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# Ossur – Financials Q3 2005

Presentation October 27<sup>th</sup>

## *Financial highlights Q3 2005*



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- Royce included from August 11<sup>th</sup> 2005
- Total sales 45 million USD, up 45% from 2004
- Organic sales growth 16%
- EBITDA 23% excl. one time transactions
- Purchasing accounting pressing profit

## Financial highlights Q3



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USD '000	Q3 2005	Q3 2004	% Change
Net sales	44,567	30,674	+45%
Gross profit	24,960	18,785	+33%
Operational profit	1,686	5,511	-69%
Net profit	812	4,678	-83%
EBITDA	4,610	6,634	-30%
EPS Q3 (US Cents)	0.26	1.47	-82%
Cash generated by operations	7,078	5,436	+30%

Note: Including one time expenses of 5.7 million USD in Q3 2005, 3.2 million USD net of tax.

## Financial highlights Q3

*excl. restructuring, inventory step up  
and one time other income*



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USD '000	Q3 2005	Q3 2004	% Change
Net sales	44,567	30,674	+45%
Gross profit	27,582	18,785	+47%
Operational profit	7,423	5,511	+35%
Net profit	3,983	4,678	-15%
EBITDA	10,347	6,634	+56%
EPS Q3 (US Cents)	1.26	1.47	-14%
Cash generated by operations	7,078	5,436	+30%

# Income statement Q3 2005 Breakdown



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USD	Össur 1.7-30.9	%	Royce 11.8-30.9	%	Total excluding unusual exp.	%	Unusual expenses	Total	%
<b>Net sales</b> .....	34.741	100,0%	9.826	100,0%	44.567	100,0%		44.567	100,0%
Cost of goods sold .....	-13.278	-38,2%	-3.707	-37,7%	-16.985	-38,1%	-2.622	-19.607	-44,0%
<b>Gross profit</b> .....	21.463	61,8%	6.119	62,3%	27.582	61,9%	-2.622	24.960	56,0%
Other income .....	7	0,0%	0	0,0%	7	0,0%	1.000	1.007	2,3%
Sales and marketing expenses .....	-7.487	-21,6%	-3.100	-31,5%	-10.587	-23,8%	0	-10.587	-23,8%
Research and development expenses ...	-2.354	-6,8%	-795	-8,1%	-3.149	-7,1%	0	-3.149	-7,1%
General and administrative expenses ....	-5.243	-15,1%	-1.187	-12,1%	-6.430	-14,4%	0	-6.430	-14,4%
Restructuring .....	0	0,0%	0	0,0%	0	0,0%	-4.115	-4.115	-9,2%
<b>Profit from operations</b> .....	6.386	18,4%	1.037	10,6%	7.423	16,7%	-5.737	1.686	3,8%
Interest income/(expenses) .....	-1.861	-5,4%	0	0,0%	-1.861	-4,2%	0	-1.861	-4,2%
<b>Profit before tax</b> .....	4.525	13,0%	1.037	10,6%	5.562	12,5%	-5.737	-175	-0,4%
Income tax .....	-1.167	-3,4%	-412	-4,2%	-1.579	-3,5%	2.566	987	2,2%
<b>Net profit for the period</b> .....	3.358	9,7%	625	6,4%	3.983	8,9%	-3.171	812	1,8%
EBITDA	7.752	22,3%	2.595	26,4%	10.347	23,2%	-5.737	4.610	10,3%

## Sales by markets Q3 2005



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USD '000	Q3 2005	Q3 2004	% Growth USD	% Growth LCY
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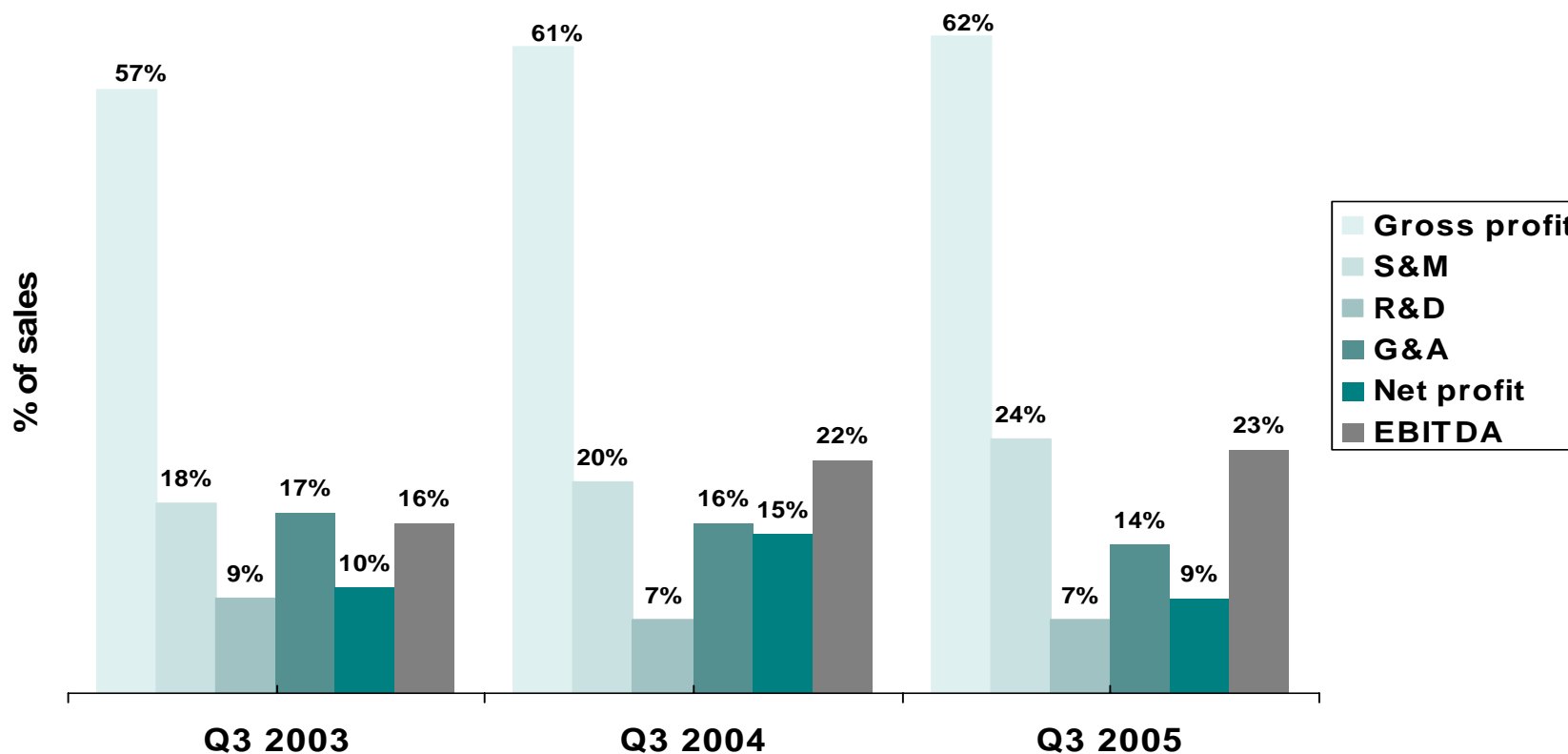
North America	26,768	15,955	+68%	+68%
Europe	9,318	7,938	+17%	+17%
Nordic (incl. Domestic)	3,987	4,018	-1%	0%
Other International markets	4,494	2,077	+116%	+116%
Total continuing operations	44,567	29,988	+49%	+49%
Discontinued operations		686		
Total	44,567	30,674	+45%	

# Key ratios Q3 2003-2005

*excl. restructuring, inventory step up and one time other income*



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## *Financial highlights YTD 2005*



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- Net sales 111 million USD, up 19% from 2004
- Organic sales growth 9%
- GPM 61%
- EBITDA 21% (excluding one time expenses)



## Financial highlights YTD 2005 USD



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USD '000	YTD 2005	YTD 2004	% Change
Net sales	111,139	93,117	+19%
Gross profit	65,168	56,500	+15%
Operational profit	12,587	15,679	-20%
Net profit	8,600	11,801	-27%
EBITDA	17,901	19,111	-6%
EPS (US Cents)	2.73	3.72	-27%
Cash generated by operations	16,581	13,667	+21%

## Financial highlights YTD 2005 USD

*excl. restructuring, inventory step up and one time other income*



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USD '000	YTD 2005	YTD 2004	% Change
Net sales	111,139	93,117	+19%
Gross profit	67,790	56,500	+20%
Operational profit	18,324	15,679	+17%
Net profit	11,771	11,801	0%
EBITDA	23,638	19,111	+24%
EPS (US Cents)	3.73	3.72	0%
Cash generated by operations	16,581	13,667	+21%

# Income statement YTD 2005 Breakdown



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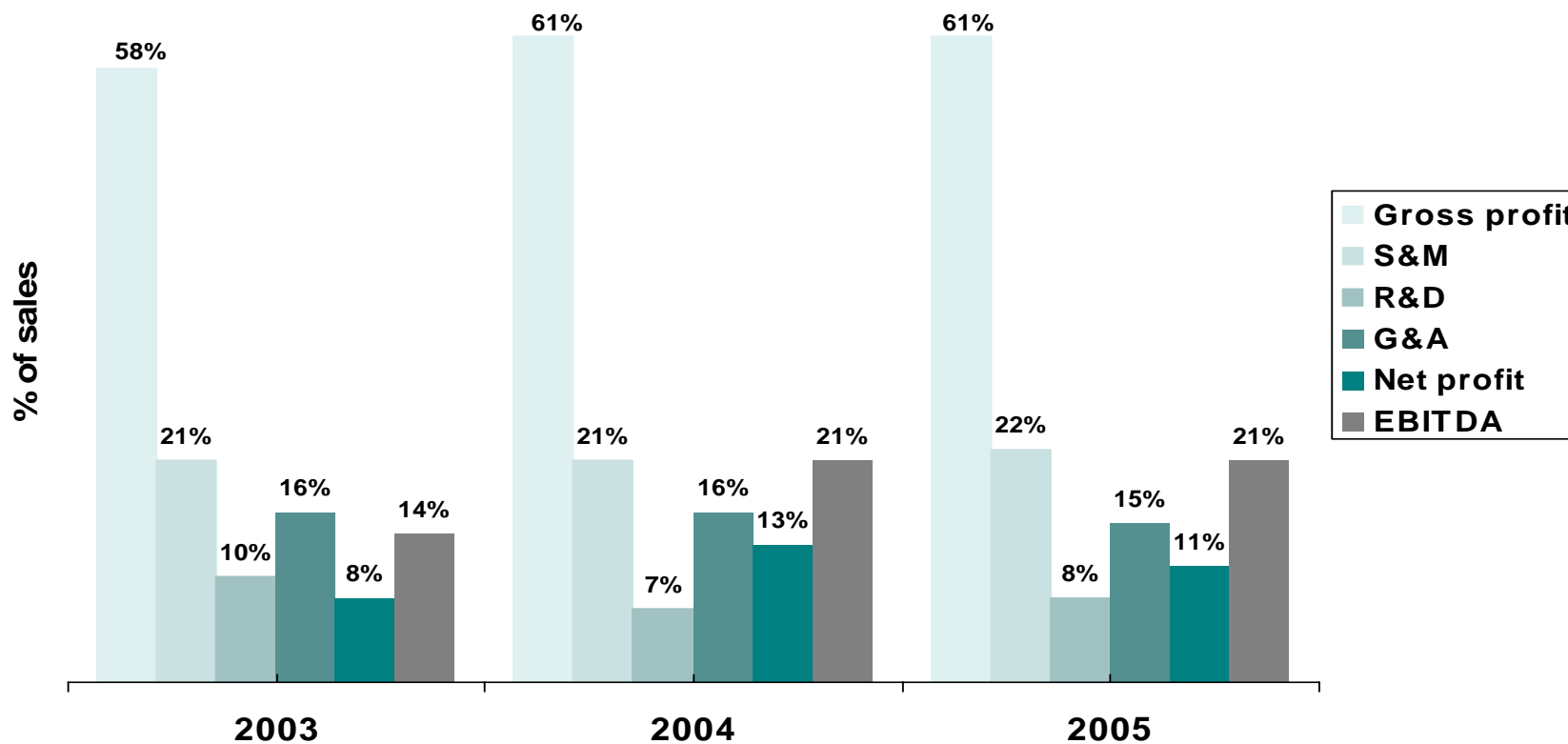
USD	Össur 1.1-30.9	%	Royce 11.8-30.9	%	Total excluding unusual exp.	%	Unusual expenses	Total	%
<b>Net sales</b> .....	101.313	100,0%	9.826	100,0%	111.139	100,0%		111.139	100,0%
Cost of goods sold .....	-39.642	-39,1%	-3.707	-37,7%	-43.349	-39,0%	-2.622	-45.971	-41,4%
<b>Gross profit</b> .....	61.671	60,9%	6.119	62,3%	67.790	61,0%	-2.622	65.168	58,6%
Other income .....	593	0,6%	0	0,0%	593	0,5%	1.000	1.593	1,4%
Sales and marketing expenses .....	-21.482	-21,2%	-3.100	-31,5%	-24.582	-22,1%	0	-24.582	-22,1%
Research and development expenses ...	-7.556	-7,5%	-795	-8,1%	-8.351	-7,5%	0	-8.351	-7,5%
General and administrative expenses ....	-15.939	-15,7%	-1.187	-12,1%	-17.126	-15,4%	0	-17.126	-15,4%
Restructuring .....	0	0,0%	0	0,0%	0	0,0%	-4.115	-4.115	-3,7%
<b>Profit from operations</b> .....	17.287	17,1%	1.037	10,6%	18.324	16,5%	-5.737	12.587	11,3%
Interest income/(expenses) .....	-2.543	-2,5%	0	0,0%	-2.543	-2,3%	0	-2.543	-2,3%
<b>Profit before tax</b> .....	14.744	14,6%	1.037	10,6%	15.781	14,2%	-5.737	10.044	9,0%
Income tax .....	-3.598	-3,6%	-412	-4,2%	-4.010	-3,6%	2.566	-1.444	-1,3%
<b>Net profit for the period</b> .....	11.146	11,0%	625	6,4%	11.771	10,6%	-3.171	8.600	7,7%
EBITDA	21.043	20,8%	2.595	26,4%	23.638	21,3%	-5.737	17.901	16,1%

# Key ratios YTD 2003-2005

*excl. restructuring, inventory step up and other income*



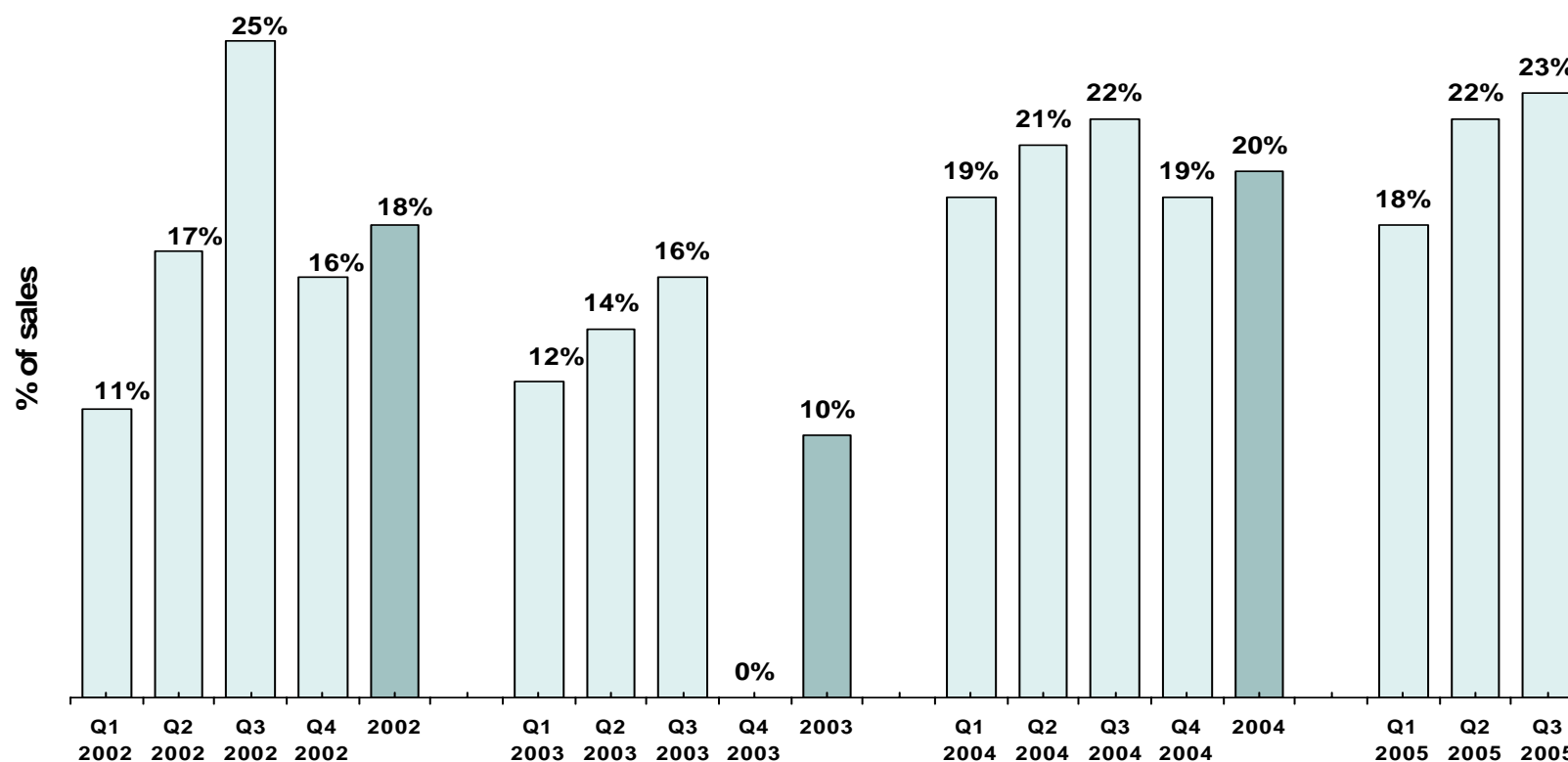
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# EBITDA ratio



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Note: excluding restructuring expenses, inventory step up and other income in Q3 2005

## Sales by markets YTD



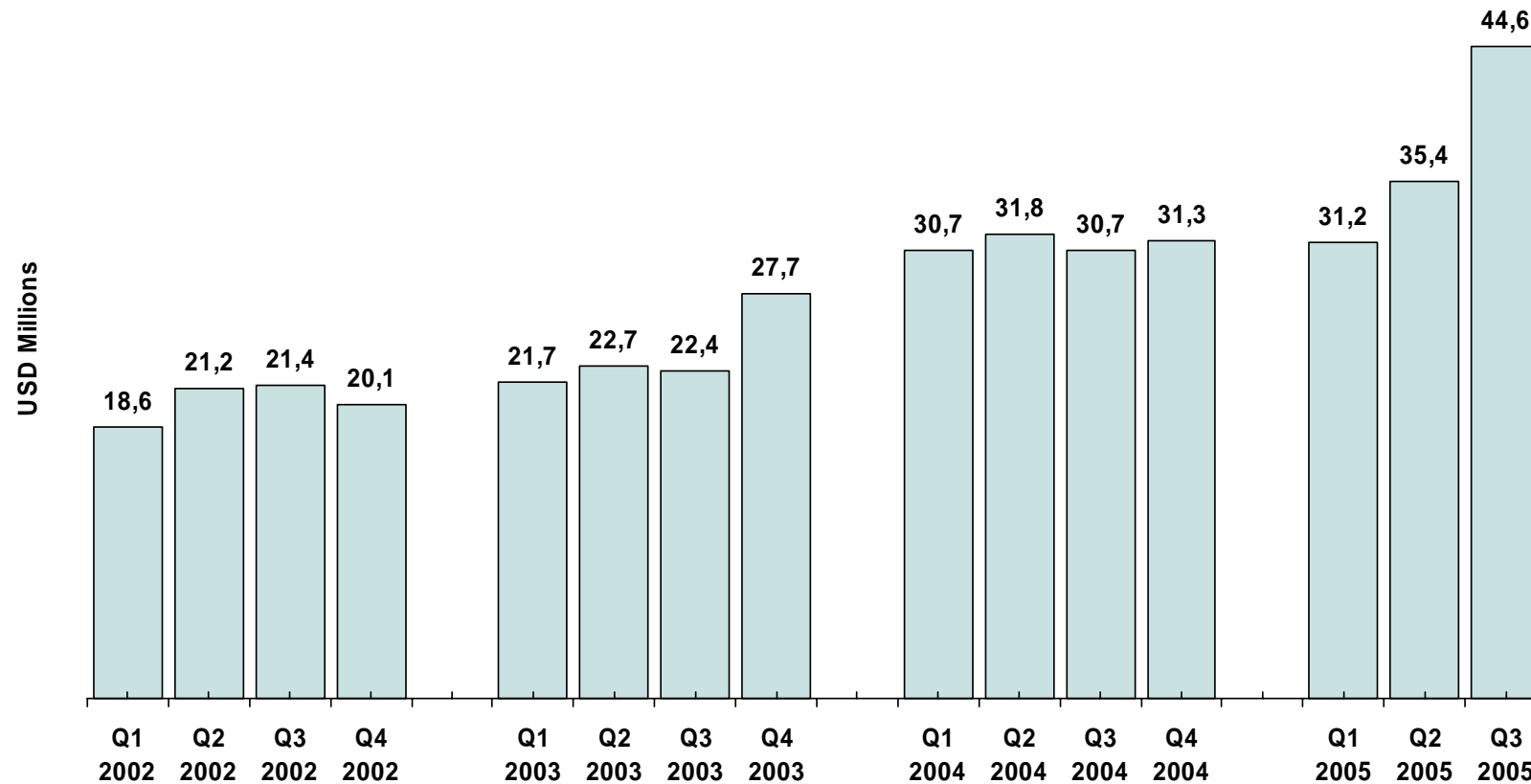
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USD '000	YTD 2005	YTD 2004	% Growth USD	% Growth LCY
North America	61,102	48,235	+27%	+26%
Europe	27,219	24,504	+11%	+7%
Nordic (incl. Domestic)	13,414	12,300	+9%	+8%
Other International markets	8,857	5,995	+48%	+48%
Total continuing operations	110,592	91,034	+21%	+20%
Discontinued operations	547	2,083		
Total	111,139	93,117	+19%	

## Net Sales by quarters 2002-2005



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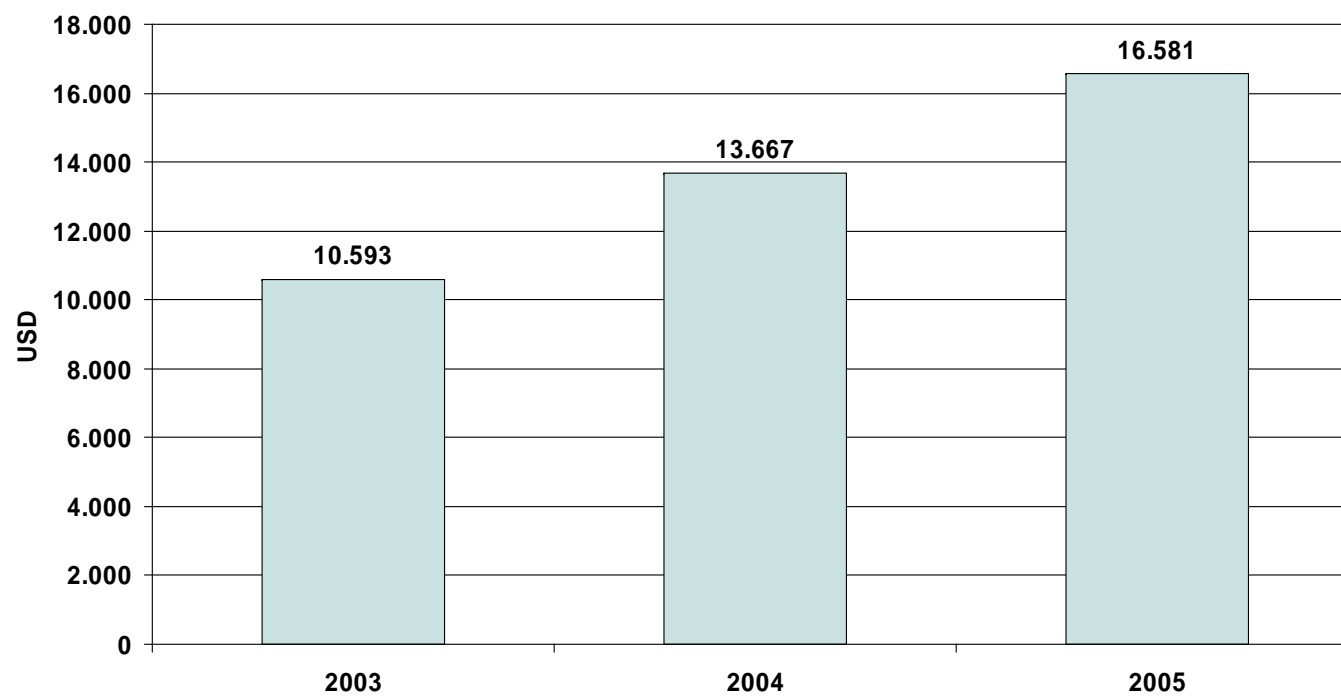


Note: Ossur sales 1.7 – 30.9 was 34.7 million USD. Royce sales 11.8 – 30.9 was 9.8 million USD

## Cash flow from operations YTD 2003-2005



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## Balance sheet



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USD '000	30.09 2005	31.12 2004	% Change
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Fixed assets	297,020	67,944	+337%
Current assets	99,434	40,971	+143%
<b>Total Assets</b>	<b>396,454</b>	<b>108,915</b>	<b>+264%</b>

Stockholders' equity	66,062	54,720	+21%
Long-term liabilities	217,441	35,622	+510%
Current liabilities	112,951	18,573	+508%
<b>Total equity and liabilities</b>	<b>396,454</b>	<b>108,915</b>	<b>+264%</b>

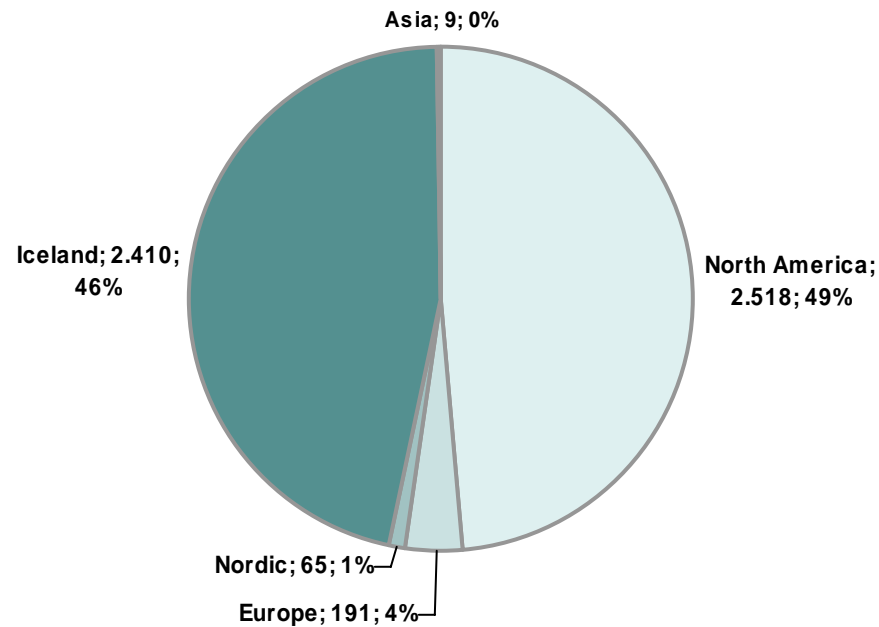
# Capital Investments YTD



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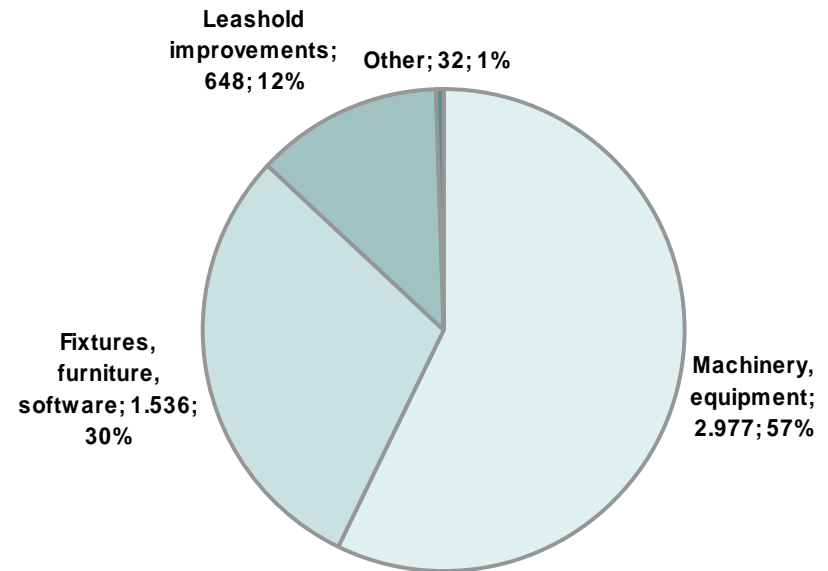
## By locations

5.2 m USD / %



## By category

5.2 m USD / %



# Shareholders October 20<sup>th</sup> 2005



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Name		Nominal value	%
William Demant Invest A/S	Investment Fund	141.952.402	36,88
Eyrir Invest ehf	Investment Fund	56.185.481	14,60
Mallard Holding S.A.	Founder	36.324.983	9,44
Vik Investment Holding S.a.r.L.	President & CEO	24.446.907	6,35
AB Industrivärden	Investment Fund	14.817.286	3,85
Lífeyrissjóður verslunarmanna	Pension Fund	13.303.854	3,46
Arion custody account	Custody Bank	9.830.829	2,55
Gildi - lífeyrissjóður	Pension Fund	5.024.888	1,31
Fidelity Funds-Nordic Fund	Investment Fund	4.974.172	1,29
Landsbanki Íslands hf	Bank	3.661.308	0,95
Mycenaean Holding S.a.r.L.	VP of R&D	3.560.347	0,92
Sameinaði lífeyrissjóðurinn	Pension Fund	2.961.487	0,77
Verðbréfastofan hf	Investment Bank	2.527.620	0,66
Lífeyrissjóðurinn Lífiðn	Pension Fund	2.471.114	0,64
Ker Holding S.a.r.L.	VP of S&M	2.124.450	0,55
Top 15 shareholders		324.167.128	84,22
Others		60.773.319	15,78
<b>Total</b>		<b>384.940.447</b>	<b>100,00</b>



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