



FY 2020 Financial Results

31 March 2021

Disclaimer

This presentation has been prepared by Medacta Group SA ("Medacta" and together with its subsidiaries, "we", "us" or the "Group"). The information contained in the presentation does not purport to be comprehensive. Please refer to the Medacta 2020 Annual Report available on our website at <https://www.medacta.com/EN/investors>.

Forward-looking information

This presentation has been prepared by Medacta and includes forward-looking information and statements concerning the outlook for our business. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates", "targets", "plans", "outlook" or similar expressions.

There are numerous risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this presentation. Currently, it is very difficult to provide a meaningful prediction on how the Swiss governmental action in response to the ongoing outbreak of a novel coronavirus disease (COVID-19) will affect the Medacta's operations and how long such measures will remain in place. The Covid-19 outbreak has caused, and may continue to cause, economic instability and a significant decrease of total economic output in the affected areas and globally. The impact of the Covid-19 outbreak on the general economic environment in the markets in which Medacta operates remain uncertain and could be significant. In addition, other important factors that could cause such differences include: changes in the global economic conditions and the economic conditions of the regions and markets in which the Group operates; changes in healthcare regulations (in particular with regard to medical devices); the development of our customer base; the competitive environment in which the Group operates; manufacturing or logistics disruptions; the impact of fluctuations in foreign exchange rates; and such other factors as may be discussed from time to time. Although we believe that our expectations reflected in any such forward-looking statement are based upon reasonable assumptions, we can give no assurance that those expectations will be achieved.

Alternative Performance Measures

This presentation contains certain financial measures of historical performance that are not defined or specified by IFRS, such as "constant currency", "EBITDA", "Adjusted EBITDA" or "CORE EBITDA", "Free Cash Flow", "Adjusted Free Cash Flow", "Net Debt" and "Leverage". Reconciliation of these measures as well as "CORE" financial measures is provided in the "Alternative Performance Measures" (APM) section of our 2020 annual report. These Alternative Performance Measures (APM) should be regarded as complementary information to, and not as a substitute for, the IFRS beginning performance measures. For definitions of APM, together with reconciliations to the most directly reconcilable IFRS line items, please refer section headed "Alternative Performance Measures" of the 2020 annual report.

The 2020 annual report is available at <https://www.medacta.com/EN/financial-reports>.

THIS PRESENTATION IS NOT AN INVITATION TO PURCHASE SECURITIES OF MEDACTA OR THE GROUP.



FRANCESCO SICCARDI

Chief Executive Officer

2020 Highlights*

REVENUES

EUR 302.5M

-2.1% before FX effects from prior year¹
-2.6% reported growth

¹⁾ Is calculated as the difference between the current and historical period results translated using the current period exchange rates.

ADJUSTED EBITDA MARGIN ²

29.1%

28.6% Reported EBITDA Margin
EUR 88.1M Adjusted EBITDA³

²⁾ Adjusted EBITDA margin, is calculated as adjusted EBITDA as a percentage of Revenue for the period.

³⁾ Is calculated as EBITDA, adjusted for non-recurring items: provisions on litigations, extraordinary legal expenses and gains realized through the release of prior years provisions.

ADJUSTED EBIT MARGIN ⁴

16.9%

16.3% Reported EBIT Margin
EUR 51.1M Adjusted EBIT⁵

⁴⁾ Adjusted EBIT margin, is calculated as adjusted EBIT as a percentage of Revenue for the period.

⁵⁾ Is calculated as EBIT, adjusted for non-recurring items: provisions on litigations, extraordinary legal expenses and gains realized through the release of prior years provisions.

PROFIT FOR THE YEAR

EUR 37.1M

12.3% on Revenues
EUR 1.85 EPS⁶

⁶⁾ There is no effect of dilution, and diluted earnings per share equals basic earnings per share.

ADJUSTED FREE CASH FLOW ⁷

EUR 31.9M

⁷⁾ Adjusted Free Cash Flow is calculated as IFRS cash flow from operating activities plus IFRS cash flow from investing activities and adjusted for certain non-recurring items.

YEAR-END EMPLOYEES TOTAL

1'183

82 new jobs added in 2020

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FY 2020 Medacta's Achievements

- Revenues equal to Euro 302.5 million, down only 2.1% on constant currency basis, **significantly above market decline¹**, after **growth of 7.6%** on a constant currency basis **in 2H driven by both pent-up demand and new customers acquired**
- **Adjusted EBITDA of Euro 88.1 million, corresponding to 29.1% margin**
- **Profit for the year equal to Euro 37.1 million**, 12.3% on revenues
- **Adjusted Free Cash Flow of Euro 31.9 million, up 43% vs prior year**
- **Continued strategic investment in salesforce expansion, new product launches and additional surgical instruments to serve new customers**
- Strong balance sheet with **leverage** equal to **0.95**
- In light of ongoing global uncertainty caused by Covid-19 pandemic, Company proposes **no dividend distribution** to the Annual General Meeting **to reinvest in future growth plan**

Notes:

1. Orthopedic industry is expected to decline in the low double digits in 2020. Source [ORTHOWORLD®](#), April 2021 Bulletin.

Redesigned Marketing and Education Offering

Thanks to **new marketing initiatives and digital education programs** we were able to keep existing surgeons fully involved and engage new customers, leveraging national experts

2'900+ surgeons attended our online and digital education programs with significant savings in travelling and consulting costs

- **Medacta TV**, a streaming platform to give access Medacta Medical Education programs, with 22'000+ visits
- **«M.O.R.E. in Touch» program**, a series of webcast and educational events
- **Mobile trucks** as Learning Centers (US based Initiative)
- **E-learning education and training classes**
- **Web Based Expert Meetings**

The **“M.O.R.E. Surgeon to Surgeon”** meetings together with classic Learning Centers were **redesigned nationally and regionally**, reaching a satisfactory level of activity

Strong R&D focus with 30+ new Products cleared

#30+ new Products were cleared (CE or FDA) in 2020, including:

- In the **Hip** product line
 - Completion of the **renewal of primary implant offering** and **expansion of revision product range**
 - Launch of new solutions for **3D pre-operative planning and intra-operative verification in primary total hip replacement**, MyHip® Planner and MyHip® Verifier, which can deliver a personalized approach to optimize the surgical experience
- In the **Knee** business
 - **FDA clearance** on our proprietary **NextAR™** Augmented Reality platform technology **with its first application for Total Knee Replacement**
 - launch of **new SensiTiN™ coating** with low metal ion release designed **to reduce the exposure** of patients **to metallic ions**
- In the **Spine** and **Shoulder** businesses **new implants to complete our portfolio**
- In the **Sportsmed expansion of our product portfolio and initial market introduction** in selected countries



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Augmented Reality Used in Knee-Replacement Surgery in a U.S. First

Data streamed through smart glasses allow for precise removal of bone and cartilage and accurate positioning of knee implants



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How to Make Privacy a Competitive Differentiator

A Deloitte survey reveals that, under the right conditions, some consumers would be willing to share data with their financial providers if they receive some additional benefit in return. To enable this value exchange and strengthen their brands, financial institutions can design a clearer, more robust privacy management strategy that involves all business functions.

Please note: The Wall Street Journal News Department was not involved in the creation of the content above.

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- **First surgeries** were successfully performed in Australia and in the US, and the number of **reference centers** supporting future worldwide expansion is increasing
- The platform technology perfectly fits with **sustainability of healthcare systems** and particularly with US ambulatory surgery centers (ASCs) thanks to
 - Limited upfront capital investment
 - Reduced cost per case vs other technologies
- NextAR aims to improve **surgical accuracy and efficiency** via advanced 3D personalized planning tools, unique soft tissue assessment and accurate surgical execution

“At many time points during the operation it’s actually providing me information, making sure that my cuts are degree for degree, millimeter for millimeter, accurate,” Dr. Vigdorichik said.

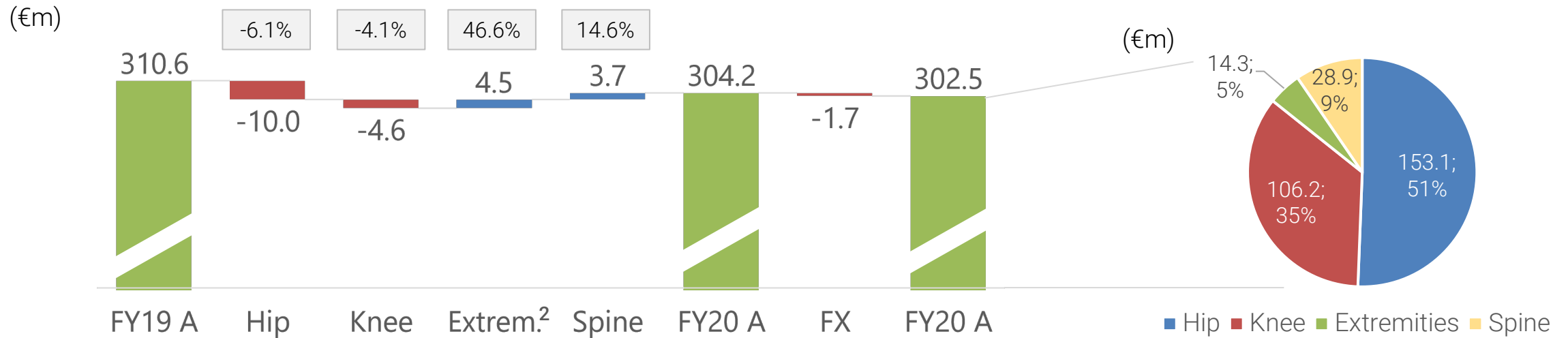
The better a knee-replacement fits, the better the odds for an operation’s long-term success, Dr. Vigdorichik said.



CORRADO FARSETTA

Chief Financial Officer

FY Revenue Bridge by Product Line¹

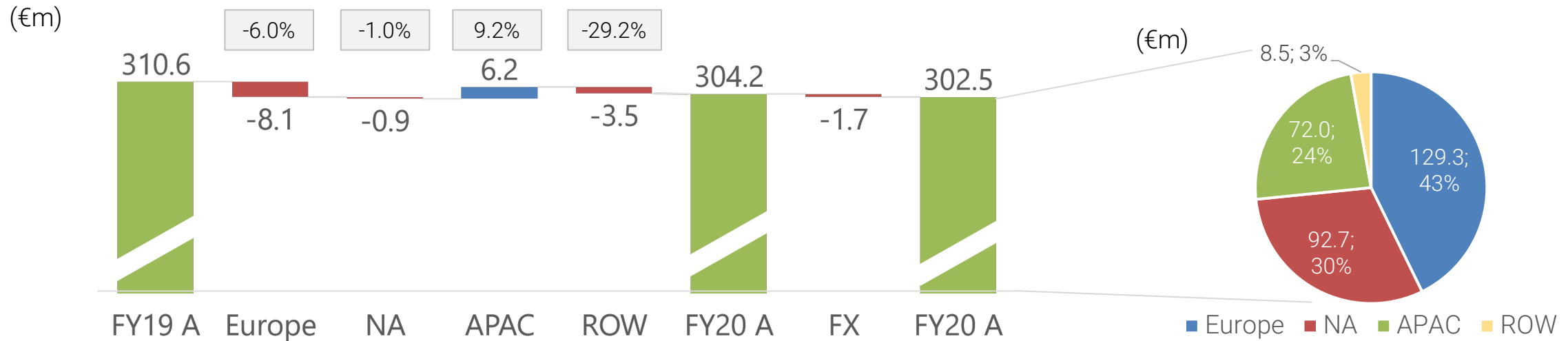


- Core business (**Hip** and **Knee**) was affected by postponement of elective procedures in 1H, partially compensated by an effective backlog recovery
- The **Extremities** product line grew in all geographies despite the Covid-19 impact, thanks to the strong momentum carried over by new business and expansion of product range, with an increase of our market share, especially in Europe
- The **Spine** business recorded good performance driven by newly launched products, innovative technologies, salesforce expansion and a gain in market share, particularly in the US

Notes:

- For a reconciliation of Alternative Performance Measures please refer to section headed "Alternative Performance Measures" of the annual report. The 2020 annual report is available at <https://www.medacta.com/EN/financial-reports>.
- Extremities include Shoulder and Sportsmed revenue.

FY Revenue Bridge by Geographic Area¹



- In **Europe** the most affected markets were France, Italy and Belgium; the “DACH” area recorded the smallest impact with Germany growing over the prior year
- In **NA** our increasing market share allowed to offset the decline caused by Covid-19 pandemic; activity level and focus on ASCs increased, in line with our strategy
- **APAC** delivered positive performance mainly due to a limited pandemic impact in Japan and Australia together with attainment of new customers through the expansion of our salesforce
- In **RoW** stocking distributors reduced purchases in response to the Covid-19 pandemic

Notes:

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FY 2020 P&L: Remarkable Profitability¹

PROFIT & LOSS STATEMENT (€m)	FY 2019 A	FY 2020 A
Revenues	310.6	302.5
Cost of Sales	(86.9)	(88.2)
GROSS PROFIT	223.7	214.3
<i>GROSS PROFIT MARGIN</i>	72.0%	70.8%
Research and Development expenses	(7.6)	(6.8)
Sales and Marketing expenses	(127.1)	(110.1)
General and Administrative expenses	(63.9)	(47.5)
Other income	1.6	1.8
Other expenses	(7.0)	(2.3)
TOTAL OPEX	(204.1)	(164.8)
OPERATING PROFIT (EBIT)	19.6	49.4
<i>EBIT MARGIN</i>	6.3%	16.3%
Depreciation and Amortization	33.7	37.0
Reported EBITDA	53.3	86.5
<i>EBITDA MARGIN</i>	17.2%	28.6%
Adjusted EBITDA²	91.5	88.1
<i>ADJUSTED EBITDA MARGIN³</i>	29.5%	29.1%
Financial Results	(6.0)	(9.5)
PROFIT BEFORE TAXES	13.6	39.9
Income Taxes	(1.8)	(2.8)
PROFIT FOR THE PERIOD	11.9	37.1

Notes:

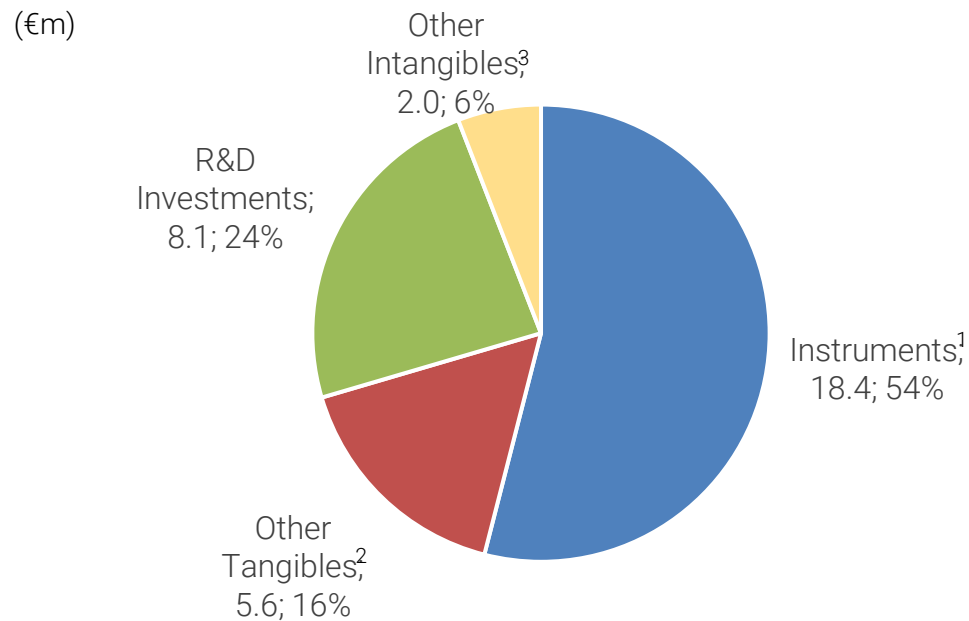
1. For a reconciliation of Alternative Performance Measures please refer to section headed "Alternative Performance Measures" of the annual report. The 2020 annual report is available at <https://www.medacta.com/EN/financial-reports>.

2. Adjusted EBITDA is calculated as EBITDA adjusted for non-recurring items: IPO costs, one-time tax duty, provisions on litigation, extraordinary legal expenses etc.

3. Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of Revenue for the period.

FY 2020 Investments for Future Growth

FY 2020 Investments	€34.2m
% of Revenues	11.3%



- **Investments in instruments and in the development of new implants and surgical instruments** to feed new customers started in 2020 and sustain the growth
- Other tangible investments include Euro 3.4m to create new offices in Rancate site

Notes:

1. Instruments are netted by proceeds from sale of tangible assets
2. Other Tangibles include plant & machinery, fixture and fittings, tools & equipment (except instruments)
3. Other Intangibles include trademarks, license and other intangible assets

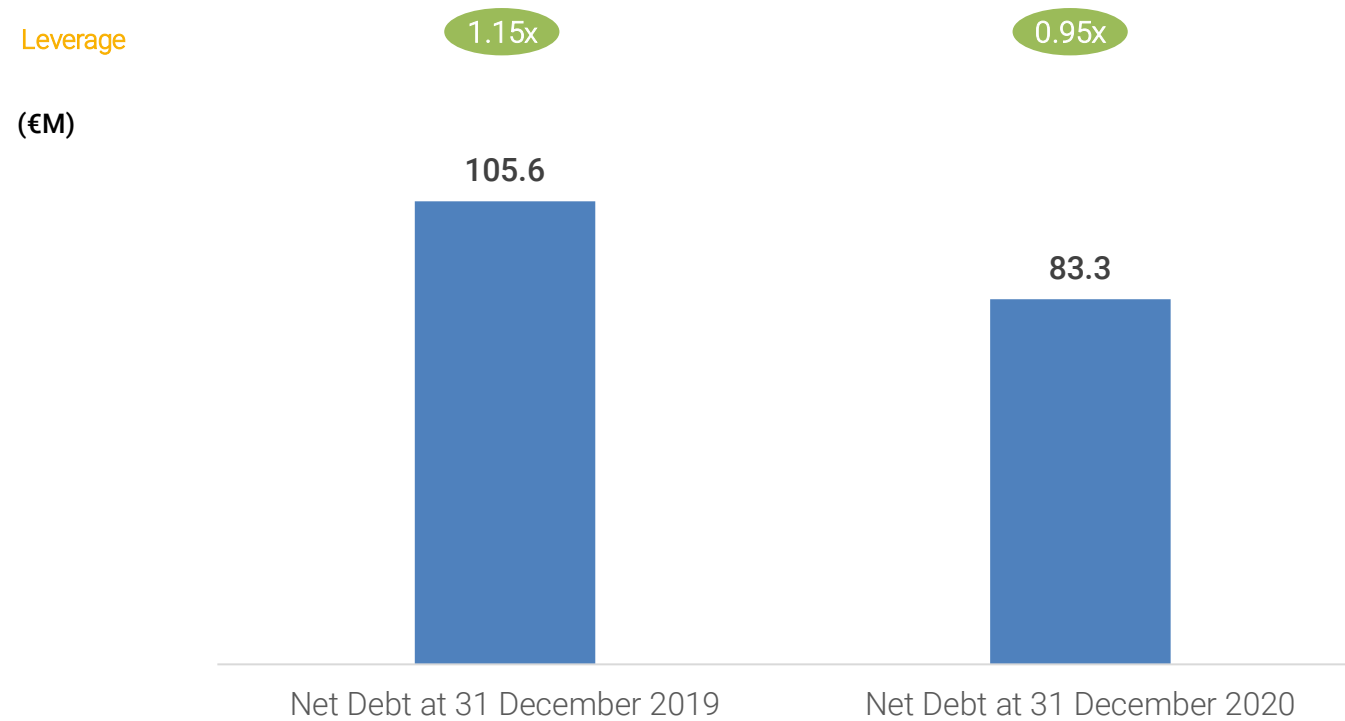
FY 2020 Positive Free Cash Flow¹ Generation after Investments for Future Growth

ADJUSTED FREE CASH FLOW (€m)	FY 2019 A	FY 2020 A
PROFIT FOR THE YEAR	11.9	37.1
P&L Adjustments:		
Income tax expenses	1.8	2.8
Depreciation and amortisation	33.7	37.0
Other P&L non-cash transactions	17.0	9.6
Movements in working capital and other	-21.8	-26.9
CASH FLOW FROM OPERATING ACTIVITIES	42.6	59.6
Adjustments to the operating activities:		
IPO Costs	2.8	-
Legal costs	4.1	3.1
Stamp Duty	5.9	-
Fidelity Bonus	15.3	-
ADJUSTED CASH FLOW FROM OPERATING ACTIVITIES	70.7	62.7
CAPEX	-41.6	-34.2
Other investments	-0.5	0.0
CASH FLOW FROM INVESTING ACTIVITIES	-42.0	-34.2
Adjustments to the operating activities:		
Rancate Investments	-	3.4
Sale of Non-Stratigic Assets	-6.3	-
ADJUSTED CASH FLOW FROM INVESTING ACTIVITIES	-48.3	-30.8
ADJUSTED FREE CASH FLOW	22.3	31.9

Notes:

1. For a reconciliation of Alternative Performance Measures please refer to section headed "Alternative Performance Measures" of the annual report. The 2020 annual report is available at <https://www.medacta.com/EN/financial-reports>.

Net Financial Debt: Low Leverage^{1,2} to Face New Investments to Grow



Notes:

1. For a reconciliation of Alternative Performance Measures please refer to section headed "Alternative Performance Measures" of the annual report. The 2020 annual report is available at <https://www.medacta.com/EN/financial-reports>.
2. Non-IFRS measure



FRANCESCO SICCARDI

Chief Executive Officer

2021 Outlook

- We will continue to monitor the evolution of the Covid-19 pandemic and impact on our reference market, while remaining **committed to our future growth**
- Despite uncertainty remaining in some geographies, we believe Medacta is well positioned to **deliver growth as a result of our global geographic presence and product mix, continued innovation** with several new product introductions expected during the year, **hiring plans for expansion in all geographies**, and a **focus on the US market**
- We are targeting 2021 revenue **in the range of Euro 333 million to Euro 348 million** at constant currency and **adjusted EBITDA margin to be largely in line with the previous year**, subject to any unforeseen events, specifically from Covid-19 pandemic



Q&A





APPENDIX

Consolidated Statement of Profit or Loss

(Thousand Euro)	31.12.2020	31.12.2019
Revenues	302'492	310'623
Cost of Sales	(88'236)	(86'926)
GROSS PROFIT	214'256	223'697
Research and Development expenses	(6'829)	(7'641)
Sales and Marketing expenses	(110'069)	(127'087)
General and Administrative expenses	(47'472)	(63'940)
Other income	1'809	1'592
Other expenses	(2'252)	(7'008)
OPERATING PROFIT (EBIT)	49'443	19'613
Financial income	4'957	2'059
Financial costs	(14'468)	(8'040)
PROFIT BEFORE TAXES	39'932	13'632
Income taxes	(2'841)	(1'773)
PROFIT FOR THE YEAR	37'091	11'859
ATTRIBUTABLE TO		
Equity holders of the parent	37'091	11'859
Non-controlling interests	-	-
Basic earnings per share *	1.85	0.59

* In the years ended December 31, 2020 and 2019, there is no effect of dilution, and diluted earnings per share equals basic earnings per share.

Consolidated Statement of Comprehensive Income

ASSETS		
(Thousand Euro)	31.12.2020	31.12.2019
Property, plant and equipment	131'642	135'350
Right-of-use assets	21'722	22'104
Goodwill and intangible assets	48'797	45'584
Other non-current financial assets	488	456
Deferred tax assets	21'588	21'283
TOTAL NON-CURRENT ASSETS	224'237	224'777
Inventories	114'187	101'634
Trade receivables	45'782	48'049
Other current financial assets	1'297	259
Other receivables and prepaid expenses	8'364	10'604
Cash and cash equivalents	48'068	27'241
TOTAL CURRENT ASSETS	217'698	187'787
TOTAL ASSETS	441'935	412'564

LIABILITIES AND EQUITY		
(Thousand Euro)	31.12.2020	31.12.2019
Share capital	1'775	1'775
Capital contribution reserve	21'227	21'227
Retained earnings and other reserves	139'409	102'885
Foreign currency translation reserve	2'306	(2'653)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	164'717	123'234
Non-controlling interests	-	-
EQUITY	164'717	123'234
Non-current financial liabilities	65'044	85'379
Other non-current liabilities	3'197	7'919
Non-current provisions	1'237	11'183
Retirement benefit obligation	13'023	11'142
Deferred tax liabilities	36'269	38'654
Non-current lease liabilities	13'642	14'539
TOTAL NON-CURRENT LIABILITIES	132'412	168'816
Trade payables	16'477	17'845
Other current liabilities	24'329	26'101
Current financial liabilities	66'339	47'505
Current provisions	8'399	-
Accrued expenses and deferred income	23'861	23'628
Current lease liabilities	5'401	5'435
TOTAL CURRENT LIABILITIES	144'806	120'514
TOTAL LIABILITIES	277'218	289'330
TOTAL LIABILITIES AND EQUITY	441'935	412'564

Consolidated Statement of Cash Flows

(Thousand Euro)	31.12.2020	31.12.2019
PROFIT FOR THE YEAR	37091	11859
Adjustments for:		
Income taxes	2841	1773
Depreciation, amortisation and impairment of tangible, intangible and right-of-use assets	37016	33733
(Gain) / loss on disposal of tangible and intangible assets	1'140	159
Foreign exchange result	5003	3'552
Interest expenses	1'880	2'262
Change in Provisions and Retirement benefit obligations *	1'545	11'074
Income taxes paid	(8'501)	(3'186)
Interest paid	(1'880)	(2'262)
(Increase) / decrease in trade receivables	718	(3'269)
(Increase) / decrease in other receivables and prepaid expenses	2'117	(2'888)
(Increase) / decrease in inventories	(13'487)	(11'546)
Increase / (decrease) in trade payables	(1'387)	(2'807)
Increase / (decrease) in other liabilities and accruals	(4'504)	4'181
CASH FLOW FROM OPERATING ACTIVITIES	59'592	42'635
Purchase of tangible assets	(27'285)	(41'474)
Purchase of intangible assets **	(10'093)	(10'084)
Proceeds from disposal of tangible assets ***	3'217	9'979
Cash consideration for acquisitions, net of cash acquired	-	(875)
Changes in financial assets	(32)	413
CASH FLOW FROM INVESTING ACTIVITIES	(34'193)	(42'041)
Proceeds from borrowings	4'344	-
Repayment of borrowings	(4'389)	(26'524)
Repayment of lease liabilities	(5'981)	(5'680)
Capital contribution	-	21'227
CASH FLOW FROM FINANCING ACTIVITIES	(6'026)	(10'977)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19'373	(10'383)
Cash and cash equivalents at the beginning of the year	27'241	33'710
Net effect of currency transaction on cash and cash equivalent	1'454	3'914
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	48'068	27'241

* "Change in Provisions and Retirement benefit obligations" includes non-monetary movements that, as of December 31, 2019, were presented within the line items: "(Increase) / decrease in trade receivables" amounting in 2019 to Euro (3'207) thousand; "(Increase) / decrease in inventories" amounting in 2019 to Euro (11'681) thousand; "Increase in other payables, accruals and provisions" amounting in 2019 to Euro 15'328 thousand.

** "Purchase of intangible assets" excludes unpaid acquisitions of intangible assets.

*** As at December 31, 2019, "Proceeds from disposal of tangible assets" excluded Euro 322 thousand related to a non-cash transaction.