



Life Without Limitations

OSSUR INVESTOR PRESENTATION

8 FEBRUARY 2007



Life Without Limitations

ÖSSUR – FULL YEAR REPORT 2006

JON SIGURDSSON – PRESIDENT & CEO

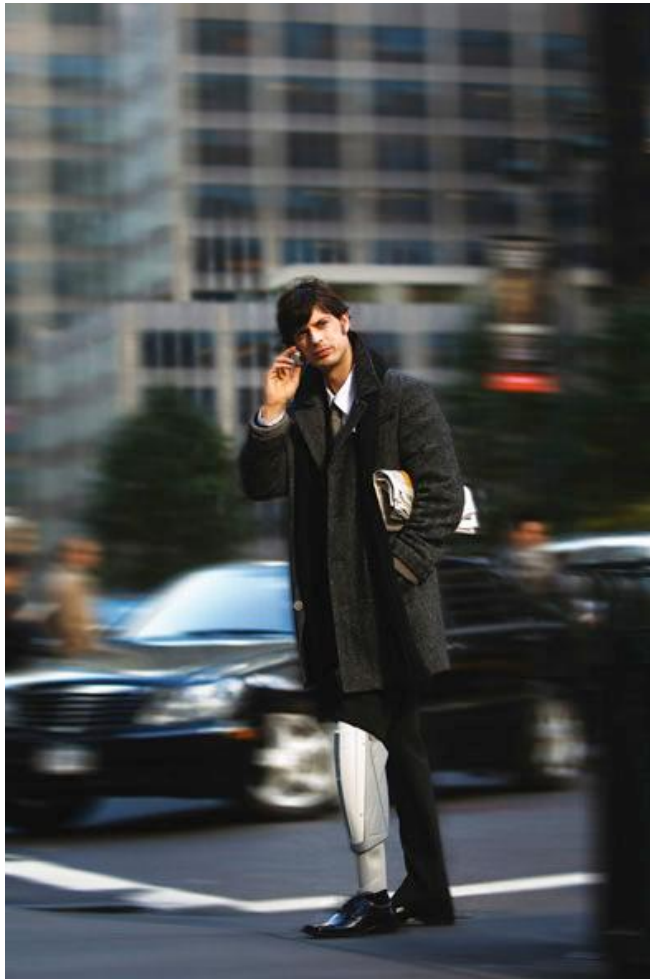
HIGHLIGHTS 2006



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- Sales USD 252 million
- Record sales growth of 57%
- Organic growth 9%
- EBITDA 19%, excluding one-time restructuring expenses
- Major focus on integration and restructuring
- Breakthrough Bionic Product launches
- Acquisitions
 - Innovation Sports in the US
 - Gibaud Group in France
 - Somas in the Netherlands in February 2007
- Year of business transformation



- North America
 - Strong overall organic growth
 - Exceptional growth in prosthetics
 - Satisfactory growth in bracing & support, in line with market growth
- Europe
 - Challenging year
 - Growth in prosthetics below expectations
 - Growth in bracing & support materially below expectations
 - Integration and restructuring issues
- Asia
 - Office opened in Shanghai

2006 THE YEAR OF INTEGRATION AND RESTRUCTURING



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North America:

- Geographical alignment of the Royce sales channel in progress
- Rationalization of product line in progress
- Operations in Bothell, Washington closed down
- Custom knee brace manufacturing in the US consolidated in Foothill Ranch, California
- Outsourcing of manufacturing of off-the-shelf bracing and support products from North America to Asia
- Restructuring of east coast operations, manufacturing outsourced to other manufacturing units and to Asia
- Consolidation of back office functions
- Number of employees reduced by approximately 100

2006 THE YEAR OF INTEGRATION AND RESTRUCTURING



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Europe:

- Restructuring of sales and distribution channels in progress
- Rationalization of product line in progress
- UK headquarters moved to Manchester
- UK distribution center closed down, centralized distribution in Eindhoven
- Consolidation of back office functions
- Number of employees reduced by approximately 10

TECHNICAL INNOVATION LEADERSHIP



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Breakthrough product launches confirm Ossur as the technical leader in the prosthetics industry

- Two breakthrough Bionic products launched; the PROPRIO FOOT™, and POWER KNEE™
 - The world's first lower-limb powered prosthesis
- Have received deserved attention and recognition:
 - Frost & Sullivan 'Technology of the Year Award'
 - Popular Science 'Best of What's New Award'
 - Ossur nominated 'Technology Pioneer 2006' by the World Economic Forum
 - Featured in various international media, such as: BBC, CBS, New York Times,
 - Wall Street Journal, Los Angeles Times, El Mundo, and many more.

- Ossur's first major product innovation in bracing & support, the osteoarthritis brace Unloader®One launched.



THREE ACQUISITIONS COMPLETED*



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Location	Foothill Ranch, California	St. Etienne, France	Sint Anthonis, Netherlands
Purchase price	\$38.4 million	\$132 million	\$10 million
Sales LTM	\$19 million	\$55 million	\$5 million additional sales
EBITDA LTM	19%	21%	20%
Business description	Manufacturing, sales and distribution of ligament braces	Manufacturing, sales and distribution of bracing and support and phlebology products	Distributor of bracing & support products, largely from Innovation Sports
Strategic rationale	Acceleration of progress toward becoming a leading player in bracing and support. Leading edge in ligament bracing	Sales channel access and presence in France, strong brand, phlebology products	Sales channel access in Benelux. Europe know-how in bracing and support and cost synergy opportunities.
Market share	Large in ligament bracing	22% in bracing & support and 13% in phlebology (France)	17% in bracing & support in Benelux

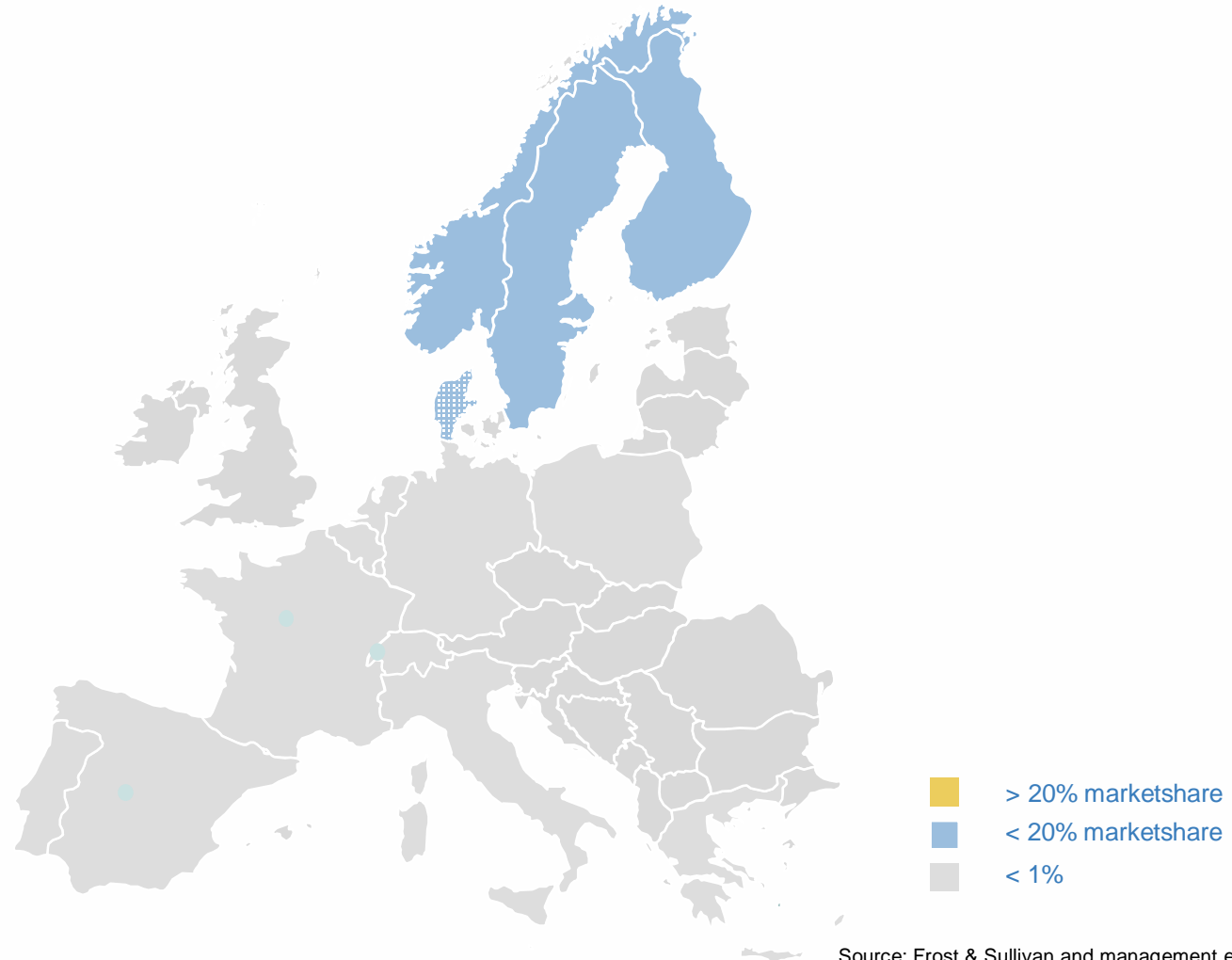
* The acquisition of Somas was completed in February 2007

BRACING & SUPPORT – MARKET SHARE IN EUROPE



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Ossur's presence mid-year 2005: #12 in Europe with 2% market share



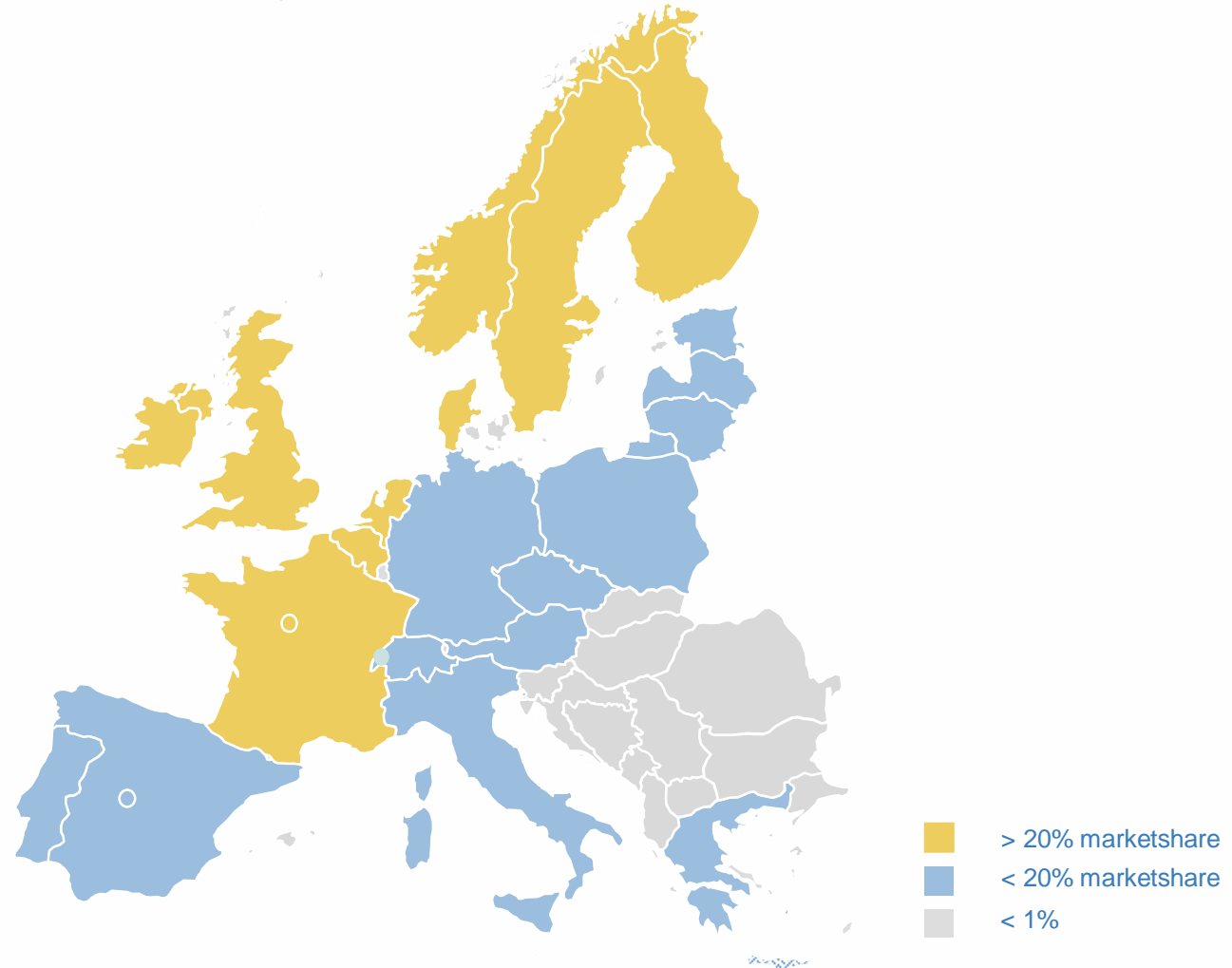
Source: Frost & Sullivan and management estimations

BRACING & SUPPORT – MARKET SHARE IN EUROPE



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Ossur's presence today: #2 in Europe with 13% market share



Source: Frost & Sullivan and management estimations

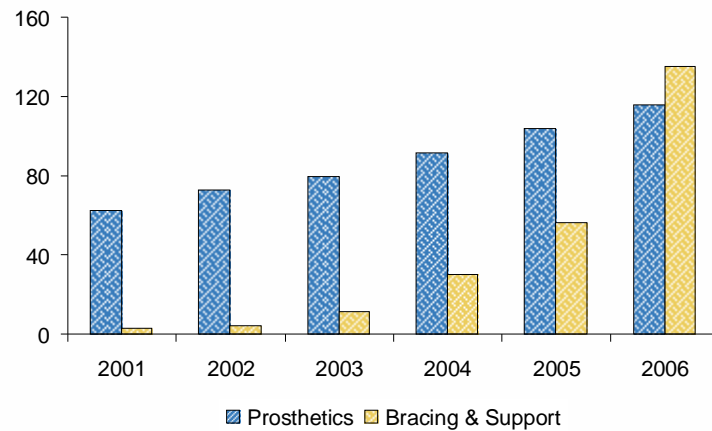
GROWING AND TRANSFORMING...



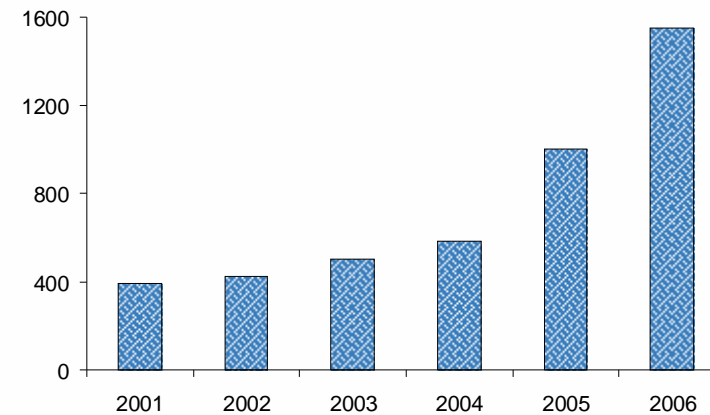
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Transforming from being a leader in the prosthetics industry to becoming a leading player in the non-invasive orthopaedics industry, specializing in prosthetics and bracing & supports

Sales by segment



Number of employees



VISION 2010 AND STRATEGY

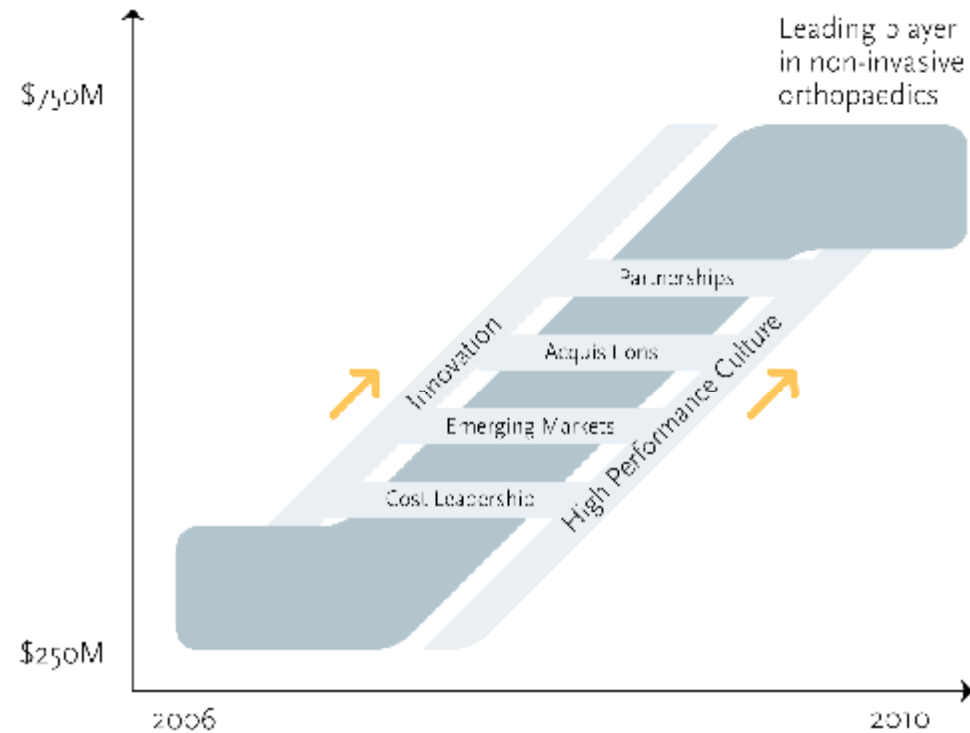


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Becoming a leading player in non-invasive orthopaedics with \$750 million in sales and a 23% EBITDA margin

Strategy:

- Technical innovation leadership
- Sales and operational cost leadership
- Increase focus on emerging markets
- Consolidate through acquisitions
- Add value through partnerships
...supported by a high performance culture





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FINANCIALS FY 2006 and Q4 2006

HJORLEIFUR PALSSON – CFO

FINANCIAL HIGHLIGHTS 2006



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- Total sales 252.1 million USD up 57%
- Organic sales growth 9%
- Pro forma sales growth 7%
- EBITDA 19%, excluding one time restructuring expenses
- Cash EPS diluted 7.66 US cents, up 2%*

* Excluding unusual revenues, inventory step up and one-time restructuring expenses related to acquisitions.

FINANCIAL HIGHLIGHTS 2006



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USD '000	2006	2005	% Change
Net sales	252,133	160,729	57%
Gross profit	149,377	94,391	58%
Profit from operations	19,743	16,525	19%
Net profit	4,360	11,688	-63%
EBITDA	39,493	25,832	53%
EPS diluted (US Cents)	1.13	3.52	-68%
Cash EPS diluted (US Cents)	6.27	6.33	-1%
Cash generated by operations	32,686	24,986	31%

FINANCIAL HIGHLIGHTS 2006

Excluding restructuring costs, inventory step-up and amortization of intangible assets related to acquisitions



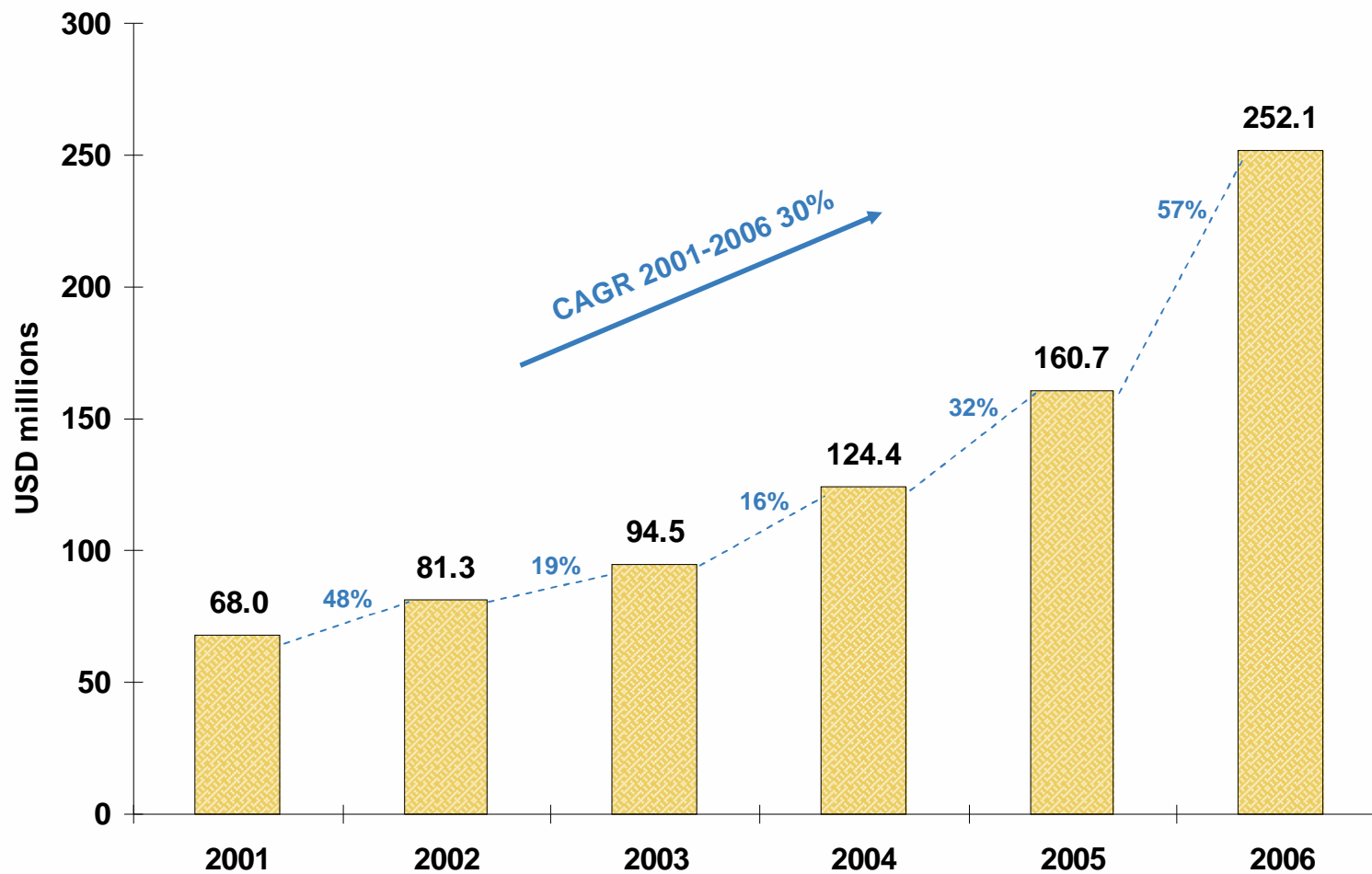
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USD '000	2006	2005	% Change
Net sales	252,133	160,729	57%
Gross profit	149,377	97,668	53%
Profit from operations	40,085	27,015	48%
Net profit	16,953	17,850	-5%
EBITDA	47,946	32,528	47%
Cash EPS diluted (US Cents)	7.66	7.49	2%

NET SALES AND GROWTH 2001 - 2006



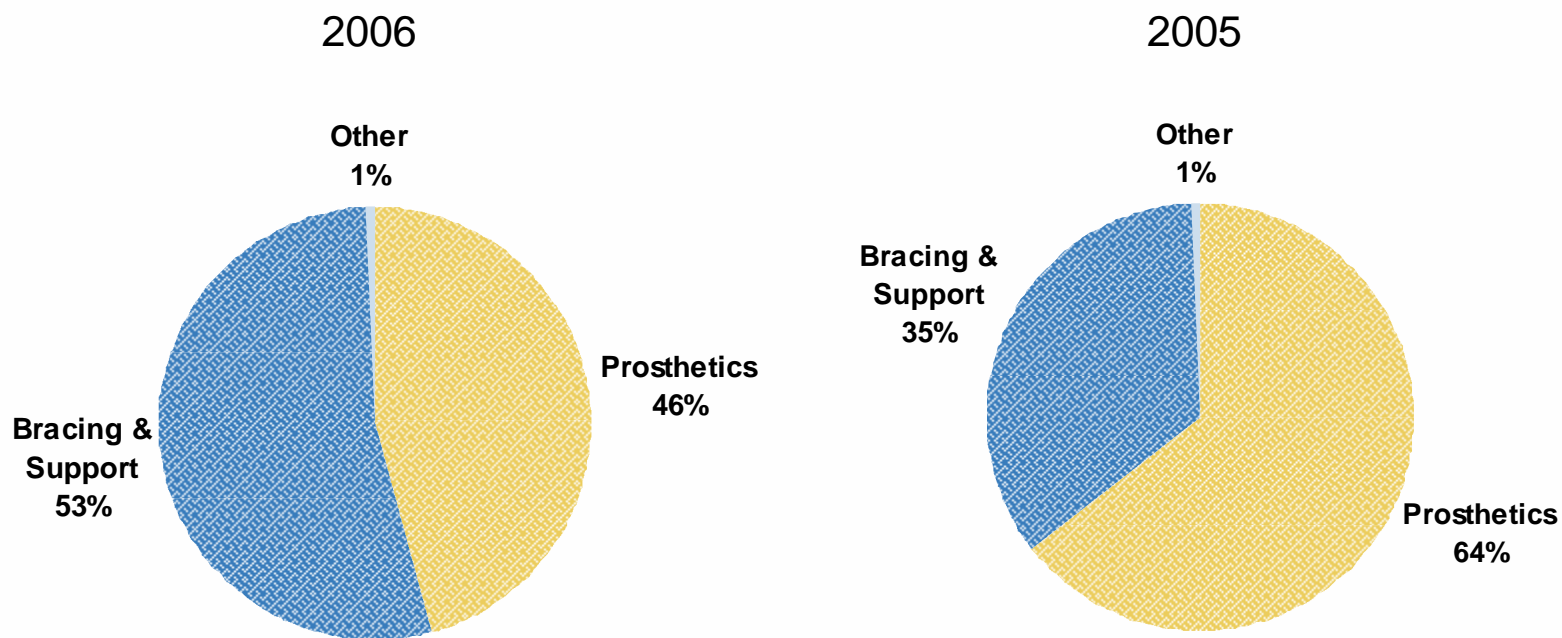
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SALES BY BUSINESS SEGMENT 2006



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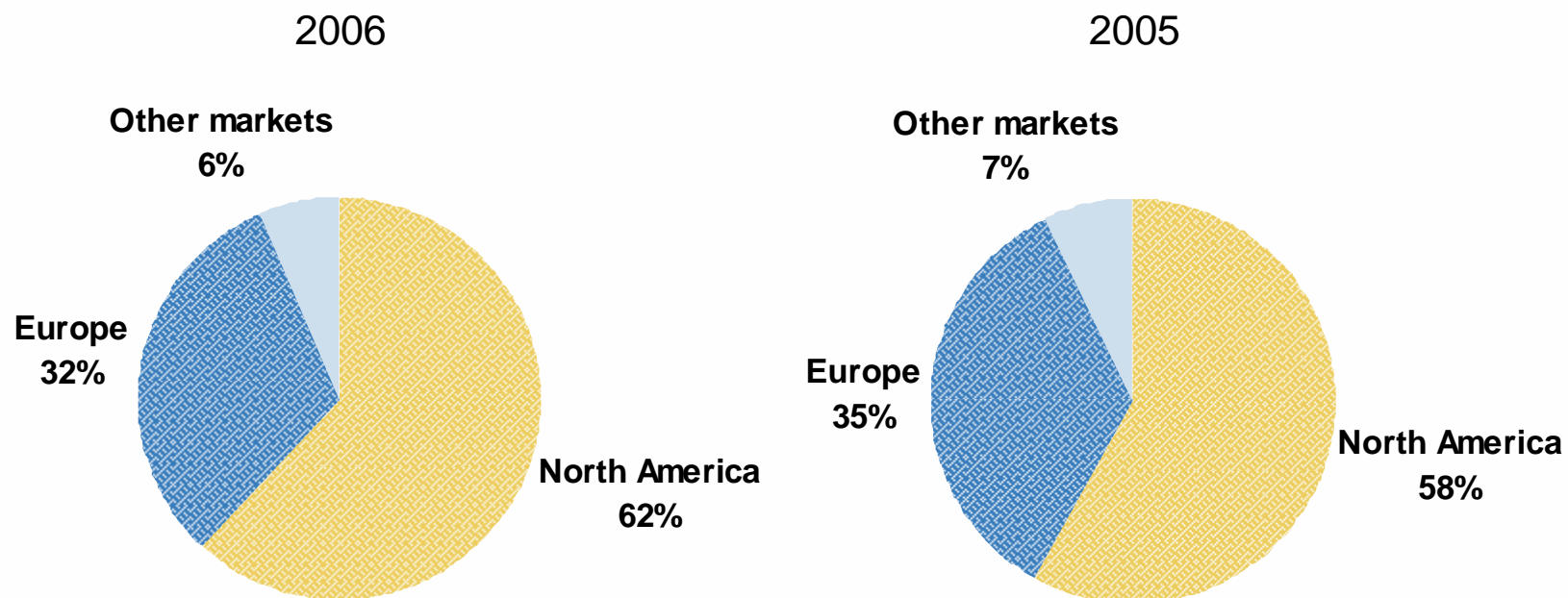


USD '000	2006	2005	Growth in USD
Prosthetics	115,754	103,655	12%
Bracing & support	135,036	56,168	140%
Other	1,343	906	48%
Total	252,133	160,729	57%

SALES BY GEOGRAPHICAL MARKET 2006



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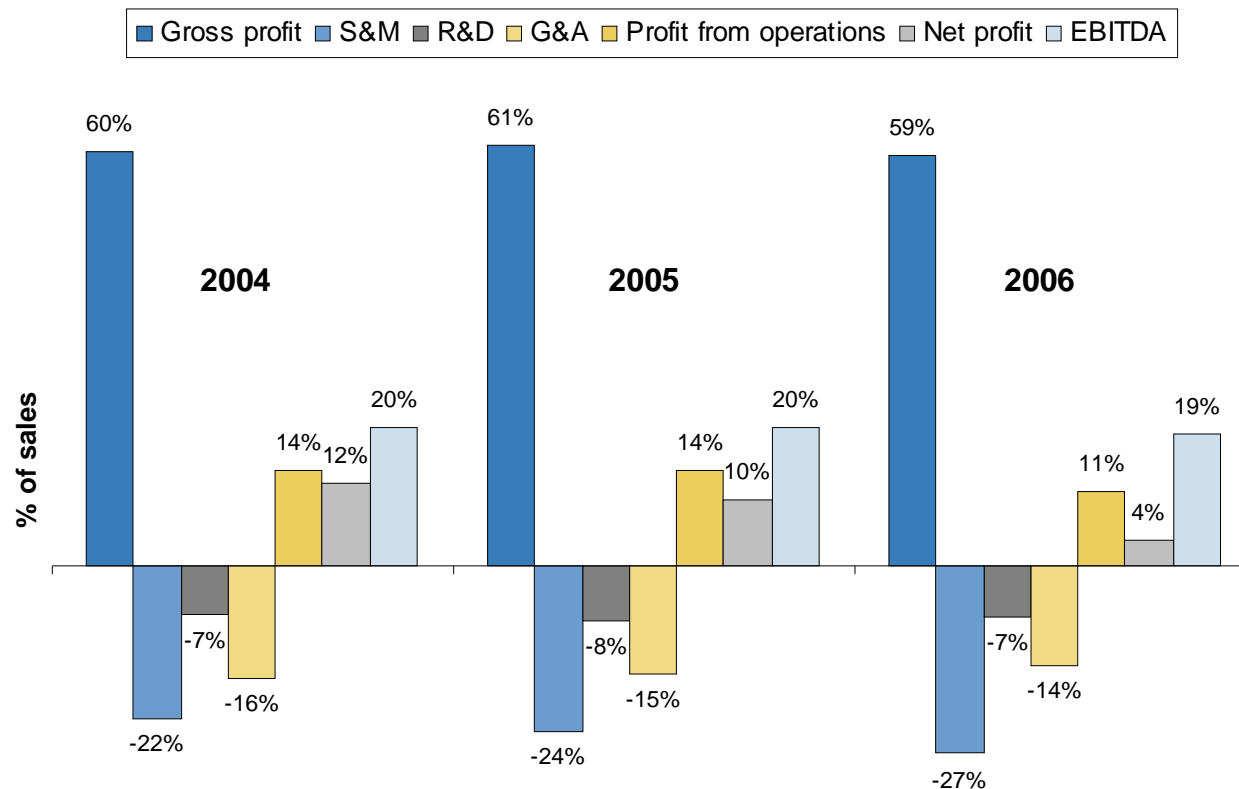
USD '000	2006	2005	Growth in USD	Growth in LCY
North America	156,017	93,264	67%	66%
Europe	80,146	55,791	44%	41%
Other markets	15,970	11,674	37%	37%
Total	252,133	160,729	57%	56%

KEY RATIOS 2004 – 2006 AND IMPACT OF AMORTIZATION

Excluding one-time restructuring expenses and revenue



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	% of sales 2006	% of sales 2005	Impact of amort.* 2006	Impact of amort.* 2005	% of sales excl. amort. 2006	% of sales excl. amort. 2005
S&M	-26.8%	-23.7%	-2.7%	-1.4%	-24.1%	-22.3%
R&D	-7.1%	-7.7%	-1.6%	-0.8%	-5.5%	-6.9%
G&A	-14.3%	-15.4%	-0.4%	-0.1%	-13.9%	-15.3%
Profit from operations	11.2%	14.4%	-4.7%	-2.4%	15.9%	16.8%
Net profit	3.9%	9.7%	-2.9%	-1.4%	6.7%	11.1%

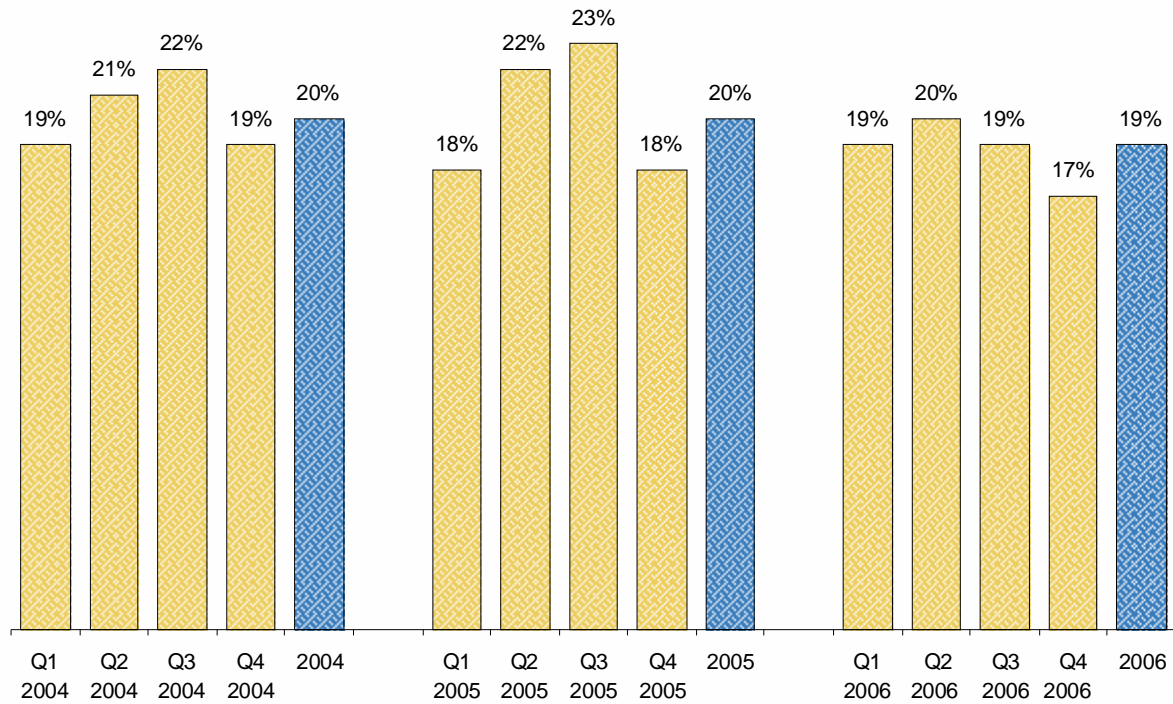
* Amortization of intangible assets related to the acquisition of Royce Medical, IMP and Innovation Sports, USD 11.9 million in 2006 and USD 3.8 million in 2005

EBITDA RATIO 2004 – 2006

Excluding one-time expenses 2005 and 2006



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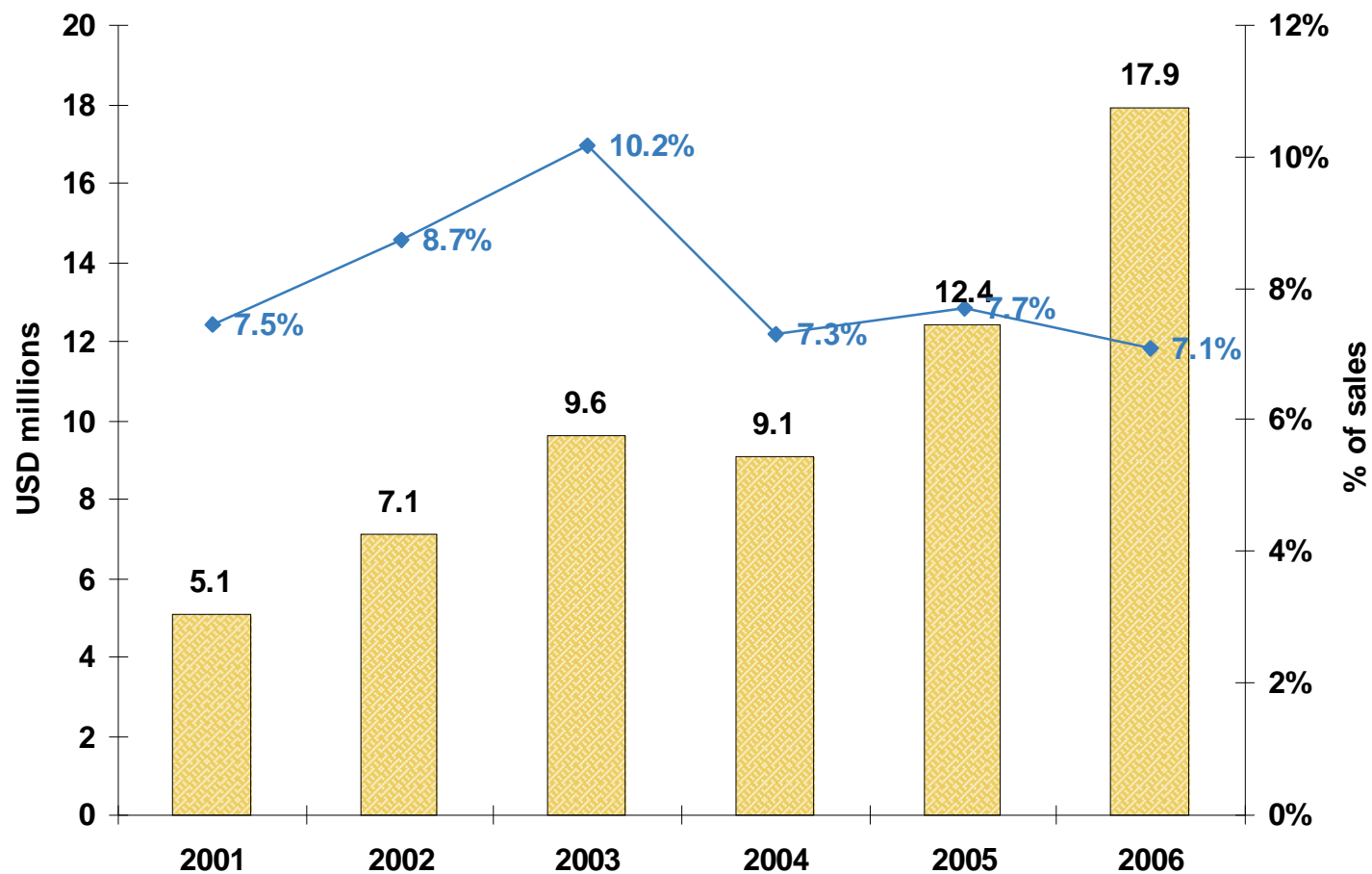


Note: Excluding one-time restructuring expenses related to the acquisitions of Royce Medical, IMP and Innovation Sports

EXPENSED R&D INVESTMENT 2001 - 2006



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Amortization of intangible assets in R&D expenses*	2005	2006
USD millions	1.26	4.09
% of sales	0.8%	1.6%

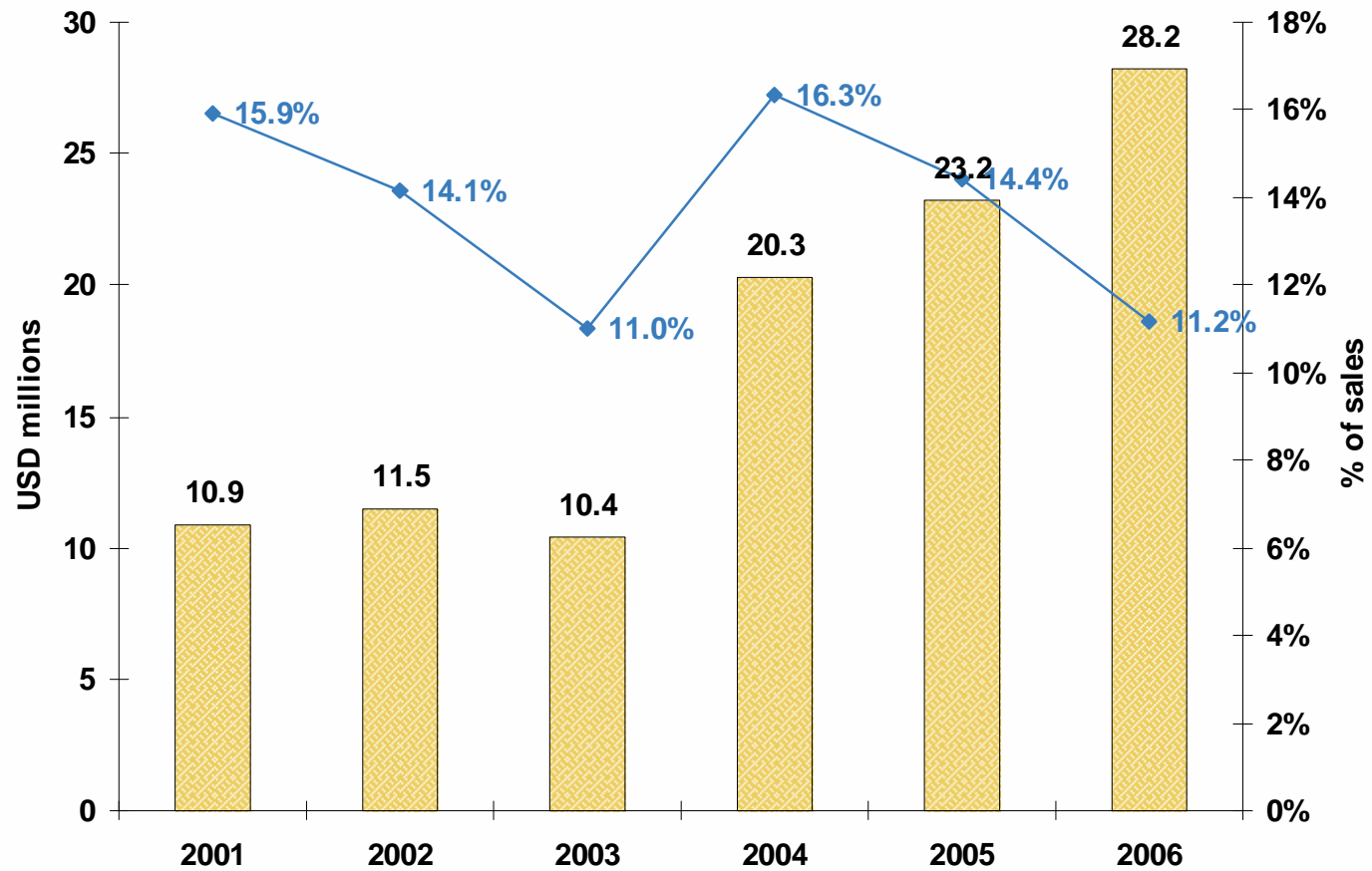
* Related to the acquisition of Royce Medical, IMP and Innovation Sports

PROFIT FROM OPERATIONS 2001 – 2006

Excluding one-time income and expenses 2005 and 2006



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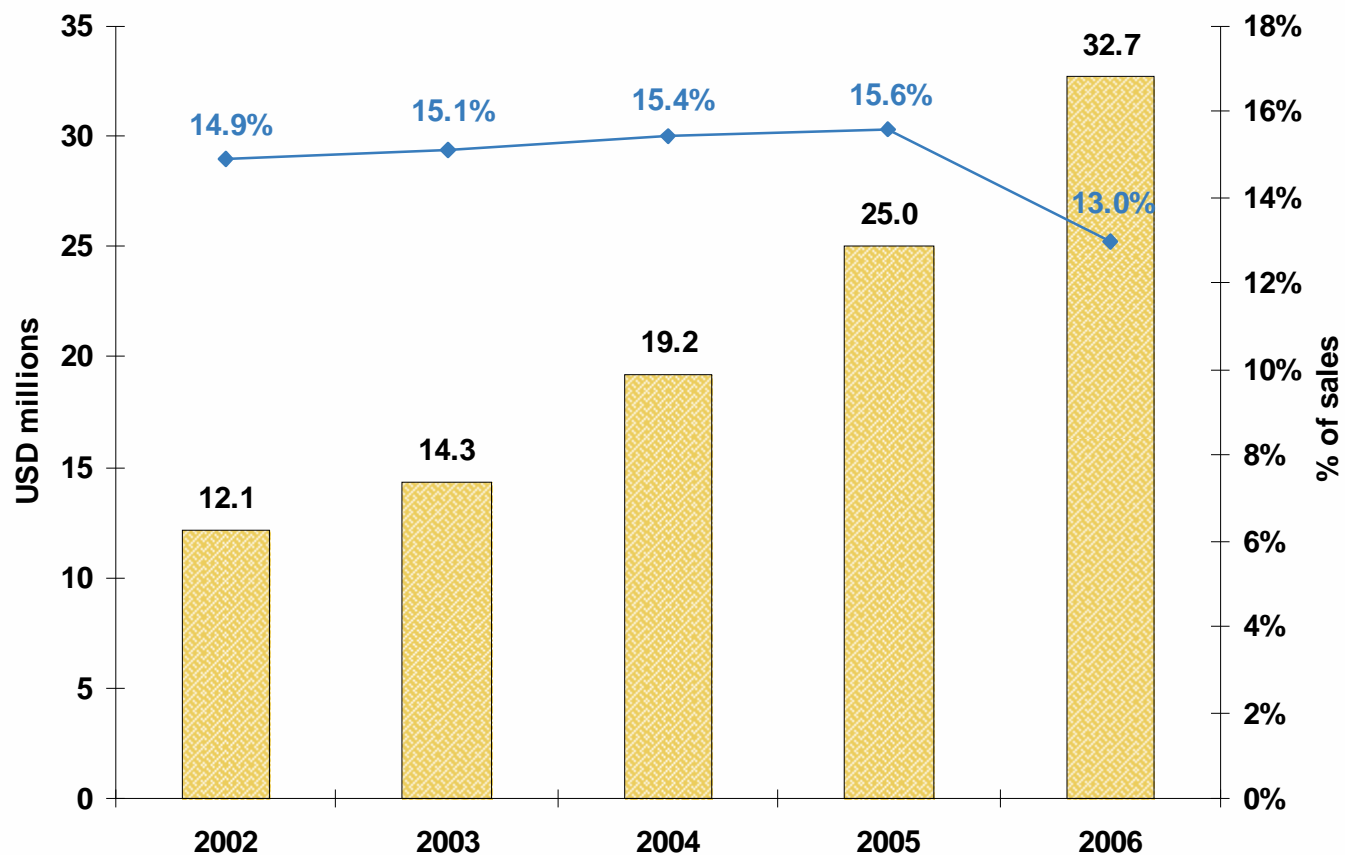
Effect of amortization of intangible assets on profit from operations*	2005	2006
USD millions	-3.79	-11.89
% of sales	-2.4%	-4.7%

* Related to the acquisition of Royce Medical, IMP and Innovation Sports

CASHFLOW FROM OPERATIONS 2001 - 2006



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BALANCE SHEETS 31 DECEMBER 2006



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USD '000	31 December 2006	31 December 2005	% Change
Fixed assets	489,319	325,873	50%
Current assets	123,433	82,113	50%
Total assets	612,752	407,986	50%
Stockholders' equity	161,639	152,829	6%
Long-term liabilities	234,538	215,361	9%
Current liabilities*	216,575	39,796	444%
Total equity and liabilities	612,752	407,986	50%
Current ratio*	0.6	2.1	
Equity ratio*	26%	37%	

* The significant increase in current liabilities mostly due to the EUR 100 million bridge loan facility agreement entered into in December 2006 to finance the acquisition of the Gibaud Group. This explains the drop in both current ratio and equity ratio. The year end equity ratio excluding the acquisition of Gibaud Group is 36%.

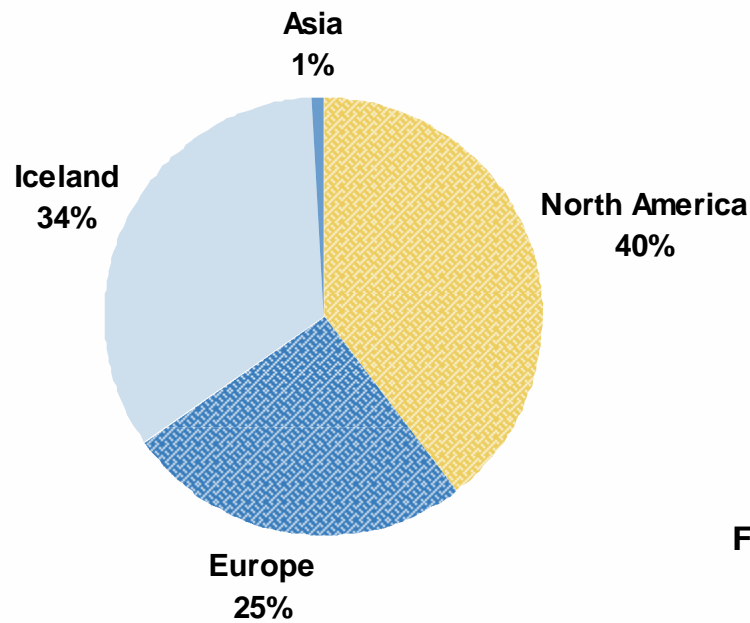
CAPITAL INVESTMENTS 2006



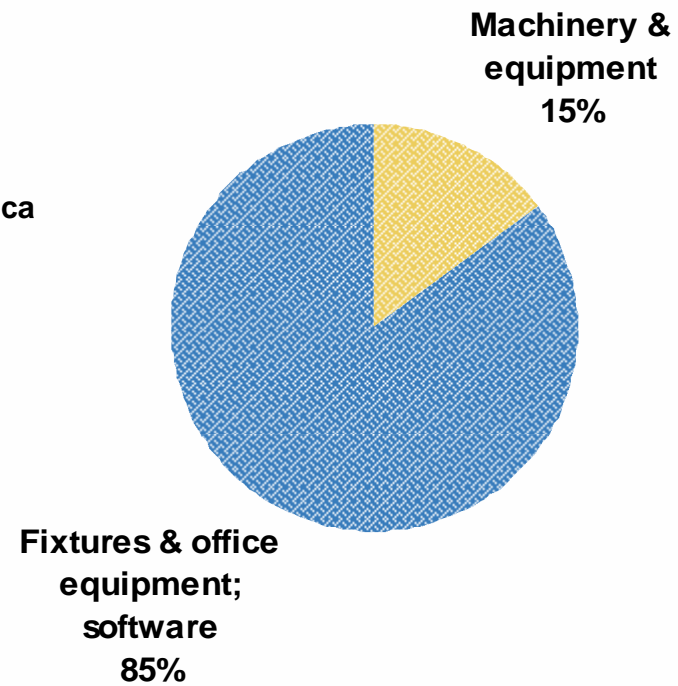
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Capital investments amounted to USD 10.4 million in 2006, or 4.1% of sales

By location



By category



FINANCIAL HIGHLIGHTS Q4 2006



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- Total sales 63.8 million USD up 29%
- Organic sales growth 12%
- Pro forma sales growth 10%
- EBITDA 17.3%*
- Cash EPS diluted 1.30 US cents, down by 36%*

* Excluding unusual revenues, inventory step up and one-time restructuring expenses in 2005 and 2006.

FINANCIAL HIGHLIGHTS Q4 2006



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USD '000	Q4 2006	Q4 2005	% Change
Net sales	63,844	49,590	29%
Gross profit	36,899	29,223	26%
Profit from operations	444	3,938	-89%
Net profit	-3,707	3,088	n/a
EBITDA	5,617	7,931	-29%
EPS diluted (US Cents)	-0.96	0.81	n/a
Cash EPS diluted (US Cents)	0.38	1.85	-79%
Cash generated by operations	9,982	8,405	19%

FINANCIAL HIGHLIGHTS Q4 2006

Excluding restructuring costs, inventory step-up and amortization of intangible assets related to acquisitions



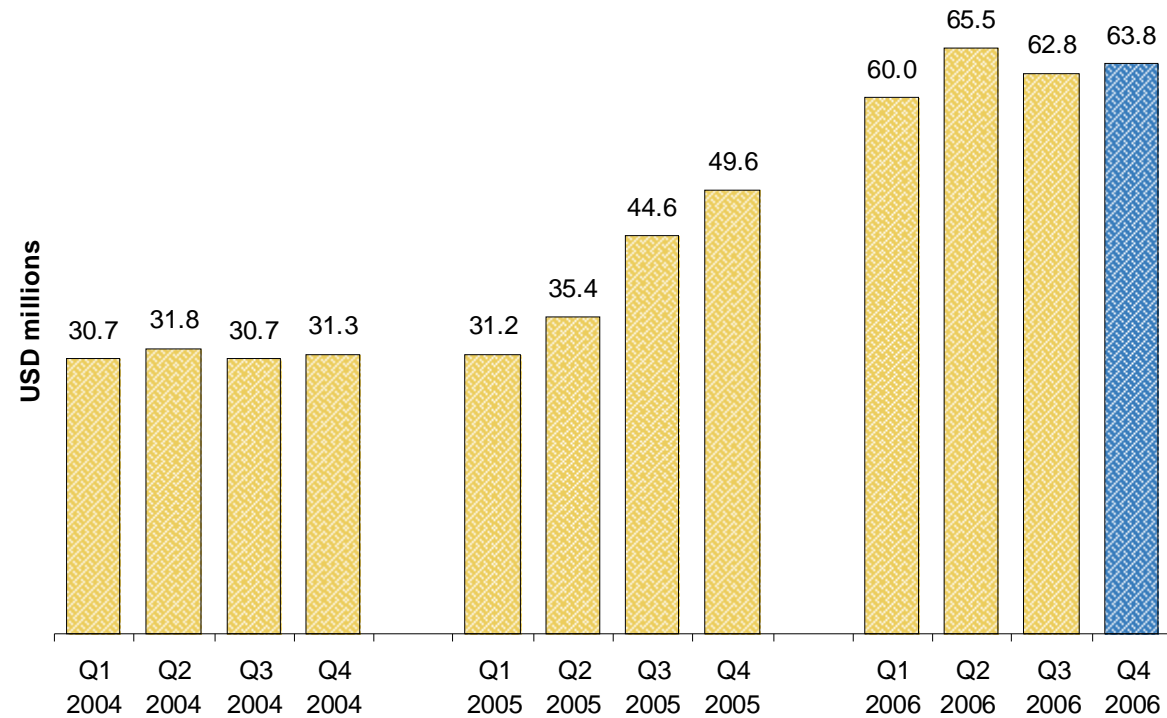
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USD '000	Q4 2006	Q4 2005	% Change
Net sales	63,844	49,590	29%
Gross profit	36,899	29,878	23%
Profit from operations	8,853	7,269	22%
Net profit	1,639	5,223	-69%
EBITDA	11,070	8,890	25%
Cash EPS diluted (US Cents)	1.30	2.04	-36%

NET SALES BY QUARTER 2004 – 2006



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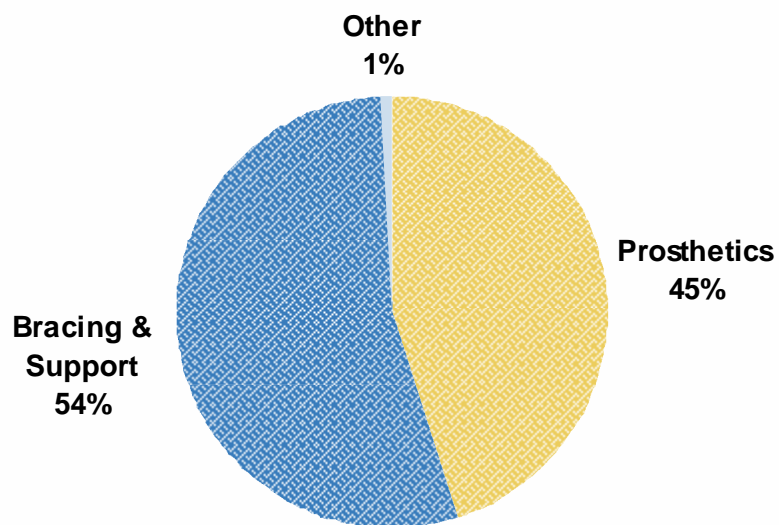


SALES BY BUSINESS SEGMENT Q4 2006

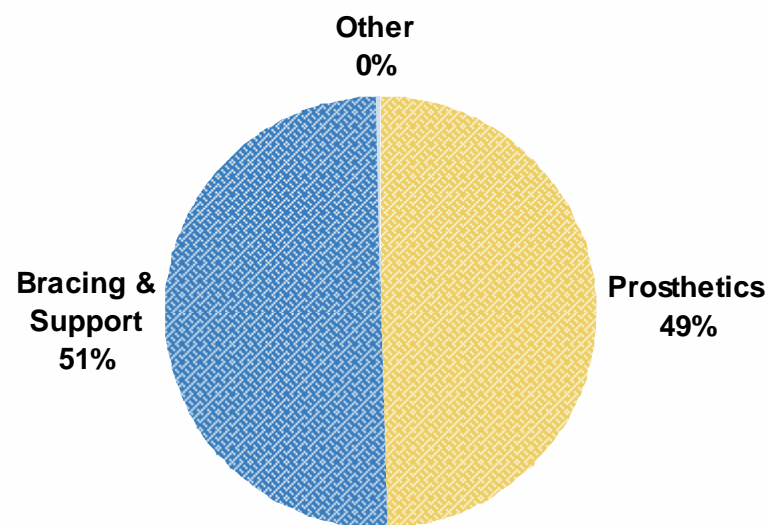


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Q4 2006



Q4 2005

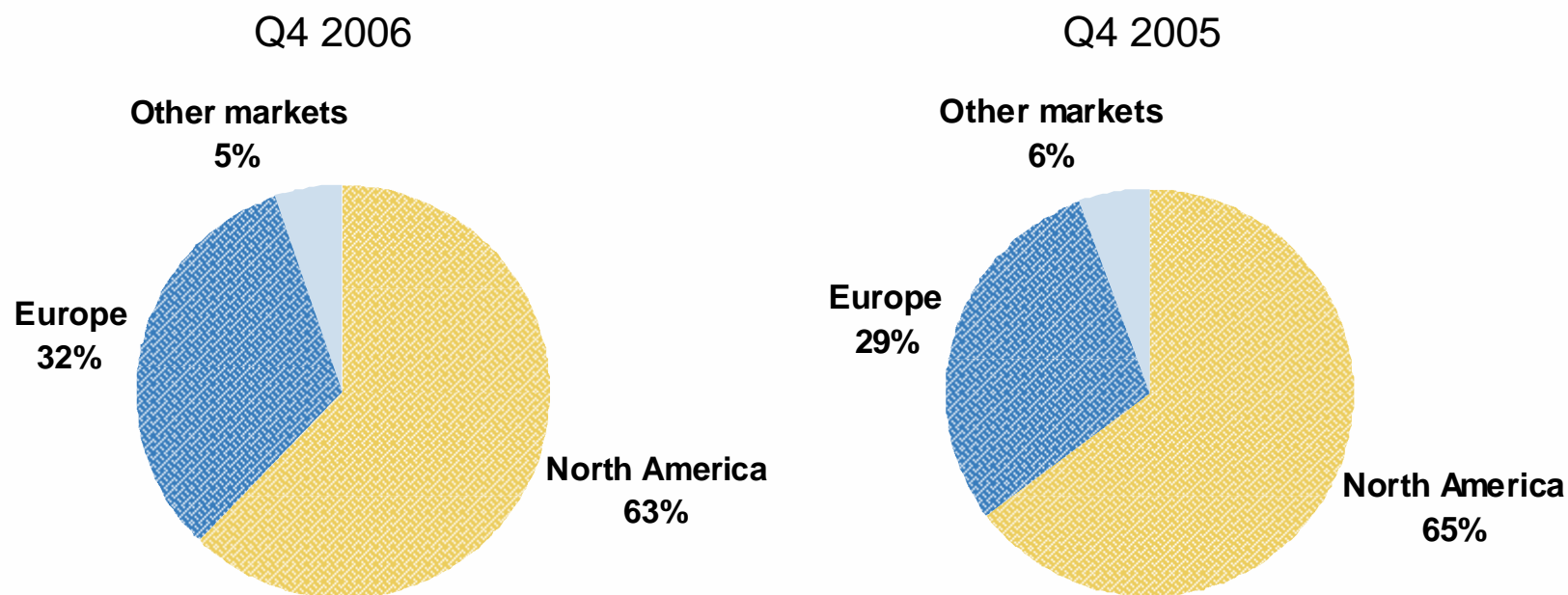


USD '000	Q4 2006	Q4 2005	Growth in USD
Prosthetics	28,645	24,543	17%
Bracing & support	34,750	24,886	40%
Other	449	161	179%
Total	63,844	49,590	29%

SALES BY GEOGRAPHICAL MARKET Q4 2006



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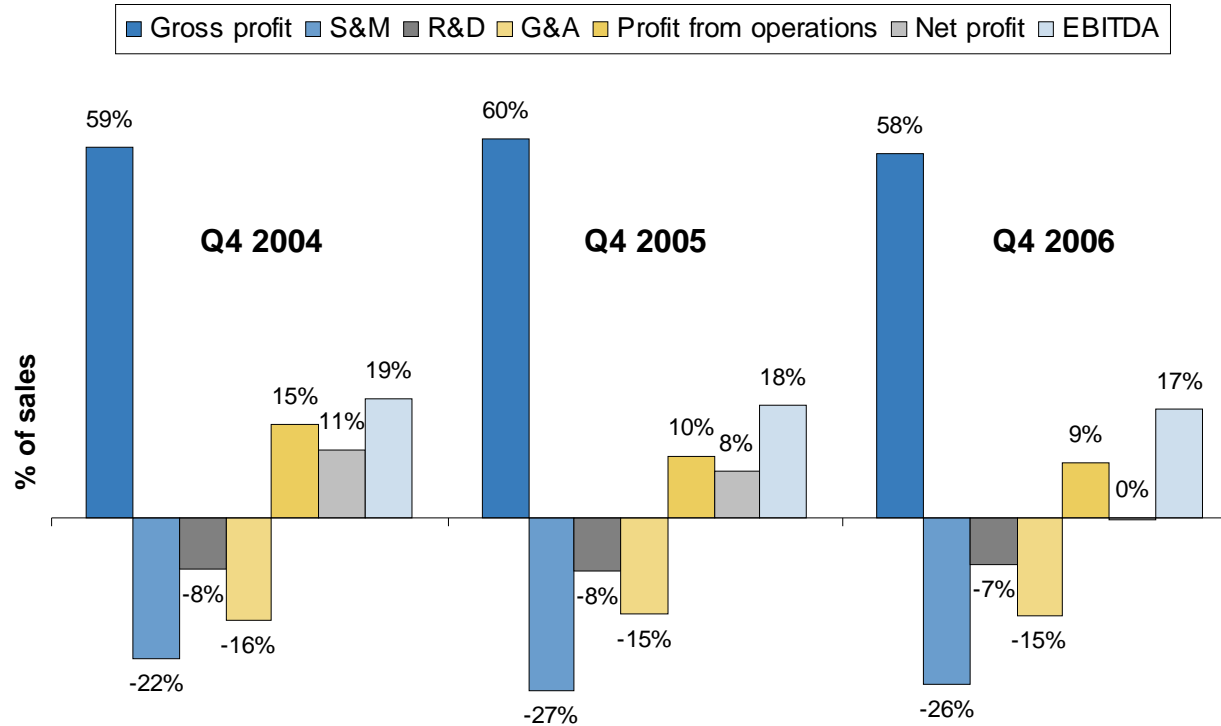
USD '000	Q4 2006	Q4 2005	Growth in USD	Growth in LCY
North America	39,797	32,162	24%	23%
Europe	20,618	14,611	41%	29%
Other markets	3,429	2,817	22%	22%
Total	63,844	49,590	29%	25%

KEY RATIOS Q4 2004-2006 AND IMPACT OF AMORTIZATION

Excluding one-time restructuring expenses and revenue



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	% of sales Q4 2006	% of sales Q4 2005	Impact of amort.* Q4 2006	Impact of amort.* Q4 2005	% of sales excl. amort. Q4 2006	% of sales excl. amort. Q4 2005
S&M	-26.2%	-27.3%	-2.7%	-2.9%	-23.5%	-24.4%
R&D	-7.4%	-8.2%	-1.5%	-1.6%	-5.9%	-6.6%
G&A	-15.3%	-15.5%	-0.4%	-0.3%	-14.9%	-15.2%
Profit from operations	9.2%	9.9%	-4.6%	-4.8%	13.9%	14.7%
Net profit	-0.3%	7.9%	-2.8%	-2.6%	2.6%	10.5%

* Amortization of intangible assets related to the acquisition of Royce Medical, IMP and Innovation Sports, USD 3.0 million in Q4 2006 and USD 2.4 million in Q4 2005

MAIN SHAREHOLDERS 31 DECEMBER 2006



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		Nominal value	%
William Demant Invest A/S	Investment Fund	141.952.402	36,88
Eyrir Invest ehf	Investment Company	59.151.620	15,37
Mallard Holding S.A.	Founder & Family	37.526.769	9,75
Vik Investment Holding S.a.r.L.	President & CEO	24.446.907	6,35
Lífeyrissjóður verslunarmanna	Pension Fund	13.870.283	3,60
Straumur - Burðarás	Investment Bank	9.160.733	2,38
Arion safnreikningur	Custody Bank	6.828.657	1,77
Kaupþing banki hf	Bank	5.938.472	1,54
FL GROUP hf	Investment Company	4.900.000	1,27
Lífeyrissjóðir Bankastræti 7	Pension Fund	4.343.719	1,13
Sparisjóður Hafnarfjarðar	Bank	4.003.784	1,04
Mycenaean Holding S.a.r.L.	VP of R&D	3.560.347	0,92
Sameinaði lífeyrissjóðurinn	Pension Fund	3.497.592	0,91
MP Fjárfestingarbanki hf	Investment Bank	3.199.845	0,83
Gildi - lífeyrissjóður	Pension Fund	2.747.910	0,71
Top 15 shareholders		325.129.040	84,45
Others (2.956)		59.811.407	15,55
Total number of shares		384.940.447	100,00

MARKET PERFORMANCE 2006



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Market Value **USD 606 million**

PE ratio LTM **138.9**

Turnover LTM **USD 306 million**

Turnover rate LTM **48%**

Spread LTM **1.01%**

52 week high-low **ISK 101.5 - 130.5**

2006 Performance **-0.9%**

Indices 2006 performance

ICEX-15 **15.8%**

Denmark KFX **12.2%**

London FTSE 100 **10.7%**

NASDAQ 100 **9.5%**

Ossur hf.

Listed: 1999

Stock Exchange:

Icelandic Stock Exchange – www.icex.is

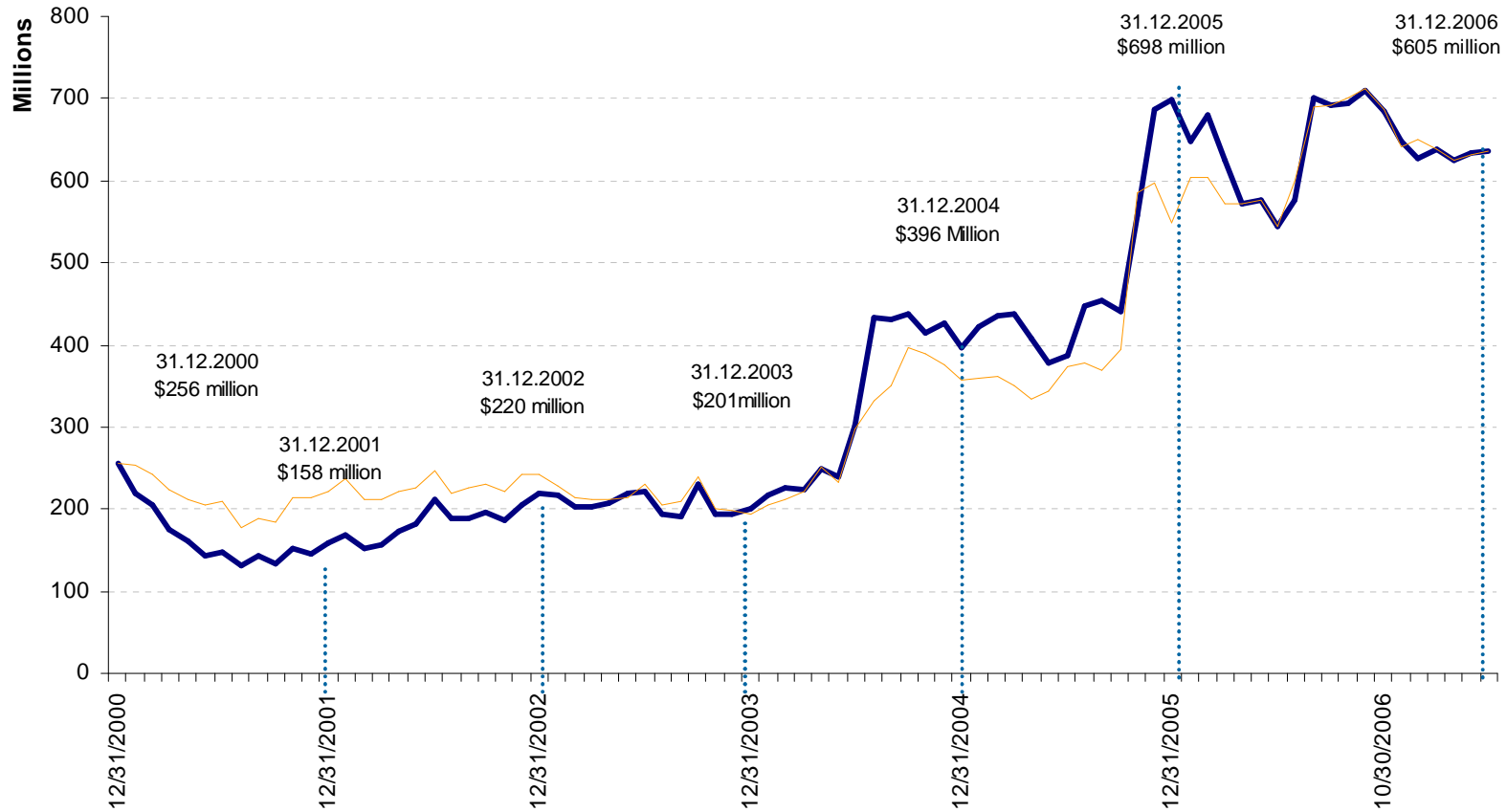
Ticker Symbol: OSSR

Number of Shares: 384.940.447

MARKET VALUE 2000 - 2006



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Note: The yellow line shows the market value using the Avg. Q4 2006 exchange rate throughout the period

