

## Media release

### Straumann's growth continues in third quarter, bringing 9-month revenues to CHF 510 million

- Momentum sustained as revenue climbs 2% in local currencies (3% organic<sup>1</sup>) in third quarter
- High single-digit growth in North America and APAC in Q3 together with dynamic expansion in ROW more than compensate for Europe, where market and economic conditions remain difficult
- Strategy to grow in the value segment advances
- Multiple initiatives announced that will contribute to growth, patient care and value creation going forward

#### REVENUE BY REGION

(in CHF million)	Q3 2013	Q3 2012	9M 2013	9M 2012
<b>GROUP</b>	<b>155.2</b>	<b>156.8</b>	<b>510.0</b>	<b>518.5</b>
Change in CHF %	(1.0)	4.0	(1.6)	0.1
Change in l.c. %	2.3	(2.0)	(0.5)	(0.8)
Change organic %	3.1		0.3	
<b>Europe</b>	<b>79.7</b>	<b>82.3</b>	<b>275.6</b>	<b>284.4</b>
Change in CHF %	(3.1)	(2.5)	(3.1)	(6.3)
Change in l.c. %	(4.1)	(5.3)	(4.3)	(4.7)
Change organic %	(3.4)		(3.8)	
In % of Group revenue			54.0	54.9
<b>North America</b>	<b>43.1</b>	<b>42.0</b>	<b>135.7</b>	<b>130.5</b>
Change in CHF %	2.6	19.4	4.0	15.3
Change in l.c. %	7.2	5.1	5.0	8.7
Change organic %	9.1		7.1	
In % of Group revenue			26.6	25.2
<b>Asia / Pacific</b>	<b>23.9</b>	<b>25.6</b>	<b>73.4</b>	<b>79.5</b>
Change in CHF %	(6.6)	6.3	(7.7)	4.9
Change in l.c. %	7.9	(2.4)	1.2	(0.1)
In % of Group revenue			14.4	15.3
<b>Rest of the World (ROW)</b>	<b>8.5</b>	<b>6.9</b>	<b>25.3</b>	<b>24.1</b>
Change in CHF %	23.6	(2.6)	4.9	(5.1)
Change in l.c.%	35.1	1.4	10.1	(0.8)
In % of Group revenue			5.0	4.6

<sup>1</sup> The term 'organic' used throughout this release means 'excluding the effects of currency fluctuations and the discontinuation of intra-oral scanner distribution business (N. America and Europe only) in October 2012'.

**Basel, 31 October 2013:** Sustained growth in local currencies (l.c.) over the past two quarters has enabled Straumann to rebound from the soft start to the year and post 9-month revenues of CHF 510 million, in line with the prior year in organic terms.

With the Japanese Yen, the US dollar and other currencies depreciating against the Swiss franc net revenue dipped 2% in Swiss francs. In spite of this, the Group expects full-year organic revenue to be at least in line with the prior year, with a sustainable improvement in profitability.

In the third quarter of 2013, net revenue rose 2% in l.c. or 3% in organic terms. The top line contracted 1% in Swiss francs, mainly due to the devaluation of the Japanese Yen.

The solid growth in Q3 exceeded the 9-month average across all regions. North America continued to be the key growth driver, while Latin America and Asia Pacific posted particularly encouraging results. Europe, the Group's largest region, continued to be stifled by economic uncertainty and lower-price competitors. Earlier this month Straumann took further strategic steps to address this.

Straumann's CEO, Marco Gadola commented: "Over the past two quarters we have sustained momentum – not just in sales but also in our launch and business development programs. We have taken further steps into the value segment without compromising our premium position. We have introduced innovative solutions that could lead to new treatment paradigms and we have continued to develop a number of promising projects in our pipeline. At the same time, we are continuing our efforts to improve efficiency."

## **BUSINESS AND REGIONAL PERFORMANCES**

### **Implants**

Straumann's core implant business posted solid growth over the nine-month period with an acceleration in the third quarter. The high-strength implant material Roxolid and Straumann's bone-level implant range were the main drivers. Since its introduction in 2009, the latter has become the Group's best-seller in the US and the UK.

### **Restoratives/prosthetics**

The CAD/CAM/digital business – comprising digital products and CAD/CAM prosthetic elements – was expectedly smaller than in the comparative period of 2012, due to the discontinued iTero business and the transfer of certain activities to Dental Wings.

CAD/CAM abutments are increasingly popular and achieved double-digit growth in the first nine months, but this was not enough to compensate for the drop in standard prosthetics, which have to contend with lower-price solutions – for example from 'Ti-base' offerings.

The Group has responded to this through its 'original on original' campaign and by launching the Straumann® Variobase, a pre-manufactured abutment which enables dental technicians to produce two-piece customized CAD/CAM abutments with original Straumann connections. Thanks to a collaboration agreement signed in October, this is now also possible for 3Shape users.

### **Regeneratives**

Straumann's business with regenerative products remained stable over the first nine months. Moving forward, regeneratives will have an increasing role in integrated customer solutions, especially in the general practitioner segment. Earlier this month at the European Association for Osseointegration meeting in Dublin (EAO), very encouraging preclinical results were presented on a promising new synthetic bone substitute which Straumann is developing.

### **Europe suffers from economic situation and lower-price competition**

High unemployment, taxes and healthcare costs – together with lower disposable income for dental treatments – have further depressed the European market for tooth replacement. Straumann's revenues (organic) in the region contracted 4% over nine-months and 3% in Q3. Net revenue in the respective periods reached CHF 80 million and CHF 276 million, corresponding to 54% of the Group.

The third-quarter performance was held back by Italy, Germany, the Netherlands and Iberia. Contrastingly, France, the UK and certain distributor markets continued to perform well.

### **Strong growth continues in North America**

Straumann's second largest region, North America, achieved strong organic growth of 7% over the first nine months. Due to a slight weakening of the dollar, growth amounted to 4% in Swiss francs bringing regional nine-month revenue to CHF 136 million, or 26% of the Group total.

Organic growth in Q3 reached 9%, which – based on results published to date – suggests that Straumann has outperformed the market. With quarterly revenue reaching CHF 43 million, the performance was driven by double-digit growth in implants and regeneratives, as well as robust demand for prosthetics.

### **APAC revenues improve modestly; Q3 trend encouraging**

The Asia/Pacific region achieved modest growth of 1% (l.c.) over nine months, with revenues reaching CHF 73 million (14% of the Group). The considerable depreciation of the Japanese Yen squeezed revenues by 9 percentage points resulting in an 8% contraction in Swiss francs.

Growth accelerated to 8% (l.c.) in Q3 as revenue reached CHF 24 million. This was driven by an improvement in Japan, which reported growth for the first time in six quarters after suffering from a declining market since early 2012. Japan is the region's largest market and was also the key performance driver in Q3, complemented by dynamic expansion in distributor markets and solid growth in China, Australia and Korea.

### **Strong growth in parts of the Rest of the World**

In the 'Rest of the World', which contributes 5% to the Group total, nine-month revenue increased 10% in l.c. or 5% in Swiss francs to CHF 25 million. Growth was evenly spread over the Middle East and Latin America. As reported previously, distributor markets in the Middle East are gradually recovering from last year's declines that were related to socio-political upheaval and embargoes.

Growth increased to 35% in Q3 in l.c. (24% in CHF) as net revenue reached almost CHF 9 million. This was the most pronounced sequential improvement Group-wide and was driven by all regional markets, in particular the Middle East and Brazil.

## **OPERATIONAL AND STRATEGIC PROGRESS**

### **Reducing invasiveness with Roxolid and SLActive**

In October, Straumann extended the option of Roxolid® with SLActive® to its entire range of implants. Designed to reduce invasiveness and to make treatment possible for patients with insufficient bone by helping avoid bone augmentation procedures, the Roxolid SLActive implant portfolio has the potential to save patients trauma, time and money, and thus increase patient acceptance for widespread use. All Roxolid SLActive implants feature the Loxim™ transfer piece for improved handling convenience.

### **New 4mm Short Implant**

At the EAO, Straumann presented its new Roxolid SLActive 4mm Tissue Level ‘Short Implant’, which is designed to avoid extensive augmentation procedures in patients with insufficient vertical bone for conventional implants.

### **New ceramic implant – an innovative evidence-based alternative**

Straumann also published clinical results on its new ceramic implant, which has entered a controlled market release. The new implant is the result of a 7-year development program and provides an excellent alternative for patients who ask for metal-free implants. Straumann expects to launch the product on a broader scale in 2014.

### **Building a platform to become a global leader in the ‘value’ segment**

Earlier this month, Straumann announced two important acquisition agreements that advance its strategy to become a global leader in the ‘value’ segment of the tooth-replacement market.

Straumann is acquiring 51% of Medentika<sup>2</sup> in Germany, a rapidly-expanding provider of cost-effective dental implants and attractively-priced prosthetics for multiple implant systems. The Group has also acquired 30% of Createch Medical in Spain, a specialist in high quality CAD/CAM prosthetics for multiple implant systems.

Apart from this, Neodent – of which Straumann owns 49% – has expanded internationally and now offers a comprehensive range of products in Spain through its own sales organization.

The three companies will operate completely separately from Straumann as different brands. Straumann will maintain its own philosophy of providing superlative products and solutions backed by documented clinical evidence and service excellence.

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<sup>2</sup> Subject to clearance by the German antitrust regulator (Bundeskartellamt)

**OUTLOOK (barring unforeseen circumstances)**

While positive developments are expected to continue in North America and other under-penetrated markets, Straumann expects the effects of the weak economy and consumer sentiment to continue in Europe.

Full-year revenue is expected to be at least in-line with the prior year in organic terms. Furthermore, the successful outcome of cost reduction initiatives will drive sustainable profitability improvements as anticipated.

In the mid term, Straumann aims to return to solid growth and further improve operating margins.

**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 2300 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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**Straumann Holding AG, Peter Merian-Weg 12, 4002 Basel, Switzerland**

Phone: +41 (0)61 965 11 11 / Fax: +41 (0)61 965 11 01

E-mail: [corporate.communication@straumann.com](mailto:corporate.communication@straumann.com) or [investor.relations@straumann.com](mailto:investor.relations@straumann.com)

Homepage: [www.straumann.com](http://www.straumann.com)

**Contacts:****Corporate Communication:**

Mark Hill: +41 (0)61 965 13 21

Thomas Konrad: +41 (0)61 965 15 46

**Investor Relations:**

Fabian Hildbrand: +41 (0)61 965 13 27

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**Analysts' and media conference call**

Straumann will present its 2013 third-quarter net revenue results to representatives of the financial community and media in a webcast telephone conference call at 12.30 a.m. Swiss time.

The audio webcast of the conference call ([www.straumann.com/webcast](http://www.straumann.com/webcast)) will be available until 30 November 2013.

**Presentation slides**

The slides for the conference call are available at [www.straumann.com/Straumann-2013-Q3-presentation.pdf](http://www.straumann.com/Straumann-2013-Q3-presentation.pdf) and on the Investors pages at [www.straumann.com](http://www.straumann.com).

The telephone conference can be accessed at:

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

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

+1 (1) 866 291 41 66 (USA)

**Upcoming events**

25 February 2014	Full-year 2013 Media- & Analyst conference, HQ Basel
11 April 2014	Annual General Meeting 2014, Congress Center Basel
30 April 2014	First-quarter 2014 results, Webcast
25 August 2014	Half-year 2014 results conference, HQ Basel

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

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