

**2014 First-quarter revenue – Media Release**

**Promising start to 2014 with 6% growth (l.c.) and first-quarter revenue of CHF 180 million**

- All regions ahead of previous year – sequential improvements in Europe and Japan
- Growth driven by strong implant volumes and lifted by Roxolid®
- Strategic partnerships to strengthen presence in the value segment and in regenerative dentistry
- ITI World Symposium successfully used to strengthen network and to promote new products/solutions
- Group reiterates full-year guidance of low-single digit growth and improved margins

**REVENUE BY REGION**

(in CHF million)

	<b>Q1 2014</b>	<b>Q1 2013</b>
<b>GROUP</b>	<b>179.8</b>	<b>174.8</b>
Change in CHF %	2.9	(5.6)
Change in l.c. %	6.0	(5.5)
<b>Europe</b>	<b>102.5</b>	<b>98.5</b>
Change in CHF %	4.0	(7.5)
Change in l.c. %	4.1	(8.4)
In % of Group revenue	57.0	56.4
<b>North America</b>	<b>45.5</b>	<b>45.3</b>
Change in CHF %	0.5	1.3
Change in l.c. %	5.2	0.2
In % of Group revenue	25.3	25.9
<b>Asia / Pacific</b>	<b>22.1</b>	<b>22.7</b>
Change in CHF %	(2.3)	(9.3)
Change in l.c. %	8.3	(4.4)
In % of Group revenue	12.3	13.0
<b>Rest of the World (ROW)</b>	<b>9.8</b>	<b>8.3</b>
Change in CHF %	17.4	(6.6)
Change in l.c. %	28.6	(2.6)
In % of Group revenue	5.4	4.8

**Basel, 30 April 2014:** With first-quarter revenue rising 6% in local currencies (l.c.), Straumann has made a promising start to 2014, posting its best quarterly increase in three years. The solid performance reflects the successful outcome of strategic investments in high-growth markets, the launch of new products, and the soft comparative baseline from the prior year, when Easter fell in Q1. Unfavorable currency fluctuations reduced growth in Swiss francs to 3%, as Group revenue reached CHF 180 million.

All regions and businesses reported growth in the first quarter. North America continued to perform solidly, while Europe and Asia Pacific both rebounded from prior Q1 declines to post good growth. The 'Rest of the World' region reported the most dynamic increase, driven by strong demand for Straumann implants in Brazil and Mexico.

The company reiterated its full-year outlook for revenue to increase in the low-single-digit range (l.c.) with improved operating income margin.

**CEO Marco Gadola** commented: "Although the economic recession has lost its sting, its effects have not disappeared. Despite signs of economic recovery in developed markets, consumer confidence is still fragile. Unemployment remains high and competition is intense. However, our continued improvement throughout the past four quarters shows that we are working on the right things with the right partners.

We have brought several solutions to market that reduce barriers to treatment and have the potential to change paradigms. We have taken bold steps to compete on price and also to penetrate the value segment through strategic investments in companies that focus on implants, prosthetics and digital/CADCAM solutions. As a result, we have made a promising start to our 60th anniversary year."

## **BUSINESS PERFORMANCE**

Straumann's implant business expanded strongly across all regions, driven in particular by the increased share of the high-performance material, Roxolid<sup>®</sup>. This was achieved mainly through the extension of Roxolid throughout the implant range and the launch of Straumann's minimal invasive implant campaign.

The restorative business was mixed. Growth in implant prosthetics – including customized abutments and the new Straumann Variobase<sup>™</sup> abutment – more than compensated for slower sales in tooth-borne prosthetic elements and in-lab scanners.

The Regeneratives business achieved modest growth, led by Emdogain<sup>®</sup>.

With regard to the value-brand portfolio, Neodent was launched in the US in March following its debut in Spain in October. Both businesses made an initial – and thus small – contribution to Group sales. Straumann is the exclusive global distribution partner for Neodent.

## **REGIONS**

### **Getting back to growth in Europe**

Although patient flow at dental practices and implant procedures remain subdued, there are signs of improvement in Europe, which is Straumann's largest region. Group revenue increased by 4%, both in local currencies and Swiss francs, to reach CHF 103 million. Growth was achieved in nearly all countries, with the Nordics and Spain delivering the

strongest performances. The latter benefited in particular from improved market conditions and the biennial Expodental trade fair.

In January, Straumann introduced a new pricing strategy in initial European markets, which has encouraged customers to upgrade to premium Roxolid implants. It has also enabled the company to make inroads into competitive accounts. Importantly, it has stimulated the business in Germany, helping to stop erosion in the region's largest market.

### **Solid performance in North America**

North America, Straumann's second largest region, achieved growth of 5% in local currencies. Roxolid and the bone-level implant range were the main drivers, with solid growth in abutments, which offset the soft CAD/CAM equipment sales. The negative currency impact due to a depreciation of the US dollar squeezed growth in Swiss francs to half a percent, bringing regional revenue to CHF 46 million.

### **Asia/Pacific benefits from further pick-up in Japan**

Asia/Pacific, which contributes 12% of Group revenues, grew 8% in local currencies. This was mainly driven by the performance in the region's largest market, Japan. In addition to the market recovery, Straumann Japan benefitted from the launch of its SLActive implant surface as well as strong orders ahead of value-added-tax increases on 1 April 2014. The depreciation of the Japanese Yen and other currencies knocked almost 11 percentage points off regional growth, reducing first-quarter revenues to CHF 22 million.

### **Dynamic growth in Latin America**

The region referred to as the 'Rest of the World' contributes approximately 5% of Group revenue, most of which is generated in Latin America. First-quarter revenue climbed 29% in local currencies or 17% in Swiss francs to CHF 10 million. The strong currency headwind was due to the weakness of the Brazilian real. Growth in the region was most pronounced in Brazil and Mexico. Like Straumann, Neodent also started well in 2014, with double-digit sales growth.

## **OPERATIONAL AND STRATEGIC PROGRESS**

### **Further strategic steps to become a global leader both in premium and value**

In February, the Group purchased a convertible bond for CHF 6 million from Biodenta, a globally-active company based in Taiwan and Switzerland and specializing in comprehensive solutions for dentists and laboratories, with a focus on emerging markets.

This was followed in March, by the purchase of convertible bond for CHF 27 million in MegaGen, one of Korea's fastest-growing dental implant companies. MegaGen offers a broad range of implant systems, supplemented by digital and regenerative tools and products to support implant procedures. Straumann has the option to obtain a majority stake in MegaGen by converting the bonds into shares in 2016.

Both companies are important additions for Straumann's value platform as they offer access to the value segments in Asia and emerging markets such as China, India, Taiwan, Russia,

Turkey and the Middle East. They will operate separately as different brands with their own philosophy, salesforce, production and value proposition – reflecting the multi-brand strategy that Straumann is already implementing with Neodent, Medentika, Dental Wings and Createch. The latter two also serve Straumann's premium segment.

### **Combining strengths with botiss**

Last week, Straumann and botiss announced their intention to combine strengths to provide complete oral tissue regeneration solutions worldwide. Straumann will gain exclusive rights to distribute botiss regenerative products initially in most Western and Central European countries and the Americas, with co-distribution in Germany. Botiss will receive rights to distribute Straumann Emdogain in Germany, parts of Eastern Europe and the Middle East. Straumann also has a call option which, if exercised, could lead to a stake in botiss of up to 30% in 2017.

### **New solutions rolled out at highly successful ITI World Symposium in Geneva**

Attended by more than 4000 participants, the recent ITI World Symposium continued to be the leading academic event in oral implantology. Once again, it provided an excellent platform for Straumann to promote new research and solutions. In particular, the Group began the roll-out of several innovative products and customer solutions including:

- the availability of Roxolid small-diameter and short implants throughout Europe
- the launch of the Straumann PURE ceramic implant
- the launch of new prosthetic solutions for fixed full-arch restorations, and
- the increase in CAD/CAM options with enhanced functionality and efficiency.

### **OUTLOOK 2014 (barring unforeseen circumstances)**

Straumann expects the global implant market to develop positively in 2014. After a promising Q1, the company expects a softer Q2 given the later Easter break this year. The Group maintains its assumption that full-year revenue will grow in the low-single-digit range in local currencies. It will continue to invest in dental growth markets and to extend the reach of its non-premium offering. Despite this, and thanks to the full impact of its cost-reduction measures last year, Straumann expects to expand operating income margin in 2014. In the mid-term, the Group aims to achieve solid growth with further operating-margin improvements.

### **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 tissue regeneration products for use in tooth replacement and restoration solutions or to prevent tooth loss. Straumann currently employs approximately 2200 people worldwide and its products and services are available in more than 70 countries through its broad network of distribution subsidiaries and partners.

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**Media and analysts' conference call**

Straumann will present its first-quarter 2014 financial results to representatives of the financial community and media in a webcast telephone conference call at 10:00h CET.

The audio webcast of the conference call ([www.straumann.com/webcast](http://www.straumann.com/webcast)) will be available for the next month. The telephone conference can be accessed at:

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

+44 (0)203 059 58 62 (UK)

+1 (1)631 570 56 13 (USA)

**Presentation slides**

The corresponding conference visuals are available at [www.straumann.com/Straumann-2014-Q1-Presentation.pdf](http://www.straumann.com/Straumann-2014-Q1-Presentation.pdf) and on the Media and Investors pages at [www.straumann.com](http://www.straumann.com).

**Upcoming corporate/investor events**

05 May 2014	Investor meetings, Milan
06 May 2014	Investor meetings, Munich
11-12 June 2014	Vontobel Swiss conference, Interlaken/CH
13 June 2014	Deutsche Bank DACH conference, Berlin
04 August 2014	Goldman Sachs EU Medtech conference, London
05 August 2014	Investor meetings, London
<b>26 August 2014</b>	<b>2014 First-half conference, Basel HQ</b>
27 August 2014	Investor meetings, Zurich
07 October 2014	Investor meetings, Toronto
08 October 2014	Investor meetings, New York
09 October 2014	Investor meetings, Boston
<b>23 October 2014</b>	<b>Third-quarter results (webcast/conference call)</b>
<b>24 February 2015</b>	<b>2014 Full-year results conference, Basel HQ</b>

Details on upcoming investor relations activities are published on [www.straumann.com](http://www.straumann.com) (Investors > Events).

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