

First-quarter 2017 report – Media Release

**Strong performance continues as Straumann posts 15% organic growth in Q1**

- Group revenue climbs 20% in Swiss francs to CHF 266m
- Double-digit organic<sup>1</sup> growth reported across all regions and businesses
- Highly successful dental congresses – large number of new products and solutions presented
- Further expansion into new geographies/segments
- Investment in innovative technology – stake in RODO Medical increased to 30%
- Executive team and Board strengthened
- Full-year guidance for organic revenue growth raised to low double-digit range

**REVENUE BY REGION**

(in CHF million)	Q1 2017	Q1 2016
<b>Europe, Middle East &amp; Africa (EMEA)</b>	<b>121.1</b>	<b>108.0</b>
<i>Change in CHF in %</i>	12.3	9.5
<i>Change organic in %</i>	10.1	9.4
<i>In % of Group revenue</i>	45.5	48.4
<b>North America</b>	<b>73.8</b>	<b>62.0</b>
<i>Change in CHF in %</i>	19.0	15.4
<i>Change organic in %</i>	17.2	12.5
<i>In % of Group revenue</i>	27.7	27.8
<b>Asia / Pacific</b>	<b>46.0</b>	<b>35.5</b>
<i>Change in CHF in %</i>	29.5	22.9
<i>Change organic in %</i>	25.7	21.0
<i>In % of Group revenue</i>	17.3	15.9
<b>Latin America</b>	<b>25.4</b>	<b>17.5</b>
<i>Change in CHF in %</i>	45.0	46.0
<i>Change organic in %</i>	15.3	13.3
<i>In % of Group revenue</i>	9.5	7.9
<b>GROUP</b>	<b>266.3</b>	<b>223.0</b>
<i>Change in CHF in %</i>	19.5	15.4
<i>Change in local currencies in %</i>	17.8	15.5
<i>Change organic in %</i>	14.9	12.2

**Basel, 27 April 2017:** The Straumann Group reported a strong start to 2017, posting double-digit growth across all regions and businesses and delivering record quarterly revenue of CHF 266 million. Including two small acquisition effects, revenue growth amounted to 18% in local currencies and 20% in Swiss francs. The early Easter last year and sales at the biennial International Dental Show this year added to the outstanding underlying performance.

<sup>1</sup> Excluding the effects of currencies and acquisitions (i.e. consolidation of Medentika and the acquisition of equinox). With effect of 1 January 2017, Straumann has fully consolidated Medentika in its Group financial statements. The ownership structure of Medentika – and Straumann's stake – remain unchanged.

From a regional perspective, EMEA and North America were the main growth contributors, notching up organic increases of 10% and 17% respectively, while Asia/Pacific posted the strongest relative increase (+26%).

Based on the good development and progress so far this year, the Group is raising its expectation for full-year organic revenue growth from the high-single-digit to the low-double-digit percentage range and confirms that it is on track to deliver the profitability targets that were communicated in February.

**Marco Gadola, Chief Executive Officer**, commented: *“Our sustained growth is due to the fact that we have continuously increased our geographical reach, invested in R&D and enlarged our sales force. We have also penetrated the non-premium segment and entered key areas with differentiated products like BLT and the botiss range. Strong partnerships have been a key to our growth in biomaterials and digital dentistry and offer the technology and reach for further expansion.*

*Key trade shows in Q1 provided excellent platforms for us to introduce a stream of innovative solutions that address both premium and non-premium customer needs. These events added to our momentum and generated numerous promising leads, which, together with strong demand for our BLT, Variobase and Intradent ranges – as well our exciting pipeline and expansion projects, give us the confidence to achieve low double-digit growth over the full year.”*

## **BUSINESS PERFORMANCE**

The implant business was the main contributor to growth as sales rose more than 20%, led by the Bone Level Tapered (BLT) implant range, the high-performance premium implant material Roxolid® and the increased uptake of Neodent's Cone Morse and Aqua implants. More than 25% of Straumann premium implants sold in Q1 were tapered and the trend continues.

The restorative business also achieved double-digit growth, driven by strong demand for implant-borne prosthetics – both standard and CAD/CAM. Straumann's new intraoral scanner and milling solutions, which were showcased at key events and in a European truck tour, also contributed initial sales and added to growth in digital solutions.

The Group's smallest business, biomaterials, continued to grow dynamically. Demand was most notable for bone substitutes and membranes – especially in EMEA and North America.

## **REGIONAL PERFORMANCES**

### **EMEA returns to double-digit growth**

The Group's largest region, Europe Middle-East & Africa, returned to double-digit growth partly reflecting the effect of an early Easter last year. In 2017, first-quarter organic growth

amounted to 10%, with the consolidation of Medentika adding a further 5%-points to growth. These factors, together with a currency headwind of 3%, meant that regional revenue increased 12% in Swiss francs to CHF 121 million.

Demand was widespread, with Iberia, Russia, and Sweden achieving the strongest performances. Sales also developed well in the largest regional market, Germany.

All businesses contributed to the positive trend, fueled by BLT and Variobase abutments. Sales of biomaterials in Europe were particularly strong as the Group's collaboration with botiss continued to bear fruit.

### **North America adds pace**

North America gathered further momentum with organic revenue climbing 17%. Benefitting from the stronger dollar, growth in Swiss francs increased to 19%, bringing regional net revenue to CHF 74 million or 28% of the Group total.

Both Canada and the US delivered strong results, with the latter making the largest country contribution to the Group, driven by the steady uptake of BLT. Since its launch at the end of 2014, 300 000 BLT implants have been sold in the region with further potential to be exploited. At the Academy of Osseointegration meeting in March, Straumann introduced its new 2.9mm BLT implant, which was well received and made an initial contribution to growth.

The performance was driven by strong demand across all businesses. Both the premium and the Intradent business exceeded expectations. Straumann succeeded in generating volume increases from recently acquired customers, in addition to winning new customers and generating further leads.

### **Dynamic performance in APAC powered by China and Japan**

Asia/Pacific posted another dynamic performance as revenue climbed 26% in organic terms and 30% in Swiss francs to CHF 46 million. Most of the growth was generated in the largest market, China, where the Group continued to benefit from its hybrid distribution model, the dynamic market, and the contribution of Anthogyr's attractively-priced implant solutions. In Japan, Straumann outpaced the market although growth was expectedly less than in the first quarter of 2016, when sales were lifted by the introduction of BLT and Roxolid. The newly-acquired equinox business added 3% to regional growth.

### **Double-digit growth in Latin America despite difficult market environment**

Despite the general market weakness in Brazil, organic growth in Latin America reached 15%. The recent appreciation of the Brazilian Real boosted growth in Swiss francs to 45% bringing regional revenue to CHF 25 million. The continued strong performance reflects the Group's differentiated offering, sales model, and geographical expansion in the region. Mexico achieved strong results and the Group's subsidiaries in Columbia and Argentina also contributed to regional growth.

## STRATEGIC PROGRESS / NEWS HIGHLIGHTS

### **Numerous innovations presented / launched**

The first quarter saw an unprecedented number of product launches including Straumann's exceptionally small diameter (2.9mm) implant and two-piece ceramic implant solution. The prosthetics portfolio was complemented by additions to the Variobase and edentulous ranges as well as Straumann's glass ceramic material, n!ce, which is available for single-tooth restorations. Etkon's CAD/CAM prosthetics service for competitor implant systems also became operational.

### **Further partnerships – a strong contender in digital dentistry**

The Group signed distribution agreements with 3Shape and Rapid Shape in Q1, adding industry-leading scanners and 3D printers to its digital portfolio. The latter already includes milling machines supplied by Amann Girrbach as well as software and scanners from Dental Wings, including powder-free and portable intraoral models. The entire range is Straumann-branded, fully integrated in a validated workflow, and available from a single source with Straumann service and support. Among the highlights at the IDS was the new C series compact milling machine. Together with the intraoral scanners and n!ce glass ceramic, this offers a complete chairside solution.

### **Investment in potential game-changing technology**

The Group also announced that it has increased its stake in RODO Medical Inc. from 12% (obtained in 2014) to 30% for an undisclosed sum. The agreement between the two companies provides Straumann with exclusive distribution rights – except in North America and South Korea – and the option to increase its participation to 51% in 2021.

Founded in 2009, RODO Medical is a privately-held US company that develops and produces innovative retention devices for dental implant restorations. Its revolutionary Smileloc® device utilizes the shape memory properties of 'nitinol', a nickel-titanium alloy, to attach crowns or dentures to implant abutments without cement or retaining screws. The system also allows quick and easy removal and replacement of a single crown, bridge or full-arch prosthesis. Having gained marketing clearance in Europe (CE Mark) and FDA 510(k) approval, this exciting technology is now commercially available in initial markets.

### **Non-premium solutions**

Neodent introduced its own digital workflow in Brazil and the US with a broad range of treatment and restorative options. NeodentFIT offers central milling solutions as well as in-house options, e.g. with CEREC®. Customers can also use multiple open-source milling options.

### **Leadership and governance**

At the end of March, the Group announced the addition of Patrick Loh to the Executive Management. He will take over as Executive Vice President of the fast-growing Asia/Pacific region in May, when Dr Alexander Ochsner will assume the new role of Executive Vice President, Global People Management & Development.

In April, Monique Bourquin and Regula Wallimann joined the Board of Directors, filling the gaps left by the departures of Stefan Meister and Roland Hess.

**AGM approves all proposals including dividend increase**

In addition to electing these new members, the shareholders of Straumann Holding AG approved all the proposals put forward by the Board of Directors at the recent AGM, including the 2016 cash dividend of CHF 4.25 per share (2015: CHF 4.00), which was paid on 13 April 2017.

**OUTLOOK 2017(BARRING UNFORESEEN CIRCUMSTANCES)**

The Straumann Group expects the global implant market to grow at a similar rate (3-4%) in 2017. Thanks to the strong performance so far this year, the Group is raising its full-year guidance for organic growth to the low double-digit percentage 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<sup>2</sup>) operating profit margin (2016: 24.8%).

**About Straumann**

The Straumann Group (SIX: STMN) is a global leader in tooth replacement solutions that restore smiles and confidence. It unites global and international brands that stand for excellence, innovation and quality in tooth replacement and esthetics, including Straumann, Instrandent, Neodent, and Medentika, etkon 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 employs approx. 4000 people worldwide and its products, solutions and services are available in more than 100 countries through a broad network of distribution subsidiaries and partners.

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<sup>2</sup> Excluding the effects of acquisitions and currencies

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## ANALYSTS' AND MEDIA CONFERENCE CALL

Straumann will present its 2017 first-quarter net revenue results to representatives of the financial community and media in a webcast telephone conference call today at 14:00h Swiss time.

The audio webcast of the conference call ([www.straumann.com/webcast](http://www.straumann.com/webcast)) will be available for the next month.

### Presentation slides

The slides for the conference call are available at [www.straumann.com/straumann-2017-q1-presentation.pdf](http://www.straumann.com/straumann-2017-q1-presentation.pdf) and on the Investors pages at [www.straumann.com](http://www.straumann.com).

The telephone conference can be accessed at:

Europe & RoW: +41 (0)58 310 50 09  
 UK: +44 (0)203 059 58 62  
 USA: +1 (1) 631 570 56 13

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## UPCOMING CORPORATE / INVESTOR EVENTS 2017

Date	Event	Location
<b>27 April</b>	<b>First-quarter results</b>	<b>Webcast</b>
28 April	Investor meetings	Paris
09 May	Investor meetings	Stockholm
07 June	Vontobel summer conference	Interlaken (CH)
<b>17 August</b>	<b>Half-year results conference 2017</b>	<b>Basel HQ</b>
21 August	Investor meetings	New York
22 August	Investor meetings	Zurich
22 August	Investor meetings	Boston
22 August	Investor meetings	Toronto / Montréal
30 August	Investor meetings	Benelux
14 September	UBS Best of Switzerland conference	Wolfsberg (CH)
28 September	Bernstein Strategic Decisions Conference	London
29 September	Investor meetings	Edinburgh
<b>26 October</b>	<b>Third-quarter results</b>	<b>Webcast</b>

Details on upcoming investor relations activities are published on [www.straumann.com](http://www.straumann.com) (Investors > Events).

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### 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. Straumann 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.

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