

WRIGHT MEDICAL GROUP INC

Form 425

October 28, 2014

Employee Town Hall

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Forward-Looking Statements

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2

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 and benefits 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, 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

3

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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) 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, 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 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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4

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

5

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

6

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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.

7
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A Breakthrough Biologic!
8

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

9

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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

10

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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

11

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Excitement

about the Deal

Familiar Name

and

Leadership

Unanimous

Decision

Business As

Usual

Where We Will Operate

12

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2

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

13

*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
14

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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

15

*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

16

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We can achieve more as one company!

17

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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?

18

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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

19

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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

20

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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

Intranet:

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

Website:

www.ExtremitiesLeader.com

21

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A bright & exciting future as new Wright Medical!

22

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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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