

Buy (old: Buy)

Price target: EUR 36.30 (old: EUR 36.30)

Price: EUR 25.40 **Next result:** FY 2010 30.03.11
Bloomberg: EUZ GR **Market cap:** EUR 125.6 m
Reuters: EUZG.DE **Enterprise Value:** EUR 127.2 m

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Offer Letter to Theragenics Board on the table: potentially value accretive

EZAG yesterday announced it has submitted an offer letter to acquire all of the outstanding shares of **Theragenics Corporation, a US company for USD 2.20 per share**, representing a 15.8% premium over the 52-week trading high.

Theragenics had sales of USD 82.2m and a recurring EBIT of USD 7.5m in 2010 (see attached table for details), representing a margin of 9.1%. The company operates a **Surgical Products business** manufacturing **disposables** including specialty needles, introducers, valves sheaths and guidewires as well as wound closure reusables. Surgical products had sales of USD 59m and an estimated recurring EBIT of USD 1.8m in 2010 (3.1% margin). **The Brachytherapy Seeds** business that is of primary interest to EUZ sells seeds primarily used to treat prostate cancer: **Sales 2010 USD 24m, estimated 2010 Recurring EBIT € 6m (e 25% margin).**

Strategic Rationale: By buying Theragenics, EZAG would not only re-gain a foothold in the USA, the largest brachytherapy market in the world, but it would also become the global No. 2 or No. 3 player in that market. **This would represent a major consolidation step for the company.** It is currently market leader in Europe only. Potentially, greater concentration **could lead to greater pricing discipline**, all boding well for the future EBIT margin in the Therapy division (28% of EZAG sales), estimated at 16% for FY 2010E.

Given the existence of at least one poison pill at Theragenics level, preventing EZAG from going openly hostile, **the deal will be very complex and protracted and thus we believe the intent of yesterday's publication was twofold:** 1. putting pressure on Theragenic's management to come to the table and 2. Make shareholders of Theragenic aware of the offer, without launching a formal tender.

Theragenics shares have languished between USD 1.0 and USD 1.80 since end 2009 and the stock has been trading at an average **2.7x EV/LTM EBITDA for the past 8 quarters, suggesting at least some shareholder discontent.**

-Continued-



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 29.50 / 18.86
Price/Book Ratio: 1.5
Relative performance (SDAX):
3 months -2.6 %
6 months -5.0 %
12 months -23.8 %

Changes in estimates

		Sales	EBIT	EPS
2010	old:	106.8	19.2	1.87
	Δ	-	-	-
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	1.0 %	1.0 %	1.2 %	1.8 %	1.8 %	1.8 %	1.8 %
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	1.6	1.5	1.2	1.1	1.2	1.1	0.9
EV/EBITDA	7.7	8.5	4.7	4.9	4.8	4.2	3.7
EV/EBIT	13.8	13.9	9.1	7.2	6.6	5.7	5.0
PER	27.5	39.8	17.2	12.4	13.2	10.7	9.9
Adjusted FCF yield	5.0 %	3.7 %	11.6 %	11.7 %	9.6 %	10.9 %	13.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 17.03.2011

Eckert & Ziegler AG

The analysis attached shows that at the current price per share on offer, EZAG would be paying 10x EV/EBIT. **The deal would add an estimated € 1.97 (+5.4%) per share to our price target of € 36.30 on Adjusted FCF Yield 2011E**, suggesting some room to go before the deal becomes openly dilutive.

Remains a BUY PT € 36.30 on Adjusted FCF Yield 2011E.

Terms of the Offer (USD m)		Theragenics Financials (USD m)	
Offer price	2.2	Sales 2010	82.2
NOSG	33.7	EBITDA 2010	11.1
Equity Value	74.1	EBIT 2010	3.9
Net Debt	-1.9	One-offs*	1.6
Enterprise Value	72.1	Recurring EBIT 2010	7.5
		D+A	7.2
		Recurring EBITDA 2010	12.7
		Est. Maintenance Capex	2.0
		Adjusted EBITDA	10.7

* Includes moving expenses USD 750K, legal action against CP Medical USD 629K, bad debts Core Oncology USD 380K. Sources: Theragenics 10-K filings, H&A estimates

Implied Multiples and Valuation Impact	
Implied EV/Recurring EBIT	10 x
Impact on Valuation	
Adjusted EBITDA	8.7
Mutiplier	10
Fair EV Acquired	86.7
EV Offered	72.1
Net EV Accretion	14.6
NOSH EZAG	5.3
Per Share Impact EZAG	€ 1.97

Assuming € 1.4072 USD/EUR Exchange Rate

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 %	3.3 %	3.4 %	16.6 %	1.8 %	5.6 %	8.1 %
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	2.2	2.1	1.9	1.2	1.5	1.3	1.2
EV/sales	1.6	1.5	1.2	1.1	1.2	1.1	0.9
EV/EBITDA	7.7	8.5	4.7	4.9	4.8	4.2	3.7
EV/EBITA	13.8	13.9	9.1	4.9	6.6	5.7	5.0
EV/EBIT	13.8	13.9	9.1	7.2	6.6	5.7	5.0
EV/FCF	202.5	33.5	33.4	5.2	57.2	17.6	11.3
Dividend yield	1.0 %	1.0 %	1.2 %	1.8 %	1.8 %	1.8 %	1.8 %

Source: Company data, Hauck & Aufhäuser

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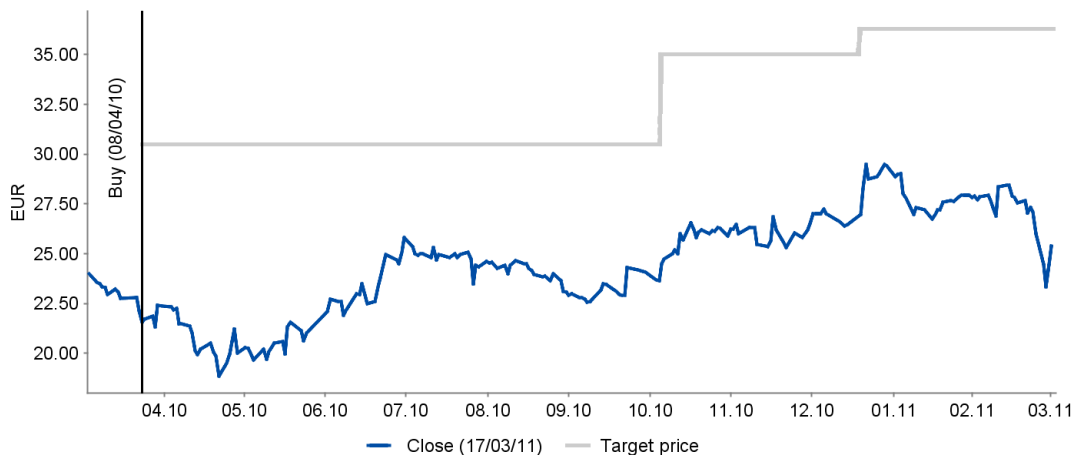
Company	Disclosure
Eckert & Ziegler AG	2

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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 18/03/11

Initiation coverage
08-April-10



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