



DENTSPLY INTERNATIONAL

DENTSPLY Supplemental Materials

NASDAQ-XRAY

DENTSPLY International, Inc.

First Quarter 2014 Earnings Call

May 6, 2014

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Forward Looking Statements

This presentation contains forward-looking information (within the meaning of the Private Securities Litigation Reform Act of 1995) 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, volatility in the capital markets or changes in our credit ratings, continued support of our products by influential dental and medical professionals, our ability to successfully integrate acquisitions, risks associated with foreign currency exchange rates, risks associated with our competitors' introduction of generic or private label products, our ability to accurately predict dealer and customer inventory levels, our ability to successfully realize the benefits of any cost reduction or restructuring efforts, our ability to obtain a supply of certain finished goods and raw materials from third parties and changes in the general economic environment that could affect the business. Changes in such assumptions or factors could produce significantly different results.

For additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements, please refer to the Company's most recent Form 10-K and its subsequent periodic reports on Forms 10-Q filed with the Securities and Exchange Commission.

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. The Company discloses adjusted net income attributable to DENTSPLY International 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 certain large non-cash charges related to purchased intangible assets. The Company believes that this information is helpful in understanding underlying operating trends and cash flow generation. The adjusted net income attributable to DENTSPLY International consists of net income attributable to DENTSPLY International adjusted to exclude the impact of the following:

(1) Acquisition related costs. These adjustments include costs related to integrating recently acquired businesses and specific costs related to the consummation of the acquisition process. These costs 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 and other costs. These adjustments include both costs and income that 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. Following a significant acquisition in 2011, the Company began recording large non-cash charges related to the values attributed to purchased intangible assets. These charges have been excluded from adjusted net income attributed to DENTSPLY International to allow investors to evaluate and understand operating trends excluding these large non-cash charges.

(4) Income related to credit risk and fair value adjustments. These adjustments include both the cost and income impacts of adjustments in certain assets and liabilities 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) Certain fair value adjustments related to an unconsolidated affiliated company. This adjustment represents the fair value adjustment of the unconsolidated affiliated company's convertible debt instrument held by the Company. The affiliate is accounted for under the equity method of accounting. The fair value adjustment is driven by open market pricing of the affiliate's equity instruments, which has a high degree of variability and may not be indicative of the operating performance of the affiliate or the Company.

(6) 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. 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.

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 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 2014 Performance Summary

- Sales, ex PM, grew +2.5%
 - Internal growth of +1.1%
- Adjusted operating margin expanded 150 bps to 17.7%
- EPS on an adjusted basis grew +13.5% to \$0.59

Q1 2014 Internal Growth, Ex. PM

Consolidated internal growth: Q1 2014: +1.1%

United States

Q1 2014: 33% of total

Internal growth: +0.1%

Europe

Q1 2014: 47% of total

Internal growth: -1.3%

Rest of World

Q1 2014: 20% of total

Internal growth: +8.9%

Cash Flow and Balance Sheet Highlights

- Q1 2014 cash flow from operating activities of \$65 million
 - Depreciation of \$21 million and amortization of \$14 million
 - Capital expenditures of \$25 million
- Total debt of \$1.47 billion; net debt of \$1.41 billion
 - Net debt*: 36% of total capitalization
 - Leverage**: 2.4x
- Inventory days up 10 to 120, compared to 110 at Q1 2013
- DSO's of 61, up 2 from 59 days at Q1 2013

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

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

2014 Earnings Guidance

- 2014 adjusted earnings in the range of \$2.47 to \$2.55 per diluted share

Appendix

Non-GAAP Reconciliation: Q1 2014

DENTSPLY INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF INCOME

GAAP
THREE MONTHS ENDED

NON-GAAP
THREE MONTHS ENDED

	March 31, 2014	Acquisition Related Activities	Restructuring, Credit Risks & Other Costs	Income Tax Related Adjustments	Amortization of purchased intangible assets	Total Non-GAAP Adjustments	March 31, 2014
NET SALES	\$ 730,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 730,114
NET SALES-without precious metals	689,182	-	-	-	-	-	689,182
GROSS PROFIT	394,205	1,101	-	-	3,137	4,238	398,443
% OF NET SALES-without precious metals	57.2%						57.8%
SG&A EXPENSES	287,842	(1,834)	(116)	-	(9,438)	(11,388)	276,454
% OF NET SALES-without precious metals	41.8%						40.1%
RESTRUCTURING AND OTHER COSTS	793	-	(793)	-	-	(793)	-
INCOME FROM OPERATIONS	105,570	2,935	909	-	12,575	16,419	121,989
% OF NET SALES-without precious metals	15.3%						17.7%
NET INTEREST AND OTHER EXPENSE	9,908	-	791	-	-	791	10,699
PRE-TAX INCOME	95,662	2,935	118	-	12,575	15,628	111,290
INCOME TAXES	22,452	969	(58)	(1,897)	3,663	2,677	25,129
	23.5%						22.6%
EQUITY EARNINGS (LOSS) OF UNCONSOLIDATED AFFILIATES	(290)	-	(361)	-	-	(361)	(651)
LESS: NET INCOME/(LOSS) ATTRIBUTABLE TO THE NON-CONTROLLING INTERESTS	42	-	-	-	-	-	42
NET INCOME ATTRIBUTABLE TO DENTSPLY INTERNATIONAL	\$ 72,878	\$ 1,966	\$ (185)	\$ 1,897	\$ 8,912	\$ 12,590	\$ 85,468
% OF NET SALES-without precious metals	10.6%						12.4%
EARNINGS PER SHARE - DILUTED	\$ 0.50	\$ 0.01	\$ -	\$ 0.01	\$ 0.06	\$ 0.09	\$ 0.59

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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 of 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

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