industry.

The business over the last 18 months has undergone substantial restructuring, as we have built a stronger management team in both the Australian and overseas operations to ensure that SDI is well placed for future global growth. This is further reinforced by a strong balance sheet and cash flow.

The 2016 financial year results have confirmed a substantial improvement on the previous year due to the Company's underlying strengths. Positive results are now being experienced from the Company's continued investment in infrastructure and research and development. The result further reinforces the sound fundamentals of SDI.

As a result of SDI's strong commitment to its R & D programs, the Company expects new Composite, Glass Ionomer and other restorative products to be released in the short and medium term. Additionally, a major new electronic product will be released into the market towards the end of the financial year. This continuing investment in R & D is in line with the Company's strategy of being less reliant on Amalgam products and moving towards more highly technical and sophisticated dental products.

It is very encouraging to note that current sales of Glass Ionomer restoratives (Riva) are approximately 60% of amalgam sales. Amalgam sales continue to decline slowly and to have a new material with potentially higher profitability starting to replace Amalgams is very reassuring. Riva is becoming a major product worldwide and is rapidly gaining market share. I expect Riva to continue to show strong growth in the future.

The company continues to develop its glass powder technology. Refurbishment of the glass production facility and the development of additional glass products will ensure that the growth in glass sales will continue from new customers. SDI currently supplies or is negotiating to supply specialised glass powder to several large international customers. While this is not a large revenue earner, the added volume into the Company's glass plant assists our regular production in quality and cost.

Over the last year there has been significant changes, including additions to our global sales and marketing teams. I expect that these very experienced and qualified new employees will further develop the markets, resulting in greater market share.

Against a very difficult International environment SDI continues to grow. A good example is our Middle East sales where growth in some countries is high.

I see the Company's position as good as it ever has been in recent years. It has highly qualified and committed employees, newest technology, and a growing and enthusiastic customer base.

In closing, I wish to acknowledge the contribution made by the Board of Directors to the year's success as they have served with distinction by advising, encouraging and assisting with the management of the Company. Additionally, I wish to express my appreciation to the Managers and all the staff for their tremendous efforts. SDI is a great Australian manufacturing and exporting company and we are very confident that we can continue to improve and do better in the future and reward its shareholders.

Thank you for your ongoing support.

Jeffery Cheetham
Executive Chairman
SDI Limited