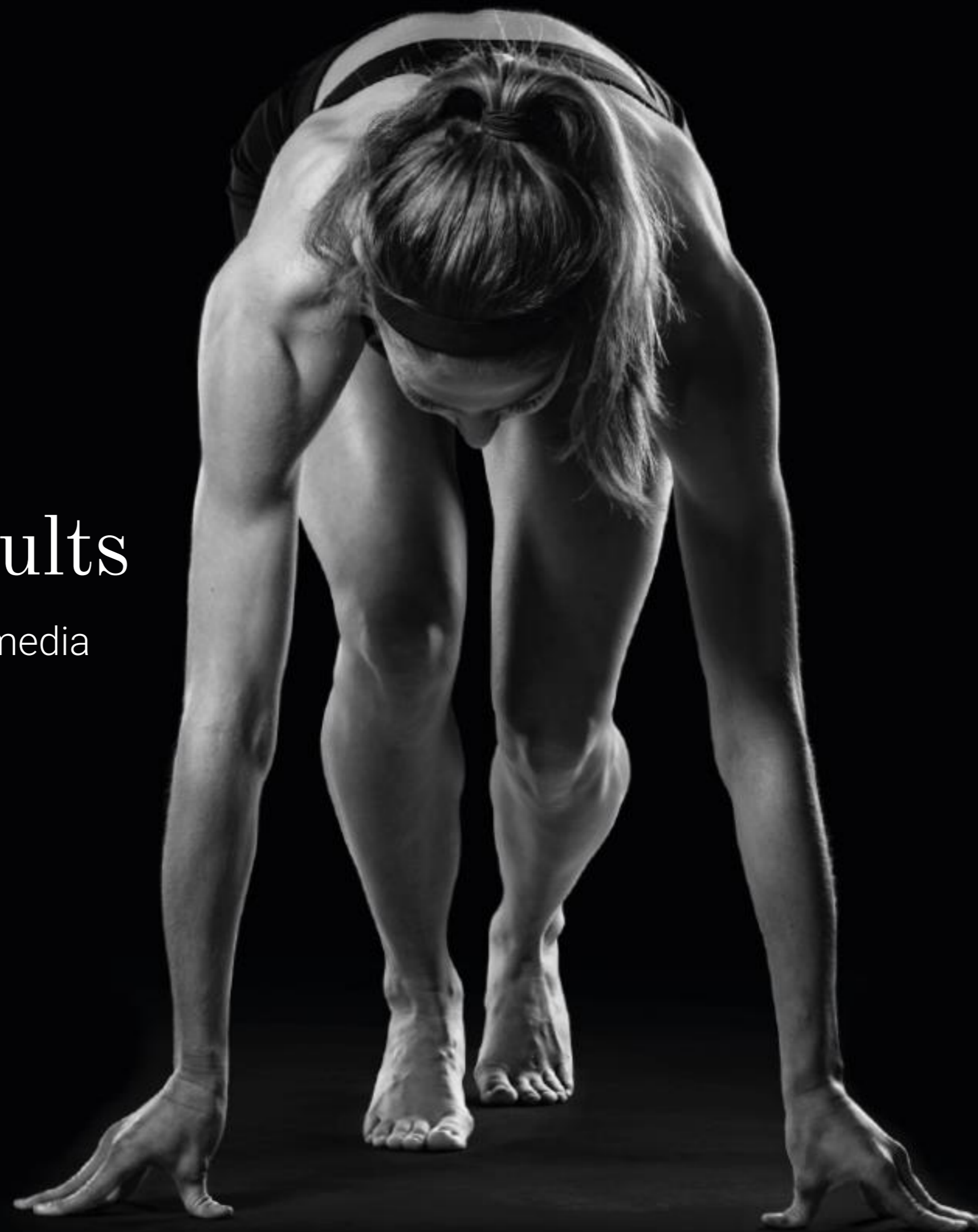


2019 | Half-Year Results

Presentation for investors, analysts and the media



Salome
Trainee, Medartis


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2019 Half-Year Highlights
Business Development and Priorities

Willi Miesch, Chief Executive Officer



2019 Half-Year Financials

Dominique Leutwyler, Chief Financial Officer

2019 | Half-Year Highlights



Simon
Polymechnik, Medartis

Key figures half-year 2019 vs half-year 2018

Sales in CHFm

64.5

+6% in CHF
+8% in local currencies

EBITDA in CHFm

8.7

13% EBITDA margin

Employees

588

+15%
78 new jobs added

2019 | Half-Year Financials



Markus
Head Sales China & Japan, Medartis

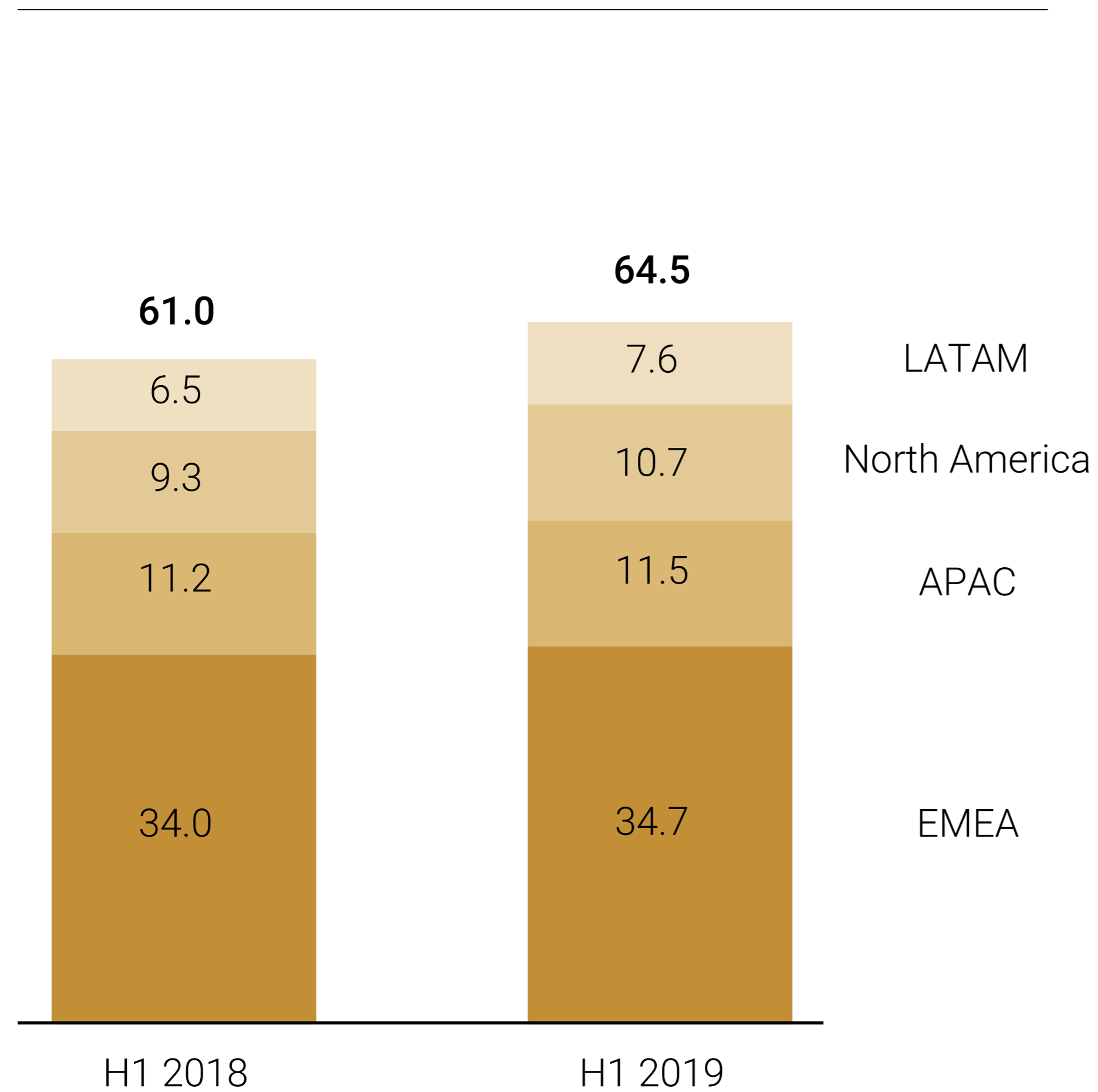
Consolidated financial statements

(CHF)	Unaudited H1 2019	Unaudited H1 2018
Net sales	64'478'879	61'035'215
Cost of goods sold	-10'444'987	-10'941'371
Gross profit	54'033'892	50'093'844
Selling and distribution	-33'698'806	-29'827'347
Administration	-10'436'110	-11'590'846
Research and development	-7'519'040	-6'862'733
Operating profit	2'379'935	1'812'918
Finance income	62'313	89'632
Finance expense	-1'998'855	-1'031'814
Income before taxes	443'394	870'737
Income tax income	221'921	311'094
Net income	665'315	1'181'831
Attributable to:		
Medartis shareholders	a) 665'315	1'181'831
Earnings per share (CHF):		
Basic earnings per share	0.06	0.12

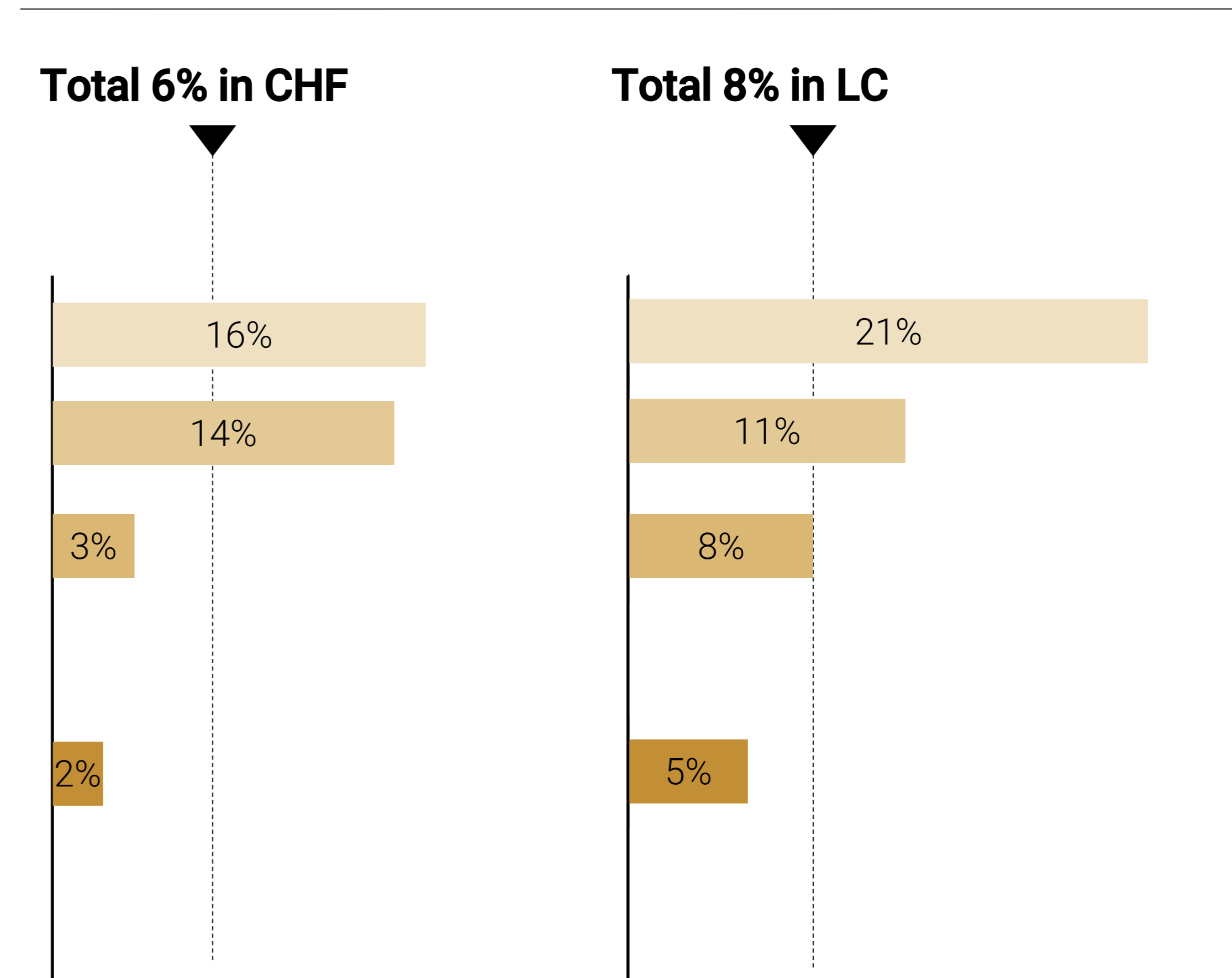
a) There is no dilution effect.

Regions half-year 2019 vs half-year 2018

Sales breakdown / regions in CHFm

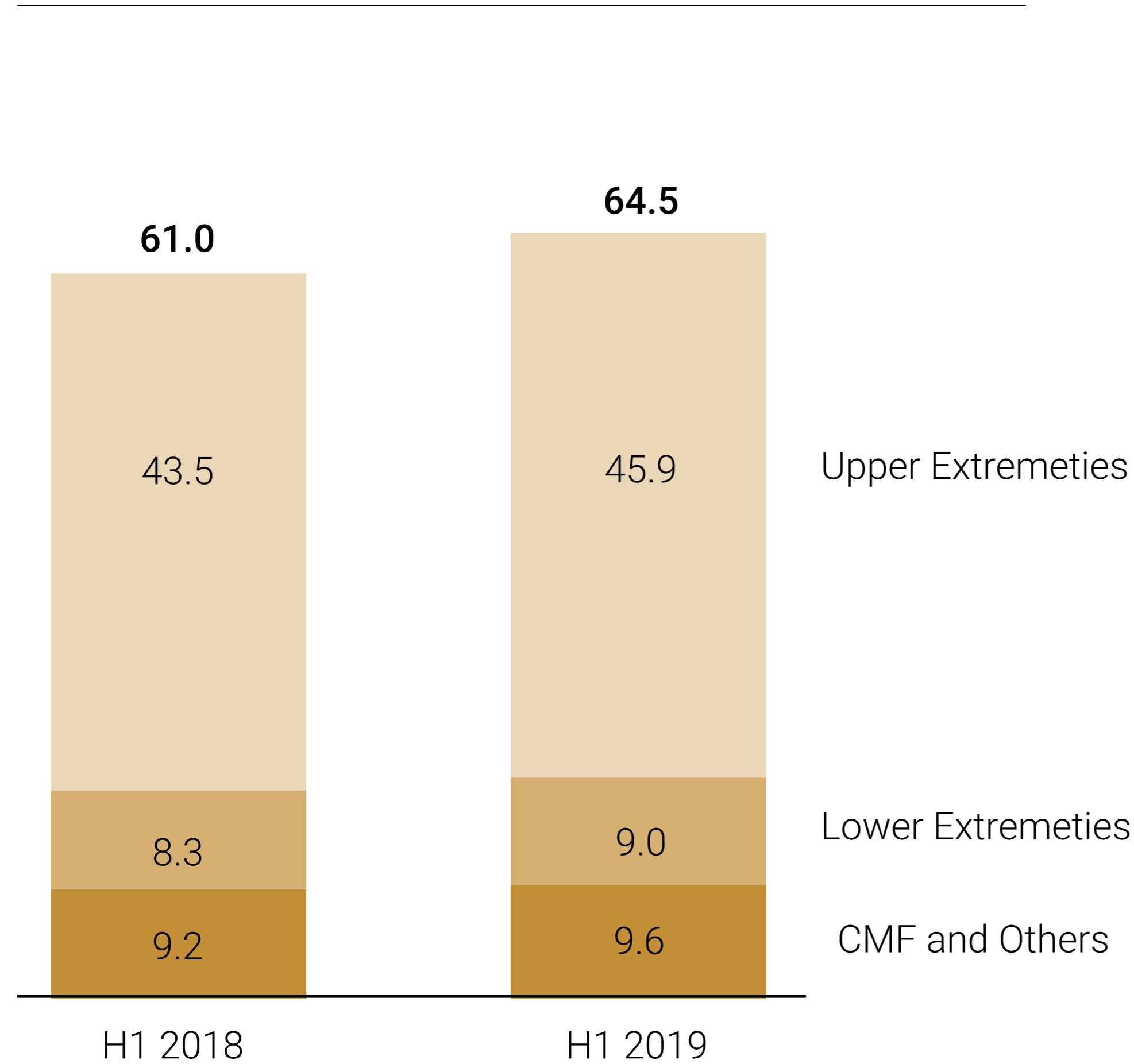


Growth / regions H1 2019 vs H1 2018

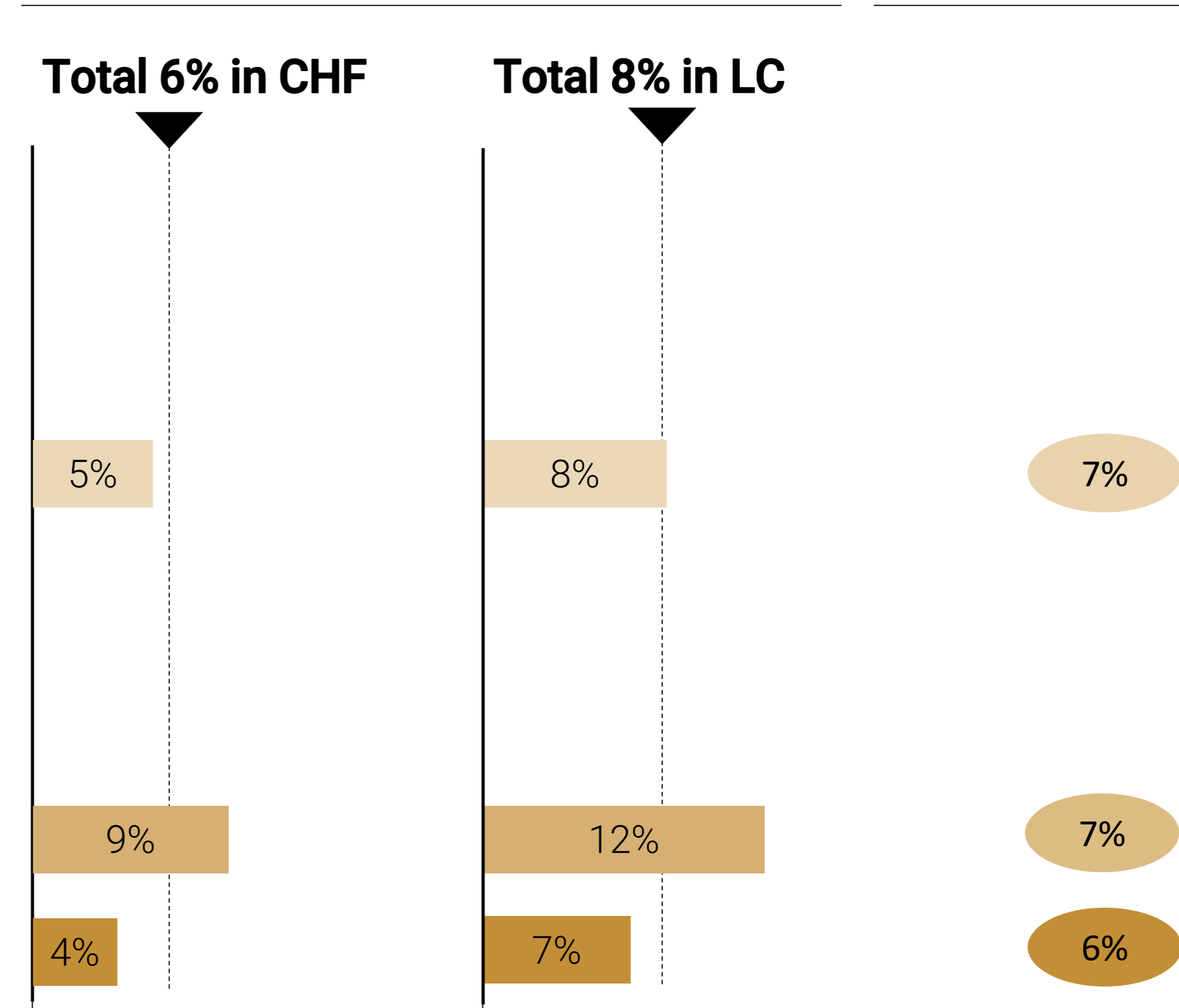


Business segments half-year 2019 vs half-year 2018

Sales breakdown / segments in CHFm



Growth / segments H1 2019 vs H1 2018

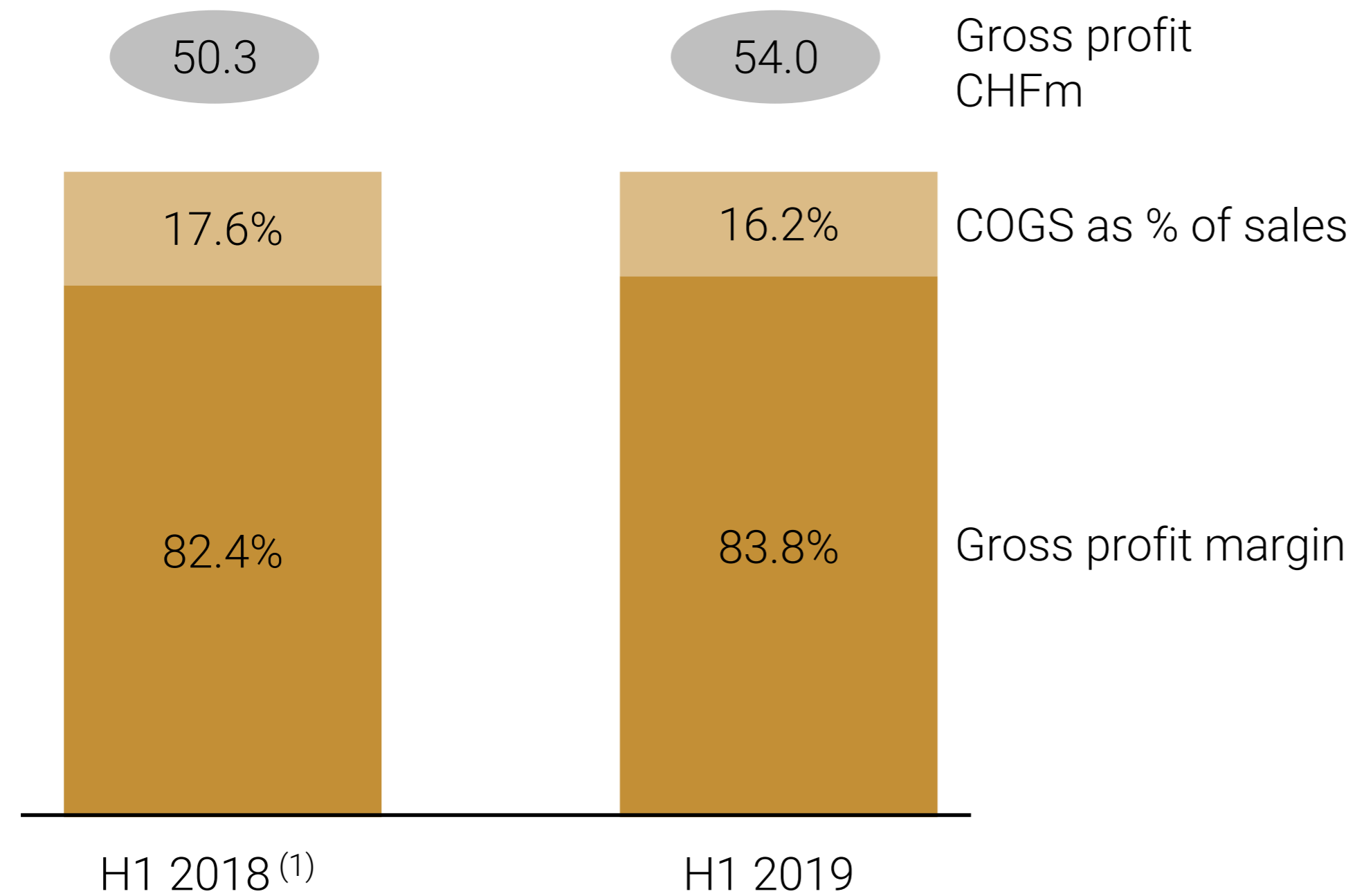


Market CAGR 2016 - 2022⁽¹⁾

(1) Source Technavio data

Gross margin half-year 2019 vs half-year 2018

Gross margin and COGS



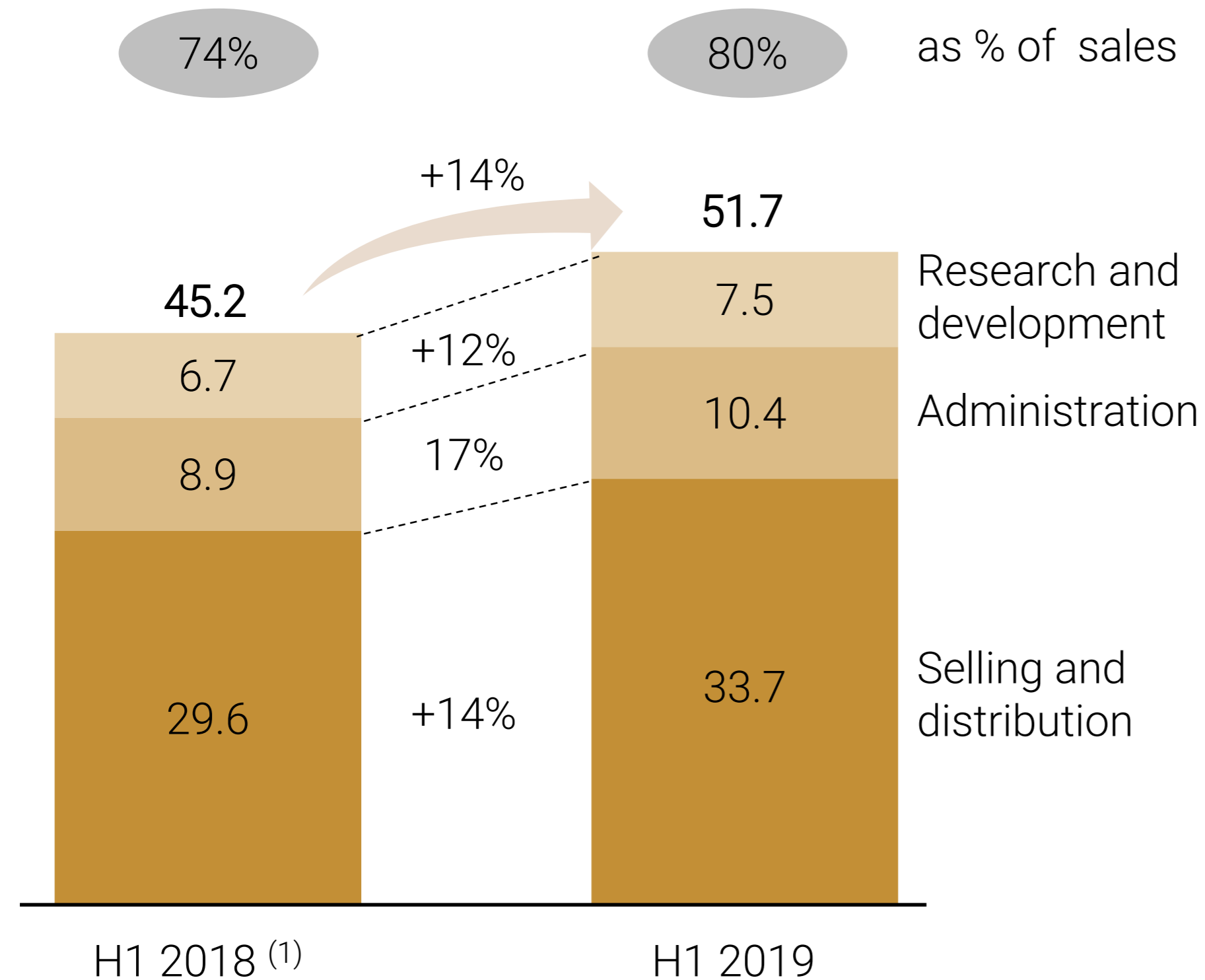
(1) Excl. capital market-related costs (IPO) of CHF 3.2 m in H1 2018

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

Operating Expenses half-year 2019 vs half-year 2018

Operating expenses in CHFm



(1) Excl. capital market-related costs (IPO) of CHF 3.2 m in H1 2018

Main Drivers

Research and development

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

Administration

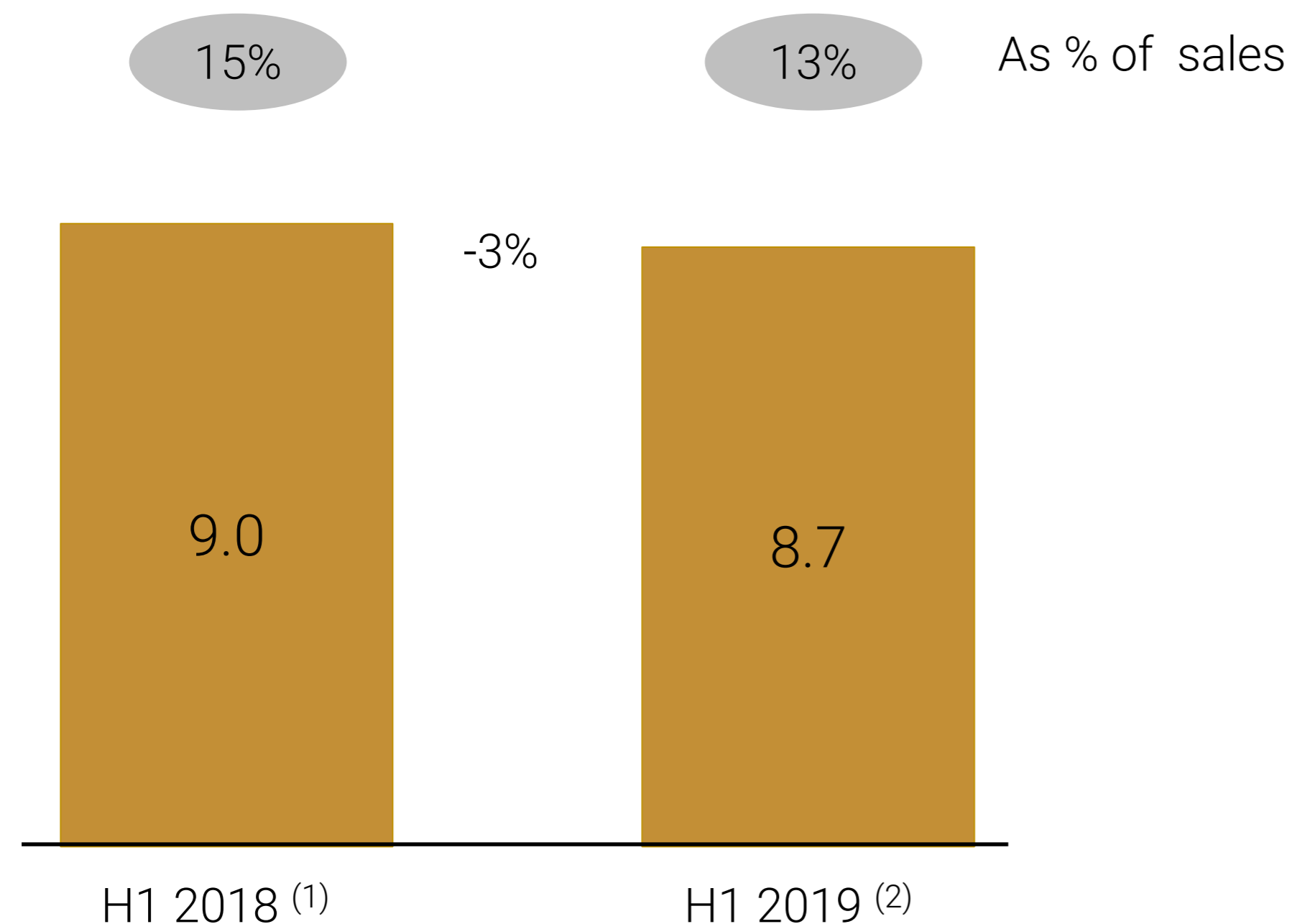
- 2% increase in personnel costs
- IT integration costs (Brazil)

Selling and distribution

- Overall strong investments in sales force
- Investments in Japan and China

Focus on OPEX alongside further business investments

EBITDA, in CHFm



(1) Excl. capital market-related costs (IPO) of CHF 3.2m in H1 2018

(2) Positive effect in H1 2019 of CHF 1.8m on EBITDA and 3 pp on EBITDA margin due to application of IFRS 16

Main drivers

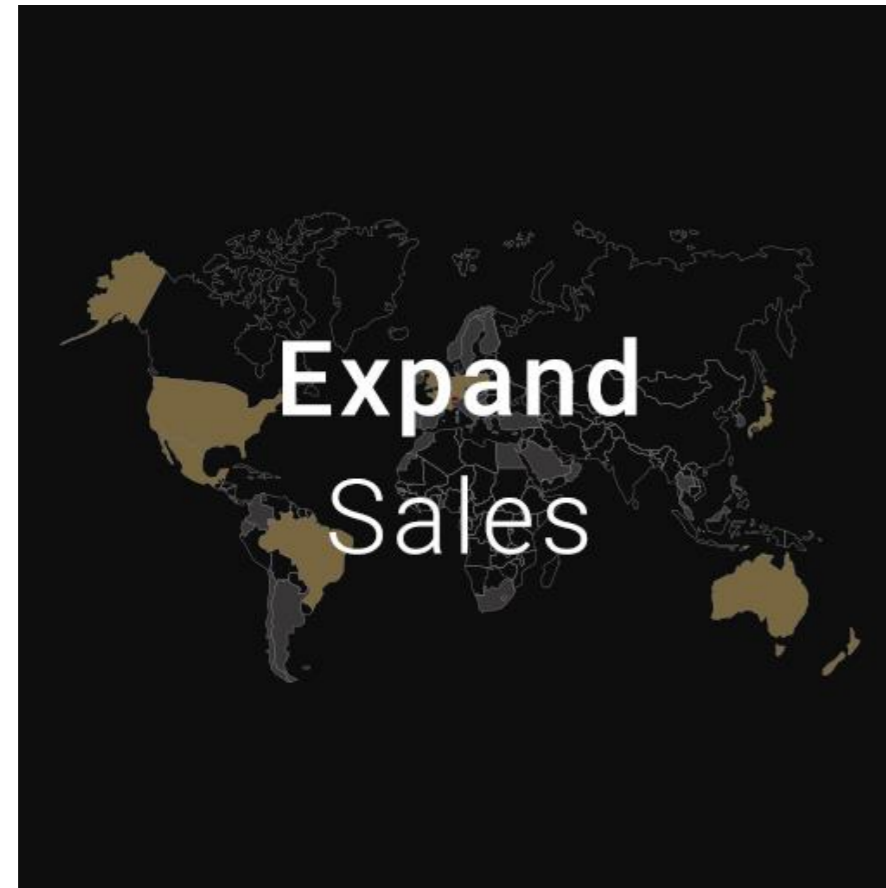
- Overall sales below expectations
 - Solid sales growth in subsidiaries and in Upper Extremity
 - Goals in LATAM, for certain European distributor markets and in Lower Extremities not achieved
- Suspension of certain planned expenses
- OPEX reflects growth strategy

Business Development and Priorities



Kylian
Project Manager Process Engineering, Medartis

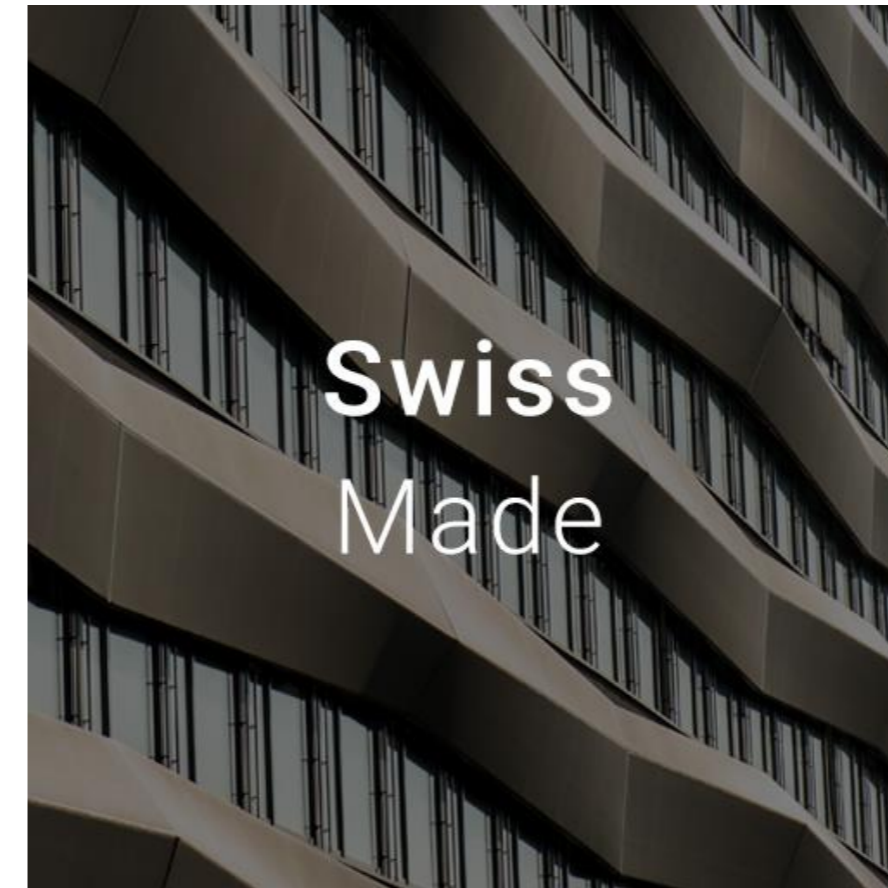
Becoming a global top 3 player in major small bone markets



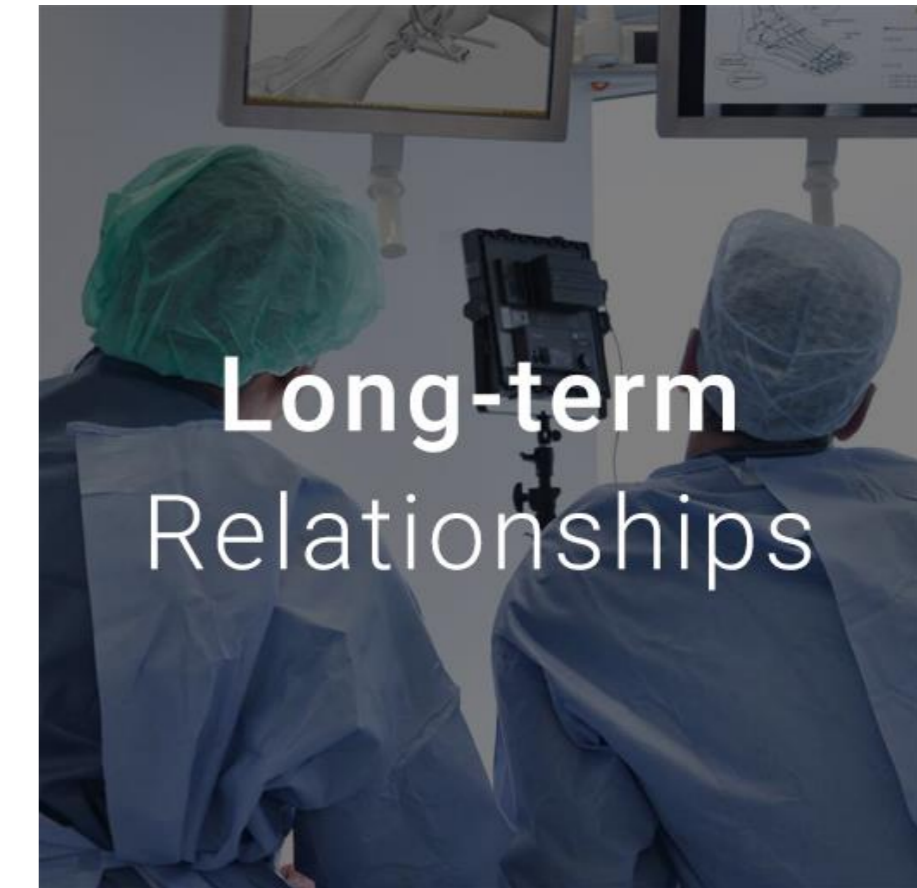
Expand sales and marketing efforts to increase revenues



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

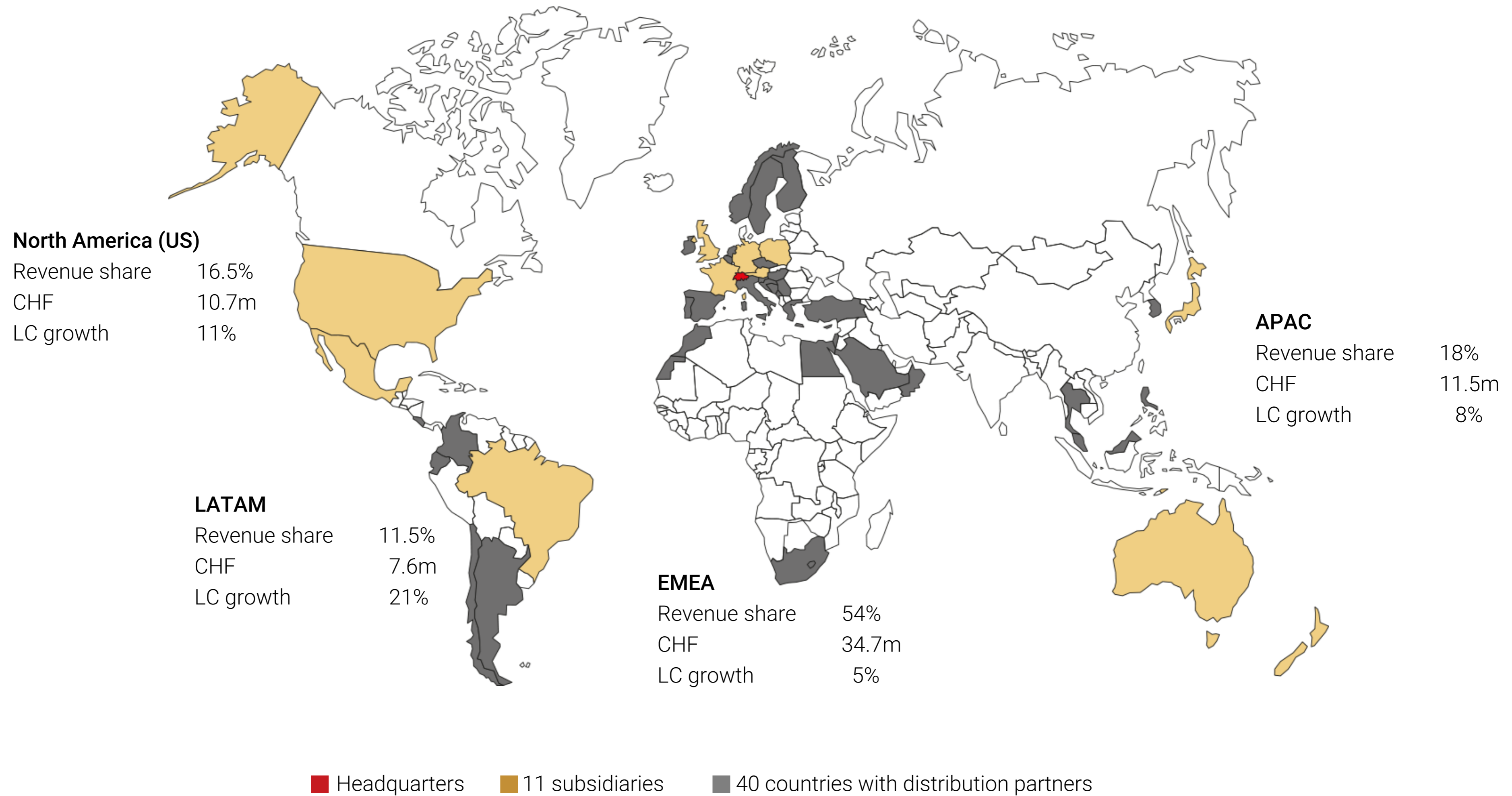


In-house manufacturing of Swiss-made quality products priced at competitive levels



Maintain and establish long-term relationships

Globally diversified business



Revenue share direct sales / distributor sales: 85% / 15%

EMEA

2019 half-year results

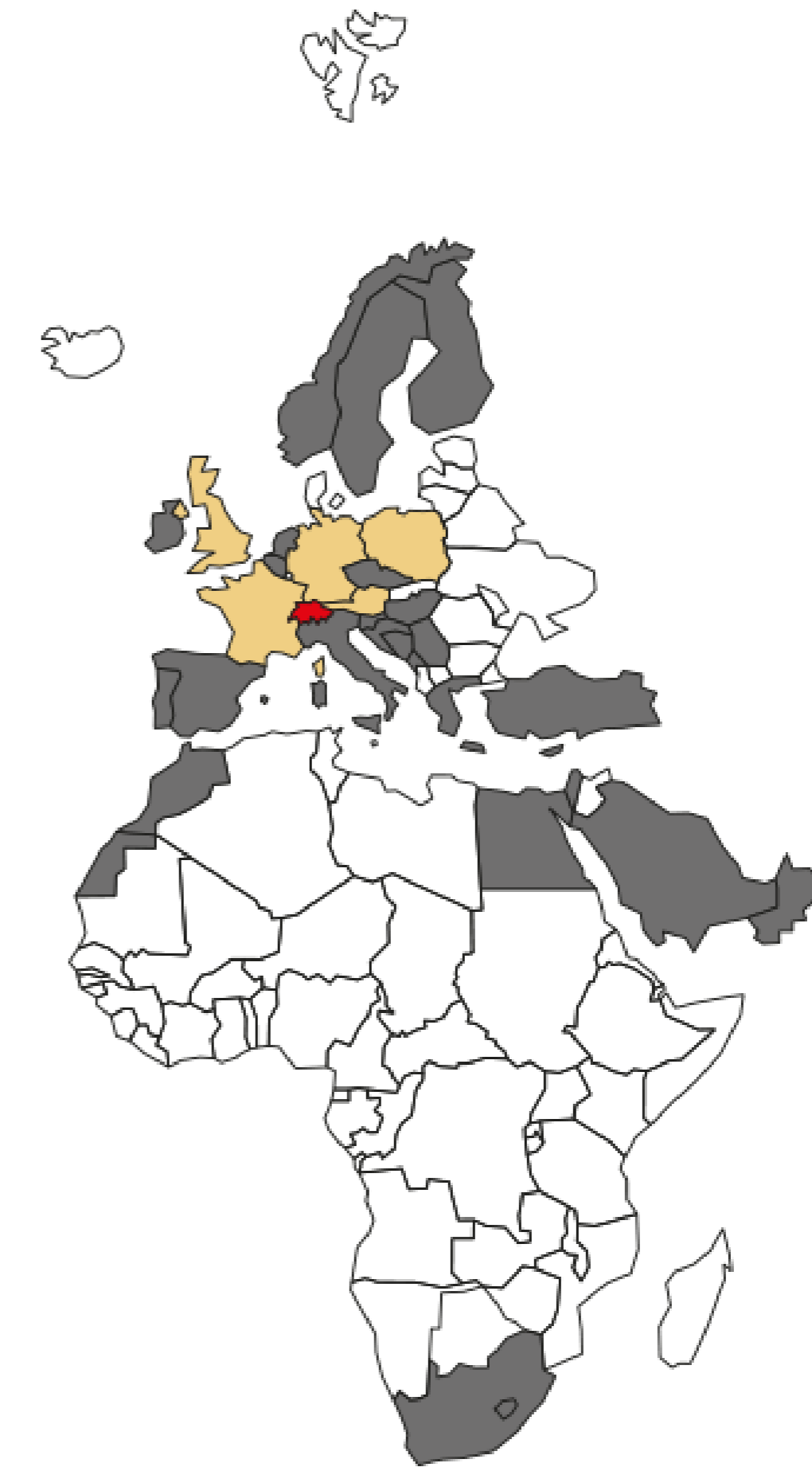
- CHF 34.7 million (+2% in CHF / +5% in local currencies)

Highlights and observations

- Ongoing solid growth of subsidiaries
- Business investments in distributor markets below expectations due to general market uncertainty in view of the introduction of the new European Medical Device Regulation (MDR)
- Implementation of MDR, which will come into force in the EU in May 2020, is on track

H2 2019 priorities

- Ongoing roll-out of shoulder system following market launch in Q4 2018
- Continue to implement MDR



■ Subsidiaries ■ Countries with distribution partners

North America

2019 half-year results

- CHF 10.7 million (+14% in CHF / +11% in local currency)

Highlights and observations

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

H2 2019 priorities

- Launch of wrist spanning plates for severe complex distal radius fractures as an alternative to external fixation planned in Q4
- Recruit and train qualified sales representatives



■ Subsidiary

APAC

2019 half-year results

- CHF 11.5 million (+3% in CHF / +8% in local currencies)

Highlights and observations

- Solid performance in Australia, but impacted by a country-wide reduction of all reimbursements in the healthcare sector by 7%
- In Japan distributor business in the upper extremities segment was below expectations due to more pronounced seasonal slowdown
- New subsidiary in Japan with first sales in the foot segment

H2 2019 priorities

- Continue to roll out lower extremity business at subsidiary in Japan
- Prepare market entry in China



LATAM

2019 half-year results

- CHF 7.6 million (+16% in CHF / +21% in local currencies)

Highlights and observations

- Region with strongest growth momentum in H1 2019
- Persistently challenging market environment in the first half of the year
- Subsidiary in Brazil showed significant growth of 45% in local currency, but remained below expectations
- Subsidiary in Mexico recorded increased growth, but not yet in line with expectations

H2 2019 priorities

- Further expand presence in Brazil with own sales forces



■ Subsidiaries ■ Countries with distribution partners

Upper extremities

2019 half-year results

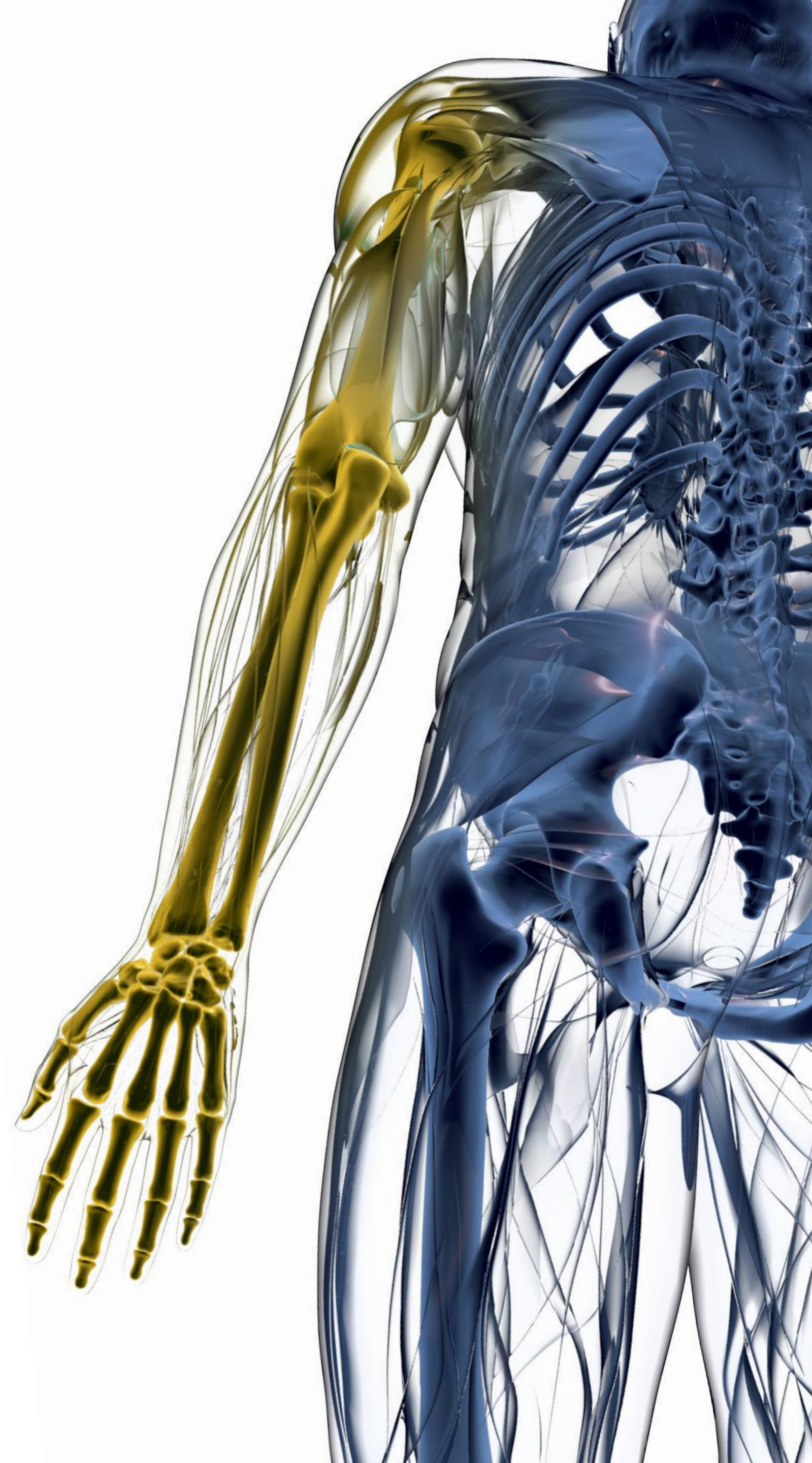
- CHF 45.9 million (+5% in CHF / +8% in local currencies)

Highlights and observations

- Hand and wrist continued previous growth path
- Shoulder system shows first positive, although still modest, growth momentum
- H1 2019 results impacted by restrained investments by some distributors in Europe

H2 2019 priorities

- Use strong position and network in EMEA to support further international growth (i.e. education, design groups)
- Expand professional relationships with leading universities and associations for shoulder



Lower Extremities

2019 half-year results

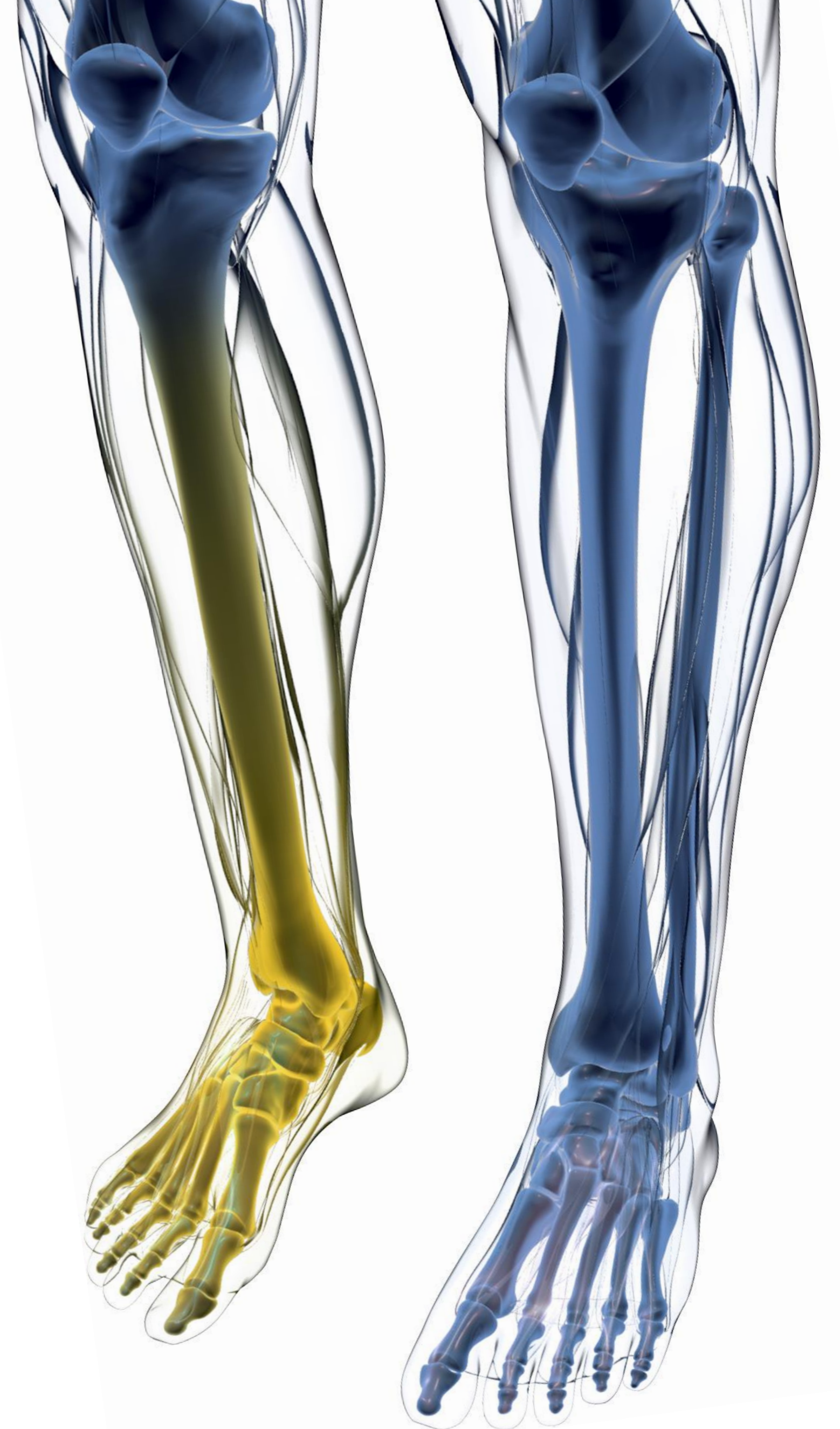
- CHF 9.0 million (+9% in CHF / +12% in local currencies)

Highlights and observations

- Growth below expectations, also reflecting larger initial distributor investments in H1 2018
- Strong international KOL group to help build and grow the business
- Strengthened subsidiaries with foot specialists

H2 2019 priorities

- Build strong educational programs for surgeons together with scientific partner IBRA
- Increase networking with foot and ankle societies
- Focus on further strengthening sales activities and gradually rounding out product range in the coming years



CMF and Others

2019 half-year results

- CHF 9.6 million (+4% in CHF / +7% in local currencies)

Highlights and observations

- Solid growth in CMF
- Restrained distributor investments due to planned introduction of new CMF product line in 2020

H2 2019 priorities

- Further develop next CMF generation, launch expected in 2020



Summary and outlook

2019 first half-year performance

- Further solid growth compared to the market in the first half of 2019, albeit lower than expected
- Continued investments in expanding market position and portfolio
- Solid profitability with EBITDA margin of 13%

2019 full-year outlook

- Sales growth in local currencies of 8-10%
- EBITDA margin on par with the first half of the year

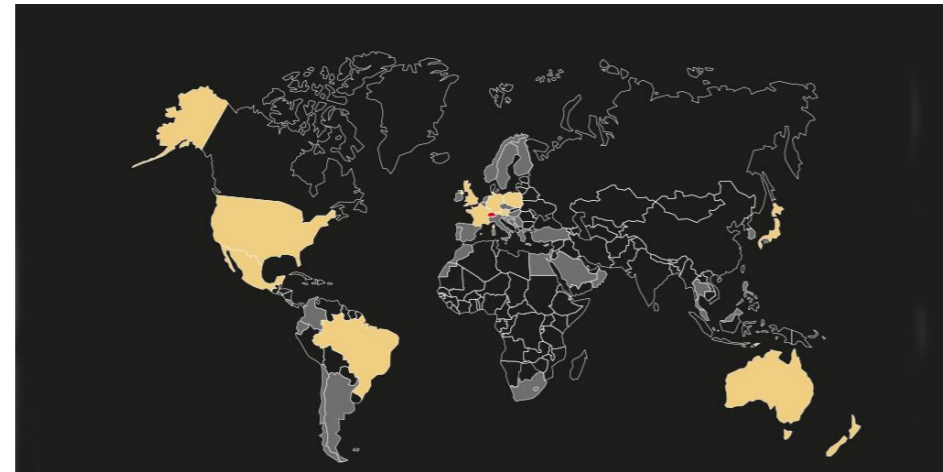
Cashflow will be reinvested to drive further growth

Appendix



Ruth
Post-Market Surveillance Manager, Medartis

Medartis success factors



Accelerating global roll-out and momentum



Disciplined capital management and strong financial profile



Entrepreneurial management and experienced team of employees



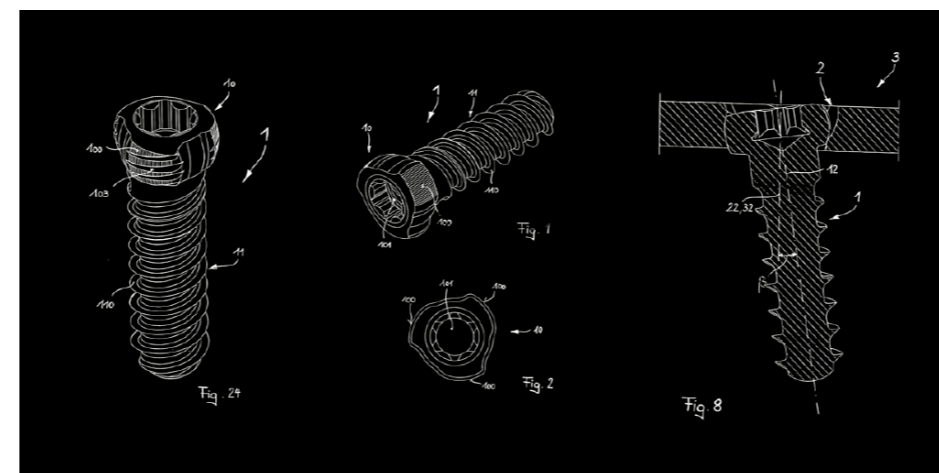
Fully-fledged organization under one roof



Intensive collaboration with key medical professionals worldwide



Swiss-made products at competitive prices



Best-in-class fracture fixation technology

Consolidated balance sheet

(CHF)	Unaudited 30 June 2019	Audited 31 Dec 2018
Assets		
Current assets:		
Cash & Cash equivalents	105'443'369	116'262'594
Accounts receivable trade	24'328'697	20'965'687
Accounts receivable other	4'002'127	3'059'692
Income tax receivables	1'343'070	2'744'249
Inventories	40'828'641	37'952'389
Prepaid expenses	1'445'112	1'741'834
Total current assets	177'391'015	182'726'444
Non-current assets:		
Property, plant and equipment	65'845'694	37'042'454
Intangible assets	10'608'655	9'201'408
Financial assets	846'384	1'090'363
Deferred tax assets	26'448'375	25'743'645
Total non-current assets	103'749'108	73'077'870
Total assets	281'140'123	255'804'314

Consolidated balance sheet

Liabilities and equity

Current liabilities:

Accounts payable trade	5'674'441	6'631'406
Accounts payable other	9'755'118	9'350'971
Income tax payables	373'335	580'546
Accrued expenses	1'633'061	1'624'537
Current financial debt and other financial liabilities	4'212'623	1'723'269
Provisions	298'728	266'276
Total current liabilities	21'947'305	20'177'005

Non-current liabilities:

Financial debt and other non-current liabilities	24'123'712	1'654'647
Provisions	2'176'290	2'241'454
Employee benefit obligation	16'192'754	13'325'519
Deferred tax liabilities	91'728	172'702
Total non-current liabilities	42'584'484	17'394'322

Total liabilities	64'531'790	37'571'327
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Shareholders' equity

Issued share capital	2'348'201	2'348'201
Retained earnings	-41'451'338	-39'765'125
Capital Reserves	252'451'944	252'451'944
Currency translation adjustment	3'259'527	3'197'967

Total shareholder's equity	216'608'334	218'232'987
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Total liabilities and equity	281'140'123	255'804'314
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