The dental market.
Facts, trends and dynamics.

- About 1.7 million licensed dentists worldwide, of which only just over 10% place implants
- About 10 million patients treated per year with over 12 million implants placed
- Still very little penetration with implant treatments, in particular for fully edentulous patients (only 1% of missing teeth are treated with implants) due to lack of education of dental professionals at dental college as well as high out-of-pocket treatment cost
- An estimated 50% of all implants placed are single-tooth restorations, with slightly more in the posterior than in the anterior
- An estimated 42% of placements are multi-tooth restorations primarily 3-unit bridges and only 8% of all implants placed are involved in full-arch restorations, treating the edentulous patient

<table>
<thead>
<tr>
<th>Facts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing awareness of implant treatment especially for edentulous patients (internet, practice advertising) leading this to be the fastest growing segment in the industry</td>
</tr>
<tr>
<td>Higher demands by dental professional and patients on treatment efficiency and effectiveness (number of visits, graftless solutions, esthetics, function and durability)</td>
</tr>
<tr>
<td>More proactive direct doctor-to-patient communication</td>
</tr>
<tr>
<td>Continued increase of implants as a treatment option by dental professionals</td>
</tr>
<tr>
<td>Increased focus on practice profitability</td>
</tr>
<tr>
<td>Increasing number of integrated dental clinics where all treatment teams are at one location</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable number of about 200 companies offering dental implants, mostly offering components for simple indications</td>
</tr>
<tr>
<td>Most companies differentiating over price, less and less focus on product innovation</td>
</tr>
<tr>
<td>Dynamic and growing segment of Digital Dentistry (Treatment planning, Computer Aided Design linked with Computer Aided Manufacturing for prosthetics) – with about 100 suppliers and different delivery methods (chair side, in-laboratory or central milling)</td>
</tr>
<tr>
<td>Increasing share of women in dentistry</td>
</tr>
<tr>
<td>Rapid growth of total solution providing clinics and corporate dentistry</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dynamics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient indications</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Single tooth posterior</th>
<th>3.2 mio (27%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edentulous / compromised</td>
<td>1.0 mio (8%)</td>
</tr>
<tr>
<td>Single tooth anterior</td>
<td>2.8 mio (23%)</td>
</tr>
<tr>
<td>Multiple teeth</td>
<td>5.0 mio (42%)</td>
</tr>
</tbody>
</table>

12 million implants placed in 2012
Our strategy Designing for Life – from underperformance to leading growth in 24 months.

2013 marks the second year of our Designing for Life strategy and significant improvements are visible across all areas of the company and relative to our peer set.

While Nobel Biocare was the innovator and pioneer of modern implant-based dentistry since 1965 when Professor P-I Brånenmark treated his first edentulous patient, we unfortunately encountered a number of years of business underperformance and loss of market share between 2008 and 2011. To rebuild Nobel Biocare and our leadership we activated our strategy in 2012.

The theme for the first year was titled “Brilliant at the basics” as we had to re-establish some fundamental activities, processes and business practices to work more effectively with customers.

Our priorities in 2012 were:
1) to re-establish innovation as our primary growth driver by creating a valuable innovation pipeline,
2) to redesign our customer efforts from selling transactions to supporting our customers and helping them grow their practice or laboratory,
3) to redesign organizational processes and work patterns that led to inefficiencies.

Our results in 2012 brought us more or less in line with our peers.

2013 was our second year of “Designing for Life.” Not only did we close the gap, but we opened a modest lead in revenue growth relative to peers.

To our first three strategic pillars from 2012, we added a fourth pillar: “Learning for Life.” As we observed customer growth we realized those clinicians and laboratories who received more skill-based training to perform better restorations for their patients were treating more patients and growing their revenue.

2014 will be our third year of “Designing for Life” and we are continually improving, learning and becoming more effective and efficient in helping our customers to grow.

<table>
<thead>
<tr>
<th>Nobel Biocare’s mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passionate and proud about making a real and lasting improvement in patient’s quality of life</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nobel Biocare’s contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help more customers treat more patients better with our superior products and solutions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our performance objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grow market share profitably</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Four strategically integrated pillars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Designing for Life</strong></td>
</tr>
<tr>
<td>Superior innovation ... beyond products</td>
</tr>
<tr>
<td><strong>Partnering for Life</strong></td>
</tr>
<tr>
<td>Customer-tailored business-building activities</td>
</tr>
<tr>
<td><strong>Learning for Life</strong></td>
</tr>
<tr>
<td>Exciting training, education &amp; activation (TEA) programs</td>
</tr>
<tr>
<td><strong>Organizational efficiency and effectiveness</strong></td>
</tr>
<tr>
<td>Continual improvement</td>
</tr>
</tbody>
</table>
The strategic pillars for 2014 build on what works

Designing for Life: Superior innovation beyond products

Our aspiration is to improve quality of life for patients through excellence in implant-based dental restorations, designing and creating products, components or software, integrated in an efficient workflow of such superior design and quality that the treatment lasts for the life of the patient. In short, to give patients fully functional and natural-looking dental restorations that aspire to last a lifetime with a safe, affordable treatment process that is kept as short as possible.

Our range of products and solutions is all designed to fulfill various requirements that help customers treat more patients better: Our portfolio is superior in many respects and, from a single-tooth posterior restoration to the most complex total oral rehabilitations, there is virtually no patient we cannot help our customers to treat. We have competitive advantage in full-jaw graftless restorations, anterior esthetic restorations, and in treatment productivity.

The integration of the fully integrated and more efficient workflow is the key to achieving our mission. We develop solutions that support the core steps of the entire treatment workflow – from the initial consultation to post-treatment care. We are also constantly working to improve the efficiency of the entire treatment workflow and to make the treatment team more effective and efficient. Our digital tools enable more efficient treatment.

NobelClinician is emerging as the premier implant and restorative planning software and is available also on Mac, the preferred computer platform for many dentists. We have distributed over 6,000 licenses to enable customers to place our implants more accurately and in optimum positions for superior restorations. NobelConnect enables superior teamwork among the surgical clinician, the restorative clinician and the laboratory producing the teeth by sharing the same patient treatment plan. The new NobelCommunicator app allows the patient to review their treatment plan for greater understanding and treatment acceptance. We have also extended our conical connection implant portfolio. The implants lines with this more advanced connection are growing faster than the other implant lines in the portfolio and will soon represent the majority of our implant sales.

On our Computer Aided Design (CAD)/Computer Aided Manufacturing (CAM) individualized business, we have continued to open our system to receive CAD files to produce superior restorative components from more sources. We opened our second Scan and Design center focusing initially on components for full-arch restorations such as overdenture bars. We can now receive CAD files from 3Shape scanners producing NobelProcera customized abutments. This will effectively triple the number of scanners able to send CAD files to our milling centers. We have introduced our new NobelProcera 2G Scanner which can dramatically improve laboratory production efficiency as it cuts scan time in half and requires significantly

One integrated treatment workflow, countless benefits

Clinical diagnostics and treatment acceptance ➔ Digitizing prosthetic information ➔ Treatment planning ➔ Communicate treatment plan ➔ Production of surgical template ➔ Implant surgery ➔ Prosthetic design ➔ Prosthetic delivery ➔ Restoration placement
less handling and training to operate. Today over 25 percent of Nobel Biocare implants placed have a screw-retained Nobel-Procera CAD/CAM component as part of the restoration as we increasingly offer an integrated and superior treatment solution.

The digitization of our world has also changed the way dental professionals, can, and should work. Digital dentistry opens many opportunities to innovate and improve the treatment workflow for a successful outcome for every patient treated. It allows dental professionals to treat patients that they could not think of treating only a few years ago.

Given the low penetration of treatments with implants compared with traditional cement-retained crowns and bridges, we are convinced there is still significant innovation and improvement potential with regards to treatments with dental implants. This is why we drive innovation beyond actual products – to many areas of the treatment process. A more predictable outcome and the optimization of the treatment flow are the ultimate value-add and consequently lead to higher profitability for our customers.

We identified over 400 steps in the process, starting with the initial patient consultation, diagnosis, treatment planning, treatment modality, individualized CAD/CAM restorative components, interdisciplinary treatment cooperation, handling and follow up. There are even more if we include proper patient education to raise treatment acceptance.

As an example, some years ago the treatment modality for an edentulous patient would have included bone augmentation and would have required 12-18 months from consultation to a final prosthetic restoration. Today, with Nobel Biocare’s All-on-4® treatment concept the complete procedure time can be accomplished within 4-8 weeks and with higher success rates and patient satisfaction.

To drive our competitive advantage in innovating the treatment workflow, we have significantly increased our R&D efforts in 2013 and increased investments by over ten percent compared to the year before.

To remain focused, we apply three principles before we initiate any innovation project and it must address at least one of nine relevant clinical areas:

**Partnering for Life: Customer-tailored business-building activities**

We want to support dental professionals in increasing the patient flow and developing their practice. When our customers increase market share of patients, we increase our market share of components. We offer them a toolbox of initiatives and activities to make the workflows more efficient and to increase the number of referrals. We also show them how to use networking platforms, study clubs and esthetic alliances.

### Design principles for increased efficiency and efficacy

Patient focused

Clinically relevant

Evidence based

**Innovation themes**

1. Minimally invasive
2. Immediate function
3. Prosthetics/esthetics & function
4. Treatment of the fully edentulous
5. Osseointegration & bone preservation
6. Soft tissue health
7. Ease of use
8. Affordability through efficiency
9. Biologics
Our customers desire a partner to grow their practice with, a partner that can help them develop their practice and laboratories over many years, even decades. With this in mind, we have been “re-engineering” our country commercial organizations for the past two years, moving from a more transaction- and price-driven organization to one where our teams can now partner with customers to help build the customer’s practice. We have focused on three simple objectives in designing partnering activities with our customers:

– we want our customers to deliver superior patient treatment satisfaction,
– we want our customers to have high treatment acceptance from their patients and
– we help our customers increase patient flow to their practice, including patient referrals to laboratories or surgical clinicians.

In short, we help our customers treat more patients better and they pay a premium, not only because of our superior products, but also because of our superior support. This support goes well beyond the day-to-day service levels expected by customers and is very valuable to them. It has been difficult to train the organization to this standard of performance, and there is still much work to be done, but this partnering is now a true competitive advantage for Nobel Biocare.

Learning for Life: Exciting customers with skills- and knowledge-building programs

Our comprehensive training program supports dental professionals along every step of the treatment workflow and also at every stage of their professional development.

We have also fundamentally changed our approach to training and education in the past two years by placing more resources and holding more courses on “hands-on”, skills-based training and away from podium- and lecture-based education. We believe in peer-to-peer training through renowned expert professionals worldwide. An example of this was our New York Global Symposium, where over a four-day period, we held over 26 master courses and hands-on sessions involving over 100 trainers and over 2,000 participants. While we did hold lecture sessions, the heart of the program was smaller hands-on training and discussions. Another good example is our Global Course Catalog with over 90 of the world’s top clinicians and technicians giving over 100 hands-on training courses.

We have four areas where this training is supported:

– Diagnosis and treatment planning
– Initial surgical procedures
– Advanced surgical procedures and,
– CAD/CAM techniques and prosthetics.

This focus on hands-on training is well integrated with our first two growth drivers and again helps our customers learn new skills and techniques to treat more patients better.

We have also established the Foundation for Oral Rehabilitation (FOR) in 2013 to help dental professionals stay at the forefront of patient treatment understanding. FOR’s primary education tool is web-based learning, reaching thousands of dental professionals efficiently and globally at a pace they wish to learn at. As a new generation of increasingly digitally literate dental professionals begin to treat patients, their learning patterns are significantly different than the first generation of implant restoring dental professionals. FOR is designed to meet this learning need and is rapidly proving to be an exciting platform for cutting-edge learning among a new generation of dental professionals so they too can treat patients better.

Total quality execution AND improved organization efficiency

Our ultimate performance objective is to rebuild market share profitably and create shareholder value. Subsequently, we are constantly reviewing and improving our processes as well as the allocation of our resources. We are also constantly reducing the complexity of our organization and streamlining processes while adjusting our resources to the changing market environment. The required changes and business improvements are done in such a way so as not to disrupt the efforts made with our growth drivers. All in all, over 300 positions, or over 10 percent, of Nobel Biocare positions, have been reassigned in the past 24 months.

Efficiency gains can only be materially and sustainably executed and realized when the growth pillars are in place and are beginning to work. We achieved this in 2013 with accelerating revenue growth. The first benefits from the process improvements resulted in an improvement of the underlying cost/revenue ratio enabling the acceleration of our growth driver initiatives.
Over the last two years we have initiated several projects that will yield significant benefits in the near future: the alignment of the center (HQ) functions, NobelQuality\(^3\), and the order-to-cash project will ultimately lead to simpler and more reliable business processes with our customers.

A new procure-to-pay program has been initiated to tackle the indirect purchase cost block which currently is over 150 million euro.

In all of this, and the ongoing transformation of the company, our people and continuity play an important role. The turnover rate in our organization has come down dramatically and is currently below our industry average.

“Designing for Life” is not a short-term strategy. It is about rebuilding a great company for sustainable performance. It is designed to help our customers treat more patients better and consequently, bring Nobel Biocare back to the leading position in the industry. Based on the results of the first two years we are confident that this strategy and its execution by our 2,487 employees has put us on the right track again. We are confident that we are well positioned to deliver on our performance objective to gain market share profitably.

---

*C3 year-to-date for Straumann and Dentsply

---

**CER revenue growth in percent**

2008–2011

2012–2013

Designing for Life

Underperformance

Closing the gap

Beginning to lead

2008

2009

2010

2011

2012

2013

-10

-8

-6

-4

-2

0

2

4

6

8

10

12

14

16

18

20

22

Nobel Biocare

Straumann

Biomet

Zimmer

Dentsply

*Q3 year-to-date for Straumann and Dentsply