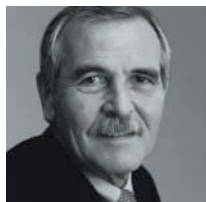


Report of the Board of Directors and senior management

The Straumann Group again recorded double-digit growth in 2002. We will continue to strengthen our market position, focusing on our core business of implant dentistry, by means of organic growth and by extending our presence on the key US market.



Rudolf Maag



Gilbert Achermann

Dear shareholders,

We can look back on a successful fiscal year 2002. Despite the poor economic conditions on our core markets, we met our ambitious targets. Sales rose by 19% to CHF 275 million, net profit by 37% to CHF 56 million, cash flow by 67% to CHF 32 million, and the equity ratio to over 75%.

Further increase in market share

The Straumann Group once again increased its global market share to around 24%.

We maintained our market leadership in Europe and in Asia with a share of almost 30% on both of these markets. On the North American market, we are in fourth place with a market share of around 17%.

New corporate structure has paid off

Over the course of the year, the new senior management team which was appointed at the turn of the year 2001/2002 under the leadership of Gilbert Achermann as Chief Executive Officer successfully strengthened the Company's operational management and increased efficiency as desired. The reorganization of the Company into the Implants, Biologics, Market Support, Operations and Finance divisions was implemented successfully, Kuros Therapeutics AG, which we acquired, was largely integrated into the Company, and our subsidiaries continue to pursue clearly-defined goals with due attention to both income and costs.

Clear corporate strategy

The Straumann Group's corporate strategy remains focused. Our core business is implant dentistry, including the area of biomaterials for the regeneration/reconstruction of bone and soft tissue. We are aiming to become the global market leader over the coming years. We do not intend to branch out into sectors of the market in which we cannot rely on our own core competencies. We may supplement our business activities with new materials and technologies. If we take an interest in these areas, we will develop them by engaging in carefully chosen partnerships.

We aim for organic growth as a matter of principle. However, small acquisitions may be made to round off strategic areas.

Our geographical focus will be on the targeted development of the US market. The North American market for implant dentistry, which accounts for around 40–45% of the global market, shows particularly high growth potential in light of the low rate of penetration to date and Straumann's relatively low market share (below 20%). We will continue to consolidate and expand our positions in Europe and Asia.

Consolidation of production processes

The ongoing optimization of our production processes in Villeret in the reporting period has improved our order processing and delivery capacity. There is still room for improvement in inventory management. We have created more than 40 new jobs in Villeret.

Extended customer base

In the past fiscal year, the existing product portfolio was the main driver for growth. The ongoing expansion of the customer base for the ITI® DENTAL IMPLANT SYSTEM played a considerable role in promoting growth in previous years. In fiscal year 2002, we increased the number of active customers in all sectors (general practitioners, prosthodontists, surgeons and dental technicians) by more than 10% to around 60'000 users world-wide.

Promising new products presented

The ITI World Symposium, which took place from October 24 to 26, 2002 in San Diego, California, was entitled "Exploring Current Trends in Implant Dentistry with an Evidence-Based Approach". With more than 2,000 participants from across the globe, the event, which takes place bi-annually, was a great success. The new products which were presented there – "ITI TE® Implant", "synOcta® Wide Neck Prosthetics" and "synOcta® 1.5" – aroused considerable interest.

Increase in the number of employees

Even in 2002, a difficult year economically, we recruited an additional 77 members of staff, bringing the Straumann Group's total global workforce up from 673 to 750. This trend will continue in 2003 and primarily affects production in Villeret as well as our foreign sales organisations. It was the extensive professional knowledge and 110% commitment of our employees that allowed us to meet our targets in 2002. We would like to thank them sincerely for this.

Moving forward optimistically

A lot is expected of us and the targets that we have set ourselves for 2003 are, once again, demanding. However, we are looking forward to successfully tackling and meeting these challenges, because we are optimally prepared for the future.



Rudolf Maag
Chairman of the Board



Gilbert Achermann
Chief Executive Officer