straumanngroup

2018 Half-year report – Media Release

Straumann Group: Further acceleration as first-half organic revenue climbs 18% and underlying[1] EBITDA margin reaches 30%

- First-half revenue surges 25% in Swiss francs (18% organic) to CHF 682 million, driven by double-digit increases in all regions
- Strong performances in EMEA and APAC propel organic growth in Q2 to 20% (Q1: 15%)
- Strong volume growth lifts underlying[1] EBITDA & EBIT margins to 30% and 26%, respectively; underlying net profit reaches CHF 140 million (margin: 21%)
- First-half free cashflow[2] rises CHF 17 million to CHF 62 million, despite significant investments in production expansion
- Group raises guidance for full-year organic revenue growth to mid-teens

KEY FIGURES

(in CHF million)	H1 2018 reported	H1 2018 *excl. exceptionals[1]*	H1 2017 reported	H1 2017 excl. exceptionals[1]
Revenue	**681.5**		**543.4**	
Change in CHF %	*25.4*		*17.8*	
Change in l.c.%	*23.1*		*17.1*	
Change in organic growth %	*17.9*		*14.3*	
Gross profit	**512.9**	**521.7**	**418.0**	**420.0**
Margin in %	*75.3*	*76.6*	*76.9*	*77.2*
Change in %	*22.7*	*24.2*	*15.7*	*16.3*
EBITDA	**194.3**	**203.1**	**156.1**	**158.0**
Margin in %	*28.5*	*29.8*	*28.7*	*29.0*
Change in %	*24.5*	*28.5*	*20.9*	*22.4*
Operating profit (EBIT)	**169.8**	**178.6**	**137.8**	**139.8**
Margin in %	*24.9*	*26.2*	*25.4*	*25.7*
Change in %	*23.2*	*27.8*	*20.5*	*22.2*
Net profit	**132.9**	**139.8**	**140.8**	**117.2**
Margin in %	*19.5*	*20.5*	*25.9*	*21.6*
Change in %	*(5.6)*	*19.2*	*4.4*	*24.0*
Basic EPS (in CHF)	**8.20**	**8.63**	**9.11**	**7.57**
Free cash flow[2]	**62.3**		**45.2**	
Margin in %	*9.1*		*8.3*	
Number of employees (end of June)	**5474**		**4227**	

[1] Exceptionals in H1 2018 relate to the acquisition of the Turkish distribution company Batigroup, including an inventory revaluation expense of CHF 9 million (COGS) and the related tax benefit of CHF 2 million. The term ‘underlying’ refers to accounting figures excluding these effects. Exceptionals in H1 2017 relate to the business combination of Medentika, which included an inventory revaluation expense of CHF 2 million (COGS) and a CHF 25 million fair value gain (financial result).

[2] i.e. net cash from operating activities, less capital expenditures, plus net proceeds from property, plant and equipment.

Basel, 14 August 2018: The Straumann Group today reported a continued strong performance in the first six months of 2018 as organic revenue grew 18%. The acquired ClearCorrect, Dental Wings and Batigroup businesses contributed a further 5%-points (CHF 24 million) to growth, as revenue in Swiss francs rose 25% to CHF 682 million. All regions posted double-digit increases throughout the first half, with APAC (Asia Pacific) growing the fastest and EMEA (Europe, Middle East & Africa) contributing the largest portion (35%) to overall growth. In Q2, organic revenue growth accelerated to 20%.

The Group achieved further improvements in profitability, despite significant investments in geographic expansion, innovative technologies, and production capacity. Underlying EBITDA rose 29%, with the respective margin reaching 30%. Reported net profit amounted to CHF 133 million – 8 million lower than in the prior year, when the Group benefitted from a CHF 25 million revaluation gain related to the Medentika business combination. On an underyling basis, net profit increased 20% to CHF 140 million, bringing the corresponding margin to 21% and earnings per share to CHF 8.63.

Marco Gadola, Chief Executive Officer, commented: “Throughout the year, we have continued to win customers and to outperform the global tooth-replacement market significantly. Our underlying growth has been driven by continued strong demand for Straumann premium implant solutions and the spreading success of our non-premium brands. We have gained additional traction from recently acquired businesses, especially ClearCorrect and Batigroup, and from our strategic investments in emerging markets. Q2 was unexpectedly strong, helped by very good performances in APAC and EMEA. With organic growth exceeding 20% for the first time in 10 years, we have raised our guidance for full-year revenue growth to the mid-teen percentage range. Strong volume increases fueled our profitability – which increased, despite further investments in the sales organization, R&D and marketing. EBITDA, EBIT and net profit all increased, as did free cash flow – in spite of significant investments in production to support growth in the coming years.”

STRATEGIC PROGRESS / NEWS HIGHLIGHTS

Business expansion

In the past six months, the Group completed several strategic transactions in pursuit of its strategy to provide complete solutions to more customers. In Q1, it acquired Same Day Solutions, a dental distributor in Portugal, and purchased a 9% stake in Dental Monitoring, a French developer of smart-phone applications for monitoring oral health and treatment progression. In July, the Group acquired its partner Createch in Spain, an innovative leader in high-end specialized prosthetic bars, bridges and frameworks. At same time, it acquired a 30% stake in its biomaterials partner botiss in Germany, securing access to their innovative and comprehensive range of bone and tissue regeneration systems. The Group also entered a distribution partnership with Zirkonzahn in North America to offer a broader range of milling options and to complement its range of in-practice and in-lab milling solutions.

BUSINESS PERFORMANCE

The first-half performance was led by **Implants,** which continued to grow at a double-digit rate, and generated more than half of the Group’s growth. Demand for Straumann’s Bone Level Tapered range continued to exceed expectations and this has already become Straumann’s top-selling implant line in the Americas. The company is on track to sell more than a million premium tapered implants this year and has also made further progress in driving the penetration of its premium-priced, fast-healing surface SLActive.

Demand for non-premium tooth replacement solutions was strong in the US, Germany, Turkey, Iberia, China and Latin America. With Neodent, Medentika, Anthogyr, and Zinedent all delivering strong growth, the non-premium brands outpaced the premium business. In addition, Neodent made progress in upselling its Grand Morse and Acqua technologies to existing customers.

The **Restorative** business achieved similar growth to Implants, driven mainly by demand for standard implant-borne abutments and copings. Straumann's range of versatile Variobase abutments was the principal growth contributor.

In **Digital**, revenues from intraoral scanners and 3D printers progressed well, endorsing the Group's strategy to offer a complete digital workflow for dentists and laboratories. The ClearCorrect clear-aligner business grew impressively in its established markets (Australia, the UK and the US), while the success of pilot trials in new European markets prompted their extension to other countries as well as the initiation of a second phase, which includes recruiting sales personnel.

In spite of robust sales of bone-graft and membrane products, revenues from **Biomaterials** only matched their prior-year level, reflecting the temporary halt in Emdogain supplies to the US (see below).

REGIONAL PERFORMANCE

EMEA lifted by expansion in emerging markets

First-half organic growth in EMEA rose to 13%, with a further 3%-points added through the consolidation of Dental Wings and Batigroup. These factors and a stronger Euro contributed to an overall increase of 24% in Swiss francs, bringing regional revenue to CHF 304 million.

In Q2, organic growth accelerated 7%-points to 17%, benefitting from the early Easter and fueled by the premium implant and digital businesses. More than half of the Group's 20 subsidiaries in the region, posted double-digit growth. The fastest-growing countries were Russia and Turkey, reflecting investments in local sales organizations and increased demand for premium and non-premium implants. Italy, Denmark, the Netherlands, Portugal, and the UK all reported excellent performances, while momentum picked up in Germany. Strong growth continued throughout Eastern Europe and the Middle East. The Group took advantage of the large biennial Europerio event in June to present new technologies, clinical results and new products, including Neodent's Grand Morse and Medentika's full implant range.

Further customer gains in North America

North America, reported a strong first half with organic revenue climbing 18%. The acquisition effect (mainly related to ClearCorrect) contributed a further 12%-points, while currency headwind squeezed growth in Swiss francs to 27%, bringing revenue to CHF 190 million.

In Q2 both Canada and the US continued to deliver double-digit organic growth (+19%), driven by further customer gains and strong demand for premium and non-premium implant systems. The digital business expanded further, lifted by scanner sales and orders for Zirkonzahn milling equipment. Bone-graft and membrane products posted double-digit growth, partially offsetting the interruption in Emdogain sales in the US, which was reported in April. Regular supply is expected to resume in the near future.

REVENUE BY REGION				
(in CHF million)	Q2 2018	Q2 2017	H1 2018	H1 2017
Europe, Middle East & Africa (EMEA)	**156.9**	**123.1**	**303.9**	**244.3**
Change in CHF in %	*27.5*	*13.8*	*24.4*	*13.0*
Change in local currencies in %	*20.7*	*15.0*	*16.7*	*15.0*
Change organic in %	*17.0*	*9.9*	*13.4*	*10.0*
% of Group total			*44.6*	*45.0*
North America	**99.8**	**75.5**	**190.1**	**149.2**
Change in CHF in %	*32.3*	*16.9*	*27.4*	*17.9*
Change in local currencies in %	*31.1*	*17.2*	*30.2*	*17.2*
Change organic in %	*19.0*	*17.2*	*18.1*	*17.2*
% of Group total			*27.9*	*27.5*
Asia / Pacific	**66.1**	**47.0**	**124.9**	**93.0**
Change in CHF in %	*40.6*	*18.5*	*34.3*	*23.7*
Change in local currencies in %	*34.9*	*21.5*	*30.9*	*25.1*
Change organic in %	*32.5*	*19.4*	*28.8*	*22.5*
% of Group total			*18.3*	*17.1*
Latin America	**34.5**	**31.6**	**62.5**	**57.0**
Change in CHF in %	*9.2*	*21.9*	*9.8*	*31.2*
Change in local currencies in %	*20.2*	*12.8*	*21.0*	*13.9*
Change organic in %	*20.0*	*12.8*	*20.7*	*13.9*
% of Group total			*9.2*	*10.5*
GROUP	**357.3**	**277.1**	**681.5**	**543.4**
Change in CHF in %	*29.0*	*16.3*	*25.4*	*17.8*
Change in local currencies in %	*25.9*	*16.5*	*23.1*	*17.1*
Change organic in %	*20.4*	*13.8*	*17.9*	*14.3*

China continues to lead dynamic performance in Asia Pacific
APAC posted a dynamic first-half performance with organic revenue growth of 29%. Currency tailwind of 3% points, together with a small acquisition effect, lifted growth in Swiss francs to 34% as revenue climbed to CHF 125 million.

In Q2, growth was driven by continuing dynamic expansion in China, helped by a strong performance in Japan and double-digit growth in several other markets. As a result, organic revenue growth accelerated to 33%. The Group opened its own subsidiary in Thailand and continued to gain share in the premium segment in many markets. It also strengthened its foothold in the highly competitive non-premium arena, with Anthogyr in China and Neodent in Australia, Indonesia and Thailand.

Latin America posts double-digit growth in a challenging economic environment
Despite the challenging socio-political situation in several countries in the region, the Group succeeded in achieving first-half organic growth of 21% in Latin America. However, currency weaknesses – most notably the Brazilian Real – cut the increase in Swiss francs to 10%, bringing regional revenue to CHF 63 million.

Organic growth in Q2 remained fairly stable at 20%. The Group achieved solid growth in the region's largest market, Brazil, despite general strikes, while all other countries in the region continued to expand dynamically. Apart from this, the production expansion project in Curitiba is on track.

OPERATIONS AND FINANCES

Double-digit volume expansion lifts gross profit

Strong volume growth in implant solutions lifted reported gross profit by 23% to CHF 513 million. The acquisition of Batigroup led to an exceptional inventory-revaluation expense of CHF 9 million, which is reported under 'costs of goods sold'. Excluding this, underlying gross profit stood at CHF 522 million and the respective margin reached almost 77%. This was higher than H2 2017 but 60 base points lower than in H1 2017, reflecting the strong demand for digital equipment and a higher share of trading goods.

EBITDA margin close to 30%

Distribution expenses, which comprise sales-force salaries, commissions, and logistics costs, rose CHF 23 million to CHF 142 million as the company incorporated the aforementioned acquired businesses and invested further in its premium and non-premium distribution network. Despite these important investments, distribution costs decreased by 100 base points relative to sales, reflecting the sound operational leverage of the business. This was the key improvement driver of operating-profit-margin.

Including R&D, marketing and general overhead costs, administrative expenses increased in absolute terms by CHF 40 million to CHF 202 million, mainly due to the incorporation of the acquired businesses. As a percentage of sales, they decreased 20 base points.

Earnings before interest, tax, depreciation, amortization (EBITDA) and exceptionals increased 29% to CHF 203 million, lifting the underlying margin by 80 base points to 30%.

Depreciation expenses increased by CHF 2 million as the Group has invested significantly more in property, plant and equipment since 2016 to cater for growth. Amortization expenses rose CHF 4 million, mainly for customer and technology-related intangible assets connected to recently acquired businesses. After depreciation and amortization charges of CHF 24 million, underlying operating profit amounted to CHF 179 million (CHF 170 million reported) compared with CHF 140 million in the same period of 2017. The underlying EBIT margin increased 50 base points and exceeded 26%.

Net profit increases 20%

Net financial expenses increased from CHF 2 million to CHF 6 million, mainly reflecting higher hedging costs due to increased volatility and foreign-exchange losses in some emerging markets, where there were significant currency devaluations.

The Group's share of results from associate partners[3] was a negative CHF 9 million, compared with a negative CHF 3 million in H1 2017 primarily because of an impairment charge of CHF 8 million for RODO Medical due to the delay in the development and commercialization of the company's prosthetic-retention system.

The rise in profitability led to an increase of CHF 7 million in underlying income-tax expenses. First-half tax expenditure amounted to CHF 22 million or CHF 24 million, excluding an exceptional tax-benefit[4] of CHF 2 million. The underlying income-tax rate was 15%, broadly in line with the Group's long-term guidance.

After the aforementioned effects, underlying net profit increased 19% to CHF 140 million, with the corresponding margin reaching 21%. Basic earnings per share increased by more than one Swiss franc to CHF 8.63.

Free cash flow climbs to CHF 62 million

The improved operating result lifted cash flow from operations by 38% to CHF 107 million, corresponding to a solid cash conversion rate of 76%[5]. Cash generation would have been even higher, had it not been for the increases in inventory levels and outstanding receivables. The former was primarily due to the newly created subsidiaries and portfolio expansion. The rise in accounts-receivable relates mainly to the disproportionate growth in emerging and distributor markets, which usually have longer payment terms. In relative terms, days of sales outstanding (DSO) decreased by one to 59.

To cater for future growth, the Group is investing heavily in capacity expansion at several production sites. This includes additional machinery, personnel and buildings in Villeret (CH) and Curitiba (BR). As a result, CAPEX increased by CHF 12 million to CHF 44 million. The combination of these effects resulted in free cash flow of CHF 62 million and a respective margin of 9%. A portion of this was used to acquire the stake in Dental Monitoring and to obtain global distribution rights to their remote monitoring technology. In addition, the Group invested in its former distributors in Turkey and South Africa and purchased Same Day Solutions in Portugal. The cash considerations for these investments totalled CHF 13 million. Taking CAPEX, financial investments and other items into account, cash used for investing activities in the first six months of 2018 reached CHF 65 million.

Net debt increased to CHF 29 million due the aforementioned CAPEX and financial investments as well as the annual dividend payment of CHF 75 million.

The balance sheet total on 30 June 2018 increased by 42% to CHF 1.7 billion, compared with with the same period of 2017, mainly due to acquisition activities and the sale of treasury shares.

[3] Associate companies in 2018 comprise: maxon dental, Geniova, Rodo Medical, Createch, Anthogyr, Rapid Shape, T-Plus, Valoc, V2R, Abutment Direct, and Dental Monitoring. The equity method of accounting is applied for these companies, in which Straumann holds non-controlling stakes. The associate result is shown net of tax and after amortization of intangibles.
[4] Exceptionals in H1 2018 related to the acquisition of the Tukish distribution company Batigroup, including an inventory revaluation expense of CHF 9 million (COGS) and the related tax benefit of CHF 2 million.
[5] Relationship between operating cash flow and net profit.

OUTLOOK RAISED (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 first-half results, it has raised its expectations for full-year organic revenue growth from the low-double-digit to the mid-teen percentage range. 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 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 currently employs approx. 5500 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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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.

Media and analysts' conference

Straumann's 2018 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-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 at www.straumann-group.com/2018-hy-presentation and 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
03 September	Investor meetings	Geneva
04 September	Investor meetings	London
10 September	Investor meetings	Toronto
11 September	Investor meetings	New York
12 September	Morgan Stanley Healthcare conference	New York
11 October	Investor meetings	Vienna
30 October	**Q3 results webcast**	**Webcast**
05 November	Corporate Governance meetings	Zurich
13 December	Corporate Governance meetings	Paris
19 February	**Full-year results conference**	**Basel HQ**
05 April	**AGM 2018**	**Messe Basel**

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Interim selected financial information

OPERATING PERFORMANCE

(in CHF million)	H1, 2018	H1, 2017
Revenue	681.5	543.4
Change in %	25.4	17.8
Gross profit	512.9	418.0
Margin in %	75.3	76.9
Operating profit before depreciation and amortization (EBITDA)	194.3	156.1
Margin in %	28.5	28.7
Change in %	24.5	20.9
Operating profit (EBIT)	169.8	137.8
Margin in %	24.9	25.4
Change in %	23.2	20.5
Net Profit	132.9	140.8
Margin in %	19.5	25.9
Change in %	(5.6)	4.4
Basic earnings per share (in CHF)	8.20	9.11

FINANCIAL PERFORMANCE

(in CHF million)	H1, 2018	H1, 2017
Cash and cash equivalents	246.3	140.0
Net working capital (net of cash)	244.3	193.1
Net cash / (net debt)	(28.5)	(113.0)
Inventories	172.2	124.7
Days of supplies	191	180
Trade receivables	233.4	186.0
Days of sales outstanding	59	60
Balance sheet total	1 713.9	1 185.4
Return on assets in % (ROA)	15.6	24.8
Equity	1 090.4	653.3
Equity ratio in %	63.6	55.1
Return on equity in % (ROE)	24.5	43.8
Capital employed	990.9	621.2
Return on capital employed in % (ROCE)	35.8	50.2
Cash generated from operating activities	106.7	77.5
in % of revenue	15.7	14.3
Investments	63.0	53.4
in % of revenue	9.2	9.8
thereof capital expenditures	44.4	32.8
thereof associates related	10.6	20.6
thereof contingent consideration related	5.5	0.0
thereof business combination related	2.5	0.0
Free cash flow	62.3	45.2
in % of revenue	9.1	8.3
Dividend	75.1	65.1

Interim consolidated statement of financial position

ASSETS

(in CHF 1 000)	30 Jun 2018	31 Dec 2017 (restated)
Property, plant and equipment	192 063	174 243
Intangible assets	645 193	647 774
Investments in associates	66 274	65 939
Financial assets	18 991	26 943
Other receivables	5 916	6 270
Deferred income tax assets	73 965	90 743
Total non-current assets	1 002 403	1 011 913
Inventories	172 203	152 146
Trade and other receivables	287 615	243 520
Financial assets	672	2 672
Income tax receivables	4 694	4 901
Cash and cash equivalents	246 320	281 816
Total current assets	711 503	685 055
TOTAL ASSETS	1 713 906	1 696 968

EQUITY AND LIABILITIES

(in CHF 1 000)	30 Jun 2018	31 Dec 2017 (restated)
Share capital	1 588	1 588
Retained earnings and reserves	1 088 534	1 075 607
Total equity attributable to the shareholders of the parent company	1 090 121	1 077 195
Non-controlling interests	316	(150)
Total equity	1 090 438	1 077 044
Straight bond	199 804	199 746
Financial liabilities	73 173	57 780
Other liabilities	17 427	18 205
Provisions	36 078	40 321
Retirement benefit obligations	43 121	49 453
Deferred income tax liabilities	31 847	40 520
Total non-current liabilities	401 449	406 025
Trade and other payables	195 346	183 817
Financial liabilities	1 851	1 063
Income tax payables	24 815	28 692
Provisions	7	327
Total current liabilities	222 019	213 898
Total liabilities	623 468	619 923
TOTAL EQUITY AND LIABILITIES	1 713 906	1 696 968

Interim consolidated income statement

(in CHF 1 000)	H1, 2018	H1, 2017
Revenue	681 458	543 421
Cost of goods sold	(168 523)	(125 388)
Gross profit	512 935	418 033
Other income	1 644	1 427
Distribution expense	(142 336)	(119 173)
Administrative expense	(202 475)	(162 462)
Operating profit	169 768	137 825
Finance income	42 525	17 377
Finance expense	(48 255)	(19 713)
Gain on consolidation of Medentika	0	24 989
Share of result of associates	(9 185)	(2 567)
Profit before income tax	154 853	157 911
Income tax expense	(21 964)	(17 066)
NET PROFIT	132 889	140 845
Attributable to:		
Shareholders of the parent company	129 689	140 016
Non-controlling interests	3 199	829
Earnings per share (EPS):		
Basic earnings per share attributable to ordinary shareholders of the parent company (in CHF)	8.20	9.11
Diluted earnings per share attributable to ordinary shareholders of the parent company (in CHF)	8.16	9.08

Interim consolidated statement of comprehensive income

(in CHF 1 000)	H1, 2018	H1, 2017
Net profit	132 889	140 845
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net foreign exchange result on net investment loans	(5 192)	4 465
Share of other comprehensive income of associates accounted for using the equity method	184	48
Exchange differences on translation of foreign operations	(52 575)	(26 515)
Income tax effect	470	(361)
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(57 113)	(22 363)
Items not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial instruments designated through other comprehensive income	(862)	(1 214)
Remeasurements of retirement benefit obligations	7 261	(177)
Income tax effect	(877)	118
Items not to be reclassified to profit or loss in subsequent periods	5 522	(1 273)
Other comprehensive income, net of tax	(51 591)	(23 636)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	81 298	117 209
Attributable to:		
Shareholders of the parent company	78 356	116 127
Non-controlling interests	2 942	1 082

Interim consolidated cash flow statement

(in CHF 1 000)	H1, 2018	H1, 2017
Net profit	132 889	140 845
Adjustments for:		
Income taxe expense	21 964	17 066
Interest and other financial result	5 730	2 332
Gain on consolidation of Medentika	0	(24 989)
Share of result of associates	9 185	2 567
Depreciation and amortization	24 493	18 256
Change in provisions, retirement benefit obligations and other liabilities	(1 142)	(3 073)
Change in long-term assets	(277)	(1 738)
Share-based payments expense	6 107	1 995
Result on disposal of property, plant and equipment	265	0
Working capital adjustments:		
Change in inventories	(15 185)	(14 156)
Change in trade and other receivables	(49 540)	(47 977)
Change in trade and other payables	412	6 480
Interest paid	(4 793)	(4 224)
Interest received	1 612	530
Income tax paid	(25 050)	(16 397)
Net cash from operating activities	106 670	77 517
Purchase of financial assets	(493)	0
Proceeds from sale of financial assets	478	30 130
Purchase of property, plant and equipment and intangible assets	(44 363)	(32 815)
Purchase of investments in associates	(10 610)	(20 550)
Acquisition of a business, net of cash acquired	(2 514)	(42)
Contingent consideration paid	(5 463)	0
Proceeds from loans	0	32
Disbursement of loans	(2 003)	(12 772)
Dividends received from associates	192	0
Net proceeds from sale of non-current assets	34	496
Net cash used in investing activities	(64 742)	(35 521)
Increase in non-current financial debts	0	1 489
Dividends paid to the equity holders of the parent	(75 120)	(65 139)
Dividends paid to non-controlling interests	(59)	0
Repayment of finance lease	(613)	(12)
Sale of treasury shares	5 144	4 561
Purchase of treasury shares	(4 205)	(5 377)
Net cash used in financing activities	(74 853)	(64 477)
Exchange rate differences on cash held	(2 571)	(1 573)
Net change in cash and cash equivalents	(35 496)	(24 054)
Cash and cash equivalents at 1 January	281 816	164 024
CASH AND CASH EQUIVALENTS AT 30 JUNE	246 320	139 970

Interim consolidated statement of changes in equity

H1, 2018	Attributable to the shareholders of the parent company							
(in CHF 1 000)	Share capital	Share premium	Treasury shares	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2018 (restated)	1 588	31 412	(25 884)	(86 645)	1 156 723	1 077 195	(150)	1 077 044
Net profit					129 689	129 689	3 199	132 889
Other comprehensive income				(57 510)	6 176	(51 334)	(257)	(51 591)
Total comprehensive income	0	0	0	(57 510)	135 865	78 356	2 942	81 298
Dividends to equity holders of the parent					(75 120)	(75 120)		(75 120)
Dividends to non-controlling interests						0	(59)	(59)
Share-based payment transactions					6 107	6 107		6 107
Purchase of treasury shares			(4 205)			(4 205)		(4 205)
Sale of treasury shares			10 239		(5 095)	5 144		5 144
Put options to non-controlling interests					2 645	2 645	(2 417)	229
AT 30 JUNE 2018	1 588	31 412	(19 850)	(144 155)	1 221 126	1 090 121	316	1 090 438

H1, 2017	Attributable to the shareholders of the parent company							
(in CHF 1 000)	Share capital	Share premium	Treasury shares	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2017	1 588	31 412	(206 550)	(89 810)	897 041	633 681	0	633 681
Result for the period					140 016	140 016	829	140 845
Other comprehensive income				(22 303)	(1 586)	(23 889)	253	(23 636)
Total comprehensive income	0	0	0	(22 303)	138 430	116 127	1 082	117 209
Dividends to equity holders of the parent					(65 139)	(65 139)		(65 139)
Share-based payment					1 995	1 995		1 995
Purchase of treasury shares			(5 377)			(5 377)		(5 377)
Sale of treasury shares			18 178		(18 178)	0		0
Changes in consolidations scope						0	21 867	21 867
Purchase of non-controlling interests					(27 978)	(27 978)	(22 957)	(50 934)
AT 30 JUNE 2017	1 588	31 412	(193 749)	(112 113)	926 171	653 309	(8)	653 302

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 ending 30 June 2018 were authorized for issue in accordance with a resolution of the Board of Directors on 8 August 2018.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six months ending 30 June 2018 have been prepared in accordance with IAS 34 *'Interim Financial Reporting'*. They should be read in conjunction with the Group's annual financial statements as at 31 December 2017, because they provide an update of previously reported information. All values disclosed are rounded to the nearest thousand except where otherwise indicated. 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 2017, except as described below:

- IFRS 9 (2014) *'Financial Instruments'* (effective 1 January 2018)
  This standard replaces IAS 39 *'Financial Instruments: Recognition and Measurement'* and brings together all three aspects of accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The Group has applied IFRS 9 (2010) since 1 January 2011 and the new provisions regarding impairment and hedge accounting did not have material effects on the presented interim financial report.

- IFRS 15 *'Revenue from Contracts with Customers'* (effective 1 January 2018)
  The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard replaces IAS 18 *'Revenue'* and IAS 11 *'Construction contracts'* and related interpretations. The Group has applied the modified retrospective method with no material effect on the presented interim financial report.

The Group's updated accounting policies are as follows:

Revenue recognition

Revenues on the sale of the Group's products and services are recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer, generally at the point in time of shipment to, or receipt by, the customer, or when the services are performed.

The amount of revenue to be recognized is based on the consideration the Group expects to receive in exchange for its goods and services. If products are sold with a right of return and future returns can be reasonably estimated, a refund liability (included in *'*Trade and other payables*'*) is recognized. In doing so, the estimated rate of return is applied, determined based on historical experience of customer returns and considering any other relevant factors. This is applied to the amounts invoiced, also considering the amount of returned products to be destroyed versus products that can be placed back in inventory for resale. The Group's obligation to provide a refund for faulty products under the warranty terms is recognized as a provision.

The following amendment and interpretation apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group:

- IFRS 2 (Amendment) *'Classification and Measurement of Share-based Payment Transactions'* (effective 1 January 2018)
- IFRIC 22 *'Foreign currency transactions and advance consideration'* (effective 1 January 2018)

The following standard has been published but is not yet effective:

- IFRS 16 *'Leases'* (effective 1 January 2019):
  The Group has not adopted this standard early and is in the process of evaluating the potential impact on its consolidated financial statements. The estimation published in the Group's annual financial statements for the year ending 31 December 2017 is unchanged.

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 RESTATEMENT OF FINANCIAL STATEMENTS 2017 (FINALIZATION OF PURCHASE PRICE ALLOCATION FOR CLEAR CORRECT)

On 19 September 2017, the Group acquired ClearCorrect Holdings Inc. (hereafter referred to as *'ClearCorrect'*). The purchase price allocation was disclosed on a provisional basis in the Group's annual financial statements for the year ended 31 December 2017. The purchase price allocation was finalized in the first half of 2018. The Group has adjusted the 2017 consolidated financial statements retrospectively from the acquisition date to year-end.

The finalized purchase price allocation led to the following changes in the fair values of the identifiable assets and liabilities acquired on 19 September 2017:

(in CHF 1 000)	Fair Value (restated)	Fair Value (provisional)	Change
Property, plant and equipment	6 623	6 623	0
Intangible assets:			
Brand	33 169	0	33 169
Technology	10 580	0	10 580
Customer relationships	9 583	0	9 583
Other intangible assets	1 223	4 015	(2 792)
Inventories	588	588	0
Trade and other receivables	30 740	30 740	0
Deferred income tax assets	15 341	15 341	0
Cash and cash equivalents	5 875	5 875	0
Total assets	113 721	63 182	50 539
Financial liabilities	(2 306)	(2 306)	0
Provisions	(4 853)	(4 853)	0
Deferred income tax liabilities	(18 295)	0	(18 295)
Trade and other payables	(39 988)	(39 988)	0
Total liabilities	(65 442)	(47 147)	(18 295)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	48 280	16 035	32 245
Consideration satisfied in cash	(146 077)	(146 077)	0
Total consideration	(146 077)	(146 077)	0
GOODWILL	97 798	130 042	(32 245)
Cash flow			
Net cash acquired	5 875	5 875	0
Cash paid	(146 077)	(146 077)	0
NET CASH OUTFLOW	(140 202)	(140 202)	0

At the date of the business combination, the fair value of the trade receivables equaled the gross contractual amount of CHF 0.3 million.

Goodwill, which is not deductible for tax purposes, comprises intangible assets that are not separable, such as expected synergy effects and employee know-how.

As the transaction occurred in the second half of 2017, the only restated comparative figures in these interim financial statements are the statement of financial position as at 31 December 2017 and the opening balance of the statement of changes in equity as at 1 January 2018.

The restatement affected the full year 2017 consolidated financial statements as follows:

(in CHF 1 000)	after restatement	before restatement	Change
Balance Sheet (31 December 2017)			
Intangible assets:	647 774	629 178	18 596
Goodwill	406 404	438 253	(31 849)
Other intangible assets	241 371	190 925	50 446
Deferred income tax liabilities	(40 520)	(29 044)	(11 476)*
Total equity	(1 077 044)	(1 069 924)	(7 120)

	after restatement	before restatement	Impact 2017
Income Statement (2017)			
Distribution expense	(249 850)	(249 607)	(243)
Administrative expense	(310 683)	(310 579)	(105)
Income tax expense	(40 867)	(47 841)	6 974*
Net profit	282 218	275 592	6 627
Statement of comprehensive income (2017)			
Exchange differences on translation of foreign operations	(28 387)	(28 880)	493
Other comprehensive income, net of tax	(5 013)	(5 506)	493
TOTAL COMPREHENSIVE INCOME, NET OF TAX	277 206	270 086	7 120

The amortization charges for the identified intangible assets did not have a significant effect on the 2017 full-year restated net profit.

* Subsequent income tax effect
The change in US tax legislation (enacted in December 2017) has led to a further subsequent revaluation of deferred income tax liabilities (which were recognized as part of the final purchase price allocation) and increased net profit by CHF 6.8 million.

5 BUSINESS COMBINATIONS

BATIGROUP

On 1 January 2018, the Group acquired a 70% stake in Batigroup Dental Diş Ürünleri Ticaret A.Ş (‘Batigroup’). The company distributes Straumann Group and a number of third-party products in the Turkish market. Based on a call and put option agreement, the Group will gradually obtain the remaining 30% from the founding shareholder in three stages, which will be completed in 2021. As the Group has acquired a present ownership interest in the shares considering the equivalent terms of the call and put options, those shares are accounted for as acquired. At the balance sheet date, a financial liability of CHF 16.4 million is recognized in conjunction with the call and put option agreement.

The fair values of the identifiable assets and liabilities acquired were:

(in CHF 1 000)	Fair Value
Property, plant and equipment	321
Intangible assets:	
Customer relationships	7 030
Other intangible assets	7
Inventories	12 727
Trade and other receivables	9 056
Financial assets	6
Cash and cash equivalents	2 477
Total assets	31 626
Financial liabilities	(9 120)
Deferred income tax liabilities	(1 859)
Trade and other payables	(15 958)
Total liabilities	(26 936)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	4 689
Consideration satisfied in cash	905
Contingent consideration	18 604
Total consideration	19 509
GOODWILL	14 820
Cash flow	
Net cash acquired	2 477
Cash paid	(905)
NET CASH INFLOW	1 572

At the date of the business combination, the fair value of the trade receivables equaled the gross contractual amount of CHF 6.6 million.

Goodwill, which is not deductible for tax purposes, comprises intangible assets that are not separable such as expected synergy effects and employee know-how.

In the first six months of the year, Batigroup contributed revenues of CHF 17.2 million with no material impact on net profit.

ASM CONSULTANTS (PROPRIETARY) LIMITED
On 1 January 2018, the Group acquired 100% of the issued shares in ASM Consultants (Proprietary) Limited, the South African distributor of Straumann Group products. After the business combination, the company was renamed Straumann Group South Africa (PTY) Ltd. The fair value of the identifiable assets and liabilities on 1 January 2018 amounted to CHF -0.2 million and goodwill of CHF 1.8 million. The total consideration amounted to CHF 1.5 million, whereof CHF 0.9 million were satisfied by converting a loan into purchase price. The second consideration component depends on the course of business and is recognized as contingent consideration liability until settlement.

At the date of the business combination, the fair value of the trade receivables equaled the gross contractual amount of CHF 0.2 million.

Goodwill, which is not deductible for tax purposes, comprises intangible assets that are not separable such as expected synergy effects and employee know-how.

From the acquisition date, Straumann Group South Africa (PTY) Ltd had no material impact on the Group's revenues or net profit.

SAME DAY SOLUTIONS
On 1 March 2018, the Group acquired 100% of the issued shares of Same Day Solutions – produtos medicos LDA ('SDS'). SDS markets and sells competitor dental implants, biomaterials and whitening products in Portugal. SDS is also the local distributor for milling machines made by the Group's partner Amann Girrbach. The net assets of CHF 1.4 million recognized as part of this acquisition are provisional, as the purchase price allocation had not been completed by the date of approval of these interim financial statements. The preliminary goodwill amounts to CHF 9.8 million. The total consideration amounted to CHF 11.2 million, whereof CHF 8.0 million were immediately paid in cash. The second consideration component depends on the course of business and is recognized as contingent consideration liability until settlement.

The business combination had no material impact on the Group's revenues or net profit, neither for the period from 1 March 2018 to 30 June 2018, nor when considering an inclusion of SDS as of 1 January 2018.

6 PURCHASE OF INVESTMENT IN ASSOCIATES

DENTAL MONITORING
On 11 April 2018, the Group acquired a 9.04% non-controlling stake in Dental Monitoring SAS, France. The purchase price amounted to CHF 10.6 million. Dental Monitoring has developed and successfully commercialized a system that enables dentists to monitor the progress of orthodontic/dental treatments via a smart-phone app. Based on contractual agreements, the Group has significant influence in Dental Monitoring. For the associated company, the Group applies the equity method of accounting.

7 IMPAIRMENT OF INVESTMENT IN ASSOCIATES

The Group has assessed its investment in RODO Medical Inc. and estimated a lower future sales growth rate due to a delay in the development and commercialization of the company's products. The estimation resulted in an impairment of the investment and an expense of CHF 7.7 million was recognized in the 'share of results of associates'.

8 DIVIDENDS PAID

On 13 April 2018, Straumann Holding AG paid a dividend of CHF 4.75 (2017: CHF 4.25) per share to its shareholders. The total amount of the gross dividend paid was CHF 75.1 million (2017: CHF 65.1 million).

9 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 200.0 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 the put options granted to non-controlling interests relates to the business combinations with Batigroup and Medentika.

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.

The unquoted equity instruments allocated to Level 3 hierarchy relate to a fund that is dedicated exclusively to investments in dental-related opportunities in China. As the market for this investment is not active or no market is available, fair value is determined based on the valuation techniques the fund uses to calculate its net asset value.

Other financial liabilities allocated to Level 3 hierarchy mainly relate to the contingent considerations in conjunction with the acquisitions of Loop in the United States as well as SDS in Portugal. The fair values are based on revenues generated and a service clause.

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 the 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 that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques that predominantly use unobservable input data and which are not based on observable market data.

At 30 June 2018 and 31 December 2017, the Group held the following financial instruments:

(in CHF 1 000)	30 Jun 2018					
	Carrying amount (by measurment basis)					Fair Value
Financial assets	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
Derivative financial assets			436		436	
Equity instruments		6 583		7 458	14 041	
Convertible bonds				351	351	
Loans and other financial receivables	4 834				4 834	
Other receivables	26 550				26 550	
Trade receivables	233 447				233 447	
Cash and cash equivalents	246 320				246 320	
Financial liabilities						
Straight bond	(199 804)				(199 804)	(206 000)
Derivative financial liabilities			(1 029)		(1 029)	
Put options to non-controlling interests				(70 945)	(70 945)	
Other financial liabilities	(3 051)			(7 201)	(10 252)	
Trade payables	(48 491)				(48 491)	
Other payables	(62 110)				(62 110)	

(in CHF 1 000)	31 Dec 2017					
	Carrying amount (by measurment basis)					Fair Value
Financial assets	Amortized cost	Level 1	Level 2	Level 3	Total carrying amount	
Derivative financial assets			1 149		1 149	
Equity instruments		7 578		7 091	14 669	
Convertible bonds				351	351	
Loans and other financial receivables	13 446				13 446	
Other receivables	25 140				25 140	
Trade receivables	191 868				191 868	
Cash and cash equivalents	281 816				281 816	
Financial liabilities						
Straight bond	(199 746)				(199 746)	(207 250)
Derivative financial liabilities			(122)		(122)	
Put options to non-controlling interests				(54 736)	(54 736)	
Other financial liabilities	(3 466)			(9 796)	(13 262)	
Trade payables	(43 792)				(43 792)	
Other payables	(56 978)				(56 978)	

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

(in CHF 1000)	Financial assets	Financial liabilities
As at 1 January 2018	7 442	(64 532)
Additions	0	(22 487)
Remeasurement recognized in OCI	367	187
Remeasurement recognized in profit or loss	0	2 537
Remeasurement recognized in equity	0	229
Settlements	0	5 920
As at 30 June 2018	7 809	(78 146)

The changes in Level 3 financial liabilities in 2018 mainly relate to the written put options granted to non-controlling interests in conjunction with the Batigroup business combination (CHF -18.6 million of additions) and to the payment of the contingent consideration for the acquired Equinox business (CHF 5.7 million of settlements).

There were no transfers between Level 1 and Level 2 fair-value measurements and no transfers into or out of Level 3 fair-value measurements during the six-month period ending 30 June 2018.

The fair values of the put options to non-controlling interests are based on the estimated redemption values by the Group in the event of full exercise. Significant unobservable inputs are the enterprise value (based on EBITDA multiple) (Medentika) and a profitability measure (Batigroup). At balance sheet date, the Group assessed the expected target achievement set for both companies in order to determine the estimated redemption values.

10 SEGMENT INFORMATION

Operating segments are reported on the basis of the management approach and reflect the internal organization/ management structure and financial reporting to the Chief Operating Decision Maker (CODM), which is 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, 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 Europe
‘Sales Europe’ comprises the Group’s distribution businesses in Europe. It also includes Medentika’s distribution business and its manufacturing plant in Germany (which produces implants and prosthetic components) as well as Dental Wing’s distribution business in Europe. It includes segment-related management functions located inside and outside Switzerland.

Sales Distributor & Emerging Markets EMEA
‘Sales Distributor & Emerging Markets EMEA’ comprises the Group’s distribution businesses mainly in Turkey and Russia, as well as the business with European, African and Middle Eastern distributors. It further incorporates the distribution business of Anthogyr implants and prosthetic components in Russia. It includes segment-related management functions located inside and outside Switzerland.

Sales NAM
‘Sales NAM’ comprises the Group’s distribution businesses in the United States and Canada. It also includes ClearCorrect’s clear-aligner business and its associated development and production activities in the United States. The segment also incorporates Dental Wings’ distribution business in the United States and Canada, as well as its associated development and production activities in Canada. It includes segment-related management functions located inside and outside Switzerland.

Sales APAC
‘Sales APAC’ comprises the Group’s distribution businesses in the Asia Pacific region, as well as the business with Asian distributors. It further incorporates the distribution business of Anthogyr implants and prosthetic components in China and the Equinox implant business in India. It also includes Equinox’ manufacturing plant in India (which produces implant and prosthetic components) and segment-related management functions in and outside Switzerland.

Sales LATAM
'Sales LATAM' comprises the Group's distribution businesses in Middle and South America as well as the business with Latin American distributors. It includes Neodent's distribution business in Brazil, its business with Latin American distributors and manufacturing plant in Brazil (which produces implants, biomaterials and CADCAM products). Sales LATAM also includes segment-related management functions in and outside Switzerland.

Operations
'Operations' acts as the principal towards all distribution businesses of the Group. It includes the global manufacturing network i.e. the manufacturing plants, production of implants, biomaterials and CADCAM products as well as all corporate logistics functions. It does not include the manufacturing sites of Neodent, Equinox, Medentika, ClearCorrect and Dental Wings.

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 2018 and 2017, respectively.

H1, 2018 (in CHF 1 000)	Sales Europe	Sales D+EM EMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not Allocated Items	Eliminations	Group
Revenue third party	249 951	53 431	193 962	121 731	62 383	0	0	0	681 458
Revenue inter-segment	13 634	0	5 453	293	7 369	342 081	0	(368 829)	0
Total revenue	263 586	53 431	199 415	122 023	69 752	342 081	0	(368 829)	681 458
Operating profit	5 121	10 365	(258)	11 702	2 063	226 119	(80 961)	(4 384)	169 768
Financial result									(5 730)
Share of result of associates									(9 185)
Income tax expense									(21 964)
NET PROFIT									132 889

H1, 2017 (in CHF 1 000)	Sales Europe	Sales D+EM EMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not Allocated Items	Eliminations	Group
Revenue third party	221 589	22 688	149 211	92 984	56 950	(0)	0	0	543 421
Revenue inter-segment	11 869	0	0	0	6 059	259 026	0	(276 954)	0
Total revenue	233 475	22 688	149 211	92 984	63 008	259 010	0	(276 954)	543 421
Operating profit	9 692	3 249	4 382	8 180	5 825	181 746	(68 970)	(6 278)	137 825
Financial result									22 653
Share of result of associates									(2 567)
Income tax expense									(17 066)
NET PROFIT									140 845

The remaining operating profit under 'Eliminations' (H1 2018 and H1 2017) 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 2018 and 31 December 2017:

at 30 Jun 2018 (in CHF 1 000)	Sales Europe	Sales D+EM EMEA	Sales NAM	Sales APAC	Sales LATAM	Operations	Not Allocated Items	Eliminations	Group
Segment assets	270 339	67 320	364 826	84 495	330 882	401 118	26 414	(237 710)	1 307 684
Unallocated assets									406 222
Group									1 713 906

at 31 Dec 2017 (in CHF 1 000)	Sales Europe	Sales D+EM EMEA	Sales NAM (restated)	Sales APAC	Sales LATAM	Operations	Not Allocated Items	Eliminations	Group (restated)
Segment assets	253 960	17 123	337 158	84 234	342 990	318 340	30 945	(155 897)	1 228 855
Unallocated assets									468 114
Group									1 696 968

11 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

The Group derives revenue from contracts with customers in the geographical regions disclosed in Note 10.

12 EVENTS AFTER THE REPORTING PERIOD

CREATECH MEDICAL

On 2 July 2018, the Group increased its stake in Createch Medical S.L. ('Createch') from 30% to full ownership for a cash consideration of CHF 13.6 million. The Group will consolidate Createch in its consolidated financial statements with effect of that date. Createch, based in Spain, is a leading provider of high-precision CADCAM dental prosthetics. On the date the Group obtained control over Createch, the identifiable net assets had not been elaborated. Details of the assets taken over and the liabilities assumed, the future revenue and profit contribution, and the effect on the Group's cash flows have not been disclosed, because the accounting for the transaction was incomplete when these consolidated financial statements were authorized for issue.

BOTISS

On 2 July 2018, the Group acquired a 30% non-controlling stake in botiss medical AG ('botiss'), Germany. The purchase price amounted to CHF 45.5 million. botiss is a leading provider of biomaterials for oral surgery. The acquisition agreement enables the Group to expand its global distribution network of botiss products.

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