

Safety First



ÖSSUR HF. Q3 2012

Investor presentation



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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 2012 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.



Partner to Olympian Oscar Pistorius, the **'Blade Runner'**



HIGHLIGHTS Q3 2012



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SALES

USD 99 M

- Sales growth 2% LCY
- Sales affected by decline in prosthetics in Americas
- Strong performance in EMEA and Asia

OPERATIONS

EBITDA USD 18 M

- Gross profit margin 63% on par with Q3'11
- Savings from Mexico and other lean initiatives contributing
- EBITDA margin 19% (20% in Q3'11) due to product mix change

UPDATED GUIDANCE FY 2012

- Guidance lowered due to current negative sentiment in the Americas prosthetic market
- Updated guidance; Sales growth 2-3% (previous 4-6%), EBITDA margin 18-19% (previous 20-21%)



Partner to Olympian Oscar Pistorius, the 'Blade Runner'

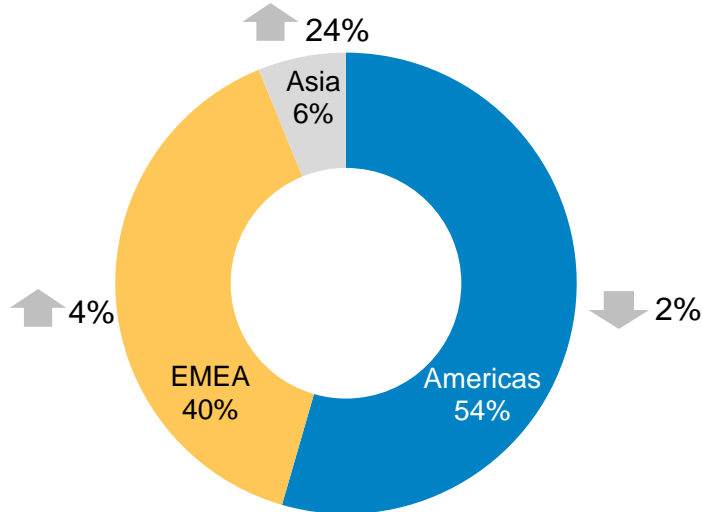


GROWTH BY SEGMENTS AND GEOGRAPHY Q3 2012

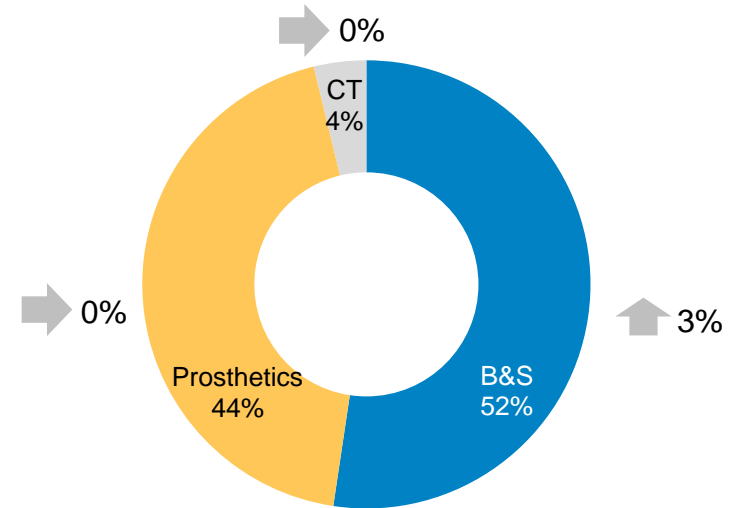


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Sales by geography



Sales by segments



Note: All growth numbers in local currency



Partner to Olympian Oscar Pistorius, the **'Blade Runner'**



SEGMENT HIGHLIGHTS AND OUTLOOK



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HIGHLIGHTS

OUTLOOK

Bracing and supports

- Generally healthy environment in Americas
- Good sales growth in EMEA markets except for France
- Excellent growth in Asia

- Overall healthy market
- Uncertainty in France continues

Prosthetics

- Strong performance in EMEA
- Challenging environment in Americas
- Excellent quarter in Asia

- Positive outlook for EMEA and Asia
- Impact from RAC audits expected to continue in Americas



Partner to Olympian Oscar Pistorius, the 'Blade Runner'



PROSTHETICS MARKET IN AMERICAS



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Challenges

- Reimbursement pressure
- Increased demand for low-active products
- Hanger/SPS sales declining



Actions

- Global alignment of Marketing and Product management focusing on education, clinical partnerships and agile product strategies
- Increased focus on solutions for low active amputees
- Three products launched in the quarter
- Contracts signed with new distributors



Partner to Olympian Oscar Pistorius, the **'Blade Runner'**



Unloader One with SmartDosing - Important product launch in B&S

- Doeskin thigh liner

- SmartDosing Dial with visible indicator

- Sensil Calf liner



- Fine tune dual strap adjustability

- B&S – 3 products launched
 - New version of the Unloader One® OA brace
 - Upgraded version of the successful Miami Lumbar® belt
 - Miami J® advanced, adjustable ensuring an accurate fit
- Prosthetics – 3 products launched
 - Focus on low active users
- Continued success of SYMBIONIC® LEG
- Bionics 13% of prosthetics sales in Q3'12, same ratio as in Q3'11



Partner to Olympian Oscar Pistorius, the 'Blade Runner'



FINANCIALS Q3 2012



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Financials USD '000	Q3 2012	Q3 2011
Net sales	98,517	100,565
Gross profit	61,687 <i>63%</i>	62,969 <i>63%</i>
Profit from operations	15,027 <i>15%</i>	16,849 <i>17%</i>
Net profit for the period	9,887 <i>10%</i>	10,140 <i>10%</i>
EBITDA	18,242 <i>19%</i>	20,311 <i>20%</i>
Net debt/EBITDA	1.3x	1.6x
Cash generated by operations	16,940 <i>17%</i>	18,121 <i>18%</i>



Sales growth 2% LCY, organic 1%



Stable GPM despite soft sales



Stable net profit



EBITDA affected by changes in product mix



Cash flow continues to be strong



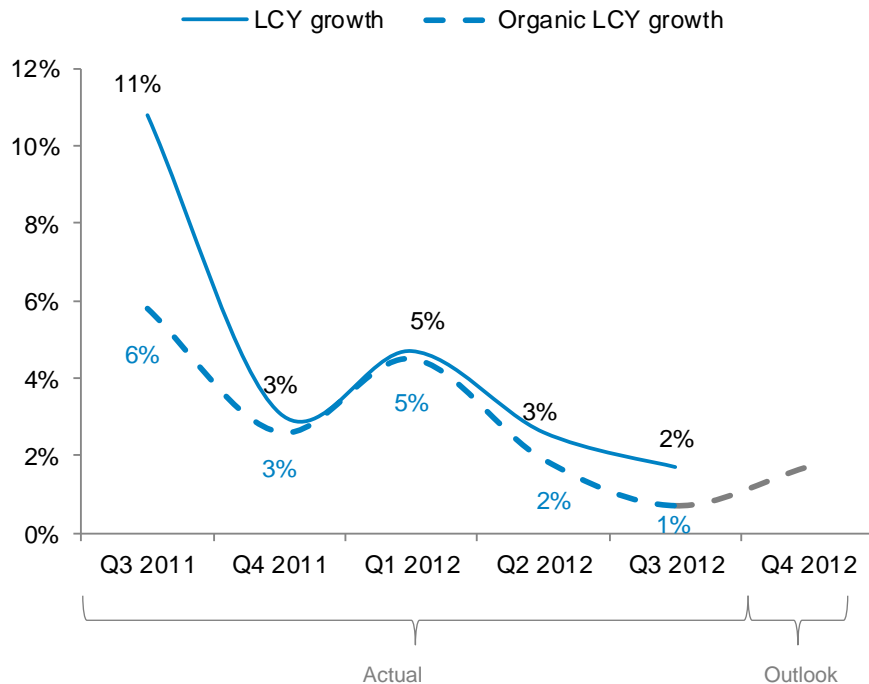
Partner to Olympian Oscar Pistorius, the 'Blade Runner'



SALES – SLOWDOWN IN PROSTHETIC SALES



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•• B&S

- 2% organic LCY growth
- Direct sales in Americas growing
- Decline with distribution companies
- Moderate growth in EMEA

•• Prosthetics

- 2% organic LCY decline
- Volume decline in Americas
- Continued growth in EMEA

•• 24% growth in Asia

- Growth driven by both product segments



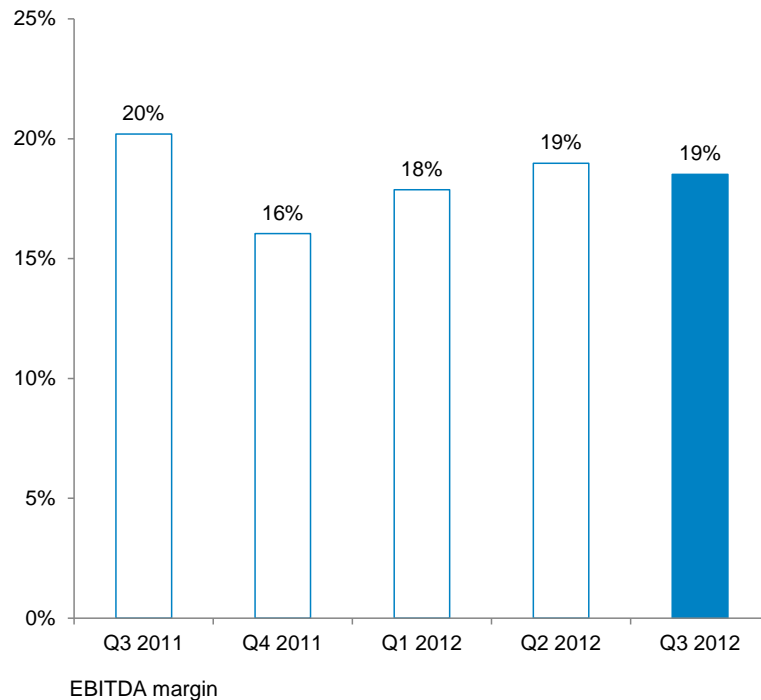
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EBITDA MARGIN 19%



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- Prosthetics performance in Americas continues to affect EBITDA margin
- Savings from Mexico and lean initiatives contributing to stable GPM
- Increase in R&D expenses
- Healthy EBITDA margin and cash conversion



Partner to Olympian Oscar Pistorius, the **'Blade Runner'**



NEW GUIDANCE FOR 2012



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	Q3 2012	Previous Guidance 2012	Updated Guidance 2012
Sales growth Organic LCY	•• 1%	•• 4 - 6%	•• 2 - 3%
EBITDA margin	•• 19%	•• 20 - 21%	•• 18 - 19%



Partner to Olympian Oscar Pistorius, the 'Blade Runner'





Q&A

2/3 of the 2012 Paralympics finalists use Össur feet