

Media release

Straumann shares its Vision for 2020

- /// Insights into the future of dentistry provide basis for mid/long-term road map; market and growth fundamentals confirmed*
- /// Straumann well positioned to capture growth opportunities through innovative products, technologies and services*
- /// Key initiatives underway to drive growth including organizational redesign*

Basel/Amsterdam, 16 May 2012 – At its Capital Markets Day event in Amsterdam today, Straumann is sharing its Vision 2020 project with representatives of the investor community and the media. The project provides valuable insights into the future of dentistry and the markets for replacement, restorative and regenerative dentistry.

Using existing data, new research, and numerous interviews with experts in the field, Straumann has endeavored to anticipate the needs of dental professionals and patients in its markets, in order to be their partner of choice in the years ahead.

Trends

The dental profession will experience a number of significant changes between now and 2020. As the cost of equipping and running surgeries increases, single-dentist practices will become less common as practitioners join group practices and chains. For example, current trends indicate that the share of single-owner practices in two of the world's largest markets, the US and Germany, is expected to decrease steadily by 2020.

The face of dental care in the future will be increasingly female as more women are training to become dentists than men. As this trend continues it is also expected that a growing proportion of female dentists will work part-time, for family reasons – which in turn will accelerate the trend towards group practices.

These developments, and the fact that the number of newly trained dental surgeons might be insufficient to cover growing demand, underscore the need for simpler, standardized procedures, in addition to education and other efforts to boost efficiency and capacity.

Apart from this, cost pressure from competitors and patients will force dental practices to increase productivity and shorten chair-time. This offers considerable opportunities for products, systems and services that improve efficiency and streamline workflows.

While dental practices merge, consolidation will be even faster in the dental laboratory segment as new technologies and larger competitors impact smaller labs. Consolidation will also be an ongoing topic in industry – as recent acquisitions, mergers and collaborative partnerships already illustrate.

Technology

Digitalization will shape the future of dentistry, changing workflows and value chains for dentists and labs. In the practice of the future, advanced scanning technology will be more

common and will converge with surgical and prosthetic software – especially as tooth replacement is being driven increasingly by prosthetic considerations.

Innovation will continue to be an important industry driver and is beginning to encompass processes, services and solutions in addition to products. New materials and minimally invasive techniques will open the door to a larger number of patients, who have not been able to – or have avoided – implant treatment. Enhanced precision through computer supported techniques will also have a part in this.

By 2015, an estimated 50 million dental implants will have been in place for longer than five years. Although dental implants are associated with high success rates, there will undoubtedly be a growing need for maintenance solutions – particularly for restorative components.

Markets

Recent experience has shown that the market for dental implants is linked to general economic conditions, consumer sentiment and disposable income. Current forecasts suggest that economic growth will continue to be subdued over the next few years in Europe, which will constrain the dental market.

Contrastingly, the assumptions are more positive for the BRIC countries, which have high growth potential. Asia, Latin America and the Rest of the World are thus expected to make up a larger proportion of the global implant market.

North America, the world's largest market, represents a significant growth opportunity for the dental implant industry, based on penetration, dental care, and access to treatment, demographics, and household income. Its proportional contribution to the global market is expected to remain more or less stable, while Europe's will decline.

Growth drivers intact

Over a quarter of a billion people in the industrialized world are missing one or more teeth. As the industry is still relatively young, only a small proportion of patients seeking treatment for tooth loss get implant solutions, despite the clear advantages. Furthermore, there are huge populations of patients in emerging economies where implant and CAD/CAM dentistry are not yet established.

Apart from demographics, the research shows that fundamental drivers of the dental implant market, such as acceptance, access and affordability are improving. Straumann therefore believes that the global market for implant, restorative and regenerative dentistry is capable of growing in the high-single-digit range between now and 2020.

Capturing opportunities for additional growth

With the goal of outpacing the market, Straumann intends to capture growth opportunities through various initiatives: it will tailor its regional strategies – for instance to expand its sales force in the US, or to address the Latin American market through dual brands (as announced separately today). The Group will also drive penetration by expanding the pool of treatment providers (e.g. through education) and by increasing their capacity/efficiency (e.g. through products, services and solutions).

Straumann has a strong innovation pipeline to support these initiatives. It also has the geographic reach and selling power to achieve above-market performance.

Leadership complete

Vision 2020 has already prompted the Group to redesign its global organization – from the sales interface right up to the Executive Management. The re-organization is at an advanced stage and is intended to drive top-line growth in addition to shortening time to market.

The organizational redesign has created some vacancies, one of which is at the Executive Management level. This is to be filled by Dr **Alexander Ochsner**, who will join Straumann in September as EVP Head of Sales, Asia Pacific.

At 48, Dr Ochsner is a seasoned executive with extensive international experience in the medical device industry. He has spent the past 10 years in regional leadership roles in the top tier of the dental implant industry. Previously, he was a Member of the Executive Committee of Nobel Biocare, where – as Senior Vice President & General Manager EMEA – he held full responsibility for the business in Europe, the Middle East and Africa.

He also spent six years at Zimmer Dental, where he was Vice President Europe & Asia Pacific and a member of the Divisional Executive Team. Dr Ochsner is Swiss and gained his PhD at the Swiss Federal Institute of Technology (ETH) in Zürich, where he also graduated in natural sciences.

How Straumann might look in 2020

Based on Vision 2020, Straumann concludes that it will be able to more than double its present size by 2020, both in terms of net revenue and employees. The Group also assumes that it will be able to deliver attractive profit levels with a gross margin in the range of 76-78% and an operating margin of up to 25% in 2020.

The future is now

Vision 2020 may seem a distant aspiration but Straumann is already working on many of the initiatives to shape the future. For example, to drive digitalization and efficiency, it is collaborating with other leading companies to establish a standard open software platform; to drive top-line growth, it is reorganizing globally and expanding its sales force in the key North American market; and to address the changing trends in dentistry, it is developing a full pipeline of innovative technologies, products, services and solutions.

The Group chose to hold today's Capital Markets Day event at the Academic Center for Dentistry in Amsterdam (ACTA) because it is one of the world's most advanced centers for digital and modern dentistry. At ACTA – and at Straumann – the future is already happening.

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 2450 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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Presentation slides

The presentation slides are available at www.straumann.com/cmd.

Upcoming reporting dates

21 August 2012 Q2 sales and Half-year results 2012
30 October 2012 Q3 and 9M sales 2012

Details on upcoming investor relations activities are published on www.straumann.com
(Investors > IR events).

Disclaimer

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