

Media release

Straumann delivers 21% increase in sales in 2005

- *Operating and net profits rise 23% and 28% respectively*
- *Important distribution channels acquired and key technologies launched*
- *More than 200 new jobs created*
- *Proposed ordinary dividend increase of 25%*
- *2005 audited Annual Report available at www.straumann.com/annualreport*

Key figures

(in CHF million)	2005	2004
Group Sales	509.6	420.3
Growth in %	21.2	22.2
Growth in local currencies in %	20.7	23.6
Operating profit (EBIT) ¹	155.9	127.0
Margin in %	30.6	30.2
Growth in %	22.8	30.2
Net profit	128.2	100.5
Margin in %	25.2	23.9
Growth in %	27.5	24.2
Earnings per share (in CHF)	8.22	6.44
Growth in %	27.6	24.2
Dividend per share ² (in CHF)	2.50	2.00
Growth in %	25.0	29.0
Number of employees	1 342	1 104
Growth in %	21.6	22.3

¹ 2004 reclassified due to the reallocation of exchange result related to operations, from financial result to other operating expense.

² Dividend 2005: Subject to shareholder approval.

Basel, 16 February 2006: In 2005, the Straumann Group's full-year sales surpassed half a billion Swiss francs (CHF) for the first time in the company's history. Straumann delivered full-year sales growth of 21% both in local currencies and in Swiss francs as revenues reached CHF 510 million, ahead of the Group's forecast. Operating profit rose 23% to CHF 156 million, contributing to a 28% rise in net profit, which topped CHF 128 million. Shareholder return increased 30%, and a dividend of CHF 2.50 per share is proposed by the Board of Directors, representing an ordinary dividend increase of 25%.

Operational and strategic achievements

In 2005, Straumann implemented an unprecedented number of important operational and strategic initiatives to expand and consolidate the Group's organization and to launch new product innovations. Each of these influenced the operating performance to a certain degree.

Distribution channels taken over

In 2005, Straumann integrated BIO srl in Italy (acquired at the end of 2004), and established fully-fledged subsidiaries in Australia and Mexico. The Group gained direct access to its Korean distributor and took steps towards acquiring its Danish distributor DenTech. The acquisition was completed at the beginning of 2006. Each of these initiatives is integral to Straumann's strategy of increasing direct access to its customers.

Infrastructure enhanced

In terms of site improvements, the Group completed the relocation of its entire headquarters to Basel, which was a major undertaking at the outset of 2005. As a result, the previous site in Waldenburg became vacant and Straumann succeeded in closing long-term leasing agreements for the property towards the end of the year.

The continuing increase in demand for dental implants made it necessary to expand capacity considerably at the Group's main production site, in Villeret. Similarly, the growing use of oral tissue regeneration products necessitated a major upgrade of the Biologics production unit in Malmö.

Apart from these, there were several other infrastructure initiatives, such as the relocation of the country organization in Austria. However, the Group's most ambitious achievement in this respect in 2005 was the transfer of its North American headquarters to a new site in Andover, with state-of-the art education and manufacturing centers. In mid-year the company inaugurated its first implant component production line outside Switzerland. Both the Andover and Malmö production facilities gained ISO certifications in 2005.

Innovation and new launches

The Group maintained its commitment to purposeful, scientifically proven innovation in 2005, increasing the number of clinical studies and participating centers to support and position new products. With regard to the latter, several significant milestones were passed, including the introductions of SLActive, CARES Titanium and Ceramic, and Straumann Bone Ceramic. Considerable marketing efforts including a strong presence at major congresses and meetings were devoted to these and other products.

Straumann reported that the roll-out of its next generation implant surface technology, SLActive, is proceeding on track and that the product has been very well received. SLActive is now available in Europe and in initial markets in Asia/Pacific. Regulatory approvals are still pending in Japan and Korea and are not expected before mid 2007. SLActive has been cleared by the FDA in the US, and will be launched in North America next month.

Increased global workforce and personnel changes

To absorb and sustain the current level of growth, Straumann continued to invest in recruiting and training new talent. More than 200 new jobs were created worldwide. These and the addition of the BIO srl team brought Straumann's global workforce to 1342 by year-end.

The Group also announced today that Russell Olsen, Executive Vice President Sales North America has decided to leave the company. Mr Olsen, who has been with Straumann since 2003, has overseen the North American business since early 2004. The Group is particularly indebted to him for the energy and expertise he devoted to the recent build-up of the US organization, culminating in the establishment of the new regional headquarters in Andover. Following Russell Olsen's departure in March, President and CEO Gilbert Achermann will oversee the North American Business until a successor is appointed.

Sales expansion

The Group's overall performance was driven by solid top-line growth, which accelerated in the latter part of the year. Sales expansion was due predominantly to organic growth, which contributed 16% points of overall sales growth. The acquisition of the Italian distribution organization at the beginning of the year and the transfer of distribution in Australia to Straumann in mid-year collectively contributed 5% points, bringing Group sales growth in l.c. to just under 21%. Currency developments, which were influenced mainly by the US Dollar and the Euro, amounted to less than 1% point.

Strong sales growth across all regions

Europe

European sales accelerated in the fourth quarter, benefiting partly from the softer comparative period in 2004. Fourth-quarter regional sales climbed 24% (25% in CHF), contributing to a full-year rise of 20% (21% in CHF). 2005 sales thus reached CHF 316 million, supported by the contribution of the new Italian subsidiary as well as the market recovery in Germany, Straumann's biggest single market. There, sales growth returned to normal in the course of the year with the result that full-year revenues grew in the mid-teens, clearly ahead of the German market. Swedish sales were softer than in the previous year, reflecting recent changes surrounding reimbursement. Elsewhere in Europe performances developed as expected. European sales contributed 62% of total Group sales.

North America

North American sales grew 18% throughout the second half. 2005 full-year sales also rose 18% (19% in CHF) to reach CHF 131 million, corresponding to 26% of total Group sales. On the basis of available figures, Straumann estimates that it continued to grow slightly faster than the US market but not at its target level. This was because, in addition to mastering the challenge of relocating, its US team has recruited and trained many new staff members who are yet to reach their full performance level. Having upgraded its organization and infrastructure, the Group is convinced that the fundamentals are in place to take it into the next phase of growth.

Asia/Pacific and RoW

The remarkable fourth-quarter sales rise of 47% (CHF) in the Asia/Pacific region can be attributed to a modest comparative baseline in 2004 and advance ordering in Asia ahead of Spring price increases. Broad quarterly fluctuations are a characteristic of the distribution model that currently predominates in Asia/Pacific, which generates 10% of Group sales. Over the full-year, regional sales grew 26% to CHF 51 million, driven by good overall growth in Japan and boosted by strong increases in Australia/New Zealand and Southeast Asia.

Elsewhere, in the rest of the world, full-year sales climbed 54% to CHF 11 million or 2% of Group revenues.

Operating profit (EBIT) rises 23%

The strategic expansion of production and our innovative product mix squeezed the gross profit margin. However, the impact was for the most part absorbed by an under-proportionate increase in operating costs. As a result, operating profit (EBIT) rose 23% to CHF 156 million and the EBIT margin expanded slightly to 31%.

The cost of goods sold rose from 18% to 19% of sales with the result that the full-year gross profit margin eased to 81%. This was due primarily to the start-up costs of the new North American production site in Andover and the higher production costs of Straumann's innovative SLActive surface.

Operating costs, excluding other income, decreased by 1% point to 51% of sales, partly due to a reduction in amortization charges on goodwill of less than 1% point. Selling costs and research and development decreased to 37% and 5% of Group sales respectively, while general and administrative costs remained at 8% of sales.

Net profit increases 28%

The development of the Swiss franc against other currencies contributed to a positive financial result. This together with the overall improved operating result and efficient tax management led to a 28% increase in net profit to CHF 128 million. As a result, the net profit margin improved by 1% point to 25% of sales. Earnings per share consequently increased to CHF 8.22.

High levels of investments

Operating cash flow reached CHF 144 million, leading to a continued strong cash-flow margin of 28%. Investments almost doubled to CHF 121 million, reflecting our significant investments in the aforementioned projects and the expansion of our subsidiary network.

The free cash flow of CHF 23 million together with other inflow from financing activities and part of the previous year's cash position were used to pay a dividend of CHF 31 million and to repay short-term loans of CHF 14 million. As a result, liquidity amounted to CHF 94 million at year-end.

Total assets increased by CHF 129 million to CHF 533 million, to a great extent based on the above-mentioned investment activities and the sales expansion, while return on assets (ROA) was maintained at 27%. Net working capital increased to CHF 36 million or 5% of sales.

With the equity ratio increasing slightly to 79%, return on equity (ROE) remained unchanged at 35%, while return on capital employed (ROCE) decreased slightly to 43% due to the operational expansion. Based on a weighted average cost of capital of 9%, Straumann achieved an economic profit of CHF 93 million, an increase of CHF 13 million over the prior year.

30% dividend on net profit

On the basis of the good full-year performance, the Board of Directors will propose an ordinary dividend of CHF 2.50 per share to the General Meeting. This corresponds to a total dividend of CHF 39 million and a payout ratio of 30%.

Outlook

In 2006, barring unforeseen circumstances, Straumann anticipates continued growth slightly above the market, coupled with stable profitability margins, comparable to 2005. Taking into account the significant step-up in fixed costs over the past few years, the higher depreciation charges, the costs of launching multiple innovative products and services with initially lower contribution margins, and the costs of integrating newly-secured distribution channels, the Group considers this to be an ambitious goal for 2006.

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Concerning forward-looking statements

This media release contains certain "forward-looking statements", which can be identified by the use of terminology such as "proposal", "forecast", "strategy", "long-term", "on track", "pending", "expected", "sustain", "will", "outlook", "anticipates", "continued", 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 Straumann Group ("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, the Group's ability to realize expansion projects or projects to establish subsidiaries in a timely manner, and the Group's ability to recruit and retain key employees. 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 release. 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.

About Straumann

Headquartered in Basel, Switzerland, the Straumann Group (SWX: STMN) is a global leader in implant dentistry and oral tissue regeneration. In collaboration with the International Team for Implantology (ITI), leading clinics, research institutes and universities, the Group researches and develops implants, instruments and tissue regeneration products for use in tooth replacement solutions or to prevent tooth

loss. The Group manufactures implant system components and instruments in Switzerland and the US and dental tissue regeneration products in Sweden. Straumann also offers comprehensive training and services to the dental profession worldwide. Altogether, Straumann employs approximately 1340 people worldwide and its products and services are available in more than 60 countries through the Group's 18 distribution subsidiaries and broad network of distribution partners.

Media and analysts' conference

Straumann's 2005 financial results conference will take place at 09.30 Swiss time in Basel today. The event will be webcast live on the internet and a playback will be available.

Webcast, presentation slides and further information are available at www.straumann.com

The 2005 Annual Report is available at www.straumann.com/annualreport

Key reporting dates in 2006

24 March 2006	Annual General Meeting, Straumann Holding AG
26 April 2006	Q1 sales
11 August 2006	Half-year report; Analysts and media conference
25 October 2006	Q3 and 9M sales

Details of Straumann roadshows and other events for investors are published on www.straumann.com.

Selected Financial Information

Operating performance

(in CHF million)	2005	2004
Group Sales	509.6	420.3
Growth in %	21.2	22.2
Gross profit	410.1	342.4
Margin in %	80.5	81.5
Operating result before depreciation and amortization (EBITDA) ¹	181.1	156.0
Margin in %	35.5	37.1
Growth in %	16.1	30.0
Operating result before amortization (EBITA) ¹	162.2	136.8
Margin in %	31.8	32.6
Growth in %	18.5	33.8
Operating profit (EBIT) ¹	155.9	127.0
Margin in %	30.6	30.2
Growth in %	22.8	30.2
Net profit	128.2	100.5
Margin in %	25.2	23.9
Growth in %	27.5	24.2
Earnings per share in CHF	8.22	6.44
Value added (economic profit)	93.2	80.1
Increase in value added	13.1	20.9
Increase in value added in %	16.4	35.4
In % of Group sales	18.3	19.1
Number of employees (year-end)	1 342	1 104
Number of employees (average)	1 236	1 006
Sales per employee (average) in CHF 1 000	412	418

¹ 2004 reclassified due to the reallocation of exchange result related to operations, from financial result to other operating expense.

Financial performance

(in CHF million)	2005	2004
Net cash and cash equivalents	94.2	107.1
Net working capital (net of cash)	35.5	17.0
In % of Group sales	5.2	5.8
Inventories	48.1	35.5
Inventory days	152	162
Trade receivables	69.6	48.8
Trade receivable days	42	39
Balance sheet total	533.3	404.5
Return on assets in % (ROA)	27.3	26.6
Equity	420.0	311.6
Equity ratio in %	78.8	77.0
Return on equity in % (ROE)	35.0	35.4
Capital employed	420.0	311.6
Return on capital employed in % (ROCE) ¹	42.6	43.6
Cash generated from operating activities ²	144.5	145.5
In % of Group sales ²	28.4	34.6
Investments	121.0	66.1
In % of Group sales	23.8	15.7
Capital expenditures	59.4	65.5
Acquisitions	61.7	0.6
Free Cash Flow ²	23.4	79.4
In % of Group sales ²	4.6	18.9
Dividend	31.1	48.1
Pay-out ratio in %	31.0	59.4

¹ 2004 reclassified due to the reallocation of exchange result related to operations, from financial result to other operating expense.

² 2004 reclassified due to the changed disclosure in consolidated cash flow statements.

Regional sales development

(in CHF million)	H1	H2	Total 2005	Total 2004
Europe	164.3	151.8	316.1	262.1
Growth in %	19.0	22.3	20.6	22.6
Growth in local currencies in %	19.5	21.6	20.5	21.1
In % of Group sales	64.2	59.8	62.0	62.4
North America	60.6	70.7	131.3	110.4
Growth in %	12.1	25.6	19.0	22.5
Growth in local currencies in %	17.1	18.4	17.7	31.8
In % of Group sales	23.7	27.9	25.8	26.2
Asia / Pacific	25.5	25.6	51.1	40.6
Growth in %	17.9	34.8	25.8	15.5
In % of Group sales	10.0	10.1	10.0	9.7
Rest of the world	5.6	5.5	11.1	7.2
Growth in %	59.2	49.3	54.1	47.8
In % of Group sales	2.2	2.2	2.2	1.7
Total	256.0	253.6	509.6	420.3
Growth in %	17.8	24.9	21.2	22.2
Growth in local currencies in %	19.3	22.2	20.7	23.6
In % of full-year sales	50.2	49.8	100.0	100.0

Regional sales development by quarter

(in CHF million)	Q1	Q2	Q3	Q4	Total 2005
Europe	79.6	84.7	68.6	83.1	316.1
Growth in %	12.9	25.4	19.5	24.8	20.6
Growth in local currencies in %	14.0	25.0	18.8	24.0	20.5
In % of Group sales	63.4	65.0	59.5	60.1	62.0
North America	28.9	31.6	33.6	37.2	131.3
Growth in %	11.4	12.7	20.5	30.5	19.0
Growth in local currencies in %	18.5	15.7	18.4	18.3	17.7
In % of Group sales	23.0	24.3	29.1	26.9	25.8
Asia / Pacific	14.1	11.5	10.8	14.7	51.1
Growth in %	46.7	(5.0)	21.4	46.8	25.8
In % of Group sales	11.2	8.8	9.4	10.7	10.0
Rest of the world	3.0	2.5	2.3	3.2	11.1
Growth in %	64.0	53.8	18.2	84.2	54.1
In % of Group sales	2.4	1.9	2.0	2.3	2.2
Total	125.6	130.3	115.4	138.2	509.6
Growth in %	16.4	19.2	19.9	29.4	21.2
Growth in local currencies in %	18.9	19.7	18.7	25.2	20.7
In % of full-year sales	24.7	25.6	22.6	27.1	100.0

Consolidated Balance Sheets

Assets

(in CHF 1 000)	31 Dec 2005	31 Dec 2004
Property, plant and equipment	132 233	112 158
Investment property	12 200	0
Intangible assets	142 229	65 926
Financial assets	432	2 220
Deferred tax assets	22 434	22 785
Non-current assets	309 528	203 089
Inventories	48 141	35 545
Trade receivables	69 648	48 814
Other receivables	3 703	6 162
Tax receivables	632	221
Prepaid expenses and accrued income	7 441	3 598
Cash and cash equivalents	94 195	107 105
Current assets	223 760	201 445
Total assets	533 288	404 534

Equity and liabilities

(in CHF 1 000)	31 Dec 2005	31 Dec 2004
Share capital	1 558	1 552
Retained earnings and reserves	416 920	307 945
	418 478	309 497
Minority interest	1 511	2 131
Total equity	419 989	311 628
Provisions	2 527	1 902
Deferred tax liabilities	13 232	10 302
Pension liability	3 487	3 340
Total non-current liabilities	19 246	15 544
Trade payables	24 220	15 268
Other liabilities	19 983	17 013
Tax liabilities	26 881	22 633
Accrued expenses and deferred income	22 969	22 448
Total current liabilities	94 053	77 362
Total liabilities	113 299	92 906
Total equity and liabilities	533 288	404 534

Consolidated Income Statements

(in CHF 1 000)	2005	2004
Group sales	509 553	420 296
Cost of goods sold	(99 404)	(77 866)
Gross profit	410 149	342 430
Other income	3 078	3 861
Selling costs ¹	(190 552)	(159 655)
General administrative costs	(40 333)	(34 417)
Research and development costs	(26 404)	(25 250)
Operating profit	155 938	126 969
Financial income	3 099	1 269
Financial expense ¹	(543)	(2 059)
Profit before taxes	158 494	126 179
Tax expense	(30 287)	(25 652)
Net profit	128 207	100 527
Attributable to:		
Equity holders of the parent	127 863	99 948
Minority interest	344	579
Basic earnings per share (in CHF)	8.22	6.44
Diluted earnings per share (in CHF)	8.19	6.42

The operating expense according to the nature of expense method is as follows:

(in CHF 1 000)	2005	2004
Operating expense as per nature of expense		
Other income	3 078	3 861
Cost of material and goods	(58 610)	(45 422)
Personnel expense	(143 012)	(122 746)
Depreciation	(18 861)	(19 163)
Amortization	(6 255)	(9 857)
Other operating expense ¹	(129 955)	(100 000)
Operating expense	(353 615)	(293 327)

¹ 2004 reclassified due to the reallocation of exchange result related to operations, from financial result to selling costs/other operating expense.

Consolidated Cash Flow Statements

(in CHF 1 000)	2005	2004 ¹
Operating profit	155 938	126 969
Depreciation and amortization	25 116	29 020
Change in provisions	(497)	(2 055)
Change in prepaid pension liability/asset	(382)	2 025
Issuance of share options/employee shares	2 705	1 647
Change in minority interest	(943)	(311)
Gains and losses from disposals of assets	(123)	202
Change in working capital	(17 129)	9 094
Cash generated from operations	164 685	166 591
Interest received	918	1 270
Interest paid	(543)	(675)
Exchange differences	2 181	(1 383)
Income tax paid	(22 776)	(20 332)
Net cash flow from operating activities	144 465	145 471
Investments in land and buildings	(8 656)	(30 128)
Investments in other tangible assets	(41 016)	(26 270)
Investments in intangible assets	(11 467)	(9 122)
Investments in acquisitions	(61 697)	(565)
Proceeds from sale in financial assets	1 788	4
Cash flow from investing activities	(121 048)	(66 081)
Dividend payment	(31 135)	(48 075)
Issuance of share capital	8 368	2 059
Repayment of loans	(14 079)	(29 200)
Cash flow from financing activities	(36 846)	(75 216)
Effect of foreign currency translation	519	(430)
Net increase in cash and cash equivalents	(12 910)	3 744
Cash and cash equivalents at 1 January	107 105	103 361
Cash and Cash equivalents at 31 December	94 195	107 105

¹ Adjusted to changed disclosure.

Consolidated Statement of Changes in Equity

(in CHF 1 000)	Attributable to equity holders of the parent					Minority interest	Total equity
	Share capital	Capital		Retained earnings	Total		
		reserves and share premium	Translation reserve				
Balance at 1 January 2004	1 551	32 631	(1 109)	221 718	254 791	1 877	256 668
Dividend payment				(48 075)	(48 075)		(48 075)
Issuance of share capital	1	2 058			2 059		2 059
Issuance of share options		1 647			1 647		1 647
Currency translation differences			(873)		(873)	(14)	(887)
Acquisition of minority interest						(311)	(311)
Net profit				99 948	99 948	579	100 527
Balance at 31 December 2004	1 552	36 336	(1 982)	273 591	309 497	2 131	311 628
Balance at 1 January 2005	1 552	36 336	(1 982)	273 591	309 497	2 131	311 628
Dividend payment				(31 135)	(31 135)		(31 135)
Issuance of share capital	1	8 367			8 368		8 368
Issuance of share options	5	2 700			2 705		2 705
Currency translation differences			1 180		1 180	(21)	1 159
Acquisition of minority interest						(943)	(943)
Net profit				127 863	127 863	344	128 207
Balance at 31 December 2005	1 558	47 403	(802)	370 319	418 478	1 511	419 989

The financial statements above are an extract of the fully audited statements published in Straumann's 2005 Annual Report.