

SDI

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# FY21 RESULTS PRESENTATION

20 August 2021

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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

- FY21 highlights
- Product categories
- Key geographies
- Financial performance
- Strategy and Outlook



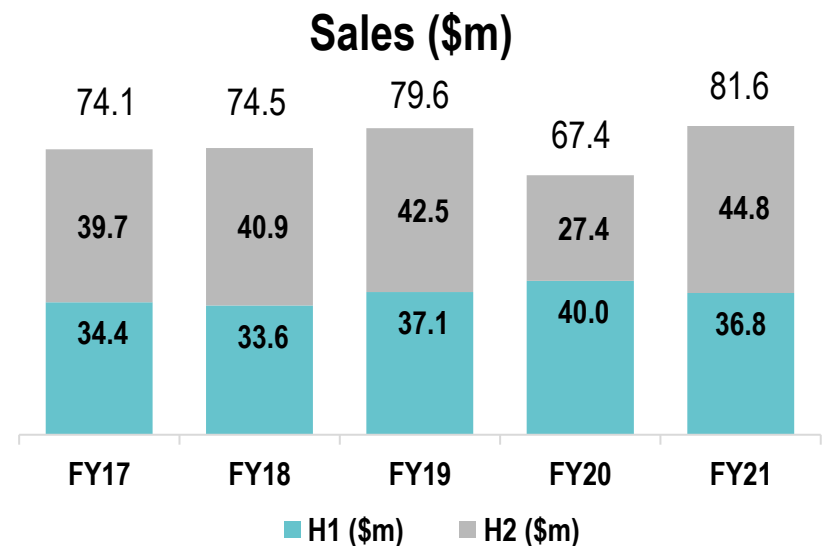
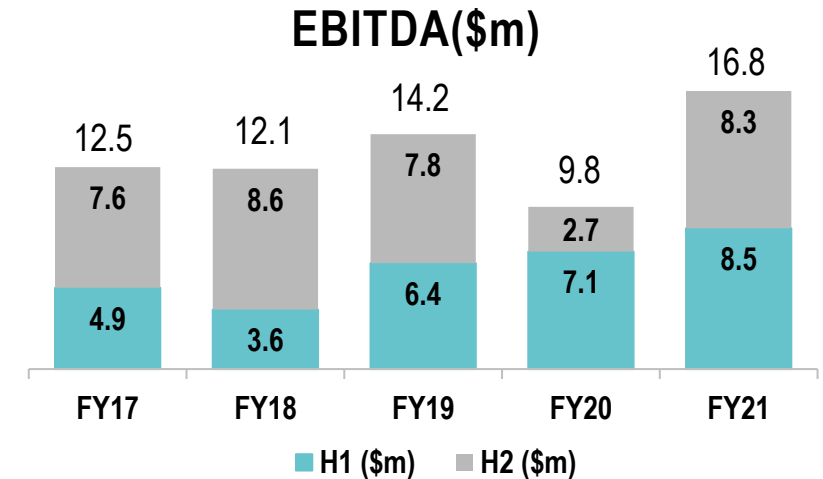
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# FY 2021 SUMMARY

## RETURNS TO GROWTH AFTER RECORD YEAR

- Total sales of \$81.6 million, up 21.2%, driven by strong sales in key product categories, new product releases and the normalising of most dental markets.
- Total operating expenses increased by 1.2% when compared to the previous corresponding period.
- EBITDA up 71.9% to \$16.8m (FY20: \$9.8m)
- NPAT up 111.0% to \$8.9m (FY20: \$4.2m)
- Whitening sales growth accelerated in the second half, with full year sales growth of 55.3% in local currency. Driven by pent-up demand and new products releases
- Aesthetics sales rebounded in the second half, up 27.2% in local currency for the year, assisted by the easing restrictions on dentistry.
- Study released showing that SDI's Riva Star product stops decay, reducing the number of children requiring general anaesthetics for tooth extraction\*
- The Brazilian operations review was completed in the year, with the restructure expected to be fully implemented by December 2021.
- Cashflow remains strong given the operating conditions, with no net debt for the Group.
- Final fully franked dividend of 1.65cps up 230% on pcp with full year ordinary dividends of 3.15cps equating to a payout ratio of 41.9%.





# PRODUCT CATEGORIES



# CATEGORY OVERVIEW

## CONTINUED STRONG INCREASE IN WHITENING & AESTHETHICS PRODUCTS

- Whitening showed the strongest increase due to anticipated pent-up demand, release of new Pola Light and Pola Rapid products and rebranding of the range, up 55.3% in local currency.
- Aesthetics have also shown a strong recovery on the previous pandemic year, up 27.2% in local currency, assisted by the easing of restrictions on dentists.
- Equipment up 31.1% in local currency, driven primarily by traction of the Radii LED curing lights.
- Amalgam products stabilised, up 3.8% in local currency with the North American market offsetting declines in other regions.

Product category sales	Change in local currency %	Change in AUD %	Total AUD sales %
Aesthetics	27.2	18.6	44.9
Equipment	31.1	17.2	7.4
Whitening	55.3	46.5	32.5
Amalgam	3.8	(5.7)	15.3



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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)	9.6	4.1	34.0
North America	54.3	39.5	25.0
Europe	39.9	35.8	34.4
Brazil	33.4	(0.2)	6.6
<b>TOTAL</b>	<b>30.5</b>	<b>21.2</b>	<b>100.0%</b>

- Sales by business unit reflected the gradual return to normal operating conditions and major markets.
- European business unit, up 39.9% in local currency, driven by strong growth in key markets and assisted by the UK showing signs of recovery in H2 FY21.
- Australian unit sales, was up 9.6% with the domestic sales up an impressive 44.6%, offset by direct exports, down 3.3% over the year with many of these regions yet to return to normal operating conditions.
- Brazilian sales increased by 33.4% in local currency but decreased by 0.2% in AUD when adjusted for currency movements.
- Review of Brazilian operations was completed with the implementation of the restructure expected to be completed by December 2021.

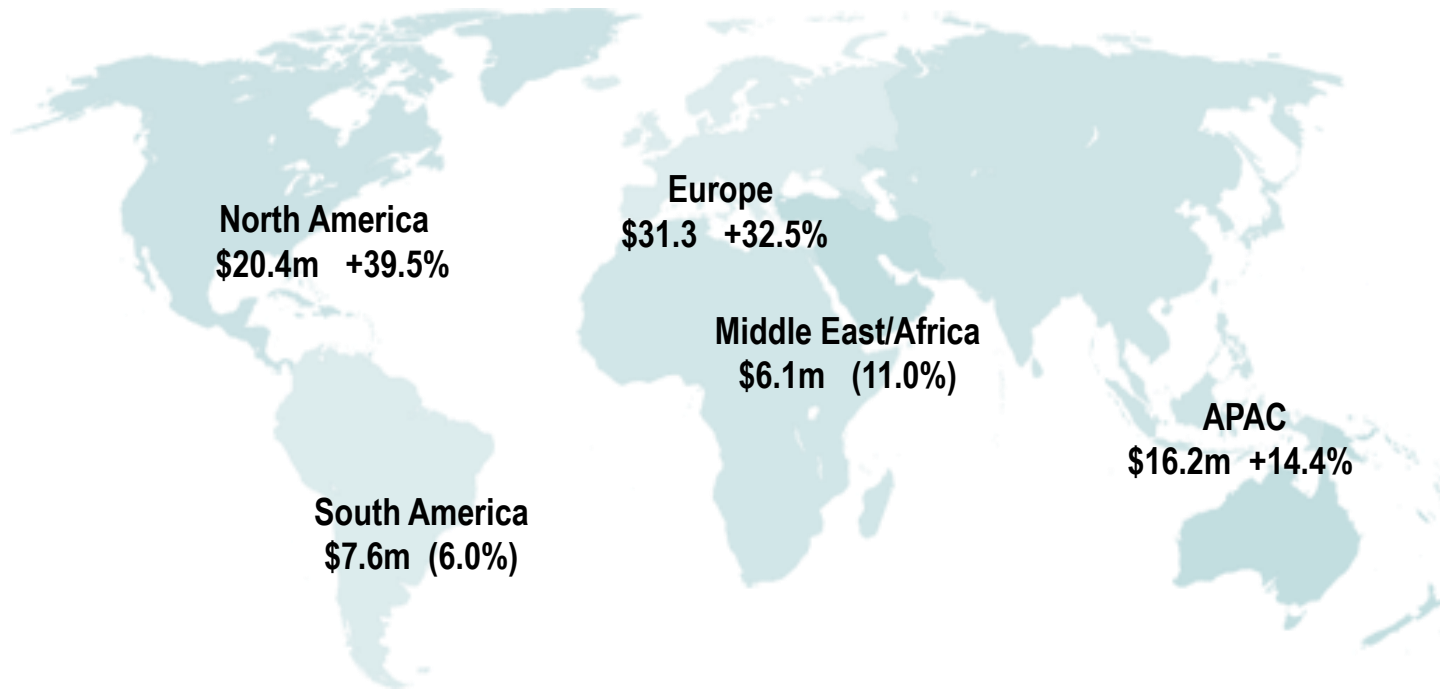
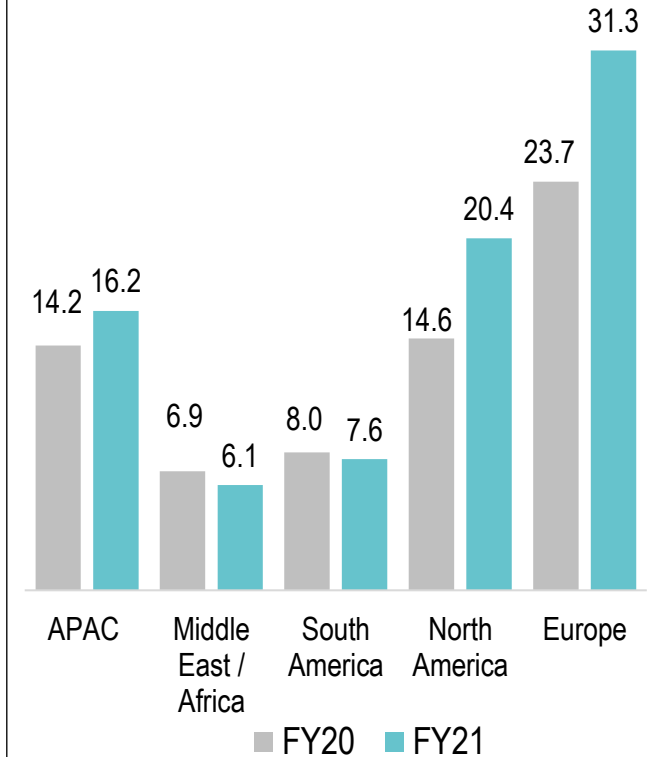


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# DISTRIBUTION

Sales by geography (A\$m)





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# FINANCIAL PERFORMANCE



# PROFIT & LOSS

Profit & Loss (\$'000)	FY21	FY20	% Change
<b>Revenue</b>			
Sales Revenue	81,647	67,374	21.2%
Cost of goods sold	(31,396)	(23,737)	(32.3%)
<b>Gross Profit</b>	<b>50,251</b>	<b>43,637</b>	<b>15.2%</b>
Gross margin	<b>61.6%</b>	<b>64.8%</b>	
Other income	(701)	(1,618)	
<b>Expenses</b>			
Selling & Administration	(33,550)	(33,381)	0.5%
Research & Development	(2,142)	(1,773)	20.8%
Other Expenses	(1,650)	(1,750)	(5.7%)
<b>Profit before tax</b>	<b>12,208</b>	<b>5,115</b>	<b>138.7%</b>
Tax expense	(3,267)	(878)	272.1%
<b>Net profit after tax</b>	<b>8,941</b>	<b>4,237</b>	<b>111.0%</b>
Amortisation & depreciation	(4,575)	(4,667)	(2.0%)
Net interest expense	(55)	(19)	189.5%
<b>EBITDA</b>	<b>16,834</b>	<b>9,791</b>	<b>68.7%</b>

- Total sales of \$81.6m, up 21.2% on pcp, reflecting new product releases and pent-up demand following the easing of restrictions.
- Gross product margins down 3.2% to 61.6%, but up by 1.8% on the prior period, after adjusting for currency and costs associated with global logistics.
- Operating expenses carefully managed, up 1.2%. After adjusting for currency movements and government assistance programs expenses increased 8.8% or up 1.4% on the 2019.
- EBITDA up 71.9% to \$16.8m vs \$9.8m in FY20.
- NPAT up 111.0% to \$8.9m vs \$4.2m in FY20.

# BALANCE SHEET

Balance Sheet (\$'000)	FY21	FY20
<b>Assets</b>		
Cash & cash equivalents	10,559	6,153
Trade & other receivables	18,486	9,605
Inventories	21,509	20,656
Property, plant & equipment	19,288	19,225
Right of use assets	1,571	1,142
Intangibles	24,396	24,752
Other Assets	2,595	3,272
<b>Total Assets</b>	<b>98,404</b>	<b>84,805</b>
<b>Liabilities</b>		
Trade & other payables	9,286	3,364
Lease liabilities	325	441
Borrowings	-	1,500
Employee benefits	3,417	2,621
Deferred tax liability	2,186	2,334
Other Liabilities	3,410	755
<b>Total Liabilities</b>	<b>18,624</b>	<b>11,015</b>
<b>Net Assets</b>	<b>79,780</b>	<b>73,790</b>

- Net cash position increased by \$5.9m.
- Debt reduction of \$1.5m with \$10m headroom in unused bank facilities.
- Increased inventories by \$0.9m in anticipation of global freight delays.
- Planned investment in plant and equipment and maintained investment in product development.

# CASH FLOW

Cash Flow (\$'000)	FY21	FY20
Receipts from customers	72,917	75,146
Payments to suppliers & employees	(63,454)	(66,154)
Other revenue	3,928	1,131
Interest & other finance costs paid	(55)	(19)
Income tax paid	(644)	(3,074)
<b>Net cash from operating activities</b>	<b>12,692</b>	<b>7,030</b>
Payments for property, plant & equip.	(2,267)	(2,489)
Payments for intangibles	(1,788)	(2,222)
Proceeds from disposal of PP&E	108	87
<b>Net cash used for investing activities</b>	<b>(3,947)</b>	<b>(4,624)</b>
<b>Net cash used in financing activities</b>	<b>(4,185)</b>	<b>(2,657)</b>
<b>Cash &amp; cash equivalents at end of period</b>	<b>10,559</b>	<b>6,153</b>

- Operating cashflow was up strongly due to improved trading conditions in most regions
- Other revenue: Government Assistance payments
- Intangibles: reduction in intellectual property & product development costs
- Debt of \$1.5m was repaid in the year
- Payment of dividend reflects the strong net cash position and company's continuing commitment to its shareholders



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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.



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# OUTLOOK

- Future years expected to show continued positive growth in Aesthetics and Whitening products, and the on-going decline in Amalgam products
- Logistics to supply the overseas markets continue to be a challenge due to sea and air shipping constraints; however, SDI's operations are diversified across 100 countries
- Expect another year of growth and look forward to the return of normal operating conditions in all markets



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# Q&A



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