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

20 August 2021

# Full Year Results Announcement for FY21

## SDI Limited returns to growth after a record year

**MELBOURNE, Australia** – SDI Limited (ASX: SDI). Net profit after tax of \$8.9 million for the twelve months ending 30 June 2021, compared with \$4.2 million for the same period last year.

SUMMARY FINANCIALS (AUD)	FY21	FY20	FY21/20 Change %	FY21/19 Change %
Sales (\$m)	81.6	67.4	21.2	2.6
EBITDA (\$m)	16.8	9.8	71.9	18.7
NPAT (\$m)	8.9	4.2	111.0	22.0
Net Cash	10.6	4.7	127.0	62.9
Earnings Per Share (cents)	7.52	3.56	112.4	21.9
Final ordinary dividend (cents)	1.65	0.50	230.0	10.0
Full year ordinary dividend (cents)	3.15	1.85	70.3	(14.9)

### FY 2021 Highlights

- Total sales of \$81.6 million, up 21.2% on last year, were driven by strong sales in key product categories, new product releases and the normalising of most dental markets. When adjusted for currency movements, sales were up 30.5% on 2020 financial year and 7.1% on the 2019 financial year.
- Earnings before interest, tax, depreciation, and amortisation ('EBITDA') was up 71.9% to \$16.8 million, compared to \$9.8 million for the previous corresponding period. When compared to the 2019 financial year, EBITDA increased by 18.7%.
- Earnings per share ('EPS') was up 112.4% to 7.52 cents compared to the same period last year.
- Strong cash and no debt.
- Operating expenses, after adjusting for currency movements and Government assistance, grew 1.4% when compared to the 2019 financial year, due to careful operating expense management.
- Final fully franked ordinary dividend of 1.65 cents per share, up 10.0% when compared to the 2019 financial year and 3.15 cents per share for the full year, up 70.3% on the prior year.
- The strategic restructure of the Brazilian operations is in progress and is expected to be fully operational by December 2021.

Commenting on the result Chief Executive Officer Samantha Cheetham said: "We are beginning to see a strong rebound in many of the regions we operate in, with some yet to fully return to normal operating conditions. We still face some challenges but feel increasingly confident on the outlook. As always through this pandemic the health and safety of our team continues to be at the forefront of our minds, with strict infection control policies and the use of remote conferencing tools for all staff team meetings where practical."

"Throughout this year, the restrictions in many markets began to be eased and we saw a gradual opening up of dental practices. The initial pent-up demand we have spoken about was evident and, as we ended the financial year with many regions operating closer to normal, we have seen steady increases with new product releases key to our momentum as we exited the financial year. While operating conditions are normalising in many regions the cost of freight has had an impact, with delays and cost inflation a new challenge for us".



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### Key Product Category Sales

Product category sales (FY21)	Growth in local currency %	Growth in AUD %	Total AUD Sales %
Aesthetics	27.2	18.6	44.9
Equipment	31.1	17.2	7.4
Whitening	55.3	46.5	32.5
Amalgam	3.8	(5.7)	15.3

Whitening product sales continued the momentum from the first half of the year, with growth accelerating in the second half, resulting full year sales growth of 55.3% in local currency. While pent-up demand was a feature, new products released were key to this result. The release of the new Pola Light and Pola Rapid products, and the re-branding of the Pola products, underpinned the strong momentum in sales. Aesthetics products sales also rebounded in the second half, up 27.2% in local currency for the year, assisted by the easing restrictions on dentistry. In markets where the restrictions were progressively eased - Australia, North America, and parts of Europe - growth was strong. Amalgam product sales were up 3.8% in local currencies, with the North American market offsetting declines seen in other regions. Finally, Equipment sales grew strongly in local currency terms, up 31.1% on the prior period, once again driven by new product releases, with the ongoing successful traction of the Radii LED curing lights.

### Sales by Business Unit

Sales by Business Unit (FY21)	Growth in local currency %	Growth in AUD %	Total AUD Sales %
Australian sales (including direct exports)	9.6	4.1	34.0
North America	54.3	39.5	25.0
Europe	39.9	35.8	34.4
Brazil	33.4	(0.2)	6.6
<b>Total</b>	<b>30.5</b>	<b>21.2</b>	<b>100.0%</b>

Sales by business unit were consistent with the gradual easing of Government restrictions, seeing a return to normal operating conditions in many markets. The European unit sales were up 39.9% in local currency for the year driven by strong demand in its key markets and assisted by the UK, where conditions rapidly improved in the second half of the year. The Australian unit sales, which also captures the Australian direct export markets, was up 9.6% with the domestic sales up an impressive 44.6%; however, this was offset by direct exports, which were down 3.3% over the year with many of these regions yet to return to normal operating conditions.

Brazilian sales decreased 0.2% in Australian dollars and when adjusted for currency movement sales increased by 33.4% reflecting the significant weaker Brazilian REAL. As previously indicated the Brazilian operations review was completed, with the restructure expected to be implemented by December 2021.

Sales by region	FY 2021 (AUD)	FY 2020 (AUD)	Growth %
APAC	16.2m	14.2m	14.4
Middle East / Africa	6.1m	6.9m	(11.0)
South America	7.6m	8.0m	(6.0)
North America	20.4m	14.6m	39.5
Europe	31.3m	23.7m	32.5



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The regional performances reflect the return to normal operating conditions, with the gradual easing of Government restrictions, but also the successful release of new products. The South American, Middle East / African, and Asian markets continued to experience restrictions. Added to this, the weakness of the Brazilian currency significantly contributed to the overall decline in South America.

### Gross profit margins

Gross product margins are a function of the regional and product sales mix. The positive mix affect during the year, underpinned by strong growth in the higher margin whitening and aesthetic product sales, was offset by regional factors and the increase in freight and production costs driven by global logistic turmoil. Reflective of this, when adjusted for these movements the gross margin increased by 1.8% compared to last year; however, in Australian Dollars the gross margin declined 3.2% to 61.6%, compared to 64.8% for the corresponding period last year.

### Operating expenses

Total operating expenses in Australian dollars increased by 1.2% when compared to the previous corresponding period. After adjusting for currency movements and government assistance programs, underlying operating expenses increased by 8.8% compared to 2020 year; however, when compared to the pre-pandemic levels in financial year 2019, operating expenses increased by only 1.4%. The result is evidence of the careful management of operating expenses over this period.

### Balance sheet

The consolidated entity's net cash position increased \$5.9 million to \$10.6 million for the twelve months. In summary, the remaining debt of \$1.5 million was paid down, there was further investment in plant and equipment of \$2.3 million and product development expenditure was \$1.2 million for the year. Further, the Company actively increased its inventory by \$0.9 million, to mitigate the continued global freighting delays. Finally, the Company has unused bank facilities of \$10 million.

The consolidated entity received \$3.9 million from Government assistance programs payments in the twelve months ending 30 June 2021. \$1.9 million was allocated to operating expenses and \$2.0 million to the manufacturing departments to supplement the Company's commitment to keep its global employees employed while the Group recovered from the reduced demand caused by the pandemic. This was critical, particularly in the first half of the financial year. It does not foresee that it will be eligible to receive any further payments in future years.

The consolidated entity continues the comprehensive review of its manufacturing footprint, including relocation, investment in automation, and review of its manufacturing processes to ensure it continues to operate efficiently and manage future growth.

### Strategy and outlook

The Company's strategic priorities remain focussed on the key product categories of Aesthetics and Whitening products; further manufacturing efficiencies and driving sales and marketing teams; the on-going investment in research and development; and the Company's Amalgam replacement product, which is on schedule for release in 2023.

Commenting on the outlook Samantha Cheetham said: "In managing any global business there are uncertainties and SDI is no different. I am encouraged by the strong rebound in our key markets and see genuine momentum in our business underpinned by the opening of markets and new product releases. In the near term the challenges we face are with the increased cost of freight, the potential for further lockdowns and the delayed opening of the remaining regions we operate in. On balance we expect another year of growth and look forward to the return of normal operating conditions in all markets"

### Dividends

Showing the Board's confidence in the future of the business, the Directors has declared a final fully franked ordinary dividend of 1.65 cents per share, compared to 0.5 cents for 2020 and 1.5 cents for 2019. The full year ordinary dividends of 3.15 cents equates to a payout ratio of 41.9%. The Board has decided that the Company's Dividend Reinvestment Plan ('DRP') will not be offered to Shareholders for these dividend payments.



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*This announcement has been authorised by the Board of Directors of SDI Limited.*

**Investor conference call**

A group investor conference call will be held on 20 August 2021 at 11:00am AESDT. Details of the call are:

- Phone number: + 1800 954 501 (Australia) or 1800 870 653 (alt. Australia toll free)
- Conference ID: 10015399

To bypass the operator and gain immediate access to the call, participants can preregister via:

[SDI FY21 Registration](#)

Please contact Adrian Mulcahy if you have any queries.

**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 Australia, USA, Germany, and Brazil.