

WRIGHT MEDICAL GROUP INC

Form 425

October 28, 2014

Employee Town Hall

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Forward-Looking Statements

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This presentation includes forward-looking statements. These forward-looking statements generally can be identified by the use of words such as anticipate, expect, plan, could, may, will, believe, estimate, forecast, goal, project, and similar words, or by their meaning. Forward-looking statements in this presentation include, but are not limited to, statements about the benefits of the transaction; potential synergies and cost savings and the timing thereof; future financial and operating results; the expected timing of the completion of the transaction; the combined company's plans, objectives, expectations and intentions with respect to future operations, production, and

services, the approvable status and anticipated final PMA approval of Wright's Augment® Bone Graft product, and the position of the combined business. Each forward-looking statement contained in this presentation is intended to provide information about the combined business and the risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statement. The risks and uncertainties include, among others, uncertainties as to 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 closing conditions for the transaction may not be satisfied or waived, including that a governmental entity may prohibit, delay or grant approval for the consummation of the transaction, or the terms of such approval; the effects of disruption from the transaction may be more difficult to maintain relationships with employees, customers, vendors and other business partners; the risk that shareholders' connection with the transaction may result in significant costs of defense, indemnification and liability; other business effects, including effects of industry, economic or political conditions outside of Wright's or Tornier's control; the failure to realize synergies anticipated from the transaction or delay in realization thereof; the businesses of Wright and Tornier may not be combined successfully, or the 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 business relationships with third parties; transaction costs; actual or contingent liabilities; the adequacy of the combined companies' resources; failure or delay in ultimately obtaining FDA approval of Wright's Augment® Bone Graft for commercial sale in the United States; failure to achieve the anticipated benefits from approval of Augment® Bone Graft, and the risks identified under the heading "Risks" in Wright's Annual Report on Form 10-K, filed with the SEC on February 24, 2014, and Tornier's Annual Report on Form 10-K, filed with the SEC on February 21, 2014, as well as both companies' subsequent Quarterly Reports on Form 10-Q and other information filed by each company with the SEC. Wright and Tornier caution investors not to place considerable reliance on the forward-looking statements contained in this presentation. You are encouraged to read Wright's and Tornier's filings with the SEC, available at [www.sec.gov](http://www.sec.gov), for a more complete discussion of these and other risks and uncertainties. The forward-looking statements in this presentation speak only as of the date of this presentation and Wright and Tornier undertake no obligation to update or revise any of these statements. Wright's and Tornier's businesses are subject to substantial risks and uncertainties, including those referenced above. Investors, potential investors, and others should give careful consideration to these risks and uncertainties.

Wright and Tornier use non-GAAP financial measures, including EBITDA, as adjusted. Their respective management teams believe that the presentation of these measures provides useful information to investors and that these measures may assist investors in evaluating their respective company's operations, period over period. EBITDA is calculated by adding back to net income charges for interest, income taxes and depreciation and amortization expenses. While it is not possible to reconcile the adjusted EBITDA forecast in this presentation to the nearest metric under U.S. generally accepted accounting principles (GAAP) of the combined business without unreasonable effort, the adjusted EBITDA forecast excludes non-cash stock based compensation

expense and non-operating income and expense, as well as the expected impact of such items as transaction and transition costs, impacts from the sale of Wright's OrthoRecon business and costs associated with distributor conversions and non-competes, all of which may be highly variable, difficult to predict and of a size that could have substantial impact on the combined company's reported results of operations for a period. Investors should consider these non-GAAP measures only as a supplement to, not as a substitute for or as superior to, measures of financial performance prepared in accordance with GAAP.

Use of Non-GAAP Financial Measures

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#### 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](http://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 D. Tracy, Senior Vice President and Chief Communications Officer by phone at (901) 290-5817 or by email at [julie.tracy@wmt.com](mailto: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](mailto: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 respective 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 24, 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.

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Agenda

Yesterday s Announcements

Who Is Tornier?

Why this combination?

What happens after today?

How are we planning for the future?

Leadership's commitment to you

Conclusion & Summary

Q&A

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Augment is approvable for  
ankle and/or hindfoot fusion  
indications!!!

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Augment  
®  
Bone  
Graft  
is  
approvable  
for  
ankle

and/or  
hindfoot fusion indications

Approvable  
letter  
indicates  
that  
FDA  
determined  
Augment

®  
Bone  
Graft to be safe and effective as an alternative to autograft for ankle  
and/or hindfoot fusion indications

Final approval subject to customary preapproval inspections

Assuming  
satisfactory  
completion  
of  
this  
activity  
and  
receipt  
of  
a  
final  
approval order from the FDA, commercial sale and distribution of  
Augment

®  
Bone  
Graft  
can  
begin  
in  
the  
U.S.

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A Breakthrough Biologic!  
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Nothing else like it  
on the market

Further accelerate  
growth

Bone repair, soft  
tissue indications

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Unique solution for  
ankle and/or hindfoot

Breakthrough

biologic

Platform for future  
growth opportunities

Challenging Third Quarter

Revenue fell short of expectations

Net  
sales  
for  
Q3:



\$71.3  
million

up  
24%  
vs.  
last  
year

Normalizing for acquisitions, up 8% vs. last year

Total ankle sales growth of 25%

Slower growth rate than anticipated in our U.S. business

Increasing focus on core products and improving execution

Anticipating continued growth: new reps and acquired products

Continued strong growth from total ankle

International business strong; some short-term challenges

Supply planning

Negative currency rate impact

Updated our revenue guidance

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Yesterday's Announcement to Combine  
THE Premier Global Extremities-Biologics Company  
Comprehensive Upper & Lower Extremity Product Portfolio  
Accelerated Opportunities to Grow FASTER  
Lower, Upper, & Bio  
Three of Highest Growth Areas  
Expanded  
Scale and Scope

Double our revenue to over \$600M while maintaining our focus

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Generate long-term value for our  
customers, employees, and shareholders

Important notes on the Announcement  
Wright  
&  
Tornier  
leaders  
thrilled

once in a life time

opportunity and very bright future!

Business as usual

through the transaction close

Wright Medical Group N.V.

led by Bob Palmisano as CEO

and Tornier's Dave Mowry as COO

Pascal will continue to serve as Wright's COO until close and

will continue to stay highly involved through transition

Both

Boards

of

Directors

voted

unanimously

to

combine

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Excitement

about the Deal

Familiar Name

and

Leadership

Unanimous

Decision

Business As

Usual

Where We Will Operate

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nd

Floor

B

building

expansion  
Staying in  
Tennessee  
Cherry Road  
Expansion  
Memphis: U.S. Headquarters  
Wright Operations Center: Arlington  
Lower Extremity and Biologics U.S. HQ: Memphis Augment  
team continue to be based in Franklin  
Upper Extremity U.S. HQ: Tornier's Minnesota facility  
Incorporated in The Netherlands

Key Products

Recent Strategic Initiatives

Extremities company with leadership position in  
Upper Extremities --  
shoulder

NASDAQ:



TRNX

www.tornier.com

HQ in Netherlands; operations run out of U.S.,  
France and Ireland

2013 revenue: \$311M

Products sold in 45 countries

1,076 employees globally

Aequalis Ascend

Flex Shoulder

System

Latitude EV

Elbow Prosthesis

Salto Talaris Total

Ankle Prosthesis

CannuLink

Intraosseous

Fixation System

Business Mix

Company Summary

Transitioned US Sales organization into separate  
dedicated Upper and dedicated Lower Extremity  
reps, including a significant portion from Distributor  
to Direct

Global commercial launch of Aequalis Ascend Flex  
convertible shoulder system (July 2013)

First and only Japanese Reversed Shoulder  
approval received and commercial launch underway

Integration of OrthoHelix (acquired in 4Q12)

Tornier at a Glance

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\*2013 revenue

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59%

19%

17%

5%

Sports Med &

Biologics

Large Joint

Lower Extremity

Upper Extremity

59%

41%  
US  
International

Summing Up: Compelling Strategic Rationale  
THE Premier High-Growth Extremities-Biologics Company  
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Once integrated, anticipate combined revenues growing in  
mid-teens and adj. EBITDA margins approaching 20% in 3-4 years

Further  
enhanced

by  
final  
FDA  
premarket  
approval  
of  
Augment

®

Bone

Graft, a platform technology for future new product development

Leading technologies & specialized sales forces addressing continuum of care through innovative solutions

Three cornerstones: Total Ankle, Shoulder Replacement, Biologics

Uniquely positioned in fastest growth areas of orthopaedics

Comprehensive Upper & Lower Extremity Product  
Portfolio

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\*2013 revenue

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UPPER EXTREMITIES

LOWER EXTREMITIES

~10% of Revenue

59% of Revenue  
~62% of Revenue  
19% of Revenue  
BIOLOGICS

We speak a common language

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We can achieve more as one company!

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EMPLOYEES

Larger, dynamic organization enhances career growth  
opportunities

CUSTOMERS

Combined products, sales, distribution, medical education and



relationships expands our reach

**PATIENTS**

Dedicated R&D will power innovation across combined portfolio  
to enhance outcomes

**SHAREHOLDERS**

Significant potential upside & future growth prospects expected  
from a larger, stronger, combined organization

What does this mean for employees TODAY?

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Close in 2015:

Deal is expected to close in the first half of 2015 and will require regulatory and shareholder approvals

Business as Usual: **Customer Service is our Number One Priority**

Execute  
on operational objectives and individual goals

No Immediate Changes:

Your role, responsibilities, salary and benefits

remain the same; you may be requested to assist in integration planning.

Transaction itself will not create any changes to 2014 bonus and benefit programs.

We will follow our normal process for reviewing and updating our bonus and benefit programs for 2015.

Until close, we remain independent companies and should continue to compete as vigorously as we did before the announcement

Significant Resources Dedicated to the Combination that will:

How are we planning for the integration?

Vitally important that planning efforts do not distract us from remaining productive and executing on our objectives

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Identify best practices to leverage combined strengths,

maximize growth and deliver best-in-class service

Reposition and align strategic vision for both entities and

prepare

for

a

successful

Day

One

following

the

close

Pro-actively communicate as information becomes available

We expect to realize cost synergies totaling \$40 million to \$45 million from the following areas  
some examples:

Multiple ERP systems

Tornier

outsources  
most  
of  
its  
foot  
and  
ankle  
manufacturing

we  
have  
a world class manufacturing facility

We can eliminate duplicate public expenses, such as audit fees and  
stock exchange listing fees

These decisions have yet to be made

We understand the uncertainty this creates

We re asking for your patience

We do not have all of the answers yet  
Synergies and Timing  
We will communicate as much as we can,  
as fast as we can

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Commitment to open & transparent communication

Future opportunity to meet with Tornier leadership

We will provide ongoing, frequent and timely updates:

In-person, department meetings



Written communication

Human Resources office hours

Management team is dedicated to obtaining answers to your questions

Additional resources for employees:

Frequently Asked Questions (FAQs)

Email:

[winningtogether@wmt.com](mailto:winningtogether@wmt.com)

Intranet:

<https://sharepoint.wmt.com/sites/winningtogether>

Website:

[www.ExtremitiesLeader.com](http://www.ExtremitiesLeader.com)

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A bright & exciting future as new Wright Medical!

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Premier High-

Growth Extremities-

Biologics Company

Accelerated Growth

Opportunities

Significant Scale  
and Scope

Better Serves Customers

Increases Employee Development Opportunities

Satisfies Shareholders

Q&A  
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