

Media Release

Altstätten, August 7, 2020

H1 2020: Pandemic impacts sales and profit

After a strong first quarter with high growth and an above-average EBIT margin, sales plummeted as governments mandated the full or partial closing of most dental practices in COLTENE's core markets. While sales were down in Dental Preservation and Efficient Treatment, business grew markedly in the third product group, Infection Control. Based on the sales trend seen over the past three months, COLTENE expects demand for dental consumables to rally in most markets, and anticipates stronger sales and EBIT margin growth in H2 versus H1.

In the first half of 2020, the COLTENE Group posted net sales of CHF 103.9 million (H1 2019: CHF 135.4 million). This corresponds to a 19.2% drop in sales year-on-year in local currency terms, or a 23.3% decline in reporting currency terms. The strong Swiss franc reduced sales by CHF 5.5 million. Operating profit (EBIT) was CHF 2.6 million in H1 2020 and remained in positive territory (H1 2019: CHF 12.8 million). The EBIT margin was 2.5% (H1 2019: 9.4%). Net profit decreased to CHF 0.3 million (H1 2019: CHF 7.9 million).

COLTENE's strategic cornerstones remain unchanged despite COVID-19. The main focus is on organic growth in key markets across all three product groups – Infection Control, Dental Preservation and Efficient Treatment. With its latest product innovations, especially in Infection Control involving IT applications and in root canal treatment, COLTENE plans to further position its brand as a solution provider. The acquisition of the SciCan Group has proved a sound strategic move as demand soared for disinfectants and cleaning, sterilization and disinfection equipment for dental instruments.

Protecting employees, liquidity and profitability

COLTENE has responded to the COVID-19 pandemic with a comprehensive set of measures, prioritizing employee health and safety, liquidity, and profitability. Non-priority investments have been stopped or postponed. Where feasible, management has introduced short-time work or furloughs (temporary layoffs). In addition, COLTENE introduced a bundle of wide-ranging measures to reduce non-personnel and operating expenses. In this context, Kenda – a COLTENE subsidiary since the start of 2018 and a maker of innovative, high-precision silicone polishers – relocated from Vaduz in Liechtenstein to Altstätten, along with its 12 employees, and was folded into the parent company's organization.

Strong demand for Infection Control products

From the start, the COVID-19 crisis has fueled strong demand for SciCan's infection control products. COLTENE swiftly adjusted its product planning and stepped up the pace on product innovations. These include additions to Infection Control product lines such as SciCan's new disinfection solutions but also hardware and software tools developed for tracing dentistry instrument use to individual patients in order to automate and improve the documentation process in dentistry practices.

Outlook

For the second half of 2020, COLTENE foresees an ongoing recovery in most markets. Demand will likely remain robust for disinfectants and for instrument cleaning, sterilization and disinfection products for dentistry use. The market is also growing for smart tracing of dentistry instrument use to individual patients. COLTENE plans to further develop and expand these services. At this stage, it is not yet possible to estimate the financial impact of the COVID-19 crisis on COLTENE's full-year results. As communicated in June, COLTENE anticipates the full-year results to be in positive territory but lower than those for the previous year.

Half-Year Report 2020

The Half-Year Report 2020 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 1 000	2020 H1	2019 H1	% change
Net sales	103 888	135 391	-23.3%
Operating expenses	63 329	76 249	-16.9%
Operating profit (EBIT)	2 555	12 792	-80.0%
as % of net sales	2.5%	9.4%	
Net profit	290	7 938	-96.3%
Operating cash flow	8 318	8 589	-3.2%
Investments (net)	5 237	7 274	-28.0%
Free cash flow	3 081	1 315	134.3%

Key figures (in CHF 1 000)	30/06/2020	31/12/2019	% change
Net debt	-42 916	-36 832	16.5%
Total assets	190 537	189 829	0.4%
Equity	78 257	91 210	-14.2%
as % of total assets	41.1%	48.0%	
Number of employees (FTE)	1 245	1 414	-12.0%

Financial Calendar

Media and analyst conference on 2020 financial year, release of Annual Report 2020	March 5, 2021
Annual General Meeting 2021	March 31, 2021

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About COLTENE

COLTENE is an internationally active 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, Brazil and Switzerland as well as own distribution organizations in all major markets including Europe, North and Latin America, 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.

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