



FY23 RESULTS PRESENTATION

24 August 2023

Samantha Cheetham CEO
John Slaviero CFO/COO



AGENDA

Performance Highlights

FY23 Financial Results

Business Update

Strategy and Outlook



YOUR SMILE. OUR VISION.



FY23 PERFORMANCE HIGHLIGHTS

Record full year performance with strong growth across all key regions

Record revenue of \$107.9m
(+ 13.4% pcg)

New site purchased

56.8% Gross Profit Margin
(+100 bps)

Continued product development

EBITDA \$16.2m
(+9.6% pcg)

Launch of Stela & Riva
(both aesthetics)

Dividend – 1.75 cps

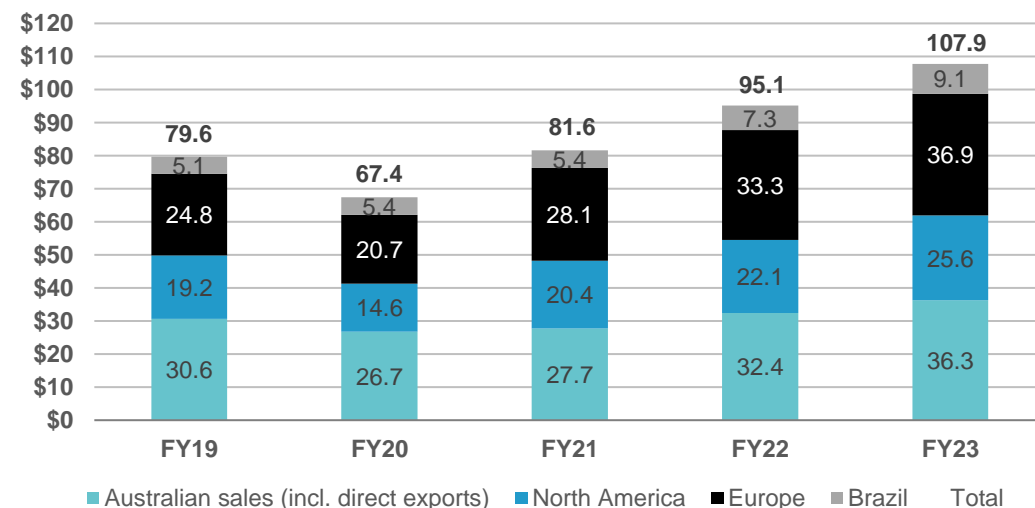
Investment in automation



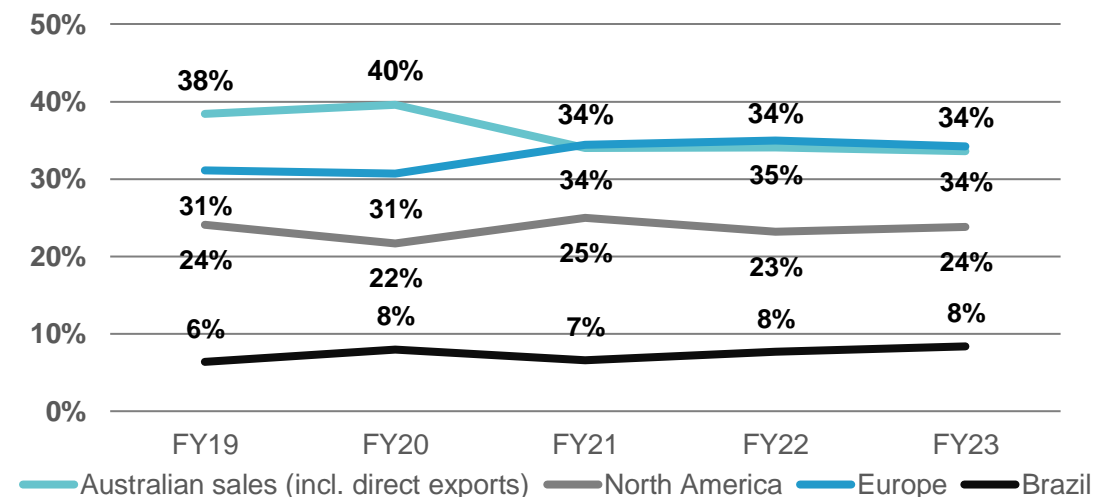
SALES BY BUSINESS UNIT

Business unit performance reflects a return to normal operating conditions

SALES BY BUSINESS UNIT (AUD MILLIONS)



BUSINESS UNIT % SALES



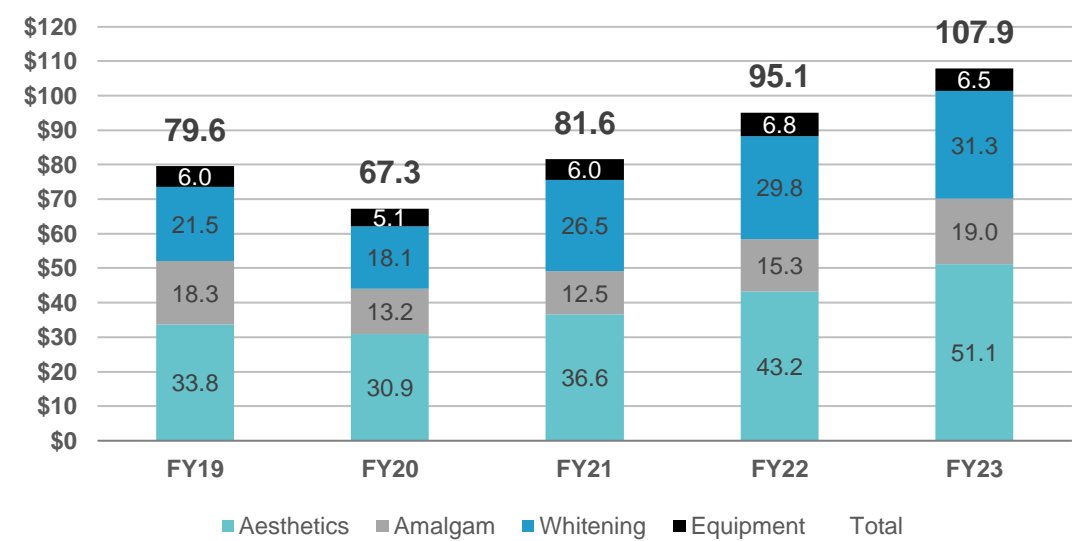
FY23 SALES GROWTH BY BUSINESS UNIT (% on PCP)

Business Unit	\$m (AUD)	Growth (AUD) %	Growth (Local) %	Total (AUD) %	Comment
Australia (incl. direct exports)	36.3	11.4	5.4	33.6	Strong direct exports growth driven by Middle East tenders and strong growth in Asia
North America	25.6	15.9	7.3	23.8	Increase in Amalgam and Aesthetic sales
Europe	36.9	11.3	10.9	34.2	Strong demand UK market
Brazil	9.1	24.0	13.7	8.4	Overall market growth with Aesthetics gaining traction
TOTAL	107.9	13.4	8.4	100.0%	

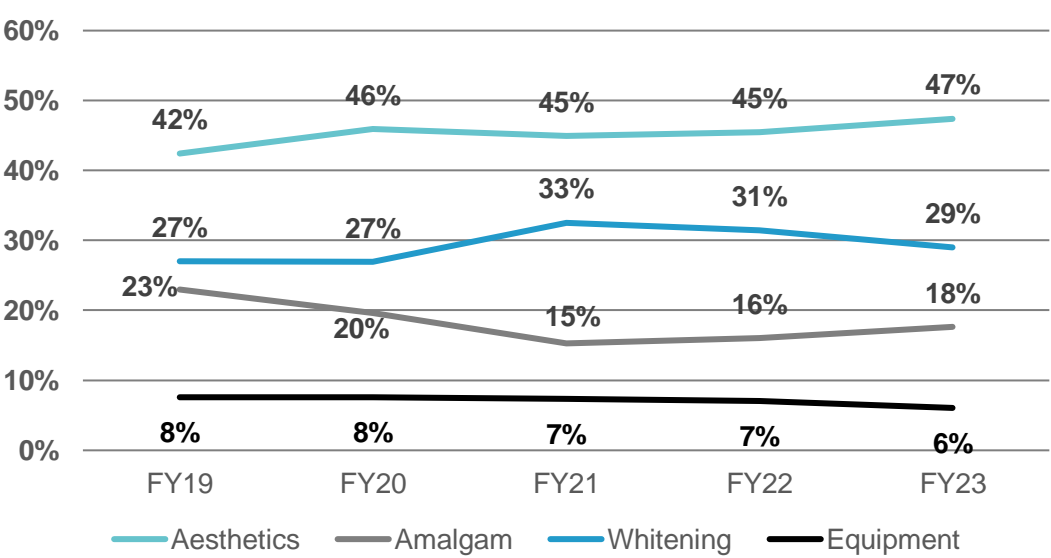
CATEGORY OVERVIEW

Continued growth in key product areas

SALES BY CATEGORY (AUD millions)



CATEGORY AS % SALES

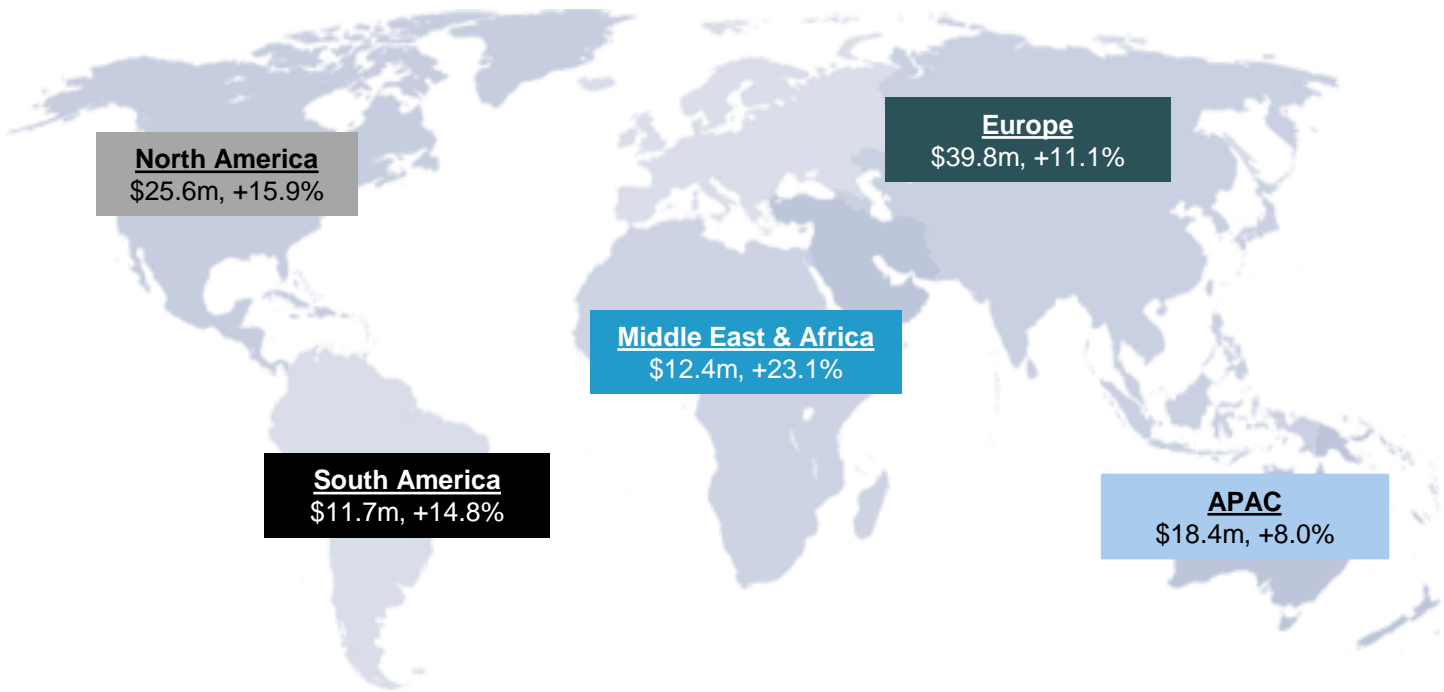


Product category	\$m (AUD)	Growth (AUD) %	Growth (AUD) %	Comments
Aesthetics	51.1	13.0	18.3	Increase across all business units, market share gains and new product momentum
Whitening	31.3	1.2	4.8	Increase in sales across all markets except EU
Equipment	6.5	-10.7	-5.5	Small category, largely complimentary product
Amalgam	19.0	17.8	24.2	Market share gains in North America and UK driven by withdrawal of two major competitors; and Government tenders in Middle East

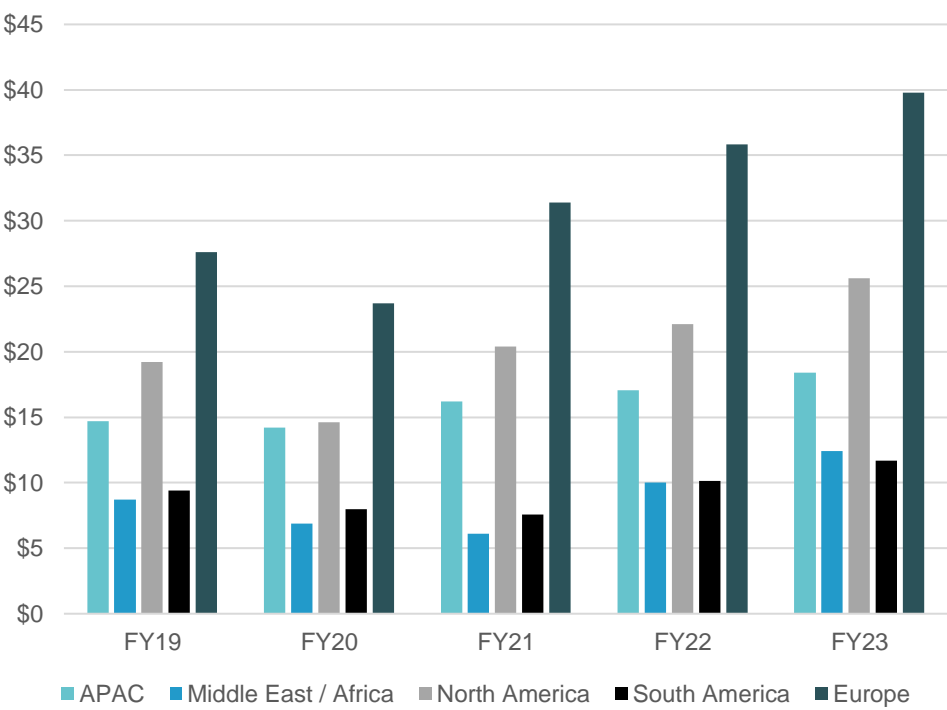
SALES BY REGION

Global dental market was valued at US\$36.1B in 2022 and forecast to grow to US\$65.2B by 2029, growing at a CAGR 7.9%¹

SALES BY REGION (AUD MILLIONS), % GROWTH PCP



SALES BY REGION (AUD MILLIONS)



1. Fortune Business Insights, Dental, Global Market Analysis, Insights and Forecast, 2023-2030

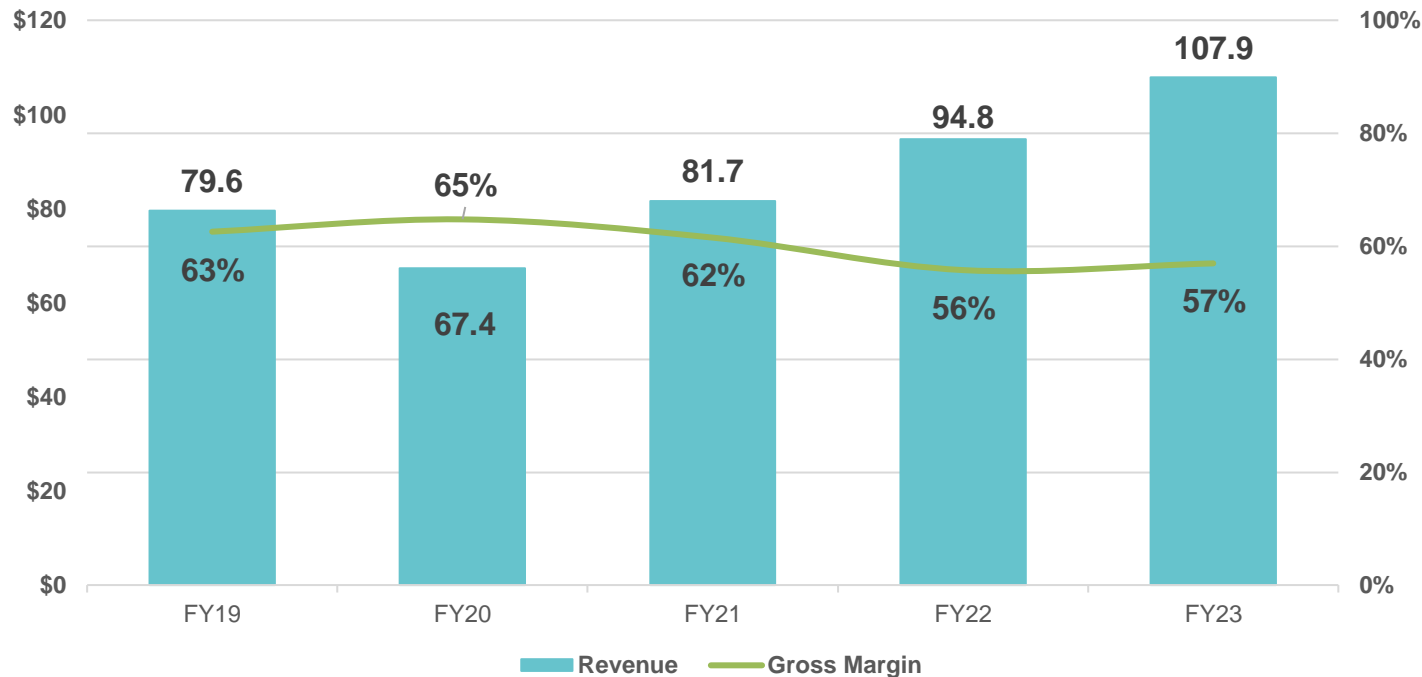
FINANCIAL PERFORMANCE



FY23 REVENUE & GROSS MARGIN

Records revenue and gross profit margin starting to improve with easing of logistic costs and price increases

FY23 REVENUE (\$m) AND GROSS PROFIT MARGIN

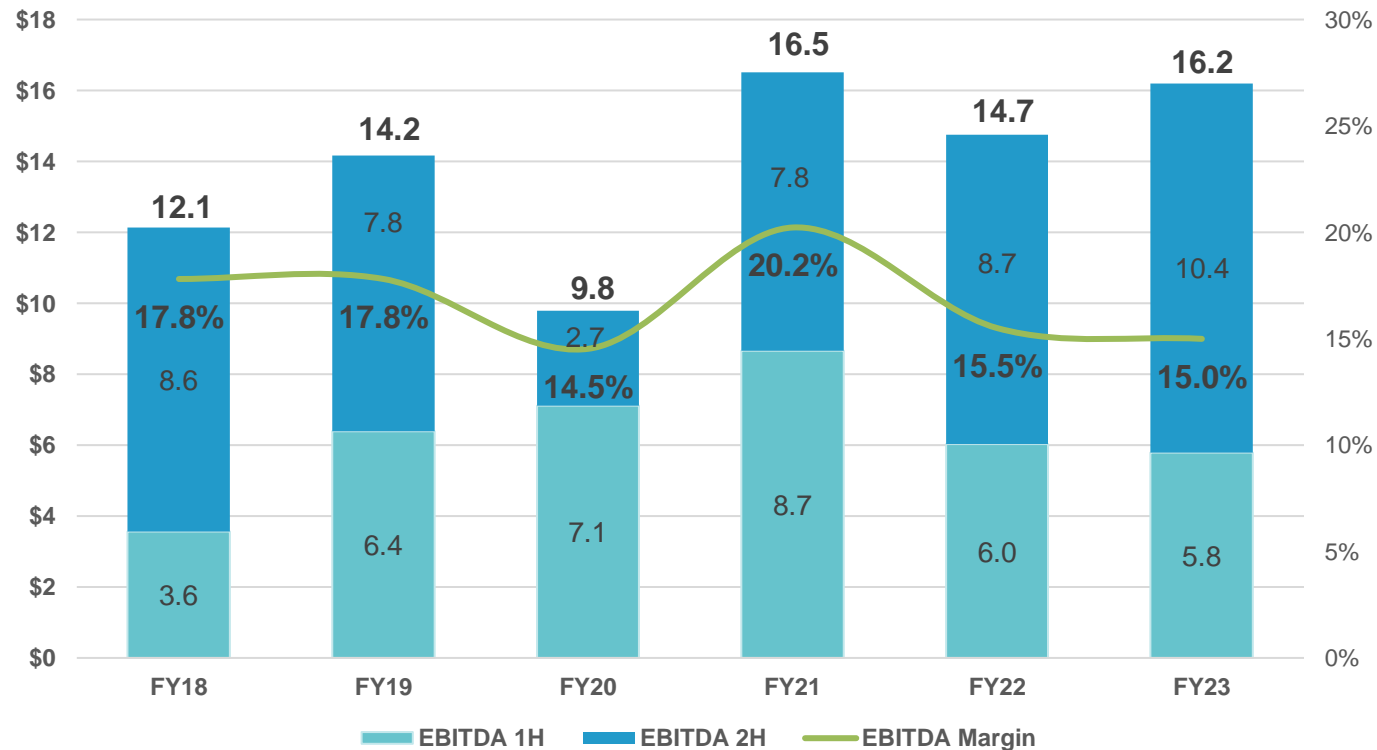


- Record sales \$107.9m, up 13.4% pcp
- Product Margin increased by 100 basis points to 56.8% due to:
 - Improved logistics costs and price increases
 - Strong sales growth in lower margin Amalgam tenders

FY23 EBITDA & EBITDA MARGIN

EBITDA increased 9.6% to \$16.2 million underpinned by gross margin improvement

FY23 EBITDA (\$m) AND EBITDA MARGIN (%)

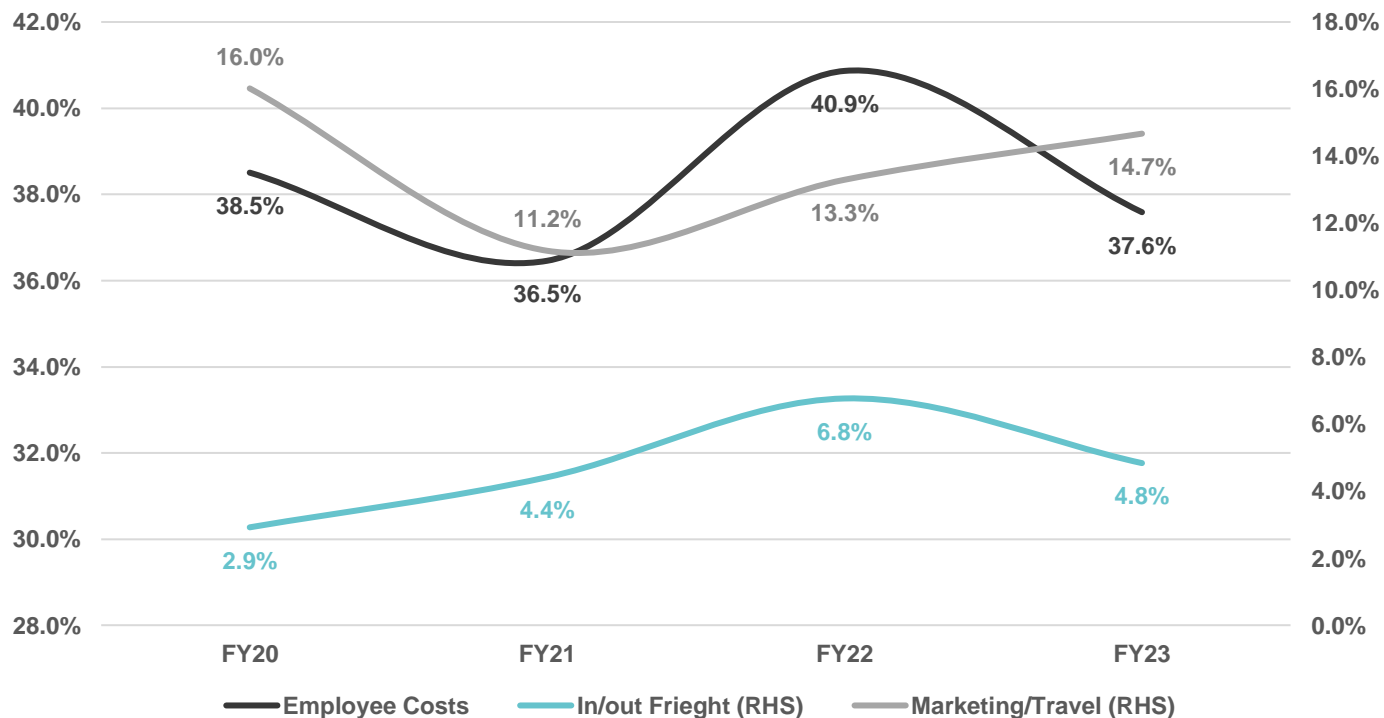


- EBITDA growth of 9.6% from improved gross margin
- EBITDA margin impacted by the increase of operating expenses
- Operating expenses up 19.6%
 - Marketing and travel expenses up 50.1% and 19.6% respectively
 - Inflationary pressures
 - IT expenses increased relating to IT projects and cyber security

FY23 COST ANALYSIS

Employee Costs, In/Out Freight, Marketing/Travel

Expenses to Sales % (FY20 to FY23)¹



- FY22 **employee cost** increased with the addition of production staff to increase inventory levels to ensure supply
- FY23 absolute employee costs are increasing
 - Wage inflation pressure, increased super and payroll taxes
- Able to maintain level of staff as automation initiatives support volumes
- **Marketing/travel** normalised as borders opened and tradeshow recommenced
- **Freight** costs easing but not back to pre-pandemic levels

1. A full cost analysis table is available in the appendices section

CASH FLOW & BALANCE SHEET

Year to date cash flow (\$m AUD)	FY22	FY23
Net Operating Cash flow	4,266	13,063
Net Investing	(4,247)	(33,406)
Net financing costs	(3,489)	19,197
Cash at Bank	7,013	6,022

Balance Sheet	FY22	FY23
Net working capital* (\$m)	36.6	34.7
NWC % to Sales	38.5%	32.2%
Net Debt (\$m)	(6,344)	18,098
Net Debt / EBITDA	N/A	1.12x

- Strong operating cash flow driven by \$15.0 million increase in customer receipts
- Purchase of the Montrose and new Bayswater site drove net investing cashflow
- Property sites finance via bank debt that subsequently been reduced to net debt position of \$18.1 million
- Improvement in net working capital as supply chain challenges ease
- Maintained strong financial flexibility with cash of \$6.0m of cash, low leverage and circa \$8.5 million 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

- New warehouse facility progress being made (discussed in Strategy and Outlook)
- Returned to major trade shows
- The successful launch of Stela
- Continued investment in equipment to achieve operational efficiencies via automation
- Recently integrated our new syringe machine to increase efficiencies in new and existing products
- R&D still playing an important role in product development



ESG INITIATIVES

- SDI has recently appointed ESG consultants to assist in establishing a baseline for SDI's ESG framework
- Internal working group created with comprehensive reporting provided to the board
 - Conducted research, scoping and analysis of ESG and its influence on SDI
 - Performed risk analysis of ESG as a 'concept'
 - Reviewed SDI's current progress and standing
 - Created a "ONE GLOBAL TEAM" strategic plan
 - Investigated potential actionable short and long-term goals with financial 'screening hat'
 - Conclusion: 'ESG' can be implemented with strategic commitment and collaboration.

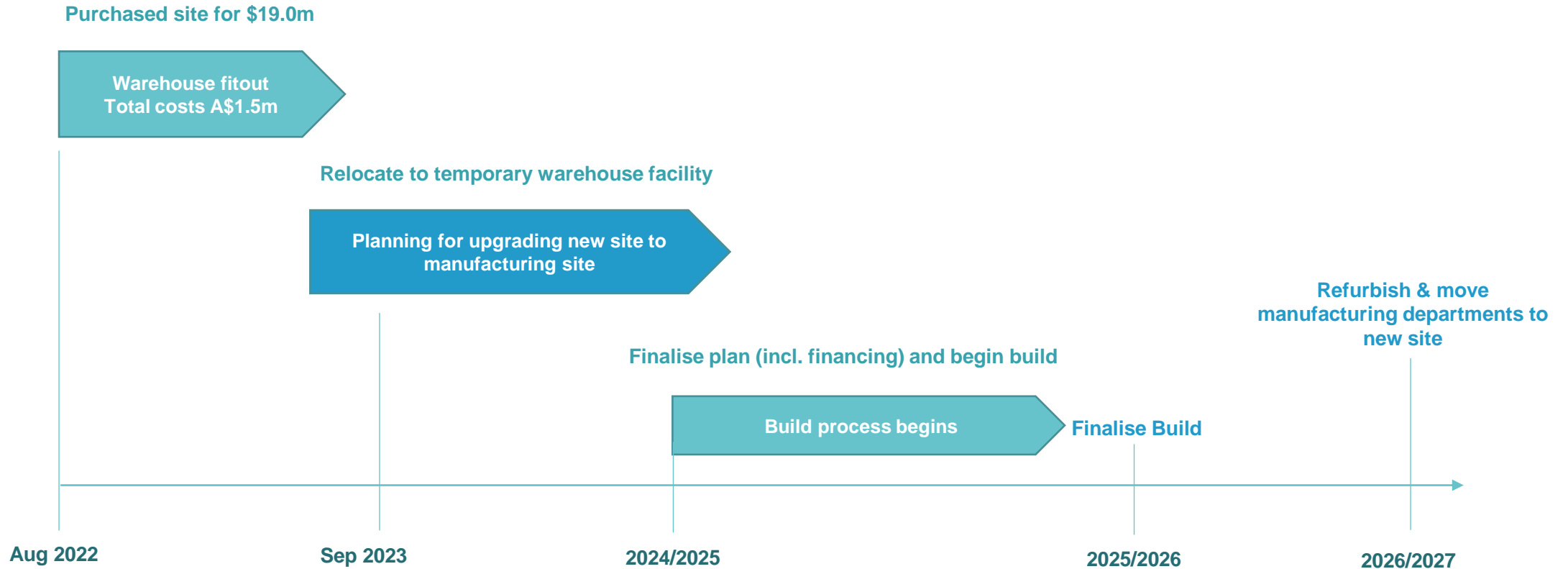
STRATEGY & OUTLOOK



UPDATE ON NEW WAREHOUSE FACILITY

- The new site will bring increased production efficiencies when we are due to relocate warehousing in September 2023
- Planning is currently underway for the redevelopment of the new site and relocation by FY 2027
- Included in the project cost is the acquisition of new machinery, expected to drive production capacity and efficiency
- Estimated total Project cost of \$60m with an expected total ROI (EBT/Rev) of greater than 20%
 - Land and buildings \$45m
 - Plant and equipment \$15m
- Modern scalable manufacturing site that will deliver:
 - Production efficiencies to further scale future volumes and enhance margins (highly automated facility)
 - Risk mitigation and enhanced control over end-to-end supply chain and
 - Labour productivity and improvement
 - Commitment to sustainability
 - Material waste reduction

TIMELINE OF PROJECT MONTROSE



STRATEGY & OUTLOOK

- Aesthetics and Whitening products continue to be the focus for new product development
- Meet updated European regulatory requirements for restorative products
- Continued focus on improving operating manufacturing efficiencies with new machinery to drive increased automation
- Completion of project analysis for the new site relocation
- Still seeing elevated logistics costs, with operating conditions in nearly all regions are back normalised levels and we are focused on capturing the ongoing benefits from the strong base built in SDI's target markets



YOUR SMILE. OUR VISION.



Q&A



APPENDICES



YOUR SMILE. OUR VISION.

AWARDS



YOUR SMILE. OUR VISION.

SALES ANALYSIS

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

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

FY20 TO FY23 COST ANALYSIS

Cost Category (\$m)	FY20	FY21	FY22	FY23
In/out Freight	2.0	3.6	6.4	5.2
Employee Costs*	25.9	29.8	38.9	40.5
Marketing/Travel	10.8	9.1	12.6	15.8

Cost Category (% of Sales)	FY20	FY21	FY22	FY23
In/out Freight	2.9%	4.4%	6.8%	4.8%
Employee Costs	38.5%	36.5%	40.9%	37.6%
Marketing/Travel	16.0%	11.2%	13.3%	14.7%

* Employee costs includes operating and production costs, with a portion capitalised relating to R&D

PROFIT AND LOSS

Profit & Loss (\$'000)	FY23	FY22	% Change
Revenue			
Sales Revenue	107,855	95,151	13.4%
Cost of goods sold	-46,588	-42,041	10.8%
Gross Profit	61,267	53,110	15.4%
<i>Gross margin</i>	<i>56.8%</i>	<i>55.8%</i>	<i>+100bps</i>
Other income	1,556	614	153.4%
Interest Income	8	14	-42.9%
Expenses			
Selling & Administration	-47,583	-40,889	16.4%
Research & Development	-1,354	-1,232	9.9%
Impairment/(reversal) of rec'bles	-17	-4	325.0%
Other Expenses	-2,428	-1,440	68.6%
Finance costs	-759	-34	2132.4%
Profit before tax	10,690	10,139	5.4%
Tax expense	-3,634	-2,858	27.2%
Net profit after tax	7,056	7,281	-3.1%
Tax expense	3,634	2,858	27.2%
Amortisation & depreciation	4,278	4,584	-6.7%
Impairment of assets	445	0	-
Net interest expense	751	20	3655.0%
EBITDA	16,164	14,743	9.6%

BALANCE SHEET

Balance Sheet (\$'000)	FY23	FY22
Assets		
Cash & cash equivalents	6,022	7,013
Trade & other receivables	21,124	19,598
Inventories	25,553	26,005
Property, plant & equipment	45,829	18,634
Right of use assets	1,432	1,377
Intangibles	27,318	25,208
Other Assets	6,031	4,235
Total Assets	133,309	102,070
Liabilities		
Trade & other payables	11,986	9,017
Lease liabilities	1,476	1,355
Borrowings	24,120	669
Employee benefits	4,166	3,795
Deferred tax liability	3,274	2,582
Other Liabilities	371	918
Total Liabilities	45,393	18,336
Net Assets	87,916	83,734

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.