

2016 Business performance

Group

The Straumann Group reported a strong performance in 2016, as revenue grew 15% in Swiss francs to CHF 918 million, fueled by double-digit increases across all businesses. 13% of the growth was organic, with North America (+16%) contributing the largest portion, and Asia/Pacific posting the strongest relative growth (+20%).

The Group invested significantly in new markets and segments, in its strong R & D pipeline and in production capacity expansion, but still achieved further improvements in underlying profitability, as operating and net profit rose 22% and 29% respectively, with the corresponding margins reaching 25% and 20%. At CHF 230 million (earnings per share: CHF 14.68), net profit actually exceeded operating profit by CHF 3 million due to a one-time tax gain of CHF 43 million resulting from the merger of Straumann Brazil with Neodent.

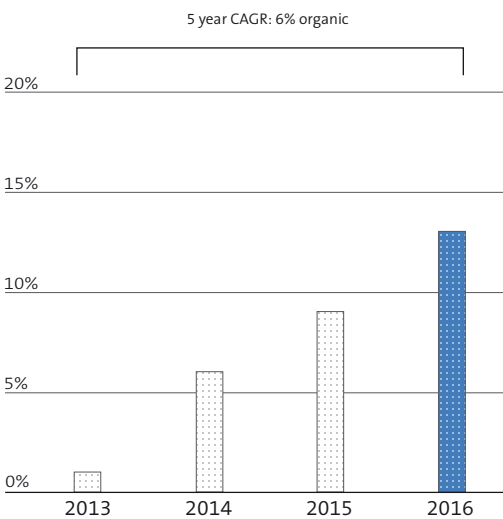
The Implant business was the main contributor to growth throughout the year. Volumes expanded at a double-digit rate, led by the Bone Level Tapered (BLT) range and the high-performance implant material Roxolid. More than 20% of the Straumann implants sold in 2016 were tapered and the trend continues. BLT enables Straumann to address the large conical implant segment, where high primary stability is important especially in accelerated treatment protocols. Based on independent market research, the share of tapered implants worldwide is greater than 70%. Since its launch in 2015, BLT has gained an estimated 4% volume share of this segment.

The Group’s intense efforts over the past two years to become a total solution provider for dental labs have led to sustained double-digit growth in the restorative business. Sales of prosthetics – both standard and CAD/CAM – developed very positively. The success of Straumann’s flexible Variobase abutments, which can be restored in a milling center, in the lab or even in the dental practice, together with campaigns to promote original connections contributed to sales, while Straumann’s new intraoral scanner and Amann Girrbach milling solutions added to growth in digital solutions.

The Group’s smallest business, Biomaterials, was the fastest growing. Thanks to successful collaborations with botiss and other partners, the Group has been able to roll out comprehensive guided-bone regeneration solutions internationally and now plays in each category of the biomaterials market. One additional highlight in 2016 was the approval and launch of Emdogain in oral soft-tissue wound healing.

The Group succeeded in improving its share of the biomaterials market and has exclusive distribution rights for botiss products in most countries. In 2017/18, the two partners will work to add biomaterials in countries where they are not yet available.

ORGANIC REVENUE GROWTH



KEY PERFORMANCE FIGURES

	2016		2015	
	Reported	Excluding exceptionals ¹	Reported	Excl. business combination exceptionals ²
Revenue (CHF m)	917.5		798.6	
Gross profit margin (%)	78.3		77.0	78.6
EBITDA margin (%)	28.3		26.0	27.6
EBIT margin (%)	24.8		21.6	23.3
Net profit margin (%)	25.0	20.4	9.0	18.1
Free cash flow margin (%)	15.1		18.9	

¹ In H1 2016, net profit was lifted by a one-time effect of CHF 43m (corresponding to CHF 2.74 earnings per share) related to the capitalization of deferred tax assets in Brazil.

² Charges in 2015 related to the Neodent business combination amounted to CHF 77m (CHF 73 m after tax), which includes inventory revaluation expenses of CHF 13 m and a CHF 64 m net loss below the EBIT line.

OPERATIONS AND FINANCES

Early in 2016, Straumann Brasil Ltda was merged into Neodent. As a result, Neodent will benefit from future tax savings and has recognized a deferred tax asset, leading to a one-time profit of CHF 43 million in 2016. In the prior-year, the consolidation of Neodent resulted in several one-time effects, which reduced gross/operating income by CHF 13 million and net profit by CHF 73 million. These effects are defined as ‘exceptionals’ and the key financial figures are shown both on a ‘reported’ and an ‘underlying’ (i.e. excluding exceptionals) basis in order to facilitate the performance comparison.

DOUBLE-DIGIT VOLUME EXPANSION LIFTS GROSS PROFIT

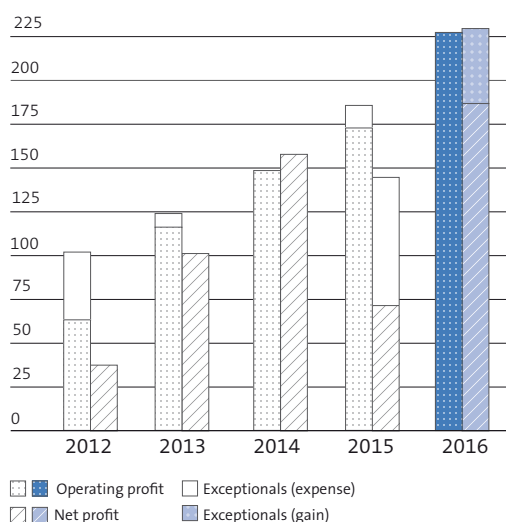
Strong demand for Straumann’s premium and value products lifted gross profit by 17% to CHF 719 million, corresponding to a margin of 78%. The comparative margin in 2015 excluding exceptionals was 30 base points higher, reflecting a lower share of value and third-party products. Double-digit volume increases over the past three years have made it necessary to invest in capacity expansion, which led to higher production costs.

EBIT MARGIN EXPANDS FURTHER

Distribution costs, which comprise salary and commission fees for the direct sales force as well as logistic expenses, increased by CHF 38 million to CHF 211 million as the company continued to invest in high-growth markets and projects. This includes amortization expenses of CHF 6 million for customer-related intangible assets of Neodent.

OPERATING AND NET PROFIT

(in CHF million)



Administrative expenses, which include marketing, research & development, general management and support functions, rose CHF 11 million to CHF 283 million. The increase includes a low million expense for the transfer of finance functions to a European accounting services center in Germany and start-up costs related to Intradent’s European hub as well as the 12-month effect of the Neodent business, which was consolidated in March 2015. In addition, the Group bolstered its R & D

capabilities in Basel to drive the stream of promising R&D projects and to provide supporting clinical documentation. In spite of all these items, administrative expenses decreased as a percentage of revenue by 3 percentage points to 31%, thanks to tight cost control.

Due to these operating improvements, earnings before interest, tax, depreciation, amortization (EBITDA) and exceptionals increased CHF 39 million to CHF 259 million. The respective margin reached 28%, which represents an underlying improvement of 70 basis points.

After amortization and depreciation charges of CHF 32 million, operating profit amounted to CHF 227 million compared with CHF 173 million (CHF 186 million underlying) last year. The underlying EBIT margin increased from 23% in 2015 to almost 25% in 2016.

ONE-TIME TAX GAIN ADDS TO STRONG NET PROFIT

Interest expenses of CHF 3 million related to the outstanding CHF-200-million corporate bond were paid in 2016. Still, the financial result improved by CHF 13 million compared with the prior year, when the financial result was impacted by fair-value adjustments of various financial instruments.

Straumann’s share of results from its associate partners (Medentika, Dental Wings, Createch, Anthogyr, T-Plus,

Valoc, V2R and Zinedent), which is shown net of tax and after intangible amortization, was a negative CHF 2 million in contrast to a negative CHF 12 million in 2015.

Income taxes in 2016 reached a positive CHF 7 million after a one-time tax gain. Excluding this, tax expenses would have amounted to CHF 35 million, reflecting an underlying tax rate of 16%.

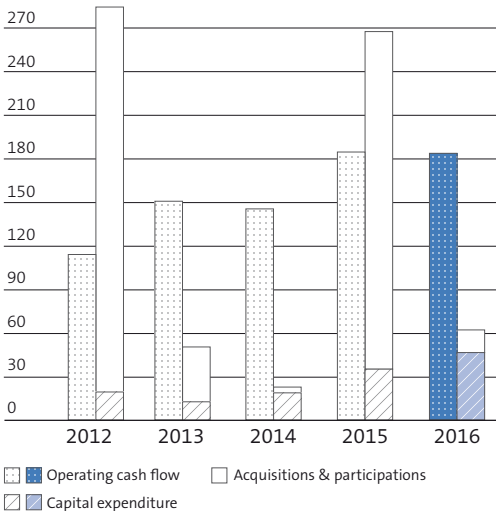
Taking all these factors into account, the Group generated net profit of CHF 230 million, which amounted to 187 million (margin: 20%) before the one-time tax gain. Underlying (basic) earnings per share grew 30% to CHF 11.94 (2015: CHF 9.19).

SOLID FREE CASH FLOW OF CHF 139 MILLION

Net cash from operating activities of CHF 185 million remained roughly at the prior year level. The result was constrained by higher inventory levels due mainly to the extension of the Group’s product range (including digital equipment) and the opening of new subsidiaries and Intradent organizations. Apart from this, dynamic topline growth in emerging and distributor markets was followed by an increase in accounts receivable from 53 to 55 days of sales outstanding.

The Group invested in production-capacity expansion at various sites, increasing CAPEX by CHF 12 million to a total of CHF 46 million. The combination of these effects meant that free cash flow reached CHF 139 million, bringing the respective margin to 15%.

CASH FLOW AND INVESTMENTS
(in CHF million)



INCREASED DIVIDEND AND FURTHER INVESTMENTS IN THE VALUE SEGMENT

A portion of the free cash flow was used to acquire the Equinox business in India and a minority stake in the French implant manufacturer Anthogyr as part of the Group’s strategy to invest in the non-premium segment. In addition, the Group took over the exclusive distribution of botiss products in Germany. Collectively, these investments amounted to CHF 40 million. Total cash used in investing activities reached CHF 83 million.

In April, the shareholders’ AGM approved a dividend increase to CHF 4.00 per share, resulting in total payout of CHF 63 million. This and the acquisition of 531 632 Straumann shares for a total consideration of CHF 200 million in an accelerated book-building process were the

main components of the cash used for financing activities, which totaled CHF 257 million.

As a result, cash and cash equivalents at the end of December amounted to CHF 164 million, CHF 154 million lower than a year previously. With an equity ratio of 58% the Straumann Group remains solidly financed to further invest in strategic growth initiatives.

Based on the results and positive developments in 2016, the Board proposes a dividend increase to CHF 4.25 per share, payable on 13 April 2017. Going forward, the Board's intention is to increase the dividend per share subject to further good performance.

OUTLOOK 2017

(BARRING UNFORESEEN CIRCUMSTANCES)

The Straumann Group expects the global implant market to grow at a similar rate (3–4%) in 2017 and is confident that it can continue to outperform by achieving organic growth in the high single-digit range. Despite further investments in strategic growth initiatives and assuming that currency exchange rates remain fairly stable, the expected revenue growth and operational leverage should lead to further improvements in the (organic) operating profit margin.

SUMMARY OF MAIN INVESTMENTS

INVESTMENTS IN HIGH-GROWTH SEGMENTS AND REGIONS

One of the Group's strategic priorities is to penetrate the fast-growing non-premium segment. To this end we invested significantly in recent years in our Instrand platform (see p. 23) by acquiring or investing in value brands in different markets.

In 2016, we acquired a 30% stake in the French implant manufacturer Anthogyr. The agreement provided the Group with immediate access to the value segment in China. Subsequently we acquired the dental implant manufacturer Equinox, which has a leading position in the Indian market. These investments totaled approximately CHF 37 million.

INVESTMENTS TO STRENGTHEN EXISTING PARTNERSHIPS

Having partnered with botiss biomaterials since 2013, we took over the exclusive distribution of their products in Germany, their major market, for a consideration of

approximately CHF 9 million. Straumann has an option to acquire up to 30% of the shares in botiss biomaterials in 2017.

INVESTMENTS IN PRODUCTION

To meet strong growth in demand for our products, we invested approximately CHF 16 million in machinery at our production plants in Switzerland, the US, Germany and Brazil. Major plant expansions will materialize in the coming years in Brazil and in Switzerland.

INVESTMENTS IN TECHNOLOGY

In pursuit of our strategy to become a total solution provider, and to secure access to innovative technologies and concepts, we have invested in several partner companies in recent years, which form a common technology platform (see p. 25). We added to this platform in 2016 by acquiring a 30% stake in V2R Biomedical Inc., an entrepreneurial Canadian company specialized in prosthetically-driven guided-surgery solutions.

Shortly afterwards, we announced a joint venture with maxon motor to develop ceramic components for dental implant systems that are produced by injection moulding. The Group holds 49% of the joint venture company.

These two investments totaled CHF 9 million.

OTHER INVESTMENTS

The International Team for Implantology (see p. 103) is Straumann's longstanding academic partner and shares our goal of developing optimal treatment solutions to the benefit of patients. In 2016, the Group supported the ITI with total investments of approximately CHF 11 million.

Investments in people (training and development) are covered in the Employees section of this report. Information on investments in distribution, including selling activities as well as research, development, intangible and tangible assets and our investment in organizations like the ITI are presented in our financial report.

Business performance

Regions

The Group currently operates in 54 distributor markets, two thirds of which are in the region we define as Europe, Middle East and Africa. At the outset of 2017, our Central European subsidiaries were combined with Western Europe, enabling a dedicated team to focus on expansion in distributor markets in Eastern Europe and the Middle East, in addition to developing our business in Russia and new markets (e.g. in Africa and Central Asia).

Throughout 2016 we outperformed the market significantly and gained share in all regions. The strong performance was led by dynamic growth in North America and Asia/Pacific – which was our fastest growing region.

Latin America's impressive growth shone out against a backdrop of economic and market recession. Our largest region, EMEA, performed well and crossed the double-digit growth threshold in two quarters, posting robust growth of 9% over the full term.

To support future growth, we enlarged our geographic footprint, opened new markets and entered the non-premium segment in Argentina, China, Germany, India, Turkey, and the UK, contributing to triple-digit revenue growth in our global Intradent business.

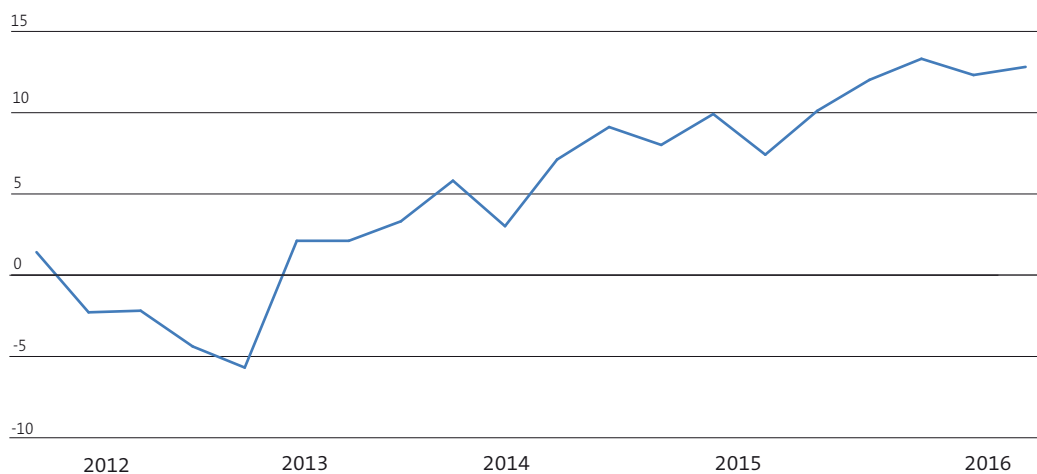
REGIONAL SALES PERFORMANCE BY QUARTER

(in CHF million)	Q1	Q2	Q3	Q4	Total 2016	Total 2015
Europe, Middle East & Africa	108.0	108.2	89.1	105.6	410.8	375.0
Change in CHF %	9.5	14.6	7.6	6.4	9.5	(3.6)
Change (local currencies) in %	9.4	11.1	7.7	8.0	9.1	6.1
As a % of Group revenue					44.8	47.0
North America	62.0	64.5	61.7	67.5	255.7	216.9
Change in CHF %	15.4	21.0	18.7	16.6	17.9	12.3
Change (local currencies) in %	12.5	16.9	17.3	16.0	15.6	8.3
As a % of Group revenue					27.9	27.2
Asia/Pacific	35.5	39.7	36.3	41.0	152.5	122.9
Change in CHF %	22.9	26.1	25.3	22.1	24.1	15.2
Change (local currencies) in %	21.0	20.2	17.0	20.5	19.7	19.4
As a % of Group revenue					16.6	15.4
Latin America	17.5	25.9	26.7	28.3	98.5	83.7
Change in CHF %	46.0	(0.6)	15.8	25.3	17.6	292.9
Change (local currencies) in %	79.7	17.2	12.7	15.0	22.8	396.5
Change (organic ¹) in %	13.3	17.2	12.7	15.0	14.6	11.0
As a % of Group revenue					10.7	10.5
TOTAL	223.0	238.3	213.9	242.4	917.5	798.6
Change in CHF %	15.4	16.1	14.4	13.7	14.9	12.4
Change (local currencies) in %	15.5	14.7	12.5	13.0	13.9	18.6
Change (organic) in %	12.2	14.7	12.5	13.0	13.1	9.1

¹ 'Organic' means excluding the effects of currency fluctuations and acquired/divested business activities. As of 1 March 2015, the Neodent business was fully consolidated and led to an acquisition effect in the Latin American region.

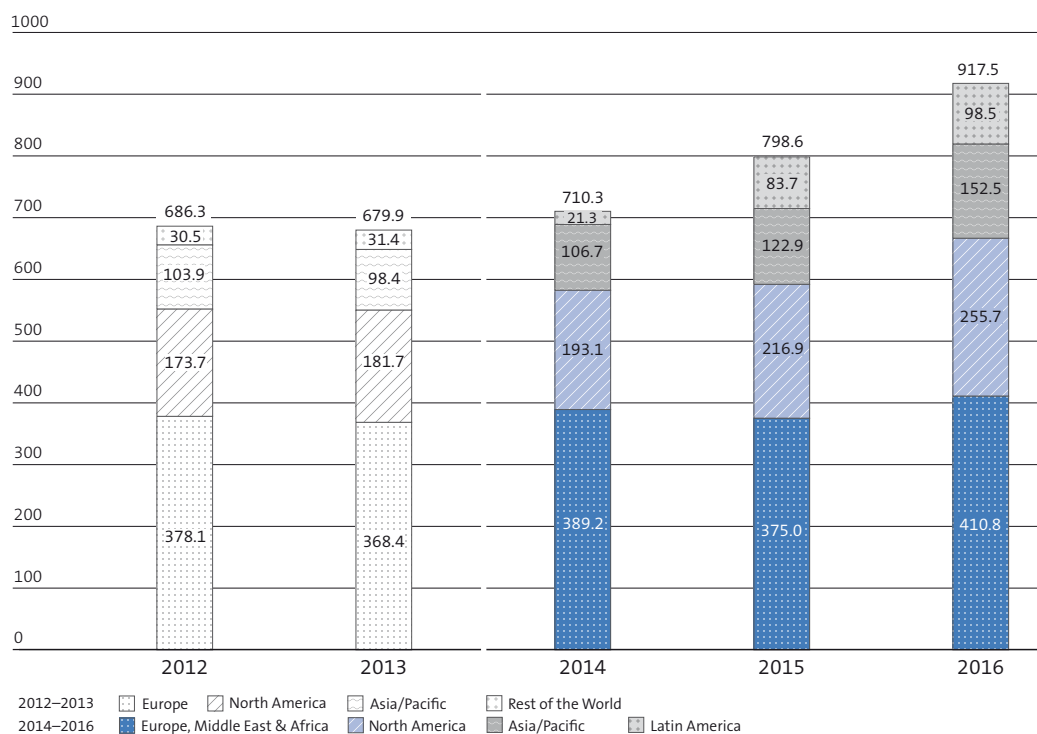
FIVE-YEAR QUARTERLY REVENUE GROWTH (ORGANIC)

(in %)



REGIONAL SALES PERFORMANCE BY YEAR

(in CHF million)



Europe, Middle East & Africa (EMEA)

While it may not be our fastest-growing region, EMEA contributes the lion's share (45%) to Group revenue. With Europe delivering its strongest performance since the economic crisis of 2008, the region grew 9% organically and 10% in Swiss francs.

ALL COUNTRIES REPORT GROWTH

By country, the results were generally positive, with Iberia, Italy, and Germany as principal contributors, despite their competitive environments. We also grew well in France and Scandinavia. Demand was strong in distributor markets, especially in Eastern Europe, and in Russia, where our new subsidiary made a good start.

MORE CUSTOMERS

New products and strong sales execution helped us to expand our customer base. The key growth drivers were BLT, which completed its first year on the market, screw-retained bar-and-bridge prosthetics and Variobase abutments, which have enabled our restorative business to close the gap on implants in terms of volume growth.

The uptake of botiss biomaterials, which complement our implant business perfectly, has been very positive and we were excited to take over exclusive distribution of botiss in Germany, together with their sales team.

TOTAL SOLUTIONS FOR LABS

In recent years, dental laboratories have invested increasingly in CAD/CAM equipment to produce prosthetics in house. Our collaboration with Amann Girrbach opened the door to the in-lab milling segment and the launch of our CARES M Series in-lab mill (p. 36) as part of a complete lab solution.

To promote this and the launch of our CARES Digital Solution strategy, we staged an impressive truck tour across Germany and Switzerland. Other successful promotional activities included trade events in France (ADF), Italy (ITI congress) and Spain (Expodental) as well

as peer-to-peer events (see. p. 30) and seminars across the region.

GROWING VALUE BUSINESS

Having a full range of premium and value solutions supported by a digital workflow makes us an attractive partner for dental service organizations and opened the door to significant accounts in 2016 for example in Italy, the Netherlands, Portugal and Spain.

We achieved our goals in the value segment by creating Intradent UK, building Zinedent in Turkey, and establishing a European hub to provide distribution and services for our Intradent subsidiaries, agents and customers. In view of the strong demand, we also created an Intradent Europe subsidiary to serve key customers in Germany, France, the Nordic and Benelux countries with the Neodent range. We were also able to take over the German distribution business of our partner Medentika, a leading supplier of attractively-priced prosthetics, marking our entry into the value segment in Europe's largest market.

OUTLOOK

Our business has not been affected by the general uncertainty in Europe related to Brexit. Our new Intradent subsidiaries and European hub will help to expand our business in the value segment and we will create opportunities for Zinedent and Medentika in other markets.

The IDS and ITI World Symposium will be major opportunities to present innovations and promote new products and solutions in Europe in 2017.

Having conducted market-acceptance tests in Europe for our intra-oral scanner produced by Dental Wings and the compact milling machine developed by Amann Girrbach, we plan to launch them both in Europe in 2017, offering our own chairside milling solution.



GROUP'S PRESENCE IN KEY REGIONAL MARKETS IN 2016

Market (in order of size)	Contribution to regional revenue	Implants/prosthetics		CAD/CAM	Biomaterials
		Premium	Non-premium		
Germany	1	•••••	yes	yes	yes
Italy	2	•••••	yes	yes	yes
Spain	3	•••••	yes	yes	partial
France	4	•••••	yes	yes	yes
Switzerland	5	•••••	yes	yes	yes

• Dots denote: 1. Titanium standard range; 2. Roxolid; 3. SLActive; 4. Bone Level Tapered; 5. PURE

ORGANIC GROWTH

+9%

HIGHLIGHTS

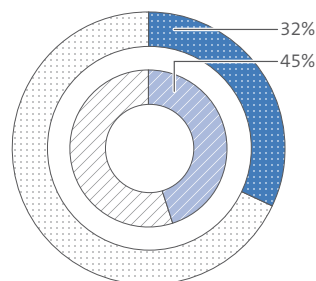
- Continued solid growth
- Expansion in non-premium segment
- Resources freed up for new and emerging markets

CHANGE IN CHF

+10%

CONTRIBUTION COMPARISON

■ % of Group growth
■ % of Group revenue



REVENUE

CHF 411m

North America

North America gathered momentum and posted organic revenue growth of 16%. The region contributed a third of the Group's overall growth. Thanks to an appreciation of the dollar, growth in Swiss francs reached 18%, bringing net revenue to CHF 256 million.

The performance was driven by strong demand across all businesses and by new customers, many of whom are attracted by Roxolid, BLT and our Pro Arch solutions for edentulous patients.

Our Variobase family of abutments helped to win back lab customers by offering a cost-effective, versatile solution with an original implant interface. Variobases also offer the flexibility of producing the restoration in a milling center, in the lab or even chairside.

NEW LAUNCHES AND INITIATIVES

Straumann PURE, our fully ceramic implant, made its regional debut in February and has been well received. While metal-free implant solutions are currently a niche market, we believe that the availability of ceramic implants with similar performance, price and flexibility to their metal counterparts will change the market and are a potential game changer.

The CARES intra-oral scanner, which was developed by Dental Wings, was launched early in the year at the Chicago Midwinter meeting. To offer it to a broader group of customers, we granted distribution rights to Benco and Burkhart, two of the largest dental distributors in the US.

CADCAM FACILITY EXPANDED

To meet growing demand for CAD/CAM prosthetics – especially from large customers like ClearChoice (see p. 74) – we significantly expanded and increased the technical capabilities of our North American milling center in Arlington and opened the extension in April.

IMPRESSIVE GAINS IN THE VALUE SEGMENT

We made notable gains in the value segment thanks to Neodent's range of attractively-priced implant solutions. These were complemented by the launch of Medentika's cost-effective prosthetic solutions.

'SMILE-IN-A-BOX' INVESTMENT

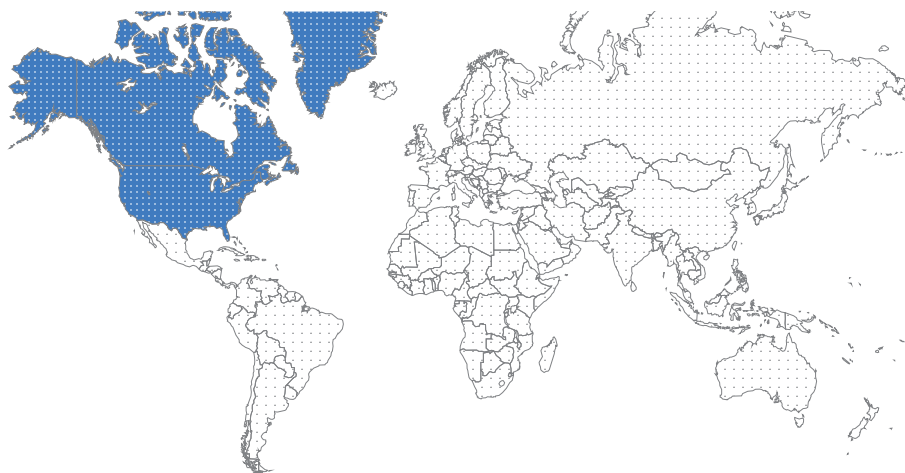
In the third quarter, we acquired a 30% stake in V2R Biomedical, a Canadian company specializing in prosthetically-driven guided-surgery solutions. V2R offers a planning service for guided surgery and delivers patient-specific drill-guides, implants, prosthetics and other components as a 'smile-in-a-box' solution, making it possible to perform up to full-arch restorations in a single surgical appointment, saving time for patients and adding convenience and predictability for dentists.

OUTLOOK

The North American market still offers considerable opportunities in view of its comparatively low penetration, and we are confident that we can gain further market share in the region in 2017.

More than 70% of implants sold in North America have tapered designs and we are making broad inroads into this segment, with further line extensions planned in the near future.

In 2017, we will add Medentika and our etkon iDent range of prosthetics for third-party implants, creating further growth opportunities in the value segment. We will also launch CARES in-lab and chairside milling machines. These and other new products will complement our intraoral and in-lab scanning solutions, and our expanded central milling and computer-guided surgery services as part of a complete solution for customers across North America.



GROUP'S PRESENCE IN KEY REGIONAL MARKETS IN 2016

Market (in order of size)	Contribution to regional revenue	Implants/prosthetics		CAD/CAM	Biomaterials
		Premium	Non-premium		
USA	1	•••••	yes	yes	yes
Canada	2	•••••	yes	yes	yes

• Dots denote: 1. Titanium standard range; 2. Roxolid; 3. SLActive; 4. Bone Level Tapered; 5. PURE

ORGANIC GROWTH

+16%

HIGHLIGHTS

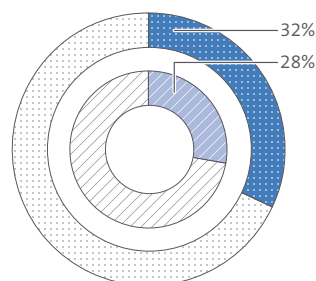
- Momentum increases
- Strong demand in all businesses
- Further gains in non-premium business

CHANGE IIN CHF

+18%

CONTRIBUTION COMPARISON

■ % of Group growth
■ % of Group revenue



REVENUE

CHF 256m

Asia / Pacific

DOUBLE DIGIT GROWTH THROUGHOUT

Asia Pacific, which accounts for approximately 16% of Group revenue, was our fastest growing region throughout 2016 with organic revenue climbing almost 20%. Growth in Swiss francs amounted to 24%, reflecting the appreciation of the yen.

CHINA – A KEY SOURCE OF GROWTH

More than half the regional growth was generated in China, where we continued to benefit from the dynamic market; our investments in sales, training, and education; and the hybrid distribution model we implemented in 2015.

Our strategic investment in Anthogyr (see pp. 23, 58) provided immediate access to the fast-growing value segment, avoiding long regulatory delays. In June we integrated their business in China and began to roll the brand out through our distribution network and the combined sales team.

LEAD EXTEND IN JAPAN

Customers in Japan were eager to use our BLT implants, SLActive surface and high strength Roxolid material, which were all launched recently and helped us to win further market share. The first Straumann Scientific Forum in Tokyo in mid-year attracted 1800 dental professionals making it our largest congress in Asia to date. A quarter of the participants were new customers and the event provided an excellent platform to launch Roxolid, our Pro Arch solutions and our local CAD/CAM milling service.

NEW PRODUCTS LIFT AUSTRALIA AND KOREA

Roxolid, SLActive and BLT helped us to outperform the market in Australia. These products, together with the successful launch of our botiss biomaterials range and reimbursement changes, contributed to strong growth in Korea, where Straumann is the only leading foreign implant company to maintain a direct presence.

We continued to make good progress in other established regional markets, all of which delivered double-digit growth.

OPPORTUNITIES OPEN IN INDIA

In 2016, we entered the Indian market, where the need for implant-based tooth-replacement is huge. With the acquisition of Equinox in November, we became the third largest supplier of dental implants in India. In addition, we gained the infrastructure and local expertise to launch the Straumann premium brand, our first implant production site in Asia, and an implant system that is affordable for a very broad population.

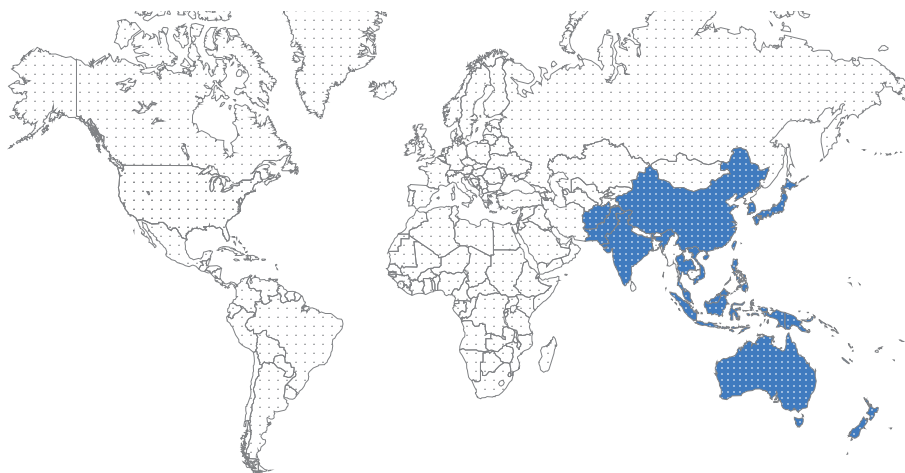
OUTLOOK

We plan to invest in additional subsidiaries in South East Asia, bringing us closer to customers.

We will also drive further expansion in the value and premium segments in China and are looking forward to launching Roxolid, BLT, Pro Arch and CAD/CAM in the near term, pending regulatory approvals. We are working to add biomaterials and CAD/CAM in all markets where they are not yet available.

We will enhance capacity and our offering in India, including the introduction of Straumann premium implant solutions in the near term.

Our plans to partner with the Korean implant company MegaGen have been delayed by arbitration regarding our convertible bond. Fortunately, we now have alternative brands to address markets where MegaGen would have been an asset.



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China	1	••	yes	no	no
Japan	2	••••	no	yes	partial
Australia	3	•••••	no	yes	partial
Korea	4	••••	no	no	yes
India	n/a		yes	no	no

• Dots denote: 1. Titanium standard range; 2. Roxolid; 3. SLActive; 4. Bone Level Tapered; 5. PURE

ORGANIC GROWTH

+20%

CHANGE IIN CHF

+24%

REVENUE

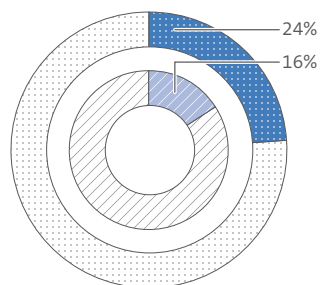
CHF 153m

HIGHLIGHTS

- Dynamic performance powered by China and Japan
- Entry into non-premium segment in China
- Third largest implant company in India

CONTRIBUTION COMPARISON

■ % of Group growth
■ % of Group revenue



Latin America

The dental markets in Latin America suffered from the continuing economic recession especially in the region's largest economy, Brazil. While the tooth replacement market contracted, our Neodent and Straumann businesses both achieved double-digit increases, gaining market share and lifting our organic revenue growth to 15%. The Brazilian real depreciated year-on-year leading to a negative currency impact of 5% points and reported regional revenue to CHF 98 million or 11% of the Group.

SURPRISING SHOP SUCCESS

Several factors contributed to the exceptional performance in Brazil: Neodent's network of stores across the country proved invaluable as it assured product availability without customers' having to keep stocks themselves – a business 'lifesaver' in a recession. Against our policy of segregating value and premium brands, we started selling Straumann products in Neodent stores with surprising success.

BLT DRIVES GROWTH

The uptake of our BLT implant was another key factor and by year-end more than a third of Straumann implants sold in the region were BLTs. Neodent also introduced new products, fuelling a shift towards higher value implants featuring internal connections and the Acqua surface.

BROAD RANGE OF DIGITAL SOLUTIONS

Neodent and Straumann are now able to offer a broad range of digital solutions in Brazil including in-lab scanning and milling solutions in addition to a central milling service. In 2016, Neodent took over distribution of Amann Girrbach milling solutions in Brazil, which cover the full workflow for dental labs to produce CAD/CAM prosthetics in house for tooth-borne and implant-based restorations. Neodent began selling the range at CIOSP Congress in February.

MOBILE PRACTICE RAISES BRAND AND SOCIAL AWARENESS

Neodent also benefited from a brand and social awareness campaign (NeoSorriso) in Brazil featuring a trailer with a mobile dental practice offering free consultations. This was first presented at Neodent's triennial congress in June, which attracted more than 2000 dental professionals.

EXPANSION INTO NEW MARKETS

With the Brazilian market subdued, Mexico actually achieved the fastest growth, thanks to significant customer acquisitions, strong demand in both the premium and the value businesses, and the renewal of a military supply contract. To complete its range, Mexico launched the Straumann CARES portfolio including scanning and milling solutions at the Straumann LATAM Congress in Cancun, which attracted more than 400 customers.

Argentina is the second largest market in the region, with 400 000 implants sold annually. In 2016, we incorporated our former distributor and began selling both brands directly through our own subsidiary. Colombia made an initial contribution to regional growth, confirming our decision to invest there. We also invested in a subsidiary in Chile, which was established in 2016 and opened at the beginning of 2017.

OUTLOOK

In addition to building up our new subsidiary markets we will extend our reach to other emerging markets in the region. We will also expand our range of products and services, including a new CAD/CAM chairside offering and a new e-shop platform in 2017.

To meet increasing international demand for Neodent, we are investing in office and production facilities as well as a fully automatized logistics center in Curitiba.



GROUP'S PRESENCE IN KEY REGIONAL MARKETS IN 2016

Market (in order of size)	Contribution to regional revenue	Implants/prosthetics		CAD/CAM	Biomaterials
		Premium	Non-premium		
Brazil	1	••••	yes	yes	partial
Argentina	3	••••	yes	no	partial
Mexico	2	••••	yes	yes	partial
Columbia	5	••••	yes	no	partial
Chile	4	••••	yes	no	partial

• Dots denote: 1. Titanium standard range; 2. Roxolid; 3. SLActive; 4. Bone Level Tapered; 5. PURE

ORGANIC GROWTH

+15%

HIGHLIGHTS

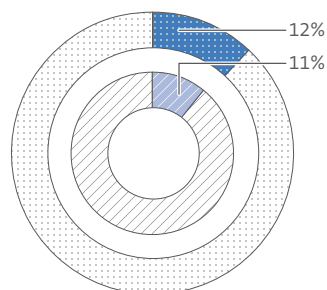
- Exceptional performance in Brazil
- Subsidiaries open in Argentina and Chile
- Broad range of digital and milling solutions

CHANGE IN CHF

+18%

CONTRIBUTION COMPARISON

■ % of Group growth
■ % of Group revenue



REVENUE

CHF 98m