

First-half 2019 report

Conference & webcast for investors, analysts & media

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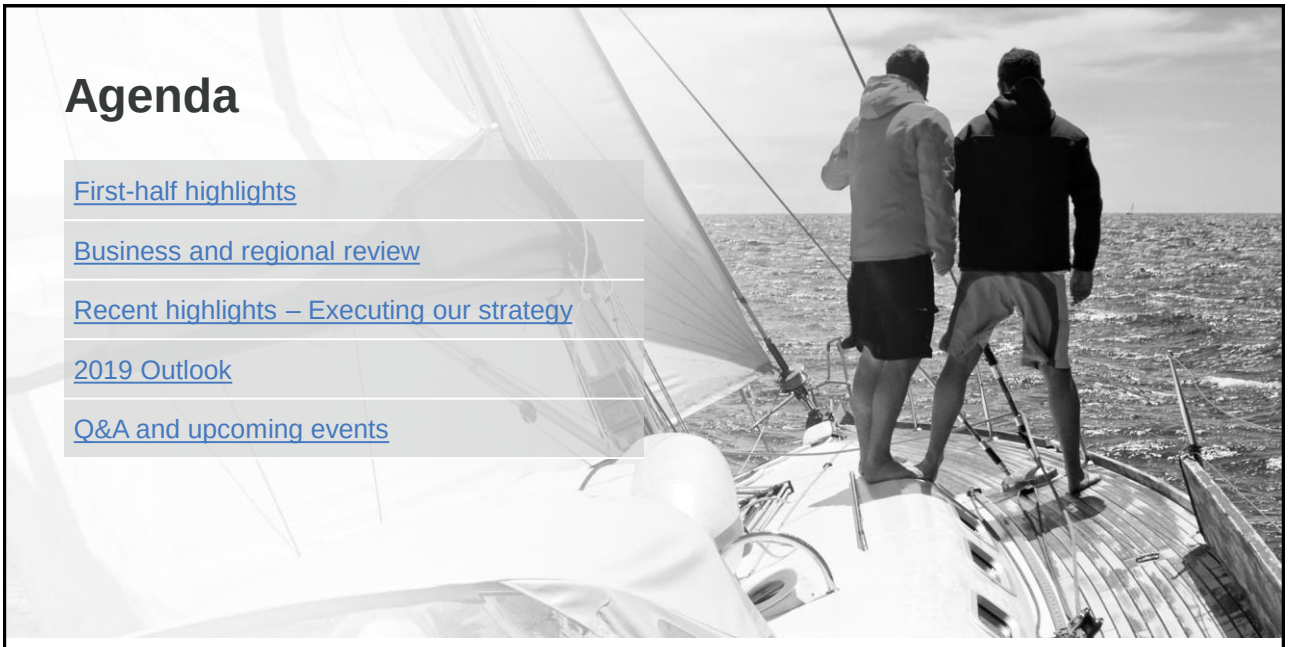
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The availability and indications/claims of the products illustrated and mentioned in this presentation may vary according to country.

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Agenda



- First-half highlights
- Business and regional review
- Recent highlights – Executing our strategy
- 2019 Outlook
- Q&A and upcoming events

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Half-year highlights

Marco Gadola, CEO

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Strong H1 – solid fundamentals – FY guidance raised

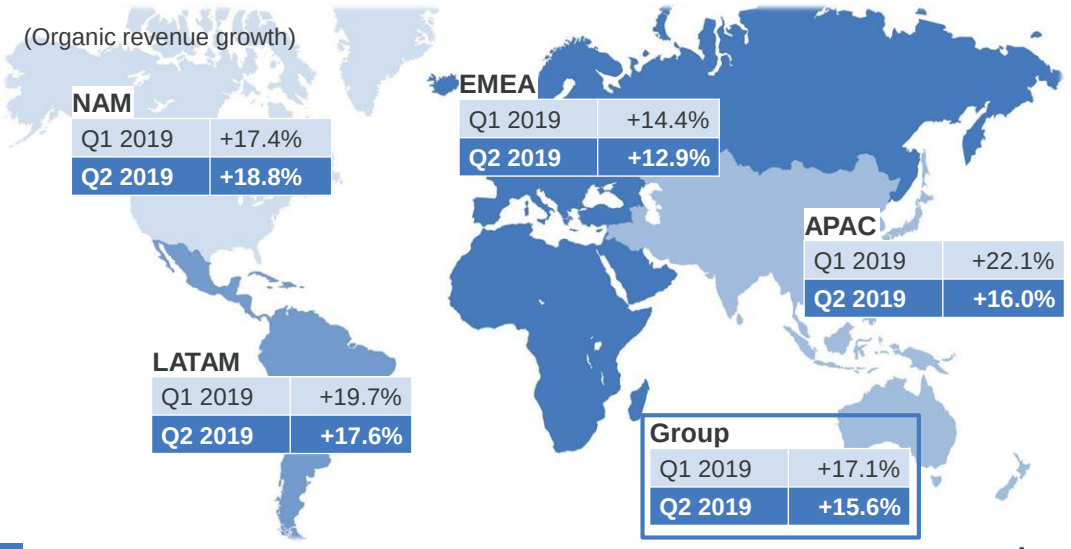
REVENUE	REVENUE GROWTH	EBIT MARGIN
CHF 780m	+16% organic	27.5% core[1] 26.3% excl. exceptionals
FX headwind: CHF -16m Acquisition effect: CHF +5m	Q2: +16% organic; +14% in CHF Q1: +17% organic; +15% in CHF	Strong topline growth improves profitability
KEY LAUNCHES	**BUSINESS DEVELOPMENT**	**OUTLOOK**
BLX enters full market release	Further partnerships & investments	Raised
Next-generation fully-tapered implant system launched in EMEA (Q2) & North America (Q3)	Collaborations with leading DSO and scanner companies; investments in lower-value implant segment, 3D printing materials, aligner design/planning, & new subsidiaries	Full-year organic revenue expected to grow in the low-to-mid-teen percentage range (previous guidance: low teens)

[1] The Group is reporting alternative performance measures in accordance with a new SIX directive. These facilitate the assessment of the underlying business performance but may differ from IFRS reported figures. The 'core' figures in this document exclude one-time M&A effects, exceptional pension-plan items, restructuring expenses, amortization and impairment of goodwill and acquisition-related intangible assets. Please see reconciliation tables in slides 17, 43 and 44.

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Revenue growth continues in the mid-teens

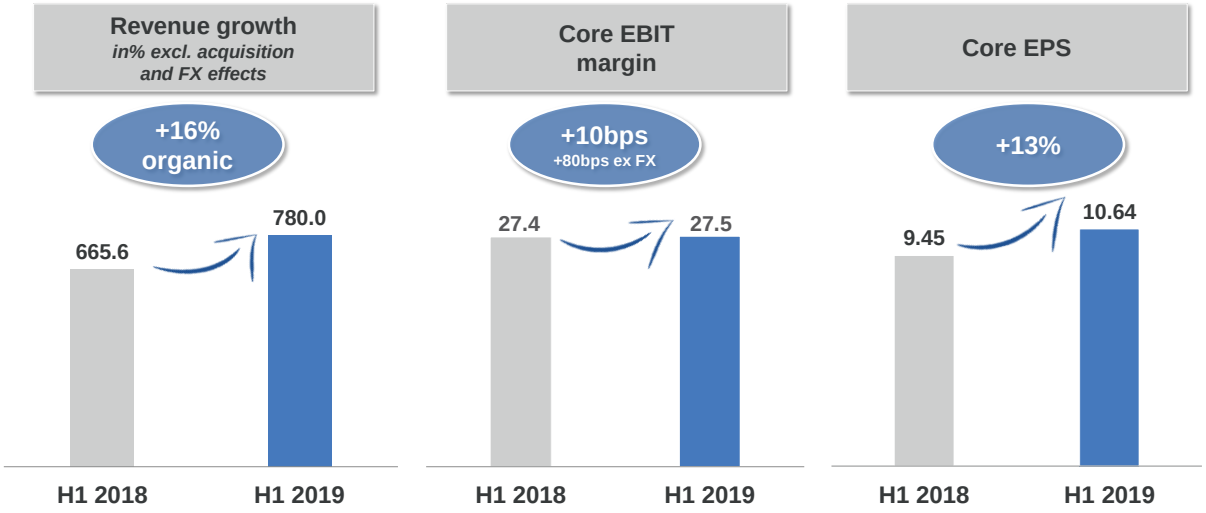
(Organic revenue growth)



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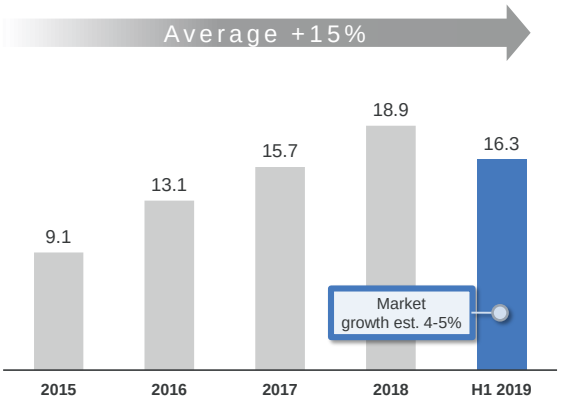
Further value created for shareholders



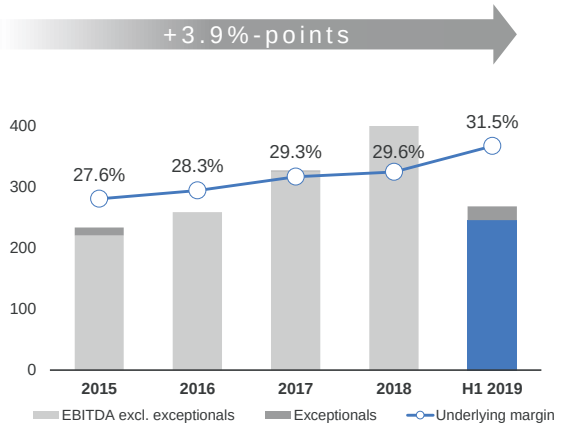
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5-year performance

5-year organic revenue growth



5-year EBITDA[1] (in CHF m) and margin



[1] Adjusted for non-recurring or exceptional effects if applicable.

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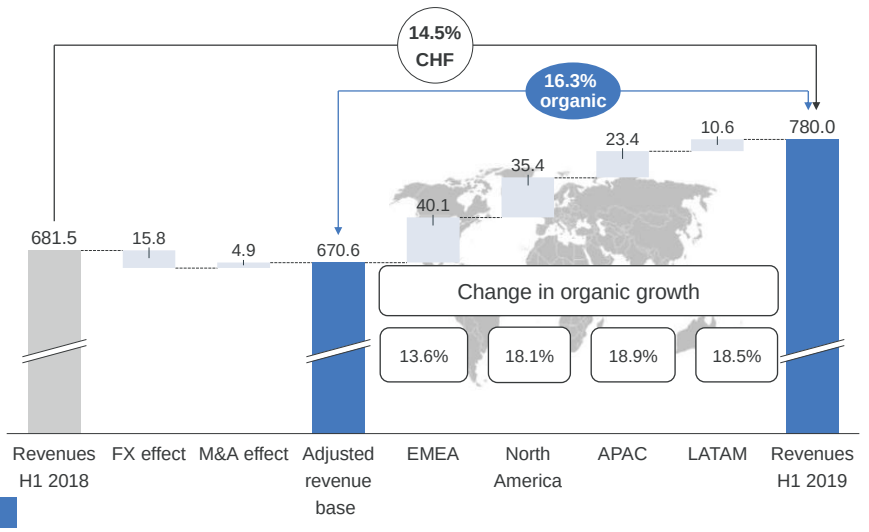
Business and regional review

Peter Hackel, CFO

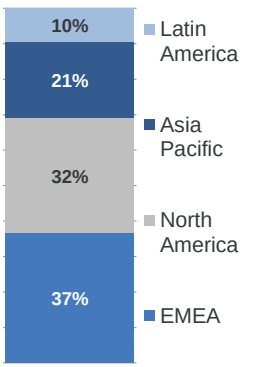
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Continued double-digit growth across all regions

Revenue development (in CHF m, rounded)



Regional share of organic growth



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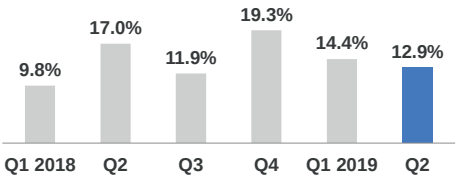
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Healthy growth in Group's largest regions, EMEA & North America

EMEA

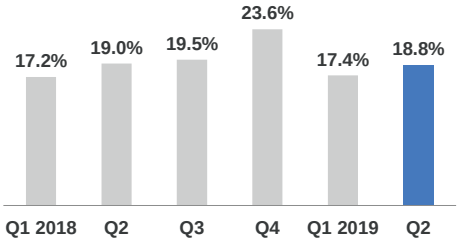


Revenue change (organic)



North America





- Strong Q2 (despite late Easter), lifted by launches/roll-outs including BLX
- Eastern Europe & Middle East fuel growth
- Excellent performances in Austria, Belgium, France, Hungary, Norway, Russia, South Africa and distributor markets

- Further customer gains in Q2; DSO business expands
- Strong demand for premium & non-premium implants, and clear aligners
- Biomaterials lifted by Emdogain, Jason Membrane and cross-selling opportunities

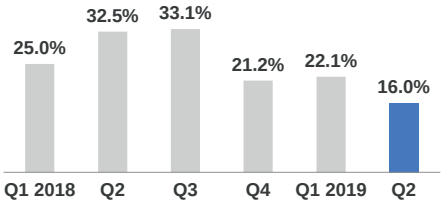
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APAC builds on exceptional prior year; LATAM benefits from new businesses & improved environment

APAC

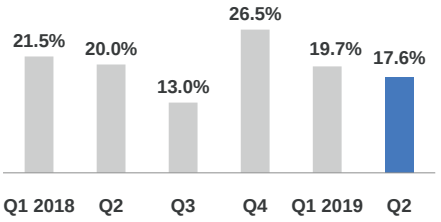


Revenue change (organic)



Latin America





- Q2: China continues dynamic expansion, building on major rollouts in prior year
- Significant contributions to growth from Australia &Thailand
- Foothold strengthened in highly competitive non-premium arena

- Q2: double-digit growth throughout region as economic environment improves
- Neodent & Straumann implants drive performance, boosted by biomaterials, with added lift from clear aligners
- Implant and clear-aligner production expansion project advances

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Dynamic clear-aligner and biomaterials business

Implants



Restorative & Digital



Biomaterials



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Exceptional effects in H1 2019

The exclusion of one-time or exceptional items facilitates like-for-like comparisons and helps to understand underlying performance. In line with the new SIX requirement and international practice in the sector to disclose such Alternative Performance Measures (APM), the Group has started to present its income statement on a 'core' basis. Core figures exclude exceptional items as well as acquisition-related asset amortizations.

In the first six months of 2019, the following items were considered 'non-core':

- The Align Technology patent dispute settlement charge of CHF 25.5m or CHF 22.3m after tax ('Administrative expense')
- Fire damage at Dental Wings: CHF 6.8m ('COGS') and CHF 2.3m ('Administrative expense') Insurance coverage to date amounts to CHF 8.7m ('Other income')
- Amortization of acquisition-related intangible assets of CHF 8.9m (EBIT level)
- Consolidation gains of CHF 6.0m related to the acquisition/consolidation of Zinedent, Anthogyr, Abutment Direct and Valoc (below EBIT)

Reconciliation tables are shown on page 12 of the media release and in slides 17, 43 and 44.

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Core financials at a glance

In CHF million, rounded	H1 2019	% of revenue	Margin change	Change in %	Comments
Revenue	780.0	100.0%		14.5%	
COGS	(177.5)	22.8%		(11.2%)	
GROSS PROFIT	602.5	77.2%	60bps	15.5%	
Operating expenses	(388.4)	49.8%		(15.8%)	
EBIT	214.1	27.5%	10bps	14.8%	FX headwind -70bps IFRS16 +20bps
Financial result	(10.7)	1.4%		(87.1%)	3m additional interest expenses due to IFRS16
Associates	(1.4)	0.2%		(7.1%)	
Income tax	(32.5)	4.2%		(23.6%)	
NET PROFIT	169.6	21.7%	(80bps)	10.8%	
Basic EPS	10.64			12.6%	

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Reported financials at a glance

In CHF million, rounded	H1 2019	% of revenue	Margin change	Change in %	Comments
Revenue	780.0	100.0%		14.5%	
COGS	(185.0)	23.7		(9.8%)	Fire damage at Dental Wings
GROSS PROFIT	595.0	76.3%	100bps	16.0%	
Operating expenses	(415.8)	53.3		(21.2%)	Align patent settlement costs
EBIT	179.3	23.0%	(190bps)	5.6%	FX headwind -70bps IFRS16 +20bps
Financial result	(10.7)	1.4%		(87.1%)	Additional interest expenses due to IFRS16
Associates	(1.4)	0.2%		84.9%	Impairment in H1 2018
Gain on consolidation	6.0	0.8%			Full consolidation of former associates
Income tax	(26.7)	3.4%		(21.4%)	
NET PROFIT	146.5	18.8%	(70bps)	10.2%	
Basic EPS	9.21			12.3%	

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Overview: Core results reconciliation

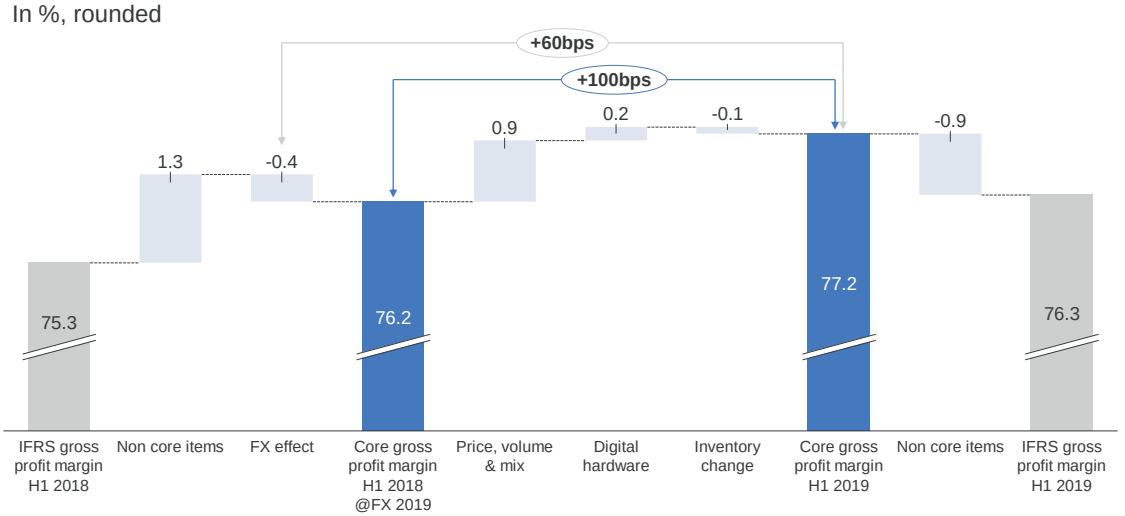
H1, 2019 (in CHF 1 000)	IFRS	PPA amortizations	Impairments	Legal cases[1]	result of former	Other[2]	H1, 2019 CORE	H1, 2018 CORE
Revenue	780 034						780 034	681 458
Cost of goods sold	(184 955)	628				6 774	(177 554)	(159 712)
Gross profit	595 078	628				6 774	602 480	521 746
Other income	10 795					(8 661)	2 134	1 644
Distribution expense	(164 660)	5 193					(159 467)	(137 289)
Administrative expense	(261 917)	3 099		25 500		2 314	(231 003)	(199 570)
Operating profit	179 297	8 920		25 500		427	214 144	186 531
Finance income	34 159						34 159	42 525
Finance expense	(44 877)						(44 877)	(48 255)
Gain on consolidation of former associates	5 967				(5 967)		0	0
Share of result of associates	(1 391)						(1 391)	(1 497)
Profit before income tax	173 154	8 920		25 500	(5 967)	427	202 034	179 303
Income tax expense	(26 664)	(2 500)		(3 188)		(113)	(32 465)	(26 260)
NET PROFIT	146 490	6 420		22 313	(5 967)	314	169 570	153 044
Attributable to:								
Shareholders of the parent company	145 856	6 099		22 313	(5 967)	314	168 614	149 543
Non-controlling interests	634	321					955	3 500
Earnings per share (EPS) (in CHF):								
Basic earnings per share attributable to ordinary shareholders of the parent company	9.21						10.64	9.46
Diluted earnings per share attributable to ordinary shareholders of the parent company	9.18						10.60	9.41
Operating profit	179 297	8 920		25 500		427	214 144	186 531
Depreciation & amortization	(43 887)	8 367				3 180	(32 340)	(16 542)
EBITDA	223 183	553		25 500		(2 753)	246 483	203 072

[1] 'Legal cases' in H1 2019 refers to the Align patent dispute settlement - please see Note 4 of the interim condensed consolidated financial statements.
[2] 'Others' refers to impairment charges on building, machinery and inventories damaged by the Dental Wings subsidiary fire and the expected insurance compensation.

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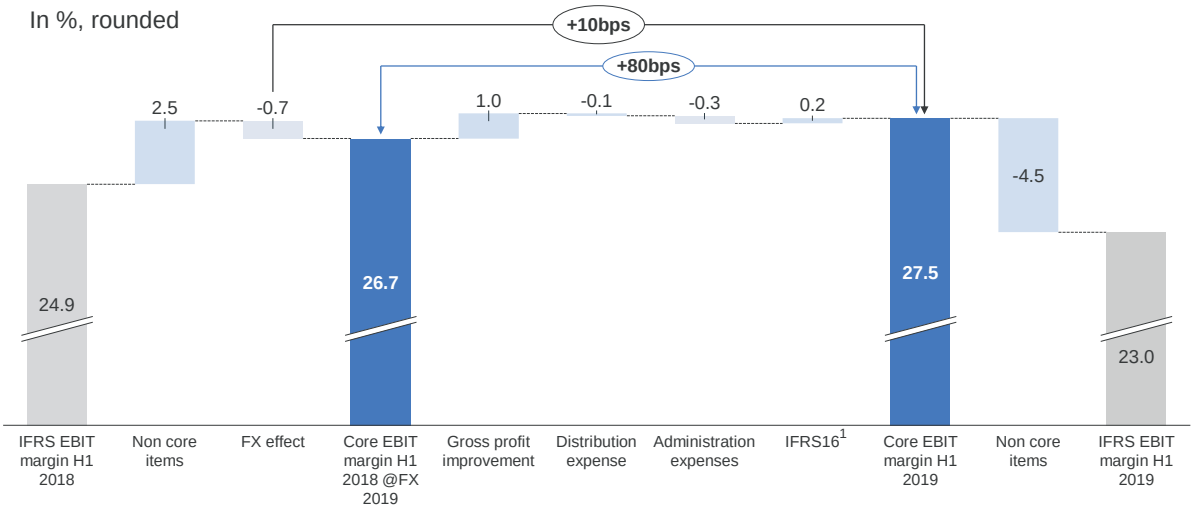
Gross margin benefits from strong implant growth and softer digital sales

In %, rounded



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Core EBIT margin exceeds 27% despite adverse FX effects

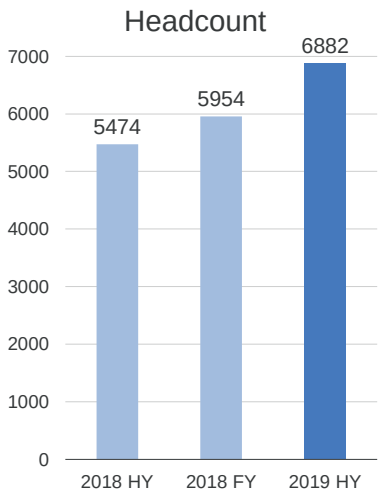


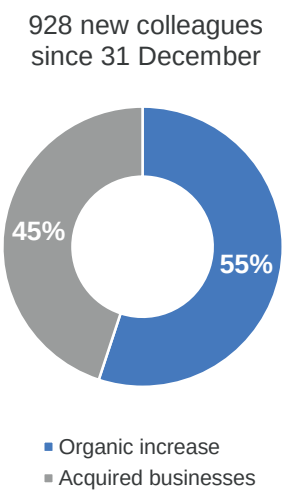
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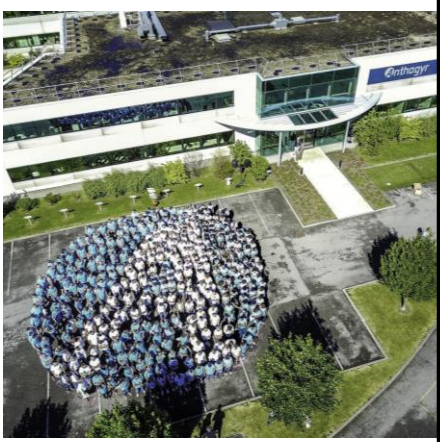
[1] The adoption of the new leasing standard IFRS16 led to a change of the H1 2019 EBIT margin of 20bps (CHF +1.9m). The prior year basis was not restated.

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Acquisitions and expansion add to global team





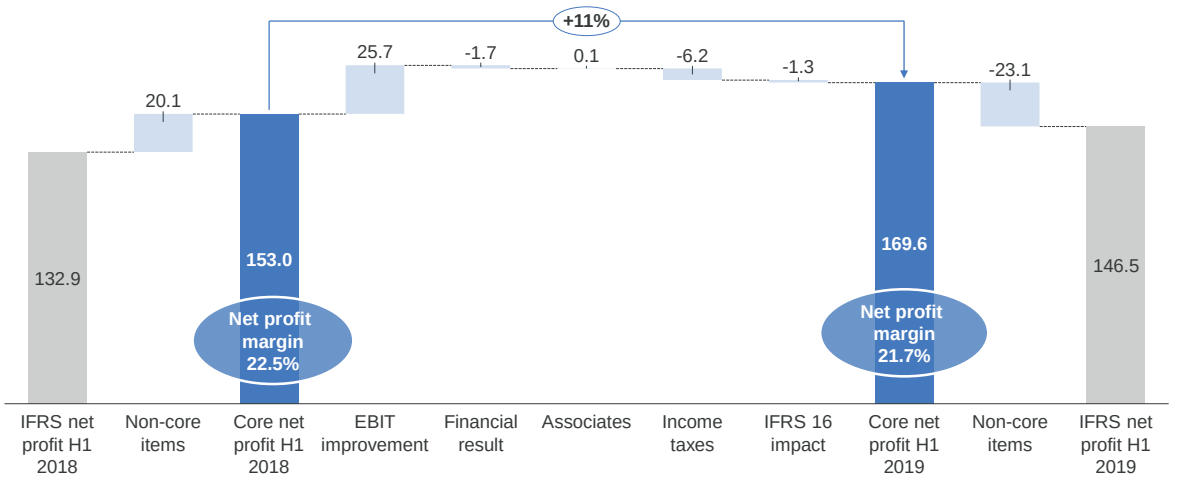


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Underlying net profit climbs 11%

In CHF m



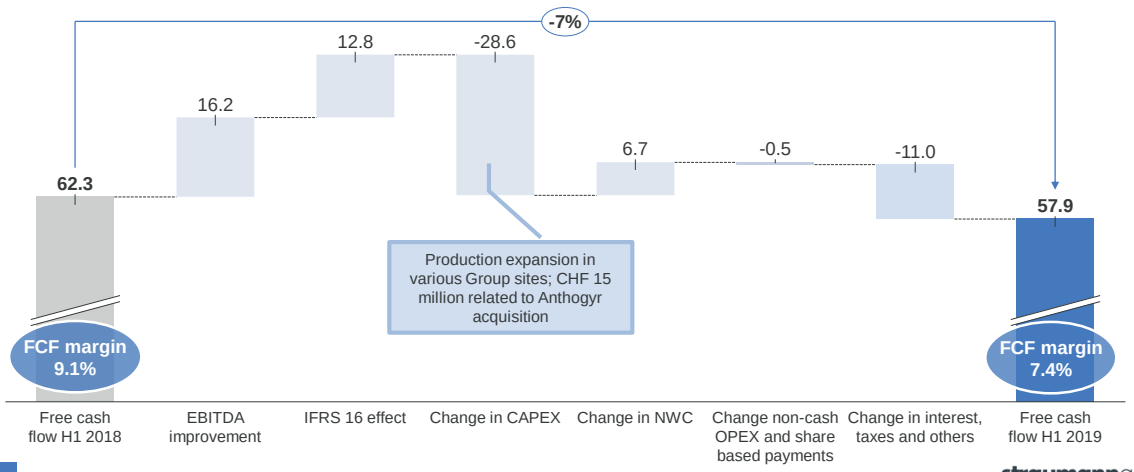
[1] Special effect: Asset impairment of CHF 7.7 million related to the associated company RODO Medical Inc.

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Operating cash flow invested in global production to cater for future growth

In CHF m

Operating Cash Flow	In CHF million	Y/Y Change
H1 2018	106.7	
H1 2019	130.8	22.6%



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Recent highlights – Executing our strategy

Marco Gadola, CEO

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BLX – highly appealing to customers

- Full market release in most EMEA markets started in March
- >30 000 BLX implants sold in H1, despite aggressive competitor promotions
- Innovative, next-generation BLX implant, priced at a premium to Straumann's popular BLT range
- Launches in the Americas and Australia underway; Brazil to follow soon; China and Japan expected 2020
- Other markets to follow pending regulatory approvals



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Innovation stream continues e.g. in ceramics

Straumann® Ceramic Healing Abutments

- Initiates soft-tissue contouring as implant integrates with bone
- Benefits include more favorable soft-tissue attachment/integration than titanium[1-9]
- Available for all Straumann BL and BLT implants



Straumann® PUREloc retentive system

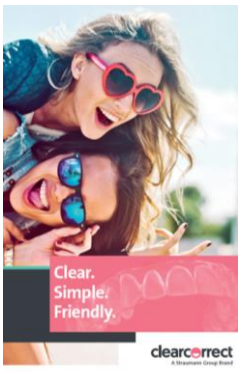
- Attaches removable hybrid dentures to ceramic implants
- Durable, precise, multiple removal strength options
- Launched in CE-mark countries (others pending registration)



1 Kajiwara N et al. Implant Dent 24(1):37-41. 2 Degidi M et al. J Periodontol. 2006 Jan;77(1):73-80. 3 Liñares A et al. J Clin Periodontol. 2016 Jun;43(6):538-46. 4 Erbshäuser M. Implantologie Journal 11 | 2015, 32-36. 5 Welander M et al. Clin Oral Implants Res. 2008 Jul;19(7):635-41. 6 Tetè S et al. Int J Oral Maxillofac Implants. 2009 Jan-Feb;24(1):52-8. 7 De Medeiros RA et al. J Contemp Dent Pract 14(3):567- 572.8 S. Roehling, M et al. Clin. Oral Impl. Res. 26 (Suppl. 12), 2015. 9 Scarano A et al. J Periodontol. 2004 Feb;75(2):292-6.

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Clear-aligner business growing rapidly



- H1: customer base expands >15%; case growth +60%
- Building to full market releases in Europe, LATAM & APAC
- Pilots in new countries; training and specialist recruitment
- First projects to integrate Dental Monitoring initiated
- Patent disputes with Align settled



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Fast response gets Dental Wings back on track after fire



Damage after the fire





Assembly at contingency locations

- Severe fire damage to Montreal HQ & production in May
- Staff move to temporary locations; all critical activities resumed within 2 weeks, some shifted to DW in Berlin
- Virtuo Vivo intraoral scanner assembly restarted 2 weeks later; Virtuo Harmony lab-scanner launch postponed
- Fire damage covered by insurance



New site for HQ and production

- New permanent facility (~ 4000m^2) found in Montreal
- Operational in October

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Further collaboration to offer fully-integrated best-in-class intra-oral scanning solutions

- Agreement with 3Shape expanded to connect TRIOS intra-oral scanners directly with Straumann's software, offering fully-integrated seamless workflows for:
  - Prosthetics (Straumann CARES CADCAM)
  - Guided implant surgery (Straumann coDiagnostiX)
  - Clear-aligner solutions (ClearCorrect[1], Smyletec[2])
- Developing a seamless workflow for TRIOS users to plan and order ClearCorrect clear aligners through a convenient application
- Collaboration opens further growth opportunities for Straumann's clear-aligner, implant and prosthetics businesses



[1] In markets where ClearCorrect products are available; 2) In markets where Smyletec products are available

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Collaboration with Carestream in China

Group strengthens intra-oral-scanner (IOS) offering as market emerges rapidly in China, where <4% of clinics have IOS

- 5-year distribution agreement to sell co-branded Carestream's CS3600 scanner, which is already approved in China
- Local support from Carestream's R&D, production & service center in Shanghai
- CS3600 certified for Straumann Group software (DWOS, DWOS chairside design & coDiagnostiX)
- Integrated solution with Smyletec clear aligners expected in Q4
- Complements Straumann TRIOS 3, which is now registered
- Regulatory approval for Group's Virtuo Vivo IOS pending



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Highly competitive portfolio of Straumann co-branded intra-oral scanners



Virtuo Vivo



TRIOS 4



CS3600

- Extensive offering for all requirements
- Partnerships to ensure availability across regions and markets

Scanner	Manufacturer	Full colour	Powder-free	Speed	Accuracy	Artifact deletion	Diagnostic capabilites	Antifogging	DWOS software
Virtuo Vivo	Dental Wings	✔	✔	★★	★★★	✔		✔	✔
TRIOS 4	3Shape	✔	✔	★★★	★★★	✔	✔	✔	(✔)
CS3600	Carestream	✔	✔	★★	★★	✔		✔	(✔)

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Further acquisitions to support our expanding digital business

Yller Biomateriais S.A.	Digital Planning Service Private Limited
• High-tech consumables for 3D printers & orthodontic products • Generating recurring revenues • Located in Brazil • 100% acquisition; expected closing by end of August	• Treatment planning & diagnostics for clear aligners • Case planning service for ClearCorrect • Located in Lahore, Pakistan; ~200 staff • 100% acquisition; consolidated as of 30 July 2019





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Rationale for recent transactions in digital dentistry

	Recent agreements	Key investment reasons
Scanners 	Carestream, 3Shape, Medit (lab)	• Fast entry to Chinese market • Enablers for clear-aligner, implant and prosthetics businesses
Software integration 	3Shape, Medit	• Recurring revenues (license fees) • Integrated workflow
Consumables 	Yller Biomateriais	• Recurring revenues
Services 	Digital Planning Service Private Ltd	• Insource/control service

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Portfolio to cover all implant price levels in APAC

Premium

Value



Premium brand

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CHF 200

Upper value brands

Anthogyr MEDENTIKA NEODENT

CHF 70

Lower value brands

equinox T-PLUS Dental Implant WARANTEC Warranty Technology

WARANTEC Warranty Technology



- Academic roots and focus – founded in 2001 by KOLs working in University hospitals
- Straumann Group provides capital injection to expand production, network and international business
- Group obtains a 34% stake and exclusive international distribution rights
- Strategy to penetrate non-premium segment and compete more effectively with Korean brands

New subsidiary in Taiwan

- Inauguration in June attended by more than 500 dental key opinion leaders and professionals
- Scientific forum on implants, biomaterials, orthodontic solutions and digital technologies.
- Group to collaborate further with leading clinics, institutes and universities on research, development and manufacturing
- Attractive market; ~400 000 dental implants sold p.a.

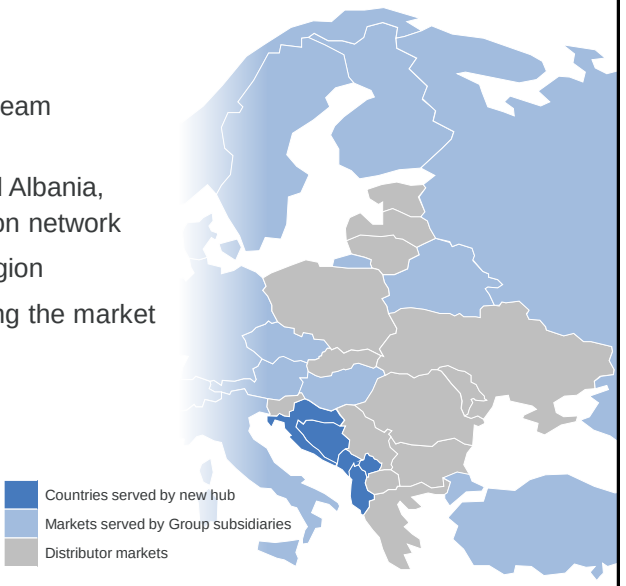




Increasing direct access to customers in Eastern Europe

- Group takes over Croatian distributor and sales team (consolidated 1 July 2019)
- Adriatic hub created to serve Croatia directly and Albania, Bosnia, Kosovo & Montenegro through distribution network
- ~130 000 dental implants sold p.a. in this sub-region
- Own subsidiary provides basis to invest in building the market



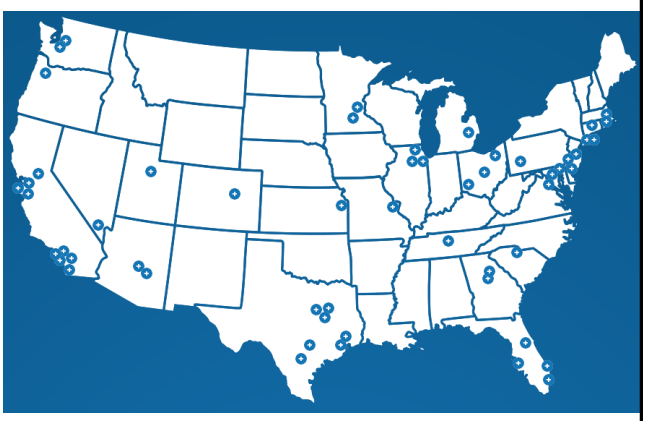


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Sustained success in Dental Service Organization business

- Long-standing agreement with ClearChoice Dental Implant Centers renewed for another 5 years
- ClearChoice network comprises 56 clinics and is North America's leading network of full-arch tooth replacement treatment centers
- As ClearChoice network's preferred dental implant supplier, Group provides Straumann and Neodent implant ranges, digital solutions, biomaterials and tailored services



ClearChoice clinics network providing dental implant treatment across the US

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2019 Outlook

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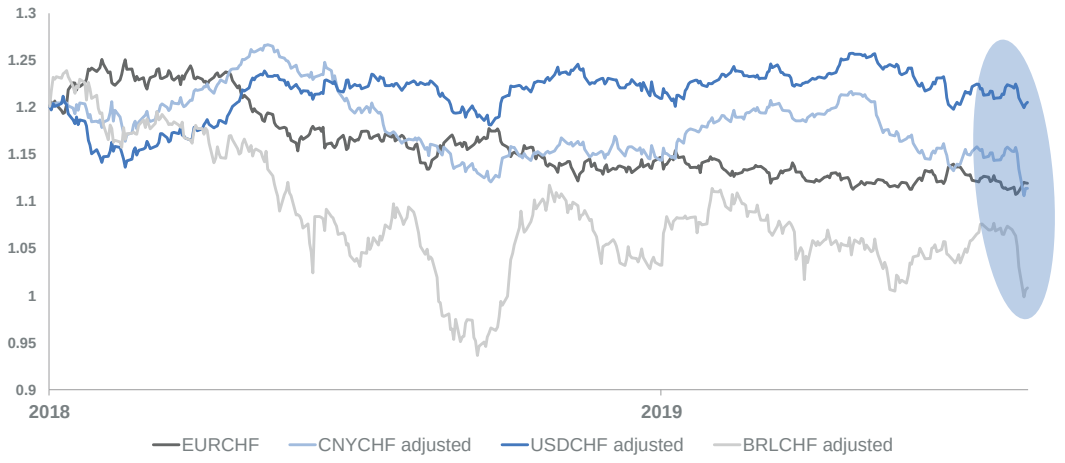
Our 2019 guidance
Barring unforeseen circumstances

Market growth	Global implant market to continue growing at 4-5%
Our revenue growth	Group to outperform and achieve organic revenue growth in low to mid-teen percentage range
Profitability	Core EBITDA and EBIT margin improvements excluding FX and IFRS 16 effects



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US-China trade relations complicates forecasting



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Questions & answers

Q&A

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Marcel Kellerhals appointed Head of Investor Relations & Corporate Finance



- On 1 September Marcel Kellerhals will take over responsibility for Investor Relations from Fabian Hildbrand, who is leaving Straumann to pursue a career opportunity in the consumer goods industry.
- Marcel joined Straumann in 2018 as Head of Corporate Finance, having spent 16 years in the global logistics industry, prior to which he worked in client relationship management for Swiss banks.

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Calendar of upcoming events

2019	Event	Location
29 August	Healthcare reverse roadshow / Octavian	Basel
03 September	Investor meetings	Milano
04 September	Goldman Sachs Medtech conference	London
05 September	Investor meetings	London
06 September	UBS Best of Switzerland conference	Zurich
16 September	Investor meetings	Toronto
17 September	Investor meetings	Boston
29 October	**Q3 sales update**	**Webcast**
Social media	**Type**	**Source**
Analyst Talk	Executive interviewed by analysts	Corporate Website / youtube
StraumannIR	Investor Relations Twitter	@StraumannIR

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Appendix

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Overview: FY 2018 core results reconciliation

FY 2018 (in CHF 1 000)	IFRS	PPA amortizations	Impairments[2]	Legal cases	Consolidation result of former associates	Other	CORE
Revenue	1 363 560						1 363 560
Cost of goods sold[1]	(344 315)	8 887					(335 429)
Gross profit	1 019 245	8 887					1 028 132
Other income	3 424						3 424
Distribution expense	(291 018)	10 033					(280 984)
Administrative expense	(389 016)	5 871					(383 145)
Operating profit	342 635	24 791					367 426
Finance income	72 852						72 852
Finance expense	(89 802)						(89 802)
Gain on consolidation of former associates	10 725				(10 725)		0
Share of result of associates	(9 984)		7 688				(2 296)
Profit before income tax	326 426	24 791	7 688		(10 725)		348 180
Income tax expense	(48 639)	(6 611)					(55 250)
NET PROFIT	277 787	18 180	7 688		(10 725)		292 930
Attributable to:							
Shareholders of the parent company	272 770	17 585	7 688		(10 725)		287 318
Non-controlling interests	5 017	595					5 612
Earnings per share (EPS) (in CHF):							
Basic earnings per share attributable to ordinary shareholders of the parent company	17.24						18.16
Diluted earnings per share attributable to ordinary shareholders of the parent company	17.18						18.09
Operating profit	342 635	24 791					367 426
Depreciation & amortization	(52 367)	15 980					(36 387)
EBITDA	395 002	8 811					403 813

[1] Non-core items relate to the acquisition of Batigroup, including an inventory revaluation expense of CHF 9m (COGS) and the related tax benefit of CHF 2m. [2] 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.

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Overview: H1 2018 core results reconciliation

H1, 2018 (in CHF 1 000)	IFRS	PPA amortizations	Impairments[3]	Legal cases	Consolidation result of former associates	Other	CORE
Revenue	681 458						681 458
Cost of goods sold	(168 523)	8 811					(159 712)
Gross profit	512 935	8 811					521 746
Other income	1 644						1 644
Distribution expense	(142 336)	5 046					(137 289)
Administrative expense	(202 475)	2 905					(199 570)
Operating profit	169 768	16 763					186 531
Finance income	42 525						42 525
Finance expense	(48 255)						(48 255)
Gain on consolidation of former associates	0						0
Share of result of associates	(9 185)		7 688				(1 497)
Profit before income tax	154 853	16 763	7 688				179 303
Income tax expense	(21 964)	(4 296)					(26 260)
NET PROFIT	132 889	12 467	7 688				153 044
Attributable to:							
Shareholders of the parent company	129 689	12 166	7 688				149 543
Non-controlling interests	3 199	301					3 500
Earnings per share (EPS) (in CHF):							
Basic earnings per share attributable to ordinary shareholders of the parent company	8.20						9.45
Diluted earnings per share attributable to ordinary shareholders of the parent company	8.16						9.41
Operating profit	169 768						186 531
Depreciation & amortization	(24 493)	7 951					(16 542)
EBITDA	194 261	8 811					203 072

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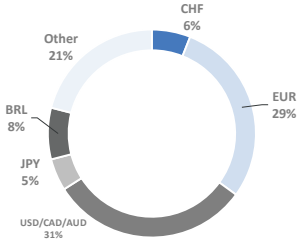
[3] Impairment charge of CHF 8 million for RODO Medical due to the delay in the development and commercialization of the company's prosthetic-retention system.

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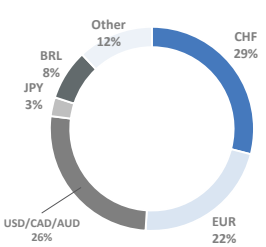
Straumann Group's currency exposure

Average exchange rates (rounded)					FX sensitivity (+/- 10%) on full-year...	
		2017	2018	YTD July 2019	Revenue	EBIT
1	EURCHF	1.11	1.15	1.12	+/- 39m	+/- 23m
1	USDCHF	0.98	0.98	0.99	+/- 37m	+/- 17m
100	BRLCHF	30.69	26.87	25.86	+/- 11m	+/- 2m
100	JPYCHF	0.87	0.88	0.91	+/- 7m	+/- 4m

Revenue breakdown FY2018[1]



Cost breakdown FY2018[1]



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[1] These distribution charts represent the total net revenues and the total COGS, as well as OPEX in the various currencies. All numbers are rounded and based on FY 2018 figures as well as average FX rates in 2017-18. They also include recent acquisitions and new subsidiaries.

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Thank you

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