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## HY18 RESULTS PRESENTATION

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- LONG SUCCESSFUL OPERATING HISTORY – founded in 1972 and listed on ASX in 1985 and we are Australia's largest dental manufacturer
- SDI CONDUCTS RESEARCH AND DEVELOPMENT OF SPECIALIST DENTIST MATERIALS. We undertake the development, manufacturing and marketing of dental materials and tooth whitening.
- SDI SELLS TO 100+ COUNTRIES on all continents and has sales teams and distribution in Australia, Brazil, Europe and North America



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# HY18 HIGHLIGHTS

NPAT OF **\$1.2M** WITHIN GUIDANCE RANGE

ONGOING STRENGTH IN AESTHETICS UP **8.2%**

FULLY FRANKED INTERIM DIVIDEND UP **10.0%** ON HY17 TO 1.1 CPS

LEAN MANUFACTURING IMPLEMENTATION TO DELIVER **\$1.1M** ANNUALISED SAVINGS WHICH WILL BE FULLY REALISED OVER THIS CALENDER YEAR

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**\$1.1M** ANNUALISED SAVINGS

Sales down **2.1%**, impacted by lower Amalgam and whitening sales from South American and UK markets

FY18 OUTLOOK: STRONGER SECOND HALF RESULTS

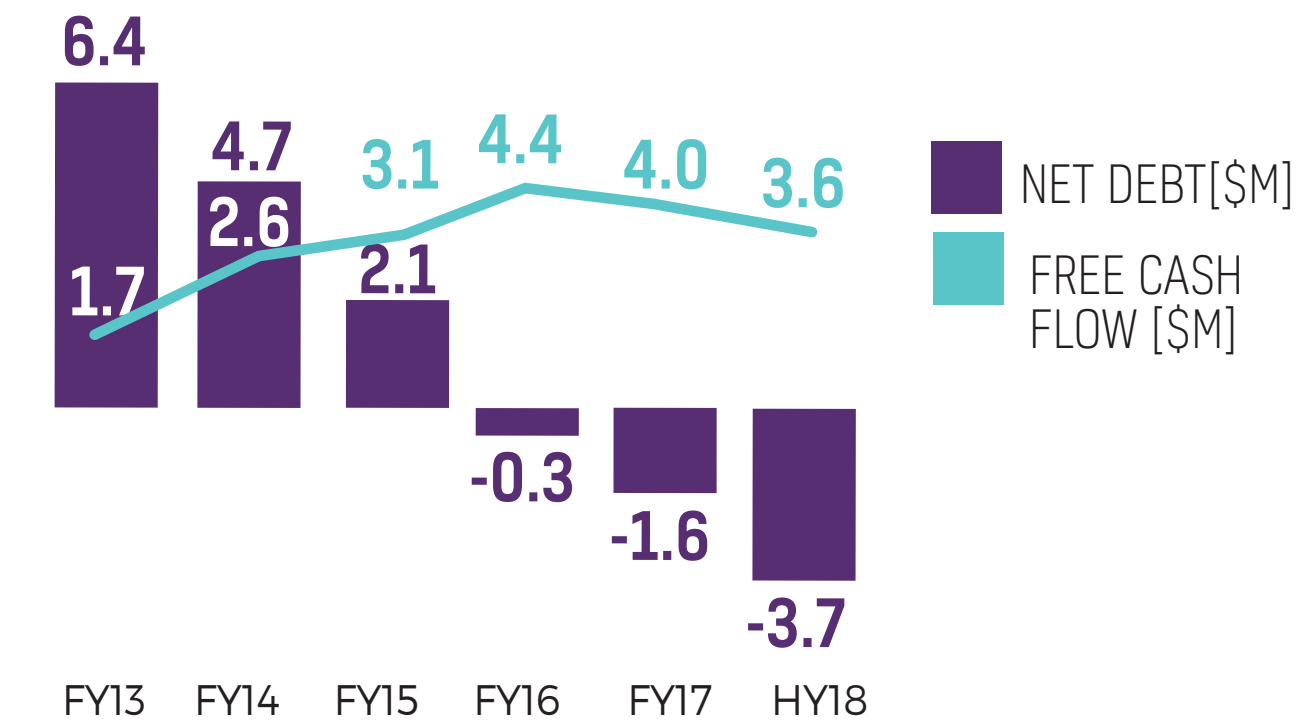
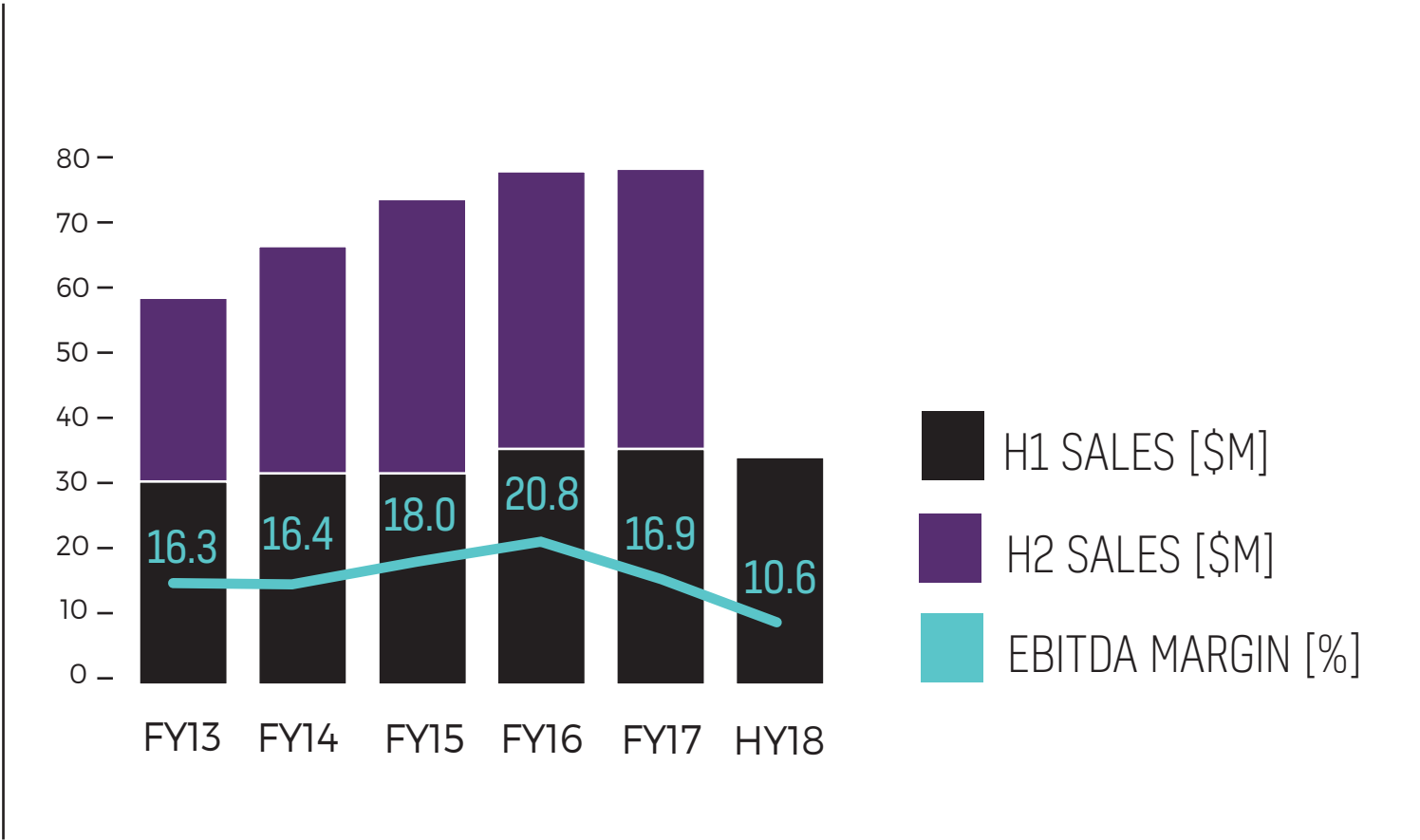
	HY18	HY17	CHANGE %
SALES	<b>\$33.6m</b>	<b>\$34.4m</b>	<b>(2.1)</b>
EBITDA	<b>\$3.6m</b>	<b>\$4.9m</b>	<b>(27.7)</b>
NPAT	<b>\$1.2m</b>	<b>\$2.0m</b>	<b>(42.6)</b>
EPS	<b>0.97c</b>	<b>1.70c</b>	<b>(42.6)</b>
DPS	<b>1.1c</b>	<b>1.0c</b>	<b>10.0</b>



# STRONG FREE CASH FLOW

NET CASH POSITION WITH  
STRONG FREE CASHFLOW

EBITDA MARGIN DOWN DUE  
TO LOWER SALES



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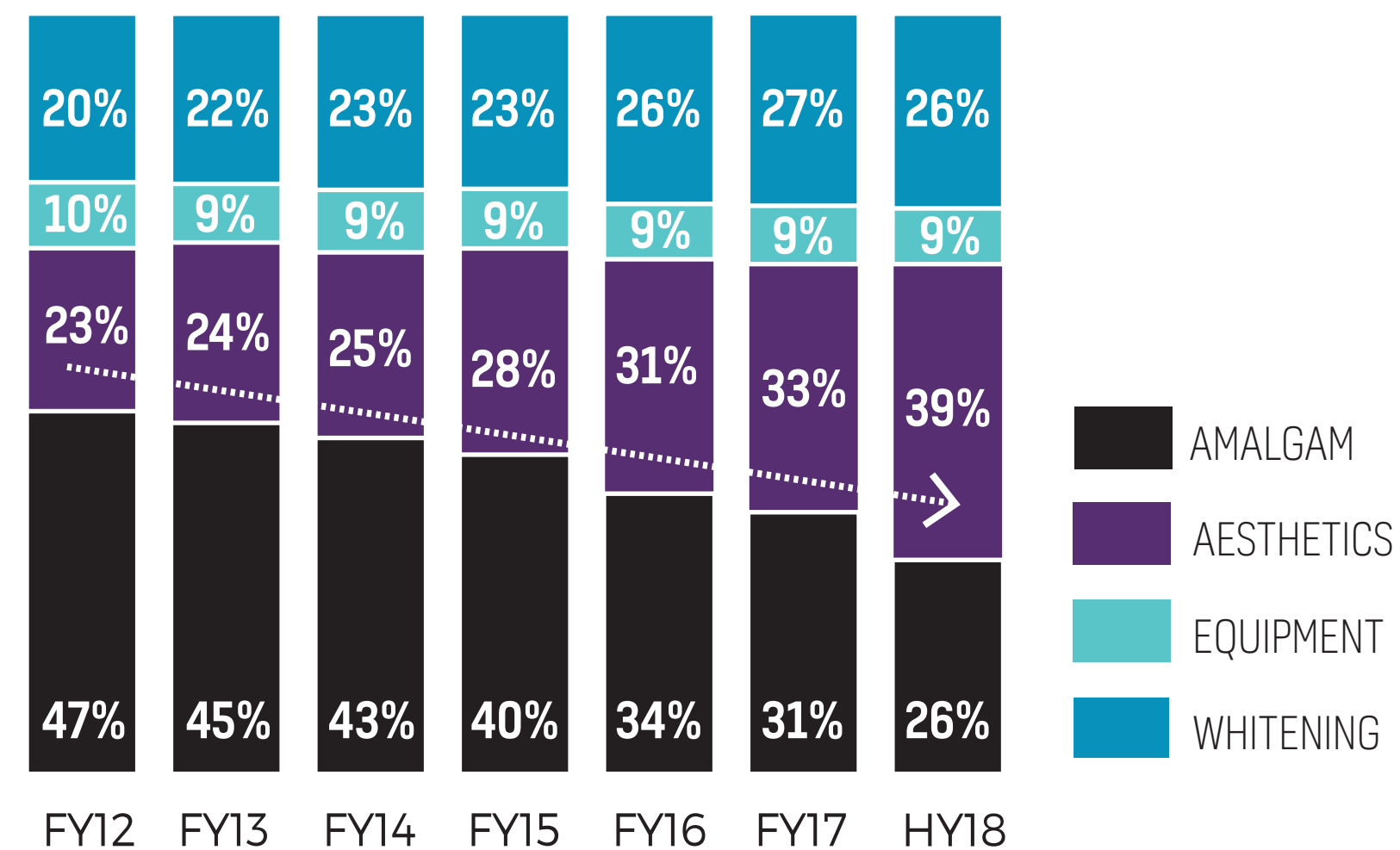


# PRODUCT MIX SHIFT ACCELERATING

ALL SALES AND DEVELOPMENT  
FOCUS ON AESTHETICS AND  
WHITENING CATEGORIES  
WHICH ACCOUNTED FOR **65.3%**

EQUIPMENT SALES OF **8.7%**  
SUPPORTED BY RADII XPERT  
LAUNCH

AMALGAM DECLINED TO **26.0%**  
OF SALES



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# AESTHETICS CONTINUING GROWTH

## AESTHETICS CATEGORIES CONTINUE TO OUTPERFORM

- Riva glass ionomer is the strongest product line
- The Riva range has been in the market for over 10 years, with only a few competitors
- With composites there are many competitors, so targeting small gains in a huge market

## SDI IS STILL KNOWN AS THE BEST IN THE WORLD FOR AMALGAM

- Less South American government tenders
- Temporary disruption to UK market being resolved

## WHITENING IS A KEY SEGMENT

- Future sales to be supported with new product launches and branding refresh

RADII XPERT LAUNCHED IN AUSTRALIA AND EUROPE AND FDA APPROVAL FOR NORTH AMERICA EXPECTED IN 2H18

PRODUCT CATEGORY SALES	% GROWTH LOCAL CURRENCIES	% GROWTH AUD
AESTHETICS	8.7%	8.2%
WHITENING	[1.9%]	[2.2%]
EQUIPMENT	-	[2.3%]
AMALGAM	[14.3%]	[15.3%]

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# SALES BY BUSINESS UNIT

AUSTRALIAN SALES (INCLUDING DIRECT EXPORT SALES) DECLINED **5.0%** IN LOCAL CURRENCIES; ROBUST AUSTRALIAN DOMESTIC SALES

- Fewer opportunities for South American tenders

NORTH AMERICAN SALES IN LOCAL CURRENCY TERMS HAVE BEGUN TO GROW AGAIN UP **0.5%** IN LOCAL CURRENCY

STRONGER EUROPEAN CURRENCIES HELPED DELIVER GROWTH OF **0.2%** IN LOCAL CURRENCIES FROM THIS REGION

- The growth in local currency terms of 0.2% was hindered by weakness in the UK where sales declined by **13.2%**. A temporary disruption to some UK based channel partners is being resolved.

THE BRAZIL BUSINESS UNIT GREW SALES BY **0.7%** IN LOCAL CURRENCY TERMS

SALES BY BUSINESS UNITS	GROWTH IN LOCAL CURRENCY	GROWTH IN AUD	TOTAL AUD SALES
AUSTRALIAN SALES*	[5.0%]	[6.3%]	35.0%
NORTH AMERICA	0.5%	[3.2%]	24.5%
EUROPE	0.2%	3.8%	32.2%
BRAZIL	0.7%	[2.4%]	8.3%
TOTAL	[1.5%]	[2.1%]	100.0%

\*Australian business unit sales includes direct exports to other markets

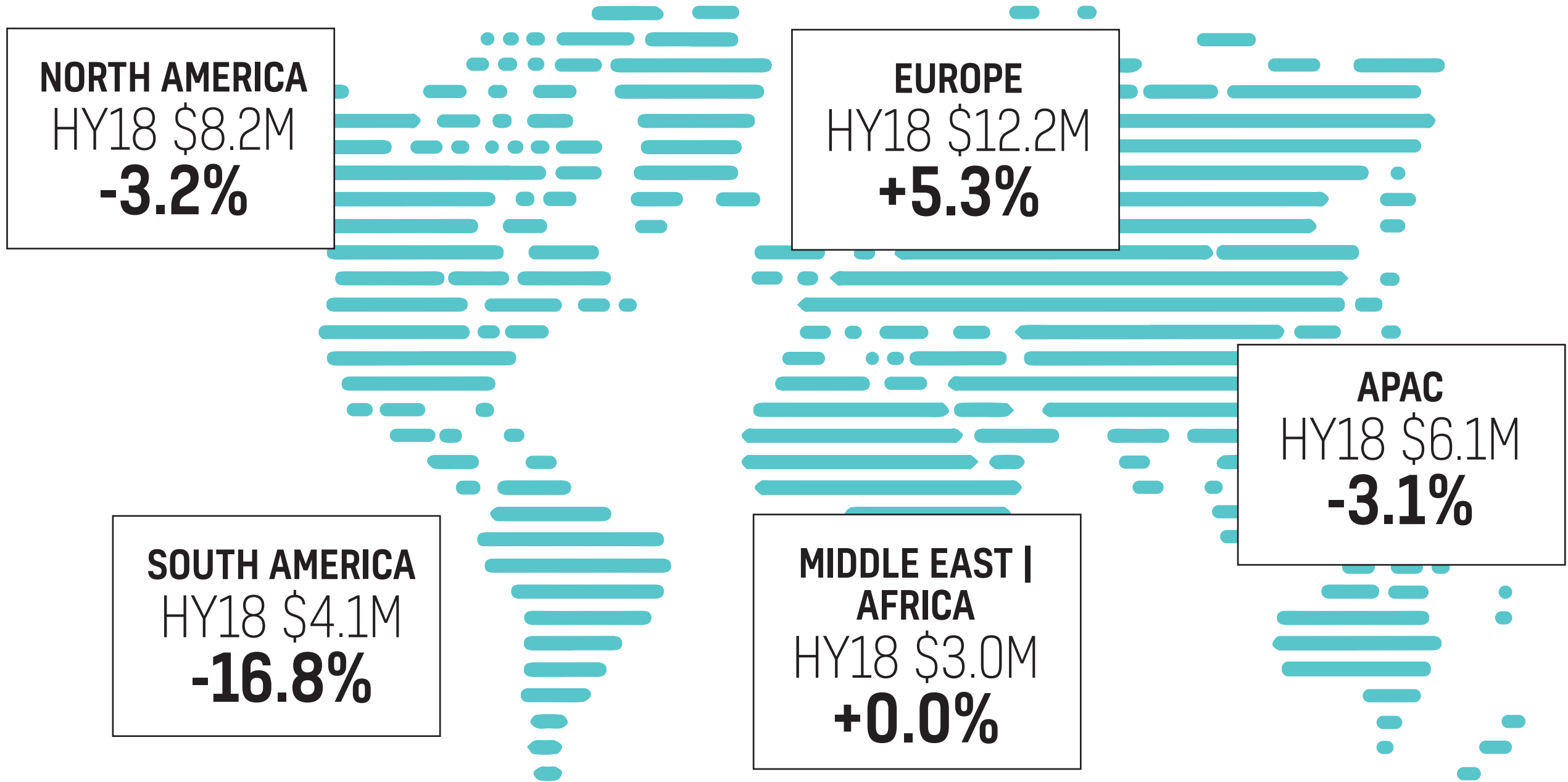
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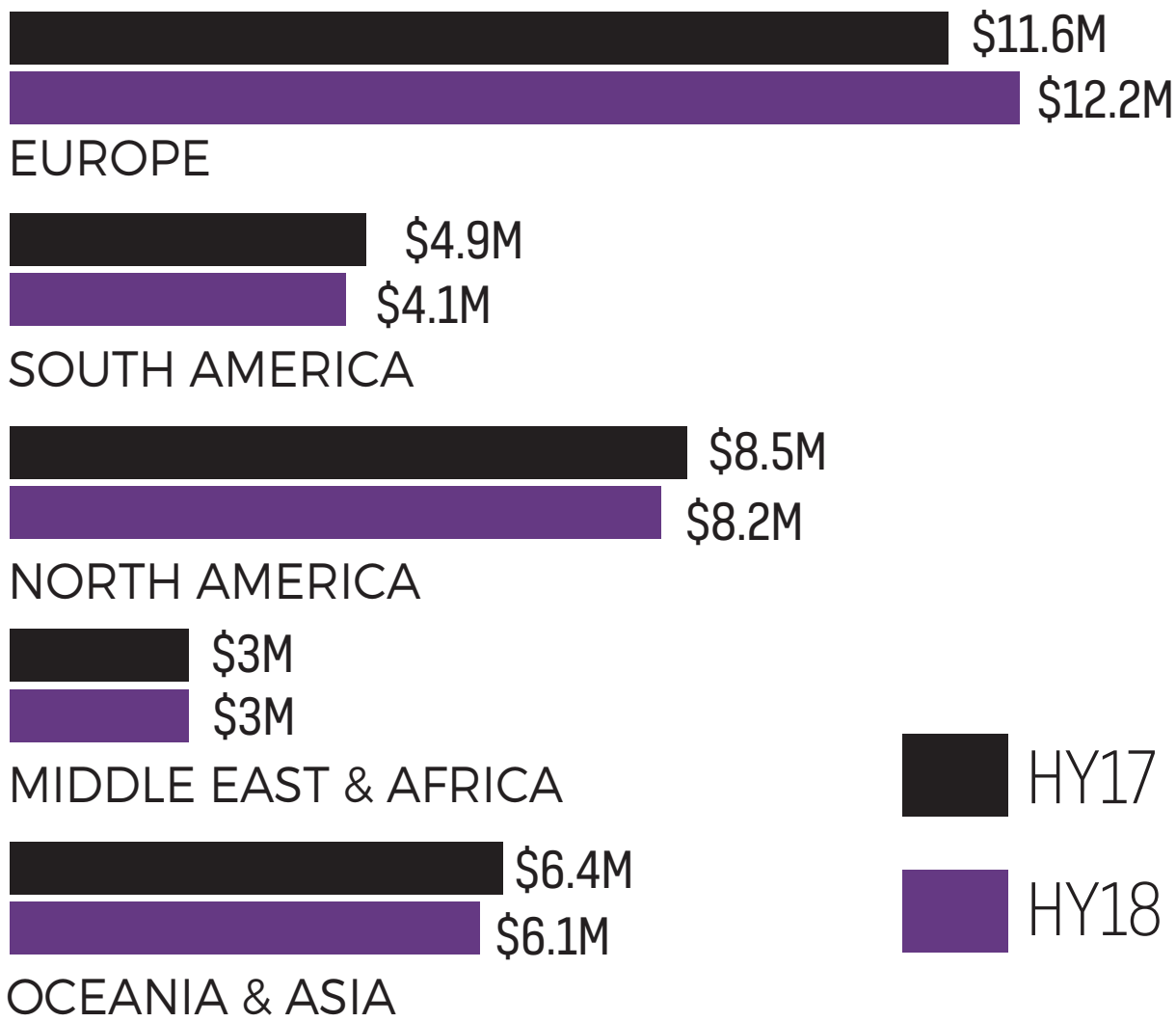


# GEOGRAPHICAL SALES

SALES IN AUD



SALES BY GEOGRAPHICAL LOCATION A\$ [M]



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# OUR NUMBERS

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# PROFIT AND LOSS

PROFIT & LOSS	(HY18 \$'000)	(HY17 \$'000)	% CHANGE	
<b>REVENUE</b>				
SALES REVENUE	33,625	34,358	[2%]	Adjusted for F/X movements sales down 1.5%
COST OF GOODS SOLD	[13,676]	[13,690]	0%	
<b>GROSS PROFIT</b>	<b>19,949</b>	<b>20,668</b>		Down due to product & market sales mix
GROSS PROFIT MARGIN	59.3%	60.2%		
OTHER INCOME	17	16		
<b>EXPENSES</b>				
SELLING AND ADMINISTRATION	[16,636]	[16,275]	2%	Adjusted for F/X movements, S & A expenses up 0.8% Increased expenditure on research projects on new product concepts
RESEARCH AND DEVELOPMENT	[614]	[450]	36%	
OTHER EXPENSES	[1,095]	[1,021]	7%	
FINANCE EXPENSES	[80]	[113]	[29%]	
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>	<b>1,541</b>	<b>2,825</b>	<b>[45%]</b>	
INCOME TAX EXPENSE	[391]	[805]		Tax rate down due to business unit profit mix
<b>NET PROFIT AFTER TAX</b>	<b>1,150</b>	<b>2,020</b>	<b>[43%]</b>	
DEPRECIATION & AMORTISATION	1,969	2,008		
INTEREST INCOME	[17]	[3]		
INTEREST EXPENSE	80	113		
TAX EXPENSE	391	805		
<b>EBITDA</b>	<b>3,573</b>	<b>4,943</b>	<b>[28%]</b>	

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# BALANCE SHEET

BALANCE SHEET (\$'000)	HY18 [\$'000]	FY17 [\$'000]	% CHANGE
<strong>ASSETS</strong>			
CASH AND CASH EQUIVALENTS	8,083	5,754	40%
TRADE AND OTHER RECEIVABLES	14,831	15,451	[4%]
INVENTORIES	15,534	17,135	[9%]
PREPAYMENTS	985	818	20%
OTHER RECEIVABLES	1,362	1,124	21%
PROPERTY, PLANT AND EQUIPMENT	17,596	18,121	[3%]
INTANGIBLES	23,493	22,859	3%
<strong>TOTAL ASSETS</strong>	<strong>81,884</strong>	<strong>81,262</strong>	<strong>1%</strong>
<strong>CURRENT LIABILITIES</strong>			
TRADE AND OTHER PAYABLES	5,397	4,551	19%
BORROWINGS	4,396	4,137	6%
DERIVATIVE FINANCIAL INSTRUMENTS	0	62	
PROVISION FOR INCOME TAX	280	248	13%
EMPLOYEE BENEFITS	3,449	3,715	[7%]
DEFERRED TAX LIABILITY	2,216	2,206	
<strong>TOTAL LIABILITIES</strong>	<strong>15,738</strong>	<strong>14,919</strong>	<strong>5%</strong>
<strong>NET ASSETS</strong>	<strong>66,146</strong>	<strong>66,343</strong>	

Lower level of working capital due to initiatives in improving inventory management

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# CASH FLOW

CASH FLOW STATEMENT (\$'000)

	HY18 [\$'000]	HY17 [\$'000]	% CHANGE
RECEIPTS FROM CUSTOMERS	34,007	35,069	[3%]
PAYMENTS TO SUPPLIERS AND EMPLOYEES	[27,876]	[31,657]	[12%]
OTHER REVENUE	17	16	
INTEREST AND OTHER FINANCE COSTS PAID	[80]	[113]	[29%]
INCOME TAXES PAID	[349]	[1,759]	[80%]
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>5,719</b>	<b>1,556</b>	
PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT	[727]	[724]	
PAYMENTS FOR INTANGIBLES	[1,407]	[1,401]	
PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	43	0	
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>[2,091]</b>	<b>[2,125]</b>	<b>[2%]</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>[1,286]</b>	<b>[1,786]</b>	<b>[28%]</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>8,083</b>	<b>3,668</b>	<b>120%</b>

Strong free cash flow generated by improved processes and inventory management

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# RESEARCH INNOVATION, RESULTS

## RECENT PRODUCT RELEASES

AURA EASY - COMPOSITE

POLA LUMINATE - TOOTH  
WHITENING

RIVA CEM - A PASTE/PASTE  
CEMENT

RADII XPERT - SMALL EQUIPMENT

PRODUCT LAUNCHES  
CONTINUE TO ROLLOUT  
AROUND THE WORLD

## 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

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# OUTLOOK

## FY18 OUTLOOK: STRONGER SECOND HALF RESULT

IN FY18 WE EXPECT CONTINUED SALES GROWTH IN NON-AMALGAM PRODUCTS (74% OF SALES), IMPACTED BY ONGOING WEAKNESS IN THE MARKET FOR AMALGAM.

LEAN MANUFACTURING IMPLEMENTATION TO DELIVER \$1.1M ANNUALISED SAVINGS – QUALITY CONTROL, R&D SUPPORT TO MANUFACTURING, WAREHOUSING, PROCESS RATIONALISATION – WHICH WILL BE FULLY REALISED OVER THIS CALENDER YEAR

### INCREASING SALES TO SPECIAL MARKETS:

- Large group practices
- Corporates
- Public institutions

## GROWTH OPPORTUNITY IN DEVELOPING MARKETS AS DEMAND FOR QUALITY DENTISTRY INCREASES

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# QUESTIONS

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