2009 Half-year results presentation

Analysts' & Media Conference
Basel, 11 August 2009

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Agenda

- Half-year highlights
- Business performance
- Transitioning to a full-spectrum solution provider
- Outlook
- Succession planning
- Questions & answers

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Half-year highlights

Gilbert Achermann
President & CEO

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Dentistry remains affected by overall economy; no signs of market recovery

- Weakness of the global economy and consumer confidence further affect patient traffic in dental practices
- Increased unemployment, reduced healthcare coverage and restricted access to credit limit patients' ability to afford treatment
- Non-critical and complex procedures are being postponed
- General practitioners are tending to treat patients in house with conventional, cheaper/temporary solutions
- Customers are carrying lower stocks
- Demand is more stable in reimbursed countries and emerging markets
- CADCAM scanner market is depressed; dental labs hesitant to invest
- First signs of dental industry consolidation

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Straumann gains further market share in H1 and secures a firm base for future growth

- In line with Group forecasts, H1 revenue reaches CHF 384 million, 3% down in l.c. (-7% in CHF) from strong, pre-recession H1 in 2008 (+22% in l.c.)
- Successful efficiency measures result in margins above expectations: EBITDA sustained above 30%; net profit 22%
- Strong cash flow due to improved net working capital; free cash flow margin reaches 24%
- Further marketing clearances and approvals obtained; initial sales of IVS computer guided surgery system and IPS e.max® anatomic abutments
- Cooperation agreements signed with LifeNet Health™ to sell bone allograft in US and Cadent regarding intra-oral scanning data
- Full-year guidance confirmed: above-market performance with EBIT margin above 20%, despite higher investments in growth initiatives

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l.c. = local currencies

Business performance

Beat Spalinger
CFO

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Limited margin impact despite adverse currencies and contracting revenues

in CHF million	H1 2008 Reported	H1 2009	% Change	H1 2008 FX adjusted	% Change
Net Revenue	**412.8**	**384.1**	**(6.9%)**	**397.1**	**(3%)**
growth in % CHF	*17.4%*	*(6.9%)*			
growth in % l.c.	*21.9%*	*(3.3%)*			
Gross Profit	**339.2**	**306.5**	**(10%)**	**323.9**	**(5%)**
Gross Profit margin	*82.2%*	*79.8%*		*81.6%*	
EBITDA	**150.4**	**118.8**	**(21%)**	**140.5**	**(15%)**
EBITDA margin	*36.4%*	*30.9%*		*35.4%*	
EBIT	**119.8**	**93.8**	**(22%)**	**109.7**	**(14%)**
EBIT margin	*29.0%*	*24.4%*		*27.6%*	
Net Profit	**100.5**	**84.6**	**(16%)**		
Net Profit margin	*24.3%*	*22.0%*			
Free Cash Flow[1]	**29.6**	**91.8**	**210%**		
Free Cash Flow margin	*7.2%*	*23.9%*			

[1] Free cash flow is defined as net cash from operating activities less capital expenditures plus proceeds from sale of property, plant and equipment (PPE) and intangible assets

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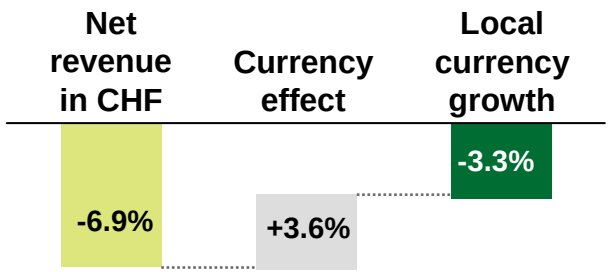
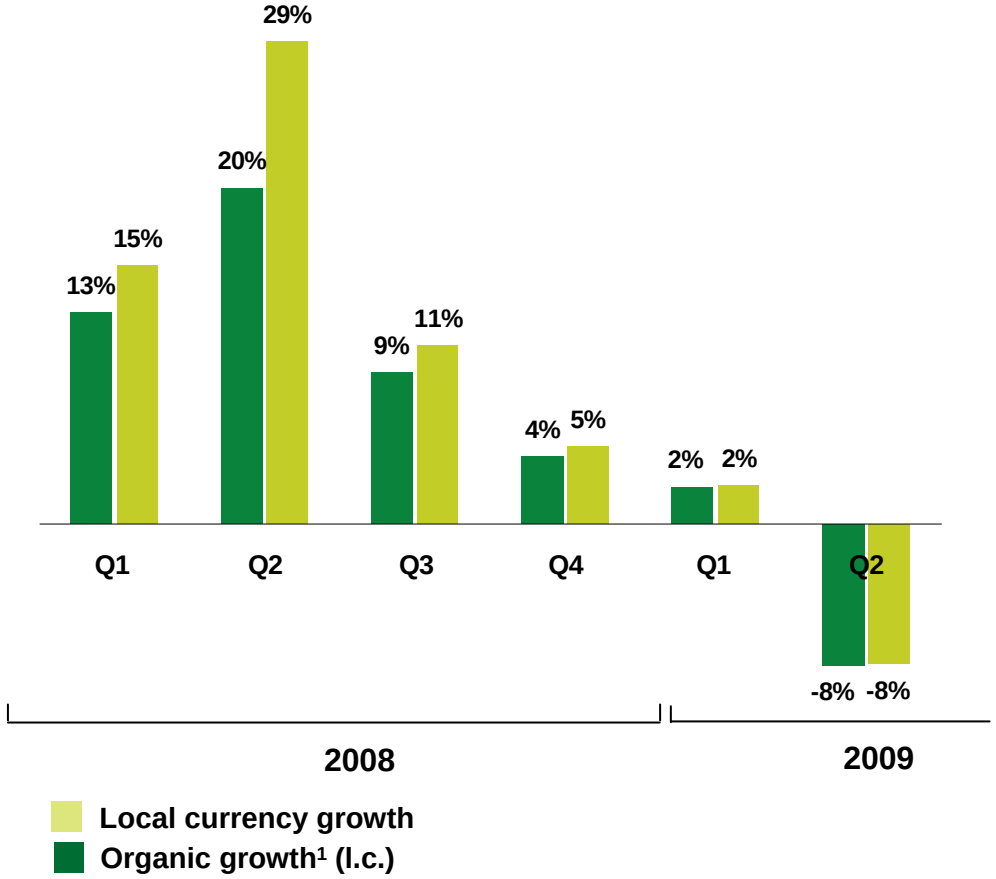
H1 revenues 3% (l.c.) off high comparative H1 ’08 level

H1 2009 net revenue growth in %

Total Group: CHF 384 million



Quarterly growth rates in %



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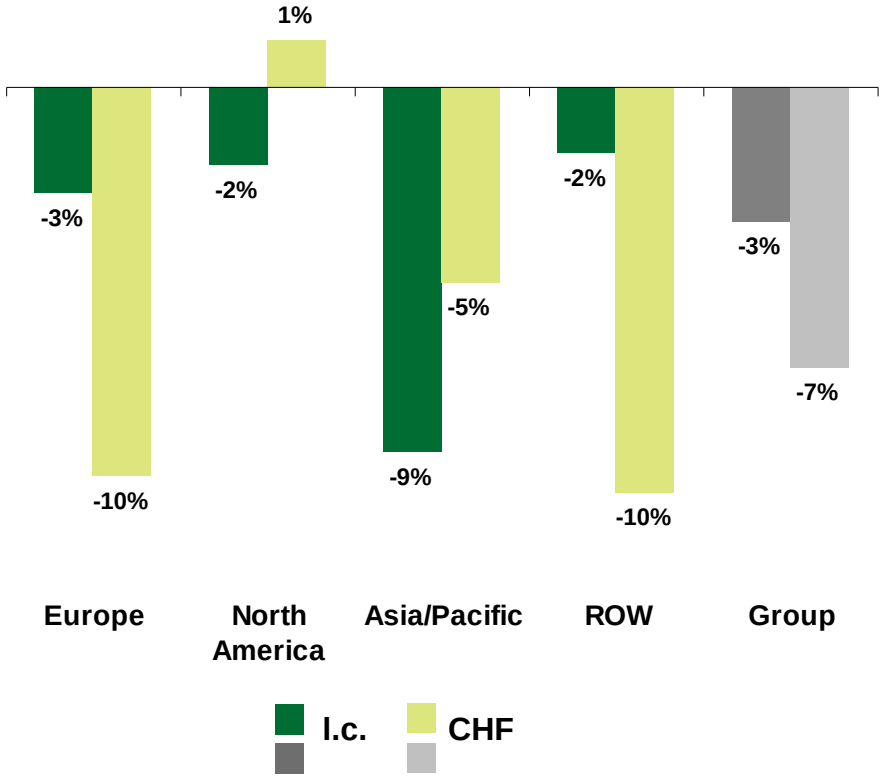
[1] ’Organic growth’ excl. FX effects and incl. incremental revenue growth of an acquired business upon consolidation

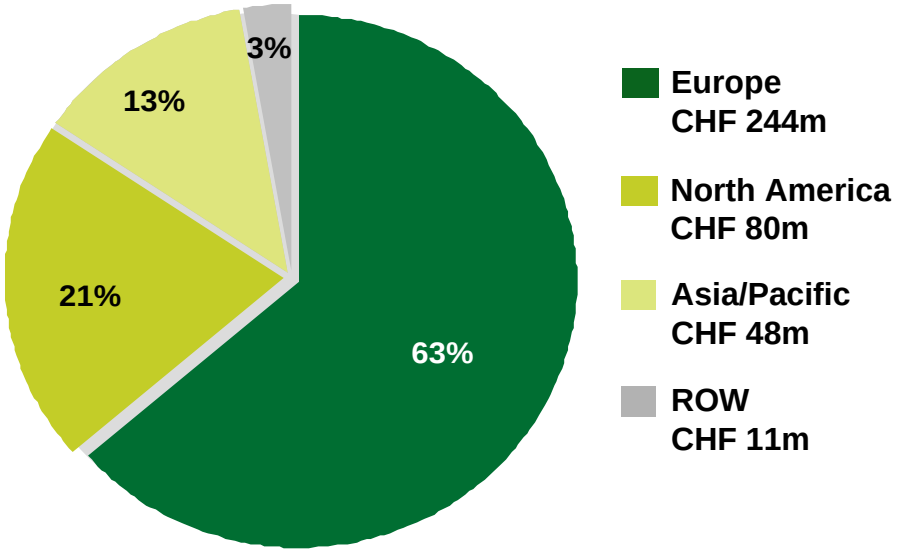
Regional performance reflects weaker consumer sentiment

H1 2009 regional growth in %



Net revenue[1] by region in %

Total Group: CHF 384 million



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[1] Rounded numbers

Europe affected by weakening economy

- Weaker European currencies impact revenues in Swiss francs
- CADCAM element business progresses further, but labs hesitant to invest in equipment
- Signs of stabilization in Iberia; Germany slightly below high 2008 level; Benelux and Nordic regions continue to achieve solid growth, against trend
- Q2 performance skewed by 2-3 fewer selling days in 2009 than in 2008

(in CHF million)	**Q2 08**	**Q2 09**	*% CHF*	**H1 08**	**H1 09**	*% CHF*
Net revenue	**138.5**	**119.0**	*(14.1%)*	**270.1**	**244.2**	*(9.6%)*
Growth in % l.c.	*+18.2%*	*(7.9%)*		*+17.6%*	*(2.6%)*	

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Largest dental market continues to be the hardest hit

- Further slow-down of US dental market in Q2
- Customers carrying lower stocks; cautious ordering pattern continues in Q2
- Continued strong uptake of Straumann Bone Level range
- Unemployment, reduced coverage and credit restrictions limit patients' ability to afford treatment
- Exchange rate lifts revenue growth in CHF

(in CHF million)	**Q2 08**	**Q2 09**	*% CHF*	**H1 08**	**H1 09**	*% CHF*
Net revenue	**40.3**	**40.1**	*(0.5%)*	**79.3**	**80.3**	*1.2%*
Growth in % l.c.	*+19.8%*	*(4.4%)*		*+17.7%*	*(1.9%)*	

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Asia/Pacific against an exceptional comparison

- Deterioration in economic situation in major Asian markets
- Korea struggles under exceptional market pressure
- Progress in Japan, where organisation is in transition and new generation products still await approval
- Exceptionally high comparison in Q2 last year
- SLActive and Bone Level approvals in Korea
- Solid growth in Brazil and distributor markets, in particular China

(in CHF million)	**Q2 08**	**Q2 09**	*% CHF*	**H1 08**	**H1 09**	*% CHF*
APAC net revenue	**27.3**	**22.8**	*(16.3%)*	**50.9**	**48.4**	*(4.8%)*
Growth in % l.c.	*+197.5%*	*(19.8%)*		*+61.4%*	*(9.0%)*	
ROW net revenue	**6.2**	**6.0**	*(4.0%)*	**12.5**	**11.3**	*(10.0%)*
Growth in % l.c.	*+25.8%*	*+5.7%*		*+22.8%*	*(1.6%)*	

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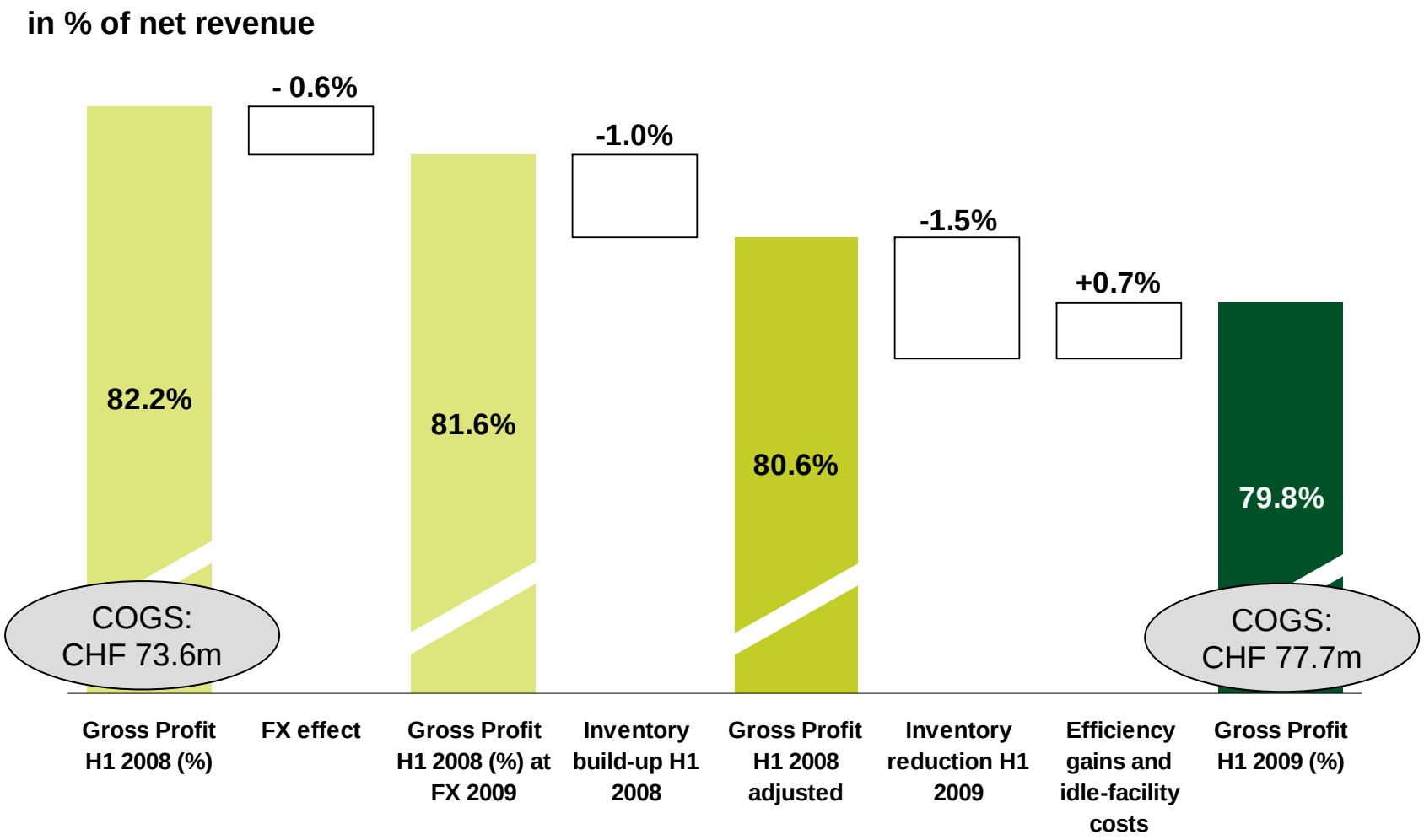
Gross margin impacted by lower capacity utilization and inventory optimization



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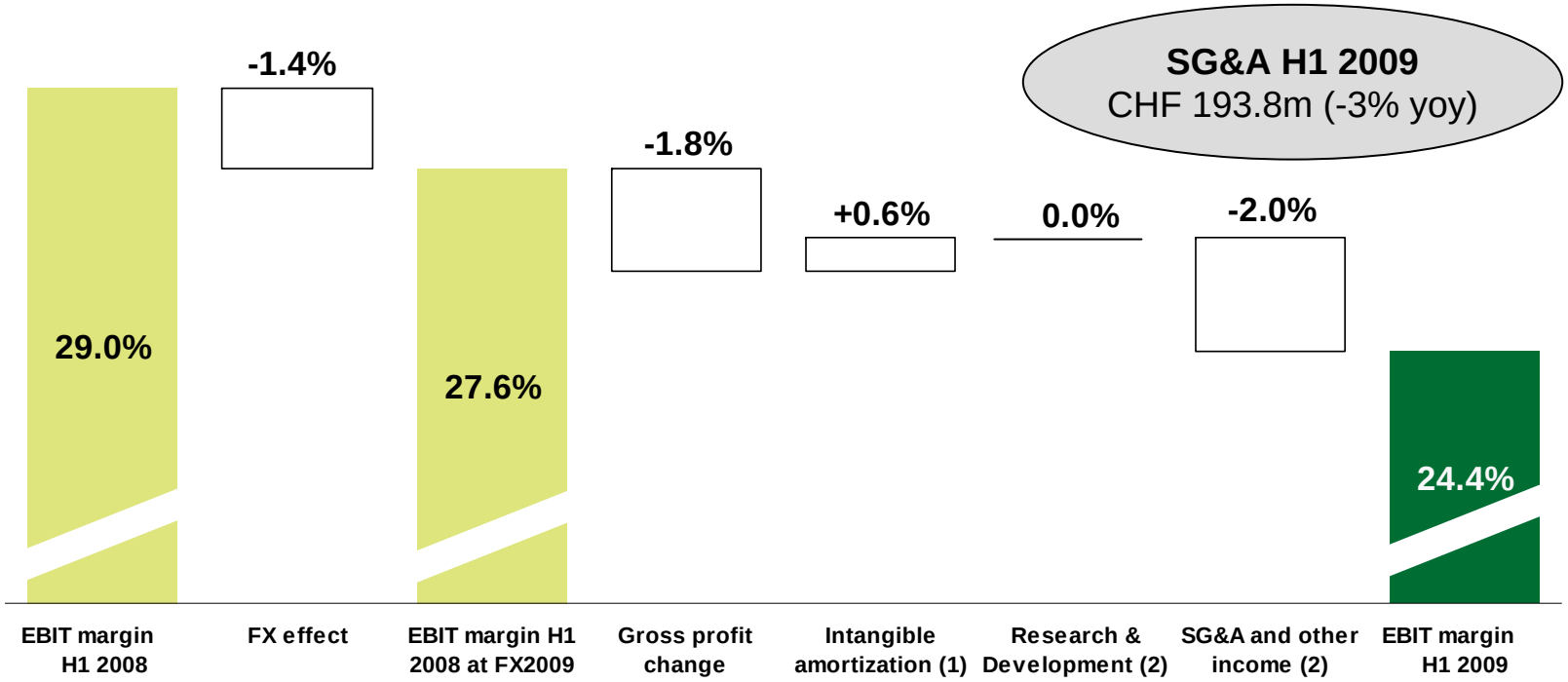
Adverse currencies and reduced operational leverage affect EBIT margin

in % of net revenue



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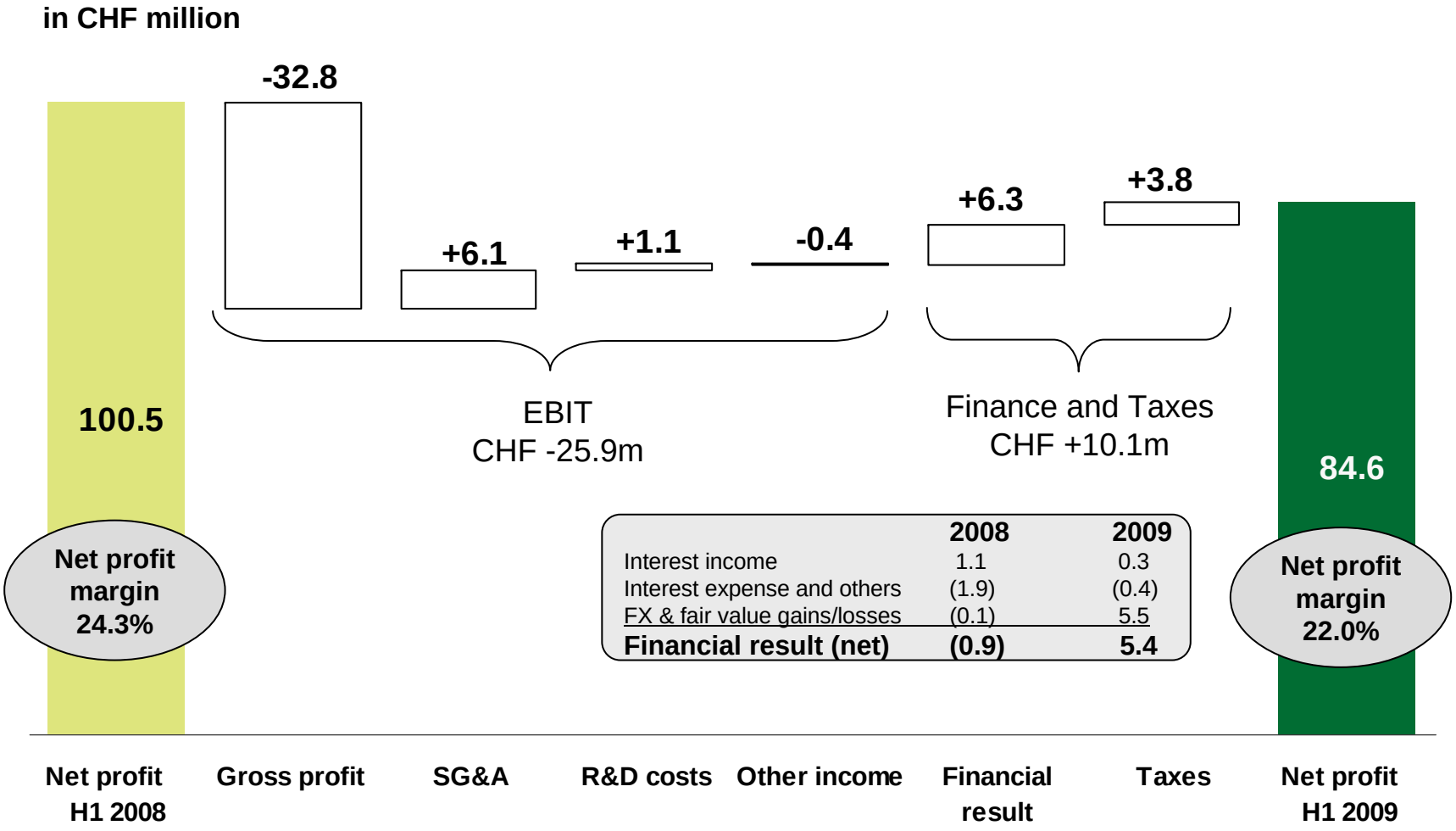
[1] Reduced amortization of acquired intangible assets due to impairment at year end 2008
[2] Excluding changes in intangible amortization

Efficiency measures limit impact to bottom line but do not affect sales, service and innovation power



	2008	2009
Interest income	1.1	0.3
Interest expense and others	(1.9)	(0.4)
FX & fair value gains/losses	(0.1)	5.5
Financial result (net)	**(0.9)**	**5.4**

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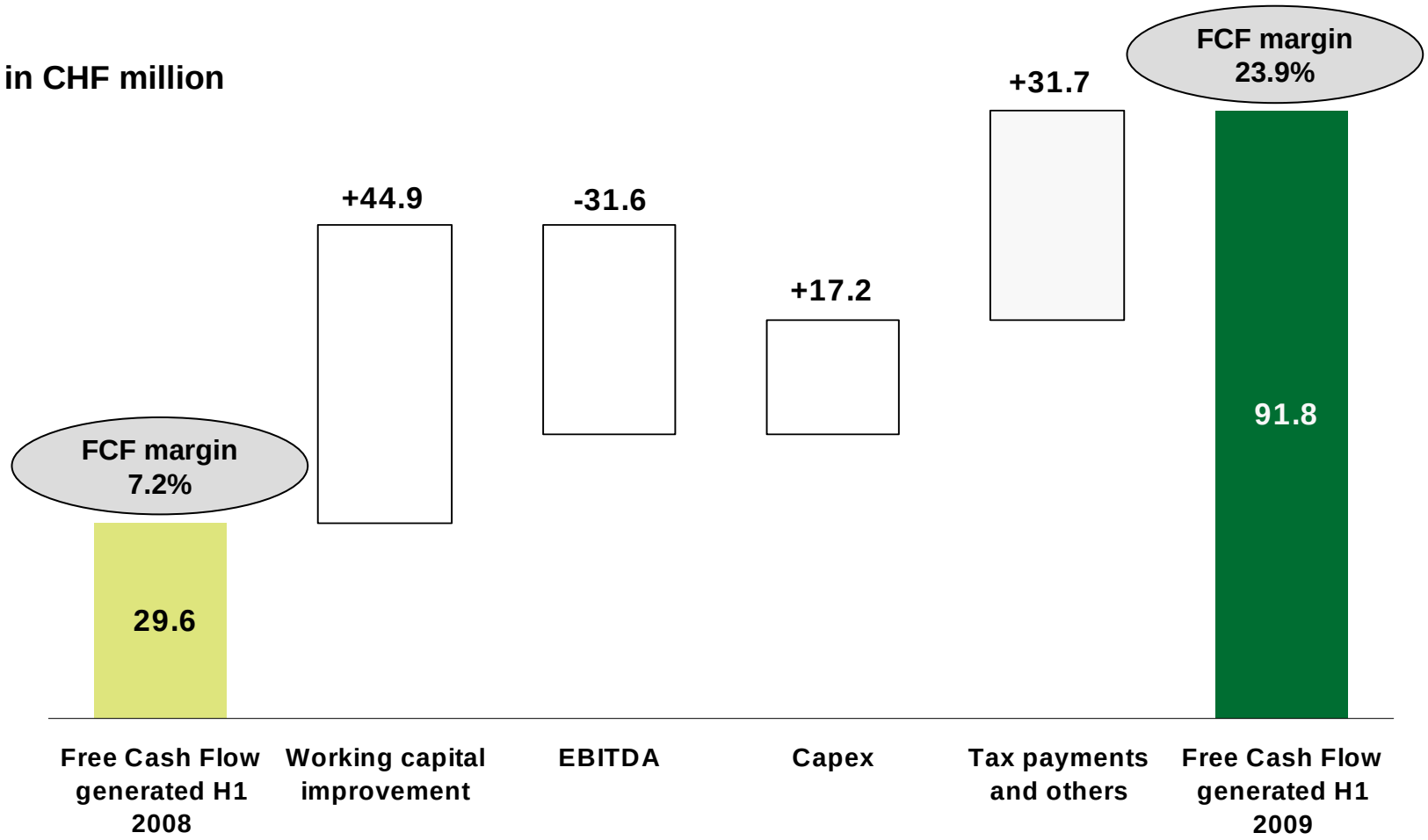
Strong cash flow on improved working capital



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Transitioning to a full-spectrum solution provider

Gilbert Achermann,
President & CEO

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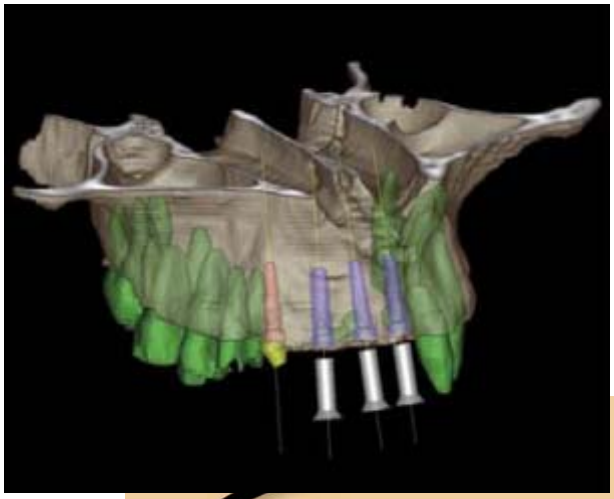
Guided surgery for increased accuracy and ease of use



IVS consolidated in May; digital implant planning and surgical guide system available

Surgical guide instrument kit launched

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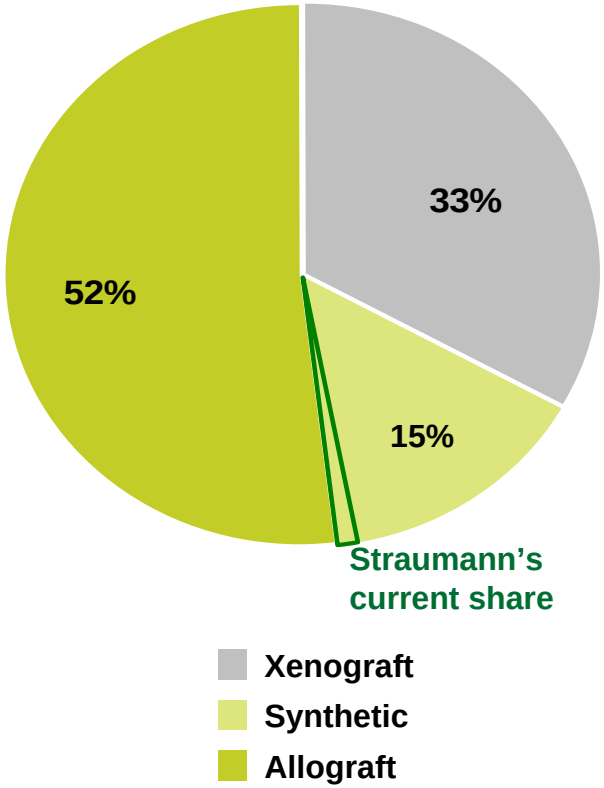
Regenerative cooperation

- Straumann gains distribution rights for dental bone allograft bio-implant products, processed by LifeNet Health
- LifeNet Health is the world's largest and longest accredited tissue banking organization
- Agreement more than trebles Straumann's addressable market for bone augmentation in the US
- Straumann is able to satisfy preferences for allograft and fully synthetic bone augmentation materials

US bone augmentation market 2008
(Total value: USD 97m[1])



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[1] Millennium research

Prosthetics: a key to building brand recognition with restorative dentists and labs

- IPS e.max anatomic abutment introduced in Europe; North American launch in coming months
- Preparations for glass ceramic launch

- etkon Visual 5.0 software presented

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CADCAM cooperation

- Agreement with Cadent Inc. of New Jersey (USA) to digitally connect Cadent's iTero digital impression systems to Straumann CADCAM workflow
- Later this year, laboratories using Straumann CADCAM will be able to receive and process digital data directly from Cadent iTero intra-oral scanners to design prosthetics, which are then manufactured by Straumann CADCAM
- All-digital workflow offers multiple benefits including higher productivity for dental labs and access to a broad selection of proven Straumann treatment solutions for dentists using Cadent digital impression systems

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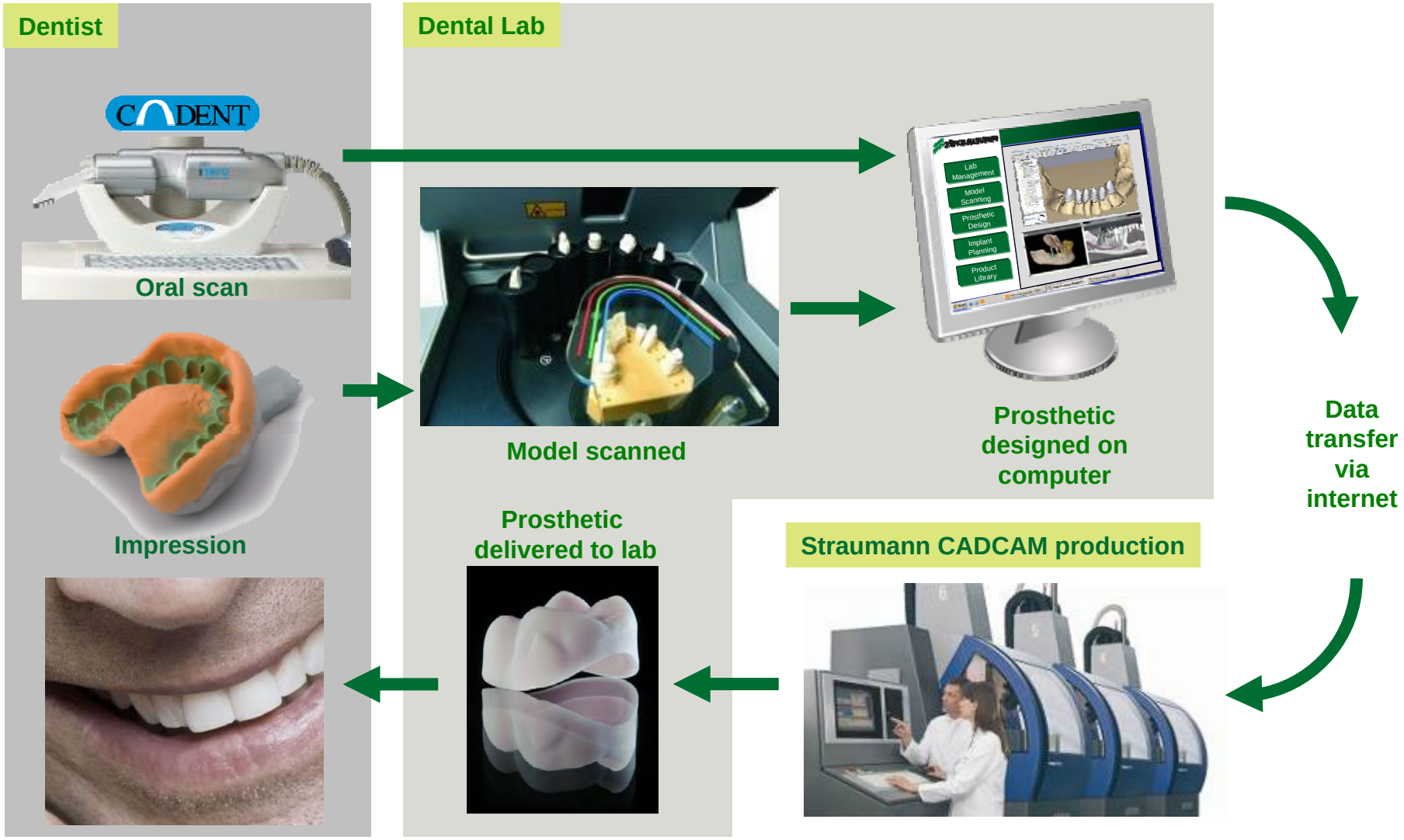
Progressive industrialization in dentistry



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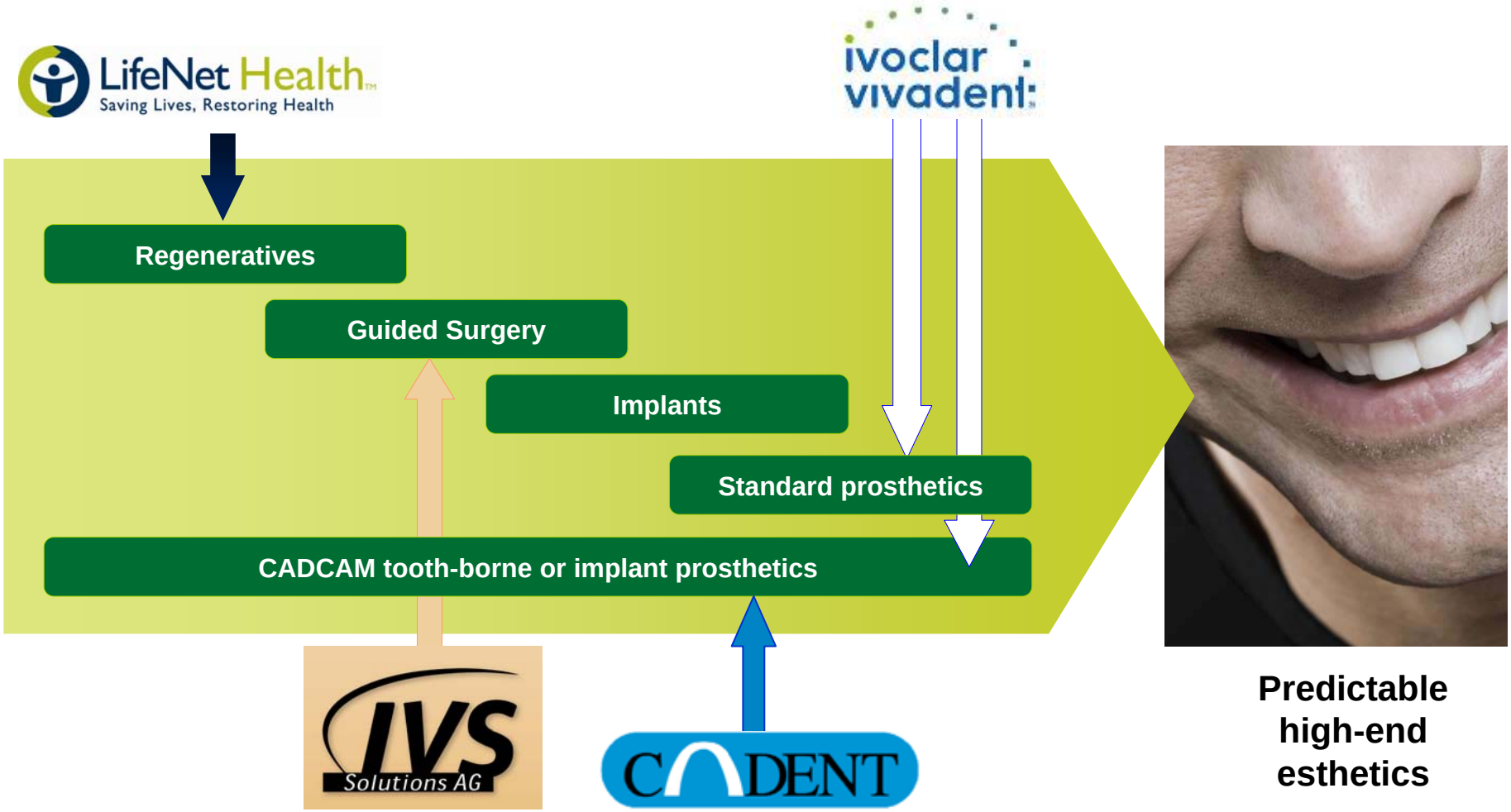
Strategic acquisitions/partnerships complement full-spectrum service



Predictable high-end esthetics

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Outlook

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2009 guidance
(barring unforeseen circumstances)

Continuing uncertainty in the global economy and weak consumer confidence make it difficult to guide for the short and mid term. On the basis of published results and available research, the overall market for implant, restorative and regenerative dentistry is expected to contract between 5 and 10% in 2009.

The strength of Straumann's global franchises, product range and innovation capability affirm the company's **confidence in outperforming the market**. At the same time, higher investments will be made than in the previous year to fuel product innovation, development, and marketing. Consequently, the Group has not changed its forecast for **full-year operating (EBIT) margin**, which is **expected to be more than 20%**, depending on currency developments.

Global demographic trends, low penetration rates and high substitution potential continue to make Straumann's markets highly attractive in the mid and long term. The Group believes that it has the right strategy in place and is well prepared for a market turnaround in the future.

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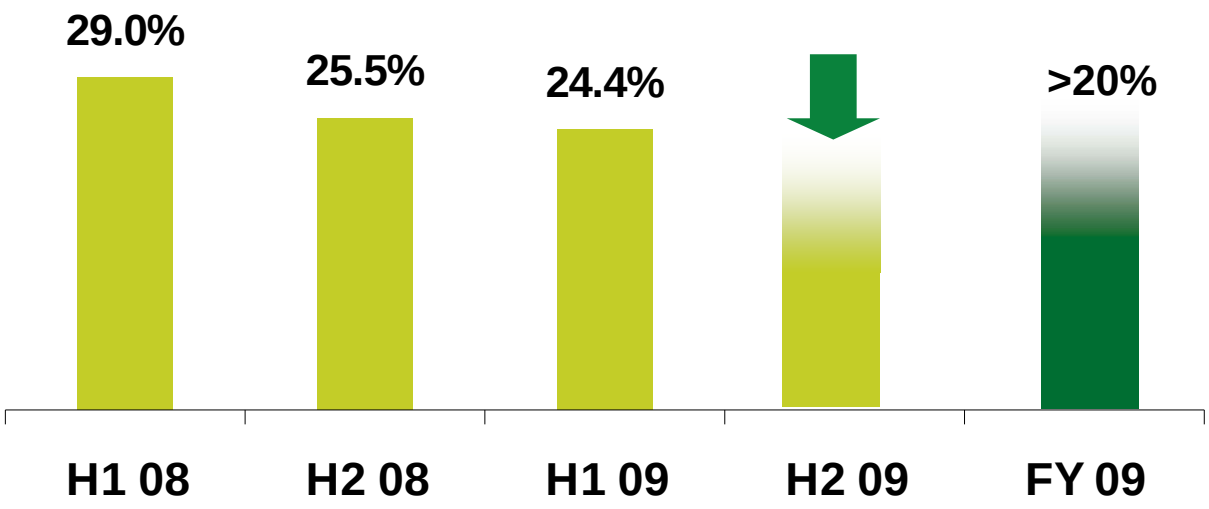
Lower EBIT margin to be expected in the second half



Factors that will negatively affect the second-half margins

- Higher investments in sales & marketing organization
- Higher investments to further fuel product innovation
- Further inventory optimization
- Lower operational leverage
- Currency headwind

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Succession plans

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Planned leadership succession on 26 March 2010[1]

Stepping down at next AGM

Chairman

CFO

CEO

- Succession planned proactively in the interest of continuity and sustainability
- CEO nominated to succeed Chairman[2]; CFO to become new CEO
- Search ongoing for 2 new Board Members and CFO/ EVP Finance & Operations
- Major shareholders support succession plan and maintain long-term view as investors

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[1] Date of next Shareholders' AGM
[2] Subject to Mr Achermann's re-election to the Board by the AGM

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Questions & Answers

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Calendar of upcoming events

13-18 August 2009	**North American Roadshow**
13-19 August 2009	**European Roadshow**
15 September 2009	**Sanford Bernstein conference, London**
29 October 2009	**Third-quarter and nine-month revenues 2009**
17 September 2009	**Media day**
17-18 November 2009	**Investor days 2009**
16 February 2010	**Full-year results 2009**

Detailed calendar on www.straumann.com

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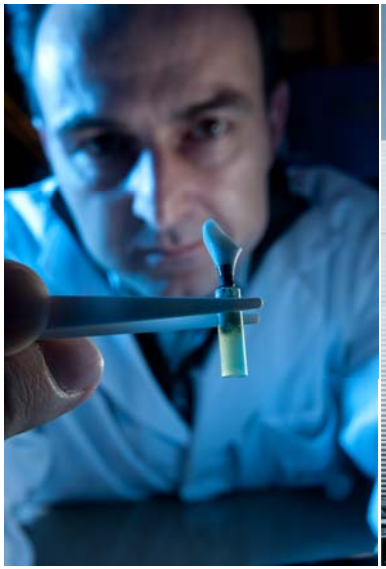
Investor Days: 17-18 November 2009



"Save the date"
Invitations will follow, restricted places available

Sharing our vision of value creation

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Appendix

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Net revenue growth – second quarter 2009

CHF million	Q1 2008	Q2 2008	Q1 2009	Q2 2009
Europe	**131.6**	**138.5**	**125.2**	**119.0**
growth in % CHF	16.3	15.5	(4.8)	(14.1)
growth in % l.c.	17.0	18.2	3.1	(7.9)
North America	**39.0**	**40.3**	**40.2**	**40.1**
growth in % CHF	2.9	3.6	3.1	(0.5)
growth in % l.c.	15.6	19.8	0.7	(4.4)
Asia / Pacific	**23.6**	**27.3**	**25.6**	**22.8**
growth in % CHF	5.7	196.7	8.5	(16.3)
growth in % l.c.	5.6	197.5	3.3	(19.8)
Rest of the world	**6.3**	**6.2**	**5.3**	**6.0**
growth in % CHF	20.9	24.0	(15.8)	(4.0)
growth in % l.c.	20.1	25.8	(8.7)	5.7
Group	**200.5**	**212.3**	**196.4**	**187.8**
growth in % CHF	12.2	22.7	(2.1)	(11.5)
growth in % l.c.	15.4	28.7	2.3	(8.4)

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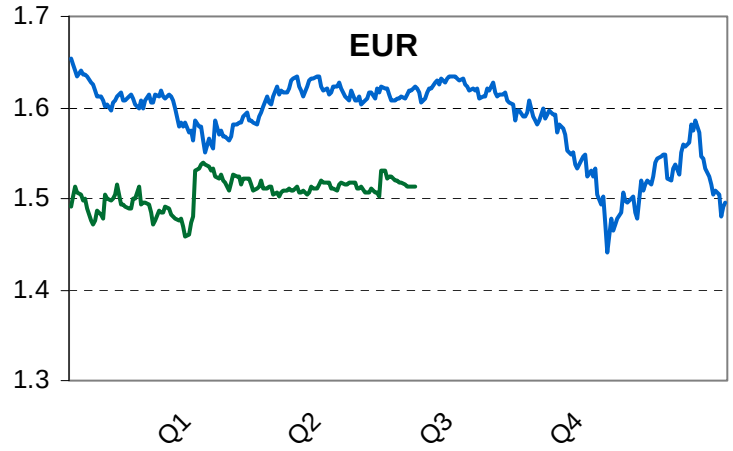
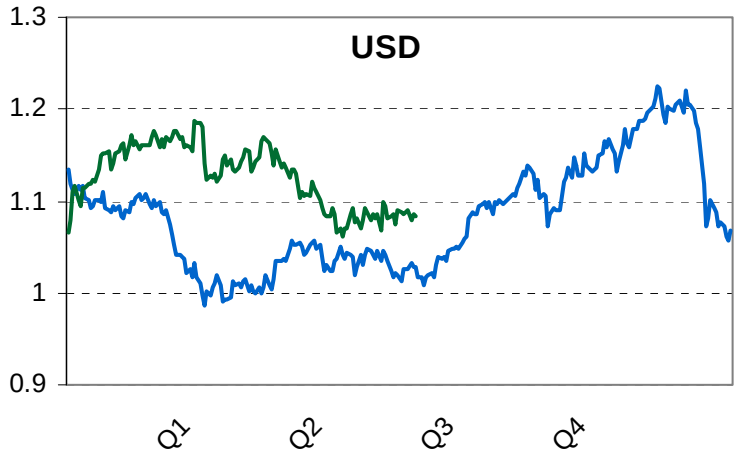
Further currency headwind expected in H2





Currency	Ø 2008	Ø 2009 (June)
EUR	1.59	1.506
USD	1.08	1.117
JPY	0.010	0.012

2008
2009

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