

Media Release

Interim Report 2, 2009

ZURICH, SWITZERLAND – 12 AUGUST 2009

Half year 2009: Strong profitability; new products, technologies with continued success

- Growth in line with market despite deferred scanner revenues and unfavorable country mix
- Reported revenue growth minus 7.2% at EUR 300.4 million (CER minus 11.3%)
- Gross profit margin at 80.2%; benefits from cost measures, productivity gains despite lower volumes
- EBIT margin at 24.7% (excluding restructuring charges)
- Net profit (excluding restructuring charges) at EUR 52.9 million; unchanged margin from prior-year
- Operating cash flow: + 22% vs. prior year
- NobelActive™: most successful product launch ever with >210,000 implants sold since launch
- NobelProcera™: successful launch of new scanner, software; product, material rollout on track

Table 1: Selected key figures in EUR million

	Q2 2009 excl. restruct. charges	H1 2009 excl. restruct. charges	restruct. charges	H1 2009 as reported	H1 2008 as reported	CER growth 2008-2009
Revenue	153.5	300.4		300.4	323.8	-11.3%
Gross profit	123.1	241.6	-0.7	240.9	268.7	-13.8%
Gross margin	80.2%	80.4%		80.2%	83.0%	
Profit from operations	41.8	74.2	-9.5	64.7	92.7	-36.2%
Operating (EBIT) margin	27.2%	24.7%		21.5%	28.6%	
Net financial result	1.2	-6.3		-6.3	-19.7	
Profit before tax	43.0	67.9	-9.5	58.4	73.0	
Tax	-9.0	-15.0	2.8	-12.2	-15.8	
Net profit	34.0	52.9	-6.7	46.2	57.2	
Profit margin	22.2%	17.6%		15.4%	17.7%	
Basic earnings per share, EUR	0.28	0.43		0.38	0.47	
Net cash from operating activities	34.9	72.0		72.0	59.1	
Employees at the end of the period (number)				2,360	2,541	

Domenico Scala, CEO: "Our first half results demonstrate that Nobel Biocare has taken the right measures to strengthen its profitability and cash flow during this challenging market environment. Efficiency gains and continued cost-reduction measures aimed at protecting our margins are delivering good results. We also continue to grow our new NobelActive implant system at a rapid pace. This new generation bone-level implant system is the company's most successful product introduction ever. We have now also successfully introduced NobelProcera scanners and software. These new technologies, products and materials offer our customers the most complete solution for all clinical indications and the evolving needs of their patients: from single-tooth to fully edentulous procedures. Nobel Biocare remains a highly profitable company even in times such as these, with a focused strategy and well poised for any future market recovery."

Building a sustainable business by meeting tomorrow's dental needs

The first half 2009 results demonstrate Nobel Biocare's successful effort to protect the company's profitability despite challenging global market conditions, and this without compromising its product launches.

For the first half of 2009, revenues (CER) declined by 11.3% while reported revenues decreased by 7.2% versus the prior year to EUR 300.4 million. Revenue (CER) declined 13.1% in the second quarter (-8.8% as reported). Profit from operations (EBIT) at the half-year point stood at EUR 64.7 million. Lower reported revenues and a decline in our gross profit margin compared with 2008, mainly as a result of reduced volumes, had a negative impact on EBIT and the EBIT margin compared with the prior year. However, efficiency gains and accelerated cost reduction measures helped to sustain the gross profit margin at 80.4% and the EBIT margin at 24.7% (before restructuring costs). The reported EBIT margin stood at 21.5%, including a restructuring charge of EUR 9.5 million. As reported, net profit for the first half amounted to EUR 46.2 million. The net profit margin before restructuring was 17.6%, unchanged from the prior year's level.

In the first six months of 2009, Nobel Biocare continued to focus on enhancing its leadership in implants and building a leading position in CAD/CAM and digital dentistry with the objective to become the full solution provider to dental professionals. Today, Nobel Biocare not only provides the most comprehensive range of implants, prosthetic products and technologies; it also offers complete treatment solutions for all indications as well as tailored treatment/product packages for use by all groups of dental professionals – a partner of choice in dentistry.

The success of the innovative **NobelActive™** implant, launched in Q2 2008, continued also during the first half of 2009. The interest in and demand for NobelActive was indeed strong; it continues to attract both existing and new customers. NobelActive expands the company's bone-level implant portfolio by being the first product on the market to address standard and also more compromised bone situations. During the first half of 2009, NobelActive was enhanced to include new lengths and a complete range of innovative prosthetic components. NobelActive has been voted the "Best Product 2009" by the clinicians subscribing to Dental Product Shopper (DPS), a US dental professional magazine. Thus far, more than 210,000 NobelActive implants have been sold since its introduction in late 2007. The outstanding performance of NobelActive has been underpinned scientifically. Following the presentation of preliminary two-year data on NobelActive in February, the complete one-year results from this first clinical study have been published¹. This on-going prospective, randomized, controlled, multicenter (12) study evaluates changes in bone level and soft tissue behavior. The complete results of the study show stable bone and soft tissue levels after the first year of implantation. Furthermore it is concluded that NobelActive is well adapted for placement in demanding situations, using immediate temporization protocols.

A key pillar in the company's strategy to provide solutions for all indications is the **NobelProcera™** CAD/CAM prosthetic platform. NobelProcera offers the most comprehensive prosthetic solution on the market today. With NobelProcera, the company offers dental laboratories and clinicians affordable as well as highly esthetic solutions that range from single-tooth restorations to fully edentulous treatments. NobelProcera will be the most broadly based technological, product and material offensive in the company's history. The launch includes the most advanced optical scanner based on Nobel Biocare's exclusive conoscopic holography technology, which offers the highest precision, speed, accuracy, ease of use and impression-scanning capabilities. In addition, it includes a new generation of design software, new materials such as cobalt-chrome and innovative products including over-denture bars.

¹ Kielbassa; The Journal of Prosthetic Dentistry 2009; 101:293–305

With this new **NobelProcera™** system, laboratories and clinicians can expect to achieve a vast improvement in their design and production efficiency, as well as precision, thanks to the full range of Nobel Biocare treatment options and significant economic advantages, such as limited up-front investment, elimination of time-consuming production processes and maintenance/running costs. Order flow continues to be very positive for the new scanner/software. The rollout of NobelProcera will continue through the introduction of **new materials and products** within the next twelve months. These include cobalt-chrome for crowns and bridges, acrylics for different indications, over-denture and screw-retained bar solutions, completely individualized bar solutions, as well as highly cost-effective and customized bar solutions using conventional retention elements.

Leading implant material for all implant sizes and diameters – in 2009, Nobel Biocare celebrates ten years of proven material strength and enhanced osseointegration with its proprietary, specially developed variant of titanium for implants and TiUnite surfaces. To overcome the functional material limitations of standard titanium – especially in small implant diameter use – Nobel Biocare worked closely with titanium manufacturers to create high-performance, commercially pure (CP) titanium with enhanced material properties. In ongoing, extensive material testing, proprietary Nobel Biocare cold-worked CP4 titanium continues to demonstrate substantially greater yields as well as heightened tensile and fatigue strengths compared to standard titanium. With this material, Nobel Biocare has resolved the limitations of standard titanium for smaller diameters implant use². In fact, 2009 marks the ninth successful year for Nobel Biocare in delivering highly esthetic and less invasive dental implant solutions for patients with narrow bone ridges and limited space between teeth through the application of its proprietary cold-worked CP4 titanium for small-diameter implants. Cold-working is a special process for shaping commercially pure titanium. It results in an increase of up to 50% in the material's strength and hardness without the need to alloy the titanium with potentially toxic materials. The tensile strength of cold-worked CP Grade 4 titanium, which Nobel Biocare uses for its implants, is 860MPa, while the tensile strength of annealed Grade 4 titanium is 550MPa. Although new claims that a titanium-zirconium alloy provides superior strength to CP4 titanium are accurate, this alloy's documented tensile strength is still below that of the cold-worked variant used by Nobel Biocare.

Entering a new field in R&D – In early July, Nobel Biocare entered into an exclusive evaluation agreement with Ceragenix relating to the dental field. Under this agreement, Nobel Biocare is evaluating the antimicrobial technology for infection prevention in certain oral and cranio-maxillofacial applications. A steady flow of new products and treatment solutions emerging from the R&D pipeline is expected to further support the expansion underway in all treatment areas in the coming years.

Driving innovative training and education (T&E) – Nobel Biocare continues to maintain a high level of T&E activities and remains the recognized leader in dental T&E. The company offers a complete program – from the undergraduate (University Partner Program) to postgraduate levels, from beginners to experienced users, from hands-on training to the rapid development of e-learning. As the first and only medtech company to do so, Nobel Biocare has its own presence on iTunes and provides free training and educational material to dentists, dental specialists, students and patients via its new site on iTunes U within the iTunes Store. Nobel Biocare is also present at all major international and at many regional conferences and provides training and education for its major products. In addition, and in support of its product launches, the company has stepped up the training of internal staff and sales force.

²The effective combination of TiUnite and Nobel Biocare's proprietary CP4 titanium has been documented in hundreds of clinical studies and case reports. A complete list of manuscripts is available upon request

Regional performance: Growth in line with market despite deferred scanner revenues and unfavorable country mix

In **Europe, Middle East and Africa (EMEA)**, first-half revenue (CER) declined by 11.8% to EUR 137.4 million (Q2: -12.6%). In addition to the overall challenging market conditions, an unfavorable country mix also adversely affected the EMEA performance. Spain, where Nobel Biocare generates a sizeable share of its EMEA business, continued to experience negative growth. Markets with a (partial) reimbursement system (Germany, the Netherlands and Sweden) continue to be relatively more resilient. Moreover, Sweden showed good growth following last year's change to its reimbursement system. Growth in Russia continued to be very strong. Following the introduction of the new NobelProcera scanners at the IDS in late Q1, initial scanner shipments started in late Q2, as scheduled. At the Europerio conference in Stockholm, the advantages of NobelActive again attracted strong interest.

In **North America**, revenue (CER) for the first half year decreased by 10.0% to EUR 101.0 million (Q2: -13.4%). Sales were negatively impacted by lower patient flow and delayed case acceptance at the dental office, but also due to the base effect of the highly successful launch of NobelActive in May 2008. A large increase in competitive NobelActive starts was realized towards the end of the quarter and resulted in the strongest month in the product's one-year history. NobelProcera continues to attract great interest and the already strong order flow witnessed following the introduction at the CDS in Chicago in March has recently accelerated.

In **the Asia/Pacific** region, revenue (CER) for the first half was down 7.3% (Q2: -8.0%) to EUR 56.8 million. This decline was also due to the base effect resulting from the two World Tour events held in 2008 in China and India. While still growing, Japan experienced a slowdown in the second quarter. The launch of NobelProcera in the third quarter should support growth and gains in market share. In Australia, we managed to grow despite an increasingly challenging economic environment. In our distributor markets, we continue to observe lower order volumes compared with the prior year. As a result of tighter credit management and improved pricing, the quality of our business in this region is on the rise.

In **Latin America/Rest of the world**, revenues (CER) for the first half declined by 46.3% to EUR 5.2 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 June 2009, Nobel Biocare had a worldwide **workforce of 2,360 employees**. In Q2 2009, the workforce was reduced by a further 44 individuals following the reduction of 137 functions in Q1 and 51 FTEs in Q4 2008. These cutbacks have been driven by the company's focus on improving cost efficiency and accelerating cost-savings measures. These steps continue to streamline our workforce, mainly in production, IT/Logistics and decentralized marketing functions.

Outlook – Due to the elective nature of certain of its products and services, the company's revenues are affected by treatment postponements and lower patient flows. Based on our estimates, the dental implant market declined approximately 10-12% in the first half 2009. Visibility remains low during these challenging times and does not allow management to provide reliable quantitative guidance for the time being. However, Nobel Biocare continues to improve its business quality, implement its cost saving measures and focus on operating cash flow. It is therefore 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 second half of 2009.

Table 2: Revenue by region in EUR million

	As reported			CER Growth 2008-2009
	Q2 2009	H1 2009	H1 2008	
Europe, Middle East and Africa (EMEA)	70.7	137.4	160.3	-11.8%
Proportion of total revenue	46%	46%	50%	
North America	51.1	101.0	100.4	-10.0%
Proportion of total revenue	33%	33%	31%	
Asia/Pacific	29.4	56.8	52.4	-7.3%
Proportion of total revenue	19%	19%	16%	
Latin America/Rest of the world	2.3	5.2	10.7	-46.3%
Proportion of total revenue	2%	2%	3%	
Total	153.5	300.4	323.8	-11.3%

Financials: Profitability strengthened despite lower volumes; strong cash flow

Gross profit for the first half was EUR 240.9 million (2008: EUR 268.7 million), reflecting a gross margin of 80.2% (2008: 83.0%). The decline versus the previous year is mainly due to significantly lower production volumes and increased royalties as well as adverse currency effects. Cost-reduction measures, efficiency gains and pricing discipline had a positive impact and held the gross margin during H1 2009 on H2 2008 levels.

Profit from operations (EBIT) for the first half declined to EUR 64.7 million (2008: EUR 92.7 million). This drop was largely attributable to lower revenues, and hence lower gross profit, and reflects a restructuring charge of EUR 9.5 million. The reported EBIT margin is 21.5%. Excluding the restructuring charge, EBIT amounted to EUR 74.2 million, representing an EBIT margin of 24.7% (2008: 28.6% with 2.6% higher gross margin). The EBIT margin before restructuring charges benefited from cost-reduction measures and thus lower total operating expenses. This was achieved despite high product development costs and launch and T&E activities associated with NobelProcera.

Restructuring – In the first half of 2009, the Group took EUR 9.5 million of restructuring charges. These charges are related to the various cost-reduction measures taken in various functions and also for the streamlining of regional organizations, especially in Latin America. The savings related to these charges are supporting our gross profit and EBIT margins and have largely been realized during the last three quarters.

Currencies – Mainly as a result of the stronger US dollar and Japanese yen, a positive currency impact of 4.1% can be reported on top-line level. However, in the first half-year 2009 the USD and JPY are also among the company's main production-cost currencies and therefore had a negative effect on the gross profit margin. On an EBIT level, which is the main focus of the Company's hedging program, the positive currency impact was 6% and thus higher than on top-line level. In addition, a positive currency effect from hedging activities was recorded in the net financial result.

Net financial result – The net financial result for the first half was EUR -6.3 million (2008: EUR -19.7 million); however, the net financial result turned slightly positive in Q2 2009. This also compares favorably with the prior year due to the absence of the investment losses recorded in 2008. Higher interest expenses incurred through the signing of the syndicated credit facility were offset by a positive currency hedging result.

Tax – Reported tax expense for the first half 2009 amounted to EUR 12.2 million (2008: EUR 15.8 million). The lower amount of taxes is due to both a reduction in pre-tax profit and a lower tax rate of 20.9% (2008: 21.6%), in line with the anticipated rate for the full year 2009.

Net profit for the first half was EUR 46.2 million (2008: EUR 57.2 million) or 15.4% of net sales. Excluding restructuring charges, the net profit for the first half was EUR 52.9 million, which reflects a margin of 17.6% (2008: 17.7%).

Cash flow from operating activities for the first half improved to EUR 72.0 million (2008: EUR 59.1 million) despite the lower revenues and operating profit. This improvement is mainly attributable to tighter working capital management as well as lower taxes paid in the reporting period.

Cash and cash equivalents (net of bank overdrafts) amounted to EUR 148.5 million at the end of June 2009 versus EUR 107.5 million at the end of June 2008. Cash and cash equivalents are approximately EUR 15 million lower compared with year-end 2008, however reflect approximately EUR 77 million cash outflow for the acquisition of BioCad, continued capital expenditures and the dividend payment for 2008. In addition to its strong operating cash flow generation during the period, the company's financial flexibility was further strengthened by the closing of a syndicated bank credit facility of EUR 330 million in Q1 2009 and the approval by the AGM in April 2009 of conditional and authorized capital.

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 over 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.

Further information is available from

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Telephone conference

Telephone conferences for investors and analysts will be held today 29 April 2009 at:

8:30 am CET Conference ID # 17427896
2:30 pm CET Conference ID # 17429697

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 2009/2010:

Interim Report 3, 2009	4 November 2009
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 2, 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

	Q2 2009 before restruc- turing	Restruc- turing	Q2 2009 as reported	Q2 2009 YTD before restruc- turing	Restruc- turing	Q2 2009 YTD as reported	Q2 2008 YTD as reported
in EUR million							
Income statement							
Revenue	153.5		153.5	300.4		300.4	323.8
Gross profit	123.1	-0.6	122.5	241.6	-0.7	240.9	268.7
Profit from operations (EBIT)	41.8	-8.3	33.5	74.2	-9.5	64.7	92.7
Profit before tax	43.0	-8.3	34.7	67.9	-9.5	58.4	73.0
Income tax expense	-9.0	2.5	-6.5	-15.0	2.8	-12.2	-15.8
Profit attributable to equity holders of Nobel Biocare	34.0	-5.8	28.2	52.9	-6.7	46.2	57.2
Balance sheet							
Non-current assets						298.2	265.3
Current assets						401.1	387.8
Total equity						284.6	260.9
Non-current liabilities						286.5	272.1
Current liabilities						128.2	120.1
Cash and cash equivalents incl. bank overdraft						148.5	107.5
Miscellaneous							
Net cash from operating activities			34.9			72.0	59.1
Depreciation, amortization and impairment			7.4			13.6	8.6
Investments in property, plant and equipment			4.4			8.1	15.2
Employees at end of period						2'360	2'541
Ratios							
Revenue growth (%)			-8.8			-7.2	-5.2
Revenue growth in local currencies (%)			-13.1			-11.3	-0.2
Gross margin (%)	80.2	-0.4	79.8	80.4	-0.2	80.2	83.0
Operating expenses/revenue ratio (%)	53.0	5.0	58.0	55.7	3.0	58.7	54.4
Operating (EBIT) margin (%)	27.2	-5.4	21.8	24.7	-3.2	21.5	28.6
Profit margin (%)	22.2	-3.8	18.4	17.6	-2.2	15.4	17.7
Return on average equity (%)	11.6	-2.0	9.6	18.6	-2.3	16.3	22.9
Equity/assets ratio (%)						41	40
Share information							
Number of shares as of end of period (in '000)						123'785	124'317
Average number of shares (in '000)						123'096	121'979
Number of shares after full conversion (in '000)						124'032	124'564
Share price as of end of period (CHF)						23.72	32.78
Market value as of end of period (MCHF)						2'936	4'075
Basic earnings per share (EUR)	0.28	-0.05	0.23	0.43	-0.05	0.38	0.47
Diluted earnings per share (EUR)	0.28	-0.05	0.23	0.42	-0.05	0.37	0.47
Equity per share (EUR)						2.30	2.10
Equity per share after full conversion (EUR)						2.29	2.09

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 arising from the company's use of financial instruments which include credit risk, liquidity risk, currency risk or interest rate risk; and reputation risks.

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

Review Procedures

The consolidated interim report has not been audited. The auditors were engaged to review the accompanying consolidated condensed balance sheet of Nobel Biocare Holding AG as of 30 June 2009, and the related consolidated condensed statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes. The income statement and the statement of comprehensive income for the three-month period from 1 April 2009 to 30 June 2009 (isolated compared with Q1 isolated) were not subject to these review procedures.

Condensed consolidated financial statements

INTERIM REPORT 2, 2009

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Income statement (unaudited)

in EUR million	Note	Q2 2009	Q2 2008	Q2 2009 YTD	Q2 2008 YTD
Revenue	6	153.5	168.2	300.4	323.8
Cost of sales		-31.0	-30.4	-59.5	-55.1
Gross profit		122.5	137.8	240.9	268.7
Selling expenses		-57.6	-64.7	-115.2	-119.1
Administrative expenses		-25.9	-23.1	-49.5	-45.0
Research and development expenses		-5.5	-6.1	-11.5	-11.9
Profit from operations (EBIT)		33.5	43.9	64.7	92.7
Net financial result	7	1.2	-12.8	-6.3	-19.7
Profit before tax		34.7	31.1	58.4	73.0
Income tax expense		-6.5	-6.8	-12.2	-15.8
Profit attributable to equity holders of Nobel					
Biocare		28.2	24.3	46.2	57.2
Basic earnings per share, EUR		0.23	0.20	0.38	0.47
Diluted earnings per share, EUR		0.23	0.20	0.37	0.47

Statement of comprehensive income (unaudited)

in EUR million	Q2 2009	Q2 2008	Q2 2009 YTD	Q2 2008 YTD
Profit attributable to equity holders of Nobel				
Biocare	28.2	24.3	46.2	57.2
Other comprehensive income:				
Foreign exchange translation differences	-4.3	6.6	-	-2.1
Recycling of cumulative translation reserve to income statement	-1.0	-	-1.0	-
Effective portion of changes in fair value of cash flow hedges	0.3	1.9	-0.2	1.4
Net change in fair value of cash flow hedges transferred to income statement	-2.3	0.1	5.3	0.2
Net change in fair value of available-for-sale financial assets transferred to income statement	-	-	-	0.5
Total other comprehensive (expenses)/income for the period, net of tax	-7.3	8.6	4.1	-
Total comprehensive income for the period attributable to equity holders of Nobel Biocare	20.9	32.9	50.3	57.2

Balance sheet (unaudited)

in EUR million	Note	30 June 2009	31 December 2008	30 June 2008
Assets				
Property, plant and equipment		72.9	71.2	64.8
Intangible assets		208.5	185.9	184.1
Financial assets and receivables		4.7	3.1	3.1
Deferred tax assets		12.1	14.9	13.3
Total non-current assets		298.2	275.1	265.3
Inventories		25.8	36.5	38.9
Trade receivables and other receivables		150.6	141.3	176.1
Current tax assets		27.4	9.6	24.3
Prepaid expenses and accrued income		16.9	15.0	15.8
Financial investments and derivatives		30.7	54.9	23.5
Cash and cash equivalents		149.7	165.1	109.2
Total current assets		401.1	422.4	387.8
Total assets		699.3	697.5	653.1
Equity and liabilities				
Share capital	9	31.9	32.0	32.0
Share premium		167.8	183.7	196.3
Treasury shares		-50.2	-85.2	-120.2
Retained earnings		135.1	137.1	152.8
Total equity attributable to equity holders of Nobel Biocare		284.6	267.6	260.9
Provisions		7.0	7.8	12.2
Convertible bond		236.2	238.8	218.1
Deferred tax liabilities		33.7	32.4	9.2
Other non-current liabilities		9.6	8.4	32.6
Total non-current liabilities		286.5	287.4	272.1
Total current liabilities		128.2	142.5	120.1
Total liabilities		414.7	429.9	392.2
Total equity and liabilities		699.3	697.5	653.1

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)					-2.1	1.6	57.7	57.2	57.2
Share capital reduction		-2.1		409.5			-407.4	-407.4	-
Treasury share transactions			-2.9	5.3					2.4
Share options and warrants exercised		-	0.1						0.1
Share-based payment expense	10						6.8	6.8	6.8
Dividends to shareholders	9						-73.5	-73.5	-73.5
Balance as of 30 June 2008		32.0	196.3	-120.2	-28.1	1.4	179.5	152.8	260.9
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)					-1.0	5.1	46.2	50.3	50.3
Share capital reduction	9	-0.1		13.0			-12.9	-12.9	-
Treasury share transactions	9		-15.9	22.0			-0.1	-0.1	6.0
Share-based payment expense	10						5.8	5.8	5.8
Dividends to shareholders	9						-45.1	-45.1	-45.1
Balance as of 30 June 2009		31.9	167.8	-50.2	-92.4	-2.7	230.2	135.1	284.6

Cash flow statement (unaudited)

in EUR million	Note	Q2 2009	Q2 2009 YTD	Q2 2008 YTD
Profit before tax		34.7	58.4	73.0
Adjusted for:				
Depreciation, amortization and impairment losses		7.4	13.6	8.6
Net financial result		-1.2	6.3	19.7
Share-based payment expense		3.1	5.8	6.8
Other non-cash income and expenses		-0.3	1.2	3.5
Changes in working capital and provisions:				
Increase in trade and other current receivables		-1.7	-6.3	-17.6
Decrease/(increase) in inventories		5.0	11.7	-1.9
Increase/(decrease) in trade and other current liabilities		1.9	-9.8	-2.9
(Decrease)/increase in provisions accrued expenses, and deferred income		-6.1	4.9	-1.4
Income taxes paid		-7.9	-13.8	-28.7
Net cash from operating activities		34.9	72.0	59.1
Acquisition of subsidiary, net of cash acquired	8	1.6	-22.9	-44.6
Acquisition of property, plant, and equipment		-4.4	-8.1	-15.2
Acquisition of intangible assets		-0.1	-0.2	-6.6
Acquisition of financial investments		-	-	-20.9
Disposal of financial investments		-	0.6	56.1
Interest received		0.7	0.8	3.2
Other investing and hedging activities		7.4	-4.7	-
Net cash from/(used in) investing activities		5.2	-34.5	-28.0
Exercised warrants and options		-	-	0.1
Acquisition of treasury shares and settlement of related liability		-	-	-6.4
Proceeds from sale of treasury shares	9	5.6	5.6	-
Payment of withholding tax liabilities		-	-	-73.8
(Repayment)/proceeds in short-term borrowings (interest-bearing liabilities)	11	-	-23.8	17.0
(Repayment)/proceeds in long-term borrowings (interest-bearing liabilities)	11	-1.2	-1.2	25.0
Disposal of derivative hedging instrument		17.4	17.4	-
Interest paid		-1.4	-2.2	-1.8
Dividends paid	9	-45.1	-45.1	-73.5
Net cash used in financing activities		-24.7	-49.3	-113.4
Increase/(decrease) in cash and cash equivalents		15.4	-11.8	-82.3
Cash and cash equivalents at beginning of period ¹		134.1	163.4	186.2
Effect of exchange rate differences on cash held		-1.0	-3.1	3.6
Cash and cash equivalents at end of period¹		148.5	148.5	107.5

¹Cash and cash equivalents including bank overdraft of EUR 1.2 million (30 June 2008: EUR 1.7 million)

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 six months ended 30 June 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 11 August 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	
	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008	Q2 2009	Q2 2008
	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
External sales	101.0	100.4	137.4	160.3	56.8	52.4	5.2	10.7	300.4	323.8
Business expenses	-49.2	-47.7	-66.5	-70.9	-28.0	-24.6	-7.3	-8.5	-151.0	-151.7
Business contribution	51.8	52.7	70.9	89.4	28.8	27.8	-2.1	2.2	149.4	172.1

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	Q2 2009 YTD	Q2 2008 YTD
Business contribution	149.4	172.1
Unallocated business expenses	-3.4	-4.7
Functional costs	-53.6	-57.5
Depreciation, amortization and impairments	-13.6	-8.6
Share-based payment expenses	-5.8	-6.8
Reconciling and other items	-8.3	-1.8
Operating profit (EBIT)	64.7	92.7
Net financial result	-6.3	-19.7
Profit before tax	58.4	73.0

Note 7 Net financial result

in EUR million	Q2 2009	Q2 2009 YTD	Q2 2008 YTD
Interest income	0.9	1.0	2.0
Net foreign exchange gains/(losses) and hedges	6.4	2.3	0.9
Financial income	7.3	3.3	2.9
Other financial expenses	-1.3	-1.0	-14.3
Interest expense	-4.8	-8.6	-8.3
Finance cost	-6.1	-9.6	-22.6
Net financial result	1.2	-6.3	-19.7

Net financial result was EUR -6.3 million for the first six months of 2009, an improvement of EUR 13.4 million compared with the prior period. The improvement from the prior year is primarily a result of the absence of net losses on investments, which are included in other financial expenses. The portfolio of investments in financial instruments held for trading was divested and no new investments in such instruments were made.

Note 8 Acquisitions

BioCad Medical Inc.

On 8 January 2009, the Group acquired 100 percent of the shares of BioCad Medical Inc. (BioCad), a company based in Quebec City, Canada, specializing in the development of advanced medical prosthetic software and complementary products, for consideration of EUR 23.9 million. Through this agreement the Group has obtained all rights to BioCad's trademarks, brand names, innovation pipeline, R&D network and facility in Quebec City, Canada.

The assets and liabilities as of 8 January 2009 arising from the acquisition are as follows:

in EUR million	Carrying amount	Fair value
Property, plant and equipment	2.4	2.7
Intangible assets	2.5	21.7
Trade receivables	0.3	0.4
Inventories	0.2	0.2
Other receivables	0.4	0.6
Prepaid expenses and accrued income	0.1	0.1
Cash and cash equivalents	0.6	0.6
Trade payables	-0.2	-0.2
Other liabilities	-1.8	-1.8
Accrued expenses and deferred income	-0.5	-0.5
Deferred tax liabilities	-	-6.5
Net assets acquired	4.0	17.3

Cost of acquisition and goodwill

in EUR million	
Cash paid	23.0
Treasury shares transferred to seller	0.4
Direct costs associated with the acquisition	0.5
Total purchase consideration	23.9
Fair value of net assets acquired	17.3
Goodwill	6.6

The fair value of the treasury shares transferred (26,789 shares) was based on the closing share price at the acquisition date.

The goodwill is attributable to the benefit of expected synergies and of know-how of the assembled workforce of the acquired business.

Net cash outflow on acquisition

in EUR million	
Purchase consideration settled in cash	23.0
Direct costs associated with the acquisition settled in cash	0.5
Less: Cash and cash equivalents in subsidiaries acquired	-0.6
Cash outflow on acquisition	22.9

Impact of acquisition on the results of the Group

The additional business generated by BioCad had no significant impact on the Group's revenue and profit from operations (EBIT) for the period ended 30 June 2009, i.e. contribution to revenues and EBIT was less than three percent. Had the acquisition been effected at 1 January 2009, revenue and profit of the group for the period would not have been significantly different to the reported figures.

Note 9 Equity

Share capital

The number of shares issued by Nobel Biocare Holding AG on 30 June 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 10 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 six months ended 30 June 2009, the number of grants awarded under this program was 309,136. There was no significant amount of options from existing share plans exercised or forfeited during the period. Expenses related to share-based payment transactions are presented in the following table.

in EUR million	Q2 2009	Q2 2009 YTD	Q2 2008 YTD
Performance share unit plan	0.2	0.3	-
Share plan	0.1	0.1	-
Staff option program (grants before 2008)	2.8	5.4	6.8
Total	3.1	5.8	6.8

Note 11 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 12 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 of 2009. Nobel 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.

In July 2006, Nobel Biocare was served a lawsuit filed in the Lower Regional Court (Landgericht) Düsseldorf, Germany, by the Belgian company Materialise N.V. claiming Nobel Biocare's solution NobelGuide infringes a European patent held by Materialise N.V., respectively one of its affiliates (together Materialise). In August 2007, this court decided that NobelGuide infringes patent rights of Materialise. Nobel Biocare appealed this decision after having also filed a claim with the German Federal Patent Court to nullify Materialise's patent and a lawsuit with the US Federal Court in Santa Ana (California) to obtain a declaratory judgment that Nobel Biocare is not infringing any valid patent claim of Materialise N.V. On 17 March 2009, the Court in Santa Ana decided in a summary judgment that the NobelGuide software does not infringe Materialise's US patent. Materialise appealed this decision. On 16 April 2009, Nobel Biocare obtained a positive decision of the German Federal Patent Court invalidating all relevant claims of Materialise's patent, which according to Materialise is infringed by Nobel Biocare's NobelGuide software. Materialise may file an appeal. Based on said decision the Higher Regional Court (Oberlandesgericht) Düsseldorf decided on 20 April to stay the proceedings on Nobel Biocare's appeal against the first instance decision of August 2007 until a final decision on the validity of the patent has been obtained.

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 13 Subsequent events

On 13 July 2009, it was announced that Dr Rolf Soiron would step down as Chairman of the Board of Directors at the latest by the 2010 Annual General Meeting as he has recently accepted positions with Avenir Suisse and the International Committee of the Red Cross.

There have been no other material events between 30 June 2009 and the date of authorization that would require adjustments to the consolidated financial statements or disclosures.