

Sirona – The Dental Company

Third Quarter 2013 Earnings Presentation

August 2, 2013

sirona.
The Dental Company

Third 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.

Third Quarter 2013 Performance Summary



The Dental Company

- Record revenues of \$283.2 million driven by exceptional performance in the U.S. and Germany
- 3Q13 constant currency revenue growth of 15.7%, with:
 - Imaging up 21.0%, cc
 - CAD/CAM up 19.4%, cc
 - Treatment Centers up 8.4%, cc
 - Instruments up 2.9%, cc
- Strong revenue growth across the globe
 - U.S. revenues grew 28.8%
 - International revenues grew 10.0% cc

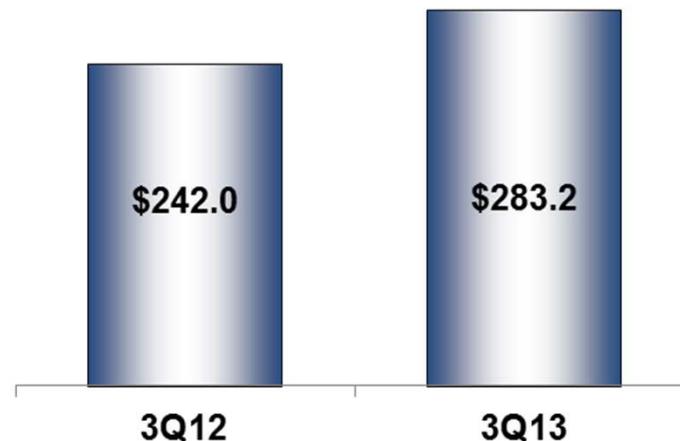
Third Quarter 2013 Earnings Presentation Overview



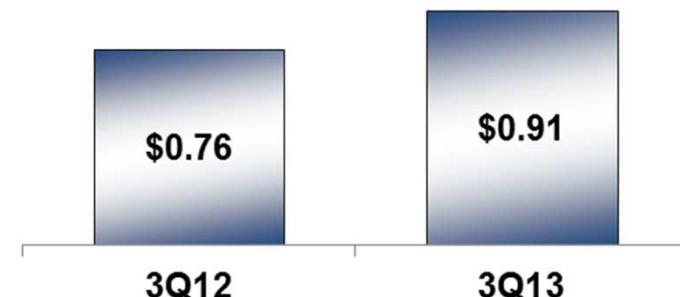
The Dental Company

Revenue

(US\$ in millions)



Non-GAAP adjusted EPS* (US\$)



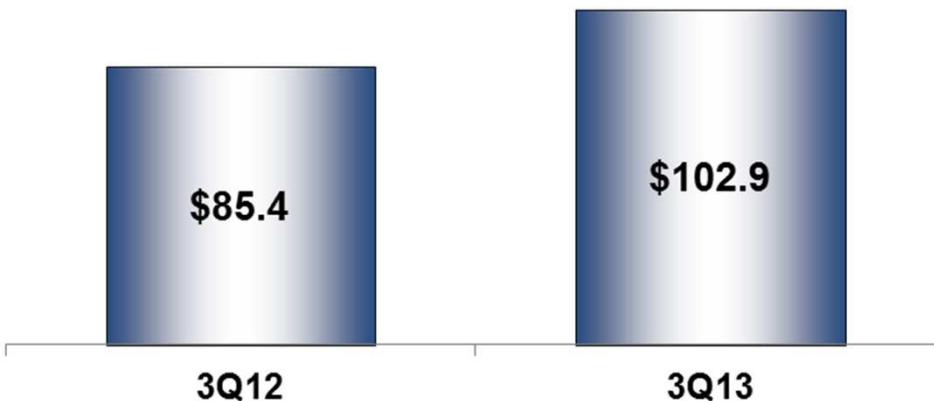
- U.S. sales strength was extraordinary, growing 28.8%. Sales were positively impacted by strong demand for our CAD/CAM and Imaging products and our expanded exclusivity agreement with Patterson. We benefited from robust sales of Schick 33 and the delivery of trade-ups.
- International revenues were strong, up 11.8%, or up 10.0% cc, led by an exceptionally strong performance in Germany, where we particularly benefited from orders following the IDS.
- Non-GAAP adjusted EPS increased 19% to \$0.91.

*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.

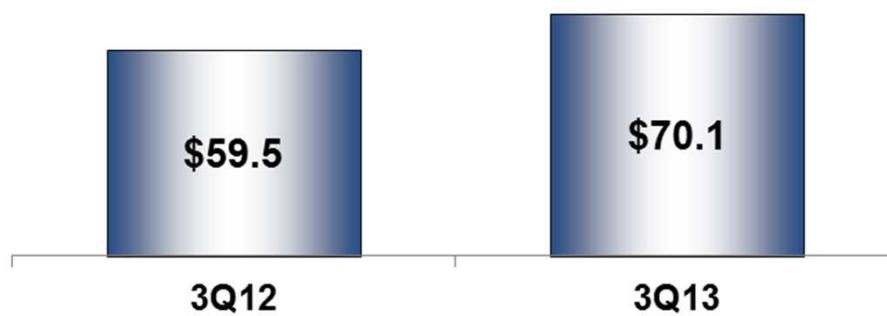
Third Quarter 2013 Earnings Presentation CAD/CAM Segment



CAD/CAM Revenue (US\$ in millions)



Segment Gross Profit (US\$ in millions)



Revenue Growth

Reported	+20.4%
<u>Currency</u>	- 1.0%
Constant Currency	+19.4%

Segment Gross Profit Margin

3Q12	69.7%
<u>3Q13</u>	<u>68.1%</u>
Change	-160 bps

Third Quarter 2013 Earnings Presentation

CAD/CAM Segment



- Segment revenues of \$102.9 million, up 20.4%, or up 19.4% cc.
- CAD/CAM segment revenues benefited from the Omnicam, the delivery of trade-ups and a generally increasing demand for products in this segment.
- CAD/CAM segment gross profit margin decreased 160 bps to 68.1%. It was mainly driven by product mix, due to an increasing share of Omnicam sales.

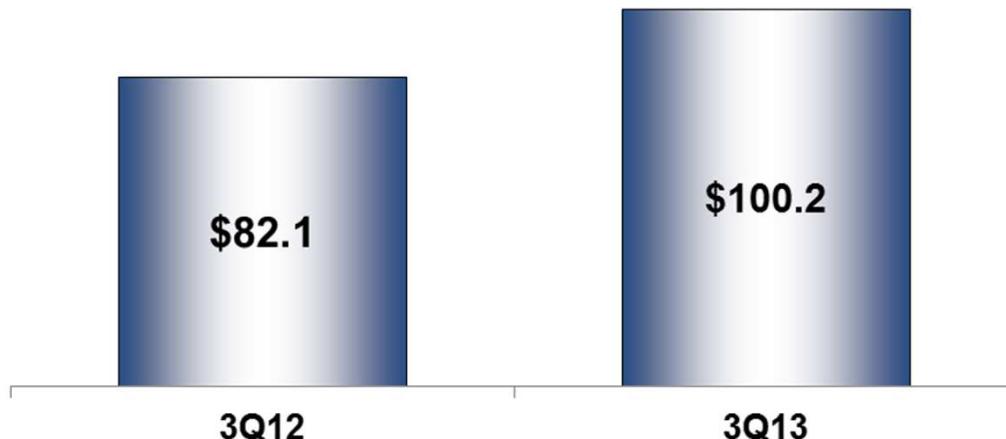
Third Quarter 2013 Earnings Presentation Imaging Segment



The Dental Company

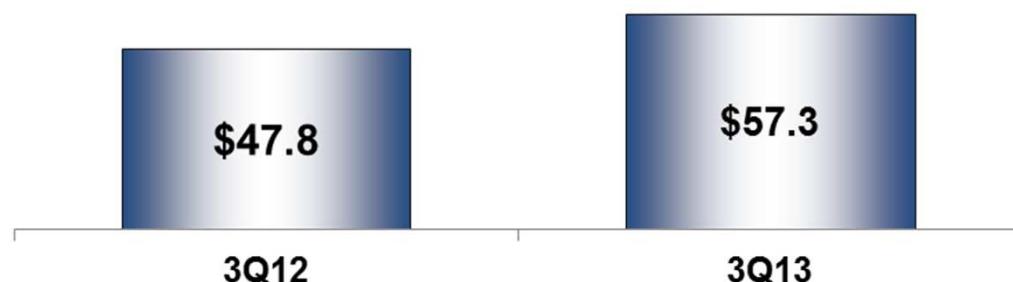
Imaging Revenue

(US\$ in millions)



Segment Gross Profit

(US\$ in millions)



Revenue Growth

Reported +22.0%

Currency -1.0%

Constant Currency +21.0%

Segment Gross Profit Margin

3Q12 58.3%

3Q13 57.2%

Change -110 bps

Third Quarter 2013 Earnings Presentation Imaging Segment

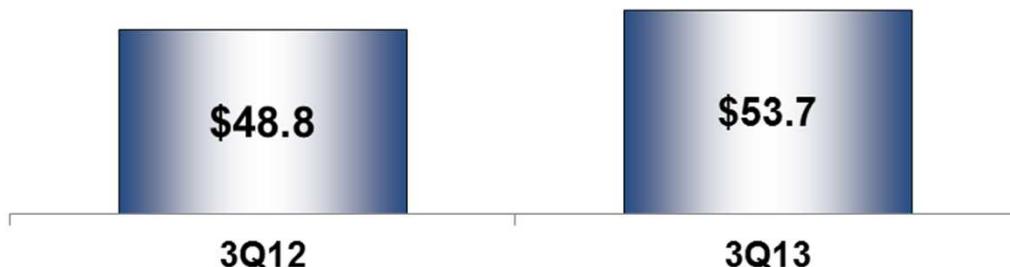


- Record segment revenues of \$100.2 million, up 22.0%, or up 21.0% cc.
- Sales were particularly strong in the U.S. and Germany.
- Strength was broad based across the product portfolio.
- Gross profit margin decreased 110 bps mainly due to product mix within our extra oral product portfolio.

Third Quarter 2013 Earnings Presentation Treatment Centers



Treatment Center Revenue (US\$ in millions)



Segment Gross Profit (US\$ in millions)



Revenue Growth

Reported	+10.2%
<u>Currency</u>	- 1.8%
Constant currency	+8.4%

Segment Gross Profit Margin

3Q12	40.9%
<u>3Q13</u>	<u>40.2%</u>
Change	-70 bps

Third Quarter 2013 Earnings Presentation Treatment Centers



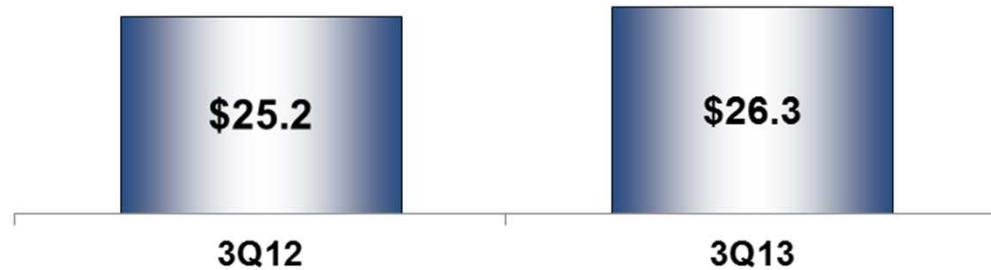
- Revenues of \$53.7 million, up 10.2%, or up 8.4% cc. Growth was strong in Germany.
- We continue to gain market share.
- Robust performance of the comfort and standard product lines.

Third Quarter 2013 Earnings Presentation Instruments



Instruments Revenue

(US\$ in millions)



Segment Gross Profit

(US\$ in millions)



Revenue Growth

Reported	+4.5%
Currency	- 1.6%
Constant Currency	+2.9%

Segment Gross Profit Margin

3Q12	41.1%
3Q13	40.8%
Change	-30 bps

Third Quarter 2013 Earnings Presentation Instruments



The Dental Company



- Revenues of \$26.3 million, up 4.5%, or up 2.9% cc.
- Margin contraction mainly due to very unfavorable product mix.

Third Quarter 2013 Earnings Presentation

Operating Performance



	<u>3Q13</u>	<u>3Q12</u>	<i>% chg.</i>
Revenue			
Cost of sales	\$ 131,670	\$ 113,567	15.9%
Gross profit	<u>151,487</u>	<u>128,440</u>	17.9%
Selling, general and administrative expense	79,702	72,434	10.0%
Research and development	15,729	13,092	20.1%
Other operating income items (net)	<u>(2,352)</u>	<u>(3,004)</u>	
Operating income	58,408	45,918	27.2%
(Gain)/loss on foreign currency transactions, net	4,510	2,675	
(Gain)/loss on derivative instruments	(901)	2,686	
Interest expense, net	788	866	(9.0)%
Other expense/(income)	<u>362</u>	<u>(218)</u>	
Income before taxes	53,649	39,909	34.4%
Income tax provision	<u>12,876</u>	<u>9,180</u>	
Net income	40,773	30,729	32.7%
Less: Net income attrib. to noncontrolling interests	<u>223</u>	<u>431</u>	
Net income attributable to Sirona Dental Systems, Inc.	\$ 40,550	\$ 30,298	33.8%

Third Quarter 2013 Earnings Presentation Guidance



Guidance

Third Quarter 2013 Earnings Presentation Conclusion



- 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 effort
 - Strong financial position
- Sirona well positioned to successfully compete in 2013 and beyond.

Third Quarter 2013 Earnings Presentation Questions and Answers



Q&A



Reconciliation of GAAP EPS to Non-GAAP Adjusted EPS

GAAP net income attributable to Sirona Dental Systems, Inc. shareholders

Adjustments

Amortization and depreciation expense resulting from the step-up to fair values of intangible assets related to past business combinations

	Three months ended June 30, 2013		
	Pre Tax	Tax Impact*	After Tax
	\$'000s, except per share amount		
GAAP net income attributable to Sirona Dental Systems, Inc. shareholders	\$ 40,550	\$ 0.74	
Amortization and depreciation expense resulting from the step-up to fair values of intangible assets related to past business combinations	\$10,355	\$2,485	7,870
(Gain)/loss on foreign currency transactions, net	4,510	1,082	3,428
(Gain)/loss on derivative instruments	(901)	(216)	(685)
Other items:			
Non-GAAP adjusted net income attributable to Sirona Dental Systems, Inc. shareholders	\$ 51,163	\$ 0.91	

* 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 June 30, 2013, was \$1.30590 and varied from \$1.28296 to \$1.33851. For the three months ended June 30, 2012, an average exchange rate converting Euro denominated revenues into U.S. Dollars of \$1.28513 was applied.