

BUSINESS

BUSINESS DEVELOPMENT

Business performance (Group, Regions)

26

Share performance

36

BUSINESS PERFORMANCE – GROUP

OUTSTANDING RESULTS ACROSS THE BUSINESS

The Group delivered revenue of more than CHF 2 billion, with very strong results in every geography and business area. This momentum was clearly demonstrated by strong organic growth in every quarter. Annual organic revenue growth came to 41.7%, a strong result, which was only slightly impacted by currency headwinds. Our performance benefited to a certain extent from the comparison to 2020, when COVID-19 and measures around it severely impacted the business. In 2021, dental practices operated with strong patient flows, particularly as some remaining restrictions left consumers with more disposable income to spend on specialty dental treatments.

Overall, in 2021, we gained market share by growing the customer base, winning new customers and expanding geographically, reinforcing the Group's position as a leader in the industry. In implantology, for example, we estimate an increase in our market share from 27% to approximately 29%.

BUSINESS PERFORMANCE

In implantology, both the premium and value segments achieved strong full-year organic growth, as did our digital and orthodontics businesses. The latter reported the highest level of growth. All businesses successfully navigated the COVID-19 challenges of 2021, even turning them to their advantage. For example, our sales force, having to use remote tools to make contact with clinicians, expanded our customer base by a double digit percentage. New premium implant brands TLX and BLX grew strongly through the year, as did challenger brands Neodent, Anthogry and

Medentika. Our orthodontic business grew rapidly, with a strong contribution from DrSmile, which is now present in 10 countries.

OPERATIONS AND FINANCES

To facilitate a like-for-like comparison, the Group presents 'core' results in addition to the results reported under IFRS. In 2021, the following effects (after tax) were defined as non-core items:

- Regular amortization of acquisition-related intangible assets amounting to CHF 8 million
- An earn-out liability increase of CHF 49 million payable to the sellers of DrSmile

A reconciliation table and detailed information are provided on [p. 134ff.](#) of the Group's annual report.

HIGH DEMAND LIFTS CORE GROSS PROFIT ABOVE 76%

A strong volume expansion in all businesses allowed core gross profit to increase by CHF 502 million to above CHF 1.5 billion. High utilization rates in our production facility combined with continued efficiency improvements resulted in a core gross profit margin of 76% which is an increase of 340 base points versus the prior year.

CORE EBIT MARGIN ABOVE 27%

Operational gearing combined with a still-favorable impact from the pandemic on promotion and travel cost, led to a Core EBIT increase of CHF 220 million to CHF 553.3 million. This represents an EBIT margin of 27.4% (400 base points higher).

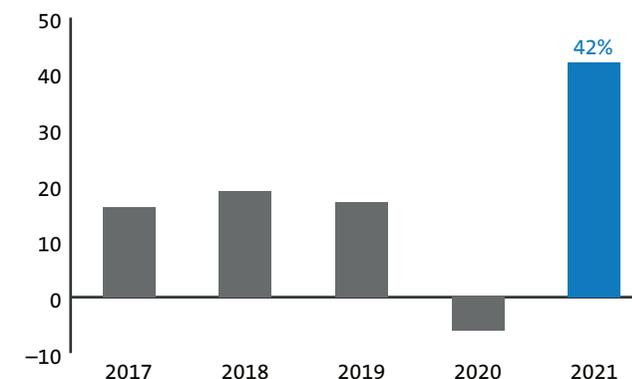
Due to the Group's growth and geographic expansion, core distribution expenses, which comprise salesforce salaries, commissions and logistics costs, rose

Key performance figures

	2021	2020
	Core ¹	Core ¹
Revenue (CHF m)	2 022	1 426
Gross profit margin (%)	76.2	72.8
EBITDA margin (%)	32.3	29.5
EBIT margin (%)	27.4	23.4
Net profit margin (%)	22.6	18.3

¹ To facilitate a like-for-like comparison, the Group presents 'core' results in addition to the results reported under IFRS – see 'Operations and Finances' section in the text to the left

Organic revenue growth in %



CHF 94 million to CHF 377 million. Despite these important investments, distribution costs decreased by over 100 base points relative to sales, contributing to the operating-profit-margin improvement.

Core administrative expenses, which include research and development (R&D) as well as marketing, sales and general overhead costs, increased by CHF 175 million to CHF 616 million. This was mainly due to new product launches, brand rollouts and the integration of acquisitions. As a percentage of revenue, administrative expenses decreased by approximately 40 base points.

CORE NET PROFIT MARGIN REACHES 23%

Net financial expenses amounted to CHF 22 million, reflecting interest on lease liabilities, interest payments and currency hedging losses. Results of associates increased by CHF 8 million, which was mainly driven by a higher valuation following a capital increase of Dental Monitoring. After income taxes of CHF 81 million, net profit increased 75% to CHF 456 million, resulting in a margin of 23%. Basic core earnings per share increased 76% to CHF 28.45.

FREE CASH FLOW REACHES CHF 441 MILLION

Cash flow from operations amounted to CHF 560 million. An increase in inventory and receivables was offset by higher payables and resulted in a net working capital decrease of CHF 17 million. In consolidated reporting currency terms, days of sales outstanding remained at 48. This was close to the prior year level, while days of supplies increased slightly by 6 to 166.

Between the Group's production expansion, acquisition initiatives and strategic digital transformation activities, total cash outflow for investment activities amounted to CHF 175 million, 21% higher than in 2020.

The cash position on 31 December 2021 was strong at CHF 880 million which exceeds our interest-bearing liabilities by CHF 376 million (2020: CHF 116 million). The Group's balance sheet amounted to CHF 3.0 billion versus CHF 2.5 billion at the end of 2020.

INCREASED DIVIDEND PROPOSED

Based on the results in 2021, the Board of Directors proposes a dividend of CHF 6.75 per share, subject to shareholder approval and payable on 11 April 2022. The Board intends to continue increasing the dividend in the future, subject to further good business performance.

SUMMARY OF MAIN INVESTMENTS

INVESTMENTS IN ESTHETIC DENTISTRY

In early 2021, we established a direct market presence in Jordan by taking over the distribution business of our former local partner and creating a Straumann Group subsidiary. In July 2021, we acquired Smilink, one of the fastest-growing providers of orthodontic solutions in Brazil. Similar to DrSmile, Smilink combines direct-to-consumer marketing expertise with doctor-led treatment and complements Straumann's existing clear aligner business. In August 2021, we acquired Medical Technologies 21 LLC, a well-established distributor of dental implant systems in Russia, strengthening our local subsidiary. These investments collectively amounted to CHF 5 million and further payments are expected to follow in the coming years.

INVESTMENTS IN TECHNOLOGY PARTNERS

In the second half of 2021, we invested in the Swiss business minivent. We partnered with this company to further develop its technology with the aim of providing a best-in-class platform for guided surgery. The investment to obtain a 39% minority stake amounted to CHF 5 million.

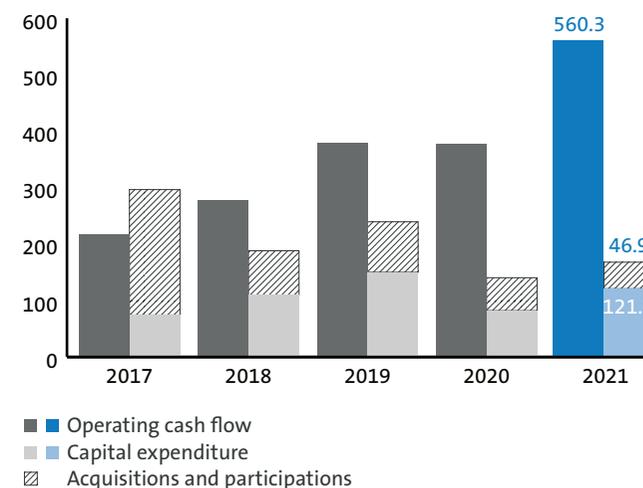
INVESTMENTS IN INFRASTRUCTURE

In 2021, we invested CHF 72 million in purchases of land, buildings and machinery, mainly to increase production capacity in Switzerland (Villeret), Brazil (Curitiba) and the US (Mansfield CAD/CAM plant construction and Andover plant expansion). Together with investments in IT hard and software and in other fixed assets, capital expenditures reached CHF 121 million.

OTHER INVESTMENTS

Information on investments in distribution (including selling activities, research and development) as well as tangible and intangible assets, are presented in the financial report. Investments in people are covered in the sections on Employees and Compensation (see p. 173 ff.).

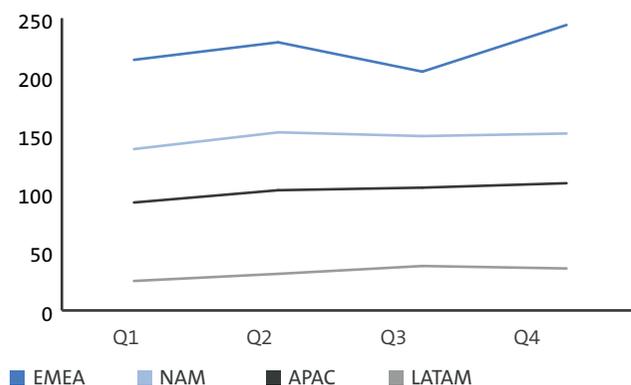
Cash flow and investments
in CHF million



BUSINESS PERFORMANCE – REGIONS

All regions grew by almost 40% in 2021 with Latin America exceeding 50% growth. To a certain extent the high growth rates are lifted by comparisons with 2020, which was heavily impacted by the pandemic. Performance across regions was very strong and it was enhanced by our ability to adapt to the changing environment, paired with our innovative solutions. Dental practices operated with healthy patient flows and pandemic-related restrictions, which were still limiting spending alternatives such as travel to a certain extent, left some consumers with more disposable income to spend on specialty dental treatments.

Regional sales performance by quarter in CHF million



Regional sales performance by quarter in CHF million

	Q1	Q2	Q3	Q4	Total 2021	Total 2020
Europe, Middle East & Africa	214.3	229.3	204.2	244.1	891.9	614.9
Change in CHF %	+32.1	+117.1	+37.8	+22.7	+45.1	-8.3
Change (organic) in %	+27.0	+101.3	+32.1	+25.8	+41.3	-6.6
North America	138.0	152.3	149.1	151.3	590.8	432.0
Change in CHF %	+19.4	+125.1	+26.2	+15.9	+36.7	-10.3
Change (organic) in %	+27.0	+135.5	+27.2	+15.1	+40.0	-5.2
Asia Pacific	92.3	102.8	105.0	108.8	408.8	288.6
Change in CHF %	+72.4	+63.2	+31.4	+18.1	+41.7	-5.2
Change (organic) in %	+74.4	+62.8	+28.5	+17.0	+40.6	-0.5
Latin America	25.2	31.3	38.0	35.9	130.4	90.3
Change in CHF %	-3.1	+174.4	+57.5	+24.8	+44.4	-35.4
Change (organic) in %	+23.8	+163.6	+62.5	+30.3	+56.8	-15
TOTAL	469.8	515.7	496.3	540.1	2 021.9	1 425.9
Change in CHF %	+31.5	+108.2	+34.0	+19.9	+41.8	-10.7
Change (local currencies) in %	+37.0	+108.8	+34.1	+21.1	+43.8	-3.9
Change (organic) in %	+34.0	+103.3	+31.6	+21.1	+41.7	-5.6

EUROPE, MIDDLE EAST & AFRICA (EMEA) EXCEPTIONALLY STRONG DOUBLE-DIGIT GROWTH IN LARGEST REGION

The EMEA region remains the largest revenue contributor to overall Group performance, with exceptional growth across all business segments in 2021. Although the comparison to 2020 had a significant impact on the growth rate during the first half of the year, the region still performed at a very high level. New developments in our immediacy portfolio helped to expand the business, including the launch of the TLX implant, our efforts in digital solutions and the introduction of our value challenger brand Neodent in Europe. Both premium and value implants, including the challenger brand Medentika, were drivers for growth.

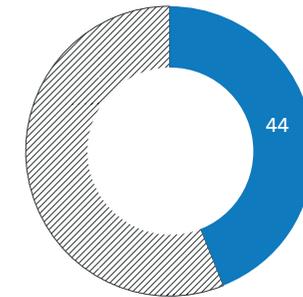
Orthodontics grew very quickly and solidly across the region in 2021, benefiting from both increased demand and a local manufacturing site in Markkleeberg that speeds up turnaround times in aligner production. In 2021, we launched our ClearQuartz material in Europe, further strengthening our value proposition for clear aligners. Launches in new countries are under way and will support our growth in the coming years. In addition, our DrSmile brand, which combines doctor-led treatment with direct-to-consumer marketing expertise, made tremendous progress with a significant sales contribution. It also expanded geographically and is now present in 10 countries in Europe.

Overall, Germany, France and Spain led our performance in EMEA. Our new subsidiaries in Romania and Jordan, established in late 2020 and 2021 respectively, both had a very strong start. In addition, Eastern European countries like Poland, Ukraine, Croatia and the Baltic states Lithuania, Estonia and Latvia also contributed strong growth.

Russia was another strong growth market in 2021, with great potential in 2022 following a successful acquisition and several product launches. Straumann's BLX implant performed strongly, while the Medit and 3Shape intraoral scanners were launched in the fourth quarter and the registration of our digital solution Virtuo Vivo was submitted. In August 2021, the Group acquired Medical Technologies 21 LLC, a well-established national distributor of dental implant systems. This acquisition strengthened the local subsidiary, increasing proximity to existing customers and creating opportunities to convert new customers from competitor systems to Straumann Group brands. All of our distributor markets contributed strongly to overall regional growth. Uzbekistan, Georgia and Moldova were added as additional countries in 2021, further expanding access to our solutions for patients.

One of the most important events in the region was the virtual ITI World Symposium, which took place in September 2021. While COVID-19 still limited in-person events, the Symposium in Russia and ITI Congress in Turkey both attracted hundreds of participants. These educational events are crucial to ensure knowledge sharing and the expansion of treatment options.

EMEA contribution to Group



■ % of Group revenue

Change organic

+41.3%

Change in CHF

+45.1%

Revenue in CHF

892m

Largest regional markets

- 1. Germany**
- 2. France**
- 3. Spain**

NORTH AMERICA

VERY STRONG GROWTH IN THE US – THE GROUP'S BIGGEST COUNTRY

As our second largest region, North America strongly contributed to overall Group revenue with double-digit growth throughout the year. The triple-digit growth in the second quarter was due to the low results in 2020, when dental practices were closed due to COVID-19. In 2021, the pandemic no longer had a significant impact on the business in the region and physical meetings could take place again. This is important, as we strongly believe that education in clinical excellence is the key to ensuring and expanding access to oral care.

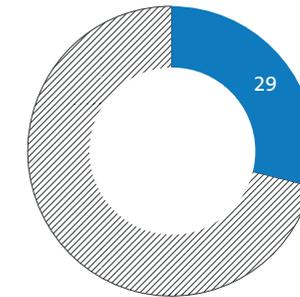
All of our business areas contributed to the overall growth. Highlights included our immediacy implant solution launches as treatment delivery time is an important factor for customers and patients, the strong growth of our challenger brand Neodent, our new Zygoma implant and our digital solutions, driven by our full portfolio of intraoral scanners.

The orthodontics segment is benefiting from attracting and bringing on new general practitioners which supports growth. The launch of the ClearPilot and Collaborator software further helped to strengthen the value proposition of our clear aligners in the region. Receiving the FDA 510K clearance for the material ClearQuartz in August was another important milestone.

Based on our estimates, we remain the leader in implantology in the US, the Group's biggest market. Canada has a smaller share of the region but grew almost twice as fast as the US. This growth came from all parts of the business portfolio, with a particularly strong digital solutions performance.

Dental Service Organizations (DSOs) are a key target group in North America. The partnerships we established with Western Dental and Aspen in 2021 were instrumental and will continue to support our future growth.

NAM contribution to Group



■ % of Group revenue

Change organic

+40%

Change in CHF

+36.7%

Revenue in CHF

591m

Largest regional markets

- 1. US**
- 2. Canada**

ASIA PACIFIC

ONGOING GEOGRAPHICAL EXPANSION AND INVESTMENTS TO SUPPORT GROWTH

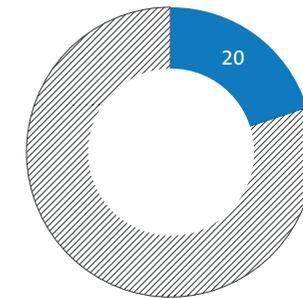
Like EMEA and North America, the Asia Pacific regional revenue was heavily impacted by the low comparison base, especially in the first quarter, as most countries in the region started to rebound in June 2020. This contributed to a very high growth rate in 2021, especially in the first half of the year. Patient flow in most countries was strong throughout the year. Due to the ongoing pandemic-related restrictions in the region, travel opportunities remained limited. This has led to higher disposable income and spending on health remains a priority.

Our performance in China and Japan was very strong, while India, Australia and New Zealand reported record revenue. Premium implants were strong contributors, supported by the roll-out of the immediacy implant solution BLX in Australia, Japan and South-Asian countries. China granted regulatory approval for BLX in mid-December 2021. In addition, biomaterials were introduced in China for the first time in October.

Growth in the region was driven by value implants, in particular the challenger brand Neodent in India and Anthogyr, which we further established in China and launched in South Korea in the fourth quarter. The fast growth of our digital solutions portfolio was driven by intraoral scanners, supported by the launch of Virtuo Vivo in India in the fourth quarter.

The orthodontics business grew rapidly in 2021, gaining momentum in Australia, Japan and Singapore. To further cater to the increasing demand in China, in 2021 the Group announced that we are investing up to CHF 170 million in our first manufacturing, education and innovation center in Shanghai. We also opened a new subsidiary in Malaysia, which started off strongly in the fourth quarter.

APAC contribution to Group



■ % of Group revenue

Change organic

+40.6%

Change in CHF

+41.7%

Revenue in CHF

409m

Largest regional markets

- 1. China**
- 2. Japan**
- 3. Australia**

LATIN AMERICA

STRONG PATIENT FLOW AND EXPANSION CONTRIBUTING TO OUTSTANDING PERFORMANCE

The Latin American region showed the strongest growth, despite being the smallest contributor to overall Group revenue. While this region experienced substantial disruption due to COVID-19, it rebounded well thanks to dental practices still being open and carrying out treatments. This is also why the results in the second and third quarter of 2021 significantly outperformed the same period in 2020, which was more heavily impacted by the pandemic.

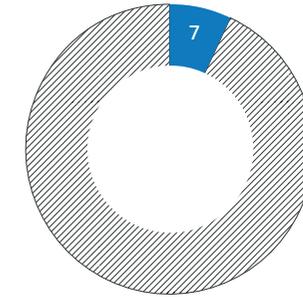
The year 2021 was extremely strong, with high growth in Brazil, the region's largest market. Argentina, Chile, Colombia, Mexico and Peru grew significantly, in spite of the depreciation of the Brazilian real and the Argentinian peso.

Neodent remains the Group's strongest brand in Latin America and contributed impressively to the overall revenue in the region. Premium implants, driven by BLT and biological materials, grew at an even faster rate, although from a much lower base. Revenue of intraoral scanners grew robustly across the region, supported by the Virtuo Vivo launch.

Neodent is proving to be an asset when it comes to customer acquisition for our orthodontics business in Brazil, thanks to the high level of brand recognition.

Although the orthodontics business currently represents a comparatively small part of our overall revenue in Latin America, it is expanding rapidly. In this region, orthodontics mainly operates via a direct-to-professionals business model. This model grew very quickly in 2021, benefiting from a greater willingness to prioritize spending on healthcare. The Group's acquisition of Smilink in August will help to establish the Group's doctor-led direct-to-consumer portfolio in the region.

LATAM contribution to Group



■ % of Group revenue

Change organic

+56.8%

Change in CHF

+44.4%

Revenue in CHF

130m

Largest regional markets

- 1. Brazil**
- 2. Mexico**
- 3. Chile**

RENATO

Renato is 21 years old and lives in Santiago, Chile and is dedicated to music. He had an accident that fractured his jaw and cracked his chin. Six teeth came out during the fall.

“Without darkness, we cannot see how we shine. I consider myself grateful for what happened to me.”



Video in the online report:
annualreport.straumann.com



“Under the premise of the esthetic and functional requirements, as a health team, we must answer all his demands, so that he can live his normal life again.”

DR SEBASTIAN CIFUENTES TAPIA

BUSINESS PERFORMANCE – FINANCIALS

Five-year overview – operating performance

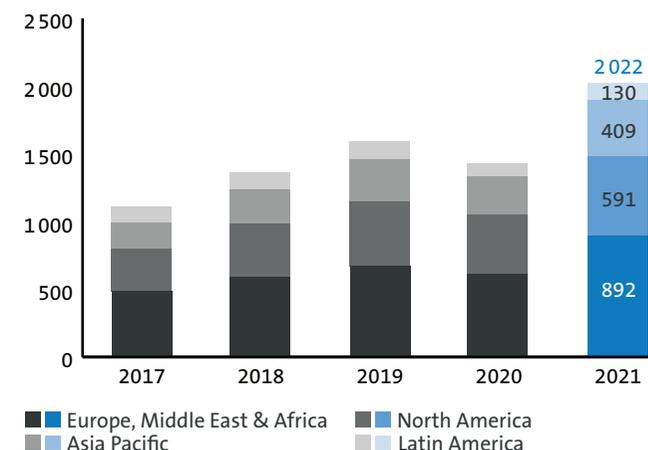
in CHF million

	2017	2018	2019	2020	2021
Net revenue	1 112.1	1 363.6	1 596.2	1 425.9	2 021.9
Growth in %	21.2	22.6	17.1	(10.7)	41.8
Gross profit	840.5	1 019.2	1 200.5	1 029.8	1 540.0
Margin in %	75.6	74.7	75.2	72.2	76.2
Operating result before depreciation and amortization (EBITDA)	323.5	395.0	480.6	406.0	652.4
Margin in %	29.1	29.0	30.1	28.5	32.3
Growth in %	24.8	22.1	21.7	(15.5)	60.7
Operating profit (EBIT)	283.3	342.6	387.1	156.5	542.6
Margin in %	25.5	25.1	24.3	11.0	26.8
Growth in %	24.7	21.0	13.0	(59.6)	246.6
Net profit	282.2	277.8	308.0	92.3	399.3
Margin in %	25.4	20.4	19.3	6.5	19.7
Growth in %	22.9	(1.6)	10.9	(70.0)	332.7
Basic earnings per share (in CHF)	18.04	17.24	19.33	5.75	24.90
Value added / economic profit ¹	214.5	189.6	208.6	(30.6)	250.3
Change in value added	32.3	(24.8)	18.9	(239.1)	280.9
Change in value added in %	17.7	(11.6)	10.0	(114.7)	919.0
as a % of net revenue	19.3	13.9	13.1	(2.1)	12.4
Number of employees (year-end)	4 881	5 954	7 590	7 340	9 054
Number of employees (average)	4 305	5 580	6 837	7 409	8 256
Sales per employee (average) in CHF 1 000	258	244	233	192	245

1 Figures as reported in the financial reports

Regional sales performance by year

in CHF million

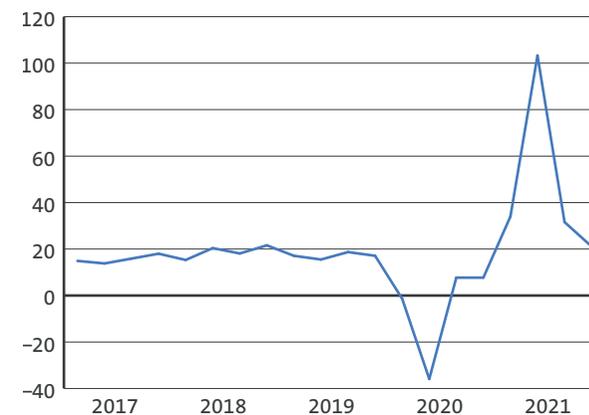


Five-year overview – financial performance

in CHF million

	2017	2018	2019	2020	2021
Cash and cash equivalents	281.8	278.7	260.2	632.2	880.4
Net Cash (Net Debt)	23.2	16.8	20.2	116.2	376.1
Net working capital (net of cash)	187.7	233.0	265.6	168.0	124.0
as a % of revenue	16.9	17.3	16.6	11.8	6.1
Inventories	152.1	182.1	234.6	216.6	249.2
Days of supplies	174	165	175	160	166
Trade receivables	191.9	231.3	281.2	236.0	287.3
Days of sales outstanding	56	56	57	47	48
Balance sheet total	1 697.0	1 864.6	2 390.0	2 548.6	2 968.0
Return on assets in % (ROA)	20.3	15.6	13.6	3.9	14.3
Equity	1 077.0	1 204.3	1 367.2	1 209.9	1 500.4
Equity ratio in %	63.5	64.6	57.2	47.5	50.6
Return on equity in % (ROE)	33.0	24.4	24.0	7.7	28.8
Capital employed	908.0	1 011.6	1 455.0	1 190.3	1 174.6
Return on capital employed in % (ROCE)	40.9	35.7	28.4	11.9	43.7
Cash generated from operating activities	217.3	277.1	378.5	376.6	560.3
as a % of revenue	19.5	20.3	23.7	26.4	27.7
Investments	(296.5)	(188.2)	(239.3)	(140.4)	(167.8)
as a % of revenue	26.7	13.8	15.0	9.8	8.3
thereof capital expenditures	(74.4)	(109.7)	(149.9)	(82.1)	(121.0)
thereof business combinations related	(178.8)	(22.2)	(77.1)	(55.1)	(39.7)
thereof investments in associates	(43.3)	(56.3)	(12.3)	(3.2)	(7.1)
Free cash flow	144.7	169.4	229.6	295.2	440.6
as a % of revenue	13.0	12.4	14.4	20.7	21.8
Dividend	75.1	83.1	91.2	91.3	107.41
Dividend per share (in CHF)	4.75	5.25	5.75	5.75	6.75 ¹
Pay-out ratio in % (core results)	32.4	28.9	27.1	35.5	23.7

1 To be proposed to the shareholder's AGM in 2022

Five-year quarterly revenue growth (organic)
in %

SHARE PERFORMANCE

FUELED BY GROWTH

Global financial markets entered 2021 with promising supportive factors such as the successful launch of COVID-19 vaccines and strong economic growth expectations across major economies. The pandemic was unable to dampen the positive market sentiment in the first half of the year. Yet the enormous recovery in global demand soon resulted in supply shortages and bottlenecks in supply chains. Rapidly increasing inflation around the globe led central banks to partially lift monetary policy easing and could have set an end to the cycle of low interest rates. Hoping that the negative sentiment is only temporary, the stock markets held up well in the second half of the year despite higher volatility.

Straumann shares clearly outperformed the Swiss equity market. With an increase of 87.8% to CHF 1937, the Group reached a market capitalization of CHF 30.8 billion, reflecting once again the investors' appreciation of past achievements and future growth perspectives. During the same period, the SMIM stock index and Swiss Leader Index (SLI) closed the year up 20% and 23%, respectively. Within the SLI, which comprises the largest 30 securities in the Swiss equity market, Straumann ranked as the best performer and the market capitalization rose to the top half of the SLI universe.

Despite the economic uncertainties due to the ongoing pandemic, in 2021 the Group decided to distribute the same gross dividend amount of CHF 5.75 as in the prior year. The payout ratio of this dividend distributed in 2021 was 23.7%. Pre-tax shareholder return after dividend reinvestment amounted to 88.7% or

CHF 914.51 per share. For the future, the Group intends to have a stable dividend that increases gradually over time.

Having jumped to roughly 40% in 2020, the one-year stock volatility dropped to 28% by end of 2021. This volatility pattern points to the relatively stable increase in the share price in 2021, following a sharp price correction and a rapid recovery over the previous year. The average daily trading turnover of Straumann shares increased by more than 40% to CHF 57 million.

Stock exchange information

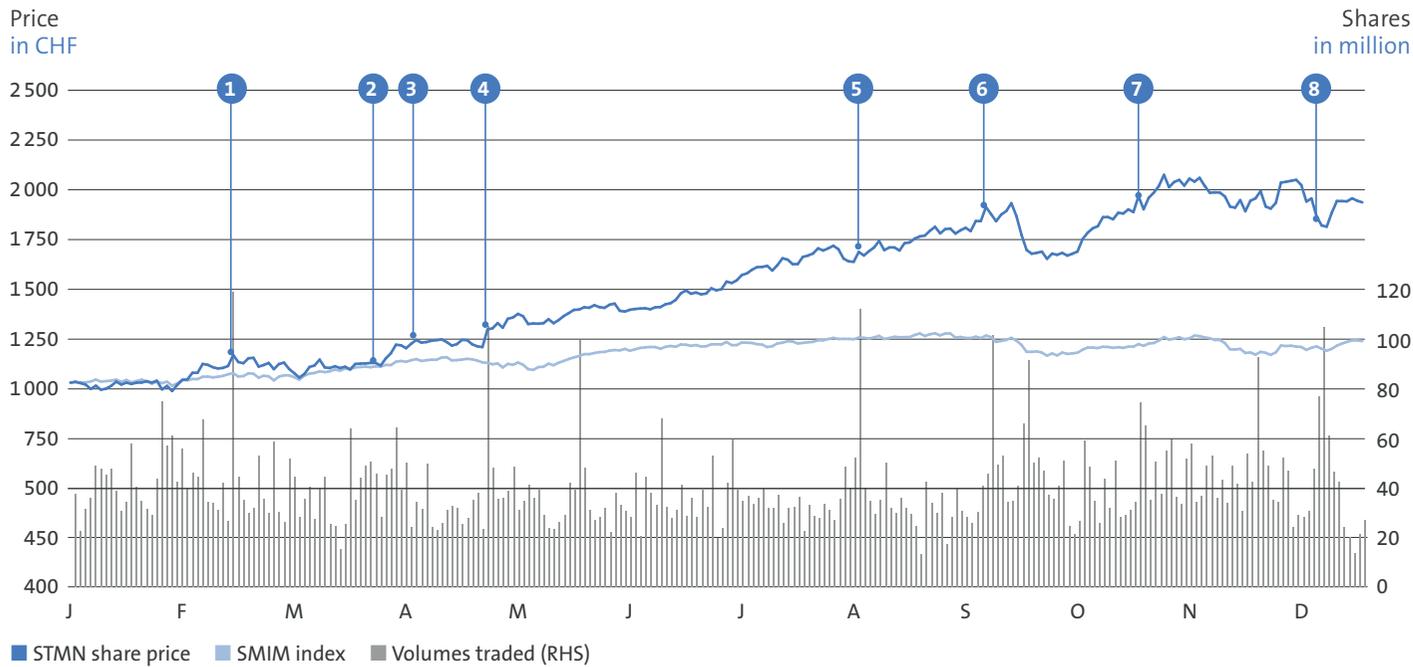
Listing	SIX Swiss Exchange (STMN)
Bloomberg	STMN SW
Reuters	STMN.S
Investdata	STMN
Ex date	13 April 2021
Payment date	15 April 2021
Security ID	001 228 007
ISIN	CH 0012 280 076

Share price data in CHF

	2021		2020	
	Value	Date	Value	Date
First trading day	1 035.00	4 Jan	961.80	3 Jan
Lowest ¹	970.00	28 Jan	547.20	19 Mar
Highest ¹	2 108.00	5 Nov	1 084.00	9 Nov
Last trading day (tax value)	1 937.00	30 Dec	1 031.50	30 Dec
Average	1 513.46		892.40	
Total shareholder return, gross of tax	88.7%		9.4%	
Share price performance	87.8%		8.5%	
Market capitalization at year end (CHF million)	30 840		16 408	

¹ Value reflects daily closing price

Share price development



- 1** 16 Feb 2020 results: solid results with organic revenue dropping 6%

2 26 Mar Group presents plans for first manufacturing, education and innovation center in China

3 9 Apr AGM: Petra Rumpf elected as a new Board member

4 29 Apr Q1 results: record quarterly revenue of CHF 470 million with 34% organic growth

5 12 Aug HY1 results: 63% organic growth; the Group announces acquisition of Smilink in Brazil

6 16 Sep Rising emerging market risks (e.g. inflation, supply chain squeeze)

7 28 Oct Q3 results: CHF 1.5 billion revenue year-to-date; the Group informs about new Technology and Innovation center near Basel

8 16 Dec Capital markets day: Straumann presents long-term strategy

Trading information

