

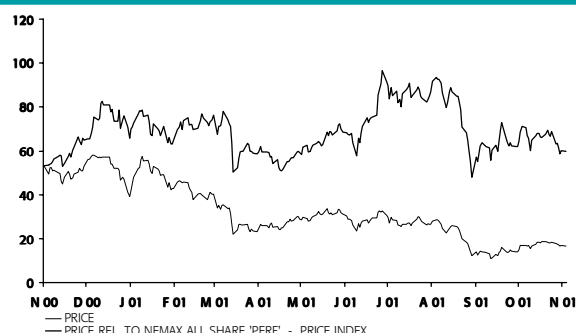
Eckert & Ziegler

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Medical technology · Germany

Market Performer

Price Chart



Key data · €

Price	19.7
Year Hi/Lo	62 / 10.65
Market Cap. (m)	64.0
Free Float (%)	32
LTG (%)	20
Reuters Code	EUZG
Bloomberg Code	EUZ

Financials · €

FY 31/12	00	01e	02e	03e
Sales (m)	23.6	29.8	38.0	46.3
EPS	0.09	1.00	1.10	1.40
(prev.)	0.09	0.80	1.10	1.40
Div	0.00	0.00	0.00	0.00
(prev.)	0.00	0.00	0.00	0.00

Valuation

FY 31/12	00	01e	02e	03e
MC / Sales	2.7	2.1	1.7	1.4
PE	218.9	19.7	17.9	14.1
PEG	10.9	1.0	0.9	0.7
Div.Yield (%)	0.0	0.0	0.0	0.0

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Sales and net profit above our estimates

- 3Q'01 and 9M'01 figures published today
- Sales and net profit were higher than expected, we raise EPS 01e to € 1
- Our peer group valuation gives a fair value per share of € 15 and our DCF model produces a fair value of € 20 - we rate Eckert & Ziegler as Market Performer

This morning Eckert & Ziegler reported its 3Q'01 and 9M'01 figures. Sales and net profit were above our estimates. In particular revenues of the business sections Industrial Sources (€ 9.2m) and Nuclear Imaging (€ 8m) were higher than we expected. Therefore, we raised our full year sales forecast to € 32m. Because these divisions will not show high growth rates in the future, we did not change our sales estimates for 02e and 03e. Costs were in line with our estimates. Due to the higher than expected sales, net profit was also higher than anticipated.

Looking forward, Dr. Eckert stated in the conference call that the company was sticking to its full year target 2001 (EPS € 1) because it is taking a cautious view on a potential T€ 750 indemnity charge relating to a customer. The negotiations are still ongoing. We have calculated conservatively with the full amount of these expenses. As a consequence of our higher sales expectations, we increase EPS 01e to € 1.

Our peer group valuation considers four companies that are active in the same business area as Eckert & Ziegler (Amersham, Theragenics, North American Scientific, Novoste) and four medtech companies listed at the Neuer Markt (Aap Implantate, Rösch Medizintechnik, UMS, Pulsion). Based on the multiples EV/Sales, EV/EBIT and P/E the fair value of Eckert & Ziegler's share is € 15 (see table). We further used a DCF model to assess the long-term potential. Assumptions were: market return 12%, beta factor 1.4 (1.1 for the terminal value), tax rate 40%, equity ratio 62%, cost of equity 14.8%, cost of debt 12.5% and a slightly rising EBIT margin to 18%. With WACC of 12% (10.7% for the terminal value), we calculate a fair value of € 20 per share. We rate Eckert & Ziegler as Market Performer. The company announced that it is considering to be involved more firmly in the business area of radiopharmaceuticals. Future announcements on this topic should influence share price positively.

Peer group valuation

(€)	Price	M.cap. (m)	Sales		EPS		EV/S		EV/EBIT		P/E	
			2002e	2003e	2002e	2003e	2002e	2003e	2002e	2003e	2002e	2003e
Amersham	10.3	6,560	2,242	2,455	0.39	0.44	3.1	2.8	16.4	14.5	26.6	23.6
Theragenics	9.7	288	65	80	0.67	0.85	3.6	2.9	9.6	8.7	14.5	11.5
North American Scientific	10.2	103	26	49	0.05	0.92	2.5	1.3	4.0	3.4	(210.7)	11.1
Novoste	12.6	201	134	261	1.34	2.41	1.2	0.7	7.4	3.8	9.4	5.2
Aap	6.0	23	26	26	0.75	1.17	1.0	1.0	5.0	3.5	8.0	5.2
Rösch	7.4	35	28	39	0.05	0.67	0.8	0.6	(93.6)	4.0	(152.4)	10.9
UMS	19.4	113	70	115	1.77	4.13	1.4	0.8	6.3	3.2	11.0	4.7
Pulsion	4.3	34	28	55	0.53	1.82	1.4	0.7	10.2	2.3	8.1	2.4
Mean							1.9	1.4	8.4	5.4	12.9	9.3
Eckert&Ziegler	16.3	57	38	46	1.06	1.39	1.6	1.3	10.5	5.6	15.3	11.8
Fair value per share							19.1	16.8	12.8	11.7	13.7	12.9
Average fair value per share							14.5					

Source: IBES, Bloomberg, Concord Equity Research