

Financial Year 2014

Media and Financial Analysts Meeting

The Brands You Trust

Zurich, March 4, 2015

Agenda

Highlights 2014

Martin Schaufelberger, CEO

Financials 2014

Gerhard Mahrle, CFO

The Brands You Trust

Martin Schaufelberger, CEO

Outlook

Martin Schaufelberger, CEO



Achievements 2014

Sharp increase in operating profit and net profit

- Sales of CHF 162.3 million, up 1.5%, 3.0% in LC
 - Double-digit sales growth in LC in India, China and Taiwan
 - Well performing in Brazil with growth of 6.4% in LC
 - North America in line with market development
 - Stiff competition in Europe
- Operating profit (EBIT) of CHF 22.4 million, plus 15.2%
 - EBIT margin of 13.8% up from 12.2% in 2013
 - Improved EBIT (and sales) for the third consecutive year
- Net profit of CHF 15.6 million, plus 18.5%
- Realignment of the distribution organization to special markets and key account management
- Implementation of new COLTENE umbrella brand
- Proposed dividend distribution of CHF 2.50 per share

Market Environment

Innovation stimulates future growth

- Structural changes impacting business model
 - Steady increase in sales over the internet
 - Increasing number of dental group practices
 - Rising percentage of women in the dental profession
- Market growth varied from region to region
 - 10% and more in selected emerging market countries
 - 3% in North America
 - Flat and stagnant developments in Europe characterized by stiff competition
- Future market drivers
 - Enhanced product information on the Internet
 - New technologies leading to new products and improved dental treatments

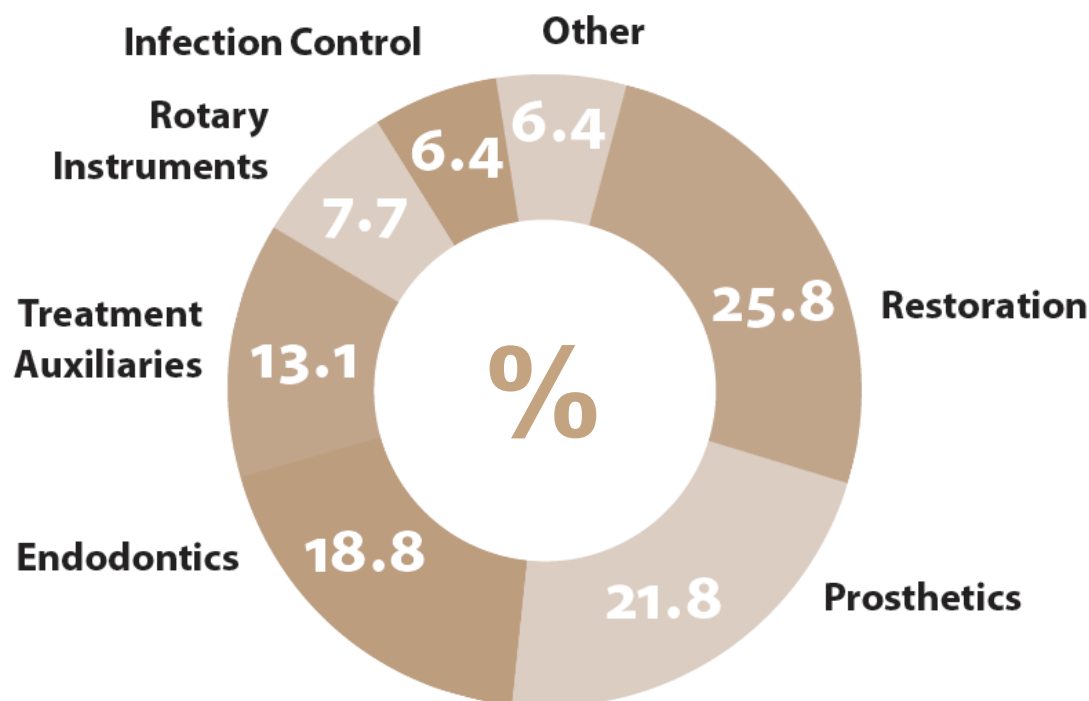
Management Actions 2014

Adapting to structural change and current market needs

- Finalizing successful implementation of corporate strategy
 - Globalization of the Group's structure
 - Steady improvement of operational efficiency
- Wide-ranging marketing efforts
 - COLTENE umbrella brand to raise market awareness of broad product range
 - Preparation of redesigned website with enhanced product information
 - Groundwork for new product information system (PIM)
 - Internet training in Latin America and key opinion leader seminar in Europe
- Strengthening of distribution organization
 - Focus on special markets and reinforcement of key account management
 - New group company in Spain serving the Iberian peninsula
 - Expansion of sales teams in Japan, Turkey and Poland
- Development of new products in focus segments

Breakdown by Product Groups

Strong Rotary Instruments

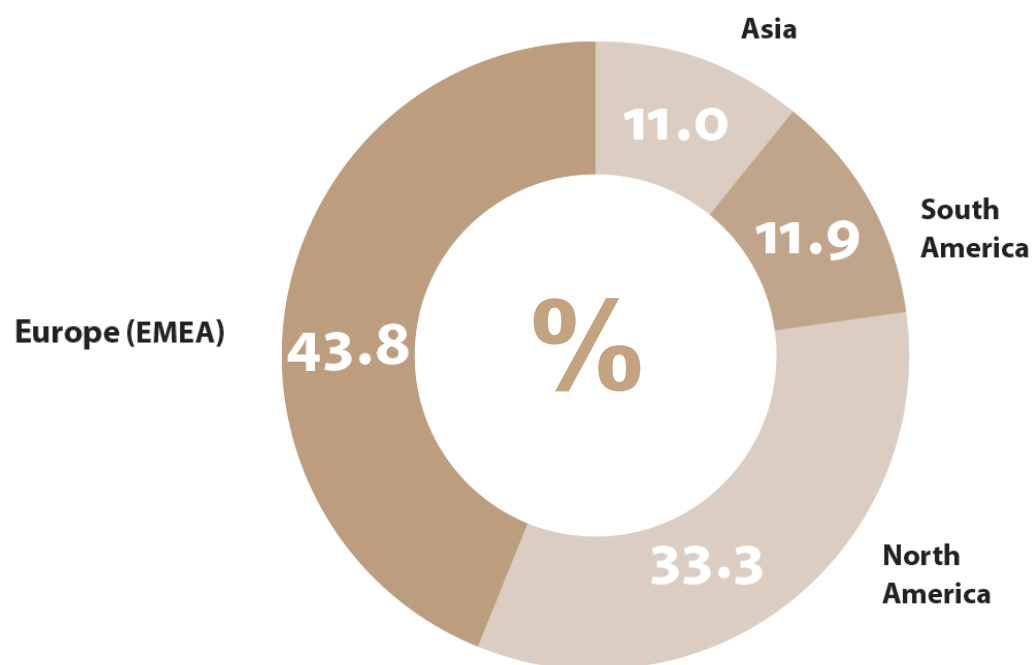


Comments

- Sharply higher sales in the Rotary Instruments product group: plus 14.1% to CHF 12.4 million
- Sales in the Treatment Auxiliaries product group surged by more than 25% to CHF 21.3 million
- Prosthetics increased its sales by 6.9% to CHF 35.5 million
- Endodontics sales grew 1.3% to CHF 30.6 million
- Restoration sales decreased by 6.8% to CHF 41.8 million due to severe competitive pressure

Regional Breakdown

Strong emerging markets



Comments

- Double-digit sales growth achieved in India, China and Taiwan with increases of 16.6%, 23.7% and 20.9% in LC
- North America and Asia delivered higher sales in LC of 3.6% and 9.5%, respectively
- Markets in Europe and South America showed divergent developments. Overall sales in LC grew by 0.4% in EMEA and 5.2% in Latin America

New Products

Pave the ground for future growth

Restoration



Fill-up!

Innovative composite material to fill up deep cavities in one step



BRILLIANT EverGlow

New universal light-cured fine hybrid composite with excellent polishing properties

Endodontics



HyFlex EDM

Root canal file with a special surface coating to minimize fracturing



Guttaflow Bioseal

A novel filling material system for biocompatible sealing of root canal

Proposals to AGM

- Distribution of CHF 2.50 per share
 - Payout ratio: 67.5%
 - Dividend yield based on year-end share price of CHF 63.00: 4.0%
- Compensation of the Board of Directors and Executive Management
 - Approval of maximum aggregated amount of compensation for the members of the Board of Directors for FY 2016 (CHF 500,000 plus CHF 82,500 for CLTN shares)
 - Approval of maximum aggregated amount of compensation for the members of the Executive Management for FY 2016 (CHF 1,600,000)
 - Consultative vote on the detailed Compensation Report 2014
- Re-election of the current members of the Board of Directors
- Re-election of Ernst & Young AG as Group auditors

Agenda



Financials 2014

Gerhard Mahrle, CFO

Financial Summary

Improved profitability in the third consecutive year

- Net sales of CHF 162.3 million (2013: CHF 160.0 million), plus 1.5% or 3.0% in LC
- EBIT margin increase to 13.8% (2013: 12.2%);
 - EBIT of CHF 22.4 million (2013: CHF 19.4 million), plus 15.2%
- Net profit for the period increased to CHF 15.6 million (2013: CHF 13.2 million); plus 18.5%
 - Slightly increased tax rate of 25.1% (2013: 22.4%) mainly due to higher profits from the US subsidiary
- Notably high free cash flow of CHF 16.7 million (2013: CHF 17.0 million)
 - Close to previous year high level thanks to solid cash flow from operating activities
- Solid balance sheet and high equity ratio of 63.2%
 - Provide entrepreneurial freedom and enable the Company to be an active player within expected industry consolidation

Income Statement

Strong operating results

In CHF million	2014	%	2013	%	% YoY
Net Sales	162.3	100.0%	160.0	100.0%	1.5%
Material expenses*	-48.2	-29.7%	-47.7	-29.8%	1.2%
Gross Profit	114.1	70.3%	112.3	70.2%	1.6%
Operating expenses	-86.4	-53.2%	-87.7	-54.8%	-1.5%
Depr. & Amor.	-5.3	-3.2%	-5.2	-3.3%	1.4%
EBIT	22.4	13.8%	19.4	12.2%	15.2%
Financial result	-1.6	-1.0%	-2.4	-1.5%	-35.6%
Tax expenses	-5.2	-3.2%	-3.8	-2.4%	37.6%
Profit for the period	15.6	9.6%	13.2	8.2%	18.5%

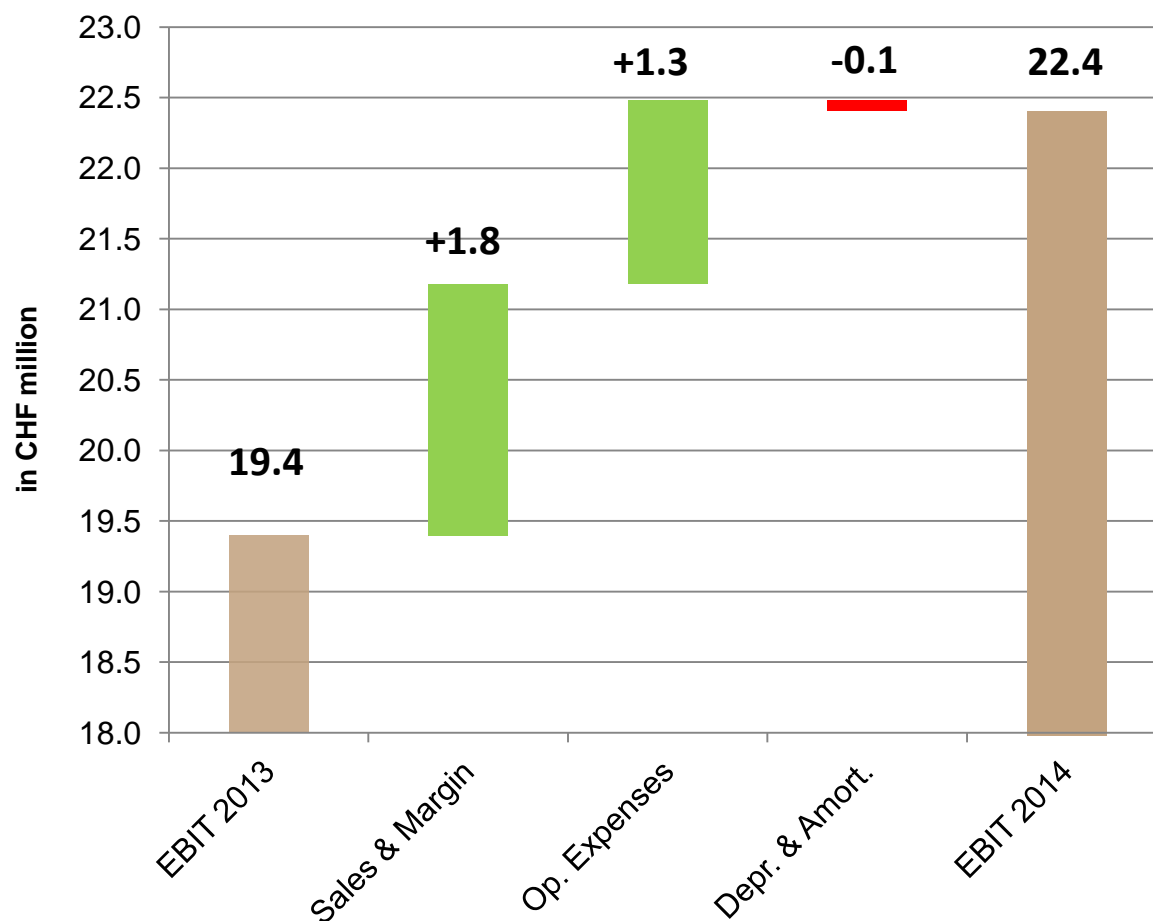
*: Raw materials used, changes in inventory and work performed capitalized

Comments

- Net sales increase +1.5%; in LC +3.0%
- Slight increase of gross profit margin (+0.1%) and gross profit increase of CHF 1.8 million
- OPEX savings of CHF 1.3 million
- EBIT rose by CHF 3.0 million and significant improvement of EBIT margin: 13.8% (12.2%)
- Tax rate increased from 22.4% to 25.1% (high profit before tax of the US manufacturing site: local US tax rate: 35% and cautious recognition of DTA)

Operating Result

Further improvements

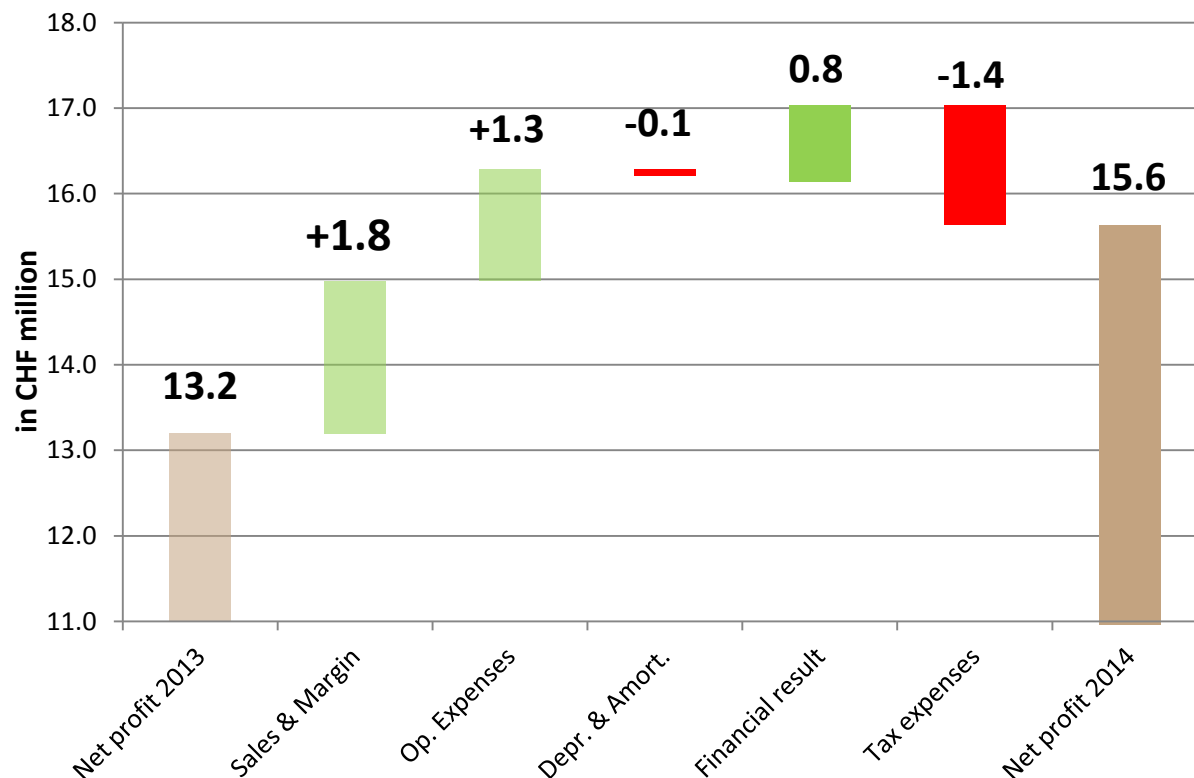


Comments

- Sales growth and absolute increase of gross margin: CHF 1.8 million
- OPEX savings: CHF 1.3 million
- Higher depreciation and amortization: CHF 0.1 million
- Operational improvement resulting in EBIT increase: EBIT 2014 CHF 22.4 million (+15.2%)
EBIT margin rose to 13.8% (2013: 12.2%)

Development of Profit for the Period

Significantly increased



Comments

- Positive impact from financial result: CHF 0.8 million due to significantly lower net currency losses and slightly higher interest expenses because of higher gross debt
- Negative effect from higher tax rate derived from high profit before tax in the US (+CHF 1.7 million)
- Remarkable improvement of profit for the period to CHF 15.6 million (+18.5%)

Balance Sheet

High equity ratio and low net debt

In CHF million	31.12.14	31.12.13	YoY
Cash & cash equivalents	18.3	6.5	11.8
Receivables	38.2	32.8	5.4
Inventory	29.6	29.7	-0.1
Property, plant & equipment	30.2	29.6	0.6
Financial, intangible & tax assets	48.4	48.3	0.1
Total assets	164.6	146.9	17.7
	31.12.14	31.12.13	D
Payables & short term liabilities	20.9	18.0	2.9
Bank loans	20.8	16.8	4.0
Other long term liabilities	18.8	14.4	4.4
Equity	104.1	97.7	6.4
Total liabilities & equity	164.6	146.9	17.7
Net Debt	2.5	10.3	-7.8

Comments

- Cash and cash equivalents amount to CHF 18.3 million
- Reduction of net debt by 75% due to high free cash flow
- Credit lines not used: CHF 97 million (prior year: CHF 93 million)
- AR increased by CHF 4.8 million or 16% due to high sales in December 2014 (mainly in the US and Brazil)
- Stable inventory of CHF 29.6 mn
- Equity ratio decreased from 66.5% to 63.2% based on significant higher balance sheet total
- No impairment issue regarding goodwill (recoverable)

Cash Flow Statement

Free cash flow >10% net sales

Cash Flow (in CHF million)	2014	2013	% YoY
Net profit	15.6	13.2	
Depreciation and amortization	5.3	5.2	
Other non-cash items	5.8	4.8	
Changes in NWC	-1.4	4.2	
Interest paid/received, tax paid	-5.4	-4.1	
Cash Flow from operating activities	19.9	23.3	-14.3%
Net investments intangible assets	-3.0	-5.5	
Net investments in intangible assets	-0.3	-0.8	
Cash Flow from invest. activities (net)	-3.2	-6.3	-48.5%
Cash Flow from financing activities	-5.1	-14.4	-64.6%
Change in cash and cash equivalents	11.8	2.5	372.0%
Free cash flow	16.7	17.0	-1.7%
In % of net sales	10.4%	10.7%	

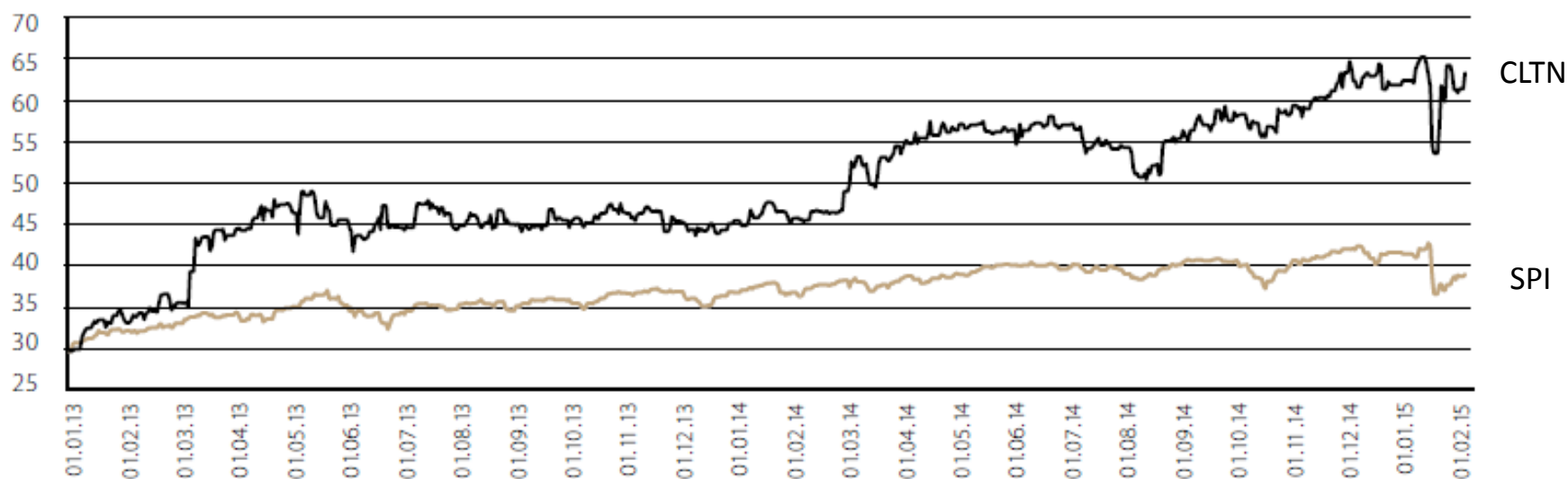
Comments

- Cash flow from operations decreased despite higher net profit of CHF 2.4 million by CHF 3.4 million mainly due to an increase of AR of CHF 4.8 million and higher income tax paid of CHF 1.2 million
- Cash flow from investments include modernization and replacement of production equipment (2013: an acquisition of land in Altstätten in the amount of CHF 2.1 million was included)
- The resulting free cash flow of CHF 16.7 million is high and close to prior year's amount

Share Price Development

1.1.2013 – 1.2.2015

CHF million	31.12.14	31.12.13	Δ
Market Capitalization	265.8	193.4	37.4%
Consolidated Equity	104.1	97.7	6.6%



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COLTENE Marketing and Sales Concept

Martin Schaufelberger, CEO



The Brands You Trust

SPEEDEX



AFFINIS



GELATAMP



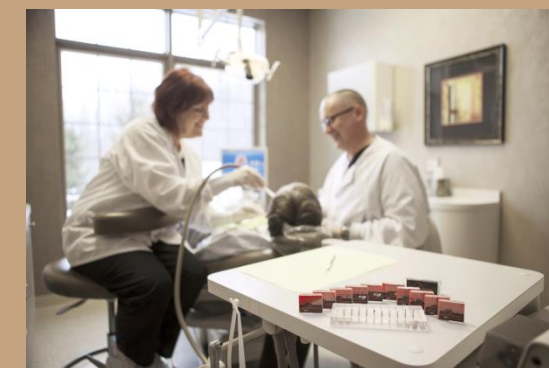
BIOSONIC



COMPONEER



HYFLEX



The Brands You Trust

› Quality

- Employee development
- Training and professional development
- Consistency of operating procedures
- Use of the best materials

› Safety

- Safe product handling
- Risk elimination of material damage
- Product and material longevity
- Compliance with regulatory requirements

› Innovation

- Employee partnerships with universities
- Continuous market analysis
- Knowledge edge
- Technology leadership
- Short time-to-market cycles
- Open culture

› First-class service and efficiency

- Regular customer contact
- Rapid and professional assistance
- Easy and efficient ordering
- Easy-to-understand product information

Agenda



Outlook

Martin Schaufelberger, CEO

Outlook

Currency exchange rates

- Analysts shared a preview of consequences of CHF/EUR FX changes
- Translation effects in 2014 of current FX situation resulting from reporting in CHF
- Relatively low exposure regarding profitability due to natural hedging
 - Manufacturing sites in Switzerland, Germany, Brazil and the US
 - Worldwide sales
 - Increased cost pressure for our Swiss manufacturing site
- We see the current FX situation as a challenge, but not as a major risk

Outlook

Envisaging new growth

- Structural changes ask for global players
 - COLTENE intends to take an active role
 - Planned addition of innovative technologies to the portfolio and strengthening the Group's global footprint
- Expected moderate growth of the overall market of 2% to 4% in the mid-term, driven by
 - Product innovations
 - New technologies such as CAD/CAM
 - Improved product information and training programs on the Internet
- Financial guidance
 - Grow within the positive market development in LC
 - Widen market share through growth
 - Gradual rise of EBIT margin up to 15%

Thank you for your Attention !

**The Brands
You Trust**

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Appendix

COLTENE at a Glance

Global dental specialist

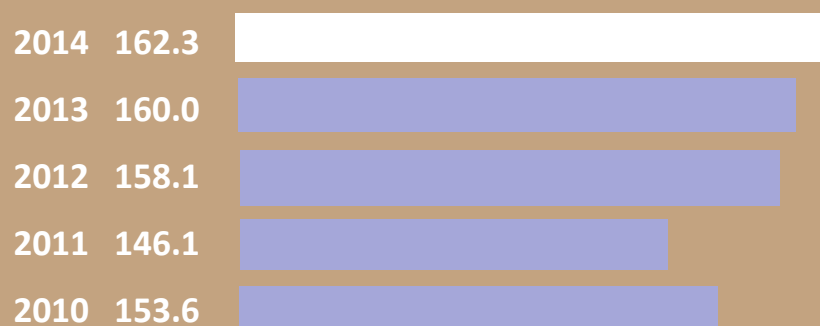
Swiss based small cap with worldwide sales through dental distributors and about 200 sales representatives

Development and operations in Europe, North America and Brazil

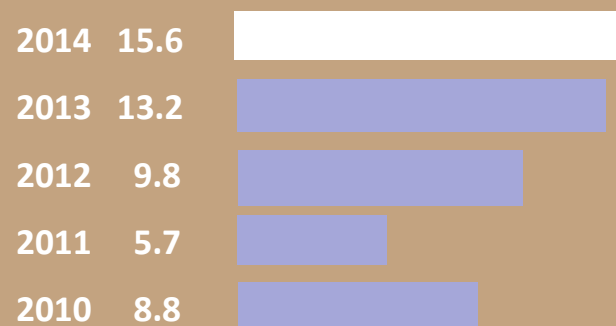
Highly recognized global brands for chair-side dental consumables

Strong emerging market position with 28% of total sales in 2014

Net Sales



Net Profit



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Restoration



Miris²
SYNERGYTMD6
BRILLIANT

ParaCore[®]
COMPONEER[®]
One Coat Bond

Prosthetics



AFFINIS[®]
Speedex

PRESIDENT[®]

Endodontics



COLTENE[®] ENDO
whaledent
ParaPostX[®] System
HyFlex[™]CM

roeko
 HYGENIC[®]

Treatment Auxiliaries



roeko
HANDEL

 HYGENIC[®]

Rotary Instruments



DIATECH⁺
PREMIUM ROTARY INSTRUMENTS

Alpen[®]
SWISS ROTARY INSTRUMENTS

Infection Control

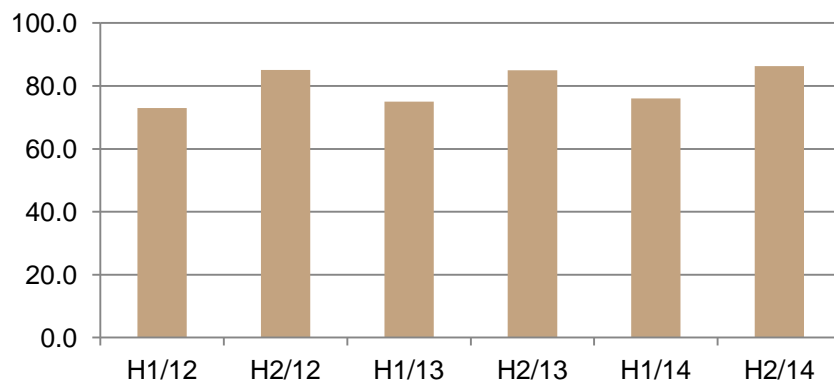


BioSonic[®]
roeko

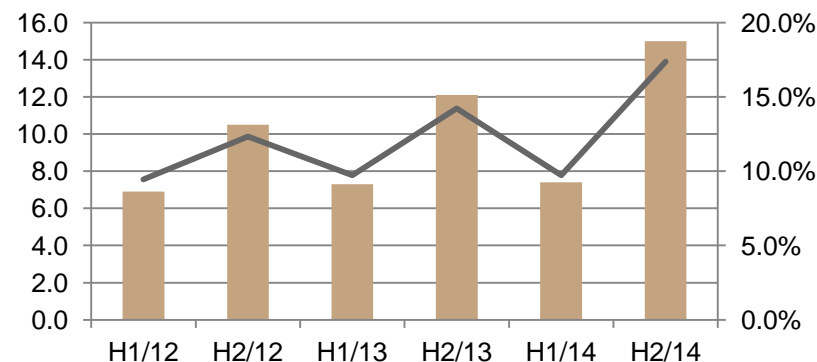
Key Figures COLTENE Group (2012-2014)

Half year steps in CHF million (except dividend information in CHF)

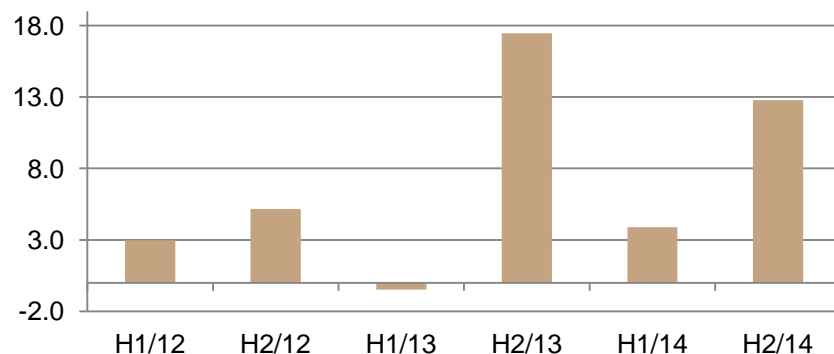
Net sales



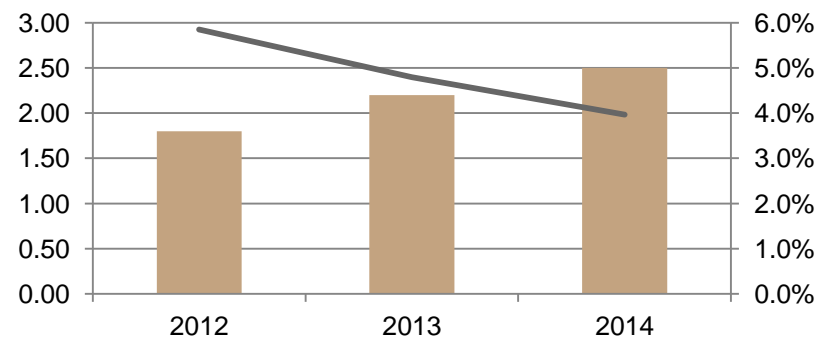
EBIT EBIT Margin



Free cash flow



Dividend per Share Dividend yield



Safe Harbour Statement

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