

# Sirona – The Dental Company

First Quarter 2011 Earnings Presentation  
February 4, 2011



# First Quarter 2011 Earnings Presentation Safe Harbor Statement / Additional Information



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- Record quarter in 1Q11, up 9.7%, or up 15.8% constant currency – against a very strong quarter in the prior year
- Strong top and bottom line growth
- International markets the driver – up 23.3% constant currency
- 1Q11 segment growth:
  - Treatment Centers up 23.0% cc
  - CAD CAM up 18.5% cc
  - Imaging Systems up 11.2% cc
  - Instruments up 8.4% cc
- Our strong positive momentum in international markets continues...
- 2011 is expected to be more front-end loaded than typical IDS year

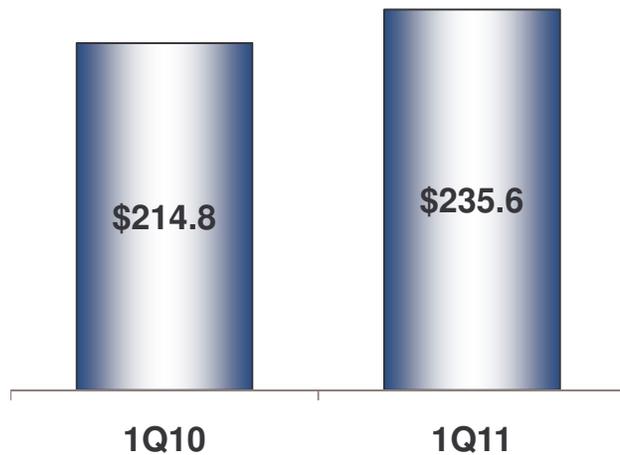
# First Quarter 2011 Earnings Presentation Overview



The Dental Company

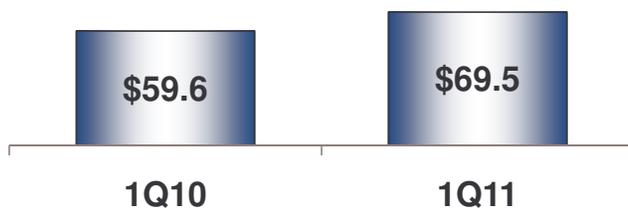
## Revenue

(US\$ in millions)



## Operating Income plus Amortization

(US\$ in millions)



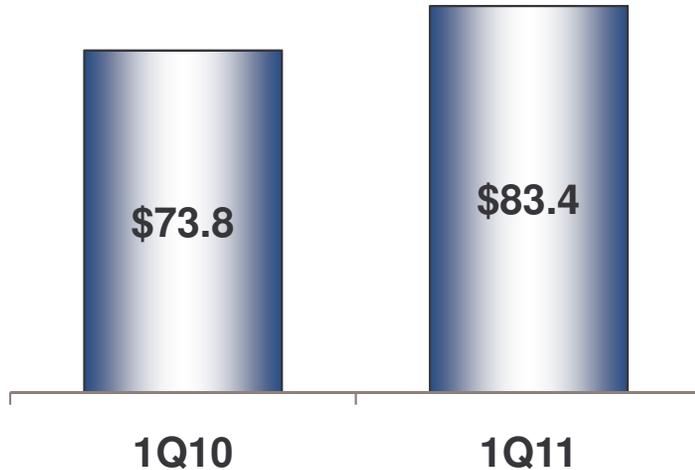
- International revenues increased 13.8%, up 23.3% constant currency, with strong growth in Germany, other European countries and Asia Pacific
- US revenues up 0.9%
- Operating Income plus Amortization increased 16.5% to \$69.5 million on:
  - Strong revenue growth
  - Gross profit margin expansion
  - Slightly lower SG&A as % of Sales

# First Quarter 2011 Earnings Presentation CAD/CAM Segment



## CAD/CAM Revenue

(US\$ in millions)

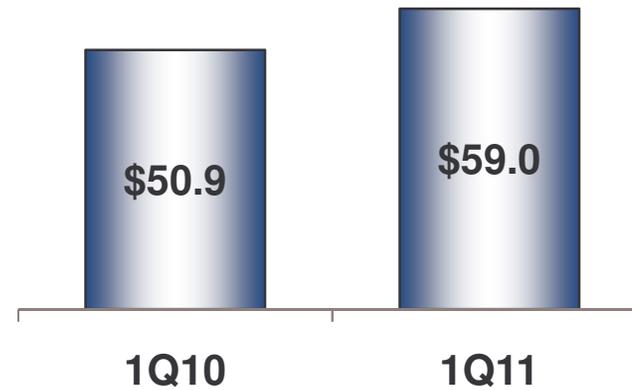


## Revenue Growth

Reported	+12.9%
<u>Currency</u>	<u>+5.6%</u>
Constant Currency	+18.5%

## Segment Gross Profit

(US\$ in millions)



## Segment Gross Profit Margin

1Q10	69.0%
<u>1Q11</u>	<u>70.8%</u>
Change	+180 bps

# First Quarter 2011 Earnings Presentation CAD/CAM Segment



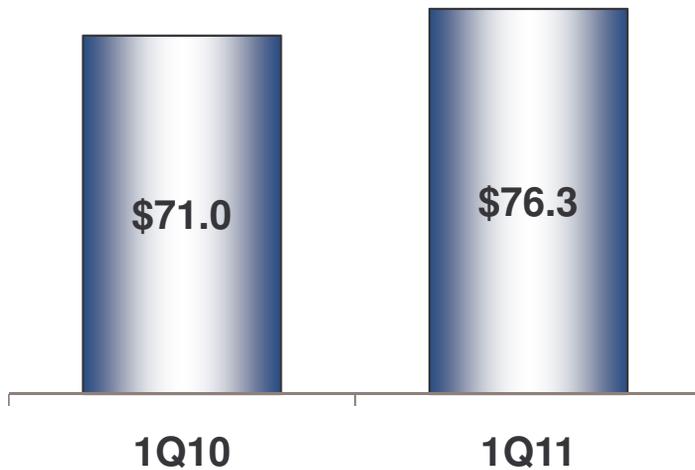
- Revenues of \$83.4 million, up 12.9% or up 18.5% constant currency
- Strong international revenue growth in all major geographic regions
- Upgrade program in Germany and other European Countries
- Trade up program in the U.S. benefited prior year revenues
- Margins improved 180 bps due to favorable product mix and higher sales

# First Quarter 2011 Earnings Presentation Imaging Segment



## Imaging Revenue

(US\$ in millions)

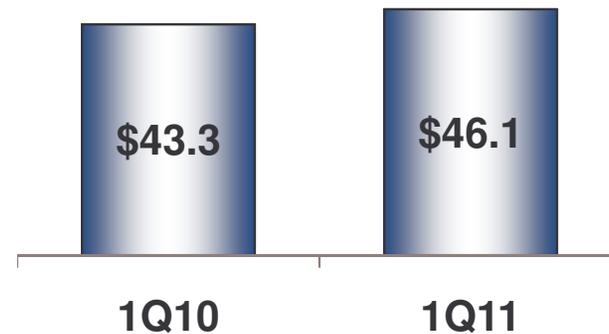


## Revenue Growth

Reported	+7.4%
<u>Currency</u>	<u>+3.8%</u>
Constant Currency	+11.2%

## Segment Gross Profit

(US\$ in millions)



## Segment Gross Profit Margin

1Q10	61.0%
<u>1Q11</u>	<u>60.5%</u>
Change	-50 bps

# First Quarter 2011 Earnings Presentation Imaging Segment

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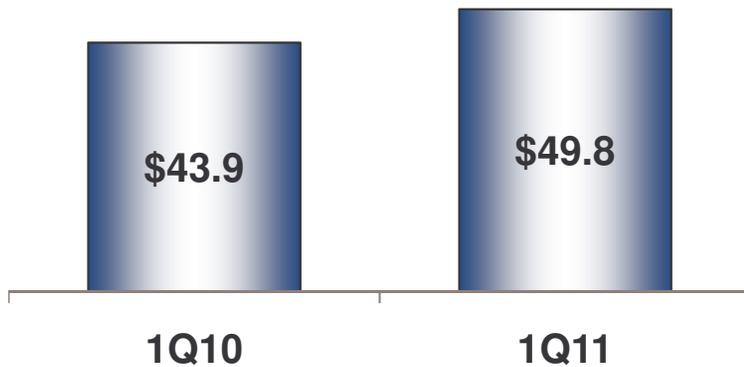
- Revenues of \$76.3 million, up 7.4% and up 11.2% constant currency, with solid growth in all regions
- Strong interest in 2D and 3D panoramic systems
- XG 3D launch – pleased with the reception in the marketplace
- Our strong momentum continues into the second quarter.....
- Slight margin compression driven by product and regional mix

# First Quarter 2011 Earnings Presentation Treatment Centers



## Treatment Center Revenue

(US\$ in millions)

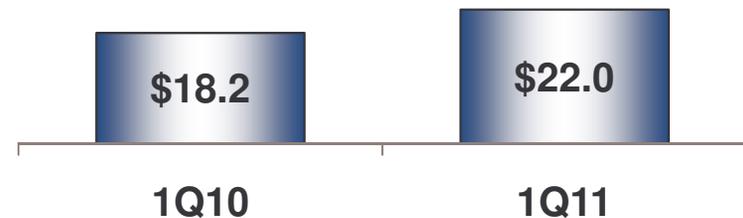


### Revenue Growth

Reported	+13.5%
<u>Currency</u>	<u>+9.5%</u>
Constant currency	+23.0%

## Segment Gross Profit

(US\$ in millions)



### Segment Gross Profit Margin

1Q10	41.4%
<u>1Q11</u>	<u>44.3%</u>
Change	+290 bps

# First Quarter 2011 Earnings Presentation Treatment Centers



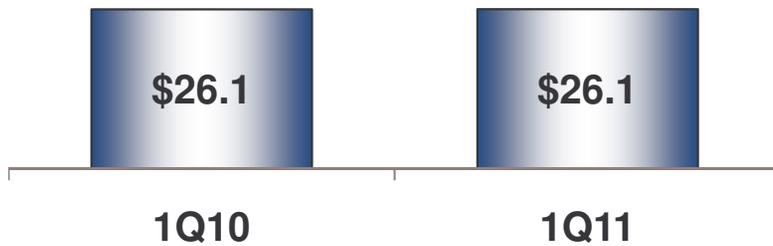
- Revenues of \$49.8 million, up 13.5% or up 23.0% constant currency
- All product lines contributed to this strong performance
- Revenue increase driven by continued market share gains
- Solid growth in Asia Pacific and European markets
- Continued strong demand for TENEO
- Margin expansion due to higher sales level, product and regional mix

# First Quarter 2011 Earnings Presentation Instruments



## Instruments Revenue

(US\$ in millions)

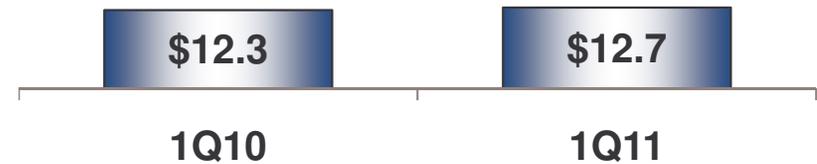


## Revenue Growth

Reported	+0.1%
<u>Currency</u>	<u>+8.3%</u>
Constant Currency	+8.4%

## Segment Gross Profit

(US\$ in millions)



## Segment Gross Profit Margin

1Q10	47.2%
<u>1Q11</u>	<u>48.7%</u>
Change	+150bps

# First Quarter 2011 Earnings Presentation Instruments



- Instrument revenues of \$26.1 million, up 0.1% but up 8.4% constant currency
- Growth driven by international markets and volume project business
- Margin expansion due to volume and product mix

# First Quarter 2011 Earnings Presentation

## Operating Performance



	\$'000s		
	1Q11	1Q10	% chg.
<b>Revenue</b>	\$ 235,646	\$ 214,823	9.7%
Cost of sales	105,232	102,453	2.7%
<b>Gross profit</b>	<b>130,414</b>	<b>112,370</b>	<b>16.1%</b>
Selling, general and administrative expense	63,323	59,852	5.8%
Research and development	13,510	11,465	17.8%
Other operating income items (net)	(2,432)	(2,436)	
<b>Operating income</b>	<b>56,013</b>	<b>43,489</b>	<b>28.8%</b>
Gain on foreign currency transactions, net	(761)	(633)	
Loss / (Gain) on derivative instruments	1,635	(1,023)	
Interest expense, net	950	5,202	(81.7)%
Other (income)/expense	(866)	380	
<b>Income before taxes</b>	<b>55,055</b>	<b>39,563</b>	<b>39.2%</b>
Income tax provision	12,112	7,913	
Net income	42,943	31,650	
Less: Net income attrib. to noncontrolling interests	551	475	
<b>Net income attributable to Sirona Dental Systems, Inc.</b>	<b>\$ 42,392</b>	<b>\$ 31,175</b>	<b>36.0%</b>

# First Quarter 2011 Earnings Presentation Guidance



## Guidance

# International Dental Show 2011 Preview





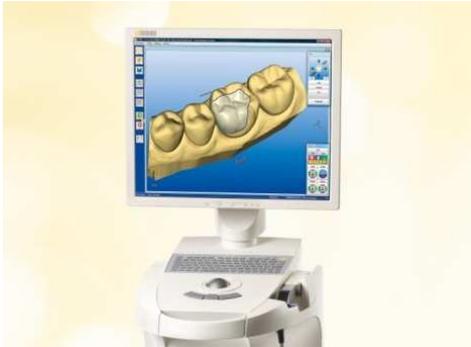
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# Benefiting from our Global Sales and Service Infrastructure

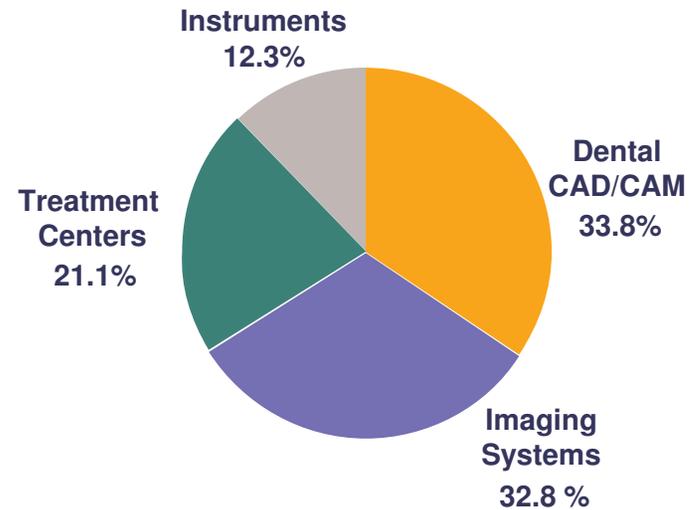


# Product Portfolio for Sustainable Profitable Growth

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- Treatment Centers
- Instruments
- Imaging Systems
- Dental CAD/CAM Systems



Note: Segment % breakdown based on FY10 Revenues

# First Quarter 2011 Earnings Presentation Conclusion



- Solid business momentum continues.....
  - Commitment to innovation
  - Our global sales and service infrastructure
  - Geographic diversification
  - Best-in-class distribution network
  - Outstanding team effort
  - Strong financial position
- Sirona is well positioned to successfully compete in 2011 and beyond

# First Quarter 2011 Earnings Presentation Questions and Answers



## Q&A