



Second Quarter 2021 Earnings Conference Call

Don Casey
CEO

Jorge Gomez
EVP & CFO

August 5, 2021

Forward-Looking Statements and Associated Risks

All statements in this presentation that do not directly and exclusively relate to historical facts constitute “forward-looking statements.” These statements represent current expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved. Such statements are subject to numerous assumptions, risks, uncertainties and other factors that could cause actual results to differ materially from those described in such statements, many of which are outside of our control. Furthermore, many of these risks and uncertainties are currently amplified by and may continue to be amplified by or may, in the future, be amplified by, the novel coronavirus (“COVID-19”) pandemic and the impact of varying private and governmental responses that affect our customers, employees, vendors and the economies and communities where they operate. For a written description of these factors, see the section titled “Risk Factors” in Dentsply Sirona’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and any updating information in subsequent SEC filings including the Company’s Quarterly Report on Form 10-Q for the quarterly period ending June 30, 2021. No assurance can be given that any expectation, belief, goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements which speak only as of the date they are made. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

Non-GAAP Financial Measures

In addition to results determined in accordance with U.S. generally accepted accounting principles (“US GAAP”) the Company provides certain measures in this presentation, described in the appendix, which are not calculated in accordance with US GAAP and therefore represent Non-GAAP measures. These Non-GAAP measures may differ from those used by other companies and should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with US GAAP. The Company discloses these measures 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 which may not be indicative of past or future performance of the normal operations of the Company. The Company believes that this information is helpful in understanding underlying operating results including net sales, operating income, and net income.

Table of Contents



Second Quarter 2021 Overview

Second Quarter 2021 Financials & Outlook

Operating Update

Second Quarter 2021 Overview

Second Quarter 2021 Highlights

- Solid Q2 financial performance with 2021 outlook reaffirmed
- Results reflect progress on strategic priorities and sequential growth with organic sales above 2019 pre-COVID levels
- Completion of Propel Orthodontics acquisition and new strategic partnership with 3Shape
- Growth investments underway with expanded R&D and CapEx spend in 2021
- Increased dividend by 10%
- Increase in share repurchase program authorized bringing the total amount to \$1 billion



Second Quarter 2021 Summary Performance

Q2 21 Net Sales	Q2 21 Organic Sales	Q2 21 Non-GAAP EPS
\$1,067M <i>(+117.3% YOY, with a 10.7% favorable currency impact)</i>	104.6%	\$0.71 <i>(vs. -\$0.18 Q2 20)</i>

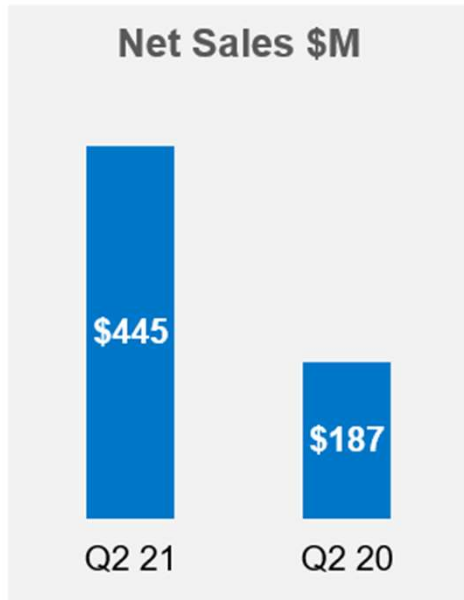
Q2 21 Non-GAAP OI Margin	Cash Flow From Operations
20.5% <i>(vs. -8.6% Q2 20)</i>	\$214M

Second Quarter 2021 Financials & Outlook

Second Quarter 2021 Financial Summary – Non-GAAP

In Millions of USD	Q2 21	Q2 20	% chg.
Net Sales	\$ 1,067	\$ 491	117.3%
<i>Organic Sales %</i>			104.6%
Gross Profit	626	207	202.4%
<i>Gross Profit %</i>	58.7%	42.2%	NM
Total SG&A Expenses	367	231	58.9%
<i>SG&A %</i>	34.4%	47.0%	NM
Total R&D Expenses	40	18	122.2%
<i>R&D %</i>	3.7%	3.7%	-
Operating Income	219	(42)	NM
<i>Operating Income %</i>	20.5%	(8.6%)	NM
Net Income	156	(40)	NM
Diluted EPS	0.71	(0.18)	NM

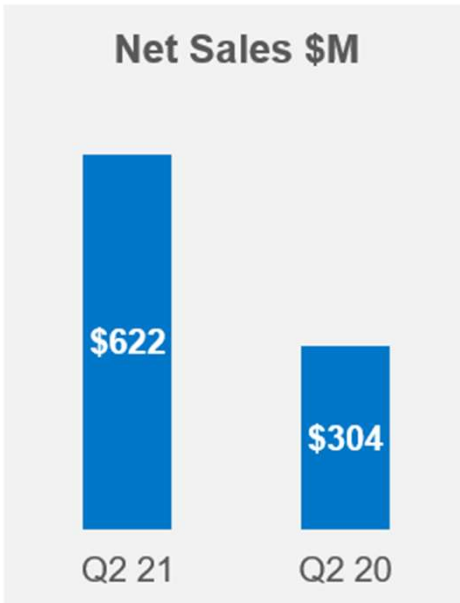
Second Quarter 2021 Consumables



- Net sales of \$445M, up 138.0% YoY. Favorable foreign currency impact of 11.2%
- Organic sales growth of 135.3% driven by all three geographic regions and across all product categories
- Divestitures and discontinued products negatively impacted net sales by 8.5%



Second Quarter 2021 Technologies & Equipment



- Net sales of \$622M, up 104.6% YoY. Favorable foreign currency impact of 10.4%
- Organic sales growth of 85.2% driven by all three geographic regions and across all product categories
- M&A favorably impacted net sales by 19.0%
- Divestitures and discontinued products negatively impacted net sales by 10.0%

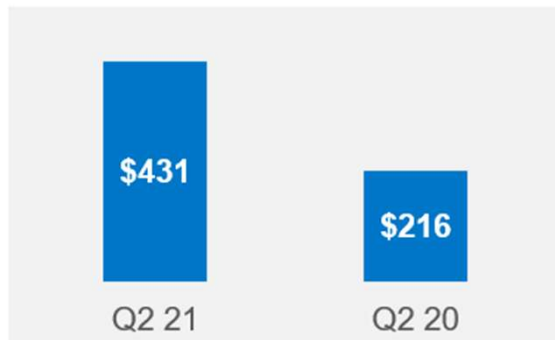


Second Quarter 2021 Net Sales by Region (\$M)



U.S. Net Sales – 34% of total

- Net sales growth of 179.4%
- Favorable currency impact of 1.8%
- Favorable M&A impact of 43.6%
- Unfavorable divestitures/disc. products impact of (11.8%)
- Organic sales growth of 145.8%



Europe Net Sales – 41% of total

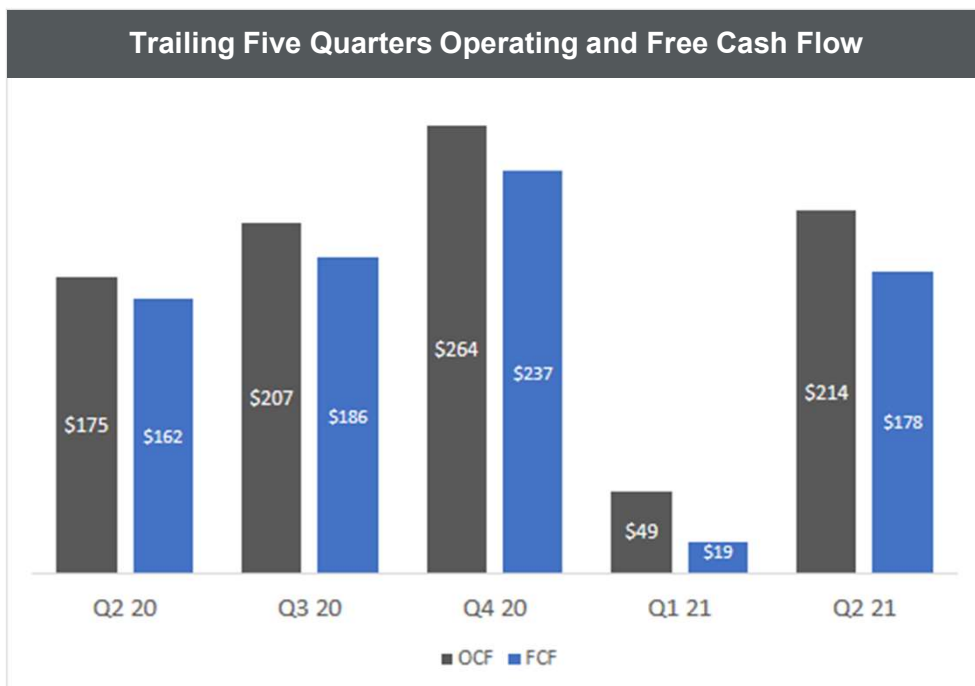
- Net sales growth of 99.5%
- Favorable currency impact of 15.6%
- Unfavorable divestitures/disc. products impact of (7.9%)
- Organic sales growth 91.8%



Rest of World Net Sales – 25% of total

- Net sales growth of 87.5%
- Favorable currency impact of 11.4%
- Favorable M&A impact of 0.8%
- Unfavorable divestitures/disc. products impact of (10.9%)
- Organic sales growth of 86.2%

Second Quarter Cash Flow



Note:
Free Cash Flow = Operating Cash Flow less Capital Expenditures

Capital Allocation Highlights

- On track with R&D, annual target ~4% sales
- Deployed \$241M on strategic M&A year-to-date
- Returned more than \$134M to shareholders through dividends and share repurchases year-to-date
- Dividend increased by 10% in Q2 2021
- Increase to share repurchase program authorized bringing the total amount to \$1 billion

Balance Sheet & Other Capital Metrics

\$M	Q2
Cash & Cash Equivalents	332
Debt	2,251
Shareholder's Equity	5,077

Fiscal 2021 Outlook

Planning Assumptions

Current Outlook

Revenue	\$4.1B - \$4.3B
<i>Organic Growth vs. '20</i>	18% - 25%
<i>Reported Growth vs. '20</i>	23% - 30%
Adjusted OI%	> 20%
Adjusted EPS	\$2.75 - \$2.90

Other Planning Assumptions

Interest & Other	\$55M - \$60M
Adjusted ETR	23% - 24%
Diluted WAvg Shares Outstanding	~221M
Capital Expenditures	~\$160M
R&D Expenses	~\$160M

Key Highlights

- Reaffirm 2021 outlook and expect to be at the upper end of the range
- Projecting strong EBITDA generation and double-digit EPS growth
- Dental market resilient with volume levels normalizing despite COVID-19 overhang
- Operational execution on track
- H2 EUR/USD 1.18 vs. 1.22, impacts EPS by \$0.05, included in current outlook

Progress on Environmental, Social and Governance (ESG) Initiatives



- Launched [Sustainability page](#)
- Published [Sustainability Fact Sheet](#) in April 2021
- Issued [Environmental Scorecard](#) in April 2021
- Expect to publish our first comprehensive Sustainability Report in Q3 2021
- Partnering with FDI World Dental Federation as a founding partner in the "Sustainability in Dentistry" initiative



Operating Update

Our Priorities



**Inclusive of the impact from the Byte acquisition*

Our Strategy

We develop superior, integrated workflows built on diagnostic excellence, easy to use treatment planning and essential products that improve outcomes for patients and dental professionals.

Our Digital Dentistry Foundation

Large Installed Imaging Based	Large CEREC & Digital Impression Base	Well Accepted Treatment Planning Brands
<ul style="list-style-type: none">▪ Schick▪ Orthophos• Axeos▪ Gallileos	<ul style="list-style-type: none">▪ CEREC<ul style="list-style-type: none">▪ Full chairside▪ PrimeScan▪ OmniCam	<ul style="list-style-type: none">▪ Sidexis▪ CEREC▪ Siplant▪ Atlantis▪ M-Guide▪ SureSmile
Strong Digital Footprint		
Expanding Treatment Planning / AI		
Over 500 Software Engineers		

Grow Revenue

Organic Innovation

Dentsply Sirona Implant Relaunch



- Common Dentsply Sirona Brand
- Prime Taper excellent immediate load new product
- Common prosthetics
- Simplant software refresh
- CEREC edentulous scanning
- Ossix bone regeneration
- Atlantis Custom Abutments
- Unified continuing education curriculum
- Lucitone digital dentures

***Launching in
the U.S. 9/21
and expanding
globally***



Grow Revenue

Organic Innovation

Endodontics Protaper Ultimate

- New file system that improves ability to shape and the ease of use
- Reduces number of files needed
- New obturation system with bio ceramic sealant
- New disinfection system (2022)

SureSmile

- SureSmile – 7.7 software
- VPro – vibration devices for improved comfort (Q4 2021)

Software Upgrade

- CEREC 5.2 – ease of use and speed

Grow Revenue

Acquisition and Inorganic Opportunities

- Investing in high-growth, high-margin categories
- Workflow enhancing
- Tied to strategic priorities, accretive to financial targets

Integration of acquisitions underway and on track

byte[®]



datum
dental

Commercial Excellence

- Investing in growth-oriented resources
- Enabled by sales tools and training with global rollout

Approaching our customers as one company with comprehensive solutions



Improve Margins and Simplify the Organization

- On track to deliver on OI margin expansion and cost savings commitments
- Continuing to demonstrate strong operating discipline across the enterprise
- Remain committed to completing our restructuring goals on time and on budget



Key Takeaways

- Strong H1 performance
- Reaffirming 2021 outlook with confidence H2 is on track to hit financial goals
- Dental market is resilient, and our team has executed very well through the recovery
- Our focus is now on investing to support growth initiatives



Key Upcoming Events

Dentsply Sirona World 2021

After a successful virtual DS World in 2020, the "Ultimate Dental Experience" will once again welcome guests in Las Vegas, Nevada.

The event will take place **September 23-25, 2021**, at Caesars Forum and will also include a virtual option.



Appendix

Trailing Nine Quarters

\$M	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Net Sales	1,009	962	1,111	874	491	895	1,082	1,027	1,067
Non-GAAP Operating Income	202	172	222	131	(42)	197	251	219	219
<u>Cash Flow</u>									
OCF	145	159	299	(11)	175	207	264	49	214
Less: CapEx	30	23	36	26	13	21	27	30	36
FCF	115	136	263	(36)	162	186	237	19	178

Non-GAAP Financial Measures Definitions

Organic Sales

The Company defines "organic sales" as the increase or decrease in net sales excluding: (1) net sales from acquired and divested businesses recorded prior to the first anniversary of the acquisition or divestiture, (2) net sales attributable to discontinued product lines in both the current and prior year periods, and (3) the impact of foreign currency translation, which is calculated by translating current period sales using the comparable prior periods currency conversion rates. Organic sales is an important internal measure for the Company. The Company's senior management receives a monthly analysis of operating results that includes organic sales and the performance of the Company is measured on this metric along with other performance metrics.

Adjusted Net Income (Loss) and Adjusted Earnings (Loss) per Diluted Common Share

The adjusted net income (loss) attributable to Dentsply Sirona consists of net income (loss) attributable to Dentsply Sirona adjusted to exclude the following:

(1) *Business combination related costs and fair value adjustments.* These adjustments include costs related to consummating and integrating acquired businesses, as well as net gains and losses related to the disposed businesses. In addition, this category includes the subsequent impact roll-off to the consolidated statements of operations which results from fair value adjustments related to business combinations, except for amortization expense of purchased intangible assets noted below. Although the Company is regularly engaged in activities to find and act on opportunities for strategic growth and enhancement of product offerings, the costs associated with these activities may vary significantly between periods based on the timing, size and complexity of acquisitions and as such may not be indicative of past and future performance of the Company. They are therefore excluded to allow investors to better understand underlying operating trends.

(2) *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 termination costs and related professional service costs, duplicate facility and labor costs associated with specific restructuring initiatives. Other costs include legal settlements, impairments of assets, and changes in accounting principle recorded within the period. The Company's restructuring programs usually require several years to fully implemented and the Company is continually seeking to take actions that could enhance its efficiency. While restructuring charges are recurring, they are subject to significant fluctuations from period to period due to the varying levels of restructuring activity and the inherent imprecision in the estimates used to recognize the impairment of assets and the wide variety of costs and taxes associated with severance and termination benefits in the countries in which the restructuring actions occur.

(3) *Amortization of purchased intangible assets.* This adjustment excludes the periodic amortization expense related to purchased intangible assets recorded in purchase accounting. Although these costs contribute to revenue generation and will recur in future periods, their amounts are significantly impacted by the timing and size of acquisitions.

(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) *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 and the vesting and exercise of employee share-based compensation. Income tax related adjustments may also include the impact to adjust the interim effective income tax rate to the expected annual effective tax rate. These adjustments are irregular in timing the variability in amounts may not be indicative of past and future performance of the Company and therefore are excluded for comparability purposes.

Both adjusted net income (loss) and adjusted EPS are important internal measures for the Company. The Company's senior management receives a monthly analysis of operating results that includes adjusted net income (loss) and adjusted EPS. The performance of the Company is measured on these metrics along with other performance metrics.

Adjusted Operating Income (Loss) and Margin

In addition to reporting operating income (loss) in accordance with US GAAP, the Company provides adjusted operating income (loss) and margin. The Company defines "adjusted operating income (loss)" as operating income (loss) in accordance with US GAAP excluding certain items noted above which are excluded on a pre-tax basis to arrive at adjusted operating income (loss), a Non-GAAP measure. The adjusted operating margin is calculated by dividing adjusted operating income (loss) by net sales. Both adjusted operating income (loss) and adjusted operating margin are important internal measures for the Company. The Company's senior management receives a monthly analysis of operating results that includes adjusted operating income (loss) and margin. The performance of the Company is measured on these metrics along with the adjusted net income (loss) and adjusted EPS metrics noted above as well as other performance metrics.

Reconciliation of Non-GAAP Financial Measures

Net Sales to Organic Sales Q2 21

(unaudited)

A reconciliation of reported net sales to organic sales by geographic region is as follows:

(in millions, except percentages)	Three Months Ended June 30, 2021			Q2 2021 Change			Three Months Ended June 30, 2020		
	Technologies & Equipment	Consumables	Total	Technologies & Equipment	Consumables	Total	Technologies & Equipment	Consumables	Total
Net sales	\$ 622	\$ 445	\$ 1,067	104.6%	138.0%	117.3%	\$ 304	\$ 187	\$ 491
Foreign exchange impact				10.4%	11.2%	10.7%			
Acquisitions				19.0%	—%	11.9%			
Divestitures and discontinued products				(10.0%)	(8.5%)	(9.9%)			
Organic sales				85.2%	135.3%	104.6%			

A reconciliation of reported net sales to organic sales by segment is as follows:

(in millions, except percentages)	Three Months Ended June 30, 2021				Q2 2021 Change				Three Months Ended June 30, 2020			
	U.S.	Europe	ROW	Total	U.S.	Europe	ROW	Total	U.S.	Europe	ROW	Total
Net sales	\$ 366	\$ 431	\$ 270	\$ 1,067	179.4%	99.5%	87.5%	117.3%	\$ 131	\$ 216	\$ 144	\$ 491
Foreign exchange impact					1.8%	15.6%	11.4%	10.7%				
Acquisitions					43.6%	—%	0.8%	11.9%				
Divestitures and discontinued products					(11.8%)	(7.9%)	(10.9%)	(9.9%)				
Organic sales					145.8%	91.8%	86.2%	104.6%				

Reconciliation of Non-GAAP Financial Measures

Condensed Consolidated Statements of Operations Q2 21

(unaudited)

(in millions, except per share amounts and percentages)	GAAP							ADJUSTED NON-GAAP	
	Three Months Ended June 30, 2021	Amortization of Purchased Intangible Assets	Restructuring Program Related Costs and Other Costs	Business Combination Related Costs and Fair Value Adjustments	Credit Risk and Fair Value Adjustments	Tax Impact of Non-GAAP Adjustments	Income Tax Related Adjustments	Total Non-GAAP Adjustments	Three Months Ended June 30, 2021
GROSS PROFIT	\$ 598	32	(5)	1	—	—	—	\$ 28	\$ 626
% OF NET SALES	56.0%								58.7%
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	398	(24)	(4)	(3)	—	—	—	(31)	367
% OF NET SALES	37.3%								34.4%
RESEARCH AND DEVELOPMENT EXPENSES	40	—	—	—	—	—	—	—	40
RESTRUCTURING AND OTHER COSTS	5	—	(5)	—	—	—	—	(5)	—
OPERATING INCOME	155	56	4	4	—	—	—	64	219
% OF NET SALES	14.5%								20.5%
OTHER INCOME AND EXPENSE	21	—	—	(4)	(3)	—	—	(7)	14
INCOME BEFORE INCOME TAXES	134	56	4	8	3	—	—	71	205
PROVISION FOR INCOME TAXES	35	—	—	—	—	17	(3)	14	49
% OF PRE-TAX INCOME	26.1%								23.9%
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—							—	—
NET INCOME ATTRIBUTABLE TO DENTSPLY SIRONA	\$ 99							\$ 57	\$ 156
% OF NET SALES	9.3%								14.6%
EARNINGS PER SHARE - DILUTED	\$ 0.45							\$ 0.26	\$ 0.71

Reconciliation of Non-GAAP Financial Measures

Condensed Consolidated Statements of Operations Q2 20

(unaudited)

(in millions, except per share amounts and percentages)	GAAP							ADJUSTED NON-GAAP	
	Three Months Ended June 30, 2020	Amortization of Purchased Intangible Assets	Restructuring Program Related Costs and Other Costs	Business Combination Related Costs and Fair Value Adjustments	Tax Impact of Non-GAAP Adjustments	Income Tax Related Adjustments	Total Non-GAAP Adjustments	Three Months Ended June 30, 2020	
GROSS PROFIT	\$ 176	29	1	1	—	—	\$ 31	\$ 207	
% OF NET SALES	35.8%							42.2%	
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	261	(18)	(12)	—	—	—	(30)	231	
% OF NET SALES	53.2%							47.0%	
RESEARCH AND DEVELOPMENT EXPENSES	18	—	—	—	—	—	—	18	
RESTRUCTURING AND OTHER COSTS	1	—	(1)	—	—	—	(1)	—	
OPERATING (LOSS) INCOME	(104)	47	14	1	—	—	62	(42)	
% OF NET SALES	(21.2%)							(8.6%)	
OTHER INCOME AND EXPENSE	16	—	—	—	—	—	(2)	14	
(LOSS) INCOME BEFORE INCOME TAXES	(120)	47	14	1	—	—	64	(56)	
PROVISION FOR INCOME TAXES	(24)	—	—	—	17	(8)	9	(15)	
% OF PRE-TAX (LOSS) INCOME	20.0%							26.8%	
LESS: NET (LOSS) INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(1)						—	(1.0)	
NET (LOSS) INCOME ATTRIBUTABLE TO DENTSPLY SIRONA	\$ (95)						\$ 55	\$ (40)	
% OF NET SALES	(19.3%)							(8.1%)	
EARNINGS PER SHARE - DILUTED	\$ (0.44)						\$ 0.26	\$ (0.18)	
Weighted average common shares outstanding used in calculating diluted GAAP net loss per common share									218.7
Weighted average common shares outstanding used in calculating diluted Non-GAAP net income per common share									218.7

