

Media Release

Interim Report 3, 2009

ZURICH, SWITZERLAND – 4 NOVEMBER 2009

Many markets stabilizing; profitability strengthens further

- Revenues in line with markets
- Reported revenue growth eases 6.8% to EUR 425.7 million (CER minus 10.3%)
- EMEA (excluding Spain) records positive Q3 growth
- Gross profit margin at 80.5%; cost savings, increased productivity despite lower volumes
- EBIT margin at 24% (excluding restructuring charges)
- Net profit (excluding restructuring charges) at EUR 87.8 million; up 24% versus prior year
- Operating cash flow up to EUR 106.6 million due to improved working capital management
- NobelActive™ with increasing endorsement from leading clinicians
- NobelProcera™: rollout progress on track; very positive scanner orders continued

Table 1: Selected key figures in EUR million

	Q3 2009 excl. restruct. charges	YTD 2009 excl. restruct. charges	restruct. charges	YTD 2009 as reported	YTD 2008 as reported	CER growth 2008-2009
Revenue	125.3	425.7		425.7	456.6	-10.3%
Gross profit	101.7	343.2	-0.7	342.5	374.0	-11.1%
Gross margin	81.2%	80.6%		80.5%	81.9%	
Profit from operations	28.0	102.3	-11.4	90.9	115.3	-27.0%
Operating (EBIT) margin	22.3%	24.0%		21.4%	25.3%	
Net financial result	17.2	10.9		10.9	-20.9	
Profit before tax	45.2	113.2	-11.4	101.8	94.4	
Tax	-10.4	-25.4	3.4	-22.0	-23.6	
Net profit	34.8	87.8	-8.0	79.8	70.8	
Profit margin	27.8%	20.6%		18.7%	15.5%	
Basic earnings per share, EUR	0.28	0.71	-0.06	0.65	0.58	
Net cash from operating activities	34.6	106.6		106.6	103.8	
Employees at the end of the period (number)				2,280	2,592	

Domenico Scala, CEO: “Our results demonstrate the strength of our business model even in today’s challenging market environment. Margins and overall profitability levels remain high. During the past quarter, we concentrated on progressing our new NobelProcera offering. The launch of new scanners, products and materials is on track and will gain increasing visibility as the full range becomes available. NobelActive continues to develop very favorably and is receiving strong endorsements from a growing number of leading clinicians. We have also continued to deliver on our cost-saving measures, which include a significant streamlining of our selling units, while investing substantially in product launches as well as in training and education. While many markets show signs of stabilization, with Europe clearly leading the way in this regard, visibility remains low over the short term.”

Delivering on company priorities in a persistently challenging global market environment

For the first nine months of 2009, revenues at constant exchange rates (CER) declined by 10.3%. Reported revenues eased by 6.8% versus the comparable prior-year period to EUR 425.7 million, thanks to favorable foreign currency translation. In the third quarter, revenues declined 7.7% at CER (5.6% as reported), which reflects a sequential improvement over the second quarter 2009 (-13.1% at CER). Profit from operations (EBIT) after nine months was EUR 90.9 million. While lower reported revenues and a decline in our gross profit margin had a negative impact on EBIT and the EBIT margin compared with the prior year, efficiency gains and cost-reduction measures supported the margins (gross margin: 80.6%; EBIT margin: 24%; both before restructuring costs). The reported EBIT margin, which includes a restructuring charge of EUR 11.4 million, stood at 21.4%. As reported, net profit for the first nine months totaled EUR 79.8 million, up 13% from last year as a result of a strong net financial result. The net profit margin before restructuring was 20.6%, up from 15.5% in the prior year.

Nobel Biocare continued to focus on delivering on its priorities, namely to strengthen its implant business by building on the success of NobelActive, to strengthen its prosthetic offer by the introduction of the new generation of NobelProcera™ and to resolutely pursue cost-reduction measures.

Thanks to its unparalleled features and its full treatment flexibility the innovative, third-generation bone-level implant **NobelActive™**, launched in 2008, continues to attract existing and new customers alike. Ongoing market introduction activities and road shows for NobelActive are being supported by a further expansion of the implants product line including new lengths and a complete range of innovative prosthetic components. In the fourth quarter 2009, the NobelActive portfolio will be expanded by the inclusion of the implant into the treatment planning and guided surgery system NobelGuide. Ongoing clinical studies continue to document the excellent performance of NobelActive, which is also reflected by the increasing endorsements and support from leading clinicians throughout the world for the innovative implant.

A second pillar in the company's strategy is the new generation of **NobelProcera™**. The NobelProcera CAD/CAM offensive features the most advanced optical scanner, a new generation of design software, new prosthetic materials and a wide range of innovative products including overdenture bars. The new NobelProcera portfolio also offers laboratories and clinicians significant economic advantages such as the elimination of time-consuming production processes and a reduction in maintenance/running costs. Interest and order flow of the new scanner/software system continued to be very high and, following the initial market introduction, new materials and products will be introduced over the next months.

The long-term benefits of **TiUnite®**, Nobel Biocare's proprietary implant surface, with its clinically documented ability to increase the predictability and speed at which dental implants osseointegrate has been further reinforced through scientific posters and clinical expert discussions at the European Association of Osseointegration (EAO) congress in Monaco in Q3. 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. The benefits have further been supported through a recently published study covering the seven-year results of immediately loaded TiUnite implants.

Strong interest shown at industry conferences – Both NobelActive and NobelProcera have attracted strong interest at recent international and regional conferences, in particular at the EAO in Monaco and the FDI in Singapore, each of which attracted close to 3,000 participants. In addition, Nobel Biocare kept up the pace of its internal and external T&E activities, particularly in terms of NobelActive and NobelProcera. In August, the Nobel Biocare Esthetic Forum was held in Tokyo, Japan, with record attendance of nearly 2,700 participants – the largest event ever held by a single dental company for the Japanese dental industry. The Forum comprised hands-on, workshop and one-on-one sessions that addressed topics ranging from bone substitution to immediate loading, graftless implantology and standard placement.

Regional performance: Sequential improvement in a stabilizing market environment.

In **Europe, Middle East and Africa (EMEA)**, revenue (CER) for the first nine months of 2009 declined by 9.5% to EUR 189.7 million (Q3: -2.5%). While most markets in Europe remain challenging, the company's performance in the third quarter improved despite what continued to be weak performance in Spain. Most other countries showed a sequential improvement in the third quarter. This pick-up was most evident in France, Italy, Belgium and Germany. Moreover, growth in Russia and Sweden remained strong.

In **North America**, revenue (CER) for the first nine months of the year decreased by 10% to EUR 144.2 million (Q3: -9.9%). Also here, however, the third quarter showed a sequential improvement over Q2 2009. NobelActive and NobelProcera continued to attract strong interest and order flow. Nevertheless, the weak economy continued to exert a negative impact on the market, with the result being lower patient flows and the postponement of treatments.

In the **Asia/Pacific** region, revenue (CER) for the first nine months was down 7.5% (Q3: -9.3%) to EUR 83.5 million. The decline in the quarter was mainly due to a slowdown in Japan and the base effect attributable to "going direct" in Taiwan in 2008, which was supported by a very successful World Tour event. In the distributor markets, lower order volumes compared with prior-year levels were observed.

In **Latin America/Rest of the world**, revenue (CER) for the first nine months declined by 42.9% to EUR 8.3 million. As mentioned earlier this year, the company has decided to significantly streamline its operations, implement tighter credit management and follow a stricter pricing policy in this region. These measures allow the company to improve its business quality and profitability rather than focusing solely on top-line growth.

At the end of September 2009, Nobel Biocare had a worldwide **workforce of 2,280 employees**. In Q3 2009, the workforce was further reduced by 80 full-time equivalents, bringing the total reduction to 312 within one year's time. These cutbacks have been driven by the company's focus on improving cost efficiency and accelerating its cost-saving measures.

Management changes - In October, the company announced two management changes. William (Bill) Ryan was appointed President & General Manager for North America, replacing Kevin Mosher who, after five years with the company, has decided to pursue a new professional challenge. Ernst Zaengerle was appointed Executive Vice President Global Operations, replacing Mathias Krebs, who will take over a new assignment within the company.

Outlook – Due to the elective nature of certain of its products and services, the company's revenue is affected by treatment postponement and reduced patient flow. Based on our estimates, the dental implant market declined by approximately 8% in the first nine months of 2009. Overall, the markets are beginning to show signs of stabilization and several have even demonstrated a quarter-on-quarter improvement. However, visibility remains low in terms of a potential recovery, thus the company still finds it prudent to refrain from offering any quantitative guidance at this time. Nobel Biocare continues to improve its business quality and implement its cost-saving measures, while simultaneously investing in new product launches. As a consequence, it is well poised to benefit from any future market recovery. The successful launch of NobelProcera and a more favorable comparison base should help the company's performance in the final quarter of 2009.

Table 2: Revenue by region in EUR million

	As reported			CER Growth 2008-2009
	Q3 2009	YTD 2009	YTD 2008	
Europe, Middle East and Africa (EMEA)	52.3	189.7	215.4	-9.5%
Proportion of total revenue	42%	45%	47%	
North America	43.2	144.2	147.0	-10.0%
Proportion of total revenue	35%	33%	32%	
Asia/Pacific	26.8	83.5	78.6	-7.5%
Proportion of total revenue	21%	20%	17%	
Latin America/Rest of the world	3.0	8.3	15.6	-42.9%
Proportion of total revenue	2%	2%	4%	
Total	125.3	425.7	456.6	-10.3%

Financials: Strong profitability despite lower volumes; one-time gains in financial result; continued strong cash flow

Gross profit for the first nine months of 2009 was EUR 342.5 million (2008: EUR 374.0 million), reflecting a gross margin of 80.5% (2008: 81.9%). The decline versus the comparable prior-year period was due to significantly lower production volumes (which were largely offset by savings and efficiency gains), increased royalty payments and a negative impact from product mix following the recent rollout of the NobelProcera scanner. The streamlining of selling units and a more disciplined approach to pricing had a positive effect on gross profit margin.

Profit from operations (EBIT) for the first nine months was EUR 90.9 million, or EUR 24.4 million lower than in 2008. Excluding the restructuring charges of EUR 10.7 million, the EBIT decline was contained at EUR 13.7 million in spite of the significant drop in gross profit caused by lower revenues. This was accomplished through cost savings on IT, purchasing, decentralized marketing functions, logistics and manufacturing. The EBIT margin excluding restructuring charges stood at 24.0% (2008: 25.3%); including charges for restructuring, the reported EBIT margin amounted to 21.4%.

Restructuring – In the first nine months of 2009, charges for restructuring totaled EUR 11.4 million, of which EUR 0.7 million were attributable to COGS, and EUR 10.7 million to operating costs (mainly SG&A). A major part of the restructuring charges related to the streamlining of the company's activities in Latin America.

Currencies – In the first nine months of 2009, foreign currency gains contributed a 3.5% (EUR 17.9 million) positive impact on revenues and 5.9% (EUR 9.3 million) on EBIT. The latter was achieved through systematic EBIT hedging during 2009, the costs of which are partially accounted for in the financial result.

The net financial result for the nine-months period was EUR 10.9 million (2008: EUR -20.9 million). This improvement was the result of one-time currency translation gains realized on changes to the internal funding structures during the third quarter. In addition, the result benefited from the absence of investment losses incurred in the previous year.

Tax – Reported tax expense for the first nine months of 2009 amounted to EUR 22.0 million (2008: 23.6 million). While the anticipated tax rate for 2009 is estimated to be 21.6% (2008: 25.0%), the absolute tax expense is only slightly below 2008 levels due to a 7.8% higher pre-tax profit.

Net profit for the first nine months increased to EUR 79.8 million (2008: EUR 70.8 million), equivalent to 18.7% of sales. This increase was achieved thanks to an improved net financial result and despite the lower

revenues and operating profit. Excluding the restructuring charges, the net profit margin was 20.6%, compared with 15.5% in 2008.

Cash flow from operating activities for the first nine months was EUR 106.6 million (2008: EUR 103.8 million). Trade receivables showed further improvement in Q3 and ended the quarter EUR 31.1 million below the level recorded in September 2008. Improved inventory management also contributed to this positive development.

Cash and cash equivalents amounted to EUR 194.5 million and have further improved sequentially from H1 2009 (EUR 148.5) as well as versus September 2008 (EUR 147.9 million). Net debt stood at EUR 52.3 million, compared with EUR 77.6 million at the end of H1 2009 and EUR 109.3 million in September 2008.

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. Nobel Biocare has approximately 2,300 employees and recorded revenue of EUR 619.2 million in 2008. The Company is domiciled and headquartered in Zurich, Switzerland. Production takes place at six production sites located in Sweden, the US, Japan and Israel. Nobel Biocare has 37 direct sales organizations. The shares of the parent company Nobel Biocare Holding AG are listed on the SIX Swiss Exchange.

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Telephone conference

Telephone conferences for investors and analysts will be held today at:

8:30 am CET Conference ID # 35186467
2:30 pm CET Conference ID # 35193515

To ensure timely participation, please call approximately 5-10 minutes prior to the times indicated above.

Dial-in numbers for the conference calls:

+41 44 580 1733 Continental Europe
+44 20 3107 0297 UK
+1 702 696 5169 USA

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

Recordings of both calls will be posted on the website afterwards.

Financial reporting calendar:

Full Year Report 2009	10 February 2010
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 Interim Report 3, 2009 is available in English, while an abridged version of the report is available in German.

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	Q3 2009 before restruc- -turing	Restruc- -turing	Q3 2009 as reported	Q3 2009 YTD before restruc- -turing	Restruc- -turing	Q3 2009 YTD as reported	Q3 2008 YTD as reported
Income statement							
Revenue	125.3		125.3	425.7		425.7	456.6
Gross profit	101.7	-	101.7	343.2	-0.7	342.5	374.0
Profit from operations (EBIT)	28.0	-1.8	26.2	102.3	-11.4	90.9	115.3
Profit before tax	45.2	-1.8	43.4	113.2	-11.4	101.8	94.4
Income tax expense	-10.4	0.6	-9.8	-25.4	3.4	-22.0	-23.6
Profit attributable to equity holders of Nobel Biocare	34.8	-1.2	33.6	87.8	-8.0	79.8	70.8
Balance sheet							
Non-current assets						298.0	291.3
Current assets						419.6	421.5
Total equity						303.9	302.1
Non-current liabilities						287.6	259.4
Current liabilities						126.1	151.3
Cash and cash equivalents incl. bank overdraft						194.5	147.9
Miscellaneous							
Net cash from operating activities			34.6			106.6	103.8
Depreciation, amortization and impairment			6.5			20.1	13.9
Investments in property, plant and equipment			4.0			12.1	22.0
Employees at end of period						2'280	2'592
Ratios							
Revenue growth (%)			-5.6			-6.8	-5.9
Revenue growth in local currencies (%)			-7.7			-10.3	-1.0
Gross margin (%)	81.2	-	81.2	80.6	-0.1	80.5	81.9
Operating expenses/revenue ratio (%)	58.8	1.5	60.3	56.6	2.5	59.1	56.7
Operating (EBIT) margin (%)	22.3	-1.4	20.9	24.0	-2.6	21.4	25.3
Profit margin (%)	27.8	-1.0	26.8	20.6	-1.9	18.7	15.5
Return on average equity (%) ¹				43.4	-2.7	40.7	41.7
Equity/assets ratio (%)						42.3	42.4
Share information							
Number of shares issued as of end of period (in '000)						123'785	124'317
Average number of shares outstanding (in '000)						123'221	121'997
Number of shares after full conversion (in '000) ²						149'033	124'564
Share price as of end of period (CHF)						34.30	38.26
Market value as of end of period (MCHF)						4'246	4'756
Basic earnings per share (EUR)	0.28	-0.01	0.27	0.71	-0.06	0.65	0.58
Diluted earnings per share (EUR)	0.27	-0.01	0.26	0.70	-0.06	0.64	0.58
Equity per share (EUR)						2.46	2.43
Equity per share after full conversion (EUR)						2.04	2.42

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

² Includes conditional capital of 25,247,620 shares

Risks and Uncertainties

As a science-oriented innovative medical technology company, Nobel Biocare is exposed to various risks. In 2005, the Group introduced an Integrated Risk Management process in which various responsibilities are allocated. In 2008, the process was updated, and by the end of 2009, the impact of risks will have been further quantified. Generally, the Group categorizes its risks into: strategic risks – such as changes in the market, changes in the competitive environment or new innovations by competitors; operational risks – such as risks related to quality assurance, regulatory affairs, the product development cycle, employees, supply chain, information technology, legal and intellectual property and patient safety; tax risks; risks that arise from the company's use of financial instruments and include credit risk, liquidity risk, currency risk or interest rate risk; and reputation risk.

Additionally, the Group differentiates between internal and external risks. Integrated Risk Management is discussed at least annually at Board level, and the Group has implemented its Internal Controls System (ICS).

No material changes with respect to risks and uncertainties, with the exception of those mentioned in this report, have occurred during the period under review. For more information on risks and uncertainties facing the Company and the companies within the Group, reference is made to pages 104-110 and 160-169 of the Nobel Biocare Annual Report 2008. The Annual Report is available on the Internet at www.nobelbiocare.com

Condensed consolidated financial statements

INTERIM REPORT 3, 2009

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Income statement (unaudited)

in EUR million	Note	Q3 2009	Q3 2008	Q3 2009 YTD	Q3 2008 YTD
Revenue	6	125.3	132.8	425.7	456.6
Cost of sales		-23.6	-27.5	-83.2	-82.6
Gross profit		101.7	105.3	342.5	374.0
Selling expenses		-50.5	-57.3	-165.5	-176.3
Administrative expenses		-19.1	-20.2	-68.6	-65.1
Research and development expenses		-5.9	-5.3	-17.5	-17.3
Profit from operations (EBIT)		26.2	22.5	90.9	115.3
Net financial result	7	17.2	-1.2	10.9	-20.9
Profit before tax		43.4	21.3	101.8	94.4
Income tax expense		-9.8	-7.8	-22.0	-23.6
Profit attributable to equity holders of Nobel Biocare		33.6	13.5	79.8	70.8
Basic earnings per share, EUR		0.27	0.11	0.65	0.58
Diluted earnings per share, EUR		0.26	0.11	0.64	0.58

Statement of comprehensive income (unaudited)

in EUR million	Q3 2009	Q3 2008	Q3 2009 YTD	Q3 2008 YTD
Profit attributable to equity holders of Nobel Biocare	33.6	13.5	79.8	70.8
Other comprehensive income:				
Cumulative translation differences	7.2	6.8	7.2	4.7
Reclassification of cumulative translation differences to income statement	-25.1	-	-26.1	-
Effective portion of changes in fair value of cash flow hedges	3.2	-4.1	3.0	-2.7
Net change in fair value of cash flow hedges reclassified to income statement	-0.2	-	5.1	0.2
Net change in fair value of available-for-sale financial assets reclassified to income statement	-	0.5	-	1.0
Total other comprehensive (expenses)/income for the period, net of tax	-14.9	3.2	-10.8	3.2
Total comprehensive income for the period attributable to equity holders of Nobel Biocare	18.7	16.7	69.0	74.0

Balance sheet (unaudited)

in EUR million	Note	30 September 2009	31 December 2008	30 September 2008
Assets				
Property, plant and equipment		74.2	71.2	69.4
Intangible assets		207.6	185.9	205.1
Financial assets and receivables		4.4	3.1	2.9
Deferred tax assets		11.8	14.9	13.9
Total non-current assets		298.0	275.1	291.3
Inventories		25.5	36.5	40.6
Trade receivables and other receivables		137.8	141.3	165.8
Current tax assets		37.5	9.6	33.9
Prepaid expenses and accrued income		16.5	15.0	15.3
Financial investments and derivatives		6.8	54.9	16.2
Cash and cash equivalents		195.5	165.1	149.7
Total current assets		419.6	422.4	421.5
Total assets		717.6	697.5	712.8
Equity and liabilities				
Share capital	8	31.9	32.0	32.0
Share premium		167.6	183.7	183.7
Treasury shares		-50.2	-85.2	-85.2
Retained earnings		154.6	137.1	171.6
Total equity attributable to equity holders of Nobel Biocare		303.9	267.6	302.1
Provisions		7.5	7.8	12.5
Convertible bond		240.9	238.8	223.7
Deferred tax liabilities		30.2	32.4	15.5
Other non-current liabilities		9.0	8.4	7.7
Total non-current liabilities		287.6	287.4	259.4
Total current liabilities		126.1	142.5	151.3
Total liabilities		413.7	429.9	410.7
Total equity and liabilities		717.6	697.5	712.8

Statement of changes in equity (unaudited)

in EUR million	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		34.1	199.1	-535.0	-26.0	-0.2	595.9	569.7	267.9
Total comprehensive income/(expenses)					4.7	-2.5	71.8	74.0	74.0
Share capital reduction		-2.1		409.5			-407.4	-407.4	-
Treasury share transactions			-15.5	40.3					24.8
Share options and warrants exercised			0.1						0.1
Share-based payment expenses	9						8.8	8.8	8.8
Dividends to shareholders	8						-73.5	-73.5	-73.5
Balance as of 30 September 2008		32.0	183.7	-85.2	-21.3	-2.7	195.6	171.6	302.1
Balance as of 1 January 2009		32.0	183.7	-85.2	-91.4	-7.8	236.3	137.1	267.6
Total comprehensive income/(expenses)					-18.9	8.1	79.8	69.0	69.0
Share capital reduction	8	-0.1		13.0			-12.9	-12.9	-
Treasury share transactions	8		-15.8	22.0			-0.1	-0.1	6.1
Convertible debt instruments			-0.3				0.3	0.3	-
Share-based payment expenses	9						6.3	6.3	6.3
Dividends to shareholders	8						-45.1	-45.1	-45.1
Balance as of 30 September 2009		31.9	167.6	-50.2	-110.3	0.3	264.6	154.6	303.9

Cash flow statement (unaudited)

in EUR million	Note	Q3 2009	Q3 2009 YTD	Q3 2008 YTD
Profit before tax		43.4	101.8	94.4
Adjusted for:				
Depreciation, amortization and impairment losses		6.5	20.1	13.9
Net financial result	7	-17.2	-10.9	20.9
Share-based payment expenses		0.4	6.2	8.8
Other non-cash income and expenses		9.9	11.1	1.1
Changes in working capital and provisions:				
Decrease/(increase) in trade and other current receivables		12.1	5.8	-2.7
Decrease/(increase) in inventories		-	11.7	-1.5
Increase/(decrease) in trade and other current liabilities		1.0	-8.8	-
(Decrease)/increase in provisions accrued expenses, and deferred income		-5.5	-0.6	8.6
Income taxes paid		-16.0	-29.8	-39.7
Net cash from operating activities		34.6	106.6	103.8
Acquisition of subsidiary, net of cash acquired		-	-22.9	-50.6
Acquisition of property, plant, and equipment		-4.0	-12.1	-22.0
Acquisition of intangible assets		-0.5	-0.7	-10.2
Acquisition of financial investments		-	-	-20.8
Disposal of financial investments		-	0.6	65.9
Interest received		0.2	1.0	3.5
Other investing and hedging activities		-0.9	-5.6	-
Net cash used in investing activities		-5.2	-39.7	-34.2
Exercised warrants and options		-	-	0.1
Acquisition of treasury shares and settlement of related liability		-	-	-12.3
Proceeds from sale of treasury shares	8	-	5.6	31.7
Acquisition of call options on own shares		-	-	-4.1
Payment of withholding tax liabilities		-	-	-73.8
(Repayment)/proceeds in short-term borrowings (interest-bearing liabilities)		-0.6	-24.4	34.8
Repayment in long-term borrowings (interest-bearing liabilities)		-3.1	-4.3	-
Disposal of derivative hedging instrument		20.0	37.4	-
Interest paid		-2.5	-4.7	-4.1
Dividends paid	8	-	-45.1	-73.5
Net cash from/(used in) financing activities		13.8	-35.5	-101.2
Increase/(decrease) in cash and cash equivalents		43.2	31.4	-31.6
Cash and cash equivalents at beginning of period ¹		148.5	163.4	186.2
Effect of exchange rate differences on cash held		2.8	-0.3	-6.7
Cash and cash equivalents at end of period²		194.5	194.5	147.9

¹Cash and cash equivalents including bank overdraft of EUR 1.2 million as of 30 June 2009, EUR 1.7 million as of 31 December 2008, and EUR 1.9 million as of 31 December 2007

²Cash and cash equivalents including bank overdraft of EUR 1.0 million as of 30 September 2009, and EUR 1.8 million as of 30 September 2008

Notes to the unaudited 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 nine months ended 30 September 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 interim financial statements were authorized for issue by the Board of Directors on 3 November 2009.

Note 2 Statement of compliance

The Group applies International Financial Reporting Standards (IFRS). The unaudited condensed consolidated interim financial statements have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2008.

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 are presented in euro (EUR), rounded to millions with one decimal and include all the subsidiaries controlled by Nobel Biocare.

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.

The business conducted by Nobel Biocare derives from two integrated product groups, Standardized Products and Individualized Products, with similar risks and rates of returns. Operating segments are defined 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.

in EUR million	North America		EMEA		APAC		Latin America/Rest of the world		Group total	
	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008	Q3 2009	Q3 2008
	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
External sales	144.2	147.0	189.7	215.4	83.5	78.6	8.3	15.6	425.7	456.6
Business expenses	-70.4	-67.2	-98.0	-102.4	-42.4	-39.2	-10.0	-13.0	-220.8	-221.8
Business contribution	73.8	79.8	91.7	113.0	41.1	39.4	-1.7	2.6	204.9	234.8

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 million	Q3 2009 YTD	Q3 2008 YTD
Business contribution	204.9	234.8
Unallocated business expenses	-6.5	-6.9
Functional costs	-77.5	-86.5
Depreciation, amortization and impairment losses	-20.1	-13.9
Share-based payment expenses	-6.2	-8.8
Reconciling and other items	-3.7	-3.4
Operating profit (EBIT)	90.9	115.3
Net financial result	10.9	-20.9
Profit before tax	101.8	94.4

Note 7 Net financial result

in EUR million	Q3 2009	Q3 2009 YTD	Q3 2008 YTD
Interest income	0.1	1.1	3.1
Net foreign exchange gains/(losses) and hedges	22.5	24.8	6.9
Financial income	22.6	25.9	10.0
Other financial expenses	-1.2	-2.2	-19.5
Interest expenses	-4.2	-12.8	-11.4
Finance cost	-5.4	-15.0	-30.9
Net financial result	17.2	10.9	-20.9

Net financial result was EUR 10.9 million for the nine months ended 30 September 2009, an increase of EUR 31.8 million compared with the nine months ended 30 September 2008. This primarily relates to the simplification of internal funding structures, which resulted in cumulative translation differences previously recognized in other comprehensive income being reclassified to the income statement. Additionally, net losses on investments reduced the net financial result in 2008. The portfolio of investments in financial instruments held for trading was divested in 2008, and no new investments in such instruments were made.

Note 8 Equity

Share capital

The number of shares issued by Nobel Biocare Holding AG on 30 September 2009 totaled 123,784,530 (31 December 2008: 124,316,530) with a par value of CHF 0.40 per share, fully paid up. On 6 April 2009, the AGM approved the cancellation of the 532,000 treasury shares acquired through Share buyback program 4 in 2008. On 25 June 2009, these shares were cancelled.

The share capital may be increased by issuing no more than 247,620 shares (31 December 2008: 247,620), each with a par value of CHF 0.40, to be fully paid up, 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 each by exercising 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.

On 24 June 2009, 350,000 treasury shares were sold as they were not needed for employee share option programs or for other hedging purposes.

Dividends

On 6 April 2009, the AGM approved a dividend of CHF 0.55 (2008: CHF 0.95) per share, paid to its shareholders on 8 April 2009, after deduction of 35 percent withholding tax. The total amount of the gross dividend was CHF 68.1 million or EUR 45.1 million.

Note 9 Share-based payment transactions

Under the performance share unit plan in place for 2009, eligible employees and officers of the Group are awarded restricted share units (RSUs) with a grant date of 1 May 2009. At the vesting date of 30 April 2012, each RSU may be converted into a maximum of two Nobel Biocare shares. The actual number of shares allotted upon vesting depends on the outperformance of Nobel Biocare share prices against the Swiss Market Index (SMI) at the end of a three-year period beginning on 18 February 2009. During the nine months ended 30 September 2009, the number of grants awarded under this program was 310,833. There was no significant amount of options from existing stock option plans exercised or forfeited during the period. The number of expired options under the staff option program granted in 2006 was 1,421,500. Expenses related to share-based payment transactions are presented in the following table.

in EUR million	Q3 2009	Q3 2009 YTD	Q3 2008 YTD
Performance share unit plan	0.4	0.7	-
Share plan	-	0.1	-
Staff option program (grants before 2008)	-	5.4	8.8
Total	0.4	6.2	8.8

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.

On 9 September 2009, Nobel Biocare and Materialise Dental settled the outstanding patent dispute and concluded an agreement considering both parties' interest. As part of the settlement Nobel Biocare obtained a worldwide license to Materialise's patent for use in the dental and cranio-maxillofacial field. Materialise Dental received undisclosed payments from Nobel Biocare.

Nobel Biocare Investments N.V. is facing claims by an asset management company. The asset management company has so far not filed any formal request for payment. It has, however, filed (unsuccessfully) an arbitration request in New York, USA, and obtained an attachment of an account of Nobel Biocare Investments N.V. in the Netherlands Antilles. 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 2 April 2009, a New York court rejected the asset management company's request to start arbitration in the US, a decision against which the asset management company appealed.

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

On 15 October 2009, Alpha-BioTec and Nobel Biocare Holding received notice that a former distributor of Alpha-Bio Tec has filed a claim against both companies as well as against the former owner of Alpha-Bio Tec personally for lost sales due to termination of his distribution contract. Nobel Biocare rejects the claims and reserve options including counter claims.

On 27 October 2009, with regard to Nobel Biocare Investments N.V., the Federal Appeals Court in New York ruled on the asset management company's appeal against the rejection of its request to oblige Nobel Biocare Investments N.V. to enter arbitration in the US. The Appeals Court remanded the case back to the first instance court for further proceedings.

There have not been any other material events between 30 September 2009, and the date of authorization that would require adjustments to the condensed consolidated interim financial statements or disclosures.