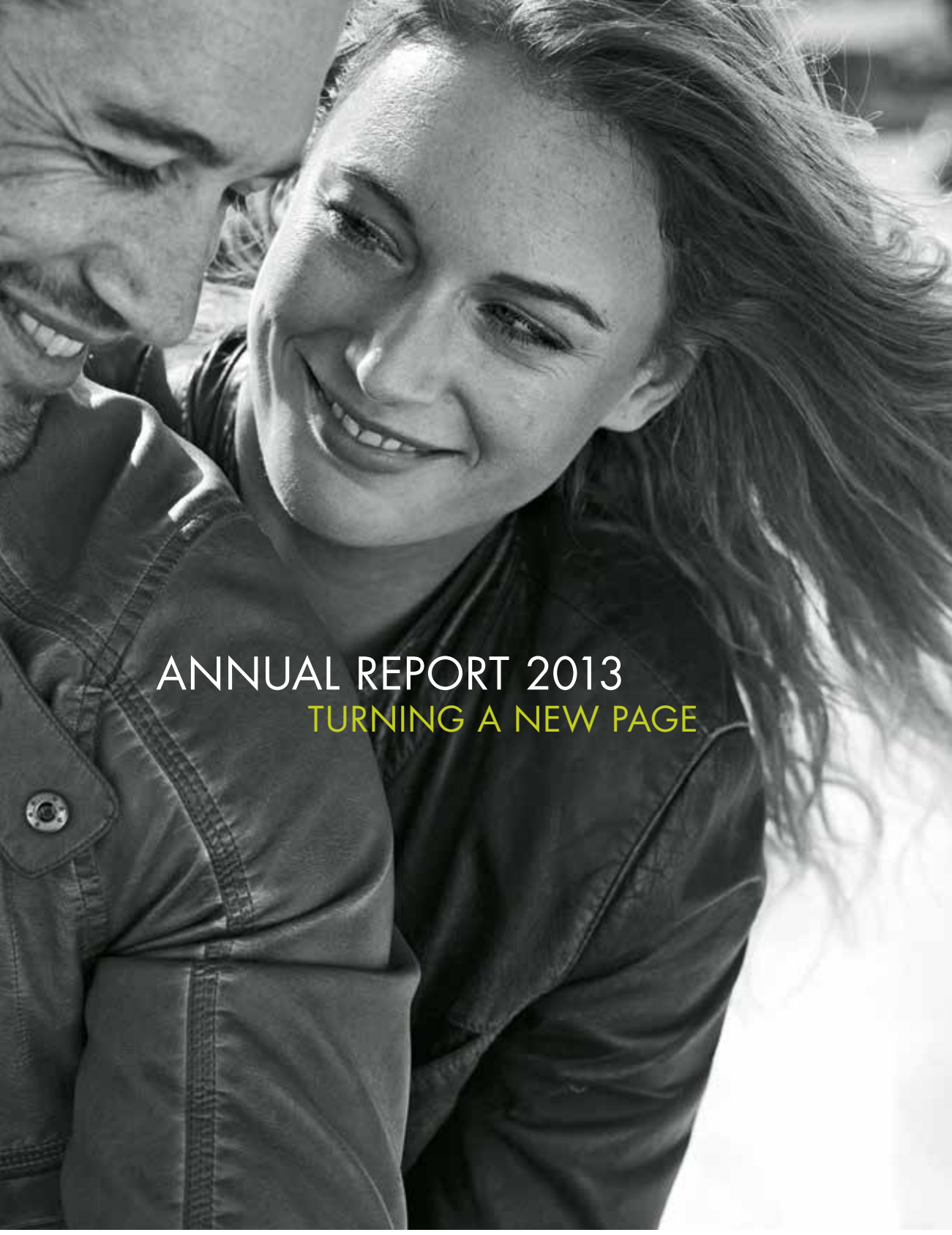
ANNUAL REPORT 2013

TURNING A NEW PAGE



60 YEARS

straumann

simply doing more

ANNUAL REPORT 2013

Contents

Throughout this Report, page references preceded by a capital 'F' refer to our detailed Financial Report, which is published as a separate volume.










TURNING A NEW PAGE

The historic photographs in this report illustrate Straumann's rich heritage of scientific precision and innovation. In 2014, we celebrate the 60th anniversary of our company and the people who have contributed to its success. At the same time, we are launching a number of novel solutions supported by a fresh emotive branding campaign, centering on the improved quality of life that our products are designed to bring. This is illustrated in the contemporary lifestyle photographs that appear on the reverse side of the historical pictures, and on the front cover. The page thus turns from a past to a future perspective of Straumann.

'Simply doing more' means constantly turning pages. In 2013, our company turned many new pages – in leadership, in our workforce, in our approach to customers, in our profitability and value creation – as this Annual Report demonstrates.

STRAUMANN

Straumann is a global leader in implant and restorative dentistry and oral tissue regeneration. For a brief overview of our company, vision and mission, please see p. 15 ff

KEY FACTS AND FIGURES

KEY FIGURES

More on p. 110 ff

(in CHF million)	2013	2012[1]	Change (%)
Revenue	680	686	(1)
Gross profit	536	532	1
Operating profit (EBIT)	124[2]	102[2]	21
Net profit	101	38	170
Cash generated from operating activities	152	115	32
Capital expenditure	13	19	(35)
Free cash flow	139	95	46
Value added (economic profit)	53	(8)	–

[1] Restated due to IAS 19R
[2] Excluding exceptionals (restructuring/impairments)

OPERATING AND NET PROFIT

More on p. 110 ff

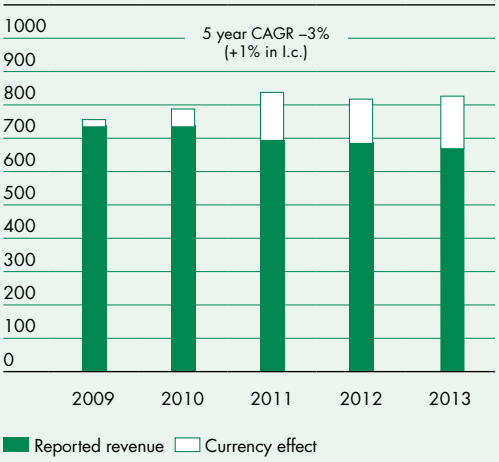
(in CHF million)

[1] Restated due to IAS 19R

REVENUE

More on p. 110 ff

(in CHF million)



PROFITABILITY

More on p. 110 ff

Returns on assets, equity and capital employed in %

[1] Restated due to IAS 19R

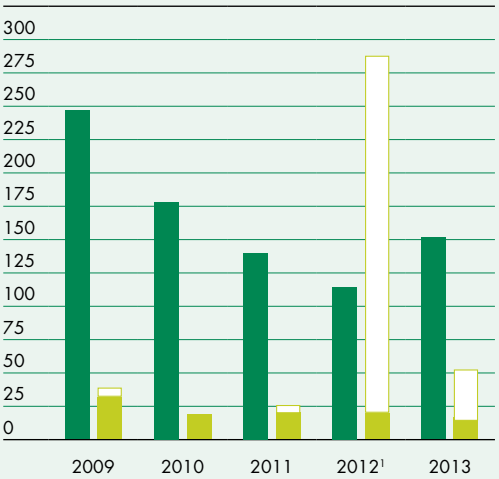
REVENUES BY REGION

More on p. 25 ff

CASH FLOW AND INVESTMENTS

More on p. 112 ff

(in CHF million)



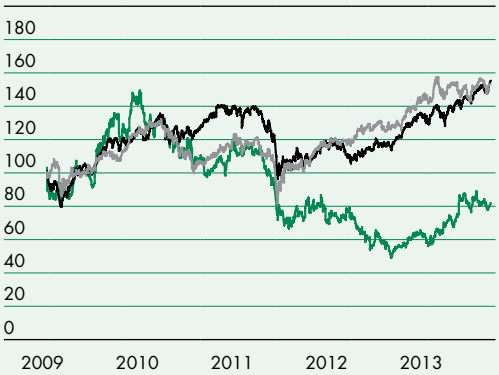
Operating cash flow
Capital expenditure
Acquisitions & participations

[1] Restated due to IAS 19R

SHARE PRICE DEVELOPMENT

More on p. 119 f

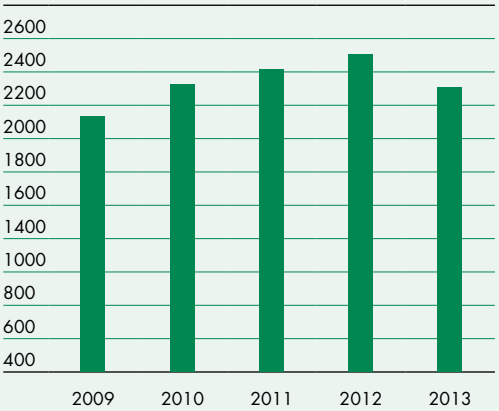
(in %)



Straumann
SMIM index
MSCI World Healthcare Equipment & Services index (CHF)

EMPLOYEES

More on p. 46 ff



As of 31 December	2013	2012	Change (in %)
Headcount	2 217	2 517	–12

SHARE INFORMATION

More on p. 119 f

(in CHF)	2013	2012
Earnings per share (EPS)	6.55	2.43[1]
Ordinary dividend per share	3.75[2]	3.75
Payout ratio	58%	154%[1]
Share price at year-end	166.80	112.00

[1] Restated due to IAS 19R
[2] Payable in 2014 subject to shareholder approval

MAJOR SHAREHOLDERS

More on p. 67 ff

(in %)	31 Dec 2013	31 Dec 2012
Dr h.c. Thomas Straumann	17.3	17.3
GIC Private Ltd.	13.7	13.8
Dr h.c. Rudolf Maag	12.2	12.2
Parvus Asset Management (UK) LLP	10.8	–
Simone Maag de Moura Cunha	4.7	5.2
Sprucegrove Investment Management	4.4	3.0
Gabriella Straumann	3.4	3.4
Total	66.5	54.9

2013 HIGHLIGHTS

REVENUE

+1%

Organic growth

KEY DRIVERS

+8%

Growth in N. America (organic) & RoW; APAC climbs 5%

GROSS MARGIN

79%

Up 1% point; third year of efficiency gains

TOTAL SHAREHOLDER RETURN

52%

Driven by 49% rise in share price

EBIT MARGIN

18%

Excluding exceptionals; up 3% points due to cost and headcount reductions

PREMIUM+VALUE STRATEGY

PORTFOLIO EXPANDED

Investments in Medentika and Createch complement Neodent

FREE CASH FLOW

CHF 139M

Strong cash conversion

ORGANIZATION

RESIZED & FOCUSED

To support sales and adapt to a fast-changing market

LETTER TO SHAREHOLDERS

Turning a new page

Marco Gadola (Chief Executive Officer) and Gilbert Achermann (Chairman of the Board of Directors)

DEAR SHAREHOLDER,

Despite signs of improvement, the global market for replacement, restorative and regenerative dentistry was unable to shake off the sluggishness that has constrained us since the economic crisis.

With recovery failing to materialize, Straumann went through a valley of tears. Our first-quarter revenue slumped to its lowest level in three years, and it became clear that our cost base and organizational set-up were no longer sustainable.

We had to undo much of the previous year's reorganization. We had to part with many esteemed colleagues. We had to fight harder for market share in an environment that is changing faster than anticipated, and we had to win back investor confidence. However, through radical resizing, reorganizing, and refocusing, we have turned a new page and have begun 2014 in significantly better shape than we were in 12 months previously.

EXECUTION – NOT A NEW STRATEGY

Straumann's vision, mission and core beliefs were still valid. So too were the key learnings of our Vision 2020 project and our strategic fundamentals. But we needed to address immediate issues and adapt quickly. With a new leadership team in place, we recognized our need to concentrate urgently on three priorities:

- to continue building a high-performance culture and organization
- to target unexploited growth markets and
- to address the changed dynamics of our core markets.

This letter summarizes what we have achieved so far.

BUILDING A HIGH-PERFORMANCE CULTURE AND ORGANIZATION

Costs under control

Our first step was to implement strong measures to reduce cost, the most significant being a headcount reduction of approximately 300, bringing our global workforce back to its pre-economic crisis level of approximately 2220. Redundancies were handled with due regard for our social responsibilities as an employer. A large portion of the cuts were at our global headquarters, and we implemented many proposals made by our staff to mitigate job losses (see p. 46), including for example the reduction of management fringe benefits. Furthermore, thanks to outplacement support, more than 80% of our leavers had found new jobs by year-end. Notwithstanding, it is deeply regrettable that we had to part with many colleagues who had contributed significantly to Straumann over the years.

The reductions focused mainly on support activities to ensure that quality, innovation and service were not compromised and that our salesforce was undiminished. In fact, we added sales personnel in 2013 in underpenetrated growth markets like the US, which is reflected in the performance discussed below and on p. 27.

Despite resizing, we believe that we still have the strongest team of professionals in our industry.

Reorganized to support sales

To keep pace with the dynamics of our market, we are becoming more sales and marketing orientated – which is essential for success in a market that has matured from being driven by technology and product innovation ('inside-out') to one that is driven by service, solutions, customer needs and value ('outside-in'). This is reflected in the prominence given to the sales regions at top management level (see p. 66).

Our headquarters and other functions have the task of serving and supporting sales in order to meet market and customer needs. The new department 'Customer Solutions & Education' will work closely with 'Research, Development & Operations' to ensure that projects reflect market and customer needs and then pass expediently through research, development, regulatory, manufacturing etc. to the launch and roll-out activities by the regional marketing and sales teams.

The other main area of change is the creation of a new team dedicated to developing, strengthening and extracting maximum value from strategic projects and alliances, including our unique relationship with the ITI. The significance of this team is evident in the increase in acquisition and partnering activities.

Customer-driven innovation with commercial objectives

Cost reductions did not weaken our drive to innovate. We continued to invest significantly in R&D, which enabled us to maintain a stocked pipeline (p. 38), to add strong clinical documentation (p. 39), and to deliver a number of exciting improvements and innovations that add value for customers and patients (p. 30 ff).

Impressive clinical data supporting our implant system were published, including the results of two international multicenter trials with over a thousand implants[1,2]. Few companies in our industry perform clinical studies and rarely on this scale. Furthermore, we are the first dental implant company to publish ten-year success rates of 97%[3,4] for an implant that is still on the market. Our clinical track record provides clear reasons why customers should insist on Straumann rather than undocumented alternatives.

Today, market-driven innovation is more about processes, value chains, and collaborations than about breakthrough products and technologies. In view of this, we have focused our clinical programs and organized our innovation process to channel information from the market into development.

Further efficiency gains in production and logistics

In production and logistics, we started turning a new page three years ago with the introduction of 'lean' manufacturing principles. We also began insourcing various production steps, like packaging. The continuation of these initiatives in 2013 – together with process re-engineering, new technology and improved utilization – have all contributed to significant efficiency gains and a third successive year of gross margin expansion (see p. 53).

TARGETING UNEXPLOITED GROWTH MARKETS

Geographical growth opportunities

To take full advantage of the opportunities offered by emerging and underpenetrated markets, we are continuing to focus our investments on high-growth

markets like China, Brazil, and the US rather than on traditional strongholds like Europe, which we will nevertheless defend. Our global footprint, network and partnership with the ITI are valuable levers for opening up new markets and there are many other attractive untapped growth opportunities, for instance in Turkey, Russia and South-East Asia.

Segment growth opportunities

The attractiveness of our business has stimulated a sharp increase in local 'value' players, who offer implant and/or prosthetic products at lower prices. Many are copycats. Few offer a high level of service combined with training, support, experience, innovation, long-term assurance etc. that are inherent to the Straumann brand.

Nevertheless, the value segment now accounts for more than a third of the global implant market, reflecting a shift in customer needs away from technological and scientific differentiation towards a 'good enough' mentality. We have to accept that a large and growing number of customers are unwilling or unable to pay for the added value offered by a premium originator brand like Straumann.

We therefore took the strategic decision to build a portfolio/platform of value companies that will operate as separate brands with their own philosophy, salesforce, production and value proposition (see p. 17 ff). As a first step, in mid-2012, we acquired 49% of Neodent, the implant market leader in Brazil.

In 2013, we launched the Neodent brand in Spain and prepared for market entry in the US. We also acquired 51% of Medentika in Germany and 30% of Createch Medical in Spain. As a rapidly expanding provider of cost-effective implants and attractively-priced prosthetics for multiple implant systems, Medentika will have an important role alongside Neodent in our value platform. Createch, on the other hand, specializes in high quality CADCAM bar-and-bridge solutions and will support both our premium and value businesses.

To increase our financial flexibility for future acquisitions and growth initiatives, and to benefit from historically low interest yields, we successfully placed our first bond for CHF 200 million with a duration of seven years (see p. F45).

ADDRESSING THE CHANGED DYNAMICS OF OUR CORE MARKETS

In addition to bringing our cost base down to an acceptable level, one of our primary goals was to accelerate our product development cycle.

As implant dentistry becomes more widespread, general practitioners (GPs) will have an increasingly important role in decisions regarding implant treatment and choice of implant. For instance, in the US in a few years' time, more implants will be placed collectively by general dentists than by specialists – which is remarkable, because the US is traditionally a 'referral' market. This trend means that we need to cater for a different group of customers with different requirements, preferences and skills.

Training and education are valuable tools for adressing GPs, and together with the ITI, we offer one of the largest global education programs. Beyond education, GPs require user-friendly, convenient, comprehensive solutions, which some of our competitors already offer. While we have all the components to do the same, we haven't bundled them appropriately. In 2013 we began to make up the lost ground by working on concepts like Straumann ONE, which provides everything the customer needs for a single-tooth replacement procedure in one package (see p. 32 f).

Innovative solutions to address treatment costs and limitations

We continue to address the issue of treatment cost through innovative products and solutions that eliminate process steps and shorten workflows.

In the fourth quarter, we began to offer our entire implant range in Roxolid, with the goal of reducing bone graft procedures and treatment invasiveness – saving trauma, discomfort, and costs (see p. 26), while making implant treatment possible/acceptable for more patients.

In the meantime, we have started offering Roxolid implants together with our new Loxim transfer piece in certain markets for the same price as the titanium equivalents. The new transfer piece facilitates handling, which – like our new sterile healing cap packages – makes life easier for customers.

At the same time, we are beginning to price our basic titanium tooth replacement option more competitively. The pursuit of this strategy and its application elsewhere will depend on the experience we gain in the lead markets.

Also in October, we began the controlled market release of our innovative ceramic implant, which offers an esthetic biocompatible alternative for patients who want metal-free solutions (see p. 32 f).

In prosthetics, copycats and technological developments have also put pressure on premium originators. For example, new hybrid abutment designs using titanium-alloy bases (Ti-bases) with full-contour crowns can be as much as a third cheaper than conventional abutments with copings and crowns.

We have responded to these developments in several ways. First, we initiated an 'original-on-original' campaign, followed by the launch of our own Variobase hybrid, which enables dental technicians to produce two-piece customized abutments with original Straumann connections. Second, we signed an agreement with 3Shape making it possible for their CADCAM users to work with our Variobase. Third, we invested in a leading provider of multi-platform Ti-base abutments, Medentika, which operates in our value platform as a separate brand.

To further broaden the reach and accessibility of our CADCAM franchise, we continued the roll out of our Scan & Shape service for dental labs that do not have scanning capability or want to outsource the computer-assisted modelling process. The fact that we have now opened our CADCAM system means that we no longer need to produce our own scanners. We therefore agreed with our partner Dental Wings to combine, and thus strengthen, our scanner production in 2014.

Tissue regeneration solutions complement our implant business and have an important position in our portfolio. Although 'Regeneratives' has grown ahead of our other businesses, the strategy we implemented in 2012 to develop it as a separate business with its own salesforce proved to be inefficient and we have therefore reintegrated it.

SIGNIFICANT TURNAROUND

Twelve months ago, we said cautiously that we would be able to deliver improved profit levels even if the market remained sluggish in 2013. We also expressed our determination to achieve a significantly higher operating margin, combined with a return to solid growth in the mid-term.

The global market has indeed remained sluggish but we have delivered significantly higher margins, and, after three consecutive quarters of organic growth[5] and market share gains, we are on our way back to solid growth.

BUSINESS PERFORMANCE

Our full-year net revenue reached CHF 680 million, slightly below the prior year level in Swiss francs. Excluding currency effects and the discontinued sales of intraoral scanners in 2012, we achieved organic growth[5] of just over 1%, underpinning our position as the global leader in revenue terms.

Strong growth in North America (+8%[5]), Brazil, China and the Middle East more than offset the negative impact of market recessions in Europe, our biggest region (–4%), and Japan, our third largest single market (see p. 26 ff).

Our core implant business accelerated as the year progressed, and we posted solid growth, driven by Roxolid and the bone-level implant range. With regard to the prosthetics business, CADCAM abutments and standard prosthetics posted growth, but not enough to compensate for the shortfall in tooth-borne restoration elements due to competition from in-lab and chairside milling. The digital business was expectedly smaller than in 2012, due to the transfer of certain activities to Dental Wings and the discontinued sales of intra-oral scanners in October 2012.

Efficiency gains and process insourcing (see p. 53 f) lifted our gross margin to 79%. Boosted by significant cost reductions, our operating (EBIT) margin expanded 3 percentage points to 18%. This was in spite of exceptional expenses of CHF 8 million due to restructuring and redundancies.

Net profit rose 170% to CHF 101 million, of which CHF 6 million was contributed by our share in the

results of associates. Basic earnings per share rose to CHF 6.55.

We continue to generate solid cash flows which, together with the yield from our bond placement, brought cash and cash equivalents to CHF 384 million at year-end, despite acquisitions and the ordinary dividend payment of CHF 58 million. We thus have financial capability to pursue further strategic acquisitions and investments.

A compelling equity story

Following the disappointing performance in 2012, we have set clear strategic priorities and turned revenue and profit development around. This has won recognition in the capital markets with the result that our share price climbed 49% in 2013, outperforming major indices. Including the dividend, total shareholder return amounted to 52%.

Unchanged dividend

At the Annual General Meeting (AGM) on 11 April 2014, the Board of Directors will propose an unchanged ordinary dividend of CHF 3.75 per share to the shareholders.

Governance refined

The Board will also implement several measures to refine the company's governance, including further measures to avoid potential conflicts of interest, the separation of external audit from other consulting services, and the adjustment of Directors' compensation with the requirement that they hold at least 2000 Straumann shares. In 2014, Straumann will begin adopting the Swiss Ordinance regarding compensation (VegüV), and shareholders will be able to give their voting instructions to the independent proxy online in advance. Further information is provided in our Compensation Report (p. 93 ff) and the section on Corporate Governance (p. 63 ff).

OUTLOOK

We believe that the strategic priorities we have identified and the steps we have taken in 2013 will enable us to succeed in our fast-changing environment. They will bring us closer to our vision of being the partner of choice in implant, restorative and regenerative dentistry and to our aspiration of extending our global leadership to the value segment. Global presence, size, infrastructure, partners and financial capability give us a valuable advantage in this respect.

Key markets in Europe may continue to lag for some time and will doubtless become increasingly competitive. We expect our performance there to be constrained by consumer sentiment. On the other hand, Asia has picked up, while North America and emerging markets like Brazil and China hold much promise, and we are very well positioned to tap their potential.

Solid fundamentals and recent cost reduction initiatives put us in a good position to increase sales and deliver an improved operating income margin in 2014, despite further investments.

60 YEARS OF SIMPLY DOING MORE

2014 marks the 60th anniversary of our company, the 40th anniversary of our pioneering entry into implant dentistry, the 25th anniversaries of our subsidiaries in the Netherlands and the USA as well as the 10th anniversary of our charitable partnership with the National Foundation for Ectodermal Dysplasia (see p. 51).

This longevity speaks volumes about Straumann's sustainable approach to business – not just to patients and customers who expect life-long reliability, but also to other long-term stakeholders. The company's track record is particularly impressive in view of the fact that the average life expectancy of firms in Europe is only 12.5 years, irrespective of their size[6].

Over the past six decades, Straumann has changed paradigms and brought significant improvements in quality of life to millions of people. It is a great privilege and a responsibility for us to bear the torch that previous generations at Straumann lit and nurtured. It is also a great privilege to have new resources, technologies, and associates to help us write the next page in our company history.

We are committed to continue our focus on sustainable development and value creation as we move into the next decade of Straumann's history. This includes running our operations as efficiently as possible to achieve financial, material and energy savings. It also encompasses our charitable support for various dental health initiatives. Despite the challenging market

environment, we will continue to make charitable contributions to dental health causes, and run our production as efficiently as possible to realize financial as well as material and energy savings.

Straumann would be nothing without committed, talented and hard-working employees. 2013 brought challenges, frustrations and uncertainty, and added new dimensions to our guiding principle of 'simply doing more'. Nevertheless, our staff have persevered, adapted and outperformed. On your behalf, we would like to thank them sincerely for their dedication, loyalty, hard work, readiness to change and positive spirit going forward.

We would also like to thank you, our shareholders, for your continued support and confidence in our company.

Yours sincerely

Gilbert Achermann
Chairman of the Board of Directors

Marco Gadola
Chief Executive Officer

REFERENCES/FOOTNOTES

1 Sanz M, Ivanoff CJ, Weingart D, Wiltfang J, Gahlert M, Cordaro L, Ganeles J, Bragger U, Jackowski J, Martin WC, Jung RE, Chen S, Hammerle C: Clinical and Radiologic Outcomes after Submerged and Transmucosal Implant Placement with Two-Piece Implants in the Anterior Maxilla and Mandible: 3-Year Results of a Randomized Controlled Clinical Trial. Clin Implant Dent Relat Res. 2013 Jul 9. [Epub ahead of print].

2 Filippi A, Higginbottom FL, Lambrecht T, Levin BP, Meier JL, Rosen PS, Wallkamm B, Will C, Roccuzzo M: A prospective noninterventional study to document implant success and survival of the Straumann Bone Level SLActive dental implant in daily dental practice. Quintessence Int 2013;44(7):499–512.

3 Roccuzzo M, Bonino L, Dalmasso P, Aglietta M: Long-term results of a three arms prospective cohort study on implants in periodontally compromised patients: 10-year data around sandblasted and acid-etched (SLA) surface. Clin Oral Implants Res. 2013 Jul 19.

4 Buser D, Chappuis V, Kuchler U, Bornstein MM, Wittneben JG, Buser R, Cavusoglu Y, Belser UC: Long-term Stability of Early Implant Placement with Contour Augmentation. J Dent Res. 2013 Dec;92(12 Suppl):176S-82S.

5 Organic growth i.e. excluding currency effects and intra-oral scanner sales in N. America and Europe, which discontinued in October 2012.

6 De Rooij E, A brief desk research study into the average life expectancy of companies in a number of countries. Amsterdam: Stratix Consulting Group, August 1996.

STRAUMANN A PORTRAIT

A partner of choice with the mission of simply doing more

WHO WE ARE AND WHAT WE DO

Headquartered in Basel, Switzerland, the Straumann Group is a global leader in implant and restorative dentistry and in oral tissue regeneration. Through collaboration with leading clinics, research institutes and universities, we research, develop and manufacture dental implants, prosthetics, instruments and tissue regeneration products for use in tooth replacement and restoration solutions or to prevent tooth loss.

Our implant system components and instruments are produced in Switzerland and in the United States. CADCAM prosthetics are milled centrally in Germany and the United States. We produce our oral tissue regeneration products in Sweden. Together with our global team of 2217 employees, we offer a wide range of services to the dental profession worldwide, including training and education, which are provided in collaboration with our academic partner, the International Team for Implantology (ITI).

Our products, solutions and services are available in more than 70 countries through a broad network of distribution subsidiaries and partners. More than 90% of our business is conducted directly through fully-owned subsidiaries. In addition to being the leading premium brand in our field, we also aspire to global leadership in the value segment. To this end, we have been investing in a portfolio of value brands (p. 18 f) since mid-2012. The illustration on p. 17 shows how our businesses and activities are connected and interwoven. More about the company structure, organization and management can be found in the Corporate Governance section on p. 63 ff.

WHERE WE ARE FROM

Founded 60 years ago as a research institute specialized in alloys, Straumann moved into the field of osteosynthesis in the 1960s and focused exclusively on dental implants in 1990. The company went public in 1998. Straumann shares are traded on the SIX Swiss exchange. The Group entered the field of oral tissue regeneration in 2002 and CADCAM tooth restoration in 2007.

WHAT WE BELIEVE IN AND WHAT WE STRIVE FOR

OUR VISION is to be the partner of choice in implant, restorative and regenerative dentistry.

OUR MISSION is 'Simply doing more'.

OUR CORE BELIEFS

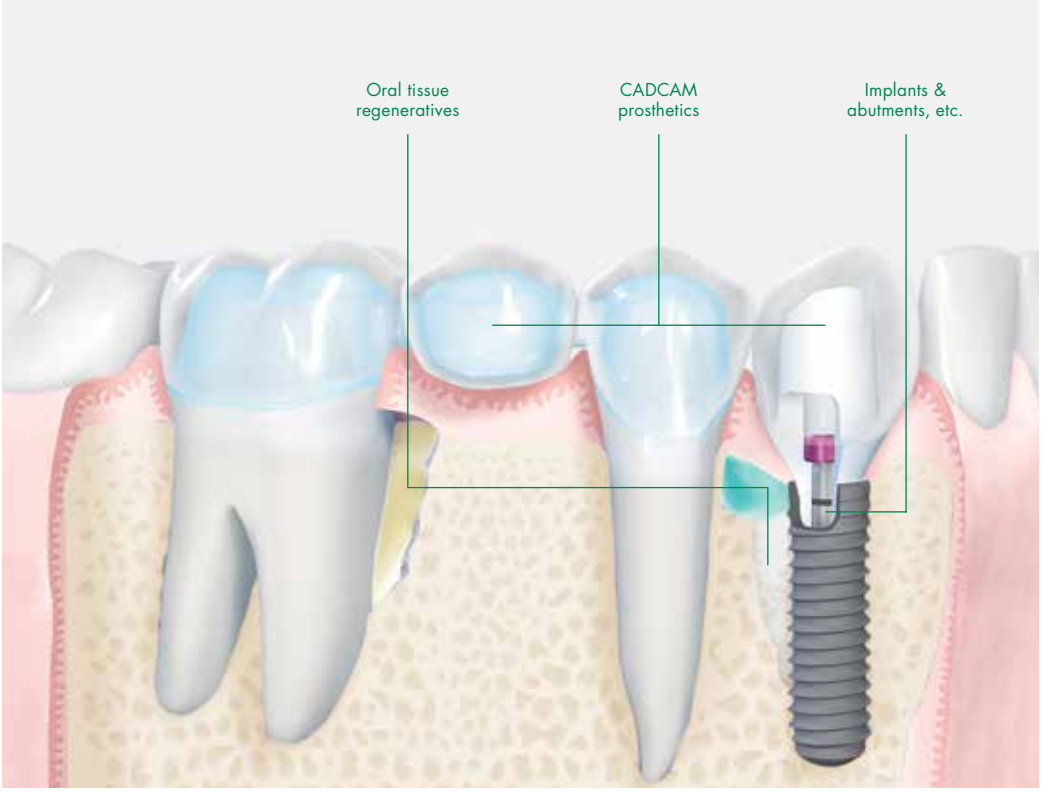
Reliability is our trademark.
We deliver peace of mind. Our customers and patients trust us for consistent quality and service excellence.

Simplicity is our strength.
In an increasingly complex world, we seek solutions that make life simpler for customers and patients.

Customers are our inspiration.
We are dedicated to the success of all our customers. We always seek to understand their perspective and to deliver what we promise.

People are our success.
Our success depends on skilled, caring, trustworthy and diverse individuals who work as a team and share our passion for innovative solutions and service excellence.

OUR BUSINESS



Regenerative dentistry | Restorative dentistry | Implant dentistry

STRAUMANN OPEN DIGITAL WORKFLOW

Intra-oral scanning | CADCAM | Guided surgery

Achieving more is our future.

We strive relentlessly for better solutions and to create value for our stakeholders. We must always believe in our ability to achieve more.

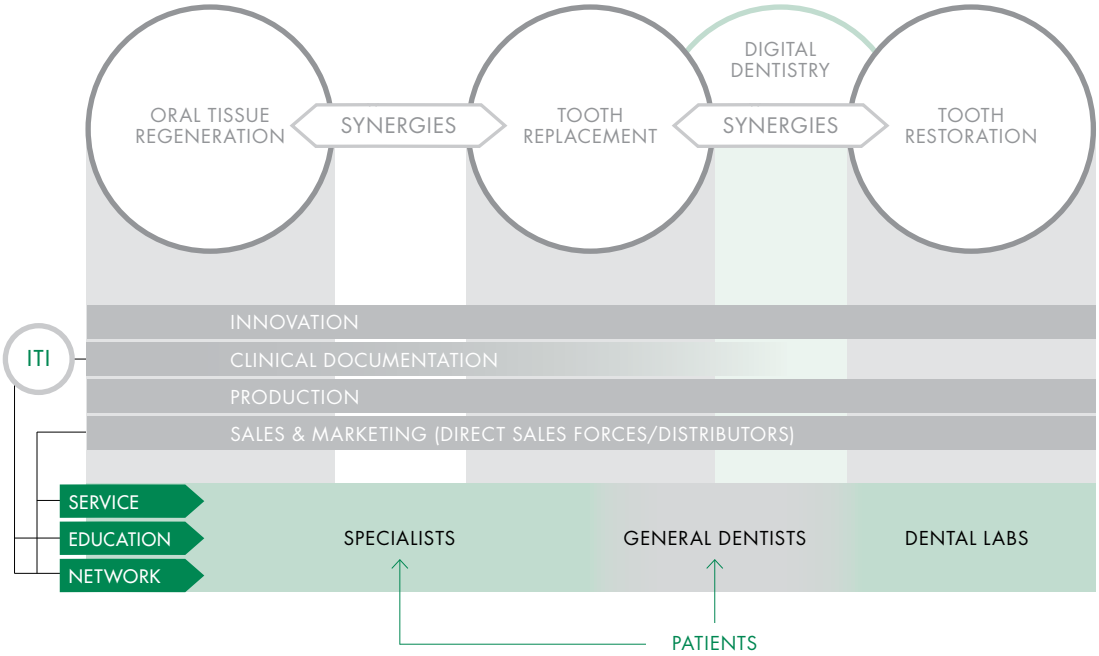
OUR BRAND

In an increasingly crowded marketplace, our global brand is a powerful and valuable asset. In 2013, we invested in various activities to leverage our brand, the most significant being a facelift to our marketing materials and our Corporate visual design, which were launched at the beginning of 2014. Our aim is to portray Straumann as a highly professional, dynamic, service/customer-driven, emotive partner for dentists and labs around the world. The new concept and layout for marketing materials is fresh and taglines feature 'more than...' examples linking them to our mission statement of 'simply doing more'. The lifestyle pictures in this annual report are illustrations of the new imagery.

MULTI BRAND STRATEGY

As a successful leading brand in the premium segment, Straumann's philosophy is to provide superlative products and solutions backed by documented clinical evidence and service excellence. But, as a pure

OUR BUSINESS MODEL



Straumann is a global leader in implant, restorative and regenerative dentistry. Driven by innovation, the company researches, develops and manufactures dental implants, prosthetics and oral tissue regeneration products (p. 30 ff). It is also an emerging leader in digital workflows that support and facilitate tooth restoration and replacement. Straumann produces almost all its products in house (p. 53 f) and then markets and sells them together with solutions and services – either directly to dental professionals or, in certain countries, through distribution partners (p. 124). Education, clinical research and customer networking are important aspects of the business model. In these areas Straumann collaborates with leading clinics, research institutes, universities, and the International Team for Implantology (p. 50).

premium brand, we are unable to penetrate the fast-growing value segment. Our strategy is to build a value platform of brands through investments in established value companies. We believe that the success of this strategy lies in the clear segregation of our premium and non-premium brands. The companies we have invested in – like Neodent and Medentika – thus operate separately from Straumann, as different brands with their own philosophy, salesforce, production and value proposition.

OUR BRAND OF BEHAVIOR

Names, visuals, claims and taglines are just part of our branding activities. 'Simply doing more' is the Straumann brand of behavior that we want all stakeholders to perceive. This is not a mere motto; it is our company culture that should be evident in every interaction with customers. Hence, branding at Straumann has to be supported by each employee.

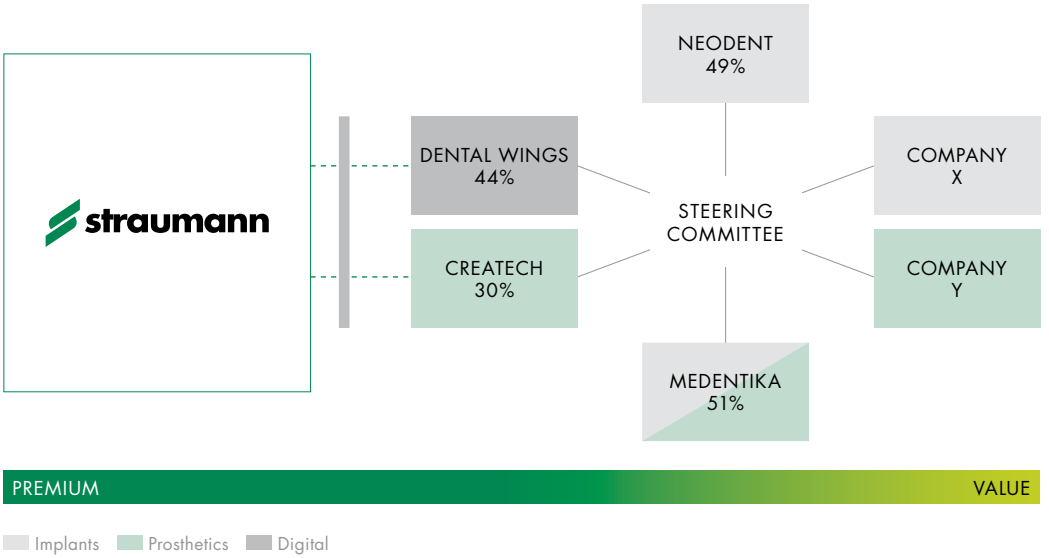
OUR STRATEGY

CONCENTRATING ON THE IMMEDIATE ISSUES

Despite the significant changes in the market, our vision, mission and core beliefs are still valid. So too is our business focus on implant, restorative and regenerative dentistry. Our strategy has been built on four blocks: Differentiation through innovation and clinical excellence, Customer focus, Geographic focus and People/Operational excellence. While these are still applicable, our need for urgency in addressing immediate issues and adapting quickly led us to reformulate these four blocks as three strategic priorities:

- to continue building a high-performance culture and organization
- to target unexploited growth markets and
- to address the changed dynamics of our core markets.

SEPARATE BRAND MODEL TO ADDRESS DIFFERENT SEGMENTS



In addition being the leading premium company in its field, Straumann aspires to leadership in the 'value' segment. The Group's strategy to achieve this is through a platform of separate brands (illustrated on the right), which it began to build in 2011 and which it is keen to expand through future acquisitions. The dotted lines indicate that Dental Wings and Createch are not pure 'value players', unlike Neodent and Medentika.

These translate into a number of clearly defined initiatives with clear responsibilities, action plans and deliverables. Our progress on the first of these priorities is discussed elsewhere in this report (e.g see p. 46f). The most prominent example of our efforts to address the second and third is our strategy to penetrate the value segment globally.

BECOMING THE PARTNER OF CHOICE IN THE GLOBAL PREMIUM AND VALUE SEGMENTS

As a pioneering innovator in implant dentistry, Straumann has always focused on premium implant solutions that are supported by clinical research and documentation, the highest standards of training and education, a global network, Swiss quality and precision, customer service and a (lifetime) guarantee on original products. Our customers recognize and appreciate the value we add for them and their patients.

The attractiveness of implant dentistry and the economic environment have stimulated a sharp increase in local 'value' players, who offer implant and prosthetic products at lower competitive prices, leading to a faster-growing segment than the premium offerings. Many value players are copycats. Few offer a high level of service combined with training, support, experience, innovation, long-term assurance etc. that are inherent to the Straumann brand.

The value segment now accounts for more than a third of the global implant market, reflecting a shift in customer needs away from technological and scientific differentiation towards a 'good enough' mentality. We have to accept that a large and growing number of customers are unwilling – and possibly unable – to pay for the added value offered by a premium originator brand like Straumann, particularly when it comes to restorative products. To address the requirements of these customers and to capture this significant business opportunity, we took the strategic decision to build a portfolio of value companies that will operate as separate brands with their own philosophy, salesforce, production and value proposition.

As a first step, in 2012, we acquired 49% of Neodent, the market leader for implants in Brazil. In 2013, we

PORTFOLIO OF INVESTMENTS TO TARGET UNEXPLOITED GROWTH MARKETS

Company	Activities	Reach	Key facts	Straumann's stake
Neodent (Brazil)	Specializes in the design, development, and manufacture of dental implants and related prosthetic components.	Market leader in Brazil. Subsidiary in Portugal. Launched in Spain in 2013.	• Founded 1993 • Privately held • 700 employees	49% stake acquired in 2012 with options to increase to 100% over next 3 years.
Medentika (Germany)	Primarily implant prosthetics including standard, custom and titanium-base implant abutments for a range of manufacturers. Recently established implant business.	Products sold directly in Germany and through distributors in Europe and the rest of the world.	• Founded 2005	51% acquired in 2013.
Createch Medical (Spain)	Specializes in high quality, implant-borne CADCAM bridges, bars and abutments for multiple implant systems.	Sold mainly in Spain, Germany and other markets in Europe.	• Founded 2006 • 30 employees	30% acquired in 2013 with options to increase to 100% by 2020.

launched the Neodent brand in Spain and prepared for market entry in the US in 2014. We also acquired 51% of Medentika in Germany and 30% of Createch in Spain.

As a rapidly-expanding provider of cost-effective implants and attractively-priced prosthetics for multiple implant systems, Medentika will have an important role alongside Neodent in our value platform.

Createch provides high quality CADCAM prosthetics for multiple implant systems and will support both our premium and value platforms.

All three companies are well-run and have growing footprints in key value markets, making them valuable strategic assets for Straumann. Partial ownership ensures entrepreneurial flexibility and will enable each company to maintain its own character and dynamism.

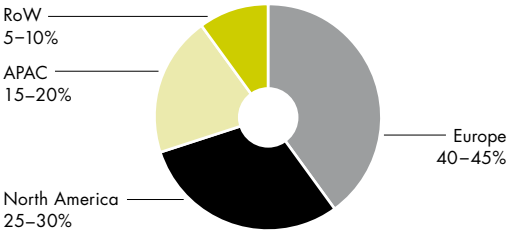
VALUE PLATFORM ESTABLISHED; UNWAVERING COMMITMENT TO LEADERSHIP IN PREMIUM SEGMENT

Straumann's vision to be the partner of choice in implant dentistry has not changed. The premium segment remains our key focus and passion, and we are determined to strengthen our leadership position in it through innovation, service excellence, clinical documentation and differentiated solutions. As the value segment is growing faster than premium, we will have to expand into it in order to realize our vision. Our aspiration is therefore to have a leading position in both segments.

MARKETS

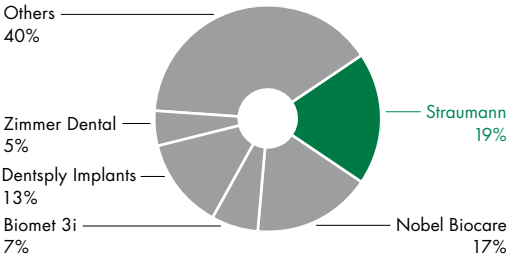
Competing in global markets that generate more than CHF 6 billion p.a.

THE GLOBAL DENTAL IMPLANT MARKET BY REGION[1]



In value terms

THE GLOBAL DENTAL IMPLANT MARKET BY SHARE OF SALES[1]



In value terms, excludes tools

THE MARKET FOR IMPLANT DENTISTRY

The market for implant dentistry comprises dental implants and abutments[2] as well as supporting tools/instruments, which make up only a small portion. Based on company reports, independent research and our own data, we believe that the market was more or less flat in 2013 and is valued at approximately CHF 3 billion[1].

In general, dental implant procedures are not reimbursed by insurance and the market relies on disposable income. In Europe, which accounts for more than 40% of the global market, high unemployment, taxes and healthcare costs continued to squeeze disposable income, causing the market to contract further. North America, which accounts for almost 30% of the market, continued to grow robustly, while the third-largest region, Asia Pacific, declined.

MARKET STRUCTURE

The market is divided into three segments: premium, value, and discount. The main differentiators of companies in the premium segment are clinical documentation, innovative products and solutions, broad product ranges, training, education and superior customer service. Straumann leads the premium segment and offers a wide range of implants priced at multiple levels.

According to global market research[3], dentists choose implants based on quality, ease of use, familiarity, and long-term scientific evidence – areas in which Straumann consistently receives best-in-class ratings. Price is not rated among the main factors driving the choice of implant brand. Nevertheless in the recent economic recession, price has gained importance, driving shifts towards the value and discount segments – especially in certain large European countries.

DENTAL IMPLANT MARKET BY SEGMENT

Market total: CHF ~3 bn[1]

Premium offering, based on innovative, clinically-proven products and comprehensive services at premium price

Standard products, often only regional presence, value price

Look-alike products, very limited R&D, Training, education, and service

Straumann competes in the premium segment of the implant dentistry market and at the upper end of the value segment with its SLA titanium range. The Group also competes through brands like Neodent and Medentika in the value segment.

In response to this trend, Straumann entered the value segment through the acquisition of a stake in Neodent in 2012, followed by investments in Medentika and Createch (see p. 19) in 2013, two fast-growing brands in the implant dentistry market. The Group's strategy is to penetrate the non-premium segment of the tooth-replacement market through segregated brands, without compromising its premium leadership.

The five leading multinational implant manufacturers make up the premium segment, which currently accounts for about 60% of the global market. In view of the aforementioned shift and trends, it is assumed that their collective share will decline in the next few years. The remainder of the market is highly fragmented and comprises several hundred competitors, the majority of which have a local or regional focus.

Despite the difficult economy, we managed to extend our lead slightly in 2013 lifting our share of the global market for implant dentistry to about 19%.[1]

THE MARKET FOR RESTORATIVE DENTISTRY

Conventional tooth restorations (e.g. crowns and bridges) have typically been manufactured manually. Today, the process is increasingly automated, mainly due to:

- Digitalization, which makes it possible to design and manufacture prosthetic elements by CADCAM (Computer-Aided Design; Computer-Aided Manufacturing), saving time and increasing accuracy.
- Material improvements (e.g. high-performance translucent ceramics) which reduce work time and offer higher standards of esthetics and function.

The market for CADCAM dentistry comprises prosthetic elements (crowns, inlays, onlays, bridges) and equipment (e.g. scanners and milling units). According to the latest available data, these products collectively generated global revenues of around CHF 3 billion in 2013.[4]

CADCAM PROSTHETIC ELEMENTS

CADCAM prosthetics are produced either in a dental practice (chairside), or in a dental laboratory by a dental technician, or in an industrial milling center operated by a CADCAM manufacturer. Straumann CADCAM prosthetics are designed with our CARES Visual software (either by labs or through our CARES Scan & Shape service) and milled centrally.

In 2013, more than 20%[4] of all prosthetic elements (tooth-borne and implant-borne) were produced using CADCAM technology and this is expected to increase as more dental professionals adopt this technology.

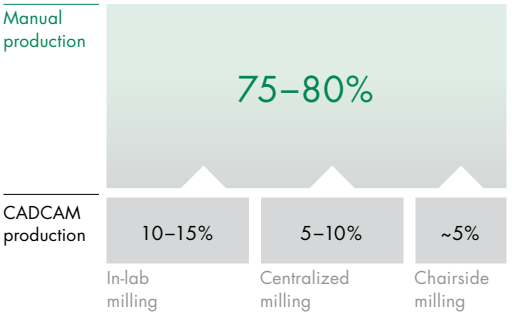
CADCAM EQUIPMENT

CADCAM equipment can be categorized as:

- Chairside systems, in which scanning, design and milling are all performed in the dental practice
- Full in-lab systems, where scanning, design and milling are performed by the laboratory
- Central milling, where in-lab scanners are connected to an offsite milling center.

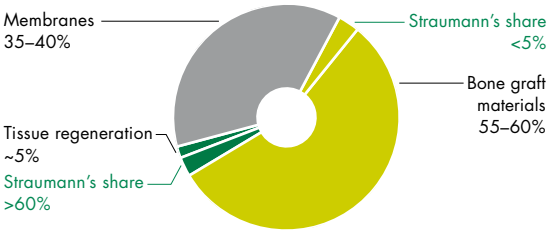
According to our estimates, more than two thirds of all CADCAM systems sold are either full in-lab systems or in-lab scanners connected to an offsite milling center. In-lab scanning with centralized milling is an attractive solution because it offers laboratories access to the latest technology without investment in expensive, high-maintenance milling equipment. Labs that do not have the requisite scanning capability can benefit from our Scan & Shape service (see p. 35).

THE CROWN AND BRIDGE MARKET[4]



In value terms

THE ORAL TISSUE REGENERATION MARKET[5]



In value terms

In 2013, Straumann was active in the in-lab scanner (and software) segment. The lack of reliable market data makes it difficult to quantify market shares in restorative dentistry. We estimate that our shares of the centrally milled CADCAM elements and the CAD-CAM equipment segments in 2013 were less than 5% and less than 20% respectively[4].

THE MARKET FOR REGENERATIVE PRODUCTS

The market for oral tissue regeneration products (regeneratives) showed little growth in 2013 and was estimated to be worth around CHF 400 million[5]. This market is closely linked to the implant dentistry market, as regeneratives are often used to support implant procedures.

Straumann is active in all three segments of this market:

- Bone graft substitutes
- Membranes
- Tissue regeneration products.

BONE GRAFT SUBSTITUTES

It is currently estimated that more than one in four implants require bone augmentation/graft procedures, either prior to or concurrent with implant placement[6]. This can be done with four types of bone graft material:

- Autografts (patient's own bone)
- Allografts (human bone, but not the patient's)
- Xenografts (bone from animals)
- Synthetic bone (e.g. Straumann Bone Ceramic).

Synthetic bone accounts for more than a quarter of the bone graft substitute market. Allografts are more commonly used in North America, where they account for half of the market. Straumann entered the allograft market (in North America) in 2009.

MEMBRANES

Dental membranes are used in the majority of bone augmentation procedures and act as barriers to prevent soft tissue growing into the space required for bone formation. Straumann has competed in this segment since 2010 and has a small share.

SOFT TISSUE REGENERATION

Between 5 and 20% of the general population in developed countries suffer from severe periodontitis[7], the most common cause of tooth loss. Straumann Emdogain is used to regenerate tissues that anchor the tooth, which have been damaged by periodontal disease. Straumann leads this segment and our share is more than two-thirds of the global market.

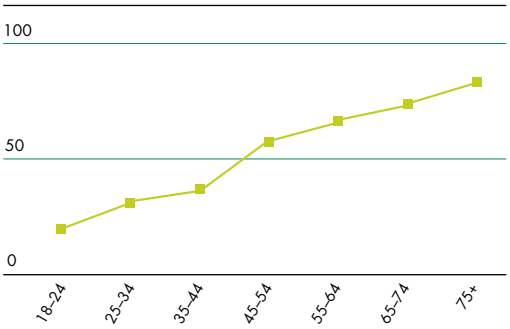
OUTLOOK

FUNDAMENTAL DRIVERS

In the absence of reimbursement, our markets – especially the premium segments – are constrained by the weak economic environment. While there have been signs of economic recovery, sovereign debt and austerity in Europe have slowed progress and led to further market contraction in 2013.

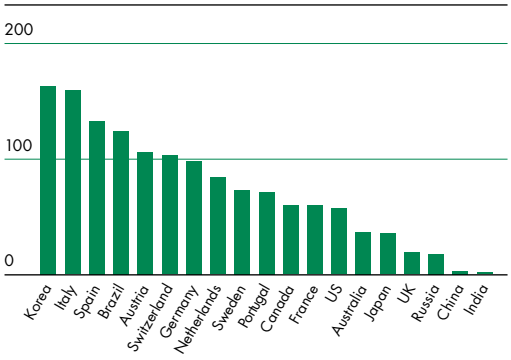
The depressed economic environment provided an opportunity for non-premium manufacturers, who

PROPORTION OF ADULTS MISSING[8] ONE TOOTH OR MORE (in % by age group)



Excluding wisdom teeth

DENTAL IMPLANT PENETRATION[1]
Implants sold per 10 000 population in 2013



have consequently increased their market share in recent years. There is no indication that the non-premium segment will not continue to grow, underpinning our strategy to penetrate the value segment. At the same time, however, we expect the premium segment to pick up. Collectively, these effects will lift the overall market to mid-single digit growth in the mid-to-long term. This positive outlook is based on significant market potential due to the prevalence of tooth loss, the substitution of conventional treatment, and general demographics.

PREVALENCE OF TOOTH LOSS[8]

Prevalence of tooth loss is defined as the proportion of a population currently suffering from the condition – which is an indicator of the potential for implant dentistry. A study conducted in 2012 in the US illustrates how significant that potential is. It revealed that:

- 50–60% of the adult population had lost at least one tooth in or prior to 2012
- of those, 45% were fully treated
- of the untreated portion, 31% or approximately 20 million US adults were planning to receive treatment in the next 3 years
- more than a million people needed to have an existing restoration (e.g. a tooth-borne bridge) replaced.

SUBSTITUTION OF CONVENTIONAL CROWNS AND BRIDGES

As the penetration of dental implants is still very low (see chart above), the substitution of conventional tooth replacement treatment (tooth-borne bridges) is still the most important growth driver for implant dentistry because

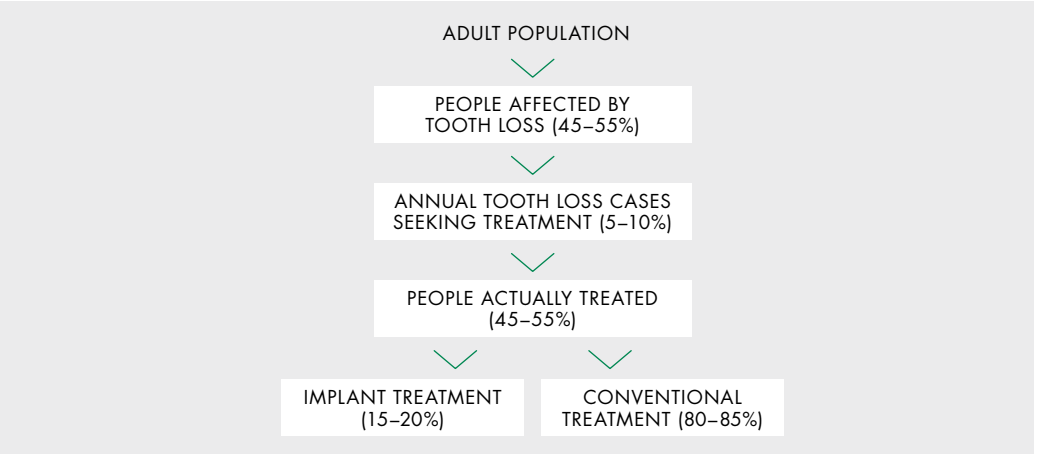
- only 15–20% of adults treated for tooth loss receive implants[8]
- implants are increasingly regarded as the state-of-the-art treatment
- dental professionals, especially general dentists, are becoming increasingly competent in implant techniques
- training and education activities provided by companies like Straumann are successful in getting dentists started with implants
- rising awareness among patients is expected to drive demand for dental implants.

DEMOGRAPHIC TRENDS

Although caries prophylaxis has led to a reduction in tooth loss, we do not consider that this will significantly diminish the potential of our business. In the developed world aging and affluence will also drive growth. Tooth loss is a function of age[8] and today more than 18% of the US population is over the age of 60. This will rise to 22% by 2020[9]. Furthermore, there is evidence that the purchasing power of the senior population in developed countries is growing[10]. There is also significant growth potential in markets like China, where incomes are increasing and implant rates are low.

The population in the US is aging, resulting in more patients with tooth loss. Patients who have been treated are likely to require maintenance work (prob-

TOOTH LOSS AND TREATMENT COURSES (USA)[8]



The population in the US is aging, resulting in more patients with tooth loss. Patients who have been treated are likely to require maintenance work (probably more so with conventional treatment). Most people lose more than one tooth in life and thus re-enter the treatment path.

ably more so with conventional treatment). Most people lose more than one tooth in life and thus re-enter the treatment path.

CADCAM DENTISTRY UNCHANGED

According to market research conducted in the US, approximately 75% of dental laboratories are small or medium-sized[11]. The majority of large labs own at least one scanner and one milling unit. In spite of this, a significant proportion of large laboratories intends to invest further in CADCAM equipment. Notwithstanding, the CADCAM elements business is the main driver of this market.

While small labs are also eager to adopt automated workflows, few own CADCAM and milling equipment and many feel the costs are prohibitive. We therefore see potential in outsourced milling for small and medium-sized laboratories, also in combination with outsourced scan-and-design services (e.g. CARES Scan & Shape) for customers who do not have scanning capabilities.

Advanced high performance materials, such as Zerion HT (see p. 34), will also contribute to growth in CADCAM dentistry.

REGENERATIVES TIED TO DENTAL IMPLANT GROWTH

The outlook for oral tissue regeneration products largely reflects the outlook for implant dentistry because regenerative products are most often used to support implant procedures.

REFERENCES/FOOTNOTES

1 According to 2013 FX rates. Straumann estimates, based on MRG and iData and industry sources, including: Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, France, Germany, Hungary, India, Israel, Italy, Japan, Luxembourg, Netherlands, Poland, Romania, Russia, S.Korea, Spain, Sweden, Switzerland, UK and US.
2 See Glossary
3 MRG Perception Pulse, 2012.
4 Including: France, Germany, Italy, Japan, UK and US. According to 2013 FX rates. Straumann estimates based on MRG, iData, Industry Sources and Straumann proprietary study conducted by KeyStone Research. CADCAM elements include C&B only.
5 Including: Australia, France, Germany, Italy, Japan, S.Korea, Spain, Sweden, Switzerland, UK and US. According to 2013 FX rates. Straumann estimates based on MRG and iData.
6 Straumann estimates based on MRG and iData.
7 Burt B. Research, Science and Therapy Committee of the American Academy of Periodontology. Position paper: Epidemiology of periodontal diseases. J Periodontal 2005; 76: 1406–1419.
8 Straumann proprietary study based on 5000 respondents conducted by AFG Research in 2012.
9 US Census Bureau, National Population Projections, 2008.
10 US Census Bureau, Population Division, 2012.
11 The Key Group and Straumann estimates, based on US research data.

REGIONS

A continually expanding global footprint

Straumann is a global company with its own sales organizations in 21 countries. These and a broad network of distributors sell our products in more than 100 countries around the world.

In 2013, approximately 93% of Group revenue was generated directly, and the remainder distributors, many of whom are long-standing partners. Having a predominantly direct sales model enables us to exert greater influence on distribution channels, to have access to customers, and to stand out in customer service.

REGIONAL SALES PERFORMANCE BY QUARTER

(in CHF million)	Q1	Q2	Q3	Q4	Total 2013	Total 2012
Europe	98.5	97.4	79.7	92.8	368.4	378.1
Change in CHF %	(7.5)	1.8	(3.1)	(0.9)	(2.6)	(6.5)
Growth in local currencies in %	(8.4)	(0.1)	(4.1)	(2.1)	(3.8)	(5.1)
Change organic[1] %	(7.7)	0.2	(3.4)	(1.4)	(3.2)	(4.3)
As a % of Group revenue					54.2	55.2
North America	45.3	47.3	43.1	46.0	181.7	173.7
Change in CHF %	1.3	8.2	2.6	6.2	4.6	11.7
Change in local currencies in %	0.2	8.1	7.2	9.8	6.2	6.4
Change organic[1] %	2.1	10.6	9.1	11.0	8.1	6.9
As a % of Group revenue					26.7	25.3
Asia Pacific	22.7	26.8	23.9	25.0	98.4	103.9
Change in CHF %	(9.3)	(7.2)	(6.6)	2.4	(5.3)	3.2
Change in local currencies in %	(4.4)	0.7	7.9	16.3	4.7	(0.3)
As a % of Group revenue					14.5	15.1
Rest of the World	8.3	8.5	8.5	6.1	31.4	30.5
Change in CHF %	(6.6)	1.6	23.6	(4.7)	2.9	(7.3)
Change in local currencies in %	(2.6)	4.1	35.1	1.8	8.4	(3.0)
As a % of Group revenue					4.6	4.4
Total	174.8	180.0	155.2	169.9	679.9	686.3
Change in CHF %	(5.6)	1.9	(1.0)	1.3	(0.9)	(1.1)
Change in local currencies in %	(5.5)	2.3	2.3	3.5	0.4	(1.6)
Change organic[1] %	(4.7)	3.1	3.1	4.2	1.2	(1.0)

[1] Excluding currency effects and the discontinuation of intra-oral scanner distribution business (North America and Europe only) in October 2012.

EUROPE

POCKETS OF IMPROVEMENT

The European market for high-end tooth-replacement continued to suffer from the combined effects of weak consumer sentiment and low disposable income for dental treatments. As implant procedures are not generally reimbursed, demand was subdued and some patients opted for cheaper, inferior solutions. With the downward cycle persisting, competition has increased, especially in prosthetics.

These developments squeezed our full-year regional revenue by 3% in organic terms. With the Euro remaining stable, the overall currency effect was slightly positive, bringing revenue to CHF 368 million.

The strongest performances were delivered by less-well-penetrated markets like France and the UK. Demand was soft elsewhere as Italy, Germany and the Benelux countries contracted. Meanwhile, Spain and Sweden, which had both suffered badly from the economic environment and structural changes in the market, began to claw their way back to growth.

In the fourth quarter we prepared a new strategic approach in Europe. We introduced Roxolid with our Loxim transfer piece throughout our implant range and adjusted our pricing in selected markets at the outset of 2014, offering Roxolid plus Loxim at the same price as the older conventional titanium equivalents. We also reduced our price of the basic titanium SLA implant in some countries to address the value segment more effectively. These initiatives are designed to increase volumes, They have been well received and volumes have lifted.

OUTLOOK

While there are pockets of improvement, we expect the European market to remain sluggish as long as the economic environment and consumer sentiment do not improve substantially. We will continue to defend our leadership position in the premium segment through added value, differentiated pricing and a broader prosthetic offering. We will also strengthen the foothold we have gained in the value segment through the launch of Neodent in Spain and our investment in Medentika in Germany (see p. 19).

15 SALES SUBSIDIARIES
14 DISTRIBUTORS

REVENUE (ORGANIC)

–3%

as competition increases in sluggish market

NEW STRATEGY

MORE VALUE

Free Roxolid+Loxim upgrade

54% of Group revenue

NORTH AMERICA

2 SALES SUBSIDIARIES

ANNIVERSARY

25 YEARS

of simply doing more for American dental professionals and patients

REVENUE

+8%

organic growth; Straumann outperforms the market again

27% of Group revenue

CONTINUED INVESTMENT IN MARKETING AND SALES YIELDS DIVIDEND

North America, our second largest region, achieved organic growth of 8% over the full year. The depreciation of the US dollar reduced growth in Swiss francs by one-and-a-half percentage points.

Nevertheless, North American revenue reached a record level of CHF 182 million, corresponding to 27% of Group revenue – five percentage points higher than two years previously. Growth was generated by all business franchises but was most pronounced in implants and regeneratives, where Roxolid, the bone-level implant range and Emdogain were the main drivers.

Once again, we outperformed the market, which reflects and endorses Straumann's strategy of continued investment in marketing and sales in the US in recent years.

OUTLOOK

While the North American market is characterized by a large proportion of specialists, the role of general practitioners in implant dentistry is increasing. In the near future, more implants will be placed collectively by GPs than by specialists, which will mean adapting to their needs as well as continuing to support our specialist customers.

In view of the comparatively low penetration, large population, demographic trends and high esthetic standards, the US growth outlook continues to be healthy for the short and longer term, making this the most attractive regional market for Straumann as a premium brand and also for Neodent in the value segment. The latter will enter the US market in 2014.

ASIA/PACIFIC

ASIA/PACIFIC GAINS ADDITIONAL LIFT FROM PICK-UP IN JAPAN

On the back of successive quarterly increases, we achieved full-year growth of 5% in local currencies in Asia/Pacific. The considerable depreciation of the Japanese yen led to a negative currency impact of 10 percentage points, resulting in a 5% contraction in Swiss francs and bringing regional revenue to CHF 98 million.

The good growth in local currencies was driven by the underpenetrated Chinese market and lifted by a recovery in the largest regional market, Japan, where Straumann regained market share. It has taken one and a half years to restore growth and public perception of implant dentistry in Japan, which was tarnished by the media.

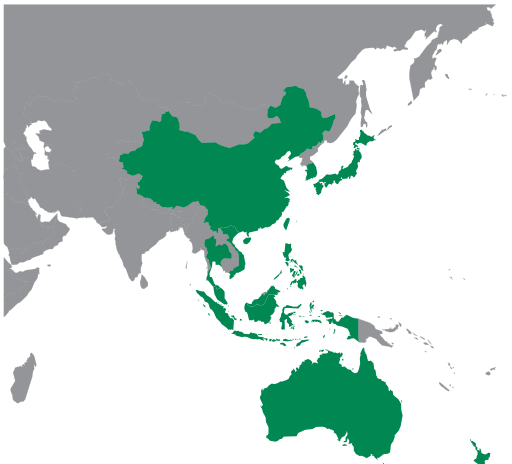
The region closed the year very strongly, with all subsidiaries posting growth and exceptionally strong orders coming in from distributor markets.

OUTLOOK

The recent improvement in Japan is very encouraging. Having worked for several years to make the benefits of SLActive available to Japanese customers and their patients, we have finally obtained regulatory approval and are the first to bring this implant technology to market in Japan – which will be a competitive advantage going forward.

The Chinese dental implant market continues to develop dynamically, and we are evaluating possibilities to adapt our market approach in order to capture the full potential that this dynamic market offers.

Apart from this, we shall continue to defend our position in highly developed dental markets like Korea and Australia.



5 SALES SUBSIDIARIES
10 DISTRIBUTORS

REVENUE

+5%

in local currency

KEY DRIVERS

CHINA & JAPAN

Recovery in the largest regional market (Japan)

14% of Group revenues

REST OF THE WORLD

2 SALES SUBSIDIARIES
19 DISTRIBUTORS

REVENUE

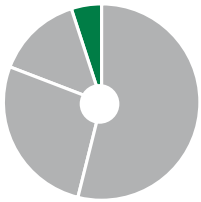
+8%

in local currencies

MARKET LEAD

>1 MILLION

Neodent and Straumann implants placed in Brazil in 2013



5% of Group revenues

REST OF THE WORLD (ROW)

The region referred to as the 'Rest of the World' contributes approximately 5% of Group revenue, most of which is generated in Latin America and the Middle East. Full-year revenue increased 8% in local currencies but only 3% in Swiss francs to reach CHF 31 million. The currency impact was due to the strong depreciation of the Brazilian real.

Despite the increasingly challenging economic conditions, Brazil, which is now the world's largest implant market in volume terms, was the source of good growth both for Straumann and for Neodent, which is the local market leader. More than two million dental implants are placed annually in Brazil, and the market continues to grow, driven by high awareness of esthetics, increasing age and wealth. Elsewhere in Latin America, Mexico offers promising growth and posted strong results.

In the Middle East, most markets are gradually recovering from prior year declines related to socio-political upheaval, embargos and general cutbacks in private and government spending. Our business is predominantly through distributors and tenders, which means that ordering patterns can be erratic – as was the case in 2013. Achieving the balance between sales opportunities and cash collection is a key challenge. Notwithstanding, the Middle East contributed substantially to regional growth.

OUTLOOK

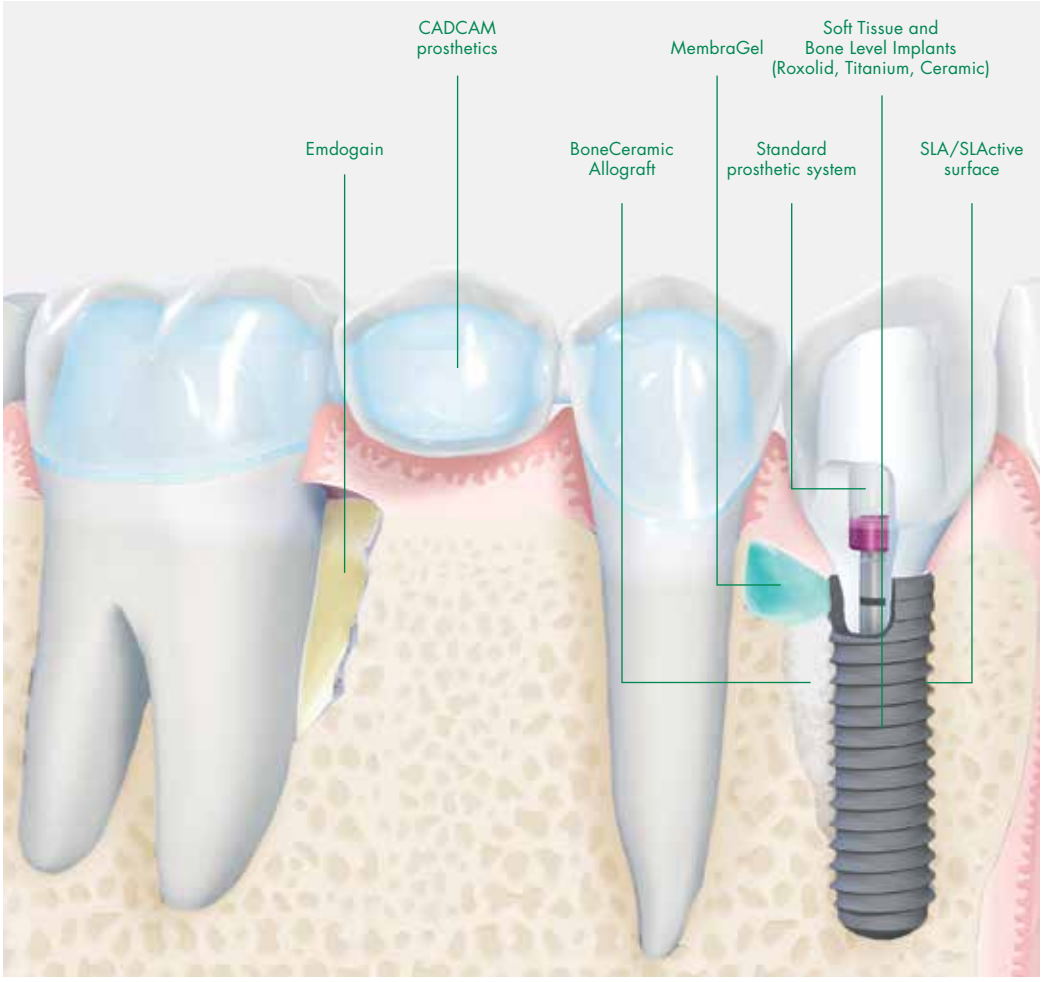
Latin America differs from our traditional markets: while the premium segment is attractive, it is relatively small. Straumann is well positioned here and Neodent leads the value segment. We are thus very well positioned to tap into the exciting growth opportunities this region offers.

The return to growth in Middle East is a promising signal for 2014 but forecasting is still difficult in view of the continuing unrest. Straumann leads the premium segment in most Middle-Eastern markets and is evaluating options to address the non-premium segment, which has increased quickly in recent years.

PRODUCTS, SERVICES, SOLUTIONS

Comprehensive dental solutions for general practitioners, specialists, and dental laboratories

STRAUMANN PRODUCTS



Sectional overview of Straumann's products.

SOLUTIONS THAT ADD CONVENIENCE AND VALUE

For 60 years, Straumann has been innovating, developing, testing and refining products that address real patient needs and contribute to the quality of life. We have also been combining products, technologies, procedures and services into solutions that add convenience, save time, reduce cost and add value.

Today, we offer more than 2000 items that are used by general practitioners, oral surgeons and dental laboratories in solutions that range from saving compromised teeth, to tooth restoration or complete replacement. We strive to broaden treatment options, increase precision and longevity, minimize discomfort, and add value and security. Our passion for simply doing more in each of these areas led to the introduction of a number of meaningful innovative products and solutions in 2013.

TOOTH REPLACEMENT

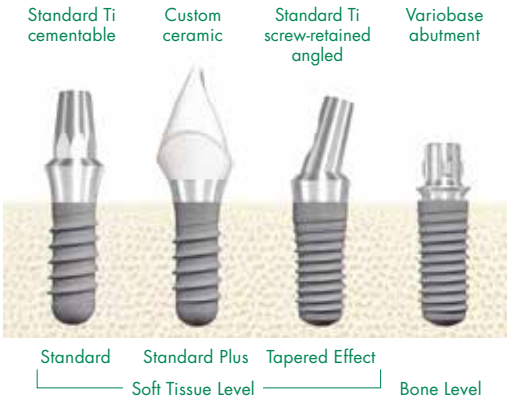
The Straumann Dental Implant System, which celebrates its 40th anniversary in 2014, covers all indications and comprises Soft Tissue Level and Bone Level implants, together with a wide range of standard and individualized prosthetic components. Our implants are machined from titanium or our exclusive high-performance material, Roxolid, and come with our SLA and SLActive surfaces for improved healing. In 2013, we introduced an all-ceramic implant with a special one-piece design and ZLA surface.

SOFT TISSUE LEVEL AND BONE LEVEL IMPLANTS – HERITAGE AND BENCHMARK

Soft Tissue Level Implants were pioneered by Straumann and are popular because they simplify soft tissue management and prosthetic restoration – which saves time, discomfort and cost. But, perhaps their greatest benefit is lasting reliability. Our SLA Soft Tissue Level Implant has been on the market for more than 15 years and is backed by ten-year clinical study results showing survival and success rates of 99% and 97% respectively, with zero implant fractures[1] . This is the benchmark.

In contrast to soft tissue level designs, bone level implants have prosthetic connections that are below the gums, at or close to the crest of the jaw bone. While advantages are claimed for each design, market research shows that the choice of implant type is driven mainly by user preference. Today, more than a third of the implants we sell are Bone Level.

EXAMPLES OF STRAUMANN IMPLANTS AND ABUTMENTS



Ranging from standard applications to super-esthetic individualized CADCAM solutions, the Straumann Dental Implant System is highly versatile.

REDUCING INVASIVENESS AND INCREASING ACCEPTANCE WITH ROXOLID

Straumann's high performance material Roxolid has set new standards in terms of implant strength[2] and osseointegration[3]. It enables us to address a significant need for narrow implants, for instance when there is limited space between teeth, where bone is thin, and/or when it is important to preserve bone and vascular supply. By avoiding bone augmentation procedures, Roxolid reduces invasiveness and makes treatment possible for a larger group of patients. It thus saves trauma, complications, time and money, in addition to increasing patient acceptance for widespread use.

We added another dimension to this concept of reduced invasiveness with the introduction of a new short implant designed for use in patients with insufficient vertical bone for conventional lengths. Made of Roxolid and measuring just 4mm, this is the shortest implant of its kind. It is currently available in Europe, Australia and New Zealand, and rollouts in other markets will follow pending regulatory clearances.

Roxolid has featured in a broad research program for more than five years. With 23 publications, including 8 published clinical studies and 15 pre-clinical studies, this is one of the largest research programs ever

KEY LAUNCHES IN 2013

Product/Solution	Description	Added value/benefit for customer
Roxolid implant range extension	Smaller implants	• New treatment possibilities for patients with insufficient bone • Reduced invasiveness, trauma & discomfort
Ceramic implant	Full ceramic monotype implant	• Metal-free, natural tooth color implants • ZLA surface for enhanced osseointegration • Backed by 9 pre-clinical and 5 clinical studies
4mm Short Tissue-Level Implant	Shortest Straumann implant available	• Designed to avoid bone grafts; makes treatment possible for patients with insufficient vertical bone • Potential to provide a simpler, less invasive alternative to heavily angulated implants in edentulous solutions • Backed by 5-year clinical data
Straumann ONE	Out-of-the-box solution	• Complete all-in-one solution for a single-implant restoration • Simplicity and cost-efficiency for GPs and labs
Straumann CARES Visual	Comprehensive design software based on open software (DWOS)	• Fully integrated into DWOS platform • Open system with innovative features and functionalities • Optimized digital workflows with improved ease of use • Added efficiency and functionalities
Straumann CARES Variobase abutment	New hybrid abutment	• Titanium-alloy bonding base for full-contour restorations • Metal-to-metal original Straumann connection • High versatility and flexibility

undertaken by a dental implant company. In general, success and survival rates have been extremely high. For instance, in a multicenter study[4] of Roxolid small diameter implants, the survival rate was 99% at 3 years. Furthermore, the average crestal bone loss reported was minimal.

Based on this impressive clinical track record and its distinct advantages, we began in October to offer our entire range of implants in Roxolid, which had previously been limited to our NNC implant. The latter received a Red Dot design award in 2012 and was instrumental in Straumann's nomination as one of Switzerland's most innovative companies[5].

LOXIM – PERFECTING HANDLING

All our Roxolid implants are supplied with our Loxim transfer piece, which – compared with its predecessor – detaches faster and easier from the implant after placement, adding convenience with uncompromised precision and reliability.

AN INNOVATIVE CERAMIC ALTERNATIVE

Ahead of the planned launch in 2014, we began a controlled market release of our all-ceramic implant, which is the result of a 7-year development program. This is the first clinically validated ceramic dental implant to reach the market and is also the first ceramic implant with an SLA-like micro- and macro-structured surface (ZLA) for enhanced osseointegration.

Ceramics have a significant esthetic advantage to metals and provide a good biocompatible alternative for patients who ask for metal-free implants. However until now, concern about their mechanical predictability has been a hurdle. We have overcome this through an innovative manufacturing process followed by a 'proof-test', in which every implant is tested mechanically – a level of quality-checking that is exceptional in the dental implant industry.

Although the requirement for metal-free alternatives is not generally considered to be a major driver of the market, the availability of tooth-colored ceramic implants with performance, versatility and predictability similar to their metal predecessors could change paradigms. Our new ceramic implant may be a first step in this direction.

A COMPLETE SOLUTION IN ONE CLEVER PACKAGE

As part of our strategy to expand our business with General Practitioners (GPs) and to provide complete

The new 4mm short implant (left) is designed to avoid bone augmentation and thus reduce invasiveness.

Straumann's Ceramic Implant Monotype: the metal-free, natural tooth color implant alternative.

solutions, we developed an exciting concept called 'Straumann ONE', which launched in pilot markets at the outset of 2014. The concept makes it easy for GPs to order everything they need for a straight-forward single tooth replacement case in one 'smart' package, which incorporates the corresponding prosthetic components in a secondary pack that is forwarded with the impression to the laboratory.

REGENERATIVE SOLUTIONS

Straumann regenerative products are designed to restore gums, oral bone and periodontal tissues that support teeth.

EXTENDING OPTIONS FOR SOFT TISSUE REGENERATION

Periodontal disease is the most common cause of tooth loss[6] and continues to be an important health issue. Treatment involves controlling the inflammation and bacteria that cause it and then restoring the tissues that support the tooth. Straumann Emdogain promotes the regeneration of those tissues, helping to save endangered teeth. To promote its use in smaller procedures, we continued the rollout of Emdogain 015, the new cost-effective size launched in Europe in 2012.

REGENERATING BONE

Market research suggests that more than one in four dental implants placed requires bone augmentation[7] either before or together with implant placement. With the goal of developing an enhanced bone augmentation material that converts rapidly into vital bone and preserves volume, we have been conducting research into synthetic bone substitutes, focusing on innovative biphasic calcium phosphate ceramics. Good progress has been made in tailoring the composition to achieve optimal regenerative characteristics, and after encouraging preclinical results, we began clinical evaluation.

RESTORATIVE SOLUTIONS (PROSTHETICS)

While implant dentistry has been a key area for innovation, many advances have been in prosthetics and digital dentistry recently. The growing substitution of standard implant-prosthetics is an important trend, as customers see and appreciate the advantages of individualized high-precision CADCAM solutions, which offer efficiency gains for clinicians in addition to time/cost savings, greater comfort and lasting satisfaction for patients.

CARES – COMPUTER-AIDED RESTORATIVE SOLUTIONS

Computer-aided design and manufacturing (CADCAM) are used to design and fabricate prosthetic crowns, bridges, onlays and inlays more efficiently than traditional methods. This makes the procedure quicker and more profitable for dental labs and practitioners, in addition to offering precise, reliable, esthetic and individual solutions for customers and their patients.

The cornerstones of Straumann's CADCAM system are the CARES Visual software, for scanning, designing and ordering, and our milling centers (see p. 54), which manufacture the prosthetic elements. Our partnership with Dental Wings, together with the provision of our Scan & Shape service (see p. 35) and the opening of our CADCAM system, remove the need to manufacture our own laser scanners. We therefore agreed to combine our scanner production with that of Dental Wings in 2014, which – like the transfer of our software development and guided surgery business in 2013 – will create critical mass and synergies.

The CARES Variobase abutment offers customers a titanium-alloy bonding base with an original Straumann connection.

With Straumann CARES X-STREAM, abutments and the corresponding full-contour crown or coping are designed from a single scan.

FULL FLEXIBILITY; STREAMLINED WORKFLOWS; STATE-OF-THE-ART MATERIALS

Early in 2013, we introduced new CARES Visual software, which streamlines digital workflows and adds innovative features and functionalities. Most significantly, it completes the integration of our CADCAM system into the Dental Wings Open Software (DWOS) platform, offering customers an open system. Users now have several data input possibilities and the option of producing prosthetics through the CARES validated workflow (covered by our guarantee) or through an alternative milling process.

The new X-STREAM functionality in CARES Visual enables customers to design abutments and the corresponding full-contour crown or coping simultaneously from a single scan instead of two. The abutments and crowns are milled in a controlled environment for excellent fit and consistent quality. They are then delivered together, significantly reducing turnaround time and shipping costs.

Although Straumann already offers one of the broadest and most versatile ranges of prosthetic materials, innovation continues to yield new options like Zerion HT. This is a highly translucent ceramic for full-contour crown and bridge restorations. It requires minimal processing, saving time for technicians and reducing the risk of chipping or fissures.

Perhaps the most significant addition to our prosthetic range in 2013 was the CARES Variobase abutment, which offers customers a titanium-alloy bonding base with an original Straumann connection, to which an individualized restoration (e.g. a full-contour ceramic crown) can be attached.

COLLABORATIONS TO OFFER CUSTOMERS FURTHER OPTIONS

The Variobase abutment is one of the keys to a collaboration we began with 3Shape, which enables their customers to produce customized restorations for our implants with an original Straumann connection. The other key is a Straumann library integrated in 3Shape's software.

This is one of several collaboration agreements we entered in the course of the year with the goal of expanding our prosthetics business. Another, with 3M ESPE, enables dentists using the new 3M intra-oral scanner to transmit scan data directly to labs using CARES Visual. The labs process the data to design and order Straumann prosthetics for implant-borne or tooth-borne restorations.

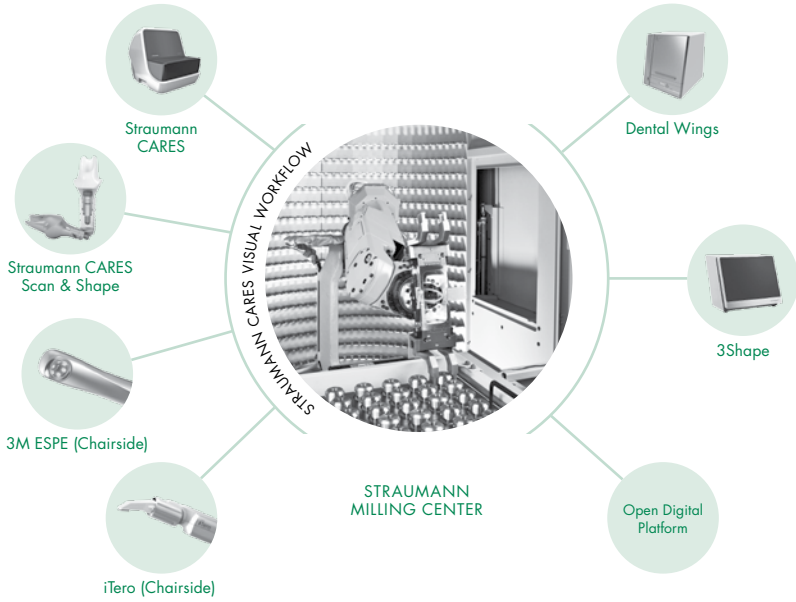
A further collaboration with Innovation MediTech GmbH enables laboratories to order the corresponding high precision resin model needed for finishing the restoration. Thus, the entire prosthetic workflow – from impression, through design to manufacturing – can be done digitally.

OUTLOOK (PRODUCTS)

We continue to work on solutions and improvements that address:

- Ease-of-use (e.g. handling, reduced number of components)

CONNECTIVITY WITH STRAUMANN'S OPEN CADCAM SYSTEM



Straumann now offers customers an open CADCAM system, with multiple data input possibilities and the option of producing prosthetics through the CARES validated workflow (guaranteed) or through an alternative milling process.

- Treatment and workflow productivity (procedure steps, chair time, cost, etc)
- Affordability
- Barriers to treatment
- Clinical outcome

We aim to bring significant, meaningful innovations to the market and to make them as widely available as possible. An important element is to provide education to the dental and medical communities about the available benefits, as well as providing clinicians with a comprehensive range of treatment options for their patients, whether for restoration, tooth replacement or regeneration.

SERVICES

CLOSE TO CUSTOMERS

We serve and support customers directly through a highly trained sales team, which enables us to provide a personalized service with a high level of expertise. Each Straumann sales subsidiary operates a call center for customers needing assistance. Callers are quickly linked to a trained specialist for product support.

CARES SCAN & SHAPE

Scan & Shape is one of several initiatives to broaden the reach and accessibility of our CADCAM franchise. This service addresses laboratories that wish to order original Straumann custom abutments but do not have the requisite scanning capabilities. They simply send us a model or wax-up and we do the scanning, design and manufacturing for them. In addition to quality, precision and convenience, they benefit from original parts and our guarantee – without having to invest in scanning equipment or software. We began the roll-out of this service in the first quarter of 2013, as web- and paper-based options, and will broaden its functionality in 2014.

MORE THAN PRODUCTS

To complement our products and solutions, and to support their effective implementation, we offer a broad spectrum of services. We assist with networking and arrange experienced mentoring, if requested. Service of this kind requires staff with an extremely high standard of professional knowledge, which is able to provide the necessary information and instruction on

new products. Extensive training is therefore an important aspect. We also offer initiatives to help clinicians develop practical skills, for example in practice management and business expansion.

A new shopping experience

In the second half of the year, a multidisciplinary project team, representing departments across the company from Logistics and IT to Customer Service and Sales Governance, piloted a completely new web shop, which adds value and convenience for customers. At the same time, it offers possibilities for cross-selling and efficiency gains. State-of-the-art functionality, navigation and design (with 1000 new illustrations) brings our e-shop up to date with benchmarks in other sectors. Responses to the pilot launch were very positive, enabling us to refine and proceed with further market launches. Our goal is to increase our e-shop business by more than 40% in 2014.

Expanding training & education

Long-term success and patient satisfaction depend on the education and experience of the treatment providers. Straumann has a broad educational offering for dental professionals, including classic implant dentistry, tissue regeneration and state-of-the-art digital solutions covering all proficiency levels and relevant specialties. The program is based on the ITI's clinical guidance and most of the teaching is provided by ITI specialists and renowned experts in collaboration with leading universities. Courses are offered around the world, with the highest concentration in North America and the most rapid increase in China. In 2013, our educational events were attended by more than 60 000 participants worldwide.

Peace of mind comes with a guarantee

Straumann implants are covered by a lifetime guarantee, which becomes invalid if Straumann products are used in combination with other manufacturers' products. Abutments, tooth and implant restorations come with a limited guarantee.

OUTLOOK (SERVICES)

We plan to extend service solutions that enhance convenience, leverage efficiency and add value – for instance by helping dentists build their businesses.

We are constantly refining processes and materials to achieve the highest quality and precision in prosthetics.

Education is the key to driving implant dentistry both in established and new markets. It is also essential for sustaining high treatment standards and success rates. We will therefore continue to be a strong advocate of education together with the ITI and dental faculties. To broaden access to education and information, we will make greater use of new media channels, including e-learning and e-health platforms, doctor finders, etc.

REFERENCES/FOOTNOTES

1 Buser D, Janner SF, Wittneben JG, et al. 10-year survival and success rates of 511 titanium implants with a sandblasted and acid-etched surface: a retrospective study in 303 partially edentulous patients. Clin Implant Dent Relat Res 2012;14:839–851.
2 Compared with grade 4 annealed (specs. from standard ASTM F67) and cold-worked titanium (data on file).
3 Saulacic N, Bosshardt DD, Bornstein MM, Berner S, Buser D: Bone apposition for a titanium-zirconium alloy implant as compared to two other titanium-containing implants. Eur Cell Mater 2012; 23:273–286.
4 Al-Nawas B, Brägger U, Meijer HJ, Naert I, Persson R, Perucchi A, Quirynen M, Raghoebar GM, Reichert TE, Romeo E, Santing HJ, Schimmel M, Storelli S, ten Bruggenkate C, Vandekerckhove B, Wagner W, Wismeijer D, Müller F: A double-blind randomized controlled trial (RCT) of Titanium-13Zirconium versus Titanium Grade IV small-diameter bone level implants in edentulous mandibles – results from a 1-year observation period. Clin Implant Dent Relat Res. 2012 Dec;14(6):896–904.
5 University of St. Gallen ranking of Switzerland's leading innovation companies. Straumann has ranked in the top three in MedTech sector since 2009.
6 National Health and Nutrition Examination Survey (NHANES) 1999–2004. The National Institute of Dental and Craniofacial Research, Bethesda (USA).
7 Straumann estimates, based on MRG and iData.

INNOVATION

Turning ideas into commercial successes

Over the past 60 years, Straumann's passion for innovation has produced solutions that have changed paradigms and made a significant difference to several areas of life. Despite financial considerations and structural changes in 2013, we sustained our drive to innovate – as the number and quality of our pipeline projects demonstrate – and the Group maintained its historic level of R&D investment.

INNOVATION PROCESS REORGANIZED

FOCUS ON CUSTOMER NEEDS AND COMMERCIAL OBJECTIVES

Our pioneering dental implants were introduced 40 years ago and since then, our development activities have focused increasingly on implant reliability and success rates, leading to revolutionary designs, active surface technology and high performance materials. In 2013, we were the first dental implant company to publish ten-year success rates of 97% for an implant that is still on the market.

Going forward, however, it is less likely that we will see the same level of ground-breaking discoveries because market-driven innovation is more about processes, value chains, and collaborations. In view of this, we have reorganized our innovation process with new objectives.

To gain access to as many leads as possible, we have built a web-based innovation platform that enables customers, researchers, clinicians, employees and other stakeholders to submit ideas in a framework that assures confidentiality and respects intellectual property. We believe that we are the first in our industry to take this initiative. The review process ensures that we focus on leads that have a high probability of commercial success and which address customer needs, bearing in mind that both of these vary by market and region.

Innovation in the manufacturing process has been a key to the feasibility and reliability of our new ceramic implant.

To channel information from the market and customers into development and to manage project streams expediently, we have brought Marketing, R&D and Operations closer together. This will help to orchestrate regulatory, production, clinical trials and other aspects, such as preparing the market and launch.

With a large number of projects in our pipeline, it has been necessary to focus our development program on projects that will contribute directly to revenue and profit. These are summarized in the table on the following page.

A STOCKED INNOVATION PIPELINE

Project	Key benefit target	Introduction/rollout
Roxolid	Higher strength; improved bioresponse	Rollout additional sizes 2014
Less invasive short implant	Treat cases with severely reduced bone	Rollout 2014
SLActive (Japan)	Faster healing; higher security	2014
Ceramic implant	Tooth-color for high-end esthetics	2014
Angulated abutments	Greater angulation and flexibility	2014
New implant design	Earlier restoration	2015
Soft tissue control	Tissue control around implants	Pending results
CARES Scan & Shape (upgrade)	Enhanced access to digital workflows	2014
CARES 9	Standardization of digital workflows	2014/2015
New materials for restorations	Improved handling	2014/2015
Enhanced bone graft material	Enhanced bone regeneration	2015
Emdogain	New indications	2015

Highlights from Straumann's development pipeline showing changes in 2013. Introduction/rollout dates may be subject to positive clinical results and regulatory clearances, and barring unforeseen circumstances.

STATE-OF-THE-ART RESEARCH

The scope of our research activities includes basic laboratory investigations through to randomized multi-center clinical trials (RCTs), controlled market releases and post-market surveillance programs. These investigations are conducted both in-house and in collaboration with experts at well-known facilities worldwide, ensuring that the research is state-of-the-art, scientifically sound and of high quality.

PRECLINICAL RESEARCH

The scientific foundation

It is essential that all products destined for patients are appropriately tested, e.g. for biocompatibility, stability, strength, and to ensure that the properties observed in the laboratory can be preserved and translated to commercial production. Technologies and materials that show the necessary characteristics are then studied ***in vivo***, which often also includes evaluating the product design or surgical technique. Research is conducted by qualified people at state-of-the-art facilities in high-level academic institutions. In addition to using existing methods, Straumann is also at the cutting edge of developing new investigation techniques and concepts.

CLINICAL RESEARCH

Building and communicating the evidence

Straumann's products and technologies are evaluated thoroughly within a clearly defined and stream-

2013 HIGHLIGHTS FROM STRAUMANN'S IMPLANT R&D PROGRAM

Implant type	Studies published	Highlights
Bone Level	8	• Pleasing esthetics and high predictability of early implant loading with Bone Level implants with a 100% survival rate over 6 years[1] • Excellent clinical and radiographic conditions with a 98% success rate after 3 years in function, randomized controlled clinical trial (RCT) at 11 clinical centers in Europe, USA and Australia[2] in 106 patients • Implant survival rates of 98.5% after one year in a study with 908 implants in 538 patients at more than a hundred dental practices in six countries[3]; the bone level remained very stable in the majority of cases. The investigators concluded that treatment with Straumann Bone Level Implants yielded very successful outcomes in 'real life' conditions. • Inflammation eliminated through implant design features[4,5]
Roxolid	10	• Excellent clinical performance of reduced diameter Roxolid implants, leading to results comparable with standard diameter implants[6] • Successful outcome of 3.3mm Roxolid implants in severely resorbed edentulous ridges[7] • Superior osseointegration of Roxolid compared with titanium in a pre-clinical osteoporosis model[8]
SLA	6	• High survival rate of >97% in clinical 10 year studies[9,10] in more than 600 patients even in challenging indications

lined global clinical study program. This program may comprise single-center pilot studies and/or multi-center studies, as well as investigator-initiated studies. Proposals for the latter are carefully screened and may be supported in various ways. Clinical investigation can further include large post-market surveillance or non-interventional studies (NIS). Unlike formal RCTs, these trials do not have strict inclusion and exclusion criteria but include a range of patients and indications treated in daily practice conditions according to each clinician's preferred treatment method.

Without communication, research would have little value. In 2013, an impressive body of scientific evidence on Straumann products was published in peer-reviewed journals and/or presented at international congresses, including two large clinical trials with over a thousand Straumann implants in multiple centers around the world. Very few implant companies perform clinical studies and rarely on this scale. The compelling results provide clear reasons why customers should insist on Straumann rather than undocumented alternatives. The publication output from our R&D program is summarized in the table above.

OUTLOOK

In 2014, we will promote and extend our new innovation portal to ensure that we have a full pipeline of commercially attractive projects that will address and meet the needs of customers and patients in the future. A number of product/solution launches, which will spur growth and advance treatment options and benefits for our customers, are planned over the coming years.

Clinical evidence is a key differentiator for our premium brand. Only rigorous scientific testing can provide customers and patients with reliability, quality and peace of mind. We intend to maintain our strong track record of high-level clinical evidence and thus to maintain our level of R&D investment at around 5–6% of revenue.

REFERENCES/FOOTNOTES

1 Buser D, Chappuis V, Kuchler U, Bornstein MM, Wittneben JG, Buser R, Cavusoglu Y, Belser UC: Long-term stability of early implant placement with contour augmentation. J Dent Res. 2013 Dec;92(12 Suppl):176S–82S.
2 Sanz M, Ivanoff CJ, Weingart D, Wiltfang J, Gahlert M, Cordaro L, Ganeles J, Bragger U, Jackowski J, Martin WC, Jung RE, Chen S, Hammerle C.: Clinical and radiologic outcomes after submerged and transmucosal implant placement with two-piece implants in the anterior maxilla and mandible: 3-year results of a randomized controlled clinical trial. Clin Implant Dent Relat Res. 2013 Jul 9. [Epub ahead of print].
3 Filippi A, Higginbottom FL, Lambrecht T, Levin BP, Meier JL,

Rosen PS, Wallkamm B, Will C, Roccuzzo M: A prospective noninterventional study to document implant success and survival of the Straumann Bone Level SLActive dental implant in daily dental practice. Quintessence Int 2013; 44(7):499–512.

4 Heitz-Mayfield LJ, Darby I, Heitz F, Chen S: Preservation of crestal bone by implant design: a comparative study in minipigs. Clin Oral Implants Res. 2013 Mar;24(3):243-9.

5 Cochran DL, Mau LP, Higginbottom FL, Wilson TG, Bosshardt DD, Schoolfield J, Jones AA: Soft and hard tissue histologic dimensions around dental implants in the canine restored with smaller-diameter abutments: a paradigm shift in peri-implant biology. Int J Oral Maxillofac Implants. 2013 Mar–Apr;28(2):494–502.

6 Benic GI, Gallucci GO, Mokti M, Hammerle CHF, Weber H-P, Jung RE: Titanium-zirconium narrow diameter versus titanium regular diameter implants for anterior and premolar single crowns: 1-year results of a randomized controlled clinical study. J Clin Periodontol. 2013 Aug 14. [Epub ahead of print].

7 Cordaro L, Torsello F, Mirisola di Torresanto V, Baricevic M.: Rehabilitation of an edentulous atrophic maxilla with four unsplinted narrow diameter titanium-zirconium implants supporting an overdenture. Quintessence Int. 2013 Jan;44(1):37–43.

8 Wen B, Zhu F, Li Z, Zhang P, Lin X, Dard M: The osseointegration behavior of titanium-zirconium implants in ovariectomized rabbits. Clin Oral Implants Res. 2013 Feb 21.

9 Roccuzzo M, Bonino L, Dalmasso P, Aglietta M: Long-term results of a three-arm prospective cohort study on implants in periodontally compromised patients: 10-year data around sandblasted and acid-etched (SLA) surface. Clin Oral Implants Res. 2013 Jul 19.

10 Buser D, Chappuis V, Bornstein MM, Wittneben JG, Frei M, Belser UC: Long-term stability of contour augmentation with early implant placement following single tooth extraction in the esthetic zone: a prospective, cross-sectional study in 41 patients with a 5- to 9-year follow-up. J Periodontol. 2013 Nov;84(11):1517–27. doi: 10.1902/jop.2013.120635. Epub 2013 Jan 24.


Norton

SUSTAINABILITY REPORT

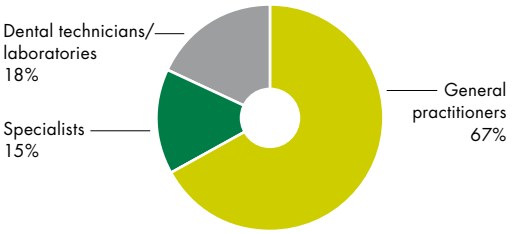
Contents

FTSE Group confirms that Straumann Holding AG has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social, ethical and environmental criteria, and are positioned to capitalize on the benefits of responsible business practice.

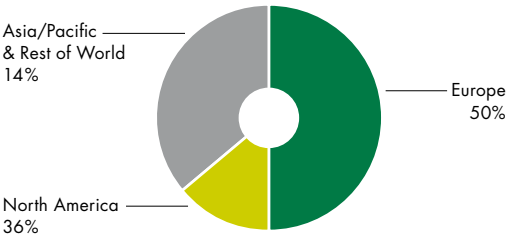
CUSTOMERS

Reorganization to focus on solutions that meet customers' needs

STRAUMANN'S CUSTOMERS BY SEGMENT



STRAUMANN'S CUSTOMERS BY REGION



CUSTOMER APPROACH REVISITED

Straumann serves more than 70 000 customers, including general dentists, specialists (e.g. oral surgeons, periodontists, prosthodontists) and dental technicians/laboratories (see chart above) in more than 70 countries. We serve them directly through more than a thousand sales and marketing professionals, most of whom are highly-trained sales representatives or service staff. In 2013, we equipped our reps with tablet-based tools to enhance their effectiveness in sales counselling and in customer relationship management. We also complemented our personal service with a new e-shop and online facilities (e.g. a portal for Scan & Shape customers), adding flexibility and convenience.

As we scrutinized our cost base and organizational set-up in 2013, it became clear that the model of separate sales teams for specific customer segments was less efficient and more complex than we had envisaged when we designed it a year previously. In addition, it did not yield the benefits that we anticipated for customers. We therefore reverted to a combined salesforce supported by dedicated specialists.

At the same time, we reorganized our central marketing functions into a new department focused on customer solutions and education. The new set-up strengthens interaction and alignment between Sales and Development, with the goal of providing product solutions that meet market needs – for instance by integrating customer feedback in the innovation, development and improvement processes. To gain further understanding of customer needs, wishes and perceptions, we again conducted a net-promoter-score survey in key European and North American markets.

CUSTOMER TRENDS

A STABLE BUT EVOLVING CUSTOMER BASE

In 2013, we observed two small shifts within our customer base, which both reflect developments in our business. The proportion of our customers increased in North America and decreased correspondingly in Europe, while more of our customers were GPs and fewer were technicians.

A SHIFT TOWARDS GENERALISTS

The involvement and role of general practitioners is growing as implant dentistry becomes more widespread. Data from the US show that in the near future, more implants will be placed collectively by GPs than by specialists – which is remarkable in that the US has upto now been considered a referral market.

Our approach in the past has tended to concentrate on retaining and expanding the business of existing customers, most of whom are large specialist practices. However, with GPs now performing straightforward implant procedures, we have customers with different requirements, preferences and skills. For instance, market insights show that GPs require complete, convenient and simple solutions. One of our projects in 2013 was to develop a smart ordering and supply concept to address this need.

The GP market is broad and diverse. Targeting is essential to encourage large referral practitioners and other potential customers to begin placing implants. Training is fundamental, and we have stepped up our efforts, together with the ITI and other partners, specifically to address general dentists – through study clubs right up to comprehensive education programs.

A FEMALE TOUCH

2013 also provided further evidence that the face of our customer is changing in several ways. While the proportion of GPs has grown, so too has the proportion of women entering dentistry. We are evaluating how this might affect our industry in order to adapt our approach accordingly.

BECOMING THE PROVIDER OF CHOICE FOR YOUNG DENTISTS

The sustainability of our business in the mid-to-long-term depends on our ability to attract young professionals to implant dentistry. Perception-pulse studies show that their most common expectation from companies like Straumann is for help in building up their business and establishing a reputation as a specialist. In 2013, we began to take a more structured and broader approach to this group. Our efforts include dedicated programs in several countries, a broader use of social media, and a fresh new branding campaign with a young appeal.

INFORMING PATIENTS

Although patients are not our direct customers, we are strongly committed to their health, satisfaction and wellbeing. They need general information about implant dentistry and specific information about their treatment options. We address the former through various channels, mainly online, while the latter is addressed by dental professionals, who draw on tools we provide, for example our new award-winning patient education 'app'.

SAFEGUARDING COMPLIANCE IN THE INTEREST OF PATIENTS

Our Global Sales Compliance Program has been in place since 2009 and is one of several safeguards to ensure compliance with regulations relating to the sale of our products and services. In 2013, there were no reported incidents of non-compliance with any applicable laws or regulations regarding the marketing or sales of our products.

Further supporting our commitment to the patients' interest, much of the scientific information used to endorse our products is peer-reviewed, and we have robust processes and guidelines in place to check that our marketing materials are ethical and accurate.

OUTLOOK

In 2014, part of our focus will be on developing tools to help customers grow their businesses. We will continue the roll-out of our new eShop and online offering, as well as social media applications for reaching customers and patients. We also intend to expand our program for young professionals on a broader international scale. These initiatives, coupled with our ongoing investment in customer surveys and focus groups, will enable us to further enhance the quality of the products and services we provide.

EMPLOYEES
True character shown through mastering change

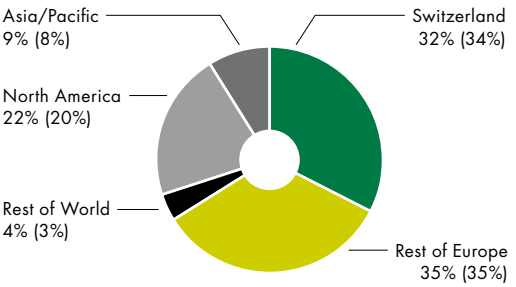
RESIZING IN RESPONSE TO MARKET CHANGES

With recovery taking longer than anticipated in key markets, it became clear early in 2013 that our cost base and level of staffing – which had been based on optimistic expectations – were no longer sustainable. Regrettably, this meant 300 job losses to bring our global headcount back to its pre-economic-crisis level. We focused on reducing non-sales functions to avoid compromising selling power, service and innovation. As a result, the reductions were mainly in back-office and support functions.

We addressed the job cuts with due regard for our social responsibilities as an employer. Initially, 110 redundancies were foreseen at our headquarters in Basel, but thanks to natural fluctuation, early retirements and initiatives proposed by our staff during a conciliatory period, we were able to reduce this number to just 77. Appropriate redundancy packages were offered including support in finding new employment. Due to this provision, more than 80% of our leavers had found new employment by the end of the year. The overall cost of the reduction program amounted to a net CHF 8 million (see p. 111).

With a global workforce of 2217 including a headquarters staff of 374 at year-end, we have retained a competitive team of committed, talented professionals, who make Straumann one of the strongest companies in our industry.

EMPLOYEES BY REGION

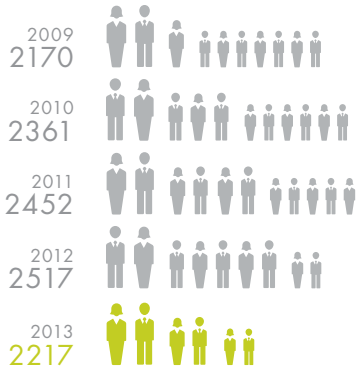


Numbers in brackets refer to 2012.

LEANER MANAGEMENT FOR AGILITY AND BROADER ACCOUNTABILITY

To keep pace with market dynamics, we had to make considerable organizational changes. The new structure is designed for simplicity, customer focus and accountability. Throughout the company we increased our emphasis on sales, marketing and customer solutions. We expanded the Executive leadership team to give more prominence to the sales regions at top management level (see p. 64 ff). This made it possible to dissolve the supporting Corporate Management Group of 20, which served mainly as a discussion, sounding and alignment board. For agility and accountability at lower levels, our senior management was also streamlined. These adaptations have changed our leadership population considerably.

EMPLOYEES



LEADERSHIP

23% MANAGERS

77% GENERAL STAFF

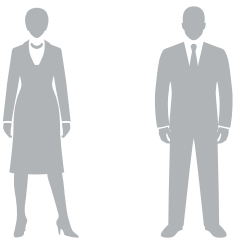
We had to cut 300 jobs, but by year-end >80% of our leavers had found new positions, thanks partly to outplacement support.

EMPLOYMENT

93% FULL TIME

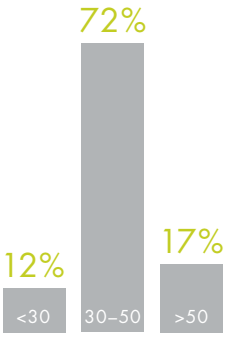
7% PART TIME

GENDER



43% 57%

AGE



We have a competitive team of committed, talented professionals, who make Straumann one of the strongest companies in our industry.

SUMMARY OF HUMAN RESOURCES PERFORMANCE FIGURES

Parameter	Performance indicator	Unit	2013	2012
Staff size	Total headcount	Employees	2 217	2 517
	Job reductions	Number	300	65
Employment type	Part-time employees	% of headcount	7	7
Gender diversity	Women in general staff (excl. Mgmt)	%	47	47
	Women in management (excl. SMD[1])	%	31	31
	Women in SMD pool	%	24	18
Training and education	Investment in staff learning[2]	CHF million	1.5	2
	Average annual training & learning	Days/employee	3	4
Fluctuation and absence	Staff fluctuation	%	22	12
	Absence rate due to sickness[3]	%	3	3
	Absence rate due to workplace accidents[3]	%	0	0
	Work-related fatalities	Number	0	0
Employee protection	Reported cases of discrimination	Number	0	0

[1] Strategic Management Development group.
[2] Only direct expenses for internal and external training activities are counted here. Salaries paid to employees while in training are additional and are not included.
[3] Data currently available for Switzerland only. Proportion of absence time compared to target working hours.

STAFF STRUCTURE BY CATEGORY AND AGE GROUP (%)

Age	<30	30–50	>50	Unit	2013	2012
General staff (excl. Mgmt)	11.1	52.8	12.8	% of headcount	77	76
Management (excl. SMD)	0.3	14.4	2.7	% of headcount	17	17
SMD pool	0	4.3	1.5	% of headcount	6	7
Total	11.5	71.5	17.0			

ENHANCING LEADERSHIP AND DEVELOPING SKILLS

The scale of restructuring and refocusing made it necessary to reconsider and focus our internal development and training portfolio. Product and technical training were maintained and we launched an important program devoted to selling skills. Our apprenticeship, internship and graduate programs were not affected.

Straumann has a Strategic Management Development (SMD) process for its senior management, staff in key positions and future leaders. It reviews leadership, performance, behavior, and career potential as a basis for development, deployment, and succession planning. In 2013, business critical roles in the whole organization were defined, which are now part of the SMD process.

ENGAGEMENT

The organizational redesign and other changes meant that we had to postpone our global staff survey. In the meantime, top management has increasingly used focus-groups and 'town-hall' meetings to gain direct feedback on staff engagement.

Despite the frustrations, uncertainty, interruptions and change associated with resizing and reorganization, our staff have shown remarkable character; they have kept the Straumann spirit of 'simply doing more', maintaining our high level of service to customers. They have helped us to outperform key competitors in addition to delivering an impressive number of innovations to market.

DIVERSITY AND EMPLOYEE PROTECTION

A diverse team adds value and supports our ability to serve an increasingly diverse customer base. We monitor diversity with regard to age, gender, origin and educational background. Gender diversity is strong overall, with close to 43% female employees.

Our onboarding trainings for new employees focus increasingly on corporate alignment including our Code of Conduct, which protects employees from discrimination (unequal treatment based on gender, race, religion, or sexual orientation). No cases of discrimination were reported in 2013. No serious workplace accidents or fatalities were reported, reflecting the importance we place on health/safety training and awareness.

RESPONSIBILITY AND ETHICAL BEHAVIOR

The Straumann Code of Conduct also defines our expectations for ethical behavior in all our business activities. Being an integrated part of our employment contracts, it prohibits any form of human rights violation, bribery, corruption, unfair competition, misleading marketing, etc. Employees are obligated to report any violation or suspected violation, or any other suspected misconduct. In 2013, three violations of the Code of Conduct were reported, two of which led to dismissals.

We also expect ethical practices in our supply chain, as presented in our 'Code of Conduct for Suppliers' which refers to working conditions, human rights protection, business ethics, legal compliance, and environmental protection.

OUTLOOK

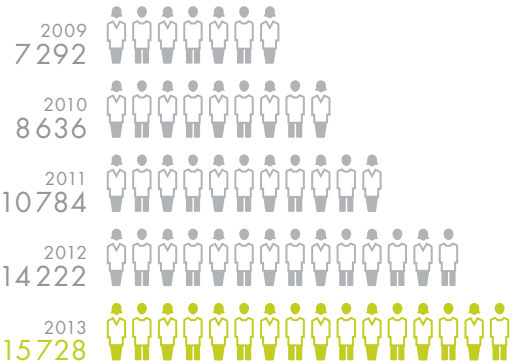
Having taken resolute steps to reduce our personnel-related cost base, we do not expect significant headcount changes in 2014. Planned staff development programs that were halted in 2013 will be re-evaluated and tailored to the needs of our organization in 2014. As an organization, we need to embrace further cultural, mindset and leadership changes and this will be a focus for our development initiatives in 2014.

STRAUMANN AND THE ITI
A unique partnership

Straumann enjoys a unique relationship with the International Team for Implantology (ITI). As the largest international independent academic organization in implant dentistry, the ITI plays an important role in the dissemination of knowledge related to the field. The ITI unites professionals around the world – from every field of implant dentistry and related tissue regeneration – and actively promotes networking and exchange among its membership. ITI Fellows and Members, who currently number more than 15 000, regularly share knowledge and expertise from research and clinical practice at meetings, courses and congresses with the objective of continuously improving treatment methods and outcomes to the benefit of their patients.

In 34 years, the ITI has built a reputation for scientific rigor combined with concern for the welfare of patients. The organization focuses on the development of well-documented treatment guidelines, backed by extensive clinical testing and the compilation of long-term results. With an annual commitment of CHF 2.2 million each year to research grants, the ITI is the largest non-governmental research funding body for implantology worldwide. In 2013, it awarded 22 research grants and also provided 20 Scholarships to young clinicians from all over the world. As part of its focus on education, the ITI organizes congresses and education events and runs some 640 Study Clubs around the globe with over 2000 meetings per year. The organization also publishes reference books such as the currently seven-volume ITI Treatment Guide series, which has become a standard reference work in the field.

ITI MEMBERSHIP DEVELOPMENT



OUTLOOK

In 2013, Professor David Cochran took over as President of the ITI for the next four years. The ITI's key project during his term of office is the establishment, launch and further development of a premium online e-learning platform that unites evidence-based best practices within a broad curriculum. The platform is to be launched during the ITI World Symposium in Geneva in April 2014 – the largest implant dentistry event of the year with an anticipated 5000 participants.

Straumann will continue to support the ITI as its industry partner and nurture this unique partnership that brings considerable value to many of its stakeholders, including customers, patients and investors.

COMMUNITIES
Adding value through caring

Each year, approximately one million patients around the world are treated with a Straumann solution, underlining the fact that our key contribution to the community is enhanced quality of life through safe, effective, lasting solutions that restore dental function and esthetics. In many parts of the world, however, people do not have access even to basic dental care let alone tooth restoration or replacement. Straumann supports a number of charitable initiatives to make dental treatment and education about oral hygiene available to the underprivileged. Like most of our sponsoring activities these are connected to our field of business – since this is where we can make a meaningful difference.

In all its sponsoring activities, Straumann is politically neutral: We refrain from making statements on public policy and from political lobbying, and we do not sponsor politicians or political parties. Sponsoring requests and initiatives are evaluated according to clearly defined principles and policies by our Corporate Sponsoring Committee, which reports periodically to the Executive Management.

CONTINUED SUPPORT FOR THE UNDERPRIVILEGED

A slight reduction in the number and scope of applications, together with the need to reduce costs, meant that our sponsoring in 2013 was lower than in previous years. We evaluated 60 requests, of which more than a dozen were supported in 14 countries. In each case clear goals were set and achieved. An overview is presented overleaf. Our donations to these and other projects totaled approximately CHF 100 000.

Dental outreach project in Chile, supported by Straumann.

Straumann has a longstanding commitment to helping people who are affected by ectodermal dysplasia (ED), a group of genetic disorders characterized by abnormal development of the skin and associated structures. Sufferers typically have severely malformed or missing teeth from infancy, and their dental treatment is rarely covered by insurance. Straumann provides free implants and prosthetics to ED patients as well as financial support to the National Foundation for Ectodermal Dysplasia (NFED), a US-based non-profit organization that helps patients and their families around the world. In 2013, Straumann donated CHF 25 000 to the NFED, bringing our total sponsorship in ectodermal dysplasia over the past 10 years to almost a quarter of a million Swiss Francs.

Straumann AID (Access to Implant Dentistry), which was set up in 2007, is another global initiative to help underprivileged patients who are in need of implant

INITIATIVES AND PROJECTS SPONSORED BY STRAUMANN

Region	Lead partner	Objective	Status/results
Alaska	Academy of Prosthodontics Foundation	Dental outreach project to elderly patients supported since 2005	2012 project completed; patients fitted with dentures and dental implants
Bolivia & Peru	Suyana	Mobile dental clinic, oral care in remote areas	Recurring aid project 2012–2016
Bali	Bali Children Foundation	Dental care for children supported since 2012	2012 project completed; 1075 children treated
Cambodia	Hope for All Clinic	Scholarships and clinic support started in 2007	Ongoing; three dental students fully supported
Chile	Connecticut University team	Dental outreach project supported since 2008	2013 project completed
Haiti	Secours Dentaire International	Reconstruction of dental clinic	Ongoing
Kenya & Nepal	Bonn University students	Clinical traineeships	2012 project completed; approx. 270 children treated
Nicaragua	Support started in 2011	2013 projects completed	Ongoing project in the Western highlands
North America	National Foundation for Ectodermal Dysplasia	Financial and treatment supported since 2004	Ongoing project
Sri Lanka	International Voluntary Dental Help	Dental clinic, care, education	2013 project completed
UK	Bridge 2 Aid & CLAP	Fund-raising cycle ride organized by Straumann UK	>GBP 30 000 raised
Other	Straumann AID	Free products for underpriviledged individuals	Ongoing

Overview of the main projects sponsored in 2013. In each case clear prerequisites and goals were set.

treatment but cannot afford it. It relies on collaboration with dentists from the ITI network, who provide the treatment without charge, while Straumann makes the respective product donations.

One significant new project in 2013 is the complete reconstruction of a much-needed dental clinic in Haiti, which has been devastated by natural disasters. Our support is channeled through the Swiss-based charitable organization Secours Dentaire International. Across the globe we also contributed to building and equipping a charitable dental clinic in Bali.

Elsewhere, we continued to support basic dental care initiatives in developing regions. Often it is necessary to work with portable equipment. We are grateful to our dental partners – many of whom are volunteers – for their devotion and for ensuring that the funds are used efficiently.

We strive for sustainability in all the charitable projects we support, which is why most of them reflect long-term commitments (see table above). This does not mean that we exclude short-term or one-time contributions, for instance in 2013, Straumann UK organized a cycle ride with customers which raised more than GBP 30 000 for dental charities.

All these projects involve dentistry and thus promote Straumann's reputation among relevant stakeholders as a caring, responsible corporate citizen. This adds value to our business and thus for our shareholders.

OUTLOOK

In 2014 and beyond, we plan to continue our support for charitable activities in the dental field, focusing on initiatives/projects that provide access to dental treatment for needy people and on dental education programs. These kinds of involvement is most meaningful to our stakeholders.

GLOBAL PRODUCTION & LOGISTICS
A third consecutive year of efficiency gains

In spite of comparatively sluggish sales and the costs of introducing new products, 2013 was another year of significant efficiency gains in Production, which were achieved through:

- broader application of 'lean' manufacturing principles
- bringing outsourced processes in-house
- process re-engineering
- optimizing designs to meet a cost target (design to cost).

These measures improved both our productivity and asset utilization, contributing to a third successive year of gross margin expansion (see p. 111). Over the past two years, we have brought several outsourced production steps in house, which has helped to reduce surplus capacity, to maintain our production team at a fairly constant level, and to improve the absorption of overheads.

COST SAVINGS DESPITE THE ENGINEERING CHALLENGES OF HIGH TECH INNOVATIONS

Nearly all our dental implant system components – from implants to standard prosthetics, auxiliary items and instruments – are manufactured at our centers in Villeret and Andover. We continued to apply 'lean' principles at both sites throughout the year, concentrating on equipment efficiency, workforce flexibility and lead-time reduction. Some 20 cost optimization projects were completed at both sites, including two pilot studies which revealed that the overall lead times for key products could be shortened by up to 50%.

In 2013, we installed a new sterile packaging unit in 'clean room' conditions so that dentists no longer have to sterilize the products themselves – just one of many examples of 'simply doing more' to make life easier for customers.

The material upgrade from titanium to Roxolid on all our implants (see p. 31 f), the launch of the shortest implant we have ever made (see p. 31, 33) and the roll-out of our Loxim transfer piece on all implant sizes (see p. 32) were significant undertakings.

A further challenge was to establish the production capabilities for our new ceramic implant, including its ZLA surface and the means for stress testing every implant (see p. 32 f).

In addition to mastering these challenges, Villeret extended its packaging lines to cover the entire implant portfolio. With this capability in house, we now control the whole value stream of our implant production and are able to save CHF 2.5 million annually. While Villeret has been our leading facility since its inauguration in 2000, Andover has now caught up in terms of capability and technology and

PRODUCTION FACILITY HIGHLIGHTS

Site	Opened	Produces	2013 highlights
Villeret (Switzerland)	2000	All finished implants, standard prosthetics, auxiliaries and instruments	All packaging in house; material upgrades
Andover (USA)	2005		Packaging unit for sterile healing caps
Markkleeberg (Germany)	2007	Centrally milled CADCAM prosthetics	Workflow optimization
Arlington (USA)	2007		Technology upgrade; robotics
Malmö (Sweden)	2003	Tissue regeneration products	Insourcing; passed FDA inspection
Gräfelfing (Germany)	2007	Scanner production	Transferred to Dental Wings 2014

is qualified to produce almost all the items in our implant system. A major investment for Andover in 2013 was the implementation of a packaging facility to produce sterile healing screws.

Our Malmö facility, which specializes in regenerative products, also benefitted from an insourcing program which decreased production costs significantly and enabled us to make significant process improvements. The plant successfully passed an FDA inspection in the course of the year.

BRINGING CADCAM PRODUCTION WORKFLOWS TOGETHER IN ONE STREAM

Our CADCAM prosthetics team in Markkleeberg redesigned all its major workflows, bringing everything together in one manufacturing stream and eliminating paper. They also leveraged new technology including 5-axis milling to further enhance quality. Our sister site in Arlington was equipped with similar milling equipment and robotic technology.

We reduced the turnaround time for bar-and-bridge restorations to just three days following receipt of the model and made it possible for customers to order prosthetics for up to three implants without sending a physical model at all. Finally, we set up Scan & Shape services in Europe and North America which design and produce restorations for customers who prefer to send physical models rather than digital designs.

COMBINATION WITH DENTAL WINGS TO STRENGTHEN DIGITAL OPERATIONS

At the beginning of 2013, our prosthetic software development and guided surgery business transferred to our partner Dental Wings together with the respective operations in Berlin and Chemnitz, Germany. The next strategic step was to combine our two rival scanner businesses, with the result that our assembly unit in Gräfelfing transferred to Dental Wings at the beginning of 2014.

FOCUS ON ADDING VALUE IN LOGISTICS

The 2012 relocation of our Basel global distribution center/warehouse, together with the addition of new tools and metrics, enabled us to enhance our service capabilities and to reduce costs significantly. We maintained very high levels of service despite volatile ordering patterns and the introduction of multiple new items. Transportation and internal transaction cost were further reduced through process streamlining, reducing activities that did not add value, and exploiting the benefits of our enterprise resource planning system.

A particularly interesting challenge for Logistics has been to establish the capabilities for the Straumann ONE concept, in which all the requisites for complete single-tooth replacement are dispatched together in a clever, partitioned box (see p. 32 f) for high convenience and loyalty.

Collectively, the abovementioned technological improvements required only modest investment in 2013, with the result that overall capital expenditure in Production and Logistics amounted to approximately CHF 13 million, most of which was for plant, machinery and related equipment.

OUTLOOK

We are in the process of switching from printed to web-based instructions for product use, enabling us to reduce package size, transportation costs and waste. If the four million packages we ship each year

were paperless, we would reduce our annual paper consumption by as much as 40 tons, corresponding to a CO_2 reduction of more than 60 tons. We have identified severe other areas in Production and Logistics in which our cost base can be optimized. These, together with design improvements, the effects of insourcing, and optimized asset use should yield further cost reductions and significant productivity gains when volumes increase.

ENVIRONMENT

Vigilantly looking for new opportunities to minimize our environmental impacts

As a manufacturer of medical devices, Straumann is subject to stringent regulations that require us to monitor rigorously the items we produce and the processes used to manufacture them. Our products include titanium dental implants, compact laser scanners, oral tissue regeneration products, and prosthetic elements made of ceramic, metal, or polymer. We implement strict quality-control protocols to test raw materials for identity, purity and content, and to ensure that our products function safely and efficaciously, and to fully document all aspects of their manufacturing processes to ensure traceability. Our commitment to continuous improvement is supported by the Straumann Code of Conduct, which requires that managers encourage all staff to include environmental protection in their daily responsibilities.

Apart from production and research activities, our environmental impacts are typical for an organization of our size, and in fact are low in comparison to most manufacturing companies. We do not manufacture filling materials or dental surgery equipment, and so do not use significant amounts of metals such as mercury, lead, or manganese that are often found in production processes of other manufacturers serving the dental industry.

ENVIRONMENTAL DATA REPORTING

The environmental data we monitor and disclose focus on the key aspects of our operations. Our main product group is dental implants, which are produced on computerized CNC lathes from bars of titanium or titanium-zirconium alloy. The machining process, in which cutting oil is used as a cooling agent, is followed by sand-blasting, acid etching, cleaning, packaging, and sterilization. Our environmental performance report is based on available data for all production sites – Villeret (Switzerland), Gräfelfing and Markkleeberg (Germany), Malmö (Sweden), Andover and Arlington (USA) – and for our Group headquarters in Basel. Since our other facilities are generally smaller and focus on sales and distribution, they are not included in this report, due to their minor impact and a lack of meaningful data.

Trends in environmental performance figures are discussed below, with data summarized in the table on p. 59. These data also reflect the fact that increased efficiency has enabled us to operate with a smaller workforce, increasing the per-capita use and emission numbers that are reported.

TITANIUM AND OTHER RAW MATERIALS

Our implant product portfolio has continued to shift toward products that are smaller and lighter, including the launch of the shortest implant we have ever made (see p. 31, 33). This allowed us to produce comparable numbers of parts with less titanium/titanium-zirconium input.

Shifts in our product portfolio are contributing to significant fluctuations in our rate of titanium recycling. While in 2012 a higher proportion of implant parts were nearer to the 'net shape' of the titanium rods we use, thus requiring less trimming, the diversity of our portfolio increased strongly in 2013. The introduction of new products (e.g. Roxolid implants in all sizes, Loxim and the Variobase abutment) meant that we

TITANIUM

2012
15.4

2013
14.6

−5 %
IN TONS

In four years, we have reduced titanium consumption at our main factory by 5% and scrap by 4%, while production volume has increased 13%.

ENERGY

2012
21.1

2013
21.8

+3 %
IN GWH

CO_2 EMISSIONS

2012
2 834

2013
3 070

+8 %
IN TONS

WASTE

2012
157.4

2013
158.8

+1 %
IN TONS

We continue to seek opportunities to reduce our environmental impacts and to improve where it makes technical and economic sense.

PAPER

2012
5 023 994

2013
4 653 500

−8 %
IN SHEETS

WATER

2012
32 476

2013
31 087

−4 %
IN M^3

worked on more than 500 new component types – an extraordinary number even for Straumann – with some needing more trimming than others. Shifts both in titanium use and recycling were also due to an increase in insourcing in recent years, with some parts that were previously sourced externally now produced in-house.

In the course of the past four years, efforts to reduce material consumption and waste – together with the shift from Tissue Level to Bone Level implants – have led to a 5% reduction in titanium consumption and a 4% reduction in titanium scrap at our main production site in Villeret. This is particularly impressive in view of the fact that volumes produced increased approximately 13% over the same period.

We also use smaller quantities of additional raw materials, including cobalt chrome, yttrium stabilized zirconium oxide, and polymethylmethacrylate (PMMA), which are used in the production of standard crown and bridge solutions. The decrease in cobalt chrome recycling reported is due to some of the material being stored at Straumann before being shipped to recycling, leading to variations in reported numbers between the years.

OPERATING MATERIALS

While oil use went up slightly, the amount of recycled oil increased more substantially. This is partly due to our efforts to improve the containment of cutting oil vapors from milling. The major contributor to the oil recycling increase, however, is from oil changes of hydraulic oil in machines at Villeret.

Cleaning solvent use and recycling was stable year on year, while acid recycling increased due to new implant types. Paper usage again decreased significantly, as it did between 2011 and 2012, in line with our focus on the continued adoption of paperless workflow processes.

ENERGY USE AND GREENHOUSE GAS EMISSIONS

Electricity consumption increased slightly, partly caused by additional equipment in Arlington and Markkleeberg as well as by increased requirements for air-conditioning. Heating needs increased mainly due to climatic variations that necessitated longer heating periods than in the previous year. We also monitor CO_2 emissions due to our electricity consumption and heating, and differentiate between direct (Scope 1) emissions from sources such as burning natural gas, and indirect (Scope 2) emissions from sources such as the use of electricity and district heat. These greenhouse gas emissions grew somewhat, in line with the increases in our energy use. Business activities with minimal impact, or for which meaningful data are not available, are not included in our carbon reporting – for example, emissions resulting from the transportation of our products (which are small and light), sales representative travel, and employee commuting.

WATER AND WASTE

Water consumption decreased slightly, partly due to optimized production. Untreated wastewater, which is collected in tanks and disposed of by authorized specialist contractors, contains low concentrations of cleaning detergents, solvents, acid, and oil. The amount produced, which increased somewhat in this reporting period, depends strongly on the number and timing of maintenance activities at our water treatment plant in Villeret.

The amount of hydroxide sludge, a by-product of wastewater treatment that depends on the quantity and composition of the water treated, decreased slightly. The amount of diverse contaminated materials, which include oil-contaminated rags, filters and other debris, and some electronic scrap, was fairly constant. Solvent waste, mainly from cleaning implant system components, increased partly due to improved engineering controls at Andover that reduced cleaning solvent evaporation. As a result, more of the solvent, enters the waste stream.

Finally, the stable refuse output number was the result of two counteracting factors: the insourcing of product packaging in Villeret led to an increase in bubble wrap refuse included in Straumann's environmental data monitoring boundaries, while a decrease in returned, old scanners at Gräfelfing reduced refuse numbers.

OUTLOOK

The resizing initiatives in 2013 and the transfer of our scanner production in 2014 to Dental Wings will

SUMMARY OF ENVIRONMENTAL PERFORMANCE FIGURES

		Performance indicator	Unit	2013	2012
Product raw materials	Titanium	Consumption	kg	14 612	15 443
		Recycled (consumption minus product)	kg	8 565	6 653
	Cobalt chrome	Consumption	kg	3 052	2 882
		Recycled	kg	2 204	2 743
	Zirconia	Consumption	kg	1 484	1 512
	Polymethyl-methacrylate	Consumption	kg	29	27
Operating materials	Various oils	Consumption	kg	42 613	39 143
		Recycled	kg	34 569	26 534
	Cleaning solvents	Consumption	kg	31 436	31 773
		Recycled	kg	18 250	18 929
	Acids	Recycled	kg	39 341	37 008
	Paper	Consumption	sheet	4 653 500	5 023 944
		Consumption per capita[1]	sheet/employee	4 115	3 844
Energy	Electricity	Consumption	kWh	16 646 846	16 267 138
		Consumption per capita[1]	kWh/employee	14 719	12 446
	Heating[2]	Total heating energy	kWh	5 134 138	4 815 977
		• Fossil fuel	kWh	4 141 338	3 940 512
		• District heat	kWh	992 800	875 465
		Total heating energy per capita[1]	kWh/employee	4 539	3 685
Emissions	CO_2 emissions[3]	Total emissions	tons	3 070	2 834
		• Direct (scope 1, excluding vehicle fuel)	tons	833	792
		• Indirect (scope 2)	tons	2 237	2 042
		Total emissions per capita[1]	tons/employee	2.71	2.17
Water	Water	Consumption	m^3	31 087	32 416
		Consumption per capita[1]	m^3/employee	27	25
	Untreated waste water	Disposal	kg	11 834	10 493
Waste	Diverse waste	Hydroxide sludge	kg	13 402	15 402
		Contaminated material	kg	12 595	12 652
		Solvents	kg	3 217	2 503
	Refuse	Total	kg	158 816	157 445
		Per capita[1]	kg/employee	140	120

[1] Per capita figures refer to employees at the relevant reporting sites only.
[2] To avoid double counting, heating energy data do not include electricity used for a small part of heating at Andover or to operate the geothermal heat pump in Leipzig – these are included in the electricity data.
[3] Scope 1 covers CO_2 emissions directly emitted by sources owned or controlled by Straumann, such as heating boilers, while Scope 2 comprises emissions generated in the production of the electricity, heat, or steam that we consume.

not have a significant impact on our environmental footprint. Neither will insourcing activities, as we have already taken advantage of the opportunities to bring outsourced processes in-house.

Straumann's facilities and production methods are modern and environmentally efficient. Nevertheless, we continue to look vigilantly for new opportunities to reduce our environmental impacts, material usage and energy consumption in order to realize improvements where they make sense from a technical and economic perspective. While the quality of our products and the safety of patients remain the overriding consideration, we will explore additional activities in this respect that benefit our business and all our stakeholders.


HENRI HAUSER SA
BIENNE
SUISSE - SWITZERLAND

CORPORATE GOVERNANCE

Contents

PRINCIPLES

Straumann's principles of, and rules on, corporate governance are laid down in the Articles of Association, the rules for organization and operation, the Code of Conduct, and the Charters of the Board Committees. These principles and rules are the basis of our corporate governance disclosures, which are in compliance with the Directive on Information relating to Corporate Governance published by the SIX Swiss Exchange, where Straumann's shares have been traded since the company's initial public offering in 1998.

The Articles of Association are available on Straumann's website (www.straumann.com).

In 2013, Straumann took several steps to accommodate additional best practices and forthcoming requirements in its governance. The changes include: plans to separate the external auditors' role from non-audit consulting services, measures to avoid potential conflicts of interest, and adjustment of Directors' compensation with the introduction of a minimum investment in Straumann shares. In 2014, Straumann will begin adopting the Swiss Ordinance regarding compensation (VegüV), and shareholders will be able to give their voting instructions to the independent proxy online in advance. Apart from this, the Board changed its Committees. These developments are addressed below and/or in the Compensation Report.

STRUCTURE AND SHAREHOLDERS

Straumann Holding AG is a listed stock corporation incorporated under the laws of Switzerland and domiciled and registered in Basel. Information about the company's shares, which are traded on the main segment of the SIX Swiss Exchange under the symbol STMN, is provided on p. 119 f.

Straumann Holding AG is the ultimate parent company of the Straumann Group, which is headquartered in Basel and includes a total of 31 fully-owned companies (see chart opposite), and six companies in which non-controlling interests are held (see table on p. 67).

GROUP OPERATIONAL STRUCTURE

Under the leadership of Marco Gadola, who assumed his responsibilities as CEO on 1 April 2013, the Group reorganized significantly to adapt to changes in its market and economic environment. The new organizational structure became effective in mid-year and is designed to reduce complexity, increase agility and focus on customer needs and solutions. It is reflected in changes in the Group's Executive Management Board (EMB) which increased from seven to nine members (see p. 79 ff).

While the Chief Financial Officer, the Head Sales North America and the Head Sales Asia Pacific remained in their existing positions, the Head of Europe, Middle East, Africa, Latin America and Distributors took on the newly created position of Head Customer Solutions & Education. The Head of the Prosthetics Business Unit assumed the newly created role of Head Strategic Projects & Alliances. The new EMB members – i.e. the Heads of Sales Central Europe, and Western Europe and the Head of Research, Development & Operations – all joined the EMB from within the organization. The Head of the former Business Unit Surgical left the company by mutual agreement.

With the expanded top management directly responsible for Sales, Marketing, Operations and Business Development, there was no longer a need for the Corporate Management Group, which comprised 20 senior managers and served mainly as a sounding board for discussion and alignment. It was therefore dissolved.

With effect of June 2013, the operational structure of the Straumann Group (ordered alphabetically) has been as follows:

- Corporate Services, comprising Corporate Communications, Human Resources, Legal Compliance & Intellectual Property, and Sales Governance
- Customer Solutions and Education, comprising Product Management (for the Straumann Dental Implant System, Regeneratives, and Digital), Customer Marketing, Event Management, Training and Education Management
- Finance, comprising all finance-related functions, Corporate IT, Corporate Procurement (Indirect Spend Management), Facility Management, Internal Audit, and Investor Relations
- Research, Development & Operations, comprising Corporate Logistics, Corporate Quality Management & Regulatory Affairs, Direct Spend Management, Digital R&D Services, Global Operations, Group Research & Development, Operations-related Business Excellence, and Group Technical Services

PRINCIPAL GROUP COMPANIES

Straumann Holding AG
Basel, Switzerland
CHF 1 567 655

- Institut Straumann AG
  Basel, Switzerland
  CHF 100 000
  - Straumann Italia srl
    Milan, Italy
    EUR 270 000
- Straumann Villeret SA
  Villeret, Switzerland
  CHF 9 000 000
- Straumann Holding Deutschland GmbH
  Freiburg, Germany
  EUR 25 000
  - Straumann CADCAM GmbH[1]
    Gräfelfing, Germany
    EUR 326 000
  - Straumann GmbH
    Freiburg, Germany
    EUR 200 000
- Straumann GmbH
  Vienna, Austria
  EUR 40 000
- Instramed AG
  Basel, Switzerland
  CHF 100 000
  - Neodent USA, Inc
    Andover, USA
    USD 500 001

- Straumann AB
  Gothenburg, Sweden
  SEK 100 000
- Biora AB
  Malmö, Sweden
  SEK 950 152
- Straumann AS
  Oslo, Norway
  NOK 1 000 000
- Straumann Danmark ApS
  Brøndby, Denmark
  DKK 125 000
- Straumann OY
  Helsinki, Finland
  EUR 32 000
- Straumann SARL
  Marne-la-Vallée, France
  EUR 192 000
- Manohay Dental SA
  (formerly Straumann SA)
  Madrid, Spain
  EUR 60 101
- Straumann Ltd
  Crawley, UK
  GBP 300 000
- Straumann BV
  Ijsselstein, Netherlands
  EUR 18 151
- Straumann SA/NV
  Zaventem, Belgium
  EUR 2 081 620
- Straumann sro
  Prague, Czech Republic
  CZK 200 000

- Straumann Manufacturing, Inc
  Andover, USA
  USD 1
  - Straumann USA, LLC
    Andover, USA
    USD 1
- Straumann Canada Ltd
  Burlington, Canada
  CAD 100 000
- Straumann Mexico SA de CV
  Mexico DF, Mexico
  MXN 19 407 008
- Straumann Brasil Ltda
  São Paulo, Brazil
  BRL 3 405 614

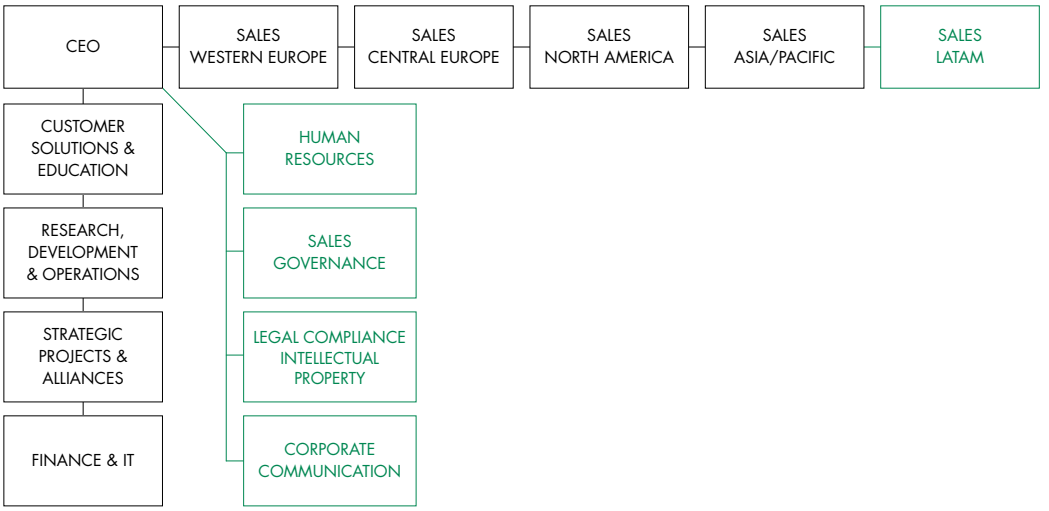
- Straumann Singapore Pte Ltd
  Singapore
  SGD 1
- Straumann Pty Ltd
  Victoria, Australia
  AUD 100
- Straumann Japan KK
  Tokyo, Japan
  JPY 10 000 000
- Straumann Dental Korea Inc
  Seoul, Republic of Korea
  KRW 2 300 000 000
- Straumann (Beijing) Medical Device Trading Co Ltd
  Beijing, China
  RMB 40 000 000
- Straumann Dental India Pvt Ltd
  Gurgaon, India
  INR 6 000 000

Holding/Management
Sales and distribution
Manufacturing
Headquarters, sales and distribution

At 31 December 2013.
Values indicate share capital in each case.

[1] Etkon GmbH as of February 2014

GROUP OPERATIONAL STRUCTURE 2013



- Sales Asia/Pacific
- Sales Central Europe
- Sales Latin America
- Sales North America
- Sales Western Europe
- Strategic Projects & Alliances comprising Business Development & Licensing, ITI/University Relationship Management, and Market Research.

GROUP LEGAL STRUCTURE

Changes/developments in 2013

Investments in Medentika and Createch Medical

To advance its strategy of becoming a global leader in both the premium and value segments, Straumann acquired a non-controlling 51% stake in the German companies Medentika GmbH and Medentika Implant GmbH (collectively referred to as 'Medentika') in October 2013, and 30% of the Spanish company Createch Medical SL in September 2013. Medentika is a rapidly-expanding provider of cost-effective dental implants and attractively-priced prosthetics for multiple implant systems. Createch Medical is specialized in high quality CADCAM prosthetics designed for a variety of implant systems. Straumann has options to increase its stake in Createch Medical up to 100% by 2020.

Transfer of software development, guided surgery, scanner production

Straumann owns 44% of Dental Wings Inc, which specializes in dental software and 3D scanners for dental applications. With the integration of its CAD-CAM system into the Dental Wings open software platform in 2013, Straumann transferred both its software and guided surgery units in Berlin and Chemnitz respectively to Dental Wings in the first quarter. At the end of the year, the two companies agreed on a further strategic step to combine their rival scanner businesses through the transfer of Straumann CAD-CAM GmbH's scanner production unit in Gräfelfing to Dental Wings early in 2014.

Listed Companies

Straumann Holding AG is the sole company of the Straumann Group listed on the Swiss stock exchange.

Name	Straumann Holding AG
Domicile	Peter Merian-Weg 12, 4052 Basel, Switzerland
Treasury shares	0.91% of total
Market capitalization	CHF 2 615 million[1]
Listed on	SIX Swiss Exchange
Security ID	0 01228 007
ISIN	CH 0012 280 076

[1] On 31 December 2013

No other company of the Straumann Group is listed at another stock exchange.

Non-Listed Group Companies

Straumann sells products and services through Institut Straumann AG and 22 fully-owned sales subsidiaries. As laid down in the rules of organization and operation, the respective Sales Region Head, the CFO and the General Counsel are generally members of the Board of Directors in Straumann Sales companies, representing the parent company as the only shareholder. The Group has four manufacturing companies (see p. 53 f for details of production locations) and one company in India for the purpose of product registrations as well as several subholding companies. The major subsidiaries of the Straumann Group are presented in the chart on p. 65 and in Note 34 to the Financial Statements on p. F68 in the Financial Report.

On 31 December 2013, Straumann Holding AG directly or indirectly held 100% of the capital and voting rights in all consolidated Group companies. In addition, Straumann Holding AG directly or indirectly held capital and voting rights in the six companies listed in the table below. The Straumann Group has no significant shareholdings of more than 10% in other companies.

SIGNIFICANT SHAREHOLDERS

In 2013, Straumann was notified of ten transactions according to Art. 20 SESTA:

- In January Baillie Gifford, an independent investment management firm based in Edinburgh, Scotland, divided among Baillie Gifford & Co, Baillie Gifford Life Ltd and Baillie Gifford Overseas Ltd reported two sales, reducing their stake to less than 3% of the outstanding shares by year end.
- Parvus Asset Management (UK) LLP, an independent investment management firm based in London, United Kingdom, reported five purchases of shares and one sale of shares together with a purchase of contracts for difference in the course of the year. On 31 December 2013, Parvus held more than 10%.
- In July 2013, Simone Maag de Moura Cunha reported a sale of shares that reduced her holding to less than 5% on 31 December 2013.
- Also in July 2013, the Government of Singapore Investment Corporation Pte Ltd reported a change in its name to GIC Private Limited. On 31 December 2013, its shareholding was more than 10%.

Details of the transactions are published on the SIX Swiss Exchange reporting platform http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

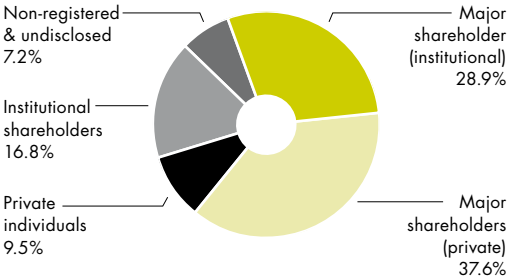
On 31 December 2013, the major shareholders registered as holding more than 3% of the share capital were as listed in the table on p. 69.

CROSS SHAREHOLDINGS

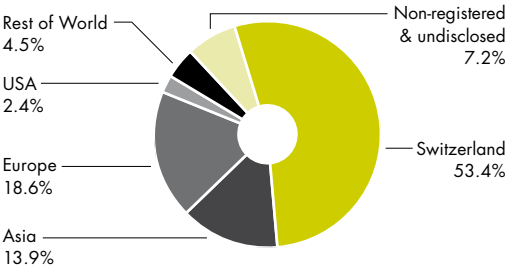
Straumann does not have, and has not entered into, any cross-shareholdings with other companies relating to equity or voting rights.

Non-consolidated company	Location	Activities	Capital/voting rights held	Straumann representation
Createch Medical SL	Mendaro (Spain)	CADCAM prosthetics for multiple implant systems	30%	1 Board seat (Guillaume Daniellot)
Dental Wings Inc	Montreal (Canada)	Dental prosthetics design (CAD) software and scanners	44%	2 Board seats (Marco Gadola, Sandro Matter)
JJGC Indústria e Comércio de Materiais Dentários S.A. (Neodent)	Curitiba (Brazil)	Design, development, and manufacture of dental implants and related prosthetic components	49%	2 Board seats (Marco Gadola, Thomas Dressendörfer)
Medentika GmbH Medentika Implant GmbH	Hügelsheim, (Germany)	Implant prosthetics & dental implants	51%	At general meeting
Open Digital Dentistry AG (in liquidation; assets and activities transferred to Dental Wings)	Zug (Switzerland)	Dental prosthetics design software marketing	44%	n/a

SHAREHOLDINGS ON 31 DECEMBER 2013 (BY SEGMENT)



SHAREHOLDINGS ON 31 DECEMBER 2013 (BY GEOGRAPHY)



CAPITAL STRUCTURE

ORDINARY SHARE CAPITAL

On 31 December 2013, the share capital was composed of 15 676 549 registered shares, each with a nominal value of CHF 0.10. The share capital is fully paid in. Further information is presented on the following page.

CONDITIONAL AND AUTHORIZED SHARE CAPITAL

Conditional share capital was approved for an unlimited period at an extraordinary General Meeting in 1998 for use in equity participation plans for employees and management (see Compensation Report for details).

At the end of 2013, the conditional capital amounted to CHF 32 345.10 and the number of conditional shares was 323 451. On 31 December 2013, Straumann Holding AG did not have any authorized share capital.

CHANGES IN CAPITAL

There have been no changes in Straumann's capital in the past three years.

CERTIFICATES AND CONVERTIBLE/EXCHANGEABLE SECURITIES

On 30 April 2013, Straumann launched and fully placed an inaugural CHF-denominated domestic straight bond issue for an aggregate amount of CHF 200 million with a coupon of 1.625%, due on 30 April 2020. The bond was successfully listed on the SIX Swiss Exchange.

Straumann has not issued any of the following: participation certificates, dividend-right certificates, warrants, options or other securities granting rights to Straumann shares, other than options/warrants and Performance Share Units granted to certain employees as a component of compensation (see Compensation Report p. 93).

RESTRICTIONS ON THE TRANSFERABILITY OF SHARES AND NOMINEE REGISTRATIONS

Straumann has no other categories of shares than registered shares. There are no restrictions on the transferability of Straumann Holding's shares. Nominees can register the shares they hold, if this is specifically approved by the Board of Directors. The Board of Directors decides whether nominee entries shall have voting rights or not. At 31 December 2013, no nominee applied/asked for registration and voting rights.

SHAREHOLDERS' PARTICIPATION

CONVOCATION OF GENERAL MEETINGS, AGENDA PROPOSALS

The Shareholders' General Meeting is convened by the Board of Directors or, if necessary, the auditors, and is held in Basel in March or April each year. In 2014, the Shareholders' General Meeting will take place on 11 April at the Basel Congress Center. Invitations to the General Meeting are issued in writing at least 20 days before the meeting and are published once in the company's journal of record, the Swiss official Gazette of Commerce ('Schweizerisches Handelsamtsblatt SHAB') and in the 'Neue Zürcher Zeitung', as well as on the company's website, www.straumann.com.

NUMBER OF SHAREHOLDERS

Shares	31 Dec 2013	31 Dec 2012
1 – 100	5 756	6 553
101 – 1 000	2 946	3 349
1 001 – 10 000	238	294
10 001 – 100 000	44	42
100 001 – 1 000 000	8	8
1 000 001 and more	3	3
Total	8 995	10 249

SHAREHOLDERS BY CATEGORY

(in %)	31 Dec 2013	31 Dec 2012
Major private shareholders	37.6	38.1
Major institutional shareholders	28.9	16.8
Other institutional shareholders	16.8	16.5
Private individuals	9.5	11.0
Non-registered and undisclosed shareholders	7.2	17.6

MAJOR SHAREHOLDERS

(in %)	31 Dec 2013	31 Dec 2012
Dr h.c. Thomas Straumann (Vice Chairman of the Board)	17.3	17.3
GIC Private Ltd	13.7	13.8
Dr h.c. Rudolf Maag	12.2	12.2
Parvus Asset Management (UK) LLP	10.8	n/a
Simone Maag de Moura Cunha	4.7	5.2
Sprucegrove Investment Management	4.4	3.0
Gabriella Straumann	3.4	3.4
Total	66.5	54.9

CAPITAL STRUCTURE

(in CHF 1 000)	31 Dec 2013	31 Dec 2012 (restated)
Equity	631 380	601 657
Reserves	(126 314)	(102 481)
Retained earnings	756 126	702 570
Ordinary share capital	1 568	1 568
Conditional share capital	32	32
Authorized share capital	0	0
Number of registered shares	15 676 549	15 676 549
Nominal value per share (in CHF)	0.10	0.10
Registration restrictions	None	None
Voting restrictions	None	None
Opting-out, opting-up	None	None

Requests regarding items to be included in the agenda may be made by shareholders who individually or jointly represent 150 000 shares. The invitation to submit proposals for agenda items, which also states the deadline for submissions, is announced by publication once in the company's journal of record and in the 'Neue Zürcher Zeitung'. Shareholders individually or jointly representing at least 10% of the share capital may request an extraordinary General Meeting. The request must be made to the Board of Directors in writing, stating the agenda items and motions.

INSCRIPTIONS INTO THE SHARE REGISTER

There are no statutory rules concerning deadlines for entry in the share register. However, for organizational reasons, the share register will be closed several days before the General Meeting. For the 2014 General Meeting, new entries in the share register cannot be made after 3 April 2014.

Shareholders who sell their shares prior to the General Meeting are no longer entitled to vote. Proof of acquisition of title in the shares is a prerequisite for entry in the share register which is maintained and administered on behalf of the company by Nimbus AG (Ziegelbrückstrasse 82, P.O. Box, CH-8866 Ziegelbrücke, Switzerland). Purchasers of shares are entered in the share register as shareholders with voting rights if they expressly declare that they have acquired the registered shares in their own name and for their own account. If a purchaser is not willing to make such a declaration, he/she is registered as a shareholder without voting rights.

The company must be informed of any changes. Persons recorded in the register are considered to be shareholders in relation to the company. The company may, after hearing the affected parties, delete entries in the register if these are based on false information.

VOTING RIGHTS AND REPRESENTATION RESTRICTIONS

Each share duly entered in Straumann's register of shares as being held in the shareholder's own name and for the shareholder's own account entitles the shareholder to one vote. At 31 December 2013, 22.4% of all issued shares were not registered. All shares have the same entitlements to a dividend. There are no preferential rights granted to any shareholders or shares.

All shareholders may be represented at the General Meeting by written proxy. In 2013, Dr Stephan Frey from Neovius, Schlager and Partners of Basel acted as the independent proxy, a service that he has performed for several years. At the 2014 General Meeting, the Board of Directors will therefore propose that Neovius, Schlager and Partners carry on this role. Neovius, Schlager and Partners have no other mandates from Straumann and are completely independent.

In 2014, shareholders will be able to give their voting instructions to the independent proxy online in advance.

The General Meeting adopts its resolutions and holds its ballots by a majority of votes cast. Abstentions and unmarked ballots are not taken into account. The legal provisions that stipulate a different majority are not affected, in particular those set out in section 704 of the Swiss Code of Obligations.

In 2015, Switzerland will implement requirements for shareholders to approve the compensation of Executives and Directors. The corresponding changes to the articles of association of Straumann will be put to the shareholders at their 2014 General Meeting.

2013 GENERAL MEETING

The 2013 meeting took place on 5 April, and was attended by 490 shareholders representing a total of 7.8 million voting shares, corresponding to roughly half of the overall share capital.

The meeting approved the 2012 Annual Report, the Consolidated Financial Statements and the Compensation Report (in a separate advisory vote), the appropriation of the available earnings, the dissolution of legal reserves, and the 2012 dividend. The Directors were discharged for their activities in 2012 and were re-elected as Board members for a further one-year term. PricewaterhouseCoopers of Basel was reappointed as Statutory Auditors for a further term of one year.

The agenda, the minutes (including the voting results) and a media release summary of the meeting are published in the Investor Relations section of the company's website: www.straumann.com > 'Investors' > 'Corporate Governance' > 'Annual General Meeting'.

BOARD OF DIRECTORS

MEMBERS

All members of the Board of Directors are elected individually by the Shareholders' General Meeting for a term of one year, with re-election permitted and not limited.

At the Shareholder's General Meeting in April 2013, all of the Directors – Gilbert Achermann, Dr Sebastian Burckhardt, Dominik Ellenrieder, Dr h.c. Thomas Straumann, Roland Hess, Ulrich Looser, Dr Beat Lüthi and Stefan Meister – were re-elected for a further one-year term.

Following the meeting, the Board appointed Gilbert Achermann as its Chairman and Dr h.c. Thomas Straumann as its Vice Chairman.

The Board of Directors of Straumann Holding AG comprised eight non-executive members. No Director has been a member of the company's Executive Management during the past three years except for Gilbert Achermann who took over the additional role of CEO for an interregnum period from 4 January to 1 April 2013 when the new CEO took office. As Mr Achermann was also the Chairman of the Board, Roland Hess was appointed Lead Director for the same interim period.

The Directors are all Swiss citizens and the average age of the Members of the Board at year-end was 53.

GILBERT ACHERMANN

Swiss (born 1964)
Chairman of the Board of Directors

Gilbert Achermann has been a Member of the Board of Directors at Straumann since 2009 and was appointed Chairman in 2010. Mr Achermann joined Straumann in 1998 as Chief Financial Officer and was appointed Chief Executive Officer in 2002, the office he held until the 2010 AGM. Formerly, he served for more than ten years at UBS, where he worked in Corporate Finance in different locations. Gilbert Achermann holds an executive masters' degree from IMD in Lausanne and a bachelor degree from the HWV business school in St. Gallen.

Other key assignments include membership of the Board of Directors of Siegfried Holding AG, Zofingen (Chairman); the Board of Julius Baer Group Ltd, Zurich; the Board of Vitra Holding AG and Vitrashop Holding AG, Birsfelden (Chairman); the Board of Medical Cluster Switzerland, Bern; the Board of Directors and Board of Trustees of the International Team for Implantology (ITI).

Gilbert Achermann has been a main contributor to the Company's past success. He stands for continuity, stability and credibility among the various stakeholders. In addition, the Board benefits from his extensive knowledge of the industry, his broad functional, regional and managerial expertise, and the experience he gains from directorships in other industries.

DR H.C. THOMAS STRAUMANN

Swiss (born 1963)
Vice Chairman of the Board

Thomas Straumann's skills in precision engineering were complemented by his studies at the Basel Management School and the Management and Commercial School of Baselland. In 1990, he was responsible for restructuring Institut Straumann AG and was CEO and Chairman of the Board of Directors until 1994. He was Chairman of the Board of Straumann Holding AG until 2002. In 2004, he was awarded an honorary doctorate by the University of Basel, Switzerland.

Thomas Straumann has been a Member of the Board of Directors of Straumann since 1990.

Other directorships include Centervision AG, Basel (Chairman); CSI-BHE AG, Oberwil (Chairman); Medartis AG, Basel (Chairman); Grand Hotel Les Trois Rois SA, Basel (Member of the Board) and the International Bone Research Association IBRA, Basel.

Thomas Straumann is the principal shareholder of Straumann Holding AG. He complements the Board with his understanding of the dental and medical device industries through personal management experience and various shareholdings. Having built up several companies, in which he is still involved, he is a true entrepreneur and has a diverse portfolio of interests, including not-for-profit activities.

DR SEBASTIAN BURCKHARDT

Swiss (born 1954)
Member of the Audit Committee, Secretary of the Board

Sebastian Burckhardt began his studies in the fields of economics and law and obtained his doctorate law degree at the University of Basel. He is a lawyer admitted to the Bar of Switzerland and a civil law notary in Basel. He was admitted to the New York Bar following studies at New York University School of Law. He is a partner at the Vischer AG law firm in Basel[1].

Sebastian Burckhardt has been a member of the Board of Directors of Straumann since 2002. Other directorships include: Dolder AG, Basel (Chairman); Applied Chemicals International AG, Basel; Grand Hotel Bellevue SA, Gstaad; persona service AG, Basel; and the School for Healing of the Deaf and Persons with Speech Impediments, Riehen.

Straumann's Board of Directors benefits from Dr Burckhardt's expertise as an independent lawyer. He is a specialist in corporate and commercial law and in mergers, acquisitions, joint ventures, licensing, distribution and technology contracts/agreements.His knowledge extends well beyond legal matters and includes many years' experience on corporate boards.

DOMINIK ELLENRIEDER

Swiss (born 1958)
Member of the Strategy Committee, Member of the Audit Committee

A graduate of the University of Basel, where he obtained a degree in economics, Dominik Ellenrieder was Head of International Sales at Protek AG (later Sulzer Medica). In 1990, he joined Stratec Medical, where he held a series of managerial positions with increasing responsibility (development, product management, and operations of affiliated companies). In 2000, he founded Kuros Therapeutics AG, where he was Chairman of the Board until 2002.

Dominik Ellenrieder is Chairman of the Boards of Sentec AG, Therwil; QGel SA, Ecublens; SenSpec GmbH, Rostock; and partner of Endeavour Vision (VC Fonds), Geneva. Other directorships include Medartis AG, Basel; and Kuros Biosurgery Holding AG, Zurich. Dominik Ellenrieder has been a member of the Board of Directors of Straumann since 2001.

Having worked for over 20 years in the medical device area, Dominik Ellenrieder brings to the Board significant experience and knowledge of the industry. As an entrepreneur, he has been involved in a number of mid-size and start-up companies and has a portfolio of diverse interests within the medical device industry.

ROLAND HESS

Swiss (born 1951)
Chairman of the Audit Committee, Member of the Strategy Committee

From 2008 until 2012, Roland Hess served as senior advisor to the Executive Committee of the Board of Schindler Holding AG, Ebikon, and held positions on several Boards of Directors for companies within the Schindler Group. Mr Hess joined Schindler in 1984 and rose through positions of increasing responsibility in controlling, finance and regional management to become President of the Elevator and Escalator Division. From 1971 to 1984, he worked for Nestlé, initially in accounting, then as an international auditor, and finally as Chief Financial Officer of a Group company.

His career includes several years in North and Latin America, in addition to assignments in Europe. He holds a degree in business administration from Lucerne Business School and studied at Harvard Business School near Boston.

Roland Hess has been a member of the Board of Directors of Straumann since 2010.

He has a long and distinguished track record in larger companies in more mature industries, combined with in-depth regional and functional experience. In addition, he complements the Board with expertise in compliance, risk management and standardized global procedures.

ULRICH LOOSER

Swiss (born 1957)
Chairman of the Strategy Committee, Member of the Nomination and Compensation Committee

Ulrich Looser is a partner of BLR & Partners AG. From 2001 to 2009, he was with Accenture Ltd, where he became Chairman of its Swiss affiliate (2005) and Managing Director of the Products Business in Austria, Switzerland and Germany. Earlier, he spent six years as a partner at McKinsey & Company Ltd. Mr Looser graduated in physics from the Zurich ETH (Swiss Federal Institute of Technology) and in economics at the University of St. Gallen.

Ulrich Looser is Chairman of the Board of econis AG, Dietikon; member of the Boards of the Bachofen Group, Uster; the Kardex Group, Zurich; the University of Zurich, the Swiss National Fund and the University Hospital Balgrist, Zurich. He is a member of the Board of economiesuisse in Zurich, where he has headed the Competition Commission and currently heads the Commission of Research and Education.

He heads a chapter of the Swiss American Chamber of Commerce, is a Member of the Board of 'Engineers Shape our Future', and heads the finance commission of the Swiss Studies Foundation.

Ulrich Looser has been a member of the Board of Directors of Straumann since 2010.

His expertise in strategy, project and human capital management is of great value to the Straumann Board. He also adds in-depth consultancy experience.

DR BEAT LÜTHI

Swiss (born 1962)
Member of the Strategy Committee, Member of the Nomination and Compensation Committee

Beat Lüthi is CEO and co-owner of CTC Analytics AG, Zwingen, a globally active medium-sized Swiss company in the field of chromatography automation. After obtaining his PhD in Engineering from the Swiss Federal Institute of Technology (ETH) in Zurich, Beat Lüthi began his career with Zellweger Uster AG, a leading manufacturer of quality control equipment in textile production. In 1990, he moved to Mettler-Toledo International Inc and rose to the position of General Manager of the Swiss affiliate. In 1994, he completed an executive program at INSEAD and subsequently joined the Feintool Group in 1998. During his four-year tenure as CEO, the company went public and doubled in size. In 2003, he returned to Mettler-Toledo as CEO of the Laboratory Division. At the end of 2007, he joined CTC Analytics to lead and further develop the company as an entrepreneur.

Beat Lüthi has been a member of the Board of Directors of Straumann since 2010. He is also Chairman of the Board of Directors of the SIX-listed Inficon Group, headquartered in Bad Ragaz. Over the past decade he served as an active board member in several globally active Swiss companies, i.e. Addex Pharma, Bossard Fasteners, Stadler Rail and Uster Technologies.

Beat Lüthi combines entrepreneurship and corporate experience in different industries, which make him a valuable contributor to strategic and operational matters. His scientific background together with his experience as a CEO and Board member in various industrial businesses are of further benefit to the Straumann Board.

STEFAN MEISTER

Swiss (born 1965)
Chairman of the Nomination and Compensation Committee

Stefan Meister holds a degree in economics from Basel University. He started his career at Sandoz Pharma in 1991. From 1995 to 2009, he worked for Celesio AG, a leading pharmaceutical distribution and services company. From 1999, he was a member of the Celesio Management Board, where his responsibilities included finance and controlling, IT, human resources, and the pharmacy business. In 2010, he joined the Management Board of Franz Haniel & Cie GmbH, a family-owned, international group of companies holding – amongst others – a major stake in Metro AG and a majority stake in Celesio. At Haniel, he was responsible for the operating businesses CWS-boco and ELG as well as Group Finance, IT and Corporate Responsibility.

In September 2011, Stefan Meister took office as a member of the Board and Group Chief Operating

BOARD OF DIRECTORS 2013

The Board of Directors of Straumann Holding AG comprised eight non-executive members, all of whom are elected individually by the shareholders General Meeting each for a term of one year.

Gilbert Achermann

Dr h.c. Thomas Straumann

Dominik Ellenrieder

Roland Hess

Stefan Meister

Dr Sebastian Burckhardt

Dr Beat Lüthi

Ulrich Looser

Officer of Waypoint Capital in Geneva, the holding company for the Bertarelli Family Investments. With his thorough understanding of portfolio businesses and macro-level strategic leadership, he assumes operating leadership and drives the strategic development of the Bertarelli Family Investments in close cooperation with the Board and its Chairman.

Stefan Meister is a member of the Advisory Board of BPN (Business Professionals Network), Bern. He has been a member of the Board of Directors of Straumann since 2010.

He complements the Board with in-depth knowledge in the Life Sciences sector and from industries with comparable business models/challenges to those of Straumann. He also has a wealth of experience in corporate governance, mergers and acquisitions, finance and human resources management.

BUSINESS CONNECTIONS AND POLITICAL/ OFFICIAL FUNCTIONS

None of the Directors had any significant business connections with Straumann Holding AG or any of its subsidiaries in 2013, with the exception of Dr Sebastian Burckhardt in his capacity as a partner of Vischer AG (see above).

Unless stated in the individual CVs above, none of the Directors:

- Performed any activities in governing or supervisory bodies of significant foreign or domestic organizations, institutions or foundations under private or public law;
- Held any permanent management or consultancy function for significant domestic or foreign interest groups;
- Held any official function or political post.

CHANGES IN 2014

From 2014 on, the ordinary Annual General Meeting will elect the Chairman of the Board of Directors and the members of the Nomination and Compensation Committee. Following the Annual General Meeting, the Board of Directors will then appoint the members of the Audit Committee, the Vice Chairman and a Secretary who need not be a member of the Board of Directors.

OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS

The Board of Directors meets for one-day meetings at least four times a year and as often as business requires. In 2013, it held eight meetings, of which one was by teleconference.

Its major activities included: supporting the resizing and reorganization of the Group, evaluating and supporting transformational opportunities in the area of digital dentistry and the value implant segment, ensuring that Straumann has the right organization, the right compensation system and the right people to add value for the shareholders, and finally supporting the leadership amid changing industry dynamics and economic uncertainty.

The members of the Executive Management Board participate in Board meetings in general. Dr Sebastian Burckhardt acts as Secretary to the Board of Directors. The Board of Directors consults external experts where necessary when discussing specific topics.

The Board of Directors is responsible for the strategic management of the company, the supervision of the Executive Management Board and financial control. It reviews the company's objectives and identifies opportunities and risks. In addition, it decides on the appointment and/or dismissal of members of the Executive Management Board. The Board of Directors also provides a 'mentoring' service to the Executive Management. The concept is to provide an experienced sparring partner/coach and sounding board for executives to test ideas and seek qualified independent opinions.

The Board of Directors is charged with the following specific tasks/duties:

- Overall governance of the Company including formulating the vision, mission, values, strategy and planning priorities and laying down guidelines for corporate policy and issuing the necessary instructions
- Ensuring the appropriate organizational structure and processes to effectively and efficiently execute the agreed upon strategies and financial goals

- Appointing and dismissing the persons responsible for the management and the representation of the Company, and conferring signatory powers
- Supervision of the persons responsible for the management of the Company, in particular with regard to their compliance with the law and any industry regulations, Stock Exchange requirements including reporting frameworks and standards, Articles of Association, internal regulations and directives
- Approving the annual and half-yearly business reports, preparing the General Meeting and implementing its resolutions
- Approving the strategic plan and the financial medium-term plan as well as the annual budget
- Approval of mergers, acquisitions, partnerships, alliances, divestiture and licensing opportunities
- Notifying the courts in the event of insolvency
- Proposing capital increases and amendments of the Articles of Association.

The Board of Directors has a quorum if a majority of members is present. Valid resolutions require a majority of the votes cast. In the event of a draw, the Chairman of the Board holds the deciding vote.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has Committees consisting of not fewer than three Board members with relevant background and experience. The majority of each Committee's members are non-executive. Each Committee informs the Board about its deliberations, makes recommendations, and subsequently monitors the implementation of the Board's decisions. The Human Resources Committee takes decisions directly in the context of recruiting members of the Executive Management Board. Copies of the charters of the three permanent committees can be found on the company's website www.straumann.com under 'Investors'.

In 2013, the Board of Directors had three committees: the Audit Committee, the Nomination and Compensation Committee (formerly Human Resources Committee) and the Strategy Committee, which met six, three and four times respectively.

The Board of Directors may establish further committees or appoint individual members for specific tasks.

Audit Committee

Members: Roland Hess (Chair), Dr Sebastian Burckhardt, Dominik Ellenrieder.

The Audit Committee (AC) has the following duties:

- Develop, propose and review principles for financial planning, the dividend policy, accounting and reporting, disclosure and capital market relations
- Review proposed concepts of financial objectives, such as budget process, capital structure and capital expenditure
- Review the Group's finance policy
- Select the external auditors, examine their independence and effectiveness, as well as that of the internal controls and the way in which the two bodies cooperate
- Review and discuss the financial statements with the CFO and, separately, with the head of the external auditors without the CEO and the CFO being present
- Review the auditing services provided by the auditors and their remuneration
- Review other activities performed by the auditing firm on behalf of the company, in particular with respect to its independence
- Review organization, progress and staffing of the internal audit function, review its reports and the management responses
- Review major issues regarding compliance with applicable laws and regulations, as well as material litigation and legal risks
- Review the risk management framework.

Nomination and Compensation Committee (formerly Human Resources Committee)

Members: Stefan Meister (Chair), Ulrich Looser, Dr Beat Lüthi.

This Committee's main tasks were to:

- Review and approve the principles and programs for compensation, including proposals to the Board regarding share-based remuneration;
- Ensure that the compensation principles are designed to foster a high performance culture; manage performance through a structured system and compete with best-in-class global companies and industry benchmarks as well as with local market practices

- Consider and recommend employment contracts for the CEO, the members of the Executive Management Board and the Corporate Management Group
- Review the principles and programs for compensation of the CEO, the Executive Management Board and the Corporate Management Group (in particular share-based compensation and bonus schemes) and periodically evaluate their performances against individual and company goals
- Recommend the compensation schemes for the Board of Directors and periodically evaluate the performance of the Board and its Committees
- Periodically monitor and review succession planning including policies and principles for the selection of the members of the Executive Management Board and the Corporate Management Group
- Establish and review human resources policies to strengthen Straumann's position in the human capital market.

Strategy Committee

Members: Ulrich Looser (Chair), Dominik Ellenrieder, Roland Hess, Beat Lüthi.

The main tasks of this Committee were to:

- Review and assess the long-term business development, vision and mission of the company
- Review and assess the company's business franchise portfolio, its geographic portfolio, reach and channel approach, and the general validity of its business model considering competitive dynamics, disruptive technologies and economic trends
- Review the strategic plan, which includes financial and other medium-term targets and is subsequently submitted for approval by the Board
- Review the merger, acquisition, licensing and other business development strategies of the company.

From the 2014 AGM onwards, matters relating to strategy, innovation and products/services will be discussed by the full Board, obviating the need for a separate committee. The Strategy Committee will therefore cease to convene.

ASSIGNMENT OF RESPONSIBILITIES TO THE EXECUTIVE MANAGEMENT BOARD

The Board of Directors has delegated responsibility for the operational management and sustainable development of the company to the CEO and the Executive Management Board. The CEO is responsible for the overall management of the Straumann Group and its operations. The CFO is responsible for finance and information technology. The Heads of the Sales regions are responsible for the sales, local marketing activities and performance of the various country organizations in their respective regions. The Head of Strategic Projects & Alliances is responsible for Business Development & Licensing, ITI & University Relationship Management, and Market Research. The Head of Customer Solutions & Education is responsible for Product Management, Customer Marketing, Event Management, Training and Education Management. The Head of Research, Development & Operations is responsible for Corporate Logistics, Corporate Quality Management & Regulatory Affairs, Direct Spend Management, Digital R&D Services, Global Operations, Group Research & Development Operations-related Business Excellence, and Group Technical Services.

The Board of Directors has not delegated any management tasks to companies or persons outside the Group.

INFORMATION AND CONTROL MECHANISMS FOR THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

Management Information System

The Group's Management Information System encompasses management, business and financial reporting. The information is provided to the Executive Management Board once a month and to the Board of Directors as a monthly summary and in detail on a quarterly basis.

Straumann has built up a state-of-the-art SAP enterprise resource planning system, which now covers 97% of all business transactions of the Group's fully consolidated entities. The system links all major subsidiary companies and production sites directly with Group headquarters. This greatly reduces the potential for error or fraud, and it enables the Executive and

TIME (DAYS) SPENT BY DIRECTORS AT BOARD/COMMITTE MEETINGS AND ON COMPANY RELATED MATTERS IN 2013

2013 Meetings	Achermann	Straumann	Hess	Looser	Lüthi	Meister	Burckhardt	Ellenrieder
Board	8	8	8	8	8	8	8	8
Audit Committee	6		6		1		6	6
Nomination & Compensation Committee	3			3	3	3		
Strategy Committee	4		4	4	4			4
Other[1]	74	21	8	4	4	11	28	15
Total days 2013	87	29	26	20	20	22	42	33

[1] Meeting preparation & follow-up/conference calls/minutes/bilateral meetings, etc. (CEO interim assignment not included)

Senior Management to monitor local processes and related figures directly in detail and in real time.

Internal Control System (ICS)

The Group's Internal Control System is a key instrument for designing business processes, measuring progress towards financial goals and addressing potential financial issues before they occur. It also supports the design of business processes in order to achieve the desired level of control in terms of efficiency and effectiveness.

The company's approach is to ensure that internal controls are accurate, timely, robust, and receive appropriate management attention in each respect. To achieve this, dedicated control templates are used for each business process to address major risks. The templates are continuously improved and are being extended to include supporting process flows.

In addition, each entity (sales affiliate, production site or global function) has a designated, trained person or team that is ultimately accountable for the assessment undertaken and the decisions arising from it. Clear benefits of the Internal Control System include enhanced segregation of duties, increased control consciousness and higher awareness of potential risks and their consequences.

The ICS program is coordinated by Corporate Internal Audit, which meets with the external auditors on a regular basis to discuss the status of internal control issues and the status of remediation of control deficiencies. Internal controls are evaluated annually by the external auditors and by Internal Audit according to an agreed program.

Internal Audit

Corporate Internal Audit at Straumann is an 'independent' and 'objective' assurance and consulting body, reporting directly to the CFO and to the Audit Committee of the Board of Directors.

The main task of Corporate Internal Audit is to evaluate the effectiveness of the Group's governance and risk management processes, to review and assess internal controls, to monitor compliance with external and internal policies and procedures, and to ensure the economical and efficient use of the company's resources. In this role, Corporate Internal Audit promotes the exchange of best practices within the Straumann Group, proposes improvements, and monitors their implementation. In addition, Corporate Internal Audit pursues the development of the Group's Internal Control System, which was established in 2008.

In 2013, Corporate Internal Audit performed 11 audits at global and local levels according to the audit program approved by the Audit Committee of the Board of Directors. The Corporate Information Security Officer (CISO), reports directly to the Head of Corporate Internal Audit.

Corporate Risk Management

The Board of Directors is responsible for the overall supervision of risk management and uses the Internal Audit function to this end. The Board has delegated the task of risk management to the Chief Risk Officer (CRO), who is also the CFO. Through its Audit Committee, the Board assesses and discusses risks on a regular basis in consultation with the CRO and/or the relevant members of senior management (see 'Risk Management' on p. 86 ff).

EXECUTIVE MANAGEMENT BOARD

The Group's Executive Management Board (EMB) is responsible for the operational management of the Straumann Group, in line with the instructions issued by the Board of Directors. Its tasks are laid down in the organizational and business regulations. It is also responsible for global strategy and stakeholder management.

From April 2013, the Executive Management Board comprised nine members under the leadership of the CEO, Marco Gadola. The other members were: Thomas Dressendörfer, CFO; Guillaume Daniellot, Sales Western Europe; Wolfgang Becker, Sales Central Europe; Andy Molnar, Sales North America; Dr Alexander Ochsner, Sales APAC; Frank Hemm, Customer Solutions & Education; Dr Gerhard Bauer, Research, Development & Operations, and Dr Sandro Matter, Strategic Projects & Alliances.

MARCO GADOLA

Swiss (born 1963)
Chief Executive Officer
Appointed to current position in 2013

Marco Gadola has a strong executive track record in a broad range of global businesses. Mr Gadola rejoined Straumann in March 2013 and assumed his responsibilities as CEO a month later. Previously, he was Chief Financial Officer and Executive Vice President Operations at Straumann from 2006 to 2008, when he left to pursue a career development opportunity at Panalpina, a world leader in supply chain management. Having started as Panalpina's Chief Financial Officer, he became Regional CEO Asia Pacific in 2012, with overall responsibility for the regional business.

Prior to initially joining Straumann in 2006, he spent five years at Hero, the Swiss-based international food group, where he was also CFO and responsible for IT and operations. Previously, he spent nine years at the international construction tool manufacturer Hilti, where he held a number of senior commercial/sales and finance-related positions in various countries. Before that, he worked for Sandoz International Ltd as Audit Manager and for Swiss Bank Corporation, Basel, in Corporate Finance.

Mr Gadola, who is Swiss, graduated from Basel University in business administration and economics. He also completed various programs at the London School of Economics and IMD in Lausanne.

Marco Gadola has served on the Board of Directors of Calida, the Swiss textiles group, since 2011.

THOMAS DRESSENDÖRFER

German (born 1958)
Chief Financial Officer
Appointed to current position in 2012

Thomas Dressendörfer has a wide cultural background and broad international professional experience. After formative years abroad, he studied in Germany, gaining a Master's in Business Administration and Economics from the University of Erlangen-Nuremberg.

His career in finance progressed to senior positions including the role of CFO of major business units/regions in international companies such as Randstad, The Nielsen Company, Procter&Gamble, and Baumüller. His career has thus taken him through the healthcare and consumer products industries, as well as the personnel services, market intelligence, and mechanical engineering sectors in various countries.

Thomas Dressendörfer joined Straumann in November 2011 from Uster Technologies Ltd, where he was Chief Financial Officer and a member of the Executive Committee for three years. Uster is the leading manufacturer of high-technology testing and monitoring systems for the textile industry.

FRANK HEMM

Swiss (born 1970)
Head Customer Solutions & Education
Appointed to current position in 2013

Frank Hemm holds a Master's degree in Economics from the University of St. Gallen and a Master's in Business Administration from Kellogg Graduate School of Management in the USA. His business career began in management consulting with Andersen Consulting and McKinsey, focusing on business process re-engineering and strategic management consulting.

EXECUTIVE MANAGEMENT BOARD

Marco Gadola (2013)

Thomas Dressendörfer

Dr Gerhard Bauer

Andy Molnar

Frank Hemm

Dr Alexander Ochsner

Guillaume Daniellot

Dr Sandro Matter

Wolfgang Becker

Mr Hemm joined Straumann in 2004 and was initially responsible for Corporate Business Development & Licensing. He was appointed Head of Sales, Western Europe in 2007 and became a member of the Corporate Management Group. A year later, he was given responsibility for the Asia/Pacific Region as Head of Sales based in Singapore, where he established and built up Straumann's regional headquarters. In addition to leading the integration and turnaround of the acquired distributors in Japan and Korea, he also expanded Straumann's presence in China.

In 2012, Mr Hemm was appointed to the Executive Management Board as Head of EMEA and LATAM,and he moved into his current role in 2013.

ANDY MOLNAR

British (born 1962)
Head Sales North America
Appointed to current position in 2012

Andy Molnar has a proven track record in the dental and healthcare industries, having held senior managerial roles in global business sales and country management.

Under his leadership as General Manager of Straumann UK from 2006–2009, the company rose to national market leadership in implant dentistry. In 2009, Mr Molnar moved to Group headquarters as Senior Vice President Global Regenerative Sales and member of the Corporate Management Group. In this position, he successfully orchestrated and supervised key product launches, in addition to driving significant growth in global sales of oral tissue regeneration products.

He joined Straumann in 2005 from SIDHIL, a UK medical equipment company, where he was Sales and Marketing Director. However, the bulk of his career – 11 years – was spent in sales and management roles at GlaxoSmithKline Pharmaceuticals.

Andy Molnar holds a Bachelor of Science degree from Reading University, in Physiology and Biochemistry, and an MBA from Bradford University.

DR ALEXANDER OCHSNER

Swiss (born 1964)
Head Sales Asia/Pacific
Appointed to current position in 2012

Alexander Ochsner is a seasoned executive with extensive international experience in the medical device industry, having spent more than a decade in senior managerial roles at the top of the dental implant industry in regional leadership positions.

Before moving to the dental industry, Dr Ochsner held managerial positions in marketing/sales at Medtronic and Medela, where he gained experience of the medical device market in the Far East as Area Sales Manager & Executive Director of the Japanese subsidiary. From 2002 to 2008, he worked for Zimmer Dental, where – as Vice President Europe & Asia Pacific and a member of the Divisional Executive Team – he was responsible for the respective regional businesses.

Alexander Ochsner joined Straumann in September 2012 from Nobel Biocare, where – as Senior Vice President & General Manager EMEA and member of the Executive Committee – he had full responsibility for the regional business including strategic planning, sales, marketing, finance, customer service and human resources.

Dr Ochsner gained his PhD at the Swiss Federal Institute of Technology (ETH) in Zurich, where he also attained an MSc in natural sciences.

WOLFGANG BECKER

German (born 1966)
Head Sales Central Europe
Appointed to current position in 2013

Wolfgang Becker holds a number of business school diplomas including that of the St Gallen Management Center. He began his professional career at Straumann in 1986 and held a series of managerial positions of increasing responsibility in the company's German subsidiary, becoming Head of Human Resources in 1991, Head of Marketing in 2000, and General Manager of Straumann Germany in 2001. He served on Straumann's Executive Committee as Head of Sales Europe from 2005 to 2006. Since then, he has been responsible for Straumann's business in Central and

Eastern Europe, and headed the Group's distributor business from 2007 to 2008.

Wolfgang Becker rejoined the Group's Executive Management Board in his current role in 2013.

GUILLAUME DANIELLOT

French (born 1970)
Head Sales Western Europe
Appointed to current position in 2013

Having obtained a Bachelor's degree in Physics from the University of Dijon and a Master's degree in Marketing from ESCEM in Tours, Guillaume Daniellot completed his studies with a Master's in Business Administration at the ESC European School of Management in Paris.

His professional career began in hospital product management – initially at Coloplast and then at B. Braun, as an international business unit manager. He switched to the dental industry in 2001, joining Dentsply France, where he became Sales & Marketing Director.

Mr Daniellot joined Straumann in 2007 as Managing Director of Straumann France. Two years later, he transferred to Group Headquarters to become Head of Global Sales Digital Dentistry. Shortly afterwards he took over responsibility for Straumann's Prosthetic Laboratory Business Group, including global management of sales, marketing, product development, training and education. In both these roles he was a member of the Corporate Management Group.

DR GERHARD BAUER

German (born 1956)
Head Research, Development & Operations
Appointed to current position in 2013

Gerhard Bauer is a seasoned executive with a broad international background in Global Operations. He has spent more than 30 years in the pharmaceutical and medical device industry in various leadership positions, where he gained considerable experience in both pharmaceutical products and medical devices.

Prior to joining Straumann in 2010, Dr Bauer held managerial positions at Nextpharma, a specialist company in the biotech industry, and Bausch & Lomb, a global leader in eye-care products. From 1992 to 2008, his career at Bausch & Lomb was distinguished by increasing responsibility and, in 2006, he was appointed Head of Global Operations & Engineering and Member of the Executive Team. From 1984 to 1992, he worked for Ciba Vision, a subsidiary of Novartis. He began his career in production at GlaxoSmithKline in 1983.

Dr Bauer received his PhD from the Institute of Pharmaceutics at the Ludwig-Maximilians-University in Munich where he also obtained his MSc in Pharmaceutics. Additionally, he received an advanced degree in Pharmaceutical Technology from the Bavarian Chamber of Pharmacists.

DR SANDRO MATTER

Swiss (born 1964)
Head Strategic Projects & Alliances
Appointed to current position in 2013

Sandro Matter completed a professional apprenticeship at Ciba-Geigy, followed by the Swiss Federal Matura. After earning a Master's degree in Organic Chemistry from the Swiss Federal Institute of Technology (ETH) in Zurich, he gained a PhD in Materials Science from the same institution. His business career began at Synthes-Stratec, where he was responsible for biomaterials product management and development from 1997 to 2002. He was also a co-founder of Kuros Therapeutics. Dr Matter is a member of the Industrial Advisory Board (IAB) for the Department of Mechanical & Process Engineering (DMAVT) of the ETH Zurich.

Dr Matter joined Straumann in 2002 as a Member of the Executive Management and as Head of the Biologics and Research Division. He headed the Products Division from 2005 to 2011 and was appointed Head of the Business Unit Prosthetics at the beginning of 2012.

SUPERVISORY/CONSULTING/ POLITICAL FUNCTIONS

In addition to the board memberships and representations mentioned in the biographies above, Marco Gadola is a member of the Board of Directors and Board of trustees of the independent academic network International Team for Implantology (ITI). Straumann supports the ITI with payments under a collaboration agreement (see Note 28 of the Audited Consolidated Financial Statements on p. F58 f for details of payments in 2013). Alexander Ochsner is an advisor of the Essence & DM Dental Industry Investment Partnership, a private equity fund addressing the dental sector in China.

Apart from these cases, none of the Executive Management Board:

- Performed any activities in governing or supervisory bodies of significant foreign or domestic organizations, institutions or foundations under private or public law
- Held any permanent management or consultancy function for significant domestic or foreign interest groups
- Held any official function or political post.

CORPORATE MANAGEMENT GROUP

The reorganization in 2013 made it possible to discontinue the Corporate Management Group (CMG) which had served as a discussion, sounding and alignment board for the Executive Management Board. The latter assumed the responsibilities of the CMG in addition to their existing roles.

MANAGEMENT CONTRACTS

The Board of Directors and the Executive Management Board run the business directly. They have not delegated any managerial powers to persons or companies outside Straumann.

INTERNAL MANAGEMENT DEVELOPMENT

Straumann continued the Strategic Management Development System (SMD) program initiated in 2008 to attract, develop and deploy key people. The Group's goal is to fill at least 50% of key management positions with internal candidates and this goal was again met in 2013. With the exception of the CEO, who rejoined Straumann from Panalpina, all of the new Executive Management Board positions were filled in 2013 with internal candidates.

COMPENSATION, SHAREHOLDINGS AND LOANS

The compensation and equity holdings as well as the basic principles and elements of the programs determining the compensation and equity holdings of the members of the Board of Directors and the Executive Management Board and their related parties are disclosed in the Compensation Report on p. 103 ff and also in the audited financial statements on p. F77 ff.

CHANGES IN CONTROL AND DEFENSE MEASURES

The Articles of Association of Straumann Holding AG do not contain provisions for opting out or opting up. There are no provisions for changes in control regarding members of the Board of Directors, the Executive Management Board, or other management staff. Furthermore, there are no change-of-control clauses included in agreements and schemes benefiting members of the Board of Directors and/or the Executive Management Board or other management staff.

AUDITING BODY

The Shareholders' General Meeting elects and appoints the Group's external auditors on an annual basis. In April 2013, PricewaterhouseCoopers AG (PwC), Basel, was re-elected for a ninth consecutive year as the auditor of Straumann Holding AG. The auditor in charge was Dr Rodolfo Gerber, Swiss Certified Public Accountant, who took over the mandate in 2012.

The Board of Directors supervises the external auditors through the Audit Committee, which met six times in 2013. The external auditors participated in two of these meetings, discussing the reports on the 2012 Audit Plan and the half-year review. Further

details on the instruments which assist the Board of Directors in obtaining information on the activities of the external auditors can be found on p. 77 f.

The worldwide fees paid to the auditors PwC were as follows:

(in CHF 1 000)	31 Dec 2013	31 Dec 2012
Total audit fees	974	928
Tax consultancy	1 093	1 126
Legal	0	3
Transaction services (Neodent acquisition in 2012)	0	447
Other services	30	168
Total non-audit fees	1 123	1 744
Total	2 097	2 673

At the beginning of 2014, Straumann separated its external audit mandate from tax and other consultancy mandates. In 2014, the Board of Directors will propose Ernst & Young AG of Zurich as Group's external auditors to the Shareholders' General Meeting. Thereafter, PwC will provide non-audit services.

INFORMATION POLICY

Straumann is committed to a policy of open, transparent and continuous information. In accordance with the rules of the SIX Swiss Exchange, Straumann publishes detailed sales figures on a quarterly basis as well as annual and half-yearly reports. Detailed information is provided at the Shareholders' General Meeting, the agenda of which is published in the company's journal of record and in the 'Neue Zürcher Zeitung'. A summary of the meeting and the minutes are published on the company's website. The summary is also disseminated in the form of a media release. Where necessary or appropriate, the company also publishes additional information on significant events. The CEO, CFO, the Head of Investor Relations and the Head of Corporate Communication & Public Affairs are responsible for communication with investors and representatives of the financial community, media and other stakeholders.

In addition to personal contacts, discussions, and presentations in Europe and North America, Straumann held half-year and full-year financial results conferences for the media and analysts in 2013, each attended by around 25 participants with more than 40 additional remote participants. Both of these conferences were transmitted live via an audio webcast and a traditional conference call. In addition, Straumann top management attended two sector-specific and three general equity conferences. Research analysts from 20 banks/national institutions cover developments at the Straumann Group and are listed on p. 122 of this report as well as on the 'Investors' section of the Straumann corporate website.

Apart from this, Straumann frequently publishes media releases and briefing documents, which are archived and available from the company's website www.straumann.com. The company offers a media release subscription service via its website and takes care to ensure that investor-relevant media releases are disseminated broadly and in a timely manner according to the rules of the SIX Swiss Exchange and with due regard for the principles of fair disclosure. The company does not update its releases, reports and presentations, which means that the information they contain is only valid at the time of publication. Straumann advises against relying on past publications for current information.

ANNUAL REPORT/COMPENSATION REPORT

Straumann's Annual Report is a key instrument for communicating with various stakeholder groups. It is published in English (with a summary in German) in hard copy and electronically on the company's website. The Group also issues a Compensation Report as part of the Annual Report. The Compensation Report can be downloaded from the company's website on the Annual Report webpage. The printed version of the full Annual Report can be ordered from: investor.relations@straumann.com.

MEDIA USED FOR REPORTING PURPOSES

The Company's website is www.straumann.com. The Company's journal of record is the 'Schweizerisches Handelsamtsblatt' ('SHAB' – Swiss Official Gazette of Commerce). The Company further publishes selected information in the 'Neue Zürcher Zeitung'. Further information requests should be addressed to:

- Head of Investor Relations:
  investor.relations@straumann.com
  Tel. +41 61 965 11 11

- Head of Corporate Communication:
  corporate.communication@straumann.com
  Tel. +41 61 965 11 11

CALENDAR

Straumann's calendar of planned reporting dates and investor relations events in 2014 can be found on p. 121 and is also published and updated on the company's website.

1 In 2013, Vischer AG was one of several law firms in Switzerland advising Straumann. Owing to Dr Burckhardt's position on the Board of Directors, Straumann will limit its use of Vischer AG for legal consulting to exceptional circumstances only.

communication design award

2013

In 2013, Straumann again ranked among the top companies in Switzerland for value reporting in the BILANZ/Harbour Club Awards. We also received an IF communication design award.

RISK MANAGEMENT

A holistic, disciplined and deliberate approach

We are committed to implementing appropriate controls, processes and strategies to identify, assess and manage risks associated with our activities in order to prevent or minimize the impact of unexpected events on our business or on our ability to create value. We believe that risk assessment and management must be embedded in a comprehensive internal control framework, and we address it through a holistic, disciplined and deliberate approach. For additional information see Group Notes 29 (p. F60 ff) and 32 (p. F67) and Holding Note 6 (p. F81).

RESPONSIBILITIES

Risk monitoring and control are management objectives. The assessment process analyzes the implications and potential impact of external and internal factors on the achievement of the Group's objectives, and provides a basis for managing them. Risks are categorized as follows:

- Strategic
- Operational
- Financial and reporting
- Legal and compliance.

This matches the approach of the COSO (Committee of Sponsoring Organizations of the Treadway Commission), whose integrated internal control framework is one of the most widely used. For identified risks that arise from accounting and financial reporting, relevant control measures are defined throughout Straumann's Internal Control System (ICS) framework. Various tools and aids are used to assess and manage risks. For instance, foreign exchange risks are managed with an SAP treasury tool, while external consultants are used on a regular basis to assess insurance coverage risks.

RISK REPORTING

A comprehensive corporate assessment report is produced annually and serves as a working document for the coming year. It includes key risks that are critical for Straumann's business. A specific scenario is developed for each risk topic and includes existing and new measures/controls. The risks are ranked and prioritized. Action plans are defined, and the implementation of measures to reduce risk is monitored. The significance of a risk scenario is estimated in terms of EBIT cumulated over a time horizon of three years. Certain risks are assessed according to qualitative criteria, e.g. risks to the Group's reputation. The reporting of key risks is based on fixed value limits. The report is prepared by Internal Audit and the CRO and discussed with the Executive Management Board. The Audit Committee of the Board of Directors assesses and discusses risks on the basis of the report in consultation with the CRO and/or the relevant members of Senior Management on a regular basis. Key findings are presented to the Board. Pressing risks that emerge very rapidly are discussed by the Board at short notice.

RISK ASSESSMENT

STRATEGIC RISK

Market environment

Straumann is active in specialty segments of the dental industry. Based on the aging population, the increasing number of professionals trained in the procedures, and increasing awareness, there are today no

discernible reasons why these segments should not continue to offer attractive prospects for growth in the long term (see discussion of markets and regions on p. 20 ff). However, the current economic uncertainties and the increasing trend to consolidate in the dental market might continue for some time and dampen the prospects of market growth. Straumann has defined its strategic priorities for 2014 as: driving a high performance culture and organization, targeting unexploited growth markets, and addressing changed market dynamics in core markets (see p. 17ff).

One challenge facing Straumann is the need to expand our market reach and grow our organization in order to realize significant market potential. Our future revenues also depend on our ability to defend and increase our business with existing customers, to enlarge our customer base, to develop innovative solutions that meet customers' needs and to bring them to market in a timely manner. New market entrants and price pressure from discounters pose a threat to established companies like ours. We conduct analyses of competitors based on our own and external market intelligence to counteract such risks. Furthermore, we are expanding our footprint into other segments through alliances, partnerships and acquisitions.

OPERATIONAL RISK

Legal and intellectual property risks

We operate in a competitive market, in which intellectual property rights are of significant importance. We therefore actively pursue a strategy of protecting our intellectual property, patents and trademarks. At the time of writing, Straumann was not involved in litigation that is considered to be material.

Manufacturing and supplier risk

Straumann has spread its manufacturing risk by establishing production centers for key products on both sides of the Atlantic. Implant system components are produced in Villeret (CH) and Andover (US), while CADCAM prosthetics are made in Markkleeberg (D) and Arlington (US).

With regard to suppliers, we pursue a 'second source' strategy, which offers a high degree of independence from single suppliers. We also keep more than one year's stock of titanium, the key material for our implant system.

Product risk and treatment outcome

We seek to minimize product risks by going well beyond the minimum statutory requirements and conducting thorough, large-scale trials, under real-life conditions, followed by controlled, selective introductions and long-term product surveillance, wherever appropriate. We also offer a comprehensive range of education courses at all levels in all countries where our products are sold.

FINANCIAL RISK (SEE ALSO P. F60 FF)

Exchange rate risk

As the majority of our business is international and because we prepare our financial statements in Swiss francs, fluctuations in exchange rates affect both the Group's operating results and the reported values of its assets, liabilities, revenue and expenses.

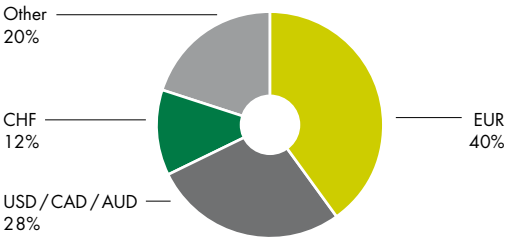
Straumann's Corporate Treasury is responsible for managing the risks created by currency fluctuations within the Group, following the scope of the policy approved by the Executive Management Board and the Audit Committee of the Board of Directors.

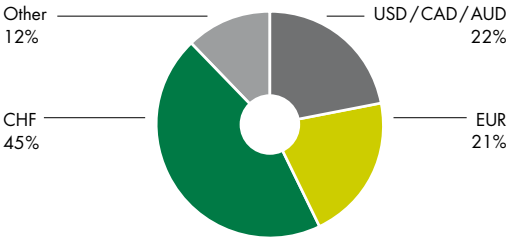
The Group is exposed to transactional and translation risks. Hedging decisions are taken centrally by Corporate Treasury with the subsidiaries being co-responsible for identifying currency exposures and informing headquarters.

The key objective is to limit the foreign currency transactional exposure of the Group. Transactional risk arises when the currency structure of Straumann's costs and liabilities deviates to some extent from the currency structure of the sales proceeds and assets, as well as from imbalances in the payment streams between the various currencies. Straumann hedges these risks on a selective basis by means of options, spot transactions and forward transactions. The limitation and management of the translation exposure is a secondary priority.

The major foreign currencies in Straumann's business are the euro, the US dollar, the Swedish krona and the Japanese yen. Straumann invoices its subsidiaries in local currencies and its distributors mainly in Swiss francs. International exchange rate fluctuations impact on the company's assets and earnings, which are reported in Swiss francs. At the end of 2013, the

SALES AND COST BASE (CURRENCIES)





These distribution charts represent the total net revenues (left) and the total cost of goods sold, distribution and administrative expenses (right) in the various currencies. All numbers are rounded approximations.

Group's gross transactional booked exposure to its most important currency, the euro, was approximately 32%, while the euro accounted for 40% of Group sales. The US dollar, the Canadian dollar, the Australian dollar, and the British pound collectively made up approximately 8%, while gross transactional booked exposure in Asian currencies, including the yen, the Chinese renminbi, and the Korean won, amounted to around 56%. The charts above illustrate our sales and cost base in the different currencies.

In general, the target is to concentrate the currency risk mainly in Switzerland at the Swiss Group companies. Subsidiaries abroad are usually invoiced by the Swiss companies in the local currency of the subsidiaries. Each subsidiary invoices its local third-party customers in the local currency.

Production companies and sales subsidiaries outside Switzerland avoid foreign currency exposure wherever possible.

To reduce investment risk on cash and cash-like positions, Straumann manages liquid funds centrally. In 2012, Straumann set up a euro cash pool. Liquidity risk is minimized by ensuring that sufficient cash and cash equivalents are maintained to cover operational needs (see p. F63). For strategic acquisitions, we consider entering into loan agreements, with the goal of repaying loans with operating cash flow within a reasonable time frame. We aim to maintain an equity ratio of at least 50%.

Credit risks arise from the possibility that customers may not be able to settle their obligations as agreed. There are no significant concentrations of credit risk within the Group. Counterparty risk encompasses issuer risk on marketable securities, settlement risk on derivative and money market contracts, and credit risk on cash and time deposits. Exposure to these risks is closely monitored and kept within predetermined parameters.

Further information on financial risk management is provided in Note 29 on financial risk management objectives and policies (see p. F60 ff), in Note 30 on financial instruments, and in the section on derivative financial instruments and hedging on p. F64 ff of the Group's consolidated financial statements.

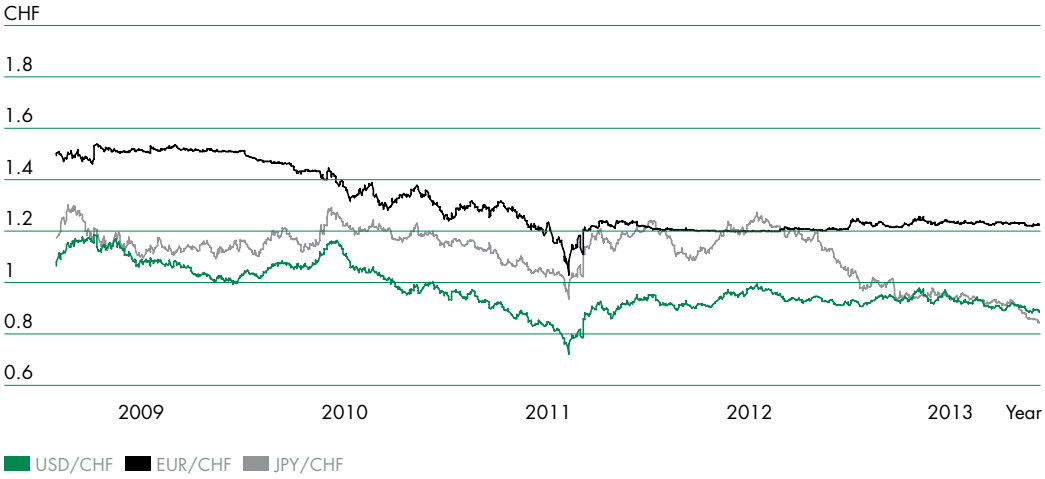
Insurance policies

Straumann covers its inherent key business risks in the same way that it covers product or employer liability risks and property loss, i.e. through corresponding insurance policies held with reputable insurance companies.

Pension liability risks

The Group offers its staff competitive pensions. The pension funds are managed locally and invested by independent financial institutions. The investment strategy is determined by the Pension Fund Board and is executed by the financial institution. Neither Straumann nor the trustees are allowed to influence the specific investment decisions. The pension funds publish regular reports for all members. The Swiss

CURRENCY CHART (DOLLAR, EURO, YEN)



pension fund represents the largest pension plan of the Group.

FINANCIAL REPORTING RISK

Straumann's Internal Audit function acts as an 'independent' and 'objective' assurance and consulting body, which reports directly to the Chief Financial Officer and to the Audit Committee of the Board of Directors. Internal Audit does not confine itself to financial audits, but also monitors compliance with external and internal policies and guidelines. Acting in a consulting role, one of its main tasks is to assess internal processes and controls, propose improvements, and assist in their implementation. The objective is to safeguard the Group's tangible and intangible assets and to evaluate the effectiveness of the Group's risk management and governance processes.

COMPLIANCE RISK

Legal compliance

It is essential for Straumann to ensure that the company in general and the individual employees conduct business in a legal, ethical and responsible manner.

To this end, we have implemented a Code of Conduct since 2006. All employees are invited to report any breach of this internal policy to the Compliance Officer by e-mail or telephone. Infringements of the Code are tracked and appropriate measures taken against non-compliance. In 2013, two employment relationships were terminated due to violations of the Code of Conduct.

We monitor new laws and revisions and adapt our internal processes to cover changed or new legal requirements.

Like other leading manufacturers, Straumann is exposed to the risk of public perception of dental implants being impaired by third parties, for example as a result of poor implant placement, inferior implant designs and quality, or unethical business practices.

Many Straumann country organizations are members of associations of manufacturers of medical/dental products, such as FASMED in Switzerland, Comident in France or Fenin in Spain. These associations stand for the advancement of medical technology and its and safe and effective use.

In 2013, we continued to implement the sales compliance program that was introduced in the major markets in 2010.

Regulatory compliance

Companies in the medical device industry face growing scrutiny from regulators around the world and increasing requirements for documentation – both for new and established products. Because Straumann already has substantial clinical data and

ISO CERTIFICATION AND AUDITS PERFORMED IN 2013

Standard	Certification of	Institut Straumann AG (Basel, Gräfelfing)	Straumann Villeret SA (Villeret)	Biora AB (Malmö)	Straumann Manufacturing Inc (Andover)	Straumann CADCAM GmbH[1] (Markkleeberg)
ISO 9001	Quality management system	Yes	No	No	No	No
ISO 13485	Medical device quality management system	Yes	Yes	Yes	Yes	Yes
ISO 14001	Environmental management system	No	Yes	Yes	Yes	No

All quality audits were successfully completed in 2013.
[1] Etkon GmbH as of February 2014

research capabilities, this is not perceived as a risk. Furthermore, we have completed the documentation updates to meet new requirements for older products and we have implemented STED (Summary of Technical Documentation) to support compliance.

In Europe, the Medical Device Directive is currently under review and the anticipated outcomes include greater surveillance, involvement of competent authorities for higher-class products, longer approval times, access to technical documentation, tests on products, and unannounced audits. We expect this will lead to a reduction in the number of Notified Bodies and an increase in their control.

Enforcement has increased in the USA, where the level of funding for FDA inspections and controls has risen. One change in 2013 is that the clock for the 510(k) review process now starts when the FDA has reviewed and checked that the submission contains all the required elements. This suggests that overall review times will not increase as previously feared, although scrutiny has increased in documentation review.

In Asia/Pacific and the rest of the world, regulatory authorities continue to inspect manufacturers in foreign countries. Straumann was prepared for this and has built up experienced teams of regulatory specialists in Basel, the USA, and Japan. Recent registration successes in China and India demonstrate our ability to meet requirements as well as the safety and efficiency of Straumann products.

Stricter requirements and regulations are also expected elsewhere in smaller markets, which will increase the need for enhanced compliance and safe and efficient products.

Quality compliance

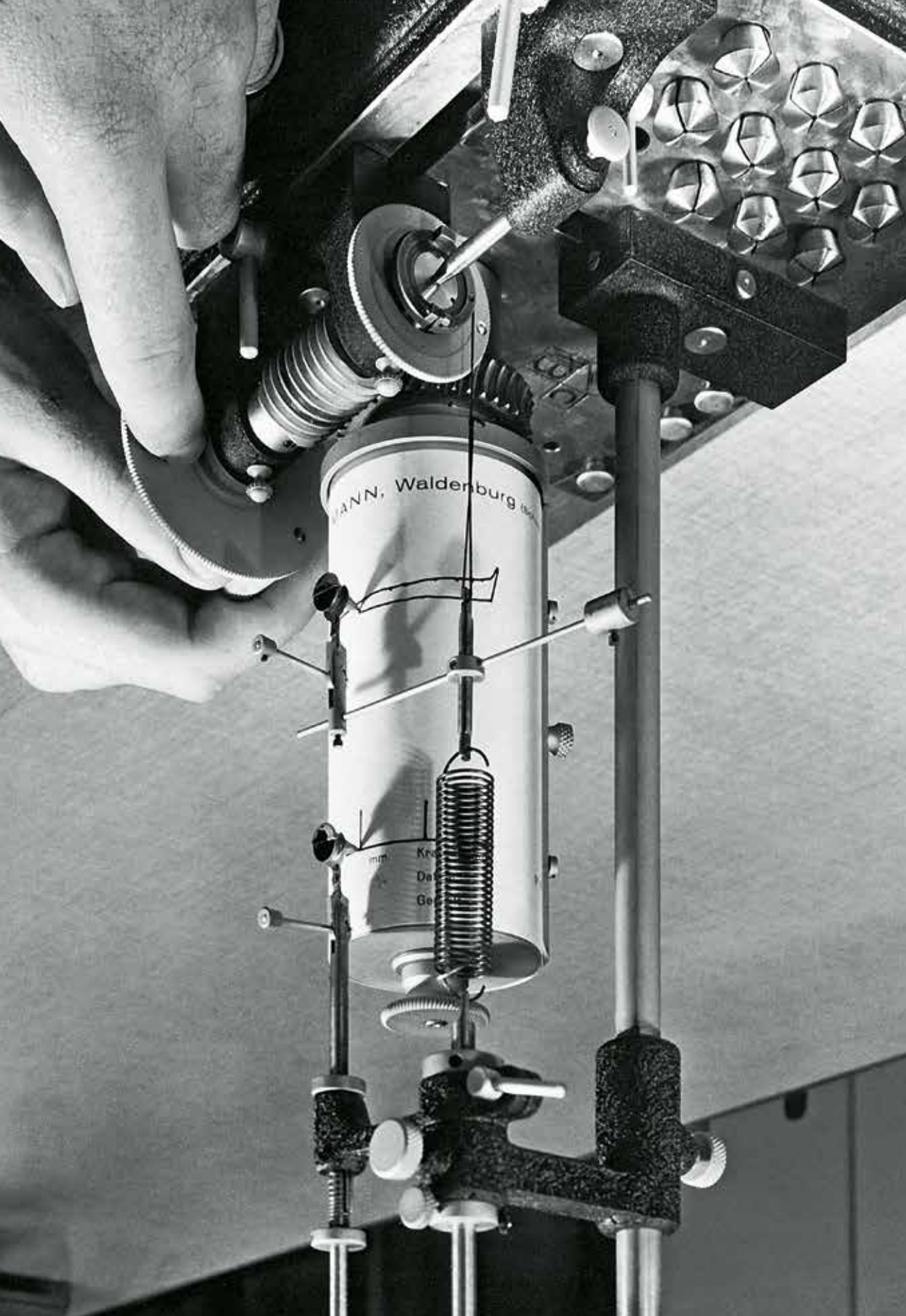
To avoid the risks associated with regulatory compliance, we employ a qualified team of quality and regulatory specialists. Focused quality objectives, supported by key quality performance indicators and comprehensive internal as well as supplier-related quality audit programs, assured our status of substantial compliance and helped to identify opportunities for improvement. We also run a continuous education program to streamline processes through the entire organization.

Stringent policies drive every step of product design, manufacturing and marketing across our businesses. Straumann has developed an audit program to ensure compliance with policies and procedures deployed at each manufacturing site. Many of our facilities have been certified to meet International Organization for Standardization (ISO) requirements for quality management (see table above).

In 2013, we successfully passed all Notified Body audits, which are required to maintain the certification status of the Quality and Environmental Management Systems at our manufacturing and design/development sites.

Our Regeneratives manufacturing site in Malmö was inspected by the US FDA, and no observation was identified. Apart from this, our sites were not subjected to inspections by health authorities in 2013.

Overall, there were no critical issues with any authorities related to the status of the Quality and Environmental Management Systems at any of our sites.


ANN, Waldenburg
mm

COMPENSATION REPORT

Contents

INTRODUCTION

This report provides an overview of Straumann's compensation principles and practices. It provides information on the compensation of the general staff, management, Executives and Directors in 2013. It explains the equity participation programs and discloses equity participations of Directors and Executives in the company.

Straumann's present compensation system has been in place since 2011, when the Human Resources Committee of the Board of Directors conducted a comprehensive review of the company's overall approach to rewarding employees, including Board compensation. The system was published in our 2011 and 2012 Compensation Reports, which were approved in conciliatory votes by the shareholder's Annual General Meeting (AGM). It is designed to:

- align the interests of the leadership team and employees with those of our shareholders
- support our attractiveness as a global employer, helping us to recruit and retain an engaged workforce
- reward individuals according to clear targets
- encourage entrepreneurism, above-market performance, accountability and value creation.

We believe that our scheme is balanced and in line with current best practices.

In 2013, Straumann reorganized significantly and implemented several cost-saving measures, including the reduction of approximately 300 jobs, bringing the global workforce to 2217 by year-end. We addressed this with due regard for our social and contractual responsibilities as an employer. The reorganization affected the existing Business Unit structure (see p. 64 f) and also made it possible to dissolve the Corporate Management Group, whose responsibilities were taken over by the Executive Management Board.

REPORTING STANDARDS

This report is in line with the 'Swiss Code of Best Practice for Corporate Governance'. In accordance with the IFRS financial reporting standards and Swiss law, the compensation paid/awarded to Directors and Executives is also presented in our audited Financial Report on p. F77 ff.

Recipient	Recommendation for compensation	Decision on compensation
Chairman of the Board of Directors	Nomination & Compensation Committee	Board of Directors[1]
Members of the Board of Directors	Nomination & Compensation Committee	Board of Directors[1]
CEO	Chairman of the Board/ Nomination & Compensation Committee	Board of Directors[1]
Executive Management Board	CEO	Nomination & Compensation Committee
Senior Management	Executive Management Board	CEO
Management and staff	Line Management	Executive Management Board

[1] Straumann's Compensation Report will be presented to the Shareholders' General Meeting as a conciliatory vote in 2014.

RESPONSIBILITY FOR COMPENSATION

The Board of Directors appoints the Nomination & Compensation Committee (NCC), determines its responsibilities, and passes all resolutions on the company's compensation system. Straumann's NCC is entrusted with the design of the compensation system that applies to the Directors and the Executive Management. It reviews the principles and programs for compensation, and ensures that the compensation paid by the company is based on market and performance-related criteria. The NCC reports to the Board of Directors on compensation practices as well as on Executive compensation at least once a year and proposes changes when necessary. Further information on the duties of the NCC can be found on p. 76 f in the section on Corporate Governance.

COMPENSATION PRINCIPLES

DRIVING VALUE THROUGH COMPENSATION

We are convinced that a compensation system based on value creation encourages sustainable performance, loyalty and entrepreneurship and is thus in the interest of management, employees and shareholders. We are committed to compensating our staff, management and Directors in a way that is competitive and rewards sustainable, short-term and long-term performance.

It is Straumann's view that the success of a company depends largely on the quality and engagement of its people. A modern compensation system is an important instrument for attracting, retaining and motivating talented people. Straumann's compensation system takes these factors into account in that it:

- Offers competitive salaries
- Fosters a high-performance culture that differentiates and rewards above-average individual performance, both in the short and long term
- Links variable long-term compensation to value generated by the company over the long term based on shareholder expectations
- Is benchmarked with other companies in the industry
- Provides employees with benefits based on good practices and regulations in local markets
- Is periodically reviewed by the NCC.

COMPREHENSIVE BENCHMARKING

Our policy is to pay employees, Executives and Directors a base compensation that is close to the median of comparable companies in the respective (local) market. The variable pay is set with the potential to move overall compensation toward the upper quartile for outstanding performance.

Benchmark reviews for the Executive Management are conducted for Straumann by external, independent specialists and include studies from Mercer and Towers Watson. Bespoke benchmarks include a peer group of comparable companies in various industries selected according to the following criteria:

- Comparable scope and business complexity
- Common geographic footprint
- Competitiveness for talent.

ETHICAL, FAIR STANDARDS

We are committed to fair and equal treatment of all our employees and seek to be in full compliance with International Labor Standards. Compensation is not influenced by gender or by non-performance-related criteria other than specific professional experience. Minimum wage regulations have no bearing on our compensation policy, as our compensation clearly surpasses them.

TOTAL COMPENSATION AND COMPENSATION ELEMENTS

Overall, Straumann spent CHF 286 million on compensation, benefits and social costs in 2013 corresponding to an average of CHF 121 000 per employee. The compensation of employees and managers comprises fixed and variable components, the mix of which is defined by role, profile, location and strategic impact. For Senior Management, greater emphasis is placed on the long-term variable component, in line with our strategic goal of promoting ownership.

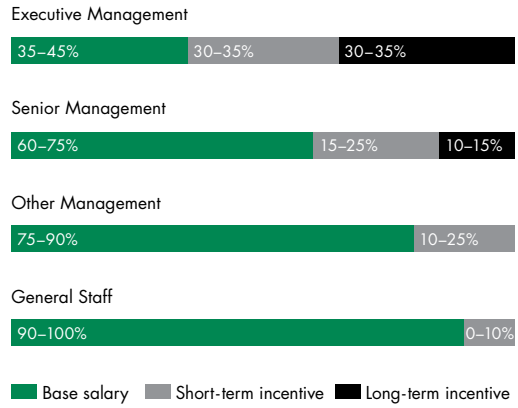
The compensation mix for Executive and Senior Management includes a long-term variable remuneration element, reflecting a greater emphasis on long-term decision-making and sustainability. Directors received a fixed annual cash fee (partly in shares up to 30 June 2013). Thereafter, their remuneration model was changed and they received a reduced fixed annual cash fee plus a fixed number of shares as variable compensation component. The procedures are in line with good practices and are described in more detail on p. 105 f of this report.

FIXED COMPONENTS

In 2013, the fixed compensation elements included the following components:

- Base salary
- Pension plans (depending on local practices/ regulations)
- Other benefits (depending on local practices/ regulations)

PAY MIX CORRIDOR (AT-TARGET ACHIEVEMENT)



SUMMARY OF OVERALL COMPENSATION 2013

	Fixed	Short-term incentive (STI)	Long-term incentive (LTI)	Share participation plan
General staff	Yes	Yes	No	Up to 100 shares offered to CH staff at 25% discount, blocked for two years
Management	Yes	Yes	No	Up to 150 shares offered to CH staff at 25% discount, blocked for two years
Senior management	Yes	Yes	Yes	Up to 500 shares offered to CH staff at 25% discount, blocked for two years[1]
Executive management	Yes	Yes	Yes	Up to 1000 shares offered to CH staff at 25% discount, blocked for two years[1]
CEO	Yes	Yes	Yes	
Board of Directors (until 30 June)	Annual fee	No	No	25% of fixed annual fee allocated in shares
Board of Directors (from 1 July)	Annual fee	No	No	Fixed number of shares based on role

[1] Not offered in 2013.

Base salary

Each Straumann employee receives a base salary based on:

- Job profile
- Experience and skills
- Comparison with external benchmarks
- Location and local regulations
- Strategic impact

Base Salary progression 2013–2014

Given the difficult market environment and cost pressures, there were no general salary increases in 2013, with the exception of staff who took on new roles and/or increased responsibility. For 2014, the Board of Directors foresees an overall compensation increase for the first time in two years. This will be implemented carefully and with due regard for local developments.

Pension plans

Internal analyses carried out in 2011 showed that Straumann companies fulfill and, in some respects, exceed local legal requirements. In most cases, pension obligations are fully funded. Where this is not the case, liabilities are reported in the Annual Report following the actuarial rules. The next review is scheduled in 2014.

Further information on pension plans is provided in Note 20 to the audited financial statements on p. F52 ff. Information on pension fund risks is also provided in the Risk Analysis on p. 88.

Switzerland

Straumann administers two contribution-based pension funds in Switzerland, which together make up the occupational benefits at Straumann. The basic insurance plan offers protection against the financial consequences of old age, death and disability to all employees of Institut Straumann AG and Straumann Villeret S.A. For selected management with high variable compensation elements, there is an additional bonus insurance plan.

Europe

In other European countries, Straumann offers retirement insurance according to local practices. According to IFRS, the vast majority of European pension plans are considered 'funded' or 'unfunded' defined contribution plans.

USA

A 401k retirement plan is provided to all Straumann USA employees over age 21 to enable them to save for retirement. The 401k plan is a defined contribution plan whereby (a) the employee has the option of making deferral elections from his/her pay on a pre-tax basis and (b) Straumann USA may make matching contributions should the employee elect to make deferral elections. The plan is a tax-qualified plan under the Employee Retirement Income Security Act.

In addition to the 401k, Straumann USA has a Supplemental Executive Retirement Plan (SERP) for a select

management group. The purpose of this plan is to provide eligible employees with defined employer contributions and the opportunity to elect to defer receipt of certain compensation that would otherwise be payable to them in cash. The plan is intended to be a non-qualified, unfunded, deferred compensation arrangement for purposes of Title I of the Employee Retirement Income Security Act and is intended to comply with Section 409A of the Internal Revenue Code. According to IFRS, SERP is treated as a defined contribution plan.

Other benefits

Straumann's benefit programs are an integral part of the total compensation and are designed to enable the company to compete effectively for talent and retain it. Benefits are structured to support our overall business strategy, and are aligned with local legislation and practices.

Employee Share Participation Plan

Employees in Switzerland have the opportunity to purchase Straumann shares for 75% of the average share price over a period of seven trading days beginning on the 'ex-dividend' day (see table opposite).

This plan allows employees to buy a minimum of ten and a maximum of 100 to 1000 shares, depending on hierarchical level (see table opposite). The shares are subject to a two-year blocking period starting on the 13th trading day after the 'ex-dividend' day, which is valid beyond the period of employment. They are dividend-bearing from the day of acquisition.

As one of the cost reduction measures to mitigate redundancies, the Employee Share Participation Plan was not offered in 2013 to the Senior and Executive Management. However, the Company plans to make it available again for all employees from 2014 onwards.

The employee share plans for 2011–2013 are summarized below:

	Employees participating	Shares issued	Discount share price at issue	End of lock-up period
2011	154	15 447	CHF 174	06.04.2013
2012	138	16 564	CHF 109	24.04.2014
2013	44	2 405	CHF 88	23.04.2015

The shares required for these plans were held by the Group as Treasury shares.

The members of the Board of Directors are not eligible for this program.

VARIABLE COMPONENTS

In 2013, the variable compensation components included one or more of the following:

- Performance-related short-term incentives
- Long-term incentives (Performance share plan)

Short-term Incentive (STI)

The group Bonus Plan applicable to employees in Switzerland is tied directly to the economic profit generated by the group, and to financial or functional and individual targets.

All other bonus plans for local entities are tied to local financial targets and are in line with local practices. Achievement factors were determined largely based on local performance of the respective entity.

The payout under the short-term incentive scheme is based on a combination of the following:

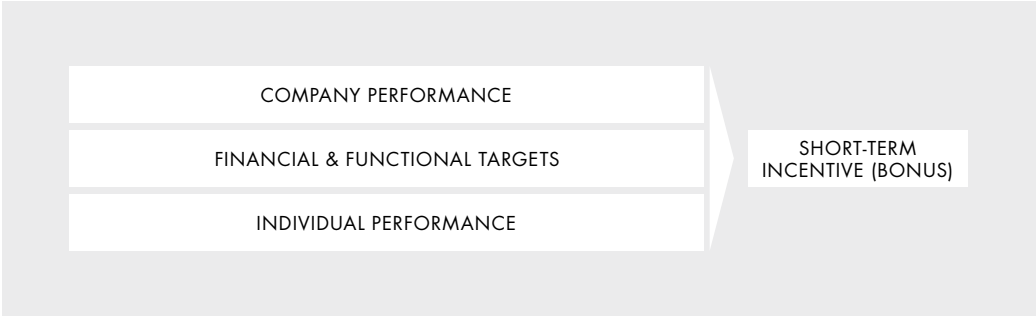
- Company performance
- Financial and functional target achievement
- Individual performance.

Company performance

Economic profit (EP) is the key performance indicator for Straumann and the EP target is set prior to the respective performance cycle, in absolute terms, based on medium-term business plans and the relevant budget. The Board of Directors in consultation with Executive Management sets the absolute target for EP in Swiss francs annually.

The main advantage of the economic profit (EP) concept is that it goes beyond revenue growth and profitability increase and takes into account the resources used to achieve these increases and the resulting additional capital costs. Economic profit is thus calculated by deducting a capital charge from the net operating profit after taxes (NOPAT). The Board of Directors may exclude certain extraordinary elements from the calculation of the EP.

TARGET ELEMENTS OVERVIEW



This illustration shows the various performance criteria applicable to different businesses or service units. The short-term incentive for all bonus scheme participants is based on a combination of these criteria.

The capital charge represents the cost of capital calculated on the basis of an average equity return expected by investors. This scheme (see illustration on the next page) has been used to calculate Straumann's economic value added, which builds the basis for our bonus calculation model.

Financial and Functional Targets

Financial target achievement (Business performance)

Performance is measured by the target achievement of the respective business unit. These targets are derived from the annual budgets and are set by the CEO together with the members of the Executive Management Board responsible for the respective organizational unit. The key performance indicators in 2013 have been 'contribution margin' and 'relative market performance'.

Functional target achievement (Service-unit performance)

Performance is measured by the target achievement of the respective service unit. These targets are derived from the overall company strategy and are proposed by the Service Unit Head and approved by the CEO.

Individual performance

Individual performance is measured by the achievement of objectives established with the superior in the annual appraisal discussion. These may involve project targets, competency or skills development, contribution to team or departmental targets, etc. A global performance management system ensures that the objectives are defined and their achievement is assessed during performance appraisals conducted at least once a year.

SHORT-TERM INCENTIVE TARGET WEIGHTING

	Business employees			Service Unit employees		
	Company	Financial	Individual	Company	Functional	Individual
Chief Executive Officer	80%		20%			
Executive Vice President	40%	40%	20%	80%		20%
Senior Vice President	20%	60%	20%	40%	35%	25%
Vice President	15%	55%	30%	20%	50%	30%
Management (Director, Senior Manager, Manager)	10%	50%	40%	15%	50%	35%
Staff	10%	20%	70%	10%	45%	45%

This table shows the weighting of the different types of performance measures according to the level of the employee and the organizational unit the employee is working in.

VALUE-BASED MANAGEMENT – 2013 ECONOMIC PROFIT (VALUE ADDED)

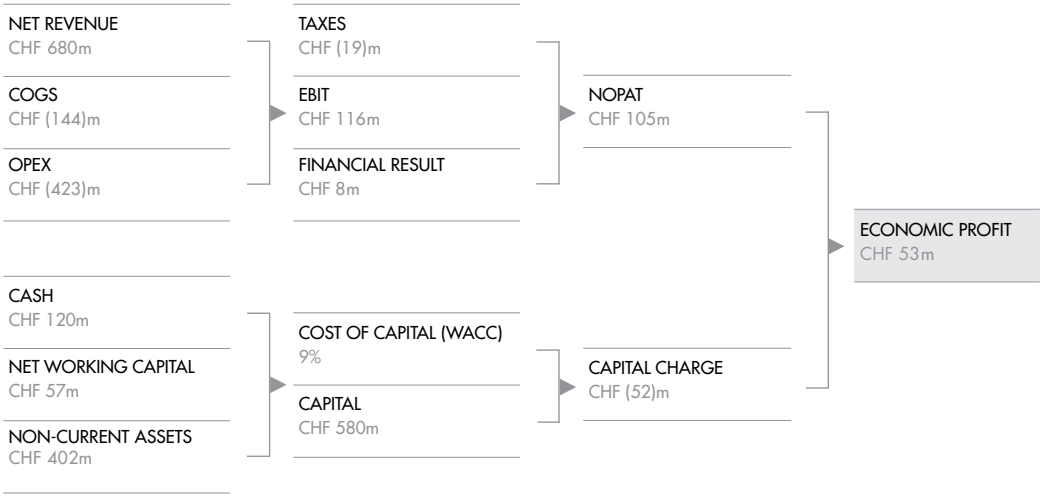


Chart showing the various components of economic profit (value added) in 2013. NOPAT = net operating profit after taxes; COGS = cost of goods sold; OPEX = operating expenses; EBIT = earnings before interest and taxes.

Weighting of performance criteria

The weighting of the different targets depends on the role and responsibilities of the individual (see table opposite). Overall, there is a stronger focus on individual targets as determined by management, making it possible to encourage and reward above-average individual performance appropriately.

Measurement of achievement

Company performance and financial targets

The measurement scale for the achievement of financial targets (company performance and financial targets) extends from 0% to a maximum of 200% and is based on a line joining three points as explained in the illustration on the next page.

Functional targets

For individual and functional target achievement, the assessment scale extends from 0–150%. It is based on descriptors with corresponding percentage ranges:

- Exceeds expectations
- Meets expectations
- Partially meets expectations

Long-term Incentive (LTI)

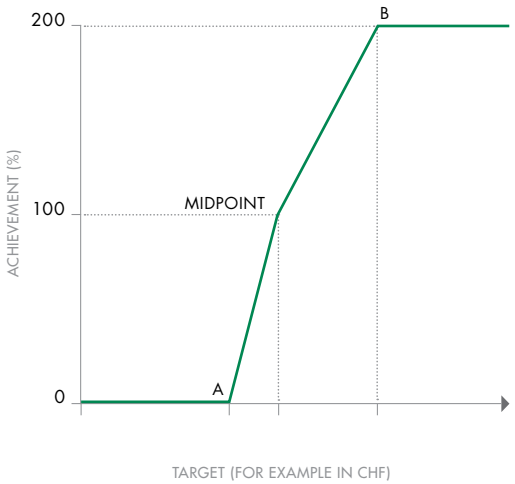
The long-term incentive plan is offered to the Executive and Senior Management and other key employees depending on role, responsibility, location, strategic impact and market practice. Participation in the long-term incentive scheme is determined by the Board of Directors, who are not eligible for this program.

Performance Share Plan

Straumann's Performance Share Plan (PSP) was introduced in 2012 and is designed to:

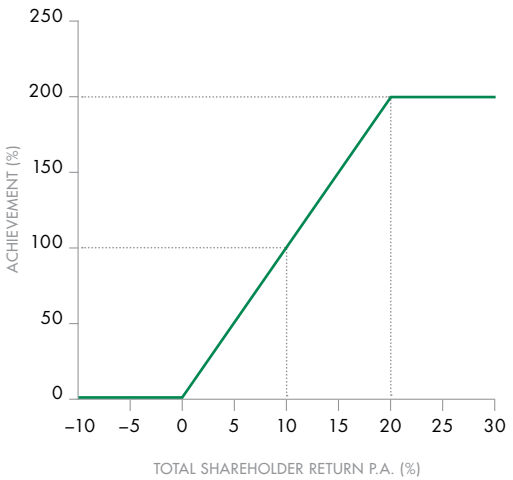
- Offer an attractive variable compensation element linked to total shareholder return (TSR)
- Increase shareholdings of key employees
- Align participants' interests with those of the shareholders.

SHORT-TERM INCENTIVE TARGET ACHIEVEMENT (STI)



In the short-term incentive model, the scale for financial target achievement extends from 0% to a maximum of 200% and is based on a line joining three points: 0% (point A), 100% (midpoint) and 200% (point B). The difference on the horizontal axis between the midpoint and point B must be equal to, or greater than, the difference between the midpoint and point A. The actual target achievement is measured by way of linear interpolation.

SHARE ALLOCATION BASED ON PERFORMANCE SHARE UNITS AND TOTAL SHAREHOLDER RETURN



The compensation model awards shares according to the number of PSUs allocated and the total shareholder return achieved per annum over a three-year vesting period. At the end of the performance period, no shares will be allocated for a TSR of 0% p.a. or less; one share will be granted per vested PSU if the TSR is +10% p.a. and two shares per vested PSU for a TSR of +20% p.a. or more (capped at 200%). For a TSR between 0% and 10% p.a. or between 10% and 20% p.a., the number of shares allocated per vested PSU is calculated on a linear basis.

Grant

Participants in the plan are granted Performance Share Units (PSUs) entitling them to receive shares after a three-year vesting period. PSUs are granted once a year after the Annual General Meeting of shareholders. No cash investment is required from the participants. The number of PSUs granted is equal to the participant's long-term incentive value divided by the fair value of one PSU at the grant date. The long-term incentive target value is a percentage of the total target compensation, which is determined in accordance with the participant's role in the organization.

Allocation of shares

At the end of the performance period, the PSUs are irrevocably vested and converted into shares. They are forfeited if the individual leaves the company before they vest.

The number of shares allocated per PSU depends on the achievement of an absolute total shareholder return (TSR) target, which is determined by the Board of Directors and is currently set at 10% per annum for the three-year performance period. Performance against the TSR target is calculated using the average of the closing prices of the underlying share over the period of seven trading days starting on the ex-dividend date in the year of grant and in the year of vesting. The achievement factor is capped at 200%.

Total shareholder return

Total shareholder return is the profit (or loss) realized by an investment at the end of a year or specific period. It includes capital gains or losses from changes in the share price as well as gross dividends.

PSU fair value

The fair value of the PSUs granted has been determined using a Monte Carlo simulation algorithm. The valuation was performed by independent specialists, applying the following significant inputs into the model:

PERFORMANCE SHARE UNIT FAIR VALUE

	2013	2012
Grant date	17.04.2013	18.04.2012
Vesting date	15.04.2016	17.04.2015
Reference price at grant	CHF 117.60	CHF 145.74
Risk-free interest rate	0.15% p.a.	0.18% p.a.
Expected volatility	31.28% p.a.	29.58% p.a.
Expected dividend yield[1]	0%	0%
Estimated fair value	CHF 88.24	CHF 110.25

[1] Assuming immediate reinvestment of dividend payment

OUTSTANDING PERFORMANCE SHARE UNITS

	2013	2012
As of 1 January	32 894	0
Granted PSUs	64 977	41 747
Exercised	0	0
Forfeited PSUs[1]	(18 733)	(8 853)
Expired PSUs	0	0
As of 31 December	79 138	32 894

[1] Eligible participants who left Straumann voluntarily or as part of the 2013 reorganization forfeited their PSU allocations for 2012 and 2013.

Option Plan (until 2011)

Up to 2011, tradable options (non-tradable for US participants) with a term of six years and a two-year vesting period were allocated. The exercise price was equal to the share price on 31 December/1 January. The value of the options was determined at grant date and is expensed as a personnel expense from service commencement to the end of the vesting period. The fair value of the options granted has been determined using the Black-Scholes valuation model. The calculation of the option value was performed by independent specialists.

In 2013, no further option allocations were made. The number of options outstanding under the stock option plan developed as follows:

OPTION PLAN

	2013	2012	2011
As of 1 January	260 676	325 000	272 797
Granted options	0	0	64 585
Exercised options	0	0	(4 562)
Forfeited options	(12 497)	(15 832)	(7 820)
Expired options	(48 709)	(48 492)	0
As of 31 December	199 470	260 676	325 000
Options available for exercise	156 057	152 520	152 405

In 2013, no options were exercised under the scheme.

	Options available for exercise	Options expiring at year-end
2013	156 057	48 709
2014	199 470	55 204
2015	144 266	48 607
2016	95 659	52 246
2017	43 413	43 413
Total		248 179

SUMMARY OF ALL VALID WARRANTS ISSUED IN THE STRAUMANN STOCK OPTION PLAN

Name/symbol	Year	Security ID number	Market maker	Type/ratio	Number	Strike price	Expiry
STMKW[1] Wt 12.14 (STMN14)	2008	4935845	Credit Suisse Derivatives	American 50:1	2 314 700	185.50	12.2014
STMMA[1] Wt 12.15 (STMN15)	2009	10848946	Credit Suisse Derivatives	American 50:1	2 016 450	292.50	12.2015
STMNCC[1] Wt 12.16 (STMN16)	2010	12217893	Credit Suisse Derivatives	American 50:1	2 278 450	214.00	12.2016
STMNCS[1] Wt 12.17 (STMN17)	2011	14630069	Credit Suisse Derivatives	American 50:1	2 226 400	162.10	12.2017
Total valid warrants issued					8 836 000		

[1] Traded on the SIX Swiss Exchange.

VALUE DEVELOPMENT OF OPTIONS

Name/symbol	Grant	Vesting	Value at grant	Value at vesting	Value 31.12.13
STMKW[1] Wt 12.14 (STMN14)	2008	2010	57.50	57.50	10.00
STMMA[1] Wt 12.15 (STMN15)	2009	2011	77.00	6.00	2.50
STMNCC[1] Wt 12.16 (STMN16)	2010	2012	53.50	3.00	13.50
STMNCS[1] Wt 12.17 (STMN17)	2011	2013	38.00	32.00	32.00

[1] Traded on the SIX Swiss Exchange.

REMUNERATION OF THE EXECUTIVE MANAGEMENT BOARD

The tables on p. 103 show the compensation paid to the Executive Management Board (EMB) in 2013 in accordance with Articles 663b^{bis} and 663c of the Swiss Code of Obligations.

On 4 January 2013, Beat Spalinger left the company by mutual agreement. His compensation for 2013 is disclosed on p. 103 and in the audited financial statements. His compensation for 2013 is in line with his employment contract, with no severance payment.

The Chairman of the Board, Gilbert Achermann, acted as CEO for the period from 1 January to 31 March 2013, in addition to his role as Chairman.

Marco Gadola joined the company on 1 March 2013 and assumed his reponsibilities as CEO on 1 April 2013. His compensation is disclosed on p. 103 and in the audited financial statements. He received an additional payment to compensate for the benefits forfeited through resignation from his previous employment.

In the reorganization, the Executive Management Board was expanded on 1 June 2013 from six to nine members. Marco Gadola (CEO), Thomas Dressendörfer (CFO), Frank Hemm (Head Customer Solutions & Education – new role), Dr Sandro Matter (Head Strategic Projects & Alliances – new role), Andy Molnar (Head Sales North America) and Alexander Ochsner (Head Sales Asia Pacific) were joined by Dr Gerhard Bauer (Head Research, Development & Operations), Wolfgang Becker (Head Sales Central Europe) and Guillaume Daniellot (Head Sales Western Europe).

Following the reorganization, Dr René Willi (Head Business Unit Surgical) left the company by mutual agreement at the end of November 2013. His compensation for 2013 is in line with his employment contract and the reorganization social plan.

All members of the Executive Management are subject to the short-term and long-term incentive plans as described earlier. The total compensation of existing Executive Management Board members was not adjusted in 2013. The compensation of new Executive

2013 COMPENSATION
(in CHF 1 000)

	Fixed compensation			Other compensation	Total compensation
Board of Directors					
Gilbert Achermann (Chairman)	863			147	1 010
Dr h.c. Thomas Straumann (Vice Chairman)	399			23	422
Dr Sebastian Burckhardt	264			15	279
Dominik Ellenrieder	264			15	279
Roland Hess (Chairman Audit Committee)	318			18	336
Ulrich Looser (Chairman Strategy Committee)	318			18	336
Dr Beat Lüthi	264			15	279
Stefan Meister (Chairman HR Committee)	318			18	336
Total	3 008			269	3 277

	Fixed compensation	Performance bonus	Performance share units	Other compensation	Total compensation
Executive Management Board					
Marco Gadola (President & CEO) (since 1 March 2013)	627	986	780	775[1]	3 168
Other members (6 until 31 May 2013, thereafter 8)[2]	2 720	2 302	1 478	907	7 407
Former members[3]	891	431	0	238	1 560
Total	4 238	3 719	2 258	1 920	12 135
Total	7 246	3 719	2 258	2 189	15 412

[1] Including compensation for remuneration components forfeited due to registration from previous employment.
[2] Includes CHF 347 000 for Gilbert Achermann in his function as CEO ad interim from 1 January to 31 March 2013.
[3] Franz Maier, Beat Spalinger, René Willi.

2012 COMPENSATION
(in CHF 1 000)

	Fixed compensation			Other compensation	Total compensation
Board of Directors					
Gilbert Achermann (Chairman)	840			143	983
Dr h.c. Thomas Straumann (Vice Chairman)	366			21	387
Dr Sebastian Burckhardt	236			14	250
Dominik Ellenrieder	236			14	250
Roland Hess (Chairman Audit Committee)	288			14	302
Ulrich Looser (Chairman Strategy Committee)	288			17	305
Dr Beat Lüthi	236			17	253
Stefan Meister (Chairman HR Committee)	288			17	305
Total	2 778			257	3 035

	Fixed compensation	Performance bonus	Performance share units	Other compensation	Total compensation
Executive Management Board					
Beat Spalinger (President & CEO)	750	131	0	197	1 078
Other members (5; 6 as of 1 Sep 2012)	1 953	684	1 021	623	4 281
Former members	513	275	0	164	952
Total	3 216	1 090	1 021	984	6 311
Total	5 994	1 090	1 021	1 241	9 346

2013 SHARE & OPTION HOLDINGS

	Shares	Options		PSUs	
		Vested	1 Jan 2014	17 Apr 2015	15 Apr 2016
Board of Directors					
Gilbert Achermann	18 771	0	0	0	0
Dr h.c. Thomas Straumann	2 722 014	1 000	0	0	0
Dr Sebastian Burckhardt	4 534	1 000	0	0	0
Dominik Ellenrieder	2 924	1 000	0	0	0
Roland Hess	2 821	0	0	0	0
Ulrich Looser	2 721	0	0	0	0
Dr Beat Lüthi	2 788	0	0	0	0
Stefan Meister	2 771	0	0	0	0
Total	2 759 344	3 000	0	0	0
Executive Management Board					
Marco Gadola	100	0	0	0	9 577
Thomas Dressendörfer	2 250	0	584	2 740	3 423
Wolfgang Becker	254	5 000	2 500	1 295	1 578
Guillaume Daniellot	0	0	0	626	792
Andy Molnar	161	625	1 500	750	1 858
Dr Alexander Ochsner	0	0	0	0	3 141
Frank Hemm	1 022	0	1 000	1 588	1 984
Dr Sandro Matter	1 822	2 000	3 500	2 540	3 174
Dr Gerhard Bauer	774	834	1 000	908	1 134
Total	6 383	8 459	10 084	10 447	26 661
Total	2 765 727	11 459	10 084	10 447	26 661

The tables above and opposite show the equity holdings in Straumann Holding AG of the Board of Directors and Executive Management Board and their related parties in line with articles 663b^{bis} and 663c of the Swiss Code of Obligations.

Management Board members was set according to their roles and responsibility and is based on external benchmarks.

For 2014 the following maximum collective STI may be allocated to the Executive Management Board if all relevant targets are achieved to the defined maximum: CHF 4.1 m (excluding social costs and other compensation). A collective LTI sum of CHF 2.3 m (excluding social costs and other compensation) will be allocated to the Executive Management. In each case, these figures apply to the Executive Management Board in the aforementioned composition.

None of the Executive Management Board received any compensation from the Straumann Group of companies other than that disclosed in this report.

LOANS TO EXECUTIVE MANAGEMENT

In 2013, no loans, advances or credits were granted to any member of the Executive Management Board.

SHAREHOLDINGS OF THE EXECUTIVE MANAGEMENT BOARD

The shareholdings in Straumann shares and stock options of the members of the Executive Management Board who held office at the end of 2013 are shown above.

2012 SHARE & OPTION HOLDINGS

	Shares	Options			PSUs
		Vested	1 Jan 2013	1 Jan 2014	17 Apr 2015
Board of Directors					
Gilbert Achermann	14 714	3 000	7 500	0	0
Dr h.c. Thomas Straumann	2 720 548	2 000	0	0	0
Dr Sebastian Burckhardt	3 266	2 000	0	0	0
Dominik Ellenrieder	1 656	2 000	0	0	0
Roland Hess	1 120	0	0	0	0
Ulrich Looser	320	0	0	0	0
Dr Beat Lüthi	120	0	0	0	0
Stefan Meister	120	0	0	0	0
Total	2 741 864	9 000	7 500	0	0
Executive Management Board					
Beat Spalinger	9 156	3 500	5 375	10 000	0
Thomas Dressendörfer	1 800	0	0	584	2 740
Dr Sandro Matter	1 822	9 500	3 500	3 500	2 540
Dr René Willi	1 617	1 000	1 000	1 000	1 588
Frank Hemm	1 022	0	1 000	1 000	1 588
Andy Molnar	162	0	625	1 500	750
Dr Alexander Ochsner	0	0	0	0	0
Total	15 579	14 000	11 500	17 584	9 206
Total	2 757 443	23 000	19 000	17 584	9 206

REMUNERATION OF THE BOARD OF DIRECTORS

There were no changes to the Board of Directors and its Committees in 2013. In the first half of 2013, Directors were entitled to fixed attendance fees reflecting their roles, responsibilities and expected working time. They did not receive a variable compensation component. 75% of the attendance fee was paid in cash, the remaining 25% was provided in Straumann shares at the end of the relevant service period, i.e. in April 2013. The shares were allocated at market value; no discount was granted and the shares are blocked for two years. The market value was equal to the average closing price on the SIX Swiss Stock Exchange over the seven trading days calculated from and starting on the ex-dividend day (in line with the Employee Share Participation Plan).

In light of the reorganization and cost reduction measures, the Board of Directors decided to change its compensation scheme from 1 July 2013. The change became effective for the second half year and beyond, further aligning Directors' compensation with current market practices. Under the new scheme members of the Board of Directors receive a fixed fee and a defined number of shares which will be granted at the end of December of the relevant service period and are blocked for 2 years; the value of shares is calculated using the average closing price of the shares over the seven trading days preceding 30 December. At the time of definition, this new scheme resulted in a lower cost to the company compared to the existing scheme, which was valid until 30 June 2013.

In addition, the Directors are required to hold at least 2000 Straumann shares.

Irrespective of role, all Directors are entitled to reimbursement from the company for their reasonable expenses for travel to and from Board meetings, or on

behalf of the Board, and other expenses incident thereto, in accordance with the Expense Regulations for members of the Board of Directors of Straumann Holding AG.

The compensation of the Board of Directors is laid out in the tables on p. 103 in accordance with Articles 663b^{bis} and 663c of the Swiss Code of Obligations. None of the Board members received any compensation from the Straumann Group of companies other than that disclosed in this report.

COMPENSATION PAID TO FORMER DIRECTORS

In 2013, no payments to former members of the Board were made.

LOANS TO MEMBERS OF THE BOARD OF DIRECTORS

In 2013, no loans, advances or credits were granted to any member of the Board of Directors.

APPROVAL OF THE COMPENSATION REPORT

This compensation report provides comprehensive transparency with regard to the company's general compensation principles and in particular to the compensation of the Executive Management Board and the Board of Directors. The Board of Directors will present this report to the shareholders for a conciliatory vote at the Shareholders' General Meeting.

FINANCIAL SUMMARY AND INFORMATION FOR INVESTORS

Contents

Information on capital structure and shareholder base is provided on p. 68f.

MANAGEMENT SUMMARY

Return to organic growth with significant improvement in profitability

After the disappointing start to 2013, the Group achieved three consecutive quarters of solid organic[1] growth to post full year net revenue of CHF 680 million, 1% above the prior year. The performance was driven by strong growth in North America, complemented by double-digit growth in China and a recovery in Japan in the second half. These collectively compensated for a continuing contraction in Europe due to the weak economy and competitive environment (see p. 25 ff for regional performances).

In the course of the year, Straumann reorganized to address the changed market environment and its cost base. Volume increases, further efficiency gains in production and resolute cost-reduction measures, including a 12% reduction in global headcount, enabled the Group to deliver its promise of a significant improvement in profitability. EBIT margin rose 330 base points to over 18% before exceptionals[2], and net profit almost tripled to CHF 101 million. Free cash flow amounted to CHF 139 million, demonstrating Straumann's high rate of cash conversion. Cash and cash equivalents amounted to CHF 384 million at year-end, and the equity ratio stood at 62%.

The overall turn-around in performance was honored by a marked improvement in the stock price, contributing to a total shareholder return of 52% in 2013.

BUSINESS PERFORMANCE

Amid challenging market conditions, Straumann's implant business expanded consistently as the year progressed to post solid overall growth driven by Roxolid and Bone-Level implants.

The restorative business was mixed. Sales of implant prosthetics including CADCAM customized abutments grew solidly, but not enough to compensate for the shortfall in simple tooth-borne restoration elements, due to competition from in-lab and chairside milling. The contribution from digital equipment and software was expectedly smaller than in 2012, owing to the transfer of certain activities to Dental Wings and the discontinued distribution of intra-oral scanners in October 2012.

The Regeneratives business achieved modest growth, led by the periodontal tissue regeneration product Emdogain.

OPERATIONAL AND STRATEGIC PROGRESS

In the course of the year, Straumann complemented its portfolio with a number of products, solutions and brands, most of which were added/launched in the fourth quarter.

New products/solutions

The Group extended the option of Roxolid+LOXIM to its entire range of implants and launched a new 4mm short implant (see p. 31, 33). It also began the controlled market release of a novel ceramic monotype implant. The most significant additions to its prosthetic range were the Variobase abutment (see p. 34) and software upgrades with new features and functionalities to streamline workflows (see p. 33 f).

Penetrating the 'value' segment

Straumann pursued its strategy to penetrate the value segment by launching Neodent in Spain and

KEY PERFORMANCE FIGURES

	2013		2012[3]	
	Reported	Excluding exceptionals[2]	Restated	Excluding exceptionals
Revenue (CHF m)	679.9		686.3	
Gross profit margin (%)	78.8		77.5	77.9
EBITDA margin (%)	21.8	23.0	17.4	19.3
EBIT margin (%)	17.0	18.2	9.2	14.9
Net profit margin (%)	14.9		5.5	
Free cash flow[4] margin (%)	20.5		13.9	

preparing to introduce the brand in the US. The Group also acquired 51% of Medentika in Germany and 30% of Createch Medical in Spain, a specialist in high end CADCAM prosthetics for multiple implant systems.

OPERATIONS AND FINANCES

Gross margin edges up to 79%

The cost of goods sold increased slower than revenue thanks to efficiency gains, higher volumes, insourcing and a more favorable business mix (fewer lower-margin scanner sales). With gross profit amounting to CHF 536 million, the respective margin rose 130 basis points to almost 79%. At constant exchange rates, the expansion was 90 basis points.

Cost-reduction and reorganization measures, together with general fluctuation, reduced the Group's global workforce by 300 to 2217 at year end. These measures resulted in full-year restructuring charges of CHF 17 million, the majority of which were related to severance compensation. At the same time, the workforce reduction resulted in a pension curtailment gain of CHF 9 million, bringing the net effect to CHF 8 million.

EBIT margin expands 330 base points (excluding exceptionals)

Thanks to the cost-reduction measures and tighter cost control, total operating expenses were successfully reduced by CHF 19 million in 2013 (excluding exceptionals).

In line with the accounting standard IAS 1, the Group is now disclosing its operating expenses as 'distribution costs' and 'administrative expenses' in the Income Statement. The former comprises sales-force and other directly related sales activities, while the latter comprises marketing activities, research & development, and general administration.

On a reported basis, distribution costs increased to CHF 169 million or 25% of sales. Administrative expenses decreased to CHF 254 million or 37% of sales. Despite cost reductions, Straumann's drive to innovate remains undiminished, and the Group aims to maintain its historic level of R&D investment at around 6% of sales.

Due to the abovementioned items, earnings before interest, tax, depreciation, amortization (EBITDA) and exceptionals rose by CHF 24 million to CHF 156 million. The corresponding margin thus expanded 370 basis points to 23%.

After ordinary amortization and depreciation charges of approximately CHF 33 million, operating profit (EBIT) excluding exceptionals amounted to CHF 124 million, compared with CHF 102 million in the prior year. With the respective margin reaching 18%, profitability improved 330 basis points – or 380 basis points at constant exchange rates.

Net profit reaches CHF 101 million

The full-year net financial result was a negative CHF 2 million, compared with the flat result in 2012. This was due mainly to interest expenses related to the CHF-200-million bond launched at the end of April with a seven-year duration and a coupon of 1.625%.

The contributions from Neodent, Dental Wings, Medentika and Createch (disclosed under 'share of result of associates') amounted to CHF 6 million, including the combined effects of purchase price allocation.

Income taxes came to CHF 19 million or 16% of pre-tax profit.

Taking the abovementioned factors into account, reported net profit amounted to CHF 101 million, with the corresponding margin reaching 15%. Basic earnings per share amounted to CHF 6.55.

Strong operating cashflow

Net cash from operating activities increased 22% to CHF 152 million, mainly owing to improved profitability and lower tax payments in the period, while the 'change in net working capital' was only slightly negative. With capital expenditure down CHF 7 million at CHF 13 million, free cash flow amounted to CHF 139 million and the respective margin was 21% (free-cash-flow yield of 6.2%[5]).

The purchase consideration for the 51% stake in Medentika and 30% stake in Createch amounted to CHF 38 million, adding to the cash used in investing activities of CHF 63 million.

Net cash from financing activities totaled CHF 156 million, after considering the bond proceeds of CHF 199 million and the payment of CHF 58 million for the 2012 dividend. Consequently, cash and cash equivalents at the end of 2013 amounted to CHF 384 million, up from CHF 141 million in 2012.

The equity ratio amounted to 62% at the end of 2013.

Unchanged dividend

The Board of Directors will propose an ordinary dividend of CHF 3.75 per share to the Shareholders at the Annual General Meeting on 11 April 2014 (ex-dividend date 15 April).

OUTLOOK 2014 (BARRING UNFORESEEN CIRCUMSTANCES)

Straumann expects the global implant market to develop positively in 2014 and its revenue to grow in the low-single-digit range in local currencies. The Group will continue to invest selectively in dental growth markets and will extend the reach of its non-premium offering. Despite this, and thanks to the full-impact of the cost-reduction measures, Straumann aims to expand operating income margin in 2014 and to achieve solid growth with further operating margin improvement in the mid-term.

FOOTNOTES/REFERENCES

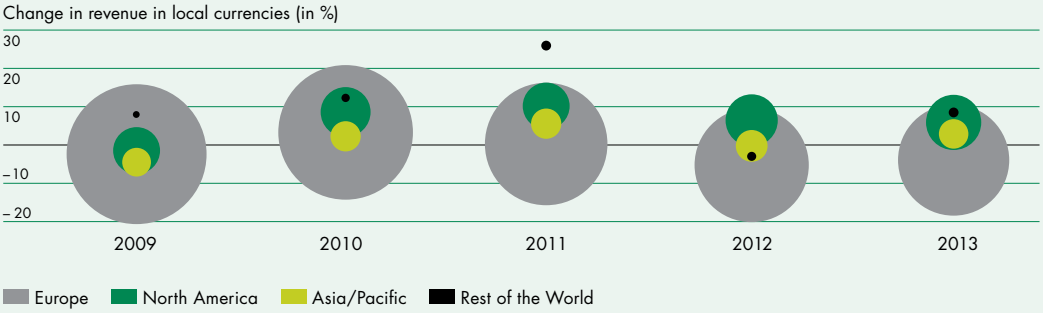
1 The term 'organic' used throughout this report means 'excluding the effects of currency fluctuations and the discontinuation of intra-oral scanner distribution business (North America and Europe only) in October 2012'.
2 The term 'exceptionals' refers to: 2013 restructuring charges of CHF 17 million and a pension curtailment gain of CHF 9 million, both related to cost-reduction initiatives; 2012 charges of CHF 18 million related to cost reduction and severances, and a goodwill impairment of CHF 21 million relating to the global regenerative business.
3 In 2013, Straumann adopted the revised IAS 19R regarding employee benefits. 2012 figures have been restated accordingly.
4 Defined as net cash from operating activities less capital expenditures plus net proceeds from property, plant and equipment.
5 Defined as free cash flow per share, divided by the average share price over the full year.

FIVE-YEAR OVERVIEW

STRAUMANN HAS OUTPERFORMED IN DIFFICULT MARKETS

Market share-weighted growth rates of other leading implant companies (Nobel Biocare, Dentsply Implants, Biomet 3i and Zimmer Dental). Source: Published company data and comments.

STRAUMANN REVENUE DEVELOPMENT BY REGION



In each case, the diameter of the bubble illustrates the comparative size of the region with regard to revenue, while its center marks the change versus the prior year.

MAJOR ACQUISITIONS IN PAST FIVE YEARS

Year	Company	Business rationale
2009	IVS Solutions AG	Computer-guided surgery
2011	Dental Wings Inc. (30% stake)	Software standardization
2012	Neodent [JJGC Indústria e Comércio de Materiais Dentários S.A.] (49% stake)	Emerging markets, implant dentistry value segment
	Dental Wings Inc. (increase to 44% stake)	Software standardization
2013	Medentika GmbH & Medentika Implant GmbH (51% stake)	Dental prosthetics & implant value segment
	Createch Medical SL (30% stake)	High-end implant-borne prosthetics

OPERATING PERFORMANCE

(in CHF million)	2009	2010	2011	2012	2013
				Restated	
Net revenue	736.4	737.6	693.6	686.3	679.9
Growth in %	(5.4)	0.2	(6.0)	(1.1)	(0.9)
Gross profit	586.8	587.0	528.5	531.5	535.9
Margin in %	79.7	79.6	76.2	77.5	78.8
Operating result before depreciation and amortization (EBITDA)	218.3	211.9	157.4	119.5	148.4
Margin in %	29.6	28.7	22.7	17.4	21.8
Growth in %	(20.3)	(2.9)	(25.7)	(24.1)	24.3
Operating result before amortization (EBITA)	187.9	185.0	131.9	91.5	122.6
Margin in %	25.5	25.1	19.0	13.3	18.0
Growth in %	(21.9)	(1.6)	(28.7)	(30.6)	33.9
Operating profit (EBIT)	165.3	164.3	79.9	63.1	115.8
Margin in %	22.5	22.3	11.5	9.2	17.0
Growth in %	309.2	(0.6)	(51.4)	(21.1)	83.6
Net profit	146.4	131.1	71.0	37.5	101.2
Margin in %	19.9	17.8	10.2	5.5	14.9
Growth in %	1 693.2	(10.4)	(45.9)	(47.1)	169.8
Basic earnings per share (in CHF)	9.38	8.37	4.54	2.43	6.55
Value added / economic profit	96.1	88.4	29.7	(7.7)	52.7
Change in value added	144.1	(7.6)	(58.7)	(37.4)	60.4
Change in value added in %	300.2	(8.0)	(66.4)	(125.9)	785.3
as a % of net revenue	13.0	12.0	4.3	(1.1)	7.8
Number of employees (year-end)	2 170	2 361	2 452	2 517	2 217
Number of employees (average)	2 162	2 287	2 415	2 530	2 308
Sales per employee (average) in CHF 1 000	341	323	287	271	295

FINANCIAL PERFORMANCE

(in CHF million)	2009	2010	2011	2012	2013
				Restated	
Cash and cash equivalents	261.6	349.6	377.1	140.5	383.8
Net working capital (net of cash)	60.8	74.5	68.8	63.0	57.3
as a % of revenue	8.2	10.1	9.9	9.2	8.4
Inventories	71.5	73.1	67.0	63.6	62.3
Days of supplies	159	158	123	152	161
Trade receivables	95.4	92.3	94.1	91.8	93.2
Days of sales outstanding	47	45	48	49	49
Balance sheet total	802.9	853.9	811.3	776.9	1 019.7
Return on assets in % (ROA)	19.1	15.8	8.5	4.7	11.4
Equity	635.4	695.6	671.1	601.7	631.4
Equity ratio in %	79.1	81.5	82.7	77.4	61.9
Return on equity in % (ROE)	25.0	19.7	10.4	5.9	16.4
Capital employed	363.7	337.7	273.1	187.7	162.3
Return on capital employed in % (ROCE)	42.5	46.9	26.2	27.4	66.2
Cash generated from operating activities	245.1	175.8	140.2	114.6	151.5
as a % of revenue	33.2	23.8	20.2	16.7	22.3
Investments	(38.2)	(22.9)	(25.9)	(286.1)	(50.6)
as a % of revenue	5.2	3.1	3.7	41.7	7.4
thereof capital expenditures	(31.4)	(22.1)	(19.4)	(19.4)	(12.6)
thereof business combinations related	(6.9)	(0.7)	(0.4)	(0.7)	
thereof investments in associates			(6.1)	(266.0)	(38.0)
Free cash flow	214.7	154.2	121.1	95.2	139.2
as a % of revenue	29.1	20.9	17.5	13.9	20.5
Dividend (2013: subject to shareholders' approval)	58.7	58.8	58.0	57.9	58.2
Pay-out ratio in % (excluding exceptionals)	40.1	44.8	59.4	75.7	53.3

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in CHF 1 000)	31 Dec 2013	31 Dec 2012 Restated
Tangible fixed assets	88 242	104 042
Intangible assets	72 278	75 595
Investments in associates	255 115	249 239
Deferred income tax assets	26 392	28 701
Other non-current assets	15 897	2 570
Total non-current assets	457 924	460 147
Inventories	62 328	63 636
Trade and other receivables	111 390	104 447
Other current assets	4 303	8 140
Cash and cash equivalents	383 795	140 504
Total current assets	561 816	316 727
Total assets	1 019 740	776 874

EQUITY AND LIABILITIES

(in CHF 1 000)	31 Dec 2013	31 Dec 2012 Restated
Equity	631 380	601 657
Straight bond	199 301	0
Provisions	32 221	13 467
Deferred income tax liabilities	9 788	10 888
Other non-current liabilities	28 243	43 848
Total non-current liabilities	269 553	68 203
Trade and other payables	103 613	93 964
Provisions	6 070	2 602
Other current liabilities	9 124	10 448
Total current liabilities	118 807	107 014
Total liabilities	388 360	175 217
Total equity and liabilities	1 019 740	776 874

CONDENSED CONSOLIDATED INCOME STATEMENT

(in CHF 1 000)	2013	2012
		Restated
Revenue	679 922	686 253
Cost of goods sold	(144 007)	(154 733)
Gross profit	535 915	531 520
Other income	2 747	1 763
Distribution costs	(168 507)	(156 372)
Administrative expenses	(254 372)	(313 858)
Operating profit	115 783	63 053
Finance income	22 175	16 693
Finance expense	(23 909)	(16 818)
Share of result of associates	5 841	(5 743)
Profit before income tax	119 890	57 185
Income tax expense	(18 689)	(19 680)
Net profit	101 201	37 505
Attributable to:		
Shareholders of the parent company	101 201	37 505
Basic earnings per share (in CHF)	6.55	2.43
Diluted earnings per share (in CHF)	6.50	2.43

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(in CHF 1 000)	2013	2012
		Restated
Net profit	101 201	37 505
Depreciation of tangible fixed assets	24 950	27 404
Amortization of intangible assets	6 807	7 488
Impairment charges	1 787	21 520
Impairment reversal of tangible fixed assets	(883)	0
Other non-cash items of income and expense	18 689	9 794
Changes in net working capital	(1 061)	10 849
Net cash from operating activities	151 490	114 560
Purchase of financial assets	(16 154)	0
Capital expenditures	(12 650)	(19 426)
Purchase of investments in associates	(37 985)	(265 973)
Contingent consideration paid	0	(740)
Other cash flows from investing activities	4 202	591
Net cash used in investing activities	(62 587)	(285 548)
Issuing of a straight bond	199 230	0
Dividends paid	(57 848)	(58 033)
Purchase of treasury shares	(1 886)	(6 637)
Sale of treasury shares	15 907	1 687
Other cash flows used in financing activities	250	(507)
Net cash received from / (used in) financing activities	155 653	(63 490)
Exchange rate differences on cash held	(1 265)	(2 071)
Net change in cash and cash equivalents	243 291	(236 549)
Cash and cash equivalents at 1 January	140 504	377 053
Cash and cash equivalents at 31 December	383 795	140 504

For further explanation please see the Financial Report, published as a separate volume.

SHARE PERFORMANCE

Although the effects of the financial/debt crisis in Europe are still evident, the global economy grew solidly in 2013, fuelling another year of double-digit gains in most equity markets.

The MSCI World index rose an impressive 24%, significantly outperforming its 30-year average. This was helped by the low interest environment, in which equities are one of the few traditional classes of investment that yielded returns above inflation.

The Swiss equity market benefitted from the positive environment, with the Swiss main index SMI climbing 20% and the Swiss mid-cap index SMIM rising 28%.

Straumann's share price rose 49% (52% including gross dividend) yielding a total return of CHF 59 per share and making up for some of the losses (against the reference index) of 2010 and 2012. This increase reflected improved fundamentals, personnel decisions and the strategic reorientation, which improved investor sentiment considerably.

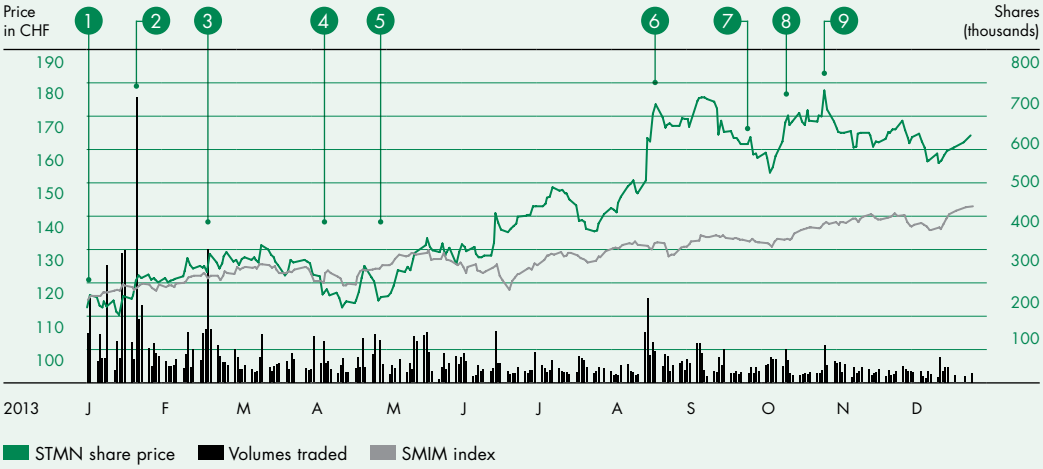
The average daily closing price ranged between CHF 112 and CHF 181, and at the end of the year the share closed at CHF 167. On average 56 900 shares were traded daily, which was high in view of the market capitalization of CHF 2.6 billion (December 2013) and the relatively low free float (57 %), but lower than in the previous year in absolute terms (67 700), reflecting the general stock market activity.

SHARE PRICE DATA

(in CHF)	2013		2012	
	Price	Date	Price	Date
First trading day[1]	114.10	3.1.	170.70	3.1.
Lowest[1]	111.70	16.1.	99.00	15.11.
Highest[1]	180.60	31.10.	176.00	2.2.
Last trading day[1]	166.80	30.12.	112.00	28.12.
Average	144.00		135.79	
Tax value	166.80		112.00	
Total shareholder return, gross of tax (in %)	52.3		(28.6)	
Share price performance (in %)	48.9		(30.9)	
Market capitalization 31 Dec (in CHF million)	2615		1 756	

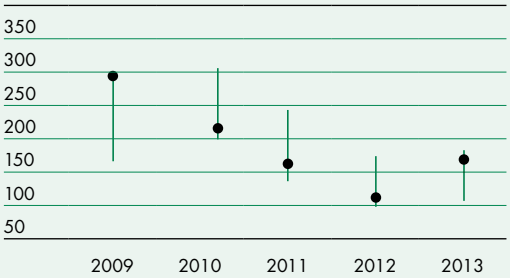
[1] Value reflects closing price

SHARE PRICE DEVELOPMENT



1. 4 Jan — Marco Gadola returns as new CEO
2. 23 Jan — Positive broker comments
3. 21 Feb — FY 2012 results: Solid gross margin, but Q4 sales behind last year
4. 5 Apr — Successful placement of CHF 200 m inaugural bond
5. 30 Apr — Q1 results: Straumann steps up cost reduction program; disappointing topline growth
6. 20 Aug — H1 results: Sales pick-up in Q2, margin expanded
7. 1 Oct — Straumann presents new implants at the EAO in Dublin
8. 7 Oct — Investments in German Medentika and Spanish Createch announced
9. 31 Oct — Q3 results: Good growth in North America and APAC; lift in guidance

HIGHEST/LOWEST VALUES



● At last day of trading

STOCK EXCHANGE INFORMATION

Listing	SIX Swiss Exchange (STMN)
Bloomberg	STMN SW
Reuters	STMN.S
Investdata	STMN
Ex date	15 April 2014
Payment date	22 April 2014
Security ID	001 228 007
ISIN	CH 0012 280 076

CALENDAR

KEY REPORTING DATES IN 2014

25 February	2013 full-year results
11 April	Annual General Meeting
30 April	Q1 sales
26 August	Q2 sales and H1 results
23 October	Q3 and 9M sales

PLANNED INVESTOR RELATIONS EVENTS AND CONFERENCES IN 2014

Members of Straumann's Executive Management and/or Investor Relations team plan to take part in the following events, subject to availability.

ROADSHOWS & CONFERENCES

27 February	Frankfurt investor meetings
28 February	Paris investor meetings
5 March	New York investor meetings
6 March	Philadelphia & Baltimore investor meetings
7 March	Chicago investor meetings
17 March	Geneva investor meetings
2 April	Kepler Cheuvreux Swiss Conference (Zurich)
4 April	Singapore investor meetings
5 May	Milan investor meetings
6 May	Munich investor meetings
12 June	Vontobel Swiss Conference (Interlaken)
13 June	Deutsche Bank German, Swiss & Austrian Conference (Berlin)
27 August	Zurich investor meetings
4 September	Goldman Sachs Healthcare Conference (London)
5 September	London investor meetings
7 October	Toronto investor meetings
8 October	New York investor meetings
9 October	Boston investor meetings
20 November	Credit Suisse Conference (Zurich)
2–3 December	Berenberg Conference (London)

If you are interested in meeting Straumann's top management at one of the meetings, please contact investor.relations@straumann.com.

SELECTED DENTAL MEETINGS IN 2014

6–8 March	Pacific Dental Conference (Vancouver)
6–8 March	Academy of Osseointegration 28th Annual Meeting (Seattle)
4–6 April	International Dental Exhibition & Meeting (Singapore)
16–19 April	13th China International Exhibition & Symposium on Dental Equipment & Products (Chengdu)
24–26 April	ITI World Symposium (Geneva)
13–17 May	Academy of Prosthodontics & International Congress (Berne)
9–12 June	China International Dental Exhibition & Scientific Conference (Beijing)
17–19 June	36th Asia Pacific Dental Congress (Dubai)
25–27 September	23rd Annual Scientific Meeting of the European Association for Osseointegration (Rome)
9–11 October	155th American Dental Association Annual Session (San Antonio)
27–29 November	Jahrestagung der deutschen Gesellschaft für Implantologie (Dusseldorf)
28 November–3 December	Greater New York Dental Meeting (New York)
4–7 December	American Association of Oral and Maxillofacial Surgeons Dental Implant Conference (Chicago)

RESEARCH COVERAGE

Bank am Bellevue
Christian Koch
Tel. +41 44 267 67 89

Bank of America Merrill Lynch
Ed Ridley-Day
Tel. +44 207 995 4585

Bank Vontobel
Carla Bänziger / Daniel Jelovcan
Tel. +41 58 283 75 22

Barclays Capital
Alex Kleban
Tel. +44 203 555 21 55

Berenberg Bank
Thomas Jones
Tel. +44 203 207 7877

Citigroup
Jonathan Beake
Tel. +44 207 986 5441

Commerzbank AG
Oliver Metzger
Tel. +49 69 136 81573

Credit Suisse
Christoph Gretler
Tel. +41 44 333 79 44

Deutsche Bank
Yi-Dan Wang
Tel. +44 207 545 9999

Exane BNP Paribas
Julien Dormois
Tel. +33 1 44 95 69 49

Goldman Sachs
Veronika Dubajova
Tel. +44 207 774 1901

HSBC Trinkhaus & Burkhardt
Hendrik Lofruthe
Tel. +49 211 910 2373

Jefferies
Ingeborg Øie
Tel. +44 207 029 8704

Kepler Chevreux
Maja Pataki
Tel. +41 43 333 66 23

MainFirst Bank
Markus Wieprecht
Tel. +49 69 788 08 221

Morgan Stanley
Michael Jüngling
Tel. +44 207 425 5975

Northcoast Research
Ed Snyder
Tel. +1 216 468 6903

Sanford C. Bernstein
Lisa Clive
Tel. +44 207 170 5052

UBS
Martin Wales
Tel. +44 207 5688 428

Zürcher Kantonalbank
Sibylle Bischofberger Frick
Tel. +41 44 292 37 34

CONTACTS & PUBLICATIONS

GROUP HEADQUARTERS

STRAUMANN HOLDING AG
Peter Merian-Weg 12, 4002 Basel
Tel. +41 61 965 11 11
Fax +41 61 965 11 01

Investor relations
Fabian Hildbrand
Tel. +41 61 965 13 27, Fax +41 61 965 11 23
investor.relations@straumann.com

Media relations
Mark Hill
Tel. +41 61 965 13 21
Thomas Konrad
Tel. +41 61 965 15 46
corporate.communication@straumann.com

General inquiries
Corporate Communication
Tel. +41 61 965 11 11
Fax +41 61 965 11 03

PUBLICATIONS AND FURTHER INFORMATION

The Straumann Annual Report is published in February and presented at the analysts' and press conference. It is also available online at www.straumann.com. The half-year interim report is published in the form of a media release in August. Other media releases include the quarterly sales reports published in April for the first quarter and in October for the third quarter. Where necessary or appropriate, Straumann also publishes additional information on key significant events. Press releases and presentations can be downloaded from the Straumann homepage at www.straumann.com. Please see Information Policy on p. 84 f.

APPENDIX

Contents

GLOBAL PRESENCE

AUSTRALIA & NEW ZEALAND
Straumann Australia P/L
7 Gateway Court
Port Melbourne,
Victoria 3207
Tel. +61 3 9261 1300
Fax + 61 3 9646 7232
info.au@straumann.com

AUSTRIA & HUNGARY
Straumann GmbH
Florido Tower
Floridsdorfer Hauptstrasse 1
1210 Vienna
Tel. + 43 1 29 40 660
Fax + 43 1 29 40 666
info.at@straumann.com

BELGIUM
Straumann SA/NV
Belgicastraat 3, box 3
1930 Zaventem
Tel. + 32 2 790 10 00
Fax + 32 2 790 10 20
info.be@straumann.com

BRAZIL
Straumann Brasil Ltda
Rua Funchal, 263 – 12°andar
Vila Olímpia
04551-060 São Paulo
Tel. + 55 11 3058 6888
Fax + 55 11 3058 6899
info.br@straumann.com

CANADA
Straumann Canada Ltd
Suite 100
3115 Harvester Road
Burlington, Ontario L7N 3N8
Tel. + 1 905 319 2900
Fax + 1 905 319 2911
info.can@straumann.com

CHINA
Straumann (Beijing)
Medical Device Trading Co, Ltd
11Fl, Tower B, Jiaming Centre
No. 27, Dongsanhuan Beilu
Chaoyang District
Beijing 100020
Tel. +86 10 5775 6555
Fax +86 10 5775 6556
info.cn@straumann.com

CZECH REPUBLIC
Straumann sro
Na Žertvách 2196/34
18000 Prague 8
Tel. +420 284 09 4650
Fax +420 284 09 4659
info.cz@straumann.com

DENMARK
Straumann Danmark ApS
Nygårds Plads 21, 1
2605 Brøndby
Tel. + 45 46 16 06 66
Fax + 45 43 61 25 81
info.dk@straumann.com

FINLAND
Straumann Oy
Fredrikinkatu 48 A 7 krs.
00100 Helsinki
Tel. + 358 9 694 28 77
Fax + 358 9 694 06 95
info.fi@straumann.com

FRANCE
Straumann SARL
3, rue de la Galmy-Chessy
77701 Marne-la-Vallée
Cedex 4
Tel. + 33 1 64 17 30 00
Fax + 33 1 64 17 30 10
info.fr@straumann.com

GERMANY
Straumann GmbH
Jechtinger Strasse 9
79111 Freiburg
Tel. + 49 761 450 10
Fax + 49 761 450 11 49
info.de@straumann.com

Etkon GmbH
Koburger Strasse 45
04416 Markkleeberg
Tel. + 49 34 13 50 35 40
Fax + 49 34 13 50 35 469

and

Lochhamer Schlag 6
82166 Gräfelfing
Tel. + 49 89 309 07 50
Fax + 49 89 309 07 51 19

ITALY
Straumann Italia srl
Viale Bodio 37a
20158 Milan
Tel. + 39 02 3932 831
Fax + 39 02 3932 8365
info.it@straumann.com

JAPAN
Straumann Japan KK
Sapia Tower 16F, 1-7-12
Marunouchi, Chiyoda-ku
Tokyo 100-0005
Tel. + 81 3 5218 2600
Fax + 81 3 5218 2601
info.jp@straumann.com

MEXICO
Straumann México SA de CV
Rubén Darío # 281
int. 1702 Piso 17
Col. Bosque de Chapultepec
11580 México DF.
Tel. + 52 55 5282 6262
Fax + 52 55 5282 6289
info.mx@straumann.com

NETHERLANDS
Straumann BV
Einsteinweg 15
3404 LE Ijsselstein
Tel. + 31 30 604 66 11
Fax + 31 30 604 67 28
info.nl@straumann.com

Straumann's products and services are available in more than 70 countries through our subsidiaries and a broad network of distributors.

NORWAY
Straumann AS
Nedre Vollgate 3
P.O. Box 1751 Vika
0122 Oslo
Tel. +47 23 35 44 88
Fax +47 23 35 44 80
info.no@straumann.com

PORTUGAL (BRANCH)
Straumann SA
Lagoas Park, Edificio 11
Piso 3
2740-244 Porto Salvo
Tel. +351 214 229 170
Fax +351 214 212 144
info.pt@straumann.com

SINGAPORE
Straumann Singapore Pte Ltd
1 Maritime Square
#09-04 HarbourFront Centre
Singapore 099253
Tel. +65 6376 2023
Fax +65 6376 2339

SOUTH KOREA
Straumann Dental
Korea Inc.
1005 Korea Trade Tower
Samseong 1-dong
Gangnam-gu
Seoul 135-729
Tel. +822 2149 3800~4
Fax +822 2149 3810
info.kr@straumann.com

SPAIN
Manohay Dental SA
Edificio Arroyo - A
Avda. de Bruselas, 38 - Planta 1
28108 Alcobendas-Madrid
Tel. +34 902 400 979
Fax +34 916 308 166
info.es@straumann.com

SWEDEN
Straumann AB
Krokslätts Fabriker 45
431 37 Mölndal
Tel. +46 31 708 75 00
Fax +46 31 708 75 29
info.se@straumann.com

Biora AB
Per Albin Hanssons vaeg 41
Medeon Science Park
20512 Malmö
Tel. +46 40 32 13 33
Fax +46 40 32 13 55

SWITZERLAND
Institut Straumann AG
Peter Merian-Weg 12
4002 Basel
Tel. +41 61 965 11 11
Fax +41 61 965 11 01
info@straumann.com

Straumann Villeret SA
Champs du Clos 2
Case postale 32
2613 Villeret BE
Tel. +41 32 942 87 87
Fax +41 32 942 87 88

UNITED KINGDOM
Straumann Ltd
3 Pegasus Place
Gatwick Road
Crawley
West Sussex
RH10 9AY
Tel. +44 1293 651230
Fax +44 1293 651239
info.uk@straumann.com

USA
Straumann USA, LLC &
Straumann Manufacturing, Inc.
60 Minuteman Road
Andover, MA 01810
Tel. +1 978 747 2500
Fax +1 978 747 2490
info.usa@straumann.com

Straumann Manufacturing, Inc.
113th Street 916A
Arlington, TX 76011
Tel. +1 817 701 11 81
Fax: +1 817 701 12 36

GLOSSARY

Dental/medical terms

ABUTMENT
A component that connects the implant with the prosthesis and protrudes into the oral cavity

BONECERAMIC
Straumann's fully synthetic bone substitute for bone augmentation procedures

BONE LEVEL IMPLANT
Implant where the connection between the implant and the abutment is placed at the level of the bone crest

BRIDGE
An appliance used literally to bridge the gap left by missing teeth by using one or more false teeth fixed to crowns anchored on tooth stumps or implants

CADCAM
Computer-aided design/computer-aided manufacturing: a computer system is used both for designing a product and for controlling manufacturing processes

CARES
CARES is a brand that Staumann uses for its digital prosthetic services, including CADCAM, software, functionality, scanning technology etc.

CROWN
A tooth-shaped cap attached to a tooth stump or implant abutment

DENTAL TECHNICIAN
Dental professional who manufactures patient-specific crowns, bridges, dentures and other dental prosthetics according to the dentist's specifications

DWOS
Dental Wings Open Software, an open software platform that allows prosthetics to be designed using data from multiple sources

EDENTULOUS
Having no teeth (can refer to upper and/or lower jaw)

EMDOGAIN
An extract of enamel matrix proteins which are involved in the development of cementum, periodontal ligament and bone

GUIDED SURGERY
Surgery in which 3D imaging technologies are used to plan the position, depth and angle of an implant

HYDROPHILIC
Readily absorbing or attracting water, or having chemical groups that interact with water

INTRA-ORAL SCANNING
Digital scanning to create a 3D image of the patient's teeth that avoids the conventional process of impression-taking followed by model casting

ITI
International Team for Implantology

LOXIM
A new transfer piece, designed to detach quickly and easily from the implant after placement, adding convenience with uncompromised precision and reliability

MEMBRANE
A barrier used in GBR to prevent rapidly growing tissue from occupying space into which new bone should form, and to stabilize bone augmentation materials

NARROW NECK IMPLANT
Small diameter implant for limited interdental spaces or narrow bone ridges

NIS
Non-interventional study, designed to evaluate products in everyday clinical settings, where the clinician can use the product as deemed suitable, within treatment guidelines

ONE-STAGE PROCEDURE
Surgical procedure whereby the implant is placed but not covered by the gum tissue during healing, so no second surgical procedure is necessary to uncover the implant

OSSEOINTEGRATION
The integration of an implant with the surrounding bone

PERI-IMPLANTITIS
Inflammatory tissue pathology and/or progressive bone loss at implant site, resulting from plaque accumulation and bacterial infiltration around dental implants

PERIODONTICS
Branch of dentistry concerned with the care and treatment of the supporting tissues of the teeth from the gingiva to the adjacent alveolar bone and ligament

PERIODONTIST
Dental professional specialized in the tissue and bone surrounding the teeth and in treating the diseases that affect them

PERIODONTITIS
Progressive disease of the periodontal tissues, resulting in the gradual loss of the tooth and supporting structures

PROSTHODONTIST
A dental professional who carries out prosthetic restorations on natural teeth and implants

RCT
Randomized controlled trial

REFERRAL MARKET
A market characterized by a relatively large number of specialists and in which general dentists tend to refer patients to specialists for procedures like implant placement

RESTORATIVE DENTISTRY
Branch of dentistry concerned with the replacement or reconstruction of teeth

ROXOLID
Straumann's proprietary alloy of titanium and zirconium, which combines high tensile and fatigue strengths with excellent osseointegration

SCAN & SHAPE
A Straumann CARES brand service, where experienced dental technicians generate CADCAM-based, customized abutments from a model or wax-up, exactly to customer specifications

SCREW-RETAINED BARS AND BRIDGES
Bars and bridges that are used to connect two or more dental implants; bars are commonly used to support partial or full dentures

SLA
SLA refers to a second-generation implant surface technology (sandblasted and acid etched), introduced by Straumann in 1997

SLACTIVE
Straumann's third-generation implant surface technology. By virtue of its hydrophilic properties, healing time is cut in half

SOFT TISSUE LEVEL IMPLANT
Implant where the connection between the implant and the abutment is placed at the level of the soft tissue, so that the soft tissue surrounds the polished collar of the implant

TITANIUM
Metallic element isolated from minerals as an iron-gray powder; available in many forms and used in many dental and orthopedic applications

TWO-STAGE PROCEDURE
Surgical procedure whereby the implant is inserted and a healing cap placed, which is covered by the gum tissue during healing; a second surgical procedure is performed later, where the healing cap is removed and an abutment and provisional prosthesis is placed

X-STREAM
Solution-driven functionality in the CARES Visual software, providing a one-step single-tooth implant-based prosthetic restoration process and significantly reducing turnaround time and shipment cost

ZIRCONIA
ZrO_2 – the white oxide of zirconium used on account of its infusibility and luminosity in dental implants, prosthetics, enamels and glazes

ZIRCONIUM
A grayish-white, string, ductile metallic element obtained from zircon and used in ceramic and refractory compounds as an alloying agent

ZLA
The ZLA surface of Straumann's ceramic implant features a topography characterized by macro- and micro-roughness, similar to the SLA surface, to enhance cell attachment and osseointegration

Financial terms

AMORTIZATION
Systematic allocation of the depreciable amount of an intangible asset over its useful life

CAGR
Compound Annual Growth Rate.

DEPRECIATION
Systematic allocation of the depreciable amount of a tangible asset

EARNINGS PER SHARE (EPS)
Net profit divided by the number of shares

EBIT
Earnings before interest and taxes; also referred to here as operating profit

EBITDA
Earnings before interest, taxes, depreciation and amortization

ECONOMIC PROFIT (EP)
See compensation report (p. 99)

EQUITY RATIO
Shareholder equity divided by total assets in %

ERP
Enterprise resource planning

FREE CASH FLOW
Net cash from operating activities less capital expenditures plus net proceeds from property, plant and equipment

FREE CASH FLOW MARGIN
Free cash flow divided by Group net revenue in %

FREE CASH FLOW YIELD
Free cash flow per share divided by the stock price of the company

GOODWILL
Future economic benefits arising from assets that are not capable of being individually identified and separately recognized

IFRS
International Financial Reporting Standards

IMPAIRMENT LOSS
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable value

NET PROFIT MARGIN
Net profit divided by Group net revenue in %

OPEX
Operating expenses, also called non-manufacturing expenses, including distribution costs, marketing, research & Development, as well as general administrative expenses

ORGANIC GROWTH
Organic growth is the growth excluding the effect from business combination and currency effects

PAY-OUT RATIO
Dividend paid divided by net profit over the same period in %

REVENUES
Sales, see p. F22 f

ROA
Return on assets; net profit divided by average assets in %

ROCE
Return on capital employed; earnings before interest and taxes divided by average capital employed in %

ROE
Return on equity; net profit divided by average equity in %

SALES
See 'sale of goods' on p. F22

TOTAL SHAREHOLDER RETURN (TSR)
Profit or loss realized by an investment. TSR includes capital gains/losses from increases/decreases in stock price as well as received gross dividends

WACC
Weighted average cost of capital

WRITE-DOWN
See 'impairment loss'

GLOBAL REPORTING INITIATIVE (GRI)

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Straumann Holding AG** has presented its report "Annual Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 28 February 2014

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

GB GRI REPORT GRI CHECKED

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 23 February 2014. GRI explicitly excludes the statement being applied to any later changes to such material.*

POINTS TO NOTE

FINANCIAL REPORT

Straumann's detailed financial report is published in English as a separate volume. It can be viewed or downloaded through our website:
http://annualreport.straumann.com

Printed hard copies can be ordered from:
Corporate Communication or Investor Relations
Institut Straumann AG
Peter Merian-Weg 12
CH-4002 Basel
Tel. +41 61 965 11 11
E-mail:corporate.communication@straumann.com
or investor.relations@straumann.com

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements that reflect the current views of management. Such statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Straumann Group to differ materially from those expressed or implied in this report. Straumann is providing the information in this report as of this date and does not undertake any obligation to update any statements contained in it as a result of new information, future events or otherwise.

PRODUCT AVAILABILITY

The availability and indications of the products mentioned and/or illustrated in this report may vary according to country.

TRADEMARKS & BRANDS

The following trademarks or brands are used by Straumann Holding AG and/or its affiliated companies: Straumann® Allograft, BIORA®, Straumann® BoneCeramic™, Bone Control Design™, Straumann® Bone Level Implant, Straumann® CARES®, Straumann® CARES® Scan & Shape, coDiagnostiX®, coDoctor™, coNaviX™, Consistent Emergence Profiles™, Coron®, CrossFit®, Straumann® Dental Implant System, Emdogain®, ETKON®, Straumann® gonyX™, Straumann® Guided Surgery Kit, LOXIM™, Straumann® MembraGel®, More than implants™, polycon®, PrefGel™, Straumann® Regenerative System, Roxolid®, SLA®, SLActive®, SLBioActive™, Straumann® Soft Tissue Level Implant, synOcta®, TiBrush®, ticon®, Variobase™, X-STREAM™, Young Professional™, Zerion®, ZLA™, ZLActive™.

OTHER TRADEMARKS

3M, ESPE and Lava™ are registered trademarks of 3M Company, USA, or 3M Deutschland GmbH (used under license in Canada). DWOS is a registered trademark of Dental Wings Inc., Canada. iTero® is a registered trademark of Align Technology, Inc., USA. Swiss Performance Index (SPI)®, Swiss Market Index (SMI)® and SMI Mid (SMIM)® are registered trademarks of SIX Swiss Exchange AG, Switzerland.

IMPRINT

Published by: Institut Straumann AG, Basel
Concept and realization: Eclat, Erlenbach/Zurich
Consultant on sustainability: sustainserv, Zurich and Boston
Print: Neidhart + Schön AG, Zurich
Basel, 21 February 2014

Straumann Holding AG
Peter Merian-Weg 12
4002 Basel
Switzerland
www.straumann.com