

Sirona – The Dental Company

First Quarter 2013 Earnings Presentation
February 8, 2013



First 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.



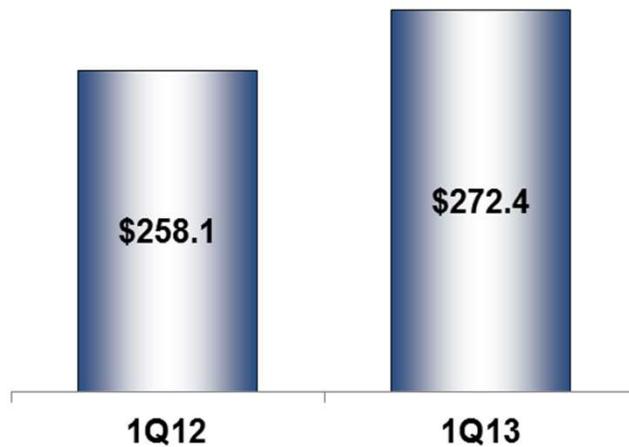
- 1Q13 constant currency revenue growth of 8.6%, with:
 - CAD/CAM up 16.5%, cc
 - Treatment Centers up 8.4%, cc
 - Imaging up 4.9%, cc
 - Instruments down 2.1%, cc
- Strong revenue growth despite a tough comparable and manufacturing constraints. Last year's Q1 Sirona grew 10.2% constant currency, with particular strength in imaging, up 24.3% constant currency.
 - U.S. revenues grew 29.0%
 - International revenues grew 0.6% cc

First Quarter 2013 Earnings Presentation Overview

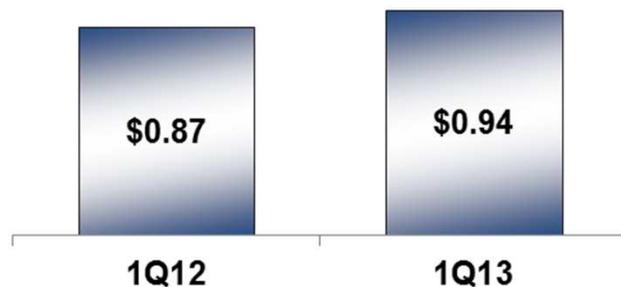


Revenue

(US\$ in millions)



Non-GAAP adjusted EPS* (US\$)



- U.S. sales were exceptionally strong, up 29.0%, positively impacted by our expanded exclusivity agreement with Patterson, strong demand for our CAD/CAM and Imaging products and the anticipated implementation of the Medical Device Tax in 2013.
- International revenues decreased 3.3%, but were up 0.6% cc, impacted by capacity constraints for the Omnicam and from the prioritization of the U.S., a challenging prior year comparison for Imaging and a back-end loaded order intake which we expect to translate into sales in Q2.
- Non-GAAP adjusted EPS increased 9% to \$0.94.

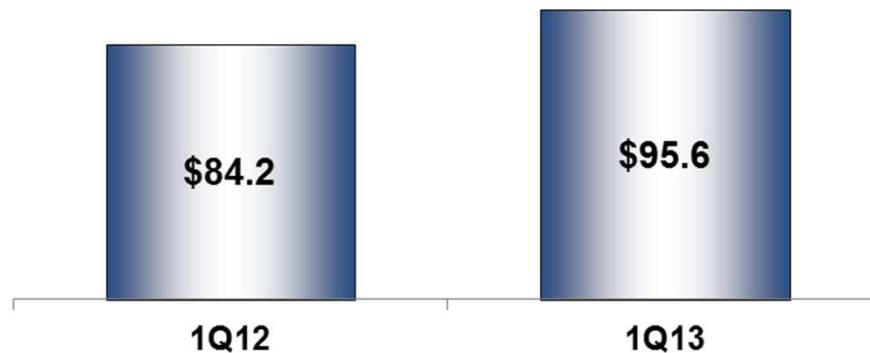
*Non-GAAP adjusted EPS is a non-GAAP financial measures that excludes certain items. Please refer to "Reconciliation of GAAP EPS to Non-GAAP adjusted EPS" and "Non-GAAP Measures Disclosure" at the end of the presentation.

First Quarter 2013 Earnings Presentation CAD/CAM Segment



CAD/CAM Revenue

(US\$ in millions)

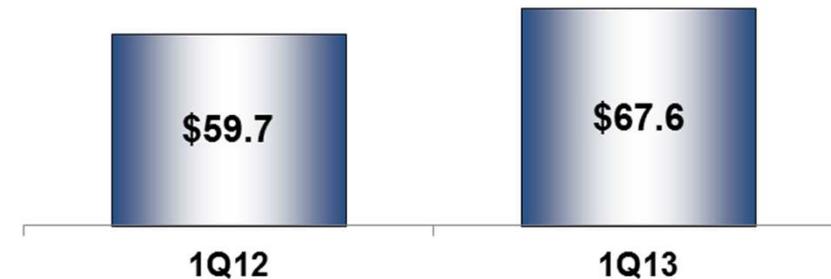


Revenue Growth

Reported	+13.5%
<u>Currency</u>	<u>+ 3.0%</u>
Constant Currency	+16.5%

Segment Gross Profit

(US\$ in millions)



Segment Gross Profit Margin

1Q12	70.9%
<u>1Q13</u>	<u>70.7%</u>
Change	-20 bps

First Quarter 2013 Earnings Presentation CAD/CAM Segment



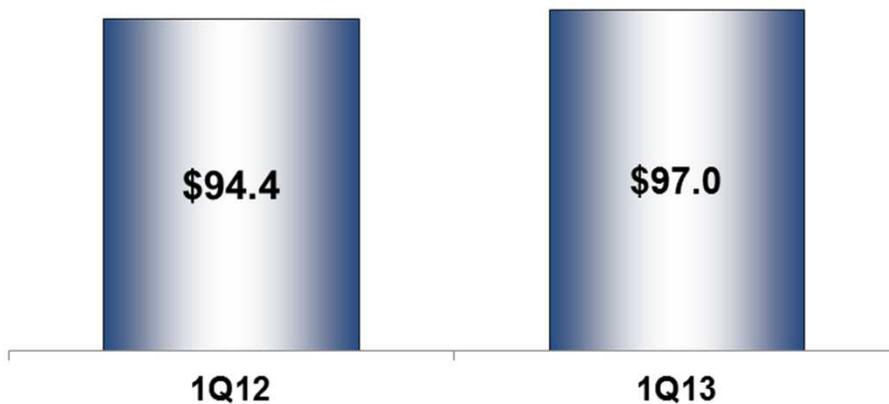
- Record segment revenues of \$95.6 million, up 13.5%, or up 16.5% cc.
- Omnicam launch generating significant order intake, but manufacturing constraints led to prioritization and impacted Q1 results, especially internationally.
- CAD/CAM segment gross profit margin decreased 20 bps to 70.7%. Gross profit margin reflects a limited impact from Omnicam due to a relatively low portion of mix.

First Quarter 2013 Earnings Presentation Imaging Segment



Imaging Revenue

(US\$ in millions)

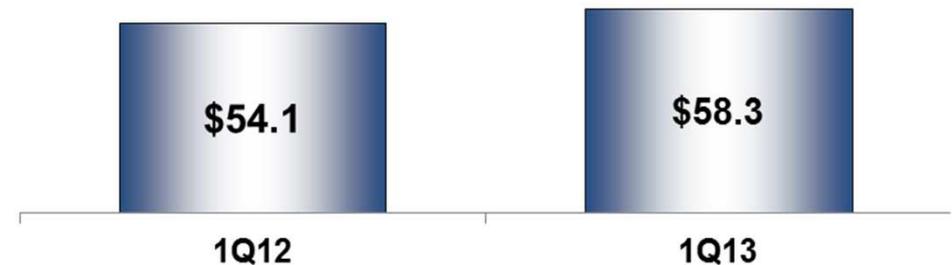


Revenue Growth

Reported	+2.7%
Currency	+2.2%
Constant Currency	+4.9%

Segment Gross Profit

(US\$ in millions)



Segment Gross Profit Margin

1Q12	57.3%
1Q13	60.2%
Change	+290 bps

First Quarter 2013 Earnings Presentation Imaging Segment

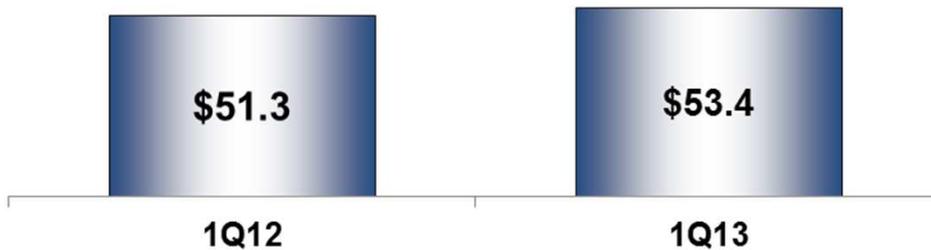


- Record revenues of \$97.0 million, up 2.7%, but up 4.9% cc despite a very challenging comparable. Last year's Q1 Imaging grew ~24% cc.
- Sales were particularly strong in the U.S.
- Successful launch of Schick 33
- Gross profit margin improved 290 bps benefiting from favorable product mix.

First Quarter 2013 Earnings Presentation Treatment Centers



Treatment Center Revenue (US\$ in millions)



Revenue Growth

Reported	+4.3%
<u>Currency</u>	<u>+4.1%</u>
Constant currency	+8.4%

Segment Gross Profit (US\$ in millions)



Segment Gross Profit Margin

1Q12	40.1%
<u>1Q13</u>	<u>39.6%</u>
Change	-50 bps

First Quarter 2013 Earnings Presentation Treatment Centers



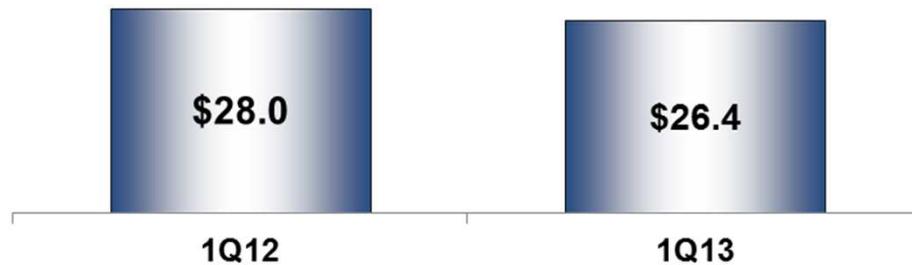
- Record revenues of \$53.4 million, up 4.3%, or up 8.4% cc. Growth was strong across most geographies.
- Above market growth resulting in continued market share gains.
- Robust performance of the comfort and standard product lines.
- Slight gross profit margin contraction due to product mix.

First Quarter 2013 Earnings Presentation Instruments



Instruments Revenue

(US\$ in millions)



Revenue Growth

Reported	-5.8%
<u>Currency</u>	<u>+3.7%</u>
Constant Currency	-2.1%

Segment Gross Profit

(US\$ in millions)



Segment Gross Profit Margin

1Q12	47.8%
<u>1Q13</u>	<u>46.2%</u>
Change	-160 bps

First Quarter 2013 Earnings Presentation Instruments



- Revenues of \$26.4 million, down 5.8%, or down 2.1% cc.
- Challenging comparison to the prior year where instruments grew 8.4% cc.
- Margin contraction mainly due to product mix.

First Quarter 2013 Earnings Presentation

Operating Performance



	<u>1Q13</u>	<u>1Q12</u>	<i>% chg.</i>
Revenue	\$ 272,404	\$ 258,116	5.5%
Cost of sales	120,533	119,333	1.0%
Gross profit	151,871	138,783	9.4%
Selling, general and administrative expense	85,783	73,646	16.5%
Research and development	14,095	13,286	6.1%
Other operating income items (net)	(6,844)	(2,461)	
Operating income	58,837	54,312	8.3%
(Gain)/loss on foreign currency transactions, net	4,580	2,230	
(Gain)/loss on derivative instruments	(1,346)	436	
Interest expense, net	970	903	7.4%
Other expenses	340	262	
Income before taxes	54,293	50,481	7.6%
Income tax provision	15,226	11,611	
Net income	39,067	38,870	0.5%
Less: Net income attrib. to noncontrolling interests	765	593	
Net income attributable to Sirona Dental Systems, Inc.	\$ 38,302	\$ 38,277	0.1%



Guidance



- 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.

First Quarter 2013 Earnings Presentation Questions and Answers



Q&A

Reconciliation of GAAP EPS to Non-GAAP Adjusted EPS

GAAP Reconciliation to Non-GAAP				
Three months ended December 31, 2012				
	Pre Tax	Tax Impact*	After Tax	Per Diluted Share
	\$'000s, except per share amount			
GAAP net income attributable to Sirona Dental Systems, Inc. shareholders			\$ 38,302	\$ 0.68
Adjustments				
Amortization and depreciation expense resulting from the step-up to fair values of intangible assets related to past business combinations	\$ 9,633	\$ 2,312	7,321	
(Gain)/loss on foreign currency transactions, net	4,580	1,099	3,481	
(Gain)/loss on derivative instruments	(1,346)	(323)	(1,023)	
Other items:				
Non-cash remeasurement of deferred tax assets and liabilities due to an increase in German trade tax rate	2,196		2,196	
Non-cash compensation charge for the revaluation of share based compensation in connection with the Transition Agreement for the departing CEO and Chairman	3,764	903	2,861	
Non-GAAP adjusted net income attributable to Sirona Dental Systems, Inc. shareholders			\$ <u>53,137</u>	\$ <u>0.94</u>

* 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 December 31, 2012, was \$1.29708 and varied from \$1.28296 to \$1.31075. For the three months ended December 31, 2011, an average exchange rate converting Euro denominated revenues into U.S. Dollars of \$1.34934 was applied.