UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2020

Commission File Number 0-16211

DENTSPLY SIRONA Inc.

(Exact name of registrant as specified in its charter)

Delaware	39-1434669
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
13320 Ballantyne Corporate Place, Charlotte, North Carolina	28277-3607
(Address of principal executive offices)	(Zip Code)

(844) 848-0137
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $.01 per share	**XRAY**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At August 3, 2020, DENTSPLY SIRONA Inc. had 218,496,392 shares of common stock outstanding.

DENTSPLY SIRONA Inc.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1 – Financial Statements

DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 490.6	$ 1,009.4	$ 1,364.9	$ 1,955.6
Cost of products sold	314.5	468.6	721.0	915.1
Gross profit	176.1	540.8	643.9	1,040.5
Selling, general, and administrative expenses	279.1	430.9	672.6	862.8
Goodwill impairment	—	—	156.6	—
Restructuring and other costs	1.3	42.4	43.8	62.9
Operating (loss) income	(104.3)	67.5	(229.1)	114.8
Other income and expenses:				
Interest expense	12.3	8.0	19.0	16.4
Interest income	(1.0)	(0.2)	(1.4)	(1.3)
Other expense (income), net	4.3	12.1	2.9	(1.7)
(Loss) income before income taxes	(119.9)	47.6	(249.6)	101.4
(Benefit) provision for income taxes	(24.0)	11.2	(13.8)	25.8
Net (loss) income	(95.9)	36.4	(235.8)	75.6
Less: Net loss attributable to noncontrolling interest	(0.5)	—	(0.5)	—
Net (loss) income attributable to Dentsply Sirona	$ (95.4)	$ 36.4	$ (235.3)	$ 75.6
Net (loss) income per common share attributable to Dentsply Sirona:				
Basic	$ (0.44)	$ 0.16	$ (1.07)	$ 0.34
Diluted	$ (0.44)	$ 0.16	$ (1.07)	$ 0.34
Weighted average common shares outstanding:				
Basic	218.7	224.2	219.8	223.7
Diluted	218.7	225.7	219.8	225.3

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net (loss) income	$ (95.9)	$ 36.4	$ (235.8)	$ 75.6
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss)	73.6	43.7	(44.8)	(17.3)
Net loss on derivative financial instruments	(7.5)	(9.8)	(2.9)	(8.1)
Pension liability gain	1.5	0.9	3.1	1.8
Total other comprehensive income (loss), net of tax	67.6	34.8	(44.6)	(23.6)
Total comprehensive (loss) income	(28.3)	71.2	(280.4)	52.0
Less: Comprehensive income attributable to noncontrolling interests	0.1	—	0.4	0.3
Total comprehensive (loss) income attributable to Dentsply Sirona	$ (28.4)	$ 71.2	$ (280.8)	$ 51.7

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions, except per share amounts)
(unaudited)

	June 30, 2020	December 31, 2019
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,109.1	$ 404.9
Accounts and notes receivables-trade, net	500.2	782.0
Inventories, net	548.9	561.7
Prepaid expenses and other current assets, net	204.7	251.3
Total Current Assets	2,362.9	1,999.9
Property, plant and equipment, net	771.7	802.4
Operating lease right-of-use assets, net	138.8	159.3
Identifiable intangible assets, net	2,039.6	2,176.3
Goodwill, net	3,227.2	3,396.5
Other noncurrent assets, net	64.0	68.5
Total Assets	$ 8,604.2	$ 8,602.9
Liabilities and Equity		
Current Liabilities:		
Accounts payable	$ 214.1	$ 307.9
Accrued liabilities	486.9	629.2
Income taxes payable	61.7	56.1
Notes payable and current portion of long-term debt	0.3	2.3
Total Current Liabilities	763.0	995.5
Long-term debt	2,182.7	1,433.1
Operating lease liabilities	101.0	119.5
Deferred income taxes	439.2	479.6
Other noncurrent liabilities	472.9	480.3
Total Liabilities	3,958.8	3,508.0
Commitments and contingencies	—	—
Equity:		
Preferred stock, $1.00 par value; 0.25 million shares authorized; no shares issued	—	—
Common stock, $0.01 par value;	2.6	2.6
400.0 million shares authorized, and 264.5 million shares issued at June 30, 2020 and December 31, 2019		
218.4 million and 221.3 million shares outstanding at June 30, 2020 and December 31, 2019, respectively		
Capital in excess of par value	6,576.7	6,586.7
Retained earnings	1,124.7	1,404.2
Accumulated other comprehensive loss	(644.7)	(599.7)
Treasury stock, at cost, 46.1 million and 43.2 million shares at June 30, 2020 and December 31, 2019, respectively	(2,416.2)	(2,301.3)
Total Dentsply Sirona Equity	4,643.1	5,092.5
Noncontrolling interests	2.3	2.4
Total Equity	4,645.4	5,094.9
Total Liabilities and Equity	$ 8,604.2	$ 8,602.9

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in millions, except per share amounts)
(unaudited)

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Dentsply Sirona Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2019	$ 2.6	$ 6,586.7	$ 1,404.2	$ (599.7)	$ (2,301.3)	$ 5,092.5	$ 2.4	$ 5,094.9
Net loss	—	—	(139.9)	—	—	(139.9)	—	(139.9)
Other comprehensive (loss) income	—	—	—	(112.5)	—	(112.5)	0.3	(112.2)
Exercise of stock options	—	(0.5)	—	—	4.3	3.8	—	3.8
Stock based compensation expense	—	9.4	—	—	—	9.4	—	9.4
Funding of employee stock purchase plan	—	0.8	—	—	1.3	2.1	—	2.1
Treasury shares purchased	—	(28.0)	—	—	(112.0)	(140.0)	—	(140.0)
Restricted stock unit distributions	—	(14.8)	—	—	8.7	(6.1)	—	(6.1)
Restricted stock unit dividends	—	0.3	(0.3)	—	—	—	—	—
Cash dividends ($0.1000 per share)	—	—	(21.8)	—	—	(21.8)	—	(21.8)
Balance at March 31, 2020	$ 2.6	$ 6,553.9	$ 1,242.2	$ (712.2)	$ (2,399.0)	$ 4,687.5	$ 2.7	$ 4,690.2
Net loss	—	—	(95.4)	—	—	(95.4)	(0.5)	(95.9)
Other comprehensive income	—	—	—	67.5	—	67.5	0.1	67.6
Exercise of stock options	—	0.3	—	—	1.3	1.6	—	1.6
Stock based compensation expense	—	10.3	—	—	—	10.3	—	10.3
Treasury shares purchased	—	28.0	—	—	(28.0)	—	—	—
Restricted stock unit distributions	—	(16.0)	—	—	9.5	(6.5)	—	(6.5)
Restricted stock unit dividends	—	0.2	(0.2)	—	—	—	—	—
Cash dividends ($0.1000 per share)	—	—	(21.9)	—	—	(21.9)	—	(21.9)
Balance at June 30, 2020	$ 2.6	$ 6,576.7	$ 1,124.7	$ (644.7)	$ (2,416.2)	$ 4,643.1	$ 2.3	$ 4,645.4

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Dentsply Sirona Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2018	$ 2.6	$ 6,522.3	$ 1,225.9	$ (478.7)	$ (2,151.0)	$ 5,121.1	$ 11.9	$ 5,133.0
Net income	—	—	39.2	—	—	39.2	—	39.2
Other comprehensive (loss) income	—	—	—	(58.7)	—	(58.7)	0.3	(58.4)
Divestiture of noncontrolling interest	—	—	—	—	—	—	(10.4)	(10.4)
Exercise of stock options	—	1.5	—	—	18.2	19.7	—	19.7
Stock based compensation expense	—	9.1	—	—	—	9.1	—	9.1
Funding of employee stock purchase plan	—	0.1	—	—	1.9	2.0	—	2.0
Restricted stock unit distributions	—	(12.8)			8.0	(4.8)	—	(4.8)
Restricted stock unit dividends	—	0.2	(0.2)	—	—	—	—	—
Cash dividends ($0.0875 per share)	—	—	(19.9)	—	—	(19.9)	—	(19.9)
Balance at March 31, 2019	$ 2.6	$ 6,520.4	$ 1,245.0	$ (537.4)	$ (2,122.9)	$ 5,107.7	$ 1.8	$ 5,109.5
Net income	—	—	36.4	—	—	36.4	—	36.4
Other comprehensive income	—	—	—	34.8	—	34.8	—	34.8
Exercise of stock options	—	6.3	—	—	50.2	56.5	—	56.5
Stock based compensation expense	—	25.2	—	—	—	25.2	—	25.2
Treasury shares purchased	—	—	—	—	(60.0)	(60.0)	—	(60.0)
Restricted stock unit distributions	—	(0.8)	—	—	0.7	(0.1)	—	(0.1)
Restricted stock unit dividends	—	0.2	(0.2)	—	—	—	—	—
Cash dividends ($0.0875 per share)	—	—	(19.4)	—	—	(19.4)	—	(19.4)
Balance at June 30, 2019	$ 2.6	$ 6,551.3	$ 1,261.8	$ (502.6)	$ (2,132.0)	$ 5,181.1	$ 1.8	$ 5,182.9

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash flows from operating activities:		
Net (loss) income	$ (235.8)	$ 75.6
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	64.5	70.4
Amortization of intangible assets	93.8	95.5
Amortization of deferred financing costs	1.8	1.4
Fixed asset impairment	—	33.2
Goodwill impairment	156.6	—
Indefinite-lived intangible asset impairment	38.7	5.3
Deferred income taxes	(32.4)	(18.4)
Stock based compensation expense	19.7	34.4
Restructuring and other costs - non-cash	4.5	14.8
Other non-cash income	(3.7)	(16.7)
Loss on disposal of property, plant and equipment	0.6	0.6
Gain on divestiture of noncontrolling interest	—	(8.7)
Loss on sale of non-strategic businesses and product lines	—	14.5
Changes in operating assets and liabilities, net of acquisitions:		
Accounts and notes receivable-trade, net	268.7	(1.5)
Inventories, net	(1.0)	(18.3)
Prepaid expenses and other current assets, net	33.0	7.9
Other noncurrent assets, net	5.9	6.9
Accounts payable	(88.7)	(32.2)
Accrued liabilities	(138.6)	(81.1)
Income taxes	(14.6)	(11.0)
Other noncurrent liabilities	(8.6)	1.8
Net cash provided by operating activities	164.4	174.4
Cash flows from investing activities:		
Capital expenditures	(38.8)	(63.5)
Cash received on sale of non-strategic businesses or product lines	—	11.6
Cash received on derivative contracts	57.5	27.0
Purchase of short term investments	—	(0.3)
Proceeds from sale of property, plant and equipment, net	0.7	0.7
Net cash provided by (used in) investing activities	19.4	(24.5)
Cash flows from financing activities:		
Repayments on short-term borrowings	(1.2)	(23.3)
Cash paid for treasury stock	(140.0)	(60.0)
Cash dividends paid	(44.0)	(39.1)
Proceeds from long-term borrowings	1,448.4	1.7
Repayments of long-term borrowings	(700.9)	(134.6)
Deferred financing costs	(6.3)	—
Proceeds from exercised stock options	5.4	76.4
Cash paid for contingent consideration on prior acquisitions	(2.7)	(30.6)
Cash paid on derivative contracts	(30.5)	—
Net cash provided by (used in) financing activities	528.2	(209.5)
Effect of exchange rate changes on cash and cash equivalents	(7.8)	0.1
Net increase (decrease) in cash and cash equivalents	704.2	(59.5)
Cash and cash equivalents at beginning of period	404.9	309.6
Cash and cash equivalents at end of period	$ 1,109.1	$ 250.1

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and the rules of the U.S. Securities and Exchange Commission (“SEC”). The year-end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by US GAAP. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement of the results for interim periods have been included. Results for interim periods should not be considered indicative of results for a full year. These financial statements and related notes contain the accounts of DENTSPLY SIRONA Inc. and subsidiaries (“Dentsply Sirona” or the “Company”) on a consolidated basis and should be read in conjunction with the consolidated financial statements and notes included in the Company’s most recent Form 10-K for the year ended December 31, 2019.

The accounting policies of the Company, as applied in the interim consolidated financial statements presented herein are substantially the same as presented in the Company’s Form 10-K for the year ended December 31, 2019, except as may be indicated below.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates, and such differences may be material to the consolidated financial statements.

For the six months ended June 30, 2020, the Company made certain estimates and assumptions related to the financial statements. Some of these estimates and assumptions were based on the impacts of the COVID-19 pandemic as they were known as of the date of the filing of this Form 10-Q and there may be changes to those estimates in future periods. Actual results may differ from these estimates. As of the date of issuance of these consolidated financial statements, the full extent to which the COVID-19 pandemic will directly or indirectly have a negative material impact on the Company's financial condition, liquidity, or results of operations, is highly uncertain and difficult to predict. More specifically, the demand for the Company's products has been, and continues to be, affected by social distancing guidelines, newly implemented dental practice safety protocols which reduce patient traffic, and patient reluctance to seek dental care. At this time, it is uncertain how long these impacts will continue. The impact of the stay-at-home orders and limits to essential-only dental procedures affected demand for the Company's products in March and April, and began to see improvements in May and June as some of these orders were lifted. Furthermore, economies and, to a lesser extent, capital markets worldwide have also been negatively impacted by the continuing COVID-19 pandemic, and it is possible that it could prolong or deepen the United States and/or global economic recession. Such economic disruption has had, and could continue to have, a significant negative effect on the Company's business. Governmental authorities around the world have responded with fiscal policy actions to support economies as a whole. The magnitude and overall effectiveness of these actions remain uncertain.

During the first six months of 2020, the Company's business was impacted by COVID-19. The impact began in mid-March where it was most pronounced in Europe and certain countries in Asia where the Company experienced partial or country-wide lockdowns of operations in various markets; including China, France, and Italy. The United States was most impacted in April and May. Certain other countries in South America continue to be impacted by many COVID-19 cases. Additionally, most countries throughout the world continue to experience localized surges of COVID-19 cases which are being responded to by governmental authorities with partial lockdowns. While the duration and severity of this continuing pandemic is uncertain, the Company currently expects that its results of operations will have a negative material impact for the remainder of 2020 and potentially beyond. As a result of the economic uncertainties caused by the COVID-19 pandemic, the Company has implemented several measures to improve liquidity and operating results, including reduction of hours and salaries, furloughs, suspended hiring, travel bans, delaying some of its planned capital expenditures, and deferring other discretionary spending for 2020. The Company will continue to reassess the reduction in work hours and furloughs as demand for products increases. The Company believes it will be able to generate sufficient liquidity to satisfy its obligations and remain in compliance with the Company's existing debt covenants for the next twelve months.

Specifically, at June 30, 2020, the Company had $1,109.1 million of cash and has availability to a $700.0 million revolving credit facility as well as other credit facilities of approximately $400.0 million entered into during the three months ended June 30, 2020. For further details on these credit facilities see Note 11, Financing Arrangements. At June 30, 2020, the Company is in compliance with all of the debt covenants. The Company expects to remain in compliance with all covenants, which includes an operating income excluding depreciation and amortization to interest expense of not less than 3.0 times on a trailing twelve months basis. If recovery from the pandemic takes longer than currently estimated by the Company, the Company may need to seek covenant waivers in the future. The Company's failure to obtain debt covenant waivers could trigger a violation of these covenants and lead to default and acceleration of all of its outstanding debt, which could have a material adverse effect on liquidity.

Revenue Recognition

At June 30, 2020, the Company had $25.7 million of deferred revenue recorded in Accrued liabilities in the Consolidated Balance Sheets. The Company expects to recognize significantly all of the deferred revenue within the next 12 months.

Accounts and Notes Receivable

The Company records a provision for doubtful accounts, which is included in Selling, general, and administrative expenses in the Consolidated Statements of Operations.

Accounts and notes receivables – trade, net are stated net of allowances for doubtful accounts and trade discounts, which were $37.4 million at June 30, 2020 and $29.4 million at December 31, 2019. During the three months ended June 30, 2020, the Company has experienced delays in customer payments as a result of disruptions in operations of dental practices due to the COVID-19 pandemic.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13 "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This newly issued accounting standard changes the recognition and measurement of credit losses, including trade accounts receivable. Under current accounting standards, a loss is recognized when such loss becomes probable of occurring. The new standard broadens the information that an entity must consider when developing expected credit loss estimates. The Company adopted this accounting standard on January 1, 2020. The adoption of this standard did not materially impact the Company's financial position, results of operations, cash flows, disclosures or internal controls.

In December 2019, the FASB issued ASU No. 2019-12 "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." This newly issued accounting standard simplifies key provisions for accounting for income taxes, as part of the FASB's initiative to reduce complexity in accounting standards. The amendments eliminate certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The amendments also clarify and simplify other aspects of the accounting for income taxes. The amendments in this update are effective for interim and fiscal periods beginning after December 31, 2020. The Company adopted this accounting standard on January 1, 2020. The adoption of this standard did not materially impact the Company's financial position, results of operations, cash flows, disclosures or internal controls.

In August 2018, the FASB issued ASU No. 2018-14 "Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans." This newly issued accounting standard changes disclosure requirements for defined benefit plans, including removal and modification of existing disclosures. The amendments in this standard are required for fiscal years ending after December 15, 2020. The amendments should be applied on a retrospective basis for all periods presented. The Company adopted this accounting standard on January 1, 2020. The adoption of this standard did not materially impact the Company's disclosures.

Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU No. 2020-04 "Reference Rate Reform (Topic 828): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." This newly issued accounting standard provides guidance on whether the change in reference rate is a modification versus an extinguishment of a contract. Specifically, there is risk of cessation of the London Interbank Offer Rate ("LIBOR"). The Company has certain variable interest rate debt that use LIBOR as a reference rate. The guidance provided by this accounting standard may be used for contracts entered into on or before December 31, 2022 on a prospective basis. The Company is currently assessing the impact that this standard will have on its financial position, results of operations, cash flows and disclosures.

NOTE 2 – STOCK COMPENSATION

Total stock based compensation expense for non-qualified stock options, restricted stock units ("RSU") and the tax related benefit for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended		Six Months Ended	
(in millions)	2020	2019	2020	2019
Stock option expense	$ 1.9	$ 2.8	$ 3.5	$ 5.0
RSU expense	8.0	22.1	15.6	28.8
Total stock based compensation expense	$ 9.9	$ 24.9	$ 19.1	$ 33.8
Related deferred income tax benefit	$ 1.1	$ 3.6	$ 2.1	$ 5.0

For the three and six months ended June 30, 2020, stock compensation expense was $9.9 million and $19.1 million, respectively, of which $9.6 million and $18.5 million, respectively, was recorded in Selling, general, and administrative expense, and $0.3 million and $0.6 million, respectively, was recorded in Cost of products sold in the Consolidated Statements of Operations.

For the three and six months ended June 30, 2019, stock compensation expense was $24.9 million and $33.8 million, respectively, of which $24.2 million and $32.8 million, respectively, was recorded in Selling, general, and administrative expense, and $0.7 million and $1.0 million, respectively, was recorded in Cost of products sold in the Consolidated Statements of Operations.

NOTE 3 – COMPREHENSIVE INCOME (LOSS)

Components of Other comprehensive income (loss), net of tax, for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended		Six Months Ended	
(in millions)	2020	2019	2020	2019
Foreign currency translation gains (losses)	$ 83.5	$ 54.9	$ (39.5)	$ (17.0)
Foreign currency translation loss on hedges of net investments	(10.0)	(11.2)	(5.7)	(0.6)

These amounts are recorded in Accumulated other comprehensive income (loss) ("AOCI"), net of any related tax adjustments. At June 30, 2020 and December 31, 2019, the cumulative tax adjustments were $172.0 million and $173.0 million, respectively, primarily related to foreign currency translation gains and losses.

The cumulative foreign currency translation adjustments included translation losses of $299.7 million and $260.2 million at June 30, 2020 and December 31, 2019, respectively, and cumulative losses on loans designated as hedges of net investments of $113.8 million and $108.1 million, respectively. These foreign currency translation losses were partially offset by movements on derivative financial instruments.

Changes in AOCI, net of tax, by component for the six months ended June 30, 2020 and 2019 were as follows:

(in millions)	Foreign Currency Translation Gain (Loss)	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Net Investment Hedges	Pension Liability Gain (Loss)	Total
Balance, net of tax, at December 31, 2019	$ (368.3)	$ (10.6)	$ (100.7)	$ (120.1)	$ (599.7)
Other comprehensive (loss) income before reclassifications and tax impact	(41.1)	(15.9)	9.8	—	(47.2)
Tax (expense) benefit	(4.1)	3.8	(0.7)	—	(1.0)
Other comprehensive (loss) income, net of tax, before reclassifications	(45.2)	(12.1)	9.1	—	(48.2)
Amounts reclassified from accumulated other comprehensive income, net of tax	—	0.1	—	3.1	3.2
Net (decrease) increase in other comprehensive loss	(45.2)	(12.0)	9.1	3.1	(45.0)
Balance, net of tax, at June 30, 2020	$ (413.5)	$ (22.6)	$ (91.6)	$ (117.0)	$ (644.7)

(in millions)	Foreign Currency Translation Gain (Loss)	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Net Investment Hedges	Pension Liability Gain (Loss)	Total
Balance, net of tax, at December 31, 2018	$ (284.7)	$ 0.6	$ (111.4)	$ (83.2)	$ (478.7)
Other comprehensive (loss) income before reclassifications and tax impact	(13.4)	(15.4)	6.7	—	(22.1)
Tax (expense) benefit	(4.2)	4.0	(4.6)	—	(4.8)
Other comprehensive (loss) income, net of tax, before reclassifications	(17.6)	(11.4)	2.1	—	(26.9)
Amounts reclassified from accumulated other comprehensive income, net of tax	—	1.2	—	1.8	3.0
Net (decrease) increase in other comprehensive loss	(17.6)	(10.2)	2.1	1.8	(23.9)
Balance, net of tax, at June 30, 2019	$ (302.3)	$ (9.6)	$ (109.3)	$ (81.4)	$ (502.6)

Reclassifications out of AOCI to the Consolidated Statements of Operations for the three and six months ended June 30, 2020 and 2019 were insignificant.

NOTE 4 – EARNINGS PER COMMON SHARE

The computation of basic and diluted earnings per common share for the three and six months ended June 30, 2020 and 2019 were as follows:

Basic Earnings Per Common Share Computation	Three Months Ended		Six Months Ended	
(in millions, except per share amounts)	2020	2019	2020	2019
Net (loss) income attributable to Dentsply Sirona	$ (95.4)	$ 36.4	$ (235.3)	$ 75.6
Weighted average common shares outstanding	218.7	224.2	219.8	223.7
(Loss) earnings per common share - basic	$ (0.44)	$ 0.16	$ (1.07)	$ 0.34

Diluted Earnings Per Common Share Computation	Three Months Ended		Six Months Ended	
(in millions, except per share amounts)	2020	2019	2020	2019
Net (loss) income attributable to Dentsply Sirona	$ (95.4)	$ 36.4	$ (235.3)	$ 75.6
Weighted average common shares outstanding	218.7	224.2	219.8	223.7
Incremental weighted average shares from assumed exercise of dilutive options from stock-based compensation awards	—	1.5	—	1.6
Total weighted average diluted shares outstanding	218.7	225.7	219.8	225.3
(Loss) earnings per common share - diluted	$ (0.44)	$ 0.16	$ (1.07)	$ 0.34

The calculation of weighted average diluted common shares outstanding excluded 0.7 million and 1.0 million of potentially diluted common shares because the Company reported a net loss for the three and six months ended June 30, 2020, respectively. Stock options and RSUs of 4.2 million and 3.1 million equivalent shares of common stock that were outstanding during the three and six months ended June 30, 2020 were excluded because their effect would be antidilutive. There were 3.1 million and 3.6 million antidilutive equivalent shares of common stock outstanding during the three and six months ended June 30, 2019.

On March 9, 2020, the Company entered into an accelerated share repurchase agreement with a financial institution pursuant to an Accelerated Share Repurchase Transaction (“ASR Agreement") to purchase $140.0 million of shares of the Company's common stock. Pursuant to the terms of the ASR Agreement, the Company delivered $140.0 million cash to a financial institution and received an initial delivery of 2.7 million shares of the Company’s common stock on March 9, 2020 based on a closing market price of $42.12 per share and the applicable contractual discount. The Company received the remaining 1.0 million shares on May 12, 2020. The average price per share for the total shares purchased under the ASR Agreement was $38.88 per share.

NOTE 5 – SEGMENT INFORMATION

The Company has numerous operating businesses covering a wide range of dental consumable products, dental technology, and dental equipment products primarily serving the professional dental market, and certain healthcare products. Professional dental products represented approximately 88%, respectively, of net sales for the three and six months ended June 30, 2020 and 91% for the three and six months ended June 30, 2019.

The operating businesses are combined into two operating groups, which generally have overlapping geographical presence, customer bases, distribution channels, and regulatory oversight. These operating groups are considered the Company's reportable segments as the Company's chief operating decision-maker regularly reviews financial results at the operating group level and uses this information to manage the Company's operations. The accounting policies of the segments are consistent with those described in the Company's most recently filed Form 10-K, in the summary of significant accounting policies.

The Company evaluates performance of the segments based on the groups' net sales and segment adjusted operating income. The Company also evaluates segment performance based on each segment's adjusted operating income before provision for income taxes and interest. Segment adjusted operating income is defined as operating income before income taxes and before certain corporate headquarters unallocated costs, restructuring and other costs, interest expense, interest income, other expense (income), net, amortization of intangible assets, and depreciation resulting from the fair value step-up of property, plant and equipment from acquisitions. The Company's segment adjusted operating income is considered a Non-GAAP measure. A description of the products and services provided within each of the Company's two operating segments is provided below.

Technologies & Equipment

This segment is responsible for the worldwide design, manufacture, sales and distribution of the Company's Dental Technology and Equipment Products and Healthcare Consumable Products. These products include dental implants, CAD/CAM systems, orthodontic clear aligners, imaging systems, treatment centers, instruments, as well as consumable medical device products.

Consumables

This segment is responsible for the worldwide design, manufacture, sale and distribution of the Company's Dental Consumable Products which include preventive, restorative, endodontic, and laboratory dental products.

The Company's segment information for the three and six months ended June 30, 2020 and 2019 was as follows:

Net Sales

	Three Months Ended		Six Months Ended	
(in millions)	2020	2019	2020	2019
Technologies & Equipment	$ 303.9	$ 558.4	$ 824.2	$ 1,079.2
Consumables	186.7	451.0	540.7	876.4
Total net sales	$ 490.6	$ 1,009.4	$ 1,364.9	$ 1,955.6

Segment Adjusted Operating (Loss) Income

	Three Months Ended		Six Months Ended	
(in millions)	2020	2019	2020	2019
Technologies & Equipment	$ (3.8)	$ 96.0	$ 107.3	$ 167.8
Consumables	(17.6)	121.8	44.0	227.5
Segment adjusted operating (loss) income	(21.4)	217.8	151.3	395.3
Reconciling items expense (income):				
All other (a)	33.5	58.9	83.2	118.6
Goodwill impairment	—	—	156.6	—
Restructuring and other costs	1.3	42.4	43.8	62.9
Interest expense	12.3	8.0	19.0	16.4
Interest income	(1.0)	(0.2)	(1.4)	(1.3)
Other expense (income), net	4.3	12.1	2.9	(1.7)
Amortization of intangible assets	46.6	47.3	93.8	95.5
Depreciation resulting from the fair value step-up of property, plant, and equipment from business combinations	1.5	1.7	3.0	3.5
(Loss) income before income taxes	$ (119.9)	$ 47.6	$ (249.6)	$ 101.4

(a) Includes the results of unassigned Corporate headquarters costs and inter-segment eliminations.

NOTE 6 – INVENTORIES

Inventories are stated at the lower of cost and net realizable value. The cost of inventories determined by the last-in, first-out ("LIFO") method at June 30, 2020 and December 31, 2019 were $7.9 million and $5.0 million, respectively. The cost of remaining inventories was determined by the first-in, first-out ("FIFO") or average cost methods. If the FIFO method had been used to determine the cost of LIFO inventories, the amounts at which net inventories are stated would be higher than reported at June 30, 2020 and December 31, 2019 by $15.9 million and $14.3 million, respectively.

Inventories, net of inventory valuation reserves, were as follows:

(in millions)	June 30, 2020	December 31, 2019
Finished goods	$ 322.3	$ 356.4
Work-in-process	78.8	82.5
Raw materials and supplies	147.8	122.8
Inventories, net	$ 548.9	$ 561.7

The inventory valuation reserve was $102.0 million and $85.0 million at June 30, 2020 and December 31, 2019, respectively. The increase in the inventory valuation reserve is primarily related to charges for slow moving inventory as a result of lower customer demand, some of which is due to the COVID-19 pandemic.

NOTE 7 – RESTRUCTURING AND OTHER COSTS

During the three and six months ended June 30, 2020 the Company recorded restructuring and other costs of $1.3 million and $43.8 million, respectively. During the three and six months ended June 30, 2019, the Company recorded restructuring and other costs of $42.4 million and $62.9 million, respectively.

Restructuring Costs

During the three and six months ended June 30, 2020 the Company recorded net restructuring costs of $2.2 million and $4.5 million, respectively. During the three and six months ended June 30, 2019, the Company recorded net restructuring costs of $10.7 million and $24.9 million, respectively. These costs are recorded in Restructuring and other costs in the Consolidated Statements of Operations and the associated liabilities are recorded in Accrued liabilities and Other noncurrent liabilities in the Consolidated Balance Sheets.

The Company's restructuring accruals at June 30, 2020 were as follows:

	Severance			
(in millions)	2018 and Prior Plans	2019 Plans	2020 Plans	Total
Balance at December 31, 2019	$ 7.2	$ 19.8	$ —	$ 27.0
Provisions	1.0	0.9	4.1	6.0
Amounts applied	(2.2)	(5.6)	(0.3)	(8.1)
Change in estimates	(0.4)	(1.5)	—	(1.9)
Balance at June 30, 2020	$ 5.6	$ 13.6	$ 3.8	$ 23.0

	Lease/Contract Terminations		
(in millions)	2018 and Prior Plans	2020 Plans	Total
Balance at December 31, 2019	$ 0.5	$ —	$ 0.5
Provisions	0.3	0.1	0.4
Amounts applied	(0.3)	(0.1)	(0.4)
Balance at June 30, 2020	$ 0.5	$ —	$ 0.5

	Other Restructuring Costs			
(in millions)	2018 and Prior Plans	2019 Plans	2020 Plans	Total
Balance at December 31, 2019	$ 2.2	$ 0.3	$ —	$ 2.5
Provisions	—	0.3	(0.2)	0.1
Amounts applied	—	(0.5)	0.2	(0.3)
Change in estimate	—	(0.1)	—	(0.1)
Balance at June 30, 2020	$ 2.2	$ —	$ —	$ 2.2

The cumulative amounts for the provisions and adjustments and amounts applied for all the plans by segment were as follows:

(in millions)	December 31, 2019	Provisions	Amounts Applied	Change in Estimates	June 30, 2020
Technologies & Equipment	$ 19.1	$ 3.1	$ (5.6)	$ (1.9)	$ 14.7
Consumables	11.4	1.3	(2.7)	(0.1)	9.9
All Other	(0.5)	2.1	(0.5)	—	1.1
Total	$ 30.0	$ 6.5	$ (8.8)	$ (2.0)	$ 25.7

Other Costs

Other costs for the three months ended June 30, 2020, were a net benefit of $0.9 million. Other costs for the six months ended June 30, 2020 were $39.3 million, which includes an impairment charge of $38.7 million related to indefinite-lived intangible assets. The impaired indefinite-lived intangible assets are tradenames and trademarks related to a reporting unit within the Technologies & Equipment segment. For further details, see Note 12, Goodwill and Intangible Assets.

Other costs for the three and six months ended June 30, 2019 were $31.7 million and $38.0 million, respectively including fixed asset impairments of $32.8 million recorded during the three months ended June 30, 2019.

These other costs are recorded in Restructuring and other costs in the Consolidated Statements of Operations.

The Company announced on August 6, 2020 that it will close its traditional orthodontics business as well as close and restructure certain portions of its laboratory business. The traditional orthodontics business is part of the Technologies & Equipment segment and the laboratory business is part of the Consumables segment. The Company intends to close several of its facilities and reduce its workforce by approximately 4% to 5%. The Company expects to record restructuring charges in a range of $80 million to $90 million for inventory write-downs, severance costs, fixed asset write-offs and other facility closure costs. It is expected that the majority of these charges will be taken during the remainder of 2020. The Company estimates that $45 million to $55 million of the restructuring charges will be non-cash charges related to inventory write-downs and fixed asset write-offs The Company does not expect a significant impact to net sales in the third and fourth quarter of 2020.

NOTE 8 – FINANCIAL INSTRUMENTS AND DERIVATIVES

Derivative Instruments and Hedging Activities

The Company's activities expose it to a variety of market risks, which primarily include the risks related to the effects of changes in foreign currency exchange rates and interest rates. These financial exposures are monitored and managed by the Company as part of its overall risk management program. The objective of this risk management program is to reduce the volatility that these market risks may have on the Company's operating results and equity. The Company employs derivative financial instruments to hedge certain anticipated transactions, firm commitments, or assets and liabilities denominated in foreign currencies. Additionally, the Company has utilized interest rate swaps to convert variable rate debt to fixed rate debt.

Derivative Instruments Designated as Hedging

Cash Flow Hedges

The following summarizes the notional amounts of cash flow hedges by derivative instrument type at June 30, 2020 and the notional amounts expected to mature during the next 12 months, with a discussion of the various cash flow hedges by derivative instrument type following the table:

(in millions)	Aggregate Notional Amount	Aggregate Notional Amount Maturing within 12 Months
Foreign exchange forward contracts	$ 312.9	$ 226.1
Total derivative instruments designated as cash flow hedges	$ 312.9	$ 226.1

Foreign Exchange Risk Management

The Company uses a program to hedge select anticipated foreign currency cash flows to reduce volatility in both cash flows and reported earnings of the consolidated Company. The Company accounts for the designated foreign exchange forward contracts as cash flow hedges. As a result, the Company records the fair value of the contracts primarily through AOCI based on the assessed effectiveness of the foreign exchange forward contracts. The Company measures the effectiveness of cash flow hedges of anticipated transactions on a spot-to-spot basis rather than on a forward-to-forward basis. Accordingly, the spot-to-spot change in the derivative fair value will be deferred in AOCI and released and recorded in the Consolidated Statements of Operations in the same period that the hedged transaction is recorded. The time-value component of the fair value of the derivative is reported on a straight-line basis in Cost of products sold in the Consolidated Statements of Operations in the period which it is applicable. Any cash flows associated with these instruments are included in operating activities in the Consolidated Statements of Cash Flows. The Company hedges various currencies, primarily in euros, Swedish kronor, Canadian dollars, British pounds, Swiss francs and Australian dollars.

These foreign exchange forward contracts generally have maturities up to 18 months and the counterparties to the transactions are typically large international financial institutions.

Interest Rate Risk Management

The Company enters into interest rate swap contracts infrequently as they are only used to manage interest rate risk on long-term debt instruments and not for speculative purposes. Any cash flows associated with these instruments are included in operating activities in the Consolidated Statements of Cash Flows.

Cash Flow Hedge Activity

Gains and losses recorded in AOCI in the Consolidated Balance Sheets, Cost of products sold and Interest expense in the Company's Consolidated Statements of Operations related to all cash flow hedges for the three months ended June 30, 2020 and 2019 were insignificant.

Gains and losses recorded in AOCI in the Consolidated Balance Sheets, Cost of products sold and Interest expense in the Company's Consolidated Statements of Operations related to all cash flow hedges for the six months ended June 30, 2020 were as follows:

	Six Months Ended June 30, 2020			
(in millions)	Gain (Loss) in AOCI	Consolidated Statements of Operations Location	Effective Portion Reclassified from AOCI into Income (Expense)	Ineffective Portion Recognized in Income (Expense)
Effective Portion:				
Foreign exchange forward contracts	$ 3.8	Cost of products sold	$ 1.3	$ —
Interest rate swaps	(19.7)	Interest expense	(1.4)	—
Ineffective Portion:				
Foreign exchange forward contracts	—	Cost of products sold	—	1.5
Total in cash flow hedging	$ (15.9)		$ (0.1)	$ 1.5

Gains and losses recorded in AOCI in the Consolidated Balance Sheets, Cost of products sold and Interest expense in the Company’s Consolidated Statements of Operations related to all cash flow hedges for the six months ended June 30, 2019 were insignificant.

For the rollforward of derivative instruments designated as cash flow hedges in AOCI see Note 3, Comprehensive Income (Loss).

Hedges of Net Investments in Foreign Operations

The Company has significant investments in foreign subsidiaries, the most significant of which are denominated in euros, Swiss francs, Japanese yen and Swedish kronor. The net assets of these subsidiaries are exposed to volatility in currency exchange rates. The Company employs both derivative and non-derivative financial instruments to hedge a portion of this exposure. The derivative instruments consist of foreign exchange forward contracts and cross currency basis swaps. The non-derivative instruments consist of foreign currency denominated debt held at the parent company level. Translation gains and losses related to the net assets of the foreign subsidiaries are offset by gains and losses in derivative and non-derivative financial instruments; which are designated as hedges of net investments and are included in AOCI. The time-value component of the fair value of the derivative is reported on a straight-line basis in Other expense (income), net in the Consolidated Statements of Operations in the applicable period. Any cash flows associated with these instruments are included in investing activities in the Consolidated Statements of Cash Flows except for derivative instruments that include an other-than-insignificant financing element, for which all cash flows are classified as financing activities in the Consolidated Statements of Cash Flows.

On April 7, 2020, the Company terminated its entire net investment hedge portfolio early which resulted in a $48.1 million cash receipt. The Company elected to enter into this transaction to convert the favorable gain position into additional liquidity.

The notional amount of hedges of net investments by derivative instrument type at June 30, 2020 and the notional amounts expected to mature during the next 12 months were as follows:

(in millions)	Aggregate Notional Amount	Aggregate Notional Amount Maturing within 12 Months
Cross currency basis swaps	$ 295.7	$ —
Total for instruments designated as hedges of net investment	$ 295.7	$ —

The fair value of the foreign exchange forward contracts and cross currency basis swaps is the estimated amount the Company would receive or pay at the reporting date, taking into account the effective interest rates, cross currency swap basis rates and foreign exchange rates. The effective portion of the change in the value of these derivatives is recorded in AOCI, net of tax effects.

Gains and losses recorded in AOCI in the Consolidated Balance Sheets, Interest expense and Other expense (income), net in the Company's Consolidated Statements of Operations related to the hedges of net investments for the three months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended June 30, 2020		
(in millions)	Gain (Loss) in AOCI	Consolidated Statements of Operations Location	Recognized in Income (Expense)
Effective Portion:			
Cross currency basis swaps	$ (5.4)	Interest expense	$ 2.1
Foreign exchange forward contracts	(9.5)	Other expense (income), net	0.4
Total for net investment hedging	$ (14.9)		$ 2.5

	Three Months Ended June 30, 2019		
(in millions)	Gain (Loss) in AOCI	Consolidated Statements of Operations Locations	Recognized in Income (Expense)
Effective Portion:			
Cross currency basis swaps	$ (2.5)	Interest expense	$ 2.1
Foreign exchange forward contracts	(9.4)	Other expense (income), net	6.1
Total for net investment hedging	$ (11.9)		$ 8.2

Gains and losses recorded in AOCI in the Consolidated Balance Sheets, Interest expense and Other expense (income), net in the Company's Consolidated Statements of Operations related to the hedges of net investments for the six months ended June 30, 2020 and 2019 were as follows:

	Six Months Ended June 30, 2020				
(in millions)	Gain (Loss) in AOCI		Consolidated Statements of Operations Location	Recognized in Income (Expense)	
Effective Portion:					
Cross currency basis swaps	$	3.4	Interest expense	$	4.4
Foreign exchange forward contracts		6.4	Other expense (income), net		6.2
Total for net investment hedging	$	9.8		$	10.6

	Six Months Ended June 30, 2019				
(in millions)	Gain (Loss) in AOCI		Consolidated Statements of Operations Location	Recognized in Income (Expense)	
Effective Portion:					
Cross currency basis swaps	$	0.6	Interest expense	$	4.1
Foreign exchange forward contracts		6.1	Other expense (income), net		9.6
Total for net investment hedging	$	6.7		$	13.7

Fair Value Hedges

Foreign Exchange Risk Management

The Company has an intercompany loan denominated in Swedish kronor that is exposed to volatility in currency exchange rates. The Company employs derivative financial instruments to hedge this exposure. The Company accounts for these designated foreign exchange forward contracts as fair value hedges. The Company measures the effectiveness of fair value hedges of anticipated transactions on a spot-to-spot basis rather than on a forward-to-forward basis. Accordingly, the spot-to-spot change in the derivative fair value will be recorded in the Consolidated Statements of Operations. Any cash flows associated with these instruments are included in investing activities in the Consolidated Statements of Cash Flows.

The notional amounts of fair value hedges by derivative instrument type at June 30, 2020 and the notional amounts expected to mature during the next 12 months were as follows:

(in millions)	Aggregate Notional Amount		Aggregate Notional Amount Maturing within 12 Months	
Foreign exchange forward contracts	$	94.5	$	57.9
Total derivative instruments as fair value hedges	$	94.5	$	57.9

Gains and losses recorded in AOCI in the Consolidated Balance Sheets and Other expense (income), net in the Company's Consolidated Statements of Operations related to the fair value hedges for the three and six months ended June 30, 2020 and 2019 were insignificant.

Derivative Instruments Not Designated as Hedges

The Company enters into derivative instruments with the intent to partially mitigate the foreign exchange revaluation risk associated with recorded assets and liabilities that are denominated in a non-functional currency. The gains and losses on these derivative transactions offset the gains and losses generated by the revaluation of the underlying non-functional currency balances and are recorded in Other expense (income), net in the Consolidated Statements of Operations. The Company primarily uses foreign exchange forward contracts to hedge these risks. Any cash flows associated with the foreign exchange forward contracts and interest rate swaps not designated as hedges are included in cash from operating activities in the Consolidated Statements of Cash Flows.

The aggregate notional amounts of the Company's economic hedges not designated as hedges by derivative instrument types at June 30, 2020 and the notional amounts expected to mature during the next 12 months were as follows:

(in millions)	Aggregate Notional Amount	Aggregate Notional Amount Maturing within 12 Months
Foreign exchange forward contracts	$ 334.0	$ 334.0
Total for instruments not designated as hedges	$ 334.0	$ 334.0

Gains and losses recorded in the Company's Consolidated Statements of Operations related to the economic hedges not designated as hedges for the three and six months ended June 30, 2020 and 2019 were insignificant.

Consolidated Balance Sheets Location of Derivative Fair Values

The fair value and the location of the Company's derivatives in the Consolidated Balance Sheets as of June 30, 2020 and December 31, 2019 were as follows:

	June 30, 2020			
(in millions)	Prepaid Expenses and Other Current Assets, Net	Other Noncurrent Assets, Net	Accrued Liabilities	Other Noncurrent Liabilities
Designated as Hedges:				
Foreign exchange forward contracts	$ 6.5	$ 3.3	$ 0.2	$ 0.7
Cross currency basis swaps	—	10.3	—	—
Total	$ 6.5	$ 13.6	$ 0.2	$ 0.7
Not Designated as Hedges:				
Foreign exchange forward contracts	$ 2.4	$ —	$ 1.0	$ —
Total	$ 2.4	$ —	$ 1.0	$ —

	December 31, 2019			
(in millions)	Prepaid Expenses and Other Current Assets, Net	Other Noncurrent Assets, Net	Accrued Liabilities	Other Noncurrent Liabilities
Designated as Hedges:				
Foreign exchange forward contracts	$ 26.9	$ 11.3	$ 1.3	$ 1.8
Interest rate swaps	—	—	—	10.8
Cross currency basis swaps	—	6.9	—	—
Total	$ 26.9	$ 18.2	$ 1.3	$ 12.6
Not Designated as Hedges:				
Foreign exchange forward contracts	$ 2.0	$ —	$ 1.5	$ —
Total	$ 2.0	$ —	$ 1.5	$ —

Balance Sheet Offsetting

Substantially all of the Company’s derivative contracts are subject to netting arrangements; whereby the right to offset occurs in the event of default or termination in accordance with the terms of the arrangements with the counterparty. While these contracts contain the enforceable right to offset through netting arrangements with the same counterparty, the Company elects to present them on a gross basis in the Consolidated Balance Sheets.

Offsetting of financial assets and liabilities under netting arrangements at June 30, 2020 were as follows:

(in millions)	Gross Amounts Recognized	Gross Amount Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets: Financial Instruments	Gross Amounts Not Offset in the Consolidated Balance Sheets: Cash Collateral Received/Pledged	Net Amount
Assets						
Foreign exchange forward contracts	$ 12.2	$ —	$ 12.2	$ (0.8)	$ —	$ 11.4
Cross currency basis swaps	10.3	—	10.3	(0.8)	—	9.5
Total assets	$ 22.5	$ —	$ 22.5	$ (1.6)	$ —	$ 20.9
Liabilities						
Foreign exchange forward contracts	$ 1.9	$ —	$ 1.9	$ (1.6)	$ —	$ 0.3
Total liabilities	$ 1.9	$ —	$ 1.9	$ (1.6)	$ —	$ 0.3

Offsetting of financial assets and liabilities under netting arrangements at December 31, 2019 were as follows:

(in millions)	Gross Amounts Recognized	Gross Amount Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets: Financial Instruments	Gross Amounts Not Offset in the Consolidated Balance Sheets: Cash Collateral Received/Pledged	Net Amount
Assets						
Foreign exchange forward contracts	$ 38.8	$ —	$ 38.8	$ (7.8)	$ —	$ 31.0
Cross currency basis swaps	6.9	—	6.9	(0.9)	—	6.0
Total assets	$ 45.7	$ —	$ 45.7	$ (8.7)	$ —	$ 37.0
Liabilities						
Foreign exchange forward contracts	$ 3.2	$ —	$ 3.2	$ (3.0)	$ —	$ 0.2
Interest rate swaps	10.8	—	10.8	(5.7)	—	5.1
Total liabilities	$ 14.0	$ —	$ 14.0	$ (8.7)	$ —	$ 5.3

NOTE 9 – FAIR VALUE MEASUREMENT

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company estimates the fair value of total long term debt, including current portion, using Level 1 inputs. At June 30, 2020, the Company estimated the fair value and carrying value of this debt were $2,238.4 million and $2,183.0 million, respectively. At December 31, 2019, the Company estimated the fair value and carrying value of this debt were $1,440.8 million and $1,433.3 million, respectively.

The Company's financial assets and liabilities set forth by level within the fair value hierarchy that were accounted for at fair value on a recurring basis were as follows:

	June 30, 2020			
(in millions)	Total	Level 1	Level 2	Level 3
Assets				
Cross currency basis swaps	$ 10.3	$ —	$ 10.3	$ —
Foreign exchange forward contracts	12.2	—	12.2	—
Total assets	$ 22.5	$ —	$ 22.5	$ —
Liabilities				
Foreign exchange forward contracts	$ 1.9	$ —	$ 1.9	$ —
Contingent considerations on acquisitions	5.9	—	—	5.9
Total liabilities	$ 7.8	$ —	$ 1.9	$ 5.9

	December 31, 2019			
(in millions)	Total	Level 1	Level 2	Level 3
Assets				
Cross currency basis swaps	$ 6.9	$ —	$ 6.9	$ —
Foreign exchange forward contracts	40.2	—	40.2	—
Total assets	$ 47.1	$ —	$ 47.1	$ —
Liabilities				
Interest rate swaps	$ 10.8	$ —	$ 10.8	$ —
Foreign exchange forward contracts	4.6	—	4.6	—
Contingent considerations on acquisitions	8.7	—	—	8.7
Total liabilities	$ 24.1	$ —	$ 15.4	$ 8.7

There have been no transfers between levels during the six months ended June 30, 2020.

Derivative valuations are based on observable inputs to the valuation model including interest rates, foreign currency exchange rates and credit risks. The Company utilizes interest rates swaps and foreign exchange forward contracts that are considered cash flow hedges. In addition, the Company may at times employ certain cross currency interest rate swaps and forward exchange contracts that are considered hedges of net investment in foreign operations. Both types of designated derivative instruments are further discussed in Note 8, Financial Instruments and Derivatives.

NOTE 10 – INCOME TAXES

Uncertainties in Income Taxes

The Company recognizes the impact of a tax position in the interim consolidated financial statements if that position is more likely than not of being sustained on audit based on the technical merits of the position.

It is reasonably possible that certain amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date of the Company's quarterly consolidated financial statements. Final settlement and resolution of outstanding tax matters in various jurisdictions during the next 12 months are not expected to be significant.

Other Tax Matters

During the three months ended June 30, 2020, the Company recorded $0.9 million of tax expense for discrete tax matters.

During the three months ended June 30, 2019, the Company recorded $1.8 million of tax expense for discrete tax matters. The Company also recorded a $10.1 million tax benefit related to a fixed asset impairment charge.

NOTE 11 – FINANCING ARRANGEMENTS

At June 30, 2020, the Company had $1,156.1 million of borrowing available under lines of credit, including lines available under its short-term arrangements and revolving credit facility. Through the date of the filing of this Form 10-Q, the Company has no outstanding borrowings under any of these credit agreements.

In response to the COVID-19 pandemic the Company took the following actions during the six months ended June 30, 2020 to strengthen its liquidity and financial flexibility:

- On April 9, 2020, the Company entered into a $310.0 million 364-day revolving credit facility with a maturity date of April 8, 2021. The 364-day revolving credit facility mirrors the original five-year facility in all major respects, is unsecured and contains certain affirmative and negative covenants relating to the operations and financial condition of the Company.

- On April 17, 2020, the Company provided a notice to the administrative agent to draw down the full available amount under the 2018 revolving credit facility, which is equal to $700.0 million. The Company had previously not drawn down any sums under this facility. The borrowings incurred interest at the rate of adjusted LIBOR plus 1.25%. The Company subsequently repaid the $700.0 million revolver borrowing on May 26, 2020.

- On May 26, 2020, the Company issued $750.0 million of senior unsecured notes with a final maturity date of June 1, 2030 at a semi-annual coupon rate of 3.25%. The net proceeds were $748.4 million, net of discount of $1.6 million. Issuance fees totaled $6.4 million. The Company paid $30.5 million to settle the $150.0 million notional T-Lock contract which partially hedged the interest rate risk of the note issuance. This cost will be amortized over the ten-year life of the notes. The proceeds were used to repay the $700.0 million revolver borrowing and the remaining proceeds will be used for working capital and other general corporate purposes.

- Various other credit facilities:

    - On May 5, 2020, the Company entered into a 40.0 million euro 364-day revolving credit facility with a maturity date of April 30, 2021.
    - On May 12, 2020 the Company entered into a 30.0 million euro 364-day revolving credit facility with a maturity date of May 6, 2021.
    - On June 11, 2020, the Company entered into a 3.3 billion Japanese yen 364-day revolving credit facility with a maturity date of June 11, 2021.

    These agreements are unsecured and contain certain affirmative and negative covenants relating to the operations and financial condition of the Company.

The Company has a $500.0 million commercial paper program. The $700.0 million multi-currency revolving credit facility serves as a back-stop credit facility for the Company's commercial paper program. At June 30, 2020 and December 31, 2019, there were no outstanding borrowings under the commercial paper program.

The Company’s revolving credit facilities and senior unsecured notes contain certain affirmative and negative covenants relating to the Company's operations and financial condition. At June 30, 2020, the Company was in compliance with all debt covenants.

NOTE 12 – GOODWILL AND INTANGIBLE ASSETS

<u>2020 Annual Goodwill Impairment Testing</u>

The Company performed the required annual impairment tests of goodwill at April 30, 2020 on its five reporting units. To determine the fair value of these reporting units, the Company uses a discounted cash flow model with market-based support as its valuation technique to measure the fair value for its reporting units. The discounted cash flow model uses five-to-ten-year forecasted cash flows plus a terminal value based on a multiple of earnings or by capitalizing the last period's cash flows using a perpetual growth rate. The Company's significant assumptions in the discounted cash flow models include, but are not limited to: the weighted average cost of capital, revenue growth rates, including perpetual revenue growth rates, and operating margin percentages of the reporting unit's business. The Company considered the current market conditions when determining its assumptions. The total forecasted cash flows were discounted based on a range between 9.0% to 11.5%, which included assumptions regarding the Company's weighted average cost of capital ("WACC"). Lastly, the Company reconciled the aggregate fair values of its reporting units to its market capitalization, which included a reasonable control premium based on market conditions. These future expectations include, but are not limited to, the current and ongoing impact of the COVID-19 pandemic and new product development changes for these reporting units. The Company also considers the current and projected market and economic conditions amid the ongoing pandemic for the dental industry both in the U.S. and globally, when determining its assumptions. The use of estimates and the development of assumptions results in uncertainties around forecasted cash flows. As a result of the annual tests of goodwill, no impairment was identified.

For the Company's goodwill that was not impaired at March 31, 2020 (see March 31, 2020 Impairment Testing below), the Company applied a hypothetical sensitivity analysis to its reporting units. If the WACC rate of these reporting units had been hypothetically increased by 100 basis points at April 30, 2020, one reporting unit within the Company's Technologies & Equipment segment would have a fair value that would approximate book value. If the fair value of each of these reporting units had been hypothetically reduced by 10% at April 30, 2020, one reporting unit, as disclosed above, would have a fair value that approximates net book value. Goodwill for this reporting unit totals $1.1 billion at June 30, 2020. For the Equipment & Instruments reporting unit that recorded goodwill impairment at March 31, 2020, the implied fair value continues to approximate net book value at April 30, 2020. Goodwill for this reporting unit totals $290.8 million at June 30, 2020.

A change in any of these estimates and assumptions used in the annual test, as well as unfavorable changes in the ongoing COVID-19 pandemic, a degradation in the overall markets served by these reporting units, among other factors, could have a negative material impact to the fair value of the reporting units and could result in a future impairment charge. There can be no assurance that the Company's future goodwill impairment testing will not result in a charge to earnings. This impairment charge could have a negative material impact on the Company's results of operations.

<u>2020 Annual Indefinite-Lived Intangibles Impairment Testing</u>

The Company also assessed the annual impairment of indefinite-lived intangible assets at April 30, 2020, which largely consists of acquired tradenames and trademarks, in conjunction with the annual impairment tests of goodwill. As a result of the annual impairment test of indefinite-lived intangible assets, no impairment was identified.

For the Company's indefinite-lived intangible assets that were not impaired at March 31, 2020 (see March 31, 2020 Impairment Testing below), the Company applied a hypothetical sensitivity analysis. If the fair value of each of these indefinite-lived intangibles assets had been hypothetically reduced by 10% or the discount rate had been hypothetically increased by 100 basis points at April 30, 2020, the fair value of these assets would still exceed their book value. For the indefinite-lived intangible assets that were impaired at March 31, 2020, the implied fair values continue to approximate net book values at April 30, 2020.

Should the Company's analysis in the future indicate additional unfavorable impacts related to the ongoing COVID-19 pandemic, an increase in discount rates, or a degradation in the use of the tradenames and trademarks, any of which could have a negative material impact to the implied fair values and could result in a future impairment to the carrying value of the indefinite-lived intangible assets. There can be no assurance that the Company's future indefinite-lived intangible asset impairment testing will not result in a charge to earnings. This impairment charge could have a negative material impact on the Company's results of operations.

March 31, 2020 Impairment Testing

In preparing the financial statements for the three months ended March 31, 2020, the Company identified an impairment triggering event related to four of its reporting units. The Company has experienced a meaningful decrease in customer demand for its products as a result of stay-at-home orders, travel restrictions, and social distancing guidelines set forth by governmental authorities throughout the world in response to the COVID-19 pandemic. These actions meaningfully impacted end-user demand for routine dental procedures in most of the Company's markets. The Company updated its future forecasted revenues, operating margins and weighted average cost of capital for all four of the reporting units which were impacted by the continuing pandemic. Based on the Company's best estimates and assumptions at March 31, 2020, the Company believed forecasted future revenue growth related to the Equipment & Instruments reporting unit will experience an extended recovery period in returning to the pre-COVID-19 levels. The Company believed that dental practitioners will focus their initial post-COVID-19 equipment spending on products that deliver short-term revenue gains for their practices before replacing the Imaging, Treatment Center and Instruments products that comprise the Equipment & Instruments reporting unit. After this extended recovery period, the Company expects the growth rates of Equipment & Instruments reporting unit to return to pre-COVID-19 levels.

To determine the fair value of these four reporting units, the Company used a discounted cash flow model with market-based support as its valuation technique to measure the fair value for its reporting units. The discounted cash flow model used five-to-ten-year forecasted cash flows plus a terminal value based on a multiple of earnings or by capitalizing the last period’s cash flows using a perpetual growth rate. The Company's significant assumptions in the discounted cash flow models included, but are not limited to: the weighted average cost of capital, revenue growth rates, including perpetual revenue growth rates, and operating margin percentages of the reporting unit's business. The Company considered the current market conditions when determining its assumptions. The total forecasted cash flows were discounted based on a range between 9.5% to 11.5%, which included assumptions regarding the Company’s weighted average cost of capital. Lastly, the Company reconciled the aggregate fair values of its reporting units to its market capitalization, which included a reasonable control premium based on market conditions. These future expectations included, but are not limited to, the current and ongoing impact of the COVID-19 pandemic and new product development changes for these reporting units. The Company also considered the current and projected market and economic conditions amid the ongoing pandemic for the dental industry both in the U.S. and globally, when determining its assumptions. The use of estimates and the development of assumptions results in uncertainties around forecasted cash flows. A change in any of these estimates and assumptions, as well as unfavorable changes in the ongoing pandemic, could produce a different fair value, which could have a negative impact and result in a future impairment charge and could have a negative material impact the Company’s results of operations.

As a result of updating the estimates and assumptions in the ongoing COVID-19 pandemic and with the preparation of the financial statements for the three months ended March 31, 2020, the Company determined that the goodwill associated with the Equipment & Instruments reporting unit was impaired. As a result, the Company recorded a goodwill impairment charge of $156.6 million. This reporting unit is within the Technologies & Equipment segment. At March 31, 2020, the remaining goodwill related to the Equipment & Instruments reporting unit was $290.5 million. Based on the quantitative assessments performed for the three other reporting units, the Company believes that its adjusted long-term forecasted cash flows did not indicate that the fair value of these reporting units may be below their carrying value.

In preparing the financial statements for the three months ended March 31, 2020 in conjunction with the goodwill impairment, the Company tested the indefinite-lived intangible assets related to the businesses within the four reporting units for impairment. The Company performed impairment tests using an income approach, more specifically a relief from royalty method. In the development of the forecasted cash flows, the Company applied significant judgment to determine key assumptions, including royalty rates and discount rates. Royalty rates used are consistent with those assumed for the original purchase accounting valuation. If the carrying value exceeds the fair value, an impairment loss in the amount equal to the excess is recognized. As a result, the Company identified that certain tradenames and trademarks related to businesses in the Equipment & Instruments reporting unit, within the Technologies & Equipment segment, were impaired. The Company recorded an impairment charge of $38.7 million for the three months ended March 31, 2020, which was recorded in Restructuring and other costs in the Consolidated Statements of Operations. The impairment charge was driven by a decline in forecasted sales as a result of the COVID-19 pandemic as discussed above, as well as an unfavorable change in the discount rate. The Company utilized discount rates ranging from 10.0% to 17.5%. The assumptions and estimates used in determining the fair value of the indefinite-lived intangible assets contain uncertainties and any changes to these assumptions and estimates, including unfavorable changes related to the COVID-19 pandemic, could have a negative impact and result in a future impairment charge and could have a negative material impact the Company's results of operations. At March 31, 2020, the remaining indefinite-lived tradenames and trademarks related to the Equipment & Instruments reporting unit was $75.0 million. Based on the quantitative assessments performed for the indefinite-lived intangible assets related to the businesses in the three other reporting units, the Company believed that its adjusted long-term forecasted cash flows did not indicate that the fair value of the indefinite-lived intangible assets may be below their carrying value.

A reconciliation of changes in the Company’s goodwill by reportable segment were as follows:

(in millions)	Technologies & Equipment	Consumables	Total
Balance at December 31, 2019	$ 2,515.7	$ 880.8	$ 3,396.5
Impairment	(156.6)	—	(156.6)
Effects of exchange rate changes	(1.5)	(11.2)	(12.7)
Balance at June 30, 2020	$ 2,357.6	$ 869.6	$ 3,227.2

The gross carrying amount of goodwill and the cumulative goodwill impairment were as follows:

	June 30, 2020			December 31, 2019		
(in millions)	Gross Carrying Amount	Cumulative Impairment	Net Carrying Amount	Gross Carrying Amount	Cumulative Impairment	Net Carrying Amount
Technologies & Equipment	$ 5,250.8	$ (2,893.2)	$ 2,357.6	$ 5,252.3	$ (2,736.6)	$ 2,515.7
Consumables	869.6	—	869.6	880.8	—	880.8
Total effect of cumulative impairment	$ 6,120.4	$ (2,893.2)	$ 3,227.2	$ 6,133.1	$ (2,736.6)	$ 3,396.5

Identifiable definite-lived and indefinite-lived intangible assets were as follows:

	June 30, 2020			December 31, 2019		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Patents	$ 1,350.9	$ (574.5)	$ 776.4	$ 1,351.3	$ (517.9)	$ 833.4
Tradenames and trademarks	78.5	(64.9)	13.6	79.0	(63.4)	15.6
Licensing agreements	36.1	(28.9)	7.2	36.0	(27.9)	8.1
Customer relationships	1,064.7	(431.9)	632.8	1,070.5	(399.2)	671.3
Total definite-lived	$ 2,530.2	$ (1,100.2)	$ 1,430.0	$ 2,536.8	$ (1,008.4)	$ 1,528.4
Indefinite-lived tradenames and trademarks	$ 609.6	$ —	$ 609.6	$ 647.9	$ —	$ 647.9
Total identifiable intangible assets	$ 3,139.8	$ (1,100.2)	$ 2,039.6	$ 3,184.7	$ (1,008.4)	$ 2,176.3

During the six months ended June 30, 2019, the Company impaired $5.3 million of product tradenames and trademarks within the Technologies & Equipment segment. The impairment was the result of a change in forecasted sales related to divestitures of non-strategic product lines.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation

The SEC's Division of Enforcement has asked the Company to provide documents and information concerning the Company's accounting and disclosures. The Company is cooperating with the SEC's investigation. The Company is unable to predict the ultimate outcome of this matter, or whether it will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

On January 11, 2018, Tom Redlich, a former employee, filed a lawsuit against the Company, demanding supplemental compensation pursuant to an agreement allegedly entered into with Sirona Dental GmbH which was intended to entice Mr. Redlich to continue to work for the Company for no less than eight years following the date of this agreement. The Company filed its response on April 4, 2018, denying the authenticity and enforceability of, and all liability under, the alleged agreement. Mr. Jost Fischer, upon invitation of the Company, joined the litigation against Mr. Redlich as a third party. In his submission to the Court, Mr. Fischer disputed the central allegations raised by Mr. Redlich in his lawsuit. The Court held several hearings in the matter, and then closed the hearings in June 2019 pending the Court's decision on the capacity of Mr. Fischer to enter into a binding agreement of the type alleged by Mr. Redlich in the manner alleged. On November 5, 2019, the Company received the Court's judgment rejecting Mr. Redlich's lawsuit and dismissing his claims. Mr. Redlich appealed in December 2019 and the Company filed its response in January 2020 seeking to uphold the Court's ruling. On February 27, 2020, the Company received the Appellate Court's decision rejecting Mr. Redlich's appeal and upholding the decision of the lower court dismissing his claims. The Court of Appeals has denied Mr. Redlich the right to file a further appeal in this matter, however, on March 23, 2020, Mr. Redlich filed an extraordinary appeal with the Austrian Supreme Court which will assess the appeal. If the Austrian Supreme Court accepts Mr. Redlich's extraordinary appeal, the Company will then file its response.

On January 25, 2018, Futuredontics, Inc., a former wholly-owned subsidiary of the Company, received service of a purported class action lawsuit brought by Henry Olivares and other similarly situated individuals in the Superior Court of the State of California for the County of Los Angeles. In January 2019, an amended complaint was filed adding another named plaintiff, Rachael Clarke, and various claims. The plaintiff class alleges several violations of the California wage and hours laws, including, but not limited to, failure to provide rest and meal breaks and the failure to pay overtime. The parties have engaged in written and other discovery. On February 5, 2019, Plaintiff Calethia Holt (represented by the same counsel as Mr. Olivares and Ms. Clarke) filed a separate representative action in Los Angeles Superior Court alleging a single violation of the Private Attorneys' General Act that is based on the same underlying claims as the Olivares/Clarke lawsuit. On April 5, 2019, Plaintiff Kendra Cato filed a similar action in Los Angeles Superior Court alleging a single violation of the Private Attorneys' General Act that is based on the same underlying claims as the Olivares/Clarke lawsuit. The parties intend to participate in a mediation later in 2020 and the case will be stayed until that time. The Company continues to vigorously defend against these matters.

On June 7, 2018, and August 9, 2018, two putative class action suits were filed, and later consolidated, in the Supreme Court of the State of New York, County of New York claiming that the Company and certain individual defendants, violated U.S. securities laws (the "State Court Class Action") by making material misrepresentations and omitting required information in the December 4, 2015 registration statement filed with the SEC in connection with the Merger. The amended complaint alleges that the defendants failed to disclose, among other things, that a distributor had purchased excessive inventory of legacy Sirona products and that three distributors of the Company's products had been engaging in anticompetitive conduct. The plaintiffs seek to recover damages on behalf of a class of former Sirona shareholders who exchanged their shares for shares of the Company's stock in the Merger. The Company has filed motions to dismiss the amended complaint, to stay discovery pending resolution of the motion to dismiss, and to stay all proceedings pending resolution of the Federal Class Action described below. On August 2, 2019, the Court denied the Company's motions to stay discovery and to stay all proceedings. On August 21, 2019, the Company filed a notice of appeal of that decision. Briefing has not yet commenced on that appeal. On September 26, 2019, the Court granted the Company's motion to dismiss all claims. The associated judgment was entered on September 30, 2019. On October 25, 2019, the plaintiffs filed a notice of appeal of the motion to dismiss decision and the judgment. On November 4, 2019, the Company filed a notice of cross-appeal of select rulings in the Court's motion to dismiss decision. On October 9, 2019, the plaintiffs moved by order to show cause to vacate or modify the judgment and grant plaintiffs leave to amend their complaint. On February 4, 2020, the Court denied the plaintiffs' motion. On March 5, 2020, the plaintiffs also filed a notice of appeal from the denial of their motion to vacate or modify the judgment and for leave to amend their complaint.

On December 19, 2018, a related putative class action was filed in the U.S. District Court for the Eastern District of New York against the Company and certain individual defendants (the "Federal Class Action"). The plaintiff makes similar allegations and asserts the same claims as those asserted in the State Court Class Action. In addition, the plaintiff alleges that the defendants violated U.S. securities laws by making false and misleading statements in quarterly and annual reports and other public statements between February 20, 2014, and August 7, 2018. The plaintiff asserts claims on behalf of a putative class consisting of (a) all purchasers of the Company's stock during the period February 20, 2014 through August 7, 2018 and (b) former shareholders of Sirona who exchanged their shares of Sirona stock for shares of the Company's stock in the Merger. The Company's motion to dismiss the amended complaint was served on August 15, 2019. Briefing was completed on October 21, 2019 and the Company is awaiting the decision of the Court.

On April 29, 2019, two purported stockholders of the Company filed a derivative action on behalf of the Company in the U.S. District Court for the District of Delaware against the Company's directors (the "Stockholder's Derivative Action"). Based on allegations similar to those asserted in the class actions described above, the plaintiffs allege that the directors caused the Company to misrepresent its business prospects and thereby subjected the Company to multiple securities class actions and other litigation. On September 20, 2019, the plaintiffs in the Stockholder's Derivative Action filed an amended derivative complaint on behalf of the Company in the U.S. District Court for the District of Delaware against the Company's directors. The plaintiffs assert claims for breach of fiduciary duty, unjust enrichment, waste of corporate assets, and violations of the U.S. securities laws. The plaintiffs seek relief that includes, among other things, monetary damages and various corporate governance reforms. The Company filed a motion to dismiss, and on July 31, 2020 the Magistrate Judge issued a report and recommendation to the District Court Judge recommending dismissal of the case with prejudice. The Company is awaiting a decision by the District Court Judge adopting the Magistrate Judge's decision.

The Company intends to defend itself vigorously in these actions.

As a result of an audit by the IRS for fiscal years 2012 through 2013, on February 11, 2019, the IRS issued to the Company a “30-day letter” and a Revenue Agent’s Report (“RAR”), relating to the Company’s worthless stock deduction in 2013 in the amount of $546.0 million. The RAR disallows the deduction and, after adjusting the Company’s net operating loss carryforward, asserts that the Company is entitled to a refund of $4.7 million for 2012, has no tax liability for 2013, and owes a deficiency of $17.1 million in tax for 2014, excluding interest. In accordance with ASC 740, the Company recorded the tax benefit associated with the worthless stock deduction in the Company’s 2012 financial statements. The Company has submitted a formal protest disputing on multiple grounds the proposed taxes.

The Company believes the IRS' position is without merit and believes that it is more-likely-than-not the Company’s position will be sustained upon further review. The Company has not accrued a liability relating to the proposed tax adjustments. However, the outcome of this dispute involves a number of uncertainties, including those inherent in the valuation of various assets at the time of the worthless stock deduction, and those relating to the application of the Internal Revenue Code and other federal income tax authorities and judicial precedent. Accordingly, there can be no assurance that the dispute with the IRS will be resolved favorably. If determined adversely, the dispute would result in a current period charge to earnings and could have a material adverse effect in the consolidated results of operations, financial position, and liquidity of the Company.

The Swedish Tax Agency has disallowed certain of the Company’s interest expense deductions for the tax years from 2013 to 2017 and is also expected to do the same for the 2018 tax year. If such interest expense deductions were disallowed, the Company would be subject to an additional $41.0 million in tax expense. The Company has appealed the disallowance to the Swedish Administrative Court. With respect to such deductions taken in the tax years from 2013 to 2014, the Court ruled against the Company on July 5, 2017. On August 7, 2017, the Company appealed the unfavorable decision of the Swedish Administrative Court. On November 5, 2018, the Company delivered its final argument to the Administrative Court of Appeals at a hearing. The European Union Commission has taken the view that Sweden’s interest deduction limitation rules are incompatible with European Union law and supporting legal opinions, and therefore the Company has not paid the tax or made provision in its financial statements for such potential expense. The Company intends to vigorously defend its position and pursue related appeals.

In addition to the matters disclosed above, the Company is, from time to time, subject to a variety of litigation and similar proceedings incidental to its business. These additional legal matters involve a variety of matters, including claims for damages arising out of the use of the Company's products and services and claims relating to intellectual property matters including patent infringement, employment matters, tax matters, commercial disputes, competition and sales and trading practices, personal injury, and insurance coverage. The Company may also become subject to lawsuits as a result of past or future acquisitions or as a result of liabilities retained from, or representations, warranties or indemnities provided in connection with, divested businesses. Some of these lawsuits may include claims for punitive and consequential, as well as compensatory damages. Based upon the Company's experience, current information and applicable law, it does not believe that these additional legal matters will have a material adverse effect on its consolidated results of operations, financial position or liquidity. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, or other similar matters, if unfavorable, may be materially adverse to the Company's business, financial condition, results of operations or liquidity.

While the Company maintains general, product, property, workers' compensation, automobile, cargo, aviation, crime, fiduciary and directors' and officers' liability insurance up to certain limits that cover certain of these claims, this insurance may be insufficient or unavailable to cover such losses. In addition, while the Company believes it is entitled to indemnification from third parties for some of these claims, these rights may also be insufficient or unavailable to cover such losses.

DENTSPLY SIRONA Inc. and Subsidiaries

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

Information included in or incorporated by reference in this Form 10-Q, and other filings with the U.S. Securities and Exchange Commission (the "SEC") and the Company's press releases or other public statements, contains or may contain forward-looking statements. Please refer to a discussion of the Company's forward-looking statements and associated risks in Part I, "Forward-Looking Statements," Part I, Item 1, "Business" and Part I, Item 1A, "Risk Factors" of the Company's Form 10-K for the year ended December 31, 2019. See updated risk factors in Part II, Item 1A, "Risk Factors" of this Form 10-Q.

Company Profile

DENTSPLY SIRONA Inc. ("Dentsply Sirona" or the "Company"), is the world's largest manufacturer of professional dental products and technologies, with a 133-year history of innovation and service to the dental industry and patients worldwide. Dentsply Sirona develops, manufactures, and markets a comprehensive solutions offering including dental equipment and dental consumable products under a strong portfolio of world class brands. The Company also manufactures and markets healthcare consumable products. As The Dental Solutions Company, Dentsply Sirona's products provide innovative, high-quality and effective solutions to advance patient care and deliver better, safer and faster dentistry. Dentsply Sirona's worldwide headquarters is located in Charlotte, North Carolina. The Company's shares of common stock are listed in the United States on Nasdaq under the symbol XRAY.

BUSINESS

The Company operates in two operating segments, Technologies & Equipment and Consumables.

The Technologies & Equipment segment is responsible for the worldwide design, manufacture, sales and distribution of the Company's Dental Technology and Equipment Products and Healthcare Consumable Products. These products include dental implants, CAD/CAM systems, orthodontic clear aligner products, imaging systems, treatment centers, instruments, as well as consumable medical device products.

The Consumables segment is responsible for the worldwide design, manufacture, sales and distribution of the Company's Dental Consumable Products which include preventive, restorative, endodontic, and dental laboratory products.

The impact of COVID-19 and the Company's response

The impact to the Company's net sales and net income during the six months ended June 30, 2020 were as follows:

- As previously announced, in the early part of the first quarter, the Company started to experience declines in customer demand in Asia as a result of the effects of COVID-19. As COVID-19 spread to other geographies during the first quarter, the Company experienced effects on customer demand in those regions as well. In early March, the Company experienced declines in demand in the European region, followed by North and South America in the second half of March. These decreases in demand were primarily driven by the government actions taken to limit the spread of COVID-19. Additionally, end-user demand was affected by guidance from professional dental associations recommending practitioners only perform emergency procedures.
- The Company continued to see lower levels of customer demand on a global basis as a result of government authorities extending actions taken in response to COVID-19. The Company experienced the lowest sales levels in April and began to see an increase in sales during May and June as most stay-at-home orders were lifted and dental practices started to re-open particularly in the United States, Europe and certain Asian countries within the Rest of World region.
- While government authorities have lifted many of these restrictions, the end dates for all restrictions being lifted are still unknown. It is also uncertain when customer demand will return to pre-COVID-19 levels upon lifting these restrictions.

- The demand for the Company's products has been, and continues to be, affected by social distancing guidelines, newly implemented dental practice safety protocols which reduces patient traffic, and patient reluctance to seek dental care. At this time, it is uncertain how long these impacts will continue.

The Company’s response to the pandemic through June 30, 2020 was as follows:

- A COVID-19 infection crisis management process was implemented by the Company to have a unified approach to responding to employees infected by COVID-19. All potential and actual cases across the Company were reviewed to ensure that the Company managed exposed employees appropriately, consistently and safely. No major outbreaks have occurred at any of the Company's locations.
- The Company put in place a travel ban, implemented a work from home policy where possible and prohibited all meetings of more than 10 people. These measures were taken to limit employee exposure to COVID-19 as well as comply with stay-at-home and social distancing guidelines.
- A customer service support continuity plan was implemented to meet customer needs. Technical support was maintained to assist the Company’s customers during this period while still ensuring employees' safety.
- The Company remained focused on maintaining a high level of customer support through robust virtual training and development courses.
- The Company suspended or significantly reduced operations at most of its principal manufacturing and distribution locations, which included furloughing employees related to these locations. While the operations were suspended or significantly reduced, the Company continued to fulfill customer demand. The Company also continued sales and manufacturing operations at normal levels within the Healthcare business.
- The Company reduced spending on sales, marketing, and other related expenses due to the decrease in customer demand. Additionally, the Company instituted a global hiring freeze, a reduction in temporary employees and consultants as well as curtailed or stopped all projects that are not critical to the continuity of the business. Despite these reductions, the Company maintained investment in critical capital and research and development projects as well as global efficiency and cost savings initiatives.
- During April, the Company announced additional furloughs or the reduction of working hours for employees throughout its organization. The total number of employees impacted by these measures represented approximately 52% of the workforce. The furloughs remained in place throughout the second quarter.
- For the safety of all employees and customers, the Company established additional protocols as well as following all mandated regulatory requirements imposed by the country, the state and the local jurisdictions in which the Company operates.
- The Company implemented salary reductions of up to 25% for most employees of the Company who were not furloughed during the second quarter where allowed by law, including members of management. These reductions were in place for 90 days. The CEO relinquished all but the portion of his base salary necessary to fund, on an after-tax basis, his contributions to continue to participate in the Company’s health benefits plan and meet certain other legal requirements. In addition, each member of the Board of Directors agreed to waive one quarter of his or her annual cash retainer for 2020.
- Many governments across the world instituted programs to reimburse business entities for a portion of employee compensation expense for employees that are furloughed or that are working reduced hours. The Company applied for and has received relief under these programs as well as certain other programs instituted by governments to mitigate the negative impacts of COVID-19.
- In an effort to preserve liquidity, the Company took action related to deferring the payment of income and payroll tax related liabilities where governments have allowed such deferrals. Additionally, the Company implemented cost containment measures to ensure the preservation of cash.
- Further, out of an abundance of caution in order to support its liquidity, the Company entered into and announced on April 9, 2020, a $310.0 million revolving credit facility, on May 5, 2020 entered into a 40.0 million euro revolving credit facility, on May 26, 2020 issued $750.0 million of senior unsecured notes, on May 12, 2020 entered into a 30.0 million euro revolving credit facility, and on June 11, 2020 entered into a 3.3 billion Japanese yen revolving credit facility. These liquidity measures are in addition to the Company’s $700.0 million revolving credit facility disclosed in its Form 10-K for December 31, 2019 filed on March 2, 2020.

- The Company elected to drawdown the full amount of the $700.0 million revolving credit facility to provide additional liquidity and financial flexibility in light of current economic conditions and uncertainties arising in connection with the COVID-19 pandemic. Upon the issuance of the $750.0 million of senior unsecured notes, the Company subsequently repaid the $700.0 million revolving credit facility.

In addition to continuing the above measures, subsequent to the six months ended June 30, 2020, the Company's additional actions were as follows:

- The Company continues to prioritize employee safety and preventing the possible spread of COVID-19 by encouraging ongoing work-from-home where possible and maintaining travel restrictions.
- The Company continues to take measures to contain costs in light of lower sales levels. The Company is also taking actions to accelerate the cost improvement initiatives included in the previously announced restructuring plan.

Up through the date of the filing of this Form 10-Q, the Company continues to operate its principal manufacturing facilities and other operations at a reduced capacity with the exception of its Healthcare business which is operating at normal capacity. While at a reduced level, the Company is still selling all products in its portfolio. The Company cannot estimate when its net sales will return to pre-COVID-19 levels or when manufacturing facilities and other operations will resume operating at a normal capacity. The Company continues to monitor the COVID-19 pandemic. As governmental authorities adjust restrictions globally, the Company will appropriately staff sales, manufacturing, and other functions to meet customer demand and deliver on continuing critical projects while also complying with all government requirements.

Restructuring Announcement

In November 2018, the Board of Directors of the Company approved a plan to restructure and simplify the Company's business. The goal of the restructuring is to drive annualized net sales growth of 3% to 4% and adjusted operating income margins of 22% by the end of 2022 as well as achieve net annual cost savings of $200 million to $225 million by 2021. In July 2020, the Board of Directors of the Company approved an expansion of this plan that further optimizes the Company's product portfolio and reduces operating expenses. The product portfolio optimization will result in the divestiture or closure of certain underperforming businesses. The operating expense reductions will come as a result of additional leverage from continued integration and simplification of the business. The Company had initially anticipated one-time expenditures and charges of approximately $275 million yielding annual cost savings of $200 million to $225 million by 2021. The program expansion will result in total charges of approximately $375 million and is expected to result in annual cost savings of approximately $250 million. The Company expects that these expanded actions will result in incremental global headcount reductions of 6% to 7% in addition to the original projections of 6% to 8%. Since November 2018, the Company has incurred expenditures of approximately $225 million under this program, of which, approximately $75 million were non-cash charges.

As part of this expanded plan, the Company announced on August 6, 2020 that it will close its traditional orthodontics business as well as close and restructure certain portions of its laboratory business. The traditional orthodontics business is part of the Technologies & Equipment segment and the laboratory business is part of the Consumables segment. The Company intends to close several of its facilities and reduce its workforce by approximately 4% to 5%. The Company expects to record restructuring charges in a range of $80 million to $90 million for inventory write-downs, severance costs, fixed asset write-offs and other facility closure costs. It is expected that the majority of these charges will be taken during the remainder of 2020. The Company estimates that $45 million to $55 million of the restructuring charges will be non-cash charges related to inventory write-downs and fixed asset write-offs. The Company does not expect a significant impact to net sales in the third and fourth quarter of 2020. Both businesses have been experiencing negative sales growth and are dilutive to the Company's operating income rate.

The Company's traditional orthodontics business, which includes brackets, bands, tubes and wires, had net sales of $132 million in 2019. The portion of the laboratory business the Company is closing manufactures removable dentures and related products and had net sales of $44 million in 2019. The net income of these businesses is not material to the Company's consolidated results.

Business Drivers

The primary drivers of sales growth include macroeconomic factors, global dental market demand, innovation and new product launches by the Company, as well as continued investments in sales and marketing resources, including clinical education. Management believes that the Company’s ability to execute its strategies should allow it to grow faster than the underlying dental market over time. On a short-term basis, sudden changes in the macroeconomic environment such as COVID-19, changes in strategy, or distributor inventory levels can and have impacted the Company's sales.

The Company has a focus on maximizing operational efficiencies on a global basis. The Company has expanded the use of technology as well as process improvement initiatives to enhance global efficiency. In addition, management continues to evaluate the worldwide consolidation of operations and functions to further reduce costs. While the Company continues consolidation initiatives which can have an adverse impact on reported results in the short-term, the Company expects that the continued benefits from these global efficiency efforts will improve its cost structure over time.

Product innovation is a key component of the Company’s overall growth strategy. New advances in technology are anticipated to have a significant influence on future products in the dentistry and consumable medical device markets in which the Company operates. As a result, the Company continues to pursue research and development initiatives to support technological development, including collaborations with various research institutions and dental schools. In addition, the Company licenses and purchases technologies developed by third parties. Although the Company believes these activities will lead to new innovative dental and healthcare products, they involve new technologies and there can be no assurance that marketable products will be developed.

Subject to the pace of the post-pandemic recovery, the Company intends to continue pursuing opportunities to expand the Company’s product offerings, technologies, and sales and service infrastructure through partnerships and acquisitions. Although the professional dental and the consumable medical device markets in which the Company operates have experienced consolidation, they remain fragmented. Management believes that there will continue to be adequate opportunities to participate as a consolidator in the industry for the foreseeable future.

The Company’s business is subject to quarterly fluctuations of consolidated net sales and net income. Price increases, promotional activities, as well as changes in inventory levels at distributors contribute to this fluctuation. The Company typically implements most of its price increases in January or October of a given year across most of its businesses. Distributor inventory levels tend to increase in the period leading up to a price increase and decline in the period following the implementation of a price increase. Required minimum purchase commitments under agreements with key distributors may increase inventory levels in excess of retail demand. These net inventory changes have impacted the Company’s consolidated net sales and net income in the past, and may continue to do so in the future, over a given period or multiple periods. In addition, the Company may from time to time, engage in new distributor relationships that could cause fluctuations of consolidated net sales and net income. Distributor inventory levels may fluctuate, and may differ from the Company’s predictions, resulting in the Company’s projections of future results being different than expected. There can be no assurance that the Company’s dealers and customers will maintain levels of inventory in accordance with the Company’s predictions or past history, or that the timing of customers’ inventory build or liquidation will be in accordance with the Company’s predictions or past history. The Company anticipates that inventory levels will fluctuate as dealers and customers manage the effects of COVID-19 on their businesses. Any of these fluctuations could be material to the Company’s consolidated financial statements.

Impact of Foreign Currencies

Due to the Company's significant international presence, movements in foreign currency exchange may impact the Consolidated Statements of Operations. With approximately two-thirds of the Company's net sales located outside the United States, the Company's consolidated net sales are impacted negatively by the strengthening or positively impacted by the weakening of the U.S. dollar. Additionally, movements in certain foreign exchange rates may unfavorably or favorably impact the Company's results of operations, financial condition and liquidity as a number of the Company's manufacturing and distribution operations are located outside of the U.S.

RESULTS OF OPERATIONS, THREE MONTHS ENDED JUNE 30, 2020 COMPARED TO THREE MONTHS ENDED JUNE 30, 2019

Net Sales

The Company presents reported net sales comparing the current year periods to the prior year periods. In addition, the Company also compares reported net sales on an organic sales basis, which is a Non-GAAP measure.

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.

	Three Months Ended June 30,			
(in millions, except percentages)	2020	2019	$ Change	% Change
Net sales	$ 490.6	$ 1,009.4	$ (518.8)	(51.4 %)

Net sales for the three months ended June 30, 2020 were $490.6 million, a decrease of $518.8 million or 51.4% from the three months ended June 30, 2019. The decrease in net sales was driven by both the Consumables segment and the Technologies & Equipment segment which were impacted by reduced demand for dental related procedures as a result of the COVID-19 pandemic. Net sales were negatively impacted by approximately 1.0% due to the strengthening of the U.S. dollar as compared to the same prior year period. This decrease included the negative impact of 0.4% from divestitures of non-strategic businesses and a 0.1% reduction due to discontinued products.

For the three months ended June 30, 2020, net sales decreased 49.9% on an organic sales basis. The decline in organic sales was attributable to both the Consumables segment and the Technologies & Equipment segment which was the result of the COVID-19 pandemic.

During the three months ended June 30, 2020, the Company experienced the lowest sales levels in April and began to see an increase in sales during May and June as most stay-at-home orders were lifted and dental practices started to re-open particularly in the United States and Europe.

The ultimate impact that COVID-19 will have on 2020 results is still unknown at this time and will depend heavily on the substance and pace of the post-pandemic recovery. However, at this time the Company expects that the COVID-19 pandemic will continue to have a negative material impact on 2020 net sales.

Net Sales by Region

Net sales by geographic region were as follows:

	Three Months Ended June 30,			
(in millions, except percentages)	2020	2019	$ Change	% Change
United States	$ 130.9	$ 329.5	$ (198.6)	(60.3 %)
Europe	215.3	422.0	(206.7)	(49.0 %)
Rest of World	144.4	257.9	(113.5)	(44.0 %)

United States

Net sales for the three months ended June 30, 2020 were $130.9 million, a decrease of $198.6 million or 60.3% from the three months ended June 30, 2019. Both the Consumables segment and the Technologies & Equipment segment saw a decline in net sales which was the result of the COVID-19 pandemic. The decrease also included a 0.3% reduction from divestitures of non-strategic businesses.

For the three months ended June 30, 2020, net sales decreased by 60.0% on an organic sales basis. The decline in organic sales was attributable to both the Consumables segment and the Technologies & Equipment segment which was the result of the COVID-19 pandemic.

Europe

Net sales for the three months ended June 30, 2020 were $215.3 million, a decrease of $206.7 million or 49.0% from the three months ended June 30, 2019. Both the Technologies & Equipment segment and the Consumables segment saw a decline in net sales which was the result of the COVID-19 pandemic. The three months ended June 30, 2020 was negatively impacted by approximately 1.1% due to the strengthening of the U.S. dollar as compared to the same prior year period. The decrease included reductions of 0.9% from divestitures of non-strategic businesses and 0.1% due to discontinued products.

For the three month period ended June 30, 2020, net sales decreased by 46.9% on an organic sales basis. The decline in organic sales was attributable to both the Technologies & Equipment segment and the Consumables segment which was the result of the COVID-19 pandemic.

Rest of World

Net sales for the three months ended June 30, 2020 were $144.4 million, a decrease of $113.5 million or 44.0% from the three months ended June 30, 2019. Both the Consumables segment and the Technologies & Equipment segment saw a decline in net sales which was the result of the COVID-19 pandemic. The three months ended June 30, 2020 was negatively impacted by approximately 2.0% due to the strengthening of the U.S. dollar as compared to the same prior year period. The decrease included a 0.1% reduction from divestitures of non-strategic businesses.

For the three month period ended June 30, 2020, net sales decreased by 41.9% on an organic sales basis. The decline in organic sales was attributable to both the Consumables segment and the Technologies & Equipment segment which was the result of the COVID-19 pandemic.

Gross Profit

(in millions, except percentages)	Three Months Ended June 30, 2020	2019	$ Change	% Change
Gross profit	$ 176.1	$ 540.8	$ (364.7)	(67.4%)
Gross profit as a percentage of net sales	35.9 %	53.6 %		

For the three months ended June 30, 2020, the decrease in the gross profit rate was driven by the decline in net sales and the resulting unfavorable manufacturing variances due to the COVID-19 pandemic, as compared to the same period ended June 30, 2019.

For the remainder of 2020, the Company believes the gross profit rate will be unfavorably impacted as a result of lower net sales and manufacturing facilities operating at reduced volume until market demand returns to normal levels.

Operating Expenses

(in millions, except percentages)	Three Months Ended June 30, 2020	2019	$ Change	% Change
Selling, general, and administrative expenses	$ 279.1	$ 430.9	$ (151.8)	(35.2 %)
Restructuring and other costs	1.3	42.4	(41.1)	(96.9 %)
SG&A as a percentage of net sales	56.9 %	42.7 %		

Selling, general, and administrative expenses

For the three months ended June 30, 2020, Selling, general, and administrative expenses ("SG&A"), including research and development expenses, as a percentage of net sales had a higher rate driven by lower sales which more than offsets the cost reduction measures implemented by the Company in response to COVID-19.

For the remainder of 2020, the Company believes SG&A expenses will be lower than 2019, primarily due to the cost reduction measures including COVID-19 related actions. The cost reduction measures include, but are not limited to the reduction of the following expense categories: marketing and promotion expenses, travel and meeting expenses, salary expenses, and professional services. The Company expects to continue these measures until sales start to return to a more normal level.

Restructuring and Other Costs

The Company recorded restructuring and other costs of $1.3 million for the three months ended June 30, 2020 compared to $42.4 million for the three months ended June 30, 2019.

The Company recorded $2.2 million of restructuring costs for the three months ended June 30, 2020 compared to $10.7 million for the three months ended June 30, 2019.

During the three months ended June 30, 2020, the Company recorded a benefit of $0.9 million of other costs. During the three months ended June 30, 2019, the Company recorded $31.7 million of other costs, which consist primarily of fixed asset impairments.

The Company announced on August 6, 2020 that it will close its traditional orthodontics business as well as close and restructure certain portions of its laboratory business. The traditional orthodontics business is part of the Technologies & Equipment segment and the laboratory business is part of the Consumables segment. The Company intends to close several of its facilities and reduce it's workforce by approximately 4% to 5%. The Company expects to record restructuring charges in a range of $80 million to $90 million for inventory write-downs, severance costs, fixed asset write-offs and other facility closure costs. It is expected that the majority of these charges will be taken during the remainder of 2020. The Company estimates that $45 million to $55 million of the restructuring charges will be non-cash charges related to inventory write-downs and fixed asset write-offs The Company does not expect a significant impact to net sales in the third and fourth quarter of 2020. Both businesses have been experiencing negative sales growth and are dilutive to the Company’s operating income rate.

Other Income and Expense

	Three Months Ended June 30,		
(in millions)	2020	2019	$ Change
Net interest expense	$ 11.3	$ 7.8	$ 3.5
Other expense (income), net	4.3	12.1	(7.8)
Net interest and other expense (income)	$ 15.6	$ 19.9	$ (4.3)

Net Interest Expense

Net interest expense for the three months ended June 30, 2020 increased $3.5 million as compared to the three months ended June 30, 2019. Higher average debt levels in 2020 was the primary driver when compared to the prior year period resulting in higher net interest expense.

On April 17, 2020 the Company drew down $700.0 million under its 2018 revolving credit facility. On May 26, 2020, the Company issued $750.0 million of senior unsecured notes with a final maturity date of June 1, 2030 at a semi-annual coupon of 3.25%. The net proceeds were $748.4 million, net of discount of $1.6 million. Issuance fees totaled $6.4 million. The Company paid $30.5 million to settle its $150.0 million notional T-Lock contract which partially hedged the interest rate risk of the note issuance. The Company repaid the $700.0 million revolver borrowing on May 26, 2020 from the net proceeds of the note issuance.

As a result of the additional financing, the Company's interest expense will increase throughout the remainder of 2020. See Part I, Item 1, Note 11, Financing Arrangements, in the Notes to the Unaudited Interim Consolidated Financial Statements of this Form 10-Q for further details.

Other Expense (Income), Net

Other expense (income), net for the three months ended June 30, 2020 was expense of $4.3 million. Other expense (income), net for the three months ended June 30, 2019 was expense of $12.1 million.

On April 7, 2020, the Company terminated its entire net investment hedge portfolio. As a result, the Company expects other income related to this hedge portfolio will decline throughout the remainder of 2020.

Income Taxes and Net (Loss) Income

(in millions, except per share data and percentages)	Three Months Ended June 30, 2020	2019	$ Change
(Benefit) provision for income taxes	$ (24.0)	$ 11.2	$ (35.2)
Effective income tax rate	NM	23.5 %	
Net (loss) income attributable to Dentsply Sirona	$ (95.4)	$ 36.4	$ (131.8)
Net (loss) income per common share - diluted	$ (0.44)	$ 0.16	

NM - Not meaningful

(Benefit) provision for income taxes

For the three months ended June 30, 2020, income taxes were a benefit of $24.0 million as compared to a net provision of $11.2 million during the three months ended June 30, 2019.

During the three months ended June 30, 2020, the Company recorded $0.9 million of tax expense for other discrete tax matters. Excluding these discrete tax items, the Company's effective tax rate was 20.8%.

During the three months ended June 30, 2019, the Company recorded $1.8 million of excess tax benefit related to employee share-based compensation. The Company also recorded a $10.1 million tax benefit as a discrete item related to a fixed asset impairment charge. Excluding these discrete tax items and adjusting pretax income to exclude the pretax charge related to the impairment of fixed assets and the losses related to the divestitures of non-strategic businesses, the Company's effective tax rate was 25.2%.

The Company is restructuring its business through streamlining of the organization and consolidating functions. Realization of the benefits of these plans could give rise to the release of a valuation allowance that has been established on the Company's deferred tax assets in a future period.

Operating Segment Results

Net Sales

(in millions, except percentages)	Three Months Ended June 30, 2020	2019	$ Change	% Change
Technologies & Equipment	$ 303.9	$ 558.4	$ (254.5)	(45.6 %)
Consumables	186.7	451.0	(264.3)	(58.6 %)

Segment Operating (Loss) Income

(in millions, except percentages)	Three Months Ended June 30, 2020	2019	$ Change	% Change
Technologies & Equipment	$ (3.8)	$ 96.0	$ (99.8)	(104.0 %)
Consumables	(17.6)	121.8	(139.4)	(114.4 %)

Technologies & Equipment

Net sales for the three months ended June 30, 2020 were $303.9 million, a decrease of $254.5 million or 45.6% from the three months ended June 30, 2019. The decrease in net sales was across all businesses which were impacted by reduced demand for dental related procedures as a result of the COVID-19 pandemic. Net sales were negatively impacted by approximately 1.0% due to the strengthening of the U.S. dollar over the prior year period. The increase included a 0.9% negative impact from divestitures of non-strategic businesses and a 0.1% reduction due to discontinued products.

For the three months ended June 30, 2020, net sales decreased 43.6% on an organic sales basis. Organic sales decline was across all regions which was due to reduced demand for dental related procedures as a result of the COVID-19 pandemic.

Key drivers of the decrease in organic sales for the three months ended June 30, 2020, were Equipment & Instruments, Digital Dentistry, and Implants businesses.

Operating income decreased $99.8 million for the three months ended June 30, 2020 as compared to the same prior year period**.** The decrease in operating income was driven by lower sales volume and unfavorable manufacturing variances due to the impact of COVID-19, partially offset by cost reduction measures in both gross profit and SG&A.

Consumables

Net sales for the three months ended June 30, 2020 were $186.7 million, a decrease of $264.3 million or 58.6% from the three months ended June 30, 2019. The decrease in net sales was across all businesses which were impacted by reduced demand for dental related procedures as a result of the COVID-19 pandemic. Net sales were negatively impacted by approximately 0.9% due to the strengthening of the U.S. dollar as compared to the same prior year period.

For the three months ended June 30, 2020, net sales decreased 57.7% on an organic sales basis. The decline in organic sales was across all regions which was due to reduced demand for dental related procedures as a result of the COVID-19 pandemic.

Key drivers of the decline in organic sales for the three months ended June 30, 2020, were the Endodontic, Restorative, and Preventive businesses driven by the COVID-19 pandemic.

Operating income decreased $139.4 million for the three months ended June 30, 2020 as compared to the same prior year period. The decrease in operating income was driven by lower sales volume and unfavorable manufacturing variances due to the impact of COVID-19, partially offset by cost reduction measures in both gross profit and SG&A.

RESULTS OF OPERATIONS, SIX MONTHS ENDED JUNE 30, 2020 COMPARED TO SIX MONTHS ENDED JUNE 30, 2019

Net Sales

	Six Months Ended June 30,			
(in millions, except percentages)	2020	2019	$ Change	% Change
Net sales	$ 1,364.9	$ 1,955.6	$ (590.7)	(30.2 %)

Net sales for the six months ended June 30, 2020 were $1,364.9 million, a decrease of $590.7 million or 30.2% from the six months ended June 30, 2019. The decrease in net sales was attributable to both the Consumables segment and the Technologies & Equipment segment which were impacted by reduced demand for dental related procedures as a result of the COVID-19 pandemic, partially offset by new product sales. Net sales were negatively impacted by approximately 1.4% due to the strengthening of the U.S. dollar as compared to the same prior year period. This decrease included the negative impact of 0.9% from divestitures of non-strategic businesses and a 0.1% reduction due to discontinued products.

For the six months ended June 30, 2020, net sales decreased 27.8% on an organic sales basis. The decrease in organic sales was attributable to both the Consumables segment and the Technologies & Equipment segment which was the result of the COVID-19 pandemic.

During the six months ended June 30, 2020, the Company saw normal sales levels for the months of January and February and started to experience a decline in sales volume during March which continued to its lowest levels in April as certain countries in Asia and Europe began to issue stay-at-home and social distancing guidelines which were quickly adopted in the United States as well. The Company then began to see an increase in sales during May and June as most stay-at-home orders were lifted and dental practices started to re-open particularly in the United States and Europe.

The ultimate impact that COVID-19 will have on 2020 results is still unknown at this time and will depend heavily on the substance and pace of the post-pandemic recovery. However, at this time the Company expects that the COVID-19 pandemic will continue to have a negative material impact to 2020 net sales.

Net Sales by Region

Net sales by geographic region were as follows:

	Six Months Ended June 30,			
(in millions, except percentages)	2020	2019	$ Change	% Change
United States	$ 431.4	$ 642.9	$ (211.5)	(32.9 %)
Europe	588.4	817.8	(229.4)	(28.1 %)
Rest of World	345.1	494.9	(149.8)	(30.3 %)

<u>United States</u>

Net sales for the six months ended June 30, 2020 were $431.4 million, a decrease of $211.5 million or 32.9% from the six months ended June 30, 2019. The decrease in net sales was attributable to both the Consumables segment and the Technologies & Equipment segment which was a result of the COVID-19 pandemic. The decrease also included a 1.2% reduction from divestitures of non-strategic businesses in the prior year period.

For the six months ended June 30, 2020, net sales decreased by 31.3% on an organic sales basis. The decline in organic sales was attributable to both the Consumables segment and the Technologies & Equipment segment which was a result of the COVID-19 pandemic.

Europe

Net sales for the six months ended June 30, 2020 were $588.4 million, a decrease of $229.4 million or 28.1% from the six months ended June 30, 2019. The decrease in net sales was attributable to both the Consumables segment and the Technologies & Equipment segment which was the result of the COVID-19 pandemic. The six months ended June 30, 2020 was negatively impacted by approximately 1.8% due to the strengthening of the U.S. dollar as compared to the same prior year period. The decrease included reductions of 0.9% from divestitures of non-strategic businesses and 0.1% due to discontinued products.

For the six month period ended June 30, 2020, net sales decreased by 25.2% on an organic sales basis. The decline in organic sales was attributable to both the Consumables segment and the Technologies & Equipment segment which was the result of the COVID-19 pandemic.

Rest of World

Net sales for the six months ended June 30, 2020 were $345.1 million, a decrease of $149.8 million or 30.3% from the six months ended June 30, 2019. The decrease in net sales was attributable to both the Technologies & Equipment segment and the Consumables segment which was the result of the COVID-19 pandemic. The six months ended June 30, 2020 was negatively impacted by approximately 2.2% due to the strengthening of the U.S. dollar as compared to the same prior year period. The decrease included reductions of 0.3% from divestitures of non-strategic businesses and 0.2% due to discontinued products.

For the six month period ended June 30, 2020, net sales decreased by 27.6% on an organic sales basis. The decline in organic sales was driven by both the Technologies & Equipment segment and the Consumables segment which was the result of the COVID-19 pandemic.

Gross Profit

	Six Months Ended June 30,			
(in millions, except percentages)	2020	2019	$ Change	% Change
Gross profit	$ 643.9	$ 1,040.5	$ (396.6)	(38.1 %)
Gross profit as a percentage of net sales	47.2 %	53.2 %		

Gross profit as a percentage of net sales decreased by 603 basis points for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019.

For the six months ended June 30, 2020, the decrease in the gross profit rate was primarily driven by the decline in net sales and the resulting unfavorable manufacturing variances due to the COVID-19 pandemic, as compared to the six months ended June 30, 2019.

For the remainder of 2020, the Company believes the gross profit rate will be unfavorably impacted as a result of manufacturing facilities operating at reduced volume until market demand returns to normal levels.

Operating Expenses

	Six Months Ended June 30,			
(in millions, except percentages)	2020	2019	$ Change	% Change
Selling, general, and administrative expenses (“SG&A”)	$ 672.6	$ 862.8	$ (190.2)	(22.0 %)
Goodwill impairment	156.6	—	156.6	NM
Restructuring and other costs	43.8	62.9	(19.1)	(30.4 %)
SG&A as a percentage of net sales	49.3 %	44.1 %		

NM - Not meaningful

SG&A Expenses

SG&A expenses, including research and development expenses, as a percentage of net sales for the six months ended June 30, 2020 increased 516 basis points as compared to the six months ended June 30, 2019.

For the six months ended June 30, 2020, the higher rate was primarily driven by lower sales which more than offsets the cost reduction measures implemented by the Company in response to COVID-19.

For the remainder of 2020, the Company believes SG&A expenses will be lower than 2019, primarily due to the cost reduction measures including COVID-19 related actions. The cost reduction measures include, but are not limited to the reduction of the following expense categories: marketing and promotion expenses, travel and meeting expenses, salary expenses, and professional services. The Company expects to continue these measures until sales start to return to a more normal level.

Goodwill impairment

For the six months ended June 30, 2020, the Company recorded a goodwill impairment charge of $156.6 million. The impairment charge is related to the Equipment & Instruments reporting unit within the Technologies & Equipment segment recorded in the three months ended March 31, 2020. For further details see Part 1, Item 1, Note 12, Goodwill and Intangible Assets, in the Notes to Unaudited Consolidated Financial Statements of this Form 10-Q.

Restructuring and Other Cost

The Company recorded restructuring and other costs of $43.8 million for the six months ended June 30, 2020 compared to $62.9 million for the six months ended June 30, 2019.

The Company recorded $4.5 million of restructuring costs for the six months ended June 30, 2020 compared to $24.9 million for the six months ended June 30, 2019.

During the six months ended June 30, 2020, the Company recorded $39.3 million of other costs, which consist primarily of impairment charges of $38.7 million related to indefinite-lived intangible assets recorded in the three months ended March 31, 2020. For further details see Part 1, Item 1, Note 12, Goodwill and Intangible Assets, in the Notes to Unaudited Consolidated Financial Statements of this Form 10-Q. During the six months ended June 30, 2019, the Company recorded $38.0 million of other costs, which consisted primarily of fixed asset impairments of $32.8 million and an impairment charges of $5.3 million related to indefinite-lived intangible assets.

The Company announced on August 6, 2020 that it will close its traditional orthodontics business as well as close and restructure certain portions of its laboratory business. The traditional orthodontics business is part of the Technologies & Equipment segment and the laboratory business is part of the Consumables segment. The Company intends to close several of its facilities and reduce its workforce by approximately 4% to 5%. The Company expects to record restructuring charges in a range of $80 million to $90 million for inventory write-downs, severance costs, fixed asset write-offs and other facility closure costs. It is expected that the majority of these charges will be taken during the remainder of 2020. The Company estimates that $45 million to $55 million of the restructuring charges will be non-cash charges related to inventory write-downs and fixed asset write-offs The Company does not expect a significant impact to net sales in the third and fourth quarter of 2020. Both businesses have been experiencing negative sales growth and are dilutive to the Company’s operating income rate.

Other Income and Expense

(in millions)	Six Months Ended June 30, 2020	2019	Change
Net interest expense	$ 17.6	$ 15.1	$ 2.5
Other expense (income), net	2.9	(1.7)	4.6
Net interest and other expense	$ 20.5	$ 13.4	$ 7.1

Net Interest Expense

Net interest expense for the six months ended June 30, 2020 increased $2.5 million as compared to the six months ended June 30, 2019. Higher average debt levels in 2020 was the primary driver when compared to the prior year period resulting in higher net interest expense.

On April 17, 2020 the Company drew down $700.0 million under its 2018 revolving credit facility. On May 26, 2020, the Company issued $750.0 million of senior unsecured notes with a final maturity date of June 1, 2030 at a semi-annual coupon of 3.25%. The net proceeds were $748.4 million, net of discount of $1.6 million. Issuance fees totaled $6.4 million. The Company paid $30.5 million to settle its $150.0 million notional T-Lock contract which partially hedged the interest rate risk of the note issuance. The Company repaid the $700.0 million revolver borrowing on May 26, 2020 from the net proceeds of the note issuance.

As a result of the additional financing, the Company's interest expense will increase throughout the remainder of 2020. See Part I, Item 1, Note 11, Financing Arrangements, in the Notes to the Unaudited Interim Consolidated Financial Statements of this Form 10-Q for further details.

Other Expense (Income), Net

Other expense (income), net for the six months ended June 30, 2020 was expense of $2.9 million. Other expense (income), net for the six months ended June 30, 2019 was income of $1.7 million and consisted primarily of a gain on the sale of a non-strategic business.

On April 7, 2020, the Company terminated its entire net investment hedge portfolio. As a result, the Company expects other income related to this hedge portfolio will decline throughout the remainder of 2020.

Income Taxes and Net (Loss) Income

(in millions, except per share data and percentages)	Six Months Ended June 30, 2020	2019	$ Change
(Benefit) provision for income taxes	$ (13.8)	$ 25.8	$ (39.6)
Effective income tax rate	NM	25.4 %	
Net (loss) income attributable to Dentsply Sirona	$ (235.3)	$ 75.6	$ (310.9)
Net (loss) income per common share - diluted	$ (1.07)	$ 0.34	

NM - Not meaningful.

(Benefit) provision for income taxes

For the six months ended June 30, 2020, income taxes were a benefit of $13.8 million as compared to a net provision of $25.8 million during the six months ended June 30, 2019.

During the six months ended June 30, 2020, the Company recorded $6.9 million of tax expense for other discrete tax matters. The Company also recorded a $10.6 million tax benefit as a discrete item related to the indefinite-lived intangible asset impairment charge. Excluding these discrete tax items and adjusting pretax income to exclude the pretax charge related to the impairment of the intangible assets and non-deductible goodwill impairment charge, the Company's effective tax rate was 18.6%.

During the six months ended June 30, 2019, the Company recorded the following discrete tax items, $1.5 million of tax benefit related to employee share-based compensation and $2.1 million of tax expense for other discrete tax matters. The Company also recorded a $10.1 million tax benefit as a discrete item related to the fixed asset impairment charge and $1.5 million tax benefit related to the indefinite-lived intangible asset impairment charge. Excluding these discrete tax items and adjusting pretax income to exclude the pretax charge related to the impairment of fixed assets, impairment of the indefinite-lived intangible assets, and the losses related to the divestitures of non-strategic businesses, the Company's effective tax rate was 24.4%.

The Company is restructuring its business through streamlining of the organization and consolidating functions. Realization of the benefits of these plans could give rise to the release of a valuation allowance that has been established on the Company's deferred tax assets in a future period.

Operating Segment Results

Net Sales

	Six Months Ended June 30,			
(in millions, except percentages)	2020	2019	$ Change	% Change
Technologies & Equipment	$ 824.2	$ 1,079.2	$ (255.0)	(23.6%)
Consumables	540.7	876.4	(335.7)	(38.3%)

Segment Operating Income

	Six Months Ended June 30,			
(in millions, except percentages)	2020	2019	$ Change	% Change
Technologies & Equipment	$ 107.3	$ 167.8	$ (60.5)	(36.1%)
Consumables	44.0	227.5	(183.5)	(80.7%)

Technologies & Equipment

Net sales for the six months ended June 30, 2020 were $824.2 million, a decrease of $255.0 million or 23.6% from the six months ended June 30, 2019. The decrease in net sales was across all businesses as compared to the same six month period in the prior year was the result of the COVID-19 pandemic. Net sales were negatively impacted by approximately 1.6% due to the strengthening of the U.S. dollar over the prior year period. The increase included a 1.6% negative impact from divestitures of non-strategic businesses and a 0.1% reduction due to discontinued products.

For the six months ended June 30, 2020, net sales decreased 20.3% on an organic sales basis. Organic sales decline was across all regions which was the result of the COVID-19 pandemic.

Key drivers of the decrease in organic sales for the six months ended June 30, 2020, were Equipment & Instruments, Digital Dentistry, and Implants businesses.

Operating income decreased $60.5 or 36.1% for the six months ended June 30, 2020 as compared to the same prior year period**.** The decrease in operating income was primarily driven by lower sales volume and unfavorable manufacturing variances due to the impact of COVID-19, partially offset by cost reduction measures in both gross profit and SG&A.

Consumables

Net sales for the six months ended June 30, 2020 were $540.7 million, a decrease of $335.7 million or 38.3% from the six months ended June 30, 2019. The decrease in net sales was across all businesses which was the result of the COVID-19 pandemic. Net sales were negatively impacted by approximately 1.2% due to the strengthening of the U.S. dollar as compared to the same prior year period.

For the six months ended June 30, 2020, net sales decreased 37.1% on an organic sales basis. The decline in organic sales was due to lower demand in all regions which was a result of the COVID-19 pandemic.

Key drivers of the decline in organic sales for the six months ended June 30, 2020, were the Endodontic, Restorative, and Preventive businesses.

Operating income decreased $183.5 million or 80.7% for the six months ended June 30, 2020 as compared to the same prior year period. The decrease in operating income was primarily driven by lower sales volume and unfavorable manufacturing variances due to the impact of COVID-19, partially offset by cost reduction measures in both gross profit and SG&A.

CRITICAL ACCOUNTING POLICIES

Except as noted below, there have been no other significant material changes to the critical accounting policies as disclosed in the Company’s Form 10-K for the year ended December 31, 2019.

Annual Goodwill Impairment Testing

Goodwill

Goodwill is not amortized; instead, it is tested for impairment annually or more frequently if indicators of impairment exist or if a decision is made to sell a business. The valuation date for annual impairment testing is April 30.

The performance of the Company's 2020 annual impairment test did not result in any impairment of the Company's goodwill. The weighted average cost of capital (“WACC”) rates utilized in the 2020 analysis ranged from 9.0% to 11.5%. For the Company's reporting units that were not impaired at March 31, 2020 (see March 31, 2020 Impairment Testing below), the Company applied a hypothetical sensitivity analysis. If the WACC rate of these reporting units had been hypothetically increased by 100 basis points at April 30, 2020, one reporting unit within the Company's Technologies & Equipment segment, would have a fair value that would approximate book value. If the fair value of each of these reporting units had been hypothetically reduced by 10% at April 30, 2020, the fair value of those reporting units would still exceed net book value. Goodwill for this reporting unit totals $1.1 billion at June 30, 2020.

If the Company’s analysis in the future indicates additional unfavorable impacts related to the ongoing COVID-19 pandemic, an increase in discount rates or a degradation in the overall markets served by these reporting units, any of which could have a negative material impact to the fair value and result in a future impairment of the carrying value of goodwill. There can be no assurance that the Company’s future goodwill impairment testing will not result in a charge to earnings.

Indefinite-Lived Assets

Indefinite-lived intangible assets consist of tradenames and trademarks and are not subject to amortization; instead, they are tested for impairment annually or more frequently if indicators of impairment exist or if a decision is made to sell a business. The valuation date for annual impairment testing is April 30.

The performance of the Company’s 2020 annual impairment test did not result in any impairment of the Company’s indefinite-lived assets. For the Company's indefinite-lived intangible assets that were not impaired at March 31, 2020 (see March 31, 2020 Impairment Testing below), the Company applied a hypothetical sensitivity analysis. If the fair value of each of these indefinite-lived intangibles assets had been hypothetically reduced by 10% or the discount rate had been hypothetically increased by 100 basis points at April 30, 2020, the fair value of these assets would still exceed their book value.

Should the Company’s analysis in the future indicate additional unfavorable impacts related to the ongoing COVID-19 pandemic, an increase in discount rates, or a degradation in the use of the tradenames and trademarks, any of which could have a negative material impact to the fair value and result in a future impairment of the carrying value of the indefinite-lived intangible assets. There can be no assurance that the Company’s future indefinite-lived intangible asset impairment testing will not result in a charge to earnings.

March 31, 2020 Impairment Testing

Goodwill

In conjunction with the preparation of the financial statements for the three months ended March 31, 2020, the Company identified a triggering event, and as a result, the Company recorded a goodwill impairment charge of $156.6 million related to the Equipment & Instruments reporting unit within the Technologies & Equipment segment. The goodwill impairment charge was primarily driven by a change in forecasted sales due to the COVID-19 pandemic which resulted in a lower fair value for this reporting unit. For further information, see Part I, Item 1, Note 12, Goodwill and Intangible Assets, in the Notes to Unaudited Consolidated Financial Statements of this Form 10-Q. The assumptions and estimates used in determining the fair value of these reporting units contain uncertainties, and any changes to these assumptions and estimates could have a negative impact and result in a future impairment.

For the Company’s reporting units that were not impaired, the Company applied a hypothetical sensitivity analysis. If the WACC rate of each of these reporting units had been hypothetically increased by 100 basis points at March 31, 2020, one reporting unit, within the Company's Technologies & Equipment segment, would have a fair value that would approximate net book value. If the fair value of each of these reporting units had been hypothetically reduced by 5% at March 31, 2020, the fair value of those reporting units would still exceed net book value. If the fair value of each of these reporting units had been hypothetically reduced by 10% at March 31, 2020, one reporting unit, as disclosed above, would have a fair value that would approximate net book value. Goodwill for this reporting unit totals $1.1 billion at March 31, 2020.

Indefinite-Lived Assets

The Company, in conjunction with the goodwill impairment test, assessed the indefinite-lived intangible assets within the Equipment & Instruments reporting unit as of March 31, 2020 which largely consists of acquired tradenames and trademarks. As a result of the impairment test of indefinite-lived intangible assets, the Company recorded an impairment charge of $38.7 million for the three months ended March 31, 2020 which was recorded in Restructuring and other costs in the Consolidated Statements of Operations. The impaired indefinite-lived intangibles assets are tradenames and trademarks related to the Equipment & Instruments reporting unit. The impairment charge was primarily driven by a decline in forecasted sales due to the COVID-19 pandemic. For further information see Part I, Item 1, Note 12, Goodwill and Intangible Assets, in the Notes to Unaudited Consolidated Financial Statements of this Form 10-Q. The assumptions and estimates used in determining the fair value of the indefinite-lived intangible assets contain uncertainties, and any changes to these assumptions and estimates could have a negative impact and result in a future impairment.

For the Company’s indefinite-lived intangible assets within the Equipment & Instruments reporting unit that were not impaired, the Company applied a hypothetical sensitivity analysis. If the fair value of each of these indefinite-lived intangibles assets had been hypothetically reduced by 10% or the discount rate had been hypothetically increased by 50 basis points at March 31, 2020, the fair value of these assets would still exceed their book value.

LIQUIDITY AND CAPITAL RESOURCES

Six months ended June 30, 2020

Net loss of $235.8 million for the six months ended June 30, 2020, was a decrease of $311.4 million as compared to net income of $75.6 million for the six months ended June 30, 2019, primarily as a result of reduced demand for dental related procedures due to the COVID-19 pandemic. Cash provided by operating activities during the six months ended June 30, 2020 was $164.4 million, a decrease of $10.0 million as compared to $174.4 million during the six months ended June 30, 2019 which was driven by a reduction in working capital in the current period, primarily related to a decrease in accounts receivables and to a lesser extent, a reduction in inventory. The Company's cash and cash equivalents increased by $704.2 million to $1,109.1 million during the six months ended June 30, 2020.

For the six months ended June 30, 2020, on a constant currency basis, the number of days of sales outstanding in accounts receivable increased by 26 days to 88 days as compared to 62 days at December 31, 2019. The increase in days of sales outstanding in accounts receivable was primarily due to lower sales for the three months ended June 30, 2020 as compared to the three months ended December 31, 2019 as the COVID-19 pandemic decreased dental products demand in the months of March through June. On a constant currency basis, the number of days of sales in inventory increased by 16 days to 132 days at June 30, 2020 as compared to 116 days at December 31, 2019. Inventory days increased primarily due to the lower sales during the six months ended June 30, 2020, slightly offset by the decrease in inventory as compared to December 31, 2019. The Company calculates "constant currency basis" by removing the impact of foreign currency translation, which is calculated by comparing current-period sales, accounts receivables, and inventory to prior-period sales, accounts receivable, and inventory, with both periods converted to the U.S. dollar rate at local currency foreign exchange rates for each month of the prior period.

Cash provided from investing activities during the first six months of 2020 included capital expenditures of $38.8 million and cash proceeds from net investment hedges of $57.5 million. The Company expects critical capital expenditures to be in the range of approximately $75 million to $100 million for the full year 2020.

On April 7, 2020, the Company terminated its entire net investment hedge portfolio early which resulted in a $48.1 million cash receipt in the second quarter of 2020. The Company elected to enter into this transaction to convert the favorable gain position into additional liquidity.

Cash generated by financing activities for the six months ended June 30, 2020 was primarily related to net proceeds on long-term borrowings of $741.2 million, less payment on a T-Lock of $30.5 million, dividend payments of $44.0 million, and share repurchases of $140.0 million.

On March 9, 2020, the Company entered into an Accelerated Share Repurchase Transaction ("ASR Agreement") for $140.0 million. Under the ASR Agreement, the Company received 80% of the then estimated total shares up-front or 2.7 million shares at the then current price of $42.12. The Company received an additional 1.0 million shares after the trading window closed on May 8, 2020. The final amount repurchased is 3.7 million shares at a volume-weighted average price of $38.25 inclusive of a $0.63 per share discount. At June 30, 2020, the Company held 46.1 million shares of treasury stock. The Company received proceeds of $5.4 million as a result of the exercise of 0.1 million of stock options during the six months ended June 30, 2020. Including prior year repurchases, the total amount repurchased under this authorization is $650.2 million leaving $349.8 million available to be repurchased. Additional share repurchases, if any, will be made through open market purchases, Rule 10b5-1 plans, accelerated share repurchases, privately negotiated transactions or other transactions in such amounts and at such times as the Company deems appropriate based upon prevailing market and business conditions and other factors.

The Company's total borrowings increased by a net $747.6 million during the six months ended June 30, 2020, which includes an increase of $7.9 million due to exchange rate fluctuations on debt denominated in foreign currencies. At June 30, 2020 and December 31, 2019, the Company's ratio of total net debt to total capitalization was 18.8% and 16.8%, respectively. The Company defines net debt as total debt, including current and long-term portions, less cash and cash equivalents and total capitalization as the sum of net debt plus equity.

At June 30, 2020, the Company had borrowings available under lines of credit, including lines available under its short-term arrangements and revolving credit facility of $1,156.1 million. Through the date of the filing of this Form 10-Q, the Company has no outstanding borrowings under any of its credit facilities.

In response to the COVID-19 pandemic the Company took the following actions during the six months ended June 30, 2020 to strengthen its liquidity and financial flexibility:

- On April 9, 2020, the Company entered into a $310.0 million 364-day revolving credit facility with a maturity date of April 8, 2021. The 364-day revolving credit facility mirrors the original five-year facility in all major respects, is unsecured and contains certain affirmative and negative covenants relating to the operations and financial condition of the Company.

- On April 17, 2020, the Company provided a notice to the administrative agent to draw down the full available amount under the 2018 revolving credit facility, which is equal to $700.0 million. The Company had previously not drawn down any sums under this facility. The borrowings incurred interest at the rate of adjusted LIBOR plus 1.25%. The Company subsequently repaid the $700.0 million revolver borrowing on May 26, 2020. Under its multi-currency revolving credit agreement, the Company is able to borrow up to $700.0 million through July 28, 2024.

- On May 26, 2020, the Company issued $750.0 million of 3.25% senior unsecured notes with a final maturity date of June 1, 2030. The net proceeds were $748.4 million, net of discount of $1.6 million. Issuance fees totaled $6.4 million. The Company paid $30.5 million to settle the $150.0 million notional T-Lock contract which partially hedged the interest rate risk of the note issuance. This cost will be amortized over the ten-year life of the notes. The proceeds were used to repay the $700.0 million revolver borrowing and the remaining proceeds will be used for working capital and other general corporate purposes.

- Various other credit facilities:

    - On May 5, 2020, the Company entered into a 40.0 million euro 364-day revolving credit facility with a maturity date of April 30, 2021.
    - On May 12, 2020 the Company entered into a 30.0 million euro 364-day revolving credit facility with a maturity date of May 6, 2021.
    - On June 11, 2020, the Company entered into a 3.3 billion Japanese yen 364-day revolving credit facility with a maturity date of June 11, 2021.

    These agreements are unsecured and contain certain affirmative and negative covenants relating to the operations and financial condition of the Company.

The Company also has access to $35.4 million in uncommitted short-term financing under lines of credit from various financial institutions. The lines of credit have no major restrictions and are provided under demand notes between the Company and the lending institutions. At June 30, 2020, the Company had $0.1 million outstanding under these short-term lines of credit.

The Company also has available an aggregate $500.0 million under a U.S. dollar commercial paper program. The $700.0 million revolver serves as a back-up to the commercial paper program, thus the total available credit under the commercial paper program and the multi-currency revolving credit facilities in the aggregate is $700.0 million. At June 30, 2020 and December 31, 2019, there were no outstanding borrowings under these facilities. The Company had no outstanding borrowings under the commercial paper program at June 30, 2020.

These agreements are unsecured and contain certain affirmative and negative covenants relating to the operations and financial condition of the Company.The most restrictive of these covenants pertain to asset dispositions and prescribed ratios of indebtedness to total capital and operating income, plus depreciation and amortization to interest expense. At June 30, 2020, the Company was in compliance with these covenants and expects to remain in compliance with all covenants over the next twelve months.

At June 30, 2020, the Company held $51.4 million of precious metals on consignment from several financial institutions. The consignment agreements allow the Company to acquire the precious metals at market rates at a point in time which is approximately the same time and for the same price as alloys are sold to the Company's customers. In the event that the financial institutions would discontinue offering these consignment arrangements, and if the Company could not obtain other comparable arrangements, the Company may be required to obtain third party financing to fund an ownership position in the required precious metal inventory levels.

The cash held by foreign subsidiaries for permanent reinvestment is generally used to finance the subsidiaries' operating activities and future foreign investments. The Company has the ability to repatriate additional funds to the U.S., which could result in an adjustment to the tax liability for foreign withholding taxes, foreign and/or U.S. state income taxes and the impact of foreign currency movements. At June 30, 2020, management believed that sufficient liquidity was available in the United States and expects this to remain for the next twelve months. The Company has repatriated and expects to continue repatriating certain funds from its non-U.S. subsidiaries that are not needed to finance local operations; however, these particular repatriation activities have not and are not expected to result in a significant incremental tax liability to the Company.

Except as stated above, there have been no material changes to the Company's scheduled contractual cash obligations disclosed in its Form 10-K for the year ended December 31, 2019.

The Company continues to review its debt portfolio and may refinance additional debt or add debt in the near-term as interest rates remain at historically low levels. The Company believes there is sufficient liquidity available for the next twelve months.

NEW ACCOUNTING PRONOUNCEMENTS

Refer to Part 1, Item 1, Note 1, Significant Accounting Policies, to the Unaudited Interim Consolidated Financial Statements of this Form 10-Q for a discussion of recent accounting pronouncements.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

There have been no significant material changes to the market risks as disclosed in the Company's Form 10-K for the year ended December 31, 2019.

Item 4 – Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that it is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the three months ended June 30, 2020, that have materially affected, or are likely to materially affect, its internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

Reference to Part I, Item 1, Note 13 Commitments and Contingencies, in the Notes to Unaudited Interim Consolidated Financial Statements of this Form 10-Q.

Item 1A – Risk Factors

Except as noted below, there have been no significant material changes to the risk factors as disclosed in Part 1A, “Risk Factors” in the Company’s Form 10-K for the year ended December 31, 2019.

The Company’s revenue, results of operations, cash flow and liquidity have been and may continue to be materially adversely impacted by the ongoing COVID-19 outbreak.

The Company is closely monitoring the global impacts of the COVID-19 pandemic, which has a significant negative effect, and is expected to continue to to have a significant negative effect, revenue, results of operations, cash flow and liquidity. As a result of the global outbreak of COVID-19, which has been declared a global pandemic by the World Health Organization, certain actions are being taken by governmental authorities and private enterprises globally to control the outbreak, including restrictions on public gatherings, travel and commercial operations, temporary closures or decreased operations of dental offices, as well as certain government mandates to limit certain dental procedures to those that could be considered emergency only. These measures, as well as guidance from professional dental associations recommending practitioners only perform emergency procedures, and the impact of COVID-19 generally, may result in, or continue to result in:

- temporary closures or significantly reduced operations at most of the Company’s principal manufacturing and distribution locations, including furloughing employees related to these locations, which have reduced the Company’s ability to manufacture and deliver products to customers;
- global reductions in customer demand for certain of the Company’s products and services;
- fear of exposure to or actual effects of the COVID-19 pandemic in countries where operations or customers are located and may lead to decreased procedures at dental offices. The impacts include, but are not limited to, significant reductions in demand or significant volatility in demand for one or more of the Company's products;
- decreased financial viability of the Company’s suppliers, which could cause them to change the terms on which they are willing to provide products;
- the inability or failure of customers to timely meet payment obligations or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties, which may have a negative material impact on the Company's cash flow, liquidity and statements of operations;
- a recession or prolonged period of economic slowdown, which may significantly reduce the Company’s cash flow and negatively impact the cost and access to capital and funding sources for the Company;
- the Company’s inability to maintain compliance with covenants under the revolving credit facilities; or
- the reduced availability of key employees or members of management due to quarantine or illness as a result of COVID-19 may temporarily affect the financial performance and results of operations. If the Company is unable to mitigate these or other similar risks, its business, results of operations and financial condition may be adversely affected.

The Company does not yet know the full extent of the impact of COVID-19 on its business, operations or the global economy. Given the ongoing and dynamic nature of the COVID-19 outbreak, it is very difficult to predict the severity of the impact on the Company’s business. The extent of such impact will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the spread and severity of outbreak and actions taken to address its impact, among others. There are no comparable recent events which may provide guidance as to the effect of the spread of the COVID-19. To the extent that the COVID-19 outbreak continues to adversely affect the business and financial performance, it also could heighten many of the other risks described in this report and in the Company’s Form 10-K for the year ended December 31, 2019.

Changes in the Company's credit ratings or macroeconomic impacts on credit markets, such as the COVID-19 pandemic, may increase cost of capital and limit financing options.

The Company utilizes the short and long-term debt markets to obtain capital from time to time. The Company's continued access to sources of liquidity depends on multiple factors, including global economic conditions, the condition of global credit markets, the availability of sufficient amounts of financing, operating performance and credit ratings. Macroeconomic conditions, such as the COVID-19 pandemic, have resulted in significant disruption in the credit markets, which may adversely affect the Company's ability to refinance existing debt or obtain additional financing to support operations or to fund new acquisitions or capital-intensive internal initiatives. During the six months ended June 30, 2020, S&P Global Ratings affirmed the Company's BBB issuer credit rating, but changed the outlook to negative from stable. Future adverse changes in the Company's credit ratings may result in increased borrowing costs for future long-term debt or short-term borrowing facilities which may in turn limit financing options, including access to the unsecured borrowing market. The Company issued $750.0 million of senior unsecured notes and currently has access to approximately $1,156.1 million of committed credit facilities and has current availability of $1,010.0 million, 70.0 million euro, and 3.3 billion Japanese yen, all under revolving credit facilities, which provides additional sources of liquidity, but the ability to access these revolving credit facilities depends on, among other things, compliance with certain covenants; and the Company may not be able to maintain compliance with such covenants if the deterioration of its business continues. There is no guarantee that additional debt financing will be available in the future to fund obligations, or that it will be available on commercially reasonable terms, in which case the Company may need to seek other sources of funding. In addition, the terms of future debt agreements could include additional restrictive covenants that would reduce flexibility.

The Company recognized a goodwill impairment charge in the three months ended March 31, 2020 related to the ongoing COVID-19 pandemic and may be required to recognize additional goodwill and intangible asset impairment charges in the future.

Under US GAAP, the Company reviews its goodwill and intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Additionally, goodwill and indefinite-lived intangible assets are required to be tested for impairment at least annually. The valuation models used to determine the fair value of goodwill or indefinite-lived intangible assets are dependent upon various assumptions and reflect management's best estimates. Significant management assumptions, which are critical in this fair value determination, include, without limitation, revenue growth rates, operating margins, weighted average cost of capital, future economic and market conditions (including with respect to the dental and medical device industries), net sales growth, gross profit rates, discount rates, earnings multiples and future cash flow projections. Any changes to the assumptions and estimates, made by management may cause a change in circumstances indicating that the carrying value of the goodwill and indefinite-lived assets in its reporting unit may not be recoverable.

During the three months ended March 31, 2020, the Company's estimates and assumptions made at its prior year annual impairment test, have been unfavorably impacted by the COVID-19 pandemic. The Company has experienced a meaningful decrease in customer demand for its products as a result of stay-at-home orders, travel restrictions, and social distancing guidelines set forth by governmental authorities throughout the world in response to the COVID-19 pandemic.

In connection with the Company's preparation of the financial statements for the three months ended March 31, 2020, the Company identified a triggering event where the Company determined it was necessary to record a $156.6 million non-cash impairment charge related to goodwill associated with the Equipment & Instruments reporting unit, within the Technologies & Equipment segment, as well as $38.7 million impairment charge related to indefinite-lived intangible assets held by businesses within this reporting unit. The impairment takes into consideration the Company's updated business outlook for the remainder of calendar year 2020, pursuant to which the Company updated future assumptions and projections related to its reporting unit amid the ongoing COVID-19 pandemic. After updating the assumptions and projections, the Company then calculated an estimate of the fair value for this reporting unit. As of March 31, 2020, the Company determined that one reporting unit had an indication of impairment. In determining the impairment loss, the Company recorded an amount equal to the excess of the assets' carrying amount over its fair value as determined by an analysis of discounted future cash flows. See Part I, Item 1, Note 12, Goodwill and Intangible Assets, in the Notes to Unaudited Interim Consolidated Financial Statements of this Form 10-Q. The Company also disclosed in Part I, Item 2, Critical Accounting Policies, had the Company applied a hypothetical 100 basis points increase to the WACC rate or a hypothetical 10% decrease in fair value to its reporting units not impaired, one reporting unit, within the Technologies & Equipment segment, would have a fair value that approximates book value. Goodwill for this reporting unit totals $1.1 billion at March 31, 2020.

The Company also disclosed in Part I, Item 2, Critical Accounting Policies, the results of the Company's annual impairment test for goodwill. The results of the tests indicated no impairment. Had the Company applied a hypothetical 100 basis points increase to the WACC rate or a hypothetical 10% decrease in fair value to its reporting units not impaired, one reporting unit, within the Technologies & Equipment segment would have a fair value that approximates book value. Goodwill for this reporting unit totals $1.1 billion at June 30, 2020. For the Equipment & Instruments reporting unit that recorded goodwill impairment at March 31, 2020, the implied fair value continues to approximate net book value at April 30, 2020. Goodwill for this reporting unit totals $290.8 million at June 30, 2020.

The goodwill impairment analysis is sensitive to changes in key assumptions used, such as future cash flows, discount rates and growth rates as well as current market conditions in both the U.S. and globally, all of which are being unfavorably impacted by the ongoing COVID-19 pandemic. If the assumptions and projections used in the analysis are not realized, it is possible that an additional impairment charge may need to be recorded in the future. The Company cannot accurately predict the amount and timing of any impairment of goodwill or other indefinite-lived intangible assets. Further, as the year progresses, the Company will need to continue to evaluate the carrying value of goodwill and indefinite-lived intangible assets for all of its reporting units. Any additional impairment charges that the Company may take in the future could be material to Company's results of operations and financial position.

Item 2 – Unregistered Sales of Securities and Use of Proceeds

Issuer Purchases of Equity Securities

At June 30, 2020, the Company had $349.8 million available under the stock repurchase program. During the three months ended June 30, 2020, the Company had the following activity with respect to this repurchase program:

(in millions, except per share amounts) Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Total Cost of Shares Purchased	Dollar Value of Shares that May be Purchased Under the Stock Repurchase Program
April 1, 2020 to April 30, 2020	—	$ —	$ —	$ 377.8
May 1, 2020 to May 31, 2020	1.0	27.97	28.0	349.8
June 1, 2020 to June 30, 2020	—	—	—	349.8
	1.0	$ —	$ 28.0	

(a) On May 12, 2020, the Company settled the ASR Agreement and received 1.0 million shares of the Company's common stock. For further information see Part I, Item 1, Note 4, Earnings Per Common Share, in the Notes to Unaudited Interim Consolidated Financial Statements of this Form 10-Q.

Item 6 – Exhibits

Exhibit Number	Description
4.1	Indenture, dated as of May 26, 2020, between DENTSPLY SIRONA Inc. and Wells Fargo Bank, National Association. (1)
4.2	First Supplemental Indenture, dated as of May 26, 2020, between DENTSPLY SIRONA Inc. and Wells Fargo Bank, National Association. (1)
4.3	Form of 3.250% Notes due 2030 (included in Exhibit 4.2). (1)
10.1	Employment Agreement, dated May 27, 2017, between DENTSPLY SIRONA Inc. and William E. Newell.
10.2	First Amendment to Employment Agreement, dated August 6, 2018, between DENTSPLY SIRONA Inc. and William E. Newell.
10.3	Separation Agreement with General Release, dated July 20, 2020, by and between William E. Newell and DENTSPLY SIRONA Inc.
10.4	364-Day Credit Agreement, dated as of April 9, 2020, among DENTSPLY SIRONA Inc., JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent, and the lenders party thereto. (2)
31.1	Section 302 Certification Statement Chief Executive Officer
31.2	Section 302 Certification Statement Chief Financial Officer
32	Section 906 Certification Statements
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(1) Incorporated by reference to exhibit included in the Company's Form 8-K dated May 26, 2020.

(2) Incorporated by reference to exhibit included in the Company's Form 8-K dated April 9, 2020.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DENTSPLY SIRONA Inc.

/s/	*Donald M. Casey, Jr.*	August 6, 2020
	Donald M. Casey, Jr. Chief Executive Officer	Date
/s/	*Jorge M. Gomez*	August 6, 2020
	Jorge M. Gomez Executive Vice President and Chief Financial Officer	Date

<u>Employment Agreement</u>

This Employment Agreement (this "<u>Agreement</u>"), dated as of May 27, 2017 is made by and between DENTSPLY SIRONA Inc., a Delaware corporation (the "<u>Company</u>"), and William E. Newell ("<u>Executive</u>") (collectively referred to herein as the "<u>Parties</u>").

RECITALS

A. It is the desire of the Company to assure itself of the services of Executive effective as of July 1, 2017 (the "<u>Effective Date</u>") and thereafter by entering into this Agreement.

B. Executive and the Company mutually desire that Executive provide services to the Company on the terms herein provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the Parties hereto agree as follows:

1. <u>Employment</u>.

(a) <u>General</u>. The Company shall employ Executive and Executive shall remain in the employ of the Company, for the period and in the position set forth in this <u>Section 1</u>, and subject to the other terms and conditions herein provided.

(b) This Agreement shall supersede and replace the Employment Agreement made as of January 1, 2012 between DENTSPLY International Inc. ("<u>DENTSPLY</u>") and Executive, as amended through the date hereof (the "<u>Prior Agreement</u>"), which shall terminate and no longer be effective as of the Effective Date.

(c) <u>Employment Term</u>. The term of employment under this Agreement (the "<u>Term</u>") shall be for the period beginning on the Effective Date, and shall automatically renew for twelve (12) month periods unless no later than ninety (90) days prior to the end of the applicable Term either party gives written notice of non-renewal ("<u>Notice of Non-Renewal</u>") to the other in which case Executive's employment will terminate at the end of the then-applicable Term, subject to earlier termination as provided in <u>Section 3</u>. Notwithstanding the foregoing, in the event that any Notice of Non-Renewal given by the Company indicates that the Company is willing to continue Executive's employment under the terms of a new agreement, then Executive and the Company shall negotiate in good faith regarding the terms of such new agreement. If Executive and the Company have not agreed on the terms of a new agreement within 150 days following the date of such Notice of Non-Renewal (the "<u>Negotiation Term</u>"), then Executive's employment shall terminate upon expiration of the Negotiation Term, unless otherwise agreed by the Company and Executive.

(d) <u>Position and Duties</u>. Executive shall serve as the Senior Vice President, Endodontics, Restoratives, Preventives and Instruments with such responsibilities, duties and for activities assigned by the President and Chief Operating Officer of the Company, or his/her designee, depending on the needs and demands of the business and the availability of other personnel, provided that such services shall generally be similar in level of position and responsibility as those set forth in this Agreement. Executive shall devote substantially all of Executive's working time and efforts to the business and affairs of the Company (which shall include service to its Affiliates) and shall not engage in outside business activities (including serving on outside boards or committees) without the consent of the President and Chief Operating Officer, provided that Executive shall be permitted to (i) manage Executive's personal, financial and legal affairs, (ii) participate in trade associations, (iii) serve on the board of directors of not-for-profit or tax-exempt charitable organizations, and (iv) with President and Chief Operating Officer approval, serve on the board of directors or similar board of for-profit organizations, in each case, subject to compliance with this Agreement and provided that such activities do not materially interfere with Executive's performance of Executive's duties and responsibilities hereunder. Executive agrees to observe and comply with the rules and policies of the Company and its subsidiaries as adopted by the Company or its Affiliates from time to time, in each case as amended from time to time, as set forth in writing, and as delivered or made available to Executive (each, a "Policy").

(e) Principal Place of Employment. The Parties agree that Executive's principal office will be the Company's headquarters or such other principal office or offices, as appropriate for the performance of his duties, as mutually agreed by both parties and determined in consultation with the President and Chief Operating Officer. The Parties understand that given the nature of Executive's duties, Executive will be required to travel and perform services at locations other than his principal office from time to time.

2. Compensation and Related Matters.

(a) Annual Base Salary. During the Term, Executive shall receive a base salary at a minimum rate of $410,000 per annum, which shall be paid in accordance with the customary payroll practices of the Company and shall be pro-rated for partial years of employment. Such annual base salary shall be subject to annual review and increase (such annual base salary, as it may be increased from time to time, the "Annual Base Salary").

(b) Bonus. With respect to each fiscal year of the Company Executive will be eligible to participate in an annual incentive program established by the Board. Executive's annual incentive compensation under such incentive program, (the "Annual Bonus") shall be targeted at 70% of his Annual Base Salary (the "Target Bonus"), and with the expectation that the bonus will scale upward and downward based on actual performance, as determined by the Board, such that the actual Annual Bonus payable to Executive may be greater than, equal to or less than the Target Bonus. The Annual Bonus shall be based upon the achievement of Company and/or individual performance metrics as established by the Board. The Annual Bonus for a fiscal year will be paid no later than the fifteenth day of the third month following the end of such fiscal year.

(c) Long-Term Incentive. The Company will grant Executive equity incentive awards (or other long-term incentive compensation). The grant date fair value, type of award and specific terms and conditions of such awards will be determined by the compensation committee of the Board, but shall be commensurate with Executive's position and the terms shall be consistent with the terms applicable to similarly situated executives.

(d) Benefits. During the Term, Executive shall be eligible to participate in employee benefit plans, programs and arrangements generally available from time to time to other similarly situated executives of the Company in the jurisdiction of Executive's principal office location.

(e) Paid Time Off. During the Term, Executive shall be entitled to at least twenty-five (25) days, on an annualized basis, of paid personal leave in accordance with the Company's Policies. Any vacation shall be taken at the reasonable and mutual convenience of the Company and Executive.

(f) Business Expenses. During the Term, the Company shall reimburse Executive for all reasonable travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's expense reimbursement Policy.

3. Termination.

Executive's employment hereunder may be terminated by the Company or Executive, as applicable, without any breach of this Agreement under the following circumstances:

(a) Circumstances.

(i) *Death*. Executive's employment hereunder shall terminate upon Executive's death.

(ii) *Disability*. If Executive has incurred a Disability, as defined below, the Company may terminate Executive's employment.

(iii) *Termination for Cause*. The Company may terminate Executive's employment for Cause, as defined below.

(iv) *Termination without Cause*. The Company may terminate Executive's employment without Cause.

(v) *Resignation from the Company for Good Reason.* Executive may resign Executive's employment with the Company for Good Reason, as defined below.

(vi) *Resignation from the Company without Good Reason*. Executive may resign Executive's employment with the Company without Good Reason.

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 3 (other than termination pursuant to paragraph (a)(i)) shall be communicated by a written notice to the other party hereto (i) indicating the specific termination provision in this Agreement relied upon, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, if applicable, and (iii) specifying a Date of Termination which, if submitted by Executive pursuant to paragraph (a)(vi), shall be at least ninety (90) days following the date of such notice (a "Notice of Termination"); *provided, however,* that in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs following the date of Company's receipt of such Notice of Termination and is prior to the date specified in such Notice of Termination. A Notice of Termination submitted by the Company may provide for a Date of Termination on the date Executive receives the Notice of Termination, or any date thereafter elected by the Company in its sole discretion. In the event of a dispute over Cause or Good Reason, either Party may introduce newly discovered or newly arising evidence in support of or in opposition to its Cause or his Good Reason.

(c) Company Obligations upon Termination Not in Connection with Change in Control. Upon termination of Executive's employment pursuant to any of the circumstances listed in Section 3(a), Executive (or Executive's estate) shall be entitled to receive the sum of: (i) the portion of Executive's Annual Base Salary earned through the Date of Termination, but not yet paid to Executive; (ii) any paid time off that has been accrued but unused in accordance with the Company's Policies; (iii) any reimbursements owed to Executive pursuant to Section 2(f); (iv) any amount accrued and arising from Executive's participation in, or benefits accrued under any employee benefit plans, programs or arrangements, which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements; and (v) except in the case of a termination of Executive's employment for Cause pursuant to Section 3(a)(iii), any earned but unpaid Annual Bonus for the prior fiscal year. Except as otherwise expressly required by law (e.g., COBRA (as defined below)) or as specifically provided herein, or in any other plan or arrangement maintained by the Company, all of Executive's rights to salary, severance, benefits, bonuses and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder. In the event that Executive's employment is terminated by the Company for any reason, Executive's sole and exclusive remedy shall be to receive the payments and benefits described in this Section 3(c) or Section 4 or in any other plan or arrangement maintained by the Company, as applicable. (d) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its Affiliates.

4. Severance Payments.

(a) Termination for Cause, or Resignation without Good Reason. If Executive's employment shall terminate pursuant to Section 3(a)(iii) for Cause, or pursuant to Section 3(a)(vi) for Executive's resignation from the Company without Good Reason, then Executive shall not be entitled to any severance payments or benefits, except as provided in Section 3(c).

(b) Termination without Cause, Resignation for Good Reason or Expiration of Term. If Executive's employment terminates without Cause pursuant to Section 3(a)(iv), Executive resigns for Good Reason pursuant to Section 3(a)(v), or Executive's employment terminates upon expiration of the Term or Negotiation Term by reason of the Company providing the Notice of Non-Renewal then, subject to Executive signing on or before the 50th day following Executive's Separation from Service (as defined below), and not revoking, a release of claims in customary and equitable form (the "Release"), and Executive's continued compliance with Sections 5 and 6, Executive shall receive, in addition to payments and benefits set forth in Section 3(c), the following benefits:

(i) Company shall pay to Executive, an amount equal to two (2) times the sum of (A) the Annual Base Salary plus (B) the Target Bonus, payable over twenty-four months immediately following the Release's effective date in equal installments in accordance with the Company's regular payroll practice following the Date of Termination, until the earlier of (A) twenty-four (24) months after the Release's effective date or (B) the date the Executive first violates any of the restrictive covenants set forth in Sections 5 and 6 or the provisions of Section 7;

(ii) Company shall pay to Executive an amount equal to the Annual Bonus, determined based on the actual performance of the Company for the full fiscal year in which Executive's employment terminates, prorated for the number of days of employment completed during the fiscal year in which the Date of Termination occurs, payable in a lump sum cash amount at the time it would otherwise have been paid had the Executive remained employed for the entire fiscal year in accordance with Section 2(b);

(iii) Executive's equity awards which are outstanding on the Date of Termination shall (x) remain outstanding, (y) continue to vest notwithstanding Executive's termination of employment for a period of twenty-four (24) months following the Date of Termination, and (z) remain exercisable until the earlier of ninety (90) days following the twenty-four (24) month anniversary after the Date of Termination or the date such equity award would have expired had Executive remained in continuous employment;

(iv) Company shall pay to Executive in a cash lump sum an amount equal to the amount of the premiums Executive would have been required to pay to continue Executive's and Executive's covered dependents' medical, dental and vision coverage in effect on the Date of Termination under the Company's group healthcare plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") for twenty-four (24) months following the Date of Termination, which amount shall be based on the premium for the first month of COBRA coverage and shall be paid regardless of whether or not Executive elects COBRA continuation coverage;

(v) Subject to continued payment by Executive of any applicable cost owed by him under the applicable plan, for the twenty-four (24) months following the Date of

Termination continuation of life and accidental death and dismemberment benefits substantially similar to those provided to Executive and (as applicable and including the benefits listed under Section 2(d)) his dependents immediately prior to the date of termination or, as applicable and if more favorable to Executive, those provided in respect of Executive immediately prior to the first occurrence of an event or circumstance constituting Good Reason (in each case, however, subject to any amendments to such arrangements from time to time that are generally applicable to executives of the Company), at no greater cost to Executive than the cost to Executive immediately prior to such date or occurrence; and

(vi) For purposes of determining the amount of any benefit payable to Executive and Executive's right to any benefit otherwise payable under any pension plan (within the meaning of Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended) maintained by the Company or its Affiliates ("Pension Plan"), and except to the extent it would result in a duplication of benefits under the following sentence, Executive shall be treated as if he had accumulated (after the date of termination) twenty-four (24) additional months of service credit thereunder and had been credited during such period with his compensation as in effect immediately before termination (or, if greater and as applicable, immediately prior to the first occurrence of an event or circumstance constituting Good Reason). In addition to the benefits to which Executive is entitled under any defined contribution Pension Plan, the Company shall pay Executive a lump sum amount, in cash, equal to the sum of (A) the amount that would have been contributed thereto or credited thereunder by the Company on Executive's behalf during the twenty-four (24) months following his termination (but not including as amounts that would have been contributed or credited an amount equal to the amount of any reduction in base salary, bonus or other compensation that would have occurred in connection with such contribution or credit), determined (x) as if Executive made or received the maximum permissible contributions thereto or credits thereunder during such period, and (y) as if Executive earned compensation during such period at the rate in effect immediately before termination (or, if greater and as applicable, immediately prior to the first occurrence of an event or circumstance constituting Good Reason), and (B) the excess, if any, of (x) Executive's account balance under the Pension Plan as of the date of termination over (y) the portion of such account balance that is nonforfeitable under the terms of the Pension Plan.

Notwithstanding the foregoing but subject to execution and nonrevocation of the Release, the cash lump sum amounts payable pursuant to Section 4(b)(iv) and (vi), shall be paid sixty (60) days after Executive's Date of Termination.

(c) Termination in Connection With a Change in Control. In the event that Executive's employment terminates without Cause pursuant to Section 3(a)(iv) or Executive resigns for Good Reason pursuant to Section 3(a)(v) within twenty-four (24) months following a Change in Control, subject to Executive signing on or before the 50th day following Executive's Separation from Service, and not revoking, the Release and Executive's continued compliance with Sections 5 and 6, in lieu of any amounts payable under Section 4(b), then Executive shall receive, in addition to payments and benefits set forth in Section 3(c), the following benefits:

(i) Company shall pay to Executive, an amount equal to two (2) times the sum of (A) the Annual Base Salary plus (B) the Target Bonus, payable in a lump sum (provided that payments shall be made in installments on the Schedule described in Section 4(b)(i) if the Change in Control does not constitute a "change in control event" described in Treasury Regulation Section 1.409A-3(i)(5));

(ii) Company shall pay to Executive an amount equal to the Annual Bonus, determined based on the actual performance of the Company for the full fiscal year in which Executive's employment terminates, prorated for the number of days of employment completed during the fiscal year in which the Date of Termination occurs, payable in a lump sum cash amount at the time it would otherwise have been paid had the Executive remained employed for the entire fiscal year in accordance with Section 2(b);

(iii) Company shall pay to Executive an amount equal to the amount of the premiums Executive would have been required to pay to continue Executive's and Executive's covered dependents' medical, dental and vision coverage in effect on the Date of Termination under the Company's group healthcare plans pursuant to COBRA for twenty-four (24) months following the Date of Termination, which amount shall be based on the premium for the first month of COBRA coverage and shall be paid regardless of whether or not Executive elects COBRA continuation coverage;

(iv) Subject to continued payment by Executive of any applicable cost owed by him under the applicable plan, for the twenty-four (24) months following the Date of Termination continuation of life and accidental death and dismemberment benefits substantially similar to those provided to Executive and (as applicable and benefits listed under Section 2(d)) his dependents immediately prior to the date of termination or, as applicable and if more favorable to Executive, those provided in respect of Executive immediately prior to the first occurrence of an event or circumstance constituting Good Reason (in each case, however, subject to any amendments to such arrangements from time to time that are generally applicable to executives of the Company), at no greater cost to Executive than the cost to Executive immediately prior to such date or occurrence; and

(v) For purposes of determining the amount of any benefit payable to Executive and Executive's right to any benefit otherwise payable under any Pension Plan, and except to the extent it would result in a duplication of benefits under the following sentence, Executive shall be treated as if he had accumulated (after the date of termination) twenty-four (24) months of service credit thereunder and had been credited during such period with his compensation as in effect immediately before termination (or, if greater and as applicable, immediately prior to the first occurrence of an event or circumstance constituting Good Reason). In addition to the benefits to which Executive is entitled under any defined contribution Pension Plan, the Company shall pay Executive a lump sum amount, in cash, equal to the sum of (A) the amount that would have been contributed thereto or credited thereunder by the Company on Executive's behalf during the twenty-four (24) months following his termination (but not including as amounts that would have been contributed or credited an amount equal to the amount of any reduction in base salary, bonus or other compensation that would have occurred in connection with such contribution or credit), determined (x) as if Executive made or received the maximum permissible contributions thereto or credits thereunder during such period, and (y) as if Executive earned compensation during such period at the rate in effect immediately before termination (or, if greater and as applicable, immediately prior to the first occurrence of an event or circumstance constituting Good Reason), and (B) the excess, if any, of (x) Executive's account balance under the Pension Plan as of the date of termination over (y) the portion of such account balance that is nonforfeitable under the terms of the Pension Plan.

Notwithstanding the foregoing but subject to execution and nonrevocation of the Release, the cash lump sum amounts payable pursuant to Section 4(c)(i), (iii), and (v), shall be paid sixty (60) days after Executive's Date of Termination.

(d) Termination Upon Death. If Executive's employment shall terminate as a result of Executive's death pursuant to Section 3(a)(i), the Executive's estate or beneficiary shall be entitled to receive in addition to payments and benefits set forth in Section 3(c) subject to signing on or before the 50th day following Executive's death, and not revoking, the Release:

(i) a lump sum payment equal to Executive's Annual Base Salary as in effect on the date of death;

(ii) an amount equal to the Annual Bonus, determined based on the actual performance of the Company for the full fiscal year in which Executive's employment terminates, prorated for the number of days of employment completed during the fiscal year in which the Date of Termination occurs, payable in a lump sum cash amount at the time it would otherwise have been paid had the Executive remained employed for the entire fiscal year in accordance with Section 2(b); and

(iii) Executive's equity awards shall vest in full at the Date of Termination, with any performance based awards vesting at the greater of target or actual performance through the Date of Termination.

Notwithstanding the foregoing but subject to execution and nonrevocation of the Release, the cash lump sum amounts payable pursuant to Section 4(d)(i), shall be paid sixty (60) days after Executive's Date of Termination.

(e) Termination Upon Disability. If Executive's employment shall terminate as a result of or Disability pursuant to Section 3(a)(ii), Executive shall be entitled to receive in addition to the payments and benefits set forth in Section 3(c), subject to signing on or before the 50th day following his Date of Termination, and not revoking, the Release:

(i) an amount equal to the Annual Bonus, determined based on the actual performance of the Company for the full fiscal year in which Executive's employment terminates, prorated for the number of days of employment completed during the fiscal year in which the Date of Termination occurs, payable in a lump sum cash amount at the time it would otherwise have been paid had the Executive remained employed for the entire fiscal year in accordance with Section 2(b); and

(ii) Executive's equity awards vest in full at the Date of Termination, with any performance based awards vesting at the greater of target or actual performance through the Date of Termination.

(f) Survival. Notwithstanding anything to the contrary in this Agreement, the provisions of Sections 5 through 11 and Section 13(i) will survive the termination of Executive's employment and the expiration or termination of the Term.

(g) No Mitigation; Payment to Surviving Spouse. Notwithstanding anything to the contrary in this Agreement, Executive shall not be required to seek other employment or otherwise mitigate any damages resulting from any termination of employment. In the event of Executive's death prior to payment of all compensation and benefits due to Executive under Section 3(c) or Section 4 of this Agreement, any remaining compensation and benefits shall be paid to his spouse, if any, or if none as required by laws of succession or intestacy.

5. Covenants.

Executive acknowledges that Executive has been provided with Confidential Information as defined below) and, during the Term, the Company from time to time will provide Executive with access to Confidential Information. Ancillary to the rights provided to Executive as set forth in this Agreement and the Company's provision of Confidential Information, and Executive's agreements regarding the use of same, in order to protect the value of any Confidential Information, the Company and Executive agree to the following provisions, for which Executive agrees he received adequate consideration and which Executive acknowledges are reasonable and necessary to protect the legitimate interests of the Company and represent a fair balance of the Company's rights to protect its business and Executive's right to pursue employment:

(a) Executive shall not, at any time during the Restriction Period (as defined below), directly or indirectly engage in, have any equity interest in, interview for a potential employment or consulting relationship with, or manage, provide services to or operate any person, firm, corporation, partnership or business (whether as director, officer, employee, agent, representative, partner, security holder, consultant or otherwise) that engages in any business which competes with any portion of the Business (as defined below) of the Company anywhere in the world. Nothing herein shall prohibit Executive from being a passive owner of not more than 5% of the outstanding equity interest in any entity that is publicly traded, so long as Executive has no active participation in the business of such entity.

(b) Executive shall not, at any time during the Restriction Period, directly or indirectly, engage or prepare to engage in any of the following activities: (i) solicit, divert or take away any customers, clients, or business acquisition or other business opportunity of the Company, (ii) contact or solicit, with respect to hiring, or knowingly hire any employee of the Company or any person employed by the Company at any time during the 12-month period immediately preceding the Date of Termination, (iii) induce or otherwise counsel, advise or encourage any employee of the Company to leave the employment of the Company, or (iv) induce any distributor, representative or agent of the Company to terminate or modify its relationship with the Company.

(c) In the event the terms of this Section 5 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(d) As used in this Section 5, (i) the term "Company" shall include the Company and its direct and indirect parents and subsidiaries; (ii) the term "Business" shall mean the business of the Company and shall include (a) designing, developing, distributing, marketing or manufacturing dental products or (b) any other process, system, product or service marketed, sold or under development by the Company at any time during Executive's employment with the Company; and (iii) the term "Restriction Period" shall mean the period beginning on the Effective Date and ending twenty-four (24) months following the Date of Termination for any reason.

(e) Executive agrees, during the Term and following the Date of Termination, to refrain from Disparaging (as defined below) the Company and its Affiliates, including any of its services, technologies, products, processes or practices, or any of its directors, officers, agents, representatives or stockholders, either orally or in writing. The Company agrees, on its behalf and on behalf of its Officers and Directors, to refrain from Disparaging Executive. Nothing in this paragraph shall preclude Executive or the Company (as applicable) from making truthful statements that are reasonably necessary to comply with applicable law, regulation or legal process, or to defend or enforce Executive's or the Company's rights under this Agreement. For purposes of this Agreement, "Disparaging" means making remarks, comments or statements, whether written or oral, that impugn or are reasonably likely to impugn the character, integrity, reputation or abilities of the entities, persons, services, products, technologies, processes or practices listed in this Section 5(e).

(f) Executive agrees that during the Restriction Period, Executive will cooperate fully with the Company in its defense of or other participation in any administrative, judicial or other proceeding arising from any charge, complaint or other action which has been or may be filed.

(g) Notwithstanding anything to the contrary contained in this Agreement, if and to the extent requested by the Company during the period commencing on the Date of Termination and ending at the end of the Restriction Period, Executive agrees to provide to the Company up to five (5) hours of consulting services per month, on an "as needed" basis at times and in a manner that is mutually convenient. Executive shall not receive any additional compensation for the provision of these consulting services if he is receiving the severance benefits otherwise payable pursuant to Section 4 in connection with Executive's services rendered during the Term. If Executive is not receiving severance, the Company and Executive shall agree on a mutually acceptable fee arrangement.

6. Nondisclosure of Proprietary Information.

(a) Except in connection with the faithful performance of Executive's duties hereunder or pursuant to Section 6(c) and (e), Executive shall, in perpetuity, maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for Executive's benefit or the benefit of any person, firm, corporation or other entity (other than the Company) any confidential or proprietary information or trade secrets of or relating to the Company (including, without limitation, business plans, business strategies and methods, acquisition targets, intellectual property in the form of patents, trademarks and copyrights and applications therefor, ideas, inventions, works, discoveries, improvements, information, documents, formulae, practices, processes, methods, developments, source code, modifications, technology, techniques, data, programs, other know-how or materials, owned, developed or possessed by the Company, whether in tangible, intangible or electronic form, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, prospects and compensation paid to employees or other terms of employment) (collectively, the "Confidential Information"), or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such Confidential Information. The Parties hereby stipulate and agree that, as between them, any item of Confidential Information is important, material and confidential and affects the successful conduct of the businesses of the Company (and any successor or assignee of the Company). Notwithstanding the foregoing, Confidential Information shall not include any information that has been published in a form generally available to the public or is publicly available or has become public or general industry knowledge prior to the date Executive proposes to disclose or use such information, *provided*, *that* such publishing or public availability or knowledge of the Confidential Information shall not have resulted from Executive directly or indirectly breaching Executive's obligations under this Section 6(a) or any other similar provision by which Executive is bound, or from any third-party breaching a provision similar to that found under this Section 6(a). For the purposes of the previous sentence, Confidential Information will not be deemed to have been published or otherwise disclosed merely because individual portions of the information have been separately published, but only if material features comprising such information have been published or become publicly available.

(b) Upon termination of Executive’s employment with the Company for any reason, Executive will promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents or property (in whatever form) concerning the Company’s customers, business plans, marketing strategies, products, property, processes or Confidential Information.

(c) Executive may respond to a lawful and valid subpoena or other legal process but shall give the Company the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought and shall assist such counsel at Company’s expense in resisting or otherwise responding to such process, in each case to the extent permitted by applicable laws or rules.

(d) As used in this Section 6 and Section 7, the term “Company” shall include the Company and its direct and indirect parents and subsidiaries.

(e) Nothing in this Agreement shall prohibit Executive from (i) disclosing information and documents when required by law, subpoena or court order (subject to the requirements of Section 6(c) above), (ii) disclosing information and documents to Executive’s attorney, financial or tax adviser for the purpose of securing legal, financial or tax advice, (iii) disclosing Executive’s post-employment restrictions in this Agreement in confidence to any potential new employer of Executive, or (iv) retaining, at any time, Executive’s personal correspondence, Executive’s personal contacts and documents related to Executive’s own personal benefits, entitlements and obligations, except where such correspondence, contracts and documents contain Confidential Information.

7. Inventions.

All rights to discoveries, inventions, improvements and innovations (including all data and records pertaining thereto) related to the Business, whether or not patentable, copyrightable, registrable as a trademark, or reduced to writing, that Executive may discover, invent or originate during the Term, either alone or with others and whether or not during working hours or by the use of the facilities of the Company (“Inventions”), shall be the exclusive property of the Company. Executive shall promptly disclose all Inventions to the Company, shall execute at the request of the Company any assignments or other documents the Company may deem reasonably necessary to protect or perfect its rights therein, and shall assist the Company, upon reasonable request and at the Company’s expense, in obtaining, defending and enforcing the Company’s rights therein. Executive hereby appoints the Company as Executive’s attorney-in-fact to execute on Executive’s behalf any assignments or other documents reasonably deemed necessary by the Company to protect or perfect its rights to any Inventions. During the Restriction Period, Executive shall assist Company and its nominee, at any time, in the protection of Company’s (or its Affiliates’) worldwide right, title and interest in and to Inventions and the execution of all formal assignment documents requested by Company or its nominee and the execution of all lawful oaths and applications for patents and registration of copyright in the United States and foreign countries.

8. Injunctive Relief.

It is recognized and acknowledged by Executive that a breach of the covenants contained in Sections 5- 6 or 7 will cause irreparable damage to Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Executive agrees that in the event of a breach of any of the covenants contained in Sections 5- 6 or 7, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to seek specific performance and injunctive relief without the requirement to post bond.

9. Maximum Payment Limit.

If any payment or benefit due under this Agreement, together with all other payments and benefits that Executive receives or is entitled to receive from the Company or any of its subsidiaries, Affiliates or related entities, would (if paid or provided) constitute an excess parachute payment for purposes of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the amounts otherwise payable and benefits otherwise due under this Agreement will either (i) be delivered in full, or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state or local income and employment taxes and the excise tax imposed under Section 4999 of the Code, results in the receipt by the Executive, on an aftertax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be subject to the excise tax imposed under Section 4999 of the Code. In the event that the payments and/or benefits are to be reduced pursuant to this Section 9, such payments and benefits shall be reduced such that the reduction of cash compensation to be provided to the Executive as a result of this Section 9 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All determinations required to be made under this Section 9 shall be made by the Company's independent public accounting firm, or by another advisor mutually agreed to by the parties, which shall provide detailed supporting calculations both to the Company and Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a payment or benefit subject to this Section 9, or such earlier time as is requested by the Company.

10. Clawback Provisions.

Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to Executive pursuant to this Agreement or any other agreement or arrangement with the Company which is subject to recovery under any Policy, law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such Policy, law, government regulation or stock exchange listing requirement.

11. <u>Assignment and Successors</u>.

The Company may assign its rights and obligations under this Agreement to a United States subsidiary of the Company that is the main operating company of the Company (or the principal employer of employees of the Company and its subsidiaries) in the United States or to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise), and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its Affiliates. This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, Executive shall be entitled, to the extent permitted under applicable law and any applicable Company benefit plans or arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following Executive's death by giving written notice thereof to the Company.

12. <u>Certain Definitions</u>.

(a) <u>Affiliate</u>. "Affiliate" shall mean a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.

(b) <u>Beneficial Owner</u>. "Beneficial Owner" shall have the meaning defined in Rule 13d-3 under the Exchange Act.

(c) <u>Cause</u>. The Company shall have "Cause" to terminate Executive's employment hereunder upon:

(i) a majority, plus at least one, of the members of the Company's Board of Directors, excluding Executive, determining that (a) Executive has committed an act of fraud against the Company, or (b) Executive has committed an act of malfeasance, recklessness or gross negligence against the Company that is materially injurious to the Company or its customers; or

(ii) a majority, plus at least one, of the members of the Company's Board of Directors, excluding Executive, determining that Executive materially breaching the terms of this Agreement; or

(iii) Executive's indictment for, or conviction of, or pleading no contest to, a felony or a crime involving Executive's moral turpitude. Notwithstanding the foregoing, clauses (i) – (iii) shall not constitute "Cause" unless and until the Company has: (x) provided Executive, within 60 days of any Company director's knowledge of the occurrence of the facts and circumstances underlying such Cause event, written notice stating with specificity the applicable facts and circumstances underlying such finding of

Cause; and (y) provided Executive with an opportunity to cure the same (if curable) within 30 days after the receipt of such notice.

(d) Change in Control. “Change in Control” shall mean an event set forth in any one of the following paragraphs shall have occurred following the Effective Date:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 30% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (2) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the Effective Date, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company (or any direct or indirect parent or subsidiary of the Company) with any other company, other than (1) a merger or consolidation which would result in the Beneficial Owners of the voting securities of the Company outstanding immediately prior thereto continuing to own, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, more than 50% of the combined voting power of the voting securities of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof outstanding immediately after such merger or consolidation, (2) a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof, or (3) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 30% or more of the combined voting power of the Company’s, a surviving entity’s or, if the Company or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent’s then outstanding securities; or (iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold or disposed or any parent thereof.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the holders of Common Shares immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

(e) Date of Termination. "Date of Termination" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death; (ii) if Executive's employment is terminated pursuant to Section 3(a)(ii) – (vi) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 3(b), whichever is earlier.

(f) Disability. "Disability" shall mean, at any time the Company or any of its affiliates sponsors a long-term disability plan for the Company's employees, "disability" as defined in such long-term disability plan for the purpose of determining a participant's eligibility for benefits, provided, however, if the long-term disability plan contains multiple definitions of disability, "Disability" shall refer to that definition of disability which, if Executive qualified for such disability benefits, would provide coverage for the longest period of time. The determination of whether Executive has a Disability shall be made by the person or persons required to make disability determinations under the long-term disability plan. At any time the Company does not sponsor a long-term disability plan for its employees, Disability shall mean Executive's inability to perform, with or without reasonable accommodation, the essential functions of Executive's position hereunder for a total of three months during any twelve-month period as a result of incapacity due to mental or physical illness as determined by a physician selected by the Company (or its insurers). Any unreasonable refusal by Executive to submit to a medical examination for the purpose of determining Disability within a reasonable period following a written request by the Company (or its insurers) shall be deemed to constitute conclusive evidence of Executive's Disability.

(g) Exchange Act. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(h) Good Reason. "Good Reason" shall mean:

(i) the Company reduces the Executive's Annual Base Salary or Target Bonus percentage, other than any reduction which is insignificant or is implemented as part of a formal austerity program approved by the Board and applicable to all other executives of the Company, provided such reduction does not reduce Executive's Annual Base Salary or Target Bonus by a percentage greater than the average reduction in compensation of all other executives of the Company;

(ii) a material, adverse change in Executive's responsibilities, authority or duties (including as a result of the assignment of duties materially inconsistent with Executive's position);

(iii) the Company breaches a material obligation to Executive under the terms of this Agreement;

(iv) the Company requires Executive to relocate his principal office without his consent to a location other than the Company's headquarters or the Company's principal offices in the United States as in existence on the Effective Date; and

(v) the Company delivering to Executive a Notice of Non-Renewal which does not include a request to negotiate a new agreement during the Negotiation Term; However, none of the foregoing events or conditions will constitute Good Reason unless: (x) Executive provides the Company with written objection to the event or condition within ninety (90) days following the occurrence thereof, (y) the Company does not reverse or otherwise cure the event or condition within thirty (30) days of receiving that written objection, and (z) the Executive resigns his employment within thirty (30) days following the expiration of that cure period.

(i) Person. "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of Common Shares of the Company.

13. Miscellaneous Provisions.

(a) Governing Law. This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of State of New York without reference to the principles of conflicts of law of the State of New York or any other jurisdiction, and where applicable, the laws of the United States.

(b) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(c) Notices. Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

(i) If to the Company, to the attention of the General Counsel at its headquarters,

(ii) If to Executive, at the last address that the Company has in its personnel records for Executive, or

(iii) At any other address as any Party shall have specified by notice in writing to the other Party.

(d) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

(e) Entire Agreement. The terms of this Agreement are intended by the Parties to be the final expression of their agreement with respect to the subject matter hereof and supersede all prior understandings and agreements, whether written or oral (including, without limitation, the Prior Agreement). The Parties further intend that this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

(f) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Executive and a duly authorized officer of Company (other than Executive). By an instrument in writing similarly executed, Executive or a duly authorized officer of the Company (other than Executive) may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; *provided*, *however*, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(g) Construction. This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (i) the plural includes the singular and the singular includes the plural; (ii) “and” and “or” are each used both conjunctively and disjunctively; (iii) “any,” “all,” “each,” or “every” means “any and all,” and “each and every"; (iv) "includes" and "including" are each "without limitation"; (v) "herein," "hereof," "hereunder" and other similar compounds of the word "here" refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (vi) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

(h) Arbitration. If any dispute or controversy arises under or in connection with this Agreement, is not resolved within a commercially reasonable time not to exceed sixty (60) days, then such dispute or controversy shall be settled exclusively by arbitration, conducted before a single neutral arbitrator at a location mutually agreed between the Company and Executive within the state of the Company's headquarters at such time in accordance with the Employment Arbitration Rules & Procedures of JAMS ("JAMS") then in effect, in accordance with this Section 13(h), except as otherwise prohibited by any nonwaivable provision of applicable law or regulation. The parties hereby agree that the arbitrator shall construe, interpret and enforce this Agreement in accordance with its express terms, and otherwise in accordance with the governing law as set forth in Section 13(a). Judgment may be entered on the arbitration award in any court having jurisdiction, *provided, however,* that either Party shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of the provisions of this Agreement and Executive hereby consents that such restraining order or injunction may be granted without requiring the other Party to post a bond. Unless the parties otherwise agree, only individuals who are on the JAMS register of arbitrators shall be selected as an arbitrator. Additionally, except upon showing of cause each party shall have the right to propound no more than 10 special interrogatories and requests for admission, and to take the deposition of one individual and any expert witness designated by the other party. Within 20 days of the conclusion of the arbitration hearing, the arbitrator shall prepare written findings of fact and conclusions of law. It is mutually agreed that the written decision of the arbitrator shall be valid, binding, final and enforceable by any court of competent jurisdiction. In the event action is brought pursuant to this Section 13(h), the arbitrator shall have authority to award fees and costs to the prevailing party, in accordance with applicable law. If in the opinion of the arbitrator there is no prevailing party, then each party shall pay its own attorney's fees and expenses. Both Executive and the Company expressly waive their right to a jury trial. Nothing in this subsection shall be construed as precluding the bringing of an action for injunctive relief or specific performance as provided in this Agreement. This dispute resolution process and any arbitration hereunder shall be confidential and neither any Party nor the arbitrator shall disclose the existence, contents or results of such process without the prior written consent of all Parties, except where necessary or compelled in a Court to enforce this arbitration provision or an award from such arbitration or otherwise in a legal proceeding. Notwithstanding the foregoing, Executive and the Company each have the right to resolve any issue or dispute over intellectual property rights by Court action instead of arbitration. The Company may also enjoin by Court action any breach of Sections 5-6 or 7 as permitted by Section 8.

(i) Enforcement. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(j) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold or by its Policies it customarily withholds. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

(k) Section 409A.

(i) *General.* The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively, "Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith.

(ii) *Separation from Service.* Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that is considered nonqualified deferred compensation under Section 409A and is designated under this Agreement as payable upon Executive's termination of employment shall be payable only upon Executive's "separation from service" with the Company within the meaning of Section 409A (a "Separation from Service") and, except as provided below, any such compensation or benefits described in Sections 4(b)-(e) shall not be paid, or, in the case of installments, shall not commence payment, until the sixtieth (60th) day following Executive's Separation from Service (the "First Payment Date"). Any lump sum payment or installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's Separation from Service but for the preceding sentence shall be paid to Executive on the First Payment Date and any remaining installment payments shall be made as provided in this Agreement.

(iii) *Specified Employee.* Notwithstanding anything in this Agreement to or any other agreement providing compensatory payments to Executive to the contrary, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, any payment of compensation or benefits to which Executive is entitled under this Agreement or any other compensatory plan or agreement that is considered nonqualified deferred compensation under Section 409A payable as a result of Executive's Separation from Service shall be delayed to the extent required in order to avoid a prohibited distribution under Section 409A until the earlier of (i) the expiration of the six-month period measured from the date of Executive's Separation from Service with the Company or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement or any other compensatory plan or agreement shall be paid as otherwise provided herein or therein.

(iv) *Expense Reimbursements.* To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to Executive shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred; provided, that Executive submits Executive's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) *Tax Gross Up Payments.* Any tax gross-up payments to which Executive is entitled hereunder shall be paid to Executive no later than December 31 of the year next following the year which Executive remits the related tax payments to the applicable tax authorities, including the amount of additional taxes imposed upon Executive due to the Company's reimbursement of the taxes on the compensation subject to the tax gross up.

(vi) *Installments.* Executive's right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

14. <u>Executive Acknowledgement</u>.

Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive's own judgment.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

DENTSPLY SIRONA Inc.

By: /s/ Christopher T. Clark
Christopher T. Clark
President and Chief Operating Officer

EXECUTIVE

By: /s/ William E. Newell
William E. Newell
5/27/17

DENTSPLY SIRONA, INC.

ADDENDUM TO EMPLOYMENT AGREEMENT

This Addendum to Employment Agreement ("Addendum") is made between William E. Newell ("Executive") and Denstply Sirona, Inc. (the "Company"), effective August 2018. This Addendum is to be attached to, and become part of, the Employment Agreement between Executive and the Company dated and executed May 27, 2017, ("Employment Agreement").

The Company has offered and Executive has accepted a promotion to a new role as Senior Vice President, Chief Segment Officer, effective August 6, 2018. Accordingly, the parties the parties have agreed to revise the Employment Agreement as follows:

1. **Revision to Section 1 of the Employment Agreement - "Employment."** Sections 1 (d) and 1 (e) of the Employment Agreement shall be amended to state as follows. The remaining subsections of section 1 shall remain as stated in the Employment Agreement.

    (a) Position and Duties. Executive shall serve as Senior Vice President, Chief Segment Officer with such responsibilities, duties and for activities assigned by the Chief Executive Officer of the Company, or his/her designee, depending on the needs and demands of the business and the availability of other personnel, provided that such services shall generally be similar in level of position and responsibility as those set forth in this Agreement. Executive shall devote substantially all of Executive's working time and efforts to the business and affairs of the Company (which shall include service to its Affiliates) and shall not engage in outside business activities (including serving on outside boards or committees) without the consent of the Chief Executive Officer, provided that Executive shall be permitted to (i) manage Executive's personal, financial and legal affairs, (ii) participate in trade associations, (iii) serve on the board of directors of not-for-profit or tax-exempt charitable organizations, and (iv) with Chief Executive Officer approval, serve on the board of directors or similar board of for-profit organizations, in each case, subject to compliance with this Agreement and provided that such activities do not materially interfere with Executive's performance of Executive's duties and responsibilities hereunder. Executive agrees to observe and comply with the rules and policies of the Company and its subsidiaries as adopted by the Company or its Affiliates from time to time, in each case as amended from time to time, as set forth in writing, and as delivered or made available to Executive (each, a "Policy").

    (b) Principal Place of Employment. The Parties agree that Executive's principal office will be Charlotte, North Carolina, or such other principal office or offices, as appropriate for the performance of his duties, as mutually agreed by both parties and determined in consultation with the Chief Executive Officer. The Parties understand that given the nature of Executive's duties, Executive will be required to travel and perform services at locations other than his principal office from time to time.

2. **<u>Revision to Section 2 of the Employment Agreement - "Compensation and Related Matters."</u>** Section 2(a) of the Employment Agreement shall be amended to state as follows. The remaining subsections of section 1 shall remain as stated in the Employment Agreement.

   (a) Annual Base Salary. During the Term, Executive shall receive a base salary at a minimum rate of $475,000 per annum, which shall be paid in accordance with the customary payroll practices of the Company and shall be pro-rated for partial years of employment. Such annual base salary shall be subject to annual review and increase (such annual base salary, as it may be increased from time to time, the "Annual Base Salary").

3. **<u>Entire Agreement</u>**. The terms of the Employment Agreement remain in full force and effect unless specifically altered or amended by the terms of this Addendum. This Addendum and the Employment Agreement constitute the complete agreement of the parties hereto with respect to the employment of Executive.

4. **<u>Amendment</u>**. The Employment Agreement and this Addendum may be amended only by written agreement of both parties.

5. **<u>Severability</u>**. If any provision of this Addendum or the Employment Agreement is held to be invalid, the remaining provisions shall remain in full force and effect and the unenforceable provision shall be modified to the least extent in order to render it enforceable consistent with the parties' intent.

6. **<u>Section Headings</u>**. Section headings are included herein only for convenience of reference and shall not be considered in the construction of any provision hereof.

7. **<u>Executive Acknowledgement</u>**. Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive's own judgment.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Addendum to Employment Agreement as of 2018

William E. Newell Dentsply Sirona, Inc.

___________________________ /s/ Donald M. Casey Jr.

Executive Chief Executive Officer

SEPARATION AGREEMENT WITH GENERAL RELEASE

This Separation Agreement with General Release ("Agreement") is entered into by and between **William E. Newell** ("Executive" or "you"), an individual, and DENTSPLY SIRONA Inc., a Delaware corporation, ("Dentsply Sirona" or the "Company") (the Executive and the Company are referred to collectively as "Parties") as of June 9, 2020. The Parties entered into an employment agreement ("Employment Agreement") on May 27, 2017 and amended on August 6, 2018.

1. **Termination of Employment and Eligibility for Severance Benefits**. Executive acknowledges receiving written notice on June 9, 2020 from Dentsply Sirona that:

a. Executive's employment with Dentsply Sirona will terminate without cause pursuant to Section 3(a)(iv) of the Employment Agreement, due to the elimination of his position, effective as of the close of business on June 30, 2020 (the "Termination Date");

b. Executive will be paid all legally entitled final compensation by the date required pursuant to the Employment Agreement and applicable law(s) after the Termination Date, including all accrued and unused vacation time or paid time off ("PTO"); and

c. Effective as of the Termination Date, the Executive resigns as an officer of the Company and its affiliates and, if applicable, as a director of the Company's affiliates. Upon the request of the Company, the Executive agrees to promptly execute letters of resignation or other documentation to effect such resignations. The Executive also agrees that the Termination Date is also the date of termination from all other offices, positions, trusteeships, committee memberships and fiduciary capacities on behalf of the Company or any of its affiliates.

2. **Severance Benefits**. Subject to the terms of this Agreement, Dentsply Sirona will provide Executive with severance benefits, to which he is otherwise not entitled, as consideration for the Executive's execution of, non-revocation of, and compliance with this Agreement as well as the Executive's waiver and release of all claims no later than fifty (50) days after the Termination Date, in addition to payments and benefits pursuant to Section 3(c) of the Employment Agreement (which are due in any case). The Company will provide the following benefits:

a. An amount equal to One Million Seven Hundred and Eleven Thousand Nine Hundred dollars ($1,711,900), payable over twenty four (24) months in equal installments in accordance with the Company's regular payroll practices, less standard payroll deductions and withholdings, starting on the first payroll date following the Effective Date but no later than sixty (60) days following the

Termination Date, pursuant to the amounts described in the Section 4(b)(i) of the Employment Agreement.

b. An amount equal to the Annual Bonus under the Employment Agreement, Section 4(b)(ii), determined by the Company's actual performance for the full fiscal year in which the termination occurs, prorated for the number of days worked during the year, less standard payroll deductions and withholdings payable in a lump sum cash payment at the time when the bonus would be paid to employees. Employees typically receive bonus payments by the end of the first quarter of the year following the target year. The Parties acknowledge that the amount in this Section 2(b) refers to the 2020 Annual Incentive Plan bonus amount based on the targets approved by the Human Resources Committee on February 25, 2020. If there are any subsequent adjustments to the targets approved as part of the 2020 Annual Incentive Plan or if an alternate bonus program is adopted to replace the originally adopted 2020 Annual Incentive Plan, Executive will only be entitled to the prorated share of such revised or alternate bonus program based on the number of days Executive was employed during the relevant performance period for such revised or alternate program.

c. The following subsections (i) and (ii) describe the treatment of certain equity awards in connection with and following the Termination Date. Any equity award, including any stock option, restricted share unit, or performance restricted share unit that is not set forth below shall be forfeited immediately on the Termination Date without further consideration therefor.

a. The equity awards set forth in the following schedule that are outstanding and have not been forfeited or settled on the Termination Date shall remain outstanding, continue to be eligible to vest for a period of twenty four (24) months following the Termination Date notwithstanding the Executive's termination of employment (but subject to other vesting requirements applicable to the award), and remain exercisable (in the case of options) until the earlier of ninety (90) days following the 24-month anniversary after the Termination Date or the date such equity award would have expired had the Executive remained in continuous employment, subject to all other terms and conditions of the applicable plan and award under which they were granted.

Grant Date	Type of Award
8/11/2017	Stock Options
8/11/2017	Performance Restricted Share Units
3/6/2018	Stock Options
3/6/2018	Performance Restricted Share Units
11/13/2018	Stock Options
11/13/2018	Performance Restricted Share Units
3/12/2019	Stock Options
3/12/2019	Performance Restricted Share Units (relates only to the grants associated with the total shareholder return and cumulative Non-GAAP EPS targets, not the grant associated with the operating margin targets (the "OM PRSUs"); said OM PRSUs will remain outstanding in accordance with the terms of the applicable grant agreement and the treatment thereof will be governed by said grant agreement)
3/4/2020	Stock Options
3/4/2020	Performance Restricted Share Units

Executive's stock options which were granted on February 24, 2014, February 23, 2015, February 17, 2016, and February 22, 2017 which have vested shall remain outstanding and exercisable until the earlier of ninety (90) days following the twenty-four (24) month anniversary of the Termination Date or the date such equity award would have expired had Executive remained in continuous employment.

b. All outstanding restricted share units set forth in the following schedule ("Applicable Grants") that have not been forfeited, vested, or settled prior to the Termination Date shall become immediately vested as of the Termination Date, subject to all other terms and conditions of the applicable plan and award under which they were granted. The Applicable Grants shall be the Restricted Share Unit grants under the DENTSPLY SIRONA Inc. 2016 Omnibus Incentive Plan pursuant to Restricted Share Unit Grant Notices with a Grant Date and Number of Restricted Share Units as follows:

Grant Date	Number of Restricted Share Units Subject to subsection (ii)
8/11/2017	296.077
3/6/2018	903.243
11/13/2018	132.048
3/12/2019	2,219.692
3/4/2020	2,270.637

i. A lump sum cash payment of $53,118.48, less all relevant taxes and other withholdings, payable 60 days following the Termination Date, pursuant to Section 4(b)(iv) of the Employment Agreement. Also, the Executive and any eligible dependents will have coverage under the Company's group healthcare plan until the last of the day of the termination month.

ii. Subject to continued payment by the Executive of any applicable cost owed by him under the applicable plan, for the twenty four (24) months following the

Termination Date, continuation of life and accidental death and dismemberment benefits substantially similar to those provided to the Executive and his dependents immediately prior to the Termination Date (in each case, however, subject to any amendments to such arrangements from time to time that are generally applicable to executives of the Employer), at no greater cost to the Executive than the cost to the Executive immediately prior to such date.

iii. A lump sum amount, in cash, equal to \$200,292.30, less all relevant taxes and other withholdings, payable 60 days following the Termination Date, in recognition of the benefits described in Section 4(b)(vi) of the Employment Agreement.

iv. A lump sum amount, in cash, equal to the combination of Executive's attorneys' fees incurred in the review of this Agreement and/or outplacement services, but in no event to exceed ten thousand dollars (\$10,000), less all relevant taxes and other withholdings, payable 60 days following the receipt of appropriate legal and/or outplacement services invoices, provided that all such invoices shall be submitted by November 1, 2020.

v. The Company will not seek reimbursement of any amounts in connection with the Employee Relocation Agreement, dated August 16, 2018.

3. **Consideration**. Executive acknowledges that he would not be entitled to the severance benefits provided for in paragraph 2, above, in the absence of Executive signing this Agreement; that the severance benefits constitute a substantial economic benefit to the Executive; and that they constitute good and valuable consideration for the various commitments undertaken by the Executive in this Agreement.

4. **Parties Released**. For purposes of this Agreement, the term "Releasees" means Dentsply Sirona, its past, present, and future parents, subsidiaries, divisions, affiliated companies, predecessors, successors, assigns, benefit plans, plan administrators, shareholders, directors, trustees, officers, employees, agents, attorneys, and insurers.

5. **General Release**. The Executive and the Executive's legal representatives, heirs, devisees, executors, successors and assigns, hereby acknowledge full and complete satisfaction of, and fully and forever waive, release, acquit, and discharge the Releasees from any and all claims, causes of action, demands, liabilities, damages, obligations, and debts (collectively referred to as "Claims"), of every kind and nature, whether known or unknown, suspected or unsuspected, or fixed or contingent, which the Executive holds as of the date he signs this Agreement, or at any time previously held against the Releasees, or any of them, arising out of any matter whatsoever, with the sole and exclusive exception of (i) breaches of this Agreement, (ii) claims for vested benefits, if any, to which Employee is legally entitled under the terms of Dentsply Sirona's retirement, profit sharing or insurance plans, (iii) legally required insurance continuation, and (iv) any workers' compensation claims identified in paragraph 8 below (collectively referred to as the "Excluded Claims"). This General Release specifically includes, but is not limited to, any and all Claims, with the exception of the Excluded Claims:

vi. Arising out of or in any way related to Executive’s employ with Dentsply Sirona, or the termination of Executive’s employment;

vii. Arising out of or in any way related to any contract or agreement between Executive and Dentsply Sirona;

viii. Arising under or based on the Equal Pay Act (“EPA”); Title VII of the Civil Rights Act of 1964 (“Title VII”); Section 1981 of the Civil Rights Act; the Americans With Disabilities Act (“ADA”); the Family and Medical Leave Act (“FMLA”) ; ; the National Labor Relations Act (“NLRA”); the Worker Adjustment and Retraining Notification Act (“WARN”); the Employee Retirement Income Security Act (“ERISA”), the Uniform Services Employment and Reemployment Rights Act (“USERRA”), the Genetic Information Nondiscrimination Act (“GINA”), the Immigration Reform and Control Act (“IRCA”), the Civil Rights Action of 1991, Section 1981 of U.S.C. Title 42, the Fair Credit Reporting Act (“FCRA”), all including any amendments and their respective implementing regulations, or any other federal, state, county or local law, statute, ordinance, decision, order, policy or regulation prohibiting employment discrimination, harassment or retaliation; providing for the payment of wages or benefits; or otherwise creating rights or claims for employees, including, but not limited to, any and all claims alleging breach of public policy; the implied obligation of good faith and fair dealing; or any express, implied, oral or written contract; handbook; manual; policy statement or employment practice; or alleging misrepresentation; defamation; libel; slander; interference with contractual relations; intentional or negligent infliction of emotional distress; invasion of privacy; false imprisonment; assault; battery; fraud; negligence; or wrongful discharge;

ix. Arising under or based on the Age Discrimination in Employment Act (“ADEA”), as amended by the Older Workers Benefit Protection Act (“OWBPA”), and alleging a violation thereof based on any action or failure to act by the Releasees, or any of them, at any time prior to the effective date of this Agreement

x. Nothing in this Agreement is intended to interfere with, prevent or prohibit the Executive from filing a claim with a federal, state or local government agency that is responsible for enforcing a law on behalf of the government, such as the Equal Employment Opportunity Commission (“EEOC”) (including a challenge to the validity of this Agreement), Department of Labor (“DOL”), Securities and Exchange Commission (“SEC”) or National Labor Relations Board (“NLRB”). Nor should anything in this Agreement be read to deter or prevent the Executive from cooperating with or providing information to such a governmental agency during the course of its investigation or during litigation. However, the Executive understands and agrees that, that except for claims brought pursuant to the SEC’s Whistleblower Program (15 U.S.C. § 78u-6 and 18 U.S.C. § 1514A), However, the Executive may not recover any monetary benefit or relief as a result of any such claim brought on his behalf.

6. **ADEA RELEASE**. The Executive understands, covenants, and agrees that he irrevocably and unconditionally releases and forever discharges Dentsply Sirona (include all Releasees) from any and all Claims related to Executive's employment with Dentsply Sirona arising under the Age Discrimination in Employment Act, 29 U.S.C. § 621 *et seq.*, including the Older Workers Benefit Protection Act, 29 U.S.C. § 626(f).

xi. The Executive has been given a period of at least twenty-one (21) days in which to consider this Agreement.

xii. Also, the Executive has a period of seven (7) days after the day Executive signs this Release to revoke this Release. To revoke this Release, the Executive must provide written notice of intent to revoke and such notice must be sent via certified mail, return receipt requested, to **Keith Ebling, Executive Vice President, General Counsel and Secretary, 13320 Ballantyne Corporate Place, Charlotte, NC 28277** and must be postmarked within seven (7) days of the date on which the Executive has signed this Release. This Agreement shall not become effective until the eighth (8th) day after you sign, without revoking, this Agreement. No payments otherwise due to you under this Agreement shall be made or begin before the Effective Date. You must execute and not revoke this Agreement within the required time period in order to become entitled to any payment or benefit under this Agreement.

xiii. The Executives understand the terms of this Release and acknowledge that his release and waiver of claims in this Release is knowing and voluntary.

xiv. The Executive's release and waiver of rights or claims under the ADEA in this Release is being made in exchange for consideration in addition to anything of value to which the Executive is already entitled.

Nothing in this Release shall limit or restrict the Executive's right under the ADEA to challenge the validity of his ADEA release in a court of law. However, the Executive understands that the waiver and release contained in this Paragraph still applies to the Executive's ADEA Claims and that he has waived all ADEA Claims as part of this Release. The Executive further understands that in any suit brought under the ADEA, Executive would not be entitled to any damages or other relief unless the waiver in this Paragraph is deemed to be invalid.

7. **Timing for Signature.** Executive may sign, date, and return the Release to Dentsply Sirona before the consideration period (50 days) has expired, but not before the Termination Date. To be eligible for benefits under this Release, the Executive must return it signed and dated to the Company via email to **Lisa Yankie, Senior Vice President, Human Resources, lisa.yankie@dentsplysirona.com** or via US mail to **13320 Ballantyne Corporate Place, Charlotte, NC 28277** If the Executive fails to sign, date, and return this Agreement as

directed within the consideration period, the offer contained in this Release will automatically expire without further notice.

8. **No pending claims**. The Executive represents that, as of the date on which he signed this Agreement, the Executive has not commenced, maintained, filed, or prosecuted any action, charge, claim, complaint, or proceeding of any kind (on the Executive's behalf and/or on behalf of any other person or on behalf of or as a member of any alleged class of persons) that is presently pending in any court, or before any administrative or investigative body or agency or other tribunal ("Pending Claims"), against or involving Dentsply Sirona or any of the Releasees. If there are any such Pending Claims, the Executive shall, at his sole cost, cause them to be withdrawn immediately with prejudice, and without attorneys' fees, disbursements or costs assessed to Dentsply Sirona. Likewise, the Executive acknowledges that he is not aware of any claims that he has or might have against Dentsply Sirona for any work-related injuries or illnesses under any State Workers' Compensation Act, with the sole and exclusive exception of the following: None. (Write "None" if there are no such claims; in the event Executive leaves the foregoing space blank, the parties agree that there are no such claims of which Executive is aware or which are pending).

9. **Intended Scope of Release**. It is the intention of the parties and is fully understood and agreed by them that this Agreement includes a General Release of all Claims (with the exception of the Excluded Claims), which Executive holds or previously held against the Releasees, or any of them, regardless of whether they are specifically referred to herein. No reference herein to any specific claim, statute or obligation is intended to limit the scope of this General Release and, notwithstanding any such reference, this Agreement shall be effective as a full and final bar to all Claims of every kind and nature, whether known or unknown, suspected or unsuspected, or fixed or contingent, released by this Agreement.

10. **Executive Waiver of Rights**. As part of the General Release, the Executive is waiving all of his rights to any recovery, compensation, or other legal, equitable or injunctive relief (including, but not limited to, compensatory damages, liquidated damages, punitive damages, back pay, front pay, attorneys' fees, and reinstatement to employment), from the Releasees, or any of them, in any administrative, arbitral, judicial or other action brought by or on behalf of the Executive in connection with any Claim released by this Agreement.

11. **Remedies for Breach**. If the Executive, or anyone on behalf of the Executive, initiates, brings or prosecutes any suit or action against any of the Releasees in any federal, state, county or municipal court, with respect to any of the Claims released by this Agreement (except to challenge the validity or enforceability of this Agreement under the ADEA as amended by the OWBPA), or if the Executive breaches any of the terms of this Agreement, then the Executive shall be liable for the payment of all damages, costs, and expenses (including attorneys' fees) incurred by the Releasees, or any of them, in connection with such suit, action or breach.

12. **No Admission of Liability**. Nothing in this Agreement constitutes or shall be construed as an admission of liability on the part of the Releasees, or any of them. The Releasees expressly deny any liability of any kind to the Executive, and particularly any liability

arising out of or in any way related to the Executive's employment with Dentsply Sirona or the termination of the Executive's employment.

13. **Nondisclosure**. The Executive agrees that neither he, nor his attorneys or agents, shall directly or indirectly disclose any of the terms of this Agreement unless (i) written consent is given by the Corporate Secretary of Dentsply Sirona, (ii) required to comply with any federal, state or local law, rule or order, (iii) required in connection with any suit or action challenging the validity of this Agreement with respect to claims arising under the ADEA as amended by the OWBPA, or (iv) required in connection with any suit or action alleging a breach of this Agreement.

The Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, if such disclosure is made solely for the purpose of reporting or investigating a suspected violation of law or if such disclosure is made in a complaint or other document filed in a lawsuit or other proceeding under seal. By signing below, the Executive represents and warrants to Dentsply Sirona that he is not aware of any incident or circumstance relating to his duties at Dentsply Sirona that would cause or compel him to make such a disclosure.

Nothing in this Agreement shall prohibit the Executive from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. The Executive does not need the prior authorization of Dentsply Sirona to make any such reports or disclosures and is not required to notify Dentsply Sirona that he has made such reports or disclosures.

14. **Restrictive Covenants**. The Executive hereby reaffirms and agrees to abide by all non-competition, non-solicitation, confidentiality, and nondisclosure obligations to which he is subject to under the Employment Agreement , the terms of which are incorporated herein, as well as under all relevant and applicable laws, common law, and statues concerning trade secrets and the duty of loyalty.

15. **Warranty of Understanding and Voluntary Nature of Agreement**. The Executive acknowledges that he has carefully read and fully understands all of the provisions of this Agreement; that the Executives knows and understands the rights he is waiving by signing this Agreement; and that the Executive has entered into the Agreement knowingly and voluntarily, without coercion, duress or overreaching of any sort.

16. **Severability**. The provisions of this Agreement are fully severable. Therefore, if any provision of this Agreement is for any reason determined to be invalid or unenforceable, such invalidity or unenforceability will not affect the validity or enforceability of any of the remaining provisions.

17. **Entire Agreement/Integration**. Except as otherwise expressly provided herein, this Agreement constitutes the sole and entire agreement between the Executive and Dentsply Sirona with respect to the subjects addressed in it, and supersedes all prior or contemporaneous agreements, understandings, and representations, oral and written, with respect to those subjects.

18. **No Waiver By Company**. No waiver, modification or amendment of any of the provisions of this Agreement shall be valid and enforceable unless in writing and executed by the Executive and Dentsply Sirona's General Counsel, or such other person as Dentsply Sirona may designate.

19. **Successors and Assigns**. This Agreement shall be binding upon, and shall inure to the benefit of, the Executive and his personal and legal representatives, heirs, devisees, executors, successors and assigns, and Dentsply Sirona and its successors and assigns. Executive expressly warrants that Executive has not assigned or transferred any of the Executive's rights to any of the Claims released by this Agreement to any person or entity.

20. **Choice of Law**. This Agreement and any amendments hereto shall be governed by and construed in accordance with the laws of the State of North Carolina, without regard to conflicts of law principles.

21. **Acceptance.** Acceptance under this Agreement may be made by facsimile transmission, email using a pdf version or electronic signature and this Agreement may be executed in one or more counterparts, each of which when fully executed, shall be deemed to be an original, and all of which shall be deemed to be the same Agreement.

****signatures appear on the next page****

THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT THE EXECUTIVE HAS FULLY READ, UNDERSTANDS, AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT THE EXECUTIVE HAS HA OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF THE EXECUTIVE'S CHOICE BEFORE SIGNING THIS AGREEMENT. THE EXECUTIVE FURTHER ACKNOWLEDGES THAT THE EXECUTIVE'S SIGNATURE BELOW IS AN AGREEMENT TO RELEASE EMPLOYER FROM ANY AND ALL CLAIMS THAT CAN BE RELEASED AS A MATTER OF LAW.

IN WITNESS WHEREOF, the Employer and the Executive have duly executed this Second Release as of the date first set forth above.

DENTSPLY SIRONA Inc.

By: /s/ Keith J. Ebling

Name: Keith J. Ebling

Title: Executive Vice President, General Counsel and Secretary

WILLIAM E. NEWELL

Signature: /s/ William E. Newell

July 20, 2020

Acknowledged: /s/ Lisa M. Yankie

July 20, 2020

Exhibit 31.1

Section 302 Certifications Statement

I, Donald M. Casey, Jr, certify that:

1. I have reviewed this Form 10-Q of DENTSPLY SIRONA Inc..;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2020

/s/ Donald M. Casey, Jr.
Donald M. Casey, Jr.
Chief Executive Officer

Exhibit 31.2

Section 302 Certifications Statement

I, Jorge M. Gomez, certify that:

1. I have reviewed this Form 10-Q of DENTSPLY SIRONA Inc..;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2020

/s/ Jorge M. Gomez
Jorge M. Gomez
Executive Vice President and
Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of DENTSPLY SIRONA Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), We, Donald M. Casey, Jr., Chief Executive Officer of the Company and Jorge M. Gomez, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge and belief:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of the date of the Report.

/s/ *Donald M. Casey, Jr.*
Donald M. Casey, Jr.
Chief Executive Officer

/s/ *Jorge M. Gomez*
Jorge M. Gomez
Executive Vice President and
Chief Financial Officer

August 6, 2020