

Dentsply Sirona Second Quarter 2020

August 6, 2020

Forward-Looking Statements and Associated Risks

Information the Company has included in this press release, and information which may be contained or incorporated by reference in filings with the U. S. Securities and Exchange Commission (the "SEC") as well as other press releases or other public statements, contains or may contain forward-looking statements. These forward-looking statements include, among other things, statements about the Company's restructuring initiatives and their expected impact, and other plans, objectives, expectations (financial or otherwise) or intentions.

The Company's forward-looking statements involve risks and uncertainties. Actual results may differ significantly from those projected or suggested in any forward-looking statements. The Company does not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Any number of factors could cause the Company's actual results to differ materially from those contemplated by any forward-looking statements, including, but not limited to, the risks associated with the following:

- the effects of the COVID-19 outbreak and the adverse impact on the Company's business, financial condition, results of operations and cash flows, including, but not limited to, the Company's growth, operating costs, customer demand for products and industry demand generally, margins, and its ability to access capital markets, and the global economy and financial markets generally;
- the effects of the COVID-19 outbreak, and the current economic environment generally, on the Company's working capital, cash flows and liquidity;
- the Company's ability to execute key strategic activities due to competing priorities and strategies of its distribution partners and other factors
- the Company's ability to protect its technology infrastructure from cyber-attacks and other disruptions
- the Company's ability to maintain effective internal controls during periods of restructuring and organizational changes
- a significant failure or disruption in service within the Company's operations or the operations of key distributors
- the Company's ability to attract and retain talented employees, or to manage succession and retention for its key executives
- the Company's ability to successfully implement its cost reduction and restructuring plans
- the Company's ability to regain profitability in a very competitive marketplace, which depends upon the Company's ability to differentiate its products and services from those of competitors
- results in pending and future litigation, investigations or other proceedings which could subject the Company to significant monetary damages or penalties and/or require it to change its business practices, or the costs incurred in connection with such proceedings
- other risks described from time to time in the Company's filings with the SEC

You should carefully consider these and other relevant factors, including those risk factors in Part I, Item 1A, "Risk Factors" in the Company's most recent Form 10-K, in Part II, Item 1A, "Risk Factors" in the Company's subsequent Form 10-Qs, and information which may be contained in the Company's other filings with the SEC, when reviewing any forward-looking statement. Investors should understand it is impossible to predict or identify all such factors or risks. As such, you should not consider either the foregoing list, or the risks identified in the Company's SEC filings, to be a complete discussion of all potential risks or uncertainties associated with an investment in the company.

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.

Second 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



Summary Observations



- The global pandemic has brought many challenges for the dental industry
- Focused on employee safety & meeting the needs of the customer
- Strong balance sheet & cash position
- Restructuring plan to grow revenues, expand margins & simplify the organization
- Signs of improvement in demand

Q2 20 – Summary Performance

Q2 20 Net Sales	Q2 20 Organic Sales	Q2 20 Non-GAAP EPS
\$490.6M <i>(-51.4% YOY, with a 1.0% negative currency impact)</i>	(49.9%)	(\$0.18)

Q2 20 Non-GAAP OI Margin	Cash Flow From Operations
(8.6%) <i>(down 2,860 bps YOY)</i>	\$175.1M

Financials & Outlook

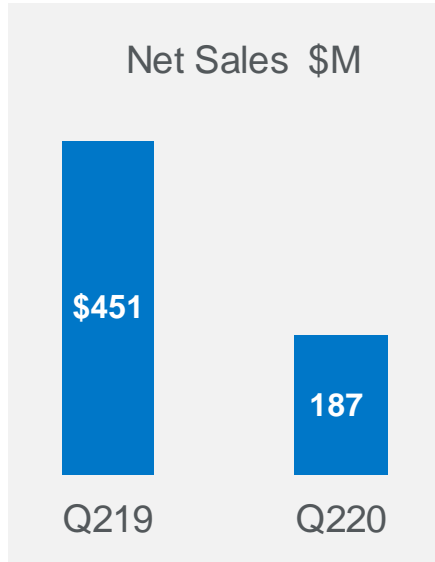
Jorge Gomez
EVP & Chief Financial Officer



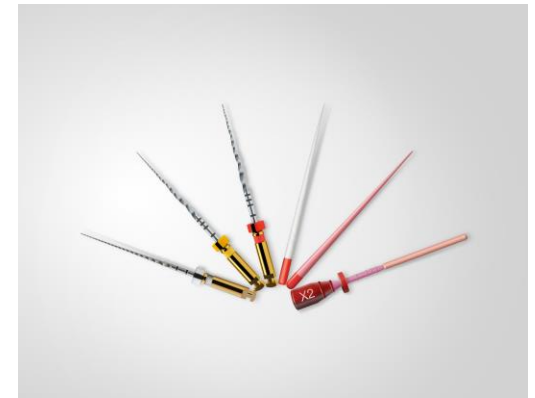
Q2 20 – Financial Summary – Non-GAAP

In Millions of USD	Q2 20	Q2 19	% chg.
Net Sales	\$ 490.6	\$ 1,009.4	(51.4%)
<i>Organic Sales %</i>			(49.9%)
Gross Profit	206.5	582.1	(64.5%)
<i>Gross Profit %</i>	42.1%	57.7%	(1,560) bps
Total SG&A Expenses	248.8	380.3	(34.6%)
<i>SG&A %</i>	50.7%	37.7%	(1,300) bps
Operating Income / (loss)	(\$42.3)	201.8	NM
<i>Operating Income / (loss)%</i>	(8.6%)	20.0%	(2,860) bps
Net Income / (loss)	(\$ 40.2)	\$ 147.9	(127%)
Non-GAAP EPS	(\$ 0.18)	\$ 0.66	(127%)

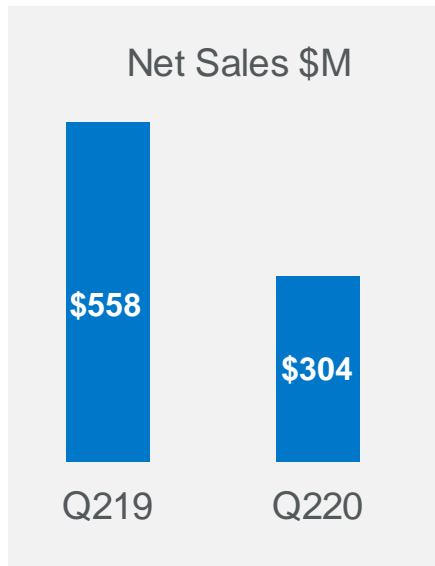
Q2 20 – Consumables Segment



- Net sales of \$186.7M, down 58.6% YoY
- Currency negatively impacted sales by 0.9%
- Consumables organic sales declined 57.7%. Key drivers of the decline in organic sales were lower sales of Endodontic, Restorative and Preventive products.
- Consumables operating income margin was -9.4% vs. 27.0% in the prior year driven by the lower level of net sales



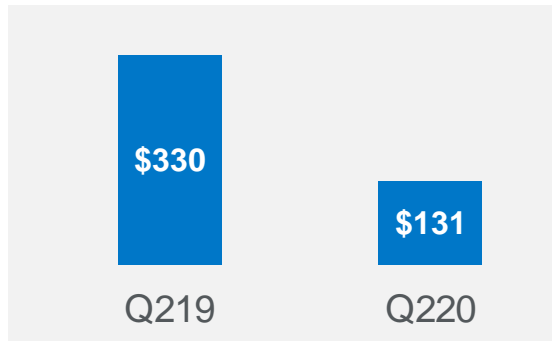
Q2 20 - Technologies & Equipment



- Net sales of \$303.9M, down 45.6% vs prior year
- Currency negatively impacted net sales by 1.0%
- Acquisitions / divestitures / discontinued products reduced revenue growth by 1.0%
- Organic sales declined 43.6%. Equipment & Instruments, Digital Dentistry & Implants posted a similar level of declines in Q220
- T&E operating income margin was -1.3%, vs. 17.2% in the prior year quarter, driven by the lower level of net sales

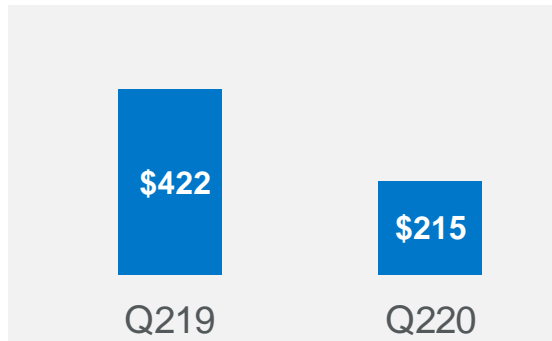


Q2 20 – Net Sales by Region (\$M)



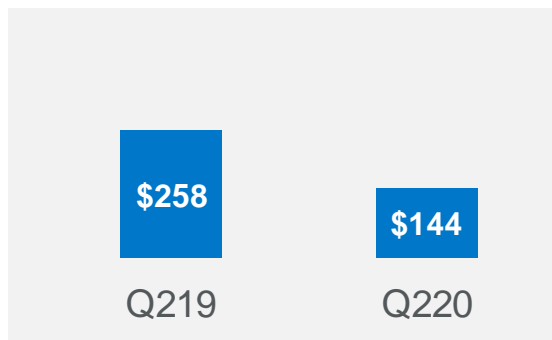
U.S. Net Sales – (27% of total)

- Net sales declined 60.3%
- M&A/disc. products negatively impacted sales by 0.3%
- Organic sales down 60.0%.



Europe Net Sales – (44% of total)

- Net sales declined 49.0%
- M&A/disc. products negatively impacted sales by 1.0%
- Foreign exchange negatively impacted sales by 1.1%
- Organic sales down 46.9%



Rest of World Net Sales – (29% of total)

- Net sales declined 44.0%
- M&A/disc. products negatively impacted sales by 0.1%
- Foreign exchange positively impacted sales by 2.0%
- Organic sales down 41.9%

Q2 20 Cash Flow

(\$ in millions)	Q2 20	Q2 19	% Δ	1H 20	1H 19	% Δ
Cash Flow From Operations	\$175	\$145	20.7%	\$164	\$174	(5.7%)
Less: Capital Expenditures	\$13	\$27	(51.9%)	\$39	\$64	(39.1%)
Free Cash Flow	\$162	\$118	37.3%	\$125	\$110	13.6%



Significant Actions Taken to Reduce Q2 20 Expenses



- Aligned level of production to meet lower level of demand
- Cost reduction actions drove SG&A down 35% vs. prior year
- Utilized short time work in Europe, furloughs in the U.S.
- Significant compensation reductions
- Reduced discretionary commercial spending

Outlook



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**

Shaping the Portfolio

Continue to evaluate portfolio shaping opportunities



- Underperforming businesses (revenue and operating income)
- Non-core businesses

- FONA
- SICAT
- Surgical portion of the Wellspect business
- 1-800 Dentist
- **Traditional Ortho**
- **Analog Lab**

Near-Term Focus

- **Restructuring Program** – Continue to execute and expand the restructuring plan to deliver \$250M in annual cost savings.
- **Key Growth Initiatives** – Take advantage of the current focus on single visit dentistry and the industry shift towards digital dentistry. Ensure the R&D engine delivers attractive new products that lay the foundation for future revenue growth.
- **Key Financial Objectives** – Enhance revenue growth, manage costs to drive margin expansion. Maintain investment grade rating.



Conclusion



- COVID continues to impact the industry
- We have the right plan in place
- Remain focused on growing revenues, expanding margins & simplifying the business
- Signs of improvement in demand
- Our financial strength, broad portfolio & global reach position the company to succeed and win

Appendix

Reconciliation of Non-GAAP Financial Measures

Net Sales Q2 20

(unaudited)

(in millions, except percentages)	Three Months Ended June 30, 2020				Q2 2020 Growth				Three Months Ended June 30, 2019			
	US	Europe	ROW	Total	US	Europe	ROW	Total	US	Europe	ROW	Total
Net sales	\$ 130.9	\$ 215.3	\$ 144.4	\$ 490.6	(60.3%)	(49.0%)	(44.0%)	(51.4%)	\$ 329.5	\$ 422.0	\$ 257.9	\$1,009.4
Foreign exchange impact					0.0%)	(1.1%)	(2.0%)	(1.0%)				
Acquisitions and divestitures					(0.3%)	(0.9%)	(0.1%)	(0.4%)				
Discontinued products					0.0%)	(0.1%)	0.0%)	(0.1%)				
Organic sales					(60.0%)	(46.9%)	(41.9%)	(49.9%)				

(in millions, except percentages)	Three Months Ended June 30, 2020			Q2 2020 Growth			Three Months Ended June 30, 2019		
	Technologies & Equipment	Consumables	Total	Technologies & Equipment	Consumables	Total	Technologies & Equipment	Consumables	Total
Net sales	\$ 303.9	\$ 186.7	\$ 490.6	(45.6%)	(58.6%)	(51.4%)	\$ 558.4	\$ 451.0	\$ 1,009.4
Foreign exchange impact				(1.0%)	(0.9%)	(1.0%)			
Acquisitions and divestitures				(0.9%)	0.0%	(0.4%)			
Discontinued products				(0.1%)	0.0%	(0.1%)			
Organic sales				(43.6%)	(57.7%)	(49.9%)			

Reconciliation of Non-GAAP Financial Measures

Consolidated Statements of Operations Q2 20

(unaudited)

	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	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, 2020	Three Months Ended June 30, 2020
(in millions, except percentages)										
GROSS PROFIT	\$ 176.1	28.7	0.4	1.3	-	-	-	\$ 30.4	\$ 206.5	
% OF NET SALES	35.9%								42.1%	
SG&A EXPENSES	279.1	(17.9)	(12.2)	(0.2)	-	-	-	(30.3)	248.8	
% OF NET SALES	56.9%							-	50.7%	
RESTRUCTURING AND OTHER COSTS	1.3	-	(1.3)	-	-	-	-	(1.3)	-	
(LOSS) INCOME FROM OPERATIONS	(104.3)	46.6	13.9	1.5	-	-	-	62.0	(42.3)	
% OF NET SALES	(21.3%)								(8.6%)	
NET INTEREST AND OTHER EXPENSE	15.6	-	0.1	-	(1.9)	-	-	(1.8)	13.8	
PRE-TAX (LOSS) INCOME	(119.9)	46.6	13.8	1.5	1.9	-	-	63.8	(56.1)	
INCOME TAXES	(24.0)	-	-	-	-	17.1	(8.5)	8.6	(15.4)	
% OF PRE-TAX LOSS	20.0%								27.5%	
LESS: NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(0.5)							-	(0.5)	
NET (LOSS) INCOME ATTRIBUTABLE TO DENTSPLY SIRONA	\$ (95.4)							\$ 55.2	\$ (40.2)	
% OF NET SALES	(19.4%)								(8.2%)	
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 loss per common share									218.7	

Reconciliation of Non-GAAP Financial Measures

Consolidated Statements of Operations Q2 19

(unaudited)

	GAAP								ADJUSTED NON-GAAP
(in millions, except percentages)	Three Months Ended June 30, 2019	Amortization of Purchased Intangible Assets	Restructuring Program Related Costs and Other Costs (a)	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, 2019
GROSS PROFIT	\$ 540.8	28.8	11.0	1.5	-	-	-	41.3	\$ 582.1
% OF NET SALES	53.6%							-	57.7%
SG&A EXPENSES	430.9	(18.5)	(31.8)	(0.3)	-	-	-	(50.6)	380.3
% OF NET SALES	42.7%							-	37.7%
RESTRUCTURING AND OTHER COSTS	42.4	-	(42.4)	-	-	-	-	(42.4)	-
INCOME FROM OPERATIONS	67.5	47.3	85.2	1.8	-	-	-	134.3	201.8
% OF NET SALES	6.7%							134.3	20.0%
NET INTEREST AND OTHER EXPENSE	19.9	-	(14.5)	(0.2)	(1.3)	-	-	(16.0)	3.9
PRE-TAX INCOME	47.6	47.3	99.7	2.0	1.3	-	-	150.3	197.9
INCOME TAXES	11.2	-	-	-	-	38.0	0.8	38.8	50.0
% OF PRE-TAX INCOME	23.5%							38.8	25.3%
NET INCOME ATTRIBUTABLE TO DENTSPLY SIRONA	\$ 36.4							\$ 111.5	\$ 147.9
% OF NET SALES	3.6%								14.7%
EARNINGS PER SHARE - DILUTED	\$ 0.16							\$ 0.50	\$ 0.66

(a) Severance costs related to the Chief Financial Officer and Chief Human Resources Office of \$11.0 million are included within this item.

