

Interim Report 1, January – March 2003

24 April 2003

Nobel Biocare Holding AG Group

- Net profit increased by 38.7% to EUR 14.7 million in the first quarter confirming that further profitability improvements were achieved in the production related processes and that operating expenses were kept under control.
- Revenue increased by 11.8% (currency-adjusted) to EUR 79.8 million in the first quarter. After a soft January, with major activities focused on internal sales training, revenue growth has improved from February onwards. Revenue trends are especially strong in North America and Asia Pacific while Europe shows good trends on all markets except for the German speaking countries and Italy.
- The high market activity level under the Crown & Bridge & Implant strategy, positive uptake of the new product offer confirmed by high sales volume of starter kits, improving sales growth trends from February, extensive training & education activities for both present and potential customers and a strong launch program for the remainder of the year make us confident to reach all the targets for 2003.
- The Nobel Biocare World Congress was held in Las Vegas 2-5 April. The 2 300 participants had the possibility to see a sophisticated scientific program, including two live surgeries with the Teeth-in-an-Hour concept as well as the latest developments in science and products. The feedback from the attendees was very positive.

<i>EUR M</i>	<i>Jan-March 2003</i>	<i>% of Revenue</i>	<i>Jan-March 2002*</i>	<i>% of Revenue</i>	<i>Change</i>	<i>Change, currency adjusted</i>
Revenue	79.8		79.5		0.4%	11.8%
Profit from operations before goodwill amortization (EBITA)	21.8	27.3%	20.0	25.1%	9.0 %	
Profit from operations (EBIT)	19.4	24.3%	17.2	21.6%	12.8%	
Net profit	14.7		10.6		38.7%	
Earnings per share, EUR	0.58		0.42**		38.1%	
Earnings per share, CHF	0.85		0.62**		37.1%	
Market value 31 March, CHF M	1 796		2 031			

**) From 1 January 2003, Nobel Biocare is preparing its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and using Euro as its new reporting currency for the Group. The comparatives have been restated accordingly with a positive effect on profit from operations in Q1 2002 of EUR 1.5 million.*

****) Average number of Nobel Biocare AB shares.*

The Nobel Biocare Holding AG Group

Revenue

Table 1.

Revenue January-March*

EUR M	2003	2002	Growth in EUR (in local currency)
Revenue			
Europe	37.9	34.6	9.5% (10.2%)
North America	30.2	32.9	-8.2% (11.7%)
Asia/Pacific	8.1	8.1	0.0% (14.3%)
Rest of the World	3.6	3.9	-7.7% (21.8%)
Total	79.8	79.5	0.4% (11.8%)

* Until 2002, the Group comprised of two primary business segments: Dental Implants and Procera. Secondary information was provided on a geographical basis. After the integration of Procera 2002, it was decided to change segment reporting from 2003 onwards and provide primary segment information on a geographical basis only. The business is managed on a global basis and is operated in four geographical areas.

Revenue increased by 11.8% (currency-adjusted) to EUR 79.8 million in the first quarter. After a soft start of the year, with activity focused on internal sales training in January, revenue growth has improved from February onwards. North America, Nordic, Belgium, Spain and Australia showed strong growth. Revenue from the German speaking countries and Italy was weaker but improving at the end of the quarter. In Japan, sales were temporarily softer since the market was waiting for the Replace Select launch.

The first quarter market activities were dominated by the global launch of the new product offer under the new C&B&I concept. Nobel Biocare is now approaching the entire dental industry by incorporating implants and CAD/CAM Procera technology into regular dentistry for both teeth and implants. Market activities to convey the new messages were arranged in all markets with special focus on the major dental meetings in the first quarter such as the Chicago Midwinter Meeting, Academy of Osseointegration in Boston and IDS world dental exhibition in Cologne.

High volume of surgical starter kit sales as well as high order volume for the new smaller Procera Scanner, confirm that the new strategy targeting general practitioners and small- and mid sized dental laboratories has been successfully implemented and accepted.

Furthermore, the first quarter activities were geared at the preparation of the Nobel Biocare World Congress, which was held in Las Vegas 2-5 April. The 2 300 international participants had the possibility to see a world class scientific program, including two live surgeries with the Teeth-in-an-Hour concept demonstrating dental implant restorations with immediate functioning teeth. The meeting was a success in terms of scientific achievements and the high attendance from both present and new customers.

The major launches in the quarter included the Procera Piccolo scanner and Procera Coping in zirconia. Deliveries of the orders taken for the Piccolo scanner will start at the end of May 2003.

Sales of the Replace Select system are continuously running at exceptional high levels as a result of its user-friendly and versatile approach, which attracts the growing general practitioner segment of the market.

Revenue from Procera copings is picking up in Germany and Sweden while, in general, revenue from Procera AllCeram and Procera Abutments experienced steady growth trends.

Profit from operations

Profit from operations before goodwill amortization (EBITA) increased by 9.0% to EUR 21.8 million (20.0). The operating margin before goodwill amortization (EBITA) increased to 27.3% (25.1%).

Profit from operations increased by 12.8% to EUR 19.4 million (17.2). The operating margin (EBIT) increased to 24.3% (21.6%).

The increased margins are a result of further profitability improvements in the production related processes in combination with a strict and focused cost control.

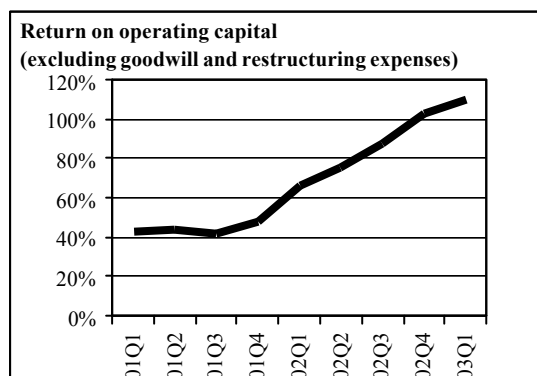
The gross margin increased to 76,2% (75,1%) for the first quarter compared with 75,6% for the full year 2002. The transactional currency effect on the gross margin in the first quarter was a negative 0,5%. The product assortment phase out continues according to plan and is expected to be finished before the end of 2003.

As a consequence of the weaker USD currency rate, goodwill amortization decreased and reached EUR 2.4 million (2.8 million). Depreciation amounted to EUR 2.6 million (2.8).

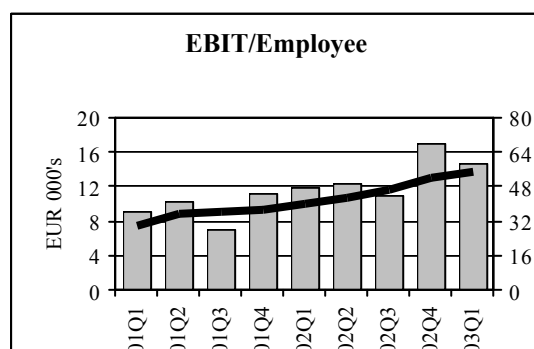
Table 2.

Profit from operations, January-March

EUR M	2003	% of revenue	2002	% of revenue
Profit from operations before goodwill amortization (EBITA)	21.8	27.3%	20.0	25.1%
Profit from operations (EBIT)	19.4	24.3%	17.2	21.6%



The Return on operating capital excluding goodwill and restructuring expenses shows a significantly improved trend as a result of an increased EBIT margin and improved operating capital turnover.



The strategy of growing with existing resources has resulted in a significantly improved profitability level per employee.

Investments

Total capital expenditures amounted to EUR 3.3 million (2.6), whereof EUR 2.1 million relates to investments in production facilities.

Liquidity and financial position

As a consequence of the increased revenue growth trend from February and onwards, accounts receivable were significantly higher at 31 March compared with 31 December. In addition, material supplementary tax payments related to the fiscal year 2002 were made during the first quarter. This combined with the fact that Nobel Biocare is still in the introduction phase of the new product offering, with the old assortment not being fully phased out from inventories, have resulted in a zero cash flow from operating activities during the first quarter.

Liquid assets totaled EUR 47.8 million (31/12/2002: 52.5 million) while the net cash position amounted to EUR 18.7 million (31/12/2002: EUR 21.4 million).

Shareholders' equity per average share increased to EUR 9.02 (31/12/2002: EUR 8.47*).

*) Average number of Nobel Biocare Holding AG/Nobel Biocare AB shares.

Parent company

Since 21 June 2002, Nobel Biocare Holding AG is the ultimate parent company of the Nobel Biocare Holding Group. Nobel Biocare Holding AG owns 100 percent of the shares in Nobel Biocare AG, Nobel Biocare Investments N.V. and Nobel Biocare Holding AB. Nobel Biocare Holding AB in turn owns 100 percent of Nobel Biocare Sverige AB, which company is the owner of the 98.9 percent of the shares in Nobel Biocare AB.

The total number of outstanding shares in Nobel Biocare Holding AG on 31/3/2003 totaled 25,117,283 (31/12/2002 totaled 25,115,187).

Following the redemption of all the outstanding warrants and options, the total number of shares will be 26,357,605.

Status report on disputes

Nobel Biocare is involved in two ongoing patent litigation/arbitrations concerning the US market. There are no material developments in either of these cases. Nobel Biocare has also been involved in one patent infringement litigation regarding the German market. This matter has, however been settled on satisfactory terms. Further, Nobel Biocare has one warranty related dispute in the USA. The present ongoing product liability cases are routinely handled through the company's insurance company and there are no indications that the amounts would exceed the insurance coverage.

Annual General Meeting

The Annual General Meeting for Nobel Biocare Holding AG will be held on 24 April 2003 at 10.30 at the UBS Conference Center, Grünenhof, Zurich, Switzerland. An information meeting for the Swedish shareholders will be held on 29 April 2003 at 10.30 at the Nobel Biocare Training Center, Bohusgatan 15, Gothenburg, Sweden.

Outlook

The following financial targets have been set for 2003:

- | | |
|---|--------|
| • Group revenue | > 20% |
| • Group operating profit margin before goodwill amortization, EBITA | 26-28% |
| • Group operating profit margin, EBIT | 23-25% |

In the first quarter, Nobel Biocare has reached the targeted profitability levels.

The high market activity level under the C&B&I strategy, positive uptake of the new product offer confirmed by high volume of surgical starter kit sales, improving sales growth trends from February and onwards, extensive training & education activities for both the present and new customer segments and a strong launch program for the remainder of the year make us confident to reach all our targets for 2003.

24 April 2003

NOBEL BIO CARE HOLDING AG

Heliane Canepa
President & CEO

Further information is available (after AGM and Tel conference) from:

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Financial reporting 2003:

Q2 report 13 August

Q3 report 22 October

Nobel Biocare is an innovative, medical devices company and the world leader in innovative esthetic dental solutions with its brands Brånemark System®, Replace™ Select (dental implants) and Procera® (individualized dental prosthetics).

Nobel Biocare is a one-stop-shop for restorative esthetic dentistry, offering a wide range of innovative Crown & Bridge & Implant products, as well as training & education and clinically-documented treatment concepts.

Nobel Biocare has around 1 300 employees and in 2002 revenue totaled EUR 311.2 million. The global headquarters are located in Gothenburg, Sweden, while production takes place at four production sites in Sweden and the US. Nobel Biocare has its own sales organizations in 27 countries.

The shares of the parent company Nobel Biocare Holding AG are listed on the SWX Swiss Exchange and on the Stockholm Stock Exchange, Sweden.

www.nobelbiocare.com

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR M

	Jan-March	Jan-March	Full year
	2003	2002	2002
Revenue	79.8	79.5	311.2
Cost of sales	-19.0	-19.8	-76.0
Gross profit	60.8	59.7	235.2
Selling, administrative and R&D expenses			

	-41.4
	-42.5
	-165.0
Restructuring expenses	-
	-
	-7.2
Profit from operations	19.4
	17.2
	63.0
Financial income	0.5
	0.2
	1.8
Financial expenses	-0.8
	-0.8
	-3.7
Profit before tax	19.1
	16.6

	61.1
Income tax expenses	-4.3
	-6.0
	-22.9
Profit after tax	14.8
	10.6
	38.2
Minority interest	-0.1
	-
	-0.4
Net profit	14.7
	10.6
	37.8
Profit per share, EUR	0.58
	0.42*
	1.50**
Diluted profit per share, EUR	0.56

0.40*

1.43**

*) Average number of Nobel Biocare AB shares

**) Average number of Nobel Biocare Holding AG/ Nobel Biocare AB shares.

CONDENSED CONSOLIDATED BALANCE SHEET

EUR M	31/03/03	31/03/02	31/12/02
Assets			
Property, plant and equipment	27.3	30.6	27.3
Intangible assets	143.2	169.6	144.9
Financial assets	7.3	9.0	10.1
Total non-current assets	177.8	209.2	182.3
Inventories	30.4	22.8	28.1
Current receivables	72.2	75.0	61.4
Cash and cash equivalents	47.8	37.3	52.5
Total current assets	150.4	135.1	142.0
TOTAL ASSETS	328.2	344.3	324.3
Shareholders' equity and liabilities			
Shareholders' equity	226.6	217.0	212.7

Minority interest	2.3	-	2.2
Provisions	22.6	23.3	23.0
Other non-current liabilities	30.2	47.9	32.5
Current liabilities	46.5	56.1	53.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	328.2	344.3	324.3

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Jan-March	Jan-March	Full year
EUR M	2003	2002	2002
As of 1 January	212.7	204.4	204.4
Foreign exchange translation differences	-0.8	2.0	-22.3
Warrants and options exercised	-	-	0.9
Dividend	-	-	-8.1
Net profit for the period	14.7	10.6	37.8
As of 31 March	226.6	217.0	212.7

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Jan-March	Jan-March	Full year
EUR M	2003	2002	2002
Profit before tax	19.1	16.6	61.1

Depreciation and amortization	5.0	5.6	21.6
Non-cash financial income and expenses	0.3	-0.9	0.2
Other non-cash income and expenses	-2.0	-	2.8
Changes in working capital and provisions	-13.1	-0.9	-8.0
Income taxes paid	-9.3	-1.0	-7.4
Net cash from operating activities	0.0	19.4	70.3
Net cash from investing activities	-3.0	-2.6	-13.6
Exercised warrants and options	-	-	0.9
Decrease in interest-bearing liabilities	-1.9	-4.9	-17.6
Interest, net	-	-	-2.1
Dividends paid	-	-	-8.1
Net cash from financing activities	1.9	-4.9	-26.9
Decrease/increase in cash and cash equivalents	-4.9	11.9	29.8
Cash and cash equivalents as at 1 January	52.5	24.8	24.8
Effect of exchange rate differences on cash held	0.2	0.6	-2.1
Cash and cash equivalents at 31 March/December	47.8	37.3	52.5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Accounting and valuation principles

The unaudited interim financial statements comply with the requirements in IAS 34 Interim Financial Reporting.

The accounting policies are the same as those applied in the 2002 consolidated financial statements.

The Group fulfills the criteria for hedge accounting of derivative instruments related to EUR and USD from 2003.

Note 2. Changes in key figures

Income statement

The year-on-year currency impact on Profit from operations was a negative EUR 4.8 million excluding the 2002 IFRS adjustment.

As a consequence of the weaker USD currency rate, goodwill amortization decreased and reached EUR 2.4 million (2.8 million). Depreciation amounted to EUR 2.6 million (2.8).

The previously announced lower tax rate of 20-25%, as a consequence of the new holding structure, is estimated to be reached.

Balance sheet

Total capital expenditures totaled EUR 3.3 million (2.6), whereof EUR 2.1 million relates to investments in production facilities.

As a consequence of the increased revenue growth trend from February and onwards, accounts receivable were significantly higher at 31 March compared with 31 December. In addition, material supplementary tax payments related to the fiscal year 2002 were made during the first quarter. This combined with the fact that Nobel Biocare is still in the introduction phase of the new product offering, with the old assortment not being fully phased out from inventories, have resulted in a zero cash flow from operating activities during the first quarter.

Liquid assets totaled EUR 47.8 million (31/12/2002: 52.5 million) while the net cash position amounted to EUR 18.7 million (31/12/2002: EUR 21.4 million).

Other

The number of employees at the end of March 2003 was 1 331 (1 314). The increase relates to additions in the sales force on a global basis.

Note 3. Segment revenue and profit from operations

Until 2002, the Group comprised of two primary business segments: Dental Implants and Procera. Secondary information was provided on a geographical basis. After the integration of Procera 2002, it was decided to change segment reporting from 2003 onwards and provide primary segment information on a geographical basis only. The business is managed on a global basis, which operate in four geographical areas. See Table 1 on page 2.

Note 4. Change in consolidation scope

As of 31 March 2003, the Group's parent company is Nobel Biocare Holding AG and the figures as of and for the period ended 31 March 2003, have therefore been consolidated on the basis of that new structure (see also Note 5). The transaction in connection with the offer to the shareholders of Nobel Biocare AB in 2002 has been accounted for as a common control transaction. For comparative purposes, the Nobel Biocare AB Group's financial statement information has been disclosed for prior periods.

Note 5. Equity

Share capital

On 27 May, 2002, Nobel Biocare Holding AB made a public offer to the shareholders of Nobel Biocare AB to acquire all the outstanding shares in Nobel Biocare AB; 94.6% of the Nobel Biocare AB shareholders accepted the offer. The shareholders who accepted the offer, in return for Nobel Biocare AB shares, received shares in Nobel Biocare Holding AG on a one-for-one share basis. The capital was increased by way of a capital contribution consisting of shares in Nobel Biocare AB tendered by shareholders of Nobel Biocare AB during the offer. As a result of additional shares tendered by Nobel Biocare AB shareholders during the prolonged period of the public tender offer until 9 July, 2002, a total of 98.9% of the Nobel Biocare AB shareholders had accepted the offer.

The total number of outstanding shares in Nobel Biocare Holding AG on 31/3/2003 totaled 25,117,283 (31/12/2002 totaled 25,115,187). Following the redemption of all the outstanding warrants and options, the total number of shares will be 26,357,605.

The share capital may be increased by issuing no more than 1,242,418 shares, each with a par value of CHF 2, to be fully paid up, by an amount of no more than CHF 2,484,836 by virtue of the exercise of option rights granted to employees, directors and officers of the Company or its affiliates.

Minorities

The minority interest represents the outstanding shares (1.1%) on 31 March 2003 in Nobel Biocare AB, which had not been exchanged for Nobel Biocare Holding AG shares. Minority interest has been recorded in the income statement.

In order to initiate a compulsory redemption process of the remaining shares in Nobel Biocare AB (publ), Nobel Biocare Holding AG transferred all of its shares in Nobel Biocare AB (publ) in January 2003 to a wholly owned Swedish subsidiary; Nobel Biocare Sverige AB. This compulsory purchase procedure was initiated on 16 January 2003. In accordance with the Swedish Company Act, Nobel Biocare Sverige AB has requested that the question of redemption and what price to be paid for the minority shares shall be referred to arbitration. The arbitration proceedings are expected to commence during spring of 2003.

This report has not been reviewed by the company's auditors.

THE NOBEL BIOCARE HOLDING AG GROUP — QUARTERLY REVIEW

EUR M

Revenue

1/2

4/2

3/2

2/2

1/2

4/2

Operating expenses

Profit from operations excluding restructuring expenses and amortization of goodwill (EBITA)

Amortization of goodwill

Profit from operations (EBIT) excl. restructuring expenses

Restructuring expenses

Profit from operations (EBIT)

SUMMARY OF OPERATIONS

EUR M

Jan-March

Jan-March

Full year

2003

2002

2002

Revenue

79.8

79.5

311.2

Profit from operations excluding restructuring expenses and amortization of goodwill (EBITA)

21.8

20.0

80.7

Profit from operations (EBIT) excluding restructuring expenses

19.4

17.2

70.2

EBITA-margin

27.3%

25.1%

25.9%

EBIT-margin

24.3%

21.6%

22.6%

Profit before tax

19.1

16.6

61.1

Tax rate

22.5%

36.1%

37.5%

Net cash from operating activities

0.0

19.4

70.3

Return on average capital employed

31.0%

26.2%

25.8%

Return on average equity

27.9%

20.7%

18.4%

Equity/assets ratio

69%

63%

66%

Net profit per share, EUR

0.58

0.42*

1.50**

Diluted net profit per share, EUR

0.56

0.40*

1.43**

Balance sheet total

328.2

344.3

324.3

Shareholders' equity

226.6

217.0

212.7

Investments

3.3

2.6

13.6

Equity per share, EUR

9.02

8.56*

8.47**

Average number of shares

25 115 886

25 354 900*

25 124 239**

Number of shares after dilution

26 357 605

26 617 318*

26 357 605**

Number of employees

1 331

1 314

1 330

*) *Average number of Nobel Biocare AB shares.*

**) *Average number of Nobel Biocare Holding AG/ Nobel Biocare AB shares.*