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Media Release

Straumann announces cost-saving measures to mitigate currency impact

Basel 3 February 2015 – Straumann announced today that it has initiated a number of measures to mitigate the consequences of the recent sudden appreciation of the Swiss franc against the major currencies in which the Group does business – especially the Euro. The measures focus on cost reductions, including compensation adjustments, with the goals of avoiding job losses in Switzerland and maintaining profitability at an acceptable level.

Impact of Euro and other currencies on Straumann
Since 15 January 2015, the value of the Euro against the Swiss franc has tumbled from around CHF 1.20 to almost parity. Based on a general consensus, Straumann does not foresee a significant improvement for some time.

As 95% of the Group's business is outside Switzerland (approx. 40% of its revenues are in Euros) and 45% of its costs (production and operating) are in Switzerland, Straumann was among the worst affected companies, with its share price sliding 28% in two weeks.

If the currency exchange rates in general continue at their recent levels, the negative impact to Straumann's full-year revenue could be as much as CHF -75 million, with a corresponding negative impact on EBIT of CHF -40 million.

Past initiatives were crucial
Over the past five years Straumann has reduced its Euro exposure by investing in underpenetrated growth markets in North America, Asia and Latin America. In addition, the company went through significant restructuring and headcount reductions in 2013 – mainly at its Swiss headquarters. These and solid growth ahead of the market, enabled the company to restore margins and confidence, but the demise of the Euro and all other currencies are a major financial set-back.

"Almost overnight, we were thrown back to where we were in 2012 in terms of revenue and profits. If our key strategic initiatives, restructuring and cost reductions over the past 18 months had not been effective, the new situation would have meant severe job losses. To maintain our current level of employment and to protect our competitiveness going forward, we are announcing cost reductions, including compensation adjustments in Switzerland", commented Marco Gadola, CEO.

Immediate measures to reduce costs and protect the business
In addition to the global headcount freeze and travel restrictions announced two weeks ago, the Group has identified substantial further savings that will not detract from its ability to provide innovative solutions and service excellence to customers.

Straumann is asking its Swiss-based staff (excluding cross-border commuters) to forgo part of their bonus payments in 2015, corresponding to an overall compensation reduction of 5%.

For senior management the reductions will be higher. The CEO will take a 35% compensation reduction, while the Board of Directors will forgo 28% of their compensation.

The company is also asking its employees in Switzerland who are cross-border commuters to receive their regular salary payments in future in Euros, rather than Swiss francs, at a fixed rate that will balance their interests with those of the company.

All these measures are precautionary and will be reviewed if the currency situation improves substantially.

"Fundamentally we are in good shape and I am very pleased that we have been able to react quickly based on the huge amount of analysis, evaluation and discussion that has gone into this over the past two weeks", Mr Gadola added.

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 2320 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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