



# ROCKING DENTISTRY

2017 ANNUAL REPORT

**straumann**group

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## About this report

‘Rocking dentistry’ was the title of an award-winning marketing campaign conducted by Straumann in 2017. It captures the energy, creativity and agility of Straumann, our passion to drive change through innovation and our ability to appeal to customers in a fresh, exciting way.

Our performance throughout 2017 set the beat, rocking the competition and bringing music to investors, as this report shows.

## Performance highlights 2017

### GROUP KEY FIGURES

(in CHF million)

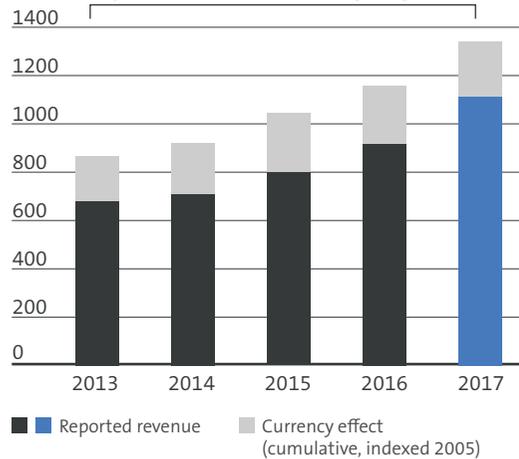
	2017	2016	Change (%)
Revenue	1 112	918	21
Gross profit	840	719	17
EBITDA	324	259	25
Operating profit (EBIT)	284	227	26
excl. exceptionals	286	227	26
Net profit	276	230	20
Cash generated from operating activities	217	185	18
Capital expenditure	73	47	57
Free cash flow	145	139	9
Basic EPS (in CHF)	17.61	14.68	20
Employees (at year end)	4 881	3 797	29



**REVENUE** (in CHF million)

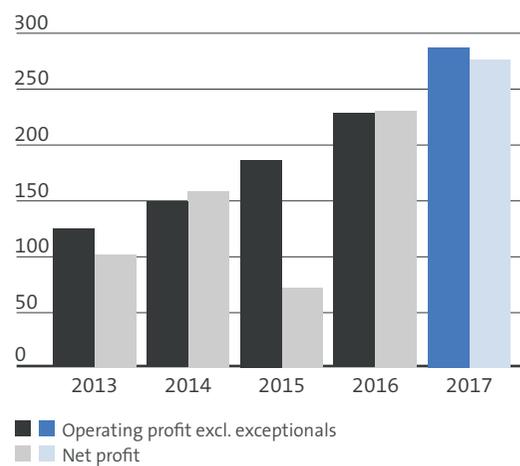
More on p. 43 ff.

5 year CAGR: 10% in CHF (9% organic growth)



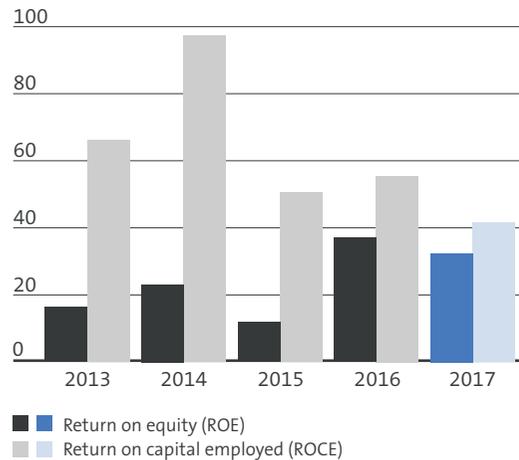
**OPERATING AND NET PROFIT** (in CHF million)

More on p. 43 ff.



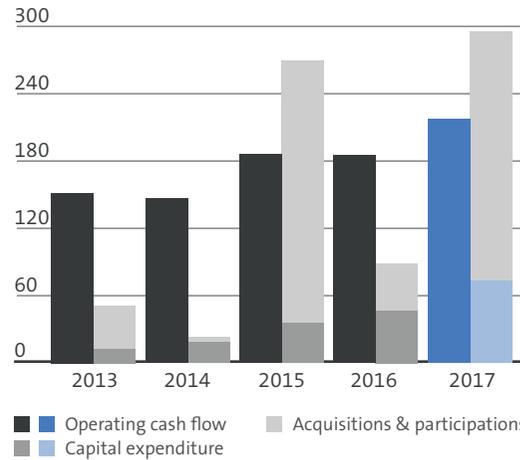
**PROFITABILITY** (in %)

More on p. 43 ff.



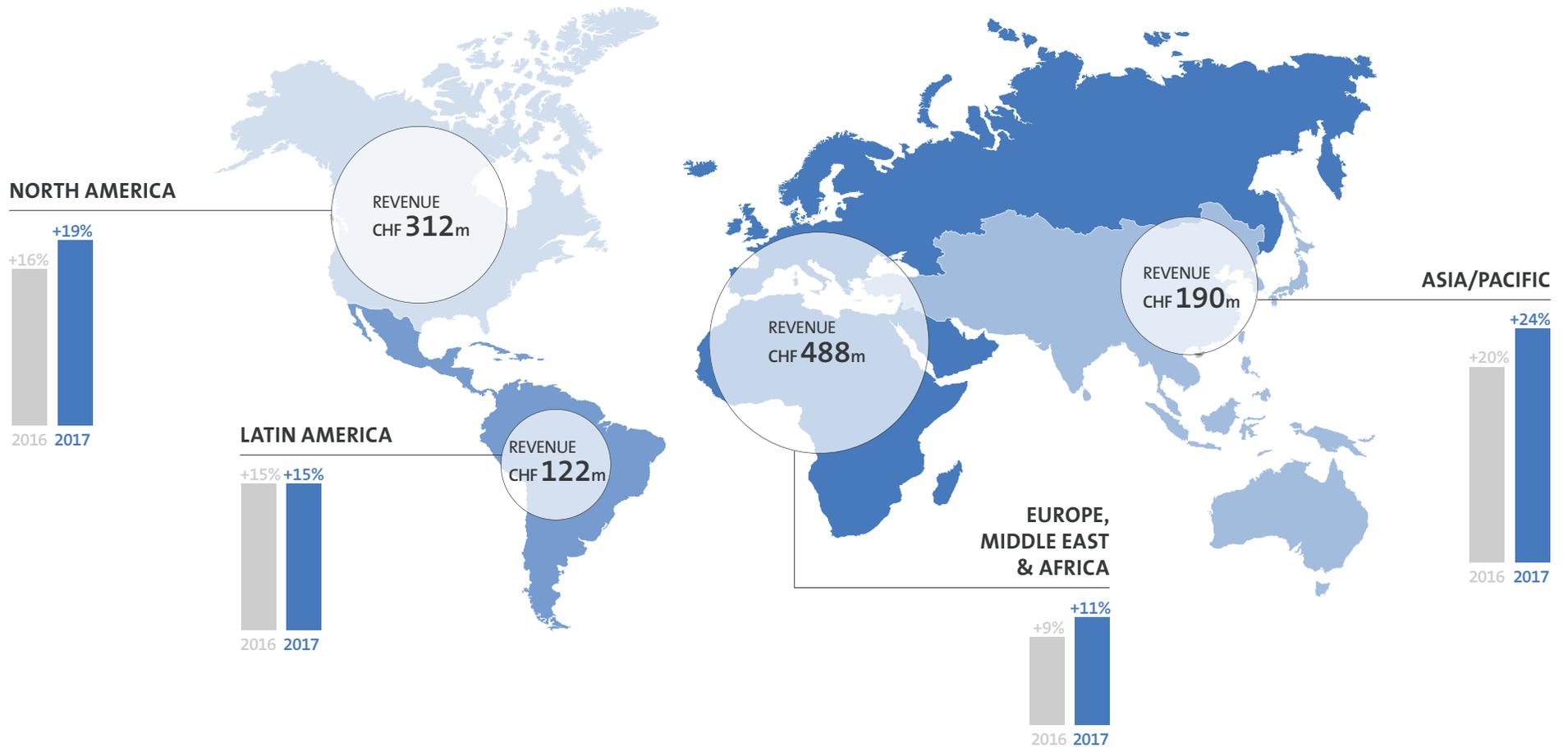
**CASH FLOW AND INVESTMENTS** (in CHF million)

More on p. 43 ff.



## Organic growth by region

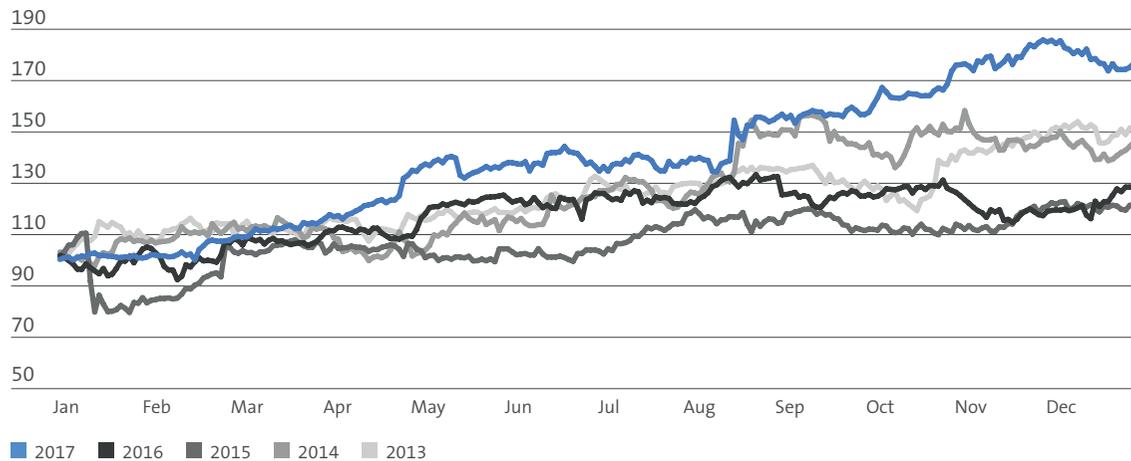
Throughout 2017, we outperformed the market significantly and gained share in all regions, led by dynamic growth in North America and Asia/Pacific, our fastest growing region. Latin America's continuing growth shone out in a difficult market. EMEA performed very well and posted double-digit growth in a well penetrated market.



# Share information

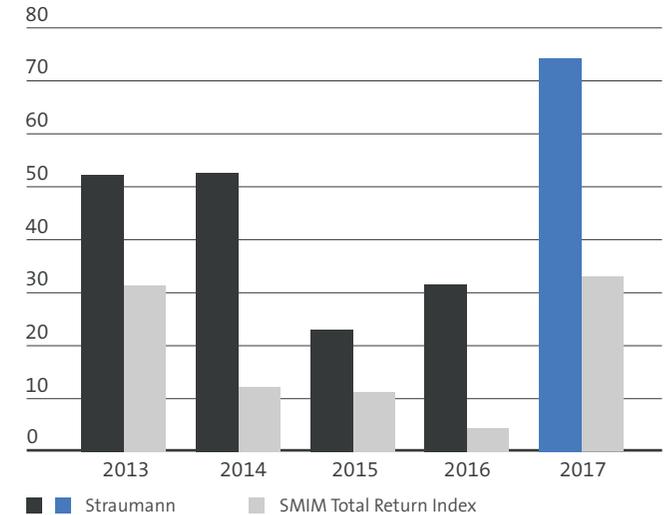
SHARE PRICE DEVELOPMENT 2013–2017

(in %)



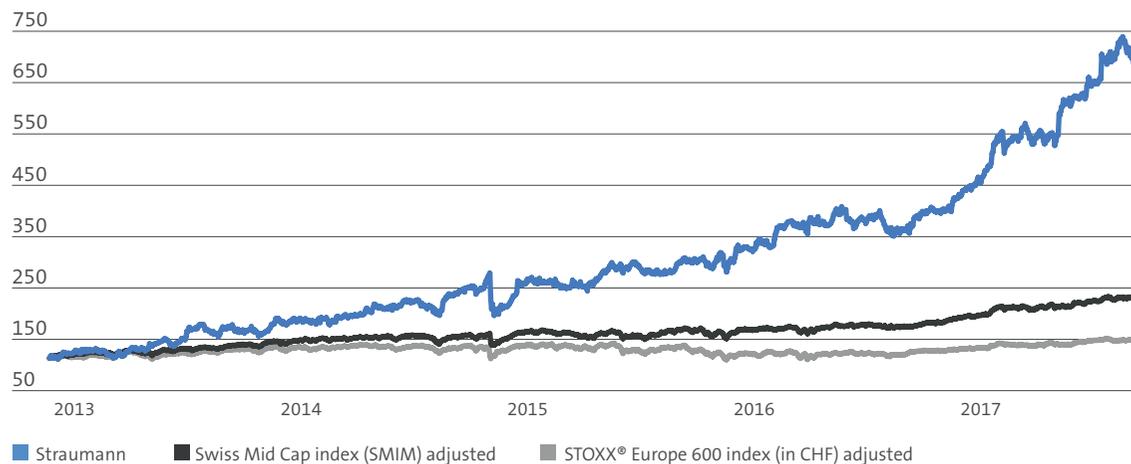
TOTAL SHAREHOLDER RETURN

(in %)



RELATIVE SHARE PRICE DEVELOPMENT

(in CHF)



SHARE INFORMATION

(in CHF)

	2017	2016
Earnings per share (EPS) <sup>1</sup>	15.13	11.94
Ordinary dividend per share	4.75 <sup>2</sup>	4.25
Payout ratio <sup>1</sup>	31%	36%
Share price at year end	688.50	397.50

1 Excluding exceptionals and one-time effects.

2 Payable in April 2018 subject to shareholder approval.



2017 was a landmark year for the Straumann Group. We achieved our strongest growth since 2007, lifting revenue over the CHF 1-billion threshold for the first time. In parallel, we achieved further improvements in profitability, despite significant investments in new growth opportunities and capacity expansion.

We won customers and market share in every region, bolstering our global lead in implant dentistry. We entered new markets and segments, launched innovative products and solutions and broadened our scope. We strengthened our efforts to make affordable treatment options available to a wider population. We increased our global team to almost 5000 employees, whose energy, agility and passion to drive change have rocked dentistry. However, our greatest achievement has been helping to create smiles for well over a million patients around the world, restoring their confidence and improving their quality of life.

Gilbert Achermann (Chairman of the Board of Directors) and  
Marco Gadola (Chief Executive Officer)

## DOUBLE-DIGIT GROWTH ACROSS ALL REGIONS AND BUSINESSES

Our revenue climbed 21% to CHF 1112 million. Excluding the effects of acquisitions and currencies, the underlying growth amounted to 16%.

By region, North America (+19%<sup>1</sup>) and Europe, the Middle East & Africa (+11%<sup>1</sup>) were the largest growth contributors, while Asia/Pacific was our fastest growing (+24%<sup>1</sup>). Latin America continued (+15%<sup>1</sup>) to grow robustly in a difficult environment.

By business, **implants** generated almost two thirds of our growth, driven by Straumann's Bone Level Tapered (BLT) range. Our premium high-strength material Roxolid and our SLActive surface also made important contributions.

Neodent, Medentika, Zinedent and Anthogyr continued to grow dynamically in the non-premium segment and now constitute one of the fastest growing international implant franchises. Together with Straumann, they enable us to offer a complete package of premium and non-premium solutions, which has been a key to winning tenders in the fast-growing dental chain segment.

Our **restorative business** maintained double-digit growth, driven by standard and CAD/CAM prosthetics as well as Straumann's range of versatile, cost efficient Variobase abutments. Digital was our fastest growing business, lifted by strong sales of new scanning and milling equipment.

**Biomaterials** continued to grow strongly especially in Europe. One highlight in 2017 was the successful introduction in the US of the Straumann Bone Ring Allograft, an innovative approach to repairing significant bone defects and placing implants at the same time.

## PROFITABILITY ON TARGET

We continued our investments in research and development (see p. 32 ff.) to create new and better treatments and to make implant dentistry more comfortable, convenient and reliable. We invested in our non-premium franchise to increase treatment access and affordability. We also funded new training and education concepts to increase the provider base and to ensure the successful use of our products.

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**Neodent, Medentika, Zinedent and Anthogyr now constitute one of the fastest growing international implant franchises.**

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**We continued to invest in R&D to create new and better treatments.**

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Owing to the strong flow of product launches, the expansion of our sales team and the large number of key events in 2017, we spent more on marketing and sales than in previous years. We also invested significantly in new markets and segments as well as in new jobs, personnel development and cultural change programs to sustain our future growth.

Despite all these developments and the increased proportion of lower margin products in our portfolio, we still achieved our profitability target, as the underlying operating profit (EBIT) margin climbed to 26% and the net profit margin reached 24.8%.

#### **SOLIDLY FINANCED TO INVEST IN FURTHER GROWTH OPPORTUNITIES**

2017 was a year of intense M&A activity, as we acquired/consolidated four companies and invested in another four. Collectively, these transactions amounted to approximately CHF 225 million, which we financed by selling a block of our own shares for CHF 260 million, profiting from a 59% increase in the share price since the purchase date in 2016. We also invested heavily in production capacity expansion at various locations, increasing capital expenditure to CHF 73 million. Our free cash flow rose to CHF 145 million, and return on equity (ROE) amounted to 32%. Being debt-free (net), we remain solidly financed to invest in further growth opportunities.

#### **MARKET DEVELOPMENTS AND TRENDS**

We estimate that the market for implant dentistry was worth CHF 3.7 billion in 2017<sup>2</sup> and grew 4% in value. Having outpaced it significantly, we strengthened our leading position and increased our market share to approximately 24% (see p. 35 ff.).

The key drivers of market growth continue to be increasing prosperity, awareness, the aging population, and innovation. The main trends also remain unchanged and include increases in digitalization, corporate dentistry, female dentists, general dentists placing implants, demand for esthetics and affordability. We address all of them in our strategic initiatives.

By adding new products and expanding into new segments, we have increased our addressable market from CHF 4 billion to CHF 11 billion in the past three years.

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**Being debt-free (net), we remain solidly financed to invest in further growth opportunities.**

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**We increased our addressable market from CHF 4 billion to CHF 11 billion in the past three years.**

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## STRATEGIC GOALS AND EXECUTION

Our aim for the years to come is to be the leading global provider in esthetic dentistry (i.e. replacement and corrective dentistry), which means meeting medical needs, making treatment possible for more people, enhancing the standard of care and offering greater flexibility and value to customers.

Our strategy to achieve this focuses on three key priorities:

- Drive a high-performance culture and organization
- Target unexploited growth markets and segments
- Become a total solution provider in esthetic dentistry.

## A CULTURE OF HIGH PERFORMANCE

High-performance organizations consistently innovate, improve and outperform. They create opportunities, develop employees and use resources effectively without waste. They are agile and collaborate as an aligned team. These are characteristics of the culture we are working to establish throughout the Group. To this end, we continued our cultural journey to promote the player-learner mindset and core behaviors that will drive high performance and our future success. We extended our international program of workshops and training modules and piloted an additional program to foster a commercial mindset and entrepreneurial excellence, which we will roll-out in 2018.

In our annual staff survey, which is an indicator of our progress towards this strategic goal, 88% of respondents said they actively supported our Cultural Journey and 72% observed positive changes in our culture (see p. 77 ff.). Further examples of cultural change are evident in our open-minded, entrepreneurial approach to new strategic initiatives – like our entry into new fields, the convergence of our premium and non-premium activities, and our ability to create partnerships.

## TARGETING UNEXPLOITED GROWTH MARKETS AND SEGMENTS

To serve customers directly and to unlock the full potential of our business, we opened a subsidiary in Iran. Having entered the Indian market through the acquisition of Equinox, we established a Group subsidiary and launched the Straumann premium brand. We continued to invest in fast-growing markets like China and Russia, adding people and bringing key products to market. We also entered agreements to acquire various distribution companies to penetrate the attractive markets in Turkey, Portugal and South Africa.

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**We continued our cultural journey to promote the player-learner mindset and core behaviors that will drive high performance and our future success.**

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### A LEADING POSITION IN THE FAST-GROWING NON-PREMIUM SEGMENT

The premium implant segment remains a key focus and we are determined to extend our lead in it through innovation, documented clinical research, differentiated comprehensive solutions and service excellence. At the same time, we want to lead the non-premium segment, which is growing faster and now accounts for more than a third of the global implant market in value (see p. 35 ff.).

To do this we have built a portfolio of value brands and are driving their international expansion. We continued the European roll-out of Neodent, our brand of progressive dental solutions made in Brazil. At the beginning of the year, we gained a controlling interest in Medentika in Germany and have used it to offer attractively-priced, perfected prosthetics internationally. These initiatives, together with the expansion of Neodent in Brazil and the US, Zinedent in Turkey, and Anthogyr in China and Russia, position us among the world's top three companies in the non-premium segment.

### ADDRESSING CORPORATE DENTISTRY

In recent years, we have highlighted the trend of consolidation and corresponding increase in dental service organizations (DSOs), which range from groups of local practices to international networks of fully integrated clinics. Growing at 17% annually, this segment already represents more than 10% of the dental implant market and is projected to double by 2020. Over the past two years, we have made inroads into it by offering comprehensive, tailored packages with multiple brands. In 2017, we created a dedicated unit to serve and target DSOs, which won several key accounts in 2017.

### DIGITALIZATION – THE NEXT BIT

Digitalization has changed the way we develop, manufacture, sell, and supply our products. It is also changing the way our customers work. Throughout the year, we invested further in e-commerce platforms and developed a single Group e-shop for all our brands, which we will launch this year. In addition to enhancing convenience for customers and increasing efficiency, the platforms will deepen our understanding of customer buying patterns and needs. Digital channels are also increasingly important for disseminating scientific results and product-related information, as the huge response (13000 online participants) to our Big Bang event in China illustrated (see p. 22).

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**The premium implant segment remains a key focus. At the same time, we want to lead the non-premium segment, which is growing faster.**

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**Growing at 17% annually, the DSO segment already represents more than 10% of the dental implant market.**

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To accelerate the development of digital platforms and equipment, we took full ownership of our long-standing partner Dental Wings, a leading provider of digital dentistry technologies and solutions that cover the full digital workflow. In addition, we acquired a 35% stake in Rapid Shape to gain access to their state-of-the-art 3D-printing technology as it begins to permeate dental labs and practices.

Our pressing need for a high-end intraoral scanning solution was solved through a partnership with our former competitor 3Shape, allowing us to sell their top-selling Trios3 range under the Straumann brand alongside our own Dental Wings scanners. We launched the scanners together with a new compact milling machine, enabling dentists to produce CAD/CAM prosthetic crowns from ceramics and other materials while the patient is still in the chair (see p. 76).

The new partnerships and our expanded product range fulfil our strategic goal of offering validated digital solutions that cover the full tooth replacement workflow, including guided surgery, intraoral scanning, a full CAD/CAM service, 3D-printing, as well as central and in-house milling – not forgetting our wide range of milling materials.

#### **BECOMING A TOTAL SOLUTION PROVIDER IN ESTHETIC DENTISTRY**

To compete against large companies that cover the entire dental spectrum, our strategy has been to provide total solutions in tooth replacement. In recent years, our strength in innovation and partnerships have enabled us to fill most of the gaps in our portfolio. The few exceptions are being addressed in our current innovation pipeline (see p. 34).

Examples of significant product additions in 2017 (see p. 29) include Straumann's SmallOne – an innovative small-diameter BLT implant designed to make treatment possible for patients with insufficient bone/space for regular implants, the Straumann PURE two-piece ceramic implant, the Straumann range of milling machines and 3D printers for labs and dental practices, Neodent's new Grand Morse implant system and digital solutions, Medentika's multiplatform system of compatible prosthetics for other implant systems, and Dental Wings' powder-free and portable intraoral scanner solutions.

Having come close to our objective of becoming a total solution provider in tooth replacement, we decided at the end of 2016 to broaden our scope to esthetic dentistry and to enter the attractive field of orthodontics, which offers further growth opportunities and synergies.

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**New partnerships and our existing range fulfil our strategic goal of offering validated digital solutions that cover the full tooth replacement workflow.**

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#### A FIRM Foothold IN THE CLEAR-ALIGNER MARKET

Within a few months, we acquired ClearCorrect in the US and a 38% participation in Genova Technologies in Spain. Established in 2006, ClearCorrect develops and produces high-quality attractively-priced clear-aligner solutions that are used typically to treat minor-to-medium malocclusions. It has an estimated global market share of 2% and, with a staff of almost 200, is growing quickly. Genova, a dynamic young company in Spain, has pioneered an innovative hybrid aligner solution that combines the strength of fixed orthodontic appliances with the flexibility of removable clear aligners. The two companies provide us with technology, expertise, innovation and a solid footing in this field, while we offer them a global network, brand, and digital technology.

Growing awareness, availability and esthetic needs are key growth drivers for the global clear-aligner market, which is estimated to be worth more than CHF 1.6 billion. This and low penetration rates, make the business very attractive.

Digital technology and workflows are central to modern orthodontic treatment. To coordinate and drive growth in our orthodontics and digital businesses, we have created a dedicated Digital Business Unit, which combines our existing capabilities with those of Dental Wings and ClearCorrect to form one of the most powerful digital teams in our industry.

#### **STRAUMANN GROUP BRAND – UNITING, ADDING VALUE AND CREATING OPPORTUNITIES**

At the outset of 2017, we created and introduced the ‘Straumann Group’ umbrella brand to unite our various brands, companies and partners and to give them a common identity. This creates value by allowing them to benefit from Straumann’s global reputation without compromising our premium brand. As the year progressed, it became clear that the Group brand allowed us to bring our premium and non-premium (Instradent) businesses closer together, reducing complexity, creating synergies and selling opportunities, and benefitting customers and patients. We therefore began to integrate all our Instradent subsidiaries, simplifying internal processes, ordering, delivery and invoicing. The integration also enables us to accelerate the launch of Neodent in new markets.

#### **A GOOD EMPLOYER AND CORPORATE CITIZEN**

The strength, diversity and spread of our global team increased significantly, reflecting our business expansion and investments in growth markets. The Straumann Group now employs 4881 people, an increase of 1084 in 2017, almost half of which came through acquisitions, while the remainder came through internal growth, mainly in Brazil, Switzerland and the US.

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**Having come close to our objective of becoming a TSP in tooth replacement, we decided to broaden our scope to esthetic dentistry and to enter the attractive field of orthodontics.**

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**Our new dedicated Digital Business Unit is one of the most powerful digital teams in our industry.**

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**Our Group brand allows us to bring our premium and non-premium businesses closer together.**

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The breadth and depth of our success clearly demonstrate the quality, dedication and hard work of our staff. In recognition of their contribution to exceeding our company objectives, all eligible employees will receive above-target bonus payouts (see p. 130 ff.).

We remain committed to sustainable development and value creation. This means running our operations efficiently and using natural resources effectively to avoid waste and minimize our impact on the environment (see p. 88 ff.). It also encompasses our support for charitable programs in 13 countries with the goal of making dental healthcare available to underprivileged people (see p. 82 ff.).

#### **ANOTHER EXCELLENT RETURN**

The combination of our adapted strategy, market share gains, increased sales momentum, enhanced profitability, replenished pipeline and expanded addressable market is reflected in the development of our share price (see p. 58 f.). In a positive stock market, the share closed the year at CHF 688.50, 73% higher than at the beginning of 2017, making Straumann one of the top 20 performing shares in the Euro Stoxx 600.

Based on the positive results and favorable outlook, the Board proposes a further dividend increase to CHF 4.75 per share, payable on 12 April 2018. Going forward, we intend to increase the dividend further subject to sustained good performance.

#### **OUTLOOK**

Our continuing strong growth and significant outperformance confirm that we are executing an appropriate strategy. We have set the stage for future growth by entering new markets and the attractive field of esthetic dentistry, and we have responded to market and technology trends by building digital capabilities and by devoting resources to the DSO segment. We will continue to be agile in seeking, evaluating and capturing attractive opportunities that are aligned with our strategic priorities, always vigilant and agile to adapt to a fast-changing environment. Fostering a high-performance culture will remain our key priority. We are determined to continue rocking dentistry, challenging the things we do with an increasingly open mind and driving change through innovation.

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**The breadth and depth of our success clearly demonstrate the quality, dedication and hard work of our staff.**

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We expect the global dental market to grow at about 4% and are confident that we can continue to outperform and expand our share by achieving organic revenue growth in the low double-digit percentage range. Assuming fairly stable currency exchange rates, the expected organic revenue growth and operational leverage should lead to further improvements in the EBITDA margin, in spite of further investments in Sales & Marketing, Research & Development, and Logistics. With the continued high level of investments in production capacity, as well as the amortization of acquisition-related intangibles, we expect our EBIT margin to remain stable.

On your behalf, we would like to thank all our employees for their commitment, engagement and hard work in 2017. On behalf of the Board we also thank you, our shareholders, for your ongoing support and confidence in our company. This year we celebrate the 20<sup>th</sup> anniversary of Straumann's initial public offering and would like to express our special appreciation to those shareholders who have accompanied us from the start of this exciting and rewarding journey.

Yours sincerely,



**Gilbert Achermann**  
Chairman of the Board  
of Directors



**Marco Gadola**  
Chief Executive Officer

7 February 2018

FOOTNOTES & REFERENCES

- 1 Organic growth.
- 2 Decision Resources Group 2015, MarketsandMarkets 2013 and Straumann estimates; largest 65 countries are considered.

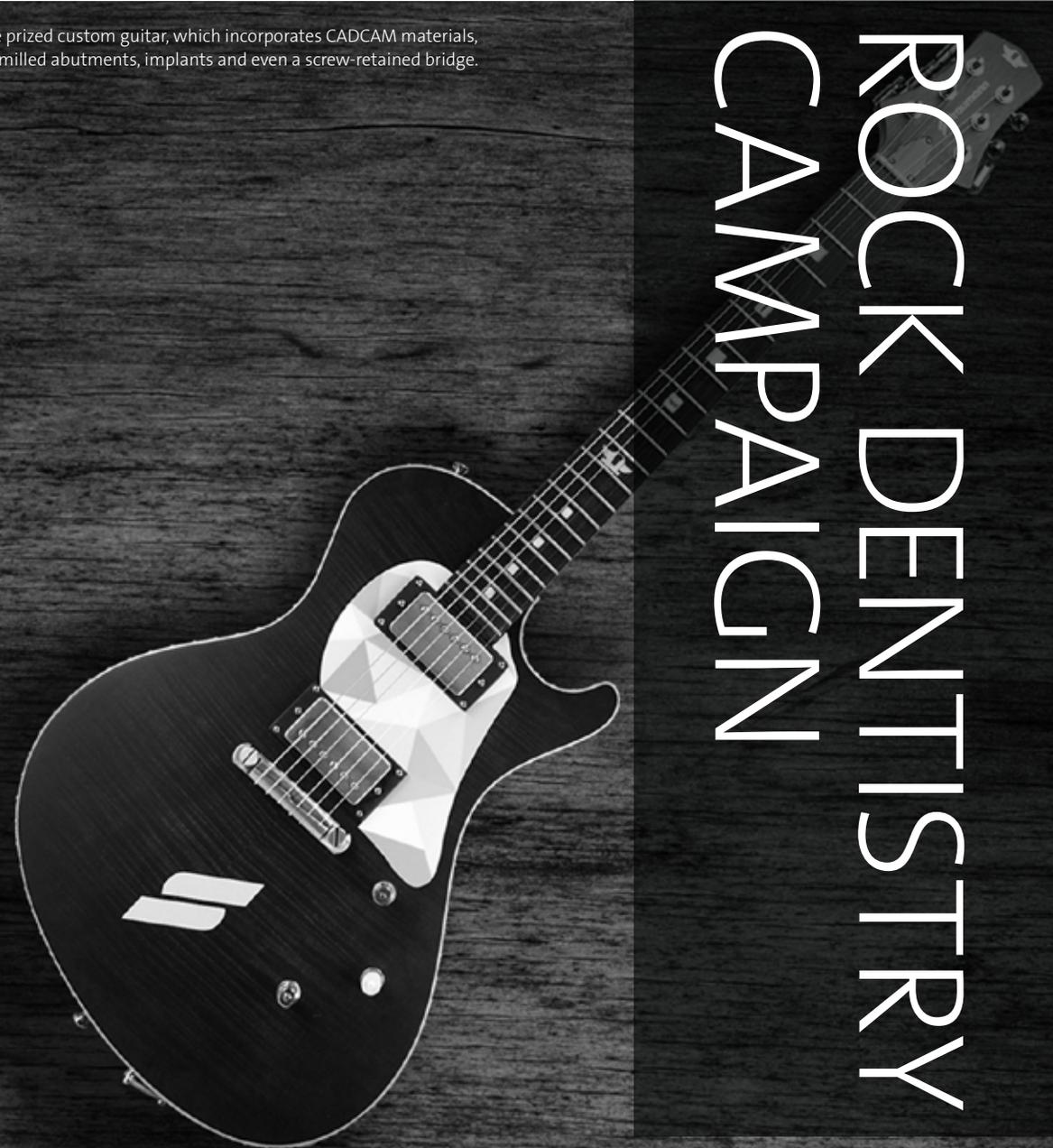
## Rock Dentistry campaign wins European Award

Straumann literally rocked the world's largest dental trade fair, the IDS in Cologne, this year with a revolutionary marketing campaign that subsequently received the top accolade of 'Best Company' at the European Digital Communication Awards.

The campaign included Straumann's own rock song and a social media song contest whose first prize was a custom electric guitar featuring Straumann components, a massive promotional truck, a 3D-virtual reality show and live rock music on stage.

In addition to fulfilling its purpose of building relationships with customers and prospects, "Rock Dentistry" exhibited the energy, creativity, boldness, confidence, fresh approach and commercial expertise that are an increasing part of the culture at Straumann.

The prized custom guitar, which incorporates CAD/CAM materials, premilled abutments, implants and even a screw-retained bridge.



ROCK DENTISTRY  
CAMPAIGN

# MANAGEMENT COMMENTARY

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# Business model & objectives

## Vision, strategy, core behaviors

### STRAUMANN GROUP IN BRIEF

#### WHO WE ARE, WHAT WE DO AND WHERE WE DO IT

Headquartered in Basel, Switzerland, the Straumann Group is a global leader in tooth replacement and orthodontic solutions. It unites global and international brands that stand for excellence, innovation and quality in tooth replacement and esthetics, including Straumann, Neodent, Medentika, ClearCorrect, Dental Wings and other fully- or partly-owned companies and partners.

The Group develops, manufactures and supplies dental implants, instruments, biomaterials, CAD/CAM prosthetics, digital equipment, software, and clear aligners for applications in replacement, restorative, orthodontic and preventative dentistry. Its principal production sites for implant components and instruments are in Brazil, Germany, India, Switzerland and the US, while CAD/CAM prosthetics are milled in Brazil, China, Germany, Japan and the US. Biomaterials are produced in Sweden, digital equipment in Canada and Germany, and clear aligners in the US.

As a total solution provider, the company takes a holistic approach, offering training, support and a wide range of services to dental practitioners, clinics and laboratories all over the world. It is recognized as a leading innovator and works together with universities, clinics, research institutes, networks and communities to enhance the standard of patient care. Through a unique collaboration with academic partners like the ITI and ILAPEO, Straumann supports research and offers training and education to dental professionals.

The Group employs 4881 people worldwide. Its products, solutions and services are available in more than 100 countries through a broad network of distribution subsidiaries and partners. More than 90% of the business is conducted directly through fully-owned subsidiaries.



Straumann Group is a global leader in tooth replacement and orthodontic solutions. Beyond creating smiles, our aim is to restore confidence in patients around the world.

## OUR VISION

Confidence relates to all our activities; it is built on trust, integrity, respect, communication, transparency, collaboration and delivering what we promise. For our customers, it means peace of mind, because our solutions are predictable and durable. For our employees, confidence means secure, rewarding jobs. For our shareholders, it means sustainable returns from a highly ethical business. For the communities in which we operate, confidence means that we care for the world around us as a responsible corporate citizen. For all our stakeholders it means that Straumann is a reliable partner.

We want to be the first place that people come to do business, to find genuine solutions, to turn ideas into reality, to learn, master, succeed and improve lives. This is what being the partner of choice means for us.

We are committed to being the premium partner of choice in tooth replacement and esthetic dentistry, offering education, innovation, quality, support, expertise, clinically proven long-term success, and peace of mind.

At the same time, we are a global leader in the non-premium segment, making high quality implant and prosthetic solutions more affordable to a broader population through our Neodent, Medentika, Equinox, Zinedent, and Anthogyr brands.

We are also committed to being the partner of choice in biomaterials, digital dentistry and clear aligners.

## A PLAYER-LEARNER MINDSET

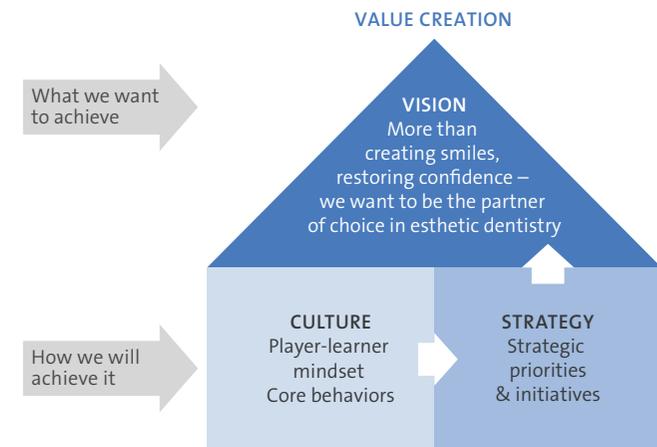
The right mindset is a prerequisite for the high-performance culture we are striving to build. Our main thrust over the past four years has been to inspire and foster a player-learner mindset throughout our workforce. Player-learners inspire trust; they are energized and embrace change; they listen, find out, share, collaborate, take risks, find solutions, learn by doing, encourage and celebrate.

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**Our vision is more than creating smiles, restoring confidence – we want to be the partner of choice in tooth replacement and esthetic dentistry.**

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## OUR COMPANY HOME



## MAKING VISION A REALITY

The way to a sustainable future is mapped out in our three 'Strategic Priorities' (see p. 23 ff.), which form the backbone of our strategy. Making it happen is a matter of culture and behavior. Thus, vision, strategy and behavior form the figurative building of 'our company home'.

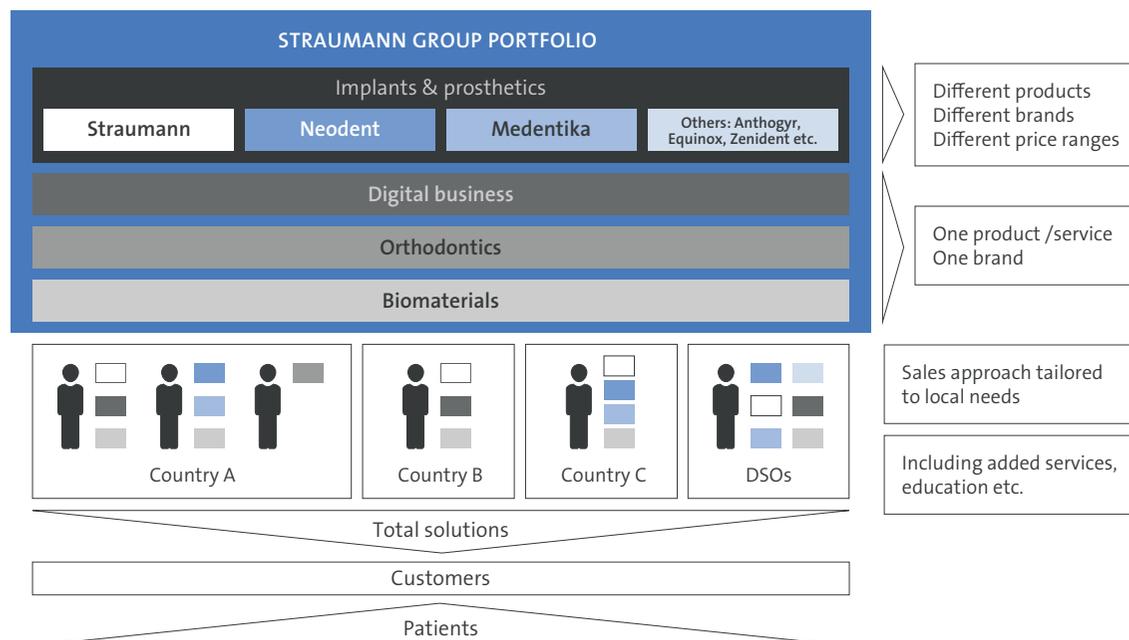
### CORE BEHAVIORS BUILT ON LONG-HELD VALUES

Building on the values that have made Straumann what it is today, we focus on the following eight core behaviors that apply for all employees in the Straumann Group:

- Focus on customers
- Collaborate
- Take ownership
- Create opportunities
- Build trust
- Engage
- Communicate effectively
- Be agile

Our tradition of ‘simply doing more’ is an integral part of the Straumann brand; it is at the heart of these behaviors, and is the overriding principle for everything we do.

### OUR BUSINESS MODEL



◀ The new Straumann Group structure (outlined on the left) enables us to provide comprehensive solutions that include a range of implant and prosthetic systems - covering all price requirements, CAD/CAM prosthetics, digital equipment and workflows, biomaterials, orthodontic treatments and various services, e.g. training and education. The portfolio mix, strategy and sales team approach is tailored for local markets by the Regions with the goal of balancing the premium and non-premium business to gain maximum market share.

We produce most of our products in-house and sell them to dental professionals either directly or through distribution partners. Our customers (p. 71 ff.) are specialists, general dentists, dental laboratories and dental chains/service organizations (DSO). Patients are usually addressed by general dentists, who often decide on the type of treatment and system, and specialists.

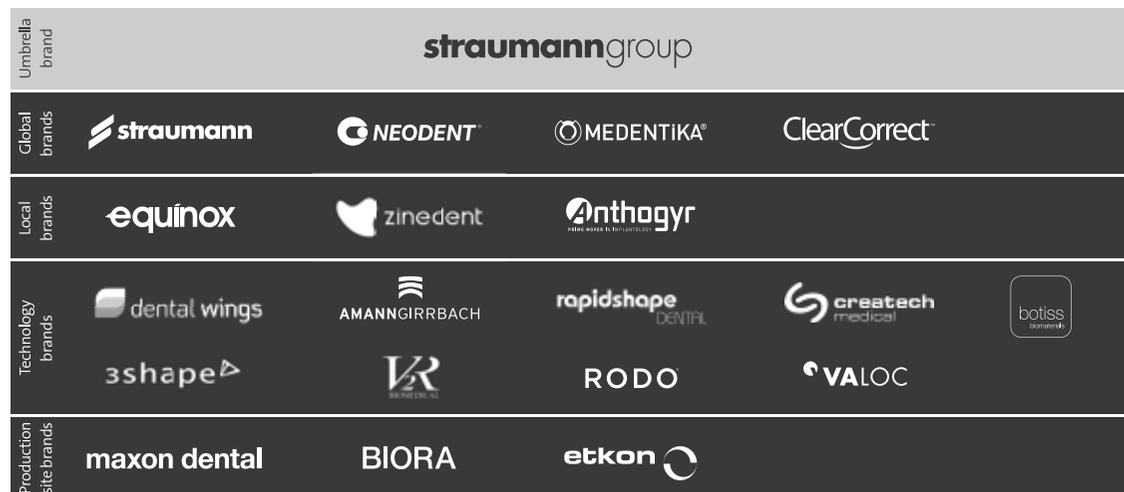
## OUR BRAND

### STRAUMANN GROUP – UNITING GLOBAL EXCELLENCE IN DENTISTRY

Our journey into new segments, geographies and technologies has turned Straumann into a global Group of national and international brands, companies and partners. To unite them and to provide a common identity we created the ‘Straumann Group’ umbrella brand at the outset of 2017. This creates value for the individual brands, companies and partners by allowing them to benefit from Straumann’s global reputation – without compromising our premium brand, which has retained its distinctive identity and positioning.

We introduced the new Group brand quickly and with minimum investment because no changes to product names, brands or legal entities were required. As the year progressed, it became clear that the umbrella brand would allow us to bring our premium and non-premium businesses closer together, reducing complexity, creating synergies, opening up sales opportunities, and benefitting customers and patients.

By year-end, we started to integrate our Intradent subsidiaries and to simplify internal processes, making ordering, delivery and invoicing more efficient. We created a single e-shop for all brands and are now able to provide our digital solutions and biomaterials to all customers irrespective of which implant system they purchase from us. With Intradent incorporated, our Group brand architecture looks like this:



- ◀ The Straumann Group unites various global and local/regional product brands with a number of fully/partially owned companies and independent partners, which provide technology and manufacturing expertise.

## Salvo of product launches at mega event in China

Having received multiple key product approvals in China, we orchestrated our biggest launch ever in October. Spanning three days, it comprised parallel congresses in four major cities to promote our business and the new arrivals.

These include the Straumann Bone Level Tapered implant range – which is a key growth driver in other markets, the high-strength material Roxolid and the fast healing SLActive surface, as well as the fully-tapered Anthogyr Axiom PX implant, which extends our non-premium offering.

On the prosthetics side, Straumann Pro Arch edentulous solutions made their debut and we announced a CAD/CAM prosthetics service with a new local milling center in Shenzhen.

Boosted by social media, the event attracted more than a thousand participants on site and 13000 online.



Straumann staff at the launch event holding panels describing the new products indications and benefits.

BIG BANG  
IN CHINA

## Strategy in action

### Beyond tooth replacement – esthetic dentistry

At the heart of our strategy are three key priorities, which are reviewed annually by the Board of Directors. They translate into a number of clearly defined initiatives and deliverables, which are continuously tracked and adjusted as necessary. We do not disclose the initiatives, although most of them are reflected in the activities, investments, product launches, development pipeline and achievements featured in this report.

Having come close to our goal of being a total solution provider in tooth replacement, we started looking into attractive complementary fields as a potential source for further growth and synergies. As a result, we decided to broaden our scope from 'tooth replacement' to 'esthetic dentistry' which includes orthodontics, the field of dentistry devoted to the prevention and correction of irregular teeth, using braces, brackets, and aligners.

#### STRATEGY EXECUTION

##### A HIGH-PERFORMANCE CULTURE

High-performance organizations consistently outperform, continually innovate and steadily improve. They create opportunities, unlock the potential of employees and use resources and energies effectively without waste. They are agile and collaborate as an aligned team. These are the main characteristics of the culture we want to establish throughout the Straumann Group.

In 2017, we continued to promote the player-learner mindset and core behaviors that are central to the high-performance culture that will drive our future success. We extended our program of workshops and training modules internationally, but did not reach our target of 40% staff participation due to the significant expansion of our organization. The player-learner mindset remains at the heart of everything we do. We will complement it with a program to foster a commercial mindset and entrepreneurial excellence, which we piloted in 2017 and will roll-out in 2018.

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#### Our strategic priorities are:

- Drive a high-performance culture and organization
  - Target unexploited growth markets and segments
  - Become a total solution provider in esthetic dentistry
-

Our annual staff survey, which is an indicator of our progress towards this strategic goal, yielded higher or equal scores than in 2016 (see p. 78 f.). 86% of respondents said they understood our strategy, 88% said they actively supported our Cultural Journey and 72% observed positive changes in our culture.

Further examples of cultural change can be found in the open-minded, entrepreneurial approach to new strategic initiatives – like our entry into orthodontics, our investment into digital, and the convergence of our premium and non-premium activities – which were previously strictly segregated.

However, the most significant evidence of this strategy in action can be seen in our operational performance, innovation pipeline, execution of strategic priorities, and our ability to forge partnerships and build talent.

#### **TARGETING UNEXPLOITED GROWTH MARKETS AND SEGMENTS**

In order to serve customers directly and to unlock the full potential of our business, we established new subsidiaries in Iran and India. We also signed an agreement to acquire our distributor in Turkey, adding more than 200 trained professionals to drive our business in this market, which – like Iran – is highly attractive and underpenetrated. Together they account for more than 1 million implants annually. In addition, we announced plans to open a subsidiary in South Africa early in 2018.

Our ambition to enter the Indian market became a reality following the acquisition of Equinox at the end of 2016. Leveraging the Equinox infrastructure, we established Straumann Group India and launched the Straumann premium brand in December 2017.

We continued to invest in fast-growing markets like China and Russia, adding people and bringing key products to market. In Russia, we opened additional regional offices, gained important regulatory approvals and took initial steps into the value segment.

Having gained a foothold in the dental service organization (DSO) segment in 2015 by offering value and premium ranges together with tailored service solutions, we vigorously pursued our strategy, enabling us to win a number of leading chains in Europe. DSOs account for an increasing portion of the market due to the growth of dental chains and networks. These range from group practices to international networks of fully integrated clinics with significant purchasing power

and influence. To target and serve further DSOs and to reach a broader population of patients, we established a dedicated global unit at Group level in 2017.

#### A LEADING POSITION IN THE FAST-GROWING NON-PREMIUM SEGMENT

The premium segment remains a key focus and we are determined to extend our lead in it through innovation, documented clinical research, differentiated comprehensive solutions, service excellence, high standards of training/education, a global network, and guarantees on original products.

At the same time, we see significant business opportunities in the non-premium market segment, which is growing faster and now accounts for more than a third of the global implant market in value (see p. 35 ff.). Many non-premium players are local or regional companies who compete on price without the high level of service, support, innovation and long-term assurance that are inherent to the Straumann brand. Our aim is to be a leading global player in this segment too.

Our strategy has been to build a portfolio of non-premium companies with growing footprints in key markets and to drive their international expansion. We continued the roll-out of Neodent, our leading non-premium brand of progressive dental solutions, to further markets in Europe, which contributed to triple-digit growth in its international business. At the beginning of the year, we gained control of Medentika and have used it to offer attractively-priced perfected prosthetics. We also began to establish Medentika as an implant company offering highly competitive enhanced alternatives to leading value players. These initiatives, together with the expansion of our Neodent business in Brazil, Zinedent in Turkey and Anthogyr in China have made us one of the fastest-growing companies in the non-premium segment, where we rank among the top three global players.

With our strong portfolio of fast-growing value brands, we decided early in 2017 not to pursue our strategic interest in acquiring a controlling stake in the Korean implant company MegaGen and received our CHF 30-million loan back with interest.

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**We have become one of the  
fastest-growing global companies  
in the non-premium segment.**

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### BECOMING A TOTAL SOLUTION PROVIDER IN ESTHETIC DENTISTRY

Our strategy to compete against heavyweight conglomerates that cover the entire dental spectrum has been to provide total solutions in tooth replacement – which means offering conventional, semi- and fully-digital tooth replacement solutions for all major indications. Thanks to our strength in innovation and the ability to form partnerships, we have filled almost all the gaps in our implant and prosthetic ranges and can also offer a full range of biomaterials as well as a wide-ranging portfolio for dental laboratories.

Perhaps our most exciting advances in 2017 were in the digital arena. Strategic partnerships with Amman Gurrbach and 3Shape, together with our investment in RapidShape and the acquisition of Dental Wings, have enabled us to achieve the strategic goal of offering validated digital solutions that cover the full tooth replacement workflow, including guided-surgery, a choice of intraoral scanners, a full CAD/CAM service, a Scan & Shape option, 3D-printing, as well as central, in-lab and chairside milling.

The strategic decision to broaden our scope led to our entry into orthodontics through the acquisition of ClearCorrect in the US, and a 38% participation in Geniova in Spain. The former is a well-established, fast-growing provider of clear-aligner solutions which provides us with the technology, expertise and a strong footing in this field; the latter is an entrepreneurial pioneer of hybrid fast-aligners that gives us access to an innovative treatment approach. Both will benefit from our global network, brand, and digital technology. It is estimated that 75% of the teenage and adult population require orthodontic treatment. Clear-aligner solutions offer an alternative to conventional braces and brackets to address this need. Growing awareness, availability and esthetic needs are key growth drivers for the global clear-aligner market, which is estimated to be worth more than CHF 1.5 billion.

### OUTLOOK

Our continuing strong growth and the fact that we have outperformed the market significantly confirm that we are executing an appropriate strategy. We have set the stage for future growth by entering new markets and the attractive field of esthetic dentistry. We have responded to market and technology trends by building digital capabilities and by devoting resources to the DSO segment. We will continue to be agile in seeking, evaluating and capturing attractive opportunities that are aligned with our strategic priorities, always vigilant of our changing market and environment and ready to challenge and adapt our strategy accordingly.

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**Thanks to our strength in innovation and the ability to form partnerships, we have filled almost all the gaps in our portfolio.**

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**The fact that we outperformed the market significantly confirms that we are executing an appropriate strategy.**

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# Products & services

 [Click here for complete product information](#)

## STRAUMANN

### DENTAL IMPLANT SYSTEM



### IMPLANT-BORNE PROSTHETICS



### BIOMATERIALS



### DIGITAL SOLUTIONS



### SOLUTIONS FOR EDENTULOUS PATIENTS



### ESTHETIC RESTORATIONS



### ENABLEMENT AND EDUCATION



### LESS INVASIVE TREATMENT PLANS



## NEODENT

### NEODENT'S SYSTEM



## MEDENTIKA

### HIGH QUALITY SOLUTIONS



## EQUINOX

### DENTAL IMPLANT SYSTEMS



## CLEAR CORRECT

### CLEAR ALIGNERS



### **ADDING PRODUCTS, SOLUTIONS AND SERVICES THAT MEET CUSTOMER NEEDS**

For more than six decades, the Straumann Group has been innovating, developing, testing and refining products that address patient needs and contribute to their quality of life.

To complement our products and solutions, and to support their effective implementation, we offer a broad spectrum of services under the Straumann brand. For instance, we assist with networking and arrange experienced mentoring on request. We also offer initiatives to help clinicians develop practical skills, such as practice management and business expansion. Straumann services of this kind require staff with a very high standard of professional knowledge, able to provide the necessary information and instruction on products. Extensive training is therefore an important aspect.

We strive to extend product and service solutions that enhance convenience, leverage efficiency and add value, comfort and security for customers and patients, in line with our vision of 'more than creating smiles – restoring confidence'. In 2017, we introduced more products than in any prior year. The main launches are highlighted in the table below. Further information on products and solutions is available by clicking on the illustration on p. 27.

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**We strive to broaden treatment options, increase precision and longevity, minimize discomfort, add value and provide security.**

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## KEY PRODUCTS LAUNCHED/INTRODUCED IN 2017

Product	Description	Benefit/added value
<b>Surgical</b>		
Straumann BLT Ø 2.9 mm – the ‘SmallOne’	Roxolid SLActive small diameter implant; unique oval prosthetic design	<ul style="list-style-type: none"> <li>• Makes treatment possible for patients with insufficient space or bone for regular implants</li> <li>• Helps to avoid bone augmentation</li> <li>• Prosthetic matches tooth anatomy</li> </ul>
Straumann PURE two-piece ceramic implant	Ceramic implant with ZLA surface and ceramic abutment	<ul style="list-style-type: none"> <li>• Esthetic full ceramic solution</li> <li>• No metal contact with body</li> <li>• Easier to place than one-piece</li> <li>• Flexible restoration</li> <li>• Enhanced osseointegration</li> </ul>
Straumann Surgical Motor Pro	Robust high-performance drill motor	<ul style="list-style-type: none"> <li>• Sold in attractive starter packages</li> <li>• Suitable for all Straumann implants</li> <li>• Implant protocol memory</li> <li>• Auto stop and torque calibration functions</li> </ul>
Neodent Grand Morse implant system	Fully-tapered for all bone types; Acqua surface; comprehensive prosthetic range	<ul style="list-style-type: none"> <li>• Attractive price</li> <li>• Improved flexibility and simplicity</li> <li>• Enhanced osseointegration</li> </ul>
Medentika ProCone	Enhanced implant design	Attractively priced alternative to competitor implant in Germany
<b>Restorative</b>		
Straumann angled solution systems	Angled abutments with tilted screw channel; angulated self-retaining screwdriver	<ul style="list-style-type: none"> <li>• Makes challenging angulated screw-retained options possible</li> <li>• Up to 25° tilt in any direction</li> <li>• Excellent precision handling</li> </ul>
Straumann CARES abutment CoCr	Additional material option for customized abutment range	<ul style="list-style-type: none"> <li>• High-quality</li> <li>• Can be veneered directly with standard porcelain</li> <li>• Reliable, flexible, efficient</li> </ul>
Straumann nIce	Innovative, fully-crystallized glass-ceramic blocks for CAD/CAM milling	<ul style="list-style-type: none"> <li>• Highly esthetic tooth-like translucence</li> <li>• Saves considerable chair time and effort</li> <li>• Restoration can be ground and polished with no additional firing</li> </ul>
Medentika (etkon iDent) multiplatform solutions	Prosthetic components that are compatible with other major implant systems	<ul style="list-style-type: none"> <li>• Flexibility, precision, reliability</li> <li>• Lifetime guarantee</li> <li>• Validated digital workflow</li> </ul>
Neodent titanium base for CEREC	For CEREC in-house milling applications	Enables CEREC users to produce prosthetics with original Neodent connections

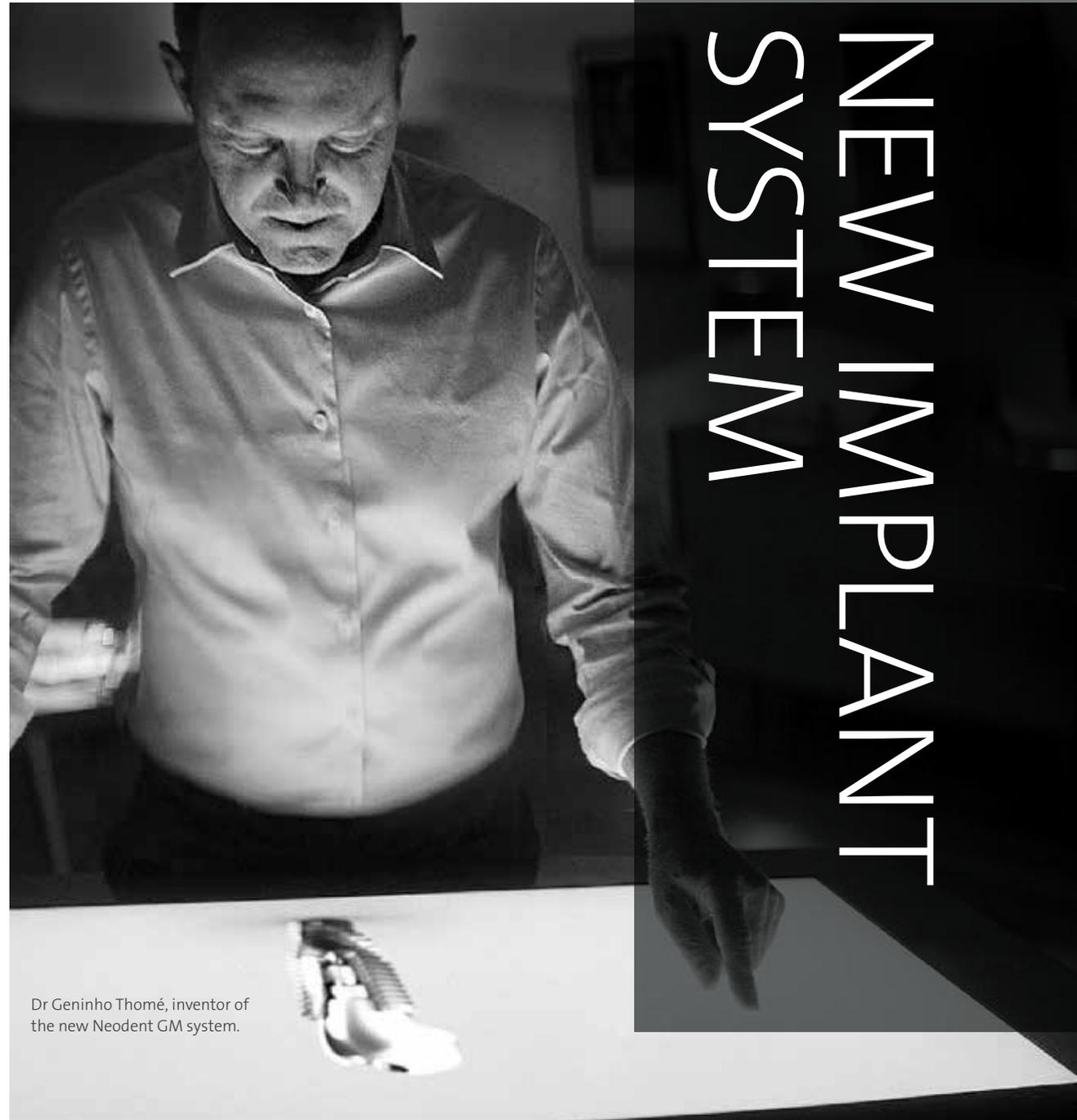
<b>Digital</b>		
CARES Portable Intraoral Scanner	Small, portable version of the Straumann CARES IO scanner	Easy to move - for practices with limited space or multiple operatories
Straumann CARES intraoral scanner powder-free hand piece		<ul style="list-style-type: none"> <li>• Exceptionally small and robust</li> <li>• Powder-free operation to improve patient comfort</li> </ul>
Straumann TRIOS 3 I/O scanner	Intraoral scanners made by 3Shape, Straumann branded	<ul style="list-style-type: none"> <li>• Accurate, ultra-fast, reducing chair time</li> <li>• Powder free and sprayless</li> <li>• Full color or black &amp; white scanning options</li> <li>• Color version can measure tooth shades digitally</li> <li>• Portable pod option available</li> </ul>
Straumann CARES C series	Compact 4-axis wet milling and grinding machine for dental practices	<ul style="list-style-type: none"> <li>• Robust, chairside milling machine</li> <li>• Reliable precise milling of glass ceramic and hybrid materials</li> <li>• Reduces grinding times up to 60%</li> </ul>
Straumann CARES D series	5-axis dry milling machine for dental labs	<ul style="list-style-type: none"> <li>• Processes all dry millable materials</li> <li>• Wide range of indications due to compact 5X technology</li> </ul>
Straumann P series	Range of 3-D printers	<ul style="list-style-type: none"> <li>• Sturdy, reliable, high-speed</li> <li>• Certified, maximum-precision, top-quality dental products</li> <li>• Produces temporary prosthetic restorations, partial frameworks, bite splints, models, drill templates</li> </ul>
Neodent digital solutions	Digital workflow	Broad range of treatment and restorative options
Collaboration with Zirkonzahn	Combination of simplified workflows and components: Zirkonzahn mills and Neodent implants and angulated abutments	<ul style="list-style-type: none"> <li>• Attractively priced comprehensive package</li> <li>• Highly esthetic, affordable, edentulous solutions on four implants</li> </ul>
<b>Services</b>		
Straumann Smart	Holistic education solution for dental professionals	<ul style="list-style-type: none"> <li>• Implant dentistry starter training for working dental professionals</li> <li>• Blended learning: classroom, online plus mentoring</li> </ul>

## Innovation, flexibility, simplicity and a very attractive price

It is rare for anyone to launch a complete implant system at one point in time, but when Neodent's Grand Morse (GM) implant hit the Brazilian market in August, it came in a range of sizes and with a comprehensive prosthetic portfolio.

Designed for enhanced flexibility and simplicity, especially with regard to prosthetics, it features a fully-tapered implant design for all bone types and for immediate tooth replacement protocols. Because the implant-abutment interface is crucial for long-term outcomes, GM uses a deep tapering connection inside the implant to maximize contact with the abutment.

With excellent one-year clinical data, GM attracted 200 new customers in its first month on the Brazilian market. The international roll-out is scheduled for the second half of 2018.



Dr Geninho Thomé, inventor of the new Neodent GM system.

# Innovation

The stream of products we launched in 2017 and the strength of our pipeline keep us at the cutting edge of innovation – a position that Straumann has held for more than 40 years.

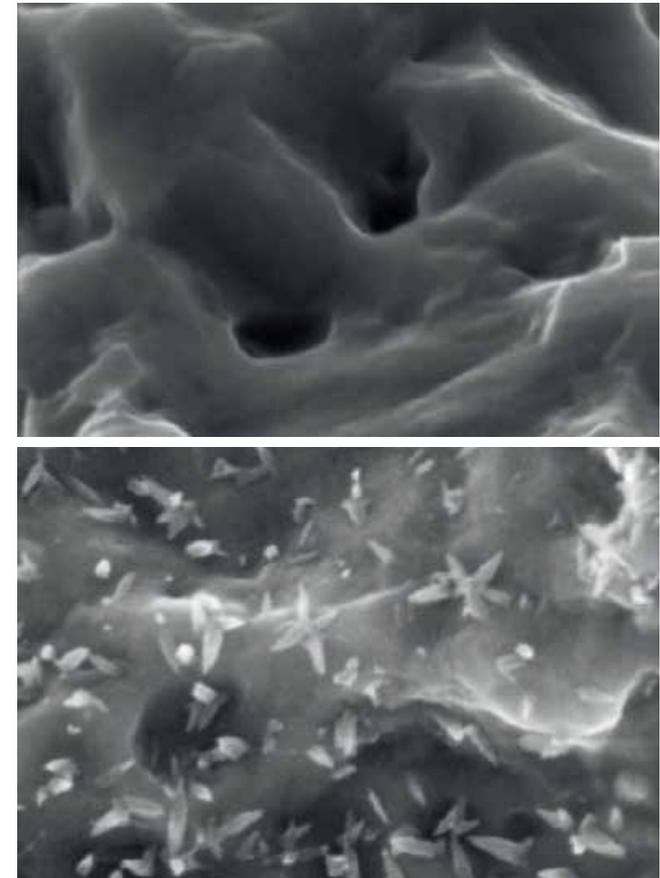
## A COMMON FUNNEL OF IDEAS

The convergence of our brands under the new Straumann Group umbrella enables us to create opportunities, synergies and efficiencies in several areas, including innovation. In 2017, we redefined our innovation approach and processes to create a common ‘funnel’ for the entire Group. We established a dedicated team tasked with ensuring a continuous stream of ideas that lead to new commercial opportunities and solutions that differentiate our various brands.

## LEVERAGING SYNERGIES ACROSS THE GROUP TO DRIVE INNOVATION

Although the diversity of our products is broad and our core R&D capabilities are specific, there are common areas in research and predevelopment where we can leverage synergies without diluting the distinct focus of our individual brands. To do this, we have created ‘innovation clusters’ at the Group level, which enable us to pool resources and to share new technologies, for instance in manufacturing, without disadvantaging the originator brand.

To replenish and expand the funnel, the innovation team scouts adjacent segments and monitors trends in technology for ideas that might have a significant impact on our fields, for example artificial intelligence. Customer feedback, our web-based innovation portal and direct contacts are some of the many other sources of potential innovations. With more than 50 ideas currently under investigation, we take a systematic approach, balancing ‘core’, ‘adjacent’ and ‘breakthrough’ projects with the probability of commercial success, time to market, etc. This approach ensures that we focus on ideas that are most likely to succeed and enables us to allocate them to the most appropriate center of competence and brand.



Scanning electron microscope (SEM) images of the SLA (top) and SLActive surfaces. The discovery of distinct nanostructures on the SLActive surface helps to explain why it enhances the process of osseointegration. The presence of nanostructures substantially (+50%) increases surface area and, together with surface purity and wettability, enhances protein adsorption, fibrin-network formation, cell adhesion and bone-cell mineralization.<sup>2-5</sup>

## 2017 – A STRONG YEAR OF INNOVATION

Straumann ‘SmallOne’ – our 2.9 mm small-diameter implant for patients with insufficient bone or space for regular implants – is an excellent example of innovation in 2017. It completes our highly successful BLT range and was made possible by two other Straumann innovations: Roxolid material for high strength and SLActive for enhanced osseointegration on a reduced surface area.

Another good example is Straumann’s PURE 2-piece ceramic implant, with its innovative material, design, surface technology and manufacturing process. Our proprietary glass ceramic material nIce and Neodent’s Grand Morse implant system are further examples of major innovations launched in 2017.

After more than twelve years on the market, Straumann’s SLActive implant surface is still the benchmark for osseointegration and is supported by more than 300 publications<sup>1</sup>. One of the most exciting of these appeared in 2017 and describes the presence of nanostructures on the SLActive surface that do not occur on SLA equivalents<sup>2</sup>. These structures increase the surface area by 50%. Together with wettability, they enhance protein adsorption, fibrin-network formation, cell adhesion and osseointegration<sup>2-5</sup>, which explains the enhanced healing and clinical success rates seen over the years<sup>6-11</sup>. The nanostructure findings relate specifically to SLActive, which is unique to Straumann. While other companies have tried to imitate it and claim to have hydrophilic, active surfaces, they have neither demonstrated this mechanism nor published 10-year substantiating clinical data<sup>6</sup>.

In addition to working on our own pipeline, we gained access to further innovative concepts that could become game changers in our field. For example, we invested in RapidShape, a leader in 3D printing technology, which is changing the ways we make prosthetics, and we increased our stake in Rodo Medical, whose revolutionary device for attaching crowns or dentures to implants without cement or screws became commercially available in initial markets.

## A CULTURE OF INNOVATION

Innovation goes far beyond breakthrough products and is evident in most of our activities, from design and production to sales, marketing, communication, education and services. It is supported by our culture of focusing on customers and creating opportunities.

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**Major innovations in 2017 include Straumann’s ‘SmallOne’ and PURE 2-piece ceramic implant as well as Neodent’s GM implant system.**

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**We gained access to innovative concepts that could become game changers in our field.**

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## A STOCKED INNOVATION PIPELINE

	Project	Key benefit target	Introduction/ roll-out
	Modular surgical cassette	Enhanced surgical flexibility, ease of use	2018
	Single use-instruments	Complete single-use portfolio for added convenience and patient safety	2018
	PURE 2 ceramic implant	High-end esthetics, increased prosthetic flexibility	2018
	Simplified Guided Surgery	Increased confidence when placing implants	2019
	New implant designs	<ul style="list-style-type: none"> <li>• Less invasive procedures</li> <li>• Immediate procedures</li> <li>• Cost effective edentulous procedures</li> <li>• Additional indications</li> </ul>	2019
	Variobase extensions	Enhanced flexibility and handling	2019
	Angulated solutions	Enhanced solutions for screw-retained tilted prosthetic connections	2020
	Next generation fixture system	Cement-free, screwless	2020
	CARES milling system	Integrated in-house milling systems and additive manufacturing options	2018
	Digital connectivity	Fully integrated workflows	2018
	Emdogain	New indications	2018
	Next generation biomaterials	Enhanced osseointegration	2020

Highlights from Straumann's development pipeline. Introduction/roll-out dates may be subject to positive clinical results and regulatory clearances, and barring unforeseen circumstances.

## OUTLOOK

Four years after its inception, we are upgrading our innovation portal with more powerful software to enable clinicians, labs and other dental professionals to share their ideas with us in confidence and to partner with us in a variety of ways. In 2018, we will release a new platform for open innovation, fostering in-depth interaction with dental professionals around the globe with regard to trends and unmet needs.

**In 2018, we will release a new platform for open innovation.**

### FOOTNOTES & REFERENCES

- 1 PubMed search with keyword set (SLActive) OR (modSLA) OR (modified SLA) OR (hydrophilic SLA surface).
- 2 Wennerberg A et al. Clin. Oral Impl. Res. 25, 2014, 1041–1050.
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## Markets

# Position bolstered, addressable market expanded

### THE GLOBAL DENTAL SUPPLY AND EQUIPMENT MARKET

The global dental supply and equipment market is an attractive subset of the global medical device sector with annual sales of approximately CHF 24 billion<sup>1</sup>. Increasing prosperity and awareness of oral health, as well as the aging population, and innovation are the main drivers of market growth, which typically exceeds that of gross domestic product.

### IMPLANTS

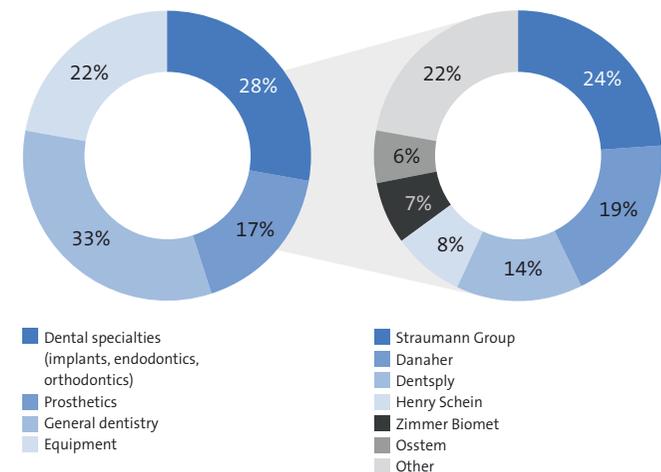
Implant dentistry accounts for nearly 15% of the overall dentistry market and is part of the dental specialties segment (see chart on the right). We estimate that the market for implant dentistry was worth CHF 3.7 billion<sup>2</sup> in 2017, including implant fixtures, abutments and related instruments. The Straumann Group leads this market and holds an estimated share of 24%, which it has expanded in recent years through continual outperformance. Independent market research firms including DRG and iData project that growth in this segment will outpace the dental market as a whole. The implant segment thus offers an attractive return-on-investment, particularly for large and innovative companies that can benefit from economies of scale.

Internal intelligence and external research are essential for estimating market size because few players disclose sales information. Using this approach, we estimate that the global market picked up slightly and grew 4% in 2017. Volume growth outpaced that of revenues, reflecting strong growth in emerging markets, where average prices are lower, the increased share of non-premium products, and modest price deflation in general.

The implant market itself can be divided into two segments: premium and non-premium. Premium companies are distinguished by preclinical research and development activities, pre- and post-market clinical documentation, product innovation and breadth, as well as added-valued services. The Straumann Group leads both the premium segment and the implant market as a whole. Non-premium manufacturers hold substantial combined market shares in several large markets, where dentist fees are comparatively low, e.g. Brazil, Russia, Israel, and South Korea. Even though the

**We estimate that the market for implant dentistry was worth CHF 3.7 billion in 2017.**

THE CHF 24 BILLION GLOBAL DENTAL MARKET BY CATEGORY AND IMPLANT SEGMENT SHARE



growth differential between the two segments is diminishing, the non-premium market continued to grow faster in 2017. By value, three quarters of the market are controlled by the leading six companies. The remainder is distributed among more than 400 manufacturers, most of whom are non-premium and compete mainly on price, with limited research, training and education services.

Our Straumann premium brand offers a wide range of implants at various prices, depending on the material and surface technology, while our Neodent, Medentika, Equinox, Anthogyr, and Zinedent brands enable us to compete in the non-premium segment, offering customers implant systems at multiple price options in different regions as well as attractively priced abutments for third-party systems.

#### HIGH POTENTIAL IN THE PREMIUM TAPERED-IMPLANT SEGMENT

Dental implants are distinguished by their design: tapered implants offer high primary stability, while parallel-walled implants are versatile and have been documented for 30 years. More than two thirds of the implants sold in 2017 were tapered. Over the years, Straumann and the ITI have been strong proponents of parallel-walled implants and Straumann controls roughly half of this segment. Contrastingly, our Neodent brand has offered tapered implants for many years. In 2015, Straumann entered the premium tapered segment with BLT and, based on volumes, had gained a share in the low teens by the end of 2017, which is three times lower than our share of the parallel-walled segment. Our goal is to gain further share of the tapered segment in the coming years, for example through targeted marketing initiatives, further product launches and geographical roll-outs.

#### MARKET PENETRATION STILL LOW

The principal factors driving growth in the tooth replacement market are:

- Demographics – more elderly people need tooth replacement as the population ages
- Affordability – the middle class is growing in developing countries
- Adoption – the number of trained dentists who are confident placing implants is rising
- Awareness – patients are better informed about the negative effects of poor oral health
- Esthetics – the trend in people choosing cosmetic surgery and dental implants is growing.

The number of Americans ages 65 and older is projected to more than double from 46 million today to over 98 million by 2060, and the 65-and-older age group's share of the total population will rise to nearly 24 percent from 15 percent.<sup>3</sup> The American College of Prosthodontists estimates that the

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**The leading six implant companies control three quarters of the market.**

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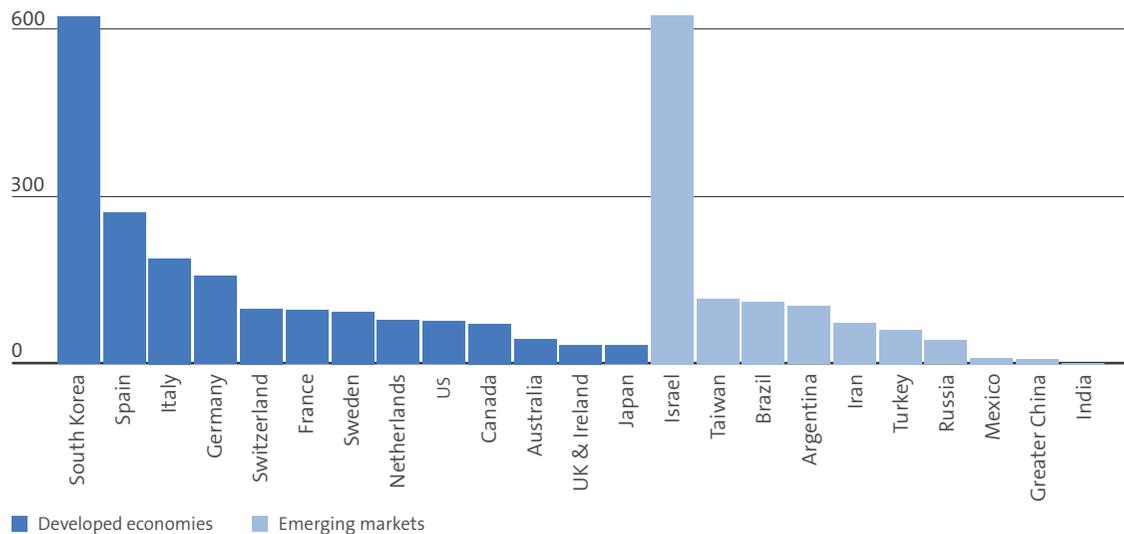
**Our goal is to gain further share of the tapered implant segment in the years to come.**

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number of partially edentulous patients will continue to increase.<sup>4</sup> 90% of edentulous people use simple, unanchored dentures. Some accept their limitations; others cannot afford implant solutions. In 2015, the World Health Organization estimated that more than 60% fall in this category. Many would prefer to upgrade to implant-supported fixed or removable overdentures. To serve this market, we offer a range of premium and non-premium solutions including fixed and removable options, and we have been working on simpler, cost-efficient protocols that are needed to serve a larger pool of patients.

Cost is an obstacle. Private insurance schemes are either financially unattractive or apply strict entry criteria. Even in cases where insurance companies cover dental implant procedures, the amount reimbursed is rarely sufficient to cover the full cost of treatment, leading to considerable costs for patients, which can discourage them from choosing the procedures. In countries where the difference in price is small and/or where there is reimbursement, there is a clear preference for implant solutions.

DENTAL IMPLANT PENETRATION BY COUNTRY (PER 1000 POPULATION)



**The number of partially edentulous patients in the US will increase in the next 15 years to more than 200 million.**

◀ With very few exceptions, tooth replacement is an out-of-pocket expense. In South Korea, reimbursement was gradually introduced for senior citizens in 2014. This, together with the fact that more than 70% of the dentists in the country place implants, explains the high penetration rate. By contrast, large economies like China and India remain heavily underpenetrated due to a lack of qualified dental professionals.

The pool of potential patients seems inexhaustible. In the developed world, more than 600 million people are affected by tooth loss, but only a fraction seek treatment. In the world's largest market, the US, more than 150 million people are missing at least one tooth, yet just over a million are treated each year (corresponding to 2.5 million implants). This is low in absolute terms and in comparison with other countries. Our analysis shows that only one in five medically eligible US residents who seek treatment for tooth loss actually receive implants<sup>5</sup>. In Germany, the penetration level is approximately 25%, while in Switzerland, it is close to 40%<sup>6</sup>.

As the chart on p. 37 shows, the number of implants placed per 10 000 population in the US is only half that of the largest European market, which illustrates the considerable growth potential. Penetration in other highly populated countries like the UK, India, China and Japan is also clearly below average, offering strong upside potential in the coming years.

#### BIOMATERIALS

The Straumann Group is also active in the regenerative dentistry market, which is interrelated with implant procedures and offers considerable cross-selling potential. We estimate that the global market for biomaterials, which includes bone-augmentation materials, membranes, fleeces, sponges and soft-tissue regenerative products, was worth more than CHF 0.5 billion in 2017.

#### PROSTHETICS

Digitalization makes it possible to design and mill prosthetic elements by computer-aided design and manufacturing (CAD/CAM), saving time and increasing accuracy. The CAD/CAM-prosthetics market segment is thought to be worth more than CHF 3.7 billion and comprises crowns, inlays, onlays, bars, and bridges. Tooth-borne restorations, crowns and small bridges make up the lion's share. While CAD/CAM production is growing strongly, most crowns and bridges are still composed of porcelain fused to metal or press ceramics made by a time-consuming manual process. Market research<sup>7</sup> indicates that general dentists usually obtain CAD/CAM crowns and bridges from local labs, and most use models or impressions to order the restorations.

CAD/CAM makes it possible to use strong, translucent glass-ceramic materials like Straumann nIce and zirconia, which look natural and are fracture-resistant. Internal and independent surveys have shown that patients are increasingly willing to invest in treatments that not only restore function, but which also improve appearance.

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**The pool of potential patients seems inexhaustible.**

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**We estimate that the biomaterials market grew double-digit and was worth CHF 0.5 billion in 2017.**

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#### CADCAM EQUIPMENT

We estimate the global market for CAD/CAM dental equipment, which comprises optical scanners as well as milling equipment, to be worth CHF 1 billion.

CADCAM systems can be classified as:

- Chairside systems, where scanning, design and milling are all performed in the dental practice, using compact milling machines,
- Full in-lab systems, with scanning, design, and manufacture on medium-sized milling machines, and
- Central milling, in which lab scanners connect to an external milling center that uses sophisticated, heavy milling machines.

We entered the chairside and lab-milling segments last year, complementing our well established centralized milling option.

Penetration of the chairside segment is modest. Less than 20% of dental practices in the most advanced markets (e.g. the US, Germany and Switzerland) use intraoral scanners and few have invested in a chairside milling system<sup>8</sup>, underscoring the market's potential opportunity.

In contrast to dental practices, labs have invested in CAD/CAM technology. In developed countries, more than half of the dental labs have an in-lab scanner and most of them also have invested in milling technology<sup>9</sup>. The vast majority of larger labs in advanced countries like the Netherlands, Germany and the US work digitally. Medium-sized and large labs/dental practices are more advanced and tend to prefer complete CAD/CAM systems over stand-alone scanners because they have financial resources and higher volumes of restoration production. Technology is advancing fast and thanks to the multiple applications (restorative, orthodontic, prevention) intraoral scanners are becoming the gateway to the digital dental universe. More and more dental schools are including CAD/CAM in their curricula, which should drive penetration.

We are convinced that the future lies in open software architecture that offers connectivity to hardware supplied by various manufacturers. While data transfer between terminals, labs and practices is becoming easier, compatibility is a frequent issue and there is a growing requirement for validation. This is why we offer an integrated CAD/CAM portfolio, including leading chairside and in-lab scanning and milling technology, 3D in-lab printing and central milling, supported by leading-edge software and validated workflows covering the tooth-replacement spectrum.

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**< 20% of dental practices  
in the most advanced markets  
use intraoral scanners and  
chairside milling systems.**

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**CLEAR ALIGNERS**

Growing awareness, broader availability (e.g. through general dentists) and the increased importance of dental esthetics are key growth drivers for the clear-aligner market, which is estimated to be worth over CHF 1.5 billion and growing at a double-digit-percentage rate.

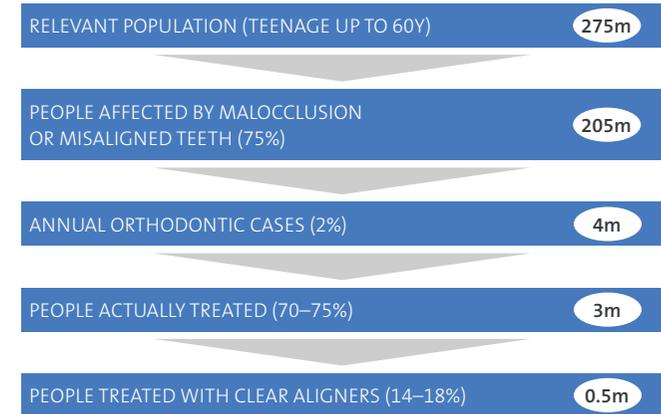
Research indicates that 75% of the population in North America<sup>10</sup> have malocclusion/misaligned teeth. Considering that there are 275 million residents in the US and Canada between the ages of 12 and 60, the patient pool amounts to 4 million patients annually (see chart right). Of the three million orthodontic cases treated in North America in 2017, most received conventional wires & brackets, while approximately one sixth received clear-aligner solutions. It is estimated that 50% of all patients with misaligned teeth could theoretically be treated with current clear-aligner solutions. This underscores the future market potential.<sup>11</sup> The penetration rate is lower in other countries, where the clear-aligner market is still emerging.

In 2017, we entered this attractive field by fully acquiring ClearCorrect, a well-established provider of full clear-aligner tooth-correction solutions. We also acquired 38% of Geniova, a small entrepreneurial company in Spain, which has pioneered an innovative hybrid approach combining the advantages of clear aligners with the benefits of conventional braces and brackets.

**ADDRESSING MARKETS COLLECTIVELY WORTH CHF 11 BILLION**

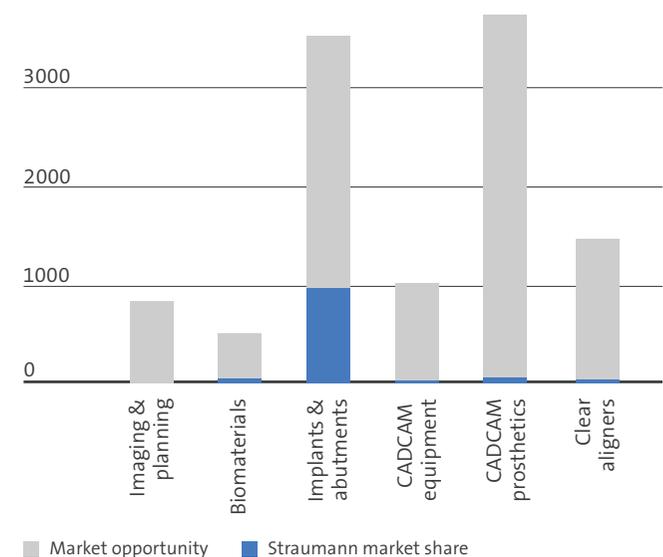
Having concentrated on parallel-walled implants for many years, we have significantly broadened our scope through internal development, acquisitions, investments and partnerships, with the goal of offering complete solutions in both replacement and esthetic dentistry. As a result, our addressable market has expanded significantly, tripling in the past three years alone to approximately CHF 11 billion (see charts on the right and p. 41).

**UNDERPENETRATED CLEAR-ALIGNER MARKET (US & CDN)**



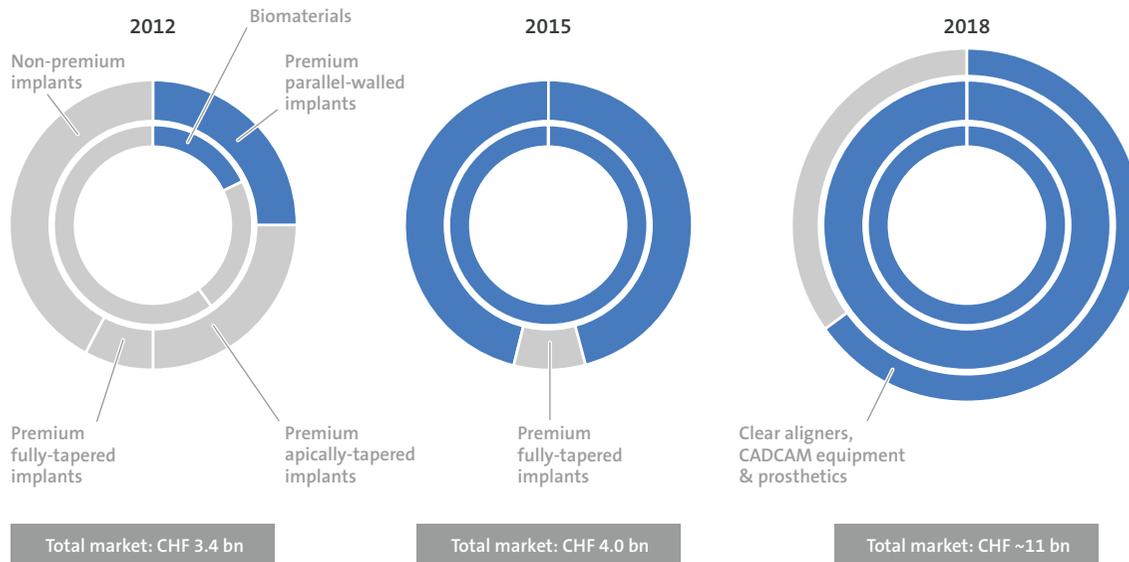
Source: World Statistics, Global Industry Analytics, Inc, 2016, company reports.

**PLENTY OF POTENTIAL IN MARKETS WORTH CHF 11 BILLION** (in CHF million)



STRAUMANN GROUP'S EXPANDING ADDRESSABLE MARKET

<b>Milestone launches/events:</b>	Variobase abutment	BLT implant	Neodent consolidation	Lab & chairside CAD/CAM systems	Clear aligners	Fully-tapered implant expected
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◀ In 2012, we focused on a market worth CHF 3.4 billion, of which we were able to address segments worth a total of just CHF 1 billion because our portfolio was limited to premium parallel-walled implants, standard CAD/CAM prosthetics and a limited range of biomaterials.

With the consolidation of Neodent in 2015 we stepped fully into the non-premium segment and our partnership with botiss and other partners gave us a complete portfolio of biomaterials. Straumann BLT and Neodent implants provided access to the large tapered-implant segment, while Variobase enabled us to compete in the fast-growing ti-base prosthetic market. By 2015, we had expanded our addressable market to CHF 4.0 billion and were addressing segments worth CHF 3.6 billion.

In the meantime, a series of partnerships and the addition of Dental Wings have provided us with a comprehensive digital equipment portfolio (scanners, mills, consumables and 3D printers) enabling us to offer full in-house solutions to labs and dental practices, in addition to our central milling service. These additions and our entry into the clear aligner business in summer 2017 have further increased our addressable market to CHF 11 billion, which we will be able to address almost fully when we add a fully tapered implant.

FOOTNOTES & REFERENCES

- 1 MarketsandMarkets 2014, Renub Research 2016 and Straumann estimates.
- 2 Decision Resources Group 2016-18, MarketsandMarkets 2013 and Straumann bottom-up estimates in 70 countries.
- 3 Population Reference Bureau ([www.prb.org](http://www.prb.org)).
- 4 American College of Prosthodontists, 2016; [www.gotoapro.org/facts-figures](http://www.gotoapro.org/facts-figures).
- 5 Exevia, 2014, based on market research data in Germany, Italy, Spain and the US.
- 6 Straumann proprietary survey.
- 7 2016 The Key Group Inc. and Straumann estimates.
- 8 Decision Resources Group Dental CAD/CAM Systems 2016, Frost & Sullivan 2017.
- 9 2016 The Key Group Inc.
- 10 Epidemiology of Malocclusion and Assessment of Orthodontic Treatment Need for Nepalese Children, V. Singh and A. Sharma, Int. Scholarly.
- 11 Global Industry Analyst Inc 2016; company reports; internal estimates.

## Entering orthodontics with ClearCorrect and Genova

In August, we announced the acquisition of ClearCorrect, an established brand of affordable clear aligners, which are an increasingly popular form of orthodontic treatment because they are effective, discreet, and easy to remove – in contrast to conventional brackets, which are hard-wired to individual teeth.

The global clear-aligner market is growing strongly. Penetration is low and the growth opportunities are very attractive, not least because an estimated 75% of teenagers and adults have misaligned teeth that require treatment – which is available through an increasing number of general dentists. Furthermore, implant procedures are often combined with orthodontic treatments, and both share digital dentistry applications.

Our union with ClearCorrect and our investment in Genova, which supplies innovative fast aligners, enable us to capture the exciting opportunities that this market offers.



ClearCorrect's discreet removable clear aligner.

ESTHETIC  
DENTISTRY

# Business performance Group

## STRONGEST GROWTH SINCE 2007

In 2017, the Group reported its strongest growth in ten years, as revenue climbed 21% in Swiss francs to CHF 1112 million. Fuelled by double-digit increases across all businesses, organic growth rose 16%, driven by North America and Asia/Pacific. Acquisitions and business combinations contributed CHF 32 million to revenue.

We achieved further improvements in profitability despite significant investments in new segments, geographic expansion, R&D, and production capacity. Underlying EBITDA and EBIT (operating profit) both rose 26%, with the respective margins reaching 29% and 26%. Net profit increased 20% to CHF 276 million, bringing the corresponding margin to 25% and earnings per share to CHF 17.61.

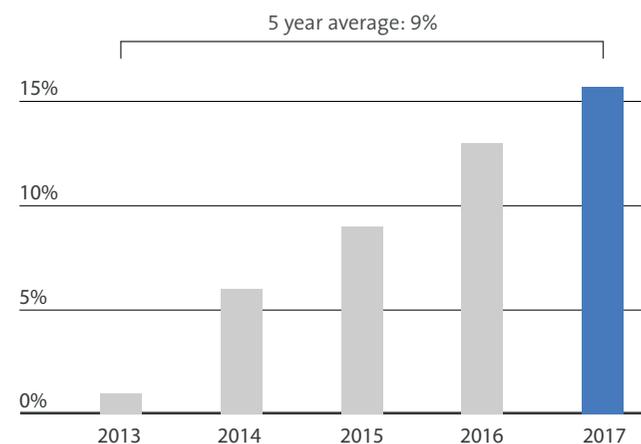
## KEY PERFORMANCE FIGURES

	2017		2016
	Reported	Excluding exceptionals <sup>1</sup>	Reported
Revenue (CHF m)	1 112		917.5
Gross profit margin (%)	75.6	75.8	78.3
EBITDA margin (%)	29.1	29.3	28.3
EBIT margin (%)	25.5	25.7	24.8
Net profit margin (%)	24.8		25.0
Free cash flow margin (%)	13.0		15.1

1 CHF 23 million gain related to the Medentika business combination (CHF 24 million after tax), including inventory revaluation expenses of CHF 2 million (COGS) and a CHF 25 million consolidation gain. The takeover of Dental Wings resulted in a consolidation gain of CHF 44 million. A loan revaluation led to an impairment expense of CHF 16 million in the financial result.

## Revenue climbs 21% and exceeds CHF 1 billion.

## ORGANIC REVENUE GROWTH



All of our businesses achieved double-digit growth. Two thirds of the growth was generated by the **implant business**, where Straumann's BLT range as well as Neodent's Cone Morse and Acqua implants were the key drivers. Straumann's Roxolid and SLActive kept momentum and Titanium SLA enabled us to compete successfully in the lower premium segment.

In the **non-premium business**, Neodent, Medentika, Anthogyr and Zinedent all grew strongly and constitute the fastest growing international implant franchise. Spain, the UK, the US, Brazil and distributor markets were the main drivers. The combined package of complete premium and non-premium solutions has been a key to the success of our **Dental Service Organization business**, which grew strongly in Europe and won important tenders in the fast-growing corporate dentistry segment.

Our **biomaterials** continued to grow strongly. Demand was most notable for bone substitutes and membranes – especially in Europe, where we offer a comprehensive portfolio of guided bone regeneration products.

Our **restorative business** achieved double-digit growth, driven by demand for implant-borne prosthetics (both standard and CAD/CAM). Straumann's cost-efficient, versatile Variobase range was also a major growth contributor. CAD/CAM screw-retained bars and bridges, ProArch edentulous solutions and the Novaloc fixation system for removable dentures all contributed to growth. Revenues from intraoral scanners and milling equipment accelerated as the year progressed, reflecting our efforts to offer complete end-to-end solutions.

## OPERATIONS AND FINANCES

The business combinations of Medentika and Dental Wings led to the following non-cash-relevant effects in 2017:

- On 1 January, we consolidated Medentika. Our 51% stake was previously reported as 'share of results of associates', but now contributes to the financial statements at all levels. This business combination led to several one-time effects, which include inventory revaluation expenses of CHF 2 million under 'costs of goods sold' and a one-time gain of CHF 25 million below the EBIT line (see Note 3 on p. 165). In connection with this transaction, we further recognized a financial liability of CHF 55 million in the balance sheet to reflect the present value of the put option granted to the founding shareholders.
- In October 2017, we increased our stake in Dental Wings from 55% to 100% and consolidated the business. This led to a consolidation gain of CHF 44 million below the EBIT line.

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**The combined package of complete premium and non-premium solutions has been a key to the success of our DSO business.**

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**Revenues from digital equipment accelerated, reflecting our efforts to offer complete end-to-end solutions.**

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### DOUBLE-DIGIT VOLUME EXPANSION LIFTS GROSS PROFIT

Strong volume growth in premium and value implant solutions lifted reported gross profit by 17% to CHF 841 million. Excluding the exceptional inventory-adjustment charge, underlying gross profit was CHF 842 million and the respective margin reached 76%. This is 270 basis points lower than in the prior year period, reflecting the strong demand for digital equipment, the Medentika integration costs, a higher share of third-party products, the integration of acquired businesses, and ramp-up costs in the expanded facilities.

To cater for strong volume growth and to meet future demand, we invested significantly in production capabilities and capacity expansion in Brazil, the US and Switzerland, resulting in higher production costs.

### OPERATING PROFIT (EBIT) MARGIN EXCEEDS 25%

Distribution costs, which comprise sales-force salaries and commissions, as well as logistics expenses rose by CHF 39 million to CHF 250 million as we incorporated the aforementioned businesses, invested further in our direct distribution network in underpenetrated markets, and expanded our non-premium franchise internationally. This figure includes amortization expenses of CHF 10 million mainly for customer-related intangible assets of acquired companies.

Administrative expenses increased from CHF 283 million in 2016 to CHF 311 million in 2017, which includes overheads, R&D and marketing costs for the newly-added businesses. Relative to sales, administrative expenses decreased 290 base points to 28%, which was the key driver of profit margin improvement.

Earnings before interest, tax, depreciation and amortization (EBITDA), and exceptionals increased 25% to CHF 326 million, lifting the respective margin 170 base points to 29%.

After depreciation and amortization charges of CHF 40 million, our underlying operating profit amounted to CHF 286 million (CHF 284 million reported) compared with CHF 227 million in 2016. The underlying EBIT increased 90 base points to reach 26%.

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**Strong volume growth in premium and value implant solutions lifted reported gross profit by 17%.**

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**To cater for strong volume growth we invested significantly in production capabilities and capacity expansion.**

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### NET PROFIT INCREASES 20%

Excluding exceptionals, the net financial result remained stable at a negative CHF 3 million, largely reflecting coupon payments for the outstanding CHF 200-million corporate bond. We recognized cumulative consolidation gains of CHF 69 million, mainly because the fair value of the investment in Medentika and Dental Wings exceeded the respective carrying amount. This exceptional effect is both cash and tax-neutral and is shown in a separate line in the income statement under ‘Gain on consolidation of Medentika and Dental Wings’.

The share of results from associate partners<sup>1</sup> was a negative CHF 10 million compared with a negative CHF 2 million in 2016. The decrease mainly reflects this year’s business combination of Medentika.

Income tax expenses amounted to CHF 48 million in contrast to the exceptional tax income of CHF 7 million in 2016. The sale of treasury shares in September in the amount of CHF 260 million resulted in a one-time tax expense of CHF 8 million. Going forward, the tax rate is expected to be approximately 15%.

The combination of these effects meant that net profit increased 20% to CHF 276 million, with the corresponding margin amounting to 25%. Basic earnings per share increased by nearly CHF 3 to CHF 17.61. Return on equity (ROE) amounted to 32%, and the company is (net) debt-free.

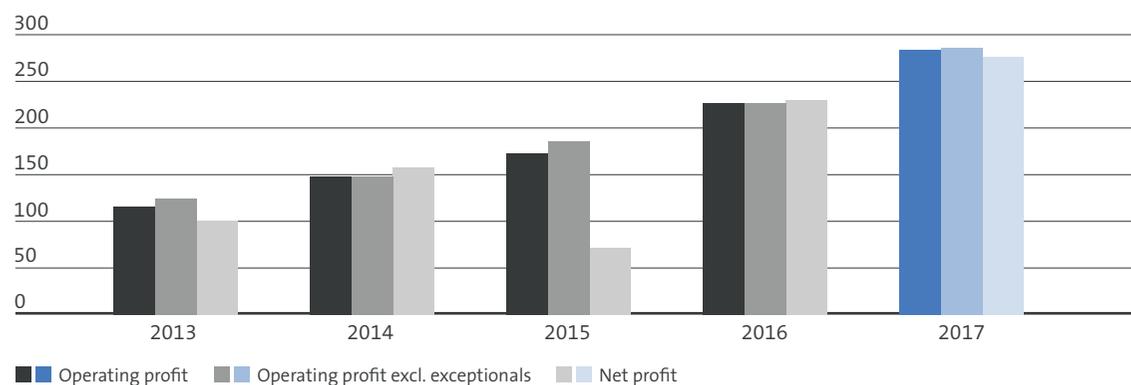
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**EBIT margin clears 25%  
for the first time since 2010.**

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### OPERATING AND NET PROFIT

(in CHF million)



### FREE CASH FLOW CLIMBS TO CHF 145 MILLION

Cash flow from operations increased 18% to CHF 217 million, reflecting a strong cash conversion rate of 79%<sup>2</sup>. Cash generation was constrained by higher inventory levels due to our newly-created subsidiaries, extension of the product portfolio and the product range. The dynamic topline growth in emerging and distributor markets led to an increase in accounts receivable. Days of sales outstanding increased by one to 56. We invested heavily in capacity expansion at various production sites, increasing CAPEX by CHF 27 million to CHF 73 million. The combination of these effects resulted in a free cash flow of CHF 145 million and a respective margin of 13%.

Due to the expansion of our business volume, production capacity, distribution network and acquisition activities, the balance sheet total increased 54% to CHF 1.7 billion by year-end.

### FURTHER DIVIDEND INCREASE PROPOSED

Based on the results in 2017 and the outlook for 2018 and beyond, the Board proposes a further dividend increase to CHF 4.75 per share, payable on 12 April 2018. Going forward, the Board's intention is to increase the dividend per share continuously, subject to further good performance.

### OUTLOOK 2018

#### (BARRING UNFORESEEN CIRCUMSTANCES)

We expect the global dental market to grow at about 4% and are confident that we can continue to outperform and expand our share by achieving organic revenue growth in the low double-digit percentage range. Assuming fairly stable currency exchange rates, the expected organic revenue growth and operational leverage should lead to further improvements in the EBITDA margin, in spite of further investments in Sales & Marketing, Research & Development, and Logistics. With the continued high level of investments in production capacity, as well as the amortization of acquisition-related intangibles, we expect our EBIT margin to remain stable.

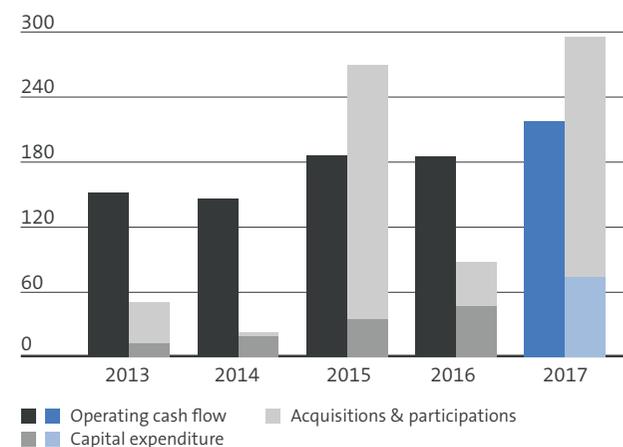
### SUMMARY OF MAIN INVESTMENTS

#### INVESTMENTS IN THE NON-PREMIUM SEGMENT

One of the Group's strategic priorities is to penetrate the fast-growing non-premium segment. Having acquired a 51% stake in Medentika (the German provider of prosthetics for leading implant systems) in 2013, we signed a new shareholder agreement with the founding shareholders to obtain control over the company as of 1 January 2017. This did not involve additional investment as our stake remained unchanged.

## Net profit rises 20% to CHF 276 million.

CASH FLOW AND INVESTMENTS (in CHF million)



## Solid cash flow despite investments.

### INVESTMENTS TO STRENGTHEN EXISTING PARTNERSHIPS

In 2017, we invested CHF 9 million to increase our stake in Rodo Medical Inc. from 12 to 30%. Rodo is a privately-held US company that develops and produces innovative retention devices for dental implant restorations. We also obtained broad exclusive distribution rights and a call option to increase our stake to 51% in 2021.

### INVESTMENTS IN PRODUCTION

To meet the strong increase in demand for our products, we invested approximately CHF 43 million in our production plants in Switzerland, the US and Brazil. The latter included additional production space and a new distribution center.

### INVESTMENTS IN FORMING THE DIGITAL BUSINESS

To accelerate the development of digital platforms and equipment we increased our stake in Dental Wings Inc. from 55% to full ownership. We entered the field of orthodontics by acquiring 100% of ClearCorrect and 38% of Genova and we purchased a 35% stake in Rapid Shape GmbH, a leader in 3D-printing technologies, as well as 100% of Loop Digital Solutions, a software developer in patient referral management. Collectively, these investments totalled approximately CHF 215 million.

### OTHER INVESTMENTS

The International Team for Implantology (see p. 74) is Straumann's longstanding academic partner and shares our goal of developing optimal treatment solutions to the benefit of patients. In 2017, we supported the ITI with total investments of approximately CHF 11 million (2016: CHF 11 million).

Investments in people (training and development) are covered in the Employees section of this report. Information on investments in distribution, including selling activities as well as research, development, intangible and tangible assets and our investment in organizations like the ITI are presented in our financial report.

#### FOOTNOTES & REFERENCES

- 1 Associate companies in 2017 comprise: maxon dental, Genova, Rodo Medical, Createch, Anthogyr, Rapid Shape, T-Plus, Valoc, V2R, Abutment Direct, and Zinedent. The equity method of accounting is applied for these companies, in which Straumann holds a non-controlling stake. The associate result is shown net-of-tax and after amortization of intangibles.
- 2 Relationship between operating cash flow and net profit.

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**Approximately CHF 215 million  
invested in forming the digital  
business.**

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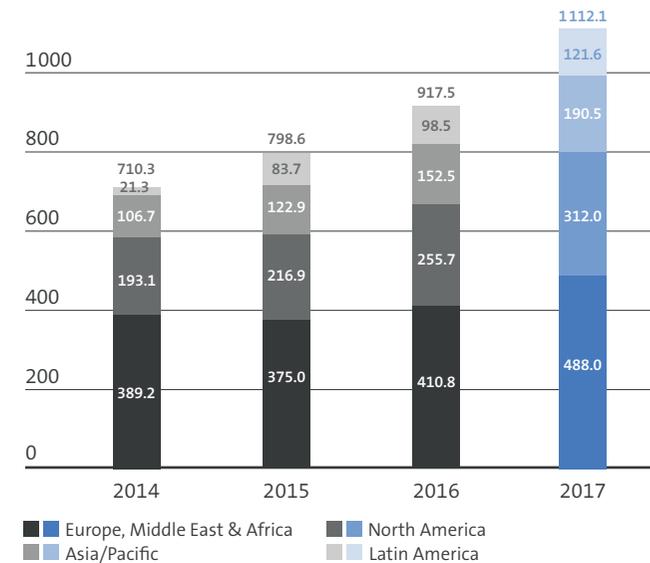
# Business performance

## Regions

Throughout 2017, we outperformed the market significantly and gained share in all regions. The Group's strong performance was led by dynamic growth in North America and Asia/Pacific – which was our fastest growing region. Latin America's continuing growth shone out against a background of economic difficulty and sluggish markets. Our largest region, EMEA, performed very well and posted double-digit growth both in Swiss francs and organically for the first time in a decade.

To support future growth, we expanded our local presence (e.g. in Russia), incorporated distributors, established subsidiaries (e.g. in Iran and India), obtained key registrations (e.g. in China and Russia) and launched a host of new products.

REGIONAL SALES PERFORMANCE BY YEAR (in CHF million)



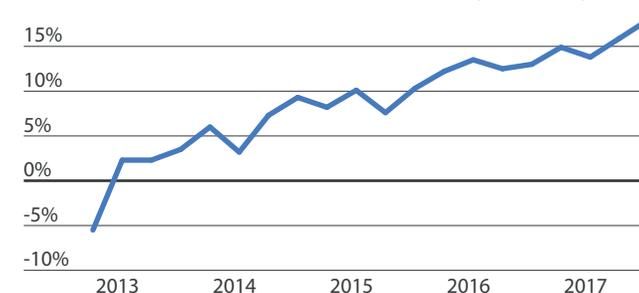
REGIONAL SALES PERFORMANCE BY QUARTER

(in CHF million)

	Q1	Q2	Q3	Q4	Total 2017	Total 2016
Europe, Middle East & Africa	121.1	123.1	107.1	136.6	488.0	410.8
Change in CHF %	12.3	13.8	20.3	29.3	18.8	9.5
Change (organic <sup>1</sup> ) in %	10.1	9.9	9.9	15.0	11.3	9.1
As a % of Group revenue					43.9	44.8
North America	73.8	75.5	72.1	90.7	312.0	255.7
Change in CHF %	19.0	16.9	16.7	34.5	22.0	17.9
Change (organic <sup>1</sup> ) in %	17.2	17.2	17.0	22.7	18.7	15.6
As a % of Group revenue					28.1	27.9
Asia/Pacific	46.0	47.0	45.7	51.8	190.5	152.5
Change in CHF %	29.5	18.5	25.8	26.3	24.9	24.1
Change (organic <sup>1</sup> ) in %	25.7	19.4	27.9	22.1	23.6	19.7
As a % of Group revenue					17.1	16.6
Latin America	25.4	31.6	33.0	31.7	121.7	98.5
Change in CHF %	45.0	21.9	23.5	12.0	23.6	17.6
Change (organic <sup>1</sup> ) in %	15.3	12.8	18.9	11.6	14.6	14.6
As a % of Group revenue					10.9	10.7
<b>TOTAL</b>	266.3	277.1	257.9	310.8	1112.1	917.5
Change in CHF %	19.5	16.3	20.6	28.2	21.2	14.9
Change (local currencies) in %	17.8	16.5	18.8	25.5	19.8	13.9
Change (organic) in %	14.9	13.8	15.9	18.0	15.7	13.1

1 Excluding the effects of currencies and acquisitions/business combinations (i.e. Medentika, Equinox, Dental Wings, and ClearCorrect).

FIVE-YEAR QUARTERLY REVENUE GROWTH (ORGANIC)



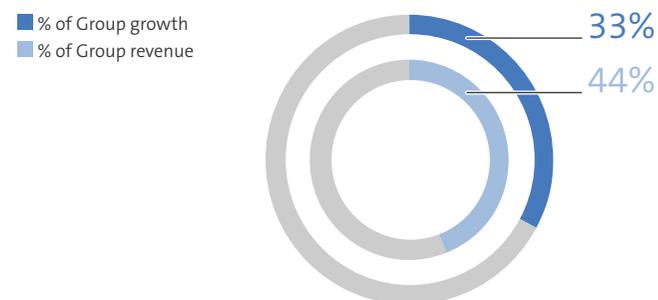
## Europe, Middle East & Africa

- **FIRST YEAR OF DOUBLE-DIGIT-GROWTH IN SEVERAL YEARS:** Against a backdrop of sluggish growth in Europe's largest markets, the Group outperformed significantly and achieved double-digit revenue growth in almost all countries.
- **UNPRECEDENTED NUMBER OF LAUNCHES:** We used the International Dental Show in March to introduce an exceptionally large number of new products both in our premium and non-premium businesses, which we subsequently launched and rolled out during the year. They added to the strong underlying growth that was driven in particular by Straumann's Roxolid, SLActive, BLT and Variobase lines. Digital sales were particularly strong, boosted by the new intraoral scanners, milling machines and 3D-printers.
- **FURTHER GAINS IN THE NON-PREMIUM SEGMENT:** Our Neodent, Medentika and Zinedent brands broadened their reach and made further gains in the non-premium segment. For example, Medentika's attractively-priced implants and prosthetics were successfully launched in Turkey.
- **EXPANSION IN EASTERN EUROPE AND MIDDLE EAST:** Growth accelerated in Eastern Europe and in the Middle East, despite socioeconomic uncertainty. The main drivers were Russia, where we invested in additional staff and sales offices, as well as Iran, where we took over distribution, and in Turkey, where we launched Medentika. In the latter two alone, more than 600 000 implants are placed annually, which offers us a considerable opportunity. We also announced agreements to acquire Same Day Solutions (SDS), a dental distribution company in Portugal, and our distributor in South Africa, and will close both deals early in 2018.

### PRESENCE IN EUROPE, MIDDLE EAST & AFRICA



### CONTRIBUTION TO GROUP



### ORGANIC GROWTH

+11%

### CHANGE IN CHF

+19%

### REVENUE

CHF 488m

### GROUP'S LARGEST REGIONAL MARKETS IN 2017

1. Germany
2. Italy
3. Spain

## North America

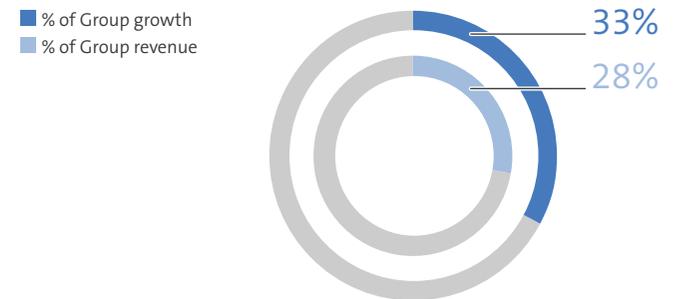
- INNOVATION DRAWS MANY LARGE CUSTOMERS:** Our team in North America successfully pursued a strategy of targeting large competitor accounts and attracted well over a thousand new customers in 2017. In addition, we increased our share of wallet with existing customers who use more than one implant supplier. Many new customers were attracted through innovative products like Straumann’s small-diameter BLT implant, the Straumann Bone Ring allograft, and digital equipment including our chairside milling machine and Dental Wings’ intraoral scanner.
- KEY DRIVERS: STRAUMANN BLT AND VARIOBASE, NEODENT AND DIGITAL EQUIPMENT:** Incremental revenue from the aforementioned products, the continuing uptake of Straumann’s BLT and Variobase ranges, and the strong performance of Neodent contributed to accelerated organic growth as the year progressed.
- ADDRESSING SIGNIFICANT NEEDS THROUGH ENTRY INTO THE ATTRACTIVE ORTHODONTICS FIELD:** Of the three million orthodontic cases treated in the North America in 2016, approximately a quarter received clear-aligner solutions<sup>1</sup>. ClearCorrect in Texas provides us with a firm foothold in this attractive growth market. Similarly, the acquisition of Dental Wings in Canada opens opportunities in the fast-growing area of digital dentistry. Both enable us to offer new levels of patient care and to advance our strategy to become a total solution provider in esthetic dentistry.

<sup>1</sup> Sources: Global Industry Analyst Inc.: Orthodontic Supplies/A global strategic business report 2016; company reports; internal estimates.

### PRESENCE IN NORTH AMERICA



### CONTRIBUTION TO GROUP



### ORGANIC GROWTH

+19%

### CHANGE IN CHF

+22%

### REVENUE

CHF 312m

### GROUP'S LARGEST REGIONAL MARKETS IN 2017

- USA
- Canada

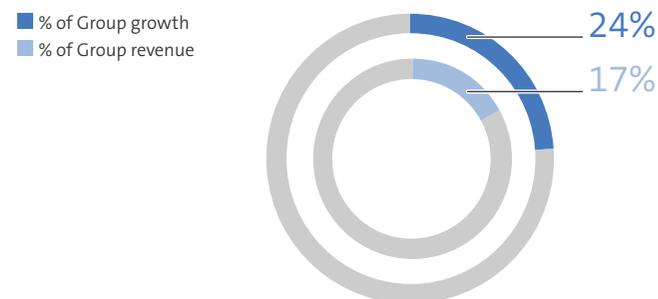
## Asia/Pacific

- **SUSTAINED DYNAMIC PERFORMANCE POWERED BY CHINA AND JAPAN:** Asia/Pacific posted another year of dynamic growth fuelled by its largest market, China, which was driven by the dynamic premium market, sales force expansion, and an increasing presence in the value segment with Anthogyr.
- **IMPRESSIVE LAUNCH EVENTS DRAW THOUSANDS OF PARTICIPANTS:** As the year drew to a close, we gained registration in China and launched a number of key products, including Straumann BLT, Roxolid and SLActive. The launch event included a 3-day innovation summit symposium held concurrently in four cities, which attracted 1000 visitors onsite and 13 000 online. Although China is one of seven markets in the world where more than a million dental implants are placed annually, penetration is low and we see considerable growth potential. We also obtained approvals for BLT, Roxolid and SLActive in India, where the launch event in Mumbai attracted 600 onsite visitors.
- **FURTHER SHARE GAINS – SET FOR FUTURE GROWTH:** Robust implant and scanner sales fueled regional growth elsewhere. We extended our leadership position in Japan, posting double-digit growth there and in South Korea and Australia. Equinox in India and our new subsidiary in Singapore also contributed to regional expansion and are set for growth.

### PRESENCE IN ASIA/PACIFIC



### CONTRIBUTION TO GROUP



#### ORGANIC GROWTH

+24%

#### CHANGE IN CHF

+25%

#### REVENUE

CHF 190m

#### GROUP'S LARGEST REGIONAL MARKETS IN 2017

1. China
2. Japan
3. Australia

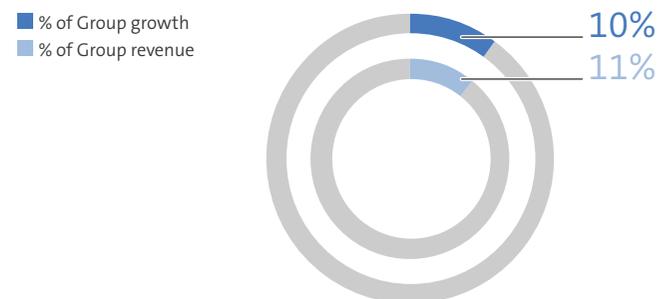
## Latin America

- **ROBUST PERFORMANCE DESPITE WEAK BRAZILIAN MARKET:** The Group achieved strong double-digit growth in Latin America despite the economic situation and general weakness in parts of the region. In Brazil, both Straumann and Neodent delivered double-digit growth and gained new customers. We strengthened our sales team, added new stores to our countrywide network and significantly expanded Neodent’s production capacity.
- **UNDETERRED IN MEXICO, BLOOMING IN ARGENTINA, COLOMBIA & CHILE:** Mexico enjoyed a wave of strong growth driven by substantial customer acquisitions. The severe earthquake in September interrupted life in general but has not significantly affected our progress. Our young subsidiaries in Argentina, Colombia, and Chile are fully fledged and delivered excellent results. To complement them, we established a subsidiary in Peru, which will open in the first half of 2018.
- **GM – NEODENT’S MOST SIGNIFICANT DEVELOPMENT TO DATE:** At the IN-Congress in São Paulo in August, we launched Neodent’s innovative Grand Morse (GM) fully-tapered implant system in Brazil. Supported by excellent 1-year clinical data, GM attracted 200 new customers in its first month on the market and is expected to supersede the Cone Morse in the next two years, becoming Neodent customers’ preferred choice.

### PRESENCE IN LATIN AMERICA



### CONTRIBUTION TO GROUP



### ORGANIC GROWTH

+15%

### CHANGE IN CHF

+24%

### REVENUE

CHF 122m

### GROUP’S LARGEST REGIONAL MARKETS IN 2017

1. Brazil
2. Mexico
3. Argentina

## Introducing the 'SmallOne'

Launched in 2014, the Straumann Bone Level Tapered (BLT) opened the door to a segment that makes up 60% of the global market. It has won many customers and has become one of our most powerful growth drivers. One in every three Straumann implants sold is a BLT, which is why it was very important to obtain registrations in China, Russia and India. Having obtained them all, we completed the global roll-out in 2017.

BLT provides good immediate stability, making it popular for accelerated procedures and shortening time to teeth. Straumann's high-performance Roxolid material and its SLActive surface technology have enabled us to produce a BLT implant that is just 2.9 mm in diameter, which was launched at the 2017 IDS.

Small-diameter implants offer significant benefits: they can be used in narrow interdental spaces or ridges and can make treatment possible for patients with insufficient bone to support normal implants. Furthermore, small-diameter implants are designed to reduce invasiveness by avoiding the need for bone augmentation.



Open for Straumann's BLT.

SMALLER, FASTER  
IMPLANTS

# Business Performance Financials

## FIVE-YEAR OVERVIEW – OPERATING PERFORMANCE

(in CHF million)

	2013	2014	2015	2016	2017
Net revenue	679.9	710.3	798.6	917.5	1 112.1
Growth in %	(0.9)	4.5	12.4	14.9	21.2
Gross profit	535.9	558.7	614.9	718.5	840.5
Margin in %	78.8	78.7	77.0	78.3	75.6
Operating result before depreciation and amortization (EBITDA)	148.4	176.2	207.6	259.2	323.5
Margin in %	21.8	24.8	26.0	28.3	29.1
Growth in %	24.3	18.7	17.8	24.9	24.8
Operating result before amortization (EBITA)	122.6	153.1	182.0	236.3	298.6
Margin in %	18.0	21.5	22.8	25.8	26.9
Growth in %	33.9	24.9	18.9	29.8	26.3
Operating profit (EBIT)	115.8	148.3	172.6	227.2	283.6
Margin in %	17.0	20.9	21.6	24.8	25.5
Growth in %	83.6	28.1	16.4	31.6	24.9
Net profit	101.2	157.8	71.5	229.6	275.6
Margin in %	14.9	22.2	9.0	25.0	24.8
Growth in %	169.8	56.0	(54.7)	221.1	20.0
Basic earnings per share (in CHF)	6.55	10.15	4.52	14.68	17.61
Value added/economic profit <sup>1</sup>	52.7	113.7	27.1	182.2	208.4
Change in value added	60.4	59.3	(86.6)	155.1	26.2
Change in value added in %	785.3	109.2	(76.2)	572.5	14.4
as a % of net revenue	7.8	16.0	3.4	19.9	18.7
Number of employees (year-end)	2 217	2 387	3 471	3 797	4 881
Number of employees (average)	2 308	2 302	3 232	3 615	4 305
Sales per employee (average) in CHF 1 000	295	309	247	254	258

1 Figures as reported in the financial reports.

FIVE-YEAR OVERVIEW – FINANCIAL PERFORMANCE

(in CHF million)

	2013	2014	2015	2016	2017
Cash and cash equivalents	383.8	459.4	318.3	164.0	281.8
Net Cash (Net Debt)	180.8	255.1	117.2	(36.9)	23.2
Net working capital (net of cash)	57.3	64.9	63.3	123.9	187.7
as a % of revenue	8.4	9.1	7.9	13.5	16.9
Inventories	62.3	69.2	76.1	102.0	152.1
Days of supplies	161	149	155	171	174
Trade receivables	93.2	106.8	125.2	148.9	191.9
Days of sales outstanding	49	51	53	55	56
Balance sheet total	1 019.7	1 160.8	1 046.3	1 089.9	1 678.4
Return on assets in % (ROA)	11.4	14.5	6.8	21.5	19.9
Equity	631.4	736.8	605.0	633.7	1 069.9
Equity ratio in %	61.9	63.5	57.8	58.1	63.7
Return on equity in % (ROE)	16.4	23.1	11.8	37.1	32.4
Capital employed	162.3	142.9	341.8	476.2	889.4
Return on capital employed in % (ROCE)	66.2	97.2	50.5	55.5	41.5
Cash generated from operating activities	151.5	146.2	185.6	184.7	217.3
as a % of revenue	22.3	20.6	23.2	20.1	19.5
Investments	(50.6)	(22.8)	(44.5)	(87.9)	(295.5)
as a % of revenue	7.4	3.2	5.6	9.6	26.6
thereof capital expenditures	(12.6)	(18.8)	(35.2)	(46.7)	(73.4)
thereof business combinations related	0	(4.0)	4.9	(25.5)	(178.8)
thereof investments in associates	(38.0)	0	(14.2)	(15.7)	(43.3)
Free cash flow	139.2	128.4	151.1	138.7	144.7
as a % of revenue	20.5	18.1	18.9	15.1	13.0
Dividend	58.2	58.6	63.2	65.1	75.1 <sup>1</sup>
Dividend per share (in CHF)	3.75	3.75	4.00	4.25	4.75 <sup>1</sup>
Pay-out ratio in % (excluding exceptionals)	53.3	37.1	43.4	35.6	31.4

1 To be proposed to the shareholder's AGM in 2018.

## Share performance

### 74% total shareholder return – beating the benchmark

With the share price rising 73% in 2017, Straumann Group was one of the three top performing shares in the SMIM index (consisting of the 30 largest midcap stocks in Switzerland) and ranked 17th among the largest 600 listed companies in Europe.

Over the past five years, Straumann has outperformed the SMIM by approximately 20% p.a., reflecting the change in strategy, market share gains, increased sales momentum, enhanced profitability, replenished product pipeline and expanded addressable market. The share price development also reflects strong growth in investor confidence fuelled by performance consistency and the company's ability to deliver on its promises.

In 2017, total pre-tax shareholder return amounted to 74% or CHF 295 per share. The average daily closing share price in 2017 ranged from CHF 395 to CHF 733, with the year-end closing price at CHF 689. Average stock exchange trading volumes in 2017 increased 22% year-on-year to 47 200 Straumann shares, which is good in view of the limited free-float and steady increase of volumes traded via multilateral trading facilities.

#### STOCK EXCHANGE INFORMATION

Listing	SIX Swiss Exchange (STMN)
Bloomberg	STMN SW
Reuters	STMN.S
Investdata	STMN
Ex date	10 April 2018
Payment date	12 April 2018
Security ID	001 228 007
ISIN	CH 0012 280 076

#### SHARE PRICE DATA

(in CHF)

	2017		2016	
	Value	Date	Value	Date
First trading day	394.50	3 Jan	249.90	04 Jan
Lowest <sup>1</sup>	394.50	3 Jan	281.00	11 Feb
Highest <sup>1</sup>	733.00	24 Nov	405.25	23 Aug
Last trading day (tax value)	688.50	29 Dec	397.50	30 Dec
Average	553.50		357.54	
Total shareholder return, gross of tax	74.3%		31.6%	
Share price performance	73.2%		30.3%	
Market capitalization at year end (CHF million) <sup>2</sup>	10 887		6 092	

<sup>1</sup> Value reflects closing price.

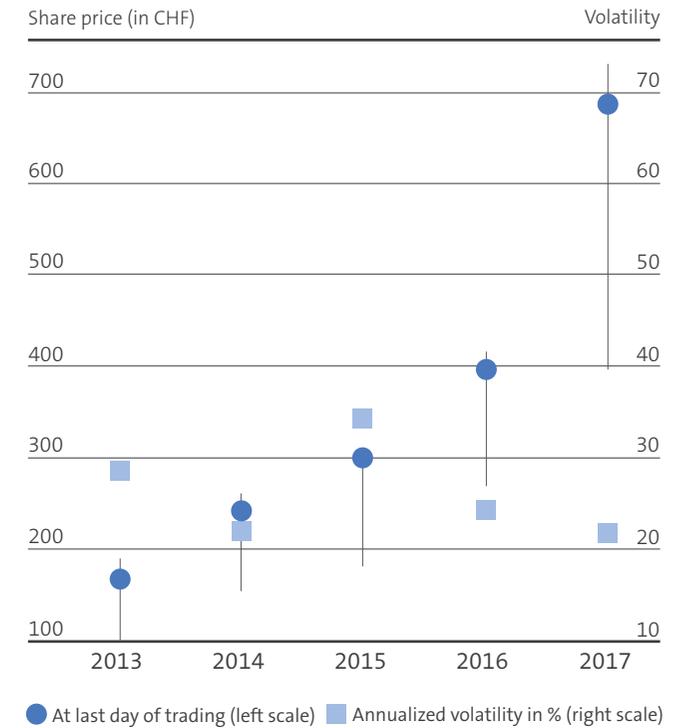
<sup>2</sup> Treasury shares are excluded from calculation.

### SHARE PRICE DEVELOPMENT



- 1 17 Feb Further operational progress announced at full-year results publication
- 2 24 Apr After strong Q1 results Straumann raised its full-year guidance
- 3 17 May Singapore's sovereign wealth fund GIC sells remaining 0.54 million Straumann shares
- 4 31 May Straumann share added to the MSCI Switzerland index
- 5 17 Aug Group published convincing 1H17 results and announced entry into clear-aligner market
- 6 6 Sep Group generates CHF 260 million cash from sale of treasury shares to finance strategic acquisitions/investments
- 7 30 Oct Strong Q3 organic growth of +16%; Straumann raises full-year outlook

### TRADING INFORMATION



# Risk management

## A globally standardized process

The Straumann Group applies a globally standardized process for identifying and managing possible developments within or outside the Group that could jeopardize the Group's sustained growth, profitability and objectives.

The management of opportunities and risks is an integral part of corporate governance and sustainability. We are committed to implementing appropriate controls, processes and strategies to identify, assess and manage risks associated with our activities in order to prevent or minimize the impact of unexpected events on our business and our ability to create value.

### RESPONSIBILITIES AND ORGANIZATION

Risk monitoring and control are management objectives. At Straumann, the Chief Financial Officer is also the Chief Risk Officer (CRO) and is responsible for risk management. Our risk assessment and management is embedded in a comprehensive internal control framework, which we address through a holistic, disciplined and deliberate approach.

Our approach matches that of the COSO (Committee of Sponsoring Organizations of the Treadway Commission), whose integrated internal control framework is one of the most widely used. For identified risks that arise from accounting and financial reporting, relevant control measures are defined throughout Straumann's Internal Control System (ICS) framework.

Various tools and aids are used to assess and manage risks. For instance, foreign exchange risks are managed with an SAP Treasury tool, while external consultants are used on a regular basis to assess insurance coverage risks.

### RISK REPORTING

A comprehensive corporate risk assessment report is produced annually (and ad hoc as necessary) and serves as a working document for the coming year. It includes key risks that are critical for the Group's business.

### RISK MANAGEMENT APPROACH

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**Straumann's risk assessment takes into account:**

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- Operational risks
  - Strategic risks
  - Compliance-related risks
  - Financial market risks
  - Other internal risk factors
  - Other external risk factors
- 

### CORPORATE RISK ASSESSMENT REPORT

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**The report covers the following topics:**

---

- Risk description
  - Assessment of possible damage
  - Occurrence probability
  - Risk monitoring and counteracting measures
-

A specific scenario is developed for each risk topic, including existing and new measures and controls. The risks are ranked and prioritized. Action plans are defined and the implementation of measures to reduce risk is monitored.

The significance of a risk scenario is estimated in terms of EBIT cumulated over three years. Certain risks are assessed according to qualitative criteria, e.g. risks to the Group's reputation.

The reporting of key risks is based on fixed value limits. Pressing risks that emerge very rapidly are discussed by the Board at short notice.

### INTERNAL AUDIT

The task of Internal Audit is to provide independent assurance to the Board of Directors that key risks of the organization are under control and to support Management in ensuring compliance, operational efficiency and control effectiveness across the Group. Acting in a consulting role, its main tasks are to assess internal processes and controls, propose improvements, and assist in their implementation. The objective is to safeguard the Group's tangible and intangible assets and to evaluate the effectiveness of its risk management and governance processes.

As of July 2017, KPMG was mandated with the Internal Audit function at Straumann (see p. 124 f.). The CFO/CRO is the administrative contact person. In 2017, four internal audits were performed by KPMG at global and local levels according to the audit program approved by the Audit Committee of the Board of Directors.

### RISK ASSESSMENT

#### STRATEGIC RISK

##### MARKET ENVIRONMENT

Straumann is active in specialty segments of the dental industry. Based on the aging population, the rising number of professionals trained, and increasing awareness, there are no discernible reasons why these segments should not continue to offer attractive growth prospects in the long term (see p. 35 ff.). However, the economic uncertainties seen in recent years might continue for some time and affect the prospects of market growth.

#### RISK ASSESSMENT REPORT PROCESS

Step	Execution
Preparation	Chief Risk Officer (CRO)
Discussion	Executive Management Board
Risk assessment & discussion based on report	Audit Committee with CRO/ Senior Management
Key findings presented to Board	Chief Risk Officer (CRO)

Our future revenues depend on market reach and expansion as well as on our ability to defend and increase our business with existing customers, to enlarge our customer base, to develop innovative solutions that meet customers' needs and bring them to market in a timely manner.

New market entrants and price pressure from discounters pose a potential threat to established companies like ours. We conduct analyses of competitors based on our own and external market intelligence to counteract such risks and to evaluate our opportunities. One example of managing this risk in 2017 is our continued expansion strategy into the non-premium segment (see p. 25).

## OPERATIONAL RISK

### LEGAL RISKS

We operate in a competitive market, in which legal compliance, solid agreements and intellectual property rights are of significant importance.

In 2017, the Straumann Group was involved in important IP disputes against Nobel Biocare, which are still ongoing. The Group is also involved in a dispute with Dentsply Sirona regarding a patent infringement action filed in the Federal District Court of Delaware. Straumann successfully initiated an Intellectual Property Right case at the US Patent Trial and Appeal Board, but Dentsply Sirona appealed against the decision in the US Federal Circuit Court of Appeals and the case is still pending.

Our newly acquired company Clear Correct is involved in a patent litigation initiated by Align Technologies as well as a commercial litigation initiated by CapNet, who requests a conversion of its warrants into shares. ClearCorrect is vigorously defending both suits.

### CYBER SECURITY RISK

Reliable, correct and safe handling of information is essential to our business. IT risk and security management are therefore an integral part of the Group's IT strategy. The main objectives are:

- To achieve business goals while reducing IT risks through security controls and by creating awareness among employees and management.
- To safeguard sensitive data and to protect and guarantee the integrity of the Group's digital assets and infrastructure worldwide.
- To ensure the availability of IT services (applications and systems) as required by business processes and stakeholders.

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**Our future revenues depend on market reach, expansion and our ability to:**

- **defend/increase our business with existing customers**
  - **enlarge our customer base and**
  - **develop and successfully commercialize innovative solutions.**
-

The Group has established an IT risk and security management framework derived from widely used industry standards, such as GMP, COBIT and the ISO/IEC 27000 series, to manage cyber and IT security risks, threats and controls, taking ethical, legal, economic and social principles into consideration.

The IT risk and security management committee approves and adopts the information security strategy as well as essential business critical implementations. The committee meets three times a year and includes the CFO/CRO, the Head of Corporate Process Excellence and Applications (CPEA), the Head of Corporate Information and Communication Technologies (ICT), and the IT Risk & Security Manager, who is responsible for

- Assessing IT security threats and their business value
- Mitigating IT risks (including data loss and corruption)
- Evaluating IT service continuity plans
- Verifying the effectiveness and efficiency of IT security controls and hardening IT assets security
- Improving IT security awareness for all employees
- Maintaining security policies, procedures and supporting standards in alignment with (core) business processes
- Establishing IT security key performance indicators and reporting structures.

#### MANUFACTURING AND SUPPLIER RISK

The Group has spread its manufacturing risk by establishing production centers for key products on different continents. The significant expansion of Neodent's production facilities in South America in 2017 as well as the establishment of two CAD/CAM facilities in Asia helps to mitigate this risk.

With regard to suppliers, we pursue a second source strategy, which offers a high degree of independence from single suppliers. Both Straumann and Neodent production facilities keep about a year's stock of titanium, the key material for our implant systems, to avoid any bottleneck in the supply/demand chain.

#### ETHICAL SUPPLY CHAIN

Adherence to ethical behavior (through our Code of Conduct) is not only expected from our employees. Our 'Code of Conduct for Suppliers', which was revised in 2016, refers to working conditions, human rights protection, business ethics, legal compliance, and environmental

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**The Group has established an IT risk and security management framework to manage cyber and IT security risks.**

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protection in the supply chain. A signed copy of the Code is requested especially in instances where a potential conflict has been identified, e.g. for raw material suppliers in countries where child labor might be an issue. Almost all of our principal raw material suppliers have signed the Code.

#### PRODUCT RISK AND TREATMENT OUTCOME

We seek to minimize product risks by using state-of-the-art techniques for product risk management and always conduct long-term product surveillance. These processes are frequently reviewed by regulatory agencies to confirm that they meet internationally recognized standards. Furthermore, we conduct large-scale trials under real-life conditions, followed by controlled, selective introductions wherever appropriate. We also offer a comprehensive range of education courses at all levels in all countries where our products are sold.

#### FINANCIAL RISK (SEE ALSO FINANCIAL REPORT)

##### EXCHANGE RATE RISK

As the majority of our business is international – and because we prepare our financial statements in Swiss francs, fluctuations in exchange rates affect both the Group’s operating results and the reported values of its assets and liabilities.

Straumann’s Corporate Treasury is responsible for managing the risks created by currency fluctuations within the Group, following the scope of the policy approved by the Executive Management Board and the Audit Committee of the Board of Directors.

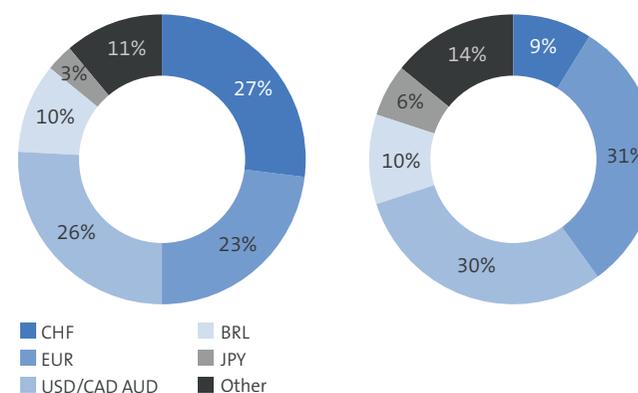
The major foreign currencies in Straumann’s business are the euro, the US dollar, the Brazilian real, the Chinese renminbi and the Japanese yen. Straumann invoices its subsidiaries in local currencies and its distributors mainly in euros and US dollars. Each subsidiary invoices its local third-party customers in the local currency. Applying this concept, the major foreign currency risk is at headquarters.

The Group is exposed to transactional and translation risks. Hedging decisions are taken by the Corporate Treasury with subsidiaries being co-responsible for identifying currency exposures and informing headquarters.

The key objective is to limit the foreign currency transactional exposure of the Group. Transactional risk arises when the currency structure of the Group’s costs and liabilities deviates to some extent

**We use state-of-the-art techniques for product risk management and always conduct long-term product surveillance.**

COST (LEFT) AND REVENUE (RIGHT) BREAKDOWN – MAJOR CURRENCIES

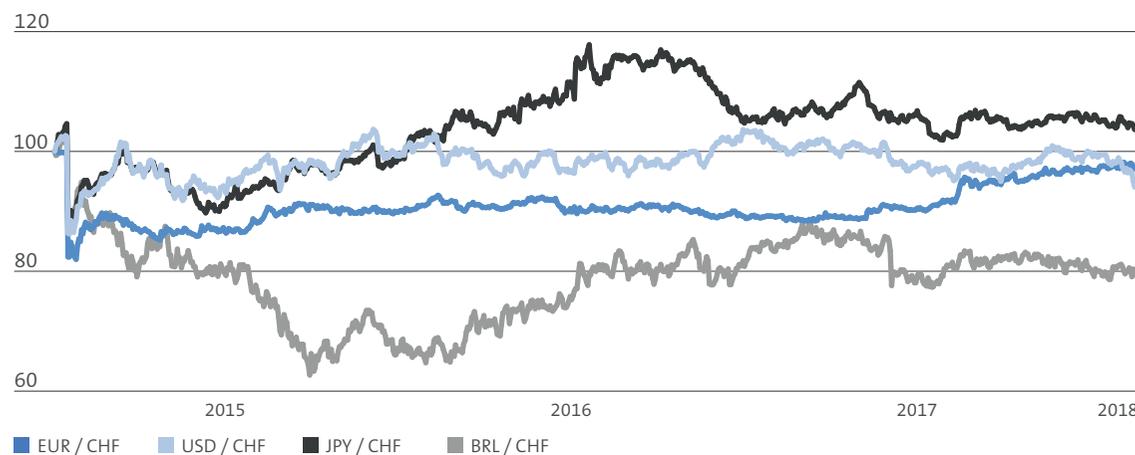


Allocation of cost of goods sold, distribution and administrative expenses (left) and net revenues (right) across the various currencies. All numbers are rounded approximations.

from the currency structure of the sales proceeds and assets, as well as from imbalances in the payment streams between the various currencies. Straumann hedges these risks by means of spot, forward transactions and in rare cases with options based on the principles stated in the Treasury Policy. The limitation and management of the translation exposure is a secondary priority.

The Group's gross transactional booked exposure (TBE) at year-end is presented in the table on the right.

#### CURRENCY CHART (DOLLAR, EURO, YEN, REAL)



#### CREDIT RISK

Credit risks refer to the ability of our customers to settle their obligations as agreed. There are no significant concentrations of credit risk within the Group.

#### COUNTERPARTY RISK

Counterparty risk encompasses issuer risk on marketable securities, settlement risk on derivative and money-market contracts, and credit risk on cash and time deposits. Exposure to these is closely monitored and kept within predetermined parameters.

Further information on financial risk management is provided in Notes 29 and 30 (see p. 187 ff.) of the consolidated financial statements.

#### GROUP CURRENCY BREAKDOWN & GROSS TRANSACTIONAL BOOKED EXPOSURE (TBE; at year end)

	Sales	Cost	TBE
EUR	31%	23%	32%
USD/CAD/AUD	30%	26%	33%
JPY	6%	3%	14%
BRL	10%	10%	1%
Others	23%	38%	21%

#### INSURANCE POLICIES

The Group covers its inherent key business risks in the same way that it covers product or employer liability risks and property loss through corresponding insurance policies held with reputable companies.

#### PENSION LIABILITY RISKS

The Group offers its staff competitive pensions. The pension funds are managed locally and invested by independent financial institutions. The investment strategy of the Swiss pension fund, which represents the largest pension plan of the Group, is determined by the Group's Pension Fund Commission and is executed by the financial institution. Neither Straumann nor the trustees are allowed to influence the specific investment decisions. The pension funds publish regular reports for all members.

#### COMPLIANCE RISK

It is essential for Straumann to ensure that the company in general and its employees individually conduct business in a legal, ethical and responsible manner. To this end, we implemented a Code of Conduct in 2006 (see p. 80).

All employees are required to report any breach of this internal policy to the Compliance Officer by e-mail or telephone. Infringements of the Code are tracked and appropriate measures are taken against cases of non-compliance.

#### LEGAL COMPLIANCE

We monitor laws and revisions and adapt our internal processes to cover new legal requirements. We fully comply with the 'Sunshine' legislation in the United States and France, not least through implementing a data collection system and corresponding policies and guidelines.

#### REGULATORY AND QUALITY COMPLIANCE

Companies in the medical device industry face growing scrutiny from regulators around the world and increasing requirements for documented evidence in order to demonstrate compliance.

To avoid the risks associated with regulatory compliance for Medical Devices, we have a qualified team of specialists in regulatory and quality assurance.

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**We fully comply with the  
'Sunshine' legislation.**

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Focused quality objectives, supported by key performance indicators and comprehensive internal as well as supplier-related quality audit programs, assured our status of substantial compliance and helped to identify opportunities for improvement. We run a continuing education program to streamline processes.

In 2017, Straumann subsidiaries in the US, Canada, China and Japan were inspected by the local authorities. No major observations were identified. We also passed all Notified Body audits at our manufacturing and design/development sites, which are required to maintain the certification status of the quality and environmental management systems. Overall, there were no critical issues with any authorities.

We were challenged by unannounced audits at Biora in Malmö and Institut Straumann in Basel, with only one minor observation for each.

We consolidated our 'One Quality Management System' (for design centers and manufacturing sites) after a successful recertification of the quality system.

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**We passed all Notified Body audits at our manufacturing and design/development sites.**

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#### ISO CERTIFICATION AND AUDITS PERFORMED IN 2017

Standard	ISO 9001 Quality management system	ISO 13485 Medical device quality management system	ISO 14001 Environmental management system
Institut Straumann AG (Basel, Gräfelfing)	No	Yes	No
Straumann Villeret SA (Villeret)	No	Yes	Yes
Straumann Manufacturing Inc (Andover)	No	Yes	Yes
J.J.G.C Indústria e Comércio de Materiais Dentários S.A. [Neodent] (Curitiba)	Yes	Yes	No
Medentika GmbH (Renningen)	No	Yes	No
Etkon GmbH (Markkleeberg)	No	Yes	No
Biora AB (Malmö)	No	Yes	Yes
Etkon KK (Narita)	No	Yes	No

We continue to challenge our quality by mock FDA inspections at the FDA-registered establishments. To ensure the readiness of our people and processes at our certified sites, we have also conducted unannounced internal audits and dedicated audits of our technical files.

Straumann continues to collaborate with Neodent in the area of quality compliance and regulatory affairs. Neodent products have received approvals in various markets outside Brazil, including the US, Europe and APAC.

Several regulatory authorities continue to inspect manufacturers in foreign countries. We are prepared for this and have built up experienced teams of regulatory and compliance specialists in Basel, the US, China, Japan, Korea and Brazil. As a consequence, successful registrations of our BLT implant portfolio (world-wide), ceramic implant, nlce, collagen membranes and bone grafts (in various countries) were based on excellent collaboration of our experts in Basel with our colleagues in different regions.

The new Medical Device Regulation issued in Europe means greater surveillance, more involvement of competent authorities for higher-class products, longer approval times, access to technical documentation, tests on products, and unannounced audits. Notified Bodies have declined in number and their control has increased. Stricter requirements and regulations are also expected in smaller markets, which will increase the need for enhanced compliance and safe and efficient products. The Group has already initiated a project about compliance to the new European Regulation for Medical Devices.

#### **REPUTATION RISK**

Like other leading manufacturers, the Group is exposed to the risk of damaged public perception of dental implants by third parties, which might be the result of poor implant placement, competitor's inferior implant quality, or unethical business practices. Many Straumann country organizations are members of associations of manufacturers of medical/dental products, such as FASMED in Switzerland, Comident in France and ABIMO in Brazil (Neodent). These associations are dedicated to the advancement of medical technology and its safe and effective use.

# SUSTAINABILITY REPORT

- 70 SUSTAINABILITY APPROACH AND MATERIALITY
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# Sustainability approach and materiality

## SUSTAINABILITY – MATERIAL TOPICS

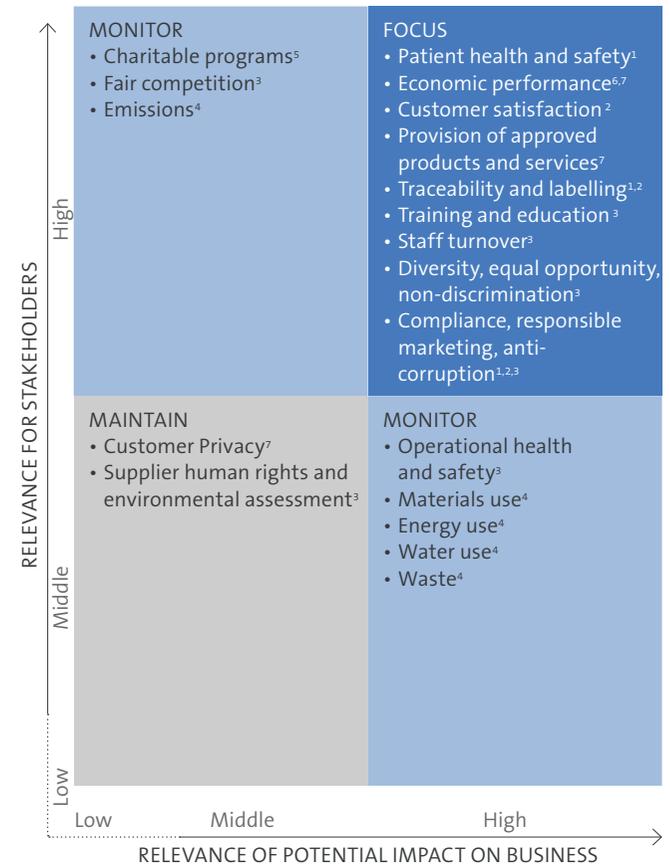
Identifying and addressing relevant/material sustainability topics that present risks or opportunities to our business is important for our long-term success and is closely linked to our business processes and stakeholder communications. Each year, we conduct interviews with senior managers across the company – in alignment with the provisions of the Global Reporting Initiative (GRI) Principles for Defining Report Content – to determine the most pertinent sustainability issues for the Straumann Group and our stakeholders. The chart on the right gives an overview of the sustainability topics found to be most material for our business success (horizontal axis) and the interests expressed by our stakeholders, which include customers, employees, investors and community representatives (vertical axis). The materiality of our sustainability topics did not change significantly in 2017.

## STAKEHOLDER ENGAGEMENT

Open communication and interactive dialogue with our stakeholders is an important part of responsible corporate behavior at Straumann. Interests expressed by our customers include assistance from Straumann in growing their businesses and establishing their specialist reputations. Dental service organizations are also interested in affordability and ethical practices. Employee feedback has indicated interest in professional development and work/life balance. Charitable partner organizations are interested in continuing sponsorship relations and agreed goals. Shareholders are interested in share price development, and socially responsible investment professionals are additionally interested in performance on sustainability topics.

In this report, we discuss the processes and results of performance-relevant dialogues with stakeholders on whom we have an impact. The material sustainability topics are addressed in the following sections on customers, employees, communities, and environment.

SUSTAINABILITY MATERIALITY MAP



This page addresses GRI disclosures 102–43, 102–44, 102–46, 102–47. Information on material sustainability topics is provided in the following places:

- 1 Risk Management, p. 60
- 2 Customers, p. 71
- 3 Employees, p. 77
- 4 Communities, p. 82
- 5 Environment, p. 88
- 6 Operational performance, p. 43
- 7 Appendix, Global Reporting Initiative, p. 205 ff.

## Customers

# Significant gains, thanks to total solutions and price options

### IMPRESSIVE CUSTOMER GAINS

Excluding acquisitions, our existing customer base expanded by 8% in 2017. All regions and segments grew well with highest growth in Latin America.

In addition to attracting new customers through starter courses and education programs, we gained clients through acquisitions. ClearCorrect added orthodontists and general practitioners, mainly in North America, while Dental Wings brought in laboratory customers and GPs around the world. We also gained new customers through distributor acquisitions, for instance in Iran and Turkey. However, the most significant gains were through our existing business in all regions. This success has come through innovation and comprehensive solutions – including tapered implants, premium and attractively priced options, sales excellence and value-added services.

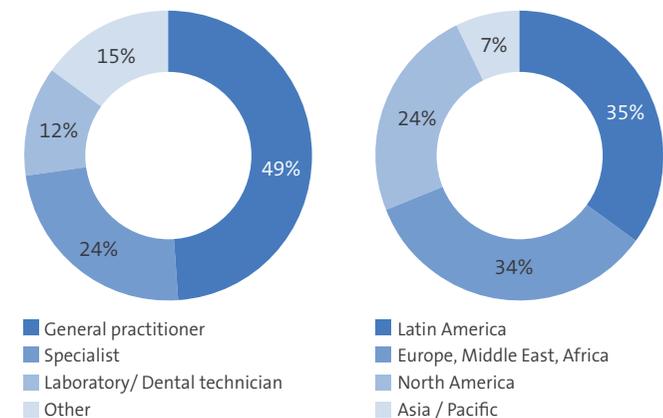
### SERVING CUSTOMERS DIRECTLY

We serve customers directly through sales and marketing professionals, most of whom are highly trained sales representatives or service staff. This approach adds value for customers and helps us to identify, manage and learn from their needs. In 2017, we continued the global training program to enhance the effectiveness of our sales representatives and to help our customers improve their businesses.

### A DEDICATED UNIT TO SERVE CORPORATE CUSTOMERS

Dental chains and networks are an increasingly important customer group, particularly in North America and Europe. They range from local practice groups to international networks of fully integrated clinics with significant purchasing power and influence. As customer consolidation continues, a larger portion of our business will be determined by a smaller number of corporate customers with special needs, including premium and non-premium ranges, private-label lines, logistics services, support for international expansion, increased efficiency, digital workflows, guided surgery, simpler, faster treatments, etc. Dental service organizations (DSOs) also require

STRAUMANN'S CUSTOMERS BY SEGMENT (LEFT)  
AND BY REGION (RIGHT)



Customers of the Straumann Group are spread over more than 100 countries and include general dentists, specialists (oral surgeons, periodontists, prosthodontists, orthodontists), dental technicians/ laboratories as well as corporate customers such as dental chains, distributors, hospitals and university clinics (labelled 'others' in this chart).

support with education to ensure quality and to train young dentists who have little exposure to implant dentistry. Straumann SMART helps to address this need.

In view of the scope of these requirements and the size of the business, we established a dedicated unit to address the needs of dental service organizations (DSO). In 2017, the team successfully clinched several important agreements to supply DSOs on both sides of the Atlantic.

### **BUILDING THE NEXT GENERATION OF CUSTOMERS**

Long-term success and patient satisfaction depend on the education and experience of the dental professional. Straumann offers a broad educational program around the world, covering all proficiency levels and relevant specialties. Teaching is provided mainly by ITI specialists and in collaboration with leading universities. Neodent also offers a broad educational program covering all levels and relevant specialties with its partner, the ILAPEO.

### **ADDRESSING THE GENERAL PRACTITIONER SEGMENT**

Market research indicates that more implants will be placed by GPs than by specialists in the near future<sup>1</sup>. To increase our access to GPs, we continued our successful education partnership with Engel Institute in the US. To extend our geographic reach and to cater for DSOs, we have developed the Straumann SMART education concept, which we piloted in 2017. It is the result of extensive customer research and has been designed with the learning needs of working dental professionals in mind. Together with the ITI's Online Academy, it offers blended learning opportunities, including online modules and hands-on tuition.

We also continued the Straumann Peer-to-Peer Program, which extends from personal coaching to clinical events, at which highly experienced implantologists share surgical techniques and experience with their peers.

### **ADDRESSING THE SHIFT IN GENDER**

The fact that more women are graduating from dental school than men<sup>2,3</sup> will affect the dental markets in the mid to long term. We have been working on several initiatives to address the implications of this trend and intensified our [Women in Dentistry initiative](#) (WIN) to bring female dentists in private practice and academia together in order to network, encourage, support, mentor and gain deeper insights into the needs of this important customer group.

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**We offer a broad educational program around the world, covering all proficiency levels and relevant specialties.**

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**We intensified our Women in Dentistry initiative.**

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## CUSTOMER DIALOGUE

Large-scale general customer perception-pulse studies are costly and have limited value for us in contrast to our primary sources of customer feedback, which include:

- Direct contact through our sales force
- Scrupulous complaint management, evaluation and reporting
- Market acceptance tests and limited market releases, in which feedback is obtained from specific customer groups prior to the launch of new products – for example the limited market release of Neodent's GM implant system with key opinion leaders in the US and in Europe, which yielded very positive feedback on the system, its clinical performance and the training sessions.
- Post launch tests (e.g. to check the effectiveness of our marketing messages) and expert meetings, including customers who have been involved during development.

The feedback gained through these channels is processed and used to refine products and their use.

## THE DIGITAL APPROACH TO CUSTOMERS

Digitalization is transforming the solutions we offer and the way we do business and interact with customers.

### E-COMMERCE AND DIGITAL MARKETING

In 2017, we invested further in e-commerce platforms and developed a single Straumann Group e-shop for all our brands, which will launch in 2018, adding convenience for customers and enabling them to obtain everything from one place. In addition, the e-shop increases efficiency and enables our sales teams to provide a different level of service, for instance reallocating their time to new customers and products/solutions that need explanation. In some countries, a large portion of our sales is through the e-shop. An important advantage of e-commerce and digital platforms is that they tell us about customer purchasing patterns and enable us to address their needs proactively.

Digital content marketing campaigns are increasingly important for reaching our customers, addressing their information needs and collecting feedback. We are active on main social media channels, targeting hundreds of thousands of users with customized-content marketing campaigns. Reach and cost effectiveness make these channels more attractive than traditional platforms like international congresses, which have begun to lose their importance for disseminating scientific results and product-related information. The same applies for classical

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**Digitalization is transforming the solutions we offer and the way we do business and interact with customers.**

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**We target hundreds of thousands of users on social media with customized marketing campaigns.**

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print advertising and marketing, which is why our spending on digital campaigns is growing continuously at the expense of traditional outreach methods.

We are also investing significantly in software tools and new capabilities. For instance we are experimenting further with mobile apps, which could offer opportunities in customer education and are likely to change the patient's role in care and treatment.

Digital workflows are generating increasingly large amounts of data that have to be managed, shared and retrieved. This is both a challenge and an exciting opportunity, especially in view of our digital capabilities with Dental Wings.

Towards the end of the year, we acquired a small entrepreneurial software company in the US that has developed a communication platform for specialists and referring dentists, which facilitates the patient referral process. This fosters networking, assists doctors and increases transparency and safety by improving communication.

#### **SAFEGUARDING COMPLIANCE IN THE INTEREST OF PATIENTS**

Our Global Sales Compliance Program has been in place since 2009 and is one of several safeguards to ensure compliance with regulations relating to the sale of our products and services. Further supporting our commitment to the patients' interest, much of the scientific information used to endorse our products is peer-reviewed.

#### **STRAUMANN AND THE ITI: A PARTNERSHIP FOR THE BENEFIT OF PATIENTS**

For almost 40 years Straumann has been working closely with its academic partner, the International Team for Implantology (ITI), with the goal of ensuring reliable long-term implant dentistry solutions for patients. Within this partnership, the primary focus of the ITI is on the promotion and dissemination of knowledge about implant dentistry as well as supporting innovative research in this area.

As a global organization with 27 regional and country sections, the ITI serves its membership by fostering learning, networking, discussion and exchange through events such as the ITI World Symposium that was last held in Basel in 2017 and drew more than 4800 participants. Steady growth underlines the success of the ITI's undertakings. At the end of 2017, the organization achieved an all-time high of almost 17 000 fee-paying Fellows and Members.

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**We are investing significantly  
in software tools and new  
capabilities.**

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## OUTLOOK

Our goal is to continue converting and retaining substantial customers in addition to building and supporting the next generation of implantologists. We will continue to invest in education, e-commerce and digital marketing rather than in traditional channels. We expect to roll Straumann SMART out and to continue initiatives that address GPs and female dentists. Although we plan no further large-scale customer perception-pulse studies, we do expect to conduct selective surveys in certain countries in 2018.

### FOOTNOTES & REFERENCES

- 1 Exevia, 2014, based on market research data in Germany, Italy, Spain and the US.
- 2 Distribution of dentists in the US, by region and state, 2009. America Dental Association. 2011 Apr.
- 3 FDI Oral Health Atlas p. 61.

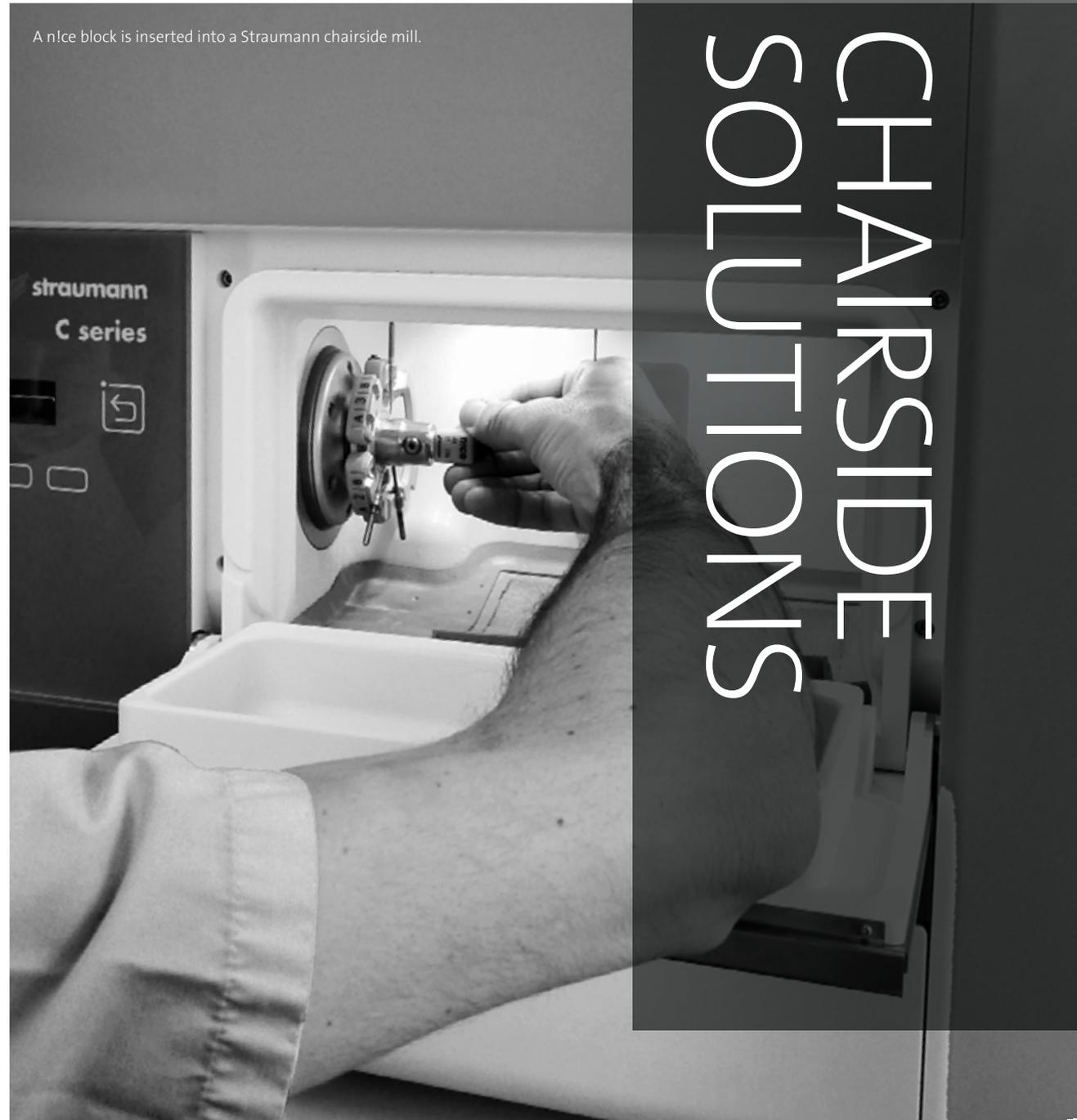
## Predictable outcome thanks to a validated workflow

Launched at the 2017 IDS, Straumann's chairside solution enables dentists to produce their own CAD/CAM prosthetic crowns from ceramics and other materials while the patient is still in the chair. The keys are an intraoral scanner to take an impression of the patient's teeth, a chairside milling machine and CAD/CAM software.

Through partnerships with Dental Wings, 3Shape and Amann Girrbach, we now offer high-performance intraoral scanners and the compact Straumann C series chairside milling machine. Scanners and mills are linked by our powerful CARES software, which designs the crown and can route the data to other milling machines, a lab or a milling center.

We also provide a wide range of milling materials including nIce, our convenient, esthetic glass ceramic. A key selling point for our chairside solution is that the workflow is validated and everything is available from a single source with Straumann service and support.

A nIce block is inserted into a Straumann chairside mill.



CHAIRSIDE  
SOLUTIONS

# Employees

## Diverse, highly engaged and proud to work for Straumann

The strength, diversity and spread of our global team increased more in 2017 than in any previous year, reflecting our strong growth in terms of volumes, customers, geographic reach, locations and product portfolio. We added more than a thousand employees, bringing our headcount to 4881. The incorporation of Equinox, Medentika, Dental Wings and ClearCorrect added 479 employees. The remainder were added through internal expansion, mainly in Brazil, Switzerland and the US, largely in production.

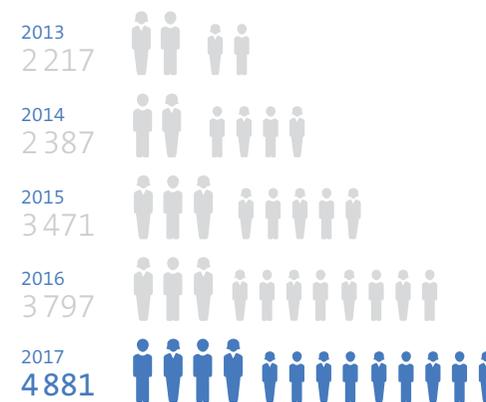
The strategic importance of human resources has increased and resulted in the reorganization of our Global People Management & Development department, which is now represented in the Executive Management Board.

Apart from the creation of new jobs, our largest investment in people in 2017 was the continuation of our Cultural Journey and initiatives to encourage and to create a culture that fosters constructive behavior, collaborative leadership and high performance. We made good progress with extending the training program that began in 2015, introducing it in China and Latin America. We would have come close to our target of 40% staff participation, had it not been for the rapid expansion of our organization. Our intention is to extend the program to all employees over time.

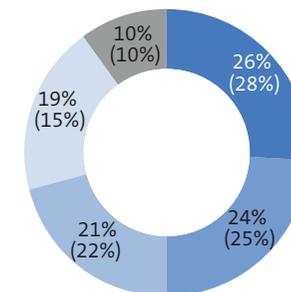
The key to achieving our aspired culture lies in the player-learner mindset and our core behaviors, which is why we have included behavioural assessments in the staff performance management process and have been building up training modules to help in areas where improvement is needed.

One important initiative was to create a program to strengthen commercial thinking and entrepreneurial excellence, driving our core behaviors of 'being agile', 'creating opportunities' and 'taking ownership' at multiple levels in the organization. We piloted and adjusted the program in 2017 and will roll it out in 2018.

### EMPLOYEES

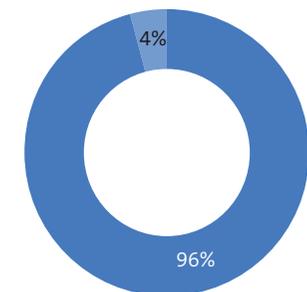


### EMPLOYEES BY REGION



- Latin America
- Rest of EMEA
- Switzerland
- North America
- Asia/Pacific

### EMPLOYMENT



- Full time
- Part time

Numbers in brackets refer to 2016.

### HIGH ENGAGEMENT, STABLE TEAM

Regular meetings between the Executive Management and various focus groups – including the Cultural Change Champions – provide open and constructive dialogue as well as direct feedback on staff engagement. During the year, 23 general staff meetings were held with the CEO in 15 countries in addition to 20 informal small group sessions in Basel.

Our annual staff survey is an important indicator of our cultural progress and staff engagement. Using the same questionnaire for a second consecutive year, we obtained a higher response rate (61%) and an improvement in all but two areas, which remained constant at very high levels (see p. 79). The biggest gains were in the areas of feedback from superiors, development opportunities, teamwork and the company's culture. These improvements correlate to actions prompted by the previous survey (see 2016 Annual Report p. 104).

The key issues raised this year are the availability and effective use of resources, empowerment of middle management, further education/development opportunities and workload management. The Strategic Management team is to identify and implement specific actions with their teams to address these.

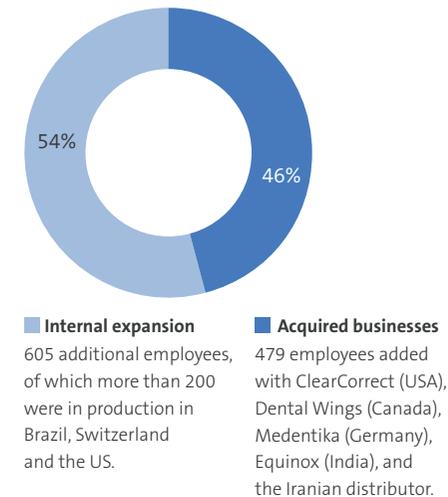
Staff turnover, which is another important indicator of employee satisfaction, amounted to 12%. Our goal is to reduce this in 2018.

### DEVELOPING SKILLS AND ENSURING SUCCESSION

Training and development are essential to meet the requirements for an international company in the medical device industry and are keys to attracting and retaining top performers. In addition to introductory product and technical training, we continued to offer updates and refreshers to staff who have been with the company for some time.

We extended our staff training and education programs considerably in 2016, when the overall investment and number of training days increased significantly. The former increased further and the latter remained constant in 2017, as we continued our cultural change and high-performance programs.

### EMPLOYEES ADDED BY BUSINESS AND GEOGRAPHY



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**We extended our staff training and education programs considerably.**

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### STRATEGIC MANAGEMENT DEVELOPMENT (SMD)

Our SMD process involves senior management, staff in key positions, and future leaders. It reviews leadership, performance, behavior, and career potential as a basis for development, deployment, and succession planning. In 2017, we broadened the scope to include the leaders of business-critical roles. For several years, our goal has been to fill at least 50% of business-critical and key management positions with internal candidates.

### GLOBAL DEVELOPMENT PROGRAM (GDP)

This 18-month program identifies and develops future leaders with a view to filling our succession pipeline. It is for members of junior to middle management who have leadership talent and aspirations. It involves real-life business assignments, assessments and mentoring by top management. In 2017, it included eight participants and a further eight were selected for the next cycle.

### PROFESSIONAL CAREER DEVELOPMENT

The 'my.career' initiative is designed to provide inspiration and guidance for a long fulfilling career in the Straumann Group, including expert career paths or lateral and cross-departmental moves. Due to the workforce expansion and increase in other human resource activities it was not possible to extend this initiative as foreseen, although this is our aim in the future.

We maintained our apprenticeship, internship and Corporate Graduate Programs in 2017, with the aim of offering jobs to as many participants as possible.

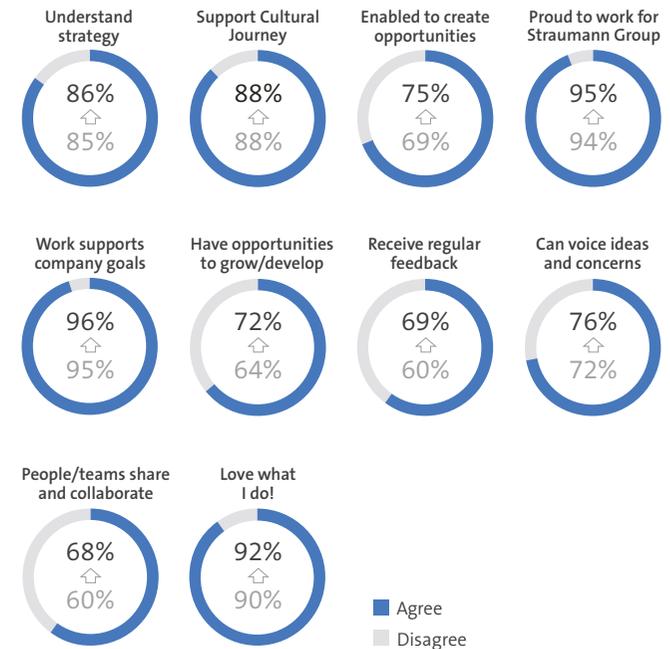
### A BETTER PLACE TO WORK

One aspect of our Cultural Journey is to encourage and enable our staff to make Straumann 'an even better place to work'. One example of this is the continuing 'We Care' initiative, which started in 2016 and seeks to promote health at work.

### DIVERSITY AND EMPLOYEE PROTECTION

In 2017, we significantly broadened our cultural diversity by acquiring or incorporating companies in Canada, Germany, India, Iran and the US, in addition to expanding our subsidiaries in China, Russia and Latin America. A diverse team adds value and supports our ability to serve an increasingly diverse customer base. We monitor diversity with regard to age, gender, origin and educational background. Gender diversity is generally strong, with 45% female employees.

### GLOBAL PULSE CHECK RESULTS



**95% of staff are proud to work for the Straumann Group.**

Freedom of association is allowed throughout the company in compliance with laws and regulations. There is a general preference for informal employee dialogue, and labor contracts are negotiated individually rather than by collective bargaining.

### RESPONSIBILITY AND ETHICAL BEHAVIOR

The Straumann Group's Code of Conduct defines our expectations for ethical behavior in all our business activities. It prohibits bribery, corruption, unfair competition, misleading marketing and unequal treatment based on gender, race, religion or sexual orientation. Companies that the Group acquires and consolidates are required to adopt and implement the Group's Code of Conduct. In the great majority of cases the Code is an integral part of our employment contracts. In the small proportion of instances where this is not the case, we are introducing a standard process to ensure that colleagues provide signed confirmation that they will uphold the code.

Employees are obligated to report any violation, suspected violation or misconduct. In 2017, one Code of Conduct violation was reported, which led to dismissal, and two claims of discrimination were made.

Health and safety training and awareness are given due importance throughout the Group, and no workplace fatalities or serious accidents were reported in 2017. One colleague was suddenly taken ill at work and tragically passed away in hospital soon afterwards. The cause was not work-related.

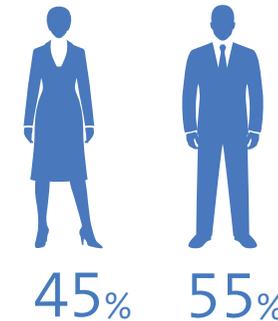
### OUTLOOK

In 2018, we will add staff in all our new subsidiaries. We also expect to add people to drive the international expansion of our orthodontics business. These additions together with acquisitions, like SDS in Portugal, will contribute to the continuing internal growth of our global team.

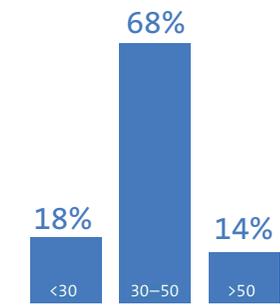
One of our main challenges will be to integrate the new additions into our organization and Cultural Journey, ensuring that we foster the dynamism and agility of young companies like ClearCorrect. We therefore expect to maintain our high level of investment in training and education. A key initiative will be the roll-out of the entrepreneurial excellence program that we developed in 2017 to foster a commercial mindset. In view of our significant expansion in 2017, we no longer foresee a cultural inventory re-assessment on a global level in 2018; regional and local inventories will be optional. We will continue doing our annual global pulse check.

This page addresses GRI disclosure 102–41.

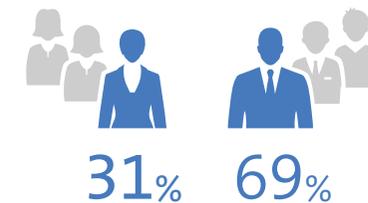
#### GENDER



#### AGE



#### LEADERSHIP BY GENDER



## HUMAN RESOURCES KEY FIGURES

Parameter		Unit	2017	2016	2015
Staff size	Employees	Total headcount	4 881	3 797	3 471
		Full-time equivalents	4 811	3 729	3 235
Employment type	Part-time employees	% of headcount	4	6	6
Gender diversity	Women in general staff (excl. Mgmt)	%	47	50	45
	Women in management <sup>1</sup>	%	31	25	21
	Women in SMD pool <sup>2</sup>	%	26	31	28
Training and education	Investment in staff learning <sup>3</sup>	CHF million	3.9	3.1	2.6
	Average annual training & learning	Days/employee	4	4	3
Turnover and absence	Staff turnover <sup>4</sup>	%	12	12	9
	Absence rate due to sickness <sup>5</sup>	%	4	3	4
	Absence rate due to workplace accidents <sup>5</sup>	%	0	0	0
	Work-related fatalities	Number	0	0	0
Employee protection	Reported cases of discrimination/harassment	Number	3	0	0

1 Job position "Manager" and all levels above.

2 Strategic Management Development group.

3 Only direct expenses for internal and external training activities are counted here. Salaries paid to employees while in training are additional and are not included.

4 Includes resignations and terminations.

5 Switzerland only. Proportion of absence time compared to target working hours.

## STAFF STRUCTURE BY CATEGORY AND AGE GROUP

(in %)

Age	<30	30–50	>50	Unit	2017
General staff (excl. Management)	18	55	10	% of headcount	83
Management <sup>1</sup>	0	13	4	% of headcount	17
<b>TOTAL</b>	<b>18</b>	<b>68</b>	<b>14</b>		<b>100</b>

1 Job position "Manager" and all levels above.

## Communities

### Bringing smiles to those in need

Our biggest contribution to the community is the provision of safe, effective, lasting solutions that enhance well-being and quality of life. Every year Straumann Group products help more than one-and-a-half million people, creating smiles and restoring confidence.

In spite of this, we acknowledge that millions of people do not have access to even basic dental care, which motivates our support for initiatives that make dental treatment and oral healthcare available to the underprivileged. Like most of our charitable activities, these are connected to dentistry – since this is where we can make a meaningful difference. In 2017, we evaluated more than 50 requests and supported 18, of which the major initiatives are listed in the table on p. 84.

#### SUPPORT FOR THE UNDERPRIVILEGED

Straumann AID (Access to Implant Dentistry), which started in 2007, is a global initiative to help underprivileged patients who are in need of treatment but cannot afford it. It relies on collaboration with dentists who provide the implant treatment without charge, while we donate the relevant products.

In addition to this program, we supported various charitable groups with a similar aim. For example the 'Rebuilding Smiles' initiative in Australia, which provides free dental work to women and children who have suffered dental damage in domestic violence, and the Capital Area Dental Foundation in Texas, which connects patients in need with volunteer dentists.

#### OUTREACH IN DEVELOPING REGIONS

Elsewhere, we continued to support basic dental care initiatives, mostly in developing regions. We are grateful to our dental partners – many of whom are volunteers – for their devotion and for ensuring that the funds are used efficiently.



Now in its 2nd year, Neodent's Neo Sorrisos mobile clinic travelled 6 000 kilometers in 2017, to bring free help to patients in 10 cities in Brazil. Thanks to the voluntary support of 140 dentists more than 2 300 patients were seen in 2017.



One of the thousands of smiles brought to ectodermal dysplasia patients through our 13-year partnership with the NFED.

### HELPING ECTODERMAL DYSPLASIA (ED) PATIENTS

In addition to other symptoms, ED sufferers typically have severely malformed or missing teeth from infancy, and their dental treatment is rarely covered by insurance. We provide free implants and prosthetics to ED patients around the world and, since 2004, we have collaborated with and provided financial support to the National Foundation for Ectodermal Dysplasia (NFED), a US-based non-profit organization that helps patients and their families by networking with surgeons who volunteer their services.

### SUPPORT FOR YOUNG DENTISTS

We continued to sponsor four young dental students who are connected with charitable projects that we support in Cambodia and Nicaragua. Our hope is that these students will help to address the huge local need and to sustain the respective projects.

All the aforementioned projects focus on dentistry and promote Straumann's reputation among stakeholders as a caring, responsible corporate citizen. This supports our business and thus adds value for our shareholders.

### CLEAR PRINCIPLES AND GOALS

Our Corporate Sponsoring Committee evaluates requests and initiatives according to clearly defined principles and policies, and reports periodically to the Executive Management. We set clear goals and look for continuity as well as sustainability in the projects we support, which is reflected in our long-standing relationships and commitments.

### OUTLOOK

We will continue our support for charitable activities in the dental field, focusing on education programs, as well as initiatives and projects that provide access to dental treatment for needy people. We also plan further sponsored events, for example to treat edentulous patients who are unable to afford tooth replacement treatment. In addition, we will organize the biennial Straumann-botiss Young Pro Award in 2018, which encourages talented young dentists in the field of regenerative dentistry.



Youngsters in Myanmar received dental check-ups, sponsored by Straumann in partnership with the Swiss charity 600Kids.



Pure smile creation: This child has just been treated for a cleft palate in a project supported by Straumann in Indonesia.

#### MAIN INITIATIVES AND PROJECTS SPONSORED BY STRAUMANN IN 2017

Region	Lead partner	Objective <sup>1</sup>	Status/results
Australia	Rebuilding Smiles	Free dental work for women and children dentally affected by domestic violence	2017 donation
Bolivia	FCSM Zahnmedizin für Latein Amerika, Germany	Support for dental practices in remote areas	2017 donation
Brazil	Neodent	Neo Sorrisos mobile clinic; dental care for underprivileged individuals	Ongoing project since 2015 , 193 volunteer dentists; 3629 patients treated
Cambodia	'Hope for All' Clinic	Dental student scholarships and clinic support	Support ongoing since 2007, three students fully supported
Cook Islands	Medizinische Hochschule Hannover, Germany	Dental outreach project	2017 project completed
Ecuador	FCSM Zahnmedizin für Latein Amerika, Germany	Support for dental practices in remote areas	2017 donation
Germany	Förderverein für krebskranke Kinder, Freiburg	Cancer research and support	2017 donation
Indonesia	Dharma Wulan Foundation	Treatment for children suffering from dento-facial (cleft) deformities	Ongoing project
Kenya	Dentists for Africa	Dental outreach project	2017 donation
Madagascar	Secours Dentaire International, Switzerland	Improve standard of hygiene in a charity run clinic	2017 project completed
Myanmar	600Kids, Switzerland	Dental treatment for children in the delta region	Five-year project ongoing
	University of Witten/Herdecke, Germany	Dental outreach project	2017 project completed
Nicaragua	Sonrisa Foundation, Switzerland	Free dental care for orphaned children; dental student scholarship	Ongoing since 2006
USA	American Red Cross	Hurricane relief	2017 donations
	Capital Area Dental Foundation	Treatment for underprivileged individuals	2017 donation
	National Foundation for Ectodermal Dysplasia	Financial support, treatment and PR	Support ongoing since 2004
Third-world countries	RISE Against Hunger	Food packages for kids in third world countries	2017 donation
Other	Straumann AID	Free products for underprivileged individuals	Ongoing program

1 In each case clear prerequisites and goals were set.

# Global production & logistics

## Multitasking to handle significant volume, portfolio expansions and new technologies

### BALANCING GROWTH WITH QUALITY AND SERVICE REQUIREMENTS

Our production and logistics capabilities were stretched considerably in 2017 to cater for continuing double-digit expansion in all our businesses as well as the launch of multiple new products, which added more than 1 000 articles to our portfolio. However, thanks to the professionalism, creativity and flexibility of our team, we succeeded in meeting demand without compromising our high quality standards and service levels. At the same time, we achieved a further increase in productivity by reducing raw material costs, introducing a third production shift, upgrading machines and using more efficient turning strategies.

### CATERING FOR A STREAM OF PRODUCT LAUNCHES

In addition to meeting increasing demand for key growth drivers like Straumann's BLT and Variobase ranges, we had to cater for portfolio extensions, including new ceramic materials, angulated prosthetic solutions, sterile screw-retained abutments, and our new two-piece ceramic implant, which required particular manufacturing expertise. In Brazil, Neodent ramped up production of its GM implant system, which encompassed more than 450 articles just for the initial launch. Elsewhere, our CAD/CAM plants added new materials, including high translucent, ultra-high translucent and multi-layer ceramics.

### CAPACITY EXPANSION

Current and future volume requirements make it essential to expand capacity expediently. We added space at our plants in Curitiba (BR) and Andover (USA) and we are working on a new building in Villeret (CH), which will enable us to double our development capacity in addition to increasing output. Construction will start early in 2018 and we are renting extra space locally until its completion. Projected output increases are shown in the chart on the right. In CAD/CAM, we set up a new milling centre in China, which will open in the first half of 2018.

**We added more than 1 000 articles to our portfolio and achieved a further increase in productivity.**

Facility	2017	2018	2019	Output increase
Villeret (CH)				+70%
Andover (US)				+60%
Curitiba (BR)				+35%

■ New building modification ■ Additional machine capacity or working hours

## NEW TECHNOLOGIES

New technologies open the door for us to produce prosthetic designs that are too intricate for traditional milling techniques. The combination of selective laser melting (for design flexibility) with conventional milling (for precision connections) is one example. We completed the proof of concept using this hybrid approach to produce screw-retained bars and custom abutments with angulated screw channels. We also experimented with bionic structures for high-strength, low-weight screw-retained bars and bridges.

Our project to manufacture ceramic implants by injection moulding is moving forward and we have made good progress in developing a material that offers both high-strength and surface treatment for enhancing osseointegration.

Another highlight in 2017 was the arrival of new 3D printing equipment for piloting production of ceramic crowns and bridges. In the future, such a process could also include color gradients in order to achieve the natural tooth appearance. Apart from this, we completed and started the production line for our proprietary glass ceramic material n!ce.

## UPGRADING OUR INFRASTRUCTURE

The new Manufacturing Execution System that we began implementing in 2016 is now operational in all areas and was crucial for integrating the large number of new articles in such a short period.

## NEW WORKFLOWS FOR LOGISTICS

The biggest challenge for our logistics department was to manage the volume growth and to integrate the large number of new products. Continued process improvements and capacity expansion enabled us to maintain our high service levels, while the addition of an efficient drop-shipment process prevented bottlenecks in the physical flow of goods.

## OUTLOOK

Our projects to expand production and development will be a key priority in 2018. Another important focus will be to shorten development cycles to manage the significant number of new articles. Finally, and importantly, when new technologies are proven feasible we need to translate them into products and solutions that will add value for customers and patients.



Neodent's extended production facility in Curitiba (both images above).



Architect's draft of Straumann's future production building in Villeret.

## STRAUMANN'S PRODUCTION SITES

Location	Products	Markets	Certification	Staff
Villeret, Switzerland (Straumann)	Implant systems	Global	ISO, FDA, Anvisa, MHLW	504
Andover, USA (Straumann)	Implant systems	Global	ISO, FDA, Anvisa, MHLW	141
Curitiba, Brazil (Neodent)	Implant systems	Global	ISO, FDA, Anvisa	392
Renningen, Germany (Medentika)	Implant systems	Global	ISO, FDA, MHLW	23
Mumbai, India (Equinox)	Implant systems	India, neighboring countries	ISO	41
Markkleeberg, Germany (Straumann)	CADCAM prosthetics	Europe	ISO	76
Arlington, USA (Straumann)	CADCAM prosthetics	USA	FDA	41
Narita, Japan (Straumann)	CADCAM prosthetics	Japan (Asia)	ISO	16
Shenzen, China (Straumann, Dental Wings)	CADCAM prosthetics Digital equipment	China Global	CFDA	8
Montreal, Canada (Dental Wings)	Digital equipment	Global	ISO, FDA, Anvisa, MHLW, HC, MFDS, TGA	22
Round Rock, USA (ClearCorrect)	Clear aligners	Global	ISO, FDA	85
Malmö, Sweden (Straumann)	Biomaterials	Global	ISO, FDA, Anvisa, MHLW	32

# Environment

## Keeping check on an expanding footprint

The Straumann Group fosters a high-performance culture that is committed to the efficient use of energy and resources. We understand that sustainable development and environmental stewardship are global issues that need to be tackled collectively. We monitor our environmental performance regularly to understand the impacts associated with our operations, and to identify opportunities to reduce our impact on the environment. Compared with most manufacturing companies, the impacts associated with our operations are relatively minor. We do not produce dental filling materials nor surgical equipment, and thus do not use significant amounts of heavy metals such as mercury, lead, or manganese, which are often present in the production processes of manufacturers serving the dental industry. Nonetheless, we uphold our commitment to operate in an environmentally responsible manner. To do so, we focus on areas where Straumann has the greatest leverage. Our key priorities include resource efficiency, energy and water consumption, and waste management.

### ENVIRONMENTAL MANAGEMENT

Our product portfolio has expanded considerably in recent years and today includes titanium and ceramic dental implants; ceramic, metal and polymer prosthetic elements; polymer orthodontic aligners; and biomaterials for tissue regeneration. We also assemble and distribute scanners and milling machines which are manufactured by third parties.

Dental implants remain our principal product. They are produced from titanium rods or titanium-zirconium alloys on CNC lathes. In the manufacturing process, cutting oil is used as a cooling agent, followed by sand-blasting, acid etching, cleaning, packaging, and sterilization. Our most significant environmental impacts occur in production processes and to a much lesser extent in research and development.

Environmental stewardship is embedded in the guiding principles of our Code of Conduct, which encourage management and employees to integrate environmental protection into their daily responsibilities. To promote the same among our suppliers, we use a Supplier Code of Conduct that specifies our expectations concerning environmental protection, in addition to social and legal requirements.

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**We are committed to the efficient use of energy and resources.**

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**Management and employees are encouraged to integrate environmental protection into their daily responsibilities.**

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Being part of the medical device industry, the Straumann Group is subject to stringent regulations. Strict quality-control protocols as well as analysis of raw materials ensure that manufactured products are safe and effective. We fully document all manufacturing processes to provide traceability. Beyond these regulations, we monitor energy consumption and resulting greenhouse gas emissions, we certify environmental management systems to ISO 14001, and we communicate our progress over time. By participating in the Climate Change program of the Carbon Disclosure Project (CDP), we provide further transparency to stakeholders and regularly report our greenhouse gas emissions and reduction initiatives. In 2017, we achieved the 'Awareness' level of disclosure, reflecting our efforts to reduce emissions and identify climate change-related risks and opportunities.

The Straumann Group expanded considerably in 2017 through the acquisitions of ClearCorrect and Dental Wings, which we have already been able to include in our environmental performance reporting. As a result, this report is based on data for our Group headquarters in Basel, Switzerland, and all production sites in operation during the reporting year: Villeret in Switzerland; Markkleeberg and Renningen in Germany; Malmö in Sweden; Andover, Arlington and Round Rock in the United States; Curitiba in Brazil; Narita in Japan, Montreal in Canada and Shenzhen in China.

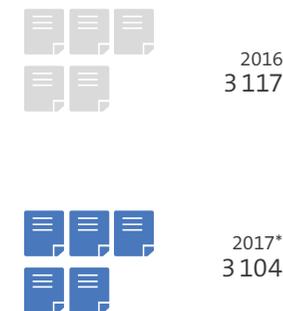
### RAW AND OPERATING MATERIALS

In 2017, we achieved the strongest growth for several years and added more than a thousand items (SKUs) to our portfolio. The significant increase in volumes of implants, abutments, and CAD/CAM prosthetic solutions sold led to a corresponding rise in raw material and energy consumption. To cater for increasing demand we added new machinery in Curitiba, Andover and Villeret, leading to a significant rise in machine oil consumption, and we increased manufacturing space, adding to our electricity and heating consumption. The incorporation of ClearCorrect added another relevant raw material: photopolymers, which are used in the production of orthodontic aligners.

We pursued various initiatives to reduce paper consumption and waste in 2017, including the manufacturing execution system (MES) in Villeret, which was initiated in 2016. This was rolled out fully in 2017, reducing administrative burden and minimizing paper consumption. The increase in refuse was due to packaging materials supplied with new machinery, office refurbishing and the clearance of old materials to provide space for additional staff.

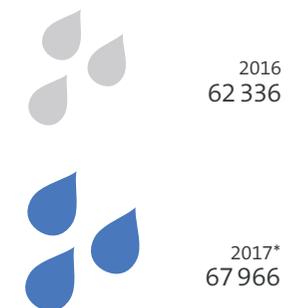
**We have already included our new acquisitions into our environmental reporting.**

#### PAPER CONSUMPTION PER CAPITA (sheets)



-0.4%

#### WATER (m³)



+9%

\* 2017 figures exclude new sites.

## ENERGY USE AND GREENHOUSE GAS EMISSIONS

Energy consumption developed roughly in line with increasing production volumes. On a per capita basis electricity and heating energy consumption went down slightly, supported by continuous improvement measures. One example includes the installation of meters on high consumption machinery and LED lighting in Villeret, which is expected to save over 85 000 kWh annually. We finished insulating our production facility in Arlington, which reduced the consumption of energy for air conditioning by more than 60%.

The Group also recognizes the impact of employee commuting. In 2017, employees in Basel once again participated in ‘Bike to Work’, a campaign that encourages people to commute to work by bicycle or on foot for at least one month. At the Biora facility in Malmö, employees are encouraged to develop fresh ideas to reach environmental objectives. One initiative was ‘Car Free Days’, which challenges staff to commute by public transport, bicycle, or carpooling on certain agreed days. For every employee that participated, Biora planted a tree in Africa, where the effects of climate change are very tangible. More than 70% of the staff took part in the challenge in 2017.

## OUTLOOK

We expect our operations, scope and spread to increase as we pursue our growth strategy, and our environmental footprint will stretch accordingly. Reducing our impact on the environment will require further commitment and innovative initiatives. To help offset our increased energy consumption, we have been evaluating the installation of photovoltaic panels at certain locations. Apart from this, we have increased our data collection efforts to new sites, because measurement is the first step to effective management.

**LED lighting is expected to save  
> 85 000 kWh annually in Villeret.**

### TITANIUM RECYCLING (tons)



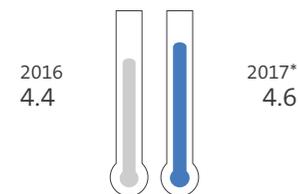
**+17%**

### REFUSE (tons)



**+24%**

### HEATING ENERGY (GWh)



**+4.5%**

### CO<sub>2</sub> EMISSIONS PER CAPITA



**-3%**

\* 2017 figures exclude new sites.

## ENVIRONMENTAL KEY PERFORMANCE FIGURES

		Performance indicator	Unit	2017 (incl. new sites)	2017 (excl. new sites)	2016
Product raw materials 	Titanium	Consumption	tons	44.63	40.58	27.51
		Recycling (consumption minus product)	tons	18.25	16.53	14.12
	Cobalt chrome	Consumption	tons	6.64	6.04	5.39
		Recycling	tons	2.20	2.05	1.54
	Zirconia	Consumption	tons	4.66	4.66	3.58
Photopolymers	Consumption	tons	27.36	0	0	
Operating materials 	Various oils	Consumption	tons	120.09	118.09	78.15
		Recycling	tons	77.71	75.21	58.94
	Cleaning solvents	Consumption	tons	49.69	48.14	44.12
		Recycling	tons	30.07	30.01	26.47
	Acids	Consumption	tons	67.58	67.40	64.61
	Paper	Consumption	million sheets	6.79	6.31	5.56
		Per capita <sup>1</sup>	sheet/employee	2 885	3 104	3 117
Energy 	Electricity	Consumption <sup>2</sup>	MWh	30 864	29 181	25 640
		Per capita <sup>1</sup>	MWh/employee	13.11	14.35	14.39
	Heating	Total heating energy	MWh	5 008	4 593	4 377
		– Fossil fuel	MWh	3 731	3 655	3 479
		– District heat	MWh	1 277	938	897
		Total heating energy per capita <sup>1</sup>	MWh/employee	2.13	2.26	2.46

		Performance indicator	Unit	2017 (incl. new sites)	2017 (excl. new sites)	2016
<b>Emissions</b> 	CO <sub>2</sub> emissions	Total emissions	tons	7 640	6 781	6 098
		– Direct (Scope 1) <sup>3</sup>	tons	1 102	1 082	1 116
		– Indirect (Scope 2) <sup>4,5</sup>	tons	6 539	5 699	4 983
		Total emissions per capita <sup>1</sup>	tons/employee	3.2	3.3	3.4
<b>Water</b> 	Water	Consumption	m <sup>3</sup>	69 735	67 966	62 336
		Per capita <sup>1</sup>	m <sup>3</sup> /employee	29.6	33.4	35.0
	Untreated waste water	Disposal	m <sup>3</sup>	145	140	112
<b>Waste</b> 	Diverse waste	Hydroxide sludge	tons	18.9	18.9	16.9
		Contaminated material	tons	263	257	156
		Solvents	tons	5.4	5.4	3.6
	Refuse	Total refuse	tons	354	298	241
		Per capita <sup>1</sup>	kg/employee	147	147	135

- 1 Per capita figures refer to employees at relevant sites only.
- 2 Includes 1246 MWh (2016: 1505 MWh) diesel consumption for electricity generation.
- 3 Scope 1 emissions cover CO<sub>2</sub> directly emitted by sources owned or controlled by the Group, such as heating boilers.
- 4 Scope 2 emissions comprise CO<sub>2</sub> emitted in the production of electricity and district heat the Group consumes.
- 5 CO<sub>2</sub> emissions associated with electricity consumption of 6255 tCO<sub>2</sub>e (2016: 4783 tCO<sub>2</sub>e) calculated according to the location-based approach, as defined in the GHG Protocol Scope 2 Standard. Results are used as a proxy for the market-based approach.

# CORPORATE GOVERNANCE

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## PRINCIPLES

The principles and rules of the Straumann Group's corporate governance are laid down in the Articles of Association, the organizational regulations, the Code of Conduct, and the charters of the Board Committees. They are the basis of our corporate governance disclosures, which comply with the Directive on Information relating to corporate governance published by the SIX Swiss Exchange, where Straumann's shares have been traded since the company's initial public offering in 1998.

## GROUP STRUCTURE

Straumann Holding AG is a listed stock corporation incorporated under the laws of Switzerland and domiciled as well as registered in Basel. It is the parent company of the Straumann Group (referred to also as 'the Group'), which is headquartered in Basel and, as of 31 December 2017, includes 55 wholly-owned and 5 partially-owned subsidiaries (see chart on p. 96 f.) as well as 10 companies in which non-controlling interests are held (see table on p. 99).

## OPERATIONAL STRUCTURE

In 2017, the Straumann Group comprised the following operational groups/departments and sales regions (in alphabetical order):

- **Corporate Services**, comprising: Corporate Communications & Investor Relations, Global People Management & Development, Legal, Compliance & Intellectual Property, Strategic Planning & Business Development
- **Customer Solutions & Education**, comprising: Customer Marketing, Training & Education, Marketing Communications, Product Management SDIS
- **Instradent Management**, which started to assume responsibility for Dental Service Organizations in the second half of 2017 (Dental Service Organizations will be fully operational 1 January 2018)
- **Digital** (fully operational 1 January 2018), comprising: Manufacturing Operations and Orthodontics
- **Finance**, comprising: Controlling, Corporate Accounting & Reporting, Treasury and all other finance-related functions; Corporate IT, Corporate Procurement, Facility Management
- **Research, Development & Operations**, comprising: Project Management, Research & Development, Technology & Testing; Corporate Logistics, Production, Quality Management & Regulatory Affairs
- **Sales Distributors** (excluding APAC and LATAM) & Emerging Markets
- **Sales Europe**

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Supplementary details  
can be found at  
[www.straumann-group.com](http://www.straumann-group.com)  
> Investor information  
> Corporate governance

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- **Sales North America**
- **Sales Latin America** including regional Distributor Management; Neodent production, Brazil
- **Sales Asia/Pacific** including regional Distributor Management.

## LEGAL STRUCTURE

### LISTED COMPANIES

Straumann Holding AG is listed in the main segment of the Swiss stock exchange. No other company controlled by Straumann Holding AG is listed on a stock exchange.

### NON-LISTED GROUP COMPANIES

The Group's Headquarters are at Institut Straumann AG in Basel. The subsidiaries of Straumann Holding AG are presented on p. 96 f. The subsidiary management is responsible for managing the local daily business. As laid down in the organizational regulations, the respective Regional Sales Head, the CFO and the General Counsel are usually members of the supervisory body of the subsidiaries.

Straumann Group products are sold through Institut Straumann AG, various distribution subsidiaries, and third-party distributors (see link to Worldwide locations on p. 214).

On 31 December 2017, Straumann Holding AG directly or indirectly held 100% of the capital and voting rights in all consolidated Group companies with certain exceptions (see table below). In addition, Straumann Holding AG directly or indirectly held capital rights in the companies listed in the same table.

<b>Name</b>	Straumann Holding AG
<b>Domicile</b>	Peter Merian-Weg 12, 4052 Basel, Switzerland
<b>Listed on</b>	SIX Swiss Exchange
<b>Valor number</b>	1228 007
<b>ISIN</b>	CH 0012 280 076
<b>Ticker symbol</b>	STMN
<b>LEI number</b>	50670046ML5FIM60Z37

PRINCIPAL GROUP COMPANIES (AS OF 31 DECEMBER, 2017)

Name	Location	Share capital	
<b>Straumann Holding AG</b>	Basel, Switzerland	CHF	1 587 898
Institut Straumann AG	Basel, Switzerland	CHF	100 000
Straumann Italia Srl	Milan, Italy	EUR	270 000
Instradent Italia Srl	Milan, Italy	EUR	10 000
Equinox Implants LLP	Mumbai, India	INR	170 000 000
Equinox Dental AG	Basel, Switzerland	CHF	100 000
Straumann Villeret SA	Villeret, Switzerland	CHF	9 000 000
Instradent AG	Basel, Switzerland	CHF	100 000
Straumann Middle East PJS	Tehran, Republic of Iran	IRR	40 000 000
Straumann Holding Deutschland GmbH	Freiburg, Germany	EUR	25 000
Straumann GmbH	Freiburg, Germany	EUR	200 000
etkon GmbH	Gräfelfing, Germany	EUR	326 000
Instradent Deutschland GmbH	Freiburg, Germany	EUR	40 000
Medentika GmbH (51%)	Hügelsheim, Germany	EUR	275 000
Medentika CNC GmbH (48%)	Hügelsheim, Germany	EUR	200 000
Straumann GmbH	Vienna, Austria	EUR	40 000
Straumann Ltd	Crawley, UK	GBP	300 000
Instradent Ltd	Crawley, UK	GBP	1 000
Manohay Dental SA	Madrid, Spain	EUR	60 101
Instradent Iberia SL	Madrid, Spain	EUR	3 000
Straumann SAS.	Marne-La-Vallée, France	EUR	192 000
Straumann AB	Möln dal, Sweden	SEK	100 000
Biora AB	Malmö, Sweden	SEK	950 152
Straumann AS	Oslo, Norway	NOK	1 000 000
Straumann Danmark Aps	Brøndby, Denmark	DKK	125 000
Straumann Oy	Helsinki, Finland	EUR	32 000
Straumann SA/NV	Zaventem, Belgium	EUR	2 081 620
Straumann BV	Ijsselstein, Netherlands	EUR	18 151
JJGC Indústria e Comércio de Materiais Dentários S.A. (Neodent)	Curitiba, Brazil	BRL	1 127 621 860
Straumann LLC	Moscow, Russia	RUB	21 000 000

Name	Location	Share capital	
Instradent LLC	Moscow, Russia	RUB	17 250 000
Straumann SRO	Prague, Czech Republic	CZK	200 000
Instradent SRO	Prague, Czech Republic	CZK	100 000
Straumann Manufacturing, Inc	Andover, USA	USD	1
Straumann USA, LLC	Andover, USA	USD	1
ClearCorrect Holdings, Inc .	Round Rock, USA	USD	4 424
ClearCorrect Operating LLC	Round Rock, USA	USD	1 000
Loop Digital Soutlions, LLC	Lincoln, USA		0
Instradent USA, Inc.	Andover, USA	USD	2 000 000
Straumann Canada Ltd	Burlington, Canada	CAD	100 000
Instradent Canada Ltd	Burlington, Canada	CAD	500 001
Dental Wings Inc.	Montreal, Canada	CAD	1 648 923
Dental Wings GmbH	Chemnitz, Germany	EUR	25 000
Dental Wings Hong Kong Ltd	Hong Kong	HKD	3 916 063
Shenzhen Dental Wings Company Limited (90%)	Shenzhen, China	CNY	1 439 602
Manohay Colombia SAS	Bogotá, Colombia	COP	7 100 062 213
Manohay Argentina SA	Buenos Aires, Argentina	ARS	9 000 000
Manohay Mexico SA de CV	México DF, Mexico	MXN	38 392 615
Manohay Chile SPA	Santiago, Chile	CLP	464 515 950
Straumann Group Peru SA	Lima, Peru	PEN	1 702 500
Straumann Singapore Pte Ltd	Singapore	SGD	10 000
Straumann Pty Ltd	Victoria, Australia	AUD	100
Straumann New Zealand Ltd	Napier, New Zealand		0
Straumann Japan KK	Tokyo, Japan	JPY	10 000 000
etkon Japan KK	Shibayama, Japan	JPY	10 000 000
Straumann (Beijing) Medical Device Trading Co Ltd	Beijing, China	CNY	40 000 000
Straumann Dental Korea Inc	Seoul, Republic of Korea	KRW	2 300 000 000
Straumann Dental India Pvt Ltd	Gurgaon, India	INR	1 316 000 000
STM Digital Dentistry Holding Ltd (49%)	Hong Kong	HKD	780
etkon Dental (Shenzen) Company Ltd (49%)	Shenzen, China	USD	4 488 598
Straumann Group (Thailand) Limited	Bangkok, Thailand	Baht	18 000 000

### CHANGES IN 2017 AND EARLY 2018

In January 2017, the Group gained full ownership of the distribution company Instradent Deutschland GmbH by purchasing the 49% stake held by the founders of Medentika. At the same time, an agreement with the minority shareholders changed Straumann's 51% stake in Medentika GmbH into a controlling interest. As a result, Straumann consolidated Medentika fully in its financial statements as of 1 January 2017.

In August 2017, Straumann acquired ClearCorrect Holdings Inc., a US-based provider of clear-aligner tooth-correction solutions. In October 2017, Straumann gained full ownership of the Canada-based digital dentistry company Dental Wings Inc.

In November 2017, Straumann Manufacturing Inc. fully acquired Loop Digital Solutions LLC, a small software developer in the US. The following distribution companies were established in 2017/early 2018: Straumann Middle East, Iran, Straumann Group Peru S.A., and Straumann Thailand. Early in 2018, Straumann's South African distributor was acquired and renamed Straumann Group South Africa (Pty) Ltd.

In November 2017, the Group announced the acquisition of a 70% stake in its Turkish distribution company Batigroup, which will be completed in the first quarter of 2018. In December 2017, the Group announced the acquisition of Same Day Solutions (SDS), a dental distribution company in Portugal. The acquisition will be closed in the first quarter of 2018.

To reduce complexity and to increase efficiency, the Group began to merge its Instradent and Straumann companies. The completion of this initiative is scheduled for mid-2018, after which Instradent AG, Switzerland will be the sole remaining Instradent company.

### PARTICIPATION IN OTHER COMPANIES

The Group invested further in its technology platform and initiatives to broaden its scope in new fields by:

- acquiring a 49% non-controlling stake in the joint venture company, maxon dental GmbH (Germany)
- increasing its stake in Rodo Medical (USA) from 12% (obtained in 2014) to 30%
- acquiring a 35% stake in Rapid Shape (Germany)
- acquiring a 38% stake in Genova (Spain).

Early in the year, the Group terminated its convertible loan agreement with MegaGen (Korea) and the latter paid back in cash the full amount of USD 30 million plus interest.

**ON 31 DECEMBER 2017, THE STRAUMANN GROUP HELD THE FOLLOWING NON-CONTROLLING STAKES**

Non-consolidated company	Location	Activities	Capital rights held	Straumann representation
Abutment Direct Inc.	Markham (Canada)	Dental implant prosthetics	25.5% through Medentika stake (M. owns 50%)	At general meeting
Anthogyr SAS	Sallanches (France)	Dental implant system	30% acquired in 2016	1 board seat
Creotech Medical SL	Mendaro (Spain)	High-end CAD/CAM prosthetics	30% acquired in 2013; options to increase to 100% by 2019	1 board seat
Geniova	Madrid (Spain)	Dental aligners	38%	2 board seats
Maxon Dental	Kenzingen (Germany)	Ceramic dental implants	49% joint venture with maxon motor, established in 2017	3 advisory board seats
Rapid Shape	Heimsheim (Germany)	3D-printing systems	35% acquired in 2017	At general meeting
RODO Medical, Inc.	San Jose (USA)	Prosthetic fixation devices	30% acquired in 2017, up from 12% acquired 2014. Option to increase 51% in 2021.	2 board seats
T-Plus	New Taipei City (Taiwan)	Dental implants and prosthetic components	49% acquired in 2015; options to increase to 90% by 2020	1 board seat
V2R Biomedical Inc.	Montreal (Canada)	Guided surgery planning service	30% acquired in 2016; option to increase to 100% by 2020	1 board seat
Valoc AG	Möhlin (Switzerland)	Overdenture retention systems	44% acquired in 2015	1 board seat
Zinedent Implant Üretim AS	Ankara (Turkey)	Dental implant & prosthetic sales	50% joint venture	1 board seat

## CROSS SHAREHOLDINGS

The Group does not have, and has not entered into, any cross-shareholdings with other companies relating to equity or voting rights.

## CAPITAL STRUCTURE

No conditional shares were converted into ordinary shares in 2017.

In April 2016, the Annual General Meeting approved an increase of the Group's conditional share capital by CHF 16 293.90 and 156 045 conditional shares were converted into ordinary shares.

Apart from this and the conversion of 46'390 conditional shares into ordinary shares in 2015, there have been no changes in the share capital in the past three years. On 31 December 2017, the share capital was composed of:

- 15 878 984 registered shares, fully paid in, each with a nominal value of CHF 0.10
- Conditional capital of CHF 28 395.50, divided into 283 955 conditional shares, each with a nominal value of CHF 0.10, which relates to 1.79% of the existing share capital.

Straumann Holding AG did not have any authorized share capital.

The conditional share capital was approved for an unlimited period at an extraordinary General Meeting in 1998 and at the 2016 ordinary General Meeting. In both cases, the conditional share capital was created for use in employee equity participation plans (see Compensation Report on p. 139 ff.).

Straumann Holding has no other categories of shares than registered shares. There are no restrictions on the transferability of the shares.

The Group has not issued any financial instruments (participation certificates, dividend-right certificates, warrants, options or other securities granting rights to Straumann shares) other than the Performance Share Units granted to certain employees as a compensation component (see p. 139) and the CHF-200-million domestic straight bond launched in 2013 and due on 30 April 2020 (see Note 13 on p. 178).

CAPITAL STRUCTURE	(in CHF million)		
	31 Dec 2017	31 Dec 2016	31 Dec 2015
Equity	1 069 924	633 681	604 970
Reserves	(81 610)	(263 360)	(126 910)
Retained earnings	1 150 097	897 041	731 880
Non-controlling intererests	(150)	0	0
Ordinary share capital (fully paid in)	1 588	1 588	1 572
Conditional share capital	28	28	28
Authorized share capital	0	0	0
Number of registered shares	15 878 984	15 878 984	15 722 939
Treasury shares (% of total)	0.42%	3.5%	<0.05%
Nominal value per share (in CHF)	0.10	0.10	0.10
Registration restrictions	None	None	None
Voting restrictions/ Voting privileges	None	None	None
Opting-out, opting-up	None	None	None

## SHAREHOLDERS

### SIGNIFICANT SHAREHOLDERS

The major shareholders are listed in the table below.

In 2017, the Group reported three transactions according to Art. 20 of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA). This includes

- the sale of shares by GIC Private Ltd. in May reducing its holdings to less than 3%
- a notification pursuant to Art. 50a FMIO-FINMA by BlackRock Inc. in August
- the sale by Straumann Holding of 432 665 treasury shares (representing 2.7% of the share capital) through an accelerated book-building placement in September 2017.

Details of the transactions were published on the SIX Swiss Exchange online reporting platform.

### ENTRIES IN THE SHARE REGISTER

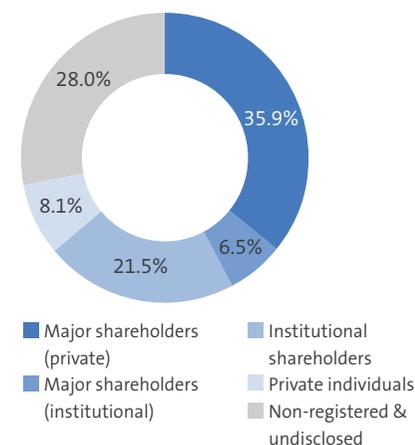
Share purchasers are entered in the share register as shareholders with voting rights if they expressly declare that they have acquired the registered shares in their own name and for their own account. If a purchaser is unwilling to make such a declaration, he/she is registered as a shareholder without voting rights. Proof of acquisition of title in the shares is a prerequisite for entry in the share register.

Nominees approved by the Board of Directors are recorded in the share register as shareholders with voting rights. Nominees who have not been approved by the Board of Directors may be refused recognition as shareholders if they do not disclose the beneficiary. In such cases, the nominees will be recorded in the share register as shareholders without voting rights. At 31 December 2017, no nominee had asked for registration and voting rights.

The names and addresses of owners and usufructuaries of registered shares are recorded in the share register, which is administered on behalf of Straumann Holding AG by areg.ch AG, Fabrikstrasse 10, 4614 Hägendorf, Switzerland.

Straumann Holding AG acknowledges persons as shareholders or usufructuaries only if they are recorded in the share register. There are no statutory rules concerning deadlines for entry in the share register. However, for organizational reasons, the share register is closed several days before the General Meeting. Participation and voting at the 2018 General Meeting is reserved for

### SHAREHOLDINGS ON 31 DECEMBER 2017 (BY SEGMENT)



### MAJOR SHAREHOLDERS

	(in %)	
	31 Dec 2017 <sup>1</sup>	31 Dec 2016 <sup>1</sup>
Dr H.C. Thomas Straumann (Vice Chairman of the Board)	17.1	17.1
Dr H.C. Rudolf Maag	11.9	12.1
BlackRock Inc. (concern) <sup>2</sup>	6.5	5.0
Simone Maag de Moura Cunha	3.7	4.3
Gabriella Straumann	3.2	3.2
GIC Private Ltd <sup>3</sup>	n/a	4.4
Straumann Holding AG <sup>3</sup>	n/a	3.5
<b>TOTAL</b>	<b>42.4</b>	<b>49.6</b>

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

2 Only partially registered in Straumann's share register.

3 Dropped below the 3% threshold in 2017.

shareholders registered with voting rights in the share register on 22 March, 2018. Shareholders who sell their shares prior to the Meeting are no longer entitled to vote.

## SHAREHOLDERS' PARTICIPATION RIGHTS

### VOTING RIGHTS AND REPRESENTATION RESTRICTIONS

Each share duly entered in the share register entitles the shareholder to one vote. On 31 December 2017, 72% of the issued capital was registered in the share register (76% in 2016). All shares have the same entitlements to dividends. No preferential rights are granted to any shareholders or shares.

All shareholders may be represented at the General Meeting by a proxy. Proxies and directives issued to the independent voting representative may be given either in writing or online via [Netvote](#). Other voting representatives must have a proxy signed by hand by the shareholder. The Board of Directors decides whether proxies shall be recognized.

The independent voting representative is elected by the General Meeting for a term of office until the end of the next AGM and can be re-elected. In the case of a vacancy, the Board of Directors shall designate an independent voting representative for the next General Meeting.

### QUORUMS

The General Meeting adopts its resolutions and holds its ballots by a majority of votes cast. Abstentions and invalid ballots are not taken into account. The legal provisions (in particular section 704 of the Swiss Code of Obligations) that stipulate a different majority are reserved. Votes on resolutions and elections are held electronically. In case of technical difficulties, the Chairman may order an open or written ballot. The Chairman may repeat a ballot if he considers that the outcome is doubtful, in which case, the preceding ballot is not considered.

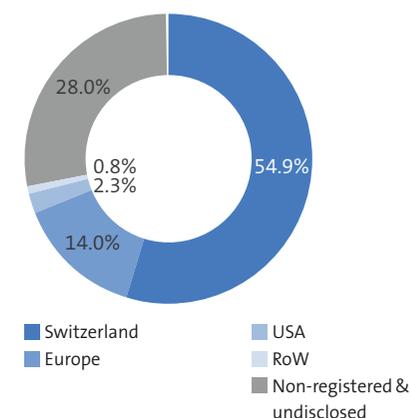
The General Meeting may only approve the annual financial statements and resolve on the appropriation of the balance sheet profit if the Auditors' report is available and the Auditors are present. The presence of the Auditors can be dispensed with the unanimous resolution of all shares represented.

## SHAREHOLDERS BY VOLUME OF SHARES HELD<sup>1</sup>

(absolute number)	31 Dec 2017	31 Dec 2016
1–100 shares	6 770	5 806
101–1000	2 151	2 413
1 001–10 000	315	291
10 001–100 000	53	66
100 001–1 000 000	10	11
1 000 001 and more	2	2
<b>TOTAL</b>	<b>9 301</b>	<b>8 589</b>

<sup>1</sup> Non-registered shareholders are not considered in this table.

## SHAREHOLDINGS ON 31 DECEMBER 2017 (BY GEOGRAPHY)



#### CONVOCAATION OF GENERAL MEETINGS, AGENDA PROPOSALS

The Shareholders' General Meeting is convened by the Board of Directors within six months of the end of the business year. In 2018, the Shareholders' General Meeting will take place on 4 April at the Congress Center in Basel, Switzerland.

Shareholders individually or jointly representing at least 10% of the share capital may request an extraordinary General Meeting. The request must be made to the Board of Directors in writing, stating the agenda items and motions.

Invitations to the General Meeting are issued in writing and are delivered via ordinary mail to the address recorded in the share register at least 20 days before the General Meeting and are published on the company's website ([www.straumann-group.com](http://www.straumann-group.com) > Investor information > Corporate governance > Annual General Meeting). If shareholders agree to the electronic delivery of notices, the invitation will also be sent by email. All agenda items and proposals by the Board of Directors and by shareholders who have requested the General Meeting must be announced in the notice convening the General Meeting.

Shareholders who individually or jointly represent shares with a par value of at least CHF 15 000 may request that an item be included in the agenda. The request shall be in writing at least 45 days before the General Meeting and must set forth the agenda items and the proposals of the shareholder(s).

#### 2017 GENERAL MEETING

The 2017 AGM took place on 7 April and was attended by 375 shareholders, who together with proxies represented 74% of the total share capital.

The meeting approved the Management Report, the Financial Statements, the appropriation of available earnings, the discharge of the Board of Directors for the 2016 business year, the compensation of the Board and the Executive Management and, in a consultative vote, the Compensation Report.

The Board members, Chairman and Compensation Committee members were elected. Neovius Schlager & Partner were appointed as the independent voting representative and Ernst & Young AG were re-appointed as auditors.

The AGM minutes (including voting results) are published in German at [www.straumann-group.com](http://www.straumann-group.com) > Investor information > Corporate Governance > Annual General Meeting.

## BOARD OF DIRECTORS

The Board of Directors of Straumann Holding AG comprises seven non-executive members. No Director has been a member of the company's Executive Management during the past three years. The Directors are all Swiss citizens. The average age of the Members of the Board at year-end was 55.

## ELECTIONS AND TERM OF OFFICE

The members of the Board, the Chairman, and the members of the Compensation Committee are all elected individually by the Shareholders' General Meeting for a term of one year. Re-election is permitted until the age of 70.

If the position of Chairman or a position in the Compensation Committee falls vacant, the Board appoints a replacement from among its own members for the remaining term of office.

At the 2017 AGM, Gilbert Achermann, Thomas Straumann, Sebastian Burckhardt, Ulrich Looser and Beat Lüthi were all re-elected. Monique Bourquin and Regula Wallimann were elected for the first time, filling the vacancies left by Roland Hess, who did not stand for re-election, and Stefan Meister who stepped down in May 2016. Gilbert Achermann was re-elected as Chairman of the Board. Monique Bourquin, Ulrich Looser and Thomas Straumann were elected to the Compensation Committee.

The Board appointed Thomas Straumann as its Vice Chairman and Beat Lüthi, Sebastian Burckhardt and Regula Wallimann as members of the Audit Committee. Beat Lüthi and Ulrich Looser were appointed to chair the Audit and Compensation Committees respectively.

## BOARD OF DIRECTORS

	Audit Committee	Compensation Committee
Gilbert Achermann Chairman of the Board		
Dr h.c. Thomas Straumann Vice Chairman of the Board		Member
Monique Bourquin		Member
Dr Sebastian Burckhardt Secretary of the Board	Member	
Ulrich Looser		Chair
Dr Beat Lüthi	Chair	
Regula Wallimann	Member	

## GILBERT ACHERMANN

Non-executive member



Chairman of the Board since 2010 | Board Member since 2009

Swiss (born 1964)

**Other main activities in 2017:** Member of the Board of Julius Baer Group, Executive-in-Residence at IMD Business School, Lausanne, Chairman of the Switzerland Innovation Park Basel Area, Member of the regional Chamber of Commerce, Member of the Board of the ITI; supports the start-up ecosystem as an investor, juror, and Business Angel.

**Career highlights:** In previous years, Gilbert Achermann served as Chairman and Co-CEO of the Vitra/ Vitrashop Group, a family-owned furniture and retail company, Chairman of the Siegfried Group, a listed pharma service company, and Vice Chairman of the Moser Group, a privately owned luxury watchmaking company. From 2002 to 2010, he was CEO of Straumann, which he joined as CFO in 1998. He started his professional life at UBS in Investment Banking in 1988, working in Switzerland, New York, London and Frankfurt.

**Qualifications:** Executive MBA from IMD; bachelor's degree from the University of St. Gallen.

**Key attributes for the board:** Gilbert Achermann represents continuity, stability and credibility among the various stakeholders. The Board benefits from his extensive knowledge of the dental industry and the extensive experience and insight gained from directorships in other industries.

## DR H.C. THOMAS STRAUMANN

Non-executive member



Vice Chairman of the Board | Board Member since 1990

Swiss (born 1963)

**Other main activities in 2017:** Chairman of Medartis AG and CSI-Basel AG, Board Member of the Grand Hotel Les Trois Rois, Basel (owner).

**Career highlights:** Following the spin-off of the orthopedic & trauma business in 1990, Thomas Straumann was responsible for establishing the new Institut Straumann AG and was both CEO (until 1994) and Chairman (until 2002). Further examples of Dr Straumann's success as an entrepreneur and businessman are the orthopedic/medical device company Medartis AG – of which he is the founder, majority owner and Chairman, the Grand Hotel Les Trois Rois, Basel – of which he is the owner and a Board Member, and CSI-Basel AG– the equestrian event company, of which he is Chairman. He also has a diverse portfolio of interests, including not-for-profit activities.

**Qualifications:** Trained in precision engineering; studies at Basel Management School and the Management & Commercial School of Baselland; honorary doctorate from the University of Basel.

**Key attributes for the board:** Major shareholder of Straumann Holding AG and the Board's longest-serving member. He complements the Board with his understanding of the dental and medical device industries through personal management experience and various shareholdings.

## MONIQUE BOURQUIN

Non-executive member



Member of the Compensation Committee | Board Member since 2017

Swiss (born 1966)

**Other main activities in 2017:** Member of the Board of Emmi (dairy group) and their Market and Audit Committees; Board member of Kambly (biscuits company); President of Promarca (Swiss branded goods association); lectures in the Executive MAS program of the Swiss Federal Institute of Technology (ETH), Zurich.

**Career highlights:** Having worked with PWC, Rivella and Mövenpick, Monique Bourquin joined Unilever in 2002. After four years as a Country Manager, she became CFO for the GAS region from 2012 to 2016. She also held board mandates in Promarca and two Unilever pension funds.

**Qualifications:** Degree in Economics & Finance from St. Gallen University.

**Key attributes for the board:** In addition to her corporate and pension fund board experience, Monique Bourquin has a strong track record in general management, finance, marketing and distribution gained from her career in consulting and the consumer-goods industry.

## DR SEBASTIAN BURCKHARDT

Non-executive member



Member of the Audit Committee | Secretary of the Board |  
Board Member since 2002

Swiss (born 1954)

**Other main activities in 2017:** Partner at Vischer AG, Law firm in Basel and Zurich; Chairman of the Board of Dolder AG, Basel; Vice Chairman of the Foundation Board of the GSR School for Children with Communication Handicaps, Aesch; Member of the Boards of: Grether AG, Binningen, Jungbunzlauer Holding AG, Chur, Le Grand Bellevue SA, Gstaad, personal service AG, Basel, QGel SA, Lausanne and others.

**Career highlights:** Having spent a year with Davis Polk & Wardwell in New York, Sebastian Burckhardt joined Gloor Schiess & Partners, a predecessor firm of Vischer AG, in 1985, where he advises family-owned businesses in the life sciences, banking and distribution fields.

**Qualifications:** Studies in economics and law; law degree and doctorate from Basel University; admitted to the Bar of Switzerland; civil law notary in Basel; admitted to the New York Bar following studies at New York University School of Law.

**Key attributes for the board:** Dr Burckhardt is an independent specialist in corporate and commercial law and in mergers, acquisitions, joint ventures, licensing, distribution and technology agreements. His knowledge includes many years' experience on corporate boards.

## ULRICH LOOSER

Non-executive member



Chairman of the Compensation Committee | Board Member since 2010

Swiss (born 1957)

**Other main activities in 2017:** Partner of Berg Looser Rauber & Partners AG; Member of the Boards of: Bachofen Holding AG, Econis AG (until May), Kardex Group (People Committee Chair), LEM Holding SA (Audit Committee, People Committee Chair), Spross Entsorgungs Holding AG, and others (see chart on p. 110).

**Career highlights:** From 2001 to 2009, Ulrich Looser was with Accenture Ltd, where he became Chairman of its Swiss affiliate (2005) and Managing Director of the Products Business in Austria, Switzerland and Germany. Earlier, he spent six years as a partner at McKinsey & Company Ltd., where he worked from 1987 – 2001.

**Qualifications:** Master's degrees in physics from the Swiss Federal Institute of Technology (ETH), Zurich, and economics from St. Gallen University.

**Key attributes for the board:** Ulrich Looser's expertise in strategy, project and human capital management is of great value to the Straumann Board. He also adds in-depth consultancy and business development experience.

## DR BEAT LÜTHI

Non-executive member



Chairman of the Audit Committee | Board Member since 2010

Swiss (born 1962)

**Other main activities in 2017:** CEO and co-owner of CTC Analytics AG, Zwingen, a globally active medium-sized Swiss company in the field of chromatography automation.

**Career highlights:** Beat Lüthi began his career with Zellweger Uster AG, a leading manufacturer of quality control equipment in textile production. In 1990, he moved to Mettler-Toledo International Inc. and rose to the position of General Manager of the Swiss affiliate. He joined the Feintool Group in 1998 and was its CEO for four years. In 2003, he returned to Mettler-Toledo as CEO of the Laboratory Division. At the end of 2007, he joined CTC Analytics to lead and further develop the company as an entrepreneur.

**Qualifications:** PhD in Engineering from the Swiss Federal Institute of Technology (ETH), Zurich; Executive program at INSEAD.

**Key attributes for the board:** Beat Lüthi combines entrepreneurship and corporate experience in different industries, which make him a valuable contributor to strategic and operational matters. His scientific background and experience as a CEO, Chairman and Board member are of further benefit.

## REGULA WALLIMANN

Non-executive member



Member of the Audit Committee | Board Member since 2017

Swiss (born 1967)

**Other main activities in 2017:** Member of the Board of Swissgrid AG (chairs its Finance & Audit Committee); Supervisory Board Member of the Institute for Accounting, Controlling and Auditing at St. Gallen University; Co-chairwoman at the WomenCorporateDirectors (WCD) Swiss Chapter

**Career highlights:** Regula Wallimann worked for KPMG from 1993 to 2017. As a Global Lead Partner from 2003 on, she was responsible for several global companies and led audit teams including the audit of tax, IT, treasury, compliance, litigation, environmental matters, pensions, international accounting and reporting. She was a member of the strategic partners committee of KPMG Switzerland from 2012 to 2014. In 2017, she started a new career as an independent financial expert and board member. She has been on the Board of Swissgrid AG (national power grid) since 2017. She has served on the Supervisory Board of the Institute for Accounting, Controlling and Auditing at St. Gallen University since 2010 and has co-chaired the WCD Swiss Chapter since 2017.

**Qualifications:** Degree in Business Administration, Economics and Accounting from St. Gallen University; management studies at INSEAD; Certified Public Accountant in the US and in Switzerland.

**Key attributes for the board:** Regula Wallimann is an expert in multinational group auditing, financial reporting, risk management and corporate governance.

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STRAUMANN BOARD OF DIRECTORS – MATERIAL MEMBERSHIPS IN OTHER BOARDS

Member	Commercial enterprise	Charity/other	Location	Function
Gilbert Achermann	IMD – International Institute for Management Development		CH	Executive-in-Residence (2016 – 2017)
	Julius Bär Gruppe AG/Bank Julius Bär & Co. AG <sup>1</sup>		CH	Board member
	Switzerland Innovation Park Basel Area AG		CH	Chairman
		Handelskammer beider Basel	CH	Board member
		International Team for Implantology (ITI)	CH	Board member
Thomas Straumann	Centervision AG		CH	Chairman
	CSI-BHE AG		CH	Chairman
	Grand Hotel Les Trois Rois		CH	Board member
	Medartis Holding AG & Medartis group companies		CH	Chairman
		FDR Foundation for Dental Research and Education	CH	Board member
Monique Bourquin	Emmi AG <sup>1</sup>		CH	Board member
	Kambly Holding AG/Kambly SA Spécialités de biscuits suisses		CH	Board member
		Promarca Schweizerischer Markenartikelverband (Swiss branded goods association)	CH	President of the Board
		GfM Schweizerische Gesellschaft für Marketing (Swiss marketing association)	CH	Board member
Sebastian Burckhardt	Amsler Tex AG		CH	Chairman
	Applied Chemicals International AG & ACI Group companies		CH	Chairman
	Dolder AG		CH	Chairman
	Le Grand Bellevue SA		CH	Board member
	Grether AG		CH	Board member
	Immobilien-gesellschaft zum Rheinfels AG		CH	Board member
	persona service AG & persona service GmbH Schweiz		CH	Board member
	Qgel SA		CH	Board member
		Fondation Bénina	CH	Board member
		Gehörlosen- und Sprachheilschule Riehen/GSR Wieland Stiftung/Stiftung Autismuszentrum	CH	Board member
	Misrock-Stiftung	CH	Board member	

Member	Commercial enterprise	Charity/other	Location	Function
Ulrich Looser	Bachofen Holding AG		CH	Chairman
	BLR & Partners AG & BLR group companies		CH	Chairman
	Econis AG (until May)		CH	Chairman
	Kardex AG <sup>1</sup>		CH	Board member
	LEM Holding SA <sup>1</sup>		CH	Board member
	Spross Entsorgungs Holding AG		CH	Board member
		Economiesuisse	CH	Board member
		Schweizerische Studienstiftung	CH	Board member
		Swiss-American Chamber of Commerce: 'Doing Business in the US'	CH	Board member
		Swiss National Fund	CH	Board member
	University Hospital Balgrist, Zürich	CH	Board member	
	University of Zürich	CH	Board member	
Beat Lüthi	APACO AG		CH	Chairman
	CTC Analytics AG		CH	CEO & Board member
	INFICON Holding AG <sup>1</sup>		CH	Chairman
	Orell Füssli Holding AG		CH	Board member
Regula Wallimann	Swissgrid AG		CH	Board member
		University of St. Gallen, Institute of Accounting, Control and Auditing (ACA-HSG)	CH	Supervisory Board member
		WomenCorporateDirectors Swiss Chapter	CH	Co-Chairwoman

<sup>1</sup> Publicly listed companies.

## BOARD OF DIRECTORS – COMPETENCE MATRIX

	Executive experience	Finance, audit, risk management	Compliance, regulatory, legal	Capital Markets, M&A	Core industry experience (dental)	Transferable expertise in related industries	Functional experience	International business experience	Digitalization, technology	Strategy, business transformation	HR, compensation	Board governance	Sustainability
G. Achermann	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	
T. Straumann	✓			✓	✓	✓	✓	✓	✓		✓	✓	✓
M. Bourquin	✓	✓				✓	✓	✓		✓	✓	✓	
S. Burckhardt		✓	✓	✓			✓				✓	✓	✓
U. Looser	✓					✓	✓	✓	✓	✓	✓	✓	
B. Lüthi	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	
R. Wallimann	✓	✓	✓	✓			✓				✓	✓	✓

## TIME (DAYS) SPENT BY DIRECTORS AT BOARD/COMMITTEE MEETINGS AND ON COMPANY RELATED MATTERS

2017 Meetings	Board <sup>3</sup>	Audit Committee	Compensation Committee	Others	TOTAL DAYS 2017
G. Achermann	8	4	5	100	117
T. Straumann	7		3	36	46
M. Bourquin <sup>1</sup>	5		3	21	29
S. Burckhardt	8	5		12	25
R. Hess <sup>2</sup>	2	1		2	5
U. Looser	8		5	12	25
B. Lüthi	8	5		10	23
R. Wallimann <sup>1</sup>	6	4		21	31

1 As of AGM April 2017.

2 Until AGM April 2017.

3 Incl. one telephone conference.

### **OTHER ACTIVITIES AND VESTED INTERESTS**

None of the Directors had any significant business connections with Straumann Holding AG or any of its subsidiaries in 2017.

Unless stated in their CVs or in the table 'Material Memberships' (p. 109 f.), none of the Directors:

- Performed any activities in governing or supervisory bodies of significant foreign or domestic organizations, institutions or foundations under private or public law
- Held any permanent management or consultancy position for significant domestic or foreign interest groups
- Held any official function or political post.

### **PERMITTED MANDATES OUTSIDE STRAUMANN (PURSUANT TO ART. 12 OAEC)**

Art. 4.4 of Straumann's Articles of Association states that no member of the Board of Directors may perform more than 15 additional mandates (i.e. mandates in the highest-level governing body of a legal entity required to be registered in the Commercial Register or in a corresponding foreign register) in commercial enterprises, of which no more than five may be in listed companies.

The following are exempt from these restrictions:

- Mandates in enterprises that are controlled by the Group
- Mandates in enterprises that are performed at the instruction of the Group
- Mandates in associations, organizations and legal entities with a public or charitable purpose, and in foundations, trusts, and employee pension funds; no member of the Board of Directors may perform more than ten such mandates.

Mandates in several legal entities under common control or under the same economic authority are deemed as one mandate.

### **OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS**

The Board of Directors meets for one-day meetings at least four times a year and as often as business requires. In 2017, the full Board held seven meetings including one telephone conference, while the Audit Committee and the Compensation Committee each met five times (see the table on p. 111).

The CEO and CFO generally participate in Board meetings and are occasionally supported by other EMB members. Dr Andreas Meier, General Counsel of the Group, is responsible for the minutes.

The Board of Directors consults external experts on specific topics where necessary.

The Board of Directors is responsible for the strategic management of the company, the supervision of the EMB and the financial control. It reviews the company's objectives and identifies opportunities and risks. In addition, it decides on the appointment and/or dismissal of members of the EMB.

The Board of Directors also provides mentoring to the Executive Management. This aims to provide executives with an experienced sparring partner/coach and a sounding board for testing ideas and seeking qualified independent opinions.

The Board of Directors has the following specific tasks and duties:

- To approve the Group's vision, behaviours and strategy
- To determine the principal organization and processes of the Group
- To approve the Group's strategic plan, financial medium-term plan and annual budget
- To approve the semi-annual financial statements
- To approve the Annual Report, the Compensation Report and the Annual Financial Statements and submit them to the AGM
- To prepare and approve the agenda of the AGM and to implement its resolutions
- To appoint and dismiss the CEO and the members of the EMB
- To decide on the proposal of the Compensation Committee regarding the compensation payable to Board members, the CEO and the EMB
- To supervise the EMB and approve important transactions.

The Board of Directors has a quorum if a majority of members is present. This does not apply to resolutions that require public notarization, which do not require a quorum. Valid resolutions require a majority of the votes cast. In the event of a tie, the Chairman of the meeting has the decisive vote.

#### **COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of Directors has an Audit Committee and a Compensation Committee, each consisting of no fewer than three Board members with relevant background and experience.

The members of the Compensation Committee are elected by the General Meeting for a term of one year. In the event of a vacancy in the Compensation Committee, the Board of Directors appoints the replacement from among its own members for the remaining term of office. The members of the Audit Committee are appointed by the Board of Directors. Both Committees constitute themselves and appoint their Chairman from among their members.

The Board of Directors may establish further committees or appoint individual members for specific tasks.

#### AUDIT COMMITTEE

Members: Dr Beat Lüthi (Chair), Sebastian Burckhardt and Regula Wallimann

The Committee's main tasks are to:

- Assess the management of financial and other risks and the compliance with risk-related procedures and other relevant standards
- Oversee the performance of the external auditors, assess the fees paid and assure their independence
- Oversee the activities of the internal audit function
- Review and discuss the financial statements with the CFO and with the external auditors and approve the quarterly statements for the first and third quarter of each financial year
- Review and assess processes and assumptions used for the financial planning and forecast cycles
- Review the funding, investing and management of liquid assets and propose profit distribution to the Board of Directors.

#### COMPENSATION COMMITTEE

Members: Ulrich Looser (Chair), Monique Bourquin, Dr. h.c. Thomas Straumann

The Committee's main tasks are to:

- Prepare the compensation report and submit it to the Board of Directors for approval and submission to the AGM
- Review the compensation principles for any compensation paid to the Board of Directors, the CEO and the EMB and submit them to the Board of Directors for approval
- Prepare proposals concerning the compensation of the Board of Directors, the CEO and the EMB and submit them to the Board of Directors for approval and submission to the AGM
- Establish the targets and target amounts of the short and long-term performance-based compensation components and determine the amount payable under the scheme

- Discuss the CEO's proposals for appointments to the EMB with the CEO and submit them to the Board of Directors for approval
- Assess candidates for the CEO role and submit a proposal to the Board of Directors for approval
- Prepare agreements concerning payments to a new CEO or EMB member according to Article 4.3 in the Articles of Association and submit them to the Board of Directors for approval
- Review the composition of the Board of Directors and make proposals in the context of a regular renewal, taking into consideration the representation of major shareholders, balanced skills, experience and diversity.

#### ASSIGNMENT OF RESPONSIBILITIES TO THE EXECUTIVE MANAGEMENT BOARD

The Board of Directors has delegated responsibility for the operational management and sustainable development of the Group to the Chief Executive Officer (CEO) and the other members of the Executive Management Board (EMB). For their specific responsibilities, see the chart on the right.

The Board of Directors has not delegated any management tasks to companies or persons outside the Group.

#### EXECUTIVE MANAGEMENT BOARD

The CEO and, under his direction, the other EMB members are responsible for the Group's overall business and day-to-day management. The EMB is also responsible for the implementation of strategic decisions and stakeholder management. The CEO reports to the Board regularly and whenever extraordinary circumstances so require. Each member of the EMB is appointed and discharged by the Board of Directors.

On 31 December 2017, the EMB comprised twelve members under the leadership of, and including, the CEO, Marco Gadola.

In May 2017, Patrick Loh joined Straumann as Executive Vice President Asia Pacific, taking over from Dr Alexander Ochsner, who assumed a new role in the Group as Executive Vice President Global People Management & Development. Due to its increasing strategic importance, this function has been included in the EMB. In August 2017, Mike Rynerson re-joined Straumann as Executive Vice President of the new Digital Business Unit.

#### EXECUTIVE MANAGEMENT BOARD

<b>CHIEF EXECUTIVE OFFICER</b> Marco Gadola
<b>SALES EUROPE</b> Jens Dexheimer
<b>DISTRIBUTOR &amp; EMERGING MARKETS EMEA</b> Wolfgang Becker
<b>SALES NORTH AMERICA</b> Guillaume Daniellot
<b>SALES ASIA/PACIFIC</b> Patrick Loh
<b>SALES LATIN AMERICA/CEO OF NEODENT</b> Matthias Schupp
<b>DENTAL SERVICES ORGANIZATIONS</b> Petra Rumpf
<b>CHIEF FINANCIAL OFFICER</b> Dr Peter Hackel
<b>CUSTOMER SOLUTIONS &amp; EDUCATION</b> Frank Hemm
<b>RESEARCH, DEVELOPMENT &amp; OPERATIONS</b> Dr Gerhard Bauer
<b>DIGITAL BUSINESS</b> Mike Rynerson
<b>GLOBAL PEOPLE MANAGEMENT &amp; DEVELOPMENT</b> Dr Alexander Ochsner

## MARCO GADOLA



### Chief Executive Officer

Swiss (born 1963)

**Career highlights:** Marco Gadola has a strong executive track record in a broad range of global businesses. He rejoined Straumann in 2013 as CEO, having previously served as Chief Financial Officer and Executive Vice President Operations from 2006 to 2008, when he left to pursue a career development opportunity at Panalpina, a world leader in supply chain management. Having started as Panalpina's Chief Financial Officer, he became Regional CEO Asia/Pacific in 2012, with overall responsibility for the regional business. Prior to his first term at Straumann, he spent five years at Hero, the Swiss-based international food group, where he was also CFO and responsible for IT and operations. Previously, he spent nine years at the international construction tool manufacturer Hilti, where he held a number of senior commercial/sales and finance-related positions in various countries. Before that, he worked for Sandoz International Ltd, as Audit Manager, and for Swiss Bank Corporation, Basel, in Corporate Finance.

**Qualifications:** Degree from Basel University in business administration and economics; various programs at the London School of Economics and at IMD in Lausanne.

**Other main activities:** Vice Chairman of the Board of Calida Group and head of its Audit Committee; member of the Board of MCH Group, Switzerland, and head of its Audit Committee; panel member of the Swiss-American Chamber of Commerce.

## DR PETER HACKEL



### Chief Financial Officer

Swiss (born 1969)

**Career highlights:** Peter Hackel rejoined Straumann in 2014, after three years at Oerlikon Industrial Group, where he was CFO of the global segment Oerlikon Drive Systems. He first joined Straumann in 2004 in a project management and business development role and rose to become Head of Group Controlling and member of the Corporate Management Group. Prior to Straumann, he spent three years at Geistlich Biomaterials, as Director of Marketing & Sales Orthopedics, and two years at McKinsey & Company as a consultant. Peter Hackel offers a valuable combination of financial and business expertise together with an analytical scientific background.

**Qualifications:** Master's degree and PhD in Biochemistry and Molecular Biology from the Swiss Federal Institute of Technology (ETH) in Zurich; studies in Business Administration at the University of Hagen in Germany.

## DR GERHARD BAUER



Head Research, Development & Operations

German (born 1956)

**Career highlights:** Gerhard Bauer is a seasoned executive with a broad international background in global operations. He has spent more than 30 years in the pharmaceutical and medical device industry in various leadership positions. Prior to joining Straumann in 2010, Dr Bauer held managerial positions at Nextpharma, a specialist company in the biotech industry, and Bausch& Lomb, a global leader in eye-care products. From 1992 to 2008, his career at Bausch& Lomb was distinguished by increasing responsibility and in 2006, he was appointed Head of Global Operations& Engineering and member of the Executive Team. From 1984 to 1992, he worked for Ciba Vision, a subsidiary of Novartis. He began his career in production at GlaxoSmithKline in 1983.

**Qualifications:** PhD and MSc in Pharmaceutics from the Institute of Pharmaceutics at the Ludwig-Maximilians-University in Munich; advanced degree in Pharmaceutical Technology from the Bavarian Chamber of Pharmacists.

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## WOLFGANG BECKER



Head Distributor and Emerging Markets EMEA

German (born 1966)

**Career highlights:** Wolfgang Becker began his professional career at Straumann in 1986 and held a series of managerial positions of increasing responsibility in the company's German subsidiary, becoming Head of Human Resources in 1991, Head of Marketing in 2000, and General Manager of Straumann Germany in 2001. He served on Straumann's Executive Committee as Head of Sales Europe from 2005 to 2006. Since then, he has been responsible for Straumann's business in Central and Eastern Europe, and headed the Group's distributor business from 2007 to 2008. He rejoined the Group's Executive Management Board as Head Sales Central Europe & Distributors EMEA in 2013.

**Qualifications:** Wolfgang Becker holds a number of business school diplomas including that of the St. Gallen Management Center.

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## GUILLAUME DANIELLOT



### Head Sales North America

French (born 1970)

**Career highlights:** Guillaume Daniellot's career began in hospital product management – initially at Coloplast and then at B. Braun, as an international business unit manager. He switched to the dental industry in 2001, joining Dentsply France, where he became Sales & Marketing Director. He joined Straumann in 2007 as Managing Director of Straumann France. Two years later, he transferred to Group Headquarters to become Head of Global Sales Digital Dentistry. Shortly afterwards he took over responsibility for Straumann's Prosthetic Laboratory Business Group, including global management of sales, marketing, product development, training and education. In both these roles, he was a member of the Corporate Management Group. He joined Straumann's Executive Management Board as Head Sales Western Europe in 2013 and took on his current role in 2016.

**Qualifications:** Bachelor's degree in Physics from the University of Dijon; Masters in Marketing from FGE in Tours; Master's in Business Administration from ESC European School of Management, Paris.

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## JENS DEXHEIMER



### Head Sales Europe

German (born 1966)

**Career highlights:** Jens Dexheimer is responsible for the Group's European region. In previous positions, he successfully managed Straumann's business in Germany, the Group's largest European market, and Iberia. In 2016, he was made responsible for Western Europe and joined the Executive Management Board.

He moved to Straumann in 2010 from Wella/Procter & Gamble, which he joined in 1996 and where he rose through various international roles of increasing responsibility from regional Human Resources management to country, divisional and regional leadership. He began his career in the consumer goods industry with Benckiser in Germany.

**Qualifications:** Degree in Economics from the State Vocational Academy in Mannheim; Masters' Degree from Mainz University; Executive Development Program at Kellogg University in Chicago.

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## FRANK HEMM



### Head Customer Solutions & Education

Swiss (born 1970)

**Career highlights:** Frank Hemm's career began in management consulting with Andersen Consulting and McKinsey, focusing on business process re-engineering and strategic management consulting. He joined Straumann in 2004 and was initially responsible for Corporate Business Development & Licensing. He was appointed Head of Sales, Western Europe in 2007 and became a member of the Corporate Management Group. A year later, he took responsibility for the Asia/Pacific Region based in Singapore, where he established and built up Straumann's regional headquarters.

In addition to leading the integration and turnaround of the acquired distributors in Japan and Korea, he also expanded Straumann's presence in China. In 2012, Mr Hemm joined the Executive Management Board as Head of EMEA and LATAM and moved to his current role in 2013.

**Qualifications:** Master's degree in Economics from St. Gallen University; Master's in Business Administration from Kellogg Graduate School of Management in Chicago.

## PATRICK LOH



### Head Sales Asia/Pacific

Malaysian (born 1967)

**Career highlights:** Patrick Loh joined the Straumann Group in his current role in May 2017. He came from Haemonetics Corporation, a global provider of blood and plasma supplies and services, where he had been President of the Asia Pacific region and a member of the Corporate Operating Committee since 2014. His career spans almost thirty years in the medical device, biotech and pharmaceutical sectors with multinational companies including Thermo Fisher Scientific, Kinetics Concepts and B.Braun. Having begun in product management, he rose through general country management to regional leadership, establishing a strong track record of commercial success and strategic business growth. Having spent most of his career based in China, he has a deep knowledge of the APAC markets and is fluent in Mandarin, Malay, Indonesian and Cantonese, which is his mother tongue.

**Qualifications:** Studies in Marketing in Malaysia; Executive MBA from Olin Business School, USA.

## DR ALEXANDER OCHSNER



### Head Global People Management & Development

Swiss (born 1964)

**Career highlights:** Alexander Ochsner is a seasoned executive with extensive international experience in the medical device industry, having spent more than a decade in senior managerial roles at the top of the dental implant industry. Before moving to the dental industry, he held managerial positions in marketing/sales at Medtronic and Medela.

From 2002 to 2008, he worked for Zimmer Dental, where he was Vice President Europe & Asia/Pacific and a member of the Divisional Executive Team. From 2008 to 2012, he worked for Nobel Biocare, where he was Senior Vice President & General Manager EMEA and member of the Executive Committee. He joined Straumann in September 2012 as Executive Vice President Sales APAC and moved into his current role in May 2017.

**Qualifications:** MSc in natural sciences and PhD from the Swiss Federal Institute of Technology (ETH) in Zurich.

## PETRA RUMPF



### Head Dental Service Organizations

German (born 1967)

**Career highlights:** Petra Rumpf has a strong executive track record in the dental implant industry and 20 years' experience in growth management, e-commerce, operational turnaround, strategy and mergers & acquisitions. She worked for Nobel Biocare from 2007 to 2014, where she was Member of the Executive Committee and responsible for Corporate Development and M&A, global e-commerce, clinical training & education, and distributor business development. She also managed the successful initiation of the Foundation for Oral Rehabilitation (FOR), which is globally active in science, education and humanity. During her last three years with Nobel Biocare, she was also responsible for AlphaBio Tec. Previously, she spent 16 years at Capgemini Consulting, where she became Vice President Strategy & Transformation Consulting. She joined Straumann in 2015 as Executive Vice President, Head Intradent Management & Strategic Alliances and moved into her current role in 2017.

**Qualifications:** Bachelor's degree in economics from the Trier University; MBA from Clark University, USA.

## MIKE RYNERSON



Head Business Unit Digital

American (born 1970)

**Career highlights:** Prior to rejoining Straumann in 2017 in his current role and as a Member of the Executive Management Board, Mike Ryneron was CEO of Dental Wings for almost four years, during which the company has almost tripled its revenue and profit. Previously, he spent five years at Straumann in Project Management, Business Development & Licensing, Intraoral Scanning Distribution, and finally as Head of Straumann's 'Dental Service Group' and Executive Liaison to Dental Wings. Prior to joining Straumann, he co-founded and held several managerial and executive positions in companies and start-ups in the field of 3D printing and CAD/CAM.

**Qualifications:** Master's Degree in Mechanical Engineering from Massachusetts Institute of Technology (MIT); MBA from the Olin School of Business, USA.

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## MATTHIAS SCHUPP



Head Sales Latin America, CEO of Neodent

German (born 1964)

**Career highlights:** Matthias Schupp joined Straumann from Procter & Gamble in 2007 as Regional Manager, Western Europe. In 2013, he was appointed Head of Sales LATAM and joined the management of Neodent, of which he became CEO early in 2015. He joined Straumann's Executive Management Board at the beginning of 2016. Mr Schupp has a strong track record in country and regional management in various industries. He began his career in marketing and customer service with Merck KGaA, the German pharmaceuticals, fine chemicals and diagnostics company, and rose through country management to the position of Regional Manager Latin America and USA. He moved to Wella in 2000 as Managing Director of the business in Russia and became Managing Director Professional Care Portugal in 2004, following the acquisition of Wella by P&G.

**Qualifications:** Graduated from the German/Brazilian High School in Rio de Janeiro; on-the-job training in Management and Business Administration through professional development programs at Merck and P&G.

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### **OTHER ACTIVITIES AND VESTED INTERESTS**

Marco Gadola is Vice President of the Board of Directors of Calida Holding AG, Switzerland, and is a member of the Board of Directors of MCH Group, Switzerland. In addition, he is a panel member of the Swiss-American Chamber of Commerce.

Frank Hemm is a member of the Board of Directors and Board of Trustees of the independent academic network International Team for Implantology (ITI). Under a collaboration agreement, Straumann supports the ITI with payments (see Note 28 of the Audited Consolidated Financial Statements on p. 186).

Patrick Loh is an independent board member of the China-based company Haier Biomedical Co. In addition, he succeeded Alexander Ochsner in 2017 as an advisor of the Essence & DM Dental Industry Investment Partnership, a private equity fund addressing the dental sector in China, which Mr. Loh chairs.

Other than these, no member of the EMB:

- Performed any activities in governing or supervisory bodies of significant foreign or domestic organizations, institutions or foundations under private or public law
- Held any permanent management or consultancy function for significant domestic or foreign interest groups
- Held any official function or political post.

### **PERMITTED MANDATES OUTSIDE STRAUMANN (PURSUANT TO ART. 12 OAEC)**

Art. 4.4 of Straumann's Articles of Association states that no member of the EMB may perform more than five mandates (i.e. mandates in the highest level governing body of a legal entity required to be registered in the Commercial Register or in a corresponding foreign register) in commercial enterprises, of which no more than two may be in a listed company. The following are exempt from these restrictions:

- Mandates in enterprises that control the Group or are controlled by the same
- Mandates in enterprises that are performed at the instruction of the Group
- Mandates in associations, organizations, and legal entities with a public or charitable purpose, and in foundations, trusts, and employee pension funds. No member of the Executive Management may perform more than three such mandates.

Mandates in several legal entities under common control or under the same economic authority are deemed as one mandate.

#### **MANAGEMENT CONTRACTS**

The Board of Directors and the EMB have not delegated any managerial powers to persons or companies outside the Group.

#### **INTERNAL MANAGEMENT DEVELOPMENT**

The Group continued its Strategic Management Development (SDM) process to develop and deploy key talent internally, in order to build a strong succession pipeline. The goal is to fill a majority of business-critical and key management positions with internal candidates. The scope was broadened to include Strategic Management and their direct reports across the globe as well as other business-critical roles (e.g. salesforce) and the target was achieved again in 2017.

#### **COMPENSATION, SHAREHOLDINGS AND LOANS**

The compensation and equity holdings of the Board of Directors and the EMB and their related parties are disclosed in the Compensation Report on p. 144 and in the audited financial statements in Notes 3.3 and 4 on p. 201.

#### **CHANGES OF CONTROL AND DEFENSE MEASURES**

The Articles of Association of Straumann Holding AG do not contain provisions for opting out or opting up. There are no change-of-control clauses included in agreements and schemes benefiting members of the Board of Directors or the Executive Management Board or other management staff.

#### **INFORMATION AND CONTROL MECHANISMS FOR THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT BOARD**

##### **MANAGEMENT INFORMATION SYSTEM**

The Group's Management Information System encompasses management, business and financial reporting. The information is provided to the Executive Management Board once a month and to the Board of Directors as a monthly summary and in detail on a quarterly basis.

Straumann operates a state-of-the-art SAP enterprise resource planning system, which covers 90% of all business transactions of the Group's fully consolidated entities. With the exception of the Brazilian subsidiary, Neodent, the system links all other major subsidiary companies and

production sites directly with Group headquarters. This greatly reduces the potential for error or fraud, and it enables the Executive and Senior Management to monitor local processes and related figures directly, in detail and in real time. Neodent is integrated in the Group's reporting system but not yet in SAP.

#### **INTERNAL CONTROL SYSTEM**

The Group's Internal Control System (ICS) is a key instrument for designing business processes, measuring progress towards financial goals and addressing potential financial issues before they occur. It also supports the design of business processes in order to achieve the desired level of control in terms of efficiency and effectiveness.

The company's approach is to ensure that internal controls are accurate, timely, robust, and receive appropriate management attention in each respect. To achieve this, dedicated control templates are used for each business process to address major risks. The templates are continuously improved.

In addition, each entity (sales affiliate, production site or global function) has a designated, trained person or team that is ultimately accountable for the assessment undertaken and the decisions arising from it. Clear benefits of the Internal Control System include enhanced segregation of duties, increased control consciousness and higher awareness of potential risks and their consequences.

The ICS program is coordinated by the Group CFO, who meets with the external auditors on a regular basis to discuss the status of internal control issues and the status of remediation of control deficiencies. Internal controls are evaluated annually by the external auditors and by Internal Audit according to an agreed program.

#### **INTERNAL AUDIT**

The role of the Group's Internal Audit function is to provide independent assurance to the Board of Directors that the key risks of the organization are under control and to support Management in ensuring compliance, operational efficiency and control effectiveness across the Group.

Having considered and reviewed alternative set-ups, the Audit Committee approved a proposal by the Chief Financial Officer (who is also the Chief Risk Officer) to mandate KPMG with the Internal Audit function at Straumann. With effect of July 2017, a highly experienced team at KPMG in Basel complemented by local KPMG offices with specific local language skills and expertise has been conducting the Internal Audits on behalf of the Audit Committee. This approach is cost effective and provides access to best-practice processes in other industries.

In 2017, four internal audits were performed at global and local levels according to the audit program approved by the Audit Committee of the Board of Directors.

#### CORPORATE RISK MANAGEMENT

The Board of Directors is responsible for the overall supervision of risk management and uses the Internal Audit function to this end. The Board has delegated the task of risk management to the Chief Risk Officer (CRO). Through its Audit Committee, the Board assesses and discusses risks on a regular basis in consultation with the CRO and/or the relevant members of senior management (see p. 60 f.).

#### EXTERNAL AUDITORS

The Shareholders' General Meeting elects and appoints the Group's external auditors on an annual basis. In April 2017, Ernst& Young AG, Basel, was re-elected as auditor of Straumann Holding AG for a fourth term of one year. The auditor in charge is Daniel Zaugg, Swiss Certified Public Accountant, who took over the mandate in 2014. The current cycle for Daniel Zaugg finishes in 2020.

The Board of Directors supervises the external auditors through the Audit Committee, which met five times in 2017. The external auditors participated in two of these meetings, to discuss the scope, the audit plan and the auditors' conclusion of the financial report. Details of the instruments that assist the Board in obtaining information on the activities of the external auditors are on p. 124.

The worldwide fees paid to the auditors are outlined in the table on the right.

#### INFORMATION POLICY

Straumann is committed to a policy of open, transparent and continuous information. In accordance with the rules of the SIX Swiss Exchange, Straumann publishes detailed sales figures on a quarterly basis as well as annual and half-yearly reports. Detailed information is provided at the

WORLDWIDE FEES	(in CHF 1000)	
	31 Dec 2017	31 Dec 2016
Total audit fees	931	815
Tax consultancy	0	0
Legal	0	0
Transaction services	421	61
Other services	42	25
Total non-audit fees	463	86
<b>TOTAL</b>	<b>1 394</b>	<b>901</b>

Shareholders' General Meeting, and the minutes are published on the company's website. Where necessary or appropriate, the Group also publishes additional information on significant events. The CEO, CFO, the Head of Corporate Communications & Investor Relations are responsible for communication with investors and representatives of the financial community, media and other stakeholders.

In addition to personal contacts, discussions, and presentations in Europe, North America and Asia, Straumann held four quarterly financial results conferences for the media and analysts in 2017, two of which were teleconferences. On average, each event was attended by more than 70 participants on-site or by conference call. The conferences were transmitted via audio webcast and/or traditional conference call. In addition, Straumann's CEO and CFO attended 2 sector-specific and 6 general equity conferences.

As in the prior year, the company organized corporate governance meetings with the Chairman and the Head of Compensation Committee and conducted video conference roadshows in order to reduce carbon emissions and travel expenses.

Research analysts from 19 banks/national institutions cover developments at the Straumann Group and are listed in the 'Investors' section of the Straumann corporate website (see link to Analyst coverage on p. 214).

Apart from this, the Group frequently publishes media releases, briefing documents, and videos, which are archived and available at [www.straumann-group.com](http://www.straumann-group.com) > Media relations. The company offers a media release subscription service via its website and takes care to ensure that investor-relevant releases are circulated broadly and in a timely manner according to the rules of the SIX Swiss Exchange and with due regard for the principles of fair disclosure. The company does not update its releases, reports and presentations, which means that the information they contain is only valid at the time of publication. The Group advises against relying on past publications for current information.

## ANNUAL REPORT & COMPENSATION REPORT

The Group's Annual Report is a key instrument for communicating with various stakeholder groups. It is published electronically in English on the company's website, where it can also be downloaded. Summaries in English and German are printed. The Compensation Report is issued as part of the Annual Report and can be downloaded at [www.straumann-group.com](http://www.straumann-group.com) > Annual Report 2017.

## MEDIA USED FOR REPORTING PURPOSES

The company's website is [www.straumann-group.com](http://www.straumann-group.com). The company's journal of record is the 'Schweizerisches Handelsamtsblatt' (SHAB – Swiss Official Gazette of Commerce).

Subscriptions to the e-mail distribution service (according to Art. 8 of the Directive Ad hoc Publicity, DAH) can be made at [www.straumann-group.com](http://www.straumann-group.com) > Investor information > IR Contacts & services. Information according to Art. 9 DAH can be found on [www.straumann-group.com](http://www.straumann-group.com) > Media relations.

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## CALENDAR

Straumann's calendar of planned reporting dates is updated on the company's website at [www.straumann-group.com](http://www.straumann-group.com) > Investor information > Investor calendar.



In 2017, Straumann's 2016 Annual Report ranked third overall in the prestigious Swiss HarbourClub/BILANZ ratings, outranking some of the world's largest companies. Our Annual Report has consistently featured among the Top 10 in the BILANZ/HarbourClub ratings for more than a decade.

# COMPENSATION REPORT

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## Letter from the Compensation Committee Chairman

Dear Shareholder,

This report provides a comprehensive overview of the Straumann Group's compensation principles, practices and delivery framework. It also provides information on the compensation of the general staff, management, the Executive Management Board (EMB) and the Board of Directors and conforms with the Swiss Code of Best Practice for Corporate Governance, and Swiss law.

Our compensation system seeks to promote sustainable high performance using principles that are designed to:

- Align the interests of our people with those of our shareholders
- Support our attractiveness as a global employer, helping us to recruit and retain an engaged workforce
- Encourage entrepreneurship, above-market performance, accountability and value creation
- Bring out the best in each of our colleagues in line with our Cultural Journey objectives.

To ensure that we remain competitive as an employer, we regularly draw benchmark comparisons with a peer group, which is evolving as we expand. We continued this practice in 2017 and are extending it to the companies we have recently acquired.

### CHANGES IN 2017

The need for organizational speed, agility, and adaptability to win in today's fast-changing market place have led us to move away from hierarchical organizational structures toward a more team-centered model, while maintaining the overall compensation level. We therefore stopped using individual targets in 2017 as a determining factor for the Short-Term Incentive (STI) program, which is now determined by the achievement of company and/or financial targets. Apart from this, there were no significant modifications to the compensation system in 2017.

As part of the option plan, which finished in 2011, tradable options (non-tradable for participants outside Switzerland) were granted with a term of six years and a two-year vesting period. All outstanding options expired at the end of 2017. No options have been granted since.

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**To foster a more team-centered mindset, we stopped using individual targets in the Short-Term Incentive Program.**

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## 2017 PERFORMANCE AND COMPENSATION

On top of strong results in the prior two years, the Group delivered an excellent performance in 2017 – both in absolute and relative terms – and clearly outpaced the global market. Despite the competitive environment, the Group succeeded in expanding its underlying EBIT-margin in 2017 by 90 base points to 26%, which was achieved thanks to double-digit organic revenue growth, high capacity utilization and efficiency gains. At the same time, the Group made strong progress with all of its strategic priorities.

Both the company target and the financial targets for the short-term incentive were significantly exceeded, resulting in a bonus payout above target for all eligible employees. Thanks to the focus on strong fundamentals, the 3-year objectives of total shareholder return were again overachieved, yielding the capped maximum payout for the long-term incentive target for Senior Management.

## LOOKING AHEAD

In 2018, Straumann aims to reinforce the link between performance and compensation throughout the organization by adopting a ‘Total Reward’ approach. The Compensation Committee will focus on ensuring that this approach supports and facilitates the Group’s efforts to sustain a high-performance culture, in addition to enabling us to recruit and retain the best talent. In this context, we will continue to conduct and extend the benchmark analysis to other levels of the organization. Compensation and total reward will be reviewed in recently consolidated companies and benchmarked to the relevant competitive markets and the Group’s standards. Deviations will be addressed in the annual salary review.

In 2015, the senior and executive management in Switzerland agreed to forfeit their long-term incentive to help mitigate the impact of the sharp appreciation of the Swiss franc against most currencies. As a result, only one member received a reduced grant to compensate for a lower than benchmark grant in the previous year. This is the only 2015 EMB long-term incentive grant that will vest in 2018. Compensation increases in 2018 will be linked to structural adjustments, or will compensate for high inflation in specific countries. These approaches will be implemented carefully and with due regard to local developments as well as our ambition to remain a competitive employer.

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**The company objectives were significantly exceeded, resulting in bonus payouts above target.**

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On behalf of the Board and our shareholders, I would like to thank our staff for their commitment and achievement. I would also like to thank the shareholders and the Board for their confidence in the Compensation Committee, and the management team for their constructive approach to the dialog in 2017.

A handwritten signature in black ink, appearing to read 'Ulrich Looser'.

Ulrich Looser

Chairman of the Compensation Committee

## COMPENSATION PRINCIPLES

The compensation principles outlined below are valid for all employees working for consolidated Straumann Group companies.

### ETHICAL, FAIR STANDARDS

We are committed to fair and equal treatment of all our employees and seek to be in full compliance with international labour standards. Compensation is not influenced by gender, and local minimum wage regulations have no bearing on our compensation policy, as our compensation clearly surpasses them. Our commitment to these standards is satisfied by using benchmark data that does not contain demographic information and by periodic internal reviews to ensure compliance with to statutory regulations and internal principles.

### VALUE CREATION DRIVES COMPENSATION

The Straumann Group's view is that success depends largely on the quality and engagement of the employees. A modern compensation system is an important instrument for attracting, retaining and motivating talented people. Straumann's compensation system takes these factors into account in that it:

- Offers competitive compensation packages by conducting regular benchmarking
- Fosters a high-performance culture that differentiates and rewards above-average performance, both in the short and long term
- Links variable long-term compensation to value generated by the Group over the long term, based on shareholder expectations
- Provides employees with access to benefits that recognize diversity in our people and create sustainability in local markets
- Is periodically reviewed by the Compensation Committee.

### COMPREHENSIVE BENCHMARKING

Straumann's policy is to pay employees, the EMB and the Board of Directors a base compensation that is close to the median of comparable companies. In addition, the variable compensation elements are set to enable the overall compensation to move towards the upper quartile for outstanding performance.

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**Our compensation system fosters a high-performance culture that differentiates and rewards above-average performance.**

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Benchmark reviews for the EMB are conducted externally and include market analyses by industry specialists. Bespoke benchmarks include a peer group of comparable companies in various industries selected according to the following criteria:

- Comparable size, scope and business complexity
- Comparable geographic footprint
- Companies with whom we compete for talent.

For the remainder of the employee base, Straumann uses internal expertise and the services of the independent adviser Mercer to benchmark compensation levels against relevant peers to monitor pay trends. The peer group used for the analysis is a mix of medical device, life science and other industry-standard companies and may include other peers as appropriate, depending on the function and geography of our employee base. When Straumann engages in merger and acquisition activities, we review significant compensation deviations from our compensation principles and ensure that they are addressed in the Annual Salary Review.

#### COMPENSATION PRINCIPLES OF THE EXECUTIVE MANAGEMENT BOARD

The principles for the compensation of the EMB specify both a fixed cash component, which includes base salary and other fixed compensation items, and a variable component (see Articles of Association – AoA, 4.2), which includes the aforementioned STI and LTI.

The compensation of each member of the EMB is determined according to role and responsibilities and is based on external benchmarks and internal fairness. Additionally, to ensure alignment with our stakeholders, we regularly engage in open dialogue with key shareholders, proxy advisors and influential stakeholders to check alignment with best practices and, if necessary or appropriate, to improve our compensation system and/or our reporting. Based on the outcome of several such meetings in 2017, we have increased transparency by stating retrospective goals and by voting on the maximum level of compensation.

If there are changes in the EMB subsequent to the AGM, the following apply:

- The total compensation (at target) of a new CEO shall not exceed 140% of the compensation paid to the departing CEO.
- The total compensation of any other incoming member of the EMB shall not exceed 140% of the average compensation paid to EMB members (excluding the CEO).

---

**We have increased transparency  
by stating retrospective goals.**

---

- In addition, and as defined in the AoA, incoming EMB members may receive compensation to offset any losses of valuable rights associated with giving up their prior activities. The amount of this compensation may not exceed CHF 1 000 000 for a CEO or CHF 500 000 for other members (see Art. 4.3 AoA).

#### **COMPENSATION PRINCIPLES OF THE BOARD OF DIRECTORS**

According to the AoA, the compensation of the Board of Directors must be approved by the AGM and consists of a fixed compensation component only, which is paid in cash and shares (Art. 4.1 AoA). The Board of Directors establishes the compensation payable to its members based on the recommendations of the Compensation Committee, and within the limits approved by the AGM.

Between 33 and 50% of the compensation is paid in undiscounted shares, which are blocked for two years. In addition to shares allocated as part of their compensation, each member of the Board of Directors is required to hold shares in the value of at least two years' total annual compensation, to demonstrate commitment to the value creation of the Group. New Board Members are expected to build up the required shareholding within two years.

In addition to participating in Board and Committee meetings all Board members regularly visit international customers with sales representatives, attend international congresses and go on field trips to important markets. All the Board members are active mentors to the EMB and have regular one-to-one exchanges with their assigned mentees.

Irrespective of role, all members of the Board of Directors are entitled to reimbursement from the company for their reasonable expenses for travel to and from Board meetings, or on behalf of the Board, and other related incidental expenses, in accordance with the expense regulations for Members of the Board of Directors of Straumann Holding AG.

## COMPENSATION GOVERNANCE AND REGULATION

### COMPENSATION COMMITTEE

The Board of Directors nominates the members of the Compensation Committee for election by the AGM. The Committee is entrusted with the design of the compensation system for the Board of Directors and the EMB. It reviews the compensation principles and programs annually and evaluates remuneration against relevant benchmarks and other related criteria. The Committee reports to the Board of Directors on its views regarding compensation practices as well as on the compensation of the EMB at least once a year and proposes changes when necessary.

Further information on the duties of the Compensation Committee can be found on p. 114 f. in the section on Corporate Governance.

In 2017, Monique Bourquin joined the Compensation Committee to replace Beat Lüthi, who moved to the Audit Committee.

The Compensation Committee met five times with all its members present. The focus was to review the aptness of our fundamental compensation elements. The Chairman of the Board and the CEO participated in all the meetings except during discussions concerning the evaluation and determination of their own compensation. The topics discussed by the Compensation Committee during 2017 covered:

- Group, CEO, and EMB performance review
- Global benchmarking
- Incentive system
- Compensation reports
- Compensation of new EMB members
- 2017 target framework
- Annual salary reviews and development plan
- Total reward system.

### COMPENSATION

#### RECOMMENDATIONS & DECISIONS

Recipient	Compensation recommended by	Compensation decided by
Chairman of the Board	Compensation Committee/ Board of Directors	AGM
Board Members		
CEO	Chairman of the Board/ Compensation Committee/ Board of Directors	
Executive Management	CEO/Compensation Committee/ Board of Directors	
Senior Management	EMB	CEO
Management and staff	Line Management	EMB

## REGULATION

The Swiss Ordinance against Excessive Compensation (OaEC) is fully reflected in Straumann's compensation schemes for the EMB and Board of Directors and in the Articles of Association (AoA). The AoA do not allow for loans, advances or credits to any member of the EMB, the Board of Directors, or related parties. Straumann's compensation schemes and AoA are publicly available on our website at [www.straumann-group.com](http://www.straumann-group.com) > Investor information > Corporate governance.

## AGREEMENTS WITH THE BOARD OF DIRECTORS AND EMB

Agreements with members of the Board of Directors regarding their compensation and with members of the EMB regarding their employment may be temporary or permanent. Temporary agreements have a maximum term of one year, with the possibility of renewal, while permanent agreements have a notice period of no more than 12 months. Non-compete clauses are permissible. Compensation may be paid as indemnity for non-compete clauses. In such cases, the compensation must not exceed the last annual total compensation paid to the individual and may not be paid for more than one year (see Art. 4.5 AoA).

## GROUP COMPENSATION FRAMEWORK

The Compensation framework for the Group remained the same in 2017 as in 2016 with the only change being the removal of individual performance objectives in relation to the Short-Term Incentive as mentioned on p. 138 f.

### FIXED COMPONENTS

In 2017, the fixed compensation elements included the following:

- Base salary
- Pension plans (depending on local practices and regulations)
- Other benefits (depending on local practices and regulations).

#### BASE SALARY

Straumann employees receive a fixed salary based on:

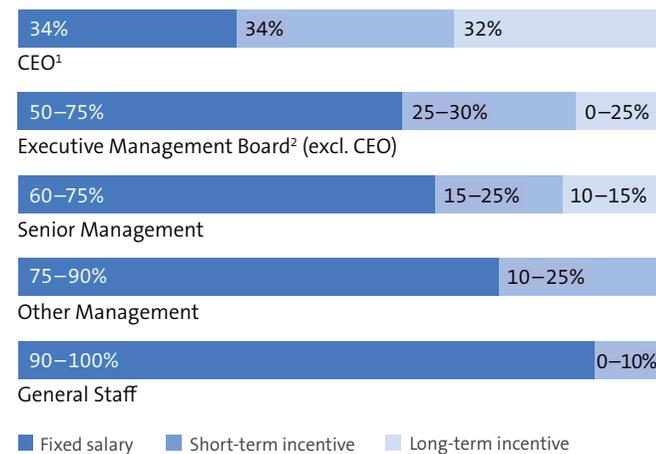
- Job profile
- Experience and skills
- External comparisons
- Internal fairness
- Place of work and local regulations
- Strategic importance of the position.

#### PENSION PLANS

Internal analyses carried out in recent years showed that Straumann and its subsidiaries fulfil and, in some respects, exceed local legal requirements. In most cases, pension obligations are fully funded. Where this is not the case, liabilities are reported in the Annual Report following actuarial rules.

Further information on pension plans is provided in Note 20 to the audited consolidated financial statements on p. 182 ff. Information on pension fund risks is also provided on p. 66 in the Risk Analysis.

## PAY MIX CORRIDOR (AT-TARGET ACHIEVEMENT)



1 At target, the variable compensation (incl. STI and LTI) for the CEO will amount to 192% of base salary.

2 At target, the variable compensation (incl. STI and LTI) for the EMB members will in average amount to 85% of base salary.

#### OTHER BENEFITS

Straumann's benefit programs are an integral part of total compensation and are designed to enable the Group to compete for and retain employees and managers. Benefits are structured to support our overall business strategy and are aligned with local practices and legislation. Examples of benefits include the Employee Share Participation Plan (ESPP), public transportation passes, lunch vouchers, the use of company cars, mobile phones, and concessions on Straumann products.

#### VARIABLE COMPONENTS

In 2017, the variable compensation components included one or more of the following:

- Short-term incentive
- Long-term incentive (Performance Share Plan).

In both cases, clear bonus payout limits are in place in case the target is exceeded.

#### SHORT-TERM INCENTIVE (STI)

The STI scheme is tied directly to profit generated by the Group and paid in cash. For some areas, additional specific financial performance criteria apply. Hence, the payout in 2017 was based on a combination of company performance and/or achievement of specific financial targets.

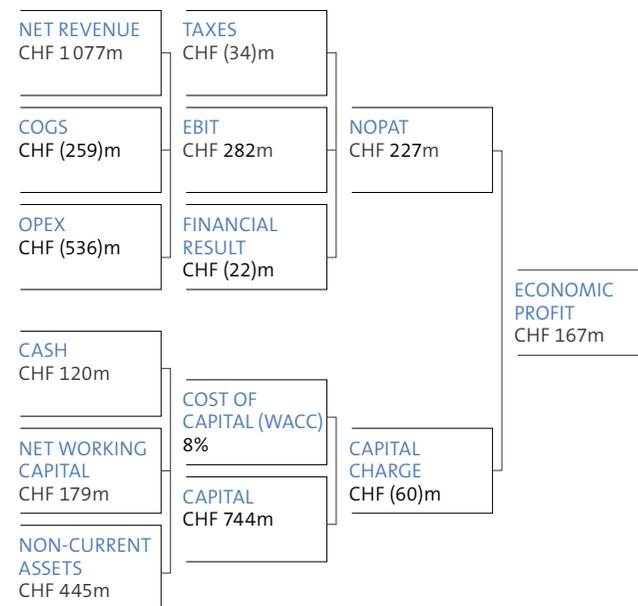
#### COMPANY PERFORMANCE

In general, economic profit (EP) is the key performance indicator in Straumann's STI scheme. The Board of Directors sets the absolute target for EP generation in Swiss francs annually prior to the respective performance cycle and based on medium-term business plans as well as the defined budget for the year of performance. The payout ranges from 0 to 200% of the target.

EP is calculated by deducting a capital charge from the net operating profit after tax (NOPAT). The Board of Directors may exclude extraordinary elements from the calculation of the EP. The capital charge represents the cost of capital calculated based on an average equity return expected by investors. This scheme builds the basis for our general bonus calculation model.

The main advantage of EP as a performance objective is that it goes beyond revenue growth and profitability increase and takes into account the resources used to achieve these increases and the resulting additional capital costs (see chart on the right).

#### COMPANY PERFORMANCE – 2017 ECONOMIC PROFIT (EP)<sup>1</sup>



NOPAT = Net operating profit after taxes; COGS = Cost of goods sold;  
OPEX = Operating expenses; EBIT = Earnings before interest and taxes.

1 Adjusted for acquisitions and taxes related to the sale of Treasury shares.

#### SPECIFIC FINANCIAL TARGETS

Specific financial targets are used for the following organizational units: Sales Regions, Customer Solutions & Education, Intradent Management, and Research, Development & Operations. The targets are derived from annual budgets and are set by the CEO and CFO together with the member of the EMB responsible for the respective organizational unit. In 2017, for example, improvements to contribution margin and to strategic key sales initiatives were set as specific financial targets for the Sales Regions while improvement to cost of goods sold was defined as a specific financial target for Research, Development & Operations.

#### WEIGHTING OF PERFORMANCE CRITERIA

In 2017, the weighting of the performance criteria (see table on the right) depended solely on company and/or financial targets. The potential payout for over-achievement remained the same in 2017, ranging from 160% to 190% for maximum achievement, for EP and financial objectives, as in 2016.

With the discontinuation of the individual target as a factor determining the STI, the individual component of the STI was split and moved to the company and financial components, based on the role, responsibility and level of the individual.

#### MEASUREMENT OF ACHIEVEMENT

As shown in the chart on the right, the scale for STI target achievement extends from 0% (Point A) to a maximum of either 150% or 200% and is based on a combination of the two curves which join four points: 0% (Point A), 100% (Midpoint), 150% (Point B1) and 200% (Point B2) which together result in the payout and over achievement potential.

#### LONG-TERM INCENTIVE (LTI)

The LTI program is designed for the EMB, Senior Management and other key employees depending on role, responsibility, location, strategic impact, and market practice. Participation is determined by the Board of Directors, who themselves are not eligible. The plan was introduced in 2012 and is designed to:

- Offer an attractive variable compensation element related to Total-Shareholder-Return and EBIT growth
- Align participants' interests with those of the shareholders.

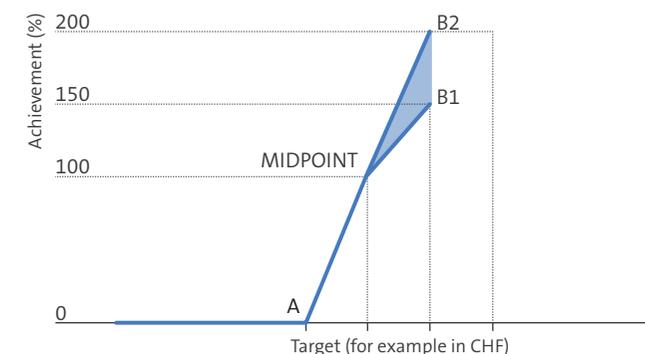
#### STI PERFORMANCE CRITERIA WEIGHT 2017

Management level	Company target <sup>1</sup>	Company target <sup>2</sup>	Financial target <sup>1</sup>	Financial target <sup>2</sup>
Chief Executive Officer	80%	20%		
Executive Vice President	40–80%	20%	0–40%	
Senior Vice President	20–40%	40–60%	0–40%	0–40%
Vice President	20–40%	40–60%	0–40%	0–40%
Management (Director, Senior Manager, Manager)	20–30%	0–70%	15–80%	0–70%
Staff	10–20%	0–80%	0–15%	0–80%

<sup>1</sup> Maximum payout 200%.

<sup>2</sup> Former individual target component; maximum payout 150%.

#### SHORT-TERM INCENTIVE TARGET ACHIEVEMENT (STI)



## GRANT

Participants in the plan are granted Performance Share Units (PSUs) entitling them to receive shares after a three-year vesting period. PSUs are granted once a year after the AGM. No cash investment is required from the participants. The number of PSUs granted is equal to the participant's LTI value divided by the fair value of one PSU at the grant date. The LTI target value is a percentage of the total target compensation, and is determined in accordance with the participant's role in the organization. In 2017 the total grant value amounted to CHF 5.301 million and 16 785 PSUs were granted.

## PSU VALUE AT GRANT

The value of the PSU's granted has been determined using a Monte Carlo simulation algorithm calculated by external specialists applying standard criteria including: grant date, vesting date, average reference price, performance targets, share price at grant, risk-free interest rate, expected volatility, expected EGA and expected dividend rate.

The design of the long-term incentive program includes the possibility for the PSU value at vesting to be higher or lower than the value at grant. We recognize that Straumann's performance in the past few years has created (and may continue to create) a high value for the vested PSU's, which is in line with our strategy of creating shareholder value.

## ALLOCATION OF SHARES

The PSUs vest at the end of the performance periods and are converted into shares. They can be forfeited if the individual leaves the Group before the vesting date, subject to discretion of the Board of Directors.

The number of shares allocated per PSU depends on the achievement of:

- An absolute Total-Shareholder-Return target, which is determined by the Board of Directors and is currently set at 7% per annum for the 3-year performance period. Performance against the TSR target is calculated using the average of the closing share prices over the period of seven trading days starting on the ex-dividend date in the year of grant and in the year of vesting. The achievement factor is capped at 200%. In 2016 and 2017, the Compensation Committee reviewed the TSR target and the impact of increasing it from 7% to 10%. The analysis resulted in the decision to maintain the 7% TSR target with the understanding that the maximum volume of PSUs granted is also reduced.

## PERFORMANCE SHARE UNIT OVERVIEW

	2017	2016	2015	2014
Grant date	21.04.2017	20.04.2016	22.04.2015	25.04.2014
Vesting date <sup>1</sup>	21.04.2020	20.04.2019	22.04.2018	25.04.2017
Share price at grant	CHF 483.00	CHF 336.00	CHF 262.50	CHF 184.00
PSU value at grant	CHF 315.83	CHF 306.84	CHF 208.06	CHF 152.33
Granted PSUs	16 785	14 520	7 586	30 063

<sup>1</sup> Seven trading days after the ex-dividend date.

## OUTSTANDING PERFORMANCE SHARE UNITS

	2017	2016	2015	2014
As of 1 January	45 606	76 799	99 810	79 138
Granted PSUs	16 785	14 520	7 586	30 063
Vested PSUs	(24 614)	(44 106)	(23 559)	0
Forfeited PSUs	(1 329)	(1 607)	(7 038)	(9 391)
Expired PSUs	0	0	0	0
As of 31 December	36 448	45 606	76 799	99 810

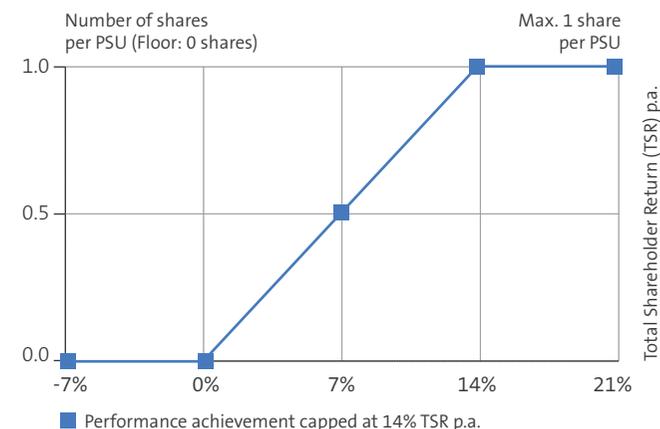
- A pre-defined EBIT Growth Amount, which is determined by the Board of Directors in advance for the three business years starting on January 1 of the year of the Grant. The achievement factor is capped as well at 200%. In line with the principle of fair disclosure, the EGA target is not published in advance. Both KPIs are weighted equally with 50%.
- For the 2014 PSU Grant (Performance Period 2014-2017) the Total Shareholder Return (TSR) target was 10%, with the floor at 0% and the cap for overachievement at 20%.

#### TOTAL SHAREHOLDER RETURN

TSR is the profit (or loss) realized by an investment at the end of a year or specific period. It includes capital gains or losses from changes in the share price as well as gross dividends. As shown in the chart on the right, the compensation model awards shares according to the number of PSUs allocated and the 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%.

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.

#### TOTAL SHAREHOLDER RETURN



EBIT GROWTH AMOUNT (EGA)

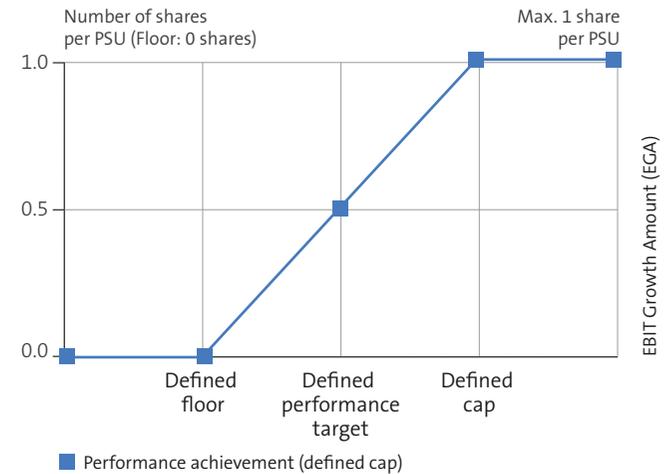
EGA is a total target EBIT growth amount over the full EBIT performance period determined by the Board of Directors at the time of grant. It is related to the three business years starting on January 1 the year of the grant (for example from 1 January 2017 until 31 December 2019).

The EBIT growth amount over the 3-year EBIT Performance Period ('Actual EBIT GA') is calculated as follows:

- Straumann Group EBIT growth over the EBIT Performance Period,
- Less EBIT of all businesses and participations acquired after the Grant Date during the EBIT Performance Period,
- Excluding all currency exchange effects,
- Considering all other specific calculation effects specified by the Board at the time of grant,
- Considering other adjustments decided by the Board at the time of calculating the Actual EBIT GA in order to compensate for unforeseen major effects that would impair the purpose of the plan.

At the end of the performance period, no shares will be allocated for a 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 a EGA which is the defined cap or more (capped at 200%). For a 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.

EBIT GROWTH AMOUNT (EGA)



## SUMMARY OF OVERALL COMPENSATION

### ELEMENTS OF TOTAL REMUNERATION

Element		Type	Description
Base salary		Fixed cash	<ul style="list-style-type: none"> <li>Fixed compensation, determined by scope and complexity of the role</li> <li>Generally within an 80–120% range of relevant market median</li> </ul>
Variable pay	Short-term incentives (STI—one year)	Cash	<ul style="list-style-type: none"> <li>For EMB, Senior Management and a broad group of employees, paid annually</li> <li>Two payout ranges: 0–150% and 0–200% of target</li> <li>Performance measured against business results and financial targets</li> </ul>
	Long-term incentives (LTI—three years)	Performance Share Units (PSUs)	<ul style="list-style-type: none"> <li>For the EMB and a defined Senior Management group</li> <li>Payout range: 0–200% of target</li> <li>PSUs with a 3-year vesting period; shares are allocated based on total shareholder return and EBIT growth amount over a 3-year period.</li> </ul>
Employee benefits		Fixed benefits	<ul style="list-style-type: none"> <li>Employee benefits are provided in line with local market practices</li> <li>Pension plans are de-risked in line with Group guidelines</li> <li>Benefits are positioned towards relevant market medians</li> </ul>
	Employee share participation plans (ESPP)	Blocked shares	<ul style="list-style-type: none"> <li>For all Swiss employees: Minimum purchase of 10 shares, maximum 1 000 shares, depending on hierarchy level.</li> </ul>

### EMPLOYEE SHARE PARTICIPATION PLAN

Employees in Switzerland have the opportunity to purchase Straumann shares for a 25% discount on the average share price over a period of seven trading days beginning on the ex-dividend day (see tables above and right). The shares are subject to a two-year blocking period and are dividend-bearing from the day of purchase. In 2017, the plan allowed for all employees in Switzerland to purchase shares from a minimum of 10 to a maximum of 1000, depending on their level in the organization. The shares required for this plan were held by the Group as Treasury shares. The Board of Directors is not eligible for this program.

### EMPLOYEE SHARE PARTICIPATION PLANS

	Employees participating	Shares issued	Discount share price at issue	End of blocking period
2017	140	12 636	CHF 361	April 2019
2016	86	8 754	CHF 254	April 2018
2015 <sup>1</sup>	86	4 653	CHF 196	April 2017

<sup>1</sup> The maximum number of purchasable shares was reduced by 50% as part of the cost management program in 2015.

## 2017 COMPENSATION

Overall, Straumann spent CHF 455 million on compensation, benefits and social costs in 2017, corresponding to an average of CHF 91 000 per employee (2016: CHF 94 000). The decreased average compensation can be attributed to expansion into countries where the average compensation levels of acquired companies is lower. Where necessary, structural adjustments were made to adapt salaries to benchmarks and for staff who took on new roles and/or increased responsibilities.

The company and financial targets for the STI were exceeded significantly, resulting in an above-target payout for all eligible employees. The three-year target for the PSUs that were awarded in 2014 and vested in April 2017 was clearly exceeded and resulted in a maximum achievement factor of 200%.

### COMPENSATION OF THE EXECUTIVE MANAGEMENT BOARD

At the 2017 AGM, the shareholders prospectively approved a fixed compensation of CHF 5.8 million for the collective EMB (as composed in April 2017) for the period between 1 April 2017 and 31 March 2018. The variable STI for the business year ending 31 December 2017 will be submitted for approval by the shareholders at the AGM in 2018. The table shows the compensation paid to the EMB in 2017 in accordance with the Ordinance against Excessive Compensation (OaEC). The compensation packages of the existing members of the EMB remained more or less unchanged in 2017 with regard to the fixed cash component, STI and other compensation.

The EMB's total remuneration was benchmarked in 2016 and adjusted appropriately in individual cases. No further adjustments were made in 2017, with the exception of Matthias Schupp, EVP LATAM, who became entitled to the LTI to bring his total remuneration package in line with the benchmark.

There were two new additions to the EMB in 2017. Patrick Loh was appointed EVP Sales APAC in May and Mike Rynerson joined as EVP Digital BU in August. Compensation of forfeited remuneration due to resignation from previous employment was paid in the total amount of CHF 290 183. In 2017, no compensation was paid to related parties of EMB members. None of the EMB received any compensation from the Straumann Group other than that disclosed in this report.

EXECUTIVE MANAGEMENT BOARD COMPENSATION (AUDITED TABLE) (in CHF 1000)

2017 2016	Annual base salary	Short-term Incentive	Performance Share Units (Grant value)	ESPP discount	Social security and pension	Other com- pensation & benefits <sup>2,3</sup>	TOTAL
Marco Gadola (CEO)	850 825	1 615 1 520	780 780	67 36	625 704	33 39	3 970 3 904
Other <sup>1</sup> members	3 760 3 390	3 568 3 027	1 521 1 282	150 93	1 578 1 426	1 131 917	11 708 10 135
Former members	49	27				486	562
<b>TOTAL</b>	<b>4 610</b> 4 264	<b>5 183</b> 4 574	<b>2 301</b> 2 062	<b>217</b> 129	<b>2 203</b> 2 130	<b>1 164</b> 1 442	<b>15 678</b> 14 601

- 1 Includes two new members of the EMB: Patrick Loh, EVP APAC (14.5.2017); Michael Rynerson, Global Head Digital Business (1.8.2017).
- 2 Other compensation includes auto lease for EMB members on a Swiss contract in addition to local benefits for EMB members in LATAM and the United States. The EMB expatriate in Singapore was repatriated in June 2017 and replaced by Patrick Loh, who is on a local contract.
- 3 2016 includes auto lease for EMB members on Swiss contracts in addition to local benefits in LATAM, the United States and Singapore.

COMPENSATION OF THE CEO

The Board of Directors sets short- and medium-term targets for the Executive Management Board annually. Given the rapid growth of the Straumann Group the total compensation is reviewed annually and benchmarked against data from external providers (e.g. Mercer), industrial companies comparable in business scope, global reach, overall size and complexity as well as the companies of the SMIM index. For example, over the past two years, the Group has entered new fields, acquired further brands, and has significantly broadened its geographic footprint and product portfolio. To cater for the strong sales growth, we have ramped up operations considerably and increased the global workforce by approximately 45%. The increase in scope, complexity and responsibility prompted an appropriate basic salary adjustment, which became effective in April 2016 and is shown on an annualized basis in the table above.

### CEO PERFORMANCE SCORECARD 2017

STI-related	LTI-related	Quantitative Measures	Weighting	Performance vs target	Target	Results <sup>1</sup>
✓		Economic Profit	52%	190%	100 % of Annual base salary	190 % cash payout
	✓	EBIT Growth (EGA)	24%	200%	0.5 PSU	1 share per PSU granted
	✓	Total Shareholder Return (TSR)	24%	200%	0.5 PSU	1 share per PSU granted

1 For STI results the STI at target is CHF 850 000. For LTI, the PSU grant value at target is CHF 780 000.

### SHAREHOLDINGS OF THE EMB

The shareholdings in Straumann shares of the members of the EMB who held office at the end of 2017 are shown in the table on p. 201.

The Straumann Group has created significant value for its shareholders over the past years. As a consequence the PSU grants awarded to the Executive Management Board in the LTI scheme have provided attractive payouts for the participants, as shown in the table below.

### VALUE CREATION

(in CHF 1 000)

	2017	2016	2015	2014
Market capitalization at beginning of year	6 312 000	4 795 000	3 939 000	2 615 000
Market capitalization at end of year	10 933 000	6 312 000	4 795 000	3 939 000
Value of PSU grant at vesting for EMB	6 789 <sup>1</sup>	8 353 <sup>2</sup>	2 571 <sup>3</sup>	0
Value of PSU grant at vesting for CEO	4 990 <sup>1</sup>	6 311 <sup>2</sup>	0	0

1 PSU Grant 2014.

2 PSU Grant 2013.

3 PSU Grant 2012.

### **COMPENSATION OF THE BOARD OF DIRECTORS**

The 2017 AGM approved a maximum total compensation for the Board of Directors of CHF 2.3 million for the term of office ending at the 2018 AGM. It consists of a fixed compensation paid in cash and shares. The proposed total amount includes social security charges and the fringe benefits disclosed in the Compensation Report. The composition of the Board did not change subsequent to the AGM in 2017. None of the Board members received any compensation from the Straumann Group other than that disclosed in this report. In 2017, no compensation was paid to related parties of members of the Board of Directors. In 2017, no payments to former members of the Board or related parties were made.

BOARD OF DIRECTORS COMPENSATION (AUDITED TABLE)

(in CHF 1000)

	2017 2016	Fixed cash compensation	Fixed share compensation	Social security	Other benefits	Pension	TOTAL
Gilbert Achermann (Chairman of the Board)		400 400	200 200	44 44	31 31	91 89	766 764
Thomas Straumann (Vice Chairman)		200 200	100 100	20 20			320 320
Monique Bourquin (joined BoD April 2017)		73	100	11			184
Sebastian Burckhardt		100 100	100 100	13 13			213 213
Ulrich Looser (Chairman of the Compensation Committee)		150 129	100 100	17 16			267 245
Beat Lüthi <sup>1</sup> (Chairman of the Audit Committee)		138 100	100 100	16 13			254 213
Regula Wallimann (joined BoD April 2017)		73	100	11			184
Roland Hess (left BoD May 2017)		38 150	0 100	4 16			42 266
Stefan Meister (left BoD May 2016)		63	38	5			106
TOTAL		1 172 1 142	800 738	136 127	31 31	91 89	2 230 2 127

1 Annualized effect due to appointment to Chairman of the Audit Committee in 2017.

The compensation of the Board of Directors is described in the table above. The Chairman of the Board of Directors continues to participate in the Straumann Pension plan, which is a defined contribution plan and is fully funded. This benefit is benchmarked as part of the total remuneration and is not a premium on top of the total compensation package.

## APPROVAL OF COMPENSATION

The AGM prospectively approves the maximum compensation payable to the Board of Directors for the term of office ending at the next AGM. Likewise, the AGM approves the maximum fixed compensation of the EMB prospectively for the period commencing on 1 April and ending on 31 March of the next calendar year. The variable short-term components of the EMB's compensation are approved retroactively for the business year preceding the AGM (see Art. 3.1.9 AoA and chart on p. 145).

The compensation of the individual members of the Board and the EMB is decided by the Board of Directors on recommendation of the Compensation Committee and within the limits set by the AGM. The relevant criteria are explained on p. 132 ff., and the compensation awarded to the Board of Directors and the EMB is disclosed in the tables on pp. 145 and 148.

At the 2018 AGM, the shareholders will be asked to approve:

- The short-term incentive (STI) of the EMB for the business year
- The total fixed compensation of the EMB for the period 1 April 2018 – 31 March 2019
- The total long-term incentive (LTI) for the 2018 grant for the EMB
- The total compensation of the Board of Directors for the period between the 2018 and 2019 AGMs.

For 2018, a maximum collective STI of CHF 6.7 million (including social costs and other compensation) is budgeted for the EMB if all relevant targets are achieved to the defined maximum (subject to approval at the 2019 AGM). In addition, the Board of Directors will submit a proposal of CHF 6.7 million to the AGM for maximum fixed compensation. In each case, these figures apply to the EMB as composed on 1 January 2018.

A maximum collective LTI of CHF 3.0 million (including social costs) was approved by the 2017 AGM. Based on the 2017 performance and results, the LTI granted to the members of the EMB is shown in the table on p. 150.

COMPENSATION APPROVED AND DISPENSED

(in CHF 1000)

	Compensation earned during the financial year (A)	Compensation earned for the period January 1 to 2017 AGM (3 months of the financial year (B))	Compensation to be earned for the period from January 1 to the 2018 AGM (3 months) in the year following the financial year (C)	Total compensation earned from AGM to AGM (A)+(B)+(C)	Amount approved by shareholders at the respective AGM	Compensation dispensed by the Company within approved amount
	2017	January 1, 2017 to 2017 AGM	January 1, 2018 to 2018 AGM	2017 AGM to 2018 AGM	2017 AGM	2017 AGM
Board of Directors	2 230	(331)	344	2 244	2 300	yes
Executive Management Board	14 126	(6 316)	6 203	14 013	15 100 <sup>1</sup>	yes

1 Includes 2017 STI to be approved in 2018 AGM of CHF 6.3 m (CHF 5.7 m in 2017 AGM).

# Report of the statutory auditor on the remuneration report

To the General Meeting of Straumann Holding AG, Basel

We have audited the remuneration report of Straumann Holding AG for the year ended 31 December 2017. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled “audited” on page 145 and page 148 of the remuneration report.



## BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require

that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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



## OPINION

In our opinion, the remuneration report for the

year ended 31 December 2017 of Straumann Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Daniel Zaugg  
Licensed audit expert  
(Auditor in charge)

Fabian Meier  
Licensed audit expert

Basel, 7 February 2018



# APPENDIX

205 GLOBAL REPORTING INITIATIVE

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214 ADDITIONAL INFORMATION



## Global Reporting Initiative Transparency for Stakeholders

Sustainability is integral to business success and provides meaningful context to our achievements and progress. This is why we have consistently integrated sustainability topics in our annual report since 2004. Communicating sustainability performance is increasingly a baseline expectation of our stakeholders. To provide transparency for stakeholders who are impacted by our business or activities (including customers, shareholders, employees, and members of the communities in which we operate), we base our sustainability reporting on the internationally accredited Global Reporting Initiative (GRI) standards.

GRI is a nonprofit, multi-stakeholder organization that provides companies with a systematic basis for informing stakeholders on corporate responsibility in a clear and comparable manner. With our 2017 Annual Report, we have applied the GRI sustainability reporting guidelines for twelve years in a row. This report has been prepared in accordance with the 'GRI Standards: Core option'. The report has undergone and successfully completed the GRI Materiality Disclosures Service in February 2018.

The GRI Standards require us to determine which sustainability topics are most relevant, i.e. material, for our company and stakeholders. Our corresponding assessment and the topics determined to be material are presented on p. 70. The material topics listed are relevant for Straumann's operations, shareholders, and employees, as they can influence cost, brand reputation, and ultimately business success. Economic and environmental topics found to be material are also relevant for the local communities where we operate. Environmental topics are also of interest for environmental organizations. Product-related topics are relevant for our customers and the patients they serve, and human resources topics influence the competence of our team and ultimately the confidence and peace of mind we provide to our customers.

This report is based on information for the whole Straumann Group, unless stated otherwise. We have not sought external assurance of the GRI information provided, but we have used the standards for our internal auditing wherever practical.

This page addresses GRI disclosures  
[102-40](#), [102-42](#), [102-45](#).

# Global Reporting Initiative Management Approaches

## ECONOMIC TOPICS

Strong [economic performance](#) is our fundamental objective. Strategic oversight of our financial performance is provided by the Board of Directors and the operational responsibilities are delegated to the Executive Management Board. Central to our approach is a strong commitment to innovation, quality and service in all the regions where we do business. We are positioned as a supplier of premium products and services, and have a clear focus on controlling costs. We plan to maintain our position through prompt execution of strategic goals and by upholding our commitment to developing new products in the replacement, restorative and regenerative dental markets, as well as for orthodontic aligners and intraoral scanning applications.

Our main [indirect economic impacts](#) include the provision of jobs in the communities in which we operate and our charitable and social engagement initiatives to make dental treatment and education about oral hygiene available to the underprivileged. Straumann's charitable and social engagement programs around the world are a key part of our culture. They are typically managed by the teams located in each region where we do business. Our charitable programs relate, for example, to ectodermal dysplasia or basic dental care and oral hygiene programs. Our products and services are, by their nature, designed to improve the human condition and thus inherently benefit society.

In all our business activities, we place a high value on ethical behavior. The Straumann Code of Conduct clearly outlines our expectations in this regard. The Code explicitly prohibits any form of [corruption](#) and requires all Straumann employees to comply with all applicable laws and regulations, which includes respecting rules of [fair competition](#). Employees are obligated to report any violation or suspected violation, or any other suspected misconduct.

With regard to [supply chain](#) administration, our Strategic Procurement & Direct Spend team is responsible for procuring raw materials (e.g. titanium), tools, semi-finished goods, production machines, external work benches etc, while the Indirect Purchasing group handles the procurement of goods and services, including marketing materials, translation services, documentation, travel/hotels, cars, office supplies, packaging, consulting and event services.

Management Approach for GRI disclosures  
[201, 203, 205, 206](#)

## ENVIRONMENTAL TOPICS

Responsibility for environmental issues is carried out by local environmental officers at our production sites. They are overseen by plant managers who in turn report to our Head of Operations. At our global headquarters, which accommodates research and development, facility management is overseen by the CFO. At top management level, the CFO is tasked with the oversight of environmental performance and sustainability. To track our performance, we regularly collect data from our production sites and evaluate them to understand our impact and continuously find measures for improvement.

Our environmental performance is also the responsibility of all our employees. Each one is obligated by our Code of Conduct to comply with all laws and internal regulations regarding environmental matters.

The concept of efficiency is integral to how we do business at Straumann. We continuously refine our products and processes and seek ways to conserve resources. This holds true for the usage of [materials](#), [energy](#), and [water](#). The economical use of resources and our efficient production as well as recycling efforts minimize the accumulation of [effluents and waste](#).

In order to minimize our impact on climate change, we closely monitor our [emissions](#). We calculate CO<sub>2</sub> emissions resulting from electricity consumption and heating, and also report information within the Climate Change program of the CDP (Carbon Disclosure Project).

As we know that our own environmental impact is also influenced by our supply chain, we strive for a thorough [environmental assessment of our suppliers](#). Our 'Code of Conduct' for suppliers specifies our expectations regarding environmental protection in the supply chain. We revised our Code in September 2016 and subsequently passed the new version on to our suppliers.

[Management Approach for GRI disclosures](#)  
[301](#), [302](#), [303](#), [305](#), [306](#), [308](#)

## SOCIAL TOPICS

### LABOUR PRACTICES AND DECENT WORK

Operational aspects of labor practices and policies fall within the responsibilities of the Head of Corporate Human Resources, who, since 2017, is part of the Executive Management Board, reflecting the importance of our employees for business success. On the strategic level, the Compensation Committee of the Board of Directors reviews Straumann's human resources policies and oversees recruitment of Executive Board Members and compensation of the Board and Executive Management Board. Our approach to [employment](#) is founded upon the principles of employee development, open dialogue and fair and attractive employment conditions. Concerning Collective Bargaining Agreements, freedom of association is allowed throughout the company in compliance with laws and regulations; but there is a general preference for informal employee dialogue, and labor contracts are negotiated individually rather than by collective bargaining.

[Occupational health and safety](#) plays a major role in meeting our commitment to maintain a safe working environment. We continuously communicate health and safety procedures to employees through training and awareness programs and regularly monitor and report absence rates.

With respect to [training and education](#), we extended our continuing training and education programs considerably, aligning them with our high-performance culture and cultural change, and continued to offer informal educational sessions ('Discover' and 'Lunch & Learn').

Finally, regarding [diversity and equal opportunity](#), we believe a diverse workforce greatly contributes to team performance and to our ability to serve diverse customers around the world. We regularly monitor a variety of diversity measures in our workforce such as age, gender, nationality, and educational background and we have continued to focus on "Business Diversity", which will help us enhance cross-functional and geographic collaborations in our new organizational framework.

### HUMAN RIGHTS

Our approach to human rights protection is based upon our Code of Conduct, which requires the company and all employees to act ethically and uphold human rights at all times. Compliance with our Code of Conduct is managed by our Chief Compliance Officer. The Code is integrated in all our employment contracts, and all new employees are made aware of it as part of our 'onboarding' program.

[Management Approach for GRI disclosures  
401, 403, 404, 405](#)

[Management Approach for GRI disclosures 406, 414](#)

The Straumann Code of Conduct protects employees from [discrimination](#), defined in internal regulations as biased treatment based on gender, race, background, religion, or sexual orientation. Regarding [supplier social assessment](#), our 'Code of Conduct for Suppliers' includes our expectations with respect to working conditions and human rights protection.

#### PRODUCT RESPONSIBILITY

Our economic success squarely depends on the quality, performance and reliability of the solutions we provide to our customers. We apply stringent requirements for safety and effectiveness in product design and production, and we will never accept shortcuts to market in order to boost short-term sales. The fitness for use of our products is assured over the entire product lifecycle: from conceptualization to research, development, manufacturing, storage, distribution, and in-market support.

Concerning [customer health and safety](#), and [compliance](#) with regard to provision of products and services our approach includes the following: Our Corporate Product Safety Officer is authorized to convene a Safety board meeting on very short notice in the rare case of a potentially serious safety issue to initiate field safety corrective actions. Furthermore, our implant and regenerative products undergo preclinical and clinical testing, which continues after market introduction. The results of the respective studies are often published in peer-reviewed scientific journals and are presented by leading independent experts at major scientific meetings. With regard to our commitment to truthful and accurate [marketing and labeling](#), our Global Sales Compliance Program has been in place since 2009 and is one of several safeguards to ensure [compliance](#) with regulations relating to the sale of our products and services. Finally, respecting laws and regulations concerning [customer privacy](#) is implicit in the requirement of our Code of Conduct that requires all employees to always comply with all applicable laws and regulations.

[Management Approach for GRI disclosures  
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\* All GRI disclosures in this report, including the Management Approaches, are based on the 2016 GRI content requirements.

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## Points to note

### FORWARD-LOOKING STATEMENTS

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

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### KEY DATES IN 2018

15 February	2017 Full-year results conference
4 April	Annual General Meeting
10 April	Dividend ex date
12 April	Payment date
26 April	First-quarter results conference call
14 August	Half-year results conference
30 October	Third-quarter results conference call

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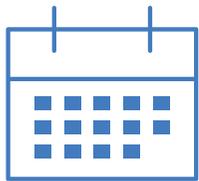
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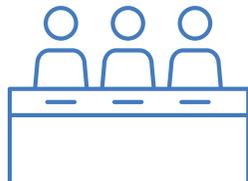


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