

Medartis Holding AG  
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PRESS RELEASE

## Medartis reports double-digit growth in all regions and segments in the 2018 financial year

Basel, Switzerland, 2 April 2019 – Medartis Holding AG (SIX: MED), a leading manufacturer and provider of medical devices for surgical fixation of bone fractures, in 2018 increased sales by 16% to CHF 121.3 million and reported double-digit growth rates in all regions and segments. In addition to completing the IPO, Medartis continued to invest judiciously in its business. Adjusted for IPO costs, EBITDA was CHF 17.6 million and the adjusted EBITDA margin was 15%. Medartis expects to see continued broad-based double-digit growth in 2019 while making targeted investments in its international presence and its product range.

Today, Medartis will hold a conference (in German) for analysts and media at the Park Hyatt hotel, Beethoven-Strasse 21, Zurich, at 09:30 CEST, as well as a telephone conference (in English) at 14:00 CEST.

| CHFm                    | 2017  | 2017 <sup>(1)</sup><br>(excl. IPO) | 2018  | 2018 <sup>(1)</sup><br>(excl. IPO) | Change <sup>(1)</sup><br>(excl. IPO) |
|-------------------------|-------|------------------------------------|-------|------------------------------------|--------------------------------------|
| Sales                   | 105.0 | 105.0                              | 121.3 | 121.3                              | 16%                                  |
| Gross profit            | 87.6  | 87.6                               | 101.0 | 101.2                              | 16%                                  |
| Opex                    | 78.0  | 75.8                               | 95.0  | 91.9                               | 21%                                  |
| Operating profit (EBIT) | 9.6   | 11.8                               | 6.1   | 9.3                                | -21%                                 |
| EBIT margin             | 9%    | 11%                                | 5%    | 8%                                 | -3pp                                 |
| EBITDA                  | 16.9  | 19.0                               | 14.4  | 17.6                               | -7%                                  |
| EBITDA margin           | 16%   | 18%                                | 12%   | 15%                                | -3pp                                 |
| Headcount               | 475   | 475                                | 561   | 561                                | 18%                                  |

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

In the 2018 financial year, Medartis achieved sales of CHF 121.3 million, which corresponds to year-on-year growth of 16% (2017: +14%). In local currencies, sales growth also amounted to 16%, an increase compared to the 13% reported in the previous year. Exchange rate movements had only a minimal impact on the sales recorded for the year under review (local currencies +0.4 percentage points).

In line with the company's growth strategy, profitability in 2018 reflected higher operating expenses to further expand its international presence and strengthen the business in key markets. Adjusted EBITDA (excluding IPO costs) was CHF 17.6 million (previous year: CHF 19.0 million) with an adjusted EBITDA margin of 15% (previous year: 18%). Including IPO costs, EBITDA was CHF 14.4 million in 2018 (previous year: CHF 16.9 million) and the EBITDA margin was 12% (previous year: 16%). Adjusted EBIT (excluding IPO costs) was CHF 9.3 million, and EBIT including IPO costs was CHF 6.1 million.

As previously communicated, both sales growth in local currencies (forecast to be in the high teens for 2018) and the adjusted EBITDA margin (forecast to be between 15% and 16% for 2018) were at the lower end of the ranges expected in mid-2018. This is mainly attributable to weaker than expected growth in LATAM in the second half of 2018, while the growth rates reported in the stronger sales regions EMEA, North America and APAC were in line with expectations also in the second half of the year.

Overall, Medartis achieved a net profit of CHF 4.2 million in 2018, after reporting a net profit of CHF 0.9 million in 2017 that had included a negative effect of CHF 5.7 million in connection with the corporate tax reform in the US. Cash flow from operating activities was CHF 6.5 million, compared to CHF 11.0 million in the previous year.

Willi Miesch, CEO of Medartis: “In 2018, we made further progress in the expansion of our business and reported double-digit growth rates in all of our regions and business segments. In addition, with the completion of the IPO, we have strengthened Medartis’ strategic flexibility and market profile. Our broad regional presence and innovative range of products enabled us to once again increase our pace of growth year-on-year. We are confident that we will also again achieve broad-based double-digit growth in 2019 as we continue to make further targeted investments in our business.”

#### Double-digit growth in all regions

|                     | EMEA | APAC | LATAM | North America | Total        |
|---------------------|------|------|-------|---------------|--------------|
| <b>Sales, CHFm</b>  |      |      |       |               |              |
| 2018                | 66.4 | 22.8 | 12.9  | 19.3          | <b>121.3</b> |
| 2017                | 57.8 | 20.7 | 9.2   | 17.4          | <b>105.0</b> |
| <b>Growth, %</b>    |      |      |       |               |              |
| in CHF              | 15%  | 10%  | 41%   | 11%           | <b>16%</b>   |
| in local currencies | 12%  | 15%  | 53%   | 12%           | <b>16%</b>   |

Medartis’ biggest region, EMEA, grew 12% in 2018 in local currencies and therefore achieved continued, solid high-level growth. Both the markets in which Medartis has subsidiaries as well as its distributor markets contributed to this result. Volatility in the ordering behavior in the distributor markets was flat for the full year, although in some strong sales markets, products were already purchased in the first half for the second half of the year. With the introduction of sterile packaging solutions for implants in November 2018, Medartis is keeping abreast of the growing requirements in this area in European markets such as the UK.

In North America, sales increased 12% in local currency. The measures introduced to strengthen management capacity and the sales force are beginning to take effect. Client education programs have also been further expanded and the regional collaboration with IBRA (International Bone Research Association), which serves as a scientific partner, has been intensified. An important element in achieving the envisaged further expansion of the company’s market position remains the recruitment of sales professionals with a high level of expertise, who are highly sought after in the North American market.

Solid growth of 15% in local currencies was achieved in APAC in 2018. The two key markets Australia and Japan continued to develop very well. Following a strong second half in 2017, they once again reported double-digit growth in the second half of 2018. In Japan, the new subsidiary began operations in the foot segment in the fourth quarter of 2018.

In LATAM, Medartis achieved growth of 53% in local currencies. Organic growth – excluding the inorganic growth effect following the acquisition of the Brazilian distributor Extera in August 2017 – was 10%. The LATAM region continued to have the strongest growth momentum in 2018. However, the market environment in the second half of the year was challenging and a number of distributor markets experienced significantly less growth than in the first half. Overall, the distributor markets performed more or less in line with the previous year. The performance of the subsidiaries in Brazil and Mexico was below expectations, however, compared to the first half of 2018, sales further increased in the second half of the year.

### Solid development of business segments

|                     | Upper<br>Extremities | Lower<br>Extremities | CMF and<br>Others | Total        |
|---------------------|----------------------|----------------------|-------------------|--------------|
| <b>Sales, CHFm</b>  |                      |                      |                   |              |
| 2018                | 87.2                 | 16.4                 | 17.8              | <b>121.3</b> |
| 2017                | 76.8                 | 12.8                 | 15.4              | <b>105.0</b> |
| <b>Growth, %</b>    |                      |                      |                   |              |
| in CHF              | 13%                  | 28%                  | 16%               | <b>16%</b>   |
| in local currencies | 14%                  | 29%                  | 16%               | <b>16%</b>   |

Medartis' three business segments all achieved double-digit growth rates in 2018.

Upper Extremities, Medartis' largest business segment, recorded a sales increase of 13% compared to the previous year. The hand, wrist and elbow product lines all contributed to this strong result. The market launch of the proximal humerus plates for the treatment of shoulder fractures began in the fourth quarter of 2018, and further complements the product portfolio for the upper extremities segment.

Lower Extremities, Medartis' youngest business segment, again developed dynamically in 2018 and saw a rise in sales of 28%. In collaboration with medical societies, the educational offering for surgeons was further expanded specifically for products in this segment.

Sales in the CMF and Others business segment, which comprises solutions for the craniomaxillofacial region as well as instruments and containers, grew 16% in 2018. In 2018, further progress was made in the development of a new generation of the CMF product line, which is planned to be introduced in 2020.

### Strengthening of the Executive Management Board

The Board of Directors appointed Anthony Durieux-Menage as Chief Human Resources Officer and Member of the Executive Management Board effective 1 June 2019. The aim of positioning the HR function at the Executive Management Board level is to further strengthen company-wide strategic personnel management and talent development in line with the needs of the company. Anthony Durieux-Menage has long-standing experience in human resources management and product engineering and development in the pharma and life sciences sector. He joins Medartis from the Swiss pharma company Acino, where he was Group HR Director and a member of the Executive Committee. Prior to this, he held management roles in HR and Operational Excellence at Novartis and was a production engineer at Ajinomoto in France. Anthony Durieux-Menage is a French citizen and holds a master's degree in biochemistry from the Institut National des Sciences Appliquées in Toulouse.

## **Outlook 2019**

Medartis expects to see continued broad-based double-digit growth in 2019 while making targeted investments in its international presence and its product range. The company plans to provide more detailed full-year 2019 financial guidance with the announcement of the 2019 half-year results.

With regard to the regions, further strengthening the company's market position in the US remains an important area of focus in 2019. In Japan, the new subsidiary began to build its sales force for the lower extremities segment at the end of 2018, and will continue to do so in 2019. In China, Medartis has applied for the registration of key products in the upper extremities segment; it expects this to be approved at the latest in the second half of 2019 and, in a next step, to be able to begin collaboration with distributors. The expansion of Medartis' presence in Brazil with own sales forces has been launched and is to be further intensified in the coming months – developments in the regional market situation will be taken into consideration on an ongoing basis when determining the pace and scope of this expansion.

The recently introduced shoulder system, which is being rolled out more broadly since the beginning of 2019, is also expected to generate growth momentum, as is an expanded arthrodesis set for the treatment of the carpal bone for patients suffering from arthritis, envisioned to be introduced to the market during the second quarter of 2019. Further to this, Medartis expects to continue to benefit from its well-established position in EMEA, its strongest sales region. The implementation of the new Medical Device Regulation (MDR), which will come into force in the European Union in May 2020, is proceeding according to plan and is expected to be concluded by the end of 2019 – primarily using existing resources and by prioritizing in-house projects accordingly.

## **Documents 2018 annual results**

The press release and the presentation for the 2018 full-year results are available at:  
<https://www.medartis.com/investor-media-relations/#page-78>

The 2018 Annual Report in PDF is also available online and can be found at:  
[https://www.medartis.com/fileadmin/user\\_upload/Investor\\_Relations/Financial\\_Reports\\_2018\\_DE/00\\_medartis\\_2018\\_annual\\_report.pdf](https://www.medartis.com/fileadmin/user_upload/Investor_Relations/Financial_Reports_2018_DE/00_medartis_2018_annual_report.pdf)

## **Investor, analyst and media conference in Zurich (in German)**

Date: Tuesday, 2 April 2019

Time: 09:30 CEST

Speakers: Willi Miesch, CEO; Dominique Leutwyler, CFO

Location: Park Hyatt, Beethoven-Strasse 21, 8002 Zurich

## **Telephone conference (in English)**

Date: Tuesday, 2 April 2019

Time: 14:00 CEST

Speakers: Willi Miesch, CEO; Dominique Leutwyler, CFO

Join with PC, Mac, Linux, iOS or Android: <https://medartis.zoom.us/j/297475790>

Dial-in numbers by telephone:

Switzerland +41 31 528 0988

UK +44 203 695 0088

US +1 669 900 6833

For other international numbers go to: <https://zoom.us/j/297475790>

Meeting ID: 297 475 790

**Financial calendar**

|                |                                       |
|----------------|---------------------------------------|
| 10 May 2019    | Annual General Meeting                |
| 20 August 2019 | Publication of 2019 half-year results |
| 03 March 2020  | Publication of 2019 full-year results |

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**About Medartis**

Founded in 1997 and headquartered in Basel, Switzerland, Medartis is one of the world's leading manufacturers and providers of medical devices for surgical fixation of bone fractures for upper and lower extremities as well as for the craniomaxillofacial region. Medartis employs over 570 individuals across its 12 locations, with products offered in over 50 countries globally. Medartis is committed to providing surgeons and operating theater personnel with the most innovative titanium implants and instruments as well as best in class service. For more information, please visit [www.medartis.com](http://www.medartis.com).

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