



1H24 RESULTS PRESENTATION

28 February 2024

Samantha Cheetham CEO
John Slaviero CFO/COO



AGENDA

Performance Highlights

1H FY24 Financial Results

Business Update

Strategy and Outlook



YOUR SMILE. OUR VISION.



1H24 PERFORMANCE HIGHLIGHTS

Record 6-month performance with strong growth across all key regions

Record revenue of \$52.2m
(+ 3.5% pcp)

61.5% Gross Profit Margin
(+530 bps)

EBITDA \$9.0m
(+48.9% pcp)

Dividend 1.50 cps

NPAT \$3.7m
(+37.0% pcp)

New site capacity to drive
future sales

Continued Investment in
Research, Development and
Capital Expenditure

Stela Progressing Strongly

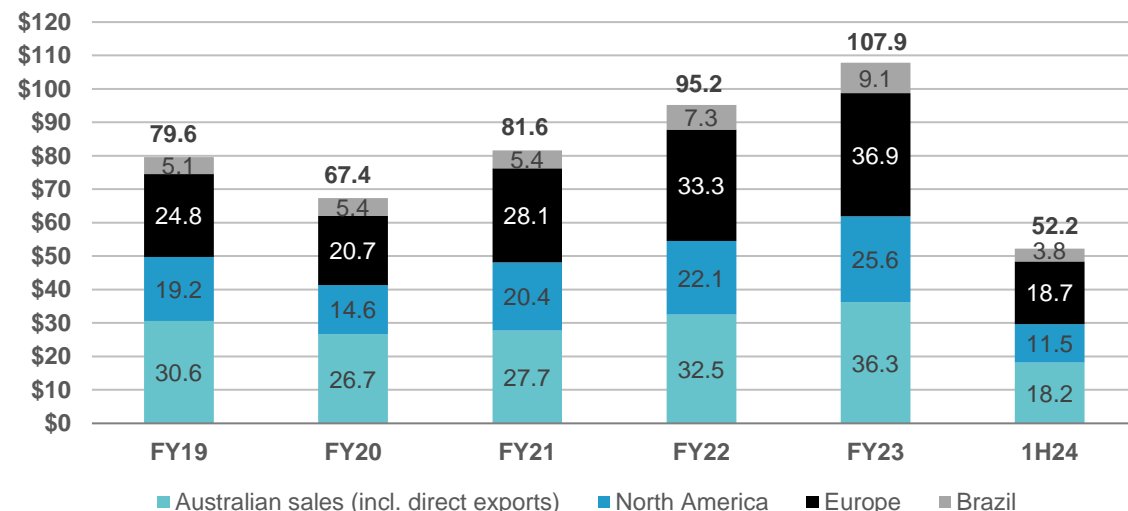
Investment in automation



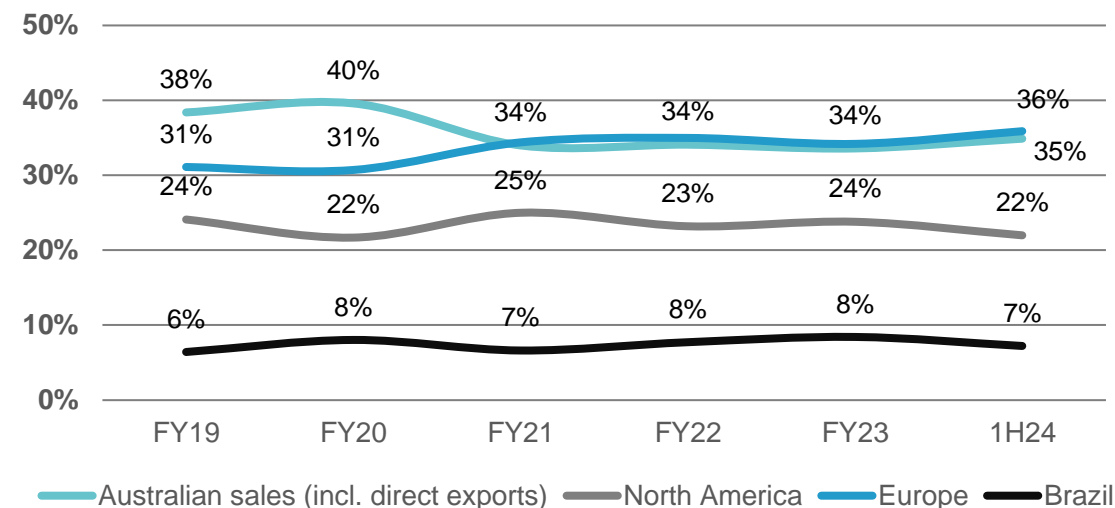
SALES BY BUSINESS UNIT

Business unit performance reflects favorable currency movements and strong European growth

SALES BY BUSINESS UNIT (AUD MILLIONS)



BUSINESS UNIT % SALES



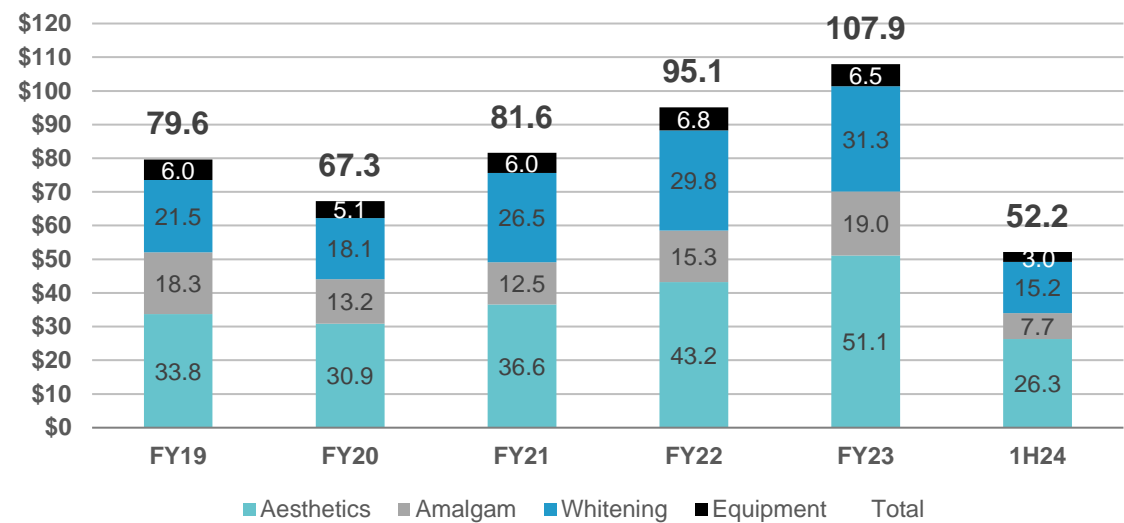
1H24 SALES GROWTH BY BUSINESS UNIT (% on PCP)

Business Unit	\$m (AUD)	Growth (AUD) %	Growth (Local) %	Total (AUD) %	Comment
Australia (incl. direct exports)	18.2	-0.9	-2.5	34.9	Inconsistent ordering patterns that are affected by customers' import licenses, payment terms and credit limits
North America	11.5	-3.5	-1.4	22.0	10% decline in Amalgam sales which represents 28.9% of North American total sales, & cyber-attack on a major Distributor.
Europe	18.7	6.9	16.2	35.9	Strong demand in most European Markets
Brazil	3.8	-20.3	-12.7	7.2	Major distributor reducing its inventory, expecting to normalise in the second half of the year. Brazilian export sales down.
TOTAL	52.2	-1.2	3.5	100.0	

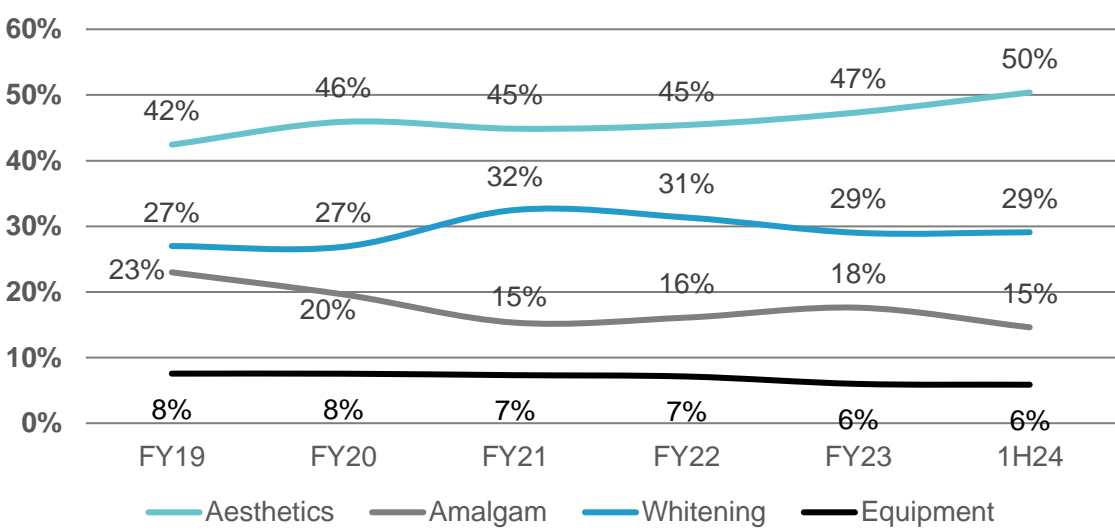
CATEGORY OVERVIEW

Continued market momentum in key product categories

SALES BY CATEGORY (AUD millions)



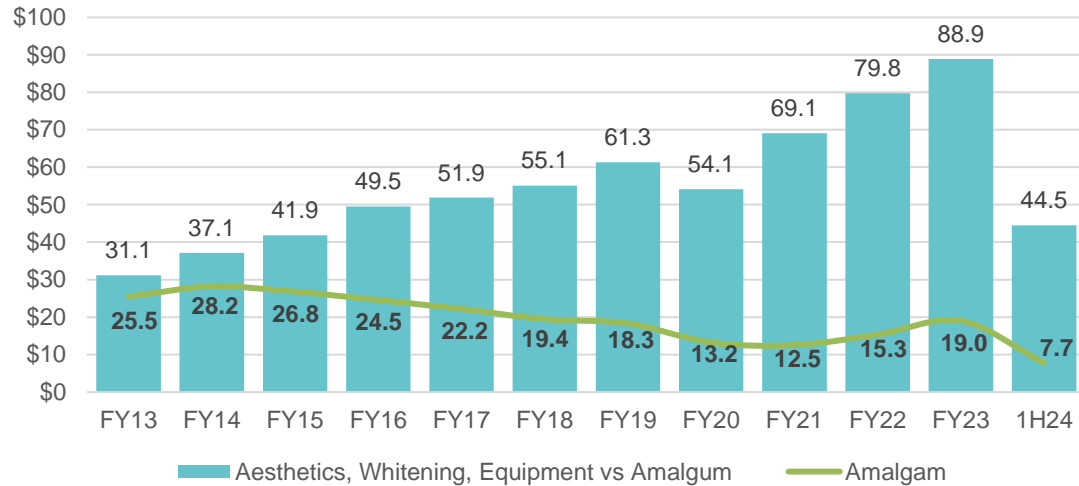
CATEGORY AS % SALES



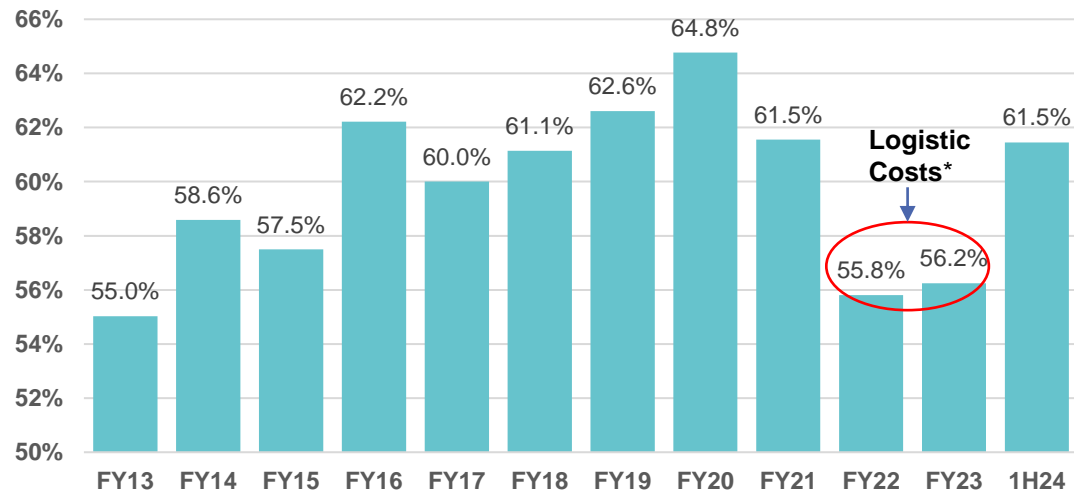
Product category	\$m (AUD)	Growth (AUD) %	Growth (Local) %	Comments
Aesthetics	26.3	10.0	5.0	Growth driven by market share gains, with the release of new products in prior periods gaining momentum
Whitening	15.2	4.1	-0.6	Decline in most region apart from Europe, up 3.6% & North America up 1.9%
Equipment	3.0	-2.9	-7.7	Small category, largely complimentary product
Amalgam	7.7	-12.9	-17.1	Declining in most markets after a growth surge last year driven by the withdrawal of two major competitors; and Government tenders in Middle East

PRODUCT SHIFT AWAY FROM AMALGAM

Aesthetics/Whitening/Equipment vs Amalgam (\$m)



Gross Margin (%)



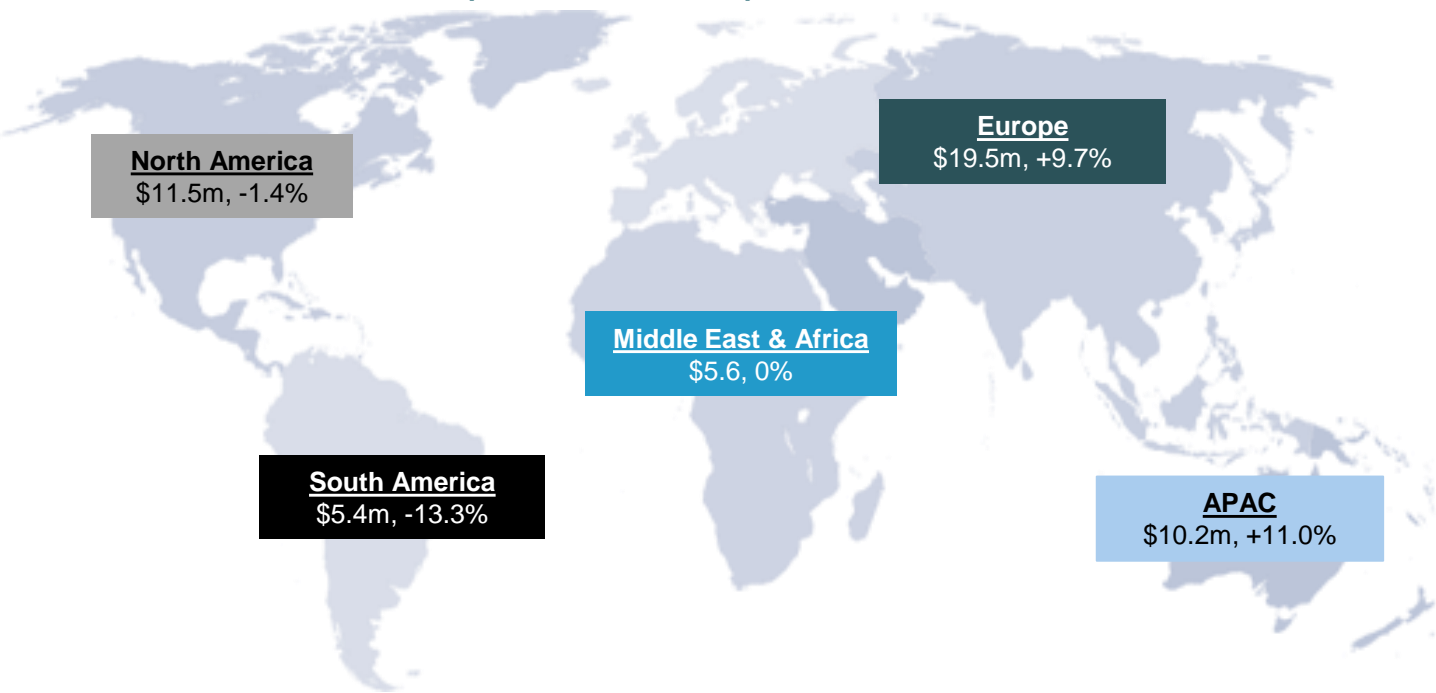
- Amalgam sales have shown a continual decline for more than a decade
- SDI has transitioned away from amalgam, with Aesthetics/Whitening/Equipment 10-year Revenue CAGR of 11.06% vs Amalgam at -2.89%
- The United Nations have stated that dental Amalgam products will be phased out by 2030
- After receiving strong early feedback from industry leaders, SDI is confident Stela (Amalgam replacement) will replace Amalgam revenues
- Product mix shift driving strong gross margins with high margin products, as well as improved logistic costs.

*Higher than expected logistics costs

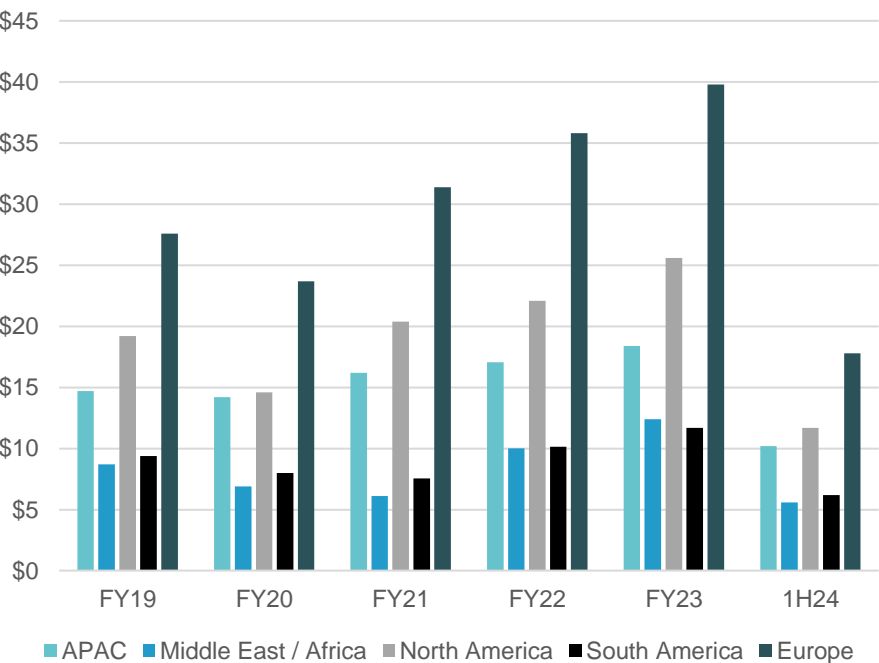
SALES BY REGION

Favorable currency movements and strong demand for Aesthetic products drive growth in APAC and European Markets

SALES BY REGION (AUD MILLIONS), % GROWTH PCP



SALES BY REGION (AUD MILLIONS)



FINANCIAL PERFORMANCE

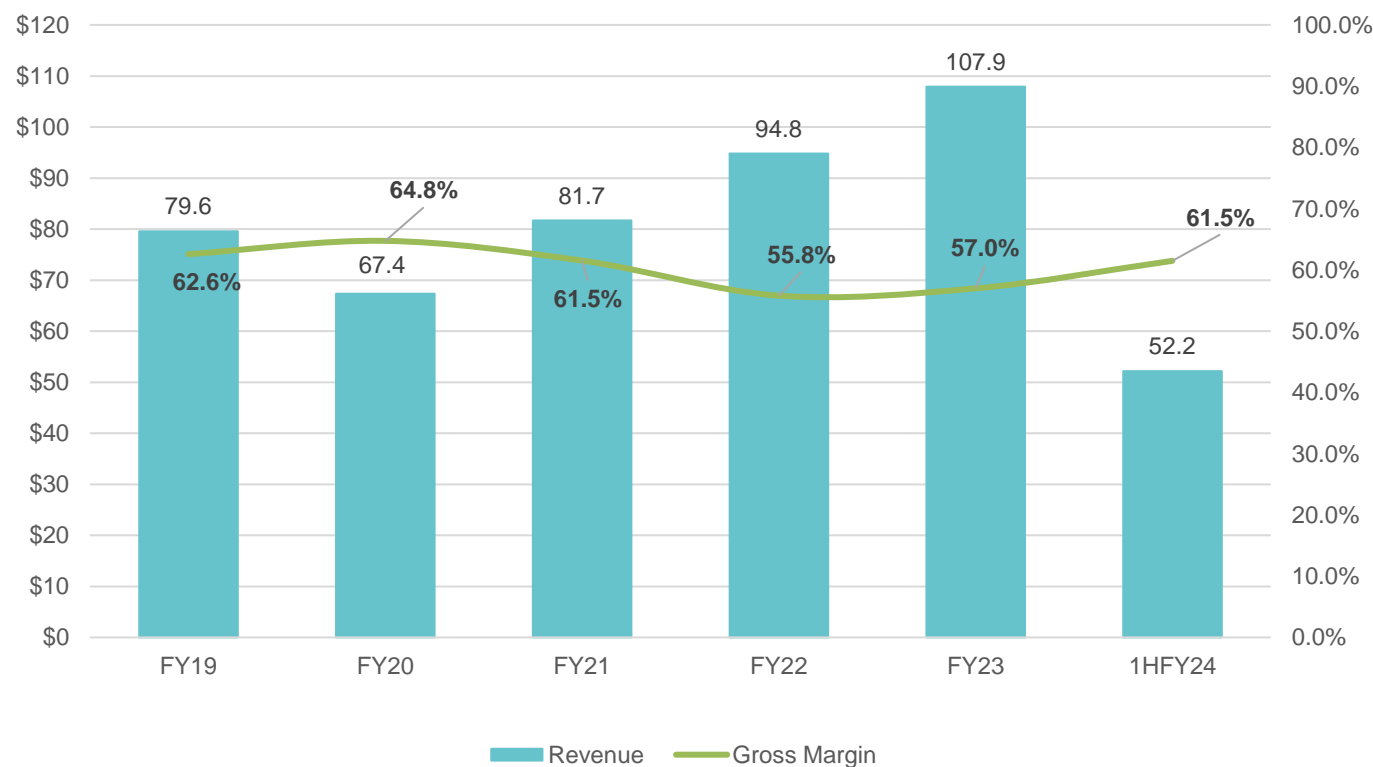


YOUR SMILE. OUR VISION.

1H FY24 REVENUE & GROSS MARGIN

Records revenue and gross profit margin with easing of logistic costs and product mix

1HFY24 REVENUE (\$m) AND GROSS PROFIT MARGIN

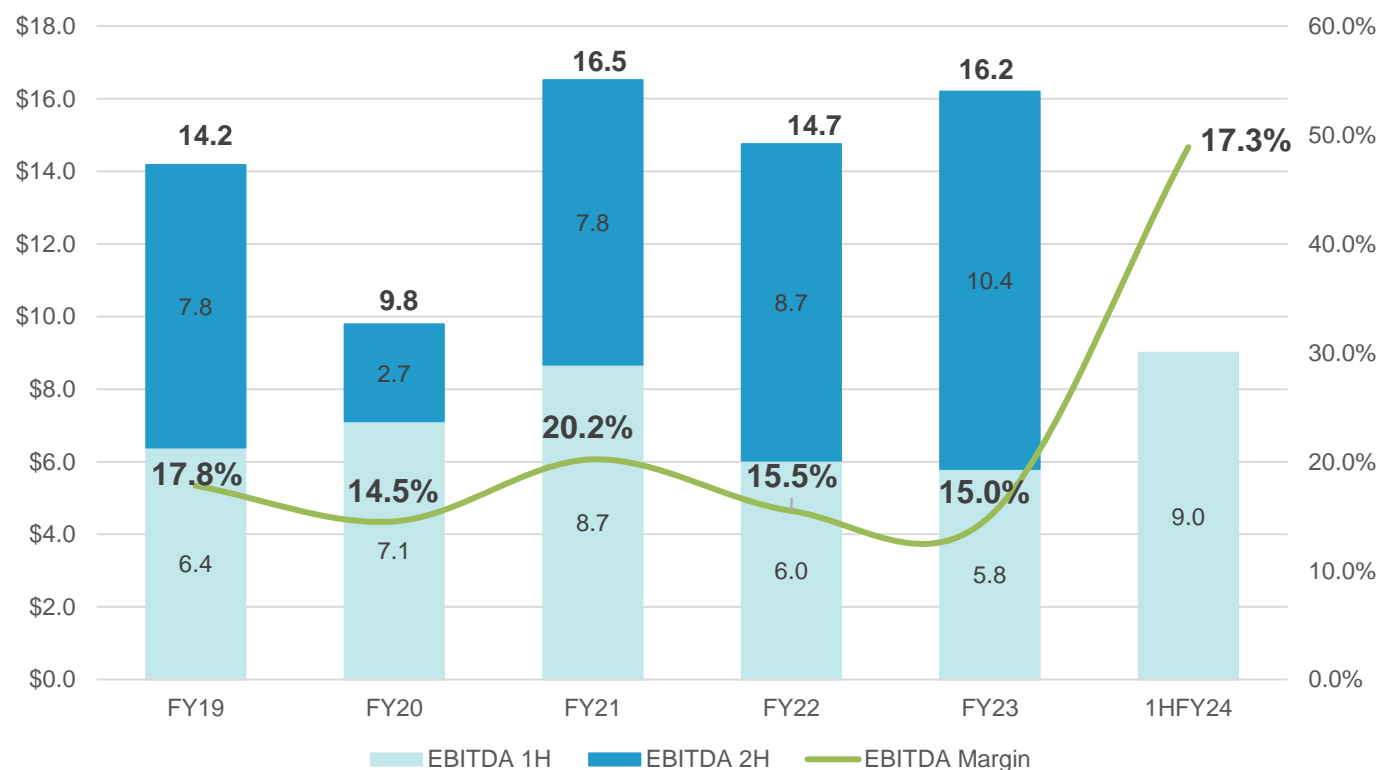


- Record half year sales of 52.2m, up 3.5% pcp
- Back to Pre-Pandemic levels and continuing to improve
- Product Margin increased by 530 basis points to 61.5% due to:
 - Improved logistics costs with strong growth in high margin products such as Aesthetics

1H FY24 EBITDA & EBITDA MARGIN

EBITDA increased 48.9% to \$9.0 million underpinned by gross margin improvement

1H FY24 EBITDA (\$m) AND EBITDA MARGIN (%)



- EBITDA growth of 48.9% from improved gross margin and strong expense control.
- Operating expenses up 4.2% (1.4% after adjusting for currency). After adjusting for impairment costs, expenses are down 1.6%.

CASH FLOW & BALANCE SHEET

Year to date cash flow (\$m AUD)	1H24	1H23
Net Operating Cash flow	\$7.9m	\$2.6m
Net Investing	(\$5.4m)	(\$27.6m)
Net financing costs	(\$1.4m)	\$23.9m
Cash at Bank	\$7.1m	\$6.0m

- Strong operating cash flow driven by improved product margins, strong debtor & expense control
- 1H23 net investing cashflow reflects the purchase of new site at Montrose and cashflow from the new Bayswater site
- 1H23 net financing cashflow reflects the property sites finance via bank debt that subsequently has been reduced to a net debt position of \$17.9 million
- Maintained strong financial flexibility with cash of \$7.1m of cash, low leverage and circa \$6.0m of headroom under current bank facilities

* Net working capital = Receivables plus Inventory less Payables

BUSINESS UPDATE



YOUR SMILE. OUR VISION.

OPERATIONAL UPDATE

Milestone achievements underpin long term strategic plan

- Upgrade to Montrose warehouse (investment of circa \$2.5m) and warehousing relocated complete
- Stela & Riva Cem Auto Mix progressing well, receiving great feedback from industry opinion leaders
- Continued investment in equipment to achieve operational efficiencies and manage new and existing future product growth

Project Name	Operational Date	Project Cost	Net Savings	Payback Number of Years
Composite Syringe Machine	Feb-24	\$625,265	\$653,737	1.0
Automation of Nozzle & Tip Packing Machine	Apr-24	\$725,886	\$343,706	2.1
Gel Syringe Machine	May-24	\$400,000	\$193,333	2.1
Syringe Monoblock	Sep-24	\$44,000	\$366,000	2.4



- Operational team have continued their strong focus in securing European registration for our products

SDI – ESG ROADMAP

FY24

“Establishing”

- Formalise the **SDI ESG working group** and its mandate.
- **Define our material topics** using employee survey data as a basis and **quantify baselines**.
- Perform **GHG Assessment (Scope 1 & Scope 2)**.
- Develop our **ESG Strategy** outlining areas of focus, goals and **align to SDG’s**
- Develop and publish the **SDI ESG Policy**.



FY25

“Complying”

- Review top suppliers on ESG risks and incorporate into an updated **Modern Slavery Statement**.
- Conduct an internal **climatic risk** assessment.
- **Commence** reporting in-line with mandatory **Climate-related financial disclosure** standards (IFRS S2).
- Perform a **waste audit/review** to discover packaging recyclability and reduction opportunities.
- Publish inaugural **ESG report**.



FY26-FY27

“Enhancing”

- Review initiatives for **emission reduction** actions/strategies, including how this reflects on a **new efficient facility**.
- Assess progress on relevant **SDGs**, review those selected.
- Review **ESG governance** and resources, reset goals, objectives and targets (**new ESG Roadmap**).
- Review **diversity** of workforce and board composition.
- Publish iterative **ESG Report**, including IFRS S1 and S2.

STRATEGY & OUTLOOK

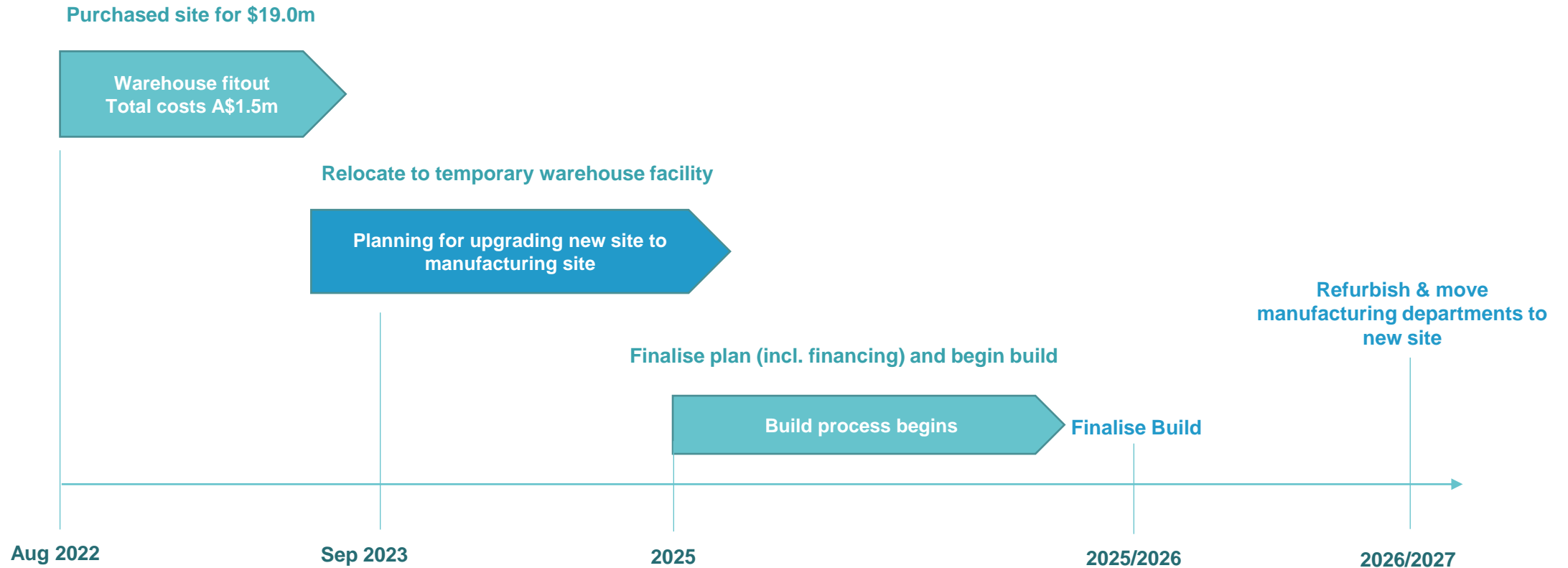


UPDATE ON MONTROSE SITE

- New build expected to commence in the early part of next year
- Montrose manufacturing upgrade: Project cost \$60m with expected ROI (PBT/Rev) > 20%
 - Land and buildings \$45m
 - New production machinery \$15m
 - Current site: Land 16,200 sqm, buildings 6,300 sqm
 - New site: Land 24,500 sqm, buildings 11,200 sqm.
 - Currently reviewing building plans, cost estimates and permits.
 - \$200m of sales capacity driven by new warehouse, production space and machinery



TIMELINE OF PROJECT MONTROSE



STRATEGY & OUTLOOK

- Aesthetics and Whitening products continue to be the focus for new product development
- Achieve manufacturing and logistic efficiencies through new warehouse build to help us achieve sales of +\$200m
- Investment in production automation
- Continued focus on securing registration in Europe

PRIORITY 1

High quality market leading products

SDI will focus its sales, marketing and innovation efforts on its Riva, composites, cements and Pola brands. This targeted innovation will deliver incremental sales growth and act as a gateway to introduce clinicians to SDI's full portfolio.

PRIORITY 2

Business Excellence

Overall continuous improvement will increase the efficiency and effectiveness of SDI processes and supply chains. Increasing output and lowering costs will ensure SDI remains competitive and compliant with local and international regulations.

PRIORITY 3

Premium positioning and awareness

Increasing the awareness and quality perception of SDI is pivotal to achieving short-term and long-term growth.





Q&A



APPENDICES



YOUR SMILE. OUR VISION.

AWARDS



Winner of the
2023 Victorian
Governor Export
awards,
International
Health (2 years in
a row).

National Export
award winner of
2023,
International
Health.



SALES ANALYSIS

Product Category (\$m)	FY20	FY21	FY22	FY23	1H24
Aesthetics	30.9	36.6	43.2	51.1	26.3
Whitening	18.1	26.5	29.8	31.3	15.2
Amalgam	13.2	12.5	15.3	19.0	7.7
Equipment	5.1	6.0	6.8	6.5	3.0

Region (\$m)	FY20	FY21	FY22	FY23	1H24
North America	14.6	20.4	22.1	25.6	11.5
South America	8.0	7.6	10.2	11.7	5.4
Europe	23.7	31.4	35.8	39.8	19.5
APAC	14.2	16.2	17.1	18.4	10.2
Middle East and Africa	6.9	6.1	10.0	12.4	5.6

PROFIT AND LOSS

Profit & Loss (\$'000)	1H24	1H23	% Change
Revenue			
Sales Revenue	52,244	50,491	3.5%
Cost of goods sold	-20,140	-22,091	-8.8%
Gross Profit	32,104	28,400	13.0%
<i>Gross margin</i>	<i>61.5%</i>	<i>56.2%</i>	<i>+530bps</i>
Other income	-7	433	-104.0%
Expenses			
Selling & Administration	-23,947	-23,388	2.4%
Research & Development	-588	-753	-21.9%
Impairment/(reversal) of rec'bles	-7	-30	-76.7
Other Expenses	-1,413	-715	97.6%
Finance costs	-698	-243	187.2%
Profit before tax	5,444	3,704	47.0%
Tax expense	-1,747	-991	76.3%
Net profit after tax	3,697	2,713	36.3%
Tax expense	1,747	991	76.3%
Amortisation & depreciation	2,155	2,121	1.6%
Impairment of assets	739	-	100%
Net interest expense	698	231	202.2%
EBITDA	9,030	6,056	49.1%

CASH FLOW

Profit & Loss (\$'000)	1H24	1H23
<i>Receipts from customers</i>	56,005	51,426
<i>Payments to suppliers & employees</i>	-46,272	-46,680
<i>Other revenue</i>	10	407
<i>Interest & other finance costs paid</i>	-785	-243
<i>Income tax paid</i>	-1,083	-2,278
Net cash from operating activities	7,875	2,632
Payments for property, plant & equip	-2,957	-25,831
Payments for intangibles	-2,480	-1,778
Proceeds for disposal of PP&E	35	27
Net cash used for investing activities	-5,402	-27,582
Proceeds from borrowings	2,500	26,800
Repayments of lease liabilities	-253	-197
Dividends paid	-2,080	-2,080
Repayment of borrowings	1,612	-669
Net cash used in financing activities	-1,445	23,854
Cash & Cash equivalents at end of period	7,087	6,003

BALANCE SHEET

Balance Sheet (\$'000)	Dec 2023	Jun 2023
Assets		
Cash & cash equivalents	7,087	6,022
Trade & other receivables	17,325	21,124
Inventories	26,301	25,553
Property, plant & equipment	41,926	45,829
Right of use assets	1,752	1,432
Intangibles	28,938	27,318
Other Assets	9,556	6,031
Total Assets	132,885	133,309
Liabilities		
Trade & other payables	8,915	11,986
Lease liabilities	1,874	1,476
Borrowings	25,008	24,120
Employee benefits	3,946	4,166
Deferred tax liability	3,425	3,274
Other Liabilities	634	371
Total Liabilities	43,802	45,393
Net Assets	89,083	87,916

Important Notice & 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.