

WRIGHT MEDICAL GROUP INC

Form 425

October 27, 2014

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

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

Edgar Filing: WRIGHT MEDICAL GROUP INC - Form 425

Deemed filed pursuant to Rule 14a-12  
Under the Securities Exchange Act of 1934  
Subject Company: Wright Medical Group, Inc.  
Commission File No. 001-35823

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<sup>®</sup> 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 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](http://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

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Note on Non-GAAP Financial Measures

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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](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 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.

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 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.

Important Additional Information and Where To Find It

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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  
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Products  
Recent Strategic Initiatives

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

NASDAQ: WMGI [www.wmt.com](http://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

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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

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Augment Accelerates Wright's Growth Opportunities

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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](http://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

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\*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

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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  
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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

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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  
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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

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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

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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

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NASDAQ: WMGI

NASDAQ: TRNX

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