

Media Release

Full Year Report 2009

ZURICH, SWITZERLAND – 10 FEBRUARY 2010

Market stabilization confirmed; Strong profitability and cash flow

- Reported revenue down 6.1% to EUR 581.4 million (CER minus 7.7%); revenues in line with markets
- EMEA (excl. Spain) reports second consecutive quarterly revenue growth
- North America records positive Q4 revenue growth (+7.4%)
- Gross profit margin up to 80.5%; cost savings compensate lower volumes, mix effects
- Operating profit (EBIT) excluding restructuring charges at EUR 141.6 million; margin at 24.4%
- Net profit at EUR 105.8 million; margin up to 18.2%
- New product launches of NobelActive and NobelProcera with continued positive uptake
- Record operating cash flow of EUR 177.8 million; strong balance sheet
- Basic earnings per share of EUR 0.86 (CHF 1.30)
- Dividend proposal CHF 0.55 per share; payout ratio slightly up

Table 1: Selected key figures in EUR million

	Q4 2009 excl. restruct. charges	FY 2009 excl. restruct. charges	restruct. charges	FY 2009 as reported	FY 2008 as reported	CER growth 2008-2009
Revenue	155.7	581.4		581.4	619.2	-7.7%
Gross profit	125.6	468.8	-0.9	467.9	493.6	-7.2%
Gross margin	80.7%	80.6%	-0.1	80.5%	79.7%	
Profit from operations	39.3	141.6	-13.0	128.6	132.9	-10.4%
Operating (EBIT) margin	25.2%	24.4%	-2.3	22.1%	21.5%	
Net financial result	-2.2	8.7		8.7	26.5	
Profit before tax	37.1	150.3	-13.0	137.3	159.4	
Tax	-10.1	-35.5	4.0	-31.5	-49.7	
Net profit	27.0	114.8	-9.0	105.8	109.7	
Profit margin	17.3%	19.7%	-1.5	18.2%	17.7%	
Basic earnings per share, EUR	0.22	0.93	-0.7	0.86	0.90	
Net cash from operating activities	71.2	177.8		177.8	169.0	
Employees at the end of the period (number)				2,242	2,541	

Domenico Scala, CEO: "2009 was marked by the far-reaching effects of the global economic crisis, which led, for the first time, to a dental implant market decline. Our positive 2009 results have been achieved thanks to concerted early management actions. Despite lower revenues we managed to improve our profitability, generate record cash flow and deliver a strong balance sheet. At the same time, we invested sizeable amounts in our product portfolio, with NobelActive and the enhanced NobelProcera offer being the main beneficiaries. These investments lay the groundwork for future growth. The rollout of NobelProcera is now under-way and will be a key priority in 2010. The company is well poised to take advantage of a recovery, early signs of which are emerging in a number of the world's economies."

Focus on priorities and long-term industry trends yield performance and improving momentum

For the full year 2009, Nobel Biocare managed to deliver strong financials in a highly challenging market environment. Revenues at constant exchange rates (CER) declined by 7.7% versus prior year. Owing to favorable foreign currency influences, however, reported revenue growth was only -6.1% at EUR 581.4 million. The fourth quarter reflected a further sequential improvement, thereby representing the first quarter with positive revenue growth (+0.2%) since mid 2008. Profit from operations (EBIT) for the full year was EUR 128.6 million (2008: EUR 132.9 million). Despite lower reported revenues, the company managed to improve its profitability in terms of both gross margin and operating margin (EBIT) at 80.6% and 24.4%, respectively, before restructuring costs. Net profit margin before restructuring was 19.7%, up from 17.7% in 2008. The reported EBIT margin, which includes a restructuring charge of EUR 13.0 million, stood at 22.1%. Net profit as reported was EUR 105.8 million compared to EUR 109.7 million last year. This reflects only a marginal EPS decline of 4.4% versus the prior year – with this being achieved in one of the most difficult years ever for the tooth restoration market, in which total sales declined for the first time in its history.

Nobel Biocare identified the challenge at an early stage and implemented the necessary countermeasures quickly. The results are improved profitability and a record operating cash flow despite lower revenues, and this without neglecting the investments required to enable future growth. Since 2008, Nobel Biocare has invested approximately EUR 200 million in areas such as R&D, the development of Nobel Procera as well as the acquisitions of Alpha-Bio Tec (implants), Medicim (digital dentistry) and BioCad (bar production and NobelProcera software). These investments take into account the key trends of increased digitization in dentistry and the need to offer broader treatment options through new prosthetic solutions and improved treatment concepts. Milestones in 2009 include:

NobelActive™, launched in 2008, continued to attract existing as well as new customers and enjoyed increasing strong acceptance from leading clinicians worldwide. Thanks to its high initial stability, this implant system expands treatment to also include more compromised bone situations. It has the potential to become the preferred implant system for the esthetic zone. In 2009, the product range was further enhanced with new lengths and prosthetic components that have been included in the treatment planning and guided surgery system NobelGuide. To date, almost 300,000 systems have been sold, thereby making NobelActive the most successful product introduction in the company's history.

The major thrust of activities centered on the launch of the new **NobelProcera™** generation. The NobelProcera CAD/CAM package features the most advanced optical scanner, a new generation of design software, new prosthetic materials and a wide range of innovative products. This improved and expanded technology and product portfolio makes Nobel Biocare the only company to offer a wide choice of full treatment solutions for all indications of tooth restorations. The advanced NobelProcera system sets new standards in CAD/CAM dentistry and affords laboratories and clinicians significant economic advantages. The product introduction and the related training/educational activities continued in the fourth quarter.

The company also initiated a **Preferred Partner Program** and established the first such partnership with Ivoclar Vivadent, a global leader in prosthetic and restorative materials for dentists and dental laboratories. The agreement with Ivoclar will provide Nobel Biocare with access to high-performance ceramic and acrylic materials as well as complement Nobel Biocare's recent technology and product launches. This partnership also involves joint research and development programs, the sharing of clinical research and studies, educational and training programs, as well as joint commercial activities.

In 2009, Nobel Biocare celebrated ten years of enhanced osseointegration with its proprietary implant surface, **TiUnite**[®]. It has been shown that implants with the TiUnite surface provide better stability during the healing phase, which helps to support the treatment modality of immediate function. During its first five years on the market, more than 80 scientific publications documenting TiUnite's pre-clinical and clinical success have been published. The benefits have been supported further through the publication of seven-year results of immediately loaded TiUnite implants as well as scientific posters and expert discussions at major industry events.

Strengthening scientific leadership – With a total of more than 40 scientific publications being generated in 2009, Nobel Biocare reinforced its commitment to delivering the most scientifically proven and clinically documented products. In addition, Nobel Biocare pioneered the PI-Brånemark Scientific Symposium in Gothenburg, where over 200 globally renowned medical professionals, researchers and dental experts were invited to debate osseointegration and new treatment modalities.

Management changes – Also in 2009, Nobel Biocare continued to strengthen its organization at all levels and was able to attract high-caliber individuals. In October, the company announced two management changes: William (Bill) Ryan was appointed President & General Manager for North America, and Ernst Zaengerle was appointed Executive Vice President Global Operations. Today, the company announced the appointment of Hans Geiselhöringer as new head of Global Marketing and Products and member of the Executive Committee (EC). He takes over from Robert Gottlander, who will become head of Key Account Management and will remain member of the EC. At the end of December 2009, Nobel Biocare had a worldwide workforce of 2,242 employees.

Regional performance: All key regions with significant sequential growth improvement

In **Europe, Middle East and Africa (EMEA)**, full-year revenue (CER) declined by 7.4% to EUR 261.1 million (Q4: -1.5%). An unfavorable country mix played a role in this regard. Spain, where Nobel Biocare historically generated the highest share of its EMEA business, was strongly impacted by the economic crisis. In the second half of the year, most markets began to stabilize. Belgium, France, Sweden and Russia reported positive growth for the year, while Italy, Germany and the UK showed a strong improvement over the first half of the year.

In **North America**, revenue (CER) for the full year decreased by 6.0% to EUR 196.1 million (Q4: +7.4%). In North America, sales were affected by lower patient flow and the postponement of treatments as a result of a weaker economy. Nonetheless, in North America the company reported a sequential improvement in Q4, primarily due to the base effect, which resulted in positive growth for the final quarter of the year.

In **the Asia/Pacific** region, revenue (CER) for the full year was down 5.1% (Q4: +2.1%) to EUR 114.0 million. In Japan, where growth for the full year was achieved despite an otherwise declining market, Nobel Biocare was able to further strengthen its market-leading position. In Australia, supported by a relatively favorable economic environment, Nobel Biocare grew solidly for the year. In some Southeast Asian distributor markets, lower order volumes versus prior-year levels were observed throughout 2009 and were the main reason for the year-on-year decline.

In **Latin America/Rest of the world**, revenue (CER) for the full year declined by 46.9% to EUR 10.2 million. This was attributable to a significant streamlining of the company's operations in the region, tighter credit management and a stricter pricing policy. These measures allow the company to improve its business quality and profitability. Stronger revenue performance is not expected for 2010.

Outlook – Due to the elective nature of certain of the company's products and services, revenues can be affected by economic developments in various countries. Based on our estimates, the dental implant market declined by approximately 7% in 2009. Most markets stabilized towards the end of 2009 and early signs of a recovery are emerging. Visibility is still limited and the sustainability of this recovery is all but certain, thus reliable projections are still difficult to make. However, we believe it is possible that the dental implant market may return to growth in 2010. Nobel Biocare continues to focus on strategy execution and will clearly emphasize the NobelProcera rollout during 2010. Having taken the necessary measures to protect the profitability while investing in future growth, we believe the company is well poised to benefit from a future market recovery.

Table 2: Revenue by region in EUR million

	As reported			CER Growth 2008-2009
	Q4 2009	Full year 2009	Full year 2008	
Europe, Middle East and Africa (EMEA)	71.4	261.1	289.4	-7.4%
Proportion of total revenue	46%	45%	47%	
North America	51.9	196.1	200.0	-6.0%
Proportion of total revenue	33%	34%	32%	
Asia/Pacific	30.5	114.0	109.5	-5.1%
Proportion of total revenue	20%	19%	18%	
Latin America/Rest of the world	1.9	10.2	20.3	-46.9%
Proportion of total revenue	1%	2%	3%	
Total	155.7	581.4	619.2	-7.7%

Financials: Strong profitability and record cash flow despite lower revenues

Reported gross profit for the full year 2009 was EUR 467.9 million (2008: EUR 493.6 million), reflecting a gross margin of 80.5% (2008: 79.7%). Disciplined pricing, the realization of significant cost savings and a reduction of product assortment allowed the company to protect its gross profit margin despite lower production volumes and a less favorable product mix following the launch of NobelProcera.

Profit from operations (EBIT) for the full year was EUR 128.6 million, or 3.2% lower than in 2008 (EUR 132.9 million). The EBIT margin excluding restructuring charges improved slightly to 24.4% (2008 excluding exceptionals: 24.1%); the reported EBIT margin improved to 22.1%, up from 21.5%. This was accomplished through cost savings on IT, purchasing, decentralized non-client related functions, logistics, finance and manufacturing, and despite the increased investments necessary to underpin the NobelProcera launch.

Restructuring – In 2009, charges for restructuring totaled EUR 13.0 million, of which EUR 0.9 million was attributable to cost of goods sold, and EUR 12.1 million to operating expenses (mainly SG&A). The bulk of the restructuring charges related to the restructuring of the company's activities in some Latin American countries.

Currencies – In 2009, foreign currencies exerted a 1.6% positive effect on revenues, 0.3% on the gross profit margin and 1.3% on the EBIT margin. The latter was achieved through further improvement of the currency-hedging program during 2009.

Net financial result for the full year was EUR 8.7 million (2008: EUR 26.5 million). Excluding exceptional currency gains of EUR 46.9 million in 2008 and 26.1 million in 2009, the net financial result has improved

from EUR -20.4 million in 2008 to EUR -17.4 million in 2009 – mainly driven by ongoing interest expenses for outstanding liabilities.

Tax – Reported tax for the full year 2009 amounted to EUR 31.5 million (2008: 49.7 million), reflecting a tax rate of 22.9% (2008: 31.2%).

Net profit for the full year was EUR 105.8 million, 3.6% below the 2008 level. Lower sales were almost fully counterbalanced by reduced expenses and a lower tax rate. Consequently, the net profit margin improved to 18.2% (2008: 17.7%).

Cash flow from operating activities for the full year was EUR 177.8 million (2008: EUR 169.0 million). This record result was achieved due to a reduction in working capital as well as lower tax payments.

Cash and cash equivalents amounted to EUR 240.7 million at year-end 2009 and have further improved since end of Q3 2009 (EUR 194.5 million) as well as year-end 2008 (EUR 163.4 million). Net cash stood at EUR 1.9 million, compared with net debt of EUR 44.8 million at the end of Q3 2009 and EUR 65.3 million at the end of 2008. In addition, the Group has significant financial flexibility based on committed credit facilities of EUR 330 million that were established in early 2009.

The Board of Directors' (BoD) **proposals to the Annual General Meeting (AGM)**, to be held on 25 March 2010 in Zurich, Switzerland, in addition to the approval of the annual accounts, include:

Dividend – The BoD approved an unchanged dividend proposal of CHF 0.55 per registered share. The payment date for the dividend, if approved by the Annual General Meeting, is set for 1 April 2010 (ex-dividend date: 29 March 2010; record date: 31 March 2010).

Furthermore, the Board proposes to the AGM the election of the following **new Board members**: Daniela Bosshardt-Hengartner, Dr Raymund Breu, Heino von Prondzynski and Dr Oern Stuge. The Board of Directors envisaged to elect Heino von Prondzynski as Chairman of the Board of Directors. Dr Rolf Soiron and Jane Royston will not stand for re-election.

The Board of Directors has decided that the **Remuneration report 2009** for the group will for the first time be subject to a consultative vote of the shareholders.

Nobel Biocare (NOBN, SIX Swiss Exchange) is the world leader in innovative restorative and esthetic dental solutions. As a complete solutions provider Nobel Biocare offers the most comprehensive range of solutions from tooth to root, for single tooth to fully edentulous indications. The solutions portfolio covers dental implants (including the key brands NobelActive™, Brånemark System® and NobelReplace™), individualized prosthetics and equipment (NobelProcera™), guided surgery solutions and biomaterials. Nobel Biocare has approximately 2,250 employees and recorded revenue of EUR 581.4 million in 2009. The company is headquartered in Zurich, Switzerland. Production takes place at seven sites located in Canada, Israel, Japan, Sweden, and the US. Nobel Biocare has 35 direct sales organizations.

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Investor, analyst and media presentation

An investor, analyst and media presentation in English will be held today, 10 February 2010, at 09:30 am CET at the Auditorium of ConventionPoint, SIX Swiss Exchange, in Zurich.

The presentation can be accessed via video-webcast live at <http://corporate.nobelbiocare.com/en/investors/>, and is also accessible via telephone conference, using the dial-in numbers below:

+41 91 610 56 00	Continental Europe
+44 20 7107 0611	UK
+1 866 291 4166	US

For additional local dial-in numbers, see our homepage: www.nobelbiocare.com

Also, there will be a conference call including a Q&A session in the afternoon at 2:30 pm CET. Dial-in numbers for the afternoon call are the same as indicated above.

Recordings of both, the webcast and the conference call, will be available on the website afterwards.

Financial reporting calendar:

Annual General Meeting	25 March 2010
Interim Report 1, 2010	28 April 2010
Interim Report 2, 2010	11 August 2010
Interim Report 3, 2010	3 November 2010

The complete Full Year Report 2009 is available in English, while an abridged version of the report is available in German. A preprint version of the Annual Report 2009 in English can be downloaded via www.nobelbiocare.com or obtained in pdf format from investor.relations@nobelbiocare.com

Disclaimer

This media release contains forward-looking statements based on beliefs of Nobel Biocare's management. When used in this media release, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan" and "project" are intended to identify forward-looking statements. They may involve risks and uncertainties, including technological advances in the medical field, product demand and market acceptance, the effect of economic conditions, the impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of Nobel Biocare as of the date made with respect to future events and are subject to risks and uncertainties. All of these forward-looking statements are based on estimates and assumptions made by management of the company and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results or experience could differ materially from the forward-looking statements. Nobel Biocare disclaims any intention or obligation to update these forward-looking statements.

Selected financial information

in EUR million	Q4 2009 before restruc- turing	Q4 2009 restruc- turing	Q4 2009 as reported	2009 before restruc- turing	2009 restruc- turing	2009 as reported	2008 excluding exceptional items	2008 as reported
Income statement								
Revenue	155.7		155.7	581.4		581.4	619.2	619.2
Gross profit	125.6	-0.2	125.4	468.8	-0.9	467.9	502.1	493.6
Profit from operations (EBIT)	39.3	-1.6	37.7	141.6	-13.0	128.6	149.2	132.9
Profit before tax	37.1	-1.6	35.5	150.3	-13.0	137.3	151.2	159.4
Income tax expense	-10.1	0.6	-9.5	-35.5	4.0	-31.5	-35.4	-49.7
Profit attributable to equity holders of Nobel Biocare	27.0	-1.0	26.0	114.8	-9.0	105.8	115.8	109.7
Balance sheet								
Non-current assets						300.0	281.6	275.1
Current assets						422.6	446.9	422.4
Total equity						317.7	318.6	267.6
Non-current liabilities						271.2	282.0	287.4
Current liabilities						133.7	127.9	142.5
Cash and cash equivalents incl. bank overdraft						240.7		163.4
Miscellaneous								
Net cash from operating activities			71.2			177.8		169.0
Depreciation, amortization and impairment			7.7			27.8	22.1	28.2
Investments in property, plant and equipment			6.2			18.3		30.4
Employees at end of period						2'242		2'541
Ratios								
Revenue growth (%)			-4.2			-6.1		-7.0
Revenue growth in local currencies (%)			0.2			-7.7		-4.2
Gross margin (%)	80.7	-0.2	80.5	80.6	-0.1	80.5	81.1	79.7
Operating expenses/revenue ratio (%)	55.4	0.9	56.3	56.3	2.1	58.4	57.0	58.3
Operating (EBIT) margin (%)	25.2	-1.0	24.2	24.4	-2.3	22.1	24.1	21.5
Profit margin (%)	17.3	-0.6	16.7	19.7	-1.5	18.2	18.7	17.7
Return on average equity (%) ¹				38.5	-3.0	35.5	42.3	41.6
Equity/assets ratio (%)				45.2	-1.2	44.0	43.8	38.4
Share information								
Number of shares issued as of end of period (in '000)						123'785		124'317
Average number of shares outstanding (in '000)						123'276		122'270
Number of shares after full conversion (in '000) ²						149'033		124'564
Share price as of end of period (CHF)						34.78		21.42
Market value as of end of period (MCHF)						4'305		2'663
Basic earnings per share (EUR)	0.22	-0.01	0.21	0.93	-0.07	0.86	0.95	0.90
Diluted earnings per share (EUR)	0.21	-0.01	0.20	0.92	-0.07	0.85	0.95	0.90
Equity per share (EUR)				2.65	-0.07	2.58	2.61	2.19
Equity per share after full conversion (EUR)				2.19	-0.06	2.13	2.56	2.15

¹Includes net profit for the last four quarters over average equity for the last four quarters

²Includes conditional capital of 25'247'620 shares

Condensed consolidated financial statements

FULL YEAR REPORT 2009

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Income statement

in EUR '000	Note	Q4 2009	Q4 2008	2009	2008
Revenue	6	155'717	162'534	581'441	619'159
Cost of goods sold		-30'277	-42'954	-113'495	-125'536
Gross profit		125'440	119'580	467'946	493'623
Selling expenses		-54'096	-62'303	-219'645	-238'665
Administrative expenses		-26'097	-23'971	-94'688	-89'117
Research and development expenses		-7'567	-15'636	-25'020	-32'936
Profit from operations (EBIT)		37'680	17'670	128'593	132'905
Net financial result	7	-2'212	47'348	8'664	26'468
Profit before tax		35'468	65'018	137'257	159'373
Income tax expense		-9'433	-26'124	-31'422	-49'714
Profit attributable to equity holders of Nobel					
Biocare		26'035	38'894	105'835	109'659
Basic earnings per share, EUR		0.21	0.37	0.86	0.90
Diluted earnings per share, EUR		0.20	0.37	0.85	0.90

Statement of comprehensive income

in EUR '000		Q4 2009	Q4 2008	2009	2008
Profit attributable to equity holders of Nobel					
Biocare		26'035	38'894	105'835	109'659
Other comprehensive income:					
Foreign currency translation differences		-5'662	-23'189	1'538	-18'462
Reclassification of foreign currency translation differences to income statement	7	-6	-46'874	-26'063	-46'874
Effective portion of changes in fair value of cash flow hedges		-1'726	-5'099	1'310	-7'758
Net change in fair value of cash flow hedges reclassified to income statement		1'598	-	6'669	175
Net change in fair value of available-for-sale financial assets reclassified to income statement		-	-528	-	464
Total other comprehensive expenses for the year, net of tax		-5'796	-75'690	-16'546	-72'455
Total comprehensive income for the year attributable to equity holders of Nobel Biocare		20'239	-36'796	89'289	37'204

Balance sheet

in EUR '000	Note	31 December 2009	31 December 2008
Assets			
Property, plant and equipment		75'833	71'175
Intangible assets		207'375	185'931
Non-current receivables		4'269	3'066
Deferred tax assets		12'544	14'926
Total non-current assets		300'021	275'098
Inventories		20'485	36'549
Trade and other receivables		136'614	141'347
Current tax assets		4'441	9'593
Prepaid expenses and accrued income		15'656	14'954
Financial investments and derivatives		3'757	54'884
Cash and cash equivalents		241'617	165'063
Total current assets		422'570	422'390
Total assets		722'591	697'488
Equity and liabilities			
Share capital	8	31'861	32'002
Share premium		166'429	183'687
Treasury shares		-56'567	-85'229
Retained earnings		175'994	137'116
Total equity attributable to equity holders of Nobel Biocare		317'717	267'576
Provisions		3'955	5'694
Pension liabilities		2'699	2'087
Convertible bond		236'962	238'805
Deferred tax liabilities		27'033	32'455
Other non-current liabilities		548	8'356
Total non-current liabilities		271'197	287'397
Bank overdraft		880	1'691
Borrowings		1'331	26'434
Trade payables		22'158	28'330
Current provisions		7'211	7'513
Current tax liabilities		27'025	7'905
Other current liabilities		21'011	27'779
Accrued expenses and deferred income		54'061	42'863
Total current liabilities		133'677	142'515
Total liabilities		404'874	429'912
Total equity and liabilities		722'591	697'488

Statement of changes in equity

in EUR '000	Note	Share capital	Share premium	Treasury shares	Translation reserve	Hedging reserve	Other retained earnings	Total retained earnings	Total equity attributable to equity holders of Nobel Biocare
Balance as of 1 January 2008		34'121	199'117	-535'038	-26'025	-175	595'867	569'667	267'867
Comprehensive income									
Profit for the year							109'659	109'659	109'659
Other comprehensive income					-65'336	-7'583	464	-72'455	-72'455
Total comprehensive (expenses)/income					-65'336	-7'583	110'123	37'204	37'204
Share capital reduction		-2'122		409'455			-407'333	-407'333	-
Acquisition of treasury shares				-12'382					-12'382
Sale of treasury shares			-15'575	63'952					48'377
Acquisition of call options on own shares				-4'101					-4'101
Written put options on own shares				-7'115					-7'115
Share options and warrants exercised		3	145						148
Share-based payment expenses	9						11'086	11'086	11'086
Dividends to shareholders relating to 2007							-73'508	-73'508	-73'508
Total transactions with shareholders		-2'119	-15'430	449'809			-469'755	-469'755	-37'495
Balance as of 31 December 2008		32'002	183'687	-85'229	-91'361	-7'758	236'235	137'116	267'576
Balance as of 1 January 2009		32'002	183'687	-85'229	-91'361	-7'758	236'235	137'116	267'576
Comprehensive income									
Profit for the year							105'835	105'835	105'835
Other comprehensive (expenses)/income					-24'525	7'979		-16'546	-16'546
Total comprehensive (expenses)/income					-24'525	7'979	105'835	89'289	89'289
Share capital reduction	8	-141		13'049			-12'908	-12'908	-
Acquisition of treasury shares				-6'456					-6'456
Sale of treasury shares			-5'020	10'650					5'630
Shares transferred to the seller of BioCad			-815	815					-
Expiry of call options on own shares			-10'345	10'345					-
Allocation of shares to share plan participants			-126	259			-133	-133	-
Convertible bond – equity component			-952				934	934	-18
Share-based payment expenses	9						6'788	6'788	6'788
Dividends to shareholders relating to 2008	8						-45'092	-45'092	-45'092
Total transactions with shareholders		-141	-17'258	28'662			-50'411	-50'411	-39'148
Balance as of 31 December 2009		31'861	166'429	-56'567	-115'886	221	291'659	175'994	317'717

Cash flow statement

in EUR '000	Note	Q4 2009	2009	2008
Profit before tax		35'468	137'257	159'373
Adjusted for:				
Depreciation, amortization and impairment losses		7'638	27'757	28'231
Net financial result	7	2'212	-8'664	-26'468
Share-based payment expenses		407	6'602	11'246
Other non-cash income and expenses		-8'855	2'262	1'967
Changes in working capital and provisions:				
Decrease in trade and other current receivables		3'126	8'875	19'049
Decrease in inventories		5'597	17'267	2'193
Increase/(decrease) in trade and other current liabilities		100	-8'713	5'568
Increase in provisions, accrued expenses, and deferred income		9'271	8'716	8'567
Income taxes paid		16'282	-13'513	-40'747
Net cash from operating activities		71'246	177'846	168'979
Acquisition of subsidiary, net of cash acquired		-	-22'891	-50'613
Acquisition of property, plant and equipment		-6'203	-18'283	-30'365
Acquisition of intangible assets		-1'774	-2'499	-12'367
Acquisition of financial investments		-	-	-58'493
Disposal of financial investments		-	631	89'952
Interest received		570	1'566	4'984
Other investing and hedging activities		1'689	-3'868	-
Net cash used in investing activities		-5'718	-45'344	-56'902
Exercised warrants and options		-	-	148
Acquisition of treasury shares		-6'456	-6'456	-12'564
Proceeds from sale of treasury shares		-	5'630	31'628
Acquisition of call options on own shares		-	-	-4'129
Payment of withholding tax liabilities		-	-	-73'750
(Repayment)/proceeds of short-term borrowings (interest-bearing liabilities)		-562	-25'004	13'613
Repayment of long-term borrowings (interest-bearing liabilities)		-7'677	-11'966	-
Disposal of derivative hedging instrument		-	37'362	-
Interest paid		-3'767	-8'464	-8'190
Dividends paid	8	-	-45'092	-73'508
Net cash used in financing activities		-18'462	-53'990	-126'752
Increase/(decrease) in cash and cash equivalents		47'066	78'512	-14'675
Cash and cash equivalents at beginning of period, including bank overdraft		194'520	163'373	186'170
Effect of exchange rate differences on cash held		-849	-1'148	-8'122
Cash and cash equivalents at end of period¹		240'737	240'737	163'373

¹Cash and cash equivalents including bank overdraft of EUR 0.9 million as of 31 December 2009, and EUR 1.7 million as of 31 December 2008

Notes to the condensed consolidated financial statements

Note 1 Organization

Nobel Biocare Holding AG (the Company) is a limited liability company incorporated and domiciled in Switzerland. The consolidated financial statements of Nobel Biocare for the 12 months ended 31 December 2009 comprise the Company and its subsidiaries (the Group).

Nobel Biocare is a medical devices group and the world leader in innovative esthetic dental solutions with its key brands NobelActive™, Brånemark System®, NobelReplace™, NobelSpeedy™, Replace Select (dental implants), NobelProcera™ (individualized dental prosthetics), NobelGuide™ (complete patient rehabilitation program) and NobelSmile™ (patient education and awareness program).

Nobel Biocare is a full solution provider for restorative esthetic dentistry, offering a wide range of innovative Crown & Bridge & Implant products, as well as training and education, patient information and clinically documented treatment concepts.

The condensed consolidated financial statements were authorized for issue by the Board of Directors on 9 February 2010.

Note 2 Statement of compliance

The Group applies International Financial Reporting Standards (IFRS). The condensed consolidated financial statements have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2009.

Note 3 Accounting policies

The accounting policies are the same as those applied in the consolidated financial statements for the year ended 31 December 2008, with the only significant changes arising from IAS 1 (revised) – Presentation of financial statements and IFRS 8 – Operating segments, adopted effective 1 January 2009.

As a result of the revision to IAS 1, a statement of comprehensive income, which discloses non-owner transactions in equity, is presented in addition to the income statement. In addition, transactions with owners in their capacity as owners are shown separately from transactions related to comprehensive income in the statement of changes in equity.

Application of IFRS 8 requires the operating segments to be defined on the basis of internal reports provided to the chief operating decision maker. With the adoption of IFRS 8, identifiable operating segments remain the same as those presented in the consolidated financial statements for the year ended 31 December 2008; however, the related disclosures have been expanded and are presented in note 6.

The Group early-adopted the amendment to IFRS 8 whereby disclosure of segment assets are no longer required in the case that this information is not presented to the chief operating decision maker.

Note 4 Basis of preparation

The condensed consolidated financial statements include all the subsidiaries controlled by Nobel Biocare and are presented in euro (EUR), rounded to thousands.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities. Actual results may differ from these estimates. Critical judgments made by management in the application of IFRS and key sources of estimation

uncertainties were the same as those applied to the consolidated financial statements for the year ended 31 December 2008.

Note 5 Seasonality

The Group is not exposed to material seasonal variations in its operations.

Note 6 Operating segments

Operating segments are determined based on the reports reviewed by the Board of Directors that are used to make strategic decisions and to allocate resources to the segments.

Operating segments are identified geographically as the business is managed on a global basis and is run in four geographical areas. The business contribution is derived from sales, the cost of goods purchased from manufacturing sites and expenses related to the sale of products in the respective regions. Certain administrative expenses directly attributable to the sale of products are also allocated to four geographic regions. The Board of Directors reviews and assesses the business (i.e. sales and business expenses) on this basis.

Revenue arises from two integrated product groups, Standardized Products and Individualized Products, with similar risks and rates of return. These products are sold in all operating segments, often with both Standardized and Individualized products forming part of a combined offer as Nobel Biocare is a full-solution provider.

	Europe, Middle East and Africa		North America		Asia/Pacific		Latin America/Rest of the world		Group total	
in EUR '000	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
External sales	261'144	289'410	196'084	199'981	114'005	109'471	10'208	20'297	581'441	619'159
<i>Proportion of total revenue</i>	45%	47%	34%	32%	19%	18%	2%	3%	100%	100%
Business expenses	-129'119	-138'989	-97'820	-91'200	-56'765	-54'914	-10'251	-17'051	-293'955	-302'154
Business contribution	132'025	150'421	98'264	108'781	57'240	54'557	-43	3'246	287'486	317'005

Certain expenses, presented in the reconciliation, are not attributable to a particular segment and are reviewed as a whole across the Group irrespective of geographic origin. Unallocated business expenses include certain production costs remaining with the manufacturing sites. Functional costs comprise headquarter and plant functions, which include global marketing, quality, logistics, research and development, and legal functions. Also included are reconciling and other items, e.g., adjustments and eliminations made in preparing the financial statements. The business contribution also excludes the effects of equity-settled share-based payments and depreciation, amortization and impairment expenses. The revenue from external customers reported to the Board of Directors is measured in a manner consistent with that in the income statement. There are no significant sales between the segments.

Reconciliation

in EUR '000	2009	2008
Business contribution	287'486	317'005
Unallocated business expenses	-15'138	-24'647
Functional costs	-109'458	-118'969
Depreciation, amortization and impairment losses	-27'757	-28'231
Share-based payment expenses	-6'602	-11'246
Reconciling and other items	62	-1'007
Operating profit (EBIT)	128'593	132'905
Net financial result	8'664	26'468
Profit before tax	137'257	159'373

Note 7 Net financial result

in EUR '000	Q4 2009	2009	2008
Interest income	543	1'604	5'204
Net foreign exchange gains	1'984	26'814	61'273
Financial income	2'527	28'418	66'477
Interest expenses	-3'370	-16'178	-17'632
Other financial expenses	-1'368	-3'576	-22'377
Finance cost	-4'738	-19'754	-40'009
Net financial result	-2'211	8'664	26'468

In 2009, net foreign exchange gains primarily relate to the simplification of internal funding structures, which resulted in the reclassification to the income statement of cumulative translation differences in the amount of EUR 26'063 k (2008: EUR 46'874 k), which had been previously recognized in other comprehensive income. The remainder of net foreign exchange gains arises from operating in multiple currencies and also takes into account the gains and losses resulting from hedging such exposures.

In 2009, other financial expenses mainly comprise fees for the EUR 330 million syndicated banking facility in place from 18 March 2009. As of 31 December 2009, this facility remained undrawn. In 2008, other financial expenses mainly comprised the losses on financial instruments held for trading relating to the revaluation of an equity-linked structured note. As of 31 December 2008, the fair value of the remaining note was zero, and that note was subsequently disposed of during 2009 with a gain of EUR 598 k.

Note 8 Equity

Share capital

The share capital of Nobel Biocare Holding AG is held in Swiss franc (CHF). The number of issued shares by Nobel Biocare Holding AG on 31 December 2009 totaled 123'784'530 (2008: 124'316'530 with a par value of CHF 0.40 per share, fully paid up. The decrease reflects the capital reduction as resolved by the Annual General Meeting on 6 April 2009, which resulted in the cancellation of 532'000 treasury shares with a par value of CHF 0.40, reducing the share capital by EUR 141 k (CHF 213 k) to a total amount of EUR 31'861 k (CHF 49'514 k) as of 31 December 2009.

The share capital may be increased by issuing no more than 247'620 shares (2008: 247'620), each with a par value of CHF 0.40, to be fully paid up, equaling an amount of no more than CHF 99'048 (2008: CHF 99'048) by virtue of the exercise of options granted to employees, Directors and officers of the Group.

The Board of Directors is authorized to increase the share capital until 6 April 2011 by an amount of up to CHF 10 million by issuing up to 25 million fully paid-up registered shares with a nominal value of CHF 0.40. Alternatively, the share capital may be increased by an amount of up to CHF 10 million by issuing up to 25 million fully paid-up registered shares with a nominal value of CHF 0.40 following the exercise of conversion and/or option rights which are granted in connection with the issuance of bonds or similar debt instruments by the Company or one of its Group companies in capital markets or in connection with a transaction.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Dividends

On 6 April 2009, the AGM approved a dividend of CHF 0.55 per registered share. The dividend was paid to shareholders on 10 April 2009, less 35 percent withholding tax. The total amount of the gross dividend paid was CHF 67.8 million or EUR 45.1 million.

On 9 February 2010, the Company's Board of Directors decided to propose the AGM a dividend to shareholders of CHF 0.55 per share. The total amount of the proposed gross dividend is CHF 67.7 million or approximately EUR 46 million.

Note 9 Share-based payment transactions

The performance share unit program (PSUP) is a long-term incentive plan that covers the executives of operating units and headquarters with a single, global program. Participants are granted performance-based share units under the PSUP. Vesting of these shares is subject to specific performance achievements over a three-year period. The PSUP is accounted for as equity-settled share-based payment plan under IFRS 2.

Vesting is subject to a three-year service period lasting until 30 April 2012 and to the achievement of market conditions. These conditions assume an outperformance of the Nobel Biocare (NOBN) share price relative to the Swiss Market Index for the period. If this relative outperformance is achieved, each share unit will be converted into a pre-determined amount of Nobel Biocare shares at vesting date. The performance share units cannot be settled in cash.

The fair value of services received in return for performance share units granted is measured by reference to the fair value of units granted. Grant date fair value per unit was measured based on Monte Carlo simulation. The market conditions are taken into account when estimating the fair value of the instruments granted. Service conditions are not taken into account in the grant date fair value measurement of the services received.

Expenses related to share-based payment transactions are presented in the following table.

in EUR '000	Q4 2009	2009	2008
Performance share unit plan	393	1'133	79
Share plan	-	133	160
Staff option program	-	5'336	11'007
Total	393	6'602	11'246

Note 10 Interest-bearing loans

On 18 March 2009, Nobel Biocare signed a committed syndicated banking facility of EUR 330 million with six international banks and a maturity of three years. The facility is structured to optimize current funding and also as a back-up facility going forward. At present it is not drawn – however, it gives a higher degree of financial flexibility to the Group while allowing it to reduce cash holdings with a negative cost of carry.

Note 11 Ongoing disputes

Litigation / Legal proceedings

At the beginning of July 2005, a lawsuit against Nobel Biocare claiming patent infringement was filed by a doctor in New York. The suit concerns two patents, which the doctor alleges are infringed by the Stargrip and Replace products. The suit was put on hold by the court pending reexamination proceedings at the US Patent Office regarding one of the patents. Those proceedings are complete, and the Court reinstated the litigation in May 2009. Nobel Biocare has evaluated these patents in depth and has numerous defenses that it will vigorously pursue. Nobel Biocare contends that it does not infringe these patents, and that the patent claims are invalid based on prior art.

Nobel Biocare Investments N.V. is facing claims by an asset management company. The asset management company has obtained an attachment of an account of Nobel Biocare Investments N.V. in the Netherlands Antilles. In April 2009, a New York court rejected the asset management company's request to start arbitration in the US. In October 2009, the Federal Appeals Court in New York ruled on the asset management company's appeal against this decision, vacated the case and remanded it back to the first instance court for further proceedings. Nobel Biocare rejects all claims by this company as lacking any legal basis and has filed a court case in Switzerland to establish this fact as well as for refund of certain unlawfully paid fees. On 14 December 2009, the competent court in Zug decided to have jurisdiction over the case.

There are other minor disputes pending regarding contractual obligations, including warranty- and labor-related disputes, arising from the ordinary business of the Nobel Biocare and its subsidiaries.

In the opinion of the Management, and based on currently available information, the handling and settlement of these disputes will have no material adverse effect upon the financial position or operation of the Group.

Note 12 Subsequent events

There have not been any material events between 31 December 2009, and the date of authorization that would require adjustments to the condensed consolidated interim financial statements or disclosures.