

Patient Safety

Media and Financial Analysts Conference – Half Year Results 2023

Martin Schaufelberger, CEO
Markus Abderhalden, CFO

23

Safe Harbor Statement

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.

Agenda

Media and financial analysts conference call H1 2023

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- ⦿ **Highlights H1 2023**
Martin Schaufelberger, CEO
 - ⦿ **Financials H1 2023**
Markus Abderhalden, CFO
 - ⦿ **Outlook**
Martin Schaufelberger, CEO
 - ⦿ **Q&A**
All
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Highlights H1 2023

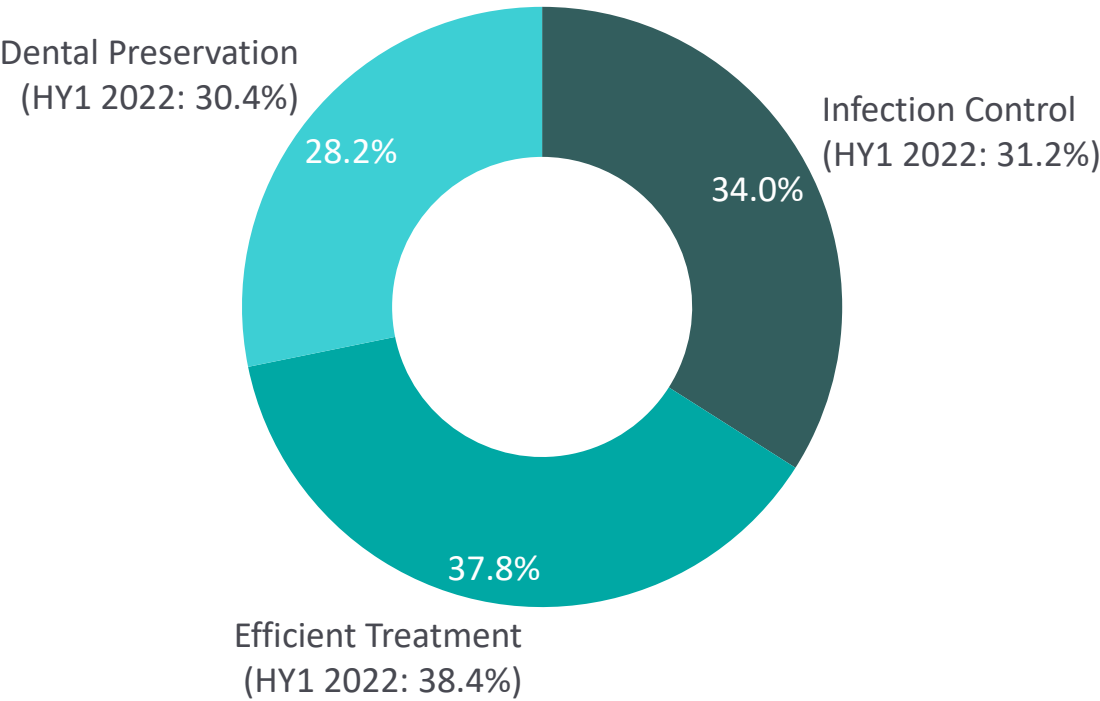
Record free cash flow and strong balance sheet basis for further growth

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- ⦿ **Key figures**
 - **Net sales CHF 131.4 m** (PY CHF 134.9 m); +1.7% adjusted by FX and -2.6% in CHF
 - **EBIT margin at 11.0%** (PY 12.4%)
 - **Net profit amounted to CHF 10.0 m** (PY CHF 12.1 m)
 - **Free Cash Flow at CHF 16.7 m** (PY CHF 7.8 m)
 - ⦿ **Operational**
 - Backlog situation of devices in Infection Control mostly solved
 - Delays by the notified body caused negative impact on Endo business
 - Due to strict cost management, operating costs were reduced by 4.7%
 - COLTENE is well prepared for the new European Medical Device Regulation (MDR) and meets already the high product and process quality requirement for most of its business
 - Increasing patient safety thanks to the new traceability system of the reprocessing of instruments based on the digital platform my.coltene
 - Implementation of non-financial reporting requirements and projects for reduction of CO2 emission
 - ⦿ **Organizational**
 - Gregor Picard started as new COO as per 1st April replacing Stefan Helsing due to retirement
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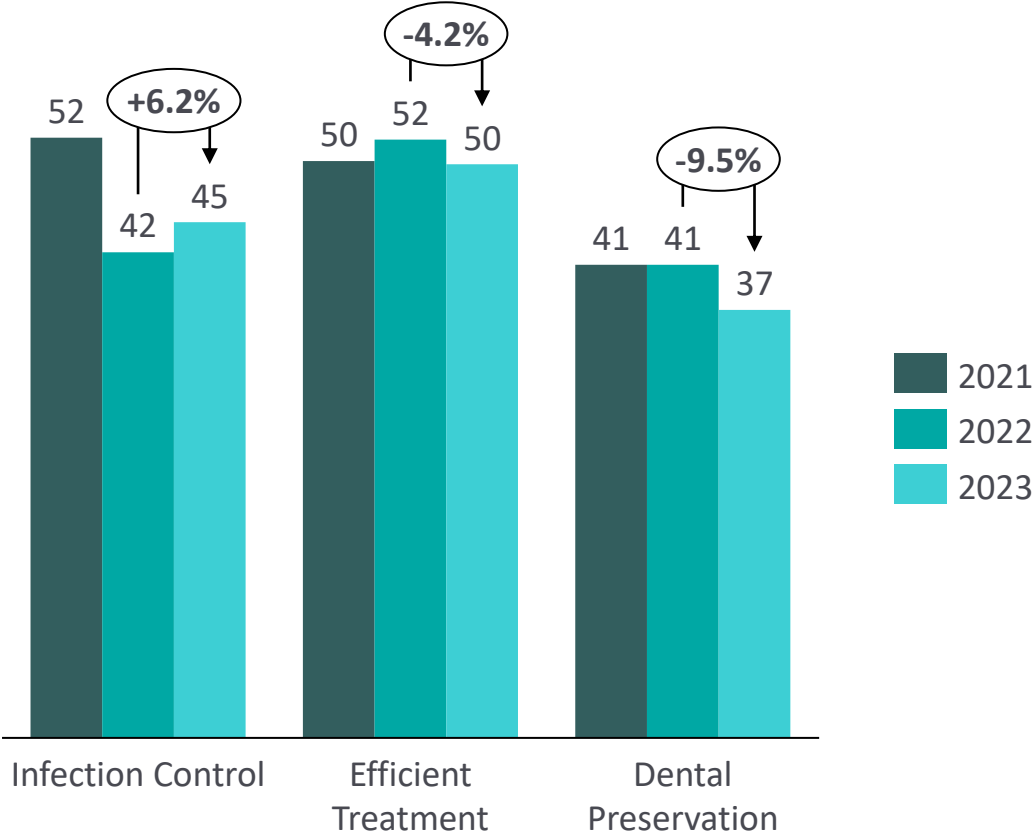
Net Sales by Product Groups

Strong development of Infection Control due to the clearing of backlogs

Net Sales H1 2023 by product groups (shares)

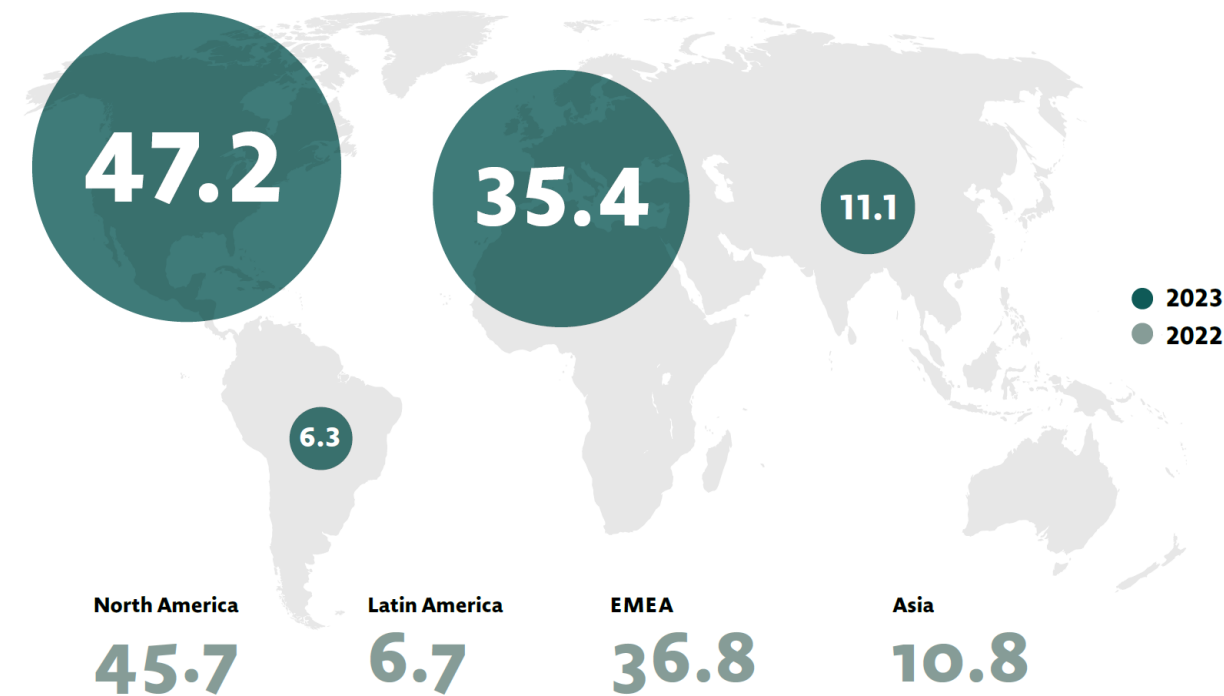


Net Sales by product groups (in CHF m)

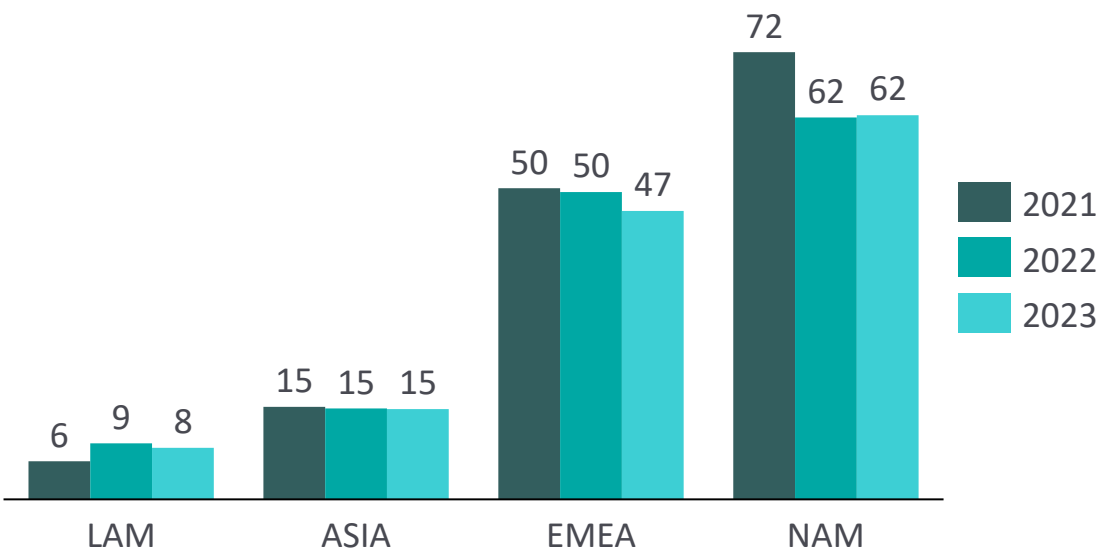


Net Sales by Region

North America with a higher share of sales due to the strong Infection Control



Net sales H1 by regions (in CHF m)



Financial Summary H1 2023

Net sales impacted by strong Swiss franc

⦿ Sales	<ul style="list-style-type: none">• Net sales down by 2.6% to CHF 131.4 m• At constant FX rates net sales increased by 1.7%
⦿ EBIT	<ul style="list-style-type: none">• EBIT decreased to CHF 14.4 m (- 13.5% vs 2022)• EBIT margin at 11.0% (PY 12.4%)
⦿ Net profit	<ul style="list-style-type: none">• Net profit amounted to CHF 10.0 m (PY CHF 12.1 m)• Net profit margin of 7.6% (PY 9.0%)
⦿ Tax rate	<ul style="list-style-type: none">• Effective tax rate increased to 24.4% (PY 22.0%) due to withholding taxes• Furthermore, higher profits in H1 2022 in low tax countries (especially Switzerland)
⦿ Cash flow	<ul style="list-style-type: none">• Strong free cash flow of CHF 16.7 m (PY CHF 7.8 m)• Cash flow from operating activities positively impacted by net working capital
⦿ Balance sheet	<ul style="list-style-type: none">• Net debt increased to CHF 26.6 m (Dec 2022: CHF 22.8 m)• Equity ratio dropped to 53.9% (Dec 2022: 58.9%)

Income Statement

Increase of net sales by 1.7% at constant FX rates

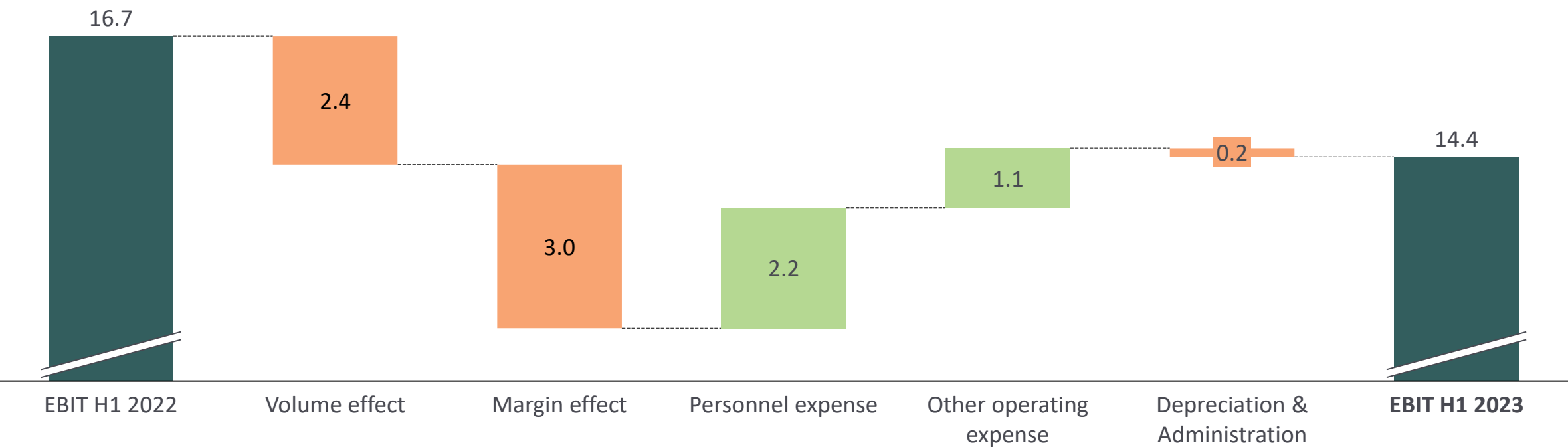
in CHF million	H1 2023	%	H1 2022	%	% YoY
Net Sales	131.4	100	134.9	100	-2.6
Material expenses	-45.5	-34.7	-43.6	-32.3	4.4
Gross Profit	85.9	65.3	91.3	67.7	-5.9
Operating expenses	-68.1	-51.8	-71.3	-52.9	-4.7
Depreciation and amortization	-3.4	-2.6	-3.3	-2.4	4.9
EBIT	14.4	11.0	16.7	12.4	-13.5
Financial result	-1.2	-0.9	-1.1	-0.8	2.9
Tax expenses	-3.2	-24.4 ¹⁾	-3.4	-22.0 ¹⁾	-5.2
Net Income	10.0	7.6	12.1	9.0	-17.4

¹⁾ In % of earnings before taxes

- Net sales decrease driven by a strong CHF. At a constant exchange rate, a growth of 1.7% would have resulted.
- Gross profit margin mainly decreased due to a change in the product mix (higher equipment sales).
- OPEX is down by CHF 3.3 m, thanks to lower personnel expenses.
- Financial result impacted by FX losses in various countries and higher interest expenses.
- Tax rate up by 2.4pp due to non-refundable withholding taxes on intragroup dividends.

EBIT Development H1 2022 – H1 2023

In CHF million



Gross Profit: Volume effect is driven by the FX impact whereas the margin effect decreased mainly due to a change in the product mix.

Personnel Expenses: Besides the positive FX impact the personnel expenses decreased mainly due to a decrease of employees of 23 compared to the prior year.

OPEX decreased by CHF 1.1 m, mainly due to extraordinary costs in the prior year and lower costs for maintenance and repair.

Net Profit

Decline in net profit driven by lower gross margin

Slightly increased financial expenses:

- Increase in interest expenses
- Partly offset by lower foreign exchange losses

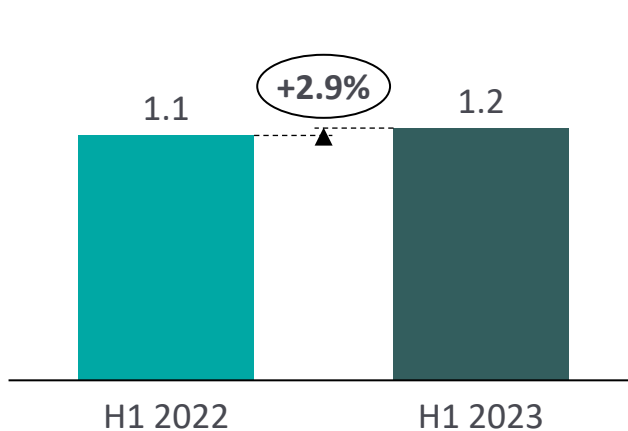
Tax rate increase:

- One-time effect of withholding taxes in the current year

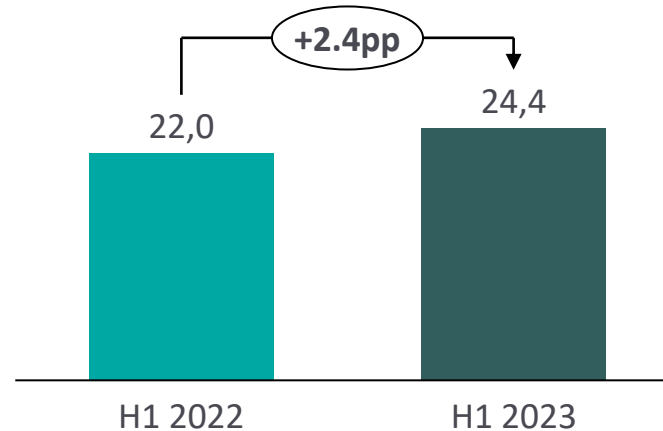
Net profit decrease:

- Net profit mostly driven by the lower gross margin due to a change in the product mix

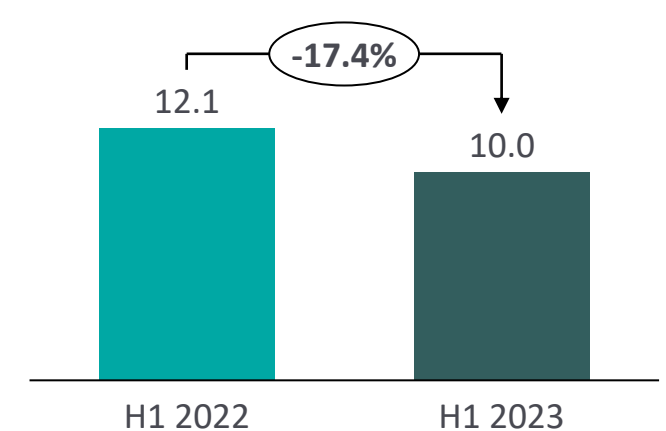
Financial expenses in CHF m:



Tax rate in %:



Net profit in CHF m:



Balance Sheet

Adequate liquidity and a healthy balance sheet

in CHF million	30.06.2023	31.12.2022	% YoY
Cash & cash equivalents	23.4	24.2	-3.2%
Receivables	43.8	43.9	-0.2%
Inventory	62.3	65.1	-4.3%
Property, plant & equipment	48.9	48.6	0.4%
Financial, intangible & tax assets	8.7	8.8	-1.1%
Total assets	187.1	190.6	-1.8%
Payables & short term liabilities	31.3	26.0	20.4%
Bank loans (short and long term)	50.0	47.1	6.2%
Other long term liabilities	5.0	5.3	-6.7%
Equity	100.8	112.2	-10.2%
Total liabilities & equity	187.1	190.6	-1.8%
Net debt	26.6	22.8	16.2%

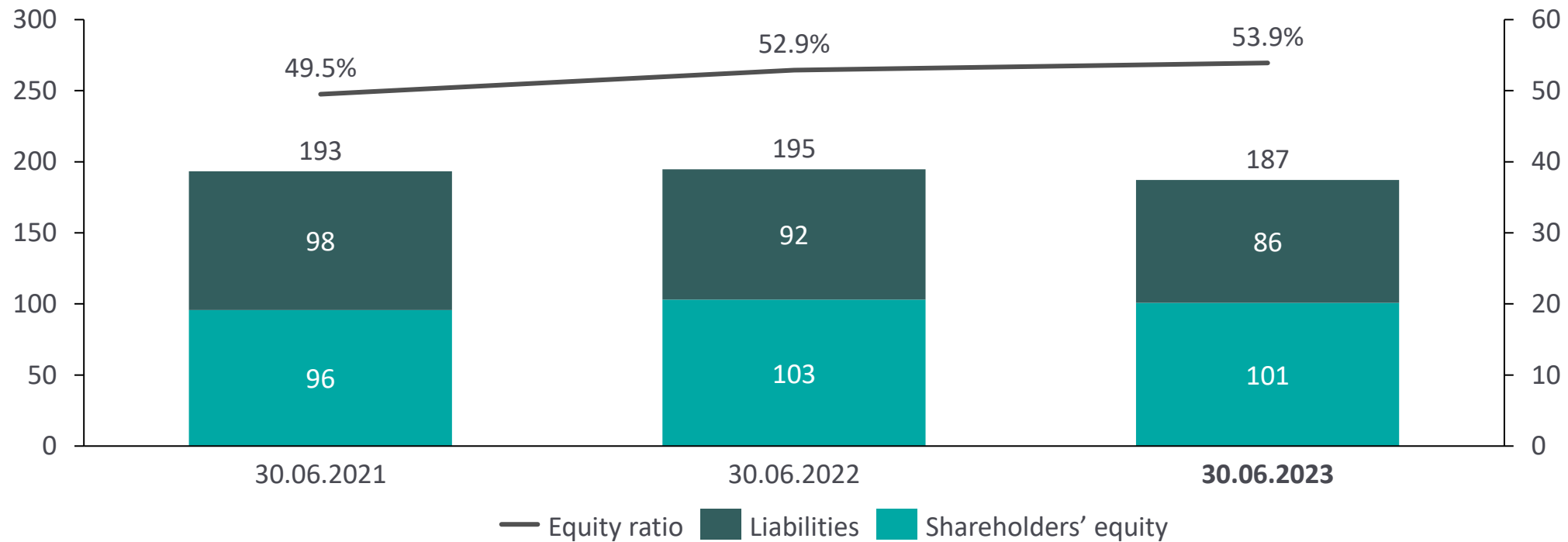
- Cash balance slightly decreased due to further repayments of financial liabilities
- Decrease in inventory due to optimization of inventory management
- Increase of net debt due to dividend payment in April (CHF 19.7 m)
- Payables & short-term liabilities back on 2021 level after a low in 2022

Equity

Stable balance sheet with an increasing equity ratio

In CHF million

- Total assets stable at CHF 187.1 m
- Equity ratio: increased to 53.9%



Cash Flow Statement

Strong free cash flow despite high taxes and high investments

in CHF million	H1 2023	H1 2022	% YoY
Net profit	10.0	12.1	-17.4%
Depreciation and amortization	3.4	3.3	
Other non cash items	4.3	5.2	
Changes in NWC	5.5	-5.9	
Interest and tax paid/received	-2.6	-3.4	
Cash flow from operating activities	20.6	11.3	82.0%
Purchase of PPE (net)	-3.2	-2.5	
Purchase of int & finan. assets (net)	-0.7	-1.0	
Cash flow from investing activities	-3.9	-3.5	11.2%
Cash flow from financing activities	-16.9	-8.2	106.1%
Change in cash and cash equivalents	-0.8	-0.4	
Free cash flow	16.7	7.8	113.3%

- Operating cash flow at a high level driven by the changes in NWC
- Cash out from investing activities slightly increased due to higher purchases of PPE
- Cash flow from financing activities mainly driven by dividends paid of CHF -19.7 m (2022: CHF -19.7 m) and partly offset by the proceeds from financial liabilities of net CHF +2.9 m (2022: CHF +11.8 m)

What can we expect in 2023?

Focus on patient safety

🕒 Challenges

- Strong Swiss franc
- Uncertain outlook of the world economy

🕒 Main Focus

- Launch of first digital product / services in my.coltene in second semester 2023
- Sales focus Endo in US and Europe based on received product registrations
- Sales focus Infection Control NAM / EU with new instrument tracking devices and digital services
- Innovation push in Resto, Endo and Infection Control

🕒 Expected Results

- Solid demand in HY2 and an increasing Endo business due to the received MDR certificate
 - Slightly above market growth
 - Mid term target of 15% EBIT margin
 - Dividend pay-out ratio target about 70% (tax free for private individuals domiciled in Switzerland)
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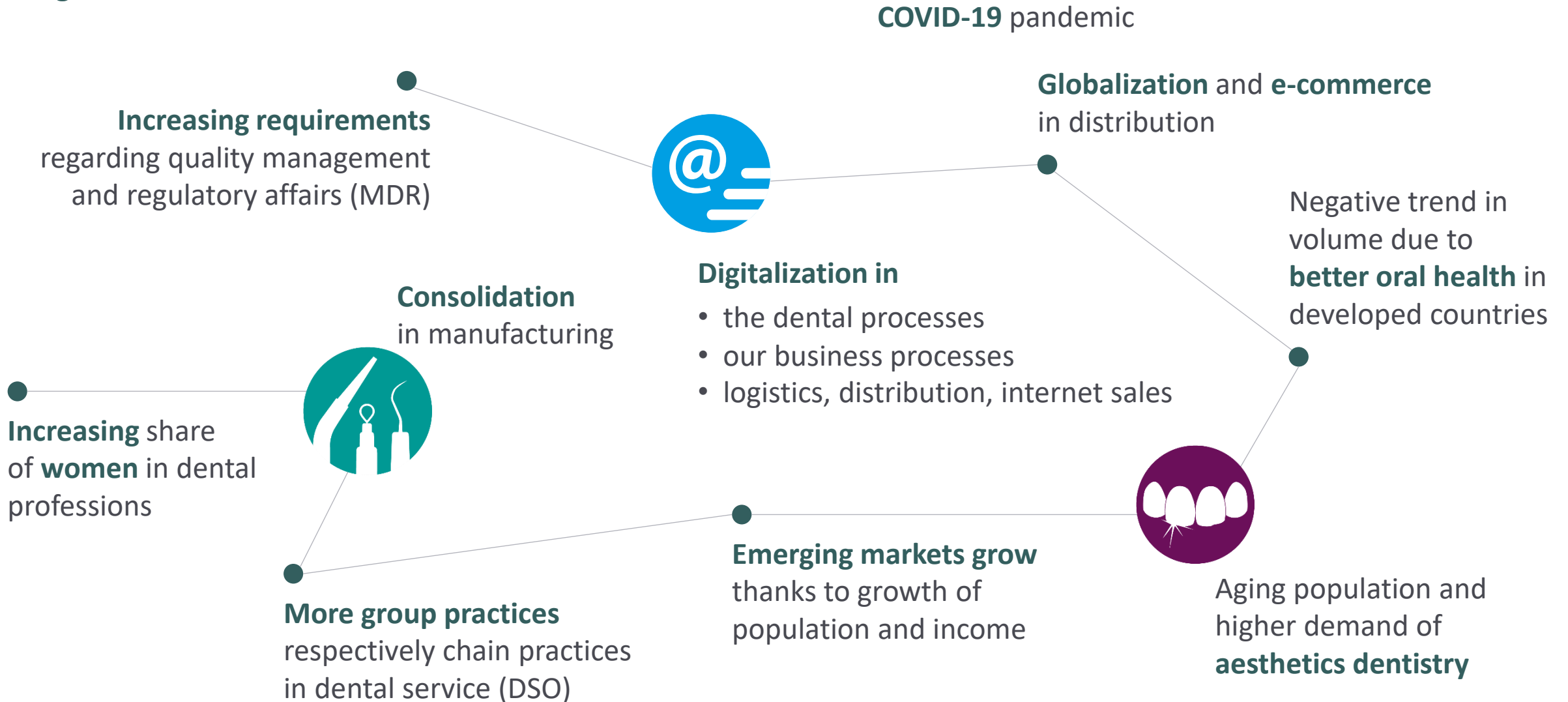
Patient Safety

Q&A

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Dental Industry

Mega trends



Organization

Management

Board of Directors

Nick Huber
Chairman

Matthias Altendorf

Jürgen Rauch

Astrid Waser

Daniel Bühler

Roland Weiger

Allison Zwingenberger

Group Management

Martin Schaufelberger
CEO

Markus Abderhalden
CFO

Paul Frey
VP Sales & MarCom NAM

Gregor Picard
COO

Martin Schlüter
VP R&D / Innovation

Werner Barth
VP Product Mgmt / Group Marketing

Christophe Loretan
VP Sales / MarCom EMEA / ROW

COLTENE Overview

Top quality dental supplier

- **COLTENE** develops, manufactures and markets **premium dental materials and small equipment** for dental practices
- **5 specialized manufacturing sites**
- **MedTech** products of **class 1, 2a, 2b and 3**
- **13 sales entities** supported by more than **300 sales reps** selling via distributors
- **3 product areas**
 - Infection Control
 - Dental Preservation
 - Efficient Treatment
- **1 200 employees**

Toronto (Canada)



Cuyahoga Falls (OH/USA)



Altstätten (Switzerland)



Langenau (Germany)



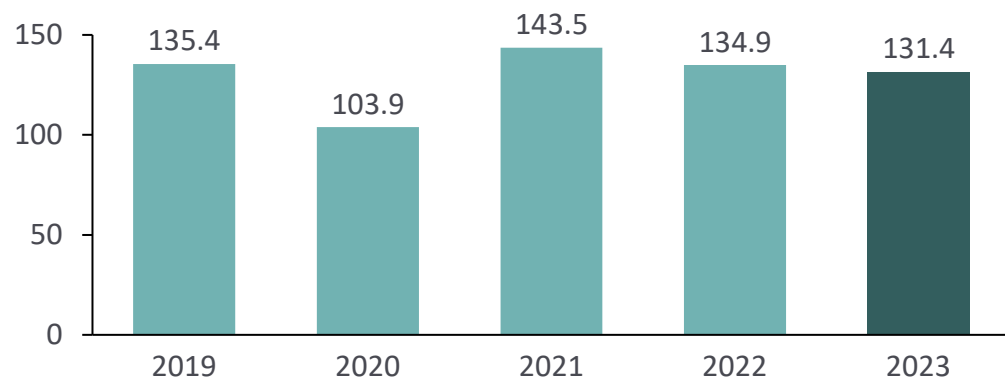
Besançon (France)



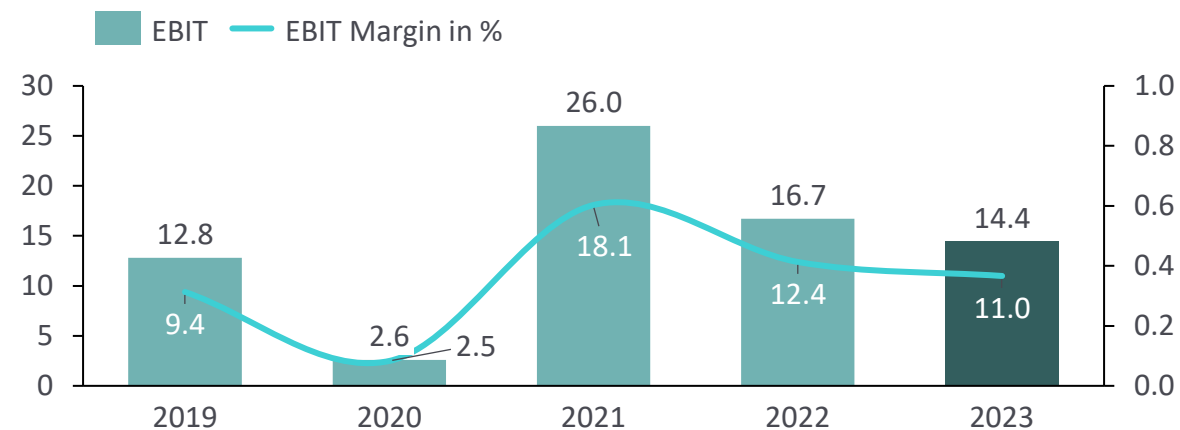
Key Figures

Five year overview H1 2019 - 2023

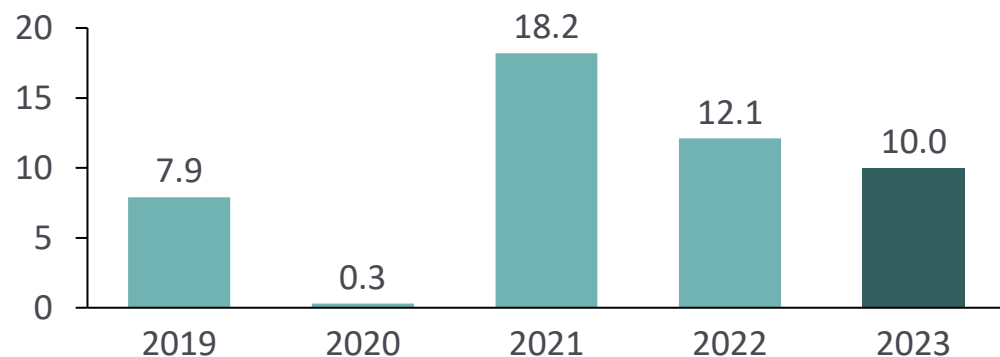
Net Sales in CHF million



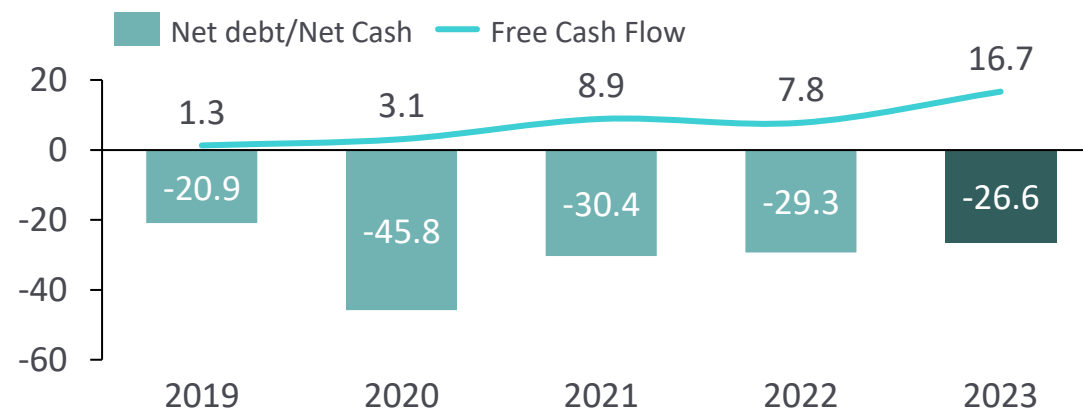
EBIT in CHF million



Net profit in CHF million



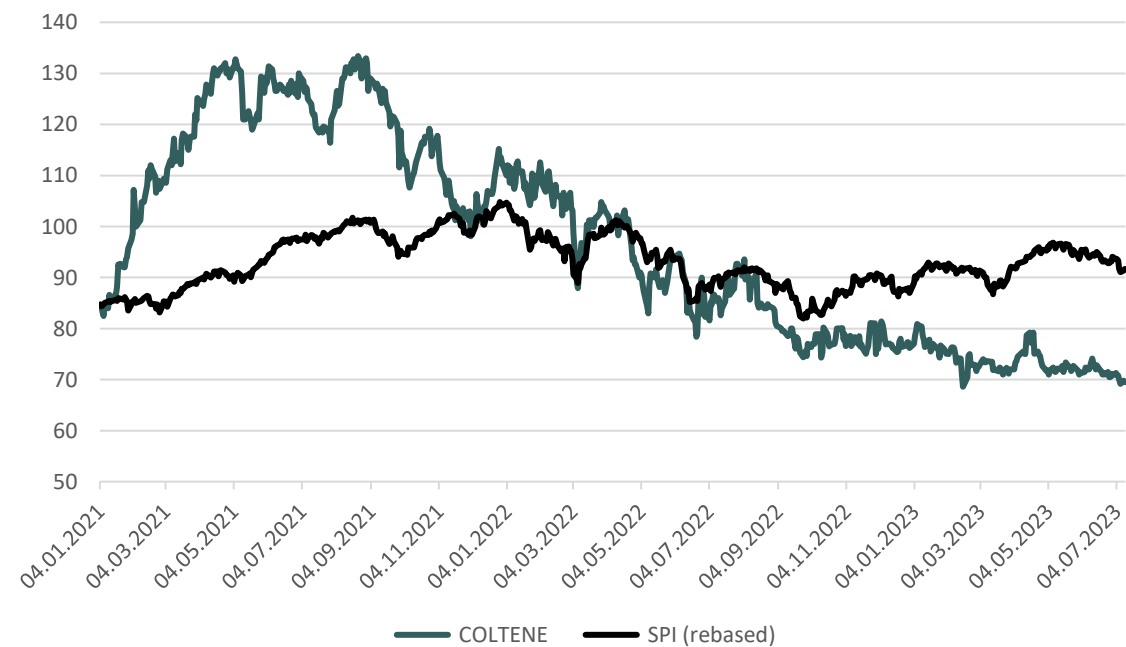
Net debt in CHF million



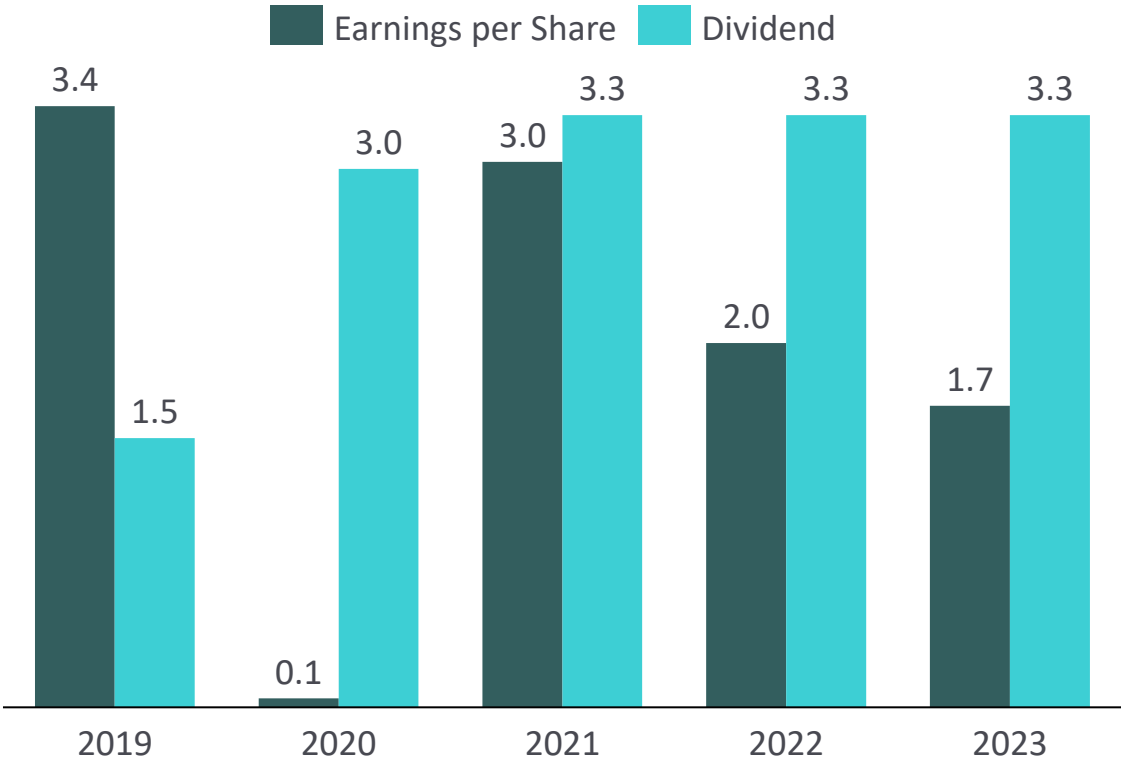
Share Performance

Continued volatility in the financial market environment

Share price



Earnings per share/dividend



* Board of Directors' proposal to the AGM on 19 April 2024: distribution of CHF 3.30 per share from capital contribution reserves excluding treasury shares