

2020 Nine-month sales report – Media Release

Straumann Group posts organic growth of 8% in third quarter

- Revenue reaches CHF 976m in first 9 months, 15% below comparative period of 2019
- All regions report growth in Q3, except LATAM, where pandemic hit later and harder
- Improvement driven by pent-up demand for restorative, implant and clear-aligner procedures and boosted by digital equipment sales
- Expansion: clear aligner production starts in Europe; Artis Bio Tech distribution business acquired in Romania
- Strengths in digital marketing and education used to gain share of voice and win customers
- Group remains cautious about months ahead, now that pent-up demand has been fully absorbed

REVENUE BY REGION

(in CHF million)	Q3 2020	Q3 2019	9M 2020	9M 2019
Europe, Middle East & Africa (EMEA)	148.2	142.6	416.0	477.5
<i>Change in CHF in %</i>	3.9	16.8	(12.9)	12.1
<i>Change in local currencies in %</i>	8.9	21.2	(7.5)	16.9
<i>Change organic¹ in %</i>	7.4	13.1	(11.5)	13.5
<i>% of Group total</i>			42.6	41.5
North America	118.1	117.1	301.5	347.5
<i>Change in CHF in %</i>	0.9	25.5	(13.2)	22.6
<i>Change in local currencies in %</i>	8.8	24.0	(9.0)	20.1
<i>Change organic¹ in %</i>	8.8	23.5	(9.2)	19.9
<i>% of Group total</i>			30.9	30.2
Asia / Pacific	80.0	76.2	196.5	223.4
<i>Change in CHF in %</i>	4.9	24.4	(12.1)	20.0
<i>Change in local currencies in %</i>	11.0	24.5	(7.2)	21.2
<i>Change organic¹ in %</i>	11.0	23.4	(7.3)	20.4
<i>% of Group total</i>			20.1	19.4
Latin America	24.1	35.2	61.5	102.7
<i>Change in CHF in %</i>	(31.4)	14.0	(40.1)	10.0
<i>Change in local currencies in %</i>	(4.5)	17.7	(21.2)	18.2
<i>Change organic¹ in %</i>	(4.5)	17.3	(21.3)	18.1
<i>% of Group total</i>			6.3	8.9
GROUP	370.4	371.1	975.5	1'151.1
<i>Change in CHF in %</i>	(0.2)	20.7	(15.3)	16.4
<i>Change in local currencies in %</i>	8.3	22.4	(8.9)	18.8
<i>Change organic¹ in %</i>	7.7	18.7	(10.7)	17.1

¹ Excluding the effects of currencies and acquisitions (mainly Anthogyr, T-Plus and Zinedent in 2019, and DrSmile in 2020)

Basel, 28 October 2020: The Straumann Group today reported an 8% organic increase in third-quarter revenue, despite the COVID-19 impact and the high comparative baseline in 2019, when organic revenue rose 19%. The solid performance in Q3 helped to reduce the year-on-year shortfall from 19% in the first half to 11% in the first nine months. Lifted by pent-up demand for restorative, implant and clear aligner procedures in Q3 and fuelled by strong digital sales, nine-month net revenue amounted to CHF 976 million.

Dental practices have adapted well to new safety standards and are open in most markets. Although efficiency is below pre-Covid levels, many practices have been able to reduce the backlog of treatments accumulated in recent months. As a result, all regions returned to growth in Q3 with the exception of Latin America, where the pandemic impact was heavier and struck later. APAC achieved the strongest quarterly increase, followed by North America and Europe. The effect of acquisitions (mainly the DrSmile business, which was consolidated in September 2020), amounted to 60 base points, while stiff currency headwind put pressure on revenue reported in Swiss francs, which amounted to CHF 370 million – almost in line with the prior Q3.

Guillaume Daniellot, Chief Executive Officer, commented: “Most dental practices were open in Q3 and had adapted well to the additional safety requirements. As a result, and driven by pent-up demand, the turnaround that began in Q2 gathered momentum in Q3 enabling us to get back to growth in three of our four regions. The determined efforts of our staff to maintain continuity and to stay close to customers – helping them through the crisis, have been crucial. In addition, our strengths in digital marketing and education have enabled us to gain share of voice and win customers. The continued sales improvement since June provides a basis for optimism but we remain very cautious about the months ahead in view of concerns about the economy and the rapid increase in infection rates.”

BUSINESS PERFORMANCE

Implants and **restoratives** continued to be the largest source of revenue. The Straumann premium range continued to make good progress and gained market share, reflecting its strong brand equity, innovation and customer loyalty. Sales of Straumann BLX continued to recover and reached their pre-COVID levels in Q3. While the pandemic has put the original target beyond reach, the Group is nevertheless confident that BLX sales will exceed the prior year levels. Further impetus is expected from the launches in Japan and Taiwan early next year.

The Group's non-premium franchise continued to outpace premium, driven by Neodent and lifted by Medentika. Share-of-wallet gains, particularly in the DSO segment, were the main contributors.

The **Digital** business achieved dynamic growth in Q3, driven by intraoral scanner sales, especially TRIOS models, which are now fully integrated into Straumann's digital ecosystem and seamlessly connected to ClearCorrect and other workflows. The CAD/CAM milling business reflected developments in implant sales, while consumables (which include ceramics and 3D-printing resins) developed well.

To drive commercialization and the development of a leading digital dentistry ecosystem for clinicians, the Digital Business Unit has strengthened its leadership team with young internal talents with direct customer sales experience.

Biomaterials also returned to growth in Q3, reflecting the pick-up in implant procedures and sales.

The **Orthodontics** business picked up substantially in Q3, fuelled by a large number of case-starts, more than half of which were generated outside the US, which is ClearCorrect's domestic market. To support expansion in Europe and dynamic growth in the DTC business of DrSmile, the Group's new manufacturing unit in Germany went into operation in Q3 with a production capacity of almost 10 000 aligners per day.

ClearQuartz, the new high-performance multilayer aligner material developed by Bay Materials, was launched ahead of schedule in the US, South Africa and initial APAC markets. It is proprietary to ClearCorrect and will be introduced in Europe and Latin America in the months ahead, pending regulatory approvals.

In addition, ClearCorrect launched a new digital treatment design tool, ClearPilot, earlier than expected, adding convenience to case planning. Further convenience is offered through the full integration of TRIOS intra-oral scanners, which now connect seamlessly with ClearCorrect's Doctor Portal to facilitate case submission and ordering. Collectively these additions provide the Group with a highly competitive solution to address the global market for clear aligners.

REGIONAL PERFORMANCES

EMEA continues to benefit from stability in Germany

Over the full nine-month period, the Group's largest region, EMEA, reported a revenue decline of 12% in organic terms or 13% in Swiss francs, reflecting the weakness of the Euro against the Swiss franc and bringing regional revenue to CHF 416 million.

The turnaround seen latterly in Q2 continued through Q3, lifting quarterly organic revenue by 7%. All the major markets posted growth, with strong rebounds in Italy and Spain as treatment backlogs were reduced. Germany and France reported moderate increases, while Turkey achieved dynamic growth, fuelled by the launches of Straumann BLX and Nuvo implants together with strong digital equipment sales. Russia and distributor markets in Eastern Europe performed well, while the UK, Portugal and the Middle East continued to struggle.

North America back to solid growth

In North America, nine-month organic revenue amounted to 91% of the corresponding level in 2019. Currency headwind compounded the decline in Swiss francs to 13%, bringing revenue CHF 302 million.

The US and Canada recovered from heavy declines in Q2 to solid growth in Q3, when organic revenue climbed 9%. The increase was driven by pent-up demand for implant and restorative solutions and fuelled by strong demand for Straumann BLX, which was launched a year previously. Both the premium and the non-premium implant franchises grew, the latter

outpacing the former, driven mainly by Neodent and its popularity with DSOs. Restorative solutions also grew, while digital equipment sales rose substantially thanks to strong sales of TRIOS intra-oral scanners.

Strong rebound in China lifts Asia Pacific to double-digit growth in Q3

Asia-Pacific saw a further sequential improvement in organic revenue from -12% in Q2 to +11% in Q3, bringing nine-month revenue to CHF 197 million or 93% of the comparative period last year.

China, Australia and New Zealand all rebounded from contracting sales in Q2 to double-digit growth in Q3. Taiwan posted very strong growth throughout. With the exception of Singapore, all other countries in the region reported sales decreases due to the pandemic. However, nearly all of them experienced a sequential improvement in Q3. In Japan, the comparatively soft sales reflected an exceptionally strong third quarter in 2019, when customers purchased stocks ahead of a tax increase.

Implant sales picked up across the region driven by premium and non-premium brands. The latter generate significantly less revenue than the former but are growing faster, lifted by Neodent, which gained ground in Australia, India, Japan and Thailand. Sales of intraoral scanners also increased, especially Carestream models, which Straumann distributes in China.

Latin America gradually recovering

The continuing impact of COVID-19 and stiff currency headwind cut nine-month revenue by 40% in Swiss francs to CHF 62 million. Almost half of the decline was currency related, as organic revenue dropped 21%. The impact of the pandemic was heaviest in Q2, when organic revenue was squeezed by 60% before recovering significantly in Q3 to finish the quarter just 5% below the prior year period.

Of all the countries in the region, only Argentina and Chile managed to grow in Q3. The majority of practices in the region remained closed until July and even September in some countries. However, most are open now and patients are seeking treatment. In the largest regional market, Brazil, the Group remained open – in contrast to other implant companies – and continued to supply through Neodent's 17 stores across the country. Neodent was the region's main driver in Q3, supported by strong sales of clear aligners, digital equipment and 3D-printing resins. Education courses, which are a good source of revenue, will not resume until Q4.

Digital expertise to create engaging customer experiences

Due to travel restrictions and health precautions, dental congresses and educational events have either gone virtual or have been cancelled. Using its digital strengths, the Group has orchestrated multiple virtual forums and symposia online to provide education, showcase new solutions and present clinical evidence – for example on BLX, immediacy and Zygomatic implants.

Beyond this, the North American team is filling the vacuum left by conference cancellations with APEX (Augmented Personal Experience) events designed to give visitors a virtual impression of being at an industry event and standing in one of the Group's exhibition booths. The experience includes interactive booth tours, education sessions, panel discussions, augmented reality presentations of latest technology, special promotions, interactive sales

appointments – even virtual cocktails, as visitors might expect at a congress booth. APEX complements CAMPUS, the Group's complete web-learning environment, which offers advanced interactive virtual events with live booths, webinars, expert talks and chats. The CAMPUS activities in Q2 and Q3 were some of the most intense digital approaches in the industry.

The Group's initiatives to reach, support and encourage the growing number of female dentists also switched to online channels. In September, the Women Implantology Network (WIN) welcomed more than 3800 dental professionals to the second WIN EMEA Summit, offering education, advice, technology updates and networking over a period of seven days with an average of approximately 2500 sign-ups per webinar.

In view of the risks of infection associated with large physical gatherings, the Group has decided not to attend the 2021 International Dental Show in Cologne, which is scheduled to take place in a few months' time. Since its inception, the IDS has provided valuable marketing opportunities, but the overriding concerns for the Group are the safety and wellbeing of its people and customers, as well as the ability to ensure a positive experience for participants.

BUSINESS EXPANSION

Further expansion in Eastern Europe

In Romania, the Group recently acquired the business of Artis Bio Tech, a well-established national distributor of dental implant systems. Artis will boost the Group's presence in a market where 120K implants are sold annually. The business significantly strengthens Straumann's local subsidiary, which opened in April, increasing proximity to existing customers and creating opportunities to convert new customers from competitor systems to Straumann Group brands.

OUTLOOK 2020 (BARRING UNFORESEEN CIRCUMSTANCES)

The Group remains cautious about the months ahead in view of concerns about the economy, the rapid increase in infection rates, and the fact that the pent-up demand has been fully absorbed.

The Group's underlying business fundamentals are intact, and it is confident that, when the general economy and consumer confidence return to normal levels, it will emerge as an even stronger brand and partner of choice for its customers.

About Straumann

The Straumann Group (SIX: STMN) is a global leader in tooth replacement and orthodontic solutions that restore smiles and confidence. It unites global and international brands that stand for excellence, innovation and quality in replacement, corrective and digital dentistry, including Anthogyr, ClearCorrect, Dental Wings, Medentika, Neodent, Straumann and other fully/partly owned companies and partners. In collaboration with leading clinics, institutes and universities, the Group researches, develops, manufactures and supplies dental implants, instruments, CAD/CAM prosthetics, biomaterials and digital solutions for use in tooth replacement and restoration or to prevent tooth loss.

Headquartered in Basel, Switzerland, the Group currently employs more than 7200 people worldwide and its products, solutions and services are available in more than 100 countries through a broad network of distribution subsidiaries and partners.

Straumann Holding AG, Peter Merian-Weg 12, 4002 Basel, Switzerland.

Phone: +41 (0)61 965 11 11

Homepage: www.straumann-group.com

Contacts:

Corporate Communication

Mark Hill: +41 (0)61 965 13 21

Jana Erdmann: +41 (0)61 965 12 39

E-mail: corporate.communication@straumann.com

Investor Relations

Marcel Kellerhals: +41 (0)61 965 17 51

E-mail: investor.relations@straumann.com

Disclaimer

This release 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 release. The Group is providing the information in this release 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.

ANALYSTS' AND MEDIA CONFERENCE CALL

Straumann will present its 2020 nine-month results to representatives of the financial community and media in a webcast telephone conference call today at 10.30 a.m. Swiss time.

The webcast can be accessed via www.straumann-group.com/webcast. A replay of the webcast will be available after the conference.

If you intend to ask a question during the Q&A, we kindly ask you to pre-register for the conference call through this link "[Conference call](#)". We also recommend that you download the presentation file in advance using the direct link in this media release before joining the conference call.

Presentation

The conference presentation slides are attached to this release and available on the Media and Investors pages at www.straumann-group.com.

UPCOMING CORPORATE / INVESTOR EVENTS

2020	Event	Location
04 November	ZKB Swiss Equity Conference	Virtual
05 November	Frankfurt Roadshow (MainFirst)	Virtual
06 November	Broker Call (Kepler Cheuvreux)	Virtual
09 November	Exane BNP Paribas MedTech CEO Conference	Virtual
20 November	Credit Suisse Swiss EQ Mid Cap Conference	Virtual
25 November	London Roadshow (Bank of America)	Virtual
30 November	Berenberg European Conference	Virtual
07 December	J.P. Morgan EU Healthcare CEO Conf Call Series	Virtual
2021		
16 February	Full-year results conference	tba
09 April	AGM	Basel Congress Center

#