

Sirona – The Dental Company

Second Quarter 2013 Earnings Presentation
May 10, 2013



Second Quarter 2013 Earnings Presentation Safe Harbor Statement / Additional Information



This conference call contains forward-looking information about Sirona Dental Systems, Inc.'s financial results, guidance and estimates, business prospects, and products and services that involve substantial risks and uncertainties or other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. You can identify these statements by the use of words such as "may," "could," "estimate," "will," "believe," "anticipate," "think," "intend," "expect," "project," "plan," "target," "forecast", and similar words and expressions which identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are not guarantees of future performance and involve known and unknown risks and uncertainties, and other factors. Readers are cautioned not to place undue reliance on such statements, which speak only as of the date hereof. For a discussion of such risks, uncertainties and other matters that could cause actual results to differ materially, including risks relating to, among other factors, the market for dental product and services, pricing, future sales volume of the Company's products, the possibility of changing economic, market and competitive conditions, dependence on products, dependence on key personnel, technological developments, intense competition, market uncertainties, dependence on distributors, ability to manage growth, dependence on key suppliers, dependence on key members of management, government regulation, acquisitions and affiliations, readers are urged to carefully review and consider various disclosures made by the Company in its Annual Report on Form 10-K and in its reports on Forms 10-Q and 8-K filed with the U.S. Securities and Exchange Commission, which can be accessed through the SEC's website, www.sec.gov. This presentation contains non GAAP financial measures, which should not be viewed in isolation and do not purport to be an alternative to net income (loss) as an indicator of operating performance or an alternative to cash flows from operating activities as a measure of liquidity. The Company assumes no obligation to and expressly disclaims any obligation to update or revise any forward-looking statements contained in this document to reflect new information or future events or developments after the date any such statement is made.



- 2Q13 constant currency revenue growth of 14.7%, with:
 - CAD/CAM up 20.6%, cc
 - Treatment Centers up 16.7%, cc
 - Imaging up 11.3%, cc
 - Instruments up 2.2%, cc

- Strong revenue growth across the globe.
 - U.S. revenues grew 12.1%
 - International revenues grew 15.7% cc

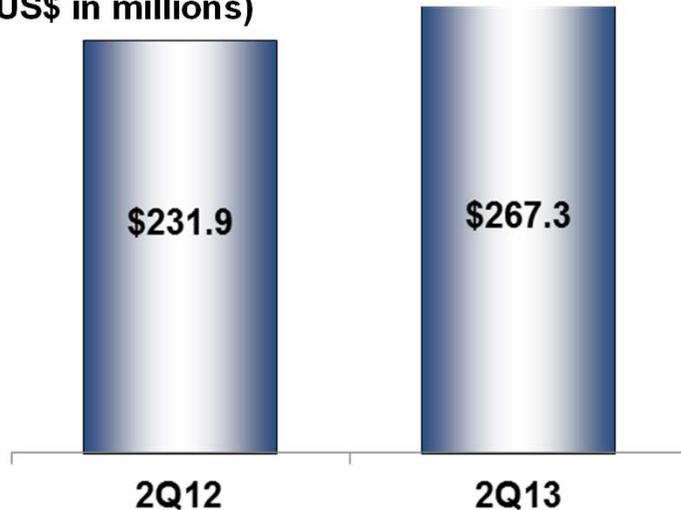
Second Quarter 2013 Earnings Presentation Overview



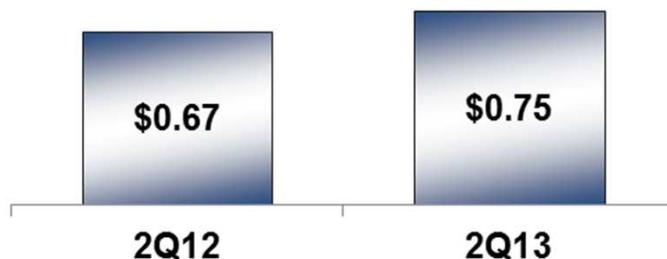
The Dental Company

Revenue

(US\$ in millions)



Non-GAAP adjusted EPS* (US\$)



- U.S. sales strength continued, growing 12.1%. Momentum continued after an exceptional Q1 where Sirona grew 29.0%. Sales were positively impacted by strong demand for our CAD/CAM and Imaging products and our expanded exclusivity agreement with Patterson.
- International revenues were strong, up 16.5%, or up 15.7% cc, led by strength in Germany and our non-European markets. Sales growth was driven by CAD/CAM and Treatment Centers. We ramped up shipping the Omnicam.
- Non-GAAP adjusted EPS increased 11% to \$0.75.

*Non-GAAP adjusted EPS is a non-GAAP financial measure that excludes certain items. Please refer to "Reconciliation of GAAP EPS to Non-GAAP adjusted EPS" and "Non-GAAP Measures Disclosure" at the end of the presentation.

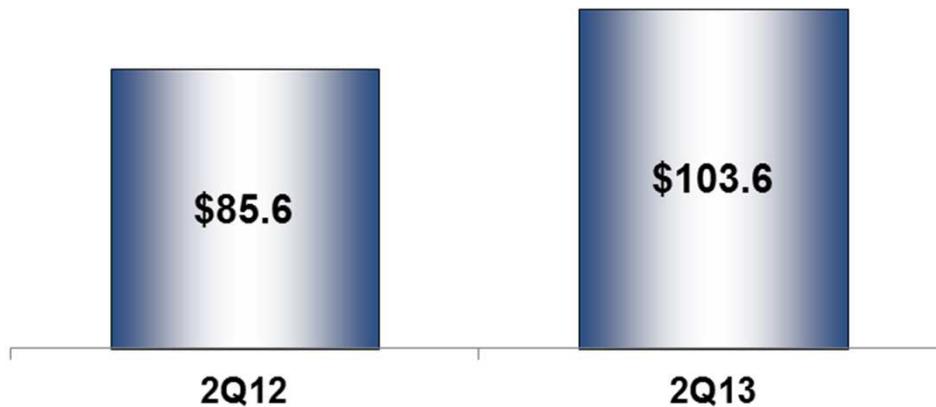
Second Quarter 2013 Earnings Presentation

CAD/CAM Segment



CAD/CAM Revenue

(US\$ in millions)

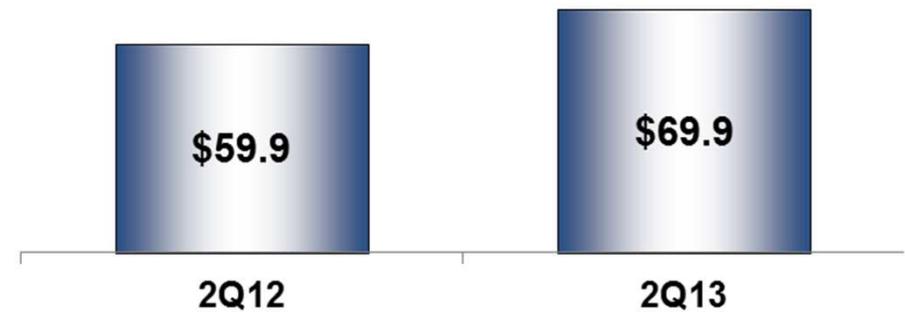


Revenue Growth

Reported	+21.1%
<u>Currency</u>	<u>- 0.5%</u>
Constant Currency	+20.6%

Segment Gross Profit

(US\$ in millions)



Segment Gross Profit Margin

2Q12	70.0%
<u>2Q13</u>	<u>67.4%</u>
Change	-260 bps

Second Quarter 2013 Earnings Presentation CAD/CAM Segment



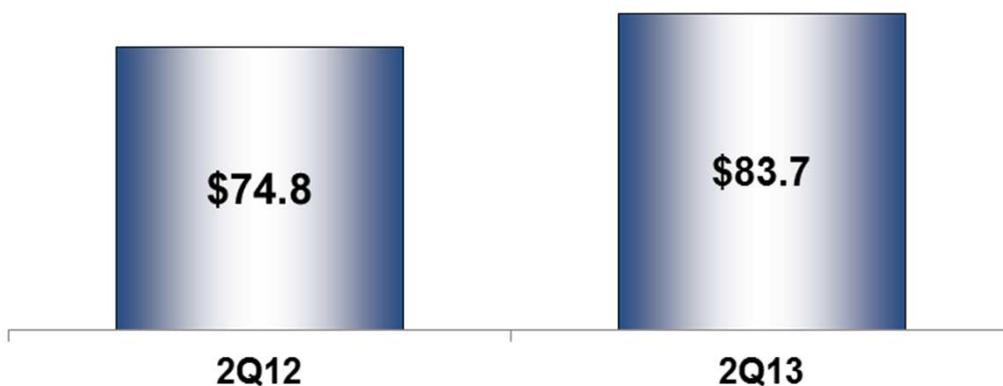
- Record segment revenues of \$103.6 million, up 21.1%, or up 20.6% cc.
- CAD/CAM segment revenues benefited from the Omnicam and a generally increasing demand for products in this segment.
- CAD/CAM segment gross profit margin decreased 260 bps to 67.4%. It was mainly impacted by Omnicam's lower gross profit margin.

Second Quarter 2013 Earnings Presentation Imaging Segment



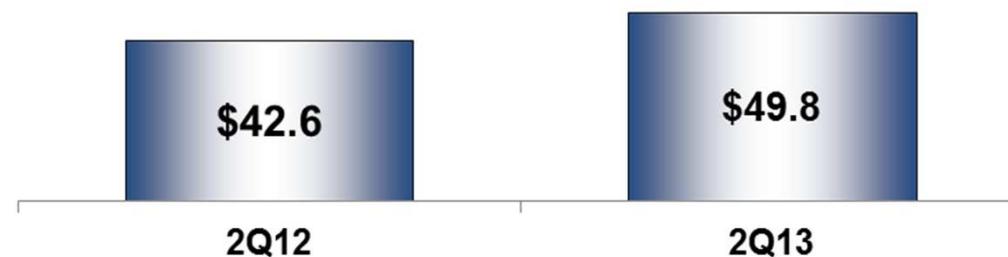
Imaging Revenue

(US\$ in millions)



Segment Gross Profit

(US\$ in millions)



Revenue Growth

Reported	+11.8%
<u>Currency</u>	<u>-0.5%</u>
Constant Currency	+11.3%

Segment Gross Profit Margin

2Q12	56.9%
<u>2Q13</u>	<u>59.5%</u>
Change	+260 bps

Second Quarter 2013 Earnings Presentation Imaging Segment



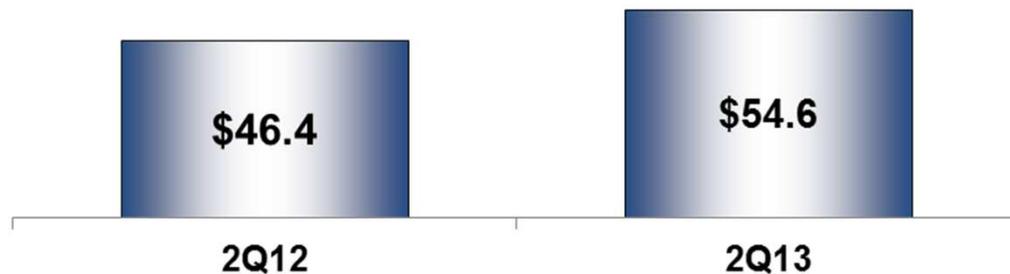
- Strong revenues of \$83.7 million, up 11.8%, or up 11.3% cc.
- Sales were particularly strong in Germany and the U.S.
- Schick 33 launch continues to go well.
- Gross profit margin improved 260 bps mainly benefiting from favorable product mix.

Second Quarter 2013 Earnings Presentation Treatment Centers



Treatment Center Revenue

(US\$ in millions)



Segment Gross Profit

(US\$ in millions)



Revenue Growth

Reported	+17.6%
<u>Currency</u>	<u>- 0.9%</u>
Constant currency	+16.7%

Segment Gross Profit Margin

2Q12	40.5%
<u>2Q13</u>	<u>40.2%</u>
Change	-30 bps

Second Quarter 2013 Earnings Presentation Treatment Centers



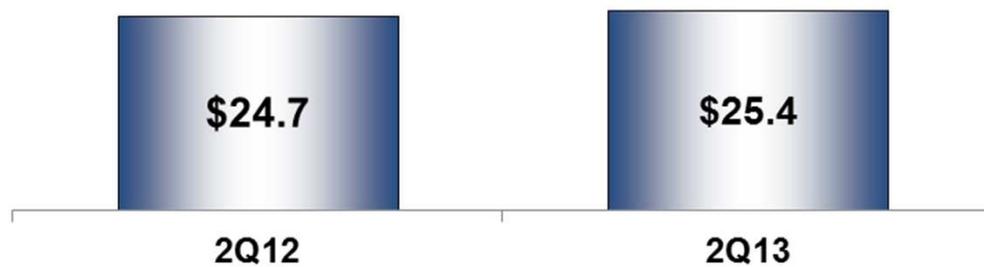
- Record revenues of \$54.6 million, up 17.6%, or up 16.7% cc. Growth was particularly strong in Germany.
- Above market growth resulting in continued market share gains.
- Robust performance of the comfort and standard product lines.

Second Quarter 2013 Earnings Presentation Instruments



Instruments Revenue

(US\$ in millions)



Segment Gross Profit

(US\$ in millions)



Revenue Growth

Reported	+2.9%
<u>Currency</u>	<u>- 0.7%</u>
Constant Currency	+2.2%

Segment Gross Profit Margin

2Q12	48.8%
<u>2Q13</u>	<u>42.4%</u>
Change	-640 bps

Second Quarter 2013 Earnings Presentation Instruments



- Revenues of \$25.4 million, up 2.9%, or up 2.2% cc.
- Challenging comparison to the prior year where instruments grew 7.7% cc.
- Margin contraction mainly due to very unfavorable product mix.

Second Quarter 2013 Earnings Presentation

Operating Performance



	<u>2Q13</u>	<u>2Q12</u>	<i>% chg.</i>
Revenue	\$ 267,326	\$ 231,864	15.3%
Cost of sales	122,620	107,215	14.4%
Gross profit	144,706	124,649	16.1%
Selling, general and administrative expense	83,992	72,667	15.6%
Research and development	15,102	13,638	10.7%
Other operating income items (net)	(1,953)	(1,772)	
Operating income	47,565	40,116	18.6%
(Gain)/loss on foreign currency transactions, net	1,417	1,350	
(Gain)/loss on derivative instruments	2,564	(2,936)	
Interest expense, net	830	1,014	(18.1)%
Other expense/(income)	342	228	
Income before taxes	42,412	40,460	4.8%
Income tax provision	10,179	9,305	
Net income	32,233	31,155	3.5%
Less: Net income attrib. to noncontrolling interests	575	634	
Net income attributable to Sirona Dental Systems, Inc.	\$ 31,658	\$ 30,521	3.7%



Guidance

International Dental Show 2013 25 New Product Launches

sirona.

The Dental Company

THE
POWER
OF **INNOVATION**



- Sirona introduced 25 new products at the IDS, the most new products offered by any company.
- Innovations were introduced in all product segments.
- Omnicam was met with enthusiasm and excitement.
- Significant expansion of our CAD/CAM portfolio – “CAD/CAM for Everyone.”



“CAD/CAM for Everyone”

- CEREC PREMIUM
 - CEREC AC With Omnicam + CEREC MCXL Premium
- CEREC ADVANCED
 - CEREC AC With Omnicam + CEREC MC X
- CEREC CLASSIC
 - CEREC AC With Bluecam + CEREC MC



“CAD/CAM for Everyone”

APOLLO DI UNIT – The new standard for digital impression only

- The most economical camera for intraoral, digital impressions
- Small, lightweight camera
- Touchscreen with multi-touch control
- Open interface



“CAD/CAM for Everyone”

- INEOS X5
 - Automatic and manual scan
 - High speed, high precision
- INLAB MCXL
 - Wet-grinding of sinter-metal inCoris CC and milling of composites and zirconium oxide
- INLAB 4.2 Software
 - Virtual articular and SMILE DESIGN
- INFIRE HTC SPEED
 - with superspeed module exclusive for inCoris ZI/TZ

International Dental Show 2013 Additional Product Launches



- **Imaging** : GALILEOS Comfort^{Plus} , XIOS XG Supreme
- **Treatment Centers**: SINIUS TS, improved ergonomics and workflow for the TENEO and SINIUS
- **Instruments**: New generation of turbines for T1 – T3, New T4 starter kit, SIROInspect with clip-on filter



- Solid business momentum continues.
 - Commitment to innovation
 - Comprehensive, market leading product portfolio
 - Global sales and service infrastructure
 - Geographic diversification
 - Best-in-class distribution network
 - Outstanding Team
 - Strong financial position
- Sirona well positioned to successfully compete in 2013 and beyond.

Second Quarter 2013 Earnings Presentation Questions and Answers



Q&A



Reconciliation of GAAP EPS to Non-GAAP Adjusted EPS

Three months ended March 31, 2013

	Pre Tax	Tax Impact*	After Tax	Per Diluted Share
	\$'000s, except per share amount			
GAAP net income attributable to Sirona Dental Systems, Inc. shareholders			\$ 31,658	\$ 0.56
Adjustments				
Amortization and depreciation expense resulting from the step-up to fair values of intangible assets related to past business combinations	\$ 9,766	\$ 2,344	7,422	
(Gain)/loss on foreign currency transactions, net	1,417	340	1,077	
(Gain)/loss on derivative instruments	2,564	615	1,949	
Non-GAAP adjusted net income attributable to Sirona Dental Systems, Inc. shareholders			\$ 42,106	\$ 0.75

* tax impact calculated using estimated effective tax rate of 24%

Non-GAAP Measures Disclosure



To supplement our consolidated financial statements and our business outlook, we use the following non-GAAP financial measures: (i) non-GAAP adjusted net income, and (ii) non-GAAP adjusted earnings per diluted share, which exclude, as applicable, amortization and depreciation expense resulting from the step-up to fair values of intangible and tangible assets related to past business combinations, gain/loss on foreign currency transactions, gain/loss on derivative instruments and any related tax effects. Also set forth above under the heading "FORWARD-LOOKING" are reconciliations of forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures.

Management recognizes that the use of these non-GAAP measures has limitations, including the fact that they might not be comparable with similar non-GAAP measures used by other companies and that management must exercise judgment in determining which types of charges and other items should be excluded from its non-GAAP financial measures. Management currently compensates for these limitations by providing full disclosure of each non-GAAP financial measure and a reconciliation to the most directly comparable GAAP measure. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our "core operating performance". Management believes that "core operating performance" represents Sirona's operating performance in the ordinary, ongoing and customary course of its operations. Accordingly, management excludes from "core operating performance" the impact of acquisition-related intangible depreciation and amortization in order to compare our underlying financial performance to prior periods, certain charges related to currency revaluation of assets and liabilities that do not reflect our period-to-period core operating performance, and to the extent relevant in a particular period, any other cash or non-cash items that management does not view as indicative of its on-going operating performance. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate management's internal evaluation of period-to-period comparisons. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making and (2) they are provided to and used by our institutional investors and the analyst community to facilitate comparisons with prior and subsequent reporting periods.

Constant Currency: We have included certain revenue information on a constant currency basis. This information is a non-GAAP financial measure. We additionally present revenue on a constant currency basis because we believe it facilitates a comparison of our operating results from period to period without regard to changes resulting solely from fluctuations in currency rates.

Sirona calculates constant currency revenue growth by comparing current period revenues to prior period revenues with both periods converted at the U.S. Dollar/Euro average foreign exchange rate for each month of the current period. The average exchange rate for the three months ended March 31, 2013, was \$1.32086 and varied from \$1.28296 to \$1.33851. For the three months ended March 31, 2012, an average exchange rate converting Euro denominated revenues into U.S. Dollars of \$1.31098 was applied.