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Media Release

First half of 2019: Strong sales growth thanks to acquisitions

Altstaetten, August 22, 2019 – COLTENE Holding AG (SIX Swiss Exchange: CLTN), an internationally leading developer and producer of dental consumables and equipment, generated net sales of CHF 135.4 million in the first half of 2019 (H1 2018: CHF 85.6 million). This corresponds to a sharp increase of 58.2% from the year-ago period. Operating profit (EBIT) for the first half of 2019 amounted to CHF 12.8 million, an increase of 24.9% over the year-ago figure (H1 2018: CHF 10.2 million) that is largely attributable to the acquisition-driven sales growth. COLTENE's EBIT margin for the seasonally weaker first half of the year came in at 9.4% (H1 2018: 12.0%). This year-on-year contraction can be traced to non-recurring integration costs related to the acquisitions and the effects of their first-time consolidation. Net profit for the period rose by 28.8% to CHF 7.9 million (H1 2018: CHF 6.2 million). The integration of SciCan and Micro-Mega, the dental specialists acquired in 2018, is proceeding as planned. COLTENE switched its accounting standards from IFRS to Swiss GAAP FER as of the current fiscal year. Its results for the first half of 2019 are the first to be reported using the new accounting rules. All figures for the prior-year period have been restated to ensure the consistency and comparability of the financial information for these two half-year periods.

COLTENE Group continued to grow in the first half of 2019. Acquisitions accounted for much of that growth, having contributed CHF 48.6 million in sales, or 56.8% of total reported sales for the period. In addition to the acquisition-driven growth, COLTENE also achieved organic sales growth of 1.4%. The organic growth in local currencies amounted to 2.0% and thereby strengthened COLTENE's position in key regional markets. The integration of Kenda, SciCan and Micro-Mega, the three dental firms acquired in 2018, is on track and underpinned the pleasing sales trends.

Sales up in every region

North America showed the highest growth at +133.4%, driven by the acquisition of SciCan. In Asia, sales surged 40.1%, thanks in particular to the COLTENE brand's strong performance in China. Sales from the EMEA region (Europe, Middle East and Africa) increased 22.5%, which largely reflects the acquisition of Micro-Mega. Sales in the Latin America region also grew by a pleasing 9.9% y-o-y despite political and economic headwinds.

Efficient Treatment strong

With total sales of CHF 55.9 million (share of Group sales: 41.3%), Efficient Treatment is the largest product group, followed by Dental Preservation (31.8%), which accounted for CHF 43.1 million of consolidated first-half sales. The third-largest product group Infection Control (26.9%) contributed sales of CHF 36.4 million.

Integration of SciCan and Micro-Mega proceeding as planned

COLTENE Group's integration of SciCan and Micro-Mega proceeded as planned in the first half of 2019. Integration efforts centered on merging the sales and marketing units, harmonizing Group-level workflows and processes and introducing standardized systems and data infrastructure at the new Group companies. Cross-selling opportunities for SciCan products and the integration of Micro-Mega products into COLTENE's existing sales channels were prioritized during this phase, with the aim of expanding the sales channels for products that are firmly anchored in their traditional home markets and accelerating the growth of the significantly enlarged dental group. Efforts were also made to strengthen the Group's brand identity and profile under the COLTENE umbrella brand.

Change in the Executive Board

After serving as the head of Research and Development, Quality Management and Regulatory Affairs for many years, Werner Mannschedel is approaching retirement and will therefore step down from the Executive Board at the end of September 2019. He will continue to offer COLTENE his services for special projects. The Board of Directors and the Executive Board thank Werner Mannschedel for his more than 30 years of service and his many contributions to the Company's success.

Outlook

The Board of Directors and the Executive Board expect the ongoing integration of the new Group companies to produce economies of scale, synergies and efficiency gains during the second half of 2019. Ongoing expansion of the sales teams in key markets across Europe and Asia – China in particular – should enable the Group to capture further market share and grow its sales faster than the underlying market, thereby strengthening its leadership position. Due to non-recurring expenses related to the integration of SciCan and Micro-Mega and compliance with the new regulatory requirements contained in the European Union's Medical Device Regulation (MDR), operating profit and net profit for the year will be slightly lower relative to sales than last year. Management expects to lift the EBIT margin back up to the 15% level in the medium term.

Interim Report 2019

COLTENE Holding AG interim report 2019 was published today and can be downloaded at www.coltene.com.

Key Figures (in CHF 1,000)	H1 2019	H1 2018	Δ%
Net sales	135,391	85,604	58.2%
Operating expenses	76,249	50,014	52.5%
Operating profit (EBIT)	12,792	10,245	24.9%
in % of net sales	9.4%	12.0%	
Net profit for the period	7,938	6,163	28.8%
Cash flow from operating activities	8,589	8,092	6.1%
Investments (net)	7,274	12,187	-40.3%
Free cash flow	1,315	-4,095	

Key Figures (in CHF 1,000)	30.06.2019	31.12.2018	Δ%
Net cash position / (net debt)	45,849	29,159	57.2%
Total assets	184,966	185,549	-0.3%
Shareholders' equity	78,737	87,869	-10.4%
in % of total assets	42.6%	47.4%	
Employees (FTE Ø)	1,394	946	47.4%

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Financial Calendar

Publication of half-year report 2019	August 22, 2019
Media ad analyst conference on H1 2019 results	
Media and analyst conference on fiscal 2019 Annual Report 2019	March 5, 2020
Annual General Meeting 2020	April 2, 2020

About COLTENE

COLTENE is an international developer, manufacturer and seller of dental consumables and equipment active in the three areas of Infection Control, Dental Preservation and Efficient Treatment. COLTENE has state-of-the-art production facilities in the USA, Canada, Brazil, Germany, France and Switzerland. COLTENE also employs its own sales force across Europe, America, North and Latin America, China and India and other key markets. 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 its products at www.coltene.com.

This written statement and oral statements or other 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.