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

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 control of the co

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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 (R) 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 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 possibility that various closing conditions for the transaction may not be satisfied or waived, including that a governmental ent 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, indem and liability; other business effects, including the effects of industry, economic or political conditions outside of Wright s or T control; the failure to realize synergies and cost-savings from the transaction or delay in realization thereof; the businesses of V 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 contin liabilities; the adequacy of the combined company s capital resources; failure or delay in ultimately obtaining FDA approval Augment

(R)

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 inveplace 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 <a href="https:/www.sec.gov">www.sec.gov</a>, for a discussion of these and other risks and uncertainties. The forw statements in this presentation speak only as of the date of this release, and Wright and Tornier undertake no obligation to update 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

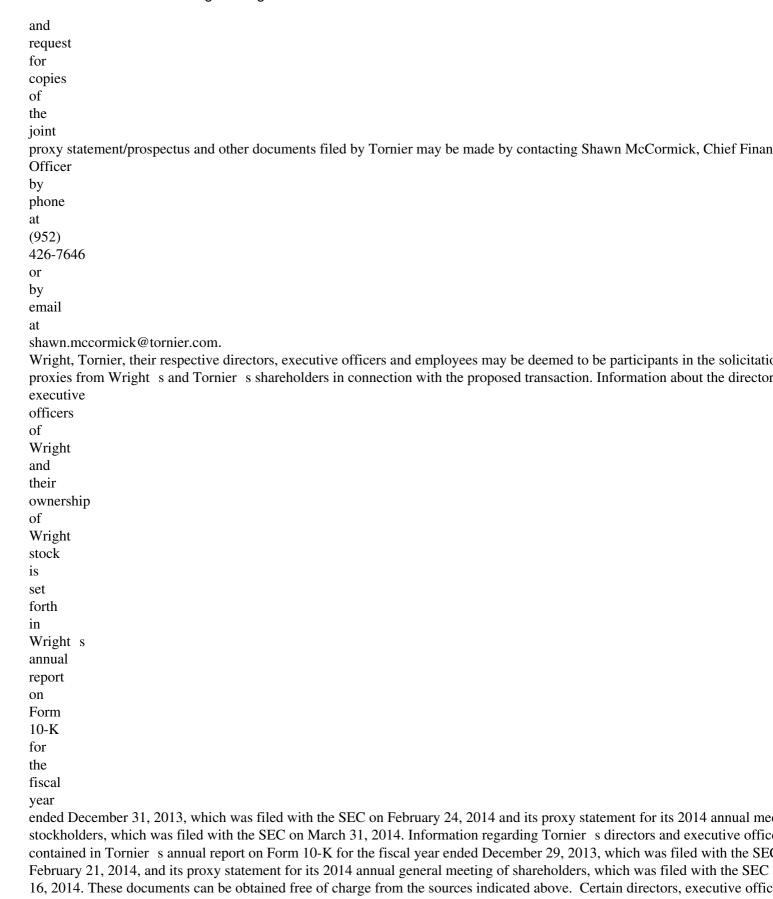
business without unreasonable effort, the adjusted EBITDA forecast excludes non-cash stock based compensation expense and non-operating income and expense, as well as the expected impact of such items as transaction and transition costs, impacts from the sale of Wright s OrthoRecon business and costs 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.



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 I and Chief Communications Officer by phone (901) 290-5817 or by email at

julie.tracy@wmt.com,



employees of Wright and Tornier may have direct or indirect interest in the transaction due to securities holdings, vesting of edawards and rights to severance payments. Additional information regarding the participants in the solicitation of Wright and Toshareholders 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

HQ in Memphis, TN; operations run out of U.S. 2013 revenue: \$242M Products sold in over 60 countries 1,000 employees globally **INBONE** (R) and **INFINITY** (R) Total Ankle Systems **ORTHOLOC** (R) 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** 

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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

\*2013 revenue

41%

US

International

59%

**Business Mix** 

**Products** 

**Company Summary** 

Recent Strategic Initiatives

59%

19%

17%

5%

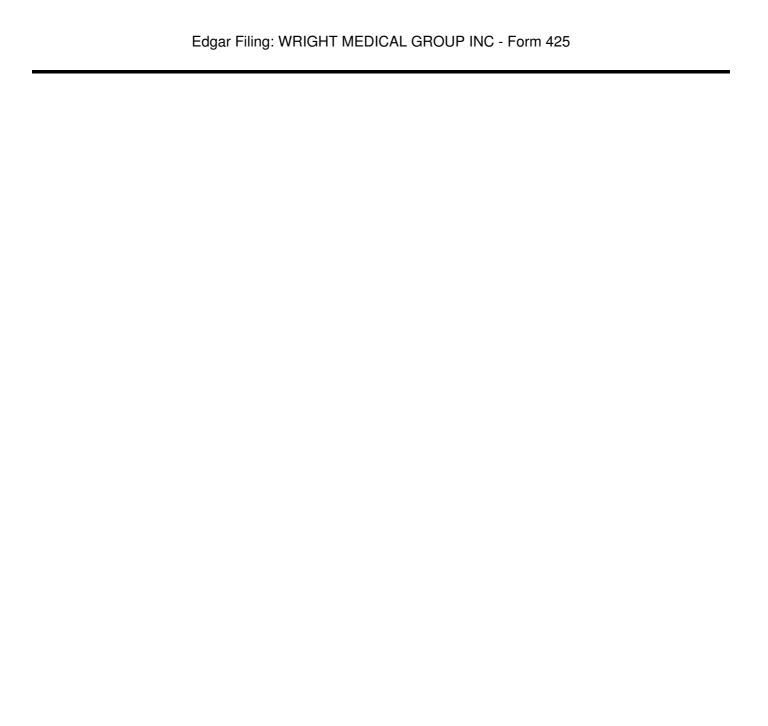
**Upper Extremity** 

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

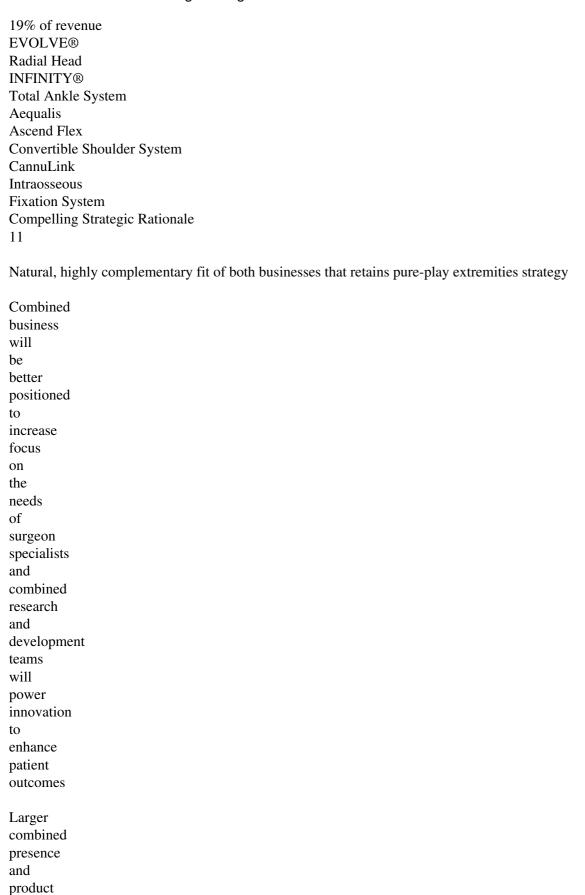
59% of revenue

\*2013 revenue

**UPPER EXTREMITIES** 

LOWER EXTREMITIES

62% of revenue



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

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 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

For additional information, please contact: Julie Tracy Shawn McCormick Chief Communications Officer Chief Financial Officer julie.tracy@wmt.com shawn.mccormick@tornier.com (901) 290-5817

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