2016 First-half report – Media Release

Strong performance continues as organic[1] growth of 14% lifts first-half revenue to record level

- H1 revenue rises 15% in local currencies and 16% in Swiss francs to CHF 461m
- Q2: double-digit growth in all regions and segments drives organic increase of 15%
- Strong volume growth lifts EBIT margin to 25%
- Net profit reaches CHF 95m before one-time tax gain (margin: 21%)
- Robust cash flow drives further investment in R&D pipeline, technology platform and strategy to expand in high-growth segments and markets
- Guidance for full-year revenue growth raised to low-double-digit percent range
- New Board Member proposal

KEY FIGURES

(in CHF million)	H1 2016 *reported*	H1 2016 *excl. exceptional*[2]	H1 2015 *reported*	H1 2015 *excl. business combination exceptionals*[2]
Revenue	**461.2**		**398.5**	
Change in CHF %	*15.7*		*11.0*	
Change in l.c.%	*15.1*		*17.1*	
Change in organic growth %[1]	*13.5*		*9.2*	
Gross profit	**361.2**		**301.9**	**315.0**
Margin in %	*78.3*		*75.8*	*79.1*
Change in %[3]	*19.6*		*6.5*	*11.2*
EBITDA	**129.2**		**98.6**	**111.7**
Margin in %	*28.0*		*24.8*	*28.0*
Change in %[3]	*31.0*		*11.1*	*25.9*
Operating profit (EBIT)	**114.4**		**82.7**	**95.8**
Margin in %	*24.8*		*20.7*	*24.0*
Change in %[3]	*38.3*		*10.2*	*27.7*
Net profit	**134.9**	**94.5**	**(0.7)**	**72.6**
Margin in %	*29.3*	*20.5*	*(0.2)*	*18.2*
Change in %[3]	*>100.0*	*30.1*	*(101.0)*	*5.6*
Basic EPS (in CHF)	**8.55**	**5.99**	**(0.10)**	**4.59**
Free cash flow	**55.0**		**44.9**	
Margin in %	*11.9*		*11.3*	
Number of employees (30 June)	**3599**		**3363**	

[1] The term 'organic' in this release means 'excluding the effects of currency fluctuations and acquired/divested business activities'. As of 1 March 2015, the Neodent business was fully consolidated and led to an acquisition effect in the Latin American region.
[2] Exceptionals: in H1 2016, net profit was lifted by a one-time effect of CHF 41 million (corresponding to CHF 2.57 earnings per share) related to the capitalization of deferred tax assets in Brazil. In H1 2015, exceptional charges related to the Neodent business combination reduced gross / operating profit by CHF 13 million and net profit by CHF 73 million respectively.
[3] Change versus 'reported' values in prior year.

Basel, 23 August 2016: The Straumann Group reported a record performance in the first half of 2016 as revenue grew 16% in Swiss francs to CHF 461 million. Fuelled by double-digit increases across all businesses and regions, revenue climbed 15% in local currencies or 14% in organic terms. Building on an excellent start to the year, Straumann reported its strongest quarterly growth in eight years as organic revenue climbed 15% in Q2.

Despite investments in growth opportunities, new products and people, the Group achieved further improvements in underlying profitability, as gross, operating and net profit rose 15%, 19% and 30%, respectively, with the corresponding margins reaching 78%, 25% and 21%. Exceptionally, net profit (CHF 135 million) exceeded operating profit (CHF 114 million) due to a one-time deferred tax asset gain of CHF 41 million resulting from the merger of Straumann Brazil with Neodent.

On the basis of the strong first-half progression in general, Straumann has lifted its expectation for full-year revenue growth from the high-single-digit to the low-double-digit percent range and confirms that it is well on the way to deliver its existing profitability targets.

Marco Gadola, Chief Executive Officer, commented: "Our exceptional progress is the result of an all-round performance rather than just one or two factors. We have won customers from our competitors with our new BLT implant, our Pro Arch solution, our comprehensive range of biomaterials, and by offering attractively-priced high-quality alternatives through Instradent. We have forged new partnerships and deepened existing collaborations to enter new geographies and segments. We have invested in innovation and future growth projects and the people to drive them. At the same time, we have further improved operating and net profit margins. All of these achievements are evidence of the cultural change in our organization, which will sustain our success going forward".

BUSINESS PERFORMANCE

The **Implant business** continued to be the key growth driver across all regions, led by the new Bone Level Tapered (BLT) implant range. This enables Straumann to address the large conical implant segment, where high primary stability is important especially in accelerated treatment protocols. BLT is differentiated by its prosthetic range, the high strength material Roxolid®, the fast-healing SLActive® surface and the Life Time Plus Guarantee – all of which are offered exclusively by Straumann. In markets where tapered implants are particularly popular, e.g. the US, Brazil, Japan and Spain, more than one in three Straumann implants sold at the mid-year point was a BLT.

The **Restorative business**, which comprises abutments, CADCAM prosthetics and digital equipment, posted low-teen growth both for Q2 and H1. Strong demand continued for Straumann Variobase® abutments and CADCAM implant-borne prosthetics (abutments, bars and bridges). The CADCAM elements business progressed well in general, reflecting a further increase in the number of installed in-lab scanners supplied by Straumann's partner Dental Wings. Straumann's own sales of in-lab scanners continued at a similar pace to 2015, when the new scanners were launched at the IDS.

The Group's smallest business, **Biomaterials**, posted the sharpest increase, driven by bone regeneration products in Europe and North America. Straumann has enjoyed exclusive distribution rights for botiss biomaterials in most – but not all – countries since the two companies became partners in 2014. Under an agreement signed in July, Straumann will take over exclusive distribution in the important German market from the third quarter of 2016. This will enhance Straumann's position as a leading provider of dental biomaterials in Europe.

Straumann's periodontal-tissue-regeneration product Emdogain® also contributed to first-half growth and gained clearance for a new indication (wound healing) in Europe with regulatory clearance pending in other regions. Straumann is the first tooth-replacement company to launch a biologic for wound healing in oral surgery and implant procedures.

REGIONAL PERFORMANCE

For the first time in eight years double-digit growth was achieved across all regions. While North America and the EMEA region were the main contributors, Asia Pacific continued to be the fastest-growing region and will be a key source of future growth.

REVENUE BY REGION

(in CHF million)	Q2 2016	Q2 2015	H1 2016	H1 2015
Europe, Middle East & Africa (EMEA)	**108.2**	**94.4**	**216.1**	**193.0**
Change in CHF in %	*14.6*	*(3.9)*	*12.0*	*(6.2)*
Change organic in %	*11.1*	*8.3*	*10.2*	*4.1*
% of Group total			*46.9*	*48.4*
North America	**64.5**	**53.4**	**126.5**	**107.1**
Change in CHF in %	*21.0*	*14.1*	*18.2*	*16.1*
Change organic in %	*16.9*	*9.3*	*14.7*	*10.5*
% of Group total			*27.4*	*26.9*
Asia / Pacific	**39.7**	**31.5**	**75.2**	**60.3**
Change in CHF in %	*26.1*	*9.2*	*24.6*	*18.4*
Change organic in %	*20.2*	*12.8*	*20.6*	*22.2*
% of Group total			*16.3*	*15.1*
Latin America	**25.9**	**26.1**	**43.4**	**38.1**
Change in CHF in %	*(0.6)*	*368.3*	*14.0*	*275.9*
Change in local currencies in %	*17.2*	*469.4*	*36.3*	*339.5*
Change organic in %	*17.2*	*15.6*	*15.6*	*14.3*
% of Group total			*9.4*	*9.6*
GROUP	**238.3**	**205.3**	**461.2**	**398.5**
Change in CHF in %	*16.1*	*14.5*	*15.7*	*11.0*
Change in local currencies in %	*14.7*	*21.9*	*15.1*	*17.1*
Change organic in %	*14.7*	*10.1*	*13.5*	*9.2*

EMEA crosses threshold to double-digit growth

Straumann's largest region EMEA, which contributes 47% of Group revenue, grew 10% in the first six months, thanks to improved market conditions in most European markets.

Favorable currency developments added two percentage-points to growth in Swiss francs, bringing revenue to CHF 216 million. Strong growth in Iberia and Italy was complemented by good performances in Germany and France. Instradent, Straumann's value platform, continued to expand and win accounts in Iberia and Italy, contributing to the overall growth.

In Q2, organic growth accelerated to 11%, reflecting a pick-up in momentum. Italy, Spain, France and Sweden were the fastest-growing subsidiaries. In addition to business expansion, Germany and Switzerland benefitted from additional working days in Q2 due to the early Easter holiday break this year. Demand was healthy in distributor markets like Turkey, Iran and the UAE. At the same time, Straumann's new subsidiary in Russia made a good start.

North America posts another quarter of double-digit growth
Under new leadership, North America posted first-half revenue growth of nearly 15% in local currencies, which rose to 18% in Swiss francs thanks to the appreciation of the dollar. As a result, regional revenue climbed to CHF 127 million, or 27% of the Group total. The performance was driven by new customers, strong demand across all businesses, and a pleasing improvement in the implant-abutment ratio.

In Q2, growth climbed to 17%, lifted by sales of BLT and the Pro Arch solution for edentulous patients. At the same time, Instradent launched the Medentika brand of cost-effective prosthetic solutions complementing its value range of Neodent implants.

APAC outpaces other regions thanks to dynamic performance in China
With dynamic growth in the largest regional market China and with Straumann outperforming the market in Japan, first-half revenue in Asia/Pacific (APAC) climbed 21% organically. Foreign exchange rates developed favorably lifting growth in Swiss francs to 25% and bringing regional revenue to CHF 75 million or 16% of the Group.

Strong first-quarter growth of +21% (organic) was almost matched in Q2 (+20%) as all subsidiaries posted strong results. More than half of the regional growth was contributed in the dynamic Chinese market. Straumann entered the fast-growing value segment and booked initial sales of Anthogyr implants and prosthetic components towards the end of June..

In Japan, Roxolid and BLT helped to win further market share and SLActive had a positive effect on the average selling price. Straumann benefitted from a large scientific forum in Tokyo at the end of Q2, which was attended by 1800 dental professionals – a quarter of whom were new customers.

Resilience in Latin America
Despite the economic challenges in several Latin American countries, the Group increased its first-half revenues by 36% in local currencies or 16% in organic terms. Unfavorable currency developments trimmed growth in Swiss francs to 14%, bringing revenue to CHF 43 million. Both the Straumann and Neodent brands performed impressively in the largest regional market, Brazil, in view of the current market stagnation there.

In Q2, organic growth reached 17% and was especially strong in Mexico. Straumann's BLT and PURE ceramic implants were well received and Neodent further increased the share of its higher value implant products featuring internal connections and the Acqua surface. The triennial Neodent congress in Curitiba (Brazil) was held in June and attracted more than 2000 dental professionals and 40 exhibitors. The company also recorded its first sales of Amann Girrbach in-lab milling machines.

STRATEGIC PROGRESS / NEWS HIGHLIGHTS

The Group has made good progress with its strategy to target unexploited growth markets and segments.

Anthogyr opens door to value segment in dynamic Chinese market
Following Straumann's acquisition of a 30% stake in Anthogyr in March, the latter's implantology business activities in China were transferred to Straumann in June, providing access to the fast-growing local value segment.

Entry into the fast growing Indian market
Similarly, the acquisition of Equinox – which was announced in a separate release today, provides entry into in the fast-growing value segment of the significantly underpenetrated implant market in India. Straumann's investment and resources will help to sustain Equinox' dynamic growth. At the same time, the local networks, infrastructure, business experience and sales organization of Equinox will help Straumann to build its premium brand in India. The deal is due to close in the coming months

MegaGen bond conversion and options exercised
The Group's ambition to obtain a controlling stake in MegaGen, one of South Korea's leading implant manufacturers, is taking longer to realize than originally expected. Straumann has converted its USD-30-million bonds into MegaGen shares and has exercised its additional call option to acquire a controlling stake. As the two companies have not been able to agree on the conversion rate and price, MegaGen has initiated arbitration under ICC rules, which could take up to two years to conclude. Straumann is working to expedite the process in the interest of all MegaGen's stakeholders.

Global team expands as Straumann incorporates new businesses and invests in future growth
Over the first six months, Straumann's global team increased by 128 to 3599 employees, reflecting the incorporation of new businesses and the Group's investment into growth markets/projects as well as to cater for increased volumes. Consequently, the bulk of the new positions were in sales, R&D, and manufacturing. 28 new jobs were created in Switzerland to drive the Group's strong development pipeline and to cope with increasing sales volumes.

New Board Member proposed
As announced in May, Stefan Meister was released from his responsibilities as a Member of the Board and Chairman of the Compensation Committee, owing to a family illness. To fill the

gap created by his resignation – and in accordance with the statutes – the Board appointed Ulrich Looser as Chairman of the Compensation Committee and Dr h.c. Thomas Straumann as the third member of the Committee alongside Beat Luethi.

Looking ahead, the Board is pleased to announce that Mrs Regula Wallimann has agreed to stand for election to the Board at the next Annual General Meeting of the shareholders on 7 April 2017.

Regula Wallimann is an expert in multinational group auditing and financial advisory, having been with KPMG since 1993. For the past 13 years, she has been a Global Lead Partner with responsibility for several global companies and has led audit teams specializing in tax, IT, treasury, compliance, litigation, environmental matters, pensions, international accounting and reporting, covering the US, China, LATAM and other regions. She was a member of the strategic partners committee of KPMG Switzerland from 2012 to 2014. As of April 2017, Regula Wallimann will start a new career as an independent financial expert and professional board member.

A graduate of HSG, University of St. Gallen, Switzerland, Regula Wallimann has studied at INSEAD and is a Certified Public Accountant both in the US and Switzerland. She is 49, Swiss, married and has two young sons. Further information will be sent to the shareholders prior to the AGM.

OPERATIONS AND FINANCES

In the first-half of 2016, Straumann Brasil Ltda was merged into Neodent. Because of this, Neodent will benefit from future tax savings and has recognized a deferred tax asset, leading to a non-cash-relevant profit of CHF 41 million in 2016. In the prior-year period, the combination with the Neodent business resulted in several one-time effects, which reduced gross/operating income by CHF 13 million and net profit by CHF 73 million respectively. All these effects are defined as exceptionals. The key financial figures are therefore shown on a reported and an 'underlying' (i.e. excluding exceptional) basis in order to facilitate the performance comparison.

Gross profit up 20%

Strong topline improvement fuelled a 20% rise in first-half gross profit, which amounted to CHF 361 million and a margin of 78%. The comparative margin in 2015 excluding exceptionals was 79%, benefiting from high manufacturing capacity utilization for the global rollout of the BLT implant system. This together with the increased share of value and third-party products in 2016 as well as ramp-up costs for Straumann's CADCAM milling centers explain this year's margin contraction.

EBIT margin expands to 25%

Distribution costs, which comprise sales force and directly-related sales activities, increased by CHF 13 million to CHF 102 million as the company continued to invest in high-growth markets and projects. This includes amortization expenses of CHF 3 million for customer-related intangible assets of Neodent. Relative to revenue, distribution costs decreased slightly to 22%.

Administrative expenses, which include Marketing, Research & Development, General Management and Support functions, rose CHF 15 million to CHF 146 million but decreased as a percentage of revenue by 1 percentage point to 32%. The amount includes the acquired Neodent business over the full six-month period (vs. two months in 2015). To support the promising flow of R&D projects and to provide clinical documentation to support its products, Straumann intends to further invest significantly in R&D.

Thanks to the improvements in operating income, earnings before interest, tax, depreciation, amortization (EBITDA) and exceptionals increased CHF 18 million to CHF 129 million, with the underlying margin reaching 28%.

After amortization and depreciation charges of CHF 15 million, operating profit amounted to CHF 114 million compared with CHF 83 million (CHF 96 million underlying) last year. The underlying EBIT margin increased from 24% in 2015 to almost 25% this year.

Net profit rises and further benefits from one-time gain
The financial result improved from a negative CHF 7 million in the prior year period to a negative CHF 1 million this year. Interest received from loans and from the outstanding MegaGen convertible bond partly offset interest payments related to the 2020 corporate bond. Straumann's share of results from its associate partners (Dental Wings, Medentika, Createch, Anthogyr, T-Plus, Valoc), which is shown net of tax and amortization of intangible assets, was only slightly negative in contrast to a negative CHF 7 million last year. This was because the share of results from associates in 2015 included the contribution from Neodent[4], which was reduced by provisions related to a local distributor agreement and ongoing litigation.

Income taxes in the first-half of 2016 reached a positive CHF 22 million. Adjusted for the one-time tax gain, income taxes amounted to CHF 18 million bringing the normal underlying tax rate to 16%.

Taking everything into account, the Group generated first-half net profit of CHF 135 million, which would have amounted to 95 million (margin: 21%) excluding the one-time tax effect. Adjusted basic earnings per share increased to CHF 5.99 from CHF 4.59 a year previously.

Free cash flow increases 22%
Net cash from operating activities increased 11% to CHF 68 million, thanks to profitability improvements. Following the usual seasonal pattern and the strong topline growth, net working capital increased in absolute terms while 'Days of Supplies' (DOS) and 'Days of Sales Outstanding' (DSO) both improved in relative terms.

[4] Straumann's initial 49% stake in Neodent was reported as 'Share of results of associates' up to the end of February 2015. After consolidation, it contributed to the Group's financial statements at all levels.

Capital expenditure was slightly lower than usual and reached CHF 14 million (2015: CHF 17 million). To meet increasing demand in the domestic and international markets, Neodent has begun to expand production capacity in Curitiba, Brazil, which will require investment in the remainder of this year.

The combination of these effects meant that free cash flow increased by 22% to CHF 55 million and the respective margin reached 12%.

Increased dividend and further investments in the value segment

A portion of the free cash flow was used to acquire a minority stake in Anthogyr as part of Straumann's strategy to invest in the value segment. As a result, investments in associated companies amounted to CHF 15 million compared with CHF 13 million in the prior year period. Total cash used in investing activities reached CHF 26 million.

In April, the shareholders' AGM approved a dividend increase to CHF 4.00 per share (CHF 3.75 in 2015) resulting in total payout of CHF 63 million. This and the net change in Treasury shares of CHF 8 million, as well as proceeds of CHF 14 million from the last two outstanding management option programs were the main components of the cashflow from financing activities, which totaled CHF 57 million.

As a result, cash and cash equivalents at the end of June amounted to CHF 305 million, CHF 100 million higher than a year previously. With a net cash position of CHF 102 million and an equity ratio of 61%, the Group remains solidly financed.

OUTLOOK 2016 (barring unforeseen circumstances)

Straumann expects the global implant market to grow solidly in 2016 and is confident that it can continue to outperform and can achieve full-year organic growth in the low-double-digit range. Despite further investments in strategic growth initiatives, the expected revenue growth and operational leverage should lead to further improvements in the underlying full-year EBIT margin[5].

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[5] Comparison base is the 23% EBIT margin before acquisition-related exceptionals.

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Media and analysts' conference
Straumann's 2016 first-half results conference will take place at 10.30h Swiss time in Basel today. The event will be webcast live on the internet (www.straumann.com/webcast). The audio webcast of the conference call will be available for the next month.

Presentation slides
The corresponding conference visuals are available at www.straumann.com/Straumann-2016-HY-Presentation.pdf and on the Media and Investors pages at 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

UPCOMING CORPORATE / INVESTOR EVENTS

Date	Event	Location
2016		
23 August	**First-half 2016 results conference**	**Basel HQ**
30 August	Commerzbank Sector Conference	Frankfurt, Germany
06 September	Investor meetings	London, UK
07 September	Goldman Sachs HC conference	London, UK
14 September	BKB Investor Event	Basel, CH
16 September	UBS Best of Switzerland Conference	Wolfsberg, CH
27 October	**Third-quarter results**	**Webcast**
2017		
16 February	**Full-year 2016 results conference**	**Basel HQ**
07 April	**AGM 2017**	**Messe Basel**

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

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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Interim selected financial information

OPERATING PERFORMANCE

(in CHF million)	H1, 2016	H1, 2015
Revenue	461.2	398.5
Change in %	15.7	11.0
Gross profit	361.2	301.9
Margin in %	78.3	75.8
Operating profit before depreciation and amortization (EBITDA)	129.2	98.6
Margin in %	28.0	24.8
Change in %	31.0	11.1
Operating profit (EBIT)	114.4	82.7
Margin in %	24.8	20.7
Change in %	38.3	10.2
Result for the period	134.9	- 0.7
Margin in %	29.3	(0.2)
Change in %	> 100	(1 01.0)
Basic earnings per share (in CHF)	8.55	-0.10

FINANCIAL PERFORMANCE

(in CHF million)	H1, 2016	H1, 2015
Cash and cash equivalents	304.8	204.8
Net working capital (net of cash)	121.5	114.4
Net cash / (net debt)	101.5	(1.7)
Inventories	85.4	81.7
Days of supplies	148	156
Trade receivables	162.6	146.3
Days of sales outstanding	61	64
Balance sheet total	1 186.1	1 033.0
Return on assets in % (ROA)	24.3	(0.3)
Equity	723.6	564.9
Equity ratio in %	61.0	54.7
Return on equity in % (ROE)	41.9	(0.5)
Capital employed	418.5	416.7
Return on capital employed in % (ROCE)	54.8	55.7
Cash generated from operating activities	68.2	61.6
in % of revenue	14.8	15.5
Investments	28.4	22.1
in % of revenue	6.2	5.5
thereof capital expenditures	13.5	16.9
Free cash flow	55.0	44.9
in % of revenue	11.9	11.3
Dividend	63.2	58.6

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Interim consolidated statement of financial position

ASSETS

(in CHF 1 000)	30 Jun 2016	31 Dec 2015
Property, plant and equipment	108 868	103 841
Investment properties	1 637	1 637
Intangible assets	275 397	246 500
Investments in associates	63 261	48 232
Financial assets	51 203	54 396
Other receivables	3 430	2 751
Deferred income tax assets	94 307	43 730
Total non-current assets	**598 103**	**501 087**
Inventories	85 448	76 113
Trade and other receivables	188 250	140 598
Financial assets	714	1 059
Income tax receivables	8 786	9 142
Cash and cash equivalents	304 798	318 297
Total current assets	**587 996**	**545 209**
TOTAL ASSETS	1 186 099	1 046 296

Interim consolidated statement of financial position

EQUITY AND LIABILITIES

(in CHF 1 000)	30 Jun 2016	31 Dec 2015
Share capital	1 588	1 572
Retained earnings and reserves	722 040	603 398
Total equity	**723 628**	**604 970**
Straight bond	199 576	199 520
Other liabilities	7 345	6 975
Financial liabilities	582	618
Provisions	31 975	28 832
Retirement benefit obligations	53 014	44 496
Deferred income tax liabilities	5 836	1 503
Total non-current liabilities	**298 328**	**281 944**
Trade and other payables	125 018	124 173
Financial liabilities	3 138	925
Income tax payables	13 675	15 572
Provisions	22 312	18 712
Total current liabilities	**164 143**	**159 382**
Total liabilities	**462 471**	**441 326**
TOTAL EQUITY AND LIABILITIES	1 186 099	1 046 296

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Interim consolidated income statement

(in CHF 1 000)	H1, 2016	H1, 2015
Revenue	461 242	398 483
Cost of goods sold	(100 057)	(96 582)
Gross profit	361 185	301 901
Other income	1 143	877
Distribution costs	(102 353)	(89 670)
Administrative expenses	(145 599)	(130 428)
Operating profit	114 376	82 680
Finance income	22 922	25 588
Finance expense	(23 816)	(32 536)
Loss on consolidation of Neodent	0	(63 891)
Share of result of associates	(594)	(6 588)
Profit before income tax	112 888	5 253
Income taxes	22 031	(5 916)
RESULT FOR THE PERIOD	134 919	(663)
Attributable to:		
Shareholders of the parent company	134 919	(1 507)
Non-controlling interests	0	844
Earnings per share (EPS):		
Basic, result for the period attributable to ordinary shareholders of the parent company (in CHF)	8.55	-0.10
Diluted, result for the period attributable to ordinary shareholders of the parent company (in CHF)	8.52	-0.10

Interim consolidated statement of comprehensive income

(in CHF 1 000)	H1, 2016	H1, 2015
Result for the period	134 919	(663)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net foreign exchange result on net investment loans	1 989	(19 580)
Net movement on cash flow hedges	0	227
Income tax effect	(140)	1 554
Exchange differences on translation of foreign operations	43 580	36 023
Other comprehensive income to be reclassified to profit or loss in subsequent periods	45 429	18 224
Items not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial instruments designated through other comprehensive income	(585)	3 271
Remeasurements of retirement benefit obligations	(7 429)	(698)
Income tax effect	1 012	(170)
Items not to be reclassified to profit or loss in subsequent periods:	(7 002)	2 403
Other comprehensive income, net of tax	38 427	20 627
TOTAL COMPREHENSIVE INCOME, NET OF TAX	173 346	19 964
Attributable to:		
Shareholders of the parent company	173 346	26 375
Non-controlling interests	0	(6 411)

Interim consolidated cash flow statement

(in CHF 1 000)	H1, 2016	H1, 2015
Result for the period	134 919	(663)
Adjustments for:		
Income taxes	(22 031)	5 916
Interest and other financial result	894	4 944
Loss on consolidation of Neodent	0	63 891
Share of result of associates	594	6 588
Depreciation and amortization	15 225	15 947
Change in provisions, retirement benefit obligations and other liabilities	6 927	(3 796)
Change in long term assets	(248)	(166)
Share-based payment expense	2 048	1 792
Result on disposal of property, plant and equipment	101	0
Working capital adjustments:		
Change in inventories	(6 937)	5 743
Change in trade and other receivables	(42 405)	(17 105)
Change in trade and other payables	(675)	(1 411)
Interest paid	(3 990)	(3 844)
Interest received	1 369	1 083
Income tax paid	(17 630)	(17 307)
Net cash from operating activities	**68 161**	**61 612**

(in CHF 1 000)	H1, 2016	H1, 2015
Purchase of financial assets	0	(9 479)
Purchase of property, plant and equipment and intangible assets	(13 456)	(16 862)
Purchase of investments in associates	(14 986)	(13 328)
Deemed acquisition of a subsidiary, net of cash acquired	0	8 083
Proceeds from loans	2 975	3 149
Disbursement of loans	(391)	0
Dividends received from associates	0	3 388
Net proceeds from sale of non-current assets	274	120
Net cash used in investing activities	**(25 584)**	**(24 929)**
Purchase of shares of non-controlling interests	0	(224 532)
Transaction costs paid	0	(813)
Dividends paid to the equity holders of the parent	(63 152)	(58 564)
Dividends paid to non-controlling interests	0	(5 016)
Proceeds from finance lease	0	22
Proceeds from excercise of options	13 926	702
Purchase of treasury shares	(9 763)	0
Sale of treasury shares	2 228	912
Net cash used in financing activities	**(56 761)**	**(287 289)**
Exchange rate differences on cash held	685	(4 037)
Net change in cash and cash equivalents	**(13 499)**	**(254 643)**
Cash and cash equivalents at 1 January	318 297	459 421
Cash and cash equivalents at 30 June	304 798	204 778

Interim consolidated statement of changes in equity

H1, 2016

(in CHF 1000)	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of the parent company								
Balance at 1 January 2016	1 572	18 280	(923)	0	(145 839)	731 880	604 970	0	604 970
Result for the period						134 919	134 919		134 919
Other comprehensive income				0	45 429	(7 002)	38 427		38 427
Total comprehensive income	**0**	**0**	**0**	**0**	**45 429**	**127 917**	**173 346**	**0**	**173 346**
Issue of share capital	16						16		16
Dividends to equity holders of the parent						(63 152)	(63 152)		(63 152)
Share-based payment						2 048	2 048		2 048
Purchase of treasury shares			(9 745)				(9 745)		(9 745)
Sale of treasury shares			3 911			12 234	16 145		16 145
Balance at 30 June 2016	1 588	18 280	(6 757)	0	(100 410)	810 927	723 628	0	723 628

H1, 2015

(in CHF 1000)	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholders of the parent company								
Balance at 1 January 2015	1 568	18 280	(8 877)	(197)	(131 338)	857 400	736 836	0	736 836
Result for the period						(1 507)	(1 507)	844	(663)
Other comprehensive income				197	25 282	2 403	27 882	(7 255)	20 627
Total comprehensive income	**0**	**0**	**0**	**197**	**25 282**	**896**	**26 375**	**(6 411)**	**19 964**
Issue of share capital	4						4		4
Dividends to equity holders of the parent						(58 564)	(58 564)		(58 564)
Dividends to non-controlling interests								(5 016)	(5 016)
Share-based payment						1 792	1 792		1 792
Sale of treasury shares			1 647			(33)	1 614		1 614
Changes in consolidations scope								92 782	92 782
Purchase of non-controlling interests						(143 177)	(143 177)	(81 355)	(224 532)
Balance at 30 June 2015	1 572	18 280	(7 230)	0	(106 056)	658 314	564 880	0	564 880

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 unaudited interim condensed consolidated financial statements of the Straumann Group for the six months ended 30 June 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 15 August 2016.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with IAS 34 *'Interim Financial Reporting'*. 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 2015. The interim condensed consolidated financial statements should be read in conjunction with the Group's annual financial statements as at 31 December 2015, as they provide an update of previously reported information.

The preparation of consolidated financial statements under IFRS requires management to make estimates and assumptions that affect the reported amounts. Because of the inherent uncertainties, actual outcomes and results may differ from these estimates and assumptions.

3 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.

4 BUSINESS COMBINATIONS

In the first half 2016, no business combination took place. In 2015, the Group started to consolidate Neodent in its financial statements based on its ownership interests of 49% on 1 March 2015 with 51% non-controlling interests. The Group recognized an overall loss of CHF 63.9 million as a result of derecognizing its 49% equity interest in Neodent held before the business combination. The fair value of the 49% stake in Neodent was CHF 212.7 million and the associate carrying amount was CHF 191.2 million on 1 March 2015. The revaluation gain resulting from the revaluation to fair value of the 49% equity instrument in Neodent immediately before the deemed acquisition amounted to CHF 21.5 million. The related portion of translation differences of CHF 85.4 million loss resulting from the devaluation of the Brazilian Real against the Swiss franc since 2012, when the participation was acquired, has been reclassified from comprehensive income to the income statement. Both effects are shown in a separate line in the income statement under "Loss on consolidation of Neodent".

In April 2015, the Group acquired the remaining 51% interest in Neodent for BRL 680 million (CHF 225 million). The purchase of this non-controlling interest on 1 April 2015 has been accounted for as an equity transaction. The difference of CHF 143 million between the consideration paid and the carrying amount of the non-controlling interest acquired has been recorded in equity and attributed to the shareholders of the parent company.

5 DIVIDENDS PAID

On 14 April 2016, Straumann Holding AG paid a dividend of CHF 4.00 (2015: CHF 3.75) per share to its shareholders. The total amount of the gross dividend paid was CHF 63.2 million (2015: CHF 58.6 million).

6 FINANCIAL INSTRUMENTS

Fair values

The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables with a remaining term of up to twelve months, as well as other current financial assets and liabilities represent a reasonable approximation of their fair values, due to the short-term maturities of these instruments.

The fair value of equity instruments quoted in an active market is based on price quotations at the period-end date. The inaugural CHF 200 million domestic straight bond is listed on the SIX Swiss Exchange and the fair value is derived from quoted market prices.

The fair value of derivatives is determined on the basis of input factors observed directly or indirectly on the market. The fair value of foreign exchange forward contracts and non-deliverable forwards are based on forward exchange rates. Currency options are valued based on option pricing models using observable input data.

The unquoted equity instruments allocated to 'Level 3' hierarchy relate to an investment in the medical device sector in the US and a fund that is dedicated exclusively to investments in dental-related opportunities in China.

As the market for those investments is not active or no market is available, fair values are determined using other valuation techniques. The US investment is valued by discounting future cash flows. For the fund, the Group receives quarterly valuation statements which state the net asset value (NAV) based on the valuation techniques used by the fund.

The convertible bonds allocated to 'Level 3' hierarchy are valued using a model that calculates the fair value on observable and unobservable parameters including credit spreads, expected volatility and expected dividend yield. The model is calibrated on a regular basis. The underlying instruments are valued by discounting future cash flows. The associated American call options are determined using a modified binomial model.

The fair value of investments in 'Level 3' is reviewed regularly for a possible diminution in value.

Fair value hierarchy
The Group uses the following hierarchy for disclosure of their fair values of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques which predominantly use unobservable input data and which are not based on observable market data.

At 30 June 2016 and 31 December 2015, the Group held the following financial instruments:

(in CHF 1000)	30 Jun 2016					
	Carrying amount (by measurment basis)					Fair Value
Financial assets	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
Derivative financial assets			714		714	
Equity instruments		9 260		5 476	14 736	
Convertible bonds				29 733	29 733	
Loans and other financial receivables	6 734				6 734	
Other receivables	1 546				1 546	
Trade receivables	162 568				162 568	
Cash and cash equivalents	304 798				304 798	
Financial liabilities						
Straight bond	199 576				199 576	210 500
Derivative financial liabilities			2 315		2 315	
Other financial liabilities	1 405				1 405	
Trade payables	24 700				24 700	
Other payables	2 199				2 199	

(in CHF 1 000)	31 Dec 2015					
	Carrying amount (by measurment basis)					Fair Value
Financial assets	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
Derivative financial assets			1 059		1 059	
Equity instruments		9 572		5 750	15 322	
Convertible bonds				29 867	29 867	
Loans and other financial receivables	9 207				9 207	
Other receivables	1 478				1 478	
Trade receivables	125 207				125 207	
Cash and cash equivalents	318 297				318 297	
Financial liabilities						
Straight bond	199 520				199 520	210 400
Derivative financial liabilities			143		143	
Other financial liabilities	1 400				1 400	
Trade payables	23 390				23 390	
Other payables	3 513				3 513	

The changes in carrying values associated with 'Level 3' financial instruments were as follows:

(in CHF 1000)	
As at 1 January 2016	35 617
Remeasurement recognized in OCI	(273)
Remeasurement recognized in profit or loss	(135)
As at 30 June 2016	35 209

There were no transfers between 'Level 1' and 'Level 2' fair value measurements during the period, and no transfers into or out of 'Level 3' fair value measurements during the six-month period ended 30 June 2016.

7 DEFERRED TAX ASSETS

In January 2016, Straumann Brasil Ltda was merged into JJGC Industria e Comercio de Materiais Dentarios SA (Neodent). As a result of the merger, Neodent will benefit from future tax savings and has consequently recognized a deferred tax asset in its financial statements. The recognition of the deferred tax asset has led to a non-recurring profit in the amount of CHF 40.5 million in the first half of 2016.

8 SEGMENT INFORMATION

Operating segments requiring to be reported are determined on the basis of the management approach. Accordingly, external segment reporting reflects the internal organizational and management structure used within the Group as well as the internal financial reporting to the Chief Operating Decision Maker (CODM), which has been identified as the Executive Management Board (EMB). The EMB is responsible for the operational management of the Group, in line with the instructions issued by the Board of Directors. It is also responsible for global strategy and stakeholder management.

The reporting segments are presented in a manner consistent with the internal reporting to the CODM. The centralized headquarter support functions (e.g. finance, internal audit, information technology, human resources) as well as the functions 'Customer Solutions & Education' and 'Research & Development' are not operating segments as they do not earn separate revenues. These functions are grouped in the column 'Not allocated items'.

The disclosed operating segments are defined as follows:

Sales CE

'Sales CE' comprises the Group's premium distribution businesses in Germany, Switzerland, Austria, Hungary, the Czech Republic and Russia, as well as the premium business with European, African and Middle Eastern distributors. It also acts as the principal (excluding the premium distribution businesses performed by

‘Operations’) towards all Instradent businesses of the Group and incorporates the Instradent distribution business in the Czech Republic. It includes segment-related management functions located inside and outside Switzerland.

Sales WE
‘Sales WE’ comprises the Group’s premium distribution businesses in Scandinavia, the UK, France, the Benelux countries, Iberia and Italy, as well as the Instradent businesses in Italy, Iberia and the UK. It includes segment-related management functions located inside and outside Switzerland.

Sales NAM
‘Sales NAM’ comprises the Group’s premium distribution businesses in the United States and Canada, as well as the Instradent business in the United States. It includes segment-related management functions located inside and outside Switzerland.

Sales APAC
‘Sales APAC’ comprises the Group’s premium distribution businesses in Japan, China, Korea, Australia and New Zealand, as well as the business with Asian distributors. It includes segment-related management functions located inside and outside Switzerland.

Sales LATAM
‘Sales LATAM’ comprises the Group’s premium distribution businesses in Brazil, Argentina, Colombia and Mexico as well as the business with Latin American distributors. It also includes Neodent’s distribution business in Brazil, as well as Neodent’s business with Latin American distributors. It contains Neodent’s manufacturing plant in Brazil (which produces implants, regeneratives and CADCAM products), as well as the Instradent businesses in Argentina, Colombia and Mexico. It includes segment-related management functions located inside and outside Switzerland.

Operations
‘Operations’ acts as the principal towards all premium distribution businesses of the Group; it does not include the Instradent distribution activities of fully-controlled Group companies. It includes the global manufacturing network (i.e. the manufacturing plants, production of implants, regenerative and CADCAM products) as well as all Corporate logistics functions. It does not include Neodent’s manufacturing site in Brazil.

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 2016 and 2015, respectively.

H1, 2016 (in CHF 1 000)	Sales CE	Sales WE	Sales NAM	Sales APAC	Sales LATAM	Operations	Not allocated items	Eliminations	Group
Revenue									
Third party	110 631	105 510	126 520	75 167	43 414	(0)	0	0	461 242
Inter-segment	6 587	71	0	0	3 773	231 433	0	(241 865)	0
Total revenue	**117 218**	**105 581**	**126 520**	**75 167**	**47 188**	**231 433**	**0**	**(241 865)**	**461 242**
Operating profit	**9 558**	**1 683**	**(3 830)**	**6 223**	**2 264**	**165 217**	**(70 421)**	**3 682**	**114 376**
Financial result									(894)
Share of result of associates									(594)
Income tax expenses									22 030
Result for the period									**134 919**

H1, 2015 (in CHF 1 000)	Sales CE	Sales WE	Sales NAM	Sales APAC	Sales LATAM	Operations	Not allocated items	Eliminations	Group
Revenue									
Third party	103 211	89 670	107 052	60 480	38 069	0	0	0	398 483
Inter-segment	2 875	3	0	0	3 185	200 639	0	(206 701)	0
Total revenue	**106 086**	**89 673**	**107 052**	**60 480**	**41 254**	**200 639**	**0**	**(206 701)**	**398 483**
Operating profit	**8 945**	**1 167**	**(1 856)**	**5 106**	**2 028**	**133 038**	**(67 157)**	**1 408**	**82 680**
Financial result									(70 839)
Share of result of associates									(6 588)
Income tax expenses									(5 916)
Result for the period									**(663)**

The remaining operating profit under 'Eliminations' (H1 2016 and H1 2015) 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 2016 and 31 December 2015:

at 30 Jun 2016 (in CHF 1 000)	Sales CE	Sales WE	Sales NAM	Sales APAC	Sales LATAM	Operations	Not allocated items	Eliminations	Group
Segment assets	**52 814**	**65 960**	**63 714**	**42 004**	**305 621**	**267 597**	**17 204**	**(143 099)**	**671 815**
Unallocated assets									514 283
Group									**1186 099**

at 31 Dec 2015 (in CHF 1 000)	Sales CE	Sales WE	Sales NAM	Sales APAC	Sales LATAM	Operations	Not allocated items	Eliminations	Group
Segment assets	**42 828**	**53 077**	**59 108**	**35 488**	**258 862**	**237 053**	**11 885**	**(117 719)**	**580 582**
Unallocated assets									465 714
Group									**1046 296**

9 EVENTS AFTER THE REPORTING PERIOD

On 14 July 2016, Straumann announced that it is exercising its conversion right on the USD 30 million convertible bond and the additional call option to acquire a controlling stake in MegaGen, the South Korean implant manufacturer. MegaGen disputes the conversion price and calculation procedure and has initiated arbitration in Seoul under the ICC rules. The deal could take up to two years to close depending on the progress of arbitration. The reflection of the MegaGen transaction in the Group's financial statements is highly dependent on the arbitration process. Straumann assesses that it has currently neither control nor significant influence on MegaGen.

On 18 July 2016, Straumann announced that it will take over the exclusive distribution business of botiss products in Germany from the third quarter of 2016. Straumann has an option to acquire up to 30% of the shares in botiss biomaterials in 2017.

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