Media Release

Straumann Group raises full-year revenue outlook as organic[1] growth reaches 15% in first nine months

- 9-month revenue climbs 19% in Swiss francs to CHF 801 million
- Q3 revenue rises 21% in Swiss francs (16% organic[2]), driven by double-digit increases in all businesses
- Significant regulatory approvals and launch programs in BRIC countries
- New subsidiaries in attractive emerging markets
- ClearCorrect and Dental Wings acquired and consolidated as of 1 October
- Group raises outlook for full-year organic revenue growth to 13-15%, barring unforeseen circumstances

REVENUE BY REGION

(in CHF million)	Q3 2017	Q3 2016	9M 2017	9M 2016
Europe, Middle East & Africa (EMEA)	**107.1**	**89.1**	**351.4**	**305.2**
Change in CHF in %	*20.3*	*7.6*	*15.1*	*10.7*
Change in local currencies in %	*15.5*	*7.7*	*15.2*	*9.5*
Change organic in %	*9.9*	*7.7*	*10.0*	*9.5*
% of Group total			*43.9*	*45.2*
North America	**72.1**	**61.7**	**221.3**	**188.3**
Change in CHF in %	*16.7*	*18.7*	*17.5*	*18.4*
Change in local currencies in %	*17.0*	*17.3*	*17.2*	*15.5*
Change organic in %	*17.0*	*17.3*	*17.2*	*15.5*
% of Group total			*27.6*	*27.9*
Asia / Pacific	**45.7**	**36.3**	**138.6**	**111.5**
Change in CHF in %	*25.8*	*25.3*	*24.4*	*24.8*
Change in local currencies in %	*30.6*	*17.0*	*26.9*	*19.4*
Change organic in %	*27.9*	*17.0*	*24.2*	*19.4*
% of Group total			*17.3*	*16.5*
Latin America	**33.0**	**26.7**	**90.0**	**70.1**
Change in CHF in %	*23.5*	*15.8*	*28.3*	*14.7*
Change in local currencies in %	*18.9*	*12.7*	*15.7*	*26.2*
Change organic in %	*18.9*	*12.7*	*15.7*	*14.5*
% of Group total			*11.2*	*10.4*
GROUP	**257.9**	**213.8**	**801.3**	**675.1**
Change in CHF in %	*20.6*	*14.4*	*18.7*	*15.3*
Change in local currencies in %	*18.8*	*12.5*	*17.7*	*14.3*
Change organic in %	*15.9*	*12.5*	*14.8*	*13.2*

[1] Excluding the effects of currencies and acquisitions (i.e. Medentika and Equinox). With effect of 1 January 2017, Straumann has fully consolidated Medentika in its Group financial statements. The ownership structure of Medentika and Straumann's stake remain unchanged.

Basel, 26 October 2017: With a continuing strong performance, the Straumann Group posted organic growth of 15% in the first nine months of 2017 with double-digit increases throughout. Revenue rose 19% in Swiss francs to CHF 801 million, of which CHF 17 million were contributed by the newly consolidated/acquired businesses (Medentika in Germany and Equinox in India) and CHF 6 million were added by favorable currency movements. In Q3, organic growth improved sequentially to 16% and was broadly based, with the largest contributions coming from North America (+17%). Asia/Pacific remained the fastest-growing region with organic growth of no less than 28% in Q3.

Based on the strong results to date, the Group has raised its outlook for full-year organic revenue growth from the low-double-digit range to between 13 and 15%, barring unforeseen circumstances. The outlook for operating income remains unchanged.

Marco Gadola, Chief Executive Officer, *commented: "With organic growth of 16%, this has been our strongest quarter in nine years. It has been driven by double-digit expansion across all regions and businesses and by our success in penetrating the non-premium segment. The continuing strong performance has prompted us to increase our full-year outlook for the second time this year. Looking ahead, we expect additional growth to come from key products that gained regulatory approvals in China, Brazil, Russia and India in Q3, as well as our newest subsidiaries in emerging markets."*

STRATEGIC PROGRESS / NEWS HIGHLIGHTS

Initiatives to enter orthodontics and to expand in digital dentistry move ahead

The Group announced that it has completed the acquisitions of ClearCorrect (100%) and Dental Wings (remaining 45%) for USD 150m and CAD 50m, respectively. Both companies have been consolidated as of 1 October 2017. ClearCorrect is a well-established provider of clear-aligner tooth-correction solutions and Dental Wings is a leading developer and provider of CADCAM software and scanning technology. Together the two companies generated sales of approx. CHF 46m in 2016. The transactions were both financed with the Group's cash.

Neodent launches innovative implant system

At the IN congress in São Paulo in August, Neodent initiated the Brazilian launch of a new implant system called the Grand Morse (GM), which was very well received. Designed for greater flexibility and simplicity, it features a fully tapered implant design for all bones types and a comprehensive prosthetic range, including angulated rounded abutments for full-arch restorations, a range of ti-bases and ProPeek temporary abutments. GM is the brand's most significant development to date.

Clinical focus on edentulous solutions and immediacy at EAO

Following the large number of new products presented earlier in the year, the Group launched several further additions at the recent EAO meeting in Madrid. These included a new powder-free hand piece for the Dental Wings intra-oral scanner, a portable intra-oral scanner pod, and a surgical drill motor produced for Straumann by NSK. All of these products are sold under the Straumann brand.

Eminent key opinion leaders drew a large audience to Straumann's scientific symposium at the EAO, which focused on edentulous solutions and provided further clinical endorsements of Pro Arch, Novaloc, and Straumann Bone Level Tapered (BLT) implants with immediate restoration.

Key regulatory approvals and launch initiatives
The BLT range, which has been one of the Group's main growth engines over the past three years, gained its first regulatory approvals in China, India and Russia in Q3.

In addition to BLT, the Group is launching a host of products and solutions in China this week, including the high-strength material Roxolid and the SLActive surface throughout the Straumann implant range. The Anthogyr Axiom PX implant, which extends the Group's non-premium offering, is also being launched as well as Straumann Pro Arch edentulous solutions and a CADCAM prosthetics service with a new milling center in Shenzhen. Parallel congresses held in Shanghai, Beijing, Guangzhou, Chengdu will promote the launch program and are expected to attract a large number of participants. Yesterday, there were 1600 onsite and 13 000 online visitors.

In September, the Straumann tissue and bone level implant range received regulatory clearance in India and will be launched through a large event in Mumbai early in December. As a result, the Group will be able to offer a comprehensive premium range in addition to its attractively priced Equinox brand in India.

Direct access to customers in emerging EMEA markets
The Group has opened a new subsidiary to serve customers directly in Iran and is in the process of establishing two more – one in Turkey and the other in South Africa. Based on Group estimates, more than a million dental implants are placed annually in these three markets collectively. As in Iran, the aim is to incorporate former distributor operations and staff, which would add more than 230 trained professionals to drive the business in these three highly attractive underpenetrated markets.

BUSINESS PERFORMANCE

Two thirds of the growth achieved over the nine-month period was generated by the **implant business**, where Neodent's Cone Morse and Aqua implants, as well as Straumann's BLT range were the key drivers. In Q3, Straumann sold more tapered than parallel-walled bone level implants for the first time and the trend continues. The small-diameter (2.9mm) BLT introduced in March contributed to this and has been well received.

Sustained double-digit growth in the **restorative business** was driven by demand for implant-borne prosthetics, both standard and CADCAM. Growth in Q3 was fuelled by sales of intraoral scanners and milling equipment reflecting Straumann's intense efforts over the past three years to offer complete end-to-end solutions.

The Group's smallest business, **biomaterials**, continues to be the fastest-growing segment. Demand was most notable for bone substitutes and membranes – especially in EMEA, where the Group offers a comprehensive portfolio of guided bone regeneration products.

REGIONAL PERFORMANCE

Consistent strong performance in Europe, Middle East and Africa (EMEA)
EMEA performed consistently throughout the first nine months and posted organic growth of 10%. Impetus was added by strong sales in Eastern European and Middle Eastern countries, where penetration is low and the Group has created new opportunities with a direct sales approach and a portfolio of both premium and non-premium solutions. Net revenue in EMEA reached CHF 351 million, an increase of 15% in Swiss francs, of which a third was contributed by the Medentika consolidation.

All businesses contributed to the positive result, fuelled by BLT and prosthetic solutions. Further contributions came from Biomaterials and CADCAM equipment, which benefited from the highly successful digital solutions campaign at the IDS. Apart from this, the Group's non-premium business continued to grow strongly in the region.

In Q3, the region delivered steady organic growth of 10% in line with H1. Germany was the main contributor, with Iberia, France, Belgium, Russia and the UK delivering the strongest increases. The Group's young subsidiary in Russia was a key performer and benefited from the large 'Dental Salon Moscow' convention, where the Group was present for the first time with premium and non-premium brands.

North America continues to power growth
Almost a third of the Group's revenue growth was contributed by North America, which posted nine-month growth of 18% in Swiss francs, bringing regional revenue to CHF 221 million or 28% of the Group total. The pace of organic growth was maintained at 17% in Q3.

The performance was fuelled by double-digit growth in both the premium and non-premium implant businesses. Further impetus came from prosthetics, bone grafts materials and membranes. Many new customers were attracted by Straumann's novel small-diameter BLT implant.

The devastating hurricanes in Florida and Texas brought disruption to many local dental practices/clinics. Fortunately, neither Straumann nor ClearCorrect suffered direct damage or loss and the impact on the Group's Q3 results was small.

Dynamic growth continues in Asia/Pacific (APAC)
Lifted by a very strong Q3, the APAC region reported nine-month revenue growth of 24% both organic and in Swiss francs, bringing regional net revenue to CHF 139 million (17% of Group). The recently-acquired Equinox business in India added 3%-points to reported growth.

In Q3, regional sales expanded strongly (organic: +28%) with South Korea, Australia, China and Japan all posting double-digit increases. China, the main powerhouse, is one of seven markets in the world where more than a million dental implants are placed annually. In spite of this, penetration levels are still low, offering considerable growth potential. Japan accelerated sequentially and in Q3 achieved its strongest quarterly growth this year. The performance was fuelled by robust implant sales with added impetus from scanner sales and an initial contribution from the new subsidiary in Singapore, which became operational in July.

Latin America (LATAM) still thriving despite weak market in Brazil

Latin America posted organic growth of 16%. In Swiss francs, revenue climbed 28% to CHF 90 million (11% of Group), reflecting the partial recovery of the Brazilian Real. Both Straumann and Neodent gained new customers and posted robust performances in Brazil despite the weak market. This was complemented by excellent results from the new Group subsidiaries in Argentina, Colombia, and Chile, where the build-up phase has been completed.

Q3 was also the strongest quarter in LATAM, with organic growth reaching 19%, boosted by the launch of Neodent's GM implant system (see above) and a very effective patient marketing campaign combining print, digital and social media in Brazil. The Straumann premium business also performed strongly there.

Mexico has enjoyed a wave of strong growth driven by substantial customer acquisitions. The severe earthquake in September interrupted life and business in general. While the Group's facilities and staff were not harmed, many dental practices were heavily affected and it may take time to regain the dynamic expansion seen previously.

OUTLOOK 2017
(barring unforeseen circumstances)

With the global dental implant market expected to grow at 3-4% in 2017, the Straumann Group is confident that it can continue to outperform and expects to achieve full-year organic revenue growth of 13-15%. Despite further investments in strategic initiatives and manufacturing capacity expansion, the expected organic revenue growth and operational leverage should lead to further improvements in the underlying[3] operating profit margin, assuming that currency exchange rates remain fairly 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, Instradent, Neodent, Medentika, etkon, 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. 4800 people (incl. Dental Wings and ClearCorrect) 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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[3] Excluding acquisition (Equinox, Medentika, ClearCorrect, and Dental Wings) and currency effects.

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Disclaimer

Media and analysts' conference

Straumann's 2017 Q3 results conference call will be held at 10.00h Swiss time today. The call will be audio webcast live on the internet (www.straumann-group.com/webcast). This webcast will be accessible for the next month.

Presentation slides

The corresponding conference visuals are available at www.straumann-group.com/straumann-2017-q3-presentation.pdf and on the Media and Investors pages at www.straumann-group.com.

The telephone conference can be accessed at:
Europe & RoW: +41 (0) 58 810 70 25
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UPCOMING CORPORATE / INVESTOR EVENTS

2017	Event	Location
26 October	Q3/9M revenue publication	Webcast
28 October	Investor meetings	Paris (F)
31 October	Investor meetings	Geneva (CH)
16 November	Vontobel Healthcare Tour	Basel (CH)
17 November	Credit Suisse Mid-cap conference	Zurich (CH)
23 November	HSBC Equities conference	Frankfurt (D)
07 December	Berenberg Equities conference	Pennyhill (UK)
2018	**Event**	**Location**
15 February	Full-year 2017 results conference	Straumann HQ Basel
04 April	AGM 2018	Congress Center Basel

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