Media release

Straumann steps up cost reduction program and sharpens focus on customer needs

- *Q1 revenue contracts 6% (5% organic[1]) to CHF 175 million as markets in Europe and Japan fail to pick up*
- *Modest organic growth in North America despite strong comparative prior-year period*
- *Marco Gadola takes over responsibilities as new CEO*
- *Group intensifies measures to reduce operational costs including headcount reduction of approximately 200 to around 2230 by year-end*
- *Organizational and leadership changes to sharpen focus on customer needs and solutions*
- *Mid-term outlook unchanged*

REVENUE BY REGION

(in CHF million)	Q1 2013	Q1 2012
Europe	**98.5**	**106.5**
Change in CHF %	(7.5)	(6.5)
Change in l.c.%	(8.4)	(2.1)
Change organic %	(7.7)	
In % of Group revenue	56.4	57.5
North America	**45.3**	**44.7**
Change in CHF %	1.3	11.3
Change in l.c.%	0.2	14.0
Change organic %	2.1	
In % of Group revenue	25.9	24.1
Asia / Pacific	**22.7**	**25.0**
Change in CHF %	(9.3)	(1.9)
Change in l.c.%	(4.4)	(2.4)
In % of Group revenue	13.0	13.5
Rest of the World (ROW)	**8.3**	**8.9**
Change in CHF %	(6.6)	0.2
Change in l.c.%	(2.6)	4.3
In % of Group revenue	4.8	4.8
GROUP	**174.8**	**185.1**
Change in CHF %	(5.6)	(1.8)
Change in l.c.%	(5.5)	1.6
Change organic %	(4.7)	

[1] 'Organic growth' excludes the effects of currency fluctuation and the discontinuation of distribution of iTero intra-oral scanners announced in October 2012.

Basel, 29 April 2013: In the first three months of 2013, the Straumann Group generated revenue of CHF 175 million, 6% less both in local currencies (l.c.) and Swiss francs than in the comparative period of last year, which benefitted from two additional selling days. Taking the discontinued activities into account, the decline was slightly less than 5%.

While revenue developments were stable in North America and positive in China and Latin America, the large European and Japanese markets suffered further from the weak economy and competition from lower cost players.

In response to the longer-than-anticipated delay in market recovery, Straumann today announced further restructuring and cost-saving initiatives, including the reduction of approximately 200 jobs, bringing the global workforce to about 2230 by year end.. Most of the reductions (approximately 110) are planned at the Group's headquarters in Basel. These initiatives are expected to result in one-time charges of CHF 18-20 million in the first-half of 2013.

Chief Executive Officer Marco Gadola commented: "The first quarter provided further evidence that consumer sentiment is not recovering at the expected pace and our environment is changing faster than anticipated. We are therefore stepping up our efforts to adapt organizationally and strategically. Our present organization was built based on rather bullish market growth expectations but, in view of current developments and the mid-term economic outlook, today's level of staffing is no longer sustainable. We are addressing this with due regard for our social responsibilities as an employer. We are also adapting our structure and leadership in order to increase agility and to strengthen our focus on customer needs and solutions. Despite resizing, we will continue to have a strong, competitive team of professionals to drive our business in the future."

ORGANIZATIONAL AND LEADERSHIP CHANGES

The main structural changes are designed to simplify the functional set up and accelerate decision times. At the same time they will further strengthen Straumann's focus on customer needs and solutions. The new structure is reflected in following changes within the Executive Management Board (EMB).

While Thomas Dressendörfer (CFO), Andy Molnar (Head Sales North America) and Dr Alexander Ochsner (Head Sales APAC) all remain in their current positions, Frank Hemm (previously Head EMEA, LATAM and Distributors) takes on the newly created role as Head Customer Solutions & Marketing. Dr Sandro Matter (previously Head Business Unit Prosthetics) also assumes a newly created role as Head Strategic Projects & Alliances. Wolfgang Becker (Head Sales Central Europe), Guillaume Daniellot (Head Sales Western Europe/LATAM) and Dr Gerhard Bauer (Head Research, Development and Operations) all join the EMB from within the organization.

After eight years with the company, Dr René Willi, who headed the Surgical Business Unit, is leaving to pursue his career outside Straumann. René Willi has made many contributions to product development and the surgical business and Straumann would like to thank him in addition to wishing him all the best for the future.

BUSINESS AND REGIONAL PERFORMANCES

Implant sales in Q1 benefitted from the recently-introduced NNC implant and the Bone Level range, but were generally softer than in the comparative period of last year.

The **restorative business**, which comprises digital products, CADCAM milled elements and standard prosthetics, was also slower. This reflects the competitive landscape in general, the discontinuation of the intra-oral scanner distribution business in October, and transfer of Straumann's software and guided surgery business to Dental Wings.

In contrast, the smallest franchise, **regeneratives,** achieved moderate growth, driven by Straumann Allograft and Emdogain.

In the first quarter, Straumann introduced several new solutions to rekindle and support future growth. These were presented at the IDS tradeshow in Cologne and include the 'Scan & Shape' prosthetics service and CARES Visual 8.0. The former offers access to CARES CADCAM prosthetics to customers who do not have the requisite scanning capabilities; the latter opens Straumann's CADCAM system to a broader range of customers.

Further challenges in Europe

Subdued consumer confidence continued to constrain the European dental markets, which contribute 56% of Straumann's Group revenues. In the first quarter of 2013, sales were generally lower (-8% in l.c.) than in the prior year. One percentage point of the decrease was due to the discontinued distribution of intra-oral scanners. Spain and Italy, which are fragmented markets and highly permeated by cut-price competitors, suffered the biggest declines. Germany and Switzerland also struggled and were unable to reach prior-year levels.

Modest growth in North America

North America succeeded in matching the previous first-quarter level of revenue in local currencies, when regional sales reached a record high. In Swiss francs, revenue rose 1% to CHF 45 million or 26% of the Group. Excluding the discontinued intra-oral scanner distribution business, revenue increased 2% in l. c., or 3% in Swiss francs.

China and Australia: beacons in Asia/Pacific

In Japan, which represents roughly half the APAC market, public perception of implant dentistry has been tarnished by the media and will take time to restore. China and Australia both reported solid performances but only partly compensated for the shortfalls elsewhere. As a result, regional revenue declined 4% in local currencies and 9% in Swiss francs to CHF 23 million, corresponding to approximately 13% of Group sales.

Strong Brazil offsets irregular distributor markets in the Rest of the World

The 'Rest of the World' region contributes approximately 5% of Group revenue, most of which is generated in Latin America. First-quarter revenue declined 3% in l.c., or 7% in Swiss francs, to CHF 8 million. The decline was mainly due to difficult market conditions in the Middle East and a soft performance in Mexico – in contrast to Brazil, which posted strong growth.

OUTLOOK (barring unforeseen circumstances)

Straumann expects the effects of the weak economy and consumer sentiment to continue in Europe, while attractive markets like North America, China and Brazil should perform well.

Based on the overall business fundamentals, strategic plan and its cost optimization program, the Group assumes that it will be able to deliver improved profit levels[2] in 2013, even if the market remains sluggish. In the mid term, it aims to return to solid growth and a significantly higher operating margin.

[2] Excluding exceptionals in 2012 and charges for the cost optimization program.

About Straumann
Headquartered in Basel, Switzerland, Straumann (SIX: STMN) is a global leader in implant, restorative and regenerative dentistry. In collaboration with leading clinics, research institutes and universities, Straumann researches, develops and manufactures dental implants, instruments, prosthetics and tissue regeneration products for use in tooth replacement and restoration solutions or to prevent tooth loss. Straumann currently employs approximately 2400 people worldwide and its products and services are available in more than 70 countries through its broad network of distribution subsidiaries and partners.

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Analysts' and media conference call
Straumann will present the 2013 first-quarter net revenue results to representatives of the financial community and media in a webcast telephone conference call at 09.00 h Swiss time.

The audio webcast of the conference call (www.straumann.com/webcast) will be available until 30 May 2013.

The telephone conference can be accessed at:

+41 (0)58 310 50 09	(Europe and ROW)
+44 (0)203 059 58 62	(UK)
+1 (1)631 570 56 13	(USA)
+1 (1)866 291 41 66	(USA - toll-free)

Presentation slides
The presentation slides that will be used in the aforementioned conference call are available at www.straumann.com/Straumann-2013-Q1-presentation.pdf and on the Investor Relations pages at www.straumann.com.

Upcoming reporting dates
20 August 2013 Q2 sales and first-half results 2013
31 October 2013 Q3 and 9M sales 2013

Details on upcoming investor relations activities are published on www.straumann.com (Investor Relations > Calendar).

Straumann 2012 Online Annual Report:
http://annualreport.straumann.com/en/2012.html

Straumann Media Releases subscription:
www.straumann.com/en/home/investor-relations/ir-contacts-and-services/subscription.html

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