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Geschäftsbericht 2015

# Global Setup

# Global Setup

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Als Spezialistin für dentale Verbrauchsgüter ist COLTENE weltweit aktiv. Die Unternehmensgruppe verfügt über Technologiezentren in der Schweiz, Deutschland, den USA und Brasilien sowie über eigene lokale Vertriebsorganisationen in weiteren acht Ländern.

Der globale Setup von COLTENE geht weit über die direkte Präsenz in Europa, Nord- und Lateinamerika sowie in Asien hinaus. Mit ihrer international ausgerichteten Organisations- und Führungsstruktur bearbeitet COLTENE die Märkte länder- und regionenübergreifend einheitlich. Damit ist COLTENE bestens gewappnet, um neue Markttrends frühzeitig zu erkennen. Die globale Aufstellung fördert zudem die Innovation und den weltweiten Wissensaustausch und sichert der Gruppe eine natürliche Währungsabsicherung.

Im Zentrum der Marktleistungen von COLTENE stehen stets der Nutzen und der Mehrwert für Zahnärztinnen und Zahnärzte und somit für Patientinnen und Patienten. Ihnen bietet COLTENE über die gesamte zahnärztliche Behandlungskette innovative Produkte an, die eine optimale Versorgung unterstützen und gleichzeitig die Behandlung einfacher, sicherer und kostengünstiger machen.

Die Bildseiten in diesem Geschäftsbericht illustrieren die für COLTENE relevanten Markteigenschaften und Anforderungen der Verkaufsregionen in Europa, im Nahen und Mittleren Osten, in Afrika, in Nord- und Lateinamerika sowie in Asien. Sie liefern diesbezüglich wissenswerte Zahlen und Fakten zu diesen Märkten.

# Produktübersicht

## Restauration

**25,4 %**



Die Restauration umfasst sämtliche Produkte für die Füllungstherapie. Dies beinhaltet aufeinander abgestimmte Adhäsivsysteme, Füllungswerkstoffe und Polymerisationsgeräte.

## Endodontie

**20,5 %**



In der Endodontie steht die Zahnwurzelbehandlung im Fokus. Zum innovativen Produktsortiment gehören die Wurzelkanalaufbereitung, Reinigung und Obturation.

## Prothetik

**20,1 %**



Die Prothetik umfasst ein breites Sortiment von kondensations- und additionsvernetzenden Silikon. Exzellente Detailgenauigkeit der Abformungen bildet die Basis für hochwertige prothetische Arbeiten.

## Behandlungshilfen

**13,0 %**



Die Behandlungshilfen umfassen ein breites Sortiment an Produkten für die Wundversorgung und die Feuchtigkeitskontrolle. Diese Praxishelfer sorgen tagtäglich für Arbeitserleichterung und Patientenkomfort.

## Rotierende Instrumente

**8,1 %**



COLTENE bietet ein komplettes Sortiment von Hartmetallbohrern, Diamantfräsern und Polierern an. Die rotierenden Instrumente zeichnen sich durch hohe Standfestigkeit und ausgezeichnete Schneidfähigkeit aus.

## Infektionskontrolle

**6,8 %**



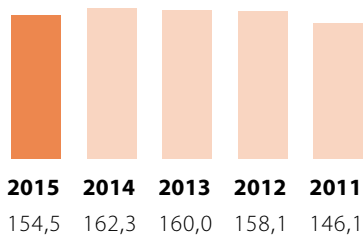
Die Produktkategorie Infektionskontrolle beinhaltet unter anderem Ultraschall-Reinigungssysteme, sterile Abdeckungen und Masken, die eine zuverlässige Infektionsbarriere in der zahnärztlichen Praxis darstellen.

# Kennzahlen

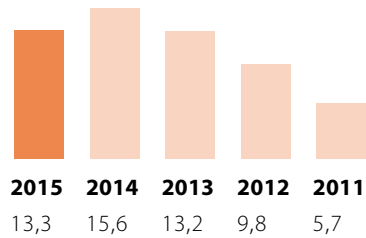
## 5-Jahre-Übersicht (2011–2015)

(in CHF Millionen, fortgeführte Aktivitäten, korrigiert)

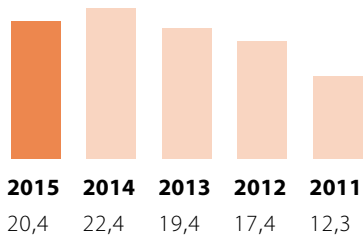
### Nettoumsatz



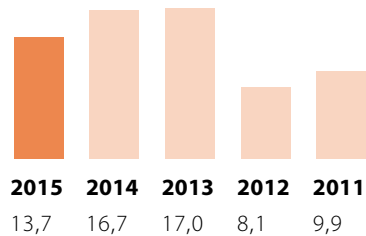
### Nettogewinn



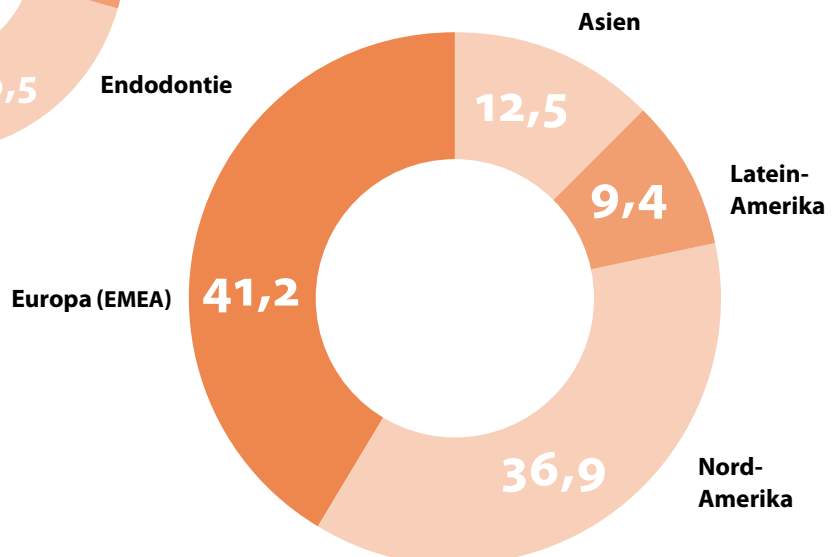
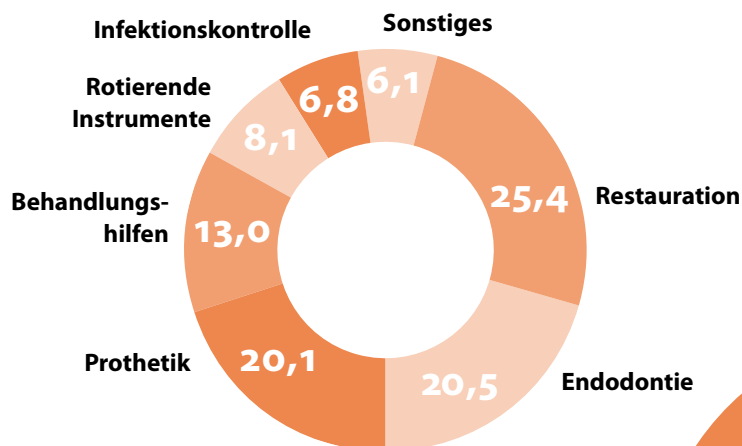
### Betriebserfolg (EBIT)



### Free Cash Flow



## Nettoumsatz 2015 in %





# Informationen zur COLTENE Aktie

## Aktienkapital und Kapitalstruktur

	2015	2014	2013	2012	2011
Nennwert pro Aktie (CHF)	0.10	0.10	0.10	0.10	0.10
Anzahl Namenaktien	4 219 000	4 219 000	4 219 000	4 219 000	4 219 000
Dispobestand	12,53%	19,88%	14,98%	19,44%	26,86%
Anzahl eigene Aktien	5 100	100	993	9 739	79 491
Anzahl dividendenberechtigte Aktien	4 213 900	4 218 900	4 218 007	4 209 261	4 139 409
Ordentliches Kapital (CHF 1000)	422	422	422	422	422
Bedingtes Kapital (CHF 1000)	0	0	0	0	0
Genehmigtes Kapital (CHF 1000)	0	0	0	0	0
<b>Total Stimmrechte</b>	<b>4 213 900</b>	<b>4 218 900</b>	<b>4 218 007</b>	<b>4 209 261</b>	<b>4 139 409</b>

## Börsenkennzahlen pro Aktie

CHF	2015	2014	2013	2012	2011
Börsenkurs höchst	83.65	65.40	49.80	36.00	61.80
Börsenkurs tiefst	54.00	45.03	30.25	24.80	29.65
Jahresendkurs	60.90	63.00	45.85	29.60	31.85
Durchschnittliches Volumen pro Handelstag (Stk.)	5 044	5 314	5 554	5 700	3 486
Börsenkapitalisierung in CHF Mio. (31.12.)	257	266	193	125	134

## Kennzahlen pro Aktie

CHF	2015	2014	2013	2012 <sup>1</sup>	2011
Nettogewinn pro Aktie – unverwässert	3.16	3.71	3.13	2.33	1.44
Nettogewinn pro Aktie – verwässert	3.16	3.71	3.13	2.33	1.44
Betrieblicher Cash Flow pro Aktie	4.31	4.73	5.52	3.02	3.46
Free Cash Flow pro Aktie	3.25	3.96	4.03	1.93	2.36
Dividende pro Aktie	2.20 <sup>2</sup>	2.50	2.20 <sup>3</sup>	1.80 <sup>4</sup>	1.10 <sup>4</sup>
Eigenkapital pro Aktie	24.10	24.68	23.15	22.09	22.42

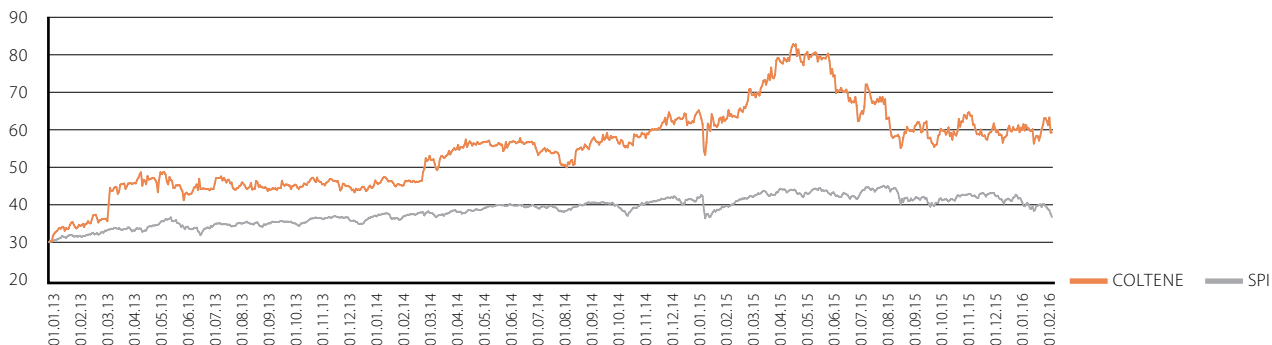
<sup>1</sup> Restated aufgrund IAS 19 revised

<sup>2</sup> Antrag des Verwaltungsrats an die Generalversammlung vom 30. März 2016

<sup>3</sup> Davon CHF 0.28 Ausschüttung je Aktie aus den Kapitaleinlagereserven

<sup>4</sup> Ausschüttung je Aktie aus den Kapitaleinlagereserven

## Entwicklung Aktienkurs



Der Wert einer COLTENE Aktie verminderte sich 2015 um 3,3% von CHF 63.00 auf CHF 60.90. COLTENE schüttete im Berichtsjahr Ende März eine Dividende von CHF 2.50 pro Aktie aus. Die Gesamtp performance für das ganze Jahr betrug 0,6%.

## Aktionärsstruktur

Per 31. Dezember 2015 waren 1633 Aktionäre (1522) im Aktienregister eingetragen. Die folgenden Aktionäre hielten am Jahresende 3% oder mehr des ausstehenden Aktienkapitals der COLTENE Holding AG:

	31.12.2015	31.12.2014
Huwa Finanz- und Beteiligungs AG	25,40%	24,80%
Rätikon Privatstiftung	10,40%	3,01%
Tweedy, Browne Company LLC	6,88%	6,92%
Credit Suisse Funds AG	5,03%	4,16%
Robert Heberlein	3,96%	3,96%
UBS Fund Management (Switzerland) AG	3,61%	5,23%

## Kontaktadresse

Gerhard Mahrle, CFO  
COLTENE Holding AG, Feldwiesenstrasse 20, 9450 Altstätten  
Telefon +41 71 757 54 37; E-Mail [investor@coltene.com](mailto:investor@coltene.com)

## Aktienregister

Karin Wagner, ShareCommService AG  
Telefon +41 44 809 58 52; E-Mail [karin.wagner@sharecomm.ch](mailto:karin.wagner@sharecomm.ch)

## Kalender

Medien- und Analystenkonferenz zum Geschäftsjahr 2015,	
Veröffentlichung Jahresbericht 2015	3. März 2016
Generalversammlung 2016	30. März 2016
Veröffentlichung Halbjahresbericht 2016	5. August 2016
Medien- und Analystenkonferenz zum Geschäftsjahr 2016,	
Veröffentlichung Jahresbericht 2016	9. März 2017
Generalversammlung 2017	29. März 2017

# 13,2 %

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EBIT-Marge auf  
nachhaltig solidem  
Niveau konsolidiert

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Effizienzgewinne und neues Wachstum eröffnen Potenzial  
für schrittweise Verbesserungen.

# 12

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Lancierung neuer  
Wachstumsinitiativen

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Die Ziele der Strategie 2016–2018 fokussieren auf neue  
Wachstumschancen und die weitere, schrittweise Steigerung  
der Profitabilität.



# 154,5 Mio.

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Umsatzrückgang  
von 4,8% gegenüber  
dem Vorjahr in  
anspruchsvollem Markt-  
und Währungsumfeld

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Neues Wachstum vorab aus Asien und dem Mittleren Osten  
vermochte Währungseinbussen und Umsatzrückgang in der CIS  
Region und Brasilien nicht vollumfänglich zu kompensieren.

# Nr. 2

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Endodontie neu  
zweitgrösste  
Produktgruppe

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Das breite und qualitativ hochstehende Angebot im Bereich  
Endodontie überzeugt das Fachpersonal und erreichte einen Anteil  
von 20,5% am Gesamtumsatz der COLTENE Gruppe.

# Vorwort



Links: Nick Huber,  
Präsident des  
Verwaltungsrats  
Rechts: Martin  
Schaufelberger, CEO

## **Sehr geehrte Aktionärinnen, sehr geehrte Aktionäre**

Im Geschäftsjahr 2015 bewegte sich die COLTENE Gruppe in einem anspruchsvollen Marktumfeld. Besondere Herausforderungen stellten die Aufgabe des Euro-Mindestkurses durch die Schweizerische Nationalbank am 15. Januar 2015, Konjunkturschwächen in Ländern wie Russland, Ukraine (CIS-Region) und Brasilien sowie der in Nordamerika bei grossen Händlern eingeleitete Lagerabbau dar. Der starke Schweizer Franken und die konjunkturellen Schwächen in den erwähnten Märkten waren auch die Ursache für den Umsatzrückgang im vergangenen Geschäftsjahr. Mit dem Fokus auf die Optimierung der betrieblichen Effizienz und auf weitere Kosteneinsparungen passte die Geschäftsleitung die Organisation und den Marktauftritt rasch und flexibel den neuen Marktrealitäten an. Parallel erarbeitete der Verwaltungsrat in enger Zusammenarbeit mit der Geschäftsleitung neue strategische Prioritäten zur Sicherung von nachhaltigem Wachstum. Die Unternehmensführung definierte basierend auf den jüngsten Entwicklungen und Trends am Markt insgesamt zwölf Fokusprojekte für die Periode 2016 bis 2018.

Währungseinbussen sowie die Konjunkturschwächen in der CIS-Region und in Brasilien hemmten die Abverkäufe.

## **Hoher Wettbewerbs- und Preisdruck**

Der starke Schweizer Franken wirkte sich zweifach hemmend auf die Abverkäufe von COLTENE aus. Er verteuerte im internationalen Vergleich die Kostenstrukturen in der Schweiz und vermittelte den Herstellern im Ausland Wettbewerbsvorteile, was den Preisdruck weiter erhöhte. Dieser Entwicklung begegnete COLTENE mit neuen Kosteneinsparungen in der Schweiz und der verstärkten globalen Ausrichtung des Unternehmens. Im Fokus lag die Vereinheitlichung der Organisation und der betrieblichen Abläufe. Die globale

Abstimmung der Prozesse erlaubt es dem Unternehmen, einzelne Wertschöpfungsschritte flexibel auf die Technologiezentren in der Schweiz, Deutschland, den USA und Brasilien aufzuteilen. Darüber hinaus trieb die Gruppe die konsequente Umsetzung ihres Global-Sourcing-Konzepts voran. Schliesslich richtete das Management auch das Marketing und den Vertrieb verstärkt international aus. Mit transparenten Produkt- und Preisinformationen entsprach COLTENE dem Trend zu durchlässigen Grenzen zwischen den einzelnen Märkten und Regionen im digitalen Zeitalter. Die gleichzeitig umgesetzte Harmonisierung von Preisen und Verkaufskonditionen wirkte dem weiteren Anstieg von Parallelimporten entgegen.

Auf die Aufgabe des Euro-Mindestkurses reagierte das Management mit neuen Kostensparprogrammen und der Lancierung neuer Wachstumsinitiativen im Rahmen der Strategieziele 2016–2018.

Über die globale Aufstellung und operative Exzellenz hinaus ist die hohe Innovationskraft ein weiterer entscheidender Erfolgsfaktor. Der Einstieg in den CAD/CAM Markt und die Unterzeichnung des Vertriebsabkommens mit Sirona stellten im September 2015 einen Meilenstein dar. Ab dem ersten Quartal 2016 lanciert COLTENE als offizieller Materialpartner für das CAD/CAM CEREC System von Sirona unter dem Namen BRILLIANT Crios die neuen Reinforced Composite Blocs zur Chairside-Herstellung von zuverlässigen, ästhetischen und schnellen Zahnrestorationen. Mit dieser Innovation bekennt sich COLTENE klar zum leistungsfähigen und vielseitigen Werkstoff Komposit und erweitert die Kompetenz und das umfassende Angebot im Bereich Restauration.

### **Erweiterung und Stärkung der Gruppenleitung**

Mit dem Ziel, den globalen Setup weiter zu stärken, erweiterte COLTENE die Gruppenleitung auf fünf Mitglieder. Mit diesem Schritt soll die Unternehmensführung auf oberster Stufe breiter und vermehrt auf die stark international ausgerichtete Organisation abgestützt werden. Zukünftig koordiniert COLTENE die Forschung und Entwicklung sowie das Marketing und den Verkauf auf Gruppenleitungsstufe verstärkt zentral, ohne den Teams die Flexibilität zu entziehen, die unterschiedlichen Bedürfnisse der Märkte spezifisch bedienen zu können. Seit dem 1. Oktober 2015 setzt sich das COLTENE Group Management unter der Leitung von Martin Schaufelberger, CEO, aus Gerhard Mahrle, CFO, Werner Mannschedel, Vice President R&D, Dr. Werner Barth, Vice President Marketing, und Christophe Loretan, Vice President Sales, zusammen. Christophe Loretan stiess per 1. Oktober 2015 zur COLTENE Gruppe. Werner Mannschedel und Werner Barth nehmen ihre Funktionen innerhalb der COLTENE Gruppe bereits seit mehreren Jahren wahr.

## Ausblick

Die Aufhebung des Euro-Mindestkurses forderte die Gruppe im vergangenen Geschäftsjahr und führte auf dem Weg zur anvisierten EBIT-Marge von 15% zu einem Zwischenstopp und einer Verzögerung um zwei bis drei Jahre. Der globale Setup und die ausgezeichnete Verankerung im Markt ermöglichten der Gruppe, trotz den anspruchsvollen Rahmenbedingungen die Betriebsgewinnmarge auf dem nachhaltig soliden Niveau von 13,2% zu konsolidieren. Mit Blick in die Zukunft setzt sich die COLTENE Gruppe zum Ziel, noch innovativer und effizienter zu agieren und ihren Leistungsausweis mittels einer gezielten Wachstumsstrategie und Kosteneffizienz zu steigern.

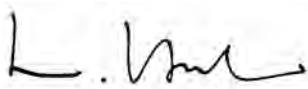
Im Berichtsjahr überprüfte der Verwaltungsrat in enger Zusammenarbeit mit der Geschäftsleitung die Unternehmensstrategie und setzte für die Periode 2016–2018 neue Prioritäten. Sie sind auf den Seiten 12 und 13 dieses Berichts dargestellt. Sie zielen unter den neuen Währungsrealitäten darauf hin, an der erwarteten positiven Entwicklung des Markts teilzuhaben und die EBIT-Marge in den nächsten Jahren schrittweise auf 15% des Nettoumsatzes zu steigern.

Im Namen des Verwaltungsrats und der Konzernleitung danken wir allen Mitarbeitenden für den grossen und wertvollen Einsatz. Ebenso gilt unser Dank unseren Geschäftspartnern sowie den Aktionärinnen und Aktionären für ihr Vertrauen in die COLTENE Gruppe.

Mit freundlichen Grüssen

Nick Huber

Präsident des Verwaltungsrates



Martin Schaufelberger

CEO





# 12

Zahnärzte pro  
100 000 Einwohner







# Asien

## Marktbezogene Daten

Bevölkerung	4100 Millionen
Anteil der Ausgaben für das Gesundheitswesen am BIP <sup>1</sup>	4 %–6 %
Anzahl Zahnärzte pro 100 000 Einwohner <sup>2</sup>	12
Durchschnittliche Anzahl Zähne mit Karieserfahrung bei 12-Jährigen (DMFT Index) <sup>2</sup>	niedrig (1,2–2,5)
Durchschnittlicher jährlicher Zuckerverbrauch pro Person in kg <sup>3</sup>	25

**Quellen:** <sup>1</sup> World Dental Federation (fdi), Oral Health Atlas 2005 <sup>2</sup> World Dental Federation (fdi), Oral Health Atlas 2014 <sup>3</sup> World Dental Federation (fdi), Oral Health Atlas 2007

## Daten zu COLTENE

COLTENE Gruppengesellschaften	3
COLTENE Mitarbeitende (Vollzeitäquivalent)	70
COLTENE Verkaufsspezialisten	53

Erfolgreichste Produkte von COLTENE

**ParaPost Fiber Lux**  
**Diatech Diamonds**  
**Gelatamp**  
**Affinis**  
**Aspirator Tips**

## Marktentwicklung und Trends

Entwicklungspotenzial haben die Endodontie, die restaurative Zahnmedizin und die Prothetik. Schul- und Ausbildungsprogramme unterstützen die Wachstumschancen.

## China, Asien

Lóng, der Drache, zählt zu den bekanntesten Wesen der chinesischen Mythologie. Er symbolisiert Macht, Kraft und Glück und gebietet über Regen und Wasser.

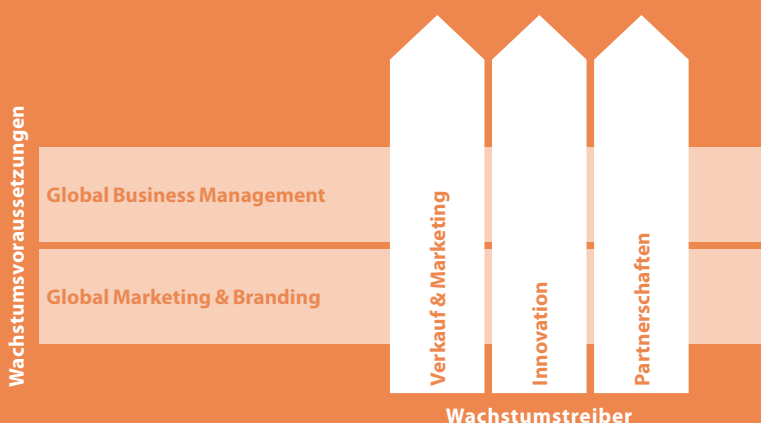
# COLTENE Strategieziele 2016–2018

Die COLTENE Unternehmensstrategie fokussiert auf nachhaltiges und profitables Wachstum als oberstes Unternehmensziel. In der Periode 2012–2015 stand die Steigerung der Profitabilität im Zentrum von insgesamt 21 erfolgreich umgesetzten Projekten in den Bereichen «Produktfokus», «Marketing & Vertriebsoffensiven» sowie «Betriebliche Effizienz». 2016–2018 legt COLTENE den Fokus zusätzlich auf Wachstum. Mit gezielten Initiativen beabsichtigt die Gruppe, neue Wachstumschancen zu nutzen und die Profitabilität weiter zu steigern.

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## Neue Wachstumsinitiativen auf gestärktem globalem Setup

**Die konsequente globale Umsetzung und Implementierung einheitlicher Geschäftsabläufe sowie ein weltweit abgestimmtes Marketing und Branding bilden die Voraussetzungen des zukünftigen Wachstums der COLTENE Gruppe. Auf deren Basis initiierte das Management gezielte Projekte zur Ankurbelung und Beschleunigung des Wachstums in den drei Bereichen «Verkauf & Marketing», «Innovation» und «Partnerschaften». Diese stellen die Treiber des anvisierten Wachstums dar.**





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## Verkauf & Marketing

### **Steigerung der Effizienz im Verkauf durch bessere Planung und moderne Tools**

- Optimierung von Planung und Einsatz der Verkaufsmitarbeitenden
- Beschreibung und Dokumentierung der Verkaufsprozesse
- Erweiterung der CRM- und Info-Tools

### **Potenziale besser erkennen und Aktivitäten davon ableiten**

- Potenzial und Marktanteil pro Zahnärztin und Zahnarzt im Verkaufsgebiet kennen
- Identifikation von Wachstumschancen
- Fokus auf Kundennutzen
- Verstärkte Präsenz bei Zahnärztinnen und Zahnärzten und Studium ihrer Bedürfnisse

### **Substanzieller Ausbau der Sales-Kapazitäten in Kernmärkten**

- Evaluation der strategisch und wirtschaftlich besten Opportunitäten
- Gezielter Ausbau der Verkaufskapazitäten

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## Innovation

- Globale Implementierung eines einheitlichen Innovationsmanagement-Prozesses
- Definition sowie regelmässige Überprüfung und Anpassung der Technology Roadmap
- Bewertung der Projektpipeline und Schaffung eines «Fast-Tracks» für besonders vielversprechende Entwicklungen
- Regelmässige Beurteilung und Evaluation der Top-Projekte durch die Geschäftsleitung

**Der Einstieg in die digitale Zahntechnik unterstreicht die hohe Innovationskraft von COLTENE. Unter dem Namen BRILLIANT Crios lanciert COLTENE im ersten Quartal 2016 als offizieller Materialpartner für das CAD/CAM CEREC System von Sirona die «Reinforced Composite Blocs» zur Chairside-Herstellung von definitiven Inlays, Onlays, vollanatomischen Kronen und Veneers. Die neuartige Kompositrezeptur von BRILLIANT Crios verbindet eine hervorragende Biegefestigkeit mit einer geringen Sprödigkeit sowie einer stossdämpfenden Wirkung. Das Material ist dadurch ausserordentlich verschleissfest, glanzbeständig und dennoch sehr Antagonisten (Gegenzahn) schonend. Damit setzt COLTENE gezielt auf den leistungsfähigen und vielseitigen Werkstoff Komposit und auf die digitale Zukunft der restaurativen Zahnheilkunde direkt in der Zahnarztpraxis.**



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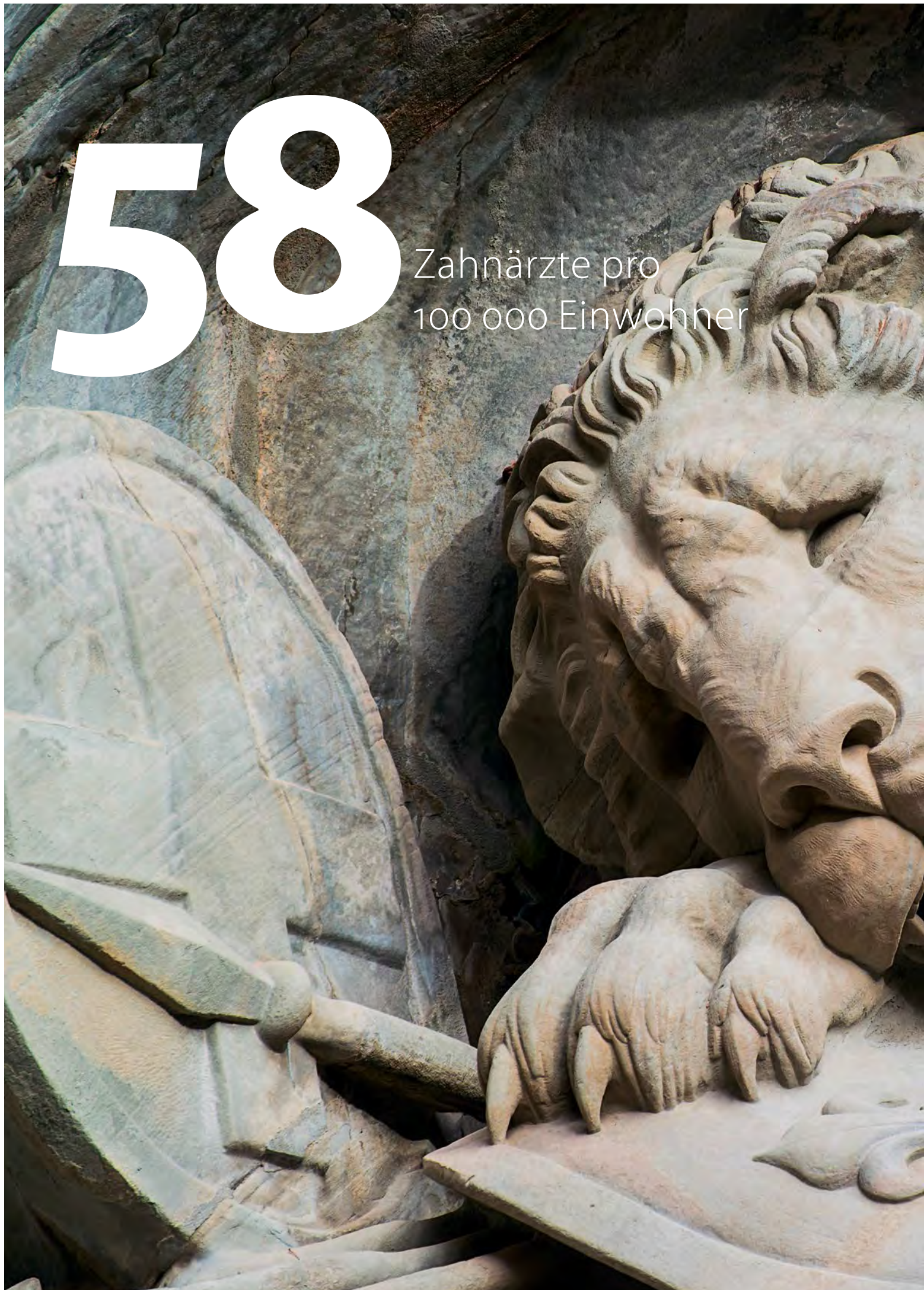
## Partnerschaften

- Systematische Marktbeobachtung
- Stärkung von bestehenden und Schliessen von neuen Partnerschaften
- Definition der Anforderungen an Partnerschaften nach Technologien, Produkten, Märkten sowie Kundenbeziehungen



# 58

Zahnärzte pro  
100 000 Einwohner





# Europa

## Marktbezogene Daten

Bevölkerung	800 Millionen
Anteil der Ausgaben für das Gesundheitswesen am BIP <sup>1</sup>	8 %–10 %
Anzahl Zahnärzte pro 100 000 Einwohner <sup>2</sup>	58
Durchschnittliche Anzahl Zähne mit Karieserfahrung bei 12-Jährigen (DMFT Index) <sup>2</sup>	sehr niedrig (0,0–1,1)
Durchschnittlicher jährlicher Zuckerverbrauch pro Person in kg <sup>3</sup>	38

**Quellen:** <sup>1</sup> World Dental Federation (fdi), Oral Health Atlas 2005 <sup>2</sup> World Dental Federation (fdi), Oral Health Atlas 2014 <sup>3</sup> World Dental Federation (fdi), Oral Health Atlas 2007

## Daten zu COLTENE

COLTENE Gruppengesellschaften	10
COLTENE Mitarbeitende (Vollzeitäquivalent)	371
COLTENE Verkaufsspezialisten	68
Erfolgreichste Produkte von COLTENE	<b>Gelatamp</b> <b>Surgitip Aspirator Tips</b> <b>Affinis</b> <b>Flexi Dam</b> <b>Hygenic Dental Dam</b>

## Marktentwicklung und Trends

Demografische Änderungen in der Altersstruktur begünstigen die restaurative Zahnmedizin, die Implantologie und Endodontie. Die voranschreitende Digitalisierung wird in den kommenden Jahren die Arbeitsweisen in der Zahnmedizin verändern.

## Schweiz

Das Löwendenkmal in Luzern gedenkt der im Jahre 1792 in Paris beim Sturm auf die Tuileries gefallenen Schweizer Garden im Dienst von König Ludwig XVI.

# Operativer Rückblick

**Das COLTENE Geschäftsjahr 2015 war geprägt von den Auswirkungen des starken Schweizer Frankens auf Umsatz und Ergebnis. Zudem führten die konjunkturellen Schwächen in den Ländern Russland, Ukraine (CIS-Region) und Brasilien zu zusätzlichen Umsatzrückgängen. Die erfreuliche Nachfrage in den asiatischen Schwellenländern vermochte dies nicht zu kompensieren. Das weltweite Marktwachstum der dentalen Konsumgüter entwickelte sich analog zu den Vorjahren im niedrigen einstelligen Prozentbereich. Während die Volumenausdehnung in einzelnen Schwellenländern, allen voran in China die 10 %-Marke übertraf, erreichte das währungsbereinigte Wachstum in Nordamerika 0,5%. Aufgrund des positiven Währungseinflusses legten die Verkäufe in Schweizer Franken in diesem Markt um 5,6 % zu. Als Folge der Konjunkturschwäche in den CIS-Staaten waren die Umsätze in der EMEA-Region in Lokalwährungen insgesamt leicht rückläufig. In einzelnen europäischen Ländern, wie zum Beispiel im wichtigen Markt Deutschland, gelang es COLTENE, die Volumen um 2,7 % zu steigern.**

In der Berichtsperiode konnte sich die COLTENE Gruppe in wichtigen Kernmärkten trotz des anspruchsvollen Marktumfelds erfolgreich behaupten. In einzelnen Ländern wirkten sich der intensivisierte Wettbewerbs- und Preisdruck hemmend auf die Abverkäufe aus. Diese wurden zusätzlich durch strukturelle Veränderungen im Markt gebremst. Darunter fielen die zunehmend professionalisierten Einkaufsstrukturen bei den Fachkräften sowie die Konzentration unter den Distributoren. Während die Gesamtzahl der Händler abnimmt, wachsen die verbleibenden Distributoren und gewinnen an Reichweite. Schliesslich praktizieren immer mehr Zahnärztinnen und Zahnärzte in Gemeinschaftspraxen. Zusätzlich angetrieben wurde der Preisdruck insbesondere in der Schweiz und den angrenzenden europäischen Ländern durch die Aufhebung des Euro-Mindestkurses zum Schweizer Franken durch die Schweizerische Nationalbank Mitte Januar 2015. Die Kursfreigabe führte zu einem Wettbewerbsvorteil der ausserhalb der Schweiz gefertigten Produkte, der von verschiedenen Anbietern mit zusätzlichen Preisreduktionen und Rabatten verstärkt wurde. Trotz der kontinuierlichen Preisharmonisierung führen die marktspezifisch unterschiedlichen Preisstrukturen noch immer zu unerwünschten Reimporten.

In einem anspruchsvollen Marktumfeld erwirtschaftete die COLTENE Gruppe im Geschäftsjahr 2015 einen Nettoumsatz von CHF 154,5 Mio. (2014: CHF 162,3 Mio.). Dies entspricht einer Abnahme von 4,8 % im Vergleich zum Vorjahr in der Berichtswährung Schweizer Franken. Währungsbereinigt waren die Verkäufe von COLTENE Produkten leicht um 1,1 % rückläufig. Nach

**Währungsbereinigt entwickelte sich der Umsatz der COLTENE Gruppe um 1,1 % leicht rückläufig.**



Aufhebung des Mindestkurses im Januar 2015 drückte der deutlich schwächere Euro auf den Gruppenumsatz. Der im Vergleich zur Vorjahresperiode stärkere Dollar vermochte die Umrechnungseinbussen nur teilweise zu kompensieren. Zusätzlich litten die CIS- und Mercosur-Regionen unter konjunkturellen Schwächen, die sich auch in einer signifikanten Abwertung des russischen Rubels und des brasilianischen Reals manifestierten. Die angespannte wirtschaftliche Lage in Brasilien führte zudem zu einer beschleunigten Konsolidierung unter den Distributoren. Während noch vor wenigen Jahren kein Händler einen Marktanteil von mehr als 4 % hielt, beherrschen heute Cremer, Dental Speed Graph und Wilcos mit Anteilen von 15 % und mehr den Markt in diesem Land weitgehend. Ein treibender Grund für die Konsolidierung ist die Etablierung eines leistungsfähigen nationalen Lieferdienstes, der die grossen, nationalen Händler mit ihrem breiten Angebot gegenüber kleineren, lokalen Anbietern bevorteilt. Die Lagerkonzentration als Effekt aus der Konsolidierung verstärkte zudem den Druck auf den Lagerabbau, was die Bestellungen zusätzlich reduzierte. Unter Ausklammerung der mit grossen wirtschaftlichen Schwierigkeiten kämpfenden Märkte Brasilien und CIS-Region legten die Umsätze der COLTENE Gruppe 2015 währungsbereinigt um 1,9 % zu, was in etwa dem Marktwachstum entsprach.

Der Verkauf der COLTENE Produkte in Nordamerika von den Händlern in den Markt wuchs über 4,0 %.

Auch in Nordamerika hemmte der Lagerabbau bei den Händlern die Abverkäufe. Dieser setzte bereits im ersten Halbjahr ein und wird über die nächsten ein bis zwei Jahre andauern. Mit der Reduktion der Lagerdurchlaufzeiten optimieren die Händler ihre Logistik und erzielen Kosteneinsparungen. Bei einer Zunahme der Verkäufe von COLTENE Produkten der Distributoren in den nordamerikanischen Markt um über 4,0 % (sell-out) stieg der Absatz von COLTENE Produkten an die Händler nur gerade um 0,5 % an (sell-in). Mittelfristig wird dies in diesem Markt zu einem zunehmenden Wachstum für COLTENE führen.

Der Umsatzrückgang in Schweizer Franken von CHF 7,8 Mio. gegenüber dem Vorjahr teilte sich im Wesentlichen auf gruppenweite Währungsverluste in Höhe von CHF 6,0 Mio. sowie Einbussen in der CIS-Region und in Brasilien auf. Bei den Währungen minderten vorab der schwache Euro (minus CHF 8,1 Mio.) sowie der brasilianische Real (minus CHF 1,7 Mio.) den Gruppenumsatz in Schweizer Franken. Der im Vergleich zum Vorjahr stärkere Dollar (plus CHF 3,6 Mio.) kompensierte die Währungseinbussen nur teilweise.

### **Solides Betriebsergebnis**

Trotz des anspruchsvollen Marktumfeldes und des starken Schweizer Frankens konnte die Gruppe ihr Betriebsergebnis auf einem nachhaltig soliden Niveau konsolidieren. Dies war auf neue Effizienzgewinne sowie im ersten Quartal nach der Aufhebung des Euro-Mindestkurses

vorwiegend in der Schweiz eingeleitete Sparprogramme zurückzuführen. Der Betriebsgewinn (EBIT) erreichte CHF 20,4 Mio. (2014: CHF 22,4 Mio.) und lag 9,0 % unter dem Vorjahresergebnis. Die EBIT-Marge nahm im Vergleich zum Vorjahr leicht auf 13,2 % ab (2014: 13,8 %) ab. Im ersten Halbjahr lag die EBIT-Marge noch bei 8,8 %. Sie verbesserte sich im zweiten Halbjahr dank höherer Verkäufe bei verringerten Kosten deutlich. Der Reingewinn sank aufgrund höherer Steuern in den USA und eines währungsbedingt schlechteren Finanzergebnisses um 14,7 % auf CHF 13,3 Mio. (2014: CHF 15,6 Mio.). Die Nettogewinnmarge reduzierte sich auf 8,6 % gegenüber den hohen 9,6 % im Vorjahr. Die höheren Steuern in den USA resultieren aus dem deutlich gesteigerten operativen Ergebnisses der amerikanischen Tochtergesellschaft. Das Finanzergebnis litt vor allem unter Kursverlusten bei Vigodent aufgrund der starken Abwertung des brasilianischen Reals.

#### **Fortgesetzte Internationalisierung und Effizienzsteigerungen**

Unmittelbar nach Aufhebung des Euro-Mindestkurses begegnete COLTENE den neuen Währungsrealitäten mit der verstärkten globalen Ausrichtung der Organisation und neuen Effizienzsteigerungsprogrammen. Über die fortgesetzte weltweite Abstimmung und Angleichung der betrieblichen Abläufe, die dem Unternehmen die Flexibilität vermitteln, Fertigungsschritte oder die Produktion einzelner Produkte auf die Technologiezentren in der Schweiz, Deutschland, USA und Brasilien zu verteilen, trieb COLTENE die Internationalisierung der Beschaffung weiter voran. Das neu eingeführte Betriebsdatenerfassungssystem erlaubte zudem, die Fertigungseffizienz standortübergreifend zu steuern und zu überwachen. Weitere Verbesserungen erreichte COLTENE bei der Fertigung von Diamantbohrern und Abformmaterialien. Parallel leitete COLTENE mit dem Ziel, die Kostenbasis in Schweizer Franken zu optimieren, neue Kostensparprogramme ein und handelte die Konditionen mit wichtigen Lieferanten neu aus.

Zahnärztinnen und Zahnärzte vertrauen der Verlässlichkeit und der Qualität der Endodontie-Produkte von COLTENE.

#### **Ausbau und zentrale Führung des Vertriebs**

Mit Blick auf neues Wachstum baute COLTENE in der Berichtsperiode ihre Vertriebsstrukturen aus. Seit dem 1. Oktober 2015 koordiniert und stärkt Christophe Loretan als Mitglied des COLTENE Group Management und Vice President Sales die Verkaufsteams weltweit. Zudem reorganisierte COLTENE die Verantwortlichkeiten innerhalb der Verkaufsregionen teilweise neu, um mit den in ihren Heimmärkten ausgezeichnet verankerten Spezialisten die spezifischen Bedürfnisse und Eigenheiten der einzelnen Märkte noch besser abzudecken. In der Türkei und in Japan gründete COLTENE zwei neue Gruppen-

gesellschaften. In beiden Ländern verspricht sich die Gruppe attraktive Wachstumschancen. In der Türkei steigt die Kaufkraft des Mittelstandes schnell an, was zu einer stärkeren Gewichtung von Gesundheit und Körperästhetik führt. In Japan begründet die grosse Nachfrage nach qualitativ hochwertigen Produkten neues Potenzial. Zudem sichert sich COLTENE mit der Präsenz vor Ort in diesem anspruchsvollen Markt grössere Unabhängigkeit im Vertrieb ihrer Produkte. Schliesslich erweiterte COLTENE ihre Teams in Asien, um von den Wachstumschancen in dieser Region ebenfalls verstärkt profitieren zu können.

Ein spezielles Augenmerk widmete COLTENE den sogenannten Special Markets mit grossen Bestellvolumen. Interdisziplinäre Projektteams erarbeiteten massgeschneiderte Customer Relations Management-Instrumente (CRM), um die spezifischen Anforderungen dieser Kunden noch effizienter erfassen und bedienen zu können. Dazu zählen marktüberschreitend vereinheitlichte Preisstrukturen sowie spezifische Händler- und Serviceabkommen. Parallel führte COLTENE ein umfassendes Product Information Management System (PIM) ein, um den Auftritt der Gruppe unternehmensweit zu vereinheitlichen und die Erarbeitung und kontinuierliche Aktualisierung der Marketing- und Verkaufsunterlagen effizienter und kostengünstiger zu gestalten.

An der Internationalen Dental-Schau (IDS) in Köln vom 10. bis 14. März 2015 präsentierte die Gruppe ihr umfassendes Produktsortiment erstmals unter der neuen Dachmarke COLTENE. Anlässlich der Fachmesse stellte COLTENE eine Reihe von Innovationen sowie ihre neue Website mit erweiterten Produktinformationen und Anwendungsanleitungen für Zahnärztinnen und Zahnärzte vor. Im Mittelpunkt standen BRILLIANT EverGlow, ein neues universelles, lichthärtendes Feinhybrid-Komposit mit hervorragenden Glanzqualitäten, Guttaflow Bioseal, ein neuartiges Füllmaterialsystem für die Obturation von Wurzelkanälen mit biologischer Versiegelung, HyFlex EDM, eine Wurzelkanalfeile mit spezieller Oberflächenbeschichtung, welche Brüche praktisch ausschliesst, sowie Affinis Black Edition, ein neuartiges Abformmaterial mit ausgezeichneter Lesbarkeit und hervorragendem Fliessverhalten.

Einen Meilenstein in der Geschichte von COLTENE stellte das im September 2015 unterzeichnete Vertriebsabkommen mit Sirona im Bereich CAD/CAM dar. Unter dem Namen BRILLIANT Crios lancierte COLTENE im ersten Quartal 2016 die neuen Reinforced Composite Blocs zur Chairside-Herstellung. Die neuartige Kompositrezeptur von BRILLIANT Crios verbindet Eigenschaften wie ausserordentliche Biegefestigkeit mit einer geringen Sprödigkeit sowie einer stossdämpfenden Wirkung. Damit setzt

Die Lancierung von  
BRILLIANT Crios markiert  
den Einstieg in die  
digitale Zahnmedizin.

COLTENE gezielt auf die digitale Zukunft in der restaurativen Zahnheilkunde, die zuverlässige, ästhetische und schnelle Zahnrestorationen direkt in der Zahnarztpraxis ermöglicht.

### **Geschäftsverlauf nach Regionen:**

#### **Fortgesetztes Wachstum in Asien**

2015 konnte sich die COLTENE Gruppe in einem anspruchsvollen Marktumfeld in wichtigen Kernmärkten behaupten. Die Verkäufe in Asien stiegen in der Berichtswährung Schweizer Franken um 8,2% an. In den wichtigen Zukunftsmärkten China und Indien erwirtschaftete COLTENE mit einem Plus von 16,3% und 6,2% erfreuliche Zunahmen in lokalen Währungen. Mit dem Rückenwind des Dollars nahmen die Verkäufe in Nordamerika um 5,6% zu, während der Umsatzzuwachs in Lokalwährung gerade 0,5% betrug. Der bei den Händlern in Nordamerika bewusst eingeleitete Lagerabbau liess die Umsätze an die Händler (sell-in) praktisch stagnieren, während die Verkäufe der Distributoren im nordamerikanischen Markt um über 4,0% (sell-out) anstiegen. In der Region EMEA gingen die Verkäufe um 10,7% (währungsbereinigt um 0,4%) zurück. In einzelnen Märkten wie Deutschland/Österreich oder der Region Mittlerer Osten und Afrika legten die Umsätze in lokalen Währungen um 2,7% und 13,1% zu. In der Schweiz und in Frankreich führten der starke Wettbewerb und Parallelimporte zu Umsatzrückgängen von 5,6% und 8,1%. Die Verkäufe in Russland und den weiteren CIS-Staaten blieben mit 23,7% in lokalen Währungen deutlich hinter dem Vorjahresergebnis zurück. In Lateinamerika resultierte ein Umsatzrückgang von 24,8% (währungsbereinigt von 16,3%). Die Abverkäufe litten unter der schwachen Konjunktur in Brasilien und anderen südamerikanischen Märkten. In Lokalwährungen betrug der Rückgang in Brasilien 29,8%.

Die Umsätze in den Zukunftsmärkten China und Indien entwickelten sich erfreulich.

Der Gesamtumsatz im Geschäftsjahr 2015 teilte sich wie folgt auf die Verkaufsregionen auf: COLTENE erzielte 41,2% des Gruppenumsatzes in der Region EMEA, die Europa, den Nahen und Mittleren Osten sowie Afrika umfasst (2014: 43,8%), 36,9% in Nordamerika (2014: 33,3%), 9,4% in Lateinamerika (2014: 11,9%) und 12,5% in Asien (2014: 11,0%). Der Umsatz in den Schwellenländern nahm gegenüber dem Vorjahr vorwiegend aufgrund der rückläufigen Entwicklung in Brasilien um 8,9% ab (währungsbereinigt stieg er um 2,2%) und erreichte einen Anteil von 28,5% (2014: 27,6%) am Gesamtumsatz.



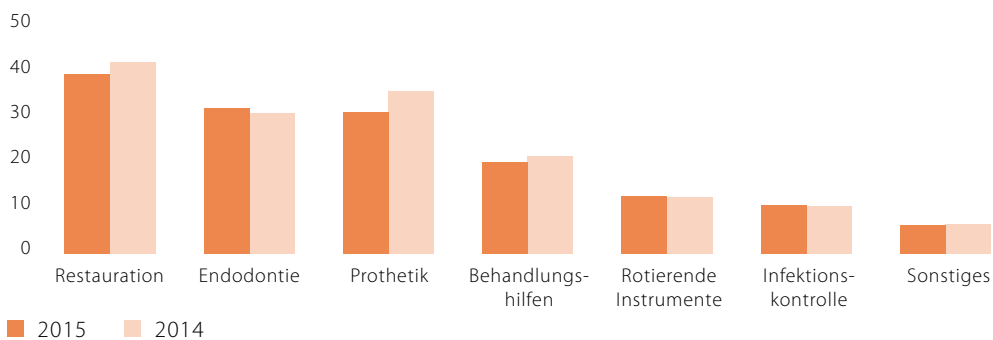
### Geschäftsverlauf nach Produktgruppen:

#### Endodontie neu zweitgrösste Produktgruppe


2015 entwickelten sich die für COLTENE wichtigen Produktgruppen Restauration, Prothetik und Endodontie unterschiedlich. Positiv zeigte sich die Produktgruppe Endodontie. Die Umsätze stiegen um 3,7% auf CHF 31,7 Mio. (2014: CHF 30,6 Mio.) an. Hingegen litt das Angebot in den Bereichen Prothetik und Restauration unter dem Wettbewerbsdruck. Die Verkäufe im Bereich Restauration reduzierten sich um 6,3% auf CHF 39,2 Mio. (2014: CHF 41,8 Mio.). Bei der Produktgruppe Prothetik sanken die Umsätze um 12,4% auf CHF 31,0 Mio. (2014: CHF 35,5 Mio.). Leichte Steigerungen erreichten die Produktgruppen Rotierende Instrumente und Infektionskontrolle mit Zunahmen von 0,2% auf CHF 12,5 Mio. (2014: CHF 12,4 Mio.) respektive 1,1% auf CHF 10,5 Mio. (2014: CHF 10,4 Mio.).

### Umsatz nach Produktgruppen

in CHF Millionen







# 66

Zahnärzte pro  
100.000 Einwohner



# Lateinamerika

## Marktbezogene Daten

Bevölkerung	600 Millionen
Anteil der Ausgaben für das Gesundheitswesen am BIP <sup>1</sup>	4 %–7 %
Anzahl Zahnärzte pro 100 000 Einwohner <sup>2</sup>	66
Durchschnittliche Anzahl Zähne mit Karieserfahrung bei 12-Jährigen (DMFT Index) <sup>2</sup>	moderat (2,6–3,5)
Durchschnittlicher jährlicher Zuckerverbrauch pro Person in kg <sup>3</sup>	40

**Quellen:** <sup>1</sup> World Dental Federation (fdi), Oral Health Atlas 2005 <sup>2</sup> World Dental Federation (fdi), Oral Health Atlas 2014 <sup>3</sup> World Dental Federation (fdi), Oral Health Atlas 2007

## Daten zu COLTENE

COLTENE Gruppengesellschaften	1
COLTENE Mitarbeitende (Vollzeitäquivalent)	114
COLTENE Verkaufsspezialisten	32
Erfolgreichste Produkte von COLTENE	<b>Speedex</b> <b>ParaPost Fiber Lux</b> <b>Brilliant NG</b> <b>Hygenic Guttapercha Points</b> <b>Coltolux</b>

## Marktentwicklung und Trends

Wachstumsmärkte liegen in der Endodontie, der restaurativen Zahnmedizin und in der Prothetik. Onlinekanäle werden verstärkt zu Bildungszwecken und für Marketingaktivitäten eingesetzt.

## Mexiko

Der Sonnengott Tonatiuh steht im Zentrum des aztekischen Kalenders. Das berühmteste Exemplar, die Piedra del Sol, ist im Nationalmuseum für Anthropologie in Mexiko-Stadt ausgestellt.



# Production and Environment

**The COLTENE Group's production facilities are not only specialized in different technologies and product offers, they are also set up globally. COLTENE understands its responsibility as a global corporate citizen and undertakes extensive efforts to mitigate the Group's environmental impact throughout the entire design and production process to preserve limited resources and provide dental professionals and their patients with safe and reliable products.**

## Global Manufacturing Sites of COLTENE

In Altstaetten, Switzerland, COLTENE operates a chemical production site that is mainly specialized in the development and manufacturing of:

- A wide range of precision dental impression materials, including renowned C-Silicone and A-Silicone products. Impression materials from COLTENE belong to today's globally leading products and many dentists swear by the competence and expertise of these Swiss products for many decades.
- High grade restorative products for innovative and clinically proven, aesthetic filling therapy as well as a wide range of adhesive and luting materials. COLTENE pioneered the development of white tooth fillings with composite material to replace amalgam fillings, which used to be the standard in earlier years.

In Langenau, Germany, the COLTENE factory is focused on the development and manufacturing of:

- Internationally renowned endodontic products and brands, ranging from root canal shaping to obturation. Some of the products like the innovative HyFlex CM Niti-File set new benchmarks for breakage resistance and flexibility.
- Reliably, high-quality products for wound care, moisture and infection control. Dentists like these well-established products as they make dental treatments easier and provide patient comfort. A very high standard of quality is guaranteed through fully automated manufacturing processes.

The US production facility in Cuyahoga Falls/OH is mainly specialized in mechanical operations and offers a wide product range of:

- Ultrasonic cleaning and disinfection products. These appliances provide effective barriers to infection in the dental practice.

- Pins and posts like the ParaPost X system, which have been market leaders in many markets for decades, offering the perfect post for every clinical situation.

Vigodent, the Brazilian manufacturer of chemical products for the Latin American market, offers products in the area of:

- Dental impression materials that allow precise impressions to be fabricated quickly and easily. Thanks to the wide product range, the user can utilize the right material for every indication.
- Composite material for restorative dentistry.

## Environment

The COLTENE Group is vigilantly looking for new opportunities to minimize its environmental impact. As a manufacturer of dental consumables, COLTENE is subject to stringent regulations that require it to monitor rigorously the items it produces and the processes used to manufacture them. It conducts strict quality-control protocols to test raw materials for identity, purity and content, to ensure that its products function safely and efficaciously, and to fully document all aspects of the manufacturing processes to ensure traceability and customer safety.

COLTENE's commitment to continuous improvement is supported by the COLTENE Code of Conduct, which requires that managers encourage all staff to include environmental protection in their daily responsibilities.

Apart from production and research activities, COLTENE's environmental impacts are rather low for an organization of its size, and in fact are low in comparison to many manufacturing companies. It manufactures neither implants nor amalgam fillings, and therefore does not use significant amounts of titanium metals, mercury, lead, or manganese that are often found in the production processes of other manufacturers serving the dental industry.

COLTENE's facilities and production methods are modern and environmentally efficient. It continues to look for new opportunities to reduce its environmental impact, material usage and energy consumption in order to realize improvements where they make sense from a technical and economic perspective. While the quality of its products and the safety of patients remain the overriding consideration, COLTENE will explore additional

activities in this respect that benefit its business and all its stakeholders.

The environmental data monitored and disclosed focus on the key aspects of COLTENE's operations. In its production processes the main material product groups that are used are as follows:

- Restorative materials: Polyamide matrix, glass filler
- Impression materials: Silicone oils
- Endodontic products: NiTi metal, rubber, paper
- Treatment Auxiliaries: Rubber, metal, textile fibers, cotton, cleaning solutions
- Operating materials: Water, cleaning agents, galvanic baths solution, paper

In line with its focus to improve the manufacturing and workflow processes, COLTENE strives to reduce the use of operating materials year after year. The relatively low amounts of untreated wastewater, which is collected in drums and tanks and is disposed of by authorized special-

ist contractors, contain very low concentrations of cleaning detergents, solvents, acid, and oil.

COLTENE is in the process of switching from printed to web-based instructions for product use, enabling it to reduce package size, transportation costs and waste. This process is determined also by the various national registration bodies and therefore not at its discretion. If the four million packages COLTENE ships each year were paperless, it would reduce the annual paper consumption by as much as ca. 200 tons, corresponding to a CO<sub>2</sub> reduction of more than 350 tons (not including transportation).

It has identified several other areas in Production and Logistics in which the cost base can still be optimized. This, together with design improvements, the effects of insourcing, and optimized asset use, should yield further cost reductions and significant productivity gains when volumes increase.

## Environmental Impact: Input and Output in 2014 and 2015

2014	2015		2014	2015	Total 2014/2015
1.02 GWh Electricity	1.06 GWh Electricity	Germany	847 t CO <sub>2</sub>	863 t CO <sub>2</sub>	5.64 GWh Electricity
16.3 t Oil	16.3 t Oil		33.1 t Recycling	33.2 t Recycling	5.53 GWh Electricity
94 963 m <sup>3</sup> Gas	92 000 m <sup>3</sup> Gas		9.4 t Waste	10.6 t Waste	58.3 t Oil
1759 m <sup>3</sup> Water	1800 m <sup>3</sup> Water		1759 m <sup>3</sup> Waste water	1800 m <sup>3</sup> Waste water	54.2 t Oil
1.03 GWh Electricity	0.90 GWh Electricity	Switzerland	246 t CO <sub>2</sub>	234 t CO <sub>2</sub>	313 546 m <sup>3</sup> Gas
42.0 t Oil	36.3 t Oil		11.3 t Recycling	30.5 t Recycling	365 256 m <sup>3</sup> Gas
0.0 m <sup>3</sup> Gas	0.0 m <sup>3</sup> Gas		78.8 t Waste	95.3 t Waste	12 479 m <sup>3</sup> Water
1561 m <sup>3</sup> Water	1300 m <sup>3</sup> Water		1561 m <sup>3</sup> Waste water	1300 m <sup>3</sup> Waste water	12 701 m <sup>3</sup> Water
3.19 GWh Electricity	3.16 GWh Electricity	USA	3286 t CO <sub>2</sub>	3414 t CO <sub>2</sub>	4501 t CO <sub>2</sub>
0.0 t Oil	0.0 t Oil		41.1 t Recycling	14.6 t Recycling	4636 t CO <sub>2</sub>
216 594 m <sup>3</sup> Gas	271 147 m <sup>3</sup> Gas		8.8 t Waste	10.9 t Waste	88.8 t Recycling
7119 m <sup>3</sup> Water	8017 m <sup>3</sup> Water		7119 m <sup>3</sup> Waste water	8017 m <sup>3</sup> Waste water	83.0 t Recycling
0.40 GWh Electricity	0.41 GWh Electricity	Brazil	122 t CO <sub>2</sub>	125 t CO <sub>2</sub>	127.0 t Waste
0.0 t Oil	0.0 t Oil		3.3 t Recycling	4.7 t Recycling	147.5 t Waste
1989 m <sup>3</sup> Gas	2109 m <sup>3</sup> Gas		30.0 t Waste	30.7 t Waste	12 479 m <sup>3</sup> Waste water
2040 m <sup>3</sup> Water	1584 m <sup>3</sup> Water		2040 m <sup>3</sup> Waste water	1584 m <sup>3</sup> Waste water	12 701 m <sup>3</sup> Waste water

# 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 42 to page 47. All information is valid as at December 31, 2015, unless otherwise stated. Significant changes that have occurred between that date and the publication date of this report have also been indicated as appropriate.**

### Group Structure and Shareholders

#### Group Structure

##### Operative Group Structure

COLTENE Group is targeting the markets for dental consumables. 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.

The organization of COLTENE Group can be described as follows:

##### 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; COLTENE Holding AG's registered shares (security no. 2.534.325, ISIN CH0025343259, symbol CLTN) are quoted on SIX Swiss Exchange. On December 31, 2015, the market capitalization amounted to CHF 256.9 million (prior year CHF 265.8 million). Information on the companies belonging to the COLTENE Group, which are not listed, is shown on page 82 of the Financial Report.

#### Major Shareholders

On December 31, 2015, there were 1633 shareholders (previous year: 1522) 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/SG, Switzerland, Bahnhofstrasse 2, 9435 Heerbrugg, held 1 071 463 registered shares. This equals voting rights of 25.40%. *Huwa Finanz- und Beteiligungs AG* is under control of Hans Huber, Appenzell/AI, Switzerland.

*Rätikon Privatstiftung*, Fohrenburgstrasse 5, 6700 Bludenz, Austria, held 438 799 registered shares. This equals voting rights of 10.40%. *Rätikon Privatstiftung* is under control of the family of Franz Rauch, Laterns, Austria.

*Tweedy, Browne Company LLC*, 350 Park Avenue, New York, NY 10022/USA held 290 212 registered shares representing 6.88% of the voting rights.

*Credit Suisse Funds AG*, Giesshübelstrasse 30, 8045 Zurich, Switzerland, held 212 254 shares or 5.03% of the voting rights.

*Robert Heberlein*, Zumikon/ZH, Switzerland, held directly and indirectly through Burix Holding AG, Zurich, which he controls, 167 153 registered shares, representing 3.96% of the voting rights.

*UBS Fund Management (Switzerland) AG*, P.O. Box, 8098 Zurich, held 152 505 shares or 3.61% of the voting rights.

All other shareholders held a stake of 44.72% of the voting rights of COLTENE Holding AG.

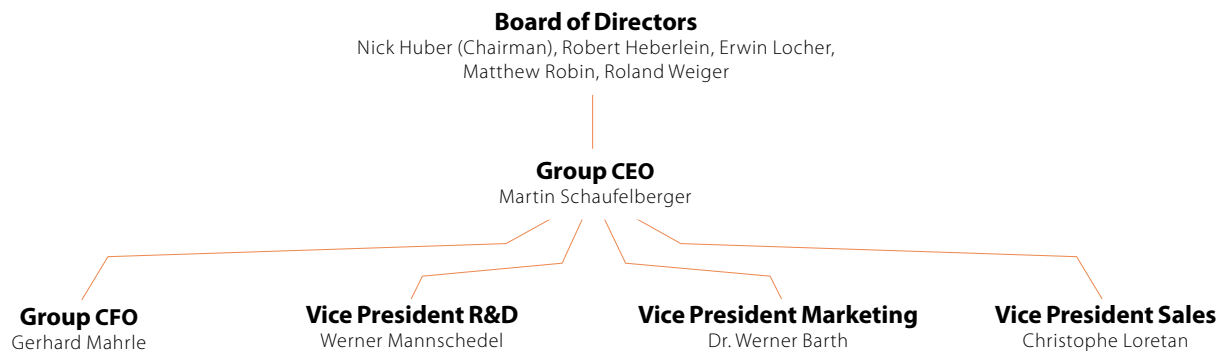
The Company held treasury shares amounting to 0.12% (0.00%) at the balance sheet date. Shares pending registration of transfer amounted to 12.5% (19.9%) of the total as at December 31, 2015.

#### Cross-Shareholding

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

## Structure of Group Operations

The organization of the COLTENE Group as per January 1, 2016 can be described as follows:



The COLTENE Group is operationally headed by the Group Management. On October 1, 2015 the Group increased the number of seats on its Group Management Board to five to better support its global setup. This decision established a broader base for top-level executive leadership and will help it to guide and grow the internationalized organization. The 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, Dr. Werner Barth, Vice President Marketing, and Christophe Loretan, Vice President Sales. The 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 the Group Management. The Board of Directors and the Group Management are assisted in their work by central Group functions. The separation of responsibilities between the Board of Directors and the Group Management is explained on page 30.

## 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 3 of this report. The Articles of Incorporation in German as well as an unofficial translation in English are available on the web-

site at [www.coltene.com/de/investoren-medien/corporate-governance/](http://www.coltene.com/de/investoren-medien/corporate-governance/) (German version) and [www.coltene.com/investor-relations/corporate-governance/](http://www.coltene.com/investor-relations/corporate-governance/) (English version).

## Capital

Details on the capital are included in the COLTENE Holding AG's financial statements on pages 84 and 85.

## Authorized or Contingent Capital in Particular

COLTENE Holding AG has no authorized or contingent capital.

## Changes in Capital

The following changes in equity of COLTENE Holding AG have occurred during the last three financial years. Due to the first application of the new Swiss accounting law with the financial statements of 2015, the balance sheet and equity table are newly structured. Treasury shares are recognized at weighted average cost and newly deducted from shareholders' equity at the time of acquisition and no longer shown as assets. The former reserves for treasury stock is now contained in the net income brought forward. For improvement of the legibility, the prior years' figures were adapted accordingly.

**Changes in equity**

In CHF 1000	31.12.2015	31.12.2014	31.12.2013
Share capital	422	422	422
Statutory reserves	84	84	84
Capital contribution reserve	0	0	1 193
Reserves for treasury stock	- 307	- 6	- 44
Net income brought forward	38 325	46 276	45 389
<b>Total</b>	<b>38 524</b>	<b>46 776</b>	<b>47 044</b>

Based on the AGM's decision on March 25, 2015, the Company distributed a dividend of CHF 2.50 per share to its shareholders on March 31, 2015. The total amount paid was TCHF 10 547.

**Shares and Participation Certificates**

The Company's share capital consists of 4 219 000 registered shares with a par value of CHF 0.10 each. 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.

The shares are traded in the main segment of SIX Swiss Exchange (security no. 2.534.325, ISIN CH0025343259, symbol CLTN). COLTENE Holding AG has not issued any participation certificates.

**Profit-Sharing Certificates**

COLTENE Holding AG has not issued any profit-sharing certificates.

**Restrictions on Transferability of Shares and Nominee Registrations**

According to §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, 2015, the Board of Directors of COLTENE Holding AG consisted of five members. The Articles of Incorporation stipulate a minimum of three. All Board members are non-executive and have no material business interest with the COLTENE Group. They are independent in the sense of the Swiss Code of Best Practice for Corporate Governance, and have not served on either the management of COLTENE Holding AG (holding company) or the management board of any subsidiary during the past three years. In the year under review the law firm Lenz & Staehelin, Zurich, where Robert Heberlein serves as a Counsel, received CHF 31 011 for legal advice.

The personal details together with the other activities and vested interests of individual members of the actual Board of Directors are listed on pages 31 to 33.

**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.

**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 §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 which 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
- 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 the 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 the 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 Board has formed the following permanent committees:

##### *Audit and Corporate Governance Committee*

Chairman: Robert Heberlein

Members: Nick Huber, Erwin Locher, Matthew Robin and Roland Weiger

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*

Chairman: Matthew Robin

Members: Robert Heberlein, Nick Huber, Erwin Locher, Roland Weiger

The Nomination and Compensation Committee carries out the following duties:

- determination of the remuneration of the members of the Board of Directors
- definition of the principles for the remuneration of the members of the Group Management Board 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, provided that he names its purpose. In 2015, the Board of Directors met eight times. These meetings lasted in average four to eight hours. The Audit and Corporate Governance Committee met three times for a two hours' meeting. The Nomination and Compensation Committee met three times 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. In order to ensure that the Board of Directors has sufficient information to make decisions, other members of the Group Management team 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. 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 the 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 indefeasible and non-transferable duties, and those additional duties listed on pages 28 to 29, the Board of Directors has delegated the executive control of COLTENE Group and, with it, operational management of the entire COLTENE Group, to the Group Management.

### **Information and Control Instruments vis-à-vis Group Management**

As a rule, the 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 the 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. The 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 committee reviews in detail the assessments made and corrective actions implemented. These findings are reviewed regularly by the Board of Directors.

Regarding the management of financial risks see the Notes to Group Financial Statements on pages 65 and 66.

# Board of Directors



From left to right: Roland Weiger, Nick Huber, Robert Heberlein, Erwin Locher, Matthew Robin

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

## Nick Huber

- Chairman of the Board of Directors (year of first election: 2005)
- Businessman, Stanford Executive Program
- Non-executive member
- Swiss citizen, born in 1964

### *Professional background (main stages)*

- 1990–1995 Account Manager, IBM (Schweiz) AG, Zurich
- 1995–2005 Divisional Head, SFS Unimarket AG, Heerbrugg/SG
- Since 2005 Member of the Executive Management of SFS Services AG, Heerbrugg/SG

### *Other important activities and vested interests*

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

### *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

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### Robert Heberlein

- Member of the Board of Directors  
(year of first election: 2005)
- Attorney-at-law
- Non-executive member
- Swiss citizen, born in 1941

#### *Professional background (main stages)*

1977–2008 Partner, Lenz & Staehelin, Zurich  
Since 2009 Counsel of Lenz & Staehelin, Zurich

#### *Other important activities and vested interests*

- Chairman of the Board of Directors of Huwa Finanz- und Beteiligungs AG, Heerbrugg/SG

#### *Key knowledge and experience*

- Financial management and audit – longtime counseling of an international clientele in the finance and manufacturing industry on corporate, tax, regulatory and strategic issues
- Legal affairs and compliance – chairman or member of the board of directors or audit committees of public and private companies and foundations in Switzerland

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### Erwin Locher

- Member of the Board of Directors  
(year of first election: 2009)
- Economist, University of Basel, MBA, University of Toronto (Rotman)/University of St. Gallen
- Non-executive member
- Swiss citizen, born in 1953

#### *Professional background (main stages)*

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

#### *Other important activities and vested interests*

- CEO and member of the Board of Directors  
of Thommen Medical AG, Grenchen/SO
- Member of the Board of Directors of Mathys AG,  
Bettlach/SO

#### *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

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### Matthew Robin

- Member of the Board of Directors (year of first election: 2006)
- M. Eng. in Chemical Engineering, Imperial College, University of London
- Non-executive member
- British and Swiss citizen, born in 1965

#### *Professional background (main stages)*

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

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### Roland Weiger

- Member of the Board of Directors (year of first election: 2013)
- Prof. Dr. med. dent., University of Tübingen, Germany
- Non-executive member
- German citizen, born in 1961

#### *Professional background (main stages)*

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

#### *Other important activities and vested interests*

- Member of the Expert Commission of the Swiss Society for Preventive, Restorative and Esthetic Dentistry (SSPRE)
- Member of the Board of the Swiss Society of Periodontology (SSP)
- Member of the Board of the German Society for Endodontology and Dental Traumatology (DGET)

#### *Key knowledge and experience*

- Dental market and dentistry in general – longtime leadership experience as chairman of a dental department and higher-level clinical university institution
- Experience in dental technology – 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

# Group Management



From left to right: Werner Mannschedel, Gerhard Mahrle, Christophe Loretan, Martin Schaufelberger, Werner Barth

**The 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.**

## **Martin Schaufelberger**

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

### *Professional background (main stages)*

- 1988–1998 Zellweger Uster AG, Uster/ZH, various functions in Switzerland and Japan.  
Last function: General Manager Strategic Marketing
- 1998–2001 Head Marketing and Sales Kunststoff Schwanden AG, Schwanden/GL
- 2001–2007 Deputy CEO Kunststoff Schwanden AG, Schwanden/GL
- 2007–2012 CEO Kunststoff Schwanden AG, Schwanden/GL

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### 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 CFO Eugster/Frismag Group, Romanshorn/TG
- 1998–2000 CFO Batigroup Holding AG, Basel/BS
- 2000–2009 CFO sia Abrasives Holding AG, Frauenfeld/TG
- 2009–2013 CFO Kardex AG, Zürich/ZH

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### Werner Mannschedel

- Vice President R&D COLTENE Group (since 2015)
- Pharmacist and Biologist, University of Erlangen/Germany
- German citizen, born in 1956

#### *Professional background (main stages)*

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

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### Werner Barth

- Vice President Marketing COLTENE Group (since 2015)
- Dr. sc. techn. ETH, Zurich/ZH
- Swiss citizen, born in 1966

#### *Professional background (main stages)*

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

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### Christophe Loretan

- Vice President Sales COLTENE Group (since 2015)
- Dipl. sc. nat. ETH Zurich/ZH
- MBA University of Rochester, Bern/BE
- Swiss citizen, born in 1970

#### *Professional background (main stages)*

- 1998–2002 Marketing Manager and Area Sales Manager Division Biomaterials, Geistlich Pharma AG, Wolhusen/LU
- 2002–2003 Business Development Manager Pharma/ Gastroenterology, Tillotts Pharma AG, Ziefen/BL
- 2003–2005 Global Marketing Manager, Novozymes Switzerland AG, Dittingen/BL
- 2006–2013 Customer Solutions Director EMEA, Novozymes Switzerland AG, Dittingen/BL
- 2013–2015 Technical Service and Sales Director EMEA, Novozymes Switzerland AG, Dittingen/BL



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## Group Management

On December 31, 2015, COLTENE Holding AG's Group Management consisted of the Chief Executive Officer (CEO) Martin Schaufelberger, the Chief Financial Officer (CFO) Gerhard Mahrle, who also acts as deputy CEO, Werner Mannschedel, Vice President R&D, Dr. Werner Barth, Vice President Marketing, and Christophe Loretan, Vice President Sales.

### Members of the Group Management

The personal details together with the other activities and vested interests of individual members of the actual Group Management are listed on pages 34 to 36.

### 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 the Group Management are governed in §18 of the Articles of Incorporation.

### Principles on Compensation of the Members of the Board of Directors and the Group Management

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 the Group Management appointed after the vote on the compensation at the General Meeting of Shareholders are governed in §§22 et seqq. of the Articles of Incorporation.

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

Regulations on the vote of the General Meeting of Shareholders on the compensation are governed in §§13.3 and 21 et seqq. of the Articles of Incorporation.

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## Shareholders' Participation Rights

Details of shareholders' participation rights can be found in the Articles of Incorporation of COLTENE Holding AG. The Articles of Incorporation in German and in English are available on the website at [www.coltene.com/de/investoren-medien/corporate-governance/](http://www.coltene.com/de/investoren-medien/corporate-governance/) (German version) and [www.coltene.com/investor-relations/corporate-governance/](http://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 AGM 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 §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 the 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.

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## **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 32 and 52 of the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA) (Bundesgesetz über die Börsen und den Effektenhandel, BEHG).

### **Clauses on Changes of Control**

No change of ownership clauses are in effect at December 31, 2015, at COLTENE Group and senior management level.

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## **Auditors**

### **Duration of Mandate and Lead Auditor's Term of Office**

Ernst & Young AG, St. Gallen (E&Y), has been elected as COLTENE Holding AG's statutory auditor the first time at the AGM of April 20, 2012, for a one-year term. Since then, E&Y has been elected every year again for a one-year period. E&Y also serves as Group auditors. Rico Fehr has been the lead auditor since that date.

The Audit and Corporate Governance Committee ensures that the lead auditor is rotated at least every seven years.

### **Auditing Fees**

The total sum charged for auditing services during the year under review by E&Y in its capacity as COLTENE Group's statutory auditor amounted to CHF 247 400 (CHF 255 610 in previous year).

Audit services are defined as the standard audit work performed each year in order to issue opinions on the Group companies in scope and 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 only 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**

E&Y was also paid fees totaling CHF 21 400 (CHF 18 800 in previous year) for non-audit-related services. The entire amount was paid for tax advice.

### **Supervisors and Control Instruments Pertaining to the Auditors**

As explained on page 29, 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 the activities of E&Y. During 2015, the Audit and Corporate Governance Committee held three meetings. At these meetings, the auditors participated during the discussion of agenda items that dealt with accounting, financial reporting or auditing matters and any other matters relevant for their audit.

As part of its duties, the Audit and Corporate Governance Committee also assesses the services and fees charged by the external auditors as well as their independence from the entire Board of Directors and COLTENE management. Criteria applied for the performance assessment include technical and operational competence, independent and objective view, sufficient resources employed, focus on areas of significant risk to COLTENE Holding AG, willingness to probe and challenge, ability to provide effective, practical recommendations and open and effective communication and coordination with the Audit and Corporate Governance Committee.

On an annual basis, the Audit and Corporate Governance Committee and E&Y discuss E&Y's independence from COLTENE Group and COLTENE management.

Based on the outcome of the performance of E&Y as well as other criteria, the Audit and Corporate Governance Committee decides on its recommendation to the Board of Directors whether E&Y should be proposed to the Annual General Meeting for re-election. Based on the recommendation by the Audit and Corporate Governance Committee the Board of Directors nominates an independent auditor for election at the Annual General Meeting.

The Audit and Corporate Governance Committee recommended to the Board of Directors the approval, and the Board of Directors approved the Annual Report for the year ended December 31, 2015, including the audited financial statements.

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### Information Policy

COLTENE Holding AG provides its shareholders with information in the form of the Annual Report and Half-year Report. 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 92.

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### Internet

Shareholders and other interested parties can obtain information about COLTENE Group on the Internet at [www.coltene.com](http://www.coltene.com) and subscribe to a news service.

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### 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.

For important dates of publications this year, the following year and contact addresses refer to page 3.



# 13

dentists per  
100 000 inhabitants





# Middle East & Africa

## Market-related figures

Total population	1400 million
Share of GDP spent on health care <sup>1</sup>	3%–5%
Number of dentists per 100 000 inhabitants <sup>2</sup>	13
Average DMFT (decayed, missing and filled teeth) in 12 year old <sup>2</sup>	very low (0.0–1.1)
Average annual sugar consumption per person in kg <sup>3</sup>	25

Sources: <sup>1</sup> World Dental Federation (fdi), Oral Health Atlas 2005 <sup>2</sup> World Dental Federation (fdi), Oral Health Atlas 2014 <sup>3</sup> World Dental Federation (fdi)

## COLTENE figures

Number of COLTENE Group subsidiaries	0
COLTENE workforce (FTE)	2
Number of COLTENE sales specialists	2
Top 5 most successful COLTENE products	Speedex Roeko Single Use products Coltosol ParaPost Affinis

## Specific market developments and trends

Increasingly open markets in the Middle East and North Africa are creating new business potential, particularly in the areas of prosthetics and treatment auxiliaries. Participation in tenders as well as increased educational programs will support further growth opportunities.

## Burkina Faso

In Burkina Faso crocodiles are considered sacred. According to legend, after a long drought crocodiles dug a pond which collected the rainwater and stored it for humans and animals.



# Compensation Report

## 1 Introduction

This report provides an overview of COLTENE's compensation principles and practices. It provides information on the compensation of Senior Management, Group Management and Directors in 2014 and in 2015. It explains the variable compensation systems and equity participation programs and discloses equity participations of Directors and 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 scheme is balanced and in line with current best practices.

### 1.1 Reporting Standards

This report is in line with the "Swiss Code of Best Practice for Corporate Governance". In accordance with the IFRS financial reporting standards and Swiss law, the compensation paid or awarded to Directors and Management is also presented in our audited Financial Report (see pages 83 and 90).

### 1.2 Management Structure

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

Fig. 1: Management Structure

The Board of Directors is headed by the Chairman. The Group Management (= Geschäftsleitung), since October 1, 2015, is composed of Group CEO Martin Schaufelberger, Group CFO Gerhard Mahrle, Vice President R&D Werner Mannschedel, Vice

President Marketing Dr. Werner Barth, and Vice President Sales Christophe Loretan. Christophe Loretan joined the COLTENE Group on October 1st, 2015 and Werner Mannschedel und Werner Barth execute their functions within the COLTENE Group already since several years.

### 1.3 Corporate Governance

The Board of Directors proposes candidates for the Nomination & Compensation Committee (NCC) to be elected annually by shareholders at the Annual General Meeting (AGM). In the reporting periods all members of the Board of Directors are members of the NCC, which is chaired by Matthew Robin. The Board of Directors determines the NCC's responsibilities, and passes all resolutions on the Company's compensation system (see page 43). 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 Management compensation at least once a year and proposes changes when necessary.

The table below describes recommendation and decision responsibilities on the fixed and variable compensation target as well as the approval of a maximum pay-out:

#### Recommendation and decision responsibilities

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 the Group Management	CEO	BoD	AGM
Senior Management		Group Management	Group Management

NCC: Nomination & Compensation Committee

BoD: Board of Directors

AGM: Annual General Meeting

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## 2 Compensation Principles

### 2.1 Driving Values through Compensation

We are convinced 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
- is benchmarked with other companies in the industry
- 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 Comprehensive Benchmark

Our policy is to pay employees, management and Directors a base compensation that is close to the median of comparable companies in the respective market. The variable pay is set with the potential to move overall compensation toward the upper quartile for outstanding performance. It is Company policy to avoid excessive compensation on all levels.

Benchmark reviews for the remuneration of the Board of Directors, the Group Management, and the Senior Management are conducted regularly by COLTENE, including the use of independent specialists and/or external studies if appropriate. Comparable companies in similar industries are selected for the benchmark applying the following criteria:

- comparable scope and business complexity
- similar geographic footprint and size
- competitiveness to attract talent

### 2.3 Ethical, Fair Standards

We are committed to fair and equal treatment of all our employees and seek 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 69. The compensation of managers comprises fixed and variable components, the mix of which is defined by role, profile, location and strategic impact. For Group Management and Senior Management, emphasis is placed on the long-term variable component, in line with our strategic goal of promoting ownership. The compensation mix for Group Management includes a long-term variable remuneration element, part of which is paid in shares blocked for three years. Directors receive a fixed annual cash fee and a fixed number of shares, also blocked for three years.

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

#### Elements of the compensation

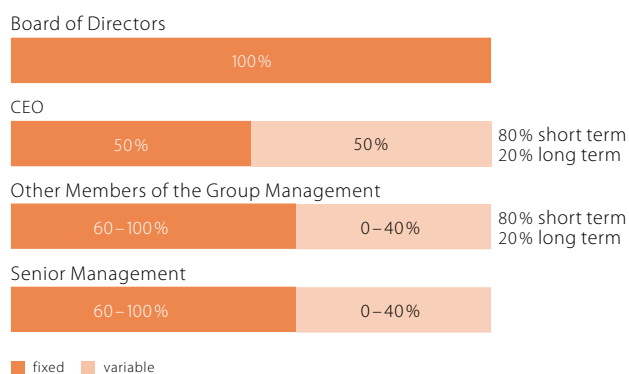


Fig. 2: Display of the compensation

#### 3.1 Fixed Components

The fixed compensation elements include the following components:

- base salary
- pension plans<sup>1</sup>  
(depending on local practices and regulations)
- other benefits  
(depending on local practices and regulations)

<sup>1</sup> The Board of Directors is not entitled to a pension scheme according to Swiss legislation (BVG).

#### Base Salary

Each COLTENE employee receives a base salary based on:

- job profile
- experience and skills
- comparison with external benchmarks
- location and local regulations
- strategic impact

#### Other Benefits

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

#### 3.2 Variable Components

Variable compensation components include one or more of the following:

- performance-related incentives
- short-term and long-term component

#### Performance-Related Incentives

The payout under the incentive scheme is based on a combination of the following:

- company performance
- financial and functional target achievement
- individual performance

#### Performance Indicators

Earnings before interest and tax (EBIT) in combination with revenue growth are the key performance indicators for COLTENE and the performance targets are set prior to the respective performance cycle. Targets for EBIT margin and revenue are based on the medium-term business plan and the relevant budget. The Board of Directors in consultation with Group Management sets these targets together with the focus area for individual discretionary targets.

### Weighting of Performance Criteria

The weighting of the different targets depends on the role and responsibilities of the individual (see table on page 45). Overall, there is a stronger focus on individual targets as determined by management, making it possible to encourage and reward above-average individual performance appropriately. The measurement scale for the achievement of financial targets (company performance and financial targets) extends from 0% to a maximum of 150% and is based on a line joining three points as explained in the illustration.

**Scale of variable compensation (financial targets)**

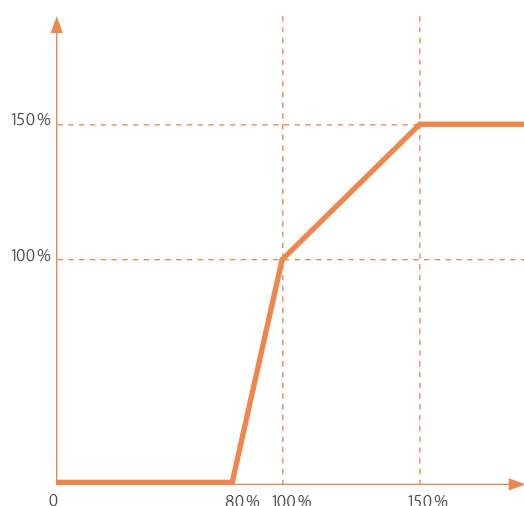


Fig. 3: Scale of variable compensation (financial targets)

The assessment scale for individual and functional target achievement extends from 0% to 100%. Partial financial targets might be over 100% fulfilled (up to a maximum of 150%); however, the total variable compensation is capped at the maximum variable compensation agreed.

### Illustration target achievement

Function	Financial weight of variable component	Functional/ discretionary weight of variable component	Maximum variable compensation as % of fixed salary
CEO	80%	20%	100%
Other members of the Group Management	60–80%	40–20%	0–66%
Senior Management	40–60%	60–40%	0–25%

### Long-Term Component

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. For the calculation of the number of shares awarded, the relative performance of COLTENE's shares in comparison with the SPI index over a certain period of time is taken into account. See also fig. 2: Display of the compensation.

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 the Executive Management: No member of the Executive Management has a notice period that exceeds 12 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 the Board of Directors and the Executive Management

The tables below show the compensation paid to the members of the Board of Directors and to the Group Management for the years 2014 and 2015.

### Remuneration to the Board of Directors

In CHF	Base remuneration		Variable remuneration <sup>1</sup>		Other remuneration		Total
	in cash	in shares <sup>2</sup>	in cash	in shares	Social security <sup>3</sup>	Other benefits	
<b>2015</b>							
Nick Huber	100 000	15 750	0	0	17 078	0	132 828
Robert Heberlein	80 000	15 750	0	0	9 634	0	105 384
Erwin Locher	80 000	15 750	0	0	14 075	0	109 825
Matthew Robin	80 000	15 750	0	0	14 075	0	109 825
Roland Weiger	80 000	15 750	0	0	14 075	0	109 825
<b>Total</b>	<b>420 000</b>	<b>78 750</b>	<b>0</b>	<b>0</b>	<b>68 937</b>	<b>0</b>	<b>567 687</b>
<b>2014</b>							
Nick Huber	100 000	16 075	0	0	16 777	0	132 852
Robert Heberlein	80 000	16 075	0	0	9 344	0	105 419
Erwin Locher	80 000	16 075	0	0	13 762	0	109 837
Matthew Robin	80 000	16 075	0	0	13 762	0	109 837
Roland Weiger	80 000	16 075	0	0	13 762	0	109 837
<b>Total</b>	<b>420 000</b>	<b>80 375</b>	<b>0</b>	<b>0</b>	<b>67 407</b>	<b>0</b>	<b>567 782</b>

### Remuneration to the Group Management

In CHF	Base remuneration		Variable remuneration <sup>1</sup>		Other remuneration		Total
	in cash	in shares	in cash	in shares <sup>2</sup>	Social security <sup>4</sup>	Other benefits	
<b>2015</b>							
Martin Schaufelberger	370 000	0	206 935	60 102	137 813	23 944	798 794
Other members <sup>5</sup>	796 947	0	182 410	52 983	257 097	64 433	1 353 870
<b>Total</b>	<b>1 166 947</b>	<b>0</b>	<b>389 345</b>	<b>113 085</b>	<b>394 910</b>	<b>94 785</b>	<b>2 152 664</b>
<b>2014</b>							
Martin Schaufelberger	370 000	0	272 769	83 076	141 876	23 944	891 665
Other members <sup>5</sup>	326 400	0	131 106	39 930	91 125	22 943	611 504
<b>Total</b>	<b>696 400</b>	<b>0</b>	<b>403 875</b>	<b>123 006</b>	<b>233 001</b>	<b>46 887</b>	<b>1 503 169</b>

<sup>1</sup> 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 Nomination and Compensation Committee.

<sup>2</sup> The value of shares granted is calculated with the share price at closing of the grant date. For 2014 it was February 18, 2015, and the share price was CHF 64.30. For 2015 it was February 17, 2016, and the share price was CHF 63.00.

<sup>3</sup> Company paid social security contribution incl. AHV, IV and ALV.

<sup>4</sup> Company paid social security contribution incl. pension funds payments, AHV, IV, ALV, NBU and KTG.

<sup>5</sup> Consisting of four members in 2015 and of two members in 2014 (Hans Grüter from Jan 1, 2014 to Jan 31, 2014, and Gerhard Mahrle from Jan 1, 2014 to Dec 31, 2014).

### Loans

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

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#### Number of shares held by the Board of Directors

	31.12.2015	31.12.2014
Nick Huber, Chairman	3 550	2 800
Robert Heberlein, Member	167 153	166 903
Erwin Locher, Member	7 556	9 306
Matthew Robin, Member	3 500	2 750
Roland Weiger, Member	500	250
<b>Total</b>	<b>182 259</b>	<b>182 009</b>

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#### Number of shares held by the Group Management

	31.12.2015	31.12.2014
Martin Schaufelberger	5 978	4 686
Gerhard Mahrle	621	0
Werner Mannschedel	2 821	2 162
Dr. Werner Barth	448	208
Christophe Loretan	0	n.a.
<b>Total</b>	<b>9 868</b>	<b>7 056</b>

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### 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 the Group Management and the Board of Directors. The Board of Directors will present this report to the shareholders for consultative approval at the Annual General Meeting on March 30, 2016.



**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 (pages 46 to 47) for the year ended December 31, 2015.

**Responsibility of the Board of Directors**

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 accompanying 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, 2015, of COLTENE Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd



Rico Fehr  
Licensed audit expert  
(Auditor in charge)



Iwan Zimmermann  
Licensed audit expert

St. Gallen, February 17, 2016



# 32

dentists per  
100 000 inhabitants





# North America

## Market-related figures

Total population	400 million
Share of GDP spent on health care <sup>1</sup>	8%–10%
Number of dentists per 100 000 inhabitants <sup>2</sup>	32
Average DMFT (decayed, missing and filled teeth) in 12 year old <sup>2</sup>	very low (0.0–1.1)
Average annual sugar consumption per person in kg <sup>3</sup>	37

Sources: <sup>1</sup> World Dental Federation (fdi), Oral Health Atlas 2005 <sup>2</sup> World Dental Federation (fdi), Oral Health Atlas 2014 <sup>3</sup> World Dental Federation (fdi)

## COLTENE figures

Number of COLTENE Group subsidiaries	2
COLTENE workforce (FTE)	308
Number of COLTENE sales specialists	51

Top 5 most successful COLTENE products

**ParaPosts**  
**Dental Dam**  
**Biosonic Cleanser & Solutions**  
**Alpen Rotary Instruments**  
**Affinis**

## Specific market developments and trends

Change in population age structure and diversity will be reflected in the prevalence of certain disease patterns; endodontic treatments are projected to increase. Customers use online channels to obtain more detailed information about treatment options and products.

## Hawaii

The fierce-looking Ki'i's guard the Hale o Keawe, a holy temple that houses the mortal remains of the ancient tribal chiefs.



# Content Financials

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# Financial Commentary

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**COLTENE generated sales of CHF 154.5 million in fiscal 2015 (2014: CHF 162.3 million), which represents a decrease of 4.8 % in its reporting currency of Swiss francs. In local currency, sales were down by 1.1 % from the year-ago level. In China and India, two important markets of the future, sales rose by 16.3 % and 6.2 % in local currency. Due to stock optimization of the dealers in North America, sales increased only slightly by 0.5 % in local currency. In EMEA mainly the strong Swiss franc has led to a sales decrease by 10.7 %. In constant currencies the sales in the EMEA region declined due to intense competition by 0.4 % only. In Latin America sales decreased by 24.8 % due to the weak economy and weak local currencies.**

Operating profit decreased from CHF 22.4 million in 2014 to CHF 20.4 million in 2015 by 9 %. The EBIT margin slightly decreased to 13.2 % (2014: 13.8 %). In the first half of the year COLTENE reported an EBIT margin of 8.8 %. Due to higher sales and optimized costs COLTENE was able to increase its EBIT margin significantly in the second half of the year.

The withdrawing of the exchange-rate floor of CHF 1.20 to the euro by the Swiss National Bank on January 15, 2015, had a significant impact on the group sales. The US Dollar which was slightly stronger compared to the prior year did not compensate the exchange rate losses completely. Furthermore the massive drop in the value of the Russian ruble and the Brazilian real had as well a negative effect on reported results in Swiss francs. Exchange rate differences and other financial expenses increased sharply from CHF 0.2 million in the previous year to CHF 1.5 million. Interest expense for bank overdrafts and loans on the other hand dropped from CHF 1.0 million in 2014 to CHF 0.6 million in 2015. Tax expense decreased from CHF 5.2 million to CHF 4.6 million. The effective tax rate increased from 25.1 % to 25.5 %. This increase is mainly attributable to higher profits from the US subsidiary. Net profit for the 2015 fiscal year amounted to CHF 13.3 million, a decline of 14.7 % compared to the previous year (2014: CHF 15.6 million). This reduced the corresponding net profit margin to 8.6 % compared to the high margin of 9.6 % in prior year.

COLTENE's cash flow from operating activities for the period under review amounted to CHF 18.2 million. This is CHF 1.8 million less than in the preceding period mainly due to the lower net profit as well as an increase in inventories. Cash flow from investment activities amounted to CHF 4.5 million, most of which was spent on replacement and maintenance of machinery for production. Net investment in plant and equipment amounted to CHF 4.0 million. Free cash flow amounted to CHF 13.7 million (2014: CHF 16.7 million). With bank loans of CHF 13.8 million, COLTENE's equity ratio remains high at 68.1% (2014: 63.2%). With cash and cash equivalents in the amount of CHF 14.6 million, the COLTENE Group has a net cash position of CHF 0.9 million.

# Group Statement of Profit and Loss

In CHF 1000	Ref.	2015	2014
<b>Net sales</b>	<b>1</b>	<b>154 496</b>	<b>162 348</b>
Changes in inventories of finished goods and work in progress		1 727	-458
Work performed and capitalized		42	73
Raw material and consumables used	2	-47 255	-47 811
Personnel expenses	3	-54 155	-55 798
Other operating expenses	5	-28 993	-30 675
Depreciation and amortization	6	-5 477	-5 274
<b>Operating profit (EBIT)</b>		<b>20 385</b>	<b>22 405</b>
Financial income	7	52	111
Financial expenses	7	-2 534	-1 656
<b>Net profit before tax expenses</b>		<b>17 903</b>	<b>20 860</b>
Tax expenses	8	-4 568	-5 227
<b>Net profit for the period</b>	<b>10</b>	<b>13 335</b>	<b>15 633</b>
Earnings per share	10	CHF 3.16	CHF 3.71
Diluted earnings per share	10	CHF 3.16	CHF 3.71

# Group Statement of Comprehensive Income

In CHF 1000	Ref.	2015	2014
<b>Net profit for the period</b>		<b>13 335</b>	<b>15 633</b>
<b>Other comprehensive income (OCI)</b>			
OCI to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		-4 650	3 146
<b>Net OCI to be reclassified to profit or loss in subsequent periods</b>		<b>-4 650</b>	<b>3 146</b>
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on defined benefit plans	4	-428	-3 691
Income tax effect		75	642
<b>Net OCI not to be reclassified to profit or loss in subsequent periods</b>		<b>-353</b>	<b>-3 049</b>
<b>OCI, net of tax</b>		<b>-5 003</b>	<b>97</b>
<b>Total comprehensive income, net of tax</b>		<b>8 332</b>	<b>15 730</b>
Profit for the period attributable to the owner of the parent		13 335	15 633
Comprehensive income for the period attributable to the owner of the parent		8 332	15 730

# Group Statement of Financial Position

In CHF 1000	Ref.	31.12.2015	31.12.2014
Cash and cash equivalents		14 644	18 277
Trade accounts receivable	11	29 993	34 817
Tax receivables		198	172
Other receivables and prepaid expenses	12	2 830	3 164
Inventories	13	29 938	29 632
<b>Current assets</b>		<b>77 603</b>	<b>86 062</b>
Property, plant, and equipment	1, 14	29 345	30 168
Financial assets	15	20	21
Intangible assets	1, 16	40 814	45 587
Deferred tax assets	9	1 405	2 809
<b>Non-current assets</b>		<b>71 584</b>	<b>78 585</b>
<b>Total assets</b>		<b>149 187</b>	<b>164 647</b>
Financial liabilities	17	13 780	20 802
Trade accounts payable	18	4 883	5 941
Other accounts payable and accruals	19	9 220	11 924
Tax liabilities		2 745	2 534
Provisions	20	455	526
<b>Current liabilities</b>		<b>31 083</b>	<b>41 727</b>
Deferred tax liabilities	9	7 320	9 500
Provisions	20	9 206	9 303
<b>Non-current liabilities</b>		<b>16 526</b>	<b>18 803</b>
<b>Total liabilities</b>		<b>47 609</b>	<b>60 530</b>
Share capital		422	422
Treasury shares		- 307	- 2 599
Currency translation adjustments		- 33 201	- 28 551
Retained earnings		134 664	134 845
<b>Total equity</b>	<b>22</b>	<b>101 578</b>	<b>104 117</b>
<b>Total liabilities and equity</b>		<b>149 187</b>	<b>164 647</b>

The notes are part of COLTENE Group financial statements.

# Group Cash Flow Statement

In CHF 1000	Ref.	2015	2014
Net profit for the period		13 335	15 633
Depreciation and amortization	6, 14, 16	5 477	5 274
Other non-cash items		6 652	5 789
Change in accounts receivable from deliveries and sales		3 260	-3 605
Change in inventories		-1 755	611
Change in other current assets		210	-280
Change in current liabilities		-3 213	1 829
Interest paid		-795	-791
Interest received		37	81
Income tax paid		-5 044	-4 603
<b>Cash flow from operating activities</b>		<b>18 164</b>	<b>19 938</b>
Purchase of property, plant, and equipment <sup>1</sup>		-3 977	-3 329
Proceeds from sale of property, plant, and equipment		20	344
Purchase of intangible assets		-537	-268
Proceeds of financial assets net		43	7
<b>Cash flow from investing activities</b>		<b>-4 451</b>	<b>-3 246</b>
Proceeds from loans and financial liabilities		4 042	13 210
Repayments of loans and financial liabilities		-10 352	-9 037
Dividends to shareholders	22	-10 547	-9 282
Proceeds/Purchase of treasury shares (net)		-312	7
<b>Cash flow from financing activities</b>		<b>-17 169</b>	<b>-5 102</b>
Exchange rate differences		-177	178
<b>Change in cash and cash equivalents</b>		<b>-3 633</b>	<b>11 768</b>
Cash and cash equivalents at beginning of year		18 277	6 509
Cash and cash equivalents at end of year		14 644	18 277

The notes are part of COLTENE Group financial statements.

<sup>1</sup> Netted with change of outstanding liabilities for capex of TCHF 77 for 2015 and TCHF -108 for 2014.



# Group Statement of Changes in Equity

In CHF 1000	Ref.	Share capital	Treasury shares	Currency translation adjustments	Retained earnings	Total
<b>1.1.2014</b>		<b>422</b>	<b>-2 618</b>	<b>-31 697</b>	<b>131 543</b>	<b>97 650</b>
Comprehensive income for the year		0	0	3 146	12 584	15 730
Share-based transactions with management	3, 24	0	282	0	0	282
Dividends	22	0	0	0	-9 282	-9 282
Change in treasury shares		0	-263	0	0	-263
<b>31.12.2014</b>		<b>422</b>	<b>-2 599</b>	<b>-28 551</b>	<b>134 845</b>	<b>104 117</b>
Comprehensive income for the year		0	0	-4 650	12 982	8 332
Share-based transactions with management	3, 24	0	304	0	0	304
Dividends	22	0	0	0	-10 547	-10 547
Change in treasury shares		0	-628	0	0	-628
Remeasurement treasury shares <sup>1</sup>		0	2 616	0	-2 616	0
<b>31.12.2015</b>		<b>422</b>	<b>-307</b>	<b>-33 201</b>	<b>134 664</b>	<b>101 578</b>

<sup>1</sup> Valuation of Treasury stock changed from the acquisition cost principal to weighted average cost.  
The notes are part of COLTENE Group financial statements.

# Notes to Group Financial Statements

## 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 in accordance with Swiss company law on December 15, 2005. The Group is active in the dental consumables market. COLTENE Holding AG was listed as an independent company at the SIX Swiss Exchange on June 23, 2006.

## Operating Segments and Products

Under the umbrella brand COLTENE the Group develops, manufactures, and sells mainly via distribution channels a broad and comprehensive range of disposables and tools for dentists and dental laboratories. The Group operates one operating segment defined in line with management structure, the organizational setup, the reporting and allocation of resources by the chief decision maker and the products of the Group. Therefore internal and external reporting are aligned.

## Principles of Consolidation

### General Remarks

The Group financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The figures are based on the historical cost convention except for certain financial assets and liabilities carried at fair value.

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.

The International Accounting Standard Board (IASB) and the IFRS Interpretation Committee (IFRIC) issued the following new and amended IFRS interpretations to be applied by the Group in financial year 2015:

- IFRS 2 Share-based Payment – Definitions of vesting conditions
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation/amortisation
- IAS 24 Related Party Disclosures – Key management personnel
- IFRS 13 Fair Value Measurement – Scope of paragraph 52 (portfolio exception)
- IAS 19 Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

Forthcoming standards and interpretations are:

- IAS 1 Disclosure Initiative – Amendments to IAS 1 (effective date: January 1, 2016)
- IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (effective date: January 1, 2016)
- IAS 19 Employee Benefits – Discount rate: regional market issue (effective date: January 1, 2016)
- IFRS 15 Revenue from Contracts with Customers (effective date: January 1, 2018)
- Impact of IFRS 9 Financial Instruments (effective date: January 1, 2018)
- IFRS 16 Leases (effective date: January 1, 2019)

The effect of the new standards IFRS 15 and IFRS 16 on the financial statement is currently being analyzed. The other new and forthcoming standards are currently not expected to have any material impact on accounting practices or on the Group's financial position, results of operations, and cash flows. The Group does not anticipate any significant impact of these changes on future consolidated financial statements and no early adoption is foreseen.

The Group financial statements are based on the individual financial statements of the Group's subsidiaries, prepared in accordance with the Group's accounting principles as of December 31. The Group financial statements were prepared in accordance with IFRS and comply with Swiss company law. All amounts presented are denominated in thousand CHF (except otherwise noted). Swiss francs are the functional currency of the holding company as well as the presentation currency of the Group.

The COLTENE Holding AG Board of Directors authorized these financial statements on February 17, 2016, for issue. The financial statements are subject to approval by the Annual General Meeting of Shareholders scheduled to take place on March 30, 2016.

### **Companies Consolidated**

Group subsidiaries, controlled directly or indirectly by COLTENE Holding AG, are fully consolidated. Subsidiaries are fully consolidated as of the date on which control is obtained. Subsidiaries are deconsolidated as of the date on which control ceases. The companies consolidated are shown in the summary provided on page 82.

### **Consolidation Method and Goodwill**

Business combinations are accounted for using the purchase method. Acquisition costs comprise the consideration paid, including the proportion of the purchase price retained for contractual representations and warranties, and contingent consideration. The latter is recognized at fair value on the transaction date. Subsequent changes in the fair value of contingent consideration are recognized in the income statement. Transaction costs are recognized as operating expenses.

Net assets acquired comprise identifiable assets, liabilities, and contingent liabilities and are recognized at fair value. The difference between the acquisition costs and the fair value of the proportionate interest in the net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets, the negative difference is accounted for in the Group income statement.

Transaction with non-controlling interests without change in control may result in a difference between consideration paid and the share of net assets acquired. This difference is taken to equity.

The assets, liabilities as well as the income and expenses of the consolidated subsidiaries are recorded in their entirety in the consolidated financial statements. The share of profit and equity to which non-controlling shareholders are entitled is shown separately in the Group statement of financial position and income statement. Intra-Group transactions are eliminated.

### **Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement and its share of post-acquisition movements in equity is also directly recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

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## **Principles of Valuation**

### **Cash and Cash Equivalents**

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

### **Accounts Receivable**

Accounts receivable in respect of deliveries and services and other accounts receivable are initially recognized at fair value and subsequently measured at amortized cost, minus allowance for doubtful accounts. Allowance is made when it is objectively foreseeable that the carrying amount cannot be collected in full. Allowance corresponds to the difference between the carrying amount and the present value of estimated future cash flows.

### **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. 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.

### **Property, Plant, and Equipment**

Property, plant, and equipment take into account the categories listed in the following:

- Machinery and equipment
- Land
- Buildings (including installations)
- Assets under construction

Machinery and equipment are stated at acquisition cost less depreciation on a straight-line basis over the useful life of normally five to ten years, 15 years in exceptional cases. Buildings are stated at historical cost less depreciation on a straight-line basis over the useful life of 40 to 50 years. Land is stated at historical cost and 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 depreciated. The corresponding lease obligations are shown as financial liabilities. Leasing installments are allocated accordingly to capital repayments and interest expenses.

### **Financial Assets**

#### ***Classification***

The Group classifies its financial assets as follows:

- At fair value through profit or loss
- Loans and receivables

The classification depends on the purpose of the financial assets. Management determines the classification of its financial assets at initial recognition. In the current and prior reporting periods, the Group only held financial assets at fair value through profit or loss as well as loans and receivables.

### ***Loans and Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise from the ordinary course of business or from lending activities. Receivables are included in current assets, except for maturities greater than twelve months after the balance sheet date. Such loans and receivables are classified as non-current financial assets.

### ***Financial Assets at Fair Value Through Profit or Loss***

This category has two subcategories, i. e. financial assets held for trading, and assets designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or by management, if so designated. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within twelve months following the reporting date.

### ***Recognition***

Regular purchases and sales of investments are recognized on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are derecognized when rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

### ***Subsequent Measurement/Impairment***

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from fair value changes are presented in the income statement as financial income or financial expense in the period in which they arise. Loans and receivables are carried at amortized cost using the effective interest method.

The fair values of quoted investments are based on a price within the bid-ask spread that is most representative for fair value. If the market for a financial asset is not active as well as for unlisted securities, the Group establishes fair value by means of specific valuation techniques: recent at arm's length transactions, reference to other similar instruments, discounted cash flow analysis, and option pricing models. On each reporting date, the Group determines whether there is objective evidence that financial assets were impaired. In the case of an impairment of the financial assets, the respective expenses are recorded in the income statement.

### **Intangible Assets**

#### ***Goodwill***

Goodwill is the difference of the costs of acquisition over the Group's share of the fair value of the identifiable net assets acquired and represents the future economic benefit, which cannot be recognized as a separate asset. Goodwill is carried in the currency of the acquired business and tested annually for impairment and carried at cost less accumulated impairment losses. All goodwill is allocated to the cash-generating unit COLTENE Group as the entire Group benefits from acquisitions and is therefore monitored on Group level.

#### ***Intangible Assets Other Than Goodwill***

Intangible assets contain patents, software, and others. They are stated at historical costs less amortization on a straight-line basis over the useful life normally not exceeding seven years. Intangible assets resulting from purchase price allocations such as trademarks, brand names, or customer relations are amortized up to 25 years.

#### **Impairment of Non-Financial Assets**

Assets that have an indefinite useful life are not subject to amortization or depreciation and are tested annually for impairment. Assets that are subject to amortization or depreciation 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 to sell 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 flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### **Loans and Other Liabilities**

Loans and other liabilities are recognized initially at fair value, net of transaction costs incurred. Loans and other liabilities are subsequently carried at amortized cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

### **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 guarantee obligations and liability claims where these are not insured. 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.

### **Post-Employment Benefits**

The Group maintains various pension fund schemes according to state law and other legal requirements according to the respective local regulations. The non-governmental pension plans are mostly organized in form of legally independent pension funds; contributions are paid both by employer and employee. All pension plans outside Switzerland are accounted for as defined contribution plan. The Swiss pension plan is administrated by an independent insurance company and accounted for as defined benefit plans according to IAS 19. The pension liability resulting from defined benefit plans is calculated annually by an independent actuary using the "projected unit credit method". Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding interest recognized in profit and loss), are recognized immediately



in other comprehensive income with corresponding debit or credit to the statement of financial position in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under personnel expenses and financial expenses in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and settlements
- Net interest expense or income

### **Share-Based Payments**

All members of the Board of Directors are paid for their services with a yearly fixed amount in cash. In addition, all members of the Board of Directors receive a fixed number of shares having a blocking period of three years without any vesting conditions. The valuation of the shares takes place on the grant date. The yearly compensation of the Board of Directors awarded is determined by the Nomination and Compensation Committee annually depending on the Company's performance.

A bonus and share participation program is in place for the members of the Executive Management as well as a limited number of key managers. The parameters of this program are measuring the performance to targets to key performance indicators (KPI) such as EBIT and net sales as well as to the fulfillment of personal targets. KPIs account for 40% to 80% and personal targets for 20% to 60%. Depending on the seniority of a participant, up to 20% of the bonus is allocated in shares at a fixed share price benchmarked to the SPI. Total bonus, including shares (if any), is capped depending on the seniority between 67% and 100% of the fixed salary of any participant (see compensation report on page 44 and notes to COLTENE Holding AG, page 88). The program is defined and reviewed by the Nomination and Compensation Committee annually.

### **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 tax assets are recognized to the extent that future taxable profit will be available to use tax loss carried forward. No provisions are recognized for non-reclaimable withholding taxes on dividends. Such withholding taxes are only payable when dividends are paid out.

### **Net Sales**

Net sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Net sales are shown net of value-added tax, rebates and discounts, and after eliminating intra-Group transactions. The Group recognizes net sales when the amount of net sales can be reliably measured, it is probable that future economic benefits will flow to a Group entity, and when specific criteria have been met, for example risks and rewards of ownership have been transferred to the customer.

### **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 (included in other operating expenses) are expensed as they occur. Development costs are capitalized if they can be determined accurately 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.

### Foreign Currency

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. 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 financial position and income statement of foreign subsidiaries are converted into Swiss francs (presentation currency) 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 the sale of a subsidiary, foreign currency differences are taken into account as part of the capital gain or loss resulting from the sale. Goodwill from acquisition of foreign companies and fair-value adjustments of assets and liabilities in connection with acquisitions are also converted at year-end rates.

The most important exchange rates are listed below:

#### The most important exchange rates

	31.12.2015	Ø 2015	31.12.2014	Ø 2014
1 USD	0.9927	0.9624	0.9895	0.9152
1 EUR	1.0826	1.0681	1.2028	1.2146

### Financial Risk Management

Financial risk management is ensured according to the principles defined by Group management. These principles define how credit, interest, and currency risks are to be managed. Additional rules governing the management of liquidity and other financial assets were also defined.

The subsidiaries manage their financial risk according to the defined risk policy. If appropriate, derivative financial instruments are used to hedge certain risk positions. The Group does not apply hedge accounting. Derivative financial instruments are only agreed upon with high quality counterparties (banks with rating A or better).

### Credit Risk

There is no substantial credit risk concentration in the Group. Group subsidiaries, however, have relationships with certain key accounts (see note 1). Management regularly assesses the credit risk of all counterparties (especially key accounts) on the basis of historic experiences. If appropriate, management also applies credit insuring instruments, for example credit limits or prepayments.

### Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of bank credit lines and the ability to close out market positions. Group management monitors rolling forecasts of the Group's liquidity reserve (comprises unused credit lines (see note 17) and cash and cash equivalents) on the basis of expected cash flows.

### Interest Risk

The Group undertakes no substantial interest-bearing activities. Bank loans are subject to fixed as well as variable interest rates, with management deciding upon the interest rate risk to be taken on a case by case basis. For further details see note 17.

If the interest rates had been higher by 50 bps for 2015 with all other variables held constant, net profit for the year would have been TCHF 83 (previous year TCHF 95) lower, as a result of higher interest expenses on current bank loans. If the interest rates had been lower by 50 bps for 2015 with all other variables held constant, net profit for the year would have been TCHF 83 (previous year TCHF 95) higher, as a result of lower interest expenses on current bank loans.

### **Currency Risk**

The Group is internationally active and thus exposed to currency fluctuations mainly in EUR and USD. If possible and feasible, currency risk is reduced by matching the currency in- and outflows. The estimated exposure in the main currencies is hedged by forwards. Forwards are placed on a rolling base at the end of each quarter. For the actual quarter 40% to 80% of the estimated exposure is hedged. For the next quarter 20% to 60%, for the next to last quarter 0% to 40% and for the last quarter 0% to 20% is hedged. Hedges are made by management based on approved guidelines by the Board of Directors. Risk associated with the translation of the foreign currency financial positions of subsidiaries is not hedged.

At December 31, 2015, if the CHF had strengthened by 5% against the USD with all other variables held constant, net profit for the year would have been TCHF 519 lower (previous year TCHF 745), mainly as a result of foreign exchange differences on translation of USD-denominated accounts receivables from deliveries and sales, accounts payables to suppliers, current bank loans and inter-company loans. Net profit is more sensitive to movement in CHF/USD exchange rates in 2015 than 2014 mainly because of the decreased net liability in USD. At December 31, 2015, if the CHF had weakened by 5% against the USD, net profit would have been TCHF 519 higher (previous year TCHF 745). The same sensitivity analysis (+/- 5%) for EUR results in a change of net profit of TCHF +/-116 (previous year TCHF +/-156).

At December 31, 2015, if the CHF had weakened by 5% against the USD with all other variables held constant, equity at the year would have been TCHF 1476 higher (previous year TCHF 1159), mainly as a result of the conversion of the financial statements of foreign subsidiaries. If the CHF had strengthened by 5% against the USD, the equity would have been TCHF 1476 lower (previous year TCHF 1159). The same sensitivity analysis (+/- 5%) for EUR results in a change of equity of TCHF +/-450 (previous year TCHF +/-476).

## Categories of Financial Assets and Liabilities

### Financial assets

In CHF 1000

	Loans and receivables	Financial assets at fair value through profit and loss	Carrying amount 31.12. <sup>2</sup>	Fair value level
<b>2015</b>				
Cash and cash equivalents	14 644		14 644	n/a
Trade accounts receivable	29 993		29 993	n/a
Other receivables and prepaid	2 830		2 830	n/a
<b>Total</b>	<b>47 467</b>	<b>0</b>	<b>47 467</b>	
<b>2014</b>				
Cash and cash equivalents	18 277		18 277	n/a
Trade accounts receivable	34 817		34 817	n/a
Other receivables and prepaid expenses	3 164		3 164	n/a
Forwards <sup>1</sup>	0	43	43	Level 2 <sup>3</sup>
<b>Total</b>	<b>56 258</b>	<b>43</b>	<b>56 301</b>	

### Financial liabilities

In CHF 1000

	Financial liabilities measured at amortized cost	Financial liabilities at fair value through profit and loss	Carrying amount 31.12. <sup>2</sup>	Fair value level
<b>2015</b>				
Bank loans	13 780		13 780	n/a
Trade accounts payable	4 883		4 883	n/a
Other accounts payable and accruals	9 220		9 220	n/a
Forwards <sup>1</sup>	0	83	83	Level 2 <sup>3</sup>
<b>Total<sup>4</sup></b>	<b>27 883</b>	<b>83</b>	<b>27 966</b>	
<b>2014</b>				
Bank loans	20 802		20 802	n/a
Trade accounts payable	5 941		5 941	n/a
Other accounts payable and accruals	11 968		11 968	n/a
<b>Total</b>	<b>38 711</b>	<b>0</b>	<b>38 711</b>	

<sup>1</sup> Included in line item Other accounts payable and accruals in the Group statement of financial position, see also note 19.

<sup>2</sup> Carrying amount is a reasonable approximation for fair value.

<sup>3</sup> Level 2: financial instruments with directly observable market inputs.

<sup>4</sup> The total amount of financial liabilities will lead to an undiscounted cashflow of TCHF 27 933 in 2016.

## Capital Risk Management

The Group's objective when managing capital is to assure the Group's ability to maintain going concern of the Group, to support the Group's strategy, to provide attractive returns to shareholders and to aim for an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may propose to adjust the dividend policy, to return capital to shareholders or issue new shares. In line with industry measures, the Group monitors the capital basis with the two ratios interest-bearing debt divided by EBITDA (leverage factor) and total equity divided by total liabilities and equity (equity ratio). These ratios were at December 31 as follows:

<b>Capital risk management</b>		
In CHF 1000	2015	2014
Interest-bearing debt	13 780	20 802
EBITDA	25 862	27 679
<b>Leverage factor</b>	<b>0.5</b>	<b>0.8</b>
<b>Equity ratio in %</b>	<b>68.1%</b>	<b>63.2%</b>

Targets for these ratios are for leverage factor below 3.0 and for equity ratio above 40%. Group management would allow these ratios to be higher respectively lower for a short period of time in case strong evidence is given that the targets can again be achieved within a reasonable time frame.

## 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. The estimates and assumptions bearing a significant risk of entailing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the following section.

## Goodwill

The Group's goodwill is tested annually for impairment using discounted cash flow projections. These calculations require the use of estimates regarding projected sales, product prices and costs, interest rate as well as tax rate (see note 16).

## IAS 19 Post-Employment Benefits

The status of defined benefit plans depends on long-term actuarial assumptions that may differ from actual future developments. The determination of the discount rate and of future changes in salaries/wages are important assumptions in actuarial valuations.

## Tax

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Tax liabilities comprise expected income tax payments based on taxable profit of the year as well as pending tax assessments. All tax credits from capitalized tax losses are assessed annually. The assessments are based on business plans. Underlying estimation and assumptions are main sources of uncertainties.



## 1 Group-wide Information

Net sales by geographical areas (determined by site of customer) and by products and services are as follows:

<b>Net sales by geographical areas</b>		
In CHF 1000	2015	2014
Switzerland	1 930	2 314
Germany, Austria	16 575	18 335
Great Britain, Ireland	5 892	6 876
France	5 652	7 056
Other Europe	21 455	23 683
Russia and other CIS	4 531	6 750
Middle East and Africa	7 541	6 141
North America	57 070	54 025
Brazil	5 160	9 744
Other South America	9 375	9 571
China	5 522	4 577
India	2 787	2 626
Other Far East, Oceania	11 007	10 650
<b>Net sales</b>	<b>154 496</b>	<b>162 348</b>

<b>Net sales by products and services</b>		
In CHF 1000	2015	2014
Endodontics	31 680	30 554
Prosthetics	31 045	35 453
Rotary Instruments	12 468	12 442
Restoration	39 181	41 822
Laboratory	6 805	7 503
Infection control	10 536	10 417
Treatment auxiliaries	20 074	21 267
Miscellaneous	2 706	2 890
<b>Net sales</b>	<b>154 496</b>	<b>162 348</b>

Net sales of TCHF 33 382 (previous year TCHF 33 413) corresponding to 21.6% of Group net sales (previous year 20.6%) were generated with one customer (large distribution group). No other major customers exist.

Property, plant, and equipment and intangible assets by geographical areas are as follows:

<b>Property, plant, and equipment geographical areas</b>		
In CHF 1000	31.12.2015	31.12.2014
Switzerland	11 700	11 327
Germany	1 526	1 605
Other Europe	209	255
China	51	21
India	80	27
USA	14 513	15 050
Brazil	1 266	1 883
<b>Property, plant, and equipment</b>	<b>29 345</b>	<b>30 168</b>

<b>Intangible assets by geographical areas</b>		
In CHF 1000	31.12.2015	31.12.2014
Switzerland	6 733	7 314
Germany	16 458	18 203
Other Europe	91	106
China	0	1
India	3	4
USA	13 223	13 491
Brazil	4 306	6 468
<b>Intangible assets</b>	<b>40 814</b>	<b>45 587</b>

## 2 Raw Material and Consumables Used

Raw material and consumables used amounted to 30.6% (previous year 29.4%) of net sales.

## 3 Personnel Expenses

The average workforce amounted to 888 employees (previous year 909). Detailed information on personnel expenses:

<b>Personnel expenses</b>		
In CHF 1000	2015	2014
Wages and salaries	43 082	44 028
Expenses for defined benefit plans	262	796
Expenses for defined contribution plans	2 686	3 112
Other personnel expenses	8 125	7 862
<b>Total</b>	<b>54 155</b>	<b>55 798</b>

Personnel expenses include TCHF 304 (previous year TCHF 282) for share-based payment transactions with the Board of Directors and Group Management. For information on expenses for post-employment benefits according to IAS 19, please refer to note 4.

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## 4 Pension Liabilities

### Employee Benefit Obligation

To complement the benefits provided by state-regulated pension schemes, COLTENE maintains additional employee pension plans for a number of subsidiaries. In principle these fall into the following categories:

#### **Defined Contribution Pension Plans:**

Some of the COLTENE subsidiaries operate defined contribution pension plans. In these, employees and employer regularly contribute to funds administered by third parties. This does not give rise to any assets or liabilities in the consolidated balance sheet.

#### **Defined Benefit Pension Plans:**

Defined benefit pension plans for management and staff exist only for Coltène/Whaledent AG in Switzerland. These pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which states that pension plans are to be managed by independent, legally autonomous entities. Plan participants are insured against the financial consequences of old age, disability, and death. The insurance benefits are subject to regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. If a plan is underfunded, different measures can be taken, such as the adjustment of the pension commitment by altering the conversion rates or increasing current contributions. In the current year, as in the previous year, the Swiss pension plans are showing a surplus under BVG and it is not expected that additional contributions will be necessary for the next year. The employees have the opportunity to withdraw pension benefits in the form of a lump sum.

The pension plans of Coltène/Whaledent AG account for 100% of COLTENE's entire defined benefit pension obligations and 100% of plan assets. These pension plans are full insurance solutions within a completely independent collective foundation run on a separate basis by a Swiss insurance company. All actuarial risks are borne by the foundation and all of the foundation's actuarial risks of death and invalidity are reinsured. The Company (employer) and the beneficiaries (employees) are represented equally in a board of trustees.

In accordance with local statutory requirements, COLTENE has no obligations to these pension plans beyond the regulatory contributions and any recapitalization contributions that may become necessary. According to IAS 19, the Swiss pension plans qualify as defined benefit plans, so the actuarially calculated surplus or deficit is recognized in the consolidated balance sheet.

<b>Pension liabilities</b>		
In CHF 1000	2015	2014
<b>Pension costs</b>		
Current service cost	1 092	796
Past service cost	– 830	0
Interest expenses on defined benefit obligation (DBO)	196	383
Interest income on plan assets	– 121	– 284
<b>Total</b>	<b>337</b>	<b>895</b>
<b>Reconciliation of the present value of the DBO</b>		
DBO 1.1.	23 048	19 155
Current service cost	262	796
Ordinary contribution paid by employees	611	600
Interest expenses on (DBO)	196	383
Contribution paid by plan participants	1 254	2 202
Benefits paid	– 941	– 3 711
Actuarial (gain) and loss arising from changes in financial assumptions	– 148	3 992
Actuarial (gain) and loss arising from experiences adjustments	728	– 369
<b>DBO 31.12.</b>	<b>25 010</b>	<b>23 048</b>
<b>Reconciliation of fair value of plan assets</b>		
Fair value 1.1.	14 271	14 201
Interest income on plan assets	121	284
Ordinary contribution paid by employer	762	763
Ordinary contribution paid by employees	611	600
Contribution paid by plan participants	1 254	2 202
Benefit paid to plan participants	– 941	– 3 711
Return on plan assets excl. interest income (gains/losses)	152	– 68
<b>Fair value 31.12.</b>	<b>16 231</b>	<b>14 271</b>
<b>Details to plan assets</b>		
Receivables from insurance company	16 231	14 271
<b>Total</b>	<b>16 231</b>	<b>14 271</b>
<b>Split of plan assets (in %)</b>		
Fixed interest-bearing securities	77.11 %	78.31 %
Mortgages	6.38 %	6.85 %
Shares and fund participation	2.46 %	1.04 %
Private equity and hedge funds	0.10 %	0.14 %
Shares in investments and in affiliated companies	0.53 %	0.63 %
Real estate	12.07 %	12.01 %
Other capital investments	1.35 %	1.02 %
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>

No significant investments were made in COLTENE Holding AG. For both periods no short-term payables against pension plans exist.

<b>Pension liabilities</b>		
In CHF 1000	2015	2014
<b>Net defined liability (asset)</b>		
Present value of the defined benefit obligation, 31.12.	25 010	23 048
Fair value of plan assets, 31.12.	- 16 231	- 14 271
<b>Net defined benefit liability (asset) recognised in balance sheet</b>	<b>8 780</b>	<b>8 777</b>
<b>Changes in net amount</b>		
Net defined benefit liability (asset), 1.1.	8 777	4 954
Defined benefit cost recognised in profit and loss	337	895
Defined benefit cost recognised in other comprehensive income	428	3 691
Ordinary contribution paid by employer	- 762	- 763
<b>Balance 31.12.</b>	<b>8 780</b>	<b>8 777</b>
<b>Actuarial assumptions</b>		
Discount rate	0.75%	0.85%
Future salary increase	1.00%	1.00%
Mortality (GT)	BVG 2010	BVG 2010
<b>Pension liabilities – Sensitivity analysis</b>		
In CHF 1000	2015	2014
<b>Sensitivity to discount rate assumptions</b>		
Discount rate + 0.50% – effect on DBO	- 2 252	- 2 108
Discount rate - 0.50% – effect on DBO	2 606	2 439
<b>Sensitivity to salary increase assumptions</b>		
Salary increase rate + 0.50% – effect on DBO	213	215
Salary increase rate - 0.50% – effect on DBO	- 206	- 205
<b>Sensitivity to mortality assumptions</b>		
+ 1 additional year – effect on DBO	535	502
- 1 additional year – effect on DBO	- 516	- 482

The pension liabilities are reported in other long-term provisions.

## 5 Other Operating Expenses

<b>Other Operating Expenses</b>		
In CHF 1000	2015	2014
Energy expenses	946	902
Rental expenses	1 207	1 314
Repair and maintenance	1 911	1 731
Other production expenses	1 704	1 833
Freight and distribution expenses	2 622	3 073
Marketing expenses	7 042	7 780
Insurance expenses	519	524
IT expenses	1 018	963
Consulting expenses	2 431	2 576
Travel expenses	2 683	2 707
Vehicle expenses	1 887	2 078
Other selling and administration expenses	5 013	5 292
Gain from sale of property, plant and equipment	-8	-208
Loss from sale of property, plant and equipment	18	112
<b>Total</b>	<b>28 993</b>	<b>30 675</b>

In 2015, TCHF 4466 (previous year TCHF 5346) were spent on research and development and recorded as an expense in the income statement.

## 6 Depreciation and Amortization

<b>Depreciation and amortization</b>		
In CHF 1000	2015	2014
Depreciation on property, plant, and equipment	4 092	3 861
Amortization of intangible assets	1 385	1 413
<b>Total</b>	<b>5 477</b>	<b>5 274</b>

## 7 Financial Income and Expenses

<b>Financial income and expenses</b>		
In CHF 1000	2015	2014
Interest income on cash and cash equivalents	37	81
Other financial income	15	30
<b>Total financial income</b>	<b>52</b>	<b>111</b>
Interest expenses for bank overdrafts and loans	-563	-958
Exchange rate differences and other financial expenses	-1 971	-698
<b>Total financial expenses</b>	<b>-2 534</b>	<b>-1 656</b>
<b>Total financial result (net)</b>	<b>-2 482</b>	<b>-1 545</b>

## 8 Tax Expenses

Tax expenses comprise the following positions:

<b>Tax expenses</b>		
In CHF 1000	2015	2014
Current taxes	5 229	4 629
Deferred taxes	-661	598
<b>Total</b>	<b>4 568</b>	<b>5 227</b>

Tax expenses can be analyzed as follows:

<b>Tax expenses</b>		
In CHF 1000	2015	2014
Net profit before tax expenses	17 903	20 860
Tax expenses at applicable tax rate of 28.6% (26.4%)	5 118	5 516
Effects of non-tax-deductible expenses	116	49
Effects of tax-exempt or -reduced income	-1 826	-761
Effects of tax loss not capitalized in current year	1 430	532
Effects of tax loss used not capitalized in prior years	31	0
Effects of change in tax rate of deferred taxes	-295	-76
Tax adjustments prior years by tax authorities	-20	-66
Other impacts	14	33
<b>Actual tax expense</b>	<b>4 568</b>	<b>5 227</b>
Effective tax rate in %	25.5%	25.1%

The applicable tax rate represents a weighted average rate based on all Group companies. Compared to last year the applicable tax rate increased from 26.4% to 28.6%. The increase is related to the changed taxable contribution of the different entities with different tax rates.

The expected tax rates applied by the different companies are unchanged to prior year.

Tax expenses of TCHF 4568 represent an effective tax rate of 25.5% (prior year 25.1%) of net profit before tax. For 2015 the difference between applicable and effective tax rate is mainly due to tax losses not capitalized and effects of lower income of the Holding company.



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

<b>Tax losses</b>		
In CHF 1000	2015	2014
<b>Tax losses capitalized</b>		
Expiration within 1 year	19	0
Expiration between 1 and 5 years	693	1 927
Expiration over 5 years	2 681	3 136
<b>Total</b>	<b>3 393</b>	<b>5 063</b>
<b>Tax credits of capitalized tax losses</b>		
Expiration within 1 year	-5	0
Expiration between 1 and 5 years	469	580
Expiration over 5 years	768	1 047
<b>Total</b>	<b>1 232</b>	<b>1 627</b>
<b>Tax losses not capitalized</b>		
Expiration within 1 year	0	0
Expiration between 1 and 5 years	0	0
Expiration over 5 years	8 154	6 670
<b>Total</b>	<b>8 154</b>	<b>6 670</b>
<b>Tax credits of not capitalized tax losses</b>		
Expiration within 1 year	0	0
Expiration between 1 and 5 years	0	0
Expiration over 5 years	2 720	2 268
<b>Total</b>	<b>2 720</b>	<b>2 268</b>

The main portion of tax losses not capitalized is attributable to Vigodent SA. The deferred tax assets are reviewed annually by the management. The business outlook of the Brazilian subsidiary has been assessed carefully and based on a prudent estimate of the future no further tax assets have been recognized. Brazilian tax law only allows setting off 30 % of income taxes with tax loss carryforward. Tax losses carried forward in Brazil do not elapse.

## 9 Deferred Taxes

<b>Deferred tax assets</b>		
In CHF 1000	2015	2014
1.1.	2 809	2 287
Additions	0	545
Reversals	-987	-117
Currency effects	-418	94
<b>31.12.</b>	<b>1 405</b>	<b>2 809</b>

<b>Deferred tax liabilities</b>		
In CHF 1000	2015	2014
1.1.	9 500	8 648
Additions	-2 060	1 378
Reversals	320	-975
Currency effects	-439	449
<b>31.12.</b>	<b>7 320</b>	<b>9 500</b>

Deferred tax assets and liabilities are based on the valuation differences between Group valuation and tax valuation in the following financial position items:

<b>Deferred tax details</b>				
	2015		2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Receivables and accruals	0	158	0	169
Inventories	751	375	343	248
Property, plant, and equipment	0	4 622	0	6 261
Intangible assets	0	4 254	0	4 351
Financial liabilities				
Provisions	1 551	39	2 418	50
Deferred taxes from losses carried forward	1 231	0	1 627	0
Offset of deferred assets and liabilities	-2 128	-2 128	-1 579	-1 579
<b>Total</b>	<b>1 405</b>	<b>7 320</b>	<b>2 809</b>	<b>9 500</b>

Deferred tax assets to be recovered after more than twelve months amount to TCHF 654 (previous year TCHF 2466).  
Deferred tax assets to be recovered within twelve months amount to TCHF 751 (previous year TCHF 343).

Deferred tax liabilities to be recovered after more than twelve months amount to TCHF 6787 (previous year TCHF 9083). Deferred tax liabilities to be recovered within twelve months amount to TCHF 533 (previous year TCHF 417).

## 10 Earnings per Share

Net profit amounts to TCHF 13 335 (previous year TCHF 15 633). Earnings per share (EPS) are calculated as follows:

Earnings per share	2015	2014
Weighted number of shares issued at 31.12.	4 217 123	4 218 647
Earnings per share (based on net profit for the period)	CHF 3.16	CHF 3.71
Diluted earnings per share (based on net profit for the period)	CHF 3.16	CHF 3.71

## 11 Trade Accounts Receivable

### Trade accounts receivable

In CHF 1000	2015	2014
Trade accounts receivable (gross)	30 587	35 565
Allowance	-594	-748
<b>Total</b>	<b>29 993</b>	<b>34 817</b>

### Trade accounts receivable by currency

In CHF 1000	2015	2014
CHF	2 428	2 840
EUR	8 191	10 717
USD	16 513	16 150
Other currencies	2 861	5 110
<b>Total</b>	<b>29 993</b>	<b>34 817</b>

### Trade accounts receivable (gross) by maturity

In CHF 1000	2015	2014
Not due	25 800	29 455
Past due 1 to 30 days	2 478	3 226
Past due 31 to 60 days	300	419
Past due 61 to 90 days	207	288
Past due 91 to 120 days	221	189
Past due over 120 days	1 581	1 988
<b>Total</b>	<b>30 587</b>	<b>35 565</b>

### Trade accounts receivable by maturity including allowance

In CHF 1000	2015	2014
Not due	25 697	29 313
Past due 1 to 30 days	2 466	3 219
Past due 31 to 60 days	282	406
Past due 61 to 90 days	172	261
Past due 91 to 120 days	169	146
Past due over 120 days	1 207	1 472
<b>Total</b>	<b>29 993</b>	<b>34 817</b>

### Change in allowance

In CHF 1000	2015	2014
1.1.	748	929
Additions	68	153
Used	-65	-98
Reversals	-120	-252
Currency effects	-37	15
<b>31.12.</b>	<b>594</b>	<b>748</b>

The amounts due are monitored on a monthly basis. The carrying amount of receivables also represents the maximum exposure to credit risk.

No collaterals exist in both reporting periods. The change in the allowance due to addition or reversal is included in other operating expenses.

As per December 31, 2015, no trade accounts receivable are pledged (previous year also none).

## 12 Other Receivables and Prepaid Expenses

These items include:

<b>Other receivables and prepaid expenses</b>		
In CHF 1000	2015	2014
Other receivables	1 708	1 879
Prepaid expenses	1 139	1 302
Allowance	-17	-17
<b>Total</b>	<b>2 830</b>	<b>3 164</b>

## 13 Inventories

Inventories are as follows:

<b>Inventories (net)</b>		
In CHF 1000	2015	2014
Raw materials	9 191	9 763
Trade merchandise	1 157	1 372
Work in progress	6 672	8 007
Finished goods	12 918	10 490
<b>Total</b>	<b>29 938</b>	<b>29 632</b>

No inventories are pledged or measured at selling price less variable selling expenses (net realizable value) neither at December 31, 2014, nor 2015.

<b>Inventories (gross)</b>		
In CHF 1000	2015	2014
Raw materials	11 315	11 581
Trade merchandise	1 332	1 474
Work in progress	7 959	9 356
Finished goods	14 372	11 553
<b>Total</b>	<b>34 977</b>	<b>33 964</b>

<b>Change in allowance</b>		
In CHF 1000	2015	2014
1.1.	4 332	3 169
Additions	390	1 116
Used	364	-131
Reversals	0	-12
Currency effects	-47	190
<b>31.12.</b>	<b>5 039</b>	<b>4 332</b>

## 14 Property, Plant, and Equipment

<b>Gross values</b>					
In CHF 1000	Machinery and Equipment	Land	Buildings (incl. inst.)	Assets under Construction	Total
<b>Value 31.12.2013</b>	<b>39 507</b>	<b>3 500</b>	<b>39 021</b>	<b>1 802</b>	<b>83 830</b>
Additions	529	96	1 120	1 476	3 221
Disposals	-712	-101	-184	-25	-1 022
Currency effects	2 068	99	1 220	42	3 428
Reclassification	2 272	0	420	-2 788	-96
<b>Value 31.12.2014</b>	<b>43 664</b>	<b>3 594</b>	<b>41 597</b>	<b>506</b>	<b>89 361</b>
Additions	752	0	1 650	1 652	4 054
Disposals	-133	0	-132	-9	-274
Currency effects	-1 274	-59	-767	16	-2 084
Reclassification	504	0	198	-702	0
<b>Value 31.12.2015</b>	<b>43 513</b>	<b>3 535</b>	<b>42 546</b>	<b>1 464</b>	<b>91 058</b>
<b>Accumulated depreciation</b>					
In CHF 1000	Machinery and Equipment	Land	Buildings (incl. inst.)	Assets under Construction	Total
<b>Value 31.12.2013</b>	<b>29 614</b>	<b>534</b>	<b>24 034</b>	<b>0</b>	<b>54 182</b>
Depreciation	2 221	55	1 585	0	3 861
Disposals	-604	0	-170	0	-774
Currency effects	1 282	64	627	0	1 973
Reclassification	0	0	-50	0	-50
<b>Value 31.12.2014</b>	<b>32 513</b>	<b>653</b>	<b>26 027</b>	<b>0</b>	<b>59 192</b>
Depreciation	2 347	58	1 688	0	4 092
Disposals	-127	0	-117	0	-244
Currency effects	-980	4	-352	0	-1 328
Reclassification	4	0	-4	0	0
<b>Value 31.12.2015</b>	<b>33 756</b>	<b>715</b>	<b>27 242</b>	<b>0</b>	<b>61 713</b>
<b>Net values</b>					
In CHF 1000	Machinery and Equipment	Land	Buildings (incl. Inst.)	Assets under Construction	Total
Value 31.12.2013	9 893	2 966	14 987	1 802	29 648
Value 31.12.2014	11 150	2 941	15 571	506	30 168
<b>Value 31.12.2015</b>	<b>9 757</b>	<b>2 820</b>	<b>15 303</b>	<b>1 464</b>	<b>29 345</b>

Leased property, plant, and equipment amount to TCHF 0 for both periods.

## Contractual Commitments

As per December 31, 2015, contractual commitments to acquire machinery and equipment of TCHF 463 were entered upon (previous year TCHF 131).

## Pledged Assets

No property, plant, and equipment was pledged as of December 31, 2015 and 2014.

## 15 Financial Assets

Financial assets consist of TCHF 20 loans (previous year TCHF 21).

## 16 Intangible Assets

Goodwill is allocated to the Group's cash-generating unit (CGU), which is the Group in total. Further, Group management monitors goodwill on a Group level. The impairment test for goodwill is based on the discounted cash flow method and on approved budgets and key business plan figures (2016–2020). Cash flow after this period is extrapolated by the rates given below. The value in use is the basis to calculate the recoverable amount.

Following assumptions were made:

### Goodwill assumptions

	2015	2014
<b>CGU Group</b>		
Inflation rate	2.6%	2.2%
Growth rate	2.6%	2.2%
Pre-tax discount rate	13.1%	8.5%

A change in the basic data used, e.g. in the event of a sustained deterioration in operating profit while the balance sheet and cost structure remain the same, would not result in an impairment of goodwill. Even if cash flow forecasts were based on zero growth, the carrying amount would not exceed the recoverable amount. An increase of 1 percentage point in the assumed discount rate would not alter the results of the impairment test.

### Gross values

In CHF 1000	Goodwill	Other intangible assets	Total
<b>Value 31.12.2013</b>	<b>39 693</b>	<b>12 203</b>	<b>51 896</b>
Additions	0	232	232
Currency effects	778	183	962
Reclassification	0	96	96
<b>Value 31.12.2014</b>	<b>40 471</b>	<b>12 714</b>	<b>53 185</b>
Additions	0	551	551
Currency effects	–3 382	–837	–4 219
<b>Value 31.12.2015</b>	<b>37 089</b>	<b>12 428</b>	<b>49 517</b>

### Accumulated amortization

In CHF 1000	Goodwill	Other intangible assets	Total
<b>Value 31.12.2013</b>	<b>0</b>	<b>6 022</b>	<b>6 022</b>
Amortization	0	1 413	1 413
Currency effects	0	113	113
Reclassification	0	50	50
<b>Value 31.12.2014</b>	<b>0</b>	<b>7 598</b>	<b>7 598</b>
Amortization	0	1 384	1 384
Currency effects	0	–280	–280
<b>Value 31.12.2015</b>	<b>0</b>	<b>8 702</b>	<b>8 702</b>

### Net values

In CHF 1000	Goodwill	Other intangible assets	Total
Value 31.12.2013	39 693	6 181	45 874
Value 31.12.2014	40 471	5 116	45 587
<b>Value 31.12.2015</b>	<b>37 089</b>	<b>3 725</b>	<b>40 814</b>

No impairment was recognized for the periods presented. No intangible assets with an indefinite useful life are held by the Group. The other intangible assets mainly consist of the ERP system amounting to CHF 1.7 million, trade names and customer relationship amounting to CHF 1.6 million, as well as patents amounting to CHF 0.4 million.

As per December 31, 2015 and 2014, there are no contractual commitments to acquire intangible assets.



## 17 Bank Loans

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

### Current bank loans

In CHF 1000	2015	2014
Unsecured bank loans	13 780	20 802
<b>Total</b>	<b>13 780</b>	<b>20 802</b>

### Current bank loans

In CHF 1000				
Maturity	Currency	Interest rate	2015	
29.01.2016 unsecured	USD	1.24%	5 153	
29.01.2016 unsecured	USD	1.23%	3 008	
29.01.2016 unsecured	USD	1.13%	2 209	
29.01.2016 unsecured	USD	1.44%	1 211	
29.01.2016 unsecured	USD	1.17%	1 178	
31.12.2015 unsecured	INR	11.50%	394	
14.01.2016 unsecured	BRL	18.05%	501	
31.12.2016 unsecured	BRL	28.32%	125	
<b>Total</b>			<b>13 780</b>	

### Current bank loans

In CHF 1000				
Maturity	Currency	Interest rate	2014	
30.01.2015 unsecured	USD	0.96%	6 828	
30.01.2015 unsecured	USD	1.00%	4 304	
30.01.2015 unsecured	USD	1.00%	2 929	
30.01.2015 unsecured	USD	0.92%	1 949	
30.01.2015 unsecured	USD	0.92%	1 564	
31.12.2015 unsecured	INR	11.50%	447	
30.03.2015 unsecured	BRL	3.26%	186	
21.05.2015 unsecured	BRL	3.25%	553	
31.03.2015 unsecured	BRL	3.75%	606	
02.03.2015 unsecured	BRL	3.75%	442	
08.05.2015 unsecured	BRL	3.26%	589	
21.08.2015 unsecured	BRL	3.26%	405	
<b>Total</b>			<b>20 802</b>	

Total uncommitted credit lines amount to TCHF 101 896 (previous year TCHF 96 786) of which 14 % are used (previous year 21%). Covenants exist for selected bank loans. Covenants were met for both periods.

The Group intends to repay the current bank loans of TCHF 13 780 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.

## 18 Trade Accounts Payable

### Trade accounts payable

In CHF 1000	2015	2014
CHF	856	797
EUR	1 445	1 469
USD	2 104	3 038
Other currencies	478	637
<b>Total</b>	<b>4 883</b>	<b>5 941</b>

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

## 19 Other Accounts Payable and Accruals

<b>Other accounts payable and accruals</b>		
In CHF 1000	2015	2014
Other accounts payable	2 197	3 235
Accruals	7 023	8 689
<b>Total</b>	<b>9 220</b>	<b>11 924</b>

<b>Derivative financial instruments</b>		
In CHF 1000	2015	2014
<b>Currency-related instruments</b>		
Fair value (included in other accounts payable and accruals).	-83	43
<b>Forward exchange rate contracts by currencies</b>		
EUR	5 642	5 952
GBP	-1 477	-1 058
USD	800	0

The tables show the contract or underlying principal amounts and fair values of derivative financial instruments analyzed by type of contract at December 31, 2015 and 2014. Contracts or underlying principal amounts indicate the volume of business outstanding at the consolidated balance sheet date and do not represent amounts at risk. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31, 2015 and 2014.

## 20 Provisions

The column "Legal & personnel-related" covers the risk of litigation and employment contract termination benefits. The next category "Pension plans & social security" includes provisions for pension plans and other social security as well as future pension claims and age-related part-time work agreements, promised pension or capital payments to the extent to which these payables are not included or reinsured by a legally separate fund. The remaining column "Guarantees & others" mainly contains provisions for estimated guarantees based on experience for guarantee claims that cannot be insured and are based on the assessment of specific cases. A capital outflow from long-term provisions is expected in the next one to five years with the exception of pension plans where the outflow lasts more than five years. Provisions are as follows:

<b>Provisions</b>				
In CHF 1000	Legal & personnel-related	Pension plans & social security	Guarantees & others	Total
<b>31.12.2013</b>	<b>600</b>	<b>5 024</b>	<b>231</b>	<b>5 855</b>
Additions	63	3 861	339	4 263
Reversals	-79	0	0	-79
Used	-200	0	-2	-202
Currency effects	-2	0	-6	-8
<b>31.12.2014</b>	<b>382</b>	<b>8 885</b>	<b>562</b>	<b>9 828</b>
Additions	190	19	21	231
Reversals	0	0	-256	-256
Used	-8	0	-31	-39
Currency effects	-70	-4	-30	-104
Reclassification	0	0	0	0
<b>31.12.2015</b>	<b>494</b>	<b>8 900</b>	<b>266</b>	<b>9 661</b>

<b>Provisions by maturity</b>				
In CHF 1000	Legal & personnel-related	Pension plans & social security	Guarantees & others	Total
<b>31.12.2014</b>				
Short-term provisions	64	0	462	526
Long-term provisions	318	8 885	100	9 303
<b>31.12.2015</b>				
Short-term provisions	184	0	271	455
Long-term provisions	159	8 829	218	9 206

## 21 Operating Leasing

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

Leasing In CHF 1000	Operating leasing	
	2015	2014
Not later than 1 year	1 261	1 303
Later than 1 year and not later than 5 years	3 253	2 869
Later than 5 years	3 879	3 632
<b>Total</b>	<b>8 393</b>	<b>7 804</b>
Total later than 1 year	7 132	6 501

For 2015 lease expenses amounted to TCHF 1699 (previous year TCHF 1847).

Several operating leasing contracts for property, plant, and equipment exist.

## 22 Equity

The share capital represents the capital of COLTENE Holding AG adjusted by treasury stock. Treasury stock on December 31, 2015, included 5100 shares (previous year 100).

The outstanding capital consists of 4 219 000 (previous year 4 219 000) 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 or approved capital.

The distribution of CHF 2.20 per share will be proposed to the General Meeting on March 30, 2016.

Based on the General Meeting decision on March 25, 2015, the Company distributed a dividend of CHF 2.50 (previous year CHF 2.20) per share to its shareholders on March 31, 2015. The total amount paid was TCHF 10 547 (previous year TCHF 9282).

## 23 Contingent Liabilities

On April 30, 2008, COLTENE Holding AG sold its entire medical segment by transferring the shares of the two subsidiaries Medisize Schweiz AG and Medisize Medical Business Beheer B.V. together with its subsidiaries to Medifiq Healthcare Corporation. Consequently, the Group signed a sale and purchase agreement in which the Group represents and warrants to the buyer a comprehensive catalogue of items to an extent generally in line with industry standard for such kind of transactions. The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than provided for. With regard to operating activities, the Group has no contingent liabilities resulting from bills of exchange, letter of credits or guarantees.

## 24 Transactions with Related Parties

### Key management compensation<sup>1</sup>

In CHF 1000	2015	2014
Salaries and other short-term employee benefits	2 053	1 567
Share-based payments	183	203
Post-employment benefits	464	300
<b>Total</b>	<b>2 701</b>	<b>2 071</b>

<sup>1</sup> See also notes COLTENE Holding AG page 88.

For further details concerning the remuneration to the Board of Directors and Executive Management see compensation report on pages 42 to 47 and notes to COLTENE Holding AG on page 88.

## 25 Subsequent Events

The Board of Directors authorized the Group financial statements on February 25, 2016, for issue. As per this date, the Board of Directors and the Executive Management were unaware of any important events subsequent to the reporting date.

# Major Group Companies

Company	Activity	Currencies	Registered capital	Group ownership 2015	Group ownership 2014
<b>Coltène/Whaledent AG, Altstätten CH</b>	<b>1</b>	<b>CHF</b>	<b>1 600 000</b>	<b>100%</b>	<b>100%</b>
Coltène/Whaledent Vertriebservice und Marketing GmbH, Altstätten CH	2	CHF	20 000	100%	100%
Coltène/Whaledent GmbH + Co. KG, Langenau DE	1	EUR	1 850 000	100%	100%
– Dentalia Kft., Bicske HUN	1	HUF	3 000 000	100%	100%
Coltène/Whaledent Ltd., Burgess Hill GB	3	GBP	200 000	100%	100%
Coltène/Whaledent S.à.r.l., Lezennes FR	3	EUR	503 000	100%	100%
Coltène Italy S.r.l., Milano IT	3	EUR	10 000	100%	100%
Coltène Iberia S.L. Madrid SP	3	EUR	10 000	100%	n/a
Coltène/Whaledent Dental Materials & Equipment Trading Co. Ltd, Beijing CN	3	CNY	10 000 000	100%	100%
Coltène/Whaledent Private Limited, Mumbai IN	3	INR	64 800 000	100%	100%
<b>Coltène/Whaledent Inc., Cuyahoga Falls OH/USA</b>	<b>1</b>	<b>USD</b>	<b>8 400 000</b>	<b>100%</b>	<b>100%</b>
– Dentronix OH/USA	1	USD	1 265 000	100%	100%
<b>Vigodent SA Indústria e Comércio, Rio de Janeiro BR</b>	<b>1</b>	<b>BRL</b>	<b>33 578 255</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> Production and sales of dental specialties.

<sup>2</sup> Sales services and marketing of dental specialties.

<sup>3</sup> Sales of dental specialties.

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

### ***Report of the Statutory Auditor on the Consolidated Financial Statements***

As statutory auditor, we have audited the consolidated financial statements of COLTENE Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes (pages 56 to 82), for the year ended December 31, 2015.

### ***Board of Directors' Responsibility***

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with IFRS 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, Swiss Auditing Standards and International Standards on Auditing. 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, 2015, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

### ***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 paragraph 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



Rico Fehr  
Licensed audit expert  
(Auditor in charge)



Iwan Zimmermann  
Licensed audit expert

St. Gallen, February 17, 2016



# Income Statement COLTENE Holding AG

In CHF	2015	2014
Dividend income	23 125 705	9 428 500
Other financial income	468 997	967 440
<b>Total income</b>	<b>23 594 702</b>	<b>10 395 940</b>
Financial expenses	-182 099	-198 297
Personnel expenses	-616 044	-631 256
Other operation expenses	-600 075	-672 729
Impairment losses on investments	-19 600 000	0
Direct taxes	13	81 979
<b>Total expenses</b>	<b>-20 998 205</b>	<b>-1 420 303</b>
<b>Profit of the year</b>	<b>2 596 497</b>	<b>8 975 637</b>

# Balance Sheet COLTENE Holding AG

In CHF	31.12.2015	31.12.2014
Cash and cash equivalents	8 626 911	14 331 887
Other accounts receivable from third parties	2 887	2 732
Other accounts receivable from subsidiaries	1 734 418	390 586
Prepaid expenses and accrued income	0	825
<b>Current assets</b>	<b>10 364 216</b>	<b>14 726 030</b>
Long-term receivables from subsidiaries	20 757 039	17 387 520
Investments in subsidiaries	20 343 269	33 819 068
<b>Non-current assets</b>	<b>41 100 308</b>	<b>51 206 588</b>
<b>Total assets</b>	<b>51 464 524</b>	<b>65 932 618</b>
Trade accounts payable to third parties	10 812	6 276
Current interest-bearing liabilities to third parties	12 759 907	17 573 520
Other accounts payable to third parties	15 240	14 340
Other accounts payable to subsidiaries	0	1 404 712
Accrued liabilities and deferred income to third parties	153 280	151 780
Current provision	1 200	5 600
<b>Current liabilities</b>	<b>12 940 439</b>	<b>19 156 228</b>
Share capital	421 900	421 900
Legal reserves from retained earnings	84 380	84 380
Voluntary reserves from retained earnings	35 728 894	37 300 756
Treasury shares	-307 586	-6 283
Profit of the year	2 596 497	8 975 637
<b>Total equity</b>	<b>38 524 085</b>	<b>46 776 390</b>
<b>Total liabilities and equity</b>	<b>51 464 524</b>	<b>65 932 618</b>

# Statements of Changes in Equity COLTENE Holding AG

In CHF	Share capital	Statutory reserves	Capital contribution reserves	Treasury shares	Net income brought forward	Total
<b>31.12.2013</b>	<b>421 900</b>	<b>84 380</b>	<b>1 192 954</b>	<b>-44 985</b>	<b>45 389 417</b>	<b>47 043 666</b>
Distribution to shareholders			-1 181 296		-8 100 319	-9 281 615
Transfer			-11 658		11 658	0
Change in treasury shares				38 702	0	38 702
Profit of the year					8 975 638	8 975 637
<b>31.12.2014</b>	<b>421 900</b>	<b>84 380</b>	<b>0</b>	<b>-6 283</b>	<b>46 276 394</b>	<b>46 776 390</b>
Distribution to shareholders					-10 547 500	-10 547 500
Change in treasury shares				-301 303	0	-301 303
Profit of the year					2 596 497	2 596 497
<b>31.12.2015</b>	<b>421 900</b>	<b>84 380</b>	<b>0</b>	<b>-307 586</b>	<b>38 325 391</b>	<b>38 524 085</b>

# Notes to COLTENE Holding AG

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## Principals

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> 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.

The first application of the new accounting law occurs with these financial statements. Compared to the prior year balance sheet, income statement and statement of changes in equity are newly structured. For improvement of the legibility, the prior year figures were adapted accordingly.

## 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 resale, 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. The change from group valuation to single valuation in connection with the above described application to the new Swiss accounting law caused COLTENE Holding AG to impair the investment of Vigodent SA by CHF 19 600 000. Due to the decay of the Brazilian Real and the weak economy of this country in 2015 this impairment was appropriate.

## 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 (IFRS), 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.

In CHF 31.12.2015 31.12.2014

#### Full-time equivalents

COLTENE Holding AG has no employees

#### Contingent liabilities

Warrants Medifiq Healthcare Corporation (see notes to the Group financial statements, note 23)	p. m.	p. m.
Joint and several liability from group taxation for current and future value-added tax liabilities of Coltène/Whaledent AG and Coltène/Whaledent Vertriebsservice und Marketing GmbH	p. m.	p. m.

#### Significant investments

See list on page 82

#### Treasury shares

	Average rate of transactions in CHF	Quantity
<b>Inventory as of 1.1.2014</b>		<b>993</b>
Acquisitions	54.73	17 973
Sales	54.19	– 18 866
<b>Inventory as of 31.12.2014</b>		<b>100</b>
Acquisitions	66.67	38 961
Sales	67.62	– 33 961
<b>Inventory as of 31.12.2015</b>		<b>5100</b>
<b>Significant shareholders*</b>		
Huwa Finanz- und Beteiligungs AG, Heerbrugg	25.40 %	24.80 %
Rätikon Privatstiftung, Bludenz/ Austria	10.40 %	3.01 %
Tweedy, Browne Company LLC, New York/ USA	6.88 %	6.92 %
Credit Suisse Asset Management Funds AG, Zürich	5.03 %	4.16 %
Robert Heberlein, Zumikon	3.96 %	3.96 %
UBS Fund Management (Switzerland) AG, Zürich	3.61 %	5.23 %
<b>Number of shares held by Board of Directors</b>		
Nick Huber, Chairman	3 550	2 800
Robert Heberlein, Member	167 153	166 903
Erwin Locher, Member	7 556	9 306
Matthew Robin, Member	3 500	2 750
Roland Weiger, Member	500	250
<b>Total</b>	<b>182 259</b>	<b>182 009</b>
<b>Number of shares held by Executive Management</b>		
Martin Schaufelberger; CEO	5 978	4 686
Gerhard Mahrle, CFO	621	0
Barth Werner, Global Marketing Director (since 2015)	448	2 162
Mannschedel Werner, Global R&D Manager (since 2015)	2 821	208
Loretan Christophe, Global Sales Manager (since 2015)	0	n.a.
<b>Total</b>	<b>9 868</b>	<b>7 056</b>

\* The Company is aware of the following registered shareholders who own over 3 % of the shares.

## Remuneration to the Board of Directors

In CHF	Base remuneration		Variable remuneration <sup>1</sup>		Other remuneration		Total
	in cash	in shares <sup>2</sup>	in cash	in shares	Social security <sup>3</sup>	Other benefits	
<b>2015</b>							
Nick Huber	100 000	15 750	0	0	17 078	0	132 828
Robert Heberlein	80 000	15 750	0	0	9 634	0	105 384
Erwin Locher	80 000	15 750	0	0	14 075	0	109 825
Matthew Robin	80 000	15 750	0	0	14 075	0	109 825
Roland Weiger	80 000	15 750	0	0	14 075	0	109 825
<b>Total</b>	<b>420 000</b>	<b>78 750</b>	<b>0</b>	<b>0</b>	<b>68 937</b>	<b>0</b>	<b>567 687</b>
<b>2014</b>							
Nick Huber	100 000	16 075	0	0	16 777	0	132 852
Robert Heberlein	80 000	16 075	0	0	9 344	0	105 419
Erwin Locher	80 000	16 075	0	0	13 762	0	109 837
Matthew Robin	80 000	16 075	0	0	13 762	0	109 837
Roland Weiger	80 000	16 075	0	0	13 762	0	109 837
<b>Total</b>	<b>420 000</b>	<b>80 375</b>	<b>0</b>	<b>0</b>	<b>67 407</b>	<b>0</b>	<b>567 782</b>

## Remuneration to the Group Management

In CHF	Base remuneration		Variable remuneration <sup>1</sup>		Other remuneration		Total
	in cash	in shares	in cash	in shares <sup>2</sup>	Social security <sup>4</sup>	Other benefits	
<b>2015</b>							
Martin Schaufelberger	370 000	0	206 935	60 102	137 813	23 944	798 794
Other members <sup>5</sup>	796 947	0	182 410	52 983	257 097	64 433	1 353 870
<b>Total</b>	<b>1 166 947</b>	<b>0</b>	<b>389 345</b>	<b>113 085</b>	<b>394 910</b>	<b>94 785</b>	<b>2 152 664</b>
<b>2014</b>							
Martin Schaufelberger	370 000	0	272 769	83 076	141 876	23 944	891 665
Other members <sup>5</sup>	326 400	0	131 106	39 930	91 125	22 943	611 504
<b>Total</b>	<b>696 400</b>	<b>0</b>	<b>403 875</b>	<b>123 006</b>	<b>233 001</b>	<b>46 887</b>	<b>1 503 169</b>

<sup>1</sup> 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 Nomination and Compensation Committee.

<sup>2</sup> The value of shares granted is calculated with the share price at closing of the grant date. For 2014 it was February 18, 2015, and the share price was CHF 64.30. For 2015 it was February 17, 2016, and the share price was CHF 63.00.

<sup>3</sup> Company paid social security contribution incl. AHV, IV and ALV.

<sup>4</sup> Company paid social security contribution incl. pension funds payments, AHV, IV, ALV, NBU and KTG.

<sup>5</sup> Consisting of four members in 2015 and of two members in 2014 (Hans Grüter from Jan 1, 2014 to Jan 31, 2014, and Gerhard Mahrle from Jan 1, 2014 to Dec 31, 2014).



# Proposed Appropriation of Disposable Profit and Dividend Distribution

In CHF	2015	2014
<b>Allocation of the profit of the year</b>		
Available earnings carried forward from prior year	35 722 611	37 244 113
Profit of the year	2 596 497	8 975 638
Carryover from capital contributions	0	11 658
Change in treasury shares	- 301 303	38 702
<b>Total amount at the disposal of the AGM</b>	<b>38 017 805</b>	<b>46 270 111</b>
Dividend distribution (2.20 per share)	-9 281 800 *	- 10 547 500
Balance to be carried forward	28 736 005	35 722 611

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

**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, statements of changes in equity and notes (pages 84 to 89), for the year ended December 31, 2015.

**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, 2015, comply with Swiss law and the company's articles of incorporation.

**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 paragraph 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



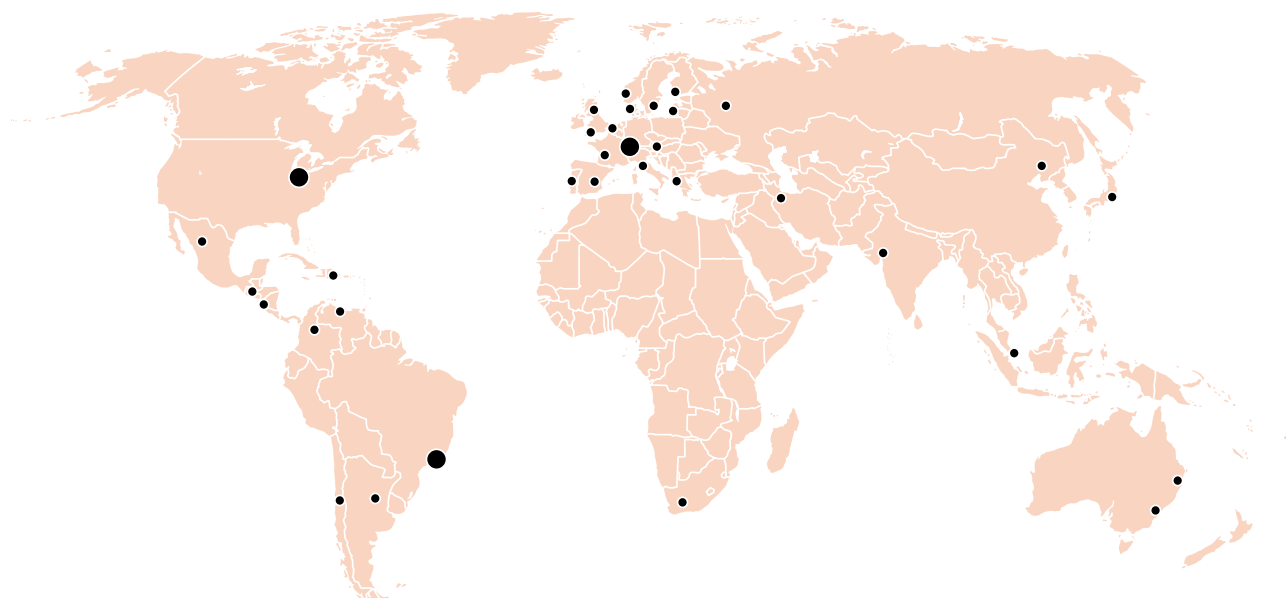
Rico Fehr  
Licensed audit expert  
(Auditor in charge)



Iwan Zimmermann  
Licensed audit expert

St. Gallen, February 17, 2016

# Portrait



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**COLTENE is an internationally leading developer, manufacturer, and seller of consumables and small equipment for dental practitioners. COLTENE has four state-of-the-art production centers in Switzerland, Brazil (chemical-based products), Germany (auxiliaries), and the USA (mechanical and electromechanical products). Group marketing bridges the activities and priorities of the technology centers with the market needs of the sales regions in Europe (EMEA), North America, South America, and Asia.**

# Important Addresses

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