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FY18 RESULTS PRESENTATION

Samantha Cheetham CEO
John Slaviero CFO / COO

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Long successful operating history – founded in 1972 and listed on ASX in 1985 and Australia's largest dental manufacturer



SDI researches, develops, manufactures and markets specialist dental restorative products, focusing on filling materials and tooth whitening products



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

- FY18 highlights
- Product categories
- Key geographies
- Financial performance
- Strategy and outlook

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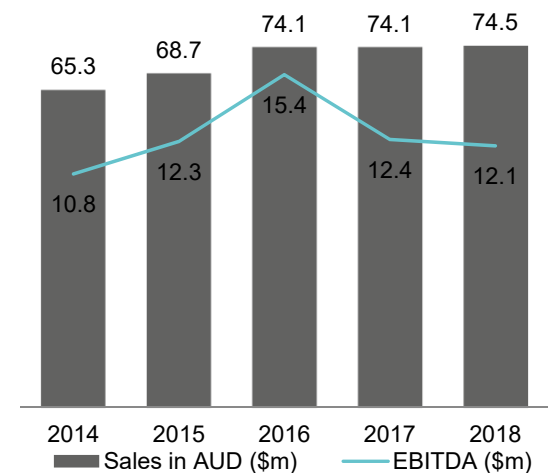
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FY18 HIGHLIGHTS

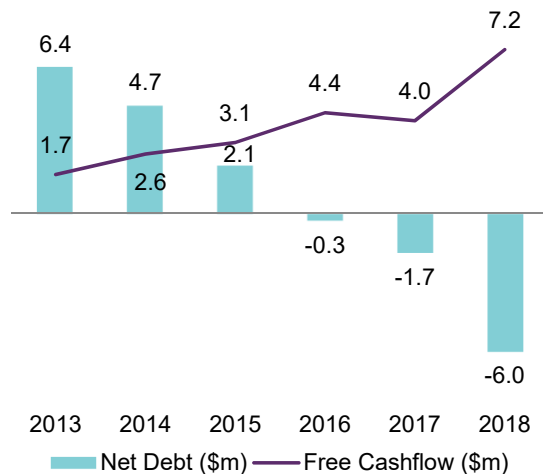
- NPAT up 1.5% to \$5.7m
- Strong second half result with 2H18 up 27% on pcp
- Sales increased 0.5% to \$74.5m
- Non-amalgam sales rose 8.6%, a faster pace than the market
- Aesthetic sales up 9.3% in local currency (up 10.5% in AUD)
- Product margins increased by 1.1% to 61.1%, due to product and market sales mix, and Australian manufacturing efficiencies
- Full year fully franked dividends of 2.5 cents up 8.7%
- Debt reduction of \$1.9m
- FDA registration approval granted to market Riva Star in the USA as a dental desensitiser
- Health Canada approval to market Riva Star as an anti-carries agent

Sales v EBITDA

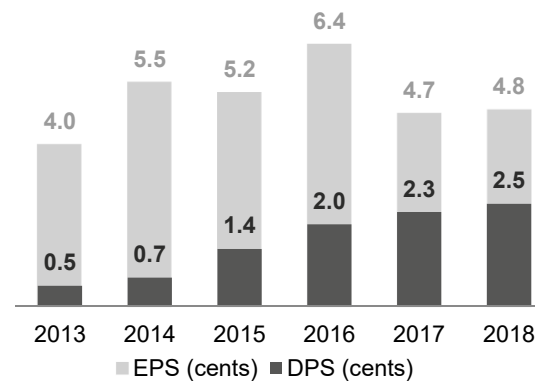


DIVIDENDS GROWTH AND NO NET DEBT

Net Debt & Free Cashflow



EPS & DPS



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

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PRODUCT CATEGORIES

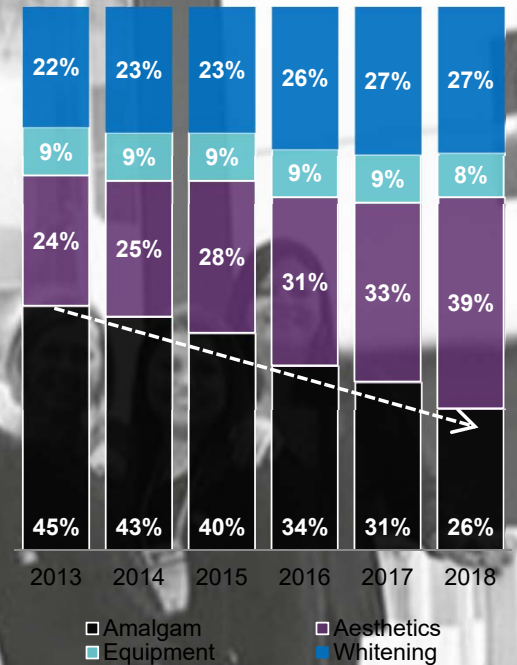


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NO LONGER AN AMALGAM COMPANY

- Non-amalgam sales now accounting for nearly 75% of all sales
- Non-amalgam 5 year CAGR 12.0%
- Growth in Glass Ionomers continued to outperform

Product Mix



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AESTHETICS DRIVING GROWTH

- Aesthetics sales performed strongly, up 9.3% in local currency (up 10.5% in AUD)
- Whitening sales grew 4.3% in local currency (up 5% in AUD) in 2H due to strong Pola brand
- Continued decline in amalgam sales, down 12.7% in local currency (down 12.9% in AUD)

Product Category Sales	Growth in Local Currency	Growth in AUD	Total AUD Sales
Aesthetics	9.3%	10.5%	38.9%
Equipment	(2.5%)	(4.2%)	8.3%
Whitening	1.0%	2.0%	26.7%
Amalgam	(12.7%)	(12.9%)	26.1%





KEY GEOGRAPHIES



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SALES BY BUSINESS UNIT

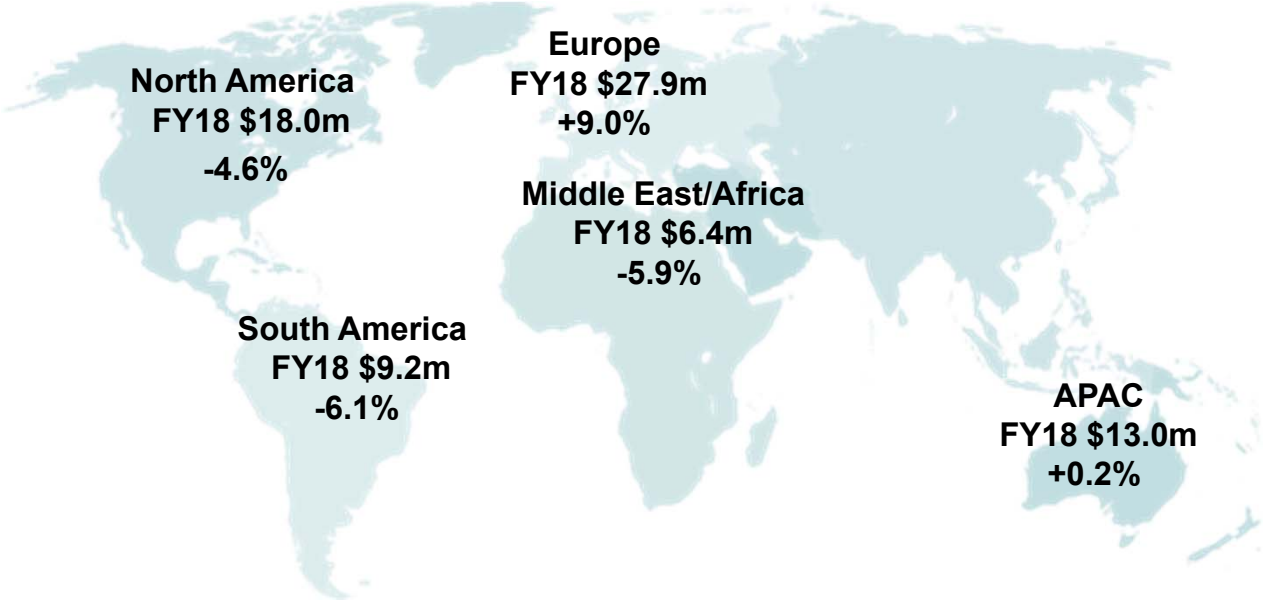
- Australian business unit grew sales by 4.9%. When adjusted for Brazil, export sales grew by 0.2%.
- Brazilian sales decreased by 9.0%. When adjusted for the redirection of export sales to Australia, Brazil's domestic sales increased by 0.8%.
- Europe increased by 0.6%:
 - Under performing sales to the Turkish market.
- North American sales decreased by 1.7%:
 - Major distributor undergoing restructure

Sales by Business Units	Growth in Local Currency	Growth in AUD	Total AUD Sales
Australian Sales*	4.9%	2.9%	35.1%
North American	(1.7%)	(4.6%)	24.1%
Europe	0.6%	6.9%	33.2%
Brazil	(9.0%)	(15.0%)	7.6%
TOTAL	0.5%	0.6%	100.0%

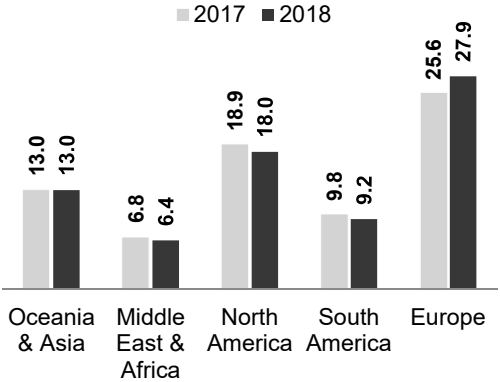
*Australian business unit sales includes direct exports to other markets



GEOGRAPHICAL SALES



Sales by geographical location A\$(m)



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FINANCIAL PERFORMANCE

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PROFIT & LOSS

Profit & Loss (\$'000)	FY18	FY17	Change
Revenue			
Sales revenue	74,535	74,066	1%
Cost of goods sold	(28,966)	(29,625)	(2%)
Gross profit	45,569	44,441	3%
Gross margin	61%	60%	
Expenses			
Selling and administration expenses	(34,231)	(32,829)	4%
Research and development costs	(1,253)	(921)	36%
Other expenses	(1,976)	(2,600)	(24%)
Profit before tax	8,145	8,191	(1%)
Tax expense	(2,484)	(2,615)	(5%)
Net profit after tax	5,661	5,576	2%
Depreciation & Amortisation	(3,868)	(4,094)	(6%)
Net interest expense	(135)	(210)	(36%)
EBITDA	12,148	12,495	(3%)

- 0.6% sales increase in local currency
- Strong sales in Aesthetics and Whitening products were offset by Amalgam sales (down 12.9% in AUD)
- Gross margin increased by 1.1% due to product mix and production efficiencies
- Operating expenses increased by 2.1% in local currencies
- Expenses driven by:
 - additional investment in promotional and research expenditure
 - increase compliance costs
 - reduction in currency losses

BALANCE SHEET

Balance sheet (\$'000)	FY18	FY17	Change
Assets			
Cash and cash equivalents	8,246	5,754	43%
Trade and other receivables	16,225	15,451	5%
Inventories	14,558	17,135	(15%)
Prepayments	750	818	(8%)
Other receivables	885	1,124	(21%)
Property, plant and equipment	17,569	18,121	(3%)
Intangibles	23,657	22,859	3%
Total assets	81,890	81,262	1%
Liabilities			
Trade and other payables	3,960	4,551	(13%)
Borrowings	2,214	4,137	(46%)
Derivative financial instruments	-	62	(100%)
Provision for income tax	182	248	(27%)
Employee benefits	3,546	3,715	(5%)
Deferred tax liability	2,437	2,206	10%
Total liabilities	12,339	14,919	(17%)
Net assets	69,551	66,343	5%

- Cash holdings for the year increased by \$2.5 million and debt falling by \$1.9 million
- \$2.7 million reduction in inventory from improved manufacturing processes and larger sales in May and June

- Receivable days have increased due to stronger sales in May and June
- Increased R & D expenditure, continuing the investment in new product development
- Continued debt reduction program

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CASH FLOW

Cashflow statement (\$'000)	FY18	FY17	Change
Receipts from customers	74,000	73,110	1%
Payments to suppliers and employees	(60,264)	(60,454)	(0%)
Other revenue	36	100	(64%)
Interest and other finance costs paid	(163)	(219)	(26%)
Income taxes paid	(2,319)	(3,165)	(27%)
Net cash from operating activities	11,290	9,372	20%
Payments for PP&E	(1,824)	(2,678)	(32%)
Payments for intangibles	(2,346)	(2,920)	(20%)
Proceeds from disposal of PP&E	43	275	(84%)
Net cash used for investing activities	(4,127)	(5,323)	(22%)
Cash flows used in financing activities	(4,776)	(4,208)	13%
Cash & cash equivalents - end of period	8,246	5,754	43%

- Strong free cash flow
- Reduction of R & D expenditure capitalized
- Continued debt reduction



STRATEGY AND OUTLOOK

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RESEARCH, INNOVATION, RESULTS

- 4 new products being developed for launch at the International Dental Show (IDS) – March 2019
- Whitening
 - Pola Tray
- Aesthetics
 - Adhesive
 - Cement
 - Flowable composite
- 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, universities and innovation centres globally
- Riva star – focus on public health programs to minimise adverse restorative procedures
- Key study with Dental Health Services Victoria showing positive results



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OUTLOOK

- The most significant product release for FY19 will be a new Pola whitening tray
- Riva Star gaining traction in North America
- Growth opportunity in developing markets as demand for quality dentistry increases
- Research expenditure increase on innovation such as amalgam alternatives
- Expanding manufacturing in Brazil. No material investment in PPE. Will lead to saving costs
- In FY19, we expect continued sales growth in non-amalgam products, offset by ongoing weakness in the market for amalgam
- PPE to increase to \$3m to automate packing, filling line and the Riva capsulation line





QUESTIONS

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