



**2009 Half-year results
Conference call**
August 20, 2009

**Respectable performance in difficult 1HY
Clear sequential sales increase in Q2**

Speakers

Andreas Meldau, Chief Executive Officer

- Market trends, Key developments
- Update on Strategy Implementation

Dr. Hans Grüter, Chief Financial Officer

- Financial Results HY 2009

Safe Harbour Statement

Before we may start with the presentations, we need to remind you that the information made available in this conference call may include forward-looking statements that reflect the intentions, beliefs or current expectations and projections of COLTENE Holding AG about the future results of operations, financial condition, liquidity, performance and similar circumstances. Such statements are made on the basis of assumptions and expectations which may prove to be erroneous, although COLTENE Holding AG believes them to be reasonable at this time.

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2. Global Dental Market and COLTENE Positioning
3. Strategy Implementation 1HY 2009
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COLTENE Competitive Advantage

In the market place

- Stable global end consumer demand for dental consumables
- Dental markets largely unaffected by global recession
- Targeting both traditional and emerging dental markets
- Product offering for comprehensive applications and treatments
- Broad geographic position and reach

In financial terms

- Strong balance sheet with high equity ratio of 59,3%
- Business model generating solid cash flow and profits

à **We want to be successful and perform better than overall market in specific product segments**

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Key developments 1HY 2009

- Stable end consumer demand in global dental market
- 14.9% sales decrease as temporary impact
 - Consolidation of distributor stock levels, specifically in Europe but generally worldwide in developed markets
 - Sequential sales growth with positive momentum
 - à Q1: 32.1 mCHF – Q2: 37.6 mCHF
 - à however stock consolidation will last through full year 2009
- Cost reduction measures save CHF 2.7 million in 1HY
- Strategy implementation fully on track
 - Two-step acquisition of Vigodent in Brazil
 - Organic growth in China, India and Russia
 - Successful new product launches and continuous improvements
- EBIT of CHF 4.5 million yields respectable 6.5% EBIT margin
- Profit from continuing operations CHF 4.2 million; EPS CHF 1.01
- Solid equity ratio 59.3%

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Sales development 1HY 2009 (1/3)

Global Dental Market

- End consumer demand overall stable in 1HY2009
- Dental consumables market somewhat affected by the economic crisis in Q1, overall flat during Q2

Europe

- Very low end-of-quarter sales in March
- Stock level reduction in European distribution network impacted all regions except Scandinavia and Eastern Europe
- UK showing some growth (currency impact)

North America

- Sales development in line with difficult market
- Consumer partially opt for less expensive treatments
- Some further stock consolidation going on as well

Sales development 1HY 2009 (2/3)

BRIC states show continuous growth

- Brazil: Good starting position to expand business through Vigodent stake
- Russia: Slightly above previous year in a challenging environment
- India: Growing double-digit (from lower level)
- China: Further growth, yet some impact due to economic environment

Latin America and Australia show lower-than-expected sales in 1HY 2009

Sales development 1HY 2009 (3/3)

Sales figures supported by:

- Comprehensive product offering
- Successful new product launches
- Expanding geographic reach
- Growth drivers of underlying market

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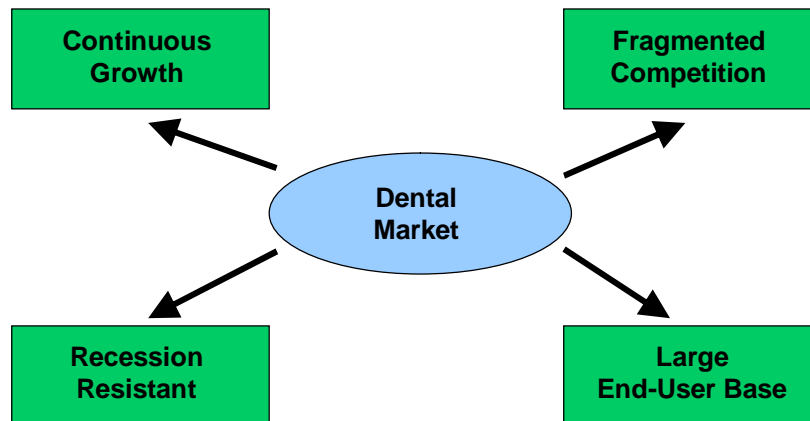
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Positive Business Environment



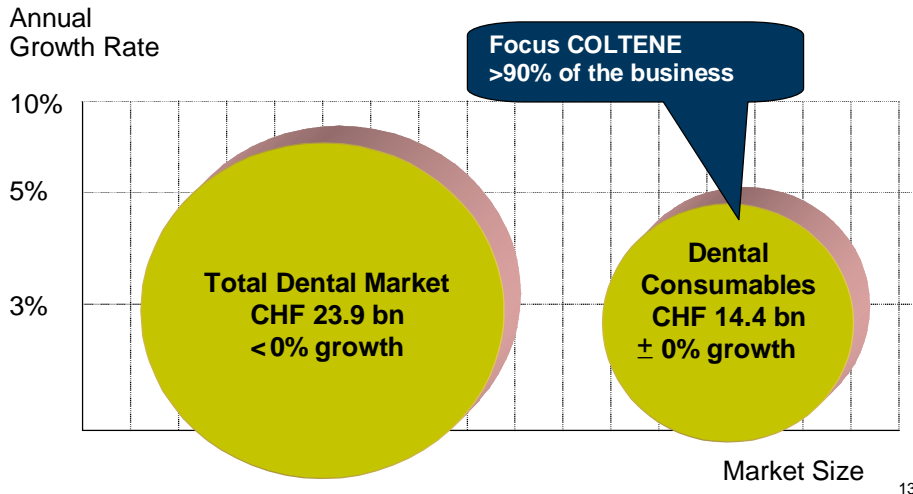
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Mid-term Growth Drivers in a Challenging Economy

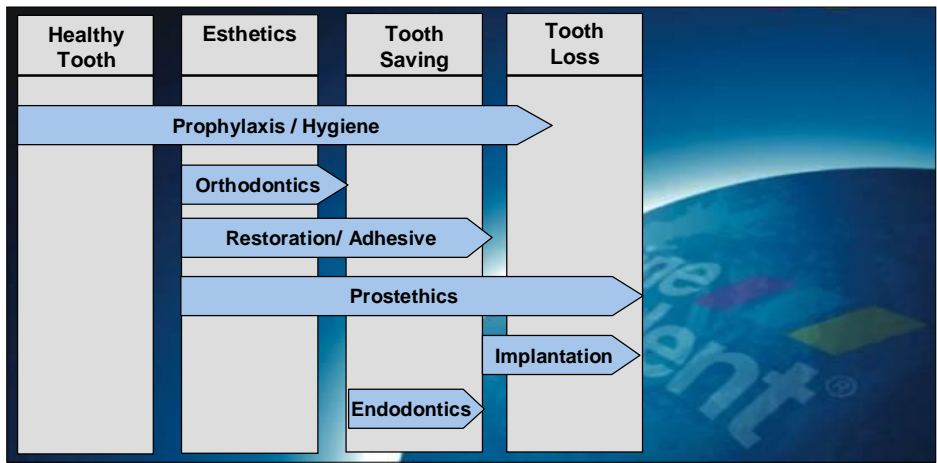
- Increasing dental insurance coverage, globally
- Oral health important medical/well-being factor
- Higher emphasis on aesthetic dentistry, globally
- Aging population – retaining natural dentition
 - Number of 50-80 year-old people to double by 2030
- Expanding middle class, globally
 - Emerging markets with >1bn customers by 2030
 - 20% of world population has access to dental treatment
- Greater dental practice productivity required

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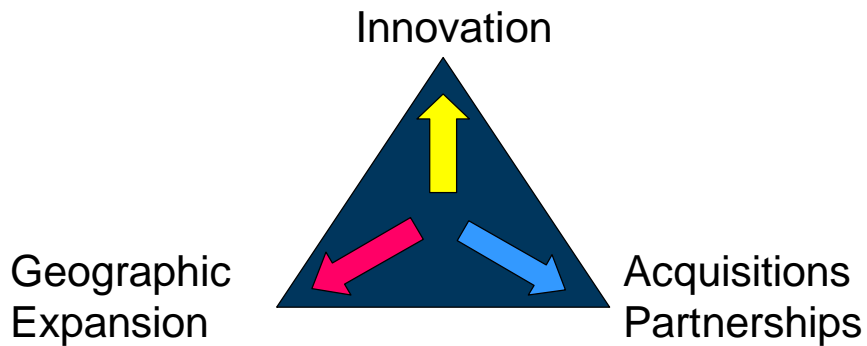
Attractive Global Dental Market



Comprehensive Product Range



COLTENE Growth Strategy



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Innovation in Products and Services (1/4)

- Innovation is at the heart of COLTENE's business
 - As much *evolutionary* improvement process as *revolutionary* new applications
 - Continuous stream of upgrades and new products
 - Focus to meet customer needs (customer centric)
- Solution-oriented
 - Innovations show clinical effectiveness / efficiency
 - Applications to be patient-preferred
 - Products and Services to support better dentistry
- Use of innovative new marketing avenues

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Innovation in Products and Services (2/4)

Successful product launches

- New **roeko** GuttaFlow FAST – obturation system for easy and quick filling & sealing of root canals
- New formula for Magic FoamCord – enables the dentist to smoothly prepare the tooth for perfect impressions
- Specific product set of COLTENE which ideally matches implantology procedures



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Innovation in Products and Services (3/4)

Successful product launches (cont.)

- Autoclavable Affinis impression: first material to meet highest hygienic criteria
- ParaCore Automix: universal cement now with three indications:
 - Cementing crowns and bridges
 - Core build-ups
 - Post cementation
- Synergy D6 Flow – naturally blending-in filling materials: with nano-fillers and radiopacity



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Innovation in Products and Services (4/4)

New marketing approaches / sales channels

- Enhanced dialogue with key opinion leaders and buying influencers in order to facilitate new sales channels and business activities
- Partnering online educational platforms used by next-generation dentists like gIDE (globalinstituteonline.com)
- First dedicated step into e-Commerce



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Growth – Geographical Expansion (1/2)

- Focus on Emerging Markets
 - China: New COLTENE subsidiary operates successfully and is being expanded
 - India: New subsidiary launched in 1HY 2009
 - Russia / Eastern Europe: Ongoing sales growth with selected partnerships
 - Brazil/Latin America: Two-step acquisition of Vigodent enhances position in these markets and will serve as expansion platform going forward (both for distribution and manufacturing)
 - Direct sales channels established in China & India with dental universities and larger clinics / groups

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Growth – Geographic Expansion (2/2)



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Acquisitions and Partnerships (1/2)

Two-step acquisition of Vigodent, Brazil

- Former sales partner for Brazil
- Perfect business and cultural match
- 40% stake to be increased to 100% over next two years
- Generating around CHF 11 million sales with 170 employees
- Once fully consolidated, most sales will be incremental to COLTENE
- State-of-the-art production facilities for impression and filling materials in Rio de Janeiro



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Acquisitions and Partnerships (2/2)

- Ongoing: active and diligent process
- Acquisition projects must support
 - core competencies and market approach
 - opportunities in new technologies
 - geographical expansion
 - financial situation
- New partnerships are implemented
 - in new market areas (i.e. emerging markets)
 - for web-based (s. gIDE) and catalogue platforms
 - solution partners with dedicated market focus (on specific products and segments)

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Comprehensive Income (1)

1'000 CHF	1 HY 09	%	1 HY 08	%	% YoY
Net Sales	69'674	100.0%	81'915	100.0%	-14.9%
Raw materials	18'038	25.9%	22'665	27.7%	-20.4%
Personnel expenses	28'919	41.5%	29'336	35.8%	-1.4%
Other expenses	16'019	23.0%	18'314	22.4%	-12.5%
Total operating expenses	44'938	64.5%	47'650	58.2%	-5.7%
Depreciation&amortization	2'162	3.1%	2'084	2.5%	3.7%
EBIT	4'536	6.5%	9'516	11.6%	-52.3%

- Net sales currencies adjusted 69'765 TCHF
- Cost savings of 2'712 TCHF (currencies adjusted > 3 MCHF)
- Savings in personnel expenses lagging behind also due to staff expansion in India, China and for rotary instruments

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Comprehensive Income (2)

1'000 CHF	1 HY 09	%	1 HY 08	%	% YoY
EBIT	4'536	6.5%	9'516	11.6%	-52.3%
Financial result (net)	1'157	1.7%	-571	-0.7%	
Net profit before tax	5'693	8.2%	8'945	10.9%	-36.4%
Tax expenses	-1'482	-2.1%	-1'959	-2.4%	-24.3%
Net profit cont. operations	4'211	6.0%	6'986	8.5%	-39.7%
Profit discount. operations	0	0.0%	29'700	36.3%	
Profit for the period	4'211	6.0%	36'686	44.8%	-88.5%
Fx translation foreign operation	1'858	2.7%	-6'412	-7.8%	
Comprehensive income	6'069	8.7%	30'274	37.0%	-80.0%

- Positive financial result due to currency gains
- Tax rate 26.0% versus 21.9% of prior year due to gains incurred differently
- Profit from discontinuing operations due to Medical sale
- Earnings per share continuing operations 1.01 versus 1.53 CHF

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Cash Flow Statement

1'000 CHF	1 HY 09	%*	1 HY 08	%*
CF from operations**	1'756	2.5%	10'899	13.3%
Purchase & proceeds PPE**	-4'244		-1'798	
Purchase fin. & intangibles**	-351		-179	
Purchase of subsidiaries**	0		0	
CF from investments**	-4'595		-1'977	
FCF prior acquisitions**	-2'839	-4.1%	8'922	10.9%

*: in % of net sales; **: continuing operations only

Free cash flow below expectations:

- Relatively low result
- Cash tied up in NWC
- Investments in rotary instruments business

Action plan to reduce NWC implemented

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Balance Sheet

1'000 CHF	30.06.09		31.12.08	
Cash & cash equivalents	13'183		11'121	
Receivables	40'950		43'090	
Inventory	38'190		32'294	
Property, plant & equipment	33'825		31'118	
Financial, intangible & tax assets	44'843		43'849	
Total assets	170'991		161'472	
Payables & short term liabilities	19'962		39'543	
Bank loans & other loans	43'406		2'640	
Other long term liabilities	6'190		6'128	
Equity (equity ratio)	101'433	59.3%	113'161	70.1%
Total liabilities & equity	170'991		161'472	

- Increased loans related mainly due to dividend / share repurchase
- Solidly financed, unused credit lines above 50 MCHF

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Continuing initiatives for 2009

- Further expand geographic market position
 - i.e. upon new setup in Brazil
- Take advantage of growing private label business
- Push newly launched products
- Focus on still fast growing implantology market
 - Partnerships / cooperation with well-known implant companies
- COLTENE to implement additional sales channels
 - i.e. e-Commerce
 - Direct business in selective areas and segments

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COLTENE Outlook 2009

Sales

- Distributor demand step-by-step returning to previous levels
- 2HY sales to grow considerably, yet not enough to fully compensate 1HY sales drop caused by stock level reduction
- FY2009 sales expected below prior year by one-digit percentage

Earnings

- Sales resp. margin increase in 2HY 2009
- Cost reduction measures strengthen performance
- Targeted EBIT margin of 10-14%



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Thank you very much for your
interest and attention!

