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# FY22 AGM

NOVEMBER 24, 2022





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# CHAIRMAN'S ADDRESS

JEFFERY CHEETHAM





# CEO'S ADDRESS

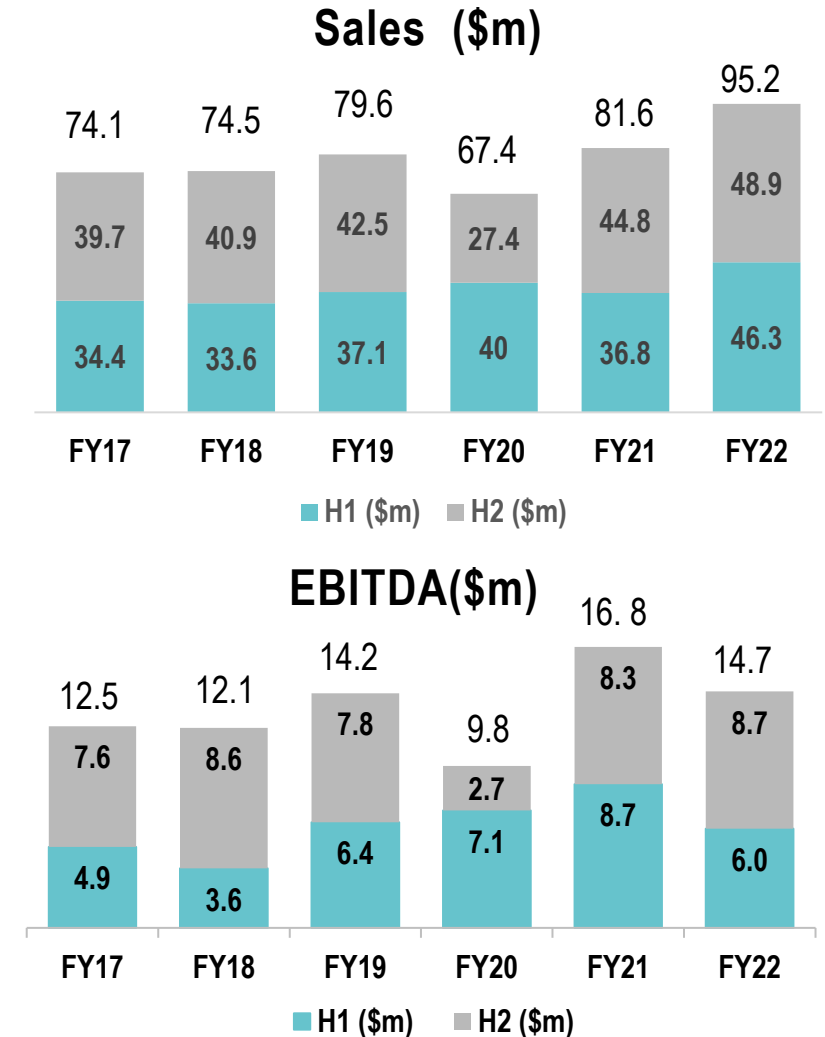
SAMANTHA CHEETHAM



# FY22 HIGHLIGHTS

## RECORD SALES WITH STRONG PERFORMANCE ACROSS KEY PRODUCT CATEGORIES

- Record sales of \$95.2m, up 16.5%, with growth in all key product categories and in most regions.
- Freight costs up \$3.3million impacting product margins by 3.8%
- Operating expenses up 16.4%, or up 9.0% adjusting for currency and government assistance in FY21
- Product margin 55.8% (FY21: 61.5%) impacted by elevated freight costs, product mix and regional performance
- EBITDA down 12.4% to \$14.7m (FY21: \$16.8m)
- NPAT down 18.6% to \$7.3m (FY21: \$8.9m)
- EPS 6.13 cents compared to 7.52 cents for pcp
- Strong cash with a strategic increase in inventory of \$4.5m and the continued investment in R&D.
- Final fully franked ordinary dividend up by 6.1% to 1.75 cps



# FY22 CATEGORY OVERVIEW

## DOUBLE DIGIT CAGR IN KEY FOCUS PRODUCTS

- Aesthetics and Whitening sales up 17.2% and 12.9%, respectively, from market share gains and momentum in new product releases
- Equipment up 11.5%, benefiting from return to normal operating conditions
- Amalgam (16.1% of sales) up 21.0%. Due in part by the withdrawal of two major competitors from the amalgam market, and aided by government tenders

Product category sales	Change in local currency %	Change in AUD %	Total AUD sales %
Aesthetics	17.2	17.6	45.3
Equipment	11.5	14.0	7.2
Whitening	12.9	12.5	31.4
Amalgam	21.0	23.2	16.1

# FY22 SALES BY BUSINESS UNIT

## RETURNING TO NORMAL OPERATING CONDITIONS

- European sales up 21.7%, in local currency, from strong demand in key markets and improved conditions in the UK
- Australian sales (incl. direct exports), up 15.8%, with direct exports increasing by 29.3% and partly offset by domestic sales, down 3.5%, impacted by Government lock downs
- Brazilian sales up 26.1% from market share gains and overall market growth
- North American sales up 5.8% in local currency, reflecting the slower uptake of aesthetics in comparison to other markets

Sales by Business Unit	Growth in local currency %	Growth in AUD %	Total AUD Sales %
Australian sales (including direct exports)	15.8	17.1	34.1
North America	5.8	8.4	23.2
Europe	21.7	18.2	35.0
Brazil	26.1	35.9	7.7
TOTAL	16.0	16.5	100.0%

# OPERATIONAL UPDATE

## PURCHASE OF NEW SITE TO SUPPORT LONG TERM STRATEGIC PLAN

- SDI confirmed the purchase of a 6-acre site to support the long-term strategic plan for the group. In the short-term, the site will also provide important warehousing capacity
- Following renovation work on the warehouse, SDI will relocate its warehouse facilities to the new location in June half 2023
- This strategic acquisition will result in immediate savings, forgoing the need to continue to outsource warehousing needs at a significant cost



# AMALGAM REPLACEMENT

## STELA RECEIVES FDA APPROVAL

- Amalgam replacement release in all markets during 2023
  - FDA approval received
  - Tooth coloured filling, showing strength stronger than amalgam
  - Stronger than any other tooth coloured filling material
  - Will be able to withstand high mastication forces



# TRADING UPDATE

- Sales in the first 4 Months of FY23 up 11.6% in local currencies.
  - Biggest contribution from Aesthetics and Amalgam product categories.
  - Australian direct exports up 19.7%.
  - Australian domestic up 33.5%.
  - Brazilian sales up 14.0%.
  - European sales up 4.1%.
  - North American sales up 5.5%.
- Gross Margin up 2% to 55% on pcp.
  - Driven by a combination of product & regional mix, price increases, and currency.
  - Logistic costs continue to impact margins.
- Operating expenses begin to normalise as travel restrictions are lifted and industry trade exhibitions return.



# STRATEGY

- Aesthetics and Whitening products continue to be the focus for new product development;
- 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 Stela secures FDA approval and due to be released in Q1FY2024



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# OUTLOOK

- Future years expected to show continued growth in Aesthetics and Whitening products, underpinned by improving market conditions and new product development
- Amalgam category to remain strong short-term as competitors leave the category and industry begins transition to replacement products
- Logistic costs short term remain challenging offset by price increases
- While the challenges of elevated costs is still a reality, these conditions are normalising, and will deliver ongoing benefits from the strong base built in SDI's target markets.



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**QUESTIONS**



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