



YOUR SMILE. OUR VISION.

1H22 RESULTS PRESENTATION

17 February 2022

Samantha Cheetham CEO
John Slaviero CFO/COO



YOUR SMILE. OUR VISION.



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



SDI conducts research and development of specialist dentist materials undertaking the development, manufacturing and marketing of dental restorative materials



SDI sells to 100+ countries on all continents and with sales teams and distribution in Australia, Brazil, Europe and North America



YOUR SMILE. OUR VISION.

AGENDA

- 1H22 highlights
- Product categories
- Key geographies
- Financial performance
- Strategy and Outlook



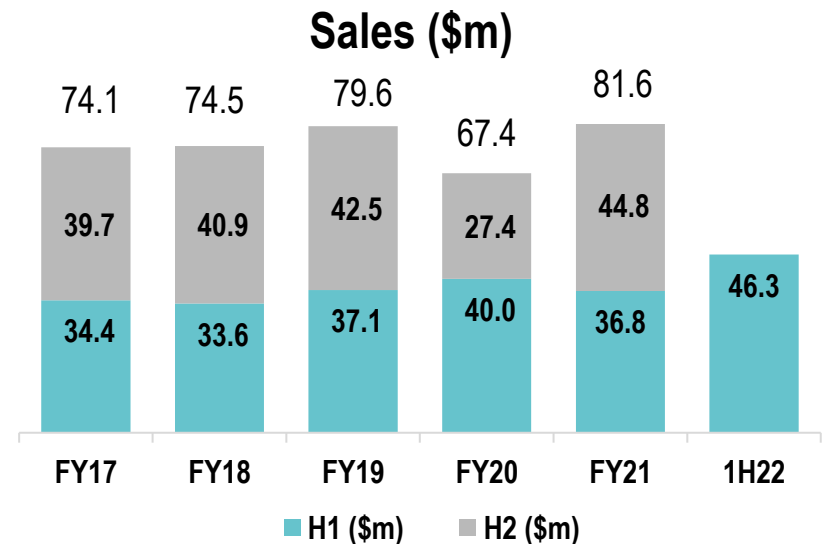
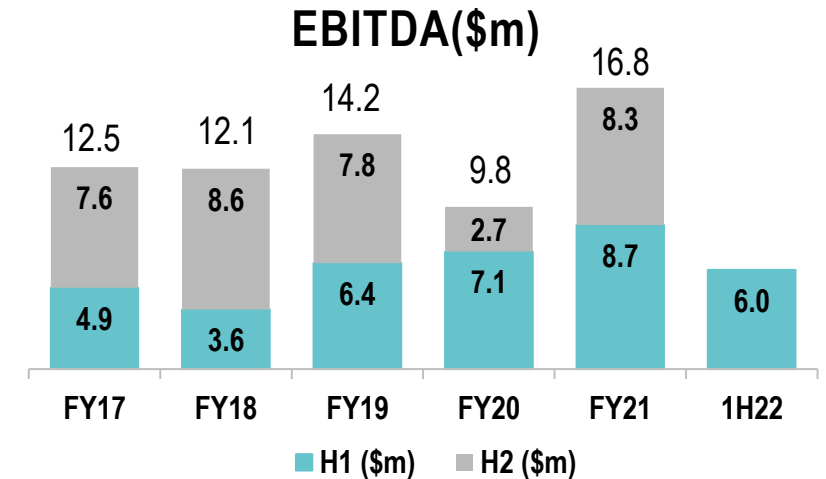
YOUR SMILE. OUR VISION.



1H 2022 SUMMARY

RECORD FIRST HALF SALES WITH BOTTOM LINE IMPACTED BY SIGNIFICANT FREIGHT COSTS

- Record sales of \$46.3m, up 26.0% on pcp, with strong growth in all product categories and in most regions.
- Additional Freight costs of \$2.7m impacted product margins by 5.8% with Operating expenses up 23.1% on pcp, or up 2.5% compared to the 1H 2020 half year.
- EBITDA down 30.3% to \$6.0 million on pcp, reflecting the elevated freight costs and operating inefficiencies
- EPS 2.26 cents compared to 3.85 cents for pcp
- Strong cash balance and no debt with Investment on research and development continuing.
- The strategic restructure of the Brazilian operations and fully operational in January 2022.
- Interim fully franked ordinary dividend maintained at 1.50 cents per share.



PRODUCT CATEGORIES



CATEGORY OVERVIEW

CONTINUED STRONG INCREASE IN WHITENING & AESTHETHICS PRODUCTS

- Aesthetics and Whitening up 30.5% and 20.6%, respectively, from market share gains and momentum in new product releases
- Equipment up 16.5%, benefiting from return to normal operating conditions
- Amalgam (15.5% of sales) up 41%. Due in part by the withdrawal of two major competitors from the amalgam market, but also certain regions returning to normal operating conditions with new government tenders a feature.

Product category sales	Change in local currency %	Change in AUD %	Total AUD sales %
Aesthetics	30.5	28.7	45.9
Equipment	16.5	15.6	7.1
Whitening	20.6	18.7	31.5
Amalgam	41.0	40.3	15.5



YOUR SMILE. OUR VISION.

KEY GEOGRAPHIES



YOUR SMILE. OUR VISION.

SALES BY BUSINESS UNIT

RETURN TO NORMAL OPERATING CONDITIONS

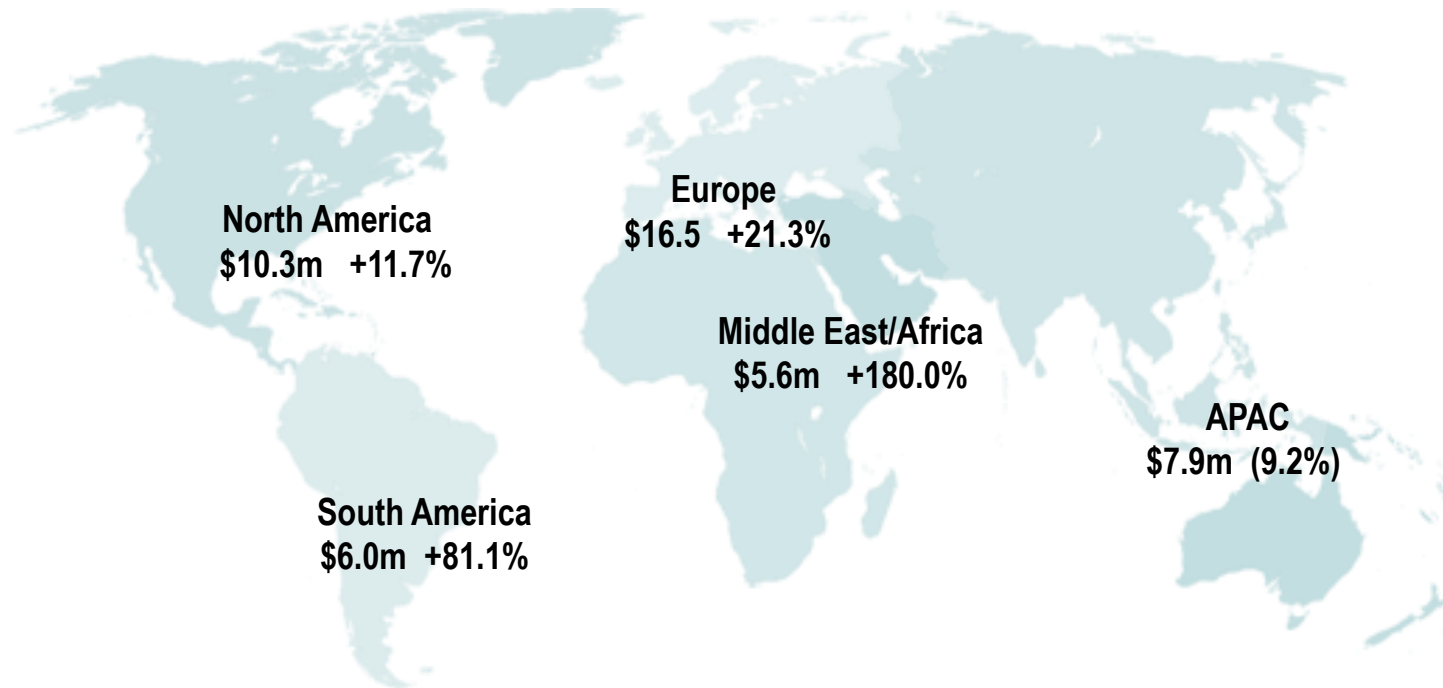
- European up 28.7%, due to strong demand in key markets and improved conditions in the UK
- Australian sales (incl Domestic and direct export markets), up 31.0%, with direct exports increasing by 67.0% and partly offset by domestic sales, down 16.8%, from Government lock downs in Victoria and NSW
- Brazil sales up 66.9% from market share gains and overall market growth

Sales by Business Unit	Growth in local currency %	Growth in AUD %	Total AUD Sales %
Australian sales (including direct exports)	31.0	29.9	37.7
North America	13.0	11.7	22.1
Europe	28.7	25.5	32.6
Brazil	66.9	67.2	7.6
TOTAL	27.8	26.0	100.0%

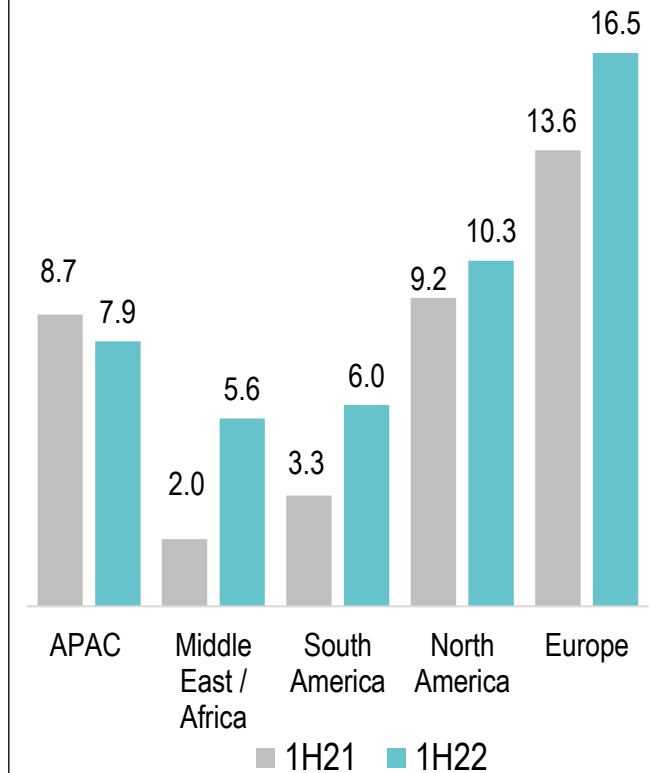


YOUR SMILE. OUR VISION.

DISTRIBUTION



Sales by geography (A\$m)



FINANCIAL PERFORMANCE



SDI

YOUR SMILE. OUR VISION.

PROFIT & LOSS

Profit & Loss (\$'000)	1H22	1H21	% Change
Revenue			
Sales Revenue	46,328	36,762	26.0%
Cost of goods sold	-22,051	-12,920	70.7%
Gross Profit	24,277	23,842	1.8%
Gross margin	52.4%	64.9%	-12.5%
Other income	-223	-1,002	-77.7%
Expenses			
Selling & Administration	-18,899	-14,692	28.6%
Research & Development	-566	-807	-29.9%
Other Expenses	-992	-1,031	-3.8%
Profit before tax	3,597	6,310	-43.0%
Tax expense	-907	-1,732	-47.6%
Net profit after tax	2,690	4,578	-41.2%
Tax expense	907	1,732	-47.6%
Amortisation & depreciation	2,433	2,314	5.1%
Net interest expense	12	50	lge
EBITDA	6,042	8,674	-30.3%

- Total sales of \$46.3m, up 26.0% on pcp, with strong growth in all product categories and in most regions
- Product margins in Australian dollars decreased by 12.5% to 52.4%, with added freight costs, adjusted for currencies movements, accounting for 6.4% of this decline
- A further 6.1% decrease in the margin was due to regional and product sales mix
- Total operating expenses after adjusting for currency movements and government assistance programs, underlying operating expenses increased by 12.6% on pcp.
- EBITDA down 30.3% to \$6.0m vs \$8.7m in pcp
- NPAT down 41.2% to \$2.7m vs \$4.6m in pcp

BALANCE SHEET

Balance Sheet (\$'000)	1H22	1H21
Assets		
Cash & cash equivalents	6,523	10,559
Trade & other receivables	17,803	19,291
Inventories	22,907	21,509
Property, plant & equipment	18,636	19,288
Right of use assets	1,414	1,571
Intangibles	24,730	24,396
Other Assets	3,399	1,790
Total Assets	95,412	98,404
Liabilities		
Trade & other payables	7,486	9,286
Lease liabilities	1,409	1,573
Borrowings	0	0
Employee benefits	3,468	3,417
Deferred tax liability	2,499	4,348
Other Liabilities	0	0
Total Liabilities	14,862	18,624
Net Assets	80,550	79,780

- Net cash position down \$4.0m to \$6.5m with planned investments in inventories \$1.4m, plant and equipment \$0.6m, and product development expenditure \$1.2m and additional freight costs of \$2.7m.
- Active management of inventory, ensuring customer needs were met and in part to mitigate the continued global freighting delays.
- The Company has unused bank facilities of \$10 million.

CASH FLOW

Cash Flow (\$'000)	1H22	1H21
Receipts from customers	47,335	29,065
Payments to suppliers & employees	-44,171	-21,130
Other revenue	-235	2,429
Interest & other finance costs paid	-13	-52
Income tax paid	-2902	-448
Net cash from operating activities	14	9,864
Payments for property, plant & equip.	-647	-943
Payments for intangibles	-1,298	-1,421
Proceeds from disposal of PP&E	12	35
Net cash used for investing activities	-1,933	-2,329
Net cash used in financing activities	-2,138	-2,322
Cash & cash equivalents at end of period	6,523	11,059

- Operating cashflow down due to:
 - Operational costs returning to normalised levels
 - Increased freight costs
 - Higher sales in markets with longer dated trading terms
 - Absence of revenue from government assistance programs
 - Payment of FY21 final dividend

STRATEGY & OUTLOOK



YOUR SMILE. OUR VISION.

STRATEGY

- Aesthetics and Whitening products continue to be the focus for new product development; for achieving Manufacturing efficiencies and driving sales and marketing teams.
- On-going investment in R&D to release 1-2 products per year is on target.
- SDI's Amalgam replacement product is on schedule to be released in 2023.



OUTLOOK

- The review of the manufacturing footprint, including relocation, further investment in automation, and on manufacturing processes to manage future growth is ongoing
- While the challenges of elevated costs and the uncertainty of further lockdowns is still a reality, in time these conditions will normalise, and deliver ongoing benefits from the strong base built in SDI's target markets.



YOUR SMILE. OUR VISION.





Q&A



Disclaimer

This Presentation contains summary information about SDI Limited (SDI) and its subsidiaries and their activities. The information in this Presentation does not purport to be complete. It should be read in conjunction with SDI's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

The information contained in this Presentation is not investment or financial product advice and has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision, investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek independent professional advice appropriate to their jurisdiction and circumstances.

To the extent permitted by law, no responsibility for any loss arising in any way from anyone acting or refraining from acting as a result of this information is accepted by SDI, any of its related bodies corporate or its Directors, officers, employees, professional advisors and agents (Related Parties). No representation or warranty, express or implied, is made by any person, including SDI and its Related Parties, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Presentation.

An investment in SDI securities is subject to investment and other known and unknown risks, some of which are beyond the control of SDI or its Directors. SDI does not guarantee any particular rate of return or the performance of SDI securities.

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

This Presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of SDI and associated entities of SDI and certain plans and objectives of the management of SDI. Forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of SDI to be materially different from the results or performance expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding SDI's present and future business strategies and the political, regulatory and economic environment in which SDI will operate in the future, which may not be reasonable, and are not guarantees or predictions of future performance. No representation or warranty is made that any of these statements or forecasts (express or implied) will come to pass or that any forecast result will be achieved.

Forward-looking statements speak only as at the date of this Presentation and to the full extent permitted by law, SDI and its Related Parties disclaim any obligation or undertaking to release any updates or revisions to information to reflect any change in any of the information contained in this Presentation (including, but not limited to, any assumptions or expectations set out in this Presentation).

Statutory profit is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with the International Financial Reporting Standards (IFRS). Underlying profit is categorised as non-IFRS financial information and therefore has been presented in compliance with Australian Securities and Investments Commission Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011.

All figures in this Presentation are A\$ unless stated otherwise and all market shares are estimates only. A number of figures, amounts, percentages, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this Presentation.



YOUR SMILE. OUR VISION.