

WRIGHT MEDICAL GROUP INC

Form 425

November 20, 2014

Investor Presentation

3
Q
2
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1
4

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Filed by Tornier N.V. (SEC File No.: 001-35065)
pursuant to Rule 425 under the Securities Act of 1933
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under the Securities Exchange Act of 1934
Subject Company: Wright Medical Group, Inc.
SEC File No.: 001-35823

FORWARD-LOOKING STATEMENTS

2

Forward-Looking Statements

Statements

contained

in

this

presentation

that

relate
to
future,
not
past,
events
are
forward-looking
statements
under
the
Private
Securities
Litigation
Reform
Act
of
1995.
Forward-looking
statements
are
based
on
current
expectations
of
future
events
and
often
can
be
identified
by
words
such
as
expect,
anticipate,
project,
intend,
will,
may,
believe,
could,
continue,
estimate,
outlook,
plan,
guidance,

tomorrow ,
desired
state,
other
words
of
similar
meaning
or
the
use
of
future
dates.
Forward-looking
statements
by
their
nature
address
matters
that
are,
to
different
degrees,
uncertain.
Uncertainties
and
risks
may
cause
Tornier s
actual
results
to
be
materially
different
than
those
expressed
in
or
implied
by
Tornier s
forward-looking
statements.
For

Tornier,
such
uncertainties
and
risks
include,
among
others,
risks
relating
to
Tornier's
proposed
merger
with
Wright
Medical
Group,
Inc.,
including
the
timing
of
the
transaction;
uncertainties
as
to
whether
Tornier
shareholders
and
Wright
shareholders
will
approve
the
transaction;
the
risk
that
competing
offers
will
be
made;
the
possibility
that
various

closing
conditions
for
the
transaction
may
not
be
satisfied
or
waived,
including
that
a
governmental
entity
may
prohibit,
delay
or
refuse
to
grant
approval
for
the
consummation
of
the
transaction,
or
the
terms
of
such
approval;
the
effects
of
disruption
from
the
transaction
making
it
more
difficult
to
maintain
relationships

with
employees,
customers,
vendors
and
other
business
partners;
the
risk
that
shareholder
litigation
in
connection
with
the
transaction
may
result
in
significant
costs
of
defense,
indemnification
and
liability;
other
business
effects,
including
the
effects
of
industry,
economic
or
political
conditions
outside
of
Wright s
or
Tornier s
control;
the
failure
to
realize

synergies
and
cost-savings
from
the
transaction
or
delay
in
realization
thereof;
the
businesses
of
Wright
and
Tornier
may
not
be
combined
successfully,
or
such
combination
may
take
longer,
be
more
difficult,
time-consuming
or
costly
to
accomplish
than
expected;
operating
costs
and
business
disruption
following
completion
of
the
transaction,
including
adverse

effects
on
employee
retention
and
on
Wright's
and
Tornier's
respective
business
relationships
with
third
parties;
transaction
costs;
actual
or
contingent
liabilities;
the
adequacy
of
the
combined
company's
capital
resource;
and
other
risks
and
uncertainties,
including
Tornier's
future
operating
results
and
financial
performance;
the
success
of
and
possible
disruption
from
Tornier's

recently
completed
transition
to
dedicated
upper
and
lower
extremities
sales
forces;
fluctuations
in
foreign
currency
exchange
rates;
the
effect
of
global
economic
conditions;
the
timing
of
regulatory
approvals
and
introduction
of
new
products;
physician
acceptance,
endorsement,
and
use
of
new
products;
and
the
effect
of
regulatory
actions,
changes
in
and

adoption
of
reimbursement
rates,
product
recalls
and
competitor
activities.
More
detailed
information
on
these
and
other
factors
that
could
affect
Tornier's
actual
results
are
described
in
Tornier's
filings
with
the
U.S.
Securities
and
Exchange
Commission,
including
its
most
recent
annual
report
on
Form
10-K
and
quarterly
reports
on
Form
10-Q.

Tornier
undertakes
no
obligation
to
update
its
forward-looking
statements.

NON-GAAP FINANCIAL MEASURES

3

Non-GAAP Financial Measures

Tornier

uses

certain

non-GAAP

financial

measures

in
this
presentation,
such
as
adjusted
EBITDA,
adjusted
gross
margin
and
constant
currency.
Tornier
uses
non-GAAP
financial
measures
as
supplemental
measures
of
performance
and
believes
these
measures
provide
useful
information
to
investors
in
evaluating
Tornier's
operations,
period
over
period.
However,
non-GAAP
financial
measures
have
limitations
as
analytical
tools,
and
should

not
be
considered
in
isolation
or
as
a
substitute
for
Tornier's
financial
results
prepared
in
accordance
with
GAAP.
In
addition,
investors
should
note
that
any
non-GAAP
financial
measure
Tornier
uses
may
not
be
the
same
non-GAAP
financial
measure,
and
may
not
be
calculated
in
the
same
manner,
as
that
of

other
companies.

A
reconciliation
of
the
non-GAAP
financial
measures
used
in
the
presentation

to
the
most
directly
comparable
GAAP
financial
measures

can
be
found
on
Tornier's
website
www.tornier.com
under
the

Non-GAAP
Measure
Reconciliation
Tables
section
of
the

Investor
Relations
page.

Important Additional Information and Where to Find It
In

connection
with
the
proposed
merger,
Tornier
plans
to

file
with
the
U.S.
Securities
and
Exchange
Commission
(SEC)
a
registration
statement
on
Form
S-4
that
will
include
a
joint
proxy
statement
of
Wright
and
Tornier
that
also
constitutes
a
prospectus
of
Tornier.
Wright
and
Tornier
will
make
the
joint
proxy
statement/prospectus
available
to
their
respective
shareholders.
Investors
are
urged

to
read
the
joint
proxy
statement/prospectus
when
it
becomes
available,
because
it
will
contain
important
information.
The
registration
statement,
definitive
joint
proxy
statement/prospectus
and
other
documents
filed
by
Tornier
and
Wright
with
the
SEC
will
be
available
free
of
charge
at
the
SEC's
website
(www.sec.gov)
and
from
Tornier
and
Wright.

Requests
for
copies
of
the
joint
proxy
statement/prospectus
and
other
documents
filed
by
Wright
with
the
SEC
may
be
made
by
contacting
Julie
Tracy,
Senior
Vice
President
and
Chief
Communications
Officer
by
phone
at
(901)
290-5817
or
by
email
at
julie.tracy@wmt.com,
and
request
for
copies
of
the
joint
proxy
statement/prospectus

and
other
documents
filed
by
Tornier
may
be
made
by
contacting
Shawn
McCormick,
Chief
Financial
Officer
by
phone
at
(952)
426-7646
or
by
email
at
shawn.mccormick@tornier.com.
Wright,
Tornier,
their
respective
directors,
executive
officers
and
employees
may
be
deemed
to
be
participants
in
the
solicitation
of
proxies
from
Wright s
and
Tornier s

shareholders
in
connection
with
the
proposed
transaction.
Information
about
the
directors
and
executive
officers
of
Wright
and
their
ownership
of
Wright
stock
is
set
forth
in
Wright's
annual
report
on
Form
10-K
for
the
fiscal
year
ended
December
31,
2013,
which
was
filed
with
the
SEC
on
February
27,
2014

and
its
proxy
statement
for
its
2014
annual
meeting
of
stockholders,
which
was
filed
with
the
SEC
on
March
31,
2014.
Information
regarding
Tornier's
directors
and
executive
officers
is
contained
in
Tornier's
annual
report
on
Form
10-K
for
the
fiscal
year
ended
December
29,
2013,
which
was
filed
with
the

SEC
on
February
21,
2014,
and
its
proxy
statement
for
its
2014
annual
general
meeting
of
shareholders,
which
was
filed
with
the
SEC
on
May
16,
2014.
These
documents
can
be
obtained
free
of
charge
from
the
sources
indicated
above.
Certain
directors,
executive
officers
and
employees
of
Wright
and
Tornier

may
have
direct
or
indirect
interest
in
the
transaction
due
to
securities
holdings,
vesting
of
equity
awards
and
rights
to
severance
payments.
Additional
information
regarding
the
participants
in
the
solicitation
of
Wright
and
Tornier
shareholders
will
be
included
in
the
joint
proxy
statement/prospectus.

TORNIER IS
Global Medical Device Company,
focusing on providing superior solutions to surgeons
treating orthopaedic extremities injuries & disorders
4

TORNIER IS WELL-POSITIONED FOR LONG-TERM GROWTH
AND MARGIN EXPANSION

HIGH

GROWTH MARKET

Robust Drivers

Enable Sustained Growth

Extremities

\$6.5B

8-9%

CAGR

(14

18)

Based upon management estimates

COMPREHENSIVE

PRODUCT PORTFOLIO

Leader in Innovation,

Science & Education

ENHANCED GROWTH AND

PROFITABILITY

Proposed Merger with Wright

Medical Will Create Premier

Extremities and Biologics

Company

FOCUSED ON EXECUTION

UPPER

EXTREMITIES

LOWER

EXTREMITIES

Upper Extremities

Orthopedic Surgeon

Lower Extremities

Orthopedic Surgeon

&

Surgical Podiatrist

5

UPPER
EXTREMITIES
LOWER
EXTREMITIES
Proposed Merger with Wright
Medical Will Create Premier
Extremities and Biologics
Company
Upper Extremities
Orthopedic Surgeon

Lower Extremities
Orthopedic Surgeon
&

Surgical Podiatrist

TORNIER IS WELL-POSITIONED FOR LONG-TERM GROWTH

HIGH

GROWTH MARKET

Robust Drivers

Enable Sustained Growth

Extremities

\$6.5B

8-9%

CAGR

(14

18)

Based upon management estimates

6

FOCUSED ON EXECUTION

Leader in Innovation,

Science & Education

COMPREHENSIVE

PRODUCT PORTFOLIO

ENHANCED GROWTH AND

PROFITABILITY

TORNIER IS FOCUSED ON ROBUST, HIGH-GROWTH MARKETS

Tornier's
goal
is
to
leverage
its
dedicated
sales

force
and
strong
product
portfolio
to
drive
above
market
growth
in
upper
and
lower
extremities
7

**EXTREMITY MARKET DRIVERS PROVIDE OPPORTUNITY
FOR SUSTAINED GROWTH**

Extremities specific design

Unmet need for early intervention

Growing need for revision

Facilitating minimally invasive
procedures
TECHNOLOGY

Aging population

Growing awareness (globally)

Quality of life
expectations
PATIENTS
OUTCOMES

Improving clinical outcomes

Evidence driven decisions

8

TORNIER IS WELL-POSITIONED FOR LONG-TERM GROWTH

Based upon management estimates

**COMPREHENSIVE
PRODUCT PORTFOLIO**

Leader in Innovation,
Science & Education

**UPPER
EXTREMITIES
LOWER**

EXTREMITIES

Robust Drivers

Enable Sustained Growth

\$6.5B

8-9%

CAGR

(14

18)

FOCUSED ON EXECUTION

Proposed Merger with Wright

Medical Will Create Premier

Extremities and Biologics

Company

Upper Extremities

Orthopedic Surgeon

Lower Extremities

Orthopedic Surgeon

&

Surgical Podiatrist

9

HIGH

GROWTH MARKET

ENHANCED GROWTH AND

PROFITABILITY

COMPREHENSIVE PORTFOLIO PROVIDES FULL-LINE
SUPPORT TO THE EXTREMITY SURGEON

Number of
Extremities

Products:

JOINT
REPLACEMENTS
BONE
REPAIR

BIOLOGICS	
SOFT TISSUE	
REPAIR	
UPPER	
Shoulder,	
Elbow, Hand &	
Wrist	
LOWER	
Foot & Ankle	
10	
35	
34	
3	
PROCEDURES	
10	

PORTFOLIO STRATEGY LEVERAGES STRENGTHS TO
TAKE SHARE WHILE EXPANDING EXTREMITY MARKETS
JOINT
REPLACEMENTS
BONE
REPAIR
BIOLOGICS
SOFT TISSUE
REPAIR

UPPER
Shoulder,
Elbow, Hand &
Wrist

LOWER
Foot & Ankle

1.
Take
Share
through
introduction
of
best-in-class
extremity
specific
solutions

2.
Expand
arthroplasty
markets
with
early
intervention
products

3.
Create
solutions
for
an
Expanding
extremity
revision
segment

4.
Take
Share
with
differentiated
value
products,
(Value
=
outcome
per
healthcare
dollar
spent)

5.
Expand
customer

base
through
enabling
instrumentation,
medical
education
and
repeatable
procedures
11

OUR FOUNDATION FOR SUSTAINED ABOVE MARKET GROWTH

Near-Term

Long-Term

12

Strategic Investments to Leverage Dedicated
Sales Channels:

1. Creating Competitively Superior Sales Rep
2. Providing Best-in-Class UE / LE Products
3. Market Expansion through Indication

Ascend Flex Platform

TSA / RSA Convertible Stem

PerForm Glenoid

Reversed Threaded Post Baseplate
Salto Talaris 2.1

Cannulink, Cannulink+
Phantom Fiber Suture
SUSTAINING ABOVE MARKET GROWTH THROUGH
FOCUSED EXECUTION
Best-in-Class Products
Driving Current Growth
Market Expansion
Indication Driven Product Development
Simpliciti
Adjustable Reverse
Salto Talaris XT
Pyrocarbon Humeral
Head
Bone Sparing TSA
Shoulder Revision
Ankle Revision
Hemi Arthroplasty
Consistent Above Market Growth
13

TORNIER IS THE GO-TO
EXTREMITIES COMPANY WITH
INDUSTRY LEADING SCIENCE & EDUCATION PROGRAMS
RESPECTED FOR
SCIENTIFIC RIGOR
SUPPORTING ACTIVE FUNDAMENTAL RESEARCH

Pyrolytic carbon

Advanced kinematic & biomechanical testing capability

Computer Aided Surgery & 3D Pre-operative planning

COMMITTED

TO

EVIDENCE-BASED

MEDICINE

Aequalis

shoulder

registry

-

20+

years

of

data

Simpliciti

trial

1st

US

IDE

shoulder

arthroplasty

study

Salto-Talaris

total

ankle

replacement

survivorship

data

INVESTED IN PROFESSIONAL EDUCATION & TRAINING

Unique Shoulder and Ankle Master Courses

Orthopedic fellowship courses

Cadence of product-specific cadaveric training labs

14

TORNIER IS WELL-POSITIONED FOR LONG-TERM GROWTH

Robust Drivers

Enable Sustained Growth

\$6.5B

7-9%

CAGR

(14

18)

ENHANCED GROWTH AND
PROFITABILITY

Proposed Merger with Wright
Medical Will Create Premier
Extremities and Biologics
Company

FOCUSED ON EXECUTION

Based upon management estimates

Leader in Innovation,
Science & Education

Upper Extremities
Orthopedic Surgeon

Lower Extremities
Orthopedic Surgeon

&
Surgical Podiatrist

15

HIGH

GROWTH MARKET

COMPREHENSIVE

PRODUCT PORTFOLIO

UPPER

EXTREMITIES

LOWER

EXTREMITIES

Extremities

TORNIER CONDUCTS INTERNATIONAL SALES OPERATIONS
IN
45
DISTINCT
COUNTRIES
ON
6
CONTINENTS
Primarily direct sales

Primarily distributor

Mixed Model

Country Office

International revenue \$128.9 MM (41% of Total)*

*2013 revenue results

16

THREE STRATEGIC INITIATIVES TO STRENGTHEN OUR
INTERNATIONAL BUSINESS
STRENGTHEN BRAND IN EMERGING MARKETS

Select investments to accelerate presence in Brazil & China

Evaluate
targeted
expansion

plans
in
other
emerging
markets
(ex. India)

ACCELERATE REVENUE GROWTH

Aggressively launch new platform products globally (*ex. Ascend Flex*)

Broaden product offering in existing markets (*ex. Rev. Shoulder in Japan*)

DRIVE ADOPTION IN DEVELOPED GEOGRAPHIES

Strengthen and further focus our sales forces

Invest in strategic market development activities (*INT L Foot & Ankle*)

17

1

2

3

CONTINUE TO INVEST TO BUILD A SUPERIOR
U.S. SALES FORCE
18
Competitively Superior
DESIRED STATE

Exclusive UE / LE channels

Expanded portfolio

Narrow rep territories

Reps provide value-add

Proficient & Productive

2014/2015

PHASE II

Agreements for dedicated

UE / LE assignments

Hire and fill Territories

Clearly defined coverage

Initial Rep training

Aligned & Committed

2013

PHASE I

o

Limited access to Reps

o

Rep covered any/all

cases

o

Limited formal training

o

Inconsistent distributor

contracts

Limited

Standardization

and

Commitment

to

Tornier

TORNIER 2012

Reps aligned to UE / LE

Continue to fill territories

Rep certification / training

Track & Perf. Manage

Reps

TODAY
(Q3
2014)
US Sales Network

U.S. revenue \$182.1 MM (59% of Total)*

> 85% US revenues represented by dedicated UE
or LE sales reps

165 U.S. direct sales reps (365 total U.S. reps)
COMPLETED SIGNIFICANT TRANSITIONS WITHIN
U.S. SALES CHANNEL
EXITING
2012
Distributor
Direct
US Sales Network

18 Legacy Tornier distributors selling both UE & LE

3 Direct Tornier territories

50 OrthoHelix LE agents in Oct-12

* 2013 revenue results

19

WORK REMAINS TO BUILD A BEST-IN-CLASS
U.S. SALES FORCE
Timing
2012
Desired State
Agreements
& Alignment
Rep Training
& Education

Performance
& Productivity
Distributor
Negotiation
High Uncertainty
Strong &
Reliable
Performance
US Sales Channel Transition
Territory
Staffing
Sales Mgmt. &
Training Org.
20

EBITDA Leverage
Above Market
CAGR
2018
2013
2013
2018
Upper Extrm.
Lower Extrm.

20%
of
Rev
Projected Extremities Revenues

Driving above-market growth in
upper and lower extremity segments

Revenue geographically balanced

3Q results included above market
growth in shoulder and total ankle
replacement
Revenue Takeaways

Clear pathway to profitability and
EBITDA >20% of Rev.

GM contributions expand:

Continued insourcing (OrthoHelix)

On-going manufacturing efficiencies

SG&A leverage comes with revenue
Financial Profile

**PLANS TO DELIVER CONSISTENT ABOVE-MARKET GROWTH
AND STRONG FINANCIAL PERFORMANCE**

EBITDA Takeaways
21

Market Cap: ~\$1.27B

FY13
Results:
Revenue:
\$311M
Adj.
GM:
74.2%*
Adj.
EBITDA:
\$30.4M*

3Q 2014 Results:
Revenue:
\$76.7M
Adj.
GM:
76.7%*

Adj.
EBITDA:
\$4.0M*

Cash (Q3 14): \$25.9M

*Represents
non-GAAP
financial
measure.
Reconciliation
to
the
closest
GAAP
measure
can
be
found
on
Tornier's
website.

2014 Financial Guidance

(1)

Revenue

(2)

:

4Q:

\$85 to \$89 million,

1.9% to 6.7% growth

FY:

\$334.9 to \$338.9 million,

7.7% to 9.0% growth

Extremities revenue

(2)

:

4Q:

\$70.5 to \$73.5 million,

3.5% to 7.9% growth

FY:

\$278.8 to \$281.8 million,

8.1% to 9.2% growth

Adjusted EBITDA

(3)

:

4Q:

\$7.9 to \$9.9 million,

or 9.5% to 11.4% EBITDA margin

FY:

\$27.5 to \$29.5 million,

or 8.2% to 8.7% EBITDA margin

2014 FINANCIAL GUIDANCE AND KEY METRICS

(1)

Guidance as of November 6, 2014 and is not being confirmed during this presentation

(2)

Constant currency, which is a non-GAAP financial measure

(3)

Adjusted EBITDA is a non-GAAP financial measure

Key Metrics

22

Wright and Tornier Agree to Merge Creating
Premier
High-Growth Extremities-Biologics Company
Combination Will Offer Comprehensive Upper and Lower Extremity Product Portfolio and
Broad Global Reach
Further
Accelerates
Growth
Opportunities

in
Three
of
the
Fastest
Growing
Areas
in
Orthopaedics
Adds Significant Scale and Scope to Provide Accelerated Path to Profitability and
Stronger Financial Profile
Wright
Receives
Approvable
Letter
from
FDA
for
Augment
®
Bone
Graft

+

+

23

WRIGHT AND TORNIER AGREE TO MERGE
Announced October 27, 2014

24

TRANSACTION OVERVIEW

All stock transaction resulting in a combined equity value of approx.
\$3.3B

Combined company ownership: 52% Wright / 48% Tornier existing
shareholders

For Tornier shareholders, exchange ratio implies a per share value for Tornier that represents a 28% premium to Tornier's closing share price on October 24, 2014

Transaction is subject to customary closing conditions, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, as well as Wright and Tornier shareholder approval

Close expected in the first half of 2015

TORNIER IS WELL-POSITIONED FOR LONG-TERM GROWTH

Based upon management estimates

25

HIGH

GROWTH MARKET

COMPREHENSIVE

PRODUCT PORTFOLIO

ENHANCED GROWTH AND

PROFITABILITY

Robust Drivers
Enable Sustained Growth
Leader in Innovation,
Science & Education
Proposed Merger with Wright
Medical Will Create Premier
Extremities and Biologics
Company
FOCUSED ON EXECUTION

THANK YOU