

HELVEA Swiss Equities Conference Bad Ragaz

January 18, 2013



Leveraging the Group's Position

Safe Harbour Statement

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COLTENE at a Glance

Global dental specialist



COLTENE Centers of Competence

- Switzerland/Brazil: Chemical products
 - Polymer/chemistry products and consumables such as impression and filling materials as well as adhesives
- USA: Mechanical products
 - Mechanical/technical products and dental instruments such as root canal points, self-threading parapulpal pins, products for model-making in the dental lab, orthodontic instruments (Dentronix),
 - Patient safety/hygiene products (Hygenic), and small table-top equipment
 - Rotary instruments
- Germany: Textile/paper/hygiene
 - High-quality wadding products, highly-absorbent and resilient paper, and gutta percha points to effectively remove fluids and moisture during the preparation process of a root canal

COLTENE Production Sites (I)



Altstätten, Headquarters Switzerland

Research, development and production of:

- Prosthetic products
- Adhesive and restorative products
- Rotary instruments



Langenau Germany

Research, development and production of:

- Cotton products
- Endodontic products
- Hygiene products
- Treatment auxiliaries



Cuyahoga Falls, USA

Research, development and production of:

- Treatment auxiliaries
- Endodontic products
- Cotton products
- Hygiene products

COLTENE Production Sites (II)



Bike, Hungary

Assembly of:

- Rotary instruments
- Hygiene material
- Treatment auxiliaries



Rio de Janeiro (Vigodent), Brazil

Sales and production of:

- Prosthetic products
- Adhesive and restorative products for local market (and South America)

vigodent®
uma
empresa **COLTENE**

Comprehensive Product Portfolio

Globally marketed through sales partner



Adhesives/
Restoratives



Endodontics



Prosthetics



Rotary instruments



Treatment auxiliaries



Hygiene

Dental Consumables Market

Attractive growth perspectives

- Increasing importance of oral hygiene and aesthetic dentistry
 - Global demographic and economic trends
 - Social/lifestyle factors
- Relative stability of dental consumable market
 - Shared costs between patients and public health insurance
 - Less dependent on economic cycle compared to general dental market
- Market growth generally slightly above domestic product
 - USA 2011 = 3.8% vs. 2.1% GDP

Operational Review H1 2012

Achievements 2011

Leveraging the Group's position

- Revenue of CHF 146.1 million; reflecting organic growth of 1.6% at constant exchange rates (CER)
 - Significant currency fluctuation and inventory reductions at dealers
 - Gain of market shares in a challenging environment
- Emerging markets with strong revenue growth of 25.9%
 - 8.4% organic growth at CER
 - Concluded transition of Vigodent in Brazil
- Operating profit (EBIT) down by 33.6% to CHF 12.3 million
- Free cash flow at CHF 9.9 million
- Strong equity ratio of 63.1%
- Proposed distribution of CHF 1.10 from past capital contributions

Achievements in the First Half of 2012

Consolidated sales and operational advances

- Revenue of CHF 73.0 million; reflecting growth of 0.9% (2011 H1: 72.5 million)
- North American markets with strong revenue growth of 15.8%
- Operating profit (EBIT) 43.9% higher at CHF 6.8 million
- Net income increased to CHF 3.1 million, improving by 78.5%
- Free cash flow increased to a healthy CHF 3.0 million (2011 H1: CHF -0.8 million)
- Market approvals in further important countries for important flagship products

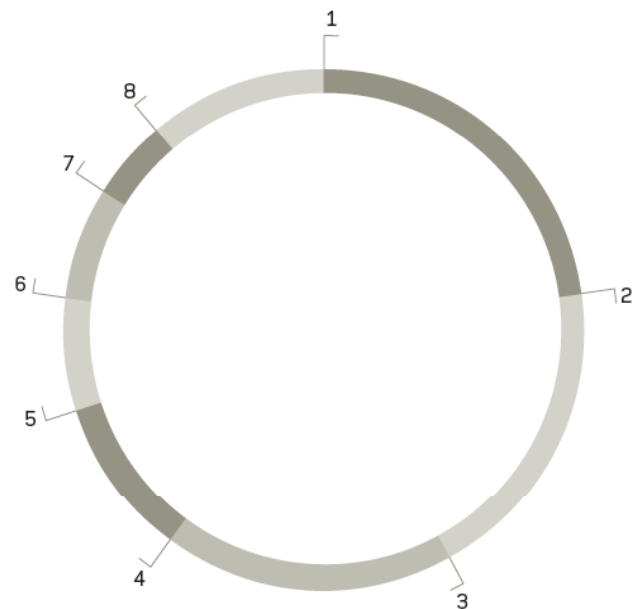
Management Actions

Leveraging the Group's expertise

- Continued introduction of flagship products
 - New composite veneer system COMPONEER™
 - HyFlex™ Controlled Memory Files
- Further improved processes and operational efficiency
 - Modified dealer purchase volume incentive schemes
 - Levering existing structures and resources
- Significant investments in business development and R&D
 - Expanding existing product groups with new components
 - Combining Vigodent's and COLTENE's product lines in Brazil
 - Enhanced customer services
- Continued roll-out of group-wide ERP system

Breakdown by Product Groups H1 2012

Increasing demand for aesthetic dentistry



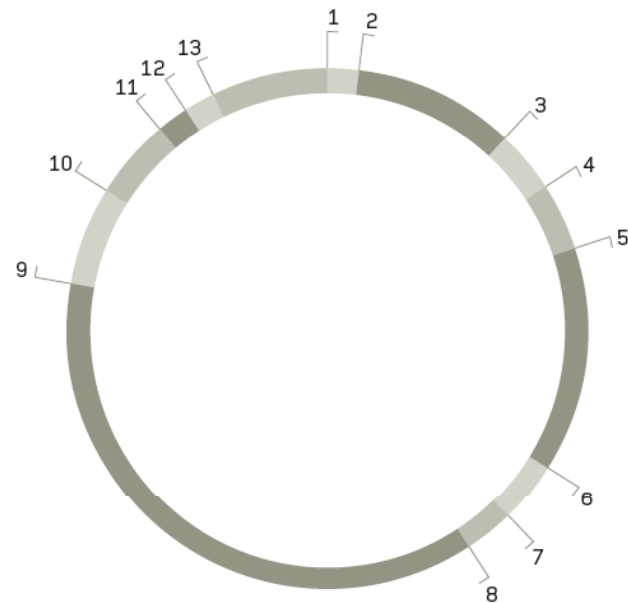
1	Restoration	23%
2	Impression	19%
3	Endodontics	18%
4	Hygiene and Surgical	10%
5	Units/Accessories	7%
6	Rotary	7%
7	Laboratory	5%
8	Miscellaneous	11%

Comments

- Both key segments, restoration and endodontics, further grew by 7.5% and 12.4% respectively
- Additional new products include SoloCem, a self-adhesive resin cement with antibacterial zinc oxide

Regional Breakdown H1 2012

Strong organic growth in emerging markets



1	Switzerland	2%
2	Germany, Austria	10%
3	Great Britain, Ireland	4%
4	France	4%
5	Other Europe	14%
6	Russia and other CIS	4%
7	Middle East and Africa	3%
8	North America	37%
9	Brazil	6%
10	Other South America	5%
11	China	2%
12	India	2%
13	Other Far East, Oceania	7%

Comments

- In the first six months 2012 the Company's geographic sales split has further changed
- European countries showed divergent developments
- The US and Canada strongly recovered from the region's previously difficult economic environment

Vigodent

Hub for supplying products to Marcosur markets

- Leverage COLTENE's position in Brazil
 - Excellent platform to exploit the attractive opportunities of the Brazilian market
- Shift of local Vigodent offering to COLTENE products with higher margins
 - Migration of local brands to COLTENE “originals” higher perceived embedded technology and bibliographical reference
- Reorganization of Vigodent remained a challenge in H1 2012
 - Achieved organizational stability
 - New management in place
 - H1 manufacturing issues identified and corresponding measures initiated



Innovative Products (I)

COMPONEER™



- New composite veneer system
- Designed for simple, safe, and time-saving restorations of front teeth
- Providing patients with a natural and aesthetic smile
- Unique one session-treatment

Innovative Products (II)

HyFlex™ Controlled Memory NiTi files



- New endodontic files
- Adjust to the given root canal anatomies
- Reduce the risks of displacement or perforation of the root canal

Innovative Products (III)

Only one can play the first violin – SoloCem



- Dual-curing, self-adhesive, zinc oxide based resin cement
- Time-saving and easy to handle
- Comprehensive range of indications
- High shear adhesion strength
- Minimal shrinkage

Financial Review H1 2012

Financial Summary H1 2012

Increased output leads to improved results

- Top-line performance
 - + 0.9% in reported Swiss Franc
 - + 2.5% at constant exchange rates
 - Dealer's inventory reductions in the amount of about CHF 2.5 million
- Operational profit
 - EBIT margin improved to 9.4% (2011 H1: 6.6%)
- Improved profit of the period and free cash flow
- Solidly financed
 - High equity ratio of 61.9%
 - Unused credit line of CHF 62 million

Income Statement H1 2012

Increased performance

In CHF million	2012 H1		% 2011 H1		% YoY***
Net Sales	73.0	100.0%	72.4	100.0%	0.9%
Changes in inventories*	5.3	7.3%	2.2	3.0%	140.9%
Raw material**	-25.3	-34.7%	-23.7	-32.7%	6.8%
Operating expenses	-43.8	-60.0%	-43.7	-60.4%	0.2%
Depr. & Amor.	-2.4	-3.3%	-2.4	-3.3%	0.0%
EBIT	6.8	9.4%	4.8	6.6%	43.9%
Exchange rate diff.	-0.7	-1.0%	-1.0	-1.4%	-30.0%
Financial inc. & exp.	-0.7	-1.0%	-0.7	-1.0%	0.0%
Tax expenses	-2.3	-3.2%	-1.3	-1.8%	76.9%
Profit for the period	3.1	4.2%	1.8	2.5%	78.5%

*: Changes in inventories of finished goods and work in progress

**: Raw material included work performed and capitalized

***: Calculated based on CHF thousands

Comments

- Net sales increased 0.9% respectively 2.5% at constant exchange rates. Without dealer's inventory reduction of CHF 2.5 million, growth would be 6.0% (CER)
- Raw material in % of net sales plus changes in inventories at 32.3%, slightly up from PY (31.8%)
- Operating expenses slightly above prior year
- EBIT with CH 6.8 million 43.9% ahead of PY
- Relatively high tax rate mainly due to Vigodent's losses not capitalized
- Net profit with CHF 3.1 million 78.5% higher than PY

Income Statement Full-year 2011

Solid performance

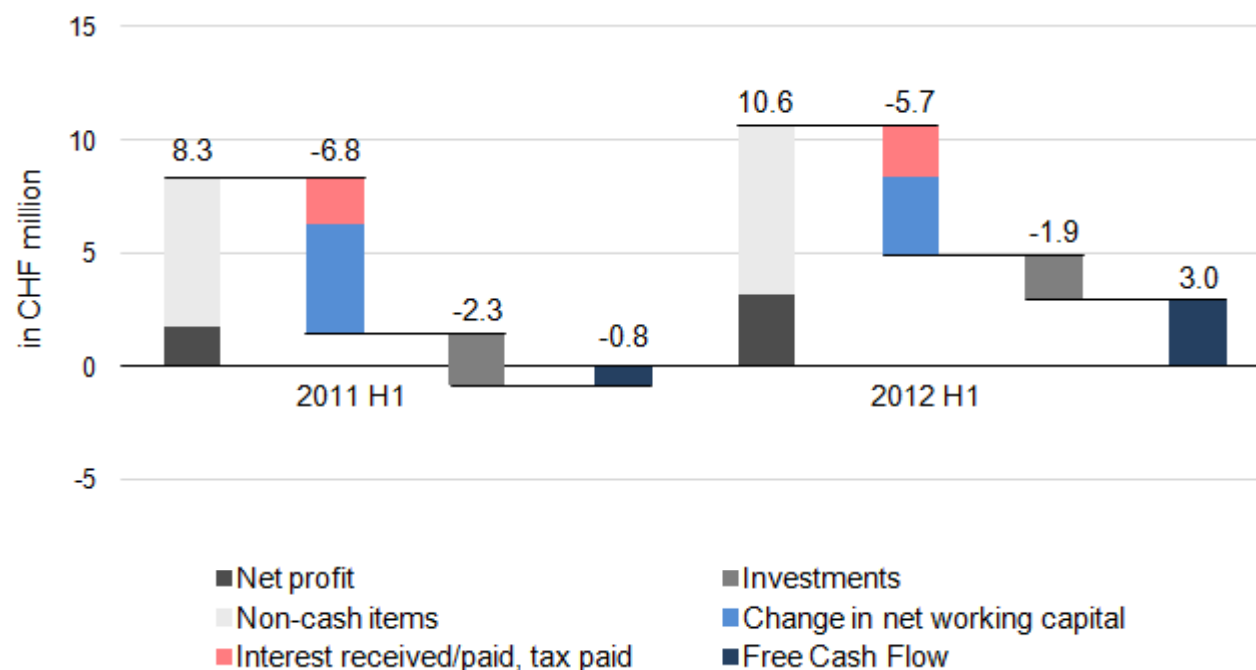
In CHF million	2011	%	2010	%	% YoY
Net Sales	146.1	100.0%	153.6	100.0%	-4.9%
Material expenses*	-44.5	-30.5%	-44.1	-28.7%	0.9%
Operating expenses	-84.4	-57.8%	-86.3	-56.2%	-2.2%
Depr. & Amor.	-4.9	-3.4%	-4.8	-3.1%	2.1%
EBIT	12.3	8.4%	18.4	12.0%	-33.6%
Financial result**	-3.3	-2.3%	-5.1	-3.3%	-35.3%
Tax expenses	-3.0	-2.1%	-4.0	-2.6%	-25.0%
Profit for the period	6.0	4.1%	9.3	6.1%	-35.5%

*: Raw materials used, changes in inventory and work performed capitalized

** : 2010 including profit from discontinued operations

Cash Flow Statement H1 2012

Free cash flow significantly higher



Comments

- Free cash flow CHF 3.0 million compared to cash drain of CHF 0.8 million PY
 - Higher net result and non cash items of CHF 10.6 million (PY: 8.3)
 - Reduced cash drain in the positions change in NWC and tax/interest payments of CHF 1.1 million to CHF 5.7 million
 - Reduced investment to CHF 1.9 million (PY 2.3)

Balance Sheet Structure

Solidly financed

In CHF million	30.06.2012	31.12.2011	Δ
Cash & cash equivalents	3.3	3.1	0.2
Receivables	33.1	34.1	-1.0
Inventory	35.5	29.9	5.6
Property, plant & equipment	29.8	30.5	-0.7
Financial, intangible & tax assets	51.3	52.3	-1.0
Total assets	153.0	149.9	3.1
Payables & short term liabilities	20.8	17.4	3.4
Bank loans	30.1	30.2	-0.1
Other long term liabilities	7.3	7.7	-0.4
Equity	94.8	94.6	0.2
Total liabilities & equity	153.0	149.9	3.1

Comments

- Increased inventory level compared to Dec 31, 2011 of CHF 5.6 million and to Jun 30, 2011 CHF 2.7 million
- Bank loans remained on same level as end of Dec 2011. Distribution to shareholders offset by free cash flow and sale of treasury shares
- Unused uncommitted credit lines of CHF 62 million
- Equity ratio with 62% remained on a high level

Growth Drivers and Outlook

Major Shifts From 2006 - 2013

Ascension to a leading player with global footprint



Gurit Heberlein

Medisize
Listing

- Sale of Medical Business
- Focus on Dental Consumables Market

- Grow core activities by acquisition, reach and innovation
- Expand dental portfolio (rotary)
- Build emerging markets

- Set-up in India and China
- Acquisition of Vigodent in Brazil

- Focus on value-based core competencies
- Leverage global sales presence and group locations
- Focus on management processes and execution

Strategic Milestones

- Focus on organic growth
 - Concentration on dental consumables
 - Development of innovative products with sustainable customer benefits
 - Improvement of productivity
- Increasing of the visibility of the brand ‘COLTENE’
 - Maintaining relations and dialogues with existing and new clients
 - Strengthening and broadening of our marketing organization
- Process improvements
 - Completion of the group’s ERP-system (SAP)
 - Internal information and know-how exchange
 - Distribution of group functions in the different currency areas

Growth Drivers (I)

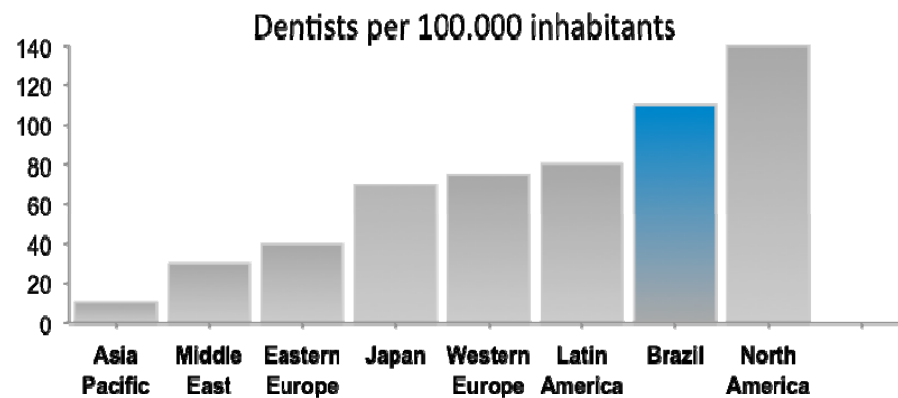
Leverage brand with innovative solutions



- For example with
 - COMPONEER™ in aesthetic dentistry, or
 - HyFlex™ in endodontics
- Innovation driven to improve the Customer value proposition
 - Outcome
 - Ease of use
 - Differentiation for the dentist towards his patient
 - Affordability

Growth Drivers (II)

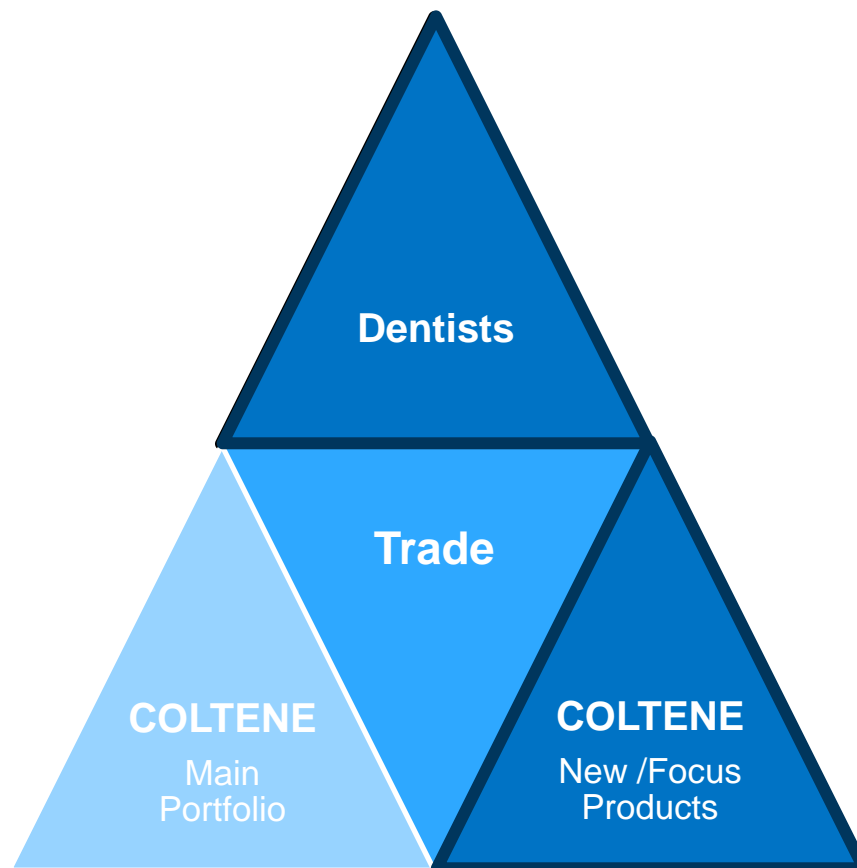
Leverage of emerging market network



- For example with
 - Vigodent in Brazil
 - Established sales networks in India and China
- Vigodent's local brands and COLTENE's global products allow for new market position and significant future growth
- Intensified marketing and sales activities in Asia with a special focus on India and China

Growth Drivers (III)

Leverage of sales and marketing organization



- For example with
 - Multi-layer marketing approach
 - Focused sales efforts
- The Coltene Sales organization promotes new or focus products directly to the dentist, especially to key opinion leaders
- The full portfolio of Coltene products is sold and distributed by global, regional or local distribution partners

Growth Drivers (IV)

Leverage of portfolio and lean manufacturing capabilities



- For example with
 - OEM
 - Private label volumes
- COLTENE owns highly automated manufacturing centers for various product groups
- Defined proactive strategy to participate in the growth potential of private label products

Outlook (I)

Exploiting future growth opportunities

- Management expects in 2012
 - Growing dental consumables markets in most areas of the world
 - Increased sales in traditional and emerging markets thanks to newly launched products and promotions
 - Positive effects from operational improvements
 - Continued strength of the Swiss Franc
- COLTENE well positioned to exploit growth potential
 - Core competencies in the areas of restoration, aesthetics and endodontics
 - Well positioned and global footprint in traditional and emerging markets, including dynamic BRIC countries
 - Wide and versatile product range based on solid expertise in key state-of-the-art technologies
 - Excellent brand recognition

Outlook (II)

Striving for operational excellence

- Enhancing the visibility of the 'COLTENE' brand
 - Leverage the strengths of the Group's brands and products on a global basis
 - Globalization and Group-wide integration of marketing approach
- Planned gradual organizational improvements
 - Review of manufacturing processes
 - Efficiency gains in the world-wide logistics
- Guidance for 2012 ff.
 - Growth slightly above overall market rates
(in the absence of extraordinary factors)

Thank you for your Attention



Leveraging the Group's position