



06-November-14

**Buy** (old: Buy)

**Price target: EUR 30.00** (old: EUR 34.00)

**Price:** EUR 23.67      **Next result:** Q4 26.03.15  
**Bloomberg:** EUZ GR      **Market cap:** EUR 121.6 m  
**Reuters:** EUZG.DE      **Enterprise Value:** EUR 125.3 m

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**Weak figures, guidance ambitious, chg. in est. & PT**

Eckert & Ziegler released solid Q3 figures this morning and reiterated its guidance. A conference call was held at 10:00 CET.

**Q3 sales remained broadly flat yoy (-0.6%) at € 30.6m (H&A: € 31.9m).** On the one hand, the **Isotope Products segment (46% of sales) experienced a strong rebound and grew by 14% yoy** to € 15.4m (H&A: € 15.4m). The segment thus benefited from sound demand from industrial as well as the oil & gas industry customers. On the other hand however, the **Therapy segment (24% of sales) was down significantly by 19% yoy** to € 5.6m and thus below expectations (H&A: € 6.8m) despite a € 1.4m consolidation gain. Major reasons were fewer afterloader sales due to order push outs as well as a structural reduction in seed implant sales. The **Radiopharma (24% of sales) declined by 4% yoy** to € 8.3m (H&A: € 8.0m), however on a very strong comparable base. The underlying business nevertheless developed well given the recent expansion of the cyclotron footprint into Eastern Europe.

**Q3 EBIT declined strongly by 17.1% yoy to € 3.8m and hence significantly missed expectations (H&A: € 4.9m).** Key reason for the weak profitability was the **Therapy segment which posted a significantly higher negative EBIT of -€ 1.2m (H&A: -€ 0.5m)** due to the sharp sales decline and hence diseconomies of scale. In addition, the segment Others had a notably weaker result of -€ 1.1m (H&A: -€ 0.3m). In contrast, the **Isotope Products segment posted an EBIT of € 5.2m (H&A: € 4.8m)** which benefited from sound sales growth as well as a favourable product mix amid a higher share of business with the oil & gas industry. EBIT in Radiopharma remained flat at € 0.9m (H&A: € 1.0m). **Q3 net income grew by 1.6% yoy to € 2.3m (H&A: € 3.2m)** and benefited from a slightly lower financial result.

**Guidance: Management reiterated its guidance of € 134m in sales as well as net income of € 10.5m,** however indicated that the targets are rather ambitious.

**Action:** We reduce our already below guidance estimates to € 126m in sales (old: € 130m) and our EBIT estimate to € 13.6m (old: € 17.4m) for 2014E and by 4% and 17-20% respectively going forward given the structural weakness of the seed implant business & limited visibility on a full recovery of afterloader bookings. Our EPS however are reduced to a lesser extend given that losses in the Therapy segment are shared with minority shareholders (EZAG owns c. 75%). Due to a lower share of minorities, the impact on our valuation remains moderate.

Even on our more conservative estimates, the **stock looks undervalued trading at 7x EV/EBIT & 12x PER 2015E. BUY, PT of € 30** (old: € 34) based on FCFY 2015E.- cont.-

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	111.1	116.2	120.0	117.1	125.5	133.3	139.3
Sales growth	10 %	5 %	3 %	-2 %	7 %	6 %	4 %
EBITDA	26.4	30.4	27.5	22.1	22.6	24.7	26.8
EBIT	16.6	22.9	19.7	12.8	13.6	15.6	17.5
Net income	9.4	10.4	10.3	9.1	8.5	9.7	11.2
Net debt	-7.6	-14.3	-15.4	-6.8	-5.1	-10.2	-17.1
Net gearing	-11.2 %	-18.9 %	-19.1 %	-8.2 %	-5.8 %	-10.7 %	-20.8 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	1.81	1.98	1.95	1.72	1.61	1.84	2.11
CPS	1.01	2.46	1.74	1.14	0.68	1.45	1.84
DPS	0.60	0.60	0.60	0.60	0.46	0.00	0.00
Dividend yield	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.3 %	2.6 %
Gross profit margin	52.0 %	55.4 %	54.3 %	48.7 %	55.4 %	55.6 %	55.8 %
EBITDA margin	23.8 %	26.2 %	22.9 %	18.8 %	18.0 %	18.5 %	19.3 %
EBIT margin	14.9 %	19.7 %	16.4 %	10.9 %	10.8 %	11.7 %	12.6 %
ROCE	14.3 %	19.9 %	15.9 %	9.3 %	9.0 %	10.1 %	11.7 %
EV/sales	1.1	1.0	1.0	1.1	1.0	0.9	0.8
EV/EBITDA	4.5	3.8	4.2	5.6	5.5	4.9	4.2
EV/EBIT	7.2	5.0	5.8	9.6	9.2	7.7	6.5
PER	13.1	12.0	12.1	13.8	14.7	12.9	11.2
Adjusted FCF yield	9.7 %	11.8 %	12.1 %	8.2 %	9.0 %	10.2 %	11.8 %

Source: Company data, Hauck & Aufhäuser Close price as of: 05.11.2014



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 30.50 / 20.94

**Price/Book Ratio:** 1.4

**Relative performance (SDAX):**

3 months 5.9 %

6 months -4.8 %

12 months -20.2 %

**Changes in estimates**

		Sales	EBIT	EPS
2014	old:	130.3	17.4	1.73
	Δ	-3.7%	-21.8%	-6.5%
2015	old:	139.1	19.5	2.06
	Δ	-4.2%	-20.1%	-11.1%
2016	old:	145.8	21.2	2.31
	Δ	-4.5%	-17.5%	-8.5%

**Key share data:**

Number of shares: (in m pcs) 5.3

Authorised capital: (in € m) 0.6

Book value per share: (in €) 16.6

Ø trading volume: (12 months) 20,453

**Major shareholders:**

Free float 67.8 %

Founders 32.2 %

Eckert & Ziegler AG 0.1 %

**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.

# Eckert & Ziegler AG

Eckert & Ziegler Key Figures (€ m)	Q3 14	Q3 14 est	Q3 13	yoy	Q2 14	qoq	9M 14	9M 14 est	9M 13	yoy
<b>Sales</b>	<b>30.6</b>	<b>31.9</b>	<b>30.8</b>	-0.6%	<b>31.2</b>	-1.9%	<b>92.6</b>	<b>93.9</b>	<b>86.1</b>	7.5%
Isotope Products	15.4	15.4	13.5	13.8%	14.3	7.6%	44.2	44.2	41.3	6.9%
Therapy	5.6	6.8	7.0	-18.9%	7.4	-23.8%	19.5	20.7	19.0	3.0%
Radiopharma	8.3	8.0	8.6	-4.0%	7.8	6.5%	24.1	23.9	21.1	14.1%
Others	1.4	1.7	1.7	-22.0%	1.8	-23.8%	4.7	5.1	4.7	0.4%
<b>EBIT</b>	<b>3.8</b>	<b>4.9</b>	<b>4.5</b>	-17.1%	<b>3.2</b>	18.7%	<b>10.0</b>	<b>11.1</b>	<b>11.4</b>	-12.9%
Margin	12.3%	15.4%	14.7%	- 2.4 pp	10.2%	+ 2.1 pp	10.8%	11.8%	13.3%	- 2.5 pp
Isotope Products	5.2	4.8	3.8	37.8%	3.5	49.1%	12.4	11.9	12.2	1.5%
Margin	33.9%	30.9%	28.0%	+ 5.9 pp	24.5%	+ 9.4 pp	28.0%	27.0%	29.5%	- 1.5 pp
Therapy	-1.2	-0.5	0.7	-273.1%	-0.2	413.4%	-2.4	-1.7	2.0	-220.9%
Margin	-21.6%	-7.2%	10.1%	- 32 pp	-3.2%	- 18 pp	-12.2%	-8.0%	10.4%	- 22.6 pp
Radiopharma	0.9	1.0	0.9	-1.9%	0.5	85.5%	2.5	2.6	1.2	113.9%
Margin	10.8%	12.1%	10.6%	+ 0.2 pp	6.2%	+ 5 pp	10.6%	11.0%	5.6%	+ 4.9 pp
Others/Elimination	-1.1	-0.3	-0.9	30.4%	-0.6	97.2%	-2.6	-1.8	-3.9	-34.2%
<b>Net profit</b>	<b>2.3</b>	<b>3.2</b>	<b>2.3</b>	1.6%	<b>2.3</b>	1.6%	<b>5.6</b>	<b>6.5</b>	<b>6.2</b>	-10.8%
Net margin	7.5%	10.1%	7.3%	+ 0.2 pp	7.2%	+ 0.3 pp	6.0%	6.9%	7.2%	- 0.2 pp

Source: company data, Hauck&Aufhäuser

## Financials

Profit and loss (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Sales</b>	<b>111.1</b>	<b>116.2</b>	<b>120.0</b>	<b>117.1</b>	<b>125.5</b>	<b>133.3</b>	<b>139.3</b>
Sales growth	9.6 %	4.6 %	3.3 %	-2.4 %	7.2 %	6.2 %	4.5 %
Cost of sales	53.3	51.8	54.8	60.1	56.0	59.2	61.6
<b>Gross profit</b>	<b>57.8</b>	<b>64.4</b>	<b>65.2</b>	<b>57.1</b>	<b>69.5</b>	<b>74.1</b>	<b>77.7</b>
Sales and marketing	18.9	19.5	20.6	21.9	23.5	25.0	26.1
General and administration	18.8	19.2	22.8	23.9	25.7	27.2	28.5
Research and development	2.9	3.0	3.5	4.9	3.3	3.5	3.6
Other operating income	3.9	4.7	9.5	8.6	9.3	9.8	10.3
Other operating expenses	4.5	4.5	8.1	2.2	12.8	12.7	12.3
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>26.4</b>	<b>30.4</b>	<b>27.5</b>	<b>22.1</b>	<b>22.6</b>	<b>24.7</b>	<b>26.8</b>
Depreciation	9.8	7.5	7.7	9.3	9.0	9.1	9.3
<b>EBITA</b>	<b>16.6</b>	<b>22.9</b>	<b>19.7</b>	<b>12.8</b>	<b>13.6</b>	<b>15.6</b>	<b>17.5</b>
Amortisation of goodwill	0.0	0.0	0.0	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>16.6</b>	<b>22.9</b>	<b>19.7</b>	<b>12.8</b>	<b>13.6</b>	<b>15.6</b>	<b>17.5</b>
Interest income	0.3	0.2	0.5	1.3	0.2	0.3	0.3
Interest expenses	2.5	2.9	2.8	1.2	1.3	2.0	1.7
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-2.2	-2.7	-2.3	0.1	-1.1	-1.8	-1.4
<b>Recurring pretax income from continuing operations</b>	<b>14.4</b>	<b>20.2</b>	<b>17.5</b>	<b>12.9</b>	<b>12.5</b>	<b>13.8</b>	<b>16.1</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>14.4</b>	<b>20.2</b>	<b>17.5</b>	<b>12.9</b>	<b>12.5</b>	<b>13.8</b>	<b>16.1</b>
Taxes	3.9	8.8	5.7	2.4	4.4	4.4	5.2
<b>Net income from continuing operations</b>	<b>10.4</b>	<b>11.4</b>	<b>11.8</b>	<b>10.5</b>	<b>8.1</b>	<b>9.4</b>	<b>11.0</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>10.4</b>	<b>11.4</b>	<b>11.8</b>	<b>10.5</b>	<b>8.1</b>	<b>9.4</b>	<b>11.0</b>
Minority interest	1.0	1.0	1.5	1.4	-0.4	-0.3	-0.2
<b>Net income (net of minority interest)</b>	<b>9.4</b>	<b>10.4</b>	<b>10.3</b>	<b>9.1</b>	<b>8.5</b>	<b>9.7</b>	<b>11.2</b>
Average number of shares	5.2	5.3	5.3	5.3	5.3	5.3	5.3
<b>EPS reported</b>	<b>1.81</b>	<b>1.98</b>	<b>1.95</b>	<b>1.72</b>	<b>1.61</b>	<b>1.84</b>	<b>2.11</b>

Profit and loss (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<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	48.0 %	44.6 %	45.7 %	51.3 %	44.6 %	44.4 %	44.2 %
<b>Gross profit</b>	<b>52.0 %</b>	<b>55.4 %</b>	<b>54.3 %</b>	<b>48.7 %</b>	<b>55.4 %</b>	<b>55.6 %</b>	<b>55.8 %</b>
Sales and marketing	17.0 %	16.8 %	17.2 %	18.7 %	18.7 %	18.7 %	18.7 %
General and administration	16.9 %	16.5 %	19.0 %	20.4 %	20.4 %	20.4 %	20.4 %
Research and development	2.6 %	2.6 %	2.9 %	4.2 %	2.6 %	2.6 %	2.6 %
Other operating income	3.5 %	4.0 %	7.9 %	7.4 %	7.4 %	7.4 %	7.4 %
Other operating expenses	4.0 %	3.8 %	6.8 %	1.8 %	10.2 %	9.5 %	8.9 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>23.8 %</b>	<b>26.2 %</b>	<b>22.9 %</b>	<b>18.8 %</b>	<b>18.0 %</b>	<b>18.5 %</b>	<b>19.3 %</b>
Depreciation	8.9 %	6.5 %	6.5 %	7.9 %	7.2 %	6.8 %	6.7 %
<b>EBITA</b>	<b>14.9 %</b>	<b>19.7 %</b>	<b>16.4 %</b>	<b>10.9 %</b>	<b>10.8 %</b>	<b>11.7 %</b>	<b>12.6 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	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>14.9 %</b>	<b>19.7 %</b>	<b>16.4 %</b>	<b>10.9 %</b>	<b>10.8 %</b>	<b>11.7 %</b>	<b>12.6 %</b>
Interest income	0.3 %	0.2 %	0.4 %	1.1 %	0.2 %	0.2 %	0.2 %
Interest expenses	2.3 %	2.5 %	2.3 %	1.0 %	1.1 %	1.5 %	1.2 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-2.0 %	-2.3 %	-1.9 %	0.1 %	-0.9 %	-1.3 %	-1.0 %
<b>Recurring pretax income from continuing operations</b>	<b>12.9 %</b>	<b>17.4 %</b>	<b>14.6 %</b>	<b>11.0 %</b>	<b>10.0 %</b>	<b>10.4 %</b>	<b>11.6 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>12.9 %</b>	<b>17.4 %</b>	<b>14.6 %</b>	<b>11.0 %</b>	<b>10.0 %</b>	<b>10.4 %</b>	<b>11.6 %</b>
Tax rate	27.4 %	43.6 %	32.6 %	18.9 %	35.0 %	32.0 %	32.0 %
<b>Net income from continuing operations</b>	<b>9.4 %</b>	<b>9.8 %</b>	<b>9.8 %</b>	<b>9.0 %</b>	<b>6.5 %</b>	<b>7.1 %</b>	<b>7.9 %</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>9.4 %</b>	<b>9.8 %</b>	<b>9.8 %</b>	<b>9.0 %</b>	<b>6.5 %</b>	<b>7.1 %</b>	<b>7.9 %</b>
Minority interest	0.9 %	0.9 %	1.2 %	1.2 %	-0.3 %	-0.2 %	-0.1 %
<b>Net income (net of minority interest)</b>	<b>8.5 %</b>	<b>9.0 %</b>	<b>8.6 %</b>	<b>7.8 %</b>	<b>6.8 %</b>	<b>7.3 %</b>	<b>8.0 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>40.9</b>	<b>45.0</b>	<b>45.8</b>	<b>52.7</b>	<b>52.7</b>	<b>52.7</b>	<b>52.7</b>
Property, plant and equipment	27.6	28.9	31.2	33.5	33.5	33.4	24.1
Financial assets	1.3	1.4	4.0	7.3	7.3	7.3	7.3
<b>FIXED ASSETS</b>	<b>69.8</b>	<b>75.3</b>	<b>81.0</b>	<b>93.5</b>	<b>93.4</b>	<b>93.4</b>	<b>84.0</b>
Inventories	12.7	14.2	15.5	17.8	19.3	20.8	21.8
Accounts receivable	17.3	18.1	22.0	23.1	24.8	26.7	28.2
Other current assets	3.1	4.7	6.0	5.2	7.7	8.2	8.6
Liquid assets	29.4	32.3	30.8	29.4	24.2	27.2	32.3
Deferred taxes	12.2	9.5	9.1	9.9	10.3	10.9	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>74.7</b>	<b>78.8</b>	<b>83.4</b>	<b>85.4</b>	<b>86.3</b>	<b>93.8</b>	<b>90.9</b>
<b>TOTAL ASSETS</b>	<b>144.5</b>	<b>154.0</b>	<b>164.4</b>	<b>178.9</b>	<b>179.8</b>	<b>187.1</b>	<b>174.9</b>
SHAREHOLDERS EQUITY	68.3	75.9	80.7	83.5	87.9	94.7	82.2
MINORITY INTEREST	5.3	5.7	6.2	7.1	6.7	6.7	6.7
Long-term debt	16.0	12.9	9.8	17.6	14.1	11.9	10.2
Provisions for pensions and similar obligations	5.9	6.8	8.9	8.7	8.9	9.0	9.2
Other provisions	19.5	21.1	22.0	28.0	28.6	29.2	29.7
<b>Non-current liabilities</b>	<b>41.5</b>	<b>40.8</b>	<b>40.6</b>	<b>54.3</b>	<b>51.5</b>	<b>50.1</b>	<b>49.1</b>
short-term liabilities to banks	5.8	5.1	5.7	5.1	5.1	5.1	5.1
Accounts payable	4.3	5.3	7.5	7.8	7.1	7.3	7.6
Advance payments received on orders	3.4	1.3	2.3	2.2	2.3	2.3	2.3
Other liabilities (incl. from lease and rental contracts)	15.3	17.1	18.9	15.5	16.3	17.7	18.6
Deferred taxes	0.0	1.8	1.5	3.3	2.0	2.1	2.2
Deferred income	0.6	1.0	1.0	0.1	1.1	1.1	1.2
<b>Current liabilities</b>	<b>29.4</b>	<b>31.6</b>	<b>36.9</b>	<b>34.0</b>	<b>33.7</b>	<b>35.6</b>	<b>36.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>144.4</b>	<b>154.0</b>	<b>164.4</b>	<b>178.9</b>	<b>179.8</b>	<b>187.1</b>	<b>174.9</b>

Balance sheet (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>28.3 %</b>	<b>29.2 %</b>	<b>27.9 %</b>	<b>29.4 %</b>	<b>29.3 %</b>	<b>28.1 %</b>	<b>30.1 %</b>
Property, plant and equipment	19.1 %	18.8 %	18.9 %	18.7 %	18.6 %	17.9 %	13.8 %
Financial assets	0.9 %	0.9 %	2.5 %	4.1 %	4.0 %	3.9 %	4.2 %
<b>FIXED ASSETS</b>	<b>48.3 %</b>	<b>48.9 %</b>	<b>49.3 %</b>	<b>52.2 %</b>	<b>52.0 %</b>	<b>49.9 %</b>	<b>48.0 %</b>
Inventories	8.8 %	9.2 %	9.4 %	9.9 %	10.7 %	11.1 %	12.4 %
Accounts receivable	11.9 %	11.7 %	13.4 %	12.9 %	13.8 %	14.2 %	16.1 %
Other current assets	2.1 %	3.0 %	3.7 %	2.9 %	4.3 %	4.4 %	4.9 %
Liquid assets	20.4 %	21.0 %	18.8 %	16.5 %	13.5 %	14.5 %	18.5 %
Deferred taxes	8.5 %	6.2 %	5.5 %	5.6 %	5.7 %	5.8 %	0.0 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>51.7 %</b>	<b>51.1 %</b>	<b>50.7 %</b>	<b>47.8 %</b>	<b>48.0 %</b>	<b>50.1 %</b>	<b>52.0 %</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	47.3 %	49.3 %	49.1 %	46.7 %	48.9 %	50.6 %	47.0 %
MINORITY INTEREST	3.7 %	3.7 %	3.8 %	4.0 %	3.7 %	3.6 %	3.8 %
Long-term debt	11.1 %	8.4 %	5.9 %	9.8 %	7.8 %	6.4 %	5.8 %
Provisions for pensions and similar obligations	4.1 %	4.4 %	5.4 %	4.9 %	4.9 %	4.8 %	5.3 %
Other provisions	13.5 %	13.7 %	13.4 %	15.7 %	15.9 %	15.6 %	17.0 %
<b>Non-current liabilities</b>	<b>28.7 %</b>	<b>26.5 %</b>	<b>24.7 %</b>	<b>30.3 %</b>	<b>28.7 %</b>	<b>26.8 %</b>	<b>28.1 %</b>
short-term liabilities to banks	4.0 %	3.3 %	3.4 %	2.8 %	2.8 %	2.7 %	2.9 %
Accounts payable	3.0 %	3.4 %	4.5 %	4.3 %	3.9 %	3.9 %	4.3 %
Advance payments received on orders	2.3 %	0.9 %	1.4 %	1.3 %	1.3 %	1.2 %	1.3 %
Other liabilities (incl. from lease and rental contracts)	10.6 %	11.1 %	11.5 %	8.7 %	9.0 %	9.5 %	10.6 %
Deferred taxes	0.0 %	1.2 %	0.9 %	1.8 %	1.1 %	1.1 %	1.2 %
Deferred income	0.4 %	0.6 %	0.6 %	0.1 %	0.6 %	0.6 %	0.7 %
<b>Current liabilities</b>	<b>20.3 %</b>	<b>20.5 %</b>	<b>22.4 %</b>	<b>19.0 %</b>	<b>18.7 %</b>	<b>19.0 %</b>	<b>21.1 %</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)	2010	2011	2012	2013	2014E	2015E	2016E
Net profit/loss	10.4	11.4	11.8	10.5	8.1	9.4	11.0
Depreciation of fixed assets (incl. leases)	9.8	7.5	7.7	2.6	9.0	9.1	9.3
Amortisation of goodwill	0.0	0.0	0.0	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	1.6	2.8	-2.8	4.4	0.2	0.2	0.2
Cash flow from operations before changes in w/c	16.9	21.7	16.7	17.6	17.3	18.6	20.5
Increase/decrease in inventory	0.0	-1.4	-1.3	-2.1	-1.5	-1.5	-0.9
Increase/decrease in accounts receivable	-1.0	-1.2	-2.2	-0.2	-1.7	-1.9	-1.6
Increase/decrease in accounts payable	-0.1	1.0	5.5	-3.6	-0.7	0.2	0.3
Increase/decrease in other working capital positions	-0.6	0.1	-2.8	2.9	-1.8	1.0	0.5
Increase/decrease in working capital	-1.8	-1.6	-0.8	-2.9	-5.7	-2.1	-1.7
<b>Cash flow from operating activities</b>	<b>15.0</b>	<b>20.2</b>	<b>15.9</b>	<b>14.6</b>	<b>11.6</b>	<b>16.5</b>	<b>18.8</b>
CAPEX	7.7	9.2	9.8	9.7	9.0	9.0	9.0
Payments for acquisitions	22.8	0.0	0.0	7.4	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.4	0.0	0.0	0.0
Income from asset disposals	0.2	0.3	-1.5	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-30.4</b>	<b>-8.9</b>	<b>-11.4</b>	<b>-17.4</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>
Cash flow before financing	-15.4	11.3	4.5	-2.7	2.6	7.5	9.8
Increase/decrease in debt position	1.7	-5.5	-2.5	6.1	-3.5	-2.1	-1.8
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	1.3	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	2.3	3.2	3.1	3.2	3.7	2.5	2.8
Others	0.0	0.3	-1.0	-1.2	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.4	0.2	0.0	-0.4	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.7</b>	<b>-8.4</b>	<b>-6.6</b>	<b>1.7</b>	<b>-7.2</b>	<b>-4.6</b>	<b>-4.6</b>
Increase/decrease in liquid assets	-14.2	3.1	-2.1	-1.4	-4.6	2.9	5.1
<b>Liquid assets at end of period</b>	<b>29.4</b>	<b>32.5</b>	<b>30.2</b>	<b>28.8</b>	<b>24.2</b>	<b>27.2</b>	<b>32.3</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
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	67.9	69.0	69.6	68.9	78.5	83.7	86.6
yoy change	9.8 %	1.6 %	0.9 %	-1.0 %	14.0 %	6.5 %	3.5 %
NAFTA	30.5	30.9	33.1	32.8	37.7	40.4	41.8
yoy change	11.4 %	1.3 %	7.1 %	-0.9 %	15.0 %	7.0 %	3.5 %
Asia Pacific	11.1	12.1	13.1	11.3	12.8	14.0	15.2
yoy change	9.5 %	9.0 %	8.3 %	-13.7 %	13.0 %	10.0 %	8.0 %
Rest of world	1.6	4.2	4.2	4.1	-3.5	-4.8	-4.2
yoy change	-21.1 %	162.5 %	0.0 %	-2.4 %	neg.	neg.	neg.
<b>TTL</b>	<b>111.1</b>	<b>116.2</b>	<b>120.0</b>	<b>117.1</b>	<b>125.5</b>	<b>133.3</b>	<b>139.3</b>
yoy change	9.6 %	4.6 %	3.3 %	-2.4 %	7.2 %	6.2 %	4.5 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>P&amp;L growth analysis</b>							
Sales growth	9.6 %	4.6 %	3.3 %	-2.4 %	7.2 %	6.2 %	4.5 %
EBITDA growth	17.1 %	15.1 %	-9.7 %	-19.7 %	2.6 %	9.0 %	8.7 %
EBIT growth	7.2 %	38.2 %	-13.9 %	-35.0 %	6.1 %	14.8 %	12.0 %
EPS growth	-48.0 %	9.1 %	-1.2 %	-11.9 %	-6.2 %	13.8 %	15.0 %
<b>Efficiency</b>							
Total operating costs / sales	37.1 %	35.7 %	37.9 %	37.8 %	44.6 %	43.9 %	43.2 %
Sales per employee	218.3	212.4	218.2	n/a	n/a	n/a	n/a
EBITDA per employee	51.9	55.6	50.0	n/a	n/a	n/a	n/a
<b>Balance sheet analysis</b>							
Avg. working capital / sales	17.4 %	20.6 %	22.2 %	25.0 %	26.1 %	27.2 %	28.0 %
Inventory turnover (sales/inventory)	8.8	8.2	7.8	6.6	6.5	6.4	6.4
Trade debtors in days of sales	56.7	56.8	66.9	72.1	72.1	73.0	74.0
A/P turnover [(A/P*365)/sales]	29.6	37.4	49.6	47.3	46.0	45.0	45.0
Cash conversion cycle (days)	113.9	119.6	120.3	n/a	n/a	n/a	n/a
<b>Cash flow analysis</b>							
Free cash flow	7.3	11.0	6.1	5.0	2.6	7.5	9.8
Free cash flow/sales	6.6 %	9.4 %	5.1 %	4.3 %	2.1 %	5.6 %	7.0 %
FCF / net profit	77.6 %	105.4 %	59.2 %	55.0 %	30.7 %	77.3 %	87.5 %
Capex / depre	78.5 %	122.2 %	126.9 %	379.3 %	99.6 %	99.3 %	96.4 %
Capex / maintenance capex	78.5 %	122.2 %	141.0 %	113.8 %	110.6 %	99.3 %	0.0 %
Capex / sales	7.0 %	7.9 %	8.2 %	8.6 %	7.2 %	6.8 %	6.5 %
<b>Security</b>							
Net debt	-7.6	-14.3	-15.4	-6.8	-5.1	-10.2	-17.1
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1	-0.2
Interest cover	6.6	7.9	7.1	10.8	10.2	7.7	10.4
Dividend payout ratio	32.7 %	29.6 %	29.9 %	40.3 %	28.8 %	29.3 %	29.7 %
<b>Asset utilisation</b>							
Capital employed turnover	1.0	1.0	0.9	0.8	0.8	0.9	1.0
Operating assets turnover	2.2	2.1	2.0	1.8	1.8	1.9	2.2
Plant turnover	4.0	4.0	3.9	3.5	3.7	4.0	5.8
Inventory turnover (sales/inventory)	8.8	8.2	7.8	6.6	6.5	6.4	6.4
<b>Returns</b>							
ROCE	14.3 %	19.9 %	15.9 %	9.3 %	9.0 %	10.1 %	11.7 %
ROE	13.8 %	13.7 %	12.8 %	10.9 %	9.7 %	10.3 %	13.6 %
<b>Other</b>							
Interest paid / avg. debt	12.0 %	14.5 %	16.7 %	6.2 %	6.4 %	11.3 %	10.4 %
No. employees (average)	509	547	550	0	0	0	0
Number of shares	5.2	5.3	5.3	5.3	5.3	5.3	5.3
DPS	0.6	0.6	0.6	0.6	0.5	0.0	0.0
EPS reported	1.81	1.98	1.95	1.72	1.61	1.84	2.11
<b>Valuation ratios</b>							
P/BV	1.8	1.6	1.5	1.5	1.4	1.3	1.5
EV/sales	1.1	1.0	1.0	1.1	1.0	0.9	0.8
EV/EBITDA	4.5	3.8	4.2	5.6	5.5	4.9	4.2
EV/EBITA	7.2	5.0	5.8	9.6	9.2	7.7	6.5
EV/EBIT	7.2	5.0	5.8	9.6	9.2	7.7	6.5
EV/FCF	16.4	10.4	18.9	24.7	47.8	16.1	11.6
Adjusted FCF yield	9.7 %	11.8 %	12.1 %	8.2 %	9.0 %	10.2 %	11.8 %
Dividend yield	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.3 %	2.6 %

Source: Company data, Hauck & Aufhäuser

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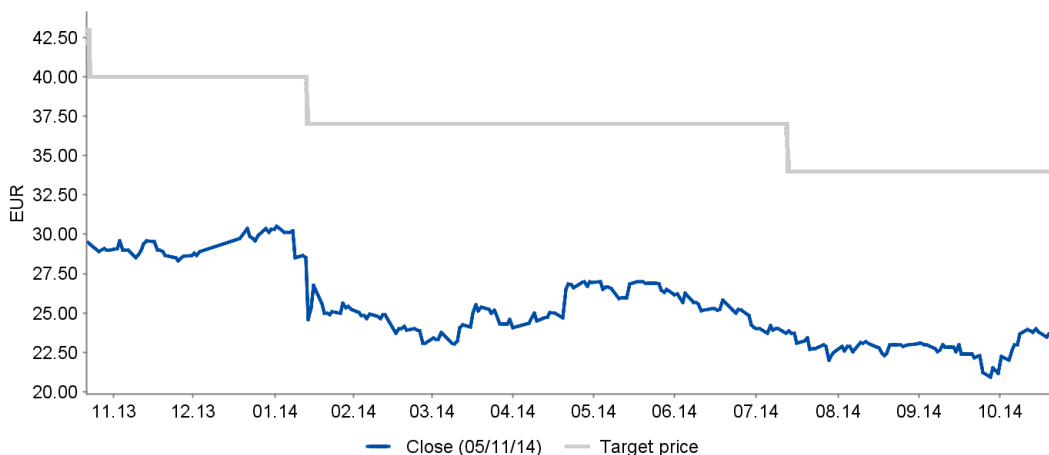
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Company	Disclosure
Eckert & Ziegler AG	2, 5

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

#### Price and Rating History Eckert & Ziegler AG as of 06/11/14

Initiation coverage  
08-April-10



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