



# DENTSPLY INTERNATIONAL

**DENTSPLY** Supplemental Materials

# DENTSPLY International, Inc.

## First Quarter 2013 Earnings Call

May 9, 2013

DENTSPLY

2

NASDAQ-XRAY

# Forward Looking Statements

This presentation contains forward-looking statements regarding future events or the future financial performance of the Company that involve substantial risks and uncertainties. Actual events or results may differ materially from those in the projections or other forward-looking information set forth herein as a result of certain risk factors. These risk factors include, without limitation; the continued strength of dental and medical markets, the timing, success and market reception for our new and existing products, uncertainty with respect to governmental actions with respect to dental and medical products, outcome of litigation and/or governmental enforcement actions, continued support of our products by influential dental and medical professionals, our ability to successfully integrate acquisitions, risks associated with foreign currency exchange rates, and changes in the general economic environment that could affect the business. Changes in such assumptions or factors could produce significantly different results. For a more detailed description of risk factors that may affect forward-looking statements, please refer to the Company's Annual Report on Form 10-K and other filings with the Securities and Exchange Commission. Copies of such filings are available through the SEC's web site: [www.sec.gov](http://www.sec.gov).

# Non-GAAP Financial Measures

In addition to the results reported in accordance with US GAAP, the Company provides adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share. These adjusted amounts consist of US GAAP amounts excluding, net of tax (1) acquisition related costs, (2) restructuring and other costs, including legal settlements, (3) amortization of purchased intangible assets, (4) Orthodontic business continuity costs, (5) income related to credit risk and fair value adjustments, (6) certain fair value adjustments at an unconsolidated affiliated company, and (7) income tax related adjustments. Adjusted earnings per diluted common share is calculated by dividing adjusted net income attributable to DENTSPLY International by diluted weighted-average common shares outstanding. Adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share are considered measures not calculated in accordance with US GAAP, and therefore are non-US GAAP measures. These non-US GAAP measures may differ from other companies. Income tax related adjustments may include the impact to adjust the interim effective income tax rate to the expected annual effective tax rate.

The Company believes that the presentation of adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share provides important supplemental information to management and investors seeking to understand the Company's financial condition and results of operations. The non-US GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with US GAAP.

# Q1 2013 Performance Summary

- Record revenue for Q1 despite two fewer selling days
  - Sales excluding precious metals grew +1.1%
  - Internal growth of 1.6%
- Adjusted gross margin of 58.2% up 190 bps sequentially, and 130 bps below exceptional Q1'12 comparison
- Adjusted operating expense ratio improved 50bps to 42.1% of sales
- EPS on an adjusted basis flat at \$0.52



# Q1 2013 Internal Growth, Ex. PM

**Consolidated internal growth: +1.6%**  
**~2 fewer shipping days**

**United States: 34% of Total**

Internal growth: +1.9%

**Europe: 46% of Total**

Internal growth: +0.8%

**Rest of World: 20% of Total**

Internal growth: +2.9%

# Cash Flow and Balance Sheet Highlights

- Q1'13 cash flow from operating activities of \$36 million vs. \$20 million in Q1'12
  - Depreciation of \$20 million and amortization of \$12 million
  - Inventory days up 4 days sequentially to 110 days
  - DSO's of 59, up 1 day vs. Q1 '12
  - Capital expenditures of \$24 million
- Total debt of \$1.52 billion; net debt of \$1.47 billion
  - Net debt: 39% of total capitalization\*
  - Leverage\*\*: 2.7x

\* Net debt : long term debt and notes payable minus cash and equivalents. Total capitalization: net debt + shareholder's equity

\*\* Leverage ratio: net debt to adjusted EBITDA; calculated using adjusted operating income and adding depreciation

# 2013 Earnings Guidance

- 2013 adjusted earnings in the range of \$ 2.33 to \$2.43 per diluted share



# Appendix

# Non-GAAP Reconciliation: Q1 2013

DENTSPLY INTERNATIONAL INC.  
CONSOLIDATED STATEMENTS OF INCOME

**GAAP**  
THREE MONTHS ENDED

**NON-GAAP**  
THREE MONTHS ENDED

	March 31, 2013	Acquisition Related Activities	Restructuring, Credit Risks & Other Costs	Income Tax Related Adjustments	Amortization on purchased intangible assets	Total Non-GAAP Adjustments	March 31, 2013
NET SALES	\$ 732,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 732,084
NET SALES-without precious metals	672,649	-	-	-	-	-	672,649
GROSS PROFIT	388,200	219	-	-	3,255	3,474	391,674
% OF NET SALES-without precious metals	57.7%						58.2%
SG&A EXPENSES	293,677	(1,918)	(107)	-	(8,679)	(10,704)	282,973
% OF NET SALES-without precious metals	43.7%						42.1%
RESTRUCTURING AND OTHER COSTS	665	-	(665)	-	-	(665)	-
INCOME FROM OPERATIONS	93,858	2,137	772	-	11,934	14,843	108,701
% OF NET SALES-without precious metals	14.0%						16.2%
NET INTEREST AND OTHER EXPENSE	15,964	-	(4,485)	-	-	(4,485)	11,479
PRE-TAX INCOME	77,894	2,137	5,257	-	11,934	19,328	97,222
INCOME TAXES	3,542	784	1,961	11,388	3,558	17,691	21,233
	4.5%						21.8%
EQUITY EARNINGS (LOSS) OF UNCONSOLIDATED AFFILIATES	(1,779)	-	1,905	-	-	1,905	126
LESS: NET INCOME/(LOSS) ATTRIBUTABLE TO THE NON-CONTROLLING INTERESTS	888	-	-	-	-	-	888
NET INCOME ATTRIBUTABLE TO DENTSPLY INTERNATIONAL	\$ 71,685	\$ 1,353	\$ 5,201	\$ (11,388)	\$ 8,376	\$ 3,542	\$ 75,227
% OF NET SALES-without precious metals	10.7%						11.2%
EARNINGS PER SHARE - DILUTED	\$ 0.49	\$ 0.01	\$ 0.04	\$ (0.08)	\$ 0.06	\$ 0.03	\$ 0.52

DENTSPLY

10

NASDAQ-XRAY

# Non-GAAP Reconciliation: Q1 2012

DENTSPLY INTERNATIONAL INC.  
CONSOLIDATED STATEMENTS OF INCOME

**GAAP**  
THREE MONTHS ENDED

**NON-GAAP**  
THREE MONTHS ENDED

	March 31, 2012	Acquisition Related Activities	Restructuring, Ortho Continuity, Credit Risks & Other Costs	Income Tax Related Adjustments	Amortization of purchased intangible assets	Total Non-GAAP Adjustments	March 31, 2012
NET SALES	\$ 716,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 716,413
NET SALES-without precious metals	665,625	-	-	-	-	-	665,625
GROSS PROFIT	392,750	6	16	-	3,312	3,334	396,084
% OF NET SALES-without precious metals	59.0%						59.5%
SG&A EXPENSES	304,353	(7,564)	(1,057)	-	(12,048)	(20,669)	283,684
% OF NET SALES-without precious metals	45.7%						42.6%
RESTRUCTURING AND OTHER COSTS	1,237	35	(1,272)	-	-	(1,237)	-
INCOME FROM OPERATIONS	87,160	7,535	2,345	-	15,360	25,240	112,400
% OF NET SALES-without precious metals	13.1%						16.9%
NET INTEREST AND OTHER EXPENSE	13,969	-	(273)	-	-	(273)	13,696
PRE-TAX INCOME	73,191	7,535	2,618	-	15,360	25,513	98,704
INCOME TAXES	14,715	2,738	856	35	4,378	8,007	22,722
	20.1%						23.0%
EQUITY EARNINGS (LOSS) OF UNCONSOLIDATED AFFILIATES	(4,248)	-	4,465	-	-	4,465	217
LESS: NET INCOME/(LOSS) ATTRIBUTABLE TO THE NON-CONTROLLING INTERESTS	944	-	-	-	-	-	944
NET INCOME ATTRIBUTABLE TO DENTSPLY INTERNATIONAL	\$ 53,284	\$ 4,797	\$ 6,227	\$ (35)	\$ 10,982	\$ 21,971	\$ 75,255
% OF NET SALES-without precious metals	8.0%						11.3%
EARNINGS PER SHARE - DILUTED	\$ 0.37	\$ 0.03	\$ 0.04	\$ -	\$ 0.08	\$ 0.15	\$ 0.52

DENTSPLY

11

NASDAQ-XRAY