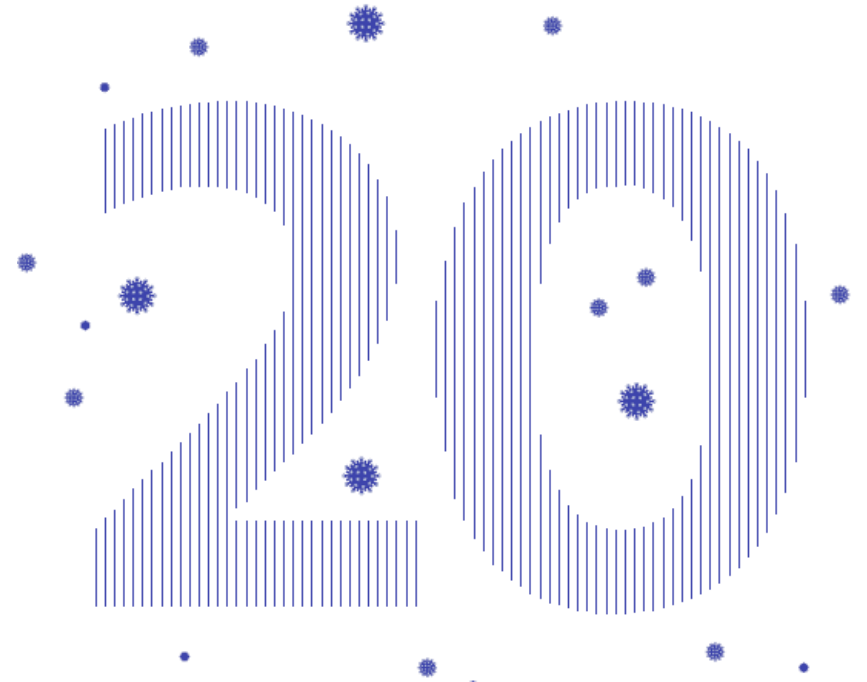


# Infection Control



## Media and Analyst Conference Financial Year 2020

Martin Schaufelberger, CEO

Gerhard Mahrle, CFO

# Safe Harbor Statement

This written statement and oral statements or other statements made, or to be made, by us contain forward-looking statements that do not relate solely to historical or current facts. These forward-looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# Agenda

COLTENE – Full Year 2020

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⦿ Highlights

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⦿ Review of the year 2020

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⦿ Financial Reporting FY20

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⦿ Outlook 2021

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⦿ Q & A

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# SciCan OPTIM<sup>®</sup>

Surface Cleaner-Disinfectants



## Highlights

- COLTENE at a glance
- Key Figures 2020

# COLTENE at a glance

Dental supplier in niche markets

- **COLTENE** develops, manufactures and markets **premium dental materials and small equipment** for dental practices
- **5 specialized manufacturing sites**
- **MedTech** products of **class 1, 2a, 2b, 3**
- **13 sales entities** supported by over
- **300 sales reps** selling via distributors
- **3 product areas**
  - Infection Control
  - Dental Preservation
  - Efficient Treatment
- **1 200 employees**



Toronto Canada

Infection Control



Cuyahoga Falls/OH USA

Infection Control  
Efficient Treatment



Altstätten Switzerland

Dental Preservation  
Efficient Treatment



Langenau Germany

Dental Preservation  
Efficient Treatment



Besançon France

Dental Preservation

# Comprehensive product portfolio for dental treatments

Dentists around the world rely on COLTENE products

## Infection Control

*„The infection control specialist“*

Instrument reprocessing  
by cleaning and sterilizing

Surface cleaning and disinfection

OPTIM, STATIM, HYDRIM, BRAVO



## Dental Preservation

*„Sustainable preservation from root to crown“*

Materials for restoration

Solutions for endodontic treatments

HyFlex, Micro-Mega, BRILLIANT



## Efficient Treatment

*„Smart & efficient utilities dentists rely on“*

Impression materials

Rotary instruments

Treatment utilities

Speedex, AFFINIS, Diatech, Kenda, Roeko, Hygenic



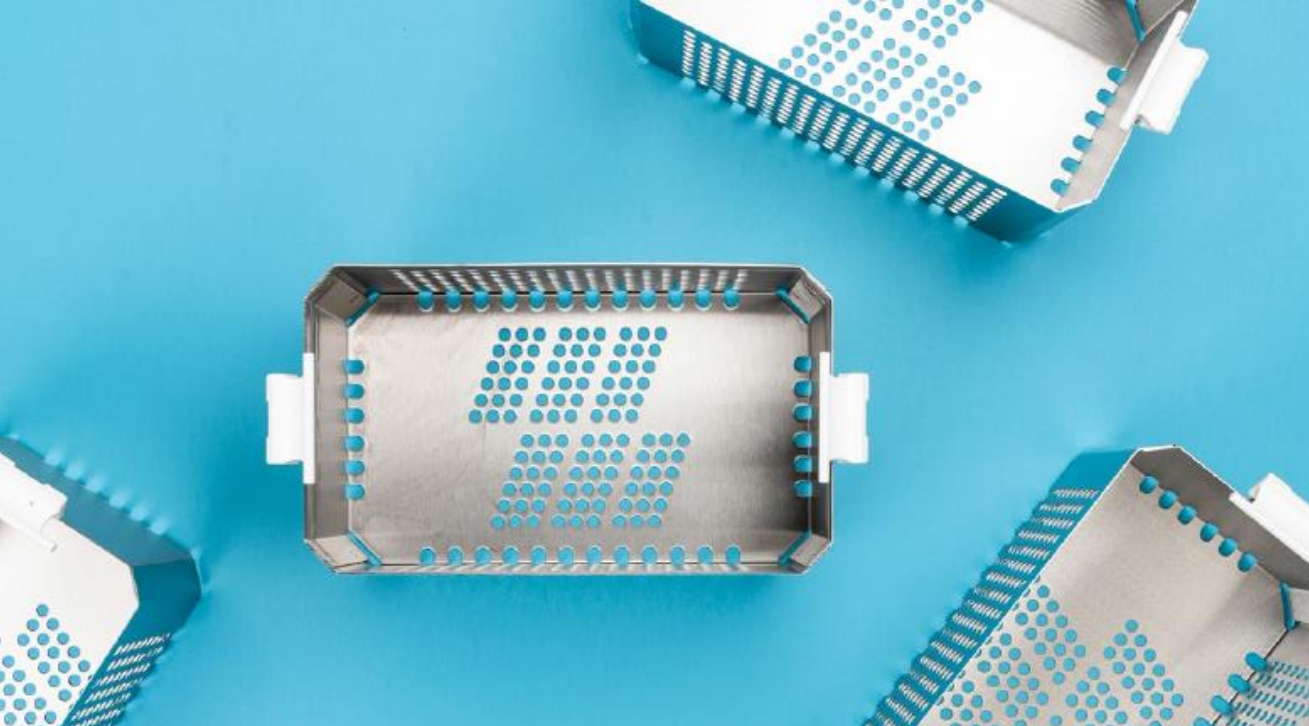
# COLTENE Key Figures 2020

Better than expected 2020 result -

thanks to limited impact of COVID-19, strict cost control and early recovery of the markets

- **Net Sales CHF 248.4 mn** (PY 273.8 mn) -9.3% in CHF, only **-4.1%** volume (at constant FX)
- **Improved Operational Result: EBIT increased to 12.9%** (PY 11.7%), before negative impact from disposal
- **Impact from COVID-19 measures less than expected** both, for sales and profit
- **Infection Control** and hence the acquisition of SciCan Ltd. **contributed with an up-side**
- **Disposal of Vigodent** without losing the market for COLTENE group products in **Brazil**
- **FOCUS** on substantial products and markets will lead to ending products of CHF **6.2 mn sales**, but will contribute to better **profitability** in 2021
- **CHF 24.3 mn free Cash-Flow** (PY CHF 10.7 mn)





## BioSonic UC150

Ultrasonic Cleaner for  
Instrument Reprocessing



## Review of the year 2020

- COVID-19
- Strategy and Projects
- Focus



# Infection Control

## The measures in detail

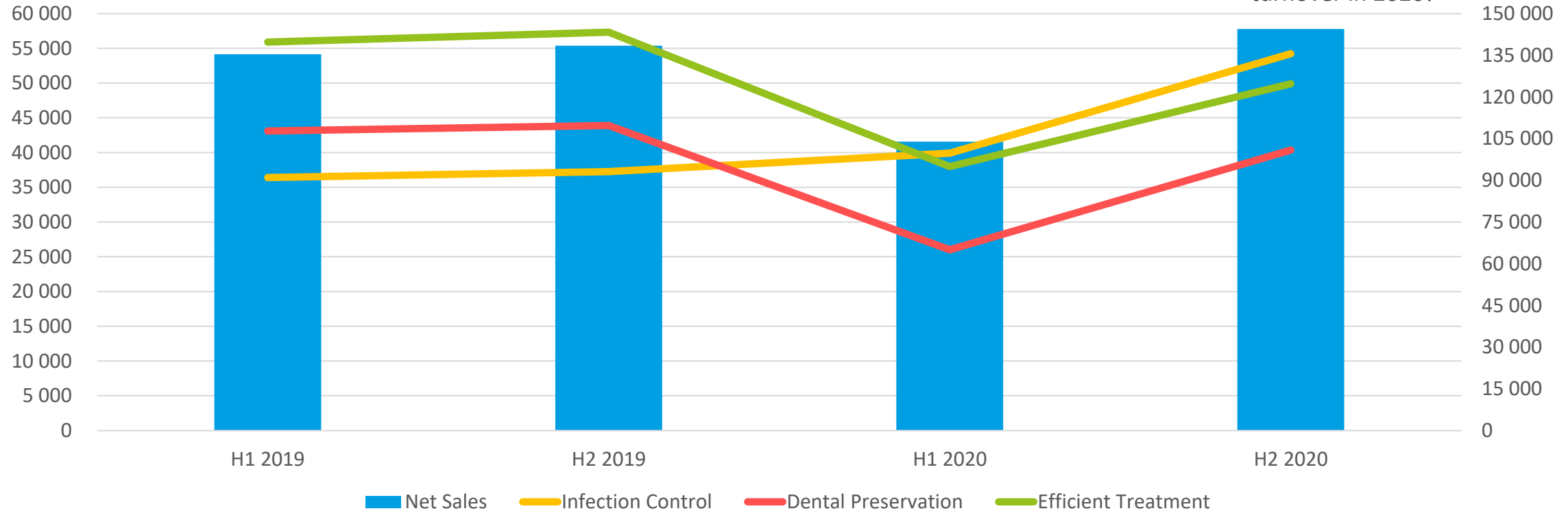
Employees	Cost Reductions	Product Portfolio	Marketing & Sales	Integration
<ul style="list-style-type: none"><li>• Temporary positions eliminated, but all regular staff kept on payroll</li><li>• Short-time work in Europe, partial furlough in the US</li><li>• Hiring freeze is in place Group-wide until sales volumes return</li><li>• Meetings and gatherings held online while pandemic restrictions are in force</li><li>• Assured minimal distance between workspaces, disinfection protocols</li></ul>	<ul style="list-style-type: none"><li>• Personnel expenses were 13.6% lower in 2020, thanks to employees working shorter hours, temporary layoffs (furloughs) and reduced expenditure on salaries and bonuses</li><li>• Non-priority investments stopped or postponed</li><li>• Operating expenses cut down by 27.2% (before impact from disposal of Vigodent)</li><li>• Compensation of gross profit loss by reduction of operating expenses</li></ul>	<ul style="list-style-type: none"><li>• New chamber autoclave BRAVO G4 with IOT functionality launched.</li><li>• Non-strategic and some marginal products discontinued with regard to MDR and future efficiency (economies of scale)</li><li>• Accelerated development for digital features added to the cleaning and sterilization equipment</li><li>• Enlargement of Dental Dam products offering</li></ul>	<ul style="list-style-type: none"><li>• Marketing expenses were reduced while innovative online formats were implemented</li><li>• New global webinars and product training modules drew great interest with several hundred participants each</li><li>• Review of sales targets with partners</li><li>• Use digital channels for small and remote markets</li><li>• New web page launched</li></ul>	<ul style="list-style-type: none"><li>• Manufacturing of Kenda polishers moved from Vaduz to Altstätten; staff joined the parent company's workforce</li><li>• Integration of Micro-Mega into group wide SAP environment</li><li>• Takeover of Adaco® steel separating strips from Ackermann KG and integration in COLTENE manufacturing; Adaco® separating strips are used to isolate a tooth interproximal e.g. during restoration</li></ul>

Minimized impact of COVID-19 pandemic on financials while protecting jobs and holding up continuous market presence

# Net Sales development

Infection Control sales up 35.5% (YoY, in LC), almost compensating fallout from COVID-19

Sales development in TCHF



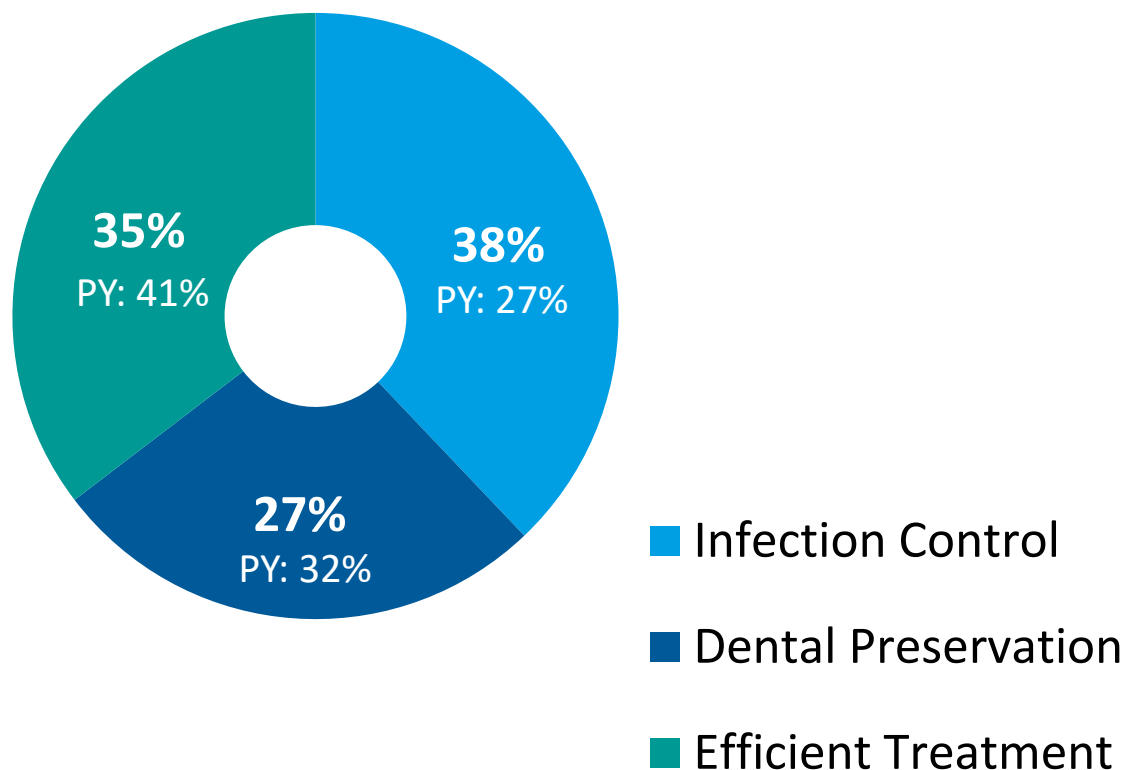
**Sales down in H1 by 19.2% in LC**  
(negative FX impact 4.0%)

**Recovery in H2 mainly driven by**  
**Infection Control sales**

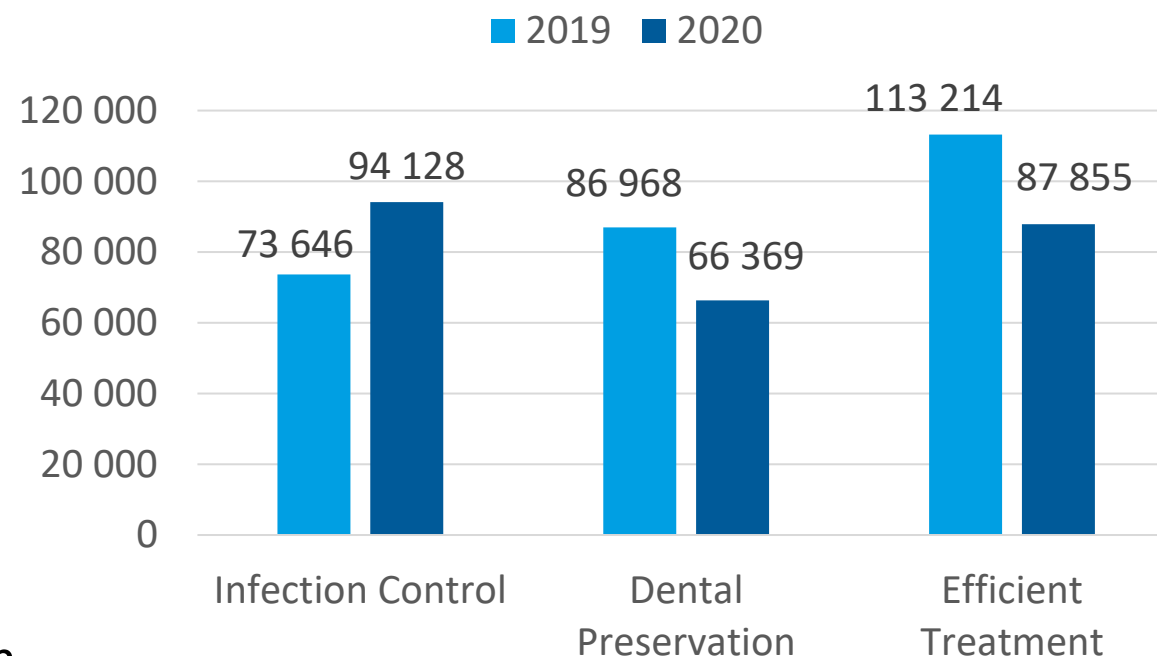
# Net Sales by Product Groups in 2020

Outstanding development in Q1 was heavily impacted by the COVID-19 pandemic – Recovery in H2

## Net Sales by product groups (shares)



## Net Sales by product groups (in CHF 1'000)



# Milestones 2020 and Summary

## COVID-19 impact mitigated

Immediate reactions in protecting employees and business as well as cost adjustments were appropriate

Strategic focus on Infection Control and the acquisitions of SciCan and Micro-Mega proven right – integration completed

Adjust business to new normal with investments in customer relations, product innovation, regulatory requirements, and manufacturing efficiency



# Strategic Elements 2020

A comprehensive set of measures

- 
- |   |  |
|---|--|
|  <b>MDR</b> | <b>Manage increased cost and complexity of new regulatory requirements</b> <ul style="list-style-type: none"><li>• First MDR audit in industry successfully achieved (already re-certified)</li><li>• Prepared for further scopes / sites to achieve MDR</li><li>• New SW tool installed to manage design history file and documents</li></ul> |
|---|--|
- 
- |   |   |
|---|---|
|  <b>FOCUS</b> | <b>Focus on relevant products and markets in the fields of “Infection Control”, “Dental Preservation”, and “Efficient Treatment”</b> <ul style="list-style-type: none"><li>• Eliminate small and old products (cost for MDR per product increased)</li><li>• Focus on sales and marketing in key markets</li><li>• Ending manufacturing in Brazil for Brazilian market but keep selling group products via main distributors to Brazil.</li></ul> |
|---|---|
- 
- |  |  |
|--|--|
|  <b>Integration</b> | <b>Finalized the integration of SciCan and Micro-Mega</b> <ul style="list-style-type: none"><li>• SAP implemented</li><li>• Merge the sales force and marketing communication in all markets</li><li>• Develop the first common strategy</li></ul> |
|--|--|
-



## Dental Dam

Latex/non-latex sheets for isolation



## Financial Reporting 2020

- Sales, Cost situation, P&L
- Balance Sheet
- Proposal to AGM



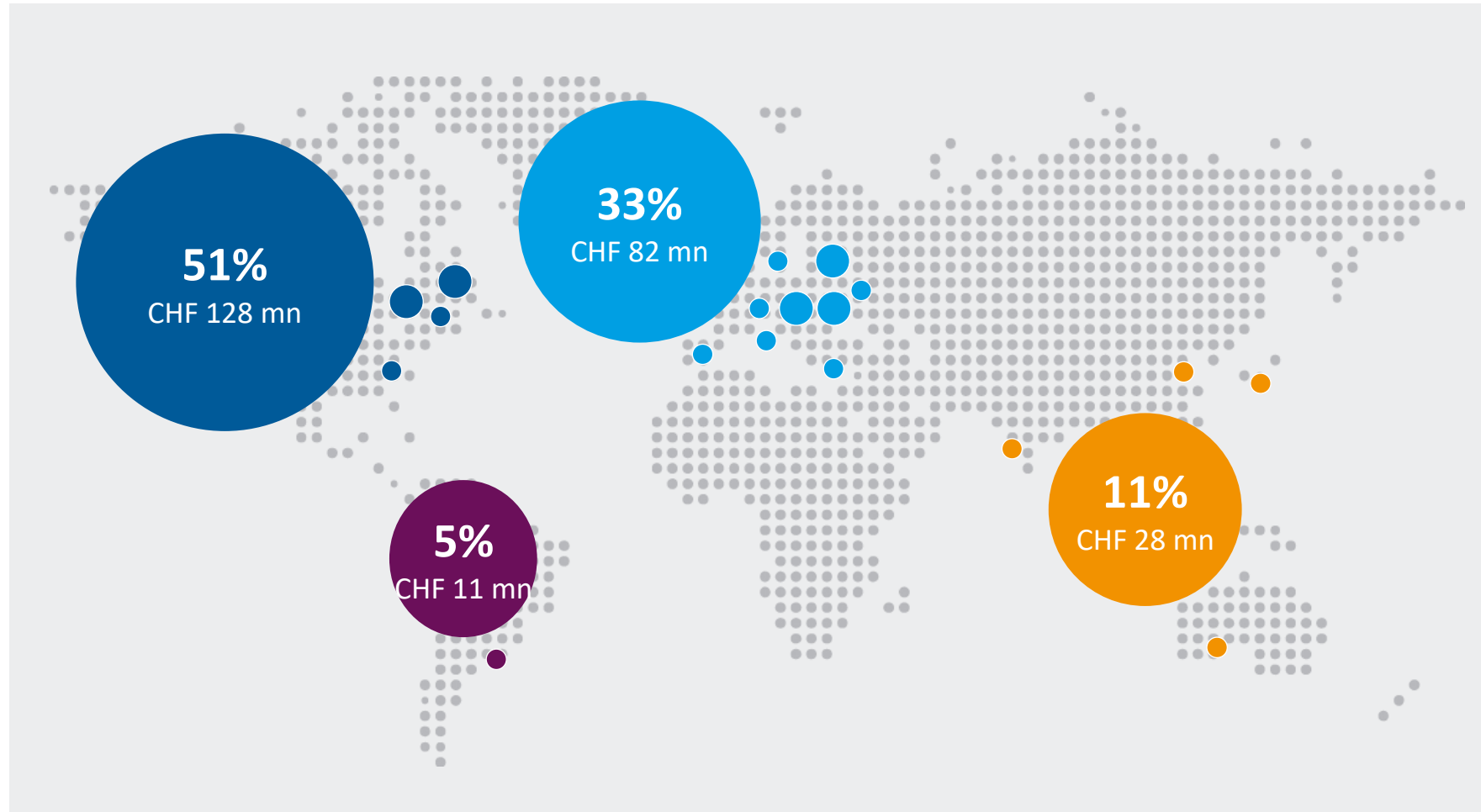
# Financial Summary 2020

Strong EBIT (adjusted for one-time effects) despite negative COVID-19 impact and strong Swiss Franc

● Sales	Net sales down by 9.3% to CHF 248.4 mn, mainly driven by the strong Swiss Franc and COVID-19 At PY FX rates, the decline was 4.1%. The negative FX Impact on sales was CHF 14.1 mn (mainly USD, EUR & CAD)
● EBIT	EBIT impacted by effects from disposal of Vigodent of CHF 8.8 mn (total non-cash loss from disposal was CHF 11.7 mn, thereof impacting EBIT with CHF 8.8 mn and financial result with CHF 2.8 mn) EBIT adjusted by effects from disposal was at CHF 32.1 mn (PY: CHF 32.0 mn), while the EBIT margin improved to 12.9% (PY: 11.7%)
● Net Profit	Net profit of CHF 8.2 mn (2019: CHF 20.0 mn) negatively impacted by the disposal effects of Vigodent (CHF 11.7 mn) Adjusted by effects from disposal, net profit was at CHF 19.9 mn and net profit margin at 8.0% (2019: 7.3%)
● Tax Rate	Increase of effective tax rate to 54.3% (2019: 28.8%) driven by tax losses that cannot be utilized in the future (mainly from (i.) the loss from disposal, (ii.) losses incurred by group companies in Brazil & India, and (iii.) the weighting of earnings of entities with relatively high tax rates
● Cash Flow	Cash flow from operations of CHF 34.8 mn (2019: CHF 23.8 mn) Cash flow from investing activities of CHF -10.5 mn (2019: CHF -13.1 mn) Record high free cash flow of CHF 24.3 mn (2019: CHF 10.7 mn)
● Balance Sheet	Net debt of CHF 21.9 mn (2019: CHF 36.8 mn) Equity ratio stable at 48.1% (2019: 48.0%)

# Net Sales by Region; global set up

Own sales force across North and Latin America, Europe, Asia including India and China



## North America

Group companies	3
Production sites	2
Workforce (FTE)	516

## Latin America

Group companies	1
Production sites	0
Workforce (FTE)	15

## Europe EMEA

Group companies	19
Production sites	3
Workforce (FTE)	554

## Asia Pacific

Group companies	4
Production sites	0
Workforce (FTE)	104

# Income Statement

Loss from disposal of Vigodent lead to decline of EBIT margin from 11.7% to 9.4%

in CHF mn	2020	%	2019	%	% YoY
<b>Net Sales</b>	<b>248.4</b>	<b>100.0</b>	<b>273.8</b>	<b>100.0</b>	<b>-9.3</b>
Material expenses	-87.9	-35.4	-86.1	-31.4	2.1
Gross Profit	160.4	<b>64.6</b>	187.7	<b>68.6</b>	<b>-14.5</b>
Operating expenses	-131.1	<b>-52.8</b>	-149.6	<b>-54.6</b>	<b>-12.4</b>
Depreciation and amortization	-6.0	-2.4	-6.1	-2.2	-1.2
<b>EBIT</b>	<b>23.3</b>	<b>9.4</b>	<b>32.0</b>	<b>11.7</b>	<b>-27.3</b>
Financial result	-5.2	-2.1	-3.9	-1.4	35.2
Tax expenses	-9.8	-54.3 <sup>1)</sup>	-8.1	-28.8 <sup>1)</sup>	20.8
<b>Net Income</b>	<b>8.2</b>	<b>3.3</b>	<b>20.0</b>	<b>7.3</b>	<b>-58.9</b>

<sup>1)</sup> In % of earnings before taxes

- Net sales declined by 9.3%. At constant FX rates, decline was 4.1%.
- Lower gross profit in % driven by changes in the product mix.
- OPEX down by CHF 18.5 mn. Thereof savings in personnel expenses of CHF 13.3 mn and reduction in other OPEX of CHF 5.2 mn. This includes negative one-time impact from disposal of Vigodent of CHF 8.8 mn.
- Financial result impacted by one-time impact from disposal of Vigodent of CHF 2.8 mn (recycling of CTA on equity loans).
- Tax expenses & effective tax rate increased due to tax losses not capitalized and weighting of earnings of entities with higher tax rates.

# Impact from Disposal of Vigodent

Loss from disposal of Vigodent with a non-cash impact on EBIT of CHF 8.8mn. Adjusted EBIT margin at 12.9%.

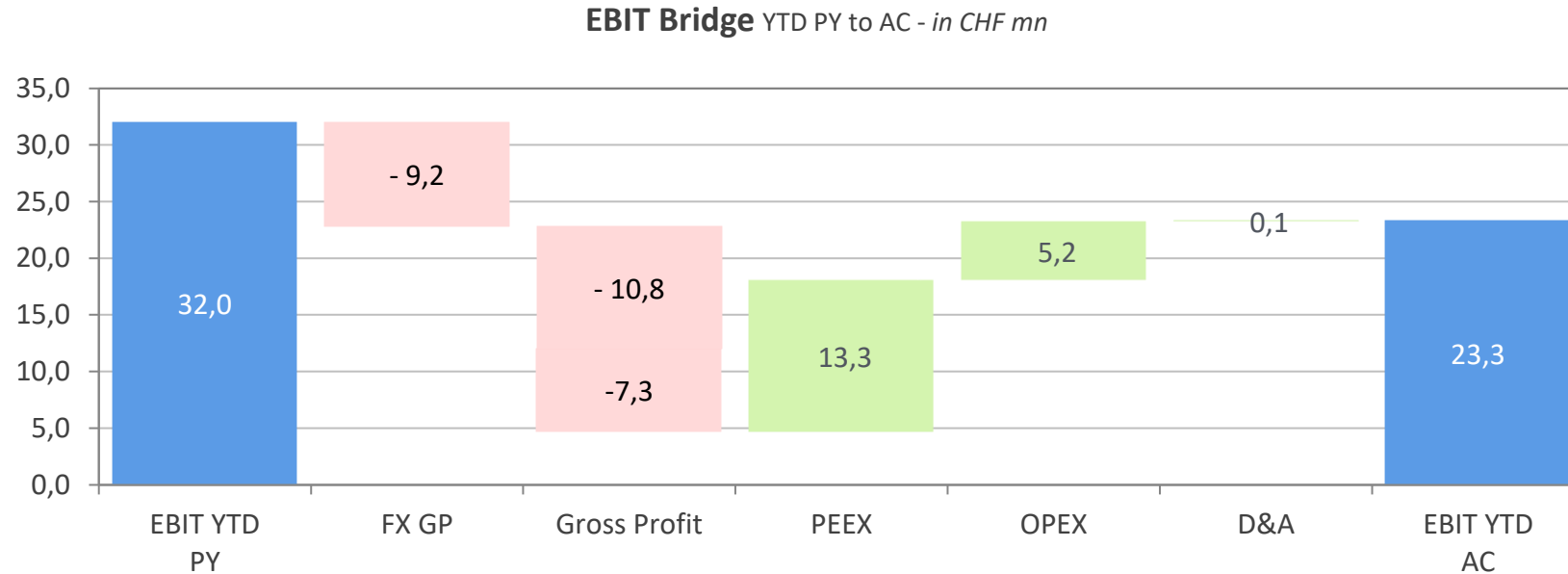
in CHF mn	2019 P&L as per financial statement	%	2020 P&L as per financial statement	%	Effects from disposal	2020 P&L adjusted	%
Net sales	273.8	100.0	248.4	100.0		248.4	100.0
Gross Profit	187.7	68.6	160.4	64.6		160.4	64.6
EBITDA	38.1	13.9	29.3	11.8	8.8	38.1	15.4
EBIT	32.0	11.7	23.3	9.4	8.8	32.1	12.9
Financial result	-3.9	-1.4	-5.2	-2.1	2.8	-2.4	-1.0
Tax expenses	-8.1	-28.8 <sup>1)</sup>	-9.8	-54.3 <sup>1)</sup>		-9.8	-33.0 <sup>1)</sup>
<b>Net income</b>	<b>20.0</b>	<b>7.3</b>	<b>8.2</b>	<b>3.3</b>	<b>11.7</b>	<b>19.9</b>	<b>8.0</b>

<sup>1)</sup> In % of earnings before taxes

- Total loss from disposal of Vigodent was CHF 11.7 mn., comprising of:
  - net assets of CHF 4.8 mn
  - effects from recycling of goodwill and CTA of CHF 4.0 mn and effects from recycling of CTA on equity loans of CHF 2.8 mn
  - Transaction costs and proceeds from the sale of CHF 0.02 mn
- The net impact on equity was CHF 4.0 mn
- Disposal will lead to reduction of future revenues of CHF 7.3 mn, while favorably impacting the operating margin.

# EBIT Bridge 2019 – 2020

In CHF million



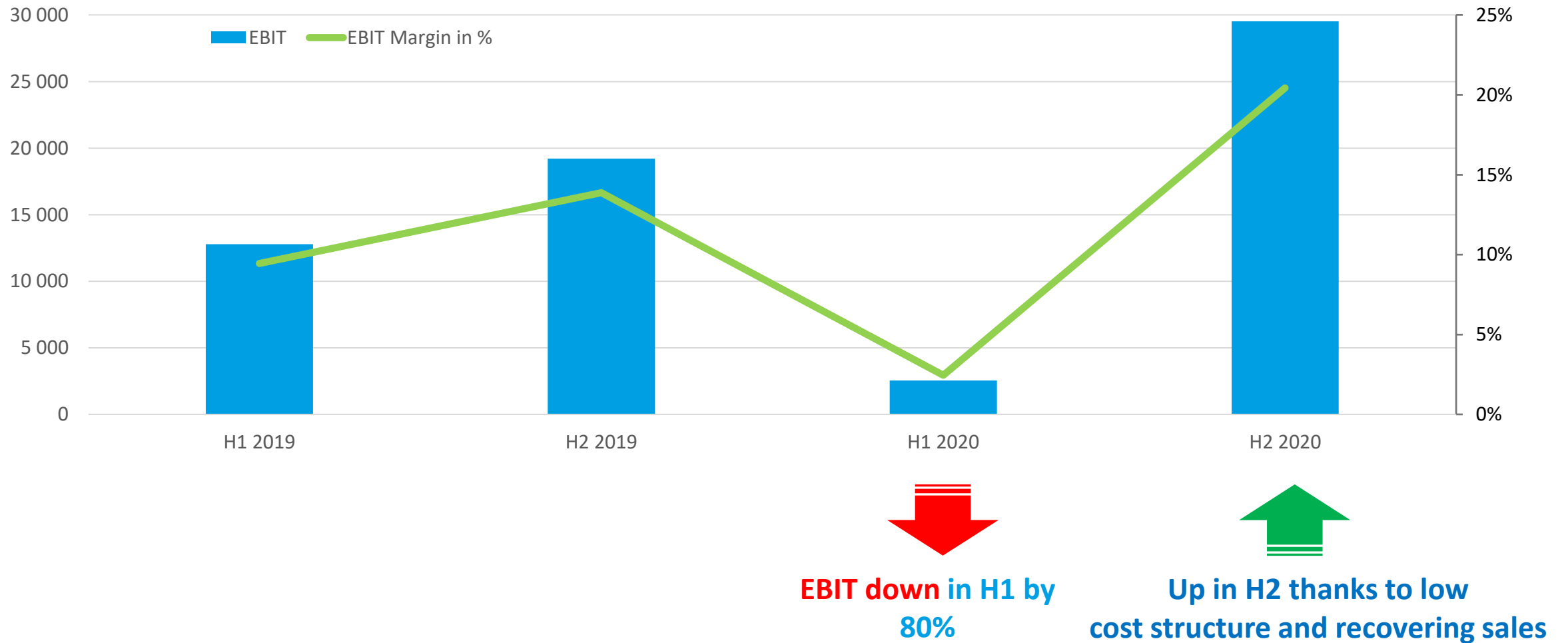
## Factors influencing the operating result

- Gross profit impacted by lower sales (effect on gross profit of CHF -7.3 mn) and decline in gross margin (CHF -10.8 mn). The net FX impact on gross profit was CHF -9.2 mn.
- Savings in personnel expenses were CHF 13.3 mn, thereof short-time work compensation received of CHF 3.8 mn.
- COLTENE managed to reduce OPEX by CHF 14.0 (before effects from disposal of CHF 8.8 mn). Costs in marketing & sales were down by CHF 6.0 mn and travel expenses cut by CHF 4.2 mn.

# EBIT / EBIT margin development (before one-time impact)

Outstanding development in Q1 2020 heavily impacted by COVID-19 in Q2 – Recovery in H2 2020

EBIT development in TCHF





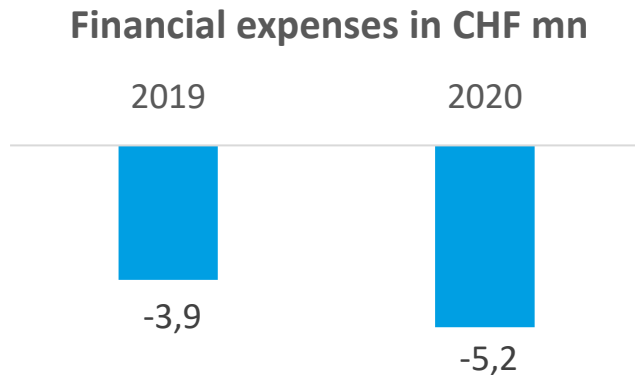
# Net Profit

In CHF million

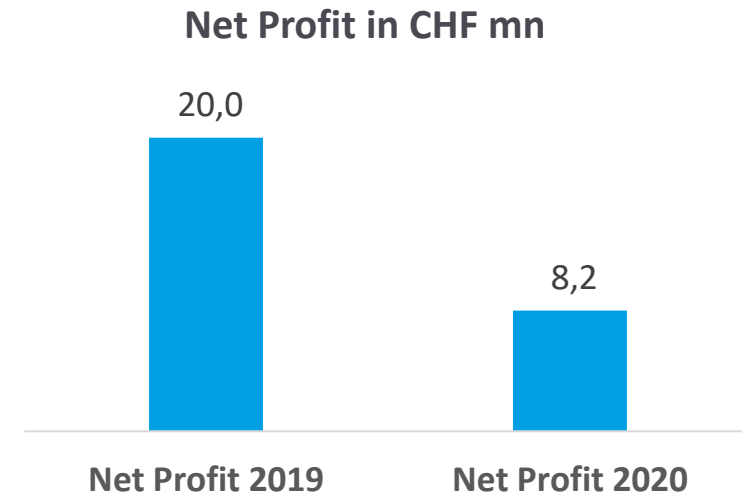
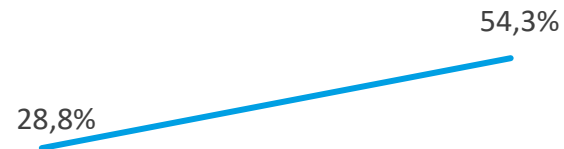
➤ Financial result of CHF -5.2 mn includes:

- CHF -2.8 mn one-time charge from the sale of Vigodent (recycling of CTA on equity loans)
- CHF -2.4 mn interest expenses, FX losses and other financial expenses (2019: -3.9 mn)

- Effective tax rate increased from 28.8% to 54.3%
- Higher profits in regions with relatively high tax rates
- Tax losses in Brazil and India not capitalized
- Non-tax deductible losses from the disposal of Vigodent
- Tax rate without one-time effects: 33%
- Expected medium-term tax rate approximately 25%



**Tax rate in % of net profit before taxes**



# Balance Sheet

Solid financial basis and significant reduction of net debt despite negative COVID-19 impacts

in CHF mn	31.12.19	31.12.20	% YoY
Cash & cash equivalents	23.0	38.5	+67.4
Receivables	56.2	45.1	-19.8
Inventory	59.2	52.0	-12.2
Property, plant & equipment	47.4	47.2	-0.6
Financial, intangible & tax assets	4.0	4.8	+20.0
<b>Total assets</b>	<b>189.8</b>	<b>187.6</b>	<b>-1.2</b>
Payables & short term liabilities	33.9	31.0	-8.6
Bank loans (short and long term)	59.8	60.3	+0.8
Other long term liabilities	4.9	6.1	+24.5
Equity	91.2	90.2	-1.1
<b>Total liabilities &amp; equity</b>	<b>189.8</b>	<b>187.6</b>	<b>-1.2</b>
<b>Net debt</b>	<b>36.8</b>	<b>21.9</b>	<b>-40.5</b>

Relatively high cash level from positive cashflows and to ensure liquidity during COVID-19 uncertainties.

The strong Swiss Franc caused a significant reduction of asset/liability positions in foreign currencies (functional currencies other than Swiss Franc) and led to a negative CTA impact of CHF 4.7mn.

Net debt was reduced by CHF 14.9 mn mainly thanks to strong operating cash flows.

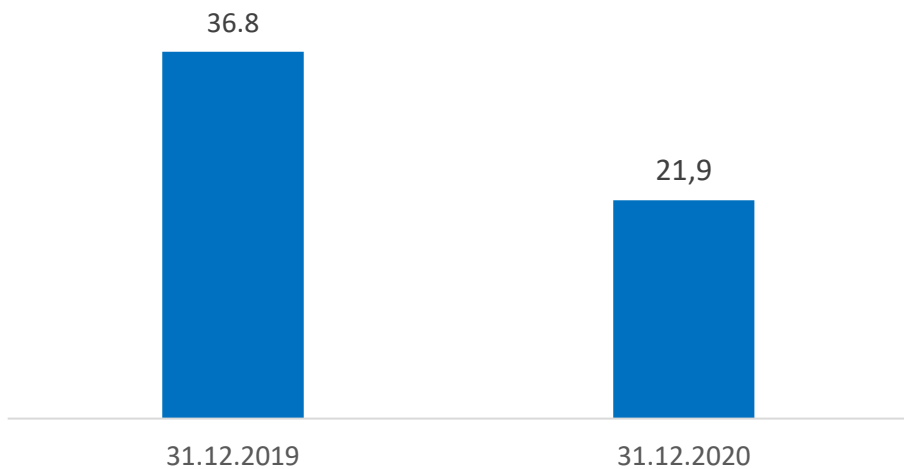
# Equity

## Stable equity ratio and reduction of net debt

In CHF million

- Equity ratio: 48.1%
- Net debt: CHF 21.9 mn (PY: CHF 36.8 mn)

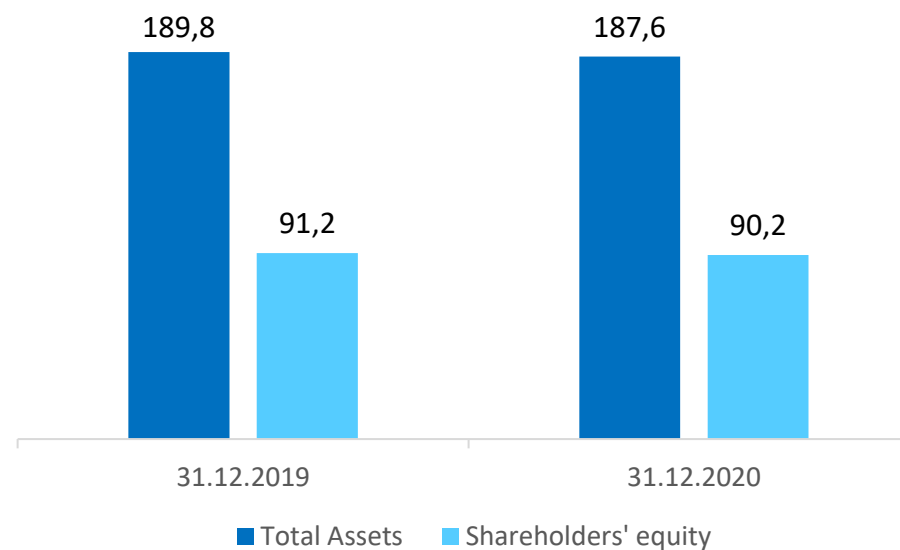
Net debt



Equity Ratio



Balance Sheet



# Cash Flow Statement

Record high Free Cash Flow driven by strong operating result

in CHF mn	2019	2020	% YoY
Net profit	20.0	8.2	-58.9%
Depreciation and amortization	6.1	10.9	
Other non cash items	11.2	19.1	
Changes in NWC	-1.8	1.2	
Interest and tax paid/received	-11.7	-4.6	
<b>Cash flow from operating activities</b>	<b>23.8</b>	<b>34.8</b>	<b>46.3%</b>
Purchase of PP&E (net)	-11.9	-7.3	
Purchase of int. & finan. assets (net)	-1.2	-2.1	
Acquisitions & disposals (net of cash)	0.1	-1.1	
<b>Cash flow from investing activities</b>	<b>-13.1</b>	<b>-10.5</b>	<b>-19.7%</b>
<b>Cash flow from financing activities</b>	<b>-8.4</b>	<b>-8.1</b>	<b>-3.0%</b>
Change in cash and cash equivalents	2.1	15.5	
<b>Free cash flow</b>	<b>10.7</b>	<b>24.3</b>	<b>126.6%</b>

Strong operating cash flow mainly due to lower taxes paid and reduced working capital. Loss from disposal of Vigodent was not affecting the fund.

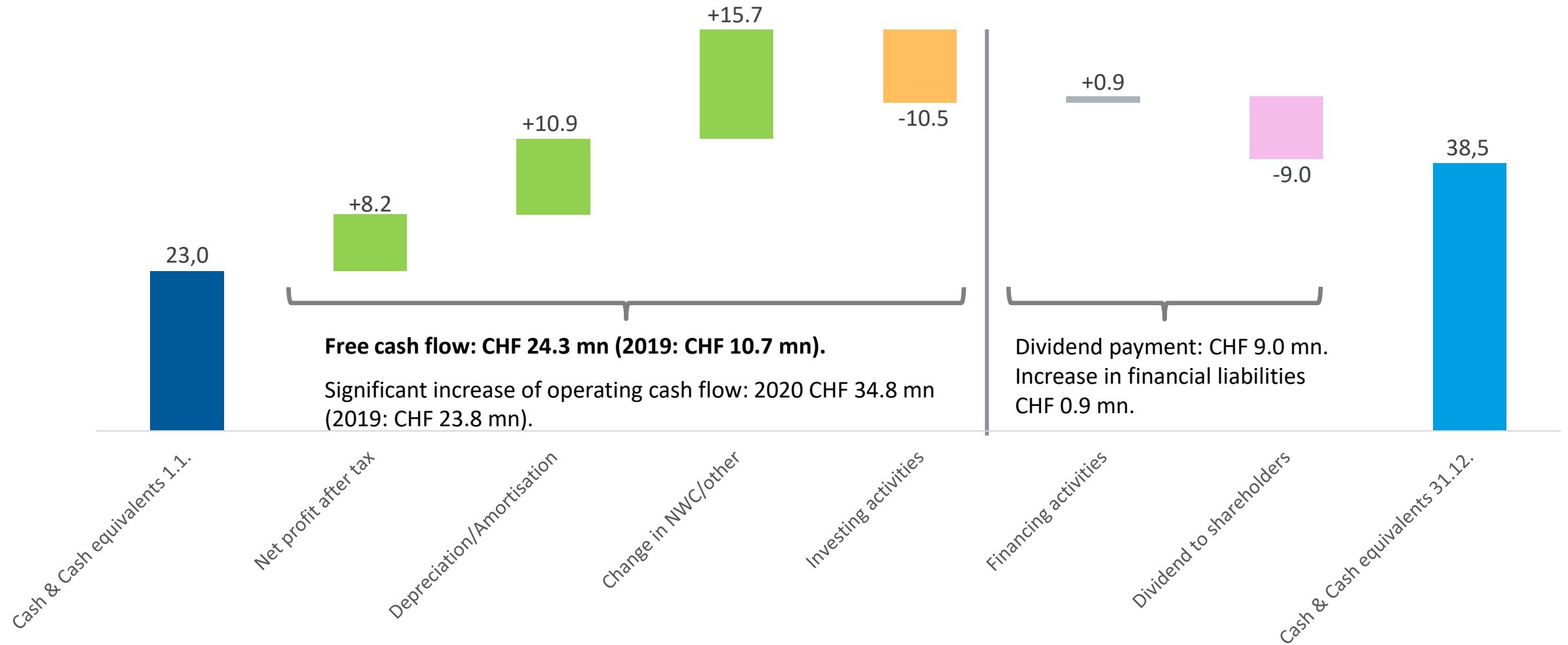
Investing cash flow comprises of slightly lower investments in PP&E and an increase in intangible assets (mainly software & development costs).

Cashflow from financing activities is mainly driven by the distribution to shareholders from capital contribution reserves of CHF 9.0 mn in 2020.

Record high FCF thanks to strong operating cash flow.

# Cash Flow Bridge

In CHF million



# AGM 2021

## Proposals to the general assembly

### Re-election of the current members of the Board of Directors

Nick Huber, Erwin Locher, Jürgen Rauch, Matthew Robin, Astrid Waser, Roland Weiger, Allison Zwingenberger

The Board of Directors proposes that Nick Huber be re-elected Chairman

### Distribution

Board of Directors proposes distribution of CHF 3.00 per share to be paid from capital contribution reserves

Dividend yield of 3.5% based on year-end share price of CHF 86.00

Record high Free Cash Flow allows high distribution

### Compensation of the Board of Directors and Group Management

Approval of compensation

For the members of the Board of Directors for 1.1.22 – AGM 2022: CHF 210,000.

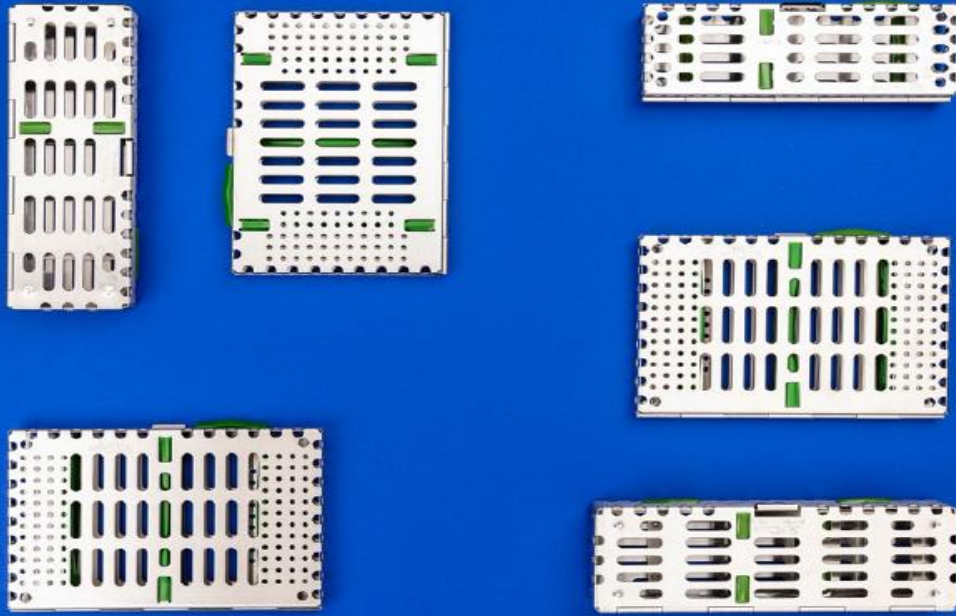
For the members of Group Management for fiscal year 2022: CHF 2,900,000 maximum fixed compensation

Consultative vote on the Compensation Report 2020

### Group Auditor

Re-election of EY





# SciCan STATIM G4

Cassette Autoclave

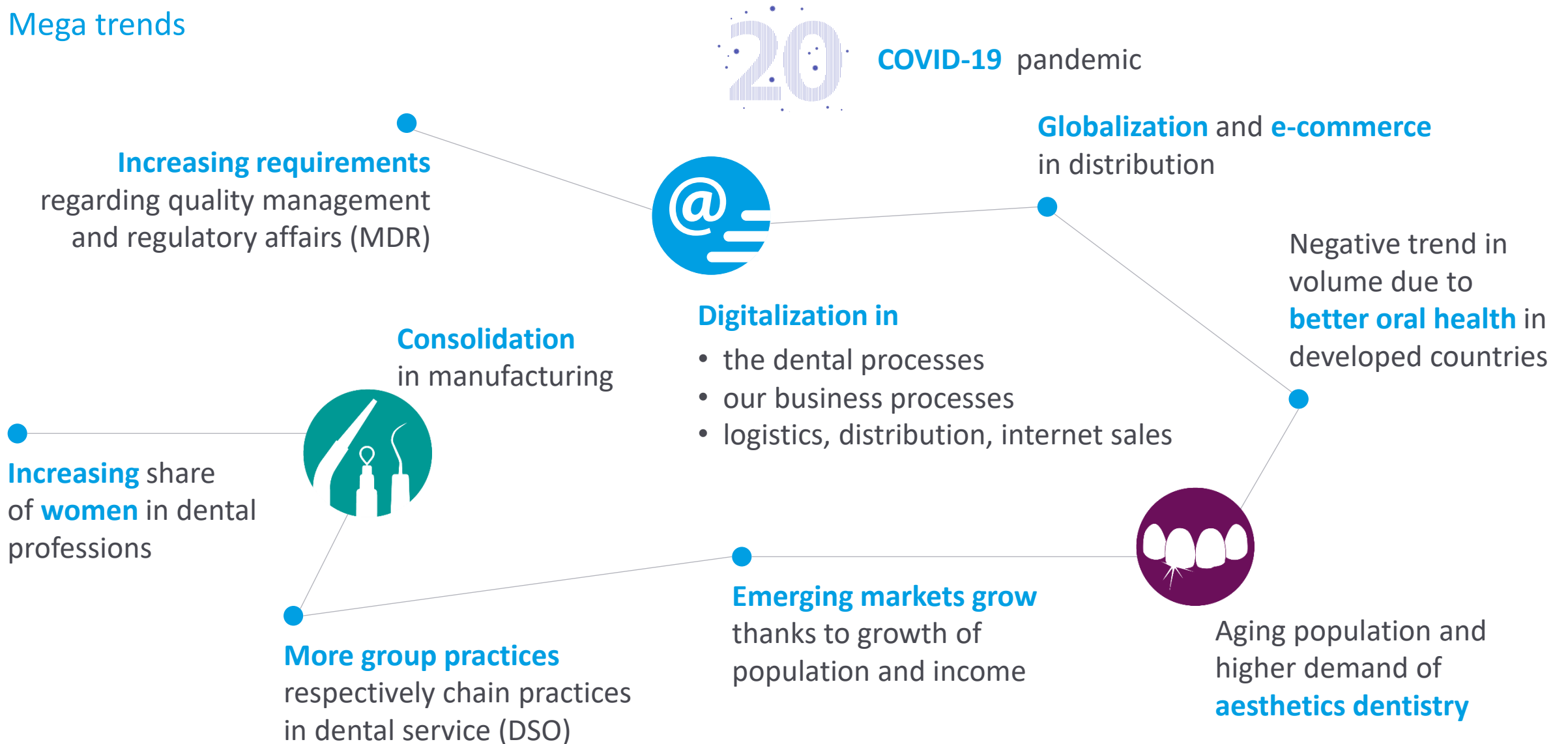


## Outlook 2021

- Strategy – Projects; Innovation and Infection Control
- Impact Pandemic situation
- Guidance

# Dental Industry

## Mega trends

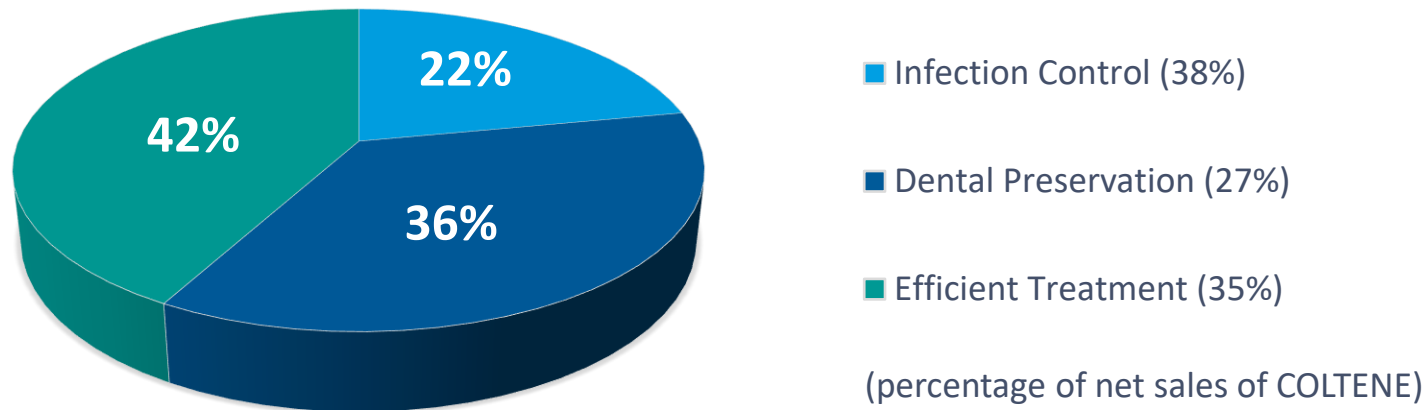


# Adressable market – high market potential

## Dental consumables and equipment

**Relevant market size in 2020: ~ CHF 5.8 billion**

Relevant market size by segment in %



- Clear strategy to focus on above product segments within the dental industry
- COLTENE is an important player in these attractive niche markets
- Sufficient potential for additional growth
- Innovation in products, treatment methods and product packaging allow growth
- Focused marketing activities in key markets allow efficient sales push

# What can we expect in 2021?

## Impact by and recovery from COVID-19

● <b>Recovery from COVID-19</b>	<p>We do not expect shutdowns for dental practices even in potential further pandemic waves</p> <p>We assume that business life will go back to more or less normal in the second semester 2021</p> <p>We plan on less traveling and fewer trade shows</p>
● <b>Strategy implementation</b>	<p>Marketing and Sales: defend and strengthen NAM and Europe; utilize potential in key markets in Asia and LAM</p> <p>Develop new products in infection control and IOT based products and services</p> <p>Improve Services incl. Repair, Maintenance, Training, and Validation</p>
● <b>Main Focus</b>	<p>Product range: further build on Infection Control, but also push tooth preservation and efficient treatment</p> <p>Push Key Markets: NAM, Europe, China, Korea, Japan</p> <p>Cost control</p>
● <b>Conclusion</b>	<p>Solid balance sheet is assuring the business development of COLTENE</p> <p>Mid-term Guidance confirmed:</p> <ul style="list-style-type: none"><li>– growth after COVID-19 above market level thanks to innovative products and focus on Infection Control;</li><li>– 15% EBIT margin thanks to product range focus, innovations and already made investments in production plant and equipment</li><li>– Attractive dividend yield</li></ul>



Q&A

[www.coltene.com](http://www.coltene.com)

 **COLTENE**

**COLTENE Holding AG**

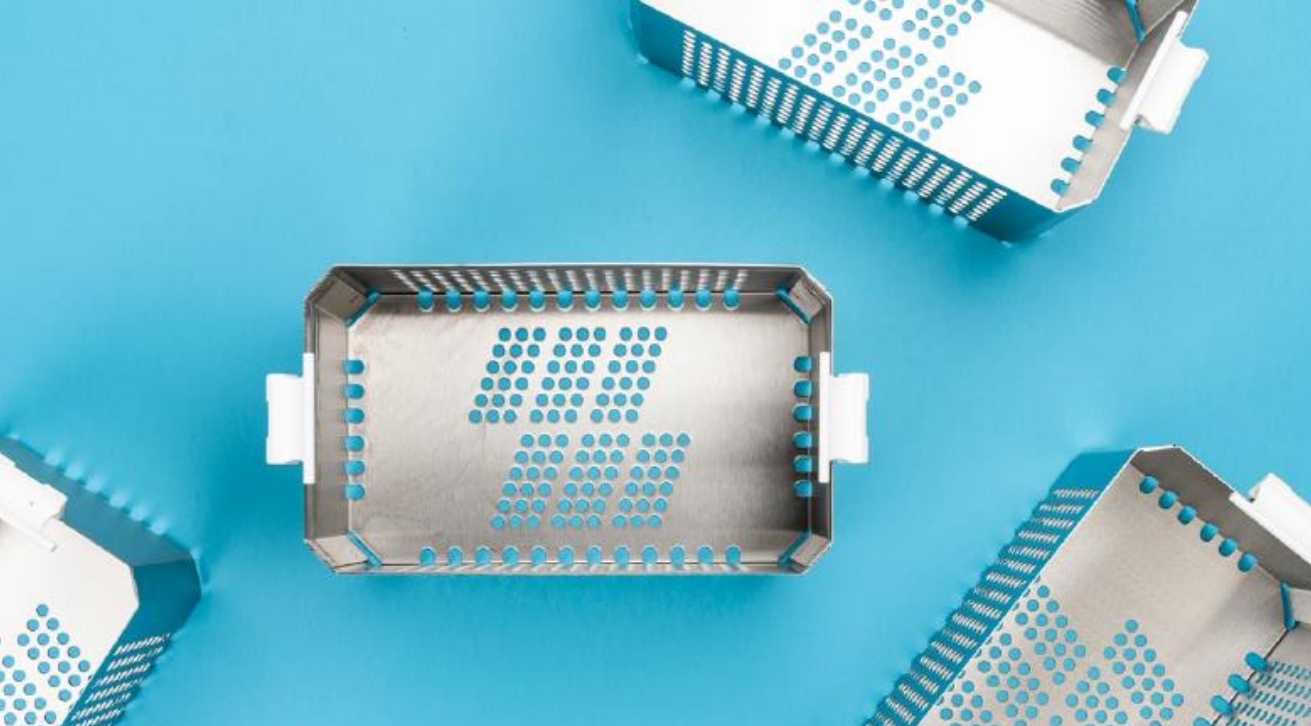
Gerhard Mahrle, CFO

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Switzerland

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[investor@coltene.com](mailto:investor@coltene.com)



## BioSonic UC150

Ultrasonic Cleaner for Instrument Reprocessing



# Annexe



# Organization

## Management

### Board of Directors

Matthew Robin

Allison Zwingenberger

Jürgen Rauch

**Nick Huber**, Chairman

Astrid Waser

Roland Weiger

Erwin Locher



### Group Management

Christophe Loretan,  
VP Sales / MarCom EMEA / ROW

Stefan Helsing, COO

Gerhard Mahrle, CFO

**Martin Schaufelberger**, CEO

Martin Schlüter, VP R&D / Innovation

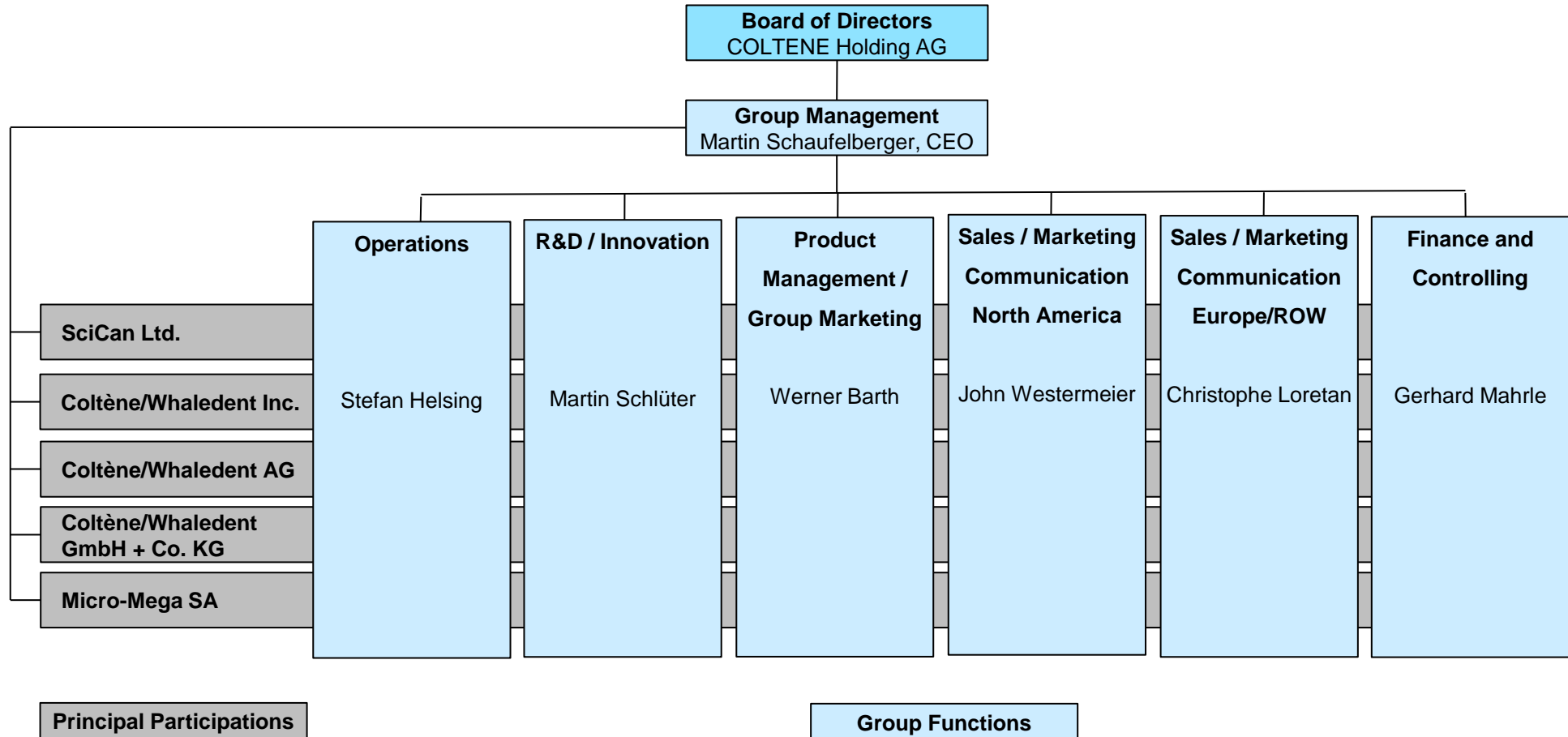
John Westermeier,  
VP Sales / MarCom NAM

Werner Barth, VP Product  
Management / Group Marketing



# Group Management

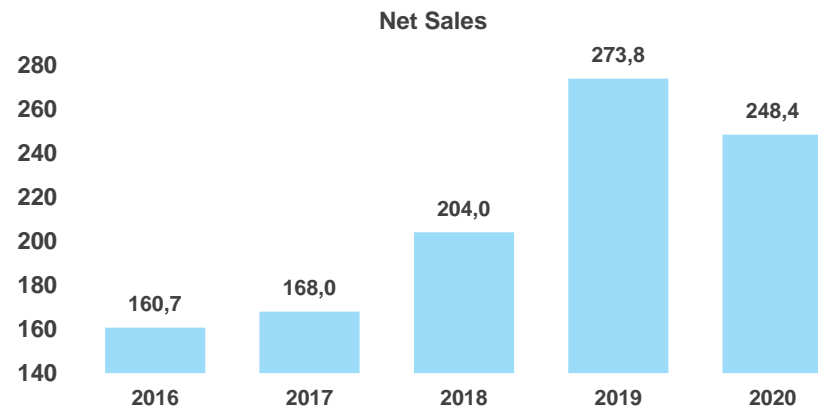
## Functions and Main Production Sites



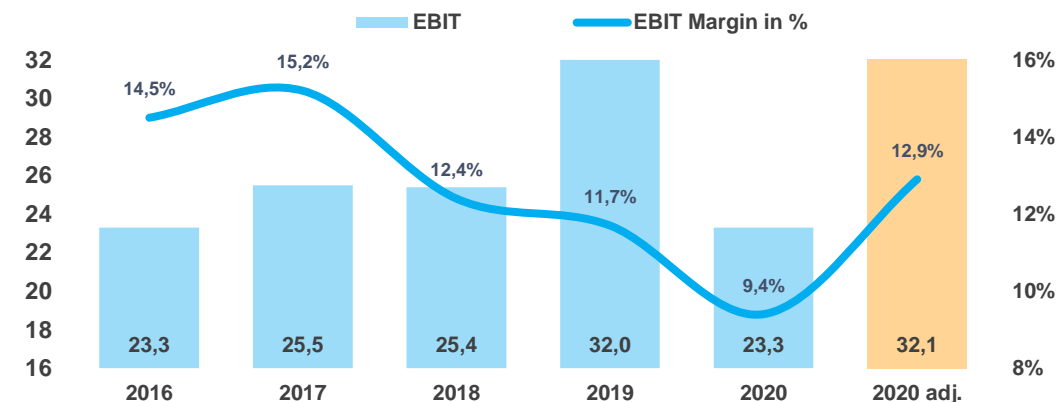
# Key Figures COLTENE Group

## Five-year overview

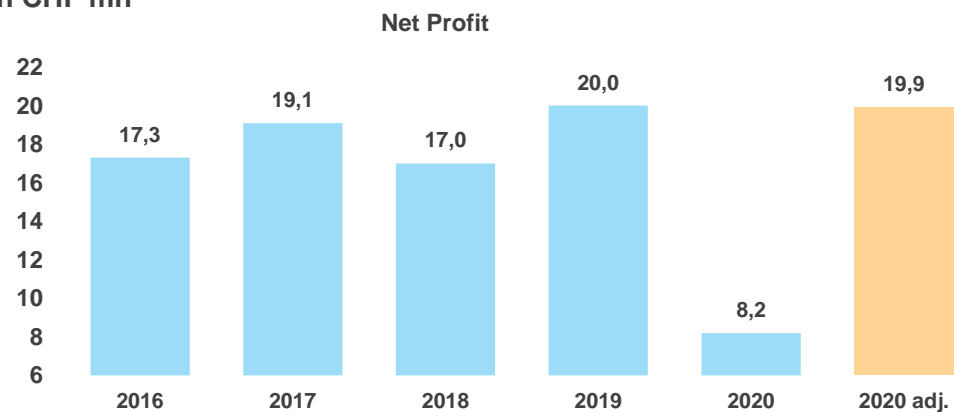
in CHF mn



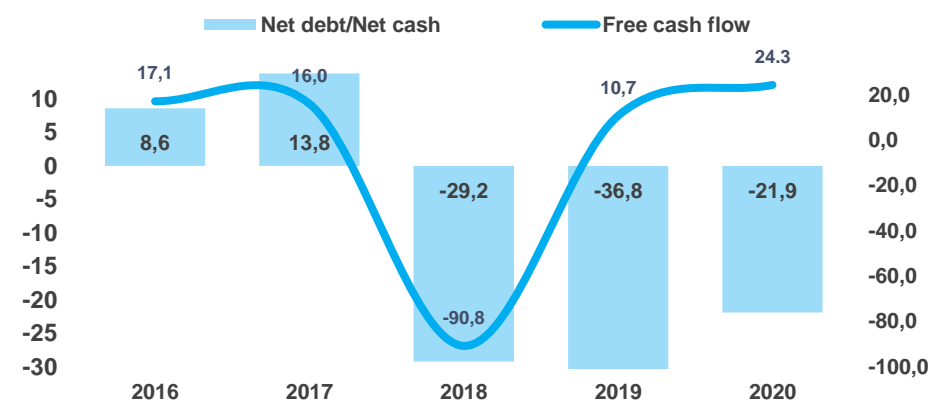
in CHF mn



in CHF mn



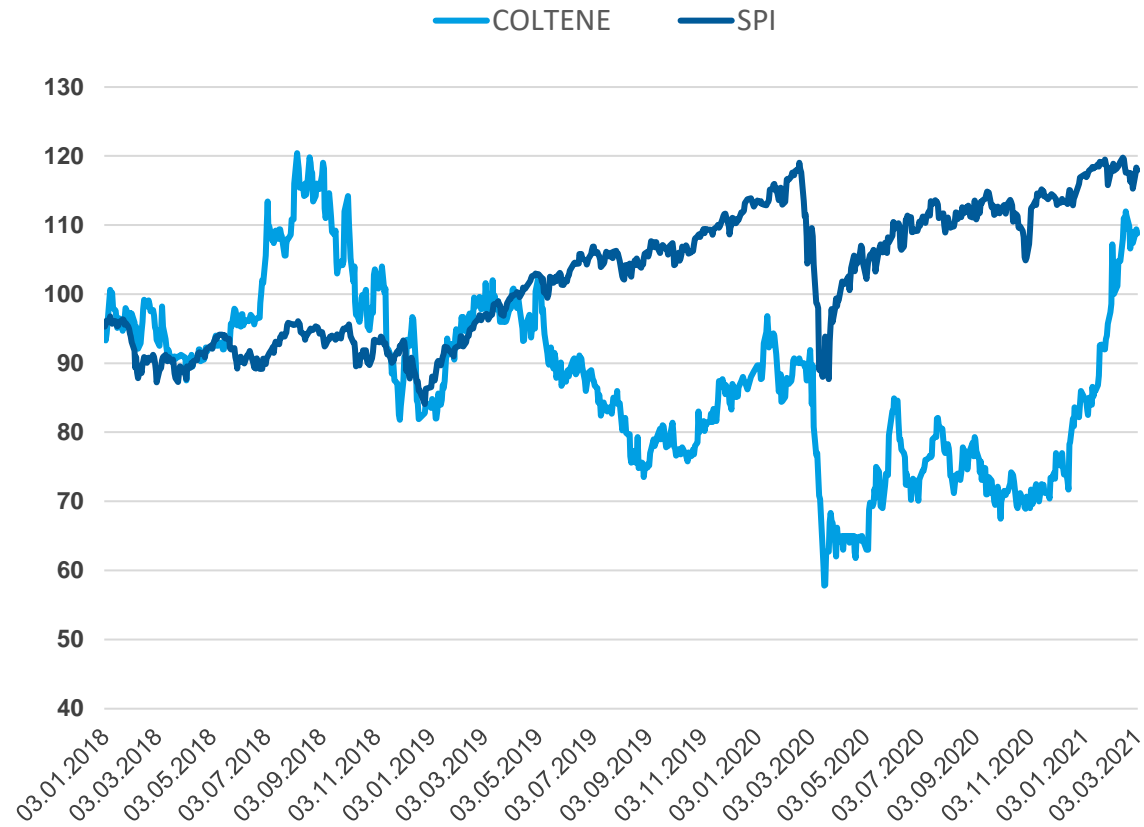
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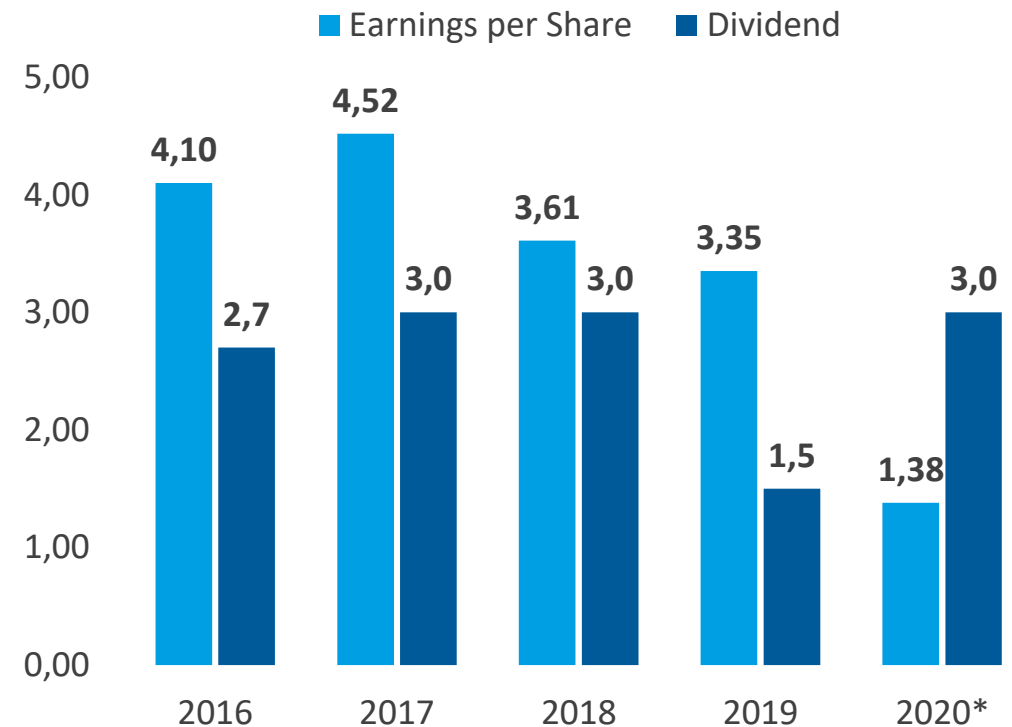
# Share Performance

Volatile financial market environment

## Share price



## Earnings per share/dividend



\* Board of Directors' proposal to the AGM on March 31, 2021: distribution of CHF 3.00 per share from capital contribution reserves excluding treasury shares