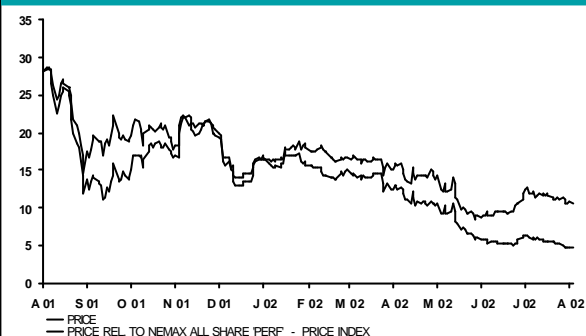


**Medical technology - Germany****Hold**

unchanged

**Price Chart****Key data - €**

Price	4.60
Year Hi/Lo	29.00 / 4.60
Market Cap. (m)	14.9
Free Float (%)	38
LTG (%)	20
Reuters Code	EUZG
Bloomberg Code	EUZ

**Financials - € - US GAAP**

FY 31/12	01	02e	03e	04e
Sales (m)	32.8	32.1	35.5	39.9
(prev.)	32.8	36.1	40.9	46.2
EBIT	1.95	-1.29	-1.23	1.88
(prev.)	1.95	0.48	0.76	4.21
EPS	1.00	-0.44	-0.34	0.25
(prev.)	1.00	0.26	0.29	0.93
EPS ex GW	1.18	-0.44	-0.34	0.25
CFS	3.33	1.96	2.32	3.19
(prev.)	3.33	2.66	2.95	3.88

**Valuation - US GAAP**

FY 31/12	01	02e	03e	04e
MC / Sales	0.5	0.5	0.4	0.4
PE	4.6	-10.4	-13.4	18.4
PE ex GW	3.9	-10.4	-13.4	18.4
PCF	1.4	2.3	2.0	1.4
PEG	0.2	-0.4	-0.6	0.9
PEG ex GW	0.2	-0.4	-0.6	0.9
Div. Yield (%)	0.0	0.0	0.0	0.0

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**Institutional Sales +49(0)69 50951-200****Conference call****Negative impacts in all segments leads to reduced sales and profit guidance**

- ?? Flat sales of € 16m (-1%)
- ?? EBIT (€ 0.04m, -97%) burdened by investments in NEMOD
- ?? Net loss (€ 0.63m) further burdened by weak US\$

Eckert & Ziegler AG published its 1H'02 figures and hosted a conference call. Figures and outlook were disappointing. Sales came in flat at € 16m (-1%) made up of revenues of the business units cardiology & oncology € 5.2m (+26%) and industrial sources & nuclear imaging (-8%). The development of all business units was disappointing. The oncology segment showed an increase in sales of 16% which is much lower than anticipated. Reasons are the insolvency of the exclusive US-distribution partner Alliant Medical Technologies (see also News Alert 28/05/02) and slower than expected growth rates in Europe. The nuclear imaging business unit suffered from a decline of orders from a major client. The company expects that this demand shortfall will continue until 2003. The industrial sources business unit also faced a decline in sales. We cut our sales estimates for all business units for 02e and ongoing.

All expenses increased faster than sales. Selling & distribution expenses raised by 19% to € 1.5m and G&A expenses increased sharply by 42%. R&D expenses jumped by 272% due to the investments in NEMOD of € 1.6m. These costs highly burdened the operating expenses (€ 0.04m, -97%). Furthermore, the weak US\$ burdened the financial result. In consequence, the company reported a net loss of € 0.6m after a net profit of € 2.4m in 1H'01.

In the ad-hoc announcement, the company reported an agreement about a feasibility study with Fresenius HemoCare (NEMOD will deliver its dendritic cell lines for research on a novel kidney cancer drug). Dr. Eckert stated in the conference call that he expects payments from this deal of about € 0.5-1m until end of 2003.

The company reduced its sales guidance to € 33m in 02 and expects an EPS 02e between € -0.20 and € -0.40. We reiterate our HOLD rating even after reducing our sales and profit estimates because we believe that the share is fairly priced at P/E 04e of 18.

**P&L figures**

(T€)	2Q'01	2Q'02	chg.	1H'01	1H'02	chg.
<b>Total Sales</b>	<b>8.964</b>	<b>7.868</b>	<b>-12%</b>	<b>16.163</b>	<b>15.988</b>	<b>-1%</b>
Cost of Sales	5.331	4.206	-21%	9.246	8.575	-7%
<b>Gross Profit</b>	<b>3.633</b>	<b>3.662</b>	<b>1%</b>	<b>6.917</b>	<b>7.413</b>	<b>7%</b>
Selling and Distribution Expenses	664	792	19%	1.283	1.530	19%
General and Administrative Expenses	1.456	2.056	41%	2.904	4.138	42%
R&D Expenses	217	840	287%	448	1.667	272%
Amortization of Intangible Assets	150	0	-100%	299	0	-100%
Other Operating Income	-640	-140	-	-640	-36	-
<b>EBIT</b>	<b>506</b>	<b>-166</b>	<b>-133%</b>	<b>1.343</b>	<b>42</b>	<b>-97%</b>
Interest and Other Income	2.689	-795	-130%	2.676	-639	-124%
<b>EBT</b>	<b>3.195</b>	<b>-961</b>	<b>-130%</b>	<b>4.019</b>	<b>-597</b>	<b>-115%</b>
Taxes on Income	1.326	-228	-117%	1.653	36	-98%
Minorities	0	0	-	0	0	-
<b>Net Profit</b>	<b>1.869</b>	<b>-733</b>	<b>-139%</b>	<b>2.366</b>	<b>-633</b>	<b>-127%</b>
<b>EPS</b>	<b>0,58</b>	<b>-0,23</b>	<b>-139%</b>	<b>0,73</b>	<b>-0,19</b>	<b>-127%</b>

<b>Margins (% of sales)</b>	2Q'01	2Q'02	1H'01	1H'02
Cost of Sales	59%	53%	57%	54%
<b>Gross Profit Margin</b>	<b>41%</b>	<b>47%</b>	<b>43%</b>	<b>46%</b>
Sales and Distribution	7%	10%	8%	10%
G&A	16%	26%	18%	26%
R&D	2%	11%	3%	10%
Amortization of Intangible Assets	2%	0%	2%	0%
Other Operating Income	-7%	-2%	-4%	0%
<b>EBIT Margin</b>	<b>6%</b>	<b>-2%</b>	<b>8%</b>	<b>0%</b>
<b>Net Profit Margin</b>	<b>21%</b>	<b>-9%</b>	<b>15%</b>	<b>-4%</b>

<b>Sales by Divisions</b>	2Q'01	2Q'02	chg.	1H'01	1H'02	chg.
Cardiology & Oncology	2.294	2.621	14%	4.118	5.171	26%
Industrial Sources & Nuclear Imaging	6.631	5.247	-21%	11.646	10.768	-8%

Source: Eckert &amp; Ziegler AG

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