



**DENSPLY**  
INTERNATIONAL

# FOURTH QUARTER AND FISCAL 2015 SUPPLEMENTAL MATERIALS



NASDAQ - XRAY

# FORWARD LOOKING STATEMENTS

This presentation contains forward-looking information (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding future events or the future financial performance of the Company that involve substantial risks and uncertainties. Actual events or results may differ materially from those in the projections or other forward-looking information set forth herein as a result of certain risk factors. These risk factors include, without limitation; the continued strength of dental and medical markets, the timing, success and market reception for our new and existing products, uncertainty with respect to governmental actions with respect to dental and medical products, outcome of litigation and/or governmental enforcement actions, volatility in the capital markets or changes in our credit ratings, continued support of our products by influential dental and medical professionals, our ability to successfully integrate acquisitions, risks associated with foreign currency exchange rates, risks associated with our competitors' introduction of generic or private label products, our ability to accurately predict dealer and customer inventory levels, our ability to successfully realize the benefits of any cost reduction or restructuring efforts, our ability to obtain a supply of certain

finished goods and raw materials from third parties and changes in the general economic environment that could affect the business. Changes in such assumptions or factors could produce significantly different results.

For additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements, please refer to the Company's most recent Form 10-K and its subsequent periodic reports on Forms 10-Q filed with the Securities and Exchange Commission.

# NON-GAAP FINANCIAL MEASURES

In addition to the results reported in accordance with US GAAP, the Company provides adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share ("adjusted EPS"). The Company discloses adjusted net income attributable to DENTSPLY International to allow investors to evaluate the performance of the Company's operations exclusive of certain items that impact the comparability of results from period to period and may not be indicative of past or future performance of the normal operations of the Company and certain large non-cash charges related to purchased intangible assets. The Company believes that this information is helpful in understanding underlying operating trends and cash flow generation.

Adjusted net income and adjusted EPS are important internal measures for the Company. Senior management receives a monthly analysis of operating results that includes adjusted net income and adjusted EPS and the performance of the Company is measured on this basis along with other performance metrics.

The adjusted net income attributable to DENTSPLY International consists of net income attributable to DENTSPLY International adjusted to exclude the net of tax impact of the following:

(1) Business combination related costs. These adjustments include costs related to integrating and consummating recently acquired businesses and costs, gains and losses related to the disposal of businesses or product lines. These items are irregular in timing and as such may not be indicative of past and future performance of the Company and are therefore excluded to allow investors to better understand underlying operating trends.

(2) Restructuring, restructuring program related costs and other costs. These adjustments include costs related to the implementation of restructuring initiatives as well as certain other costs. These costs can include, but are not limited to, severance costs, facility closure costs, lease and contract terminations costs, related professional service costs, duplicate facility and labor costs associated with specific restructuring initiatives, as well as, legal settlements and impairments of assets. These items are irregular in timing, amount and impact to the Company's financial performance. As such, these items may not be indicative of past and future performance of the Company and are therefore excluded for the purpose of understanding underlying operating trends.

(3) Amortization of purchased intangible assets. This adjustment excludes the periodic amortization expense related to purchased intangible assets. Beginning in 2011, the Company began recording large non-cash charges related to the values attributed to

purchased intangible assets. As such, amortization expense has been excluded from adjusted net income attributed to DENTSPLY International to allow investors to evaluate and understand operating trends excluding these large non-cash charges.

(4) Credit risk and fair value adjustments. These adjustments include both the cost and income impacts of adjustments in certain assets and liabilities including the Company's pension obligations, that are recorded through net income which are due solely to the changes in fair value and credit risk. These items can be variable and driven more by market conditions than the Company's operating performance. As such, these items may not be indicative of past and future performance of the Company and therefore are excluded for comparability purposes.

(5) Certain fair value adjustments related to an unconsolidated affiliated company. This adjustment represents the fair value adjustment of the unconsolidated affiliated company's convertible debt instrument held by the Company. The affiliate is accounted for under the equity method of accounting. The fair value adjustment is driven by open market pricing of the affiliate's equity instruments, which has a high degree of variability and may not be indicative of the operating performance of the affiliate or the Company.

(6) Income tax related adjustments. These adjustments include both income tax expenses and income tax benefits that are representative of income tax adjustments mostly related to prior periods, as well as the final settlement of income tax audits, and discrete tax items resulting from the implementation of restructuring initiatives. These adjustments are irregular in timing and amount and may significantly impact the Company's operating performance. As such, these items may not be indicative of past and future performance of the Company and therefore are excluded for comparability purposes.

Adjusted earnings per diluted common share is calculated by dividing adjusted net income attributable to DENTSPLY International by diluted weighted-average common shares outstanding. Adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share are considered measures not calculated in accordance with US GAAP, and therefore are non-US GAAP measures. These non-US GAAP measures may differ from other companies. Income tax related adjustments may include the impact to adjust the interim effective income tax rate to the expected annual effective tax rate. The non-US GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with US GAAP.

# Q4 2015 PERFORMANCE SUMMARY ■ ■ ■

**Q4 EPS on an adjusted basis grew 8.3% to \$0.65**

- **Adjusted EPS would have grown an additional ~8% ex. currency impact**

**Sales, ex PM, grew 1.5% constant currency**

- **Sales, ex PM, declined by 6.5%**
- **Currency translation headwind: -8%**
- **Internal growth +1.0%, or 2.1% without discontinued products**

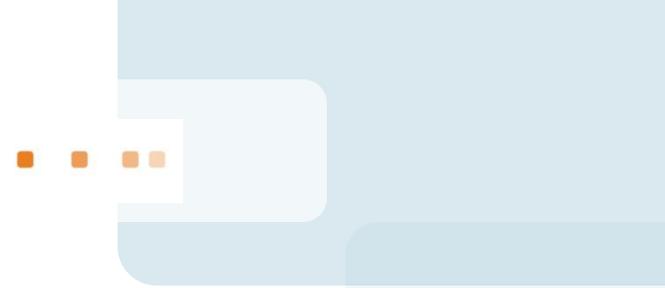
**Adjusted operating margin expanded 220 bps to 19.9%**

- **Deploying investments to drive growth**

**Operating cash flow of \$126 million**

- **Free cash flow (operating cash flow less cap ex): \$106 million**

# FISCAL 2015 PERFORMANCE SUMMARY



**EPS on an adjusted basis up 4.8% to \$2.62**

- **Adjusted EPS would have grown an additional ~6% ex. currency impact**

**Sales, ex PM, grew 1.9% constant currency**

- **Sales, ex PM, declined by 7.6%**
- **Currency translation headwind: -9.5%**
- **Internal growth +2.0%; +2.5% without discontinued products**

**Adjusted operating margin expanded 180 bps to 20.2%**

- **Exceeded 2017 target 2 years early**

**Operating cash flow of \$497 million**

- **Free cash flow (operating cash flow less cap ex): \$425 million**
- **Free cash flow conversion: 169% of reported net income**

# Q4 AND FISCAL 2015 INTERNAL GROWTH

EX. PM



**Consolidated internal growth: Q4 2015 and Fiscal 2015: +1.0% and +2.0%**

(includes discontinued products impact of ~110bps and ~50bps, respectively)

## UNITED STATES

Fiscal 2015: 37% of total revenue

Q4 2015: 34% of total revenue

Q4 internal growth: +3.1%

2015 internal growth: +3.1%

## EUROPE

Fiscal 2015: 41% of total revenue

Q4 2015: 42% of total revenue

Q4 internal growth: -2.1%

2015 internal growth: -0.3%

## REST OF WORLD

Fiscal 2015: 22% of total revenue

Q4 2015: 24% of total revenue

Q4 internal growth: +4.6%

2015 internal growth: +4.9%

# BALANCE SHEET HIGHLIGHTS

## Working capital improvements

- Inventory down 3 days to 110 compared to 113 in prior year
- DSO's of 54, down 1 day vs. PY
- Payables up 5 days to 42
- Reductions in primary net working capital resulted in \$40 million contribution to operating cash flow

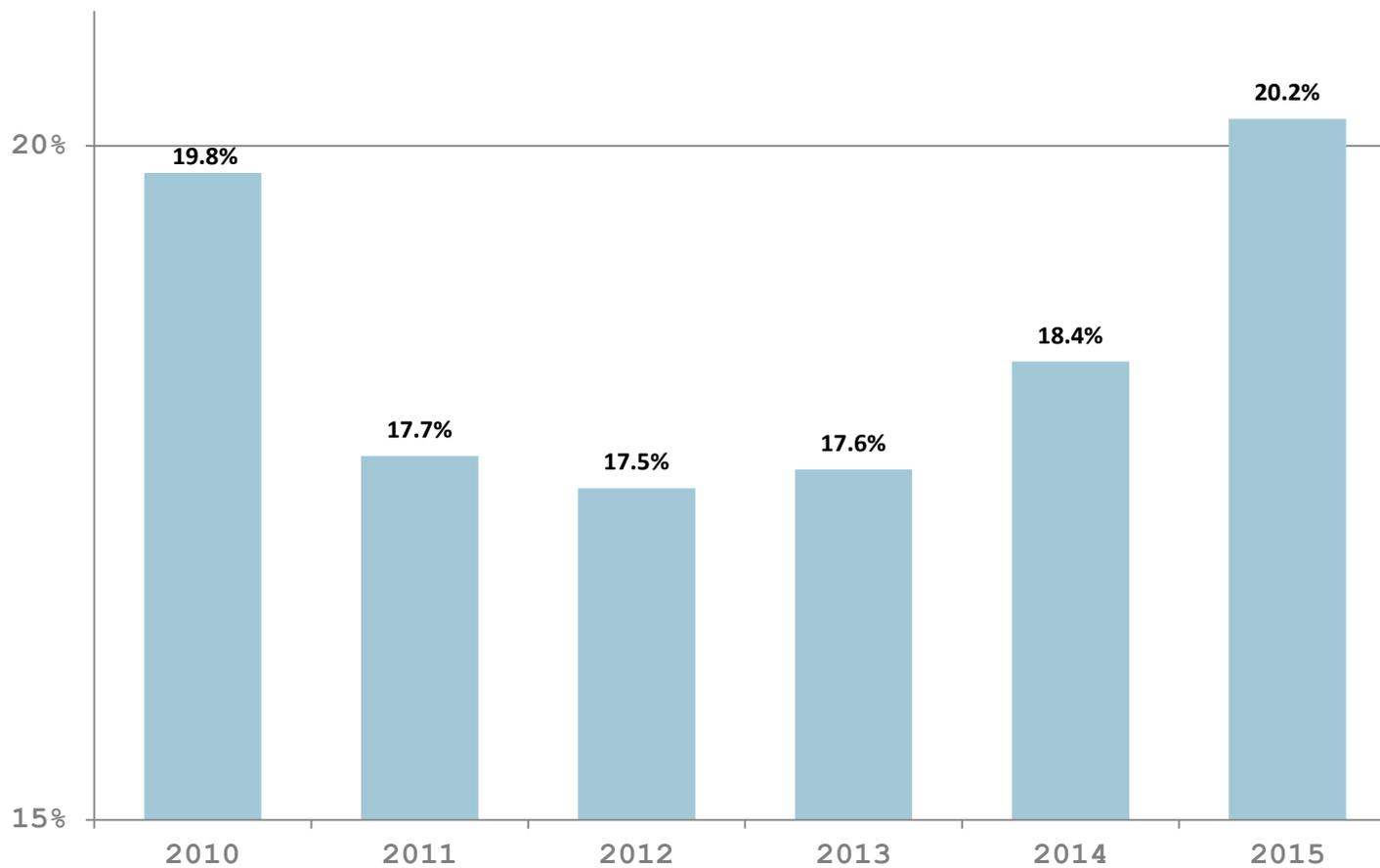
**Total debt of \$1.16 billion; net debt of \$868 million: down \$242 million vs. PY**

- **Net debt\***: 27% of total capitalization
- **Leverage\*\***: 1.5x

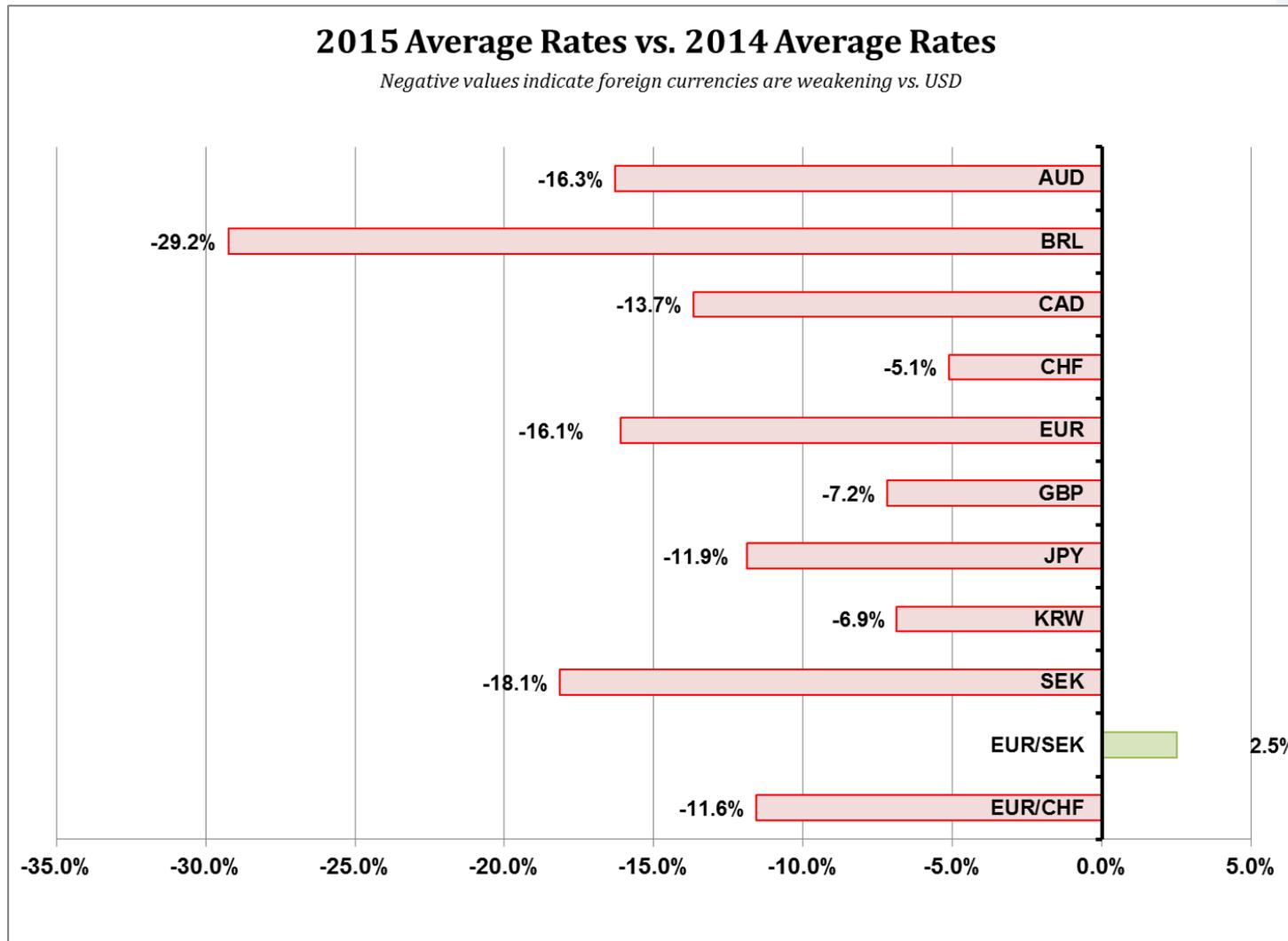
\* Net debt : long term debt and notes payable minus cash and equivalents. Total capitalization: net debt + equity

\*\* Leverage ratio: net debt to adjusted TTM EBITDA: TTM EBITDA calculated using adjusted operating income and adding depreciation

# ADJUSTED OPERATING MARGIN PROGRESS



# CURRENCY RATE CHANGES



# APPENDIX

# NON-GAAP RECONCILIATION: Q4 2015

DENTSPLY INTERNATIONAL INC.  
 CONSOLIDATED STATEMENTS OF INCOME  
 (in millions)

**GAAP**  
 THREE MONTHS ENDED

**NON-GAAP**  
 THREE MONTHS ENDED

	December 31, 2015	Amortization of Purchased Intangible Assets	Certain Fair Value Adjustments Related to an Unconsolidated Affiliated Company	Restructuring, Program Related Costs and Other Costs	Credit Risk and Fair Value Adjustments	Business Combination Related Costs	Income Tax Related Adjustments	Total Non-GAAP Adjustments	December 31, 2015
NET SALES	\$ 671.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671.1
NET SALES-without precious metals	645.9	-	-	-	-	-	-	-	645.9
GROSS PROFIT	374.7	3.0	-	(0.7)	0.7	2.4	-	5.4	380.1
% OF NET SALES-without precious metals	58.0%								58.8%
SG&A EXPENSES	267.8	(8.0)	-	(2.1)	(1.3)	(5.0)	-	(16.4)	251.4
% OF NET SALES-without precious metals	41.5%								38.9%
RESTRUCTURING AND OTHER COSTS	13.8	-	-	(13.8)	-	-	-	(13.8)	-
INCOME FROM OPERATIONS	93.1	11.0	-	15.2	2.0	7.4	-	35.6	128.7
% OF NET SALES-without precious metals	14.4%								19.9%
NET INTEREST AND OTHER EXPENSE	20.8	-	-	(11.8)	(0.6)	(0.2)	-	(12.6)	8.2
PRE-TAX INCOME	72.3	11.0	-	27.0	2.6	7.6	-	48.2	120.5
INCOME TAXES	13.8	3.3	-	12.5	0.8	0.8	(3.2)	14.2	28.0
EQUITY EARNINGS (LOSS) OF UNCONSOLIDATED AFFILIATES	0.1	-	-	-	-	-	-	-	0.1
LESS: NET INCOME/(LOSS) ATTRIBUTABLE TO THE NON-CONTROLLING INTERESTS	-	-	-	-	-	-	-	-	-
NET INCOME ATTRIBUTABLE TO DENTSPLY INTERNATIONAL	\$ 58.6	\$ 7.7	\$ -	\$ 14.5	\$ 1.8	\$ 6.8	\$ 3.2	\$ 34.0	\$ 92.6
% OF NET SALES-without precious metals	9.1%								14.3%
EARNINGS PER SHARE - DILUTED	\$ 0.41	\$ 0.06	\$ -	\$ 0.10	\$ 0.01	\$ 0.05	\$ 0.02	\$ 0.24	\$ 0.65

# NON-GAAP RECONCILIATION: Q4 2014

DENTSPLY INTERNATIONAL INC.  
CONSOLIDATED STATEMENTS OF INCOME

(in millions)

**GAAP**  
THREE MONTHS ENDED

**NON-GAAP**  
THREE MONTHS ENDED

	December 31, 2014	Amortization of Purchased Intangible Assets	Certain Fair Value Adjustments Related to an Unconsolidated Affiliated Company	Restructuring, Program Related Costs and Other Costs	Credit Risk and Fair Value Adjustments	Business Combination Related Costs	Income Tax Related Adjustments	Rounding	Total Non-GAAP Adjustments	December 31, 2014
NET SALES	\$ 719.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 719.0
NET SALES-without precious metals	691.0	-	-	-	-	-	-	-	-	691.0
GROSS PROFIT	393.1	3.3	-	-	-	-	-	-	3.3	396.4
% OF NET SALES-without precious metals	56.9%									57.4%
SG&A EXPENSES	283.3	(8.2)	-	-	-	(1.2)	-	-	(9.4)	273.9
% OF NET SALES-without precious metals	41.0%									39.6%
RESTRUCTURING AND OTHER COSTS	6.5	-	-	(6.5)	-	-	-	-	(6.5)	-
INCOME FROM OPERATIONS	103.3	11.5	-	6.5	-	1.2	-	-	19.2	122.5
% OF NET SALES-without precious metals	14.9%									17.7%
NET INTEREST AND OTHER EXPENSE	8.6	-	0.2	-	0.7	3.3	-	-	4.2	12.8
PRE-TAX INCOME	94.7	11.5	(0.2)	6.5	(0.7)	(2.1)	-	-	15.0	109.7
INCOME TAXES	11.3	3.5	(0.1)	2.2	(0.3)	(0.3)	7.8	-	12.8	24.1
	11.9%									22.0%
EQUITY EARNINGS (LOSS) OF UNCONSOLIDATED AFFILIATES	1.3	-	(0.3)	-	-	-	-	-	(0.3)	1.0
LESS: NET INCOME/(LOSS) ATTRIBUTABLE TO THE NON-CONTROLLING INTERESTS	-	-	-	-	-	-	-	-	-	-
NET INCOME ATTRIBUTABLE TO DENTSPLY INTERNATIONAL	\$ 84.7	\$ 8.0	\$ (0.4)	\$ 4.3	\$ (0.4)	\$ (1.8)	\$ (7.8)	\$ -	\$ 1.9	\$ 86.6
% OF NET SALES-without precious metals	12.3%									12.5%
EARNINGS PER SHARE - DILUTED	\$ 0.59	\$ 0.06	\$ -	\$ 0.03	\$ -	\$ (0.01)	\$ (0.06)	\$ (0.01)	\$ 0.01	\$ 0.60

# NON-GAAP RECONCILIATION: FISCAL 2015

## DENTSPLY INTERNATIONAL INC. CONSOLIDATED STATEMENTS OF INCOME

(in millions)

	GAAP TWELVE MONTHS ENDED							NON-GAAP TWELVE MONTHS ENDED	
	December 31, 2015	Amortization of Purchased Intangible Assets	Certain Fair Value Adjustments Related to an Unconsolidated Affiliated Company	Restructuring, Restructuring Program Related Costs and Other Costs	Credit Risk and Fair Value Adjustments	Business Combination Related Costs	Income Tax Related Adjustments	Total Non-GAAP Adjustments	December 31, 2015
NET SALES	\$ 2,674.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,674.3
NET SALES-without precious metals	2,581.5	-	-	-	-	-	-	-	2,581.5
GROSS PROFIT	1,517.2	12.3	-	7.4	2.8	3.0	-	25.5	1,542.7
% OF NET SALES-without precious metals	58.8%								59.8%
SG&A EXPENSES	1,077.3	(31.4)	-	(9.0)	(5.2)	(10.1)	-	(55.7)	1,021.6
% OF NET SALES-without precious metals	41.7%								39.6%
RESTRUCTURING AND OTHER COSTS	64.7	-	-	(64.7)	-	-	-	(64.7)	-
INCOME FROM OPERATIONS	375.2	43.7	-	81.1	8.0	13.1	-	145.9	521.1
% OF NET SALES-without precious metals	14.5%								20.2%
NET INTEREST AND OTHER EXPENSE	45.5	-	5.2	(11.8)	(0.3)	(0.2)	-	(7.1)	38.4
PRE-TAX INCOME	329.7	43.7	(5.2)	92.9	8.3	13.3	-	153.0	482.7
INCOME TAXES	77.0	13.2	(1.1)	24.3	2.4	1.0	(6.3)	33.5	110.5
% OF NET SALES-without precious metals	23.4%								22.9%
EQUITY EARNINGS (LOSS) OF UNCONSOLIDATED AFFILIATES	(1.6)	-	2.4	-	-	-	-	2.4	0.8
LESS: NET INCOME/(LOSS) ATTRIBUTABLE TO THE NON-CONTROLLING INTERESTS	(0.1)	-	-	-	-	-	-	-	(0.1)
NET INCOME ATTRIBUTABLE TO DENTSPLY INTERNATIONAL	\$ 251.2	\$ 30.5	\$ (1.7)	\$ 68.6	\$ 5.9	\$ 12.3	\$ 6.3	\$ 121.9	\$ 373.1
% OF NET SALES-without precious metals	9.7%								14.5%
EARNINGS PER SHARE - DILUTED	\$ 1.76	\$ 0.22	\$ (0.01)	\$ 0.48	\$ 0.04	\$ 0.09	\$ 0.04	\$ 0.86	\$ 2.62

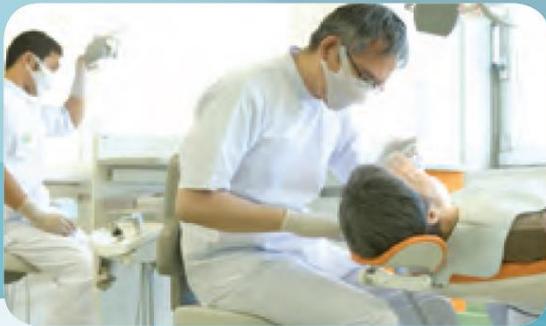
# NON-GAAP RECONCILIATION: FISCAL 2014

DENTSPLY INTERNATIONAL INC.  
 CONSOLIDATED STATEMENTS OF INCOME  
 (in millions)

**GAAP**  
 TWELVE MONTHS ENDED

**NON-GAAP**  
 TWELVE MONTHS ENDED

	December 31, 2014	Amortization of Purchased Intangible Assets	Certain Fair Value Adjustments Related to an Unconsolidated Affiliated Company	Restructuring, Restructuring Program Related Costs and Other Costs	Credit Risk and Fair Value Adjustments	Business Combination Related Costs	Income Tax Related Adjustments	Total Non-GAAP Adjustments	December 31, 2014
NET SALES	\$ 2,922.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,922.6
NET SALES-without precious metals	2,792.7	-	-	-	-	-	-	-	2,792.7
GROSS PROFIT	1,599.8	12.6	-	1.3	-	2.0	-	15.9	1,615.7
% OF NET SALES-without precious metals	57.3%								57.9%
SG&A EXPENSES	1,143.1	(35.3)	-	(0.1)	-	(4.8)	-	(40.2)	1,102.9
% OF NET SALES-without precious metals	40.9%								39.5%
RESTRUCTURING AND OTHER COSTS	11.1	-	-	(11.1)	-	-	-	(11.1)	-
INCOME FROM OPERATIONS	445.6	47.9	-	12.5	-	6.8	-	67.2	512.8
% OF NET SALES-without precious metals	16.0%								18.4%
NET INTEREST AND OTHER EXPENSE	41.2	-	-	-	0.7	3.3	-	4.0	45.2
PRE-TAX INCOME	404.4	47.9	-	12.5	(0.7)	3.5	-	63.2	467.6
INCOME TAXES	81.1	14.3	-	4.0	(0.2)	1.5	4.3	23.9	105.0
% OF NET SALES-without precious metals	20.1%								22.5%
EQUITY EARNINGS (LOSS) OF UNCONSOLIDATED AFFILIATES	(0.4)	-	(1.2)	-	-	-	-	(1.2)	(1.6)
LESS: NET INCOME/(LOSS) ATTRIBUTABLE TO THE NON-CONTROLLING INTERESTS	-	-	-	-	-	-	-	-	-
NET INCOME ATTRIBUTABLE TO DENTSPLY INTERNATIONAL	\$ 322.9	\$ 33.6	\$ (1.2)	\$ 8.5	\$ (0.5)	\$ 2.0	\$ (4.3)	\$ 38.1	\$ 361.0
% OF NET SALES-without precious metals	11.6%								12.9%
EARNINGS PER SHARE - DILUTED	\$ 2.24	\$ 0.23	\$ (0.01)	\$ 0.06	\$ -	\$ 0.01	\$ (0.03)	\$ 0.26	\$ 2.50



# FOCUS

Across the global business, our Associates are joining forces to enhance our customer value proposition, build on our strengths and create efficiencies to reinvest for growth.