


WE CREATE OPPORTUNITIES



Full-year **revenue** climbs 15% to CHF 918 million; **operating profit** rises CHF 55 million to CHF 227 million (margin 25%); **net profit** reaches CHF 230 million (margin 25%); basic **earnings per share** jump to CHF 14.68; **free cash flow** reaches CHF 139 million (margin 15%); **cash and cash equivalents** reach CHF 164 million; **equity ratio** stands at 58%.

ABOUT STRAUMANN

The Straumann Group (SIX: STMN) is a global leader in tooth replacement solutions that restore smiles and confidence. It unites global and international brands that stand for excellence, innovation and quality in tooth replacement and esthetics, including Straumann, Instradent, Neodent, and Medentika, etkon 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, CAD/CAM prosthetics, biomaterials and digital solutions for use in tooth replacement and restoration or to prevent tooth loss.

Headquartered in Basel, Switzerland, the Group employs approximately 3800 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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This detailed Financial Report is a separate volume of the Straumann Annual Report. The full version is available online and can be ordered at www.straumann.com.

Consolidated statement of financial position

Assets

(in CHF 1 000)	Notes	31 Dec 2016	31 Dec 2015
Property, plant and equipment	5	119 320	105 478
Intangible assets	6	314 027	246 500
Investments in associates	7	61 284	48 232
Financial assets	8	49 907	54 396
Other receivables		4 013	2 751
Deferred income tax assets	18	84 119	43 730
Total non-current assets		632 670	501 087
Inventories	9	101 957	76 113
Trade and other receivables	10	181 645	140 598
Financial assets	8	1 105	1 059
Income tax receivables		8 522	9 142
Cash and cash equivalents	11	164 024	318 297
Total current assets		457 253	545 209
TOTAL ASSETS		1 089 922	1 046 296

Equity and liabilities

(in CHF 1 000)	Notes	31 Dec 2016	31 Dec 2015
Share capital	12	1 588	1 572
Retained earnings and reserves		632 093	603 398
Total equity attributable to the shareholders of the parent company		633 681	604 970
Straight bond	13	199 632	199 520
Other liabilities	15	13 759	6 975
Financial liabilities	14	831	618
Provisions	16	24 511	28 832
Retirement benefit obligations	20	46 763	44 496
Deferred income tax liabilities	18	2 078	1 503
Total non-current liabilities		287 574	281 944
Trade and other payables	17	138 702	124 173
Financial liabilities	14	440	925
Income tax payable		12 739	15 572
Provisions	16	16 785	18 712
Total current liabilities		168 666	159 382
Total liabilities		456 241	441 326
TOTAL EQUITY AND LIABILITIES		1 089 922	1 046 296

The notes on pages 10–65 are an integral part of these consolidated financial statements.

Consolidated income statement

(in CHF 1 000)	Notes	2016	2015
Revenue	4	917 517	798 600
Cost of goods sold		(198 987)	(183 662)
Gross profit		718 530	614 938
Other income	21	2 376	2 161
Distribution costs		(211 004)	(173 439)
Administrative expenses		(282 726)	(271 092)
Operating profit		227 176	172 568
Finance income	24	35 260	44 115
Finance expense	24	(38 607)	(60 326)
Loss on consolidation of Neodent	24	0	(63 891)
Share of results of associates	7	(1 603)	(12 268)
Profit before income tax		222 225	80 198
Income tax expense	18	7 375	(8 687)
NET PROFIT		229 600	71 511
Attributable to:			
Shareholders of the parent company		229 600	70 679
Non-controlling interests		0	832
Basic earnings per share attributable to ordinary shareholders of the parent company (in CHF)	25	14.68	4.52
Diluted earnings per share attributable to ordinary shareholders of the parent company (in CHF)	25	14.60	4.47

The notes on pages 10–65 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(in CHF 1 000)	2016	2015
Net profit	229 600	71 511
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net foreign exchange gain on net investment loans	(2 046)	(1 859)
Net movement on cash flow hedges	0	227
Share of other comprehensive income of associates accounted for using the equity method	(305)	0
Exchange differences on translation of foreign operations	58 196	(20 057)
Income tax effect	184	141
Other comprehensive income to be reclassified to profit or loss in subsequent periods	56 029	(21 548)
Items not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial instruments designated through other comprehensive income	(2 634)	4 056
Remeasurements of retirement benefit obligations	(599)	(11 884)
Income tax effect	287	1 265
Items not to be reclassified to profit or loss in subsequent periods	(2 946)	(6 563)
Other comprehensive income, net of tax	53 083	(28 111)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	282 683	43 400
Attributable to:		
Shareholders of the parent company	282 683	49 811
Non-controlling interests	0	(6 411)

The notes on pages 10–65 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

(in CHF 1 000)	Notes	2016	2015
Net profit		229 600	71 511
Adjustments for:			
Taxes charged	18	(7 375)	8 687
Interest and other financial result		2 574	3 181
Foreign exchange result		2 156	(259)
Fair value adjustments		(1 382)	5 356
Loss on consolidation of Neodent		0	63 891
Share of results of associates	7	1 603	12 268
Depreciation and amortization of:			
Property, plant and equipment	5.22	22 852	25 579
Intangible assets	6.22	9 171	9 455
Change in provisions, retirement benefit obligations and other liabilities		(5 761)	(10 482)
Share-based payments expense	19.23	4 242	3 599
Gains on disposal of property, plant and equipment		0	109
Working capital adjustments:			
Change in inventories		(19 856)	(740)
Change in trade and other receivables		(33 203)	6 383
Change in trade and other payables		11 623	14 310
Interest paid		(4 626)	(4 461)
Interest received		2 305	3 373
Income tax paid		(29 180)	(26 162)
Net cash from operating activities		184 743	185 598

(in CHF 1 000)	Notes	2016	2015
Purchase of financial assets		(348)	(9 479)
Purchase of property, plant and equipment		(39 170)	(32 063)
Purchase of intangible assets		(7 526)	(3 114)
Purchase of investments in associates		(15 706)	(14 206)
Acquisition of a business, net of cash acquired		(24 703)	8 083
Contingent consideration paid		(782)	(3 153)
Proceeds from loans		6 244	3 149
Disbursement of loans		(2 931)	(1 401)
Dividends received from associates		894	3 388
Net proceeds from sale of non-current assets		642	700
Net cash used in investing activities		(83 386)	(48 096)
Purchase of shares of non-controlling interests		0	(224 532)
Transaction costs paid		(426)	(813)
Dividends paid to the equity holders of the parent	26	(63 152)	(58 564)
Dividends paid to non-controlling interests		0	(5 016)
Proceeds from finance lease		0	18
Proceeds from exercise of options		14 062	13 321
Sale of treasury shares		2 228	912
Purchase of treasury shares		(209 763)	0
Net cash used in financing activities		(257 051)	(274 674)
Exchange rate differences on cash held		1 421	(3 952)
Net change in cash and cash equivalents		(154 273)	(141 124)
Cash and cash equivalents at 1 January	11	318 297	459 421
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	164 024	318 297

The notes on pages 10–65 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

2016

(in CHF 1 000)

At 1 January 2016

Net profit

Other comprehensive income

Total comprehensive income

Issue of share capital

Dividends to equity holders of the parent

Share-based payment transactions

Purchase of treasury shares

Sale of treasury shares

AT 31 DECEMBER 2016

2015

(in CHF 1 000)

At 1 January 2015

Net profit

Other comprehensive income

Total comprehensive income

Issue of share capital

Dividends to equity holders of the parent

Dividends to non-controlling interests

Share-based payment transactions

Sale of treasury shares

Changes in consolidation group

Purchase of non-controlling interests

AT 31 DECEMBER 2015

The notes on pages 10–65 are an integral part of these consolidated financial statements.

Notes	Attributable to the shareholders of the parent company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Translation reserves	Retained earnings			
	1 572	18 280	(923)	0	(145 839)	731 880	604 970	0	604 970
						229 600	229 600		229 600
						56 029	(2 946)		53 083
	0	0	0	0	56 029	226 654	282 683	0	282 683
12	16	13 132					13 148		13 148
26						(63 152)	(63 152)		(63 152)
19.23						3 058	3 058		3 058
			(209 746)			(426)	(210 172)		(210 172)
			4 119			(973)	3 146		3 146
	1 588	31 412	(206 550)	0	(89 810)	897 041	633 681	0	633 681

Notes	Attributable to the shareholders of the parent company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Translation reserves	Retained earnings			
	1 568	18 280	(8 877)	(197)	(131 338)	857 400	736 836	0	736 836
						70 679	70 679	832	71 511
				197	(14 501)	(6 564)	(20 868)	(7 243)	(28 111)
	0	0	0	197	(14 501)	64 115	49 811	(6 411)	43 400
12	4						4		4
26						(58 564)	(58 564)		(58 564)
							0	(5 016)	(5 016)
19.23						5 828	5 828		5 828
			7 954			6 278	14 232		14 232
							0	92 782	92 782
						(143 177)	(143 177)	(81 355)	(224 532)
	1 572	18 280	(923)	0	(145 839)	731 880	604 970	0	604 970

Notes to the consolidated financial statements

1 CORPORATE INFORMATION

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, the Straumann Group researches, develops and manufactures dental implants, instruments, prosthetics and biomaterials for use in tooth replacement and restoration solutions or to prevent tooth loss. The Group employs approximately 3800 people worldwide, and its products and services are available in more than 100 countries through its broad network of distribution subsidiaries and partners.

The consolidated financial statements of the Straumann Group for the year ended 31 December 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 7 February 2017 and are subject to approval by the Annual General Meeting on 7 April 2017.

2.1 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

They have been prepared on a historical cost basis except financial assets and financial liabilities (including derivative financial instruments), which have been measured at fair value. The consolidated financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest thousand except where otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Straumann Holding AG and its subsidiaries as of 31 December 2016.

SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as for the parent company, using consistent accounting policies. All intra-Group balances, income and expenses and unrealized gains and losses resulting from intra-Group transactions are eliminated in full.

Changes in equity interests in Group subsidiaries that reduce or increase the Group's percentage ownership without loss of control are accounted for as an equity transaction between owners.

ASSOCIATES

Associates are those entities over which the Group has significant influence, but neither control nor joint control. Significant influence is the power to participate in the financial and operating policy decisions. Invest-

ments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of changes in equity of the investee after the date of acquisition. The Group's share of results of operations is recognized in profit or loss, while any change in other comprehensive income of the associates is presented as part of the Group's other comprehensive income.

For entities over which the Group has joint control together with one or more partners (joint arrangements), the Group assesses whether a joint operation or a joint venture exists. In a joint venture, the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For joint ventures, the equity method is applied.

2.2 CHANGES IN ACCOUNTING POLICIES

NEW STANDARDS AND AMENDMENTS EFFECTIVE IN 2016

The Group has applied the following amendment for the first time for its annual reporting period commencing 1 January 2016:

- IAS 1 (Amendments) Disclosure Initiative (effective 1 January 2016)
The Group has applied the amendments to IAS 1. As a result investment properties have been regrouped to property, plant and equipment to improve the relevance of information (refer to Note 5).

STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2017 or later periods, and the Group has not adopted them early:

- IAS 12 (Amendment) Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 January 2017)
- IAS 7 (Amendments) Disclosure Initiative (effective 1 January 2017)
- IFRS 9 (2014) Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 18 Revenue and related Interpretations. The Group is in the process of evaluating the impact this new standard may have on its consolidated financial statements. Changes to the consolidated financial statements may result regarding the presentation of single types of contracts with customers and disclosure requirements.
- IFRS 2 (Amendment) Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
In January 2016, the IASB issued IFRS 16 Leases, which replaces IAS 17 Leases and related interpretations. The new standard will require lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. The Group is in the process of evaluating the impact this new standard may have on its consolidated financial statements.
- IFRS 10 and IAS 28 (Amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date to be defined)

2.3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Group's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amount of the asset or liability

affected in the future. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are stated below.

INVESTMENT IN ASSOCIATES

Management has assessed the level of influence that the Group has on Medentika GmbH, Instrandent Deutschland GmbH and Dental Wings Inc. and determined that it only has significant influence and not control, even though the share holding for these companies is above 50%, because of the board representation and contractual terms. Consequently, those investments have been classified as associates. Further details are provided in Note 7.

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, they are measured using valuation techniques like discounted cash flow or the binominal model. Data for the models are taken from observable markets when possible. If this is not available, management judgment is required for inputs such as interest and credit risk. The sensitivity of the fair values to those risks are disclosed in Note 30.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable or when an annual impairment test is required, which is applicable for goodwill and the Neodent brand.

When value-in-use calculations are undertaken, management has to estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

DEFERRED INCOME TAX ASSETS

In connection with the acquisition of the Brazilian company Neodent, the Group has capitalized deferred tax assets in the amount of CHF 73.1 million as of 31 December 2016 (2015: 29.9 million). The deferred tax assets were generated through tax deductible goodwill and fair value step-ups stemming from mergers subsequent to Neodent's acquisition through fully owned subsidiaries of the Group. Potential future changes in Brazilian tax legislation cause a risk of limited future recoverability of such deferred taxes, in case current tax deductibility of the statutory goodwill and intangible assets would be abolished.

INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Management judgment is required in determining the worldwide liabilities for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. When the final tax outcome differs from the amounts that were initially recognized, the difference impacts current earnings. Details on tax-related provisions are disclosed in Note 18.

PENSION AND OTHER EMPLOYMENT BENEFITS

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations, which involve making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The net employee retirement benefit obligation at 31 December 2016 was CHF 46.8 million (2015: CHF 44.5 million). Further details are given in Note 20.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in Swiss francs (CHF), which is Straumann Holding AG's functional and presentation currency. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using this functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate at the balance sheet date. All differences are taken to profit or loss with the exception of differences arising on monetary items that in substance form part of an entity's net investment in a foreign operation. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The assets and liabilities of foreign operations are translated into Swiss francs at the exchange rate on the balance sheet date, and their income statements are translated at the average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment when that cost is incurred. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

A straight-line method of depreciation is applied over the estimated useful life. Estimated useful lives of major classes of depreciable assets are:

- Buildings: 20 – 30 years
- Plant, machinery and other equipment: 3 – 10 years

Land is not depreciated as it is deemed to have an indefinite life. Leasehold improvements are depreciated over the lease term including optional extension of the lease period but not exceeding its economic life.

An item of property, plant and equipment is derecognized when it is abandoned, removed or classified as 'held for sale'. For assets that are abandoned or removed, any remaining net carrying value is charged to profit or loss. The residual values, useful lives and methods of depreciation of assets are reviewed, and adjusted if appropriate, at the end of each financial year.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date, irrespective of any non-controlling interests. The excess of the costs of the acquisition above the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is initially measured at cost. If the costs of the acquisition are less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into use. Intangible assets acquired in a business combination are identified separately and recognized at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding development costs, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

The amortization methods applied to the Group's intangible assets are summarized as follows:

	Customer relationships	Technology	Brands & trademarks	Development costs	Software
Useful life	Finite	Finite	Finite / infinite	Finite	Finite
Amortization method	Straight-line basis	Straight-line basis	Straight-line basis / none	Straight-line basis	Straight-line basis
Time period	Usually 7–10 years	Usually 10 years	Usually 20 years / not applicable	Over period of expected sales from the related project but not exceeding 3 years	Over estimated useful life but not exceeding 3 years
Internally generated or acquired	Acquired	Acquired	Acquired	Internally generated / acquired	Acquired

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

RESEARCH AND DEVELOPMENT COSTS

Development expenditure on an individual project is recognized as an intangible asset if the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the asset
- its ability to use or sell the asset
- how the asset will generate future economic profit
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost, less any accumulated amortization and accumulated impairment losses. The asset is amortized on a straight-line basis over the period of its expected benefit, starting from the date of full commercial use of the product in key markets. During the period of development, the asset is tested for impairment annually.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries, or other available fair value indicators.

Impairment losses of continuing operations are recognized in profit or loss in the expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If there is such an indication, the Group makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Goodwill is tested annually for impairment or whenever there are impairment indicators. Impairment for goodwill is determined by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill on 30 November.

FINANCIAL ASSETS

For the classification of financial assets the Group applies IFRS 9 (2010).

The Group recognizes financial assets on the trade date at which it becomes a party to the contractual obligations of the instrument. Financial assets are initially measured at fair value. Acquisition-related costs are to be included, unless the financial asset is measured at fair value in subsequent periods. The Group subsequently measures financial assets at either amortized cost or fair value.

FINANCIAL ASSETS MEASURED AT AMORTIZED COST

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

FINANCIAL ASSETS MEASURED AT FAIR VALUE

Financial assets other than those classified as measured at amortized cost are subsequently measured at fair value with all changes in fair value recognized in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss and no impairments are recognized in profit or loss. Dividends earned from such investments are recognized in profit or loss unless the dividend clearly represents a repayment of part of the cost of the investment.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. In the case of financial instruments for which there is no active market, fair value is determined using valuation techniques such as recent arm's length market transactions, the current market value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured at amortised cost using the effective interest method less any impairment losses. Non-interest receivables are discounted by applying rates that match their maturity upon first-time recognition.

IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date, the Group assesses whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets measured at amortized cost has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (taking the future expected credit losses into consideration) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.

INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Raw material costs are determined by using the weighted average cost method. The cost of finished goods and work in progress comprises direct materials and labor and a proportion of manufacturing overhead, valued at standard cost. Standard costs are regularly reviewed and, if necessary, revised to reflect current conditions.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Work in progress and finished goods are valued at manufacturing cost, including the cost of materials, labor and production overheads. Inventory write-downs are recorded in the case of slow-moving or obsolete stock.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash on hand, and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of short-term bank overdrafts.

SHARE CAPITAL

The share capital of Straumann Holding AG consists of one class of registered shares with a par value of CHF 0.10 per share.

TREASURY SHARES

Equity instruments which are re-acquired by the Group (treasury shares) are deducted from equity and disclosed separately. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

FINANCIAL LIABILITIES

For the classification of financial liabilities the Group applies IFRS 9 (2010).

INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated as 'at fair value through profit or loss'. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss, net of any reimbursement. If the effect of the time-value of money is material, provisions are discounted. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

EMPLOYEE BENEFITS

PENSION OBLIGATIONS

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in the income statement.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

SHORT-TERM EMPLOYEE BENEFITS – BONUSES

As part of the annual compensation, most employees receive a bonus which depends on the course of business. The individual bonus is calculated by multiplying an individual base amount with a mix of financial, functional and individual target achievements which varies by hierarchical level and function. The bonus is usually settled in cash during the first quarter of the subsequent year.

The Group recognizes a liability and an expense for these bonuses based on calculations which adequately consider all these parameters.

SHARE-BASED COMPENSATION

The Board of Directors, Executive Management and Senior Management receive part of their remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions is measured with reference to the fair value at the date on which they are granted. The fair value is determined either based on observable market prices or by external valuation experts using an appropriate pricing model, further details of which are given in Note 19.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the Board of Directors and the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest. Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date of grant, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding performance share units (PSUs) and options is reflected as additional share dilution in the computation of earnings per share (Note 25).

Selected employees have the right to buy Straumann shares. The employees are offered a discount of 25% based on the average share price over the seven trading day period following the ex-dividend day. The difference between the fair value at grant and the cash consideration paid by the employees is immediately recognized as personnel expense. The shares are subject to a two-year blocking period.

Conditional share capital was approved by the shareholders for an unlimited period for share-based compensation in 1998 and 2016. Non-employee shareholders are excluded from subscribing for these shares.

REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the remuneration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

SALE OF GOODS

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

REVENUE FROM CUSTOMER TRAINING AND EDUCATION

Revenue from customer training and education is recognized once the related services are performed.

INTEREST INCOME

Income is recognized as interest accrued (using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

DIVIDENDS

Income is recognized when the Group's right to receive the payment is established.

RENTAL INCOME

Income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

RELATED PARTIES

A party is related to an entity if: the party directly or indirectly controls, is controlled by or is under common control with the entity; or if it has an interest in the entity that gives it significant influence over the entity; or if it has joint control over the entity or is an associate or a joint venture of the entity. In addition, members and dependents of the Key Management Personnel of the entity (Board of Directors and Executive Management Board) are also considered related parties.

TAXES

CURRENT INCOME TAX

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

DEFERRED INCOME TAX

Deferred income tax is determined using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect to taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forwards of unused tax credits and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- in respect to deductible temporary differences associated with investments in subsidiaries and associates. Deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the deferred income tax assets can be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply for the year in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set current income tax assets off against current income tax liabilities, and the deferred income taxes relate to the same taxable entity and the same taxation authority.

SALES TAXES

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item
- in the case of receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its risks associated with fluctuations in interest rates and foreign currencies. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges – when hedging the exposure to changes in the fair value of a recognized asset, or liability, or an unrecognized firm commitment (except for foreign currency risk)
- cash flow hedges – when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income, while any ineffective portion is recognized immediately in profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in other comprehensive income are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment occurs.

DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognized in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 BUSINESS COMBINATION

TRANSACTIONS IN 2016

BOTISS GERMANY

On 1 September 2016, the Group has acquired the German distribution business from botiss biomaterials GmbH. The transaction comprises the take over of the botiss biomaterials sales team and an exclusive distribution right in the German market. As part of the business combination, the Group recognized an intangible asset of CHF 2.4 million representing the exclusive distribution rights and a workforce related goodwill of CHF 7.0 million. The goodwill is deductible for tax purposes.

In the period from 1 September 2016 to 31 December 2016, the exclusive distribution business contributed revenues of CHF 1.1 million, with no material impact on net profit. If the exclusive distribution business had been included as of 1 January 2016, management estimates the impact on consolidated revenues and consolidated net result for the 12 months ended 31 December 2016 would have been CHF 3.2 million, with no material impact on net profit.

EQUINOX INDIA

On 30 November 2016, the Group entered into a business transfer agreement with the Indian dental implant manufacturer Equinox. The Group has acquired the Equinox manufacturing and distribution business based in Mumbai, India. The fair value of the identifiable assets and liabilities transferred to the Group – as preliminarily determined at the date of acquisition – were:

(in CHF 1 000)	Fair Value
Assets	
Property, plant and equipment	255
Intangible assets	3
Inventories	369
Trade receivables	735
Total assets	1 362
Liabilities	
Trade payables	(77)
Total liabilities	(77)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	1 285
Consideration total	21 721
– satisfied in cash	15 311
– adjustment payment in 2017	349
– contingent consideration	6 061
GOODWILL (PRELIMINARY)	20 436
Cash flow	
Net cash acquired	0
Cash paid	(15 311)
NET CASH OUTFLOW	(15 311)

From the acquisition date, the Equinox business had no material impact on Group revenues and net profit. If the Equinox India business had been included as of 1 January 2016, management estimates the impact on consolidated revenues for the 12 months ended 31 December 2016 would have been CHF 3.0 million, with no material impact on net profit.

TRANSACTIONS IN 2015

NEODENT

In 2015 the Group started to consolidate Neodent in its financial statements based on its ownership interests of 49% on 1 March 2015 with 51% non-controlling interests. The Group recognized an overall loss of CHF 63.9 million as a result of derecognizing its 49% equity interest in Neodent held before the business combination. The fair value of the 49% stake in Neodent was CHF 212.7 million and the associated carrying amount was CHF 191.2 million on 1 March 2015. The revaluation gain resulting from the revaluation to fair value of the 49% equity instrument in Neodent immediately before the deemed acquisition amounted to CHF 21.5 million. The related portion of translation differences of the CHF 85.4 million loss resulting from the devaluation of the Brazilian Real against the Swiss franc since the acquisition of 49% stake in 2012 has been reclassified from comprehensive income to the income statement. Both effects are shown in a separate line in the income statement under 'Loss on consolidation of Neodent'.

In April 2015 the Group acquired the remaining 51% interest in Neodent for BRL 680 million (CHF 225 million). The purchase of this non-controlling interest on 1 April 2015 has been accounted for as an equity transaction. The difference of CHF 143 million between the consideration paid and the carrying amount of the non-controlling interest acquired has been recorded in equity and attributed to the shareholders of the parent company.

In the period from 1 March to 31 December 2015, Neodent contributed revenues of CHF 63.0 million and a net income of CHF 6.9 million to the Group. If Neodent had been included as of 1 January 2015, management estimates the impact on consolidated revenue and consolidated net result for the 12 month period ending 31 December 2015 would have been CHF 73.8 million and CHF -3.2 million.

4 OPERATING SEGMENTS

Operating segments required to be reported are determined on the basis of the management approach. Accordingly, external segment reporting reflects the internal organizational and management structure used within the Group as well as the internal financial reporting to the Chief Operating Decision Maker (CODM), which has been identified as the Executive Management Board (EMB). The EMB is responsible for the operational management of the Group, in line with the instructions issued by the Board of Directors. It is also responsible for global strategy and stakeholder management.

The reporting segments are presented in a manner consistent with the internal reporting to the CODM. The centralized headquarter support functions (e.g. finance, internal audit, information technology, human resources) as well as the functions 'Customer Solutions & Education' and 'Research & Development' are not operating segments as they do not earn separate revenues. These functions are grouped in the column 'Not allocated items'.

Through the Intradent business platform the Group drives and manages the distribution and internationalization of its value brands. The Intradent businesses in LATAM, Central Europe and APAC are directly and independently steered by the CODM of the regions.

The disclosed operating segments are defined as follows:

Sales CE: 'Sales CE' comprises the Group's premium distribution businesses in Germany, Switzerland, Austria, Hungary, the Czech Republic and Russia, as well as the premium business with European, African and Middle Eastern distributors. It also acts as the principal (excluding the premium distribution businesses performed by 'Operations') towards all Intradent businesses of the Group and incorporates the Intradent distribution business in the Czech Republic and in Russia. It includes segment-related management functions located inside and outside Switzerland.

Sales WE: 'Sales WE' comprises the Group's premium distribution businesses in Scandinavia, the UK, France, the Benelux countries, Iberia and Italy. It includes segment-related management functions located inside and outside Switzerland.

Sales NAM: 'Sales NAM' comprises the Group's premium distribution businesses in the United States and Canada. It includes segment-related management functions located inside and outside Switzerland.

Sales APAC: 'Sales APAC' comprises the Group's premium distribution businesses in Japan, China, Korea, Australia and New Zealand, as well as the business with Asian distributors. It further incorporates the value distribution business of Anthogyr implants and prosthetic components in China and the Equinox implants in India. It further contains Equinox's manufacturing plant in India (which produces implants and prosthetic components). It includes segment-related management functions located inside and outside Switzerland.

Sales LATAM: 'Sales LATAM' comprises the Group's premium distribution businesses in Brazil, Argentina, Chile, Colombia and Mexico as well as the business with Latin American distributors. It also includes Neodent's distribution business in Brazil, as well as Neodent's business with Latin American distributors. It contains Neodent's manufacturing plant in Brazil (which produces implants, biomaterials and CAD/CAM products), as well as the Instradent businesses in Argentina, Chile, Colombia and Mexico. It includes segment related management functions located inside and outside Switzerland.

Operations: 'Operations' acts as the principal towards all premium distribution businesses of the Group; it does not include the Instradent distribution activities of fully-controlled Group companies. It includes the global manufacturing network i.e. the manufacturing plants, production of implants, biomaterials and CAD/CAM products as well as all Corporate logistics functions. It does not include Neodent's manufacturing site in Brazil and the manufacturing plant of Equinox in India.

INFORMATION ABOUT PROFIT OR LOSS, ASSETS AND LIABILITIES

2016

(in CHF 1 000)	Sales CE	Sales WE	Sales NAM	Sales APAC	Sales LATAM
Revenue third party	215 574	195 249	255 723	152 518	98 452
Revenue inter-segment	14 483	2	0	0	8 485
Total revenue	230 058	195 252	255 723	152 518	106 937
Depreciation & amortization	(976)	(926)	(715)	(1 073)	(10 464)
Other expenses/income	(209 054)	(199 224)	(255 543)	(145 341)	(84 447)
Operating profit	20 027	(4 898)	(534)	6 103	12 026
Financial result					
Share of results of associates					
Income tax expense					
NET PROFIT					
Segment assets	57 330	61 355	71 195	63 598	326 430
Unallocated assets, thereof:					
Cash and cash equivalents					
Deferred income tax assets					
Financial assets					
Investments in associates					
GROUP					
Segment liabilities	20 951	36 168	54 232	30 850	25 933
Unallocated liabilities, thereof:					
Deferred income tax liabilities					
Straight bond					
Financial liabilities					
GROUP					
Addition in non-current assets	2 589	1 529	1 422	1 088	11 617

Transactions between the segments are eliminated in the course of consolidation and the eliminated amounts are shown in 'Eliminations'. The remaining operating profit under 'Eliminations' represents the net change in inter-segment elimination of unrealized profits from the transfer of goods between Group companies.

'Addition in non-current assets' consists of additions of property, plant and equipment and intangible assets.

	Operations	Not allocated items	Eliminations	Group
	0	0	0	917 517
	445 529	0	(468 499)	0
	445 529	0	(468 499)	917 517
	(13 518)	(4 333)	(5)	(32 010)
	(123 202)	(115 347)	473 826	(658 331)
	308 809	(119 680)	5 322	227 176
				(3 347)
				(1 603)
				7 375
				229 600
	260 512	17 142	(128 079)	729 484
				164 024
				84 119
				51 012
				61 284
				1 089 922
	97 891	62 094	(74 858)	253 260
				2 078
				199 632
				1 271
				456 241
	14 050			32 295

2015

(in CHF 1 000)	Sales CE	Sales WE	Sales NAM	Sales APAC	Sales LATAM
Revenue third party	201 992	172 882	216 894	123 089	83 743
Revenue inter-segment	4 413	6	0	0	5 376
Total revenue	206 405	172 888	216 894	123 089	89 119
Depreciation & amortization	(743)	(903)	(960)	(694)	(8 063)
Other expenses / income	(192 588)	(171 763)	(215 374)	(115 101)	(74 860)
Operating profit	13 074	222	560	7 294	6 196
Financial result					
Loss on consolidaton of Neodent					
Share of results of associates					
Income tax expense					
NET PROFIT					
Segment assets	42 828	53 077	59 108	35 488	258 862
Unallocated assets, thereof:					
Cash and cash equivalents					
Deferred income tax assets					
Financial assets					
Investments in associates					
GROUP					
Segment liabilities	(20 232)	(33 466)	(40 823)	(19 600)	(32 667)
Unallocated liabilities, thereof:					
Deferred income tax liabilities					
Straight bond					
Financial liabilities					
GROUP					
Addition in non-current assets	1 522	971	1 114	1 137	5 789

	Operations	Not allocated items	Eliminations	Group
	0	0	0	798 600
	391 357	0	(401 152)	0
	391 357	0	(401 152)	798 600
	(14 858)	(8 813)	0	(35 034)
	(111 439)	(107 711)	397 838	(590 998)
	265 060	(116 524)	(3 314)	172 568
				(16 211)
				(63 891)
				(12 268)
				(8 687)
				71 511
	237 053	11 885	(117 719)	580 582
				318 297
				43 730
				55 455
				48 232
				1 046 296
	(93 277)	(65 521)	66 826	(238 760)
				(1 503)
				(199 520)
				(1 543)
				(441 326)
	19 577			30 110

NON-CURRENT ASSETS PER LOCATION

(in CHF 1 000)	2016	2015
Switzerland	83 807	57 530
Brazil	245 854	204 323
Germany	47 718	45 756
United States of America	26 645	23 347
Other	90 608	69 254
GROUP	494 632	400 210

Non-current assets include property, plant and equipment, investments in associates and intangible assets.

REVENUES WITH EXTERNAL PARTIES

(in CHF 1 000)	2016	2015
PER BUSINESS FRANCHISE		
Implant Solutions	571 009	499 286
Restorative Solutions	277 251	242 710
Other	69 256	56 604
GROUP	917 517	798 600
PER LOCATION OF CUSTOMER		
Switzerland	30 726	30 335
United States	234 731	195 222
Germany	130 696	125 762
Brazil	102 337	83 369
Other	419 028	363 912
GROUP	917 517	798 600

- The Business Franchise ‘Implant Solutions’ comprises primarily implants and related instruments
- The Business Franchise ‘Restorative Solutions’ comprises abutments and related parts as well as milling elements
- ‘Other’ comprises scanner hardware, software licenses, biomaterials, customer training and other miscellaneous products.

Revenues are allocated to countries based on the location of customers. The Group has a diverse and geographically widely spread customer base. No single customer accounts for 10% or more of total Group revenues.

5 PROPERTY, PLANT AND EQUIPMENT

2016

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other	Total
COST					
At 1 January	7 167	110 724	174 312	99 312	391 515
Change in consolidation scope (Note 3)	15	23	95	121	254
Additions	0	4 119	17 372	13 152	34 643
Disposals	0	(1 022)	(3 052)	(8 774)	(12 848)
Reclassifications	0	0	0	(2 102)	(2 102)
Currency translation adjustments	1 263	1 325	3 260	268	6 117
At 31 December	8 445	115 169	191 987	101 976	417 579
ACCUMULATED DEPRECIATION					
At 1 January	0	(78 347)	(124 205)	(83 485)	(286 037)
Depreciation charge (Note 22)	0	(4 097)	(11 764)	(6 992)	(22 852)
Disposals	0	904	2 875	7 490	11 270
Currency translation adjustments	0	(178)	(785)	324	(639)
At 31 December	0	(81 718)	(133 878)	(82 662)	(298 259)
NET BOOK VALUE	8 445	33 452	58 109	19 314	119 320

2015

(in CHF 1 000)	Land	Buildings	Plant and machinery	Other ¹	Total
COST					
At 1 January	799	103 059	152 980	97 982	354 820
Change in consolidation scope (Note 3)	7 422	4 605	10 090	2 397	24 514
Additions	0	6 929	16 176	8 958	32 063
Disposals	0	(348)	(2 841)	(5 123)	(8 312)
Currency translation adjustments	(1 054)	(3 521)	(2 093)	(4 902)	(11 570)
At 31 December	7 167	110 724	174 312	99 312	391 515
ACCUMULATED DEPRECIATION					
At 1 January	0	(75 019)	(115 253)	(82 002)	(272 274)
Depreciation charge (Note 22)	0	(4 036)	(12 945)	(6 522)	(23 503)
Disposals	0	279	2 540	4 634	7 453
Impairment (Note 22)	0	0	0	(2 076)	(2 076)
Currency translation adjustments	0	429	1 453	2 481	4 363
At 31 December	0	(78 347)	(124 205)	(83 485)	(286 037)
NET BOOK VALUE	7 167	32 377	50 107	15 827	105 478

¹To improve the relevance of information, investment property has been grouped to property, plant and equipment. The value of investment property is CHF 1.6 million in 2016 (2015: CHF 1.6 million, 2014: CHF 4.0 million)

As in the prior year the Group has no assets under finance lease. Repair and maintenance expenses for property, plant and equipment for the business year 2016 amounted to CHF 5.7 million (2015: CHF 5.2 million).

6 INTANGIBLE ASSETS

2016

(in CHF 1 000)	Goodwill	Brands	Customer relationships	Other intangibles	Total
COST					
At 1 January	276 014	49 440	117 424	106 119	548 997
Change in consolidation scope	27 401	0	0	2 429	29 830
Additions	0	0	0	7 526	7 526
Disposals	0	0	0	(4 254)	(4 254)
Currency translation adjustments	20 372	10 443	10 475	640	41 930
At 31 December	323 787	59 883	127 899	112 460	624 029
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
At 1 January	(117 732)	(1 216)	(83 704)	(99 845)	(302 497)
Amortization charge (Note 22)	0	(5)	(6 069)	(3 097)	(9 171)
Disposals	0	0	0	4 240	4 240
Currency translation adjustments	1 666	(5)	(4 377)	142	(2 574)
At 31 December	(116 066)	(1 226)	(94 150)	(98 560)	(310 002)
NET BOOK VALUE	207 721	58 657	33 749	13 900	314 027

2015

(in CHF 1 000)	Goodwill	Brands	Customer relationships	Other intangibles	Total
COST					
At 1 January	188 717	1 216	82 054	105 685	377 672
Changes in scope of consolidation	129 346	61 266	48 224	799	239 635
Additions	0	0	326	2 998	3 324
Disposals	0	0	0	(2 084)	(2 084)
Currency translation adjustments	(42 049)	(13 042)	(13 180)	(1 279)	(69 550)
At 31 December	276 014	49 440	117 424	106 119	548 997
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
At 1 January	(126 736)	(1 216)	(82 054)	(98 679)	(308 685)
Amortization charge (Note 22)	0	0	(5 247)	(4 208)	(9 455)
Disposals	0	0	0	1 956	1 956
Currency translation adjustments	9 004	0	3 597	1 086	13 687
At 31 December	(117 732)	(1 216)	(83 704)	(99 845)	(302 497)
NET BOOK VALUE	158 282	48 224	33 720	6 274	246 500

While the customer relationships from Neodent are amortized over a period of seven years, management assessed that the Neodent brand has an indefinite useful life. The Group supports the brand's value through the internationalization of its commercial usage. 'Other intangibles' include mainly software, development costs and the botiss exclusive distribution rights (refer to Note 3).

IMPAIRMENT TEST FOR GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

Goodwill and indefinite life intangible assets are allocated to cash-generating units (CGU) for the purpose of impairment testing. A summary of the goodwill allocation per CGU is presented below:

(in CHF 1 000)	2016	2015
Neodent Business	122 119	100 407
Global Premium Implant Business	55 113	55 119
Equinox Business (preliminary)	20 662	0
Other	9 827	2 757
TOTAL GOODWILL	207 721	158 283

NEODENT BUSINESS:

The CGU 'Neodent Business' (which is part of the operating segment 'Sales LATAM') contains the manufacturing plant for Neodent products, the related sales activities in the Brazilian market as well as the export business towards the Group's value distribution principal and third party distributors. Both the goodwill and the Neodent brand have been recognized as part of the acquisition of Neodent in 2015.

GLOBAL PREMIUM IMPLANT BUSINESS:

The CGU 'Global Premium Implant Business' (which is part of the operating segment 'Operations') is the principal towards all distribution businesses of the Group for premium implant and restorative solutions and contains the goodwill allocated to the principal recognized as part of the following acquisitions:

- Straumann Italia srl, Italy
- Straumann Japan KK, Japan
- Manohay Dental SA, Spain
- Straumann Danmark ApS, Denmark
- Straumann LLC, Russia.

EQUINOX BUSINESS (PRELIMINARY):

The goodwill has been preliminarily recognized with the acquisition of the Equinox business India. The acquisition is disclosed in Note 3.

Goodwill and indefinite life intangibles have been tested for impairment. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the dental implant, restoration and tissue regeneration sector.

Key assumptions for the most material goodwill positions include:

(in %)	2016	2015
NEODENT BUSINESS		
Gross profit margin of the CGU ¹	70.0	74.7
Terminal growth rate ²	4.6	4.6
Weighted average cost of capital (WACC) ³	16.6	16.7
GLOBAL PREMIUM IMPLANT BUSINESS		
Gross profit margin of the CGU ¹	69.8	67.9
Terminal growth rate ²	1.5	1.5
Weighted average cost of capital (WACC) ³	8.6	9.0

¹ Budgeted gross profit margin.

² Used for calculating the terminal value.

³ Pre-tax discount rate applied to the cash flow projections.

Gross profit margin was determined by Management based on past performance and its expectations for market development. The growth rates used for the CGU 'Global Implant Business' are consistent with the forecasts included in industry reports. The WACCs used are pre-tax and reflect specific risks relating to the relevant CGUs.

Based on the impairment tests conducted, no impairments were recognized during the periods under review.

IMPAIRMENT TEST FOR FINITE LIFE INTANGIBLE ASSETS

No impairment has been recognized in the periods under review.

7 INVESTMENTS IN ASSOCIATES

The Group has investments which are accounted for as associated companies. In 2016, the Group invested in some additional associated companies, notably Anthogyr SAS, a dental implant manufacturer based in Sallanches, France.

From a Group perspective, the associates Medentika GmbH, Hügelsheim, Germany and Intradent Deutschland GmbH, Hügelsheim (together referred to as German associates) are material at the reporting date.

(in CHF 1 000)	2016		2015	
	Balance sheet value	Net income statement effect	Balance sheet value	Net income statement effect
Medentika GmbH, Germany	26 535	2 108	25 870	1 463
Intradent Deutschland GmbH, Germany	7 453	(908)	8 421	(530)
Neodent, Brazil (until February 2015)	0	0	0	(6 090)
Others	27 296	(2 803)	13 941	(7 111)
TOTAL	61 284	(1 603)	48 232	(12 268)

GERMAN ASSOCIATES:

Medentika GmbH, is a provider of implants and implant prosthetics that are used with leading implant and CAD-CAM systems. It is a private entity that is not listed on any public exchange. Intradent Deutschland GmbH is the distributing entity for Medentika products in Germany. The Group has interests of 51% in each entity. Management has assessed the level of influence that the Group has on the German associates and determined that it only has significant influence and not control because of the board representation and the contractual terms.

The tables below provide summarized financial information for the German associates. The information disclosed reflects the amounts presented in the financial statements of the German associates, and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

(in CHF 1 000)	2016		2015	
	Medentika	Instradent Deutschland	Medentika	Instradent Deutschland
Current assets	14 268	2 636	10 788	1 824
Non-current assets	14 110	19 216	12 937	22 112
Current liabilities	(3 837)	(717)	(1 897)	(1 263)
Non-current liabilities	(5 063)	4 137	(3 939)	(6 162)
Net assets	19 477	25 272	17 889	16 511

RECONCILIATION TO CARRYING AMOUNT:

	2016	2015		
Opening net assets	17 889	16 511	38 191	0
Profit for the period	4 134	(1 780)	2 870	(1 038)
Other comprehensive income	0	0	0	0
Dividends declared	(2 336)	0	(1 901)	0
Currency translation adjustments	(210)	(117)	(4 078)	324
Transfer German distribution business	0	0	(17 193)	17 193
Change in consolidation scope	0	0	0	32
Closing net assets at 31 December	19 477	14 614	17 889	16 511
Group share's in %	51.0	51.0	51.0	51.0
Group share's in CHF (1 000)	9 933	7 453	9 123	8 421
Goodwill	18 962	0	18 962	0
Currency translation adjustments on goodwill	(2 360)	0	(2 215)	0
CARRYING AMOUNT	26 535	7 453	25 870	8 421

Summarized comprehensive income statement of the German associates:

(in CHF 1 000)	2016		2015	
	Medentika	Instradent Deutschland	Medentika	Instradent Deutschland
Revenue	17 416	10 086	17 222	7 272
Profit from continuing operations	4 134	(1 780)	2 870	(1 038)
PROFIT FOR THE PERIOD	4 134	(1 780)	2 870	(1 038)
TOTAL COMPREHENSIVE INCOME	4 134	(1 780)	2 870	(1 038)

OTHER INVESTMENTS:

In addition to the interests in the German associates disclosed above, the Group also has interests in other associates that are accounted for using the equity method. Considered individually they are immaterial for the presentation of the Group's financial statements.

The following table shows aggregated financial information about these other investments in associates:

(in CHF 1 000)	2016	2015
Aggregate carrying amount of individually immaterial associates	27 296	13 941
AGGREGATE AMOUNT OF GROUP'S SHARE OF:		
Loss from continuing activities	(2 803)	(2 128)
Impairment charges	0	(4 983)
Other comprehensive income	(305)	0
TOTAL COMPREHENSIVE INCOME	(3 108)	(7 111)

In 2016, no impairment has been recognized for investments in associates. In 2015, the investment in T-Plus (Taiwan) has been partially impaired and an expense of CHF 5.0 million has been recognized within 'share of results of associates'. The impairment was caused by a reduction of the associate's value in use, mainly related to a reduced sales growth rate forecast.

8 FINANCIAL ASSETS

(in CHF 1 000)	2016	2015
Financial assets at fair value through profit or loss	31 151	29 867
Financial assets at fair value through other comprehensive income	12 782	15 322
Loans and other receivables	5 975	9 207
TOTAL NON-CURRENT FINANCIAL ASSETS	49 907	54 396
Financial assets at fair value through profit or loss	1 105	1 059
TOTAL CURRENT FINANCIAL ASSETS	1 105	1 059

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category mainly includes the convertible bonds from MegaGen Implant Co. Ltd. In 2016 the Group exercised its conversion right and call option to acquire a controlling stake in MegaGen, the South Korean implant manufacturer. The Group's decision to exercise the conversion right and the option has triggered the agreed-on process to determine the conversion rate and the price of the additional shares. MegaGen disputed the conversion exercise as well as the conversion price and calculation procedure, and has initiated arbitration in Seoul under the ICC rules. Pending the outcome, the convertible bonds from MegaGen are recognized as financial assets at fair value through profit or loss.

This category also includes a convertible bond from Biodenta Corp. Biodenta is specialized in comprehensive solutions for dentists and dental laboratories, with a main focus on emerging markets.

The current position contains mainly derivative financial instruments used by the Group to hedge its foreign currency risk.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at fair value through other comprehensive income represent non-derivative equity instruments in the medical device sector and an investment in a fund. The Group did not recognize any dividend income relating to these instruments during the periods under review.

LOANS AND OTHER RECEIVABLES

This position includes various non-derivative financial assets carried at amortized cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

9 INVENTORIES

(in CHF 1 000)	2016	2015
Raw materials and supplies	19 109	15 248
Work in progress	24 956	22 096
Finished goods	57 892	38 769
TOTAL INVENTORIES	101 957	76 113
Inventories recognized as an expense in 'Cost of goods sold'	(170 680)	(151 618)
Obsolete inventories written down and recognized as an expense	(2 281)	(437)

The Group performed an analysis of its product lines to investigate whether the average price at which they were sold was below the current consolidated stock value. In both periods under review, no write-down to the net realizable value had to be conducted. No reversal of the net realizable value write-down emerged in 2016 and 2015.

10 TRADE AND OTHER RECEIVABLES

(in CHF 1 000)	2016	2015
Trade receivables, net	148 909	125 207
Other receivables, thereof:	32 736	15 391
Sales related	16 944	6 115
VAT and other non-income taxes	10 631	5 398
Salary and social security prepayments	1 689	1 038
Prepaid rent	1 177	900
Cash deposits	561	578
Other	1 734	1 362
TOTAL TRADE AND OTHER RECEIVABLES	181 645	140 598
thereof: financial assets as defined by IFRS 7	1 738	1 478
thereof:		
CHF	12 274	13 043
EUR	48 942	39 567
USD	49 501	36 891
BRL	42 222	26 881
Other	28 706	24 216

Trade receivables are non-interest bearing. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers who are dispersed internationally.

Movements in the provision for impairment of trade receivables were as follows:

(in CHF 1 000)	2016	2015
At 1 January	(9 746)	(5 250)
Charge for the year	(17 160)	(5 649)
Utilized	1 521	402
Unused amounts reversed	2 716	360
Currency translation adjustments	(782)	391
AT 31 DECEMBER	(23 451)	(9 746)

The charge for the year is mainly related to the business expansion in emerging markets and increased default risks in certain distributor markets.

There is no provision on other receivables.

The analysis of overdue trade receivables is as follows:

(in CHF 1 000)	2016	2016	2015	2015
	Gross	Allowance	Gross	Allowance
Not past due	128 470	(894)	101 406	(512)
Past due, thereof:	43 889	(22 557)	33 547	(9 234)
< 30 days	13 079	(142)	10 752	(132)
31 – 60 days	7 035	(618)	5 473	(85)
61 – 90 days	3 760	(2 907)	3 742	(68)
91 – 120 days	4 562	(3 982)	2 342	(341)
> 120 days	15 453	(14 908)	11 238	(8 608)
TOTAL	172 360	(23 451)	134 953	(9 746)

11 CASH AND CASH EQUIVALENTS

(in CHF 1 000)	2016	2015
Cash at banks and on hand, thereof:	154 867	312 477
CHF	120 033	281 470
CNY	7 476	7 617
EUR	6 671	10 955
INR	6 193	49
USD	4 429	1 264
Other	10 065	11 121
Short-term bank deposits, thereof:	9 156	5 820
BRL	8 635	5 292
Other	521	528
TOTAL CASH AND CASH EQUIVALENTS	164 024	318 297

Cash at banks earns interest at floating rates based on daily bank deposit rates in the respective currency.

12 SHARE CAPITAL

The share capital is represented by 15 878 984 issued shares (2015: 15 722 939) of CHF 0.10 par value, fully paid in. In 2016, the authorized share capital was increased by CHF 15 604.50 (2015: 4 639.00). The additional share capital was created from conditional share capital and was used for the Performance share plan for Executive and Senior Management and for tradable options that were exercised by a Swiss Bank into shares.

The conditional share capital was approved for an unlimited period at an extraordinary General Meeting in 1998 for use in equity participation plans for employees and management. The shareholders at the Annual General Meeting in 2016 approved an increase of conditional share capital to CHF 44 000.00. Considering the authorized share capital increases in 2016, the conditional share capital amounted to CHF 28 395.50 at 31 December 2016 (2015: CHF 27 706.10).

Treasury shares are valued at weighted average cost and have been deducted from equity. The fair value of the treasury shares as of 31 December 2016 amounted to CHF 219.5 million (2015: CHF 2.3 million).

In August 2016, the Group's second largest shareholder, GIC Private Limited (GIC), has significantly reduced its stake in the Group. The respective shares have been placed through an accelerated book-building offering. As part of the offering, the Group has purchased 531 632 treasury shares for a total consideration of CHF 200.0 million. As of 31 December 2016 the number of outstanding shares amounted to 15 326 815 (2015: 15 715 403) and the number of treasury shares to 552 169 (2015: 7 536).

The number of shares outstanding developed as follows:

	2016	2015
At 1 January	15 715 403	15 613 849
Issuance of new shares		
Performance share plan – PSU	88 212	46 390
Option plan	67 833	0
Treasury shares		
Purchased	(560 974)	0
Used	16 341	55 164
AT 31 DECEMBER	15 326 815	15 715 403

13 STRAIGHT BOND

The Group launched and fully placed an inaugural CHF-denominated domestic straight bond issue for an aggregate amount of CHF 200 million with issue date 30 April 2013 and interest rate of 1.625% p.a., payable annually in arrears on 30 April. The maturity date of the bond is 30 April 2020 with redemption at par. Denominations of the bond are CHF 5 000 nominal and multiples thereof.

The bond has been admitted to trading on the SIX Swiss Exchange with effect from 26 April 2013 until 27 April 2020 and listed in accordance with the Standard for Bonds on the SIX Swiss Exchange.

The interest-bearing borrowings recognized in the financial position are calculated as follows:

(in CHF 1 000)	2016	2015
Straight bond at 1 January	199 520	199 410
Interest expense	3 382	3 380
Redemption	(3 270)	(3 270)
thereof:		
Recognized in trade and other payables (Note 17)	(2 180)	(2 180)
Disbursement	(1 090)	(1 090)
STRAIGHT BOND AT 31 DECEMBER	199 632	199 520

14 FINANCIAL LIABILITIES

(in CHF 1 000)	2016	2015
Unpaid purchase price consideration	674	568
Finance lease payables	156	50
TOTAL NON-CURRENT FINANCIAL LIABILITIES	831	618
Unpaid purchase price consideration	0	782
Financial liabilities at fair value through profit or loss (Note 29)	440	143
TOTAL CURRENT FINANCIAL LIABILITIES	440	925

15 OTHER LIABILITIES (NON-CURRENT)

(in CHF 1 000)	2016	2015
Other long-term employee benefits	4 723	4 271
Government grants	929	1 375
Rent payable	1 978	857
Contingent consideration	6 129	0
Other	0	472
TOTAL OTHER LIABILITIES	13 759	6 975
thereof: financial liabilities as defined by IFRS 7	8 107	857

The contingent consideration relates to the Equinox business combination. Government grants relate to grants recognized in Germany in connection with investments in the manufacturing facilities of etkon GmbH.

16 PROVISIONS

(in CHF 1 000)	Sales-related	Tax-related	Other	Total 2016	Total 2015
At 1 January	15 191	16 575	15 778	47 544	41 862
Change in consolidation scope	0	0	0	0	20 006
Utilization	(7 096)	0	(121)	(7 217)	(15 416)
Reversal	(80)	(4 683)	(4 383)	(9 146)	(1 662)
Additions	655	102	7 506	8 263	7 218
Currency translation adjustments	(233)	3	1 831	1 852	(4 464)
At 31 December	8 437	11 997	20 611	41 296	47 544
Non-current 2016	4 377	11 597	8 537	24 511	
Current 2016	4 059	400	12 326	16 785	
TOTAL PROVISIONS 2016	8 436	11 997	20 863	41 296	
Non-current 2015	7 595	16 090	5 147		28 832
Current 2015	7 596	485	10 631		18 712
TOTAL PROVISIONS 2015	15 191	16 575	15 778		47 544

The position 'Sales-related' contains provisions for product warranties and similar items. In connection with the Group's go-to-market approach in the People's Republic of China, an installment in the amount of CHF 7.1 million was paid out to the former Chinese distributor.

The position 'Tax-related' contains provisions to income taxes as well as VAT and other non-income tax cases in a number of jurisdictions. The Group re-assessed its provision for tax risks to reflect recent developments in a number of jurisdictions including all ongoing disputes with tax authorities. As a result of this reassessment the Group slightly increased non-current provisions by CHF 0.1 million. Following a favorable judicial decision in connection with VAT legislation in Portugal and the expiration of the period for potential sales tax repayment claims in Brazil, the Group was able to reverse non-current provisions of CHF 4.7 million in 2016.

As of 1 March 2015, the Group obtained control over Neodent and initially recorded a provision in the amount of CHF 18.7 million under the position 'Other'. The provision was mainly related to the separation of a distributor in Brazil and litigations in the United States. The Group already utilized CHF 5.9 million in the previous year. Due to a string of favorable court decisions in the course of 2016, the Group reversed an amount of CHF 4.3 million from these provisions in the period under review. The additional increase in the amount of CHF 7.5 million consists of a number of separate legal matters, including claims arising from trade, in various Group companies. By their nature the amounts and timings of any outflows are difficult to predict.

17 TRADE AND OTHER PAYABLES

(in CHF 1 000)	2016	2015
Trade payables	30 307	23 390
Other payables, thereof:	108 395	100 783
Salary and social security	60 340	57 522
Sales related	35 138	30 777
VAT and other non-income taxes	7 825	5 584
Interest accrued on straight bond (Note 13)	2 180	2 180
Rent payable	307	476
Other	2 606	4 244
TOTAL TRADE AND OTHER PAYABLES	138 702	124 173
thereof: financial liabilities as defined by IFRS 7	2 487	2 656

18 INCOME TAX

INCOME TAX EXPENSE

(in CHF 1 000)	2016	2015
Income taxes from current period	(22 040)	(21 276)
Income taxes from other periods	(5 402)	2 336
Deferred	34 817	10 253
Total income tax expense	7 375	(8 687)
EFFECTIVE INCOME TAX RATE (IN %)	(3.3)	10.8

For 2016, the applicable Group tax rate is 15.5% (2015: 11.3%), which represents the weighted tax rate, calculated by multiplying the accounting profits (or losses) of each Group company by the respective statutory tax rate over the total pre-tax profit of the Group.

The following elements explain the difference between the income tax expense at the applicable Group tax rate and the effective income tax expense:

(in CHF 1 000)	2016	2015
Profit before tax	222 225	80 198
Applicable Group tax rate	15.5%	11.3%
Income tax at the applicable Group tax rate	(34 523)	(9 057)
Non-taxable / non-tax-deductible positions	2 843	1 981
Changes in recognition of tax assets from losses or tax credits (and their expiry)	44 807	279
Utilization of previously unrecognized tax losses or tax credits to offset current taxes	15	147
Tax losses or tax credits from current year that are not recognized	(428)	(4 053)
Effect of changes in tax rates or imposition of new taxes	89	(110)
Current taxes from other periods	(5 402)	2 336
Other	(27)	(210)
EFFECTIVE INCOME TAX EXPENSE	7 375	(8 687)

AVAILABLE TAX LOSS CARRY-FORWARDS AND TAX CREDITS

(in CHF 1 000)	2016	2015
At 1 January	210 426	37 195
Change in consolidation scope	0	124 868
Currency translation adjustments	30 573	(25 879)
Adjustments of tax loss carry-forwards on opening balance	(2 153)	1 129
Tax losses and credits arising from current year	133 261	87 405
Tax losses and credits expired (not used) during current year	(1 204)	0
Tax losses and credits utilized against current year profits	(117 014)	(14 292)
AT 31 DECEMBER	253 890	210 426

Deferred income tax assets of CHF 82.1 million (2015: 40.0 million) were recorded in respect of available tax loss carry-forwards and tax credits of CHF 243.6 million (2015: CHF 149.5 million). Deferred income tax assets for unused tax losses and tax credits are recognized to the extent that it is probable that future taxable profits will be available, against which the unused tax losses and tax credits can be utilized in the respective countries, or to the extent that the individual companies have sufficient taxable temporary differences.

In 2012, the Group acquired 49% of Neodent through a fully owned subsidiary and subsequently conducted a downstream merger into Neodent. This transaction has led to recognition of tax deductible goodwill and a capitalization of a deferred tax asset in Neodent's financial statements. In 2015, the Group obtained control over Neodent and started to consolidate Neodent in its financial statements. At 1 March 2015, the tax deductible goodwill amounted to CHF 124.9 million and the carrying amount of the respective deferred tax assets amounted to CHF 42.5 million.

Effective as of 1 January 2016, Straumann Brasil Ltda has been merged into Neodent. As a result of the merger, Neodent will benefit from future tax savings and has consequently recognized a deferred tax asset of CHF 38.7 million in respect of the tax credit of CHF 113.7 million.

At the balance sheet date, the remaining tax credit and deferred tax asset amounted to CHF 215.0 million and CHF 73.1 million.

Unused tax loss carry-forwards for which no deferred tax has been recognized will expire as follows:

(in CHF 1 000)	2016	2015
Expiry in next business year (current year +1)	0	1 236
Expiry current year +2	0	0
Expiry current year +3	3 837	548
Expiry current year +4	5 212	8 268
Expiry current year +5 and later	1 253	50 906
UNUSED TAX LOSS CARRY-FORWARDS AT 31 DECEMBER	10 302	60 958

DEFERRED INCOME TAXES

The movement in deferred income tax assets and liabilities is as follows:

2016

(in CHF 1 000)	Property, plant and equipment	Intangible assets	Inventory valuation	Tax loss carry-forwards, tax credits	Other	Total
Deferred tax assets at 1 January	214	78	20 272	40 052	20 712	81 328
Deferred tax liabilities at 1 January	(3 201)	(29 665)	(2 761)	-	(3 474)	(39 101)
Net deferred tax balance at 1 January	(2 987)	(29 587)	17 511	40 052	17 238	42 227
(Charged)/credited to income statement	(1 366)	4 516	2 209	31 913	(2 454)	34 817
Charged to statement of comprehensive income	0	0	0	0	471	471
(Charged)/credited to statement of changes in equity	0	0	0	0	(1 184)	(1 184)
Currency translation adjustments	(99)	(6 374)	309	10 124	1 749	5 709
NET DEFERRED TAX BALANCE AT 31 DECEMBER	(4 452)	(31 445)	20 029	82 089	15 820	82 041
Deferred tax assets at 31 December	358	1 451	23 050	82 088	20 255	127 202
Deferred tax liabilities at 31 December	(4 811)	(32 896)	(3 319)	-	(4 135)	(45 161)

2015

(in CHF 1 000)	Property, plant and equipment	Intangible assets	Inventory valuation	Tax loss carry-forwards, tax credits	Other	Total
Deferred tax assets at 1 January	279	108	11 032	7 693	10 836	29 948
Deferred tax liabilities at 1 January	(2 492)	(332)	(2 837)	-	(3 692)	(9 353)
Net deferred tax balance at 1 January	(2 213)	(224)	8 195	7 693	7 144	20 595
(Charged)/credited to income statement	853	(56)	8 981	(842)	1 317	10 253
Charged to statement of comprehensive income	0	0	0	0	1 406	1 406
(Charged)/credited to statement of changes in equity	0	0	0	0	2 229	2 229
Change in scope of consolidation	(2 041)	(37 227)	426	42 455	6 756	10 369
Currency translation adjustments	414	7 920	(91)	(9 254)	(1 614)	(2 625)
NET DEFERRED TAX BALANCE AT 31 DECEMBER	(2 987)	(29 587)	17 511	40 052	17 238	42 227
Deferred tax assets at 31 December	214	78	20 272	40 052	20 712	81 328
Deferred tax liabilities at 31 December	(3 201)	(29 665)	(2 761)	-	(3 474)	(39 101)

At 31 December 2016, deferred tax assets and deferred tax liabilities of CHF 43.1 million (2015: 37.6 million) have been offset.

At 31 December 2016, there was no recognized deferred tax liability (2015: CHF nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group does not expect significant income tax liabilities from the distribution of retained earnings to the parent company.

19 SHARE-BASED PAYMENTS

The Group uses four different compensation plans involving share-based payment components:

- Option plan
- Performance share plan
- Board of Directors remuneration
- Employee share plan

OPTION PLAN

Up to 2011, tradable options (non-tradable for participants outside Switzerland) with a term of six years and a two-year vesting period were allocated to members of the Executive Management and Senior Management as part of their compensation. The exercise price was equal to the share price on 31 December. The value of the options was determined at grant date and has been expensed as a personnel expense from service commencement to the end of the vesting period. The fair value of the options granted was determined using the Black-Scholes valuation model. The calculation of the option value was performed by independent specialists. Unvested options are forfeited when an employee leaves the company. The options are structured as a private placement. The options, which were issued in the form of warrants (one option = 50 warrants), can be exercised 1:1 into shares. A Swiss bank functions as market maker for the quoted and private placement warrants. Since 2012, no further option allocations have been made.

PERFORMANCE SHARE PLAN

Under the Performance share plan introduced in 2012, Executive Management and Senior Management are granted 'Performance Share Units' (PSUs), which are convertible into shares after a three-year performance period. The compensation model awards shares according to the number of PSUs allocated and total shareholder return (TSR) and EBIT growth amount (EGA) achieved per annum over a three-year performance period. Both KPI's are weighted equally with 50%.

The fair value of the PSUs granted is determined using a Monte Carlo simulation algorithm. The valuation is performed by independent specialists applying the following significant inputs into the model: grant date, vesting date, average reference price, performance target including 'cap' and 'floor', EGA target including 'cap' and 'floor', share price at issue, risk-free interest rate, expected volatility, expected EGA and expected dividend rate.

At the end of the performance period, no shares will be allocated for a TSR of 0% p.a. or less; half a share will be granted per vested PSU if the TSR is + 7% p.a. and one share per vested PSU for a TSR of + 14% p.a. or more (capped at 200%). For a TSR between 0% and 7% p.a. or between 7% and 14% p.a., the number of shares allocated per vested PSU is calculated on a linear basis. Related the EGA at the end of the performance period, no shares will be allocated for an EGA which is below the defined floor; half a share will be granted per vested PSU if the EGA is exactly the defined performance target and one share per vested PSU for an EGA which is the defined cap or more (capped at 200%). For an EGA between the defined floor and the defined performance target or between the defined performance target and the defined cap, the number of shares allocated per vested PSU is calculated on a linear basis.

BOARD OF DIRECTORS REMUNERATION

The Board of Directors is entitled to a fixed compensation, which is paid out in cash and shares. Approximately 40% of the compensation is paid out in shares; the shares allocated to the members of the Board of Directors are blocked for 2 years. The value of shares allocated is calculated using the average closing price of the shares over the seven trading days following the ex-dividend day.

EMPLOYEE SHARE PLAN

Selected employees in Switzerland had the right to buy between 10 and 500 shares (depending on the hierarchical level) in 2016. The employees were offered a discount of 25% based on the average share price over the seven trading-day period following the ex-dividend day. The difference between the fair value at grant and the cash consideration paid by the employees was immediately recognized as personnel expense. The shares are subject to a two-year blocking period. During the reporting period, employees subscribed to 8 754 (2015: 4 653) of those shares.

The expense recognized for share-based payments during the year is shown in the following table:

(in CHF 1 000)	2016	2015
Performance share plan	2 905	2 601
Board of directors remuneration	657	828
Employee share plan	680	170
TOTAL SHARE-BASED PAYMENTS (NOTE 23)	4 242	3 599

There were no cancellations or modifications to the awards in 2016 or 2015.

Movements in the number of performance share units are as follows:

RECONCILIATION OF OUTSTANDING PERFORMANCE SHARE UNITS

	2016	2015
At 1 January	76 799	99 810
Granted	14 520	7 586
Exercised	(44 105)	(23 559)
Forfeited	(1 608)	(7 038)
TOTAL AT 31 DECEMBER	45 606	76 799
Exercisable at 31 December	0	0

The option program developed as follows:

RECONCILIATION OF OUTSTANDING OPTIONS

	2016		2015	
	Number of options	Weighted average exercise price (CHF)	Number of options	Weighted average exercise price (CHF)
At 1 January	77 200	192.21	131 702	229.48
Exercised	(73 305)	191.78	(47 447)	280.75
Expired	(2 862)	214.00	(7 055)	292.50
TOTAL AT 31 DECEMBER	1 033	162.10	77 200	192.21

The exercise prices, the exercise period and the expiry date of the outstanding options are as follows:

	Strike price	Options expiring at year-end	Total options available for exercise
2016	214.00	2 862	1 033
2017	162.10	1 033	1 033

The following table lists the inputs to the models used for the performance share plan (PSU) and the option plan for the years ended 31 December 2016 and 2015, respectively:

INPUTS TO THE MODELS

	2016	2015
	PSU	PSU
Dividend yield (in %)	0.00	0.00
Expected volatility (in %)	28.50	31.75
Risk-free interest rate (in %)	(0.72)	(0.63)
Expected life of PSUs / options	3	3
Share price (in CHF) at grant date in April	336.00	262.50
Fair value (in CHF)	306.84	208.06
Model used	Monte Carlo	Monte Carlo

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the instruments is indicative of future trends, which may not necessarily be the actual outcome.

20 RETIREMENT BENEFIT OBLIGATIONS

Apart from the legally required social security schemes, the Group has several independent pension plans. In most cases these plans are externally funded in vehicles which are legally separate from the Group. For certain Group companies, however, no independent plan assets exist for the pension plan of subsidiaries. In these cases the related unfunded liability is included in the statement of financial position. The defined benefit obligations and related plan assets are reappraised annually by independent actuaries.

The Swiss pension plan represents the most significant portion of the Group's total defined benefit obligation and plan assets. Current pension arrangements for employees in Switzerland are made through plans governed by the Swiss Federal Occupational Old Age, Survivors and Disability Pension Act (BVG). The plan is funded by regular employer and employee contributions. The final benefit is contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plan is treated as a defined benefit plan for the purposes of these IFRS financial statements, although the plan has many of the characteristics of a defined contribution plan.

The amounts for the Group's pension plans recognized in the statement of financial position are as follows:

MOVEMENTS OF NET LIABILITIES RECOGNIZED IN STATEMENT OF FINANCIAL POSITION

(in CHF 1 000)	2016	2015
Net liabilities at 1 January	(44 496)	(37 492)
Currency translation adjustments	15	128
Expense recognized in consolidated income statement	(10 086)	(3 440)
Employer contributions	8 435	8 192
Remeasurements	(631)	(11 884)
NET LIABILITIES AT 31 DECEMBER	(46 763)	(44 496)

BALANCE SHEET

(in CHF 1 000)	2016	2015
Fair value of plan assets	151 514	144 578
Present value of funded benefit obligations	(195 606)	(186 457)
Deficit in the plan	(44 092)	(41 879)
Present value of unfunded benefit obligations	(2 671)	(2 617)
TOTAL RETIREMENT BENEFIT OBLIGATIONS	(46 763)	(44 496)

The net periodic benefit costs recorded in the income statement consist of the following components:

(in CHF 1 000)	2016	2015
Current service cost	(9 963)	(9 491)
Interest expense on defined benefit obligation	(1 310)	(2 081)
Interest income on plan assets	966	1 605
Administration costs	(250)	(263)
Gains on curtailments, settlements and plan amendments	471	6 790
EXPENSE RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT	(10 086)	(3 440)

Plan amendment gains in 2015 are recorded mainly in respect of changes to the Swiss pension plan. The change represents the adoption of a lower conversion rate, which determines the annuity at the normal retirement age.

As of 1 January 2016, the Swiss based Group companies joined the Gemini collective pension fund. As part of this change, the risks relating to the pensioners have not been transferred to Gemini but have been assumed by a reinsurance company. Accordingly, the defined benefit obligations of CHF 4.9 million and pension assets of CHF 4.4 million relating to those pensioners have been excluded from the net defined benefit obligation. This resulted in a settlement gain of CHF 0.5 million.

The defined benefit obligation of the Swiss pension plan amounts to CHF 194.7 million (2015: CHF 185.7 million), the plan assets are CHF 150.8 million (2015: CHF 144.0 million) and current service costs are CHF 9.5 million (2015: CHF 9.1 million).

The movement in the Group's defined benefit obligation over the year is as follows:

(in CHF 1 000)	2016	2015
Present value of benefit obligation at 1 January	(189 074)	(172 979)
Current service cost	(9 963)	(9 491)
Interest expense on defined benefit obligation	(1 310)	(2 081)
Curtailements, settlements and plan amendments	4 854	6 790
Employee contributions	(4 857)	(4 619)
Experience losses on defined benefit obligation	(7 330)	(2 735)
Benefits paid	8 535	5 896
Actuarial results arising from change in financial assumptions	1 259	(10 064)
Actuarial results arising from change in demographic assumptions	(406)	46
Currency translation adjustments	15	163
PRESENT VALUE OF BENEFIT OBLIGATION AT 31 DECEMBER	(198 277)	(189 074)
whereof due to active members	(172 051)	(159 459)
whereof due to pensioners	(26 226)	(29 615)

On 31 December 2016, the weighted-average duration of the defined benefit obligation was 14 years (2015: 13 years).

The calculation of defined benefit obligation is based on actuarial assumptions. The principal actuarial assumptions for the plans, which are determined with respect to local conditions, were as follows:

	2016		2015	
	Switzerland	Other	Switzerland	Other
Discount rate	0.70%	1.35%–2.53%	0.65%	1.80%–2.58%
Future salary increases	1.00%	1.00%–2.50%	1.00%	1.00%–2.75%
Future pension increases	0.00%	0.00%	0.00%	0.00%

Generational mortality tables are used where this data is available.

The defined benefit pension obligation is significantly impacted by assumptions regarding the discount rate. Furthermore, the rate of future salary increases significantly affects the value of the plans.

A quantitative sensitivity analysis for significant assumptions is shown below :

(in CHF 1 000)	2016		2015	
	Defined benefit obligation		Defined benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25% movement)	6 428	(6 853)	5 930	(6 308)
Future salary growth (0.25% movement)	(1 040)	1 016	(1 027)	998

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net defined obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The movement in the fair value of plan assets over the year is as follows:

(in CHF 1 000)	2016	2015
Fair value of plan assets at 1 January	144 578	135 487
Interest income	966	1 605
Employer contributions	8 435	8 192
Employee contributions	4 857	4 619
Curtailments, settlements and plan amendments	(4 383)	0
Benefits paid	(8 535)	(5 896)
Return on plan assets	5 846	869
Administration costs	(250)	(263)
Currency translation adjustments	0	(35)
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	151 514	144 578

Plan assets are comprised as follows:

(in CHF 1 000)	2016		2015	
Cash and cash equivalents	6 938	4.5%	9 215	6.4%
Debt instruments	32 730	21.6%	29 086	20.1%
Equity instruments	34 540	22.8%	34 846	24.1%
Real estate	44 042	29.1%	41 901	29.0%
Other	33 264	22.0%	29 530	20.4%
TOTAL PLAN ASSETS	151 514	100.0%	144 578	100.0%

Cash and cash equivalents, as well as most of the debt and equity instruments and 'Other' (mainly consisting of insurance-linked securities and investments in an infrastructure fund) have a quoted market price in an active market. 70% of the plan assets shown under 'Real estate' also have a quoted market price.

The strategic allocation of assets is determined with the objective of achieving an investment return which, together with the employer and employee contributions, is sufficient to maintain reasonable control over the various funding risks of the plan. The aim is to ensure that plan assets and liabilities are aligned in the medium and long term.

The Group's defined benefit plans are administered by independent foundations. The Board of Trustees, which is constituted by an equal number of representatives of the employer and employees, is responsible for the management of the plans. The Board of Trustees determines the investment strategy within the framework of the legal provisions taking into consideration the plans' risk objectives, benefit obligations and risk capacity. The Board of Trustees uses external actuarial reports to estimate the risk capacity.

Each year, the level of funding is reviewed as required by legislation. The duties of the Board of Trustees are laid down in the BVG and the pension fund regulations. In accordance with BVG, a temporary shortfall is permitted. The Board of Trustees must take appropriate measures in order to solve the shortfall within a reasonable time. Pursuant to BVG, additional employer and employee contributions may be incurred whenever a significant shortfall in accordance with BVG arises.

The expected amount of contribution to post-employment benefit plans for 2017 is CHF 8.8 million.

Apart from the defined benefit plans, the Group also operates several of defined contribution plans which receive fixed contributions from Group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognized in the current period in relation to these contributions was CHF 3.7 million (2015: CHF 2.4 million).

21 OTHER INCOME

(in CHF 1 000)	2016	2015
Rental income	1 673	1 792
Gain on disposal of property, plant and equipment	258	3
Other	445	366
TOTAL OTHER INCOME	2 376	2 161

22 DEPRECIATION AND AMORTIZATION

(in CHF 1 000)	2016	2015
Depreciation of property, plant and equipment	(22 852)	(23 503)
Impairment of property, plant and equipment	0	(2 076)
Amortization of intangible assets	(9 171)	(9 455)
TOTAL DEPRECIATION AND AMORTIZATION	(32 024)	(35 034)

23 EMPLOYEE BENEFITS EXPENSE

(in CHF 1 000)	2016	2015
Wages and salaries	(283 998)	(257 798)
Share-based payments (Note 19)	(4 242)	(3 599)
Social security cost	(40 839)	(34 731)
Pension costs and other personnel expense	(27 506)	(19 955)
TOTAL EMPLOYEE BENEFIT EXPENSE	(356 584)	(316 083)

24 FINANCE INCOME AND EXPENSE

(in CHF 1 000)	2016	2015
FINANCE INCOME	35 260	44 115
Interest income	2 308	3 330
from financial instruments at amortized cost	1 910	2 530
from financial instruments at fair value	399	800
Fair value and other financial income	1 977	1 748
Foreign exchange gains	30 975	39 037
FINANCE EXPENSE	(38 607)	(60 326)
Interest expense	(4 626)	(4 461)
from financial instruments at amortized cost	(4 282)	(3 985)
on defined benefit obligation (net)	(344)	(476)
Fair value and other financial expense	(851)	(8 342)
Foreign exchange losses	(33 130)	(47 523)
LOSS ON CONSOLIDATION OF NEODENT	0	(63 891)
Fair value income	0	21 487
Foreign exchange losses	0	(85 378)
TOTAL FINANCE EXPENSE NET	(3 347)	(80 102)

25 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of Straumann Holding AG by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	2016	2015
Net profit attributable to shareholders (in CHF 1 000)	229 600	70 679
Weighted average number of ordinary shares outstanding	15 637 687	15 653 490
BASIC EARNINGS PER SHARE (IN CHF)	14.68	4.52

DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of Straumann Holding AG by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential of outstanding equity instruments into ordinary shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2016	2015
Net profit used to determine diluted earnings per share (in CHF 1 000)	229 600	70 679
Weighted average number of ordinary shares outstanding	15 637 687	15 653 490
Adjustments for instruments issued	91 559	171 314
Weighted average number of ordinary shares for diluted earnings per share	15 729 246	15 824 804
DILUTED EARNINGS PER SHARE (IN CHF)	14.60	4.47

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

The dilutive effect on earnings per share is caused by outstanding options at the balance sheet date and the outstanding issues of Performance Share Units programs, which are 'in-the-money' at the balance sheet date.

26 DIVIDENDS PER SHARE

The dividend paid in 2016 was CHF 4.00 per share (2015: CHF 3.75 per share), resulting in a total payout of CHF 63.2 million in 2016 and CHF 58.6 million in 2015. A dividend for the year ended 31 December 2016 of CHF 4.25 per share, amounting to a total dividend of CHF 65.1 million, will be proposed at the Shareholders' General Meeting on 7 April 2017. These financial statements do not reflect this payable dividend.

27 CONTINGENCIES AND COMMITMENTS

OPERATING LEASE COMMITMENTS

(in CHF 1 000)	2016	2015
MATURITY:		
Within 1 year	16 660	17 001
After 1 year but not more than 5 years	49 301	33 938
More than 5 years	46 239	3 002
TOTAL OPERATING LEASE COMMITMENTS	112 199	53 941
TOTAL RENTAL AND OPERATING LEASE EXPENSES	23 195	21 098

The majority of the operating lease commitments are in connection with non-cancellable operating lease agreements for office buildings in Switzerland and the US, as well as for an office building and a manufacturing site in Germany. The increase of operating lease commitments compared to previous year relates to new or prolonged contracts in the countries mentioned above. The non-cancellable leases have remaining terms up to eleven years. In addition, the Group entered into various cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

In 2016 there are no material finance lease contracts.

CONTINGENT ASSETS AND LIABILITIES

The Group has guarantee obligations with a maximum of CHF 5.6 million (2015: CHF 3.2 million). Some Group companies are involved in litigations arising from the normal course of their business and might be liable to pay compensations. The costs relating to these lawsuits may not be partially or fully covered by insurance. However, it is the view of the Group's management that the outcome of such litigations will not significantly affect the Group's financial position over and above the provisions already recognized in the statement of financial position.

CONTINGENT LIABILITIES

(in CHF 1 000)	2016	2015
Letter of credit facilities	5 560	3 159
Purchase commitments	1 450	439
Other	148	300
TOTAL	7 158	3 898

28 RELATED-PARTY DISCLOSURE

Besides the associates, the joint venture and the Key Management Personnel, the Group has identified following related parties:

- The International Team for Implantology (ITI) Foundation
- Medartis AG
- Straumann Pension Fund (until December 2015)

In the period under review, the following related-party transactions were made:

(in CHF 1 000)	2016	2015 ¹
PURCHASE OF GOODS FROM:		
Associates	(16 042)	(10 215)
SALE OF GOODS TO:		
Joint Venture	434	0
SERVICES RENDERED TO:		
Associates	958	1 044
SERVICES RECEIVED FROM:		
The International Team for Implantology (ITI) Foundation	(10 739)	(11 350)
Straumann Pension Fund	0	(7 612)
TOTAL	(25 389)	(28 133)

¹ Prior year's presentation has been adapted to the current year format

Payments to the ITI Foundation are based on a collaboration agreement between the Group and the ITI.

The payments received for the re-rendering of services as well as the purchases of goods as stated above are carried out under normal commercial terms and conditions.

The following open balances due to related parties are recognized in the statement of financial position:

(in CHF 1 000)	2016	2015
The International Team for Implantology (ITI) Foundation	(3 056)	(2 523)
Straumann Pension Fund	0	(149)
Associates	(2 283)	(281)
Joint Venture	434	0
TOTAL	(4 905)	(2 953)

On 31 December 2016 loans granted to associates amounted to CHF 5.3 million (2015: 2.8 million).

KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel comprises of the Board of Directors and the Executive Management Board (EMB).

The Board of Directors is entitled to a fixed compensation, which is paid out in cash and shares. Approximately 40% of the compensation is paid out in shares; the shares allocated to the members of the Board of Directors are blocked for 2 years.

The compensation of the EMB consists of a fixed portion and variable portion, which depends on the course of business and individual performance. In addition, Executive Management Board members participate in the Straumann Performance Share Plan.

COMPENSATION

The following table shows the compensation of Key Management Personnel recognized in profit or loss in line with the Group's accounting policies.

(in CHF 1 000)	2016	2015
Salaries and other short-term employee benefits	11 019	10 099
Post-employment benefits	2 347	1 745
Share-based payments	1 938	1 970
Termination benefits ¹	562	0
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION RECOGNIZED IN PROFIT OR LOSS	15 866	13 814

¹ Salary until end of notice period as the employee renders no further service that provides economic benefits to the entity.

29 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities, other than derivatives, comprise bank loans, a straight bond issued in the Swiss bond market, short-term overdrafts, finance leases, trade payables and hire-purchase contracts. The main purpose of these financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as trade receivables which arise directly from its operations and cash, cash equivalents and short-term deposits, which form part of the liquidity managed by Corporate Treasury.

The Group also enters into derivative transactions, primarily into forward currency contracts, options and non-deliverable foreign exchange forwards (NDF). The purpose of these contracts is to manage the currency risks arising from the Group's operations conducted in foreign currencies.

It is, and has been throughout 2016 and 2015, the Group's policy not to use derivatives without an underlying operational transaction, nor for trading (i.e. speculative) purposes.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Audit Committee agrees and reviews policies for managing each of these risks, which are summarized below. All derivative activities for risk management purposes are carried out by a specialist team that has the appropriate skills, experience and supervision.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include deposits, investments and derivative financial instruments. The sensitivity analysis in the following sections relates to the position at 31 December 2016 and 2015. The sensitivity analysis has been prepared on the basis that the amount of net cash and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place on 31 December 2016. The analysis excludes the impact of movements in market variables on the carrying value of pension and other post-retirement obligations, as well as on provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

- The statement of financial position sensitivity relates to derivatives.
- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2016 and 2015.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term interest-bearing assets and short-term debt obligations with floating interest rates. No material hedging activities (such as interest rate swaps) were conducted during the period under review. The Group is not exposed to cash flow interest risk by non-current borrowings.

The Group's policy is to manage its interest cost using variable and fixed rates.

INTEREST RATE RISK SENSITIVITY

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact of floating rates on interest-bearing assets and borrowings). There is no material impact on the Group's equity.

(in CHF 1 000)	2016		2015	
	Increase / decrease (in base points)	Effect on profit before tax	Increase / decrease (in base points)	Effect on profit before tax
CURRENCY				
CHF	30	362	30	845
BRL	100	92	100	64
CHF	(30)	(362)	(30)	(845)
BRL	(100)	(92)	(100)	(64)

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Chinese renminbi, Brazilian real, Canadian dollar, Japanese yen and USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and also net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities of the Group use forward currency contracts transacted with or agreed with Corporate Treasury. Corporate Treasury is responsible for managing the net positioning of each foreign currency by using external forward currency contracts, options and NDF. Corporate Treasury decides what to hedge based on information about the currency exposure provided by each subsidiary. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The Group's risk management policy is to hedge recognized and anticipated transactions (mainly export sales) in each major currency for a maximum of 12 months based on actual exposures, budget assumptions and currency expectations. The forward currency contracts, NDF or options must be in the same currency as the hedged item. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness. At 31 December 2016, the Group had hedged foreign currency sales, mainly relating to sales in euros, USD, Japanese yen and Chinese renminbi, for which firm commitments existed at the balance sheet date, and also for anticipated transactions and short- and long-term loans, mainly in Japanese yen, USD and British pounds.

At 31 December 2016 the Group had hedged 98% (2015: 94%) of its foreign currency exposure for which firm commitments existed at the reporting date.

The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's investments in foreign operations is not hedged.

FOREIGN CURRENCY RISK SENSITIVITY

The following table demonstrates the sensitivity of the net booked exposure to a reasonably possible change in the exchange rate of the Chinese renminbi, the USD and Brazilian real against the Swiss franc, with all other variables held constant, in relation to the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives) and the Group's equity (due to changes in the fair value of forward exchange contracts designated as cash flow hedges). The Group's exposure to foreign currency changes for all other currencies is not material.

(in CHF 1 000)	2016			2015		
	Increase/decrease (in %)	Effect on profit before tax	Effect on equity	Increase/decrease (in %)	Effect on profit before tax	Effect on equity
CNY/CHF	5	(130)	0	5	(141)	0
USD/CHF	5	(30)	0	5	(1)	0
BRL/CHF	5	(17)	0	5	10	0
CNY/CHF	(20)	519	0	(20)	563	0
USD/CHF	(20)	121	0	(20)	3	0
BRL/CHF	(20)	69	0	(20)	(38)	0

CREDIT RISK

Credit risk is the risk that counterparties will not meet their obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group trades only with recognized, creditworthy third parties.

TRADE RECEIVABLES

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances, their overall maturity profile and their overdue profile are monitored on an ongoing basis. The Group reviews its provision for impairment on an ongoing basis. Overall the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note 10. In 2016, 94% (2015: 95%) of the transactions occur in the country of the relevant operating unit. There are no significant concentrations of customer credit risk within the Group.

FINANCIAL INSTRUMENTS AND CASH DEPOSITS

Credit risk from balances with banks and financial institutions is managed by Corporate Treasury in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

The table below shows the balance of the major counterparties at the balance sheet date.

(in CHF 1 000)	2016		2015	
	Rating	Balance	Rating	Balance
BANK				
Bank A	AAA	15 437	AAA	19 915
Bank B	AA	1 974	AA	9 999
Bank C	AA+	4 982	AA+	4 990
Bank D	A+	52 144	A	158 088
Bank E	BBB+	9 012	BBB+	32 448
Bank F	A	41 440	A	69 847
TOTAL		124 990		295 287

LIQUIDITY RISK

The Group monitors its liquidity risk to avoid shortage of funds through prudent liquidity management using a recurring liquidity planning tool. This tool considers the maturity of its financial investments and financial assets (e.g. accounts receivable and other financial assets) as well as projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, bonds and finance leases. Corporate Treasury maintains flexibility in funding by maintaining availability under uncommitted credit lines. Management monitors rolling forecasts of the Group's liquidity reserve (which comprises undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flow). The Group's policy follows the principle of maintaining liquidity reserves higher than the daily and monthly demand of operating cash and the target of maintaining a minimum cash on hand of CHF 60 million and available liquidity including credit lines of more than CHF 100 million.

The following table reflects all undiscounted contractually agreed payments for repayments and interest resulting from recognized financial liabilities at 31 December 2016 and 31 December 2015.

(in CHF 1 000)	2016			2015		
	< 1 year	1–5 years	> 5 years	< 1 year	1–5 years	> 5 years
Straight bond	1 090	207 650	0	1 090	210 920	0
Derivative financial liabilities	440	0	0	143	0	0
Other financial liabilities	0	831	0	782	618	0
Trade payables	30 307	0	0	23 390	0	0
Other payables	2 487	8 107	0	2 656	857	0
TOTAL	34 324	216 588	0	28 061	212 395	0

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and secure shareholder investments. The Group manages its capital structure and makes adjustments if required. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders by the means of share buy-backs, or issue new shares. No changes were made in the objectives, policies or processes during 2016 and 2015.

As the Group operates in a fast-moving industry, its policy is to maintain a high degree of flexibility in its capital structure by maintaining a high availability of liquid funds. The Group monitors its capital base using the equity ratio, which is equity divided by total assets. The Group's current policy is to maintain an equity ratio of 50% or higher.

EQUITY RATIO

(in CHF 1 000)	2016	2015
Total assets	1 089 922	1 046 296
Equity	633 681	604 970
EQUITY RATIO	58.1%	57.8%

30 FINANCIAL INSTRUMENTS

FAIR VALUES

The carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables with a remaining term of up to twelve months, as well as other current financial assets and liabilities, represent a reasonable approximation of their fair values due to the short-term maturities of these instruments.

The fair value of equity instruments quoted in an active market is based on price quotations at the period-end date. The inaugural CHF 200 Mio. domestic straight bond is listed on the SIX Swiss Exchange and the fair value is derived from quoted market prices.

The fair value of derivatives is determined on the basis of input factors observed directly or indirectly on the market. The fair value of foreign exchange forward contracts and non-deliverable forwards are based on forward exchange rates. Currency options are valued based on option pricing models using observable input data.

The unquoted equity instruments allocated to 'Level 3' hierarchy relate to an investment in the medical device sector in the US and a fund that is dedicated exclusively to investments in dental-related opportunities in China. As the market for those investments is not active or no market is available, fair values are determined using other valuation techniques. The US investment is valued by discounting future cash flows. For the fund, the Group receives quarterly valuation statements which state the net asset value (NAV) based on the valuation techniques used by the fund.

The convertible bond allocated to 'Level 3' hierarchy is valued using a model that calculates the fair value on observable and unobservable parameters including credit spreads, expected volatility and expected dividend yield. The model is calibrated on a regular basis. The underlying instruments are valued by discounting future cash flows. The associated American call options are determined using a modified binomial model.

The other financial instruments allocated to 'Level 3' hierarchy relate to the convertible bonds from MegaGen Implant Co. Ltd. In accordance with the convertible bond agreement, the Group exercised its conversion right and call option in 2016. MegaGen has disputed the Group's conversion price and conversion of the convertible bonds and initiated an arbitration process under the ICC rules. Consequently, the underlying valuation model for determining the fair value was no longer applicable. Pending the outcome, the Group assesses the original transaction prices represent an appropriate fair value of these instruments. The positions will be revalued if the positions are deemed to be impaired.

Other financial liabilities allocated to 'Level 3' hierarchy mainly include a contingent consideration in relation to the acquired Equinox business in India. The fair value of this contingent consideration is based on a growth component (CAGR) and a profitability component (local contribution). The local contribution is defined as net revenue less operating expenses.

The fair value of investments in 'Level 3' is reviewed regularly for a possible diminution in value.

FAIR VALUE HIERARCHY

The Group uses the following hierarchy for disclosure of the fair values of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques which predominantly use unobservable input data and which are not based on observable market data.

At 31 December 2016 and 2015 the Group held the following financial instruments:

AT 31 DECEMBER 2016

(in CHF 1 000)	Carrying amount (by measurement basis)				Total carrying amount	Fair Value
	Amortized cost	Level 1	Level 2	Level 3		
FINANCIAL ASSETS						
Derivative financial assets			1 105		1 105	
Equity instruments		7 172		5 610	12 782	
Convertible bonds				31 166	31 166	
Loans and other financial receivables	5 975				5 975	
Other receivables	1 738				1 738	
Trade receivables	148 909				148 909	
Cash and cash equivalents	164 024				164 024	
FINANCIAL LIABILITIES						
Straight bond	199 632				199 632	210 750
Derivative financial liabilities			440		440	
Other financial liabilities	156			6 803	6 959	
Trade payables	30 307				30 307	
Other payables	4 465				4 465	

AT 31 DECEMBER 2015

(in CHF 1 000)	Carrying amount (by measurement basis)				Total carrying amount	Fair Value
	Amortized cost	Level 1	Level 2	Level 3		
Financial Assets						
Derivative financial assets			1 059		1 059	
Equity instruments		9 572		5 750	15 322	
Convertible bonds				29 867	29 867	
Loans and other financial receivables	9 207				9 207	
Other receivables	1 478				1 478	
Trade receivables	125 207				125 207	
Cash and cash equivalents	318 297				318 297	
Financial Liabilities						
Straight bond	199 520				199 520	210 400
Derivative financial liabilities			143		143	
Other financial liabilities	1 400				1 400	
Trade payables	23 390				23 390	
Other payables	3 513				3 513	

The change in carrying values associated with 'Level 3' financial instruments are set as follows:

(in CHF 1 000)	2016	2015
At 1 January	35 617	33 809
Additions	7 083	9 479
Remeasurement recognized in OCI	(73)	(1 024)
Remeasurement recognized in profit or loss	952	(6 647)
AT 31 DECEMBER	43 579	35 617

The addition to 'Level 3' financial instruments in 2016 mainly relates to the contingent consideration payable in conjunction with the Equinox business combination. In 2015, a second, secured convertible bond from MegaGen Implant Co. Ltd (CHF 9.5 million) was purchased.

The remeasurement amount recognized in profit or loss in 2015 largely belongs to the convertible bond of Biodenta Corp. The Group incorporated its current knowledge into the valuation of the bond component of the instrument and estimates its risk-adjusted discounted fair value.

The significant unobservable inputs for the fund and the Equinox contingent consideration used in the fair value measurement categorized within 'Level 3' of the fair value hierarchy together with a quantitative sensitivity analysis at 31 December 2016 are as shown below:

Instrument	Valuation technique	Significant unobservable input	Range	Sensitivity of the input to fair value
Fund	Net asset valuation	Fair value of the financial assets of the fund	-	500 basis points increase (decrease) in the financial assets of the fund would result in an increase (decrease) in fair value of kCHF 217, resp. kCHF -217
Contingent consideration	DCF method	CAGR	30–45%	1000 basis points decrease in the CAGR from 45% to 35% would result in a decrease in fair value of kCHF -724
		Local contribution	60–64%	400 basis points decrease in the local contribution margin would result in a decrease in fair value of kCHF -612

The fair value of the fund is equal to its pro rata share of net asset value (NAV). The Group receives on a quarterly basis valuation statements from the fund which state the NAV based on valuation techniques used by the fund. Consequently, the Group does not determine the fair value of the fund itself. However, based on the information obtained in the quarterly valuation statements, the valuation performed by the fund is deemed to be representative for the fair value of the fund.

Depending on the development of the parameters above, the fair value of the contingent consideration is expected to range between nil and CHF 6.1 million. As of 31 December 2016, the Group assess that it is highly probable that Equinox will achieve all targets due to expansion and synergies realized in future. The fair value of the contingent consideration determined on 31 December 2016 reflects this development and the fair value is recorded at CHF 6.1 million.

The most significant unobservable input used to determine the fair value of the investment in the medical device sector in the US is the cash flow forecast, which is mainly based on the future sales growth. As the investment amount for the Group is not material, changes to the cash flow forecasts have no significant effects on the 'Other comprehensive income' of the Group.

The Group did not perform any quantitative sensitivity analysis at 31 December 2016 for the Biodenta and MegaGen convertible bonds used in the fair value measurement categorized within 'Level 3' of the fair value hierarchy. The changes in unobservable inputs for the convertible bond of Biodenta were assessed to be insignificant after the remeasurement in 2015. Taking into account the current circumstances and the current valuation basis for the fair value of the convertible bonds from MegaGen, the Group could not identify any material unobservable inputs with a significant impact on the fair value.

HEDGES

At 31 December 2016, the Group had open option contracts in the amount of CHF 2.2 million (2015: CHF 18.3 million), forward exchange contracts for CHF 31.2 million (2015: 26.6 million) and NDF of CHF 0.7 million (2015: 0.3 million). Forward exchange contracts, NDF and options were used during 2016 and 2015 to hedge the Group's foreign currency risk of firm and not-firm commitments.

31 PRINCIPAL CURRENCY TRANSLATION RATES

CURRENCY	Unit	31 Dec 2016	Average 2016	31 Dec 2015	Average 2015
Brazilian real (BRL)	100	31.16	28.37	25.62	29.47
Canadian dollar (CAD)	1	0.75	0.74	0.72	0.75
Chinese renminbi (CNY)	100	14.61	14.85	15.26	15.34
euro (EUR)	1	1.07	1.09	1.08	1.07
Indian rupee (INR)	100	1.49	1.47	1.49	1.50
Japanese yen (JPY)	100	0.87	0.90	0.82	0.80
US Dollar (USD)	1	1.02	0.99	0.99	0.96

32 EVENTS AFTER THE BALANCE SHEET DATE

MEDENTIKA GMBH

The Group has signed a contractual agreement with the founding shareholders of Medentika GmbH to obtain control over the company. Due to contractual amendments in the shareholder agreement, the Group has now the practical ability to direct all relevant activities of Medentika GmbH unilaterally. As a result of obtaining control, the Group is going to consolidate Medentika GmbH in 2017 in its consolidated financial statements based on the current ownership interests of 51% with 49% non-controlling interests with effect from 1 January 2017. In connection with the change of control, no cash considerations were made.

Medentika GmbH, based in Germany, is a provider of implants and implant prosthetics for leading implant and CAD/CAM systems. The company also supplies a range of titanium implants and instruments.

On the date the Group obtained control over Medentika GmbH, the Group's share of the identifiable net assets has not yet been elaborated. Details of the assets taken over and the liabilities assumed, the future revenue and profit contribution of Medentika GmbH and the effect on the cash flows for the Group are not disclosed, as the accounting for the transaction is still incomplete at the time these consolidated financial statements have been authorized for issue.

In connection with the modification of the shareholder agreement, the Group has written a put option granting the holders of the 49% non-controlling interests the right to sell their remaining shares to the Group at a future date. The contractual obligation to purchase its own equity gives rise to a financial liability in the consolidated financial statement of the Group. As of 1 January 2017, the financial liability is recognized at the present value of the redemption amount and is to be estimated at CHF 49.8 million.

INSTRADENT DEUTSCHLAND GMBH

As of 1 January 2017, the Group acquired the remaining 49% interest in Instradent Deutschland GmbH for a cash consideration of CHF 1.8 million. The Group is going to consolidate Instradent Deutschland GmbH in its consolidated financial statements effective as of 1 January 2017.

Instradent Deutschland GmbH acts as the exclusive distributor for Medentika products in the German market. The accounting for this acquisition is still incomplete at the time these consolidated financial statements have been authorized for issue. Therefore, no further details are disclosed.

MAXON DENTAL GMBH

As of 3 January 2017, the Group has acquired a 40.6% non-controlling stake in maxon dental GmbH, Germany. The purchase price amounted to CHF 5.4 million. maxon Dental GmbH operates in the development of ceramic components for dental systems that are produced by injection.

Following the initial investment in maxon dental GmbH, the Group has increased its stake to 49.0% by a capital increase of CHF 2.9 million as of 12 January 2017.

33 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The consolidated financial statements of the Group include:

NAME	Principal activities	Country of incorporation	Interest and voting rights 2016 (in %)	Interest and voting rights 2015 (in %)
SUBSIDIARIES:				
Institut Straumann AG	Sales/Principal	Switzerland	100.00	100.00
Straumann Villeret SA	Manufacturing	Switzerland	100.00	100.00
Straumann GmbH	Sales	Germany	100.00	100.00
Straumann USA, LLC	Sales	USA	100.00	100.00
Straumann Ltd.	Sales	UK	100.00	100.00
Straumann B.V.	Sales	Netherlands	100.00	100.00
Straumann S.á.r.l.	Sales	France	100.00	100.00
Straumann AB	Sales	Sweden	100.00	100.00
Straumann AS	Sales	Norway	100.00	100.00
Straumann OY	Sales	Finland	100.00	100.00
Manohay Dental S.A.	Sales	Spain	100.00	100.00
Straumann Canada Ltd	Sales	Canada	100.00	100.00
Straumann GmbH	Sales	Austria	100.00	100.00
Straumann Brasil Ltda (merged into 'Neodent' in 2016)	Sales	Brazil	0.00	100.00
Straumann SA/NV	Sales	Belgium	100.00	100.00
Straumann Italia s.r.l.	Sales	Italy	100.00	100.00
Straumann Manufacturing, Inc.	Manufacturing	USA	100.00	100.00
Straumann Pty Ltd	Sales	Australia	100.00	100.00
Manohay México S.A. de C.V.	Sales	Mexico	100.00	100.00
Straumann Danmark ApS	Sales	Denmark	100.00	100.00
Biora AB	Manufacturing	Sweden	100.00	100.00
Straumann Holding Deutschland GmbH	Sub-Holding	Germany	100.00	100.00
etkon GmbH	Manufacturing	Germany	100.00	100.00

NAME	Principal activities	Country of incorporation	Interest and voting rights 2016 (in %)	Interest and voting rights 2015 (in %)
Straumann Japan K.K.	Sales	Japan	100.00	100.00
Straumann Dental Korea Inc.	Sales	Republic of Korea	100.00	100.00
Straumann Singapore Pte Ltd.	Management	Singapore	100.00	100.00
Straumann s.r.o.	Sales	Czech Republic	100.00	100.00
Straumann (Beijing) Medical Device Trading Co., Ltd.	Sales	China	100.00	100.00
Straumann Dental India LLP	Sales	India	100.00	100.00
Intradent AG	Sub-Holding	Switzerland	100.00	100.00
Intradent USA, Inc	Sales	USA	100.00	100.00
Intradent Italia s.r.l.	Sales	Italy	100.00	100.00
Intradent Iberia S.L.	Sales	Spain	100.00	100.00
Manohay Argentina S.A.	Sales	Argentina	100.00	100.00
JJGC Indústria e Comércio de Materiais Dentários S.A. ('Neodent')	Manufacturing/Sales	Brazil	100.00	100.00
Manohay Colombia S.A.S.	Sales	Colombia	100.00	100.00
etkon Japan K. K.	Manufacturing	Japan	100.00	100.00
Intradent s.r.o.	Sales	Czech Republic	100.00	100.00
Intradent Limited	Sales	UK	100.00	100.00
Straumann LLC	Sales	Russia	100.00	100.00
Straumann New Zealand Ltd.	Sales	New Zealand	100.00	100.00
Equinox Dental AG	Management	Switzerland	100.00	0.00
Intradent Canada Ltd.	Sales	Canada	100.00	0.00
Intradent Europe GmbH	Sales	Germany	100.00	0.00
Intradent LLC	Sales	Russia	100.00	0.00
Manohay Chile SpA	Sales	Chile	100.00	0.00
Equinox Implants LLP	Manufacturing	India	100.00	0.00
STM Digital Dentistry Holding Limited	Sub-Holding	China	49.00	0.00
etkon Dental Co. Ltd	Manufacturing/Sales	China	49.00	0.00
ASSOCIATES:				
Dental Wings Inc.	Manufacturing/Sales	Canada	55.00	55.00
Open Digital Dentistry AG (in liquidation)	Sales	Switzerland	44.39	44.39
Createch Medical, SL	Manufacturing/Sales	Spain	30.00	30.00
Medentika GmbH	Sales	Germany	51.00	51.00
Intradent Deutschland GmbH	Sales	Germany	51.00	51.00
T-Plus Implant Tech. Co. Ltd.	Manufacturing/Sales	Taiwan	48.60	48.60
Valoc AG	Manufacturing/Sales	Switzerland	44.00	44.00
Anthogyr SAS	Manufacturing/Sales	France	30.00	0.00
V2R Biomédical Inc.	Manufacturing	Canada	30.00	0.00
JOINT VENTURE:				
Zinedent Implant Manufacturing Co.	Manufacturing/Sales	Turkey	50.00	50.00

The next senior and ultimate holding company of the Straumann Group is Straumann Holding AG which is based and listed in Switzerland.

Audit Report – Consolidated financial statements

Report of the statutory auditor to the general meeting of
Straumann Holding AG, Basel

STATUTORY AUDITOR'S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Straumann Holding AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (pages 2 to 65).

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

BASIS FOR OPINION

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of

the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

RECOVERABILITY OF NEODENT GOODWILL AND NEODENT BRAND

AREA OF FOCUS

Goodwill and other intangible assets with indefinite useful life stemming from the Neodent Business combination represent 17% of the Group's total assets and 29% of the Group's equity as at balance sheet date (see Group's disclosures Note 3 and Note 6).

There is a risk of limited recoverability of these assets, in case the planned growth and margins for the Neodent domestic or international business are not realized as budgeted or forecasted by management. In determining the value in use of cash-generating units, management applies judgment in estimating – amongst other factors – future revenues and margins, long-term growth and discount rates. Such assumptions are affected by expected future market or economic conditions. Due to the significance of the carrying amount of Neodent goodwill and intangible assets and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

OUR AUDIT RESPONSE

We assessed the company's internal controls over its annual impairment test and key assumptions applied. We involved valuation specialists to assist in examining the Company's valuation model and analysing the underlying key assumptions, including future long-term growth and discount rates relevant for the Brazilian market. We assessed the assumptions regarding future revenues and margins, historical accuracy of the Company's estimates and considered its ability to produce accurate mid- and long-term forecasts. We evaluated sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information such as analyst reports.

RECOVERABILITY OF DEFERRED TAX ASSETS NEODENT

AREA OF FOCUS

As at balance sheet date recognized deferred tax assets relating to tax deductible statutory goodwills and fair value step ups amount to CHF 73 million. The deferred tax assets Neodent represent in total 7% of the Group's total assets (see Group's disclosure Note 18). Such tax deductible statutory goodwill and fair value step ups stem from mergers subsequent to Neodent acquisi-

tions through fully owned subsidiaries. The Company performs periodic assessments of the recoverability of deferred tax assets.

Potential changes in Brazilian tax legislation cause a risk of limited future recoverability of such deferred tax assets, in case current tax deductibility of statutory goodwill and fair value step ups would be abolished contrary to management's previous assessment. Key assumptions concerning the assessment of the deferred tax assets recoverability are disclosed in the notes to the consolidated financial statements. Due to the significance of the carrying amount of the deferred tax asset and the judgement involved in making an assessment regarding future developments in Brazilian tax legislation, this matter was considered significant to our audit.

OUR AUDIT RESPONSE

We assessed the Company's internal controls over its assessment of recoverability of deferred tax assets in Brazil. We obtained and evaluated a legal confirmation from an external lawyer regarding tax deductibility of statutory goodwill and fair value step ups and involved local Brazilian tax experts to assist in evaluating the Company's assessment.

OTHER INFORMATION IN THE ANNUAL REPORT

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we

are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd



Daniel Zaugg
Licensed audit expert
(Auditor in charge)



Ina Braun
Licensed audit expert

Basel, 9 February 2017

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Balance sheet

ASSETS

(in CHF 1 000)	Notes	31 Dec 2016	31 Dec 2015
Cash and cash equivalents		102 579	219 284
Other short-term receivables		13 751	380
from third parties		1 964	145
from investments		11 787	235
Prepaid expenses		388	491
Total current assets		116 719	220 155
Financial assets	2.1	529 892	506 050
Investments	2.2	365 508	327 439
Intercompany receivables		558	747
Total non-current assets		895 958	834 236
TOTAL ASSETS		1 012 676	1 054 391

EQUITY AND LIABILITIES

(in CHF 1 000)	Notes	31 Dec 2016	31 Dec 2015
Trade payables		1 154	1 125
Other short-term liabilities to investments		15 084	14 956
Short-term provisions	2.3	0	801
Deferred income		2 498	2 442
Total current liabilities		18 736	19 324
Long-term interest-bearing liabilities	2.4	200 674	200 568
to third parties		200 674	200 568
Long-term provisions		3 000	3 000
Total non-current liabilities		203 674	203 568
Total liabilities		222 410	222 892
Share capital	2.5	1 588	1 572
Reserves from capital contributions ¹	2.6	66 288	23 206
Share premium		9 208	6 311
Legal retained earnings		47 530	4 071
Reserves for treasury shares	2.7	43 990	531
Statutory reserves		1 540	1 540
Extraordinary reserves		2 000	2 000
Voluntary retained earnings		828 375	796 894
Available earnings			
– Retained earnings		690 283	881 712
– Net result		138 092	(84 818)
Treasury shares	2.8	(162 723)	(555)
Total equity		790 266	831 499
TOTAL EQUITY AND LIABILITIES		1 012 676	1 054 391

¹ thereof CHF 10 450 526 not accepted by the Swiss Federal Tax Administration

Income statement

(in CHF 1 000)	Notes	2016	2015
Income from investments	2.9	100 631	96 004
Other financial income	2.10	18 111	33 462
Other operating income	2.11	51 668	46 887
Total income		170 410	176 353
Financial expense	2.12	(22 618)	(30 357)
Personnel expense		(1 574)	(1 736)
Other operating expense	2.13	(7 929)	(7 089)
Impairment losses on investments	2.14	0	(221 859)
Depreciation of property, plant and equipment		(190)	(227)
Total expenses		(32 311)	(261 268)
Result before income tax		138 099	(84 915)
Direct taxes		(7)	97
NET RESULT		138 092	(84 818)

Notes to the financial statements

1 PRINCIPLES

1.1 GENERAL

Straumann Holding AG is a public company whose shares are traded on the Swiss Exchange (SIX). As the parent company of the Straumann Group, the purpose of Straumann Holding AG is to acquire, dispose of and manage investments in the field of dental and medical technology.

These financial statements have been prepared in accordance with the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

As Straumann Holding AG has prepared consolidated financial statements in compliance with accepted international accounting standards (IFRS), it has decided to forego presenting a cash flow statement in accordance with the law.

1.2 FINANCIAL ASSETS

Financial assets include long-term loans. Loans granted in foreign currencies are translated at the exchange rate at the balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized.

1.3 TREASURY SHARES

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expense.

1.4 SHARE-BASED PAYMENTS

Should treasury shares be used for share-based payments for the Board Members' compensation, the difference between the acquisition costs and any consideration paid is recognized as personnel expenses.

1.5 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are recognized at nominal value. Discounts and issuing costs are recognized as prepaid expenses and amortized on a straight line basis over the term of the liability.

2 INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1 FINANCIAL ASSETS

(in CHF 1 000)	31 Dec 2016	31 Dec 2015
Loans to subsidiaries	486 045	457 676
Loans to third parties	1 882	4 404
Financial assets	41 965	43 970
TOTAL	529 892	506 050

2.2 INVESTMENTS

The major direct and indirect investments of the company are listed in Note 33 to the Straumann Group Financial Statements. Ownership interests equal voting rights.

2.3 SHORT-TERM PROVISIONS

Short-term provisions include provisions for income taxes for the current and for the prior year.

2.4 LONG-TERM INTEREST-BEARING LIABILITIES

(in CHF 1 000)	31 Dec 2016	31 Dec 2015
Bond	200 000	200 000
Other	674	568
TOTAL	200 674	200 568
BOND CONDITIONS		
Nominal value	200 000	200 000
Interest rate in %	1.625	1.625
Maturity / Term in years	7	7
Due date / Maturity	4 / 30 / 2020	4 / 30 / 2020

2.5 SHARE CAPITAL

The share capital is CHF 1 587 898.40 and is represented by 15 878 984 registered shares of CHF 0.10 par value.

On 5 April 2016 an option agreement between Institut Straumann AG and Straumann Holding AG was signed, which resulted in a capital increase of CHF 6 783.30. On 21 April 2016 an option agreement between Institut Straumann AG and Straumann Holding AG was signed, which resulted in a capital increase of CHF 8 821.20. The new shares were created from conditional share capital.

2.6 RESERVES FROM CAPITAL CONTRIBUTION

The reserves for capital contribution contains the paid-in share premium of the increase of the share capital in 2016.

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital. The Swiss Federal Tax Administration (ESTV) acknowledged the reported reserves for capital contribution as a capital contribution in accordance to Article 5 Paragraph 1 bis VStG.

2.7 RESERVES FOR TREASURY SHARES

The shares of Straumann Holding AG on stock of Institut Straumann AG amount to 119 504 shares with an average value of CHF 368.10.

2.8 TREASURY SHARES

Straumann Holding AG holds 432 665 of its own shares with an average value of CHF 376.09.

	Number of Transactions	Lowest share price in CHF	Highest share price in CHF	Average share price in CHF	Amount of treasury shares
Balance at 1 January 2015					2 204
Exercise of options of CS	1	292.50	292.50	292.50	(37 279)
Transfer of Institut Straumann	1	144.19	144.19	144.19	37 279
Transfer of Institut Straumann	1	144.19	144.19	144.19	6 814
Transfer of Institut Straumann	1	112.00	112.00	112.00	5 000
Allocation of US options	20	235.61	306.00	270.81	(10 168)
Balance at 31 December 2015					3 850
Exercise of options of CS	1	144.19	144.19	144.19	(4 845)
Transfer of Institut Straumann	1	144.19	144.19	144.19	995
Purchase own shares	1	332.14	332.14	332.14	1 660
Purchase own shares	1	376.20	376.20	376.20	431 632
Allocation of US options	3	373.25	393.00	382.40	(627)
Balance at 31 December 2016					432 665

At 31 December 2016 the acquisition costs of the directly held treasury shares amount to CHF 162.7 million (2015: CHF 0.6 million).

2.9 INCOME FROM INVESTMENTS

In the reporting period the dividend income amounted to CHF 100.6 million (2015: CHF 96.0 million).

2.10 OTHER FINANCIAL INCOME

Other financial income amounts to CHF 18.1 million (2015: CHF 33.5 million) and contains mainly interest income from loans to subsidiaries and realized foreign exchange gains.

2.11 OTHER OPERATING INCOME

Other operating income amounts to CHF 51.7 million (2015: CHF 46.9 million) and consists of income from licenses.

2.12 FINANCIAL EXPENSE

(in CHF 1 000)	2016	2015
Interest on bond	3 292	3 458
Foreign exchange losses	16 491	26 681
Impairment on financial assets	2 835	218
TOTAL	22 618	30 357

2.13 OTHER OPERATING EXPENSE

(in CHF 1 000)	2016	2015
Administrative expense	718	456
Consulting expense	6 691	5 990
Sundry expense	520	643
TOTAL	7 929	7 089

2.14 IMPAIRMENT LOSSES ON INVESTMENTS

In 2016, based on the concept of individual valuation of assets and liabilities, there was no need for Straumann Holding AG to book an impairment. In 2015 impairment losses of CHF 190.0 million on the indirect investment in the Brazilian subsidiary Neodent and CHF 30 million on the investment in the Swedish manufacturing subsidiary Biora AB had to be realized.

3 OTHER INFORMATION

3.1 FULL TIME EQUIVALENTS

Straumann Holding AG does not have any employees.

3.2 MAJOR SHAREHOLDERS

Shareholders own more than 5 percent of voting rights are as follows:

(in %)	31 Dec 2016 ¹	31 Dec 2015 ¹
MAJOR SHAREHOLDERS		
Dr h.c. Thomas Straumann (Vice Chairman of the Board)	17.1	17.3
Dr h.c. Rudolf Maag	12.1	12.2
Black Rock Group ²	5.0	5.0
GIC Private Ltd ²	4.4	13.6

¹ Or at last reported date if shareholdings are not registered in the share register

² Not registered in Straumann's share register

3.3 ALLOCATION OF EQUITY INSTRUMENTS TO THE BOARD OF DIRECTORS

According to the compensation plan, Board members' fees are paid in a fixed remuneration and shares. The number of shares is calculated based on the average price over the last seven days prior to the allocation.

The allocation was as follows:

	2016		2015	
	Number	Value in CHF 1 000	Number	Value in CHF 1 000
Allocated to the Board of Directors	2 115	639	3 064	713

3.4 AUDIT FEES

(in CHF 1 000)	2016	2015
Audit services	275	220
Other services	0	53
TOTAL	275	273

3.5 EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed in these financial statements.

4 EQUITY INSTRUMENTS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The following tables disclose the number of vested and non-vested equity instruments (shares, options and Performance Share Units) held on 31 December 2016 and 2015 by the members of the Board of Directors, the Executive Management Board and individuals related to them.

2016

	Shares	Options Vested	Performance Share Units		
			24 Apr 2017	22 Apr 2018	20 Apr 2019
BOARD OF DIRECTORS					
Gilbert Achermann	19 756	0	0	0	0
Dr h.c. Thomas Straumann	2 723 492	0	0	0	0
Dr Sebastian Burckhardt	6 012	0	0	0	0
Roland Hess	4 299	0	0	0	0
Ulrich Looser	4 199	0	0	0	0
Dr Beat Lüthi	4 266	0	0	0	0
Total	2 762 024	0	0	0	0
EXECUTIVE MANAGEMENT BOARD					
Marco Gadola	2 368	0	5 121	0	2 542
Dr Peter Hackel	273	0	0	0	761
Wolfgang Becker	0	0	1 056	0	521
Guillaume Daniellot	0	0	810	0	377
Dr Alexander Ochsner	0	0	1 149	0	570
Frank Hemm	1 200	0	1 149	0	570
Dr Gerhard Bauer	2 394	0	1 231	0	489
Petra Rumpf	1 000	0	0	0	652
Jens Dexheimer	450	0	215	281	228
Matthias Schupp	2 006	0	0	0	0
Total	9 691	0	10 731	281	6 710
TOTAL	2 771 715	0	10 731	281	6 710

2015

	Shares	Options	Performance Share Units		
			Vested	16 Apr 2016	24 Apr 2017
BOARD OF DIRECTORS					
Gilbert Achermann	19 166	0	0	0	0
Dr h.c. Thomas Straumann	2 723 197	0	0	0	0
Dr Sebastian Burckhardt	5 717	0	0	0	0
Roland Hess	4 004	0	0	0	0
Ulrich Looser	3 904	0	0	0	0
Dr Beat Lüthi	3 971	0	0	0	0
Stefan Meister	3 954	0	0	0	0
Total	2 763 913	0	0	0	0
EXECUTIVE MANAGEMENT BOARD					
Marco Gadola	900	0	9 577	5 121	0
Dr Peter Hackel	273	0	0	0	0
Wolfgang Becker	254	0	1 578	1 056	0
Guillaume Daniellot	1 252	0	782	810	0
Andy Molnar	161	1 000	1 858	967	0
Dr Alexander Ochsner	0	0	3 141	1 149	0
Frank Hemm	1 022	0	1 984	1 149	0
Dr Gerhard Bauer	1 034	0	1 134	1 231	0
Petra Rumpf	0	0	0	0	0
Total	4 896	1 000	20 054	11 483	0
TOTAL	2 768 809	1 000	20 054	11 483	0

Proposal of the Board of Directors for the appropriation of the available earnings

(in CHF 1 000)	2016	2015
Net result	138 092	(84 818)
Carried forward from previous year	733 742	873 202
Change in reserves for treasury shares	(43 459)	8 510
Profit available to the Annual General Meeting	828 375	796 894
Dividend paid out of the available earnings (CHF 4.00 per share)		(63 152)
BALANCE CARRIED FORWARD		733 742

The Board of Directors proposes to the Shareholders' General Meeting that a total dividend of CHF 4.25 per share be distributed, payable as of 13 April 2017. Calculated based on the total number of outstanding shares of 15 326 815, this corresponds to a total amount of CHF 65.1 million. In deciding on the appropriation of dividends, the Shareholders' General Meeting shall take into account that the Company will not pay a dividend on treasury shares held by the Company.

Until the time of the Shareholders' General Meeting, 1 033 free options could be exercised and converted into shares. The maximum dividends related to such options if exercised would be CHF 4 390.25.

The remaining amount of the available earnings is to be carried forward.

Audit Report – Financial statements Straumann Holding AG

Report of the statutory auditor to the General Meeting of
Straumann Holding AG, Basel

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying financial statements of Straumann Holding AG, which comprise the balance sheet, income statement and notes (pages 72 to 81), for the year ended 31 December 2016.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation

REPORT ON KEY AUDIT MATTERS BASED ON THE CIRCULAR 1/2015 OF THE FEDERAL AUDIT OVERSIGHT AUTHORITY

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

VALUATION OF INVESTMENTS IN AND LOANS TO SUBSIDIARIES

AREA OF FOCUS

Investments in and loans to subsidiaries as at balance sheet date amount to CHF million or 84% of total assets. The Company generally assesses the valuation of its investments and loans and determines potential impairments on an individual basis in accordance with the Swiss Code of obligations. Under specific circumstances, certain investments are combined for this assessment, also taking into account the Companies principal structure.

Due to the significance of the carrying amount of the investments and loans and the judgement involved in the determination of potential impairments, this matter was considered significant to our audit.

OUR AUDIT RESPONSE

We examined the Company's valuation model and analysed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We also assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts. Further, we evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including expected inflation rates and market growth.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Daniel Zaugg
Licensed audit expert
(Auditor in charge)



Ina Braun
Licensed audit expert

Basel, 9 February 2017



ClimatePartner^o
climate neutral
Print | ID: 53232-1702-1010

IMPRINT

Published by: Institut Straumann AG, Basel

Concept and realization:

PETRANIX Corporate and Financial Communications AG, Adliswil/Zürich

Print: Neidhart + Schön AG, Zürich

Basel, 25 February 2017

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