

Buy (old: Buy)

Price target: EUR 36.30 (old: EUR 36.30)

Price: EUR 27.79 **Next result:** FY 2010 30.03.11
Bloomberg: EUZ GR **Market cap:** EUR 142.7 m
Reuters: EUZG.DE **Enterprise Value:** EUR 144.3 m

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Permanent authorisation in RadPharm, lawsuit in Therapy, EPS 2010E changed

The company announced in a press release on Friday that **the European Medicines Agency ("EMA") has renewed the approval of YTTRIGA (Yttrium-90 chloride) indefinitely**, after a first five-year approval period.

YTTRIGA is used as an active component in the preparation of numerous radiopharmaceuticals for the treatment of liver, intestinal and blood cancers as well as for neuroendocrine tumours. YTTRIGA is coupled with a tumour-specific peptide or with an antibody which recognizes cancer cells and binds to them maximizing the dose of radiation to the cancerous cells and minimizing exposure to healthy cells.

Pharmaceutical grade YTTRIGA is produced under clean-room conditions in Eckert & Ziegler's clean room facility in Braunschweig, Germany, from which it is shipped worldwide to radiopharmacy facilities that use it in radiolabeling preparations.

The RadPharm division accounts for an estimated 20% of sales and 23% of EBIT. The EBIT margin is 14% (up to 15% by 2012E). The news increases confidence that Yttriga will feature in a growing number of drugs going forward, hence providing a revenue pipeline for the company. **We estimate the share of Yttriga in RadPharm's sales today at less than 10%, with the bulk of divisional sales generated with Fluoride 118 production via the company's 10 cyclotrons.**

Separately, the company announced today the filing of a lawsuit asserting fraud and deception against seed implants producer Core Oncology, a privately-held American company. EUZ had extended a USD 2m loan to the company with a takeover option. Core Oncology subsequently revised its 2008 and 2009 balance sheets considerably, showing much weaker performance than what was made originally available to EUZ. **The company announced it is taking a € 1.4m provision in connection with the lawsuit in its 2010 accounts and maintains its guidance of reaching at least € 1.80 per share in EPS. EPS 2010E is revised down 7.9% as a result.**

Remains a BUY, PT € 36.30 on FCF Yield 2011E: fundamentally cheap with a compelling "demographics" and "roll-up" angles to the story.



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 29.50 / 18.86
Price/Book Ratio: 1.7
Relative performance (SDAX):
3 months 2.2 %
6 months -15.4 %
12 months -6.6 %

Changes in estimates

| | | Sales | EBIT | EPS |
|------|------|-------|------|-------|
| 2010 | old: | 106.8 | 19.2 | 2.03 |
| | Δ | - | - | -7.9% |
| 2011 | old: | 114.5 | 21.6 | 2.30 |
| | Δ | - | - | - |
| 2012 | old: | 121.7 | 23.2 | 2.49 |
| | Δ | - | - | - |

Key share data:

Number of shares: (in m pcs) 5.3
Authorised capital: (in € m) 0.6
Book value per share: (in €) 16.7
Ø trading volume: (12 months) 20,453

Major shareholders:

Free float 64.2 %
Founders 34.4 %
Eckert & Ziegler AG 1.4 %

Company description:

Produces and markets a wide range of industrial and medical applications featuring radioactive isotopes, including prostate seed implants, calibration standards and radiation afterloaders.

| Y/E 31.12 (EUR m) | 2006 | 2007 | 2008 | 2009 | 2010E | 2011E | 2012E |
|---------------------|--------|--------|--------|---------|--------|--------|---------|
| Sales | 50.4 | 54.4 | 71.6 | 101.4 | 106.8 | 114.5 | 121.7 |
| Sales growth | 21 % | 8 % | 32 % | 42 % | 5 % | 7 % | 6 % |
| EBITDA | 10.5 | 9.7 | 18.7 | 22.6 | 26.6 | 29.1 | 31.4 |
| EBIT | 5.9 | 6.0 | 9.6 | 15.5 | 19.2 | 21.6 | 23.2 |
| Net income | 2.2 | 1.9 | 4.5 | 13.3 | 9.8 | 12.1 | 13.1 |
| Net debt | 4.9 | 6.8 | 10.9 | -23.8 | -4.4 | -9.1 | -17.0 |
| Net gearing | 13.7 % | 18.7 % | 26.6 % | -31.2 % | -5.0 % | -9.3 % | -15.8 % |
| Net Debt/EBITDA | 0.5 | 0.7 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| EPS fully diluted | 0.70 | 0.61 | 1.43 | 3.48 | 1.86 | 2.28 | 2.48 |
| CPS | -0.01 | 0.93 | 1.16 | 3.71 | 1.13 | 1.86 | 2.32 |
| DPS | 0.25 | 0.25 | 0.30 | 0.45 | 0.45 | 0.45 | 0.45 |
| Dividend yield | 0.9 % | 0.9 % | 1.1 % | 1.6 % | 1.6 % | 1.6 % | 1.6 % |
| Gross profit margin | 47.5 % | 49.3 % | 47.7 % | 50.4 % | 52.5 % | 52.5 % | 52.5 % |
| EBITDA margin | 20.8 % | 17.8 % | 26.2 % | 22.2 % | 24.9 % | 25.4 % | 25.8 % |
| EBIT margin | 11.7 % | 11.0 % | 13.4 % | 15.2 % | 18.0 % | 18.8 % | 19.1 % |
| ROCE | 11.1 % | 11.1 % | 10.4 % | 14.4 % | 15.0 % | 15.6 % | 15.6 % |
| EV/sales | 1.8 | 1.7 | 1.4 | 1.2 | 1.4 | 1.2 | 1.1 |
| EV/EBITDA | 8.7 | 9.6 | 5.2 | 5.6 | 5.4 | 4.8 | 4.2 |
| EV/EBIT | 15.5 | 15.6 | 10.2 | 8.3 | 7.5 | 6.5 | 5.7 |
| PER | 31.3 | 45.2 | 19.5 | 14.1 | 15.0 | 12.2 | 11.2 |
| Adjusted FCF yield | 4.4 % | 3.3 % | 10.3 % | 10.2 % | 8.5 % | 9.6 % | 11.5 % |

Source: Company data, Hauck & Aufhäuser Close price as of: 21.01.2011

Financials

| Profit and loss (EUR m) | 2006 | 2007 | 2008 | 2009 | 2010E | 2011E | 2012E |
|---|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Sales | 50.4 | 54.4 | 71.6 | 101.4 | 106.8 | 114.5 | 121.7 |
| <i>Sales growth</i> | 20.5 % | 8.1 % | 31.5 % | 41.6 % | 5.3 % | 7.2 % | 6.3 % |
| Cost of sales | 26.5 | 27.6 | 37.5 | 50.3 | 50.7 | 54.4 | 57.8 |
| Gross profit | 23.9 | 26.9 | 34.2 | 51.1 | 56.1 | 60.1 | 63.9 |
| Sales and marketing | 8.7 | 10.2 | 15.1 | 18.4 | 20.3 | 20.6 | 21.3 |
| General and administration | 10.3 | 10.5 | 14.6 | 19.1 | 20.0 | 21.2 | 22.2 |
| Research and development | 0.3 | 0.3 | 3.1 | 2.5 | 3.2 | 3.5 | 4.3 |
| Other operating income | 1.5 | 0.6 | 17.2 | 9.3 | 3.2 | 3.4 | 3.7 |
| Other operating expenses | 0.2 | 0.5 | 9.0 | 5.0 | -3.5 | -3.3 | -3.4 |
| Unusual or infrequent items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | 10.5 | 9.7 | 18.7 | 22.6 | 26.6 | 29.1 | 31.4 |
| Depreciation | 4.6 | 3.7 | 9.2 | 7.1 | 7.4 | 7.6 | 8.2 |
| EBITA | 5.9 | 6.0 | 9.6 | 15.5 | 19.2 | 21.6 | 23.2 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 4.4 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Impairment charges | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 5.9 | 6.0 | 9.6 | 15.5 | 19.2 | 21.6 | 23.2 |
| Interest income | 0.0 | 0.1 | 0.1 | 0.1 | 0.4 | 0.4 | 0.4 |
| Interest expenses | 0.9 | 0.8 | 1.2 | 1.3 | 1.8 | 1.8 | 1.7 |
| Other financial result | 0.4 | -0.3 | -0.1 | 1.0 | 1.4 | 0.0 | 0.0 |
| Financial result | -1.1 | -1.1 | -1.3 | -0.3 | -2.8 | -1.4 | -1.3 |
| Recurring pretax income from continuing operations | 4.7 | 4.9 | 8.3 | 15.2 | 16.4 | 20.2 | 21.9 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | 4.7 | 4.9 | 8.3 | 15.2 | 16.4 | 20.2 | 21.9 |
| Taxes | 1.6 | 2.8 | 5.3 | -6.7 | 5.7 | 7.1 | 7.7 |
| Net income from continuing operations | 3.1 | 2.2 | 3.0 | 21.9 | 10.7 | 13.1 | 14.3 |
| Result from discontinued operations (net of tax) | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 2.5 | 2.2 | 3.0 | 21.9 | 10.7 | 13.1 | 14.3 |
| Minority interest | 0.3 | 0.2 | -1.5 | 8.6 | 0.9 | 1.0 | 1.1 |
| Net income (net of minority interest) | 2.2 | 1.9 | 4.5 | 13.3 | 9.8 | 12.1 | 13.1 |
| Average number of shares | 3.1 | 3.1 | 3.1 | 3.8 | 5.3 | 5.3 | 5.3 |
| EPS reported | 0.71 | 0.62 | 1.43 | 3.48 | 1.87 | 2.30 | 2.49 |

| Profit and loss (common size) | 2006 | 2007 | 2008 | 2009 | 2010E | 2011E | 2012E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Sales | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Cost of sales | 52.5 % | 50.7 % | 52.3 % | 49.6 % | 47.5 % | 47.5 % | 47.5 % |
| Gross profit | 47.5 % | 49.3 % | 47.7 % | 50.4 % | 52.5 % | 52.5 % | 52.5 % |
| Sales and marketing | 17.2 % | 18.8 % | 21.1 % | 18.2 % | 19.0 % | 18.0 % | 17.5 % |
| General and administration | 20.5 % | 19.2 % | 20.4 % | 18.8 % | 18.8 % | 18.5 % | 18.3 % |
| Research and development | 0.7 % | 0.5 % | 4.3 % | 2.5 % | 3.0 % | 3.0 % | 3.5 % |
| Other operating income | 2.9 % | 1.0 % | 24.1 % | 9.2 % | 3.0 % | 3.0 % | 3.0 % |
| Other operating expenses | 0.4 % | 0.9 % | 12.5 % | 4.9 % | -3.3 % | -2.9 % | -2.8 % |
| Unusual or infrequent items | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EBITDA | 20.8 % | 17.8 % | 26.2 % | 22.2 % | 24.9 % | 25.4 % | 25.8 % |
| Depreciation | 9.1 % | 6.9 % | 12.8 % | 7.0 % | 6.9 % | 6.6 % | 6.7 % |
| EBITA | 11.7 % | 11.0 % | 13.4 % | 15.2 % | 18.0 % | 18.8 % | 19.1 % |
| Amortisation of goodwill | 0.0 % | 0.0 % | 0.0 % | 4.3 % | 0.0 % | 0.0 % | 0.0 % |
| Amortisation of intangible assets | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Impairment charges | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EBIT | 11.7 % | 11.0 % | 13.4 % | 15.2 % | 18.0 % | 18.8 % | 19.1 % |
| Interest income | 0.0 % | 0.1 % | 0.1 % | 0.1 % | 0.4 % | 0.4 % | 0.4 % |
| Interest expenses | 1.7 % | 1.5 % | 1.7 % | 1.3 % | 1.7 % | 1.6 % | 1.4 % |
| Other financial result | 0.8 % | -0.5 % | -0.2 % | 0.9 % | 1.3 % | 0.0 % | 0.0 % |
| Financial result | -2.2 % | -1.9 % | -1.8 % | -0.3 % | -2.6 % | -1.2 % | -1.1 % |
| Recurring pretax income from continuing operations | 9.4 % | 9.0 % | 11.6 % | 14.9 % | 15.4 % | 17.6 % | 18.0 % |
| Extraordinary income/loss | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Earnings before taxes | 9.4 % | 9.0 % | 11.6 % | 14.9 % | 15.4 % | 17.6 % | 18.0 % |
| Tax rate | 33.9 % | 56.3 % | 63.4 % | -44.5 % | 35.0 % | 35.0 % | 35.0 % |
| Net income from continuing operations | 6.2 % | 3.9 % | 4.2 % | 21.6 % | 10.0 % | 11.5 % | 11.7 % |
| Result from discontinued operations (net of tax) | 1.2 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income | 5.1 % | 3.9 % | 4.2 % | 21.6 % | 10.0 % | 11.5 % | 11.7 % |
| Minority interest | 0.6 % | 0.4 % | -2.0 % | 8.5 % | 0.8 % | 0.9 % | 0.9 % |
| Net income (net of minority interest) | 4.4 % | 3.6 % | 6.3 % | 13.1 % | 9.2 % | 10.5 % | 10.8 % |

Source: Company data, Hauck & Aufhäuser

| Balance sheet (EUR m) | 2006 | 2007 | 2008 | 2009 | 2010E | 2011E | 2012E |
|---|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Intangible assets | 18.0 | 18.2 | 38.7 | 42.1 | 55.3 | 55.3 | 55.3 |
| Property, plant and equipment | 15.9 | 17.7 | 23.8 | 27.3 | 30.9 | 32.3 | 32.3 |
| Financial assets | 2.2 | 1.7 | 1.4 | 1.8 | 0.4 | 0.4 | 0.4 |
| FIXED ASSETS | 36.1 | 37.7 | 63.9 | 71.1 | 86.5 | 88.0 | 88.0 |
| Inventories | 5.9 | 7.7 | 8.6 | 12.6 | 13.3 | 14.3 | 15.2 |
| Accounts receivable | 11.1 | 11.5 | 14.0 | 16.2 | 20.5 | 22.6 | 24.0 |
| Other current assets | 0.0 | 2.2 | 3.5 | 6.2 | 6.6 | 7.0 | 7.5 |
| Liquid assets | 5.8 | 5.4 | 7.6 | 43.9 | 31.8 | 36.5 | 44.4 |
| Deferred taxes | 4.1 | 3.1 | 1.2 | 11.8 | 12.4 | 13.3 | 14.2 |
| Deferred charges and prepaid expenses | 1.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CURRENT ASSETS | 28.1 | 29.9 | 34.9 | 90.8 | 84.6 | 93.7 | 105.3 |
| TOTAL ASSETS | 64.2 | 67.6 | 98.8 | 161.9 | 171.1 | 181.7 | 193.2 |
| SHAREHOLDERS EQUITY | 35.9 | 36.1 | 40.9 | 76.4 | 88.3 | 97.6 | 107.9 |
| MINORITY INTEREST | 0.4 | 0.4 | 2.0 | 10.3 | 1.0 | 2.0 | 3.2 |
| Long-term debt | 7.3 | 3.9 | 10.8 | 14.3 | 21.6 | 21.6 | 21.6 |
| Provisions for pensions and similar obligations | 0.1 | 0.1 | 0.4 | 5.7 | 6.0 | 6.4 | 6.9 |
| Other provisions | 3.4 | 3.7 | 16.5 | 18.3 | 18.3 | 18.3 | 18.3 |
| Non-current liabilities | 10.9 | 7.7 | 27.7 | 38.2 | 45.9 | 46.3 | 46.7 |
| short-term liabilities to banks | 3.4 | 8.3 | 7.8 | 5.8 | 5.8 | 5.8 | 5.8 |
| Accounts payable | 3.9 | 3.9 | 4.3 | 4.4 | 4.5 | 4.8 | 5.1 |
| Advance payments received on orders | 0.3 | 0.3 | 1.0 | 8.0 | 6.0 | 4.0 | 2.0 |
| Other liabilities (incl. from lease and rental contracts) | 5.2 | 7.4 | 12.3 | 14.4 | 15.2 | 16.3 | 17.3 |
| Deferred taxes | 2.0 | 1.3 | 1.1 | 2.6 | 2.7 | 2.9 | 3.1 |
| Deferred income | 2.2 | 2.3 | 1.8 | 1.8 | 1.9 | 2.0 | 2.1 |
| Current liabilities | 17.0 | 23.4 | 28.3 | 37.0 | 36.0 | 35.8 | 35.4 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 64.2 | 67.6 | 98.8 | 161.9 | 171.1 | 181.7 | 193.2 |

| Balance sheet (common size) | 2006 | 2007 | 2008 | 2009 | 2010E | 2011E | 2012E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Intangible assets | 28.0 % | 27.0 % | 39.2 % | 26.0 % | 32.3 % | 30.4 % | 28.6 % |
| Property, plant and equipment | 24.8 % | 26.3 % | 24.1 % | 16.8 % | 18.0 % | 17.8 % | 16.7 % |
| Financial assets | 3.4 % | 2.6 % | 1.4 % | 1.1 % | 0.2 % | 0.2 % | 0.2 % |
| FIXED ASSETS | 56.2 % | 55.8 % | 64.7 % | 43.9 % | 50.6 % | 48.4 % | 45.5 % |
| Inventories | 9.2 % | 11.4 % | 8.7 % | 7.8 % | 7.8 % | 7.9 % | 7.9 % |
| Accounts receivable | 17.3 % | 17.0 % | 14.2 % | 10.0 % | 12.0 % | 12.4 % | 12.4 % |
| Other current assets | 0.0 % | 3.3 % | 3.5 % | 3.9 % | 3.8 % | 3.9 % | 3.9 % |
| Liquid assets | 9.0 % | 8.0 % | 7.7 % | 27.1 % | 18.6 % | 20.1 % | 23.0 % |
| Deferred taxes | 6.4 % | 4.6 % | 1.2 % | 7.3 % | 7.3 % | 7.3 % | 7.3 % |
| Deferred charges and prepaid expenses | 1.9 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| CURRENT ASSETS | 43.8 % | 44.2 % | 35.3 % | 56.1 % | 49.4 % | 51.6 % | 54.5 % |
| TOTAL ASSETS | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| SHAREHOLDERS EQUITY | 55.9 % | 53.5 % | 41.4 % | 47.2 % | 51.6 % | 53.7 % | 55.9 % |
| MINORITY INTEREST | 0.7 % | 0.5 % | 2.0 % | 6.3 % | 0.6 % | 1.1 % | 1.7 % |
| Long-term debt | 11.4 % | 5.8 % | 10.9 % | 8.8 % | 12.6 % | 11.9 % | 11.2 % |
| Provisions for pensions and similar obligations | 0.2 % | 0.1 % | 0.4 % | 3.5 % | 3.5 % | 3.5 % | 3.5 % |
| Other provisions | 5.4 % | 5.4 % | 16.7 % | 11.3 % | 10.7 % | 10.1 % | 9.5 % |
| Non-current liabilities | 17.0 % | 11.4 % | 28.0 % | 23.6 % | 26.8 % | 25.5 % | 24.2 % |
| short-term liabilities to banks | 5.2 % | 12.2 % | 7.8 % | 3.6 % | 3.4 % | 3.2 % | 3.0 % |
| Accounts payable | 6.0 % | 5.7 % | 4.3 % | 2.7 % | 2.6 % | 2.6 % | 2.6 % |
| Advance payments received on orders | 0.5 % | 0.4 % | 1.0 % | 4.9 % | 3.5 % | 2.2 % | 1.0 % |
| Other liabilities (incl. from lease and rental contracts) | 8.0 % | 10.9 % | 12.5 % | 8.9 % | 8.9 % | 9.0 % | 9.0 % |
| Deferred taxes | 3.1 % | 2.0 % | 1.2 % | 1.6 % | 1.6 % | 1.6 % | 1.6 % |
| Deferred income | 3.5 % | 3.4 % | 1.8 % | 1.1 % | 1.1 % | 1.1 % | 1.1 % |
| Current liabilities | 26.4 % | 34.7 % | 28.6 % | 22.9 % | 21.1 % | 19.7 % | 18.3 % |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |

Source: Company data, Hauck & Aufhäuser

| Cash flow statement (EUR m) | 2006 | 2007 | 2008 | 2009 | 2010E | 2011E | 2012E |
|--|-------------|-------------|-------------|-------------|--------------|--------------|-------------|
| Net profit/loss | 2.5 | 2.2 | 3.0 | 15.7 | 10.7 | 13.1 | 14.3 |
| Depreciation of fixed assets (incl. leases) | 4.6 | 3.7 | 9.2 | 7.0 | 7.4 | 7.6 | 8.2 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 4.4 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | -1.0 | 1.9 | -5.0 | -0.8 | 1.7 | 0.4 | 0.4 |
| Cash flow from operations before changes in w/c | 6.2 | 7.8 | 7.1 | 26.3 | 19.7 | 21.1 | 22.8 |
| Increase/decrease in inventory | -0.1 | -2.1 | -0.8 | -4.1 | -0.7 | -1.0 | -0.9 |
| Increase/decrease in accounts receivable | -1.9 | 0.1 | -2.5 | -2.2 | -4.3 | -2.1 | -1.4 |
| Increase/decrease in accounts payable | 0.3 | 0.1 | 0.4 | 0.1 | 0.0 | 0.3 | 0.3 |
| Increase/decrease in other working capital positions | 0.1 | 0.6 | 4.4 | 6.3 | -1.6 | -1.4 | -1.4 |
| Increase/decrease in working capital | -1.6 | -1.2 | 1.5 | 0.2 | -6.5 | -4.1 | -3.4 |
| Cash flow from operating activities | 4.6 | 6.6 | 8.6 | 26.5 | 13.2 | 17.0 | 19.4 |
| CAPEX | 4.2 | 4.2 | 6.0 | 5.7 | 11.0 | 10.0 | 9.2 |
| Payments for acquisitions | 0.0 | 0.7 | 0.2 | 5.3 | 22.2 | 0.0 | 0.0 |
| Financial investments | -1.4 | 0.1 | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.1 | 0.2 | 0.2 | 1.3 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | -2.7 | -4.7 | -5.5 | -9.7 | -33.2 | -10.0 | -9.2 |
| Cash flow before financing | 1.9 | 1.9 | 3.1 | 16.8 | -19.9 | 7.0 | 2.3 |
| Increase/decrease in debt position | -1.3 | -1.2 | 0.6 | 1.9 | 7.3 | 0.0 | 0.0 |
| Purchase of own shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 0.0 | 0.0 | 0.0 | 24.4 | 0.0 | 0.0 | 0.0 |
| Dividends paid | 0.5 | 0.8 | 0.8 | 0.6 | 2.3 | 2.3 | 2.3 |
| Others | -0.3 | -0.3 | -0.1 | -1.6 | 0.0 | 0.0 | 0.0 |
| Effects of exchange rate changes on cash | -1.6 | 0.2 | 0.1 | -0.3 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | -1.9 | -2.2 | -0.3 | 24.0 | 5.0 | -2.3 | -2.3 |
| Increase/decrease in liquid assets | -1.6 | -0.1 | 2.9 | 40.5 | -14.9 | 4.7 | n/a |
| Liquid assets at end of period | 5.8 | 5.4 | 7.6 | 48.1 | 33.2 | 37.9 | 45.8 |

Source: Company data, Hauck & Aufhäuser

| Regional split (EUR m) | 2006 | 2007 | 2008 | 2009 | 2010E | 2011E | 2012E |
|------------------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Domestic | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Rest of Europe | 26.1 | 30.8 | 43.9 | 61.9 | 65.1 | 69.8 | 74.3 |
| yoy change | 27.9 % | 18.0 % | 42.5 % | 40.9 % | 5.3 % | 7.2 % | 6.3 % |
| NAFTA | 18.4 | 19.0 | 20.3 | 27.4 | 29.9 | 33.2 | 36.5 |
| yoy change | -1.1 % | 3.3 % | 6.8 % | 34.9 % | 9.2 % | 11.1 % | 10.0 % |
| Asia Pacific | 2.8 | 2.6 | 6.2 | 10.1 | 10.7 | 10.3 | 9.7 |
| yoy change | 27.3 % | -7.1 % | 138.5 % | 63.5 % | 5.3 % | -3.5 % | -5.5 % |
| Rest of world | 3.1 | 2.0 | 1.2 | 2.0 | 1.1 | 1.1 | 1.2 |
| yoy change | 416.7 % | -35.5 % | -40.0 % | 69.0 % | -47.4 % | 7.2 % | 6.3 % |
| TTL | 50.4 | 54.4 | 71.6 | 101.4 | 106.8 | 114.5 | 121.7 |
| yoy change | 20.6 % | 7.9 % | 31.6 % | 41.6 % | 5.3 % | 7.2 % | 6.3 % |

Source: Company data, Hauck & Aufhäuser

| Key ratios (EUR m) | 2006 | 2007 | 2008 | 2009 | 2010E | 2011E | 2012E |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| P&L growth analysis | | | | | | | |
| Sales growth | 20.5 % | 8.1 % | 31.5 % | 41.6 % | 5.3 % | 7.2 % | 6.3 % |
| EBITDA growth | 62.5 % | -7.4 % | 93.1 % | 20.4 % | 17.8 % | 9.6 % | 7.7 % |
| EBIT growth | 131.7 % | 1.6 % | 60.6 % | 61.3 % | 24.2 % | 12.3 % | 7.6 % |
| EPS growth | 38.4 % | -12.6 % | 131.0 % | 143.0 % | -46.4 % | 23.0 % | 8.6 % |
| Efficiency | | | | | | | |
| Total operating costs / sales | 35.8 % | 38.4 % | 34.3 % | 35.2 % | 34.5 % | 33.7 % | 33.4 % |
| Sales per employee | 183.2 | 174.5 | 181.3 | 202.8 | 201.4 | 212.0 | 221.3 |
| EBITDA per employee | 38.1 | 31.1 | 47.4 | 45.1 | 50.1 | 53.9 | 57.0 |
| Balance sheet analysis | | | | | | | |
| Avg. working capital / sales | 24.0 % | 25.6 % | 22.5 % | 16.6 % | 18.6 % | 22.5 % | 24.7 % |
| Inventory turnover (sales/inventory) | 8.6 | 7.1 | 8.4 | 8.0 | 8.0 | 8.0 | 8.0 |
| Trade debtors in days of sales | 80.5 | 76.8 | 71.3 | 58.3 | 70.0 | 72.0 | 72.0 |
| A/P turnover [(A/P*365)/sales] | 53.2 | 51.4 | 41.8 | 32.1 | 32.1 | 32.1 | 32.1 |
| Cash conversion cycle (days) | 108.5 | 127.5 | 112.9 | 117.9 | 133.9 | 135.9 | 135.9 |
| Cash flow analysis | | | | | | | |
| Free cash flow | 0.4 | 2.5 | 2.6 | 20.8 | 2.2 | 7.0 | 10.2 |
| Free cash flow/sales | 0.8 % | 4.5 % | 3.6 % | 20.5 % | 2.1 % | 6.1 % | 8.4 % |
| FCF / net profit | 18.0 % | 126.7 % | 57.9 % | 156.9 % | 22.6 % | 57.9 % | 77.9 % |
| FCF yield | 0.5 % | 2.9 % | 3.0 % | 14.6 % | 1.6 % | 4.9 % | 7.2 % |
| Capex / depn | 60.3 % | 113.8 % | 59.7 % | 49.8 % | 149.3 % | 132.3 % | 112.3 % |
| Capex / maintenance capex | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 148.0 % | 121.1 % | 109.7 % |
| Capex / sales | 5.5 % | 7.8 % | 7.6 % | 5.6 % | 10.3 % | 8.7 % | 7.5 % |
| Security | | | | | | | |
| Net debt | 4.9 | 6.8 | 10.9 | -23.8 | -4.4 | -9.1 | -17.0 |
| Net Debt/EBITDA | 0.5 | 0.7 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net debt / equity | 0.1 | 0.2 | 0.3 | -0.3 | -0.1 | -0.1 | -0.2 |
| Interest cover | 6.8 | 7.2 | 7.7 | 11.6 | 10.9 | 12.2 | 13.6 |
| Dividend payout ratio | 40.4 % | 44.5 % | 14.1 % | 17.4 % | 23.5 % | 19.1 % | 17.6 % |
| Asset utilisation | | | | | | | |
| Capital employed turnover | 1.0 | 1.0 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 |
| Operating assets turnover | 1.8 | 1.7 | 1.7 | 2.3 | 2.0 | 1.9 | 1.9 |
| Plant turnover | 3.2 | 3.1 | 3.0 | 3.7 | 3.5 | 3.5 | 3.8 |
| Inventory turnover (sales/inventory) | 8.6 | 7.1 | 8.4 | 8.0 | 8.0 | 8.0 | 8.0 |
| Returns | | | | | | | |
| ROCE | 11.1 % | 11.1 % | 10.4 % | 14.4 % | 15.0 % | 15.6 % | 15.6 % |
| ROE | 6.2 % | 5.4 % | 11.0 % | 17.3 % | 11.1 % | 12.4 % | 12.2 % |
| Other | | | | | | | |
| Interest paid / avg. debt | 7.4 % | 7.3 % | 8.1 % | 6.9 % | 7.4 % | 6.5 % | 6.2 % |
| No. employees (average) | 275 | 312 | 395 | 500 | 530 | 540 | 550 |
| Number of shares | 3.1 | 3.1 | 3.1 | 3.8 | 5.3 | 5.3 | 5.3 |
| DPS | 0.3 | 0.3 | 0.3 | 0.5 | 0.5 | 0.5 | 0.5 |
| EPS reported | 0.71 | 0.62 | 1.43 | 3.48 | 1.87 | 2.30 | 2.49 |
| Valuation ratios | | | | | | | |
| P/BV | 2.5 | 2.4 | 2.1 | 1.4 | 1.7 | 1.5 | 1.4 |
| EV/sales | 1.8 | 1.7 | 1.4 | 1.2 | 1.4 | 1.2 | 1.1 |
| EV/EBITDA | 8.7 | 9.6 | 5.2 | 5.6 | 5.4 | 4.8 | 4.2 |
| EV/EBITA | 15.5 | 15.6 | 10.2 | 5.6 | 7.5 | 6.5 | 5.7 |
| EV/EBIT | 15.5 | 15.6 | 10.2 | 8.3 | 7.5 | 6.5 | 5.7 |
| EV/FCF | 228.5 | 37.7 | 37.4 | 6.0 | 64.9 | 20.1 | 13.0 |
| Dividend yield | 0.9 % | 0.9 % | 1.1 % | 1.6 % | 1.6 % | 1.6 % | 1.6 % |

Source: Company data, Hauck & Aufhäuser

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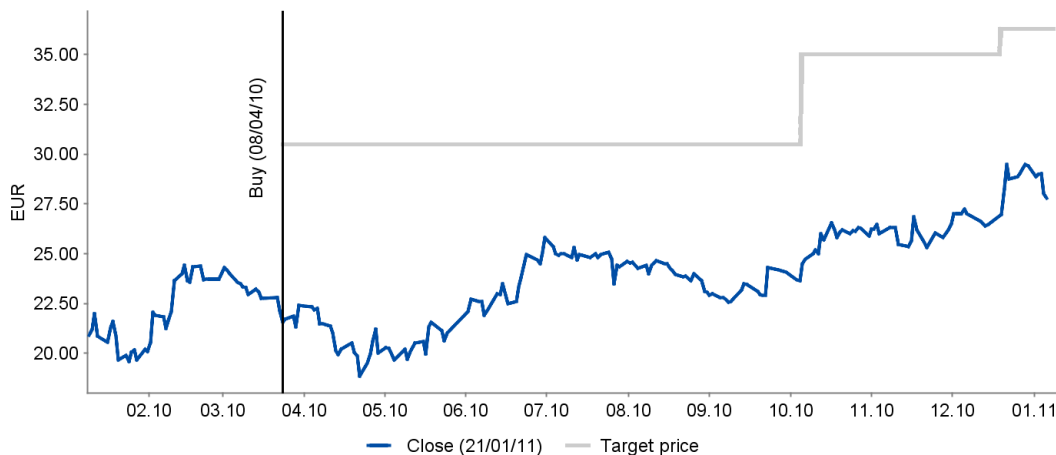
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|---------------------|------------|
| Eckert & Ziegler AG | 2 |

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Historical target price and rating changes for Eckert & Ziegler AG in the last 12 months

Price and Rating History Eckert & Ziegler AG as of 24/01/11

Initiation coverage
08-April-10



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| | | |
|-------------|---------|----------|
| Buy | 70.83 % | 100.00 % |
| Sell | 6.25 % | 0.00 % |
| Hold | 22.92 % | 0.00 % |

Valuation basis/rating key

Buy: Sustainable upside potential of more than 10% within 12 months.

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Competent supervisory authority

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