

Annual Report 2004



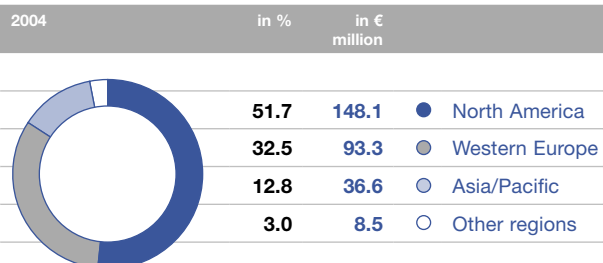
eppendorf

Key financials

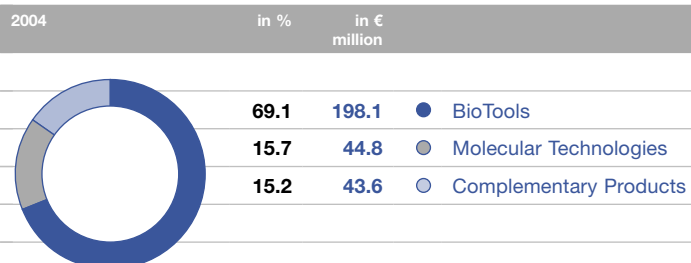
		2000 US-GAAP	2001 US-GAAP	2002 US-GAAP	2003 IFRS	2004 IFRS
Total net sales	EUR '000	258,397	289,235	297,325	270,058	286,517
North America	%	61.6	58.5	55.4	50.8	51.7
Western Europe	%	28.6	31.2	30.7	34.7	32.5
Asia/Pacific	%	7.9	7.7	11.4	11.8	12.8
Other regions	%	1.9	2.6	2.6	2.7	3.0
EBIT	EUR '000	24,686	28,851	36,063	36,908	40,118
EBIT margin	%	9.6	10.0	12.1	13.7	14.0
Net income	EUR '000	8,592	13,582	22,440	22,268	24,388
Cash flow	EUR '000	21,806	29,215	37,874	37,762	39,452
Equity ratio	%	34.2	48.5	52.5	49.0	49.6
Total assets	EUR '000	209,855	248,153	252,972	237,560	254,525
R&D expenses	EUR '000	13,675	16,758	20,122	19,651	19,529
Capital expenditure	EUR '000	14,142	17,298	13,549	14,688	18,963
Earnings per share	EUR	0.17	0.25	0.41	0.41	0.45
Number of employees, annual average		1,497	1,568	1,624	1,725	1,748



Sales by region



Sales by segment



Eppendorf provides solutions
that make us a reliable partner
of international life sciences
research and industry.



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Klaus Fink

CEO and Chairman of the Board

Ladies and Gentlemen,

Eppendorf's stability and net asset value are based on structures we have effectively implemented in the marketplace over the last few years. We have benefited from productivity gains, from our international presence, from our focus on customer-gear system solutions and, above all, from the innovative strength of our BioTools and Molecular Technologies business segments, which cover all important markets of the life sciences industry.

In the year under review, we continued to actively promote the expansion of these resources and structures. In our single largest market, the United States, we further sharpened the profile of the Eppendorf brand; in the expanding market of China, we are making substantial investments in order to ensure efficient market access.

The results of these efforts initially fell short of our expectations, which can be primarily attributed to two factors that are largely beyond our entrepreneurial control: First, few of the large markets in Western Europe saw economic growth that would have been commensurate with our efforts – this particularly applies to Germany, where the overall market contracted; second, the non-European markets were again affected by the weakness of the U.S. dollar, which, in turn, either reduced the sales gains we recorded in these markets or statistically slowed down growth.

In fiscal 2005, our corporate group faces a new challenge: our currency hedge expired at the end of fiscal 2004. In order to limit the resulting negative impact on earnings, one of our most important tasks will be to counteract currency fluctuations in the individual markets as much as possible by adjusting our cost structures.

The establishment of a second production site in the U.S. on which we have embarked is only one of the measures we plan to implement. The decision in favor of such a shift is not a rejection of Germany as a business location; instead, it will allow us to secure our German operations for the long-term by exploiting the advantages of a mature industrialized nation and realizing productivity and efficiency gains.

Eppendorf's excellent outlook is largely resilient to short-term growth fluctuations in the biotechnology sector. As a leading global supplier of systems and research tools, we are the partner of choice of biotechnological research institutes everywhere. Our product strategy follows market trends, particularly in the automation of research processes in laboratories and new, dynamically growing areas of work.

The consolidation in the biotechnology industry has also created a solid base for long-term favorable performance. However, we do not see this process as completed, we regard it as our entrepreneurial task to proactively help shape it. If you want to be among the big players in the industry in the long run, you cannot bank exclusively on organic growth. The establishment of firm market structures is creating many opportunities for enlarging, complementing and strengthening business segments. Acquisitions and collaborations are another element in our growth structure; working in conjunction with research institutes and technology partners is indispensable in this industry.

We expect the company to continue its steady performance in fiscal 2005. Our core markets, notably those outside of Europe, are showing clear indications of dynamic growth. The increasing number of new active substances coming to the market bears testimony to the fact that biotechnology has established itself as an important component of the life sciences industry.

We owe our sustained business success primarily to our highly motivated employees, who contribute, accept and implement all critical decisions. The loyalty of all members of the Eppendorf corporate family deserves our recognition. We would like to take this opportunity to thank them for their professional commitment and dedication. We also thank our customers, business partners and shareholders for the trust they have placed in us.

Yours truly

A handwritten signature in blue ink, appearing to read "Hans-Joachim Lauth", is written over a faint, rectangular embossed seal. The seal features a circular emblem with a building and text, surrounded by a decorative border.



Klaus Fink

61, CEO and Chairman of the Board,
Master of Business and Engineering
Joined Eppendorf in 1989



Detmar Ammermann

47, Board Member, Chief Financial Officer,
Master of Business Administration
Joined Eppendorf in 1992



Dr. Michael Schroeder

55, Board Member, Chief Marketing & Sales Officer,
Master of Agricultural Biology, Ph.D.
Joined Eppendorf in 1988



Dr. Heinz Gerhard Köhn

56, Board Member, Chief Technology & Production Officer,
Master of Chemistry, Ph.D.
Joined Eppendorf in 1999



Troy Oden
Boulder, Colorado/USA –
learn more about Troy and
the team on page 10



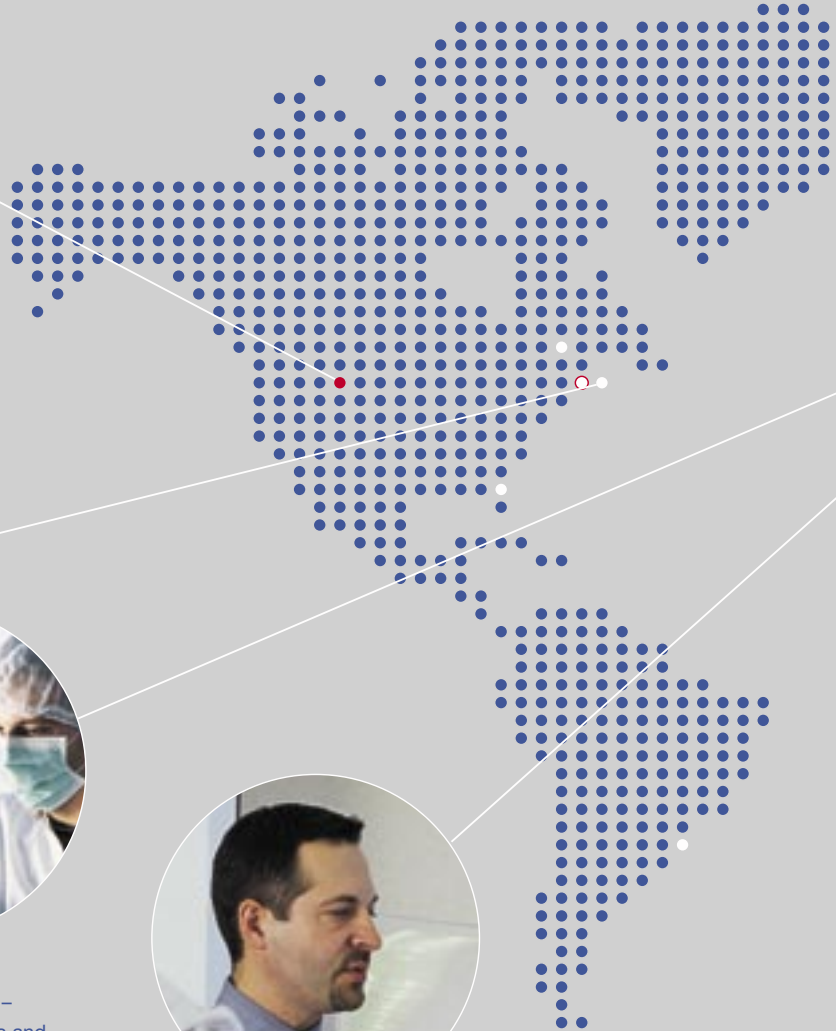
Nicole Yates
Westbury, New York/USA –
learn more about Nicole and
the team on page 12



Nils Hopp
Oldenburg/Germany –
learn more about Nils and
the team on page 18



David Gaertner
Paris/France –
learn more about David and
the team on page 16

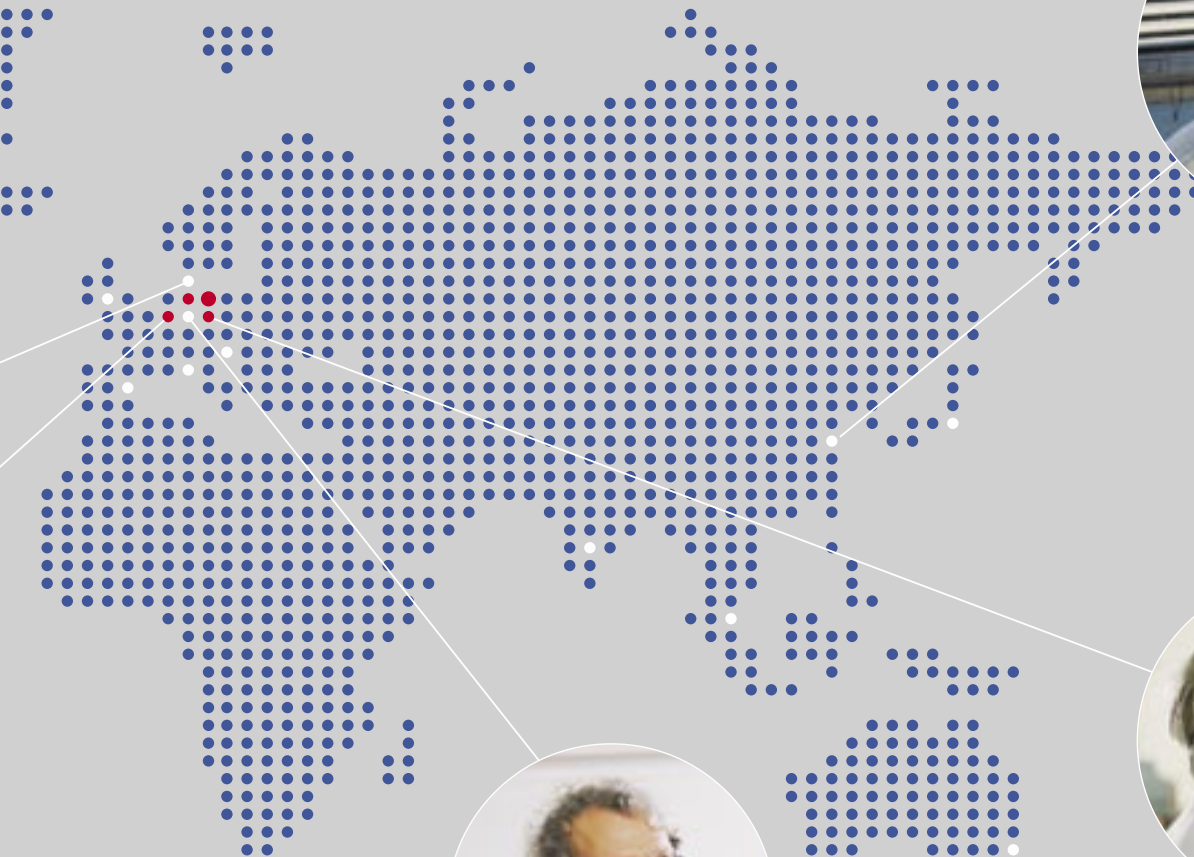


Locations

- Eppendorf AG, Hamburg
- Eppendorf, Inc., New York
- Production
- Sales

Americas

- Eppendorf North America, Inc., New York/USA
- Brinkmann Instruments, Inc., New York/USA
- Brinkmann Instruments (Canada) Ltd., Toronto/Canada
- Eppendorf Manufacturing Corp., Enfield/USA
- USA Scientific, Inc., Ocala/USA
- Eppendorf-5 Prime, Inc., Boulder/USA
- Eppendorf do Brasil Ltda., São Paulo/Brazil



Echo Jia

Shanghai/China – learn more about Echo and the team on page 8



Christophe Van Huffel

Namur/Belgium – learn more about Christophe and the team on page 14



Christin Menz

Hamburg/Germany – learn more about Christin and the team on page 20

Europe

● **Eppendorf Instrumente GmbH**, Hamburg/Germany
 ● **Eppendorf Polymere GmbH**, Oldenburg in Holstein/Germany
 ● **Eppendorf Zentrifugen GmbH**, Leipzig/Germany ○ **Eppendorf Vertrieb Deutschland GmbH**, Cologne/Germany ○ **Eppendorf France S.A.R.L.**, Paris/France ○ **Eppendorf UK Ltd.**, Cambridge/UK ○ **Eppendorf s.r.l.**, Milan/Italy ○ **Eppendorf Ibérica S.L.**, Madrid/Spain ○ **Marketing Office**, Vienna/Austria ○ **Eppendorf Nordic ApS**, Copenhagen/Denmark ● **Eppendorf Array Technologies S.A.**, Namur/Belgium

Asia/Pacific

○ **Eppendorf Co., Ltd.**, Tokyo/Japan ○ **Eppendorf South Pacific Pty. Ltd.**, Sydney/Australia ○ **Marketing Office**, Kuala Lumpur/Malaysia ○ **Eppendorf India Ltd.**, Chennai/India ○ **Marketing Office**, Shanghai/China

Growth Market





“Future-oriented industry meets growth region –
Eppendorf is expanding its position in Asia.”

Asia is a growth region for Eppendorf. We have had a foothold in Japan, the world's second largest biotechnology market, for a number of years, and have been represented in the Chinese metropolis of Shanghai since 2003. In the coming years, we will further expand our sales organization in China, as well as in Japan, India and other countries of the Asian region. Local presence allows us to better familiarize ourselves with our customers' specific requirements.



Competence Center



“Our motivation is knowing that we are helping someone. We do so by contributing our expertise and experience and using state-of-the-art technologies.”

Research results in biotechnology and molecular technology require the utmost precision. Our production facility in Boulder is tailored precisely to reagents and products for nucleic acid purification and PCR applications. High-quality input materials and consistent quality controls ensure reproducibility of results.

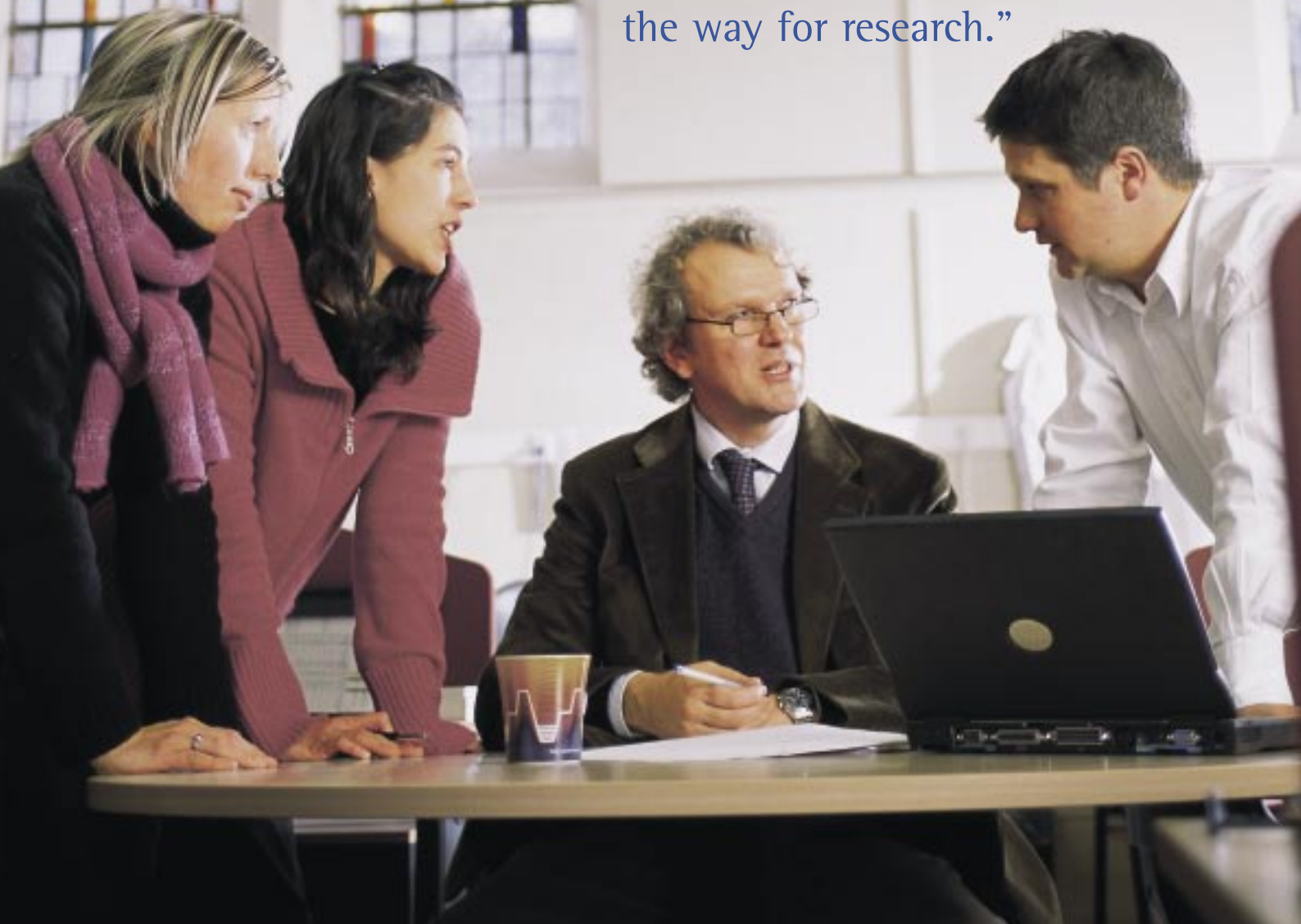


In the U.S. the name Eppendorf also stands for innovation, reliability and supreme competence. Our products can be found in virtually all laboratories. As an integral part of research and development projects, we make important contributions to the single largest market for biotech research. Our experience in the field of laboratory equipment has made us an indispensable partner to the nation's research community.



“Our products and services
provide value, quality, reliability
and innovative design.”

“Innovative technologies
and the courage to
offer new solutions pave
the way for research.”





Innovation Factory

Biotechnology is the market of the future for us. Innovative technologies facilitate the individualization of science and research. With the introduction of the microarray, we have once again underscored our leadership in this field. One of the first biochips to reach market maturity serves the purpose of early breast cancer diagnosis. So far, patients have been unsettled by preventive operations or protracted uncertainty, and the DualChip Human Breast Cancer holds the promise of a specific treatment approach on the basis of genetic material. This is progress for medicine and patients alike.



Eppendorf is represented with sales subsidiaries in 15 countries. In France customer contacts are also handled by a competent team. Technical questions about products and applications are answered competently and rapidly. With this regional orientation, we can address the special needs of local markets and offer a round-the-clock support.



“Our daily goal is to offer our end customers the fastest and best support.”



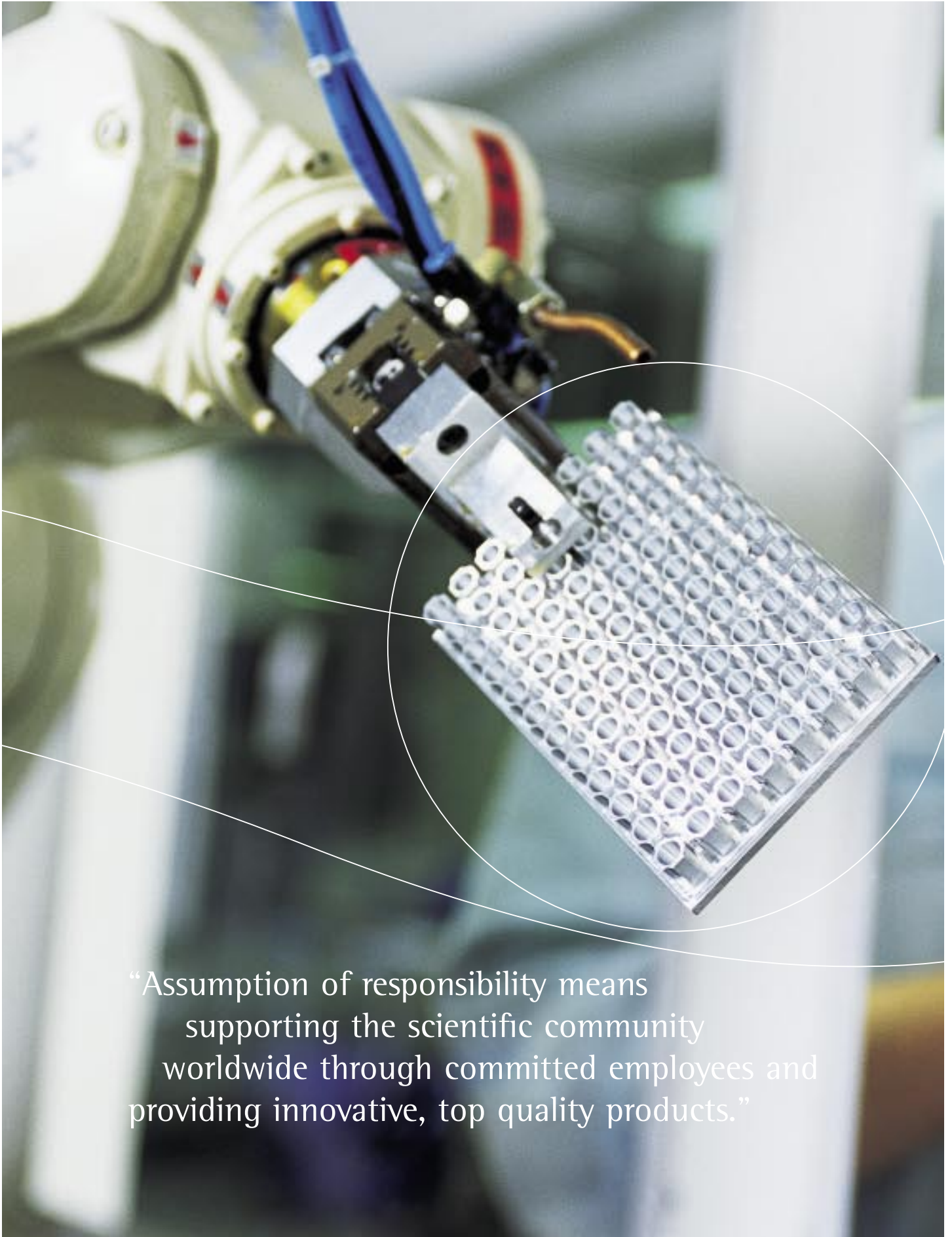
Leading-edge production technologies are vital for the production of more than 2 million injection-molded plastic components per year. State-of-the-art production facilities, continuous quality control and the relentless pursuit for improving our processes ensure satisfaction with our high quality consumables. Voluntary compliance with guidelines and certification under international standards are a matter of course for us.



“We define perfection as top quality and availability and optimum integration of components into Eppendorf systems.”



The Eppendorf Group has its roots in Hamburg. We are represented here not only with our corporate headquarters, but also with research & development and production of instruments and liquid handling products. We have maintained sustained growth for 60 years. Clearly targeted capital expenditure enables us to strengthen our portfolio and tap new markets. Responsibility for people is part of this growth strategy – especially for our customers who work with our products.



“Assumption of responsibility means supporting the scientific community worldwide through committed employees and providing innovative, top quality products.”



Eppendorf Worldwide

- 18 sales subsidiaries
- 6 competence centers for development and production
- More than 400,000 customers from science, research and business

Think Globally – Act Locally

Eppendorf's development into a leading global supplier of systems and research tools for the biotechnology sector during the past 15 years has been shaped by two fundamental strategic decisions: First, concentration on laboratory products and systems for the life sciences industry with a focus on biotechnology; second, transformation from a largely regionally oriented enterprise into a globally operating corporate group. Our competence in the world markets is based on innovative products and the worldwide presence of our sales and service organization. We have been producing reagents and kits for molecular biology in the U.S. since 1998 and biochips in Belgium since 2002. At the start of 2005, production of plastic consumables commenced at a second plant in the United States.

The establishment of production capacities in international core markets is gaining increasing strategic significance for Eppendorf. The second production facility in North America is thus direction-setting. The U.S. is by far the single most important market for us; here we come face to face with all major competitors. Local production reduces our dependence on currency fluctuations in the markets. As we now generate 90 percent of our consolidated sales abroad and more

than 50 percent in the dollar area currency fluctuations are a risk for our margins and our price competitiveness. In the future, shifts of additional capacities to suitable markets will be further intensified in order to secure our long-term positions.

Secure growth

Our research, development and production capacities are geared to the opportunities offered by the markets. "Secure" growth relies on the alignment of these resources and the potential with our markets. In addition, we generate such "secure" growth through our ability to integrate new organizational entities on both the technology side and in marketing and sales. Partnerships and collaborations have a longstanding tradition at Eppendorf.

In fiscal 2004, we made major progress in developing Eppendorf along these lines. A license agreement was concluded with the French company Biomérieux, opening the door to further joint activities. The agreement involves the acquisition of a license to utilize the one step real-time PCR technology. It grants us the right to globally sell real-time PCR kits, for which Biomérieux holds international patents.



Eppendorf team in Shanghai/China

In addition, we have also considerably strengthened our service business through another deal in France – the acquisition of Stagbio. This company offers a complete maintenance, metrology and repair program for commercially available universal pipetting and dispensing devices. In China, the market of the future, we have laid a sound foundation for subsequent activities by means of a joint venture. Our joint-venture partner will combine its existing business with Eppendorf products and services.

Seizing market opportunities

Research laboratories exist all around the world; it is only logical that Eppendorf products should also be available worldwide. Via our in-house organization and trading partners, we reach our customers in the large core markets; in regions with less concentrated potential, we reach them through differentiated distribution channels, which allow us to establish a presence in all major growth markets. The North American market represents more than half of the global potential offered by the biotechnology sector. It is also Eppendorf's largest market – we generate more than half of our sales in North America. We are one of the

few suppliers with a foothold in nearly all segments of the biotech tool market, and we hold leading positions in many areas. In the year under review, we recorded further growth in North America.

In Western Europe, we have high market shares in many segments. The European markets are currently characterized by restraint; our German home market and the United Kingdom in particular are displaying persistent sluggishness. With a revenue share of about one third, Europe remains a core market for Eppendorf.

Increasing attention is being focused on Asia and the Pacific region. Due to its growth momentum, this region is continuously gaining in significance. The chain of subsidiaries in Japan, Malaysia and Australia, which has been in existence for some time, has been extended through the establishment of our own offices in China and India. We are striving to secure an above-average share in the growth generated in these regions by serving these markets through our own sales structures.



Reliable and Proven

Networking in production

Eppendorf is a globally operating company and a leading global supplier for the life sciences industry. Our international positioning matches our claim to be a global player and our international client base. “Think globally and act locally” is a maxim that also applies to us without any restrictions.

Development and production responsibilities are bundled in our competence centers. We research, develop and manufacture at six locations. The focus of our portfolio strategy is on integrated system solutions and innovative subsegments of the market for laboratory supplies that feature high growth rates and added value for the customer. The competence centers in Hamburg and Leipzig focus on instruments. In early 2005, Eppendorf Instrumente GmbH, at our headquarters in Hamburg, was subdivided into two stand-alone units – Instruments and Liquid Handling – to ensure enhanced focus on core competencies. Eppendorf Zentrifugen GmbH in Leipzig is responsible for the important segment of centrifuges. Eppendorf Polymere GmbH in Oldenburg is the center for injection-molded plastic products.

The development and production of reagents has been bundled at Eppendorf-5 Prime, Inc. in Boulder, Colorado (USA). The most recent addition to our competence centers, Eppendorf Array Technologies in Namur (Belgium), develops and produces biochips and they will play a very important role in the future of the company.

A new plant in North America

The extension and structure of our production network is based on the principle that production follows the market. The new plant for injection-molded plastic products was set up in the so-called “Plastic Corridor” near Hartford, Connecticut (USA). North America is by far the largest market for injection-molded plastic products. The plant in Enfield, which has been producing consumables since the start of 2005, fulfills all strategic requirements: Eppendorf is moving closer to the market; we are improving logistics; and we are reducing our company’s exposure to exchange-rate fluctuations. Leading positions in the U.S. market can neither be gained nor strengthened through pure export-based operations; successful market penetration requires the setup of local value chains. We intend to offset the implications for our German site in Oldenburg through the development of new product lines and further growth.



Eppendorf team in Boulder/USA

Asia – an important region

The internationalization of Eppendorf has not yet been completed. Our growth focus is shifting with the markets. We have established our own subsidiary in the fast-growing market of India, and we have set up a joint venture with one of our trading partners in China. The expansion of powerful organizations in the Asian region will remain the hot topic in the next few years.

Today, Eppendorf is represented by its own sales subsidiaries in all core markets outside Germany; they are responsible for actively marketing our complex systems that require extensive consulting services as well as for the introduction of new products. Supplemented by strategic partnerships with suitable trading organizations, this ensures our effectiveness in the market. This multichannel distribution strategy makes it possible to reach every laboratory in the world.

Setup and expansion of structures

- New plastics plant in Connecticut's "Plastic Corridor"
- From university spin-off to array plant in Belgium
- Life sciences reagents – a pipeline filled with innovative ideas



Research Needs Quality

Quality as an integral part of corporate culture

Since its establishment 60 years ago, Eppendorf has regarded quality as an invaluable component of its corporate culture. Quality permeates all areas, from products to processes to people. Its aim is complete satisfaction of customer requirements. Business success in this respect is ensured not only by the technologically best products, but also, and especially, by innovative products enabling customized solutions to specific problems. This requires a deep understanding of our customers' thinking and requirements. "Eppendorf quality" is a term regularly used in the laboratory environment; it represents the pioneering processes and developments that have made products and systems more reliable, safer and easier.

Validated processes at our customers' facilities require qualified suppliers. We therefore safeguard the quality of our products through an efficiently structured quality management system, and we regularly carry out formal internal and external audits. In the year under review, the corporate head office was again certified by TÜV Süd as per DIN EN ISO 9001:2000 or DIN EN ISO 13485. Nearly all of our competence centers have obtained their own certifications under the same standards.

Diagnosis: safety

Eppendorf products are frequently used in clinical environments and integrated in diagnostic processes. Although the IVD Directive does not apply directly to our products, we responded at an early stage and obtained IVD certification for our pipettes and dispensers, pipette tips, test tubes, centrifuges, mixers, thermostats and BioPhotometer cuvettes.



Eppendorf team in Oldenburg/Germany

Leadership through knowledge

Knowledge and quality are inseparably intertwined. Technological leadership is unattainable without a knowledge edge. Eppendorf has accumulated significant knowledge and expertise within its corporate group; however, the key to success is the ability to make specific knowledge available whenever and wherever it is needed. We have set up innovative communications systems, giving our employees access to the company's information sources and the external resources of the Internet. We offer our customers communications platforms in the form of hot-lines. Knowledge is also conveyed and disseminated in training courses, product and application seminars.

A Scientific Advisory Committee supports us in the selection and assessment of strategic goals in research and development. It helps us evaluate competing technologies, assists us in acquisitions, identifies technological trends and arranges contacts with opinion leaders on relevant trail-blazing issues. Given our broad product portfolio and the increasing complexity of the research environment, we regard such expert advice as indispensable.

In Vitro Diagnostics (IVD)

- New EU directive for clinical laboratories
- Rules for handling samples derived from the human body
- Integration of instruments, consumables and solutions
- Standardized quality and safety levels



“In Touch with Life”

Creating and identifying values

Eppendorf is one of the best-known brands in the laboratory industry. Our name can be found in almost every laboratory in the world. The benefits of our systems go far beyond traditional laboratory applications: Eppendorf supports biotechnology in its efforts to combat hunger and disease. The broad range of our technologies is the result of intensive observation and analysis of all laboratory processes that revolve around individual products. We routinely communicate with our customers to fully understand their requirements and wishes, using this input as the basis for developing attractive products that stand out in the market. The hallmarks of the Eppendorf brand are quality, innovative design and all-encompassing service. Our products are known for their reliability, precision, safety and ease of use. Our intrinsic value emanates from our vision – to create high-quality products that help improve the living conditions of mankind, hence, “In Touch with Life.”

“We are Eppendorf”

The development of strong brands is not an end in itself. It is an investment in long-term and sustainable value creation. For many years, we have strived to solidify our brand awareness within the research community and instill the confidence in our customers that they and their work are safe with Eppendorf. Our brand is the bond that unites Eppendorf worldwide and presents us as “We are Eppendorf” to all stakeholders. In the year under review, we further intensified our international positioning, particularly in the United States where we established Eppendorf North America, a company focusing exclusively on marketing Eppendorf products and promoting the brand. Our marketing subsidiary Brinkmann Instruments, whose portfolio has so far included third-party products in addition to Eppendorf’s own offerings, will now focus on the latter, our “Complementary Products.”

Brand communication

We have set our sights on enhancing the value of our brand and, thus the value of the company along its entire value chain. Our product philosophy is determined by “value innovations” that open up new processes and applications, which significantly improve the



Eppendorf team in New York/USA

attractiveness of our offerings. We set trends through product design and organize workshops for specialist users. At our Hamburg location, we develop uniform concepts for our presence at major trade fairs worldwide. Our catalogs are published in 14 versions and 11 languages. We offer BioNews, a magazine with comprehensive technology content, as a resource to our customers. We are in close contact with the scientific community so that we may gain first-hand experience with methods, processes and priorities in biotechnology research. The number of young scientists applying for our research prizes continues to increase steadily. In the year under review, our 10th annual “Eppendorf Young Investigator Award”, which offers prize money of € 15,000 at the European level, took place at the “Medica” fair. The “Eppendorf & Science Prize for Neurobiology,” now in its 4th year, is an international prize of US \$ 25,000. The Prize recognizes and rewards outstanding contributions to neurobiological research based on methods of molecular and cell biology. Our greatest efforts, however, continue to focus on optimizing the programs that we offer our employees, which are meant to enhance their qualifications, knowledge and social skills. After all, a brand is only as good as the people who create and support it.

Reference in the laboratory – the Eppendorf catalog

- 11 languages
- 14 versions
- Circulation > 300,000
- Approx. 850 products

DualChip Human Breast Cancer

- 160 genes for the classification of different tumor phenotypes
- 47 genes for the differentiation of hereditary types
- Classification of breast cancer with respect to its various manifestations
- Individualized treatment

Moving towards individualized medicine

Eppendorf's strength as a company is reflected in its strong innovation. Technological leadership is one of our most important strategic goals. Newly developed products and systems set standards and ensure our technological edge. We engage in professional knowledge management and protect most of our technologies through patents. A number of innovations presented in fiscal 2004 have ushered in a new phase of molecular biological research. This applies in particular to DNA microarrays. These biochips permit parallel analysis of many DNA detection points in the smallest possible format; various gene activities can be made visible and analyzed within the context of a disease. Most of the DNA microarray systems offered so far are very complex and difficult to implement as a routine application, this fact has prompted our research and development into easier and more user friendly technologies.

We plan to establish DNA microarrays as a standard technology. The introduction of our first DualChip DNA microarray in May 2004 represents the next step forward in our product portfolio to address the trend of sample miniaturization: from the Eppendorf Tube to microplates to the DualChip DNA Microarray format. The DualChip system is characterized by high quality and easy handling, and it is particularly suited to basic research.

Our most recent product in the DualChip series, launched in September 2004, is trail-blazing. This Human Breast Cancer chip is the first product to permit visualization of differentiated gene expression for breast cancer tumors in routine applications.

Eppendorf will further develop its product portfolio for gene expression systems in the direction of clinical research. In addition, new microarrays will cover applications such as genotyping and gene identification.

Systematic meets automatic

The new epMotion 5075 is a powerful series of workstations that perform a wide variety of routine laboratory tasks. Incorporating the epMotion 5070 Liquid Handling Station technology, Models 5075 can be easily and cost-effectively integrated in the laboratory environment to handle time-consuming routine tasks. An innovative control panel controls each system, eliminating the need for an externally linked computer. The basic unit can be extended through integration



Team Eppendorf Array Technologies, Namur/Belgium

of a vacuum station or a thermocycler, allowing the user to automate not just sample preparation, but also complex processes. Supreme flexibility and functionality in the smallest possible space make epMotion 5075 an immensely versatile life sciences tool.

Successful real-time PCR

Another innovation highlight in fiscal 2004 was the development of a reagent system uniquely optimized for probe-based real-time PCR assays. The Eppendorf RealMastermix improves essential characteristics of real-time PCR such as reproducibility, sensitivity and multiplexing capabilities. Real-time PCR is the most sensitive and specific method for real-time qualification of nucleic acid sequences. We will expand our portfolio to create an Eppendorf real-time PCR system and evolve the Mastercycler ep gradient S, which represents traditional PCR, into a “real-time cycler”.

A progressive philosophy

When developing solutions to application-related problems, Eppendorf has always banked on a holistic approach – without any compromise. We continually take users' requirements into consideration, and we have made scientific progress through state-of-the-art technologies. Our corporate philosophy, which has always centered on people, has now been given a name: Eppendorf PhysioCare Concept. This concept sets a new standard for integrated liquid handling systems and work processes. Instead of focusing on specific product characteristics, we have taken into account all application-relevant aspects of pipetting. Our portfolio includes manual and electronic, single-channel and multichannel pipettes with perfectly fitting pipette tips for all applications and budgets. The PhysioCare Concept sets new standards for shorter work processes and the highest degree of ergonomics and precision. Eppendorf is the world's first company to have received a certificate for ergonomics from TÜV-Rheinland for its manual research pipettes. A usability test documents that the use and handling of the pipettes comply with user requirements and tasks.

Molecular Technologies

Instruments

BioPhotometer



Handy measuring device for rapid and reliable quantification of ds/ssDNA, RNA, oligonucleotides, proteins and bacterial cell density (turbidity measurements).

Mastercycler ep thermocycler



One of the most advanced instruments for PCR applications. Even minute quantities of biological samples can be rapidly copied millions of times and the subsequent results precisely determined.

Workstation



epMotion® 5070 and 5075 are fully automated workstations performing a wide variety of routine liquid handling tasks in the laboratory.

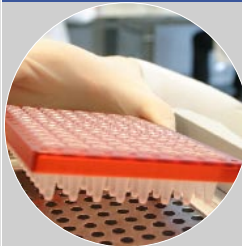
Consumables

Disposable cuvette



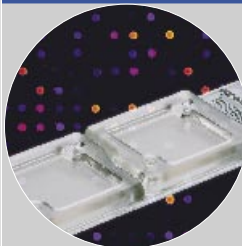
The UVette fulfills the highest specifications of modern spectrophotometric analysis in the UV range, and it can be optimally used for sensitive samples and small volumes.

Microplates



For multiple experiments in automated sequencers that are used in high-throughput DNA analysis.

DualChip microarrays



Carriers on which bio-molecules are positioned in a defined arrangement. Our microarrays have a special surface that optimizes the binding process.

Reagents

Molecular biological reagents



Ranging from pure molecular biology grade water to electrophoresis buffers, gel loading buffers and hybridization reagents to the well-known "Prime RNase Inhibitor."

PCR reagents



Are used for enzymatic processes for amplification of very small amounts of DNA and for subsequent detection (genetic fingerprint).

Nucleic acid purification kits



A combination of reagents and consumables for the purification of DNA or RNA, the genetic material and its working copies.

The products offered in this portfolio segment help perform specialized tasks in molecular biology and cell biology laboratories. For cell biology, Eppendorf supplies instruments for electroporation, electrofusion, micromanipulation, microinjection and microdissection. We have developed BioPhotometers for detection and (polymerase chain reaction – PCR) thermocyclers for targeted DNA amplification. The consumables range includes accessories for cell manipulation, cuvettes for photometers and PCR consumables. PCR reagents and DNA purification kits are key components of this range.

Microarray systems permit standardized multiple experiments, answer multiple questions and more easily generate reproducible results. Such biochips are the response to miniaturization and automation efforts aimed at handling the exponentially growing research volume. Eppendorf Array Technologies (EAT), our competence center in Namur, Belgium, develops not only the actual microarrays, but also an entire system of peripheral equipment for safe, rapid, reproducible and standardized work processes.

BioTools

Instruments

Benchtop centrifuges



Eppendorf microcentrifuges: the global standard in research and routine laboratories.

Pipettes



For dispensing, transferring and mixing defined micro-volumes. A wide range of fixed-volume, adjustable-volume and multichannel pipettes meets all application requirements.

Thermomixer comfort



Enables two-in-one work processes in the laboratory: simultaneous mixing and incubation.

Consumables

Test tubes



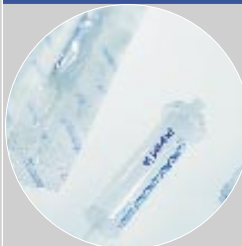
Laboratory vessels used to carry out experiments or analyses.

Pipette tips



Achieving the highest level of precision from today's pipettes is only possible if perfectly manufactured pipette tips are used. epTIPS are perfectly matched to Eppendorf pipettes.

Combitips plus



Nine different Combitips plus sizes permit 112 different dispensing volumes.

Eppendorf is the technology and market leader in this “BioTools” area – laboratory tools and consumables used primarily in biotechnology, but also in chemical, clinical, diagnostic and pharmaceutical laboratories. Eppendorf is the global market leader in instruments for liquid handling and microcentrifugation. The liquid handling segment comprises pipettes, dispensers and consumables such as pipette tips. The key products in separation technology are refrigerated and nonrefrigerated centrifuges, rotors and accessories. For sample preparation, Eppendorf offers a wide range of test tubes as well as thermostats and Thermomixers for sample conditioning.





Entrepreneurial responsibility does not end at the factory gates

Committed to mankind

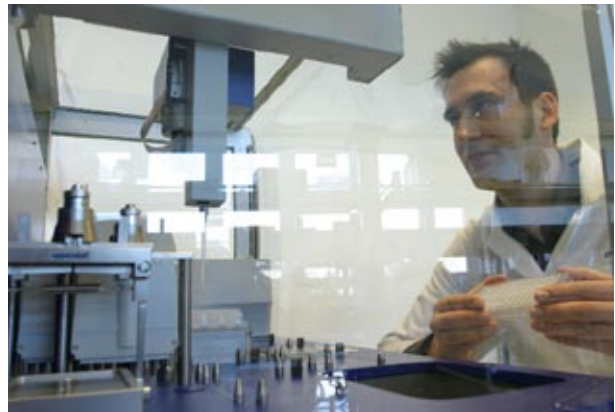
Biotechnology is a science whose goal is to benefit mankind. Society expects Eppendorf to provide high-quality solutions for improving people's living conditions. This is all the more true because Eppendorf's corporate development, ethics and culture ensure trustworthy and responsible products and services that contribute to advances in this area. Our entrepreneurial responsibility does not end at the factory gates. We are an integral part of society, whose changes are also reflected in our company. We communicate closely with the scientific community and inform society at large about relevant topics. As a company with its roots in Hamburg, we affirm our support for Germany as a business location, all the more because we are internationally positioned. We contribute significantly to the German community by training young people, creating jobs, making investments and paying taxes.

We are responsible for the entire Eppendorf family, whose members can be found around the globe. The bond that holds everyone together is our corporate culture – with its distinctive identity and firmly embedded intrinsic values. Employees share the same goals even though their environments are shaped by different cultures, religions, languages, attitudes, climates and time zones. Integration management has traditionally been a high priority for Eppendorf.

Yes to Eppendorf – “Join The Circle”

Eppendorf is one of the largest employers in the biotechnology sector. We need employees with a high level of expertise, strong commitment and a strong sense of loyalty. Our demand for creative, highly motivated and internationally minded people is high as these individuals are the innovation drivers and engines for the future development of our company. The key task of our human resource management is to encourage and challenge employees in accordance with their talents and abilities and instill our corporate goals in them. Management's credibility is mainly based on social skills and the embodiment of the Eppendorf values. Our cooperation is characterized by understanding, mutual appreciation and respect for others, irrespective of their background and culture. We are fair and open in our actions, and we are willing to help and allow others to help us. We are strong in teams because individuals' capabilities complement one another. We provide timely, comprehensive and comprehensible information.

Eppendorf is an attractive employer, and thanks to our favorable outlook we offer job security. Our working environment is positive, and personal freedom is broadly enjoyed: we delegate not only tasks and projects, but also the associated decision-making power and responsibility; those wishing to develop their potential will not be held back by any barriers,



and employees make constructive and critical contributions to decisions – we see differences in opinion as opportunities for learning and finding productive solutions. As a matter of principle, every employee is responsible for his or her personal and professional progress – they forge their own way to the top. We support all employees in their chosen career path by providing targeted development opportunities.

In fiscal 2004, Eppendorf employed an average of 1,748 staff members, of which 715 were located outside of Germany.

Yes to qualification

The range of training opportunities is diverse and includes both individual and collective measures, depending on requirements. It runs the gamut from leadership training to enhancement of personal work techniques, from business administration and behavioral seminars to advanced language courses. In addition, we enable our high achievers to participate in special mentoring and coaching programs.

Another key element of our human resources management is the development of leaders. We identify employees with high leadership potential, prepare them in a clearly targeted manner for both current and future activities and provide them with individual advice for their further development. Promising high achievers are deployed domestically and abroad in rotating assignments. Internal rather than external candidates continue to be our choice to optimally staff managerial positions.

The principle of finding young professionals from within our own ranks is also promoted by high-quality training from the start of their careers – we have a longstanding tradition of offering training in tried-and-proven as well as future-oriented careers: In our search for the best, we also, among other things, offer students an opportunity to gain experience through internships; we also support scientific studies.

At the end of the fiscal year under review, 28 young people were being trained in our group, 13 of them at our Hamburg location.

Report on the Financial Situation of the Eppendorf Group

- Recovery in the international life sciences markets
- Pleasing increase in sales and earnings
- Improvement in asset and financial position
- Further strengthening of international sales structures

In the wake of the consolidation process recorded in the last two years, notably in the global biotechnology sector, a period of fresh momentum is gradually emerging in the marketplace. However, the strength of this recovery differs widely from region to region: while business in the U.S. and Asia is gathering noticeable speed, the revival is discernible only in certain market segments in Western Europe.

In the period under review, the Eppendorf Group continued to pursue its strategy to invest in distribution channels and new markets, with a focus on the expansion and enhancement of the existing organization. In addition, newly developed products were launched, as planned, in the course of the year. In order to establish additional production operations in the dollar area, the company began work on the construction of a production facility in the United States in mid-2004. As scheduled, production commenced toward the end of the fiscal year under review.

Eppendorf again displayed strength and high resilience in fiscal 2004. Adjusted for currency movements, consolidated sales were boosted substantially; above average growth was generated in North America and Asia, and many European markets recorded positive developments. By contrast, sales in the German market declined in the year under review. To some extent, the positive business performance was obscured by the weakness of the U.S. dollar and the yen.

These annual financial statements at December 31, 2004, are the first to have been prepared in accordance with International Financial Reporting Standards (IFRS).

Sales growth reduced by dollar weakness, further growth in earnings

In fiscal 2004, consolidated net sales increased by 6.1 percent, or € 16.5 million, to € 286.5 million. Had the exchange rates for the U.S. dollar and the Japanese yen remained unchanged, consolidated sales would have been 11.6 percent higher (totalling € 301.3 million). In the Complementary Products segment, this growth includes the effect of a first-time consolidation and the implications of portfolio adjustments.

Sales and earnings

in € million	Sales	EBIT	EBIT margin
	●	●	○
03	270.1	36.9	13.7%
04	286.5	40.1	14.0%

Excluding currency effects, net sales in North America and Asia/Pacific grew at double-digit rates; in Western Europe, they stagnated because of the sluggish German market.

At the business segment level, too, exchange-rate trends reduced sales growth. Assuming constant exchange rates, BioTools recorded a sales gain of 6.6 percent; on the basis of current exchange rates, however, its sales expanded only € 3.6 million (+1.8 percent), to € 198.1 million. Adjusted for currency effects, the growth segment of Molecular Technologies saw sales surge by 17.5 percent. On the basis of current exchange rates, the segment recorded a significant increase of € 5.1 million (+12.8 percent), to € 44.8 million.

Overall, income from operations (EBIT) of € 40.1 million in fiscal 2004 exceeded the prior-year level (€ 36.9 million) by about 9 percent.

Net income of the Eppendorf Group also increased by 9 percent, to € 24.4 million.

Segment results: above-average performance in BioTools; strong investment in Molecular Technologies

Eppendorf focuses on three business segments: BioTools, Molecular Technologies, and Complementary Products. The operating result of each division is defined as earnings before interest, taxes and goodwill amortization (EBITA). It is calculated by directly allocating the respective segment's manufacturing costs that are incurred for the generation of sales revenues as well as research and development expenses. Sales, marketing and administrative expenses are controlled by Eppendorf on a groupwide basis. These costs are allocated in accordance with the individual segment's share in total net revenues.

The BioTools segment consists primarily of instruments and consumables that are used for a wide variety of laboratory tests in the life sciences industry and other research areas.

The operating result in this segment increased to € 46.7 million.

BioTools

in € million		Sales	EBITA	EBIT margin
		●	●	○
03		194.6	41.8	21.5%
04		198.1	46.7	23.6%

The Molecular Technologies segment consists of application-specific products and integrated systems for laboratory research in molecular biology. Its product range includes instruments, consumables and reagents.

Continued strong investments in research and development and in a further expansion of the sales organization in this strategic growth segment resulted in an operating loss of € 8.1 million, which was consistent with expectations.

Molecular Technologies

in € million		Sales	EBITA	EBIT margin
		●	●	○
03		39.8	-7.3	-18.3%
04		44.8	-8.1	-18.0%

The Complementary Products segment encompasses analytical systems and associated consumables and reagents, which the Eppendorf Group sells in selected regional markets to complement its core product offerings.

Its operating result was € 2.9 million.

Complementary Products

in € million		Sales	EBITA	EBIT margin
		●	●	○
03		35.7	2.5	6.9%
04		43.6	2.9	6.6%

Asset and financial position further strengthened

Total assets expanded by 7.1 percent year to year, from € 237.6 million to € 254.5 million.

Due to the net annual income generated, shareholders' equity, increased by € 9.8 million (8.4 percent), from € 116.5 million to € 126.3 million. The equity ratio stood at 49.6 percent on the reporting date (previous year: 49.0 percent).

Increased capital expenditure, continued increase in the cash position

The Eppendorf Group invested € 19.0 million in intangible and tangible assets (previous year: € 14.7 million). Depreciation amounted to € 13.3 million in the year under review (previous year: € 12.7 million).

Net cash held in bank accounts improved by € 14.2 million, to € 58.8 million (previous year: € 44.6 million).

Capital expenditure, depreciation, cash flow

in € million		Capital expenditure	Depreciation	Cash flow
		○	○	●
03		14.7	12.7	37.8
04		19.0	13.3	39.5

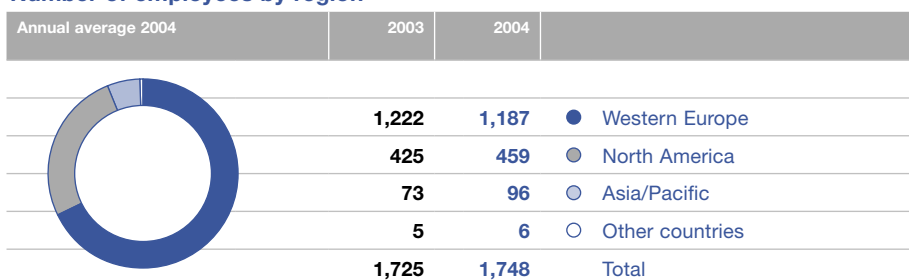
Research and development remained at high quality levels

At five group locations, 163 employees in development units are working on the Group's technologies (previous year: 161). With 59 new patent applications and 57 new patents granted in the year under review, the Group's overall portfolio once again increased significantly. Protection of its technologies through patents is a key element of Eppendorf's strategy.

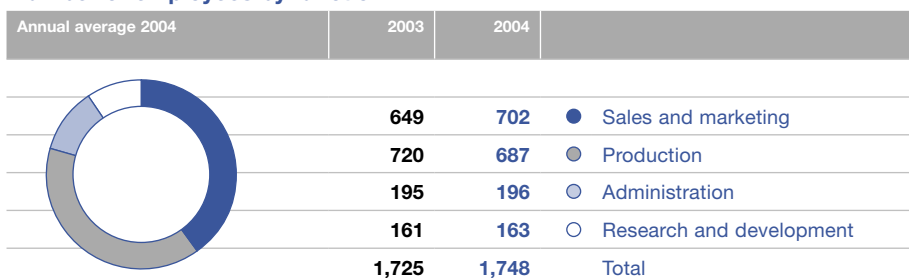
Number of employees increased slightly

On average, Eppendorf employed 1,748 staff members in fiscal 2004 (previous year: 1,725). This corresponds to an increase of 1.3 percent in the number of employees. In the year under review, the sales organization was the focal point of workforce expansion.

Number of employees by region



Number of employees by function



Risk management

Apart from general business risks, Eppendorf is subject to specific risks that are mainly the result of its international activities, its customer base and its technological developments and products.

As a globally operating company with a high export share, Eppendorf is exposed to exchange rate risks. Sales transactions in North America are billed exclusively in US dollars, and sales in Japan are invoiced in yen. In addition, economic changes in individual country-specific markets may have an adverse effect on the company's profitability. Eppendorf's Area Sales Management carefully analyzes

country-specific market changes with the support of advanced information systems. High requirements are also placed on foreign subsidiaries' financial reporting.

Most of our customers are active in the biotechnology sector and in the pharmaceutical and chemical industries. Cuts in R&D budgets, capital expenditure or public/private funding may have a negative impact on net sales.

Eppendorf's strategy involves the continual introduction of innovative products into the marketplace. In this context, the company often uses new technologies for which only limited application experience is available and which may lie at the limits of what is technologically feasible. Insufficient product maturity and product quality shortfalls may lead to warranty or product liability obligations. New technologies introduced by competitors could make Eppendorf's own processes uneconomical, and new patents may delay in-house product developments. This may have an adverse effect on Eppendorf's market positioning. To protect itself against these risks, Eppendorf has implemented an extensive quality assurance and project-management system.

Events after the close of fiscal year 2004

No developments or events occurred after the close of the fiscal year under review that might influence the picture of the Company's situation presented in these consolidated financial statements.

Outlook

We again expect the market to develop favorably in fiscal 2005. Clear signs of the emergence of dynamic growth are discernible in our major markets. A number of markets in Western Europe continue to present a difficult picture. The sustainability of the overall trend is being bolstered by the increasing stabilization of biotech companies, which are our most important customer group – especially in the Molecular Technologies segment.

Until the end of 2004, currency risks were hedged by highly favorable hedging transactions. On the basis of current exchange rates, earnings will be burdened noticeably in fiscal 2005; a number of measures have already been initiated to tackle the resulting challenges.

Consolidated financial statements according to IFRS (abbreviated version)

The information below provides an overview of the consolidated financial statements in accordance with IFRS, which were audited by Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Stuttgart, Hamburg office and received an unqualified auditor's opinion.

Consolidated Balance Sheet

at December 31

ASSETS

EUR '000	2003	2004
Current assets		
Cash and cash equivalents	44,586	58,768
Trade accounts receivable	46,756	52,340
Accounts receivable from related parties	1,653	173
Inventories	50,493	53,862
Other assets	21,394	3,310
Total current assets	164,882	168,453
Property, plant and equipment (net)	50,951	55,856
Long-term investments	4,020	551
Goodwill and acquired intangible assets (net)	4,895	8,820
Deferred tax assets	12,039	19,817
Other assets	773	1,028
Total assets	237,560	254,525

LIABILITIES AND SHAREHOLDERS' EQUITY

EUR '000	2003	2004
Current liabilities		
Short-term borrowings from banks	0	0
Trade accounts payable	12,920	10,294
Accrued liabilities	29,045	30,438
Accrued taxes on income	2,811	7,096
Other current liabilities	3,941	3,894
Total current liabilities	48,717	51,722
Deferred tax liabilities	1,109	1,525
Provisions for pensions and other employee benefits	71,209	74,758
Other liabilities	44	180
Total liabilities	121,079	128,185
Minority interests		
Shareholders' equity	54,700	54,700
Common stock	49,496	61,385
Paid-in capital	13,878	19,778
Retained earnings	-3,772	-14,788
Accumulated other aggregate income	2,179	5,265
Total shareholders' equity	116,481	126,340
Total liabilities and shareholders' equity	237,560	254,525

Consolidated Statement of Income

at December 31

EUR '000	2003	2004
Net sales	270,058	286,517
Cost of sales	-108,568	-116,060
Gross profit	161,490	170,457
Operating expenses		
Research and development	-19,651	-19,529
Sales and marketing	-76,505	-81,436
General and administrative	-28,294	-28,037
Other operating income	907	-17
Amortization of goodwill and acquired intangible assets	-1,039	-1,320
Total operating expenses	-124,582	-130,339
Income from operations	36,908	40,118
Other income/expenses		
Share of profit (loss) generated by affiliated companies	630	458
Interest income	762	905
Interest expenses	-207	-179
Income before income taxes and minority interests	38,093	41,302
Income taxes	-15,774	-16,870
Income before minority interests	22,319	24,432
Minority interests	-51	-44
Net income	22,268	24,388

Consolidated Statement of Cash Flows

at December 31

EUR '000	2003	2004
Cash flow*	37,762	39,452
Changes in operating assets and liabilities	-1,817	-1,498
Net cash provided by operating activities	35,945	37,954
Net cash used in investing activities	-14,396	-17,941
Net cash used in financing activities	-5,322	-5,462
Effect of changes in exchange rates on cash	-838	-369
Net change in cash and cash equivalents	15,389	14,182
Cash and cash equivalents		
at January 1	29,197	44,586
at December 31	44,586	58,768

*Net income adjusted for non-cash expenses/income

Report of the Supervisory Board

During fiscal 2004, the Supervisory Board convened for a total of four meetings, on March 4, May 28, September 2, and December 2, and for an extraordinary, constituent meeting of the Supervisory Board on June 18, in which it looked closely at the financial situation and development of the company. In addition, it was regularly briefed by the Management Board about the latter's activities and business trends in the group. The emphasis in these discussions was on the company's revenue trend, major development projects, capital expenditure plans, and the financing of the group. Transactions requiring the approval of the Supervisory Board were reviewed in detail and discussed jointly by the Supervisory and Management Boards.

In four meetings, the quarterly financial statements were discussed in particular detail by the Audit Committee of the Supervisory Board.

In addition, the Chairman of the Supervisory Board was kept constantly informed by the Chairman of the Management Board and consulted in cases of doubt or far-reaching decisions.

The accounts, annual financial statements, consolidated financial statements and management reports for the company and group were examined with respect to their compliance with the German Commercial Code (HGB) by the auditor Ernst & Young AG Wirtschaftsprüfungsgesellschaft Stuttgart, Hamburg office. The auditor was commissioned to carry out this assignment at the Annual General Meeting held June 18, 2004, and issued an unqualified opinion. The Supervisory Board discussed the audit reports as well as the accompanying reports prepared by the Management Board and the corporate and consolidated financial statements of Eppendorf AG. The auditor informed the Supervisory Board of the key findings of its audit, and no objections were raised. The Supervisory Board concurred with the audit result and approved the annual financial statements of Eppendorf AG and the consolidated financial statements.

The Supervisory Board would like to thank the Management Board, the executives and all employees of the Eppendorf Group for their dedicated efforts and successful work for the company in fiscal 2004.

Hamburg, June 2, 2005



Dr. Robert Mann
Chairman of the Supervisory Board

Boards

Supervisory Board

Dr. Robert Mann
Chairman

Ernst Arp
Vice Chairman

Adrian Déteindre

Hans Hinz

Brigitte Schleicher
(Staff representative)
until June 18, 2004

Günter Waldeck
(Staff representative)
until June 18, 2004

Marlis Kripke
(Staff representative)
since June 18, 2004

Peter Schmidt
(Staff representative)
since June 18, 2004

Management Board

Klaus Fink
Chairman

Detmar Ammermann

Dr. Heinz Gerhard Köhn

Dr. Michael Schroeder

Committee

Scientific Advisory Committee

Prof. Rolf D. Schmid
Speaker

Prof. Konrad Beyreuther

Prof. Cornelius Knabbe

Prof. Frieder W. Scheller

Concept, Text and Design
Kirchhoff Consult AG,
Hamburg/Germany

This report is also
available in German.

As of: December 31, 2004

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