



AGM 2017

Bayswater, 17th November 2017





Chairman's address

Mr. Jeffery Cheetham OAM



CEO's address

Ms. Samantha Cheetham

We exist to increase shareholder value by discovering, developing and marketing top quality, innovative dental products.

THE SDI MISSION

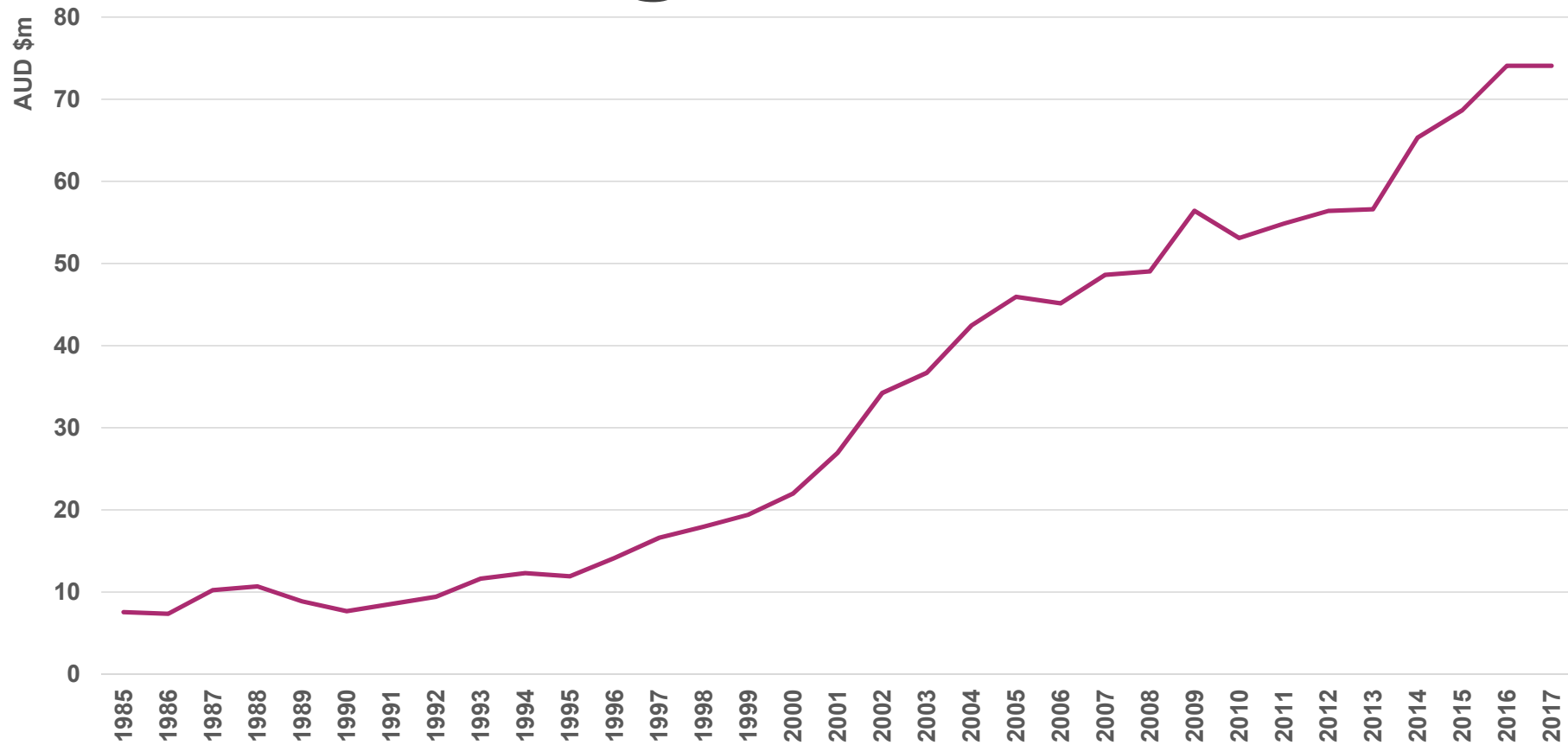
*To be an innovative leader in the dental industry,
developing our people and partnering with dentists and
distributors globally to help them deliver a superior
patient experience.*

THE SDI VISION

SDI is transforming

- Innovation is key - innovation in chemistry and delivery systems resulting in leading product development
- Fully integrated dental manufacturer with driving manufacturing efficiencies
- **1 – 2 new products per year to drive growth**
 - Concentrating on categories that deliver high sales margins
 - Building on SDI's world-leading technical expertise, particularly in glass ionomers and tooth whitening.
 - Very focused R+D teams collaborating closely with researchers and innovation centres globally

Solid sales growth



Source: SDI



Strong long term relative returns



Total Shareholder returns

	SDI	All Ords
1 - year	15.1%	13.1%
3 - year	13.4%	6.8%
5 - year	43.6%	11.6%

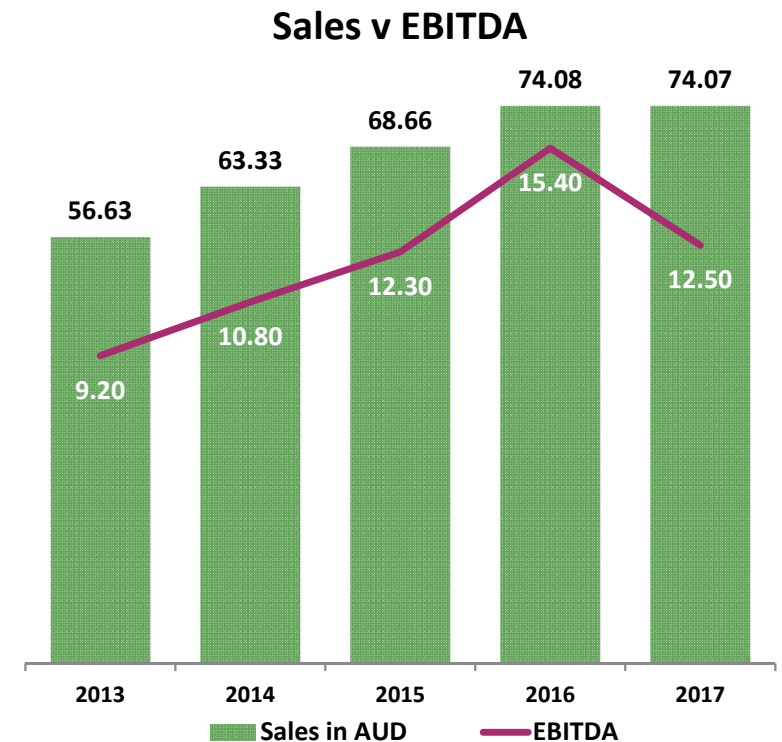
Annualised TSR returns as at 30 June 2017

Source: Iress, Market Eye



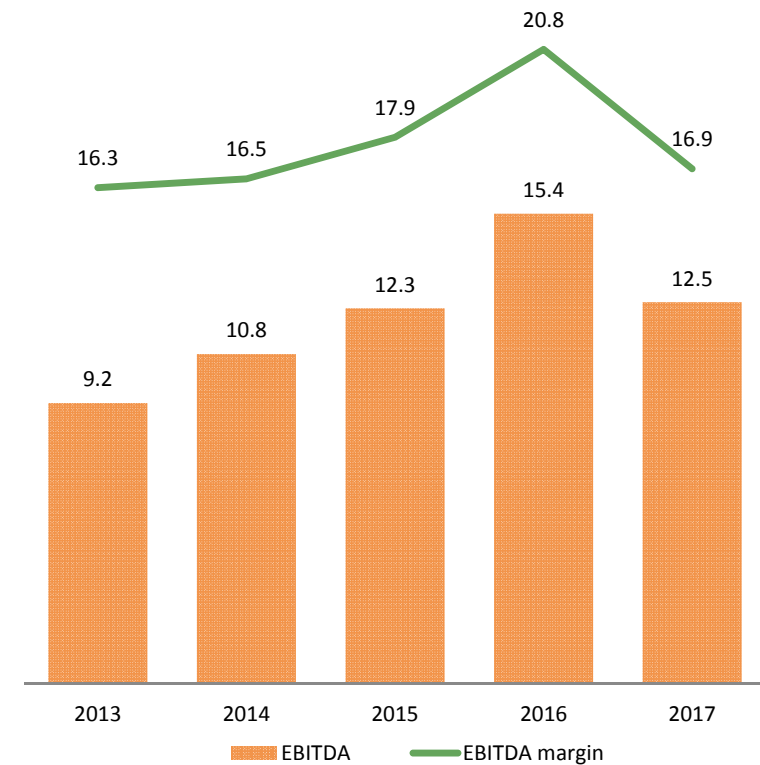
FY17 Highlights

- NPAT of \$5.6m within guidance
- Aesthetic sales up 12% in local currency (9% in AUD)
- Whitening sales up 7% in local currency (4% in AUD)
- Australian direct export sales up 15% in local currency (12% in AUD)
- Operating expenses up by 0.6%
- Full year fully franked dividends of 2.3 cents up by 15%
- Debt reduction of \$1.6m



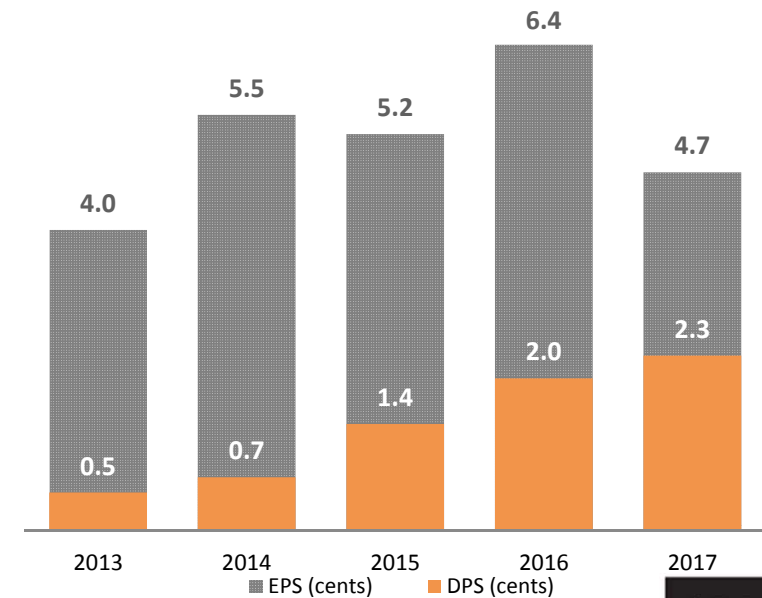
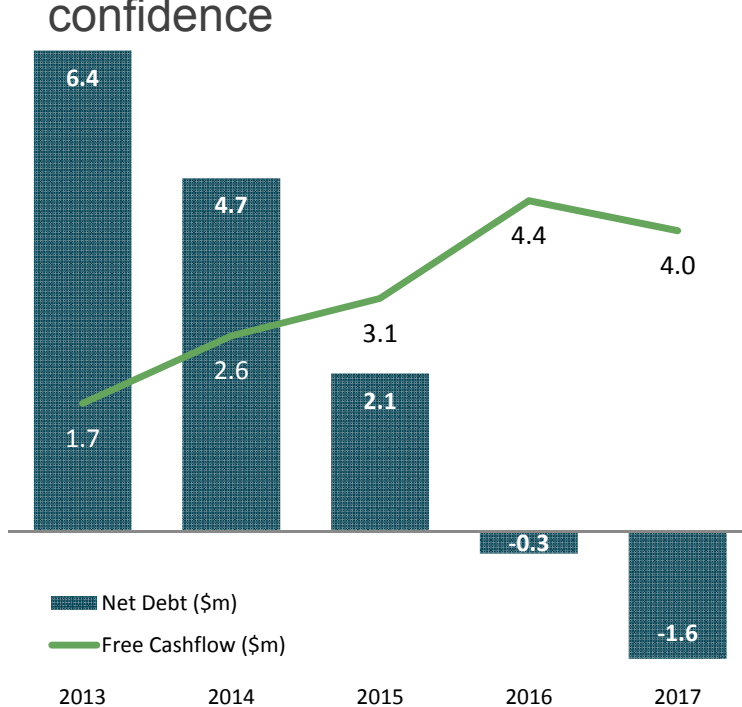
Financial overview

- Long term earnings trend is positive
 - FY2016 profit and margin unfavorably impacted by currency
- FY2017 saw stronger sales growth in emerging markets, which are generally lower margin regions, partially offset by supportive mix change
- The relative strength of the AUD detracted from an otherwise stronger underlying result



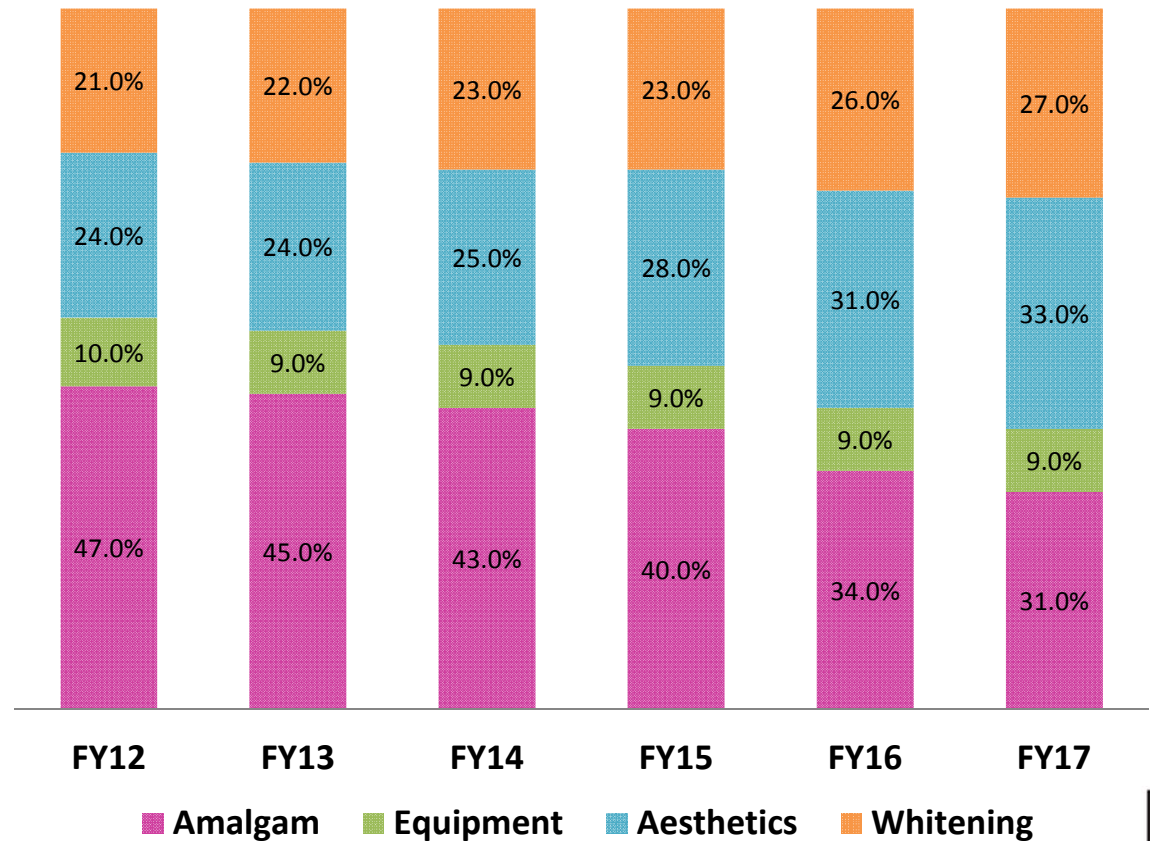
Dividends growth and no net debt

- Net cash position with strong free cashflow
- Increased dividend and payout ratio reflective of balance sheet strength and the board's confidence



Product mix continuing to shift

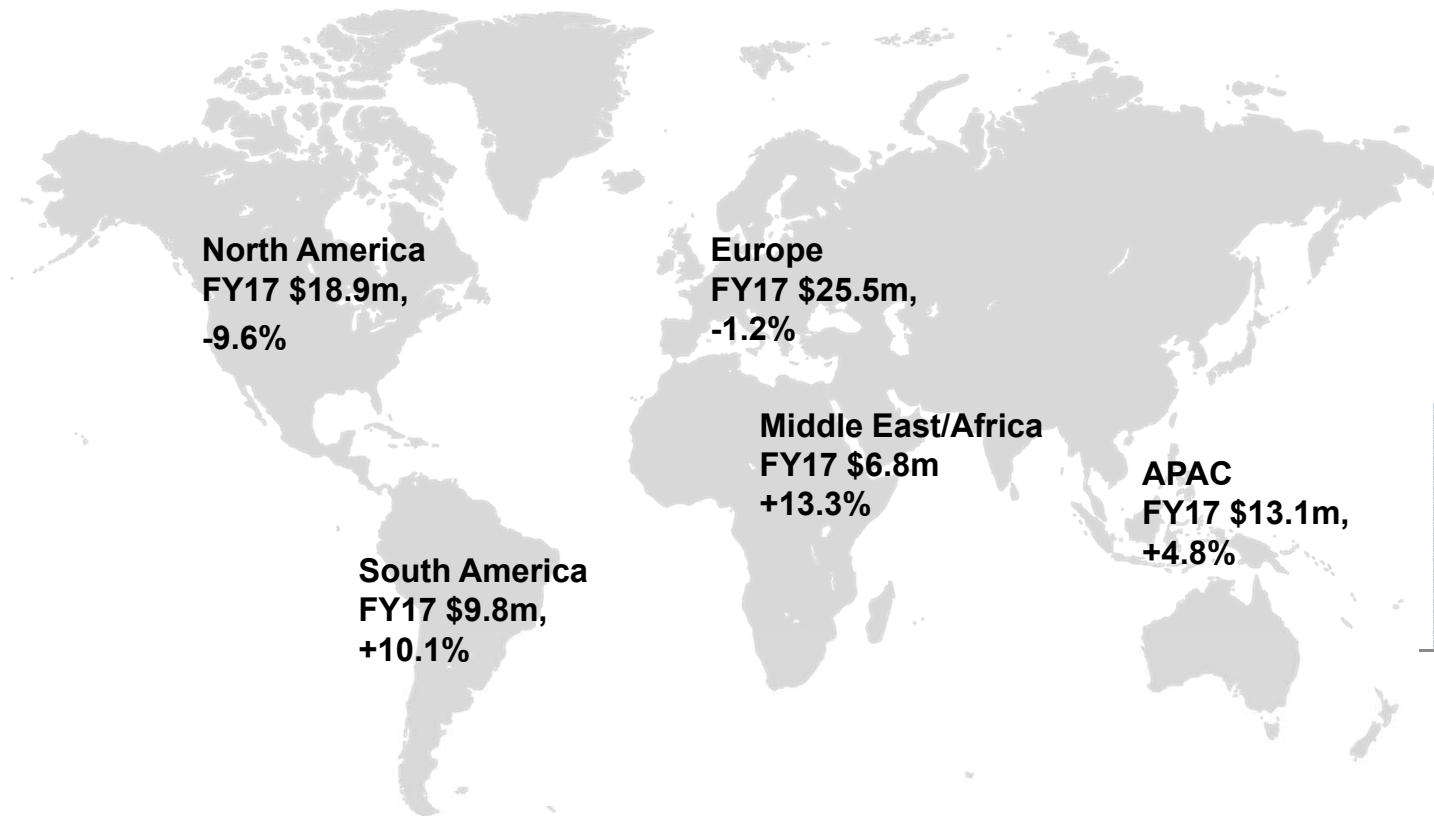
- Aesthetics and whitening categories now account for 60% of sales (CAGR 16.4% p.a. 2013 to 2017)
 - Growth in Glass Ionomers continued to outperform
 - Good acceptance of Aura
- Amalgam decline is reflective of industry trends
- Equipment sales will be supported from recent launch of a new curing light which is receiving positive feedback



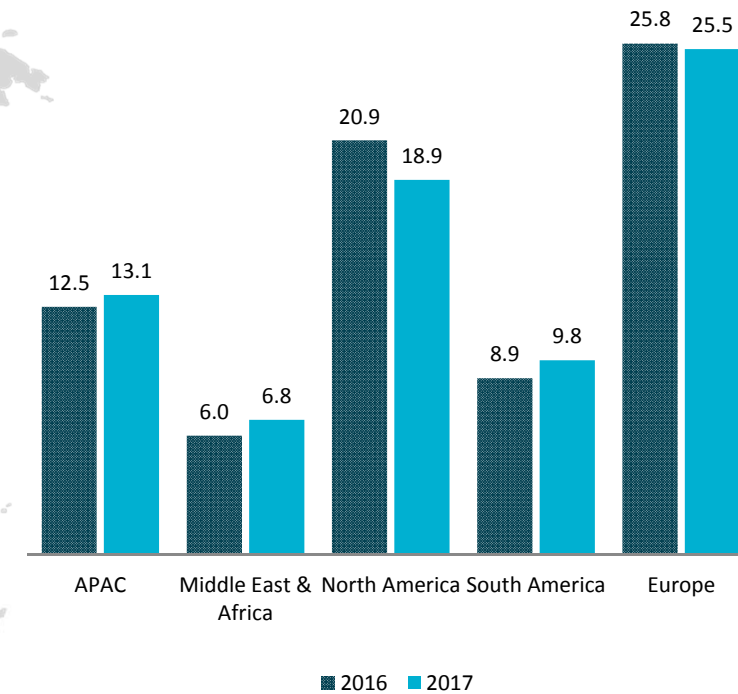
Source: SDI



Geographical sales



Sales by geographical location A\$(m)



Research, innovation, results

- **FY17 product releases**
 - Aura Easy - composite
 - Pola Luminare - tooth whitening - December 2016
 - Riva Cem - a paste/paste cement - March 2017
 - Industry trade show product launches (Germany) – March 2017
 - Rarii Xpert – small equipment – product launch April 2017
- **1 – 2 new products per year to drive growth**
 - Concentrating on categories that deliver high sales margins
 - Building on SDI's world-leading technical expertise, particularly in glass ionomers and tooth whitening.
 - Very focused R+D teams collaborating closely with researchers and innovation centres globally
- **Riva star** – focus on public health programs to minimise adverse restorative procedures



Decay – worldwide problem

- Tooth decay is the most common health problem in Australia, USA and many other countries
- 1 in 2 children aged 6 years have decay in their baby teeth*
- 1 in 2 children aged 12 years have decay in their adult teeth*
- Decay rates have increased more than 50% since 1996*
- Nearly 50% of children drink sugar-sweetened beverages daily

Source: www.sugarfreesmiles.com



Riva Star

- Silver Diamine Fluoride and Potassium Iodide based product
- SDI has a worldwide patent
- Dental Health Services Victoria – Study on 500 children who would normally be sent to Royal Children’s Hospital for a general anaesthetic and severe extractions
- *“If the trial is successful, it will change the way we manage tooth decay in young children and reduce oral health inequity for those that are in most need,” Dr Yawary said (Bite magazine, October 2017)*



Radii Xpert

- Radii Xpert will be released throughout FY18:
 - Australia September 2017
 - UK October 2017
 - Europe November 2017 – February 2018
 - USA – March 2018
 - ROW depending on registration
- Excellent initial feedback from key researchers
- Only light on the market with target assist technology



Outlook

- The most significant product release for FY18 will be Radies Xpert (curing light) with sales expected to contribute from Sept.
- In FY18 we expect continued sales growth in non-amalgam products (70% of sales), offset by ongoing weakness in the market for amalgam.



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