



YOUR
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OUR
VISION.

HY19 RESULTS PRESENTATION

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

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AGENDA

- HY19 highlights
- Product categories
- Key geographies
- Financial performance
- Strategy and outlook

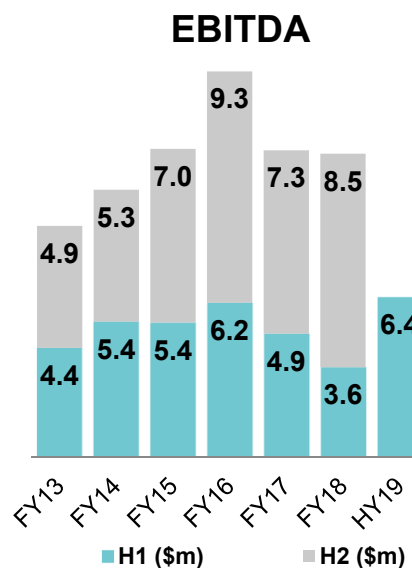


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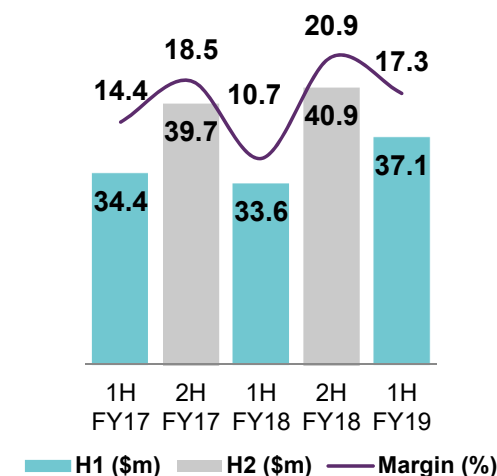


HY19 HIGHLIGHTS

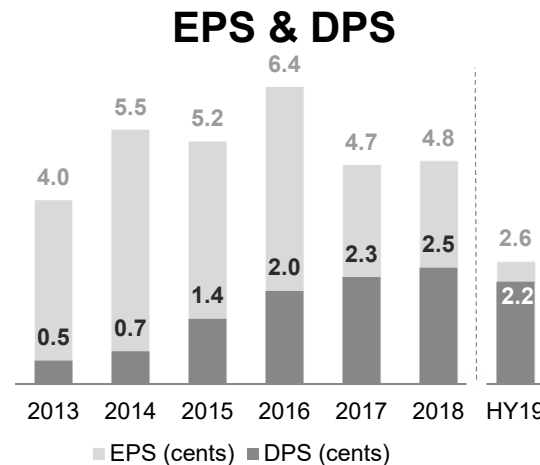
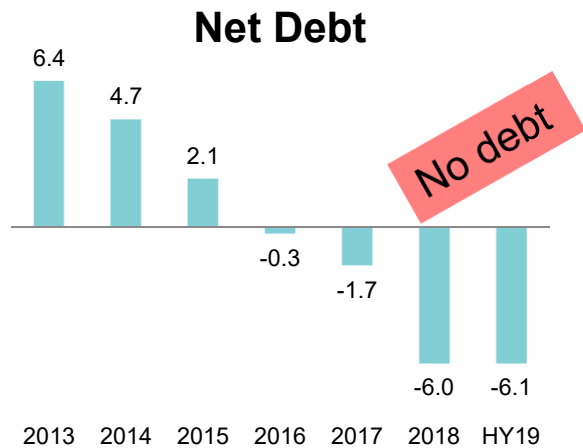
- Record first half profit NPAT up 172% to \$3.1m
- Record first half sales up 10% to \$37.1m
- Favorable product mix and currency supporting improved margin
- Aesthetic sales up 13.4% in local currency (up 17.7% in AUD)
- Amalgam sales up 2.1% in local currency (up 5.1% in AUD)
- Fully franked dividends
 - Interim dividend 1.2 cps
 - Special dividend 1.0 cps



Sales v EBITDA margin



INCREASED RETURNS AND NO DEBT



- Net cash position with strong free cashflow
- No Debt
- Increased interim dividend and special dividend reflective of balance sheet strength and earnings confidence

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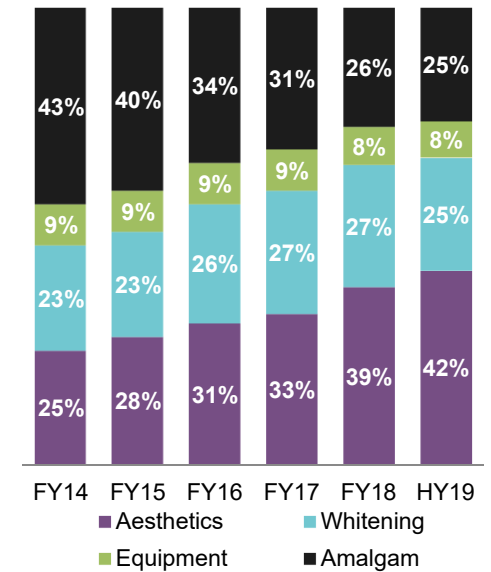
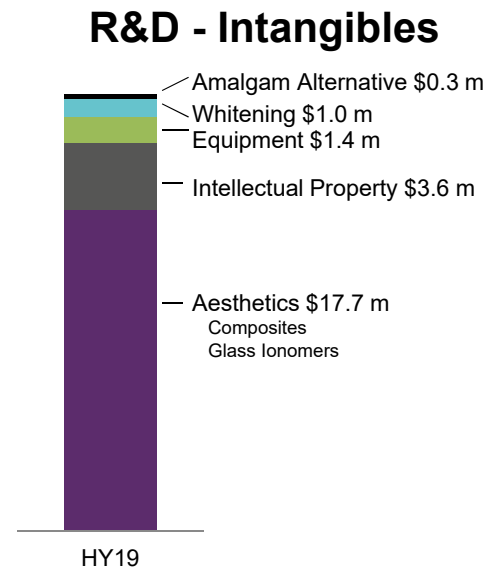
PRODUCT CATEGORIES



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INVESTING FOR THE FUTURE

- Shifting industry trends identified more than 20 years ago
- Invested heavily in Research and Development
- R&D portfolio mostly relates to Aesthetics
- Aesthetics and Whitening account for 67% of all sales
- Amalgam decline slowed



AESTHETICS LED GROWTH

- Aesthetics sales performed strongly, up 13.4% in local currency (up 17.7% in AUD)
- Amalgam sales, increased 2.1% in local currency (up 5.7% in AUD)
- Above market growth in Aesthetics as SDI glass ionomer and composite products continue to gain acceptance
- Riva Star remains a longer term growth opportunity

Product Category Sales	Growth in Local Currency	Growth in AUD	Total AUD Sales
Aesthetics	13.4%	17.7%	42.5%
Equipment	(0.5%)	1.3%	7.9%
Whitening	1.6%	6.1%	24.7%
Amalgam	2.1%	5.7%	24.9%



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KEY GEOGRAPHIES



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SALES BY BUSINESS UNIT

- The Australian business unit grew sales by 17.8% with direct exports to Middle East and Asia notably stronger
- Evidence of success with a broader range of product in more regions
- North American sales saw a 14.4% decline in Amalgam offset by a 10.1% increase in other category sales
- Brazilian sales were down due to the de-stocking of a major distributor.
- European sales saw a 19% decline in Amalgam, offset by a 7% increase in other category sales

Sales by Business Units	Growth in Local Currency	Growth in AUD	Total AUD Sales
Australian Sales*	17.8%	21.7%	38.6%
North American	0.1%	7.5%	23.9%
Europe	1.4%	6.7%	31.2%
Brazil	(6.0%)	(16.1%)	6.3%
TOTAL	6.2%	10.2%	100.0%

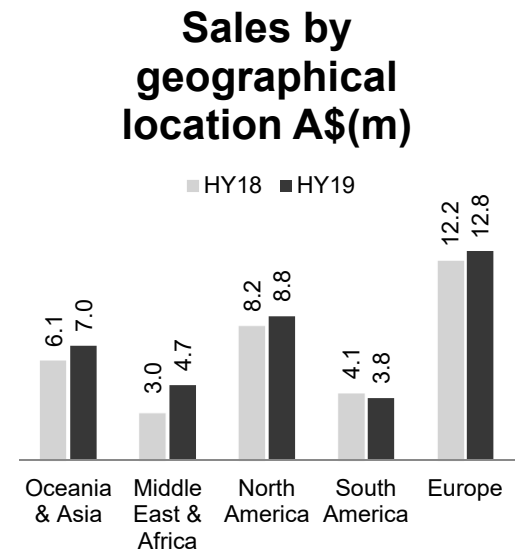
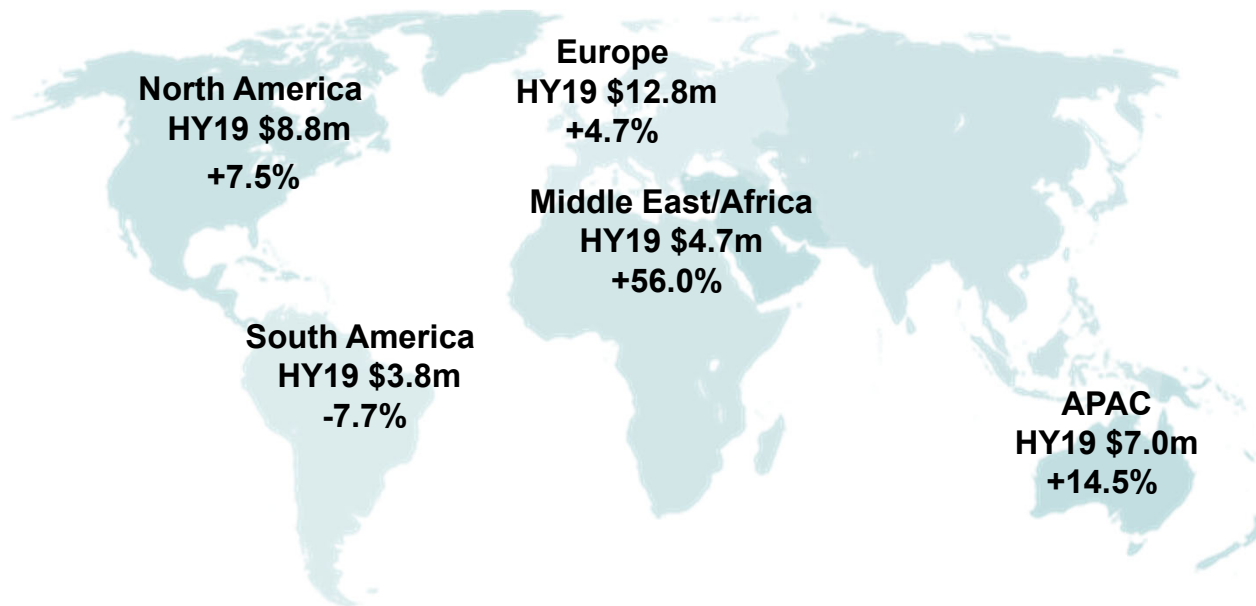
*Australian business unit sales includes direct exports to other markets



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GEOGRAPHICAL SALES





FINANCIAL PERFORMANCE



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PROFIT & LOSS

Profit & Loss (\$'000)	HY19	HY18	% Change
Revenue			
Sales Revenue	37,103	33,625	10%
Cost of goods sold	-14,495	-13,676	6%
Gross Profit	22,608	19,949	13%
Gross margin	60.9%	59.3%	
Other income	675	17	
Expenses			
Selling & Administration	-17,505	-16,636	5%
Research & Development	-648	-614	6%
Other Expenses	-684	-1,175	-42%
Profit before tax	4,446	1,541	189%
Tax expense	-1,320	-391	238%
Net profit after tax	3,126	1,150	172%
Amortisation & depreciation	1,919	1,969	-3%
Net interest expense	27	63	-57%
EBITDA	6,392	3,573	79%

- Gross product margins up 1.6% to 60.9%
- Favourable product mix and currency, partly offset by increased sales to lower margin direct export markets
- Other Income includes \$669k of unrealised currency gains
- Operating expenses increased by 1.6% after adjusting for currency movements & additional amortisation
- Amortisation expense of \$935k includes additional \$162k as part of product rationalisation

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BALANCE SHEET

Balance Sheet (\$'000)	HY19	FY 18	HY18	6 Months Movement
Assets				
Cash & cash equivalents	6,068	8,246	8,083	-26%
Trade & other receivables	15,059	16,225	14,831	-7%
Inventories	17,501	14,558	15,534	20%
Prepayments	1,376	750	985	83%
Other receivables	1,125	885	1,362	27%
Property, plant & equipment	17,944	17,569	17,596	2%
Intangibles	23,967	23,657	23,493	1%
Total Assets	83,040	81,890	81,884	1%
Liabilities				
Trade & other payables	5,283	3,957	5,397	34%
Borrowings	0	2,214	4,396	-100%
Provision for income tax	508	182	280	179%
Employee benefits	3,387	3,546	3,449	-4%
Deferred tax liability	2,402	2,437	2,216	-1%
Total Liabilities	11,580	12,336	15,738	-6%
Net Assets	71,460	69,554	66,146	3%

- Cash holdings for the 6 months decreased by \$2.2m after:
 - \$2.2m debt reduction
 - \$2.9m increase in inventory
- Increased dividend payments

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CASH FLOW

Cash Flow (\$'000)	HY19	HY18	
Receipts from customers	38,029	34,007	12%
Payments to suppliers & employees	-32,792	-27,876	18%
Other revenue	6	17	-65%
Interest & other finance costs paid	-33	-80	-59%
Income tax paid	-1,029	-349	195%
Net cash from operating activities	4,181	5,719	-27%
Payments for property, plant & equip.	-1,388	-727	91%
Payments for intangibles	-1,245	-1,407	-12%
Proceeds from disposal of P P & E	27	43	-37%
Net cash used for investing activities	-2,606	-2,091	25%
Net cash used in financing activities	-3,878	-1,286	202%
Cash & cash equivalents at end of period	6,068	8,083	-25%

- Strong free cash flow
- Increased dividend payments
- Increased inventory investment to better serve customers, reduce logistics expense and maintain focus on manufacturing efficiency
- Continued investment in R & D and automation
- No debt

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STRATEGY & OUTLOOK

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RESEARCH, INNOVATION, RESULTS

- Two key new products to be launched at the International Dental Show (IDS) – awaiting regulatory approval
- Aura Easy Flowable
- Zipbond adhesive
- 1 – 2 new products per year to drive growth
- Concentrating on categories that deliver high sales margins
- Building on SDI's world-leading technical expertise, particularly in glass ionomers and tooth whitening.
- Very focused R+D teams collaborating closely with researchers and innovation centres globally
- Riva star – focus on public health programs to minimise adverse restorative procedures
- Key study will soon be published showing significant decline in referral rates for general anaesthetic



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STRATEGY & OUTLOOK

4 Strategic priorities:

1. Rationalise product portfolio
 2. Focus on key product categories – whitening, glass ionomers and composites
 3. Drive amalgam replacement
 4. Increase innovation and speed to market
- Several new products to be launched at the IDS in Cologne next month
 - Brazil manufacturing trials underway with start planned for FY20
 - In FY19, we expect continued sales growth in Aesthetics and Whitening products (75% of sales)



A black and white close-up photograph of a young woman with long, wavy blonde hair. She is smiling broadly, showing her teeth, and her hands are raised behind her head, with her fingers running through her hair. The lighting is soft and even, highlighting her features. The word "QUESTIONS" is superimposed in a large, bold, black sans-serif font across the middle of the image, partially covering her face and hair.

QUESTIONS

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