



Report on the 1999 financial year

(Göteborg, 9 February 2000)

The Nobel Biocare Group

- Operating income increased by 91% compared with operating income before non-recurring items in 1998 and amounted to SEK 232.6 million (121.5).
- Sales increased by 33% to total SEK 1,738.1 million (1,309.7).
- Dental Implant sales improved by 31% to total SEK 1,528.4 million (1,170.2).
- Sales within Procera® increased by 50% and totalled SEK 209.7 million (139.5).
- Earnings per share excluding goodwill amortization and non-recurring items increased by 87% to SEK 8.39 (4.49).
- The Board of Directors proposes that the dividend should be increased to SEK 2.00 per share (1.70).

SEK M

	1999	1998	Change
Net turnover	1 738.1	1 309.7	+32.7%
<i>of which Dental Implants</i>	<i>1 528.4</i>	<i>1 170.2</i>	<i>+30.6%</i>
<i>of which Procera®</i>	<i>209.7</i>	<i>139.5</i>	<i>+50.3%</i>
Operating income excluding non-recurring items	232.6	121.5	+91.4%
Non-recurring items	-	-47.7	
Operating income	232.6	73.8	+215.2%
Income after net financial items	197.9	64.7	+205.9%
Earnings per share, SEK	6.21	1.88	+230.3%
Earnings per share excluding goodwill amortization and non-recurring items, SEK	8.39	4.49	+86.9%

1998 includes four months of Steri-Oss' operations

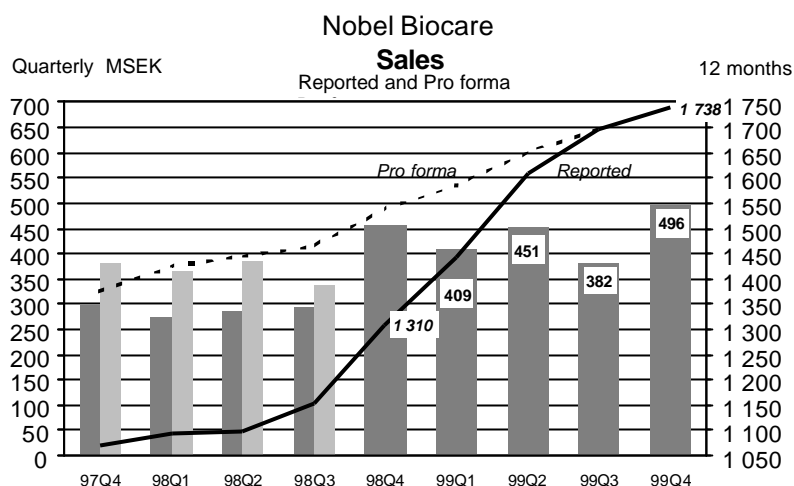
Group sales

Nobel Biocare's sales increased by 33% to total SEK 1,738.1 million (1 309.7). Pro forma (i.e. including all Steri-Oss sales in 1998) sales increased by 16%.

Dental Implant sales increased by 31% in 1999, pro forma 12%, which is above the estimated rate of market growth. The rate of growth on the world market for dental implants picked up in 1999 and is estimated at 7-10%. This was caused by the strong general economic climate, more dentists offering implant treatment and increased awareness of the availability of dental implants.

The positive growth trend for Nobel Biocare was also affected by the successful integration of Steri-Oss. In addition, sales growth was supported by three major product launches, Brånemark System® Mk III featuring Stargrip, Steri-Oss® Replace Select and Immediate Provisional Implant, all in line with the strategy of achieving simplification, shorter treatment lead times and immediately functioning restorations.

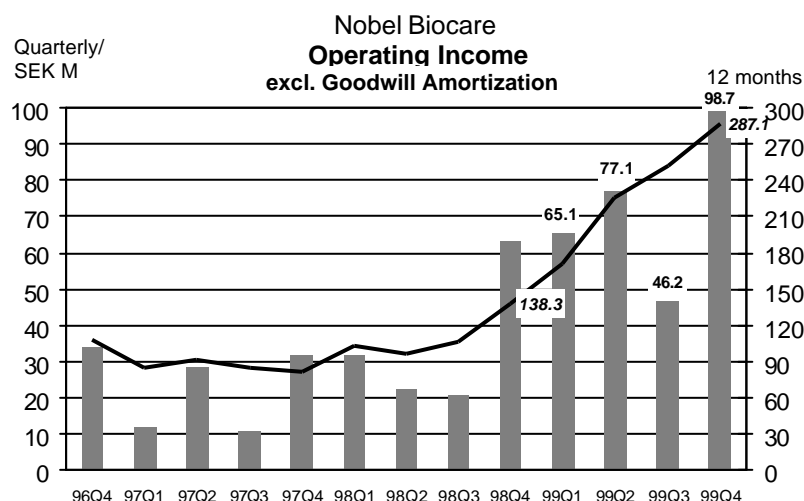
Sales in Procera® reached SEK 209.7 million, an increase of 50% compared with 1998.



Group results

Operating income increased by 215.2% to total SEK 232.6 million, compared with SEK 73.8 million for 1998 (SEK 121.5 million excluding non-recurring items). This strong increase was attributable to higher sales volumes for dental implants, improved operational efficiency in manufacturing and sales and the synergies obtained from merging Nobel Biocare's and Steri-Oss' operations. Procera® made a break-even result. Supply problems during the first six months, start-up costs for the new production facility in the USA and a continued aggressive roll-out have had a short term negative influence on earnings in Procera®.

Operating income before non-recurring items improved by SEK 111.1 million to 232.6 million (121.5); excluding goodwill amortization operating income increased by SEK 148.8 million to SEK 287.1 million (138.3). Goodwill amortization was SEK 37.7 million higher at SEK 54.5 million (16.8). Positive currency effects, compared to 1998, have been calculated at SEK 27.4 million. Excluding the positive currency effect and the negative impact of goodwill amortization, operating income improved by SEK 121.4 million.



Operating expenses as a percentage of sales decreased by 6% units from 65% in 1998 to 59%, due to strong sales trends, cost synergies and an overall high level of cost containment.

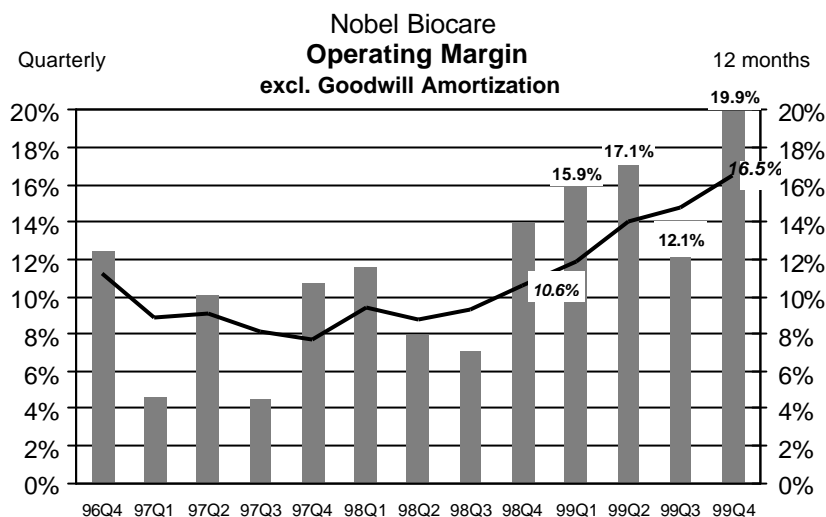
Depreciation amounted to SEK 56.6 million (51.9).

The operating margin increased to 13.4%, an improvement of 4.1% units compared with 1998 (9.3%, excluding non-recurring items). Excluding goodwill amortization, the operating margin improved by 5.9 %

units to 16.5% (10.6%). The return on operating capital (i.e. the net of non interest-bearing assets and liabilities), excluding goodwill related items, amounted to 41.4% in 1999 (28.0%).

Net financial income and expenses totalled SEK -34.7 million (-9.0). The change primarily reflects the financial cost of the acquisition of Steri-Oss Inc. in September 1998.

Income after net financial items amounted to SEK 197.9 million (64.7).



Business area Dental Implants

Dental implants are used permanently to replace missing teeth. A screw-shaped element is installed in the jawbone and functions as a replacement for the natural dental root. The products are offered to dentists for the treatment of all types of missing teeth and are used at around 20,000 clinics in some 50 countries. Nobel Biocare markets dental implants under two brands, Brånemark System® and Steri-Oss®, with a global market share of approximately 40%. More than one million patients have been treated so far.

Sales of Dental Implants increased by 31% and totalled SEK 1,528.4 million (1,170.2). Pro forma, sales increased by 12%. Total market growth is estimated at 7-10%.

In North America, Nobel Biocare's sales increased by 11%, with stronger trends in the USA and softer in Canada. The strong sales trend in Europe (excluding the Nordic market) continued and growth reached 16% compared with 1998. France, Spain, Italy, Belgium and the UK in particular, experienced good growth rates with improving market shares. The result in Germany and Sweden was weaker than anticipated.

Japan and Asia Pacific continue to recover. Sales increased by 25%. The sales trend in Brazil is improving since the takeover by our own subsidiary in May 1999.

In January 2000, Wada Precision Dental Laboratories started to distribute Brånemark System to new customers in Japan, alongside Nobel Biocare's own sales organization, which will continue to support key accounts and universities.

Three major product innovations, Replace Select, Brånemark System Mk III, and Immediate Provisional Implant, were launched during the autumn. The customer response has been very positive and sales have continued to be strong. Replace Select offers a one-stage implant system with an internal connection which addresses a growing segment of the dental implant market. Brånemark System Mk III is a self-tapping fixture featuring Stargrip, a unique delivery system which simplifies the insertion procedure. These products were developed to simplify the surgical procedure, in order to obtain shorter treatment lead times, and to provide immediately functioning restorations.

A regional direct-to-consumer test campaign was run in October 1999 in the German cities of Cologne and Bonn. The main objectives were to increase awareness of dental implants and Nobel Biocare among the general public, generate contact with potential patients and achieve experience of this type of marketing. The campaign was successful on all counts. The level of awareness changed notably, a large number of sales leads were generated, and important experience was achieved for future market investment decisions.

The Brånemark Novum™ concept of new teeth in one day continues to generate great interest and the launch is planned late in the autumn of 2000.

Integration of Steri-Oss

The integration of Steri-Oss was completed in 1999, one year after the acquisition. Co-ordination synergies, in terms of cost savings and enhanced sales growth are expected to have an effect of SEK 90-100 million annually on operating income. Most of it affected the 1999 results. The merger of the two organizations, as well as the takeover of Steri-Oss' former distributors, was successfully executed without any disruptions to sales. Steri-Oss' distributor sales were gradually integrated into the Nobel Biocare sales organization world-wide with one sales force marketing both brands. Research, product development and manufacturing have been co-ordinated.

The merger process has been fast and effective and high operational efficiency has been maintained throughout. The acquisition has significantly increased Nobel Biocare's competitive advantages in the industry.

Business area Procera®

Procera® is a CAD-CAM-based process for the industrial production of the inner core, the coping, of dental crowns made of ceramic material or titanium. A Procera® AllCeram dental crown has superior strength and esthetic properties, as well as a significantly lower material cost, compared with conventional dental crowns. So far, more than 300,000 patients have been treated with Procera®. The product system is marketed to dental laboratories, which invest in computer-aided equipment from Procera®. Information is sent by modem to a Procera® production unit, where the dental coping is produced industrially and then shipped to the dental laboratory. After applying the porcelain to the surface, the dental laboratory delivers the crown to the dentist.

Sales in Procera® totalled SEK 209.7 million (139.5), an increase of 50%. Following somewhat slow developments during the first six months, sales gradually picked up and reached an all-time high in the fourth quarter of 1999.

The volume increase for Procera® AllCeram was 83% compared with 1998. Procera® AllCeram sales increased by 103% in the USA and by 50% in Europe. The annual running sales rate in December 1999 was more than 500,000 units compared with 460,000 in September 1999. Sales in the USA currently account for 65% of the volume. In the fourth quarter of 1999, a record number of Procera® Scanners were sold. By the end of 1999, an accumulated total of 800 scanners had been delivered to 22 countries.

The qualities of the Procera® All Ceram product have obtained large-scale acceptance in the marketplace. However, as Procera® acts as a supplier to dental laboratories, just-in-time delivery is critical. The growth rate for Procera® in 1999 was hampered by distribution disruptions relating to shipments from Sweden to the North American market and interference by US authorities. Following the successful start-up of production in New Jersey, USA, in November 1999, the year-on-year growth rate has accelerated in North America as customer confidence is re-established.

The new production unit for Procera® AllCeram dental copings in the USA started to deliver products in November 1999. As of February 2000, 80% of the volumes destined for North American dental laboratories have been supplied by the new plant. All North American customers will be transferred to the new unit before the end of February. The plant is being run as a joint venture with Sandvik AB.

The international expansion of Procera® continued in 1999 with Italy, France, Spain and Portugal. The first scanners have now been sold to Brazil, Chile and Hong Kong. The continued roll-out in 2000 will focus on South East Asia and South America.

Procera® AllCeram Bridge and Procera® Abument for Steri-Oss implants were launched in 1999 and experienced good sales trends during the second half of the year. Procera® Laminates will be launched in July 2000.

A partnership agreement was signed in January 2000 with 3M Dental, one of the world's leading manufacturers of dental cement. Through this alliance, Nobel Biocare will have access to 3M's national sales force of approximately 60 people who will be promoting Procera® to general dental practitioners in North America.

Investments

Net capital expenditure, excluding the Steri-Oss acquisition, totalled SEK 82.5 million (45.8).

Personnel

The number of employees at the end of 1999 was 1,140, of whom 357 were employed in Sweden. The corresponding figures in December 1998 were 1,054 and 360 respectively.

Liquidity and financial position

Liquid assets totalled SEK 122.4 million (31/12/1998: SEK 126.8 million).

Operating cash flow before capital expenditures amounted to SEK 149.5 million. After net capital expenditures of SEK 82.5 million, an operating cash flow of SEK 67.0 million was generated. In 1999, cash effects of restructuring costs related to the acquisition of Steri-Oss in September of 1998 were incurred amounting to approximately net SEK 70 million. These items combined with negative net financial items, current taxes and dividends increased net debt of the Group by SEK 110.7 million to SEK 436.9 million (326.2). Net debt, which peaked in the second and third quarter, was reduced by SEK 41.5 million in the fourth quarter of 1999.

The equity/assets ratio was 61% (31/12 (1998: 60%).

Shareholders' equity per share was SEK 53.08 (31/12/1998: SEK 48.13).

The number of shares totalled 24,922,934 (31/12/1998: 24,764,579) after the redemption of warrants issued in connection with the acquisition of Steri-Oss Inc.

Swedish Pension Plan SPP surplus funds

According to notification from SPP, the group's share of SPP's surplus is approximately SEK 20 million. It is still uncertain when and how these funds can be used. The result for 1999 has not been affected by this information.

Dividend

The Board of Directors proposes that the dividend for 1999 should be SEK 2.00 (SEK 1.70) per share, in accordance with the established long-term dividend policy.

Annual General Meeting

The Annual General Meeting will be held on 3 May, 2000 at 5 p.m. in the Stenhammarsalen at the Göteborg Concert Hall, Göteborg, Sweden.

Valuation of synthetic options in the first quarter of 2000

The synthetic options held by present and former employees of Nobel Biocare since March 1994 have gained substantially in value since the 1999 year-end due to the favorable trends for Nobel Biocare shares. The options, which expire on 31 March, 2000, had a value of SEK 0.8 million at the end of 1999. During the period 1- 28 January, 87% of the options were redeemed for a total value of SEK 7.7 million. The remaining 13% (23,315 options) represent a liability for the parent company on 28 January amounting to SEK 2.0 million based on the share price on that date, SEK 205. As a result, income in the first quarter of 2000 will be charged with a minimum cost of SEK 6.9 million; the value of the outstanding options remains at risk.

Charts on Nobel Biocare's Homepage

Nobel Biocare's financial performance in charts, including twelve-months moving figures, will be available later this afternoon at the Nobel Biocare Homepage:

www.nobelbiocare.com

(Investor Information / Latest Financial Results)

Consolidated Income Statement

SEK M	Full year		Full year	
	1999	%	1998	%
Net turnover	1 738,1	100,0	1 309,7	100,0
Cost of goods sold	-472,2	-27,2	-340,7	-26,0
Gross income	1 265,9	72,8	969,0	74,0
R&D, sales and administration expenses	-1 035,5	-59,6	-851,6	-65,1
Other operating income and operating expenses -net	2,2	0,1	4,1	0,3
Non-recurring items	-	-	-47,8	-3,6
Operating income	232,6	13,4	73,7	5,6
Financial income and expenses - net	-34,7	-2,0	-9,0	-0,7
Income after financial income and expenses	197,9	11,4	64,7	4,9
Taxes	-43,2	-2,5	-18,0	-1,3
Income after taxes	154,7	8,9	46,7	3,6

Consolidated Balance Sheet

SEK M	31/12/99	31/12/98
Assets		
Intangible fixed assets	1 052,7	1 031,0
Tangible fixed assets	171,9	139,3
Financial fixed assets	35,6	12,0
Total fixed assets	1 260,2	1 182,3
Inventories	264,6	214,7
Current receivables	526,0	477,1
Financial current assets	122,4	126,8
Total current assets	913,0	818,6
TOTAL ASSETS	2 173,2	2 000,9
Equity	1 323,0	1 192,0
Allocations	32,7	65,7
Long-term liabilities	455,7	380,4
Current liabilities	361,8	362,8
TOTAL EQUITY AND LIABILITIES	2 173,2	2 000,9

Cash Flow

SEK M	Full year	Full year
	1999	1998
Funds provided internally	294,8	117,3
Change in operating capital etc.	-249,7	25,1
Net investments excluding Steri-Oss	-82,5	-45,8
Investments in Steri-Oss	-	-457,6
Increase in long-term liabilities	75,3	377,9
Dividends	-42,3	-29,4
Net cash flow	4,4	-12,5

The Nobel Biocare Group - Quarterly Review

SEK M	4/1999	3/1999	2/1999	1/1999	4/1998	3/1998	2/1998
Net sales	495,9	382,1	450,8	409,2	454,6	294,2	286,6
Operating expenses	-397,2	-335,9	-373,7	-344,1	-391,4	-273,4	-264,0
Operating income excluding non-recurring items and amortization of goodwill	98,7	46,2	77,1	65,1	63,2	20,8	22,6
Amortization of goodwill	-13,4	-14,9	-13,6	-12,6	-12,5	-4,2	-
Operating income excl. non-recurring items	85,3	31,3	63,5	52,5	50,7	16,6	22,6
Non-recurring items	—	—	—	—	4,4	-0,1	0,8
Operating income	85,3	31,3	63,5	52,5	55,1	16,5	23,4

Summary of Operations

SEK M	Full year 1999	Full year 1998
Net sales	1 738,1	1 309,7
Operating income	232,6	73,8
Operating margin excluding goodwill amortization	16,5%	6,9%
Operating margin	13,4%	5,6%
Return on operating capital excluding goodwill	41,4%	18,4%
Return on operating capital	13,9%	4,5%
Income after financial income and expenses	197,9	64,7
Return on average capital employed	13,1%	7,0%
Return on average equity	12,4%	5,5%
Equity/assets ratio	60,9%	60,0%
Earnings per share excl. goodwill amortization, SEK	8,39	2,56
Earnings per share, SEK	6,21	1,88
Balance sheet total	2 173,2	2 000,9
Equity	1 323,0	1 192,0
Net investments	82,5	45,8
Equity per share, SEK	53,08	48,13
Number of shares	24 922 934	24 764 579
Number of employees	1 140	1 054

Key figures, excluding non-recurring items

SEK M	Full year 1999	Full year 1998
Operating income	232,6	121,5
Operating margin excluding goodwill amortization	16,5%	10,6%
Operating margin	13,4%	9,3%
Return on operating capital excluding goodwill	41,4%	28,0%
Return on operating capital	13,9%	7,4%
Income after financial income and expenses	197,9	112,5
Return on average capital employed	13,1%	11,3%
Return on average equity	12,4%	11,0%
Earnings per share excl. goodwill amortization, SEK	8,39	4,49
Earnings per share, SEK	6,21	3,81

Other financial information from Nobel Biocare in 2000

- * The 1999 annual report will be distributed to shareholders at the beginning of April.
- * Interim report January-March 2000 will be published on 3 May.
- * Interim report January-June 2000 will be published on 16 August.
- * Interim report January-September 2000 will be published on 25 October.

Göteborg, 9 February, 2000

NOBEL BIO CARE AB (publ.)
Board of Directors

Further information is available from:

Jack Forsgren, President and CEO, and Mikael Kromli, Vice President and CFO,
Nobel Biocare AB, telephone +46 31 81 88 00.