2020 Full-year Report – Media Release

Straumann Group finishes a challenging year with solid results returning to organic growth in the second half of 2020

- Full-year organic revenue decreases 6%, while strong currency headwind widens the gap in Swiss francs to 11%
- Full-year revenue reaches CHF 1.4bn
- Q4 revenue grows 1.2% (organic +8%) as Group posts second quarter of growth following the bounce-back in Q3
- All regions return to growth by year-end, led by high-teen increase in APAC in Q4
- Despite a challenging environment compared to prior year, the Group managed to soften the impacts of revenue shortfall and currency headwind on profitability; core EBITDA, EBIT and net profit margins reach 30%, 23% and 18%, respectively
- Group generates CHF 377m cash from operating activities, despite difficult environment
- Board proposes stable dividend at CHF 5.75 per share (subject to shareholder approval)
- Cautiously optimistic, Group aims at high-single-digit organic revenue growth in 2021, and expects improvement in profitability (core EBIT) versus 2020 – barring unforeseen events and circumstances.

in CHF million / margin changes rounded	FY 2020		FY 2019	
	IFRS	CORE[1]	IFRS	CORE[1]
Revenue	**1426**	**1426**	**1596**	**1596**
Change CHF		-10.7%		17.1%
Change w/out FX		-3.9%		19.6%
Change organic		-5.6%		17.1%
Gross profit	**1030**	**1038**	**1200**	**1207**
Margin	72.2%	72.8%	75.2%	75.6%
Margin change CHF		-280bps		20bps
Margin change w/out FX		-190bps		-40 bps
EBITDA	**406**	**421**	**481**	**505**
Margin	28.5%	29.5%	30.1%	31.6%
Margin change CHF		-210bps		200 bps
Margin change w/out FX		-60bps		-70 bps
EBIT	**157**	**333**	**387**	**432**
Margin	11.0%	23.4%	24.3%	27.1%
Margin change CHF		-370bps		20 bps
Margin change w/out FX		-210bps		-60 bps
Net result	**92**	**261**	**308**	**338**
Margin	6.5%	18.3%	19.3%	21.2%
Margin change CHF		-290bps		-30 bps
Basic EPS (in CHF)	**5.75**	**16.20**	**19.3**	**21.2**
Dividend (in CHF)	**5.75**		**5.75**	
Free cash flow	**295**		**230**	
Margin	20.7%		14.4%	
Headcount (end of December)	**7340**		**7590**	

[1] To facilitate a like-for-like comparison of underlying business performance, the Group presents 'core' results in addition to the results reported under IFRS. A detailed explanation and reconciliation is provided on p. 124 ff. of the Annual Report.

Basel, 16 February 2021 – Considering the significant disruptions caused by the corona virus in 2020 and taking the record-level results from 2019 as a comparison, the Straumann Group achieved solid results in 2020. In organic terms, revenue dipped 6%, although stiff currency headwind widened the gap to 11% in Swiss francs as revenue reached CHF 1.4 billion.

After a promising start to 2020, business came to a halt in the second quarter when many dental practices closed. As lock-down eased, growth returned in Q3 and continued through Q4, when organic revenue rose 8% above the comparative quarter of 2019. By year-end, organic growth had returned to all regions. Being the least affected, APAC rebounded to high-teen growth in Q4 to complete the year almost in line with 2019. Europe, Middle East & Africa (EMEA) and North America reported mid-single digit declines, while Latin America overcame the biggest challenge and reached 85% of its 2019 organic revenue. With the Swiss franc strengthening against all the Group's major currencies, currency headwind reduced Q4 revenue by more than 5 percentage points.

Earlier in the year, the Group acted swiftly to mitigate the near-to-mid-term financial impacts of the pandemic by reducing operating costs, implementing shorter working hours, restructuring and delaying certain investments. In parallel to subsidized working-hour reductions and reduced compensation, including voluntary cuts by the Board and senior management, unfortunately the Group had to reduce its global workforce by 9%. These measures and the drop in travel, promotional events and other activities alleviated the pressure on profitability, underpinning the core EBITDA, EBIT and net profit margins of 29.5%, 23.4% and 18.3%, respectively.

Including purchase-price-allocation (PPA) amortization of CHF 9 million, impairments of CHF 150 million, restructuring costs of CHF 15 million and pension plan amendments of CHF 5 million, the reported net result amounted to CHF 92 million and earnings per share were CHF 5.75 (core: CHF 16.20).

The Group continued to expand manufacturing capacity (CHF >50 million) which, together with investments in information technology and other fixed assets, resulted in capital expenditures of CHF 82 million. Cash from operating activities amounted to CHF 377 million and free cash flow reached CHF 295 million.

Guillaume Daniellot, Chief Executive Officer, commented: "Considering the very challenging environment, we finish 2020 with solid results even though we did not reach the 2019 level by year-end. Our response to the pandemic and our efforts to rebound strongly have been very effective in helping to mitigate the consequences of COVID-19. In addition to recognizing our entire team and everyone who contributed to managing this situation, I would like to commend the courage and professionalism of all our customers in serving patients in such difficult circumstances. Our sustained outperformance, our continuous efforts to invest in future growth opportunities, the continuation of full dental services, and the ongoing vaccination programs provide a basis for cautious optimism that we will deliver high-single-digit organic revenue growth in 2021."

STRATEGIC PROGRESS AND NEWS HIGHLIGHTS

Unlocking significant further potential in esthetic dentistry
In July 2020, the Straumann Group further invested into the growing clear aligner market by acquiring DrSmile, a leading provider of doctor-led clear aligner treatment solutions in Europe. DrSmile complements the clear aligner business with valuable direct-to-consumer marketing expertise. The company has built up a broad network of partner practices in Germany and expanded to Austria, Spain and France in the last 12 months. They will offer dentists significant opportunities to grow their practices through additional channels and will provide convenient, clinically-based, quality treatment to patients.

A global partner of choice for integrated intraoral scanning solutions
Intraoral scanners are a key in the Group's strategy to create a leading digital ecosystem in esthetic dentistry. In October, the Group fully integrated 3Shape TRIOS scanners into its software solutions and services, offering seamless connectivity with Straumann's orthodontic, restorative, implant, chairside, and digital dentistry solutions. As the year drew to a close, the Group gained global distribution rights for Medit's attractively priced intraoral scanners, complementing its broad range and strengthening its position as a global partner of choice for integrated intraoral scanning solutions.

New production center opens in Germany
Medentika, the Group's challenger brand for attractively priced multiplatform solutions and implants, grew throughout the year - despite the pandemic. In December, it transferred production in Germany from Renningen to a new purpose-built center in Calw, which went into operation immediately and offers space for further capacity expansion.

Protecting innovation to secure opportunities in orthodontics
Also in December, the Group obtained further patent protection for its new triple-layer high-performance clear aligner material, which is designed to provide excellent patient comfort and tooth-moving forces. The new patent comprises 34 claims and was issued in the US to the Group's Bay Materials subsidiary.

Securing ceramic expertise and supplies
The Group relies on high performance ceramic technology for producing esthetic restorative elements and implants. In Q4, it signed an agreement to acquire OxiMaTec, a German company specializing in ceramics, in 2023. This will secure access to expertise and ceramic supplies.

Innovation in implant health
In 2021, the Group acquired a minority stake in the Norwegian biotech company Labrida AS to extend its implant health portfolio and offer additional solutions for managing peri-implant diseases. The agreement between the two companies provides the Straumann Group with option rights to increase its shareholding in the future, as well as exclusive distribution rights in key markets for Labrida BioClean™, an innovative brush for professional use in implant supportive care and long-term maintenance.

BUSINESS PERFORMANCE

By business, the Group's non-premium-implant, digital and orthodontics businesses all achieved full-year organic growth, the latter reporting the highest increase, lifted by DrSmile in Europe. The premium implant business, the largest revenue driver, was constrained by the pandemic's impact on affluent markets. Notwithstanding, sales of new products like Straumann's innovative BLX implant were strong and led to share gains – for example in the immediacy segment. Among the Group's challenger brands, Neodent and Medentika posted full-year growth and performed well in emerging markets. Both contributed to the continuing success of the Group's DSO business together with digital equipment. The latter also grew strongly in Q4, driven by sales of intraoral scanners and the increasing trend in digital dentistry.

REGIONAL PERFORMANCES

EMEA driven by good performances in Germany and emerging markets
EMEA remained the Group's largest sales contributor with full-year revenue amounting to CHF 615 million or 92% of the prior year level. Having rebounded and absorbed pent-up demand in Q3, the region posted organic growth of 6% in Q4. The performance was led by Germany, Russia and Turkey, with additional lift from the newly acquired business in Romania. Distributor markets returned to growth while several of the larger markets were held back by the pandemic, notably France, Spain, the Nordics and the UK.

North America continues to grow solidly in Q4
Full-year revenue in North America amounted to CHF 432 million or 90% of the prior year level. In organic terms, revenue decreased by just 5%, but currency headwind compounded the decline in Swiss francs to 10%. Growth continued from Q3 into Q4, when organic revenue was up 5% from the comparative quarter in the prior year. Both the US and Canada posted solid growth, with the latter finishing the year strongly. The performance was fuelled by the implant challenger brands and the digital business, most notably intraoral scanners and 3D printing equipment.

Further strong growth in Asia Pacific
Asia-Pacific saw a sequential improvement in organic revenue from 11% in Q3 to 18% in Q4. The impressive performance largely compensated for the first-half decline, bringing full year organic revenue to within half a percent of the prior year level. In Swiss francs, revenue contracted 5% to CHF 289 million. China led with dynamic growth in Q4. Australia, Japan, New Zealand and Taiwan all reported strong increases, while Korea and India continued to battle against the pandemic. The region prepared for a number of launches in the near future including Nibec biomaterials in China, NUVO in India and ClearCorrect in Hong Kong and Singapore. The latter also gained regulatory approvals in Taiwan and Thailand.

Latin America faces biggest challenge but returns to growth in Q4
The heavy impact of COVID-19 and stiff currency headwind cut full-year revenue in LATAM by 35% in Swiss francs to CHF 90 million. Much of the decline was currency related, as the organic shortfall was 15%. The region persevered in tough conditions and succeeded in returning to growth in Q4, when organic revenue rose 3%. Brazil, which is by far the largest market in the region, bounced back to strong growth, fuelled by Neodent and digital equipment sales. Argentina and Chile also posted strong increases. Yller, the Group's 3D-printing resin

business, continued to grow dynamically, lifted by innovative products and the increase in digital manufacturing.

REVENUE BY REGION	Q4 2020	Q4 2019	FY 2020	FY 2019
in CHF million				
Europe, Middle East & Africa (EMEA)	**198.9**	**192.7**	**614.9**	**670.2**
Change CHF	3.2%	*19.0%*	(8.3%)	*14.0%*
Change w/out FX	8.4%	*23.4%*	(2.9%)	*18.7%*
Change organic	5.9%	*13.4%*	(6.6%)	*13.4%*
% of Group total	44.2%	43.3%	43.1%	42.0%
North America	**130.6**	**134.2**	**432.0**	**481.6**
Change CHF	(2.7%)	*19.3%*	(10.3%)	*21.7%*
Change w/out FX	5.3%	*20.0%*	(5.1%)	*20.1%*
Change organic	5.3%	*19.4%*	(5.2%)	*19.8%*
% of Group total	29.0%	30.1%	30.3%	30.2%
Asia / Pacific	**92.1**	**81.1**	**288.6**	**304.5**
Change CHF	13.6%	*24.3%*	(5.2%)	*21.1%*
Change w/out FX	17.9%	*25.4%*	(0.4%)	*22.3%*
Change organic	17.9%	*24.5%*	(0.5%)	*21.5%*
% of Group total	20.5%	18.2%	20.2%	19.1%
Latin America	**28.8**	**37.2**	**90.3**	**139.9**
Change CHF	(22.5%)	*6.3%*	(35.4%)	*9.0%*
Change w/out FX	2.9%	*13.5%*	(14.9%)	*16.9%*
Change organic	2.9%	*13.4%*	(15.0%)	*16.8%*
% of Group total	6.4%	8.4%	6.3%	8.8%
GROUP	**450.4**	**445.1**	**1425.9**	**1596.2**
Change CHF	1.2%	*18.8%*	(10.7%)	*17.1%*
Change w/out FX	8.9%	*21.8%*	(3.9%)	*19.6%*
Change organic	7.7%	*17.1%*	(5.6%)	*17.1%*

OPERATIONS AND FINANCES

To facilitate a like-for-like comparison, the Group presents 'core' results in addition to the results reported under IFRS. In 2020, the following effects (after tax) were defined as non-core items:

- the amortization of acquisition-related intangible assets amounting to CHF 9 million
- charges totaling CHF 150 million resulting from impairments of financial and non-financial assets triggered by COVID-19, including Createch, Dental Wings and Equinox
- non-recurring restructuring costs amounting to CHF 15 million related to resizing the global workforce
- pension plan amendment gains of CHF 5 million.

A reconciliation table and detailed information are provided on pages 124ff. of the Group's Annual report, which is published today (see below for details).

Core gross profit preserved above 70%

In response to the pandemic and new economic reality, the Group adjusted capacity, reduced operating expenses and postponed investments, helping to soften the impact of significant revenue decline on profitability. Gross profit was CHF 169 million less than in the prior year and the corresponding margin dropped 280bps to 73%. Excluding currency impacts, the contraction was approximately 190bps.

Core EBITDA margin underpinned at 30%
Cost reductions in other areas also helped to cushion the impact on earnings. Distribution expenses, which comprise salesforce salaries, commissions, and logistics costs, were reduced by CHF 38 million to CHF 283 million, while administrative expenses, which include research, development, marketing and general overhead costs, were reduced by CHF 20 million to CHF 441 million. The combination of these efforts helped to underpin the operating result at CHF 333 million (CHF 421 million before interest, tax, depreciation and amortization).

The cost savings have not compromised the Group's ability to innovate, manufacture, supply and sell winning solutions. The EBITDA and EBIT margins contracted 210bps and 370bps to 30% and 23% respectively. Approximately 160bps of the contractions were due to currency headwind.

Core net profit margin reaches 18%
Net financial expenses amounted to CHF 31 million, mainly reflecting currency hedging losses, interest payments and interests on lease liabilities. The share of result of associates was almost in line with the prior year and, after income taxes of CHF 40 million, net profit decreased 23% to CHF 261 million, resulting in a margin of 18%. Basic earnings per share dropped 24% to CHF 16.20.

Including PPA amortization, impairments, restructuring charges, pension plan amendment gains and their collective impact on income taxes, the reported net result was CHF 92 million.

Free cash flow reaches CHF 295 million
Cash flow from operations amounted to CHF 377 million. The combination of reduced receivables, fairly stable payables and increased inventories led to a net working capital decrease of CHF 39 million. In consolidated reporting currency terms, days of sales outstanding decreased by 10 to 47, and days of supplies decreased by 15 to 160. Net interest payments including those on lease liabilities amounted to CHF 12 million.

As of Q2, several projects were interrupted or postponed, reducing capital expenditure by CHF 68 million compared with the prior year. With the Group's production expansion and strategic acquisition initiatives continuing, total cash outflow for investment activities amounted to CHF 145 million, 39% less than in 2019.

To refinance a maturing bond and to secure liquidity for general corporate purposes through the period of increasing uncertainty, the Group issued two straight bonds and obtained committed credit lines. The first bond, issued in April, amounted to CHF 280 million and the second, in June, amounted to CHF 200 million.

The cash position on 31 December 2020 was strong at CHF 632 million, in contrast to a cash position of CHF 260 million at the beginning of the year. The Group's balance sheet amounted to CHF 2.5 billion versus CHF 2.4 billion at the end of 2019.

Stable dividend proposed

Based on the results in 2020, the Board of Directors proposes a stable dividend of CHF 5.75 per share, subject to shareholder approval and payable on 15 April 2021. The Board intends to continue increasing the dividend in the future, subject to further good performance.

OUTLOOK 2021 (BARRING UNFORESEEN CIRCUMSTANCES)

By year-end, dental practices around the world had resumed normal work, albeit with reduced efficiency, and patient confidence had strengthened. The sharp rise in infections around New Year led to new lock-down measures in key markets. However, visits to dentists for all treatments remain possible in most places. With mass vaccination underway, the Group does not expect a deterioration in the dental markets, although economic recession may reduce disposable income and deter patients from seeking elective non-reimbursed treatments.

Based on its progress in 2020, positive results in H2, the continuous investment into future growth opportunities, its strong innovation pipeline and the talented Straumann Group team demonstrating passion and resilience every day, the Group aims to achieve organic revenue growth in the high-single-digit percentage range and expects improvement in profitability (core EBIT) versus 2020.

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 Anthogyr, ClearCorrect, Dental Wings, Medentika, Neodent, NUVO, Straumann 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 more than 7300 people worldwide and its products, solutions and services are available in more than 100 countries through a broad network of distribution subsidiaries and partners.

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ANALYSTS' AND MEDIA CONFERENCE CALL

Straumann will present its 2020 full-year results to representatives of the financial community and media in a webcast telephone conference call today at 10.30 a.m. Swiss time.

The webcast can be accessed via www.straumann-group.com/webcast. A replay of the webcast will be available after the conference.

If you intend to ask a question during the Q&A we kindly ask you to pre-register for the conference call through this link and to download the presentation file in advance using the direct link in this media release before joining the conference call.

Presentation
The conference presentation slides are attached to this release and available on the Media and Investors pages at www.straumann-group.com.

ANNUAL REPORT

Further details of the 2020 performance and financials can be found in the Group's 2020 Annual Report. The financial statements are an integral part of the Annual Report, which can be viewed online and downloaded at annualreport.straumann.com.

UPCOMING CORPORATE / INVESTOR EVENTS

Details of forthcoming investor relations activities are published in the investor calendar on www.straumann.com.

Date	Event	Location
2021		
18 February	Roadshow Morgan Stanley	London (virtual)
26 February	Roadshow Jefferies	London (virtual)
01 March	Morgan Stanley EU Medtech & Service Conference	London (virtual)
04 March	Credit Suisse Global Virtual Healthcare Conference	London (virtual)
05 March	Roadshow UBS	USA (virtual)
19 March	Roadshow Credit Suisse	Switzerland (virtual)
22 March	Roadshow Mirabaud	Canada (virtual)
23 March	Roadshow Deutsche Bank	Frankfurt (virtual)
25 March	Kepler Cheuvreux's 22nd annual Swiss Seminar	Switzerland (virtual)
29 March	Exane BNP Paribas	Paris (virtual)
30 March	Roadshow Commerzbank	USA (virtual)
09 April	**Annual General Meeting (AGM)**	**Without shareholder presence**
13 April	**Dividend ex-date**	
29 April	**First-quarter results**	**Webcast**
12 August	**First-half 2021 results conference**	**Basel (tba)**
28 October	**Third-quarter results**	**Webcast**

Disclaimer
This release contains certain forward-looking statements that reflect the current views of management. Such statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Straumann Group to differ materially from those expressed or implied in this release. The Group is providing the information in this release as of this date and does not undertake any obligation to update any statements contained in it as a result of new information, future events or otherwise.

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