

ÖSSUR Group announces ISK 610 million operating profit (EBIDTA) for first three quarters of 2000 – forecast for the year raised from ISK 690 to ISK 762 million.

The ÖSSUR Group prosthetic manufacturer has announced a profit before depreciation and amortization (EBIDTA) of ISK 610 million in its unaudited 9-month statement and is now forecasting an ISK 762 million EBIDTA at the end of the year.

Total sales by the Össur Group over the period January to September amounted to ISK 2,827 million, an increase of 170% compared with the corresponding period in 1999. A number of factors explain the growth in sales. Good results have been achieved from sales of new products marketed during the period, and the company's US sales network has now reached full capacity. Company sales revenues were boosted by a cut in distributor discounts on July 1, the US dollar has appreciated over the period and the operating results of Flex-Foot have been included in company operations since April 1.

ISK millions	9 months 2000	9 months 1999	Change
Operating revenues	2,827	1,041	172%
Operating expenses	2,289	840	173%
Profit on operations	538	201	168%
Profit before depreciation (EBIDTA)	610	225	171%
Net financial income (expenses)	(142)	13	
Profit before irregular items	260	127	105%
Irregular items, depreciation of goodwill (premium on share purchases)	3,675	-	
Profit (Loss) for the period	(3,415)	189	

Operating expenses for the Group during the period January to September totalled ISK 2,289 million. Of this figure, development costs amounted to ISK 136 million and have been fully expensed during the period.

Financial items are negative by ISK 142 million for the period January to September, headed by interest payments and exchange rate losses on a USD 14 million long-term loan taken at the end of June in connection with the purchase of Flex-Foot. Despite forward agreements matched to the Group's currency basket in order to hedge against this borrowing, currency fluctuations will clearly have an impact on the Group's net profit.

Net profit by the Group after tax for the period January to September amounts to ISK 260 million, which is up by 105% compared with the corresponding period last year. After taking into account irregular depreciation of goodwill in the form of premium on the purchase of shares in Flex-Foot, to the amount ISK 3,688 million, the net loss at the end of September amounts to ISK 3,415 million.

In all, 277.2 million shares had been issued in the company and were outstanding as of September 30, 2000.

Open teleconference with management

Investors and other parties interested in company operations are invited to take part in an open teleconference tomorrow, Tuesday October 24 at 9:15 am. At this meeting, Jón Sigurdsson, CEO of Össur, and Árni Alvar Arason, CFO, will discuss the results of the interim statement. To take part in the teleconference, please phone (+354) 595-2030. The meeting will also be broadcast on the Össur website: www.ossur.is.

Good start for sales by merged company

Sales in the USA have progressed well following the merger of sales activities there at the end of June. The company's organic global growth during the first three quarters is 15% in USD terms.

Össur operates four sales offices in Europe, including those of the two Swedish companies which are joining the Group. The European sales structure is under review and findings will be announced at the beginning of next year.

Company forecasts assumed the sales launch of two new products during the final quarter of 2000, but both have now been deferred until the second quarter of 2001. This is not expected to have any impact on the current sales forecast for 2000.

Operations during the final quarter of 2000

Before the purchase of the Swedish companies Pi Medical A/B and Karlsson & Bergström A/B, the company's revised forecast assumes a profit before depreciation and amortization (EBIDTA) of ISK 750 million, which is an increase of almost 9% from the forecast announced in July. Total sales are estimated at ISK 3,380 million, more than 5% higher than in the earlier forecast.

The incorporation of the Swedish companies into the Group will have a positive impact on its performance during the year. Group sales will increase by ISK 110 million as a result to reach ISK 3,490 million and these companies' profit before depreciation (EBIDTA) will contribute ISK 12 million to ÖSSUR this year, making group EBIDTA of ISK 762 million in 2000. The Goodwill in the Swedish companies will be expensed in full this year, raising irregular depreciation by ISK 416 million from the revised forecast made at the end of June. Irregular depreciation is estimated at ISK 4,091 million as of the end of the year and net losses by the Group at ISK 3,754 million.