

2018 | Full-Year Results

Presentation for investors, analysts and the media



Salome
Trainee, Medartis

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2018 Full-Year Highlights
Business Development and Priorities

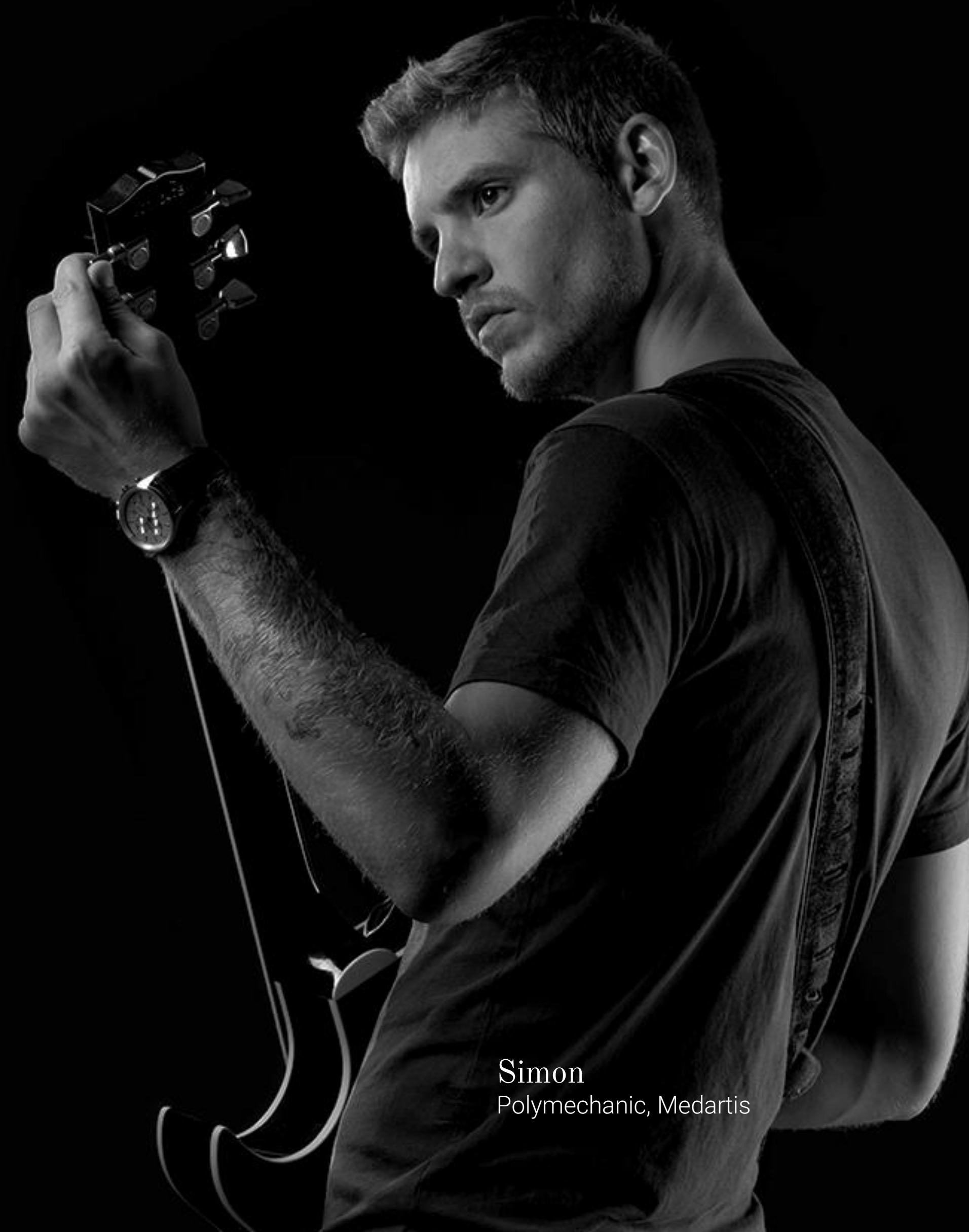
Willi Miesch, Chief Executive Officer



2018 Full-Year Financials

Dominique Leutwyler, Chief Financial Officer

2018 | Full-Year Highlights



Simon
Polymechnic, Medartis

Medartis remains fully on track – further growth and business expansion in 2018

Sales ⁽¹⁾

+16%

+16% in local currencies

Employees ⁽¹⁾

561

+18%

EBITDA margin

15%

excl. IPO costs ⁽²⁾

12% (reported)

(1) 2018 vs 2017

(2) Excl. capital market-related costs (IPO) of CHF 3.2 million in 2018

2018 | Full-Year Financials



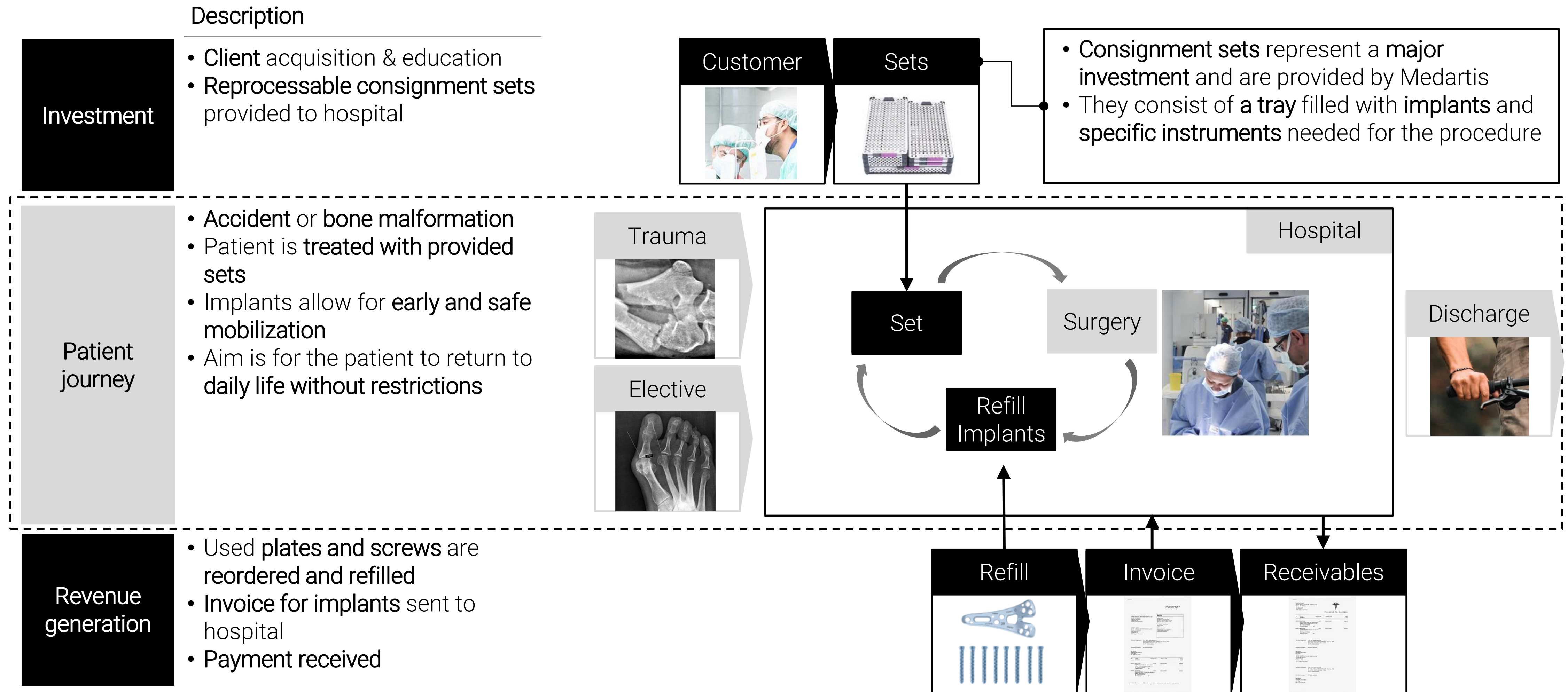
Markus
Head Sales China & Japan, Medartis

Consolidated financial statements

(CHF)	2018	2017
Sales	121'324'703	105'040'292
Cost of goods sold	-20'312'871	-17'475'211
Gross profit	101'011'832	87'565'080
Selling and distribution	-60'294'262	-46'732'681
Administration	-21'432'993	-19'861'687
Research and development	-13'227'611	-11'363'806
Operating profit	6'056'965	9'606'907
Finance income	155'298	122'908
Finance expense	-3'843'151	-1'680'882
Profit before taxes	2'369'112	8'048'933
Income tax expense	1'832'795	-7'182'413
Net profit	4'201'907	866'521
Attributable to Medartis Holding AG shareholders	4'201'907	866'521
Earnings per share (CHF):	0.40	0.51

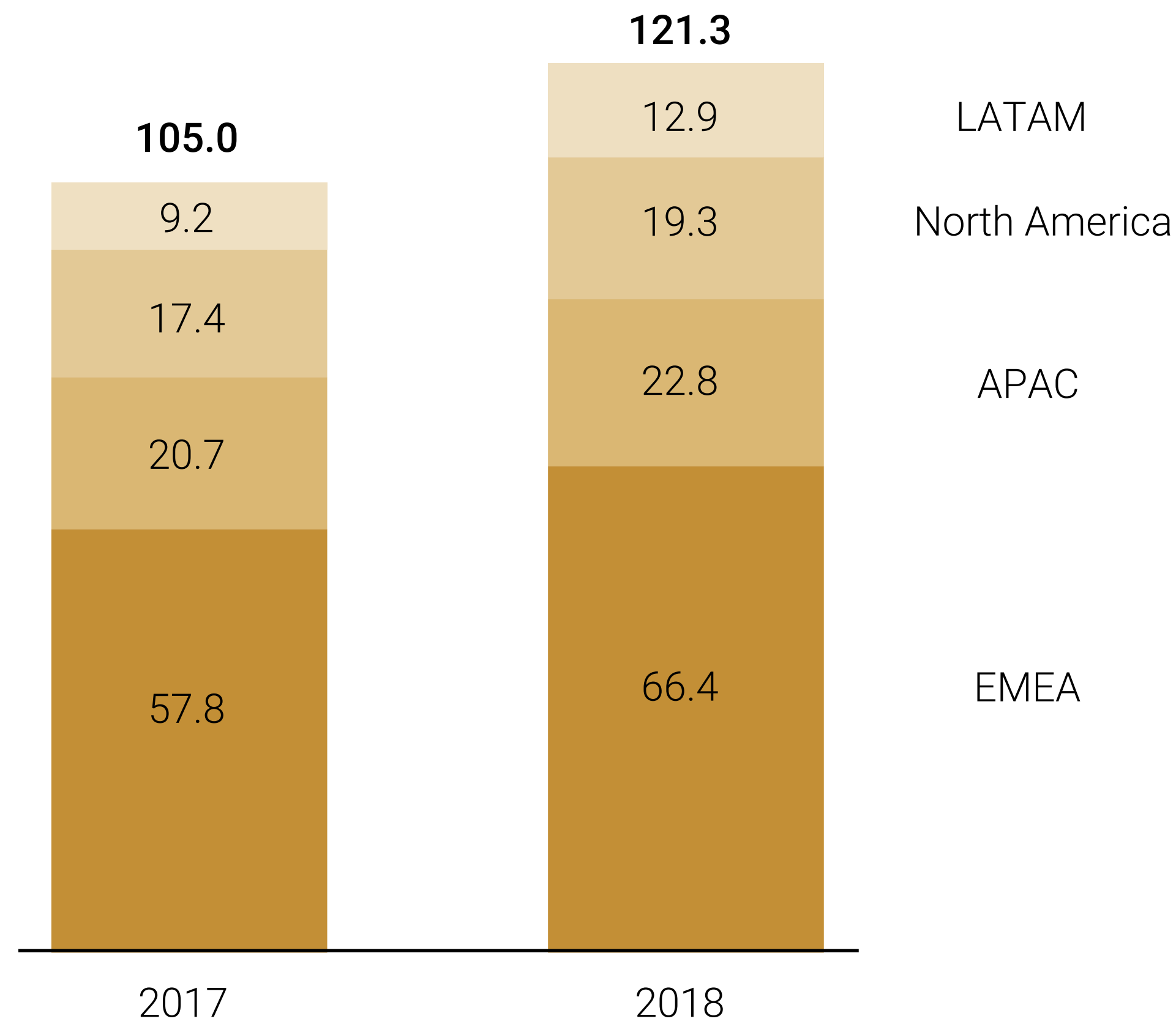
There is no dilution effect

Medartis revenue flows – based on refill of consignment sets

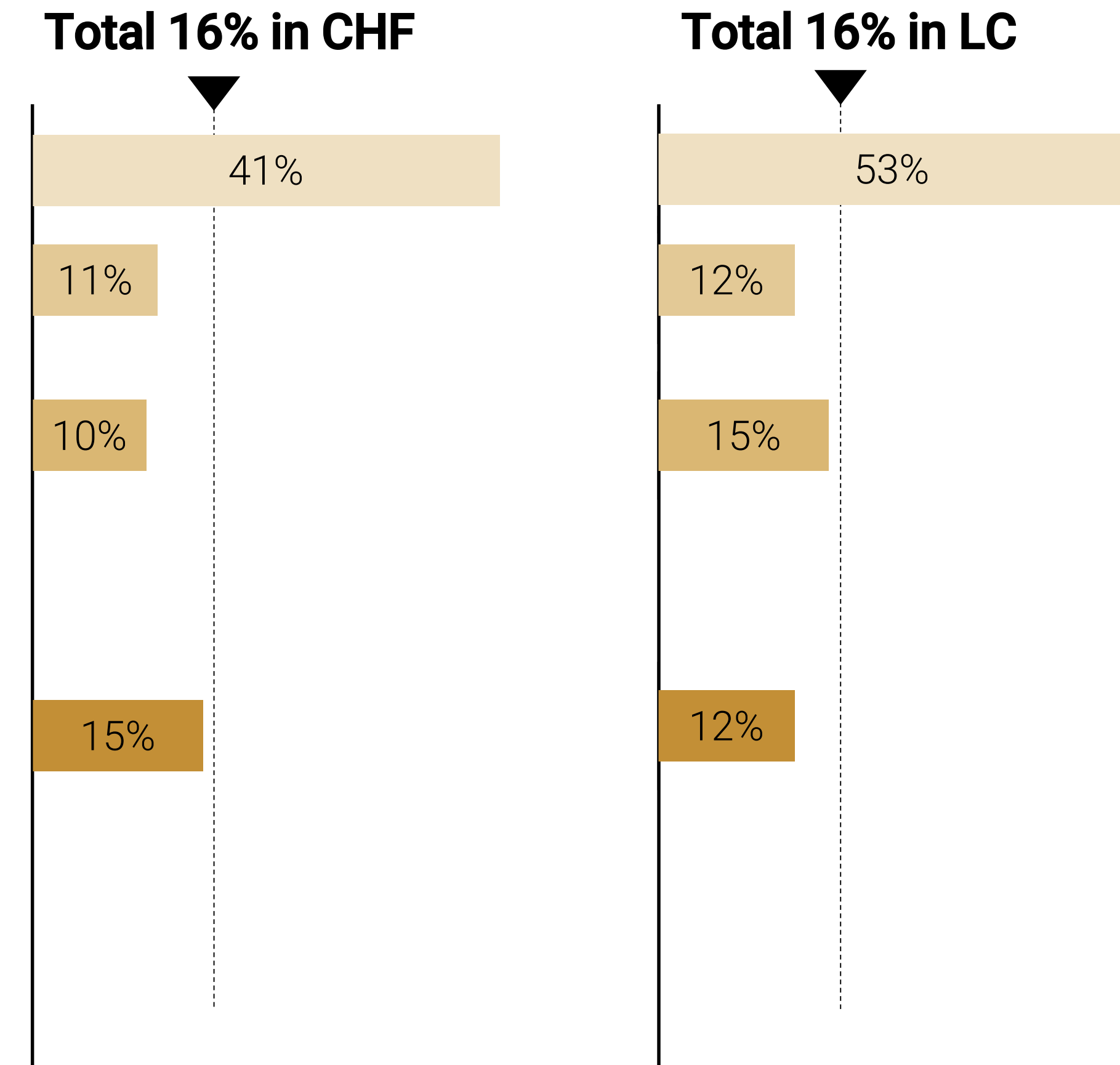


Double-digit growth in all regions

Sales breakdown / regions in CHFm

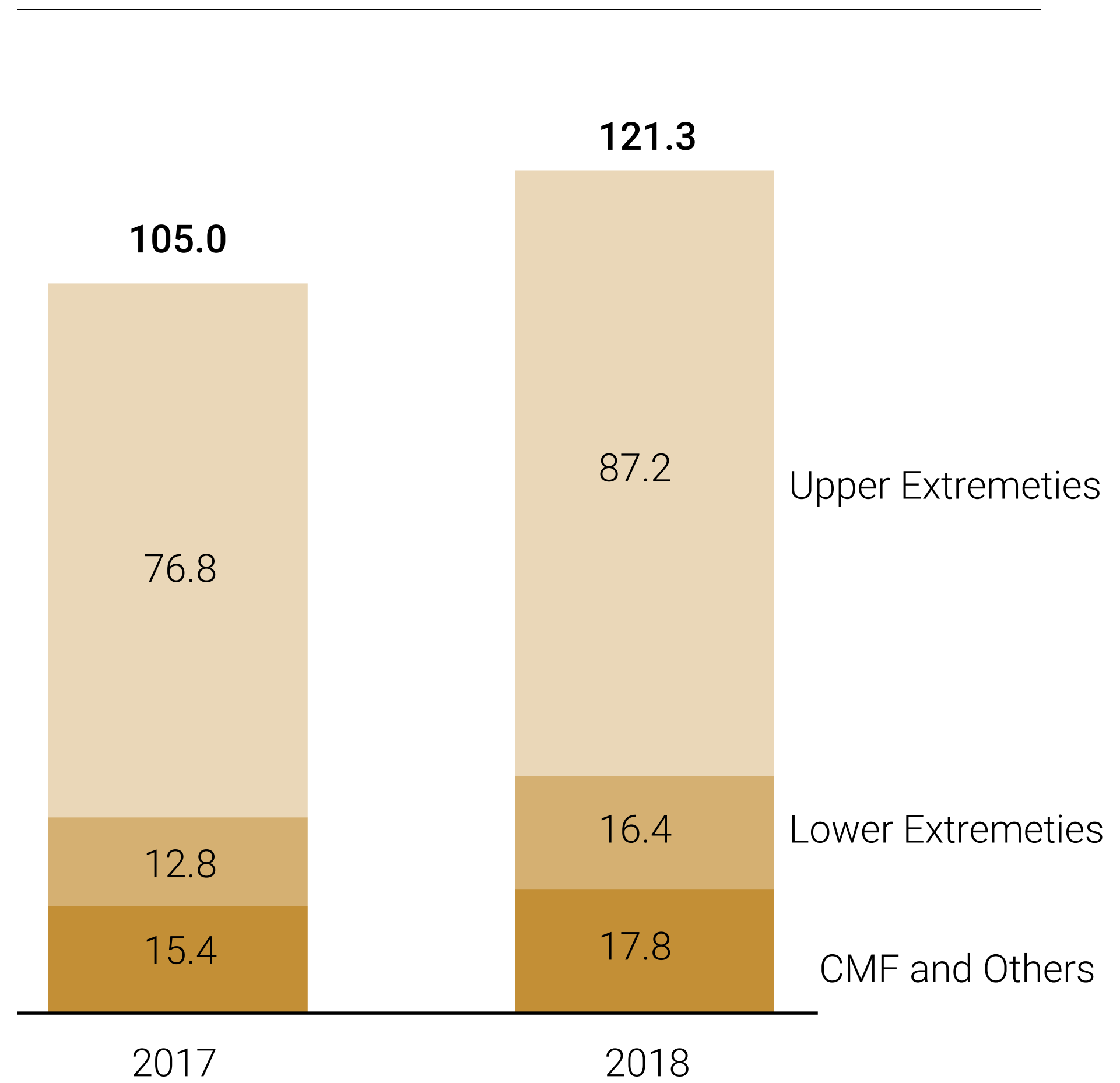


Growth / regions 2018 vs 2017

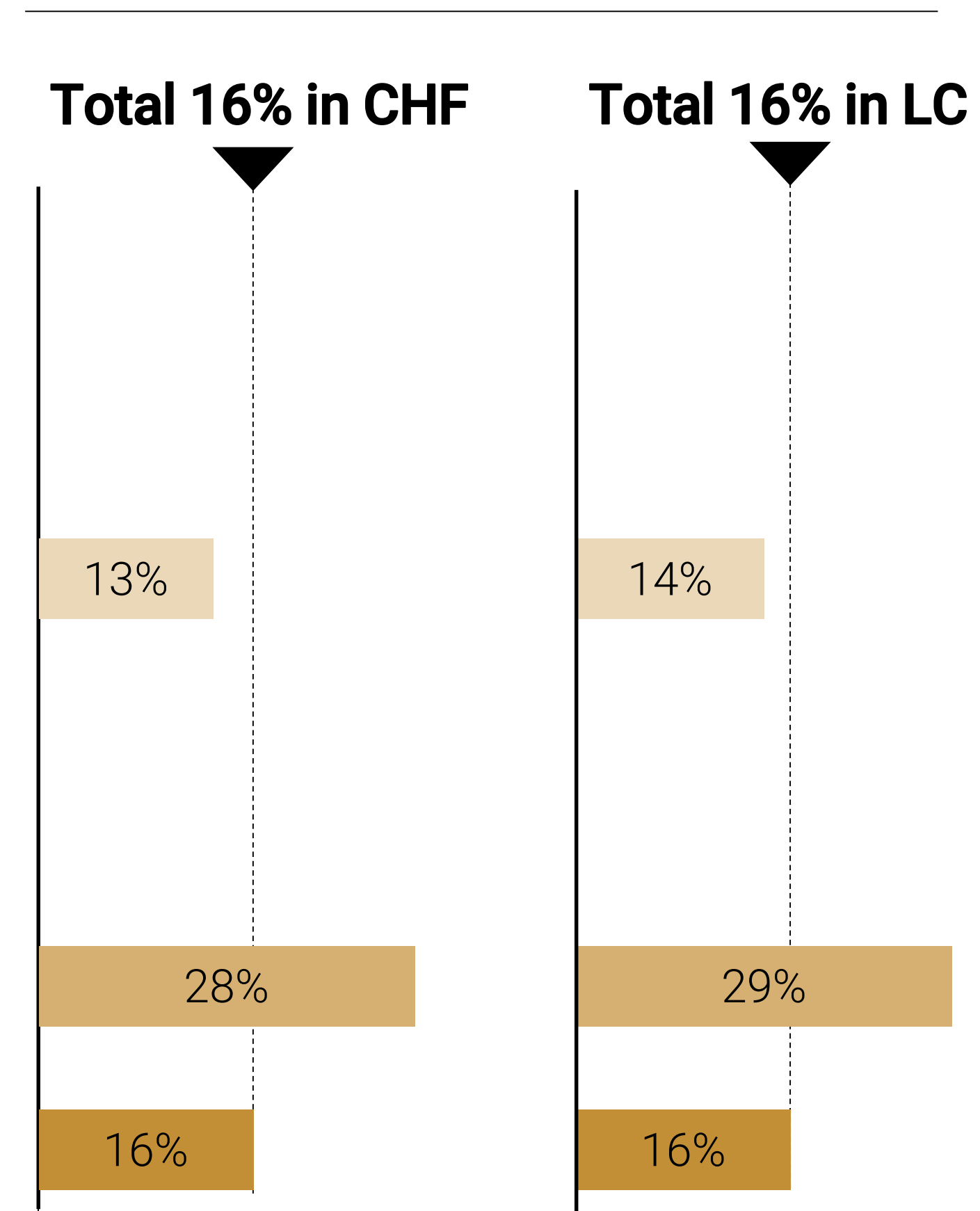


Business segments with growth significantly above average market rate

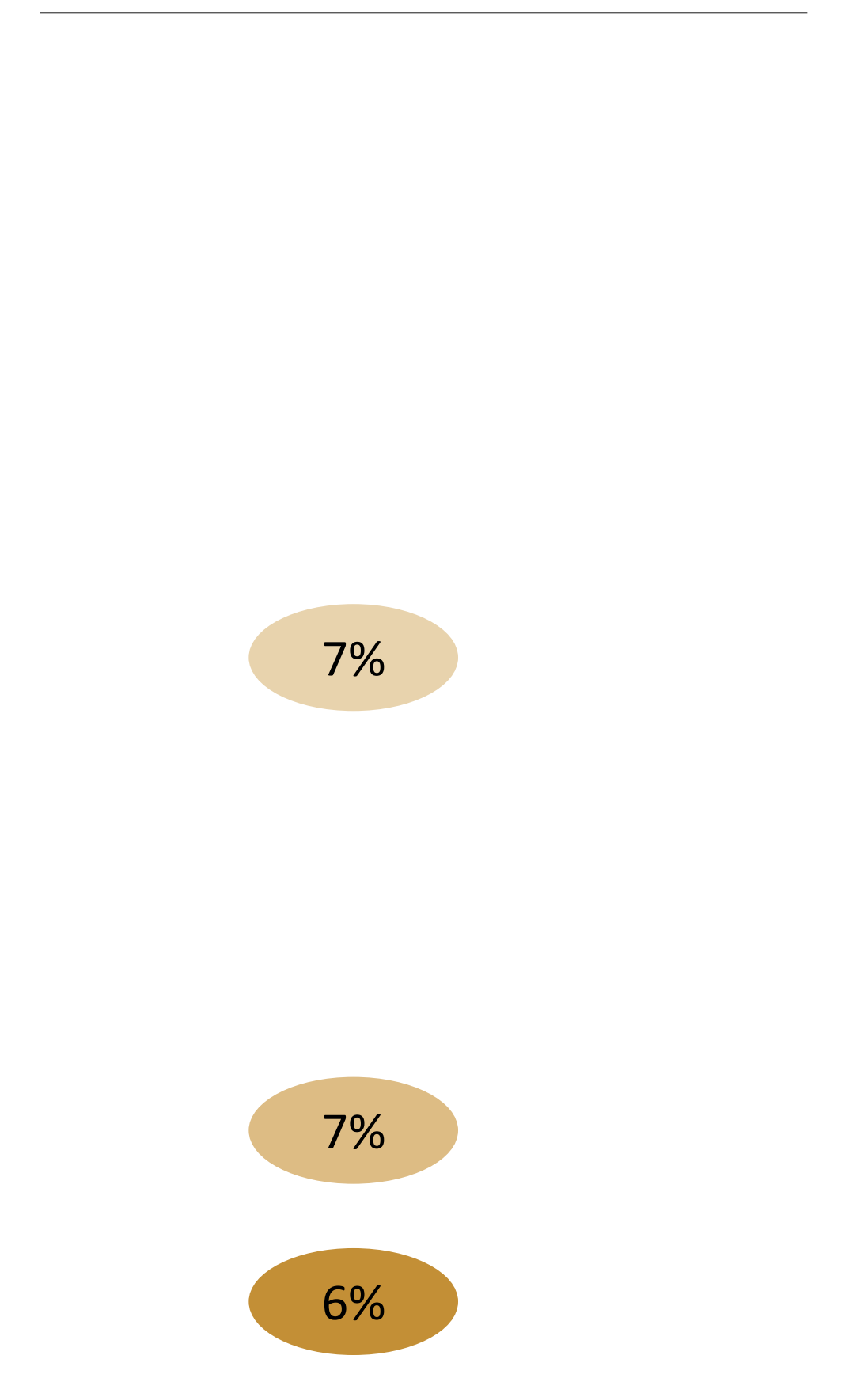
Sales breakdown / segments in CHFm



Growth / segments 2018 vs 2017



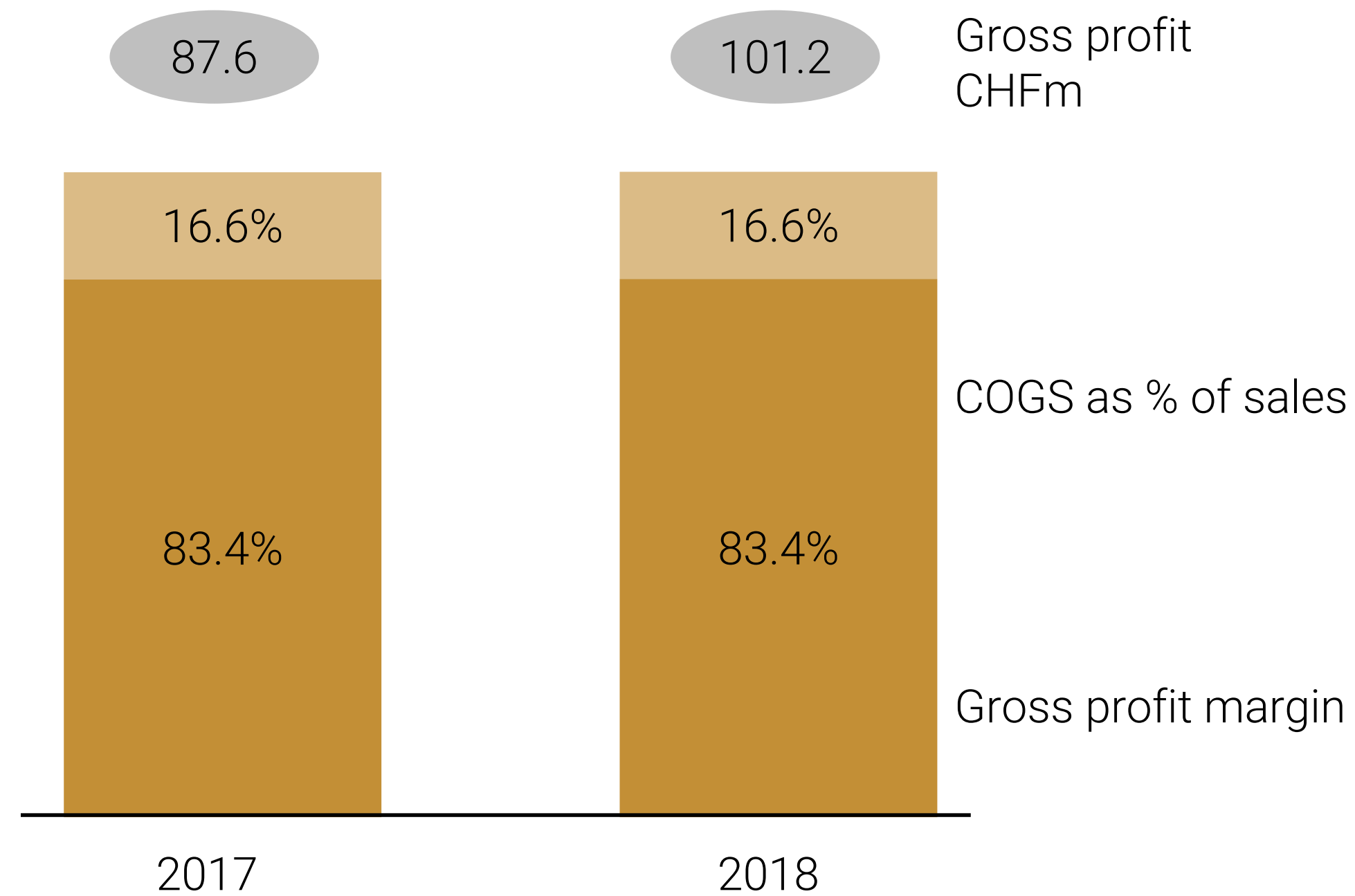
Market CAGR 2016 - 2022⁽¹⁾



(1) Source Technavio data

Stable gross margin

Gross margin and COGS⁽¹⁾



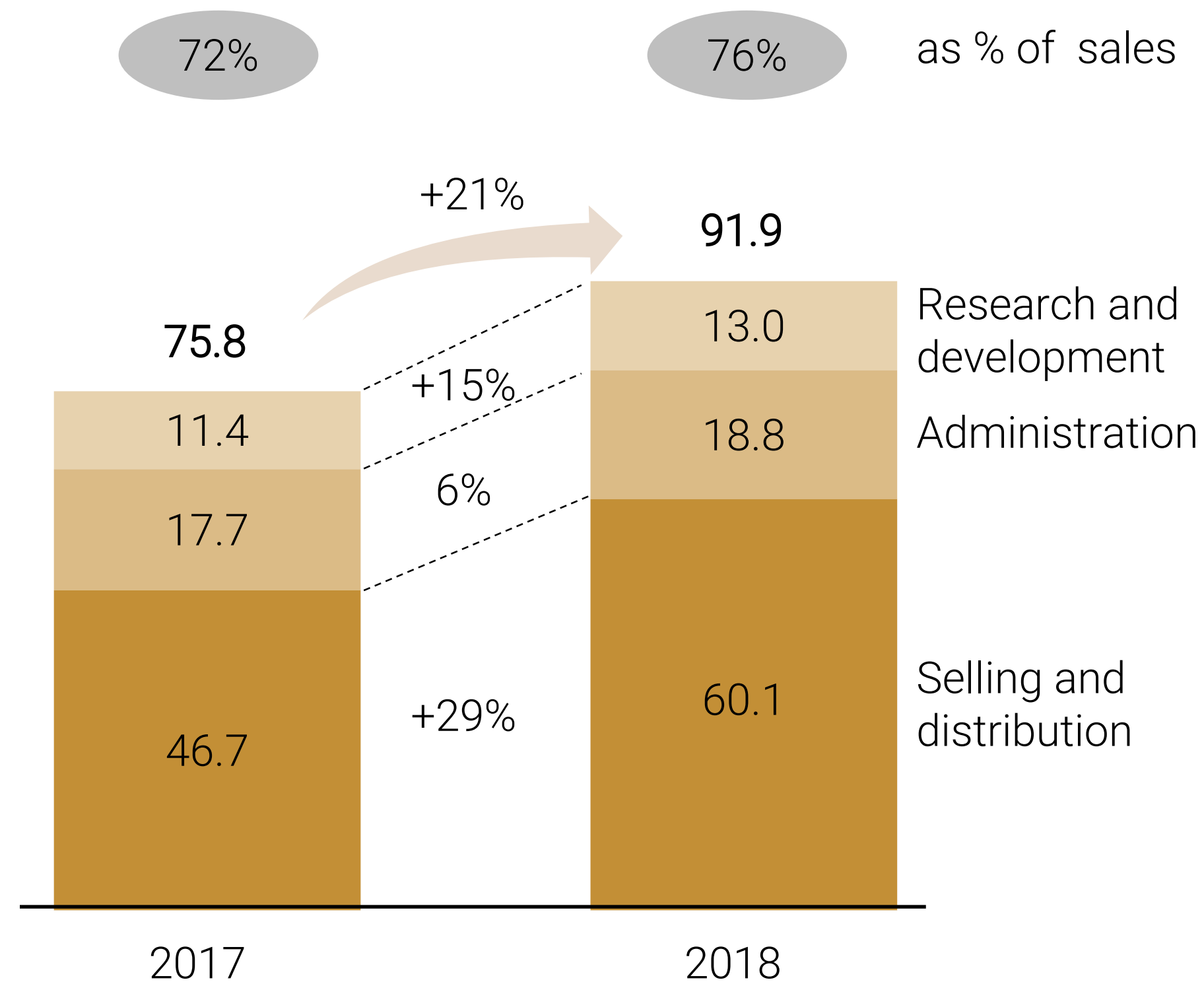
(1) Excl. capital market-related costs (IPO) of CHF 3.2 million in 2018 and CHF 2.2 million in 2017

Main Drivers

- Pressure on prices in the market
- Growth in higher priced markets
- Continued higher priced product innovation
- Lean program in manufacturing
- Higher purchasing volume due to growth

Significant investments to support growth

Adjusted operating expenses in CHFm⁽¹⁾



(1) Excl. capital market-related costs (IPO) of CHF 3.2 million in 2018 and CHF 2.2 million in 2017

Main Drivers

Research and development

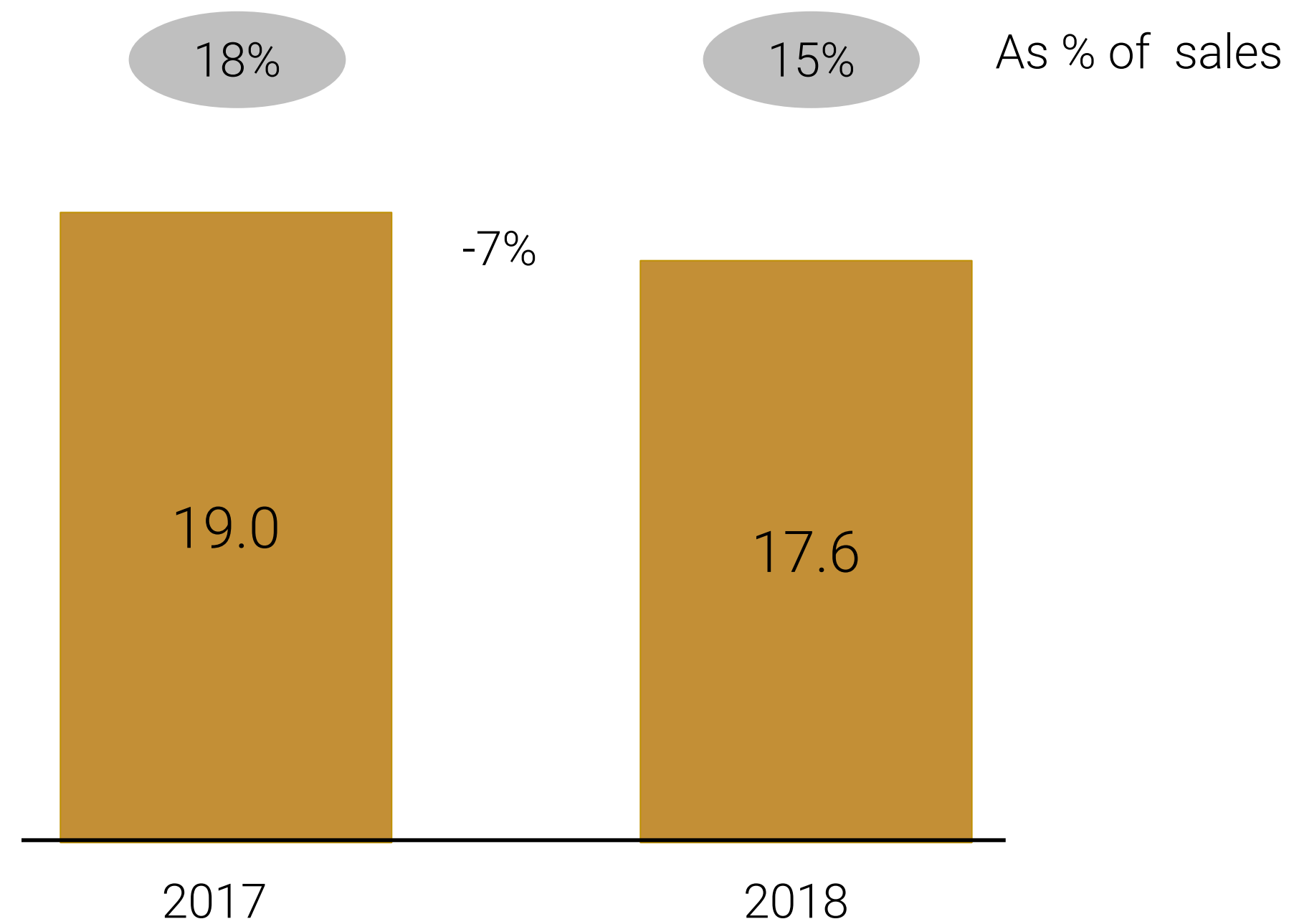
- Reflects higher development efforts to upgrade product portfolio
- Higher costs due to new registration requirements

Selling and distribution

- Overall strong investments in sales force
- Cost of new subsidiary in Brazil reflected in 2018
- Investments in Japan and China

Focus on OPEX alongside further business investments

Adjusted EBITDA, in CHFm ⁽¹⁾



(1) Excl. capital market-related costs (IPO) of CHF 3.2 million in 2018 and CHF 2.2 million in 2017

Main drivers

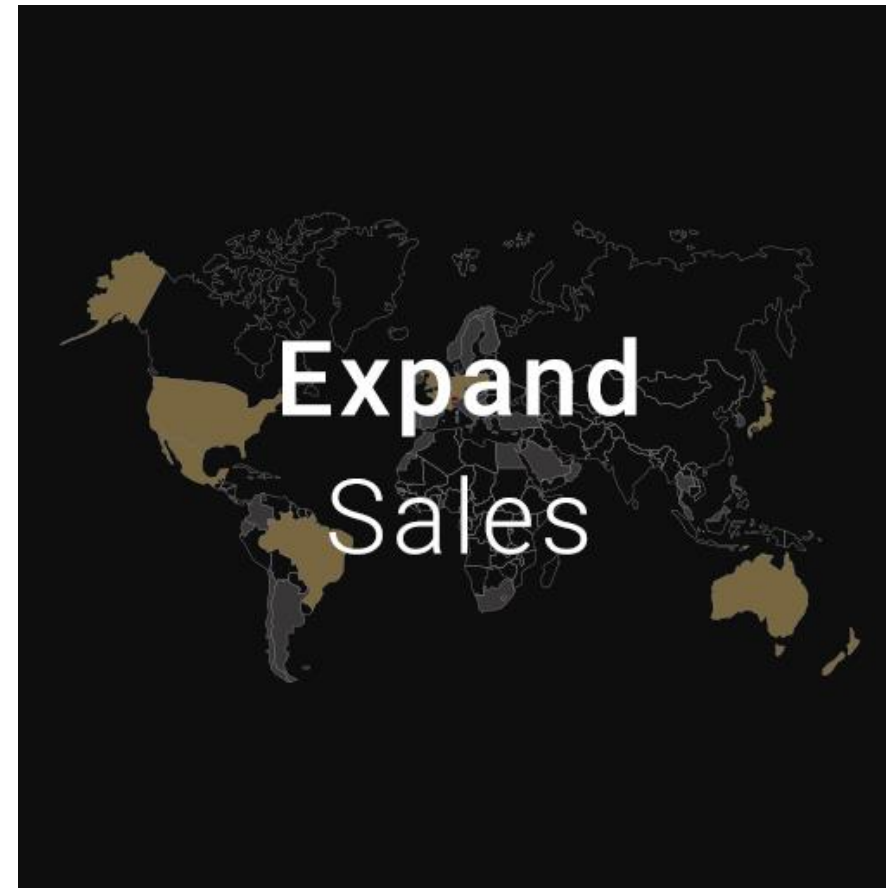
- Double-digit sales growth across regions and business segments
- OPEX reflects growth strategy

Business Development and Priorities



Kylian
Project Manager Process Engineering, Medartis

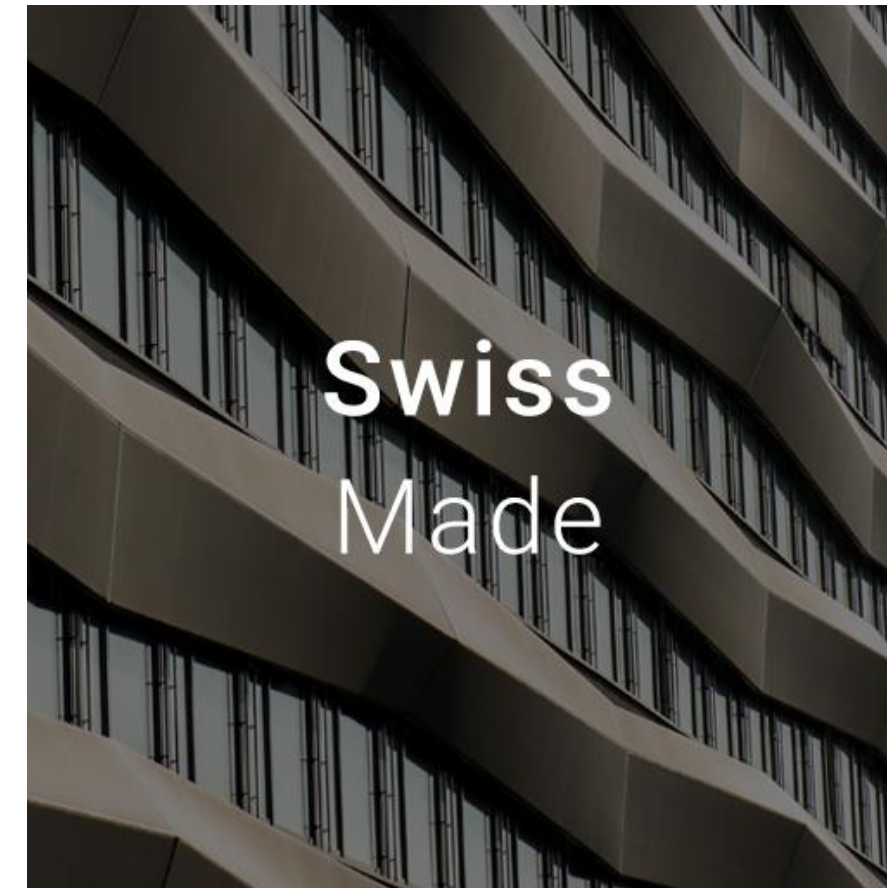
Becoming a global top 3 player in major small bone markets



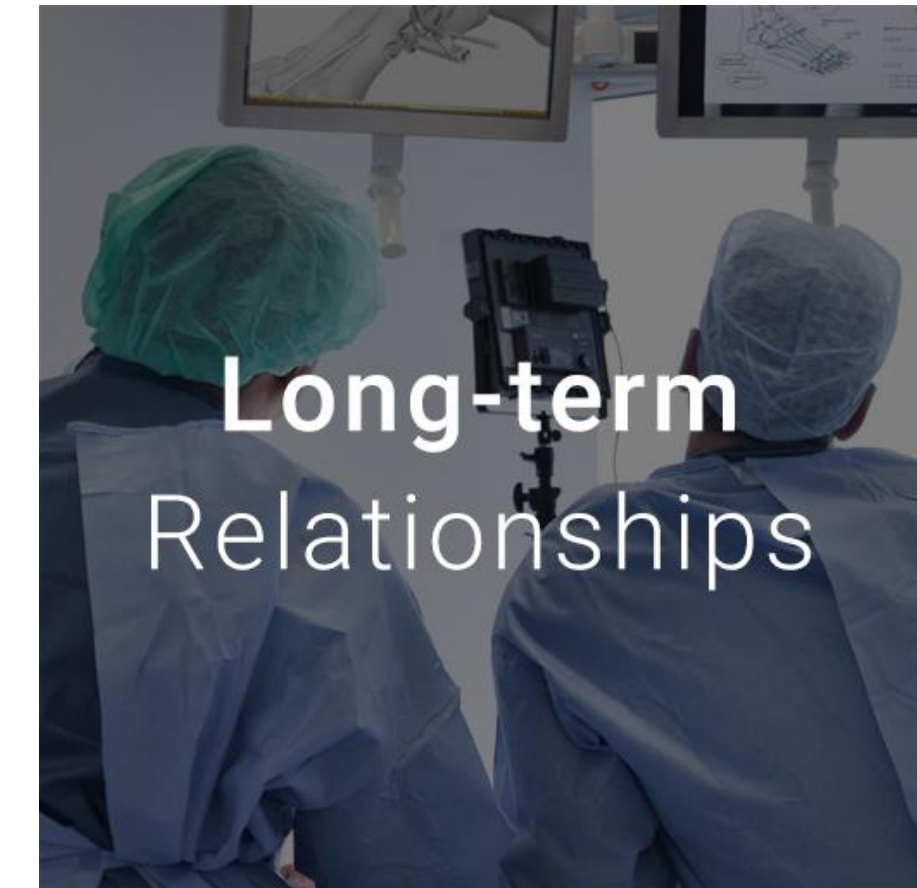
Expand sales and marketing efforts to increase revenues



Remain the innovation leader for small bone solutions and new surgical approaches, and customers' preferred partner

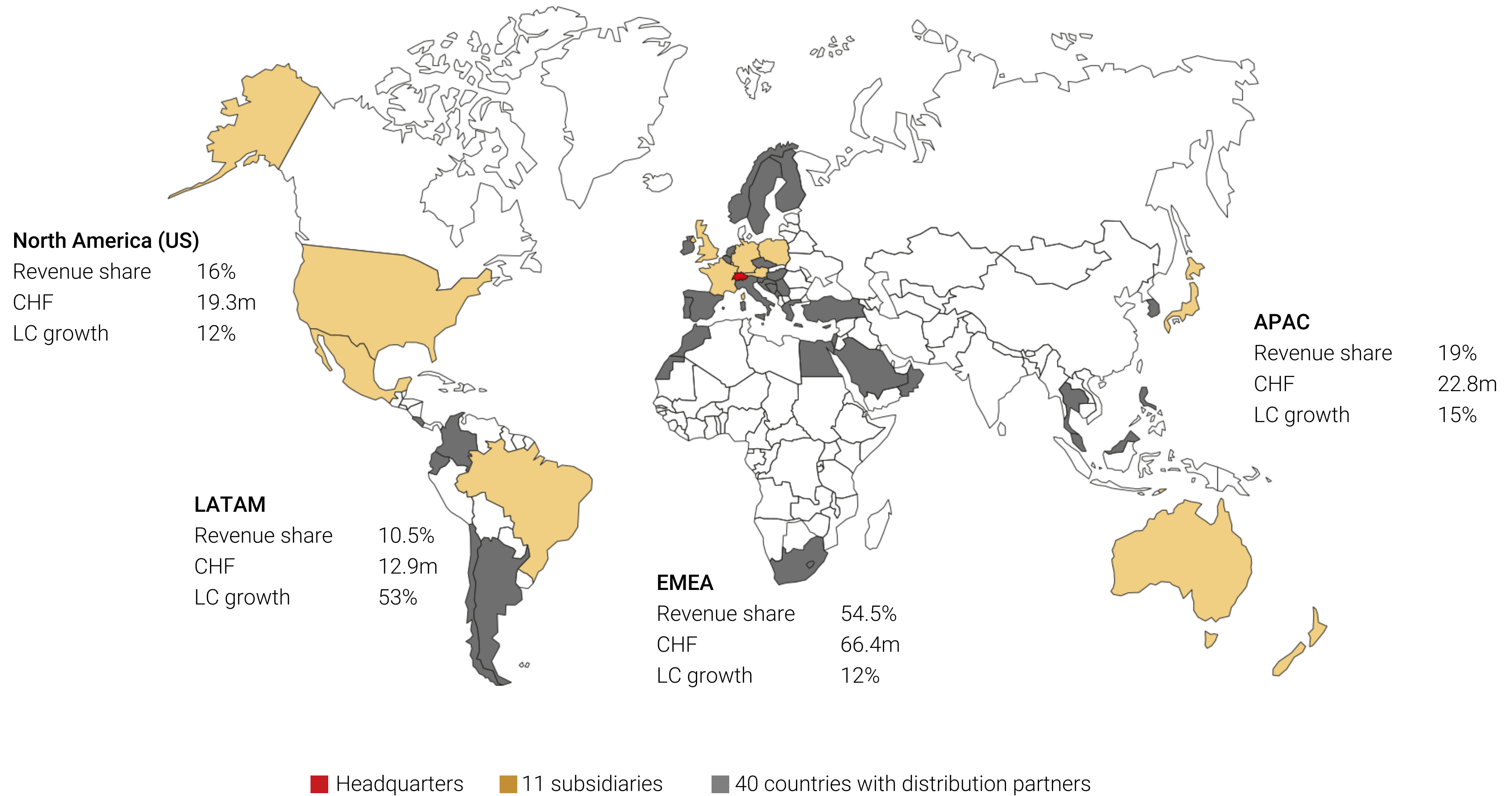


In-house manufacturing of Swiss-made quality products priced at competitive levels



Maintain and establish long-term relationships

Globally diversified business



Revenue share direct sales / distributor sales: 84% / 16%

EMEA: continued high-level growth

2018 full-year results

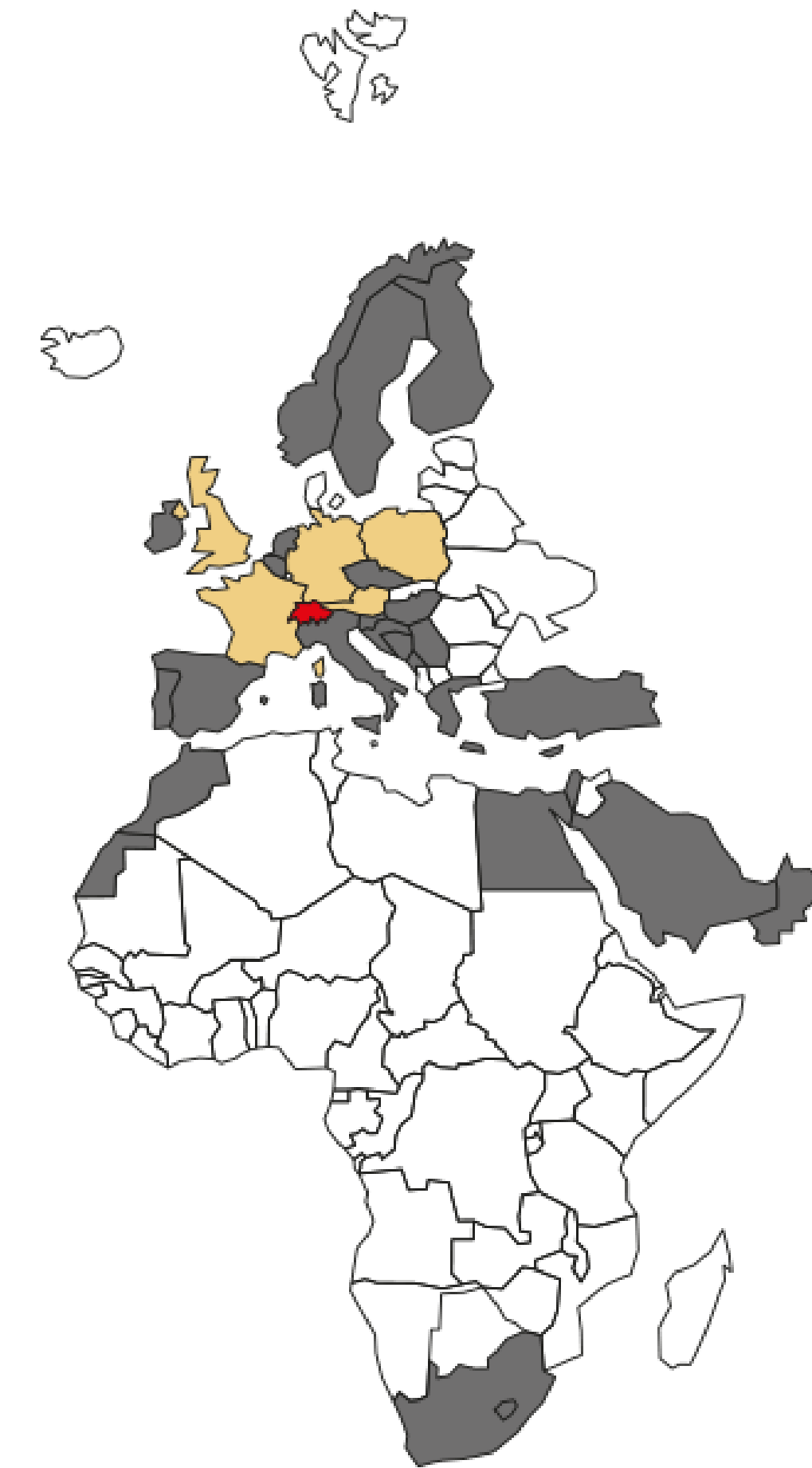
- CHF 66.36 million (+15% in CHF / +12% in local currencies)

Highlights and observations

- Strong growth of subsidiaries
- Distributor markets in line with expectations
- Lower growth in H2 vs H1 2018 reflects distributor purchases in the first half for the second half
- Sterile portfolio roll-out in selected markets
- Implementation of new Medical Device Regulation (MDR), which will come into force in the EU in May 2020, is on track

H1 2019 priorities

- Intensify roll-out of shoulder system following market launch in Q4 2018
- Continue to implement MDR, which is expected to be concluded by the end of 2019



■ Subsidiaries ■ Countries with distribution partners

North America: investments beginning to pay off

2018 full-year results

- CHF 19.30 million (+11% in CHF / +12% in local currency)

Highlights and observations

- Measures to strengthen management capacities and sales structures began to take effect
- Expansion of professional relationships with leading universities and associations
- Intensified regional cooperation with scientific partner IBRA (International Bone Research Association)

H1 2019 priorities

- Recruit and train qualified sales representatives
- Increase sales investments in rapidly growing lower extremities business



■ Subsidiary

APAC: strong performance in established markets

2018 full-year results

- CHF 22.78 million (+10% in CHF / +15% in local currencies)

Highlights and observations

- Strong performance in Australia and Japan
- First lower extremity business activities at new subsidiary Japan in Q4 2018

H1 2019 priorities

- Roll out lower extremity business at subsidiary in Japan
- Prepare for market entry in China



LATAM: challenging market environment in second half of year

2018 full-year results

- CHF 12.89 million (+41% in CHF / +53% in local currencies / +10% excl. acquisition effect)

Highlights and observations

- Region with the strongest growth momentum in 2018
- Challenging market environment in the second half of the year
- Subsidiaries in Brazil and Mexico below expectations but with sales increase in H2 vs H1 2018
- Distributors at 2017 revenue level

H1 2019 priorities

- Further expand presence in Brazil with own sales forces



■ Subsidiaries ■ Countries with distribution partners

Upper extremities: strong results in hand, wrist and elbow

2018 full-year results

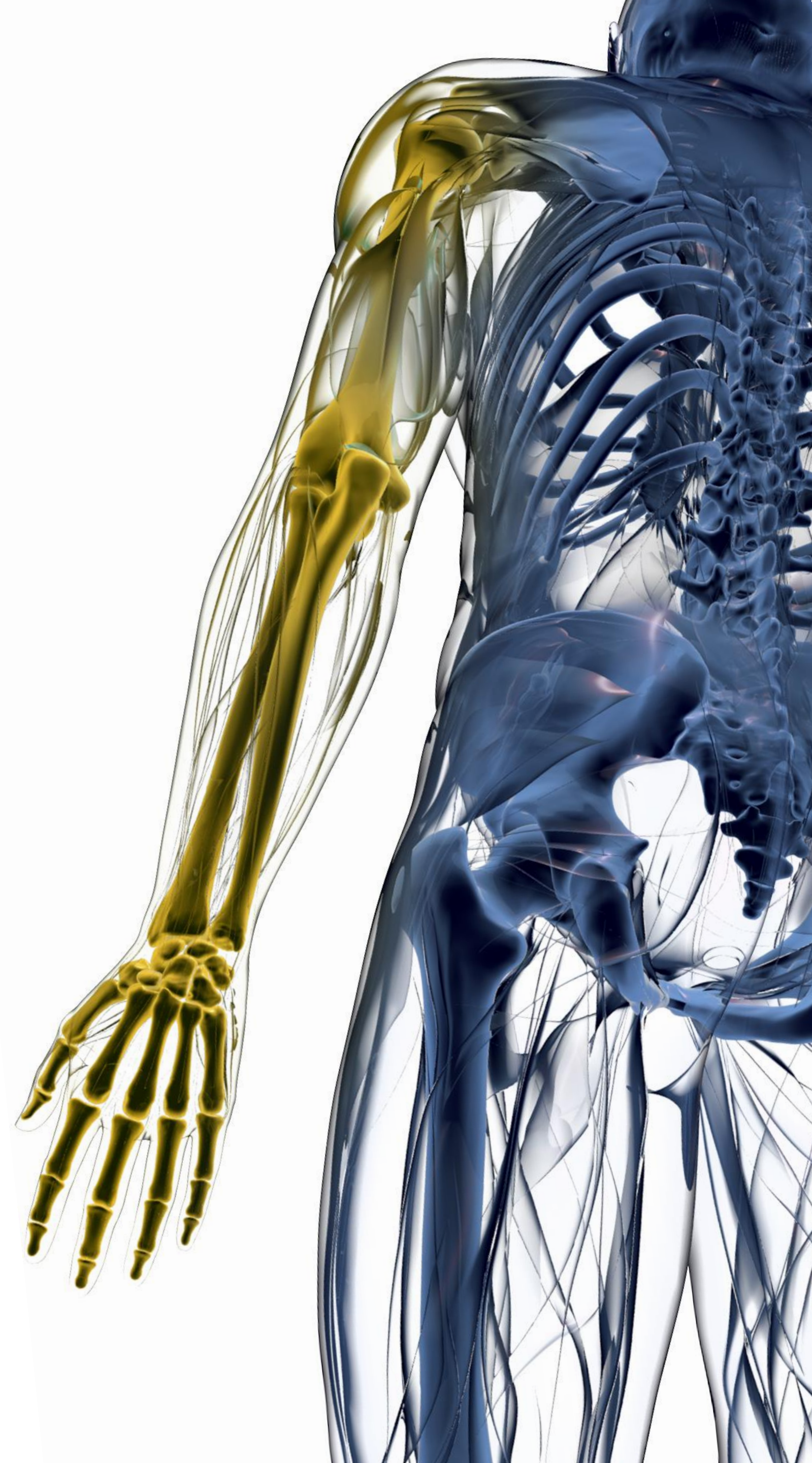
- CHF 87.16 million (+13% in CHF / +14% in local currencies)

Highlights and observations

- Hand, wrist and elbow implants all contributed to the strong result
- Launch of shoulder system in Q4 2018
- H2 2018 results reflect volatility in product orders from distributors

H1 2019 priorities

- Use strong position and network in EMEA to support further international growth (i.e. education, design groups)
- Intensify roll-out of shoulder system following market launch in Q4 2018
- Launch of extended arthrodesis set for carpal bones of arthrosis patients expected in Q2 2019



Lower Extremities: dynamic growth

2018 full-year results

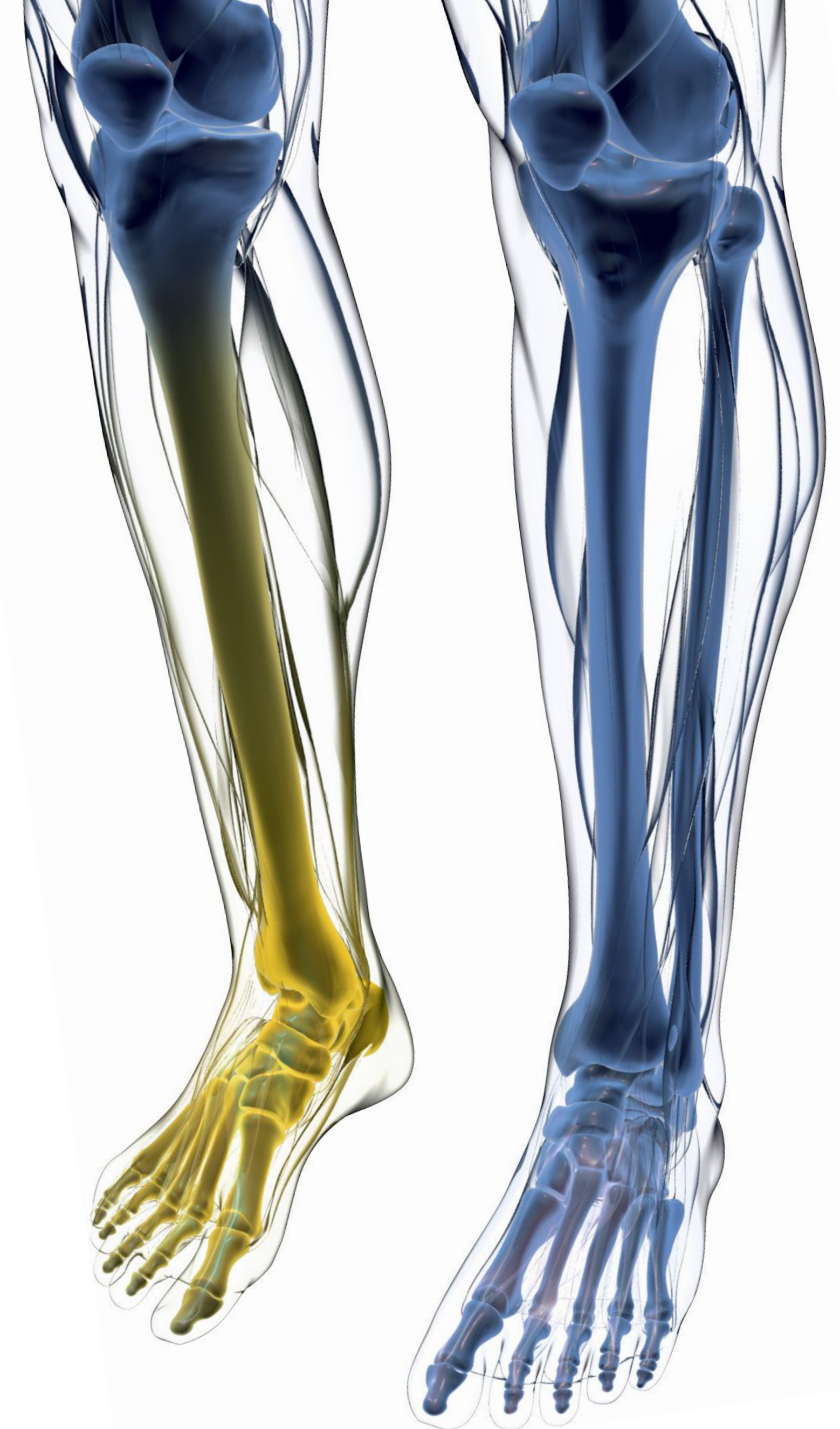
- CHF 16.35 million (+28% in CHF / +29% in local currencies)

Highlights and observations

- Over 100 courses conducted for users
- Strong international KOL group to help build and grow the business
- Strengthening of sales forces in countries with foot specialists
- Ongoing developments to fill gaps in product portfolios

H1 2019 priorities

- Build strong educational programs for surgeons together with scientific partner IBRA
- Increase networking with foot and ankle societies



CMF and Others: strong growth

2018 full-year results

- CHF 17.81 million (+16% in CHF / +16% in local currencies)

Highlights and observations

- Year-on-year growth in CMF in line with the market
- Solid revenue base from instruments and containers, reflecting overall business growth
- H2 2018 results reflect volatility in product orders from distributors
-

H1 2019 priorities

- Develop next CMF generation, launch expected in 2020



Summary and outlook

2018 performance

- Double-digit sales growth across regions and business segments
- Increased strategic flexibility and market profile through IPO in March 2018
- Continued investments in market presence and business in key countries
- Solid profitability with adjusted EBITDA margin (excl. IPO costs) of 15%

2019 outlook

- Continued broad-based double-digit growth expected in 2019
- Targeted investments in international presence and product range
- More detailed full-year 2019 financial guidance planned with announcement of 2019 half-year results

Cashflow will be reinvested to drive further growth

Appendix



Ruth
Post-Market Surveillance Manager, Medartis

Medartis success factors



Accelerating global roll-out and momentum



Disciplined capital management and strong financial profile



Entrepreneurial and experienced management team



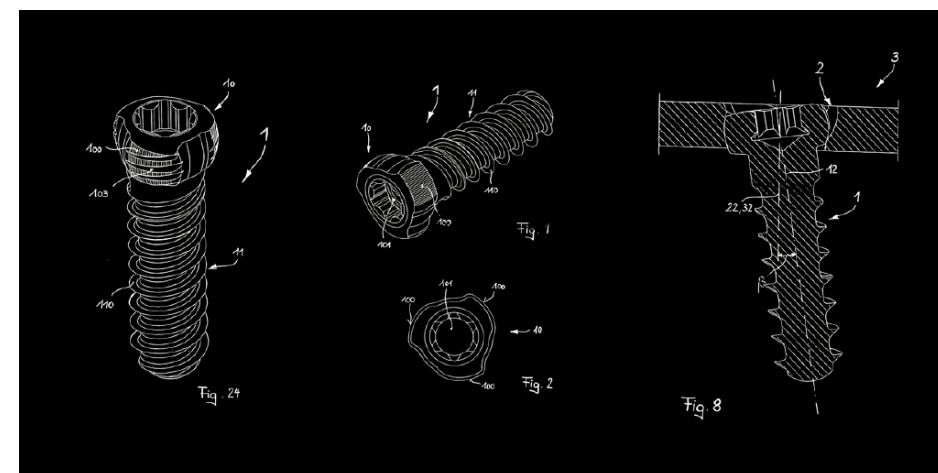
Fully-fledged organization under one roof



Intensive collaboration with key medical professionals worldwide



Swiss-made products at competitive prices



Best-in-class fracture fixation technology

Consolidated balance sheet

(CHF)	31 Dec 2018	31 Dec 2017
Assets		
Current assets:		
Cash & Cash equivalents	116'262'594	1'973'308
Accounts receivable trade	20'965'687	19'368'250
Accounts receivable other	3'059'692	1'323'939
Income tax receivables	2'744'249	3'217'140
Inventories	37'952'389	35'029'849
Prepaid expenses	1'741'834	1'153'080
Total current assets	182'726'444	62'065'566
Non-current assets:		
Property, plant and equipment	37'042'454	32'743'881
Intangible assets	9'201'408	8'368'814
Financial assets	1'090'363	1'005'637
Deferred tax assets	25'743'645	26'308'429
Total non-current assets	73'077'870	68'426'760
Total assets	255'804'314	130'492'326

Consolidated balance sheet

Liabilities and equity		
Current liabilities:		
Accounts payable trade	6'631'406	6'661'031
Accounts payable other	9'350'971	6'804'239
Income tax payables	580'546	3'537'923
Accrued expenses	1'624'537	1'259'973
Current financial debt and other financial liabilities	1'723'269	12'417'442
Provisions	266'276	628'405
Total current liabilities	20'177'005	31'309'014
Non-current liabilities:		
Financial debt and other non-current liabilities	1'654'647	62'161'179
Provisions	2'241'454	2'214'311
Employee benefit obligation	13'325'519	14'057'558
Deferred tax liabilities	172'702	3'711'994
Total non-current liabilities	17'394'322	82'145'042
Total liabilities	37'571'327	113'454'056
Shareholders' equity		
Issued share capital	2'348'201	1'457'897
Retained earnings	-39'765'125	-46'202'350
Capital Reserves	252'451'944	58'717'103
Currency translation adjustment	3'197'967	3'065'622
Total shareholder's equity	218'232'987	17'038'271
Total liabilities and equity	255'804'314	130'492'326