

Media Release

Full year report, 2011

ZURICH, SWITZERLAND – 9 FEBRUARY 2012

Business improvements remain on track

- Revenue for 2011 was down 0.7% (CER) to EUR 569.2 million (minus 1.3% as reported)
- EBIT margin stood at 12.7%; EBIT margin excluding exceptional expenses and currency impact was 14.9%
- Successful launch of several product innovations in 2011
- North American revenue growth of 7.6% at CER demonstrates effectiveness of sharpened strategy
- New directors with healthcare, dental and operational expertise proposed to join the Board of Directors

Table 1: Selected key figures in EUR million

	Q4 2011	FY 2011 excluding exceptionals*	FY 2011	FY 2010	Growth 2010-2011
Revenue	154.6	569.2	569.2	576.6	-0.7%**
Gross profit	117.2	432.8	432.5	448.0	-2.4%**
<i>Gross margin</i>	75.8%	76.0%	76.0%	77.7%	
Profit from operations	23.0	76.6	72.1	84.9	-4.5%**
<i>Operating (EBIT) margin</i>	14.9%	13.5%	12.7%	14.7%	
<i>Operating (EBIT) margin (CER)</i>	15.5%	14.9%	14.2%	14.7%	
Net financial result	-4.3		-16.6	15.5	
Profit before tax	18.7		55.5	100.4	-44.8%
Tax	-5.4		-15.7	-54.7	
Net profit	13.3		39.8	45.7	-12.9%
<i>Profit margin</i>	8.6%		7.0%	7.9%	
Basic earnings per share, EUR	0.11		0.32	0.37	-12.4%
Net cash from operating activities	42.2		93.1	97.1	
Employees at the end of the period (number)			2'472	2'433	

* Figures before exceptionals exclude expenses related to the natural disaster in Japan and the CEO change, both of which total EUR 4.5 million.

** At constant exchange rates (CER)

Richard Laube, CEO: “We delivered on guidance in the fourth quarter and second half. The results give us confidence that our team can execute the strategy and again deliver growth. The heart of our strategy is serving patients with innovation and a unique customer value-added relationship. Our challenge in 2012 is to implement our strategy broadly and effectively, building on our changes and growth foundation. We are optimistic for 2012 despite continued challenging market conditions.”

Business performance stabilized and successful launch of innovations

For the full year 2011, revenue at constant exchange rates (CER) declined by 0.7%. Including the unfavorable foreign currency impact, revenue decreased by 1.3% to EUR 569.2 million. In the fourth quarter, revenue increased by 0.9%, while at CER it was flat (-0.2%). Revenue growth stabilized in the second half of the year (CER 0.0%). Product revenue momentum in Q4 was unchanged from Q3. As a result, for the full year, implant systems revenue was up 1.0%, and revenue from NobelProcera was down 9.0%. Growth drivers remain NobelActive and the new NobelProcera high-end prosthetics – both growing at a double-digit rate. The modest growth in total consumable business was diluted by lower scanner sales versus the prior year.

Profit from operations (EBIT) for the full year was EUR 72.1 million (2010: EUR 84.9 million) reflecting an EBIT margin of 12.7% (2010: 14.7%). While profit from operations was impacted by exceptional expenses (related to the natural disasters in Japan and the CEO change) as well as adverse currency impact, profitability remained as guided, at prior-year levels (14.9%) excluding these items. Net profit was EUR 39.8 million compared with EUR 45.7 million a year ago and reflects earnings per share (EPS) of EUR 0.32 (2010: EUR 0.37).

In Q4 2011, Nobel Biocare successfully introduced several product innovations. The company launched three new implants, new prosthetic materials, as well as a new generation of software for diagnostic and treatment planning. The new implants, NobelReplace Conical Connection and NobelReplace Platform Shift expand the restorative options for the proven NobelReplace tapered implant body. NobelReplace Conical Connection now includes 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. The fast-growing NobelActive portfolio (>25% growth in volume and value for the full year) has been augmented with a new implant as well. The NobelActive 3.0 mm small-diameter implant was developed 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 very strong despite its small diameter. NobelProcera fully launched the IPS e.max full contour crown. These implant and prosthetic 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.

Also in 2011, new long-term data reconfirmed the efficacy of Nobel Biocare's proprietary TiUnite osseointegration surface. Three 7-8 year long-term follow up studies with 228 Brånemark implants in 106 patients confirmed a high survival rate (CSR) from 97.1% to 100%. All three studies were accepted in peer-reviewed publications and demonstrate TiUnite's unique properties for effective osseointegration.

Strategy shaped with patients first, built on innovation, customer care and people development

In the course of 2011, Nobel Biocare refined its strategy with the objective to re-establish the company as the leader in implant dentistry. As part of the company's new strategic focus, Nobel Biocare has initiated a transformation to better respond to patient and customer needs. Three strategic pillars have been defined and various measures taken to improve the core areas of innovation, customer care and people development.

As such Nobel Biocare has begun a process of developing a streamlined organizational structure. The goal of sharpening the organization is to cultivate scientific innovation based on customer needs, drive pipeline progress, facilitate strong sales force effectiveness and excellent customer relationships. It is also to position the company to invest in key areas for future growth, including dental implants, prosthetics, digital dentistry and customer care. The company continues to shift resources to the new strategic priorities, improve efficiencies and simplify infrastructure. The new organization has been initiated in the second half of 2011 and will be rolled out during 2012.

As a consequence of designing a more focused organization, the process from idea to market has been organized in two strong complementary organizational units. As such, all product development activities – from idea to a launch-ready product – are concentrated in an integrated “Global Research, Product and Development” business unit. Additionally, the company's innovation pipeline has undergone a profound re-

evaluation, redesigned around eight key clinical themes that Nobel Biocare believes will be central in the future of implant dentistry. Within the renewal, over 50 key projects have been identified. The second key unit is centered on changing and improving relationships with customers. All market, sales and customer-related activities have been integrated in a new "Global Sales and Customer Development" unit. The new unit is applying a market- and customer-centric approach with a strong sales focus aligning the organization to more effectively respond to customer needs at the individual country level. It has begun to globally reapply programs and successes from markets where Nobel Biocare is building market share. The increased customer focus will allow Nobel Biocare to develop more effective solutions to help customers grow and provide superior patient care.

Regional business performance

In **Europe, Middle East and Africa (EMEA)**, full-year revenue (CER) declined by 5.0% to EUR 236.5 million (Q4: -7.1%). Nobel Biocare made progress in various countries but is not performing up to its potential across the region. Market conditions have been deteriorating, and the company continued to be negatively affected by its heavy exposure to southern Europe where economic challenges have been even more prominent. Spain experienced another year of decline, while performance in France became negative towards the end of the year, and Italy fell to low single-digit growth levels. On the other hand, Nobel Biocare's position in Germany, currently the strongest European economy, stabilized but was not sufficient to compensate for the development in other countries.

In **North America**, revenue (CER) for the full year increased by 7.6% to EUR 200.1 million (Q4: 10.7%). Nobel Biocare made substantial progress in reinforcing its competitive position. Supported by strong underlying market fundamentals, Nobel Biocare was increasingly effective in leveraging its highly innovative treatment solutions with value-adding activities to help customers grow their own business.

In the **Asia/Pacific** region, revenue (CER) for the full year was down 5.1% to EUR 123.6 million (Q4: -2.1%). In Japan, a country that accounts for almost two-thirds of the regional revenue, Nobel Biocare was negatively affected by the economic consequences of the March 2011 earthquake and tsunami. Excluding Japan, the region grew 7.6% (CER) in 2011, driven by strong double-digit growth in China, which is increasingly relevant for the performance of this region.

In **Latin America/Rest of the world**, full-year revenue (CER) for 2011 was up by 1.6% to EUR 9.0 million (Q4: -6.8%).

Alpha-Bio Tec (ABT), which was acquired in 2008 and which targets customers with simpler product and solution needs mainly in emerging markets, grew at a double-digit rate during 2011. Alpha-Bio Tec sales are included in the EMEA regional sales figures.

Table 2: Revenue by region in EUR million

in EUR million	Q4 2011	FY 2011	FY 2010	Growth 2010–2011	Growth 2010–2011 CER
Europe, Middle East and Africa (EMEA)	63.0	236.5	248.3	-4.8%	-5.0%
Share of total revenue	41%	41%	43%		
North America	55.1	200.1	193.7	3.3%	7.6%
Share of total revenue	36%	35%	33%		
Asia/Pacific	34.6	123.6	125.6	-1.6%	-5.1%
Share of total revenue	22%	22%	22%		
Latin America/Rest of the world	1.9	9.0	9.0	0.6%	1.6%
Share of total revenue	1%	2%	2%		
Total	154.6	569.2	576.6	-1.3%	-0.7%

Financial performance

Gross profit for the full year decreased to EUR 432.5 million (2010: EUR 448.0 million). This reflects a gross profit margin of 76.0% compared with 77.7% in 2010. While the margin for implant systems benefited from slightly increasing volumes and strong cost management, it was diluted by lower sales prices, higher input prices and increasing royalty payments. The NobelProcera margin was affected by declining coping volumes and a still-rising cost basis (mainly depreciation) resulting from capacity investments in late 2010 and early 2011.

Operating expenses for the full year amounted to EUR 360.4 million (2010: EUR 363.1 million). In view of the overall uncertain economic situation and the slow market recovery, Nobel Biocare continued its disciplined cost management across all regions and functions and decreased its underlying operating costs (at CER) by about 3% versus 2010 while investments in customer activities, training and education as well as in product development and innovation continued. However, exceptional costs were recorded in relation to Japan as well as to the CEO change in early 2011. Even including these adverse effects and a negative impact from currencies, the reported operating costs in 2011 were below the level of 2010.

Profit from operations (EBIT) for the full year totaled EUR 72.1 million (2010: EUR 84.9 million), reflecting an operating margin of 12.7% (2010: 14.7%). Adjusted for exceptional expenses related to Japan as well as to the CEO change, EBIT was EUR 76.6 million, which equates to a margin of 13.5% (14.9% at CER) – in line with full year guidance.

Currencies – During 2011, volatility of currencies was at a historic high. The euro crisis and related volatility also had a significant impact on Nobel Biocare's income statement, balance sheet and cash flow. Currency movements affected revenue by -0.6 percentage points, mainly due to the weak US dollar and taking into account the regional growth contribution across the Group. On an EBIT margin level the impact was -1.5 percentage points, mainly due to Nobel Biocare's cost base in Switzerland (headquarter) and Sweden (two production plants). Seventy-seven percent of that currency impact could be gained back through the ongoing EBIT hedging program, which is accounted for in the financial result.

Net financial result for the full year was EUR -16.6 million (2010: EUR 15.5 million). Excluding EUR 30.0 million exceptional foreign exchange gains in 2010, the comparison base in the prior year was EUR -14.5 million. The 2011 foreign exchange result nets two opposing elements: on the one hand the Group recorded EUR 7.0 million in foreign exchange gains from its ongoing hedging program and thus offset 1.2 percentage

points of the EBIT margin dilution recorded in operating profit. On the other, EUR 11.6 million one-off hedging costs were incurred in Q3 2011, resulting from special hedging of the convertible redemption against the rapidly falling euro, which abruptly reversed course with the pegging of the Swiss franc by the Swiss National Bank.

Taxes – In 2011, tax expenses were EUR 15.7 million versus EUR 54.7 million in 2010. Excluding exceptional tax expenses of EUR 29.8 million, which were recorded in 2010 due to a restructuring of internal profit streams, the 2010 comparison base is EUR 24.9 million. The significant decrease of tax expenses in 2011 can be explained by lower profit before tax, mainly resulting from the exceptional effects in the financial result. The underlying tax rate in 2011 was 28.3%, compared with 24.8% in 2010. The increase in the tax rate results from changes in the financial result, the lower EBIT margin and an unfavorable development of the regional profit contribution mix. The tax restructuring from 2010 had a positive impact of EUR 6.1 million (11 percentage points on the tax rate) on the 2011 results.

Net profit for the full year was EUR 39.8 million (2010: EUR 45.7 million). The reported net margin was 7.0% versus 7.9% in 2010. While operating profit was EUR 12.8 million lower, the combination of financial result and tax expenses was EUR 6.9 million favorable compared to 2011.

Cash flow from operating activities for the full year totaled EUR 93.1 million (2010: EUR 97.1 million). As in prior years, this cash flow reflects prudent cash management and further working capital reductions. Including cash effects from investments, financing and related hedging needs, free cash flow was minus EUR 94.0 million versus EUR 32.6 million in 2010. A major reason for this change was the redemption of the convertible bond and only a partial refinancing through a 5-year straight bond and a drawdown of the syndicated banking facility. As a result of these transactions as well as a shareholder dividend of EUR 33.0 million, the Group's cash position was 107.5 million at the end of 2011 (2010: EUR 239.5 million).

Annual General Meeting

The Board of Directors' proposals to the Annual General Meeting of shareholders (AGM) scheduled for 29 March 2012, in Zurich, Switzerland, in addition to the approval of the annual accounts, include:

Dividend – The Board of Directors approved a dividend proposal of CHF 0.15 per registered share (2010: CHF 0.35/share). It is planned to pay this dividend out of reserves and in a shareholder-friendly way without deduction of withholding tax. The payment date for this dividend, if approved by the AGM, is set for 5 April 2012 (ex-dividend date: 2 April 2012, record date: 4 April 2012).

Changes in the Board of Directors – Nobel Biocare intends to further strengthen its Board of Directors in a targeted manner through the addition of three highly experienced professionals in the fields of medical technology, dental medicine, information technology and manufacturing. Shareholders will be asked to elect, at the Annual General Meeting on 29 March 2012, Michel Orsinger, Prof. Dr. Georg Watzek and Juha Raisanen to the Board of Directors. Michel Orsinger, President & CEO of Synthes, brings with him a strong track record and extensive experience in the consumer and medtech area. After his election to the Board, he is to be named Chairman of the Board of Nobel Biocare. Prof. Dr. Georg Watzek, head of the Oral Surgery Department at the Vienna University of Medicine, is a renowned expert in the field of dental medicine and implantology. He is co-publisher of one of the most important journals of dental medicine, a member of several leading dental associations, and a recognized lecturer at dental conventions throughout the world. He will supplement the Board through his important in-depth knowledge of the customer dimension of Nobel Biocare's business. Juha Raisanen is Senior Vice President Manufacturing and Supply Chain at Kone Corporation. He brings

broad knowledge and a strong track record in information technology and supply chain management, as well as the lean manufacturing and Six Sigma methodologies from various industries, including electronics semi-conductors and mechanical engineering. His expertise will help the company to further increase the effectiveness of its production value chain.

Rolf Watter, Chairman of the Board ad interim, stated: "The Board of Directors is pleased to propose to the Annual General Meeting of Shareholders these proven experts, with their extensive specialized know-how and years of professional experience, to be elected to the Board of Directors. The excellent industry-specific and management competence of Michel Orsinger, Prof. Dr. Georg Watzek and Juha Raisanen will contribute significantly to the implementation and achievement of our strategic goals. Their appointment represents both a crucial reinforcement of our Board of Directors and an important milestone on our path toward delivering sustainable growth at Nobel Biocare."

After six and seven years of service, in line with internal organizational regulations, Stig Eriksson and Robert Lilja will not stand for re-election. The Board would like to take this occasion to thank them sincerely for their strong dedication and contribution over the past years.

Outlook

Nobel Biocare has a cautious outlook on the global dental implant market for 2012 with low single-digit percent growth estimated. Increasingly challenging market conditions are expected in many European economies, while the North American market is expected to continue its growth trend. The development in Asia/Pacific will depend on further stabilization in Japan.

Nobel Biocare intends to further build on the strategic changes and improvements initiated in the second half of 2011. Based on this and the above market assumptions, Nobel Biocare targets modest growth in 2012 in its implant systems business. In NobelProcera, the objective for 2012 is to accelerate growth of the consumable business on the basis of the Group's strong competitive advantage in screw-retained prosthetics.

Nobel Biocare will increase its 2012 investments in product development, marketing, sales and IT spending to drive process efficiencies. These investments will accelerate our strategic execution in the mid-term. For 2012, Nobel Biocare expects profit from operations (EBIT) at CER to be in line with 2011.

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 over 2'400 employees and recorded revenue of EUR 569.2 million in 2011. 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 Full Year Report 2011 is available in English, while an abridged version of the report is available in German. Both documents can be downloaded from the Nobel Biocare website at <http://corporate.nobelbiocare.com/en/investors> and <http://corporate.nobelbiocare.com/de/investors> respectively.

A preliminary print version of the Annual Report 2011 in English can be downloaded via <http://corporate.nobelbiocare.com/en/investors> or obtained in PDF format from investor.relations@nobelbiocare.com.

Investor, analyst and media presentation

An investor, analyst and media presentation in English will be held today, 9 February 2012, at 09:30 am CET at the SIX Swiss Exchange, ConventionPoint, Auditorium, Selnaustrasse 30, Zurich, Switzerland.

This presentation can be listened to live via audio-webcast at www.nobelbiocare.com/investors and is also accessible via telephone conference, using the dial-in numbers below:

+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 Investors section of our website: www.nobelbiocare.com.

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

Recording of the webcast will be available on the website shortly after the end of the conference.

Financial reporting calendar:

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	Q4 2011	Q4 2011 ¹ excluding exceptionals	FY 2011	FY 2010
Income statement				
Revenue	154.6	569.2	569.2	576.6
Gross profit	117.2	432.8	432.5	448.0
Profit from operations (EBIT)	23.0	76.6	72.1	84.9
Profit before tax	18.7		55.5	100.4
Income tax expense	-5.4		-15.7	-54.7
Profit attributable to owners of Nobel Biocare	13.3		39.8	45.7
Balance sheet				
Non-current assets			324.5	344.4
Current assets			267.7	426.9
Total equity			281.5	320.0
Non-current liabilities			136.8	35.9
Current liabilities			173.9	451.4
Cash and cash equivalents including bank overdraft			107.5	239.5
Miscellaneous				
Net cash from operating activities	42.2		93.1	97.1
Depreciation, amortization and impairment losses	8.8		32.5	29.6
Investments in property, plant and equipment	3.0		17.0	23.3
Research and development expenses	8.0		29.0	31.6
Employees as of the end of the period (number)			2'472	2'433
Key ratios				
Revenue growth (%)	0.9		-1.3	-0.8
Revenue growth in local currencies (%)	-0.2		-0.7	-6.4
Gross margin (%)	75.8	76.0	76.0	77.7
Operating expenses/revenue ratio (%)	60.9	62.6	63.3	63.0
EBITDA margin (%)	20.6	19.2	18.4	19.9
Operating (EBIT) margin (%)	14.9	13.5	12.7	14.7
Net profit margin (%)	8.6		7.0	7.9
Return on average equity (%) ²			14.0	14.2
Equity/assets ratio (%)			47.5	41.5
Share information				
Number of shares as of end of period			123'784'530	123'784'530
Average number of shares outstanding			122'775'158	123'035'900
Number of shares after full conversion of conditional share capital ³			149'032'150	149'032'150
Share price as of end of period (CHF)			10.92	17.63
Market value as of end of period (MCHF)			1'352	2'182
Basic earnings per share (EUR)		0.11	0.32	0.37
Diluted earnings per share (EUR)		0.11	0.32	0.37
Equity per share (EUR)			2.27	2.59
Equity per share after full conversion of conditional share capital (EUR)			1.89	2.15

¹ Figures before exceptionals exclude expenses related to the natural disaster in Japan and the CEO change, both of which total EUR 4.5 million.

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

³ Includes conditional capital of 25'247'620 shares

Audit procedures

The condensed interim report has not been audited. However, the report is based on the consolidated balance sheet as of 31 December 2011, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year 2011, and the explanatory notes. The income statement, statement of comprehensive income and cash flow statement for the three-month period from 1 October to 31 December 2011 were not subject to any audit procedures.

Condensed consolidated financial statements 2011

FULL-YEAR REPORT 2011

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

Income statement

in EUR '000	Note	Q4 2011	Q4 2010	FY 2011	FY 2010
Revenue	6	154'621	153'240	569'179	576'583
Cost of goods sold		-37'406	-35'760	-136'677	-128'610
Gross profit		117'215	117'480	432'502	447'973
Selling expenses		-57'569	-60'775	-220'436	-223'976
Administrative expenses		-28'574	-28'999	-110'935	-107'447
Research and development expenses		-8'028	-8'049	-29'005	-31'641
Profit from operations (EBIT)		23'044	19'657	72'126	84'909
Net financial result	7	-4'351	-3'966	-16'657	15'488
Profit before tax		18'693	15'691	55'469	100'397
Income tax expense	8	-5'428	-10'512	-15'688	-54'728
Profit attributable to owners of Nobel Biocare		13'265	5'179	39'781	45'669
Basic earnings per share (EUR)		0.11	0.04	0.32	0.37
Diluted earnings per share (EUR)		0.11	0.04	0.32	0.37

Statement of comprehensive income

in EUR '000	Note	Q4 2011	Q4 2010	FY 2011	FY 2010
Profit attributable to owners of Nobel Biocare		13'266	5'179	39'781	45'669
Other comprehensive income:					
Foreign currency translation differences		17'913	-13'272	-37'276	19'573
Reclassification of foreign currency translation differences to income statement, net of tax	7	508	3'016	1'217	-26'968
Effective portion of changes in fair value of cash flow hedges, net of tax		-257	1'358	-6'397	3'073
Net change in fair value of cash flow hedges reclassified to income statement, net of tax		109	-438	-2'649	-474
Total other comprehensive income/(expenses) for the period		18'273	-9'336	-45'105	-4'796
Total comprehensive income/(expenses) for the period attributable to owners of Nobel Biocare		31'539	-4'157	-5'324	40'873

Balance sheet

in EUR '000	Note	31 December 2011	31 December 2010
Assets			
Property, plant and equipment		86'331	90'233
Intangible assets		212'558	223'388
Non-current receivables		3'420	3'974
Deferred tax assets		22'235	26'817
Total non-current assets		324'544	344'412
Inventories		23'946	23'401
Trade and other receivables		109'362	132'855
Current income tax assets		5'799	4'016
Prepaid expenses and accrued income		13'754	14'665
Derivative financial instruments		7'389	12'179
Cash and cash equivalents ¹		107'456	239'816
Total current assets		267'706	426'932
Total assets		592'250	771'344
Equity and liabilities			
Share capital	9	31'861	31'861
Share premium		111'023	151'113
Treasury shares		-21'498	-40'216
Retained earnings		160'118	177'231
Total equity attributable to owners of Nobel Biocare		281'504	319'989
Provisions		3'172	2'734
Pension liabilities		8'643	6'232
Loans and borrowings		98'400	-
Deferred tax liabilities		26'269	26'427
Other non-current liabilities		357	494
Total non-current liabilities		136'841	35'887
Bank overdraft		-	297
Loans and borrowings	11	36'928	252'366
Trade payables		15'378	19'284
Current provisions		5'935	6'745
Current income tax liabilities	8	36'763	56'202
Other current liabilities and derivatives		16'748	19'285
Accrued expenses and deferred income		62'153	61'289
Total current liabilities		173'905	415'468
Total liabilities		310'746	451'355
Total equity and liabilities		592'250	771'344

¹ As of 31 December 2011, the Group held restricted cash amounting to EUR 7'122k (31 December 2010: EUR 11'975 k).

Statement of changes in equity

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							45'669	45'669	45'669
Other comprehensive income, net of tax					-7'395	2'599		-4'796	-4'796
Total comprehensive income/(expenses)					-7'395	2'599	45'669	40'873	40'873
Transactions with owners of Nobel Biocare:									
Acquisition of treasury shares				-4'817					-4'817
Expiry of call and written put options on own shares			-11'912	20'716					8'804
Allocation of shares to share plan participants			-194	452			-258	-258	-
Convertible bond – equity component			-3'210				3'206	3'206	-4
Share-based payment expenses, net of tax	12						3'709	3'709	3'709
Dividends to owners of Nobel Biocare relating to 2009							-46'293	-46'293	-46'293
Total transactions with owners of Nobel Biocare			-15'316	16'351			-39'636	-39'636	-38'601
Balance as of 31 December 2010		31'861	151'113	-40'216	-123'281	2'820	297'692	177'231	319'989
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							39'781	39'781	39'781
Other comprehensive expenses, net of tax					-36'059	-9'046		-45'105	-45'105
Total comprehensive income/(expenses)					-36'059	-9'046	39'781	-5'324	-5'324
Transactions with owners of Nobel Biocare:									
Acquisition of treasury shares				-5'056					-5'056
Expiry of call options on own shares			-22'720	22'720					-
Allocation of shares to share plan participants			-301	1'054			-753	-753	-
Convertible bond – equity component	11		-17'069				17'069	17'069	-
Share-based payment expenses	12						4'911	4'911	4'911
Dividends to owners of Nobel Biocare relating to 2010	10						-33'016	-33'016	-33'016
Total transactions with owners of Nobel Biocare			-40'090	18'718			-11'789	-11'789	-33'161
Balance as of 31 December 2011		31'861	111'023	-21'498	-159'340	-6'226	325'684	160'118	281'504

Cash flow statement

in EUR '000	Note	Q4 2011	FY 2011	FY 2010
Profit before tax		18'693	55'469	100'397
Adjusted for:				
Depreciation, amortization and impairment losses		8'819	32'451	29'583
Net financial result	7	4'351	16'657	-15'488
Share-based payment expenses	12	745	4'911	3'895
Other non-cash (income)/expenses		657	-3'896	4'228
Changes in working capital and provisions:				
Decrease in trade and other current receivables		7'174	25'144	15'752
(Increase)/decrease in inventories		-1'548	-203	1'176
Increase/(decrease) in trade and other current liabilities		3'612	-7'772	-4'461
Increase in provisions, accrued expenses and deferred income		1'756	3'000	4'476
Income taxes paid		-2'056	-32'655	-42'439
Net cash from operating activities		42'203	93'106	97'119
Purchases of property, plant and equipment		-3'014	-16'987	-23'334
Purchases of intangible assets		-642	-1'367	-3'630
Purchases of marketable securities		-	-	-36'936
Proceeds from sale of marketable securities		-	-	36'882
Interest received		191	2'083	1'106
Other investing and hedging activities	7	-1'279	-30'528	5'408
Net cash used in investing activities		-4'744	-46'799	-20'504
Acquisition of treasury shares	10	-	-5'056	-4'817
Proceeds from current interest-bearing loans and borrowings	11	36'928	36'928	-
Repayment of current interest-bearing loans and borrowings	11	-246'860	-262'812	-1'429
Proceeds from non-current interest-bearing loans and borrowings	11	95'775	95'775	-
Repayment of non-current interest-bearing loans and borrowings	11	-	-	-35'433
Hedging of interest-bearing loans and borrowings		-4'412	-4'412	-
Interest paid		-3'478	-5'829	-7'180
Dividends paid	10	-	-33'016	-46'293
Net cash used in financing activities		-122'047	-178'422	-95'152
Decrease in cash and cash equivalents		-84'588	-132'115	-18'537
Cash and cash equivalents at beginning of period, including bank overdraft		188'671	239'519	240'737
Effect of exchange rate differences on cash held		3'373	52	17'319
Cash and cash equivalents at end of period¹		107'456	107'456	239'519

¹ Cash and cash equivalents including bank overdraft of EUR 0 k as of 31 December 2011, and EUR 297 k as of 31 December 2010. As of 31 December 2011, the Group held restricted cash amounting to EUR 7'122 k (31 December 2010: 11'975 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 year ended 31 December 2011 comprise the Company and its subsidiaries (the Group).

Nobel Biocare is a highly focused and specialized leader in the market of implant-based dental restorations. The Group's broad portfolio includes dental implant systems for all indications, a comprehensive range of high-precision individualized prosthetics, CAD/CAM systems, diagnostics, treatment planning and guided surgery solutions. Nobel Biocare supports its customers through all phases of professional development, offering world-class training and education as well as a range of practice support and patient information materials. Nobel Biocare is headquartered in Zurich, Switzerland.

The condensed consolidated financial statements of Nobel Biocare Group were authorized for issue by the Board of Directors of Nobel Biocare Holding AG on 8 February 2012.

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.

Note 3 Accounting policies

The accounting policies are the same as those applied in the consolidated financial statements for the year ended 31 December 2011.

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.

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 systems and individualized products. These products are sold in all operating segments, often with both implant systems 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	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
External sales	236'448	248'330	200'103	193'695	123'596	125'584	9'032	8'974	569'179	576'583
<i>Share of total revenue</i>	41%	43%	35%	33%	22%	22%	2%	2%	100%	100%
Business expenses	-139'478	-143'369	-105'674	-105'284	-65'708	-63'666	-6'908	-6'847	-317'768	-319'166
Business contribution	96'970	104'961	94'429	88'411	57'888	61'918	2'124	2'127	251'411	257'417

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 and product development, certain symposia events, quality, logistics, research and development and other administrative 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 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	FY 2011	FY 2010
Business contribution	251'411	257'417
Unallocated business expenses	-13'982	-10'974
Functional costs	-128'011	-128'048
Depreciation, amortization and impairment losses	-32'451	-29'583
Share-based payment expenses	-4'911	-3'895
Reconciling and other items	70	-8
Operating profit (EBIT)	72'126	84'909
Net financial result	-16'657	15'488
Profit before tax	55'469	100'397

Note 7 Net financial result

in EUR '000	Q4 2011	Q4 2010	FY 2011	FY 2010
Interest income	414	435	2'335	1'497
Net foreign exchange gains/(losses)	-5'350	14'003	29'273	-573
Derivative instruments at fair value through profit or loss	5'123	-	-	1'600
Net change in fair value of cash flow hedges reclassified from other comprehensive income	-	474	2'827	644
Reclassification of cumulative translation differences from other comprehensive income	-	-	-	29'984
Financial income	187	14'912	34'435	33'152
Interest expenses	-2'873	-2'673	-10'270	-11'105
Derivative instruments at fair value through profit or loss ¹	-	-13'989	-35'557	-
Net change in fair value of cash flow hedges reclassified from other comprehensive income ¹	-148	-	-	-
Reclassification of cumulative translation differences from other comprehensive income ¹	-508	-	-1'217	-
Other financial expenses	-1'009	-2'216	-4'048	-6'559
Finance cost	-4'538	-18'878	-51'092	-17'664
Net financial result	-4'351	-3'966	-16'657	15'488

¹ Negative cumulative translation differences and derivative losses from the prior year were reclassified from financial income to finance cost.

Net foreign exchange gains and losses generally arise from operating in multiple currencies, while gains and losses on derivative instruments result from hedging such exposures. In 2011, derivative instruments at fair value through profit or loss included option premiums paid to hedge the economic risk of the rising Swiss franc against the euro in conjunction with the approaching redemption of the convertible bond. As a result of the decision of the Swiss National Bank in September to set a minimum exchange rate of CHF 1.20 to the euro, these options lost their value resulting in a loss of EUR 11'648 k. This amount is included within the cash flow statement under "other investing and hedging activities" along with rollover effects on derivatives.

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.

Other financial expenses mainly comprise fees for the EUR 330'000 k syndicated banking facility. 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 favor of the new fee structure to be recognized in the income statement over the life of the amended contract. As of 31 December 2011, CHF 45'000 k or EUR 36'928 k (31 December 2010: EUR 0 k) was drawn on the facility.

Note 8 Tax expense

The full-year income tax rate for 2011 was 28.3 percent. The decrease of 26.2 percentage points in the income tax rate from 54.5 percent in 2010 is mainly related to the one-time effect from the internal business restructuring during 2010, where intangible assets were transferred between Group companies at fair market value.

Note 9 Equity

Share capital

The share capital of Nobel Biocare Holding AG is held in Swiss franc (CHF). The number of issued shares by Nobel Biocare Holding AG on 31 December 2011 totaled 123'784'530 (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 (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 and officers of the Group.

In addition, 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 required 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 of CHF 0.35 per registered share. The dividend was paid to shareholders on 6 April 2011 out of reserves without deduction of withholding tax. The total amount of the dividend paid was CHF 42.8 million or EUR 33.0 million.

On 8 February 2012, the Company's Board of Directors decided to propose to the AGM a dividend to shareholders of CHF 0.15 per share to be paid out of reserves without deduction of withholding tax. The total amount of the proposed dividend is CHF 18.4 million or approximately EUR 15 million depending on exchange rates at the pay-out date.

Note 11 Loans and borrowings

in EUR '000	2011	2010	Interest rate	Maturity	Currency
Straight bond (at amortized cost)	98'400	-	4.0%	10 Oct 2016	CHF
Total non-current interest-bearing loans and borrowings	98'400	-			
Syndicated credit facility (at nominal value)	36'928	-	1.4%	6 Feb 2012	CHF
Convertible bond (at amortized cost)	-	252'366	1.0%	8 Nov 2011	CHF
Total current interest-bearing loans and borrowings	36'928	252'366			
Carrying amount of liability as of 31 December	135'328	252'366			

The Group has a EUR 330'000 k committed syndicated credit facility in place until November 2015. As of 31 December 2011, EUR 36'928 k was drawn on the facility in conjunction with the recent redemption of the convertible bond. As of 31 December 2010, no amount was drawn upon the facility.

On 10 October 2011, Nobel Biocare Holding AG, Kloten, Switzerland, issued a CHF 120'000 k (EUR 98'475 k) straight bond with a coupon of 4 percent and a maturity date of 10 October 2016. Fees related to the bond total EUR 968 k, which is amortized over the duration of the bond.

The following table shows the change in the carrying amount of the straight bond:

in EUR '000	2011	2010
Carrying amount of liability as of 1 January	-	-
Issuance of domestic straight bond	95'775	-
Accrued interest	894	-
Translation difference	1'731	-
Carrying amount of liability as of 31 December	98'400	-

On 8 November 2011, the convertible bond was redeemed with no conversions having been executed. The nominal amount of the bond, issued through the Group's wholly-owned subsidiary Nobel Biocare Investment N.V., Curaçao, Netherlands Antilles, was CHF 385'000 k (EUR 315'940 k), of which the nominal value of CHF 297'910 k (EUR 241'901 k) was outstanding at the maturity date.

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	-35'433
Accrued interest	9'643	11'121
Interest paid	-2'402	-2'415
Translation difference	3'205	42'131
Repayment at maturity date	-246'860	-
Carrying amount of liability as of 31 December	-	252'366

Note 12 Share-based payment transactions

Performance share unit program (PSUP)

This long-term incentive plan covers executives of operating units and the headquarters with a single, global program. Participants are granted performance-based share units (PSUs) under the PSUP. 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 an equity-settled share-based payment plan under IFRS 2.

Vesting is subject to a service period and to the achievement of 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 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 a Monte Carlo simulation. Market conditions are taken into account when estimating the fair value of the instruments granted. Service conditions are not taken into account for the grant date fair value measurement of the services received.

During 2011, a total of 359'621 performance share units 2011 with similar terms and conditions as the 2010 program were 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	Q4 2011	Q4 2010	FY 2011	FY 2010
Plan				
Performance share unit plan	701	997	4'158	3'650
Share plan	44	10	753	245
Total	745	1'007	4'911	3'895

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 the 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 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 main hearing of the court in Milan is scheduled for October 2012. A decision is expected in early 2013.

In July 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. In August 2011, the United States District Court for the Central District of California in Los Angeles granted the dentist'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.

The costs relating to these lawsuits may not be fully covered by insurance. However, it is not expected that any material liabilities will arise from these contingent liabilities.

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

There have been no material events between 31 December 2011 and the date of authorization that would require adjustments to the consolidated financial statements or disclosures.