

Media Release

First Half of 2017: Increase in Sales and Improved EBIT Margin

Altstaetten, August 4, 2017 – COLTENE Holding AG (SIX Swiss Exchange: CLTN), an internationally leading developer and producer of dental consumables, recorded sales of CHF 78.0 million in the first half of 2017 (2016 H1: CHF 75.6 million). This represents a year-on-year increase of 3.2% in the reporting currency of Swiss francs. Sales growth after factoring out exchange-rate fluctuations and acquisitions amounts to 1.8%. Full consolidation of Diatech as of April contributed CHF 0.6 million to reported sales. Thanks to the deployment of modern production equipment and marketing instruments, COLTENE's operating profit (EBIT) increased by 6.2% to CHF 9.6 million (2016 H1: CHF 9.0 million). This raised the EBIT margin for the traditionally weaker first half of the year to 12.3% (2016 H1: 11.9%), underscoring the Group's organizational efficiency and high agility. Net profit for the period declined by 16.0% to CHF 6.0 million (2016 H1: CHF 7.2 million) due to an exchange-rate-induced deterioration in the net financial result and higher taxes. The free cash flow rose to CHF 5.0 million and more than doubled previous year's CHF 2.1 million. Steady progress towards the strategic goals for 2016 – 2018 should empower COLTENE to accelerate the Group's growth and to exploit new opportunities in the market arising from the digital transformation in dentistry.

In the first half of 2017, the focus was on the ongoing digital transformation of the Company and the acquisition of Diatech LLC. Progressive digitalization will enable COLTENE to further increase the efficiency of its organization by simplifying and automating processes throughout the value chain and using intelligent tools. In addition, digital technologies in dentistry open up a vast array of new treatment options, creating new business opportunities for COLTENE as a relatively small, agile supplier of top-quality products. Thanks to the acquisition of Diatech LLC, COLTENE is now selling its high-quality diamond and carbide burs under the DIATECH brand name in North America. The transaction simplifies and unifies DIATECH brand management worldwide.

Business performance by region: Growth in all regions

COLTENE Group sales in the first half of 2017 rose in all four major regions, both in Swiss francs and in local currency. COLTENE's sales in Asia increased by 8.2% in Swiss francs and in local currency. Sales were strong in India and China, the key markets of tomorrow, where local sales grew by 42.3% and 11.3%, respectively. Additional sales came from the subsidiary established in Japan in the previous year, which successfully established the Group's presence in the country. In Europe, the Middle East and Africa (EMEA), sales increased by 1.2% in Swiss francs and 2.8% in local currency. Results varied within this region. Positive trends were seen in Southern Europe, France, the Benelux countries and Switzerland, whereas sales decreased in Germany and in the Middle East.

In North America, sales increased only slightly by 1.5% in Swiss francs and 0.2% in local currency despite the planned drawdown of wholesaler inventories. Sales of COLTENE products through distributors covering the North American market (sell-out) grew by 1.1% despite the reduction of field staff at various large wholesalers. Sales in Latin America rose 11.8% in Swiss francs and 3.6% in local currency, led by strong growth at the Group's Brazilian subsidiary. Positive effects from the simplification of the management structure and process workflows were again noticeable in Brazil. The Brazilian subsidiary confirmed its sales turnaround first reported in 2016 and has clearly established a successful market position in the face of the ongoing consolidation among dental distributors. Vigodent increased its sales by 27.6% in local currency.

Business performance by product group: Endodontics strong

All of COLTENE's product groups reported higher sales in the first half of 2017 except for Restoration. The fastest growth was achieved by the Rotary Instruments product group (+8.8%), driven by the acquisition of Diatech LLC. Endodontics followed in second place with 6.3% sales growth to CHF 16.7 million (2016 H1: CHF 15.8 million). Both product groups benefited from the launch of new products that rounded out the established products. Sales of the Prosthetics product group increased by 2.5% to CHF 16.0 million (2016 H1: CHF 15.6 million). Sales of the Restoration product group decreased slightly by 1.2% to CHF 18.8 million (2016 H1: CHF 19.2 million). The Infection Control and Treatment Auxiliaries product groups reported growth of 2.0% and 4.5%, while sales of laboratory products rose by 4.0%.

Outlook

Based on the strategic roadmap for 2016 – 2018 with respect to marketing & sales, innovation and partnerships, COLTENE Group is investing in new growth. By expanding its sales teams, COLTENE systematically strengthened its presence in key markets. The Group upgraded its product portfolio by introducing new products and improving other products already in the marketplace. And management entered new partnerships that will allow the Company to play a constructive role in research projects and in educational programs for dentists and that will give it access to new sales channels. The Group aims to capture the market's future growth potential and sustainably raise the EBIT margin to 15% of net sales.

Interim Report 2017

COLTENE Holding AG interim report 2017 was published today and can be downloaded at www.coltene.com.

Key Figures (in CHF 1,000)	2017 H1	2016 H1	Δ%
Net sales	78,013	75,599	3.2%
Operating expenses	47,751	45,675	4.5%
Operating profit (EBIT)	9,585	9,025	6.2%
in % of net sales	12.3%	11.9%	
Net profit for the period	6,029	7,179	-16.0%
Cash flow from operating activities	7,933	4,897	62.0%
Investments (net)	2,973	2,776	7.1%
Free cash flow	4,960	2,121	133.9%

Key Figures (in CHF 1,000)	30.06.2017	30.06.2016	Δ%
Net cash position / (net debt)	2,357	(6,232)	n.a.
Total assets	147,993	149,210	-0.8%
Shareholders' equity	104,793	98,419	6.5%
in % of total assets	70.8%	66.0%	
Employees (FTE Ø)	877	869	0.9%

Sign up for email updates from COLTENE Holding AG at www.coltene.com.

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Financial Calendar

Media and analysts' conference 2017, Annual Report 2017	March 6, 2018
Annual General Meeting 2018	March 28, 2018

About COLTENE

COLTENE is an internationally active developer, manufacturer and seller of dental consumables and small equipment in the areas of restoration, endodontics, prosthetics and treatment auxiliaries. COLTENE has state-of-the-art production facilities in the USA, Germany, Brazil and Switzerland as well as own distribution organizations in all major markets including China and India. Dentists and dental labs all around the globe trust COLTENE's high-quality products. The registered shares of COLTENE Holding AG (CLTN) are listed on SIX Swiss Exchange. Learn more about COLTENE and our products at www.coltene.com.

This press release and oral statements or other written statements made, or to be made, by us contain forward-looking statements that do not relate solely to historical or current facts. These forward-looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.