



YOUR SMILE. OUR VISION.

# **HY21 RESULTS PRESENTATION**

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# 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

- HY21 highlights
- Product categories
- Key geographies
- Financial performance
- Strategy and Outlook



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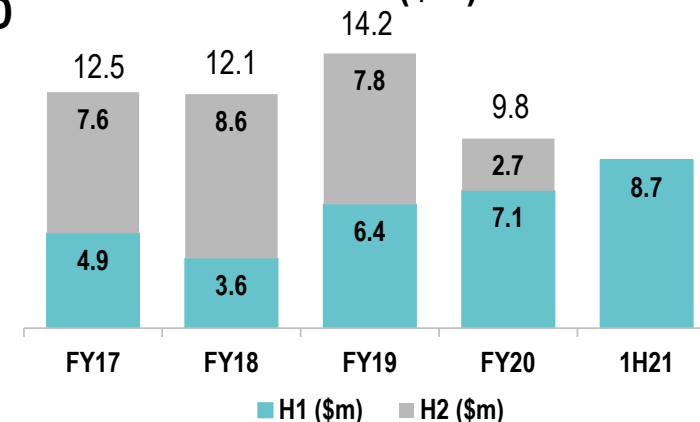


# HY 2021 SUMMARY

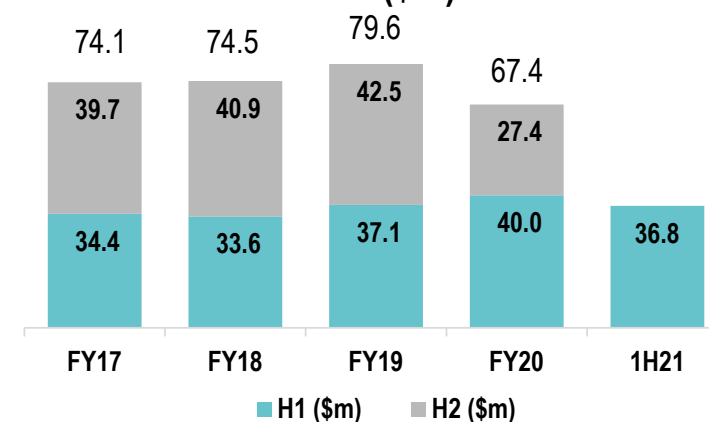
## RECORD FIRST HALF RESULT UNDERPINNED BY STRONG DEMAND

- Record first half profit with NPAT up 30.9% to \$4.6m underpinned by strong demand in key regions
- First half sales down 8.0% to \$36.8m, down 3.9% in local currencies, compared to record half in prior period
- Gross margins down 1.3% to 64.9%, but in-line with prior period when adjusted for currency movements,
- Costs carefully managed with YoY OPEX down 12.9% with EBITDA up 21.8% on a strong comparable period in 1H20
- Whitening sales up 19.3% in local currency, with strong demand and supported by new product releases & rebranding
- Aesthetic sales down 7.3% in local currency, impacted the UK and direct exports
- Amalgam sales down 32.1%, with UK and direct exports reflecting restrictions and lower government tender activity
- Cashflow strong given the operating conditions and working capital was reduced, with no net debt for the group
- Fully franked interim dividend of 1.50cps up 11.1%

### EBITDA (\$M)



### Sales (\$m)



# PRODUCT CATEGORIES



# CATEGORY OVERVIEW

## CONTINUED STRONG GROWTH IN WHITENING PRODUCTS & DECLINE IN AMALGAM PRODUCTS

- Whitening showed the strongest increase due to pent-up demand and release of the new Pola Light product and rebranding of the range, up 19.3% in local currency
- Continued restrictions on dental offices in the UK and Australian direct export markets affecting the recovery in Aesthetic products from the pandemic, with strong performances in Australia, North America and parts of Europe
- Equipment up 12.6% in local currency, following traction of the Rarii Xpert curing light
- Downward trend of Amalgam product continues down 32.1% in local currency, impacted by restrictions and slower government tenders

Product category sales	Change in local currency %	Change in AUD %	Total AUD sales %
Aesthetics	(7.3)	(10.6)	44.7
Equipment	12.6	2.6	7.7
Whitening	19.3	16.0	33.5
Amalgam	(32.1)	(36.7)	14.1



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# KEY GEOGRAPHIES



# SALES BY BUSINESS UNIT

Sales by Business Unit	Growth in local currency %	Growth in AUD %	Total AUD Sales %
Australian sales (including direct exports)	(10.5)	(12.5)	36.6
North America	9.4	3.7	25.0
Europe	(6.9)	(6.2)	32.7
Brazil	3.1	(27.7)	5.7
<b>TOTAL</b>	<b>(3.9)</b>	<b>(8.0)</b>	<b>100.0%</b>

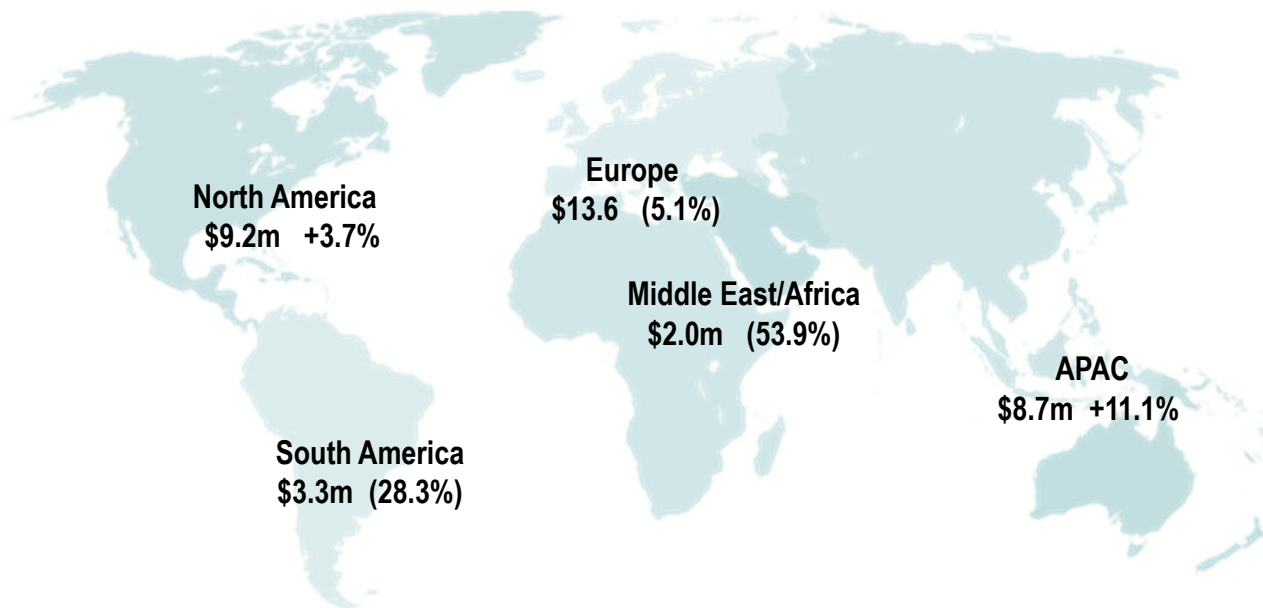
- Sales by business unit reflected the key regional restrictions in the different markets
- Europe business unit, down 6.9% in local currency, was impacted by restrictions in the UK (down 41.7%) and the supply of products due to Brexit
- Brazilian sales increased by 3.1% in local currency, but decreased by 27.7% in AUD when adjusted for currency movements
- Review of Brazilian operations was completed with the implementation of the restructure currently in progress.
- Demand for key product categories of aesthetics and whitening products promising in most key regions



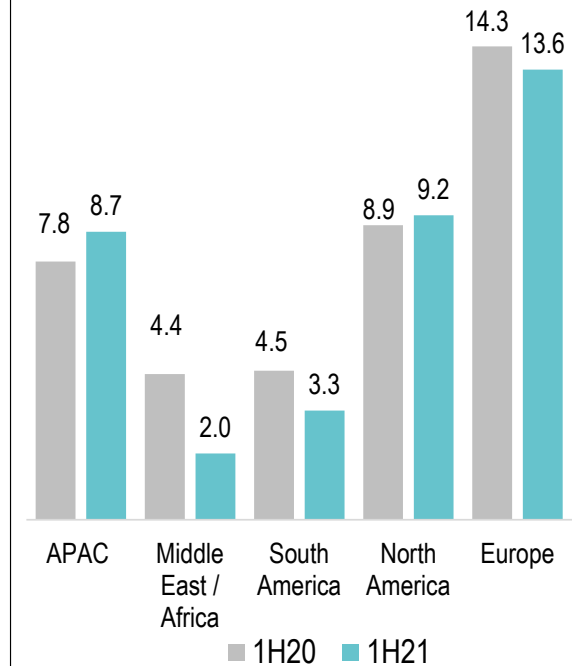
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# GEOGRAPHIES



Sales by geography (A\$m)



# FINANCIAL PERFORMANCE



# PROFIT & LOSS

Profit & Loss (\$'000)	HY21	HY20	% Change
<b>Revenue</b>			
Sales Revenue	36,762	39,963	(8.0%)
Cost of goods sold	(12,920)	(13,502)	4.3%
<b>Gross Profit</b>	<b>23,842</b>	<b>26,461</b>	<b>(9.9%)</b>
Gross margin	<b>64.9%</b>	<b>66.2%</b>	
Other income	(1,002)	(407)	
<b>Expenses</b>			
Selling & Administration	(14,692)	(19,255)	23.7%
Research & Development	(807)	(901)	10.4%
Other Expenses	(1,031)	(945)	9.1%
<b>Profit before tax</b>	<b>6,310</b>	<b>4,953</b>	<b>27.4%</b>
Tax expense	(1,732)	(1,456)	19.0%
<b>Net profit after tax</b>	<b>4,578</b>	<b>3,497</b>	<b>30.9%</b>
Amortisation & depreciation	2,314	2,131	8.5%
Net interest expense	50	35	
<b>EBITDA</b>	<b>8,674</b>	<b>7,119</b>	<b>21.8%</b>

- Total sales of \$36.8 million, down 8.0% vs record sales of \$40.0m in HY20, reflecting pent-up demand and partly offset by government restrictions in some markets
- NPAT up 30.9% to \$4.6 million vs \$3.5m in HY20
- EBITDA up 21.8% to \$8.7 million vs \$7.1m in HY20
- Gross product margins down 1.3% to 64.9% and inline with prior period after adjusting for currency
- Operating expenses carefully managed, down 12.9% YoY after adjusting for currency movements and government assistance programs
- Realized F/X loss in Brazil \$0.7m

# BALANCE SHEET

Balance Sheet (\$'000)	HY21	FY20	HY20
<b>Assets</b>			
Cash & cash equivalents	11,059	6,153	6,058
Trade & other receivables	13,910	9,605	14,710
Inventories	18,077	20,656	20,655
Property, plant & equipment	19,262	19,225	19,387
Right of use assets	824	1,142	882
Intangibles	25,072	24,752	25,298
Other Assets	1,154	4,414	2,716
<b>Total Assets</b>	<b>89,358</b>	<b>84,805</b>	<b>89,706</b>
<b>Liabilities</b>			
Trade & other payables	5,698	3,364	7,562
Lease liabilities	899	1,126	899
Borrowings	-	1,500	-
Employee benefits	2,990	2,621	3,499
Deferred tax liability	2,639	2,334	2,475
Other Liabilities	198	1,196	566
<b>Total Liabilities</b>	<b>12,424</b>	<b>11,015</b>	<b>15,001</b>
<b>Net Assets</b>	<b>76,934</b>	<b>73,790</b>	<b>74,705</b>

- Net cash position increased by \$4.9m
- Debt reduction of \$1.5m with \$10m headroom in unused bank facilities
- Decreasing inventories by \$2.6m
- Maintained investment in product development

# CASH FLOW

Cash Flow (\$'000)	HY21	HY20
Receipts from customers	29,065	43,746
Payments to suppliers & employees	(21,130)	(36,826)
Other revenue	2,429	6
Interest & other finance costs paid	(52)	(41)
Income tax paid	(448)	(2,164)
<b>Net cash from operating activities</b>	<b>9,864</b>	<b>4,719</b>
Payments for property, plant & equip.	(943)	(1,754)
Payments for intangibles	(1,421)	(1,702)
Proceeds from disposal of PP&E	35	187
<b>Net cash used for investing activities</b>	<b>(2,329)</b>	<b>(3,269)</b>
<b>Net cash used in financing activities</b>	<b>(2,322)</b>	<b>(1,783)</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>11,059</b>	<b>6,058</b>

- Increase in cash primarily due to strong operating environment
- Lower receipts and payments reflecting lower activity in some regions, due to the pandemic
- Payment of dividend reflects the strong net cash position and company's commitment to its shareholders
- \$2.4m received from Jobkeeper



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# STRATEGY & OUTLOOK





# STRATEGY

- Aesthetics and Whitening products continue to be the focus for new product development; for 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 is on schedule to be released in 2023
- Review of manufacturing footprint to improve efficiencies and manage future growth



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# OUTLOOK

- Second half of FY21 is expected to show positive growth in Aesthetics products, continued strong growth in Whitening products, and continued decline in Amalgam products
- Logistics to supply the overseas markets continue to be a challenge due to sea and air shipping backlogs; however, SDI's operations are diversified across 100 countries
- UK and the remaining regions should return closer to normal and expect underlying trends to continue into the second half



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# Q&A



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