

## Össur hf. acquires the Gibaud Group in France

**Ossur hf. (ICEX: OSSR)**, a trusted and leading global supplier of orthopedic devices, announced today that it has acquired the Gibaud Group in France in a transaction valued at approximately USD 132 million (Euro 101 million). The Gibaud Group is a local leader in the design, production and distribution of medical devices used in the non-invasive orthopaedics sector, specializing in bracing, soft goods and compression therapy products (phlebology). The transaction closed today and Ossur will take over the operations of the Gibaud Group with immediate effect.

This is Ossur's second largest acquisition to date, and is in line with Ossur's strategic growth plans in the non-invasive orthopaedics industry.

Commenting on the transaction, Ossur's President & CEO Jón Sigurdsson stated:

"This acquisition is a milestone acquisition for us and in line with our strategy of consolidating the bracing and the soft goods segment of the non-invasive orthopaedics market on a global level. We are also entering a new and important segment of the non-invasive orthopaedics market in Europe, the phlebology segment, which is highly synergistic with the other non-invasive orthopedic sales channels in Europe."

Gibaud's main product lines are braces & supports and compression therapy products. The bracing and support market in France is estimated to be valued at approximately USD 130 million. Gibaud Group is the second largest player with a market share in excess of 20%. The phlebology market is a new market segment for Ossur. The local French market is estimated to be valued at more than USD 130 million. The Gibaud Group holds more than 10% of the market and is the third largest player on the market. Gibaud's current product lines, strong market position, knowledge and experience will increase Ossur's opportunities in Europe, especially in southern Europe.

### **Key benefits of the acquisition of the Gibaud Group:**

- Access to a strong brand in France dating back to 1890
- Access to a strong sales network with comprehensive and nationwide coverage
- Entry into a new dynamic product segment, phlebology

### **Gibaud Group**

Gibaud was established in 1890 and employs 361 people. The company operates two production facilities, one in Saint Etienne and a most recent one in Trevoux (north of Lyon) specialized in manufacturing phlebology products. Gibaud manufactures and sells orthopaedic devices which are used to manage a wide range of conditions, in private practices, hospitals and self-medication. Gibaud also manufactures specialist devices for use in compression therapy, rheumatology, traumatology or emergency treatments. Gibaud is one of the most recognized brands by orthopaedy/medical professionals in France, as well as a household brand for the general public. The majority of sales is through pharmacies and orthopaedic outlets. The Gibaud Group employs more than 65 people directly in sales. The group sells to more than 10.000 pharmacies in France.

Effective as of today Mr. Philippe Laratte, former COO of the Gibaud Group will be appointed as a Managing Director of the group.

"We are excited about this opportunity to work with Ossur as a strategic partner to expand our business in France and throughout Europe. This is also an excellent opportunity to leverage the Ossur products into our sales channels," stated Philippe Laratte.

For the fiscal year ending 30 June 2006, the total sale of Gibaud were €41,7 million and the EBITDA margin 21%. One time restructuring expenses of €5 million are expected in 2006 plus an estimated €2 million in inventory step up in 2007. Sales in 2007 are expected to be in the range of €44 million and EBITDA without one time expenses and inventory step up around 18%. Gibaud will form part of the consolidated group accounts, even though it will not be integrated into the Ossur consolidation in the same way as previously acquired companies. It will be operated more as a stand-alone unit at least for the next 18-24 months and therefore limited synergies are expected to be realized during this period.

The seller of Gibaud is a consortium of private equity funds, led by Barclays Private Equity. The consortium acquired Gibaud in 2001.

### **Financing**

Banc of America Securities Limited advised Ossur on the transaction. Kaupthing Bank advised on the financing of the acquisition and provided Ossur with a bridge loan facility. An equity offering is planned to take place during the first half of 2007 to take out the bridge loan facility and to finance future acquisitions.

### **Update on Ossur operational outlook 2006**

Overall sales for the year are still expected to be above 250 million US dollars. Earnings before interest, tax, depreciation and amortization (EBITDA) for the full year is expected to be approximately 19% (excluding one-time restructuring expenses in January 2006). This is slightly below the expected EBITDA of 20% communicated after closing of the third quarter of 2006.

### **Conference call**

A conference call to explain the acquisition will be held today, Friday December 22<sup>nd</sup>. During the conference call, Jon Sigurdsson, President and CEO, and Hjorleifur Palsson, CFO, will present and discuss the key aspects of the acquisition.

The conference call will be held in English at 13:00 GMT, 14:00 CET and 9:00 a.m. Eastern Standard Time. The conference call can be heard on the Ossur website: [www.ossur.com](http://www.ossur.com).

Please call the following telephone numbers to participate in the conference:

Telephone number for Europe: +44 (0) 20 7162 0025

Telephone number for the United States: +1 334 323 6201

Queries can also be sent to the meeting by e-mail to [investormeeting@ossur.com](mailto:investormeeting@ossur.com).

Presentation material will be available on the Company's website [www.ossur.com](http://www.ossur.com) and the News System of the Iceland Stock Exchange [www.icex.is](http://www.icex.is).

### **Ossur press releases by e-mail**

If you wish to receive Ossur press releases by e-mail please register at the following web-site: <http://www.ossur.com/investormailings>.

### **Further information**

Jón Sigurdsson, CEO tel. +354-515 1300