First-quarter 2018 report – Media Release

Strong growth continues as Straumann posts 15% rise in organic revenue in Q1

- Group revenue climbs 22% in Swiss francs to CHF 324 million
- All regions and businesses achieve strong organic[1] increases
- Premium and non-premium activities brought closer together; Neodent launch accelerated in several markets
- Investment in Dental Monitoring secures access to artificial intelligence technology
- Full-year outlook confirmed

REVENUE BY REGION

(in CHF million)	Q1 2018	Q1 2017
Europe, Middle East & Africa (EMEA)	**147.0**	**121.1**
Change in CHF in %	*21.3*	*12.3*
Change in local currencies in %	*12.8*	*15.1*
Change organic in %	*9.8*	*10.1*
In % of Group revenue	*45.4*	*45.5*
North America	**90.3**	**73.8**
Change in CHF in %	*22.4*	*19.0*
Change in local currencies in %	*29.2*	*17.2*
Change organic in %	*17.2*	*17.2*
In % of Group revenue	*27.9*	*27.7*
Asia / Pacific	**58.8**	**46.0**
Change in CHF in %	*27.9*	*29.5*
Change in local currencies in %	*26.7*	*29.1*
Change organic in %	*25.0*	*25.7*
In % of Group revenue	*18.1*	*17.3*
Latin America	**28.0**	**25.4**
Change in CHF in %	*10.5*	*45.0*
Change in local currencies in %	*22.0*	*15.3*
Change organic in %	*21.5*	*15.3*
In % of Group revenue	*8.7*	*9.5*
GROUP	**324.1**	**266.3**
Change in CHF in %	*21.7*	*19.5*
Change in local currencies in %	*20.2*	*17.8*
Change organic in %	*15.3*	*14.9*

Basel, 26 April 2018: The Straumann Group reported a strong start to 2018, posting continued double-digit organic growth (15%) across all businesses, as quarterly revenue reached CHF 324 million. Including an acquisition effect of 5%-points and a positive currency contribution of 2%-points, the increase amounted to 22% in Swiss francs.

[1] Excluding the effects of currencies and acquisitions/divestitures (i.e. the consolidation of Dental Wings as well as the acquisitions of Batigroup and ClearCorrect).

By region, North America and EMEA each contributed 30% to overall organic growth, with respective increases of 17% and 10%, while Asia/Pacific posted the highest increase (+25%) and Latin America achieved its best quarter in four years (+22%).

Marco Gadola, Chief Executive Officer, commented: *"We have sustained our underlying momentum by winning market share with premium products like BLT, Roxolid and SLActive and by expanding the reach of our non-premium brands. We are also benefitting from the addition of our digital and orthodontics businesses, which will support further growth going forward. Based on this good start, we are in good shape to deliver low double-digit growth over the full year, together with the profitability targets that we communicated in February".*

BUSINESS PERFORMANCE

Double-digit expansion in **implants**, the Group's largest business, was driven largely by the Straumann Bone Level Tapered (BLT) range and fueled by other premium implant categories. An increase in the share of hydrophilic implants and the rollout of Neodent's Grand Morse implant system in Brazil had a favorable effect on the sales mix. Neodent, Medentika, Anthogyr and Zinedent all grew strongly, expanding the Group's non-premium implant franchise in the US, Turkey, Brazil, China, Mexico and distributor markets.

The **restorative** business also achieved double-digit growth, driven by robust demand for implant-borne prosthetics – both standard and CADCAM, while **biomaterials** reported solid growth led by bone graft and membrane products.

The **digital business** benefitted from strong intra-oral scanner sales and recently initiated the limited market release of its Trios Design Studio, which is used in combination with the Trios 3 intraoral scanner. Like the CARES Visual chairside software that was launched last year, it connects the scanner with Straumann's C series mill to provide a seamless chairside workflow – from impression-taking to prosthetic design and milling – enabling dentists to offer high quality milled restorations quickly in a single session.

REGIONAL PERFORMANCES

Strong demand in Eastern Europe and the Middle East

The Group's largest region, Europe, the Middle East and Africa, grew well, despite fewer business days in Central Europe related to the Easter break. Organic growth amounted to 10%, with a further 3%-points added through the consolidation of Dental Wings and Batigroup, the recently acquired distribution company in Turkey. These factors and a stronger Euro contributed to an overall increase of 21% in Swiss francs, bringing regional revenue to CHF 147 million.

Demand was broadly spread, with the UK, Turkey, and Russia achieving the strongest performances, supported by strong growth in the Middle East.

All businesses contributed to the positive trend, fueled by BLT and Variobase abutments. Digital sales were particularly strong as the Group's collaboration with 3Shape continued to bear fruit.

North America gains further ground

North America, which contributes 28% of Group revenue, reported another strong quarter with organic revenue climbing 17%. Including an acquisition effect of 12%-points (mainly from ClearCorrect) and the effect of the weaker US dollar (7%), regional revenue increased 22% to CHF 90 million.

Canada and the US both delivered double-digit increases, driven by strong demand for implants and restorative solutions in the premium and non-premium segments. The key contributors were Straumann BLT, Neodent and the roll-out of cost-effective Medentika prosthetic solutions. Digital solutions also performed well, lifted by the launch of Straumann-branded Trios3 intra-oral scanners in January.

In biomaterials, robust sales of bone graft and membrane products partially offset a shortfall in regenerative sales. The latter was due to a temporary halt in supplies of Emdogain to the US, where additional documentation is required by the FDA for changes in the manufacturing process. This concerns the US only and the Group expects to resume a regular supply in the third quarter.

Dynamism sustained in APAC

Asia/Pacific posted another dynamic performance, as revenue climbed 25% in organic terms or 28% in Swiss francs to CHF 59 million. Growth was robust in all subsidiaries, especially in China, which is benefitting from sales-force expansion and intensified training and education activities. This is significant because market surveys indicate that fewer than one in ten dentists in China has received training in implant dentistry. Apart from this, the Group inaugurated its CADCAM milling center in Shenzhen and rolled out the Anthogyr Axiom PX fully-tapered implant, which is important for the non-premium segment in China.

Double-digit growth in Latin America

Organic growth climbed to 22% in Latin America, but the recent weakness of the Brazilian Real reduced the increase in Swiss francs to 11%, bringing regional revenue to CHF 28 million.

In the region's largest market, Brazil, the Group achieved double-digit growth and gained further market share, despite the political uncertainty. Key factors driving the performance included the launch of Neodent's new GM implant system, the sales-force and store-network expansion, and the launch of the botiss range – which marks the Group's entry into the guided bone-regeneration segment in Brazil, where half a million dental procedures are performed annually with biomaterials[2]. Elsewhere, Argentina, Chile, Columbia and Mexico, all continued to deliver strong growth.

[2] Decision Resources Group 2016.

STRATEGIC PROGRESS / NEWS HIGHLIGHTS

Premium and non-premium activities converge

The Group has made good progress in bringing its premium (Straumann) and non-premium (formerly Instradent) activities closer together, with the goal of unlocking greater selling opportunities and reducing complexity both internally and for customers. The respective activities were converged in fifteen countries in Q1, with the remaining countries to follow by the end of Q3.

The initiative enables the Group to accelerate the roll-out of its non-premium brands in several markets and, in Q1, it launched Neodent (including the new GM range) in Australia, France, Germany, and the Nordic countries. The new set-up also allows the existing local and central organizations to market a significantly higher number of products and makes greater resources available for non-premium sales, marketing, training, education, and customer service.

Investment in game-changing technology

The Group recently announced that it has acquired a small stake in Dental Monitoring (DM), the pioneer of a remote dental monitoring service that uses smart phones and artificial intelligence to improve treatment efficiency. Straumann has obtained global distribution rights to DM's technology, which it will integrate in its portfolio of orthodontic and digital solutions. Artificial intelligence could support the full spectrum of Straumann's activities and the two companies will collaborate to develop further applications, for instance to monitor dental implants or to increase efficiency in the dental practice through a combination with intra-oral scanners (see separate release dated 12 April for details).

AGM approves all proposals including dividend increase

In addition to re-electing the Board of Directors, the shareholders of Straumann Holding AG approved all of the Board's proposals at the recent AGM, including the 2017 cash dividend of CHF 4.75 per share (2016: CHF 4.25), which was paid as of 12 April 2018.

OUTLOOK 2018 (BARRING UNFORESEEN CIRCUMSTANCES)

The Group expects the global dental implant market to grow at about 4% and is confident that it can continue to expand its market share by achieving organic growth in the low double-digit percentage range. Assuming fairly stable currency exchange rates, the expected organic revenue growth and operational leverage should lead to further improvement 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 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.

Headquartered in Basel, Switzerland, the Group employs approx. 5000 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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ANALYSTS' AND MEDIA CONFERENCE CALL

Straumann will present its 2018 first-quarter net revenue results to representatives of the financial community and media in a webcast telephone conference call today at 9 a.m. Swiss time.

The audio webcast of the conference call (www.straumann-group.com/webcast) will be available for the next month.

The telephone conference can be accessed at:

Europe & Rest of World: +41 (0) 58 310 50 09
UK: +44 (0) 207 107 06 13
USA: +1 (1) 631 570 56 13

UPCOMING CORPORATE / INVESTOR EVENTS 2018

Date	Event	Location
2018		
26 April	**Q1 revenue publication**	**Webcast**
07 May	Investor meetings	Milan
23 May	Investor meetings	Zurich
29 May	Investor meetings	Boston
30 May	Stifel Dental & Veterinary conference	New York
31 May	Investor meetings	New York
5-6 June	Vontobel summer conference	Interlaken (CH)
19 June	Investor meetings	Frankfurt
20 June	Investor meetings	Netherlands
14 August	**H1 results publication**	**Basel HQ**

Disclaimer
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