

**Buy** (old: Buy)

**Price target: EUR 38.50** (old: EUR 38.50)

<b>Price:</b>	EUR 28.67	<b>Next result:</b>	Q2 02.08.2011
<b>Bloomberg:</b>	EUZ GR	<b>Market cap:</b>	EUR 147.2 m
<b>Reuters:</b>	EUZG.DE	<b>Enterprise Value:</b>	EUR 139.0 m

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### Germany's exit from nuclear: a reason to BUY

Germany is in the process of exiting nuclear energy by 2022 at the latest. All reactors built before 1980 representing 41% of Germany's total nuclear capacity have been shut down already.

A package of comprehensive laws to manage this policy shift is expected to reach the Bundestag over the course of July.

**This opportunity could add a further € 3.5 per share to the current price target of EUZ yielding an "all-in" fair value per share at € 42.0: a 57% upside to current levels.**

The German government has estimated the total decommissioning cost at € 5.4 billion over a period of up to 10 years, **which would imply an annual market opportunity of € 540m.**

It is our understanding that, within the entire decommissioning process EUZ's KSE (Kompetenzzentrum für Sichere Entsorgung) can essentially supply on-site treatments as well logistics, processing and disposal: a sub-segment of the tasks required to lay still a nuclear power plant. EUZ's run-rate revenues could be up to € 50m annually (see DCF next page).

There are currently three main players in the market able to carry out the decommissioning work:

- GNS (Gesellschaft für Nuklear Service mbH)**, owned by Germany's major power companies (Eon 48%, RWE 28%, EnBW 18.5%, Vattenfall 5.5%): 2009 sales of € 216m, with an EBIT margin of some 10%. The biggest business segment is the storing and transport of spent fuel rods (CASTOR containers) accounting for 38% of sales. Low level radioactive waste processing accounts for € 49m in sales or 23% of sales. No EBIT available.
- EWN Group**, now owned by the Federal Finance Ministry and formerly the nuclear decommissioning body of East Germany. The company is currently decommissioning and dismantling a nuclear power plant in the Land of Mecklenburg – Western Pomerania and one in the Land of Brandenburg. EWN deals both with spent fuel rods and with low level radioactive waste.

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Y/E 31.12 (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Sales	54.4	71.6	101.4	111.1	120.6	128.4	135.0
Sales growth	8 %	32 %	42 %	10 %	9 %	6 %	5 %
EBITDA	9.7	18.7	22.6	26.4	32.4	35.2	41.5
EBIT	6.0	9.6	15.5	16.6	21.8	23.8	29.5
Net income	1.9	4.5	13.3	9.4	11.9	13.1	17.1
Net debt	6.8	10.9	-23.8	-7.6	-15.0	-23.9	-35.7
Net gearing	18.7 %	26.6 %	-31.2 %	-11.2 %	-20.2 %	-28.5 %	-27.0 %
Net Debt/EBITDA	0.7	0.6	0.0	0.0	0.0	0.0	0.0
EPS fully diluted	0.61	1.43	3.48	1.81	2.28	2.51	3.29
CPS	0.93	1.16	3.71	1.01	1.71	2.23	3.12
DPS	0.25	0.30	0.45	0.60	0.76	0.83	0.00
Dividend yield	0.9 %	1.0 %	1.6 %	2.1 %	2.6 %	2.9 %	3.8 %
Gross profit margin	49.3 %	47.7 %	50.4 %	52.0 %	52.0 %	52.0 %	52.0 %
EBITDA margin	17.8 %	26.2 %	22.2 %	23.8 %	26.9 %	27.4 %	30.7 %
EBIT margin	11.0 %	13.4 %	15.2 %	14.9 %	18.0 %	18.6 %	21.9 %
ROCE	11.1 %	10.4 %	14.4 %	16.2 %	19.0 %	19.0 %	20.2 %
EV/sales	1.8	1.4	1.3	1.3	1.2	1.0	0.9
EV/EBITDA	9.9	5.3	5.8	5.5	4.3	3.7	2.9
EV/EBIT	16.0	10.5	8.6	8.8	6.4	5.5	4.0
PER	46.7	20.1	14.5	15.8	12.6	11.4	8.7
Adjusted FCF yield	3.2 %	10.0 %	9.8 %	8.0 %	10.3 %	12.3 %	16.5 %

Source: Company data, Hauck & Aufhäuser Close price as of: 28.06.2011



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 31.11 / 22.50  
**Price/Book Ratio:** 2.0  
**Relative performance (SDAX):**  
 3 months 5.3 %  
 6 months 7.4 %  
 12 months -9.9 %

#### Changes in estimates

		Sales	EBIT	EPS
2011	<b>old:</b>	120.6	21.8	2.29
	$\Delta$	0.0%	-	-
2012	<b>old:</b>	128.4	23.8	2.51
	$\Delta$	-	-	-
2013	<b>old:</b>	135.0	29.5	3.30
	$\Delta$	-	-	-

#### Key share data:

Number of shares: (in m pcs) 5.2  
 Authorised capital: (in € m) 0.6  
 Book value per share: (in €) 14.3  
 Ø trading volume: (12 months) 20,453

#### Major shareholders:

Free float 64.2 %  
 Founders 34.4 %  
 Eckert & Ziegler AG 1.4 %

#### Company description:

Produces and markets a wide range of industrial and medical applications featuring radioactive isotopes, including prostate seed implants, calibration standards and radiation afterloaders.

EWN had sales of € 27m and EBIT of -€ 71m as the sales of this state-owned unprofitably run body cover half of personnel expenses. Hence EWN's profitability should by no means be considered an indicator for a commercially run operation. Interestingly, the company is also a specialist in the decommissioning of nuclear submarines, which allowed it to win projects in Russia and Canada.

3. **KSE GmbH**, a direct affiliate of EUZ which has historically focused on the recycling of radioactive waste used by industry, research institutes and hospitals.

Entry is made difficult by complex and country specific regulation and accreditations processes.

However we believe that a foreign operator could potentially partner with an incumbent player via a JV structure. **One entrant we can think of Energy Solutions of the US.**

The company is a nuclear waste disposal specialist offering cradle to grave waste management services including decommissioning, environmental restoration, recycling, logistics, emergency response and defueling.

It owns the largest commercial low-level radioactive waste (LLRW) disposal facility in the US (soil, debris, clothing, resins, medical waste) with a stable and recurring base of large customers including nuclear utilities, DOE, and the UK NDA (Nuclear Decommissioning Agency).

ES had sales of USD 1.75 billion and EBIT of USD 143m (8.2% margin) in FY 2010. The company was very acquisitive in 2005 to 2007 and is still in process of integrating those assets. The implementation of planned cost savings should increase the EBIT margin to 10% by 2012.

**Interestingly, ES's Commercial Services segment, most akin to EUZ's KSE generates an impressive EBIT margin of 29%.**

We valued the "German decommissioning opportunity" for EZAG using the following set of assumptions

- Overall market € 5.4 billion
- Annual market revenue stream over 15 years: € 360m
- Estimated process share KSE € 25m to € 50m.
- Run-rate EBIT margin 25%, including a doubling of headcount at KSE to 40 employees.
- Corporate tax rate of 33%.
- EUZ WACC assumptions.
- Capex required: € 27.6m including to be broken down into € 12.6m for the buildings (new facilities with thick concrete walls, amortised over 25 years) and € 15m for machinery (e.g. shredders, compressors, amortised over 10 years).
- Revenue flow assumed to reach steady-state in 2020, one year after Schacht Konrad, the state-owned depository for low level radioactive waste, is scheduled to open for business. Prior to that, KSE is assumed to use own interim storage capacity.

DCF Environmental Services - Nuclear Power Plants Decommissioning

€ m	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenues	5.0	8.0	12.0	18.0	36.0	38.0	40.0	42.0	46.0	50.0	50.0	50.0	50.0	50.0	54.0	55.0	56.0	57.0	58.0	59.0	60.0	61.0
EBIT	0.0	1.0	1.9	3.2	9.0	9.5	10.0	10.5	11.5	12.5	12.5	12.5	12.5	12.5	13.5	13.8	14.0	14.3	14.5	14.8	15.0	15.3
EBIT Margin	n.m	12%	16%	18%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Tax rate	n.a	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Taxes	n.a	0.3	0.6	1.1	3.0	3.1	3.3	3.5	3.8	4.1	4.1	4.1	4.1	4.1	4.5	4.5	4.6	4.7	4.8	4.9	5.0	5.0
NOPAT	0.0	0.6	1.3	2.2	6.0	6.4	6.7	7.0	7.7	8.4	8.4	8.4	8.4	8.4	9.0	9.2	9.4	9.5	9.7	9.9	10.1	10.2
D&A	0.0	0.2	1.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Capex	0.6	12.0	15.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0	0	0	0
WACC	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Cash Flow	-0.6	-11.1	-12.5	2.2	6.0	6.4	6.7	7.0	7.7	8.4	8.4	8.4	8.4	8.4	9.0	9.2	9.4	9.5	11.7	11.9	12.0	12.2
Time coefficient	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5
Discount factor	1.0	0.9	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Present value	-0.6	-9.9	-10.2	1.6	4.2	4.1	4.0	3.9	3.9	4.0	3.7	3.4	3.1	2.9	2.9	2.7	2.6	2.4	2.7	2.5	2.4	2.2
Total present value		18.2																				
NOSH		5.2																				
Incremental value per share																						€ 3.5

Source: H&A estimates

## Financials

Profit and loss (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Sales</b>	<b>54.4</b>	<b>71.6</b>	<b>101.4</b>	<b>111.1</b>	<b>120.6</b>	<b>128.4</b>	<b>135.0</b>
<i>Sales growth</i>	8.1 %	31.5 %	41.6 %	9.6 %	8.6 %	6.4 %	5.2 %
Cost of sales	27.6	37.5	50.3	53.3	57.9	61.6	64.8
<b>Gross profit</b>	<b>26.9</b>	<b>34.2</b>	<b>51.1</b>	<b>57.8</b>	<b>62.7</b>	<b>66.7</b>	<b>70.2</b>
Sales and marketing	10.2	15.1	18.4	18.9	21.1	22.5	23.6
General and administration	10.5	14.6	19.1	18.8	19.9	20.5	21.6
Research and development	0.3	3.1	2.5	2.9	3.1	3.3	3.5
Other operating income	0.6	17.2	9.3	2.9	3.1	3.3	3.5
Other operating expenses	0.5	9.0	5.0	3.5	-0.1	-0.1	-4.6
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>9.7</b>	<b>18.7</b>	<b>22.6</b>	<b>26.4</b>	<b>32.4</b>	<b>35.2</b>	<b>41.5</b>
Depreciation	3.7	9.2	7.1	9.8	10.7	11.4	12.0
<b>EBITA</b>	<b>6.0</b>	<b>9.6</b>	<b>15.5</b>	<b>16.6</b>	<b>21.8</b>	<b>23.8</b>	<b>29.5</b>
Amortisation of goodwill	0.0	0.0	4.4	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>6.0</b>	<b>9.6</b>	<b>15.5</b>	<b>16.6</b>	<b>21.8</b>	<b>23.8</b>	<b>29.5</b>
Interest income	0.1	0.1	0.1	0.3	0.3	0.3	1.4
Interest expenses	0.8	1.2	1.3	2.5	2.7	2.9	3.1
Other financial result	-0.3	-0.1	1.0	0.0	0.0	0.0	0.0
Financial result	-1.1	-1.3	-0.3	-2.2	-2.4	-2.6	-1.6
<b>Recurring pretax income from continuing operations</b>	<b>4.9</b>	<b>8.3</b>	<b>15.2</b>	<b>14.4</b>	<b>19.3</b>	<b>21.3</b>	<b>27.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>4.9</b>	<b>8.3</b>	<b>15.2</b>	<b>14.4</b>	<b>19.3</b>	<b>21.3</b>	<b>27.9</b>
Taxes	2.8	5.3	-6.7	3.9	6.4	7.0	9.2
<b>Net income from continuing operations</b>	<b>2.2</b>	<b>3.0</b>	<b>21.9</b>	<b>10.4</b>	<b>13.0</b>	<b>14.3</b>	<b>18.7</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>2.2</b>	<b>3.0</b>	<b>21.9</b>	<b>10.4</b>	<b>13.0</b>	<b>14.3</b>	<b>18.7</b>
Minority interest	0.2	-1.5	8.6	1.0	1.1	1.2	1.6
<b>Net income (net of minority interest)</b>	<b>1.9</b>	<b>4.5</b>	<b>13.3</b>	<b>9.4</b>	<b>11.9</b>	<b>13.1</b>	<b>17.1</b>
Average number of shares	3.1	3.1	3.8	5.2	5.2	5.2	5.2
<b>EPS reported</b>	<b>0.62</b>	<b>1.43</b>	<b>3.48</b>	<b>1.81</b>	<b>2.29</b>	<b>2.51</b>	<b>3.30</b>

Profit and loss (common size)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Cost of sales	50.7 %	52.3 %	49.6 %	48.0 %	48.0 %	48.0 %	48.0 %
<b>Gross profit</b>	<b>49.3 %</b>	<b>47.7 %</b>	<b>50.4 %</b>	<b>52.0 %</b>	<b>52.0 %</b>	<b>52.0 %</b>	<b>52.0 %</b>
Sales and marketing	18.8 %	21.1 %	18.2 %	17.0 %	17.5 %	17.5 %	17.5 %
General and administration	19.2 %	20.4 %	18.8 %	16.9 %	16.5 %	16.0 %	16.0 %
Research and development	0.5 %	4.3 %	2.5 %	2.6 %	2.6 %	2.6 %	2.6 %
Other operating income	1.0 %	24.1 %	9.2 %	2.6 %	2.6 %	2.6 %	2.6 %
Other operating expenses	0.9 %	12.5 %	4.9 %	3.1 %	-0.1 %	-0.1 %	-3.4 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>17.8 %</b>	<b>26.2 %</b>	<b>22.2 %</b>	<b>23.8 %</b>	<b>26.9 %</b>	<b>27.4 %</b>	<b>30.7 %</b>
Depreciation	6.9 %	12.8 %	7.0 %	8.9 %	8.9 %	8.9 %	8.9 %
<b>EBITA</b>	<b>11.0 %</b>	<b>13.4 %</b>	<b>15.2 %</b>	<b>14.9 %</b>	<b>18.0 %</b>	<b>18.6 %</b>	<b>21.9 %</b>
Amortisation of goodwill	0.0 %	0.0 %	4.3 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>11.0 %</b>	<b>13.4 %</b>	<b>15.2 %</b>	<b>14.9 %</b>	<b>18.0 %</b>	<b>18.6 %</b>	<b>21.9 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.3 %	0.3 %	0.3 %	1.1 %
Interest expenses	1.5 %	1.7 %	1.3 %	2.3 %	2.3 %	2.3 %	2.3 %
Other financial result	-0.5 %	-0.2 %	0.9 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-1.9 %	-1.8 %	-0.3 %	-2.0 %	-2.0 %	-2.0 %	-1.2 %
<b>Recurring pretax income from continuing operations</b>	<b>9.0 %</b>	<b>11.6 %</b>	<b>14.9 %</b>	<b>12.9 %</b>	<b>16.0 %</b>	<b>16.6 %</b>	<b>20.7 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>9.0 %</b>	<b>11.6 %</b>	<b>14.9 %</b>	<b>12.9 %</b>	<b>16.0 %</b>	<b>16.6 %</b>	<b>20.7 %</b>
Tax rate	56.3 %	63.4 %	-44.5 %	27.4 %	33.0 %	33.0 %	33.0 %
<b>Net income from continuing operations</b>	<b>3.9 %</b>	<b>4.2 %</b>	<b>21.6 %</b>	<b>9.4 %</b>	<b>10.7 %</b>	<b>11.1 %</b>	<b>13.9 %</b>
Result from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>3.9 %</b>	<b>4.2 %</b>	<b>21.6 %</b>	<b>9.4 %</b>	<b>10.7 %</b>	<b>11.1 %</b>	<b>13.9 %</b>
Minority interest	0.4 %	-2.0 %	8.5 %	0.9 %	0.9 %	0.9 %	1.2 %
<b>Net income (net of minority interest)</b>	<b>3.6 %</b>	<b>6.3 %</b>	<b>13.1 %</b>	<b>8.5 %</b>	<b>9.8 %</b>	<b>10.2 %</b>	<b>12.7 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Intangible assets</b>	<b>18.2</b>	<b>38.7</b>	<b>42.1</b>	<b>40.9</b>	<b>40.9</b>	<b>40.9</b>	<b>40.9</b>
Property, plant and equipment	17.7	23.8	27.3	27.6	25.9	24.5	24.6
Financial assets	1.7	1.4	1.8	1.3	1.3	1.3	1.3
<b>FIXED ASSETS</b>	<b>37.7</b>	<b>63.9</b>	<b>71.1</b>	<b>69.8</b>	<b>68.1</b>	<b>66.8</b>	<b>66.8</b>
Inventories	7.7	8.6	12.6	12.7	14.4	15.3	16.1
Accounts receivable	11.5	14.0	16.2	17.3	19.2	20.4	21.5
Other current assets	2.2	3.5	6.2	3.1	7.4	7.9	8.3
Liquid assets	5.4	7.6	43.9	29.4	36.8	45.7	57.5
Deferred taxes	3.1	1.2	11.8	12.2	14.0	14.9	15.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>29.9</b>	<b>34.9</b>	<b>90.8</b>	<b>74.7</b>	<b>91.8</b>	<b>104.3</b>	<b>119.0</b>
<b>TOTAL ASSETS</b>	<b>67.6</b>	<b>98.8</b>	<b>161.9</b>	<b>144.5</b>	<b>159.9</b>	<b>171.0</b>	<b>185.8</b>
SHAREHOLDERS EQUITY	36.1	40.9	76.4	68.3	74.4	84.1	131.9
MINORITY INTEREST	0.4	2.0	10.3	5.3	6.4	7.6	0.0
Long-term debt	3.9	10.8	14.3	16.0	16.0	16.0	16.0
Provisions for pensions and similar obligations	0.1	0.4	5.7	5.9	6.8	7.2	7.6
Other provisions	3.7	16.5	18.3	19.5	19.5	19.5	0.0
<b>Non-current liabilities</b>	<b>7.7</b>	<b>27.7</b>	<b>38.2</b>	<b>41.5</b>	<b>42.3</b>	<b>42.8</b>	<b>23.6</b>
short-term liabilities to banks	8.3	7.8	5.8	5.8	5.8	5.8	5.8
Accounts payable	3.9	4.3	4.4	4.3	4.7	5.0	5.3
Advance payments received on orders	0.3	1.0	8.0	3.4	4.0	2.0	0.0
Other liabilities (incl. from lease and rental contracts)	7.4	12.3	14.4	15.3	17.1	18.2	19.2
Deferred taxes	1.3	1.1	2.6	0.0	3.1	3.3	0.0
Deferred income	2.3	1.8	1.8	0.6	2.1	2.3	0.0
<b>Current liabilities</b>	<b>23.4</b>	<b>28.3</b>	<b>37.0</b>	<b>29.4</b>	<b>36.8</b>	<b>36.5</b>	<b>30.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>67.6</b>	<b>98.8</b>	<b>161.9</b>	<b>144.4</b>	<b>159.9</b>	<b>171.0</b>	<b>185.8</b>

Balance sheet (common size)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Intangible assets</b>	<b>27.0 %</b>	<b>39.2 %</b>	<b>26.0 %</b>	<b>28.3 %</b>	<b>25.6 %</b>	<b>23.9 %</b>	<b>22.0 %</b>
Property, plant and equipment	26.3 %	24.1 %	16.8 %	19.1 %	16.2 %	14.4 %	13.2 %
Financial assets	2.6 %	1.4 %	1.1 %	0.9 %	0.8 %	0.8 %	0.7 %
<b>FIXED ASSETS</b>	<b>55.8 %</b>	<b>64.7 %</b>	<b>43.9 %</b>	<b>48.3 %</b>	<b>42.6 %</b>	<b>39.0 %</b>	<b>36.0 %</b>
Inventories	11.4 %	8.7 %	7.8 %	8.8 %	9.0 %	8.9 %	8.7 %
Accounts receivable	17.0 %	14.2 %	10.0 %	11.9 %	12.0 %	11.9 %	11.5 %
Other current assets	3.3 %	3.5 %	3.9 %	2.1 %	4.6 %	4.6 %	4.5 %
Liquid assets	8.0 %	7.7 %	27.1 %	20.4 %	23.0 %	26.8 %	30.9 %
Deferred taxes	4.6 %	1.2 %	7.3 %	8.5 %	8.8 %	8.7 %	8.5 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>44.2 %</b>	<b>35.3 %</b>	<b>56.1 %</b>	<b>51.7 %</b>	<b>57.4 %</b>	<b>61.0 %</b>	<b>64.0 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	53.5 %	41.4 %	47.2 %	47.3 %	46.5 %	49.2 %	71.0 %
MINORITY INTEREST	0.5 %	2.0 %	6.3 %	3.7 %	4.0 %	4.4 %	0.0 %
Long-term debt	5.8 %	10.9 %	8.8 %	11.1 %	10.0 %	9.4 %	8.6 %
Provisions for pensions and similar obligations	0.1 %	0.4 %	3.5 %	4.1 %	4.2 %	4.2 %	4.1 %
Other provisions	5.4 %	16.7 %	11.3 %	13.5 %	12.2 %	11.4 %	0.0 %
<b>Non-current liabilities</b>	<b>11.4 %</b>	<b>28.0 %</b>	<b>23.6 %</b>	<b>28.7 %</b>	<b>26.5 %</b>	<b>25.0 %</b>	<b>12.7 %</b>
short-term liabilities to banks	12.2 %	7.8 %	3.6 %	4.0 %	3.6 %	3.4 %	3.1 %
Accounts payable	5.7 %	4.3 %	2.7 %	3.0 %	2.9 %	2.9 %	2.8 %
Advance payments received on orders	0.4 %	1.0 %	4.9 %	2.3 %	2.5 %	1.2 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	10.9 %	12.5 %	8.9 %	10.6 %	10.7 %	10.7 %	10.3 %
Deferred taxes	2.0 %	1.2 %	1.6 %	0.0 %	1.9 %	1.9 %	0.0 %
Deferred income	3.4 %	1.8 %	1.1 %	0.4 %	1.3 %	1.3 %	0.0 %
<b>Current liabilities</b>	<b>34.7 %</b>	<b>28.6 %</b>	<b>22.9 %</b>	<b>20.3 %</b>	<b>23.0 %</b>	<b>21.4 %</b>	<b>16.3 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Net profit/loss	2.2	3.0	15.7	10.4	13.0	14.3	18.7
Depreciation of fixed assets (incl. leases)	3.7	9.2	7.0	9.8	10.7	11.4	12.0
Amortisation of goodwill	0.0	0.0	4.4	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	1.9	-5.0	-0.8	1.6	0.9	0.4	0.4
Cash flow from operations before changes in w/c	7.8	7.1	26.3	16.9	24.5	26.1	31.0
Increase/decrease in inventory	-2.1	-0.8	-4.1	0.0	-1.7	-0.9	-0.8
Increase/decrease in accounts receivable	0.1	-2.5	-2.2	-1.0	-1.9	-1.2	-1.1
Increase/decrease in accounts payable	0.1	0.4	0.1	-0.1	0.4	0.3	0.3
Increase/decrease in other working capital positions	0.6	4.4	6.3	-0.6	-1.8	-1.4	-1.5
Increase/decrease in working capital	-1.2	1.5	0.2	-1.8	-5.0	-3.2	-3.1
<b>Cash flow from operating activities</b>	<b>6.6</b>	<b>8.6</b>	<b>26.5</b>	<b>15.0</b>	<b>19.5</b>	<b>22.8</b>	<b>28.0</b>
CAPEX	4.2	6.0	5.7	7.7	9.0	10.0	12.0
Payments for acquisitions	0.7	0.2	5.3	22.8	0.0	0.0	0.0
Financial investments	0.1	-0.5	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.2	0.2	1.3	0.2	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-4.7</b>	<b>-5.5</b>	<b>-9.7</b>	<b>-30.4</b>	<b>-9.0</b>	<b>-10.0</b>	<b>-12.0</b>
Cash flow before financing	1.9	3.1	16.8	-15.4	10.5	3.9	4.3
Increase/decrease in debt position	-1.2	0.6	1.9	1.7	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	4.5	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	24.4	1.3	0.0	0.0	0.0
Dividends paid	0.8	0.8	0.6	2.3	3.1	3.9	4.3
Others	-0.3	-0.1	-1.6	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.2	0.1	-0.3	0.4	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-2.2</b>	<b>-0.3</b>	<b>19.5</b>	<b>0.7</b>	<b>-3.1</b>	<b>-3.9</b>	<b>-4.3</b>
Increase/decrease in liquid assets	-0.1	2.9	36.0	-14.2	7.4	n/a	n/a
<b>Liquid assets at end of period</b>	<b>5.4</b>	<b>7.6</b>	<b>43.6</b>	<b>29.4</b>	<b>36.8</b>	<b>45.7</b>	<b>57.5</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of Europe	30.8	43.9	61.9	67.8	73.6	78.3	82.4
yoy change	18.0 %	42.5 %	40.9 %	9.6 %	8.6 %	6.4 %	5.2 %
NAFTA	19.0	20.3	27.4	31.1	35.0	38.5	40.5
yoy change	3.3 %	6.8 %	34.9 %	13.6 %	12.4 %	10.1 %	5.2 %
Asia Pacific	2.6	6.2	10.1	11.1	10.9	10.3	10.8
yoy change	-7.1 %	138.5 %	63.5 %	9.6 %	-2.3 %	-5.4 %	5.2 %
Rest of world	2.0	1.2	2.0	1.1	1.2	1.3	1.4
yoy change	-35.5 %	-40.0 %	69.0 %	-45.2 %	8.6 %	6.4 %	5.2 %
<b>TTL</b>	<b>54.4</b>	<b>71.6</b>	<b>101.4</b>	<b>111.1</b>	<b>120.6</b>	<b>128.4</b>	<b>135.0</b>
yoy change	7.9 %	31.6 %	41.6 %	9.6 %	8.6 %	6.4 %	5.2 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
<b>P&amp;L growth analysis</b>							
Sales growth	8.1 %	31.5 %	41.6 %	9.6 %	8.6 %	6.4 %	5.2 %
EBITDA growth	-7.4 %	93.1 %	20.4 %	17.1 %	22.8 %	8.5 %	17.9 %
EBIT growth	1.6 %	60.6 %	61.3 %	7.2 %	31.2 %	9.6 %	23.9 %
EPS growth	-12.6 %	131.0 %	143.0 %	-48.0 %	26.3 %	10.0 %	31.2 %
<b>Efficiency</b>							
Total operating costs / sales	38.4 %	34.3 %	35.2 %	37.1 %	34.0 %	33.4 %	30.1 %
Sales per employee	174.5	181.3	202.8	209.6	223.4	233.4	n/a
EBITDA per employee	31.1	47.4	45.1	49.8	60.1	64.0	n/a
<b>Balance sheet analysis</b>							
Avg. working capital / sales	25.6 %	22.5 %	16.6 %	17.4 %	19.5 %	20.8 %	22.6 %
Inventory turnover (sales/inventory)	7.1	8.4	8.0	8.8	8.4	8.4	8.4
Trade debtors in days of sales	76.8	71.3	58.3	56.7	58.0	58.0	58.0
A/P turnover [(A/P*365)/sales]	51.4	41.8	32.1	29.6	29.6	29.6	29.6
Cash conversion cycle (days)	127.5	112.9	117.9	113.9	118.9	118.9	n/a
<b>Cash flow analysis</b>							
Free cash flow	2.5	2.6	20.8	7.3	10.5	12.8	16.0
Free cash flow/sales	4.5 %	3.6 %	20.5 %	6.6 %	8.7 %	10.0 %	11.8 %
FCF / net profit	126.7 %	57.9 %	156.9 %	77.5 %	88.2 %	98.3 %	93.3 %
FCF yield	2.8 %	2.9 %	14.1 %	5.0 %	7.1 %	8.7 %	10.9 %
Capex / depre	113.8 %	59.7 %	49.8 %	78.5 %	84.2 %	87.9 %	100.3 %
Capex / maintenance capex	0.0 %	0.0 %	0.0 %	78.5 %	84.2 %	87.9 %	100.3 %
Capex / sales	7.8 %	7.6 %	5.6 %	7.0 %	7.5 %	7.8 %	8.9 %
<b>Security</b>							
Net debt	6.8	10.9	-23.8	-7.6	-15.0	-23.9	-35.7
Net Debt/EBITDA	0.7	0.6	0.0	0.0	0.0	0.0	0.0
Net debt / equity	0.2	0.3	-0.3	-0.1	-0.2	-0.3	-0.3
Interest cover	7.2	7.7	11.6	6.6	8.0	8.2	9.7
Dividend payout ratio	44.5 %	14.1 %	17.4 %	32.7 %	32.8 %	32.8 %	36.2 %
<b>Asset utilisation</b>							
Capital employed turnover	1.0	0.9	0.8	1.0	1.0	1.0	0.8
Operating assets turnover	1.7	1.7	2.3	2.2	2.4	2.4	2.4
Plant turnover	3.1	3.0	3.7	4.0	4.7	5.2	5.5
Inventory turnover (sales/inventory)	7.1	8.4	8.0	8.8	8.4	8.4	8.4
<b>Returns</b>							
ROCE	11.1 %	10.4 %	14.4 %	16.2 %	19.0 %	19.0 %	20.2 %
ROE	5.4 %	11.0 %	17.3 %	13.8 %	16.0 %	15.5 %	13.0 %
<b>Other</b>							
Interest paid / avg. debt	7.3 %	8.1 %	6.9 %	12.0 %	12.5 %	13.3 %	14.0 %
No. employees (average)	312	395	500	530	540	550	0
Number of shares	3.1	3.1	3.8	5.2	5.2	5.2	5.2
DPS	0.3	0.3	0.5	0.6	0.8	0.8	0.0
EPS reported	0.62	1.43	3.48	1.81	2.29	2.51	3.30
<b>Valuation ratios</b>							
P/BV	2.5	2.2	1.4	2.2	2.0	1.8	1.1
EV/sales	1.8	1.4	1.3	1.3	1.2	1.0	0.9
EV/EBITDA	9.9	5.3	5.8	5.5	4.3	3.7	2.9
EV/EBITA	16.0	10.5	5.8	8.8	6.4	5.5	4.0
EV/EBIT	16.0	10.5	8.6	8.8	6.4	5.5	4.0
EV/FCF	38.8	38.4	6.2	19.9	13.3	10.2	7.5
Dividend yield	0.9 %	1.0 %	1.6 %	2.1 %	2.6 %	2.9 %	3.8 %

Source: Company data, Hauck & Aufhäuser

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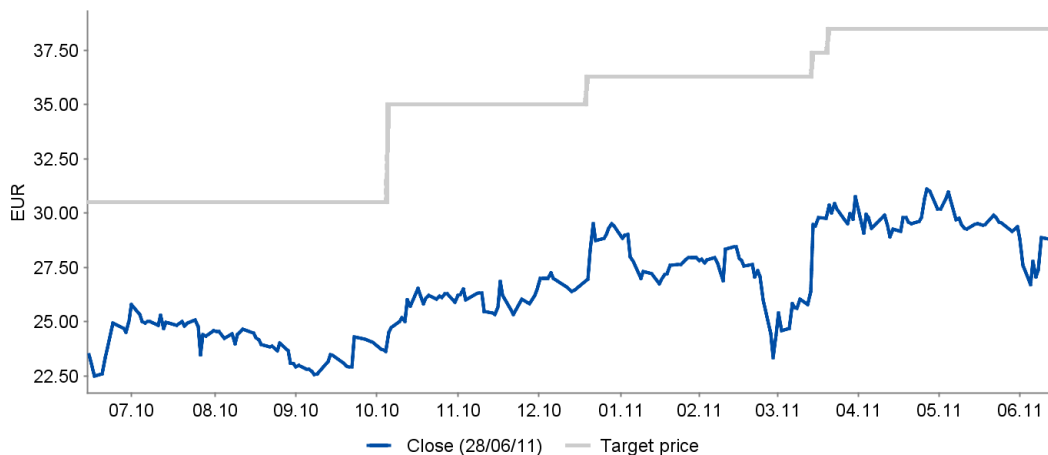
Company	Disclosure
Eckert & Ziegler AG	2

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### Historical target price and rating changes for Eckert & Ziegler AG in the last 12 months

#### Price and Rating History Eckert & Ziegler AG as of 29/06/11

Initiation coverage  
08-April-10



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<b>Buy</b>	76.12 %	66.67 %
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