Media release

Straumann reports stable 9-month net revenues of CHF 519 million (-1% in local currencies)

- *Nine-month revenue reaches prior-year level driven by solid growth in North America but constrained by difficult environment in Europe*
- *Q3 revenue dips 2% (l.c.) but rises 4% in Swiss francs to CHF 157 million as favorable currency effects lift revenues in North America (+19%) and Asia Pacific (+6%)*
- *Digital strategy enters next phase; plans to transfer software development teams to Dental Wings; Straumann to increase stake in Dental Wings to around 45%*
- *Cost optimization to drive profitability in coming years; resizing initiatives lead to reduction of approx.150 positions worldwide by early 2013*
- *Resizing and other initiatives to result in annualized EBIT improvement of CHF 35-40 million by 2014 and an exceptional charge of CHF 15-20 million in 2012*

NET REVENUE

Nine months

(in CHF million)	2012	2011	Change in CHF	Change in l.c.
Group net revenue	**518.5**	**518.0**	**0.1%**	**(0.8%)**
Europe	**284.4**	**303.7**	**(6.3%)**	**(4.7%)**
in % of Group net revenue	*54.9%*	*58.6%*		
North America	**130.5**	**113.2**	**15.3%**	**8.7%**
in % of Group net revenue	*25.2%*	*21.8%*		
Asia/Pacific	**79.5**	**75.8**	**4.9%**	**(0.1%)**
in % of Group net revenue	*15.3%*	*14.6%*		
Rest of the World	**24.1**	**25.4**	**(5.1%)**	**(0.8%)**
in % of Group net revenue	*4.6%*	*4.9%*		

Third quarter

(in CHF million)	2012	2011	Change in CHF	Change in l.c.
Group net revenue	**156.8**	**150.7**	**4.0%**	**(2.0%)**
Europe	**82.3**	**84.4**	**(2.5%)**	**(5.3%)**
in % of Group net revenue	*52.5%*	*56.0%*		
North America	**42.0**	**35.2**	**19.4%**	**5.1%**
in % of Group net revenue	*26.8%*	*23.3%*		
Asia/Pacific	**25.6**	**24.0**	**6.3%**	**(2.4%)**
in % of Group net revenue	*16.3%*	*16.0%*		

Rest of the World	**6.9**	**7.1**	**(2.6%)**	**1.4%**
in % of Group net revenue	*4.4%*	*4.7%*		

Basel, 30 October 2012: Straumann today reported stable net revenues of CHF 519 million (-1% in local currencies) in the first nine-months of 2012. North America was the key driver throughout accompanied by strong growth in China and Latin America. However, these solid performances were not enough to compensate for sluggish sales elsewhere – particularly in Europe, where the tooth replacement market has suffered from further deterioration in the economic environment.

In the third quarter, sales in local currencies were generally slower with the exception of the 'Rest of the World' region. As a result, Group net revenue for the quarter was 2% off the prior year level. In Swiss francs, however, the top line grew 4%, lifted by positive currency effects.

In addition to the business results, the Group announced further initiatives in its strategy for digital dentistry. Straumann plans to strengthen its collaboration with Dental Wings by transferring its software development teams and increasing its stake in Dental Wings by the end of 2012. The Group also announced resizing targets as it adapts to the current economic environment. These will lead to a reduction of approximately 150 positions worldwide by early 2013, of which about 90 will be redundancies.

Straumann's President & CEO, Beat Spalinger commented: *"With our margins reaching unacceptable levels in the first half of the year, we scrutinized our cost structure and determined substantial, balanced resizing measures that will not compromise our growth prospects. The initiatives we are announcing today will help restore decent margins, even if the market remains sluggish. Unfortunately, we won't be able to achieve the necessary reductions without redundancies, which the Group pledges to carry out with full regard to its social responsibilities and obligations.*

We are also announcing important initiatives that usher in the next phase of our digital strategy. In view of the integration of our CARES software into the DWOS open platform, we have agreed with Dental Wings to combine our software development teams to support and drive leading-edge software solutions. To underpin this strengthened partnership, Straumann will increase its stake in Dental Wings to around 45%."

BUSINESS AND REGIONAL PERFORMANCES

Straumann's core implant business posted the same level of sales over the nine-month period, year on year. Difficult market conditions in Europe (owing to the poor economy) and in Japan (due to negative media publicity) prevented a return to growth.

The Group's CADCAM/digital business was expectedly slower than in the comparative period of 2011, which benefited from new scanner roll-outs.

Straumann's smallest unit, Regeneratives, again posted double-digit growth, driven by bone augmentation products and the launch of Emdogain 015.

Patience needed for turnaround in Europe

The European tooth-replacement market relies on patients' ability to finance non-reimbursed procedures and thus continues to suffer from the weak economic environment. With austerity measures deepening the dents in consumer confidence, the regional market dipped further, pushing Straumann's revenues down 5% (l.c.) both in Q3 and over the nine-month period. Net revenue in the respective periods reached CHF 82 million and CHF 284 million, corresponding to 55% of the Group.

The weakness of the Euro against the Swiss franc resulted in a negative currency impact of almost 2 percentage points over nine months. However, thanks to the Swiss National Bank's implementation of a minimum exchange rate for the Euro since September 2011, the currency effect on Straumann's European revenue turned positive in Q3 2012, for the first time in many quarters.

The region was weighed down in Q3 by Iberia, the Netherlands and Sweden. Germany was also unable to repeat the prior year's performance in contrast to France and the UK, which both continued to perform well.

Solid growth in North America

Straumann's second largest region, North America, achieved strong growth of 9% (l.c.) over the first nine months. Sales continued to grow in the third quarter, albeit at a slower rate. The reason why momentum has eased over the past two quarters of this year is twofold: first the market was softer in general, and second, the Group benefitted from the introduction of new scanners in 2011. This means that the solid third quarter growth (+5% l.c.) this year was driven by strong performances in Implants and Regeneratives.

The appreciation of the US dollar against the Swiss franc lifted nine-month sales growth by 6 percentage points to 15% in Swiss francs. As a result, North America achieved revenue of CHF 131 million (CHF 42 million in Q3) corresponding to a quarter of Group net revenue.

Revenues maintained in Asia/Pacific

The Asia/Pacific region remained stable over nine months and contracted 2% (l.c.) in Q3, with respective revenues reaching CHF 80 million and CHF 26 million, corresponding to approximately 15% of Group sales.

The region's largest market, Japan, was constrained by the contracting economy and was tainted by negative media reports. As noted previously, dynamic growth in China was the region's key performance driver in Q3, complemented by a pick-up in Australia.

Strong growth in parts of the Rest of the World

In the 'Rest of the World', net revenue in the first nine months declined 1% in l.c. or 5% in Swiss francs. Strong expansion in Latin America was not able to offset the uncertainty in the Middle East. With net revenue reaching CHF 24 million over the nine-month period and CHF 7 million in Q3, the region contributed 5% to the Group total.

STRATEGIC AND OPERATIONAL PROGRESS

Straumann's digital dentistry strategy enters next phase
Insights from Straumann's Vision 2020 project indicate that implant surgery and prosthetic planning will converge into one software solution in the future. For the past two years, Straumann has been working together with Dental Wings on the integration of its CARES® prosthetic planning software onto the open Dental Wings platform (DWOS). This integration will be concluded with the release of the new CARES 8.0 software early in 2013.

In order to drive development to the next level, the two companies have announced their plans to combine their resources further. Straumann's guided surgery business, including its development and operations units in Chemnitz, Germany, is to be transferred to Dental Wings effective as of 1 January 2013. So too will Straumann's prosthetic software development team based in Berlin.

Over time, Straumann's guided surgery software and treatment planning shall be integrated in Dental Wings' software core. The transfer will considerably strengthen Dental Wings as a software power-house in digital dentistry and will add critical mass to the development of treatment planning solutions. While Dental Wings will provide the core technology, Straumann will concentrate on the digital workflow and solutions that add value for customers – both in terms of products and services. The Group will continue to promote guided surgery software and to provide first-level customer support. It will also continue to develop, sell and support proprietary implant-borne and tooth-borne restoration work-flows.

Increased participation in Dental Wings
As a further confirmation of its commitment to digital dentistry and the DWOS open standard software platform, Straumann announced its intention to increase its participation in Dental Wings from 30% to around 45% by year-end for an undisclosed sum.

The two companies will continue to collaborate with 3M ESPE to establish DWOS as the standard software of choice in dentistry. Straumann's increased stake in Dental Wings is not intended to make the partnership exclusive. On the contrary, the partners welcome additional participants to join the open software standardization initiative.

Distribution of intraoral scanning hardware discontinued
As announced on 18 October, Straumann has decided to step back from distributing the iTero intra-oral scanner globally. While the company firmly believes iTero is one of the best scanners available and that intra-oral scanning will have an increasingly central position in daily dental practice, it does not consider the business case for operating as a hardware distributor to be viable in the present economic environment. Having built a digital prosthetics platform that is open to multiple scanners, Straumann's ambition is to attract business from users of other scanners, in addition to iTero.

Focusing on essentials and resizing
Based on insights from Straumann's Vision 2020, and to adapt to market developments, the Group has reviewed its entire cost structure to question what is essential. Apart from discontinuing the distribution of iTero scanners, the company has identified

various measures to optimize costs, including streamlining and focusing its development portfolio, adapting its sales organization in markets that are heavily affected by the economic slowdown, and by optimizing its service functions.

The primary goal is to restore acceptable margin levels – even if the markets remain sluggish – without compromising the Group's ability to capture market potential, to achieve sustainable growth, and to attain its Vision 2020 targets.

The combination of all the above initiatives (including the discontinuation of intra-oral scanner distribution and the transfer of personnel to Dental Wings) will lead to a reduction of approximately 150 positions worldwide by early 2013, corresponding to approximately 6% of the Group's global workforce, which stood at 2 575 on 30 September. This will be achieved as far as possible through transfers or natural fluctuation, although a substantial portion will be through redundancies. Straumann is fully aware of its social responsibilities in this respect and will offer affected staff the appropriate redundancy package and outplacement support.

These initiatives are expected to result in an annualized EBIT improvement of CHF 35-40 million by 2014 and an exceptional charge of CHF 15-20 million in 2012.

OUTLOOK (barring unforeseen circumstances)

The Group confirmed its outlook for the full-year 2012. It continues to expect challenging developments – especially in parts of Europe and Asia, while the outlook for North America and emerging markets is more optimistic. Current macroeconomic indicators suggest that the aggregated global market for tooth replacement may remain soft and thus flat, at best, over the full year.

For 2012, the Group is confident that it can achieve full-year revenues in line with the 2011 level – excluding currency effects, which Straumann expects to be positive for 2012 as a whole.

As the cost savings will only have minor impact in 2012, Straumann still expects the 2012 full-year EBIT margin to be similar to the reported first-half level, excluding exceptional costs in the second half related to the initiatives announced today.

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 2575 people worldwide and its products and services are available in more than 70 countries through its broad network of distribution subsidiaries and partners.

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Analysts' and media conference call
Straumann will present its 2012 third-quarter net revenue results to representatives of the financial community and media in a webcast telephone conference call at 11:00 a.m. Swiss time.

The audio webcast of the conference call (www.straumann.com/webcast) will be available until 30 November 2012.

The telephone conference can be accessed at:
+41 (0)91 610 56 09 (Europe and RoW)
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Presentation slides
The slides for the conference call are available at www.straumann.com/Straumann-2012-Q3-presentation.pdf and on the Investors pages at www.straumann.com.

Upcoming events

21 February 2013	Full-year 2011 Media- & Analyst conference, Basel
05 April 2013	Annual General Meeting 2013, Basel
30 April 2013	First-quarter 2013 results, Webcast

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

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