

**SDI Limited**  
**Chairman's Address**  
**Annual General Meeting**  
**November 17, 2017**

The 2017 financial year has shown that SDI's fundamentals are solid, with a strong financial position, growing organic sales, and a pipeline of innovative products. The Company generates strong cash flows, has no net debt and is well placed to capitalise on future opportunities. The Board has confidence in the strength of the business and the increased dividend payment is reflective of this.

SDI is a global Australian manufacturer and innovator that exports over 90% of its products. In constant currency terms the business continued to see growth in Non-Amalgam products, which more than offset the decline in Amalgam products. The market for Amalgam products is declining and transitioning to the tooth coloured restoratives. The Company's transition from being known as a high-quality Amalgam company to an innovative Aesthetic and Whitening Company is continuing to progress with over two thirds of sales today coming from Non-Amalgam products. This transition will continue to hinder top line sales in the short to medium term.

Over the years SDI has built an enviable research and development portfolio, including patents and trademarks that will deliver solid returns well into the future. In addition to SDI's strong product portfolio, the Company has developed a distribution network which extends to over 100 countries. This strategic network, developed over many years, is reinforced by a strong working relationship with the Company's worldwide network of Distributors.

There has been substantial investment into product development, manufacturing capability, marketing, and the expansion of SDI's distribution channels. It is a credit to the Management who have built this great Australian company which is now positioned to address future challenges and embrace future opportunities.

In closing, I wish to acknowledge the contribution made by the Board of Directors who have served with distinction by advising, encouraging and assisting management. 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 will continue to strategically grow the business in the future and reward its shareholders.

Thank you for your ongoing support.

Jeffery Cheetham  
Chairman  
SDI Limited