

Media release

Straumann on track with organic¹ growth of 9% in first 9 months

- Group revenue climbs 12% in Swiss francs (9% organic, 18% in local currencies) to CHF 585m, including CHF 46m from Neodent
- Momentum continues in Q3 (+8% organic) driven by strong growth in Asia, sustained improvement in Europe and solid performance in North America
- Bone Level Tapered (BLT) implants available in 50 countries; >100 000 sold in first year
- Group confirms full-year outlook (barring unforeseen circumstances)
- Matthias Schupp, Head of LATAM, joins Executive Management Board

REVENUE BY REGION

<i>(in CHF million)</i>	Q3 2015	Q3 2014	9M 2015	9M 2014
Europe, Middle East & Africa (EMEA)²	82.8	83.7	275.8	289.5
<i>Change in CHF in %</i>	<i>(1.0)</i>	<i>1.2</i>	<i>(4.7)</i>	<i>1.2</i>
<i>Change organic in %</i>	<i>8.5</i>	<i>2.4</i>	<i>5.4</i>	<i>1.9</i>
<i>In % of Group revenue</i>			<i>47.1</i>	<i>55.3</i>
North America	52.0	47.7	159.0	139.9
<i>Change in CHF in %</i>	<i>9.0</i>	<i>10.7</i>	<i>13.6</i>	<i>3.1</i>
<i>Change organic in %</i>	<i>6.1</i>	<i>11.4</i>	<i>9.0</i>	<i>7.3</i>
<i>In % of Group revenue</i>			<i>27.2</i>	<i>26.7</i>
Asia / Pacific	29.0	27.1	89.3	78.1
<i>Change in CHF in %</i>	<i>6.7</i>	<i>13.7</i>	<i>14.4</i>	<i>6.4</i>
<i>Change organic in %</i>	<i>13.2</i>	<i>17.0</i>	<i>19.1</i>	<i>13.8</i>
<i>In % of Group revenue</i>			<i>15.3</i>	<i>14.9</i>
Latin America²	23.1	5.7	61.2	15.9
<i>Change in CHF in %</i>	<i>303.3</i>	<i>3.4</i>	<i>285.9</i>	<i>6.0</i>
<i>Change in local currencies in %</i>	<i>452.5</i>	<i>7.3</i>	<i>376.3</i>	<i>16.9</i>
<i>Change in organic growth %</i>	<i>1.3</i>	<i>7.3</i>	<i>9.1</i>	<i>16.9</i>
<i>In % of Group revenue</i>			<i>10.4</i>	<i>3.0</i>
GROUP	186.9	164.3	585.3	523.4
<i>Change in CHF in %</i>	<i>13.8</i>	<i>5.8</i>	<i>11.8</i>	<i>2.6</i>
<i>Change in local currencies in %</i>	<i>20.5</i>	<i>7.3</i>	<i>18.1</i>	<i>5.4</i>
<i>Change organic in %</i>	<i>7.6</i>	<i>7.3</i>	<i>8.6</i>	<i>5.4</i>

¹ The term 'organic' in this release means 'excluding the effects of currency fluctuations and acquired business activities'. As of 1 March 2015, the Neodent business was fully consolidated and led to an acquisition effect in the Latin American region.

² Owing to the Neodent acquisition Straumann has re-allocated markets from the 'Rest of the World' region to EMEA and Latin America, with effect of 1 January 2015. The respective regional figures for 2014 have been restated accordingly.

Basel, 29 October 2015: Driven by healthy growth across all business segments and regions, the Straumann Group posted strong organic growth of 9% in the first nine-months of 2015. With the recently acquired Neodent business contributing CHF 46 million over seven months, Group revenue reached CHF 585 million, representing an increase of 12% in Swiss francs – despite the significant negative currency impact of 6 percentage points due mostly to the Euro. Including the acquisition effect, growth in local currencies amounted to 18%.

In Q3, good performances in the APAC and EMEA regions, together with solid growth in North America, resulted in organic growth of 8%. In spite of the sluggish economy in key Latin American markets, the Group was still able to improve on the strong comparative quarter posted by the region last year. On the basis of the presented results, Straumann confirmed its expectation for full-year revenue to grow organically in the mid- to higher-single-digit range, barring unforeseen circumstances.

Marco Gadola, Chief Executive Officer, commented: “We have underpinned the improvements in Europe, delivered another strong performance in Asia and posted solid growth in North America. In Latin America, we managed to achieve respectable results in spite of the economic recession in Brazil. Top-line growth was fuelled by our new-generation Bone Level Tapered implant and comprehensive range of biomaterials, which have helped to win business from competitors. We are continuing to unlock further growth opportunities and to penetrate the value segment. Based on the performance so far and the exciting number of growth projects, I am confident that we will achieve our full-year targets.”

Executive appointment reflects increasing importance of Latin America

The Group also announced the appointment of Matthias Schupp, Head of Straumann’s LATAM region and CEO of Neodent, to the Executive Management Board with effect of 1 January 2016. Mr Schupp joined Straumann from Procter & Gamble in 2007 as Regional Manager, Western Europe. In 2013, he was appointed Head of Sales LATAM and joined the management of Neodent, of which he became CEO early in 2015. Mr Schupp is German, aged 50, and has a strong track record in country/regional management in various industries.

His appointment reflects the increasing importance of Latin America, which now generates more than 10% of the Group’s revenue and employs a quarter of its workforce. The region also offers considerable growth opportunities.

STRATEGIC HIGHLIGHTS

The Group made further progress with its strategy to target unexploited growth markets and segments. To address the large, underpenetrated tooth-replacement market in Russia, Straumann opened a subsidiary in Moscow, incorporating its former local distributor. The Group has also opened a subsidiary in Colombia and adapted its go-to-

market approach in Mexico. Both locations will serve as hubs for the Group's premium and value brands in surrounding countries.

Further advances were also made with its strategy to become the total solution provider in tooth replacement. Having launched several key products earlier in the year, Straumann continued the roll-out of its BLT implant and Pro Arch solutions for edentulous patients. The company also expanded its family of cost-effective Variobase[®] abutments, which offer Straumann original connections and can be restored with a wide range of CAD/CAM systems. A new agreement with Sirona ensures that the Variobase is supported in the CEREC[®] system and that Straumann's milling centers are listed as 'trusted providers' in Sirona's inLab[®] system.

At the EAO in Q3, new data were reported from a large retrospective study of patients treated in Sweden with dental implants produced by various companies. 427 patients with 1578 implants were evaluated nine years after treatment with regard to the occurrence of peri-implantitis. One important conclusion drawn by the authors is that implant brand is one of several factors that influence treatment outcomes³. The data were very favorable for Straumann and have been accepted for publication in the Journal of Dental Research.

BUSINESS AND REGIONAL PERFORMANCES

Two thirds of the Group's revenue growth in the first 9 months was generated by **implants**. The key drivers were the high-performance implant material Roxolid[®] and BLT implants, of which more than 100 000 have been sold since the initial launch one year ago. The new implants are now available in more than 50 countries and at the end of Q3 BLT accounted for one in every eight Straumann implants sold.

The **restorative** business, including CAD/CAM prosthetics and digital equipment, posted another quarter of robust growth, with standard prosthetic sales developing nicely in the wake of strong implant growth. Demand was especially strong for customized abutments and Variobases.

Straumann's fastest growing business this year has been **biomaterials** (formerly referred to as regenerative products), driven by the roll-out of the botiss range in Europe and the success of new regenerative solutions in the US, which include bone substitute and membrane products sold under license.

³ Effectiveness of implant therapy analyzed in a Swedish population: prevalence of peri-implantitis. Derks J, Schaller D, Håkansson J, Wennström JL, Tomasi C, Berglundh T. J Dent Res (2015) accepted for publication. ISBN 978-91-628-9491-7 8print. <http://hdl.handle.net/2077/39544>

Continued growth in EMEA

In Europe, the Middle East and Africa (EMEA), Straumann's largest region (47% of the Group total), nine-month revenue rose 5% in organic terms, despite stiff competition from value and discount players and price concessions to distributors early in the year to compensate for the strong Swiss franc. The currency effect has been pronounced throughout 2015 and took 10% off regional top-line growth as revenue reached CHF 278 million.

Organic growth in Q3 was strong and reached 9%. The results were positive with very few exceptions. In the largest regional market, Germany, Straumann posted another strong quarter, while Iberia, France and Sweden all reported double-digit growth.

Pace eases in North America

In North America, nine-month revenue grew 9% (organic), driven by double-digit implant growth and with further impetus from abutments. Due to the strengthening of the US dollar, growth in Swiss francs amounted to 14%, bringing net revenue to CHF 159 million or 27% of the Group total.

In Q3 revenue continued to grow solidly (+6%) but slower than in the preceding quarters. This mainly reflects the strong comparative quarter in the prior year, which benefitted from the launch of BLT.

Strong growth continues in China and Japan

Driven by strong growth in Japan and China, nine-month revenues in Asia/Pacific climbed 19% (organic), with double-digit increases throughout. Straumann continues to benefit from the dynamic market in China, where it has completed the transition to a new hybrid distribution model with 20 regional distributors and a consultative sales force of more than 70 representatives. The depreciation of the Yen and other currencies reduced growth to 14% in Swiss francs, bringing 9-month revenue in the region to CHF 89 million, or 15% of the Group.

Straumann gained further market-share in Japan in Q3, thanks to the continuing roll-out of SLActive and the controlled market release of BLT, which contributed to the quarterly organic revenue increase of 13%. The Group's new CAD/CAM milling center in Narita, near Tokyo, went into operation shortly after the quarter ended.

LATAM restrained by the economic environment

The dental markets in Latin America suffered from further economic recession, especially in the region's largest economy, Brazil, where the tooth replacement market has been sluggish throughout the year. Nevertheless, the Group delivered a robust nine-month performance, strengthening its competitive position and increasing regional organic sales by 9%. Both Straumann and Neodent posted high-single-digit growth. The pronounced decline of the Brazilian Real led to a negative currency impact of 19% points, bringing reported regional revenue to CHF 61 million or 10% of the Group.

Neodent took over distribution from one of its larger local distributors at the end of Q2 and had to build-up its own sales network, which together with the sluggish market held revenue development back in Q3. However, the Group still managed to achieve a 1% increase on the strong comparative period of 2014, when business resumed after the soccer World Cup. During the quarter, BLT received regulatory approval for most Latin American markets and has entered a controlled market release.

OUTLOOK 2015 (barring unforeseen circumstances)

Straumann expects the global implant market to continue growing in 2015 and, based on the good performance in the first-nine months, expects full-year revenue to grow organically in the mid- to higher-single-digit range. The Group will balance investments between growth markets and strategic projects. Taking this and the anticipated revenue growth into account, and assuming that the currency exchange rates remain more or less at their 9-month levels, the Group aims to achieve an EBIT margin in the low twenties, before business combination exceptionals.⁴

About Straumann

Headquartered in Basel, Switzerland, Straumann (SIX: STMN) is a global leader in implant, restorative and regenerative dentistry. In collaboration with leading clinics, research institutes and universities, Straumann researches, develops and manufactures dental implants, instruments, prosthetics and biomaterials for use in tooth replacement and restoration solutions or to prevent tooth loss. The Straumann Group currently employs approximately 3400 people worldwide. Its products and services are available in more than 70 countries through a broad network of distribution subsidiaries and partners.

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Disclaimer

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⁴ Inventory adjustments related to the business combination of Neodent of CHF 13 million in COGS.

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Analysts' and media webcast telephone conference

Straumann will present its 2015 9M and Q3 revenue results to representatives of the financial community and media in a webcast telephone conference call today at 2:00 p.m. Swiss time.

The audio webcast of the conference call (www.straumann.com/webcast) will be available for the next month.

Presentation slides

The slides for the conference call are available www.straumann.com/Straumann-2015-Q3-Presentation.pdf and on the Investors pages at www.straumann.com.

The telephone conference can be accessed at:

Europe & RoW: +41 (0)58 310 50 09

UK: +44 (0)203 059 58 62

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UPCOMING CORPORATE / INVESTOR EVENTS

Date	Event	Location
2015		
29 October	2015 third-quarter results	Webcast
04 November	Bank Vontobel Swiss Healthcare Tour	Basel
20 November	Credit Suisse Swiss Midcap conference	Zurich (CH)
17 November	Investor meetings	Edinburgh (UK)
18 November	Investor meetings	London (UK)
2016		
15 January	Baader Helvea Swiss Conference	Bad Ragaz (CH)
25 February	2015 full-year results conference	Basel (HQ)
08 April	2016 AGM	Congress Center Basel
03 May	2016 first-quarter results	Webcast

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