



## Össur hf. Q1 2016

### Investor Meeting

Jon Sigurdsson, President & CEO  
Sveinn Solvason, CFO

28 April 2016

## FORWARD LOOKING STATEMENTS



This presentation contains forward-looking statements, which reflect the Management's current views with respect to certain future events and financial performance. Although the statements are based upon estimates the Management believes to be reasonable, there is no assurance that these statements will be achieved.

Statements containing the financial outlook for 2016 and the following years naturally involve risks and uncertainties, and consequently actual results will differ, and may differ materially, from those projected or implied in the forward-looking statements.

The risks and uncertainties may include unexpected developments in the international currency exchange and securities markets, financing, market driven price decreases for Össur's products, delay or failure of development products, production problems and unexpected cost increases, development of new technologies by competitors, the introduction of competing products within Össur's core areas, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws.

# HIGHLIGHTS Q1 2016



SALES  
USD 114m



- 3% growth
- B&S 3% growth
- Prosthetics 3% growth

OPERATIONS  
EBITDA USD 19m



- Gross profit margin 63%
- EBITDA margin 16%

HIGHLIGHTS



- Acquisition of Touch Bionics in April
- Strong sales in Americas
- Seasonally weak quarter in EMEA
- Successful new product launches

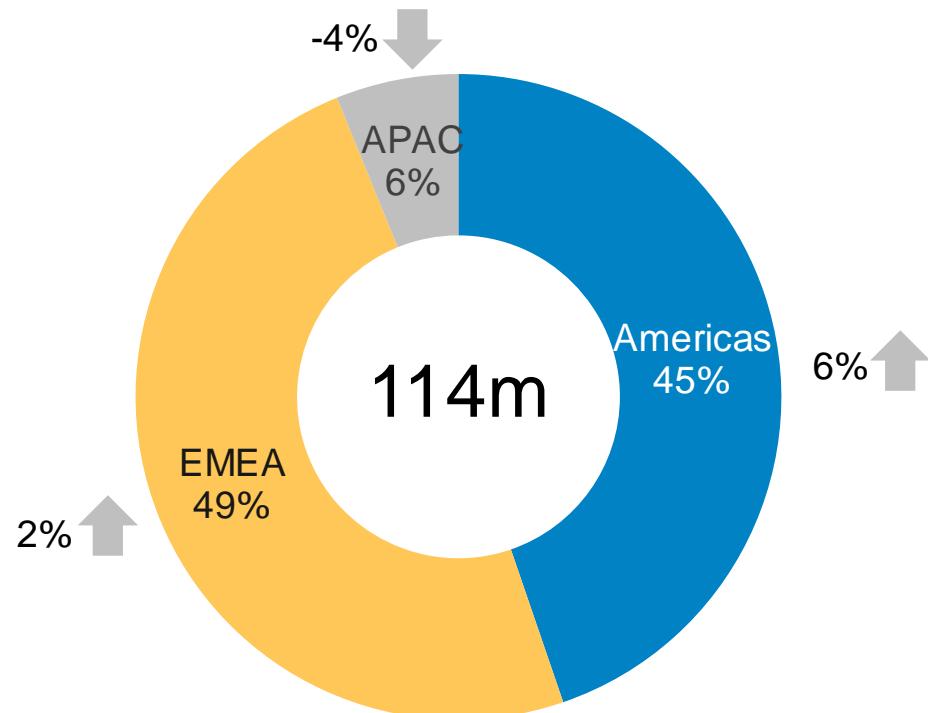
## Note:

All growth numbers refer to quarter-on-quarter growth measured in local currency

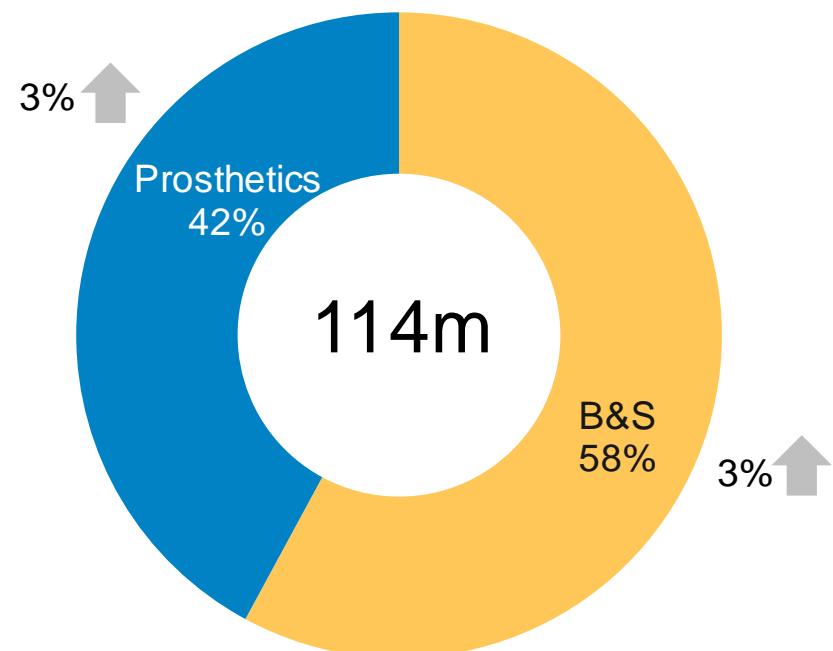
# GROWTH BY SEGMENTS AND GEOGRAPHY



*Sales by geography*



*Sales by segments*



**Note:**

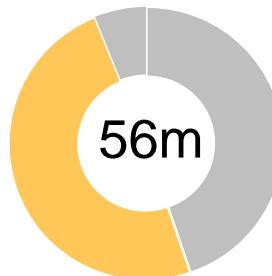
All growth numbers are in local currency

(%) Geography or business segment refer to % of total sales

# HIGHLIGHTS IN SALES BY GEOGRAPHY

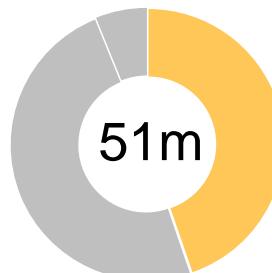


EMEA 2% GROWTH



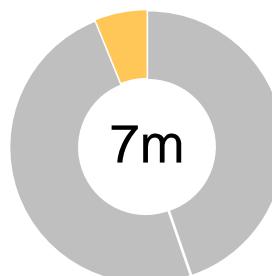
- Growth in key markets
- Slow quarter in Scandinavia, Easter shifting between quarters
- Continued positive outlook

AMERICAS 6% GROWTH



- Continued improvements in B&S
- Strong performance in prosthetics

APAC -4% GROWTH



- Good performance in B&S
- Negative impact from a change in a long term distribution agreement in one of our key markets, ongoing for the next two quarters

Note:

All growth numbers are in local currency

Q12016 | COPYRIGHT ©ÖSSUR

# ACQUISITION OF TOUCH BIONICS



- Touch Bionics is a provider of leading upper limb prosthetics technologies
- Operations in Scotland, Germany, and the United States
- Total sales in 2015 USD 21 million
- Adjusted EBITDA in 2015 USD 1.3 million
- USD 39 million acquisition (cash and debt free)
  
- Paid in cash and financed through existing financing facilities
- Acquisition is not conditional to regulatory approvals and was closed on 11 April 2016
- One-time expenses of USD 2.3 million to be expensed in Q2 2016 related to acquisition and integration costs
- No change to the share buyback program or the dividend policy

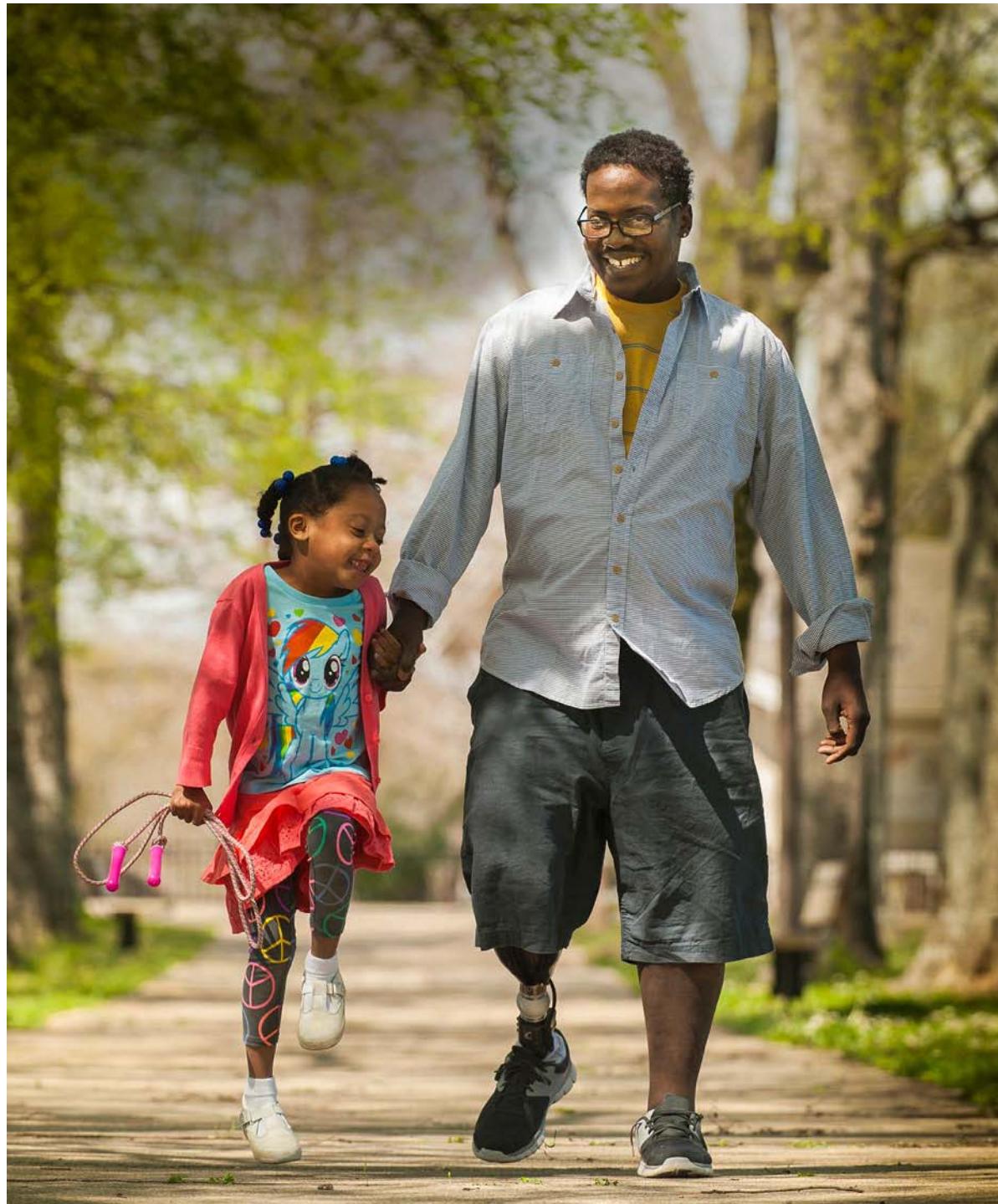


# ACQUISITION OF TOUCH BIONICS



	Össur	Touch Bionics
Products		
Bionic technology	✓	✓
Upper limb prosthetics		✓
Lower limb prosthetics	✓	
Markets		
S&M presence in EMEA	✓	✓
S&M presence in Americas	✓	✓
S&M presence in APAC	✓	
Main customers	O&P Clinics	O&P Clinics

- The upper limb market is estimated USD 100 million of the total prosthetics market of USD 1.1-1.3 billion
- Synergies are expected to be achieved over the next 2-3 years



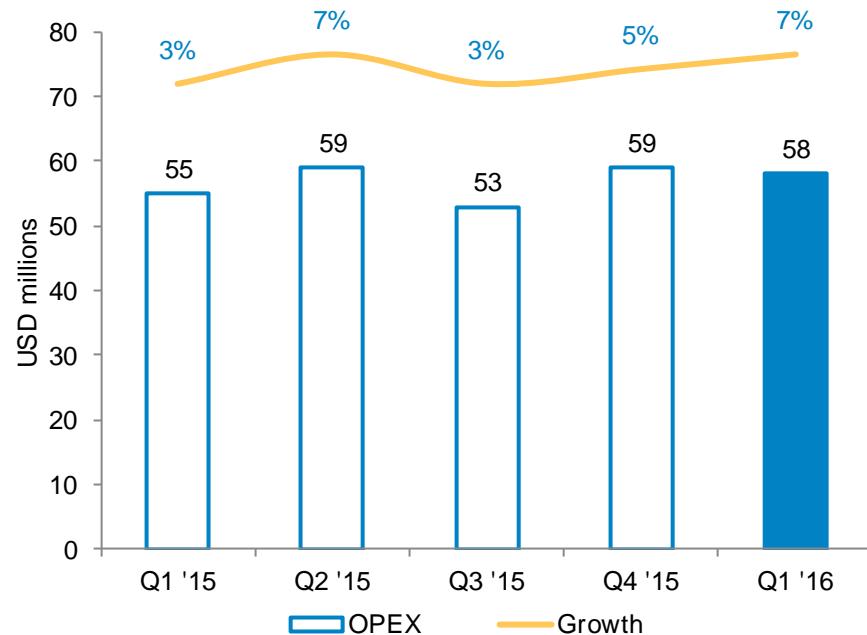
Financials Q1 2016

# FINANCIALS Q1



Financials USD m	Q1 2016	Q1 2015	
Net sales	114	114	•• 3% sales growth
Gross profit	71 63%	71 63%	•• Currency headwinds •• Seasonally weak quarter
EBITDA	19 16%	21 18%	•• Stable GPM •• Q1 OPEX growth affecting EBITDA
EBIT	14 12%	16 14%	•• Stable net profit
Net profit	9 8%	9 8%	

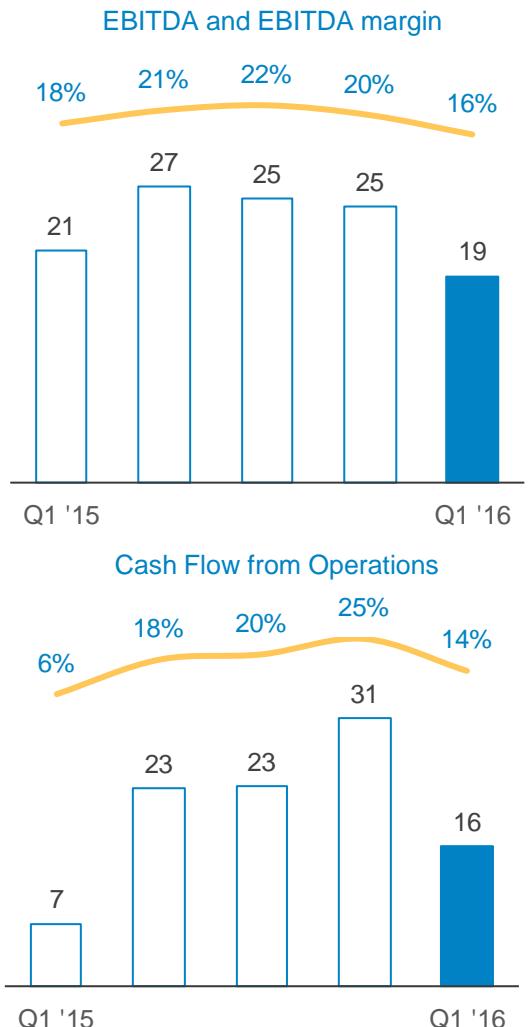
## OPERATIONAL EXPENSES



- OPEX growth mostly result of investments made in Q2 2015
- Full year 2016 growth will be lower

Note:  
 Growth numbers refer to quarter-on-quarter growth measure in local currency

# OPERATIONS - HIGHLIGHTS



- EBITDA margin impacted by:
  - Negative foreign exchange impact, 0.6 bp
  - Operating expenses
- Good cash flow, seasonally low quarter
- Net debt USD 68 million

Note:

Q2 2015 EBITDA adjusted for one-time expenses

## 2016 GUIDANCE



	Q1 2016	Guidance 2016
Sales growth LCY	3%	7-9%
Sales growth organic LCY	3%	3-5%
EBITDA adj. margin	16%	20-21%

One-time expenses related to the acquisition of Touch Bionics and the implementation of the shared service center in Poland are expected to be USD 3.8 million in Q2 2016



# WE IMPROVE PEOPLE'S MOBILITY

