

Half-year Results 2015

Media and Financial Analysts Conference Call

Global Setup

Altstätten, August 7, 2015

Content

Highlights 2015 H1

Martin Schaufelberger, CEO

Financials 2015 H1

Gerhard Mahrle, CFO

Outlook 2015

Martin Schaufelberger, CEO



Highlights 2015 H1

Martin Schaufelberger

CEO

Achievements in the First Half of 2015

Sales in LC on previous year's level thanks to global setup

- **Net sales of CHF 73.3 million, -3.6% in CHF, flat in LC**
 - Currency losses of CHF 2.7 million
 - Organic growth of 3.2% exempt declines in sales in CIS region and destocking by dealers in North America
- **Growth in Asia up 8.2%**
- **Operating profit of CHF 6.5 million, -13.3%; decline of EBIT margin to 8.8%**
- **Net profit of CHF 3.8 million, -31.7% burdened by currency losses at Vigodent**
- **Free cash flow of CHF 2.7 million, based on solid operating results**

Market Environment

Continuing restrained market growth of about 2%-3%

- **Diverse developments in our major sales regions**
 - Dynamic Asian markets headed by China and India
 - Robust North American and Western European markets
 - Cyclical down-turns in Mercosur and CIS regions
- **Continued structural changes – growing importance of**
 - Distribution and marketing power
 - Direct physical and online presence in major markets
- **Currency impact on sales**
 - Devaluation of EUR and BRL against CHF in 2015 H1, partially offset by stronger USD
 - Natural hedge thanks to global setup

Management Actions

Cost reductions and strengthening of sales force

- **Adaption of expenses to competitive situation**
 - New initiatives in the area of production and logistics
 - Tailored measures after removal of the CHF/EUR floor
 - New negotiation of supply conditions
 - Freeze of recruitments and replacements in Switzerland
 - Deployment of modern, automated production tools
- **Alignment of distribution organization to new market needs**
 - Two new Group companies in Turkey and Japan
 - Hiring new global sales manager to strengthen sales team in the group
 - Reinforcement of key account management and focus on special markets
- **Periodical strategy review**

Additional Operational Measures

Strive for operational excellence

- **Continued expansion of global setup**
- **Sales and marketing offensive at the IDS fair in Cologne**
 - Presentation of new umbrella brand strategy
 - Market introduction of new products, e.g. BRILLIANT EverGlow, GuttaFlow Bioseal, HyFlex EDM, AFFINIS Black edition
- **Launch of new website**
- **Continued implementation of new Product Information Management System (PIM)**

COLTENE Group Management Team completed

- **COLTENE Group Management aligned to support strategy**
- **As per 1.10.2015 Christophe Loretan will join the Group Management Team as Global Sales Manager**
- **Beside Martin Schaufelberger, CEO, and Gerhard Mahrle, CFO, the Group Management Team will consist of:**
 - **Werner Mannschedel, Global R&D Manager**
 - **Dr. Werner Barth, Global Marketing Manger**
 - **Christophe Loretan, Global Sales Manager**

Profiles of the COLTENE Group Management Team are available on www.coltene.com

Global Setup

Latin America

Group subsidiaries	1
Sales specialists	32
Share of total sales	10.1%
Population	600 million
No. of dentists per 100 000 population *	66

Most successful COLTENE products

Speedex, Brilliant NG, ParaPosts, President, Hygenic Guttapercha

Market developments and trends

Endodontics, restorative dentistry, and dental prosthetics are growth areas. Online channels will be used more extensively for education and training purposes and for marketing activities.

Asia Pacific

Group subsidiaries	2
Sales specialists	53
Share of total sales	12.4%
Population	4.1 billion
No. of dentists per 100 000 population *	12

Most successful COLTENE products

Affinis, Metal & Fiber Posts, Diatech Diamonds, Speedex, Gelatamp

Market developments and trends

Endodontics, restorative dentistry, and dental prosthetics are areas with potential. Education and training programs will support growth opportunities.

Global Setup

North America

Group subsidiaries	2
Sales specialists	51
Share of total sales	37.2%
Population	400 million
No. of dentists per 100 000 population *	32

Most successful COLTENE products

ParaPosts, Dental Dam, Biosonic
Cleanser & Solution, Alpen Rotary, Affinis

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 the Internet to obtain more detailed information about treatment options and products.

EMEA

Group subsidiaries	9
Sales specialists	70
Share of total sales	40.3%
Population	2.2 billion
No. of dentists per 100 000 population *	27
Europe:	58
Middle East:	27
Africa:	7

Most successful COLTENE products

ROEKO line, Speedex, Affinis, Hygenic and ParaPosts.

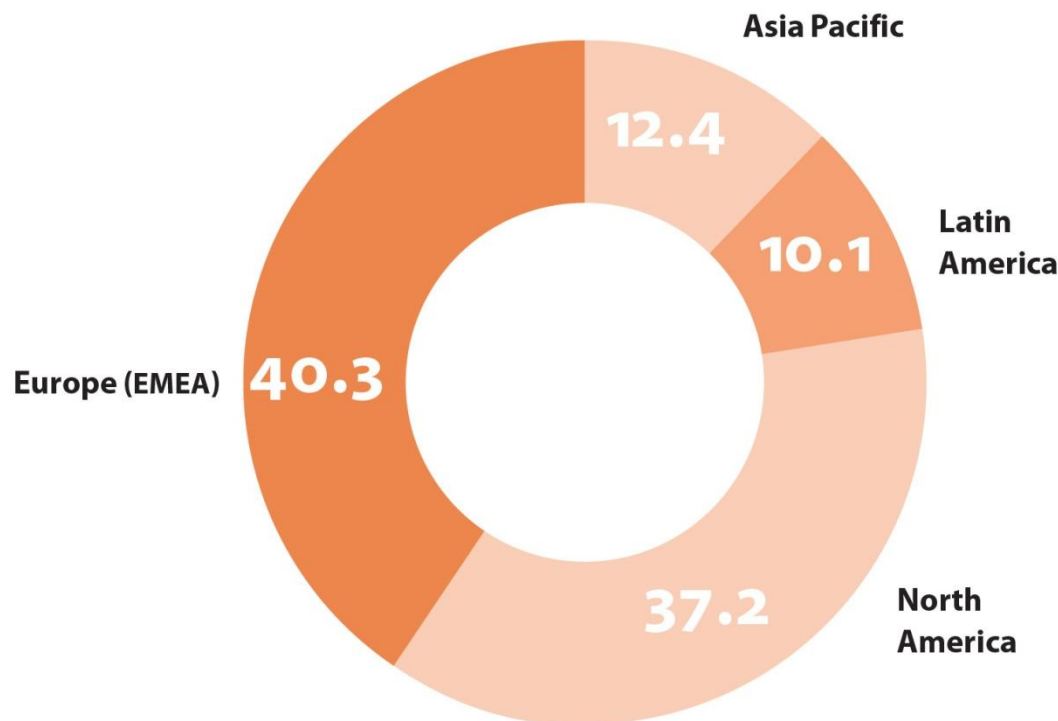
Market developments and trends

Demographic change means more restorative dentistry, dental implant and root canal treatments. Digitalization will change how dentists work in the years ahead.

Regional Breakdown of Net Sales

Asia and Western Europe gaining momentum

Net Sales in H1 2015 in %



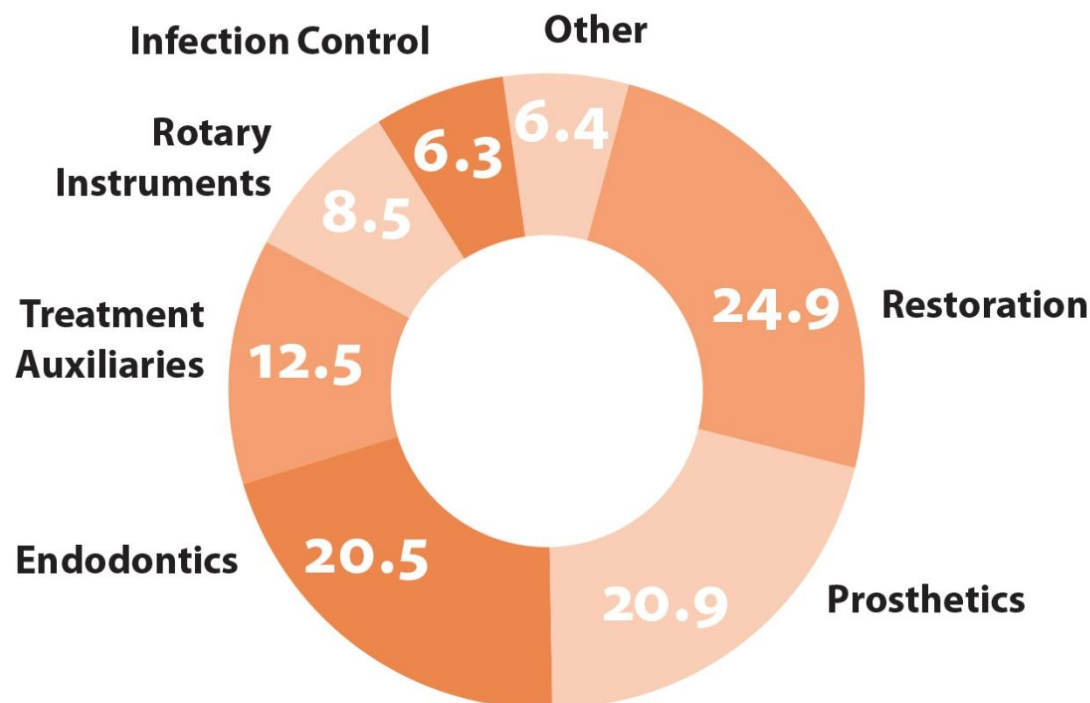
Comments (in LC)

- Asia with strongest growth of 8.2% thanks to above average growth in China (15.9%) and India (15.6%)
- 3.2% growth in North America thanks to tailwind from the USD, respectively -2.8% in LC due to destocking (sellout at 4.1% is positive)
- CIS region: -33.4%
- Western Europe up by 2.2% mainly thanks to Germany +7.0% and UK/Ireland +17%
- Different trends in Latin America; Brazil -10.5%, Argentina +9.9%, and Mexico +5.7%

Net Sales Breakdown by Product Group

Sturdy Endodontics

Net Sales in H1 2015 in %



Comments (in CHF)

- Rotary Instruments best performing with a growth rate of 8.6%
- Endodontics with sales growth of 4.0% compared to previous year
- Restoration and Prosthetics encountered negative currency impact and strong competition, sales decreased by 7.0% and 8.6% respectively
- Restoration remains strongest contributor to Group sales with a share of 24.9%

Financials 2015 H1

Gerhard Mahrle

CFO

Income Statement

Lower net sales and profits

In CHF 1'000	2015 H1	%	2014 H1	%	% YoY
Net sales	73'288	100.0%	76'020	100.0%	-3.6%
Material expenses*	-21'950	-30.0%	-23'819	-31.3%	-7.8%
Gross profit	51'338	70.0%	52'201	68.7%	-1.7%
Operating expenses	-42'161	-57.5%	-42'213	-55.5%	-0.1%
Depr. & Amor.	-2'725	-3.7%	-2'545	-3.3%	7.0%
EBIT	6'453	8.8%	7'442	9.8%	-13.3%
Financial expenses (net)	-1'709	-2.3%	-141	-0.2%	1112.1%
Tax expenses	-977	-1.3%	-1'788	-2.4%	-45.4%
Profit for the period	3'767	5.1%	5'514	7.3%	-31.7%

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

Negative currency development:	⇒	Average	2015 H1	2014 H1	% YoY
		EUR	1.0583	1.2214	-13.4%
		BRL	0.3205	0.3881	-17.4%
		USD	0.9475	0.8909	+6.4%

Comments

- Net sales decline by 3.6% in CHF, flat in LC
- Gross profit margin mainly affected by negative currency impacts at 70.0% (PY: 68.7%)
- OPEX under control and on previous year's level
- EBIT at CHF 6.5 million; EBIT margin slightly decreased to 8.8%
- Substantial financial expenses because of FX adjustments on IC loans to Vigodent
- Decrease of tax rate from 24.5% to 20.6%
- Net profit of CHF 3.8 million; down by 31.7%

Balance Sheet

Comfortable equity ratio and low debt

In CHF 1'000	30.06.2015	31.12.2014	△
Cash & cash equivalents	8'811	18'277	-51.8%
Receivables	33'706	38'153	-11.7%
Inventory	28'963	29'632	-2.3%
Property, plant & equipment	28'158	30'168	-6.7%
Goodwill	36'208	40'471	-10.5%
Financial and other intangible assets	6'649	7'946	-16.3%
Total assets	142'495	164'647	-13.5%
Payables & short term liabilities	15'518	20'925	-25.8%
Bank loans	18'447	20'802	-11.3%
Other long term liabilities	18'452	18'803	-1.9%
Equity	90'078	104'117	-13.5%
Total liabilities & equity	142'495	164'647	-13.5%
Net debt	9'636	2'525	281.6%

Comments

- NWC (accounts receivable + inventory ./ accounts payable) declined by CHF 4.8 million since end of 2014
- Solid balance sheet with a comfortable equity ratio of 63.2%
- Net debt increased since the beginning of the year from CHF 2.5 million to CHF 9.6 million mainly due to the dividend payment of CHF 10.5 million (high payout ratio; PY net debt was at CHF 15.8 million)

Cash Flow Statement

Positive free cash flow based on solid operating result

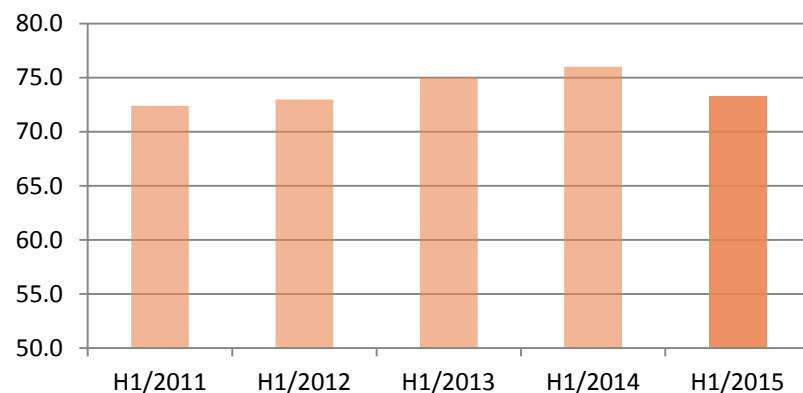
In CHF 1'000	2015 H1	2014 H1	△
Net profit	3'767	5'514	-31.7%
Depreciation & Amortization	2'725	2'545	7.1%
Other non cash items	3'045	2'496	22.0%
Changes in NWC	-2'382	-1'986	19.9%
Interest, tax paid/received	-2'820	-2'922	-3.5%
Cash flow from operations	4'335	5'647	-23.3%
Purchase of PPE (net)	-1'575	-1'519	3.7%
Proceeds from int./finan. (net)	-96	-205	-53.2%
Cash flow from investments	-1'671	-1'724	-3.1%
Free cash flow	2'664	3'923	-32.1%

Comments

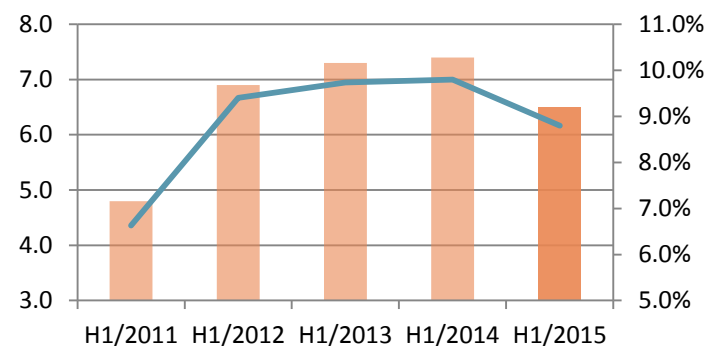
- Free cash flow declined from CHF 3.9 million to CHF 2.7 million (CHF -1.2 million) due to lower net profit partially compensated by NWC reduction
- Higher investments in IT cause a slight increase in depreciation and amortization
- CAPEX in PPE cover mainly replacement and maintenance investments
- Cash decreased in the first half of 2015 by CHF 9.5 million

Overview Key Figures (2011 H1 – 2015 H1 in CHF million)

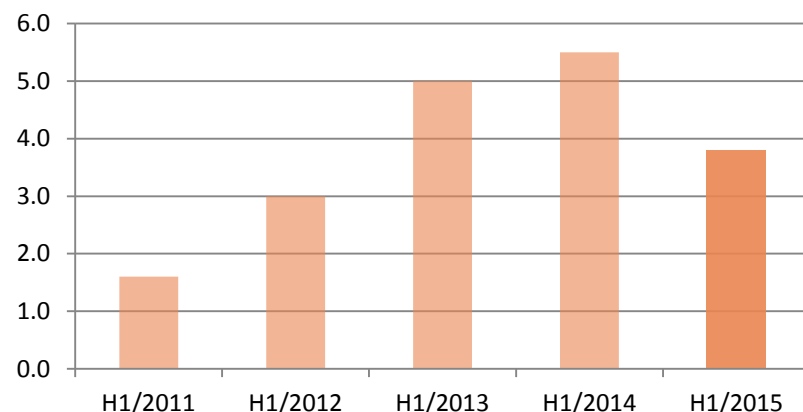
Net sales



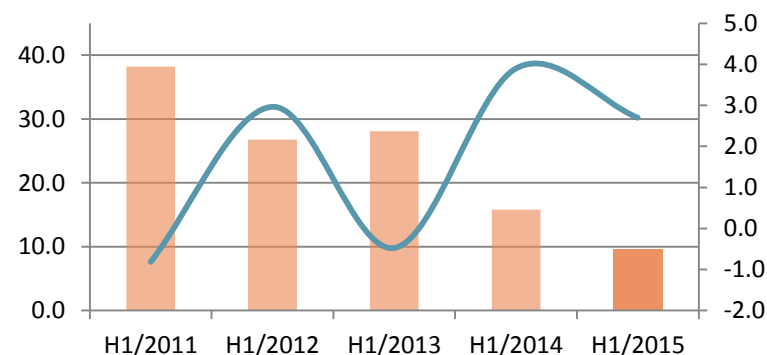
EBIT EBIT Margin



Net Profit



Net Debt Free cash flow



Outlook

Martin Schaufelberger

CEO

Outlook

Expanding marketing and sales efforts

- **Securing sustainable growth**
 - Rounding off portfolio with innovative products and technologies
 - Continued sales offensives
 - Alignment with specific needs of each sales region
 - Focus on key account management /special markets
 - Expansion and strengthening of Group Management
- **Implementation of new cost initiatives to secure competitive position**
- **Continued extension of global setup**
 - Manufacturing sites in Switzerland, Germany, the US and Brazil
 - Expanding and strengthening international sales force
 - Limited currency exposure due to natural hedging
- **Confirmed mid-term targets**
 - Participation in positive market development
 - EBIT margin approaching 15% in the mid-term perspective



**Thank you very much for
your attention!**

Q & A

**Fill-Up! –
in a single step to achieve
a perfect result.**

**Admission to the US market
since July 1, 2015**

Contacts

COLTENE Holding AG
Feldwiesenstrasse 20
9450 Altstätten
Switzerland
www.coltene.com

Martin Schaufelberger
CEO
martin.schaufelberger@coltene.com
+41 71 757 53 60

Gerhard Mahrle
CFO
gerhard.mahrle@coltene.com
+41 71 757 54 37

Safe Harbour Statement

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

Appendix

COLTENE at a Glance

Global dental specialist

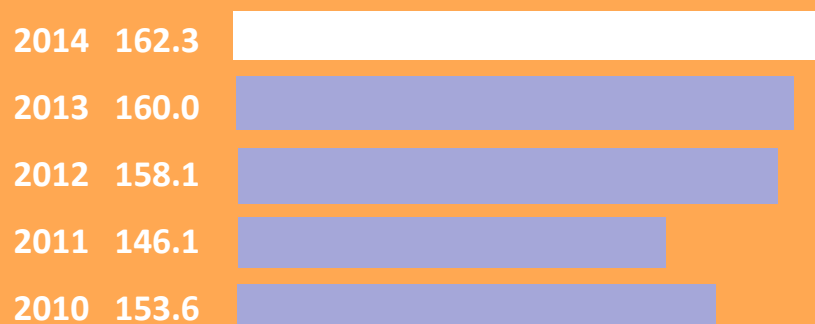
Swiss based small cap with worldwide sales through dental distributors and about 200 sales representatives

Development and operations in Europe, North America and Brazil

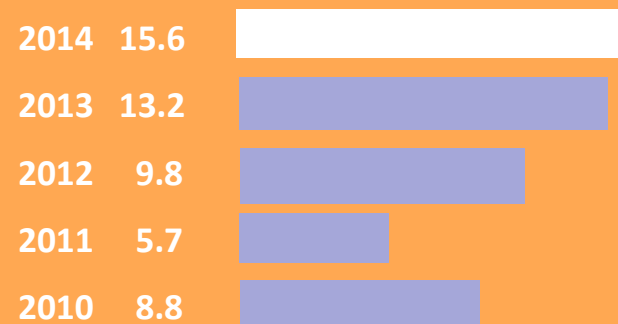
Highly recognized global brands for chair-side dental consumables

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

Net Sales



Net Profit



The Brands you Trust

Restoration



Miris²
SYNERGY^{D6}
BRILLIANT

ParaCore[®]
COMPONEER[®]
One Coat Bond

Prosthetics



AFFINIS[®]
Speedex

PRESIDENT

Endodontics



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

roeko
 HYGENIC[®]

Treatment Auxiliaries



roeko
HANEL

 HYGENIC

Rotary Instruments



DIATECH⁺
PREMIUM ROTARY INSTRUMENTS

Alpen[®]
SWISS ROTARY INSTRUMENTS

Infection Control

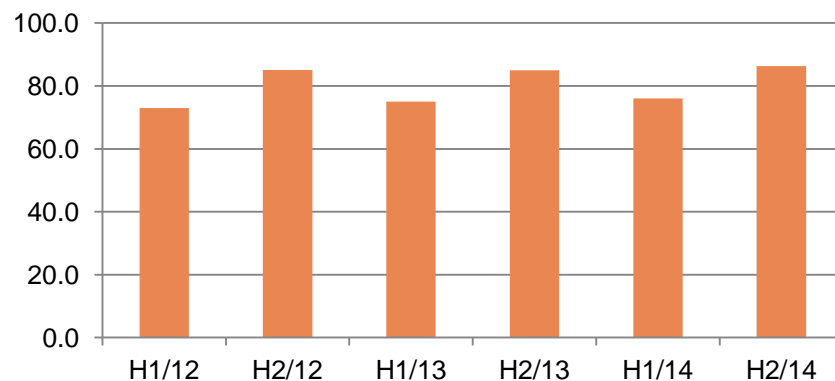


BioSonic[®]
roeko

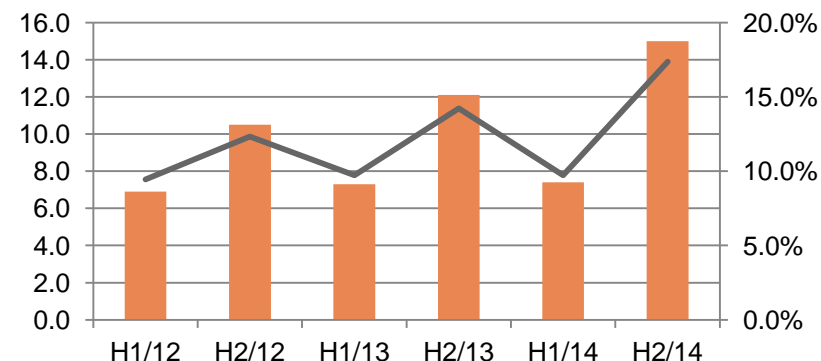
Key Figures COLTENE Group (2012-2014)

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

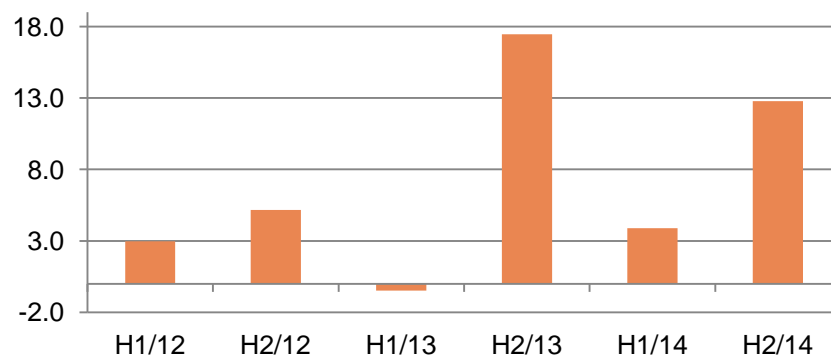
Net sales



EBIT EBIT Margin



Free cash flow



Dividend per Share Dividend yield

