

Medisize Holding AG Year-End Results - 2006



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Safe Harbour statement

Before we may start with the presentations, we need to remind you that the information made available in this conference call may include forward-looking statements that reflect the intentions, beliefs or current expectations and projections of Medisize Holding AG about the future results of operations, financial condition, liquidity, performance and similar circumstances. Such statements are made on the basis of assumptions and expectations which may prove to be erroneous, although Medisize Holding AG believes them to be reasonable at this time.

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- Dental Group
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Yes, we did miss our indications!

- However :
 - Sales reached 96% of CHFm 260
 - EBIT reached 93% of CHFm 32.5



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2006 Consolidated Highlights

- +24.9% net income increase to CHFm 22.6
- +10.7% operating income gain to CHFm 30.1
- EBIT margin increases from 11% to 12%
- Free cash flow of CHFm 25.5
- Debt reduced by 35% to CHFm 48.5



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2006 Consolidated Highlights (2)

- Shareholders' equity grows to CHFm 149.2
- Equity ratio 60.3% of total assets
- Proposed dividend payment of 32% or CHF 1.60 per share
- Accomplished with a modest +1.2% in sales to CHFm 249.9
- Operating expenses grew only 0.7%



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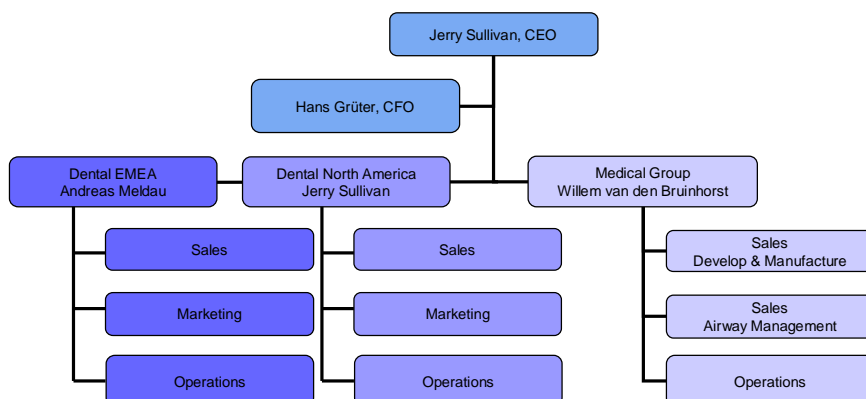
Successful first year for Medisize

- SWX listing on June 23, 2006
- New independent management team is operational
- Financial reporting evolving under new CFO
- Tapping group-wide synergies
 - Cash management
 - Expense management
 - Capital investment
- Systematic planning initialized
- Accounting refinements are bringing better and more timely data to management
- An evolutionary process is moving forward
 - We are still collecting low hanging fruit



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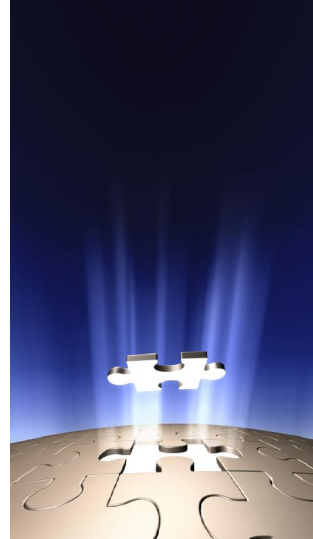
Organization Chart



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Group Strategy

- Build on two healthcare business units targeting attractive healthcare market segments.
- Continue to build on:
 - Profitable cash-generating dental unit with solid historic growth.
 - OEM medical segment with unrealized dynamic growth opportunities.
 - Capitalize on gains from our new people, structure, and systems.



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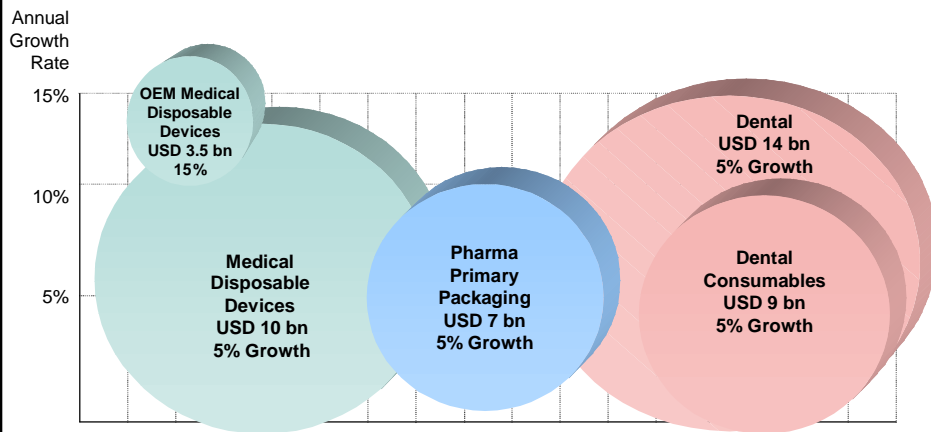
Group Growth Strategy – EBIT & Sales

- Improve Gross Margins
- Improve EBIT Margins
- Net Income
- Organic revenue growth
- Acquisitions
 - No earnings dilution
 - EBIT growth
 - Revenue growth
 - Critical mass
- Continuous portfolio review



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Targeting Dynamic Healthcare Markets



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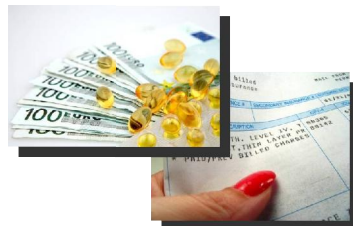
Healthcare market dynamics

- Growing population
- Dramatic increases in awareness
- Increasing access to healthcare
- Aging population
 - More natural teeth above age 55
- Rising disposable incomes worldwide
- Rising esthetic awareness and needs



Points of moderation

- Rising healthcare costs
- Tightening cost controls
- Lower remuneration schemes



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Dental Group

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Dental Group Highlights

- +4.4% sales increase to CHFm 153.6
- +25.4% in EBIT up to CHFm 24.3
- EBIT margin of 15.8% up from 13.2%
- Strong performance in Europe
- North America reaches prior year
- Encouraged by the performance of emerging markets



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What made dental successful ?

- EBIT Margin Growth
 - Increase in sales mix of consumables vs. equipment
 - Improved manufacturing efficiencies
 - Better capacity utilization
 - Improving expenses controls
- Sales growth
 - Satisfying un-met needs
 - Product features that can be demonstrated
 - Niche exploitation
 - Expanding our markets



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Dental Strategy

- Innovate in key growth product ranges
- Continue to dominate niches
- Maintain a fast pace for innovation
- Provide practical solutions for dental care
 - Easier, faster, and less technique sensitive treatments
 - Provide the highest esthetic results
 - Improve the dental experience for the patient



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Key Product Successes - 2006



Synergy D6 Composite



Parapost Tapper Lux



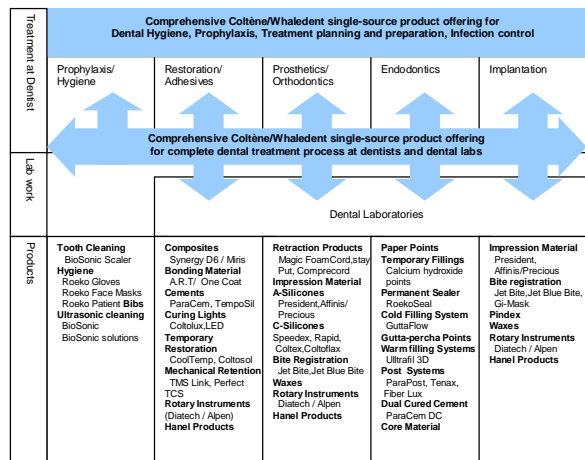
Diatech & Alpen Rotary Instruments



Affinis Precious Impression Material

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Broad reach of dental products



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World Dental Market Baseline

- Dental consumables sold through traditional dental distribution have a market CAGR of 5%.
 - Excludes direct selling companies
 - Excludes implants
- Top two dental manufacturing companies increase direct selling focus.
 - Dentsply, world's largest dental products manufacturer, reported 40% of revenues come from direct sales.
 - Danaher's Sybron dental unit expands direct sales focus via Sybron Endo Direct.
- Private label is the fastest growing segment.
- Fewer listed comparables in consumable dental manufacturing sector.
 - Implants not comparable as they are selling directly.



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Medical Group

Medical Group Financial 2006 Overview

Key Financial Statistics

- 3.5% sales decline to CHFm 96.3
- EBIT declines to CHFm 5.8
- EBIT margin reduced to 6% from 8.1%



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Medical Group 2006 Overview

Accumulation of negative impacts

- Raw material quality issues impeded production in Q1 in Irish plant on equipment normally running 24/7
 - Lost sales of TCHF 700 could not be compensated
- Customer induced delays in OEM production projects TCHF 2'500 in sales
- Dramatically higher prices on petroleum based raw material of TCHF 750 reduced EBIT



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2007 Outlook is Materially Brighter

- Medical Group sales 2007 YTD are ahead of forecast and last year.
 - New projects are in revenue production.
 - Higher revenues on existing major projects
 - Raw material price increases are being passed to customers.
- Ireland
 - Raw material quality issues were resolved in Q2-06.
 - New plant manager has already improved efficiency.
 - Additional pharma bag making capacity is operational.



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Pro-active internal actions will improve sales

- Bag making capacity increased in Ireland.
 - Bag production was at capacity operating 24/7
 - New bag line in production Q4-2006
- Blow molding in Medisize Switzerland was at capacity (24/7) by late Q2-2006.
 - Four new capacity building capital projects at Medisize Switzerland
 - Two are now in production
 - Two more by the end of Q2
- Newly reorganized sales team.
 - Sales team doubled in size



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Medical market baseline data

Underlying market dynamics

- Disposable medical device market CAGR of 15%
- Primary pharma packaging market CAGR of 5%
- Outsourcing trend continues
- Market consolidation continues
- Fragmented market offers growth potential by acquisition



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What is wrong about your perception of OEM medical device and primary pharma manufacturing?

- You think we make commodity products because we make disposable products!
- What should you think?
 - 80% of the products we manufacture are protected by patents owned by the contracting medical company.
 - Typically, we are the exclusive manufacturer of the device or package.
 - At most, there might be one other manufacturer on the same continent for a given product!
 - Taken together, on-time delivery and quality are more important than price.



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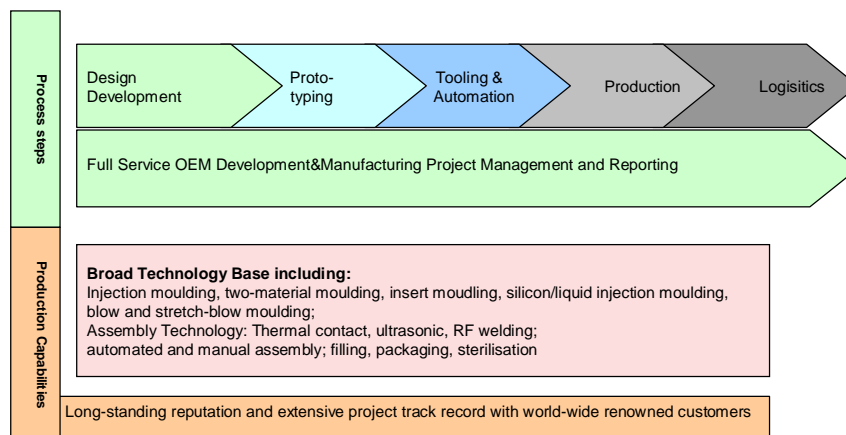
Which of your perceptions are correct?

- The bidding process to get OEM contracts is competitive.
- We certainly are not awarded every contract on which we bid.
- The OEM disposable medical manufacturing has moderate EBIT margins.
- Gross profits will vary by product group and by project.



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Medical business model



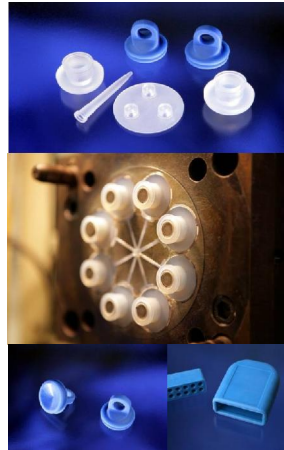
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Broad manufacturing technology in Medisize

Pharma Bag Making



Liquid Silicone Injection Molding



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Broad manufacturing technology in Medisize

Injection Molding, Assembly, QC, Sterilization



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Broad manufacturing technology in Medisize

Blow Molding of primary pharma packaging



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Broad manufacturing technology in Medisize

Injection molded implants



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Summary: Medisize Medical Group

All problems encountered are addressed or resolved.

- Quality issue in Ireland solved by Q2.
- Higher raw material prices factored re-newing contracts.
- New management structure is operational.
- Expanded sales team is operational.
- Stronger project and production pipeline.
- Management and Board are considering all options to optimize the assets deployed.

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Group Financials

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Medisize Group: Income statement

EBIT increase by 10.7%

1'000 CHF	2006	%	2005	%	% YoY
Net Sales	249'864	100.0%	246'887	100.0%	1.2%
Raw materials	82'565	33.0%	83'400	33.8%	-1.0%
Personnel expenses	82'921	33.2%	81'046	32.8%	2.3%
Other expenses	44'913	18.0%	45'388	18.4%	-1.0%
Depreciation	8'241	3.3%	8'682	3.5%	-5.1%
Amortization	1'143	0.5%	1'186	0.5%	-3.6%
Total operating expenses	137'218	54.9%	136'302	55.2%	0.7%
EBIT	30'081	12.0%	27'185	11.0%	10.7%

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Dental: Income statement

Excellent performance

1'000 CHF	2006	%	2005	%	% YoY
Net Sales	153'560	100.0%	147'109	100.0%	4.4%
Raw materials	42'391	27.6%	41'608	28.3%	1.9%
Personnel expenses	49'793	32.4%	48'755	33.1%	2.1%
Other expenses	32'856	21.4%	32'753	22.3%	0.3%
Depreciation	3'875	2.5%	4'270	2.9%	-9.3%
Amortization	347	0.2%	345	0.2%	0.6%
Total operating expenses	86'871	56.6%	86'123	58.5%	0.9%
EBIT	24'298	15.8%	19'378	13.2%	25.4%

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Medical: Income statement

Below expectation

1'000 CHF	2006	%	2005	%	% YoY
Net Sales	96'310	100.0%	99'780	100.0%	-3.5%
Raw materials	40'174	41.7%	41'792	41.9%	-3.9%
Personnel expenses	32'709	34.0%	32'283	32.4%	1.3%
Other expenses	12'461	12.9%	12'383	12.4%	0.6%
Depreciation	4'365	4.5%	4'412	4.4%	-1.1%
Amortization	796	0.8%	841	0.8%	-5.4%
Total operating expenses	50'331	52.3%	49'919	50.0%	0.8%
EBIT	5'805	6.0%	8'069	8.1%	-28.1%

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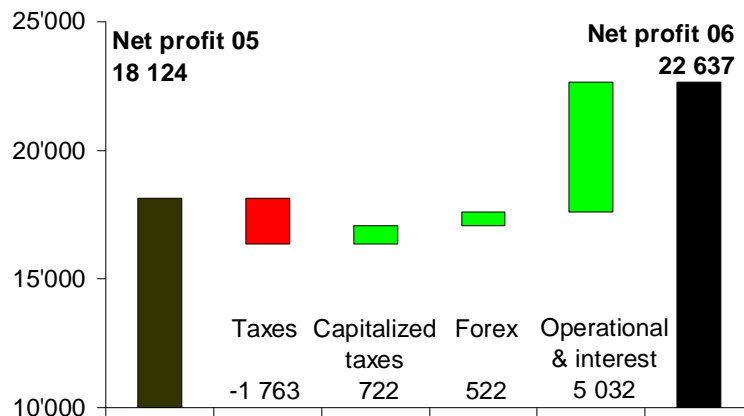
Medisize Group: Income statement

Net profit increase by 24.9%

1'000 CHF	2006	%	2005	%	% YoY
EBIT	30'081	12.0%	27'185	11.0%	10.7%
Financial result (net)	-1'150	-0.5%	-3'808	-1.5%	-69.8%
Net profit before tax	28'931	11.6%	23'377	9.5%	23.8%
Tax expenses	-6'294	-2.5%	-5'253	-2.1%	19.8%
In % of net profit before tax	21.8%		22.5%		
Net profit	22'637	9.1%	18'124	7.3%	24.9%

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Medisize Group: Income statement (TCHF) Net profit development 2005 to 2006



Medisize Group: Cash flow statement Free cash flow of 10.2 % of net sales

1'000 CHF	2006	%	2005	%	% YoY
EBIT	30'081		27'185		
Non cash items	9'481		9'718		
Changes in NWC	130		-8'560		
Interest received/paid (net)	-1'951		-4'410		
Tax payments	-6'383		-5'064		
CF from operations	31'358	12.6%	18'869	7.6%	66.2%
Purchase of PPE	-5'315		-4'413		
Proceeds form PPE	160		10'719		
Other	-722		-60		
CF from investments	-5'877		6'246		
Free cash flow	25'481	10.2%	25'115	10.2%	1.5%

Medisize Group: Balance sheet

Solid, well positioned for future growth

1'000 CHF	31.12.06	31.12.05
Cash & cash equivalents	19'947	25'746
Receivables	54'248	47'823
Inventory	49'657	53'750
Property, plant & equipment	59'101	62'443
Financial, intangible & tax assets	64'445	64'208
Total assets	247'398	253'970
Payables & short term liabilities	30'631	28'777
Bank loans & other loans	48'499	74'592
Other long term liabilities	19'072	19'218
Equity (equity ratio)	149'196	60.3% 131'383 51.7%
Total liabilities & equity	247'398	253'970

Medisize Holding AG

Dividend proposal

1'000 CHF	2006
Net profit carried forward from previous year	369
Profit of the year	7'565
Available net profit	7'934
Dividend proposal 32%	-7'488
To be carried forward	446

Dividend proposal to the Annual General Meeting of **CHF 1.60 per share**.

Outlook 2007

Assumptions:

- Dental consumables sales growth $\geq 5\%$
- Medical device segment $\geq 15\%$
- Primary pharma packaging $\geq 5\%$
- Airway management $\geq 5\%$
- Resulting Indications (approximately):
 - Dental Group Sales CHFm 170
 - Dental Group EBIT CHFm 26
 - Medical Group Sales CHFm 100
 - Medical Group EBIT CHFm 7
 - **Medisize Group Sales CHFm 270**
 - **Medisize Group EBIT CHFm 33**



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Q & A

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