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Media Release

First half of 2018:

Dynamic growth and planned fortification of core areas of Infection Control and Endodontics

Altstaetten, August 22, 2018 – COLTENE Holding AG (SIX Swiss Exchange: CLTN), an internationally leading developer and producer of dental consumables, recorded net sales of CHF 85.6 million in the first half of 2018 (2017 H1: CHF 78.0 million) representing a year-on-year increase of 9.7% in the reporting currency of Swiss francs. Organic growth in local currencies amounted to 4.2%, well above the market average of 2-3%. Sales from acquisitions (Diatech and KENDA) amounted to CHF 2.6 million and accounted for 3.3% of the reported growth. Positive currency movements, mainly stemming from the euro's appreciation against the Swiss franc, also supported growth, adding CHF 1.8 million to sales or 2.2% of total sales growth. Operating profit (EBIT) for the first half of 2018 amounted to CHF 11.3 million, topping the comparable year-ago figure (2017 H1: CHF 9.6 million) by 17.8% thanks to the significant increase in sales and strict cost management. COLTENE thus managed to raise its EBIT margin yet again to 13.2% in the seasonally weaker first half of the year. Net profit for the period rose by 14.8% to CHF 6.9 million (2017 H1: CHF 6.0 million). With the planned integration of the two dental supply specialists SciCan and Micro-Mega, COLTENE is aiming for a forward-looking growth step and significantly increasing Group sales.

The COLTENE Group could benefit from its enlarged sales teams in major core markets during the first six months of 2018, thereby strengthening the Company's local reach, particularly in Europe and in the fast-growing markets of China and India. Additional positive factors were the ongoing standardization of operating processes worldwide and the deployment of modern production systems and marketing instruments. These tools facilitated efficient and cost-effective sales and marketing campaigns and optimized the Key Account Management process for major distributors and government agencies.

Business upswing in the traditional European markets

COLTENE Group's sales in the EMEA (Europe, Middle East and Africa) and Asia regions turned sharply higher in the first half of 2018. The fastest growth, nearly 40% in local currency, was achieved in the Middle East and Africa, followed by China, where sales grew by almost 25% in local currency. In the EMEA region sales rose by 24.5% in Swiss francs and by 16.4% in local currency. Most of the traditional markets in Europe experienced a pleasing upswing in business. COLTENE's sales in Asia increased by

9.1% in Swiss francs and by 6.9% in local currency compared to the first half of 2017. In North America, a generally weak market environment and a reduction in field sales reps at wholesalers led to a 3.4% drop in sales in Swiss francs and 0.8% decline in local currency. In Latin America sales declined by 3.8% in Swiss francs because of the ongoing economic weakness in key markets. Regional sales in local currency edged 0.6% higher.

Treatment Auxiliaries gains momentum

All of COLTENE's product groups reported higher sales in the first half of 2018 except for Infection Control. Treatment Auxiliaries achieved the fastest growth, up 24.4% y-o-y to CHF 12.4 million (2017 H1: CHF 10.0 million). Restoration followed in second place with 14.5% sales growth to CHF 21.7 million (2017 H1: CHF 19.0 million). Sales of the Prosthetics product group increased by 12.8% to CHF 18.0 million (2017 H1: CHF 16.0 million). Sales of the Rotary Instruments product group grew 8.8% to CHF 7.4 million (2017 H1: CHF 6.8 million) and were boosted by the Diatech and KENDA acquisitions. The Infection Control product group recorded slightly lower sales during the period under review. Its sales declined 1.9% to CHF 4.8 million (2017 H1: CHF 4.9 million), mainly due to currency movements.

Forward-looking growth step

The biggest news for COLTENE during the first half of 2018 concerned the agreement to acquire SciCan and Micro-Mega, two dental suppliers with excellent market positions. SciCan is headquartered in Toronto, Canada, and a specialist for infection control equipment and hygiene products that claims a leading market position in North America. Micro-Mega, headquartered and with production facilities in Besançon, France, is a leading supplier of endodontic instruments. Most of its sales are generated in North America and Europe. In the 2017 financial year SciCan and Micro-Mega generated sales of approx. CAD 128 million (CHF 97 million) and employed 410 people. The transaction will strengthen the market positions and sales channels of all three companies and will enlarge their product offering in the jointly addressed market segments of infection control and endodontics. The merger of the three entities will also create synergy potential and attractive growth opportunities in the highly competitive dental market.

In the first half of 2018, SciCan and Micro-Mega increased net sales by 11.3% year-on-year to approx. CAD 64 million (CHF 48 million). Factoring out the one-time effect of transaction cost generated by the sale of the companies to COLTENE, the profitability kept pace with the sales growth and the EBIT margin rose to 11.8%. In the previous year period, SciCan and Micro-Mega achieved a comparable EBIT margin of 11.1%.

COLTENE plans to finance the acquisition of SciCan and Micro-Mega at the agreed price of approximately CHF 200 million with equity capital (approx. three-quarters) and borrowed capital (approx. one-quarter). The Board of Directors will therefore convene an extraordinary General Meeting of COLTENE Holding AG shareholders on September 14, 2018, to seek their approval of an increase in equity capital. The increase proposed by the Board of Directors will entail a rights offering at market for existing COLTENE Holding AG shareholders and the creation of an authorized share capital for the purpose of a subsequent issuance of new shares to the selling shareholders of SciCan and Micro-Mega by way of contribution-in-kind share capital increase. The selling shareholders (Arno Holding S.à.r.l., owned by Arthur Zwingenberger, and Stefan Helsing) will own 18.1% of the share capital and voting rights of COLTENE Holding AG upon completion of the proposed transaction. The transaction is expected to close in the fourth quarter of 2018, subject to the fulfillment of the usual conditions precedent.

Enlargement of Group Management and Board of Directors

To ensure top-level representation of the new locations and product groups, COLTENE plans to appoint Stefan Helsing to its Group Management Board as a new member. Stefan Helsing is the CEO of Sanavis Group, to which SciCan and Micro-Mega belong. Furthermore, the Board of Directors will propose the election of Allison Zwingenberger as a new board member at the extraordinary General Meeting of September 14, 2018. Allison Zwingenberger is the daughter of Arthur Zwingenberger and an associate professor of Diagnostic Imaging in the Department of Veterinary Radiology at the University of California, Davis, USA. The Company will benefit from her knowledge of international medical markets and expertise.

Outlook

Thanks to the targeted expansion and strengthening of sales teams, primarily in the key markets of Europe and Asia, and particularly in China, the Board of Directors and Group Management expect dynamic sales growth in the second half of 2018, again surpassing the underlying market growth rate. They also expect the merger of COLTENE with SciCan and Micro-Mega to produce additional growth impetus. Despite the solid operating profit reported for the first half, management expects a temporary dilution in the full-year operating margin compared to the previous year due to the anticipated transaction and integration costs. The previously targeted EBIT margin of 15% should be reattained within the medium term thanks to the new growth opportunities arising from the merger with SciCan and

Micro-Mega, the ensuing synergy potential and economies of scale.

Interim Report 2018

COLTENE Holding AG interim report 2018 was published today and can be downloaded at www.coltene.com.

Key Figures (in CHF 1,000)	2018 H1	2017 H1	Δ%
Net sales	85,604	78,013	9.7%
Operating expenses	51,708	47,751	8.3%
Operating profit (EBIT)	11,288	9,585	17.8%
in % of net sales	13.2%	12.3%	
Net profit for the period	6,921	6,029	14.8%
Cash flow from operating activities	8,092	8,240	2.0%
Investments (net)	12,187	3,280	309.9%
Free cash flow	-4,095	4,960	-182.6%

Key Figures (in CHF 1,000)	30.06.2018	31.12.2017	Δ%
Net cash position / (net debt)	-2,993	13,759	n.a.
Total assets	163,684	167,311	-2.2%
Shareholders' equity	116,023	121,705	-4.7%
in % of total assets	70.9%	72.7%	
Employees (FTE Ø)	946	929	1.8%

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Financial Calendar

Publication of half-year report 2018	August 22, 2018
Media and analyst conference on H1 2018 results	August 24, 2018
Extraordinary General Meeting	September 14, 2018
Investora Zurich	September 27, 2018
Media release on closing of SciCan and Micro-Mega acquisitions	Fourth quarter 2018

About COLTENE

COLTENE is an internationally active developer, manufacturer and seller of dental consumables and small equipment in the areas of restoration, endodontics, prosthetics and treatment auxiliaries. COLTENE has state-of-the-art production facilities in the USA, Germany, Brazil and Switzerland as well as own distribution organizations in all major markets including Europe, North 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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