

SDI Limited
Chairman's Address
Annual General Meeting
November 16, 2018

I am pleased with the results for the 2018 financial year and in particular with the strong second half result showing the Company has returned to growth. The fundamentals of SDI are strong, with the Company having now transformed into an Aesthetics and Whitening business, with nearly three quarters of sales now coming from non-Amalgam products.

SDI is very proud to be an Australian manufacturer, exporting around 90% of its products to over 100 countries. In constant currency terms our business continues to see growth in Aesthetics and Whitening products, which more than offset the decline in Amalgam products. The Company has a strong management team, 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 again increased the dividends to shareholders.

Over the years, SDI has faced many challenges in its global business, such as currency fluctuations, volatile commodity prices and changing economic environments in many of the countries it operates in. The strong fundamentals of the Company are built on the continued investment in research and development, including patents and trademarks, the global distribution network, and investment in a strong management team. This has underpinned the successful management of these external challenges and has laid the foundations for strong returns for shareholders.

Cash flows are expected to continue to be strong. With no debt there will be continued investment in the Company's infrastructure and the Board expects that dividends will steadily increase. Over the years, SDI has made a significant investment in the manufacturing capability at Bayswater. This current facility has the capacity to meet current customer requirements and importantly the expected future growth. Further, while not actively seeking acquisitions, the Board may from time to time consider opportunities that compliment the existing product portfolio and capabilities.

SDI is driven by its values of passion, accountability, respect, teamwork and innovation which are vital to the future growth of the Company. It is a credit to the Management who have adopted these values to build this great Australian company which is now positioned to address future challenges and embrace future opportunities.

In closing, I wish to acknowledge the contribution made by the Board of Directors who have served with distinction by advising, encouraging and assisting Management. Additionally, I wish to express my appreciation to the Managers and all the staff for their tremendous efforts. SDI is a great Australian manufacturing and exporting 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