

Interim Report 3, January-September 2000

The Nobel Biocare Group

- Sales increased by 19% to SEK 1,474.7 million (1,242.2).
- Dental Implant sales increased by 18% to SEK 1,293.5 million (1,097.8).
- Procera® sales increased by 25% to SEK 181.2 million (144.4). Growth for Procera® AllCeram copings was 36% year-to-date and 39% in the third quarter.
- Operating income amounted to SEK 165.9 million (147.3). Operating income excluding goodwill amortization was SEK 209.7 million (188.4). Currency effects were negative, SEK –14.0 million.
- Earnings per share amounted to SEK 4.46 (3.72).
- TiUnite™, the new titanium fixture surface that enhances the bone healing process, was successfully launched in September 2000.

<i>SEK M</i>	<i>Jan-Sept 2000</i>	<i>Jan-Sept 1999</i>	<i>Change</i>
Net turnover	1 474.7	1 242.2	18.7%
<i>of which Dental Implants</i>	<i>1 293.5</i>	<i>1 097.8</i>	<i>17.8%</i>
<i>of which Procera®</i>	<i>181.2</i>	<i>144.4</i>	<i>25.5%</i>
Operating income excluding cost of synthetic options and before non-recurring items	153.4	147.3	4.1%
Operating income before non-recurring items	143.6	147.3	-2.5%
Non-recurring items	22.3	-	-
Operating income	165.9	147.3	12.6%
Income after net financial items	139.4	119.5	16.7%
Earnings per share, SEK	4.46	3.72	19.9%
Earnings per share excluding goodwill amortization, SEK	6.21	5.37	15.3%

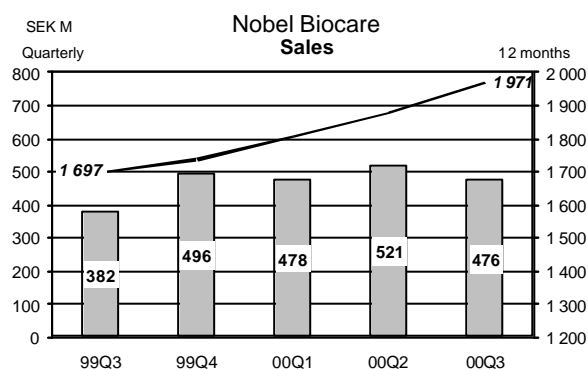
The Nobel Biocare Group

Group sales

Nobel Biocare sales increased by 18.7% to SEK 1 474.7 million (1 242.2).

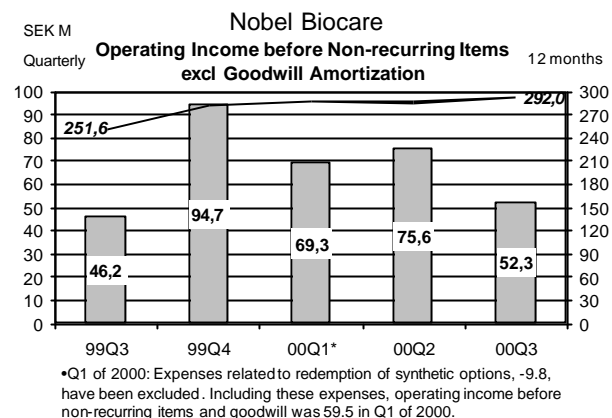
Dental Implant sales increased by 17.8% compared with the first nine months of 1999. Sales of products launched 1998-2000 represent close to 50% of total Dental Implant sales. Replace Select™ and Brånemark System Mk III and Mk IV in particular are experiencing very favorable sales growth.

Sales in Procera® reached SEK 181.2 million, an increase of 25.5% compared with the first nine months of 1999. The growth rate for Procera® AllCeram continues to improve.

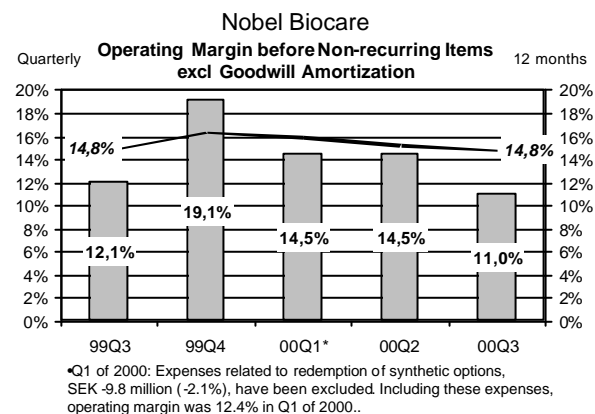


Group results

Operating income amounted to SEK 165.9 million (147.3), including expenses of SEK 9.8 million relating to the redemption of synthetic options in the first quarter of 2000 and the calculated present value of future reimbursements from SPP pension funds, SEK 22.3 million. Excluding these items of a one-off nature, operating income was 153.4 million (147.3). The year-on-year currency impact was a negative SEK 14.0 million. Excluding the currency effect and the one-off items, operating income improved by 13.6% compared with the first nine months of 1999.



The operating margin was 11.3% (11.9%). The lower operating margin is a consequence of higher sales growth for Procera, that has a lower gross margin, and negative currency effects. The operating margin before goodwill amortization amounted to 14.2% (15.2%). The operating margin before goodwill amortization, currency effects and one-off items was 14.6% (15.2%).



Operating expenses, excluding the cost of redeeming synthetic options, as a percentage of sales amounted to 55.1% (57.0%) in the first nine months of 2000.

Goodwill amortization amounted to SEK 43.8 million (41.1). Depreciation increased by SEK 4.7 million to SEK 44.5 million.

The Nobel Biocare Group

Financial income and expenses, net, totaled SEK -26.5 million (-27.8).

Income after net financial items amounted to SEK 139.4 million (119.5).

Investments

Capital expenditures, net, totaled SEK 72.8 million (59.1).

Personnel

The number of employees at the end of September 2000 was 1 193, of whom 363 were employed in Sweden. The corresponding figures in 1999 were 1 135 and 356, respectively.

Liquidity and financial position

Liquid assets totaled SEK 112.4 million (31/12/1999: SEK 121.8 million). Operating cash flow was SEK 100.2 million. Operating cash flow before capital expenditures, net, amounted to SEK 164.6.

Net debt increased by SEK 42.2 million in the third quarter. This increase is a consequence of USD-based loans having appreciated in value with an amount of SEK 43 million.

The equity/assets ratio was 59.4% (31/12/1999: 61.0%).

Shareholders' equity per share was SEK 55.86 (31/12/1999: SEK 52.52).

The number of shares totaled 25,115,086 (31/12/1999: 24,922,934) after the further redemption of warrants issued in connection with the acquisition of Steri-Oss Inc.

Swedish Pension Plan SPP surplus funds

The group's share of SPP's surplus is SEK 23.5 million. The amount of the payment reimbursed in September 2000, SEK 4.7 million, and the discounted present value of the future payments have been recorded as a non-recurring item, SEK 22.3 million.

Synthetic options

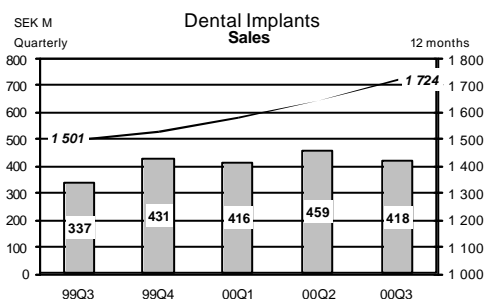
Operating income in the first quarter of 2000 was charged with SEK 9.8 million for the redemption of synthetic options held by present and former employees of Nobel Biocare. All the options had been redeemed as of 31 March 2000.

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 50,000 clinics in some 50 countries. Nobel Biocare markets dental implants under two brands, Brånemark System® and Steri-Oss®, with a global market share of some 40%. So far, 1.4 million patients have been treated.

Dental Implant sales

The positive global sales trend for dental implants continues. Sales within the business area increased by 17.8% in the first nine months and totaled SEK 1 293.5 million (1 097.8). Excluding distributor sales of Gore products, sales increased by 16.1%. Currency-adjusted sales growth for the dental implant brands were 13% in an improving trend, as sales increased by 4% in the Nordic region, 9% in North America, 16% in Europe (excluding the Nordic region) and 17% in other countries. The total market growth is estimated to more than 10%



Business area Dental Implants experienced a strong sales upturn in September. Replace Select™ is continuing to be the fastest growing implant system on the market. Sales also accelerated for Brånemark System, which accounts for two-thirds of Nobel Biocare's implant sales.

The new Brånemark System products Mk III and Mk IV fixtures with the TiUnite surface and Streamline with the Multi-unit abutment, represent a new era of simplification and immediate loading opportunities. This gives Brånemark System a strong position on the market in relation to existing customers, new users and users of competing brands.

Two new branch offices opened in Chile and Argentina in September 2000. This enables Nobel Biocare to offer local service to established customers, as well as facilitating market prospecting on these emerging markets.

TiUnite™ - a new fixture surface launch

The new titanium surface, TiUnite™, was launched on Brånemark System fixtures in September 2000 in the USA. This innovation features an enlarged surface area, which enhances the bone healing process.

The TiUnite surface maximizes the implant properties known to accelerate the complex process of osseointegration. Faster healing enhances implant stability and early stability optimizes successful implant treatment.

The TiUnite surface is a biotechnological breakthrough. The unique oxidized surface unites the biocompatibility of pure titanium with enhanced oxide surfaces and an optimal texture. Upon insertion, the early healing phase is initiated immediately by the textured titanium oxide surface. Very encouraging results have been obtained in ongoing clinical studies in different parts of the world.

Nobel Biocare's comprehensive understanding of the biologic processes involved in osseointegration and tissue healing has been the base for this development. The

Business Area Dental Implants

new TiUnite surface on Brånemark System Mk III and Mk IV embodies all the scientific principles that have been successfully used in the discipline for more than 30 years.

The new surface is initially being launched on Brånemark System fixtures Mk III and Mk IV in the US, Germany and Japan during the fall 2000. The market reaction has been very positive.

Brånemark System® Novum – new fixed teeth in one day

The launch of Brånemark System® Novum, the new concept for providing the patient with a permanent reconstruction in one day, will start in November 2000.

Brånemark System Novum, is based on a high level of standardization, using precision surgery with prefabricated components that are the same for each patient. The implants are placed in the morning and, in the

afternoon, the patient receives the permanent fixed bridge. At present the new technique is available for

the edentulous lower jaw. It is estimated that 15% of the population that have lost teeth could be suitable candidates for Brånemark System Novum. The initial response, demonstrates that patients who previously hesitated about undertaking implant treatment for reasons of complexity and time find the new one day-concept very attractive.

To date, over 300 patients have been treated and the success rate is very high.

The sales development will be gradual since Brånemark System Novum requires additional training for the dental surgeon and his team.

Business Area Procera®

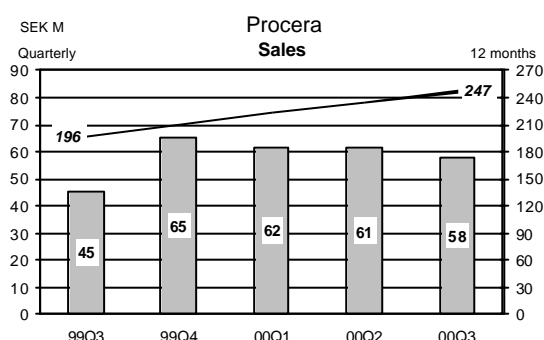
Procera^{cv} is a CAD-CAM-based process for the industrial production of the inner core, the coping, of dental crowns made of

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 500,000 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, the dental laboratory delivers the crown to the dentist.

Procera Sales

Sales in Procera® totaled SEK 181.2 million (144.4) and increased by 25,5% compared with the first nine months of 1999. The operating income for Procera® was positive.



The volume increase for Procera® AllCeram during the first nine months was 36% compared with the same period in 1999 after improvements in growth rate during the year. In North America, Procera® AllCeram sales increased by 33%, in Europe by 37% and in other markets by 85%. The US market, which accounts for approximately two-thirds of Procera® AllCeram sales, improved its growth rate to 40% in the third quarter.

After the seasonally weak sales months of July and August, the yearly running rate of copings recovered to 650,000 units in September.

Sales of Procera® Scanners reached 180 during the first nine months of 2000 and a total of 980 scanners have now been installed worldwide.

The positive sales trends for both scanners and copings have continued in Southern Europe and Germany. Sales of scanners in the US were weaker than anticipated.

The introduction of Procera in Japan will commence in November 2000, when the first scanners will be installed.

Procera® AllCeram Laminates for esthetic dentistry were launched in September 2000 as an important step towards extending the customer proposition to Procera Network laboratories.

Production cost per coping continues to decrease due to increased volumes and the introduction of new production technology.

Financial information from Nobel Biocare

The full-year report 2000 will be published on 5 February 2001.

Gothenburg, 25 October 2000

NOBEL BIO CARE AB (publ.)

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Consolidated Income Statement

SEK M	Jan-Sept 2000		Jan-Sept 1999		Full year 1999	
		%		%		%
Net turnover	1 474.7	100.0	1 242.2	100.0	1 738.1	100.0
Cost of goods sold	-451.6	-30.6	-339.6	-27.3	-472.1	-27.2

Gross income	1 023.1	69.4	902.6	72.7	1 266.0	72.8
R&D, sales and administration expenses	-877.7	-59.5	-757.1	-60.9	-1 040.1	-59.8
Other operating income and operating expenses - net	-1.8	-0.1	1.8	0.1	2.2	0.1
Non-recurring items	22.3	1.5	-	-	-9.1	-0.5
Operating income	165.9	11.3	147.3	11.9	219.0	12.6
Financial income and expenses - net	-26.5	-1.8	-27.8	-2.2	-34.7	-2.0
Income after financial income and expenses	139.4	9.4	119.5	9.7	184.3	10.6
Taxes	-27.3	-1.8	-26.8	-2.2	-43.2	-2.5
Income after taxes	112.1	7.6	92.7	7.5	141.1	8.1

Consolidated Balance Sheet

SEK M	30/09/00	30/09/99	31/12/99
Assets			
Intangible fixed assets	1 072.3	1 026.7	1 056.4
Tangible fixed assets	203.6	162.2	171.9
Financial fixed assets	49.1	16.4	35.5
Total fixed assets	1 325.0	1 205.3	1 263.8
Inventories	312.9	251.8	255.8
Current receivables	612.1	553.2	522.0
Financial current assets	112.4	70.7	121.8
Total current assets	1 037.4	875.7	899.6
TOTAL ASSETS	2 362.4	2 081.0	2 163.4
Equity	1 403.0	1 250.9	1 309.0
Allocations	23.1	42.4	32.7
Long-term liabilities	490.6	425.6	455.8
Current liabilities	445.7	362.1	365.9
TOTAL EQUITY AND LIABILITIES	2 362.4	2 081.0	2 163.4

Cash Flow

SEK M	Jan-Sept 2000	Jan-Sept 1999	Full year 1999
Funds provided internally	171.8	173.6	199.9
Change in operating capital etc.	-56.9	-173.5	-192.2
Net investments	-64.4	-59.1	-85.0
Change in interest-bearing liabilities	-9.8	45.2	114.5
Dividends	-50.1	-42.3	-42.3
Cash change	-9.4	-56.1	-5.1

The Nobel Biocare Group – Quarterly Review

SEK M	3/2000	2/2000	1/2000	4/1999	3/1999
Net sales	475.6	521.0	478.1	495.9	382.1
Operating expenses	-423.3	-445.4	-418.6	-401.2	-335.9
Operating income excluding non-recurring items and amortization of goodwill	52.3	75.6	59.5	94.7	46.2

Amortization of goodwill	-14.9	-14.7	-14.2	-13.9	-14.9
Operating income excl. non-recurring items	37.4	60.9	45.3	80.8	31.3
Non-recurring items	-	22.3	-	-9.1	-
Operating income	37.4	83.2	45.3	71.7	31.3

Summary of Operations

SEK M	Jan-Sept 2000	Jan-Sept 1999	Full year 1999	Full year 1998
Net sales	1 474.7	1 242.2	1 738.1	1 309.7
Operating income	165.9	147.3	219.1	73.8
Operating margin excluding goodwill amortization	14.2%	15.2%	15.8%	6.9%
Operating margin	11.3%	11.9%	12.6%	5.6%
Income after financial income and expenses	139.4	119.5	184.4	64.7
Return on average capital employed	11.3%	11.3%	12.4%	7.0%
Return on average equity	11.0%	10.1%	11.3%	5.5%
Equity/assets ratio	59.4%	60.0%	61.0%	60.0%
Earnings per share excl. goodwill amortization, SEK	6.21	5.37	7.87	2.56
Earnings per share, SEK	4.46	3.72	5.66	1.88
Balance sheet total	2 362.4	2 081.0	2 163.4	2 000.9
Equity	1 403.0	1 250.9	1 309.0	1 192.0
Net investments	72.8	59.1	85.0	51.7
Equity per share, SEK	55.86	50.21	52.52	48.13
Number of shares	25 115 086	24 911 688	24 922 934	24 764 579
Number of employees	1 193	1 135	1 111	1 054
Key figures, excluding non-recurring items				
Operating income	143.6	147.3	228.2	121.5
Operating margin excluding goodwill amortization	12.7%	15.2%	16.3%	10.6%
Operating margin	9.7%	11.9%	13.1%	9.3%
Income after financial income and expenses	117.1	119.5	193.4	112.5
Return on average capital employed	9.8%	11.3%	12.9%	11.3%
Return on average equity	8.8%	10.1%	12.1%	11.0%
Earnings per share excl. goodwill amortization, SEK	5.32	5.37	8.24	4.49
Earnings per share, SEK	3.58	3.72	6.03	3.81

Auditor's Report

We have carried out a general review of this interim report, in accordance with the recommendation issued by the Swedish Institute of Public Authorized Accountants (FAR). A general review is considerably limited in comparison with an audit. Based on our review nothing came to our attention that indicates that the report does not comply with the requirements given in the Swedish Stock Exchange Act or the Swedish Annual Accounts Act.

Gothenburg, October 25 2000

Ernst & Young AB

Bertel Enlund

Authorized Public Accountant