



Life Without Limitations

Ossur – Q2 2006 Overview

Jón Sigurðsson, President & CEO



- Sales USD 65.5 million, up 85%
- Organic sales growth 8%
- Pro forma sales growth 4%
- Excellent growth in prosthetics, ongoing consolidation in bracing & support
- Strong growth in North America and International Markets, below expectations in Europe
- EBITDA 20%
- New products, both in prosthetics and bracing & support
- Integration and restructuring on track

The Bionic Platform introduced to the market

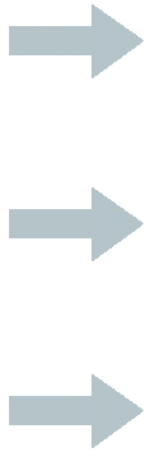


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MOTION-ENHANCING TECHNOLOGY INTO:



Artificial intelligence
Microprocessor
Sensors



Artificial Intelligence
Neuroimplants

- Power Knee and Proprio Foot - *limited launch in May*
- ACA and Leipzig – *Bionic Platform received deserved attention by professionals*
- Next Bionic Products - *a number of projects for both prosthetics and braces have been defined*

Innovations in bracing & support



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- The Unloader One osteoarthritis knee brace - Ossur's first major product innovation in bracing & support
- Launched in North America in Q1 2006
- Sales exceeding expectations
- Launched in Europe later this year

Integration and restructuring on track



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- Sales and distribution channels
- Rationalization of product line
- Branding process
- Manufacturing
- Back office and IT systems
- Work Place Audit – overall satisfaction 4.37 out of 5

2006 – the year of integration

2007 – harvesting the benefits





- Global orthopaedic company
- Growing through innovation
- Transforming through acquisitions

Ossur – becoming a leader in the orthopaedic industry



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Ossur – Q2 2006 Financials

Hjörleifur Pálsson, CFO

Financial highlights Q2 2006



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- Total sales 65.5 million USD, up 85% from Q2 2005
- Organic sales growth 8%
- Pro forma sales growth 4%
- EBITDA 20%
- Cash EPS diluted 1.76 US cents, down by 5% from Q2 2005

Financial highlights Q2 2006



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USD '000	Q2 2006	Q2 2005	% Change
Net sales	65,500	35,422	85%
Gross profit	38,713	21,559	80%
Operational profit	8,478	6,500	30%
Net profit	2,119	4,615	-54%
EBITDA	13,144	7,758	69%
EPS diluted (US Cents)	0.55	1.47	-63%
Cash EPS diluted (US Cents)	1.76	1.86	-5%
Cash generated by operations	11,069	7,126	55%

Financial highlights Q2 2006

Excluding USD 3 m amortization of intangible assets related to recent acquisitions



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USD '000	Q2 2006	Q2 2005	% Change
Net sales	65,500	35,422	85%
Gross profit	38,713	21,559	80%
Operational profit	11,481	6,500	77%
Net profit	3,948	4,615	-14%
EBITDA	13,144	7,758	69%
Cash EPS diluted (US Cents)	1.76	1.86	-5%
Cash generated by operations	11,069	7,126	55%

Income Statement Q2 2006 by entity



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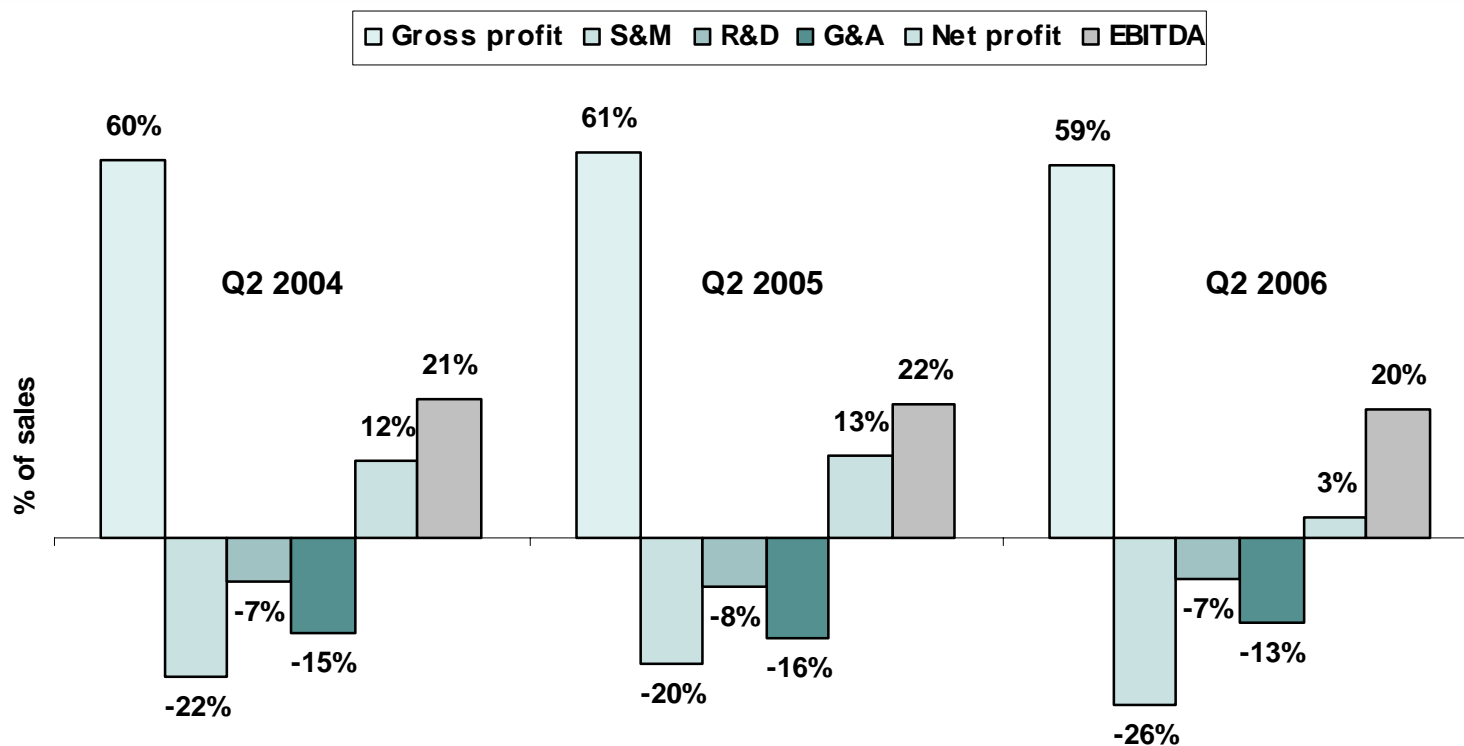
USD '000	Ossur	Royce	IS	IMP	Total
Net sales	38,369	18,793	4,384	3,954	65,500
Gross profit	22,559	12,065	2,186	1,903	38,713
Operational profit	4,821	3,190	126	341	8,478
EBITDA	6,316	5,664	577	588	13,144
Pro forma sales growth%	8%	1%	-10%	-3%	4%
GPM %	59%	64%	50%	48%	59%
R&D % ¹⁾	-7%	-7%	-8%	-3%	-7%
SG&A % ²⁾	-40%	-41%	-39%	-36%	-40%
Operational profit % ³⁾	13%	17%	3%	9%	13%
EBITDA %	17%	30%	13%	15%	20%

- 1) R&D expenses due to amortization of intangible assets related to the acquisition of Royce Medical, IMP and Innovation Sports account for 1.6% of sales
- 2) SG&A expenses due to amortization of intangible assets related to the acquisition of Royce Medical, IMP and Innovation Sports account for 3.0% of sales
- 3) Amortization of intangible assets pressing operational profit down by 4.6%

Key ratios Q2 2004-2006



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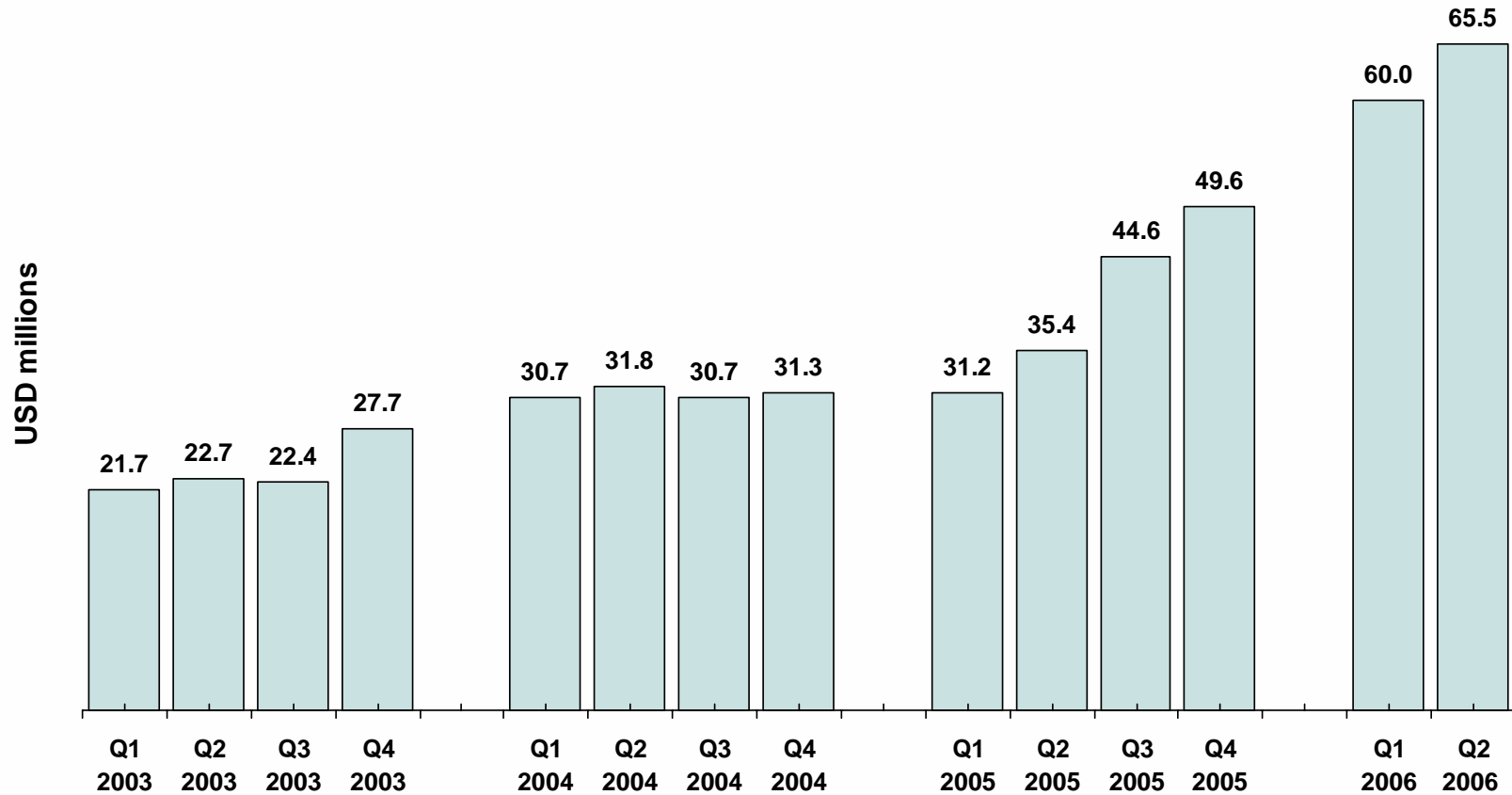
Note: Distribution of USD 3 million amortization of intangible assets related to the acquisition of Royce Medical, IMP and Innovation Sports on individual operating cost items and effect on profit:

	S&M	R&D	G&A	Op. profit	Net profit
USD thousand	1,699	1,047	256	-3,002	-1,830
% of sales	2.6%	1.6%	0.4%	-4.6%	-2.8%

Net sales by quarter 2003-2006



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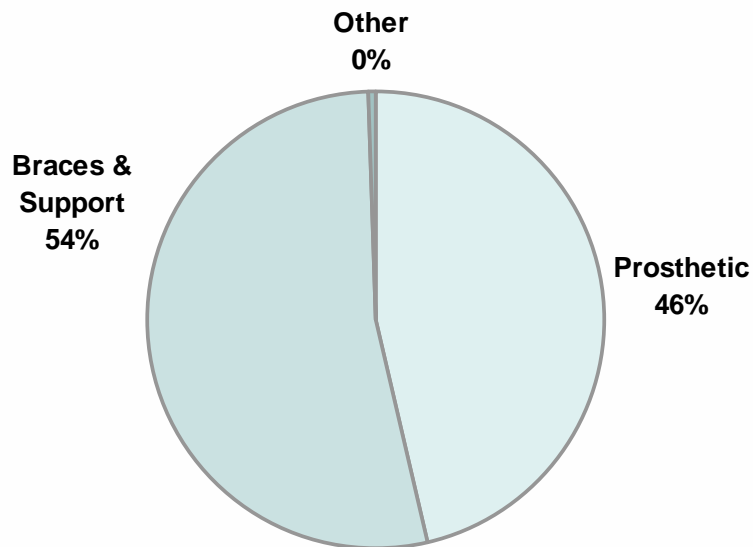


Sales by business segment

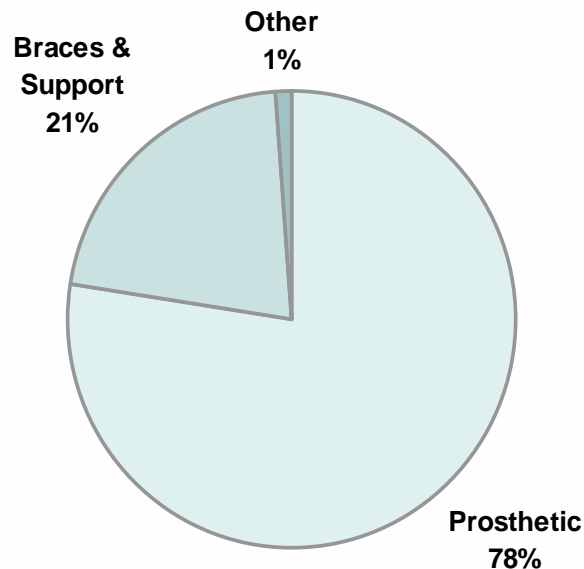


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Q2 2006



Q2 2005

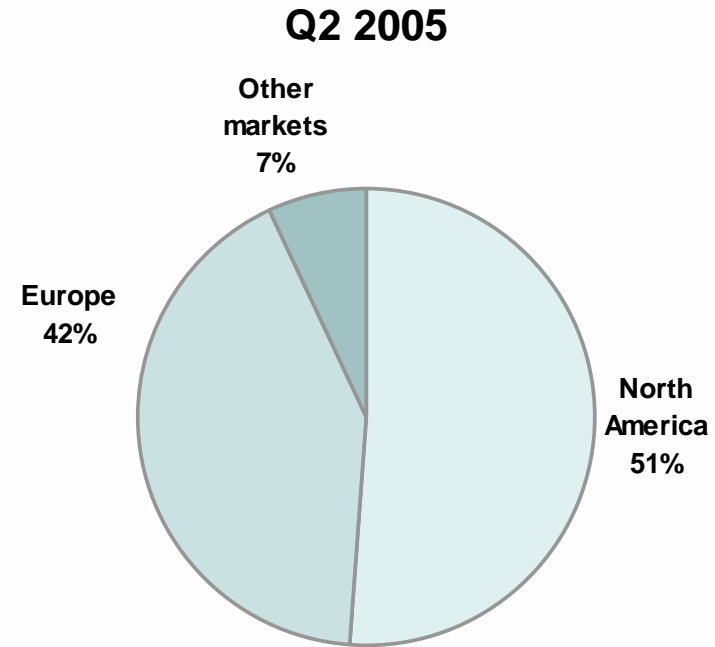
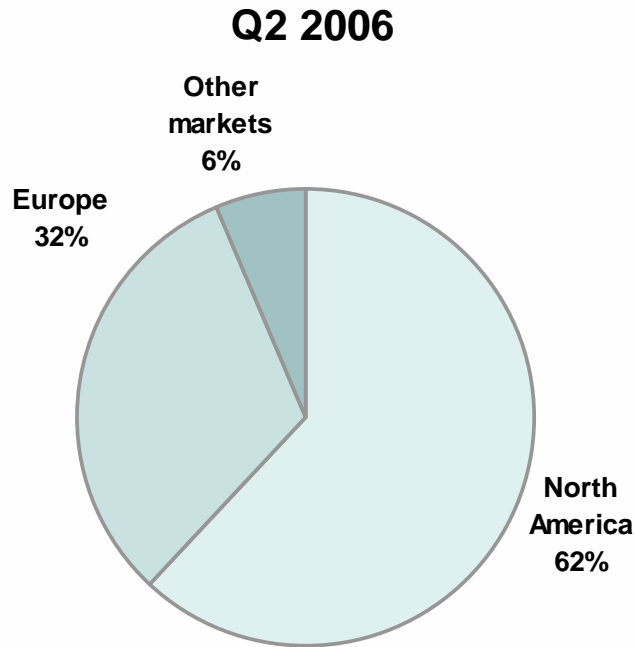


USD '000	Q2 2006	Q2 2005	% Growth
Prosthetic	30,426	27,455	11%
Europe	34,796	7,589	359%
Other	278	378	-26%
Total	65,500	35,422	85%

Sales by market



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USD '000	Q2 2006	Q2 2005	% Growth USD	% Growth LCY
North America	40,485	18,133	123%	121%
Europe	20,773	14,794	40%	42%
Other markets	4,242	2,495	70%	70%
Total	65,500	35,422	85%	84%

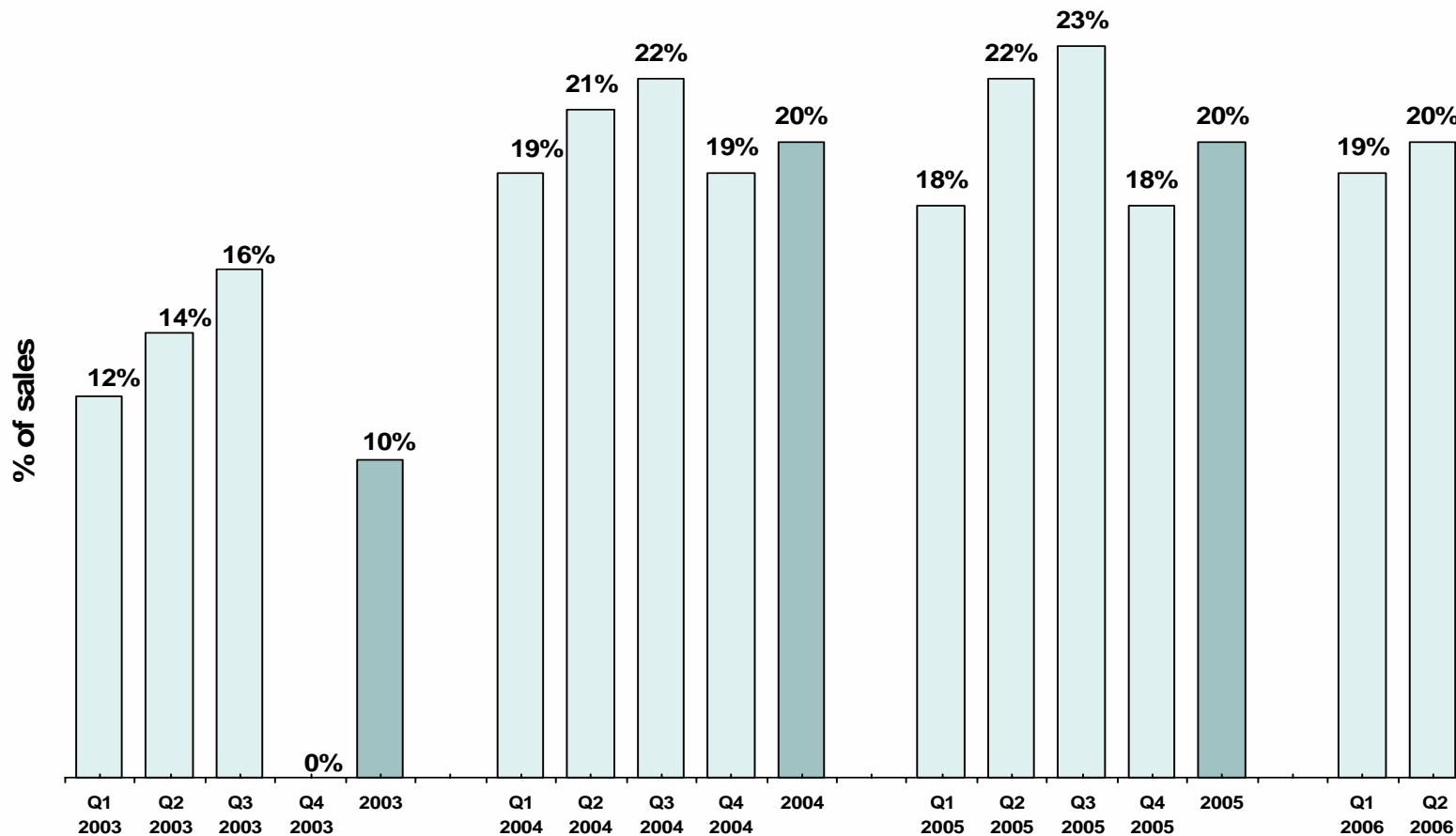
Note: Organic growth was 11% in North America and 3% in Europe, measured in local currency.

EBITDA ratio 2003-2006

Excluding one-time expenses 2005 and 2006



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Note: Excluding one-time restructuring expenses related to the acquisitions of Royce Medical, IMP and Innovation Sports

Balance Sheets 30 June 2006



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USD '000	30 June 2006	31 December 2005	% Change
Fixed assets	363,016	325,873	11%
Current assets	84,270	82,113	3%
Total Assets	447,286	407,986	10%
Stockholders' equity	159,074	152,829	4%
Long-term liabilities	232,123	215,361	8%
Current liabilities	56,089	39,796	41%
Total equity and liabilities	447,286	407,986	10%
Current ratio	1.5	2.1	
Equity ratio	36%	37%	

Shareholders 30 June 2006



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		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 & Family	36,926,769	9.59
Vik Investment Holding S.a.r.L.	President & CEO	24,446,907	6.35
Kaupping banki hf	Bank	14,070,778	3.66
Lífeyrissjóður verslunarmanna	Pension Fund	13,303,854	3.46
Lífeyrissjóðir Bankastræti 7	Pension Fund	7,630,719	1.98
Arion safnreikningur	Custody Bank	7,623,049	1.98
Landsbanki Íslands hf, aðalstöðv	Bank	4,143,344	1.08
Gildi -lífeyrissjóður	Pension Fund	3,641,910	0.95
Mycenaeian Holding S.a.r.L.	VP of R&D	3,560,347	0.92
Sparisjóður Hafnarfjarðar	Bank	3,477,693	0.90
FL GROUP hf	Investment Fund	2,752,637	0.72
Sameinaði lífeyrissjóðurinn	Pension Fund	2,394,754	0.62
Fidelity Funds-Nordic Fund	Investment Fund	2,198,172	0.57
Top 15 Shareholders		324,308,816	84.26
Others (3,054)		60,631,631	15.74
Total		384,940,447	100.00

Financial highlights H1 2006 and FY 2006 outlook



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- Total sales 125.5 million USD, up 89% from H1 2005
- Organic sales growth 10%
- Pro forma sales growth 7%
- EBITDA 20%, excluding one time restructuring expenses
- Cash EPS diluted, excluding one time restructuring expenses 3.64 US cents, up 13% from H1 2005

Financial highlights H1 2006



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USD '000	H1 2006	H1 2005	% Change
Net sales	125,534	66,572	89%
Gross profit	74,669	40,208	86%
Operational profit	12,238	10,901	12%
Net profit	2,690	7,788	-65%
EBITDA	21,738	13,291	64%
EPS diluted (US Cents)	0.70	2.47	-72%
Cash EPS diluted (US Cents)	3.17	3.23	-2%
Cash generated by operations	17,145	9,503	80%

Financial highlights H1 2006

Excluding USD 3 m one time restructuring expenses and amortization of intangible assets related to recent acquisitions



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USD '000	H1 2006	H1 2005	% Change
Net sales	125,534	66,572	89%
Gross profit	74,669	40,208	86%
Operational profit	21,097	10,901	94%
Net profit	8,065	7,788	4%
EBITDA	24,738	13,291	86%
Cash EPS diluted (US Cents)	3.17	3.23	-2%
Cash EPS diluted excl. one time expenses (US Cents)	3.64	3.23	13%
Cash generated by operations	17,145	9,503	80%

Income Statement H1 2006 by entity



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USD '000	Ossur	Royce	IS ¹⁾	IMP	Total
Net sales	73,283	35,350	8,948	7,953	125,534
Gross profit	43,629	22,616	4,422	3,963	74,630
Operational profit	9,150	4,595	778	676	15,166
EBITDA	12,065	9,880	1,595	1,159	24,698
Pro forma sales growth%	10%	4%	-3%	6%	7%
GPM %	60%	64%	49%	50%	59%
R&D % ²⁾	7%	8%	7%	3%	7%
SG&A % ³⁾	40%	43%	34%	38%	40%
Operational profit % ⁴⁾	12%	13%	9%	8%	12%
EBITDA %	16%	28%	18%	15%	20%

1) Innovation Sports, Inc, included from 18 January 2006

2) R&D expenses due to amortization of intangible assets related to the acquisition of Royce Medical, IMP and Innovation Sports account for 1,6% of sales

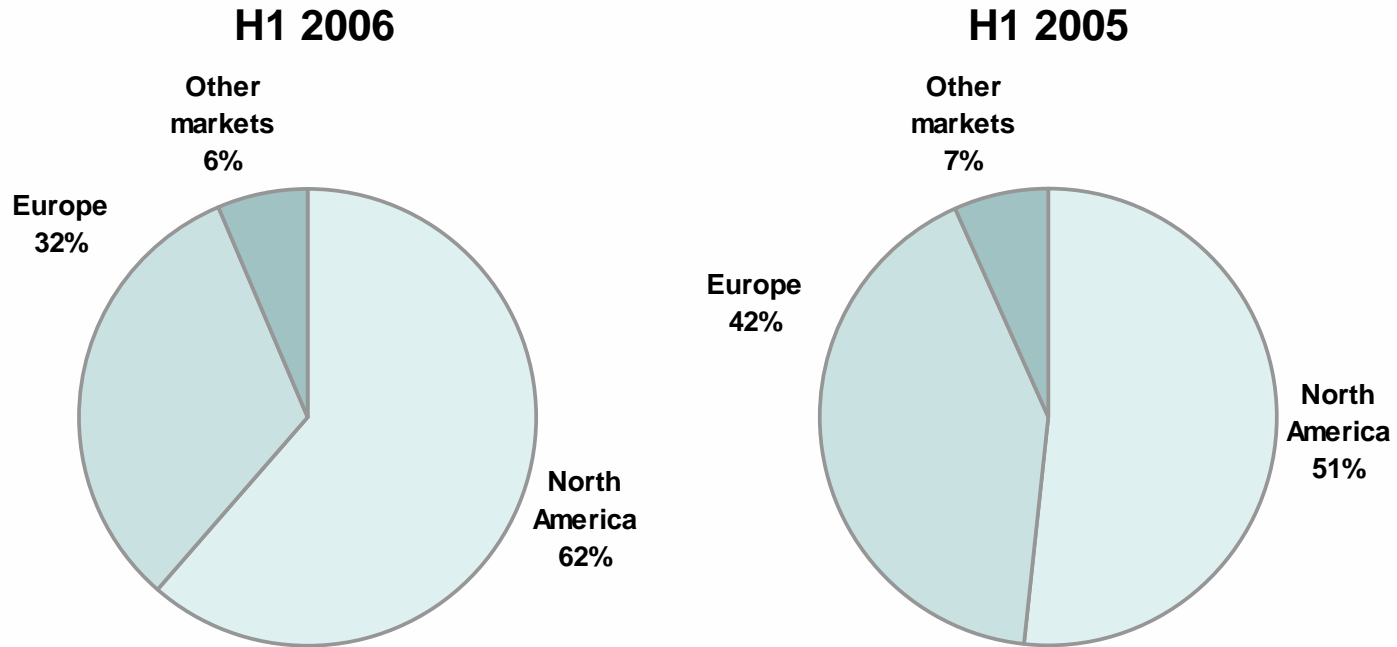
3) SG&A expenses due to amortization of intangible assets related to the acquisition of Royce Medical, IMP and Innovation Sports account for 3,1% of sales

4) Amortization of intangibles assets pressing operational profit down by 4,7%

Sales by market



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USD '000	H1 2006	H1 2005	% Growth USD	% Growth LCY
North America	76,973	34,334	124%	123%
Europe	40,498	27,875	45%	53%
Other markets	8,063	4,363	85%	85%
Total	125,534	66,572	89%	91%

