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COVID-19 Trading Update

23 April 2020

MELBOURNE, Australia – SDI Limited (ASX: SDI) wishes to provide an update on current trading conditions and how the company is responding to the impact of COVID-19.

The COVID-19 pandemic had a minimal effect on operations in the first 3 quarters of the financial year to March 31, 2020, with sales in Australian Dollars up 5% and profit in line with the previous corresponding period.

In the final quarter of the 2020 financial year SDI's global markets have all been affected by COVID-19, with dental procedures currently limited to emergency cases in most countries. After further evaluation, the Company now expects that there will be a material impact on the June quarter sales. The final quarter of the financial year has typically been the Company's most profitable quarter with May and June sales representing approximately 22% of annual sales. Although there are signs that dental offices in these markets are starting to open for 'normal' business, SDI expects that there will be a significant lead time before demand from the Company's Distributors will return to normal levels. With this in mind, SDI has revised its annual sales forecast for the financial year to June 30, 2020 and now expects sales in Australian Dollars to be approximately 13% down on last year.

Cost Management initiatives:

The Company has taken several cost cutting measures commencing in April 2020. These measures include:

- Directors & Management salary reductions of at least 40%;
- Reducing other operational wage and salary costs;
- Reviewing all capital and project expenditure;
- Applying for all Government COVID-19 subsidy programs.

Outlook and guidance:

The overall profit impact of COVID-19 is difficult to assess. However, the Company expects its profit after tax to be in the range of \$3.5 million to \$4.5 million for the full financial year compared to \$7.3 million for the previous financial year.

The strength of SDI's balance sheet will enable the Company to manage the operational impact of COVID-19. In addition, the Company has a \$10 million bank facility on standby if required. At this stage it is envisaged that a minimal draw down may be required by June 30, 2020.

Commenting on the impact of COVID-19, Ms Samantha Cheetham, CEO of SDI stated "Our focus is firstly on protecting the health, safety the wellbeing of our employees around the globe in these unprecedented times. We have implemented plans to address operational changes required to maintain business continuity, preserve cash, and minimize the effect on profit. We will continue to address future challenges as they arise. There is some positive news emerging in recent weeks regarding dentist offices globally, which may suggest that the industry will be back on track in the coming months."

This announcement is authorised by the Board of Directors



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About SDI Limited

SDI has a long history of research and development, manufacturing, and marketing of innovative dental materials. Founded in 1972, the Company has grown to become a world leader in the dental industry with expertise in restorative material, tooth whitening and adhesives.

SDI is renowned in the global industry for its ionglass™ manufacturing technology, which has led to the development of many unique brands, including the Riva range of glass ionomer products. Further, Pola, SDI's innovative whitening system, has accumulated more than 15 years of clinical success worldwide and enjoys significant brand equity globally.

SDI's products are developed, designed, and manufactured in Victoria, Australia and distributed to over 100 countries worldwide. SDI has sales and distribution subsidiaries in the USA, Germany, and Brazil.