



2320 NW 66th Court
Gainesville, FL 32653
(800) 392-2832
www.exac.com
IR Contact: Julie Marshall
(305) 451-1888



Investment Profile

Nasdaq: EXAC

August 27, 2010

Q2 Revenue Up 10%; Net Income Up 14%, EPS \$0.23 Sets Six New Products for Launch in 2010; Robust Product Pipeline for 2011

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, in addition to more than 30 markets in Europe, Latin America, Asia and the Pacific.

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 41% of the company's revenue.

Representing about 15% 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 (8/26/10)	\$14.49
Market Cap.	\$187 mil.
52-Week Range	\$13.54 - \$22.34
Avg Daily Trading (3Mo.)	26,043
FY '09 EPS (diluted)	\$0.65
P/E Ratio (ttm)	19.58
Book Value per share	\$10.72
FY '09 Revenue	\$177.3mil.
FY '09 Net Income	\$8.3 mil.
Total Assets (06/30/10)	\$196.95 mil.
Total Debt (06/30/10)	\$25.96 mil.
Diluted Shares*	13.1 mil.
Est. Public Float	8.33 mil.
Insider Ownership	35.3%
Institutional Ownership	46.8%
Fiscal Year End	Dec. 31

*3-mos. weighted average number of shares

Exactech's biologic and spine products together represent about 14% 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

08.27.10
Exactech Acquires Minimally Invasive Spine Reconstruction Portfolio

08.04.10
Q2 revenue up 10% to \$47.6M. Net income \$3M, EPS \$0.23. Net income ex- DOJ inquiry costs \$3.2M or \$0.25 EPS

05.25.10
Exactech Acquires Key Supplier, Secures Proprietary Knee Replacement Technology

04.27.10
Q1 revenue up 13% to \$49.1M. Net income \$3.3M, EPS \$0.25. Net income ex- DOJ inquiry costs \$3.4M or \$0.26 EPS

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.

Investment Profile

Nasdaq: EXAC



Q2 Highlights, Segment Performance

- Q2 revenue increased 10% to \$47.6 M
- GAAP net income increased 14% to \$3.0 M, EPS \$0.23
- Knee implant revenue increased 2% to \$19.4 M
- Hip implant revenue increased 9% to \$7.3 M
- Biologic & Spine revenue decreased 1% to \$6.8 M
- Extremity implant revenue increased 40% to \$7.1 M
- Other products revenue increased 22% to \$7.0 M

The Outlook

For the second quarter of 2010, revenue was \$47.6 million, a 10% increase over \$43.3 million in the second quarter of 2009. Net income increased 14% to \$3.0 million, or \$0.23 per diluted share, compared to \$2.6 million, or \$0.20 per diluted share, in the same quarter a year ago. Net income for the quarter, excluding pre-tax legal expenses and costs of \$0.4 million related to the ongoing Department of Justice (DOJ) inquiry, was \$3.2 million or \$0.25 EPS.

The company said its second quarter performance was excellent in several of its market segments as the company's growth rate was again above that of the industry. Sales and marketing transitions underway in some of its overseas markets slowed growth in knee sales, but management believes that despite some near term dislocation, the company is strengthening its ability to grow overseas business and that future results will reflect that. Sales in the quarter were boosted by the growing acceptance of the Novation Hip System and continued strong sales of extremities products led by the Equinox® shoulder.

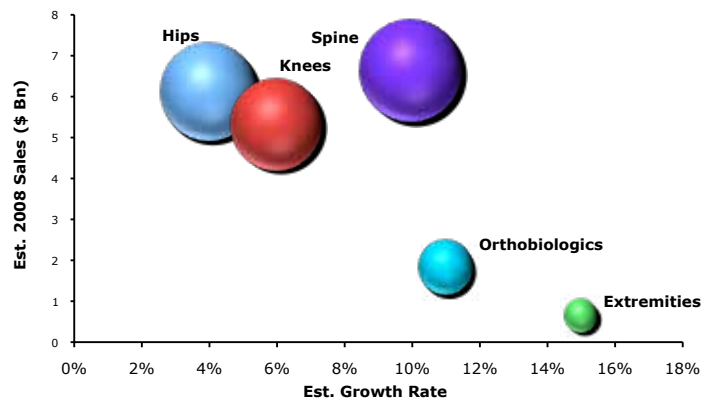
The acquisition of Brighton Partners in Q2 was an important event allowing Exactech to directly control its sole source supplier of the proprietary direct compression molded polyethylene bearings used exclusively in the Optetrak® knee replacement system, our largest product.

For the quarter, U.S. sales rose 12% to \$32.8 million compared with \$29.2 million. International sales grew 5% to \$14.8 million but decreased to 31% of total sales from 33% of total sales for the second quarter of 2009. As a percentage of sales, international sales in the first six months of 2010 increased to 32% from 31% in the first six months of the prior year.

The pipeline of new products continues to be very robust. Exactech has six new products set for launch by the end of the year and another 14 in the pipeline for 2011.

Targeting Highly Attractive Markets

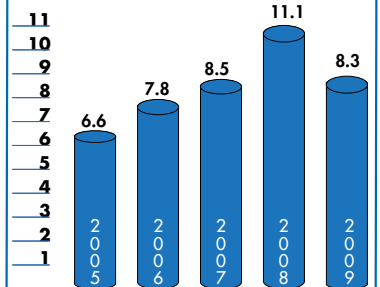
\$30 Billion Worldwide Market



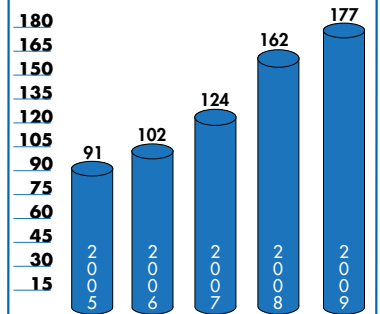
Exactech participates in the \$30 billion worldwide market for biomedical devices, targeting very large and growing market segments for hip (\$5.3 B) and knee implants (\$6.1 B) as well as the fastest growing segments, spine (\$6.6 B), biologics (\$1.8 B) and extremities (\$0.6 B). Source: 2008 Sales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

Looking forward, Exactech updated its revenue targets for 2010 to the range of \$191 million to \$197 million and reaffirmed its target for diluted EPS for the year 2010 in the range of \$0.92 to \$0.98. For the third quarter ending September 30, 2010, the company targets revenue in the range of \$43 million to \$46 million and diluted EPS in the range of \$0.20 to \$0.22. These are U.S. GAAP EPS target ranges that include the impact of DOJ inquiry and compliance costs. The foregoing statements regarding targets for the quarter and full year are forward-looking and actual results may differ materially. These are the company's targets, not predictions of actual performance.

Net Income in \$ Millions GAAP



Revenue in \$ Millions



Analyst Coverage

Jeff Johnson, Robert W. Baird
(414) 765-7062

Robert Gold, Brigantine Advisors
(732) 778-4572

James Terwilliger, Duncan-Williams
(901) 435-4024

William Plovnic, Canaccord Adams
(847) 864-1137

Jan Wald, PhD, Noble Financial
(617) 692-9341

James Sidoti, Sidoti & Company, LLC
(212) 453-7056

Investor Web Sites:

www.hawkassociates.com
and www.exac.com

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



The information contained herein is believed to be accurate and is based upon sources which are considered reliable but are not guaranteed by Hawk Associates or the company mentioned. This information is subject to change without notice. Hawk Associates is not a registered broker dealer. Neither Hawk Associates nor the company mentioned assumes any responsibility for the information contained herein. The company featured in this report is a client of Hawk Associates, Inc. This does not represent an offer to buy or sell any security. This profile is protected by applicable copyright laws. No permission is granted to copy, distribute, modify, or post any text, graphics, design or logos.