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Investment Profile

Nasdaq: EXAC

March 2, 2010

Exactech 2009 Revenue Up 10% to \$177M; Q4 Revenue Up 20% to \$48.3M

Q4 Hip Revenue Increases 29%; Knee Implant Revenue Up 24%

Company Description

Exactech is a pure play orthopaedic competitor that is gaining market share in the rapidly expanding global biomedical device industry. The company's products are used in the restoration of bones and joints that have deteriorated as a result of injury or disease such as arthritis.

Exactech develops, manufactures, markets, distributes and sells its orthopaedic implant devices, including knee, shoulder, and hip implant systems, related surgical instrumentation, spine products and biologic services to hospitals and physicians in the United States and internationally in over 30 countries.

Founded and led by an orthopaedic surgeon, the company has built its success on its customer-centric culture. Feedback from its surgeon customers has helped Exactech develop a pipeline of innovative products that improve patient outcomes.

FDA-Cleared Products and Services

It is estimated that there are nearly one million knee replacement procedures performed worldwide each year. To help meet this demand, Exactech continues to develop next generation knee systems that respond to the needs of the hospital and surgical community. Its Optetrak® differentiated knee implant products provide about 43% of the company's revenue.

Representing about 13% of the company's current revenues, the Equinox® shoulder implant system is Exactech's fastest growing product line.

Hip products account for about 15% of company revenues, and use industry-leading materials such as ceramic bearing surfaces and enhanced polyethylene for superior wear performance.

EXAC - NASDAQ

Closing Price (3/01/10)	\$19.94
Market Cap.	\$257.2mil.
52-Week Range	\$10.74 - \$20.22
Avg Daily Trading (3Mo.)	25,245
FY '09 EPS (diluted)	\$0.65
P/E Ratio (ttm)	30.67
Book Value per share	\$9.40
FY '09 Revenue	\$177.3mil.
FY '09 Net Income	\$8.3 mil.*
Total Assets (12/31/09)	\$171.0 mil.
Total Debt (12/31/09)	\$14.2 mil.
Diluted Shares*	12.9 mil.
Est. Public Float	8.21 mil.
Insider Ownership	36%
Institutional Ownership	47%
Fiscal Year End	Dec. 31

*3-mos. weighted average number of shares outstanding

Exactech's biologic and spine products together represent about 15% of revenue. The company began distribution of biologic tissue materials in 1998, and entered the spine market with an acquisition of a spine products company in early 2008. Exactech offers a variety of allograft tissue material for grafting and repairing bone defects, and a spine platform that provides a portfolio of spine products with the potential to expand domestically and internationally.

Surgeon input and clinician feedback is an important aspect in developing innovative new designs in implant technology.

Highlights

03.02.10

Exactech Receives FDA Clearance for Platform Fracture Stem for Shoulder Surgeries

02.22.10

FY '09 revenue up 10% to \$177M. FY'09 net income \$8.3M, EPS \$0.65. Net income ex- DOJ inquiry costs \$13.2M or \$1.03 EPS. Q4 revenue \$48.3M, net income \$0.5M, EPS \$0.04. Ex- DOJ inquiry costs, net income \$3.3M, diluted EPS \$0.25.

10.27.09

Q3 Revenue Up 12% to \$42.4M; Net income \$2.7M, EPS \$0.21. Net income excluding DOJ inquiry costs was \$3.3M or \$0.25 EPS.

07.28.09

Q2 '09 revenue \$43.3M Net income \$2.6M or \$0.20 EPS. YTD Revenue Up 4% to \$86.6M

04.29.09

Q1 revenue up 9% to \$43.3M. Net income \$2.5M, EPS \$0.19. Net income ex- DOJ inquiry costs up 12% to \$3.3M or \$0.26 EPS

02.24.09

Exactech receives patent for Optetrak RBK rotating bearing knee system.

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Q4 Highlights, Segment Performance

- Total revenue for Q4'09 increased 20% to \$48.3 M
- Knee implant revenue increased 24% to \$21.1 M
- Hip implant revenue increased 29% to \$6.8 M
- Biologic & spine segment revenues were flat at \$7.0 M
- Extremity implant revenue increased 29% to \$6.5 M
- Other revenues increased 17% to \$7.0 M

The Outlook

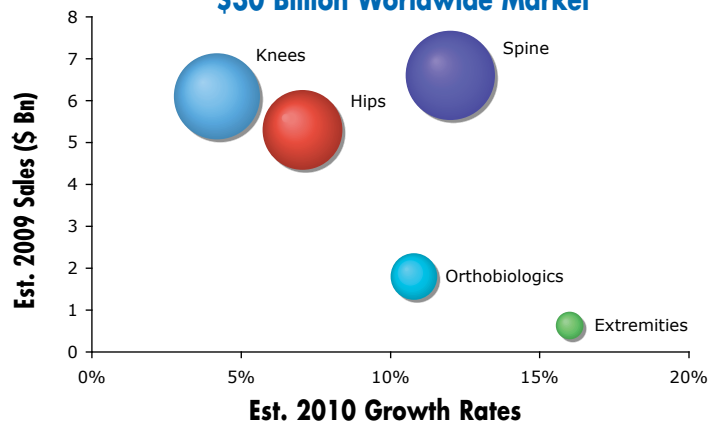
Total revenue for 2009 increased 10% to \$177.3 million from \$161.7 million in 2008. Diluted earnings per share for the year was \$0.65 based on net income of \$8.3 million. This compares with net income of \$11.1 million or \$0.87 diluted EPS a year ago. Net income for 2009 included pre-tax legal expenses and estimated settlement costs of \$7.0 million related to the ongoing Department of Justice (DOJ) inquiry. Excluding the impact of these legal expenses, 2009 net income was \$13.2 million or \$1.03 diluted EPS compared with \$12.7 million or \$0.99 diluted EPS in 2008.

For the fourth quarter of 2009, revenue was \$48.3 million, an increase of 20% over \$40.3 million for the fourth quarter last year. Net income for the fourth quarter of 2009 was down 84% to \$0.5 million compared to \$3.1 million for the same quarter of 2008. Diluted EPS was \$0.04 for the fourth quarter of 2009 compared to \$0.24 in the fourth quarter of 2008. Excluding legal costs and estimated settlement of \$3.6 million associated with the ongoing DOJ inquiry, diluted EPS for the fourth quarter of 2009 was \$0.25.

Management said "The second half of the year resulted in excellent performance for Exactech. Exactech's revenue growth rate strongly outpaced our peers in the second half of the year with record sales and continuing gains in market share. Among the top seven companies in our industry, we were the only one with double-digit growth in 2009. "

During the fourth quarter, U.S. sales increased 11% to \$32.2 million, and international sales were up 43% to \$16.1 million. International sales represented 33% of total sales, compared with 28% for the same quarter last year. For the full year 2009, U.S. sales increased 9% to \$122.4 million, and international sales were up 11% to \$54.9 million. International sales represented 31% of total sales.

Targeting Highly Attractive Markets \$30 Billion Worldwide Market



Exactech participates in the \$30 billion worldwide market for biomedical devices, targeting very large and growing market segments for hip (\$5.3 B) and knee implants (\$6.1 B) as well as the fastest growing segments, spine (\$6.6 B), biologics (\$1.8 B) and extremities (\$0.6 B). Source: 2008 Sales - Canaccord Adams "Life Sciences - Biomedical Devices and Services" (3/6/09); 2010 Growth - Company Estimates

Looking forward, Exactech released its 2010 revenue guidance of \$188 - \$196 million and diluted EPS of \$0.90 - \$0.96 on a GAAP basis and diluted EPS of \$1.00 - \$1.06 excluding the impact of compliance expenses. The company is projecting approximately \$2.0 million in compliance expenses during 2010. For the first quarter of 2010, the company said it anticipates revenues of \$46 - \$48 million and diluted EPS of \$0.21 - \$0.23 on a GAAP basis. The foregoing statements regarding targets are forward-looking and actual results may differ materially. These are the company's targets, not predictions of actual performance.

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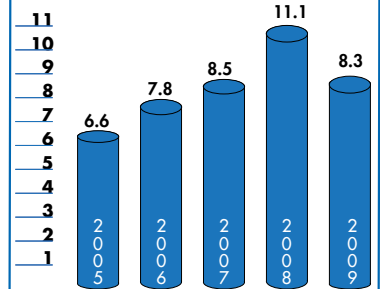
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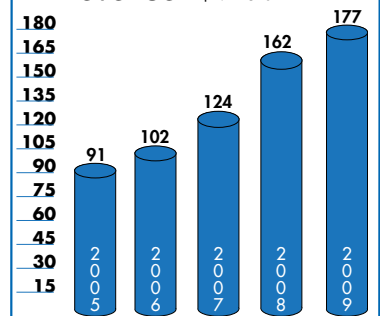
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Net Income in \$ Millions GAAP



Revenue in \$ Millions



Risk Factors

- Market acceptance of new products
- Significant resources of larger competitors
- New government taxes
- Partial dependency on third-party manufacturers
- Medical device industry DOJ investigation