

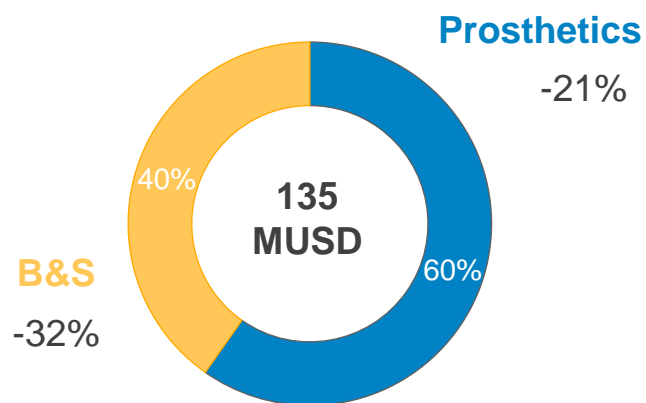
## Q2 2020 Investor presentation

Jon Sigurdsson, President & CEO  
Sveinn Solvason, CFO

*23 July 2020*

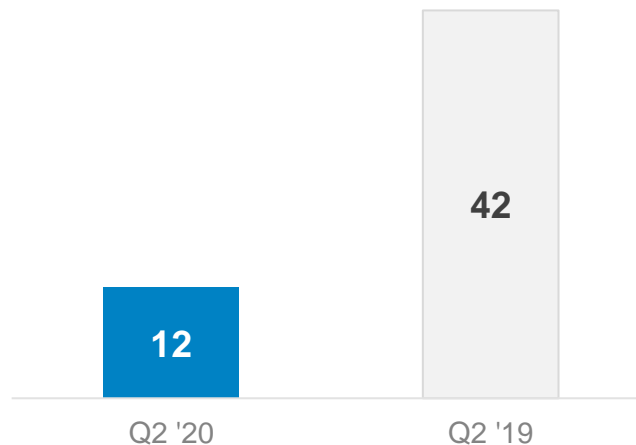
# Highlights in Q2 2020

## Sales split and organic growth



Sales growth	H1 2020	Q2 2020
Reported	-15%	-25%
Local currency	-13%	-23%
Organic	-16%	-26%

## EBITDA (MUSD)



EBITDA margin	H1 2020	Q2 2020
Reported	12%	9%

## Financial performance significantly impacted by COVID-19

### Sales

- Most markets heavily hit in April with gradual recovery in May and June
- Impact of COVID-19 varies by geography with prosthetics more resilient than B&S
- Sales attainment month-to-date July was slightly over 90% of last year sales

### Profitability

- EBITDA mainly down due to sales decline
- OPEX declining in line with expectations (8 MUSD)\*

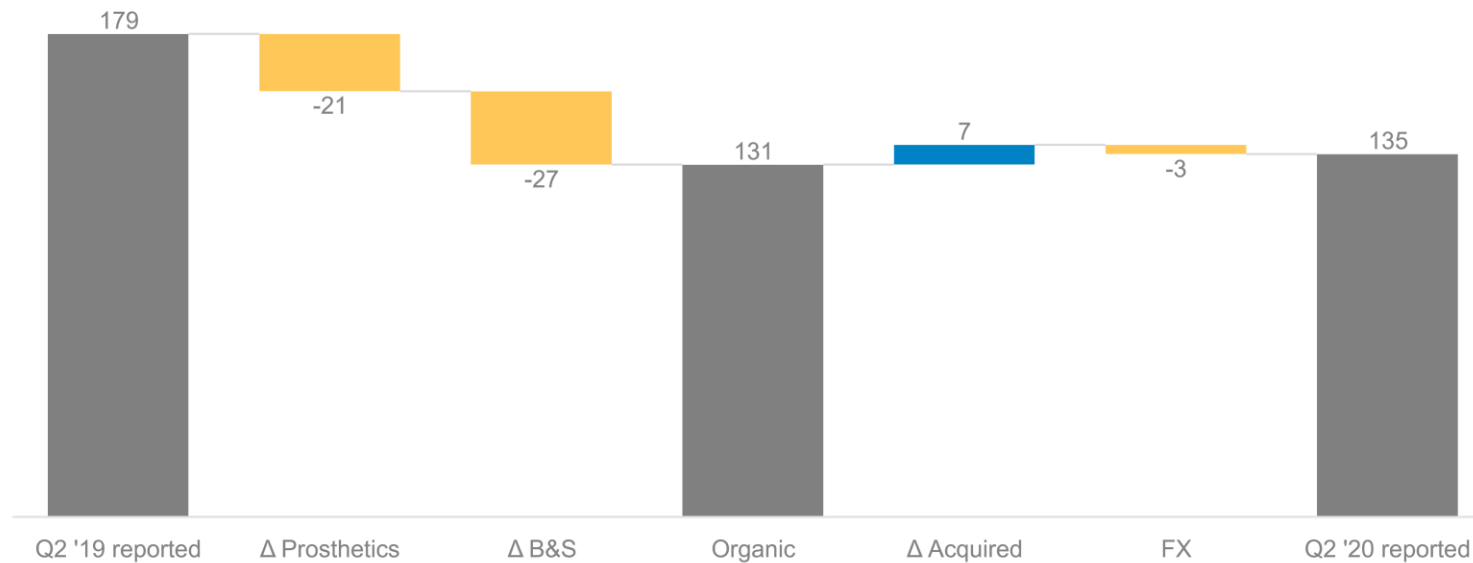
### Other matters

- Guidance remains suspended
- Liquidity position remains strong
- Acquisition of College Park completed in June
- Agreement signed to divest Gibaud in July (subject to work counsel approval in France)

\* Excluding goodwill and intangible asset impairment as well as transaction costs in relation to the potential Gibaud divestment

# Sales by business segments

## Sales contribution in USD million



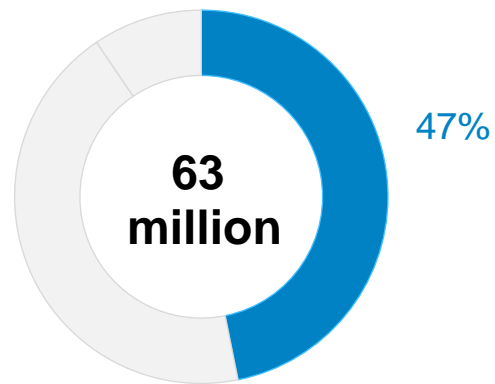
%	Organic				Reported	
Growth contribution	-11%	-15%	-26%	+3%	-2%	-25%
Segment growth	-21%	-32%				

Note: Bridge is an approximation for growth contribution



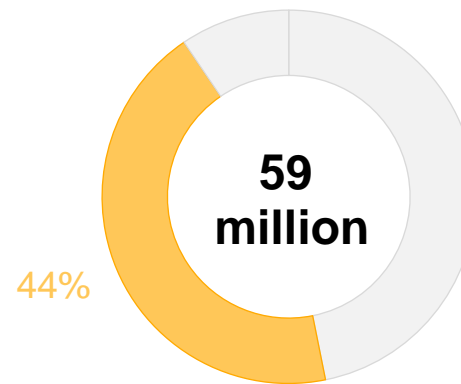
# Sales by geography

## Americas



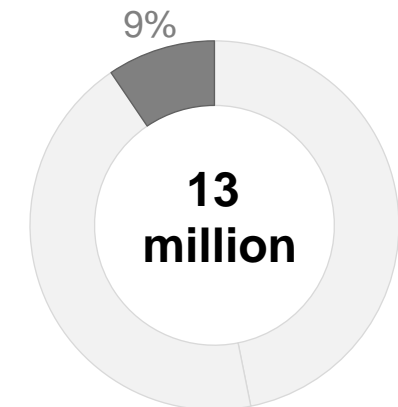
Sales growth	Q2 2020
Reported	-25%
Local currency	-24%
Organic	-30%

## EMEA



Sales growth	Q2 2020
Reported	-28%
Local currency	-25%
Organic	-25%

## APAC



Sales growth	Q2 2020
Reported	-8%
Local currency	-3%
Organic	-3%

Note: Percentages next to charts refer to % of total sales

# Income statement

Financial results (MUSD)	1H 2020	1H 2019	Q2'20	Q2'19
<b>Net sales</b>	<b>288</b>	<b>339</b>	<b>135</b>	<b>179</b>
<i>Reported growth</i>	-15%	13%	-25%	13%
<i>Organic growth</i>	-16%	7%	-26%	7%
<b>Gross profit</b>	<b>174</b>	<b>218</b>	<b>78</b>	<b>115</b>
<i>Gross profit margin</i>	60%	64%	58%	64%
<b>EBITDA</b>	<b>34</b>	<b>72</b>	<b>12</b>	<b>42</b>
<i>EBTDA margin</i>	12%	21%	9%	24%
<b>EBIT</b>	<b>-7</b>	<b>51</b>	<b>-17</b>	<b>32</b>
<i>EBIT margin</i>	-2%	15%	-13%	18%
<b>Income tax</b>	<b>-0</b>	<b>11</b>	<b>-3</b>	<b>7</b>
<i>Effective tax rate</i>	4%	24%	13%	24%
<b>Net profit / (loss)</b>	<b>-11</b>	<b>37</b>	<b>-18</b>	<b>23</b>
<i>Net profit margin</i>	-4%	11%	-13%	13%

## Sales

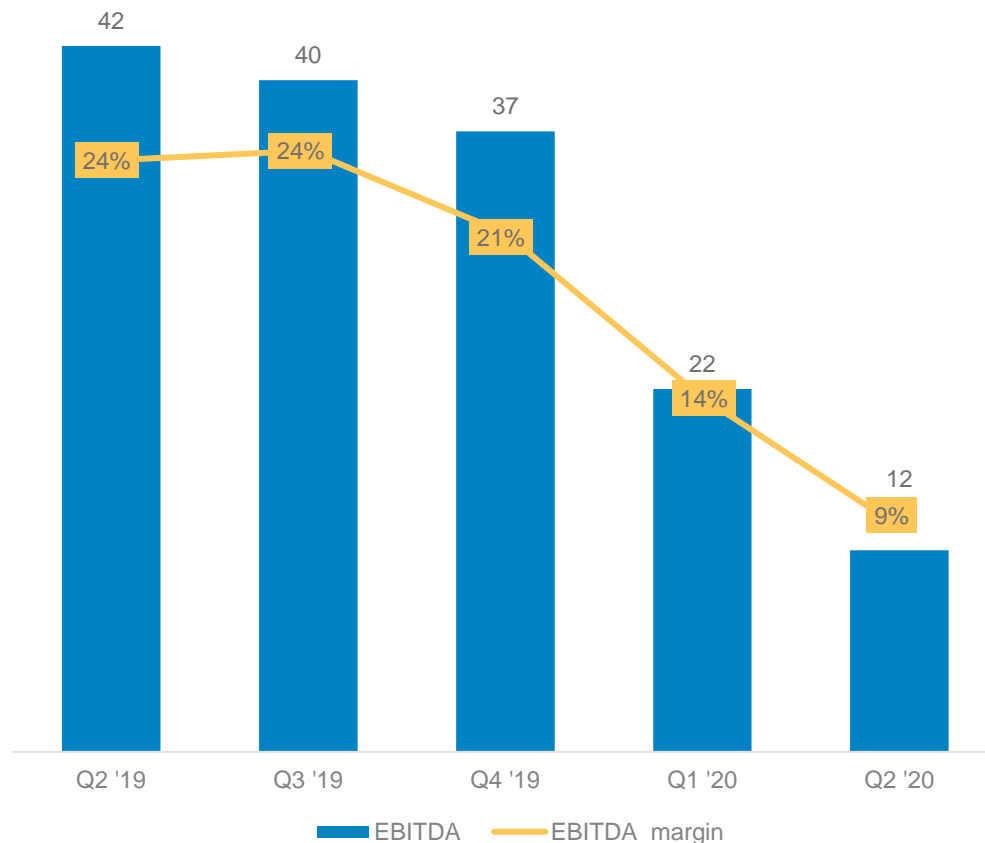
- Sales gradually recovering since beginning of April
- Sales attainment month-to-date July was slightly over 90% of last year sales

## Profitability

- Profitability impacted by decline in sales
- Gross profit margin impacted by lower manufacturing utilization
- Excluding costs in relation to the potential Gibaud divestment (17 MUSD in impairment and 3.2 MUSD in transaction costs), OPEX declined by 8 MUSD
- Net loss of 18 MUSD

# EBITDA performance

## EBITDA\* and EBITDA margin (MUSD)



\* EBITDA before special items

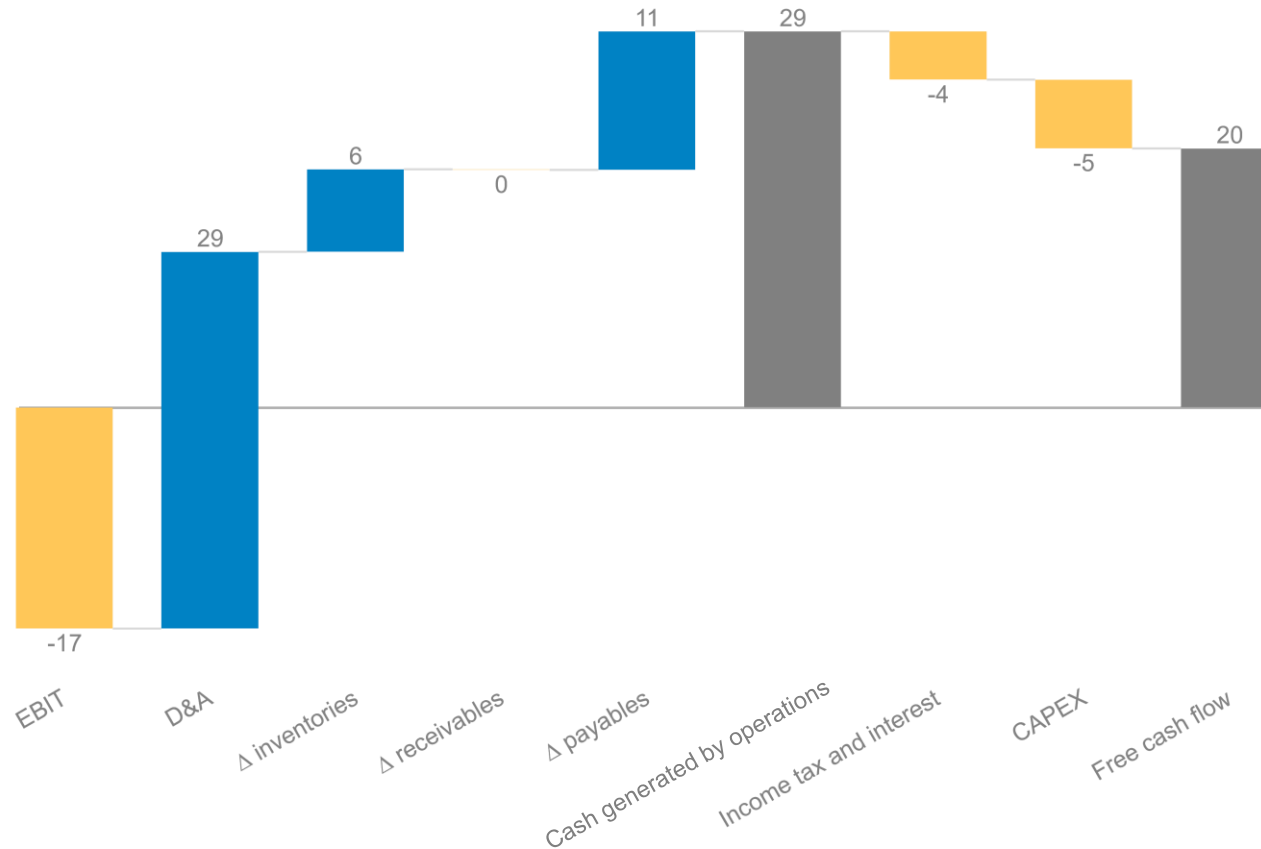
## EBITDA in Q2 2020

- EBITDA impacted by sales decline
- Lower S&M and R&D expenses in line with cost savings and lower variable cost
- Increased G&A cost due to recent acquisition and transaction cost in relation to potential divestment of Gibaud. Excluding those items, G&A costs would have declined
- Net FX impact neutral in the quarter
- Excluding FX impact and acquisitions, OPEX is expected to decline moderately in Q3 when compared to the same period as last year.
- Operating profit expected to be stronger in 2H



# Cash flow

## Free cash flow\* (MUSD)



\* Before special items, acquisitions, and changes in financial assets  
Note: Changes in net working capital (NWC) include provisions, other receivables and payables

## Cash flow

- Lower operating profit due to negative impact on sales in relation to COVID-19
- Positive effect from working capital in line with cash management initiatives
- Lower CAPEX than in the comparable quarter
- Strong liquidity position at the end of Q2, cash and undrawn credit facilities amount to 282 MUSD
- NIBD/EBITDA of 3.0x, temporarily above target range due to COVID-19

# Financial impact in relation to potential Gibaud divestment

## Highlights

- Closing subject to consultation with the employee representative bodies of Gibaud and Innothera and is expected in the second half of 2020
- Potential divestment accretive to growth and profitability
- Transaction costs of 3.2 MUSD
- Goodwill (5 MUSD) and other intangible asset (12 MUSD) impairments amount to USD 17 million

Actual USD'000	2019	2019 Adj.
Sales	686,264	635,695
COGS	-247,614	-221,035
<b>Gross Profit</b>	<b>438,650</b>	<b>414,660</b>
Other Income	196	171
S&M	-233,746	-215,343
R&D	-31,326	-29,706
G&A	-76,050	-71,696
<b>EBIT</b>	<b>97,723</b>	<b>98,086</b>
D&A	43,556	42,021
<b>EBITDA</b>	<b>141,279</b>	<b>140,107</b>
Special items	8,342	8,342
<b>EBITDA before special items</b>	<b>149,621</b>	<b>148,449</b>

Ratios	2019	2019 Adj.
USD sales growth	12%	14%
LCY sales growth	16%	18%
Organic sales growth	5%	6%
B&S % of total sales	44.9%	40.5%
Gross Profit margin	63.9%	65.2%
EBIT margin	14.2%	15.4%
EBITDA margin	20.6%	22.0%
EBITDA margin before special items	21.8%	23.4%



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# Financial calendar and upcoming investor conferences

## Meet with us

Nordea Equity Small Cap Seminar (SE)	14 August 2020
Goldman European Medtech conference (UK)	9-10 September 2020
ABG Small and Mid Cap Seminar (DK)	23 September 2020
Exane BNPP's MedTech CEO Conference (FR)	9-10 November 2020
Jefferies European Healthcare Conference (UK)	17-19 November 2020
Danske Bank Winter Seminar (DK)	1-2 December 2020
SEB Nordic Seminar (DK)	7-8 January 2021

## Financial calendar

Interim report Q3 2020	27 October 2020
Interim report Q4 2020 and Annual Report for 2020	2 February 2021
Annual General Meeting	8 March 2021

## Further information



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Statements containing the financial outlook for 2020 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.