



Dentsply Sirona Third Quarter 2020

November 5, 2020

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, 2019 and any updating information in subsequent SEC filings including the Company’s Quarterly Report on Form 10-Q for the quarterly period ending September 30, 2020. 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

Non-GAAP Financial Measures

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 comparing current-period sales to prior-period sales, with both periods converted to the U.S. dollar rate at local currency foreign exchange rates for each month of the prior period.

The "organic sales" measure is not calculated in accordance with accounting principles generally accepted in the United States ("US GAAP"); therefore, this item represents a Non-GAAP measure. This Non-GAAP measure 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. 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. The performance of the Company is measured on this metric along with other performance metrics.

The Company discloses organic sales 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. The Company believes that this information is helpful in understanding underlying net sales trends.

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

In addition to reporting net income (loss) attributable to Dentsply Sirona and earnings (loss) per diluted common share in accordance with US GAAP, the Company provides adjusted net income (loss) and adjusted earnings (loss) per diluted common share ("adjusted EPS") measures. The Company defines "adjusted net income (loss)" as net income (loss) attributable to Dentsply Sirona excluding certain items as noted below. Adjusted EPS is calculated by dividing adjusted net income (loss) by diluted common shares outstanding.

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 integrating and consummating mergers and recently acquired businesses, as well as costs, gains and losses related to the disposal of businesses or significant product lines. In addition, this category includes the roll off to the consolidated statements of operations of fair value adjustments related to business combinations, except for amortization expense noted below. 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 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, 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. Amortization expense has been excluded from adjusted net income attributable to Dentsply Sirona 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) 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. 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.

The "adjusted net income (loss)" and "adjusted EPS" measures are not calculated in accordance with accounting principles generally accepted in the United States; therefore, these items 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. Income tax related adjustments may include the impact to adjust the interim effective income tax rate to the expected annual effective tax rate.

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.

The Company discloses adjusted net income (loss) and adjusted EPS 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 intangible assets either purchased or acquired through a business combination. The Company believes that this information is helpful in understanding underlying operating trends and cash flow generation.

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.

The "adjusted operating income (loss)" and "adjusted operating margin" measures are not calculated in accordance with accounting principles generally accepted in the United States; therefore, these items 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.

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.

The Company discloses adjusted operating income (loss) and margin 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 intangible assets either purchased or acquired through a business combination. The Company believes that this information is helpful in understanding underlying operating trends and cash flow generation.

We reference a Non-GAAP financial measure of free cash flow, which is used by management when assessing our sources of liquidity, capital resources, and quality of earnings. Free cash flow is operating cash flow adjusted to exclude additions to capital expenditures. This Non-GAAP financial measure is helpful in understanding our capital requirements and provides an additional means to evaluate the cash flow trends of our business.

Third Quarter 2020 Agenda



Introduction	John Sweeney	VP IR
Overview	Don Casey	CEO
Financials & Outlook	Jorge Gomez	EVP & CFO
Operating Update	Don Casey	CEO
Q & A		

Overview

Don Casey
Chief Executive Officer



Third Quarter 2020 Summary Performance

Q3 20 Net Sales	Q3 20 Organic Sales	Q3 20 Non-GAAP EPS
\$895M <i>(-7.0% YOY, with a 1.3% favorable currency impact)</i>	(8.8%)	\$0.67

Q3 20 Non-GAAP OI Margin	Cash Flow From Operations
22.0% <i>(up 410 bps YOY)</i>	\$207M

Financials & Outlook

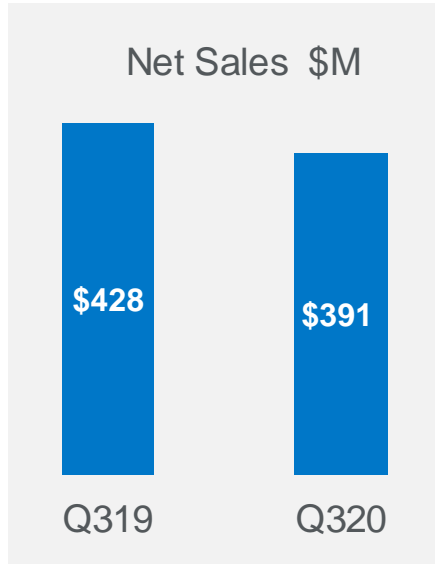
Jorge Gomez
EVP & Chief Financial Officer



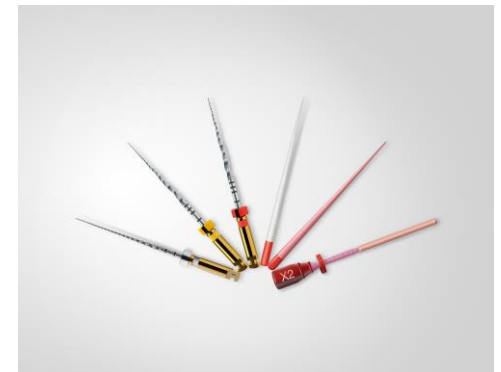
Third Quarter 2020 Financial Summary – Non-GAAP

In Millions of USD	Q3 20	Q3 19	% chg.
Net Sales	\$ 895	\$ 962	(7.0%)
<i>Organic Sales %</i>			(8.8%)
Gross Profit	506	548	(7.6%)
<i>Gross Profit %</i>	56.6%	56.9%	(30) bps
Total SG&A Expenses	309	376	(17.7%)
<i>SG&A %</i>	34.5%	39.0%	(450) bps
Operating Income	197	172	14.3%
<i>Operating Income %</i>	22.0%	17.9%	410 bps
Net Income / (loss)	\$ 147	\$ 128	14.2%
Diluted EPS	\$ 0.67	\$ 0.57	17.5%

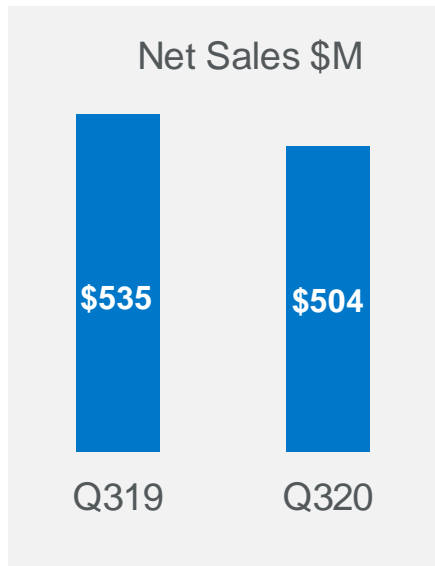
Third Quarter 2020 Consumables Segment



- Net sales of \$391M, down 8.6% YoY. Currency increased sales by 0.6%. Consumables organic sales declined 9.3%
- All product lines experienced declines, with Laboratory and Preventive sales the most impacted areas
- U.S. consumables sales had positive organic growth
- Consumables operating income margin was 25.3% vs. 26.6% in the prior year. The reduction in operating income margin was due to the impact of lower sales against a relatively fixed cost base, partially offset by the Company's cost savings initiatives



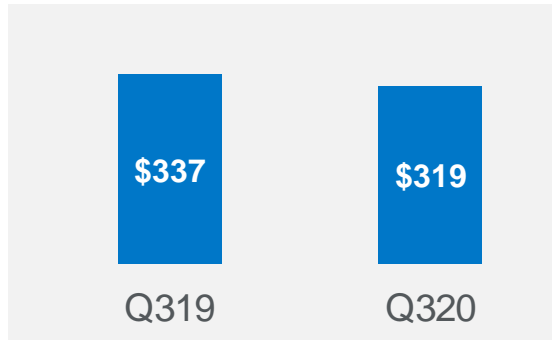
Third Quarter 2020 Technologies & Equipment



- Net sales of \$504M, down 5.7% YoY. Organic sales down 8.5% compared to prior year
- Currency positively impacted net sales by 1.9%. Acquisitions / divestitures / discontinued products increased revenue by 0.9%
- Healthcare sales increased, while Equipment & Instruments sales were flat
- Digital Dentistry declined due to a difficult comparison resulting from DS World shipments and the 2019 Primescan launch
- T&E operating income margin was 21.8%, vs. 19.6% in the prior year quarter. T&E margin was positively impacted by cost savings

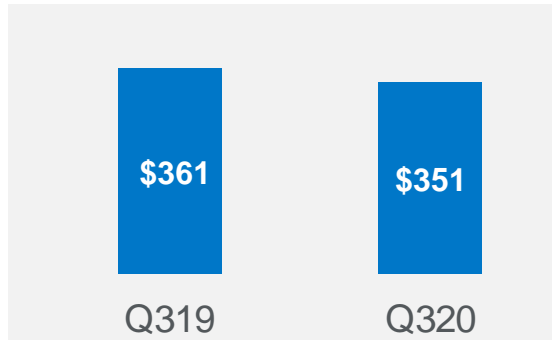


Third Quarter 2020 Net Sales by Region (\$M)



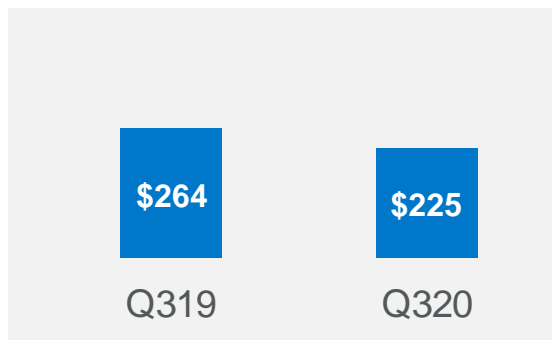
U.S. Net Sales – (36% of total)

- Net sales declined 5.4%
- Currency increased sales by 0.6%
- M&A/disc. products positively impacted sales by 0.4%
- Organic sales down 6.4%



Europe Net Sales – (39% of total)

- Net sales declined 2.9%
- Currency increased sales by 3.9%
- M&A/disc. products positively impacted sales by 0.2%
- Organic sales down 7.0%



Rest of World Net Sales – (25% of total)

- Net sales declined 14.6%
- Currency reduced sales by 1.3%
- M&A/disc. products positively impacted sales by 1.2%
- Organic sales down 14.5%

Third Quarter 2020 Cash Flow

(\$ in millions)	Q3 20	Q3 19	% Δ	9mo 20	9mo 19	% Δ
Cash Flow From Operations	\$207	\$159	30%	\$371	\$333	11%
Less: Capital Expenditures	\$21	\$23	(9%)	\$60	\$87	(31%)
Free Cash Flow	\$186	\$136	37%	\$311	\$246	26%



Fourth Quarter 2020 – Overview

Not providing Q4 or 2020 guidance due to Covid uncertainty:

- Favorable Q3 business trends and recovery in the global dental industry
- Lingering concern over a second wave & increasing level of infections
- Q3 likely boosted by pent-up demand / more complex procedures
- DS World & Primescan launch in 2019 create difficult Q4 comp
- Continue to execute on strategic cost improvements and to manage short-term costs in line with customer demand



Operating Update

Don Casey
Chief Executive Officer



Our Strategy & Vision

Take advantage of the unique global breadth and depth of Dentsply Sirona to create more meaningful solutions for dentists built around innovative products and differentiated clinical education.

**Grow
Revenues**

**Improve
Margins**

**Simplify the
Organization**

Grow Revenues – Axeos Introduction



- Practice builder for GPs with a wide range of 2D and 3D applications
- Large 3D Field of View with intelligent low dose for all 3D applications
- Sidexis 4 imaging software - compatible with more than 200 Practice Management Systems
- SureSmile and planning software compatible

Grow Revenues – SureSmile



- Complete root to crown planning solution
- Seamless integration with Primescan
- Ramping our manufacturing footprint to meet the level of demand
- Efficient treatment planning solution
- Accurate and effective

Conclusion



- Dental is a fundamentally strong category with excellent growth prospects
- We have a demonstrated ability to manage through short term setbacks
- Deliver integrated scaled solutions that take advantage of our unique portfolio
- Financial strength & global scale to succeed in the dental market
- Innovation is critical – encouraged by the strength of our pipeline
- Continue our journey to grow revenues, expand margins & simplify the organization

Appendix

Reconciliation of Non-GAAP Financial Measures

Net Sales to Organic Sales Q3 20

(unaudited)

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

(in millions, except percentages)	Three Months Ended September 30, 2020				Q3 2020 Growth				Three Months Ended September 30, 2019			
	US	Europe	ROW	Total	US	Europe	ROW	Total	US	Europe	ROW	Total
Net sales	\$ 318.7	\$ 350.8	\$ 225.3	\$ 894.8	(5.4%)	(2.9%)	(14.6%)	(7.0%)	\$ 337.0	\$ 361.4	\$ 263.7	\$ 962.1
Foreign exchange impact					0.6%	3.9%	(1.3%)	1.3%				
Acquisitions and divestitures					0.3%	(0.9%)	0.0%	(0.2%)				
Discontinued products					0.1%	1.1%	1.2%	0.7%				
Organic sales					(6.4%)	(7.0%)	(14.5%)	(8.8%)				

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

(in millions, except percentages)	Three Months Ended September 30, 2020			Q3 2020 Growth			Three Months Ended September 30, 2019		
	Technologies & Equipment	Consumables	Total	Technologies & Equipment	Consumables	Total	Technologies & Equipment	Consumables	Total
Net sales	\$ 503.8	\$ 391.0	\$ 894.8	(5.7%)	(8.6%)	(7.0%)	\$ 534.5	\$ 427.6	\$ 962.1
Foreign exchange impact				1.9%	0.6%	1.3%			
Acquisitions and divestitures				(0.4%)	0.0%	(0.2%)			
Discontinued products				1.3%	0.1%	0.7%			
Organic sales				(8.5%)	(9.3%)	(8.8%)			

Reconciliation of Non-GAAP Financial Measures

Condensed Consolidated Statements of Operations Q3 20

(unaudited)

	GAAP								ADJUSTED NON-GAAP
(in millions, except percentages)	Three Months Ended September 30, 2020	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 September 30, 2020
GROSS PROFIT	\$ 442.3	30.2	32.3	1.3	-	-	-	\$ 63.8	\$ 506.1
% OF NET SALES	49.4%								56.6%
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	341.9	(18.6)	(13.9)	(0.3)	-	-	-	(32.8)	309.1
% OF NET SALES	38.2%							-	34.5%
RESTRUCTURING AND OTHER COSTS	18.7	-	(18.7)	-	-	-	-	(18.7)	-
OPERATING INCOME	81.7	48.8	64.9	1.6	-	-	-	115.3	197.0
% OF NET SALES	9.1%								22.0%
OTHER INCOME AND EXPENSE	15.0	-	-	-	(2.3)	-	-	(2.3)	12.7
INCOME BEFORE INCOME TAXES	66.7	48.8	64.9	1.6	2.3	-	-	117.6	184.3
PROVISION FOR INCOME TAXES	12.5	-	-	-	-	31.6	(6.7)	24.9	37.4
% OF PRE-TAX INCOME	18.7%								20.3%
LESS: NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	0.4							-	0.4
NET INCOME ATTRIBUTABLE TO DENTSPLY SIRONA	\$ 53.8							\$ 92.7	\$ 146.5
% OF NET SALES	6.0%								16.4%
EARNINGS PER SHARE - DILUTED	\$ 0.25							\$ 0.42	\$ 0.67

Reconciliation of Non-GAAP Financial Measures

Condensed Consolidated Statements of Operations Q3 19

(unaudited)

	GAAP								ADJUSTED NON-GAAP
(in millions, except percentages)	Three Months Ended September 30, 2019	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 September 30, 2019
GROSS PROFIT	\$ 514.0	28.8	3.6	1.5	-	-	-	\$ 33.9	\$ 547.9
% OF NET SALES	53.4%							-	56.9%
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	399.3	(18.6)	(4.8)	(0.3)	-	-	-	(23.7)	375.6
% OF NET SALES	41.5%							-	39.0%
RESTRUCTURING AND OTHER COSTS	5.2	-	(5.2)	-	-	-	-	(5.2)	-
OPERATING INCOME	109.5	47.4	13.6	1.8	-	-	-	62.8	172.3
% OF NET SALES	11.4%								17.9%
OTHER INCOME AND EXPENSE	3.0	-	0.4	-	(1.6)	-	-	(1.2)	1.8
INCOME BEFORE INCOME TAXES	106.5	47.4	13.2	1.8	1.6	-	-	64.0	170.5
PROVISION OF INCOME TAXES	21.5	-	-	-	-	16.5	4.2	20.7	42.2
% OF PRE-TAX INCOME	20.2%								24.8%
NET INCOME ATTRIBUTABLE TO DENTSPLY SIRONA	\$ 85.0							\$ 43.3	\$ 128.3
% OF NET SALES	8.8%								13.3%
EARNINGS PER SHARE - DILUTED	\$ 0.38							\$ 0.19	\$ 0.57

