



Interim Report 2, 2011

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Dirk W. Kirsten, CFO

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Agenda

- Q2 / H1 results D. Kirsten
- First learnings & objectives R. Laube
- Questions & Answers

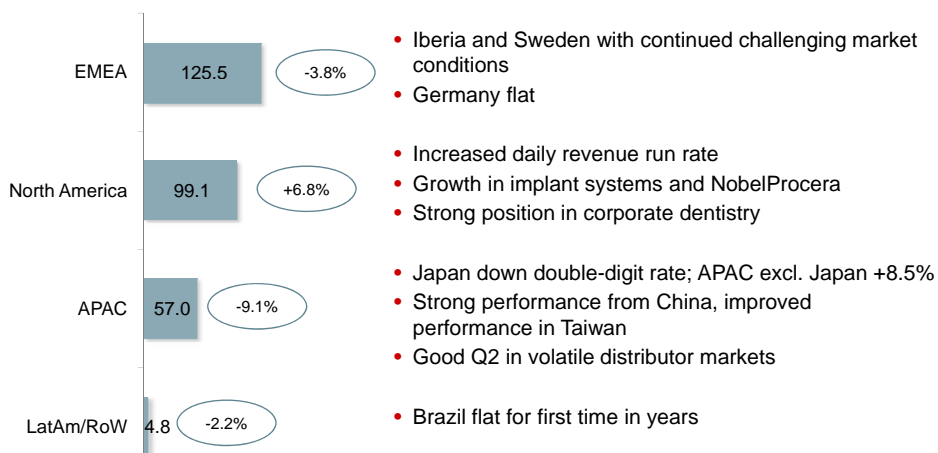
Dirk W. Kirsten
Chief Financial Officer

H1 2011: Key financial points

- Revenue down 1.4% at CER, 1.8% as reported to EUR 286.4 million
 - North America up 6.8%; EMEA down 3.8%; APAC down 9.1%, excl. Japan up 8.5%
 - Implant systems flat, NobelProcera down 12.5%
- Gross profit EUR 219.1 million, margin at 76.5%
 - Strong implant systems margin diluted by NobelProcera investments
- Profit from operations (EBIT) EUR 37.5 million, margin at 13.1% or 15.1% (CER)
 - Tight underlying cost management; exceptionals: Japan and CEO change
 - EBIT margin excluding exceptionals 14.5% or 16.3% (CER)
- Net profit EUR 28.8 million, margin at 10.0%
- Solid cash position

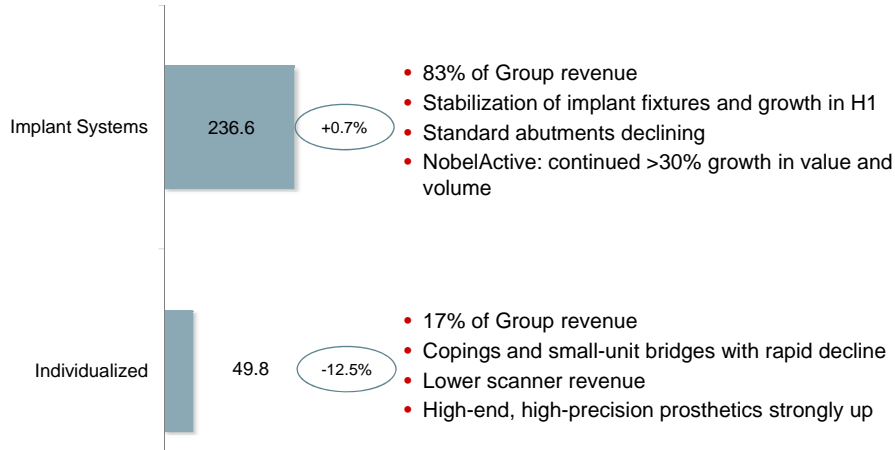
H1 2011: Regional revenue development

(EUR million, growth at CER)



H1 2011: Product development

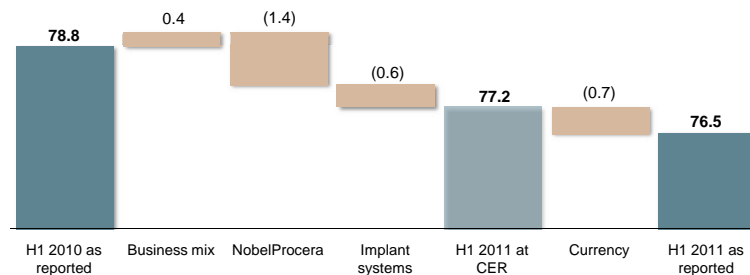
(EUR million, growth at CER)



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Gross margin development

in %

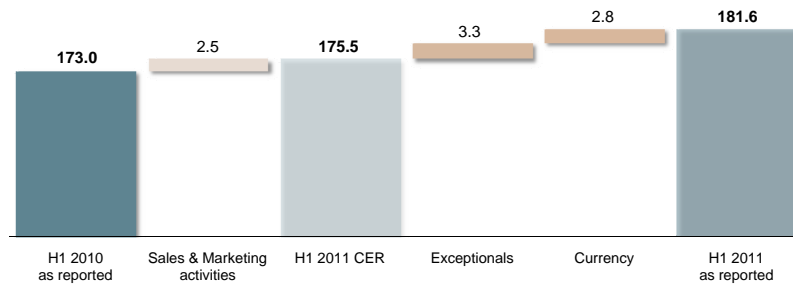


- Margin decrease mainly due to NobelProcera manufacturing build-up and lower coping volumes
- Implant systems gross margin affected by price/mix and precious metal prices

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Operating expenses development

EUR million

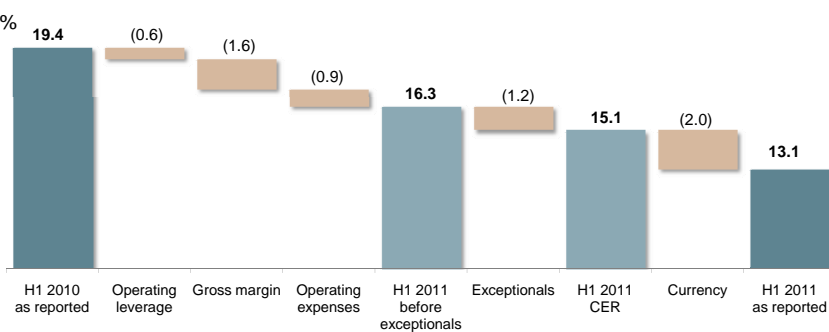


- Tight underlying expense management
- Exceptionals of EUR 3.3 million (CER) due to Japan and CEO change

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EBIT margin development

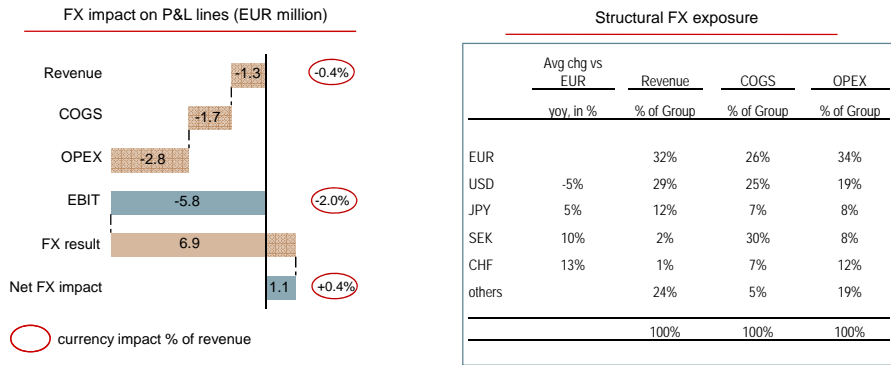
in %



- Margin affected by negative operating leverage, gross margin decrease and slightly higher operating expenses
- Exceptionals and FX impact decrease EBIT margin by 3.2 pts; FX impact compensated in net financial result

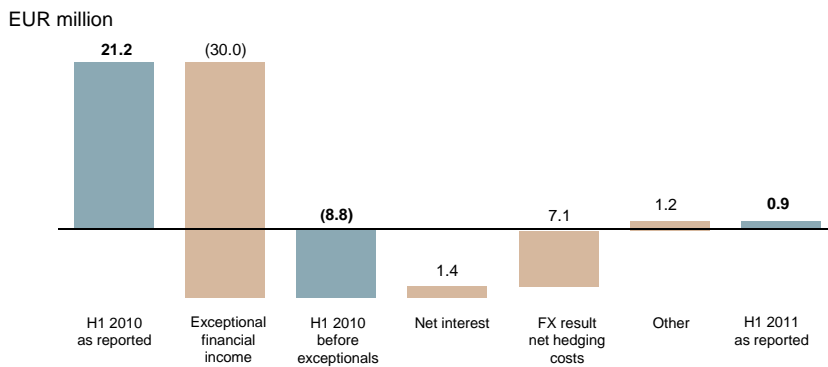
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Foreign exchange impact



- Revenue impact primarily due to weakening USD
- OPEX over-proportionally affected by stronger CHF and SEK
- Hedging result fully compensates negative EBIT margin impact

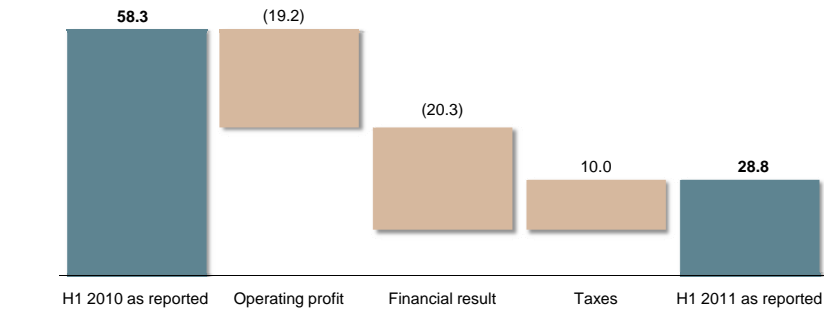
Net financial result



- FX result fully compensates negative currency impact on EBIT, but is becoming increasingly volatile
- Continued improvements from net interest savings and other financial expenses

Net profit development

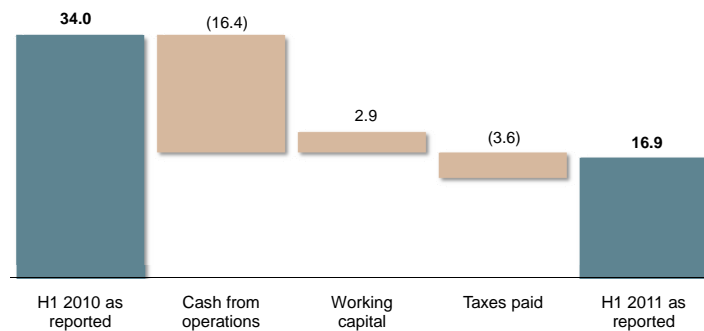
EUR million



Margin: 20.0% (H1 2010) 10.0% (H1 2011)

Operating cash flow development

EUR million



Outlook

- Global dental implant market expected to grow 3-4% for the full year 2011
 - Growth in North America may be stronger; EMEA remains relatively flat; APAC excl. Japan expected to grow high single-digit rates
- Nobel Biocare
 - Priority for H2 2011 to stabilize business & organization
 - Full year 2012: implant systems to grow in line with market – based on healthy implant fixtures business
 - NobelProcera: redirection of product line and achieving growth will take longer; foster growth of high precision prosthetics
- EBIT margin 2011: In line with last year's profitability, excluding FX and exceptional effects

Outlook barring any unforeseen events

Richard Laube
Chief Executive Officer

First learnings: Understanding growth and value drivers



Purpose

- Understand customers' and patients' needs
- Understand what drives growth and value in the industry

What has happened

- # 1 Extensive travel. Visited all key markets
- # 2 Discussed the business with country managers representing 95% of sales
- # 3 Visited all six manufacturing sites
- # 4 Met with >100 customers & industry experts to exchange views and gain deeper understanding
- # 5 Met with numerous patients and observed treatments
- # 6 Met with >500 employees individually or in group meetings
- # 7 Received extensive training on our products and their benefits

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First learnings: A strong foundation that can be improved



Strengths

- # 1 Outstanding products
- # 2 Large customer base
- # 3 Bright and committed people
- # 4 Highly innovative company
- # 5 Successful launch of NobelActive
- # 6 Universally recognized brand

Opportunities

- # 1 Clarify our complex product portfolio
- # 2 Improve customer experience from product order to delivery to use
- # 3 Improve sales force effectiveness; customer visits, needs-based selling
- # 4 Plan innovative launches in a more integrated and timely manner
- # 5 Product lifecycle management. All lines must grow and deliver profit
- # 6 Map and discuss pipeline for business impact
- # 7 Develop people and teams through coaching and team building

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What has to happen

Objective

- To become brilliant at the basics so that our customers experience our commitment to them

What does this mean?

- # 1 **Sharpen strategic direction.** Focus on implant-based restoration business
- # 2 Change the way we look at **patient treatment.** Place patients at the center of our discussions
- # 3 Change the way we work with **customers.** Meet their needs better
- # 4 Continue to **innovate** and deliver superior products. Make them clinically relevant, evidence-based and meaningful to the business
- # 5 Develop each **employee** to their full potential
- # 6 Create a **team** that performs for customers. Align objectives

Business objectives

Objective

- Build strong, long-term and profitable relationships with our customers. Meet their needs

What does this mean?

- # 1 **Stabilize** the business in 2011
- # 2 **Grow** the business thereafter
- # 3 **Building** profitable market share is the performance standard to be achieved

Near-term actions

Objectives

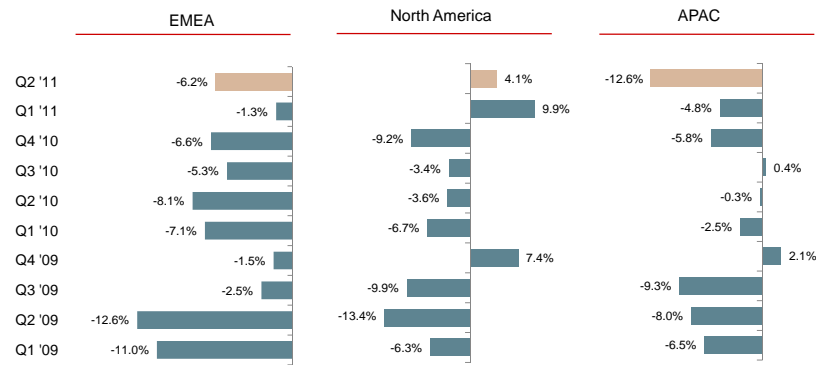
- Take actions that have a positive impact on our customers
- Take actions to improve organizational performance

Next steps

- # 1 Design customer-focused **organization**: Establish Head of Global Customer & Sales Development
- # 2 Successful **implant** launches in H2 2011: NobelReplace Conical Connection / Platform Shift and NobelActive 3.0 mm
- # 3 Innovate NobelProcera **component launches** in H2 2011: Overdenture bars, third-party abutments, PIBs. Integrate and cross-sell NobelProcera with implant systems
- # 4 Strengthen **people performance**. Leadership conference August 19-20
- # 5 Increase **teamwork and efficiency**. Clear "must-wins" and accountability

Appendix

Regional revenue growth by quarter (CER)



P&L by quarter

EUR million

	2011			2010		
	Q1	Q2	H1	Q1	Q2	H1
Revenue	143.5	142.9	286.4	136.7	155.0	291.6
<i>CER growth %</i>	1.5%	-3.9%	-1.4%	-7.1%	-5.6%	-6.3%
<i>Reported growth %</i>	5.0%	-7.8%	-1.8%	-7.0%	1.0%	-2.9%
Gross profit	109.1	110.0	219.1	108.2	121.5	229.7
<i>Gross margin</i>	76.1%	77.0%	76.5%	79.2%	78.4%	78.8%
Operating expenses	-94.0	-87.6	-181.6	-81.7	-91.3	-173.0
<i>as % of revenue</i>	65.5%	61.3%	63.4%	59.8%	58.9%	59.3%
EBIT	15.1	22.4	37.5	26.5	30.2	56.7
<i>EBIT margin</i>	10.5%	15.7%	13.1%	19.4%	19.5%	19.4%
Net financial result	2.2	-1.3	0.9	25.3	-4.1	21.2
Income tax expense	-4.4	-5.2	-9.6	-13.1	-6.5	-19.6
<i>Tax rate</i>	25.5%	24.8%	25.1%	25.3%	25.0%	25.2%
Net profit	12.9	15.9	28.8	38.7	19.6	58.3
<i>Net margin</i>	9.0%	11.1%	10.0%	28.3%	12.6%	20.0%
Free cash flow	11.1	-3.2	7.9	16.5	7.0	23.5

Key ratios

EUR million

	Q2			H1		
	2011	2010	2011 / 2010	2011	2010	2011 / 2010
Revenue	142.9	155.0	-3.9% *	286.4	291.6	-1.4% *
Gross profit	110.0	121.5	-9.5%	219.1	229.7	-4.6%
<i>Gross margin</i>	<i>77.0%</i>	<i>78.4%</i>		<i>76.5%</i>	<i>78.8%</i>	
Operating expenses	-87.6	-91.3	4.1%	-181.6	-173.0	-5.0%
<i>as % of revenue</i>	<i>61.3%</i>	<i>58.9%</i>		<i>63.4%</i>	<i>59.3%</i>	
EBIT	22.4	30.2	-25.7%	37.5	56.7	-33.9%
<i>EBIT margin</i>	<i>15.7%</i>	<i>19.5%</i>		<i>13.1%</i>	<i>19.4%</i>	
Net financial result	-1.3	-4.1	67.0%	0.9	21.2	-95.8%
Income tax expense	-5.2	-6.5	20.1%	-9.6	-19.6	50.9%
<i>Tax rate</i>	<i>24.8%</i>	<i>25.0%</i>		<i>25.1%</i>	<i>25.2%</i>	
Net profit	15.9	19.6	-19.0%	28.8	58.3	-50.7%
<i>Net margin</i>	<i>11.1%</i>	<i>12.6%</i>		<i>10.0%</i>	<i>20.0%</i>	
Free cash flow	-3.2	7.0	-145.6%	7.9	23.5	-66.5%

* At constant exchange rates (CER)

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Financial calendar 2011/2012 and contact info

Interim report 3, 2011	8 November 2011
Full year report 2011	9 February 2012
Annual General Meeting 2012	29 March 2012
Interim report 1, 2012	27 April 2012
Interim report 2, 2012	21 August 2012
Interim report 3, 2012	8 November 2012

Detailed financial and industry conference calendar on www.nobelbiocare.com

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