



First-half 2020 report

Online conference for investors, analysts & media

1

Disclaimer

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

The availability and indications/claims of the products illustrated and mentioned in this presentation may vary according to country.

2

straumanngroup

2

Agenda

[First-half highlights](#)

[Business & regional review](#)

[Adapting to the new reality & customer focus](#)

[Strategy in action](#)

[Outlook](#)

[Q&A and upcoming events](#)

straumanngroup

3

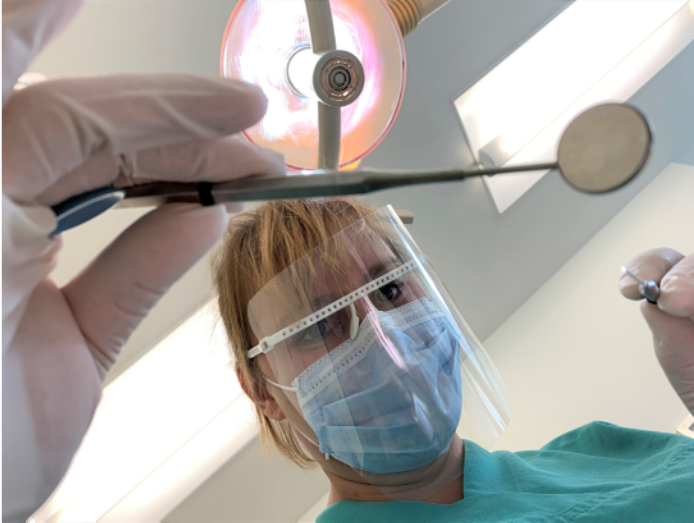
First-half highlights

Guillaume Daniellot, CEO

straumanngroup

4

Back to business...



Dentists open	
Europe	<div style="width: 95%;"></div>
APAC	<div style="width: 95%;"></div>
NAM	<div style="width: 95%;"></div>
Emerging mkts	<div style="width: 95%;"></div>
LATAM	<div style="width: 75%;"></div>

Straumann open	
Europe	<div style="width: 95%;"></div>
APAC	<div style="width: 95%;"></div>
NAM	<div style="width: 95%;"></div>
Emerging mkts	<div style="width: 95%;"></div>
LATAM	<div style="width: 75%;"></div>

straumanngroup

5

5

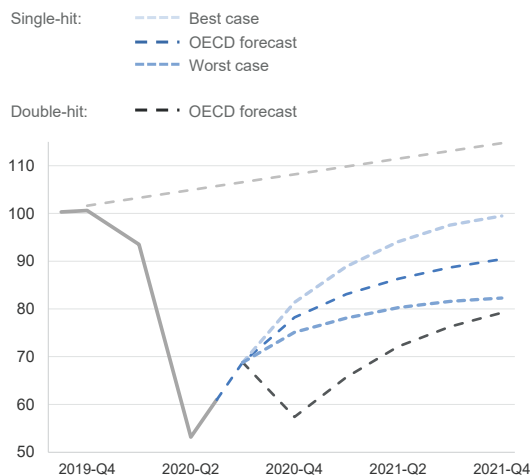
...prepared for uncertainty

Single-hit scenario

- Global economic activity falls 6% in 2020
- OECD unemployment >9%
- Living standards fall
- 5 years of income growth lost across the economy by 2021

Double-hit scenario

- New outbreak; return to lockdowns this year
- World economic output falls 8%; back 3% in 2021
- OECD unemployment 10% with little recovery by 2021



Straumann adapts

- Safety for staff and customers
- Business continuity assured
- Financial impact mitigation
- Liquidity secured
- Organization right sized
- Ready to bounce back

straumanngroup

6

6

Highlights

FIRST-HALF REVENUE

CHF 605 million

H1: -22% in CHF; -19% organic
 Q2: -39% in CHF; -36% organic
 Revenue picks up after trough in April

MARKET

Practices open

Pent-up demand; dentists working to reduce treatment backlog

PROFITABILITY

Core margins underpinned

EBITDA: 23%; EBIT: 17%; Net: 12%
 PPA amortization, impairments & restructuring cut net result to CHF -94m

CUSTOMER FOCUS

Creating opportunities

Huge online outreach in lock-down
 Helping practices adapt & re-open
 Clinician-led aligners with DrSmile

ADAPTING TO NEW REALITIES

Starting to bounce back

Global restructuring
 Continued growth in Digital
 Pace of innovation maintained

OUTLOOK

Fundamentals intact

Confident to emerge as stronger partner of choice when economy and consumer confidence normalize

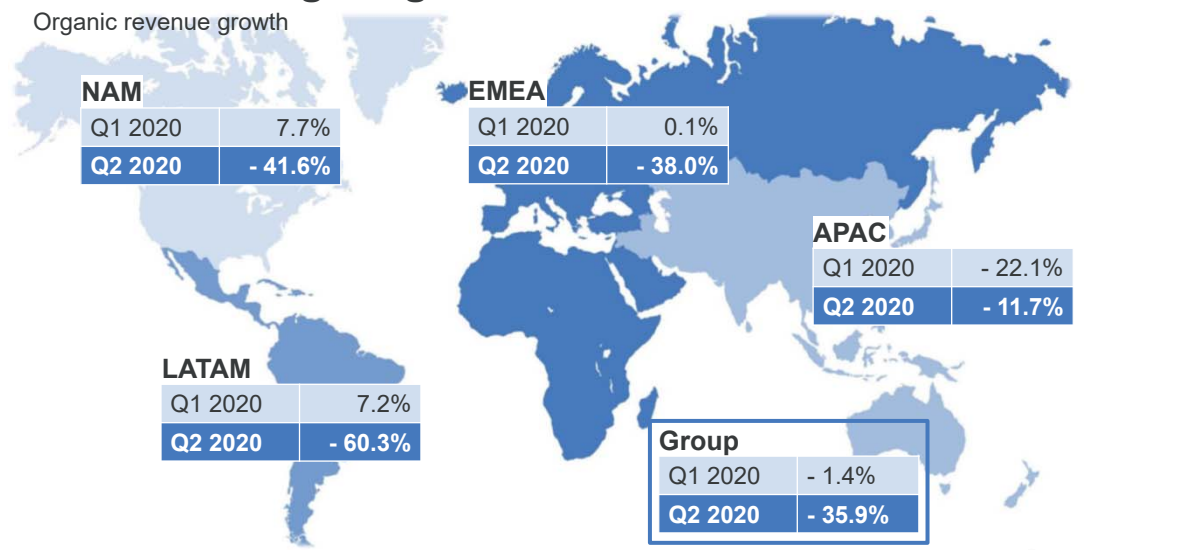
7

straumanngroup

7

Q2: APAC picks up, EMEA & NAM through the worst; LATAM still fighting hard

Organic revenue growth



8

straumanngroup

8

Business and regional review

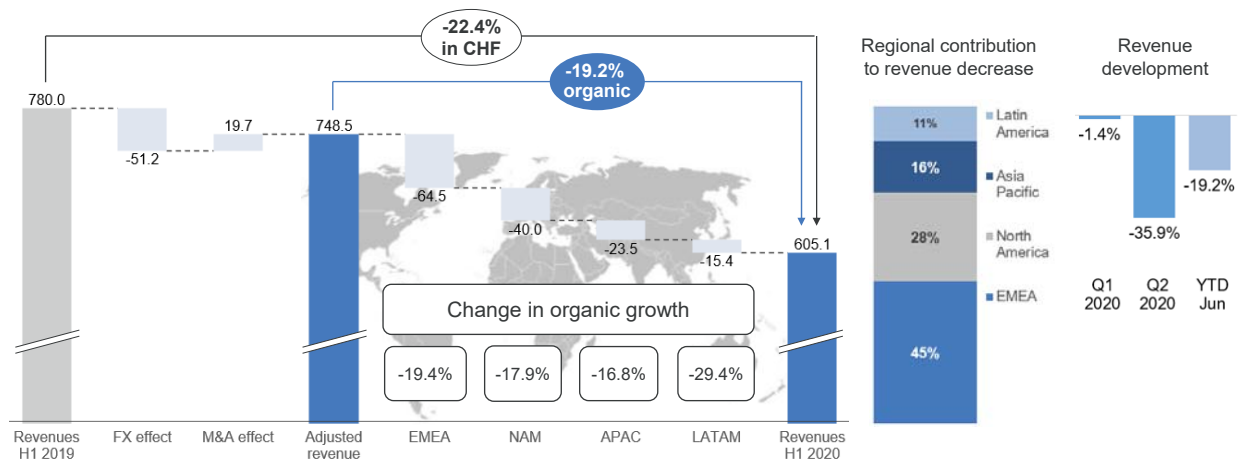
Peter Hackel, CFO

straumanngroup

9

All regions affected; APAC first to recover

Revenue development (in CHF million, rounded)

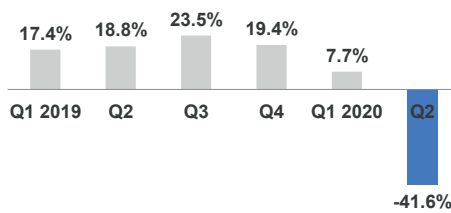
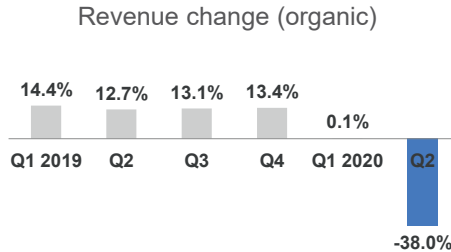


10

straumanngroup

10

Stage of pandemic varies across EMEA & North America



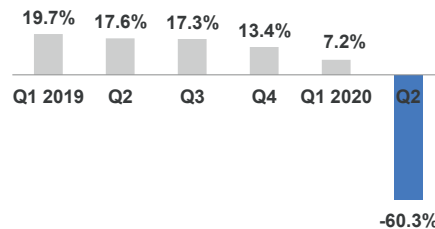
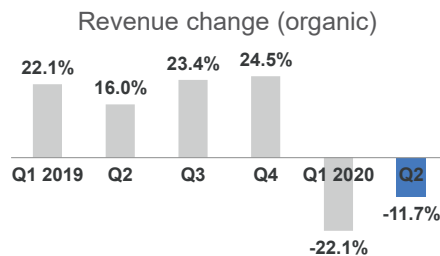
- DSOs adapt faster than small practices
- Q2: reduced revenues in all countries except Balkans, S. Africa & Turkey; Germany soft but stable overall
- Recovery across region in June – softer in Hungary, Iberia, Russia, Sweden, UK and distributor markets
- Wide variation in lock-down: Canada & parts of US pick up in June led by restoratives & value implants
- Good digital sales throughout, especially of intra-oral scanners
- Regulatory clearances for new zygomatic implant system & minimally invasive Emdogain

straumanngroup

11

11

APAC cautiously optimistic; LATAM hit hardest



- Q2: significant rebound in China; Korea & Taiwan report growth
- Other countries pick up in June, lifted by pent-up demand
- Roxolid & Warantec launched in China; Neodent gains share; Equinox brand discontinued
- Q2: entire region struggles with pandemic; only Argentina shows signs of improvement in June
- Customer gains reflect Neodent's buy-on-demand sales model in Brazil
- Yllor 3D-printing materials business performing well

straumanngroup

12

12

Q2 performance by business

Implant systems



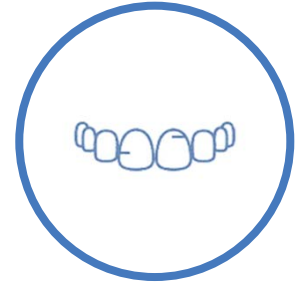
Digital & restorative



Biomaterials



Orthodontics



13

straumanngroup

13

Summary of major effects in H1 2020

- Revenue declines due to COVID-19 pandemic and economic deceleration
- Short-time work subsidies CHF 12m (reported under 'other income')
- Reduction of global workforce by 9%; restructuring costs of CHF 13m*
- Impairments of CHF 150m*
- Straight bond issue in April for CHF 280m, replacing matured bond of CHF 200m; second straight bond issue in June for CHF 200m, paid in July
- Committed credit lines for CHF 400m secured

* after tax

14

straumanngroup

14

Core financials at a glance

In CHF million, rounded	H1 2020	% of revenue	Margin change	Change in %	Comments
Revenue	605.1	100.0%		(22.4%)	
COGS	(175.3)	29.0%		(1.3%)	
GROSS PROFIT	429.8	71.0%	(620bps)	(28.7%)	FX headwind -90bps
Operating expenses	(329.6)	54.4%		(15.1%)	
EBIT	100.2	16.6%	(1090bps)	(53.2%)	FX headwind -150bps
Financial result	(12.1)	2.0%		13.1%	
Associates	(1.9)	0.3%		37.4%	
Income tax	(12.6)	2.1%		(61.2%)	
NET PROFIT	73.6	12.2%	(950bps)	(56.6%)	
Basic EPS	4.49			(57.8%)	

15

straumanngroup

15

Reported financials at a glance

In CHF million, rounded	H1 2020	% of revenue	Margin change	Change in %	Comments
Revenue	605.1	100.0%		(22.4%)	
COGS	(183.8)	30.4%		(0.6%)	
GROSS PROFIT	421.3	69.6%	(670bps)	(29.2%)	
Operating expenses	(495.1)	81.8%		19.1%	
EBIT	(73.8)	(12.2%)	(3520bps)	(141.2%)	Impairments -2510bps Restructuring -240bps FX headwind -170bps
Financial result	(22.2)	3.7%		107.5%	Thereof loan impairment 10.1m
Associates	(1.9)	0.3%		(141.8%)	
Income tax	4.3	0.7%		(116.0%)	Positive effect due to impairments
NET PROFIT	(93.7)	(15.5%)	(3430bps)	(164.0%)	Financial impairment -170bps
Basic EPS	(5.89)			(164.0%)	

16

straumanngroup

16

Overview: core results reconciliation

(in CHF 1 000)	IFRS	PPA amortization	Impairments ¹	Restructuring ²	CORE HY1 2020	CORE HY1 2019
Revenue	605 088				605 088	780 034
Cost of goods sold	(183 791)	70	7 649	805	(175 267)	(177 554)
Gross profit	421 298	70	7 649	805	429 822	602 480
Other income	13 927				13 927	2 134
Distribution expense	(163 671)	4 419	12 314	6 321	(140 617)	(159 467)
Administrative expense	(345 356)	2 691	132 112	7 624	(202 929)	(231 003)
Operating profit	(73 802)	7 180	152 075	14 750	100 203	214 144
Finance income	41 678				41 678	34 159
Finance expense	(63 921)		10 118		(53 803)	(44 877)
Gain on consolidation of former associates	0					
Share of result of associates	(1 911)				(1 911)	(1 392)
Profit before income tax	(97 956)	7 180	162 193	14 750	86 167	202 034
Income tax expense	4 256	(2 018)	(12 613)	(2 213)	(12 588)	(32 464)
NET PROFIT	(93 700)	5 162	149 580	12 538	73 579	169 570
Attributable to:						
Shareholders of the parent company	(93 462)	5 015	147 139	12 538	71 229	168 614
Non-controlling interests	(239)	147	2 441		2 350	955
Basic earnings per share (in CHF)	-5.89				4.49	10.64
Diluted earnings per share (in CHF)	-5.88				4.48	10.60
Operating profit	(73 802)	7 180	152 075	14 750	100 203	214 144
Depreciation & amortization	197 736	(7 180)	(149 975)		40 581	(32 340)
EBITDA	123 934		2 100	14 750	140 784	246 483

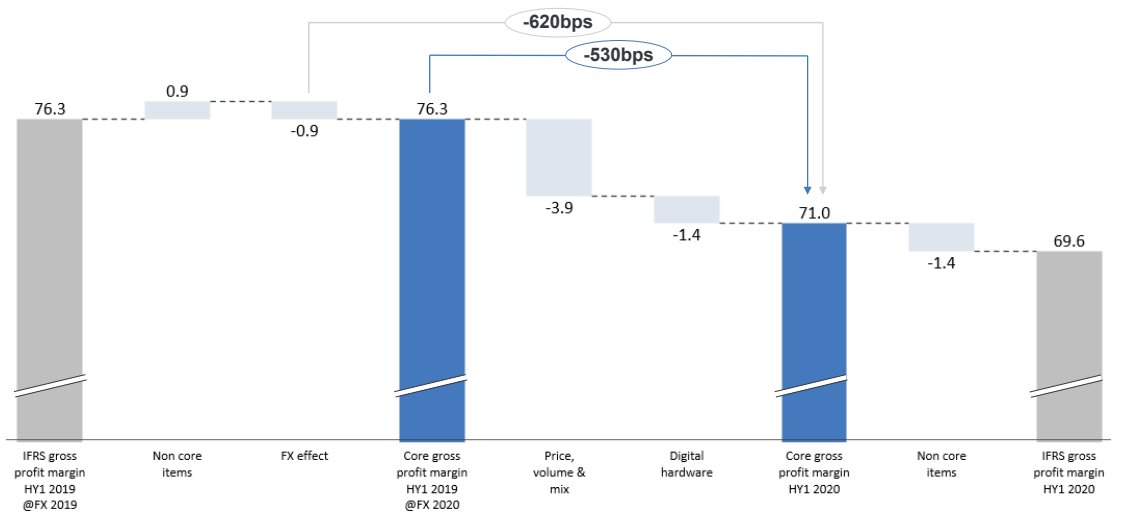
17

straumanngroup

17

Core gross margin still above 70%

In %, rounded



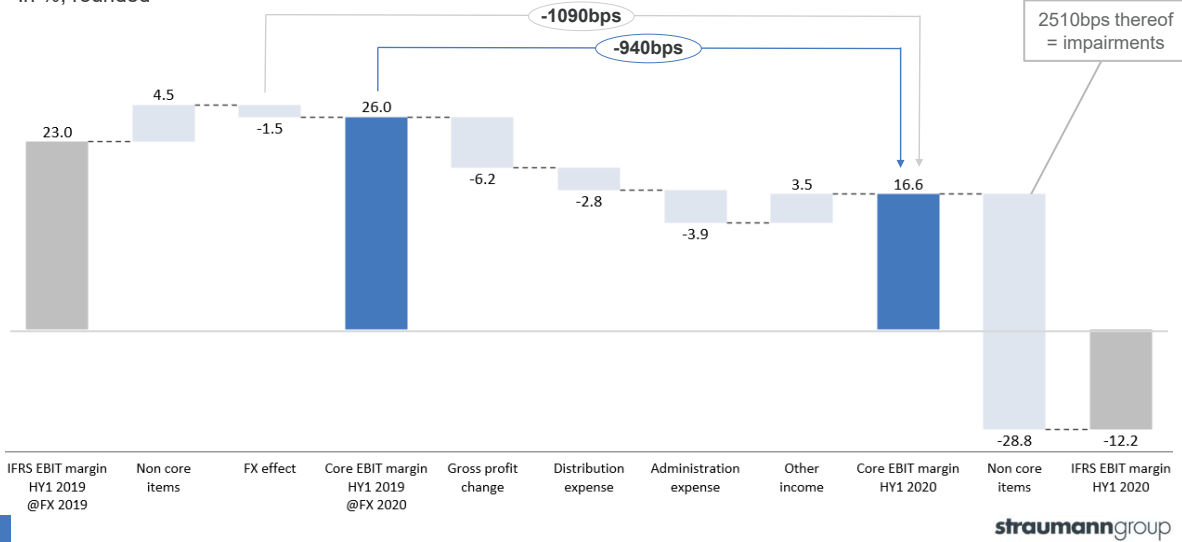
18

straumanngroup

18

Core EBIT margin reaches 17%

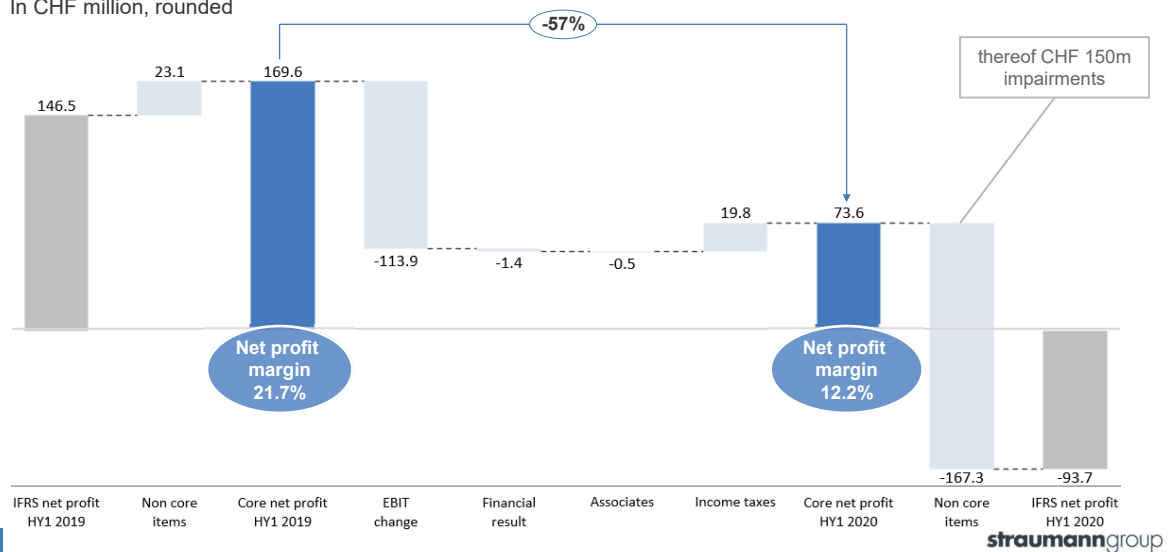
In %, rounded



19

Core net profit margin squeezed to 12%

In CHF million, rounded

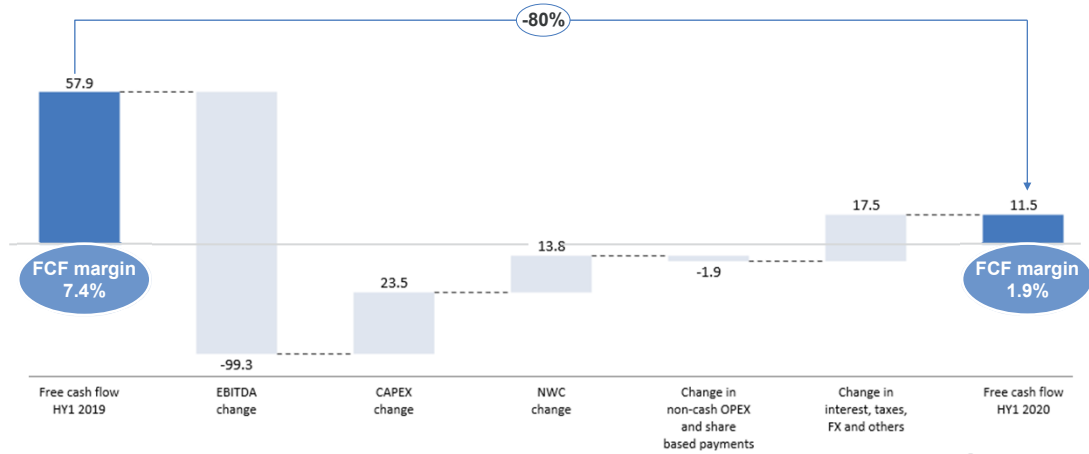


20

Positive free cash flow reflects CAPEX and NWC reductions

In CHF million, rounded

Operating Cash Flow	In CHF million	Y/Y Change
HY1 2019	127.7	
HY1 2020	60.7	-52%



21

straumanngroup

21

Adapting to the new reality & customer focus

Guillaume Daniellot, CEO

straumanngroup

22

Massive online outreach to customers during lock-down

Global	Campuslive: 24K registrations, 70 webinars
NAM	2 online symposia on immediacy; >50K sessions, >7K participants
APAC	e.g. China: 3 live BITC events, 140K viewers per session; Roxolid SLA launch: >25K implantologists, 5K leads
EMEA	e.g. Germany: online patient campaign: >3K webpage visits, >5K e-book downloads, >7K webinar views acaDEMEA education platform for distributors: >80 webinars, >5K leads
LATAM	Biosafety Guide e-book: >9K downloads



straumanngroup

23

23

Strategy in action

Guillaume Daniellot, CEO

straumanngroup

24

Key building blocks Straumann Group

IMPLANT solution push

- Immediacy solution
- Edentulous solution
- 'Smile in a Box'

ORTHO solution push

- Clear-aligner solution
- Acceleration program

DIGITAL ecosystem

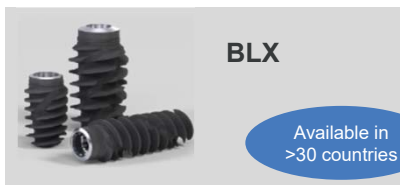
- Intraoral scanners & ecosystem
- Digital services / guided surgery
- 3D printing

CHANNEL management

25

25

Straumann ImmediaXy campaign – significant benefits for dentists and patients



Immediacy meeting increased patient expectations

- Shorter time to teeth
- Fewer & shorter appointments
- Time & cost savings, high safety
- BLX gaining share of fully-tapered implant segment

Extensive immediacy range

- Premium & value solutions with tapered & zygomatic implants & prosthetics
- Seamless digital workflow
- Continuing innovation

Opportunities with zygomatic implants

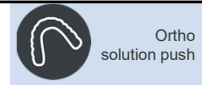
- Option for patients with severely atrophied upper jaw
- Appropriate for immediate loading when good primary stability is achieved
- Strategic door-opener to certain large clinics
- Opportunity to supply other implants (e.g. BLX) & products to zygomatic implant users

26

straumanngroup

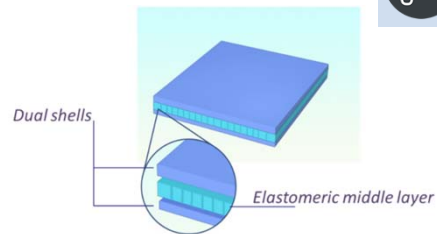
26

Ortho business update



ClearCorrect 'ONE' launched

- 1 price, 1-year treatment, 1 revision, 1 free retainer set



New high-performance material

- Triple-layer; exerts constant forces even after 7 days, improving performance by 2-3 days
- High comfort and stain resistance
- Launch in Q3, earlier than expected

Aligner production in Markkleeberg operational

- Capacity: 10K aligners per day
- Highly automated
- Can be expanded & replicated in other locations



straumanngroup

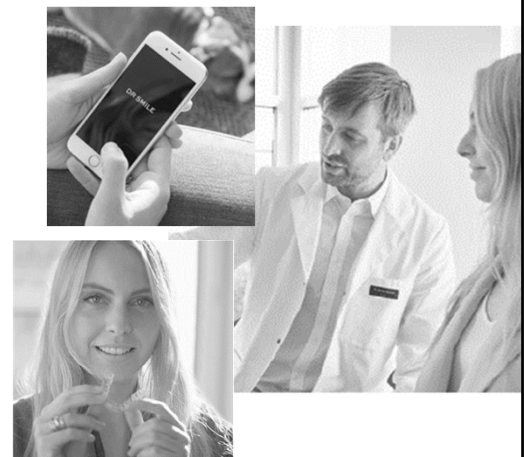
27

27

DrSmile – a leading provider of doctor-led clear-aligner treatment solutions in Europe



- Expertise in consumer marketing, combined with clinician-led aligner treatment
- Focused on simple to moderate cases with strict selection
- Network of clinics & partners open to all dentists
- Founded 2017, based in Germany, expanding in Austria & Spain, revenue doubled annually
- Agreement in July for Straumann to acquire majority stake
- Complements Straumann's existing clear-aligner business

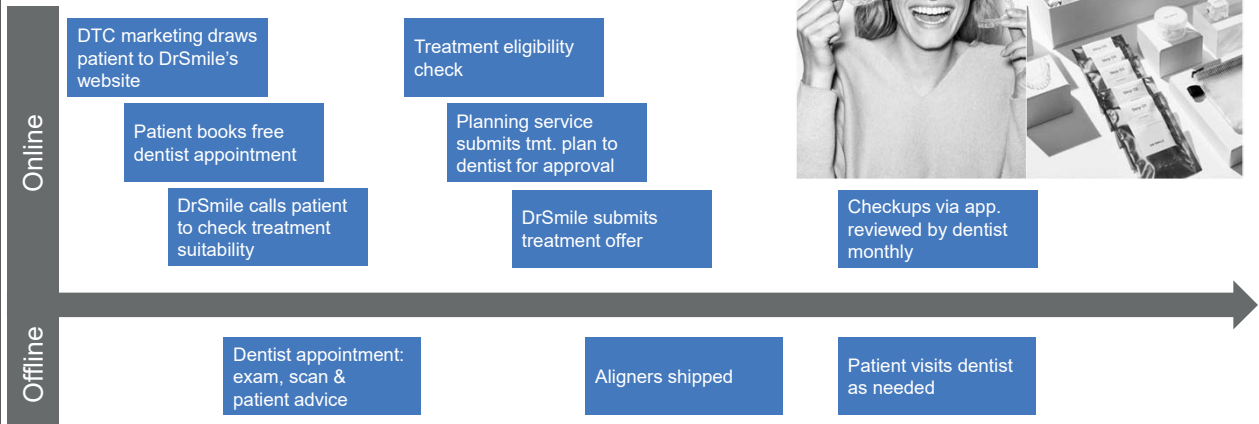


straumanngroup

28

28

Convenient, reliable and attractive for patients and dental practices



29

straumanngroup

Strong intra-oral scanner sales as dentists begin to adapt to new realities



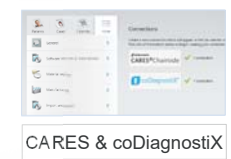
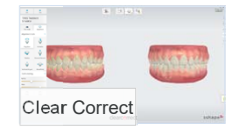
TRIOS seamlessly integrated into Straumann workflow / ecosystem

- CAD/CAM via CARES Visual & Chairside
- Guided surgery via coDiagnostiX
- ClearCorrect clear aligners
- Open for all TRIOS scanners



Virtuo Vivo completes offering

- Assembly line assured, production ramp up
- Initial issues resolved, positive feedback from customers
- Attractive price



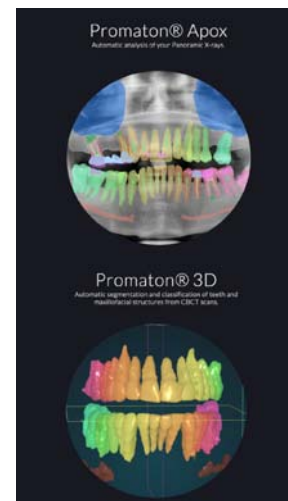
30

straumanngroup

Artificial intelligence to enhance diagnosis and facilitate virtual treatment workflows



- 49% non-controlling stake in Promaton B.V.
- Netherlands-based company specializing in artificial intelligence in dentistry automation
- Put/call-option mechanism for a stepped increase to full ownership in 2023



31

straumanngroup

31

Outlook

straumanngroup

32

Outlook – uncertainty continues

Market

- Signs of recovery as most countries/regions have re-opened
- Practices adapt to new safety standards, but efficiency reduced
- Difficult to determine whether present improvement will continue at same pace if further waves of COVID-19 occur
- Potential of weak macro-economic environment a concern

Our revenue and profitability

- Underlying business fundamentals are intact
- Group confident to emerge as an even stronger partner of choice when economy and consumer confidence return to normal
- Current uncertainties prevent Group from guiding for full-year revenue & earnings.



33

straumanngroup

33

Questions & answers

Q&A

straumanngroup

34



35

Calendar of upcoming reporting dates

2020	Event	Location
28 October	Q3 results publication	Webcast

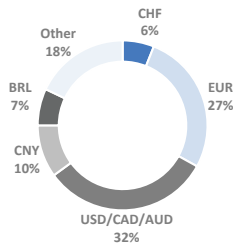
36

straumanngroup

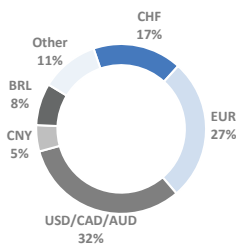
36

Straumann's currency exposure

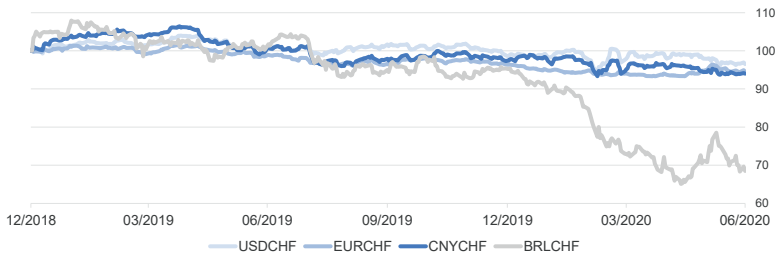
Revenue Breakdown HY1 2020



Total Cost Breakdown HY1 2020



Exchange rates development Jan 2019 - Jun 2020



Average exchange rates (rounded)					FX sensitivity (+/- 10% on HY1)	
		2018	2019	HY1 2020	Revenue	EBIT
1	EURCHF	1.15	1.11	1.07	+/- 18m	+/- 7m
1	USDCHF	0.98	0.99	0.96	+/- 18m	+/- 6m
1	BRLCHF	0.269	0.251	0.201	+/- 3m	+/- 0m
1	CNYCHF	0.147	0.144	0.137	+/- 5m	+/- 4m