

25 August 2017

## SDI Limited reports FY17 in line with guidance

### FY17 HIGHLIGHTS (vs FY16)

- **Aesthetics sales up 12% in local currencies (AUD 9%)**
- **Australian direct export sales up 15% in local currencies (AUD 12%)**
- **Operating expenses up 0.6%**
- **Full year fully franked dividends up by 15%**
- **Borrowings decreased by \$1.6 million**

MELBOURNE, Australia – SDI Limited (ASX: SDI) is pleased to announce its results for the 12 months ending 30 June 2017. Profit after tax was \$5.6m (\$7.6m FY2016) on Sales of \$74.1m (\$74.1m FY16).

	<b>FY 2017 (AUD)</b>	<b>FY 2016 (AUD)</b>	<b>Change %</b>
Sales	74.1m	74.1m	Flat
EBITDA	12.4m	15.4m	(19.1)
NPBT	8.2m	11.1m	(26.2)
NPAT	5.6m	7.6m	(26.3)
Borrowings	4.1m	5.7m	(27.8)
Cash	5.8m	6.0m	(4.1)
Declared / Paid Dividends	2.3c	2.0c	15.0

The current year Profit after tax includes \$0.5 million of unrealised currency losses, before tax, due to the revaluation of assets held in foreign currencies.

Total operating expenses in Australian dollars increased by 0.6 per cent when compared to the previous year. Approximately 57 per cent of SDI's total operating expenses relate to its offshore subsidiaries and are subject to currency movements when reporting in Australian dollars. When adjusted for currency movements, expenses increased by 1.5 per cent.

Earnings per share for the 12 months ending 30 June 2016 was 4.69 cents (6.37 cents FY16) and the Board of Directors has declared a final fully franked dividend of 1.3 cents per share with total dividends for the 2017 financial year up 15.0% to 2.3 cents.

### Steady underlying sales growth in local currency

Sales reported in Australian dollars, while flat in Australia dollars at \$74.1 million, increased by 2.3 per cent in local currency.

Sales growth was driven by increased sales of Aesthetics (up 12% in local currency) and Whitening products (up 7% in local currency) offset by a continuing decline in Amalgam sales (down 7% in local currency)

<b>Product Category Sales</b>	<b>Growth in Local Currency</b>	<b>Growth in AUD</b>	<b>Total AUD Sales</b>
Aesthetics	11.6%	8.6%	33.2%
Equipment	(3.8%)	(3.5%)	8.9%
Whitening	6.9%	3.7%	27.0%
Amalgam	(7.4%)	(9.3%)	30.9%

## Strongest growth in emerging markets

In local currencies, Australian sales including direct exports (excluding intercompany sales) increased by 11.3 per cent. Direct export markets include Latin America, Africa, Asia, Middle East and some European markets.

SDI North America's sales decreased by 6.5 per cent in local currency. The decline in North American sales was due to the restructuring of the sales force over the last 12 months and a significant decline in Amalgam sales.

Sales in SDI Europe were flat in local currency. Europe has many different diverse markets within it and some markets performed better than others, such as France, Spain and UK (when adjusted for the weakening of Pound to the Euro), while European exports to non-EU countries weakened.

Brazilian sales increased by 7.6 per cent in local currency. SDI Brazil commenced packing products in May 2016, and over FY18 we will continue to expand this process with the view of packing all its Amalgam and Whitening products, lowering importation costs and allowing a more aggressive pricing model to compete with local manufacturers.

Company	Growth in Local Currency	Growth in AUD	Total AUD Sales
Aust. Sales (incl. Direct Exports)	11.3%	8.9%	34.2%
North America	(6.5%)	(9.7%)	25.5%
Europe	Flat	(4.6%)	31.3%
Brazil	7.6%	19.5%	9.0%
<b>TOTAL</b>	<b>2.3%</b>	<b>0%</b>	<b>100%</b>

## Strong balance sheet

The Company's total cash holdings for the 12 months decreased by \$0.2 million after further decreasing debt by \$1.6 million, increasing dividend payments by \$0.5 million, and the purchase of adjoining land for \$0.5 million. Inventories decreased by \$1.2 million, highlighting better inventory management due to improved manufacturing processes.

## Outlook

SDI expect to see continued growth in sales of non-amalgam products and are well placed by product and region to participate in this growth. SDI also expect the decline in Amalgam sales to continue.

### Investor conference call

*There will be an investor presentation call today (25 August 2017) at 11am. To access the call dial +61 2 9007 8048 and provide the conference ID 846183 to the operator.*

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## About SDI Limited

Founded in 1972 and publicly listed on the Australian Securities Exchange in 1985, SDI Limited is a leading dental technology company that conducts research and development, manufacturing and marketing of specialist dental materials. SDI's products combine innovation and excellence to provide the ideal restorative materials for the dental profession.

All of SDI's products are manufactured in Victoria, Australia. SDI's products are distributed through distributors and retailers in over 100 countries throughout the world. SDI has offices and warehouses in Chicago, USA; Cologne, Germany; and Sao Paulo, Brazil.