

## Media release

### **Straumann lifts first-quarter net revenue by 4% in local currencies**

- *Net revenue reaches CHF 188 million driven by implant volumes and lifted by new products*
- *Growth reported across all regions; good performance in North America; strong expansion in 'Rest of the World' region; APAC slightly impacted by Japan disaster*
- *Further currency headwind takes CHF 19 million off top line*
- *Collaborations with Dental Wings, 3M ESPE and VITA add further flexibility for CAD/CAM customers*
- *Strong presence at five international dental meetings to showcase innovative products, solutions and services*
- *New Chief Financial Officer expected to join in second half of 2011*

#### **NET REVENUES**

<b>First quarter 2011</b>				
(in CHF million)	<b>2011</b>	<b>2010</b>	<b>Change in CHF</b>	<b>Change in l.c.</b>
<b>Group net revenue</b>	<b>188.4</b>	<b>199.2</b>	<b>(5.4%)</b>	<b>4.3%</b>
<b>Europe</b>	<b>113.9</b>	<b>125.0</b>	<b>(8.8%)</b>	<b>2.2%</b>
<i>in % of Group net revenue</i>	60.5%	62.7%		
<b>North America</b>	<b>40.1</b>	<b>41.6</b>	<b>(3.7%)</b>	<b>8.0%</b>
<i>in % of Group net revenue</i>	21.3%	20.9%		
<b>Asia/Pacific</b>	<b>25.5</b>	<b>25.5</b>	<b>0.0%</b>	<b>2.2%</b>
<i>in % of Group net revenue</i>	13.5%	12.8%		
<b>Rest of the World</b>	<b>8.9</b>	<b>7.1</b>	<b>24.8%</b>	<b>26.9%</b>
<i>in % of Group net revenue</i>	4.7%	3.6%		

**Basel, 27 April 2011:** With the dental markets continuing to await a substantial pick-up, Straumann today reported a 4% increase in first-quarter net revenue in local currencies (l.c.). A further strengthening of the Swiss franc against Straumann's major currencies contributed to the strongest negative currency effect (9% points) the Group has ever experienced. As a result, net revenue reached CHF 188 million, 5% lower than in the first quarter of last year. The performance was driven by volume expansion, particularly in the implant business, and scanning equipment sales. The Group is maintaining its expectation to outperform the market again in 2011.



Straumann's President & CEO, Beat Spalinger commented: "We made good progress in the first quarter. In addition to generating continued volume growth in our core business, we have forged important partnerships that add to the breadth and strength our digital solutions platform and we have penetrated new segments in the field of oral tissue regeneration. Our strong presence and success at recent dental shows – particularly the IDS – underline the attractiveness of our products, solutions and services as well as our innovation power and brand strength".

## **BUSINESS AND REGIONAL PERFORMANCES**

Revenue growth was driven by implant volumes supported by the continuing success of the Bone Level range. Proven features like the conical CrossFit® connection, the Bone Control Design™, the SLActive® surface and prosthetic flexibility continue to win customers.

Straumann's high-performance implant material, Roxolid®, also contributed to growth, with additional impetus coming from the rollout of CARES® Digital Solutions, and the intraoral and in-lab scanners in particular. A further contribution came from initial sales of the new hydrogel membrane, Straumann® MembraGel®.

All regions reported continuing growth in the first quarter. North America was the main contributor, achieving high-single-digit expansion, while Europe and Asia/Pacific reported modest increases. The 'Rest of the World' region continued to grow dynamically.

### **Europe edges forward**

Straumann's largest market, Europe, continued to contend with subdued consumer confidence, sovereign debt and the aftermath of recession. In spite of this, Straumann posted solid growth, driven by increased implant volumes and lifted by the CARES Digital Solutions business. One highlight was the success of the in-lab and intra-oral scanners, which were both introduced recently.

On a country level, the performance was mixed. Subsidiaries like Germany, the UK and France continued to achieve solid results, while Italy and Sweden lagged somewhat.

As a result, regional growth amounted to a modest 2% in local currencies. The weakness of the euro and the British pound against the Swiss franc resulted in a negative currency effect of 11 percentage points, bringing net revenue to CHF 114 million.

### **Robust growth sustained in North America**

In North America, net revenues rose 8% to a new quarterly record in local currencies. This was driven by robust implant sales, the rollout of the new CARES CAD/CAM system and the sustained momentum of Straumann Allograft. Notwithstanding, the negative currency effect was even more pronounced than in Europe and cut regional growth in Swiss francs by almost 12% points. As a result net revenue eased slightly to CHF 40 million.

### **Stabilization in Asia/Pacific**

Although Japan has dominated recent news from Asia, Straumann has fortunately incurred no direct damage, injury or loss due to the earthquake and tsunami in March.

The resourcefulness, courage and determination of the local team have enabled the company to maintain services and support to customers. Furthermore, Straumann successfully launched its Bone Level implant range, which gained regulatory approval in March enabling the company to offer a comprehensive portfolio of soft-tissue and bone level implant options in Japan. Thus, in the first quarter, there was only a moderate decline in Japanese revenue, which was offset by continuing dynamic growth in China and positive developments in Australia. As a result, Straumann's regional net revenue rose 2% in local currencies but remained stable at CHF 26 million owing to the slightly negative currency effect. Going forward, Straumann expects the general situation in Japan to have an impact on its business but at present it is impossible to quantify the extent.

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

In the 'Rest of the World', net revenue soared 27% in l.c. and 25% in Swiss francs, due to customer gains in Brazil and a strong performance in the Middle East. With net revenue reaching CHF 9 million, the RoW region contributed nearly 5% to the Group total.

## **BECOMING THE PARTNER OF CHOICE ACROSS THE TOOTH RESTORATION WORKFLOW**

### **Straumann joins forces with 3M ESPE and Dental Wings to create a leading dental software standard**

The rapid increase of incompatible digital systems in dentistry has led to confusion and limited growth opportunities. To address this, Straumann has joined forces with Dental Wings and 3M ESPE to establish DWOS as an open software standard. This will increase flexibility and reliability for customers in addition to saving time and training costs. Software compatibility will enable Straumann to selectively open the data entry points in its CARES CAD/CAM system allowing users of competitor scanners to design and order high quality Straumann CARES restorations. Straumann is currently in the process of integrating DWOS and expects to launch it in new solutions beginning in the fall. Straumann also announced its intention to acquire a minority stake in Dental Wings.

### **Trade events used to showcase innovation**

A number of major international dental meetings were held during the period under review, most notably the CIOSP in São Paulo, the International Dental Conference & Arab Dental Exhibition in Dubai, the Chicago Midwinter Meeting, the Annual Meeting of the American Academy of Osseointegration in Washington, and the International Dental Show in Cologne, which collectively drew more than 240 000 visitors from all over the world. With a strong presence in each case, Straumann used these events to showcase and launch innovative new products and solutions.

### **New software with enhanced functionality**

In addition to presenting the CARES CS2 (in-lab) and iTero<sup>®</sup> (intra-oral) scanner systems, Straumann released new software for guided-surgery and CAD/CAM with extended functionality.



### **Straumann restorations on competitor implants**

A small but nevertheless highly significant product launched at the IDS was the CARES Variobase coping, which enables customers to restore certain competitor implants with Straumann CAD/CAM prosthetics.

### **Implant restoration workflow now completely digital**

The seamless connectivity of Straumann CARES Digital Solutions now makes it possible to complete the implant restoration workflow completely digitally – from impression through design and manufacturing. However, the laboratory still needs to finish the milled prosthetic in a model of the patient's jaw. Straumann's new repositionable implant analog is the key component for attaching the prosthetic to the model. At the IDS the company launched implant analogs for the iTero and 3M ESPE Lava systems.

### **CARES CAD/CAM screw-retained bars and bridges**

Straumann also announced the availability of CAD/CAM screw-retained bars and bridges, milled in cobalt-chromium or titanium.

### **Further material options**

Straumann launched two additional glass ceramic options for CAD/CAM prosthetics at the beginning of April. Customers in Europe can now order CARES CAD/CAM inlays, onlays, veneers, crowns and partial crowns in VITA Mark II and TriLuxe glass ceramics. Thanks to their wide range of colors, high translucence and durability these have become materials of choice for highly esthetic restorations. Straumann now offers one of the broadest ranges of prosthetic material options and is working with 3M ESPE on an additional restorative material to improve implant restoration workflows.

### **New Chief Financial Officer expected to join in second half**

Straumann's search for a new CFO is at a very advanced stage. The Group is confident that the position will be filled in the coming months.

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

Straumann expects the recovery in its main markets to continue slowly – provided, of course, that the general economy does not deteriorate. As consumer sentiment is still fragile, the Group remains cautious in predicting when the markets will recapture sustainable solid growth. It assumes that they will grow on a currency-adjusted base in the mid-single-digit range in 2011.

Based on its clinically-proven products, organizational strength, differentiated services, and the stream of products launched in 2010, the Group is convinced that it can again deliver above-market performance. The prevailing instability and uncertainty in the financial markets, particularly with regard to currencies, add to its caution in offering guidance on margins, especially as more than 90% of the Group's business is outside Switzerland, where it has its main cost base. With the euro and the US dollar at historic lows at the end of 2010, currency headwind has to be expected for some time in 2011.

Straumann will continue to invest in all its franchises, its innovation pipeline, and its Marketing & Sales organization to create and drive superior treatment solutions and services. The Group will also continue to optimize efficiency. However, as the Swiss



franc is expected to retain its strength over the near term, profits will come under further pressure.

At present it is extremely difficult to make any prediction about the impact of recent events in Japan on the dental markets there. Straumann will review the 'value-in-use' of its intangible assets relating to the previous acquisition of its Japanese distributor in light of the disruption. Although it is still too early to say, an impairment of these assets cannot be ruled out.

Excluding potential effects on sales and profits due to the disruption in the Japanese market, and in spite of the aforementioned factors, Straumann is confident that its operating margin will remain at around 20% in 2011.

#### **About Straumann**

Headquartered in Basel, Switzerland, the Straumann Group (SIX: STMN) is a global leader in implant and restorative dentistry and oral tissue regeneration. 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 2360 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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#### **Analysts' and media conference call**

Straumann will present the 2011 first-quarter net revenue results to representatives of the financial community and media in a webcast telephone conference call at 14.00 h Swiss time.

The audio webcast of the conference call ([www.straumann.com/conference-webcast](http://www.straumann.com/conference-webcast)) will be available until 27 May 2011.

The telephone conference can be accessed at:

+41 (0)91 612 81 05 (Europe and RoW)

+44 (0)203 059 58 63 (UK)

+1 (1)866 865 51 44 (USA)

**Presentation slides**

The presentation slides that will be used in the aforementioned conference call are available at [www.straumann.com/Straumann-2011-Q1-presentation.pdf](http://www.straumann.com/Straumann-2011-Q1-presentation.pdf) and on the Investor Relations pages at [www.straumann.com](http://www.straumann.com).

**Upcoming reporting dates**

16 August 2011      Q2 sales and Half-year results 2011  
25 October 2011    Q3 and 9M sales 2011

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

**Disclaimer**

This release contains certain "forward-looking statements", which can be identified by the use of terminology such as 'expectation', 'continued', 'going forward', 'expects', 'to create', 'will', 'to establish', 'intention', 'to improve', 'would', 'outlook', 'predict', 'could', 'might', 'deliver', or similar wording. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Group to differ materially from those expressed or implied. These include risks related to the success of and demand for the Group's products, the potential for the Group's products to become obsolete, the Group's ability to defend its intellectual property, the Group's ability to develop and commercialize new products in a timely manner, the dynamic and competitive environment in which the Group operates, the regulatory environment, changes in currency exchange rates, the Group's ability to generate revenues and profitability, to realize its expansion projects in a timely manner, and to maintain its business relationships with suppliers, customers and other third parties. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report. Straumann is providing the information in this release as of this date and does not undertake any obligation to update any forward-looking statements contained in it as a result of new information, future events or otherwise.