

Media Release

Interim report 1, 2013

ZURICH, SWITZERLAND – APRIL 25, 2013

Performance on track having anticipated a difficult dental implant market

- Revenue for the first quarter of EUR 141.5 million was down 2.0% at constant exchange rates (CER) and down 4.1% in EUR versus prior year
- Dental implant markets remain difficult, in particular in many European markets and in Japan; regional trading patterns unchanged with growth in US and Asia/Pacific ex Japan
- Adverse currency impact on revenue growth (-2.1pp), gross margin (-0.5pp) and EBIT margin (-1.0pp)
- Operating profit (EBIT) of EUR 18.9 million reflecting a margin of 13.4%, benefiting from an improved gross margin to 76.6%
- Continued investments in R&D were offset by increasing cost savings and efficiency gains in other areas, primarily in administration
- Net profit of EUR 13.3 million was broadly in line with the year before (2012: EUR 13.5 million)

Table 1: Selected key figures in EUR million

	Q1 2013	Q1 2012 ¹	Variance 2012-2013
Revenue	141.5	147.6	-4.1%
<i>Variance at constant exchange rates (CER)</i>	-2.0%	-0.2%	
Gross profit	108.4	111.0	-2.3%
<i>Gross margin</i>	76.6%	75.2%	
Operating expenses	-89.5	-90.4	
Operating profit (EBIT)	18.9	20.6	-8.2%
<i>EBIT margin</i>	13.4%	14.0%	
Net financial result	-0.7	-2.1	
Profit before tax	18.2	18.5	-1.8%
Tax	-4.9	-5.0	
Net profit	13.3	13.5	-1.2%
<i>Profit margin</i>	9.4%	9.1%	
Basic earnings per share, EUR	0.11	0.11	-3.0%
Net cash from operating activities	14.0	16.6	

¹ Figures for 2012 have been restated due to changes in the presentation of the income statement and the adoption of IAS 19R. For more information, refer to note 3 of the condensed consolidated financial statements 2013.

Richard Laube, CEO: “We have anticipated a difficult market environment for the start of the year. Within this our performance was on track and we continue to transform Nobel Biocare into a more competitive company. Revenue was in line with our expectations, tracing to our disciplined execution of our growth drivers. We increasingly hold or gain market share in our core business. In Japan, where the market has been impacted by last year’s adverse media coverage on dental implant treatments, we have

seen modest improvement of our daily revenue run rates. Our efficiency programs are accelerating demonstrated by further cost savings and headcount reduction, in particular in administration. This helps to fund our innovation programs to drive mid- and long-term growth. All in all, Q1 performance was in line with our expectations and gives us confidence we will deliver our full year outlook.”

Business performance update

Table 2: Revenue by region

in EUR million	Q1 2013	Q1 2012	Variance	Variance (CER)
Europe, Middle East and Africa (EMEA)	60.5	60.6	-0.1%	0.0%
Share of total revenue	43%	41%		
Americas	55.0	55.4	-0.8%	0.2%
Share of total revenue	39%	38%		
Asia/Pacific	26.0	31.6	-17.6%	-9.7%
Share of total revenue	18%	21%		
Total	141.5	147.6	-4.1%	-2.0%

In the first quarter 2013, revenue at constant exchange rates (CER) declined by 2.0% to EUR 141.5 million. Due to an adverse currency impact the decline in euro was 4.1%. Revenue was again significantly affected by the continued difficult market conditions in Japan. The revenue contribution from this market contracted to about 10% of the group revenue in the first quarter (from 12% for the full year 2012). Excluding Japan, revenue for Q1 would have been flat (+0.5%).

Performance in **implant systems** (85% of Group revenue) continued to improve and revenue development was flat (+0.4% CER) compared with last year in the first quarter. Excluding Japan, implant systems grew 2.6% (CER) in the same period. With continued double-digit percentage growth, the NobelActive® implant family again was the primary driver for this improvement. Overall, the demand for implant systems with the advanced conical connection remains strong, while there is continued decline in the systems with the more traditional connections. The **individualized** business (15% of group revenue) declined 13.5% in the first quarter 2013, and was dilutive to the performance in all regions. In this area, tooth-based restorations continued to decline by more than 20%, while demand for scanners slowed after the announcement of the upcoming launch of the second generation scanner.

In **Europe, Middle East and Africa** (EMEA), revenue (CER) for the first quarter was flat (+0.0%) at EUR 60.5 million. In an increasing number of countries, performance is expected to be at least in line with peers. Markets in this region remained weak in the first quarter. Thanks to progress in Russia, initiatives in other Eastern European markets and the contribution of Alpha-Bio Tec the revenue for the entire region was flat compared with the previous year.

In the **Americas**, revenue (CER) for the first quarter was flat (+0.2%) at EUR 55.0 million. The business in the US continued to grow at a low single-digit percentage, with higher growth in implant systems and continued declines in individualized. While the company continued to grow in Mexico, Canada remained sluggish, and after a strong 2012, Brazil had a slow start to the new year.

In the **Asia/Pacific** region, revenue (CER) for Q1 was down 9.7% to EUR 26.0 million. The dental implant market in Japan remained heavily affected by last year's adverse media coverage on these treatments in general. As the coverage started to impact the market in the second quarter of last year, the double-digit percent decline in Japan was against a first quarter last year that was slightly positive. It is encouraging that compared with the preceding quarter (Q4 2012), daily revenue run rates have been modestly improving. The contribution of Japan to the region has dropped to slightly more than half from about two-thirds a year ago. Excluding Japan the regional revenue was up 4.4% (CER) in the first quarter, driven by continued double-digit growth in India and China.

Clinicians with simpler product and solutions needs are served by **Alpha-Bio Tec** (ABT), which continued to grow at a double-digit percentage rate in the first quarter. In countries where both brands are sold the company is pleased with the ability to make progress with a complimentary dual brand strategy.

Financial performance update

The 2012 financials have been restated due to the adoption of IAS19R. Additionally, following a review of the income statement, the company decided to change its accounting policy with respect to the presentation of the income statement resulting in reclassification of some expenses. For more information, refer to note 3 of the condensed consolidated financial statements 2013.

Gross profit for the reporting period was EUR 108.4 million (Q1 2012: EUR 111.0 million), reflecting an improved gross margin of 76.6% compared with the previous year (Q1 2012: 75.2%). The negative impact from the decline in Japan and currency impact (-0.5pp) was more than offset by the effect from the business mix shift towards implant systems and lower production costs.

Operating expenses in the first quarter developed in line with expectations and were broadly unchanged at EUR 89.5 million compared with the previous year (Q1 2012: EUR 90.4 million). Nobel Biocare continued the various investments into the strategic growth drivers in innovation, customer value and T&E. These investments were fully funded by the accelerated initiatives to improve organizational efficiency, which resulted in further cost savings and a reduction in headcount in the first quarter of the year. The related non-recurring cost was EUR 0.9 million.

Profit from operations (EBIT) for the reporting period was EUR 18.9 million (Q1 2012: EUR 20.6 million), reflecting an EBIT margin of 13.4% (Q1 2012: 14.0%). The EBIT margin at CER would have been 14.4%.

Currencies – In the first quarter 2013, the currency translation impact became negative and was -2.1pp on revenue, -0.5pp on the gross margin, and -1.0pp on the EBIT margin.

The **net financial result** in the first quarter was EUR -0.7 million (Q1 2012: EUR -2.1 million). While the interest expense remained broadly unchanged, this improved result was driven by a more favorable hedging result in response to adverse currency effects on EBIT.

Taxes –Tax expenses for the first quarter were EUR 4.9 million versus EUR 5.0 million in Q1 2012. This reflects an estimated tax rate of 26.9%.

Net profit for the year was EUR 13.3 million, broadly unchanged from the EUR 13.5 million achieved a year ago. Earnings per share (EPS) were EUR 0.11, the same as a year ago. The respective net profit margin was 9.4% compared with 9.1% in Q1 2012.

Net cash from operating activities for first quarter was EUR 14.0 million, slightly lower than the 16.6 million in Q1 2012, mainly due to the increase of safety levels in inventories. At the end of March 2012, the cash position further improved to EUR 157.6 million from EUR 146.6 million at the end of 2012. Net cash further improved to EUR 45.9 million from EUR 36.5 million at the end of 2012.

Shareholders at the annual general meeting (AGM) on 28 March 2013 approved all proposals of the Board of Directors, including a dividend of CHF 0.20 per registered share, a total of EUR 20.2 million, which was paid out of free reserves on 8 April 2013.

Strategy progress update

Nobel Biocare’s strategy “Designing for Life” is to help customers treat more patients better for improved quality of life with superior products and solutions designed to last the life of the patient. In the first quarter, progress was achieved in all strategic pillars:

Innovative products and solutions – “**Designing for Life**”: A new implant version expanding the Nobel-Replace® portfolio, a significant upgrade of NobelClinician™, the new NobelProcera® 2G Scanner, new individualized prosthetic options for competitive implant platforms and a new partnership with 3Shape™ offering the first open access to all NobelProcera® abutments via a third-party scanner have all been announced for launch in 2013.

Customer value add – “**Partnering for Life**”: Significant interest in the Nobel Biocare offering and events was seen with strong booth and corporate forum attendances at all major dental professional meetings in the first quarter such as Chicago Dental Society (CDS), Academy for Osseointegration (AO) and in particular the International Dental Show (IDS). Sales representative turnover remains low and continuity in the sales force is increasing.

Training and education – “**Learning for Life**”: New training and education course program for dental professionals introduced, Nobel Biocare Global Symposium in New York sold out shortly after the first announcement; endowment of FOR, the new Foundation for Oral Rehabilitation (FOR) as a scholar-led, international initiative to promote oral healthcare and humanitarian leadership.

Operating efficiency and effectiveness: Continued shift of resources towards growth drivers; cost savings including headcount reductions and efficiency gains in all other areas, in particular administration, demonstrated by contained operating expenses and an improved gross margin.

Outlook

Based on the broadly unchanged, difficult market conditions in the first quarter 2013 Nobel Biocare continues to believe that market conditions for 2013 will be similar to 2012.

In this environment, the Company targets to modestly build market share and deliver modest revenue growth. Based on this and the initiated measures, and barring any unforeseen events, Nobel Biocare expects to deliver an EBIT margin improvement of 50 to 100 bps at constant exchange rates (CER).

Within the next 3 to 5 years, assuming markets improve beyond 2013 to modest mid single-digit growth, Nobel Biocare targets growing at least in line with the market and improving the EBIT margin also continually between 50 to 100 bps per annum at constant exchange rates.

Nobel Biocare (NOBN, SIX Swiss Exchange) is a world leader in innovative restorative and esthetic dental solutions. As a complete solutions provider, Nobel Biocare offers the most comprehensive range of solutions from tooth to root, for single tooth to fully edentulous indications. The solutions portfolio covers dental implants (including the key brands NobelActive[®], Brånemark System[®] and NobelReplace[®], individualized prosthetics and equipment (NobelProcera[®], guided surgery solutions and biomaterials). Nobel Biocare has approximately 2'500 employees and recorded revenue of EUR 580.5 million in 2012. The company is headquartered in Zurich, Switzerland. Production takes place at seven sites located in Canada, Israel, Japan, Sweden, and the US. Nobel Biocare has 34 direct sales organizations.

Further information is available from:

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The complete Interim report 1, 2013 is available in English, while an abridged version of the report is available in German. Both documents can be downloaded from the Nobel Biocare website at <http://corporate.nobelbiocare.com/en/investors> and <http://corporate.nobelbiocare.com/de/investors>, respectively.

As Nobel Biocare is covered by various financial analysts, the company has contracted Vara Research to periodically update the consensus analysis, based on the estimates of all participating brokerage firms. The most recent analyst consensus can be accessed at any time via the following site: <http://corporate.nobelbiocare.com/en/investors/financial-analysis/analyst-consensus.aspx>.

Conference call for investors, analysts and media

A telephone conference for investors, analysts and media will be held today at 8.30 am CET.

To ensure timely participation, please call approximately 5–10 minutes prior to the time indicated above.

Dial-in numbers for the call are:

+41 (0)58 310 50 00 Continental Europe (new number)
+44 (0)203 059 58 62 UK
+1 (1) 631 570 56 13 USA

For additional local dial-in numbers, please see www.nobelbiocare.com/investors.

A recording of the call will be available on the website afterwards.

Financial calendar:

Interim Report 2, 2013	August 22, 2013
Interim Report 3, 2013	November 7, 2013
Full Year Report 2013	February 18, 2014
Annual General Meeting	March 26, 2014

Disclaimer

This media release contains forward-looking statements based on beliefs of Nobel Biocare's management. When used in this media release, words such as "anticipate", "believe", "estimate", "expect", "intend", "plan" and "project" are intended to identify forward-looking statements. They may involve risks and uncertainties, including technological advances in the medical field, product demand and market acceptance, the effect of economic conditions, the impact of competitive products and pricing, foreign currency exchange rates and other risks. These forward-looking statements reflect the views of Nobel Biocare as of the date made with respect to future events and are subject to risks and uncertainties. All of these forward-looking statements are based on estimates and assumptions made by management of the company and are believed to be reasonable, though are inherently uncertain and difficult to predict. Actual results or experience could differ materially from the forward-looking statements. Nobel Biocare disclaims any intention or obligation to update these forward-looking statements.

Selected financial information

in EUR million	Q1 2013	Q1 2012 restated
Income statement		
Revenue	141.5	147.6
Gross profit	108.4	111.0
Operating expenses	-89.5	-90.4
Profit from operations (EBIT)	18.9	20.6
Profit before tax	18.2	18.5
Income tax expense	-4.9	-5.0
Profit attributable to owners of Nobel Biocare	13.3	13.5
Balance sheet		
Non-current assets	301.3	315.5
Current assets	326.8	278.2
Total equity	320.4	275.6
Non-current liabilities	147.4	144.8
Current liabilities	160.3	173.3
Cash and cash equivalents including bank overdraft	157.6	117.5
Miscellaneous		
Net cash from operating activities	14.0	16.6
Depreciation, amortization and impairment losses	6.9	8.2
Investments in property, plant and equipment	3.0	2.5
Research and development expenses	14.4	12.2
Employees as of the end of the period (number)	2'470	2'489
Key ratios		
Revenue growth (%)	-4.1	2.8
Revenue growth in local currencies (%)	-2.0	-0.2
Gross margin (%)	76.6	75.2
Operating expenses/revenue ratio (%)	63.2	61.2
EBITDA margin (%)	18.2	19.5
Operating (EBIT) margin (%)	13.4	14.0
Net profit margin (%)	9.4	9.1
Return on average equity (%) ¹	14.6	14.6
Equity/assets ratio (%)	51.0	46.4
Share information		
Number of shares as of end of period	123'784'530	123'784'530
Average number of shares outstanding	122'803'391	122'889'637
Share price as of end of period (CHF)	9.50	11.29
Market value as of end of period (MCHF)	1'176	1'398
Basic earnings per share (EUR)	0.11	0.11
Diluted earnings per share (EUR)	0.11	0.11
Equity per share (EUR)	2.59	2.23

¹ Includes net profit for the last four quarters over average equity for the last four quarters

Condensed consolidated financial statements 2013

INTERIM REPORT 1, 2013

Nobel Biocare Holding AG, P.O. Box, CH-8058 Zurich Airport
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Income statement (unaudited)

in EUR '000	Note	Q1 2013	Q1 2012 ¹ restated
Revenue	6	141'541	147'580
Cost of goods sold		-33'119	-36'596
Gross profit		108'422	110'984
Research and development expenses ²	3	-14'407	-12'216
Selling and marketing expenses ²	3	-54'379	-55'548
General and administrative expenses ²	3	-20'728	-22'618
Profit from operations (EBIT)		18'908	20'602
Financial income	7	159	199
Finance cost	7	-2'435	-2'235
Net foreign exchange result	7	1'582	-25
Profit before tax		18'214	18'541
Income tax expenses		-4'900	-5'062
Profit attributable to owners of Nobel Biocare		13'314	13'479
Basic earnings per share (EUR)		0.11	0.11
Diluted earnings per share (EUR)		0.11	0.11

1 Prior periods have been restated due to the adoption of IAS 19R and the classification change of certain income statement items. For more information, refer to note 3.

2 The sequence of income statement line items has been changed.

Statement of comprehensive income (unaudited)

in EUR '000	Note	Q1 2013	Q1 2012 ¹ restated
Profit attributable to owners of Nobel Biocare		13'314	13'479
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		9'360	-4'959
Effective portion of changes in fair value of net investment hedges		-764	-
Effective portion of changes in fair value of cash flow hedges, net of tax		498	2'452
Net change in fair value of cash flow hedges reclassified to income statement, net of tax	7	-1'996	139
Net change in fair value of interest rate swap (cash flow hedge) reclassified to income statement	7	226	223
Total items that may be reclassified subsequently to profit or loss		7'324	-2'145
Total other comprehensive income for the period, net of tax		7'324	-2'145
Total comprehensive income for the period attributable to owners of Nobel Biocare		20'638	11'334

1 Prior periods have been restated due to the adoption of IAS 19R. For more information, refer to note 3.

Balance sheet (unaudited)

in EUR '000	Note	31 March 2013	31 December 2012 restated
Assets			
Property, plant and equipment		69'215	70'950
Intangible assets		211'144	205'674
Non-current receivables		3'976	3'940
Deferred tax assets		16'936	17'702
Total non-current assets		301'271	298'266
Inventories		22'342	20'433
Trade and other receivables		103'903	96'218
Current income tax assets		16'966	17'411
Prepaid expenses and accrued income		17'319	13'742
Derivative financial instruments		8'685	8'369
Cash and cash equivalents ²		157'600	146'571
Total current assets		326'815	302'744
Total assets		628'086	601'010
Equity and liabilities			
Share capital	8	31'861	31'861
Share premium		108'547	108'547
Treasury shares		-16'185	-16'185
Retained earnings		196'194	195'108
Total equity attributable to owners of Nobel Biocare		320'417	319'331
Provisions		2'831	3'134
Pension liabilities		16'876	16'498
Loans and borrowings		99'595	99'505
Deferred tax liabilities		27'833	27'324
Other non-current liabilities		203	244
Total non-current liabilities		147'338	146'705
Trade payables		16'047	19'191
Current provisions		9'171	8'763
Current income tax liabilities		39'264	38'941
Other current liabilities and derivatives	9	33'350	11'443
Accrued expenses and deferred income		62'499	56'636
Total current liabilities		160'331	134'974
Total liabilities		307'669	281'679
Total equity and liabilities		628'086	601'010

1 Prior periods have been restated due to the adoption of IAS 19R. For more information, refer to note 3.

2 As of 31 March 2013, the Group held restricted cash amounting to EUR 1'100 k (31 December 2012: EUR 0 k).

Statement of changes in equity (unaudited)

in EUR '000	Note	Share Capital	Share premium	Treasury shares	Trans- lation reserve	Hedging reserve	Other retained earnings	Total retained earnings	Total equity attributable to owners of Nobel Biocare
Balance as of 1 January 2012, restated		31'861	111'023	-21'498	-159'340	-6'226	319'770	154'204	275'590
Comprehensive income:									
Profit for the period ¹							13'479	13'479	13'479
Other comprehensive income, net of tax ¹					-4'959	2'814	-	-2'145	-2'145
Total comprehensive income/(expenses)¹					-4'959	2'814	13'479	11'334	11'334
Transactions with owners of Nobel Biocare:									
Sale of treasury shares			-1'792	3'960					2'168
Share-based payment expenses	10						1'799	1'799	1'799
Dividends to owners of Nobel Biocare relating to 2011							-15'269	-15'269	-15'269
Total transactions with owners of Nobel Biocare			-1'792	3'960			-13'470	-13'470	-11'302
Balance as of 31 March 2012, restated		31'861	109'231	-17'538	-164'299	-3'412	319'779	152'068	275'622
Balance as of 1 January 2013, restated		31'861	108'547	-16'185	-159'450	-1'437	355'778	194'891	319'114
Comprehensive income:									
Profit for the period							13'314	13'314	13'314
Other comprehensive income, net of tax					8'596	-1'272	-	7'324	7'324
Total comprehensive income/(expenses)					8'596	-1'272	13'314	20'638	20'638
Transactions with owners of Nobel Biocare:									
Share-based payment expenses	10						817	817	817
Dividends to owners of Nobel Biocare relating to 2012	9						-20'152	-20'152	-20'152
Total transactions with owners of Nobel Biocare							-19'335	-19'335	-19'335
Balance as of 31 March 2013		31'861	108'547	-16'185	-150'854	-2'709	349'757	196'194	320'417

¹ Prior periods have been restated due to the adoption of IAS 19R. For more information, refer to note 3.

Cash flow statement (unaudited)

in EUR '000	Note	Q1 2013	Q1 2012 ¹ restated
Profit before tax		18'214	18'541
Adjusted for:			
Depreciation, amortization and impairment losses		6'938	8'185
Net financial result	7	694	2'061
Share-based payment expenses	10	817	1'799
Other non-cash expenses		1'364	644
Changes in working capital and provisions:			
Increase in trade and other current receivables		-6'641	-4'097
(Increase)/decrease in inventories		-1'106	2'564
Decrease in trade and other current liabilities		-3'355	-1'840
Increase in provisions, accrued expenses and deferred income		1'926	229
Income taxes paid		-4'874	-11'467
Net cash from operating activities		13'977	16'619
Purchases of property, plant and equipment		-1'674	-1'639
Purchases of intangible assets		-1'278	-884
Interest received		158	196
Other investing and hedging activities		-715	1'912
Net cash used in investing activities		-3'509	-415
Proceeds from sale of treasury shares	8	-	2'168
Proceeds from current interest-bearing loans and borrowings	7	-	30'000
Repayment of current interest-bearing loans and borrowings	7	-	-36'928
Interest paid		-642	-711
Net cash used in financing activities		-642	-5'471
Increase in cash and cash equivalents		9'826	10'733
Cash and cash equivalents at beginning of period		146'571	107'456
Effect of exchange rate differences on cash held		1'203	-645
Cash and cash equivalents at end of period²		157'600	117'544

1 Prior periods have been restated due to the adoption of IAS 19R. For more information, refer to note 3.

2 As of 31 March 2013, the Group held restricted cash amounting to EUR 1'100 k (31 March 2012: EUR 7'175 k).

Notes to the condensed consolidated financial statements

Note 1 Organization

Nobel Biocare Holding AG (the Company) is a limited liability company incorporated and domiciled in Switzerland. The condensed consolidated financial statements of Nobel Biocare for the three months ended 31 March 2013 comprise the Company and its subsidiaries (the Group).

Nobel Biocare is a highly focused and specialized leader in the market of implant-based dental restorations. The Group's broad portfolio includes dental implant systems for all indications, a comprehensive range of high-precision individualized prosthetics, CAD/CAM systems, diagnostics, treatment planning and guided surgery solutions. Nobel Biocare supports its customers through all phases of professional development, offering world-class training and education as well as a range of practice support and patient information materials. Nobel Biocare is headquartered in Zurich, Switzerland.

The condensed consolidated financial statements of Nobel Biocare Group were authorized for issue by the Board of Directors of Nobel Biocare Holding AG on 24 April 2013.

Note 2 Statement of compliance

The Group applies International Financial Reporting Standards (IFRS). The condensed consolidated financial statements have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2012.

Note 3 Accounting policies

The accounting policies are the same as those applied in the consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations and the sequence of certain income statement line items as described below.

Other standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2013. However, they do not impact the consolidated financial statements for the year ending 31 December 2013 or the interim condensed consolidated financial statements of the Group.

Presentation of consolidated income statement

Following a review of the income statement, the Group decided as of 1 January 2013 to change the sequence of line items in the income statement to research and development expenses, selling and marketing expenses and general and administrative expenses to better align the sequence of the income statement to the business model.

As of 1 January 2013, the Group also decided to change its accounting policy with respect to the presentation of the income statement. Expenses related to the business units Implant Systems and Individualized have been reclassified from selling and marketing expenses to research and development expenses. Expenses related to royalties have been reclassified from cost of goods sold to research and development expenses. Finally, certain expenses from sales subsidiaries not directly attributable to the sales process have been reclassified from selling and marketing to general and administrative expenses.

The Group believes the new presentation provides reliable and more relevant information, in addition to reflecting recent organizational changes. This change in accounting policy has been applied retrospectively, and the comparatives in the income statement were reclassified accordingly. Earnings per share and profit from operations were not affected by the accounting policy change.

IAS 1 (amended) – Financial statement presentation

The main change resulting from the amendments is the requirement to disclose separate subtotals in other comprehensive income for items which may be reclassified to profit or loss and for those which may not. The amendment affected presentation of other comprehensive income only and had no impact on the Group's balance sheet or income statement.

IAS 19 (revised 2011) – Employee Benefits (IAS 19R)

Under the revised standard the corridor approach has been eliminated, and all actuarial gains and losses are recognized in other comprehensive income as they occur. All current and past service costs have to be immediately recognized in the income statement. Expected return on plan assets and interest costs have been replaced with a net interest amount that is calculated by applying the discount rate to the net defined liability/(asset). This net interest amount replaces the finance charge and the expected return on plan assets. IAS 19R has been applied retrospectively as of 1 January 2012. As a result pension liabilities as of 31 December 2012 increased by EUR 6'145 k, deferred tax assets increased by EUR 428 k and retained earnings decreased by EUR 5'717 k.

IFRS 10 (revised 2011) – Consolidated financial statements

The key principle under the new standard is that control exists, and therefore, consolidation is required when the investor has power over the investee, exposure to variable returns and the ability to use that power to affect its returns from the investee. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 12 (revised 2011) – Disclosures of interest in other entities

The new standard provides disclosure requirements on interest in subsidiaries, associates, joint ventures and unconsolidated structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements unless significant events or transactions occur during the interim period. As no such events or transactions occurred, the Group has not made such disclosures.

The following tables summarize the impact on the adoption of IAS 19R and the presentation changes of the income statement.

Income statement line items

in EUR '000	Q1 2012 reported	IAS 19R adjustment	Reclassified expenses	Q1 2012 restated
Cost of goods sold	-36'314	-	-282	-36'596
Gross profit	111'266	-	-282	110'984
Research and development expenses	-7'553	-33	-4'630	-12'216
Selling and marketing expenses	-63'871	8	8'315	-55'548
General and administrative expenses	-19'051	-164	-3'403	-22'618
Profit from operations (EBIT)	20'791	-189	-	20'602
Finance cost	-2'158	-77	-	-2'235
Profit before tax	18'807	-266	-	18'541
Income tax expenses	-5'078	16	-	-5'062
Profit attributable to owners of Nobel Biocare	13'729	-250	-	13'479
Basic earnings per share (EUR)	0.11	0.00	-	0.11
Diluted earnings per share (EUR)	0.11	0.00	-	0.11

Statement of comprehensive income line items

in EUR '000	Q1 2012 reported	IAS 19R adjustment	Q1 2012 restated
Profit attributable to owners of Nobel Biocare	13'729	-250	13'479
Total comprehensive income for the period attributable to owners of Nobel Biocare	11'361	-250	11'334

Balance sheet line items

in EUR '000	31 December 2012 reported	IAS 19R adjustment	31 December 2012 restated
Deferred tax assets	17'274	428	17'702
Total non-current assets	297'838	428	298'266
Total assets	600'582	428	601'010
Retained earnings	200'825	-5'717	195'108
Total equity attributable to owners of Nobel Biocare	325'048	-5'717	319'331
Pension liabilities	10'353	6'145	16'498
Total non-current liabilities	140'560	6'145	146'705
Total liabilities	275'534	6'145	281'679
Total equity and liabilities	600'582	428	601'010

Statement of changes in equity line items

in EUR '000	2012 reported	IAS 19R adjustment	2012 restated
Total equity attributable to owners of Nobel Biocare as of 1 January	281'504	-5'914	275'590
Profit for the period	13'729	-250	13'479
Total comprehensive income/(expenses)	11'584	-250	11'334
Total equity attributable to owners of Nobel Biocare as of 31 March	281'786	-6'164	275'622

Cash flow statement line items

in EUR '000	Q1 2012 reported	IAS 19R adjustment	Q1 2012 restated
Profit before tax	18'807	-266	18'541
Net financial result	1'984	77	2'061
Other non-cash expenses	455	189	644
Net cash from operating activities	16'619	-	16'619

Note 4 Basis of preparation

The condensed consolidated financial statements include all the subsidiaries controlled by Nobel Biocare and are presented in euro (EUR), rounded to thousands.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities. Actual results may differ from these estimates. Critical judgments made by management in the application of IFRS and key sources of estimation uncertainties were the same as those applied to the consolidated financial statements for the year ended 31 December 2012.

Note 5 Seasonality

The Group is not exposed to material seasonal fluctuations in its operations.

Note 6 Operating segments

Operating segments are determined based on the reports reviewed by the Board of Directors that are used to track performance, make strategic decisions and allocate resources to the segments.

Operating segments are identified geographically as the business is managed on a global basis and is run in three geographical areas. The business contribution is derived from sales, the cost of goods purchased from manufacturing sites and expenses related to the sale of products in the respective regions. Certain administrative expenses directly attributable to the sale of products are also allocated to the three geographic regions. The Board of Directors reviews and assesses the business (i.e. sales and business expenses) on this basis.

Revenue arises from two integrated product groups, Implant system products and Individualized products. These products are sold in all operating segments, often with both Implant system and Individualized products forming part of a combined offer as Nobel Biocare is a full-solution provider.

in EUR '000	Europe, Middle East and Africa (EMEA)		Americas		Asia/Pacific		Total Group	
	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012
External sales	60'538	60'616	54'988	55'409	26'015	31'555	141'541	147'580
<i>Share of total revenue</i>	<i>43%</i>	<i>41%</i>	<i>39%</i>	<i>38%</i>	<i>18%</i>	<i>21%</i>	<i>100%</i>	<i>100%</i>
Business expenses	-34'849	-36'442	-31'527	-29'537	-14'046	-15'840	-80'422	-81'819
Business contribution	25'689	24'174	23'461	25'872	11'969	15'715	61'119	65'761

Certain expenses, presented in the reconciliation, are not attributable to a particular segment and are reviewed as a whole across the Group irrespective of geographic origin. Unallocated business expenses include certain production costs remaining with the manufacturing sites. Functional costs comprise headquarter and plant functions, which include global marketing, global symposia events, quality, logistics, IT, research and development, NobelProcera development, legal and finance. Also included are reconciling and other items, e.g., adjustments and eliminations made in preparing the financial statements. The business contribution also excludes the effects of Group-wide equity-settled share-based expenses and depreciation, amortization and impairment expenses. The revenue from external customers reported to the Board of Directors is measured in a manner consistent with that in the income statement. There are no significant sales between the segments. No individual customer represents a significant portion of the Group's revenue.

Reconciliation

in EUR '000	Q1 2013	Q1 2012 restated
Business contribution	61'119	65'761
Unallocated business expenses	-1'801	-4'655
Functional costs	-32'655	-30'520
Depreciation, amortization and impairment losses	-6'938	-8'185
Share-based payment expenses	-817	-1'799
Operating profit (EBIT)	18'908	20'602
Net financial result	-694	-2'061
Profit before tax	18'214	18'541

Note 7 Net financial result

in EUR '000	Q1 2013	Q1 2012 restated
Interest income	159	199
Financial income	159	199
Interest expenses	-1'474	-1'313
Net change in fair value of interest rate swap (cash flow hedge) reclassified from other comprehensive income	-226	-223
Other financial expenses	-735	-699
Finance cost	-2'435	-2'235
Net foreign exchange losses	-145	-2'163
Net derivative instruments at fair value through profit or loss	-426	2'288
Net change in fair value of cash flow hedges reclassified from other comprehensive income	2'153	-150
Net foreign exchange result	1'582	-25
Net financial result	-694	-2'061

Interest expenses relate mainly to the CHF 120'000 k straight bond issued on 10 October 2011. In 2012, interest expenses also related to amounts drawn on the EUR 330'000 k syndicated banking facility, which as of 31 March 2012 were EUR 30'000 k. This amount was drawn on 6 February 2012, after having repaid the previous loan amount of EUR 36'928 k.

Net foreign exchange gains and losses arise from operating in multiple currencies, while gains and losses on derivative instruments result from hedging such exposures. In 2013, the change in fair value of cash flow hedges related mainly to the weaker Japanese yen, which adversely affected revenue, and the stronger Swedish krona, which adversely affected expenses. However, in 2012, operating profit was overall favorably affected by currency movements.

Note 8 Equity

Share capital

The share capital of Nobel Biocare Holding AG is held in Swiss franc (CHF). The number of issued shares by Nobel Biocare Holding AG on 31 March 2013 totaled 123'784'530 (2012: 123'784'530) with a par value of CHF 0.40 per share, fully paid up.

The holders of registered shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On 14 March 2012, the Group sold 240'000 treasury shares that had been held to cover its exposure from the performance share unit plan for consideration of EUR 2'168 k.

Note 9 Dividends

On 28 March 2013, the AGM approved a dividend of CHF 0.20 per registered share to be paid out of reserves without deduction of withholding tax. Following the approval of the dividend the related liability has been recognized in the balance sheet as other current liabilities. The dividend was paid to shareholders on 8 April 2013 out of reserves without deduction of withholding tax. The total amount of the dividend paid was CHF 24.6 million or EUR 20.2 million.

Note 10 Share-based payment transactions

Restricted share unit program (RSUP)

Under the RSUP, introduced in 2013, participants are granted restricted share units (RSUs). Vesting of these shares is subject to a service period. The plan features graded vesting over a three-year period where one-third of the share units vests after one year, one-third after two years and one-third after three years. Each RSU will be converted into one NOBN share at the end of the vesting period. The RSUP is accounted for as an equity-settled share-based payment plan under IFRS 2. The restricted share units cannot be settled in cash.

The fair value of the restricted share units granted for services rendered is measured at the grant date closing share price, and discounted over the vesting period using a discount rate that is based on the yield of Swiss government bonds for the duration of the vesting period. Participants are not entitled to dividends declared during the vesting period. The grant date fair value of the restricted share units is consequently reduced by the present value of dividends expected to be paid during the vesting period.

As of 31 March 2013, a total of 377'714 restricted share units were granted to plan participants.

Performance share unit program (PSUP)

Under the PSUP, participants are granted performance-based share units (PSUs). Vesting of these shares is subject to specific performance achievements over a graded three-year period where one-third of the share units vests after one year, one-third after two years and one-third after three years. The PSUP is accounted for as an equity-settled share-based payment plan under IFRS 2.

Under the 2013 plan, vesting is subject to a service period and also depends on the relative performance of Nobel Biocare, which is measured by comparing the Total Shareholder Return (TSR) of the Nobel Biocare (NOBN) share to the TSR of a predefined peer group. The TSR includes the net change in stock price plus any dividends paid over the vesting period. If this relative performance is achieved, each share unit will be converted into a predetermined amount of Nobel Biocare shares at the vesting date. The performance share units cannot be settled in cash.

The fair value of the performance share units granted for services rendered is measured based on a Monte Carlo simulation. Market conditions are taken into account when estimating the fair value of the instruments granted.

As of 31 March 2013, a total of 335'583 performance share units were granted to plan participants.

Summary of share-based payment transactions charged to personnel expenses

in EUR '000	Q1 2013	Q1 2012
Share unit plans	817	1'799

Note 11 Ongoing disputes

Litigation / Legal proceedings

At the beginning of July 2005, a lawsuit against Nobel Biocare claiming patent infringement was filed by a doctor in New York. The suit concerns two patents, which the doctor alleges are infringed by the Stargrip and Replace products. The suit was put on hold by the court pending reexamination proceedings at the US Patent Office regarding one of the patents. Those proceedings are complete, and the court reinstated the litigation in May 2009. Nobel Biocare has evaluated these patents in depth and has numerous defenses that it will vigorously pursue. Nobel Biocare contends that it does not infringe these patents, and that the patent claims are invalid based on prior art. No date for a court hearing has been set yet.

Nobel Biocare was facing claims by an asset management company, which is currently in liquidation due to lack of corporate structure. In Curaçao, the final decision of the Court of Appeals in August 2012 rejected all claims of the asset management company against Nobel Biocare. Consequently, all assets of Nobel Biocare under attachment since 2008 were unblocked. In the US, the July 2012 decision of the United States Court of Appeals for the Second Circuit in favor of Nobel Biocare rejecting all requests of the asset management company became final. Nobel Biocare has filed a court case in Switzerland to establish inter alia for refund of certain unjustified fees paid. The first instance decision of the court in Zug in February 2012 granted all of Nobel Biocare's claims, against which the asset management company has filed appeal. In January 2013, the liquidator of the asset management company in Zug, Switzerland, indicated that he would not continue the court proceedings in the Court of Appeals case against the first instance decision granting Nobel Biocare's requests.

In June 2010, a Canadian company filed a complaint against BioCad Medical Inc. suing for patent infringement in the Federal Court of Québec, Canada. The lawsuit alleges that BioCad infringes a Canadian patent owned by said Canadian company on the production of superstructures for dental implants. BioCad Medical Inc. and its consulting patent lawyers are of the opinion that no valid claims of the Canadian company's patent are being infringed and will, therefore, vigorously defend the patent infringement suit. In addition, Nobel Biocare had filed for invalidation of the respective German patent of the Canadian company with the German Federal Patent Court and for declaratory judgment with the competent court in Milan, Italy, that neither the respective Italian nor the German patent of said company are infringed. In September 2012, the German Federal Patent Court invalidated all claims of the Canadian company's German patent, a decision against which the Canadian company appealed. On 5 February 2013, the court in Milan declared itself not internationally competent to rule on the non-infringement of the German patent. The proceedings regarding the Italian patent will continue, and the main hearing will take place during the second quarter. In June 2012, Nobel Biocare's US entities received a notice of infringement letter alleging Nobel Biocare's surgical guides and implant bar overdentures are infringing five US patents of the Canadian company. The US Nobel Biocare entities filed a declaratory judgment action in July 2012 in Federal District Court Eastern District of Virginia asking the court to declare that Nobel Biocare does not infringe the patents and/or that they are invalid. In January 2013, the court granted Nobel Biocare's summary judgment motions against the Canadian company, declaring that the US Nobel Biocare entities do not infringe the company's patents. Judgment in favor of Nobel Biocare was entered and the case was dismissed with prejudice. The Canadian company appealed.

In July 2010, a Californian dentist filed a class action suit in the Federal Court of Los Angeles (USA) against Nobel Biocare USA LLC, Nobel Biocare AB and Nobel Biocare Holding AG alleging product defects of NobelDirect implants and claiming damages. In August 2011, the United States District Court for the Central District of California in Los Angeles granted the dentist's motion, holding that the requirements for a class certification had been met. The certified class includes all individuals in the United States who have purchased any NobelDirect dental implants other than "NobelDirect Groovy". Nobel Biocare filed for motions for summary judgment and for reconsideration. In August 2012, the Federal Court narrowed down the class certification to claims under California Unfair Competition Law, thus considerably reducing the value of the claims at stake and limiting the remedy to restitution (i.e., either replacement or refund of the implant). In December 2012, the parties concluded a settlement agreement while compensation of attorney's costs on the plaintiff's side to be negotiated or determined by the court.

There are other minor disputes pending regarding contractual obligations, including warranty- and labor-related disputes, arising from the ordinary business of Nobel Biocare and its subsidiaries.

Note 12 Subsequent events

There have been no material events between 31 March 2013 and the date of authorization that would require adjustments to the consolidated financial statements or disclosures.