

Information analysis

Analyst:

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Company to expect significant top and bottom line contribution from Joint Venture with Russian State Fund

With the foundation of a Joint Venture between the Russian State Fund Rusnanotech Corp. and the marketing company Santis Ltd., Eckert & Ziegler's associated company International Brachytherapy S.A. (IBt BEBIG) expands its position within the Russian Federation and strengthens the sales base for weak radioactive implants (seeds) for the treatment of prostate cancer beyond the European core regions. The joint enterprise „NanoBrachyTech“, in which IBt BEBIG holds a 15% minority stake, is supposed to commence production and distribution in Russia, the Ukraine, Byelorussia, and Kazakhstan, in 2011. Currently, the market volume for weak radioactive implants in the Russian Federation is merely at €3 Mill., but the growth rates are significant. Within the recent years, IBt BEBIG was able to gain a strong position in this geography via distributors; the establishment of a local production and distribution facility is likely to strengthen and expand this competitive advantage.

The Joint Venture's terms of agreement envisage the construction of a production site and the transfer of manufacturing know-how by IBt, resulting in ca. €10 Mill. of revenues (deliveries and respective license payments) within the next two years. Given the full consolidation of IBt, these additional revenues will be booked in full on EZAG's top line; we estimate the additional contribution to net result after tax and minorities - EZAG has a 40% share in profits of IBt - at ca. €1.3 Mill. (€0.33 per share) for fiscal year 2009 and €0.4 Mill. (€0.11 per share) for fiscal year 2010. For now, we have not adjusted our sales and result forecasts for the years 2011ff. However, the consolidation procedure (IBt's economic result within the Joint Venture will be valued *at equity* and be reported proportionately as Financial Result in EZAG's P&L) may have an impact on the key financial figures.

Key Financials (T€)

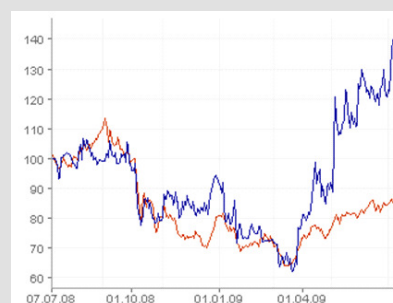
Year	Sales	EBITDA	EBIT	EBT	adj. Net	adj. EPS	DPS	EBIT Margin	Net Margin
2008	71,612	18,619	9,469	8,301	4,502	1.43	0.25	13.2%	6.3%
2009	107,650	20,314	14,614	13,107	5,829	1.50	0.30	13.6%	5.8%
2010	110,600	20,410	14,610	12,960	7,131	1.84	0.38	13.2%	6.7%
2011	111,300	22,595	16,695	15,345	8,774	2.26	0.46	15.0%	7.9%
2012	116,865	25,867	19,867	18,817	10,731	2.77	0.57	17.0%	9.2%

Source: BankM Research

Fair Value: €14.50

Buy

Financial figures	2009	2010	2011
EV/Sales	0.7	0.7	0.7
EV/EBITDA	3.8	3.8	3.4
EV/EBIT	5.3	5.3	4.7
P/E adj.	8.4	6.9	5.6
Price/Bookvalue	1.0	0.9	0.8
Price/FCF	35.13	10.4	8.2
ROE	11.8	13.0	14.1
Dividend yield	3.0	3.6	4.5
Number shares (million)	3,879		
Market cap / EV (million €)	48,9 / 77,9		
Free Float	57.18%		
WKN	565970		
ISIN	DE0005659700		
Bloomberg	EUZ GY Equity		
Sector	Medical Technology		
Accounting	IFRS		
Market segment	Regulated Market		
Transparency	Prime Standard		
Financial Year	Dec 31		
Price July 8, 2009 (XETRA-close)	€ 12.60		



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

Source: Deutsche Börse AG

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With the inception of the operative business of "NanoBrachyTech" in 2011, the hitherto existing sole operations of IBt BEBIG will be reduced to a minority share of 15%. However, this strategy should pay off for the following reasons:

- In the years 2009 and 2010, significant payments (ca. €10 Mill.) will be booked pursuant to the delivery and license agreements for the construction of the production line
- Regional production and in particular local distribution will promote the increase of sales volume within the Russian Federation; as a positive side effect, import tax becomes obsolete
- With the beginning of production in 2011, IBt anticipates to realize additional earnings resulting from the delivery of raw materials and license fees within the Joint Venture

Stock and Valuation

Since our last update from May 5, 2009, EZAG's share price increased by 57.5% from €8.00 (XETRA close May 5, 2009) to €12.60 (XETRA close July 8, 2009). Within the same period, the benchmark (DAXSUBSEC MEDICAL TECHNOLOGY PERFORMANCE) gained 8.2%, only.

The current share price of €12.60 exceeds our previous fair value (€10.56) by 19.3%. Based on our DCF analysis and peer group multiples, our last update already indicated a higher valuation. However, for the sake of prudence we behaved hesitant to adjust the fair value. Regarding the current corporate developments we now have adjusted our analysis of free cash flows and re-evaluated the capital market multiples and feel confident to increase the firm value. The adjustment of our DCF analysis basically considers the revenues and earnings in the years 2009 and 2010 in the context of the Joint Venture described above.

We adjust our fair value of EZAG's stock to €14.50.

Status of the legal dispute regarding a mandatory takeover bid for IBt

On July 2, 2009, the Company informed about the postponement of the court hearings at the Brussels court of Appeal to mid November 2009. Given this schedule, EZAG's management does not expect a verdict within the current year. A detailed representation and discussion of the law suit can be found in our update from May 5, 2009.

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Eckert & Ziegler AG

July 10, 2009

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Responsible for the content of this document: biw Bank für Investments und Wertpapiere AG, Willich, Germany.

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Issuer of the analyzed instrument is Eckert & Ziegler AG.

Notice according to sec. 4 §. 4 N° 4 FinAnV (previous publications regarding the issuer within the last 12 months):

Analyst	Date	Evaluation result	Fair Value
Dr. Roger Becker	April 1, 2009	Buy	€10.56
Dr. Roger Becker	May 5, 2009	Buy	€10.56

II. Additional Information:

1. Sources of information:

Main sources of information for the compilation of this document are publications in national and international media and information services (e.g. Reuters, VWD, Bloomberg, dpa-AFX and others), financial newspapers and magazines (e.g. Börsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Financial Times and others), specialist media, published statistics, rating agencies as well as publications by peer group companies and the company itself. Furthermore talks with the management of the issuer have been held. This document was made available to the issuer before publication to ensure the accuracy of the information provided. This resulted in some textual changes.

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The following valuation methods are being used: Multiple-based models (Price/Earnings, Price/Cash-flow, Price/Book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer-group comparisons, historical valuation approaches, discount models (DCF, DDM), break-up value and sum-of-the-parts-approaches, asset-based evaluation methods or a combination of the above. The used valuation models depend on macroeconomic factors, such as interest rates, exchange rates, raw materials and on basic assumptions about the economy. Additionally, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Rendered evaluation results and fair values derived from the models might therefore change respectively. The evaluation results in general relate to a 12-month horizon. However, evaluation results are subject to changing market conditions and represent only the situation at a given point of time. The evaluation results and fair value prices may in fact be achieved more quickly or slowly than expected by the analysts. Also, the evaluation results and fair value prices might need to be revised upward or downward.

3. Date of first publication of this document:

July 10, 2009

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

Closing prices of July 8, 2009

5. Updates:

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