

Eckert & Ziegler AG

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Basic report

Analyst

Dr. Roger Becker, CEFA, Biologist
+49 69 71 91 838-46
roger.becker@bankm.de

Evaluation result

BUY

(previously NEUTRAL)

Fair value

€ 40.50

(previously € 28.60)



FY 2010: operative margins further improved

- Sales and profit again increased (+10%, +26%)
- Takeover bid to IBt shareholders increases stake significantly and now extends economical participation in IBt to 72% (previously 38,5%)
- Therapy segment's US expansion strategy failed
 - discrepancies on Core Oncology's balance sheet and P&L
 - €1.4 Mill. depreciation of loan previously granted to Core Oncology
 - Takeover bid for Theragenics Corp. withdrawn
- Equity ratio solid at 51% upon IBt takeover and payment of dividends
- Liquid funds position comfortable at ca. €30 Mill.
- Dividend recommendation for 2010: €0.60 (previous: €0.45)

Eckert & Ziegler (EZAG) is a specialist in processing, application and disposal of radioactive isotopes. The Company produces radiation components and radioactive compounds for use in industrial measurement engineering, in nuclear-medical imaging, and in diagnosis and therapy for the treatment of cancer. Within many niches of the isotope market, EZAG enjoys a global or European leadership - also by means of continuous and targeted acquisitions.

In FY 2010, total revenues amounted to €111.1 Mill. (+10%, YoY) resulting in a net profit of €9.4 Mill. attributable to EZAG's shareholders (+26%, ex special effects in 2009). This translates into an increase of 1%-age point in net margin compared to previous year. EBIT amounted to €16.6 Mill. (+14% c.p.) with a slight improvement of margin by 0.5%-age points to 14.9%. Operating cash flow came down significantly by 32% to €15 Mill. This cutback - owing to a capital-absorbing increase in net working capital (NWC) by €8.9 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.

Liquid funds at year end amounted to almost €30 Mill. which we consider as comfortable.

Based on our DCF analysis and peer group valuation we calculate a fair value of €40.50 and rate the stock as "Buy".

Key data / Earnings

Year	Sales (mln €)	EBITDA (mln €)	EBIT (mln €)	EBT (mln €)	adj. net (mln €)	adj. EPS (€)	DPS (€)	EBIT-Margin	Net-Margin
2010a	111.1	26.4	16.6	14.4	9.4	1.81	0.45	14.9%	8.5%
2011e	118.9	29.3	18.6	16.6	10.5	2.01	0.60	15.6%	8.9%
2012e	126.0	32.2	20.8	19.1	12.2	2.32	0.60	16.5%	9.7%
2013e	132.3	35.4	23.5	22.0	14.1	2.68	0.70	17.7%	10.6%
2014e	137.6	38.9	26.5	25.2	16.2	3.08	0.80	19.2%	11.8%

Source: BankM-Research

Sector	Medical Technology
WKN	565970
ISIN	DE0005659700
Bloomberg/Reuters	EUZ GY Equity
Accounting standard	IFRS
Financial year	Dec 31
Financial report Q1	May 3, 2011
Market segment	Regulated Market
Transparency standard	Prime Standard

Financial ratios	2011e	2012e	2013e
EV/Sales	1.4	1.3	1.3
EV/EBITDA	5.7	5.2	4.7
EV/EBIT	9.0	8.0	7.1
P/E adj.	15.1	13.0	11.3
Price/Bookvalue	2.1	1.9	1.7
Price/FCF	14.3	12.1	9.7
ROE	14.6	15.2	15.6
Dividend yield	2.0	2.0	2.3

Number shares (million)	5.260
Market Cap / EV (million €)	159,8/ 166,8
Free float	64.2%
Ø daily trading vol. (3M, in T€)	305.700
12 months high/low (XETRA-close)	€ 31.45/18.06
Price Nov 5, 2010 (XETRA-close)	30.20 €
Performance	
absolute	1M 6M 12M 11.7% 24.3% 40.0%
relative	7.7% 13.2% 6.4%
Benchmark index	MEDTECH PERFORM.



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

Source: Deutsche Börse AG

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BITTE BEACHTEN SIE DIE HINWEISE, ANGABEN UND DEN DISCLAIMER AM ENDE DIESER STUDIE!

Investment Criteria

- Leading position in numerous niches within the radio-isotope market; many product groups enjoy market leadership in Europe or world-wide
- Broad diversification of the product portfolio reduces risk regarding exposure to negative product-specific or macro-economic impacts
- Experienced and well-established management team with a proven capability to identify and to seize market opportunities; strategy characterized by pronounced acquisition activity
- New business field „Environmental Services“ (processing of radioactive waste) extends the scope of operations and strengthens value creation
- Since three years a consistent double digit sales growth
- Profitable throughout the past 11 years
- Management has always achieved its corporate objectives it announced. This is exemplified by fiscal year's 2010 sales, exceeding almost 6% of management's own guidance as well as by advancing profitability and internal financing strength

Corporate Profile

Business Model

Eckert & Ziegler AG (EZAG) is a holding with several, globally operating subsidiaries, grouped into four distinctive segments, each addressing a homogeneous clientele. The segment "Therapy" provides products for radiation therapy, including weak radioactive implants for the treatment of prostate cancer and afterloader for temporary tumor radiation; the segment "Isotope Products" includes radioactive raw materials and components for the application as calibration reference standards; the segment "Radiopharma" combines products for use in nuclear medicine, and the segment "Environmental Services" provides services for the disposal of weak radioactive waste.

The product portfolio consists of 16 major product groups:

Segment Therapy

1. Implants for the therapy of prostate cancer
2. Radiation devices for tumor therapy
3. Therapeutic accessories
4. Ophthalmological products
5. Other therapy products

Segment Isotope Products

6. Radioactive components for industrial measurement engineering
7. Radiation sources for nuclear-medical imaging
8. Radiation sources for calibration and measurement
9. Raw isotopes and other products

**Broad, diversified
product portfolio**

Segment Radiopharma

10. Radioactive contrast agents (tracers)
11. Modular synthesizer devices (Modular Lab)
12. Radio-isotope generators (Cyclotrons)
13. Radiopharmaceuticals (Yttrium-90)
14. Contract manufacturing

Segment Environmental Services

15. Disposal of low-level radioactive waste
16. Disposal of radioactive sources

Strength: Identifying and implementing opportunities

In its history, the Company repeatedly has accomplished corporate strategic measures in order to extend its market position and to flexibly adapt to market movements and opportunities. This strategy materializes in a pronounced acquisition activity of whole business entities or selected products as well as in the termination of individual business fields, which do not meet management's expectation regarding return of equity.

In addition, management places emphasis on internal development activities, e.g. the development of the product group "Modular Lab" for the on-site production of radiopharmaceuticals as well as innovations in the advancement of implants for the treatment of prostate cancer.

Balanced risk profile based on broad diversification of product portfolio

While the common denominator of operations is the processing, application and commercialization of radiation sources, the Company's product portfolio is well diversified due to the defined markets and clientele addressed by the individual segments. This results in individual sensitivities regarding unfavorable market-specific or macro-economic influences and thus strengthens the overall risk profile of the Company significantly. Compared to its competitors, EZAG is unique in integrating such a broad and diversified product portfolio within one company group. To our knowledge, there is no competitor with a comparable spectrum of products; rather, we identify specialized companies with a focus on individual segments or product groups.

Internationally operating company

Eckert & Ziegler is running its business on a global basis, with some exceptions owing to a particular, product-specific regional competitive environment. Hence, several major product groups are marketed in selected geographies, only, e.g. seeds for prostate brachytherapy (currently distributed in Europe and adjacent regions) or raw isotopes in North America. The distribution strategy consists of a mix of direct and indirect approaches, basically depending on regional conditions.

During FY 2010, the group's average headcount increased to 540.

Significant strategic Developments during FY 2010 to Date

Acquisition of IBt

With an acceptance rate of 55.1% in the context of a mandatory takeover bid, EZAG further expanded its stake in International Brachytherapy S.A. (IBt Bebig) from 38.5% to 71.9%.

In June 2010, IBt has gained a major order for the next three years from a consortium of 20 well-known French cancer research centers for the supply of medical devices (seeds) for early prostate cancer treatment.

Currently, IBt is developing plastics-based seeds; through this product innovation, management anticipates to extend the therapy segment's market share and to address new markets, e.g. emerging countries.

During FY 2010, IBt booked revenues at €32,1 Mill. resulting in net profits of €1.5 Mill.

Increase of stake in IBt to 71.9%

Potential Re-entry into the US Market

The re-entry into the US market via a strategic partnership with Core Oncology has failed. Currently, IBt is filing a law suite against Core Oncology due to significant discrepancies on Core Oncology's balance sheet and P&L. The loan in the amount of €1.4 Mill., advanced to the US-based company, was depreciated in full.

In February 2011, EZAG submitted a non-binding offer for the takeover of Theragenics, Inc. (NYSE: TGX). Since this offer was rejected by Theragenics' Board of Directors, EZAG's management decided to make a public, conditional offer to Theragenics' shareholders on March 17, 2011. The offer was at \$2.20 per share resulting in a total volume \$74 Mill. Considering the last price as of March 16, 2011 this corresponds to a premium of 38.4% or 15.8% regarding 52 weeks High.

Pertaining to the financing of the potential takeover (most likely via the Belgium-based subsidiary IBt), EZAG already had obtained credit commitments. According to press release on April 7, 2011, EZAG announced that they withdraw their offer given the unwillingness of Theragenics' Board of Directors to pursue any further discussions.

Theragenics is one of the leading brachytherapy companies in the US. The company's brachytherapy business manufactures and markets its premier product, the palladium-103 TheraSeed® device, and I-Seed, an iodine-125 based device, which are used primarily in the minimally invasive treatment of localized prostate cancer. In our view, there a substantial overlap with EZAG's second major pillar regarding sales and earnings, i.e. the therapy segment. From a strategic perspective, there would be the chance to again enter into the US market and to extend the product portfolio as well as to realize further synergies.

During 2010, sales in Theragenics' brachytherapy segment amounted to €16.7 Mill.; EBIT margin was at 15.5%, compared to 11.4% achieved by IBt (we would like to mention that IBt's segment margin was lower due to restructuring measures in 2010).

Market entry into the US failed

Company History

- 2011 EZAG has concluded a long-term contract with Euromedic International B.V., based in Budapest, to supply Polish diagnostics centres. The framework agreement for so-called FDG (Fluoro(18)deoxyglucose) also envisages the creation of a pharmaceutical production facility in Warsaw in addition to the FDG supply
- YTTRIGA (Yttrium-90-chloride), a component of numerous radio-therapeutics, has been granted an indefinite approval
- 2010 Ezag absorbed all the shares in Bavarian SonoTech GmbH, a minor software developer which has specialized in the planning of radiation therapy
- Strategic alliance with Karlsruhe-based Zyklotron AG for the production of FDG
- IBt Bebig presents miniaturized plastic implants (SmartSeed®) at ESTRO conference for the first time
- EZAG becomes the main supplier of the radioactive component Yttrium-90 for the cancer drug ZEVALIN®, produced by the American drug company Spectrum Pharmaceuticals Inc.
- EZAG's subsidiary f-con has been awarded the tendered contract for the regular supplies of radiodiagnostics to the Polish Medical University of Gdansk. The contract is valued at approx. €1.3 Mill.
- In June 2010, IBt has gained a major order for the next three years from a consortium of 20 well-known French cancer research centers for the supply of medical devices (seeds) for early prostate cancer treatment. The contract is valued at several million Euro
- EZAG takes over the remaining 30% shares of senior shareholders of EURO-PET Berlin Zyklotron GmbH Berlin. The pharmaceutical company specializes in the production of short-lived isotopes for nuclear imaging
- In the context of a mandatory takeover bid, EZAG increases its stake in IBT from 38.5% to 71.9%; acceptance quote was at 55%
- 2009 EZAG submits a mandatory takeover bid for IBT
- Successful capital increase with proceeds amounting to €21.5 Mill.
- IBt enters into a comprehensive partnership with the Californian seeds manufacturer Core Oncology, Inc. thereby initiating its re-entry into the US market
- Foundation of a Joint Venture between IBt and the Russian State Fund to produce and to market seeds for the treatment of prostate cancer in Russia

- EZAG is being commissioned by the US-based drug developer Molecular Insight Pharmaceuticals as their contract manufacturer for a novel cancer drug for the treatment of neuro-endocrine tumors
- Acquisition of the isotope specialist nuclitec GmbH, Braunschweig
- Capital increase amounting to €3.1 Mill. for partial financing of the Nuclitec acquisition
- 2008 Sale of the Afterloader business and further products for cancer therapy (revenues ca. €10 Mill.) to the Belgian company International Brachytherapy S.A. (IBt)
- The Californian subsidiary Eckert & Ziegler Isotope Products, Inc. acquires the industrial sources business from its competitor North American Scientific
- Asset transfer of the subsidiary Eckert & Ziegler BEBIG GmbH into the Belgian company International Brachytherapy S.A. (IBt). Eckert & Ziegler holds 29.9% of IBt's shares
- 2007 Acquisition of the radiopharmaceutical producer MC Pharma GmbH, Bonn
- 2006 Discontinuation of the clinical development of SpondylAT®, a compound against rheumatoid arthritis
- Sale of the branch „Blood radiation devices“
- Start of operations of Pharmtrace klinische Entwicklung GmbH, a joint venture between Eckert & Ziegler AG and a group of specialized physicians
- 2005 Eckert & Ziegler acquires the worldwide rights and production know-how for SpondylAT® from Salzgitter Altmann Therapie GmbH & Co. KG, Salzgitter
- The Californian subsidiary Isotope Products Laboratories Inc. acquires the complete assets from Analytics Inc. in Atlanta, Georgia
- Acquisition of a 51% stake in f-con Europe GmbH and change of name into Eckert & Ziegler f-con Europe GmbH. The company, based in Hessen, distributes radioactively labeled sugar (PET tracer) in Germany and Italy via subsidiaries
- Acquisition of a 70% stake in EURO-PET Berlin Zyklotron GmbH, Berlin-Adlershof, a cyclotron operating company
- 2004 Divestiture of interests in NEMOD GmbH (development of radio-labeled antibodies)
- Acquisition of the medical technology branch (MMI) from HEK GmbH, Lübeck
- Acquisition of CNL Scientific Resources International, USA (raw materials agent)
- Acquisition of a majority stake in the distribution subsidiary Isotope Products Europe Blaseg (IPE) GmbH, Waldburg
- Acquisition of the radiation device branch from CIS bio International, France
- 2003 Segment change of Eckert & Ziegler stock into the Prime Standard of Frankfurt Stock Exchange (Frankfurter Börse)
- 2001 Foundation of BEBIG Italia s.r.l., Mailand, an Italian distribution office of BEBIG GmbH

- EZAG enters the business field „Immunology“ via tumor vaccine specialist NEMOD GmbH
- 2000 Acquisition of the branch “Surgiscope Medical Roboters“ from Medtronic Surgical Navigation Technologies
- Acquisition of the radiation sources business from DuPont Pharmaceuticals, Boston (nuclear-medical and industrial radiation sources)
- Stake in Isotope Products Europe Blaseg (IPE) GmbH, Waldburg, (distribution of industrial radiation sources)
Capital increase in cash with proceeds amounting to €17 Mill.
- 1999 Initial Public Offering (Neuer Markt, Frankfurt)
- Acquisition of Isotope Products Laboratories (IPL) Inc., California (development and production of radiation sources for industrial, scientific, and medical applications)
- 1997 Foundation of Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin as a Holding with several specialized spezialisierten subsidiaries (processing of radio-isotopes; development, production, and distribution of isotope components, medical devices, and related products)
- 1995 Foundation of EUROTOPE Entwicklungsgesellschaft für Isotopentechnologien mbH, Berlin (development of production lines, specialty radiation sources, and recycling processes for radioactive compounds)
- 1994 Foundation of BEBIG Trade Inc., Chicago, an office of BEBIG GmbH for the distribution in North America
- Stake in Cesio s.r.o., Prag (production of intermediate products, and industrial radiation sources)
- 1993 Foundation of BEBIG Trade GmbH as a joint venture with Russian partners (office of BEBIG GmbH for the distribution outside the US and Canada)
- 1992 Foundation of BEBIG Isotopentechnik und Umweltdiagnostik GmbH (BEBIG GmbH), Berlin by Dr. Andreas Eckert and Jürgen Ziegler

Management

The management board consists of Dr. Andreas Eckert, Dr. Edgar Löffler and Dr. André Heß. The following table lists the members of the executive board and annotates their respective responsibilities:

Name (*date of birth)	Member since	Scope of responsibility
Dr. Andreas Eckert, CEO (*1960)	01.07.1997	CEO, Investor Relations, Finance, Business Development, Segmente Isotope Products und Umweltdienste
Dr. Edgar Löffler (*1953)	07.05.2001	Segment Therapy
Dr. André Heß (*1965)	01.03.2008	Segment Radiopharmacy

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Dr. Andreas Eckert (*1960), CEO of Eckert & Ziegler AG

After completing his studies in macroeconomics/political economics and sociology in Heidelberg and New York, he worked for several years at the United Nations in New York. He then received teaching contracts for marketing and financing of small and medium companies at the Fachhochschule für Technik und Wirtschaft in Berlin. For several years Dr. Eckert has worked as an independent consultant and in 1992 he co-founded the BEBIG Isotopentechnik und Umweltdiagnostik GmbH with Jürgen Ziegler. This company is now a subsidiary of Eckert & Ziegler.

Dr. Edgar Löffler (*1953), Member of the Board of Eckert & Ziegler

After completing his doctorate studies in physics in Heidelberg, he worked for several years in the medical physics realm. He joined Nucletron as Head Product Manager and completed his tenure as General Manager of Theranostic GmbH, a German subsidiary of Nucletron. In May 2001 Dr. Löffler was recruited as a member of the Board of Directors of Eckert & Ziegler, where he initially was responsible for restructuring of the segment "Industry". Since 2003, he is responsible for the segment "Therapy".

Dr. André Heß (*1965), Member of the Board of Eckert & Ziegler

After completing his doctorate studies in chemistry and studies in industrial engineering and management, he worked for several years as scientific assistant at the Humboldt University in Berlin. He joined the Eckert & Ziegler Group in 1996, initially as radiochemist and later as Head of Development and General Manager of different subsidiaries within the Group. In March 2008 Dr. André Heß was recruited as a member of the Board of Directors of Eckert & Ziegler.

Shareholder Structure

Shareholder	No. of Shares	in %
Eckert Wagniskapital und Frühphasenfinanzierung GmbH*	1,674,986	31.8%
Jürgen Ziegler	135,117	2.6%
Eckert & Ziegler AG	71,485	1.4%
Free Float	3,378,695	64.2%
Total	5,260,283	100.0%

*ehemalige Eckert Consult GmbH

Products

I. Segment „Therapy“

The therapy segment consists of three product lines for use in near-surface radiation of tumors, the so-called brachytherapy: small, permanent implants loaded with radioactive iodine for the treatment of early prostate cancer (“seeds”), Afterloader for radio-therapy of tumors, accessible from the outside through orifices via probe guidance, and specific radiation sources for the treatment of eye tumors.

„seeds“ for the treatment of prostate cancer

Implants for the treatment of prostate cancer (seeds)

The treatment with radioactive seeds is applicable for tumors in early stages, only. The indication depends on the classification of the tumor and is based on a combination of three clinical parameters, whose values are presented in so-called “Partin tables”. These schemes reflect the probability of a tumor to progress to more advanced stages, i.e. the risk of the tumor to spread beyond the prostate capsule. The following table exhibits the relevant parameters for the application of the seed-based brachytherapy:

Parameter	Value/Degree	Comment
TNM classification	T1	not palpable, detectable by histology, only
	T2	localized to the prostate, not infiltrating
Gleason score	<7	Degree of differentiation
PSA value	<10	Serum level of prostate-specific antigen



Seed zur Behandlung des frühen Prostatakarzinoms

Source: Eckert und Ziegler

In the course of a minimally invasive treatment, the patient’s prostate is loaded with 50 - 100 seeds via a hollow needle; the seeds – each 4.5mm long and 0.6mm in diameter – remain in the prostate capsule tissue (permanent brachytherapy). The Iodine isotope employed is a weak radiation source with a half-life of ca. 60 days, i.e. the radioactivity halves ca. every 2 months (radioactive decay). Due to its minimally invasive nature, permanent brachytherapy is suitable for outpatient treatment, taking ca. 1 hour; however, reimbursement policies in certain geographies compensate for inpatient treatment, only (see below). Compared to surgical intervention, e.g. radical prostate ablation (prostatectomy), the minimally invasive treatment results in significantly less side-effects, like incontinence or impotence.

Positive long-term follow-up results with minor side effects

In light of positive longterm clinical results (*Sahgal A., and Roach M.: Permanent Prostate Seed Brachytherapy: A Current Perspective on the Evolution of the Technique and Its Application. Nat. Clin. Pract. Urol. 4(12):658-670, 2007*), the percentage of post-treatment incontinence is below 1% (prostatectomy: 5 – 30%) and the occurrence of impotence is in the range of 15 – 25% (prostatectomy: 50 – 100%). However, radical prostate interventional surgery is still - at least in Europe - a conventional procedure, even with locally confined tumors (T1/T2 staging). The table below summarizes the currently applied treatment options, with their respective advantages and associated risks:

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Treatment options	Description	Advantages	Risks/Disadvantages
Radical prostatectomy	Ablation of the prostate and possibly of neighbouring lymph nodes	Progression of the tumor inherently not possible	Impotence, Incontinence uncomfortable surgical procedure entailing extended hospitalization Bleeding, infection
Hormone therapy	Drug treatment to lower testosterone level	Applicable even in more advanced tumors	applicable for hormone-sensitive tumors, only
External radiation	Cancer cells are being destroyed by high energy x-rays; daily treatment over a period of 6-8 weeks	Efficient in the treatment of early tumor stages Can be combined with surgery or brachytherapy	Radiation-induced injury of adjacent organs (bladder, rectum) Unnecessary radiation exposure of larger body regions
Brachytherapy	Implantation of small radioactive seeds into the prostate tissue	Minimally invasive, inpatient treatment Short recovery time, low rate of impotence and incontinence	Applicable for tumors in early stages, only
Cryotherapy	Cancer cells are being destroyed by local freezing	Preserves surrounding, healthy tissue	Premature technology Injury of adjacent tissue possible increased impotence rate Effectivity not proven, yet Still expensive
High Intensity Focused Ultrasound (HIFU)	Cancer cells are being destroyed by heating the tissue through high-energy ultrasound	Minimally invasive Subsequent surgery associated with increased risk due to fibrotic processes	Long-term results currently not at hand Effectivity not proven, yet

Source: Klinik für Prostata-Therapie, Heidelberg und andere Quellen, modifiziert: BankM Research

The seed therapy has been approved as an adequate alternative to conventional surgical intervention by the German Medical Association (Bundesärztekammer) and the National Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung; see: *Brüggemann M. et al.: Permanente interstitielle Brachytherapie (Seed-Implantation) bei lokal begrenztem Prostatakarzinom, HTA-Bericht 2005*). Long-term clinical data (up to 12 years post-treatment observation period), surveyed in this comprehensive health technology assessment report, confirm the low incidence of side effects, i.e. impotence and incontinence.

Since December 2003, inpatient seed implantation is being reimbursed by the German public health insurance system; compensation for outpatient treatment is subject to individual arrangement. The table below shows the reimbursement policies of selected European Countries:

Country	Regulation
Belgium	Full reimbursement
Germany	Reimbursement according to DRG (inpatient), outpatient per individual agreement
England	Full reimbursement
France	Reimbursement within a fixed budget in public cancer centers; general reimbursement in private clinics
Netherlands	Full reimbursement
Italy	Varying reimbursement schemes (regional differences)
Spain	Full reimbursement
Switzerland	Reimbursement of a fixed amount

Source: Eckert und Ziegler AG

In France, EZAG enjoys a strong market position for a long time. With a current market share of ca. 60%, the Company is the clear market leader. This position is, amongst others, substantiated by a long-term agreement with the "Institut Curie", the country-wide leading cancer research and treatment center. In 2010,

Restricted reimbursement policies in Germany

DRG = Diagnosis related group

IBt has gained a major order for the next three years from a consortium of 20 well-known French cancer research centers for the supply of medical devices (seeds) for early prostate cancer treatment.

During FY 2008, EZAG combined its therapy business with the Belgian company IBt. Currently, the company is developing a new generation of mini implants, named SmartSeed®. Compared to conventional seeds, the novel product is based on plastic, allowing a more simplified production process as well as a more convenient dosing and positioning within the tumor area. This world novelty shall be introduced in the European market during 2011.

Afterloader

Afterloader are radiation devices for the temporary, near-surface therapy of tumors within disease-specific time intervals. The encapsulated radioactive source is guided to the tumor through the respective body orifice via a probe (intra-cavity brachytherapy). Indications for this type of radiation therapy are especially gynecological tumors, but also head and neck cancers and tumors of the breast and prostate. Depending on the underlying disease and specific indication, a high dose radiation therapy (HDR) or low dose radiation therapy (LDR) is applied. While HDR is performed within an outpatient treatment scheme, LDR requires inpatient treatment for at least three days. The following table shows the indications suitable for Afterloader treatment:



Multisource-Afterloader
Source: Eckert und Ziegler

Product	Type	Indication
Curietron	LDR	Cervical cancer
Multisource	HDR	Tumors of: Bladder, breast, uterus, cervix, brain neck, lung, prostate, throat, tongue

Source: Eckert und Ziegler AG

EZAG focuses on long-lived radiation sources

While Afterloader marketed by competitors use the isotope Iridium-192 with a half-life of 74 days, EZAG instead employs Cobalt-60 with a half-life of 5.3 years as the radiation source. For the customers, the prolonged radioactive decay entails higher, comparative cost efficiency as well as a reduced dependence on complex logistics, which are otherwise essential for short-lived isotopes (*Richter J. et al.: Comparison of ⁶⁰Cobalt and ¹⁹²Iridium Sources in High Dose Rate Afterloading Brachytherapy. Strahlentherapie und Onkologie, Vol. 184 (4), 187-192, 2008*). These features prove advantageous regarding radiotherapy performed in developing and emerging countries: in 2007, a HDR device (Multisource) was delivered to India for the first time, and, in the same year, a major follow-up order from Venezuela was received; in 2008, a major order for the delivery of Multisource devices, exceeding €2 Mill., was received from Kazakhstan, the Ukraine, Russia, and Armenia.

Innovator in Afterloader technology

For decades, the use of the well established isotope Cobalt-60 for use in brachytherapy was limited to defined treatment protocols, only. This was attributable to the large dimensions of the radiation source; EZAG, in an innovative approach, succeeded in further miniaturizing the radiation source to a length of 3.5mm and a diameter of 0.5mm, which allow their application in Afterloader devices.

The Afterloader technology was integrated into the segment by the acquisition of the respective businesses of Schering and HEK/MMI in 2004. Synergies emerge from distribution (brachytherapy from 1 source) as well as from the vertical integration: EZAG is not only selling the devices, but at the same time provides for the radioactive components needed to run them.

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Since the beginning of 2011, a new generation of MultiSource[®] Afterloader is being marketed. A unique manufacturing process for the production of elaborate applicators for specific applications (e.g. throat) was developed.

In addition to the core products within the therapy segment as described above, accessories like applicators for seeds, radiation protection shields, etc. complement the product portfolio.

With sales amounting to €32.1 Mill., the segment „Therapy“ contributed 29% of the total sales volume in 2010.

II. Segment „Isotope Products“

The Industry segment comprises the production and processing of nuclear-physical components for usage as calibration reference standards in nuclear imaging, i.e. gamma cameras and PET (Positron Emission Tomography). These imaging systems are core devices in nuclear medicine.

The segment further includes scientific and industrial applications of the isotope technology. Radiation sources are deployed for calibration purposes and quality control for materials testing, e.g. in the iron and steel industry, energy supply industry, plant engineering, or chemical industry. By the acquisition of the industry radiation source business from the US competitor North American Scientific, EZAG – via the US subsidiary EZIP (Eckert & Ziegler Isotope Products, Inc.) - was able to further expand its global leading position in this segment. In 2008, the Company benefitted from an exceptional boom, triggered by intensified oil exploration activities vis-à-vis dramatically increasing crude oil prices. EZAG's radiation sources are being employed, amongst others, in the radiometric analysis of sediment density.

By acquisition of the German company Nuclitec (Braunschweig) in Jan 2009, EZAG has strengthened its portfolio and its market presence within the segment. Within the framework of the takeover, the new business “Environmental Services” was acquired and will be operating in a separate segment from 2010 onwards.

With sales amounting to €50.8 Mill., the segment Isotope Products contributed 46% of the total sales volume in 2010.

III. Segment „Radiopharma“

The segment „Radiopharmacy“ includes cyclotron products (tracers) and laboratory-scaled modular synthesizers for their on-site production by the medical personnel.

This segment was established upon the acquisition of the cyclotron company EURO-PET Berlin Zyklotron GmbH (Berlin-Adlershof) in 2005. In the same year, EZAG entered into a partnership with the Charité Berlin for the production and development of radiopharmaceuticals, followed by a 5-year contract for the production of radiopharmaceuticals for the Charité.

Radiopharmaceuticals are short-lived isotope-labeled compounds used in nuclear medicine as diagnostic contrast agents in PET. This diagnostic procedure is usually being performed in combination with Computer Tomography, allowing the precise localization of tumors and their metastases. EZAG produces the contrast agent ¹⁸Fluor-Desoxyglucose (FDG) in its own cyclotrons (particle accelerators);

Numerous industrial applications

Long-term relationship with Berlin-based Charité

the radioactively labeled sugar specifically accumulates in tumors due to their high energy demand.



Modular Lab

Source: Eckert & Ziegler AG

Limited reimbursement in Germany

Contrast agents needed for PET are short-lived radioactive compounds, which cannot be produced on stock and stored; instead, they have to be produced freshly on a daily basis. Given this shortcoming, EZAG is developing easy-to-use synthesizers, i.e. flexible modular configurations for the on-site production of radiopharmaceuticals („Modular Lab“), e.g. radioactive FDG, choline for use in differential diagnosis of prostate cancer, and cost-effective Gallium-labeled peptides.

Compared to the situation in the US, where PET is a broadly applied diagnostic procedure, adoption in Europe is still lagging behind. This is mainly due to restrictive reimbursement policies on the part of public health insurance agencies; in Germany, costs associated with a PET procedure are reimbursed by private insurance companies, only, or based on individual arrangements.

Since 2005, specific indications, e.g. certain forms of lung cancer, are being recognized within the public health insurance reimbursement scheme; in Sep 2008, reimbursement benefits have been added for further tumor indications. We anticipate a significant growth potential for PET in Germany and Europe due to the still limited penetration.

By the acquisition of Nuclitec, the segment's portfolio has been extended with Yttrium-90, an EMEA-approved radiopharmaceutical (brand name: Yttriga) used as a primary product for the on-site generation of radio-therapeutic peptides and antibodies being developed for cancer therapies. After divesting the development of the radio-labeled antibody "Pankomab" in 2004, EZAG now re-enters – albeit indirectly - the field of drug-based radio oncology. Further to its use in the production of radio-biologicals, Yttrium-90 is sold as a radiation source for medical devices used in cancer therapy.

In October '09, EZAG has signed a 10-year contract with the US-based drug development company Molecular Insight Pharmaceuticals (MIPI) for the production of a radio-therapeutic peptide (a Somatostatin analogon, trade name Onalta) designed for the treatment of neuroendocrine tumors. In 2010, EZAG became the main supplier of the radioactive component Yttrium-90 for the cancer drug ZEVALIN®, produced by the American drug company Spectrum Pharmaceuticals Inc.

We anticipate these manufacturing contracts to further entail a signaling effect, which will attract further sponsors active in the development and production of radiotherapeutics; EZAG as a leading player in radiopharmacy should be amongst their premier partners.

With sales amounting to €22.6 Mill., the Radiopharma segment contributed 20% to the total sales volume in 2010.

IV. Environmental Services

Through the acquisition of Nuclitec in 2009, EZAG's scope of business activities has been extended to "Environmental Services" which is operating as a separate, fourth segment since 2010.

Weak, short-lived radioactive waste deriving from clinics, scientific institutes, and from industry are being collected, processed, stored and combusted upon radioactive decay. Long-lived radioactive waste is being collected in so-called Konrad containers and conditioned for ultimate disposal in the "Schacht Konrad", Salzgitter (mine shaft named after Konrad Ende, former supervisory chairman of Salzgitter AG). In 2007, the Federal Administrative Court

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Markets and Strategies - 15/32 -

(Bundesverwaltungsgericht) has approved the shaft for ultimate disposal (start in 2013). About 25% of the revenues are generated with foreign orders for the processing of radioactive waste; for ultimate disposal, the processed waste is being transported back to the country of origin.

According to management, Nuclitec is one of the few private firms with a relevant expertise in tandem with a local infrastructure for the conditioning of radioactive waste in "Konrad" containers at the required quantity. This task is typically performed by government agencies (Landessammelstellen). Further, Nuclitec enjoys a special permit for interstate transportation of radioactive waste within Germany. A special, proprietary deposit planning software allows for optimal container filling resulting in cost advantages and improved margins.

With sales amounting to €5.6 Mill., the segment contributed 5% to the total sales volume in 2010.

Strong expertise and know how in the conditioning of weak radioactive waste

Markets and Strategies

Eckert & Ziegler - via its operating subsidiaries - is active in niche markets focusing on medical and industrial applications of radio-isotopes. The Company has gained significant market shares in several product groups or products. The diversification into various segments as described in chapter "Products" reduces the risk vis-à-vis the exposure of negative product-specific and cyclical impacts.

A unique characteristic of the Company's strategy is its flexible adaptation to market conditions regarding product portfolio and geographical reach. Besides organic growth, EZAG's management is continuously concerned to identify and realize new opportunities in order to increase value, both by acquisitions and holdings, but also by divestitures. For this reason, we describe and analyze the relevant markets in tandem with a critical consideration of the respective market strategies.

Proven capability to realize and implement market opportunities

I. Segment Therapy

So far, it was EZAG's strategic decision to market its prostate implants exclusively in Europe and neighboring countries, in particular Russia. 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.

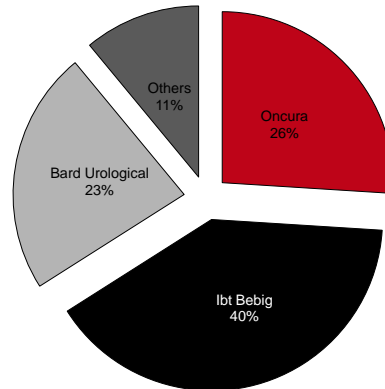
Regional focus on selected markets

The European market for permanent prostate implants is at ca. €40 Mill.; IBt Bebig enjoys a market share of 40% and hence is the market leader in this region.

40% market share within the seed business

The distribution of current market share in Europe is shown in the figure below:

European seed market (ca. €40 Mill.)



Source: IBt Bebig, 2010

Global competitors with significant resources

The major competitors within the seed market are Oncura and Bard Urological.

Globally, Oncura is the market leader within the seed sector. The company belongs to GE Healthcare and hence is very likely to enjoy, at least in principle, significantly higher resources compared to EZAG.

Likewise, Bard Urological is a subsidiary of a broadly diversified MedTech company (C.R.Bard). Within its Urology segment, brachytherapy products represent a fraction of the portfolio, only, and hence the focus on such products may be less pronounced as compared to EZAG. In the company's annual reporting, they state that sales volume within their urological segment has declined by 3% comparing 2010 with 2009 and that this decline is mainly attributable to brachytherapy products

Market penetrations still expandable

Given the fact that, within Europe, only ca. 9% of early prostate cancer are treated with seeds, we perceive a significant growth potential in this market. Likewise, the potential in the US with a penetration of 23% regarding seeds therapy, is by far not exploited, yet. The advantages of brachytherapy compared to more conventional regimens are summarized in the following table:

Treatment	Cost	Hospital stay	Effectivity	Recovery
Surgery	25,000	7-10 days	70-95%	40-60 days
External Beam	€ 8-30,000	30-40 daily visits	70-90%	Variable
Brachytherapy	€ 5-10,000	1 day	85-98%	2-3 days

Source: IBt Bebig, 2010

Realization of synergies

Innovations, such as the current development of plastic encapsulated seeds and the extension towards the brachytherapeutic treatment of breast cancer will have a positive impact on sales.

The combination and concentration of EZAG's and IBt's "Therapy" businesses within one unit, resulted in an increased market presence, especially in Benelux

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and UK, where EZAG held a limited market share in the past. Consequently, EZAG's seed business has been following Oncura as the hitherto European market leader. Given the continuing realization of synergies regarding production and distribution, we anticipate further positive impacts on segment's growth.

With its subsegment „Afterloader“, EZAG is a niche player with ca. 5% of global market share; according to management, the global volume for Afterloader is at €225 Mill. Major markets are in Russia, South America, Asia, and the Middle East. In FY 2010, Afterloader sales decreased by 31% owing to an extraordinary business in 2009. Market leaders in this segment are the US company Varian and Dutch-based Nucletron.

II. Segment Isotope Products

This segment includes the production and distribution of radioactive components for industrial measurement engineering, radiation sources for nuclear-medical imaging, sources for calibration and measurement, and raw isotopes. With 46% of total sales in 2010, it is - again - the largest segment within the group. EZAG enjoys a share of ca. 70% of the global market, which is estimated at €60 - €80 Mill. Upon the acquisition of Nuclitec, market share within certain categories has increased to 100%. In 2010, 50% of the segment's revenues were generated in the US, entailing a significant exposure to the \$/€ exchange rate with effects on the Company's top line and operating results (see chapter "FX Exposure").

EZAG's global leadership is largely driven by acquisitions: Nuclitec GmbH (2009), Analytics, Inc. (2005), and purchase of the branch "Industry sources" from the competitor North American Scientific (2008).

In 2008, the segment experienced an exceptional boom, triggered by a strongly increased demand for radiation sources, emerging from intensified oil exploration activities. This trend continued up to 2010.

We perceive the segment's future growth in step with the global GDP.

Due to the radioactive decay of isotopes, the segment benefits from a "natural" demand from customers, who have to replace the radio-isotopes on a regular basis. This leads to recurring revenues which we estimate at 40% of the segment's total volume.

The segment, with production plants in Braunschweig (Germany), the US and the Czech Republic, is being operated by the subsidiary Eckert & Ziegler Isotope Products, Inc. (EZIP).

III. Segment Radiopharma

EZAG is the second largest supplier in Europe and market leader in Germany for PET isotopes (tracers). The production and distribution of radioactive tracers are regionally decentralized and involve several local subsidiaries.

The segment is characterized by organic growth and strategic acquisitions: the purchase of the radiopharmaceutical company MC Pharma GmbH in 2007 expanded EZAG's leading position; the acquisition of nuclitec in January 2009, extended the portfolio by an EMEA-approved starting product for the synthesis of radio-biologicals (see above).

The largest European competitor within this segment is the Belgian IBA Group S.A. with 2009 sales of €360 Mill. As does EZAG's Radiopharmacy segment,

Global market leader with significant FX exposure

Exceptional boom triggered by demand for radiation sources used in oil exploration

The "Asse" project: an open-end issue

Prominent market position in Europe

they offer a broad spectrum of products relating to nuclear imaging as well as cyclotron-based products.

IV. Environmental Services

In our previous updates, we have discussed the opportunity regarding the extension of EZAG's new business "Environmental Services" in light of the recovery of radioactive waste from the mine shaft "Asse". This issue now has turned into a political issue; therefore, management has only limited influence on the progress of the current discussion. The municipalities in the proximate vicinity of the mine shafts are reluctant regarding an intermediate waste storage and conditioning site in their immediate neighborhood. For instance, the site in Braunschweig, which we previously perceived ideal for the segment's extension into the temporary storage and conditioning of the Asse-derived waste is currently being blocked due to a municipal development freeze decision. It is especially this location that - beside its vicinity to the mine shaft "Asse" - would have the advantage to being connected to the infrastructure of the already existing site. Currently, management evaluates alternative offers from other municipalities.

The business "Environmental Services", which resides within the newly founded and fully owned subsidiary "Kompetenzzentrum für sichere Entsorgung, GmbH (KSE; Competence Center for Safe Waste Disposal)" and which is being operating as a separate segment since 2010, has contributed ca. €5.6 Mill. to sales, in 2010. Even if the "Asse" project should strand, it is the expertise and infrastructure in combination with a portfolio of special permits that position the KSE ideally within the market of radioactive waste salvage and conditioning.

"Environmental Services" contribute €5.6 Mill. to sales

Financial Analysis

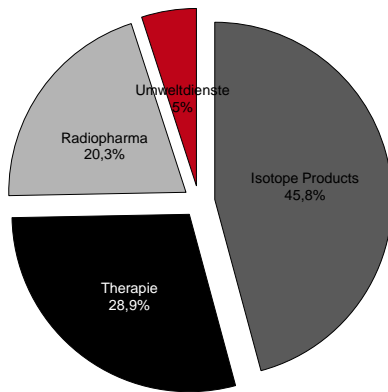
The Eckert & Ziegler group has organized its business operations into three segments:

1. Isotope Products (formerly: Industry)
In FY 2009, this segment included the business field "Environmental services" previously incorporated via the acquisition of Nuclitec; since 2010, this business is operating as a separate segment
2. Therapy
3. Radiopharma
4. Environmental Services

Profit & Loss Account / Segment Discussion

During the reporting period, total revenues increased by 10% to €111.1 Mill. The major part of revenues was again generated within the Industry segment (now: "Isotope Products") amounting to €50.8 Mill. (+9.8%), followed by the segments "Therapy" with €32.1 Mill. (+6%), "Radiopharma" with €22.6 (+16.4%) and "Environmental Services" with €5.6 Mill. (+3.3%). The distribution of segment revenues 2010 is shown in the figure below:

Segment sales



Source: Eckert und Ziegler AG

Isotope Products contributed €50.8 Mill, i.e. 46% to total sales. Gross margin increased by 24%, operating profit by 57%.

The segment benefitted from synergies in the context of the successful integration of Nuclitec; furthermore, there were no restructuring costs as was the case in 2009. In addition, the almost monopolistic position of isotope products allows for a favorable pricing with a positive impact on gross margin (+24%). In sum, operating margin increased by 8.2%-age points.

The continuing realization of synergies in the context of the integration process shall unfold positive impacts on operating results and net margins, in the future.

Sales within the **Therapy** segment sales amounted to €32.1 Mill. (+6%) and contributed with 28.9% to total sales. The segment's top line result is largely attributable to the Russian project (construction of a production line in the context of the Joint Venture with the Russian States Fund „Rusnanotech Corp.“). At the same time, sales of Afterloader declined by €3.1 Mill. to €6.8 Mill. and sales of implants (“seeds”) by €1 Mill. to €14.6 Mill. Regarding the Afterloader business, the decline is due to an extraordinary business in 2009, which could not be maintained on this level during 2010. Regarding seeds revenues, price pressure resulting from health insurances' reimbursement policy entailed a negative impact. As a result, net profit decreased by 30% to €1.5 Mill. Considering the depreciation in the context of the loan previously granted to Core Oncology, after-tax result would be at €2.5 Mill. (+16.8%, YoY).

Break-even of Radiopharma segment

The **Radiopharmacy** segment generated revenues of €22.6 Mill. reflecting a growth rate of 16%. The major part of this growth is attributable to Nuclitec's radiopharmaceutical Yttrium-90 (Yttriga). Sales within the product group „Modular Lab“ and radio-diagnostics increased by 18% and 5%, respectively.

With €1.5 Mill. (previous year: T€-72), the segment now has passed break-even. However, a differentiated view discloses the nature of this result partly as a balance sheet item: unscheduled depreciation in the amount of ca. T€600 pertaining to previously capitalized development projects and capitalization of deferred tax income on losses carried forward amounting to €1.3 Mill. This results in an “adjusted” net income from of T€800.

The new segment “Environmental services” generated revenues at €5.56 Mill. (+3.3%) but is still in deficit (T€-420) owing to expenditures for the preparation of new business.

The group net result amounts to €10.4 Mill. before minorities (+18.7%); accounting for minority gains, the net result attributable to EZAG's shareholders is €9.4 Mill. (+26.3%) translating into €1.81 per share.

Special effects

Compared to previous years, no special effects occurred during FY 2010. However, we want to point out here the depreciation of €1.4 Mill. (ca. €1 after-tax) in the context the loan granted to Core Oncology. This write-off significantly contributed to a decline of net profit.

FX Exposure

37% of group revenues were billed in US-Dollar, implying a significant exchange rate risk on sales and earnings. During FY 2010, the Dollar noticeably recovered; the average exchange rate dropped from 1.38 in 2009 to 1.33 in 2010 entailing a positive effect on consolidated sales, i.e. €1.5 Mill.

Furthermore, the exchange rate has an impact on the competitive situation: a favorable Dollar rate encourages US competitors within the seed business (Therapy segment) to intensify their activities in the European markets, despite

37% of revenues are exposed to FX risk

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high transportation costs. During FY 2010, this effect was negligible due to a strengthened Dollar.

Given the uncertainties during the Fiscal Year to date and beyond, we have not included any FX risk into our forecasts.

Profit & Loss Account

Fiscal Year 31/12 • IFRS in T€	10a	11e	12e	13e	14e	10a	11e	12e	13e	14e	5y - CAGR
						Veränderungen z. Vorjahr (%)					
Total Sales	111,093.0	118,869.5	126,001.7	132,301.8	137,593.8	9.6	7.0	6.0	5.0	4.0	4.4
Cost of Sales	53,295.0	56,787.9	59,817.2	62,278.8	64,082.0	6.0	6.6	5.3	4.1	2.9	3.8
<i>% of Sales</i>	<i>48.0</i>	<i>47.8</i>	<i>47.5</i>	<i>47.1</i>	<i>46.6</i>						
Gross Profit	57,798.0	62,081.6	66,184.5	70,022.9	73,511.8	13.1	7.4	6.6	5.8	5.0	4.9
Distribution Expenses	18,929.0	20,016.3	20,839.3	21,352.0	21,518.1	2.7	5.7	4.1	2.5	0.8	2.6
<i>% of Sales</i>	<i>17.0</i>	<i>16.8</i>	<i>16.5</i>	<i>16.1</i>	<i>15.6</i>						
General & Admin. Expenses	18,828.0	19,908.2	20,724.7	21,231.7	21,393.0	-1.3	5.7	4.1	2.4	0.8	2.6
<i>% of Sales</i>	<i>16.9</i>	<i>16.7</i>	<i>16.4</i>	<i>16.0</i>	<i>15.5</i>						
R&D Expenses	2,886.0	3,566.1	3,780.1	3,969.1	4,127.8	15.6	23.6	6.0	5.0	4.0	7.4
<i>% of Sales</i>	<i>2.6</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>						
Other Operating Income	2,868.0	0.0	0.0	0.0	0.0						
Other Operating Expenses	1,703.0	0.0	0.0	0.0	0.0						
Income from Ord. Business	18,320.0	18,591.0	20,840.5	23,470.1	26,472.8	18.5	1.5	12.1	12.6	12.8	7.6
Foreign exchange gains/losses	43.0	0.0	0.0	0.0	0.0						
Other Financial Items	-1,792.0	0.0	0.0	0.0	0.0						
Financial Result	-1,749.0	0.0	0.0	0.0	0.0						
EBIT	16,571.0	18,591.0	20,840.5	23,470.1	26,472.8	0.9	12.2	12.1	12.6	12.8	9.8
<i>% of Sales</i>	<i>14.9</i>	<i>15.6</i>	<i>16.5</i>	<i>17.7</i>	<i>19.2</i>						
Interest Income	299.0	50.0	50.0	50.0	50.0						
Interest Expenses	2,517.0	2,000.0	1,750.0	1,500.0	1,275.0						
EBT	14,353.0	16,641.0	19,140.5	22,020.1	25,247.8	-5.3	15.9	15.0	15.0	14.7	12.0
Taxes on Income (Exp./Inc.)	-3,938.0	-4,992.3	-5,742.1	-6,606.0	-7,574.4						
<i>t/o deferred taxes (Exp./Inc.)</i>	<i>12,204.0</i>	<i>-1,574.4</i>	<i>-1,731.9</i>	<i>-1,905.1</i>	<i>-1,905.1</i>						
Net Profit before minorities	10,415.0	11,648.7	13,398.3	15,414.1	17,673.5	-52.4	11.8	15.0	15.0	14.7	11.2
Minorities	1,002.0	1,102.2	1,212.4	1,333.7	1,467.0						
Net Profit	9,413.0	10,546.5	12,185.9	14,080.4	16,206.5	-29.0	12.0	15.5	15.5	15.1	11.5
<i>% of Sales</i>	<i>8.5</i>	<i>8.9</i>	<i>9.7</i>	<i>10.6</i>	<i>11.8</i>						
Adjustments	0.0	0.0	0.0	0.0	0.0						
Adjusted Net Profit	9,413.0	10,546.5	12,185.9	14,080.4	16,206.5	26.3	12.0	15.5	15.5	15.1	11.5
<i>% of Sales</i>	<i>8.5</i>	<i>8.9</i>	<i>9.7</i>	<i>10.6</i>	<i>11.8</i>						
<i>For Information purposes</i>											
Depreciation & Amortization	9,842.0	10,698.3	11,340.2	11,907.2	12,383.4	-14.6	8.7	6.0	5.0	4.0	4.7
<i>% of Sales</i>	<i>8.9</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>						
EBITDA	26,413.0	29,289.3	32,180.6	35,377.3	38,856.3	-5.5	10.9	9.9	9.9	9.8	8.0
No. of Shares (Ø outstanding)	5,194	5,260	5,260	5,260	5,260	37.3	1.3	0.0	0.0	0.0	n.a.
Net Profit/Share (EPS)	1.81	2.01	2.32	2.68	3.08	-48.3	10.6	15.5	15.5	15.1	11.2
Adjusted Net Profit/Share (adj. EPS)	1.81	2.01	2.32	2.68	3.08	-8.0	10.6	15.5	15.5	15.1	11.2

Source: BankM Research

Cash position year end: €29.2 Mill.

Cash Flow Statement

The cash flow from operating activities decreased by 32% to €15.0 Mill. This cutback - owing to a capital-absorbing increase in net working capital (NWC) by €8.9 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.

The regular investment activity remained almost constant compared to previous year. Considering a relatively small investment of €1.9 Mill. for the acquisition of the software specialist SonoTech GmbH (planning software for radiation) cash flow from investment activity was ca. €2 Mill. below previous year.

Cash flow from financing activity is characterized by the outflow of €22.8 Mill. for the acquisition of IBt; in addition, dividends of €2.3 Mill. (€0.45/share) for FY 2009 were paid, twice the amount as in the previous year. For FY 2010, the company suggests a dividend payment of ca. €3.1 Mill. (€0.60/share).

At year end, liquid position decreased by €14.5 Mill. to €29.2 Mill.

Cash Flow Statement

Fiscal Year 31/12 • IFRS in T€	10a	11e	12e	13e	14e	10a	11e	12e	13e	14e	5y - CAGR
						Veränderungen z. Vorjahr (%)					
Net Profit	10,415.0	11,648.7	13,398.3	15,414.1	17,673.5	-52.4	11.8	15.0	15.0	14.7	11.2
+ Depreciation & Amortisation	9,842.0	10,698.3	11,340.2	11,907.2	12,383.4	-14.6	8.7	6.0	5.0	4.0	4.7
+ Chg. in long-term Provisions	-1,038.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0						
= Cash Earnings	19,219.0	21,347.0	23,738.5	26,321.2	29,056.9	-27.7	11.1	11.2	10.9	10.4	8.6
- other non-cash items	1,807.0	-1,574.4	-1,731.9	-1,905.1	-1,905.1						
- Chg. in Net Working Capital	2,387.0	2,305.3	2,214.3	1,337.6	1,123.6						
= Operating Cash Flow	15,025.0	20,616.1	23,256.1	26,888.7	29,838.4	-32.1	37.2	12.8	15.6	11.0	14.7
- Capex	7,536.0	9,509.6	10,080.1	10,584.1	11,007.5	-22.3	26.2	6.0	5.0	4.0	7.9
= Free Cash Flow	7,489.0	11,106.5	13,175.9	16,304.5	18,830.9	-39.7	48.3	18.6	23.7	15.5	20.3
+ Net Other Items	-1,048.0	0.0	0.0	0.0	0.0	n.a.	n.a.	0.0	0.0	0.0	n.a.
- Dividends (Previous Year)	2,335.0	3,116.4	3,164.0	3,655.8	4,224.1	106.3	33.5	1.5	15.5	15.5	12.6
- Payout minorities	351.0	386.1	424.7	467.2	513.9						
+ Increase in Share Capital	0.0	0.0	0.0	0.0	0.0						
- Outflow from Share Buy Backs	22,841.0	0.0	0.0	0.0	0.0						
+/- Bank Loans	2,532.0	-5,000.0	-5,000.0	-4,500.0	-4,000.0						
= Incr. in Cash (+)/Decr. in Cash (-)	-14,458.0	2,604.0	4,587.3	7,681.6	10,092.8	n.a.	n.a.	76.2	67.5	31.4	40.3

Source: BankM Research

Balance Sheet

Contraction of balance sheet to €144.5 Mill.

Balance sheet total declined by 10% to €144.5 Mill., basically due to the following reasons:

- Cash payment for the IBt acquisition (see above) and subsequent posting of the difference between the purchase price of the newly acquired IBt shares and the reduction of minorities in the equity (this difference was formerly booked as Goodwill)
- Extension of net working capital due to release of advance payments (Russia project) through P&L

Eckert & Ziegler AG

11 April 2011

Financial Analysis - 23/32 -

The participation in IBt's economic success increased from 38.5% to 71.9%.

As a result from the pro rata reduction of the stake in IBt, equity of minorities came down by €5.4 Mill.

In 2010, equity ratio came down from 53% to 51%. This decline is attributable to the high dividend payment as well as to the afore-mentioned balancing procedure in the context of the IBt acquisition. Taking these facts into account, we consider the current equity ratio as adequate.

Fiscal Year 31/12 • IFRS in T€	10a	11e	12e	13e	14e	10a	11e	12e	13e	14e
Assets						% of Balance Sheet Total				
Tangible Assets	27,602.0	26,616.6	25,572.0	24,475.2	23,334.6	19%	18%	17%	16%	14%
Intangible Assets	40,885.0	40,605.7	40,309.6	39,998.6	39,675.3	28%	28%	27%	25%	24%
<i>t/o Goodwill</i>	30,410.0	30,410.0	30,410.0	30,410.0	30,410.0	21%	21%	20%	19%	18%
Deferred Tax	12,204.0	10,629.6	8,897.7	6,992.6	5,087.6	8%	7%	6%	4%	3%
Other Fixed Assets	1,328.0	1,760.0	1,760.0	1,760.0	1,760.0	1%	1%	1%	1%	1%
Total Fixed Assets	82,019.0	79,611.8	76,539.3	73,226.5	69,857.5	57%	54%	51%	47%	42%
Inventories	12,678.0	13,565.5	14,379.4	15,098.4	15,702.3	9%	9%	10%	10%	10%
Accounts Receivable	17,252.0	18,459.6	19,567.2	20,545.6	21,367.4	12%	13%	13%	13%	13%
Total Liquid Funds	29,216.0	31,820.0	36,407.3	44,088.9	54,181.7	20%	22%	24%	28%	33%
Other Current Assets	3,302.0	3,533.1	3,745.1	3,932.4	4,089.7	2%	2%	2%	3%	2%
Total Current Assets	62,448.0	67,378.3	74,099.0	83,665.2	95,341.1	43%	46%	49%	53%	58%
Balance Sheet Total	144,467.0	146,990.1	150,638.3	156,891.7	165,198.5	100%	100%	100%	100%	100%
Shareholder's Equity / Liabilities						% of Balance Sheet Total				
Subscribed Capital	5,293.0	5,293.0	5,293.0	5,293.0	5,293.0	4%	4%	4%	3%	3%
Share Premium	53,874.0	53,874.0	53,874.0	53,874.0	53,874.0	37%	37%	36%	34%	33%
Retained Earnings & Other Reserves	9,145.0	16,575.1	25,597.1	36,021.7	48,004.0	6%	11%	17%	23%	29%
Shareholders Equity	68,312.0	75,742.1	84,764.0	95,188.7	107,171.0	47%	52%	56%	61%	65%
Minorities	5,293.0	6,009.1	6,796.8	7,663.3	8,616.4	4%	4%	5%	5%	5%
Group Equity	73,605.0	81,751.2	91,560.9	102,852.0	115,787.4	51%	56%	61%	66%	70%
Provisions	23,754.0	22,754.0	21,754.0	20,754.0	19,754.0	16%	15%	14%	13%	12%
<i>t/o Pension Provisions</i>	5,913.0	6,326.9	6,706.5	7,041.9	7,323.5	4%	4%	4%	4%	4%
Other Liabilities	47,108.0	42,484.9	37,323.4	33,285.7	29,657.1	33%	29%	25%	21%	18%
Total Liabilities	70,862.0	65,238.9	59,077.4	54,039.7	49,411.1	49%	44%	39%	34%	30%
<i>t/o LT Liabilities</i>	42,112.0	37,112.0	32,112.0	27,612.0	23,612.0	29%	25%	21%	18%	14%
<i>t/o ST Liab. <1Y</i>	28,750.0	28,126.9	26,965.4	26,427.7	25,799.0	20%	19%	18%	17%	16%
<i>t/o Acc Payable & Adv. Paymts.</i>	7,697.0	7,486.8	7,194.0	7,553.7	7,855.8	5%	5%	5%	5%	5%
Balance Sheet Total	144,467.0	146,990.1	150,638.3	156,891.7	165,198.5	100%	100%	100%	100%	100%

Source: BankM Research

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Valuation

In order to calculate a fair value for EZAG's stock, we applied two methods which allow for mutual validation and thus sensitize for the plausibility of each of the derived values.

1. Analysis of Free Cash Flows (DCF analysis)
2. Multiple analysis by means of peer group comparison

The derived values will be equally weighted.

DCF Analysis

For the analysis of Free Cash Flows we have applied a 3-stage model:

Phase I	2011 – 2014 (short-term planning)
Phase II	2015 – 2018 (mid-term prognosis)
Phase III	Terminal Value

The forecasting of future cash flows used in our model is based on the following sources:

- Annual report 2010
- Analyst phone conference on March 30, 2011
- Discussions with EZAG's Executive Directors and Management
- Press releases of the Company
- Analysis of the relevant markets

Regarding our forecasts, we cannot consider any potential acquisitions, which may - like in the past - have a significant impact on revenues and results. In light of the company history, our forecasts - based on organic growth, only - reflect a more conservative approach.

Time-weighted discounting of Free Cash Flows is a central element within the DCF valuation. As was the case already during the preceding year, there are methodical problems in calculating a risk premium by means of a market portfolio proxy (a broadly diversified index). Geometric returns over longer periods (CAGR over 5 – 10 years) are still not suitable due to their sharp decline in recent years.

However, during the preceding 12 months, large indices like the S&P 500 and the MSCI World have gained 12% and 10.3%, respectively. We feel comfortable with a postulated market return of 10% and calculate a risk premium of 7.0%. In our calculation of the weighted average cost of capital (WACC) we assume a target capital structure of 60:40 (equity:debt).

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

in T€	Growth	Forecast									Terminal Value 2019+
		Phase 1			Phase 2						
		2010a Basis	2011e 1	2012e 2	2013e 3	2014e 4	2015e 5	2016e 6	2017e 7	2018e 8	
		10%	7%	6%	5%	4%	3%	3%	2%	1%	1%
Revenues		111,093.0	118,869.5	126,001.7	132,301.8	137,593.8	141,721.7	145,973.3	148,892.8	150,381.7	
EBIT		16,571.0	18,591.0	20,840.5	23,470.1	26,472.8	24,092.7	25,545.3	23,822.8	23,309.2	
- Tax		4,971.3	5,577.3	6,252.1	7,041.0	7,941.9	7,227.8	7,663.6	7,146.9	6,992.7	
+ Depreciation		9,842.0	10,698.3	11,340.2	11,907.2	12,383.4	12,754.9	13,137.6	13,400.3	13,534.4	
+ change in long-term provisions		-1,038.0	-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		2,387.0	2,305.3	2,214.3	1,337.6	1,123.6	876.4	902.7	619.9	316.1	
- other non-cash items		1,807.0	-1,574.4	-1,731.9	-1,905.1	-1,905.1	-2,711.4	0.0	0.0	0.0	
- Capex		7,536.0	9,509.6	10,080.1	10,584.1	11,007.5	11,337.7	11,677.9	11,911.4	12,030.5	
= Free Cash Flow		8,673.7	12,471.5	14,365.9	17,319.5	19,688.4	19,117.1	17,438.8	16,545.1	16,504.1	16,669.1
Terminal Value											258,388.3
Discount factor			0.93	0.87	0.81	0.76	0.71	0.66	0.62	0.58	
NPVs of Free Cash Flows			11,639.4	12,512.9	14,079.1	14,936.9	13,535.8	11,523.7	10,203.7	9,499.3	
NPV of Terminal Value											145,406.1
Valuation			Proportion of TV								
Result of Future Cash Flows	97,930.9	40%									
+ Result of Terminal Value	145,406.1	60%									
= Value of the Entity	243,337.0										
+ Cash (31.12.2010)	29,216.0										
- LT Debt (31.12.2010)	42,112.0										
- Minorities (31.12.2010)	5,293.0										
Value of Equity	225,148.0										
Price per Share	42.80										

Source: BankM Research

Sensitivity Analysis

		Discount rate of TV				
		6%	7%	7.45%	8.00%	9%
Growth Terminal Value	0.25%	45.94	41.38	39.74	38.00	35.39
	0.50%	47.42	42.46	40.69	38.82	36.04
	0.75%	49.04	43.62	41.71	39.70	36.72
	1.00%	50.83	44.88	42.80	40.64	37.45
	1.25%	52.80	46.25	43.99	41.65	38.23
	1.50%	54.99	47.75	45.27	42.73	39.06
	1.75%	57.43	49.38	46.67	43.91	39.94

Source: BankM Research

Key Model Assumptions	
Riskfree Return	3.01%
Current Yield (D)	
Market Beta (relevered, adj. for target Capital Structure)	0.93
Beta im Terminal Value = 1	
Market Return	10.00%
Cost of Equity	9.50%
Target weight	60%
Cost of Debt	5.00%
Target weight	40%
Tax shield	27.44%
WACC	7.15%
	7.45%
Growth Rate Terminal Value	1.00%

Our DCF analysis returns an equity value of €225.1 Mill., translating into €42.80 per share.

**DCF-derived value:
€42.80**

Peer Group to reflect investor's sentiment vis-à-vis the MedTech industry

Peer Group Analysis

As a leading player in distinct niche markets for radio-isotope applications, EZAG is unique regarding its broad product portfolio. It is almost impossible to identify „closest comparable competitors“, who comprehensively match EZAG's complete business spectrum. Instead, we have included publicly listed German and international companies. Among them are companies, which are producing and marketing medical devices and corresponding consumables (biolitec AG, Pulsion AG, etc.). Moreover, the selected companies reflect investor's perception regarding the Medical Technology market in general.

Below we include a brief description of the peer group companies:

aap Implantate AG is a small, rapidly growing niche player in developing, manufacturing and marketing implants and biomaterials for trauma and joint reconstruction. Its product portfolio includes implants for fracture healing and joint replacement, bone cements, bone graft substitutes and antibiotal carriers. In 2010, revenues amounted to €11.1 Mill.; MarketCap on March 31, 2011: €29.4 Mill.

biolitec AG is developing, manufacturing and marketing laser-based products for innovative medical therapies and other applications. The focus is on certain eye diseases, several kinds of cancer and dysplasias, pathological and cosmetic alterations of the skin, dental area and veterinary medicine. In addition, biolitec is producing photodynamic drugs (photo sensitizer). In 2009/10, revenues amounted to €30.4 Mill.; MarketCap on March 31, 2011: €36.8 Mill.

Carl Zeiss Meditec AG is developing, manufacturing and marketing products and systems for ophthalmology and for neurosurgery and ENT-surgery (otolaryngology). The focus is on systems for the diagnosis of eye diseases and laser-based systems for their therapy. In 2009/10, revenues amounted to €676 Mill.; MarketCap on March 31, 2011: €1.2 Bill.

Pulsion Medical Systems AG perceives itself as a technology leader in the area of minimal-invasive systems for diagnostic and therapeutic monitoring in intensive care and surgery, with a focus on cardiovascular monitoring. In addition, the company is producing and marketing a diagnostic drug as well as sterile disposables for their monitors. In 2010, revenues amounted to €31.5 Mill.; MarketCap on March 31, 2011: €47.1 Mill.

Stratec Biomedical Systems AG is developing and manufacturing medical devices for the detection and analysis of compounds in body fluids, especially in blood. The company is operating via subsidiaries in Germany, The USA, Great Britain, Switzerland, and Rumania. In 2010, revenues amounted to €102.0 Mill.; MarketCap on March 31, 2011: €334.9 Mill.

UMS United Medical Systems International AG is offering innovative high-tech medical care concepts. The proprietary full service concepts are based on mobile device technologies including up-to-date medical systems for diagnosis and therapy in tandem with highly qualified personnel and a complete device management. In 2010, revenues amounted to €38.9 Mill.; MarketCap on March 31, 2011: €39.9 Mill.

W.O.M. World of Medicine AG is developing, manufacturing, and distributing medical devices for minimal-invasive surgery like pumping systems, insufflations systems, cameras, monitors, light sources, laser and video documentation. In addition, the company is offering the corresponding disposables for their devices. In 2010, revenues amounted to €38.4 Mill.; MarketCap on March 31, 2011: €110.2 Mill.

Accuray, Inc. is developing and marketing the so-called CyberKnife® Robotic Radiosurgery System. It the world's first robot-assisted radiosurgery system for the treatment of tumors. CyberKnife® is a non-invasive alternative to the surgical

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Eckert & Ziegler AG

11 April 2011

Valuation - 27/32 -

treatment of benign and malign tumors including prostate, lung, brain, spine, liver, pancreas, and kidney. It complements existing regimens, like radiation, IMRT (Intensity-modulated Radiation Therapy) or IGRT (Image-guided Radiation Therapy).

In 2009/10, revenues amounted to €159.9 Mill.; MarketCap on March 31, 2011: €393.4 Mill.

RaySearch Laboratories is developing and marketing software for medical devices in the field of radiation therapy. The products are supposed to enhance the performance of radiation therapy regimen by individualized optimization of radiation dosing. The company enjoys license agreements with Philips, Varian, Siemens, Nucletron, IBA Dosimetry, and TomoTherapy, all companies having a leading edge in the industry segment.

In 2010, revenues amounted to €13.2 Mill.; MarketCap on March 31, 2011: €87.5 Mill.

Theragenics Corp., the previously cancelled acquisition target of EZAG, operates two business segments: products for surgery and brachytherapy (seeds). The company is one of the leaders in the US brachytherapy market. The company's brachytherapy business manufactures and markets its premier product, the palladium-103 TheraSeed® device, and I-Seed, an iodine-125 based device, which are used primarily in the minimally invasive treatment of localized prostate cancer. In 2010, revenues amounted to €58.1 Mill.; MarketCap on March 31, 2011: €50.8 Mill.

Ion Beam Applications is developing high-precision solutions in the field of tumor diagnosis and therapy. In addition, the company is operating in the field of sterilization and ionization in order to optimize hygiene and safety in everyday life.

In 2010, revenues amounted to €387.6 Mill.; MarketCap on March 31, 2011: €221.8 Mill.

Peer Group	Mkt Cap	EV	EV/Revenues			EV/EBITDA			P/E		
	(curr.)	(curr.)	2010a	2011e	2012e	2010a	2011e	2012e	2010a	2011e	2012e
Multiples											
AAP Implantate AG	29.22	38.18	1.34	1.22	1.11	11.07	7.53	6.73	584.40	24.55	18.85
Biolitec AG	37.33	34.45	1.13	0.98	0.98	6.68	-	-	-30.26	16.89	16.89
Carl Zeiss Meditec AG	1203.79	944.06	1.40	1.28	1.21	8.76	7.85	7.27	21.93	19.12	17.09
Pulsion Medical Systems AG	47.05	40.84	1.30	-	-	-	-	-	16.51	32.68	28.87
Stratec Biomedical Systems AG	359.80	354.06	3.47	2.96	2.49	16.96	13.30	11.03	27.59	20.90	16.85
UMS United Medical Systems Int	41.36	46.89	1.20	1.14	1.08	2.88	2.77	2.60	13.23	13.34	11.49
WOM World of Medicine AG	106.20	98.02	2.55	-	-	17.05	-	-	41.29	-	-
Theragenics Corp	45.99	35.80	0.58	-	-	4.23	-	-	29.41	22.65	16.97
Accuray Inc	407.42	293.74	1.84	1.88	1.29	40.89	-	-	198.79	93.49	42.23
Ion Beam Applications	219.35	247.40	0.64	0.59	0.52	8.85	7.67	6.39	35.22	37.69	23.14
RaySearch Laboratories AB	142.05	133.70	10.82	7.26	6.30	17.24	11.09	9.20	46.85	23.37	18.12
<i>Mean (for information purposes, only)</i>	<i>143.12</i>	<i>142.73</i>	<i>2.39</i>	<i>2.16</i>	<i>1.87</i>	<i>13.46</i>	<i>8.37</i>	<i>7.21</i>	<i>89.54</i>	<i>30.47</i>	<i>21.05</i>
Median	106.20	98.02	1.34	1.25	1.16	9.96	7.76	7.00	29.41	23.01	17.60
Eckert & Ziegler AG*	159.85	166.83	1.50	1.40	1.32	6.32	5.70	5.18	16.98	15.16	13.12

* based on own forecasts for Revenues, EBITDA, and Earnings

Year	2011e	2012e
Implicit Price	38.31	36.27

Source: Bloomberg/BankM Research

On the basis of the peer group's median, equally weighted market multiples 2011 [EV/Revenues, EV/EBITDA (each adjusted for EZAG's net debt), and P/E] we derive an implicit price for EZAG's share of €38.31; based on the multiples for 2012, we derive an implicit price/share of €36.27.

Implicit price based on 2011's market multiples: €38.31

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Fair value of the stock: €40.50

Valuation Summary

Our DCF analysis returns a price of €42.80/share; the multiple analysis, based on market multiples 2011, results in a price of €38.31.

Equally weighted and based on the arithmetical value of €40.56, we consider €40.50 as the fair value of EZAG's share. We rate the stock as "Buy".

Development of EZAG's Stock

Year to date, EZAG's share price increased from €27.00 to €30.20 (Xetra close Apr 8, 2011) by 11.9%. During the same period, the benchmark (DAXSUBSEC. MEDICAL TECHNOLOGY PERFORMANCE) gained 5.3%, only. Our previous fair value of €28.60 (see our update from Nov 9, 2010), was repeatedly reached and topped several times with a peak at €30.45.

Based on daily stock price returns since January 1, the annualized volatility is at 39% with a mean daily trading volume of ca. 11.500 and a maximum of ca. 61.000 pieces.

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SWOT Analysis

Strengths

- Market leading positions in Brachytherapy (Europe) and in industrial applications of radio-isotopes (global)
- Ca. 40% of revenues are recurring, due to a continuous demand for the substitution of decayed isotopes
- Well diversified product portfolio reduces risk exposure vis-à-vis product-specific or economic influences
- Uniquely positioned regarding product range
- Management has repeatedly proven to successfully realize and implement market opportunities
- Realization of synergies through strategic acquisitions und holdings
- Opportunistic distribution strategy (direct and indirect, dependent on local conditions)

Weaknesses

- Regarding individual segments, competitors exist with significant capital resources
- Individual products within the segment Isotope Products have a limited innovation potential with low growth rates (mature products); except "Environmental Services", which are operating as a separate segment from 2010 onwards
- Lacking or insufficient reimbursement policies on the part of public health insurance (Therapy and Radiopharmacy products)
- Strong exposure vis-à-vis \$/€ exchange rates may significantly contribute to volatility of sales and earnings
- Regarding the pronounced Goodwill, value-oriented investors (Graham approach) may be hesitant vis-à-vis the current situation in the financial markets

Opportunities

- New business field „Environmental Services“ with pronounced know how and existing infrastructure
- Russia project (Joint Venture) strengthens sales base
- Segment „Radiopharma“ achieved break-even Value drivers: established and novel tracers, Modular Lab, EMEA-approved radiopharmaceutical, contract manufacturing
- Product innovations within segment "Therapy" extend product portfolio and support margins

Threats

- Alternative methods for the treatment of early prostate cancer, notably HIFU, may cut top line results within the therapy segment
- Shortfall of key accounts
- A favorable US\$ exchange rate encourages US competitors to sell their seeds in Europe thereby increasing margin pressure on prostate implants

Important information, disclosures and disclaimer

A. Important information

Equity investments generally involve high risks. Investors may lose some or all of the money invested. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Past performance is no guarantee for future results. Investors make their decisions at their own risk.

B. Disclosures according to Section 34b of the German Securities Trading Act (WpHG) and the Ordinance on the Analysis of Financial Instruments (FinAnV):

I. Information about author, company held accountable, regulatory authority:

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

Author: Dr. Roger Becker, CEFA, Biologist

Regulatory authority for biw Bank für Investments und Wertpapiere AG is the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Straße 108, 53117 Bonn, Germany and Lurgiallee 12, 60439 Frankfurt am Main, Germany.

Issuer of the analyzed instrument is Eckert & Ziegler AG.

Notice according to sec. 4 §. 4 N^o 4 FinAnV (previous publications regarding the issuer at least 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
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
Dr. Roger Becker	November 9, 2010	Neutral	€28,60

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 according to DVFA Standards to ensure the accuracy of the information provided. This resulted in no textual changes.

2. Summary of the valuation principles and methods used to prepare this document:

BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG uses a 3-tier absolute rating model. The ratings are the evaluation results and refer to a fair value pricing reflecting a time-horizon of up to 12 months.

BUY: The calculated fair value of the company's stock is at least 15 % higher than the current market price at the time of the compilation of this document.

NEUTRAL: The calculated fair value of the company's stock lies between -15% and +15 % of the current market price at the time of the compilation of this document.

SELL: The calculated fair value of the company's stock is at least 15 % lower than the current market price at the time of the compilation of this document.

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:

April 11, 2011

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

Closing prices of April 8, 2011

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5. Updates:

A specific date or time for an update of this document has not been set. The information given in this document reflects the author's judgement on the date of this publication and is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the company covered. It is in the sole responsibility of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG to decide on a potential update of this document.

III. Disclosures about potential conflicts of interest:

1. BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG's business model is based on economic relationships with issuers and equity transactions to be performed relating to the issuer's stock. BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG has entered into an agreement about the preparation of this document with the issuer that is, or whose financial instruments are, the subject of this document.

Moreover, BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG was party to another agreement on the provision of investment banking services with the issuer that is, or whose financial instruments are, the subject of this document.

BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG (incl. subsidiaries and affiliates) as well as tied agents of biw Bank für Investments und Wertpapiere AG in connection with the activities of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG, the authors of this document as well as other persons that were involved in the compilation of this document or affiliated parties:

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