

ORTHOFIX INTERNATIONAL N V  
Form DEFA14A  
January 14, 2009

---

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

SCHEDULE 14A

(RULE 14a-101)  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. \_\_\_\_ )

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary proxy statement.
- Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2)).
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to §240.14a-12.

Orthofix International N.V.

---

(Name of Registrant as Specified in its Charter)

---

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:



The following slides were used in a presentation given by Alan W. Milinazzo, Director, President and Chief Executive Officer of Orthofix International N.V., at the 27th Annual JP Morgan Healthcare Conference in San Francisco, California on January 14, 2009.

---

27th Annual JP Morgan Healthcare Conference  
Westin St. Francis, San Francisco CA  
January 14, 2009  
Orthofix International  
Alan Milinazzo  
President & CEO

---

Safe Harbor Statement

Except for historical information contained herein, the statements made in this presentation constitute 'forward looking statements' that involve certain risks and uncertainties. Certain factors may cause actual results to differ materially from those contained in the forward looking statements, including those risks detailed from time to time in the Company's reports on file at the Securities and Exchange Commission.

Except for historical information contained herein, the statements made in this presentation constitute 'forward looking statements' that involve certain risks and uncertainties. Certain factors may cause actual results to differ materially from those contained in the forward looking statements, including those risks detailed from time to time in the Company's reports on file at the Securities and Exchange Commission.

---

Orthofix Overview

- Global medical device company with an emerging focus on the spine sector, including minimally invasive surgical and non-surgical devices and biologic products.
  - Total expected 2008 revenue of \$130-\$135 million; 73% of total revenue up 16% YTD through Q308
  - Strategy for long term growth includes new product introductions and market expansion
  - Focus on improved cash flow and deleveraging the balance sheet
-

- Spine: Market-leading spinal bone growth stimulators, including only FDA-approved cervical spine stimulator; spine implants & biologics
  - Orthopedics: Internal and external fixation, deformity correction and long bone stimulation
  - Sports Medicine: BREG subsidiary, focus on knee bracing and cold therapy with recent expansion into soft goods, back bracing, etc.
    - Vascular: A-V Impulse System® for prevention of DVT
    - Other Distributed Products
- Diversified Portfolio
-

Revenue growth in 3 core business segments = 8.7% YTD through Q308

Spine

Sports Medicine

Orthopedics

YTD revenue through

Q308 = \$187 million

Gross margin of

mid to high 70%

YTD revenue through

Q308 = \$97 million

Gross margin of

~70%

YTD revenue through

Q308 = \$70 million

Gross margin of

mid-60%

Vascular and Other revenue YTD through Q308 = \$34 million

Core Business Segments

---



48%

48%

25%

25%

18%

18%

5%

5%

Sports

Medicine

Vascular

3%

Other

73% of total YTD revenue grew an average of 16% through Q308

Revenue up 18%

YTD through

Q308

Stimulation

revenue up 13%

YTD through

Q308

Revenue mix YTD through Q308

Implant & biologic

revenue down 5%

YTD through

Q308

Total Revenue Mix

- q New product introductions
  - q Focus on internal fixation/deformity correction devices
    - Including geographic expansion in LA, Europe & Asia
  - q Long bone stimulation & biologics
  - Revenue up 11% YTD through Q308; market growing 10%
    - Biologic revenue ~\$900K YTD through Q308
  - q Profitability improvement
    - SG&A reductions
    - Optimization of geographic markets
  - Focus on higher gross margin product platforms
- Growth Strategy- Orthopedics
-

- q Leverage strong distribution channels
    - Well-established distributor partners
    - Targeted migration to hybrid sales force
  - q Leverage strong market share in high growth areas
    - Osteoarthritis knee bracing- 16% market share; OFIX revenue growing 14%
    - Cold therapy- 37% motorized market share; OFIX revenue growing 15%
  - q Product launches into new market segments
    - Growth Strategy- Sports Medicine
-

Product launches in new market segments

(\$ in millions)

\$83

\$83

\$174

\$174

\$47

\$47

\$60

\$60

\$101

\$101

\$270

\$270

\$467

\$467

\$150

\$150

\$86

\$86

Post-Op

Bracing

Ligament

Bracing

Shoulder Bracing

OA Bracing

Cold Therapy

Foot & Ankle

Soft Bracing

Back Bracing

Upper

Extremity

1 Total available markets pre '08 = \$462 million

1 Total available markets by '09 = \$1.3 billion

Growth Strategy- Sports Medicine

Biologics  
Biologics  
Distribution  
Distribution  
New  
Modalities  
New  
Modalities  
e.g., Motion  
e.g., Motion  
Preservation  
Preservation  
Spinal  
Stimulation  
Spinal  
Stimulation  
Fixation  
Fixation  
Spine Portfolio Strategy

---

Growth Strategy- Spine Stimulation

---

- q Optimization of distribution network
    - Stabilization of distributor base
    - Focus on exclusivity and experience
  - q Normalization of operating results
    - q New product introductions
- Growth Strategy- Spine Implants &  
Biologics
-

1 Firebird Pedicle Screw System- (Q109)  
1 Pillar™SA Interbody Device (Q109)  
1 Ascent® LE POCT System (Q109)  
1 Advent™ Cervical Disc (Q209 OUS)  
1 InSWing™ Interspinous Spacer (Q109 OUS)  
1 Trinity® Evolution stem cell-based allograft (1H09)  
Planned new product introductions:  
Growth Strategy- Spine Implants &  
Biologics

---



Orthofix and MTF announced an agreement to collaborate on the final development and commercialization of Trinity® Evolution a new stem-cell based allograft

- Provide all three critical bone growth characteristics: osteogenic, osteoinductive, and osteoconductive

- Comparative to gold standard (autograft), but without the pain, risks and morbidities

Tissue

Commercialization

Roles

§ MTF is responsible for

§ donor tissue procurement

§ tissue processing and

§ order fulfillment

- Orthofix: has exclusive global marketing rights for allograft

Key Partnership

Benefits

- MTF is the preferred partner- MTF is the largest tissue bank in the Country and has the best technical and R&D competence in the tissue field

- Ability for both parties to focus on core competencies

- Long-term agreement for all fields of use

- Attractive financials

Growth Strategy- Trinity®Evolution

---

q Blackstone reorganization/facility consolidation  
plan designed to:

- Facilitate integration/improve efficiency
  - Create new physician training center/lab
  - Result in net cost reductions beginning in 2010
- q Orthofix and MTF complete pivotal milestone  
in development of stem cell-based allograft
- Planned launch date accelerated to 1H09

Recent News

---

q Management team strengthened

- Brad Mason was named Group President, North America and President of Blackstone Medical, Inc.
- Founder of BREG brings proven leadership skills, extensive product development and distribution experience.
- Bob Vaters was named Executive Vice President and Chief Financial Officer
- Former Inamed executive brings proven financial & operational leadership experience in the medical device industry.

Recent News

---

q Orthofix made partial debt repayment ahead of schedule

- \$10 million prepayment partially due to normalization of cash flow
- q Orthofix reiterated Q408 revenue guidance of \$130-\$135 million
- Results include negative foreign currency impact of \$3-\$4 million
  - Blackstone Q408 revenue down year-over-year, but increased sequentially from Q308
  - Blackstone FY09 revenue forecasted to increase approximately 8%-12% year-over-year

Recent News

---

\$ millions  
\$517-\$520  
Compound Annual  
Growth Rate 17%  
Compound Annual  
Growth Rate 17%  
BREG  
acquisition  
Blackstone  
acquisition  
Orthofix Sales Growth

---

- q Q308 Leverage ratio = 3.61 vs. 4.00 requirement
    - Q408 debt prepayment provides additional cushion
  - q Normalized Orthofix cash flow (YTD through Q308)  
excludes:
    - \$5M related to exploration of fixation asset divestiture
      - \$7M in Trinity inventory purchases
    - \$8.5M in strategic acquisition payments (MTF/IIS)
- Cash Flow/Operating Results
-

Normalized Blackstone Q308 operating  
results exclude:

- \$301M non-cash impairment charge & inventory reserve
    - \$3.3M amortization expense
    - \$1.4M management transition expenses
- Cash Flow/Operating Results
-

- q Orthofix's regular Annual General Meeting of shareholders is typically held in June; Ramius has requested a second meeting that would be held in addition to the regular meeting.
  - q The second shareholder meeting will be duplicative, entailing an unnecessary expense and distraction.
  - q Orthofix's historical focus on strong corporate governance will continue.
- Ramius
-



Where You Can Find Additional Information

Ramius Capital and certain of its affiliates have filed a definitive proxy statement with the SEC to solicit written consents from shareholders of Orthofix to call a special general meeting of shareholders for the purpose of making changes to the composition of Orthofix's board of directors. Orthofix has filed with the SEC a definitive proxy statement in connection with its intent to solicit written consent revocations from shareholders in opposition to Ramius' solicitation. If Orthofix holds a special general meeting at Ramius' and other shareholders' request, Orthofix intends to file with the SEC, and distribute to shareholders, a proxy statement opposing proposals made by Ramius. **SHAREHOLDERS ARE URGED TO READ ORTHOFIX'S DEFINITIVE PROXY MATERIALS AND ANY OTHER RELEVANT SOLICITATION MATERIALS FILED WITH THE SEC BECAUSE THEY CONTAIN IMPORTANT INFORMATION.** Investors and shareholders may obtain a free copy of proxy statements filed with the SEC by Orthofix at the SEC's website at [www.sec.gov](http://www.sec.gov) or by contacting Georgeson, 199 Water Street, 26th Floor, New York, NY 10038 or by calling (212) 440-9800 (bankers and brokers) or toll-free (800) 323-4133 (all others).

Orthofix International N.V. and its directors and certain executive officers are participants in the solicitation of written consent revocations from shareholders of Orthofix, as well as the solicitation of proxies in connection with a special general meeting of shareholders, if such a meeting is called. The names of such persons are: James F. Gero, Peter J. Hewett, Jerry C. Benjamin, Charles W. Federico, Dr. Guy J. Jordan, Ph.D., Thomas J. Kester, CPA, Alan W. Milinazzo, Maria Sainz, Dr. Walter P. von Wartburg, Kenneth R. Weisshaar, Robert S. Vaters, Michael Simpson, Bradley R. Mason, Raymond C. Kolls, J.D. and Michael M. Finegan. Information regarding such participants, as well as each such person's respective interests in Orthofix by security holdings or otherwise, is set forth in Orthofix's definitive proxy statement relating to its intent to solicit written consent revocations from shareholders in opposition to Ramius' solicitation, which may be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov) and Orthofix's website at [www.orthofix.com](http://www.orthofix.com).

Notification of Proxy Statement Filing

---

- q Spine stimulation, orthopedic and sports medicine  
businesses performing well
    - § 73% of revenue up 16% YTD through Q308
  - q Several initiatives implemented/announced at Blackstone to:
    - Strengthen leadership
    - Stabilize distribution
    - Introduce new products
      - Increase revenue
      - Reduce costs
  - q Increased focus on EBITDA and deleveraging balance sheet
- Summary
-

