

Media Release

Interim report 3, 2011

ZURICH, SWITZERLAND – 8 NOVEMBER 2011

Business improvements on track

- Q3 2011 revenue flat versus Q3 2010 (+0.2% CER) with improvement versus Q2 2011, YTD revenue EUR 414.6 million (-0.9% CER)
- Continued growth in North America and APAC excluding Japan (both 6.5% CER YTD) offset anticipated decline in EMEA (-4.3%)
- Continued strong growth with NobelActive and NobelProcera high-end consumables, both up at solid double-digit percentages
- Successful launch of three new implants
- EBIT margin (CER) excl. exceptional expenses 14.7%, in line with full year guidance, owing to high cost discipline and stabilization of NobelProcera gross margin
- Net profit at EUR 26.5 million; one-off FX hedging costs in Q3 to protect against strengthening of Swiss franc

Table 1: Selected key figures in EUR million

	Q3 2011 as reported	YTD 2011 excluding exceptionals*	YTD 2011 as reported	YTD 2010 as reported	Growth 2010–2011
Revenue	128.2	414.6	414.6	423.3	-0.9% **
Gross profit	96.1	315.6	315.3	330.5	-5.8% **
Gross margin	75.0%	76.1%	76.1%	78.1%	
Profit from operations	11.6	53.3	49.1	65.3	-11.6% **
Operating (EBIT) margin	9.0%	12.9%	11.8%	15.4%	
Operating (EBIT) margin (CER)	11.4%	14.7%	13.8%	15.4%	
Net financial result	-13.2		-12.3	19.4	
Profit/(loss) before tax	-1.6		36.8	84.7	-56.6%
Tax	-0.6		-10.3	-44.2	
Net profit/(loss)	-2.2		26.5	40.5	-34.5%
Profit margin	-1.8%		6.4%	9.6%	
Basic earnings per share, EUR	-0.02		0.22	0.33	-33.3%
Net cash from operating activities	34.0		50.9	61.8	
Employees at the end of the period (number)			2'465	2'384	

* Figures before exceptionals exclude expenses related to the natural disaster in Japan and the CEO change, both of which total EUR 4.2 million.

** At constant exchange rates (CER)

Richard Laube, CEO: “Our Q3 results showed a sequential improvement over the previous quarter, but are not yet up to our standard. We are on track with our strategic initiatives by serving patients, driving our innovation program and strengthening our customer focus. We have seen healthy growth in North America and APAC excluding Japan, while conditions in EMEA became even more challenging, primarily due to increasing economic uncertainty. Our implant system sales are slightly positive, driven by the strong growth of NobelActive. We have successfully launched our new implants in the NobelReplace and NobelActive families, all of which received positive initial feedback and a high level of interest. While our NobelProcera high-precision consumables are growing at a double-digit rate, copings continue to decline. Much work remains to be done, but we are executing according to plan and are on track.”

Business/Product update

Summary – Revenue for the first nine months, at constant exchange rates (CER), decreased by 0.9% to EUR 414.6 million. Due to unfavorable currency effects, the reported revenue decreased by 2.1% year-to-date. For the third quarter, revenue at CER was flat at 0.2% (-2.7% as reported). Year-to-date growth for the entire implant systems business was up 1.0%, while revenue from NobelProcera declined 8.7%. Strong performance was reported for NobelProcera high-end consumables, while good implant fixture growth was offset by lower revenue from standard abutments.

The gross profit and EBIT margins for the first nine months are in line with the guidance for the full year: 76.1% and 12.9% respectively excluding exceptional costs (14.7% at CER). Reported profit from operations (EBIT) for the first nine months was EUR 49.1 million (2010: EUR 65.3 million), reflecting a margin of 11.8% (2010: 15.4%), or 13.8 % at CER. Year-to-date net profit amounted to EUR 26.5 million compared to EUR 40.5 million in 2010.

Product launches – Nobel Biocare launched three new implants for esthetic indications as well as a diagnostic and treatment planning software at AAOMS in Philadelphia and at the EAO in Athens. Leading dental professionals from across the globe got a first look at and hands-on feel for the new products. The level of interest was very encouraging.

The two additions to the NobelReplace implant system, **NobelReplace Conical Connection** and **NobelReplace Platform Shift**, expand the restorative options for the proven NobelReplace tapered implant body. NobelReplace Conical Connection features an advanced, third-generation internal conical connection and platform shifting to help achieve healthy soft tissue, while NobelReplace Platform Shift combines the tri-channel connection with platform shifting to enhance soft tissue volume and maintain NobelReplace's ease-of-use. Both implants come with a complete assortment of pre-fabricated and individualized prosthetic solutions, as they support all existing prosthetics for tri-channel and conical connections.

The fast-growing NobelActive portfolio (~30% growth in volume and value year-to-date) has been augmented with a new **NobelActive 3.0** mm small-diameter implant for safe placement in areas with limited space in the anterior region. As with other NobelActive implants, it is designed to enhance initial stability, and the implant position can be adjusted for optimal restorative orientation. Composed of commercially pure, cold-worked, grade 4 titanium, it is strong despite its small diameter.

These implant introductions are supported by the launch of the multi-platform **NobelClinician**, the industry's first diagnostic and treatment-planning software available for both Mac OS® X and Windows® operating systems. This software serves an increasing customer need in the dental community, given that many dental professionals frequently use Apple devices in their dental practice.

All of these products are available to customers now and underscore the company's commitment to offering innovative solutions with a strong focus on clinical needs and patient benefits.

Regional business performance

Table 2: Revenue by region in EUR million

in EUR million	Q3 2011	YTD 2011	YTD 2010	As reported	CER
				Growth 2010–2011	Growth 2010–2011
Europe, Middle East and Africa (EMEA)	47.9	173.4	180.3	-3.9%	-4.3%
Proportion of total revenue	37%	42%	42%		
North America	45.9	145.0	144.1	0.7%	6.5%
Proportion of total revenue	36%	35%	34%		
Asia/Pacific	32.0	89.0	92.0	-3.3%	-6.2%
Proportion of total revenue	25%	21%	22%		
Latin America/Rest of the world	2.4	7.2	6.9	3.8%	4.2%
Proportion of total revenue	2%	2%	2%		
Total	128.2	414.6	423.3	-2.1%	-0.9%

In **Europe, Middle East and Africa (EMEA)**, revenue (CER) during the first nine months declined by 4.3% to EUR 173.4 million (Q3 2011: -5.4%). Increasing economic uncertainty led to a slowdown in most markets over the course of the reporting period. While Russia has recently shown good growth and Italy is maintaining its market share, Germany was behind expectations in Q3. Performance in Spain has improved, while the decline in Sweden persists. In various countries, overall development was adversely affected by the decline in NobelProcera copings and scanners.

In **North America**, revenue (CER) during the first nine months was up 6.5% to EUR 145.0 million (Q3 2011: 6.0%). Growth momentum continues to be strong for both implant systems and NobelProcera, in particular from individualized abutments and overdenture bars.

In **Asia/Pacific**, revenue for the first nine months was down 6.2% (CER) to EUR 89.0 million (Q3 2011: 0.8%). Japan, which accounts for about two-thirds of the regional revenue, has shown notable improvement in the third quarter after being severely impacted in the first half year by the earthquake and tsunami. Excluding Japan, regional revenue was up 6.5% as a result of continued strong growth in China and the distributor markets in Southeast Asia.

In **Latin America/Rest of the world**, revenue showed increasing improvement and was up by 4.2% (CER) for the first nine months for 2011 (Q3 2011: 19.3%).

Alpha-Bio Tec (ABT) reported continued double-digit growth for the first nine months of 2011, in line with the prior periods. ABT targets different customers, who are more price-sensitive.

Financial performance update

Gross profit for the first nine months was EUR 315.3 million (2010: EUR 330.5 million), reflecting a gross margin of 76.1% (2010: 78.1%). The gross margin for the implant business remained strong due to the overall volume growth in implant fixtures, but was affected by higher royalties, increased precious metal prices and lower abutment pricing. Gross margin for NobelProcera is showing initial signs of stabilization, due to strong control of incremental investments.

Operating expenses during the first nine months were EUR 266.2 million, almost unchanged from a year ago (2010: EUR 265.2 million) despite non-recurring costs of EUR 3.5 million related to Japan and the CEO change as well as a negative currency impact of EUR 2.5 million. Cost discipline in all areas remained high.

Profit from operations (EBIT) for the first nine months was EUR 49.1 million (2010: EUR 65.3 million), reflecting an operating margin of 11.8% (2010: 15.4%), or 13.8% at CER. This margin decrease is fully attributable to the aforementioned lower gross margin. Adjusted for non-recurring expenses related to Japan as well as to the CEO change, EBIT was EUR 53.3 million, which equates to a margin of 12.9% (14.7% at CER).

Currencies – Revenue growth continued to be negatively impacted by the weak US dollar while the high proportion of the Group's operating costs incurred in Swiss francs and Swedish kronor had an adverse effect on the EBIT margin. For the first nine months, the currency impact on the EBIT margin level was -200 bps. This negative impact was almost fully offset by ongoing hedging gains (EUR 7.9 million), which are accounted for in the net financial result.

The net financial result for the nine months was EUR -12.3 million (2010: EUR 19.4 million). While 2010 included a non-recurring currency gain of EUR 30.0 million, the 2011 result was affected by one-off FX hedging costs of EUR 11.6 million against the further strengthening Swiss franc in view of the approaching maturity of the Swiss-franc denominated convertible bond. In Q3, specific hedges against a strong Swiss franc were put in place but subsequently lost their value due to the Swiss National Bank's decision to peg the Swiss franc against the euro. Interest expenses and other financing costs continued to improve compared to the prior year. Excluding exceptional effects in 2010 and 2011, the net financial result improved from EUR -10.6 to -0.7 million.

Taxes – Tax expenses during the nine months of 2011 amounted to EUR 10.3 million versus EUR 44.2 million a year ago, and were impacted by non-recurring expenses resulting from changes in internal funding structures. The expected tax rate for the current year is 27.9% due to generally lower profitability and the one-off hedging costs in Q3. Excluding the latter, the expected tax rate would be approximately 25%.

Net profit for the first nine months was EUR 26.5 million (2010: EUR 40.5 million), reflecting a net profit margin of 6.4% (2010: 9.6%). This decrease mainly results from the lower operating profit, but it is also a reflection of the exceptional FX and tax effects incurred in both years.

Cash flow from operating activities for the first nine months amounted to EUR 50.9 million (2010: EUR 61.8 million). **Cash & cash equivalents** at the end of September 2011 amounted to EUR 188.7 million (2010: EUR 235.6 million). Net financial debt amounted to EUR 83.3 million at the end of the reporting period compared to EUR 6.6 million at the end of September 2010.

Launch of domestic straight bond issue – Nobel Biocare successfully launched its inaugural Swiss franc-denominated domestic straight bond issue in an aggregate principal amount of CHF 120 million with a coupon of 4%, due 10 October 2016. Nobel Biocare will use the bond proceeds to refinance a portion of the outstanding convertible bond, due on 8 November 2011.

Management changes – Effective 30 November 2011, Hans Schmotzer, Executive Vice President Research and Development and member of the Executive Committee has decided to leave the company to establish his own business. His responsibilities will be transferred ad interim to Hans Geiselhöringer, Executive Vice President Products and Development. Nobel Biocare thanks Hans Schmotzer for his contribution.

Subsequent to Melker Nilsson's appointment as Executive Vice President Global Sales and Customer Development in August 2011, the reporting structures within the Executive Committee will be streamlined. Michael Glenn Thompson, Senior Vice President and General Manager APAC, and Alexander Ochsner, Senior Vice President and General Manager EMEA, both of whom report to Melker Nilsson, will be stepping down from the Executive Committee, to dedicate their full attention to their regional and market responsibilities.

Outlook

Nobel Biocare expects the global dental implant market to grow only moderately, at a low- to mid-single digit pace in 2011. Growth in North America and Asia/Pacific excluding Japan remains stronger, while EMEA appears to be relatively flat.

Based on this expected market development, Nobel Biocare's recent trend should continue. Implant systems growth should accelerate modestly in Q4 owing to the new implant launches. Strong double-digit growth in NobelProcera high-end consumables is expected to be offset by declines in tooth-borne copings, small-unit bridges and scanner sales.

For all of 2011, Nobel Biocare expects revenue (at CER) and EBIT margin (excluding currency impacts and exceptional expenses) to be in line with last year.

Nobel Biocare (NOBN, SIX Swiss Exchange) is a 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 around 2,500 employees and recorded revenue of EUR 576.6 million in 2010. 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 34 direct sales organizations.

Further information is available from:

Media:

Nicolas Weidmann
Senior Vice President Global Communications
Tel: +41 43 211 42 80, +41 79 372 29 81
nicolas.weidmann@nobelbiocare.com

Investors:

Süha Demokan
Head of Investor Relations
Tel: +41 43 211 42 30, +41 79 430 81 46
suha.demokan@nobelbiocare.com

The complete Interim Report 3, 2011 is available in English, while an abridged version of the report is available in German.

Investor and analyst presentation

Telephone conferences for investors and analysts will be held today, 8 November 2011, at 08:30 am CET and 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 calls are:

+41 (0)91 610 56 00 Continental Europe
+44 (0)203 059 58 62 UK
+1 (1) 866 291 41 66 USA

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

Subsequently, recordings of both conference calls will be available on the website.

Financial reporting calendar:

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

Disclaimer

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

Selected financial information

in EUR million	Q3 2011 as reported	Q3 2011 YTD ¹ excluding exceptionals	Q3 2011 YTD as reported	Q3 2010 YTD as reported
Income statement				
Revenue	128.2	414.6	414.6	423.3
Gross profit	96.1	315.6	315.3	330.5
Profit from operations (EBIT)	11.6	53.3	49.1	65.3
Profit before tax	-1.6		36.8	84.7
Income tax expense	-0.6		-10.3	-44.2
Profit/(loss) attributable to owners of Nobel Biocare	-2.2		26.5	40.5
Balance sheet				
Non-current assets			325.2	329.2
Current assets			345.6	435.4
Total equity			249.2	323.3
Non-current liabilities			36.3	282.7
Current liabilities			385.3	158.6
Cash and cash equivalents including bank overdraft			188.7	235.6
Miscellaneous				
Net cash from operating activities	34.0		50.9	61.8
Depreciation, amortization and impairment losses	7.9		23.6	21.5
Investments in property, plant and equipment	4.0		14.0	11.8
Employees as of the end of the period (number)			2'465	2'384
Key ratios				
Revenue growth (%)	-2.7		-2.1	-0.6
Revenue growth in local currencies (%)	0.2		-0.9	-5.9
Gross margin (%)	75.0	76.1	76.1	78.1
Operating expenses/revenue ratio (%)	66.0	63.3	64.2	62.7
EBITDA margin (%)	15.2	18.6	17.5	20.5
Operating (EBIT) margin (%)	9.0	12.9	11.8	15.4
Net profit margin (%)	-1.8		6.4	9.6
Return on average equity (%) ²			10.8	21.0
Equity/assets ratio (%)			37.2	42.3
Share information				
Number of shares as of end of period			123'784'530	123'784'530
Average number of shares outstanding			122'768'983	123'120'357
Share price as of end of period (CHF)			9.13	17.65
Market value as of end of period (MCHF)			1'130	2'185
Basic earnings per share (EUR)			0.22	0.33
Diluted earnings per share (EUR)			0.22	0.33
Equity per share (EUR)			2.01	2.63

¹ Figures before exceptionals exclude expenses related to the natural disaster in Japan and the CEO change, both of which total EUR 4.2 million.

² Includes net profit for the last four quarters over average equity for the last four quarters

Condensed consolidated financial statements 2011

INTERIM REPORT 3, 2011

Nobel Biocare Holding AG, P.O. Box, CH-8058 Zurich Airport
Tel +41 (0) 43 211 42 00

Income statement (unaudited)

in EUR '000	Note	Q3 2011	Q3 2010	Q3 2011 YTD	Q3 2010 YTD
Revenue	6	128'151	131'700	414'558	423'343
Cost of goods sold		-32'002	-30'903	-99'271	-92'849
Gross profit		96'149	100'797	315'287	330'494
Selling expenses		-51'722	-55'891	-162'868	-163'201
Administrative expenses		-26'243	-28'581	-82'361	-78'449
Research and development expenses		-6'601	-7'793	-20'976	-23'592
Profit from operations (EBIT)		11'583	8'532	49'082	65'252
Net financial result	7	-13'201	-1'742	-12'306	19'454
Profit/(loss) before tax		-1'618	6'790	36'776	84'706
Income tax expense	8	-625	-24'581	-10'261	-44'216
Profit/(loss) attributable to owners of Nobel Biocare		-2'243	-17'791	26'515	40'490
Basic earnings per share (EUR)		-0.02	-0.14	0.22	0.33
Diluted earnings per share (EUR)		-0.02	-0.14	0.22	0.33

Statement of comprehensive income (unaudited)

in EUR '000	Note	Q3 2011	Q3 2010	Q3 2011 YTD	Q3 2010 YTD
Profit/(loss) attributable to owners of Nobel Biocare		-2'243	-17'791	26'515	40'490
Other comprehensive income:					
Foreign currency translation differences		-12'351	15'966	-55'189	32'845
Reclassification of foreign currency translation differences to income statement, net of tax	7	709	-	709	-29'984
Effective portion of changes in fair value of cash flow hedges, net of tax		-6'949	1'910	-6'140	1'715
Net change in fair value of cash flow hedges reclassified to income statement, net of tax		-787	49	-2'758	-36
Total other comprehensive income/(expenses) for the period		-19'378	17'925	-63'378	4'540
Total comprehensive income/(expenses) for the period attributable to owners of Nobel Biocare		-21'621	134	-36'863	45'030

Balance sheet (unaudited)

in EUR '000	Note	30 September 2011	31 December 2010
Assets			
Property, plant and equipment		86'222	90'233
Intangible assets		207'847	223'388
Non-current receivables		7'993	3'974
Deferred tax assets		23'159	26'817
Total non-current assets		325'221	344'412
Inventories		20'864	23'401
Trade and other receivables		113'255	132'855
Current income tax assets		3'914	4'016
Prepaid expenses and accrued income		15'479	14'665
Financial investments and derivatives		3'416	12'179
Cash and cash equivalents ¹		188'671	239'816
Total current assets		345'599	426'932
Total assets		670'820	771'344
Equity and liabilities			
Share capital	9	31'861	31'861
Share premium		149'091	151'113
Treasury shares		-43'878	-40'216
Retained earnings		112'146	177'231
Total equity attributable to owners of Nobel Biocare		249'220	319'989
Provisions		3'722	2'734
Pension liabilities		7'328	6'232
Deferred tax liabilities		24'836	26'427
Other non-current liabilities		371	494
Total non-current liabilities		36'257	35'887
Bank overdraft		-	297
Convertible bond	11	250'479	252'366
Trade payables		11'932	19'284
Current provisions		4'317	6'745
Current income tax liabilities		32'307	56'202
Other current liabilities and derivatives		26'469	19'285
Accrued expenses and deferred income		59'839	61'289
Total current liabilities		385'343	415'468
Total liabilities		421'600	451'355
Total equity and liabilities		670'820	771'344

1 As of 30 September 2011, the Group held restricted cash amounting to EUR 6'874 k (31 December 2010: EUR 11'975 k).

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 owners of Nobel Biocare
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 year							40'490	40'490	40'490
Other comprehensive income, net of tax					2'861	1'679		4'540	4'540
Total comprehensive income					2'861	1'679	40'490	45'030	45'030
Transactions with owners of Nobel Biocare:									
Acquisition of treasury shares				-4'703					-4'703
Expiry of call and written put options on own shares			-11'912	20'716					8'804
Allocation of shares to share plan participants			-560	795			-235	-235	-
Convertible bond – equity component			-1'967				1'963	1'963	-4
Share-based payment expense, net of tax	12						2'702	2'702	2'702
Dividends to owners of Nobel Biocare relating to 2009							-46'293	-46'293	-46'293
Total transactions with owners of Nobel Biocare			-14'439	16'808			-41'863	-41'863	-39'494
Balance as of 30 September 2010		31'861	151'990	-39'759	-113'025	1'900	290'286	179'161	323'253
Balance as of 1 January 2011		31'861	151'113	-40'216	-123'281	2'820	297'692	177'231	319'989
Comprehensive income:									
Profit for the year							26'515	26'515	26'515
Other comprehensive expenses, net of tax					-54'480	-8'898		-63'378	-63'378
Total comprehensive income/(expenses)					-54'480	-8'898	26'515	-36'863	-36'863
Transactions with owners of Nobel Biocare:									
Acquisition of treasury shares				-5'056					-5'056
Expiry of call options on own shares			-340	340					-
Allocation of shares to share plan participants			-345	1'054			-709	-709	-
Convertible bond – equity component	11		-1'337				1'337	1'337	-
Share-based payment expense	12						4'166	4'166	4'166
Dividends to owners of Nobel Biocare relating to 2010	10						-33'016	-33'016	-33'016
Total transactions with owners of Nobel Biocare			-2'022	-3'662			-28'222	-28'222	-33'906
Balance as of 30 September 2011		31'861	149'091	-43'878	-177'761	-6'078	295'985	112'146	249'220

Cash flow statement (unaudited)

in EUR '000	Note	Q3 2011	Q3 2011 YTD	Q3 2010 YTD
Profit/(loss) before tax		-1'618	36'776	84'706
Adjusted for:				
Depreciation, amortization and impairment losses		7'924	23'632	21'533
Net financial result	7	13'201	12'306	-19'454
Share-based payment expenses	12	855	4'166	2'888
Other non-cash income and expenses		-1'610	-4'553	-4'550
Changes in working capital and provisions:				
Decrease in trade and other current receivables		14'709	17'970	10'869
Decrease in inventories		1'118	1'345	314
Decrease in trade and other current liabilities		-3'573	-11'384	-4'191
Increase in provisions, accrued expenses and deferred income		5'530	1'244	3'208
Income taxes paid		-2'490	-30'599	-33'505
Net cash from operating activities		34'046	50'903	61'818
Purchases of property, plant and equipment		-4'016	-13'973	-11'784
Purchases of intangible assets		-68	-725	-2'604
Purchases of marketable securities		-	-	-36'936
Proceeds from sale of marketable securities		-	-	36'882
Interest received		773	1'892	677
Other investing and hedging activities		-31'435	-29'249	8'709
Net cash used in investing activities		-34'746	-42'055	-5'056
Acquisition of treasury shares		-	-5'056	-4'703
Repayment of short-term borrowings (interest-bearing liabilities)		-	-	-765
Repayment of convertible bond	11	-	-15'952	-21'394
Interest paid		-660	-2'351	-3'573
Dividends paid	10	-	-33'016	-46'293
Net cash used in financing activities		-660	-56'375	-76'728
Decrease in cash and cash equivalents		-1'360	-47'527	-19'966
Cash and cash equivalents at beginning of period, including bank overdraft		189'698	239'519	240'737
Effect of exchange rate differences on cash held		333	-3'321	14'856
Cash and cash equivalents at end of period ¹		188'671	188'671	235'627

¹ Cash and cash equivalents including bank overdraft of EUR 0 k as of 30 September 2011, and EUR 121 k as of 30 September 2010. As of 30 September 2011, the Group held restricted cash amounting to EUR 6'874 k (30 September 2010: 11'929 k).

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 condensed consolidated financial statements of Nobel Biocare for the nine months ended 30 September 2011 comprise the Company and its subsidiaries (the Group).

Nobel Biocare (NOBN, SIX Swiss Exchange) is a world leader in innovative restorative and esthetic dental solutions. As a complete solutions provider, Nobel Biocare offers a 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.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 7 November 2011.

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 2010.

Note 3 Accounting policies

The accounting policies are the same as those applied in the consolidated financial statements for the year ended 31 December 2010, 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 2010.

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 the 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, Implant system products and Individualized products. These products are sold in all operating segments, often with both Implant system 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 (EMEA)		North America		Asia/Pacific		Latin America/ Rest of the world		Total Group	
	Q3 2011 YTD	Q3 2010 YTD	Q3 2011 YTD	Q3 2010 YTD	Q3 2011 YTD	Q3 2010 YTD	Q3 2011 YTD	Q3 2010 YTD	Q3 2011 YTD	Q3 2010 YTD
External sales	173'392	180'349	145'008	144'049	88'989	92'041	7'169	6'904	414'558	423'343
<i>Proportion of total revenue</i>	42%	42%	35%	34%	21%	22%	2%	2%	100%	100%
Business expenses	-102'548	-102'647	-77'796	-77'483	-48'032	-46'995	-5'358	-5'128	-233'734	-232'253
Business contribution	70'844	77'702	67'212	66'566	40'957	45'046	1'811	1'776	180'824	191'090

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, symposia events, quality, logistics, research and development, NobelProcera development, legal and finance. 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 Group-wide equity-settled share-based expenses 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. No individual customer represents a significant portion of the Group's revenue.

Reconciliation

in EUR '000	Q3 2011 YTD	Q3 2010 YTD
Business contribution	180'824	191'090
Unallocated business expenses	-9'363	-7'755
Functional costs	-94'413	-93'576
Depreciation, amortization and impairment losses	-23'632	-21'533
Share-based payment expenses	-4'166	-2'888
Reconciling and other items	-168	-86
Operating profit (EBIT)	49'082	65'252
Net financial result	-12'306	19'454
Profit before tax	36'776	84'706

Note 7 Net financial result

in EUR '000	Q3 2011	Q3 2010	Q3 2011 YTD	Q3 2010 YTD
Interest income	800	173	1'921	1'062
Net foreign exchange gains/(losses) and hedges	-10'722	1'334	-3'790	31'167
Financial income	-9'922	1'507	-1'869	32'229
Interest expenses	-2'428	-2'332	-7'397	-8'432
Other financial expenses	-851	-917	-3'040	-4'343
Finance cost	-3'279	-3'249	-10'437	-12'775
Net financial result	-13'201	-1'742	-12'306	19'454

Net foreign exchange gains and losses arise from operating in multiple currencies and also take into account the gains and losses resulting from hedging such exposures. In 2011, net foreign exchange losses included option premiums paid to hedge the economic risk of the rising Swiss franc against the euro. As a result of the decision of the Swiss National Bank in August to set a minimum exchange rate of CHF 1.20 to the euro, these options lost their value resulting in foreign exchange losses of EUR 11'648 k. In 2010, net foreign exchange gains primarily related to the simplification of internal funding structures, which resulted in the reclassification of cumulative translation differences of EUR 29'984 k to the income statement, which had been previously recognized in other comprehensive income as presented in equity.

In 2011 and 2010, other financial expenses mainly comprise fees for the EUR 330 million syndicated banking facility in place from 18 March 2009. On 22 November 2010, the Group announced that the agreement was replaced and extended for five years to 2015. In conjunction with this replacement, the remaining capitalized fees relating to the original agreement were recognized in the income statement in full in 2010, in favor of the new fee structure to be recognized in the income statement over the life of the amended contract. As of 30 September 2011, this facility remained undrawn.

Note 8 Tax expense

Income tax expense is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year. The full-year estimated tax rate for 2011 is 27.9 percent. The income tax rate for the year ended 31 December 2010 was 54.5 percent and included a tax charge of EUR 29.8 m related to internal business restructuring of the Group.

Note 9 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 September 2011 totaled 123'784'530 (31 December 2010: 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 (31 December 2010: 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 (2010: CHF 99'048) by virtue of the exercise of options granted to employees, Directors and officers of the Group.

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 each with a par 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.

Note 10 Dividends

On 30 March 2011, the AGM approved a dividend to shareholders of CHF 0.35 per share to be paid out of reserves without deduction of withholding tax. The total amount of the dividend is CHF 42.8 million or EUR 33.0 million. The dividend was paid on 6 April 2011.

Note 11 Convertible bond

The nominal amount of the convertible bond issued through the Group's wholly-owned subsidiary Nobel Biocare Investments N.V., Curaçao, Netherlands Antilles, was CHF 385'000 k (EUR 315'722 k), of which the nominal value of CHF 297'910 k (EUR 244'303 k) was outstanding as of 30 September 2011. The maturity date of the convertible bond is 8 November 2011.

The following table shows the change in the carrying amount of the convertible bond.

in EUR '000	2011	2010
Carrying amount of liability as of 1 January	252'366	236'962
Repurchase of liability	-15'952	-21'394
Accrued interest	8'390	8'317
Translation difference	5'675	25'965
Carrying amount of liability as of 30 September	250'479	249'850

Note 12 Share-based payment transactions

Performance share unit program (PSUP)

This long-term incentive plan covers the executives of operating units and headquarters with a single, global program. Participants are granted performance-based share units on a yearly basis. Vesting of these shares is subject to specific performance achievements over a three-year period (program 2009) or a graded three-year period where one-third of the share units vest after one year, one-third after two years and one-third after three years (program 2010, 2011). 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 a predefined performance 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 performance is achieved, each share unit will be converted into a pre-determined amount of Nobel Biocare shares at the 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. 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.

On 28 February 2011, a total of 331'119 performance share units 2011 with similar terms and conditions as the 2010 program was granted to the plan participants.

On 31 March 2011, all performance share units granted in 2008 were forfeited as performance conditions were not achieved.

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

Share plan

A separate share-based payment plan was established for members of the Board of Directors in 2008 as they do not participate in the PSUP. On 30 June 2011 and 1 July 2011, share plan participants were granted 56'880 shares (30 June 2010: 19'000 shares) of Nobel Biocare Holding AG for no consideration. A five-year transfer restriction applies for the share plans 2011 and 2010.

in EUR '000	Q3 2011	Q3 2010	Q3 2011 YTD	Q3 2010 YTD
Plan				
Performance share unit plan	739	1'079	3'457	2'653
Share plan	116	-	709	235
Total	855	1'079	4'166	2'888

Note 13 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. In August 2008, the asset management company obtained an attachment of an account of Nobel Biocare Investments N.V. in Curaçao. In July 2011, the competent court in Curaçao denied the asset management company's claims against Nobel Biocare Investments N.V. that were the basis for the attachment of the funds, and charged them with the cost. The asset management company appealed against this decision.

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. In January 2011, the first instance court in New York City dismissed the asset management company's claim against Nobel Biocare Investments N.V. with prejudice on the merits and costs imposed on them still to be determined. The asset management company had failed to produce evidence supporting its claim. It appealed the decision of the first instance court while Nobel Biocare requested sanctions be determined against the asset management company. 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. In December 2009, the competent court in Zug decided to have jurisdiction over the case.

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 addition, Nobel Biocare has filed for invalidation of the respective German patent of the Canadian company with the German Federal Patent Court and for declaratory judgment with the competent court in Milan, Italy, that neither the respective Italian nor the German patent of said company are infringed. A first hearing of the court in Milan is scheduled toward the end of the year.

In July 2010, Dr. Yamada, 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. In August 2011, the United States District Court for the Central District of California in Los Angeles granted Dr. Yamada's motion, holding that the requirements for a class certification had been met. The certified class includes all individuals in the United States who have purchased any NobelDirect dental implants other than "NobelDirect Groovy". Nobel Biocare denies the plaintiff's allegations in the lawsuit and vigorously rejects the claims. It 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. Nobel Biocare filed an appeal in order to seek interlocutory review of the District Court's decision.

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.

Note 14 Subsequent events

On 10 October 2011, Nobel Biocare issued a CHF 120 million straight bond with a coupon of 4 percent and a maturity date of 10 October 2016.

No conversions of the outstanding convertible bond, due 8 November 2011, were executed as of the authorization of this document on 7 November 2011.

Effective 30 November 2011, Hans Schmotzer, Executive Vice President Research and Development and member of the Executive Committee, has decided to leave the company to establish his own business. His responsibilities will be transferred ad interim to Hans Geiselhöringer, Executive Vice President Products and Development.

Subsequent to Melker Nilsson's appointment as Executive Vice President Global Sales and Customer Development in August 2011, the reporting structures within the Executive Committee will be streamlined. Michael Glenn Thompson, Senior Vice President and General Manager APAC, and Alexander Ochsner, Senior Vice President and General Manager EMEA, both of whom report to Melker Nilsson, will be stepping down from the Executive Committee.

There have been no other material events between 30 September 2011 and the date of authorization that would require adjustments to the consolidated financial statements or disclosures.