Interim report January-June 2009 / Media release

Straumann gains further market share in first half of 2009 and secures a firm base for future growth

- *First-half revenue reaches CHF 384 million, 3% down in local currencies (-7% in CHF) from the strong, pre-recession, comparative period in 2008 when net revenue grew 22% (l.c.)*
- *Successful efficiency measures result in margins above guidance: EBITDA[1] margin sustained above 30%; EBIT[2] and net profit margins reach 24% and 22% respectively*
- *Strong cash flow as net working capital improves; free cash flow margin reaches 24%*
- *Further marketing clearances and approvals obtained; initial sales of IVS computer guided surgery system and IPS e.max® anatomic abutments*
- *Cooperation agreements signed with LifeNet Health® to distribute dental bone allograft in US and Cadent regarding intra-oral scanning data*
- *Full-year guidance confirmed: Above-market performance, with EBIT margin above 20%, despite higher investments in growth initiatives*
- *Succession plans for Chairman and Chief Executive Officer in 2010*

KEY FIGURES

(in CHF million)	H1, 2009	H1, 2008
Net revenue	**384.1**	**412.8**
Growth in %	(6.9)	17.4
Growth in local currencies in %	(3.3)	21.9
EBITDA	**118.8**	**150.4**
Margin in %	30.9	36.4
Growth in %	(21.0)	18.8
Operating profit (EBIT)	**93.8**	**119.8**
Margin in %	24.4	29.0
Growth in %	(21.7)	11.1
Profit for the period	**84.6**	**100.5**
Margin in %	22.0	24.3
Growth in %	(15.8)	5.9
Free cash flow	**91.8**	**29.6**
In % of net revenue	23.9	7.2
Basic earnings per share (in CHF)	**5.43**	**6.45**
Growth in %	(15.8)	5.7
Number of employees (at 30 June)	**2 161**	**2 156**

[1] Earnings before depreciation, amortization, interest and taxes
[2] Earnings before interest and taxes

Basel, 11 August 2009: Despite continuing pressure from the global economic crisis, the Straumann Group succeeded in achieving its expectations for first-half sales and exceeded its forecasts for earnings, thanks to significant efficiency improvements.

The Group reported 2009 first-half net revenue of CHF 384 million, which was 3% in local currencies (l.c.) off the high baseline set in the comparative pre-recession period of 2008. With the strength of the Swiss franc, in particular against the Euro, the Group had to contend with an unfavorable currency effect, which resulted in a net revenue contraction of 7% in Swiss francs.

The early implementation of successful cost management initiatives combined with efficiency gains throughout the year helped to sustain the EBITDA margin above 30%. Operating profit reached CHF 94 million, corresponding to an EBIT margin of 24%, while net profit amounted to CHF 85 million with a net profit margin of 22%. The Group also succeeded in leveraging its cash flow by reducing net working capital. This contributed to a significant expansion of the free cash flow margin to 24%.

Gilbert Achermann, President & CEO commented: "We have made good progress in a very challenging environment and are on track to meet our guidance for the full year. Although there is little sign of a sustained market recovery yet, we have continued to win new customers across all regions and have outpaced our main competitors. On this basis we believe that we have further increased our market share. The efficiency gains and strong free cash flow we have achieved so far this year will enable us to increase our investment in growth initiatives in the second half and beyond".

First-half sales were driven mainly by new-generation products and technologies, most notably the Bone Level Implant range and the prosthetics business. In general, the number of patients postponing treatment has risen and patient traffic in dental practices has slowed, leading to lower volumes sold. While CADCAM crown-and-bridge element sales continued to expand, dental laboratories remain hesitant with regard to investing in scanning equipment.

Quarterly developments, in particular the softer second quarter in 2009, reflected the exceptionally strong growth in the comparative period of 2008, when net revenues increased 29% (l.c.) prior to the impact of the global recession in the third quarter.

REGIONAL PERFORMANCE

In **Europe**, 2009 first-half net revenue contracted 3% in local currencies to CHF 244 million, or 64% of Group net revenue. The continued weakness of the Euro and the British pound against the Swiss franc reduced the top-line by a further 7 percentage points in Swiss francs. The large Iberian market continued to be the most challenging, although there are indications of a stabilization. Sales in Germany, the largest European market were slightly below the high comparative level of 2008 – but less than expected. Against the general trend, the Benelux and Nordic regions continued to achieve solid growth.

In **North America**, where the dental market continues to suffer considerably from the economic recession, patient traffic in dental practices has been slow. This is due to the compound effects of the low consumer confidence, unemployment, reduced coverage, and credit restrictions. Dental laboratories also report declines in turnover. Expectedly Straumann posted a 2% decrease in first-half net revenue in local currencies. In Swiss francs, however, net revenue grew by 1%, reflecting the recent strengthening of the US dollar against the franc. With revenues reaching CHF 80 million, North America contributed 21% of Group net revenue.

Asia/Pacific reported a 9% decrease (-5% in CHF) in net revenue, reflecting the exceptionally strong comparison in the first half of 2008 and the extremely challenging economic environments in Japan and South Korea, where Straumann is still building up its own organization. In the region's largest market, Japan, the Group made reasonable progress in view of the facts that the organization is in transition and its new-generation products are still awaiting regulatory approvals. Regulatory clearances for SLActive and Straumann Bone Level Implant were obtained in South Korea. However, that market is struggling under exceptional economic circumstances. Lifted by another strong quarter in distributor markets, in particular China, the region generated CHF 48 million or 13% of Group net revenue.

Elsewhere, in the **Rest of the World (RoW),** Straumann's Brazilian subsidiary and the distributor markets posted solid growth. Overall, net revenue decreased 2% (-10% in CHF) to CHF 11 million or 3% of the Group total.

PRODUCTS AND SERVICES

US distribution agreement signed for bone allograft materials

Straumann has signed an agreement with LifeNet Health® in the US for the distribution rights for various dental bone allograft products, processed by LifeNet. The deal enables Straumann to offer a range of allograft bone augmentation materials complementing its fully synthetic BoneCeramic. Allograft materials make up more than 50% of the dental bone augmentation market in the US, which was estimated to be worth USD 97 million in 2008[3]. The agreement more than trebles Straumann's addressable market for bone augmentation in the US.

Based in Virginia Beach, LifeNet Health is a non-profit global leader in regenerative medicines. It is the world's largest provider of bio-implants and organs for transplantation and the longest accredited tissue banking organization in the world. Further details will be announced when the products are launched later in the year.

Straumann prosthetics in IPS e.max® now available

At the end of the first quarter, Straumann and Ivoclar Vivadent announced a partnership agreement regarding the supply of Ivoclar Vivadent's high-performance IPS e.max® ceramic technology for Straumann's dental prosthetic solutions. The first joined product, the Straumann Anatomic IPS e.max® Abutment, was launched in Europe in the second quarter and, pending regulatory clearance, is due to launch in North America in the coming months. A range of Straumann CADCAM prosthetics in IPS e.max® lithium disilicate ceramics will also be launched Europe-wide by year end.

IVS acquisition expands Straumann's digital dentistry portfolio

In May, Straumann completed its acquisition of IVS Solutions AG, a developer and supplier of applications for computer guided dental implant surgery. The acquisition included the full range of IVS preoperative planning software products and the company's software development team. Straumann recorded initial sales from IVS in the second quarter. Computer guided surgery simplifies the planning and execution of complex implant procedures and thus reduces the risk of surgical and prosthetic complications.

---

[3] Millennium Research

New surgery kit for computer guided implant placement
In the second quarter the Group introduced a comprehensive instrument kit for guided implant surgery, which contains all the instruments, drills, profilers and taps needed to place Straumann implants with surgical templates currently made with open-library (non-exclusive) 3D software systems. The new kit thus complements Straumann's IVS guided surgery system perfectly.

New etkon CADCAM software
Straumann also presented a further update of its powerful etkon CADCAM software, etkon™ visual 5.0, which offers multiple new features.

Straumann CADCAM connects to Cadent digital impression systems
In addition to the aforementioned partnerships, Straumann has established an agreement with Cadent Inc. of New Jersey in the US to digitally connect Cadent's iTero digital impression systems directly into the Straumann CADCAM workflow. Later this year, laboratories using Straumann CADCAM will be able to receive and process digital data directly from Cadent iTero intra-oral scanners to design prosthetics, which are then manufactured in Straumann's central milling facilities. This all-digital workflow offers a number of benefits including higher productivity for dental labs and access to the broad Straumann range of proven solutions for dentists using Cadent digital impression systems.

Regulatory progress
Straumann's innovative PEG membrane for guided bone regeneration received marketing approval in Europe and clearance in the US in the second quarter and is slated for full launch in 2010.

This follows a number of regulatory achievements earlier in the first half: Straumann's new high performance material Roxolid™ gained clearances in the US and Canada, where various prosthetic materials were also approved. In addition, the Straumann® Bone Level Implant was approved in Brazil and Korea, where SLActive® was also approved.

OPERATIONS AND FINANCES

Workforce stable
Despite the market slow-down in global markets, Straumann has succeeded in keeping its global staff intact through various measures, including reduced working hours in implant production as well as organizational and efficiency improvements. Apart from a 3% reduction at the outset of the year, no staffing cuts have been made. Thus, at the end of June, the Group's worldwide workforce totaled 2161 employees, including the acquired IVS team.

Operational efficiencies cushion margin impact
The softer top-line performance obviously resulted in reduced earnings and margins. As anticipated, first-half gross margin decreased by slightly more than 2 percentage points to 79.8%, mainly due to under-utilized manufacturing capacity resulting from lower volumes and further initiatives to optimize inventories. Thanks to the latter, the inventory level was 34 days less on 30 June 2009 than a year previously. Apart from this, unfavorable currency developments accounted for 60 basis points of the gross margin reduction.

Efficiency improvements also resulted in a reduction in selling and administrative costs (SG&A) of CHF 6 million. These were achieved through streamlining administration, for instance through the implementation of regional hubs, and did not affect direct sales or customer services. Although an overall personnel reduction was achieved over the first six months of 2009, the average number of employees and related costs were higher than in the comparative period of 2008. As first-half net revenue was lower than in the prior year, SG&A

increased to 51% of net revenue. As the Group continued to invest in innovation, Research & Development expenses remained at around 5% of net revenue and amounted to CHF 20 million. Consequently, EBITDA reached CHF 119 million, approximately CHF 30 million off the comparative level in the first half of 2008. Nevertheless, the Group was still able to sustain its EBITDA margin above 30%.

Operating profit influenced by currencies and lower gross profits
After amortization and depreciation charges of CHF 25 million, operating profit (EBIT) amounted to CHF 94 million or 24.4% of net revenue. The EBIT margin thus contracted by 4.6 percentage points, 1.4 of which was due to the negative currency impact.

Net financial result increased to CHF 5 million, an improvement of CHF 6 million from the previous first-half level, mainly due to foreign exchange and hedging gains. With average gross debt decreasing, interest expenses fell. At the same time, global interest rates fell, yielding a lower level of financial income.

Thanks to efficient tax structuring, the Group achieved a tax rate of 15% as tax expenses amounted to CHF 15 million. Going forward, the underlying tax rate is expected to return to 16-17%.

Strong cash flow generation; debt-free
Net cash from operating activities jumped by more than 70% to CHF 108 million. This was due to a marked reduction in net working capital, achieved mostly through the aforementioned reduction in inventories. It also reflects the settlement of outstanding income taxes in the prior year period. Net cash used for investing activities amounted to CHF 15 million. At CHF 16 million, capital expenditure was more than 50% lower than in the comparative period of 2008, when considerable investments in property, plant, software and equipment were made. In the first six months of the current year, Straumann sold available-for-sale financial assets for CHF 6 million.

Free cash flow rose sharply to CHF 92 million, with the respective margin expanding to 24%. Net cash used for financing activities totaled CHF 107 million. This includes payments of CHF 58 million for the ordinary dividend and CHF 50 million to repay a short-term loan.

As a result, cash and cash equivalents amounted to CHF 137 million on 30 June 2009. Being debt free, Straumann thus has the financial flexibility to pursue attractive investment opportunities that may arise over the coming years.

OUTLOOK (barring unforeseen circumstances)

Continuing uncertainty in the global economy and weak consumer confidence make it difficult to guide for the short and mid term. On the basis of published results and available research, the overall market for implant, restorative and regenerative dentistry is expected to contract between 5 and 10% in 2009.

The strength of Straumann’s global franchises, product range and innovation capability affirm the company's confidence in outperforming the market. At the same time, higher investments in the second half of the year will be made to further fuel product innovation, development, and marketing. Consequently, the Group has not changed its forecast for full-year operating (EBIT) margin of more than 20%, depending on currency developments.

Global demographic trends, low penetration rates and high substitution potential continue to make Straumann's markets highly attractive in the mid and long term. The Group believes that it has the right strategy in place and is well prepared for a market turnaround in the future.

LEADERSHIP AND GOVERNANCE

Board of Directors announces succession plans for 2010, ensuring continuity and sustainability

The Straumann Group is strongly positioned to become the global partner of choice in implant, restorative and regenerative dentistry. In the interests of continuity, sustainable development and long-term value creation, the Board of Directors today unveiled plans for leadership succession, which are intended to take effect following the Shareholders' Annual General Meeting (AGM) on 26 March 2010.

Dr Rudolf Maag, Oscar Ronner, and Jürg Morant have decided to retire from the Board of Directors at the 2010 AGM, by which time they will each have reached or passed the age of 64.

The Board has nominated Gilbert Achermann, current Chief Executive Officer (CEO) and Member of the Board to succeed Dr Rudolf Maag as its Chairman – subject, of course, to the former's re-election to the Board by the shareholders at the AGM.

In taking over as Chairman, Gilbert Achermann will hand over his responsibilities as CEO to Beat Spalinger, current Chief Financial Officer & Executive Vice President of Operations. The latter will become President & CEO on 26 March 2010.

Dr Maag, who has served as Chairman since 2002, commented: "As we are in a privileged position of strength, the Board is addressing the issue of succession proactively in order to ensure continuity and sustainability. Gilbert Achermann is one of the most knowledgeable and accomplished business leaders in dentistry. His track record, insight and vision have earned him the continued esteem, respect and support of our Board and shareholders. Both he and Beat Spalinger are our candidates of choice to lead the Straumann Group in the coming decade and to generate further value for our stakeholders."

The principle shareholder, Dr Thomas Straumann, and Dr Maag, who is a major shareholder, support the proposed successions and have stated that they are maintaining their long-term view as shareholders.

To maintain a membership of six, the Board has initiated a search for two new candidates who will be proposed for election at the AGM. A search is also under way for a high calibre executive to fill Mr Spalinger's current position.

Straumann Holding AG, Peter Merian-Weg 12, 4002 Basel, Switzerland.
Phone: +41 (0)61 965 11 11 / Fax: +41 (0)61 965 11 01
E-mail: investor.relations@straumann.com or corporate.communication@straumann.com
Homepage: www.straumann.com

Contact:
Mark Hill, Corporate Communication
+41 (0)61 965 13 21

Fabian Hildbrand, Investor Relations
+41 (0)61 965 13 27

Disclaimer
This release contains certain "forward-looking statements", which can be identified by the use of terminology such as "will", "guidance", "would", "prevailing", "still be able to", "should", "confidence in achieving", "turnaround", "future", "anticipated", "continue", "mid and long term", "believes", "outlook", or similar wording. Such forward-looking statements reflect the current views of management and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Group to differ materially from those expressed or implied. These include risks related to the success of and demand for the Group's products, the potential for the Group's products to become obsolete, the Group's ability to defend its intellectual property, the Group's ability to develop and commercialize new products in a timely manner, the dynamic and competitive environment in which the Group operates, the regulatory environment, changes in currency exchange rates, the Group's ability to generate revenues and profitability, and the Group's ability to realize its expansion projects in a timely manner. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this report. Straumann is providing the information in this release as of this date and does not undertake any obligation to update any forward-looking statements contained in it as a result of new information, future events or otherwise.

About Straumann
Headquartered in Basel, Switzerland, the Straumann Group (SIX: STMN) is a global leader in implant and restorative dentistry and oral tissue regeneration. In collaboration with leading clinics, research institutes and universities, Straumann researches, develops and manufactures dental implants, instruments, prosthetics and tissue regeneration products for use in tooth replacement and restoration solutions or to prevent tooth loss. Straumann currently employs 2160 people worldwide and its products and services are available in more than 60 countries through its broad network of distribution subsidiaries and partners.

Media and analysts' conference
Straumann's 2009 first-half financial results conference will take place at 10.00h Swiss time in Basel today. The event will be webcast live on the internet and a playback will be available.

Webcast, presentation slides and further information are available at www.straumann.com.

Key dates in 2009/10

13-19 August 2009	Half-year Investor Relations 'Road-Show'
29 October 2009	Third quarter and nine months revenues 2009
17-18 November 2009	Investor Days 2009
16 February 2010	Fourth quarter and Full-year results 2009

Details of Straumann roadshows and other events for investors are published on www.straumann.com > Investor Relations > Events.

Interim selected financial information

SALES BY REGION (BY LOCATION OF CUSTOMERS)

(in CHF million)	Q1, 2009	Q2, 2009	H1, 2009	H1, 2008
Europe	125.2	119.0	244.2	270.1
Growth in %	(4.8)	(14.1)	(9.6)	15.9
Growth in local currencies in %	3.1	(7.9)	(2.6)	17.6
in % of net revenue	63.8	63.4	63.6	65.4
North America	40.2	40.1	80.3	79.3
Growth in %	3.1	(0.5)	1.2	3.3
Growth in local currencies in %	0.7	(4.4)	(1.9)	17.7
in % of net revenue	20.5	21.3	20.9	19.2
Asia / Pacific	25.6	22.8	48.4	50.9
Growth in %	8.5	(16.3)	(4.8)	61.1
Growth in local currencies in %	3.3	(19.8)	(9.0)	61.4
in % of net revenue	13.0	12.1	12.6	12.3
Rest of the World	5.3	6.0	11.3	12.5
Growth in %	(15.8)	(4.0)	(10.0)	22.5
Growth in local currencies in %	(8.7)	5.7	(1.6)	22.8
in % of net revenue	2.7	3.2	2.9	3.0
Total	196.4	187.8	384.1	412.8
Growth in %	(2.1)	(11.5)	(6.9)	17.4
Growth in local currencies in %	2.3	(8.4)	(3.3)	21.9

OPERATING PERFORMANCE

(in CHF million)	H1, 2009	H1, 2008
Net revenue	384.1	412.8
Growth in %	(6.9)	17.4
Gross profit	306.5	339.2
Margin in %	79.8	82.2
Operating profit before depreciation and amortization (EBITDA)	118.8	150.4
Margin in %	30.9	36.4
Growth in %	(21.0)	18.8
Operating profit (EBIT)	93.8	119.8
Margin in %	24.4	29.0
Growth in %	(21.7)	11.1
Profit for the period	84.6	100.5
Margin in %	22.0	24.3
Growth in %	(15.8)	5.9
Basic earnings per share (in CHF)	5.43	6.45

FINANCIAL PERFORMANCE

(in CHF million)	H1, 2009	H1, 2008
Cash and cash equivalents	137.2	38.5
Net working capital (net of cash)	92.3	115.4
in % of net revenue	12.3	14.9
Inventories	76.2	91.3
Days of supplies	190	224
Trade receivables	114.2	121.0
Days of sales outstanding	55	51
Balance sheet total	721.7	846.8
Return on assets in % (ROA)	21.6	22.4
Equity	571.8	642.3
Equity ratio in %	79.2	75.9
Return on equity in % (ROE)	27.9	31.7
Capital employed	422.4	635.0
Return on capital employed in % (ROCE)	44.4	37.7
Cash generated from operating activities	107.6	62.5
in % of net revenue	28.0	15.1
Investments	21.9	54.5
in % of net revenue	5.7	13.2
thereof capital expenditures	16.1	34.5
thereof acquisitions, incl. purchase of shares of non-controlling interests	5.8	20.0
Free cash flow	91.8	29.6
in % of net revenue	23.9	7.2
Dividend	58.4	58.4

Interim consolidated statement of financial position

ASSETS

(in CHF 1 000)	30 Jun 2009	31 Dec 2008
Property, plant and equipment	145 440	145 174
Investment properties	8 250	8 400
Intangible assets	186 662	183 051
Other financial assets	1 606	6 189
Other receivables	783	592
Deferred income tax assets	30 915	30 579
Total non-current assets	**373 656**	**373 985**
Inventories	76 225	84 044
Trade and other receivables	129 296	113 003
Other financial assets	3 003	7 481
Income tax receivables	2 409	1 832
Cash and cash equivalents	137 155	147 900
Total current assets	**348 088**	**354 260**
Total assets	721 744	728 245

Interim consolidated statement of financial position

EQUITY AND LIABILITIES

(in CHF 1 000)	30 Jun 2009	31 Dec 2008
Share capital	1 563	1 563
Retained earnings and reserves	570 286	536 093
Total equity	**571 849**	**537 656**
Other liabilities	4 021	1 439
Interest-bearing loans and borrowings	284	0
Financial liabilities measured at amortized costs	1 620	2 120
Provisions	3 434	3 583
Retirement benefit obligations	2 718	2 613
Deferred income tax liabilities	21 112	19 594
Total non-current liabilities	**33 189**	**29 349**
Trade and other payables	81 888	79 798
Interest-bearing loans and borrowings	0	50 000
Financial liabilities measured at amortized costs	1 085	1 085
Income tax payables	26 462	22 572
Provisions	7 271	7 785
Total current liabilities	**116 706**	**161 240**
Total liabilities	**149 895**	**190 589**
Total equity and liabilities	721 744	728 245

Interim consolidated income statement

(in CHF 1 000)	H1, 2009	H1, 2008[1]
Net revenue	384 131	412 804
Cost of goods sold	(77 666)	(73 573)
Gross profit	306 465	339 231
Other income	1 046	1 435
Selling and administrative costs	(193 817)	(199 958)
Research and development costs	(19 882)	(20 950)
Operating profit	93 812	119 758
Financial income	17 603	16 141
Financial expense	(12 195)	(17 026)
Profit before income taxes	99 220	118 873
Income tax expense	(14 620)	(18 417)
Profit for the period	84 600	100 456
Profit for the period attributable to:		
Shareholders of the parent company	84 600	100 453
Non-controlling interests	0	3
Basic earnings per share (in CHF)	5.43	6.45
Diluted earnings per share (in CHF)	5.43	6.44

[1] Prior year's presentation has been adapted to the 2009 format.

Interim consolidated statement of comprehensive income

(in CHF 1 000)	H1, 2009	H1, 2008
Profit for the period	84 600	100 456
Net foreign exchange gain / (loss) on net investment loans	4 560	(11 148)
Income tax	(356)	870
	4 204	(10 278)
Exchange differences on translation of foreign operations	1 672	(12 621)
Net loss on cash flow hedges	(3 373)	0
Income tax	439	0
	(2 934)	0
Net loss on available-for-sale financial assets	0	(5 797)
Income tax	0	452
	0	(5 345)
Other comprehensive income (loss) for the period, net of tax	2 942	(28 244)
Total comprehensive income for the period, net of tax	87 542	72 212
Total comprehensive income attributable to:		
Shareholders of the parent company	87 542	72 456
Non-controlling interests	0	(244)

Interim consolidated statement of changes in equity

H1, 2009

(in CHF 1 000)	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 2009	1 563	57 248	(12 333)	4 627	(36 079)	522 630	537 656	0	537 656
Profit for the period						84 600	84 600		84 600
Other comprehensive income				(2 934)	5 876		2 942		2 942
Total comprehensive income	**0**	**0**	**0**	**(2 934)**	**5 876**	**84 600**	**87 542**	**0**	**87 542**
Dividends paid						(58 408)	(58 408)		(58 408)
Share-based payments						2 596	2 596		2 596
Sale of treasury shares			5 437			(2 974)	2 463		2 463
Balance at 30 June 2009	1 563	57 248	(6 896)	1 693	(30 203)	548 444	571 849	0	571 849

H1, 2008

(in CHF 1 000)	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 2008	1 563	57 248	(14 666)	0	8 982	566 552	619 679	3 816	623 495
Profit for the period						100 453	100 453	3	100 456
Other comprehensive income					(22 652)	(5 345)	(27 997)	(247)	(28 244)
Total comprehensive income	**0**	**0**	**0**	**0**	**(22 652)**	**95 108**	**72 456**	**(244)**	**72 212**
Dividends paid						(58 412)	(58 412)		(58 412)
Share-based payment						2 889	2 889		2 889
Sale of treasury shares			2 333			(455)	1 878		1 878
Purchase of shares of non-controlling interests							0	(1 377)	(1 377)
Goodwill on transactions with holders of non-controlling interests						(2 795)	(2 795)		(2 795)
Put options granted to the holders of non-controlling interests						4 406	4 406		4 406
Transfer of non-controlling interests due to the changes in the legal structure of the German CAD/CAM business						623	623	(623)	0
Balance at 30 June 2008	1 563	57 248	(12 333)	0	(13 670)	607 916	640 724	1 572	642 296

straumann

Interim consolidated cash flow statement

(in CHF 1 000)	H1, 2009	H1, 2008
Profit for the period	84 600	100 456
Adjustments for:		
Taxes charged	14 620	18 417
Interest and other financial results	587	617
Gain on diposal of available-for-sale financial assets	(589)	0
Foreign exchange result	(3 452)	134
Loss on financial assets at fair value through profit or loss	771	0
Depreciation and amortization of:		
Property, plant and equipment	13 718	17 699
Investment properties	150	150
Intangible assets	11 103	12 781
Change in provisions	(702)	132
Change in retirement benefit obligations	105	(727)
Share-based payment expense	2 667	2 889
Working capital adjustments:		
Decrease / (increase) in inventories	9 589	(15 964)
Increase in trade and other receivables	(12 894)	(32 312)
Decrease in trade and other payables	(739)	(668)
Interest paid	(896)	(1 819)
Interest received	341	1 127
Income tax paid	(11 392)	(40 385)
Net cash from operating activities	**107 587**	**62 527**
Purchase of available-for-sale financial assets	0	(17 265)
Proceeds of available-for-sale financial assets	6 165	0
Purchase of property, plant and equipment	(12 336)	(29 515)
Purchase of intangible assets	(3 777)	(5 028)
Acquisition of subsidiaries, net of cash acquired	(5 795)	(15 826)
Net proceeds from sale of non-current assets	323	1 595
Net cash used in investing activities	**(15 420)**	**(66 039)**
Dividends paid	(58 408)	(58 412)
Proceeds of finance lease	43	0
Repayment of finance lease	(865)	(857)
Purchase of shares of non-controlling interests	0	(4 172)
Repayments of loans and borrowings	(50 008)	(81 232)
Sale of treasury shares	2 532	1 878
Net cash used in financing activities	**(106 706)**	**(142 795)**
Effect of exchange rate differences on cash held	3 794	(5 426)
Net decrease in cash and cash equivalents	**(10 745)**	**(151 733)**
Cash and cash equivalents at 1 January	147 900	190 185
Cash and cash equivalents at 30 June	137 155	38 452

Notes to the interim condensed consolidated financial statements

1 CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Straumann Group for the six months ended 30 June 2009 were authorized for issue in accordance with a resolution of the Board of Directors on 4 August 2009.

Straumann Holding AG is a public company incorporated and domiciled in Switzerland, whose shares are publicly traded on the SIX Swiss Exchange.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2009 have been prepared in accordance with IAS 34 *'Interim Financial Reporting'*. They do not include all the information and disclosures required in the annual financial statements, and should therefore be read in conjunction with the Group's annual financial statements as at 31 December 2008.

SIGNIFICANT ACCOUNTING POLICIES

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 2008, except for the adoption of new interpretations, noted below:

- IAS 1 Revised *'Presentation of Financial Statements'*
  The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners; transactions with non-owners are presented in a single line. In addition, the Standard introduces the statement of comprehensive income, which presents all items of recognized income and expense, either in a single statement, or in two linked statements. Straumann has elected to present two statements.

- IFRS 8 *'Operating Segments'*
  The standard replaces IAS 14 *'Segment reporting'*. It requires a 'management approach' under which segment information is presented on the same basis as that used by the 'chief operating decision-maker', which is the Executive Management Board. This has resulted in a revised presentation as the Group determined that the operating segments under IFRS 8 differ from the geographical segments previously identified under IAS 14 *'Segment reporting'*. Additional disclosures about each of these segments are shown in Note 7, including revised comparative information.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are currently not relevant for the Group:

- IAS 23 (amendment), *'Borrowing costs'*
- IFRS 2 (amendment), *'Share-based payment'*
- IAS 32 (amendment), *'Financial instruments: Presentation'*
- IFRIC 13, *'Customer loyalty program'*
- IFRIC 15, *'Agreements for the construction of real estate'*
- IFRIC 16, '*Hedges of a net investment in a foreign operation'*
- IAS 39 (amendment), *'Financial instruments: Recognition and measurement'*

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been adopted early:

- IFRS 3 Revised *'Business Combinations'* and consequential amendments to IAS 27 *'Consolidated and separate financial statements'*, IAS 28, *'Investments in associates'* and IAS 31 *'Interests in joint ventures'*
  The standard and the corresponding amendments are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact on the new requirements regarding acquisition accounting and consolidation on the Group. The Group does not have any associates and joint ventures.

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 Revised to all business combinations from 1 January 2010.

- IFRIC 17 *'Distributions of non-cash assets to owners'*
  The interpretation is effective for annual periods beginning on or after 1 July 2009. This is currently not applicable for the Group, as it is not making any non-cash distributions.

- IFRIC 18 *'Transfers of assets from customers'*
  The interpretation is effective for transfers of assets received on or after 1 July 2009. This is not relevant for the Group, as it is not receiving any assets from customers.

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 DIVIDENDS PAID

On 25 March 2009 the Company paid a dividend of CHF 3.75 (2008: CHF 3.75) per share, less 35% withholding tax, to its shareholders. The total amount of the gross dividend paid was CHF 58.4 million (2008: CHF 58.4 million).

5 EARNINGS PER SHARE

The conversion of the options issued into ordinary shares would result in an increase in diluted earnings per share. This antidilutive effect was not considered in the first half of 2009 when calculating earnings per share.

6 BUSINESS COMBINATION

IVS SOLUTIONS AG, GERMANY
On 4 May 2009, the Group acquired the dental business of IVS Solutions AG ('IVS'), an unlisted company based in Chemnitz, Germany. IVS develops and sells proprietary software applications used for computer guided implant surgery and for the design and manufacturing of surgical templates.

The acquisition has been accounted for using the purchase method of accounting. The interim condensed consolidated financial statements include the result of IVS for the corresponding period from the acquisition date to the end of June 2009.

The acquired business contributed net revenue of CHF 0.3 million and net loss of CHF -0.4 million to the Group for the period from the acquisition to 30 June 2009. If the acquisition had occurred on 1 January 2009, consolidated net revenue and consolidated net profit for the six months ended 30 June 2009 would have been CHF 384.7 million and CHF 84.2 million respectively.

Details of the net assets acquired:

(in CHF 1 000)	
Total purchase consideration:	
Cash paid	1'480
Unpaid purchase price consideration	2'727
Total purchase consideration	**4'207**
Provisional fair value of net identifiable assets acquired	4'207
Provisional goodwill	0

The assets and liabilities arising from the acquisition are as follows:

(in CHF 1 000)	Provisional fair value	Acquiree's carrying amount
Property, plant and equipment	11	11
Technology	5 427	0
Other intangible assets	30	30
Trade and other receivables	608	608
Cash and cash equivalents	249	249
Total assets	6 324	897
Long-term financial liabilities	(288)	(288)
Deferred income tax liabilities	(1 713)	0
Trade and other payables	(116)	(116)
Total liabilities	(2 117)	(404)
Net identifiable assets acquired	4 207	493

In addition to the cash settlement of CHF 1.5 million the purchase consideration includes an earn-out component of up to a maximum of CHF 2.7 million payable in several instalments over the period from August 2009 to May 2012, conditional upon a set of performance criteria regarding the acquired business. The earn-out component in relation to this acquisition has been fully recognized in this condensed interim financial information.

(in CHF 1 000)	
Outflow of cash to acquire IVS, net of cash acquired:	
Cash consideration	(1 480)
Cash and cash equivalents in subsidiary acquired	249
Cash outflow on acquisition	(1 231)

STRAUMANN JAPAN K.K., JAPAN

On 2 July 2007, the Group gained control of its Japanese business by acquiring 100% of the interest in its Japanese distributor Daishin Implant System, Co. Ltd, based in Osaka, Japan. The company was subsequently renamed Straumann Japan K.K.

In addition to the cash consideration previously paid the purchase consideration included a contingent element (“earn-out”). In the context of the agreements entered into 2007, the Group has now recognized an additional CHF 4.6 million of contingent consideration, which was settled in cash during the first half of 2009.

7 SEGMENT INFORMATION

For management purposes, the Group is organized into profit centers based on their organizational responsibility. This profit center structure forms the basis for the segment disclosure under IFRS 8. The 'chief operating decision-maker' (which has been identified as the Executive Management Board) uses the Group's internal reporting in order to assess performance and allocate resources.

Management has identified nine reportable operating segments based on the guidelines of IFRS 8. These operating segments are defined as follows:

Europe 1:
"Europe 1" comprises the Group's distribution businesses in the countries Germany, Switzerland, Austria, Hungary and Czech Republic, as well as the business with most European, African and Middle Eastern Distributors. The segment includes segment related management functions located inside and outside Switzerland.

Europe 2:
"Europe 2" comprises the Group's distribution businesses in Scandinavia, the UK, France, the Benelux, Iberia and Italy. The segment includes segment related management functions located inside and outside of Switzerland.

North America:
"North America" comprises the Group's distribution businesses in the United States and Canada. The segment includes segment related management functions located inside and outside Switzerland.

Asia / Pacific:
"Asia / Pacific" comprises the Group's distribution businesses in the countries Japan, Korea, Australia and New Zealand, as well as the business with Asian Distributors. The segment includes segment related management functions located inside and outside Switzerland.

Rest of World:
"Rest of World" comprises the Group's distribution businesses in the countries Brazil and Mexico, as well as the business with Latin American Distributors. The segment includes segment related management functions located inside and outside Switzerland.

Global Sales:
"Global Sales" contains the global education business as well as the central marketing function and all other sales management functions not allocated to any other sales segment.

Products:
"Products" contains the research and development function of the Group, which includes research, development, regulatory affairs, product management, intellectual property management and product life-cycle management.

Finance & Operations:
"Finance & Operations" includes the global manufacturing network; purchasing and logistics, all headquarter finance functions as well as the central Information Technology and Facility Management.

Corporate Management:
"Corporate Management" includes Corporate Communications, Business Development, Corporate HR, Legal, Quality Management, certain intellectual property ownerships, all financial holding companies and the office of the CEO.

Management monitors the operating results of its profit centers separately for the purpose of making decisions about resource allocation and performance assessment. Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's-length basis in manner similar to transactions with third parties.

OPERATING SEGMENTS

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2009 and 2008, respectively.

H1, 2009

(in 1 000 CHF)	Europe 1	Europe 2	North America	Asia / Pacific	Rest of World	Global Sales	Products	Finance & Operations	Corp.Mgmt/ unallocated	Eliminations	**Group**
Net revenue											
Third Party	130'469	119'413	80'253	48'452	5'086	57	307	0	94	0	384'131
Inter-Segment	0	2	435	0	0	25	0	226'034	0	(226'497)	0
Total Net revenue	130'469	119'415	80'688	48'452	5'086	82	307	226'034	94	(226'497)	384'131
Operating Profit	6'345	586	1'756	1'649	445	(12'052)	(21'443)	114'933	4'118	(2'527)	93'812
Financial result											5'409
Income tax expense											(14'620)
Profit for the period											84'600

H1, 2008

(in 1 000 CHF)	Europe 1	Europe 2	North America	Asia / Pacific	Rest of World	Global Sales	Products	Finance & Operations	Corp.Mgmt/ unallocated	Eliminations	**Group**
Net revenue											
Third Party	143'157	133'583	79'264	51'131	5'803	201	0	0	(338)	0	412'802
Inter-Segment	0	0	570	0	0	23	6	255'839	0	(256'439)	0
Total Net revenue	143'157	133'583	79'834	51'131	5'803	224	6	255'840	(338)	(256'439)	412'802
Operating Profit	3'365	(17)	(3'882)	407	(362)	(8'134)	(23'605)	145'151	7'910	(1'078)	119'757
Financial result											(886)
Income tax expense											(18'417)
Profit for the period											100'456

The following table presents segment assets of the Group's operating segments as at 30 June 2009 and 31 December 2008:

(in 1 000 CHF)	Europe 1	Europe 2	North America	Asia / Pacific	Rest of World	Global Sales	Products	Finance & Operations	Corp.Mgmt/ unallocated	Eliminations	**Group**
Segment Assets											
at 30 Jun 2009	44'277	75'086	29'062	95'166	8'160	1'615	9'288	364'969	188'454	(94'334)	721'744
at 31 Dec 2008	35'381	68'143	27'300	95'650	6'146	1'018	4'405	363'882	209'475	(83'156)	728'245

8 RELATED-PARTY TRANSACTIONS

The International Team for Implantology (ITI) Foundation, the Straumann Pension Fund, VISCHER Attorneys-at-law, the Board of Directors and the Executive Management were all identified as ‘related parties’. In the period under review, the following related-party transactions were made:

(in CHF 1 000)	H1, 2009	H1, 2008
TRANSACTIONS - PURCHASE OF SERVICES		
International Team for Implantology Foundation	5 854	5 403
Pension Fund	3 433	3 089
VISCHER, Attorneys-at-law	17	107
Total related-party transactions	9 304	8 599

(in CHF 1 000)	30 Jun 2009	31 Dec 2008
OPEN BALANCES AT PERIOD-END		
International Team for Implantology Foundation	2 785	2 519
Pension Fund	72	41
VISCHER, Attorneys-at-law	0	5
Total open balances due to related parties, included in trade and other payables	2 857	2 565

The payments to the ITI Foundation are based on a collaboration agreement between Straumann and the ITI. The payments to VISCHER Attorneys-at-law were made for tax and legal consulting and are priced at arm's length.

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel consist of the Board of Directors and the Executive Management Board. Up to and including 2008, the Board of Directors received a compensation which depended on the course of business and which consisted of a cash bonus and a fixed number of options, which were issued in the form of warrants (one option = 50 warrants). The options have a term of up to six years and are subject to a vesting period of 1-3 years. The price of the options was based on the share price at the end of December. The fair value of the options was determined using the Black-Scholes valuation model. As of 2009, the compensation of the Board of Directors consists of a fixed portion and a variable portion, which depends on the course of business.

The compensation of the Executive Management Board consists of a fixed portion and a variable portion, which depends on the course of business. Besides a fixed salary, Management receives an individual performance-based bonus and a fixed number of options. The options have a term of up to six years and are subject to a vesting period of 1-3 years. The price of the options is based on the share price at the end of December. The fair value of the options granted is determined using the Black-Scholes valuation model.

The total compensation for the key management personnel for the six months period ended 30 June 2009 amounted to CHF 3.2 million. In the comparative period of 2008, the total compensation was CHF 3.3 million.

9 EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date.

PricewaterhouseCoopers AG
St. Jakobs-Strasse 25
Postfach 3877
4002 Basel
Phone +41 58 792 51 00
Fax +41 58 792 51 10
www.pwc.ch

Report on the Review of the
condensed consolidated interim financial information
to the Board of Directors of
Straumann Holding AG
Basel

Introduction

We have reviewed the accompanying condensed consolidated interim financial information (statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes) of Straumann Holding AG for the period ended June 30, 2009 (pages 10 to 21). The Board of Directors is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers AG

Thomas Brüderlin Christian Hirt

Basel, August 4, 2009