

# Eckert & Ziegler AG

November 9, 2010



## Information analysis

### Analyst

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### Evaluation result

**NEUTRAL**

(previously BUY)

### Fair value

**€ 28.60**

(previously € 29.33)

## 9M/2010: EBIT margin significantly increased

- Q3 best quarter so far regarding sales (+11%, yoy) and earnings (+101%)
- Total revenues during 9M at €81 Mill. (+4.1%, yoy)
- 9M-EBIT +44.2% at €15.6 Mill.; EBIT margin gained 5.3%-age points
- Net result after minorities: +47.6%; net margin up 2.9%-age points
- Liquid funds at period end at €29 Mill.
- Equity ratio improved to almost 50%
- Management reiterates sales and earnings guidance for FY 2010 (€105 Mill./€9.5 Mill.)

During the nine month period 2010, Eckert & Ziegler AG (EZAG) has booked revenues amounting to €81 Mill. translating into a result of €7.9 Mill. after minorities (+47.6%, yoy). At the same time, net margin improved by 2.9%-age points. By this means, 9M/10's expectations in the context of our quarterly forecast (€80.3 Mill./€7.5 Mill.) were slightly exceeded.

Compared to previous year, EBIT margin increased by 5.3%-age points, which is largely due to synergies resulting from the integration of Nuclitec (segment "Isotope Products") as well as to a considerable improvement of the segment's gross margin (see "Segment Discussion").

By yoy comparison, operating cash-flow came down by 23% to €9.2 Mill.; this cutback - owing to a capital-absorbing increase in net working capital by €6.8 Mill. - essentially represents a return to normal levels regarding the high advance payments for the delivery of plant components in 2009, which curtailed NWC disproportionately. Investment activities during 9M are characterized by the payout of €22.5 Mill. for the acquisition of additional IBt shares; investments in fixed assets are within operative scope at €3.7 Mill. During 9M, €8.25 Mill. were raised for partial financing of the IBt shares; at the same time, €4.6 Mill. debt were redeemed. Compared to year end balance sheet, liquid funds came down by €15.1 Mill. to €28.6 Mill. (as of Sep 30). The most recently declined equity ratio, resulting from the IBt takeover bid as well as from the high dividend payment, recovered to almost 50% based on the healthy earnings situation.

**The current financial figures are within our expectations; based on the analysis of free cash flows and of the peer group, we calculate a fair value of €28.60 and rate the stock as "Neutral".**

### Key data / Earnings

Year	Sales (mln €)	EBITDA (mln €)	EBIT (mln €)	EBT (mln €)	adj. net (mln €)	adj. EPS (€)	DPS (€)	EBIT- Margin	Net- Margin
2009	101.4	27.9	16.4	15.2	7.5	1.97	0.30	16.2%	7.4%
2010e	108.1	24.4	18.4	17.2	9.6	1.84	0.45	17.1%	8.9%
2011e	116.9	25.8	19.4	17.5	11.0	2.09	0.58	16.6%	9.4%
2012e	126.2	29.8	22.8	20.9	13.2	2.51	0.63	18.1%	10.5%
2013e	135.0	33.9	26.4	24.4	15.6	2.96	0.75	19.6%	11.5%

Source: BankM Research

<b>Sector</b>	Medical Technology
<b>WKN</b>	565970
<b>ISIN</b>	DE0005659700
<b>Bloomberg/Reuters</b>	EUZ GY Equity
<b>Accounting standard</b>	IFRS
<b>Financial year</b>	Dec 31
<b>Financial report Q3</b>	March 30, 2011
<b>Market segment</b>	Regulated Market
<b>Transparency standard</b>	Prime Standard

Financial ratios	2010e 2011e 2012e		
	EV/Sales	16	15
EV/EBITDA	7.1	6.7	5.8
EV/EBIT	9.4	9.0	7.6
P/E adj.	14.3	12.6	10.5
Price/Bookvalue	2.1	1.9	1.6
Price/FCF	-15	4.4	3.3
ROE	14.4	16.9	18.2
Dividend yield	17	2.2	2.4

<b>Number shares</b> (million)	5.293
<b>Market cap / EV</b> (million €)	137.2/ 173.6
<b>Free float</b>	64.2%
<b>Ø daily trading vol.</b> (3M, in T€)	193.8
<b>12 months high/low</b> (XETRA-close)	€27.60/16.00
<b>Price Nov 5, 2010</b> (XETRA-close)	26.21€
<b>Performance</b>	1M 6M 12M
absolute	14.2% 30.7% 47.5%
relative	16.7% 12.8% -3.5%
<b>Benchmark index</b>	MEYTECH PERFORM.



Eckert & Ziegler AG (blue/black), Performance 1 year vs. DAX Subsector MedTech (red/grey)  
Source: Deutsche Börse AG

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## Segment Discussion

Main sales driver, again, was the segment "Industry" - now being renamed as "Isotope Products" - with 47.6% of total sales, followed by the segments "Therapy" (27.7%) and "Radiopharma" (19.7%). The business division "Environmental Services", formerly being integrated within the Industry segment and since the beginning of FY 2010 operating as a separate segment, contributed 5.0% to total sales.

The Industry segment benefitted from synergies resulting from the successful integration of Nuclitec. Further, the almost monopolistic position of isotope products allows for a favorable pricing with a positive impact on gross margin (+22%). As previously announced by management, sales of oil-drill bits during Q1 and Q2 did not remain on the same level as in Q1; while the segments' revenues - without considering the segment "Environmental Services" (see below) - decreased by 2.7% yoy, operating profitability significantly increased by 11,3%-age points. It is this segment which basically contributes to the group's overall margin growth of 5.3%-age points.

The "Therapy" segment reports decreasing sales (-6%); however, comparability is limited in a formal sense, given the retrospective out-booking of 9M/2010's revenues in the context of the Russian Joint Venture and their reclassification as advance payments on the balance sheet. The release through P&L of this liability item becomes gradually effective. Operating margin declined by 2.8%-age points due to a drop in prices; however, we anticipate margins to recover in connection with the launch of the novel seed generation (plastic seeds) starting from middle 2011.

Accompanied by an operating margin improvement of 8.1%-age points, sales within the segment "Radiopharma" increased by 11.4%. The market launch of the Gallium generator is now scheduled for Q4/2010; a substantial contribution is to be expected not before 2011.

The new segment "Environmental Services" achieved revenues of €4.1 Mill. and was slightly in deficit owing to expenditures for the preparation of new business. Regarding this segment, management anticipates 2010 revenues amounting to €5 Mill., resulting from the already existing business. According to the company's CEO, Dr. Eckert, at the occasion of the Q3 conference call, additional sales potential for the coming years will result from the extension of operational life of Germany's nuclear power plants. For clarification purposes: this is not the item of highly radioactive residues from nuclear fuel rods but rather of weak to mid radioactive waste, regularly resulting from nuclear power plant operation; this waste has to be temporarily stored and disposed. Still, conditioning of radioactive waste from the mine shaft "Asse" (Schachanlage Asse) bears an enormous potential for EZAG but remains to be a political issue which we will closely track.

**Management reiterates the aim to double 2009 revenues to €200 Mill. until 2014. We anticipate this ambitious goal to materialize in the context of future acquisitions, only. While we are not able to predict such strategic actions, the company's acquisition history suggests further acquisitions in the near future, significantly contributing to the envisaged aim.**

## Stock and Valuation

Year-to-date, EZAG's stock has gained 46.4%, increasing from €17.90 to €26.21 (XETRA close Nov 5, 2010). During the same period, the benchmark (Daxsubsec. Medical Technology Performance) has gained 32.5%. Since our last update from Aug 6, 2010, the share price increased by 5.0%, clearly out-performing the benchmark (+1.3%).

Based on daily stock price returns since beginning of the year, the annualized volatility is at 38% with a mean daily trading volume of ca. 13,300 pieces and a maximum of 151,000 pieces. During the reference period 9M/2009, volatility was at 61% with a mean daily trading volume of ca. 7,500 pieces and a maximum of 49,000.

We reiterate our earnings forecasts for the coming years and present an updated detailed planning for Fiscal Year 2010.

Our DCF analysis - only adjusted for time value and an increased number of shares (+33,000) - returns an equity value of €149.8 Mill. (previous: €146.9 Mill.) translating into a price of €28.30 per share (previous: 27.92). Our peer group analysis - based on the P/E ratio for 2011 - suggests a price of €28.89 per share (previous: €30.74, based on 2010). Equally weighted, we calculate a fair value of €28.60 per share (previous: €29.33), resulting in an upside potential of 9%.

**Based on our analyses, we rate the stock as "Neutral".**

## DCF Model

### DCF analysis based on future free cash-flows 2009-2017 + Terminal Value

in T€		Forecast									Terminal Value 2018+
		2009a	2010e	Phase 1		Phase 2		Phase 2		2017e	
		Basis	0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	
	Growth	42%	7%	8%	8%	7%	6%	6%	5%	4%	1%
	<b>Revenues</b>	<b>101,399.0</b>	<b>108,066.2</b>	<b>116,850.1</b>	<b>126,161.2</b>	<b>134,992.4</b>	<b>143,092.0</b>	<b>151,677.5</b>	<b>159,261.4</b>	<b>165,631.8</b>	
	<b>EBIT</b>	<b>16,418.0</b>	<b>18,430.6</b>	<b>19,383.9</b>	<b>22,820.9</b>	<b>26,443.3</b>	<b>28,029.9</b>	<b>29,711.7</b>	<b>31,197.3</b>	<b>32,445.2</b>	
	- Tax	-2,627.0	5,529.2	5,815.2	6,846.3	7,933.0	8,409.0	8,913.5	9,359.2	9,733.5	
	+ Depreciation	11,525.0	5,943.6	6,426.8	6,938.9	7,424.6	7,870.1	8,342.3	8,759.4	9,109.8	
	+ change in long-term provisions	-6,821.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	
	- changes in net working capital	-6,534.0	3,529.8	4,107.2	4,398.9	1,990.8	1,825.8	1,935.4	1,709.6	1,436.1	
	- other non-cash items	11,018.0	-1,574.4	-1,731.9	-1,905.1	-2,095.6	-2,535.6	-1,175.4	0.0	0.0	
	- Capex	9,698.0	31,184.3	9,348.0	10,092.9	10,799.4	11,447.4	12,134.2	12,740.9	13,250.5	
	<b>= Free Cash Flow</b>	<b>9,567.0</b>	<b>-15,294.6</b>	<b>7,272.1</b>	<b>9,326.7</b>	<b>14,240.3</b>	<b>15,753.4</b>	<b>15,246.3</b>	<b>15,147.0</b>	<b>16,134.8</b>	<b>16,296.1</b>
	Terminal Value										221,462.5
	Discount factor		0.98	0.90	0.84	0.77	0.71	0.66	0.61	0.56	
	<b>NPVs of Free Cash Flows</b>	n.a.	<b>-14,992.1</b>	<b>6,580.9</b>	<b>7,792.1</b>	<b>10,983.4</b>	<b>11,217.4</b>	<b>10,022.6</b>	<b>9,192.7</b>	<b>9,040.2</b>	
	<b>NPV of Terminal Value</b>										<b>123,750.4</b>
	<b>Valuation</b>	<b>Proportion of TV</b>									
	Result of Future Cash Flows	<b>49,837.2</b>	<b>29%</b>								
	+ Result of Terminal Value	123,750.4	<b>71%</b>								
	<b>= Value of the Entity</b>	<b>173,587.5</b>									
	+ Cash (30.09.2010)	28,590.0									
	- LT Debt (30.09.2010)	46,948.0									
	- Minorities (30.09.2010)	5,462.0									
	<b>Value of Equity</b>	<b>149,767.5</b>									
	Price per Share	28.30									

Source: BankM Research

### Sensitivity Analysis of Terminal Value (TV)

Key Model Assumptions		Discount rate of TV							
		0.25%	6%	7%	8%	8.36%	9%	10%	11%
Riskfree Return	3.30%								
Current Yield (D)									
Market Beta (relevered, adj. for target Capital Structure)	0.99								
Beta im Terminal Value = 1									
Market Return	10.00%								
Cost of Equity	9.93%								
Target weight									
Cost of Debt	8.00%								
Target weight									
Tax shield									
WACC	8.32%								
Growth Rate Terminal Value									
WACC TV	8.36%								

Source: BankM Research

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Peer Group Comparison - 5/11 -

## Peer Group Comparison

Company	Price	MarketCap (Mill.)	EPS		P/E		
			2010	2011	2009a	2010	2011
aap Implantate AG	1.17	32.62	0.01	0.05	16.7	117.0	23.4
Biolitec AG	4.04	42.48	0.22	0.36	67.3	18.4	11.2
Carl Zeiss Meditec AG	12.55	1,020.03	0.60	0.72	20.2	20.9	17.4
IBt - International Brachytherapy S.A.	2.94	51.61	0.22	0.24	10.9	13.4	12.3
Pulsion Medical Systems AG	4.46	42.70	0.28	0.32	89.2	15.9	13.9
Stratec Biomedical Systems AG	28.18	323.66	1.31	1.66	27.4	21.5	17.0
UMS Medical Syst. Intl AG	7.05	38.17	0.61	0.65	15.3	11.6	10.8
W.O.M. World of Medicine AG	11.60	104.40	0.00	n.a.	116.0	n.a.	n.a.
<b>Median</b>		<b>47.16</b>	<b>0.28</b>	<b>0.36</b>	<b>23.8</b>	<b>18.4</b>	<b>13.9</b>
<b>Eckert &amp; Ziegler AG</b>	<b>26.21</b>	<b>138.73</b>	<b>1.84</b>	<b>2.07</b>	<b>13.3</b>	<b>14.3</b>	<b>12.6</b>

Prices as of Nov 5, 2010

Year	2010	2011
Implicit Price	<b>33.75</b>	<b>28.89</b>

Source: BankM Research

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## Tables

## P &amp; L 9M/10 and Forecast Q4/2010

Fiscal Year 31/12 • IFRS	2009a	9M/09a	9M/10a	Delta %	Q4/10e	2010e
<b>Total Sales</b>	<b>101,399.0</b>	<b>77,827.0</b>	<b>81,048.0</b>	4.1%	<b>27,018.2</b>	<b>108,066.2</b>
Cost of Sales	50,275.0	37,454.0	37,771.0	0.8%	12,738.6	50,509.6
<i>% of sales</i>	49.6	48.1	46.6		47.0	46.7%
<b>Gross Profit</b>	<b>51,124.0</b>	<b>40,373.0</b>	<b>43,277.0</b>	7.2%	<b>14,279.6</b>	<b>57,556.6</b>
Distribution Expenses	18,425.0	14,023.0	14,188.0	1.2%	5,186.8	19,374.8
<i>% of sales</i>	18.2	18.0	17.5		18.0	17.9
Administrative Expenses	19,083.0	14,484.0	13,350.0	-7.8%	5,284.0	18,634.0
<i>% of sales</i>	18.8	18.6	16.5		17.0	17.2
R&D Expenses	2,496.0	1,725.0	1,525.0	-11.6%	1,027.2	2,552.2
<i>% of sales</i>	2.5	2.2	1.9		3.0	2.4
Other Operating Income	9,339.0	878.0	1,375.0	56.6%	-330.0	1,045.0
Other Operating Expenses	4,996.0	256.0	213.0	-16.8%	35.0	248.0
<b>Income from Ord. Business</b>	<b>15,463.0</b>	<b>10,763.0</b>	<b>15,376.0</b>	42.9%	<b>2,416.7</b>	<b>17,792.6</b>
Foreign exchange gains/losses	147.0	49.0	221.0		417.0	638.0
Other Financial Items	808.0	7.0	0.0		0.0	0.0
Financial Result	955.0	56.0	221.0	294.6%	417.0	638.0
<b>EBIT</b>	<b>16,418.0</b>	<b>10,819.0</b>	<b>15,597.0</b>	44.2%	<b>2,833.7</b>	<b>18,430.6</b>
<i>% of sales</i>	16.2	13.9	19.2		10.5	17.1
Interest Income	68.0	40.0	142.0	255.0%	101.0	243.0
Interest Expenses	1,331.0	1,068.0	1,327.0	24.3%	185.0	1,512.0
<b>EBT</b>	<b>15,155.0</b>	<b>9,791.0</b>	<b>14,412.0</b>	47.2%	<b>2,749.7</b>	<b>17,161.6</b>
Taxes on Income (Exp. -/Inc. +)	6,737.0	-1,773.0	-5,588.0	215.2%	-824.9	-6,412.9
<i>t/o deferred taxes (Exp. -/Inc. +)</i>	11,795.0	278.0	-1,180.0	n.a.	-394.4	-1,574.4
<b>Net Profit before Minorities</b>	<b>21,892.0</b>	<b>8,018.0</b>	<b>8,824.0</b>	10.1%	<b>1,924.8</b>	<b>10,748.7</b>
Result from discontinued operations		97.0	0.0		0.0	0.0
Minorities	8,642.0	2,796.0	971.0	-65.3%	181.0	1,152.0
<b>Net Profit after minorities</b>	<b>13,250.0</b>	<b>5,319.0</b>	<b>7,853.0</b>	47.6%	<b>1,743.8</b>	<b>9,596.7</b>
<i>% of sales</i>	13.1	6.8	9.7		6.5	9.0
Adjustments	-5,796.0	0.0	0.0		0.0	0.0
<b>Adjusted Net Profit</b>	<b>7,454.0</b>	<b>5,319.0</b>	<b>7,853.0</b>	47.6%	<b>1,743.8</b>	<b>9,596.7</b>
<i>% of sales</i>	7.4	6.8	9.7		6.5	9.0
<i>No. of Shares*</i>	3,783	3,686	5,208		5,293	5,229
Net Profit/Share (EPS)	3.50	1.44	1.51		0.33	1.84
Adj. Net Profit/Share (EPS)	1.97	1.44	1.51		0.33	1.84

\* Ø outstanding

Source: BankM Research

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# Eckert & Ziegler AG

November 9, 2010

Tables - 7/11 -

## Profit & Loss Account

Fiscal Year 31/12 • IFRS	09a	10e	11e	12e	13e	10e	11e	12e	13e	5y - CAGR
in T€						y-o-y changes (%)				
<b>Total Sales</b>	<b>101,399.0</b>	<b>108,066.2</b>	<b>116,850.1</b>	<b>126,161.2</b>	<b>134,992.4</b>	<b>6.6</b>	<b>8.1</b>	<b>8.0</b>	<b>7.0</b>	<b>13.5</b>
Cost of Sales	50,275.0	50,509.6	54,031.0	57,705.5	61,069.9	0.5	7.0	6.8	5.8	10.3
<i>% of Sales</i>	49.6	46.7%	46.2	45.7	45.2					
<b>Gross Profit</b>	<b>51,124.0</b>	<b>57,556.6</b>	<b>62,819.2</b>	<b>68,455.6</b>	<b>73,922.5</b>	<b>12.6</b>	<b>9.1</b>	<b>9.0</b>	<b>8.0</b>	<b>16.7</b>
Distribution Expenses	18,425.0	19,374.8	20,365.4	21,357.4	22,177.4	5.2	5.1	4.9	3.8	8.0
<i>% of Sales</i>	18.2	17.9	17.4	16.9	16.4					
General & Admin. Expenses	19,083.0	18,634.0	19,564.3	20,492.5	21,252.0	-2.4	5.0	4.7	3.7	7.8
<i>% of Sales</i>	18.8	17.2	16.7	16.2	15.7					
R&D Expenses	2,496.0	2,552.2	3,505.5	3,784.8	4,049.8	2.3	37.4	8.0	7.0	5.4
<i>% of Sales</i>	2.5	2.4	3.0	3.0	3.0					
Other Operating Income	9,339.0	1,045.0	0.0	0.0	0.0					
Other Operating Expenses	4,996.0	248.0	0.0	0.0	0.0					
<b>Income from Ord. Business</b>	<b>15,463.0</b>	<b>17,792.6</b>	<b>19,383.9</b>	<b>22,820.9</b>	<b>26,443.3</b>	<b>15.1</b>	<b>8.9</b>	<b>17.7</b>	<b>15.9</b>	<b>22.5</b>
Foreign exchange gains/losses	147.0	638.0	0.0	0.0	0.0					
Other Financial Items	808.0	0.0	0.0	0.0	0.0					
Financial Result	955.0	638.0	0.0	0.0	0.0					
<b>EBIT</b>	<b>16,418.0</b>	<b>18,430.6</b>	<b>19,383.9</b>	<b>22,820.9</b>	<b>26,443.3</b>	<b>12.3</b>	<b>5.2</b>	<b>17.7</b>	<b>15.9</b>	<b>22.8</b>
<i>% of Sales</i>	16.2	17.1	16.6	18.1	19.6					
Interest Income	68.0	243.0	50.0	50.0	50.0					
Interest Expenses	1,331.0	1,512.0	1,950.0	2,000.0	2,050.0					
<b>EBT</b>	<b>15,155.0</b>	<b>17,161.6</b>	<b>17,483.9</b>	<b>20,870.9</b>	<b>24,443.3</b>	<b>13.2</b>	<b>1.9</b>	<b>19.4</b>	<b>17.1</b>	<b>24.1</b>
Taxes on Income (Exp./Inc.)	6,737.0	-6,412.9	-5,245.2	-6,261.3	-7,333.0					
<i>t/o deferred taxes (Exp./Inc.+)</i>	<i>11,795.0</i>	<i>-1,574.4</i>	<i>-1,731.9</i>	<i>-1,905.1</i>	<i>-2,095.6</i>					
<b>Net Profit before minorities</b>	<b>21,892.0</b>	<b>10,748.7</b>	<b>12,238.8</b>	<b>14,609.7</b>	<b>17,110.3</b>	<b>-50.9</b>	<b>13.9</b>	<b>19.4</b>	<b>17.1</b>	<b>41.3</b>
Minorities	8,642.0	1,152.0	1,267.2	1,394.0	1,533.3					
<b>Net Profit</b>	<b>13,250.0</b>	<b>9,596.7</b>	<b>10,971.5</b>	<b>13,215.7</b>	<b>15,577.0</b>	<b>-27.6</b>	<b>14.3</b>	<b>20.5</b>	<b>17.9</b>	<b>28.2</b>
<i>% of Sales</i>	13.1	8.9	9.4	10.5	11.5					
Adjustments	-5,796.0	0.0	0.0	0.0	0.0					
<b>Adjusted Net Profit</b>	<b>7,454.0</b>	<b>9,596.7</b>	<b>10,971.5</b>	<b>13,215.7</b>	<b>15,577.0</b>	<b>28.7</b>	<b>14.3</b>	<b>20.5</b>	<b>17.9</b>	<b>35.2</b>
<i>% of Sales</i>	7.4	8.9	9.4	10.5	11.5					
<i>For Information purposes</i>										
Depreciation & Amortization	11,525.0	5,943.6	6,426.8	6,938.9	7,424.6	-48.4	8.1	8.0	7.0	-4.1
<i>% of Sales</i>	11.4	5.5	5.5	5.5	5.5					
<b>EBITDA</b>	<b>27,943.0</b>	<b>24,374.2</b>	<b>25,810.7</b>	<b>29,759.8</b>	<b>33,867.9</b>	<b>-12.8</b>	<b>5.9</b>	<b>15.3</b>	<b>13.8</b>	<b>12.7</b>
No. of Shares (Ø outstanding)	3,783	5,221	5,260	5,260	5,260	38.0	0.7	0.0	0.0	n.a.
Net Profit/Share (EPS)	3.50	1.84	2.09	2.51	2.96	-47.5	13.5	20.5	17.9	15.6
Adjusted Net Profit/Share (adj. EPS)	1.97	1.84	2.09	2.51	2.96	-6.7	13.5	20.5	17.9	22.0

Source: BankM Research

## Cash Flow Statement

Fiscal Year 31/12 • IFRS	09a	10e	11e	12e	13e	10e	11e	12e	13e	5y - CAGR
in T€						y-o-y changes (%)				
<b>Net Profit</b>	<b>21,892.0</b>	<b>10,748.7</b>	<b>12,238.8</b>	<b>14,609.7</b>	<b>17,110.3</b>	<b>-50.9</b>	<b>13.9</b>	<b>19.4</b>	<b>17.1</b>	<b>41.3</b>
+ Depreciation & Amortisation	11,525.0	5,943.6	6,426.8	6,938.9	7,424.6	-48.4	8.1	8.0	7.0	-4.1
+ Chg. in long-term Provisions	-6,821.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0					
<b>= Cash Earnings</b>	<b>26,596.0</b>	<b>15,692.3</b>	<b>17,665.5</b>	<b>20,548.5</b>	<b>23,534.9</b>	<b>-41.0</b>	<b>12.6</b>	<b>16.3</b>	<b>14.5</b>	<b>3.1</b>
- other non-cash items	11,018.0	-1,574.4	-1,731.9	-1,905.1	-2,095.6					
- Chg. in Net Working Capital	-6,534.0	3,529.8	4,107.2	4,398.9	1,990.8					
<b>= Operating Cash Flow</b>	<b>22,112.0</b>	<b>13,736.9</b>	<b>15,290.2</b>	<b>18,054.6</b>	<b>23,639.7</b>	<b>-37.9</b>	<b>11.3</b>	<b>18.1</b>	<b>30.9</b>	<b>22.4</b>
- Capex	9,698.0	31,184.3	9,348.0	10,092.9	10,799.4	221.6	-70.0	8.0	7.0	14.6
<b>= Free Cash Flow</b>	<b>12,414.0</b>	<b>-17,447.4</b>	<b>5,942.1</b>	<b>7,961.7</b>	<b>12,840.3</b>	<b>n.a.</b>	<b>n.a.</b>	<b>34.0</b>	<b>61.3</b>	<b>32.6</b>
+ Net Other Items	476.0	0.0	0.0	0.0	0.0	n.a.	0.0	0.0	0.0	n.a.
- Dividends (Previous Year)	1,132.0	2,335.0	3,070.9	3,291.5	3,964.7	106.3	31.5	7.2	20.5	38.2
- Payout minorities	409.0	449.9	494.9	544.4	598.8					
+ Increase in Share Capital	23,929.0	0.0	0.0	0.0	0.0					
- Outflow from Share Buy Backs	436.0	0.0	0.0	0.0	0.0					
+/- Bank Loans	1,521.0	5,750.0	0.0	0.0	0.0					
<b>= Incr. in Cash (+)/Decr. in Cash (-)</b>	<b>36,363.0</b>	<b>-14,482.3</b>	<b>2,376.3</b>	<b>4,125.9</b>	<b>8,276.7</b>	<b>n.a.</b>	<b>n.a.</b>	<b>73.6</b>	<b>100.6</b>	<b>23.0</b>

Source: BankM Research

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## Balance Sheet

Fiscal Year 31/12 • IFRS in T€	09a	10e	11e	12e	13e	10e	11e	12e	13e
<b>Assets</b>						<b>% of Balance Sheet Total</b>			
Tangible Assets	27,253.0	31,064.3	34,959.34	39,164.71	43,664.46	21%	22%	24%	24%
Intangible Assets	42,123.0	41,252.3	40,278.6	39,227.2	38,102.3	27%	26%	24%	21%
<i>t/o Goodwill</i>	22,503.0	22,503.0	22,503.0	22,503.0	22,503.0	15%	14%	14%	13%
Deferred Tax	11,795.0	10,220.6	8,488.7	6,583.6	4,488.1	7%	5%	4%	3%
Other Fixed Assets	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1%	1%	1%	1%
<b>Total Fixed Assets</b>	<b>82,931.0</b>	<b>84,297.2</b>	<b>85,486.6</b>	<b>86,735.6</b>	<b>88,014.8</b>	<b>56%</b>	<b>54%</b>	<b>52%</b>	<b>49%</b>
Inventories	12,631.0	13,461.5	14,555.7	15,715.6	16,815.6	9%	9%	9%	9%
Accounts Receivable	16,204.0	17,269.4	18,673.2	20,161.1	21,572.4	11%	12%	12%	12%
Total Liquid Funds	43,674.0	29,191.7	31,568.1	35,694.0	43,970.7	19%	20%	21%	25%
Other Current Assets	6,464.0	6,889.0	7,449.0	8,042.5	8,605.5	5%	5%	5%	5%
<b>Total Current Assets</b>	<b>78,973.0</b>	<b>66,811.7</b>	<b>72,245.9</b>	<b>79,613.2</b>	<b>90,964.2</b>	<b>44%</b>	<b>46%</b>	<b>48%</b>	<b>51%</b>
<b>Balance Sheet Total</b>	<b>161,904.0</b>	<b>151,108.9</b>	<b>157,732.5</b>	<b>166,348.7</b>	<b>178,979.1</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Liabilities</b>						<b>% of Balance Sheet Total</b>			
Subscribed Capital	5,260.0	5,293.0	5,293.0	5,293.0	5,293.0	4%	3%	3%	3%
Share Premium	52,719.0	52,719.0	52,719.0	52,719.0	52,719.0	35%	33%	32%	29%
Retained Earnings & Other Reserves	18,426.0	8,387.7	16,288.3	26,212.5	37,824.8	6%	10%	16%	21%
<b>Shareholders Equity</b>	<b>76,405.0</b>	<b>66,399.6</b>	<b>74,300.2</b>	<b>84,224.5</b>	<b>95,836.7</b>	<b>44%</b>	<b>47%</b>	<b>51%</b>	<b>54%</b>
Minorities	10,254.0	6,503.9	8,266.0	10,204.4	12,336.5	4%	5%	6%	7%
<b>Group Equity</b>	<b>86,659.0</b>	<b>72,903.6</b>	<b>82,566.3</b>	<b>94,428.9</b>	<b>108,173.3</b>	<b>48%</b>	<b>52%</b>	<b>57%</b>	<b>60%</b>
Provisions	23,296.0	22,296.0	21,296.0	20,296.0	19,296.0	15%	14%	12%	11%
<i>t/o Pension Provisions</i>	5,707.0	6,082.2	6,576.6	7,100.7	7,597.7	4%	4%	4%	4%
Other Liabilities	51,949.0	55,909.3	53,870.2	51,623.8	51,509.8	37%	34%	31%	29%
<b>Total Liabilities</b>	<b>75,245.0</b>	<b>78,205.3</b>	<b>75,166.2</b>	<b>71,919.8</b>	<b>70,805.8</b>	<b>52%</b>	<b>48%</b>	<b>43%</b>	<b>40%</b>
<i>t/o LT Liabilities</i>	41,247.0	41,971.9	35,987.6	29,619.3	25,544.3	28%	23%	18%	14%
<i>t/o ST Liab. &lt;1Y</i>	33,998.0	36,233.4	39,178.6	42,300.5	45,261.5	24%	25%	25%	25%
<i>t/o Acc Payable &amp; Adv. Paymts.</i>	12,431.0	10,797.1	9,187.8	7,436.7	7,957.2	7%	6%	4%	4%
<b>Balance Sheet Total</b>	<b>161,904.0</b>	<b>151,108.9</b>	<b>157,732.5</b>	<b>166,348.7</b>	<b>178,979.1</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: BankM Research

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**Author: Dr. Roger Becker, CEFA, Biologist**

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Analyst	Date	Evaluation result	Fair value
Dr. Roger Becker	April 1, 2009	Buy	€10.56
Dr. Roger Becker	May 5, 2009	Buy	€10.56
Dr. Roger Becker	July 10, 2009	Buy	€14.50
Dr. Roger Becker	August 7, 2009	Neutral	€19.26
Dr. Roger Becker	November 4, 2009	Buy	€22,21
Dr. Roger Becker	November 16, 2009	Buy	€22,90
Dr. Roger Becker	December 17, 2009	Buy	€22,90
Dr. Roger Becker	January 29, 2010	Buy	€24.00
Dr. Roger Becker	March 25, 2010	Neutral	€24.00
Dr. Roger Becker	April 12, 2010	Buy	€27.44
Dr. Roger Becker	May 10, 2010	Buy	€28.22
Dr. Roger Becker	August 6, 2010	Buy	€29.33

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#### 4. Date and time of prices of the instruments quoted in this document:

**Closing prices of November 5, 2010**

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