

Swedish Regulator Requires Further Meeting



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Data Presented to Swedish Medical Products Agency

On 25 January 2006 the Swedish Medical Products Agency held a meeting with visiting clinicians to discuss claims, which suggest excessive bone loss of Nobel Biocare's fast growing *NobelDirect* implant. Participants included the claimants, Prof. Lars Sennerby, Dr. Lars Jonsson, Dr. Mats Hellman, Dr. Pär-Olov Östman as well as Prof. Björn Klinge, an external consulting expert.

Clinicians' Data Included ~300 Implants

The visiting clinicians presented data from the ongoing clinical studies, which included data from Nobel Biocare's own prospective randomized trial as well as data from their own retrospective study of approximately **300 dental implants**. The results showed **bone resorption of more than 3mm in 20 to 30% of the studied *NobelDirect* implants**. The clinicians have also **questioned claims** made by Nobel Biocare in their ***NobelDirect* marketing brochures** and have asked the Medical Products Agency to question and challenge their validity.

Medical Products Agency Requires Further Meeting

It appears the visiting **clinicians' data was well presented** and as a result we believe the Medical Products Agency (MPA) will require an additional meeting with the participation from Nobel Biocare as well as from the aforementioned clinicians (MPA already met with Nobel Biocare in December 2005). It appears the purpose of the planned meeting is to arrive at a common interpretation of the data available; this should then set the foundation for the Agency to make a decision on whether *NobelDirect* is safe and effective and whether it needs to be removed from the market.

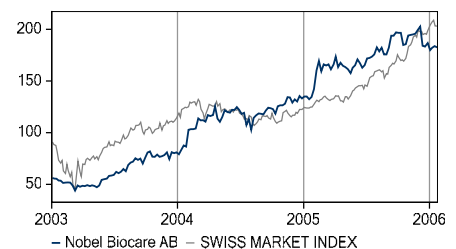
Given that such a meeting will depend on the availability of both Nobel Biocare and the aforementioned clinicians, it is possible that the Agency **may not be able to make a final decision on *NobelDirect* until after February 2006**.

Investment Conclusion

We retain our '**Neutral**' stance on **Nobel Biocare** on the basis that we are not yet able to form a conclusive opinion on whether the claims by the University of Gothenburg suggesting excessive bone loss from *NobelDirect* will result in the eventual withdrawal of the product and potential patient litigation.

Stock Data

Price	CHF286.75
Investment Opinion	B-2-7
Volatility Risk	MEDIUM
ML Symbol / Exchange	NBCHF / SWX
Bloomberg / Reuters	NOBE VX / NOBE.S



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26 January 2006

iQmethodSM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill Amortization}$
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Sales} + \text{Other LT Liabilities}$	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

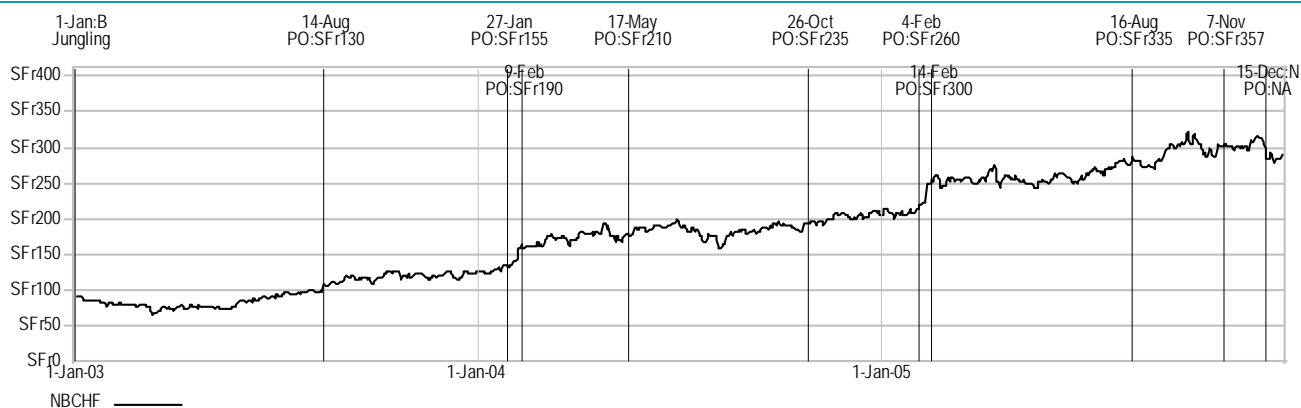
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NBCHF Price Chart



B : Buy, N : Neutral, S : Sell, PO : Price objective, NA : No longer valid

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Investment Rating Distribution: Health Care Group(as of 31 Dec 2005)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	101	46.76%	Buy	30	29.70%
Neutral	99	45.83%	Neutral	24	24.24%
Sell	16	7.41%	Sell	1	6.25%

Investment Rating Distribution: Global Group(as of 31 Dec 2005)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1119	40.44%	Buy	376	33.60%
Neutral	1429	51.64%	Neutral	401	28.06%
Sell	219	7.91%	Sell	44	20.09%

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