

Keeping the Flow

Media and Financial Analysts Conference Call – Half-Year Results 2022

Martin Schaufelberger, CEO
Markus Abderhalden, CFO

22

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 2022

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- ⦿ **Review H1 2022**
Martin Schaufelberger, CEO
 - ⦿ **Financials H1 2022**
Markus Abderhalden, CFO
 - ⦿ **Outlook**
Martin Schaufelberger, CEO
 - ⦿ **Q&A**
All
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Review H1 2022

Martin Schaufelberger, CEO



Review H1 2022

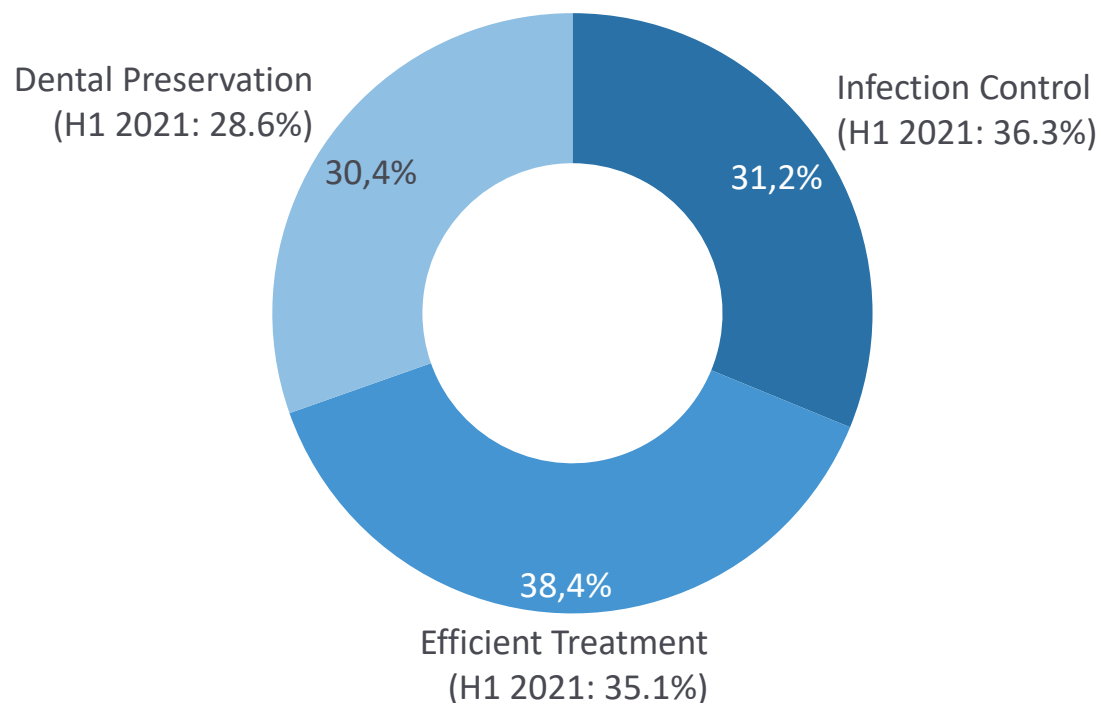
Despite the inspiring order position, H1 2022 was unable to extend the record performance from last year

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- ◉ **Key figures**
 - **Net sales CHF 134.9 mn** (PY CHF 143.5 mn); -5.9% in CHF and -5.3% adjusted by FX
 - **EBIT margin at 12.4%** (PY 18.1%)
 - **Net profit amounted to CHF 12.1 mn** (PY CHF 18.2 mn)
 - Strong demand continued a trend from the previous year
 - Normalization in demand of surface disinfection after an exceptional strong H1 2021
 - Supply chain issues of electronical components prevent COLTENE from production of devices
 - ◉ **Operational**
 - Manage a flexible production due to supply chain issues, especially in Infection Control
 - Secure the critical and relevant raw materials (across the production facilities), except for some electronical components
 - KOL and sales training in ENDO focus countries (DE, UK, FR, IT, ES, US)
 - ◉ **Strategical**
 - Successful price raises to pass on higher costs (with a slight time lag)
 - Inauguration of a new training center at our site in Cuyahoga Falls, Ohio
 - Implementation of a new customer service software tool taking our quality of service to the next level
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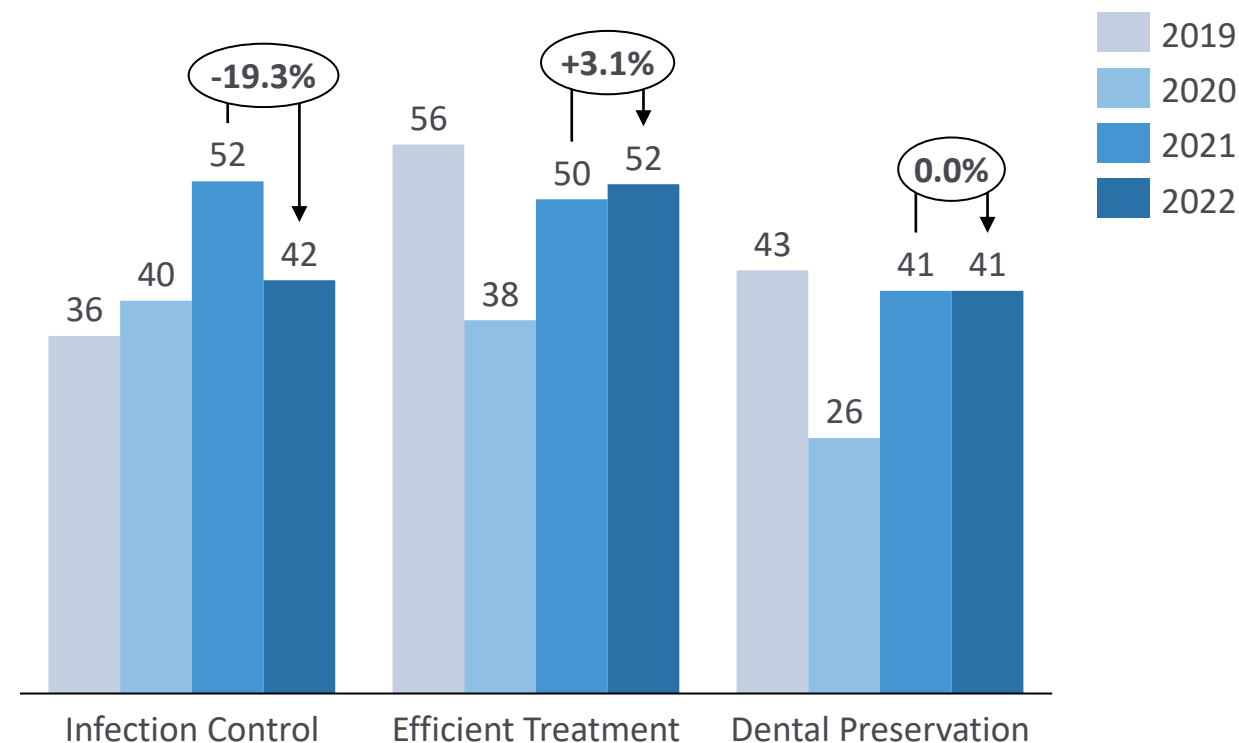
Net Sales by Product Groups

Decrease in Infection Control due to pandemic-related sales in the previous year

Net sales 2022 by product group (shares)



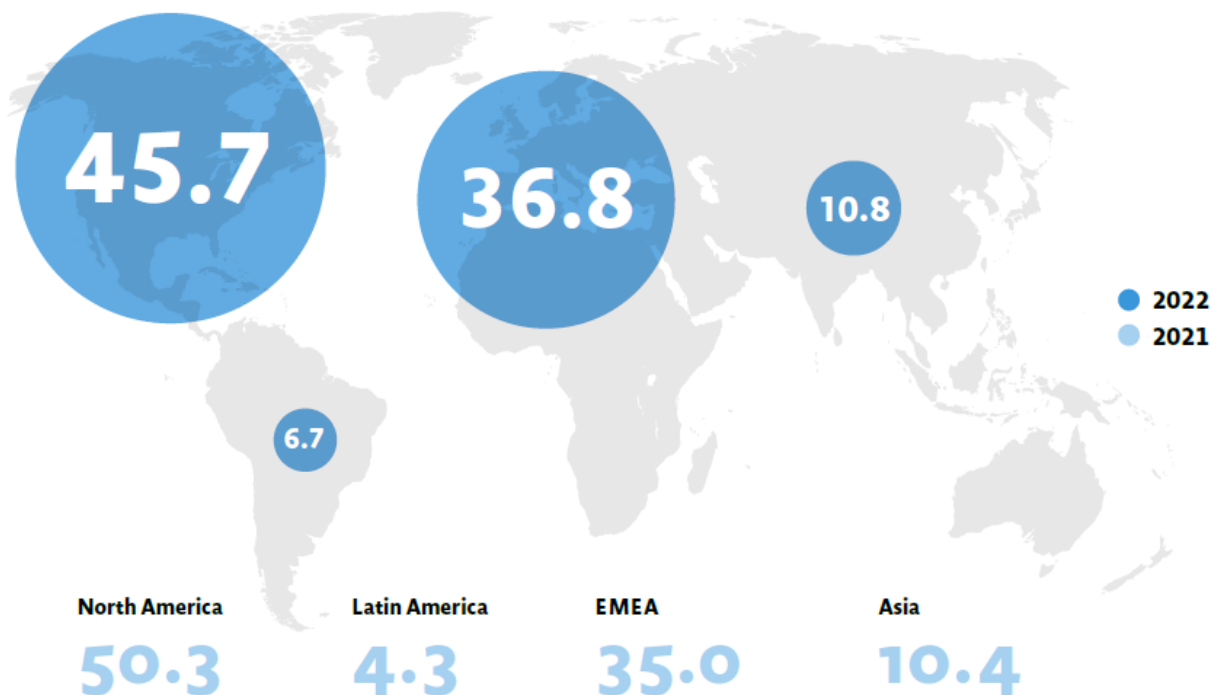
Net sales by product group (in CHF mn)



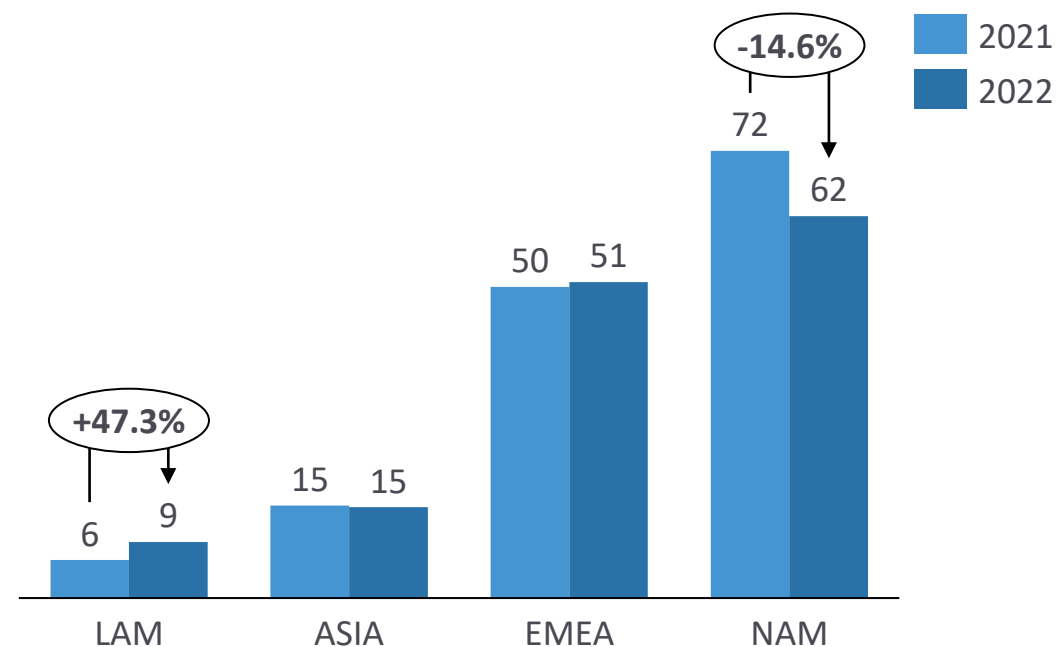
Net Sales by Region

North America remains strongest market

H1 Net Sales by Region in %



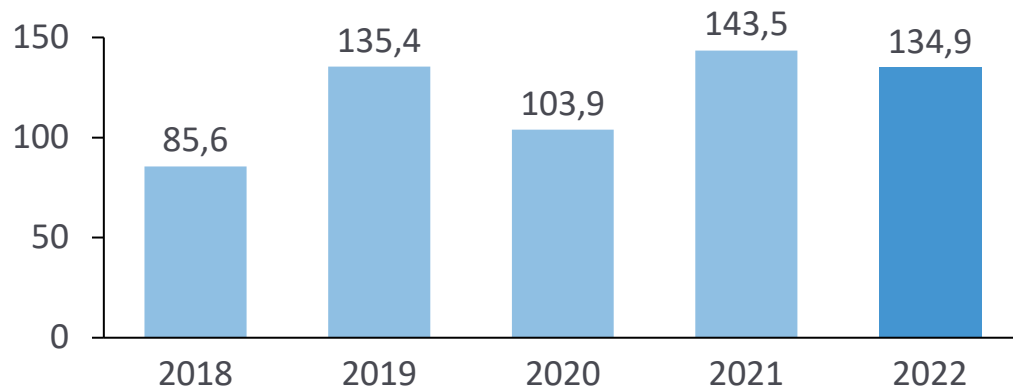
Net sales by regions (in CHF mn)



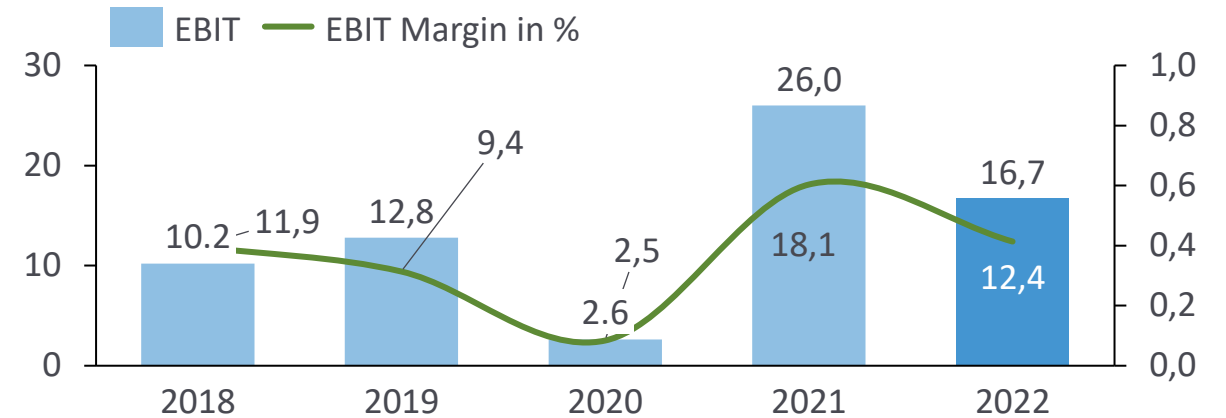
Key Figures

Five year overview; 2019 was first year after merger with SciCan/Micro-Mega and did contain Vigodent

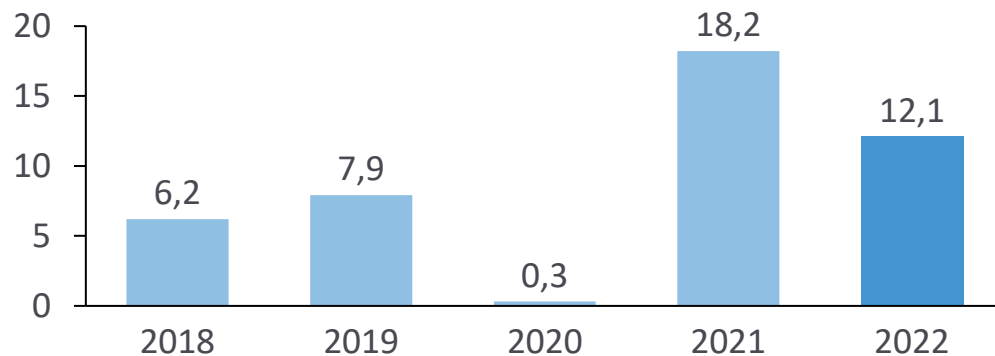
Net sales in CHF million



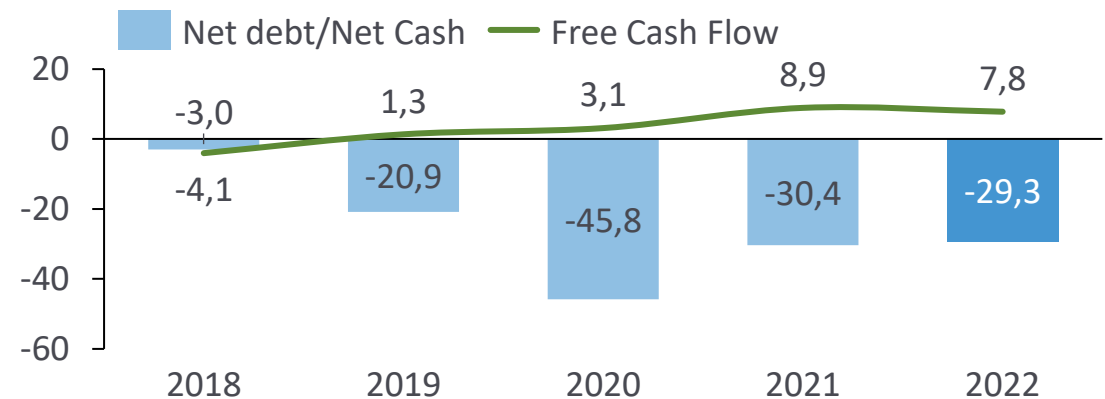
EBIT in CHF million



Net profit in CHF million



Net debt in CHF million



Financials H1 2022

Markus Abderhalden, CFO



Financial Summary H1 2022

Strong first half year negatively impacted by the supply chain issues in Infection Control

| | |
|-----------------|---|
| • Sales | <ul style="list-style-type: none">• Net sales of CHF 134.5 mn, down by 5.9%• At constant FX rates net sales decreased by 5.3%• Foreign exchange gains in USD could not fully offset the losses in EUR by CHF 1.0 mn |
| • EBIT | <ul style="list-style-type: none">• EBIT decreased to CHF 16.7 mn (-35.8% vs H1 2021)• EBIT margin at 12.4% (H1 2021: 18.1%)• Decrease in margin mainly due to the decrease in sales of Infection Control by 19.3% as well as the higher expenses regarding trade fairs and travel activities |
| • Net profit | <ul style="list-style-type: none">• Net profit amounted to CHF 12.1 mn (H1 2021: CHF 18.2 mn)• Net profit margin of 9.0% (H1 2021: 12.7%) |
| • Tax rate | <ul style="list-style-type: none">• Effective tax rate decreased to 22.0% (H1 2021: 27.4%), representing a more sustainable tax rate• One-time withholding tax of CHF 0.9 mn impacted last years tax rate• Higher profits in low tax countries in H1 2022 |
| • Cash flow | <ul style="list-style-type: none">• Free cash flow of CHF 7.8 mn (H1 2021: CHF 8.9 mn)• Free cash flow remains at a good level despite inventory build-up |
| • Balance sheet | <ul style="list-style-type: none">• Net debt temporarily increased to CHF 29.3 mn (Dec 2021: CHF 17.2 mn), mainly due to the dividend paid in April• Strong equity ratio at 52.9% (Dec 2021: 57.5%) |

Income Statement

Gross profit margin with pleasing development despite decline in net sales

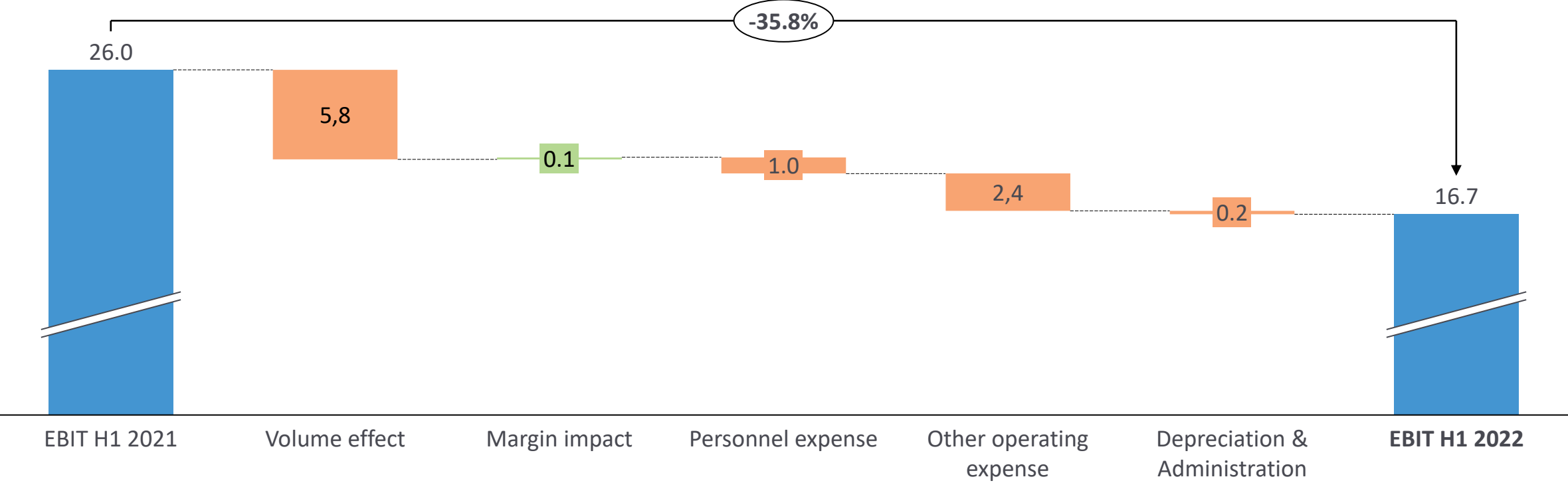
| in CHF mn | H1 2022 | % | H1 2021 | % | % YoY |
|-------------------------------|--------------|---------------------|--------------|---------------------|--------------|
| Net Sales | 134.9 | 100 | 143.5 | 100 | -5.9 |
| Material expenses | -43.6 | -32.3 | -46.5 | -32.4 | -6.2 |
| Gross Profit | 91.3 | 67.7 | 97.0 | 67.6 | -5.8 |
| Operating expenses | -71.3 | -52.9 | -67.9 | -47.3 | 5.1 |
| Depreciation and amortization | -3.3 | -2.4 | -3.1 | -2.1 | 7.2 |
| EBIT | 16.7 | 12.4 | 26.0 | 18.1 | -35.8 |
| Financial result | -1.1 | -0.8 | -0.9 | -0.6 | 25.8 |
| Tax expenses | -3.4 | -22.0 ¹⁾ | -6.9 | -27.4 ¹⁾ | -50.3 |
| Net Income | 12.1 | 9.0 | 18.2 | 12.7 | -33.3 |

¹⁾ In % of earnings before taxes

- Decrease in net sales driven by Infection Control (-19.7%). Normalization in demand of surface disinfection after two strong pandemic years and the supply issues of electronic components for the production of devices.
- Gross profit margin slightly increased thanks to the product mix and the successful passing on higher input costs to the market.
- OPEX up by CHF 3.4 mn mainly driven by higher personnel as well as selling & admin expenses.
- The financial result of CHF 1.1 million slightly higher than in the previous year and is primarily made up of foreign currency losses.
- The tax rate of 22.0% is significantly below last year's tax rate of 27.4%. Last year's tax rate would have been 23.8% without the one-time withholding tax.

EBIT Development H1 2021 – H1 2022

In CHF million



Gross profit decline driven by the volume effect of Infection Control, which was very strong in the previous year due to the pandemic.

Personnel Expenses increased by CHF 1.0 mn largely due to the build-up of staff in production at various locations.

OPEX increase mainly due to increased marketing and sales costs resulting from participation in trade fairs and travel expenses.

Net Profit

Decline in net profit mainly driven by lower revenue - strongly improved tax rate

Increase in financial expenses:

- Decline in interest expenses
- Higher foreign exchange losses

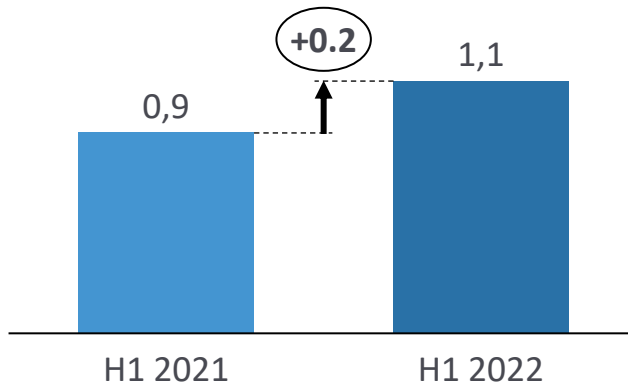
Tax rate decrease:

- Higher earnings of entities with relatively lower tax rates
- One-off effects in taxes in the previous year
- Expected medium-term tax rate 22%

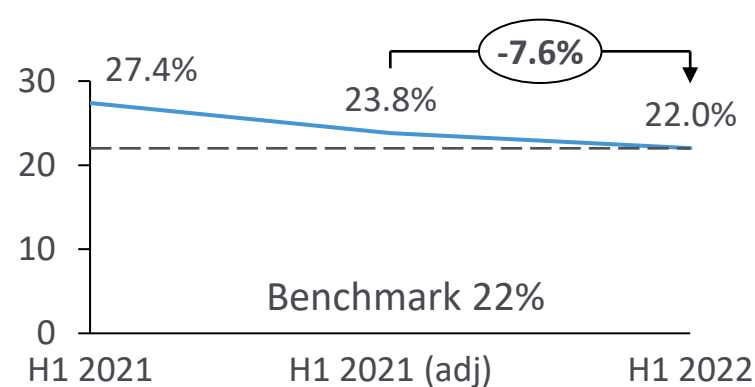
Net profit decrease:

- Decline mainly driven by lower net sales compared to previous year (-5.9%)
- Positive impact on net profit due to reduced tax rate

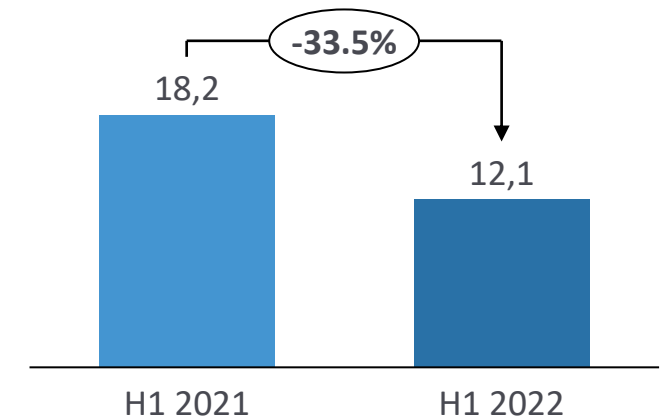
Financial expenses in CHF mn:



Tax rate in %:



Net profit in CHF mn:



Balance Sheet

Healthy balance sheet with adequate liquidity

| in CHF million | 30.6.2022 | 31.12.2021 | % YoY |
|---------------------------------------|--------------|--------------|--------------|
| Cash & cash equivalents | 25.3 | 25.7 | -1.5% |
| Receivables | 43.6 | 41.6 | 4.9% |
| Inventory | 69.7 | 63.7 | 9.5% |
| Property, plant & equipment | 49.4 | 49.2 | 0.3% |
| Financial, intangible & tax assets | 6.7 | 6.5 | 1.6% |
| Total assets | 194.7 | 186.7 | 4.3% |
| Payables & short term liabilities | 32.7 | 31.5 | 3.7% |
| Bank loans (short and long term) | 54.7 | 42.9 | 27.4% |
| Other long term liabilities | 4.3 | 4.9 | -11.4% |
| Equity | 103.0 | 107.4 | -4.1% |
| Total liabilities & equity | 194.7 | 186.7 | 4.3% |
| Net debt | 29.3 | 17.2 | 70.8% |

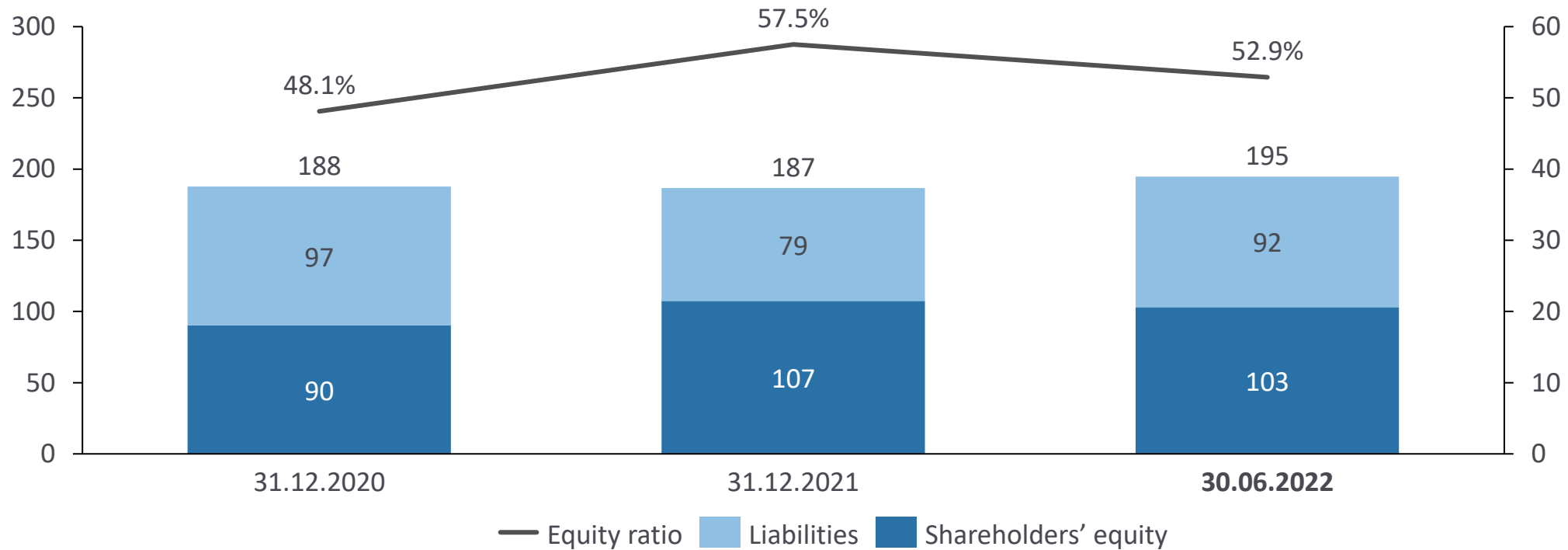
- Cash balance stable compared to the last balance sheet date
- Inventory increased in order to ensure delivery capacity
- Increase in financial liabilities mainly to finance the dividend payment in April of 19.7 mn, which also impacts the net debt at the same time
- Strong equity ratio of 52.9% stands for a healthy balance sheet

Equity

Slight decrease of equity ratio while balance sheet remains stable

In CHF million

- Total assets increased to CHF 194.7 mn (Dec 2021: CHF 186.7 mn)
- Equity ratio: decreased to 52.9% (Dec 2021: 57.5%)



Cash Flow Statement

Strong operating cash flow thanks to lower taxes

| in CHF million | H1 2022 | H1 2021 | % YoY |
|--|-------------|--------------|---------------|
| Net profit | 12.1 | 18.2 | -33.3% |
| Depreciation and amortization | 3.3 | 3.1 | |
| Other non cash items | 5.2 | 7.5 | |
| Changes in NWC | -5.9 | -6.4 | |
| Interest and tax paid/received | -3.4 | -8.7 | |
| Cash flow from operating activities | 11.3 | 13.6 | -17.0% |
| Purchase of PPE (net) | -2.5 | -3.9 | |
| Purchase of int & finan. assets (net) | -1.0 | -0.8 | |
| Cash flow from investing activities | -3.5 | -4.8 | -27.1% |
| Cash flow from financing activities | -8.2 | -20.0 | -58.8% |
| Change in cash and cash equivalents | -0.4 | -10.2 | |
| Free cash flow | 7.8 | 8.9 | -11.5% |

- Operating cash flow remains high despite decline in net profit mainly thanks to the significant lower tax payments
- Less investments into PPE drives a positive cash flow from investing activities compared to prior period
- Cash flow from financing activities mainly driven by dividends paid of CHF -19.7 mn (2021: CHF -17.9 mn) partly offset by the proceeds from financial liabilities of net CHF +11.8 mn

Outlook

Martin Schaufelberger, CEO



What Can we Expect in 2022?

Focus on sustainable growth

⦿ Expected Results

- Solid demand in dental consumables and equipment continues
- Sales between CHF 275 mn and CHF 285 mn for FY 2022
- EBIT Margin between 14.0% and 15.0% expected
- Attractive dividend with a 70% Pay-out ratio

⦿ Main Focus

- Further build Infection Control and Endodontics business
- Enlarge footprint in China: focus on Endo and Resto
- Build digital services for our customers
- Finalizing group MDR certification

⦿ Challenges

- Reduce the back orders of devices in Infection Control
 - Manage inflation
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Keeping the Flow

Q&A

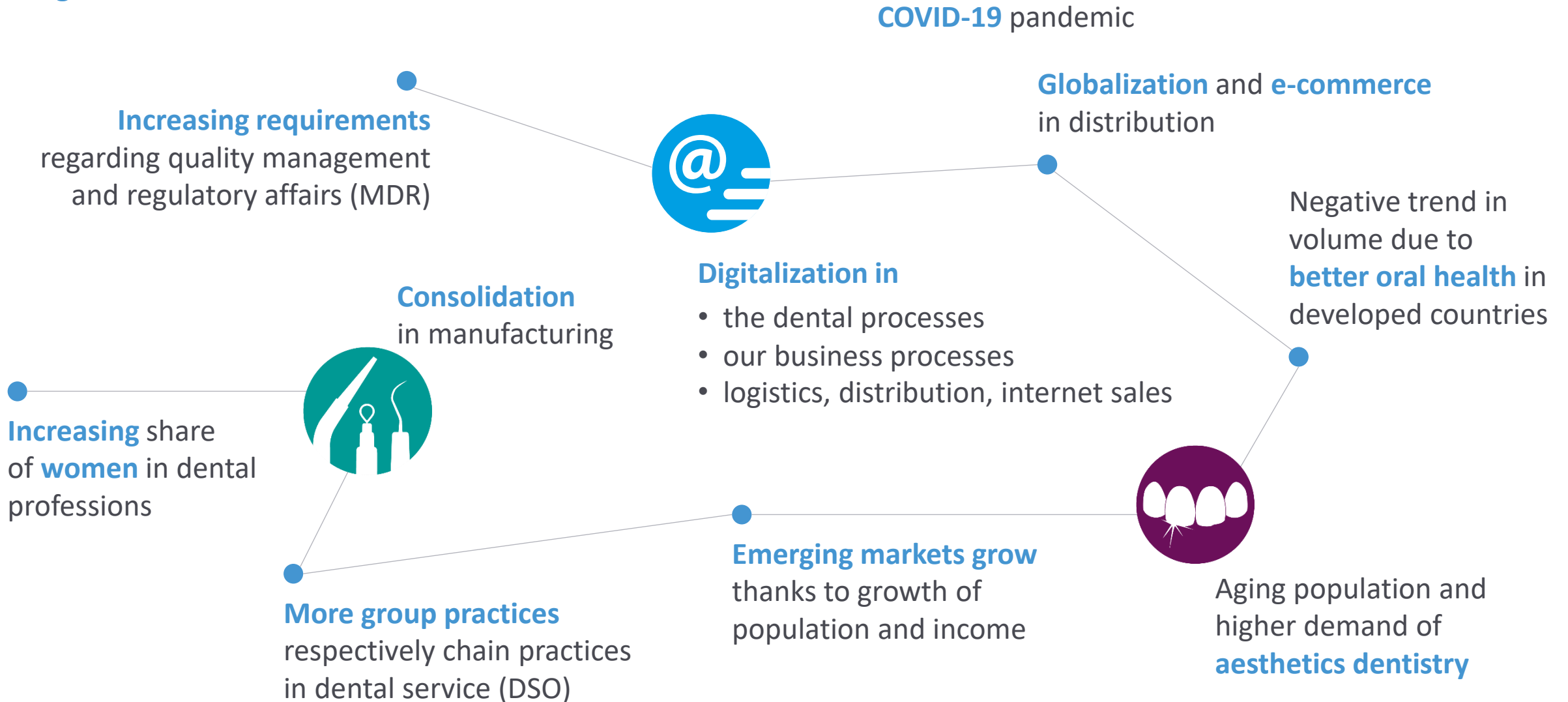
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Annex



Dental Industry

Mega trends



Organization

Management

Board of Directors

Matthew Robin

Allison Zwingenberger

Jürgen Rauch

Nick Huber, Chairman

Astrid Waser

Roland Weiger

Erwin Locher



Group Management

Stefan Helsing, COO

Paul Frey, VP Sales & MarCom
NAM

Markus Abderhalden, CFO

Martin Schaufelberger, CEO

Martin Schlüter, VP R&D /
Innovation

Werner Barth, VP Product
Management / Group Marketing

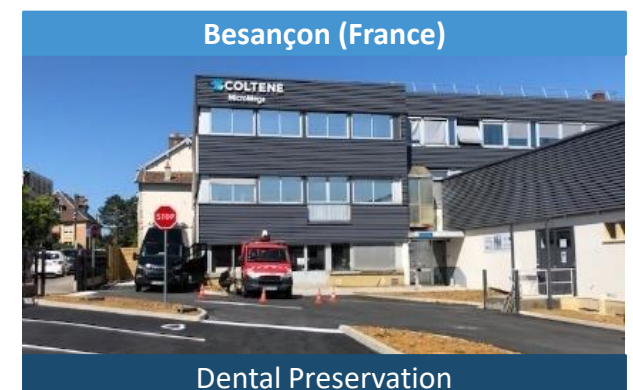
Christophe Loretan,
VP Sales / MarCom EMEA / ROW



COLTENE Overview

Top quality dental supplier

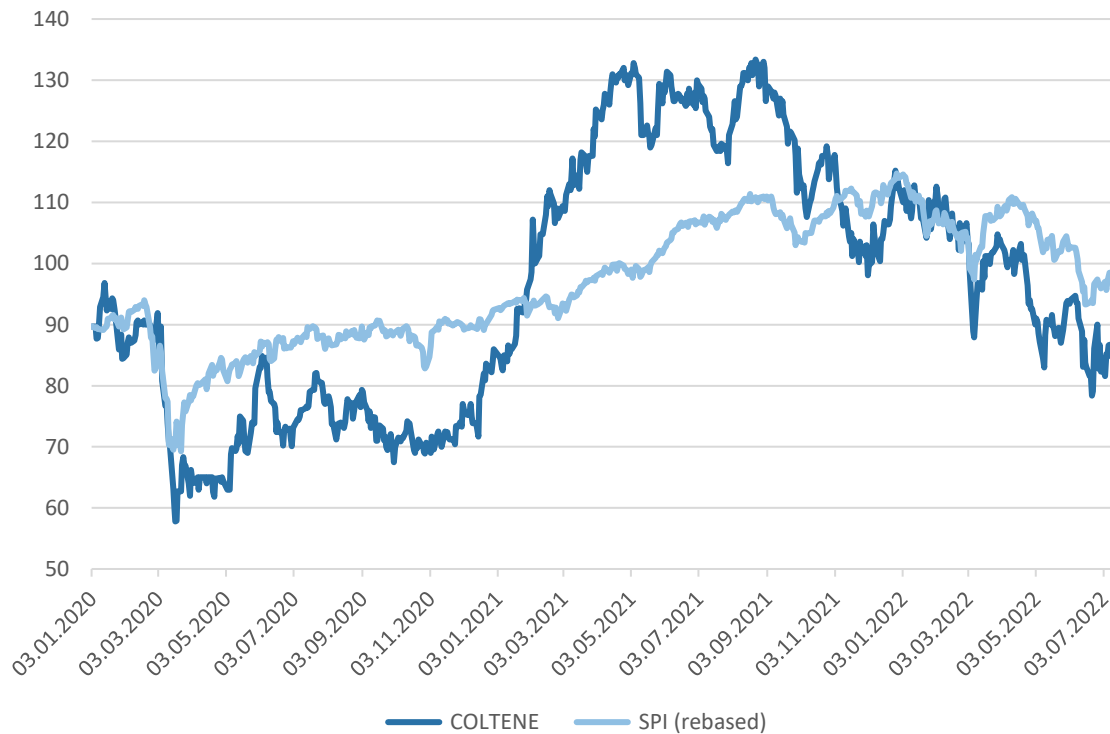
- **COLTENE** develops, manufactures and markets **premium dental materials and small equipment** for dental practices
- **5 specialized manufacturing sites**
- **MedTech** products of **class 1, 2a, 2b and 3**
- **13 sales entities** supported by more than **300 sales reps** selling via distributors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



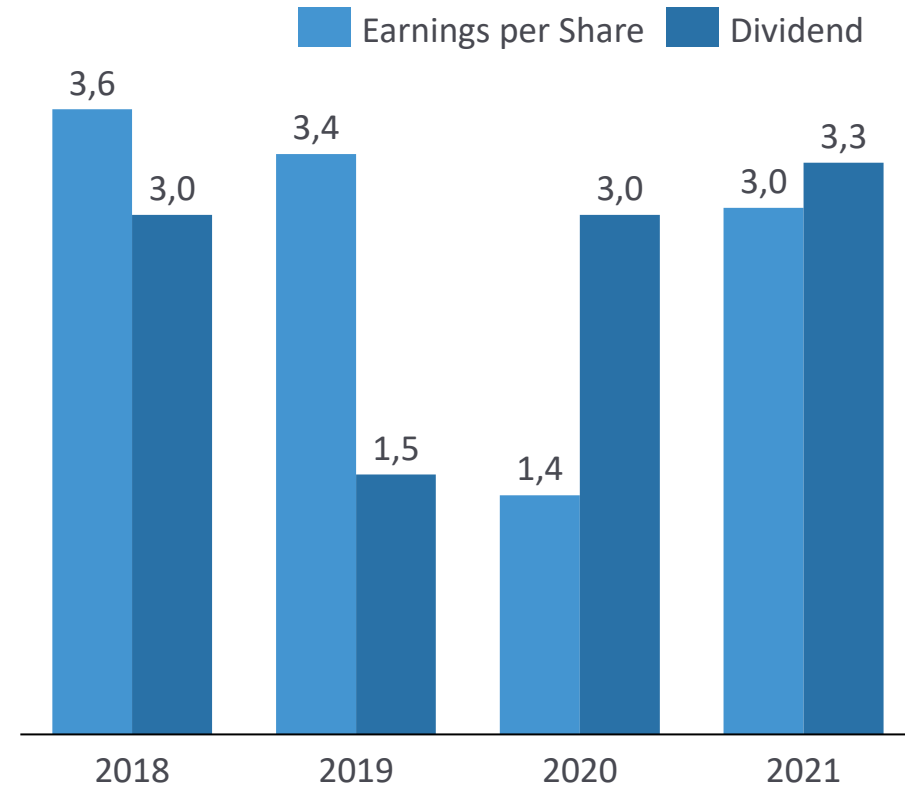
Share Performance

Volatile financial market environment

Share price



Earnings per share/dividend



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