2018 Nine-months sales report – Media Release

Straumann Group sustains strong performance, as organic revenue rises 18% both in Q3 and over the first nine months of 2018

- Revenue growth in Swiss Francs reaches 23% in first nine onths and 19% in Q3
- Double-digit organic[1] growth across all regions led by North America and APAC
- Key innovations launched that will contribute to future growth
- Further expansion into attractive segments and geographies
- Group raises outlook for full-year organic revenue growth to high-teen percentage range

REVENUE BY REGION

(in CHF million)	Q3 2018	Q3 2017	9M 2018	9M 2017
Europe, Middle East & Africa (EMEA)	**122.1**	**107.1**	**426.0**	**351.4**
Change in CHF in %	*14.0*	*20.3*	*21.2*	*15.1*
Change in local currencies in %	*15.2*	*15.5*	*16.3*	*15.2*
Change organic in %	*11.9*	*9.9*	*13.0*	*10.0*
% of Group total			*43.1*	*43.9*
North America	**93.2**	**72.1**	**283.3**	**221.3**
Change in CHF in %	*29.4*	*16.7*	*28.0*	*17.5*
Change in local currencies in %	*29.0*	*17.0*	*29.8*	*17.2*
Change organic in %	*19.5*	*17.0*	*18.6*	*17.2*
% of Group total			*28.6*	*27.6*
Asia / Pacific	**61.3**	**45.7**	**186.2**	**138.6**
Change in CHF in %	*34.2*	*25.8*	*34.3*	*24.4*
Change in local currencies in %	*35.3*	*30.6*	*32.3*	*26.9*
Change organic in %	*33.1*	*27.9*	*30.2*	*24.2*
% of Group total			*18.8*	*17.3*
Latin America	**30.9**	**33.0**	**93.4**	**90.0**
Change in CHF in %	*(6.4)*	*23.5*	*3.8*	*28.3*
Change in local currencies in %	*13.6*	*18.9*	*18.5*	*15.7*
Change organic in %	*13.0*	*18.9*	*18.1*	*15.7*
% of Group total			*9.4*	*11.2*
GROUP	**307.5**	**257.9**	**989.0**	**801.3**
Change in CHF in %	*19.3*	*20.6*	*23.4*	*18.7*
Change in local currencies in %	*22.6*	*18.8*	*23.0*	*17.7*
Change organic in %	*18.1*	*15.9*	*18.0*	*14.8*

Basel, 30 October 2018: With the strong performance continuing in Q3, the Straumann Group posted organic growth of 18% in the first nine months of 2018, driven by double-digit increases across all regions. In Swiss francs, revenue rose 23% to CHF 989 million reflecting an acquisition effect of 5%-points due mainly to the ClearCorrect, Dental Wings and BatiGroup businesses. The positive currency effect in the first half was neutralized by unfavorable exchange rates in Q3. The Group sustained its first-half pace through Q3 to post an organic increase of 18%, with the largest contributions to growth coming from the Europe, Middle East

[1] Excluding the effects of currencies and acquisitions (mainly ClearCorrect, Dental Wings, BatiGroup).

and Africa region (+12%) and North America (+20%). Asia/Pacific remained the fastest-growing region with organic growth of 33%.

Marco Gadola, Chief Executive Officer, commented: “In Q3 we expanded geographically and strengthened our foothold in the fast-growing third-tier implant segment. Equally importantly, we clearly demonstrated our ability to drive strong future growth in our core implant business through innovation and differentiated solutions that meet patient and customer needs. These include our fully tapered Straumann BLX implant, which we presented to the scientific community, as well as the Straumann PURE Ceramic 2-piece and Mini Implant systems that we launched in Q3. Based on our continuing strong results, we are lifting our outlook for full-year organic revenue growth from the mid-teen percentage range to the high teens.”

BUSINESS PERFORMANCE

Implants contributed more than half of the Group’s nine-month growth, fueled by the continuing success of Straumann’s premium solutions, and the Bone Level Tapered implant range (BLT) in particular. Further impetus came from the non-premium brands, most notably Neodent, Medentika and Anthogyr, driven by strong demand in North America, Turkey, China, and Latin America.

The **Restorative** business matched the growth in Implants, driven mainly by sales of standard abutments and copings. Straumann’s range of versatile Variobase abutments gained further ground and was the main growth contributor.

Digital, which includes CADCAM hardware, software, consumables and clear aligners, achieved the strongest increase over the first nine months, thanks to healthy growth in intraoral scanners, 3D printers, and milling machines. The clear-aligner business continued to grow dynamically in ClearCorrect’s established markets (Australia, the UK and the US). Following successful outcomes in initial European markets, ClearCorrect has extended pilot trials to other countries and a second phase is underway including the recruitment of sales personnel. In North America, Clear Correct began promote its aligners together with the remote monitoring technology provided by the Group’s partner Dental Monitoring. This offers customers a convenient system for monitoring treatment progress remotely by smart phone.

In **Biomaterials,** demand for Straumann’s bone-graft and membrane products was strong in all quarters. Sales of Emdogain were revitalized in August, when regular supplies resumed in the US.

REGIONAL PERFORMANCES

EMEA lifted by strong demand in emerging markets

The Group’s largest region, EMEA, achieved nine-month organic growth of 13% and contributed 32% of the Group’s overall revenue growth. With the Euro strengthening against the Swiss Franc and a positive acquisition effect of 3%-points, revenue in Swiss francs rose 21% to CHF 426 million.

In Q3, the region posted organic growth of 12%, fueled by excellent growth in the Nordics, the Middle East and Eastern Europe. Germany, the region's largest subsidiary, posted robust growth. The Group rolled out its Neodent and Anthogyr brands in selected markets in the Middle East and took advantage of the large EAO congress in October to showcase clinical results, new technologies and products, including Neodent's Grand Morse, Medentika's full implant range and the aforementioned Straumann innovations.

Further customer gains in North America

North America reported nine-month organic revenue growth of 19%. The acquisition effect (mainly from ClearCorrect) added 11%-points, while the currency effect cut growth by 2%-points to 28%, bringing revenue to CHF 283 million. Strong implant and abutment sales led the performance, with the premium and non-premium implant businesses both generating double-digit growth. The dynamic clear-aligner business added further impetus.

With regional organic growth sustained at 20% in Q3, the Group further strengthened its position in the US. It expanded its offering, increased its presence in the non-premium market, and made further inroads into competitive accounts. Resumed sales of Emdogain in the US and the clearance of related back-orders also contributed to regional growth in Q3.

Apart from this, the Group benefitted from the Annual Conference of the American Academy of Implant Dentistry (AAID) at the end of September to support the US launch of Neodent's Grand Morse (GM) fully tapered implant system.

Asia Pacific boosted by strong growth in China

APAC achieved another dynamic performance in the first nine months, with organic growth of 30%. Currency tailwind of 2%-points together with a small acquisition effect lifted growth in Swiss francs to 34%, as revenue climbed to CHF 186 million.

China continued to be the main powerhouse and, despite the fact that 1.4 million implants were sold there in 2017, the penetration rate is still comparatively low (ten times lower than in Brazil), indicating that there is considerable potential for further growth.

Regional organic growth reached 33% in Q3, driven by strong performances in China, India and Japan.

Latin America posts double-digit growth in a challenging economic environment

Latin America achieved nine-month organic growth of 18%. Unfavourable currency effects reduced growth in Swiss francs to just 4% as revenue reached CHF 93 million. Both Straumann and Neodent generated robust growth in Brazil. Mexico, Argentina, Chile and Colombia all reported strong performances.

Organic growth eased from 21% in H1 to 13% in Q3, reflecting the very strong prior-year period – when Neodent launched its new GM implant line. While Mexico and Colombia continued to expand dynamically, the challenging environment in Argentina and Brazil – together with the depreciation of the Peso and the Real – squeezed the overall result.

At the end of August, the Group opened a subsidiary in Lima, to address the growing Peruvian market directly.

BUSINESS EXPANSION

Foothold strengthened in third-tier implant segment

In September, the Group signed agreements to gain control of the Taiwanese implant company T-Plus, by increasing its stake from 49% to approximately 60%. T-Plus develops and manufactures attractively-priced dental-implant systems, which it sells through distributors in Taiwan and China. More than 6 million non-premium implants are sold in Asia annually, of which more than a third are third-tier. T-Plus provides the Group with the additional product ranges, registrations and brand to penetrate this segment in Taiwan and mainland China. It also provides the Group with a modern, certified manufacturing facility in Asia. The Group expects to consolidate T-Plus later this year.

Testing a new approach to the GP market

With a view to expanding its current business scope, the Group has begun a pilot project in the UK, Germany and Italy with a portfolio of treatments that focus on the needs of general practitioners (GPs). They include several novel approaches to prevent tooth and implant loss, or to enhance esthetics. To build the portfolio, the Group has obtained distribution rights for the following:

Caries treatments:
- Soprolifel® and Soprocare® (digital diagnostics for early caries detection), supplied by Acteon,
- Curodont™ Repair (a non-invasive therapy for caries), supplied by Credentis ,
- Carisolv® (biomaterials for removing caries decay), supplied by RLS.

Biomarkers/biologics to diagnose, treat or prevent periodontitis/periimplantitis:
- ParoSafe and Implantsafe, supplied by dentognostics,
- Clinplant®, supplied by NIBEC,
- PerioPatch® and PeriActive®, supplied by IZUN Pharma,

as well as Y10®, the teeth whitener supplied by Bright Tonix that does not use bleach or chemicals.

The portfolio will be sold through a dedicated team and complements the Group's current GP offering of clear aligners, CADCAM prosthetics, and digital equipment. Further information about the project and its progress will be provided in due course.

INNOVATION UPDATE

The Group introduced a number of innovative products in Q3 adding to its ranges of esthetic, edentulous and immediacy solutions.

PURE ceramic two-piece implant adds prosthetic flexibility

Straumann's two-piece PURE ceramic implant complements its existing Monotype (implant and abutment in one piece). Designed for highly esthetic tooth replacement, the two-piece system adds prosthetic flexibility, facilitates handling and is also suitable for guided implant placement. Ceramic implants are currently a niche market but their popularity is growing as the prosthetic offering broadens and clinical data increases. In Germany, the leading market, ceramic implants now make up approximately 5% of the implant market.

A new standard in mini implants
Monotype mini implants offer a cost-effective, immediate and minimally invasive solution for edentulous patients with reduced horizontal bone. More than a million were placed in 2017 and the use is increasing rapidly. Straumann is entering this market with a differentiated premium-quality mini implant, which is made from high strength Roxolid and is just 2.4mm in diameter. It is designed for immediate replacement protocols and features a built-in Optiloc® connection for exceptional long-term performance and low maintenance.

BLX, a unique next-generation implant system
In recent years, the Group has made significant inroads into the field of immediate implant treatment with its apically tapered Straumann BLT implant, which continues to grow strongly and still offers significant potential. However, BLT does not address the fully-tapered implant segment, which is the fastest growing segment and now accounts for one in every four implants placed. The Group is already present in the non-premium tier and has been gaining share – for example with Neodent's new GM line.

Straumann's new fully tapered BLX implant fills the gap in its premium portfolio and is positioned to win significant share in this segment. The combination of its highly innovative design with Roxolid® and SLActive® creates a unique next-generation implant system that offers a new level of confidence – not just for immediacy, but also for a broad range of other indications.

Straumann unveiled the new implant at the recent EAO, where it presented initial results from the pre-clinical and clinical programs to the scientific community. Based on the very positive results and responses to date, the Group has initiated a limited market introduction and plans a full market release in the course of next year.

FULL-YEAR OUTLOOK (barring unforeseen circumstances)

The Group expects the global dental implant market to grow at about 4-5% and is confident that it can continue to outperform and gain further market share. Based on the performance in the first-nine-months, it is raising its expectations for full-year organic revenue growth from the mid-teen percentage range to the high-teens. Assuming fairly stable currency exchange rates, the expected organic revenue growth and operational leverage should lead to further improvements in the EBITDA margin, in spite of further investments in Sales & Marketing, Research & Development and logistics. With the continued high level of investment in production capacity and the amortization of acquisition-related intangibles, the Group expects EBIT margin[2] to remain stable.

About Straumann
The Straumann Group (SIX: STMN) is a global leader in tooth replacement and orthodontic solutions that restore smiles and confidence. It unites global and international brands that stand for excellence, innovation and quality in replacement, corrective and digital dentistry, including Straumann, Neodent, Medentika, ClearCorrect, Dental Wings, and other fully/partly owned companies and partners. In collaboration with leading clinics, institutes and universities, the Group researches, develops, manufactures and supplies dental implants, instruments, CADCAM prosthetics, biomaterials and digital solutions for use in tooth replacement and restoration or to prevent tooth loss.

[2] Excluding exceptional effects from Batigroup acquisition

Headquartered in Basel, Switzerland, the Group currently employs approx. 5700 people worldwide and its products, solutions and services are available in more than 100 countries through a broad network of distribution subsidiaries and partners.

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Media and analysts' conference

Straumann's 2018 Q3 results conference will take place at 09.30h Swiss time in Basel today. The event will be webcast live on the internet (www.straumann-group.com/webcast). The audio webcast of the conference call will be available for the next month.

The telephone conference can be accessed at:
Europe & RoW: +41 (0)58 310 50 09
UK: +44 (0) 207 107 0613
USA: +1 (1) 631 570 56 13

Presentation

The conference presentation slides are available on the Media and Investors pages at www.straumann-group.com.

UPCOMING CORPORATE / INVESTOR EVENTS

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

2018	Event	Location
30 October	**Q3 results webcast**	**Webcast**
05 November	Corporate Governance meetings	Zurich
15 November	Credit Suisse Mid-Cap conference	Zurich
05 December	Berenberg equities conference	Pennyhill (UK)
13 December	Corporate Governance meetings	Paris
2019		
19 February	**Full-year results conference**	**Basel HQ**
05 April	**2019 AGM**	**Basel Congress Center**

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