

## Q4&FY 2020 Investor presentation

Jon Sigurdsson, President & CEO  
Sveinn Solvason, CFO

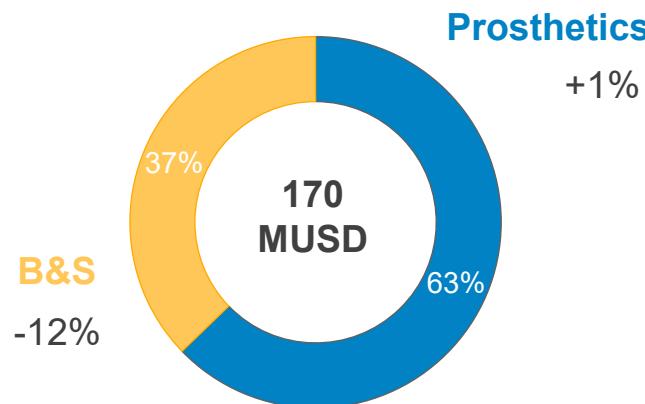
2 February 2021



1. Q4 2020 review
2. FY 2020 highlights
3. Guidance for 2021
4. Summary

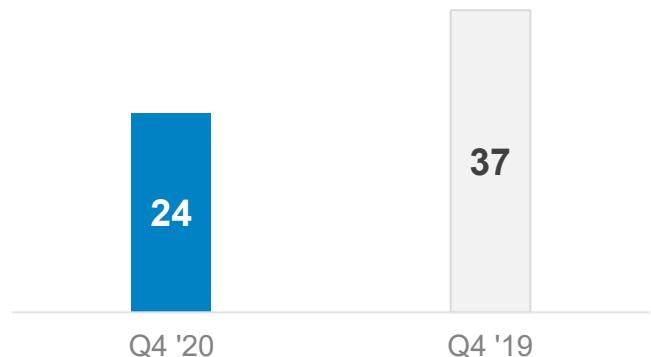
# Highlights in Q4 2020

## Sales split and organic growth



Sales growth	Q4 2020	Q4 2019
Reported	-6%	7%
Local currency	-8%	10%
Organic	-4%	1%

## EBITDA (MUSD)



EBITDA margin	Q4 2020	Q4 2019
Reported	14%	21%

## Financial performance impacted by COVID-19

### Sales

- Sales performance in Q4 in line with mid-range of guidance as announced in October
- Slowdown in December impacting the Q4 sales growth negatively
- Prosthetics growing despite market turbulence
- Impact of COVID-19 varies by geography with prosthetics more resilient than B&S

### Profitability

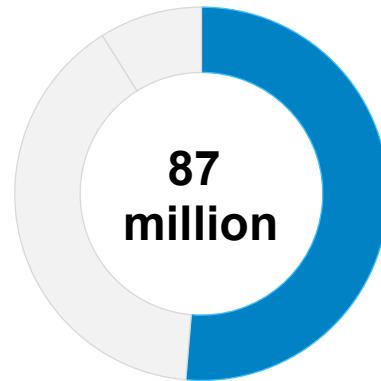
- EBITDA from operations mainly down due to sales decline
- EBITDA significantly impacted by costs related to divestment
- Profitability will return to normalized levels as sales recover

### Other matters

- US B&S sales entities divested at the end of December

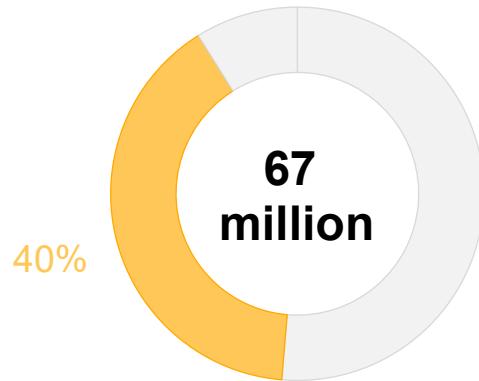
# Sales growth in Q4 by geography

## Americas



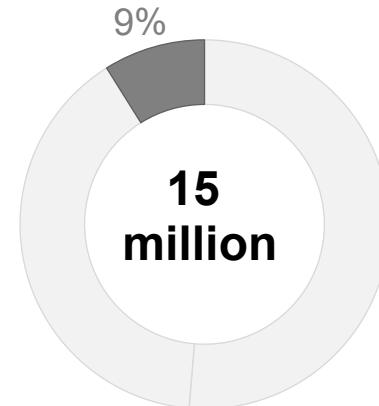
51%

## EMEA



40%

## APAC



9%

Reported	1%
Local currency	2%
Organic	-5%

Reported	-14%
Local currency	-19%
Organic	-3%

Reported	5%
Local currency	1%
Organic	1%

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

# Income statement

Financial results (MUSD)	Q4 2020	Q4 2019
<b>Net sales</b>	<b>170</b>	<b>180</b>
<i>Reported growth</i>	<i>-6%</i>	<i>7%</i>
<i>Organic growth</i>	<i>-4%</i>	<i>1%</i>
<b>Gross profit</b>	<b>109</b>	<b>113</b>
<i>Gross profit margin</i>	<i>64%</i>	<i>63%</i>
<b>EBITDA</b>	<b>24</b>	<b>37</b>
<i>EBITDA margin</i>	<i>14%</i>	<i>21%</i>
<b>EBITDA (adj.)*</b>	<b>24</b>	<b>37</b>
<i>EBITDA margin (adj.)*</i>	<i>14%</i>	<i>21%</i>
<b>EBIT</b>	<b>10</b>	<b>25</b>
<i>EBIT margin</i>	<i>6%</i>	<i>14%</i>
<b>Income tax</b>	<b>0</b>	<b>6</b>
<i>Effective tax rate</i>	<i>-5%</i>	<i>25%</i>
<b>Net profit</b>	<b>4</b>	<b>18</b>
<i>Net profit margin</i>	<i>2%</i>	<i>10%</i>

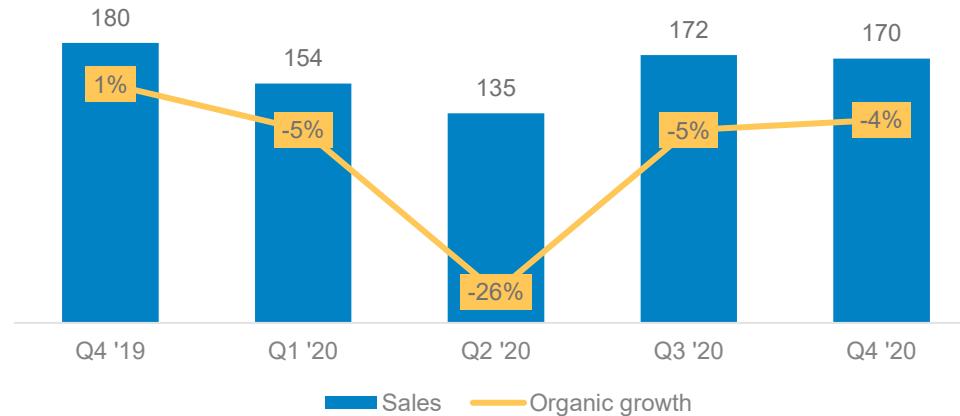
\* Before special items

## Financial performance

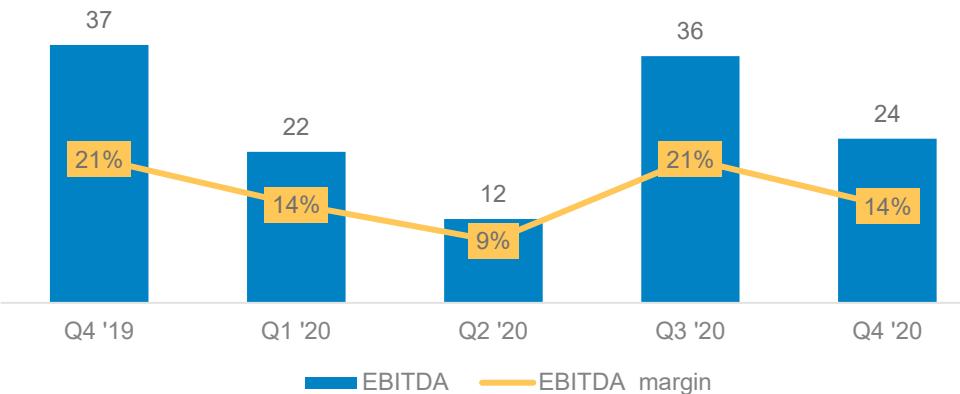
- Sales growth recovering, further impacted by divestments and acquisitions
- Gross profit margin back to normal level in the quarter as operation were mostly at normal capacity
- OPEX impacted by write-downs and other cost related to divestment (11.4 MUSD of which 9.4 MUSD is non-cash)
- Underlying OPEX is flat in Q4 when excluding extraordinary costs
- Effective tax rate of -5% in Q4 2020, impacted by extraordinary cost from divestment, normalized effective tax rate of 25%
- Net profit of 4 MUSD in Q4

# Sales and EBITDA

## Sales and organic growth (MUSD)



## EBITDA and EBITDA margin (MUSD)\*



## Sales

- Sales recovering
- Prosthetics more resilient than B&S

## EBITDA in Q4 2020

- Profitability recovering
- EBITDA impacted by lower sales and extraordinary items related to divestments and acquisitions
- Net FX impact positive of ~100 basis points in the quarter
- Operating profit expected to recover in line with further recovery in sales

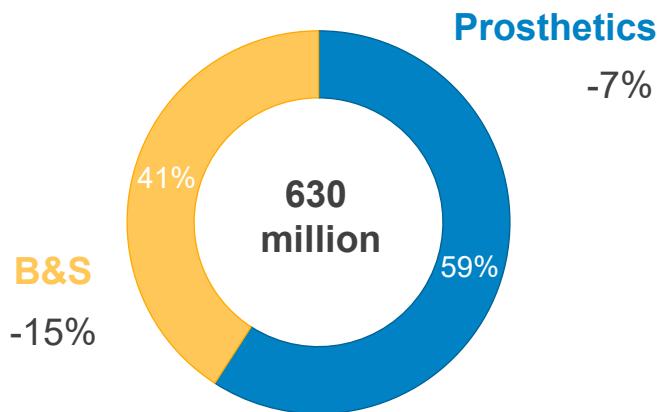
\* Before special items



1. Q4 2020 review
2. FY 2020 highlights
3. Guidance for 2021
4. Summary

# Highlights in FY 2020

## Sales split and organic growth

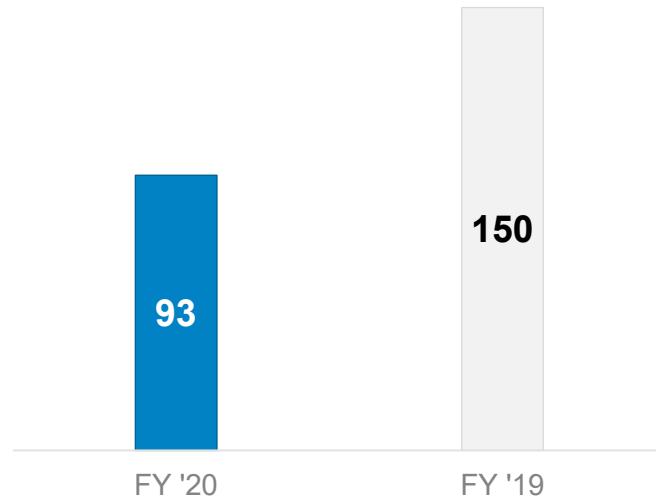


## Sales growth

	FY 2020	FY 2019
Reported	-8%	12%
Local currency	-8%	16%
Organic	-10%	5%

\* EBITDA before special items in FY 2019

## EBITDA (adj.)\* (MUSD)



## EBITDA margin

	FY 2020	FY 2019
Reported	15%	22%

## Sales

- FY 2020 sales heavily impacted by COVID-19 but gradually recovering from April-May
- Impact of COVID-19 varies by geography with prosthetics more resilient than B&S

## Profitability

- EBITDA mainly down due to sales decline
- Excluding extraordinary items, OPEX declining in line with expectations

## Other matters

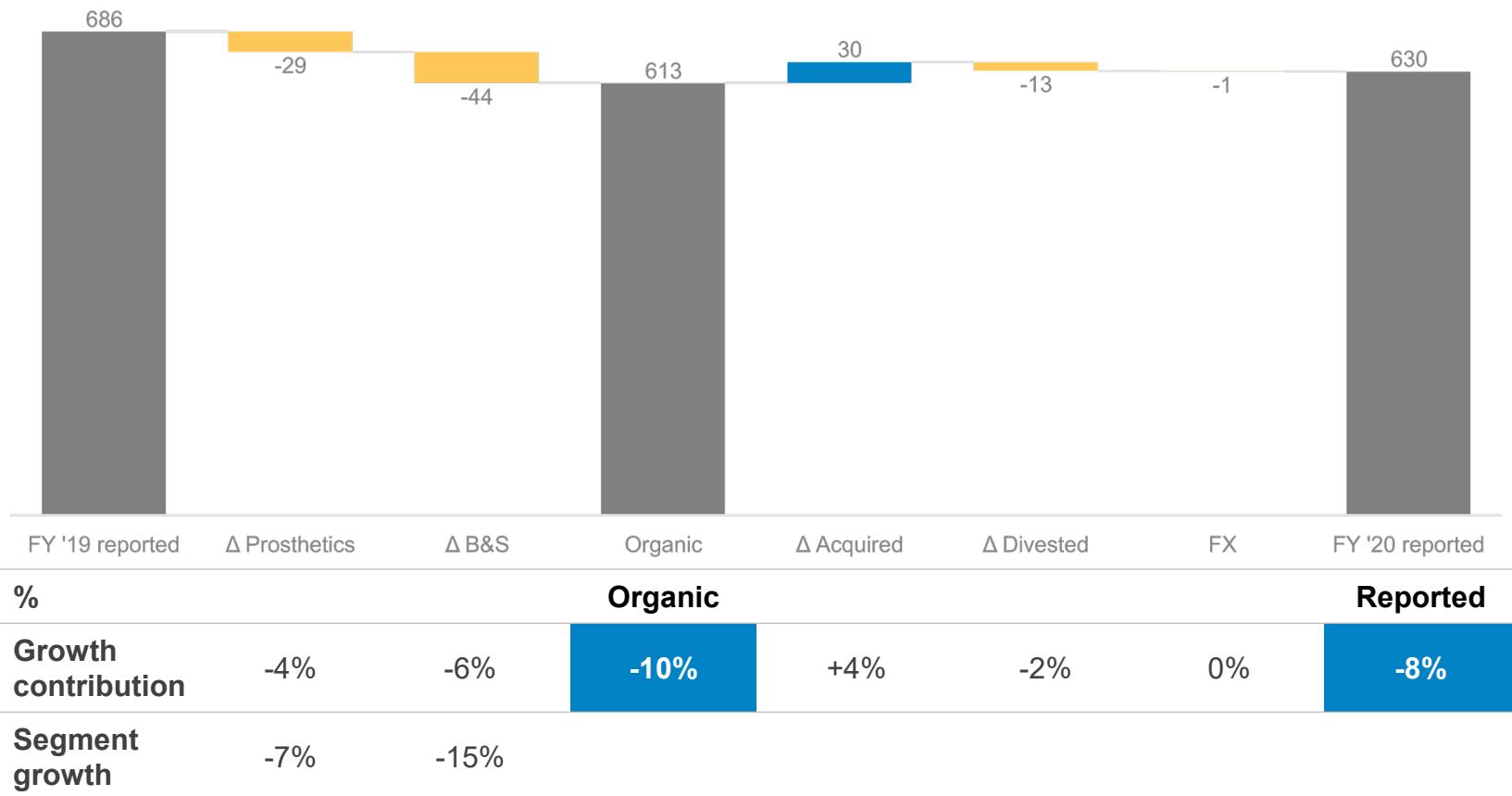
- Changes in the business mix with various acquisitions and divestments during the year
- Strong financing and liquidity position throughout the year

## Guidance for 2021

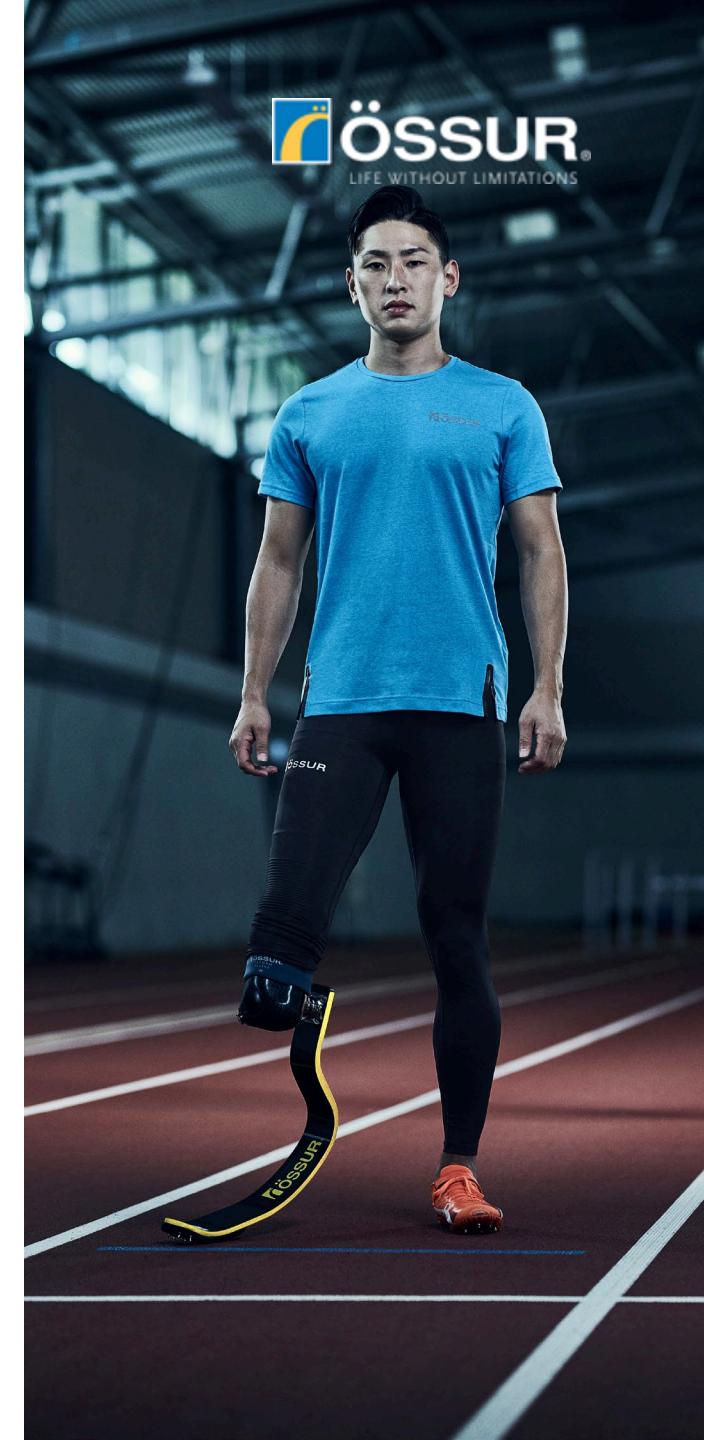
- Organic growth 10-15%, EBITDA margin before special items 21-23%, CAPEX 3-4% of sales and effective tax rate of 23-24%

# Sales by business segments

Sales contribution in USD million



Note: Bridge is an approximation for growth contribution



# Income statement

Financial results (MUSD)	FY 2020	FY 2019
<b>Net sales</b>	<b>630</b>	<b>686</b>
<i>Reported growth</i>	-8%	12%
<i>Organic growth</i>	-10%	5%
<b>Gross profit</b>	<b>391</b>	<b>439</b>
<i>Gross profit margin</i>	62%	64%
<b>EBITDA</b>	<b>93</b>	<b>141</b>
<i>EBTDA margin</i>	15%	21%
<b>EBITDA (adj.)*</b>	<b>93</b>	<b>150</b>
<i>EBITDA margin (adj.)*</i>	15%	22%
<b>EBIT</b>	<b>28</b>	<b>98</b>
<i>EBIT margin</i>	4%	14%
<b>Income tax</b>	<b>5</b>	<b>21</b>
<i>Effective tax rate</i>	38%	24%
<b>Net profit</b>	<b>8</b>	<b>69</b>
<i>Net profit margin</i>	1%	10%

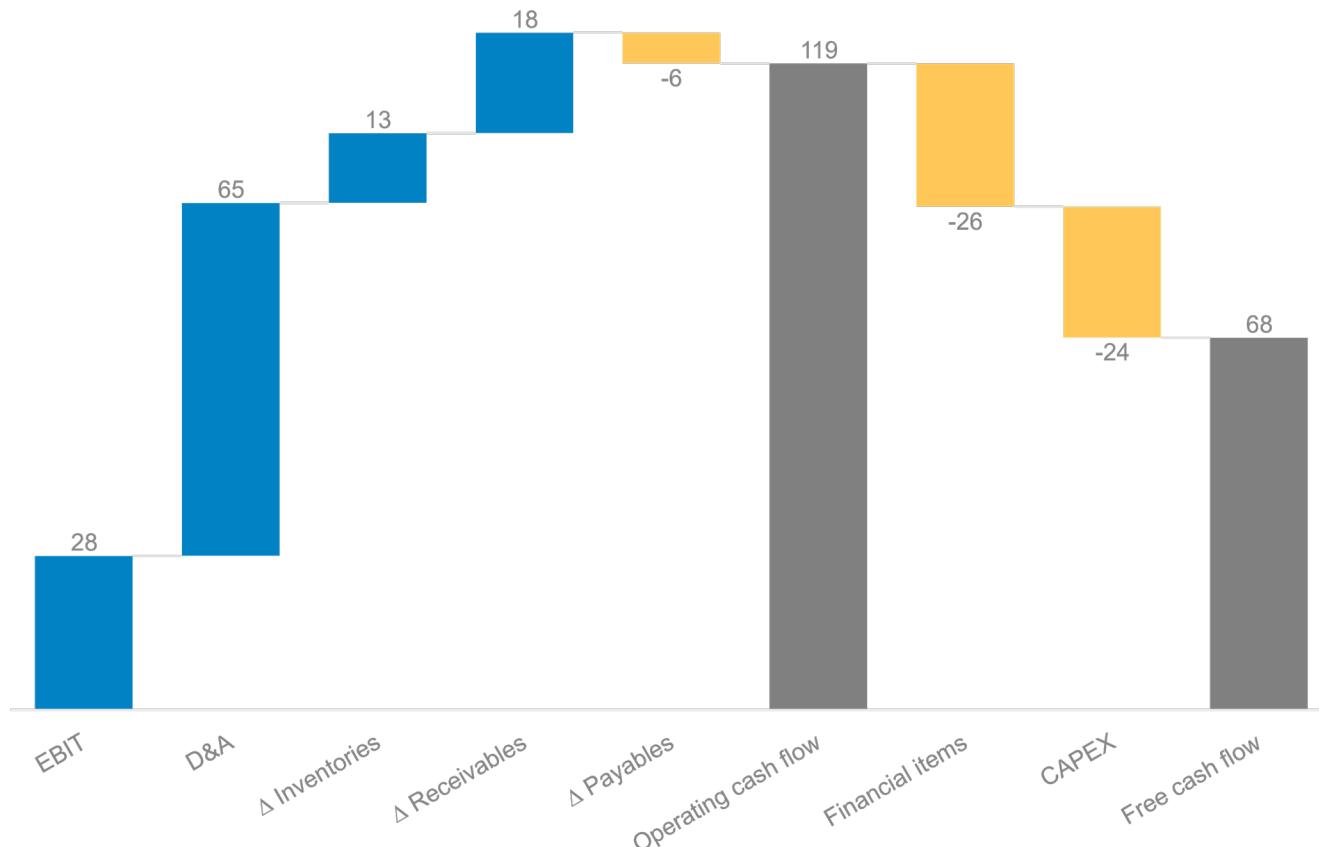
## Financial performance

- Sales impacted by COVID-19, further impacted by acquisitions and divestments
- Gross profit margin impacted by temporary lower productivity in manufacturing
- Underlying OPEX declining by 2% (excluding extraordinary items) in line with lower variable cost and cost reduction initiatives end of Q3
- EBIT significantly impacted by write-downs and cost related to divestments (~29 MUSD)
- Normalized effective tax rate of 25%

\* Before special items

# Cash flow

## Free cash flow (MUSD)\*



\* Before special items, acquisitions, and changes in financial assets

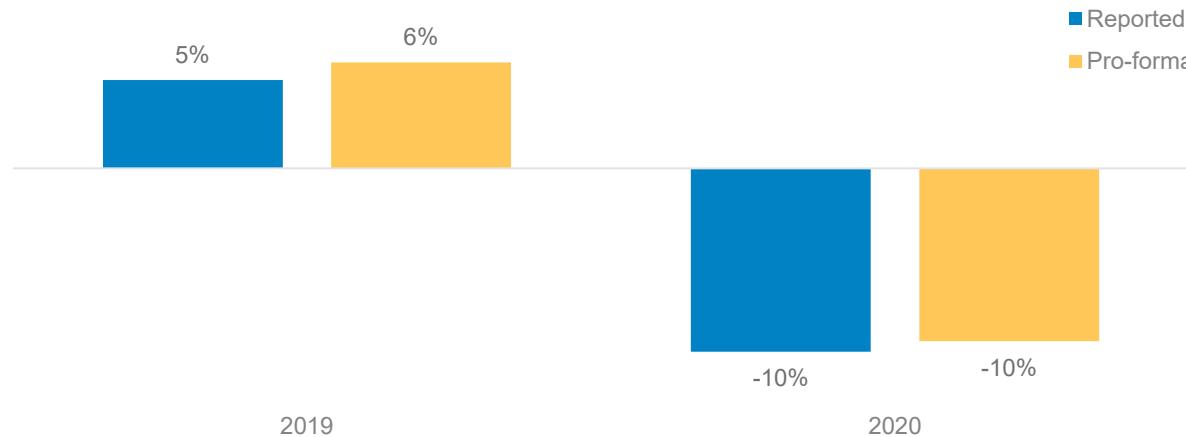
Note: Changes in payables includes provisions, financial items include paid interest and taxes

## Cash flow in FY 2020

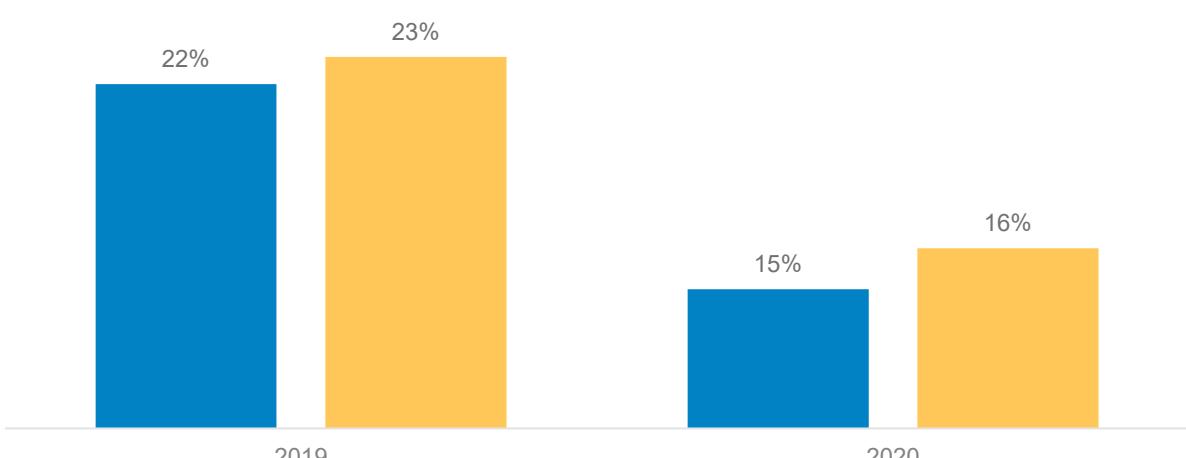
- Strong cash flow
- Positive effect from working capital
- Lower CAPEX than in FY 2019
- Strong liquidity position at the end of 2020, cash and undrawn credit facilities amount to 275 MUSD
- NIBD/EBITDA of 4.1x, temporarily above target range due to COVID-19

# Impact from M&A activity

## Organic sales growth/decline



## EBITDA margin before special items



Note: Pro-forma figures exclude all divestments and includes all acquisitions in 2019 and 2020.

## Financial impact

- Sales increasing by ~10 MUSD using 2019 as a reference year not impacted by COVID-19
- Positive impact on organic growth with ~1 p.p. increase on 2019 figures and positive impact of ~0.6 p.p. in 2020
- GPM stable between reported and pro-forma figures
- EBITDA margin increasing by ~100 basis points
- B&S sales would have been 38% of total sales (reported 45%) in 2019 and 36% (reported 41%) in 2020

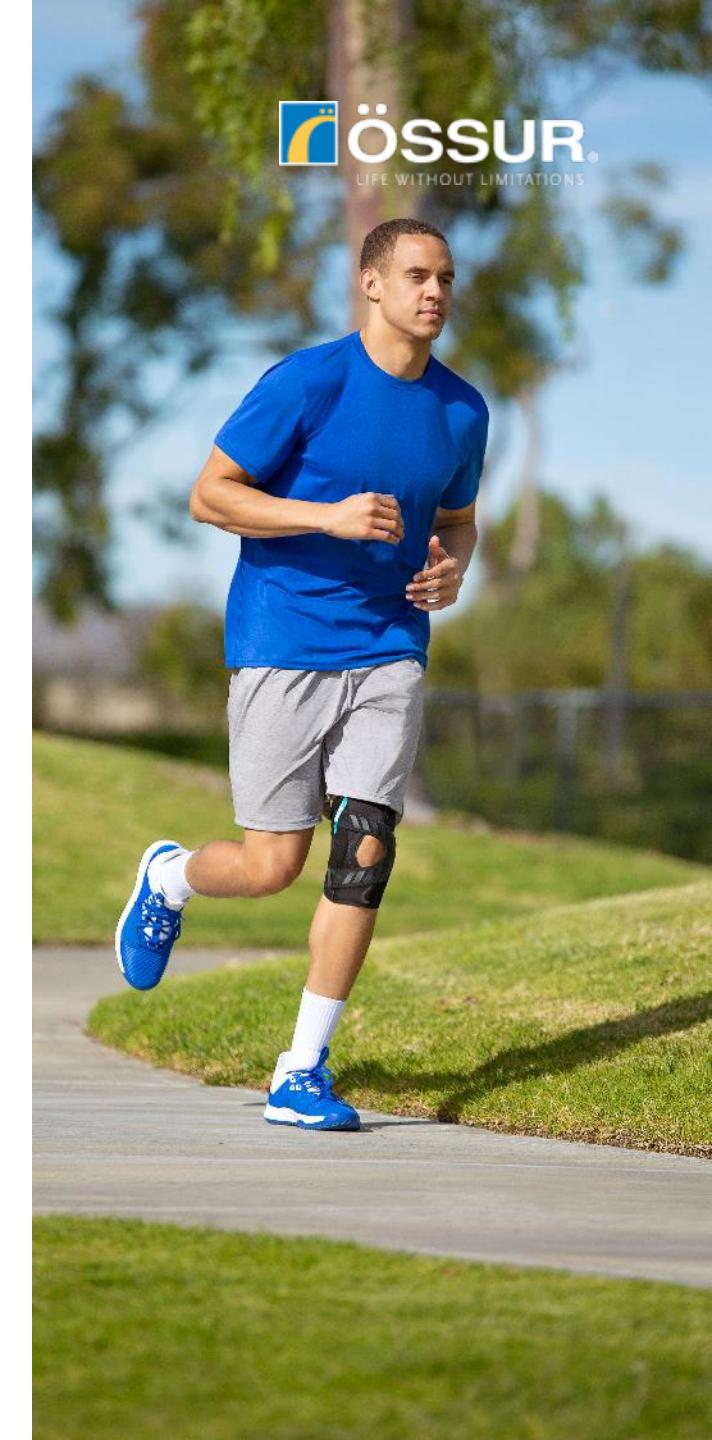


1. FY 2020 highlights
2. Q4 2020 review
3. Guidance for 2021
4. Summary

# Guidance considerations for 2021



	Actual 2020	Guidance
<b>Sales growth</b> Organic	-10%	10-15%
<b>EBITDA margin</b> Before special items	15%	21-23%
<b>CAPEX</b> % of sales	4%	3-4%
<b>Tax</b> Effective tax rate	38%	23-24%





1. FY 2020 highlights
2. Q4 2020 review
3. Guidance for 2021
4. Summary

## Highlights for the FY 2020

### Sales

- FY 2020 heavily impacted by COVID-19 but gradually recovering from April-May
- Impact of COVID-19 varies by geography with prosthetics more resilient than B&S

### Profitability

- EBITDA mainly down due to sales decline
- Excluding extraordinary items, OPEX declining in line with expectations

### Other matters

- Changes in the business mix with various acquisitions and divestments during the year
- Strong financing and liquidity position throughout the year

### Guidance

- Organic growth 10-15%, EBITDA margin before special items 21-23%, CAPEX 3-4% of sales and effective tax rate of 23-24%



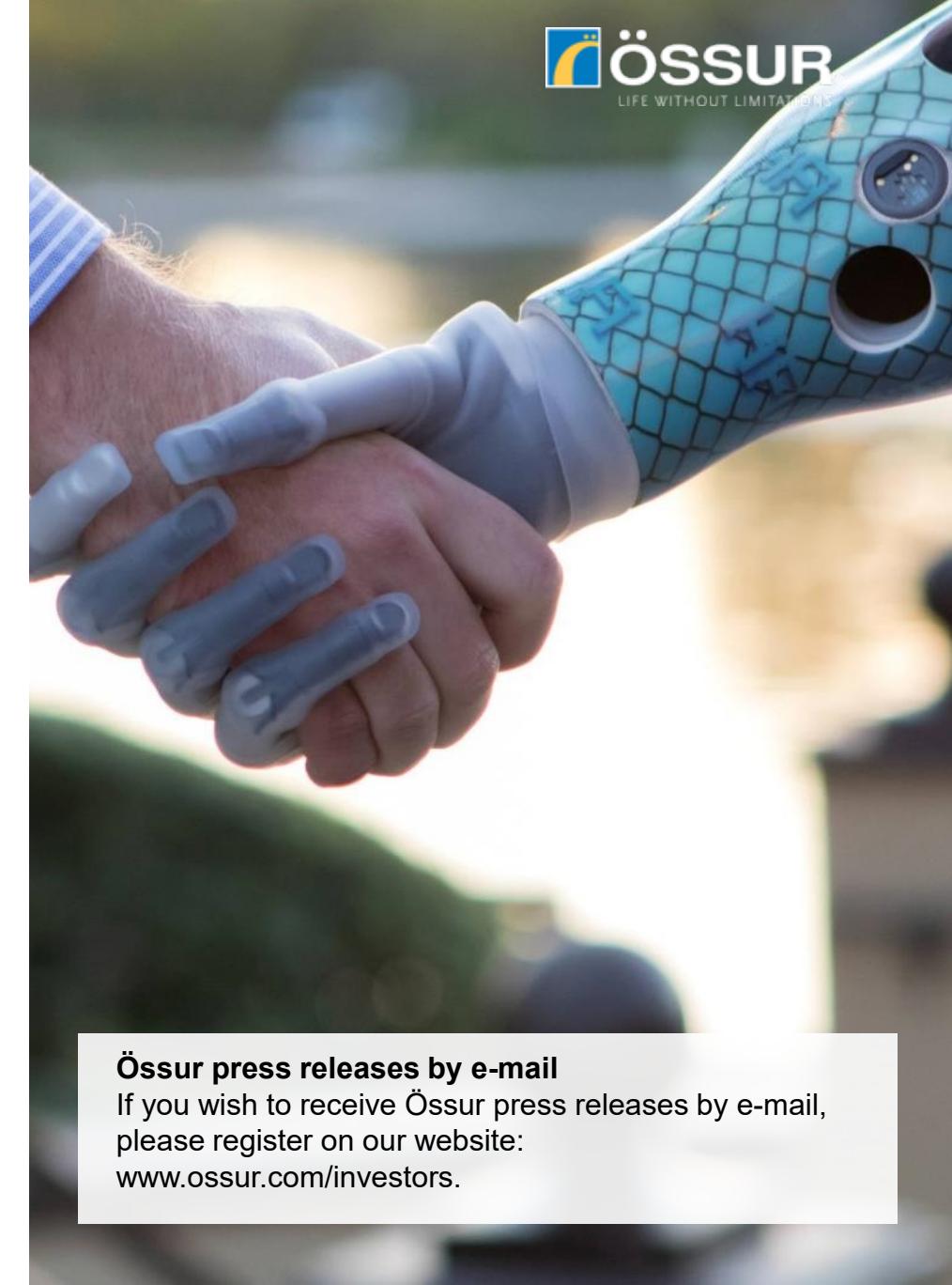
# Financial calendar and upcoming investor conferences

## Meet with us

Barclays Global Healthcare Conference (virtual)	9-11 March 2021
Carnegie Nordic Healthcare Seminar (virtual)	9-11 March 2021
ABGSC Small & Mid Cap Seminar (virtual)	7 April 2021
ABGSC Small & Mid Cap Seminar	22 September 2021

## Financial calendar

Annual General Meeting	8 March 2021
Interim report Q1 2021	27 April 2021
Interim report Q2 2021	22 July 2021
Interim report Q3 2021	26 October 2021
Interim report Q4 2021 and Annual Report 2021	1 February 2022
Annual General Meeting	8 March 2022



### Össur press releases by e-mail

If you wish to receive Össur press releases by e-mail, please register on our website: [www.ossur.com/investors](http://www.ossur.com/investors).

# WE IMPROVE PEOPLE'S MOBILITY



## Forward-looking statement

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 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.