

Buy (old: Buy)

Price target: EUR 35.00 (old: EUR 35.00)

Price:	EUR 26.55	Next result:	FY 2010 30.03.111
Bloomberg:	EUZ GR	Market cap:	EUR 136.3 m
Reuters:	EUZG.DE	Enterprise Value:	EUR 134.9 m

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Q3 results in-line – Fundamentally undervalued with 36% upside

CC at 4:00 PM CET (+49 6103 485 3001, ID 437 615)

Q3 sales are up **10.6% yoy** at **€ 28.2m (€ 25.5m)** and are **1.4% better** than expectations. **Isotope Products** (46% of total) were down 1.6% yoy, and in-line with expectations: a strong performance in the Isotrak division with the sale of reference and calibration sources could partly compensate a weaker oil-drill bit business due to raw input bottlenecks on world markets. **Therapy sales** (27.3 % of total) were slightly weaker than expected and up 1.4% yoy. While standard titanium seeds for the treatment of prostate cancer are facing pricing pressure, the company is registering strong acceptance for **afterloaders** particularly in emerging markets, with a slow-decaying source allowing for safe transport. **RadPharma** sales (21.3% of total) are slightly better than expected and up 29% yoy vs. +11% for the first 9 months, thanks to shipments of modular-labs used to generate radioactive isotopes on-site, and contrast agent shipments, particularly to Poland, out of the company's European cyclotrons. **Overall the strong yoy sales performance confirms the secular growth story at EUZ: demographics, growing importance of diagnostics in Western markets seeking to contain healthcare cost inflation, growing need for traceability in drug discovery.**

The gross margin is up 3 pts yoy at 53% with gross profit 6% better than expected, given strong pricing power particularly on calibration sources following the acquisition of competitor Nuclitec in 2009. We increase gross margin to 52.5% vs. 51.5% currently and maintain numbers unchanged, given R&D cost inflation in the remainder of 2010 and beyond (certification processes in Russia and for plastic smart seeds).

Q3 EBIT is up 87.8 % yoy at € 5.6 m (€ 3.0m) and 12% better than expectations thanks to better cost control following the integration of Nuclitec (€ 1m restructuring charges in Q3 09). Net profit is 4% better than expectations and has quasi doubled yoy following the acquisition of a further 34% stake in IBT in Q2 2010, substantially cutting minorities.

CFO is down 23% yoy at € 9.2m. Changes in receivables increased by € 3.4m as the RadPharm division discontinued most of its factoring program. We slightly adjust working capital going forward as a result.

2010 guidance is maintained at € 105m in sales and a net income of € 9.5m. This would imply Q4 net income of € 1.6m, down 40% sequentially yoy, and is hence conservative. Accelerating R&D in Q4 and tax issues could explain that.

Remains a BUY, PT € 35.00 on Adjusted Free Cash Flow Yield 2011E. The stock trades at PE of 12x 2011 earnings, 6.3x EV/EBIT, and **remains fundamentally undervalued.**

Y/E 31.12 (EUR m)	2006	2007	2008	2009	2010E	2011E	2012E
Sales	50.4	54.4	71.6	101.4	106.8	113.3	120.5
Sales growth	21 %	8 %	32 %	42 %	5 %	6 %	6 %
EBITDA	10.5	9.7	18.7	22.6	26.6	28.2	30.4
EBIT	5.9	6.0	9.6	15.5	19.2	20.8	22.3
Net income	2.2	1.9	4.5	13.3	10.7	11.6	12.6
Net debt	4.9	6.8	10.9	-23.8	-7.4	-12.6	-20.9
Net gearing	13.7 %	18.7 %	26.6 %	-31.2 %	-8.2 %	-12.5 %	-18.8 %
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	2.01	2.19	2.38
CPS	-0.01	0.93	1.16	3.71	1.03	1.78	2.20
DPS	0.25	0.25	0.30	0.45	0.45	0.45	0.45
Dividend yield	0.9 %	0.9 %	1.1 %	1.7 %	1.7 %	1.7 %	1.7 %
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 %	24.9 %	25.2 %
EBIT margin	11.7 %	11.0 %	13.4 %	15.2 %	18.0 %	18.3 %	18.5 %
ROCE	11.1 %	11.1 %	10.4 %	14.4 %	14.8 %	14.8 %	14.7 %
EV/sales	1.7	1.6	1.3	1.2	1.3	1.1	1.0
EV/EBITDA	8.3	9.2	5.0	5.3	5.1	4.6	4.0
EV/EBIT	14.9	14.9	9.8	7.9	7.0	6.3	5.5
PER	29.9	43.2	18.6	13.4	13.2	12.1	11.2
Adjusted FCF yield	4.6 %	3.4 %	10.8 %	10.7 %	8.8 %	10.0 %	12.1 %

Source: Company data, Hauck & Aufhäuser Close price as of: 01.11.2010



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 26.55 / 16.60

Price/Book Ratio: 1.6

Relative performance (SDAX):

3 months -5.3 %

6 months 12.5 %

12 months 1.9 %

Changes in estimates

		Sales	EBIT	EPS
2010	old:	106.8	19.2	2.03
	Δ	-	-	-
2011	old:	113.3	20.8	2.21
	Δ	-	-	-
2012	old:	120.5	22.3	2.39
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 5.3

Authorised capital: (in € m) 0.6

Book value per share: (in €) 17.1

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.

Eckert & Ziegler AG

EUR	Q3 10	Q3 10 est	Q3 09	yoy	9M 10	9M 10 est	9M 09	yoy	FY 10 est	FY 10 est consensus
Sales	28.2	27.8	25.5	10.6%	81.0	80.7	77.8	4.1%	106.8	109.0
Isotope Products	13.1	13.0	13.3	-1.6%	38.6	38.5	39.6	-2.7%		
Therapy	7.7	8.0	7.6	1.4%	22.4	22.8	23.9	-6.1%		
Radiopharmacy	6.0	5.8	4.6	29.2%	15.9	15.8	14.3	11.4%		
Environment	1.5	1.0	n.a.	n.a.	4.1	3.7	n.a.	n.a.		
Gross profit	15.0	14.2	12.8	17.3%	43.3	42.9	40.4	7.2%	55.0	n.a.
Gross margin	53.1%	51.2%	50.1%	+3.0 pp	53.4%	53.2%	51.9%	+1.6 pp	51.5%	n.a.
EBIT	5.6	5.0	3.0	87.8%	15.6	14.8	12.0	30.2%	19.2	18.0
Margin	19.8%	18.0%	11.7%	+8.2 pp	19.3%	18.4%	15.4%	+3.9 pp	18.0%	16.5%
Isotope Products	3.8	3.0	1.9	93.2%	11.2	10.4	7.0	59.6%		
Margin	28.7%	23.1%	14.6%	+14.1 pp	29.1%	27.1%	17.7%	+11.3 pp		
Therapy	1.2	1.2	1.4	-9.7%	3.6	3.6	4.5	-20.0%		
Margin	15.9%	15.0%	17.9%	-2.0 pp	16.0%	15.7%	18.8%	-2.8 pp		
Radiopharmacy	1.2	1.2	0.2	444.5%	2.3	2.3	0.9	159.3%		
Margin	19.9%	20.7%	4.7%	+15.2 pp	14.2%	14.4%	6.1%	+8.1 pp		
Environment	-0.1	0.0	n.a.	n.a.	-0.1	0.0	n.a.	n.a.		
Margin	-9.3%	0.0%	n.a.	n.a.	-3.3%	0.0%	n.a.	n.a.		
Net profit	2.7	2.6	1.4	99.4%	7.9	7.6	5.3	48.5%	10.7	9.0
Net margin	9.6%	9.3%	5.3%	+4.3 pp	9.8%	9.4%	6.8%	+2.9 pp	10.0%	8.3%
EPS	0.52	0.49	0.36	44.1%	1.51	1.45	1.44	0.1%	2.03	1.97

Financials

Profit and loss (EUR m)	2006	2007	2008	2009	2010E	2011E	2012E
Sales	50.4	54.4	71.6	101.4	106.8	113.3	120.5
<i>Sales growth</i>	20.5 %	8.1 %	31.5 %	41.6 %	5.3 %	6.1 %	6.3 %
Cost of sales	26.5	27.6	37.5	50.3	50.7	53.8	57.2
Gross profit	23.9	26.9	34.2	51.1	56.1	59.5	63.2
Sales and marketing	8.7	10.2	15.1	18.4	20.3	20.4	21.1
General and administration	10.3	10.5	14.6	19.1	20.0	21.0	22.0
Research and development	0.3	0.3	3.1	2.5	3.2	3.4	4.2
Other operating income	1.5	0.6	17.2	9.3	3.2	3.4	3.6
Other operating expenses	0.2	0.5	9.0	5.0	-3.5	-2.7	-2.7
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	28.2	30.4
Depreciation	4.6	3.7	9.2	7.1	7.4	7.5	8.1
EBITA	5.9	6.0	9.6	15.5	19.2	20.8	22.3
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	20.8	22.3
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	0.0	0.0	0.0
Financial result	-1.1	-1.1	-1.3	-0.3	-1.4	-1.4	-1.3
Recurring pretax income from continuing operations	4.7	4.9	8.3	15.2	17.8	19.4	21.0
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	17.8	19.4	21.0
Taxes	1.6	2.8	5.3	-6.7	6.2	6.8	7.4
Net income from continuing operations	3.1	2.2	3.0	21.9	11.6	12.6	13.7
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	11.6	12.6	13.7
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	10.7	11.6	12.6
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	2.03	2.21	2.39

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 %	-2.3 %	-2.3 %
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 %	24.9 %	25.2 %
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 %	18.3 %	18.5 %
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 %	18.3 %	18.5 %
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 %	0.0 %	0.0 %	0.0 %
Financial result	-2.2 %	-1.9 %	-1.8 %	-0.3 %	-1.3 %	-1.2 %	-1.1 %
Recurring pretax income from continuing operations	9.4 %	9.0 %	11.6 %	14.9 %	16.7 %	17.1 %	17.5 %
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 %	16.7 %	17.1 %	17.5 %
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 %	10.8 %	11.1 %	11.3 %
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 %	10.8 %	11.1 %	11.3 %
Minority interest	0.6 %	0.4 %	-2.0 %	8.5 %	0.9 %	0.9 %	0.9 %
Net income (net of minority interest)	4.4 %	3.6 %	6.3 %	13.1 %	10.0 %	10.2 %	10.4 %

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	28.9	30.4	30.4
Financial assets	2.2	1.7	1.4	1.8	1.8	1.8	1.8
FIXED ASSETS	36.1	37.7	63.9	71.1	85.9	87.4	87.4
Inventories	5.9	7.7	8.6	12.6	13.3	14.2	15.1
Accounts receivable	11.1	11.5	14.0	16.2	20.5	22.3	23.8
Other current assets	0.0	2.2	3.5	6.2	6.6	7.0	7.4
Liquid assets	5.8	5.4	7.6	43.9	34.8	40.0	48.3
Deferred taxes	4.1	3.1	1.2	11.8	12.4	13.2	14.0
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	87.6	96.6	108.5
TOTAL ASSETS	64.2	67.6	98.8	161.9	173.5	184.1	196.0
SHAREHOLDERS EQUITY	35.9	36.1	40.9	76.4	90.6	100.3	111.1
MINORITY INTEREST	0.4	0.4	2.0	10.3	1.0	2.0	3.1
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	6.8
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	46.2	46.6
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	4.7	5.0
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	16.1	17.1
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	35.5	35.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	64.2	67.6	98.8	161.9	173.5	184.1	196.0

Balance sheet (common size)	2006	2007	2008	2009	2010E	2011E	2012E
Intangible assets	28.0 %	27.0 %	39.2 %	26.0 %	31.9 %	30.0 %	28.2 %
Property, plant and equipment	24.8 %	26.3 %	24.1 %	16.8 %	16.7 %	16.5 %	15.5 %
Financial assets	3.4 %	2.6 %	1.4 %	1.1 %	1.0 %	1.0 %	0.9 %
FIXED ASSETS	56.2 %	55.8 %	64.7 %	43.9 %	49.5 %	47.5 %	44.6 %
Inventories	9.2 %	11.4 %	8.7 %	7.8 %	7.7 %	7.7 %	7.7 %
Accounts receivable	17.3 %	17.0 %	14.2 %	10.0 %	11.8 %	12.1 %	12.1 %
Other current assets	0.0 %	3.3 %	3.5 %	3.9 %	3.8 %	3.8 %	3.8 %
Liquid assets	9.0 %	8.0 %	7.7 %	27.1 %	20.1 %	21.7 %	24.6 %
Deferred taxes	6.4 %	4.6 %	1.2 %	7.3 %	7.2 %	7.2 %	7.1 %
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 %	50.5 %	52.5 %	55.4 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.1 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	55.9 %	53.5 %	41.4 %	47.2 %	52.2 %	54.5 %	56.7 %
MINORITY INTEREST	0.7 %	0.5 %	2.0 %	6.3 %	0.6 %	1.1 %	1.6 %
Long-term debt	11.4 %	5.8 %	10.9 %	8.8 %	12.4 %	11.7 %	11.0 %
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 %	10.5 %	9.9 %	9.3 %
Non-current liabilities	17.0 %	11.4 %	28.0 %	23.6 %	26.4 %	25.1 %	23.8 %
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 %	8.8 %	8.8 %	8.7 %
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 %	20.8 %	19.3 %	17.9 %
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	11.6	12.6	13.7
Depreciation of fixed assets (incl. leases)	4.6	3.7	9.2	7.0	7.4	7.5	8.1
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	0.3	0.4	0.4
Cash flow from operations before changes in w/c	6.2	7.8	7.1	26.3	19.3	20.5	22.1
Increase/decrease in inventory	-0.1	-2.1	-0.8	-4.1	-0.7	-0.8	-0.9
Increase/decrease in accounts receivable	-1.9	0.1	-2.5	-2.2	-4.3	-1.9	-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	-1.5	-1.4
Increase/decrease in working capital	-1.6	-1.2	1.5	0.2	-6.5	-3.9	-3.4
Cash flow from operating activities	4.6	6.6	8.6	26.5	12.7	16.6	18.7
CAPEX	4.2	4.2	6.0	5.7	9.0	9.0	8.1
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	-31.2	-9.0	-8.1
Cash flow before financing	1.9	1.9	3.1	16.8	-18.4	7.6	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	-13.4	5.3	n/a
Liquid assets at end of period	5.8	5.4	7.6	48.1	34.7	40.0	48.3

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	69.1	73.5
yoy change	27.9 %	18.0 %	42.5 %	40.9 %	5.3 %	6.1 %	6.3 %
NAFTA	18.4	19.0	20.3	27.4	29.9	32.9	36.1
yoy change	-1.1 %	3.3 %	6.8 %	34.9 %	9.2 %	9.9 %	10.0 %
Asia Pacific	2.8	2.6	6.2	10.1	10.7	10.2	9.6
yoy change	27.3 %	-7.1 %	138.5 %	63.5 %	5.3 %	-4.5 %	-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 %	6.1 %	6.3 %
TTL	50.4	54.4	71.6	101.4	106.8	113.3	120.5
yoy change	20.6 %	7.9 %	31.6 %	41.6 %	5.3 %	6.1 %	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 %	6.1 %	6.3 %
EBITDA growth	62.5 %	-7.4 %	93.1 %	20.4 %	17.8 %	6.3 %	7.5 %
EBIT growth	131.7 %	1.6 %	60.6 %	61.3 %	24.2 %	8.1 %	7.3 %
EPS growth	38.4 %	-12.6 %	131.0 %	143.0 %	-41.8 %	8.9 %	8.3 %
Efficiency							
Total operating costs / sales	35.8 %	38.4 %	34.3 %	35.2 %	34.5 %	34.2 %	34.0 %
Sales per employee	183.2	174.5	181.3	202.8	201.4	209.8	219.0
EBITDA per employee	38.1	31.1	47.4	45.1	50.1	52.3	55.2
Balance sheet analysis							
Avg. working capital / sales	24.0 %	25.6 %	22.5 %	16.6 %	18.6 %	22.6 %	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	3.7	7.6	10.6
Free cash flow/sales	0.8 %	4.5 %	3.6 %	20.5 %	3.5 %	6.7 %	8.8 %
FCF / net profit	18.0 %	126.7 %	57.9 %	156.9 %	35.0 %	65.2 %	84.6 %
FCF yield	0.5 %	3.0 %	3.2 %	15.3 %	2.7 %	5.6 %	7.8 %
Capex / depn	60.3 %	113.8 %	59.7 %	49.8 %	122.2 %	120.4 %	100.0 %
Capex / maintenance capex	0.0 %	0.0 %	0.0 %	0.0 %	121.1 %	121.1 %	108.6 %
Capex / sales	5.5 %	7.8 %	7.6 %	5.6 %	8.4 %	7.9 %	6.7 %
Security							
Net debt	4.9	6.8	10.9	-23.8	-7.4	-12.6	-20.9
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	11.8	13.2
Dividend payout ratio	40.4 %	44.5 %	14.1 %	17.4 %	21.7 %	19.9 %	18.4 %
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	3.7	3.7	4.0
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 %	14.8 %	14.8 %	14.7 %
ROE	6.2 %	5.4 %	11.0 %	17.3 %	11.8 %	11.6 %	11.3 %
Other							
Interest paid / avg. debt	7.4 %	7.3 %	8.1 %	6.9 %	7.4 %	6.4 %	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	2.03	2.21	2.39
Valuation ratios							
P/BV	2.3	2.3	2.1	1.3	1.6	1.4	1.3
EV/sales	1.7	1.6	1.3	1.2	1.3	1.1	1.0
EV/EBITDA	8.3	9.2	5.0	5.3	5.1	4.6	4.0
EV/EBITA	14.9	14.9	9.8	5.3	7.0	6.3	5.5
EV/EBIT	14.9	14.9	9.8	7.9	7.0	6.3	5.5
EV/FCF	218.8	36.1	35.9	5.7	36.1	17.2	11.5
Dividend yield	0.9 %	0.9 %	1.1 %	1.7 %	1.7 %	1.7 %	1.7 %

Source: Company data, Hauck & Aufhäuser

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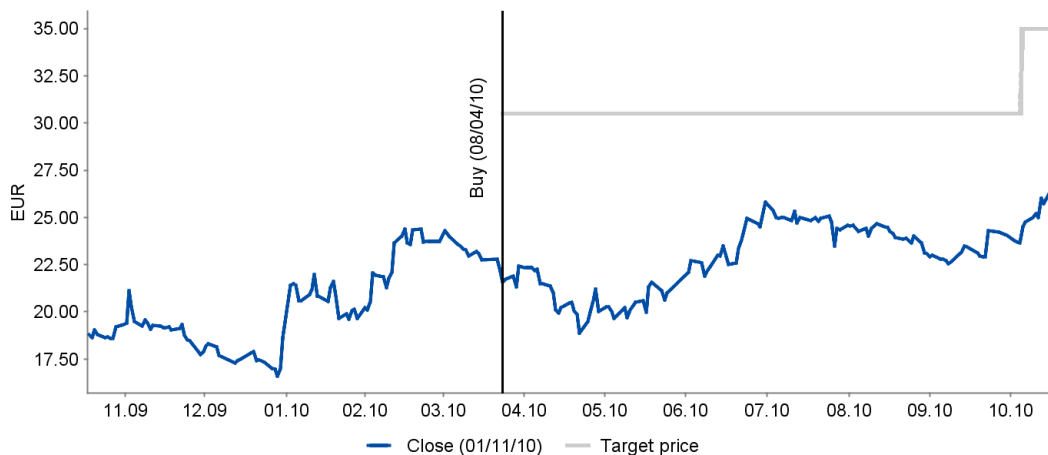
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Eckert & Ziegler AG	2

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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 02/11/10

Initiation coverage
08-April-10



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