2013 Half-year results – Media Release

Straumann improves profitability as operating margin approaches 18%

- *First-half revenue reaches CHF 355 million, as sales pick up in Q2 after a soft start to the year*
- *Organic[1] revenue rises 3% in Q2 (l.c.) driven by strong performance in North America*
- *Efficiency gains lift gross profit margin to almost 78% and initial cost savings drive EBIT margin to almost 18% excluding exceptionals*
- *Main impact of cost-reduction initiatives expected to begin in Q3*

KEY FIGURES

(in CHF million)	H1 2013 reported	H1 2013 excluding exceptionals[2]	H1 2012 restated[3]
Revenue	**354.8**		**361.7**
Change in CHF%	(1.9)		(1.5)
Change in l.c.%	(1.7)		(0.2)
Change in l.c. % (excl. iTero[1])	(0.9)		
Gross profit	**276.2**		**278.4**
Margin in %	77.8		77.0
Change in %	(0.8)		(4.1)
EBITDA	**74.5**	**80.0**	**71.0**
Margin in %	21.0	22.5	19.6
Change in %	5.0	12.7	(27.8)
Operating profit (EBIT)	**56.8**	**62.3**	**54.6**
Margin in %	16.0	17.6	15.1
Change in %	4.1	14.1	40.2
Net profit	**53.7**		**44.6**
Margin in %	15.1		12.3
Change in %	20.5		15.9
Basic EPS (in CHF)	**3.48**		**2.88**
Free cash flow[4]	**34.7**		**19.9**
Margin in %	9.8		5.5
Number of employees (30 June)	**2313**	**2243**[5]	**2555**

[1] Growth corrected to accommodate the discontinued iTero intra-oral scanner distribution business announced in October 2012.
[2] In this release the term 'exceptionals' refers to restructuring charges of CHF 13 million and a decrease in pension obligations of CHF 7 million – both related to cost reduction initiatives.
[3] In 2013, Straumann adopted the revised International Accounting Standard 19 regarding employee benefits. The 2012 figures have been restated accordingly.
[4] Defined as: net cash from operating activities less capital expenditures plus net proceeds from property, plant and equipment.
[5] Adjusted for employees whose employment had been terminated but whose contracts finished after 30 June.

Basel, 20 August 2013: Despite a slight contraction in revenue, the Straumann Group achieved notable margin improvements in the first-half of 2013, thanks to efficiency gains in manufacturing and the initial results of the Group's cost-reduction initiatives.

First-half revenue reached CHF 355 million, slightly less than 1% off the prior year period in local currencies (l.c.) on a comparable basis. After a soft start to the year, organic revenue picked up 3% (l.c.) in the second quarter, benefitting from an additional selling day[6] and driven by a strong performance in North America, with stable results in Europe and Asia Pacific.

The gross margin expanded 80 base points to 78%, contributing to an improvement of 250 base points in the underlying EBIT margin, which climbed to almost 18%. After exceptionals related to cost-reduction initiatives (see page 1 note 2), reported operating income reached CHF 57 million, corresponding to a margin of 16%. Reported net profit grew 21% to CHF 54 million, lifting basic earnings per share by 21% to CHF 3.48.

Marco Gadola, Chief Executive Officer, commented: "We are beginning to reap the benefits of our resolute measures to reduce our cost base. The top line improvement in the second quarter is also encouraging, because it shows that our restructuring initiatives have not impaired our ability to drive sales.

In view of the soft first quarter and the likelihood of Europe receding further, we don't expect full-year revenue to exceed last year's level, but I am very confident that we will deliver the profitability improvements to which we have committed ourselves. We know where the battles are and have defined clear initiatives to win them. Strategically we are addressing the changed dynamics in our core market, and we are increasing our efforts to target unexploited growth markets – including the value segment. We have also maintained our strategy of differentiation through innovation, placing greater emphasis on customer-driven solutions, a number of which will be launched in the coming quarters."

BUSINESS AND REGIONAL PERFORMANCES

Implant sales progressed positively in the first half of 2013, lifted by solid growth in Q2. Straumann's high performance implant material Roxolid and Bone-level implant range posted the strongest increases.

The **restorative business** – comprising digital products, CADCAM milled elements and standard prosthetics – was generally slower, reflecting the competitive landscape. New solutions to rekindle and support future growth were introduced in the first quarter including the 'Scan & Shape' prosthetics service and CARES Visual 8.0 software. The former offers access to CARES CADCAM prosthetics to customers who do not have the required scanning capabilities; the latter opens Straumann's CADCAM system to a broader range of customers. To draw external business into the CARES open workflow, Straumann launched a new plug-in software application tool in Q2.

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[6] In 2013, there was one more selling day in Q2 and two fewer selling days in Q1 than in 2012, which was a leap year.

The smallest franchise, **regeneratives,** remained stable in spite of sales force restructuring. Moving forward, regeneratives will have an increasing role in integrated customer solutions especially in the general practitioner segment.

REVENUE BY REGION

(in CHF million)	Q2 2013	Q2 2012	H1 2013	H1 2012
Europe	**97.4**	**95.6**	**195.9**	**202.2**
Change in CHF in %	1.8	(9.2)	(3.1)	(7.8)
Change in local currencies in %	(0.1)	(7.0)	(4.4)	(4.5)
North America	**47.3**	**43.8**	**92.6**	**88.5**
Change in CHF in %	8.2	15.6	4.7	13.4
Change in local currencies in %	8.1	7.0	4.1	10.4
Asia / Pacific	**26.8**	**28.9**	**49.5**	**53.9**
Change in CHF in %	(7.2)	10.2	(8.2)	4.2
Change in local currencies in %	0.7	4.2	(1.7)	1.0
Rest of the World (ROW)	**8.5**	**8.3**	**16.8**	**17.2**
Change in CHF in %	1.6	(11.9)	(2.6)	(6.0)
Change in local currencies in %	4.1	(7.4)	0.7	(1.7)
GROUP	**180.0**	**176.6**	**354.8**	**361.7**
Change in CHF in %	1.9	(1.2)	(1.9)	(1.5)
Change in local currencies in %	2.3	(2.1)	(1.7)	(0.2)
Change in local currencies in % (excl. iTero[1])	3.1		(0.9)	

European markets still in decline

First-half revenues in Europe contracted 4% (organic, l.c.). After a slightly positive currency effect of just over one percentage point, revenue reached CHF 196 million or 55% of the Group total. Second-quarter sales showed a sequential improvement – due partly to the number of selling days – and were stable year on year.

The dull performance in Europe is linked to prevailing difficult economic conditions and continuing austerity, especially in Southern Europe. Large markets like Spain and Italy, which are also constrained by low-price competitors, continued to suffer the biggest declines. In contrast, less-well-penetrated markets like France and the UK returned to growth in Q2 – as did Switzerland. The largest market in the region, Germany, improved sequentially but was unable to match the prior-year's revenue levels.

Sequential acceleration in North America

Straumann's second largest region, North America, grew 4% in local currencies or 5% in Swiss francs, reflecting a slightly positive currency effect and bringing regional revenue to CHF 93 million or 26% of the Group. Excluding sales of intraoral scanners, which discontinued in October 2012, first-half organic revenue grew 6% (l.c.), on the back of an acceleration to 11% in Q2, driven across all businesses and boosted by strong demand for implant solutions.

China helps compensate for difficult market conditions in Japan
CHF 50 million or 14% of Group revenue was generated in Asia/Pacific. This was 2% (l.c.) less than in the first half of 2012. The weakening of the Japanese Yen contributed to a significant negative currency impact, which meant that revenue contracted 8% in Swiss francs. Negative public perception of implant dentistry continued to depress Japan but this and sluggish distributor markets were more than offset in Q2 by good growth in China and stable sales in Korea.

Rest of the World (RoW) turning around
The region referred to as the 'Rest of the World' contributes approximately 5% of Group revenue, most of which is generated in Brazil, Mexico and the Middle East. In the first half of 2013, regional revenue increased by 1% in l.c. but contracted 3% in Swiss francs, to CHF 17 million.

In the region's largest market, Brazil, first-half sales were in line with the prior-year, reflecting the increasingly challenging economic conditions. Straumann's partner Neodent, which leads the Brazilian market, posted high-single-digit growth.

In the Middle East, the majority of the Group's distributor markets are gradually recovering from last year's declines related to socio-political upheaval and embargoes.

OPERATIONS AND FINANCES

Gross margin expands 80 base points to 78%
Efficiency gains, the insourcing of certain processes, and a more profitable business mix (decreased proportion of scanner sales) more than compensated for the top-line shortfall and a negative currency impact of 10 base points. With gross profit reaching CHF 276 million, the gross margin expanded 80 base-points to almost 78%.

Operating profit reaches almost 18% excluding exceptionals
In response to the prolonged absence of market recovery, the Group initiated further restructuring and cost-saving measures in April, including the reduction of approximately 200 jobs in 2013. By the end of June, these reductions had been completed to a large extent.

The initiatives resulted in first-half restructuring charges of CHF 13 million, the majority of which is related to severance compensation costs. On the other hand, the measures also led to a one-time gain of CHF 7 million from curtailed pension obligations. Going forward, the company expects a further charge of CHF 3–5 million related to staff contracts that will end in the second half of the current year.

Thanks to cost-saving measures initiated last October, reported Selling, General & Administrative (SG&A) expenses decreased to CHF 195 million or 55% of sales. Excluding the aforementioned restructuring charges the improvement would have amounted to CHF 11 million. Additional savings from initiatives started in May this year are expected to kick in from Q3 onwards.

Reported Research & Development costs increased to CHF 26 million (CHF 2 million of which was due to the aforementioned restructuring charges), reflecting the Group's commitment to customer-driven innovation and the further development of digital solutions.

Reported earnings before interest, tax, depreciation and amortization (EBITDA) grew 5% to CHF 75 million or 21% of sales. This resulted in a 4% increase in reported operating income (EBIT), which reached CHF 57 million or 16% of sales. Excluding the restructuring charges, the underlying EBITDA and EBIT margins expanded by 290 and 250 base points respectively, bringing the respective margins to almost 23% and 18%.

Net profit constrained by impact of exceptionals

The net financial result was a positive CHF 1 million compared to zero in the comparative period of last year. The contributions from Neodent and Dental Wings (of which Straumann holds 49% and 44% respectively), amounted to CHF 5 million and are disclosed in the income statement under 'share of result of associates'. Before intangible amortization charges, the share of profit from the two entities would have been CHF 8 million.

Income taxes came to CHF 9 million, almost matching the prior year level and corresponding to a tax rate of 15%.

Reported first-half net profit grew 21% to CHF 54 million, representing a margin of 15%. Basic earnings per share amounted to CHF 3.48.

Free cash flow lifted by improved profitability

The combination of improved profitability, reduced working capital and lower tax payments meant that net cash from operating activities rose 37% to CHF 41 million. The decline in "provisions, pensions and other non-current liabilities" was driven by the reduction in retirement benefit obligations as a consequence of the cost-reduction program. At CHF 7 million, capital expenditure was approximately 4 million less than in the comparative prior year period. Altogether, free cash flow amounted to CHF 35 million and the respective margin was 10%.

In April, the Group successfully placed a domestic straight bond issue yielding proceeds of CHF 199 million. After the payment of CHF 58 million for the ordinary dividend, net cash from financing activities came to CHF 140 million. Consequently, cash and cash equivalents at the end of June 2013 amounted to CHF 317 million and the equity ratio stood at 63%.

OUTLOOK 2013 (barring unforeseen circumstances)

While positive developments are expected to continue in North America and other under-penetrated markets, Straumann expects the effects of the weak economy and consumer sentiment to continue in Europe, constraining overall revenue development in 2013.

Despite a shortfall in full-year revenue, the successful outcome of cost reduction initiatives will drive sustainable profitability improvements as anticipated, with the main savings beginning to have an impact in Q3.

In the mid term, Straumann aims to return to solid growth and a higher operating margin.

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 2300 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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Media and analysts' conference

Straumann's 2013 Half-year results conference will take place at 10.00h Swiss time in Basel today. The event will be webcast live on the internet (www.straumann.com/webcast). The recorded webcast will be available for the next month.

Presentation slides
The corresponding conference visuals are available at www.straumann.com/Straumann-2013-HY-Presentation.pdf and on the Media and Investors pages at www.straumann.com.

In addition, the conference can also be accessed by telephone at the following dial-in numbers:
+41 (0)58 310 50 09 (Europe & RoW)
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Upcoming corporate/investor events

Date	Event type	Destination
26 August	Investor meetings	Stockholm/Copenhagen
27 August	Investor meetings	Amsterdam/Brussels
28 August	Investor meetings	Frankfurt
04 September	Goldman Sachs Medtech conf.	London
05 September	Investor meetings	London
16 September	Investor meetings	Geneva
17 September	Investor meetings	Vienna
30 September	Investor meetings	New York
01 October	Investor meetings	Boston
02 October	Investor meetings	Toronto
31 October	**Third quarter results**	**Webcast**

Details on upcoming investor relations activities are published on www.straumann.com (Investors > Events).

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Interim selected financial information

REVENUE BY REGION

(in CHF million)	Q1, 2013	Q2, 2013	H1, 2013	H1, 2012
Europe	98.5	97.4	195.9	202.1
Change in %	(7.5)	1.8	(3.1)	(7.8)
Change in local currencies in %	(8.4)	(0.1)	(4.4)	(4.5)
in % of revenue	56.4	54.1	55.2	55.9
North America	45.3	47.3	92.6	88.5
Change in %	1.3	8.2	4.7	13.4
Change in local currencies in %	0.2	8.1	4.1	10.4
in % of revenue	25.9	26.3	26.1	24.4
Asia / Pacific	22.7	26.8	49.5	53.9
Change in %	(9.3)	(7.2)	(8.2)	4.2
Change in local currencies in %	(4.4)	0.7	(1.7)	1.0
in % of revenue	13.0	14.9	14.0	14.9
Rest of the World	8.3	8.5	16.8	17.2
Change in %	(6.6)	1.6	(2.6)	(6.0)
Change in local currencies in %	(2.6)	4.1	0.7	(1.7)
in % of revenue	4.8	4.7	4.7	4.8
Total	174.8	180.0	354.8	361.7
Change in %	(5.6)	1.9	(1.9)	(1.5)
Change in local currencies in %	(5.5)	2.3	(1.7)	(0.2)

OPERATING PERFORMANCE

(in CHF million)	H1, 2013	H1, 2012 Restated
Revenue	354.8	361.7
Change in %	(1.9)	(1.5)
Gross profit	276.2	278.4
Margin in %	77.8	77.0
Operating profit before depreciation and amortization (EBITDA)	74.5	71.0
Margin in %	21.0	19.6
Change in %	5.0	(27.8)
Operating profit (EBIT)	56.8	54.6
Margin in %	16.0	15.1
Change in %	4.1	40.2
Profit for the period	53.7	44.6
Margin in %	15.1	12.3
Change in %	20.5	15.9
Basic earnings per share (in CHF)	3.48	2.88

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FINANCIAL PERFORMANCE

(in CHF million)	H1, 2013	H1, 2012 Restated
Cash and cash equivalents	316.6	116.9
Net working capital (net of cash)	85.1	64.3
Inventories	58.5	64.4
Days of supplies	142	130
Trade receivables	114.7	116.2
Days of sales outstanding	57	59
Balance sheet total	958.8	819.0
Return on assets in % (ROA)	12.1	11.1
Equity	599.4	618.5
Equity ratio in %	62.5	75.5
Return on equity in % (ROE)	17.6	13.9
Capital employed	212.4	225.8
Return on capital employed in % (ROCE)	51.9	40.9
Cash generated from operating activities	41.3	30.1
in % of revenue	11.7	8.3
Investments	6.9	228.8
in % of revenue	1.9	63.3
thereof capital expenditures	6.9	10.3
thereof acquisitions of subsidiaries and associates	0.0	218.5
Free cash flow	34.7	19.9
in % of revenue	9.8	5.5
Dividend	57.8	58.0

Interim consolidated statement of financial position

ASSETS

(in CHF 1 000)	30 Jun 2013	31 Dec 2012 Restated
Property, plant and equipment	91 983	97 362
Investment properties	4 614	6 680
Intangible assets	73 763	75 595
Investments in associates	245 330	249 239
Financial assets	236	354
Other receivables	1 346	2 216
Deferred income tax assets	26 474	28 701
Total non-current assets	**443 746**	**460 147**
Inventories	58 543	63 636
Trade and other receivables	129 264	104 447
Financial assets	7 498	6 240
Income tax receivables	3 163	1 900
Cash and cash equivalents	316 560	140 504
Total current assets	**515 028**	**316 727**
Total assets	958 774	776 874

Interim consolidated statement of financial position

EQUITY AND LIABILITIES

(in CHF 1 000)	30 Jun 2013	31 Dec 2012 Restated
Share capital	1 568	1 568
Retained earnings and reserves	597 824	600 089
Total equity	**599 392**	**601 657**
Financial liabilities	199 274	34
Other liabilities	7 181	6 725
Provisions	14 532	13 467
Retirement benefit obligations	22 692	37 089
Deferred income tax liabilities	10 050	10 888
Total non-current liabilities	**253 729**	**68 203**
Trade and other payables	96 767	93 964
Financial liabilities	73	25
Income tax payables	5 558	10 423
Provisions	3 255	2 602
Total current liabilities	**105 653**	**107 014**
Total liabilities	**359 382**	**175 217**
Total equity and liabilities	958 774	776 874

Interim consolidated income statement

(in CHF 1 000)	H1, 2013	H1, 2012 Restated
Revenue	354 776	361 709
Cost of goods sold	(78 586)	(83 265)
Gross profit	276 190	278 444
Other income	1 537	886
Selling and administrative costs	(194 804)	(202 247)
Research and development costs	(26 102)	(22 519)
Operating profit	56 821	54 564
Financial income	11 866	6 303
Financial expense	(10 453)	(6 019)
Share of result of associates	4 540	(1 561)
Profit before income taxes	62 774	53 287
Income taxes	(9 089)	(8 717)
Profit for the period	53 685	44 570
Profit for the period attributable to:		
Shareholders of the parent company	53 685	44 570
Basic earnings per share (in CHF)	3.48	2.88
Diluted earnings per share (in CHF)	3.48	2.88

Interim consolidated statement of comprehensive income

(in CHF 1 000)	H1, 2013	H1, 2012 Restated
Profit for the period	53 685	44 570
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net foreign exchange gain/(loss) on net investment loans	1 059	(1 314)
Exchange differences on translation of foreign operations	(3 668)	(9 018)
Net (loss)/gain on cash flow hedges	(1 757)	607
Income tax effect	114	38
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(4 252)	(9 687)
Items not to be reclassified to profit or loss in subsequent periods:		
Remeasurements of retirement benefit obligations	7 270	(2 820)
Income tax effect	(945)	367
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	6 325	(2 453)
Other comprehensive income, net of tax	2 073	(12 140)
Total comprehensive income, net of tax	55 758	32 430
Total comprehensive income attributable to:		
Shareholders of the parent company	55 758	32 430

Interim consolidated cash flow statement

(in CHF 1 000)	H1, 2013	H1, 2012 Restated
Profit for the period	53 685	44 570
Adjustments for:		
Income taxes	9 089	8 717
Interest and other financial result	1 973	282
Share of result of associates	(4 540)	1 561
Depreciation and amortization of:		
Property, plant and equipment & investment properties	12 480	12 489
Intangible assets	3 426	3 907
Impairment of investment properties	1 787	0
Change in provisions, pensions and other non-current liabilities	(6 057)	2 046
Change in long term assets	752	0
Share-based payments expense	1 711	2 050
(Gains) / losses on disposal of property, plant and equipment	(74)	27
Working capital adjustments:		
Decrease in inventories	5 453	2 300
Increase in trade and other receivables	(24 037)	(22 730)
Increase / (decrease) in trade and other payables	782	(5 718)
Interest paid	(573)	(542)
Interest received	123	451
Income tax paid	(14 633)	(19 281)
Net cash from operating activities	**41 347**	**30 129**
Purchase of property, plant and equipment	(5 982)	(8 527)
Purchase of intangible assets	(889)	(1 763)
Purchase of investments in associates	(28)	(217 788)
Contingent consideration paid	0	(740)
Net proceeds from sale of non-current assets	222	59
Dividends received from associates	1 556	0
Net cash used in investing activities	**(5 121)**	**(228 759)**
Increase in non-current financial debt	199 230	0
Dividends paid	(57 848)	(58 033)
Proceeds from finance lease	168	239
Repayment of finance lease	(13)	(182)
Transaction costs paid	0	(995)
Purchase of treasury shares	(1 886)	(1 465)
Sale of treasury shares	0	1 687
Net cash from / (used in) financing activities	**139 651**	**(58 749)**
Exchange rate differences on cash held	179	(2 777)
Net increase / (decrease) in cash and cash equivalents	**176 056**	**(260 156)**
Cash and cash equivalents at 1 January	140 504	377 053
Cash and cash equivalents at 30 June	316 560	116 897

Interim consolidated statement of changes in equity

H1, 2013

(in CHF 1 000)	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Translation reserves	Retained earnings	**Total equity**
	Attributable to the shareholders of the parent company						
Balance at 1 January 2013 (restated)	1 568	18 280	(33 975)	1 988	(88 774)	702 570	601 657
Profit for the period						53 685	53 685
Other comprehensive income				(1 539)	(2 713)	6 325	2 073
Total comprehensive income	**0**	**0**	**0**	**(1 539)**	**(2 713)**	**60 010**	**55 758**
Dividends paid						(57 848)	(57 848)
Share-based payment						1 711	1 711
Purchase of treasury shares			(1 886)				(1 886)
Balance at 30 June 2013	1 568	18 280	(35 861)	449	(91 487)	706 443	599 392

H1, 2012

(in CHF 1 000)	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Translation reserves	Retained earnings	**Total equity**
	Attributable to the shareholders of the parent company						
Balance at 1 January 2012 (restated)	1 568	42 267	(30 261)	3	(70 607)	699 850	642 820
Profit for the period						44 570	44 570
Other comprehensive income				528	(10 215)	(2 453)	(12 140)
Total comprehensive income	**0**	**0**	**0**	**528**	**(10 215)**	**42 117**	**32 430**
Dividends paid		(23 987)				(34 046)	(58 033)
Transactions with equity owners						(995)	(995)
Share-based payment						2 050	2 050
Purchase of treasury shares			(1 465)				(1 465)
Sale of treasury shares			2 923			(1 216)	1 707
Balance at 30 June 2012	1 568	18 280	(28 803)	531	(80 822)	707 760	618 514

Notes to the interim condensed consolidated financial statements

1 CORPORATE INFORMATION

Straumann Holding AG is a public company incorporated and domiciled in Switzerland, whose shares are publicly traded on the SIX Swiss Exchange. The interim condensed consolidated financial statements of the Straumann Group for the six months ended 30 June 2013 were authorized for issue in accordance with a resolution of the Board of Directors on 14 August 2013.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with IAS 34 *'Interim Financial Reporting'*. They do not include all the information and disclosures required in the annual financial statements, and should therefore be read in conjunction with the Group's annual financial statements as at 31 December 2012.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except as described below:

- IAS 1 (Revised), 'Financial statement presentation' (effective 1 July 2012): The amendments to IAS 1 retain the 'one or two statement' approach at the option of the entity and only revise the way other comprehensive income is presented: requiring separate subtotals for those elements which may be 'recycled' through the income statement, and those elements that will not. The Group has kept its previous disclosure of two separate statements but adapted the statement of comprehensive income presentation according to the new requirements.

- IAS 19 (revised), 'Employee benefits' (effective 1 July 2012): IAS 19 (revised) amends the accounting for employment benefits. The revised standard eliminates the 'corridor approach' and thus requires that an entity recognize the actual deficit or surplus of its defined benefit plans in the statement of financial position. IAS 19R also introduces the net interest or income, calculated by applying the discount rate to the net defined benefit asset or liability. The defined benefit costs are split into three categories, of which service cost and net interest cost is presented in the income statement, whereas actuarial gains and losses (re-measurements) are presented in the statement of comprehensive income. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

(in CHF 1 000)	**Impact as of 31 Dec 2012**	**Impact as of 1 Jan 2012**
Balance sheet		
Other non-current receivables	(199)	(183)
Deferred income tax assets	4 466	4 275
Retirement benefit obligations	34 240	32 549
Other non-current liabilities	(424)	(164)
Retained earnings and reserves	(29 549)	(28 297)

(in CHF 1 000)	**Impact H1, 2012**
Income statement	
Selling and administrative costs	1 254
Finance expense	(344)
Income tax expense	(118)
Statement of comprehensive income	
Remeasurement result (net of tax)	(2 453)

The following standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2013, but have no impact to the Group's financial situation or financial statement presentation:

- IFRS 10 'Consolidated financial statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interests in other entities'
- IFRS 13 'Fair value measurement'
- IAS 27 'Consolidated and separate financial statements'
- IAS 28 'Investments in Associates'
- IFRIC 20 'Stripping costs in the production phase of a surface mine'

3 INVESTMENTS IN ASSOCIATES

On 31 May 2012, the Group acquired 49% of the capital and voting rights of JJGC Industria e Comercio de Materiais Dentários S/A, Brazil ('Neodent'). Neodent is the leader in the Brazilian market for implants and prosthetic components. At the same time, Straumann entered into option agreements to acquire the outstanding capital and voting rights of Neodent. These options are not currently exercisable. Straumann considers that it has 'significant influence' and is therefore applying equity accounting with regard to its participation. The Group also concludes that it does not have de-facto control. The purchase consideration of CHF 260.5 million was settled in cash. As a result of the purchase price allocation, fair value adjustments of CHF 56.8 million and goodwill of CHF 174.7 million have been recognized in respect to the interest acquired.

4 POST-EMPLOYMENT BENEFITS

As a consequence of the headcount reductions in Switzerland, the Group recognized a curtailment gain of CHF 7.4 million in the six-month period ended 30 June 2013. The gain relates to the primary reporting segment 'Support Functions' and is disclosed under 'selling and administrative costs'.

5 FINANCING ACTIVITIES

In April 2013, the Group launched and fully placed an inaugural CHF-denominated domestic straight bond issue for an aggregate amount of CHF 200 million with a coupon of 1.625%, due 30 April 2020. The Bond is listed on the SIX Swiss Exchange.

6 SEASONALITY OF OPERATIONS

The Group operates in industries where significant seasonal or cyclical variations in the total sales are not experienced during the financial year.

7 DIVIDENDS PAID

On 12 April 2013, Straumann Holding AG paid a dividend of CHF 3.75 (2012: CHF 3.75) per share to its shareholders. The total amount of the gross dividend paid was CHF 57.8 million (2012: CHF 58.0 million).

8 SEGMENT INFORMATION

For management purposes, the Group is organized into profit centers based on organizational responsibility. The profit center structure forms the basis for segment disclosure under IFRS 8. The 'chief operating decision-maker' (which has been identified as the Executive Management Board) uses the Group's internal reporting in order to assess performance and allocate resources. During the first quarter of 2012, the Group reorganized and the reported operating segments were adapted to reflect these organizational changes. The most significant changes were the separation of the businesses with regenerative and intra-oral scanning products away from the sales segments (which are organized by managerial responsibility on a country-by-country basis) into 'All other segments'. The corresponding principle was reallocated from 'Finance & Operations' to 'All other segments'. Additionally a number of support functions were reallocated to reflect the new distribution of managerial responsibilities. The Group maintained this reporting structure until June 2013. As of the balance sheet date, Management has identified seven reportable operating segments based on the guidelines of IFRS 8. These operating segments are defined as follows:

Sales 1

'Sales 1' comprises the Group's distribution businesses (except for Regenerative and Intra-Oral-Scanning products) in Europe, Brazil and Mexico as well as the business with distributors in that region. It includes segment-related management functions located inside and outside Switzerland.

Sales 2
'Sales 2' comprises the Group's distribution businesses (except for Regenerative and Intra-Oral-Scanning products) in the United States and Canada. It includes segment-related management functions located inside and outside Switzerland.

Sales 3
'Sales 3' comprises the Group's distribution businesses (except for Regenerative and Intra-Oral-Scanning products) in Japan, China, Korea, Australia and New Zealand as well as the business with distributors in that region. It includes segment-related management functions located inside and outside Switzerland.

Operations
'Operations' acts as the principle (except for Regenerative and Intra-Oral-Scanning products) towards all distribution businesses of the Group. It also contains the global manufacturing network (i.e. the manufacturing plants), which includes production of implants, regenerative and CADCAM products as well as corporate quality management.

Business units
'Business units' comprises research & development, product management, regulatory affairs and product life-cycle management except for Regenerative products.

Support functions
'Support functions' contains all headquarter finance functions, central facility management, internal audit, corporate investor relations, information technology, corporate logistics and global purchasing, corporate marketing, corporate communication & public affairs, global training & education business, corporate business development & licensing, corporate human resources, legal & compliance, all financial holding companies and the office of the CEO.

All other segments
'All other segments' comprises both distribution businesses for Regenerative and Intra-Oral-Scanning products. It includes segment-related management functions and a proportional share of distribution-related expenses. Furthermore, all expenses for research & development, product and life-cycle management activities for Regenerative products as well as global sales management functions for both Regenerative and Intra-Oral-Scanning products are disclosed under 'All other segments'.

Management monitors the operating results of its profit centers separately for the purpose of making decisions about resource allocation and performance assessment. Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's-length basis in similar manner to transactions with third parties.

During the first quarter of 2012 the group transitioned its management reporting from the old structure to the new structure. While the new reporting structure was implemented at the beginning of the year a number of transactions were only allocated to the new segments as of 1 April when the new organization came into effect. This means that for the first quarter the vast majority of transactions relating to 'All other segments' were allocated to Sales 1-3 and a smaller number of transactions were allocated to the 'Business units' and 'Operations' segments.

'Revenue, thereof Q1 2012 restated' represents an additional management estimate of how revenue with third parties for the first six months would have looked if the organization had been in effect for the first six months of 2012. For inter-segment revenues and segment expenses this information is not available and the cost to develop it would be excessive as information would have to be re-allocated on the level of the individual transaction.

For the full year 2013 the Group will adapt is disclosure to a format reflecting the organizational changes which came into effect in June 2013. The most significant changes will be the re-integration of the business with regenerative products back into the sales segments, a new allocation of countries to sales segments as well as a reorganization of the segment 'Business units'. The segment disclosure for the six-month period ended 30 June 2013 has not been adapted as the internal reporting to the 'chief operating decision-maker' does not yet reflect the new structures.

INFORMATION ABOUT PROFIT OR LOSS, ASSETS AND LIABILITIES

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2013 and 2012, respectively.

H1, 2013

(in CHF 1 000)	Sales 1	Sales 2	Sales 3	Operations	Business units	Support functions	All other segments	Eliminations	Group
Revenue									
Third party	205'685	85'359	48'159	0	0	0	15'573	0	354'776
Inter-segment	117	0	0	173'975	0	0	2	(174'094)	0
Total revenue	**205'802**	**85'359**	**48'159**	**173'975**	**0**	**0**	**15'575**	**(174'094)**	**354'776**
Operating profit	**17'609**	**(5'277)**	**4'313**	**111'824**	**(26'486)**	**(37'812)**	**(3'897)**	**(3'453)**	**56'821**
Financial result									1'413
Share of result of associates									4'540
Income taxes									(9'089)
Profit for the period									**53'685**

H1, 2012 (restated)

(in CHF 1 000)	Sales 1	Sales 2	Sales 3	Operations	Business units	Support functions	All other segments	Eliminations	Group
Revenue									
Third party	221'065	84'504	47'940	0	0	0	8'200	0	361'709
Inter-segment	53	0	0	183'818	0	0	3	(183'874)	0
Total revenue	**221'118**	**84'504**	**47'940**	**183'818**	**0**	**0**	**8'203**	**(183'874)**	**361'709**
Operating profit	**17'697**	**294**	**830**	**116'323**	**(26'972)**	**(45'084)**	**(4'960)**	**(3'564)**	**54'564**
Financial result									284
Share of result of associates									(1'561)
Income taxes									(8'717)
Profit for the period									**44'570**
Revenue, thereof Q1 2012 restated									
Third party	216'400	80'045	47'588	0	0	0	17'676		361'709

The remaining operating profit under 'Eliminations' (H1 2013 and H1 2012) represents the net change in inter-segment elimination of unrealized profits from the transfer of goods between Group companies.

The following tables present segment assets of the Group's operating segments at 30 June 2013 and 31 December 2012:

at 30 Jun 2013

(in CHF 1 000)	Sales 1	Sales 2	Sales 3	Operations	Business units	Support functions	All other segments	Eliminations	Group
Segment assets	**108'586**	**30'556**	**34'669**	**253'282**	**1'879**	**12'272**	**6'220**	**(87'714)**	**359'750**
Unallocated assets									599'024
Group									**958'774**

at 31 Dec 2012 (restated)

(in CHF 1 000)	Sales 1	Sales 2	Sales 3	Operations	Business units	Support functions	All other segments	Eliminations	Group
Segment assets	**93'693**	**28'111**	**30'733**	**233'914**	**3'038**	**14'846**	**11'538**	**(65'937)**	**349'936**
Unallocated assets									426'938
Group									**776'874**

9 RELATED-PARTY TRANSACTIONS

The International Team for Implantology (ITI) Foundation, the Straumann Pension Fund, Vischer AG, the associates (Neodent, Dental Wings Inc., Open Digital Dentistry AG), the Board of Directors and the Executive Management Board were all identified as 'related parties'. In the period under review, the following related-party transactions were made:

(in CHF 1 000)		H1, 2013	H1, 2012
Related party	**Nature**		
International Team for Implantology Foundation	Collaboration agreement	6 264	7 321
Pension Fund	Employer's contribution	4 393	3 415
Vischer AG	Purchase of services	37	59
Associates	Purchase of licenses	414	728
Total		11 108	11 523

The following open balances with related parties are recognized in the statement of financial position:

(in CHF 1 000)	30 Jun 2013	31 Dec 2012
International Team for Implantology Foundation	(2 059)	(2 250)
Pension Fund	75	(10)
Vischer AG	0	0
Associates	(185)	0
Total	(2 169)	(2 260)

The payments to the ITI Foundation are based on a collaboration agreement between Straumann and the ITI. The payments to Vischer AG were made for tax and legal consulting and are priced at arm's length.

KEY MANAGEMENT PERSONNEL COMPENSATION

'Key Management Personnel' comprises of the Board of Directors and the Executive Management Board (EMB).

The Board of Directors is entitled to fixed attendance fees reflecting their roles, responsibilities and expected work time. 75% of the full attendance fee is paid in cash on a monthly basis, the remaining 25% will be provided in Straumann shares at the end of the relevant service period.

The compensation of the Executive Management Board consists of a fixed portion and a variable portion, which depends on the course of the business and individual performance. In addition, Executive Management Board members participate on the Straumann Performance Share Plan, which is granted once a year and entitles the participants to receive shares after a three-year vesting period.

At the balance sheet date, the Straumann Executive Management Board comprised nine members and the total compensation for the key management personnel for the six-month period ended 30 June 2013 amounted to CHF 6.0 million. In the comparative period of 2012, the total compensation was CHF 4.6 million.

10 EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date.

Report on the Review of
condensed consolidated interim financial information
to the Board of Directors of
Straumann Holding AG
Basel

Introduction

We have reviewed the accompanying condensed consolidated interim financial information (statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes) of Straumann Holding AG for the period ended 30 June 2013 (pages 10 to 20). The Board of Directors is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers AG

Dr Rodolfo Gerber   Manuela Baldisweiler

Basel, 14 August 2013

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