

WRIGHT MEDICAL GROUP INC

Form 425

October 27, 2014

Wright and Tornier
Creating the Premier High-Growth Extremities-Biologics Company
OCTOBER 27, 2014

1

Filed by Wright Medical Group, Inc.
pursuant to Rule to Rule 425
Under the Securities Act of 1933

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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 other words of
similar 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, products and services, the approvable status and anticipated final PMA approval of Wright's Augment[®] Bone Graft product,

and the positive effects such final approval is anticipated to have on the combined business.

Each forward-looking statement contained in this presentation is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statement.

Applicable 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 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 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 resources; failure or delay in ultimately obtaining FDA approval of 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 Risk Factors in Wright's Annual Report on Form 10-K, filed with the SEC on February 27, 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 discussion of these and other risks and uncertainties. The forward-looking statements in this presentation speak only as of the date of this release, 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.

Cautionary Note Regarding Forward-Looking Statements

2

Note on Non-GAAP Financial Measures

3

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.

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 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 February 16, 2014. These documents can be obtained free of charge from the sources indicated above. Certain directors, executive officers

employees of Wright and Tornier may have direct or indirect interest in the transaction due to securities holdings, vesting of 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.

Important Additional Information and Where To Find It

4

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
Today s Announcement
5

Products
Recent Strategic Initiatives

Extremities-Biologics company with leadership position
in in Lower Extremities --
foot & ankle

NASDAQ: WMGI www.wmt.com

HQ in Memphis, TN; operations run out of U.S.

2013 revenue: \$242M

Products sold in over 60 countries

1,000 employees globally

INBONE

®

and

INFINITY

®

Total

Ankle Systems

ORTHOLOC

®

Reconstructive

Plates

PRO-TOE

®

Hammertoe

Implants

Biologics

Business Mix

Company Summary

Completed transformation to high growth Extremities-
Biologics pure play through successful divestiture of
OrthoRecon business (Jan 2014)

Integration of Solana and OrthoPro (acquired in 1Q14)

Commercial launch of INFINITY

®

total ankle replacement
system (June 2014)

Approvable letter received from FDA for Augment®

Bone

Graft

Wright at a Glance

*2013 revenue

6

73%

27%

3%

10%

25%

62%

US
International
Other
Upper Extremities
Biologics
Foot & Ankle

Leverages direct sales
force, training capabilities
Further accelerate
growth
Bone repair, soft tissue
indications
Unique solution for
ankle and/or hindfoot fusion

Breakthrough biologic

Platform for future

growth opportunities

First clinically proven, cost-effective alternative to autograft for ankle and/or hindfoot fusion indications

Roughly a \$300M U.S. Market Opportunity

Final approval subject to customary preapproval inspections

Augment

®

Bone Graft is Approvable for Ankle and/or Hindfoot

Fusion Indications

7

Augment Accelerates Wright's Growth Opportunities

8

Demonstrated results

Eliminates harvest site complications

Patients avoid any donor site pain

Ankle

Fusions
Hindfoot
Fusions

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

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

9

*2013 revenue

41%

US

International

59%

Business Mix

Products

Company Summary

Recent Strategic Initiatives

59%

19%

17%

5%

Upper Extremity

Lower Extremity

Large Joint

Sports Med &

Biologics

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

Transaction Overview

10

Creates the Premier High-Growth Extremities-Biologics Company with Comprehensive Upper and Lower Extremity Product Portfolio and Broad Global Reach

10% of revenue

59% of revenue

*2013 revenue

UPPER EXTREMITIES

LOWER EXTREMITIES

62% of revenue

19% of revenue
EVOLVE®
Radial Head
INFINITY®
Total Ankle System
Aequalis
Ascend Flex
Convertible Shoulder System
CannuLink
Intraosseous
Fixation System
Compelling Strategic Rationale
11

Natural, highly complementary fit of both businesses that retains pure-play extremities strategy

Combined
business
will
be
better
positioned
to
increase
focus
on
the
needs
of
surgeon
specialists
and
combined
research
and
development
teams
will
power
innovation
to
enhance
patient
outcomes

Larger
combined
presence
and
product

portfolio
creates
scale
to
better
leverage
time
and
capabilities
of
sales force in the hospital contracting process

Further
Accelerates
Growth
Opportunities
in
Three
of
the

Fastest
Growing
Areas
in
Orthopaedics
Compelling Strategic Rationale

12
UPPER
EXTREMITIES

\$1.7B

\$2.8B

8-10%

CAGR

LOWER

EXTREMITIES

\$1.1B

\$1.4B

BIOLOGICS

5-6%

CAGR

\$2.7B

\$3.7B

8-9%

CAGR

Goal is to leverage sales force and strong product portfolio to drive accelerated growth in upper and lower extremities

Combination provides Wright with access to large, upper extremities market with leadership position in shoulder

Opportunities for selling biologics across expanded upper and lower extremities product portfolio

Adds diversity and scale across various geographies and product categories

Available Market ~**\$7.9B**

Adds Significant Scale and Scope to Provide Accelerated Path to Profitability and Stronger
Financial Profile

Compelling Strategic Rationale

13

Provides needed scale for both
businesses without diluting focus

Anticipate revenue for combined
business growing in mid-teens and
adjusted EBITDA margins approaching
20% in three to four years

Cost synergies expected in the range of
\$40 million to \$45 million realized by
year three

Anticipate transaction will be accretive
to
the
combined
companies
adjusted
EBITDA in second full-year after
completion of the transaction

59%

19%

5%

17%

Tornier Sales ~\$330M

Upper

Extremity

Lower

Extremity

Sports Med

& Biologics

Large Joint

10%

62%

25%

3%

Wright Sales ~\$300M

Upper

Extremity

Lower

Extremity

Biologics

Other

40%

41%

12%

9%

Combined Sales

\$600+M

Upper Extremity

Lower Extremity

Sports Med & Biologics

Large Joints

Employees
Customers
Shareholders
Benefits to Key Stakeholders
14

Significantly expands the breadth and depth of extremity products we offer surgical specialists

Combined products, sales and distribution talent, medical education and relationships will allow us to increase our focus on the needs of the surgeon specialists

Dedicated research and development teams will power enhanced innovation across the combined product portfolio to enhance patient outcomes

Benefit from being part of a larger, dynamic organization that brings together two leading companies and offers enhanced opportunities for career growth

Blend and maximize the best of our combined talents, capabilities, technologies and cultures to bring to life a great new company

Further expand sales in three of the fastest growing areas in orthopaedics to accelerate the path to profitability and a stronger financial profile

Opportunity to participate in the significant upside and future growth prospects expected from a larger, stronger, combined organization

Combined
company
to
be
called
Wright
Medical

Group
N.V.
and
anticipate
stock
will
continue

to be NASDAQ listed and will continue to trade under ticker WMGI

Incorporated in the Netherlands

Tornier headquartered here for approximately 8 years

Best supports the growth strategy driving the merger

Over the long-term, it is anticipated that this structure will provide company with more accessible cash flow, enhancing ability to grow, creating long-term shareholder value

U.S. headquarters to remain in Memphis, Tennessee:

U.S. headquarters for Lower Extremity and Biologics business will be based in Wright's existing facility in Memphis, TN and Augment team will continue to be based at its facility in Franklin

U.S. headquarters for Upper Extremity business will be based within Tornier's existing facility in Bloomington, MN and its U.S. engineering center in Warsaw, IN

Leadership:

Robert Palmisano to become President and Chief Executive Officer

David Mowry to become Executive Vice President and Chief Operating Officer

Board of Directors: 5 representatives from Wright's existing board, 5 representatives from Tornier's existing board

Corporate Structure

15

Timing

Expected to close in the first half of 2015

Regulatory approvals

Subject to customary closing conditions, including HSR

Subject to Wright and Tornier shareholder approval

Upcoming milestones

Wright third quarter 2014 earnings call scheduled for November 5, 2014

Tornier third quarter 2014 earnings call scheduled for November 6, 2014

Conclusion and Next Steps

16

Creating Premier High-Growth Extremities-Biologics Company
Comprehensive Upper and Lower Extremity Product Portfolio
and Broad Global Reach
Accelerated Growth Opportunities in Three of the Fastest
Growing Areas in Orthopaedics
Significant Scale & Scope to Provide Accelerated Path to
Profitability and Stronger Financial Profile

17

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NASDAQ: WMGI

NASDAQ: TRNX

18