

Media Release

Interim Report 2, 2010

ZURICH, SWITZERLAND – 11 AUGUST 2010

Continued growth investments; gaining momentum in focus areas

Half year 2010:

- Reported revenue down 2.9% to EUR 291.6 million (CER -6.3%)
- North America, APAC leading momentum improvement in Q2
- Net profit up 26% at EUR 58.3 million; net margin of 20.0%
- Gross profit margin at 78.8%: NobelProcera ramp-up costs
- Operating profit (EBIT) at EUR 56.7 million; EBIT margin of 19.4%
- NobelProcera initial product launch completed; consumables on new scanners up
- NobelActive growth momentum maintained; acceptance increasing
- Increased growth investments: Series of symposia, marketing and T&E activities

Table 1: Selected key figures in EUR million

	Q2 2010 as reported	H1 2010 as reported	H1 2009 as reported	H1 2009 excl. restruct.	Growth 2009-2010
Revenue	155.0	291.6	300.4	300.4	-6.3%*
Gross profit	121.5	229.7	240.9	241.6	-8.0%*
<i>Gross margin</i>	78.4%	78.8%	80.2%	80.4%	
Profit from operations	30.2	56.7	64.7	74.2	-10.9%*
<i>Operating (EBIT) margin</i>	19.5%	19.4%	21.5%	24.7%	
Net financial result	-4.1	21.2	-6.3	-6.3	
Profit before tax	26.1	77.9	58.4	67.9	+33.4%
Tax	-6.5	-19.6	-12.2	-15.0	
Net profit	19.6	58.3	46.2	52.9	+26.2%
<i>Profit margin</i>	12.6%	20.0%	15.4%	17.6%	
Basic earnings per share, EUR	0.16	0.47	0.38	0.43	+24.5%
Net cash from operating activities	19.6	34.0	71.9	71.9	
Employees at the end of the period (number)		2,397	2,360		

* At constant exchange rates (CER)

Domenico Scala, CEO: "After a slow first quarter, sales momentum has improved gradually in the second quarter led by North America and APAC. However, mainly as a result of our geographic mix in Europe and a higher exposure to larger case treatments, we continue to underperform in the market. Despite the persistently challenging market environment and a slow start to the year, we were able to deliver successes for our business. Our new implant system, NobelActive, continued to show double-digit growth, as have our new NobelProcera consumables. We are on track to build up capacity for our broadened prosthetics range and are seeing an increasing demand. We received excellent customer response to the new conference format offered at our Global Symposium in New York, which marks the start of a series of symposia in the second half of 2010. We are confident that our strategy of broadening Nobel Biocare's product and solution portfolio, as well as the measures that have already been taken, will allow us to return to growth."

Focus on sustainable long-term business performance

For the first half of 2010, **revenue** at constant exchange rates (CER) declined by 6.3%. Reported revenue decreased by 2.9% to EUR 291.6 million. In the second quarter, reported revenue increased by 1.0%, while at CER it declined by 5.6%. Profit from operations (EBIT) in H1 was EUR 56.7 million (2009: EUR 64.7 million). The lower EBIT and EBIT margin (19.4%) compared with the first half of 2009 (21.5%, or 24.7% excluding restructuring charges) were a result of the decline in reported revenue, ongoing investments for the rollout of NobelProcera, increased selling and marketing activities and adverse currency developments. Net profit as reported was EUR 58.3 million (2009: EUR 46.2 million), an increase that was mainly attributable to non-recurring foreign currency gains.

In the first half of 2010, Nobel Biocare made further progress in the implementation of its strategy to broaden its range of products and solutions:

NobelProcera™ is a key priority in 2010. In the first half, market introduction of the initial product additions was completed. Among those new products are titanium crowns, bridges, 5-axis milled titanium abutments for Nobel Biocare and third-party platforms, zirconia abutments for third-party platforms, as well as cobalt chromium crowns and bridges. In the second quarter, the initial product from the recently inaugurated preferred partner program – the Telio2 CAD Temporary Crown and Bridge – was introduced to the market. This launch is being reinforced through joint educational and commercial activities. All NobelProcera manufacturing facilities are continuously upgraded with the latest technology.

The growing acceptance of the **NobelActive™** implant system is evidenced by the steadily increasing number of users and double-digit growth in revenues. Its innovative features set new standards in terms of primary stability as well as early bone and soft tissue preservation. This performance is documented in a growing number of scientific and clinical publications and presentations. Interest in NobelActive courses for experienced clinicians remains high in all markets. The excellent performance of this innovative implant was further underpinned by two retrospective studies presented at the IADR 2010 with up to 1001 implants (Babbush C, Kutsko G, Brokloff J (2010). The All-on-Four Immediate function treatment concept with the NobelActive implants. J Dent Res 89 (Spec Issue B): 4219; Kutsko G, Babbush C, Brokloff J (2010). A single center retrospective analysis of 1001 consecutive NobelActive implants J Dent Res 89 (Spec Issue B): 4705.

The introduction of the company's **edentulous solutions** was successfully completed in the first half of 2010. Nobel Biocare is now – together with its preferred partners – offering the most comprehensive portfolio of fixed and removable overdenture solutions for premium (fixed solutions with the NobelProcera implant bridge), value (a fixed solution with the All-on-4 treatment concept or a removable solution with multiple implants and overdenture bars) and economy segments (a fixed solution with an overdenture implant and a removable solution with two implant and overdenture bars).

The abutment product range was broadened through the expansion of the popular **Snappy** abutment portfolio, which now includes taller abutment options (4.0 and 5.5mm). Thanks to its profile and design, the Snappy abutment is an easy-to-use prosthetic solution that is highly suitable for posterior restorations, especially in partially edentulous jaws, and for single-crown restorations with an implant. As a result, Nobel Biocare now offers abutments for every indication and esthetic need: from temporary, to healing, to standardized and to individualized CAD/CAM abutments in various materials.

Scientific excellence and innovation continues to be the foundation of the company's **research and development (R&D)** effort. In the first half of 2010, Nobel Biocare has consequently invested into new developments. Aside from new implants and prosthetics Nobel Biocare is investing in next generation digital dentistry solutions and improved treatment concepts. The pipeline of upcoming innovations includes a new generation NobelReplace implant, an expansion of the NobelActive implant family, and overdenture implant supporting cost-effective overdenture solutions. The next generation NobelGuide will feature improved

diagnostics, treatment planning tools and will be further facilitated with a new cross-functional platform. For NobelProcera the second wave of new products and materials will be starting with the expansion of the individualized abutments for third party platforms and IPS e.max[®] crowns.

In addition to the introduction and rollout of innovative products and solutions, Nobel Biocare continued with its initiatives and investments in **scientific leadership** and clinical evidence, training and education, partnerships, customer services and marketing. In the first half of 2010, Nobel Biocare further intensified its commitment to scientific leadership. Among others a 3-year data report on the use of a dedicated implant for overdenture solutions was completed (follow-up of up to 3 years, 2 clinics, 132 overdenture implants, 48 patients) and showed a cumulative survival rate of 99.2%. Only one of the 132 implants failed at prosthetic delivery. No other failures occurred [internal data on file].

Acknowledging the importance of **training and education**, Nobel Biocare initiated already in 2005 its **Global University Partnership Program**. Trainees in the first classes, which covered implant dentistry, CAD/CAM prosthetics and 3D diagnostics, graduated this year. Moreover, in June 2010, the Dental Faculty (Universitätsklinik für Mund-, Zahn- und Kieferkrankheiten) at Ruprecht-Karls-University in Heidelberg, Germany, joined the Nobel Biocare Global University Partner Program, which now comprises 25 leading dental schools worldwide. In addition, the program was enhanced through the introduction of a global student contest.

Kick-off to Nobel Biocare Symposia 2010 – In the second quarter, the company started its Nobel Biocare Symposia 2010, a series of global and local scientific conferences. More than 1,500 participants from around the world attended the first global symposium in New York City. The scientific program covered a broad spectrum of topics including diagnostics, treatment planning and modern surgery, and featured presentations by 74 world-class speakers. Topics were addressed primarily on the basis of patient case studies via on-stage panel discussions, presentations, master classes and hands-on sessions. The final day was devoted to a post-symposium with 250 registered participants. It focused exclusively on how to treat edentulous patients using zygoma as one of many treatment options. The next symposium is scheduled for the 20th to the 22nd August in Tokyo, Japan, and will be followed by series of events in Europe.

In the second quarter, Nobel Biocare and the **Seattle Study Club (SSC)** commenced activities under the recently signed long-term partnership. The Seattle Study Club is recognized as the leading federation of its kind for advanced, locally based therapeutic coordination and continuing dental education. The SSC consists of over 240 local study clubs and more than 6,700 clinical members in the US, Canada, Australia, Germany, Taiwan and the UK. In conjunction with this partnership, Nobel Biocare has launched a new online study club tool called StudyClubConnect.com to all Seattle Study Clubs in North America. StudyClubConnect.com simplifies study club communication and facilitates event management, case presentations, continuing education, patient referrals and case discussions.

North America, APAC leading momentum improvement in Q2

In **Europe, Middle East and Africa (EMEA)**, first half revenue (CER) declined by 7.6% to EUR 129.5 million (Q2: -8.1%). Overall performance in this region continued to be negatively affected by an unfavorable country mix. In the second quarter, Spain reported deteriorating performance after a first quarter that was positively impacted by the biennial Expodental exhibition. Due to the persistently challenging economic environment, a further decline in patient flow is being observed. In Germany, performance continued to be negative but has now stabilized. Owing to the measures that have been taken, a gradual improvement can be expected. The market in Sweden remained under pressure during the second quarter due to the more restrictive reimbursement approach that has been in force since the beginning of the year. France, Italy and Belgium continued to perform favorably.

In **North America**, revenue (CER) for the first six months decreased by 5.1% to EUR 97.1 million (Q2: -3.6%). The organizational changes, initiated in the first quarter to strengthen the company's go-to-market approach, have been completed. This can be seen from the improved sales momentum in the second quarter. NobelActive's growth continued to underpin the accelerated momentum in this region. However, patients' access to financing remains difficult in the US and thus defers a pick-up especially of larger-case treatments, which play a significant role in the company's North American business.

In the **Asia/Pacific** region, revenue (CER) for the first half was down 1.3% to EUR 60.1 million (Q2: -0.3%). In Japan, Nobel Biocare continues to gain market share in an otherwise declining market. Owing to the availability of the NobelProcera offering in Japan, as well as the anticipated NobelActive launch in the second half of the year, we expect to return to growth in this important market. While growth was recorded in Australia, performance remained sluggish in some distributor markets in Southeast Asia. Strong growth persisted in China and the momentum in India picked up considerably in the second quarter, albeit on a small absolute base.

In **Latin America/Rest of the world**, revenue (CER) for first half declined by 37.9% to EUR 4.9 million. The overall negative performance is attributable to the transfer of responsibility for certain countries to distributors late last year. The development in Nobel Biocare's defined core countries (Brazil, Mexico) showed an improving performance versus 2009.

Outlook – Most markets stabilized toward the end of 2009, with certain markets returning to growth at the beginning of 2010. However, the prevailing market challenges are still exerting an adverse effect on customers' ordering patterns, a tendency that clearly also impacted our sales in the first half. We believe it is possible that the dental implant market may return to growth in 2010. Nobel Biocare continues to focus on strategy execution and making the necessary investments that will allow the company to return to at least market growth within the next 9-12 months, inasmuch as we can increasingly build on a strengthened organization and a broadened product portfolio.

Table 2: Revenue by region in EUR million

	As reported			CER Growth 2009-2010
	Q2 2010	H1 2010	H1 2009	
Europe, Middle East and Africa (EMEA)	66.6	129.5	136.9	-7.6%
Proportion of total revenue	43%	44%	46%	
North America	52.6	97.1	99.6	-5.1%
Proportion of total revenue	34%	33%	33%	
Asia/Pacific	33.2	60.1	57.0	-1.3%
Proportion of total revenue	21%	21%	19%	
Latin America/Rest of the world	2.6	4.9	6.9	-37.9%
Proportion of total revenue	2%	2%	2%	
Total	155.0	291.6	300.4	-6.3%

2009 figures are restated to reflect minor changes in the management structure

Financials: Gross margin lower due to NobelProcera ramp-up; EBIT margin affected by higher marketing and R&D costs, net profit up

Gross profit for the first half was EUR 229.7 million (2008: EUR 240.9 million), reflecting a gross margin of 78.8% (2009: 80.2%). While pricing discipline was stringent and the margin for standardized products increased due to heightened production efficiency, the overall margin decline is mainly a result of high ramp-up costs and an increasing share of NobelProcera.

Operating expenses amounted to EUR 173.0 million (2009: EUR 176.2 million) and were primarily impacted by higher costs for training and education, event-driven higher selling and marketing expenditures and adverse currency developments. Research and development expenses were EUR 4.3 million higher than in the previous year, which reflects the company's continued commitment to future product development, both in the standardized and NobelProcera areas. For the second half of 2010, the company again expects higher marketing costs as a consequence of several customer events as well as further development costs for NobelProcera.

Reported **profit from operations (EBIT)** for the first half was EUR 56.7 million (2009: EUR 64.7 million), reflecting an operating margin of 19.4% (2009: 21.5%). This lower margin is mainly the result of lower gross profit, higher R&D expenses (1.6% of revenues) and negative currency impacts (1.1% of revenues), while operating leverage was mostly offset through continued cost discipline throughout the entire Group.

Currencies – Mainly due to the weakness of the euro, currencies had a more significant impact in Q2 2010 than in the previous year. Reported revenue benefited from a positive currency impact of 3.4%. This effect was fully maintained at the gross profit level. However, at the EBIT margin level, the impact was negative and caused about 100bps of margin deterioration. Related hedging gains, which offset most of that impact, are either accounted for in the financial result or temporarily retained in the equity position as translation gains. Thus, economically, most of the currency effects have been neutralized despite the increasingly volatile currency markets.

Net financial result for the first half was EUR 21.2 million (2009: EUR -6.3 million). The first half year result was positively affected by non-recurring foreign currency gains, which resulted from changes to internal financing structures as well as hedging gains.

Taxes: Tax expenses were EUR 19.6 million versus EUR 12.2 million (Q2 2010: EUR 6.5 million; unchanged versus the prior year). This reflects an annualized tax rate of 25.2%. Following a restructuring of the Group's internal profit streams, an exceptional tax charge of about EUR 30 million is expected for the second half of 2010. This will allow the Group to bring down its normalized tax rate from current level of approximately 25% to about 20% target from 2011.

Net profit for the first half was EUR 58.3 million, up 26% from last year. The net profit margin improved to 20.0% (2009: 15.4%), mainly due to the exceptional currency gains. For the full year, those non-recurring foreign currency gains and the anticipated one-off tax charge are expected to mostly net out and thus have an almost neutral impact on bottom-line EPS.

Cash flow from operating activities for the reporting period was EUR 34.0 million (2009: EUR 71.9 million). Higher tax payments during the period, the non-recurrence of the working capital reduction achieved in 2009, as well as changes in provisions and accrued expenses account for the difference. **Cash & cash equivalents** at the end of June 2010 stood at EUR 215.4 million (June 2009: EUR 148.5 million). Net financial debt amounted to EUR 48.3 million versus EUR 71.5 million in June 2009.

Nobel Biocare (NOBN, SIX Swiss Exchange) is the world leader in innovative restorative and esthetic dental solutions. As a complete solutions provider, Nobel Biocare offers the most comprehensive range of solutions from tooth to root, for single tooth to fully edentulous indications. The solutions portfolio covers dental implants (including the key brands NobelActive™ Brånemark System® and NobelReplace™, individualized prosthetics and equipment (NobelProcera™), guided surgery solutions and biomaterials. Nobel Biocare has approximately 2,400 employees and recorded revenue of EUR 581.4 million in 2009. The company is headquartered in Zurich, Switzerland. Production takes place at seven sites located in Canada, Israel, Japan, Sweden, and the US. Nobel Biocare has 35 direct sales organizations.

Further information is available from:

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Investor, analyst and media presentation

Two telephone conferences for investors and analysts will be held today at

8:30 am CET, and at 2:30 pm CET.

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

Dial-in numbers for the conference calls:

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

For additional local dial-in numbers, please see the Investors section of our website: www.nobelbiocare.com

Recordings of both conference calls will be available on the website afterwards.

Financial reporting calendar:

Interim Report 3, 2010	3 November 2010
Full Year Results, 2010	17 February 2011
Annual General Meeting	30 March 2011
Interim Report 1, 2011	28 April 2011
Interim Report 2, 2011	12 August 2011
Interim Report 3, 2011	8 November 2011

The complete Interim Report 2, 2010, 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	Q2 2010 as reported	Q2 2010 YTD as reported	Q2 2009 YTD as reported	Q2 2009 YTD excluding restructuring
Income statement				
Revenue	155.0	291.6	300.4	300.4
Gross profit	121.5	229.7	240.9	241.6
Profit from operations (EBIT)	30.2	56.7	64.7	74.2
Profit before tax	26.1	77.9	58.4	67.9
Income tax expense	-6.5	-19.6	-12.2	-15.0
Profit attributable to equity holders of Nobel Biocare	19.6	58.3	46.2	52.9
Balance sheet				
Non-current assets		328.6	298.2	
Current assets		421.5	401.1	
Total equity		326.7	284.6	
Non-current liabilities		287.7	286.5	
Current liabilities		135.7	128.2	
Cash and cash equivalents incl. bank overdraft		215.4	148.5	
Miscellaneous				
Net cash from operating activities	19.6	34.0	71.9	
Depreciation, amortization and impairment losses	7.3	14.1	13.6	
Investments in property, plant and equipment	3.8	6.1	8.2	
Employees at end of period		2'397	2'360	
Ratios				
Revenue growth (%)	1.0	-2.9	-7.2	
Revenue growth in local currencies (%)	-5.6	-6.3	-11.3	
Gross margin (%)	78.4	78.8	80.2	80.4
Operating expenses/revenue ratio (%)	58.9	59.3	58.7	55.7
EBITDA margin (%)	24.2	24.3	26.1	29.2
Operating (EBIT) margin (%)	19.5	19.4	21.5	24.7
Net profit margin (%)	12.6	20.0	15.4	17.6
Return on average equity (%) ¹		38.1	34.9	34.1
Equity/assets ratio (%)		43.6	40.7	
Share information				
Number of shares issued as of end of period (in '000)		123'785	123'785	
Average number of shares outstanding (in '000)		123'167	123'096	
Number of shares after full conversion (in '000) ²		149'032	149'032	
Share price as of end of period (CHF)		18.70	23.72	
Market value as of end of period (MCHF)		2'315	2'936	
Basic earnings per share (EUR)	0.16	0.47	0.38	0.43
Diluted earnings per share (EUR)	0.16	0.47	0.37	0.42
Equity per share (EUR)		2.65	2.30	2.37
Equity per share after full conversion (EUR)		2.19	1.91	1.95

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

² Includes conditional/authorized capital of 25'247'620 shares

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 2010, 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 2010 to 30 June 2010 (isolated compared with Q1 isolated) were not subject to these review procedures.

Condensed consolidated financial statements

INTERIM REPORT 2, 2010

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Income statement (unaudited)

in EUR '000	Note	Q2 2010	Q2 2009	Q2 2010 YTD	Q2 2009 YTD
Revenue	6	154'973	153'463	291'644	300'419
Cost of goods sold		-33'452	-30'945	-61'947	-59'564
Gross profit		121'521	122'518	229'697	240'855
Selling expenses		-56'095	-57'615	-107'311	-115'167
Administrative expenses		-28'057	-25'864	-49'867	-49'497
Research and development expenses		-7'195	-5'505	-15'799	-11'523
Profit from operations (EBIT)		30'174	33'534	56'720	64'668
Net financial result	7	-4'041	1'160	21'197	-6'256
Profit before tax		26'133	34'694	77'917	58'412
Income tax expense		-6'535	-6'539	-19'636	-12'208
Profit attributable to equity holders of Nobel Biocare		19'598	28'155	58'281	46'204
Basic earnings per share, EUR		0.16	0.23	0.47	0.38
Diluted earnings per share, EUR		0.16	0.23	0.47	0.37

Statement of comprehensive income (unaudited)

in EUR '000	Note	Q2 2010	Q2 2009	Q2 2010 YTD	Q2 2009 YTD
Profit attributable to equity holders of Nobel Biocare		19'598	28'155	58'281	46'204
Other comprehensive income:					
Foreign currency translation differences		-8'765	-4'277	16'879	-2
Reclassification of foreign currency translation differences to income statement	7	78	-1'006	-29'984	-1'006
Effective portion of changes in fair value of cash flow hedges		-981	335	-195	-217
Net change in fair value of cash flow hedges reclassified to income statement		-81	-2'258	-85	5'325
Total other comprehensive (expenses)/income for the period, net of tax		-9'749	-7'206	-13'385	4'100
Total comprehensive income for the period attributable to equity holders of Nobel Biocare		9'849	20'949	44'896	50'304

Balance sheet (unaudited)

in EUR '000	Note	30 June 2010	31 December 2009	30 June 2009
Assets				
Property, plant and equipment		81'349	75'833	72'938
Intangible assets		228'466	207'375	208'504
Non-current receivables		3'953	4'269	4'710
Deferred tax assets		14'805	12'544	12'076
Total non-current assets		328'573	300'021	298'228
Inventories		25'031	20'485	25'814
Trade and other receivables		147'332	136'614	150'486
Current tax assets		8'487	4'441	27'442
Prepaid expenses and accrued income		19'749	15'656	16'889
Financial investments and derivatives		5'242	3'757	30'736
Cash and cash equivalents		215'725	241'617	149'675
Total current assets		421'566	422'570	401'042
Total assets		750'139	722'591	699'270
Equity and liabilities				
Share capital	8	31'861	31'861	31'861
Share premium		166'027	166'429	167'790
Treasury shares		-48'657	-56'567	-50'112
Retained earnings		177'512	175'994	135'087
Total equity attributable to equity holders of Nobel Biocare		326'743	317'717	284'626
Provisions		4'454	3'955	4'817
Pension liabilities		3'244	2'699	2'181
Convertible bond		253'397	236'962	236'158
Deferred tax liabilities		26'024	27'033	33'674
Other non-current liabilities		558	548	9'602
Total non-current liabilities		287'677	271'197	286'432
Bank overdraft		342	880	1'200
Borrowings		1'059	1'331	2'581
Trade payables		17'075	22'158	19'974
Current provisions		6'946	7'211	11'208
Current tax liabilities		30'159	27'025	21'742
Other current liabilities		21'250	21'011	23'702
Accrued expenses and deferred income		58'888	54'061	47'805
Total current liabilities		135'719	133'677	128'212
Total liabilities		423'396	404'874	414'644
Total equity and liabilities		750'139	722'591	699'270

Statement of changes in equity (unaudited)

in EUR '000	Note	Share capital	Share premium	Treasury shares	Translation reserve	Hedging reserve	Other retained earnings	Total retained earnings	Total equity attributable to equity holders of Nobel Biocare
Balance as of 1 January 2009		32'002	183'687	-85'229	-91'361	-7'758	236'235	137'116	267'576
Comprehensive income									
Profit for the period							46'204	46'204	46'204
Other comprehensive income, net of tax					-1'008	5'108		4'100	4'100
Total comprehensive (expenses)/income					-1'008	5'108	46'204	50'304	50'304
Share capital reduction		-141		13'049			-12'908	-12'908	-
Treasury shares transactions			-15'880	22'068			-135	-135	6'053
Convertible bond – equity component			-17				17	17	-
Share-based payment expenses, net of tax	9						5'785	5'785	5'785
Dividends to shareholders relating to 2008							-45'092	-45'092	-45'092
Total transactions with shareholders		-141	-15'897	35'117			-52'333	-52'333	-33'254
Balance as of 30 June 2009		31'861	167'790	-50'112	-92'369	-2'650	230'106	135'087	284'626
Balance as of 1 January 2010		31'861	166'429	-56'567	-115'886	221	291'659	175'994	317'717
Comprehensive income									
Profit for the period							58'281	58'281	58'281
Other comprehensive (expenses)/income, net of tax					-13'105	-280		-13'385	-13'385
Total comprehensive (expenses)/income					-13'105	-280	58'281	44'896	44'896
Expiry of written put options on own shares			1'689	7'115					8'804
Allocation of shares to share plan participants			-560	795			-235	-235	-
Convertible bond – equity component			-1'531				1'527	1'527	-4
Share-based payment expenses, net of tax	9						1'623	1'623	1'623
Dividends to shareholders relating to 2009	8						-46'293	-46'293	-46'293
Total transactions with shareholders			-402	7'910			-43'378	-43'378	-35'870
Balance as of 30 June 2010		31'861	166'027	-48'657	-128'991	-59	306'562	177'512	326'743

Cash flow statement (unaudited)

in EUR '000	Note	Q2 2010	Q2 2010 YTD	Q2 2009 YTD
Profit before tax		26'133	77'917	58'412
Adjusted for:				
Depreciation, amortization and impairment losses		7'344	14'104	13'601
Net financial result	7	4'041	-21'197	6'256
Share-based payment expenses	9	1'293	1'809	5'785
Other non-cash income and expenses		-8'338	-4'090	1'190
Changes in working capital and provisions:				
Decrease/(increase) in trade and other current receivables		3'438	1'516	-6'332
(Decrease)/increase in inventories		-26	67	11'650
Increase/(decrease) in trade and other current liabilities		374	-8'778	-9'793
(Decrease)/increase in provisions, accrued expenses, and deferred income		-635	-2'788	4'930
Income taxes paid		-13'989	-24'543	-13'751
Net cash from operating activities		19'635	34'017	71'948
Acquisition of subsidiary, net of cash acquired		-	-	-22'887
Purchases of property, plant and equipment		-3'786	-6'131	-8'156
Purchases of intangible assets		-888	-1'123	-173
Purchases of marketable securities		-36'936	-36'936	-
Proceeds from sales of marketable securities		36'882	36'882	593
Interest received		253	481	827
Other investing and hedging activities		-6'671	-461	-4'737
Net cash used in investing activities		-11'146	-7'288	-34'533
Proceeds from sales of treasury shares		-	-	5'630
Repayment of short-term borrowings (interest-bearing liabilities)		-213	-425	-23'763
Repayment of convertible bond/long-term borrowings (interest-bearing liabilities)		-10'356	-16'384	-1'254
Disposal of derivative hedging instrument		-	-	17'404
Interest paid		-1'314	-2'818	-2'243
Dividends paid	8	-46'293	-46'293	-45'092
Net cash used in financing activities		-58'176	-65'920	-49'318
Decrease in cash and cash equivalents		-49'687	-39'191	-11'903
Cash and cash equivalents at beginning of period, including bank overdraft		257'017	240'737	163'373
Effect of exchange rate differences on cash held		8'053	13'837	-2'996
Cash and cash equivalents at end of period¹		215'383	215'383	148'474

¹ Cash and cash equivalents including bank overdraft of EUR 0.3 million as of 30 June 2010, and EUR 1.2 million as of 30 June 2009

Notes to the condensed consolidated financial statements

Note 1 Organization

Nobel Biocare Holding AG (the Company) is a limited liability company incorporated and domiciled in Switzerland. The consolidated financial statements of Nobel Biocare for the six months ended 30 June 2010 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 10 August 2010.

Note 2 Statement of compliance

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

Note 3 Accounting policies

The accounting policies are the same as those applied in the consolidated financial statements for the year ended 31 December 2009, as there are no new changes to IFRS that had a significant impact on the accounting policies.

Note 4 Basis of preparation

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

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities. Actual results may differ from these estimates. Critical judgments made by management in the application of IFRS and key sources of estimation uncertainties were the same as those applied to the consolidated financial statements for the year ended 31 December 2009.

Note 5 Seasonality

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

Note 6 Operating segments

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

Operating segments are identified geographically as the business is managed on a global basis and is run in four geographical areas. The business contribution is derived from sales, the cost of goods purchased from manufacturing sites and expenses related to the sale of products in the respective regions. Certain

administrative expenses directly attributable to the sale of products are also allocated to four geographic regions. The Board of Directors reviews and assesses the business (i.e. sales and business expenses) on this basis.

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

in EUR '000	Europe, Middle East and Africa		North America		Asia/Pacific		Latin America/Rest of the world		Group total	
	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009	Q2 2010	Q2 2009
	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
External sales	129'553	136'913	97'133	99'609	60'104	57'041	4'854	6'856	291'644	300'419
<i>Proportion of total revenue</i>	44%	46%	33%	33%	21%	19%	2%	2%	100%	100%
Business expenses	-70'159	-69'358	-51'344	-48'231	-30'247	-28'553	-3'242	-7'335	-154'992	-153'477
Business contribution	59'394	67'555	45'789	51'378	29'857	28'488	1'612	-479	136'652	146'942

* Certain prior year figures are reclassified to reflect minor changes in the management structure.

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

Reconciliation

in EUR '000	Q2 2010 YTD	Q2 2009 YTD
Business contribution	136'652	146'942
Unallocated business expenses	-4'128	-11'051
Functional costs	-59'856	-51'577
Depreciation, amortization and impairment losses	-14'104	-13'601
Share-based payment expenses	-1'809	-5'785
Reconciling and other items	-35	-260
Operating profit (EBIT)	56'720	64'668
Net financial result	21'197	-6'256
Profit before tax	77'917	58'412

Note 7 Net financial result

in EUR '000	Q2 2010	Q2 2009	Q2 2010 YTD	Q2 2009 YTD
Interest income	361	877	888	1'007
Net foreign exchange gains/(losses)	-206	6'371	29'834	2'315
Financial income	155	7'248	30'722	3'322
Interest expenses	-2'922	-4'809	-6'099	-8'581
Other financial (expenses)/income, net	-1'274	-1'279	-3'426	-997
Finance cost	-4'196	-6'088	-9'525	-9'578
Net financial result	-4'041	1'160	21'197	-6'256

In 2010, net foreign exchange gains primarily relate to the simplification of internal funding structures, which resulted in the reclassification of cumulative translation differences to the income statement. These gains had been previously recognized in other comprehensive income. The remainder of net foreign exchange result arises from operating in multiple currencies and also takes into account the gains and losses resulting from hedging such exposures.

Other financial expenses mainly comprised fees for the EUR 330 million syndicated banking facility in place from 18 March 2009. As of 30 June 2010, this facility remained undrawn. In 2009, other financial expenses also included a gain on the sale of the remaining investment in the portfolio, which was an equity-linked structured note.

Note 8 Equity

Share capital

The share capital of Nobel Biocare Holding AG is held in Swiss franc (CHF). The number of shares issued by Nobel Biocare Holding AG on 30 June 2010 totaled 123'784'530 (31 December 2009: 123'784'530) with a par value of CHF 0.40 per share, fully paid up.

The share capital may be increased by issuing no more than 247'620 shares (2009: 247'620), each with a par value of CHF 0.40, to be fully paid up, equaling an amount of no more than CHF 99'048 (2009: CHF 99'048) by virtue of the exercise of options granted to employees, Directors and officers of the Group.

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

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

Dividends

On 25 March 2010, the AGM approved a gross dividend of CHF 0.55 per registered share, which was paid on 1 April 2010. The total amount of the gross dividend was CHF 67.7 million or EUR 46.3 million.

Note 9 Share-based payment transactions

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

Vesting is subject to a service period and to the achievement of the program's performance conditions. These conditions assume an outperformance of the Nobel Biocare (NOBN) share price relative to the Swiss Market Index (SMI) or the Swiss Leader Index (SLI) for the period. If this relative outperformance is achieved, each share unit will be converted into a pre-determined amount of Nobel Biocare shares at vesting date. The performance share units cannot be settled in cash.

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

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

	Q2 2010	Q2 2009	Q2 2010 YTD	Q2 2009 YTD
in EUR '000				
Performance share unit plan	1'058	254	1'574	297
Share plan	235	133	235	133
Staff option program	-	2'656	-	5'355
Total	1'293	3'043	1'809	5'785

Note 10 Ongoing disputes

Litigation / Legal proceedings

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

Nobel Biocare Investments N.V. is facing claims by an asset management company. The asset management company has obtained an attachment of an account of Nobel Biocare Investments N.V. in the Netherlands Antilles. In April 2009, a New York court rejected the asset management company's request to start arbitration in the US. In October 2009, the Federal Appeals Court in New York ruled on the asset management company's appeal against this decision, vacated the case and remanded it back to the first instance court for further proceedings. Nobel Biocare rejects all claims by this company as lacking any legal basis and has filed a court case in Switzerland to establish this fact as well as for refund of certain unjustified paid fees. On 14 December 2009, the competent court in Zug decided to have jurisdiction over the case. A decision of the Netherlands Antilles court on the merits of the attachment of Nobel Biocare Investment N.V.'s account is expected in 2010. Decisions of both the first instance court in New York as well as of the Netherlands Antilles court on the merits of the attachment of Nobel Biocare Investment N.V.'s account are expected in 2010.

In June 2010, a Canadian company filed a complaint against BioCad Medical Inc. suing for patent infringement in the Federal Court Quebec, Canada. The lawsuit alleges that BioCad infringes a Canadian

patent owned by said Canadian company on the production of superstructures for dental implants. BioCad Medical Inc. and its consulting patent lawyers are of the opinion that no valid claims of the Canadian company's Sinlab patent are being infringed and will, therefore, vigorously defend the patent infringement suit.

In June 2010, a Californian dentist filed a class action suit in the Federal Court of Los Angeles (USA) against Nobel Biocare USA LLC, Nobel Biocare AB and Nobel Biocare Holding AG alleging product defects of NobelDirect implants and claiming damages. Nobel Biocare rejects the claims and is of the opinion that the available long-term data on the product, which were thoroughly reviewed by the competent Swedish Medical Products Agency (SMPA) several times, prove that NobelDirect is to be regarded as safe and efficacious.

There are other minor disputes pending regarding contractual obligations, including warranty- and labor-related disputes, arising from the ordinary business of 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 11 Subsequent events

In July 2010, Nobel Biocare filed for invalidation of the Canadian company's patent in the German Federal Patent Court as well as for declaratory judgment in the Court of Milan, Italy, that BioCad/Nobel Biocare do not infringe said patent.