

Media release

Ad hoc announcement pursuant to Art. 53 LR

Altstätten, 5 August 2022

H1 2022: Temporary supply constraints slow down strong demand

First-half (H1) 2022 results are in the upper range of preliminary figures announced in late June. These had indicated that the upward trend in new orders would be impacted by the global supply chain constraints. COLTENE was therefore unable in H1 to derive full benefit from the strong market demand. Against this background, Infection Control sales were significantly lower compared to a year earlier when catch-up effects provided a powerful lift. Efficient Treatment sales grew, by contrast, while Dental Preservation performed at prior-year levels. The net decline in sales also affected profitability. EBIT and net profit were lower, year-on-year. The supply chain backlogs are expected to be eased in H2 2022.

Half-year results dominated by external factors

After a strong performance in H1 2021 that was driven by catch-up effects in the wake of the prior pandemic year, demand returned to more normal levels in H2 2021. At the same time, global supply chain bottlenecks increasingly weighed on business performance. Those bottlenecks came fully to bear now, in H1 2022. The two factors combined explain most of why the Group posted sales of CHF 134.9 million, compared to CHF 143.5 million a year earlier. This is a 5.9% decline in CHF reporting currency terms, or 5.3% in local currency terms, from H1 2021. On this basis, operating profit (EBIT) for H1 2022 was CHF 16.7 million (H1 2021: CHF 26.0 million). The EBIT margin was 12.4% (H1 2021: 18.1%). Net profit was CHF 12.1 million (H1 2021: CHF 18.2 million).

Impact of supply constraints varies by product group

Shipping delays of electronic and other components required flexible employee work schedules in H1 2022. COLTENE was well positioned in H1 to successfully meet the more demanding requirements of flexible production runs. During H1 and also in anticipation of demand in the months ahead, COLTENE went about stockpiling selected components. Even so, there were shipping delays with certain product categories, notably electronic components used in Infection Control devices. Against this background, sales in this product group decreased 19.3%. In Efficient Treatment, by contrast, sales were up 3.1%. Dental Preservation sales were virtually unchanged. COLTENE was able to raise prices to pass on higher costs with a slight time lag.

Performance varies by region, with Latin America making a sharp recovery

COLTENE's biggest market, North America, generated 45.7% of Group sales (H1 2021: 50.3%). In local currency terms, sales in this region were down 16.8%, primarily as a consequence of the supply constraints affecting Infection Control and the return to more normal levels of demand for surface disinfection products. For EMEA, the share of sales was 36.8% (H1 2020: 35.0%). In local currency terms, this is an inspiring sales increase of 4.4%, year-on-year (-1.2% in CHF). Asia's share of sales was 10.8% (H1 2021: 10.4%). This is a change of -1.9% in CHF, or -2.0% in local currency terms, compared to a year earlier. Asia sales were dominated primarily by the strict lockdowns in China. In a sharp recovery, the Latin American market expanded its share of sales to 6.7%, from 4.3% a year earlier, a 42.9% increase in local currency terms.

Stronger customer focus thanks to investments in infrastructure

Begun in 2021, new training infrastructure for customers and key opinion leaders in the US was completed and inaugurated in H1 2022. These investments enable customer-centric classroom-based instruction and hands-on training onsite. In addition, the investments made in harmonizing the customer relationship management (CRM) system are paying dividends. The system enables efficient management of customer requests across regions while also promoting internal transparency. Ultimately, these investments in training infrastructure and CRM help sharpen our customer focus and heighten the impact of our Marketing and Sales teams.

Outlook

The outlook for full-year 2022 remains positive. COLTENE affirms the full-year outlook announced at the end of June and expects the supply chain bottlenecks to be eased in H2 2022 and H2 sales and profit to outperform both H1 2022 and H2 2021. At constant exchange rates, COLTENE expects full-year 2022 sales in line with 2021 figures and an EBIT margin trending toward the medium-term target of 15%. The outlook for full-year 2022 remains clouded by uncertainties on account of the current state of the global economy. The results for full-year 2022 will be released on 3 March 2023.

Half-Year Report 2022

The Half-Year Report 2022 of COLTENE Holding AG was released today and is available for download at www.coltene.com/investor-relations/financial-publications/half-year-reports/.

Key figures (in CHF 1000)	H1 2022	H1 2021	% change
Net sales	134 943	143 467	-5.9%
Operating expenses	71 399	67 966	5.1%
Operating profit (EBIT)	16 675	25 959	-35.8%
as % of net sales	12.4%	18.1%	
Net profit	12 126	18 189	-33.3%
Operating cash flow	11 307	13 615	-17.0%
Investments (net)	3 468	4 761	-27.2%
Free cash flow	7 839	8 854	-11.5%

Key figures (in CHF 1000)	30.06.2022	30.06.2021	% change
Net debt	-29 345	-30 358	-3.3%
Total assets	194 740	193 321	0.7%
Shareholders' equity	103 019	95 745	7.6%
as % of total assets	52.9%	49.5%	
Number of employees (FTE)	1 229	1 242	-1.0%

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Financial Calendar

Media and analyst conference on 2022 financial year and Release of Annual Report 2022	3 March 2023
Annual General Meeting 2023	19 April 2023
Release of Half-Year Report 2023 and Conference call on the half-year results 2023	4 August 2023

About COLTENE

COLTENE is an international developer, manufacturer and seller of dental consumables and small equipment in the areas of Infection Control, Dental Preservation and Efficient Treatment. COLTENE has state-of-the-art production facilities in the USA, Canada, Germany, France and Switzerland as well as own sales organizations in all major markets including Europe, North and Latin America, Japan, China and India. Dentists, DSOs, dental clinics 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.

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