

University of Southern California Study Now Published

USC Study on NobelPerfect Has Been Published

On 6 April the journal *Clinical Implant Dentistry And Related Research* published the peer reviewed paper, "Scalloped Dental Implants: A Retrospective Analysis of Radiographic and Clinical Outcomes of 17 NobelPerfect™ Implants in 6 Patients". We believe this is the first independent data available on NobelPerfect.

Summary of the Key Findings from USC Study

The **results** show that when NobelPerfect implants were placed adjacent to existing natural dentition, the average bone level at placement and at 6, 12, and 18 months was -1.7, -3.5, -3.8, and -3.9 mm, respectively, compared with -1.0, -3.6, -4.3, and -4.4 mm respectively, when placed adjacent to other scalloped implants. Bone loss around NobelPerfect implants was notably greater than that expected after traditional implant placement. It was **concluded** that the results suggested that NobelPerfect resulted in bone loss that was more severe than that associated with properly placed conventional dental implants.

Our Preliminary Conclusion

It appears the observations from the University of Gothenburg of excessive bone loss surrounding Nobel Biocare's recently introduced implants (NobelDirect and NobelPerfect) are similar to those observed by the University of Southern California. We suspect the Swedish Medical Products Agency may consider the results of this study in making their final decision on the safety of NobelDirect and potentially NobelPerfect. We retain our **Neutral** recommendation.

Estimates (Dec)

(EUR)	2004A	2005A	2006E	2007E	2008E
	Other GAAP	IFRS	IFRS	IFRS	IFRS
EPS (Adjusted)	3.78	4.86	6.48	7.80	9.11
EPS Change (YoY)	24.5%	28.5%	33.4%	20.4%	16.8%
Dividend / Share	1.72	2.25	2.27	2.73	3.19

Valuation (Dec)

	2004A	2005A	2006E	2007E	2008E
P/E	49.2x	38.3x	28.7x	23.9x	20.4x
Dividend Yield	0.93%	1.21%	1.22%	1.47%	1.71%
EV / EBITDA*	33.7x	25.6x	20.3x	16.7x	14.1x
Free Cash Flow Yield*	2.37%	1.78%	3.14%	3.81%	4.49%

* For full definitions of *iQmethod*SM measures, see page 8.

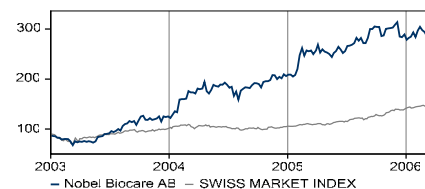


Michael K. Jüngling +44 20 7996 2247
Research Analyst
MLPF&S (UK)
michael_jungling@ml.com

Alex Surla +44 20 7996 0799
Research Analyst
MLPF&S (UK)
alex_surla@ml.com

Stock Data

Price	CHF292.75
Investment Opinion	B-2-7
Volatility Risk	MEDIUM
52-Week Range	CHF239.00-CHF324.00
Mrkt Val / Shares Out (mn)	CHF7,364 / 25.2
Average Daily Volume	128,002
ML Symbol / Exchange	NBCHF / SWX
Bloomberg / Reuters	NOBE VX / NOBE.S
ROE (2006E)	43.7%
Net Dbt to Eqty (Dec-2005A)	-45.7%
Est. 5-Yr EPS / DPS Growth	19.2% / 16.1%
Free Float	100.0%



>> Employed by a non-US affiliate of MLPF&S and is not registered/qualified as a research analyst under the NYSE/NASD rules.

Merrill Lynch does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Customers of Merrill Lynch in the US can receive independent, third-party research on companies covered in this report, at no cost to them, if such research is available. Customers can access this independent research at <http://www.ml.com/independentresearch> or can call 1-800-637-7455 to request a copy of this research.

Refer to important disclosures on page 9 to 10. Analyst Certification on page 8.

iQprofileSM Nobel Biocare

Key Income Statement Data (Dec)	2004A	2005A	2006E	2007E	2008E
(EUR Millions)	Other GAAP	IFRS	IFRS	IFRS	IFRS
Sales	388	485	597	699	799
EBITDA Adjusted	133	175	221	269	317
Depreciation & Amortization	(20.0)	(12.8)	(16.2)	(20.1)	(24.6)
EBIT Adjusted	113	162	205	249	292
Net Interest & Other Income	(0.78)	(4.49)	3.41	4.04	5.95
Tax Expense / Benefit	(24.0)	(33.8)	(45.2)	(55.6)	(66.5)
Net Income (Adjusted)	96.8	124	163	197	232
Average Fully Diluted Shares Outstanding	25.9	25.9	26.0	26.2	26.4

Key Cash Flow Statement Data

Net Income (Reported)	89.5	155	163	197	232
Depreciation & Amortization	20.0	12.8	16.2	20.1	24.6
Change in Working Capital	(6.60)	(33.9)	(9.00)	(6.89)	(6.67)
Deferred Taxation Charge	0	0	0	0	0
Other Adjustments, Net	30.0	(24.0)	7.25	4.07	3.90
Cash Flow from Operations	133	110	178	215	254
Capital Expenditure	(19.9)	(25.1)	(30.5)	(35.5)	(41.0)
(Acquisition) / Disposal of Investments	0	0	0	0	0
Other Cash Inflow / (Outflow)	(13.1)	0.19	0	0	0
Cash Flow from Investing	(33.1)	(24.9)	(30.5)	(35.5)	(41.0)
Share Issue / (Repurchase)	8.40	10.9	0	0	0
Cost of Dividends Paid	(21.5)	(43.9)	(56.7)	(57.0)	(69.4)
Cash Flow from Financing	(13.1)	(151)	(147)	(179)	(213)
Non Cash Changes to Debt	---	---	---	---	---
Change in Net Debt	(86.7)	65.6	(15.7)	(47.4)	(143)
Net Debt	(194)	(163)	(179)	(226)	(370)

Key Balance Sheet Data

Property, Plant & Equipment	32.0	42.2	53.1	64.9	77.4
Goodwill	119	130	130	130	130
Other Intangibles	4.09	6.86	10.3	13.9	17.9
Other Non-Current Assets	15.7	14.8	17.9	21.0	24.0
Trade Receivables	71.0	105	113	133	152
Cash & Equivalents	195	164	180	227	370
Other Current Assets	33.8	52.5	61.4	71.8	82.1
Total Assets	470	516	566	662	854
Long-Term Debt	0.71	0	0	0	0
Other Non-Current Liabilities	35.5	28.9	38.8	45.4	51.9
Short-Term Debt	0	0.55	0.55	0.55	0.55
Other Current Liabilities	77.7	129	137	161	184
Total Liabilities	114	158	177	207	236
Total Equity	356	358	389	455	617
Total Equity & Liabilities	470	516	566	662	854

Key Metrics

iQmethodSM - Bus Performance*

Return On Capital Employed	26.6%	35.3%	40.0%	42.4%	39.6%
Return On Equity	30.3%	34.8%	43.7%	46.7%	43.2%
Operating Margin	29.6%	39.8%	34.3%	35.6%	36.6%
Free Cash Flow (MM)	113	84.5	147	179	213

iQmethodSM - Quality of Earnings*

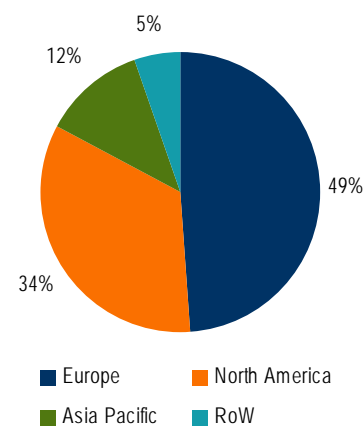
Cash Realization Ratio	1.37x	0.88x	1.09x	1.09x	1.09x
Asset Replacement Ratio	2.13x	2.37x	2.32x	2.20x	2.09x
Tax Rate	21.1%	17.9%	21.7%	22.0%	22.3%
Net Debt/Equity	-54.5%	-45.7%	-46.0%	-49.8%	-59.9%
Interest Cover	8.81x	7.57x	NM	NM	NM

* For full definitions of iQmethodSM measures, see page 8.

Company Description

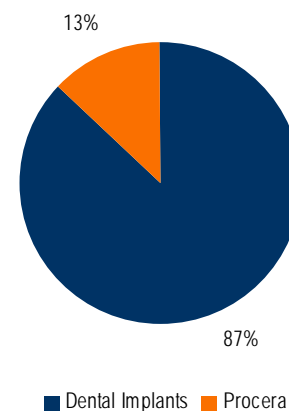
Nobel Biocare is the world leader in innovative esthetic dental solutions. It offers a one-stop-shop for restorative esthetic dentistry, offering a wide range of innovative Crown & Bridge & Implant products. In dental implants, Nobel Biocare holds world #1 position with c.33% market share. The company markets its products to dental specialists, general practitioners, and dental technicians.

Chart 1: Sales by Region (FY04A)



Source: Nobel Biocare

Chart 2: Sales by Product (FY04E)



Source: Nobel Biocare, Merrill Lynch estimates

Stock Data

Price to Book Value 12.0x

USC Study on NobelPerfect Published

On 6 April the journal *Clinical Implant Dentistry And Related Research* published the peer reviewed paper titled “*Scalloped Dental Implants: A Retrospective Analysis of Radiographic and Clinical Outcomes of 17 NobelPerfect™ Implants in 6 Patients*”. We believe this is the first independent data available on NobelPerfect. We are still waiting for the full study to be mailed to us; these details are from the published abstract. We hope to provide further details on the study on receipt of the journal.

Background of Study

The scalloped dental implant (NobelPerfect™, Nobel Biocare, Yorba Linda, CA, USA) is designed to biologically guide and facilitate interproximal bone remodeling during healing and to maintain bone height and papillae during functional loading. The design features of the scalloped implant include hard and soft tissue apposition areas, which are parallel to each other and mirror the cemento-enamel junction. The hard tissue surface area is intended for osseointegration. The soft tissue surface area is meant to support the connective tissue zone and to provide a space for the subgingival margin of the restoration. Current literature on the clinical performance of the scalloped dental implant is limited.

Purpose of Study

The aim of this study was to evaluate whether the NobelPerfect dental implant maintains interproximal bone and the overlying soft tissue.

Materials and Methods

Radiographs for six patients (mean age 40.5 years) treated with 17 implants (NobelPerfect) were reviewed for an 18-month follow-up evaluation of bone response. Orthodontic movement and/or autogenous bone augmentation had been provided to obtain the best possible soft and hard tissue dimensions prior to implant placement. A surgical guide was used for an optimal implant placement. No surgical flap was reflected, and implants were placed a minimum of 2 mm and a maximum of 3 mm apical (midbuccally) to the most apical portion of the surgical guide. Final optimal rotational alignment was achieved in all cases by not exceeding 45 Ncm. Implants were immediately restored with provisional crowns. Photographic documentation provided the basis for analysis of papillary response. Radiographic change in the interproximal bone level was obtained by computer analysis (ImageJ for Windows, National Institutes of Health, Bethesda, MD) by measuring the distance from the interproximal shoulder of the scalloped implant to the crest of the bone.

Results

When the scalloped implants were placed adjacent to existing natural dentition, the average bone level at placement and at 6, 12, and 18 months was -1.7, -3.5, -3.8, and -3.9 mm, respectively, compared with -1.0, -3.6, -4.3, and -4.4 mm respectively, when placed adjacent to other scalloped implants. Papillae formation exhibited no differences from the configuration that typically results after placement of conventional dental implants. Moreover, bone loss around the scalloped implants was notably greater than that expected after traditional implant placement.

Study Conclusion

This review of 17 scalloped implants, followed for 18 months, determined that the scalloped implant design resulted in bone loss that was more severe than that associated with properly placed conventional dental implants. Further, the design showed no evidence of exceptional capacity to increase or maintain soft tissue height.

Investment Conclusion

It appears the observations from the University of Gothenburg of excessive bone loss surrounding Nobel Biocare's recently introduced implants (NobelDirect and NobelPerfect) are similar to those observed by the University of Southern California. We suspect the Swedish Medical Products Agency may consider the results of this study in making their final decision on the safety and efficacy of NobelDirect and potentially NobelPerfect. We believe Nobel Biocare will publish the results of its own multi-center randomized trial over the coming months. We retain our **Neutral** recommendation.

06 April 2006

Table 1: Nobel Biocare Profit & Loss Model

Dec Y/E (EURm)	FY03A	FY04A	FY05A	FY06E	FY07E	FY08E	FY09E
Europe	157.7	189.8	216.5	244.6	273.9	304.1	334.5
North America	121.8	132.1	180.1	239.6	292.3	342.0	386.5
Asia/Pacific	37.1	45.6	60.1	77.5	90.7	104.3	118.9
RoW	17.3	20.9	27.9	35.7	42.1	48.6	55.4
Total Sales	334.0	388.4	484.5	597.3	699.0	798.9	895.2
Cost Of Goods Sold	-78.8	-78.8	-86.0	-99.8	-112.5	-126.2	-139.7
Gross Profit	255.1	309.6	398.5	497.6	586.5	672.7	755.6
Selling Expenses	-119.2	-132.9	-156.3	-188.2	-216.7	-244.5	-271.3
Administration Expenses	-36.3	-49.6	-62.8	-74.7	-84.6	-94.3	-103.0
Research & Development	-13.6	-14.0	-17.1	-29.9	-36.3	-41.5	-43.0
Other Operating Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	86.1	113.1	162.3	204.9	248.8	292.4	338.4
Financial Revenue	3.0	12.1	17.0	3.4	4.1	6.0	9.1
Financial Expense	-3.6	-12.8	-21.4	0.0	0.0	0.0	0.0
Net Financial	-0.6	-0.8	-4.5	3.4	4.0	5.9	9.1
EBT	85.5	114.4	157.8	208.3	252.9	298.4	347.5
Tax Expense	-17.5	-23.7	-33.8	-45.2	-55.6	-66.5	-78.2
Net Income (b/f Minorities)	68.1	90.7	124.0	163.1	197.3	231.8	269.3
Minority Interest	-0.7	-0.5	0.0	0.0	0.0	0.0	0.0
Net Income (a/f Minorities b/f Non-recurring)	67.4	90.2	124.0	163.1	197.3	231.8	269.3
Non-recurring	5.8	1.7	30.6	0.0	0.0	0.0	0.0
Tax on Non-recurring	-1.2	-0.3	0.0	0.0	0.0	0.0	0.0
Net Income (a/f Non-recurring)	72.0	91.6	154.6	163.1	197.3	231.8	269.3
EPS (before Non-recurring) - normal	2.67	3.52	4.86	6.48	7.80	9.11	10.58
EPS (before Non-recurring) - diluted	2.55	3.48	4.79	6.27	7.52	8.77	10.19
EPS (before GW) - normal	3.04	3.86	4.86	6.48	7.80	9.11	10.58
EPS (before GW) - diluted	2.91	3.81	4.79	6.27	7.52	8.77	10.19
DPS	0.85	1.72	2.25	2.27	2.73	3.19	3.70
% Change	FY03A	FY04A	FY05A	FY06E	FY07E	FY08E	FY09E
Europe	16.8%	20.4%	14.0%	13.0%	12.0%	11.0%	10.0%
North America	-3.8%	8.4%	36.4%	33.0%	22.0%	17.0%	13.0%
Asia/Pacific	11.4%	23.0%	31.7%	29.0%	17.0%	15.0%	14.0%
Total Sales	7.3%	16.3%	24.8%	23.3%	17.0%	14.3%	12.0%
Cost Of Goods Sold	3.7%	-0.1%	9.2%	16.0%	12.8%	12.2%	10.6%
Gross Profit	8.5%	21.3%	28.7%	24.9%	17.9%	14.7%	12.3%
Selling Expenses	-2.5%	11.5%	17.6%	20.4%	15.2%	12.8%	11.0%
Administration Expenses	22.2%	36.5%	26.8%	18.8%	13.3%	11.5%	9.2%
Research & Development	3.7%	3.4%	21.7%	75.0%	21.7%	14.3%	3.4%
EBIT	22.6%	31.4%	43.5%	26.3%	21.5%	17.5%	15.7%
EBT	25.2%	33.8%	37.9%	32.0%	21.4%	18.0%	16.5%
Net Income (a/f Minorities b/f Non-recurring)	59.1%	33.9%	37.5%	31.5%	20.9%	17.5%	16.2%
EPS (before Non-recurring) - normal	44.9%	31.1%	25.6%	30.9%	20.0%	16.7%	16.2%
EPS (before GW) - normal	44.2%	27.2%	25.8%	33.4%	20.4%	16.8%	16.2%
Margin Analysis	FY03A	FY04A	FY05A	FY06E	FY07E	FY08E	FY09E
Gross Profit	76.4%	79.7%	82.3%	83.3%	83.9%	84.2%	84.4%
Selling Expenses	35.7%	34.2%	32.3%	31.5%	31.0%	30.6%	30.3%
Administration Expenses	10.9%	12.8%	13.0%	12.5%	12.1%	11.8%	11.5%
Research & Development	4.1%	3.6%	3.5%	5.0%	5.2%	5.2%	4.8%
EBIT	25.8%	29.1%	33.5%	34.3%	35.6%	36.6%	37.8%
EBT	25.6%	29.5%	32.6%	34.9%	36.2%	37.3%	38.8%
Net Income (a/f Minorities b/f Non-recurring)	20.2%	23.2%	25.6%	27.3%	28.2%	29.0%	30.1%
Tax Rate	20.4%	20.7%	21.4%	21.7%	22.0%	22.3%	22.5%
Interest Cover (x)	148.5	146.0	36.2	NM	NM	NM	NM
Gearing	-61.3%	-119.8%	-84.0%	-85.1%	-99.0%	-149.2%	-202.0%
ROE	28.7%	28.5%	43.3%	43.7%	46.7%	43.2%	37.8%

Source: Merrill Lynch estimates

06 April 2006

Table 2: Nobel Biocare Balance Sheet Model

Dec Y/E (EURm)	FY03A	FY04A	FY05A	FY06E	FY07E	FY08E	FY09E
Cash & Equivalents	109.5	194.9	163.9	179.6	227.0	370.2	539.3
Trade Receivables	59.2	71.0	105.0	113.5	132.8	151.8	170.1
Deferred Tax Asset	6.2	1.3	1.3	1.6	1.9	2.2	2.4
Other Receivables	9.5	2.3	15.7	14.9	17.5	20.0	22.4
Inventories	22.4	17.6	30.1	35.8	41.9	47.9	53.7
Pre-paid Expenses & Accruals	5.7	12.6	5.4	9.0	10.5	12.0	13.4
Current Assets	212.4	299.7	321.4	354.4	431.6	604.1	801.4
Fixed Assets	28.1	32.0	42.2	53.1	64.9	77.4	89.9
Intangible Assets	125.3	122.8	137.3	140.8	144.3	148.3	152.1
Associated Companies	2.3	4.4	0.0	0.0	0.0	0.0	0.0
Deferred Tax Assets	9.2	10.5	13.2	16.1	18.9	21.6	24.2
Other Receivables	1.3	0.8	1.6	1.8	2.1	2.4	2.7
Non Current Assets	166.1	170.4	194.3	211.8	230.2	249.6	268.8
Total Assets	378.5	470.1	515.7	566.2	661.8	853.7	1070.2
Borrowings	0.1	0.0	0.6	0.6	0.6	0.6	0.6
Trade Payable	9.1	12.9	18.9	20.9	24.5	28.0	31.3
Income Taxes Payable	15.5	21.1	30.3	32.9	38.4	43.9	49.2
Other Liabilities	14.6	10.8	37.3	35.8	41.9	47.9	53.7
Accruals & Deferred Income	22.8	32.9	42.1	47.8	55.9	63.9	71.6
Current Liabilities	62.1	77.7	129.1	137.9	161.3	184.3	206.5
Borrowings	0.7	0.7	0.0	0.0	0.0	0.0	0.0
Deferred Tax Liabilities	7.4	13.3	12.2	14.9	17.5	20.0	22.4
Provisions	22.4	22.2	16.6	23.9	28.0	32.0	35.8
Non Current Liabilities	30.5	36.2	28.9	38.8	45.4	51.9	58.2
Total Liabilities	92.6	113.8	158.0	176.8	206.8	236.2	264.6
Net Assets	286.0	356.3	357.7	389.4	455.1	617.5	805.6
Share Capital	32.3	33.3	33.3	33.3	33.3	33.3	33.3
Share Premium	79.6	88.5	98.4	98.4	98.4	98.4	98.4
Minority Interest	2.5	1.2	0.0	0.0	0.0	0.0	0.0
Retained Profits	171.5	233.7	352.3	458.7	598.9	761.3	949.4
Total Shareholders Equity	286.0	356.3	357.7	389.4	455.0	617.4	805.6
Balance Sheet - Analytical Ratios	FY03A	FY04A	FY05A	FY06E	FY07E	FY08E	FY09E
Working Capital (m)	40.9	27.2	28.9	37.5	43.8	50.1	56.2
Change in Working Capital	4.1	(13.8)	1.7	8.6	6.4	6.3	6.0
WC / Sales (%)	12.3%	7.0%	6.0%	6.3%	6.3%	6.3%	6.3%
Trade Receivable / Sales (%)	17.7%	18.3%	21.7%	19.0%	19.0%	19.0%	19.0%
Inventories / Sales (%)	6.7%	4.5%	6.2%	6.0%	6.0%	6.0%	6.0%
Trade Payable / Sales (%)	2.7%	3.3%	3.9%	3.5%	3.5%	3.5%	3.5%
Gross debt (m)	(0.8)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Net (debt)/cash (m)	108.7	194.2	163.3	179.0	226.4	369.7	538.8
Change in net (debt) / cash (m)	87.3	85.5	(30.9)	15.7	47.4	143.2	169.1
Net Debt/Equity (%)	-38.0%	-54.5%	-45.7%	-46.0%	-49.8%	-59.9%	-66.9%
Gearing (Net debt / Net debt +Equity) (%)	-61.3%	-119.8%	-84.0%	-85.1%	-99.0%	-149.2%	-202.0%
Debt / Equity	38.0%	54.5%	45.7%	46.0%	49.8%	59.9%	66.9%
ROE (using average equity) %	28.7%	28.5%	43.3%	43.7%	46.7%	43.2%	37.8%
ROA (using average assets) %	4.6%	5.5%	9.1%	30.2%	32.1%	30.6%	28.0%
Net Tangible Assets (m)	160.7	233.5	220.4	336.3	390.1	540.1	715.7
NTA per Share (diluted)	6.3	9.1	8.7	13.4	15.3	21.2	28.1

Source: Merrill Lynch estimates

06 April 2006

Table 3: Nobel Biocare's Cash Flow Model

Dec Y/E (EURm)	FY03A	FY04A	FY05A	FY06E	FY07E	FY08E	FY09E
EBT	85.5	114.4	157.8	208.3	252.9	298.4	347.5
EBIT non-recurring	5.8	1.7	30.6	0.0	0.0	0.0	0.0
Disposals of Options in Associate	-4.7	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation/Amortisation	20.0	20.0	12.8	16.2	20.1	24.6	29.7
Financial Income/Expense	0.6	-2.3	0.0	0.0	0.0	0.0	0.0
Other Non Cash Items	2.9	7.3	-31.0	0.0	0.0	0.0	0.0
(Increase) / Decrease in Trade & Other Receivables	-24.9	-11.5	-41.1	-14.8	-26.7	-26.2	-25.4
(Increase) / Decrease in Inventories	4.2	4.8	-12.5	-5.7	-6.1	-6.0	-5.8
Increase / (Decrease) in Trade & Other Payables	10.8	0.2	19.6	11.5	25.9	25.5	24.5
Increase / (Decrease) in Provisions	1.3	9.8	-0.3	3.8	0.0	-2.1	-5.2
Tax Expense	-18.3	-13.1	-28.3	-45.2	-55.6	-66.5	-78.2
Operating Cash Flow	83.4	131.3	107.8	174.1	210.5	247.7	287.2
Interest received	2.2	2.8	3.3	3.4	4.1	6.0	9.1
Purchase (-) / Sales (+) of Intangible Assets	-1.1	-3.8	-5.5	-6.5	-7.5	-9.0	-10.0
Purchase (-) / Sales (+) of Fixed Assets	-12.8	-16.1	-19.6	-24.0	-28.0	-32.0	-36.0
Disposals of Options in Associate	4.7	0.0	38.6	0.0	0.0	0.0	0.0
Increase / (Decrease) in Investment in Associate	0.0	-13.1	-3.6	0.0	0.0	0.0	0.0
Acquisition of subsidiary	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	-7.0	-30.3	-21.6	-27.1	-31.4	-35.0	-36.9
Sale of Treasury Shares / New Shares	20.5	0.0	-117.2	-74.6	-74.6	0.0	0.0
Redemption of Warrants & Options	4.9	8.4	10.9	0.0	0.0	0.0	0.0
Increase / (Decrease) in Borrowings	-27.5	0.0	-0.7	-15.7	-47.4	-143.2	-169.1
Interest Paid	-1.6	-1.2	-1.5	0.0	0.0	0.0	0.0
Dividends Paid	-13.1	-21.5	-43.9	-56.7	-57.0	-69.4	-81.1
Financing Cash Flow	-16.8	-14.3	-152.5	-147.1	-179.0	-212.7	-250.3
Net Increase/ (Decrease) in Funds	59.6	86.7	-66.3	0.0	0.0	0.0	0.0
Cash Flow - Analytical Ratios	FY03A	FY04A	FY05A	FY06E	FY07E	FY08E	FY09E
Operating Cash Flow growth (%)	18.6%	57.5%	-17.9%	61.6%	20.9%	17.7%	15.9%
CFPS (normal)	3.32	5.19	4.29	7.05	8.48	9.96	11.64
CFPS (diluted)	3.18	5.13	4.23	6.82	8.18	9.60	11.21

Source: Merrill Lynch estimates

Analyst Certification

I, Michael Jüngling, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

*iQmethod*SM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + 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	EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Sales Other LT Liabilities	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

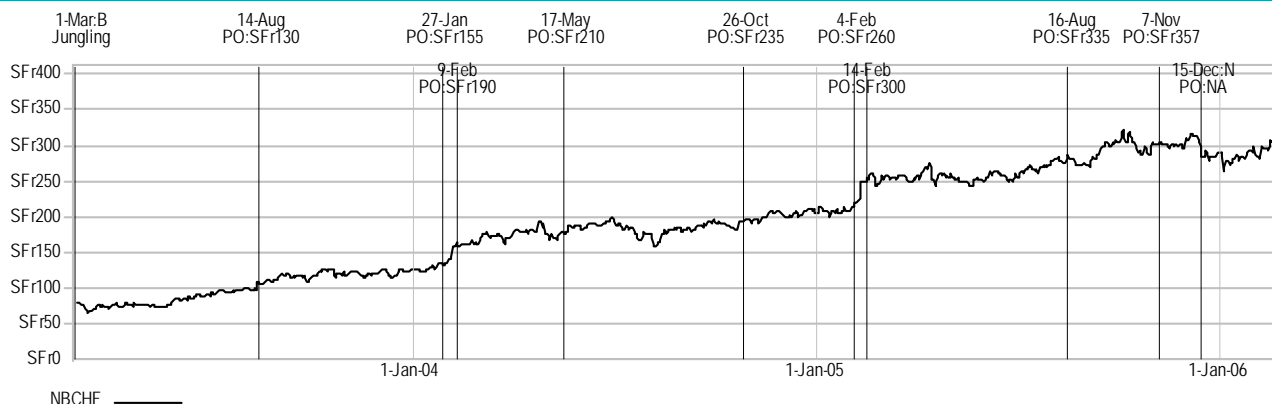
*iQmethod*SM is the set of Merrill Lynch standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of *iQmethod* are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

*iQdatabase*SM is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by Merrill Lynch.

*iQprofile*SM, *iQmethod*SM, *iQdatabase*SM are service marks of Merrill Lynch & Co., Inc.

Important Disclosures

NBCHF Price Chart



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

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark Grey shading indicates the security is restricted with the opinion suspended. Light Grey shading indicates the security is under review with the opinion withdrawn. Chart current as of February 28, 2006.

Investment Rating Distribution: Health Care Group(as of 31 Mar 2006)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	95	43.78%	Buy	26	27.37%
Neutral	106	48.85%	Neutral	28	26.42%
Sell	16	7.37%	Sell	0	0.00%

Investment Rating Distribution: Global Group(as of 31 Mar 2006)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1145	40.29%	Buy	393	34.32%
Neutral	1474	51.86%	Neutral	430	29.17%
Sell	223	7.85%	Sell	44	19.73%

* Companies in respect of which MLPF&S or an affiliate has received compensation for investment banking services within the past 12 months.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium, and C - High. **INVESTMENT RATINGS**, indicators of expected total return (price appreciation plus yield) within the 12-month period from the date of the initial rating, are: 1 - Buy (10% or more for Low and Medium Volatility Risk Securities - 20% or more for High Volatility Risk securities); 2 - Neutral (0-10% for Low and Medium Volatility Risk securities - 0-20% for High Volatility Risk securities); 3 - Sell (negative return); and 6 - No Rating. **INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure); 8 - same/lower (dividend not considered to be secure); and 9 - pays no cash dividend.

In the US, retail sales and/or distribution of this report may be made only in states where these securities are exempt from registration or have been qualified for sale: Nobel Biocare AB.

MLPF&S or an affiliate expects to receive or intends to seek compensation for investment banking services from this company within the next three months: Nobel Biocare AB.

MLPF&S together with its affiliates beneficially owns one percent or more of the common stock of this company. If this report was issued on or after the 10th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 10th day of a month reflect the ownership position at the end of the second month preceding the date of the report: Nobel Biocare AB.

The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of Merrill Lynch, including profits derived from investment banking revenues.

Other Important Disclosures

UK readers: MLPF&S or an affiliate is a liquidity provider for the securities discussed in this report.

Information relating to Non-U.S. affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S):

MLPF&S distributes research reports of the following non-US affiliates in the US (short name: legal name): Merrill Lynch (France): Merrill Lynch Capital Markets (France) SAS; Merrill Lynch Dublin (Frankfurt Branch): Merrill Lynch CMB Ltd, Dublin, Frankfurt Branch; Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd; Merrill Lynch (Milan): Merrill Lynch Capital Markets Bank Limited; MLPF&S (UK): Merrill Lynch, Pierce, Fenner & Smith Limited; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited; Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd; Merrill Lynch (Canada): Merrill Lynch Canada Inc; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa; Merrill Lynch (Argentina): Merrill Lynch Argentina SA; Merrill Lynch (Brazil): Banco Merrill Lynch de Investimentos SA; Merrill Lynch (Japan): Merrill Lynch Japan Securities Co, Ltd; Merrill Lynch (Seoul): Merrill Lynch International Incorporated (Seoul Branch); Merrill Lynch (Taiwan): Merrill Lynch Taiwan Limited; DSP Merrill Lynch (India): DSP Merrill Lynch Limited; PT Merrill Lynch (Indonesia): PT Merrill Lynch Indonesia; Merrill Lynch (KL) Sdn. Bhd.: Merrill Lynch (Malaysia); Merrill Lynch (Israel): Merrill Lynch Israel Limited; Merrill Lynch (Russia): Merrill Lynch CIS Limited, Moscow.

This research report has been prepared and issued by MLPF&S and/or one or more of its non-U.S. affiliates. MLPF&S is the distributor of this research report in the U.S. and accepts full responsibility for research reports of its non-U.S. affiliates distributed in the U.S. Any U.S. person receiving this research report and wishing to effect any transaction in any security discussed in the report should do so through MLPF&S and not such foreign affiliates.

This research report has been approved for publication in the United Kingdom by Merrill Lynch, Pierce, Fenner & Smith Limited, which is authorized and regulated by the Financial Services Authority; has been considered and distributed in Japan by Merrill Lynch Japan Securities Co, Ltd, a registered securities dealer under the Securities and Exchange Law in Japan; is distributed in Hong Kong by Merrill Lynch (Asia Pacific) Limited, which is regulated by the Hong Kong SFC; is issued and distributed in Malaysia by Merrill Lynch (KL) Sdn. Bhd., a licensed investment adviser regulated by the Malaysian Securities Commission; and is issued and distributed in Singapore by Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd (Company Registration No. 198602883D). Merrill Lynch International Bank Limited and Merrill Lynch (Singapore) Pte Ltd. are regulated by the Monetary Authority of Singapore. Merrill Lynch Equities (Australia) Limited, (ABN 65 006 276 795), AFS License 235132, provides this report in Australia. No approval is required for publication or distribution of this report in Brazil.

Copyright, User Agreement and other general information related to this report:

Copyright 2006 Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. This research report is prepared for the use of Merrill Lynch clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Merrill Lynch. Merrill Lynch research reports are distributed simultaneously to internal and client websites eligible to receive such research prior to any public dissemination by Merrill Lynch of the research report or information or opinion contained therein. Any unauthorized use or disclosure is prohibited. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this report (including any investment recommendations, estimates or price targets) prior to Merrill Lynch's public disclosure of such information. The information herein (other than disclosure information relating to Merrill Lynch and its affiliates) was obtained from various sources and we do not guarantee its accuracy.

This research report provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other investment or any options, futures or derivatives related to such securities or investments. It is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities or other investments, if any, may fluctuate and that price or value of such securities and investments may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk.

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Merrill Lynch Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.

iQanalytics, iQcustom, iQdatabase, iQmethod, iQmethod 2.0, iQprofile, iQtoolkit, iQworks are service marks of Merrill Lynch & Co., Inc.

Fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.