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Equity Research

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Executive Summary

2003 was a good year for medical technology at the exchange - but what about 2004?

- Many shares of the companies we have covered made favourable progress over the last year. This was somewhat surprising as the sluggish state of the world economy, precarious political settings and fluctuations in the exchange rates – in particular between the US\$ and € - did not fail to leave a mark on the medical technology sector either.
- Many investors obviously had hoped for an improvement in 2004. The first significant political step in the German public health service met such hopes at least in part. And certain corporate news, such as the inclusion of brachytherapy for prostate cancer into the Diagnosis Related Groups (DRG) catalogue boosted companies such as Eckert & Ziegler. However, the strong increase in the € during the first weeks of 2004 now is raising concerns among the export-oriented German medical technology sector. Companies that are strongly exposed to the US\$ are likely to again be adversely affected by exchange rate-related problems. Companies with international product locations, such as Carl Zeiss Meditec, will be able to compensate for this at least where profits are concerned. Others, however, will have to accept profit losses.
- Against this backdrop and compared to 2003 we are somewhat more constrained were expectations for the medical technology sector for 2004 are concerned. We do, however, detect significant price potential for certain companies.

	Price €	EV €m	EV/EBITDA 2003e	2004e	PER 2003e	2004e
Buy-Rating						
BB Medtech	22,60	-	-	-	-	-
Drägerwerk Vz.	57,34	1 183,6	10,3	6,5	19,9	20,9
Wavelight Laser	11,80	60,5	8,6	6,6	23,5	14,5
Hold-Rating						
Carl Zeiss Meditec	12,80	352,0	10,9	8,5	29,0	21,7
Eckert & Ziegler	8,28	22,1	3,6	3,1	30,7	22,4
Fresenius Vz.	58,47	7 310,2	6,6	6,0	19,2	15,2
Fresenius Medical Care	54,17	6 905,4	9,3	8,4	20,7	17,6
Sell-Rating						
curasan	4,20	22,4	40,0	neg.	10,4	neg.

Source: Bloomberg, LBBW

Please read the disclaimer on the last page of this preview.

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Overview

Industry Sector

Definition

By definition, medical technology is the specialised area in which, based on scientific, engineering, and physical findings in particular, products and methods for diagnostics and therapies are developed, produced and distributed.

Simple medical products do not fall under this definition

- This, for instance, excludes simple medical products such as wound dressings, compresses or conventional disposable or re-usable syringes. Our definition of medical technology also excludes in vitro diagnostic methods, which by legal definition are medical products as these are often based on biotechnological methods.

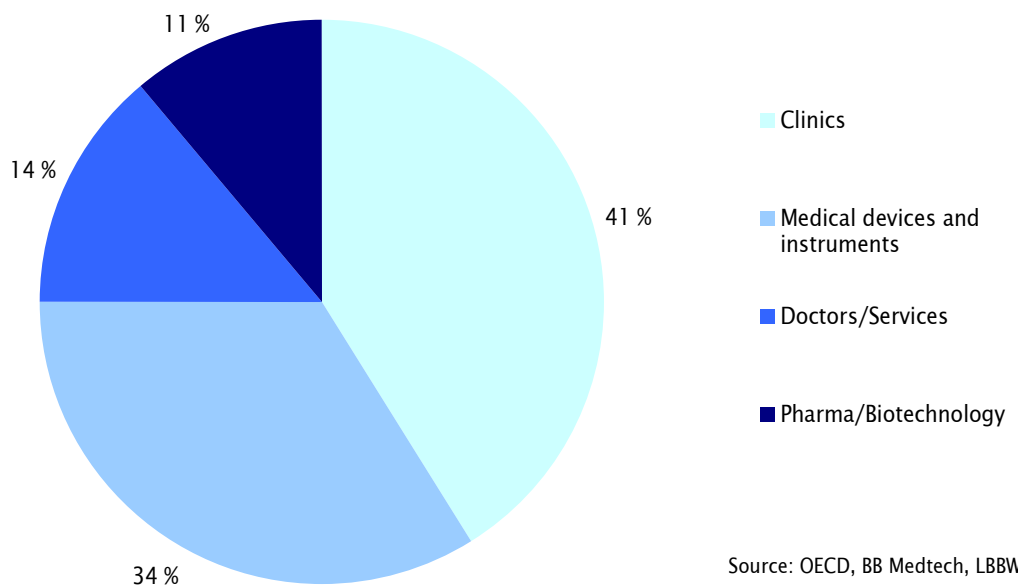
No clear-cut boundaries

- There are no clear-cut boundaries as to the different definitions of medical technology. As a result, there are very different opinions as to the actual size of the market.

Very large health care market

- According to the OECD, the global health care market has a volume of USD 3.3 trillion, a third of which is attributable to 'Medical Devices and Instruments'. This ratio has hardly changed for years.

Worldwide healthcare market



Medical products more important than pharmaceuticals and biotechnology

- These figures include considerably more products than we apply in our definition of the term medical technology. On the other hand, they also clearly show that the market for medical products generally contributes a very large share towards global health expenditure, whilst the frequently scolded pharmaceuticals and biopharmaceuticals industry is only responsible for a comparatively small amount of this expenditure.

Global medical technology 2002: € 170 billion

- In the narrower sense of our definition, medical technology represents one part of this health care market which generated a worldwide volume of around € 170 billion in 2002. Regionally, the USA contributed the most, followed by Japan in second and Germany in third place worldwide. Official figures for 2003 are not yet at our disposal. In our opinion, there are three

2003e: € 180 billion

Hardly any regional shifts

major factors for the development of this market:

- global savings efforts within the public health service,
 - cost-reducing innovations within the medical technology sector and
 - the development of the USD/€ exchange rate.
- Faced with such influences the medical technology market - calculated in € - is hardly likely to have gained more than 6 percent in 2003 so that we expect a worldwide market volume of € 180 billion.
 - We do not expect any major shifts in regional volumes although Germany is a special case: the protracted discussions regarding the reform of the public health service lead to a marked investment restraint, felt also by the medical technology manufacturers and in particular by those whose primary market is Germany. It remains to be seen whether the German market will be able to gain ground again in 2004 vis-à-vis this investment restraint.

Investors focus on big players

All eyes on Fresenius Group

Fresenius ProServe falls short of expectations

Drägerwerk needs to catch up in financial markets communication

BB Medtech: medical technology portfolio trading at a discount to intrinsic value

Carl Zeiss Meditec: sound capitalisation, but lack of exchange turnover

Stumbling block exchange rate

Medical technology: a largely overlooked segment on the German stock market

- From an investor's point of view, the medical technology industry until now was mostly only worth mentioning in connection with the major players of the industry, such as Agilent, Guidant, Johnson & Johnson, Medtronic, Stryker or Synthes-Stratec, or the major technology groups such as General Electric or Siemens.
- Although some medical technology specialists in Germany are listed on different segments of Deutsche Börse it seems that almost only DAX-listed Fresenius Medical Care (FME) is able to draw the attention of the investors. The share of MDAX-listed parent company, Fresenius, is mostly selected by investors only in conjunction with FME. Despite the impressive performance of Fresenius Kabi, the share is unable to be dissociated from the less impressive performance of FME. However, it must also be noted that Fresenius ProServe to date falls well short of expectations and requires additional short-term investments which are likely to only pay off over the medium term.
- Drägerwerk, which moved out of the MDAX index into the TecDAX index after structural changes in Deutsche Börse's index universe, is only slowly receiving attention from investors. This may, of course, also have to do with the company's investor relations activities most of which were launched only recently. Thus, for instance, the quarterly reports are still in a rudimentary form even after the six-months figures were posted for 2003. What is more, the company still reports in accordance with the German Commercial Code (HGB) and several investors seem to fear unpleasant surprises for next year following the changeover to IAS although we believe that the reports presented to date as well as the forecasts can be rated positively.
- Even BB Medtech, an affiliated company specialised on medical technology enterprises, was hardly able over the past months to arouse any curiosity amongst investors although the share prices of core investments (notably Nobel Biocare, Synthes-Stratec and Drägerwerk) developed extraordinarily well. For a considerable time, the share price of BB Medtech had discounts of around 20% to the intrinsic value. BB Medtech road shows held together with the core investment Drägerwerk were only able to temporarily reduce the discount which currently lies at over 14 percent.
- Carl Zeiss Meditec is on the springboard to more attention from investors. After the placement of a capital increase of 10 percent of the capital subscribed as well as the placement of a greenshoe - provided by the Carl Zeiss Group - the free float now is just under 28 percent. In our opinion, however, membership in the TecDAX index is still far off despite a respectable market capitalisation. The yardstick for admission, i.e. the exchange turnover, is calculated by Deutsche Börse as a moving average so that it will still take several months until the current free float comes into full effect, enabling a placement amongst the TecDAX candidates. Furthermore, the weak US\$ could be a stumbling block for the sales trend. Against this backdrop, management to date was not able to provide a forecast for the financial year 2003/04. At the last analyst conference, the CFO again confirmed his belief that the exchange rate would return to 1.20 US\$/€, which in our opinion seems somewhat doubtful.

Market cap of selected medical technology companies in Germany

Company	Price	Number of shares (m)	Market cap (€m)
Fresenius Medical Care	54,17 €	96,18	4 745,5
Fresenius	58,47 €	40,97	2 585,2
Drägerwerk	57,34 €	12,70	728,2
Carl Zeiss Meditec	12,87 €	28,42	365,7
biolitec	4,50 €	10,02	45,1
Wavelight Laser Technologie	11,80 €	3,82	45,1
UMS	6,25 €	6,02	37,6
Eckert & Ziegler	8,28 €	3,25	26,9
W.O.M. World of Medicine	3,06 €	8,20	25,1
Pulsion	3,04 €	8,20	24,9
curasan	4,20 €	5,00	21,0
aap Implantate	2,36 €	4,76	11,2

Source: Bloomberg, LBBW

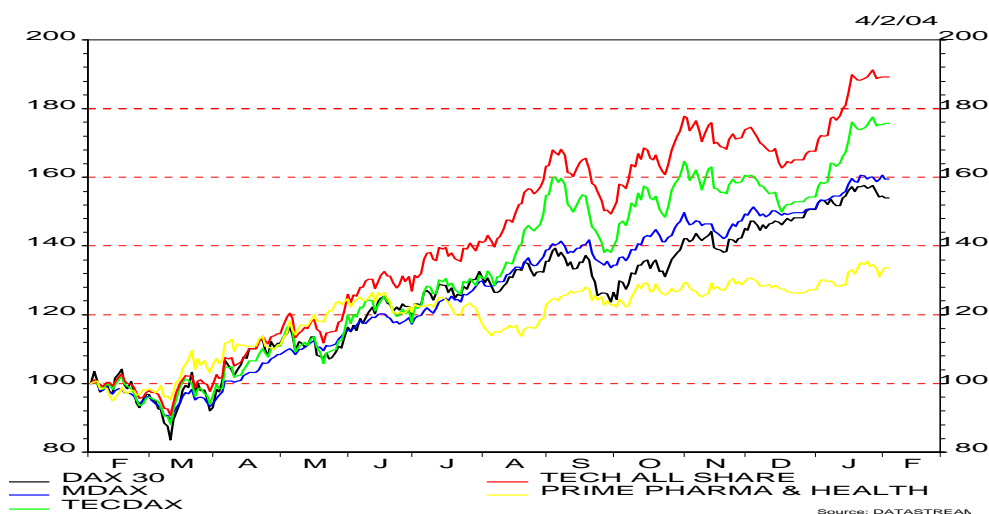
Vicious circle of market capitalisation, liquidity and a lack of investor interest

Success of individual companies tells a different tale

- The smaller players have to in part contend with very low market capitalisations, which, as a rule, result in very illiquid trading environments for such securities so that institutional investors in particular show little interest in the shares. Indeed, the low market capitalisation and the low interest of investors are mutually dependent.
- From a fundamental viewpoint this is comprehensible only to some extent. Companies such as Wavelight Laser Technologie were able to report very good figures in their year-end results for 2002/03. But still it seems that many investors doubt the forecasts for the current financial year, in particular in light of the strong € and the fact that business in the refractive laser segment was taken up in the US in the last calendar year. The excellent progress of restructuring measures taken at UMS is reflected in highly satisfactory results for the third quarter in 2003 and a share price that has since increased significantly. However, in this case too, investors still seem to be holding back because of the unduly strong US orientation of the UMS business model.
- On the whole, though, 2003 was a rather good year at the exchange for German medical technology companies, enabling certain share prices to increase significantly.

Medical Technology at German Exchanges

Indices



Prime Pharma and Healthcare as broad-based index

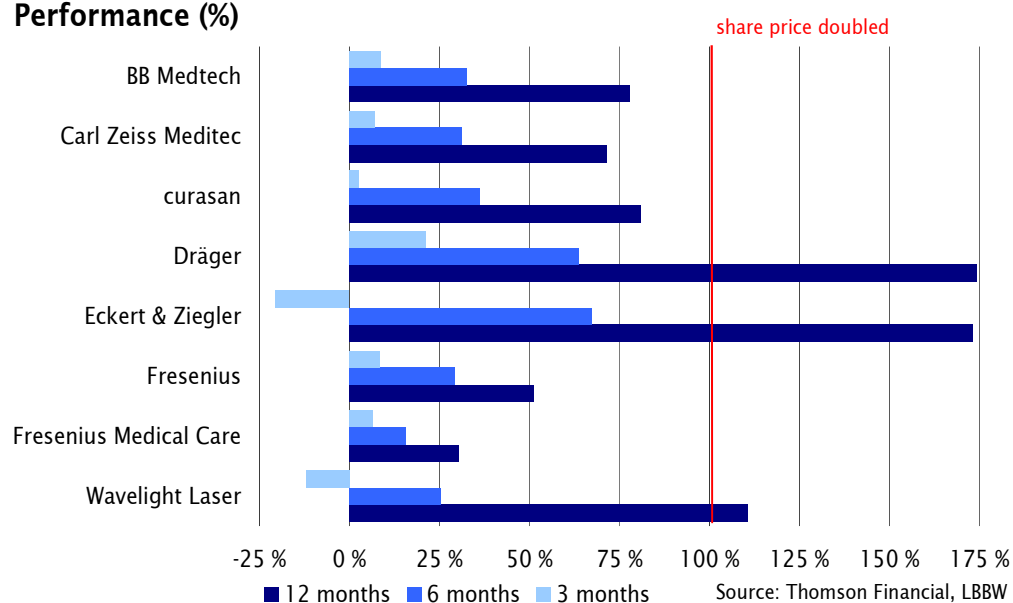
Total underperformance neutralises initial selective outperformers

More fine-tuned indices conceivable

- Although the Prime Pharma & Healthcare index contains all companies that formerly were listed on the Nemax Medtech & Healthcare index, it also lists the biotechnology shares of the former Nemax Biotech index, as well as several drug companies and medical technology companies of the MDAX or TecDAX indices.
- Whilst this broad sector index only seldom outperformed the MDAX, TecDAX and Tech All Share indices last year, it also lost its outperformer status against the DAX in the course of the year. The talks on the reform of the public health service and the resulting restraint of investors surely played as much a role in this development as did many investors who, despite in part very positive interim reports, were still very sceptical about the healthcare sector as such. The losses some investors suffered in the hype around biotechnology and medical technology shares are still intensely felt.
- The Prime Pharma & Healthcare index does not adequately reflect the medical technology industry as it is strongly dominated by heavyweights such as Schering, Altana and FMC, which combined account for 60 percent of the index. Although it is conceivable that Deutsche Börse is looking to extend their index universe by adding indices which allow for even more fine-tuned matching of (smaller) sectors, these would, however, have to reach a certain size to reflect the indices adequately; a size, from which they currently are far away. For further details on this topic, please refer to the table 'Market capitalisation of selected German medical technology companies' on page 6 of this preview.

Companies

Performance (%)



BB Medtech

- Concentration on the three core investments
- Core investments presented positive interim reports. In part, analysts' expectations were raised far too high, such as for Nobel Biocare.
- Significant discount to intrinsic value despite road shows.

Carl Zeiss Meditec

- Positive annual financial statements for 2002/03. Aesthetic and Dental are omitted as 'discontinued operations'
- Capital increase raises free float
- No business forecasts for 2003/04 issued by management

Dräger

- Report on first nine months largely meets expectations
- Joint venture with Siemens is under way, showing first positive effects. Complete implementation will take some time though.
- Currency effects put pressure on sales forecast. The company nonetheless upholds its earnings estimate.

curasan

- Sale of mainstay of turnover of the pharmaceuticals division
- Sluggish start to business in the USA
- Focus completely on biologicals/biopharmaceuticals

Eckert & Ziegler

- Currency effects put high pressure on sales; weak US\$ also burdens the financing structure
- Biotech investment NEMOD fully consolidated since 1 July 2003
- Pledge to refund costs for inpatient brachytherapy in Germany

Absolute performance almost in every area, relative performance positive to a great extent.

Fresenius

- Unfavourable exchange rate still weighs upon sales
- Price increase powered by Fresenius Medical Care in our opinion
- Introduction of 'Biotech' programme in mid-January 2004

Fresenius Medical Care

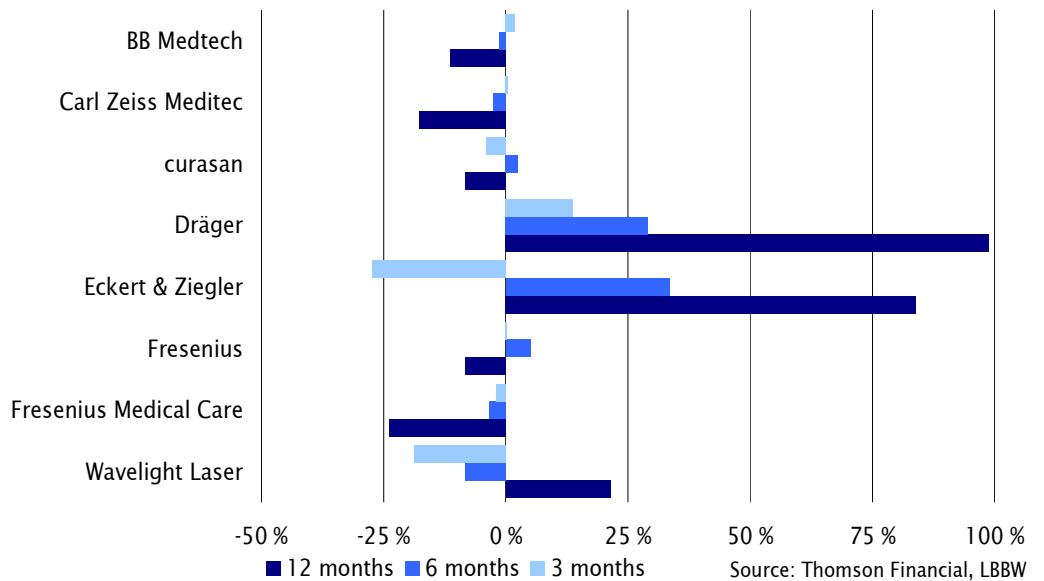
- Growth in sales supported by strong €
- Price increase due to valuation; price potential at present rather low
- Distinct commercial success with single-use dialyser is taking its time

Wavelight Laser

- Problems with distribution partner Lumenis squeezed the price for a long time
- Weak US\$ proved burdensome for the distribution start in the USA
- Sale of industrial laser division is still pending.

- When reviewing the price development in percentage terms we noticed that almost all companies covered were able to achieve a positive price performance based on a horizon of 3, 6 and even 12 months.
- Compared to the respective benchmark index, the performance of individual stocks is much less homogeneous, yet still positive overall.

Performance relatively to the respective index (%)

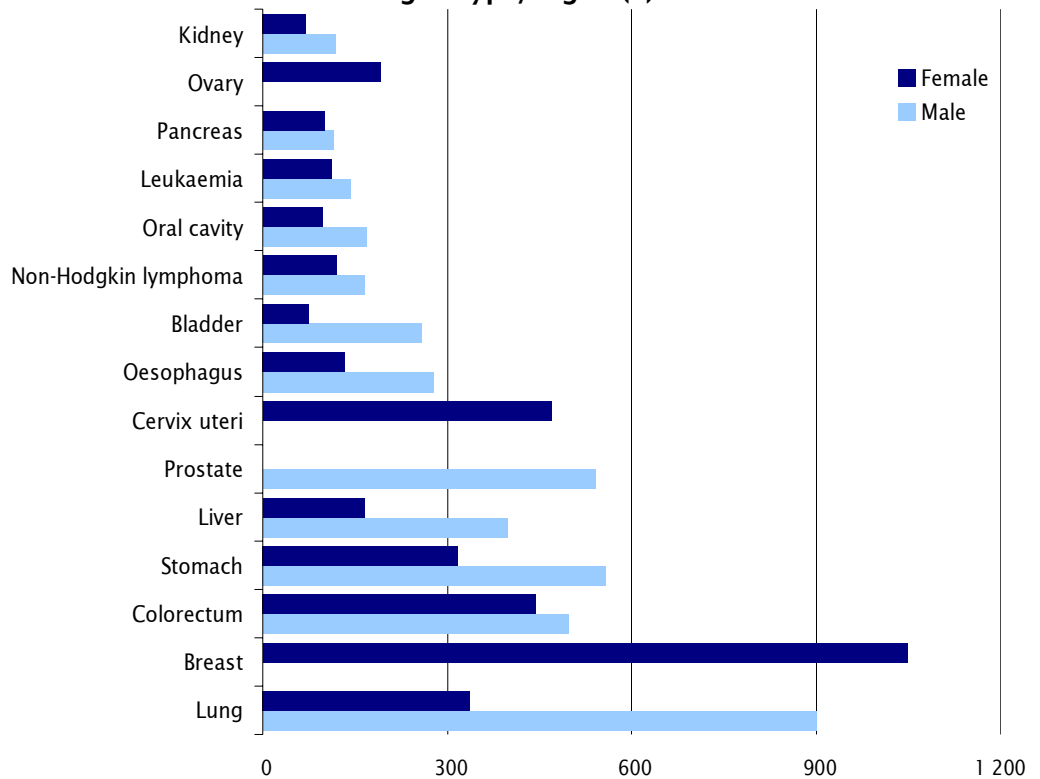


High number of patients, high incident rate, high death rate

Insights: Cancer and Medical Technology

- At present over 22 million people suffering from cancer are being treated across the globe.
- There is an average increase of 10 million new cancer cases every year.
- Each year over 6 million people die of cancer.
- Sad facts that summarise a wealth of information well worth taking a closer look at. One cancer does not mean all cancer. There is a wide range of different types of cancer, which typically are distinguished according to the infected area or infected organ. The incidence of the different types of cancer varies substantially.

Incidence of cancer according to type/organ (t.)



Source: WHO, LBBW

Cancer has more than one cause

Cancer is also a result of old age

Cancer checkups

- There are many reasons for cancer. These include risk factors such as smoking and excessive alcohol consumption as well as, for instance, (usually job-related) exposure to cancerogenic substances or a genetic predisposition. Viral or bacterial infections, such as the human papilloma virus or the heliobacter pylori, can also lead to cancer. In the end, though, it is apparent that cancer above all is a disease of old age. Hence, the marked increase in the elderly goes hand-in-hand with a rise in the incidents of cancer. The WHO expects the number of cancer patients across the world to increase by 50 percent in twenty years, from 10 million in 2000 to 15 million.
- In principle there are two ways in which the expected high growth in cancer incidents can be confronted.
 - One method is prevention, including preventive medical checkups and a health conscious lifestyle without smoking, drinking alcohol only in mo-

Treatment does not automatically guarantee a cure, but often is the only option with cancer

A better understanding of the disease makes for new treatments

The pharmaceuticals and biotechnology industry provide the majority of alternative therapies

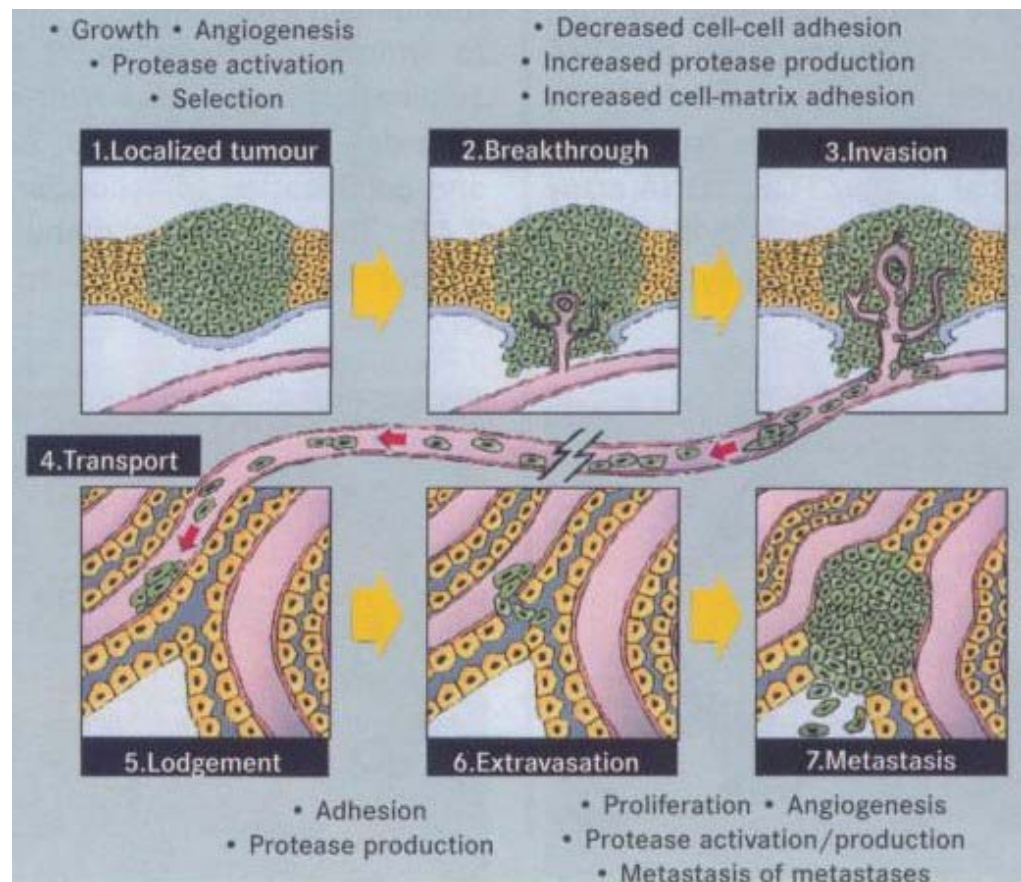
Exact market definition remains grey area

Medical technology also has its place in oncology

deration and eating sufficient amounts of fruit and vegetables. In developing and threshold countries, elementary improvements of the standards of hygiene often have to be included in this method of prevention in order to avoid infections and resultant cancer incidents.

- On the other hand, we have the method of treatment or therapy. In this case it is important to understand that treatment need not necessarily lead to recovery. For the majority of cancer types there currently is no chance of recovery. The rudimentary understanding of the relationship of cause and effect of the genesis of many types of cancer often results in the right approach not being adopted because it has not yet been found. Nevertheless, the oncology market is one of the great hopes of the health care industry.
- This is mainly due to the fact that an improved knowledge of the functional dynamics in the development and proliferation of cancer in the human body enables the development of better treatments which in turn allow patients - at least temporarily - to live without or with hardly any symptoms (the so-called remission).
- A substantial proportion of the alternative therapies available is provided by the pharmaceuticals and biotechnology industry. This includes so-called drastic cures such as chemotherapy which, in simple terms, aims to cure cancer by poisoning the body with a chemical substance which is expected to kill off the cancer cells faster than the healthy cells because they divide faster. Innovative methods, for instance the treatment of certain types of cancer with antibodies, or gene therapeutic approaches which are still undergoing clinical testing, also belong to the arsenal of cancer treatments.
- The precise market remains a grey area since the administered drugs can cause side effects which in turn need to be treated and thus, in fact, constitute a secondary condition caused by the cancer. But even consulting official figures such as issued by IMS Health clearly indicates how high-growth this market is.
- Medical technology is contributing its share to the battle against cancer, as well. We already mentioned that preventive medical checkups are an important part when it comes to fighting cancer. As a rule we can say that the earlier cancer is diagnosed the higher are the chances for a successful treatment. A simple example shall illustrate this:
 - A comparatively small, solid cancerous tumour detected at an early stage can often be removed by surgery. Localised radiation or low-level chemotherapy after the operation should then kill off any cancer cells that may have survived. This significantly reduces the odds of any active cancer cells, which may still be in the body, spreading to other parts of the body.
 - If, however, the same tumour remains undetected for some time, the result may be that it gets into the patient's blood circulation and forms metastases.

Formation of metastases



Source: WHO, World Cancer Report 2003

Early detection
through mammo-
graphy

Different diagnostic
methods

Combined methods
as a gold standard

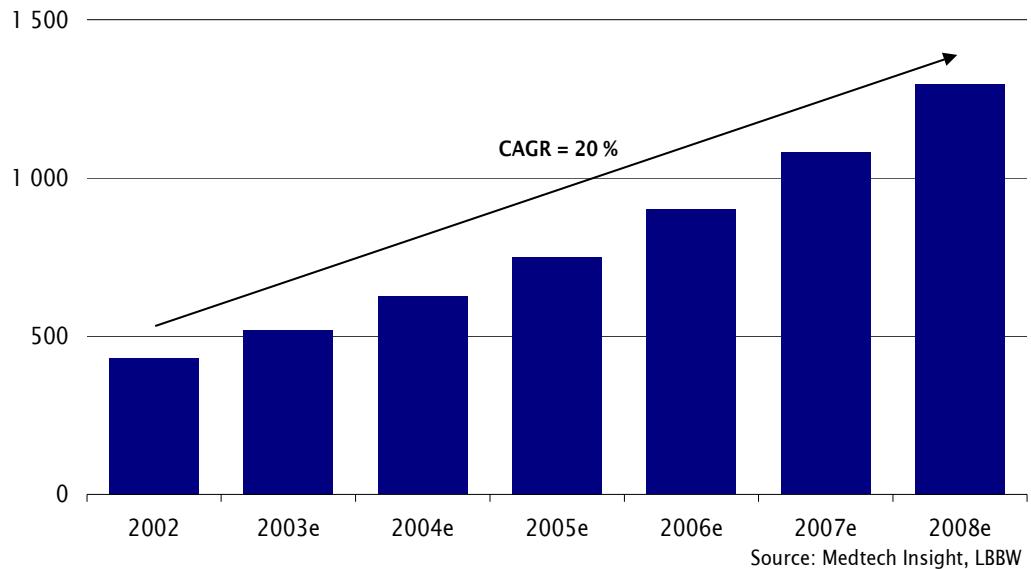
"cheaper, better,
faster"

- Mammography, i.e. the roentgenography of the female breasts to find and differentiate between benign and malignant disorders, no doubt is the most known form of medical technology applied to detect cancer at an early stage.
- For diagnostic purposes there are, however, a multitude of other medical technology methods, including computerised tomography (CT), an advancement of the traditional X-ray, which can determine tumours as to their size, shape and positioning within the body. PET (positron emission tomography) can produce images that show whether a tumour is growing or shrinking. Both methods can be appropriate for the initial diagnosis as well as concomitant diagnosis, and in the end may even determine the treatment.
- In this respect, devices that combine PET and CT currently represent a kind of gold standard. They have added valuable dimensions to cancer diagnosis by combining the strengths of the individual method of diagnosis without the weaknesses.
- The success of such methods is based on fulfilling the requirements 'cheaper, better, faster'. The scientific advantage (i.e. the 'better' part) of such combination devices is obvious. Such combination devices are likely to operate much faster than two individual devices. However, the criterion 'cheaper' requires a little more thought beyond the purchase price which, in the end, also determines the price charged for the diagnosis. A safe and early diagnosis as a rule enables a better and faster treatment with less side effects and therefore significantly lower follow-up costs. However, not all

PET/CT systems in America have high potential for growth

cost bearers across the world share the same opinion where the advantages of PET - in particular the economic ones - are concerned. Thus, for instance, the health insurance companies in Germany still refuse to refund the costs for PET, whilst in the USA combined PET/CT systems alone are likely to generate growth of 20 percent over the next years.

US-market for hybrid PET/CT Scanner Systems (USDm)



- Four major manufacturers currently provide such devices:
 - **CPS Innovations**, a joint venture between Siemens Medical Solutions and CTI Molecular Imaging,
 - **GE Medical**,
 - **Philips Medical Systems** and
 - **Siemens**.
- UMS amongst the German medical technology experts works with this technology, not as a devices supplier but as a diagnostics service provider with a mobile PET/CT scanner system. To date, UMS is present on the American market with a device of CPS Innovations and is planning to launch a second device already in the first quarter of 2004.
- Medical technology is not limited to the diagnosis of cancer, however. There is a large number of therapies for treating cancer that are based on medical technology methods.
- The different forms of radiation are likely to be the most well-known method. Non-invasive radiation, i.e. the radiation from outside the body, has the advantage that the patient need not be 'opened'. On the other hand, radiation affects all tissue, healthy and cancerous, in the path of the beam or located in the area receiving treatment. Brachytherapy is an alternative to non-invasive radiation of early-stage localised tumours. We shall now illustrate this type of treatment with the help of Berlin-based company, Eckert & Ziegler and their brachytherapy for prostate cancer.

UMS as service providers

Non-invasive radiation

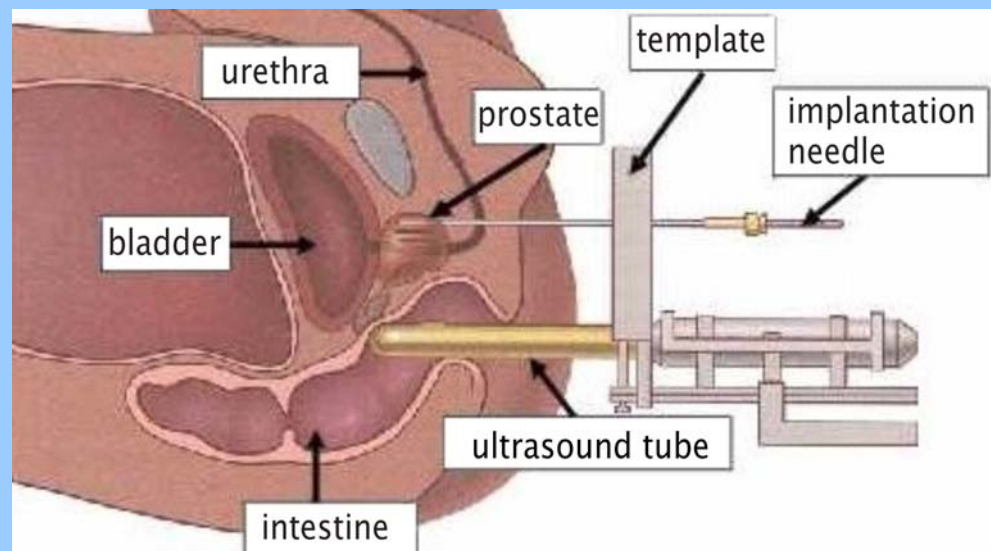
Invasive radiation: brachytherapy

**Permanent implan-
tation of radioactive
rods**

**Minimally invasive
procedure with
comparatively low
side effects**

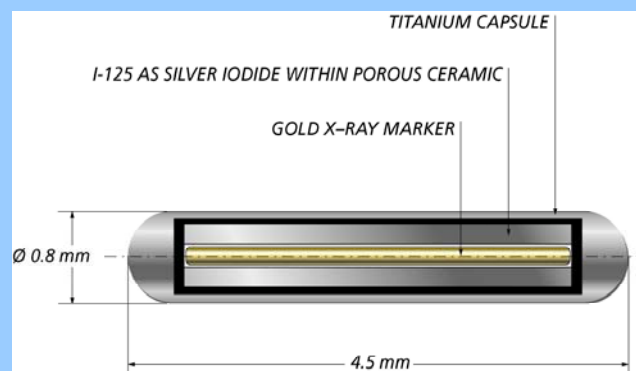
The basics of brachytherapy for prostate cancer

- Brachytherapy for prostate cancer involves the permanent and one-off implantation of small radioactive rods, so-called seeds, into the affected area of the prostate. This method is applied only to early-stage localised tumours. Iodine-125 seeds or palladium-103 seeds are used as radiation sources. This type of brachytherapy is called LDR therapy (low dose rate). Although there is also a temporary high dose rate therapy (HDR) that applies iridium-192, we shall closely examine only the LDR therapy.
- The actual treatment consists of applying the seeds into the prostate with a hollow-needle under ultrasound guidance. The seeds, which will stay in the prostate permanently, deliver local radiation for a limited period, damaging the cancer cells but only a very small area of the surrounding, healthy tissue. This minimally invasive procedure is carried out as an outpatient treatment. The rate of success of therapy is very high and there are comparatively less side effects than with other methods of treatment such as, for instance, the removal of the prostate (prostatectomy).



Source: http://www.uro-koeln.de/Brachytherapie/body_brachytherapie.html

Seed



Source: EZAG

**Higher rate of
survival**

- The advantages of this therapy become obvious when measured against a five-year period in which patients of different risk categories have remained tumour-free.

5-years without tumor

	Radical prostatectomy	3D-conformal radiation	Seeds	Seeds & external radiation
risk				
low	85 %	95 %	94 %	94 %
average	65 %	79 %	82 %	84 %
high	32 %	60 %	65 %	69 %

Source: <http://www.urologie-vaterstetten.de/images/hp1.pdf>

Significantly less side effects

- The patient's quality of life after surgery depends above all on the side effects which often involve incontinence and impotence. These risks can be lowered considerably if the prostate cancer is detected at an early stage and treated with LDR brachytherapy.
- For additional information on prostate cancer and how it is treated, please refer to the home page of BEBIG, a subsidiary of EZAG www.bebig.de

Further applications of brachytherapy

- The prostate is only one area in which brachytherapy can be applied. **Proxima Therapeutics**, an American company, received FDA clearance in May 2002 for a minimally invasive balloon catheter that is inserted into the breast and which internally delivers radiation over a course of one to five days only to the area directly surrounding the tumour site.
- The publicly less known, but highly successful and appraised medical technology procedures for treating cancer include:

Delivering targeted radiation

- **IMRT:** Intensity Modulated Radiation Therapy is a sophisticated form of traditional radiation therapy. Often applied in combination with the described PET/CT scanner systems, diagnostics here enables an exact localisation of the degenerated tissue, allowing a more targeted radiation of the tumour site. This reduces the amount of damage to the surrounding tissue, but the tissue in the path of the beam is nonetheless contaminated. **Varian Medical Systems** is one of the most important providers in this field with its "Smart Beam IMRT".

Heavy-ion therapy at trial stage

- **Heavy-ion therapy.** In principle, the tumour is also 'just' irradiated, but the heavy-ion therapy allows a much more favourable dose distribution owing to the fact that penetration depth can be determined precisely and the ions discharge their energy almost completely at the target. Thus, the surrounding tissue and the tissue in the radiation path to the tumour are conserved because the particles, compared to the normal therapy, hardly discharge any energy beforehand. Heidelberg's university hospital is currently setting up such a facility of which there are only two comparable ones in Japan, probably mainly owing to the price involved: The project in Heidelberg has estimated construction costs of currently € 72 million and will be able to treat between 1,000 and 1,300 patients a year as from 2007 only, with costs of treatment running into about € 20,000 per patient at present. Over the next couple of years, the medical technology division of the **Siemens** Group plans to invest around € 100 million in the development of small batch heavy-ion plants. The technology is currently at a very early stage and will still need to establish itself

Commercial sized installation under construction in Heidelberg

**Proton therapy
already established**

**First European
centre constructed
in Munich**

**No general refund
of costs**

**Cryosurgical and
thermosurgical
ablation possible**

**RF ablation most
popular**

once the plants go into operation.

- **Proton therapy.** This form of treatment has similar advantages to those of the heavy-ion therapy, but irradiation with protons has already been tested on around 30,000 patients worldwide. Germany's protagonist in this area is ProHealth AG which is not yet listed on the exchange. The company is currently building Europe's first proton therapy centre in Munich which is due to go into operation in March 2005. A general pledge by the health insurance companies to refund costs for this technology is still lacking. But, ProHealth believes that the Health Care System Reform Act (*Gesundheitssystem-Modernisierungsgesetz*) will open up the opportunity of entering into service agreements with hospitals which, in turn, would lead to costs for this therapy being refunded by health insurance companies. In addition, it is expected that patients at least will be more willing to pay a little extra for this type of therapy due to its advantages compared to the known 'drastic' cures for cancer. As first European provider, ProHealth also expects to treat up to 50 per cent of the patients from abroad where personal contributions are more common than in Germany.
- **Ablation techniques.** The term 'ablation techniques' is a generic term for different minimally invasive tumour removal procedures which basically are improved versions of traditional surgical procedures. They apply, for instance, focussed ultrasound, microwaves, radio frequencies or cryogenic surgery (treatment involving extreme cold) to locally destroy the tumour tissue. Ultrasound and microwaves are still being developed and clinically tested, RF and cryogenic surgery have already been cleared for various indications and are applied successfully. RF ablation in particular was able to defend its position over the past years. According to experts this technique has significant potential for growth in light of the breadth of the areas in which it can be applied and thus, the revenues that can be generated. The market for RF ablation is essentially dominated by **Rita Medical Systems**, **Radionics** (subsidiary of Tyco) and **Radiotherapeutics** (subsidiary of Boston Scientific), but **Artemis Medical** and **Senorx** also operate on this market.

Examples for techniques

Company	Regulatory status
RF ablation	
Artemis Medical	Phase II-study
Berchtold	FDA approved
Radionics	FDA approved
Radiotherapeutics	FDA approved
Rita Medical Systems	FDA approved
Senorx	510(k)-Approval
Microwave ablation	
Celsion	clinical development
Vivant	FDA approved
Ultrasound ablation	
Acoustic Medsystems	Prototype
EDAP Technomed	approved in Europe, clinical development in the USA
Insightec-TXSonics	clinical development
Cryoablation	
Endocare	FDA approved
Galil Medical	FDA approved
Sanarus	FDA approved
Laser ablation	
Senolase	under development
Somatex	clinical development

Source: Medtech Insight, LBBW

The laser - another ablation instrument

- Vivant **Medical** is currently running clinical tests on its microwave technique for tumour ablation. **Insightec-TXSonics** and **Acoustic Medsystems** are currently testing ultrasound as a tumour ablation technology. At last year's European Radiology Congress, Berlin-based **Somatex** introduced LiTT, its laser-induced thermotherapy system. The table above provides an overview of ablation procedures which are either already on the market or in the development stage.

Business Development

Company	Fiscal year	Last report	Sales (€m)	EBIT (€m)	Net profit (€m)	Current rating
BB Medtech¹	December	9M 03	-	-	121,5	Buy
<i>y-o-y</i>			-	-	-	
Carl Zeiss Meditec	September	FY 02/03	235,7	24,7	10,8	Hold
<i>y-o-y</i>			16,7%	146,8%	131,1%	
curasan	December	9M 03	12,8	- 1,1	- 0,8	Hold
<i>y-o-y</i>			19,7%	-	-	
Drägerwerk²	December	9M 03	949,2	43,0	13,9	Buy
<i>y-o-y</i>			4,4%	3,5%	14,9%	
Eckert & Ziegler³	December	9M 03	18,9	0,8	0,0	Hold
<i>y-o-y</i>			-20,4%	-26,9%	-84,4%	
Fresenius	December	9M 03	5 254,0	590,0	105,0	Hold
<i>y-o-y</i>			-5,4%	-4,4%	23,5%	
FME⁴	December	9M 03	4 075,0	549,7	236,7	Hold
<i>y-o-y</i>			9,4%	10,1%	14,1%	
Wavelight Laser	July	3M 03/04	12,0	0,7	0,3	Buy
<i>y-o-y</i>			15,7%	-0,9%	59,9%	

1 CHFm

Source: Companies' data, LBBW

2 before exceptionals and minorities

3 before exceptionals and minorities

4 USD

BB Medtech

- Core investments posted good results for the year
- Nobel Biocare developed favourably, yet suffered because of excessive expectations
- Overall development of BB Medtech very positive

Carl Zeiss Meditec

- Dental and aesthetics division reported as 'discontinued operations'
- Preliminary margin targets already reached
- Capital increase successfully placed

curasan

- curasan was heading for a balanced result in 2003
- The sale of the pharmaceuticals division brings in cash
- Development of sales in the USA up to now disappointing

Dräger

- Launch and consolidation of the joint venture with Siemens on 1 July 2003
- First successes of joint venture which still will need some time until it is fully implemented
- Stronger focus through sale of fringe activities

Eckert & Ziegler

- Sales development strongly burdened by US\$/€ exchange rate
- Less investments in biotechnology, continued search for development partner
- Non-cash one-off charges due to provisions for waste disposal

Fresenius

- Group sales decline burdened by US\$/€ exchange rate
- Operating income burdened by decline in sales though to a lesser extent than decline in sales
- ProServe falls short of expectations

Fresenius Medical Care

- Sales growth outstrips market growth, supported by US\$/€ exchange rate
- Profit grows disproportionately to sales
- Share price reacts favourably to figures for first nine months

Wavelight Laser

- Development of business in line with our expectations
- USA hardly influenced sales in the first quarter
- Initial consolidation of RealEyes

News drives price performance

Nobel Biocare, the largest core investment, will issue its report on 6 February 2004.

Product acquisition still expected

Exchange rate burdens sales; profits are 'naturally hedged'

Company News

- Alongside a company's operating development, news is the major driver of (price) performance on the equity markets. Medical technology companies are no exception to the rule although extreme swings both in the positive and negative sense, such as are frequently experienced by smaller biotechnology companies, are more seldom in the medical technology sector where news may stop or support a sustained price performance. In the next couple of months the companies we have covered will also have to deal with news. And, as ever, it will only be possible to put a date on the financial figures.

BB Medtech

- As an affiliated company, BB Medtech primarily lives on the news issued by its affiliated companies. Own activities are of secondary importance. As BB Medtech meanwhile has centred in on its core investments, all eyes over the next months will be on last year's financial results of its affiliated companies. As Synthes-Stratec already published its sales figures on 21 January 2004 and Drägerwerk is taking its time until 13 May 2004, the investors' focus will be on 6 February 2004 when the largest core investment, Nobel Biocare, publishes its financial figures for 2003.
- We appreciate BB Medtech's decision to pay a dividend depending on the discount to the intrinsic value (Net Asset Value). The decision still needs to be approved by the Annual General Meeting. The proposed dividend for 2003 is CHF 1.10.

Carl Zeiss Meditec

- Over the coming months, Carl Zeiss Meditec in our opinion is likely to be influenced by two major factors:
 - The company announced its intention to broaden its range of products by way of acquisition. This does not refer to the latest software acquisition and, in our opinion, such product acquisition should also make a more substantial contribution to Carl Zeiss Meditec sales than the software deal. From our point of view it is important to see whether management will be able to uphold its statement that acquisitions are not going to dilute the company's profits.
 - The US\$/€ exchange rate hangs over Carl Zeiss Meditec's sales figures like a sword of Damocles. Over 50 percent of sales are generated in US\$ and the balance sheets are prepared in €. For this reason, management has not yet been able to issue a sales forecast for the current financial year 2003/04. Nevertheless, in our opinion, the CFO let himself get carried away at the last analyst conference, claiming that the € would soon again firm to 1.20 against the US\$. Due to its production sites in the USA, costs at Carl Zeiss Meditec are 'naturally hedged' so that currency-related sales setbacks will only have a minor effect on the result.

New business model still needs to prove its worth

curasan

- curasan's future development is unsoundly based in our opinion. The company has to prove that it can make a profit with its remaining business units in the current year. Its level of business activity in the USA was such last year that the exchange rate is not likely to play as dramatic a role as for companies that are more exposed to developments on the US American market. It remains to be seen, however, whether it is worth the risk of setting up proprietary dental distribution for Cerasorb[®] in the USA, the distribution company for which has already been founded and the approval for Cerasorb[®]DENTAL given. The FDA-approval of the hyaluronic acid Curavisc[®] is in our view only of minor importance for the further development of curasan.

No news expected

Drägerwerk

- No news is expected for Drägerwerk in the near future. The company is taking its time until 13 May 2004 to present its annual financial statements for 2003 and will issue its results for the first quarter of 2004 at the same time. Our forecasts for the financial year 2003 remain unchanged.

Search for development partner is under way

Eckert & Ziegler

- For quite some time now investors have been waiting for corporate news on the biotechnology division of Eckert & Ziegler, who are looking for a development partner for the first antibody from NEMOD. To date, nobody has been appointed, though. On top of this the company is still working on the general refund of costs for brachytherapy for treating prostate cancer. Although it was announced last year that this type of therapy will be included in the DRG catalogue, we see more potential in a general refund of costs which will allow this therapy to fully utilise the advantages of outpatient treatment. Apart from this positive news, Eckert & Ziegler are likely to be worried about the development of the US\$/€ exchange rate. Around 70 percent of sales are generated in US\$, and the company also has suffered losses due to its internal financing structures.

Negotiations for a refund of costs for brachytherapy continue

Biotechnology division could furnish positive news; exchange rate has detrimental effect

Fresenius Vz.

- Following the Capital Markets Day in mid-January positive events in particular the launch of further clinical testing are in store for Fresenius in the course of 2004. Biotechnology activities, however, are expected to make a positive contribution towards earnings in 2008 at the earliest. Fresenius, too, will have to cope with considerable sales setbacks due to the strong € and it remains to be seen whether enough calm returns to the political environment of the health care sector, permitting ProServe to reassert itself with the funds so far allotted.

Exchange rate supports sales trend

Favourable valuation

Sale of industrial laser segment

Business activities in the USA have yet to prove worthwhile

Fresenius Medical Care

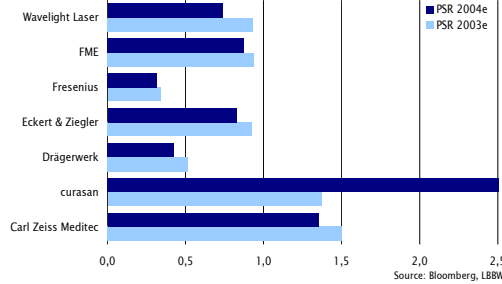
- Fresenius Medical Care prepares its balance sheet in US\$ and thus, where sales are concerned, has benefited from the weak US\$. No news is currently expected for the company. Only time will tell whether Fresenius Medical Care's currency-related increase in sales can also be translated into equal or greater profits.

Wavelight Laser Technologie

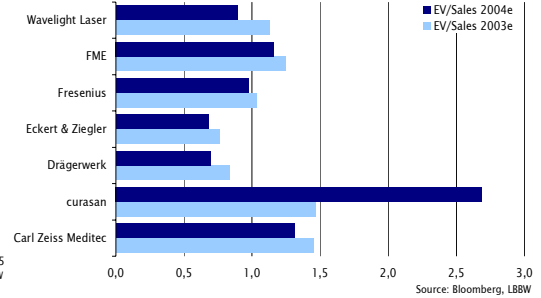
- We believe that Wavelight is one of the most exciting investments in the medical technology sector. The company is still very favourably valued. There are plans to sell the industrial laser division, but a date has not yet been fixed. The second quarter must moreover show whether the cooperation entered into with Lumenis in the USA holds what it promised. The US\$ also plays a crucial role here as management based its forecasts for the current financial year on an average exchange rate of 1.20 US\$/€. Given a 10 percent increase in the exchange rate, for instance, we expect sales to drop by at least € 1 million, provided that the distribution partnership comes to something as expected.

Valuation

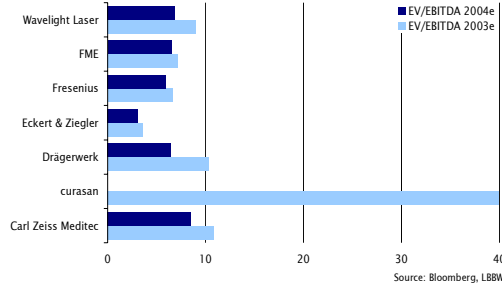
Price-Sales-Ratios



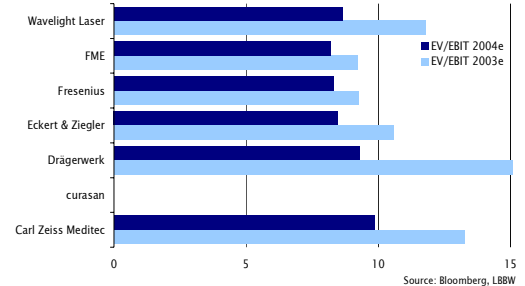
EV/Sales



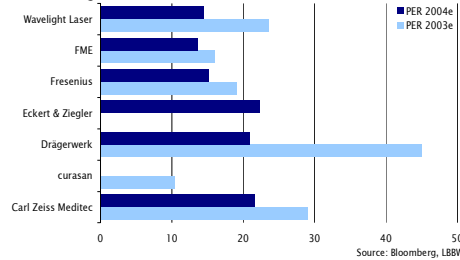
EV/EBITDA



EV/EBIT



Price-Earnings-Ratios



Missing bars indicate negative values

curasan sees itself in a special situation

Direct comparison of valuation ratios makes no sense

- We excluded the affiliated company, BB Medtech, in the above examination.
- The above valuation ratios are rather homogeneous. curasan has a freak value which may be due to the special situation of the company, which should have reached breakeven in 2003. This aim was significantly exceeded in terms of net earnings owing to the sale of the pharmaceuticals business unit. For the current financial year, management is expecting a break-even result for operations, which we believe is too optimistic a view.
- What stands out in the examination of our 'buy' recommendations, Drägerwerk and Wavelight Laser, is that compared to the companies above, Drägerwerk moves in at the lower end of nearly all valuation ratios whilst Wavelight Laser is situated mostly in the middle. It must be noted, nonetheless, that a direct comparison of the companies has only limited validity because the companies operate on totally different markets both business-wise and geographically. The tight range along which valuation ratios, such as the PER, are moving for 2003 should hence be viewed with some caution. Any statements pertaining to an underrating, fair rating or overrating of the respective share only make sense if comparisons are made against peer companies.

Outlook – Our Forecasts

Buy

Medical Technology

Price: € 22,60

Last rating: Buy

Last Analysis:

27 January 2004

S&P Rating: -

Number of shares:
16 million

Market capitalisation:
361,1 € million

Index: Tech All Share

Index weighting:
1,52 %

Beta: 0,7

Accounting pursuant
to: IAS

Calendar: FY 2003 on
11 March 2003

DPS 2003e: CHF 1.10

ISIN: CH0000428661

Bloomberg: MTH GR

Reuters: BBMZ.DE

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BB Medtech

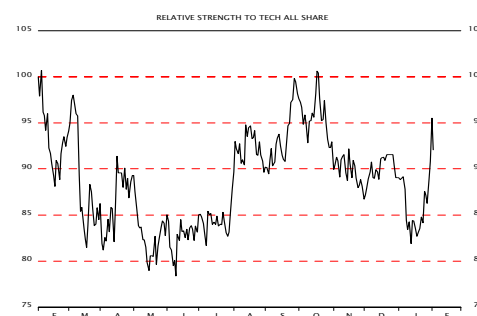
- As BB Medtech is an affiliated company, we have refrained from issuing any forecasts on the development of business unlike for the other companies covered.
- The measures taken to reduce the high discount to the intrinsic value only temporarily had a positive impact on the share price.
- We are optimistic for the core investments. Synthes-Stratec already posted positive sales figures, Nobel Biocare is due to post its figures for 2003 on 6 February 2004. We expect positive reporting during the course of the year in particular from Drägerwerk, who will publish their figures later this year.
- A broader diversification of risks would do the portfolio good in our opinion.

Core holdings

	31.12.02	30.06.03	30.09.03	31.12.03
Nobel Biocare	72,8 %	69,0 %	70,5 %	62,0 %
Synthes Stratec	4,3 %	14,4 %	16,0 %	15,7 %
Drägerwerk	0,7 %	9,3 %	14,0 %	18,5 %
St. Jude Medical	2,8 %	0,0 %	0,0 %	0,0 %
Pozen	0,5 %	0,0 %	0,0 %	0,0 %

Share data

	31.12.02	30.06.03	30.09.03	31.12.03
NAV	17,60 €	17,80 €	21,40 €	23,80 €
Price	14,40 €	14,13 €	19,00 €	19,35 €
Premium/Discount	-18,2 %	-20,6 %	-11,2 %	-18,7 %



Notes

- + Concentration on medical technology companies with high profit potential
- + Positive chart
- + High discount to intrinsic value (NAV)
- Conditional economic risks of affiliated companies
- Development and clearance risks of affiliated companies
- Highly consolidated portfolio

LBBW, including its affiliated companies, regularly trades shares in this company.

Hold

Medical Technology

Price: € 12,80

Last rating: Hold

Last Analysis:
17 December 2003

S&P Rating: -

Number of shares:
28,4 millionMarket capitalisation:
363,7 € million

Index: Tech All Share

Index weighting:
0,55 %

Beta: 0,7

Accounting pursuant
to: US GAAPCalendar: Q1 2003/04
on 12 February 2004

DPS 2002/03e: -

ISIN: DE0005313704

Bloomberg: AFX GR

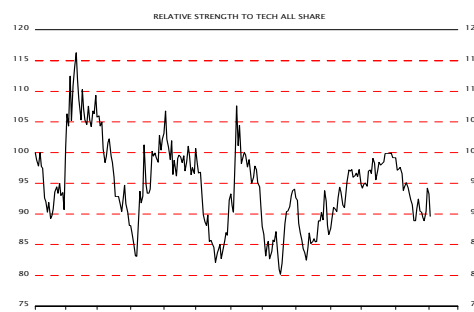
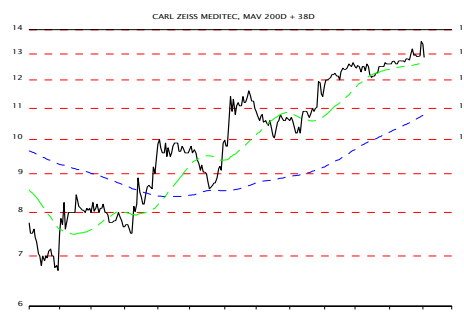
Reuters: AFXG.GE

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www.LBBW.de**Outlook – Our Forecasts****Carl Zeiss Meditec****Expected business development**

Q1 2003/04	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net profit €m
	60,5	7,6	6,2	10,2 %	3,2
<i>y-o-y</i>	<i>-3,0 %</i>	<i>17,4 %</i>	<i>6,0 %</i>	-	<i>26,7 %</i>

- The strong € is putting pressure on Carl Zeiss Meditec's sales trend (CZM). The company to date has not issued any forecasts for 2003/04.
- Production sites in various currency zones enable CZM to almost completely offset currency effects on profits.
- Management's belief that the US\$/€ exchange rate is hiking towards 1.20 is much too optimistic in our opinion. Our 12-month forecast of 1,30 currently seems much more probable.
- At least one more product acquisition, for which a date cannot be set at present, is expected.

Company data	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net profit €m
2002/03	235,7	30,5	24,7	10,5 %	10,8
2003/04e	261,9	37,7	32,2	12,3 %	14,8
2004/05e	290,7	52,3	46,4	16,0 %	22,7

**Notes**

- + International group with excellent reputation
- + One-stop provider of ophthalmologic equipment
- + Uses resources from Carl Zeiss Group
- Exchange rate effects significantly burden top line
- Share exchange strategy of the majority shareholder still unclear
- No forecasts issued by management

LBBW, including its affiliated companies, regularly trades shares in this company.

SellMedical Technology /
Biotechnology

Price: € 4,20

Last rating: Sell

Last Analysis:
13 January 2004

S&P Rating: -

Number of shares:

5.0 million

Market capitalisation:

21,0 € million

Index: Tech All Share

Index weighting:

0,06 %

Beta: 1,2

Accounting pursuant
to: IAS

Calendar: FY 2003

29 March 2004

DPS 2003e: -

ISIN: DE0005494538

Bloomberg: CUR GR

Reuters: CURG.GE

Dr. Alexander Burger

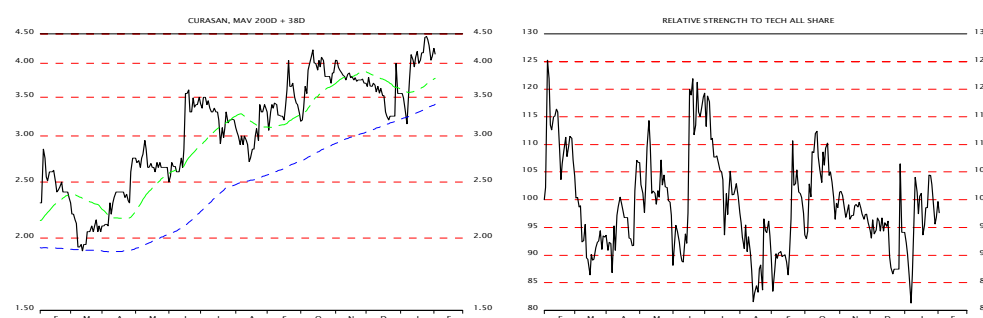
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www.LBBW.de**Outlook - Our Forecasts****curasan****Expected business development**

FY 2003*	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net profit €m
	15,3	0,6	-0,3	neg.	2,0
<i>y-o-y</i>	4,1 %	-	-	-	-

- curasan already issued advance figures on the financial year 2003 so that the annual report due at the end of March should hold no major surprises.
- The company has meanwhile entered the US market for orthopaedics, veterinary and dental applications with Cerasorb[®]. Whether the growth expectations placed in this market will be fulfilled remains to be seen.
- We deem the proprietary distribution of dental products in the USA a very risky business which, even if it is successful, will incur high start-up costs.
- Competition from other products remains stiff.

Company Data	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net Profit €m
2002	14,7	-2,4	-3,4	neg.	-2,3
2003e*	15,3	0,6	-0,3	neg.	2,0
2004e	8,3	-1,0	-1,6	neg.	-1,0

*incl. extraordinaries

**Notes**

- + Cerasorb[®] starts to establish itself
- + Distribution agreement entered into for Cerasorb[®] in the USA
- + Liquidity position no longer tight owing to sale of pharmaceuticals division
- Stiff competition through other synthetic bone replacement materials
- Corporate sales forecasts highly ambitious in our opinion
- Illiquid share

Within the last five years, LBBW, including its affiliated companies, was a member of a syndicate which purchased the company's securities, handles the securities at the exchange or market and holds such securities in its trading portfolio. The date set for these details is 31 December 2003.

Buy

Medical Technology

Price: € 57,34

Last rating: Buy

Last Analysis:
13 November 2003

S&P Rating: -

Number of shares:
12.7 millionMarket capitalisation:
732,5 € million

Index: TecDAX

Index weighting:
2,91 %

Beta: 0,7

Accounting pursuant
to: HGBCalendar: FY 03 + Q1
2004 on 13 May 2004

DPS 2003e: € 0.40

ISIN: DE0005550636

Bloomberg: DRW3 GR

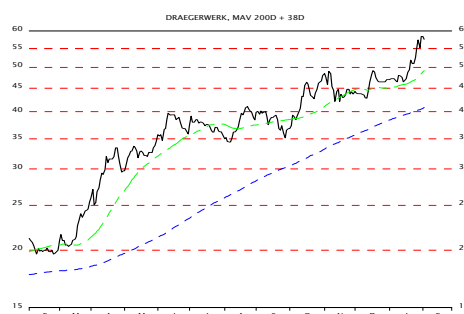
Reuters: DRW_p.GE

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www.LBRW.de**Outlook - Our Forecasts****Drägerwerk Vz.****Expected business development**

FY 2003	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net Profit €m
	1414,1	114,9	60,9	4,3 %	16,2(36,7)
<i>y-o-y</i>	<i>6,1 %</i>	<i>5,7 %</i>	<i>-3,5 %</i>	-	<i>-7,1 % (110,9 %)</i>

- Consolidation of joint venture with Siemens since 1 July 2003. First successes were already scored (e.g. 150 ICU workstations at RWTH Aachen which are to be integrated into Siemens' IT structure) although it will take some time to fully tap all synergies.
- Therefore, 2004 is more likely to be a year of minor changes to the business model, consistent implementation of synergies and concentration on the medical and safety segments.
- Accounting and reporting procedures have not yet been changed over to IAS, but preparations are under way for reporting according to IAS in 2004.

Company Data	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net Profit €m
2002	1 333,0	113,2	64,5	4,8 %	17,4
2003e	1 414,1	114,9	60,9	4,3 %	16,2
2003e incl. e.o. result	1 414,1	114,9	60,9	4,3 %	36,7
2004e	1 703,1	183,4	127,4	7,5 %	34,8

**Notes**

- + Broad range of products
- + Joint venture with Siemens launched on 1 July 2003
- + Positive increases in demand in the medical technology and safety segments
- Profit margins still low
- Restructuring measures drag on earnings
- Burdened by exchange rate

LBBW, including its affiliated companies, regularly trades shares in this company.

Hold

Medical Technology

Price: € 8,28

Last rating: Hold

Last Analysis:
11 November 2003

S&P Rating: -

Number of shares:
3.3 millionMarket capitalisation:
26,9 € million

Index: Tech All Share

Index weighting:
0,07 %

Beta: 0,6

Accounting pursuant
to: US GAAPCalendar: FY 2003 on
29 March 2004

DPS 2003e: -

ISIN: DE 0005659700

Bloomberg: EUZ GR

Reuters: EUZG.DE

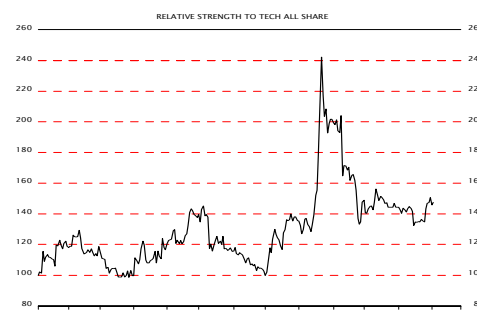
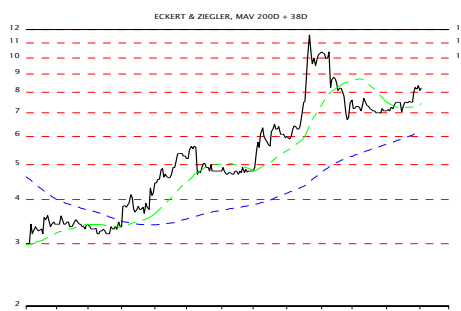
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www.LBBW.de**Outlook - Our Forecasts****Eckert & Ziegler****Expected business development**

FY 2003*	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net profit €m
	29,1	6,1	2,1	7,2 %	0,8
y-o-y	-6,9 %	-1,9 %	4,9 %	-	-

- Eckert & Ziegler (EZAG) is strongly exposed to the US\$ and sales are suffering accordingly due to the strong €. US-based production reduces the effect on sales, but for bookkeeping purposes and owing to the exchange rate effect, internal financing of the US subsidiary is costly.
- The inclusion of brachytherapy for prostate cancer in the DRG catalogue obviously holds considerable growth potential for EZAG in the current financial year, although we expect more from a general refund of costs, the decision on which is still pending.
- Plant engineering business developed favourably in the last year, leading to a follow-up order and sales volumes in the current year.

Company Data	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net Profit €m
2002	31,2	6,3	2,0	6,4 %	0,3
2003e*	29,1	6,1	2,1	7,2 %	0,8
2004e	32,6	7,1	2,6	8,0 %	1,4

*without one time exceptionals from SFAS 143 and changes of accounting principles

**Notes**

- + Internationally known and established specialist on isotopes
- + Cooperates with Theragenics
- + Brachytherapy integrated in German DRG catalogue
- Burdened by weak dollar
- Little experience in drug development
- SFAS 143 burdens result

LBBW, or its affiliated companies, handles the securities at the exchange or market and holds such securities in its trading portfolio. The date set for these details is 31 December 2003.

Hold

Health Care

Price: € 58,47

Last rating: Hold

Last Analysis:
4 November 2003

S&P Rating: BB+

Number of shares:
41.0 millionMarket capitalisation:
2,6 € billion

Index: MDAX

Index weighting:
2,80 %

Beta: 1,1

Accounting pursuant
to: US GAAPCalendar: FY 2003
24 February 2003

DPS 2003e: € 1.10

ISIN: DE0005785638

Bloomberg: FRE3 GR

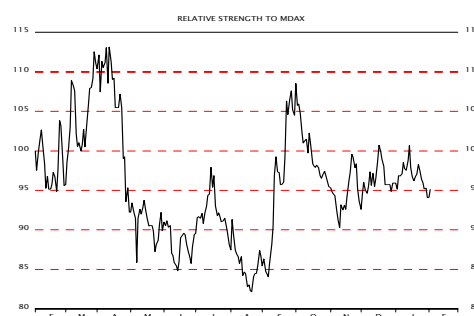
Reuters: FREG_p.DE

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www.LBBW.de**Outlook – Our Forecasts****Fresenius Vz.****Expected business development**

FY 2003	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net profit €m
	7 065,0	1 101,3	791,3	11,2 %	125,0
<i>y-o-y</i>	<i>-5,9%</i>	<i>-6,5%</i>	<i>-5,5%</i>	<i>-</i>	<i>-6,7%</i>

- Fresenius presented details of its biotechnology activities at a Capital Markets Day in January. Even if a positive contribution towards earnings is not expected before 2008, we expect more news that will affect the price between now and then.
- Time will tell whether the reform of the German health service will lend itself to reassure market participants to invest again which in turn would also affect the development of ProServe.
- The development of the exchange rate is a problem for Fresenius as its subsidiary FMC prepares its balance sheet in US\$ and Kabi also operates in US\$.
- We rather expect the February report to have a negative impact on the price.

Company data	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net profit €m
2002	7 507,0	1 178,0	837,0	11,1 %	134,0
2003e	7 065,0	1 101,3	791,3	11,2 %	125,0
2004e	7 505,3	1 219,1	881,4	11,7 %	158,0

**Notes**

- + Fresenius Medical Care is market leader in the dialysis segment
- + Fresenius Kabi is European market leader in the infusion therapy and dietotherapy
- Fresenius ProServe burdened by restructuring activities
- Unsettled regulatory environment
- Exchange rate risks

LBBW, including its affiliated companies, regularly trades shares in this company.

Hold

Health Care/
Medical Technology
Price: € 54,17

Last rating: Hold

Last Analysis:
12 January 2004

S&P Rating: BB+

Number of shares:
96.2 million

Market capitalisation:
4,7 € billion

Index: DAX

Index weighting:
0,43 %

Beta: 0,8

Accounting pursuant
to: US GAAP

Calendar: FY 2003 on
24 February 2004

DPS 2003e: € 1.00

ISIN: DE0005785802

Bloomberg: FME GR

Reuters: FMEG.DE

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Outlook – Our Forecasts**Fresenius Medical Care****Expected business development**

FY 2003	Revenues USDm	EBITDA USDm	EBIT USDm	EBIT-Margin	Net profit USDm
	5 548,0	961,0	749,0	13,5 %	325,0
<i>y-o-y</i>	<i>9,1 %</i>	<i>7,5 %</i>	<i>9,6 %</i>	-	<i>12,2 %</i>

- FMC sales have benefited considerably from the strong € because the company prepares its balance sheet in US\$.
- The expected resounding business success with single-use dialysers is a long time in coming.
- The continued precarious political setting regarding a refund of costs is a considerable risk factor not to be ignored.
- FMC by now displays valuation ratios – amongst other things due to the strong € – which leave little room for additional price potential.

Company data	Revenues USDm	EBITDA USDm	EBIT USDm	EBIT-Margin	Net profit USDm
2002*	5 084,1	894,2	683,2	13,4 %	289,8
2003e	5 548,0	961,0	749,0	13,5 %	325,0
2004e	5 951,9	1 061,3	843,0	14,2 %	380,4

*incl. extraordinary items

**Notes**

- + Global market leader in the expanding dialysis business
- + Disease State Management programme (DSM) is likely to provide growth
- + DSM opens up savings potential with regard to human resources
- Dependence on political setting
- Compulsory saving in almost all international health care systems
- Upside valuation potential almost exhausted

LBBW, including its affiliated companies, regularly trades shares in this company.

Buy

Medical Technology

Price: € 11,80

Last rating: Hold

Last Analysis:
11 December 2003

S&P Rating: -

Number of shares:
4.2 millionMarket capitalisation:
49,6 € million

Index: Tech All Share

Index weighting:
0,16 %

Beta: 0,8

Accounting pursuant
to: US GAAPCalendar: Q2 2003/04
on 11 March 2004

DPS 2002/03e: -

ISIN: DE0005125603

Bloomberg: WLT GR

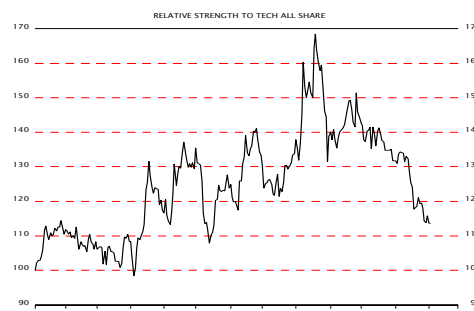
Reuters: WLTG.DE

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www.LBBW.de**Outlook - Our Forecasts****Wavelight Laser Technologie****Expected business development**

HY 2003/04	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net Profit €m
	26,1	3,1	2,1	7,9 %	1,0
<i>y-o-y</i>	<i>23,3 %</i>	<i>54,0 %</i>	<i>55,5 %</i>	-	<i>97,1 %</i>

- FDA clearance of ALLEGRETTO WAVE did not have enough time to make deeper impact on results in first quarter.
- On the one hand we expect the distribution partnership with Lumenis in the United States to bear its first fruits in the second quarter.
- And on the other hand, we must take into account the strong €. If, and this is what we expect, the € remains at this high level, the company could then hardly keep up its original sales forecast even if only a comparatively minor correction would be necessary as sales contribution from the USA was forecast at around € 10 million.
- The planned sale of the industrial laser division is still pending.

Company Data	Revenues €m	EBITDA €m	EBIT €m	EBIT-Margin	Net Profit €m
2001/02	37,7	3,4	2,5	6,7 %	0,8
2002/03e	47,8	5,9	4,4	9,2 %	1,3
2003/04e	61,9	7,8	6,1	9,9 %	2,9

**Notes**

- + One of the world's technology leaders
- + Strong growth in Asian region
- + Share is underrated
- Difficult and in part highly competitive markets
- Earnings performance partially result of one-time effects
- Illiquid share

LBBW, including its affiliated companies, regularly trades shares in this company.

Corporate Dates

2004

January			February		
			AFX	12.02.2004	Q1 2003/04
			FME	25.02.2004	FY 2003
			FRE3	25.02.2004	FY 2003
March			April		
MTH	11.03.2004	FY 2003	MTH	20.04.2004	AGM
WLT	11.03.2004	Q2 2003/04	MTH	27.04.2004	Q1 2004
AFX	19.03.2004	AGM			
CUR	29.03.2004	FY 2003			
EUZ	29.03.2004	FY 2003			
May			June		
FME	06.05.2004	Q1 2004	DRW3	11.06.2004	AGM
FRE3	06.05.2004	Q1 2004	WLT	15.06.2004	Q3 2003/04
EUZ	11.05.2004	Q1 2004	CUR	24.06.2004	AGM
CUR	13.05.2004	Q1 2004			
DRW3	13.05.2004	FY 2003			
DRW3	13.05.2004	Q1 2004			
AFX	14.05.2004	Q2 2003/04			
EUZ	25.05.2004	AGM			
FME	27.05.2004	AGM			
FRE3	28.05.2004	AGM			
July			August		
			MTH	03.08.2004	Q2 2004
			FME	04.08.2004	Q2 2004
			FRE3	04.08.2004	Q2 2004
			EUZ	10.08.2004	Q2 2004
			CUR	12.08.2004	Q2 2004
			DRW3	12.08.2004	Q2 2004
			AFX	12.08.2004	Q3 2003/04
September			October		
			MTH	26.10.2004	Q3 2004
November			December		
EUZ	09.11.2004	Q3 2004	AFX	15.12.2004	FY 2003/04
CUR	11.11.2004	Q3 2004			
DRW3	11.11.2004	Q3 2004			

AFX: Carl Zeiss Meditec
 CUR: curasan
 DRW3: Drägerwerk (pref. Shares)
 EUZ: Eckert & Ziegler

FME: Fresenius Medical Care
 FRE3: Fresenius (pref. Shares)
 MTH: BB Medtech
 WLT: Wavelight Laser Technologie

Source: Companies' data, LBBW

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LBBW applies a three-tier, absolute share rating system. The respective ratings are linked to the following expectations: **Buy:** The share price has a potential of at least 10%. **Hold:** The share's price potential ranges between 0% and 10%. **Sell:** A negative share price performance is expected. The ratings are based on a horizon of up to 6 months.

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