

Life Without Limitations

Ossur – Q3 2006 Overview

Jón Sigurðsson, President & CEO

Highlights Q3 2006



Life Without Limitations



- Sales up by 41% from Q3 2005:
 - Americas: record growth in prosthetics, flat in bracing & support
 - Europe: challenges
- Organic sales growth 5%
- Pro forma sales growth 4%
- EBITDA 19.3%
- Restructuring and integration on track
- Bionic product launches
- Ossur's first Capital Market Day
- First international analyst coverage
 - ABG Sundal Collier coverage

Technical innovation leadership



Life Without Limitations



- Bionic products formally launched in September:
 - Power Knee
 - Proprio foot
- Proprio Featured in NY Times
 - Impressive recognition
- Unloader One osteoarthritis knee brace exceeding expectations
 - New product variations in the pipeline

Integration and restructuring on track in North America



Life Without Limitations



- Restructuring of distribution channels in progress
- Operations in Bothell, Washington closed down in September
- Custom knee brace manufacturing in the US consolidated in Foothill Ranch, California
- Outsourcing manufacturing of off-the-shelf bracing and support products from North America to Asia in progress
- Consolidation of back office functions completed
- Number of Ossur employees in North America reduced by approximately 100

Integration and restructuring on track in Europe



Life Without Limitations

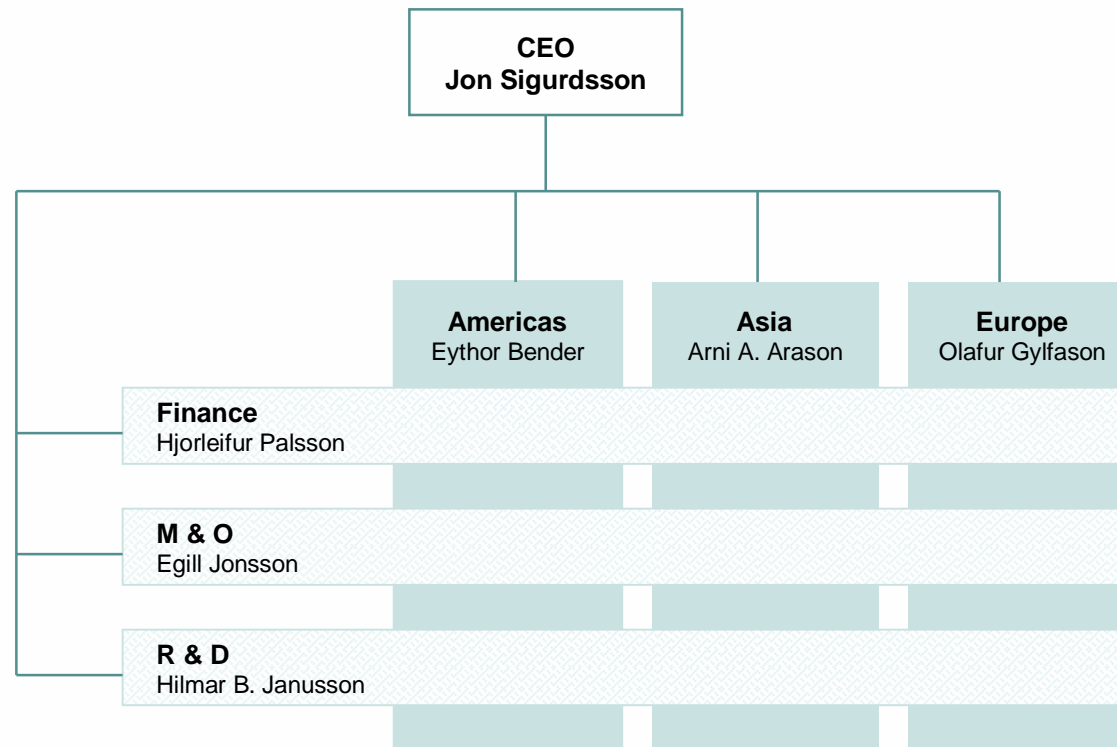


- Integration in UK completed:
 - Headquarters moved from Blackburn to Manchester in September
 - Distribution center closed down in September, centralized distribution in Eindhoven
 - Ossur ERP system live in September
 - Centralization of back office functions completed
 - Number of employees reduced by approximately 10 as of now
- Restructuring of distribution channels in progress
- Product rationalization in progress

Organizational changes at Ossur



Life Without Limitations



Vision 2010 and strategy

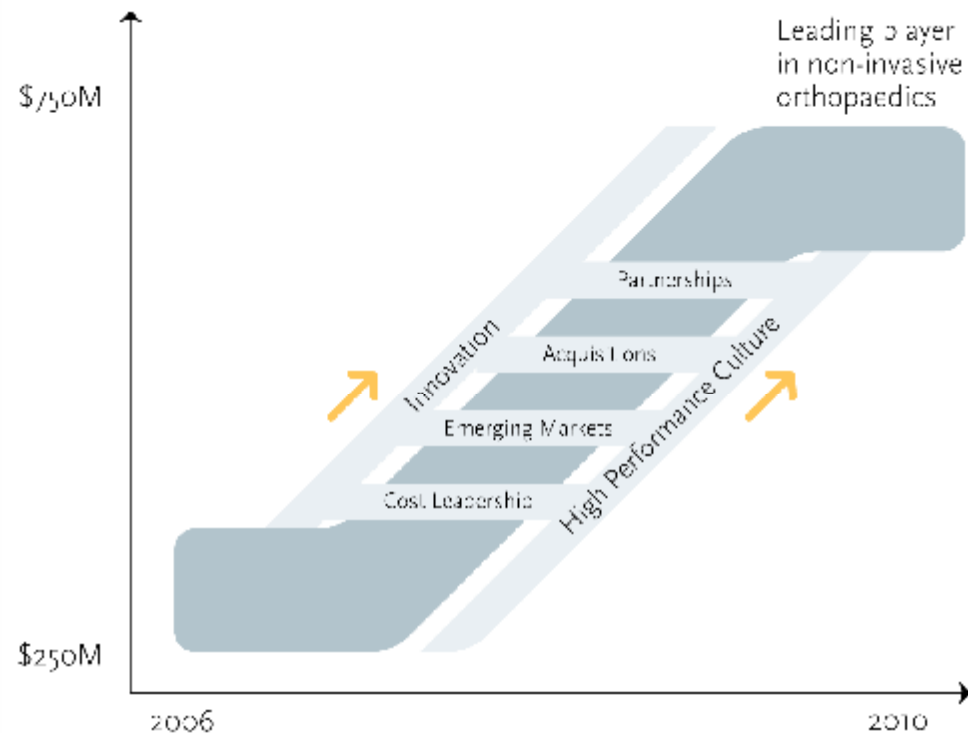


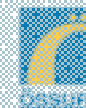
Life Without Limitations

Becoming a leading player in non-invasive orthopaedics with \$750 million in sales and a 23% EBITDA margin

Strategy:

- Technical innovation leadership
 - Sales and operational cost leadership
 - Increase focus on emerging markets
 - Consolidate through acquisitions
 - Add value through partnerships
- ...supported by a high performance culture.





Life Without Limitations

Ossur – Q3 2006 Financials

Hjörleifur Pálsson, CFO

Financial highlights Q3 2006



Life Without Limitations



- Total sales 62.8 million USD up 41%
- Organic sales growth 5%
- Pro forma sales growth 4%
- EBITDA 19.3%
- Cash EPS diluted 2.72 US cents up 24%*

* Excluding unusual revenues, inventory step up and one-time restructuring expenses in 2005 related to recent acquisitions.

Financial highlights Q3 2006



Life Without Limitations

USD '000	Q3 2006	Q3 2005	% Change
Net sales	62,755	44,567	40.8%
Gross profit	37,809	24,960	51.5%
Profit from operations	7,061	1,686	318.8%
Net profit	5,377	812	562.2%
EBITDA	12,138	4,610	163.3%
EPS diluted (US Cents)	1.40	0.26	445.2%
Cash EPS diluted (US Cents)	2.72	1.18	130.5%
Cash generated by operations	5,559	7,078	-21.5%

Financial highlights Q3 2006

Excluding restructuring costs and inventory step-up in Q3 2005 and amortization of intangible assets related to recent acquisitions



Life Without Limitations

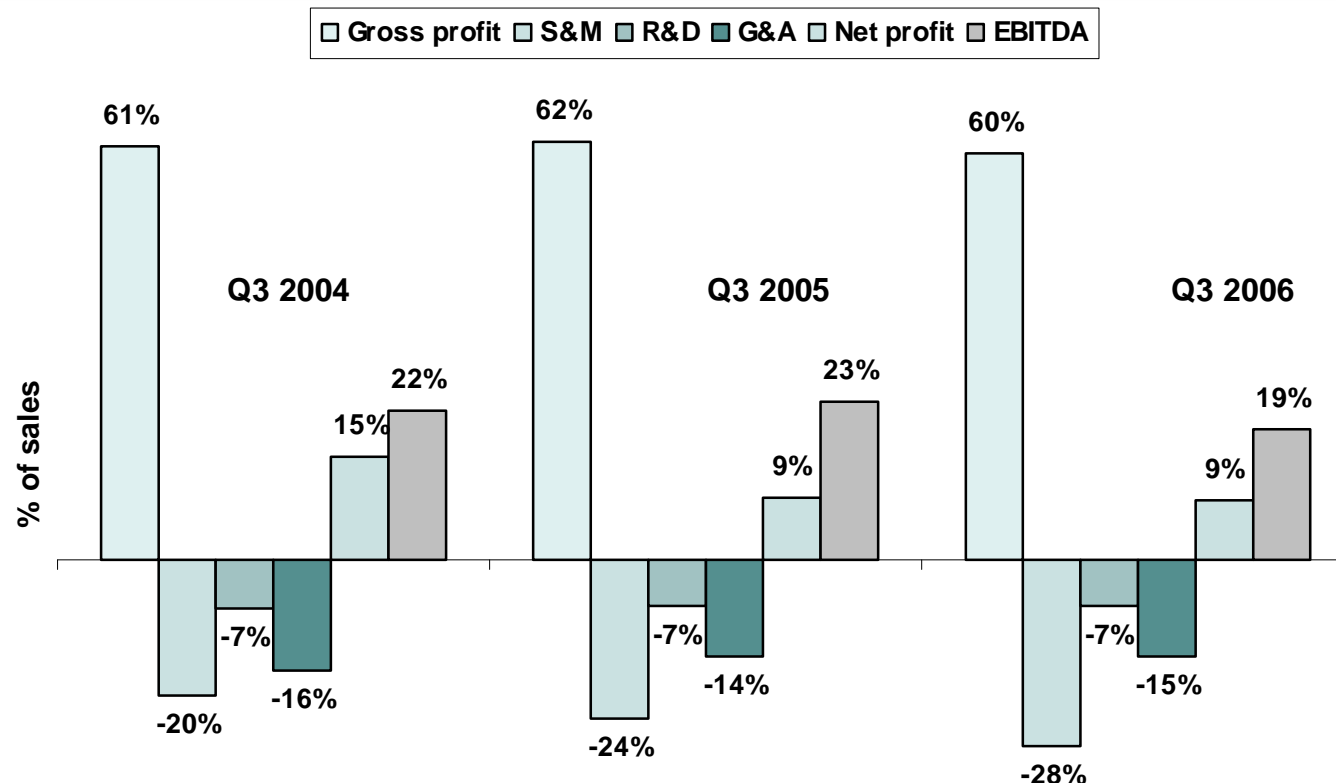
USD '000	Q3 2006	Q3 2005	% Change
Net sales	62,755	44,567	40.8%
Gross profit	37,809	27,582	37.1%
Profit from operations	10,136	8,823	14.9%
Net profit	7,250	4,825	50.3%
EBITDA	12,138	10,347	17.3%
Cash EPS diluted (US Cents)	2.72	2.18	24.5%

Key ratios Q3 2004-2006 and impact of amortization

Excluding one-time restructuring expenses and revenue in Q3 2005



Life Without Limitations



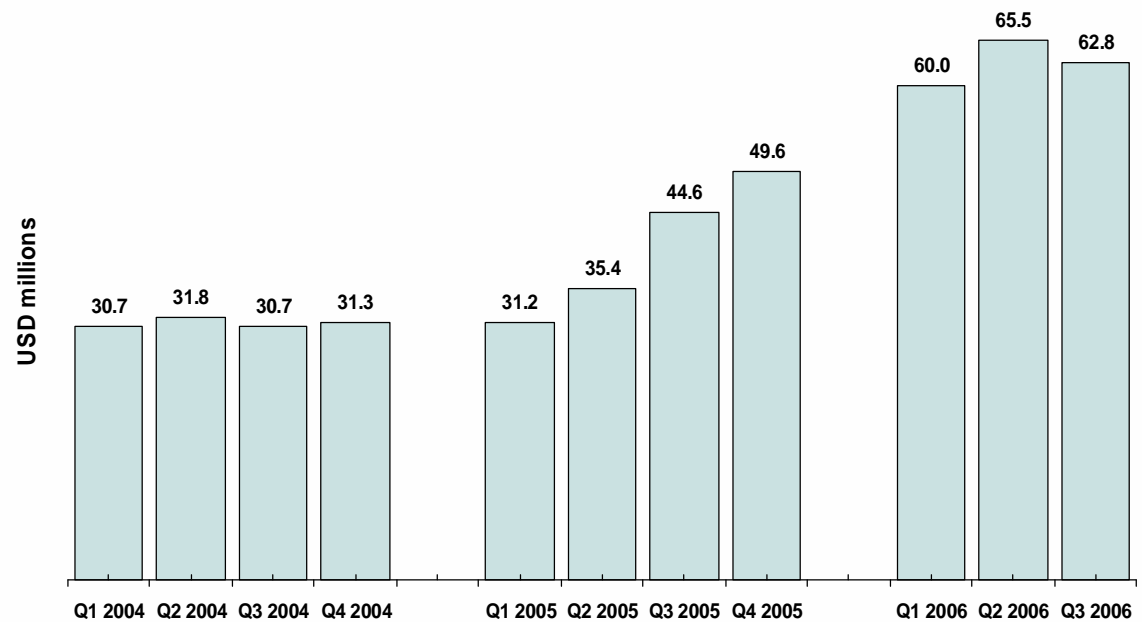
	% of sales Q3 2006	% of sales Q3 2005	Impact of amort.* Q3 2006	Impact of amort.* Q3 2005	% of sales excl. amort. Q3 2006	% of sales excl. amort. Q3 2005
S&M	-27.9%	-23.8%	-2.7%	-1.9%	-25.2%	-21.8%
R&D	-6.8%	-7.1%	-1.7%	-1.0%	-5.0%	-6.0%
G&A	-14.5%	-14.4%	-0.4%	-0.2%	-14.1%	-14.2%
Profit from operations	11.3%	16.7%	-4.9%	-3.1%	16.2%	19.8%
Net profit	8.6%	8.9%	-3.0%	-1.9%	11.6%	10.8%

* Amortization of intangible assets related to the acquisition of Royce Medical, IMP and Innovation Sports, USD 3.1 million in Q3 2006 and USD 0.8 million in Q3 2005

Net sales by quarter 2003-2006



Life Without Limitations

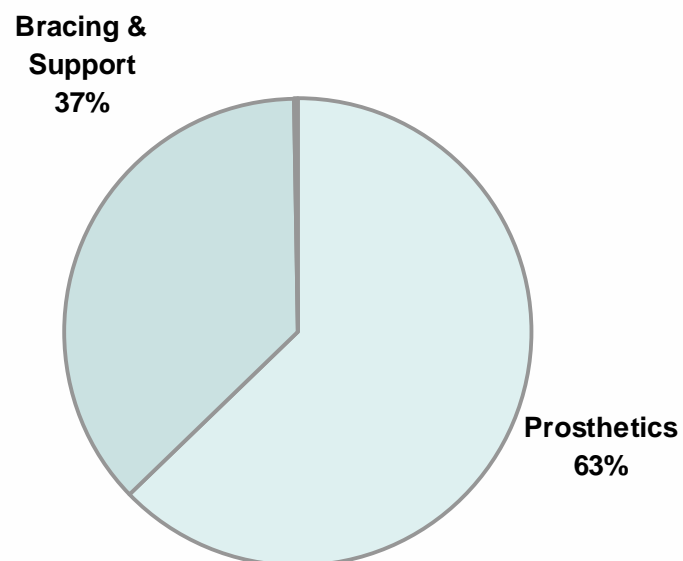


Sales by business segment Q3 2006

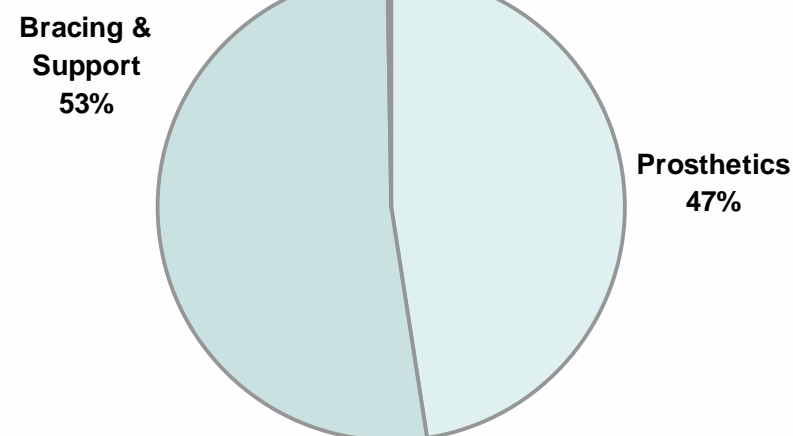


Life Without Limitations

Q3 2005



Q3 2006



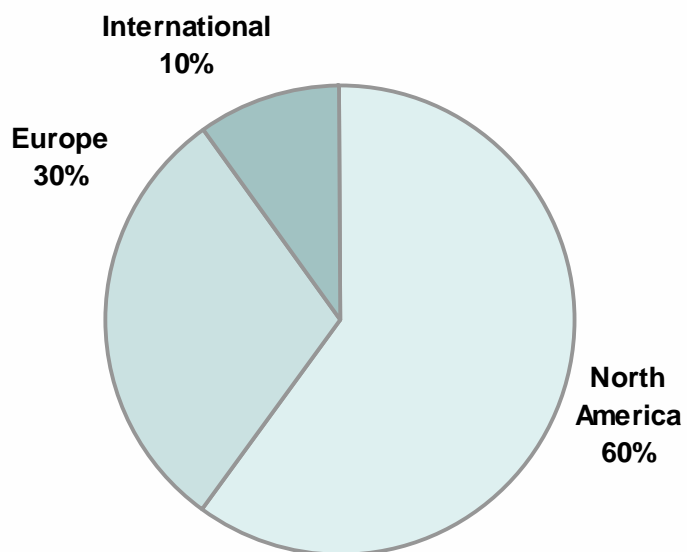
USD '000	Q3 2006	Q3 2005	Growth in USD
Prosthetics	29,791	27,935	7%
Bracing & support	32,798	16,510	99%
Other	166	122	36%
Total	62,755	44,567	41%

Sales by market Q3 2006

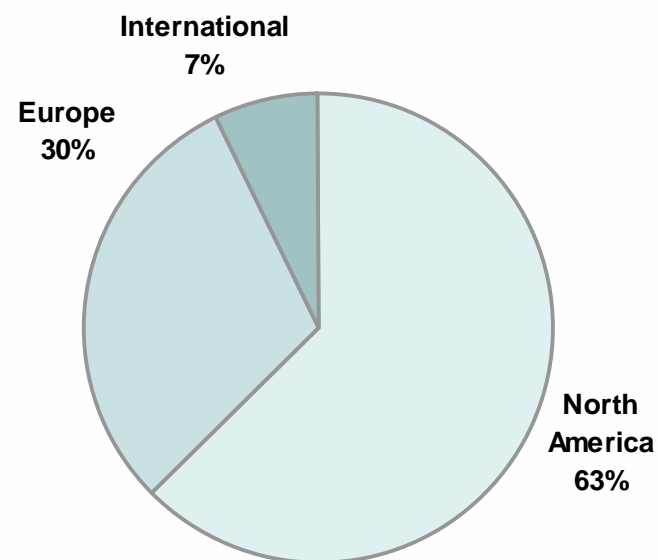


Life Without Limitations

Q3 2005



Q3 2006



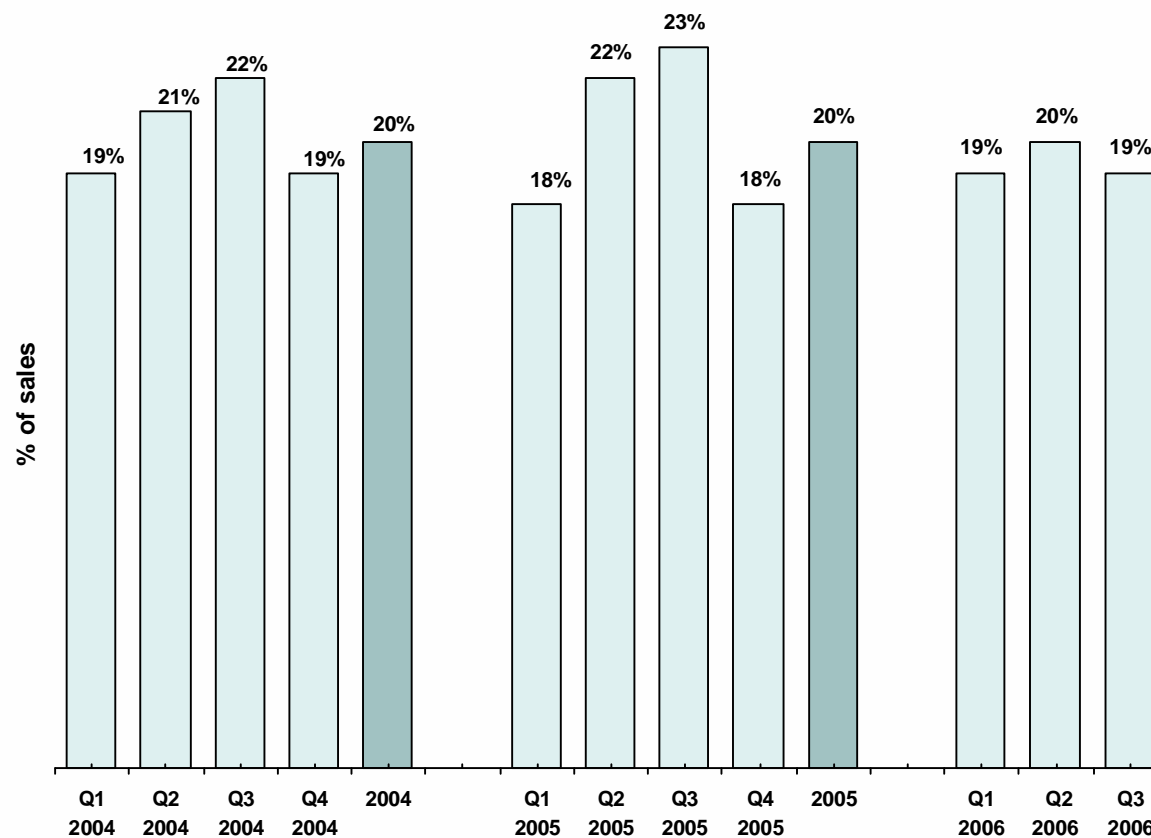
USD '000	Q3 2006	Q3 2005	Growth in USD	Growth in LCY
North America	39,247	26,768	47%	46%
Europe	19,030	13,305	43%	37%
International markets	4,478	4,494	0%	0%
Total	62,755	44,567	41%	39%

EBITDA ratio 2003-2006

Excluding one-time expenses 2005 and 2006



Life Without Limitations



Note: Excluding one-time restructuring expenses related to the acquisitions of Royce Medical, IMP and Innovation Sports

Balance Sheets 30 September 2006



Life Without Limitations

USD '000	30 September 2006	31 December 2005	% Change
Fixed assets	362,054	325,873	11.1%
Current assets	91,543	82,113	11.5%
Total Assets	453,597	407,986	11.2%
Stockholders' equity	164,805	152,829	7.8%
Long-term liabilities	227,991	215,361	5.9%
Current liabilities	60,801	39,796	52.8%
Total equity and liabilities	453,597	407,986	11.2%
Current ratio	1.5	2.1	
Equity ratio	36%	37%	

Shareholders 30 September 2006



Life Without Limitations

		Nominal value	%
William Demant Invest A/S	Investment Fund	141.952.402	36,88
Eyrir Invest ehf	Investment Company	56.185.481	14,60
Mallard Holding S.A.	Founder & Family	37.526.769	9,75
Vik Investment Holding S.a.r.L.	President & CEO	24.446.907	6,35
Lífeyrissjóður verslunarmanna	Pension Fund	13.303.854	3,46
FL GROUP hf	Investment Company	8.837.961	2,30
Straumur - Burðarás Fjárfesting	Investment Bank	8.330.137	2,16
Kaupping banki hf	Bank	7.098.277	1,84
Arion safnreikningur	Custody Bank	6.932.058	1,80
Lífeyrissjóðir Bankastræti 7	Pension Fund	5.430.719	1,41
Mycenaeian Holding S.a.r.L.	VP of R&D	3.560.347	0,92
MP Fjárfestingarbanki hf	Investment Bank	3.221.387	0,84
Sparisjóður Hafnarfjarðar	Bank	2.956.284	0,77
Gildi -lífeyrissjóður	Pension Fund	2.841.910	0,74
Sameinaði lífeyrissjóðurinn	Pension Fund	2.344.754	0,61
Top 15 shareholders		324.969.247	84,43
Others (2.965)		59.971.200	15,57
Total		384.940.447	100,00

Financial highlights Q3 YTD 2006 and FY 2006 outlook



Life Without Limitations



- Total sales 188.3 million USD up 69%
- Organic sales growth 8%
- Pro forma sales growth 6%
- EBITDA 19.6%, excluding one time restructuring expenses
- Cash EPS diluted 6.36 US cents, up 17%*

* Excluding unusual revenues, inventory step up and one-time restructuring expenses related to recent acquisitions.

Financial highlights Q3 YTD 2006



Life Without Limitations

USD '000	Q3 YTD 2006	Q3 YTD 2005	% Change
Net sales	188,289	111,139	69.4%
Gross profit	112,478	65,168	72.6%
Profit from operations	19,299	12,587	53.3%
Net profit	8,067	8,600	-6.2%
EBITDA	33,877	17,901	89.2%
EPS diluted (US Cents)	2.10	2.73	-23.1%
Cash EPS diluted (US Cents)	5.89	4.41	33.6%
Cash generated by operations	22,704	16,581	36.9%

Financial highlights Q3 YTD 2006

Excluding one time revenue and expenses and amortization of intangible assets related to recent acquisitions



Life Without Limitations

USD '000	Q3 YTD 2006	Q3 YTD 2005	% Change
Net sales	188,289	111,139	69.4%
Gross profit	112,478	67,790	65.9%
Profit from operations	31,233	19,724	58.4%
Net profit	17,604	12,613	39.6%
EBITDA	36,877	23,638	56.0%
Cash EPS diluted (US Cents)	6.36	5.42	17.4%

