

# Swiss Equity Conference

05.11.2020

# Welcome!



Salome Lang | Basel athlete of the year 2017 and Medartis Trainee

# Disclaimer

This presentation is not an offer to sell or a solicitation of offers to purchase or subscribe for shares of Medartis Holding AG, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. This presentation is not an offering or listing prospectus within the meaning of Article 35 et seq. of the Swiss Financial Services Act, the listing rules of the SIX Swiss Exchange AG or any other applicable laws. Copies of this presentation may not be sent to countries, or distributed in or sent from countries, in which this is barred or prohibited by law. This document is not a prospectus or a prospectus equivalent document and investors should not subscribe for or purchase any securities referred to in this document. This document does not constitute a recommendation regarding the shares.

This presentation contains specific forward-looking statements, beliefs or opinions, including statements with respect to the product pipelines, potential benefits of product candidates and objectives, estimated market sizes and opportunities as well as the milestone potential under existing collaboration agreements, which are based on current beliefs, expectations and projections about future events, e.g. statements including terms like “potential”, “believe”, “assume”, “expect”, “fore-cast”, “project”, “may”, “could”, “might”, “will” or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of Medartis Holding AG and investments and those explicitly or implicitly presumed in these statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these statements and forecasts. Past performance of Medartis Holding AG cannot be relied on as a guide to future performance. Forward-looking statements speak only as of the date of this presentation and Medartis Holding AG, its directors, officers, employees, agents, counsel and advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward looking statements in this presentation. No statement in this document or any related materials or given at this presentation is intended as a profit forecast or a profit estimate and no statement in this document or any related materials or given at this presentation should be interpreted to mean that earnings per share for the current or future financial periods would necessarily match or exceed historical published earnings per share. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

Unless stated otherwise the information provided in this presentation are based on company in-formation. This presentation is intended to provide a general overview of Medartis Holding AG’s business and does not purport to deal with all aspects and details regarding Medartis Holding AG. Accordingly, neither Medartis Holding AG nor any of its directors, officers, employees, agents, counsel or advisers nor any other person makes any representation or warranty, express or implied, as to, and accordingly no reliance should be placed on, the accuracy or completeness of the information contained in the presentation or of the views given or implied. Neither Medartis Holding AG nor any of its directors, officers, employees, agents, counsel or advisers nor any other person shall have any liability whatsoever for any errors or omissions or any loss howsoever arising, directly or indirectly, from any use of this information or its contents or otherwise arising in connection therewith.

The material contained in this presentation reflects current legislation and the business and financial affairs of Medartis Holding AG which are subject to change and audit.

# Medartis business, Focus & Priorities



The aim of our doing is restoring patients' quality of life



- Accidents
- Injuries
- Malpositions



- Restore anatomical conditions
- Stable fixation
- Early active mobilization



- Return to everyday life
- No physical restrictions
- Long-term freedom from pain



# Company overview

Medartis: Specializes in technical high-precision implant systems for surgical fixation of bone fractures and osteotomies

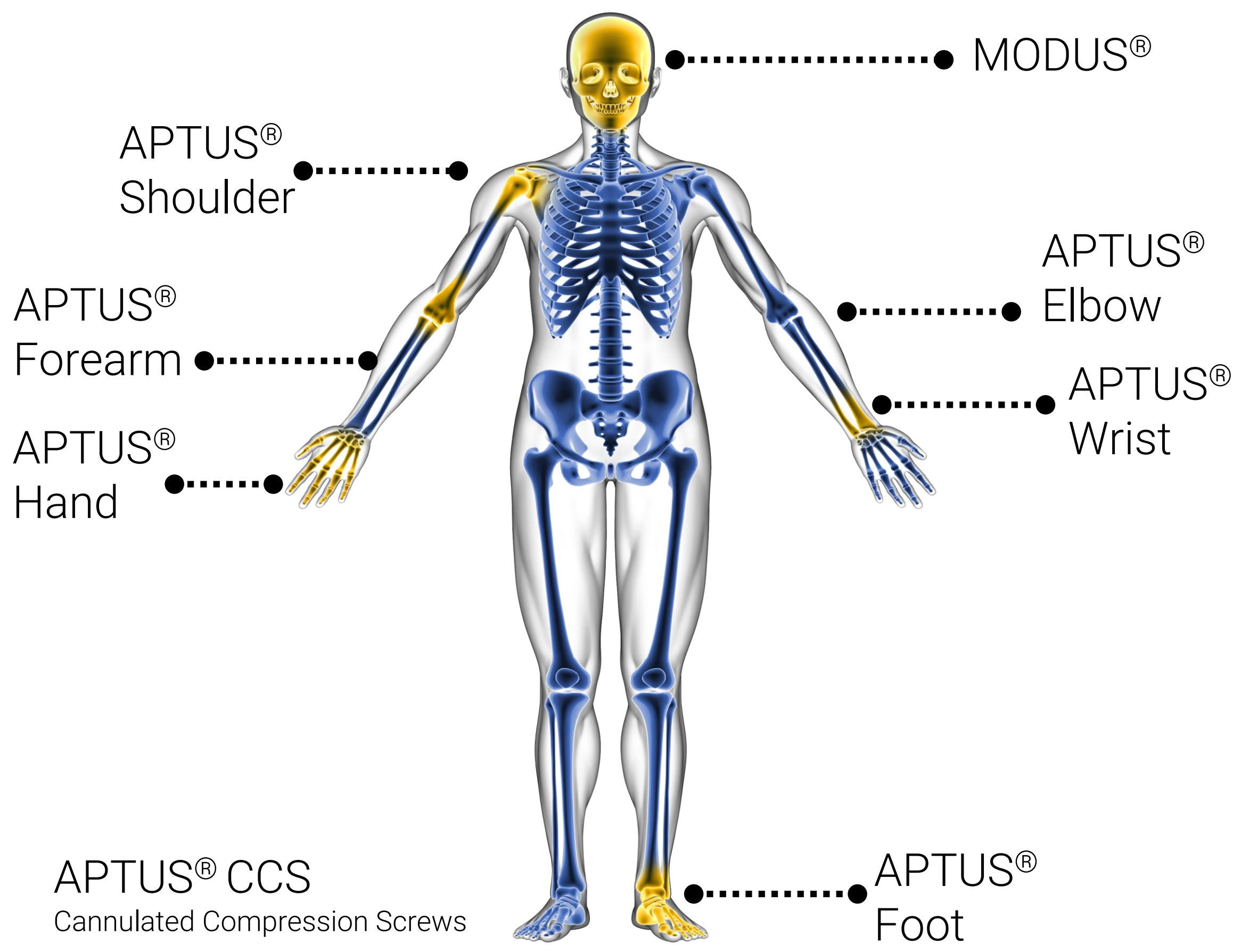
Founded: 1997

Headquarters: Basel, Switzerland

Subsidiaries: Germany, Austria, France, UK, Poland, USA, Mexico, Brazil, Australia New Zealand, Japan, China

Distributors: Europe, Asia, Latin America, Africa

Employees: 629

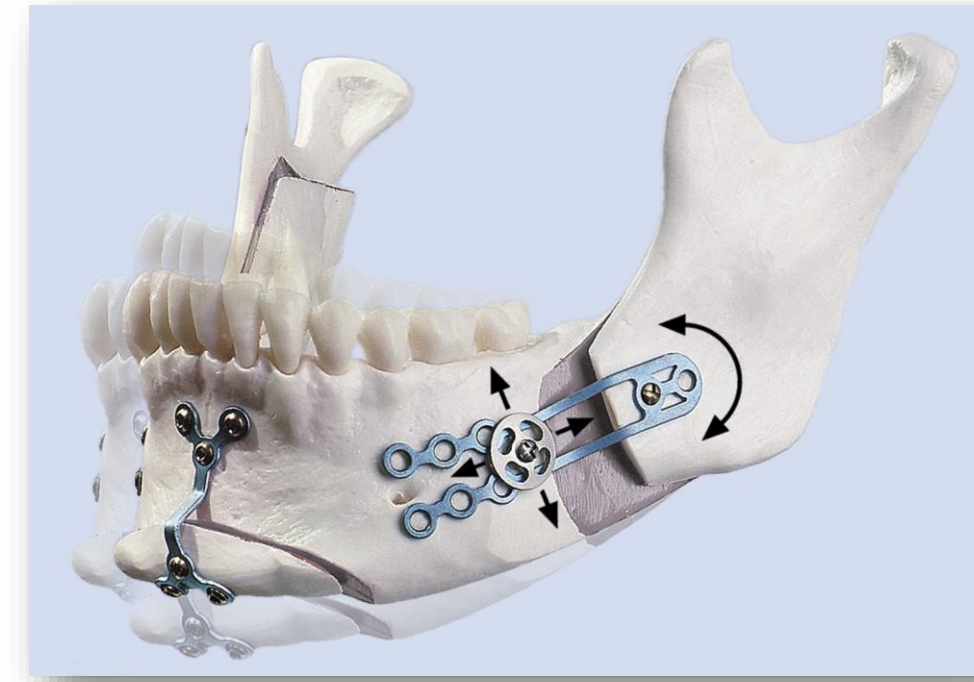




# Osteosynthesis DNA inherited from Institut Straumann

## medartis®

- Founded in 1997, takeover of a small independent CranioMaxilloFacial (CMF) unit in Freiburg, Germany
- Focus on CMF in the first years
- Originally planned as second leg of Straumann Dental
- Separated in context of Straumann Dental's IPO to keep the group focused on dental
- Entry in Upper Extremity field in 2004 and Lower Extremity field in 2010



### 1954 Founding of Institut Straumann AG

Prof. Dr. Reinhard Straumann

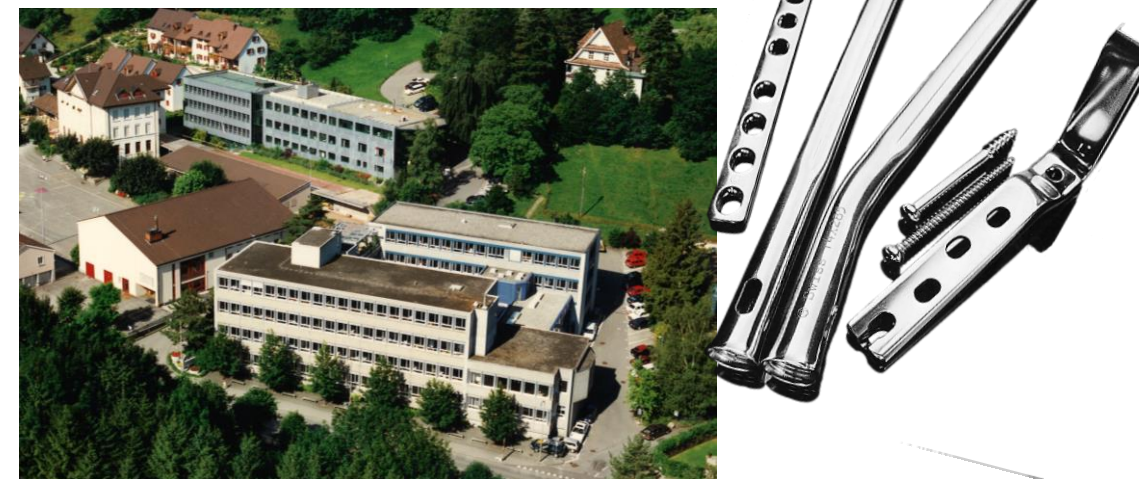


R&D in metallurgy and physics  
Innovation: world's best watch spring



### 1960 Synthesis of metallurgy and medicine

Dr. h.c. Fritz Straumann



Global R&D, manufacturer and distributor AO/Synthes  
Innovation: world's first medical grade stainless steel



### 1990 Spin off dental division of Straumann AG

Dr. h.c. Thomas Straumann

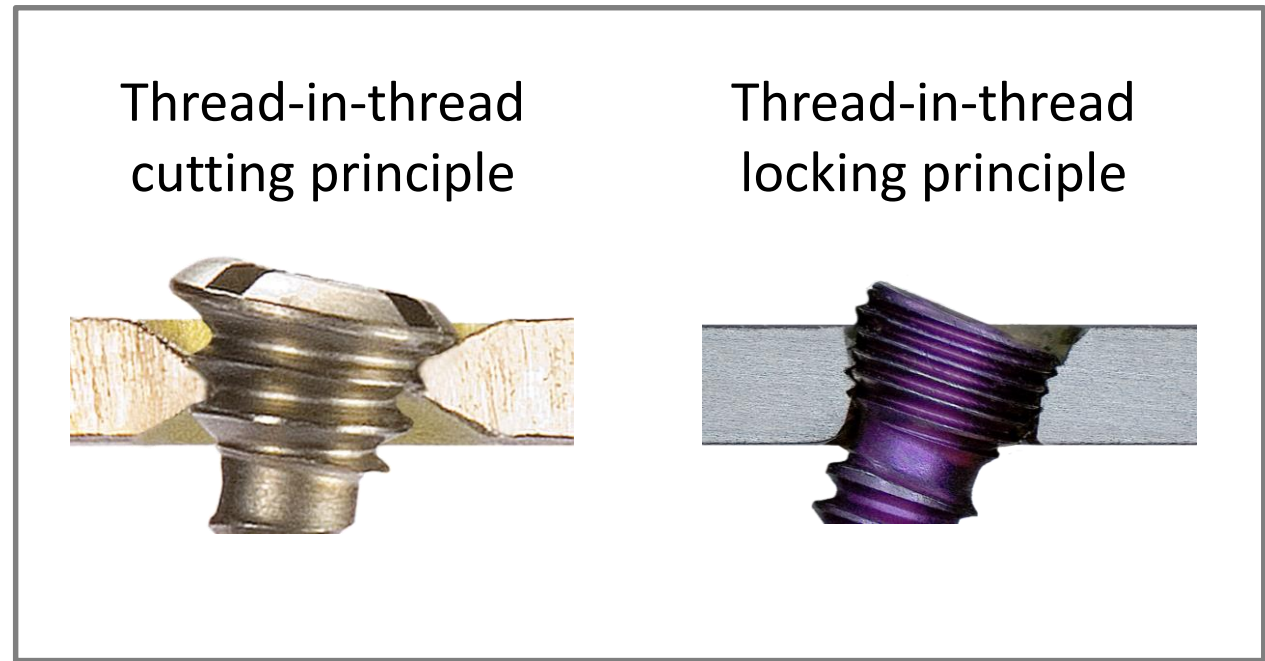


Worldwide No.1 in dental implant market  
Founded 1990, actually 5'000 employees worldwide

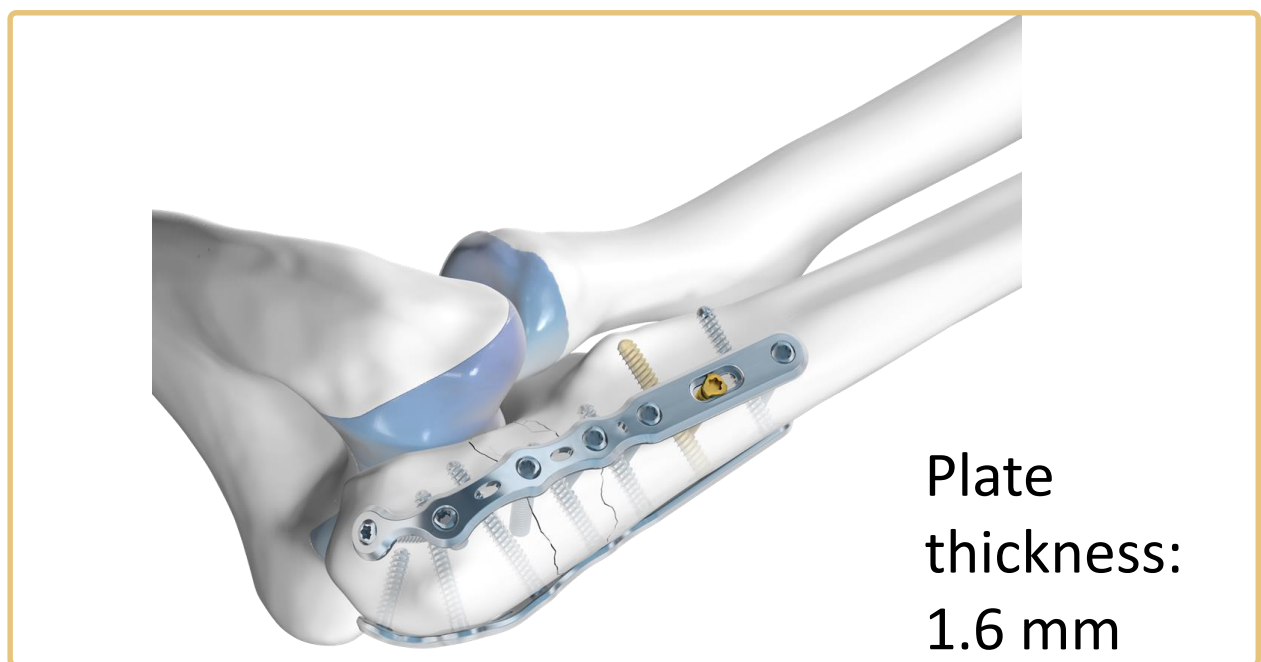
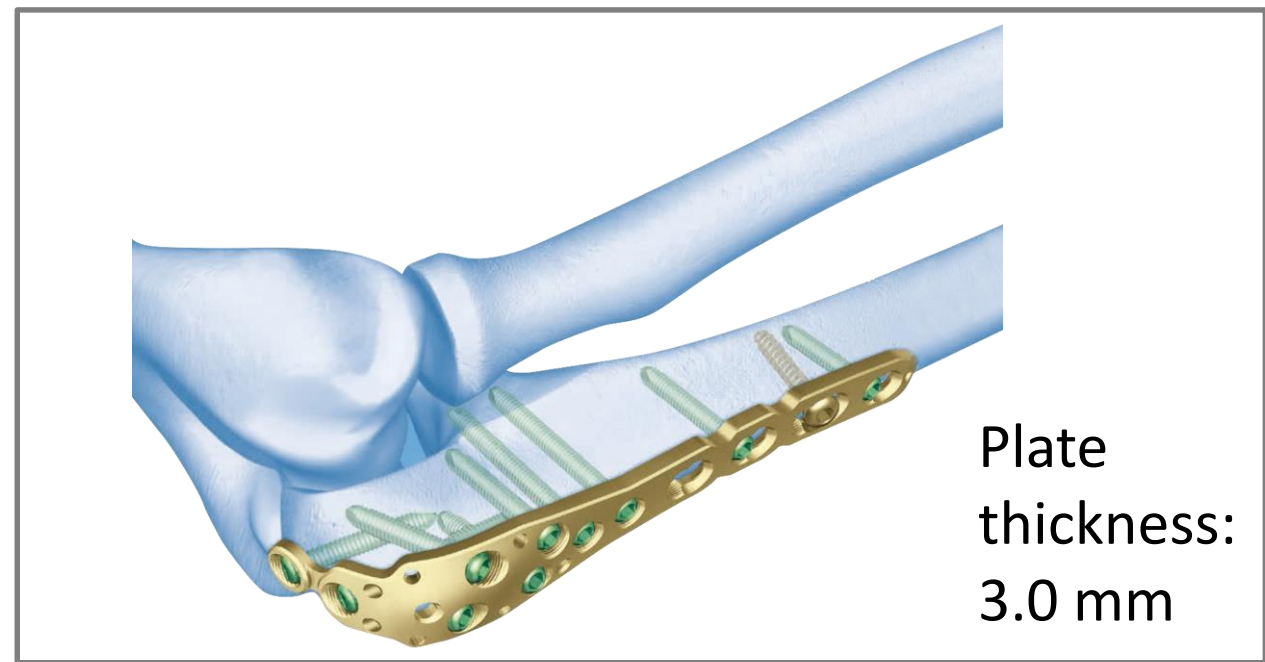
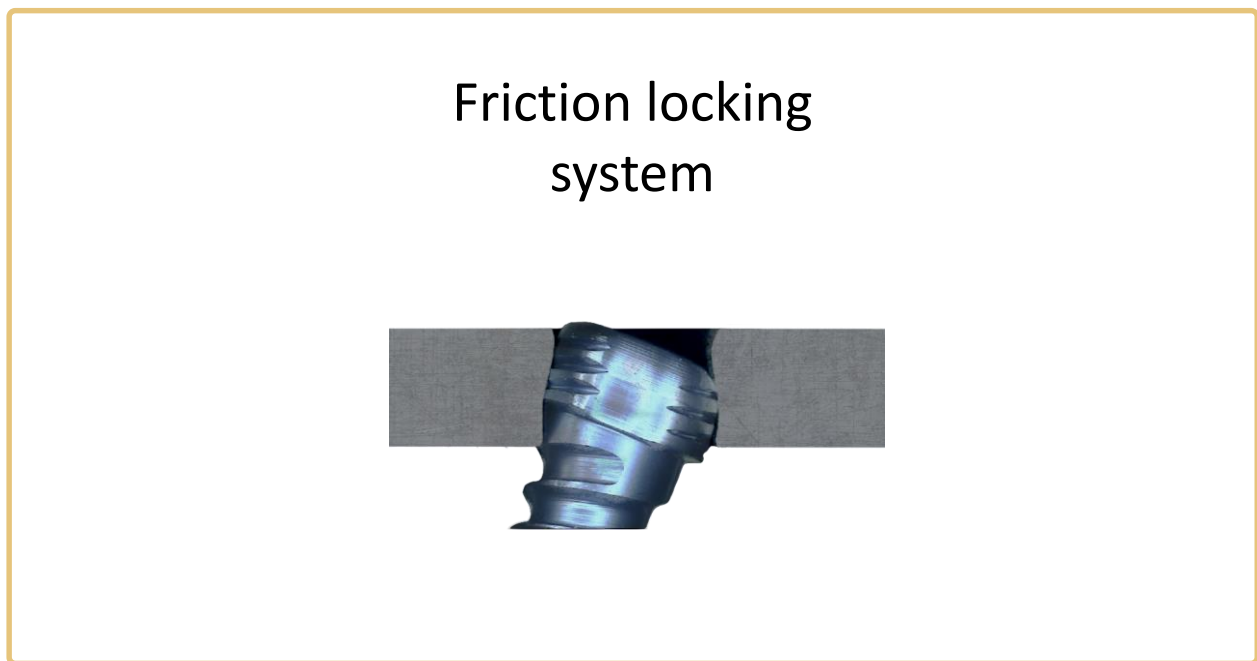


# Innovation DNA - Medartis differentiated technologies

Competitors



medartis®  
PRECISION IN FIXATION



TriLock®  
1<sup>st</sup> and only polyaxial two-part friction locking system

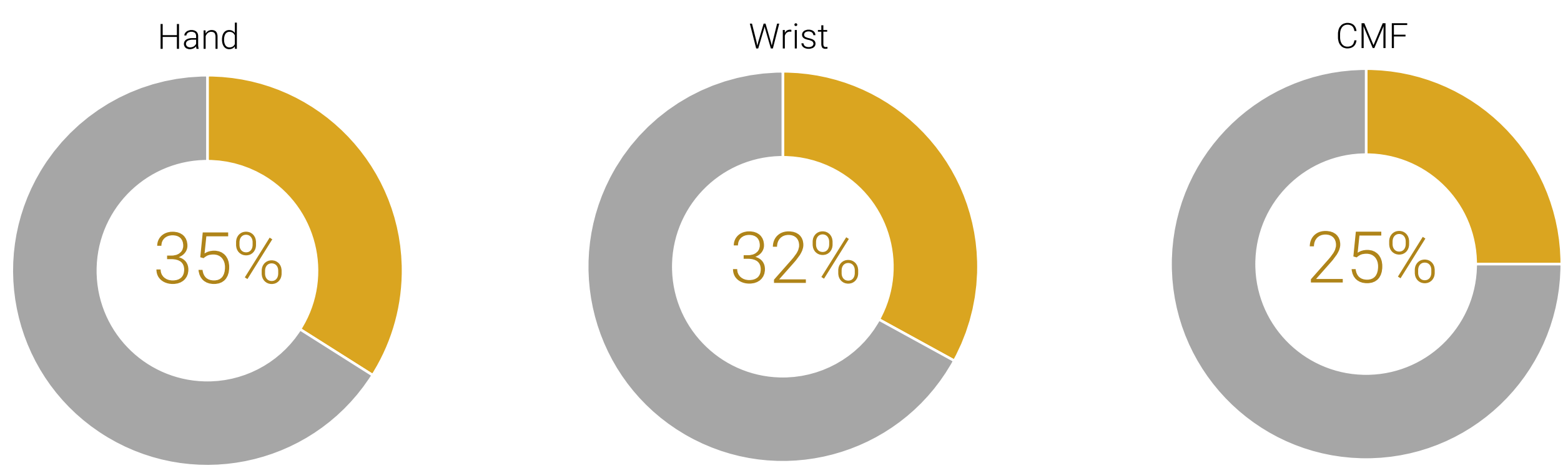
Anatomically adapted plates  
1<sup>st</sup> new surgical olecranon double plating approach

*As innovation leader, Medartis is ready for future market requirements*

# Number 1 position in the highly competitive German market



Market share Medartis 2016<sup>1</sup>



*Number 1 or Number 2 market position wrist in Switzerland, Austria, France and Australia*

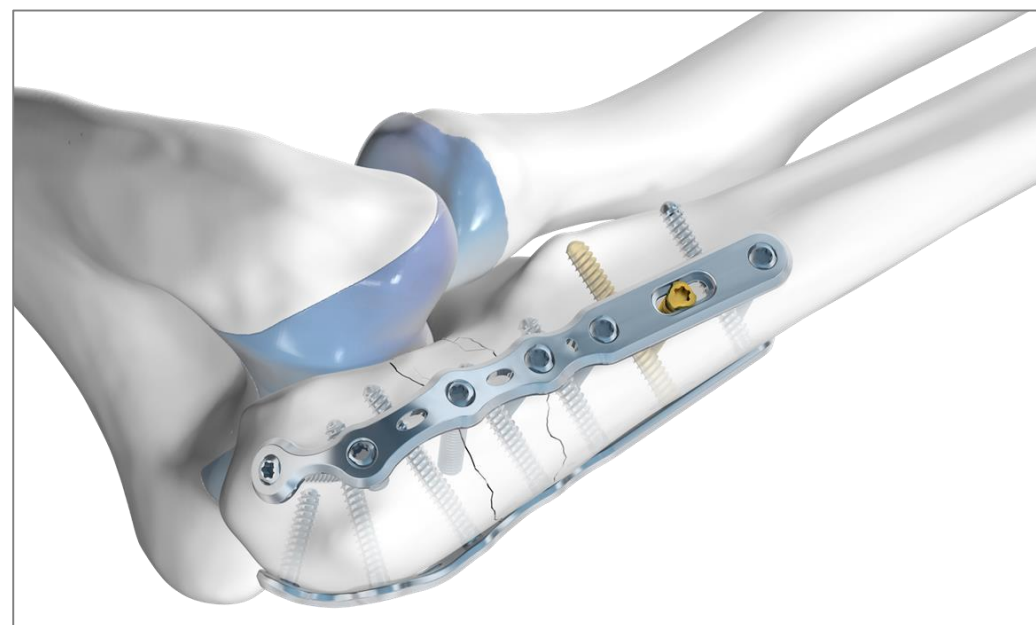


# We keep executing our strategy

## Attractive market



Growing market with new clinical needs requiring innovation

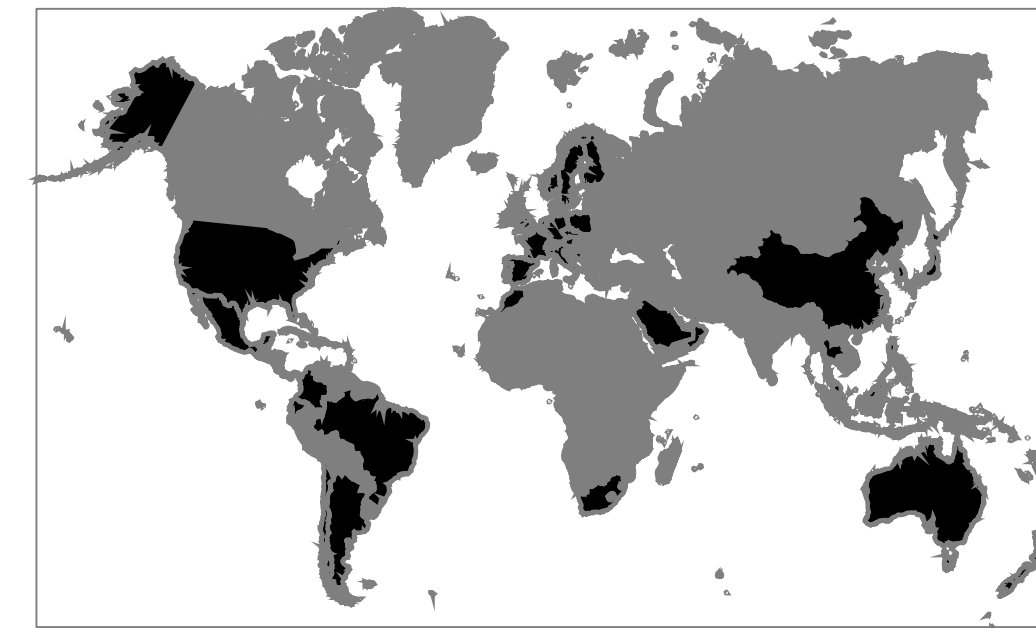


Well positioned to fill prevailing innovation gap

## Clear priorities



Enhance sales focus addressing regional needs

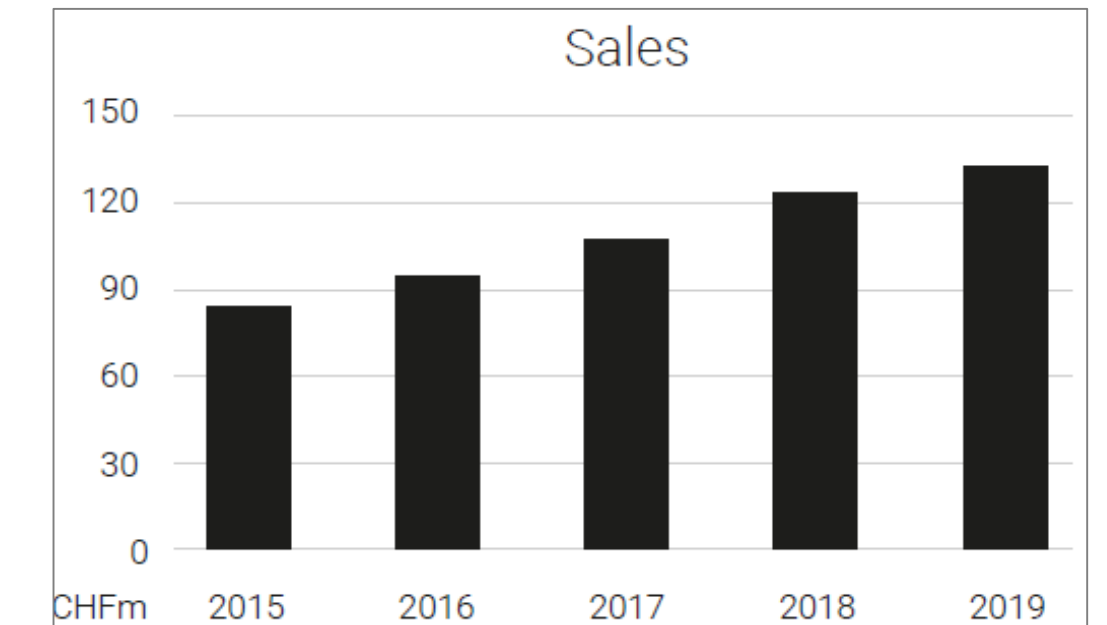


Top priority to build-up US business



Accelerate innovation pipeline and time to market

## Ambitious goals



Accelerate sales and margin growth



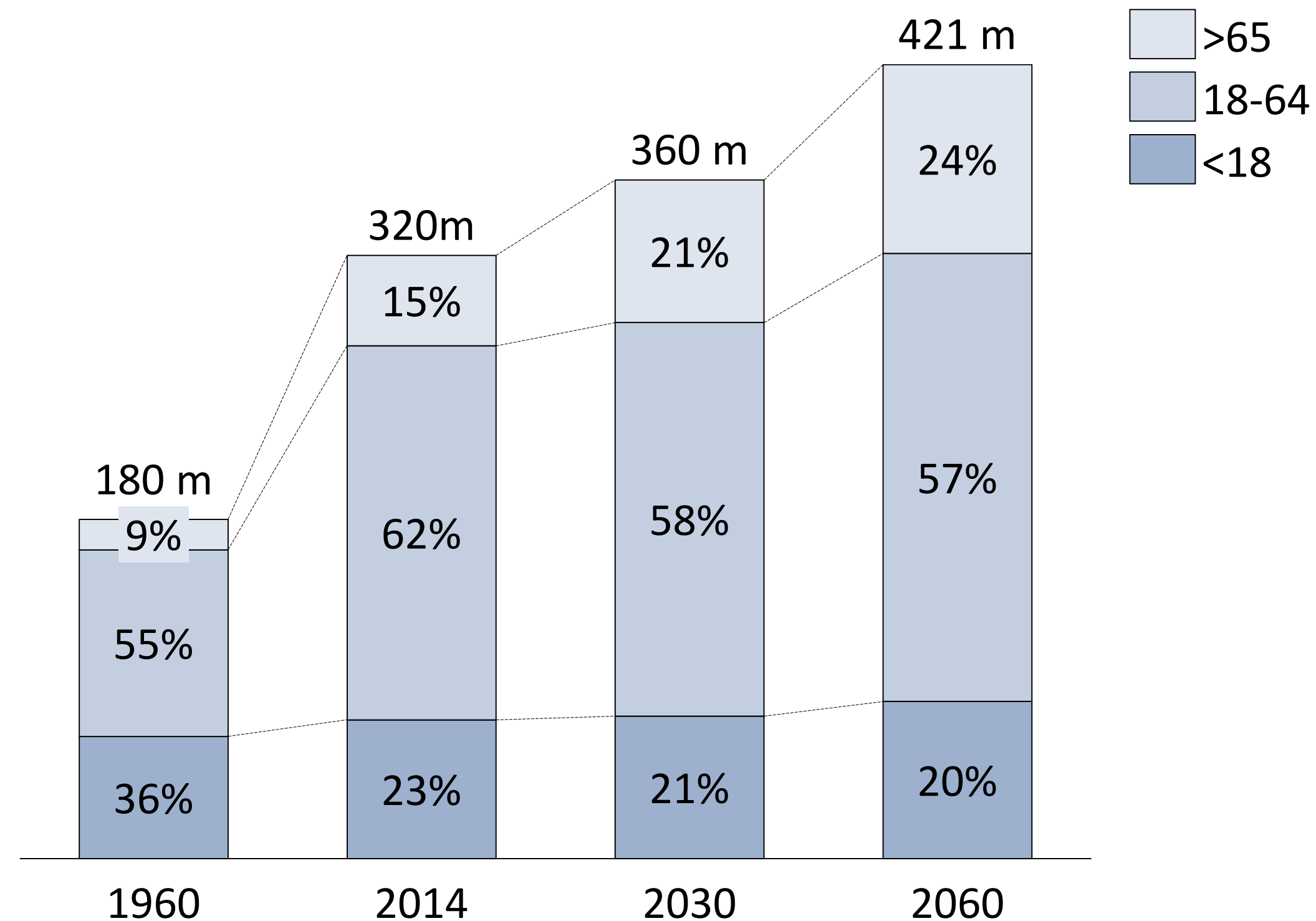
Become innovation leader in global extremities





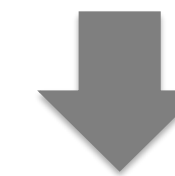
# Medartis operates in a growing market with new clinical needs

## Growing and ageing population, example US<sup>(1)</sup>



## Main drivers

- Growing, ageing and more active population leading to increase in trauma incidents
  - e.g. US >65 increase from 19% in 2005 to 31% in 2015<sup>(2)</sup>
- Increasing prevalence of diabetes and obesity leading to more complex fractures
- Ongoing specialization of surgeons, leading to more treatments



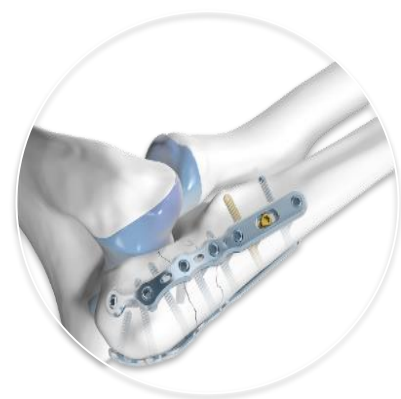
**Significantly growing demand for innovation**

2020 extremities and CMF market worth USD 10bn, with expected CAGR of 4-6%<sup>(3)</sup>

(1) Source: PRB analysis, US Census Bureau.

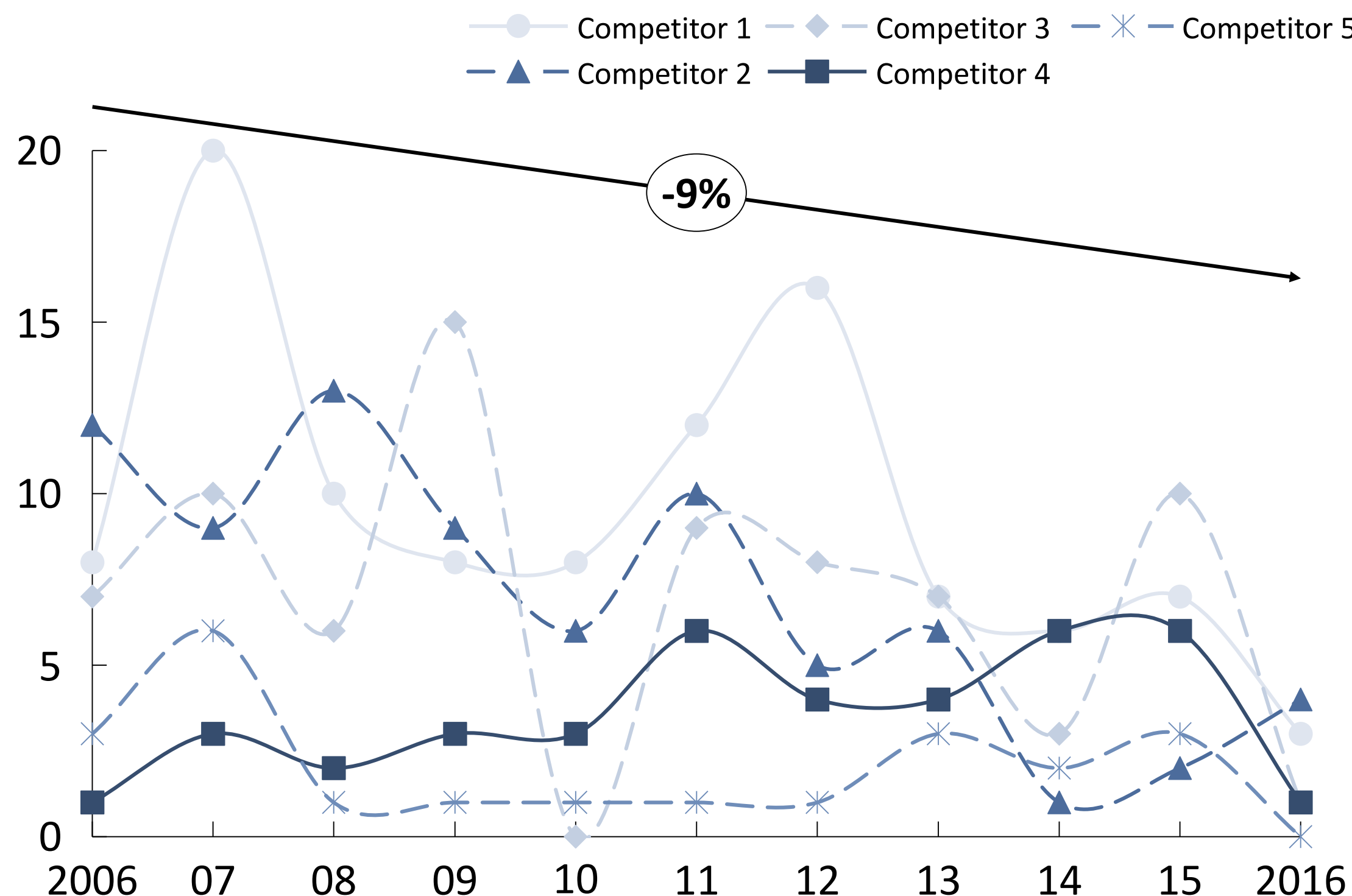
(2) Source: National Trauma Data Bank.

(3) Source: Technavio data; iData Research.



# Growing demand for innovation presents additional opportunities for Medartis

## Decline in new product launches by leading competitors <sup>(1)</sup>



## Opportunities

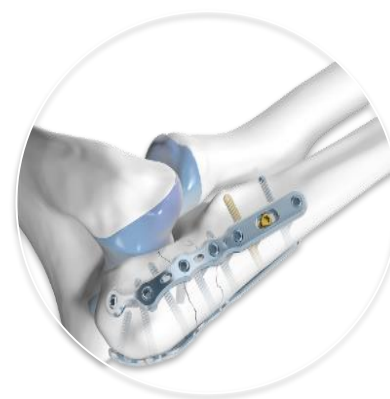
- Fill the prevailing innovation gap
- Provide surgeons around the world with solutions to their clinical needs beyond plates and screws
- Set new standards of care

## Success factors

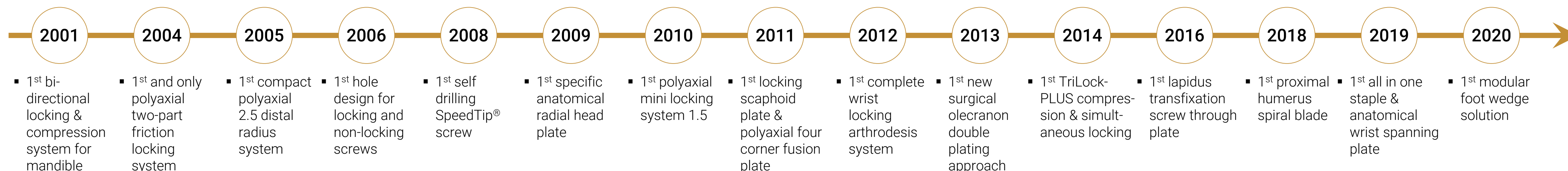
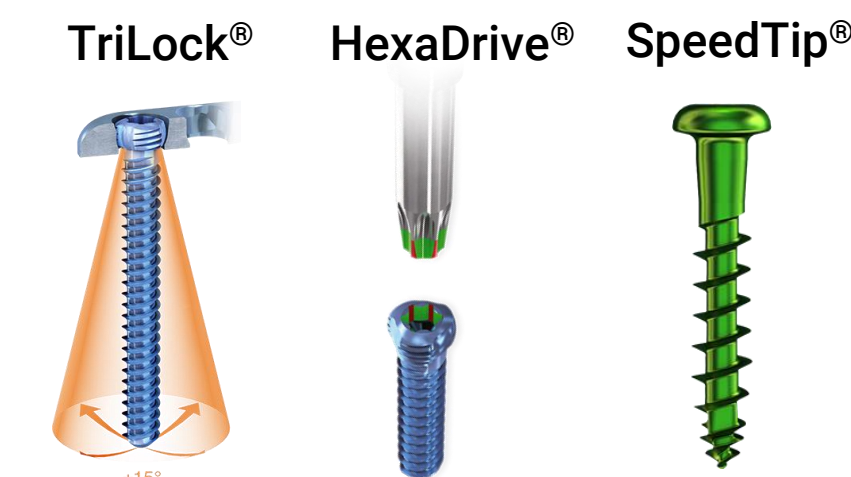
- Innovative strength
- Proximity to surgeons across regions
- Time to market

(1) Source: Evaluate R&I data and financial model Includes 510k and PMA, all product types (implants, instruments, cases & trays), all systems (hip, knee, spine, etc.).





With its innovation track record, Medartis is well positioned to fill the prevailing innovation gap



**We have set clear priorities to capture existing opportunities, building on our innovational strength**



Enhance sales focus addressing regional needs



As top regional priority, accelerate build-up and expansion of US business



Accelerate expansion of innovation pipeline and time to market



# Enhance regional sales focus and accelerate expansion of innovation pipeline

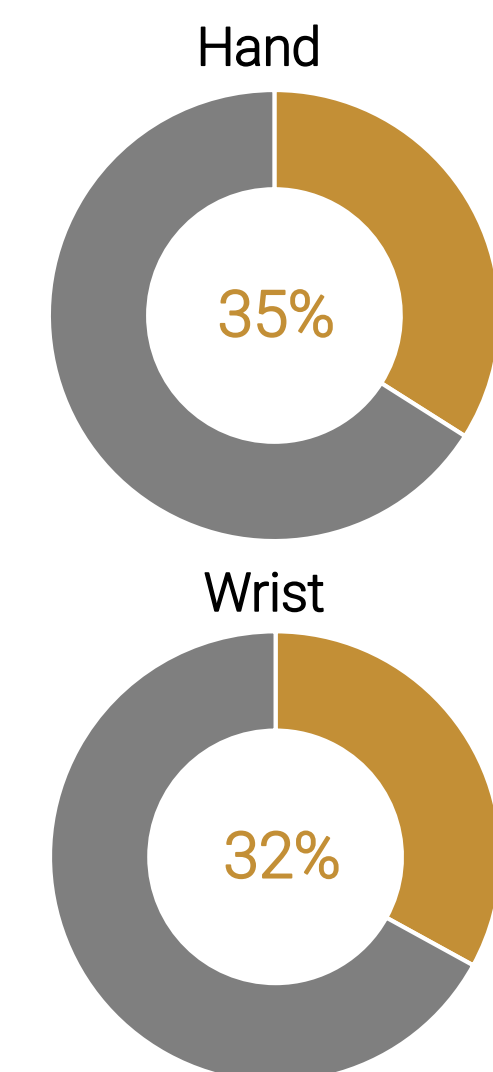
## Ongoing initiatives

- Regional sales focus at Executive Management Board level strengthened with appointment of Lisa Thompson (North America) and Mareike Loch (EMEA)
- Appointment of Manuel Schaer (Chief Technology Officer) as member of Executive Management Board as of November
- Reinforced sales execution through incentivisation for growth, new product launches and customer conversion
- Increased focus on sales force training with appointment of Peter Cologna as Head Education as of June
- Completion of plate and screw portfolio in the areas of upper extremities and head, further enlargement in lower extremities
- Ongoing internal and external extension of portfolio beyond plates and screws, including digitalization

## Ambition: significantly strengthened market position

- Transfer successful market development strategies to other markets and product segments
- Become top 3 in all direct markets in hand, wrist & elbow
- Build foot & ankle business with new portfolio
- Expand and build key opinion leader network

### Medartis Germany: example of success





# Accelerate build-up and expansion of US business

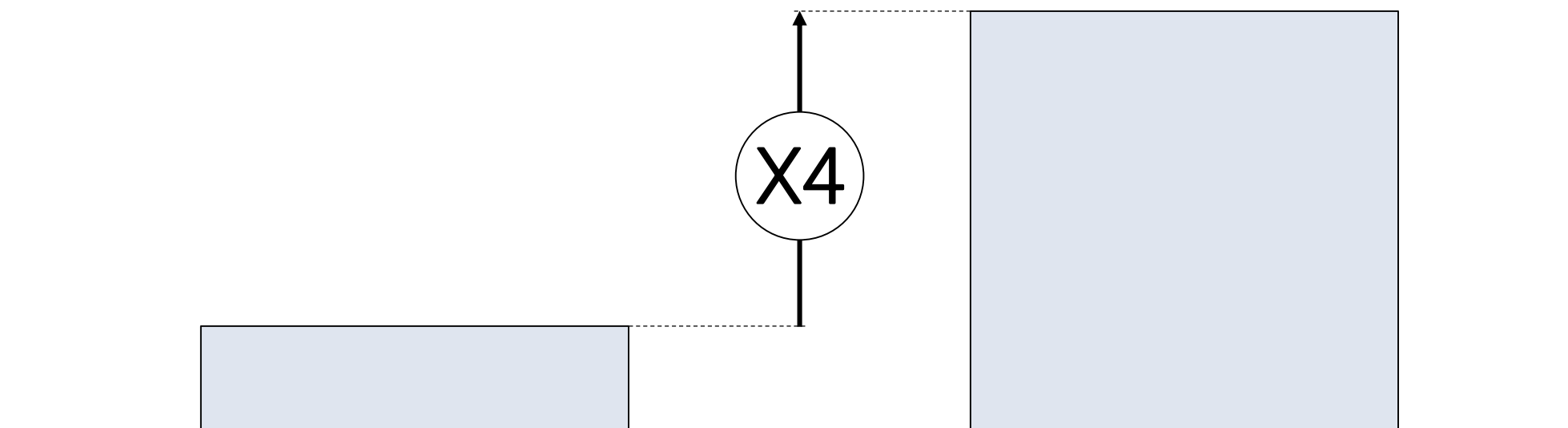
## Ongoing initiatives

---

- Selected territory expansions and distributor and sales force adaptations as a result of review of sales heat-map and performance
- New President's visiting program with re-commitment of distributors and sales force, and increased focus on sales quota
- Strengthening leadership team
- Defined further pipeline expansion tailored to market needs
- Further build-up of surgeons' network in lower extremities, expansion of network in upper extremities
- Enhancement of partnership with scientific partner IBRA
- M&A focusing on innovation to complement upper and lower extremities portfolio

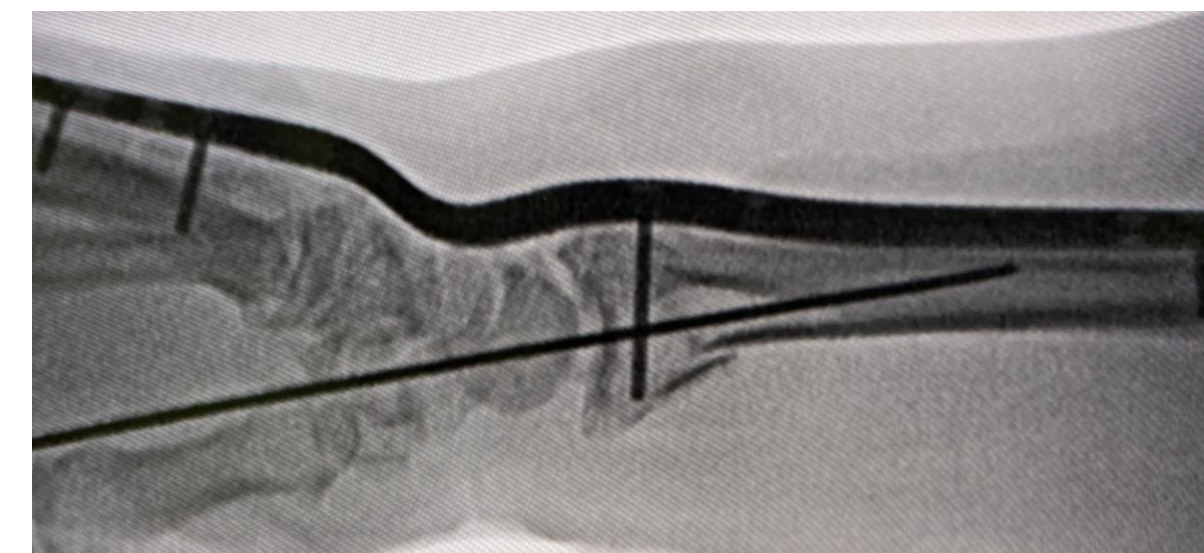
## Ambition: significant growth until 2024/25

---



## Innovation focused on US needs

---




Surgeon testimonial on new US-specific wrist spanning plate:

*«I love the innovative design of the spanning plate and the ease of use compared to competition»*

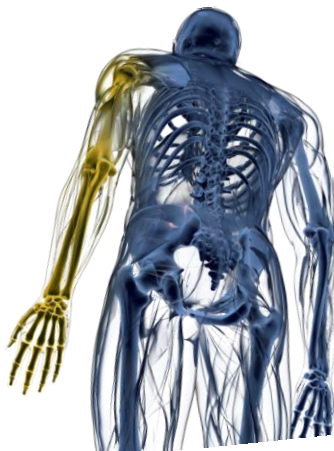


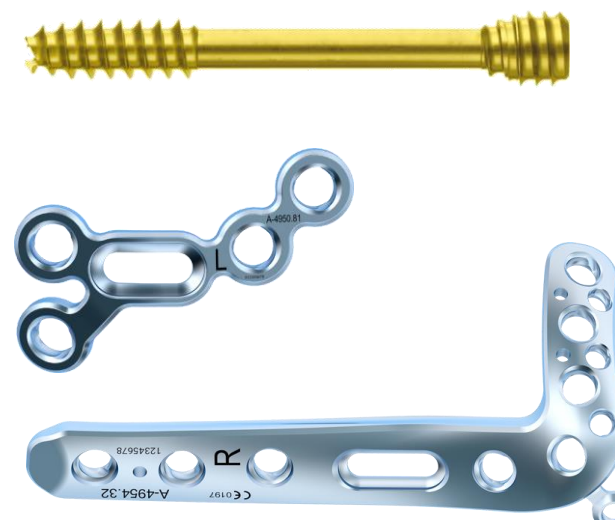

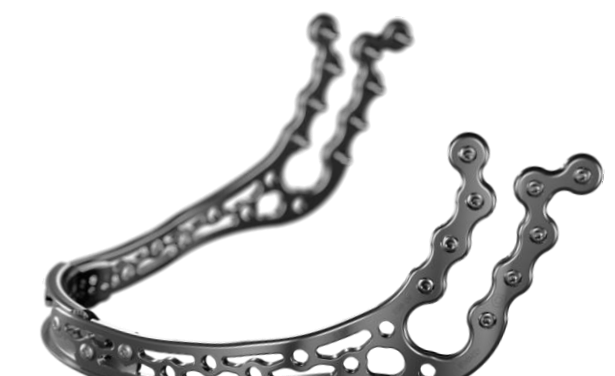




# Accelerate expansion of innovation pipeline and time to market

| Innovation  | Focus  | Envisaged acceleration   | Proof of concept  |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>Medartis in-house</li> </ul> | <ul style="list-style-type: none"> <li>Plates &amp; screws, staples</li> </ul>   | <ul style="list-style-type: none"> <li>Launch of product extensions within 4-6 months</li> <li>Launch of new systems within up to 24 months</li> </ul> | <ul style="list-style-type: none"> <li>CCS screws developed in 5 months and launch in June 2020</li> <li>Spanning plate for US market developed and launched in 2019</li> </ul>  |
| <ul style="list-style-type: none"> <li>Partnerships</li> </ul>      | <ul style="list-style-type: none"> <li>Complementary technologies and indications</li> </ul>                                   | <ul style="list-style-type: none"> <li>Based on individual agreements in less than 24 months</li> </ul>  | <ul style="list-style-type: none"> <li>2 projects underway</li> </ul>   |
| <ul style="list-style-type: none"> <li>M&amp;A</li> </ul>           | <ul style="list-style-type: none"> <li>US-based</li> <li>UE/LE technology with potential to become standard of care</li> </ul> | <ul style="list-style-type: none"> <li>Ready to complete a transaction when a target meets the criteria</li> </ul>                                     | <ul style="list-style-type: none"> <li>Longlist 200+, 5 DD conducted</li> </ul>   |

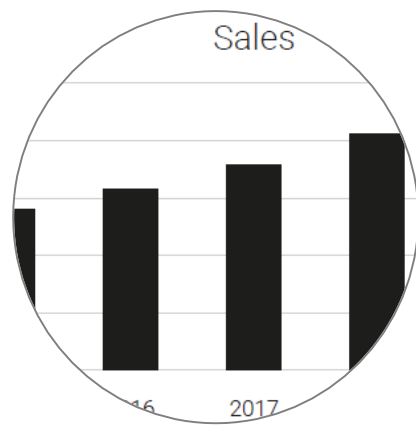
# Establish Medartis as a global extremities company leading in technology and innovation

|   | <u>Key launches 2020</u>  | <u>Full launch</u>                        | <u>Limited release</u>                   |   |
|---|---|---|--|---|
|    | Forearm fracture system   | June <input checked="" type="checkbox"/>  |  |    |
|   | Clavicle system   | Q3 2020                                   | June <input checked="" type="checkbox"/> |   |
|   | CCS compression screw extension   | June <input checked="" type="checkbox"/>  | -  |   |
|   | Mid-hindfoot correction system*   | Q1 2021                                   | Ongoing                                  |   |
|   | Distal ankle fracture system*   | Q1 2021                                   | Ongoing                                  |   |
|   | *Prolongation of Limited Release due to COVID-19 impact on elective surgeries |   |  |   |
|  | New generation CMF incl. 3D planning software & cutting guides                | April <input checked="" type="checkbox"/> |  |  |

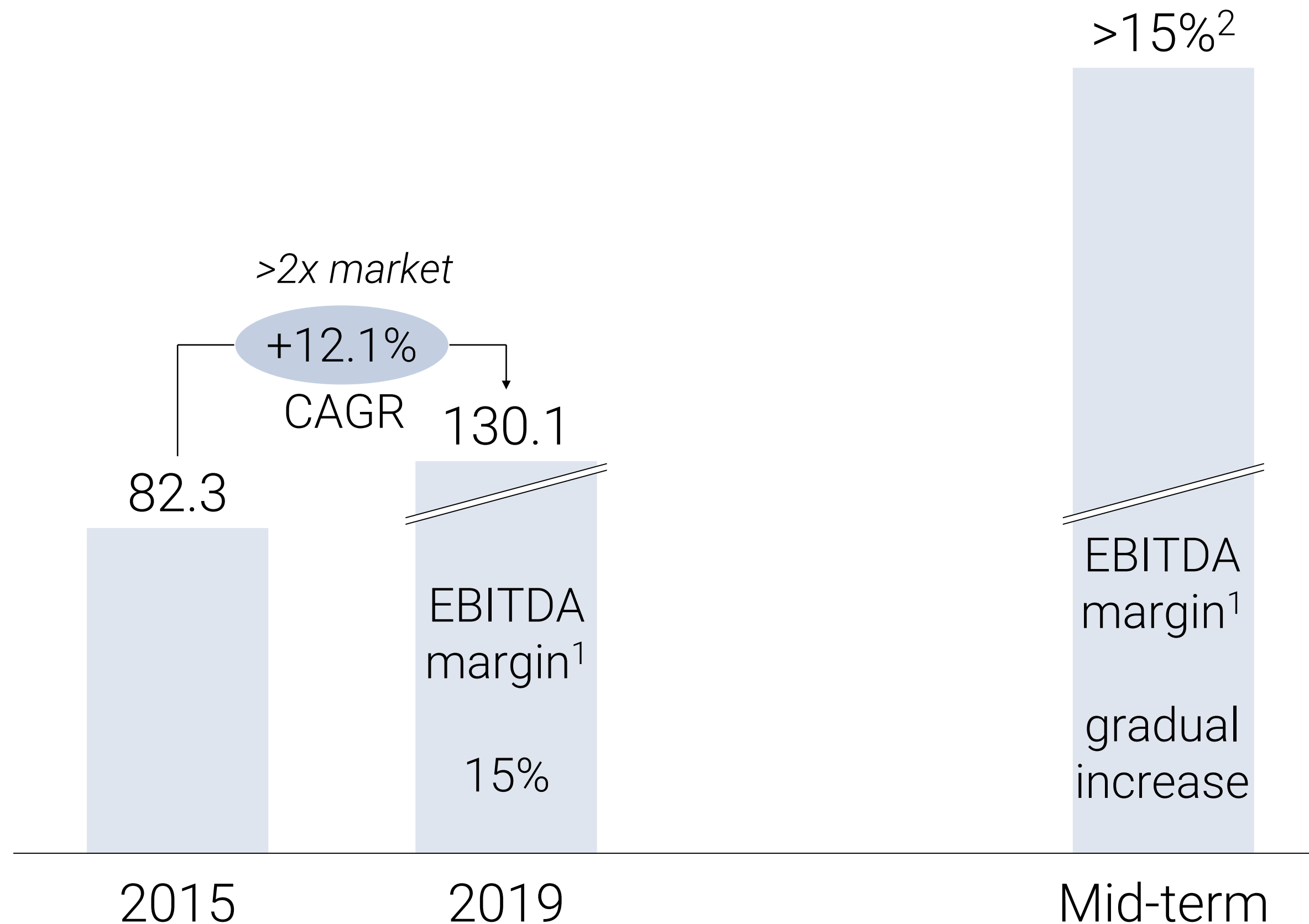
# Priorities for second-half 2020

- Ongoing management of Covid-19 situation, taking into account specific regional developments
  - Continued focus on health protection and business continuity
  - Continued cost discipline while driving sales execution to capture market opportunities
- Continued focus on execution of regional initiatives
  - Further strengthening of regional management teams following appointment of new heads for US and EMEA
  - US: ongoing sales execution, incl. heat-map completion, training plan and performance-based incentivization
  - Japan: continue expansion of subsidiary market presence in lower extremities
  - China: preparing full launch of sales activities planned for Q4 2020
  - Spain: preparing of start with own subsidiary planned in 2021
- Further expand product portfolio and pipeline
  - Full launch of clavicle system planned in Q3 2020
  - Full launch foot & ankle systems planned in Q1 2021
  - Ongoing pipeline extension and assessment of potential M&A opportunities





## Envisaged acceleration of mid-term sales growth with continuous EBITDA margin increase



### Growth investments

- Build-up US business
- New subsidiaries China & Japan
- Launch of portfolio extensions
- Potential M&A

### Investment criteria

- Focus on additional solutions for existing customer segments
- Accretive to growth and margin over max. 5 to 8 years

(1) Adjusted.  
(2) Local currencies.

Q & A

