

# Customer Focus

Media and Financial Analysts  
Conference – Financial Year  
2022

Martin Schaufelberger, CEO  
Markus Abderhalden, CFO



March 3, 2023

# 22

# 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

## Media and financial analysts conference full year 2022

- 
- ⦿ **Review of the Year 2022**  
Martin Schaufelberger, CEO
  - ⦿ **Financials 2022**  
Markus Abderhalden, CFO
  - ⦿ **Outlook**  
Martin Schaufelberger, CEO
  - ⦿ **Q&A**  
All
-

# Review of the Year 2022

Martin Schaufelberger, CEO

 COLTENE



Danielle Teague, Leiterin klinische Ausbildung  
Coltene/Whaledent INC, USA

# Highlights 2022

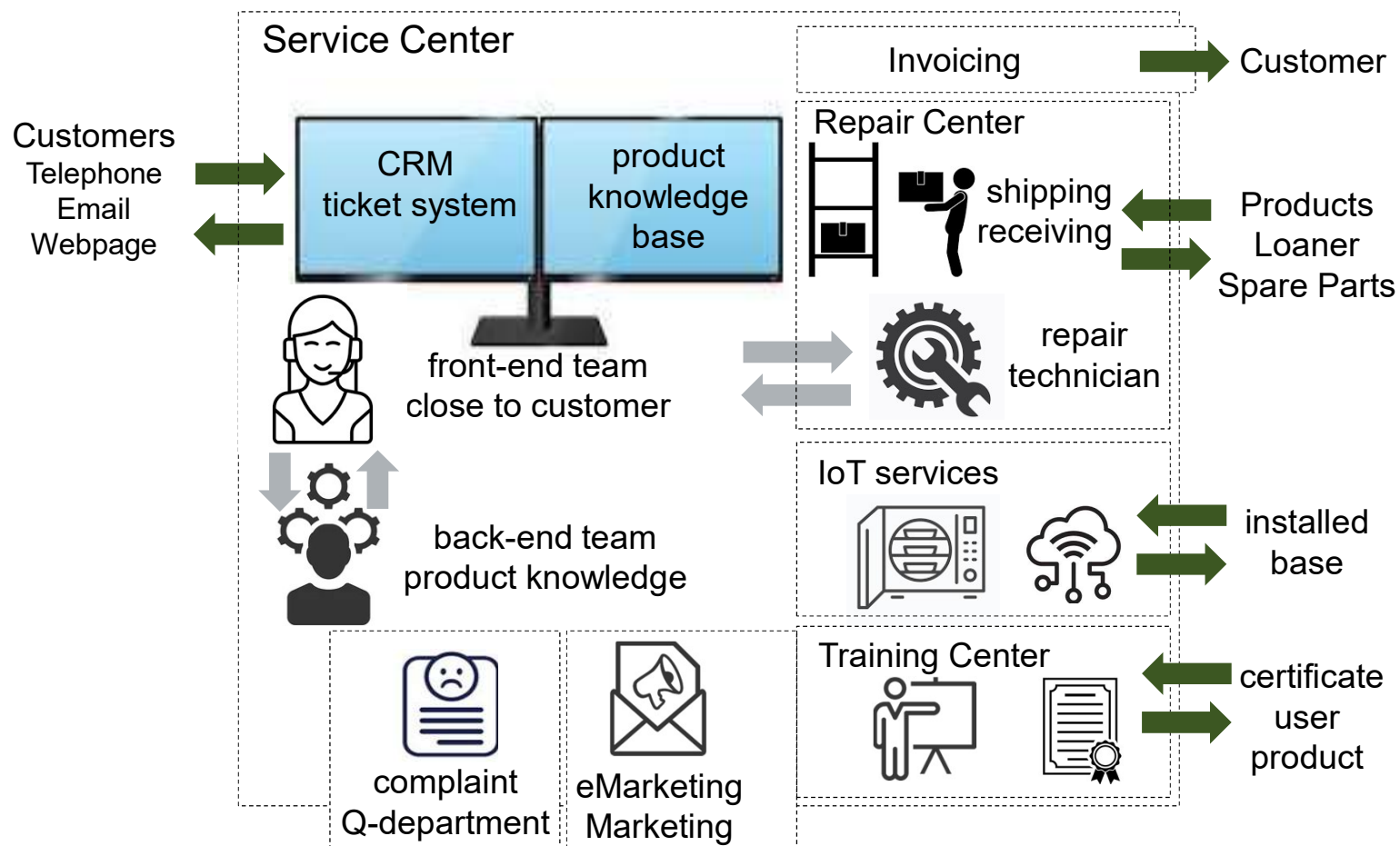
Positive momentum in the first HY – normalization of Infection Control after pandemic

- 
- ◉ **Key figures**
    - **Net sales CHF 267.1 mn** (PY CHF 279.2 mn); -4.3% compared to record year 2021 resp. -3.5% at constant FX
    - **EBIT margin at a high 13.1%** (PY 15.7% operational and 11.7% in 2019 respectively)
    - **Net profit amounted to CHF 26.0 mn** (PY CHF 31.7 mn)
  - ◉ **Operational**
    - Surface disinfection wipe OPTIM reduced to pre-pandemic level
    - Supply chains normalized; only backlogs in some instrument reprocessing equipment
    - China lockdowns had negative impact on China sales
    - Increased personal contacts to customers; trade shows, sales visits, trainings
    - New Training Center inaugurated at the Cuyahoga Falls (Ohio) site
    - Inflation; price increases implemented due to increasing material and labor cost resulting in constant margins
    - COLTENE prepared well for MDR in 2024 (even EU most likely will postpone to 2027)
    - Invested in Customer Service and Repair Center at our sites in US and Germany
    - New CRM and Customer Service Software implemented group wide
    - Innovative customer portal “MyColtene.com” launched based on new IoT technology on our equipment line, offering digital services and tracing/documentation of reprocessed instruments
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# Customer Focus - Services



# Customer Focus - Support





# Customer Focus - MyColtene

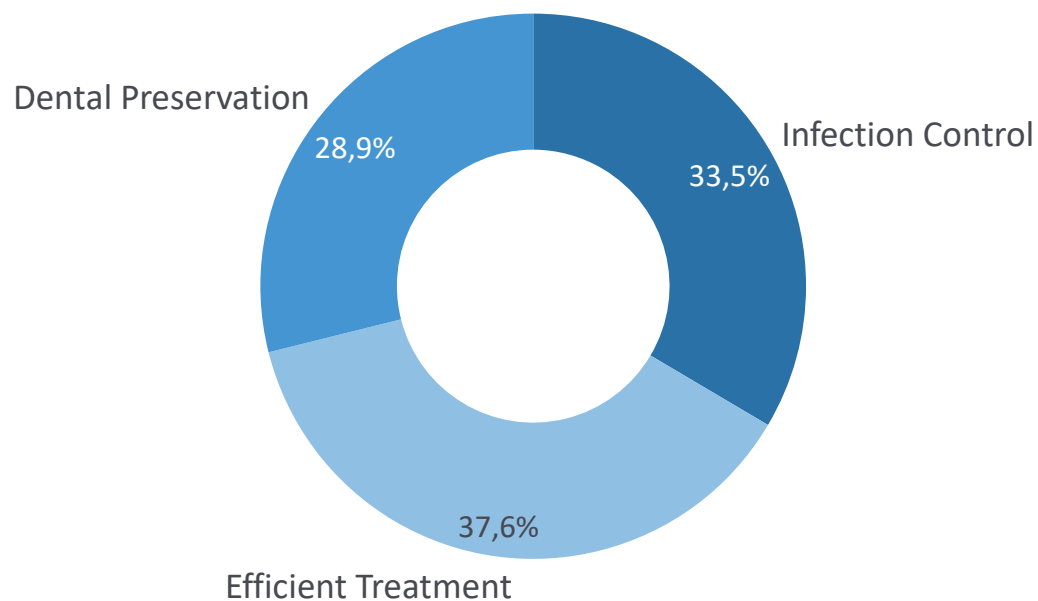




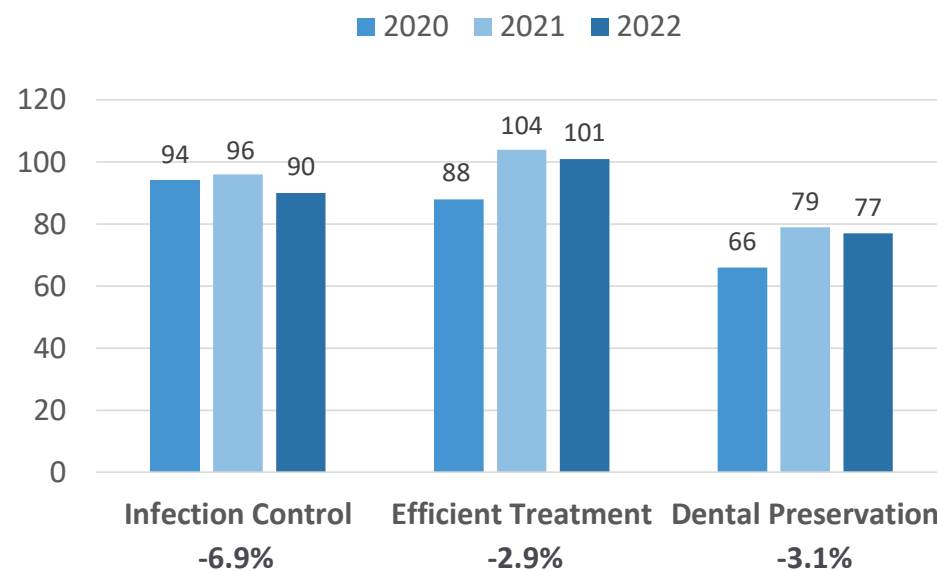
# Net Sales by Product Groups

Decrease in Infection Control due to a normalization in demand of surface disinfection products

Net sales by product groups (shares)



Net sales by product groups (in CHF mn)

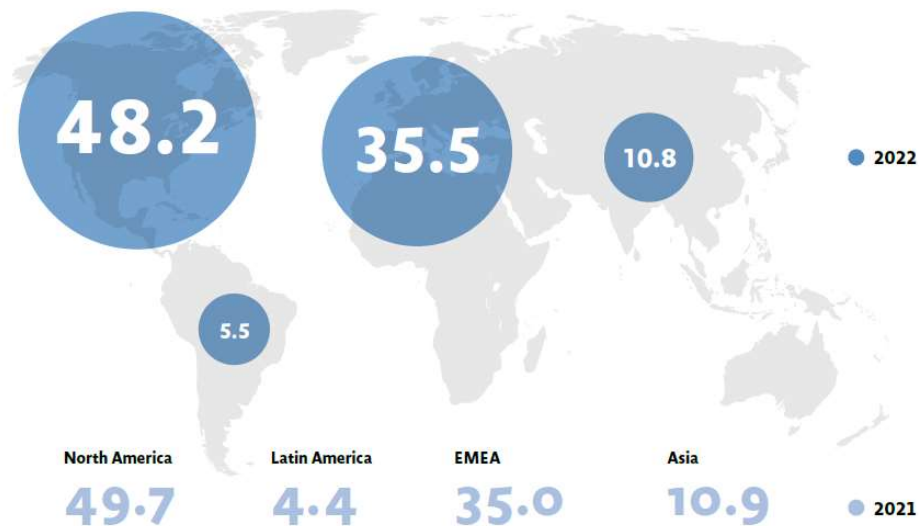


(compared to 2021 net sales declined by 3.5% at constant exchange rates)

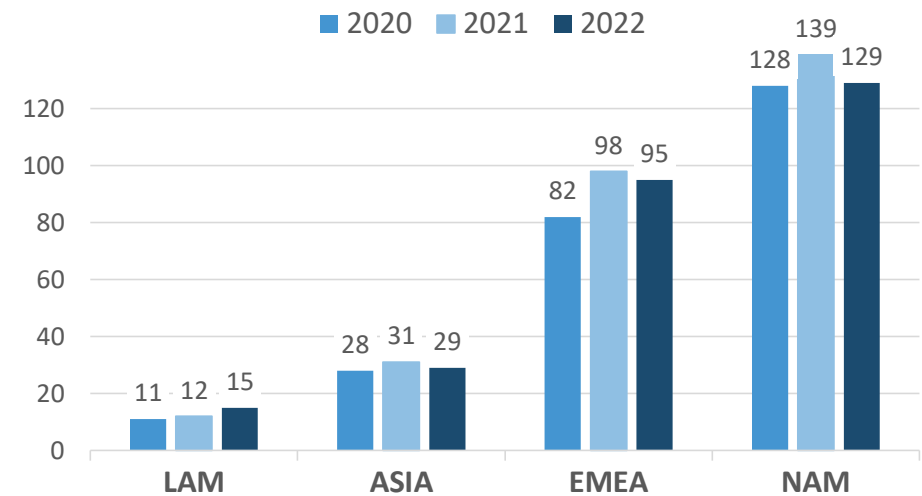
# Net Sales by Region

North America remains strongest market

Net Sales by Region in %



Net sales by regions (in CHF mn)



(EMEA with a growth of 4.2% at constant rate)

# Financials 2022

Markus Abderhalden, CFO



Nicole Heisele, Mitarbeiterin Kundenservice-Center  
Coltène/Whaledent GmbH, Germany

# Financial Summary 2022

EBIT margin of 13.1% thanks to strict cost control and solid gross margin despite lower sales volume

• Sales	<ul style="list-style-type: none"><li>• Net sales down by 4.3% to CHF 267.1 mn</li><li>• At constant FX rates net sales decreased by 3.5%</li></ul>
• EBIT	<ul style="list-style-type: none"><li>• EBIT decreased to CHF 34.9 mn (-20.3% vs 2021)</li><li>• EBIT margin at 13.1% (2021: 15.7%)</li><li>• Decline in EBIT mainly due to smaller base of net sales</li></ul>
• Net profit	<ul style="list-style-type: none"><li>• Net profit amounted to CHF 26.0 mn (2021: CHF 31.7 mn)</li><li>• Net profit margin of 9.7% (2021: 11.4%)</li></ul>
• Tax rate	<ul style="list-style-type: none"><li>• Effective tax rate decreased to 21.1% (2021: 23.0%)</li><li>• Reduction in non-recoverable withholding taxes and changes in product mix</li></ul>
• Cash flow	<ul style="list-style-type: none"><li>• Free cash flow of CHF 15.2 mn (2021: CHF 22.7 mn)</li><li>• Cash flow from operating activities negatively impacted by investment in delivery capacity</li></ul>
• Balance sheet	<ul style="list-style-type: none"><li>• Net debt increased to CHF 22.8 mn (2021: CHF 17.2 mn)</li><li>• Equity ratio improved to 58.9% (2021: 57.5%)</li></ul>

# Income Statement

## Gross profit margin with pleasing development

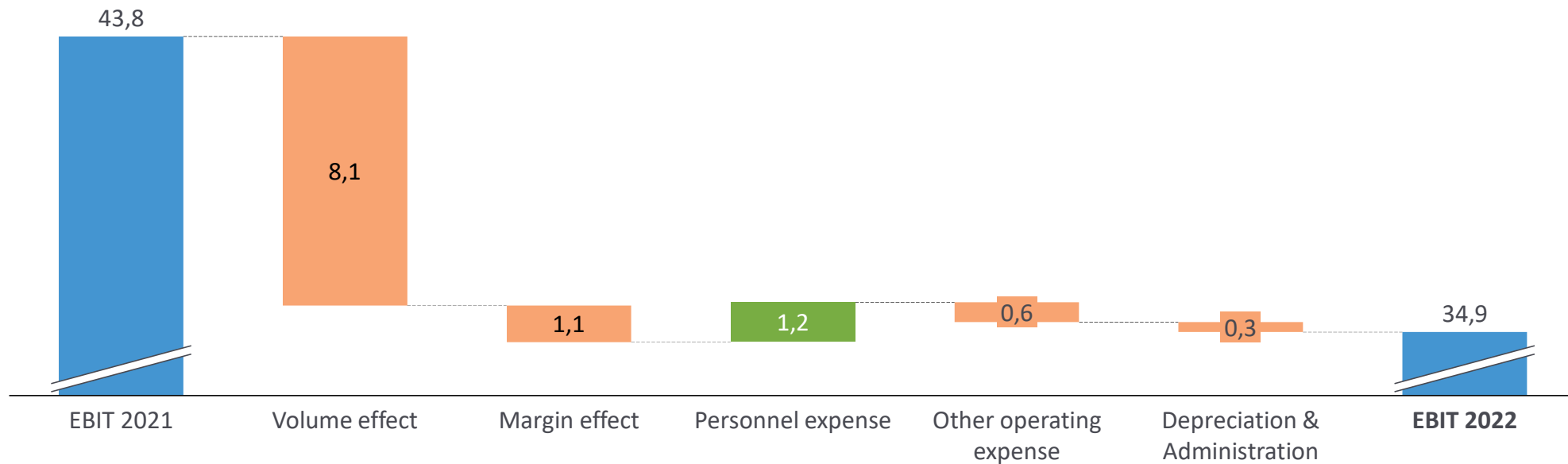
in CHF mn	2022	%	2021	%	% YoY
<b>Net Sales</b>	<b>267.1</b>	<b>100</b>	<b>279.2</b>	<b>100</b>	<b>-4.3</b>
Material expenses	-88.8	-33.2	-91.8	-32.9	-3.2
Gross Profit	178.3	<b>66.8</b>	187.4	<b>67.1</b>	<b>-4.9</b>
Operating expenses	-136.7	<b>-51.2</b>	-137.2	<b>-49.1</b>	<b>-0.4</b>
Depreciation and amortization	-6.7	-2.5	-6.4	-2.3	4.3
<b>EBIT</b>	<b>34.9</b>	<b>13.1</b>	<b>43.8</b>	<b>15.7</b>	<b>-20.3</b>
Financial result	-2.0	-0.7	-2.6	-0.9	-23.9
Tax expenses	-6.9	-21.1 <sup>1)</sup>	-9.5	-23.0 <sup>1)</sup>	-26.9
<b>Net Income</b>	<b>26.0</b>	<b>9.7</b>	<b>31.7</b>	<b>11.4</b>	<b>-18.0</b>

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

- Decrease in net sales due to pandemic-related influences, persisting supply bottlenecks in Infection Control as well as the consequences of the inflation.
- Gross margin roughly at previous year's level due to successful pass-through of price increases.
- OPEX is down by CHF 0.6 mn, driven by lower personnel expenses which were partly offset by higher selling & administrative expenses despite the strict cost control.
- The financial result of CHF 2.0 million is below the previous year and is primarily made up of foreign currency losses.
- The tax rate of 21.1% is below last year's tax rate of 23.0%. The decrease is mainly due to the reduction in non-refundable withholding taxes and changes in the product mix.

# EBIT Development 2021 –2022

In CHF million



**Gross Profit** decline driven by the decline in Infection Control, which was very strong in the previous year due to the pandemic.

**Personnel Expenses** decreased by CHF 1.2 mn largely due to lower variable compensation.

**OPEX** increase mainly due to increased selling & administrative costs as a result of increased participation in trade fairs and travel activities.

# Net Profit

Decline in net profit mainly driven by lower net sales – further improved tax rate

## Decrease in financial expenses:

- Reduced interest rates
- Lower foreign exchange losses

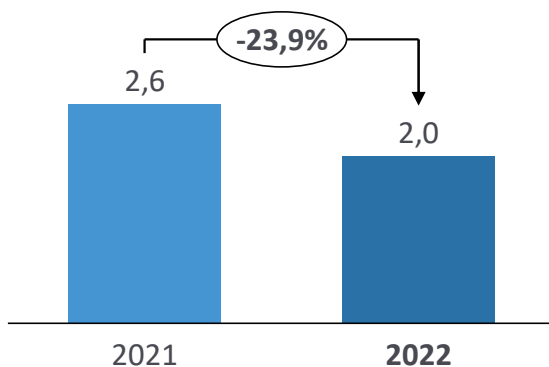
## Tax rate decrease:

- Reduction in non-refundable withholding taxes
- Changes in the product mix

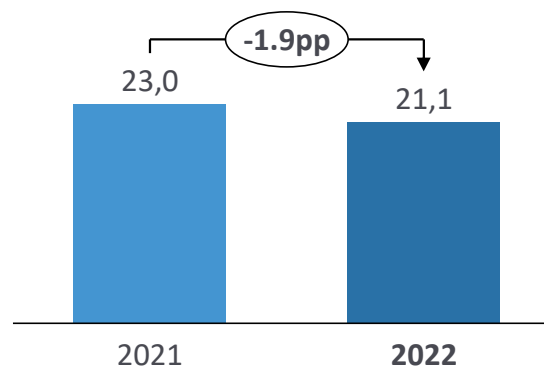
## Net profit decrease:

- Driven by lower operating result
- Positively impacted by reduced financial expenses and improved tax rate

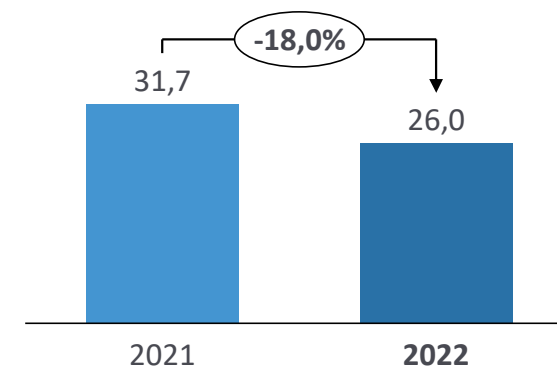
### Financial expenses in CHF mn:



### Tax rate in %:



### Net profit in CHF mn:





# Balance Sheet

Ensuring adequate liquidity and a healthy balance sheet

in CHF million	31.12.2021	31.12.2022	% YoY
Cash & cash equivalents	25.7	24.2	-5.8%
Receivables	41.6	43.9	5.5%
Inventory	63.7	65.1	2.2%
Property, plant & equipment	49.2	48.6	-1.2%
Financial, intangible & tax assets	6.5	8.8	35.4%
<b>Total assets</b>	<b>186.7</b>	<b>190.6</b>	<b>2.1%</b>
Payables & short term liabilities	31.5	26.0	-17.5%
Bank loans (short and long term)	42.9	47.1	9.8%
Other long term liabilities	4.9	5.3	8.2%
Equity	107.4	112.2	4.5%
<b>Total liabilities &amp; equity</b>	<b>186.7</b>	<b>190.6</b>	<b>2.1%</b>
<b>Net debt</b>	<b>17.2</b>	<b>22.8</b>	<b>32.6%</b>

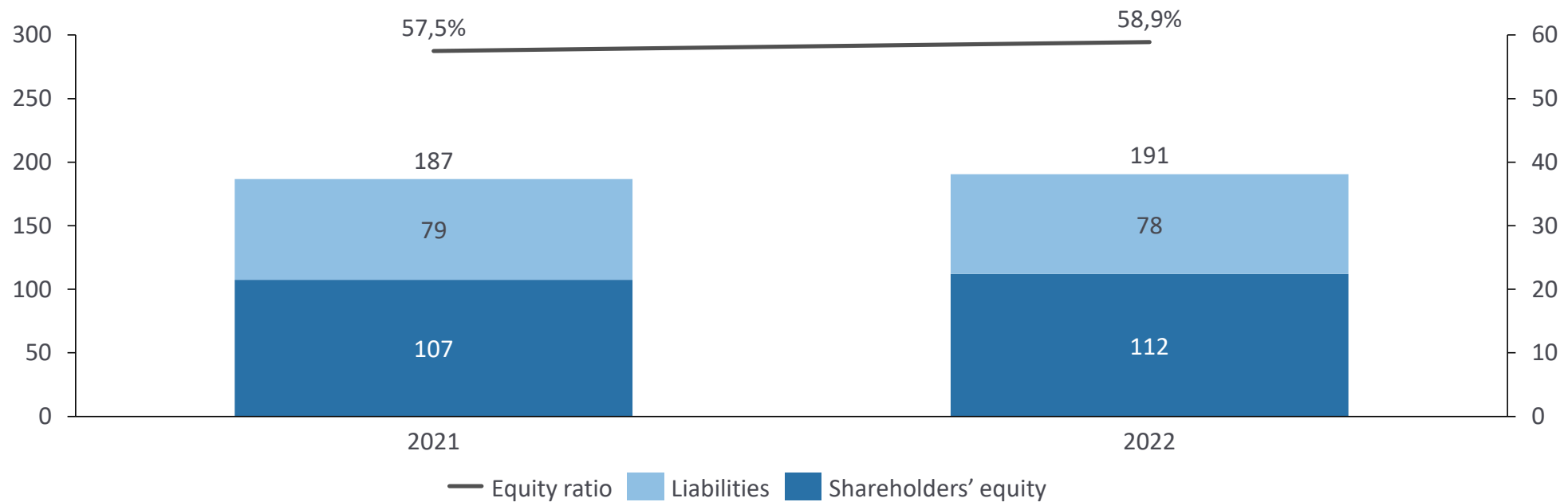
- Maintaining cash position at previous years' level while increasing financial liabilities led to increased net debt of CHF 22.8 million
- Further increase of inventory (raw material) to ensure delivery capacity
- Increased financial liabilities due to the free cashflow
- Equity remains stable with an Equity Ratio of 58.9% (2021: 57.5%)

# Equity

## Increase of equity ratio while balance sheet remains stable

In CHF million

- Total assets increased to CHF 190.6 mn (Dec 2021: CHF 186.7 mn)
- Equity ratio: increased to 58.9% (Dec 2021: 57.5%)



# Cash Flow Statement

Cash flow from operating activities negatively impacted by securing delivery capability

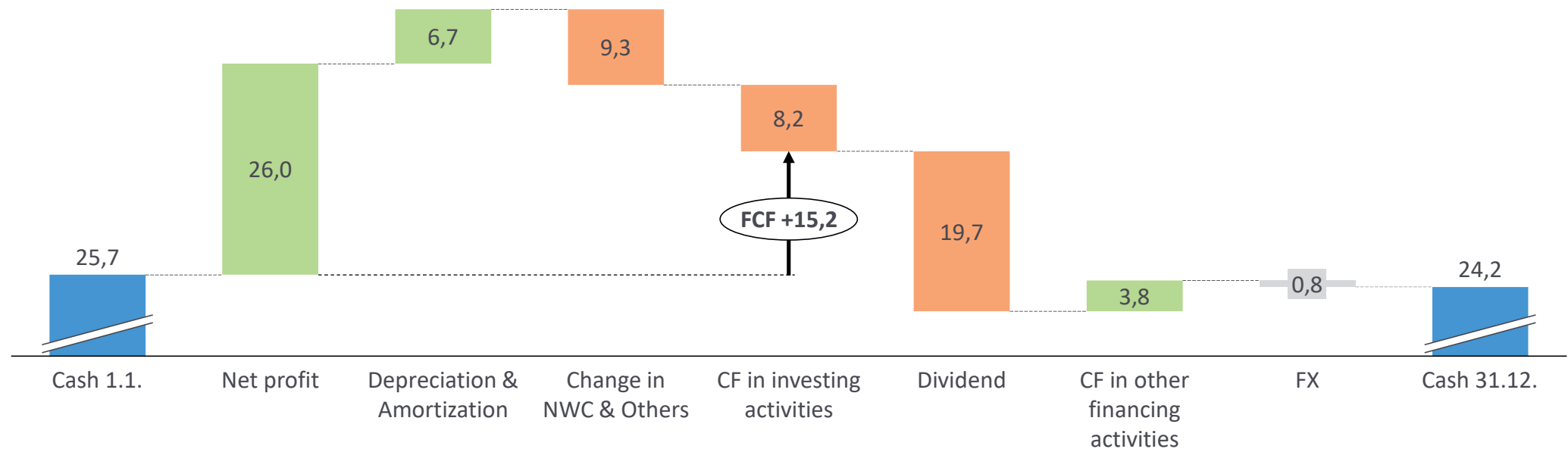
in CHF million	2021	2022	% YoY
<b>Net profit</b>	<b>31.7</b>	<b>26.0</b>	<b>-18.0%</b>
Depreciation and amortization	6.4	6.7	
Other non cash items	11.0	8.8	
Changes in NWC	-1.8	-11.7	
Interest and tax paid/received	-14.8	-6.4	
<b>Cash flow from operating activities</b>	<b>32.5</b>	<b>23.4</b>	<b>-28.0%</b>
Purchase of PPE (net)	-7.6	-5.4	
Purchase of int & finan. assets (net)	-2.2	-2.8	
<b>Cash flow from investing activities</b>	<b>-9.8</b>	<b>-8.2</b>	<b>-16.3%</b>
<b>Cash flow from financing activities</b>	<b>-35.8</b>	<b>-15.9</b>	<b>-55.5%</b>
Change in cash and cash equivalents	-12.7	-1.5	
<b>Free cash flow</b>	<b>22.7</b>	<b>15.2</b>	<b>-33.0%</b>
<b>Net profit</b>	<b>31.7</b>	<b>26.0</b>	<b>-18.0%</b>

- Decrease in operating cash flow is mainly driven due to lower net profit and investments in raw materials
- Lower cash flow from investing activities due to a decline in purchase of PPE, which are partly offset by an increase in purchase of intangible assets
- Cash flow from financing activities mainly driven by dividends paid of CHF -19.7 mn (2021: CHF -17.9 mn) and borrowings of financial liabilities of net CHF +4.1 mn (2021: CHF -17.6 mn)

# Cash Flow Statement

In CHF million

- NWC driven by the increase in raw material
- Dividend amounted to CHF 19.7 mn whereas the free cash flow totaled CHF 15.2 mn
- Cash reduced by CHF 1.5 mn



# AGM 2023

Proposals to the general assembly – stable Dividend of CHF 3.30 per share

## Election of the members of the Board of Directors

Re-election of Nick Huber, Jürgen Rauch, Astrid Waser, Roland Weiger, Allison Zwingenberger

New election of Matthias Altendorf, Daniel Bühler

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

## Distribution

Board of Directors proposes distribution of CHF 3.30 per share to be paid from capital contribution reserves

Dividend yield of 4.3% based on year-end share price of CHF 76.20

Distribution of 76% from the net profit

## Compensation of the Board of Directors and Group Management

For the Board of Directors from AGM 2023 – AGM 2024: CHF 560 000 in cash and CHF 116 800 for 1600 shares

For Group Management: maximum fixed compensation of CHF 2 700 000 for fiscal year 2024 and variable compensation of CHF 513 900 for fiscal year 2022

Consultative vote on the Compensation Report 2022

## Group Auditor

Re-election of EY

# Outlook

Martin Schaufelberger, CEO



Marcel Werner, Leiter F&E Komposit  
Coltène/Whaledent AG, Switzerland

# What Can we Expect in 2023?

## Focus on sustainable growth

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### ⦿ **Economic development**

- Inflation expected to fall; slow down of price increases
- Global growth is projected to fall
- Uncertainty due to war in Ukraine and other international tensions

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### ⦿ **Solid demand in dental consumables and small equipment**

- Main markets expected to show solid demand for COLTENE products
- Catch-up of postponed patient treatments

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### ⦿ **Sales and Marketing**

- IDS in Cologne in March 2023 - biggest trade show in industry
- Further growth Dental Service Organizations (DSO) share; direct contact to DSO

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### ⦿ **Market trends**

- Growing importance of comprehensive services for equipment
- Increasing price comparison on the internet requires consistent and transparent pricing

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### ⦿ **Cyber Security**

- Increasing threat requires investments and awareness
-



# Our Main Focus for 2023

## Focus on sustainable growth

- 
- ① **Digital experience of customers**
    - Roll-out of MyColtene.com and adding gradually more features
    - IC-TRACK will track and document cassette flow in instrument reprocessing
- 
- ② **Further build infection control and endodontics business**
    - Sales push in selected key countries with focus on endo and infection control
- 
- ③ **Operational Excellence**
    - New COO Gregor Picard to review operations and implement lean management
    - Focus on reduction in manufacturing cost; material – processes - quality
- 
- ④ **Strategically integrating sustainability**
    - Group ESG team to coordinate projects and report achievements
- 
- ⑤ **Explore growth options**
    - Closer cooperation with distributors and DSO
    - Private Brand and OEM cooperations
    - Open for targeted acquisitions in the medium term
-

# Guidance 2023

## Focus on sustainable growth

- 
- ④ **Sales growth modestly above the market**
    - Economic growth uncertain
    - COLTENE target modestly above market growth
- 
- ④ **15% EBIT margin confirmed as medium-term target**
    - Challenge: Manage cost increase after pandemic as well as price increases (inflation)
    - Investing in sales & marketing to push organic growth
- 
- ④ **Attractive dividend: Pay-out ratio target about 70%**
    - Sustainable, long term dividend policy
-

# Customer focus

Q&A

# 22

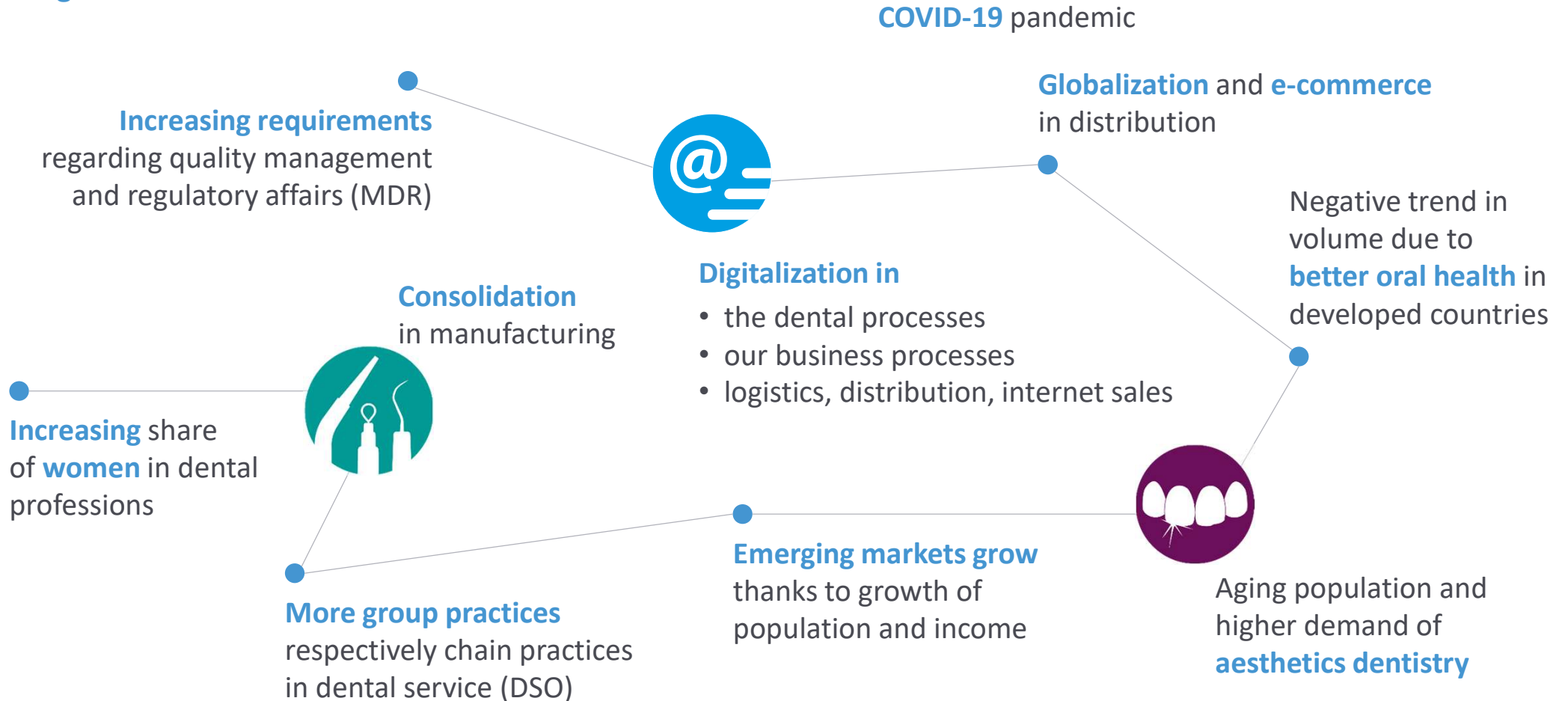
# Annex



Stelian Gal, Produktentwickler  
SciCan Ltd., Canada

# Dental Industry

## Mega trends



# Organization

## Management

### Board of Directors

Matthew Robin

Allison Zwingenberger

Jürgen Rauch

**Nick Huber**, Chairman

Astrid Waser

Roland Weiger

Erwin Locher



### Group Management

Stefan Helsing, COO

Paul Frey, VP Sales / MarCom  
NAM

Markus Abderhalden, CFO

**Martin Schaufelberger**, CEO

Martin Schlüter, VP R&D /  
Innovation

Werner Barth, VP Product  
Management / Group Marketing

Christophe Loretan,  
VP Sales / MarCom EMEA / ROW





# COLTENE Overview

## Top quality dental supplier

- **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 and 3**
- **13 sales entities** supported by more than **300 sales reps** selling via distributors
- **3 product areas**
  - Infection Control
  - Dental Preservation
  - Efficient Treatment
- **1 300 employees**

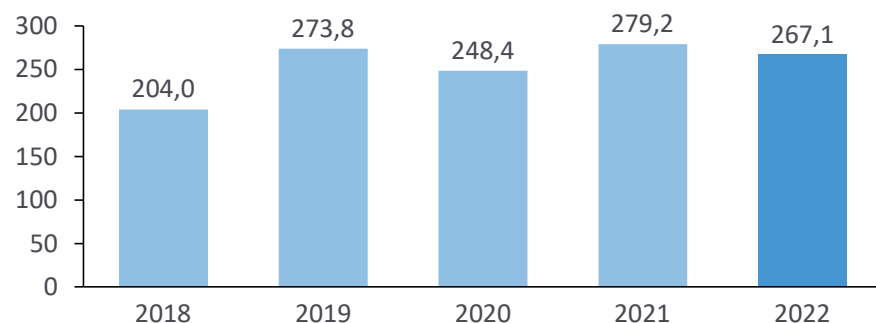




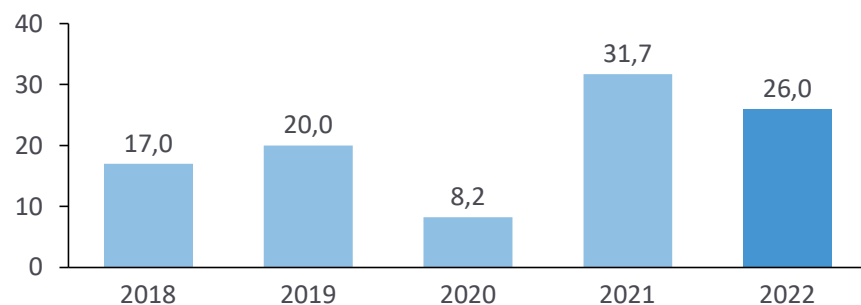
# Key Figures

## Five year overview

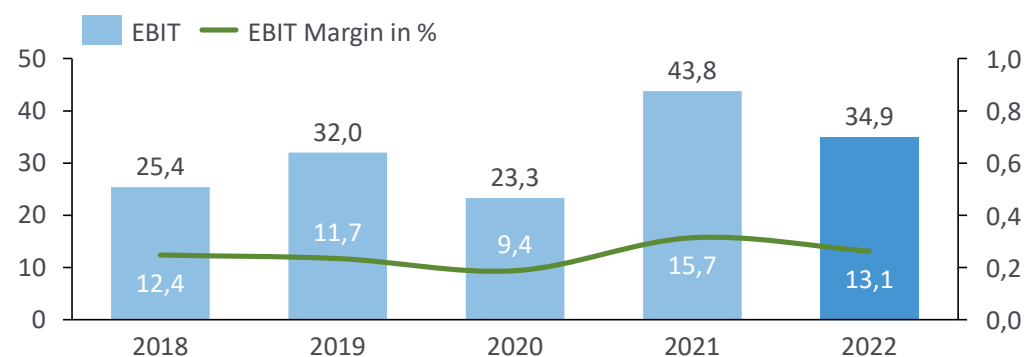
Net Sales in CHF million



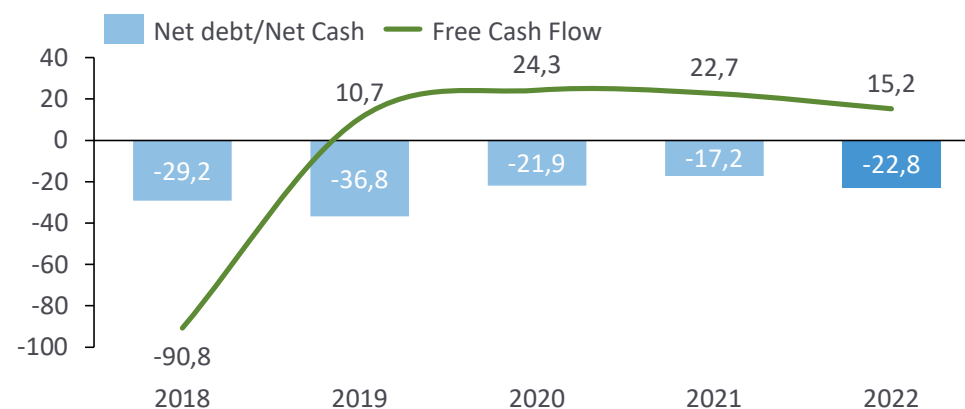
Net Profit in CHF million



in CHF million



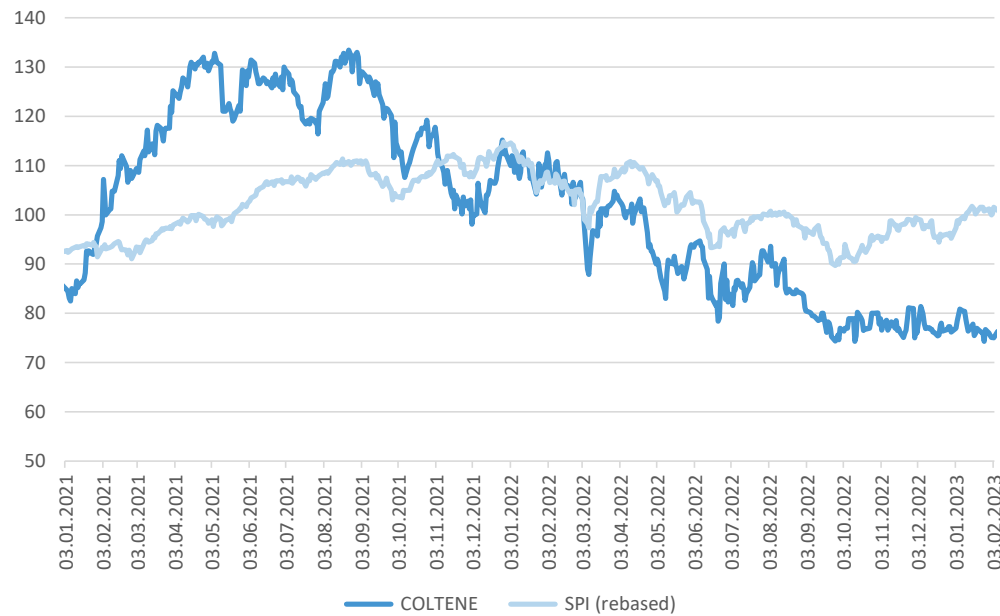
in CHF million



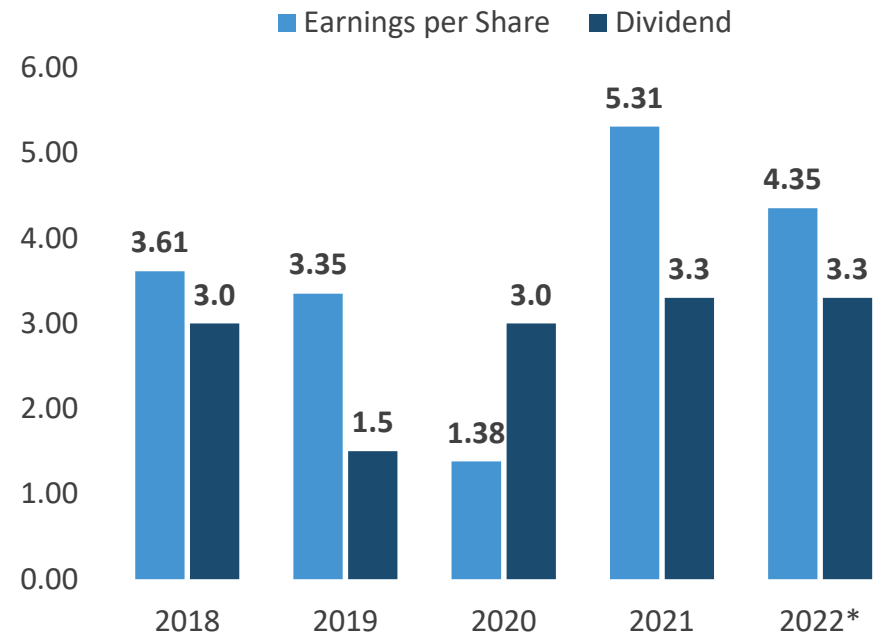
# Share Performance

Volatile financial market environment

## Share price



## Earnings per share/dividend



\* Board of Directors' proposal to the AGM on 19 April 2023: distribution of CHF 3.30 per share from capital contribution reserves excluding treasury shares

Visit us on our website:  
[www.coltene.com](http://www.coltene.com)

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Coltène/Whaledent AG, Switzerland