

Media Release

Ad hoc announcement pursuant to Art. 53 KR

Altstätten, 4 August 2023

H1 2023 result outperforms prior year at constant exchange rates

COLTENE, a leading international developer and manufacturer of dental consumables and small equipment, achieved a pleasing business performance in the first half (H1) of 2023 despite a challenging business environment. Net sales were up 1.7% year-on-year, at constant exchange rates, outperforming the strong result of the same period a year earlier. The business performance reflects our success in clearing delivery backlogs on our side, but also the reduction of inventories at our distribution partners and – in particular – highly negative exchange rate effects. Against this background, sales declined in Dental Preservation and Efficient Treatment but saw an impressive increase in Infection Control.

Half-year result heavily impacted by exchange rates

Exchange-rate movements had a significant impact on the half-year result, especially the currencies Euro (EUR), US dollar (USD) and Canadian dollar (CAD). In CHF terms, accordingly, the COLTENE Group posted H1 2023 net sales of CHF 131.4 million, down 2.6% year-on-year. In local-currency terms, by contrast, net sales were up 1.7%, a pleasing increase considering the strong performance in the same period a year earlier (CHF 134.9 million). Operating profit (EBIT) was CHF 14.4 million (H1 2022: CHF 16.7 million) and the EBIT margin was 11.0% (H1 2022: 12.4%). Net profit was CHF 10.0 million (H1 2022: CHF 12.1 million). Free cash flow received a sharp lift from optimized net working capital, ending the half year at CHF 16.7 million (H1 2022: CHF 7.8 million). This was supported in part by the scaling back of stockpiling activities as supply chain constraints eased generally.

Impressive growth in Infection Control sales

In H1 2023, most of the backlogs affecting instrument reprocessing equipment as a result of supply chain bottlenecks were cleared, as by and large, the supply chain situation has returned to normal. At the same time, however, the state of the global economy weighed on demand for devices. Despite these challenges, Infection Control sales grew 6.2%, year-on-year. In local currencies, in fact, the increase was 10.6%. By contrast, sales in Efficient Treatment and Dental Restoration suffered as distribution partners reduced their existing inventories, above all in the key markets Europe and North America. In Efficient Treatment, growth was accordingly modest (0.3% in local currency terms and -4.2% in CHF terms). Dental Restoration business performance was further hampered by delays in the certification process for endodontic files caused by a notified body (-5.5% in local currency terms, -9.5% in CHF terms). In the meantime, COLTENE has received these certifications, and hence is on track to start generating sales in H2 2023.

Positive growth in North America

North America sales were up an impressive 4.2% in local currency terms, growing their share of total sales to 47.2% (H1 2022: 45.7%). Europe, Middle East and Africa (EMEA) came to account for 35.4% of our business (H1 2022: 36.8%), with sales down 1.6% in local currency terms (-6.2% in CHF terms). While some European markets performed sharply better, Middle East and Africa did not continue their strong sales growth of the prior-year period. Impressively, Asia sales year-on-year were 7.4% higher (-

0.4% in CHF terms), contributing 11.1% to Group turnover in H1. India performed extremely well, reporting 22.4% higher sales in local currency terms. China sales had a subdued start to 2023 but ended H1 up 13.9% in local currency terms. In Latin America, sales were down 6.2% in local currency terms.

Digital transformation increases patient safety

COLTENE is well advanced in the transition to the new EU Medical Device Regulation (MDR) requirements. By H1 2023, 92% of sales were realized with MDR certified products. In H2, the Group is launching and phasing in new products and services in key markets to further accelerate digital transformation at COLTENE. This will enhance patient safety and efficiency in dental practices while also improving information for service technicians.

Outlook for 2023

The outlook for the global economy and the geopolitical environment remains uncertain. This may weaken the more cyclical demand for Infection Control devices, in particular, assuming inflation and interest rates remain high. Nevertheless, the COLTENE Group looks to H2 2023 with confidence. We expect that our distribution partners will have finished optimizing their inventories in the course of H2. We are also enthusiastic about the products and services we will be launching in the coming months to further drive digital transformation at COLTENE and access new customers. In addition, COLTENE will benefit from the newly received certifications that have cleared our endodontic files for sale and from further economic recovery in China. Given its healthy balance sheet, moreover, COLTENE is well positioned for growth through acquisitions.

Based on the factors listed, the Group confirms its medium-term target of an EBIT margin of 15% with sales growth modestly above the market average.

Half-year report 2023

The half-year report 2023 of COLTENE Holding AG is available for download at global.coltene.com/investor-relations/financial-publications/half-year-reports/.

Key figures (in CHF 1 000)	H1 2023	H1 2022	% change
Net sales	131 431	134 943	-2.6%
Operating expenses	68 070	71 399	-4.7%
Operating profit (EBIT)	14 426	16 675	-13.5%
as % of net sales	11.0%	12.4%	-1.4%
Net profit	10 022	12 126	-17.4%
Operating cash flow	20 580	11 307	82.0%
Investments (net)	3 858	3 468	11.2%
Free cash flow	16 722	7 839	113.3%
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Key figures (in CHF 1 000)	30.06.23	30.06.22	% change
Net debt	-26 559	-29 345	9.5%
Total assets	187 103	194 740	-3.9%
Shareholders' equity	100 789	103 019	-2.2%
as % of total assets	53.9%	52.9%	1.0%
Number of employees (FTE)	1 206	1 229	-1.8%

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Financial Calendar

Release of Annual Report and media and analyst conference on 2023 financial year	8 March 2024
Annual General Meeting 2024	17 April 2024
Release of Half-Year Report and media and analyst conference on 2024 half-year results	8 August 2024

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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