

## Media release

### **Straumann acquires etkon, an emerging leader in CAD/CAM tooth restoration**

- *Acquisition creates a unique partner in the dental sector offering surgical, restorative and regenerative solutions from bone augmentation to individualized crowns and bridges*
- *Straumann gains an immediate fast-growing presence in state-of-the art crown and bridge dentistry*
- *etkon gains an extensive platform to build internationally and to expand in implant dentistry*
- *Purchase consideration of EURO 100 million*

**Basel/Gräfelfing, 2 March 2007:** Straumann (SWX: STMN), a global leader in implant dentistry and oral tissue regeneration, and etkon, a privately-owned fast-growing company in conventional and implant-based tooth restoration using CAD/CAM technology, have signed an agreement for a friendly, outright acquisition of etkon by Straumann.

#### **Straumann's largest acquisition to date**

According to the terms of the transaction, the Swiss-based company will pay EURO 77 million up front for 77% of etkon's shares. The remainder are expected to be acquired in the near future, bringing the purchase consideration to EURO 100 million. This makes the acquisition the largest in the history of the Straumann Group to date.

#### **High level of complementarity**

Computer-aided design and manufacturing (CAD/CAM) have revolutionized conventional tooth restoration, offering fast, cost efficient, reliable, and esthetic solutions. Straumann already has a growing presence in the CAD-CAM implant prosthetic arena with its individualized titanium and ceramic abutment service CARES, which uses Sirona-based scanning and modelling technology. etkon's products, services and customer base complement this perfectly. Until now, Straumann has concentrated exclusively on its dental implant and abutment business supported by innovative oral regenerative products, such as Emdogain and Straumann BoneCeramic. The acquisition now positions the company as a unique 'one-stop-shop' in its sector.

Explaining the rationale behind the deal, Straumann's President and CEO Gilbert Achermann said: "We believe that future success in the tooth restoration industry will be increasingly driven by CAD-CAM prosthetics. etkon gives us an immediate sizeable presence in this area and makes us the only company in the dental sector that offers surgical, restorative and regenerative solutions - from bone augmentation and tissue regeneration, through implants and prosthetics, to individualized crowns and bridges. Our two companies are a superb fit – not just in terms of products and services but also with regard to company culture."

### **A user-friendly, cost-effective solution for dental labs and general practitioners**

etkon's success and tremendous growth are built on its scanning technology and manufacturing expertise using state-of-the-art materials. The company assembles compact laser scanners, which it sells in combination with its proprietary modelling software, to dental laboratories. Cost-efficient and extremely easy to use, the package enables the dental technician to model the tooth restoration on a computer. The data are then sent to centralized production centers, which produce the prosthetic in a range of biocompatible, durable and esthetic materials, including high-performance ceramics such as zerion®, the high-purity zirconium oxide with unparalleled surface quality. etkon's range of prosthetic solutions extends from single tooth inlays right up to 14-unit full-arch restorations for either conventional or implant-borne restorations.

### **A global platform for continued dynamic expansion**

With just a short history and constraints of scale, the company is still at an early stage in developing implant-based tooth restoration solutions and in penetrating international markets.

“Straumann's global network and presence give us a unique opportunity to achieve our objective of establishing our business around the world. Straumann also catapults us into a position to become the leader in individualized implant prosthetics. Together, we can offer a significantly larger number of customers and patients the ultimate in implant and prosthetic technology,” commented etkon CEO Stephan Holzner.

### **About the deal**

The acquisition will be effected through an initial payment of EURO 77 million for 77% of the shares at closure in early March 2007. The acquisition of the remaining 23%, which are held by investment funds, is expected in the near future, bringing the purchase consideration to EURO 100 million.

Straumann's strong free cash flow and Group liquidity of CHF 172 million at the end of 2006 put the Group in a position to complete the transaction in cash without limiting its flexibility for other strategic initiatives, such as the acquisition of its Japanese distributor in the third quarter of 2007.

Owing to the fact that etkon generates lower gross and EBIT margins than Straumann, the acquisition will be dilutive at these margin levels. As a large part of the purchase consideration will be for intangible assets that will be amortized over a period of up to 7 years, the transaction is also expected to be dilutive to earnings per share in 2007 and 2008 in the single-digit range, but accretive to cash earnings per share from 2007 onwards.

### **About etkon**

etkon develops, produces, sells and leases laser scanning systems which are used by dental laboratories to produce highly precise 3-dimensional digital measurements of tooth stumps, implants and jaw models. Using etkon's proprietary software, the topographical data is used to design and produce the prosthetic in etkon's high speed fully-automated milling centers.

The company's main market is Germany, followed by the US, France, Italy, Spain and the Benelux countries. In each case the business is still at an early stage.

Founded in 2001, etkon has enjoyed particularly impressive dynamic growth making it the leading emerging company in CAD-CAM based dental prosthetics in the markets in which it operates. Over the past three years, etkon's revenues have more than doubled each year and its global sales in 2007 are expected to reach between 20 and 25 million EURO.

etkon is headquartered in Gräfelfing near Munich, Germany, where its scanner assembly unit is located. It operates production facilities in Gräfelfing and Leipzig (Germany), and in Dallas (US). The company employs a staff of 60 in Germany, complemented by a worldwide team of 40, all of whom are expected to be retained by Straumann.

### **About Straumann**

Headquartered in Basel, Switzerland, the Straumann Group (SWX: STMN) is a global leader in implant dentistry and oral tissue regeneration. In collaboration with leading clinics, research institutes and universities, the Group researches and develops implants, instruments and tissue regeneration products for use in tooth replacement solutions or to prevent tooth loss. The Group manufactures implant system components and instruments in Switzerland and the US and dental tissue regeneration products in Sweden. Straumann also offers comprehensive training and services to the dental profession worldwide, including training and education, which is provided in collaboration with the International Team for Implantology (ITI). Altogether, Straumann employs approximately 1534 people worldwide and its products and services are available in more than 60 countries through the Group's 18 distribution subsidiaries and broad network of distribution partners.

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### **Concerning forward looking statements**

This release contains certain "forward-looking statements", which can be identified by the use of terminology such as "growing", "to build", "to expand", "will", "followed by", "future", "potential", "yet", "up to", "expected" or similar wording. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Group to differ materially from those expressed or implied. These include risks related to the success of and demand for the Group's products, the potential for the Group's products to become obsolete, the Group's ability to defend its intellectual property, the Group's ability to develop and commercialize new products in a timely manner, the dynamic and competitive environment in which the Group operates, the regulatory environment, changes in currency exchange rates, the Group's ability to generate revenues and profitability, and the Group's ability to realize its expansion projects in a timely manner. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report. Straumann is providing the information in this release as of this date and does not undertake any obligation to update any forward-looking statements contained in it as a result of new information, future events or otherwise.

## **CONFERENCE CALL FOR MEDIA AND ANALYSTS**

Straumann and etkon will host a telephone conference call today, Friday 2 March at **09.30h (Swiss time)** for representatives of the media and financial community.

**Presentation slides** are available on [www.straumann.com](http://www.straumann.com) and should be downloaded well in advance before the call.

To join the conference call, please dial the following numbers:

+41 91 610 5600 (*Europe and ROW*)  
+44 207 107 0611 (*UK*)  
+1 (1) 866 291 4166 (*USA*)

The call will be recorded and a playback will be available for a limited period at the following numbers:

+41 91 612 4330 (*Europe and ROW*)  
+44 207 108 6233 (*UK*)  
+1 (1) 866 416 2558 (*USA*)

**ID Code: 745** followed by the # sign

A recording will also be available at [www.straumann.com](http://www.straumann.com).