

SDI Limited
Chairman's Address
Annual General Meeting
November 15, 2019

As Chair, I am pleased with the results for this financial year, seeing this as further evidence of the strong fundamentals underpinning our business. The Company's Aesthetics and Whitening products continue to gain momentum, now representing 70% of total sales. Our investment in developing these products is now generating strong returns, more than offsetting the decline in Amalgam sales over the past few years. Our focus is to continue to invest in these contemporary dental products to drive future returns.

During the year we were pleased to have been awarded a Commonwealth Government grant to assist us in the development of a superior dental restorative which will further strengthen SDI's global market presence. This product will be by nature an Amalgam replacement, with the same enduring qualities; however, made from different materials, and is an objective shared by many contemporaries globally.

While SDI exports around 90% of its products to more than 100 countries and enjoys strong growth in its leading products we face challenges, along with many of our peers, in the markets we operate in. One ongoing challenge is the ever-changing global product regulatory environment, reminding us that as a business we need to continue to innovate and develop new products and services to meet these changing conditions.

SDI generates strong cash flows, has no debt and is well placed to capitalise on future opportunities. Reflective of this, the Board with its continued confidence in the underlying strength of the business, has increased the ordinary dividends to shareholders by 8.0% as well as paying a one cent special dividend during the financial year

As a Company our core values are passion, accountability, respect, teamwork and innovation. These values underpin our continuing progress as a business and position us well to deal with future challenges and take full advantage of future opportunities.

In closing, I wish to acknowledge the contribution made by my fellow Board members, who have served with distinction, advising, encouraging and assisting Management. Additionally, I wish to express my appreciation to the managers and all the staff for their tremendous efforts over the year. SDI is a great Australian company, and we are very confident of continued growth in the business and rewards for shareholders.

Thank you for your ongoing support.

A handwritten signature in black ink, appearing to read 'J. Cheetham', written in a cursive style.

Jeffery Cheetham, OAM
Chairman
SDI Limited