

Half-Year Results 2017

Media and Financial Analysts Conference Call

Going Digital

Martin Schaufelberger – CEO COLTENE Holding AG

Gerhard Mahrle – CFO COLTENE Holding AG

August 4, 2017

Safe Harbor Statement

The information made available in this presentation 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.

AGENDA

Highlights H1 2017

Martin Schaufelberger CEO

Financials H1 2017

Gerhard Mahrle CFO

Going Digital

Martin Schaufelberger CEO

Outlook

Martin Schaufelberger CEO



COLTENE – At a Glance

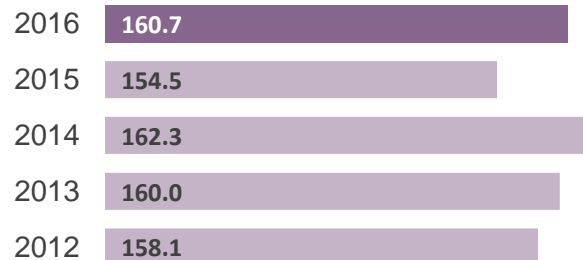
COLTENE develops, manufactures and markets premium consumables in the dental segments of Restoration, Endodontics, Prosthetics, Rotary, Infection Control and Auxiliaries.

Global setup: R&D and operations in Europe, North America and Brazil; Sales with worldwide over 220 sales reps via Distributors.

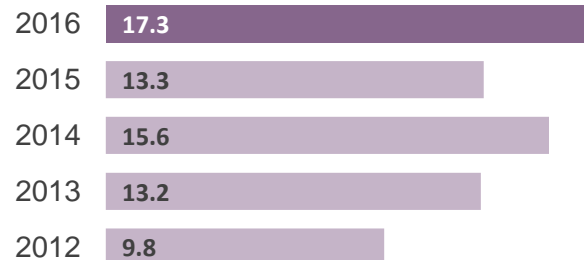
COLTENE is a leading, innovative and independent Company, operating internationally in the dental industry focusing on sustainable and profitable long-term growth.

Highly recognized global brands and strong emerging market position with 30% of total sales in 2016

Net Sales



Net Profit



Increased Sales and EBIT

SALES

Total Sales of CHF 78.0 million in H1 2017; +3.2% compared to H1 2016
2.4% organic growth in CHF and 1.8% in local currencies

Sales growth in all regions; Ongoing positive trend in Endodontics

FINANCIALS

EBIT of CHF 9.6 million (H1 2016: CHF 9.0 million); EBIT margin of 12.3%

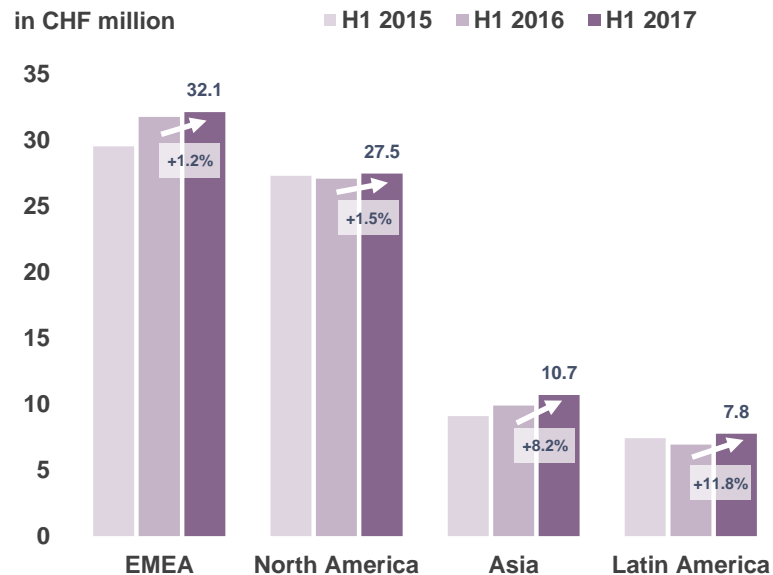
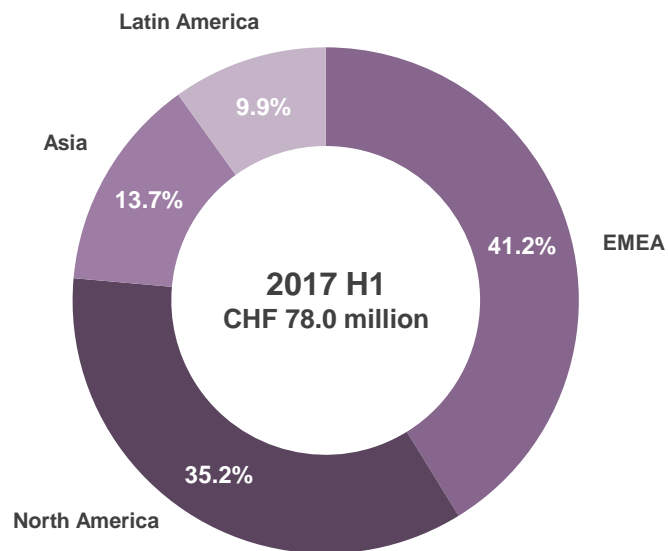
Free cash flow of CHF 5.0 million (H1 2016: CHF 2.1 million)

ORGANIZATION

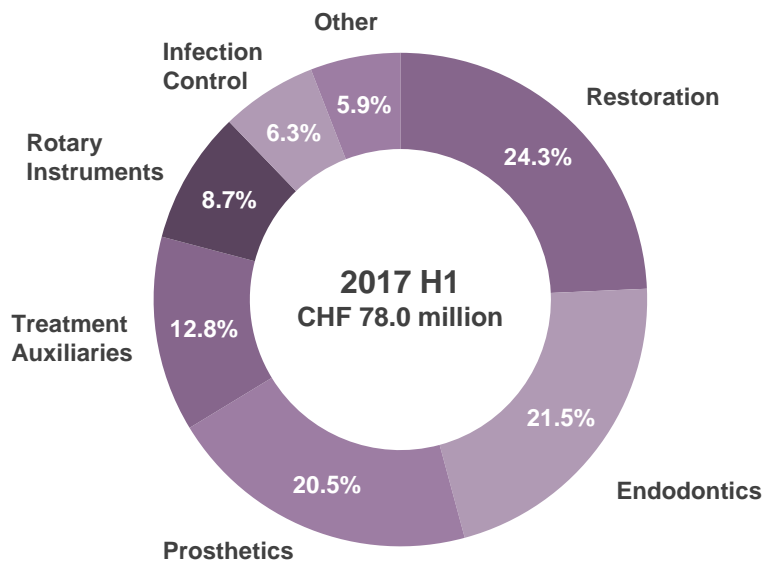
Acquisition of Diatech in the US

Astrid Waser elected to the Board of Directors by the AGM in 2017

Growth in All Regions

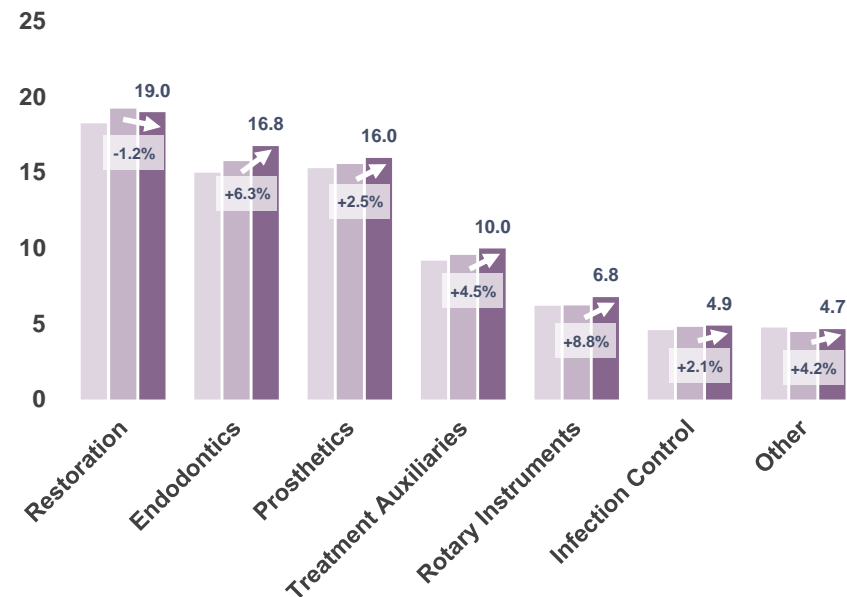


Endodontics Strong



in CHF million

■ H1 2015 ■ H1 2016 ■ H1 2017



Implementation of Strategic Goals 2016-2018

SALES & MARKETING

Expansion of sales teams in core markets and emerging markets
Acquisition of Diatech in the US to unify DIATECH brand management
Participation at IDS trade fair in Cologne, Germany, to showcase product portfolio

INNOVATION

Launch of BioSonic UC 150 ultrasonic cleaning system
Various new and upgraded products for Restoration and Endodontics launched

PARTNERSHIPS

European Key Opinion Leaders conference in Switzerland with 120 participants
Increased collaboration with other dental companies, universities and research organizations

Recently Launched Products



BRILLIANT EverGlow™
State-of-the-art universal
submicron hybrid composite



BRILLIANT Crios
CAD/CAM composite blocs
for permanent restoration



BRILLIANT EverGlow™ Flow
State-of-the-art universal
submicron hybrid composite



HyFlex™ EDM
Highly flexible and resistant
NiTi root canal files



GuttaFlow® bioseal
Bioactive cold filling system
for root canals



CanalPro SyringeFill System
Innovative, modular system for the safe
and efficient filling of syringes



Diatech Z-Rex
Ceramic treatment diamond bur
and ShapeGuard polisher



BioSonic® UC150
Compact 5.7L (1.5 gal) ultrasonic cleaner
with heater and tracing functionality

S1/2015

S2/2015

S1/2016

S2/2016

S1/2017

S2/2017

AGENDA

Financials H1 2017

Gerhard Mahrle CFO



Higher Free Cash Flow and Solid Balance Sheet

SALES

Net sales of CHF 78.0 million; +3.2% compared to H1 2016

Increase of 1.8% after factoring out exchange-rate fluctuations (CHF 0.4 million) and acquisitions (CHF 0.6 million)

Double digit growth in Latin America; high single digit growth in Asia; sales in North America still affected by inventory reduction at large distributors

FINANCIALS

EBIT improved by 6.2% to CHF 9.6 million, EBIT margin widened to 12.3%

Net profit decreased by 16.0% to CHF 6.0 million (H1 2016: CHF 7.2 million)

Higher free cash flow of CHF 5.0 million (H1 2016: CHF 2.1 million)

High equity ratio of 70.8%; net cash position of CHF 2.4 million

Higher Sales and EBIT, Lower Net Profit

in CHF million	H1 2017	%	H1 2016	%	% YoY
Net Sales	78.013	100.0%	75.599	100.0%	3.2%
Material expenses*	-20.677	-26.5%	-20.899	-27.6%	-1.1%
Gross Profit	57.336	73.5%	54.700	72.4%	4.8%
Operating expenses	-44.955	-57.6%	-42.917	-56.8%	4.7%
Depreciation and amortization	-2.796	-3.6%	-2.758	-3.6%	1.4%
EBIT	9.585	12.3%	9.025	11.9%	6.2%
Financial result	-1.071	-1.4%	0.113	0.1%	-1047.8%
Tax expenses	-2.485	-3.2%	-1.959	-2.6%	26.9%
Profit for the period	6.029	7.7%	7.179	9.5%	-16.0%

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

Comments

Net sales increase 3.2%; positive FX impact of CHF 0.4 million and CHF 0.6 million from Diatech INC (acquisition end of March 2017).

Increase of the gross profit margin reflects better sourcing terms and conditions as well as the optimization of production processes.

Operating expense well under control.

Deterioration in net financial result mainly due to non-realized currency losses on Vigodent's debts in foreign currency (sharp drop of BRL).

Tax rate increased from 21.4% to 29.2%. Increase is attributed primarily to substantially higher profits from countries with high income tax rates.

High Equity Ratio

in CHF million	30.06.17	31.12.16	YoY
Cash & cash equivalents	10.4	21.6	-11.2
Receivables	35.5	36.0	-0.5
Inventory	31.9	30.8	1.1
Property, plant & equipment	27.3	30.0	-2.7
Financial, intangible & tax assets	42.9	42.0	0.9
Total assets	148.0	160.4	-12.4
	30.06.17	31.12.16	YoY
Payables & short term liabilities	18.9	18.6	0.3
Bank loans	8.0	12.9	-4.9
Other long term liabilities	16.3	16.7	-0.4
Equity	104.8	112.3	-7.5
Total liabilities & equity	148.0	160.4	-12.4
Net Cash	2.4	0.9	1.5

Comments

Reduction of cash & cash equivalents in the amount of CHF 11.2 million mainly due to the dividend payment of CHF 11.4 million in April.

Decrease of bank loans in the amount of CHF 4.9 million.

The net cash position amounts to CHF 2.4 million (year end 2016 CHF 8.7 million, end of June 2016 net debt of CHF 6.2 million).

Credit lines not used: CHF 90 million.

The decline of PPE is mainly attributed to currency effects.

Equity ratio of 70.8%.

No impairment issue regarding goodwill (recoverable).

Free Cash Flow more than Doubled

in CHF million	H1 2017	H1 2016	% YoY
Net profit	6.029	7.179	-16.0%
Depreciation and amortization	2.796	2.758	1.4%
Other non cash items	3.962	3.512	12.8%
Changes in NWC	-1.912	-5.009	-61.8%
Interest, tax paid/received	-2.942	-3.543	-17.0%
Cash flow from operations	7.933	4.897	62.0%
Purchase of PPE (net)	-1.549	-2.433	-36.3%
Proceeds from int./finan. (net)	-1.424	-0.343	315.2%
Cash flow from investments	-2.973	-2.776	7.1%
Free cash flow	4.960	2.121	133.9%

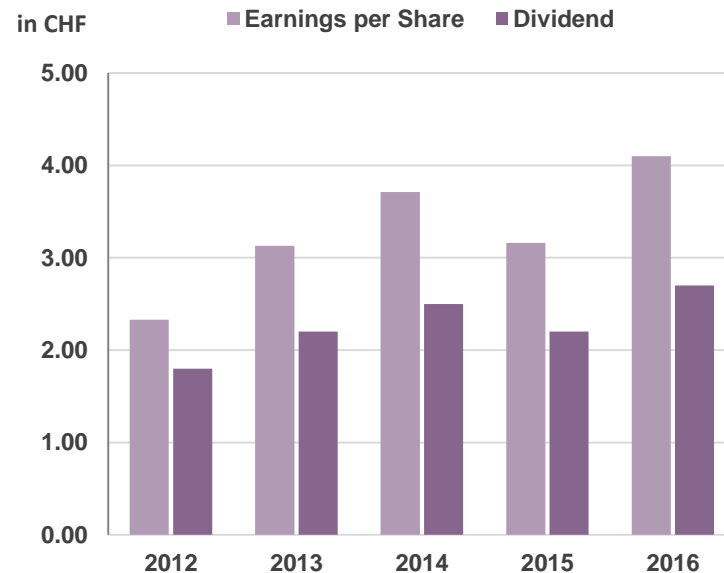
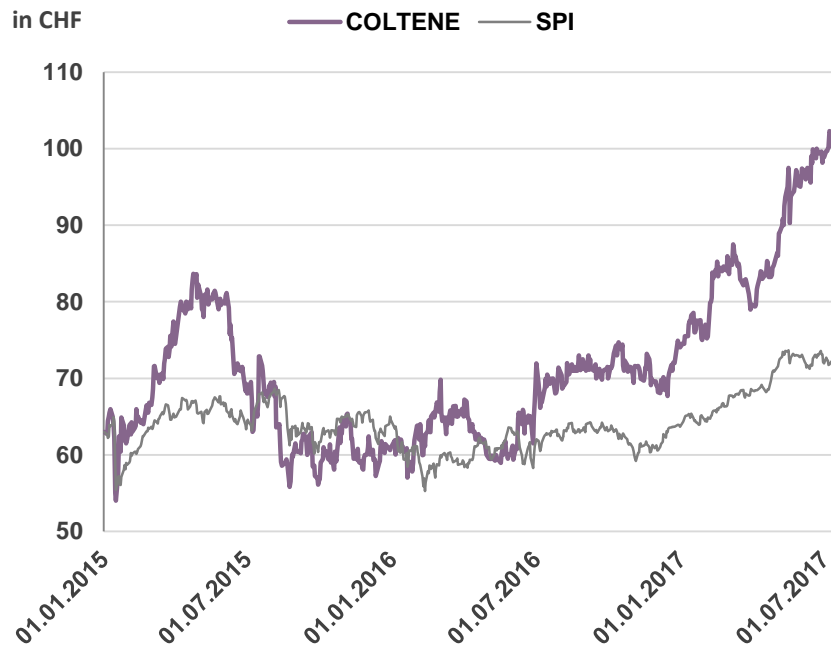
Comments

Increase of cash flow from operations of 62% mainly driven by improved NWC management and lower taxes paid.

Cash flow from investments include modernization and replacement of production equipment, investment in software as well as the acquisition of Diatech.

The resulting free cash flow amounts to CHF 5.0 million, CHF 2.8 million higher than in the previous year period.

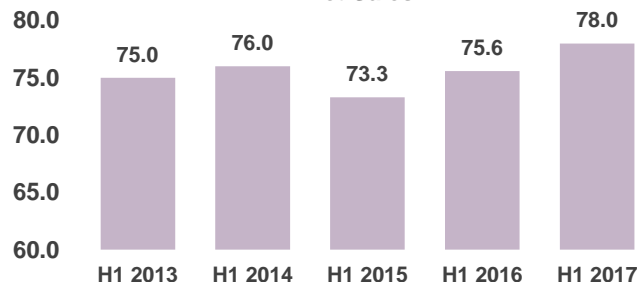
Attractive Share Performance



5-Year Overview of the Key Figures

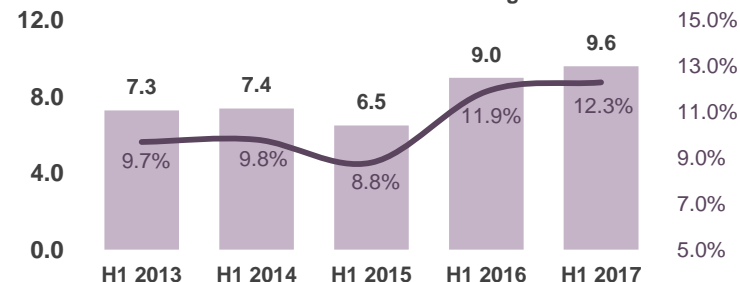
in CHF million

Net Sales



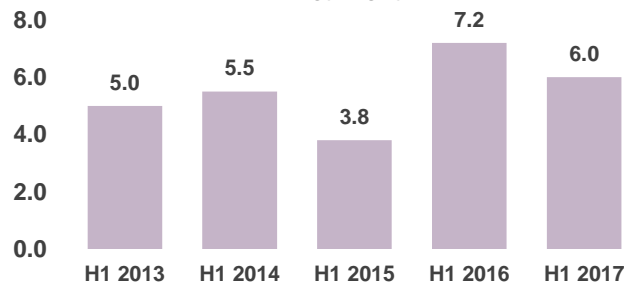
in CHF million

EBIT EBIT Margin in %



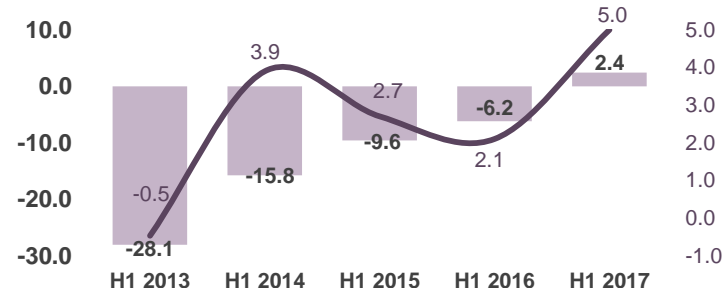
in CHF million

Net Profit



in CHF million

Net debt/net cash Free cash flow



AGENDA

Going Digital

Martin Schaufelberger CEO



COLTENE's Triple Approach to Digitalization

Developing and offering products for digital dental treatment processes in the dental practices

Manufacture and sell products in a digital supply chain

Working in a digitally supported organization using and benefiting from digital processes and tools



Digitalization Transforming Dentistry



Predictive

Intelligent sensors combined with analytical tools and vast pools of reference and diagnostic data are creating new pathways for prevention. This will help reduce the risk of tooth decay, root canal problems and dental disease as well as the need for invasive dental procedures.

Individual

Data pools, data analytics and digital technologies enable dentists to offer custom treatments tailored to individual patient needs and conditions.

Smart

Digital assistants and robots help dentists to continually improve the effectiveness, precision and quality of the treatment they provide – for their own and their patients' benefit.

Collaborative

Open, interoperable systems combined with artificial intelligence support and shared access to vast pools of data enable R&D specialists to develop new dental treatment technologies and methods that are safer, less painful and more aesthetic.

AGENDA

Outlook & Priorities

Martin Schaufelberger CEO



Megatrends Create New Growth Opportunities

		Impact
MARKETS	EMEA: Western Europe robust; positive signs from Southern Europe	+
	North America: Pressure due to ongoing destocking at distributors	+/-
	Asia: Dynamic markets headed by India and China	++
	Latin America: Signs of economic recovery in Brazil	++
INDUSTRY	Ongoing concentration among distributors	+/-
	More group practices and government business	+
TRENDS	Digital technologies revolutionizing dental treatments	+
	Growing importance of emerging markets	++

Focus on Exploring Profitable Growth

MARKETS

Participation in general market growth in dental consumables of ~2%

Exploit growth opportunities spurred by megatrends such as digitalization, ageing population, growing middle class and increasing importance of emerging markets

FINANCIALS

Raise EBIT margin to 15%

FX situation will remain a challenge

Healthy balance sheet with an equity ratio of at least 60%

OPERATIONS

Further increase of operational efficiency through digital processes and tools

Promote implementation of strategic goals 2016-2018 with focus on sales & marketing operations, innovation management and partnerships

PRODUCTS

Market launch of new products supporting digital dental treatments

Further streamline COLTENE brand management strategy

**Many thanks for
your attention!**

APPENDIX



Full Spectrum of Dental Care

Restoration



The Restoratives product group contains all the products used in restorative treatment procedures. These products range from adhesive systems and restorative filling materials to curing equipment.

Prosthetics



In Prosthetics, COLTENE offers a broad range of condensation and addition silicon impression materials with excellent flow properties. Highly precise dental impressions improve the treatment outcomes of prosthetic procedures.

Endodontics



The Endodontics range is focused on products for root canal therapy, which entails root canal preparation, cleansing and obturation.

Treatment Auxiliaries



Treatment Auxiliaries comprises a broad range of products for wound care and treatment and moisture control. These practical supplies and materials make work easier and enhance patient comfort.

Rotary Instruments



COLTENE offers a comprehensive range of carbide drills, diamond burs and polishing tools. Its Rotary Instruments are distinguished by superior stability and excellent cutting action.

Infection Control



The Infection Control product category contains ultrasonic cleaning systems, sterile covers and face masks that provide an effective barrier against infection in dental practices.

Global Setup

North America

Group companies 2
Production sites 1

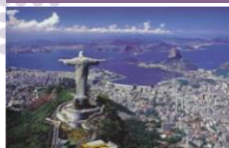
USA, Cuyahoga Falls (OH)



Latin America

Group companies 1
Production sites 1

BRAZIL, Rio de Janeiro



GERMANY, Lengenau



Europe

Group companies 10
Production sites 2

SWITZERLAND, Altstätten



Middle East and Africa

Group companies 0
Production sites 0

Asia Pacific

Group companies 3
Production sites 0

Highly Experienced Group Management



Werner Mannschedel

Vice President R&D and Regulatory Affairs
Since 2015

Before:

- Global R&D and Regulatory Manager, 2012-2015; Manager global operations, 2011-2012; President European Operations, 2007-2011; Manager European Operations, 2002-2007, COLTENE Group
- General Manager ROEKO GmbH + Co. KG, 1998-2002

Gerhard Mahrle

Group CFO
Since 2014

Before:

- CFO Kardex AG, 2009-2013
- CFO sia Abrasives Holding AG, 2000-2009
- CFO Batigroup Holding AG, 1998-2000
- CFO Eugster/Frismag Group, 1992-1998

Christophe Loretan

Vice President Sales
Since 2015

Before:

- Technical Service and Sales Director EMEA, 2013-2015; Customer Solutions Director EMEA, 2006-2013; Global Marketing Manager, 2003-2005, Novozymes Switzerland AG,
- Business Development Manager Pharma/Gastroenterology, Tillotts Pharma AG, 2002-2003

Martin Schaufelberger

Group CEO
Since 2012

Before:

- CEO Kunststoff Schwanden, 2007-2012
- Deputy CEO Kunststoff Schwanden, 2001-2007

Werner Barth

Vice President Marketing
Since 2015

Before:

- Global Director Marketing COLTENE/Whaledent AG, 2013-2015
- Vice President Sales, 2006-2013; Head Marketing & Sales, 2005-2006, Ziemer Ophthalmic Systems AG,
- Product manager and Sales manager HMT High Medical Technologies AG, 2001-2004

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