2019 Nine-month sales report – Media Release

Nine-month revenue exceeds CHF 1bn (+16%) for the first time, as the Straumann Group delivers another strong quarter

- Organic[1] revenue growth reaches 17% in first nine months and 19% in Q3
- Double-digit organic expansion throughout 9 months in all regions, led by North America
- Straumann's innovative BLX implant range begins to make an impact, winning new customers in Europe and the Americas
- With dynamic growth continuing in the clear-aligner business, the Group secures access to high-performance materials by acquiring Bay Materials LLC
- Executive management transitions proceeding well
- Group raises outlook for full-year organic revenue growth to mid-teen percentage range

REVENUE BY REGION

(in CHF million)	Q3 2019	Q3 2018	9M 2019	9M 2018
Europe, Middle East & Africa (EMEA)	**142.6**	**122.1**	**477.5**	**426.0**
Change in CHF in %	*16.8*	*14.0*	*12.1*	*21.2*
Change in local currencies in %	*21.2*	*15.2*	*16.9*	*16.3*
Change organic[1] in %	*13.1*	*11.9*	*13.5*	*13.0*
% of Group total			*41.5*	*43.1*
North America	**117.1**	**93.2**	**347.5**	**283.3**
Change in CHF in %	*25.5*	*29.4*	*22.6*	*28.0*
Change in local currencies in %	*24.0*	*29.0*	*20.1*	*29.8*
Change organic[1] in %	*23.5*	*19.5*	*19.9*	*18.6*
% of Group total			*30.2*	*28.6*
Asia / Pacific	**76.2**	**61.3**	**223.4**	**186.2**
Change in CHF in %	*24.4*	*34.2*	*20.0*	*34.3*
Change in local currencies in %	*24.5*	*35.3*	*21.2*	*32.3*
Change organic[1] in %	*23.4*	*33.1*	*20.4*	*30.2*
% of Group total			*19.4*	*18.8*
Latin America	**35.2**	**30.9**	**102.7**	**93.4**
Change in CHF in %	*14.0*	*-6.4*	*10.0*	*3.8*
Change in local currencies in %	*17.7*	*13.6*	*18.2*	*18.5*
Change organic[1] in %	*17.3*	*13.0*	*18.1*	*18.1*
% of Group total			*8.9*	*9.4*
GROUP	**371.1**	**307.5**	**1'151.1**	**989.0**
Change in CHF in %	*20.7*	*19.3*	*16.4*	*23.4*
Change in local currencies in %	*22.4*	*22.6*	*18.8*	*23.0*
Change organic[1] in %	*18.7*	*18.1*	*17.1*	*18.0*

[1] Excluding the effects of currencies and acquisitions (mainly Anthogyr, T-Plus and Zinedent in 2019, and ClearCorrect, Dental Wings and BatiGroup in 2018)

Basel, 29 October 2019: In the first nine months of 2019, the Straumann Group posted net revenue of CHF 1.15 billion, representing an increase of 16% over the prior-year period. Organic revenue growth reached 17%, driven by double-digit increases across all regions. The effect of acquisitions amounted to 1.5%-points due mainly to Anthogyr, T-Plus and Zinedent. In Q3, organic growth rose to 19%, with the largest contributions coming from North America and EMEA. Despite continuing unfavorable exchange rates, the pronounced negative currency effect seen in the first half eased in Q3.

Marco Gadola, Chief Executive Officer, commented: “Successful product launches, our fast-growing clear-aligner business, the international rollout of our value brands, and supply agreements with large dental chains all contributed to our continuing strong growth. A major highlight in Q3 was the launch of our innovative Straumann BLX implant system in North America. This next-generation implant, together with Neodent GM and Anthogyr Axiom PX, gives us full access to the fully-tapered implant segment and positions us to become a leading global provider of immediacy solutions. Based on our continuing strong results and roll-out program in Q4, we are lifting our outlook for full-year organic revenue growth to the mid-teen percentage range”.

BUSINESS PERFORMANCE

Implants and **restoratives** continued to be the largest source of growth, driven by Straumann BLT and lifted by BLX, which is now entering full market releases in most key markets, with the exception of China, Japan, Russia and Turkey. By virtue of its excellent handling characteristics and prosthetic range, BLX has drawn hundreds of new customers to Straumann over the past six months, many of whom have also purchased BLT. Lifted by the continuing international roll-out of Neodent, Anthogyr and Medentika, the Group’s non-premium implant franchise continued to outpace its premium business.

The **digital business** was driven by the continuing dynamic expansion of clear aligners – especially in North America, where the number of new cases started increased by 60%. To cater for the global growth, the Group is adding production capacity in the US, Brazil and Germany. Digital equipment sales were soft, owing to the impact of the fire at Dental Wings in May and supply issues. This and strong interest in new intra-oral scanners and other equipment have made it particularly challenging to meet demand.

Biomaterials reported the strongest growth of all segments, reflecting robust sales of bone-graft and membrane products, the continuing roll-out of the botiss portfolio and new products like Straumann XenoGraft, XenoFlex and Emdogain FL.

Becoming the partner of choice in corporate dentistry

The Group’s ability to offer total solutions at multiple price levels makes it a very attractive partner for Dental Service Organizations around the world. In Q3, it won substantial supply contracts and is now a preferred provider for the four leading implant clinic networks in Europe and North America, which together account for more than 1300 clinics and 400 000 implants placed annually.

REGIONAL PERFORMANCES

EMEA sustains double-digit growth
The Group's largest region, EMEA, achieved nine-month organic growth of 14% and contributed 34% of overall revenue growth. With the Euro weakening against the Swiss Franc, growth in Swiss francs was trimmed to 12%, bringing revenue to CHF 478 million.

In Q3, organic revenue climbed 13%, fuelled by a solid increase in the region's largest market, Germany. Meanwhile, France, Iberia, Russia, South Africa, Turkey and the Middle East all posted double-digit growth. The performance was driven by Straumann BLT, supported by Neodent, Anthogyr, Medentika, and the launch of Straumann BLX early in Q2.

North America contributes the lion's share of growth
North America reported nine-month organic revenue growth of 20%. Currency tailwind lifted the increase to 23%, bringing revenue to CHF 348 million.

In Q3, organic growth rose to 24%, driven by continuing strong demand for Straumann BLT and lifted by the full market release of BLX in July. The non-premium implant franchise progressed well, driven mainly by Neodent GM, which was launched a year ago.

Asia Pacific boosted by strong growth in China
APAC achieved another solid performance in the first nine months, with growth of 20% (organic and in Swiss Francs), lifting revenue to CHF 223 million. The dynamic pace continued in China, helped by digital equipment sales and accelerated growth in the DSO business. Both South Korea and Japan posted strong growth in Q3 – the latter benefitting from elevated sales ahead of an increase in consumption tax on 1 October 2019. This and the recent severe typhoon, which damaged a number of dental practices in Japan, are expected to have an impact on the market in Q4.

Latin America posts double-digit growth in a challenging economic environment
Latin America achieved nine-month organic growth of 18%. Stiff currency headwind reduced the increase in Swiss francs by more than 8 percentage points, as revenue reached CHF 103 million.

At 17%, organic growth in Q3 was slightly softer than in H1, but very good in view of the prevailing difficult economic situation in Brazil and Argentina. Mexico, Columbia, Chile and Peru all posted very strong growth. The performance was driven by Neodent and Straumann implants, including BLX, and boosted by biomaterials. Added lift came from clear aligners, which were launched in Brazil earlier in the year. The Group's new implant and clear-aligner production facility for the LATAM markets is near completion and is due to become operational in 2020.

Straumann in the spotlight at multiple international congresses
The Group took advantage of this year's AAOMS meeting in the US to launch BLX in North America. It also devoted its corporate forum at the EAO in Europe to present the growing body of clinical experience with BLX to a large global audience online. Other key events included the Latin American Osseointegration Congress IN, the Esthetic Days Congress in Germany as well as ITI national meetings in India, Italy and South Africa.

BUSINESS EXPANSION

Group enters clear-aligner materials business and gains access to state-of-the-art high-performance thermoplastics

The Group announced today that it has acquired Bay Materials LLC, a strategically important company specializing in the design, development and supply of high-performance thermoplastics for orthodontic applications. Based in Fremont, California, Bay Materials was founded in 1999 to meet the need for applied polymer research in Silicon Valley. The company developed the first advanced aligner material for the market leader in 1999 and today is renowned for its Zendura™ brand of thermoformable urethane products and its new Zendura™ FLX multilayer thermoplastics. Launched in 2018, the latter offer high stress retention properties, excellent visual clarity, stain resistance and low insertion forces, putting them on a par with market-leading materials.

Demand for orthodontic thermoplastics is increasing rapidly and is largely covered by a small number of providers. Bay Materials supplies materials to aligner manufacturers, distributors, dental labs and doctors in the US and internationally. Straumann is committed to supporting the company as a leading innovator and reliable partner for the industry. Both Bay Materials and the Straumann Group are committed to enhancing patient care through the open availability of best-in-class products.

Straumann's goal is to maintain and expand Bay Materials' customer base and to establish itself as a provider of materials/consumables to the industry. Importantly, through the acquisition, the Group gains access to high performance materials for its own aligner production. With its long expertise, valuable intellectual property and attractive pipeline, Bay Materials will become the Group's center of excellence for aligner/retainer materials, thermoplastics and polymer material development.

Investment in Korean implants

In July, the Group entered an agreement to acquire a 34% stake in Warantec, an established and respected implant brand in South Korea. Warantec addresses the lower value implant segment and provides an additional strategic brand for markets where Korean manufacturers are increasingly successful. The Group will have exclusive distribution rights outside Korea and will use its global network to expand Warantec's international business.

Joint venture to serve customers in Hong Kong & Macau

In October, Straumann entered a joint venture with Modern Dental Group to serve the dental communities in Hong Kong and Macau. The new jointly held company, Peak Dental Solutions Hong Kong Ltd, will offer one of the broadest ranges of replacement, restorative, corrective & digital dental solutions both to Straumann Group and Modern Dental customers.

Continuity in leadership

Rob Woolley, the new Head of North America, has now joined the company, enabling Guillaume Daniellot to work further on transitioning into the role of CEO, which he will assume on 1 January 2020, when Marco Gadola steps down. Holger Haderer's transition to the EMB effective 1 January 2020 is also progressing as planned.

The Group is pleased to announce the addition of Dr Andreas Meier to the Executive Management Board (EMB) also with effect of 1 January 2020. Dr Meier has held the position of General Counsel since joining the company in 2005. Last year he took on additional responsibility for Business Development & Licensing.

FULL-YEAR OUTLOOK (barring unforeseen circumstances)

As stated in February with the 2018 full-year results, the Group expects the global dental implant market to continue growing at about 4-5% in 2019. Based on the nine-month results, it is raising its expectation for full-year organic revenue growth from the low-to-mid-teen to the mid-teen percentage range. Excluding the impact of currency exchange rates, top-line growth and operational leverage should result in core[2] EBITDA and EBIT margin improvements, in spite of further investments in Sales & Marketing and Research & Development. These profitability objectives exclude exceptional effects related to acquisitions as well as the impact of adopting IFRS 16 (lease accounting).

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, Neodent, Medentika, 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, CADCAM 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 approx. 7300 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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[2] The Group has started to implement the reporting of alternative performance measures (APM) in accordance with the new directive of the Swiss Stock Exchange, which facilitates the assessment of the underlying business performance but may differ from IFRS reported figures. ‘Core’ excludes one-time M&A effects, exceptional pension-plan items, restructuring expenses, amortization and impairment of goodwill and acquisition-related intangible assets. ‘Before-exceptional results’, which were used historically, excluded the same non-recurring items but not acquisition-related asset amortizations.

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Media and analysts' conference

Straumann's 2019 nine-months results conference call will take place at 09:30h Swiss time today. The event will be webcast live on the internet (www.straumann-group.com/webcast). The audio webcast of the conference call will be available for the next month.

The telephone conference can be accessed at:
Europe: +41 (0) 58 310 50 09
UK: +44 (0) 207 107 06 13
USA: +1 (1) 631 570 56 13

UPCOMING CORPORATE / INVESTOR EVENTS

Details of forthcoming investor relations activities are published on www.straumann-group.com (Investor information > Investor calendar).

2019	Event	Location
30 October	Investor meetings	Frankfurt
06 November	ZKB Swiss Equity Conference	Zurich
14 November	CS Swiss Equity Mid Cap Conference	Zurich
20 November	Swiss Corporate Governance Dialog	Zurich
26 November	Investormeeting BEKB	Bern
04 December	Berenberg European Conference	London
2020		
18 February	**Full-year results conference**	**Basel HQ**
07 April	**2020 AGM**	**Basel Congress Center**

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