



First Quarter 2021

Earnings Presentation

May 5, 2021



Forward Looking Statements

Certain statements in this presentation are “forward-looking” statements within the meaning of the federal securities laws. There are a number of important factors that could cause actual results, developments and business decisions to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things, the impact of the COVID-19 pandemic, the conditions in the U.S. and global economy, the markets served by us and the financial markets, the impact of our debt obligations on our operations and liquidity, developments and uncertainties in trade policies and regulations, contractions or growth rates and cyclicity of markets we serve, fluctuations in inventory of our distributors and customers, loss of a key distributor, our relationships with and the performance of our channel partners, competition, our ability to develop and successfully market new products and services, the potential for improper conduct by our employees, agents or business partners, our compliance with applicable laws and regulations (including regulations relating to medical devices and the health care industry), the results of our clinical trials and perceptions thereof, penalties associated with any off-label marketing of our products, modifications to our products that require new marketing clearances or authorizations, our ability to effectively address cost reductions and other changes in the health care industry, our ability to successfully identify and consummate appropriate acquisitions and strategic investments, our ability to integrate the businesses we acquire and achieve the anticipated benefits of such acquisitions, contingent liabilities relating to acquisitions, investments and divestitures, significant restrictions and/or potential liability based on tax implications of transactions with Danaher, security breaches or other disruptions of our information technology systems or violations of data privacy laws, our ability to adequately protect our intellectual property, the impact of our restructuring activities on our ability to grow, risks relating to currency exchange rates, changes in tax laws applicable to multinational companies, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, risks relating to product, service or software defects, risks relating to product manufacturing, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole or limited sources of supply, the impact of regulation on demand for our products and services, labor matters, international economic, political, legal, compliance and business factors, and disruptions relating to war, terrorism, widespread protests and civil unrest, man-made and natural disasters, public health issues and other events. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our Annual Report on Form 10-K for fiscal year 2020 and our Quarterly reports on Form 10-Q. These forward-looking statements speak only as of the date of this presentation and except to the extent required by applicable law, we do not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

Overview

Dental Industry showing robust recovery and proving to be resilient; while short-term uncertainties remain, the long-term prospects remain strong

Strong start to the year with broad-based strength across the portfolio

The Envista Business System (EBS) continues to help us advance our long-term strategic priorities and improve execution

Delivering ~30% core sales growth and >20% adjusted EBITDA*

*Core sales growth and adjusted EBITDA are non-GAAP financial measures. For a reconciliation to the most directly comparable GAAP measures, please see Appendix.

Progress on strategic priorities

Priority	Results
Accelerate growth through strategic organic investments	<ul style="list-style-type: none"> • Broad based growth across portfolio • Continued strength in orthodontics and infection prevention: Improving execution in premium implants • Innovation: Launched Damon Ultima System; Spark rollout accelerating; N1 expanding in EU; TiUltra and XEAL expanding in US
Expand operating margins through operational discipline and reduction in structural costs	<ul style="list-style-type: none"> • Achieved >20% Adjusted EBITDA* margins for third consecutive quarter • EBS helping to drive significant reduction in structural costs; Capturing short-term cost savings related to pandemic • Plan to re-invest incremental >\$30M to drive long-term growth
Building a better, stronger, growth-oriented portfolio	<ul style="list-style-type: none"> • Stronger, more resilient portfolio • >85% of portfolio consumables and workflow oriented • Strong balance sheet; Flexibility for capital deployment

Transforming Envista into a higher growth, higher margin company

*Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation to the most directly comparable GAAP measures, please see Appendix.

Q1 2021: Financial metrics

Core Sales Growth* **29.7%**

Adjusted OP Margin* **19.4%**

GAAP EPS **\$0.41**

Adj. Diluted EPS* **\$0.54**

Free Cash Flow* **\$8.3M**

Adjusted EBITDA* **\$148M**

Core sales growth

- Broad-based strength across portfolio
- Consumables grew at >30%
- China grew >50% led by Specialty segment

Profitability

- Realizing benefits from our \$100 million structural cost reduction initiatives
- Strong growth; portfolio rationalization; and lower operating expenses due to pandemic
- Adjusted operating profit margin grew +1,750bps
- Adjusted EBITDA* increased by \$129M

Strong growth across portfolio; disciplined execution driving margin improvement

*Core sales growth, adjusted OP margin, adjusted diluted EPS, free cash flow and adjusted EBITDA are non-GAAP financial measures. For a reconciliation to the most directly comparable GAAP measures, please see Appendix.

Cash flow & balance sheet

Free cash flow summary (\$M)

	Q1'21	Q1'20
GAAP earnings	\$71.7	(\$17.2)
Operating cash flow	\$16.6	(\$62.3)
Capital expenditures, net	\$8.3	\$13.6
Free cash flow*	\$8.3	(\$75.9)

- **Balance sheet**

- Ended Q1 with cash balance of \$441M
- Reinstatement of original terms of credit agreement two quarters ahead of plan

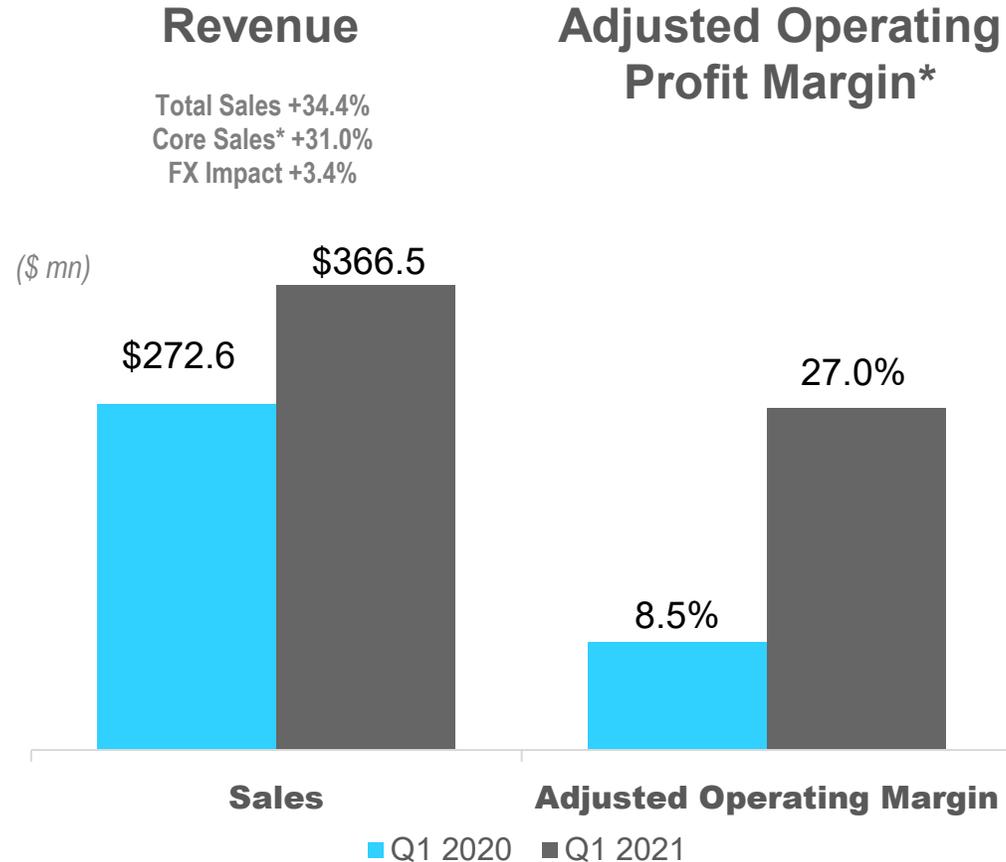
- **Free Cash Flow**

- Generated positive operating cash flow in Q1 2021
- Working capital expanded in line with rapid growth; maintain disciplined working capital management
- Capital expenditures remain focused on growth

Strong Balance Sheet; Flexibility to continue to transform portfolio

*Free cash flow is a non-GAAP financial measure. For a reconciliation to the most directly comparable GAAP measures, please see Appendix.

Specialty Products & Technologies



- **Orthodontics**

- Wires & brackets growth accelerating
- Strong support for Spark; >35% increase over Q4 2020 in the number of active doctors using Spark

- **Implants**

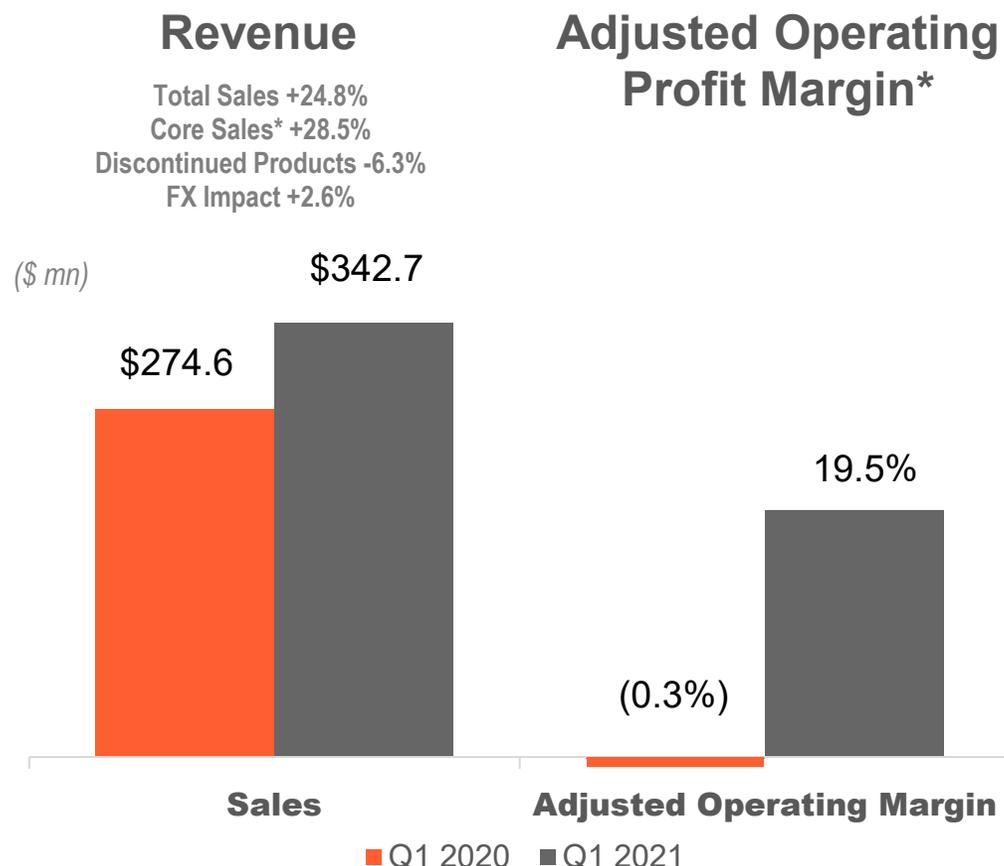
- Improving commercial execution in Premium
- Leveraging innovation (TiUltra/Xeal & N1)

- **Profitability**

- Margin improvement driven by growth, structural cost savings & reduced spend related to pandemic
- Accelerating investments in key growth initiatives

Accelerating performance, investing for future growth

* Core sales growth and adjusted operating profit margin are non-GAAP financial measures. For a reconciliation to the most directly comparable GAAP measures, please see Appendix.



- **Core Sales Growth***

- Market rebound and strong execution
- Robust growth in consumables driven by stronger distributor partnership and focus on driving sell-out
- Demand for infection prevention remains strong
- Growth in equipment >20%

- **Profitability**

- Streamlined portfolio and strong growth driving improved YoY operating margins
- Structural cost savings driven by EBS
- Reduced travel and other pandemic related savings

Strong first quarter; positioned for strong long-term performance

* Core sales growth and adjusted operating profit margin are non-GAAP financial measures. For a reconciliation to the most directly comparable GAAP measures, please see Appendix.

Summary

- **Long-term prospects for the dental industry remain strong**
 - Resilient market with significant opportunity for growth and further penetration
 - Digital Workflow, Implants, and Orthodontics represent significant growth opportunities
- **Envista is well positioned to win**
 - Heritage brands with full product portfolio: 90%+ of dentists' clinical needs
 - Strong commercial reach: >3,000 salespeople, global network of dealer partners
 - Performance culture and Envista Business System
- **Our strategic priorities remain the same**
 - Accelerating organic growth
 - Expanding operating margins
 - Building a better, stronger, more growth-oriented portfolio

Strong start to 2021, focused on executing our strategic priorities

Q&A

Appendix

RECONCILIATION OF ADJUSTED OPERATING PROFIT

(\$ in millions)

	Three Months Ended	
	April 2, 2021	April 3, 2020
Consolidated		
Operating Profit (Loss)	\$ 108.3	\$ (25.0)
Amortization of acquisition-related intangible assets	21.0	22.5
Restructuring costs and asset impairments ^A	8.1	12.3
Adjusted Operating Profit	<u>\$ 137.4</u>	<u>\$ 9.8</u>
Adjusted Operating Profit as a % of Sales	19.4 %	1.8 %
Specialty Products & Technologies		
Operating Profit	\$ 80.5	\$ 7.8
Amortization of acquisition-related intangible assets	15.0	14.7
Restructuring costs and asset impairments ^A	3.5	0.8
Adjusted Operating Profit	<u>\$ 99.0</u>	<u>\$ 23.3</u>
Adjusted Operating Profit as a % of Sales	27.0 %	8.5 %
Equipment & Consumables		
Operating Profit (Loss)	\$ 58.6	\$ (19.3)
Amortization of acquisition-related intangible assets	6.0	7.8
Restructuring costs and asset impairments ^A	2.1	10.8
Adjusted Operating Profit (Loss)	<u>\$ 66.7</u>	<u>\$ (0.7)</u>
Adjusted Operating Profit (Loss) as a % of Sales	19.5 %	(0.3)%

See the accompanying Notes to Reconciliation of GAAP to Non-GAAP Financial Measures

RECONCILIATION OF ADJUSTED NET INCOME

(\$ in millions)

	Three Months Ended	
	April 2, 2021	April 3, 2020
Net Income (Loss)	\$ 71.7	\$ (17.2)
Amortization of acquisition-related intangible assets	21.0	22.5
Restructuring costs and asset impairments ^A	8.1	12.3
Non-cash interest expense - convertible senior notes ^B	4.6	—
Tax effect of adjustments reflected above ^C	(8.1)	(10.9)
Discrete tax adjustments and other tax-related adjustments ^D	(1.9)	(1.7)
Adjusted Net Income	<u>\$ 95.4</u>	<u>\$ 5.0</u>

See the accompanying Notes to Reconciliation of GAAP to Non-GAAP Financial Measures

RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE

	Three Months Ended	
	April 2, 2021	April 3, 2020
Diluted Earnings (Loss) Per Share	\$ 0.41	\$ (0.11)
Amortization of acquisition-related intangible assets	0.12	0.14
Restructuring costs and asset impairments ^A	0.05	0.08
Non-cash interest expense - convertible senior notes ^B	0.03	—
Tax effect of adjustments reflected above ^C	(0.06)	(0.07)
Discrete tax adjustments and other tax-related adjustments ^D	(0.01)	(0.01)
Adjusted Diluted Earnings Per Share	\$ 0.54	\$ 0.03

See the accompanying Notes to Reconciliation of GAAP to Non-GAAP Financial Measures

RECONCILIATION OF ADJUSTED EBITDA

(\$ in millions)

	Three Months Ended	
	April 2, 2021	April 3, 2020
Net Income (Loss)	\$ 71.7	\$ (17.2)
Interest expense, net	18.0	3.3
Income taxes	18.9	(11.0)
Depreciation	10.3	9.5
Amortization of acquisition-related intangible assets	21.0	22.5
Restructuring costs and asset impairments ^A	8.1	12.3
Adjusted EBITDA	\$ 148.0	\$ 19.4

See the accompanying Notes to Reconciliation of GAAP to Non-GAAP Financial Measures

RECONCILIATION OF CORE SALES GROWTH¹

	% Change Three Month Period Ended April 2, 2021 vs. Comparable 2020 Period
Consolidated	
Total sales growth	29.6 %
Less the impact of:	
Discontinued products	3.1 %
Currency exchange rates	(3.0)%
Core sales growth	<u>29.7 %</u>
Specialty Products & Technologies	
Total sales growth	34.4 %
Less the impact of:	
Currency exchange rates	(3.4)%
Core sales growth	<u>31.0 %</u>
Equipment & Consumables	
Total sales growth	24.8 %
Less the impact of:	
Discontinued products	6.3 %
Currency exchange rates	(2.6)%
Core sales growth	<u>28.5 %</u>

¹ We use the term “core sales” to refer to GAAP revenue excluding (1) sales from acquired businesses recorded prior to the first anniversary of the acquisition (“acquisitions”), (2) sales from discontinued products and (3) the impact of currency translation. Sales from discontinued products includes major brands or products that Envista has made the decision to discontinue as part of a portfolio restructuring. Discontinued brands or products consist of those which Envista (1) is no longer manufacturing, (2) is no longer investing in the research or development of, and (3) expects to discontinue all significant sales within one year from the decision date to discontinue. The portion of sales attributable to discontinued brands or products is calculated as the net decline of the applicable discontinued brand or product from period-to-period. The portion of GAAP revenue attributable to currency exchange rates is calculated as the difference between (a) the period-to-period change in sales and (b) the period-to-period change in sales after applying current period foreign exchange rates to the prior year period. We use the term “core sales growth” to refer to the measure of comparing current period core sales with the corresponding period of the prior year.

RECONCILIATION OF FREE CASH FLOW

(\$ in millions)

	Three Months Ended	
	April 2, 2021	April 3, 2020
Net Operating Cash Used in Investing Activities	\$ (5.5)	\$ (51.4)
Net Operating Cash (Used in) Provided by Financing Activities	\$ (469.6)	\$ 258.5
Net Operating Cash Provided by (Used in) Operating Activities	\$ 16.6	\$ (62.3)
Less: payments for additions to property, plant and equipment (capital expenditures)	(8.3)	(13.6)
Free Cash Flow	<u>\$ 8.3</u>	<u>\$ (75.9)</u>

ENVISTA HOLDINGS CORPORATION

NOTES TO RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (UNAUDITED)

- ^A We exclude costs incurred pursuant to discrete restructuring plans that are fundamentally different (in terms of the size, strategic nature and planning requirements, as well as the inconsistent frequency, of such plans) from the ongoing productivity improvements that result from application of the Envista Business System. These restructuring plans are incremental to the operating activities that arise in the ordinary course of our business and we believe are not indicative of Envista's ongoing operating costs in a given period.
- ^B Non-cash interest expense represents accretion of the debt discount associated with the convertible senior notes due 2025.
- ^C This line item reflects the aggregate tax effect of all pretax adjustments reflected in the preceding line items of the table using each adjustment's applicable tax rate, including the effect of interim tax accounting requirements of Accounting Standards Codification Topic 740 *Income Taxes*.
- ^D The discrete tax matters relate primarily to excess tax benefits from stock-based compensation, changes in estimates associated with prior period uncertain tax positions and audit settlements, tax benefits resulting from a change in law, and changes in determination of realization of certain deferred tax assets.

Statement Regarding Non-GAAP Measures

Each of the non-GAAP measures set forth above should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies. Management believes that these measures provide useful information to investors by offering additional ways of viewing Envista Holdings Corporation's ("Envista" or the "Company") results that, when reconciled to the corresponding GAAP measure, help our investors to:

- with respect to Adjusted Operating Profit, Adjusted Net Income, Adjusted Diluted Earnings Per Share and Adjusted EBITDA, understand the long-term profitability trends of Envista's business and compare Envista's profitability to prior and future periods and to Envista's peers;
- with respect to Core Sales, identify underlying growth trends in Envista's business and compare Envista's revenue performance with prior and future periods and to Envista's peers;
- with respect to Adjusted EBITDA, help investors understand operational factors associated with a company's financial performance because it excludes the following from consideration: interest, taxes, depreciation, amortization, and infrequent or unusual losses or gains such as goodwill impairment charges or nonrecurring and restructuring charges. Management uses Adjusted EBITDA, as a supplemental measure for assessing operating performance in conjunction with related GAAP amounts. In addition, Adjusted EBITDA is used in connection with operating decisions, strategic planning, annual budgeting, evaluating Company performance and comparing operating results with historical periods and with industry peer companies; and
- with respect to Free Cash Flow (the "FCF Measure"), understand Envista's ability to generate cash without external financings, strengthen its balance sheet, invest in its business and grow its business through acquisitions and other strategic opportunities (although a limitation of free cash flow is that it does not take into account the Company's debt service requirements and other non-discretionary expenditures, and as a result the entire Free Cash Flow amount is not necessarily available for discretionary expenditures).

Management uses these non-GAAP measures to measure the Company's operating and financial performance.

The items excluded from the non-GAAP measures set forth above have been excluded for the following reasons:

- With respect to Adjusted Operating Profit, Adjusted Net Income, Adjusted Diluted Earnings Per Share and Adjusted EBITDA:
 - We exclude the amortization of acquisition-related intangible assets because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate. While we have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. Exclusion of this amortization expense facilitates more consistent comparisons of operating results over time between our newly-acquired and long-held businesses, and with both acquisitive and non-acquisitive peer companies. We believe, however, that it is important for investors to understand that such intangible assets contribute to revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized.
 - With respect to the other items excluded from Adjusted Net Income, Adjusted Operating Profit, Adjusted Diluted Earnings Per Share and Adjusted EBITDA, we exclude these items because they are of a nature and/or size that occur with inconsistent frequency, occur for reasons that may be unrelated to Envista's commercial performance during the period and/or we believe that such items may obscure underlying business trends and make comparisons of long-term performance difficult.
- With respect to core sales, we exclude (1) the effect of acquisitions and divested product lines because the timing, size, number and nature of such transactions can vary significantly from period-to-period and between us and our peers, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult, (2) sales from discontinued products because discontinued products do not have a continuing contribution to operations and management believes that excluding such items provides investors with a means of evaluating our on-going operations and facilitates comparisons to our peers, and (3) the impact of currency translation because it is not under management's control, is subject to volatility and can obscure underlying business trends.
- With respect to the FCF Measure, we exclude payments for additions to property, plant and equipment (net of the proceeds from capital disposals) to demonstrate the amount of operating cash flow for the period that remains after accounting for the Company's capital expenditure requirements.