



**ÖSSUR HF. Q1 2011  
INVESTOR MEETING**

*5 May 2011*



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# FORWARD LOOKING STATEMENTS



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This presentation contains forward-looking statements, which reflect the Management's current views with respect to certain future events and financial performance. Although the statements are based upon estimates the Management believes to be reasonable, there is no assurance that these statements will be achieved.

Statements containing the financial outlook for 2011 and the following years naturally involve risks and uncertainties, and consequently actual results will differ, and may differ materially, from those projected or implied in the forward-looking statements.

The risks and uncertainties may include unexpected developments in the international currency exchange and securities markets, financing, market driven price decreases for Össur's products, delay or failure of development products, production problems and unexpected cost increases, development of new technologies by competitors, the introduction of competing products within Össur's core areas, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws.

# AGENDA – Q1 2011



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## AGENDA

Highlights

Financials

Guidance

Q&A

**ÖSSUR HF.**

**JÓN SIGURÐSSON**

*President & CEO*



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## Sales

USD 97 m

### *Excellent performance*

- Overall 11% growth LCY
- Prosthetics 5% LCY
- B&S 20% LCY

## Operations

EBITDA USD 18 m

### *Stable Margins*

- Gross profit margin 63%
- EBITDA margin 19%

## Highlights

### *Key Highlights*

- Gaining market share in B&S
- Mexico facility expanding
- Financed at favorable terms

## *Americas 52% of total sales*

- Sales growth 19%
- B&S
  - Excellent growth
  - Supported by sales channel investments
  - New products contributing to growth
- Prosthetics
  - Flat growth
  - More competition in microprocessor knee segment
  - Strong Bionic sales last year

Note: All growth numbers in local currency including investments





## *EMEA 44% of total sales*

- Sales growth 5%
- B&S
  - South Europe declining
- Prosthetics
  - Excellent performance in all markets
- Compression therapy 7% decline
  - Supply chain and stock up issues

Note: All growth numbers in local currency including investments

# ASIA Q1 2011 – STRONG QUARTER



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## *Asia 4% of total sales*

- Sales growth 10%
- B&S and Prosthetics excellent growth
- Effects of earthquake in Japan uncertain



Note: All growth numbers in local currency



# SALES GROWTH BY SEGMENTS Q1 2011



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Sales by region / segments	Growth USD	Growth LCY	Organic growth LCY *
Americas	19%	19%	7%
EMEA	5%	5%	3%
Asia	13%	10%	10%
<b>Total</b>	<b>12%</b>	<b>11%</b>	<b>5%</b>
Prosthetics	6%	5%	5%
Bracing and supports	21%	20%	8%
Compression therapy	-8%	-7%	-7%
<b>Total</b>	<b>12%</b>	<b>11%</b>	<b>5%</b>

\* Excluding acquired entities

# B&S – PLATFORM FOR FUTURE GROWTH



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Entrance

Consolidation / Integration

Growth

2003 - 2006

2007 - 2009

2010 - 2011

- Entrance into the B&S segment
- Strategic Acquisitions
- Development of first B&S products
- Consolidation of sales forces
- Management structure in place
- B&S product strategy
- Investment in sales platform and coverage
- Strong product pipeline
- Structure in place
- Growth

# EVOLUTION OF THE BIONIC PLATFORM



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- Technology leader in the prosthetics segment
- Bionics account for 13% of prosthetics sales in Q1
- RHEO KNEE® – established product
- PROPRIO FOOT® – paving the road
- Increased competition



# FINANCIALS Q1 2011

*HJÖRLEIFUR PÁLSSON*

CFO



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# INCOME STATEMENTS Q1 2011



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Income Statements (USD millions)	Q1 2011	% of sales	Q1 2010	% of sales	Change	% change
Net sales	97.0	100%	86.5	100%	10.5	12%
Gross profit	61.4	63%	54.1	63%	7.3	13%
Operating expenses	-46.3	-48%	-39.9	-46%	-6.4	16%
Profit from operations	15.2	16%	14.1	16%	1.1	8%
Financial income / (expenses)	-4.3	-4%	-1.0	-1%	-3.3	330%
Net profit	8.0	8%	9.7	11%	-1.7	-18%
EBITDA	18.3	19%	17.8	21%	0.5	3%
EBITDA adjusted*	18.8	19%	16.6	19%	2.2	13%

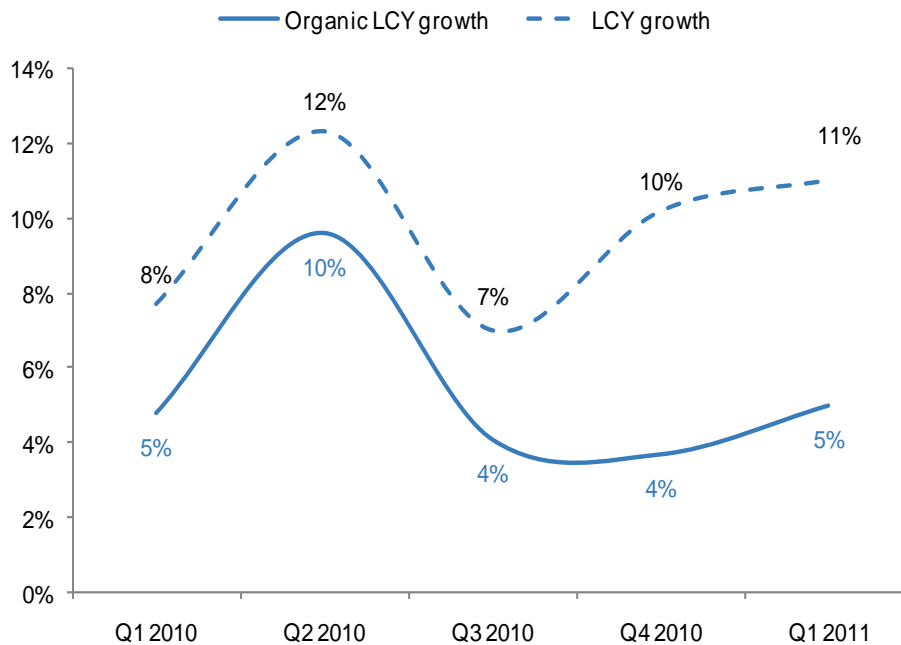
\*Adjusted for one-time items:

USD m	Gains	Expenses	Net effect
Q1 2011	0	0.5	0.5
Q1 2010	-1.2	0	-1.2

# SALES – GOOD ORGANIC GROWTH



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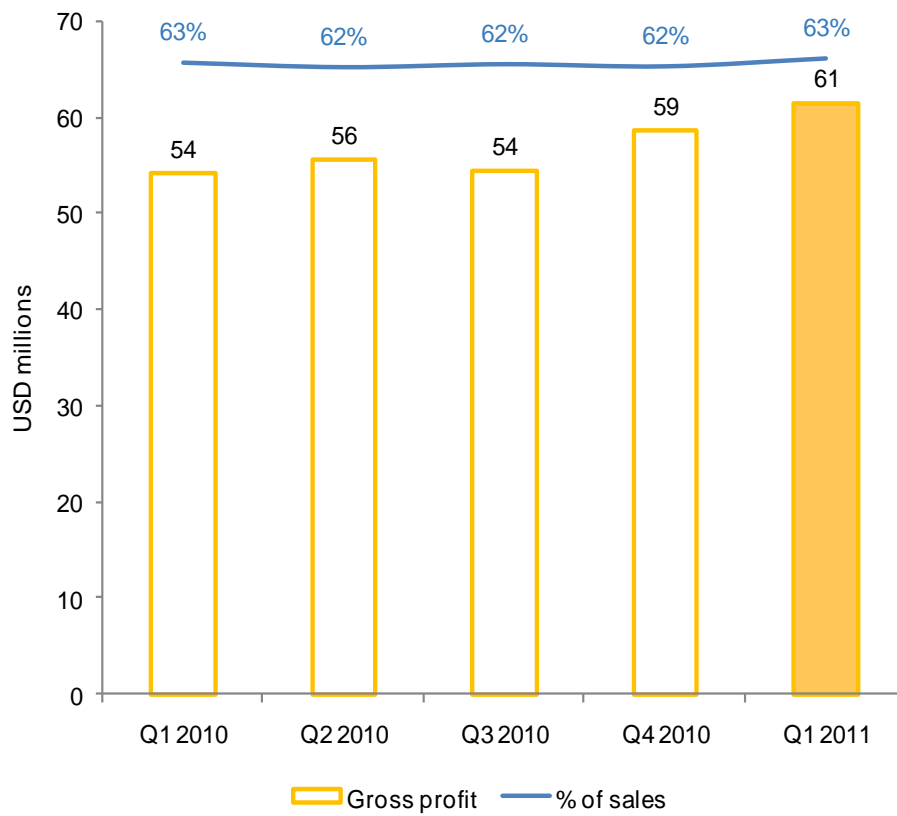
Note: Organic LCY growth excludes acquisitions

- **B&S**
  - Gaining market share in Americas
  - South Europe declining
  - Positive impact from products launched in 2010
- **Prosthetics**
  - Flat performance in Americas
  - Excellent growth in all EMEA markets

# GROSS PROFIT – CONSISTENT



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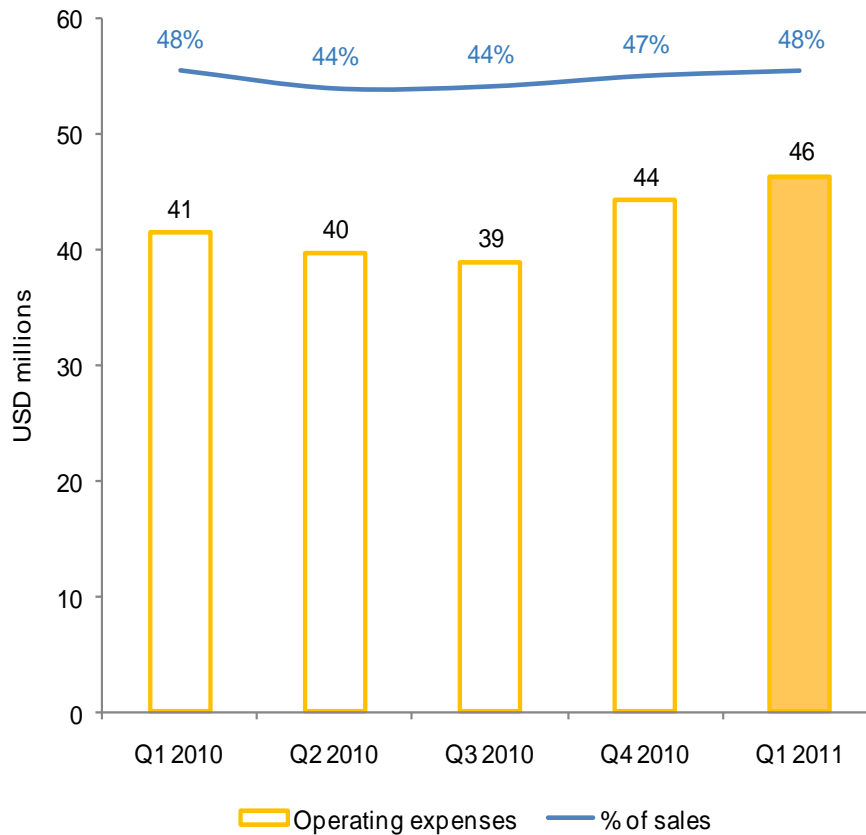


- Stable margin above 60%
- Mexico facility
  - Relocation of US manufacturing finalized in 2011
  - Expected COGS savings in 2012 USD 4 millions
  - Increases Össur's competitiveness

# OPERATING EXPENSES – INVESTING IN S&M



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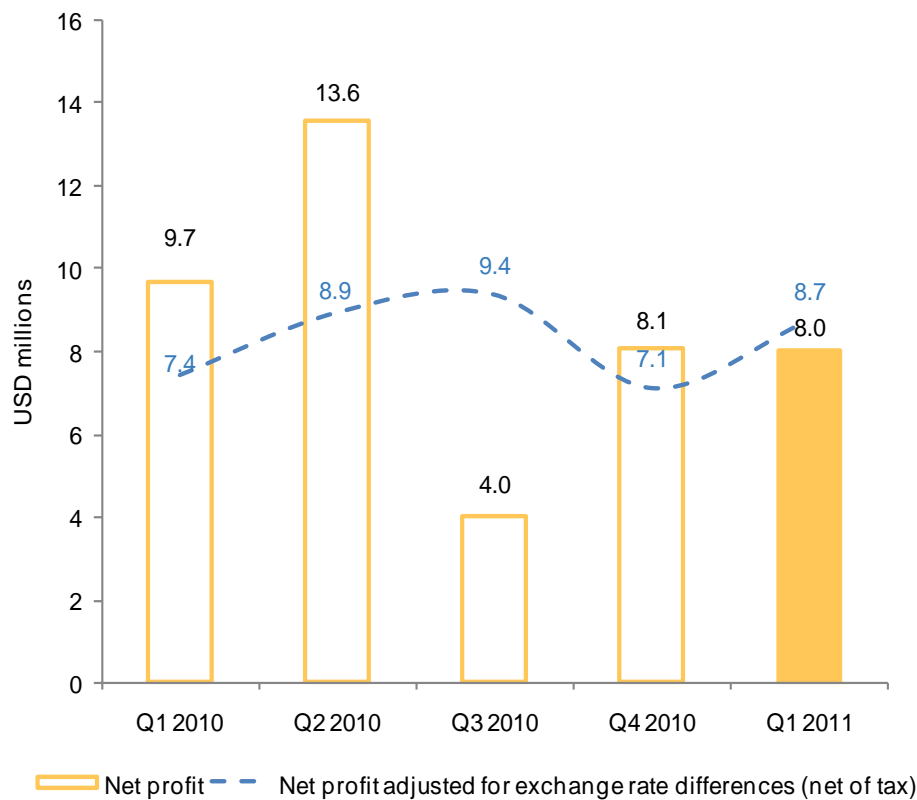
- S&M – Continued investment
- R&D – Stable
- G&A – Increased efficiency
- Higher OPEX in acquired companies



# NET PROFIT – GOOD PROFITS



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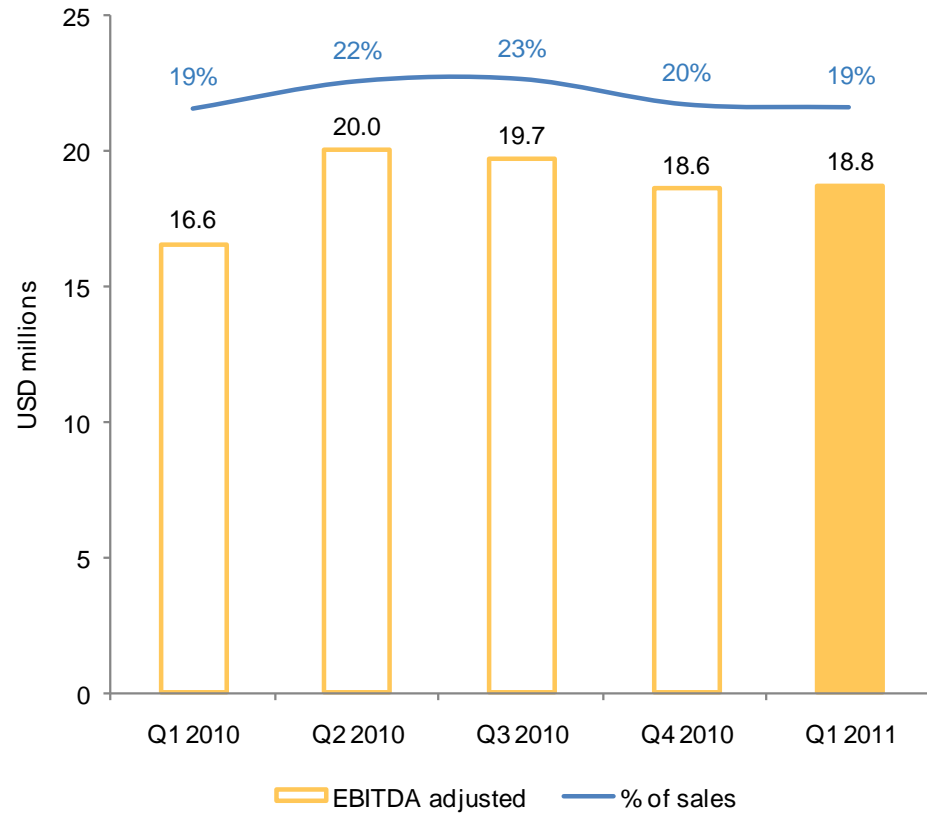


- Net profit 8% of sales
- One-time sales gain Q1 2010

# EBITDA MARGIN – 19%



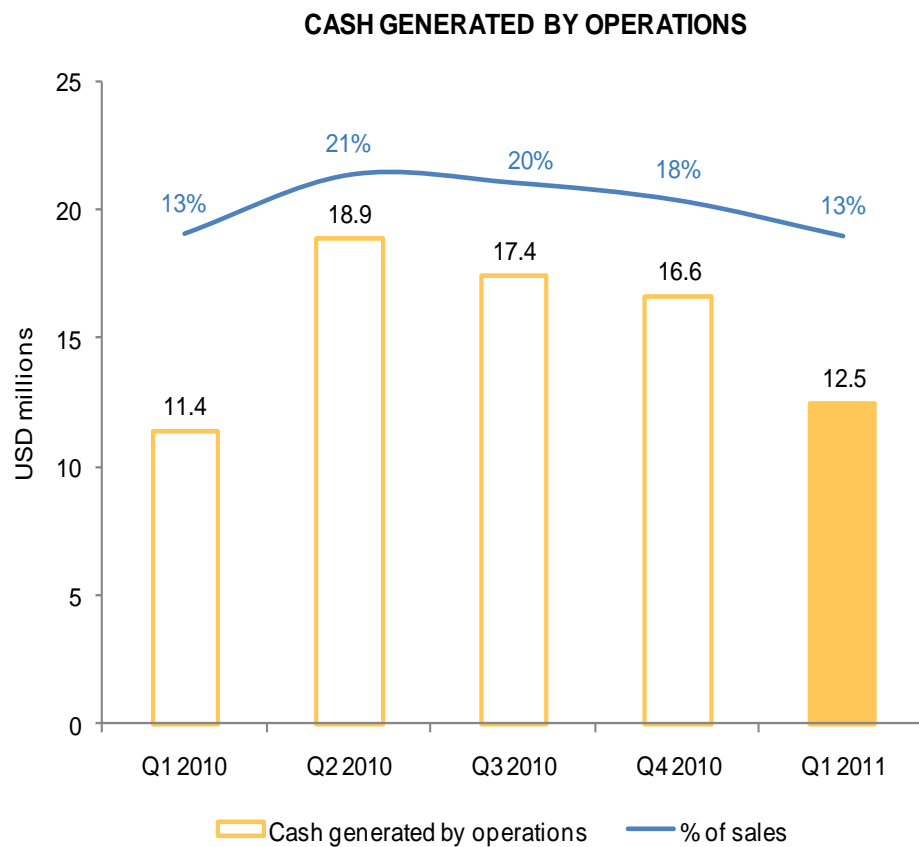
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# CASH FLOW – Q1 TRADITIONALLY LOWER



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# BALANCE SHEETS 31 MARCH 2011



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USD million	31. Mar '11	31. Dec '10
Non current assets	452	442
Current assets	142	165
<b>Total assets</b>	<b>594</b>	<b>607</b>
Stockholders' equity	360	344
Non current liabilities	163	178
Current liabilities	71	85
<b>Total equity and liabilities</b>	<b>594</b>	<b>607</b>
Current ratio	2.0	1.9
Equity ratio	61%	57%
Net interest bearing debt / EBITDA	1.8	1.8
Debt / EBITDA	2.1	2.5



# FINANCING – PARTNERING WITH INTERNATIONAL BANKS



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USD 231 MILLION CLUB FACILITY BASED ON CORPORATE CREDIT TERMS

The logo for ING, consisting of the word "ING" in a blue, serif font followed by a stylized orange lion.

The logo for Nordea, featuring the word "Nordea" in a blue, sans-serif font followed by a blue stylized leaf or wave icon.

The logo for SEB, featuring the letters "SEB" in a white, sans-serif font centered within a green square.

- USD 231 million financing for five years (equal split between banks)
  - USD 120 million term loan
  - USD 111 million revolving credit facility
- Corporate credit structure
- Operational flexibility secured
- Interest terms 145 bps + LIBOR/EURIBOR
- Flexibility to support Össur's acquisition strategy

# FINANCIAL HIGHLIGHTS Q1 2011



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- Excellent sales growth
- Good organic growth
- Stable margins

**GUIDANCE**



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## **2011 Guidance**

*Unchanged from previously announced guidance*

**Sales growth organic (LCY): 4 - 6%**

**EBITDA ratio adjusted: 20 - 21%**



Q&A



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## Listed on NASDAQ OMX Copenhagen

Ticker symbol: OSSR  
Reuters: OSSR.CO  
Bloomberg: OSSR.DC

Number of shares: 453,750,000  
Market Cap 31.3.2011: USD 726 million

Upcoming Events	Date
Europac Conference – New York	9 June
ABG Sundal Collier – New York	10 June
Q2 Results	28 July
Goldman Sachs Healthcare Conference – London	7-8 September
Dansk Aktiemesse – Copenhagen	20 September
Jefferies European Healthcare Conference – London	27-28 September
Q3 Results	27 October
Össur Capital Markets Day	30 November
Q4 Results	8 February 2012
<b>2012 Annual General Meeting</b>	<b>16 March 2012</b>

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# WE IMPROVE PEOPLE'S MOBILITY



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