



**DENSPLY**  
INTERNATIONAL

# FIRST QUARTER 2015 SUPPLEMENTAL MATERIALS



NASDAQ - XRAY

# FORWARD LOOKING STATEMENTS

This presentation contains forward-looking information (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding future events or the future financial performance of the Company that involve substantial risks and uncertainties. Actual events or results may differ materially from those in the projections or other forward-looking information set forth herein as a result of certain risk factors. These risk factors include, without limitation; the continued strength of dental and medical markets, the timing, success and market reception for our new and existing products, uncertainty with respect to governmental actions with respect to dental and medical products, outcome of litigation and/or governmental enforcement actions, volatility in the capital markets or changes in our credit ratings, continued support of our products by influential dental and medical professionals, our ability to successfully integrate acquisitions, risks associated with foreign currency exchange rates, risks associated with our competitors' introduction of generic or private label products, our ability to accurately predict dealer and customer inventory levels, our ability to successfully realize the benefits of any cost reduction or restructuring efforts, our ability to obtain a supply of certain

finished goods and raw materials from third parties and changes in the general economic environment that could affect the business. Changes in such assumptions or factors could produce significantly different results.

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

# NON-GAAP FINANCIAL MEASURES

In addition to the results reported in accordance with US GAAP, the Company provides adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share ("adjusted EPS"). The Company discloses adjusted net income attributable to DENTSPLY International to allow investors to evaluate the performance of the Company's operations exclusive of certain items that impact the comparability of results from period to period and may not be indicative of past or future performance of the normal operations of the Company and certain large non-cash charges related to purchased intangible assets. The Company believes that this information is helpful in understanding underlying operating trends and cash flow generation.

Adjusted net income and adjusted EPS are important internal measures for the Company. Senior management receives a monthly analysis of operating results that includes adjusted net income and adjusted EPS and the performance of the Company is measured on this basis along with other performance metrics.

The adjusted net income attributable to DENTSPLY International consists of net income attributable to DENTSPLY International adjusted to exclude the net of tax impact of the following:

(1) Business combination related costs. These adjustments include costs related to integrating and consummating recently acquired businesses and costs, gains and losses related to the disposal of businesses or product lines. These items are irregular in timing and as such may not be indicative of past and future performance of the Company and are therefore excluded to allow investors to better understand underlying operating trends.

(2) Restructuring, restructuring program related costs and other costs. These adjustments include costs related to the implementation of restructuring initiatives as well as certain other costs. These costs can include, but are not limited to, severance costs, facility closure costs, lease and contract terminations costs, related professional service costs, duplicate facility and labor costs associated with specific restructuring initiatives, as well as, legal settlements and impairments of assets. These items are irregular in timing, amount and impact to the Company's financial performance. As such, these items may not be indicative of past and future performance of the Company and are therefore excluded for the purpose of understanding underlying operating trends.

(3) Amortization of purchased intangible assets. This adjustment excludes the periodic amortization expense related to purchased intangible assets. Beginning in 2011, the Company began recording large non-cash charges related to the values attributed to

purchased intangible assets. As such, amortization expense has been excluded from adjusted net income attributed to DENTSPLY International to allow investors to evaluate and understand operating trends excluding these large non-cash charges.

(4) Credit risk and fair value adjustments. These adjustments include both the cost and income impacts of adjustments in certain assets and liabilities including the Company's pension obligations, that are recorded through net income which are due solely to the changes in fair value and credit risk. These items can be variable and driven more by market conditions than the Company's operating performance. As such, these items may not be indicative of past and future performance of the Company and therefore are excluded for comparability purposes.

(5) Certain fair value adjustments related to an unconsolidated affiliated company. This adjustment represents the fair value adjustment of the unconsolidated affiliated company's convertible debt instrument held by the Company. The affiliate is accounted for under the equity method of accounting. The fair value adjustment is driven by open market pricing of the affiliate's equity instruments, which has a high degree of variability and may not be indicative of the operating performance of the affiliate or the Company.

(6) Income tax related adjustments. These adjustments include both income tax expenses and income tax benefits that are representative of income tax adjustments mostly related to prior periods, as well as the final settlement of income tax audits, and discrete tax items resulting from the implementation of restructuring initiatives. These adjustments are irregular in timing and amount and may significantly impact the Company's operating performance. As such, these items may not be indicative of past and future performance of the Company and therefore are excluded for comparability purposes.

Adjusted earnings per diluted common share is calculated by dividing adjusted net income attributable to DENTSPLY International by diluted weighted-average common shares outstanding. Adjusted net income attributable to DENTSPLY International and adjusted earnings per diluted common share are considered measures not calculated in accordance with US GAAP, and therefore are non-US GAAP measures. These non-US GAAP measures may differ from other companies. Income tax related adjustments may include the impact to adjust the interim effective income tax rate to the expected annual effective tax rate. The non-US GAAP financial information should not be considered in isolation from, or as a substitute for, measures of financial performance prepared in accordance with US GAAP.

# Q1 2015 PERFORMANCE SUMMARY

**Sales, ex PM, declined 8.4%**

- Currency translation headwind -9.7%
- Constant currency growth +1.3%
- Internal growth +1.3%

**Adjusted operating margin expanded 100 bps to 18.7%**

**Operating cash flow increased 2% to a first quarter record \$66 million**

- Free cash flow up 26% to \$49 million

**EPS on an adjusted basis flat at \$0.59**

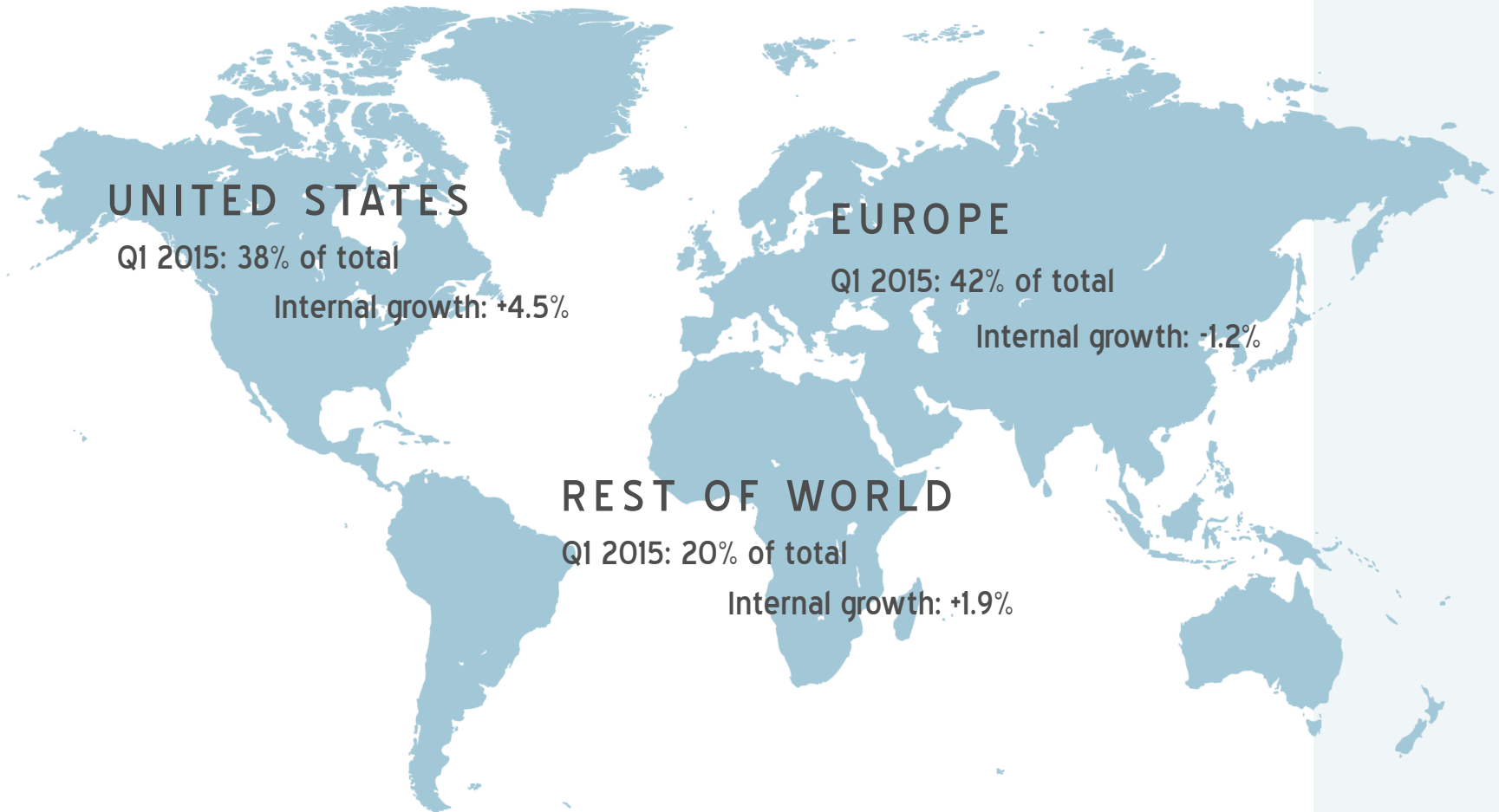
- Adjusted EPS grew ~6% ex. currency impact
  - Currency ~3.5 cent headwind

# Q1 2015 INTERNAL GROWTH

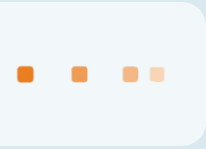
EX. PM



Consolidated internal growth: Q1 2015: +1.3%



# CASH FLOW AND BALANCE SHEET HIGHLIGHTS



Operating cash flow a first quarter record of \$66 million, up 2% from PY period

- Depreciation of \$19 million and amortization of \$11 million
- Capital expenditures of \$16 million
- Free cash flow (operating cash flow less cap ex) up 26% to \$49 million
- Inventory down 2 days to 118 compared to 120 vs. PY
- DSO's of 58, down 3 days vs. PY

Total debt of \$1.3 billion; net debt of \$1.1 billion

- Net debt\*: 36% of total capitalization
- Leverage\*\*: 2.1x

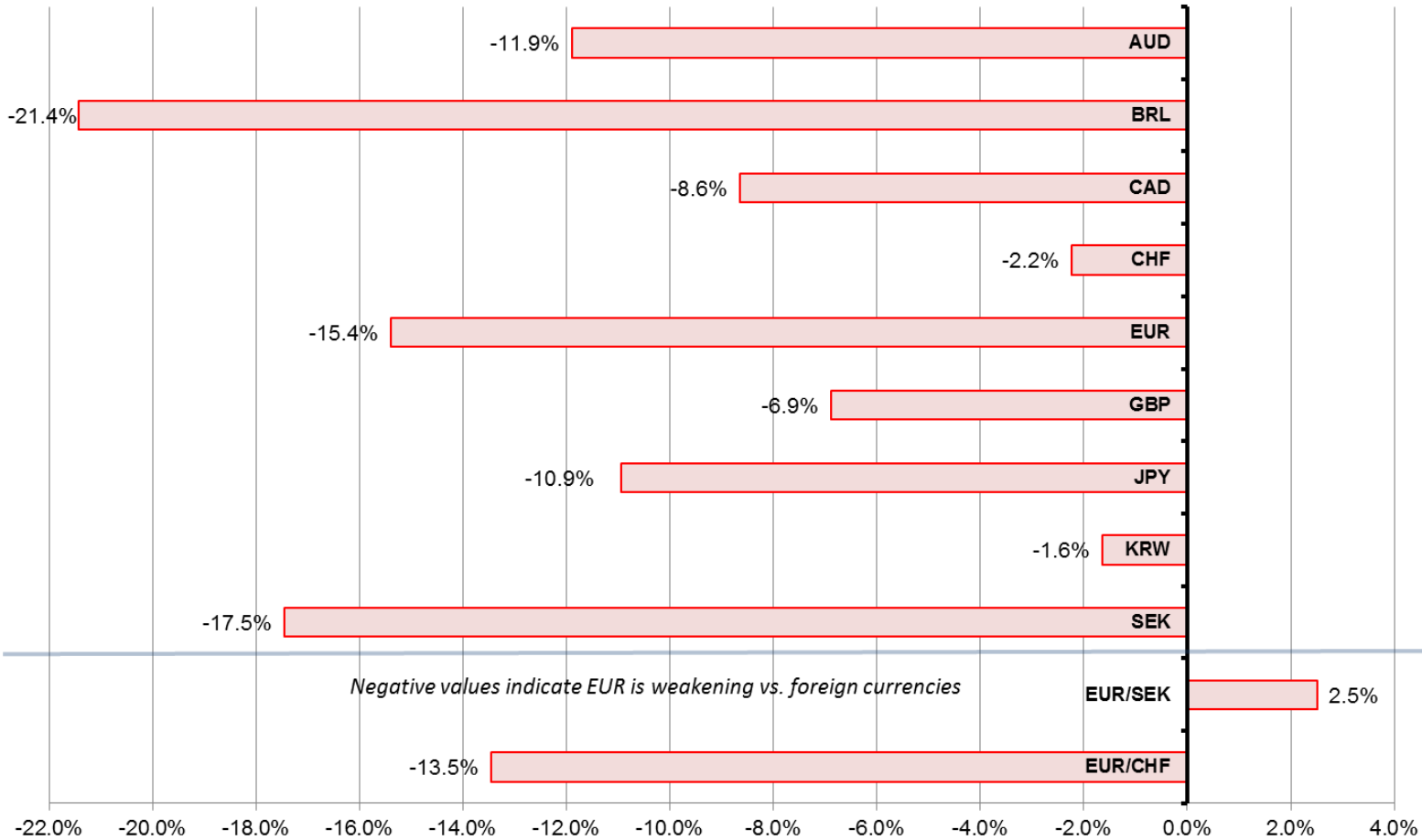
\* Net debt : long term debt and notes payable minus cash and equivalents. Total capitalization: net debt + equity

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

# CURRENCY RATE CHANGES

## 2015 Current Rates vs. 2014 Average Rates

*Negative values indicate foreign currencies are weakening vs. USD*



# 2014 EARNINGS GUIDANCE ■ ■ ■

**2015 adjusted earnings guidance unchanged: \$2.50 to \$2.60 per diluted share**



# APPENDIX

# NON-GAAP RECONCILIATION: Q1 2015

DENTSPLY INTERNATIONAL INC.  
CONSOLIDATED STATEMENTS OF INCOME

	GAAP THREE MONTHS ENDED									NON-GAAP THREE MONTHS ENDED	
	March 31, 2015	Amortization of Purchased Intangible Assets	Certain Fair Value Adjustments Related to an Unconsolidated Affiliated Company	Restructuring, Program Related Costs and Other Costs	Credit Risk and Fair Value Adjustments	Business Combination Related Costs	Income Tax Related Adjustments	Rounding	Total Non-GAAP Adjustments	March 31, 2015	
NET SALES	\$ 656,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 656,320
NET SALES-without precious metals	631,547	-	-	-	-	-	-	-	-	-	631,547
GROSS PROFIT	373,368	3,135	-	129	709	613	-	-	4,586	377,954	
% OF NET SALES-without precious metals	59.1%									59.8%	
SG&A EXPENSES	270,233	(7,772)	-	(890)	(1,317)	(170)	-	-	(10,149)	260,084	
% OF NET SALES-without precious metals	42.8%									41.2%	
RESTRUCTURING AND OTHER COSTS	5,426	-	-	(5,426)	-	-	-	-	(5,426)	-	
INCOME FROM OPERATIONS	97,709	10,907	-	6,445	2,026	783	-	-	20,161	117,870	
% OF NET SALES-without precious metals	15.5%									18.7%	
NET INTEREST AND OTHER EXPENSE	10,535	-	5	-	(872)	-	-	-	(867)	9,668	
PRE-TAX INCOME	87,174	10,907	(5)	6,445	2,898	783	-	-	21,028	108,202	
INCOME TAXES	18,853	3,294	(2)	1,982	922	187	(436)	-	5,947	24,800	
	21.6%									22.9%	
EQUITY EARNINGS (LOSS) OF UNCONSOLIDATED AFFILIATES	(4,367)	-	4,589	-	-	-	-	-	4,589	222	
LESS: NET INCOME/(LOSS) ATTRIBUTABLE TO THE NON-CONTROLLING INTERESTS	(7)	-	-	-	-	-	-	-	-	(7)	
NET INCOME ATTRIBUTABLE TO DENTSPLY INTERNATIONAL	\$ 63,961	\$ 7,613	\$ 4,586	\$ 4,463	\$ 1,976	\$ 596	\$ 436	\$ -	\$ 19,670	\$ 83,631	
% OF NET SALES-without precious metals	10.1%									13.2%	
EARNINGS PER SHARE - DILUTED	\$ 0.45	\$ 0.06	\$ 0.03	\$ 0.03	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ 0.14	\$ 0.59	

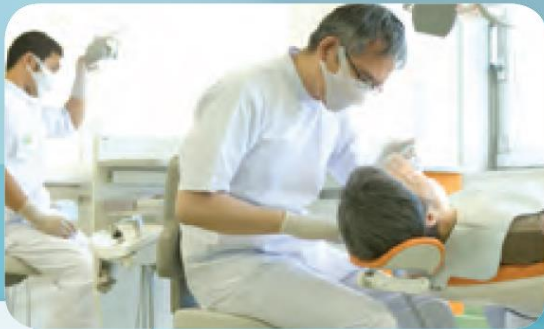
# NON-GAAP RECONCILIATION: Q1 2014

DENTSPLY INTERNATIONAL INC.  
CONSOLIDATED STATEMENTS OF INCOME

**GAAP**  
THREE MONTHS ENDED

**NON-GAAP**  
THREE MONTHS ENDED

	March 31, 2014	Amortization of Purchased Intangible Assets	Business Combination Related Costs	Income Tax Related Adjustments	Restructuring, Restructuring Program Related Costs and Other Costs	Certain Fair Value Adjustments Related to an Unconsolidated Affiliated Company	Credit Risk and Fair Value Adjustments	Rounding	Total Non-GAAP Adjustments	March 31, 2014
NET SALES	\$ 730,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 730,114
NET SALES-without precious metals	689,182	-	-	-	-	-	-	-	-	689,182
GROSS PROFIT	394,205	3,137	1,101	-	-	-	-	4,238	398,443	
% OF NET SALES-without precious metals	57.2%								57.8%	
SG&A EXPENSES	287,842	(9,438)	(1,834)	-	(116)	-	-	(11,388)	276,454	
% OF NET SALES-without precious metals	41.8%								40.1%	
RESTRUCTURING AND OTHER COSTS	793	-	-	-	(793)	-	-	(793)	-	
INCOME FROM OPERATIONS	105,570	12,575	2,935	-	909	-	-	16,419	121,989	
% OF NET SALES-without precious metals	15.3%								17.7%	
NET INTEREST AND OTHER EXPENSE	9,908	-	-	-	-	(228)	1,019	791	10,699	
PRE-TAX INCOME	95,662	12,575	2,935	-	909	228	(1,019)	16,419	111,290	
INCOME TAXES	22,452	3,663	969	(1,897)	265	70	(393)	2,677	25,129	
EQUITY EARNINGS (LOSS) OF UNCONSOLIDATED AFFILIATES	(290)	-	-	-	-	(361)	-	(361)	(651)	
LESS: NET INCOME/(LOSS) ATTRIBUTABLE TO THE NON-CONTROLLING INTERESTS	42	-	-	-	-	-	-	-	42	
NET INCOME ATTRIBUTABLE TO DENTSPLY INTERNATIONAL	\$ 72,878	\$ 8,912	\$ 1,966	\$ 1,897	\$ 644	\$ (203)	\$ (626)	\$ -	\$ 13,381	\$ 85,468
% OF NET SALES-without precious metals	10.6%									12.4%
EARNINGS PER SHARE - DILUTED	\$ 0.50	\$ 0.06	\$ 0.01	\$ 0.01	\$ -	\$ -	\$ -	\$ 0.01	\$ 0.09	\$ 0.59



# FOCUS

Across the global business, our Associates are joining forces to enhance our customer value proposition, build on our strengths and create efficiencies to reinvest for growth.