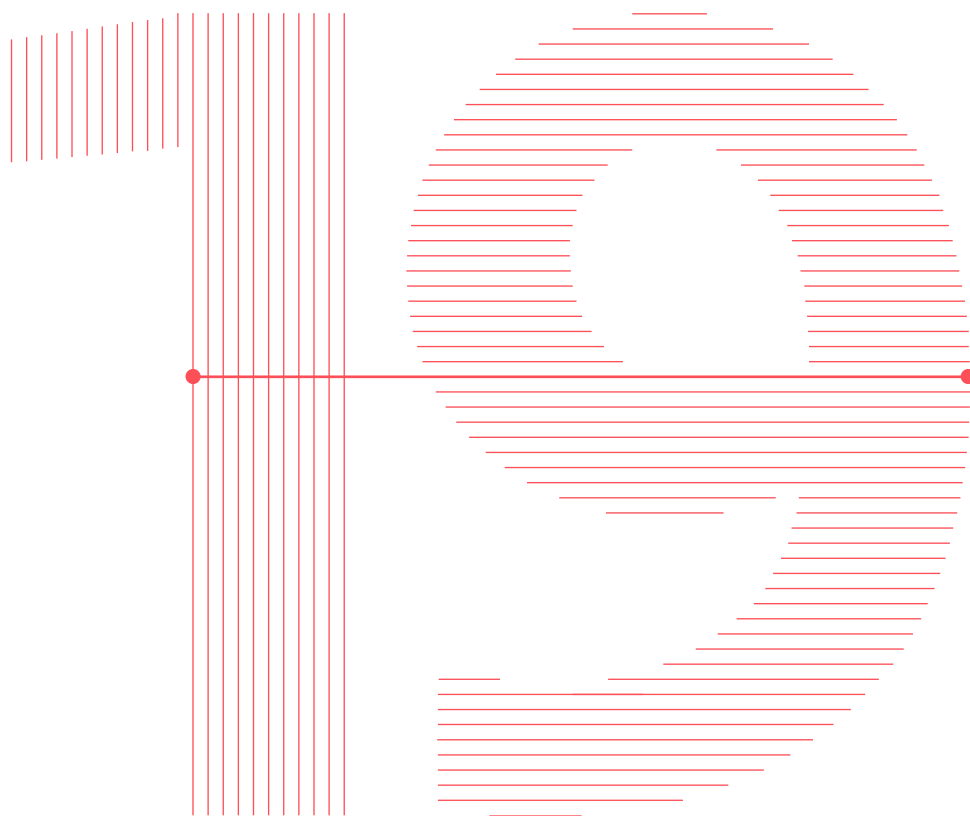


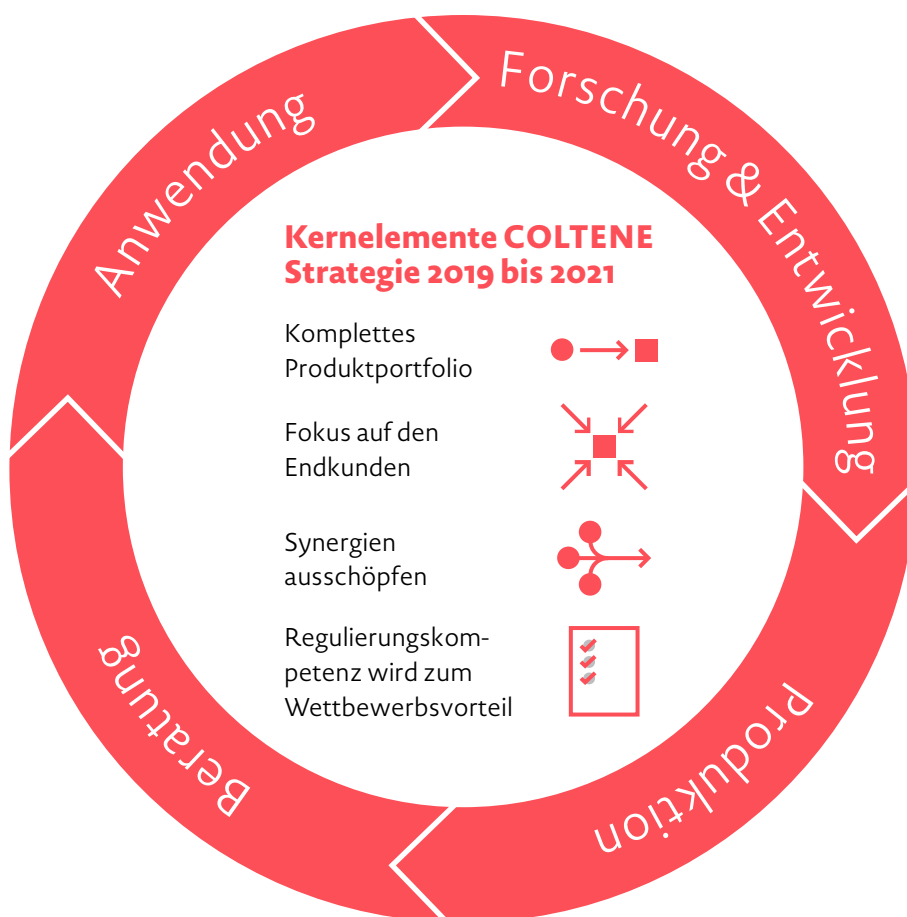
Der Lösungsanbieter

Geschäftsbericht 2019



COLTENE wird zum Lösungsanbieter

COLTENE etabliert sich als Anbieter umfassender Lösungen am Puls seiner Endkunden, den Zahnärztinnen und Zahnärzten – und nicht nur als reiner Produkthanbieter. Verschiedene Massnahmen sollen diese Positionierung kontinuierlich weiter schärfen. Mehr zu den zugehörigen Strategieelementen lesen Sie auf den Fokuseiten 16 bis 21. Doch schon heute ist die COLTENE Gruppe in der gesamten Wertschöpfungskette der Dentalindustrie tätig und lässt die Bedürfnisse der Zahnärztinnen und Zahnärzte auf vielfältige Weise in ihre Produkte und Dienstleistungen einfließen. Das zeigt sich bei einem Blick auf die unterschiedlichen Abteilungen und Aufgaben, in denen die COLTENE Mitarbeitenden weltweit tätig sind. Eine Reportage dazu finden Sie zwischen den einzelnen Kapiteln in diesem Bericht. Sie zeigt den Weg der COLTENE Produkte von der Entwicklung bis zur Anwendung am Patienten bildlich auf.



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Produktübersicht

Die COLTENE Gruppe gliedert ihr umfassendes Sortiment in die drei Produktgruppen Infektionskontrolle, Zahnerhaltung und Behandlungseffizienz.

Infektionskontrolle

27 %

COLTENE ist ein Systemanbieter für die Instrumenten-Wiederaufbereitung sowie die Oberflächenreinigung und -desinfektion. Die umfassende Produktgruppe beinhaltet State-of-the-Art-Ultraschallreinigungsgeräte und -lösungen, Washers, Thermodesinfektionsgeräte und Autoklaven sowie hochwertige Reinigungs- und Desinfektionstücher für alle Oberflächen in der Zahnarztpraxis.



Zahnerhaltung

Restoration, Endodontie

32 %

Mit restaurativen und endodontischen Systemen zur Bewahrung von vitaler und nichtvitaler Zahnhartsubstanz bietet COLTENE vielfältige Produkte für die nachhaltige Zahnerhaltung von der Wurzel bis zur Krone an. Das abgestimmte Sortiment umfasst hochwertige Adhäsive, Komposite, Wurzelkanalinstrumente, Spüllösungen samt Zubehör sowie Materialien für die Obturation und Versiegelung von Wurzelkanälen.



Behandlungseffizienz

Prothetik, Rotierende Instrumente, Behandlungshilfen

41 %

Die Produktgruppe Behandlungseffizienz umfasst ein breites Angebot an Hilfsmitteln zur Effizienzsteigerung in der Zahnarztpraxis. Dazu gehören hochpräzise Abformmaterialien, qualitativ hochwertige Produkte für die Wundversorgung und Watteerzeugnisse, effiziente Absaugkanülen und leistungsstarke Rotierende Instrumente.



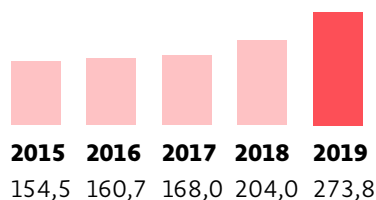
Fakten und Zahlen

COLTENE ist ein international tätiges Unternehmen für die Entwicklung, Herstellung und den Vertrieb von zahnmedizinischen Verbrauchsgütern und Kleingeräten in den Bereichen Infektionskontrolle, Zahnerhaltung und Behandlungseffizienz. Die Gruppe verfügt über modernste Produktionsstätten in Brasilien, Deutschland, Frankreich, Kanada, der Schweiz und in den USA. Zudem ist COLTENE mit eigenen Vertriebsorganisationen in wichtigen Schlüsselmärkten wie Nordamerika, Europa, China, Indien und Brasilien präsent. Die COLTENE Gruppe beschäftigt weltweit 1414 Mitarbeitende.

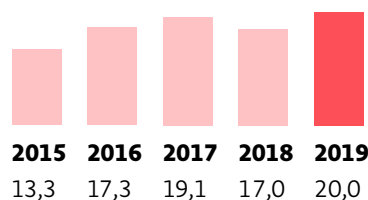
5-Jahresübersicht 2015–2019 (in CHF Millionen)

2015–2017: IFRS, ab 2018: Swiss GAAP FER

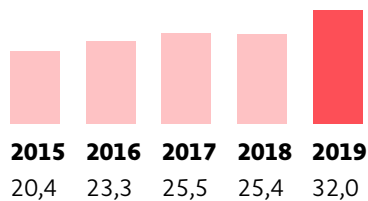
Nettoumsatz



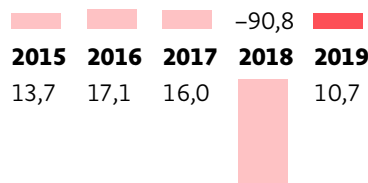
Reingewinn



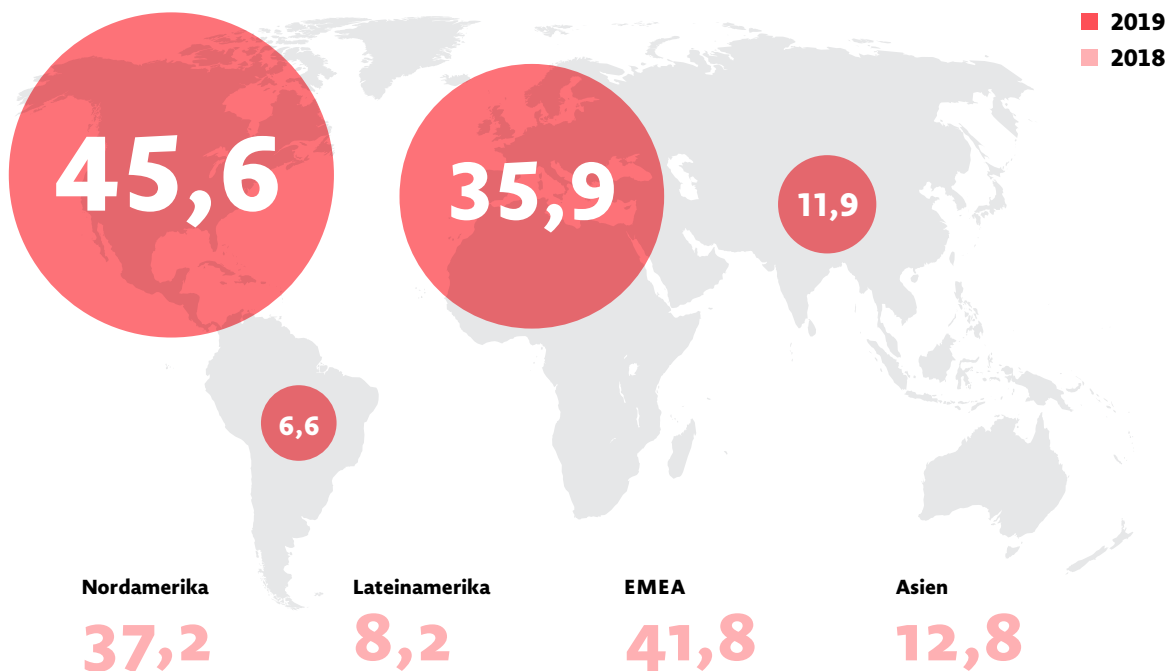
Betriebserfolg (EBIT)



Free Cash Flow



Nettoumsatz nach Regionen in %



Informationen zur COLTENE Aktie

Aktienkapital und Kapitalstruktur

	2019	2018	2017	2016	2015
Nennwert pro Aktie (CHF)	0.10	0.10	0.10	0.10	0.10
Anzahl Namenaktien	5 975 580	5 975 580	4 219 000	4 219 000	4 219 000
Dispobestand	13,34 %	29,20 %	14,00 %	16,30 %	12,53 %
Anzahl eigene Aktien	14	3 265	0	3 700	5 100
Anzahl dividendenberechtigte Aktien	5 975 566	5 972 315	4 219 000	4 215 300	4 213 900
Ordentliches Kapital (CHF 1000)	598	598	422	422	422
Bedingtes Kapital (CHF 1000)	0	0	0	0	0
Genehmigtes Kapital (CHF 1000)	7	7	0	0	0
Total Stimmrechte	5 975 580	5 975 580	4 219 000	4 219 000	4 219 000

Börsenkennzahlen pro Aktie

CHF	2019	2018	2017	2016	2015
Börsenkurs höchst	103.60	124.00	103.50	75.50	83.65
Börsenkurs tiefst	72.00	80.00	74.50	57.00	54.00
Jahresendkurs	88.80	84.30	94.90	74.05	60.90
Durchschnittliches Volumen / Handelstag (Stück)	5 442	4 084	4 324	2 728	5 044
Börsenkapitalisierung in CHF Mio. (31.12.)	531	504	400	312	257

Kennzahlen pro Aktie¹

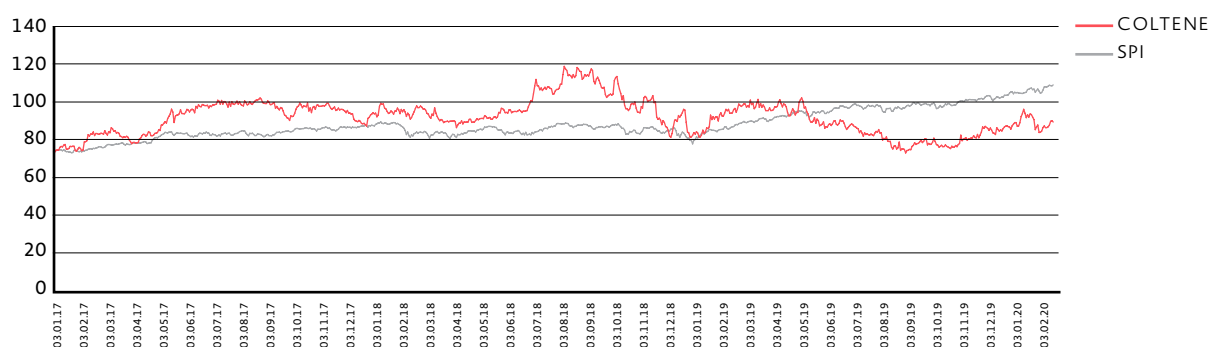
CHF	2019	2018	2017	2016	2015
Reingewinn pro Aktie – unverwässert	3.35	3.61	4.52	4.10	3.16
Reingewinn pro Aktie – verwässert	3.35	3.61	4.52	4.10	3.16
Betrieblicher Cash Flow pro Aktie	3.98	4.12	5.19	5.38	4.31
Free Cash Flow pro Aktie	1.79	-15.20	3.80	4.05	3.25
Ausschüttung pro Aktie	3.00 ²	3.00	3.00	2.70	2.20
Eigenkapital pro Aktie	15.26	14.76	28.85	26.63	24.10

¹ 2015–2017: IFRS, ab 2018: Swiss GAAP FER.

² Antrag des Verwaltungsrats an die Generalversammlung vom 2. April 2020: Ausschüttung von CHF 3.00 pro Aktie aus Kapitaleinlagereserven mit Auslandbezug und ohne Berücksichtigung der eigenen Aktien.

Entwicklung Aktienkurs (03.01.2017 bis 14.02.2020)

CLTN Namenaktien/Swiss Performance Index (SPI) angepasst



Der Wert einer COLTENE Aktie stieg im Jahr 2019 um 5,3 % von CHF 84.30 auf CHF 88.80. COLTENE schüttete im Berichtsjahr Anfang Mai eine Dividende von CHF 3.00 pro Aktie aus. Die Gesamtperformance inkl. Dividende im Jahr 2019 betrug 8,9 %.

Aktionärsstruktur¹

Per 31. Dezember 2019 waren 2203 Aktionäre (2011) im Aktienregister eingetragen. Die folgenden Aktionäre hielten am Jahresende 3 % oder mehr des ausstehenden Aktienkapitals der COLTENE Holding AG:

	31.12.2019	31.12.2018
Huwa Finanz- und Beteiligungs AG	22,18%	21,98 %
Arthur Zwingenberger (Vorjahr: Arno Holding S.à.r.l.)	17,20 %	17,20 %
Rätikon Privatstiftung	10,18%	10,02 %
Tweedy, Browne Company LLC	4,21%	4,80 %
Credit Suisse Asset Management Funds AG	3,49%	3,75 %
Robert Heberlein	3,46%	3,40 %
UBS Fund Management (Switzerland) AG	3,26%	3,49 %

¹ Für weitere Details siehe Seite 33 im Teil Corporate Governance dieses Geschäftsberichts.

Kontaktadresse

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Aktienregister

Karin Wagner, ShareCommService AG
Telefon +41 44 809 58 52; E-Mail karin.wagner@sharecomm.ch

Kalender

Medien- und Analystenkonferenz zum Geschäftsjahr 2019 5. März 2020
Generalversammlung 2020 2. April 2020
Veröffentlichung Halbjahresbericht 2020 7. August 2020

Medien- und Analystenkonferenz zum Geschäftsjahr 2020 5. März 2021
Veröffentlichung Jahresbericht 2020 5. März 2021
Generalversammlung 2021 31. März 2021

Highlights 2019

274

Mehr Umsatz

Im Berichtsjahr 2019 konnte die COLTENE Gruppe ihren Nettoumsatz noch einmal um rund einen Drittel steigern.

1414

Neuer Mitarbeiterrekord

Die neue COLTENE Gruppe beschäftigt rund 1400 Mitarbeitende an über 10 Standorten weltweit.

171

Ein umfassendes Produktsortiment

Die Zahl der COLTENE Produktlinien ist mit den Akquisitionen weiter gewachsen, das Sortiment ist so umfangreich wie nie.

1500

Personentage für die Zukunft

In die Aktualisierung der Zertifizierungen unter anderem nach der neuen Medical Device Regulation (MDR) hat COLTENE 2019 viel Zeit investiert – und damit sichergestellt, dass sie weiterhin alle ihre Produkte weltweit verkaufen kann.

Vorwort

Sehr geehrte Aktionärinnen, sehr geehrte Aktionäre

Die COLTENE Gruppe hat im Berichtsjahr 2019 den geplanten Wachstumschritt vollzogen. Mit der Übernahme von SciCan und Micro-Mega im Herbst 2018 hat sie ihre Position im Dentalmarkt markant ausgebaut. Die neue COLTENE Gruppe hat 2019 die Vorbereitungen getroffen, um Synergien aus dem Zusammenschluss zu generieren. Dazu hat das Unternehmen Arbeitsabläufe, Systeme und Dateninfrastruktur in der gesamten Gruppe weiter harmonisiert und optimiert. Die von COLTENE genutzten Softwareanwendungen werden dabei schrittweise auf Micro-Mega und SciCan ausgerollt. Die Verkaufsteams wurden im Zuge der Konsolidierung zusammengeführt und die Schnittstellen zu den Kunden definiert. Im Marketing hat COLTENE die gemeinsamen Sortimente auf die wichtigsten Prozesse in den Zahnarztpraxen abgestimmt: Instrumentenaufbereitung, Zahnrestauration und Wurzelkanalbehandlung. Und in der Qualitätssicherung steuert COLTENE künftig die Produktlebenszyklen konzernweit mit einer neuen, einheitlichen Software.

Globales Team

Der Zusammenschluss von COLTENE, Micro-Mega und SciCan führte zu einem markanten Anstieg der Beschäftigten von rund 900 auf über 1400 Mitarbeitende. Erste Schritte zu einer gemeinsamen COLTENE Kultur sind getan. So verschieden die Herkunft und Prägung der diversen unter dem Dach von COLTENE operierenden Firmen und Mitarbeitenden auch ist, haben sie sich im Jahr 2019 zu einer neuen, schlagkräftigen Dentalgruppe formiert. Verkauf und Marketing wurden reorganisiert, womit ein homogenes Auftreten auf dem Markt und auf den Dentalmessen gewährleistet ist.

COLTENE positioniert
sich mehr denn je
als Lösungsanbieter.

Synergien

Nun gilt es, aus den Synergien zusätzlichen Kundennutzen und Optimierungen zu schaffen. Die Umsatz- und Kostensynergien aus der Kombination von COLTENE, Kenda, SciCan und Micro-Mega voll auszuschöpfen, bleibt im kommenden Jahr der strategische Schwerpunkt der COLTENE Gruppe. Dabei will COLTENE ihr Leistungsangebot noch stärker auf ihre Endkunden, die Zahnärztinnen und Zahnärzte, ausrichten. Sie positioniert sich mehr denn je als Lösungsanbieter, der nicht nur eine breite Palette an dentalen Verbrauchsmaterialien und Geräten, sondern auf die Behandlungsprozesse abgestimmte Produkte anbietet, die dem Zahnarzt ein sicheres und effizientes Arbeiten erlauben. Mehr zu den strategischen Schwerpunkten 2019 bis 2022 der COLTENE Gruppe lesen Sie auf den Fokussseiten 16 bis 21.



Nick Huber, Präsident des Verwaltungsrats

Martin Schaufelberger, CEO

Integration und neue regulatorische Vorgaben wirken sich auf das Ergebnis aus

Im Berichtsjahr steigerte die COLTENE Gruppe ihren Nettoumsatz um 34,2 %, von CHF 204,0 Mio. auf CHF 273,8 Mio., wobei die Umsatzzunahme grösstenteils auf die Akquisitionen von SciCan und Micro-Mega zurückzuführen ist. Währungs- und akquisitionsbereinigt steigerte die COLTENE Gruppe ihren Umsatz um 1,9 %. Allerdings vollzog COLTENE den Wachstumssprung in einem anspruchsvollen Umfeld. 2019 war ein schwieriges Jahr für die Dentalindustrie. Nach Einschätzung des Unternehmens lag das Marktwachstum mit rund 1,5 % unter dem langfristigen Trend. Und der starke Schweizer Franken hatte insgesamt einen negativen Effekt auf den Nettoumsatz von CHF 2.7 Mio. oder –1,0 %.

Die Integration des Vertriebs von Micro-Mega in die COLTENE Gruppe verlief nicht reibungslos. Dies führte zu einem Rückgang der Verkäufe im

Die Kosten- und Umsatzsynergien aus der Kombination von COLTENE, Kenda, SciCan und Micro-Mega voll auszuschöpfen, bleibt strategischer Schwerpunkt der COLTENE Gruppe.

Endodontie-Bereich. In den USA konnten grössere Gerätebestellungen nicht rechtzeitig ausgeliefert werden. Vor diesem Hintergrund entspricht das Ergebnis der COLTENE Gruppe für das Geschäftsjahr 2019 nicht den selbst gesteckten Erwartungen.

Die Integration hatte Einmalkosten im Qualitätsmanagement, in der Informatik, für Beratungen und Personal-Sonderkosten zur Folge, die höher als erwartet ausfielen. Das Betriebsergebnis (EBIT) lag bei CHF 32,0 Mio. (Vorjahr: CHF 25,4 Mio.) respektive bei 11,7 % des Nettoumsatzes (Vorjahr: 12,4 %). Ohne die genannten Aufwände von insgesamt CHF 4,6 Mio. hätte die EBIT-Marge 13,4 % betragen.

Darin enthalten sind auch Einmalaufwände für die Einführung der ab Mai 2020 gültigen Medical Device Regulation (MDR), für Anpassung des Qualitätsmanagementsystems und für klinische Studien bestehender Produkte. Die Herstellung für den wichtigen Produktebereich Abformmaterialien in Altstätten wurde Anfang 2020 gemäss den neuen europäischen regulatorischen Vorschriften erfolgreich zertifiziert. COLTENE ist damit eine der ersten Dentalfirmen, die das MDR-Zertifikat erhalten hat. Die dabei gewonnenen Erfahrungen werden die anstehenden Zertifizierungen an den übrigen Produktionsstandorten wesentlich erleichtern. Die COLTENE Gruppe hat dadurch sichergestellt, dass sie alle ihre Produkte weiterhin über die Schweizer Landesgrenzen hinaus verkaufen kann.

Stabile Dividende

Der Verwaltungsrat wird den Aktionären aufgrund der robusten Ertragslage und der mittelfristig positiven Aussichten wiederum eine Dividende von CHF 3.00 pro Aktie vorschlagen. Diese soll vollständig aus Kapitaleinlagereserven und damit für natürliche Personen mit Wohnsitz in der Schweiz steuerfrei ausbezahlt werden.

Veränderungen in der Geschäftsleitung

Seit dem 1. Januar 2020 ergänzen John Westermeier und Martin Schlüter die Gruppenleitung von COLTENE. John Westermeier, Geschäftsführer von SciCan, ist für die Verkaufs- und Marketingkommunikation in Nordamerika zuständig. Die neu geschaffene Funktion trägt der seit der Akquisition von SciCan und Micro-Mega noch grösseren Bedeutung des nordamerikanischen Marktes für COLTENE Rechnung. Christophe Loretan, bisher weltweit für den Verkauf zuständig, übernimmt neu die Verantwortung für den Verkauf und die Marketingkommunikation für die europäischen Märkte sowie für die Wachstumsregion Ferner Osten und Lateinamerika. Martin Schlüter, Vice President Research & Development und Innovation, hat die

Im Berichtsjahr steigerte die COLTENE Gruppe ihren Nettoumsatz um 34,2 % von CHF 204,0 Mio. auf CHF 273,8 Mio.

Die Produktion für Abformmaterialien wurde Anfang 2020 gemäss den neuen europäischen regulatorischen Vorschriften zertifiziert.

gruppenweite Leitung des Bereichs Forschung & Entwicklung im Zuge der Pensionierung von Werner Mannschedel übernommen. Die übrige Besetzung des Gruppenmanagements bleibt unverändert.

Anpassung der Vorjahreswerte auf Swiss GAAP FER

Per 1. Januar 2019 hat COLTENE die Rechnungslegung von IFRS auf Swiss GAAP FER umgestellt. Der neue Rechnungslegungsstandard zeichnet sich durch geringere Komplexität und Kosten aus und entspricht den Bedürfnissen eines international tätigen, mittelgrossen Unternehmens wie COLTENE. Die Werte des Vorjahres wurden im vorliegenden Geschäftsbericht angepasst, um die Vergleichbarkeit der Perioden sicherzustellen.

Ausblick

Verwaltungsrat und Management blicken zuversichtlich in die Zukunft. Die neue, grössere COLTENE ist gut positioniert, um Herausforderungen wie dem intensiven Wettbewerbsumfeld oder der wachsenden Digitalisierung zu begegnen. Die zunehmenden Regulierungen in der Dentalbranche werden vor allem kleinere Anbieter vor grosse Herausforderungen stellen und es etablierten Unternehmen erlauben, die gestiegenen Kosten mit Preisanpassungen teilweise zu kompensieren. Die COLTENE Gruppe wird zudem ihr Portfolio weiter stärken. Erste neue Produkte kommen 2020 auf den Markt und unterstützen das Wachstum und die Realisierung der geplanten Synergien. Die Gruppe hält mittelfristig am Ziel einer EBIT-Marge von 15 % und einem leicht über dem Markt liegenden Umsatzwachstum fest.

Die Gruppe hält mittelfristig an einer EBIT-Marge von 15 % und einem leicht über dem Markt liegenden Umsatzwachstum fest.

Dank

Im Namen des Verwaltungsrats und der Konzernleitung bedanken wir uns herzlich bei unseren Mitarbeitenden. Dank ihrem grossen Einsatz haben wir in den letzten zwölf Monaten das Fundament zur neuen COLTENE Gruppe gelegt. Wir sind uns einig im Ziel, den Zahnärztinnen und Zahnärzten effiziente und sichere Lösungen und Produkte für den täglichen Einsatz anzubieten – aus einer Hand, mit einem gemeinsamen Qualitätsverständnis. Schliesslich geht unser Dank an die Kunden, Geschäftspartner und Aktionäre für ihr Vertrauen in unser Unternehmen, in den Verwaltungsrat und das Management. Wir werden alles daransetzen, diesem Vertrauen auch in Zukunft gerecht zu werden.



Nick Huber
Präsident des Verwaltungsrats



Martin Schaufelberger
CEO

Forschung & Entwicklung



Dr. Benjamin Ezech, Manager R&D Endodontics, prüft am Coltene Standort in Altstätten die Reinheit von neuen Rohstoffen.

Forschung & Entwicklung



Wir entwickeln Produkte für die Praxis von morgen

Insgesamt rund 100 Mitarbeitende tragen an den Standorten Cuyahoga Falls (Ohio, USA), Toronto (Kanada), Langenau (Deutschland), Besançon (Frankreich) und Altstätten (Schweiz) zur Innovationskraft von COLTENE bei und stellen sicher, dass die Gruppe ihren Kundinnen und Kunden Produkte auf dem neusten Stand der Technik bieten kann. Um von Anfang an den Ansprüchen aus der Praxis gerecht zu werden, steht das Forschungs- und Entwicklungsteam in stetigem Kontakt zu praktizierenden Zahnärzten, Dental-spezialisten und Meinungsführern.

Der Lösungsanbieter

Von einzelnen Produkten und Reparaturen hin zu umfassenden Leistungen auf Sortiments- und Dienstleistungsebene: COLTENE positioniert sich mehr denn je als Lösungsanbieter. Vier Strategieelemente stärken diese Positionierung. Erste Massnahmen hat COLTENE bereits realisiert, weitere sollen bis 2021 umgesetzt werden:

Kernelemente COLTENE Strategie 2019 bis 2021



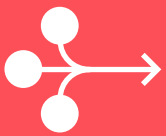
1

Komplettes
Produktportfolio



2

Fokus auf den
Endkunden



3

Synergien
ausschöpfen



4

Regulierungskompetenz
wird zum
Wettbewerbsvorteil

Strategieelement 1

Komplettes Produktportfolio für die wichtigsten Prozesse in der Zahnarztpraxis



Mit der Akquisition von Kenda, SciCan und Micro-Mega hat COLTENE ihr Sortiment stark erweitert. Die Produktpalette der Gruppe deckt die wichtigsten Prozesse und Arbeitsschritte der zahnärztlichen Behandlung nun umfassend ab: von der Instrumentenaufbereitung über die Endodontie bis zur Zahnrestauration, von der Oberflächendesinfektion in der Zahnarztpraxis bis zum Polieren des einzelnen Zahns.

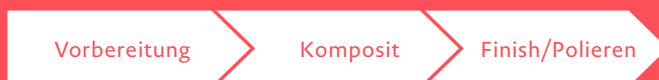
Instrumentenaufbereitung



Endodontie



Zahnrestauration



Strategieelement 2

Fokus auf den Endkunden

Obwohl COLTENE ihre Produkte über Zwischenhändlerverkauft, will sie trotzdem in Zukunft noch näher an den Endkunden sein. Deshalb baut COLTENE eine professionelle Serviceorganisation mit direktem Kontakt zu den Zahnärztinnen und Zahnärzten auf. Dazu hat COLTENE diverse Massnahmen ergriffen:

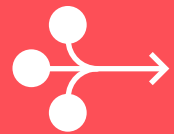


- **Digitale Unterstützung:** Alle Produktinformationen werden in einem zentralen Product Information Management (PIM) verwaltet. Ein Customer-Relationship-Management-(CRM-)System für Vertrieb, Service und Marketing vereint sämtliche Endanwenderdaten. Das erlaubt bedürfnisgerechte Dienstleistungen und erhöht die Kundenzufriedenheit.
- **Vorbereitung auf das Internet of Things (IoT):** Basierend auf der SciCan G4 Technologie baut COLTENE eine elektronische Hardwareplattform für alle Geräte sowie eine Cloud-basierte Softwareplattform auf. So kann das «Internet der Dinge», ein Kernelement im digitalen Servicegeschäft, zu einem strategischen Vorteil für COLTENE werden.
- **Zuweisung zu Dental Service Organizations (DSOs):** Zahnarztpraxen lagern administrative Aufgaben vermehrt in sogenannte Dental Service Organizations (DSOs) aus. Entsprechend teilt COLTENE in grossen und wichtigen Märkten ihre Verkaufsleiter nicht mehr nach Regionen, sondern nach DSOs ein. Dadurch kann das Verkaufsteam zielgerichteter auf die Endkunden zugehen.

Strategieelement 3

Synergien ausschöpfen

Nach den Akquisitionen im Jahr 2018 fokussiert COLTENE auf das organische Wachstum. Die Gruppe harmonisiert konzernweit Prozesse und Software, um Synergien nach dem Zusammenschluss mit Kenda, SciCan und Micro-Mega zu realisieren.



- **Vertriebsintegration von Micro-Mega:** Die Integration des Micro-Mega Vertriebs war aufwändiger als erwartet. Die Probleme sind erkannt und Massnahmen zu deren Lösung eingeleitet.
- **Einführung von SAP bei Micro-Mega und SciCan:** Die Material- und Werteflüsse von COLTENE sollen primär über die Software SAP abgebildet werden. COLTENE erweitert deshalb die SAP-Nutzung auf Micro-Mega und SciCan.
- **Zusammenführung Verkaufs- und Marketingteams:** COLTENE hat die Verkaufsteams der einzelnen Gruppengesellschaften zusammengeführt und die Schnittstellen zu den Kunden klar definiert.

Strategieelement 4

Regulierungskompetenz wird zum Wettbewerbsvorteil



Die regulatorischen Anforderungen im Dentalmarkt steigen. Die Vorbereitung auf die ab Mai 2020 geltende neue europäische Medizinprodukteverordnung (Medical Device Regulation, MDR) ist für COLTENE zentral. Die nötigen Anpassungen werden zum Anlass genommen, bestehende Prozesse zu verbessern und zu rationalisieren.

- **MDR für die Produktionsstandorte:** Die Produktionsstandorte der COLTENE Gruppe werden entsprechend den neuen MDR-Anforderungen laufend optimiert. Die Produktionsstätte der Abformmaterialien in Altstätten wurde Anfang 2020 als erster Standort gemäss den neuen europäischen regulatorischen Vorschriften zertifiziert. Die dabei gewonnenen Erfahrungen erleichtern die weiteren Zertifizierungen wesentlich.
- **Strafferer Produktlebenszyklus:** COLTENE führt konzernweit eine neue Product-Life-Cycle-Management- (PLM-)Software ein. Sie sammelt relevante Daten aus allen Phasen des Produktzyklus und ermöglicht, wo nötig, schnelle Anpassungen. Dadurch wird langfristig eine hohe Produktqualität sichergestellt.

Operativer Rückblick und Finanzkommentar

Getrieben durch die Akquisitionen von SciCan und Micro-Mega im Herbst 2018 steigerte die COLTENE Gruppe ihre Umsätze im Geschäftsjahr 2019 in nahezu allen Absatzmärkten. Nordamerika ist die wichtigste Verkaufsregion der neuen COLTENE Gruppe und der Bereich Behandlungseffizienz machte den grössten Anteil am Gesamtumsatz aus. Die in diesem Geschäftsbericht präsentierten Jahreszahlen wurden nach der Umstellung von IFRS erstmals nach dem neuen Rechnungslegungsstandard Swiss GAAP FER dargestellt. Die Vorjahreszahlen wurden entsprechend angepasst.

Im Geschäftsjahr 2019 erzielte die COLTENE Gruppe einen Nettoumsatz von CHF 273,8 Mio. (2018: CHF 204,0 Mio.). Dies bedeutet eine Steigerung von 34,2 % in der Berichtswährung Schweizer Franken. Die Umsatzzunahme ist primär auf die Akquisitionen von SciCan und Micro-Mega zurückzuführen. Ihr Gesamteinfluss auf den Nettoumsatz belief sich auf CHF 95,3 Mio. oder 34,8 %. Das währungsbereinigte organische Wachstum der COLTENE Gruppe lag mit 1,9 % unter dem Wert des Vorjahres (2018: 2,7 %).

Grund für den Rückgang war zum einen ein anspruchsvolles Marktumfeld. COLTENE schätzt, dass das Wachstum des Gesamtmarkts im abgelaufenen Geschäftsjahr deutlich unter dem langfristigen Trend lag und rund 1,5 % betrug. Zudem war die Integration des Verkaufsteams und der Vertriebsnetze von Micro-Mega in die COLTENE Gruppe aufwändiger als erwartet. Dies hatte einen Umsatzrückgang im Endodontie-Bereich zur Folge. In den USA konnten aufgrund von logistischen Problemen grössere Gerätebestellungen nicht rechtzeitig ausgeliefert werden, was zu weiteren Umsatzeinbussen führte. Schliesslich reduzierte der starke Schweizer Franken den Nettoumsatz um CHF 2,7 Mio. oder um 1,0 %.

Grösserer Umsatzanteil des Bereichs Infektionskontrolle

Nach der Integration von Kenda, SciCan und Micro-Mega hat die COLTENE Gruppe eine neue Struktur für die Umsatzberichterstattung nach Produkten eingeführt und das umfassende Sortiment in drei Produktbereiche aufgeteilt:

- Infektionskontrolle
- Zahnerhaltung (Restauration, Endodontie) und
- Behandlungseffizienz (Prothetik, Rotierende Instrumente und Behandlungshilfen).

Der Bereich Behandlungseffizienz macht 41,3 % der Verkäufe aus, Zahnerhaltung und Infektionskontrolle 31,8 % respektive 26,9 %.

Der Anteil der einzelnen Produktgruppen am Jahresumsatz im Geschäftsjahr 2019 entsprach den Erwartungen des Managements. Der Bereich Behandlungseffizienz machte 41,3 % der Verkäufe aus, Zahnerhaltung und Infektionskontrolle 31,8 % respektive 26,9 %. Mit der Akquisition von SciCan hat die Infektionskontrolle im Vergleich zum Geschäftsjahr 2018 (14,2 %) an Bedeutung gewonnen. Die Verkäufe stiegen in allen drei Produktgruppen und beliefen sich in absoluten Zahlen auf CHF 113,2 Mio. im Bereich Behandlungseffizienz sowie auf CHF 87,0 Mio. bei der Zahnerhaltung und CHF 74,0 Mio. bei der Infektionskontrolle.

Erste Auftritte unter gemeinsamer Dachmarke

COLTENE legte im Geschäftsjahr 2019 die Basis und schuf die nötigen Strukturen und Voraussetzungen, um künftig Synergien aus dem Zusammenschluss mit SciCan und Micro-Mega stärker zu nutzen. Die neue, grössere COLTENE präsentierte den Dentalhändlern sowie Zahnärztinnen und Zahnärzten als Endanwender unter der Dachmarke COLTENE an diversen bedeutenden Dentalmessen (unter anderem IDS in Köln, Greater New York Dental Meeting) nebst den angestammten Produkten erstmals die ergänzenden Sortimente von SciCan und Micro-Mega. Für die Sicherstellung des einheitlichen Auftretens am Markt und zur Umsetzung von Cross-Selling-Synergien wurden Verkauf und Marketing der Gruppe reorganisiert.

Nordamerika festigt Stellung als wichtigste Verkaufsregion

Mit der Akquisition der SciCan Gruppe löste der nordamerikanische Markt die Region EMEA als wichtigste Verkaufsregion der COLTENE Gruppe ab. Im Geschäftsjahr 2019 belief sich der Umsatz in den USA und Kanada auf CHF 124,8 Mio., was 45,6 % des Gesamtumsatzes entsprach (2018: CHF 75,9 Mio. oder 37,2 % des Gesamtumsatzes). In der Region EMEA stiegen die Umsätze auf CHF 98,3 Mio. (2018: CHF 85,3 Mio.), entsprechend einem Anteil von 35,9 % (2018: 41,8 %) am Gesamtumsatz. In den Verkaufsregionen Asien und Südamerika generierte COLTENE Umsätze von CHF 32,6 Mio. (2018: 26,1 Mio.), was 11,9 % (2018: 12,8 %) des Gesamtumsatzes entsprach, respektive CHF 18,1 Mio. (2018: CHF 16,7 Mio.) oder 6,6 % (2018: 8,2 %) des Gesamtumsatzes. Damit entspricht die neue Umsatzverteilung weitestgehend den 2019 publizierten Erwartungen des Managements.

Mit der Akquisition der SciCan Gruppe löste der nordamerikanische Markt die Region EMEA als wichtigste Verkaufsregion der COLTENE Gruppe ab.

Kanada war mit einem Umsatzwachstum von 163,3 % Spitzenreiter – was namentlich der Übernahme von SciCan geschuldet ist. Auch die Verkäufe in den Emerging Markets liefen gut, sie nahmen um 17,0 % zu. China, die CIS-Region, der Mittlere Osten und Afrika wie auch die Umsätze von SciCan Produkten in dieser Region führten zum erfreulichen Wachstum. Einzig Indien weist einen Umsatzrückgang auf (–1,9 %), was einerseits auf den Wettbewerbs- und Preisdruck und andererseits auf die wirtschaftlichen Schwierigkeiten im Land zurückzuführen ist. In Lokalwährungen stieg der Gesamtumsatz der COLTENE Gruppe um 35,6 %.

Belastung des operativen Ergebnisses durch Integration und neue regulatorische Vorgaben

Das Betriebsergebnis (EBIT) lag bei CHF 32,0 Mio. (Vorjahr: CHF 25,4 Mio.), die EBIT-Marge bei 11,7 % (2018: 12,4 %). Die Kosten für die Integration von SciCan und Micro-Mega fielen höher aus als erwartet. Einmalaufwände im Qualitätsmanagement, in der Informatik, für Beratungen und Personal-Sonderkosten belasteten das Ergebnis. Weiter fielen im Geschäftsjahr 2019 Einmalaufwände für die Einführung der ab Mai 2020 gültigen Medical Device Regulation (MDR) an. Im Zuge der Vorbereitung auf die neuen Vorschriften passte COLTENE das Qualitätsmanagementsystem an und führte unter anderem Biokompatibilitätsstudien und toxikologische Analysen für verschiedene Produkte durch. All diese einmaligen Sonderkosten und Einmalaufwände summierten sich auf total CHF 4,6 Mio. Ohne diese Einmaleffekte hätte die EBIT-Marge 13,4 % betragen. Mit der Zertifizierung ihrer Produktionsstätten nach MDR stellt COLTENE sicher, dass das Unternehmen seine Produkte auch in Zukunft ohne Einschränkungen verkaufen kann.

Kanada war mit einem Umsatzwachstum von 163,3 % Spitzenreiter.

Der ausgewiesene Reingewinn der COLTENE Gruppe betrug CHF 20,0 Mio. (2018: CHF 17,0 Mio.). Die Steuerquote erhöhte sich auf 28,8 % (2018: 26,6 %). Nicht rückforderbare Quellensteuern führten im Berichtsjahr aufgrund erwarteter Dividendenzahlungen aus den USA und Kanada zu einem zusätzlichen Steueraufwand von CHF 0,9 Mio. Dieser Sondereffekt erhöhte die Steuerquote um 3,1 %. Somit wäre die Steuerquote ohne diesen Effekt auf 25,7 % gesunken. Im Jahr 2019 wurde in der Schweiz eine ab 2020 wirksame Unternehmenssteuerreform beschlossen, die unter anderem die privilegierte Besteuerung von Gesellschaften abschafft. Die geänderten Steuergesetze haben keinen wesentlichen Einfluss auf die künftige Besteuerung der COLTENE Gruppe.

Free Cash Flow wieder positiv

Der operative Cash Flow betrug im Geschäftsjahr 2019 CHF 23,8 Mio. (2018: CHF 24,6 Mio.). Nach Abschluss der Akquisitionen von Kenda, SciCan und Micro-Mega fiel der Cash Flow aus Investitionen mit CHF 13,1 Mio. wieder deutlich tiefer aus als im Vorjahr (2018: CHF 115,4 Mio.). Im Berichtsjahr investierte die COLTENE Gruppe vor allem in den Unterhalt und die Erneuerung verschiedener Produktionsanlagen für die Watte- und Vliesproduktion, für die Herstellung von Kompositmaterialien, für die Automatisierung der Herstellprozesse von rotierenden Instrumenten sowie in moderne Informatikanwendungen. Zusätzlich wurden die logistischen Abläufe mittels Investitionen an verschiedenen Standorten weiter optimiert. Der Free Cash Flow war mit CHF 10,7 Mio. positiv (2018: CHF 90,8 Mio. negativ).

Der Free Cash Flow war mit CHF 10,7 Mio. wieder positiv.

Bilanz bleibt solide

Das konsolidierte Eigenkapital der COLTENE Gruppe belief sich per 31. Dezember 2019 auf CHF 91,2 Mio. (2018: CHF 88,2 Mio.). Das Eigenkapital der COLTENE Holding AG lag bei CHF 187,5 Mio. (2018: CHF 200,2 Mio.). Davon sind CHF 151,9 Mio. Kapitaleinlagereserven (2018: CHF 169,8 Mio.), die gemäss der aktuell gültigen Rechtsgrundlage an Aktionäre (natürliche Personen mit Wohnsitz in der Schweiz) steuerfrei ausgeschüttet werden können.

Die Bilanzsumme per 31. Dezember 2019 betrug CHF 189,8 Mio. (2018: 183,5 Mio.). Die Nettoverschuldung stieg auf CHF 36,8 Mio. (2018: CHF 29,2 Mio.), da im Geschäftsjahr 2019 die Schlussrechnungen für den Neubau am Hauptsitz in Altstätten bezahlt wurden. Der zusätzliche Finanzbedarf konnte aus bestehenden Kreditlinien finanziert werden. Der Verschuldungsfaktor (Nettoverschuldung dividiert durch das EBITDA) stieg leicht auf 1,0 (2018: 0,9). Die Eigenkapitalquote betrug am Bilanzstichtag 48,0 % (2018: 48,1 %). Die vertraglich vereinbarten Covenants für die Finanzierung waren eingehalten.

Produktion und Umwelt

COLTENE nimmt ihre gesellschaftliche Verantwortung als internationales Unternehmen wahr. Die Gruppe will Zahnärzten und ihren Patienten sichere und zuverlässige Produkte zur Verfügung stellen, die Umweltbelastungen entlang der gesamten Wertschöpfungskette minimieren und den Ressourcenverbrauch begrenzen. Das Kapitel «Produktion und Umwelt» hält eine Reihe von Grundwerten und Handlungsmaximen fest und belegt relevante Entwicklungen und Investitionen im Berichtsjahr. Darüber hinaus will COLTENE das Bewusstsein für nachhaltiges Handeln auf allen Organisations-ebenen stärken und das unternehmensübergreifende Nachhaltigkeitsmanagement ausbauen.

COLTENE produziert weltweit in sechs grösseren und zwei kleineren Produktionsstätten, welche jeweils auf unterschiedliche Verfahren und Produkte spezialisiert sind:

Das COLTENE Werk in **Langenau, Deutschland**, entwickelt und produziert:

- Endodontische Produkte zur Reinigung, Trocknung und Obturation von Wurzelkanälen unter den Markennamen Roeko, Hygenic, Luna und Surgitip.
- Produkte zur Wundversorgung, Feuchtigkeits- und Infektionskontrolle.

Die chemische Produktionsstätte in **Altstätten, Schweiz**, ist auf die Entwicklung und Herstellung folgender Produkte spezialisiert:

- Dentale Abformmaterialien einschliesslich bekannter C-Silikon- und A-Silikon-Produkte.
- Restaurative Produkte für eine innovative und bewährte ästhetische Füllungstherapie sowie eine breite Palette an Adhäsiv- und Befestigungsmaterialien.

Kenda mit Sitz in **Vaduz, Fürstentum Liechtenstein**, ist auf zahnmedizinische Diamant- und Silikonpolierer spezialisiert:

- Autoklavierbare Polierer für Zahnärzte für den Mehrfachgebrauch.
- Polierer für Zahnärzte für den Einmalgebrauch.
- Polierer für die Zahntechnik.

In **Cuyahoga Falls, Ohio, USA**, verfügt COLTENE über ihre grösste Produktionsstätte. Das Werk ist vorwiegend auf mechanische Fertigungsverfahren spezialisiert und stellt unter anderem folgende Produkte her:

- Stifte wie das ParaPost X System, Hartmetallbohrer und Endodontie-Instrumente.
- Geräte zur Ultraschallreinigung und Desinfektion von Instrumenten in der zahnärztlichen Praxis.

In **Rio de Janeiro, Brasilien**, produziert Vigodent chemische Produkte vorwiegend für den lateinamerikanischen Markt:

- Dentale Abformmaterialien für einfache, schnelle und präzise Abformungen.
- Kompositmaterialien sowie Adhäsive für die restaurative Zahnheilkunde.

Das Sortiment von Micro-Mega mit Produktionsstätte in **Besançon, Frankreich**, umfasst:

- Wurzelkanalinstrumente für unterschiedliche Anwendungen.
- Spüllösungen für die sichere Wurzelkanalaufbereitung.
- Obturations- beziehungsweise Versiegelungsmaterialien.

Schliesslich betreibt SciCan Ltd. eine Produktionsstätte in **Toronto, Kanada**, für Produkte zur Desinfektion und Sterilisation:

- Kassettenautoklaven (STATIM) und Volumenautoklaven (BRAVO).
- Reinigungs- und Thermodesinfektionsgeräte (HYDRIM).
- Wasserdestillationsgeräte (AQUASTAT).
- Reinigungs- und Pflegegeräte für Dentalinstrumente.
- Desinfektionsmittel für Oberflächen und Dentale Instrumente (OPTIM).

In Nordamerika und in Deutschland unterhält die COLTENE Gruppe eigene Service Centers für den Unterhalt und die Reparatur ihrer Dentalgeräte. In verschiedenen anderen Ländern werden diese Leistungen von zertifizierten Dritten erbracht.

Überschaubare Umweltbelastung

Ziel von COLTENE ist es, die durch ihre Aktivitäten verursachte Belastung der Umwelt zu minimieren sowie so gering wie möglich zu halten. Als Hersteller von dentalen Verbrauchsmaterialien und Kleingeräten unterliegt die Gruppe strikten gesetzlichen Vorschriften sowie regulatorischen Anforderungen, die eine strenge Überwachung der Produkte und Fertigungsprozesse vorschreiben. Die verwendeten Rohstoffe werden anhand ausführlicher Qualitätskontrollprotokolle auf Identität, Reinheit und Gehalt geprüft, um die Sicherheit und Wirksamkeit der Produkte zu gewährleisten. Die vollständige Dokumentation aller Herstellungsprozesse dient der Patientensicherheit und garantiert die Rückverfolgbarkeit der Produkte von der Anwendung bis zum Rohstoff. Das Bekenntnis von COLTENE zu kontinuierlicher Verbesserung wird durch den COLTENE Verhaltenskodex unterstrichen. Er verpflichtet die Vorgesetzten, ihre Mitarbeitenden dazu anzuhalten, dem Umweltschutz in den täglichen Aufgaben angemessen Beachtung zu schenken.

Abgesehen von den Fertigungs- und Forschungsaktivitäten sind die Umweltbelastungen von COLTENE für eine Organisation ihrer Grösse gering. COLTENE produziert weder Implantate noch Amalgamfüllstoffe und verwendet daher keine grösseren Mengen an Titanmetallen, Quecksilber, Blei, Mangan oder anderen Schwermetallen, die zu grossen Belastungen der Umwelt führen.

Die im Produktionsprozess verwendeten wesentlichen Materialproduktgruppen sind:

- Hygiene und Behandlungshilfen: Gummi, Metall, Textilfasern, Baumwolle, Reinigungslösungen
- Endodontische Produkte: NiTi-Metall, Gummi, Papier
- Restaurative Materialien: Polyamidmatrix mit Glasfüller
- Abformmaterialien: Silikonöle
- Betriebsmittel: Wasser, Reinigungsmittel, Lösungen für galvanische Bäder, Papier.

Gleichwohl ist COLTENE bestrebt, den Verbrauch von Betriebsmitteln von Jahr zu Jahr zu reduzieren. Die relativ niedrigen Mengen an unbehandeltem Abwasser, das in Fässern und Tanks gesammelt und von zugelassenen Spezialunternehmen entsorgt wird, enthalten tiefe Konzentrationen an Reinigungsmitteln, Lösungsmitteln, Säuren und Ölen.

Investitionen im Berichtsjahr

COLTENE modernisiert ihre Produktionsanlagen kontinuierlich und investiert laufend in ihre Herstellungsprozesse und -methoden. Die Patientensicherheit, Produktqualität und Wirtschaftlichkeit stehen dabei neben Umweltverträglichkeitskriterien im Vordergrund. Im Berichtsjahr tätigte die COLTENE Gruppe an allen Standorten zahlreiche Investitionen, um die Produktionskosten zu optimieren, Arbeitsabläufe zu verbessern, das Produktangebot zu erweitern und die Umweltbelastung zu verringern.

Das COLTENE Werk in **Langenau, Deutschland**, tätigte verschiedene Ersatz- und Erneuerungsinvestitionen des Maschinenparks, insbesondere im Bereich Watte- und Vliesproduktion. Dadurch wurde die Produktivität am Standort erhöht und die Produktqualität weiter verbessert. Mit einer neuen Heizung wurden die Emissionen und Heizungskosten gesenkt. Weiter hat COLTENE in den Bau eines Gefahrgutcontainers, in Absauganlagen, neue Logistikgeräte sowie Ladestationen für Elektroautos für die Mitarbeitenden investiert. Diese Massnahmen erhöhten Ergonomie, Hygiene und Sicherheit am Arbeitsplatz und zudem fördert COLTENE so die E-Mobilität der Mitarbeitenden.

In **Altstätten, Schweiz**, wurde ein neuer Mischer für restaurative Materialien angeschafft, um die Produktionskapazität zu erhöhen. Das ehemalige Produktionsgebäude, das teilweise in eine moderne Forschungs- und Entwicklungsabteilung umgebaut wird, wurde nach dem Umzug der Produktion in den Neubau mit einer neuen Heizung ausgestattet. Die neue, moderne Lösung verringert den Energieverbrauch. Weiter wurden die Abfüllanlagen für Silikone überarbeitet und die Codierung der Rotierenden Instrumente automatisiert.

Bei Kenda in **Vaduz, Fürstentum Liechtenstein**, wurden verschiedene Anpassungen an Press- und Formwerkzeugen vorgenommen, die zu einer höheren Kapazität und Prozesssicherheit führen. Ein neues Messgerät für die Schlusskontrolle der Dentalpolierer erlaubt eine effizientere Messung und digitale Archivierung aller relevanten Parameter. Weiter erwarb Kenda einen Roboter für die automatisierte Druck- und Bewegungsprüfung der Zahnpolierer.

Im Werk in **Cuyahoga Falls, Ohio, USA**, wurden die Steuerungssysteme für die CNC-gesteuerten Bohrer-schleifmaschinen erneuert. Dadurch wurde die Prozessautomatisierung verbessert und die Produktionskapazität und -qualität erhöht. Neue vertikale Lagerlifte führten zu Platz- und Effizienzgewinnen im Kleinteilelager. Zudem hat das Werk eine neue Blisterverpackungsmaschine angeschafft. Sie ermöglicht die Erweiterung des Angebots an steril verpackten Produkten.

SciCan investierte in **Toronto, Kanada**, in die Produktionsprozesse, in verschiedene neue Produkte und in die Infrastruktur. Unter anderem entwickelte SciCan einen neuen Autoklaven, der bereits die FDA-Zulassung für den amerikanischen Markt erhielt. SciCan arbeitet an der Entwicklung eines neuen Reinigungs- und Desinfektionsgeräts und adaptiert die hauseigene G4-Technologie an das Ultraschall-Reinigungsgerät UC150. Das Unternehmen installierte ein neues, effizientes Lagerliftsystem, um in der Produktion Platz für verbesserte Abläufe zu gewinnen.

In **Rio de Janeiro, Brasilien**, investierte Vigodent in die Anschaffung einer neuen Abfüllanlage, die den Produktionsprozess optimiert. Der Standort in Brasilien optimierte zudem sein Umspannwerk. Die Investition stellt sicher, dass Vigodent den rechtlichen Vorgaben entspricht und verringert zudem den Energieverbrauch am Standort. Ein neues Brandschutzsystem verbessert die Sicherheit am Arbeitsplatz. Mit Investitionen in die Klimatisierung konnte Vigodent den Energieverbrauch reduzieren.

Micro-Mega in **Besançon, Frankreich**, investierte in acht hochmoderne Fräsmaschinen für die Produktion von Wurzelkanalinstrumenten. Die modernen Anlagen erhöhen die Produktivität sowie die Produktionsflexibilität erheblich. Weiter modernisierte das Unternehmen die Gebäudeinfrastruktur, um die Arbeitsbedingungen und Arbeitsabläufe weiter zu verbessern.

Das Management der COLTENE Gruppe ist überzeugt, dass die genannten Investitionen und Verbesserungen wesentlich zur Nachhaltigkeit der Produktionsprozesse beitragen. COLTENE wird die Prozesse entlang der gesamten Wertschöpfungskette weiterhin optimieren, um nicht zuletzt auch die Umweltbelastung kontinuierlich zu verringern und an die Anforderungen des Marktes weiter anzupassen.














Anmerkung zu den ausgewiesenen Datenreihen 2015–2019

COLTENE berichtet seit dem Geschäftsjahr 2014 über ihre Nachhaltigkeitsaktivitäten. Die Datenerhebung sowie die Ausarbeitung des ersten Berichts haben im Unternehmen zu einem stärkeren Bewusstsein für dieses Thema geführt. Die Erhebung und Verarbeitung der Daten wurden fortlaufend erweitert. Heute verfügt COLTENE über einen standardisierten Prozess, um relevante Daten zu erheben und auszuwerten. Die Umrechnung von Energie in CO₂-Emissionen erfolgt in Abhängigkeit von länderspezifischen Energiefaktoren.

Die in diesem Bericht ausgewiesenen umweltrelevanten Daten für die Jahre 2015 bis 2019 werden nicht ausschliesslich vom Verhalten von COLTENE beeinflusst. Der Verbrauch der relevanten Inputfaktoren Öl, Gas und Wasser wird auch von vielen exogenen Parametern bestimmt. Nebst der Witterung, den Produktionsvolumen und dem Produktionsmix hängt beispielsweise der Energie- und Wasserkonsum auch von den steigenden regulatorischen Anforderungen ab. Diese stellen höhere Ansprüche an die betriebliche Hygiene, an die Qualität und Dokumentation der Produktionsprozesse, an die Verpackungsmaterialien sowie an die Qualitätskontrollprozesse der Produkte. Die Einhaltung dieser Normen, die primär auf die Sicherheit der Produkte für die Zahnärztinnen und Zahnärzte sowie die Patienten ausgerichtet ist, kann sich in variierendem Energie- und Wasserverbrauch niederschlagen.

Die Unterschiede im Energieverbrauch und andere Daten betreffend Produktion und Umwelt im Geschäftsjahr 2019 im Vergleich zum Vorjahr sind zudem auf die nachfolgend erwähnten Ursachen zurückzuführen. Am Produktionsstandort in Deutschland wurde 2019 die Gasheizung erneuert und als Zwischenlösung eine temporäre Ölheizung installiert. Der erhöhte Wasserverbrauch war auf das Anlegen einer ökologisch sinnvollen, etwa 2500 m² grossen Wildblumenwiese zurückzuführen. Mit dem Einbau von LED-Leuchten im Neubau am Hauptsitz in Altstätten, Schweiz, konnten die Stromkosten gesenkt werden. Und im Zusammenhang mit dem Umzug in den Neubau wurde besonders viel Material entsorgt, weshalb die Recycling- und Abfallmengen angestiegen

sind. Am Produktionsstandort in Kanada führte der Produktionsstart eines neuen Produktes zu einem höheren Verbrauch an Elektrizität und Wasser in der Endprüfung. Zudem stieg als Folge des harten Winters und der kühleren Lufttemperaturen der Gasverbrauch an. Eine Initiative zur gezielten Wiederverwertung von Karton führte zu einem rasanten Anstieg des Recyclinganteils. Und als Folge des Einsatzes von Schaumstoff für die Verpackung von neuen Produkten und der gestiegenen Mitarbeiteranzahl erhöhte sich die Abfallmenge trotz Einführung der Kartoninitiative. In den USA führten der Ausbau bisher nicht für die Produktion genutzter Flächen sowie eine einmalige Entsorgungsaktion zu einem Anstieg der Abfallmengen.

Energie		2017	2018	2019		Energie		2017	2018	2019	Total 2018/2019
Strom	MWh	869	893	919	 Deutschland	CO₂	t	854	872	862	 7871 MWh Strom 7514 MWh Strom
Öl	t	n/a	n/a	2,3		Recycling	t	45,5	69,3	79,0	
Gas	m ³	105,7	108,9	96,4		Abfall	t	12,0	29,8	30,0	
Wasser	m ³	1280	1337	1564		Abwasser	m ³	1280	1337	1564	
Strom	MWh	1050	1127	1063	 CH und FL	CO₂	t	370	346	345	 53,7 t Öl 55,6 t Öl
Öl	t	44,6	44,7	45,8		Recycling	t	43,9	75,2	92,6	
Gas	m ³	6,9	4,5	6,3		Abfall	t	67,4	90,1	113,0	
Wasser	m ³	10 834	9 248	9 015		Abwasser	m ³	10 834	9 248	9 015	
Strom	MWh	2 682	2 702	2 604	 USA	CO₂	t	2 048	2 103	1 971	 380 m ³ Gas 358 m ³ Gas
Öl	t	n/a	n/a	n/a		Recycling	t	55,2	51,2	40,8	
Gas	m ³	106,6	121,1	96,5		Abfall	t	28,9	17,0	37,7	
Wasser	m ³	3 086	4 656	4 779		Abwasser	m ³	3 086	4 656	4 779	
Strom	MWh	629	520	552	 Brasilien	CO₂	t	189	158	166	 27 519 m ³ Wasser 28 301 m ³ Wasser
Öl	t	n/a	n/a	n/a		Recycling	t	n/a	n/a	n/a	
Gas	m ³	2,4	2,6	2,3		Abfall	t	20,7	24,5	23,7	
Wasser	m ³	2 029	2 034	2 052		Abwasser	m ³	2 029	2 034	2 052	
Strom	MWh	n/a	1 521	1 264	 Frankreich	CO₂	t	n/a	378	346	 227 t Recycling 273 t Recycling
Öl	t	n/a	9,0	7,5		Recycling	t	n/a	8,0	6,5	
Gas	m ³	n/a	56,9	58,7		Abfall	t	n/a	27,0	26,3	
Wasser	m ³	n/a	1 829	1 428		Abwasser	m ³	n/a	1 829	1 428	
Strom	MWh	n/a	1 109	1 240	 Kanada	CO₂	t	n/a	552	621	 429 t Abfall 517 t Abfall
Öl	t	n/a	n/a	n/a		Recycling	t	n/a	22,8	54,1	
Gas	m ³	n/a	86,2	97,7		Abfall	t	n/a	240,8	286,3	
Wasser	m ³	n/a	8 415	9 463		Abwasser	m ³	n/a	8 415	9 463	
											 27 519 m ³ Abwasser 28 301 m ³ Abwasser

Produktion



Maschinistin Sophie Mercier startet eine Schleifmaschine bei Micro-Mega in Besançon.

Produktion



Wir produzieren für den langfristigen Einsatz

COLTENE verbessert die Produktion an den acht Produktionsstätten der Gruppe Schritt für Schritt. Qualität und eine termin-gerechte Auslieferung stehen im Zentrum der Fertigung. Es laufen diverse Vorbereitungsarbeiten zur besseren Nutzung des Internets der Dinge, etwa um die Produktwartung zu digitalisieren und für Endkunden so einfach wie möglich zu gestalten.

Corporate Governance

COLTENE Holding AG

The following chapter describes the principles of corporate governance applied at Group and senior management level within the COLTENE Group. The main elements are contained in the Articles of Incorporation and organizational regulations, and are based on the “Guidelines concerning information on corporate governance” published by SIX Swiss Exchange as well as on the guidelines and recommendations set out in the “Swiss Code of Best Practice for Corporate Governance” published by *économie-suisse*. The compensation report is published separately in this Annual Report on page 58 to page 65. All information is valid as at December 31, 2019, unless otherwise stated. Significant changes that have occurred between that date and the publication date of this report have also been indicated as appropriate.

Whenever a reference is made in this Corporate Governance report to the Articles of Incorporation, they are available in German as well as in an unofficial translation in English on the website at: <https://www.coltene.com/de/investoren-medien/corporate-governance/> (German version) and <https://www.coltene.com/investor-relations/corporate-governance/> (English version).

Group Structure and Shareholders

Group Structure

Operative Group Structure

COLTENE Group is targeting the markets for dental consumables and small equipment for dental practices, dental clinics, and dental laboratories. The Company evolved from the Health Care Division of the former Gurit-Heberlein AG and was incorporated as per December 15, 2005, under the formerly name Medisize Holding AG and listed as an independent company on June 23, 2006, on SIX Swiss Exchange. Medisize was operating with two segments in the dental and medical consumables markets. Effective as at April 30, 2008, the medical segment was sold to the Finnish Medifiq Group and the Company name was changed to COLTENE Holding AG. Since then, COLTENE Group is active in the dental market only and operates one segment in line with its management structure, the organizational setup, the reporting, and the allocation of resources.

Legal Structure of Subsidiaries

Of all the companies consolidated, COLTENE Holding AG (the COLTENE Group's holding company) is the only one listed. It is headquartered in Altstätten/SG, Switzerland. COLTENE Holding AG's registered shares (security no. 2.534.325, ISIN CH0025343259, symbol CLTN) are quoted on SIX Swiss Exchange. On December 31, 2019, the market capitalization amounted to CHF 530.6 million (prior year CHF 503.7 million). All Group companies are ultimately owned at 100% by the Group's holding company.

At the beginning of January 2018, COLTENE bought and consolidated Kenda AG, Vaduz, Liechtenstein. Kenda was established in 1977 and is a specialized international manufacturer of diamond and silicon polishing instruments for dentistry applications. The additional annual turnover of Kenda is approx. CHF 4 million.

October 9, 2018, the COLTENE Group acquired SciCan Ltd., headquartered in Toronto, Canada, and DentalDrives GmbH, domiciled in Leutkirch, Germany, with all their respective subsidiaries. The SciCan Group with its main subsidiaries in the US and Germany offers infection control equipment and hygiene products. SciCan has about 230 employees, is active worldwide and claims a market-leader position in his domain in North America. DentalDrives' main subsidiary Micro-Mega SA, located in Besançon, France, is focused primarily on endodontic instruments and employs approx. 180 people. Most of its sales are generated in Europe and North America. SciCan's and Micro-Mega's products and brands with their excellent market reputation will be retained under the overarching COLTENE brand. The newly acquired companies will increase annual consolidated sales of the COLTENE Group by approximately CHF 95.0 million.

In September 2018 Dentronix Inc., located in Cuyahoga Falls, Ohio, USA, a small distributor for orthodontic products, was merged with Coltène/Whaledent Inc., also located in Cuyahoga Falls.

Information on the companies belonging to the COLTENE Group, which are not listed, is shown on page 94 of the Financial Report.

Major Shareholders

On December 31, 2019, there were 2203 shareholders (previous year 2011) entered in the share register and the following shareholders held stakes equaling or exceeding the legal disclosure threshold of 3 % of the voting stock of COLTENE Holding AG:

Huwa Finanz- und Beteiligungs AG, Heerbrugg, Switzerland, held 1 325 540 registered shares. This equals voting rights of 22.18 %. *Huwa Finanz- und Beteiligungs AG* is representing the families of Ruedi Huber, Balgach, Switzerland, Helene Huber, Heerbrugg, Switzerland, and Nick Huber, Balgach, Switzerland. Further details are available on the disclosure of shareholdings website of SIX Swiss Exchange. Nick Huber is Chairman of COLTENE Holding AG. He is neither the majority shareholder of HUWA nor does he have a decisive influence on the decision-making process at HUWA. In case of conflicts of interest, he has abstained from voting on board resolutions at HUWA level, e.g. on the question of how to vote with shares, which HUWA holds in a listed company where he is a member of the Board of Directors.

Arthur Zwingenberger, Luzern, Switzerland, held 1 027 501 registered shares. This equals voting rights of 17.20 %. *Arthur Zwingenberger* bought these shares from Arno Holding S.à.r.l., Luxemburg, Luxemburg, which he controlled and which was the former major shareholder of SciCan Ltd. and DentalDrives GmbH that was sold to the COLTENE Group on October 9, 2018. *Arthur Zwingenberger* is the father of *Allison Zwingenberger*, member of the Board of Directors of COLTENE Holding AG. *Allison Zwingenberger* has no business connection with *Arthur Zwingenberger* and no influence on his voting decisions with regard to COLTENE shares.

Rätikon Privatstiftung, Bludenz, Austria, held 608 493 registered shares. This equals voting rights of 10.18 %. *Rätikon Privatstiftung* is under the control of *Franz Rauch*, Laterns, Austria. Direct shareholder is *ESOLA Beteiligungsverwaltungs GmbH*, Rankweil, Austria. *Franz Rauch* is the father of *Jürgen Rauch*, member of the Board of Director of COLTENE Holding AG. *Jürgen Rauch* has no business connection with *Rätikon Privatstiftung* and *ESOLA Beteiligungsverwaltungs GmbH* and no influence on their voting decisions with regard to COLTENE shares.

Tweedy, Browne Company LLC, New York, USA, held 251 512 registered shares representing 4.21 % of the voting rights.

Credit Suisse Funds AG, Zurich, Switzerland, held 208 698 registered shares or 3.49 % of the voting rights.

Robert Heberlein, Zumikon, Switzerland, held directly and indirectly through *Burix Beteiligungen AG*, Zurich, which he controls, 206 872 registered shares, representing 3.46 % of the voting rights.

UBS Fund Management (Switzerland) AG, Zurich, Switzerland, held 194 937 registered shares or 3.26 % of the voting rights.

All other shareholders held a stake of 36.01 % of the voting rights of COLTENE Holding AG.

The Company held 14 treasury shares amounting to 0.00 % (0.00 %) at the balance sheet date. Shares pending registration of transfer amounted to 13.34 % (29.20 %) of the total as at December 31, 2019.

Disclosure notifications pertaining to shareholdings are published on the electronic publication platform of SIX Swiss Exchange AG. The notifications can be accessed via the following link to the database of the disclosure office of SIX Swiss Exchange: <https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html>

Lock-up Agreements

In connection with the acquisition of SciCan Ltd., headquartered in Toronto, Canada, and DentalDrives GmbH, domiciled in Leutkirch, Germany, several lock-up agreements were in place as described below. At the closing of this annual report all lock-up agreements mentioned below have expired.

The lock-up agreements below relate to the acquisition of the SciCan Group and the DentalDrives Group by the COLTENE Group from Arno Holding S.à.r.l. and Stefan Helsing (as the sellers), which closed on October 9, 2018 (the acquisition). In the context of the acquisition, COLTENE Holding AG issued on September 14, 2018 a Prospectus relating to (i) the offering of up to 703 167 registered shares with a nominal value of CHF 0.10 in COLTENE Holding AG (the offer shares) (the offering)

and (ii) the listing of up to 1 150 000 registered shares in COLTENE Holding AG to be issued to the sellers as part of the consideration (the consideration shares) in connection with the acquisition.

COLTENE Holding AG, the members of the Board of Directors, and the members of Group Management entered into a lock-up undertaking ending six months after September 28, 2018 (the first day of trading of the offer shares), subject to customary exceptions.

In connection with the offering, Esola Beteiligungsverwaltungs GmbH and Huwa Finanz- und Beteiligungs AG each individually entered into a shareholder commitment, which provides for, among other things, a lock-up undertaking ending six months after September 28, 2018 (the first day of trading of the offer shares), subject to customary exceptions. For purposes of disclosure of significant shareholders, Esola Beteiligungsverwaltungs GmbH and Huwa Finanz- und Beteiligungs AG formed a group due to their lock-up and other undertakings under the shareholder commitments.

Under the terms of the transaction agreement regarding the acquisition, the sellers and Arthur Zwingenberger have agreed to (i) a lock-up undertaking, beginning on October 9, 2018, the date of the completion of the acquisition and ending, subject to certain circumstances resulting in an earlier termination, twelve months after the completion of the acquisition, subject to customary exceptions, and (ii) a standstill undertaking according to which they will not, for a period of twelve months following the completion of the acquisition, jointly or individually, directly or indirectly, cause, arrange for or launch a public tender offer or any other offer for shares in COLTENE Holding AG or share options aiming at taking direct or indirect control over COLTENE Holding AG.

For a detailed description of the above mentioned lock-up agreements please see chapter “Offering and Sale – Lock-up Agreements” on page 84 et seq. of the Prospectus, available in English at Zürcher Kantonalbank, IHKT, P.O. Box, 8010 Zurich, Switzerland (e-mail: prospectus@zkb.ch, phone: +41 44 293 67 35).

Cross-Shareholding

COLTENE Holding AG has no cross-shareholding arrangements with other companies.

Structure of Group Operations

Group Management of the reporting year

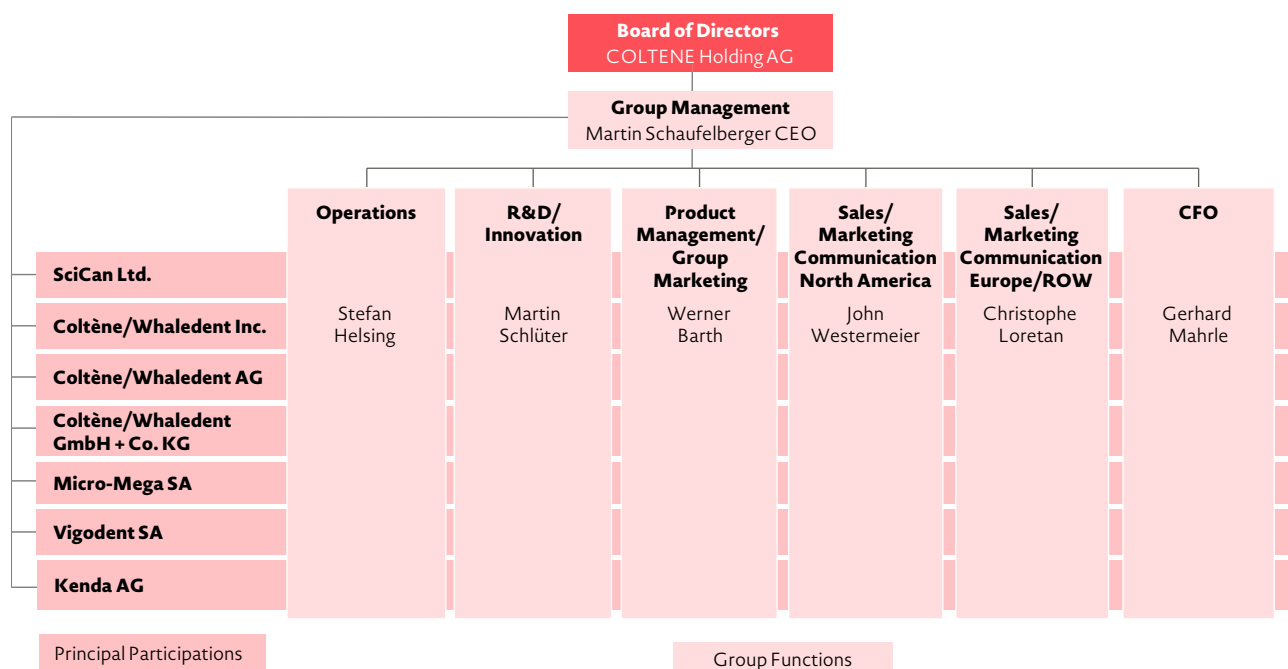
The COLTENE Group is operationally headed by Group Management. COLTENE Group Management, chaired by Martin Schaufelberger as CEO, consists of Gerhard Mahrle, CFO, who acts also as deputy CEO, Werner Mannschedel, Vice President R&D, Quality Management, and Regulatory Affairs, Werner Barth, Vice President Marketing, and Christophe Loretan, Vice President Sales. On November 1, 2018, Stefan Helsing joined Group Management as COO (Chief Operating Officer) to represent the new locations and product groups of SciCan and Micro-Mega that were acquired by COLTENE on October 9, 2018. Stefan Helsing was previously Executive Chairman of the Sanavis Group, to which SciCan and Micro-Mega belonged.

Group Management is responsible for the operational management of the holding company and the COLTENE Group. The Group is managed by the Board of Directors through Group Management. The Board of Directors and Group Management are assisted in their work by central Group functions. The separation of responsibilities between the Board of Directors and Group Management is explained on page 39.

Changes of Group Management effective on January 1, 2020

On December 31, 2019, Werner Mannschedel, Vice President R&D, Quality Management, and Regulatory Affairs, retired and on January 1, 2020, the Board of Directors nominated Martin Schlüter and John Westermeier as members of Group Management team. Martin Schlüter, responsible for R&D/Innovation joined the COLTENE Group in 2010. In his former functions he was managing the local R&D teams at the COLTENE production sites in Altstätten, Switzerland, and Langenau, Germany. John Westermeier, now responsible for Sales / Marketing Communication of North America, the largest single market of the COLTENE Group, was before CEO and head of sales of the SciCan Group. He joined COLTENE in October 2018. Since January 1, 2020, Christophe Loretan is Vice President Sales / Marketing Communication Europe and Rest of the World (ROW) and Werner Barth became Vice President Product Management / Group Marketing.

Group structure and management organization of the COLTENE Group as per January 1, 2020:



Capital Structure

Information about the capital structure can be found in COLTENE Holding AG's Articles of Incorporation, in the Financial Statements of COLTENE Holding AG as well as in the Investor Relations section on page 6 of this report.

Capital

Details on the capital are included in the COLTENE Holding AG's financial statements on pages 98 and 99.

Authorized or Conditional Capital in Particular

According to Paragraph 3 para. 9 of the Articles of Incorporation, the Board of Directors shall be authorized to increase the share capital of COLTENE Holding AG in an amount not exceeding CHF 6842 (which corresponds to approximately 1.14 % of the current share capital) at any time until September 13, 2020, by way of issuance of up to 68 420 registered shares with a nominal value of CHF 0.10 each to be fully paid in. Increases in partial amounts shall be permitted. The registered shares to be newly issued are subject to the registration restrictions set forth in Paragraph 4 of the Articles of Incorporation. The time of issuance of the new shares, the issue price and subscription price, the nature of contributions, and the starting date of dividend entitlement will be determined by the Board of Directors. The authorized share capital must be used exclusively for the acquisition of the SciCan group of companies based in Toronto, Canada. In doing so, the Board of Directors shall be authorized to exclude the shareholders' subscription rights and to allocate these to the sellers of the SciCan group of companies based in Toronto, Canada.

COLTENE Holding AG has no conditional capital.

Changes in Capital

The changes in equity of COLTENE Holding AG that occurred during the last three financial years are shown in the table below. Treasury shares are recognized at weighted average cost and deducted from shareholders' equity at the time of acquisition.

Changes in equity

In CHF 1000	31.12.2019	31.12.2018	31.12.2017
Share capital	598	598	422
Statutory reserves	84	84	84
Capital contribution reserve without foreign reference	49 983	67 907	0
Capital contribution reserve with foreign reference	101 877	101 876	0
Capital contribution reserve	151 860	169 783	0
Reserves for treasury shares	-1	-303	0
Net income brought forward	34 915	30 037	33 785
Total	187 456	200 199	34 291

On September 27, 2018, COLTENE Holding AG completed an ordinary capital increase as the first of two capital increases to partially finance the acquisition of SciCan Ltd. and DentalDrives GmbH. The Company issued 675 000 shares with a par value of CHF 0.10 each as part of a rights offering "at market" to existing and new shareholders at an offer price of CHF 104. COLTENE Holding AG generated gross proceeds of CHF 70 200 000. This corresponds to net proceeds of CHF 69 546 000. The listing and first day of trading of the offer shares were set to September 28, 2018. The payment of the offer price against delivery of offer shares was made on October 2, 2018. On the closing date of the transaction on October 9, 2018, to further finance the transaction, the Company issued 1 081 580 consideration shares with a par value of CHF 0.10 each at an issue price of CHF 94.29 to the sellers of SciCan Ltd. and DentalDrives GmbH against contribution in kind of all shares in SciCan Ltd. in the course of a capital increase out of authorized share capital. The transaction cost for this second capital increase amounted to TCHF 1571. The sellers (Arthur Zwingenberger's Arno Holding S.à.r.l. and Stefan Helsing) hold 18.1% of the total capital and voting rights of COLTENE Holding AG after completion of the transaction. These consideration shares are locked-up for a period of twelve months, which started on October 9, 2018. After the completion of both capital increases, the share capital of COLTENE Holding AG amounts to CHF 597 558, divided into

5 975 580 registered shares with a par value of CHF 0.10 each.

Based on the Annual General Meeting's decision on April 30, 2019, the Company distributed a dividend of CHF 3.00 (previous year CHF 3.00) per share paid out to its shareholders on May 7, 2019, from capital contribution reserves. The total amount paid was TCHF 17 924 (previous year TCHF 12 654).

Shares and Participation Certificates

COLTENE shares security no.: 2.534.325
ISIN: CH0025343259
Symbol: CLTN

The Company's share capital consists of 5 975 580 (previous year 5 975 580) registered shares with a par value of CHF 0.10 each (previous year CHF 0.10). All shares are fully paid up and entitled to dividends. They entitle the holder to one vote at the General Meeting. The right to apply the special rules concerning treasury shares held by the Company is reserved, particularly in relation to the exemption from the entitlement to dividends. Other than set out above, there is no additional conditional or authorized capital.

Due the transition of the accounting standard from IFRS to Swiss GAAP FER in 2019, the shares of COLTENE Holding AG are traded in the Swiss Reporting Standard, effective as of July 1, 2019 (first trading day of the COLTENE shares in the Swiss Reporting Standard). Before that date the shares were traded in the International Reporting Standard. The shares of COLTENE Holding AG will remain in the indices of the SPI family as well as in the two SXI-indices, SXI Life Sciences and SXI Bio+Medtech of the SIX Swiss Exchange.

Profit-Sharing Certificates

COLTENE Holding AG has not issued any profit-sharing certificates

Restrictions on Transferability of Shares and Nominee Registrations

According to Paragraph 4 of the Articles of Incorporation, only individuals who are registered in the share register may be recognized as the owners or beneficiaries of traded shares. Registration of ownership may be refused only in cases where the purchaser does not expressly

declare that he has acquired the shares for his or her own account. The Board of Directors may cancel a registration of a shareholder or nominee in the share register, after hearing the respective parties, if the entry was made based on false declarations. The relevant party is to be immediately informed of this cancellation. The Board of Directors may define principles for the registration of fiduciaries or nominees and stipulate the necessary rules to guarantee compliance with the aforementioned principles.

Convertible Bonds and Warrants/Options

COLTENE Holding AG has no outstanding convertible bonds or options.

Board of Directors

Members of the Board of Directors

On December 31, 2019, the Board of Directors of COLTENE Holding AG consisted of seven members. The Articles of Incorporation stipulate a minimum of three.

The Extraordinary General Meeting of shareholders on September 14, 2018, expanded the Board's know-how by electing Allison Zwingerberger, a former board member of SciCan Ltd., Toronto, Canada, specializing in infection control in the dental industry with additional experience in information technology and technology in general. Allison Zwingerberger is professor at the Department of Veterinary Radiology at the University of California, Davis, USA, and the daughter of Arthur Zwingerberger, the founder and former principal owner of SciCan and Micro-Mega.

All Board members are non-executive and none of the members of the Board of Directors was a member of the management of the Group or a Group company in the past three financial years. None of the Board members has a significant business relationship with COLTENE Holding AG or a Group company. In 2018, the law firm Lenz & Staehelin, Zurich, where Astrid Waser is partner, received CHF 790 000 (2019: CHF 13 000) for legal advice. Lenz & Staehelin acted as an advisor to the Board of Directors and Group Management during the transaction (due diligence, transaction agreement, capital increases, bank financing) in regard of the acquisitions of Kenda, SciCan Ltd., and DentalDrives GmbH.

The personal details together with the other activities and vested interests of individual members of the actual Board of Directors are listed on pages 41 to 45.

Election and Term of Office

The members of the Board of Directors are elected by the shareholders for a period of one year. At the end of their term of office, members may be re-elected. There is no limit to the period of office or age of members of the Board of Directors. The members of the Board of Directors are elected person by person. The Chairman of the Board of Directors is elected by the shareholders for a period of one year. In the event of incapacity of the Chairman, the Chairman of the Audit and Corporate Governance Committee will temporarily assume the role of the Vice Chairman of the Board of Directors.

Restrictions on Activities outside of COLTENE Group

Restrictions on activities outside of the COLTENE Group of the members of the Board of Directors are governed in Paragraph 18 of the Articles of Incorporation.

Internal Organization

Allocation of Tasks within the Board of Directors

The Board of Directors is ultimately responsible for the management of the Company and the supervision of the persons in charge of the management. The Board of Directors represents the Company and takes care of all matters that are not delegated by law, the Articles of Incorporation, or the organizational regulations to another body.

The Board of Directors' main duties can be summarized as follows:

- Determination and formulation of the business strategy
- Purchase and sale of participations or establishment and liquidation of Group companies
- Approval of investments in and divestments of fixed assets exceeding CHF 200 000 in value
- Approval of intercompany loans in excess of CHF 400 000 per fiscal year per group company
- Definition of COLTENE Group's finance strategy
- Determination of financial accounting and reporting, financial control, and financial planning
- Definition of COLTENE Group's organizational structure

- Appointment of the persons in charge of the management and their supervision
- Approval of the Auditor's report and Annual Report as well as preparation of the General Meeting of Shareholders and the execution of its resolutions

Membership of the Committees of the Board of Directors, their Duties and Responsibilities

The Board of Directors has delegated the operational management to Group Management headed by the Chief Executive Officer (CEO). The Chairman of the Board of Directors organizes and manages the work of the Board of Directors.

The permanent committees of the Board of Directors are composed as follows:

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee has been set up by the Board as follows:

Chairman: Erwin Locher

Members: Jürgen Rauch and Astrid Waser

The Audit and Corporate Governance Committee assists the Board of Directors in its supervisory duties and has to perform the following main tasks and duties:

- Approval of the auditing program and audit fees and form a judgment of the effectiveness of the external audits
- Review, amendment, and approval of the risk management assessment and system as well as control of the fulfillment of defined measures
- Review and assessment of the functioning of the internal control system and control of the fulfillment of corrective actions
- Review of the consolidated financial statements as well as interim statements intended for publication
- Regular review of the principles concerning Corporate Governance
- Proposals to the Board of Directors of amendments to the Articles of Incorporation or internal regulations if necessary

Nomination and Compensation Committee

The Nomination and Compensation Committee is elected every year by the Annual General Meeting. The Nomination and Compensation Committee has been composed as follows:

Chairman: Matthew Robin

Members: Nick Huber, Roland Weiger

The Nomination and Compensation Committee carries out the following duties:

- Recommendation of the remuneration of the members of the Board of Directors
- Definition of the principles for the remuneration of the members of Group Management and submission of these to the Board of Directors for approval
- Definition of principles for the selection of candidates for election or re-election to the Board of Directors
- Preparation of the selection and assessment of the candidates for the position of the CEO
- Approval of appointments of members of the senior management
- Approval of the remuneration to be paid to the senior management
- Approval of the general guidelines for the Human Resources management of the Group
- Yearly elaboration of the compensation report to be presented to the AGM

Working Methods of the Board of Directors and its Committees

The Board of Directors meets annually for at least four ordinary, mainly one-day meetings. Extraordinary meetings may be held as necessary. Every member of the Board of Directors is entitled to request an immediate meeting, if he/she names its purpose. In 2019, the Board of Directors met seven times (previous year ten times). These meetings lasted in average four to eight hours. In one meeting, the Board of Directors discussed the Group Strategy together with the enlarged Group Management during a two-day workshop.

The Audit and Corporate Governance Committee met three times (previous year twice) for usually a three hours' meeting. The Nomination and Compensation Committee met also three times (previous year twice) for a two hours meeting.

Meetings are summoned in writing by the Chairman. An invitation together with a detailed agenda and documentation is sent to all participants normally seven days in advance of the date set for the meeting.

As a rule, the Chief Executive Officer and the Chief Financial Officer attend meetings of the Board of Directors as well as meetings of the committees. And the COO usually participates in the Board of Directors' meetings only. In order to ensure that the Board of Directors has sufficient information to make decisions, other members of Group Management or other members of staff or third parties may also be invited to attend.

The Board of Directors is quorate if all members have been duly invited and the majority of its members take part in the decision-making process. Members may participate in deliberations and the passing of resolutions by telephone, by video conference, or other suitable electronic media if all participants are in agreement. The decisions of the Board of Directors are taken on the basis of the votes submitted. In the event of a tie, the Chairman has the casting vote. Decisions may also be made in writing.

Proposals may also be sent to all members and they are regarded as passed if the majority of members agree unconditionally and no member insists on discussion of the issues in question in a formal meeting. Members of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of persons close to them.

All proposals and decisions are entered in the minutes to the meeting of the Board of Directors and its committees. The minutes also contain a summary of important requests to speak and any deliberations.

Definition of Areas of Responsibility

The areas of responsibility between the Board of Directors and Group Management are defined in COLTENE Holding AG's organizational regulations and can be summarized as follows: with the exception of decisions which according to article 716a of the Swiss Code of Obligations are part of its inalienable and non-transferable duties, and those additional duties listed on pages 37 to 39, the Board of Directors has delegated the executive control of COLTENE Group and, with it, operational management of the entire COLTENE Group, to Group Management.

Information and Control Instruments vis-à-vis Group Management

As a rule, Group Management updates the Board of Directors on operations and COLTENE Group's financial position every month. In addition, the CEO and CFO report on business and all matters of relevance to the Board of Directors at each meeting of the Board of Directors. Every member of the Board of Directors has the right to ask any member of Group Management for information about matters within his remit, even outside meetings. The Chairman of the Board of Directors is also informed by the CEO about all businesses and issues of a fundamental nature or of special importance.

Based on an approved Risk Management policy by the Board of Directors, an extensive system for monitoring and controlling the risks linked to the business activities is in place. Group Management is responsible for the risk identification, analysis, controlling, reporting and monitoring the implementation. The Board of Directors reviews once a year the risk management and the results of implemented corrective actions.

Based on an approved Internal Control System policy by the Board of Directors, the internal control mechanisms are reviewed and documented based on defined requirements. At least once a year a member of the Audit and Corporate Governance Committee reviews in detail the assessments made and corrective actions implemented. These findings are reviewed regularly by the Board of Directors.

Set out below are the names, position, age, year of first election, and committee memberships of the Board of Directors:

Membership of the Board of Directors

Members	Function	Born in	Year of first election	2019	
				Audit and Compliance Committee	Nomination and Compensation Committee
Nick Huber	Chairman	1964	2005		Member
Erwin Locher	Member	1953	2009		
Jürgen Rauch	Member	1967	2016		
Matthew Robin	Member	1965	2006		Chairman
Astrid Waser	Member	1971	2017		
Roland Weiger	Member	1961	2013		Member
Allison Zwingenberger	Member	1970	2018		

Board of Directors

The Board of Directors of COLTENE has committed itself to maintaining the highest standards of integrity and transparency in its governance of the Company.



Matthew
Robin

Allison
Zwingenberger

Jürgen
Rauch

Nick
Huber

Astrid
Waser

Roland
Weiger

Erwin
Locher

Nick Huber

- Chairman of the Board of Directors
- Completion of the Stanford Executive Program
- Swiss citizen, born in 1964

Professional background (main stages)

- 1990–1995 IBM (Switzerland) AG, Zurich, Account Manager
- 1995–2016 SFS Group AG, Heerbrugg, different management positions

Other important activities and vested interests

- Member of the Board of Directors of SFS Group AG, Heerbrugg
- Member of the Board of Directors of Gurit Holding AG, Wattwil
- Member of the Board of Directors of Huwa Finanz- und Beteiligungs AG, Heerbrugg

Key knowledge and experience

- International and strategic management – many years of operational leadership experience in management positions in the SFS Group and longtime experience as member of the board of international companies.
- Human resources – longtime operational responsibility of the human resources department of the SFS Group.
- Marketing and sales – operational management experience as divisional head of direct and indirect consumables business.

Matthew Robin

- Chairman of the Nomination and Compensation Committee
- M. Eng. in Chemical Engineering, Imperial College, University of London
- British and Swiss citizen, born in 1965

Professional background (main stages)

- 1987–1998 Lonza Fine Chemicals, Basel, various functions in the US and in Switzerland (last function: Business Director US Custom Manufacturing)
- 1998–2003 Disetronic Holding AG, Burgdorf, various senior management functions (last function: Head Disetronic Injection Systems)
- 2003–2006 Ypsomed Holding AG, Burgdorf, CEO
- 2007–2011 Tecan Holding AG, Männedorf, Divisional Head Liquid Handling & Robotics
- Since 2011 ELSA/Mifroma, Estavayer-le-Lac, CEO

Other important activities and vested interests

Matthew Robin has no other important activities and vested interests.

Key knowledge and experience

- International and strategic management – longtime operational and strategic leadership experience in the medical device and other regulated international businesses.
- Manufacturing, innovation, and human resources – many years of experience as business director and CEO of large producing companies.
- Medtech and digital innovation – know-how and active access to networks in technology and marketing.

Erwin Locher

- Chairman of the Audit and Corporate Governance Committee
- Economist, University of Basel, MBA, University of Toronto (Rotman)/University of St. Gallen
- Swiss citizen, born in 1953

Professional background (main stages)

- 1979–1982 Sandoz AG, Basel, Internal Auditor
- 1982–1986 Mibelle AG, Buchs (subsidiary of Migros), Head Logistics
- 1986–1987 Zellweger AG, Uster, Treasurer
- 1987–1991 Mibelle AG, Buchs (subsidiary of Migros), Vice President Finance
- 1991–1996 Allo Pro AG, Baar (subsidiary of Sulzer Medica), Vice President Finance, and then President
- 1996–2004 Mathys Medical AG, Bettlach, CEO and President Synthes Division

Other important activities and vested interests

- Chairman of the Board of Directors of Thommen Medical AG, Grenchen
- Member of the Board of Directors of Mathys Medical AG, Bettlach

Key knowledge and experience

- International and strategic management, marketing and sales – experience as former CEO of a global medical device company.
- Financial management, audit, and compliance – many years of experience as Vice President of finance in a national and international company.
- Dental industry – operational responsibility for the COLTENE Group as CEO ad interim in 2011/2012.

Roland Weiger

- Prof. Dr. med. dent., University of Tübingen, Germany
- German and Swiss citizen, born in 1961

Professional background (main stages)

- 2000–2002 University of Tübingen, Professor of Endodontology
- 2002–2011 Chairman of the Research Committee, European Society of Endodontology (ESE)
- Since 2002 University of Basel, Professor and Director, Clinic of Periodontology, Endodontology, and Cariology
- 2012–2015 University of Basel, Director of the Department of Dental Medicine
- Since 2016 University Center of Dentistry (UZB), Basel, Director of the University Dental Clinics and member of the Executive Board

Other important activities and vested interests

- Member of the Expert Commission of the Swiss Society for Preventative, Restorative, and Esthetic Dentistry (SSPRE)
- Member of the Board of the Swiss Society of Periodontology (SSP)
- Member of the Swiss Examining Board (federal examen in dentistry)

Key knowledge and experience

- Expertise in general dentistry and specialized conservative dentistry – longtime leadership experience as chairman of a dental department and higher-level clinical university institution.
- Experience in dental technology and dental market – profound expertise in research, teaching, and clinical procedures as professor in conservative dentistry and professional competence as practicing dentist specialized in endodontology and restorative dentistry.

Jürgen Rauch

- Business economist, University of Innsbruck
- Austrian citizen, born in 1967

Professional background (main stages)

- 1993–1994 Pittra Inc, New York, various Management functions
- 1994–2004 Rauch Hungaria Kft, Budapest, General Manager
- Since 2004 Rauch Fruchtsäfte GmbH & Co OG, Rankweil, CEO

Other important activities and vested interests

Jürgen Rauch has no other important activities and vested interests.

Key knowledge and experience

- Production and distribution – long lasting experience in building up and in general management of an international bottling company for liquid consumables.
- Marketing and branding – many years of experience in the positioning and marketing of an international renowned brand in the consumables industry.

Astrid Waser

- Dr. iur., attorney-at-law, LL.M., University of Lausanne
- Swiss citizen, born in 1971

Professional background (main stages)

- 2002–2011 Lenz & Staehelin, Zurich, Associate
- 2004 Foreign Associate, Brussels
- Since 2012 Lenz & Staehelin, Zurich, Partner

Other important activities and vested interests

Astrid Waser has no other important activities and vested interests.

Key knowledge and experience

- Legal affairs and compliance – proven expert in competition and procurement law and long-standing experience in counselling firms in the field of business law, in particular regarding internal and regulatory investigations and compliance matters.

Allison Zwingenberger

- DVM, University of Guelph
- Canadian and German citizen, born in 1970

Professional background (main stages)

Since 2005 University of California, Davis, Professor
of Veterinary Radiology
2006–2018 SciCan Ltd., Toronto, Member of the Board
of Directors
2015–2017 American College of Veterinary Radiology
(ACVR), President CT/MRI Society
2016–2018 European College of Veterinary Diagnostic
Imaging (ECVDI), President
Since 2018 University of California, Davis, Cancer
Center, Co-Director in Vivo Translational
Imaging Shared Resource

Other important activities and vested interests

Allison Zwingenberger has no other important activities
and vested interests.

Key knowledge and experience

- Experience as board member of SciCan Ltd.,
specializing in infection control in the dental industry.
- Professor at a leading school of veterinary medicine
with experience in leadership, healthcare, and educa-
tion.
- Experience in biomedical science as an NIH-funded
clinician researcher in translational imaging with a
master's degree in Clinical Research

Group Management

Group Management of COLTENE has committed itself to the highest principles of sustainability, integrity, and responsibility that build the foundation of COLTENE's corporate culture.



Christophe
Loretan

Stefan
Helsing

Gerhard
Mahrle

Martin
Schaufelberger

Martin
Schlüter

John
Westermeier

Werner
Barth

Martin Schaufelberger

- Chief Executive Officer COLTENE Group (since 2012)
- Electrical Engineer, Fachhochschule für Technik, Rapperswil
- MBA Marketing, City University of Seattle, Zurich and Seattle
- Swiss citizen, born in 1964

Professional background (main stages)

- 1988–1998 Zellweger Uster AG, Uster, various functions in Switzerland and Japan (last function: General Manager Strategic Marketing)
- 1998–2001 Kunststoff Schwanden AG, Schwanden, Head Marketing and Sales
- 2001–2007 Kunststoff Schwanden AG, Schwanden, Deputy CEO
- 2007–2012 Kunststoff Schwanden AG, Schwanden, CEO

Other important activities and vested interests

- Chairman of the Board of Directors of Zünd Systemtechnik AG, Altstätten.

Gerhard Mahrle

- Chief Financial Officer COLTENE Group (since 2014)
- lic. oec. HSG, University of St. Gallen
- Swiss citizen, born in 1957

Professional background (main stages)

- 1985–1992 Various senior positions in finance at the Galenica Group and the Hilti Group
- 1992–1998 Eugster/Frisomag Group, Romanshorn, CFO
- 1998–2000 Batigroup Holding AG, Basel, CFO
- 2000–2009 sia Abrasives Holding AG, Frauenfeld, CFO
- 2009–2013 Kardex AG, Zurich, CFO

Other important activities and vested interests

Gerhard Mahrle has no other important activities and vested interests.

Stefan Helsing

- Chief Operating Officer (COO) COLTENE Group (since 2018)
- lic. oec. HSG, University of St. Gallen
- Swiss citizen, born in 1958

Professional background (main stages)

- 1985–1994 Management Zentrum St. Gallen and Indevo AB, Management Consultant
- 1994–2000 Swissair AG, Zurich, Network Management and CEO Balair-Airline
- 2000–2005 STA Travel Ltd., Zurich, CEO
- 2005–2008 Hotelplan Management AG, Glattbrugg, Production Management
- 2008–2018 Sanavis Group, Toronto and Leutkirch, Executive Chairman

Other important activities and vested interests

Stefan Helsing has no other important activities and vested interests.

Werner Barth

- Vice President Product Management / Group Marketing COLTENE Group
- Member of Group Management since 2015
- Dr. sc. techn. ETH, Zurich
- Swiss citizen, born in 1966

Professional background (main stages)

- 1999–2001 VOLPI AG, Schlieren, Head Business Unit Medical Products
- 2001–2004 HMT High Medical Technologies AG, Lengwil, Product and Sales manager
- 2005–2006 Ziemer Ophthalmic Systems AG, Port, Head Marketing & Sales
- 2006–2013 Ziemer Ophthalmic Systems AG (Ziemer Group), Port, Vice President Sales
- 2013–2015 Coltène/Whaledent AG, Altstätten, Global Director Marketing

Other important activities and vested interests

Werner Barth has no other important activities and vested interests.

Christophe Loretan

- Vice President Sales & Marketing Communication EMEA / ROW COLTENE Group
- Member of Group Management since 2015
- Dipl. sc. nat. ETH Zurich
- MBA University of Rochester, Bern
- Swiss citizen, born in 1970

Professional background (main stages)

- | | |
|-----------|---|
| 1998–2002 | Geistlich Pharma AG, Wolhusen,
Marketing Manager and Area Sales
Manager Division Biomaterials |
| 2002–2003 | Tillotts Pharma AG, Ziefen, Business
Development Manager Pharma/
Gastroenterology |
| 2003–2005 | Novozymes Switzerland AG, Dittingen,
Global Marketing Manager |
| 2006–2013 | Novozymes Switzerland AG, Dittingen,
Customer Solutions Director EMEA |
| 2013–2015 | Novozymes Switzerland AG, Dittingen,
Technical Service and Sales Director
EMEA |
| 2015–2019 | Coltène/Whaledent Inc., Cuyahoga Falls,
Vice President Global Sales |

Other important activities and vested interests

Christophe Loretan has no other important activities and vested interests.

Werner Mannschedel (retired December 31, 2019)

- Vice President Quality Management and Regulatory Affairs COLTENE Group
- Member of Group Management since 2015
- Pharmacist and Biologist, University of Erlangen
- German citizen, born in 1956

Professional background (main stages)

- | | |
|-----------|--|
| 1988–1992 | ROEKO GmbH + Co. KG, Langenau,
Head Quality Control and Analytic |
| 1992–1998 | ROEKO GmbH + Co. KG, Langenau,
Head Operations |
| 1998–2002 | ROEKO GmbH + Co. KG, Langenau,
General Manager |
| 2002–2007 | COLTENE Group, Altstätten,
Head European Operations (EMEA) |
| 2007–2011 | COLTENE Group, Altstätten, President
European Operations (EMEA) |
| 2011–2012 | COLTENE Group, Altstätten,
Head Global Operations |
| 2012–2015 | COLTENE Group, Head Global R&D
and Regulatory Manager and General
Manager Coltène/Whaledent GmbH +
Co. KG, Langenau |

Other important activities and vested interests

Werner Mannschedel has no other important activities and vested interests.

Martin Schlüter
(member of Group Management
since January 1, 2020)

- Vice President R&D / Innovation COLTENE Group
- Dr. rer.nat., Dipl. Chem. Westfälische Wilhelms Universität, Münster
- German citizen, born in 1972

Professional background (main stages)

- 2005–2007 BEGO Bremer Goldschlägerei Wilhelm Herbst GmbH & Co. KG, Bremen, Manager R&D Department Dental Consumables
- 2007–2009 BEGO Bremer Goldschlägerei Wilhelm Herbst GmbH & Co. KG, Bremen, Manager of Business Unit Dental Consumables & Ceramics
- 2009–2010 BEGO Bremer Goldschlägerei Wilhelm Herbst GmbH & Co. KG, Bremen, Manager R&D and Innovation Management
- 2010–2018 Director R&D EMEA, Coltène/Whaledent AG, Altstätten
- 2018–2019 Director R&D / Innovation, COLTENE Group, Altstätten

Other important activities and vested interests

Martin Schlüter has no other important activities and vested interests.

John Westermeier
(member of Group Management
since January 1, 2020)

- Vice President Sales & Marketing Communication North America COLTENE Group
- B.A. Marketing & Communications Canisius College, Buffalo, NY
- US citizen, born in 1965

Professional background (main stages)

- 1992–2007 KaVo America, Brea CA/USA, Director of National Accounts, Regional Manager, Sales Trainer
- 2007–2010 SciCan Inc., Pittsburgh PA, Director of New Product Sales
- 2010–2015 SciCan Inc., Pittsburgh PA, President
- 2015–2019 SciCan Group, Toronto ON, CEO SciCan Ltd. and Head of Sales

Other important activities and vested interests

John Westermeier has no other important activities and vested interests.

Group Management

On January 1, 2020, COLTENE Holding AG's Group Management consisted of seven persons (in 2019 and 2018 six persons): the Chief Executive Officer (CEO) Martin Schaufelberger, the Chief Financial Officer (CFO) Gerhard Mahrle, who also acts as deputy CEO, Stefan Helsing, Chief Operating Officer (COO), Werner Barth, Vice President Product Management / Group Marketing, Christophe Loretan, Vice President Sales / Marketing Communication Europe and Rest of the World (ROW), John Westermeier, Vice President Sales / Marketing Communication of North America, and Martin Schlüter, Vice President R&D / Innovation.

For further information regarding the changes in Group Management see page 34 of this report.

Members of Group Management

The personal details together with the other activities and vested interests of individual members of actual Group Management are listed on pages 46 to 50.

Management Contracts

No agreements pertaining to the provision of managerial services exist between COLTENE Holding AG and other companies or natural persons outside the COLTENE Group.

Restrictions on Activities outside of COLTENE Group

Restrictions on activities outside of the COLTENE Group of the members of Group Management are governed in Paragraph 18 of the Articles of Incorporation.

Principles on Compensation

Principles applicable to performance-related payments and to the allocation of equity securities, convertible rights, and options, as well as the additional amount for payments to members of Group Management appointed after the vote on the compensation at the General Meeting of Shareholders are governed in Paragraphs 22 et seqq. of the Articles of Incorporation.

Loans, credit facilities, and post-employment benefits for members of the Board of Directors and Group Management are governed in Paragraph 28 of the Articles of Incorporation.

Regulations on the vote of the General Meeting of Shareholders on the compensation to members of the Board of Directors and Group Management are governed in Paragraphs 13.3 and 21 et seqq. of the Articles of Incorporation.

Further information regarding the compensation of the Board of Directors and Group Management is available in the section of the compensation report on pages 58 to 65 of this Annual Report.

Shareholders' Participation Rights

Details of shareholders' participation rights can be found in the Articles of Incorporation. They are available in German as well as in an unofficial translation in English on the website at:

<https://www.coltene.com/de/investoren-medien/corporate-governance/> (German version) and <https://www.coltene.com/investor-relations/corporate-governance/> (English version).

Voting Right Restrictions and Representation

The Articles of Incorporation contain no restrictions on voting rights. Every registered share represented at the General Meeting is entitled to one vote. A shareholder may vote his own shares or be represented at the General Meeting by way of a written proxy. Since the Annual General Meeting 2015, every shareholder can use also the online platform of ShareCommService AG ("Indirect Voting System – IDVS") in order to grant the independent proxy a power of attorney and to forward his instructions to such independent proxy.

Statutory Quorums

Unless otherwise determined by law, a General Meeting convened in accordance with the Articles of Incorporation is quorate regardless of the number of shareholders attending or the number of shares represented. To be valid and subject to legal or statutory provisions, resolutions require an absolute majority of the votes submitted.

Important decisions of the General Meeting as defined in article 704 Paragraph 1 of the Swiss Code of Obligations require at least two thirds of the votes present and the absolute majority of the par value of shares represented.

Convocation of the General Meeting of Shareholders

The ordinary General Meeting of Shareholders takes place annually within six months of the end of the Company's financial year. Extraordinary General Meetings can be called by decision of the General Meeting, the Board of Directors, at the request of the auditors, or if shareholders representing at least a tenth of the share capital submit a request in writing, stating the purpose to the Board of Directors.

The invitation to the General Meeting of Shareholders is published in the Swiss Official Commercial Gazette. All shareholders whose addresses are registered in the share register are notified by a letter or by e-mail at their choice.

Agenda

The Articles of Incorporation contain no regulations relating to agendas that differ from those set forth by the law.

Entries in the Share Register

Shareholders and/or beneficiaries of registered shares are entitled to vote if they are registered in the share register at the time of the General Meeting of Shareholders. The Board of Directors shall determine and indicate in the invitation to any General Meeting of Shareholders the relevant cut-off date for registrations in the share register that shall be relevant for the eligibility of any shareholder to participate in and vote at such General Meeting.

Changes of Control and Defense Measures

Public Purchase Offers

The Articles of Incorporation of COLTENE Holding AG do not stipulate an alleviation or exemption for the duty to submit a public offer according to articles 135 and 163 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) (Bundesgesetz über die Finanzmarktinfrastrukturen und das Marktverhalten im Effekten- und Derivatehandel, FinfraG).

Clauses on Changes of Control

No change of ownership clauses are in effect at December 31, 2019, at COLTENE Group and senior management level.

Auditors

Duration of Mandate and Lead Auditor's Term of Office

The auditor of COLTENE Holding AG is elected by the Annual General Meeting for a term of one year. In the year under review, Ernst & Young AG, listed as auditor in the commercial register since June 25, 2012, served in this capacity. EY also serves as Group auditors. Rico Fehr has been the lead auditor since that date. In accordance with legal requirements he was replaced after a maximum period of seven years in 2019 by Iwan Zimmermann.

Auditing Fees

The budget for the audit fees is proposed by the CFO and approved by the Audit and Corporate Governance Committee. The total sum charged during the year under review by EY amounted to CHF 306 000 (CHF 479 000 in previous year) and was related to audit services, which included the audit of the statutory financial statements of COLTENE Holding AG and of all major subsidiaries, as well as the audit of the consolidated financial statements. The significantly higher audit fee amount of the previous year was owed to the additional audit services that were required due to the first time consolidation of the acquisitions of SciCan Ltd. and DentalDrives GmbH.

Audit services are defined as the standard audit work performed each year in order to issue opinions on the Group companies in scope and the consolidated financial statements of the Group, to issue opinions relating to the existence of the Group's internal control system, and to issue reports on local statutory financial statements if required. Also included are audit services that are provided by the Group auditor, such as auditing of non-recurring transactions and implementation of new accounting policies, as well as audits of accounting infrastructure system controls.

Additional Fees

For non-audit-related services, EY was paid fees totaling CHF 60 000 (CHF 408 000 in previous year). The amount in the previous year was mainly paid for services in connection with the prospectus and the capital increases in order to partly finance the acquisition of SciCan and DentalDrives (review of interim closing 2017 and 2018, assurance reports of the pro forma financial statement 2017 and the pro forma interim financial statement 2018, and comfort letters). EY was not involved in the elaboration of the prospectus. The execution or assistance of EY in the preparation of financial statements, the consolidated financial statements and related documents is not admissible.

Supervisors and Control Instruments Pertaining to the Auditors

As explained on page 38, the Board of Directors has established an Audit and Corporate Governance Committee to monitor the external auditors (statutory and COLTENE Group auditors). The Audit and Corporate Governance Committee, acting on behalf of the Board of Directors, is responsible for overseeing, monitoring, and evaluating the activities of the auditors. The auditor participates regularly in the meetings of the Audit and Corporate Governance Committee, providing oral and written reports on the results of its reviews and audits. In 2019, the auditors participated in two meetings of the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee checks and evaluates the auditor and makes recommendations to the Board of Directors. The independence of the auditor is ensured by various measures. There is no explicit threshold for non-audit related fees, but they are not allowed to be significant in relation to the audit fees and must be approved by the CFO in order to assure that there is no potential conflict between the audit and non-audit services of the auditor. As part of his reporting for the consolidated and statutory financial statements, the auditor confirms his independence vis-à-vis COLTENE Holding AG.

The performance of the auditor is evaluated by the Audit and Corporate Governance Committee as well as by employees of COLTENE who are in regular contact with the auditor. The assessment is based on criteria such as the professional expertise and know-how, the understanding of the corporate structure and Company-

specific risks, comprehensibility of the audit strategy proposed by the auditor, and diligence in the implementation of the proposed audit strategy, as well as the coordination of the auditor with the finance department of the COLTENE Group and the audited entities. In addition, the Audit and Corporate Governance Committee reviews the results of the audit and particularly the comprehensive audit report for the consolidated annual financial statements. Based on the performance evaluation, the Audit and Corporate Governance Committee recommends to the Board of Directors whether EY should be proposed to the Annual General Meeting for re-election.

Information Policy

COLTENE Holding AG provides its shareholders with information in the form of the Annual Report and Half-year Report. At the publication date of the annual results, COLTENE informs at the annual press and analysts conference and later at the Annual General Meeting in detail about its business activity. At the publication date of the half-year results COLTENE informs about the business activity by means of a conference call. Important events are published immediately through press releases and/or letters to shareholders. Further information can be requested at the contact address indicated on page 7 and page 106.

Internet

Shareholders and other interested parties can obtain information about the COLTENE Group on the Internet at www.coltene.com and subscribe to a news service.

Ad Hoc Publicity

COLTENE Holding AG maintains regular contact with the financial world in general and with important investors. At the same time, it abides by the legally prescribed principle of treating all parties equally as regards communication. Relevant new facts are published openly and are available to all interested parties. All press releases and ad hoc publications can be found as follows: <https://www.coltene.com/investor-relations/media-releases/>

Financial Publications

<https://www.coltene.com/investor-relations/financial-publications/>

Articles of Incorporation

<https://www.coltene.com/investor-relations/corporate-governance/>


Corporate Communications and Investor Relations
COLTENE Holding AG
Corporate Communication/Investor Relation
Feldwiesenstrasse 20
9450 Altstätten, Switzerland
+41 71 7575 54 37
investor@coltene.com

For important dates of publications this year, the following year and contact addresses refer to page 7.

Non-applicability / negative statement

It is explicitly declared that all statements that are not included or mentioned in this report are considered as either not applicable or negative statements according to the directive on information relating to Corporate Governance published by SIX Swiss Exchange AG or the associated commentary.

Support

A photograph of two men in a modern dental office. On the left, a man with a beard and a light blue button-down shirt sits on a brown leather sofa, pointing at a green catalog held by the man on the right. The man on the right, wearing a grey zip-up sweater, is looking down at the catalog. In the foreground, a white marble coffee table holds several dental instruments, including a tray of burs and a small white device. The background shows a glass-walled dental treatment room with a dental chair and a large window looking out onto a city street.

Jason Kuta, Chicago Territory Manager (right), advises dentist Dr. Hany Kurdi (left) on the comparative benefits of different instruments for root canal treatments.

Support



We Do More Than Sell Products

COLTENE gives dentists advisory support. After all, end customers should have just the right products that meet their specific needs. New CRM software for managing end user data allows tailoring support interactions more closely to customer needs.

Compensation Report

1 Introduction

This report provides an overview of COLTENE's compensation principles and practices. It provides information on the compensation of the Board of Directors and Group Management in 2018 and in 2019. It explains the variable compensation systems and equity participation programs and discloses equity participations of Directors and Group Management in the Company.

These principles and practices are designed to:

- Align the interests of the leadership team and employees with those of our shareholders
- Support our attractiveness as a global employer, helping us to retain and recruit an engaged workforce
- Reward individuals according to clear targets
- Encourage entrepreneurship, above-market performance, accountability, and value creation

We believe that our plan is balanced and in line with current best practices.

1.1 Reporting Standards

The compensation report is written in accordance with the Ordinance Against Excessive Compensation in Listed Companies (VegüV), the standard relating to information on Corporate Governance of the SIX Swiss Exchange, and the principles of the Swiss Code of Best Practice for Corporate Governance of economiesuisse. The compensation paid or granted to Directors and Group Management is presented in our audited Financial Report (see page 102).

1.2 Management Structure

Annual General Meeting
Board of Directors / Nomination and Compensation Committee
Group Management
Senior Management
Employees

Fig. 1: Management Structure

Information regarding the Board of Directors and the members of Group Management is available in the Corporate Governance report on pages 42 to 50.

1.3 Corporate Governance

The Board of Directors proposes candidates for the Nomination and Compensation Committee (NCC) to be elected annually by shareholders at the Annual General Meeting (AGM). Since the AGM 2016, the NCC is composed as follows:

Chair: Matthew Robin
Members: Nick Huber and Roland Weiger

The Board of Directors determines the NCC's responsibilities, and passes all resolutions on the Company's compensation system (see pages 37 to 39). The NCC is entrusted with the design of the compensation system that applies to Directors, Group Management and Senior Management. It reviews the principles and programs for compensation, and ensures that the compensation paid by the Company is based on market- and performance-related criteria. The NCC reports to the Board of Directors on compensation practices as well as on Group Management compensation at least once a year and proposes changes when necessary. Any recommendations made to the Board of Directors by the NCC are discussed, adjusted if required and formally approved by the Board of Directors. Among other duties, the NCC:

- Recommends the remuneration of the members of the Board of Directors
- Defines the principles for the remuneration and recommends the remuneration of the members of Group Management and submits these to the Board of Directors for approval
- Approves the remuneration to be paid to Senior Management
- Prepares the compensation report annually to be presented to the AGM

Recommendation and Decision Responsibilities with regard to Compensation

Recipient	Recommendation	Decision	Approval
Chairman of the Board of Directors	NCC	BoD	AGM
Other members of the Board of Directors	NCC	BoD	AGM
CEO	NCC	BoD	AGM
Other members of Group Management	CEO	BoD	AGM
Senior Management		Group Management	Group Management

NCC: Nomination and Compensation Committee
 BoD: Board of Directors
 AGM: Annual General Meeting
 CEO: Chief Executive Officer

This table describes the recommendation, decision and approval process of the COLTENE Group with regard to compensation of the Board of Directors, Group Management and Senior Management (including the split in fixed and variable components and the approval of the maximum payout). According to the Ordinance Against Excessive Compensation in Listed Companies, effective since 2014, and the Articles of Incorporation of COLTENE Holding AG of October 9, 2018, the compensation payable to the Board of Directors and to Group Management has to be approved by the Annual General Meeting (AGM). COLTENE has chosen that the AGM approves the compensation for the following financial year. While the NCC recommends the remuneration packages, the Board of Directors decides on the compensation packages that are submitted to the AGM for approval. Group Management sets and approves the compensation for Senior Management within the guidelines set by the NCC. For all other employees, Group Management is responsible for setting the guidelines for compensation; these are implemented by Senior Management.

2 Compensation Principles

2.1 Driving Values through Compensation

COLTENE believes that a compensation system based on value creation encourages sustainable performance, loyalty and entrepreneurship and is thus in the interests of management, employees, and shareholders. We are committed to compensating our staff, management, and Directors in a way that is competitive and rewards sustainable, short-term and long-term performance with the objective of driving value.

It is COLTENE's view that the success of a company depends largely on the quality and engagement of its people. A modern compensation system is an important instrument for attracting, retaining and motivating talented people. COLTENE's compensation system takes these factors into account in that it:

- Offers competitive salaries
- Fosters a high-performance culture that differentiates and rewards above-average individual performance, both in the short and long term
- Links variable long-term compensation to value generated by the Company over the long term based on shareholder expectations
- Provides employees with benefits based on good practices and regulations in local markets

The system is periodically reviewed by the NCC for effectiveness and adjusted if required.

2.2 Determination Procedure for Compensation

Our policy is to pay employees, management, and Directors a compensation according to their expertise, formal qualifications, skills, experience, and area of responsibility.

Key employees and employees with management functions receive a variable compensation component in addition to their fixed compensation. The main target of the variable pay is to share the economic success of the COLTENE Group with them.

Benchmark reviews for the remuneration of the Board of Directors and Group Management are conducted regularly by COLTENE, by using independent specialists and/or external studies if appropriate. In the reporting year and the previous year, no benchmark reviews were conducted and NCC did not seek external advice.

2.3 Ethical, Fair Standards

COLTENE is committed to fair and equal treatment of all our employees and seeks to be in full compliance with the regional labor standards. Compensation is not influenced by gender or by non-performance-related criteria other than specific professional experience.

3 Total Compensation and Compensation Elements

Total compensation for all employees including management and Directors can be found in the financial section of the Annual Report on page 82.

The compensation of Group Management team members comprises fixed and variable components. The percentage of the variable component depends on the role of each member of Group Management and is proposed by the Nomination and Compensation Committee at its own discretion. For the CEO the maximum variable portion is 50 % of the total remuneration. For other Group Management members it varies from 15 % to 50 %. The Board of Directors approves the split. The variable compensation mix for Group Management includes a long-term variable remuneration element, which is paid in shares blocked for three years.

Directors receive a fixed annual cash fee and a fixed amount of money in shares, also blocked for three years. 100 % of Directors' compensation is fixed. Their pay includes no variable component. The Directors receive 80 % to 90 % of the fixed compensation in cash and the remaining 10 % to 20 % in shares valued at the volume weighted average share price of the preceding month of the pay date.

The split of the total maximum compensation is set as follows:

Compensation Elements

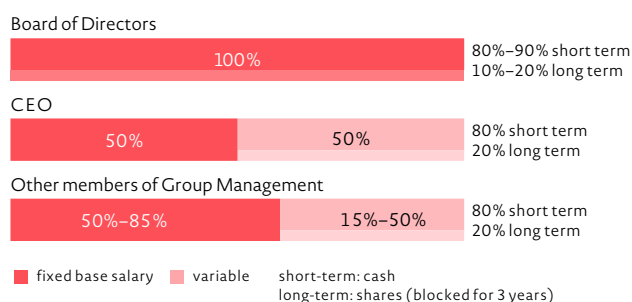


Fig. 2: Compensation elements

3.1 Fixed Compensation Elements

The fixed compensation elements of the remuneration of Group Management include the following components:

- Base salary
- Pension plan benefits¹ (subject to local practices and regulations)
- Other benefits (subject to local practices and regulations)

¹ The Board of Directors is not entitled to a pension plan under Swiss legislation (BVG).

Base salary

Group Management members receive a base salary in accordance with their role.

Other benefits

COLTENE's benefit programs including local pension benefits are an integral part of total compensation and are designed to enable the Company to compete effectively for talent and retain it. Benefits are structured to support COLTENE's overall business strategy, and are aligned with local legislation and practices. Group Management members and certain members of Senior Management, depending on their travel frequency, are entitled to a company car.

3.2 Variable Compensation Elements

The variable component of total compensation for each member of Group Management varies by function (role), seniority, and responsibility. Total variable compensation is based on one or several quantitative financial targets plus individual performance targets.

Quantitative targets

Quantitative targets are key performance indicators (KPIs) on which the individual member of Group Management has a direct impact. As a rule, each member of Group Management has two or three quantitative targets to meet. These quantitative targets are based on the budget approved by the Board of Directors for the financial year and are generally selected from the following key indicators:

- EBIT margin (operating margin before interest and tax) for the COLTENE Group
- Net sales for the COLTENE Group or for the region applicable to the member of Group Management
- Net sales for focus products
- Net sales for new products

Individual targets

Individual targets are agreed separately with each member of Group Management and approved by the Board of Directors. These targets measure the performance of each individual member of Group Management. As a rule, each member agrees to meet five individual targets of equal or different weighting. These targets are aligned with the role and responsibilities of each individual member of Group Management and with the Group strategic targets. For example, they may include delivery on specific individual projects, organizational restructurings or product launches or tool rollouts. Attainment of individual targets is reviewed by the Board of Directors at the end of the financial year and rated on a scale of 0–100 %.

Weighting by variable compensation component

The variable compensation components are weighted as follows:

- Each quantitative target has a weighting of 25–50 %
- The individual targets have a combined weighting of 20–35 %

The exact weighting of individual targets is set annually within these ranges and remains unchanged for the performance measurement period.

Weighting of quantitative criteria

The measurement scale for the achievement of quantitative financial targets (company performance and financial targets) extends from 0 % to a maximum of 120 % and is based on a line joining three points as explained in the illustration. Entitlement to a bonus based on financial targets starts at a minimum of 80 % fulfillment of the defined target but it may start at a higher percentage than at 80 % of the defined target. The maximum bonus for the achievement of a single financial target is 150 % of the defined bonus for this single target.

Scale of Variable Compensation Elements

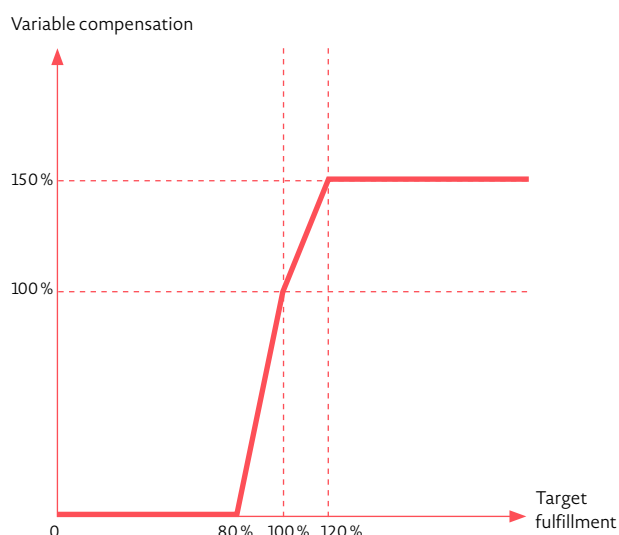


Fig. 4: Scale of variable compensation (financial targets)

Composition of Group Management Compensation

	Fixed and variable percentage of total compensation		Quantitative and personal targets and their weighting			Long-term versus short-term variable compensation	
	Fixed percentage	Variable percentage	Net Sales Focus products New products	EBIT-Margin	Personal targets	Long-term variable compensation in CLTN shares (blocked for 3 years)	Short-term variable compensation paid in cash
CEO	50%	50%	25%–35%	40%–50%	20%–30%	20%	80%
CFO and COO	60%–70%	30%–40%	25%–35%	40%–50%	20%–30%	20%	80%
VP Sales/Marketing	60%–80%	20%–40%	45%–55%	25%–35%	25%–30%	20%	80%
VP R&D/Innovation	70%–90%	10%–30%	10%–20%	25%–35%	25%–35%	20%	80%

Fig. 3: Composition of Group Management Compensation

Weighting of personal targets

The assessment scale for individual personal target achievement is linear and extends from 0 % to 100 %. 80 % achievement of the personal targets means that 80 % of the portion of the variable compensation related to the personal targets will be paid.

Total variable compensation and over-achievement of quantitative targets

A quantitative financial target might be over 100 % fulfilled and in this case, the portion of the variable compensation related to this target will be paid up to 150 %, the maximum being achieved when the target fulfillment reached 120 %. However, the total variable compensation which results from the sum of the result of all quantitative and personal targets is capped at the maximum variable compensation agreed with each member of the management and may in no case exceed the total fixed compensation as defined in section 3 on page 60 and illustrated in fig.2.

Long-term component versus short-term component

Currently for Group Management, 20 % of the variable component is defined as long-term and is remunerated in the form of shares, which are blocked for three years. 80 % of the variable component is paid in cash (short-term portion). The split between long-term (20 %) and short-term (80 %) percentage of the total variable compensation of Group Management is decided periodically by the Board of Directors upon proposal of the Compensation and Nomination Committee at its own discretion.

The amount of the long-term portion of the variable bonus of each Group Management team member is divided by the grant price of the COLTENE shares. This results in the total number of shares that are granted for each Group Management team member for the reporting period. The calculation of the grant price is based on the Swiss Performance Index (SPI) of the SIX Swiss stock exchange. This calculation is defined so that if COLTENE shares outperform the SPI, Group Management members are rewarded with a larger number of shares in proportion with the outperformance and in the case of underperformance are penalized in a similar way. The shares are granted at the SPI index price based on COLTENE's share price. The grant price for the reporting period is calculated based on the year-

end share price of the reporting year. Starting 2012, the reference price for COLTENE shares and for the SPI index are reset to the year-end share price of the prior year every four years forming the bases for the following four-year period. Based on the index price, the relative performance of the SPI is applied to calculate the grant price for COLTENE shares awarded to Group Management team members.

The following formula is applied annually to calculate the grant price and the number of shares awarded:

$$\text{Grant price} = (\text{CLTN reference share price}) \times (\text{SPI at 31 December of year of the reporting period}) / (\text{SPI reference})$$

For the reporting year 2019, the following values apply:

- CLTN reference share price is the year-end share price at December 31, 2015 (CHF 60.90)
- SPI at December 31 of the reporting period is the SPI of December 2019 (12 838)
- SPI reference is the SPI at December 31, 2015 (9094)

The remuneration plan contractually agreed to by all eligible employees dictates that all rights granted in respect of a variable payment shall be immediately, automatically, and definitively forfeited in the case of termination for cause.

3.3 Contract Duration and Notice Period

Duration of term of office of the members of the Board of Directors: Each member of the Board of Directors is elected every year at the AGM for one year of service until the next AGM. Notice period for members of Group Management: no member of Group Management has a notice period that exceeds twelve months.

3.4 Other Types of Payment

There are no severance payments, payments in advance, and no specific payments for change-of-control events. In the event of a change of control, the Board of Directors decides whether there is full vesting under the long-term component of variable compensation or not.

4 Remuneration of Directors and Group Management

The tables below show the compensation paid to the members of the Board of Directors and of Group Management for the years 2018 and 2019.

Remuneration of the Board of Directors

In CHF

	Base remuneration		Other remuneration	Total
	in cash	in shares ¹	Social security ²	
2018				
Nick Huber	80 000	20 000	14 363	114 363
Erwin Locher	70 000	10 000	7 665	87 665
Jürgen Rauch	60 000	10 000	0	70 000
Matthew Robin	70 000	10 000	11 438	91 438
Astrid Waser	60 000	10 000	9 647	79 647
Roland Weiger	60 000	10 000	10 017	80 017
Allison Zwingenberger ³	15 000	2 500	2 131	19 631
Total	415 000	72 500	55 261	542 761
2019				
Nick Huber	72 000	20 000	14 366	106 366
Erwin Locher	63 000	10 000	7 444	80 444
Jürgen Rauch	54 000	10 000	0	64 000
Matthew Robin	63 000	10 000	11 445	84 445
Astrid Waser	54 000	10 000	10 024	74 024
Roland Weiger	54 000	10 000	10 024	74 024
Allison Zwingenberger	54 000	10 000	8 893	72 893
Total	414 000	80 000	62 196	556 196

¹ The number of shares granted in 2018 is calculated based on the weighted average share price of the month of May (2019: March) of the subsequent year.

² Company paid social security contribution incl. AHV, IV, and ALV.

³ On the Extraordinary General Meeting, September 14, 2018, Allison Zwingenberger was elected as a new Board member.

Remuneration of Group Management

In CHF

	Base remuneration	Variable remuneration ¹		Other remuneration		Total
	in cash	in cash	in shares ²	Social security ³	Other benefits	
2018						
Martin Schaufelberger	370 000	296 000	111 276	148 729	19 212	945 217
Other members	1 037 467	333 568	125 235	271 604	48 420	1 816 294
Total	1 407 467	629 568	236 511	420 333	67 632	2 761 511
2019						
Martin Schaufelberger	410 007	189 373	49 315	166 921	20 692	836 308
Other members	1 313 413	282 368	73 749	361 748	65 831	2 097 109
Total⁴	1 723 420	471 741	123 064	528 669	86 523	2 933 417

¹ The variable remuneration, which includes cash bonus and shares, is not paid out in the reporting period. It is accrued for and paid out in the following year based on the decision of the Board of Directors.

² The value of shares granted is calculated based on the share price at closing of the grant date. For 2018, it was March 19, 2019, and the share price was CHF 99.00. For 2019, it was February 26, 2020, and the share price was CHF 89.50.

³ Company paid social security contribution incl. pension funds payments, AHV, IV, ALV, NBU, and KTG.

⁴ In 2019, the total compensation increased due to an additional Group Management team member.

Approved remuneration of the Board of Directors and Group Management by the AGM

On March 28, 2018, the AGM had to approve the remuneration for the Board of Directors and Group Management for the financial year 2019 based on the Ordinance Against Excessive Compensation in Public Corporations (VegüV) and the Articles of Incorporation of COLTENE Holding AG of October 9, 2018.

Approved remuneration of the Board of Directors for 2019

The AGM approved an aggregate remuneration of the members of the Board of Directors of CHF 560 000 for the financial year 2019. The division into cash and shares was not part of the approval. In total, the Board of Directors received as compensation CHF 476 196 in cash and CHF 80 000 in shares.

Compensation paid to the Board of Directors in 2019 in CHF

	Approved compensation	Actual compensation
Total compensation in cash	n/a	476 196
Total compensation in shares	n/a	80 000
Overall compensation	560 000	556 196

The remuneration of the Board of Directors for 2019 was within the overall approved amount.

Approved remuneration of Group Management for 2019

The AGM approved an aggregate remuneration to Group Management of CHF 3 100 000 for the financial year 2019. In total, Group Management received as compensation CHF 2 933 417. Although the overall compensation was within the approved amount, the fixed compensation in cash of CHF 2 338 612 exceeded the amount authorized of CHF 2 100 000 for this purpose. The reason is the appointment of Stefan Helsing as member of Group Management on November 1, 2018, when the total remuneration for 2019 was already approved by the AGM on March 28, 2018. The Articles of Incorporation of COLTENE Holding AG provide for such a case in Paragraph 23 an additional amount of 150% of the average remuneration of the existing members of Group Management. Based on this rule, the maximal approved fixed remuneration for six members is CHF 2 683 000 (= CHF 2 100 000 + CHF 583 000).

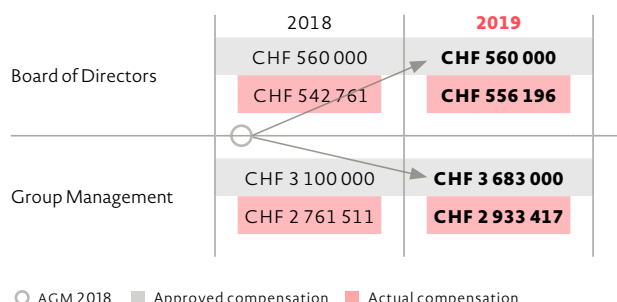
Compensation of Group Management in 2019 in CHF

	Approved compensation	Actual compensation
Total fixed compensation in cash	2 100 000	2 338 612
Additional approval of fixed compensation in cash ¹	583 000	0
Total fixed compensation incl. additional approval ¹	2 683 000	2 338 612
Total variable compensation in cash and shares	1 000 000	594 805
Overall compensation	3 683 000	2 933 417

¹ Additionally approved amount according to Paragraph 23 of Articles of Incorporation: 150% of the average compensation of the existing members of Group Management

The remuneration of Group Management for 2019 was within the approved amounts.

Compensation of the Board of Directors and Group Management



Loans

In the reporting period, no loans, advances, or credits were granted to any member of the Board of Directors or Group Management.

Number of shares held by the Board of Directors

	31.12.2019	31.12.2018
Nick Huber	14 557	14 297
Erwin Locher	5 492	6 162
Jürgen Rauch	407	277
Matthew Robin	5 365	5 235
Astrid Waser, since AGM 2017	227	97
Roland Weiger	1 328	1 198
Allison Zwingenberger ¹	32	n/a
Total Board of Directors	27 408	27 266

¹ Allison Zwingenberger was elected at the extraordinary meeting of the shareholders on September 14, 2018

Number of shares held by Group Management

	31.12.2019	31.12.2018
Martin Schaufelberger	11 799	10 675
Gerhard Mahrle	3 071	2 509
Werner Barth	1 540	1 307
Stefan Helsing, since November 1, 2018	54 170	54 079
Werner Mannschedel	2 413	2 262
Christophe Loretan	624	396
Total Group Management	73 617	71 228

5 Approval of the Compensation Report

This compensation report provides comprehensive transparency with regard to the Company's general compensation principles and in particular to the compensation of Group Management and the Board of Directors. The Board of Directors took notice of the compensation report 2019 on the Board of Directors' meeting of February 26, 2020. It will be presented to the shareholders for consultative approval at the Annual General Meeting on April 2, 2020.

Report of the Statutory Auditor

Report of the Statutory Auditor to the General Meeting of COLTENE Holding AG, Altstätten

Report of the Statutory Auditor on the Remuneration Report



We have audited the remuneration report of COLTENE Holding AG for the year ended December 31, 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables in chapter 4 on pages 63 to 65 of the remuneration report.

Board of Directors' Responsibility



The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility



Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans, and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion



In our opinion, the remuneration report for the year ended December 31, 2019, of COLTENE Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Iwan Zimmermann
Licensed audit expert
(Auditor in charge)

Pirmin Hutter
Licensed audit expert

St. Gallen, March 5, 2020

In Use in the Dental Practice



Dentist Zita Baumeler Savary in Altstätten, Switzerland, relies on COLTENE for everything from cleaning products to restoration composites like BRILLIANT EverGlow.

In Use in the Dental Practice



We Meet Our Customers' Every Dentistry Need

COLTENE's product portfolio is more extensive than ever. It now covers everything needed for root canal procedures: burs to open up a tooth, specialized tools for reaming root canals, sealers, instrument cleaning and disinfection units, and surface disinfection products for use throughout the dental practice.

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Consolidated Income Statement

In CHF 1000

	Ref.	2019	2018 (restated)
Net sales	1	273 828	203 952
Other operating income		35	34
Changes in inventories of finished goods and work in progress		-656	-4 721
Raw material and consumables used		-85 399	-56 891
Personnel expenses	2	-98 244	-72 190
Other operating expenses	4	-51 456	-39 245
Depreciation on tangible fixed assets	14	-5 447	-4 678
Amortization on intangible assets	16	-653	-886
Operating profit (EBIT)		32 008	25 375
Financial income and expenses	5	-3 868	-2 204
Net profit before tax		28 140	23 171
Income taxes	6	-8 109	-6 170
Net profit for the period	8	20 031	17 001
Earnings per share	8	CHF 3.35	CHF 3.61
Diluted earnings per share	8	CHF 3.35	CHF 3.61

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER. Prior-year figures have been adjusted accordingly (see Basis of Preparation, p. 76).
The notes are part of COLTENE Group financial statements.

Consolidated Balance Sheet

In CHF 1000

	Ref.	31.12.2019	31.12.2018 (restated)
Cash and cash equivalents		22 964	20 901
Trade accounts receivable	9	49 023	52 466
Prepaid expenses and deferred income	12	2 158	2 816
Other short-term receivables	11	5 001	5 409
Inventories	13	59 198	55 553
Current assets		138 344	137 145
Tangible fixed assets	14	47 453	42 452
Financial assets	10	390	391
Intangible assets ¹	16	2 397	1 882
Deferred tax assets ¹	7	1 245	1 621
Non-current assets		51 485	46 346
Total assets		189 829	183 491
Short-term financial liabilities	18	59 286	44 991
Trade accounts payable	19	11 888	8 529
Other short-term liabilities	20	5 680	18 047
Short-term provisions	23	1 464	836
Accrued liabilities and deferred income	21	14 865	13 988
Current liabilities		93 183	86 391
Long-term financial liabilities	18	510	5 069
Deferred tax liabilities ¹	7	2 465	1 454
Long-term provisions	3, 23	2 461	2 376
Non-current liabilities		5 436	8 899
Total liabilities		98 619	95 290
Share capital		598	598
Capital reserves		162 359	180 283
Treasury shares		-1	-303
Retained earnings ¹		-71 746	-92 377
Total equity	24	91 210	88 201
Total liabilities and equity		189 829	183 491

¹ Prior-year figures have been adjusted compared with the half-year report 2019 (refer to page 77, table "Adjustments to equity")

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER. Prior-year figures have been adjusted accordingly (see Basis of Preparation, p. 76).
The notes are part of COLTENE Group financial statements.

Consolidated Cash Flow Statement

In CHF 1000

	Ref.	2019	2018 (restated)
Net profit for the period		20 031	17 001
Depreciation of tangible fixed assets and amortization of intangible assets	14, 16	6 100	5 564
Change in provisions not affecting the fund		831	-14
Other expenses and income not affecting the fund		11 195	5 451
Change in trade accounts receivable		2 389	-5 200
Change in inventories		-4 242	5 171
Change of other short-term receivables, prepaid expenses, and deferred income		2 876	-2 427
Change in trade accounts payable		3 582	-2 866
Change in other short-term liabilities, accrued liabilities, and deferred income		-7 261	10 111
Interest paid		-781	-437
Interest received		32	28
Income tax paid		-10 967	-7 752
Cash flow from operating activities		23 785	24 630
Purchase of tangible fixed assets		-11 988	-12 431
Proceeds from sale of tangible fixed assets		44	232
Purchase of intangible assets		-1 310	-545
Proceeds from sale of financial assets		70	257
Acquisition of subsidiaries (net of cash) ¹		110	-102 949
Cash flow from investing activities		-13 074	-115 436
Proceeds from first capital increase (net of transaction costs)		0	69 546
Transaction costs of second capital increase		0	-1 571
Proceeds/Repayments of short-term financial liabilities		13 453	36 856
Proceeds/Repayments of long-term financial liabilities		-4 182	-1 639
Dividends paid to shareholders	24	-17 924	-12 654
Proceeds/purchase of treasury shares		302	-585
Cash flow from financing activities		-8 351	89 953
Effect of exchange rate changes on cash		-297	-286
Change in cash and cash equivalents		2 063	-1 139
Cash and cash equivalents at beginning of year		20 901	22 040
Cash and cash equivalents at end of year		22 964	20 901

¹ For acquisitions in 2018 please refer to pages 80 – 82.

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER. Prior-year figures have been adjusted accordingly (see Basis of Preparation, p. 76.)
The notes are part of COLTENE Group financial statements.

Consolidated Statement of Changes in Equity

In CHF 1000		Share capital	Capital reserves (Agio)	Treasury shares	Currency translation adjustments	Goodwill (offset)	Retained earnings	Total of retained earnings	Total equity
	Ref.								
31.12.2017 according to IFRS		422	0	0	-31 533	0	152 816	121 283	121 705
Effect of conversion to FER ¹		0	0	0	31 533	-41 324	-19 132	-28 923	-28 923
1.1.2018 according to FER (restated)¹		422	0	0	0	-41 324	133 684	92 360	92 782
Net profit of the period		0	0	0	0	0	17 001	17 001	17 001
Capital increase		176	182 508	0	0	0	0	0	182 684
Equity transaction costs		0	-2 225	0	0	0	0	0	-2 225
Acquisition of treasury shares		0	0	-585	0	0	0	0	-585
Disposal of treasury shares		0	0	282	0	0	0	0	282
Dividends	24	0	0	0	0	0	-12 654	-12 654	-12 654
Foreign currency differences		0	0	0	-28	0	0	-28	-28
Goodwill offset		0	0	0	0	-189 056	0	-189 056	-189 056
31.12.2018 (restated)¹		598	180 283	-303	-28	-230 380	138 031	-92 377	88 201
Net profit of the period		0	0	0	0	0	20 031	20 031	20 031
Acquisition of treasury shares		0	0	-8	0	0	0	0	-8
Disposal of treasury shares		0	0	310	0	0	0	0	310
Dividends	24	0	-17 924	0	0	0	0	0	-17 924
Foreign currency differences		0	0	0	600	0	0	600	600
31.12.2019		598	162 359	-1	572	-230 380	158 062	-71 746	91 210

¹ Prior-year figures have been adjusted compared with the half-year report 2019 (refer to page 77, table "Adjustments to equity")

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER. Prior-year figures have been adjusted accordingly (see Basis of Preparation, p. 76). The notes are part of COLTENE Group financial statements.

Notes to Group Financial Statements

General

The COLTENE Holding AG Board of Directors authorized these financial statements on February 26, 2020, for issue. The financial statements are subject to approval by the Annual General Meeting of Shareholders scheduled to take place on April 2, 2020.

Reporting Entity

COLTENE Holding AG, the holding company of the COLTENE Group ("the Group"), is a stock corporation according to Swiss Code of Obligations. The Company's legal domicile is in Altstätten, Switzerland. COLTENE Holding AG was founded on December 15, 2005, and has been listed on SIX Swiss Exchange since June 23, 2006. The Group is active in the dental consumables and small dental equipment market.

Operating Segments and Products

The Group develops, manufactures, and sells mainly via distribution channels a broad and comprehensive range of disposables, tools, and equipment for dentists and dental laboratories.

Accounting Policies

Basis of Preparation

The Group financial statements are based on the individual financial statements of the Group companies. They have been prepared in accordance with all existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated in the following consolidation and accounting policies. The financial year-end date for COLTENE Holding AG, all subsidiaries and the Group financial statements is December 31. All amounts presented are denominated in CHF thousand (except otherwise noted). Swiss francs are the functional currency of the holding company as well as the presentation currency of the Group.

The preparation of financial statements requires the use of certain critical accounting estimates which could impact the assets, liabilities, and contingent liabilities at the balance sheet date as well as income and expenses of the reporting period. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. If subsequently such judgments and estimates made by management differ

from the actual circumstances, the original judgments and estimates made are changed for the year in which the respective circumstances have occurred.

Adjustments Due to the First-Time Application of Swiss GAAP FER

As disclosed in the Annual Report 2018, the Board of Directors decided to change the accounting framework from IFRS to Swiss GAAP FER. The consolidated financial statements 2019 were prepared for the first time in accordance with the guidelines of Swiss GAAP FER. Prior period figures have been restated to conform to the presentation for the reporting period to ensure comparability and therefore, the transition from IFRS to Swiss GAAP FER took place as of January 1, 2018. The accounting and valuation principles applied for the preparation and presentation of financial statements in accordance with Swiss GAAP FER differ from the financial statements 2018, prepared in accordance with IFRS, as detailed below:

- Goodwill from acquisitions is directly offset, as at the acquisition date, with retained earnings in equity in accordance with the allowed treatment under Swiss GAAP FER 30. Under IFRS, goodwill was capitalized and not amortized; goodwill was tested for impairment annually. In addition under IFRS, all identifiable intangible assets have been valued and capitalized at the acquisition date. Under Swiss GAAP FER, any unrecognized intangible assets as per acquisition are not separated and identified and therefore allocated to goodwill. Under Swiss GAAP FER, transaction costs incurred in connection with acquisitions are treated as part of acquisition costs. Under IFRS, transaction costs were booked to the income statement.
- For Swiss pension plans an economic obligation or a benefit is determined in accordance with Swiss GAAP FER 16 from the financial statements of the pension plan prepared on the basis of Swiss GAAP FER 26. The economic impact from pension plans of foreign subsidiaries is determined in accordance with the valuation methods applied in the respective country. Under IFRS, defined benefit plans were calculated in accordance with the projected unit credit method and recognized in accordance with IAS 19.
- Under Swiss GAAP FER, significant receivables are valued individually the remaining receivables are valued using a flat rate (refer to note 9).

- The stated valuation and balance sheet adjustments have consequences for deferred income taxes in the balance sheet and income statement.
- Accumulated translation differences recognized in equity are offset with retained earnings at the date of conversion.

The presentation and structure of balance sheet, income statement, statement of equity, and cash flow statement have been adjusted to meet the requirements of Swiss GAAP FER.

The effects of the above stated adjustments on equity and net profit are shown in the following tables:

Adjustments to equity

In CHF 1000	31.12.2018	31.12.2017
Equity according to IFRS	296 170	121 705
Offset expected credit loss effect	95	
Offset goodwill from acquisitions ¹	-172 768	-39 763
Offset acquired intangible assets for trademarks, technology and customer relations ²	-60 212	-1 561
Adjustment pension assets and liabilities	5 737	6 378
Deferred tax assets and liabilities ^{2,3}	19 179	6 023
Equity according to Swiss GAAP FER (restated)²	88 201	92 782

¹ As reported in IFRS Group financial statements 2018.

² In the course of the conversion from IFRS to Swiss GAAP FER, additional intangible assets and deferred taxes have been offset against retained earnings in the balance sheet of December 31, 2017 and 2018, compared with the half-year 2019 report. As per December 31, 2018 the total net effect on equity was TCHF 332.

³ Deferred tax assets and liabilities include deferred taxes on goodwill from acquisitions, acquired intangible assets for trademarks, technology and customer relations and pension assets and liabilities.

Adjustments to net profit

In CHF 1000	2018
Net profit according to IFRS	14 911
Adjustment write-off trade accounts receivable	95
Adjustment amortization acquired intangible assets for trademarks, technology and customer relations	1 591
Adjustment personnel expense and income	-1 514
Adjustment transaction costs from acquisitions	1 525
Deferred income taxes	393
Net profit according to Swiss GAAP FER (restated)	17 001

Scope and Principles of Consolidation

The investments in subsidiaries are included in the Group financial statements as follows:

- All subsidiaries which COLTENE controls are fully consolidated. Control is usually presumed where the Group directly or indirectly owns more than 50 % of the voting rights of the subsidiaries. All of the assets and liabilities as well as the income and expenses of these companies are fully included. Minority interests in the consolidated equity and net income are shown separately. All intercompany transactions and balances as well as intercompany profits in inventory and other assets are eliminated on consolidation.
- Those companies purchased during the reporting year are included in the consolidation as at the date on which control was effectively transferred. From the date of transfer of control all previously recognized assets and liabilities as well as contingent liabilities of the Company are valued initially at fair value. Companies which have been divested during the reporting year are included in the consolidated financial statements until the date on which control ceased.
- Joint ventures and investments with voting rights between 20 % and 50 % are recognized using the equity method. They are recognized with the proportionate equity as per balance sheet date and reported under financial assets in the balance sheet and as equity investments in the notes. The proportionate share of net income is shown as income (expense) in the consolidated income statement.
- Capital consolidation is based on the purchase method (acquisition method). Acquisition costs comprise the consideration paid, including the proportion of the purchase price retained for contractual representations and warranties, transaction costs, and contingent consideration. The latter is recognized at fair value on the transaction date. The net assets acquired are revalued at the acquisition date and compared with the purchase price, only previously recognized assets are revalued. Any resulting goodwill is directly offset against equity. This approach is used for both positive and negative goodwill.

Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). Transactions conducted in foreign currencies are converted into the functional currency at the exchange rate applicable on the transaction date and re-translated at year-end, e.g. accounts receivable and payable as well as loans in foreign currencies are shown at the year-end exchange rates. Gains and losses are reported in the income statement.

The statement of balance sheet and income statement of foreign subsidiaries are converted into Swiss francs (presentation currency) upon consolidation at the rate applicable at year-end respectively at the average exchange rate for the year. Differences resulting from the conversion into the Group presentation currency are recognized in equity. In the event of a sale of a subsidiary, foreign currency differences are taken into account as part of the gain or loss resulting from the sale.

The most important exchange rates are listed below:

The most important exchange rates

	31.12.2019	Ø 2019	31.12.2018	Ø 2018
1 USD	0.9662	0.9937	0.9842	0.9786
1 EUR	1.0854	1.1125	1.1269	1.1550
1 CAD	0.7435	0.7489	0.7221	0.7554

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are shown in current liabilities in the consolidated balance sheet.

Trade Accounts Receivable

Accounts receivable in respect of deliveries and services and other accounts receivable are generally due for settlement within 30 to 60 days and therefore are all classified as current. Trade receivables and other receivables are recognized initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at nominal value less impairment, if any. Indications for impairment are: substantial financial problems of the customer, a declaration of bankruptcy, or a material delay in payment.

Inventories

Inventories are stated at the lower of weighted average cost and net realizable value. The cost of finished goods and work in progress comprises design costs, raw material, direct labor, other direct costs, and related production overheads (based on normal operating capacity). It excludes borrowing costs. Early payment discounts are treated as a deduction of the purchase price.

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Value adjustments are made for obsolete and slow-moving items.

Tangible Fixed Assets

Property, plant, and equipment are stated on the balance sheet at the purchased or manufactured cost less accumulated depreciation. Depreciation is charged using the straight-line method over the estimated useful lives of the related assets. Land is not depreciated.

Leases in which the Company holds all significant risks and rewards of ownership are classified as financial leases. The respective assets are carried as property, plant, and equipment and are depreciated. The corresponding lease obligations are shown as financial liabilities. Leasing installments are allocated accordingly to capital repayments and interest expenses.

Class	Years
Land	no depreciation
Buildings	40 to 50
Building fixtures	10 to 20
Machinery	5 to 12
Office equipment and furniture	5 to 10
Vans, means of transportations	5 to 8
IT hardware	3 to 5
Other tangible fixed assets	3 to 5

Intangible Assets

Intangible assets contain software, patents, and others. They are stated at historical costs less amortization on a straight-line basis over the useful life. Intangible assets are amortized over the following periods:

Class	Years
Licences	5 to 20
Patents and technical know-how	5 to 20
Software	3 to 5
Development cost	3 to 10
Other intangible assets	individually

Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date except for goodwill, where a previously recorded impairment is not reversed in subsequent periods.

Financial Assets

Financial assets include loans. They are valued at nominal values less any value adjustments.

Trade Accounts Payables, Financial Liabilities, and Other Liabilities

Trade payables, financial liabilities, and other liabilities are recognized at nominal value.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources which can be reliably estimated will be required to settle the obligation. Such provisions are made to cover assurance type warranties and liability claims. Provisions for restructuring measures are made as soon as the corresponding decision is taken and communicated.

Cash-out may differ from the amount provided for as it is based on assumptions and estimates available at that time.

Off-Balance-Sheet Transactions

Contingent liabilities originate from past transactions or events. The reliability of estimation and the probability of the outflow of resources do not meet the requirements to be recognized as provisions. If contingent liabilities lead to a probable outflow of resources and a reliable estimation of the outflow is possible, a corresponding provision will be recognized.

Employee Benefit Obligations

Within COLTENE Group, pension plans for employees exist in accordance with the applicable country regulations. The economic impact of these pension plans on COLTENE Group is determined annually. For Swiss pension plans, economic benefits and / or economic obligations are determined on the basis of the annual financial statement prepared in accordance with Swiss GAAP FER 26. For foreign plans, the economic impact is determined according to country-specific methods.

An economic benefit is capitalized if it is permissible and intended to use the surplus of the pension fund for the Company's future pension expense. An obligation from a pension plan is recognized when the conditions for the recognition of a provision are met. Existing employer contribution reserves are recognized as a financial asset. Changes in the economic benefit or the economic obligation are recognized in the income statement as personnel expenses.

Share-Based Payments

All members of the Board of Directors receive a fixed amount in shares with a blocking period of three years without any vesting conditions. Group Management receives a variable remuneration. Part of the variable remuneration is paid in shares with a blocking period of three years without any vesting conditions. The valuation of the shares takes place at the grant date, the related expense is recognized immediately in the income statement. For further details see pages 58 to 65 in the compensation report.

Income Taxes

All taxes payable on income for the financial year are provided for in full at the reporting date and in compliance with the applicable tax laws. According to the liability method, deferred income tax on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements at enacted or substantially enacted tax rates on reporting date is provided in full.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that future taxable profit will be available to use tax losses carried forward and temporary differences.

Net Sales

COLTENE generates revenues mainly from sales of products. These revenues are recognized upon delivery to the customer. Revenue is recorded if risks and rewards of the sold products are transferred to the customer or, when the service has been performed, depending on the terms of the sales contract. Sales are shown as a net amount in the income statement. They represent the total value of invoices to third parties reduced by sales taxes, credits for returns and reductions of revenue (primarily rebates and discounts).

Repair and Maintenance Costs

Repair and maintenance costs (included in other operating expenses) are recognized in the income statement when they occur.

Research and Development

Research costs are expensed in other operating expenses as incurred. Development costs are capitalized if they can be determined reliably and if it can be safely assumed that the project in question will be completed successfully and result in future benefits. Development costs capitalized are amortized on a straight-line basis over a maximum period of five years.

Earnings per Share

Earnings per share are calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of shares issued during the year excluding shares purchased by the Group and held as treasury shares.

Dividend and Capital Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, until paid out.

Acquisitions

Kenda AG, Vaduz (FL)

On January 1, 2018, COLTENE Holding AG acquired 100 % of the issued share capital of KENDA AG, an unlisted company headquartered in Vaduz, Liechtenstein. KENDA AG is a specialized, international manufacturer of silicone polishing instruments for dentists. The acquisition has enhanced the Group's Rotary Instruments product portfolio, technology know-how, and sales flows.

At the time of acquisition, the values of net assets according to Swiss GAAP FER were as follows:

In CHF 1000	Fair value recognized on acquisition
Cash and cash equivalents	1 376
Trade accounts receivable	141
Other receivables and prepaid expenses	45
Inventories	1 768
Current assets	3 330
Property, plant, and equipment	570
Intangible assets	0
Non-current assets	570
Total assets	3 900
Trade accounts payable	56
Other accounts payable and accruals	187
Tax liabilities	79
Current liabilities	322
Deferred tax liabilities	103
Provisions	0
Non-current liabilities	103
Total liabilities	425
Total identifiable net assets at fair value	3 475
Goodwill arising on acquisition	5 906
Purchase consideration transferred¹	9 381
Analysis of cash flow on acquisition	
Net cash acquired with the subsidiary	1 376
Cash paid	-9 149
Net cash flow on acquisition	-7 773

¹ Inclusive transaction costs of TCHF 232 (paid).

The goodwill from the acquisition of Kenda which was offset with equity is CHF 5.9 million.

SciCan Ltd., Toronto (CA), and DentalDrives GmbH, Leutkirch (D)

On October 9, 2018, COLTENE Holding AG acquired 100 % of the issued share capital of SciCan Ltd. and DentalDrives GmbH, both unlisted companies headquartered in Toronto, Canada, resp. Leutkirch, Germany. At the time of acquisition, the values of net assets according to Swiss GAAP FER were as follows:

In CHF 1000	Fair value recognized on acquisition
Cash and cash equivalents	5 039
Trade accounts receivable	13 901
Other receivables and prepaid expenses	3 183
Inventories	28 486
Current assets	50 609
Property, plant, and equipment	6 177
Intangible assets ¹	94
Deferred tax assets	1 039
Non-current assets	7 310
Total assets	57 919
Trade accounts payable	3 148
Other accounts payable and accruals	9 373
Tax liabilities	950
Provisions	513
Current liabilities	13 984
Deferred tax liabilities ¹	1 860
Financial liabilities	6 733
Provisions	1 000
Non-current liabilities	9 593
Total liabilities	23 577
Total identifiable net assets at fair value	34 342
Goodwill arising on acquisition ¹	183 150
Purchase consideration transferred²	217 492
Analysis of purchase consideration on acquisition	
Cash paid	100 215
Ordinary shares issued	112 484
Accrued consideration	3 500
Total purchase consideration	216 199
Analysis of cash flow on acquisition	
Net cash acquired with the subsidiary	5 039
Cash paid	-100 215
Net cash flow on acquisition	-95 176

¹ In the course of the conversion from IFRS to Swiss GAAP FER, intangible assets and deferred tax liabilities have been adjusted resulting in a higher goodwill in the amount of CHF 183.2 million compared with the half-year report 2019 where the stated goodwill amounted to CHF 182.7 million.

² Inclusive transaction costs of TCHF 1293 (paid).
The goodwill from this acquisition which was offset with equity is CHF 183.2 million.

The goodwill is primarily attributed to the expected synergies and other benefits from combining the assets and activities of SciCan Group and DentalDrives Group with those of the Group.

For the acquisition, a purchase price of TCHF 100 215 was paid in cash and 1 081 580 of COLTENE ordinary shares at a fair value of TCHF 104 per share were delivered to the sellers. The accrued consideration was paid to the sellers on March 6, 2019.

Significant Estimates and Judgments

The Group makes judgments and estimates concerning the future. The resulting accounting estimates therefore may not correspond to the actual results.

1 Group-Wide Information

Net Sales from Contracts with Customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major geographical regions and product lines:

Net sales by geographical regions

In CHF 1000	2019	2018
EMEA	98 252	85 291
North America	124 836	75 905
Latin America	18 089	16 677
Asia/Oceania	32 651	26 079
Net sales	273 828	203 952

Net sales by products and services

In CHF 1000	2019	2018
Infection Control	73 646	29 047
Dental Preservation	86 968	73 276
Efficient Treatment	113 214	101 629
Net sales	273 828	203 952

Net sales of TCHF 58 825 (previous year TCHF 41 373) corresponding to 21.5 % of Group net sales (previous year 20.3 %) were generated with one large distribution group. No other major customers exist.

In accordance with Swiss GAAP FER 31, the COLTENE Group has decided not to disclose detailed segment revenue. The disclosure of segment results would lead to considerable competitive disadvantages. COLTENE justifies its decision based on the following considerations:

- The main competitors of the COLTENE Group do not disclose segment results because they are either non-public companies or the dental businesses of large public companies are far too small for the disclosure of their sales or results. COLTENE would be the only player in the market providing such detailed information.
- The disclosure of segment information of the COLTENE Group would provide detailed information on margins, profitability of product groups, etc.
- Disclosing segment information would also provide information on product cost structures and pricing to competitors.

2 Personnel Expenses

The average workforce amounted to 1395 employees (previous year 1045). Detailed information on personnel expenses:

Personnel expenses

In CHF 1000	2019	2018
Wages and salaries	81 216	61 119
Other personnel expenses	17 028	11 071
Total	98 244	72 190

Personnel expenses include TCHF 310 (previous year TCHF 282) for share-based payment transactions with the Board of Directors and Group Management.

3 Pension Liabilities

To complement the benefits provided by state-regulated pension schemes, COLTENE maintains additional employee pension plans for a number of subsidiaries. In accordance with local statutory requirements, COLTENE has no obligations to these pension plans beyond the amounts recognized as liabilities in the balance sheet and beyond the regulatory contributions and any recapitalization contributions that may become necessary.

The employee benefits expenditure stated only comprises contributions made to the benefit schemes at the expense of the Company. The pension plans with surplus cover are related to the staff pension scheme of Coltène/Whaledent AG and Coltène/Whaledent Vertriebsservice und Marketing GmbH in Switzerland and Kenda AG in Liechtenstein. At December 31, 2019, the coverage rate amounted to 114.2 % for the pension schemes in Switzerland and to 110.0 % for the pension scheme in Liechtenstein.

Plan description (Switzerland)

Pension plans are regulated by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (LPP/BVG). The pension solution adopted for the Group's Swiss companies is affiliated to legally independent collective foundations or occupational benefits solutions offered by insurance companies. Plan participants are insured against the financial consequences of old age, disability, and death. The benefits are financed through regular employer and employee contributions. Employees in Switzerland are members of a multi-employer pension institution (Sammelstiftungsanschluss). The most senior governing body of the pension plan is the Board of Trustees, which consists of an equal number of employer and employee representatives.

Plan description (Principality of Liechtenstein)

The pension solution adopted for the Group's Liechtenstein company is affiliated to legally independent collective foundations or occupational benefits solutions offered by insurance companies. Plan participants are insured against the financial consequences of old age, disability, and death and the benefits are financed through regular employer and employee contributions.

Plan description (France)

Pension plans are regulated by French Law on general social security scheme (RGSS). The main post-employment defined benefit plans as adopted for the French companies concern the retirement termination benefits. Employee benefits for retirement bonuses and the agreement are based on the rights accumulated at the balance sheet date, according to the scale set out in the collective agreement or the Company-wide agreement.

4 Other Operating Expenses

Other operating expenses

In CHF 1000	2019	2018
Production expenses	9 601	7 008
Marketing	13 101	9 783
Consulting	5 179	3 642
Selling and administration expenses	23 273	18 574
Other expenses	302	238
Total	51 456	39 245

In 2019, TCHF 10 894 (previous year TCHF 8149) were spent on research and development and recorded as an expense in the income statement.

5 Financial Income and Expenses

Financial results

In CHF 1000	2019	2018
Interest income on cash and cash equivalents	32	28
Exchange rate differences and other financial income	170	141
Total financial income	202	169
Interest expenses for bank overdrafts and loans	-781	-435
Exchange rate differences and other financial expenses	-3 289	-1 938
Total financial expenses	-4 070	-2 373
Total financial result	-3 868	-2 204

Economic benefit/economic obligation and pension benefit expenses

	Surplus/ deficit		Financial share of the organization	Change vs. prior-year	Contributions in the period	Pension benefit expense as part of personnel expense	
In CHF 1000	31.12.2019	31.12.2019	31.12.2018	2019	2019	2019	2018
Pension funds without surplus/deficit	0	0	0	0	2 218	2 218	1 649
Pension funds without own assets	0	1 070	957	74	89	163	96
Total	0	1 070	957	74	2 307	2 381	1 745

6 Tax Expenses

Tax expenses comprise the following positions:

Tax expenses		
In CHF 1000	2019	2018
Current taxes	7 141	6 995
Deferred taxes	968	-825
Total	8 109	6 170

Tax expenses can be analyzed as follows:

Tax expenses		
In CHF 1000	2019	2018
Net profit before tax expenses	28 140	23 171
Tax expenses at applicable tax rate of 22.2 % (18.6 %)	6 242	4 303
Effects of non-tax-deductible expenses	623	230
Effects of tax-exempt income/ income taxed at another rate	-304	750
Effects of tax loss not capitalized in current year	716	597
Effects of tax loss used not capitalized in prior-years	0	-125
Effects of change in tax rate on deferred taxes	-129	222
Effects of revaluation of DTAs	108	0
Tax adjustments prior-years	-106	53
Withholding tax not refundable	869	0
Other impacts	90	140
Actual tax expense	8 109	6 170
Effective tax rate in %	28.8 %	26.6 %

The applicable tax rate represents a weighted average rate based on all Group companies. Compared to last year, the applicable tax rate increased from 18.6 % to 22.2 %. This increase is mainly due to the weighting of earnings of entities with higher tax rates.

Tax expenses of TCHF 8109 represent an effective tax rate of 28.8 % (previous year 26.6 %) of net profit before tax. For 2019, the difference between applicable and effective tax rate relates to various items (e.g. not capitalized tax losses, non-refundable withholding taxes, non-tax-deductible expenses, etc.).

The Group has the following tax-relevant losses to be carried forward:

Tax losses		
In CHF 1000	2019	2018
Tax losses capitalized		
Expiration between 1 and 5 years	336	221
Expiration over 5 years	496	717
Total	832	938
Deferred tax assets of capitalized tax losses		
Expiration between 1 and 5 years	104	51
Expiration over 5 years	121	166
Total	225	217
Tax losses not capitalized		
Expiration between 1 and 5 years	0	0
Expiration over 5 years	28 198	25 674
Total	28 198	25 674
Estimated tax effect of not capitalized tax losses		
Expiration between 1 and 5 years	0	0
Expiration over 5 years	8 618	7 856
Total	8 618	7 856

Tax losses capitalized in 2019 are largely attributable to the Group company in India. Tax losses not capitalized are mainly attributable to Brazil and Germany. It is not probable that these losses can be utilized and were therefore not capitalized in accordance with Group policy.

7 Deferred Taxes

Deferred tax assets and liabilities are based on the valuation differences between Group valuation and tax valuation in the following financial position. For the calculation of deferred income taxes in the consolidated balance sheet, the expected tax rate per tax subject is applied.

Deferred tax details

In CHF 1000	2019		2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Receivables and accruals	166	256	376	248
Inventories	1 763	396	2 050	636
Property, plant, and equipment	0	2 366	0	2 037
Intangible assets	0	46	0	13
Provisions	591	71	526	68
Deferred taxes from losses carried forward	225	0	217	0
Deferred taxes on equity reserves	0	830	0	0
Offset of deferred assets and liabilities	-1 500	-1 500	-1 548	-1 548
Total	1 245	2 465	1 621	1 454

8 Earnings per Share

Net profit amounts to TCHF 20 031 (previous year TCHF 17 001). Earnings per share (EPS) are calculated as follows:

Earnings per share

	2019	2018
Weighted number of shares issued at 31.12. ¹	5 974 802	4 713 749
Earnings per share (based on net profit for the period)	CHF 3.35	CHF 3.61
Diluted earnings per share (based on net profit for the period)	CHF 3.35	CHF 3.61

¹ The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions and the capital increase in prior-year.

9 Trade Accounts Receivable

Trade accounts receivable

In CHF 1000	2019	2018
Trade accounts receivable from third parties (gross)	50 126	53 615
Allowance	-1 103	-1 149
Total trade accounts receivable (net)	49 023	52 466

Trade accounts receivable (gross) by maturity

In CHF 1000	2019	2018
Not due	35 852	37 414
Past due 1 to 30 days	8 987	12 516
Past due 31 to 60 days	1 869	1 262
Past due 61 to 90 days	345	245
Past due 91 to 120 days	361	522
Past due over 120 days	2 712	1 656
Total	50 126	53 615

Trade accounts receivable by maturity including allowance

In CHF 1000	2019	2018
Not due	35 615	37 174
Past due 1 to 30 days	8 976	12 467
Past due 31 to 60 days	1 867	1 239
Past due 61 to 90 days	332	244
Past due 91 to 120 days	338	507
Past due over 120 days	1 895	835
Total	49 023	52 466

As per December 31, 2019, no trade accounts receivable are pledged (previous year also none).

10 Financial Assets

Financial assets

In CHF 1000	2019	2018
Loan to third parties	390	391
Total financial assets	390	391

11 Other Short-Term Receivables

Other short-term receivables

In CHF 1000	2019	2018
Net VAT/Tax receivables	3 600	2 904
Wage and T&E expenses advances	112	126
Prepayments for suppliers	432	763
Deposits	485	414
Other short-term receivables	372	1 202
Total	5 001	5 409

12 Prepaid Expenses and Deferred Income

Prepaid expenses and deferred income

In CHF 1000	2019	2018
Prepaid personnel expenses	53	34
Prepaid insurance costs	241	650
Prepaid license fees	351	260
Prepaid exhibition and marketing expenses	726	1 332
Other prepaid expenses and deferred income	787	540
Total	2 158	2 816

13 Inventories

Inventories are as follows:

Inventories (net)

In CHF 1000	2019	2018
Raw materials	24 561	19 931
Trade merchandise	13 713	8 333
Work in progress	19 596	12 329
Finished goods	10 654	20 276
Prepayments to suppliers	880	16
Total inventories gross	69 404	60 885
Allowances	-10 206	-5 332
Total inventories net	59 198	55 553

No inventories are pledged neither at December 31, 2019, nor 2018.

14 Property, Plant, and Equipment

Gross values

In CHF 1000	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2017	44 717	3 541	44 300	2 606	95 164
Additions – business combinations	4 441	661	1 644	1	6 747
Additions	1 347	0	1 372	9 994	12 713
Disposals	-688	-1	-1 045	-17	-1 751
Currency effects	-367	-16	-237	-3	-623
Reclassification	351	0	331	-688	-6
Value 31.12.2018	49 801	4 185	46 365	11 893	112 244
Additions	3 202	0	5 756	2 382	11 340
Disposals	-3 000	0	-1 504	-25	-4 529
Currency effects	-909	-26	-583	-61	-1 579
Reclassification	1 127	-877	11 222	-11 471	1
Value 31.12.2019	50 221	3 282	61 256	2 718	117 477

Accumulated depreciation

In CHF 1000	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2017	37 083	820	28 848	0	66 751
Depreciation	2 498	52	2 128	0	4 678
Disposals	-296	0	-1 019	0	-1 315
Currency effects	-265	7	-64	0	-322
Value 31.12.2018	39 020	879	29 893	0	69 792
Depreciation	2 843	0	2 604	0	5 447
Disposals	-2 815	0	-1 383	0	-4 198
Currency effects	-686	8	-339	0	-1 017
Reclassification	-41	-866	907	0	0
Value 31.12.2019	38 321	21	31 682	0	70 024

Net values

In CHF 1000	Machinery and equipment	Land	Buildings (incl. inst.)	Assets under construction	Total
Value 31.12.2018	10 781	3 306	16 472	11 893	42 452
Thereof in finance lease value 31.12.2018	996	0	0	0	996
Value 31.12.2019	11 900	3 261	29 574	2 718	47 453
Thereof in finance lease value as of 31.12.2019	615	0	0	0	615

Contractual Commitments

As per December 31, 2019, no significant contractual commitments to acquire fixed assets were entered into apart from short-term commitments assumed in the normal course of business (previous year TCHF 851).

Finance Lease

The carrying value of plant and machinery held under finance leases and hire purchase contracts at December 31, 2019, was TCHF 615. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Pledged Assets

No other property, plant and equipment was pledged as of December 31, 2019 and 2018.

15 Operating Leasing

Operating leasing and rental commitments not recognized in the balance sheet are as follows:

Leasing

In CHF 1000	2019	2018
Not later than 1 year	2 622	2 751
1 to 5 years	8 434	7 888
Later than 5 years	2 115	4 398
Total	13 171	15 037
Total later than 1 year	10 549	12 286

For 2019, lease expenses amounted to TCHF 3882 (previous year TCHF 2467).

16 Intangible Assets

Gross values

In CHF 1000

	Software	Patents and technical know-how	Licences	Trademarks and publishing rights	Development cost ¹	Other intangible assets	Total
Value 31.12.2018	7 852	294	301	282	1 337	297	10 363
Additions	657	2	0	0	535	0	1 194
Disposal	-13	0	0	0	0	0	-13
Currency effects	-66	-33	-9	-5	-39	-61	-213
Reclassification	0	0	0	0	0	0	0
Value 31.12.2019	8 430	263	292	277	1 833	236	11 331

Accumulated amortization

In CHF 1000

	Software	Patents and technical know-how	Licences	Trademarks and publishing rights	Development cost	Other intangible assets	Total
Value 31.12.2018	7 182	240	279	200	299	281	8 481
Amortization	346	10	16	27	223	31	653
Disposal	-8	0	0	0	0	0	-8
Currency effects	-64	-27	-9	-4	-12	-76	-192
Reclassification	0	0	0	0	0	0	0
Value 31.12.2019	7 456	223	286	223	510	236	8 934

Net values

In CHF 1000

	Software	Patents and technical know-how	Licences	Trademarks and publishing rights	Development cost	Other intangible assets	Total
Value 31.12.2018	670	54	22	82	1 038	16	1 882
Value 31.12.2019	974	40	6	54	1 323	0	2 397

¹ Development cost charged from third parties.

No impairment was recognized for the periods presented.

17 Theoretical Goodwill

The goodwill of a purchased consolidated company is offset with equity at the date of the acquisition. The theoretical amortization of the goodwill is over the useful life of five years. A theoretical capitalization of the goodwill would have the following impact on the consolidated financial statements:

Theoretical goodwill

In CHF 1000	2019	2018
Value as of 1.1.	230 380	41 324
Additions from acquisitions ¹	0	189 056
Cost (gross) as of 31.12.	230 380	230 380
Accumulated translation adjustments	-3 671	-8 004
Value as of 31.12.	226 709	222 376

In CHF 1000	2019	2018
Accumulated amortization as of 1.1.	-47 908	-40 534
Amortization	-37 997	-7 374
Accumulated amortization as of 31.12.	-85 905	-47 908

Theoretical book values net

In CHF 1000	2019	2018
As of 1.1.	174 468	790
As of 31.12.	140 804	174 468

Effect on income statement

In CHF 1000	2019	2018
Net profit	20 031	17 001
Amortization Goodwill	-37 997	-7 374
Theoretical net profit incl. amortization of goodwill	-17 966	9 627

Theoretical book values net

In CHF 1000	2019	2018
Equity according to balance sheet	91 210	88 201
Theoretical capitalization of net book value of goodwill	140 804	174 468
Theoretical equity incl. net book value of goodwill	232 014	262 669

¹ Goodwill arising on acquisitions in 2018 (see pages 80–82).

18 Financial Liabilities

The following tables show details of current bank loans as well as of non-current bank loans. Book values are equal to fair values.

Financial liabilities

In CHF 1000	2019	2018
Bank loans	59 005	44 991
Leasing liabilities	281	0
Total current financial liabilities	59 286	44 991
Bank loans	153	4 073
Leasing liabilities	357	996
Total non-current financial liabilities	510	5 069
Total financial liabilities	59 796	50 060

Remaining life

In CHF 1000	2019	2018
<1 year	281	0
1–5 years	510	5 069
Total non-current financial liabilities	791	5 069

Current bank loans

In CHF 1000					2019
Maturity		Currency	Interest rate		
29.01.2020	unsecured	USD	2.56 %		2 417
19.02.2020	unsecured	USD	2.54 %		966
31.01.2020	unsecured	USD	2.65 %		1 449
03.02.2020	unsecured	USD	2.65 %		1 111
31.01.2020	unsecured	USD	2.60 %		676
29.01.2020	unsecured	USD	2.82 %		676
31.01.2020	unsecured	BRL	2.35 %		48
31.01.2020	unsecured	BRL	2.40 %		12
06.03.2020	unsecured	CHF	0.70 %		50 000
06.01.2020	unsecured	CHF	0.72 %		1 500
01.07.2020	unsecured	EUR	1.35 %		18
31.12.2020	unsecured	EUR	0.70 %		32
31.12.2020	unsecured	EUR	0.30 %		54
31.12.2020	unsecured	EUR	1.35 %		36
31.03.2020	unsecured	EUR	0.00 %		10
Total					59 005

Non-current bank loans

In CHF 1000					2019
Maturity		Currency	Interest rate		
13.06.2022	unsecured	EUR	0.70 %		49
17.07.2022	unsecured	EUR	0.30 %		83
20.07.2021	unsecured	EUR	1.35 %		21
Total					153

Current bank loans

In CHF 1000

Maturity		Currency	Interest rate	2018
31.01.2019	unsecured	USD	0.03 %	2 460
31.01.2019	unsecured	USD	0.03 %	1 476
31.01.2019	unsecured	USD	0.03 %	1 132
31.01.2019	unsecured	USD	0.02 %	689
31.01.2019	unsecured	USD	0.03 %	689
31.12.2018	unsecured	INR	11.50 %	435
31.01.2019	unsecured	BRL	2.35 %	76
10.01.2019	unsecured	CHF	0.01 %	34 000
31.01.2019	unsecured	CHF	0.01 %	4 000
23.05.2019	unsecured	EUR	2.50 %	10
22.03.2019	unsecured	EUR	1.35 %	7
05.04.2019	unsecured	EUR	1.25 %	10
31.03.2019	unsecured	EUR	1.30 %	7
Total				44 991

Non-current bank loans

In CHF 1000

Maturity		Currency	Interest rate	2018
09.04.2023	unsecured	EUR	0.30 %	200
15.06.2022	unsecured	EUR	0.70 %	116
10.01.2022	unsecured	EUR	1.35 %	94
31.03.2020	unsecured	EUR	0.32 %	54
07.07.2020	unsecured	EUR	1.35 %	51
31.10.2021	unsecured	CAD	2.69 %	3 555
13.05.2020	unsecured	CAD	0.90 %	3
Total				4 073

Total uncommitted credit lines amount to TCHF 150 811 (previous year TCHF 150 919) of which 39 % are used (previous year 30 %). Covenants exist for selected bank loans. Covenants were met for both periods.

Total committed credit lines amount to TCHF 75 000 (previous year 75 000) of which TCHF 50 000 are used (previous year 34 000). Covenants were met for both periods.

The Group intends to repay the bank loans of TCHF 59 005 within less than twelve months and to finance cash needs by renewing existing bank loans and by additional bank loans out of existing credit lines.

19 Trade Accounts Payable

Trade accounts payable

In CHF 1000	2019	2018
Trade accounts payable from third parties	11 888	8 529
Total trade accounts payable (net)	11 888	8 529

All accounts payable to suppliers fall due and will be paid within 120 days.

20 Other Short-Term Liabilities

Other short-term liabilities

In CHF 1000	2019	2018
Net VAT obligations	1 271	1 483
Current income tax obligations	1 185	4 002
Prepayments from customers	271	2 944
Reclassification of accounts receivables	713	2 479
Other short-term liabilities	2 240	7 139
Total	5 680	18 047

21 Accrued Liabilities and Deferred Income

Accrued liabilities and deferred income

In CHF 1000	2019	2018
Accrued bonus, vacations, payroll taxes	6 608	6 677
Accrued sales bonus	1 586	2 127
Accrued social security	937	418
Accrued outstanding invoices	894	739
Other accrued liabilities and deferred income	4 840	4 027
Total	14 865	13 988

22 Derivative Financial Instruments

Derivative financial instruments

In CHF 1000	Market value 2019		Market value 2018	
	Negative	Positive	Negative	Positive
Currency-related instruments				
Fair value (included in other accounts payable and accruals).	-19	39	-35	18

Forward exchange rate contracts by currencies

	2019	2018
EUR	6 305	7 212
GBP	-386	-754
USD	871	1 773

The tables show the contract or underlying principal amounts and fair values of derivative financial instruments analyzed by type of contract at December 31, 2019 and 2018. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31, 2019 and 2018. TCHF 0 (previous year 3901) are related to liabilities from refund liabilities.

23 Provisions

The column “Provision for guarantees & other provisions” mainly contains provisions for estimated guarantees for product repairs or product replacement based on past experience for guarantee claims that cannot be insured and are based on the assessment of specific cases. The column “Provision for legal cases” covers the risk of litigation and employment contract termination benefits. For short-term provisions, a capital outflow is expected within one year. A capital outflow from long-term provisions is expected in the next one to five years.

Provisions are as follows:

Provisions

In CHF 1000	Provision for guarantees & other provisions	Provision for employee benefit obligations	Provision for legal cases	Total
31.12.2017	370	168	446	984
Additions – business combinations	1 547	927	0	2 474
Additions	271	28	49	348
Reversals	-259	-163	-104	-526
Used	-2	0	0	-2
Currency effects	-50	-3	-13	-66
31.12.2018	1 877	957	378	3 212
Additions	766	252	134	1 152
Reversals	-57	-101	-55	-213
Used	-108	0	0	-108
Currency effects	-73	-38	-7	-118
Reclassification	162	0	-162	0
31.12.2019	2 567	1 070	288	3 925

Provision by maturity

In CHF 1000	Provision for guarantees & other provisions	Provision for employee benefit obligations	Provision for legal cases	Total
31.12.2018				
Short-term provisions	671	0	165	836
Long-term provisions	1 206	957	213	2 376
31.12.2019				
Short-term provisions	1 228	0	236	1 464
Long-term provisions	1 339	1 070	52	2 461

24 Equity

The share capital represents the capital of COLTENE Holding AG. Treasury stock on December 31, 2019, included 14 shares (previous year 3265).

Treasury shares

in CHF	2019		
	Number	Transaction price (Ø)	Net market value
As of 1.1.	3 265	92.90	303 324
Acquisitions	80	99.10	7 928
Disposals	-3 331	93.05	-309 944
As of 31.12.	14	93.43	1 308

in CHF	2018		
	Number	Transaction price (Ø)	Net market value
As of 1.1.		0.00	
Acquisitions	6 200	94.36	585 045
Disposals	-2 935	95.99	-281 722
As of 31.12.	3 265	92.90	303 324

On September 27, 2018, COLTENE Holding AG completed the first capital increase to partially finance the acquisition of SciCan Ltd. and DentalDrives GmbH. The Company issued 675 000 shares with a par value of CHF 0.10 each as part of a rights offering "at market" to existing and new shareholders at an offer price of CHF 104.00. COLTENE Holding AG generated gross proceeds of CHF 70 200 000. This corresponded to net proceeds of CHF 69 546 000. The listing and first day of trading of the offer shares were set to September 28, 2018. The payment of the offer price against delivery of offer shares was made on October 2, 2018. On the closing date of the transaction, on October 9, 2018, to further finance the transaction, the Company issued 1 081 580 consideration shares with a par value of CHF 0.10 each at an issue price of CHF 104 to the sellers of SciCan Ltd. and DentalDrives GmbH as part of a contribution in kind capital increase (second capital increase). At the fair value of CHF 104, the consideration shares amounted to TCHF 112 484. The transaction cost for this second capital increase amounted to TCHF 1571. The sellers (Arthur Zwingenberger's Arno Holding S.à.r.l. and Stefan Helsing) held thereafter 18.1% of the total capital and voting rights of COLTENE Holding AG after completion of the transaction. These consideration shares were locked up for a period of twelve months.

After the completion of both capital increases, the share capital of COLTENE Holding AG amounted to CHF 597 558, divided into 5 975 580 registered shares with a par value of CHF 0.10 each.

The outstanding capital consists of 5 975 580 (previous year 5 975 580) registered shares of CHF 0.10 (previous year CHF 0.10) par value per share. All shares are issued and fully paid. There is no additional conditional capital. Until September 13, 2020, an amount not exceeding CHF 6842 (corresponding to 68 420 shares) exists as authorized capital (see page 35 for further explanations).

TCHF 2225 of equity issue costs have been deducted from the proceeds of the capital increase and been taken to capital reserves.

The distribution of CHF 3.00 per share will be proposed to the General Meeting on April 2, 2020.

The non-distributable reserves amounted to TCHF 1542 as at December 31, 2019.

Based on the General Meeting decision on April 30, 2019, the Company paid out from capital contribution reserves CHF 3.00 (previous year CHF 3.00 paid as dividend) per share to its shareholders on May 7, 2019. The total amount paid was TCHF 17 924 (previous year TCHF 12 654).

25 Transactions with Related Parties

Related parties (persons and companies) are board members, members of Group management, pension funds, important shareholders and companies controlled by them. Transactions with related parties are generally conducted based on usual market conditions.

Relationships with Related Parties

General Disclosures

Group Management

In the reporting period and the prior-year period, the members of Group Management received no other payments or remuneration except the ordinary remuneration as explained in the compensation report on page 58 to 65 and in the notes to the closing of COLTENE Holding AG on page 102. In the years under review, the members of Group Management and related persons did not receive any other compensation for additional services for COLTENE Holding AG or one of its subsidiaries.

Board of Directors

In the reporting period and the prior-year period, the members of the Board of Directors received no other payments and remuneration except the ordinary remuneration as explained in the compensation report on page 58 to 65 and in the notes to the closing of COLTENE Holding AG on page 102. All Board members are non-executive and have no material business interest with the COLTENE Group. In 2018, the law firm Lenz & Staehelin, Zurich, where Astrid Waser is partner, received CHF 790 000 (2019: CHF 13 000) for legal advice. Lenz & Staehelin acted as an advisor to the Board of Directors and Group Management during the transaction (due diligence, transaction agreement, capital increases, bank financing) in regard of the acquisitions of Kenda, SciCan Ltd., and Dental-Drives GmbH.

In the years under review, the members of the Board of Directors and related persons did not receive any compensation for additional services for COLTENE Holding AG or one of its subsidiaries.

Loans to Directors and Group Management

In the years under review, COLTENE Holding AG or its subsidiaries did not grant any loans, credits, guarantees, or advances to the members of the Board of Directors, Group Management or related persons to them.

Pension funds

Depending on the local legislation in the countries of the COLTENE Group companies, various pension schemes are existing. In the periods under review, there were no extraordinary transactions between the pension funds and the related group companies except the payments of the ordinary annual contributions.

Tax claim

A tax audit conducted in 2019 at Micro-Mega SA led to a tax liability from the years prior to the acquisition by COLTENE. The sellers of Micro-Mega are liable for this tax liability. Therefore Coltène/Whaledent AG (buyer of Micro-Mega) booked a claim against the sellers of which one is a major shareholder of COLTENE Holding AG in the amount of TCHF 372 in the year under review.

Business Relationships with Related Parties

Business transactions with other related parties in the year under review and the prior year were as follows:

Payables to the sellers of SciCan Ltd. and DentalDrives GmbH

In order to settle the final purchase price of the acquisition of SciCan Ltd. and DentalDrives GmbH COLTENE Holding AG booked a liability of CHF 3,5 million in favor of the sellers of which one is a major shareholder of COLTENE Holding AG. In the year under review, this amount was settled.

In CHF 1000	2019	2018
Payable to sellers (accrued consideration)	0	3 500

Rent of production, warehouse and office buildings

The COLTENE group rented production, warehouse and office space from companies that are controlled by a major shareholder of COLTENE Holding AG. The rent includes also additional services provided by the lessor, such as accounting and administrative services.

In CHF 1000	2019	2018
Rent of production and office buildings	1 002	202

The conditions of the leasing contracts are based on usual market conditions. The rental agreement for the production and office building in Toronto ends on December 31, 2026. The total duration is ten years and the annual rent will increase in average by 2.1% until the expiry of the rental agreement.

Loans

In the period under review, a COLTENE group company paid back a loan to a company held by a major shareholder of COLTENE Holding AG. The interest paid was the same that the receiving company paid for the same loan to a bank. Therefore, the conditions were at arm's length.

In CHF 1000	2019	2018
Interest paid	28	29
Loan repayments	4 094	120
Loan balance due at the end of the reporting period	0	4 042

Suppliers

A COLTENE group company maintains a business relationship with a company held by a major shareholder of COLTENE Holding AG. COLTENE buys parts from the respective supplier at market conditions that other suppliers can provide also.

In CHF 1000	2019	2018
Annual purchase value	2 619	328
Payables	17	190

26 Subsequent Events

As per the release date of this Annual Report, the Board of Directors and the Executive Management were not aware of any further important events subsequent to the reporting date.

Group Companies

Company	Activity	Currencies	Registered capital	Group ownership 2019	Group ownership 2018	Consolidation principles ⁵
Coltène/Whaledent AG, Altstätten CH	1	CHF	1 600 000	100 %	100 %	F
Coltène/Whaledent Vertriebsservice und Marketing GmbH, Altstätten CH	2	CHF	20 000	100 %	100 %	F
Coltène/Whaledent GmbH + Co. KG, Langenau DE	1	EUR	1 850 000	100 %	100 %	F
Dentalia Kft., Bicske HU	1	HUF	3 000 000	100 %	100 %	F
ROEKO Verwaltungs GmbH, Langenau	4	EUR	30 000	100 %	100 %	F
Coltène/Whaledent Ltd., Burgess Hill GB	2	GBP	200 000	100 %	100 %	F
Coltène/Whaledent S.à.r.l., Lezennes FR	2	EUR	503 000	100 %	100 %	F
Coltène Italy S.r.l., Milano IT	2	EUR	10 000	100 %	100 %	F
Coltène Iberia S.L., Madrid ES	2	EUR	10 000	100 %	100 %	F
Coltene Turkey Diş Sağlığı Ürünleri Ltd. Şti, Istanbul TR	2	TRY	20 000	100 %	100 %	F
Coltène/Whaledent Dental Materials & Equipment Trading Co. Ltd, Beijing CN	3	CNY	10 000 000	100 %	100 %	F
Coltène/Whaledent Private Limited, Mumbai IN	3	INR	64 800 000	100 %	100 %	F
Coltene Japan LLC, Tokyo JP	3	JPY	1 400 000	100 %	100 %	F
Coltene Australia Pty Ltd., Sydney AU	3	AUD	15 000	100 %	100 %	F
DentalDrives GmbH, Leutkirch DE	4	EUR	100 000	100 %	100 %	F
Micro-Mega International, Besançon FR	4	EUR	419 700	100 %	100 %	F
Micro-Mega SA, Besançon FR	1	EUR	2 900 000	100 %	100 %	F
Coltène/Whaledent Inc., Cuyahoga Falls US	1	USD	8 400 000	100 %	100 %	F
Diatech Inc., Mount Pleasant US	3	USD	100 000	100 %	100 %	F
Vigodent SA Indústria e Comércio, Rio de Janeiro BR	1	BRL	54 677 752	100 %	100 %	F
Kenda AG, Vaduz FL	1	CHF	50 000	100 %	100 %	F
SciCan Ltd., Toronto CAN	1	CAD	729	100 %	100 %	F
SciCan Medtech AG, Zug CH	3	CHF	100 000	100 %	100 %	F
SciCan Inc., Canonsburg PA	3	USD	100	100 %	100 %	F
SciCan GmbH, Leutkirch DE	3	EUR	25 564	100 %	100 %	F
SciCan Real Estate, Leutkirch DE (in liquidation)	4	EUR	25 564	100 %	100 %	F

¹ Production and sales of dental specialities.

² Sales services and marketing of dental specialities.

³ Sales of dental specialities.

⁴ Holding company

⁵ F = Full consolidation

Non-Swiss GAAP FER Measures as Defined by COLTENE Group

COLTENE Group uses certain non-Swiss GAAP FER metrics when measuring performance, especially when measuring current-year results against prior periods, including core results, constant currencies, free cash flow, and net debt. Despite the use of these measures by management in setting goals and measuring the Group's performance, these are non-Swiss GAAP FER measures that have no standardized meaning prescribed by Swiss GAAP FER. As a result, such measures have limits in their usefulness to investors. Because of their non-standardized definitions, the non-Swiss GAAP FER measures (unlike Swiss GAAP FER measures) may not be comparable to the calculation of similar measures of other companies. These non-Swiss GAAP FER measures are presented solely to permit investors to more fully understand how the Group's management assesses underlying performance. These non-Swiss GAAP FER measures are not, and should not be viewed as, a substitute for Swiss GAAP FER measures. As an internal measure of Group performance, these non-Swiss GAAP FER measures have limitations, and the Group's performance management process is not solely restricted to these metrics.

Growth Rate Calculation

For ease of understanding, COLTENE Group uses a sign convention for its growth rates such that a reduction in operating expenses or losses compared to the prior year is shown as a positive growth.

Free Cash Flow

Free cash flow is presented as additional information because management believes it is a useful supplemental indicator of the Group's ability to operate without reliance on additional borrowing or use of existing cash. Free cash flow is a measure of the net cash generated that is available for debt repayment and for returning to shareholders. Free cash flow is a non-Swiss GAAP FER measure, which means it should not be interpreted as a measure determined under Swiss GAAP FER. Free cash flow is not intended to be a substitute measure for cash flow from operating activities as determined under Swiss GAAP FER.

COLTENE Group's definition of free cash flow includes cash flow from operating activities and cash flow from investing activities.

Net Debt

Net debt is presented as additional information because management believes it is a useful supplemental indicator of the Group's ability to pay dividends, to meet financial commitments and to invest in new strategic opportunities, including strengthening its balance sheet. Net debt is a non-Swiss GAAP FER measure, which means it should not be interpreted as a measure determined under Swiss GAAP FER.

COLTENE Group defines net debt as current and non-current financial debt less cash and cash equivalents, current investments and derivative financial instruments.

EBITDA

COLTENE Group defines earnings before interest, tax, depreciation, and amortization (EBITDA) as operating income from continuing operations excluding depreciation of property, plant, and equipment (including any related impairment charges) and amortization of intangible assets (including any related impairment charges).

Leverage Factor

The COLTENE Group relates interest-bearing debt to EBITDA to determine the leverage factor. A leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans), or assesses the ability of a company to meet its financial obligations. The leverage ratio is important given that companies rely on a mixture of equity and debt to finance their operations and knowing the amount of debt held by a company is useful in evaluating whether it can pay its debts off as they come due.

Statutory Auditor's Report

Statutory Auditor's Report to the General Meeting of COLTENE Holding AG, Altstätten

Statutory Auditor's Report on the Audit of the Consolidated Financial Statements



As statutory auditor, we have audited the consolidated financial statements of COLTENE Holding AG, which comprise the consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes to Group financial statements (pages 72 to 94), for the year ended December 31, 2019.

Board of Directors' Responsibility



The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law.

This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility



Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss

Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion



In our opinion, the consolidated financial statements for the year ended December 31, 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on Key Audit Matters Based on the Circular 1/2015 of the Federal Audit Oversight Authority



Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Valuation of Inventory

Area of Focus

The total balances of inventory and inventory allowance as of December 31, 2019 amount to CHF 59.2 million and CHF 10.2 million, respectively, as described in note 13. We focused on this position because the gross inventory and related allowance are material to the financial statements, involve a high level of judgment and are subject to uncertainty due to market demand changes.

Our Audit Response

We assessed the process, method and assumptions used to identify slow moving, excess or obsolete items and to calculate the related allowance. We completed procedures to assess the amount of the allowance including a comparison of management's calculations for consistency against those used in the prior year.

We tested the underlying data used by management to calculate the inventory allowance, typically an aged inventory analysis with the latest movements, by re-performing the ageing calculation determined by the ERP-system. We also tested the accuracy of the calculation by assessing the calculation criteria. Furthermore, we compared the net realizable value with the carrying value for a sample of products.

Our audit procedures did not lead to any reservations relating to the method and the assumptions used to calculate the valuation of inventory.

Conversion from IFRS to Swiss GAAP FER

Area of Focus

The Group converted its consolidated financial statements from International Financial Reporting Standards (IFRS) to Swiss GAAP FER with retrospective effect from the beginning of fiscal year 2019. The amounts for fiscal year 2018 have been restated. We considered the conversion from IFRS to Swiss GAAP FER to be a key audit matter as the conversion required a reassessment of accounting policies and a restatement of comparative figures. Refer to section "Adjustments due to the first-time application of Swiss GAAP FER" of the consolidated financial statements for further information.

Our audit response

We discussed with management and assessed the Swiss GAAP FER accounting policies in comparison to the former accounting policies. We assessed the adjustments to the respective account balances in accordance with the requirements set out in Swiss GAAP FER. We also assessed the presentation and disclosures of the consolidated financial statements in accordance to Swiss GAAP FER.

Our audit procedures did not lead to any reservations concerning the conversion from IFRS to Swiss GAAP FER.

Report on Other Legal Requirements



We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Iwan Zimmermann
Licensed audit expert
(Auditor in charge)

Pirmin Hutter
Licensed audit expert

St. Gallen, March 5, 2020

Income Statement COLTENE Holding AG

In CHF	2019	2018
Dividend income	14 288 920	10 921 700
Other financial income	554 080	293 425
Total income	14 843 000	11 215 125
Financial expenses	-677 029	-352 199
Personnel expenses	-665 125	-621 078
Other operating expenses	-583 733	-1 335 731
Impairment loss on investments	-7 600 000	0
Tax expenses	-438 565	0
Total expenses	-9 964 452	-2 309 008
Profit of the year	4 878 548	8 906 117

Balance Sheet COLTENE Holding AG

In CHF	31.12.2019	31.12.2018
Cash and cash equivalents	846 298	1 873 252
Other accounts receivable from third parties	5 906	84 940
Other accounts receivable from subsidiaries	3 217 284	749 826
Current assets	4 069 488	2 708 018
Long-term receivables from subsidiaries	36 781 083	33 444 137
Investments in subsidiaries	206 912 462	214 622 365
Non-current assets	243 693 545	248 066 502
Total assets	247 763 033	250 774 520
Trade accounts payable to third parties	1 730	1 057 596
Current interest-bearing liabilities to third parties	58 794 585	44 446 445
Other accounts payable to third parties	18 563	18 564
Other accounts payable to subsidiaries	1 201 122	1 249 514
Other accounts payable to related parties	0	3 500 000
Accrued liabilities and deferred income to third parties	202 765	219 677
Short-term provisions	88 746	83 655
Current liabilities	60 307 511	50 575 451
Share capital	597 558	597 558
Legal reserves from retained earnings	84 380	84 380
Capital contribution reserves without foreign reference	49 983 127	67 907 239
Capital contribution reserves with foreign reference	101 876 508	101 876 508
Voluntary reserves from retained earnings	30 036 709	21 130 591
Treasury shares	-1 308	-303 324
Profit of the year	4 878 548	8 906 117
Total equity	187 455 522	200 199 069
Total liabilities and equity	247 763 033	250 774 520

Statements of Changes in Equity COLTENE Holding AG

In CHF	Share capital	Statutory reserves	Capital contribution reserves	Treasury shares	Net income brought forward	Total
31.12.2017	421 900	84 380	0	0	33 784 385	34 290 665
Distribution to shareholders					-12 653 793	-12 653 793
Capital increase	175 658		169 783 747			169 959 404
Change in treasury shares				-303 324	0	-303 324
Profit of the year					8 906 117	8 906 117
31.12.2018	597 558	84 380	169 783 747	-303 324	30 036 709	200 199 069
Distribution to shareholders			-17 924 112		0	-17 924 112
Change in treasury shares				302 016	0	302 016
Profit of the year					4 878 548	4 878 548
31.12.2019	597 558	84 380	151 859 635	-1 308	34 915 257	187 455 522

Notes to COLTENE Holding AG

Principals

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the Company's going concern, the Company's financial statements may be influenced by the creation and release of hidden reserves.

Financial Assets

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the rate at the balance sheet date.

Treasury Shares

Treasury shares are recognized at weighted average cost and deducted from shareholders' equity at the time of acquisition. In case of a re-sale, the gain or loss is recognized through the income statement as financial income or financial expenses.

Investments

Investments include securities with a long-term holding period and are valued individually at their acquisition cost adjusted for impairment losses. Investments are tested on an annual base for impairment needs.

Foregoing a Cash Flow Statement and Additional Disclosures in the Notes

As COLTENE Holding AG has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement and a management report in accordance with the law.

Investments in Subsidiaries

The major investments in subsidiaries are listed on page 94 of this Annual Report.

Full-time equivalents

COLTENE Holding AG has no employees

Contingent liabilities

	31.12.2019	31.12.2018
Joint and several liability from group taxation for current and future value-added tax liabilities of Coltène/Whaledent AG and Coltène/Whaledent Vertriebservice und Marketing GmbH	p. m.	p. m.

Significant investments

See list on page 94

Impairment loss on investments

The statutory book value of the investment in Vigodent SA in Brazil was impaired by CHF 7.6 Mio. in the reporting period. The business suffered mainly from negative currency developments and political and economic instability.

Treasury shares

	Average rate of transactions in CHF	Quantity
Inventory as of 1.1.2018		0
Acquisitions	94.36	6 200
Sales	95.99	-2 935
Inventory as of 31.12.2018		3 265
Acquisitions	99.10	80
Sales	93.05	-3 331
Inventory as of 31.12.2019		14

Significant shareholders*

	31.12.2019	31.12.2018
Huwa Finanz- und Beteiligungs AG, Heerbrugg	22.18%	21.98%
Arthur Zwingenberger, Luzern (PY: Arno Holding S.à.r.l., Luxembourg)	17.20%	17.20%
Rätikon Privatstiftung, Bludenz/Austria	10.18%	10.02%
Tweedy, Browne Company LLC, New York/USA	4.21%	4.80%
Credit Suisse Asset Management Funds AG, Zürich	3.49%	3.75%
Robert Heberlein, Zumikon	3.46%	3.40%
UBS Fund Management (Switzerland) AG, Zürich	3.26%	3.49%

* The Company is aware of the following registered shareholders who own over 3 % of the shares. For more details see page 33.

Number of shares held by Board of Directors

	31.12.2019	31.12.2018
Nick Huber, Chairman	14 557	14 297
Erwin Locher, member	5 492	6 162
Jürgen Rauch, member	407	277
Matthew Robin, member	5 365	5 235
Astrid Waser, member	227	97
Roland Weiger, member	1 328	1 198
Allison Zwingenberger, member ¹	32	0
Total	27 408	27 266

¹Since extraordinary GM 2018.

Number of shares held by Executive Management

	31.12.2019	31.12.2018
Martin Schaufelberger, CEO	11 799	10 675
Gerhard Mahrle, CFO	3 071	2 509
Werner Barth, Vice President Marketing	1 540	1 307
Stefan Helsing, COO	54 170	54 079
Werner Mannschedel, Vice President QM & RA	2 413	2 262
Christophe Loretan, Vice President Sales	624	396
Total	73 617	71 228

Remuneration of the Board of Directors

In CHF

	Base remuneration		Other remuneration	Total
	in cash	in shares ¹	Social security ²	
2018				
Nick Huber	80 000	20 000	14 363	114 363
Erwin Locher	70 000	10 000	7 665	87 665
Jürgen Rauch	60 000	10 000	0	70 000
Matthew Robin	70 000	10 000	11 438	91 438
Astrid Waser	60 000	10 000	9 647	79 647
Roland Weiger	60 000	10 000	10 017	80 017
Allison Zwingenberger ³	15 000	2 500	2 131	19 631
Total	415 000	72 500	55 261	542 761
2019				
Nick Huber	72 000	20 000	14 366	106 366
Erwin Locher	63 000	10 000	7 444	80 444
Jürgen Rauch	54 000	10 000	0	64 000
Matthew Robin	63 000	10 000	11 445	84 445
Astrid Waser	54 000	10 000	10 024	74 024
Roland Weiger	54 000	10 000	10 024	74 024
Allison Zwingenberger	54 000	10 000	8 893	72 893
Total	414 000	80 000	62 196	556 196

¹ The number of shares granted in 2018 is calculated based on the weighted average share price of the month of May (2019: March) of the subsequent year.

² Company paid social security contribution incl. AHV, IV, and ALV.

³ On the Extraordinary General Meeting, September 14, 2018, Allison Zwingenberger was elected as a new Board member.

Remuneration of Group Management

In CHF

	Base remuneration	Variable remuneration ¹		Other remuneration		Total
	in cash	in cash	in shares ²	Social security ³	Other benefits	
2018						
Martin Schaufelberger	370 000	296 000	111 276	148 729	19 212	945 217
Other members	1 037 467	333 568	125 235	271 604	48 420	1 816 294
Total	1 407 467	629 568	236 511	420 333	67 632	2 761 511
2019						
Martin Schaufelberger	410 007	189 373	49 315	166 921	20 692	836 308
Other members	1 313 413	282 368	73 749	361 748	65 831	2 097 109
Total⁴	1 723 420	471 741	123 064	528 669	86 523	2 933 417

¹ The variable remuneration, which includes cash bonus and shares, is not paid out in the reporting period. It is accrued for and paid out in the following year based on the decision of the Board of Directors.

² The value of shares granted is calculated based on the share price at closing of the grant date. For 2018, it was March 19, 2019, and the share price was CHF 99.00. For 2019, it was February 26, 2020, and the share price was CHF 89.50.

³ Company paid social security contribution incl. pension funds payments, AHV, IV, ALV, NBU, and KTG.

⁴ In 2019, the total compensation increased due to an additional Group Management team member.

Subsequent Events

For more information refer to page 93 at the end of the financial reporting about the COLTENE Group.

Proposed Appropriation of Disposable Profit and Dividend Distribution

In CHF	2019	2018
Allocation of the profit of the year		
Net income carried forward from prior-year	29 733 384	21 130 591
Profit of the year	4 878 548	8 906 117
Transfer to reserves for treasury stocks	302 016	-303 324
Allocation to the legal reserves	-35 132	0
Total amount at the disposal of the AGM	34 878 816	29 733 384
Dividend distribution	0	0
Balance to be carried forward	34 878 816	29 733 384
Distribution out of reserves from capital contributions		
Available reserves from capital contributions without foreign reference	49 983 127	67 907 239
Available reserves from capital contributions with foreign reference	101 876 508	101 876 508
Total available capital contribution reserves	151 859 635	169 783 747
Distribution to shareholders of CHF 3.00 per share without treasury shares from capital contribution reserves without foreign reference	0	-17 924 112
Distribution to shareholders of CHF 3.00 per share without treasury shares* from capital contribution reserves with foreign reference	-17 926 740	0
Available capital contribution reserves after distribution		
without foreign reference	49 983 127	49 983 127
with foreign reference	83 949 768	101 876 508
Total capital contribution reserves	133 932 895	151 859 635

* Amount will be adapted according to the amount of treasury shares.

Report of the Statutory Auditor

Report of the Statutory Auditor to the General Meeting of COLTENE Holding AG, Altstätten Report of the Statutory Auditor on the Financial Statements



As statutory auditor, we have audited the financial statements of COLTENE Holding AG, which comprise the income statement, balance sheet and notes (pages 98 to 103), for the year ended December 31, 2019.

Board of Directors' Responsibility



The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility



Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for

the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion



In our opinion, the financial statements for the year ended December 31, 2019, comply with Swiss law and the company's articles of incorporation.

Report on Key Audit Matters Based on the Circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of Investments

Area of Focus

The valuation of investments in accordance with the provisions of the Swiss Code of Obligations is important to our statutory audit as it represents a significant judgment area. Investments as at balance sheet date represent 83.5 % of the total assets of COLTENE Holding AG. In performing the impairment testing for investments, the company used various assumptions in respect of future market and economic conditions, market share, revenue growth and margin development.

Our Audit Response

Our audit procedures included an assessment and test of the assumptions, methodology, the weighted average cost of capital and other data used by the company, for example by comparing them to external data, such as expected inflation rates, external market growth expectations and by analysing sensitivities in COLTENE's valuation model. Furthermore, we included in our team a valuation specialist to assist us with these procedures. We specifically focused on the sensitivity by evaluating whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of the Board of Management's estimates.

Our audit procedures did not lead to any reservations relating to the used assumptions, the methodology and the weighted average cost of capital and the other data used.

Report on other Legal Requirements



We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Iwan Zimmermann
Licensed audit expert
(Auditor in charge)

Pirmin Hutter
Licensed audit expert

St. Gallen, March 5, 2020

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Disclaimer

The information made available in this Annual Report may include forward-looking statements that reflect intentions, beliefs or current expectations and projections of the COLTENE Group about future results of operations, financial conditions, liquidity, performance, and similar circumstances. Such statements are made on the basis of assumptions and expectations which may prove to be erroneous, although the COLTENE Group believes them to be reasonable at this time.

The extract of the reporting section of the Annual Report 2019 in German is the governing text.