

## Information analysis

### Analyst:

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**Fair Value: €24.00**

**Buy**

## Potential within the segment „Environmental Services“ substantiated - Mandatory takeover bid for IBt pending

- Ministry of the Environment and The Federal Office for Radiation Protection opt for salvage of waste deposited in the mine shaft “Asse”
  - EZAG’s new segment „Environmental Services“ may substantially profit from this decision
  - The segment is ideally positioned regarding expertise and infrastructure in tandem with the special permits at hand
  - Investments in capacity expansion planned (waste conditioning and interim storage)
- Submission of a mandatory takeover bid for IBt
  - Regarding positive performance, complete takeover of the portfolio company is attractive; capital market valuation favorable
  - Bid is at €3.64 per IBt share incl. statutory interest

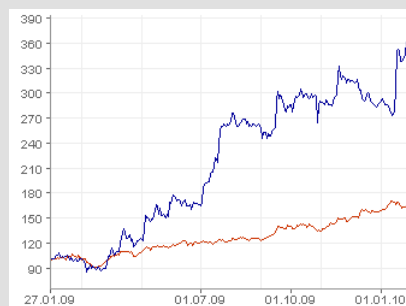
On Jan 15, 2010, the Federal Office for Radiation Protection (BfS), in accordance with the Federal Ministry for the Environment, informed about their decision to opt for salvage of the weak to mid radioactive waste, deposited in the mineshaft “Asse”. With the acquisition of the Braunschweig-based isotope specialist Nuclitec in January, 2009, EZAG also extended the scope of its business activities to “Environmental Services”, which has been integrated into the group as its fourth operating segment. The new segment now resides within the newly founded and fully owned subsidiary "Kompetenzzentrum für sichere Entsorgung GmbH (KSE; Competence Center for Safe Waste Disposal)". 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. While we already considered the economic potential of the issues associated with the retrieval and conditioning of radioactive waste from the shut down mine shaft “Asse”, this potential now gains substantial evidence in light of the official assessment. In addition, the current recommendation of the BfS for a complete waste salvage, improves the momentum of our previous, rather conservative scenario. Based on the now increased likelihood regarding segment revenues, we raise our fair value to €24.00 and reiterate our “buy” rating.

### Key Financials (in Mill. €, except EPS/DPS)

Year	Sales	EBITDA	EBIT	EBT	adj. Net	adj. EPS	DPS	EBIT Margin	Net Margin
2008	71.61	18.62	9.47	8.30	4.50	1.43	0.25	13.2%	6.3%
2009e	105.83	27.02	21.32	19.90	13.98	3.67	0.30	20.1%	13.2%
2010e	117.10	20.57	14.77	13.42	7.39	1.41	0.33	13.4%	6.3%
2011e	133.72	25.91	20.01	18.66	11.06	2.10	0.35	15.0%	8.3%
2012e	160.41	36.62	30.62	29.27	18.49	3.51	0.53	19.1%	11.5%

Source: BankM Research

Financial Figures	2009e	2010e	2011e
EV/Sales	1.2	1.0	0.9
EV/EBITDA	4.5	5.9	4.7
EV/EBIT	5.7	8.2	6.1
P/E adj.	11.6	14.8	9.9
Price/Bookvalue	0.3	0.3	0.2
Price/FCF	4.1	n.a.	4.5
ROE	19.1	9.4	12.5
Dividend yield	1.6	1.7	2.5
<b>Number shares</b> (million, after CI)	5.260		
<b>MarketCap / EV</b> (million €)	109.7/ 121.7		
<b>Free Float</b>	56.70%		
<b>WKN</b>	565970		
<b>ISIN</b>	DE0005659700		
<b>Bloomberg</b>	EUZ GY Equity		
<b>Sector</b>	Medical Technology		
<b>Accounting</b>	IFRS		
<b>Market segment</b>	Regulated Market		
<b>Transparency</b>	Prime Standard		
<b>Financial Year</b>	31.12.		
<b>Price Jan 28, 2010</b> (XETRA-close)	€ 20.85		



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

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On Dec 28, 2009, EZAG filed an application with the Belgian financial authority CBFA to submit a public take-over bid in cash for all outstanding 10.96 Mill. shares of the Belgian "International Brachytherapy S.A. (IBt)". The registration of the bidding documents was expected end of January, 2010. The filing was driven by the company's pronounced intention to prematurely terminate the law suit and thus to avoid further absorption of management resources. The voluntary takeover bid submitted by EZAG offers €3.64 per IBt share thereby exceeding the previous offer of €3.47 in order to account for statutory interest.

On January 20, 2010, the Brussels Court of Appeal confirmed the legitimacy of the requested mandatory take-over bid and committed EZAG to pay litigation costs in the amount of ca. T€20.

While we anticipate that EZAG will replace its voluntary bid by the mandatory bid imposed, the time schedule for this action is not predictable. On January 28, 2009, the CBFA already confirmed that, in the event of a mandatory takeover bid, the acquisition of IBt's remaining common stock may be settled in either cash and/or securities. This provides EZAG with a repertoire of options regarding financing of the transaction (please also refer to our study from May 5, 2009). Whether or not and to what extent the company will pay in EZAG shares is currently beyond our assessment capabilities. According to CEO Dr. Eckert, expansion plans within other segments are not affected. In our view, this statement is worth mentioning regarding the most recent capital increase.

In light of the current positive performance of IBt, a complete takeover gains additional attractiveness. The company - in its preliminary financial reporting for FY 2009 - has reported record figures in revenues (€32.5 Mill.) and net result (at least €4.8 Mill.) as well as a liquid position of €9 Mill. For the first time in its history, IBt is able to report a positive and considerable bottom line result.

In FY 2008, EZAG posted a provision of €7.14 Mill. to account for the risk of a potential takeover bid. Given the noticeable positive performance of IBt's stock (average price during the last three months: €3.82) and applying the IFRS standards, we assume that this provision will be completely released through income statement already in the company's FY 2009 reporting.

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# Eckert & Ziegler AG

January 29, 2010

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

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

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Issuer of the analyzed instrument is Eckert & Ziegler AG.

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Analyst	Date	Evaluation result	Fair Value
Dr. Roger Becker	April 1, 2009	Buy	€10.56
Dr. Roger Becker	May 5, 2009	Buy	€10.56
Dr. Roger Becker	July 10, 2009	Buy	€14.50
Dr. Roger Becker	August 7, 2009	Neutral	€19.26
Dr. Roger Becker	November 4, 2009	Buy	€22,21
Dr. Roger Becker	November 16, 2009	Buy	€22,90
Dr. Roger Becker	December 17, 2009	Buy	€22,90

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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 did not result in any changes.

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#### 3. Date of first publication of this document:

**January 29, 2010**

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

Closing prices of January 28, 2010

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