Medacta Group SA plans IPO and Listing on SIX Swiss Exchange

Castel San Pietro, 11 March 2019 - Medacta Group SA (“Medacta” or the “Company”), a high-growth, pure play orthopaedics company, today announces its intention to launch an Initial Public Offering (the “IPO”) and list its shares on SIX Swiss Exchange. The IPO is expected to be completed in the second quarter of 2019, subject to market conditions. Medacta was founded in 1999 by Alberto Siccardi and is fully owned by the Siccardi family.

- Medacta is a Swiss company with an innovative approach to orthopaedics, developing, manufacturing and distributing medical devices worldwide that redefine the experience for people needing joint replacement and improve the sustainability of the healthcare system
- Differentiated product offering in Hip and Knee business lines with portfolio expansion to include Shoulder, Spine and Sports Medicine (“Sportsmed”) solutions
- Medacta has a direct presence in 12 countries, including the USA, Australia, Japan and various European countries, with distributors in 20 additional countries
- With a track record of high and profitable growth, Medacta generated total revenues of €273 million in 2018 with an adjusted EBITDA\(^1\) margin of 32%
- Dedicated strong surgeon-centric education program supporting better patient outcomes and surgeon loyalty
- At the forefront of innovation with strong in-house R&D capabilities, supported by 400+ patents
- IPO expected to consist of secondary shares only, with the Siccardi family remaining fully committed and retaining a majority shareholding post IPO
- Majority independent Board of Directors, chaired by founder Alberto Siccardi

Alberto Siccardi, Founder and Chairman of Medacta said: “Our vision resulted from my own experience. We use passion, innovation and medical education to create products and services that improve care and return patients to everyday life free from pain and disability. Our mission today is to continue to excel in all fields the Company has expanded into.”

Francesco Siccardi, CEO said: “We believe now is the right time to offer shares to the public, seek a listing and broaden our shareholder base. We believe the planned IPO will allow us to further increase awareness and visibility of Medacta and facilitate access to international talent. Our family and myself will remain strong majority shareholders in the long term and remain fully committed to Medacta and its patient-centred and innovative culture.”

Unique approach often seen as substitution of standard procedures

Founded in 1999, Medacta is an international orthopaedics company specialized in the design and production of innovative orthopaedic products and the development of accompanying surgical techniques, supported by a strong education platform.

Medacta develops, manufactures and sells total hip replacement (stems, cups, heads, and bone cement), total and partial knee replacement (patient matched cutting blocks, knees and navigation systems), spine products (pedical screws, cervical intervertebral body fusion devices, patient matched guiding system and others) and various instruments that simplify surgical intervention. Surgeons are supported and continuously educated in order to familiarize themselves with Medacta’s innovative

\(^1\) Adjusted EBITDA is EBITDA adjusted for non-recurring items comprising (i) €0.6 million costs related to the IPO and (ii) €0.9 million costs related to conversion to IFRS
approach, which the Company believes leads to better patient well-being and adds economical value and sustainability to healthcare systems in terms of efficiency and cost savings.

**Innovation driven company with strong in-house R&D capabilities**

Medacta is a pioneer in developing new and innovative products and surgical techniques. With over 400 patents in its portfolio (268 granted / 141 pending) Medacta has a long-standing expertise in bringing new technologies to the market.

In particular, having recognized that minimally invasive surgery offers a range of benefits for patients, surgeons and healthcare systems, Medacta has developed new offerings on the basis of minimally invasive techniques. Additionally, Medacta's innovation also extends to sophisticated technologies, which offer surgeons highly personalized pre-operative planning and implant placement methodologies.

**Impactful minimally invasive and personalized treatment options**

To counteract the disadvantages of traditional hip joint surgery, Medacta developed and introduced the AMIS (Minimally Invasive Anterior Approach) technique in 2004. The AMIS technique, together with a range of targeted education initiatives, dedicated implants, instruments and complementary services and tools, offers a holistic approach to hip procedures and improved patient outcomes.

With AMIS, the hospital stay is shortened, post-operative pain is reduced, muscles are spared and rehabilitation time is shortened while efficiency for the surgeons increases. With over 330,000 procedures performed worldwide since its introduction in 2004, AMIS represents an easily reproducible technique that delivers significant benefits to patient well-being while optimizing costs and efficiency for the surgeon. In addition to the AMIS technique, Medacta offers a range of minimally invasive products for the knee and spine business lines as well.

Medacta's innovation also extends to "MySolutions" technology, which offers surgeons highly personalized pre-operative planning and implant placement methodologies by creating advanced patient-personalized kinematic models and 3D planning tools. Originally designed as "MyKnee" to address an unmet need for better implant positioning in the total knee replacement market, MySolutions can now also be used in hip, shoulder and spine procedures. MySolutions technology has resulted in significant advantages to the patient and has been widely adopted by Medacta's customer surgeons. On the knee side, in addition, Medacta developed a single use instrumentation tool box with the benefits of simplifying the processes of knee replacement operations, lower infection risks and a general increase in efficiency.

**Focus on surgeons with a premium education platform**

The surgical technique used is of great importance in realizing the added value of Medacta's solutions.

Training is an indispensable tool for transforming innovation into concrete benefits for patients, surgeons and healthcare systems. Therefore, Medacta's systematic approach to customer development through strong education is a key factor of its success. It allows strong and lasting partnerships to be built between Medacta and its customer surgeons. As such, Medacta's education initiatives contribute significantly to customer retention and surgeons' acceptance as well as the widespread adoption of Medacta's products and surgical techniques.

Tailored training programs and mentoring are provided through the M.O.R.E. (Medacta Orthopaedic Research and Education) Institute as the surgeons master the use of Medacta's technologies and procedures, and create an interactive and supportive community in which they can learn and share experiences with other surgeons.

Customized medical education programs from instructional to master level are provided, including round table discussions, reference centre visits, cadaver wet labs, product club meetings, live surgeries, and difficult case evaluation.
In 2018, Medacta operated 387 Reference Centers worldwide, around 1,150 surgeons participated in educational activities and over 850 surgeon to surgeon visits took place.

High-growth orthopaedics company with international reach

Medacta has grown consistently and considerably in the 20 years since its foundation, largely driven by its innovative product offering and its unique education platform. Today, Medacta has a direct presence in 12 countries, including the USA, Australia, Japan and various European countries and distributors in 20 additional countries.

The foundation of Medacta's business has been its activities in the Hip and Knee business lines, where the Company has an established presence. More recently, Medacta started to leverage its experience gained from its successful Hip and Knee business models to develop new products and surgical techniques in its new Spine, Shoulder and Sportsmed business lines. Medacta believes that the market offers room to grow organically in all market segments through increased market penetration, the addition of new markets as well as new products and surgical techniques.

Strong financial performance

Medacta’s attractive product mix and strong geographic diversification enabled the company to be one of the fastest growing orthopaedic companies in 2018, as demonstrated by Medacta’s constant currency revenue CAGR of 14% between 2016 and 2018. In 2018, Medacta achieved revenues of €273 million and an adjusted EBITDA of €88 million, corresponding to an adjusted EBITDA\(^2\) margin of 32%. The Company’s revenues are mostly derived from the high-volume Hip and Knee business lines (generating 56% and 35% of revenues in 2018, respectively), complemented by sales of Shoulder and Spine products.

Experienced, committed leadership team with an established track record

The highly experienced and seasoned management team is led by Chief Executive Officer Francesco Siccardi and Chief Financial Officer Corrado Farsetta. Together with the global workforce of approximately 970 employees, the management team has proven a very good track record of strong profitable growth.

Industry focused Board of Directors with a majority of independent members

Medacta’s Board of Directors is expected to comprise five members with three independent members and two representatives of the Siccardi family. Medacta has proposed to elect Victor Balli (Swiss, Member of the Board of Givaudan SA, CEVA Logistics AG and KWS Saat SE; nominated to the Board of Sika) as lead independent director, Marco Gadola (Swiss, Chief Executive Officer of Straumann Group, nominated for election to the Board of Directors of DKSH (Chairman), Straumann Group and Mettler Toledo) and Philippe Weber (Swiss, Managing Partner of Niederer Kraft Frey AG) as new members of the Board. Marco Gadola, in line with the Articles of Association of the Straumann Group, will join Medacta’s Board on 1 January 2020, after having handed over his responsibilities as Chief Executive Officer of Straumann Group. Maria Luisa Siccardi Tonolli, member of the Board of Medacta since 2003, will serve as non-independent Board member.

The Board of Directors is chaired by Alberto Siccardi, who founded Medacta and led the company as CEO through the many years of significant growth since its creation in 1999.

\(^2\) Adjusted EBITDA is EBITDA adjusted for non-recurring items comprising (i) €0.6 million costs related to the IPO and (ii) €0.9 million costs related to conversion to IFRS
Offer Summary
The planned IPO is expected to consist of a secondary offering only, with the Siccardi family remaining fully committed to the Company and retaining a majority shareholding post IPO. In addition, an over-allotment option is expected to be granted on existing shares.

Credit Suisse and Morgan Stanley have been appointed as Joint Global Coordinators for the envisaged IPO. JP Morgan and UBS Investment Bank are acting as Joint Bookrunners. Rothschild & Co is acting as independent financial adviser to Medacta on the IPO.

Key Figures: Double-digit growth combined with consistently high profitability

<table>
<thead>
<tr>
<th>In €m</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>CAGR 2016-18</th>
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<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>273</td>
<td>245</td>
<td>219</td>
<td>14%(1)</td>
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<tr>
<td>% growth</td>
<td>11.4%</td>
<td>11.7%</td>
<td>NA</td>
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<tr>
<td>thereof Hip</td>
<td>56%</td>
<td>60%</td>
<td>63%</td>
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<td>thereof Knee</td>
<td>35%</td>
<td>34%</td>
<td>33%</td>
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<td>thereof Spine</td>
<td>7%</td>
<td>6%</td>
<td>4%</td>
<td></td>
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<tr>
<td>thereof Shoulder and Sportsmed</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td>204</td>
<td>183</td>
<td>165</td>
<td>11%</td>
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<tr>
<td>% margin</td>
<td>74.8%</td>
<td>74.6%</td>
<td>75.1%</td>
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<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>88(2)</td>
<td></td>
<td></td>
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<tr>
<td>% margin</td>
<td>32%</td>
<td></td>
<td></td>
<td>14%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>86</td>
<td>72</td>
<td>68</td>
<td>13%</td>
</tr>
<tr>
<td>% margin</td>
<td>32%</td>
<td>29%</td>
<td>31%</td>
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(1) Constant currency growth rate based on average exchange rates for FY2017 (AUD/EUR 0.677, CAD/EUR 0.679, CHF/EUR 0.897, GBP/EUR 1.143, JPY/EUR 0.008, NOK/EUR 0.106, USD/EUR 0.881) and for FY2018 (AUD/EUR 0.631, CAD/EUR 0.652, CHF/EUR 0.869, GBP/EUR 1.128, JPY/EUR 0.008, NOK/EUR 0.104, USD/EUR 0.848) respectively. Reported revenue CAGR: 11.6%.
(2) Adjusted to exclude €0.6m of IPO costs and €0.9m of IFRS conversion costs.

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About Medacta

Medacta is an international orthopaedics company specializing in the design and production of innovative orthopaedic products and the development of accompanying surgical techniques. Established in 1999 in Switzerland, Medacta’s products and surgical techniques are characterized by innovation. Medacta is a pioneer in developing new offerings on the basis of the minimally invasive surgical techniques, in particular its Anterior Minimally Invasive Surgery ("AMIS") technique for hip replacements. Medacta has leveraged its orthopedic expertise and comprehensive understanding of the human body to develop the sophisticated "MySolutions" technology, which offers surgeons highly personalized pre-operative planning and implant placement methodologies by creating advanced personalized kinematic models and 3D planning tools for use in hip, knee, shoulder and spine procedures. Medacta is headquartered in Castel San Pietro, Switzerland, and Rancate, Switzerland, and employs approximately 970 people. To learn more about Medacta, please visit www.medacta.com
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