



**Full year results – 2008**  
**Media and analyst conference**  
March 18, 2009

## **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 COLTENE 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 COLTENE Holding AG believes them to be reasonable at this time.

## Speakers

**Andreas Meldau, Chief Executive Officer**

- Management Analysis
- Strategy Update

**Dr. Hans Grüter, Chief Financial Officer**

- Financial Results FY 2008

## Content

**1. COLTENE – Competitive Advantages**

**2. Corporate Strategy**

**3. Products and Geographical Expansion**

**4. Financials**

**5. Outlook**

**6. Q&A**

## COLTENE Competitive Advantages

### In the market place

- Company clearly focused on dental consumables business
- High innovation pace
- Expanding global presence
- CAGR above market growth

### In terms of financial stamina

- Business model generating good cash flow
- Strong balance sheet
  - Positive net cash position
  - Equity ratio over 70%
- Attractive dividend yield

à **We want to perform better than overall market & competition**

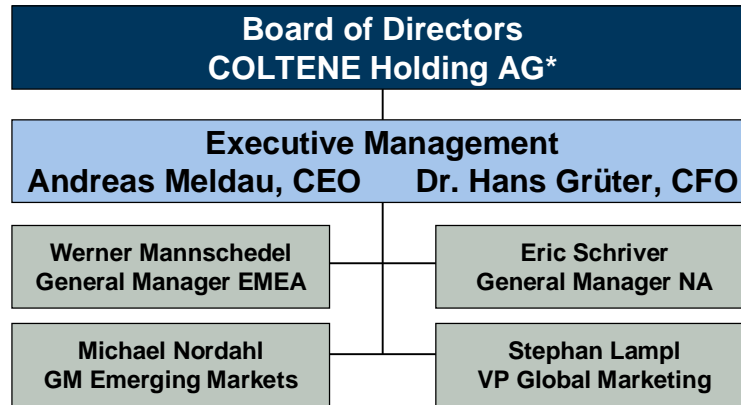
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## Highlights 2008

- Solid sales increase
  - 4.1% at constant exchange rates (legal entities)
  - Taking all currencies into account sales growth >5%
- Strong EBIT margin
  - 18.2% EBIT margin in second half of 2008
  - 15.0% EBIT margin in full year
- Stable profit from continuing operations CHF 17.7 m
- Free cash flow CHF 12.3 m
- Earnings per share CHF 10.55
- Equity ratio 70.1%
- Proposal to pay unchanged dividend of CHF 4.30
  - 10% dividend yield at year-end stock price of CHF 43.00

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## Board and Management



\* Chairman: Nick Huber  
 Members: Robert Heberlein, Matthew Robin, Jerry Sullivan

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## COLTENE Locations



Cuyahoga Falls (Akron)  
 & BC Vermont  
 USA



Langenau (Ulm), Germany

Budapest, Hungary

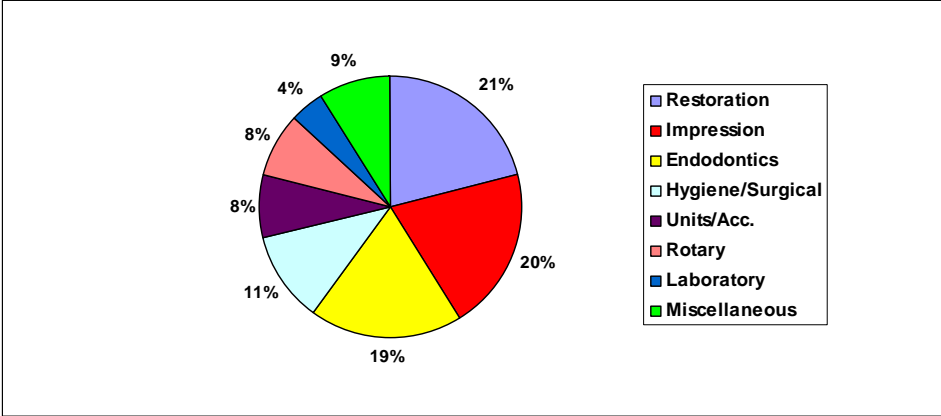


Altstätten & Rüthi, Switzerland

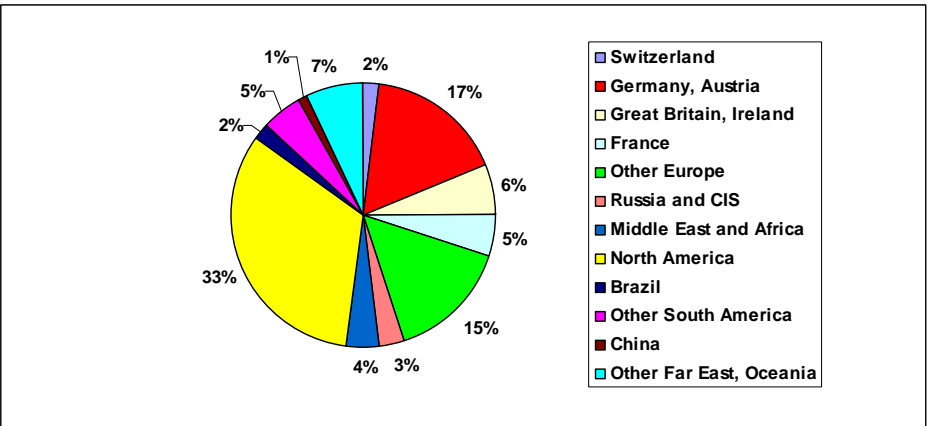


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### Net Sales by Products 2008



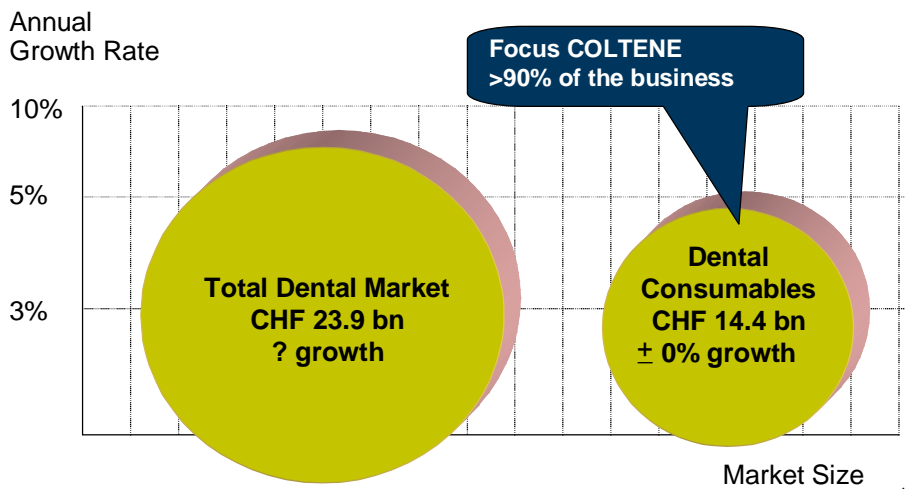
### Net Sales by Geographic Regions 2008



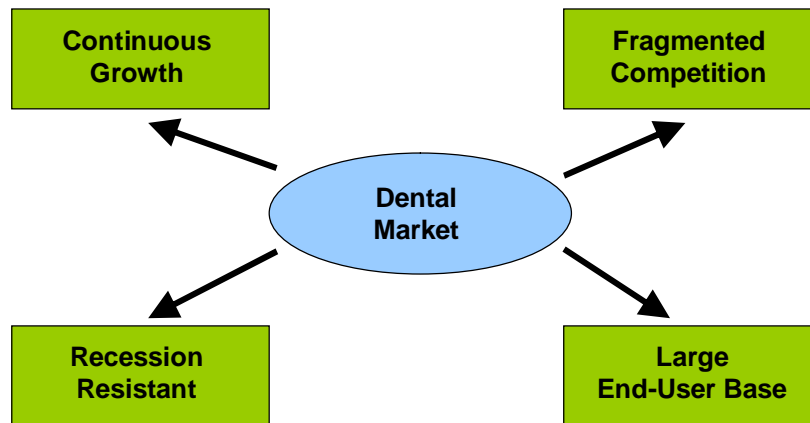
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## Attractive Global Dental Market



## Positive Business Environment



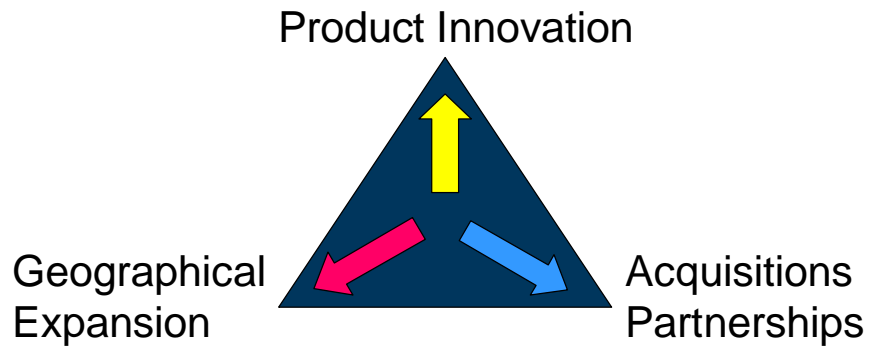
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## Growth Drivers in a Challenging Economy

- Increasing dental insurance coverage
- Awareness of dependency between oral health and overall medical health (well-being)
- Higher emphasis on esthetic dentistry (worldwide)
- Aging population – retaining natural dentition
  - 50-80 year-old population app. to double until 2030
- Global middle-class will expand significantly
  - Emerging markets to have >1bn customers by 2030
  - 20% of the population to get access to dental treatment
- Greater dental practice productivity required

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## Base for COLTENE Growth Strategy



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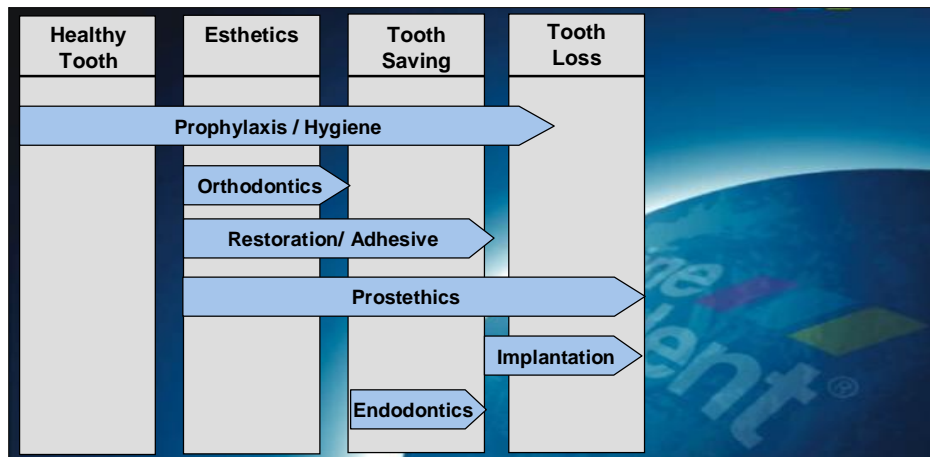
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## Comprehensive Product Range



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## Products: Achievements in 2008 (1)

- Rotary instruments business increased by >30%
  - With CEI integration: complete range of products
  - New products (i.e. Speedster) show high application efficiency
  - Strong growth in carbide & diamond business
  - Sales success in all geographical areas
- Hygiene and surgery materials increased by 5.9% due to broad product offering
- Good performance of new Prosthetic and Endodontic products balanced out general downtrend in Q3 & Q4
- Remaining product groups oscillated in narrow spreads around 2007 sales rates

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## Products: Achievements (2)

Successful product launches such as

- New resin cement/core build-up: ParaCore Automix
- Affinis impression material for implants in HY2 2008
  - à will further leverage A-Silicone business
  - à range of COLTENE products matching implantology procedures
    - Cool Temp temporary material
    - Jet Blue bite registration
    - ParaCem universal cement
- New bond: One Coat Bond 7.0
- New canal brush: very small, super cleaning
- New fiber post TaperLux: high retention, translucent
- New temporary cement: fast & secure adhesion for all materials (dentin, enamel, core, metal alloy & implants)

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## Key Product Successes – 2008



Diatech & Alpen Rotary Instruments



One Coat Bond 7.0



ParaCore Automix



ParaPost \*Taper Lux\*



TempoSil 2

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## Growth: Geographical Expansion

- Focus on Emerging Markets
  - China: COLTENE subsidiary successfully started
    - In 2008 net sales doubled – now close to CHF 2 m
    - Organization will grow according to business plan
  - India: COLTENE subsidiary successfully started
    - In 2008 double-digit sales growth
    - Execution of 3 years business plan (2009 - 2011)
  - Russia: effective expansion activities led to 30% increase in 2008
    - Full range of COLTENE products implemented
  - Brazil: increase of net sales by 60%
    - Launch of specific products that fit to the market
  - CIS, Latin America and Asia remain very attractive growth markets

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## Situation in Traditional Markets

- Europe
  - Germany: key market with 3% growth (>5% fx adj.)
  - France: 8% increase (>10% fx adj.)
  - Switzerland: increased significantly by 5.4%
  - Other EU countries in line with/slightly above 2007
  - Exception: South Europe, especially Italy was clearly behind target due to old importer structure
- North America
  - USA, Canada: difficult markets due to consumption slowdown in Q3 and Q4 – nevertheless COLTENE maintained sales for 2008 in local currency

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## Growth – Acquisition / Partnerships

- Ongoing: active and diligent process
- Acquisition projects must support
  - Core competencies and market approach
  - Opportunities in new technologies
  - Geographical expansion
  - Financial situation
- New partnerships and continuous improvement
  - In new sales areas (distribution in emerging markets)
  - Solution partners with dedicated market focus: Rotary Instruments, Implantology, Restoratives
  - Improve supply chain in channel business activities

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## Financial Result 2008 Overview

### COLTENE

- Net sales target for Q4 missed slightly  
à benefit from volume increase did not happen
- Solid 15% EBIT margin, down by 0.3%-age points
- Cash flow from operation 11.1% of net sales,  
up 1.0%-age point
- Strong balance sheet

### MEDICAL

- Presented as discontinued operation in P&L and CFS
- 30.4 MCHF profit from discontinued operation
- 91.4 MCHF returned to shareholders

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Profit and Loss Statements (TCHF)	2007	2008	% YoY
<b>Net Sales</b>	<b>168'110</b>	<b>166'419</b>	<b>-1.0%</b>
<b>Raw materials</b>	<b>46'859</b>	<b>45'698</b>	<b>-2.5%</b>
Personnel expenses	56'171	57'355	2.1%
Other expenses	34'993	34'226	-2.2%
Depreciation	3'896	3'732	-4.2%
Amortization	513	486	-5.3%
<b>Total operating expenses</b>	<b>95'573</b>	<b>95'799</b>	<b>0.2%</b>
<b>EBIT</b>	<b>25'678</b>	<b>24'922</b>	<b>-2.9%</b>

### Comments

- 4.1% growth forex adjusted
- Raw materials 27.5% of net sales, slightly better than PY (27.9%)
- Total operating expenses including 881 TCHF one time effect
- EBIT-Margin 15.0%, PY 15.3% without one time effect 15.5%

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<b>Profit &amp; Loss Statement Re-presented 2007 (TCHF)</b>	<b>Dental</b>	<b>Medical</b>	<b>Other</b>	<b>Medisize Group</b>	<b>COLTENE Group</b>
<b>Net Sales</b>	<b>168'110</b>	<b>106'122</b>	<b>1</b>	<b>274'233</b>	<b>168'110</b>
<b>Raw materials</b>	<b>46'859</b>	<b>41'859</b>	<b>1</b>	<b>88'719</b>	<b>46'859</b>
Personnel expenses	54'163	33'978	2'008	90'149	56'171
Other expenses	35'668	15'538	-675	50'531	34'993
Depreciation & amortization	4'377	5'195	32	9'604	4'409
<b>Total operating expenses</b>	<b>94'208</b>	<b>54'711</b>	<b>1'365</b>	<b>150'284</b>	<b>95'573</b>
<b>EBIT</b>	<b>27'043</b>	<b>9'552</b>	<b>-1'365</b>	<b>35'230</b>	<b>25'678</b>

<b>Profit &amp; Loss Statements (TCHF)</b>	<b>2007</b>	<b>2008</b>	<b>% YoY</b>
<b>EBIT</b>	<b>25'678</b>	<b>24'922</b>	<b>-2.9%</b>
Financial result (net)	-628	-2'113	236.5%
<b>Net profit before tax</b>	<b>25'050</b>	<b>22'809</b>	<b>-8.9%</b>
Tax expenses	-6'499	-5'127	-21.1%
<b>Net profit continuing operations</b>	<b>18'551</b>	<b>17'682</b>	<b>-4.7%</b>
Discontinued operations	7'744	30'388	
<b>Profit for the period</b>	<b>26'295</b>	<b>48'070</b>	

#### Comments

- Interest result net improved by 629 TCHF
- Increased forex losses and loss on cash equivalents of 2'114 TCHF
- Effective tax rate of 22.5% compared to 25.9% PY
- Net profit continued operations of 17'682 TCHF, down by 869 TCHF to PY
- 30'388 TCHF profit from discontinued operations versus 7'744 TCHF PY

<b>Profit from discontinued operation (TCHF)</b>	<i>2008</i>
Gain on sale of Medical business	28'969
Profit Medical business January 1 to April 30, 2008	1'419
<b>Total profit from discontinued operations</b>	<b>30'388</b>

**Net cash inflow and outflow (TCHF)**

Net cash inflow from sale	93'482
Dividend 2008, nominal value reduction, share repurchase	91'394

<b>Cash Flow continuing op. ( TCHF)</b>	<i>2007</i>	<i>2008</i>	<i>% YoY</i>
<b>Net profit</b>	<b>18'551</b>	<b>17'682</b>	
Non cash items	12'028	9'236	
Changes in NWC	-6'491	-5'689	
Interest received/paid	-144	251	
Income tax paid	-6'945	-2'954	
<b>CF from operations</b>	<b>16'999</b>	<b>18'526</b>	<b>9.0%</b>
Purchases and proceeds*	-2'900	-6'253	
Acquisitions subsidiaries	-9'202	0	
<b>CF from investments</b>	<b>-12'102</b>	<b>-6'253</b>	
<b>Free cash flow**</b>	<b>14'099</b>	<b>12'273</b>	<b>-13.0%</b>

\* Property, Plant & Equipment, Financial and Intangible assets

\*\* Free cash flow pre acquisitions of subsidiaries

**Comments**

- Increased cash flow from operations to 11.1% of net sales (PY 10.1%)
- Increased investments in equipment for future growth

<b>Balance Sheets (TCHF)</b>	<b>31.12.07</b>	<b>31.12.08</b>
Cash & cash equivalents	13'367	11'121
Receivables	57'755	43'090
Inventory	49'846	32'294
Property, plant & equipment	57'596	31'118
Financial, intangible & tax assets	69'004	43'849
<b>Total assets</b>	<b>247'568</b>	<b>161'472</b>
Payables & short term liabilities	29'186	39'543
Bank loans & other loans	36'555	2'640
Other long term liabilities	16'162	6'128
Equity	165'665	113'161
<b>Total liabilities &amp; equity</b>	<b>247'568</b>	<b>161'472</b>

**Comments**

- Solid and strong balance sheet with equity ratio of 70.1% (PY 66.9%)
- 8'481 TCHF net cash position compared to net debt of 33'475 TCHF PY

<b>Changes of equity (TCHF)</b>	<i>Share Capital</i>	<i>Transl. Adj.</i>	<i>Retained Earnings</i>	<i>Total</i>
<b>31.12.2007</b>	<b>23'129</b>	<b>-7'651</b>	<b>150'187</b>	<b>165'665</b>
Net profit			48'070	48'070
Exchange differences		-8'145		-8'145
<i>Total income/expenses</i>	<i>0</i>	<i>-8'145</i>	<i>48'070</i>	<i>39'925</i>
Share-based transaction with Mgt			71	71
Dividend distribution			-19'563	-19'563
Nominal value reduction	-22'932			-22'932
Share repurchase	-46		-49'200	-49'246
Direct equity transactions			-366	-366
Change in treasury stocks	264		-657	-393
<i>Total transactions with shareholders</i>	<i>-22'714</i>	<i>0</i>	<i>-69'715</i>	<i>-92'429</i>
<b>31.12.2008</b>	<b>415</b>	<b>-15'796</b>	<b>128'542</b>	<b>113'161</b>

**Comments**

- Equity increased by 39'925 from income and expenses for the year
- Equity decreased by 92'429 TCHF mainly due to profit distributions
- Equity ratio remains at high level of 70.1%



<b>Dividend distribution proposal (TCHF)</b>	<i>2007</i>	<i>2008</i>
Net profit carried forward from previous year	520	0
Profit of the year	9'300	79'264
Share repurchase	0	-49'200
Available net profit	9'821	30'065
Out of statutory reserves	10'303	
<b>Dividend proposal of CHF 4.30 per share</b>	<b>-20'124</b>	<b>-18'142</b>
To be carried forward	0	11'923

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## New Initiatives in 2009 (1)

- COLTENE will focus on an own setup in Brazil and/or other LAM markets
    - Strong emphasis now put on this geography (follow. China/India)
    - Different options are being evaluated: result expected in 2009
  - Private Label focus and initiative
    - This segment of the market is growing stronger with distributors than branded products: take advantage of this development
    - Open product portfolio for private label business in general
    - Open access to any kind of selling partner
  - Specific new materials and products will be introduced in Endo, Prosthetic and Restorative environment
    - Fast setting root canal filling and sealing material
    - Sterilizable impression material (autoclavable)
    - New flowable composite (filling material)
- à @ IDS in Cologne, March 24 - 28, 2009

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## New Initiatives (2)

- COLTENE will take clear advantage of still fast growing implantology market
  - Partnerships / cooperation with well-known implant companies
  - Solution Kit in focus
  - OEM opportunity
  - Evaluation of technology acquisition
- COLTENE will open new sales channel in selected areas
  - Web-based distribution (i.a. via gIDE)
  - E-commerce in general
  - Direct sales activities with selected Hygiene, Surgical and other products

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## Outlook 2009 (1)

- Challenging year ahead
  - Q4 showed negative growth in instruments and equipment sales (infrastructure)
  - Consumables with uncertain growth
  - especially Q1 & HY1 2009 will be a very difficult period for dental consumer business
    - à question is: how will market trend of 2008 year-end continue into 2009
    - à two tier distribution model: how will stock/stocking situation be with dealers / distributors
    - à development in US is key for overall market trend
    - à impact of crisis on emerging markets unknown

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## Outlook 2009 (2)

- Focus on solid business in traditional and emerging markets
- Special focus 2009
  - Cost improvement project started
  - Monitor individual market developments
  - Evaluate and seize market opportunities
- Long-term plans are valid and a continuous expansion is projected for next years
- Goal: repeat achievements of 2008 (in absolute terms) and try to expand success on that basis

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## COLTENE Outlook 2009

### Assumptions:

- With the given market circumstances
- Forex rate: USD / CHF = 1.18
- Forex rate: EUR / CHF = 1.53

### Indications:

- COLTENE Sales CHF 166 m
- COLTENE EBIT CHF 25 m (15%)



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

Q & A