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SDI LIMITED ACN 008 075 581 | ABN 27 008 075 581  
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## ASX and Media Release

15<sup>th</sup> February 2019

**SDI Limited delivers a record 1<sup>st</sup> half result with Net Profit after Tax of \$3.1m and declares an increased interim and a special dividend.**

### HY19 HIGHLIGHTS

- **After tax profit up 172% to \$3.1m**
- **Total sales up 6% in local currencies (AUD 10%)**
- **Aesthetics sales up 13% in local currencies (AUD 18%)**
- **Total debt fully paid**
- **Interim fully franked dividend up by 9% to 1.2 cents**
- **Special fully franked dividend of 1.0 cent**

MELBOURNE, Australia – SDI Limited (ASX: SDI). After-tax profit increased by \$1.9 million to \$3.1 million, compared with \$1.2m for the same period last year. This result was driven by strong sales increase and favourable currency movements. Unrealised currency gains contributed \$0.5 million to the after-tax profit due to the favourable closing rates on 31 December 2018.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 78.8 per cent to \$6.4 million, compared to \$3.6 million for the corresponding period last year. Earnings per share for the 6 months ending 31 December 2018 increased by 1.66 cents to 2.63 cents compared to 0.97 cents for the same period last year.

	HY 2019 (AUD)	HY 2018 (AUD)	Change %
Sales	37.1m	33.6m	10.2
EBITDA	6.4m	3.6m	78.8
NPBT	4.4m	1.5m	188.5
NPAT	3.1m	1.2m	171.8
Borrowings	0	4.4m	(100.0)
Cash	6.1m	8.1m	(24.7)
Declared Interim Dividend	1.2c	1.1c	9.1
Declared Special Dividend	1.0c	0	

Sales in Australian dollars for the 6 months ending 31 December 2018 were \$37.1 million, up 10.2% on the previous corresponding period of \$33.6 million. In local currency terms, sales were up 6.2%. This growth was driven by continued strong growth in Aesthetics sales, including Glass Ionomers and Composites, and modest growth in Amalgam sales, reversing the previous declining trend for this product.

Product Category Sales	Growth in Local Currency	Growth in AUD	% of Total AUD Sales
Aesthetics	13.4%	17.7%	42.5%
Equipment	(0.5%)	1.3%	7.9%
Whitening	1.6%	6.1%	24.7%
Amalgam	2.1%	5.7%	24.9%



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Sales growth was driven by strong Australian direct exports of Aesthetics and Amalgam products in the Middle East and increased Aesthetics sales in Asia and Australia. Brazilian sales were down due to the de-stocking of a major Distributor. The Company expects that Brazilian sales in the second half will be back to normal levels.

Sales by Business Unit	Growth in Local Currency	Growth in AUD	% of Total AUD Sales
Aust. Sales (incl. Direct Exports)	17.8%	21.7%	38.6%
North America	0.1%	7.5%	23.9%
Europe	1.4%	6.7%	31.2%
Brazil	(6.0%)	(16.1%)	6.3%
<b>TOTAL</b>	<b>6.2%</b>	<b>10.2%</b>	<b>100.0%</b>

Regional sales highlight the strong sales growth from the Middle East and lower than expected sales from South America (excluding Brazil). North American sales were impacted by a 14.4% decline in Amalgam sales which represents 35.1% of this region total sales. This decline was partially offset by an increase of 10.1% in Aesthetics driven by strong Glass Ionomer sales in the period. The South American region, traditionally an amalgam market, was impacted by aggressive pricing from local manufacturers and the lower level of Government tenders, reflecting the challenging political and economic environment.

Sales by Region	HY 2019 (AUD)	HY 2018 (AUD)	Growth
APAC	7.0m	6.1m	14.5%
Middle East / Africa	4.7m	3.0m	56.0%
North America	8.8m	8.2m	7.5%
South America	3.8m	4.1m	(7.7%)
Europe	12.8m	12.2m	4.7%

Gross product margins improved to 60.9% compared to 59.3% for the corresponding period last year. When adjusted for favourable currency movements the gross margin was in line with the previous corresponding period. This result is encouraging and reflective of the improved product mix, given the strong direct export sales traditionally attract a lower margin.

Total operating expenses in Australian dollars increased by 4.5% when compared to the previous year; however, with approximately 53% of SDI's total operating expenses relating to offshore subsidiaries, after adjusting for currency movements and an increase in amortisation expense, expenses increased by only 1.6%.

The Company's total cash holdings for the six months decreased by \$2.2 million after decreasing debt by \$2.2 million and increasing inventories by \$2.9 million. Inventories have been increased to further improve customer service and support expected increase in sales.

Ms Samantha Cheetham, SDI Limited CEO, said: "The first six months has seen a significant improvement when compared to the same period last year. It is pleasing to see the continued strong increases in Aesthetics sales and success in penetrating more regions with a wider range of products. Favourable currency movements have certainly contributed to the result; however, with an underlying sales growth of 6.2% in local currency and strong cost control, along with the continued investment in research and development, the Company is heading in the right direction for the long term".



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The Board of Directors has declared an interim fully franked dividend of 1.2 cents per share which is 0.1 cent higher than the previous interim dividend. The Board has also declared an additional fully franked special dividend of 1.0 cent per share. Both dividends will be paid on 12 April 2019.

The Directors have decided that the Company's Dividend Reinvestment Plan (DRP) will not be offered to Shareholders for these dividend payments.

### **Investor conference call**

***There will be an investor presentation call today (15 February 2019) at 11am. To access the call dial +61 2 9007 3187 and provide the conference ID 468112 to the operator.***

### **Investor Contact:**

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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.