Eckert & Ziegler AG
Germany - High-tech Engineering

HAUCK & AUFHÄUSER
PRIVATBANKIERS SEIT 1796

Buy (Initiation)

Price target: EUR 30.50

Price:	EUR 22.13	**Next result:**	Q1 10 04.05.10
Bloomberg:	EUZ GR	**Market cap:**	EUR 113.6 m
Reuters:	EUZG.DE	**Enterprise Value:**	EUR 95.5 m

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Value at the core

- **Radioactive isotope specialist** spanning medical (cancer treatment, diagnostics) and industrial applications (e.g. calibration standards).
- **Leading global or European market shares in a number of growing niches**: e.g. imaging, radiopharmaceuticals and radiotherapy implants.
- **Strong competitive position thanks to SCALE**: buying power in sourcing hard-to-get radioactive isotopes, financial clout to invest in R&D.
- **Impregnable entry barriers**: strict **regulation**, **high capital intensity**, hard-to-replicate **know-how** in handling radioactivity.
- **Very acquisitive** with a **strong balance sheet**: larger medtech or industrials continue to divest non-core nuclear divisions and smaller start-ups lack market access.
- **13% p.a. net income growth by 2012e.**
- Rated a **BUY PT EUR 30.50** on Free Cash Flow Yield 2011E, a 38 % upside to current levels.
- **Strong potential in radioactive waste management** with Germany pondering how to deal with decades “mis”-management: an opportunity that could almost double the share price.

Y/E 31.12 (EUR m)	2007	2008	2009	2010E	2011E	2012E
Sales	54.4	71.6	101.4	105.6	111.9	119.5
Sales growth	8 %	32 %	42 %	4 %	6 %	7 %
EBITDA	9.7	18.7	22.6	22.5	23.9	26.0
EBIT	6.0	9.6	15.5	15.2	16.6	18.0
Net income	1.9	4.5	13.3	8.9	9.8	10.8
Net debt	6.8	10.9	-23.8	-9.0	-13.1	-19.7
Net gearing	18.7 %	26.6 %	-31.2 %	-10.2 %	-13.5 %	-18.6 %
Net Debt/EBITDA	0.7	0.6	0.0	0.0	0.0	0.0
EPS fully diluted	0.61	1.43	3.48	1.69	1.85	2.04
CPS	0.93	1.16	3.71	1.36	1.55	1.85
DPS	0.25	0.30	0.45	0.45	0.45	0.45
Dividend yield	1.1 %	1.4 %	2.0 %	2.0 %	2.0 %	2.0 %
Gross profit margin	49.3 %	47.7 %	50.4 %	51.5 %	51.5 %	51.5 %
EBITDA margin	17.8 %	26.2 %	22.2 %	21.3 %	21.4 %	21.8 %
EBIT margin	11.0 %	13.4 %	15.2 %	14.4 %	14.8 %	15.1 %
ROCE	11.1 %	10.4 %	14.4 %	11.9 %	12.0 %	12.3 %
EV/sales	1.4	1.1	0.9	1.0	1.0	0.8
EV/EBITDA	7.8	4.3	4.3	4.9	4.5	3.9
EV/EBIT	12.6	8.3	6.4	7.3	6.5	5.6
PER	36.0	15.5	11.2	13.1	12.0	10.8
Adjusted FCF yield	4.1 %	12.6 %	13.1 %	9.0 %	10.4 %	12.8 %

Source: Company data, Hauck & Aufhäuser Close price as of: 07.04.2010

Source: Company data, Hauck & Aufhäuser

High/low 52 weeks:	24.40 / 7.13
Price/Book Ratio:	1.1
Relative performance (SDAX):	
3 months	19.7 %
6 months	2.3 %
12 months	148.6 %

Changes in estimates

		Sales	EBIT	EPS
2010	*old:*	105.6	15.2	1.70
	Δ	-	-	-
2011	*old:*	111.9	16.6	1.86
	Δ	-	-	-
2012	*old:*	119.5	18.0	2.05
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs)	5.3
Authorised capital: (in € m)	0.6
Book value per share: (in €)	20.1
Ø trading volume: (12 months)	20,453

Major shareholders:

Free float	62.1 %
Founders	35.2 %
Eckert & Ziegler AG	2.5 %

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.

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Executive Summary

Company Description

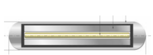
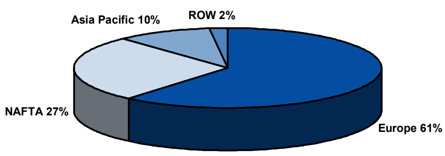
Founded in 1997, **Eckert & Ziegler Strahlen und Medizintechnik AG (“Eckert & Ziegler” or “EUZ”)** is a holding company comprising some 30 operating subsidiaries that **source, process and market radioactive isotopes and related equipment.** Major areas of application include medical equipment (e.g. **cancer therapy**), medical imaging, radiopharmaceuticals as well as **industrial measurement technology**.

The company’s oldest subsidiary, Eckert & Ziegler BEBIG GmbH, was incorporated out of the Zentralinstitut für Isotopentechnik, a research institute within the former East German Academy of Sciences. EUZ was listed **in 1999 at EUR 23 per share** and joined the **Prime Standard in 2003**.

EUZ has been and continues to be **extremely acquisitive in a space** that is:

a) **either mature** (industry and research), where it has acquired companies active in niches that no longer fit the core business of their larger owners or …

b) **at its infancy** where the company has been acquiring start-ups holding promising technology but no market or industrial access.

	Industry	Therapy	Radiopharmacy	Environmental Services	Group
Products	Calibration sources, radio-isotopes, radioactive components	Prostate implants, eye applicators, tumor radiation equipment and related accessories	Contrast agents, generators, synthesis modules	Source retraction and disposal	
					
Sales 09 (€ m)	46.7	30.3	19.4	5.0	**101.3**
Sales share	46%	30%	19%	5%	
End markets	Medical imaging (PET scanners, gamma cameras), oil and gas drill bits, research labs, defence and environmental monitoring	Oncology	Medical diagnosis, radiotherapy	Clinics, research institutes, nuclear power plants, other producers of ***low level*** radioactive waste	
Market positions	80% world market share in imaging, 75% world market share in calibration, 66% market share in industrial components	Est. 40% European market share in prostate implants	Ca. 80% market share in Germany for fluorodeoxglucose, used for cancer diagnosis	Est. 30 % market share in Germany	
Customers	Schlumberger, Halliburton, GE, Siemens, Philips	Hospitals, radiation therapists	Hospitals, clinics, biotech and pharmaceutical companies e.g. Bayer Schering Pharma	Diversified	
Competitors	QSA Global, Siemens	Oncura, Bard Urological, Nucletron, Varian	IBA Molecular	Gamma Service Recycling GmbH	
Raw Materials	Iodine, gold, titanium, cobalt, steel				
Suppliers	Roughly 40% of radioactive isotopes sourced in Russia, the remainder of inputs is sourced in: Sweden, South Africa, Canada, USA, Germany				
Sales distribution by region (09)					
Distribution structure	30% indirect / 70% direct				
Production sites	USA, Germany, Belgium,Czech Republic				
Capacity utilisation 09	66% on average				
Adjusted EBIT 09 *	10.0	3.3	1.1	0.0	**14.6**
EBIT-margin*	21.4%	11.0%	5.7%	0%	**14.5%**
ROCE 09*	28%	13%	8%	N.A	**14%**

*Source: Company data, Hauck&Aufhäuser, * excludes one-offs.*

The company completed a **capital increase** raising gross proceeds of **EUR 21.5m in December 2009**, priced at **EUR 15.95** per share. Use of proceeds include the recently closed tender offer for the free float of IBt, a listed Belgian prostate seed manufacturer where the company took a 38.5% stake in 2008.

Quality: scale and industrial know-how

The company is effectively **the *only* listed consolidator in the radioactive isotope space.** EUZ covers the **entire value chain** from isotope processing through to medical and industrial applications. It has moreover, through a recent acquisition, added a **radioactive waste management competence**.

While active in a myriad of applications using radioactive sources, the following holds true across the board:

1. Thanks to its scale, the company is a signifcant buyer of raw radioactive isotopes, where supply is highly concentrated. As such it benefits from **strong purchasing power**.

2. **Scale also means the company has strong financial clout to invest in R&D,** resulting in innovation leadership, particularly in Industry and Therapy. **Innovation is perceived and valued by customers**, evident in a gross margin on raw inputs of 74%.

3. Generating, manipulating, transporting and processing radioactive isotopes is a **very know-how intensive and a highly regulated domain**, **which minimizes the threat of entry**.

4. Entry is also limited **by large upfront investments in what remain small niche markets** worth well below EUR 500m each globally. Cyclotrons cost up to EUR 10m a piece, and are worth owning only if they are leveraged over several end applications or end–clients. The company owns 15 of these, largely amortised.

5. ***On the negative side***: oligopolies *do* engage in price competition. This has been rampant in the implants business given the weakness of the USD in recent years, with US producers pushing cheaper products into European markets.

   This should be addressed over time as:

   - The dollar is strengthening and…
   - …EUZ is **poised to gain a significant foothold in the US market** with the pending acquisition of Core Oncology, which should help discipline the market.

All of the above should result in a solid average ROCE of 12% between 2006 and 2012e.

Growth: 13% net income growth by 2012E

Sales are seen up **6% on average by 2012E** to EUR 119.5m from EUR 101.3m in 2009, essentially driven by:

1. **Growing penetration of radioactive seed therapy**: In the USA 23% of early stage prostate cancer is treated with seeds, vs. 9%e in Europe;

2. **Growing demand for tumour tracers** used in positron emission tomography ("PET") by hospitals, clinics and pharmaceutical companies. Given an aging population and overburdened national health systems, more money is being spent on **screening and early diagnosis.**

3. **Contract manufacturing** of radioactive pharmaceuticals at the company's certified clean rooms.

EBIT excluding one-offs is seen **up 7.2% by 2012e at EUR 18m** (EUR 14.6m in 2009), with the margin at 15.1% by 2012, vs. 14.5% in 2009.

NOTE: Our 2009 EBIT definition excludes:

- One-offs of roughly EUR 7m due to the reversal of litigation provisions in connection with the IBt takeover.

- Approx. EUR 1m in investment income from a Russian joint venture to produce and sell prostate seed implants locally.

- EUR 1m in redundancy costs in connection with the integration of Nuclitec, a radiaoactive source provider based in Braunschweig, Germany and acquired early 2009.

- Approx. EUR 4m in goodwill impairement due to the capitalisation of IBt deferred taxes.

We **expect almost no EBIT margin expansion** as:

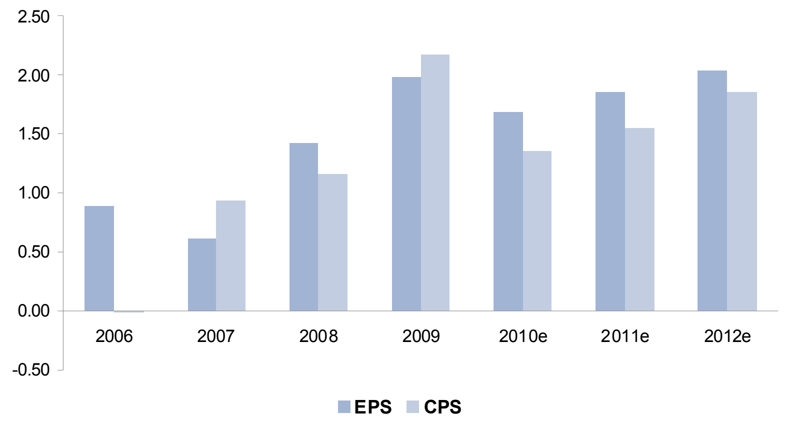
1. The company is expected to **increase research and development as well as sales and marketing spend** in connection with product launches in the Therapy and Radiopharmacy segments.

2. The numbers also incorporate the **potential for further restructuring measures** in connection with the integration of IBt and Nuclitec.

Net income is seen up 13% on average at EUR 11m in 2012e (vs. EUR 7.5m in 2009 before one-offs), thanks to **cash generation and lower minorities** following the IBt mandatory offer to buy-out the free float which expired on March 17 (see "Theme").

Recurring EPS is down to 1.69 in 2010e vs. 1.97 before one-offs in 2009 due to a 38% increase in the number of shares outstanding **("NOSH")** following the EUR 21.5m **capital increase** of December 2009.

EPS and CPS development



Source: company data, Hauck&Aufhäuser estimates
CPS equals CFO- maintenance capex/ average NOSH, and is adjusted for one-offs

The company stands to **benefit from an appreciation of the USD** as its largest division (50% of sales, 70% of EBIT) is based in the USA. The sensitivity analysis below provides EPS 2010 estimates for a range of USD/EUR exchange rates.

Scenarios for USD in 2010E

				Base Case			
USD/EUR	**1.19**	**1.25**	**1.31**	**1.38**	**1.45**	**1.52**	**1.60**
% change	*-13.6%*	*-9.3%*	*-4.8%*		*5.0%*	*10.3%*	*15.8%*
EPS	**1.87**	**1.81**	**1.75**	**1.69**	**1.62**	**1.54**	**1.47**
% change	*11.2%*	*7.6%*	*3.9%*		*-4.1%*	*-8.4%*	*-12.9%*

Source: Hauck&Aufhäuser estimates

Value

We recommend **BUYING the share with a price target of EUR 30.5 per share on a 2011e, based on Free Cash Flow Yield**

A **Free Cash Flow Yield** methodology yields a fair value of **EUR 30.5** per share.

Main assumptions are:

1. An after-tax hurdle rate of 7% given an effective tax rate of 30% and a pre-tax hurdle rate of 10%.

2. Maintenance capex of EUR 7m on average p.a.

3. Enterprise value is adjusted for prepayments of some € 8m received in 2009 connection with a joint venture for the production of prostate seed implants in Russia.

DCF yields EUR 30.7 per share.

Main assumptions are:

1. WACC of 8.2% based on

    - a risk free premium of 5%
    - a cost of debt of 4.5%, derived from interest paid on commercial loans
    - a statutory beta of 1, for an illiquid stock
    - and a risk free rate of 3.2% based on 10-year German Government bonds

2. Long term growth rate of 1.5%.

3. Long term EBIT margin of 15%.

A peer group analysis yields EUR 27 per share

While there is no listed comparable company to EUZ, we have performed a peer group analysis featuring: Carl Zeiss Meditec, Sartorius, Draegerwerk, Pulsion, Stratec Biomedical Systems, Guerbet, IBA (Belgium) and Varian (USA). The latter two are competitors of EUZ in Radiopharmacy and Therapy.

Theme

Mandatory offer for International Brachytherapy S.A. (“IBt”) removes uncertainty and concentrates management attention on fundamentals

The company merged its therapy business into a leading European radioactive implants specialist, IBt S.A. of Belgium in 2008, in exchange for a 38.5% stake in the company.

Following months of travails with Belgian authorities it was forced to launch a mandatory offer to acquire minorities early 2010. **The offer expired on March 17 and the company now owns** 72% of the capital stock and controls 78% of the voting rights of IBt.

Acquisitions remain on the agenda for 2010

The company should **continue to remain acquisitive** as it contemplates re-entering the US market for prostate seed implants which it exited in 2006, as it was too small to compete with bigger more established players and lacked local production facilities.

It is targeting a share deal at IBt level with **Core Oncology**, the number 4 player in that market and a privately held company.

According to our calculations the deal would **add EUR 1.9 to our fair value per share** of EUR 30.5 on 2011e.

The calculation excludes cross selling synergies by leveraging Core Oncology’s strong dsitribution footprint in the USA.

Waste management puts company in the spot light

The company **is one four operators that are licensed in Germany to process low level radioactive waste** stemming from hospitals, clinics, research labs but also by the odd visit to a nuclear power plant, resulting in contaminated overalls**.**

The **debate has been raging in Germany** about a former dumping site for nuclear waste that is threatening to collapse, with massive environmental implications.

The **Federal Office for Radiation Protection finally recommended** early 2010 that this **waste be moved to a new location** some 20 km away starting 2014 while being processed according to the norms (i.e. labelled and sealed in concrete containers).

While the political debate is far from over:

1. The topic is **bound to attract attention to EUZ** and enhance the visibility of the story.

2. A participation by EUZ in the clean-up procedure could be valued at € 30 per share on 2016, which discounted at an estimated WACC of 8% means a **present value of EUR 19 per share, representing a quasi doubling of the share price.**

Competitive Analysis

Industry (46% of group sales at EUR 47m, 68% of group EBIT at EUR 10m)

Know-how and scale result in high entry barriers

In the Industry segment, competitive quality is underpinned by **scale** and **know-how**, derived from a **strict focus on radioactive sources** and its declination accross a multitude of industrial applications.

Know–how in radioactive isotopes is critical as **poor control over radiation accuracy could not only be dangerous but is also mission critical** in EUZ's clients applications:

- Positron Emission Tomography scanners feature EUZ supplied calibration sources used to tune the amount of radioactivity absorbed by a patient's body. Wrong "tuning" can lead to a costly wrong diagnostic but could also hurt the patient, costing brand image.

- The radioactive sources need to be replaced regularly (every 1-2 years). Assuming 3 are needed per scanner, and the average scanner has an economic life of 10 years, the radioactive sources are worth a significant portion of the value of the machine over its lifetime.

Obtaining **recognition for a calibration standard is a complicated process** involving national radiation protection agencies and national standards institutes.

Exchanging an existing radioactive source supplied by EUZ for a new one often involves a tedious product revalidation process, hence **switching costs are high.**

Scale provided by controlling almost 80% of the isotope market for medical imaging globally, or 75% of the world market for calibration sources, yields **substantial purchasing power with producers of radioactive isotopes**.

The market is extremely concentrated worldwide, with some 40% of production in the hands of current or former state-owned Russian players. **Hence access to raw materials represents a strong barrier to entry**.

Its roots as a former East German nuclear research institute provide the company with ***legacy*** access to sources.

Competition intensity could pick up in selected areas

With Russian operators contemplating downstream integration in some areas, such as oil-well logging (strong domestic energy exploration industry and strong isotope sector), the risk of lower supply for export markets is prompting particularly the USA and Canada to develop local isotope production.

The industry segment is estimated to generate an ROCE of 28%, with some 80% of revenues that are recurring: all points to excellent competitive quality.

Therapy (30% of group sales at EUR 30m, 22% of group EBIT at EUR 3m)

The Therapy division focuses on **brachytherapy**.

Brachytherapy is the treatment of early stage cancer in the form of irradiation with a minimal distance between the source of radiation and the tissue which is irradiated, yielding little or no collateral damage.

The company produces implants used for the treatment of prostate cancer (e53% of divisional sales):

Implants are made up of a radioactive source (eg. Iodine-25 or Palladium 103) sealed within a welded titanium capsule. They are some 4.5mm long and 0.8mm thick and are placed thanks to a hollow needle as close as possible to the tumour.

A seed costs about EUR 20 - EUR 50 apiece and some 70 seeds are needed per patient per therapy.

The radioactive compound irradiates the cancerous cells while minimizing exposure to adjacent healthy tissue and decays within approximately 14 days.

The seeds remain in the body permanently (hence "permanent brachytherapy"). The procedure is ambulant and lasts less than 1 hour.

Unique selling proposition to patients and health systems as SUBSTITUTES SCORE WEAKLY.

Permanent implants are far superior to surgery as a treatment for early stage prostate cancer: **they cost less and result in almost no side-effects**.

There are essentially two *other* ways of dealing with prostate cancer.

Surgery - Historically the most common treatment option for prostate cancer is radical prostatectomy ("RP"), i.e. the removal of the prostate gland and some surrounding tissue through an invasive surgical procedure.

RP is performed under general anesthesia and involves a hospital stay of 7-10 days on average for patient observation and recovery. **Prostatectomy carries a 60% incidence of impotence and a 40% incidence of incontinence**.

External Beam - The procedure involves directing a beam of radiation from outside the body at the prostate gland to destroy cancerous tissue. The treatment is received on an outpatient basis five days per week usually over a period of six to eight weeks.

Several studies have shown that the ten-year disease-free **survival rates** with treatment through external beam are less than the disease-free survival rates after RP or brachytherapy treatment.

Side effects are manifold. The incidence of incontinence and impotence five to six years after external beam is comparable to that for surgery. (*Source: Isoray, Inc. 10-K filings*).

The following table provides a comparison between alternative treatments.

	Cost	Hospital Stay	Effectiveness	Recovery
Surgery	€ 25.000	7-10 days	70%-95%	40-60 days
External beam	€ 8,000 - € 30,000	30-40 daily visits	70%-90%	variable
Brachytherapy	€5,000- € 10,000	1 day	85%-98%	2-3 days

Source: Company data

National reimbursement schemes are an obstacle to growth currently.

Not all doctors will like the procedure as it is no longer performed by an urologist but by a radiation oncologist and a medical physicist, who know how to manipulate radioactive material.

Hence, in a number of countries where certain lobbies are stronger, brachytherapy is not covered by national health insurance schemes (e.g. Germany), even though it is economically and therapeutically the superior solution for certain cancer types.

Competitive pressure exists despite dominant market share in selected countries.

While transport and regulation might seem an issue when dealing with radioactive seeds (the source decays over a few days, approvals required by local radiation boards or drug administrations, etc), American providers have been entering the European market with a cheaper product **thanks to the weak dollar.**

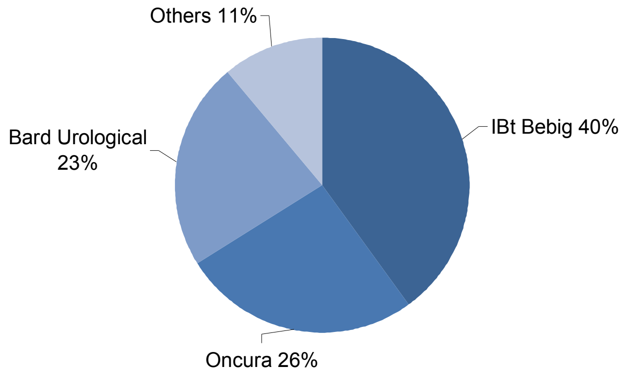
Below is a brief overview of main competitors.

Oncura. With some EUR 60m in worldwide sales, Oncura is probably the most significant global competitor to EUZ and global leader for seeds. It belongs to GE Healthcare, which may help it leverage its parent's customer network. The company is really positioned as a prostate seed specialist (iodine 125, palladium 103). It is presumably not as free as an independent in applying R&D budgets. **The lack of scope means overall less radioactive isotope know-how than EUZ, hence weaker R&D and pipeline.**

Bard Urological, est. EUR 40m in seed sales. The company is part of C.R.Bard, a diversified medtech company with more than EUR 1.5bn in sales and that is publicly listed. The division is more of a **total solution provider** around seed brachytherapy and could possibly lack the R&D clout of EUZ or Oncura.

The following pie chart provides the market shares of major players in the EUR 40m strong European market for prostate seed implants.

Market shares in the European market (EUR 40 m) for prostate seed implants



Source: Company data

EUZ is tackling pricing issues by consolidating the market, which it is **uniquely positioned** to do as:

1. **Stock market listing** provides ready access to capital.

2. A focus on radioactive isotopes allows it to **absorb targets more easily** than a smaller, more focused company and to therefore be viewed as a preferred bidder.

Acquiring a company active in radioactive isotopes can effectively only be done by a peer, given a complex appraisal of accruals for all risks associated with these materials, which requires extremely reliable know-how.

Afteloaders (e33% of divisional sales): emerging markets as a niche

Afterloaders are machines **delivering short-term radiation** in a cancer treatment in which a mostly wire-bonded radioactive source is propelled electrically for a brief period into the target tumor by means of **a tube-like catheter** or by cannulas.

Approximately 7 sessions are usually necessary over 14 days. An afterloader costs some EUR 150- EUR 250k a unit. Recurring sales are estimated at EUR 30k every one or two years, for a slow-decaying Cobalt-60 radioactive source.

In a nutshell, afterloaders are the predecessor technology to seeds.

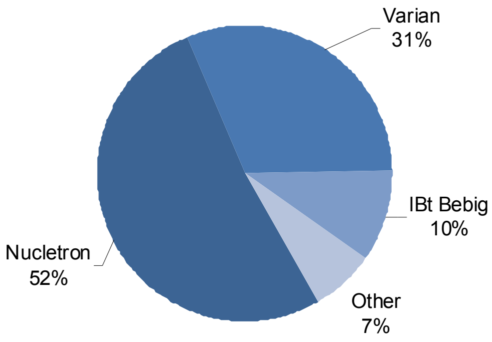
The company **does not lead this market** but **has carved out a niche in developing countries with Cobalt-60 based afterloaders**.

With almost half the value of an afterloader tied up in electronics and software, one can argue radiation know-how matters less than with seeds.

The source being weaker than other hot sources, it decays over a longer period of time allowing safe transport. It also requires long hospitalization periods, which would be uneconomical in developed countries.

The market outside the US is worth some EUR 60m with market shares broken down as follows:

Afterloader market outside the USA (EUR 60 m)



Source: Company data

Nucletron is the clear market leader outside the USA. The company is privately held and based in the Netherlands. Its know-how is really software and equipment focused. The company delivers consultancy services, integrated imaging and brachytherapy units.

It really opened the afterloader market with a first product launched as early as 1978 and the first computerized treatment planning system in the early 1980s. By the mid 1980s the company commanded a 75% worldwide market share in the brachytherapy market, which was at the time afterloader focused and until seeds came onto the market in the mid 1980s.

Varian is a publicly-listed American company with some USD 2bn in sales. The company supplies informatics software for managing comprehensive cancer clinics, radiotherapy centers and medical oncology practices.

In Radiopharmaceuticals ("RadPharm") (e20%of group sales): access to cyclotrons, tracer know-how are key

Why do doctors need radpharm?

Radiopharmaceuticals are used **as contrast agents** in position emission tomography imaging (PET scanners) and are bound to feature increasingly in therapeutic applications: ie radioactive drugs that are injected into patient for **therapeutic purposes** vs. imaging or **diagnostic purposes**.

Radioactive tracers help map the functioning of an organ, impossible with CT scans or MRT. For example, cancerous cells are glucose hungry. A glucose based tracer will help locate those unequivocally.

RadPharm is essentially a capital-intensive business where SCALE matters

The main barrier to entry is access to cyclotrons that produce the radioactive raw material and the ability to leverage and sell the output.

Cyclotrons costs up to EUR 10m, and **are product specific**. Hence without enough scale, they are loss-making, which is irrelevant only if the owner is in academia.

Cyclotrons not only cost money but are **extremely complex to operate and maintain,** with highly trained physicians a must. The company operates some 15 cyclotrons, essentially generating fluoride 118 used in oncology.

Regulation is extremely tight and involves nuclear radiation agencies and drug administrations.

Proximity is crucial as most radioactive contrast agents have a very short life and need to be produced and delivered on demand.

The company competes with much bigger operators on a European wide basis when one looks at radioactive contrast agents *in general* (GE Healthcare, Covidien, Bristol-Myers Squibb), but **holds dominant positions on certain niches such as fluorodeoxyglucose used for cancer diagnostics**.

EUZ holds an estimated 80% market share in Germany, a 100% market share in Luxembourg, a 100% market share in Poland, all markets served by its cyclotrons in Berlin, Braunschweig and around Köln-Bonn.

It **closest competitor is Belgian listed company IBA Group** with some EUR 332m in sales. It is essentially a full blown version of the radpharm division with a much bigger cyclotron footprint, salesforce and drug discovery capabilities, all resulting in a competitive edge over EUZ's radpharm business.

The company is however much less profitable than RadPharm at a 1.6% EBIT margin and a 3.5% ROCE in 2008 vs. e6.8% and e8% respectively for RadPharm in 2009. The reason being negative operating leverage on the equipment business side, and the difficult integration of acquisitions.

Environmental services (e5% of group sales): regulation is a formidable entry barrier

In environmental services, the company is one of four entities in Germany licensed to handle, transport and process low level radioactive waste, **with an estimated market share of 30%.**

The disposal processes and the storage facilities are **strictly regulated** by the German radiation control agency as well as local bodies, and a **faultless track record** is key. The approval process takes time and is politically very complex, requiring concertations with local communities etc.

Across business segments a ROCE of 12% is sustainable as EUZ …

1. …is the ***only active consolidator***: **pricing dynamics should be improving** over time.
2. …active in know-how intensive, capital intensive, regulation intensive and somewhat off-putting niches due to the risks associated with radioactive materials, **which all limits entry.**
3. …posts a **faultless track record** meaning it is a partner of choice when new opportunities arise.

Returns Analysis

Note: For the purpose of ratios analysis, we have taken into account EBIT adjusted for one-off effects since 2006.

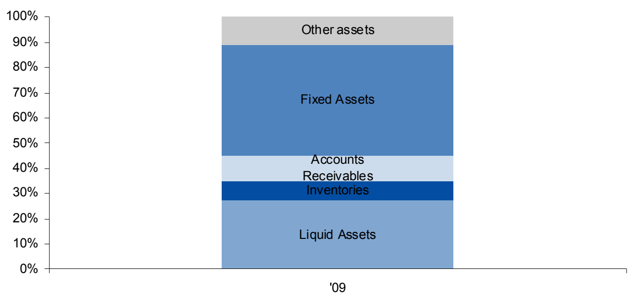
Capital employed and capital efficiency

The production of radioactive isotopes is **very capital intensive** as it involves several production steps on **very sophisticated equipment**. **Inventory levels are low** as radioactive sources are to a great extent produced "on demand", given **decay issues**. **Hence, PP&E accounts for 23% of total assets**.

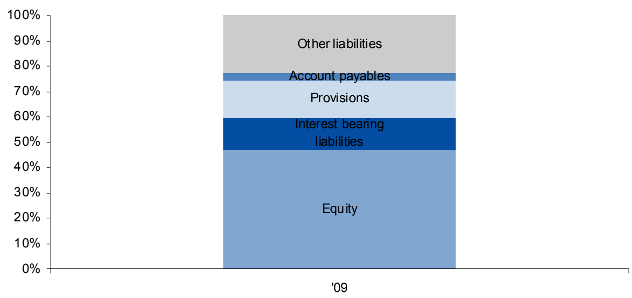
The company carries some **EUR 30m in goodwill** stemming from the acquisition of IBt in 2008 (e EUR 20m) and Nuclitec in 2009 (e EUR 10m). Goodwill accounts for 26% of total assets.

Cash and cash equivalents of EUR 44m at year end 2009, account for 29% of total assets and include the proceeds of EUR 21.5m from a capital increase completed in December 2009 and some EUR 8m in prepayments in connection with the shipment of a packaging line to a Russian joint venture for prostate seed implants.

Balance sheet - Assets



Balance sheet - Liabilities



Source: Company data, Hauck&Aufhäuser

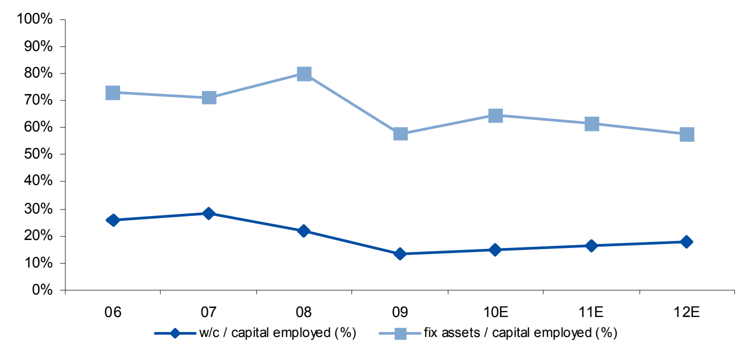
Overall some 58% of capital employed is tied up in fixed assets, 10% in net working capital and 32% in cash.

Capital employed and capital efficiency

The **share of working capital should increase** over time with prepayments from the Russian JV declining, as the set up is concluded. The share of fixed assets in capital employed reaches a peak in 2008 with the integration of IBt and Nuclitec, then declines in 2009 due to 2 capital increases.

2010 and 2011 should bring some expansionary capex with part of the R&D in connection with synthesis modules in RadPharm and plastic seeds in Therapy capitalised.

Capital employed

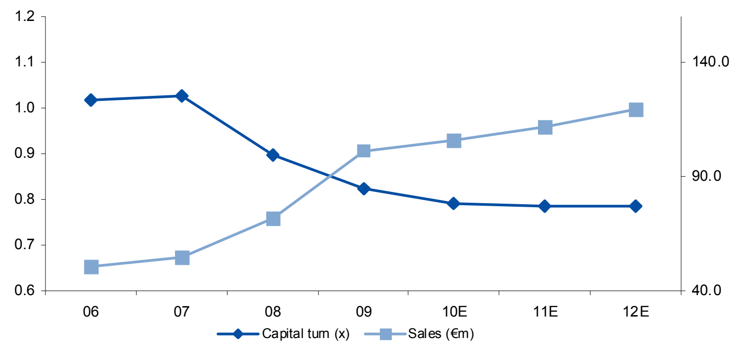


Source: Company data, Hauck&Aufhäuser

Capital intensity declines until 2009 due to the capital increase of EUR 22m and the integration of IBt and nuclitec.

It is seen to remain under 1 into 2012 with limited improvements foreseeable on the working capital front and on-going capitalized R&D spend.

Capital employed turnover and sales

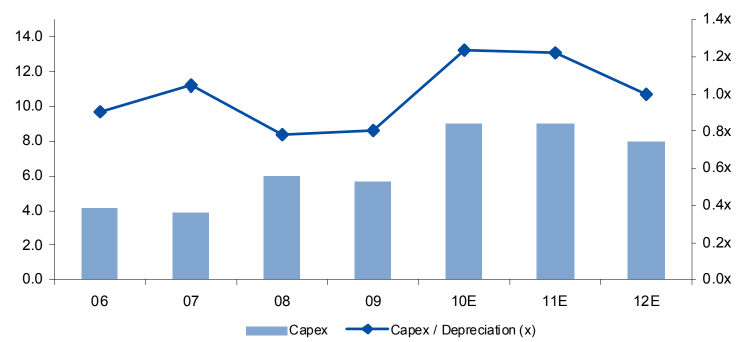


Source: Company data, Hauck&Aufhäuser

Capital requirements and cash generation

The **capex cycle should be expansitionay into 2011** with product launches in RadPharm and Therapy involving capitalized R&D spend, therefore exceeding depreciation.

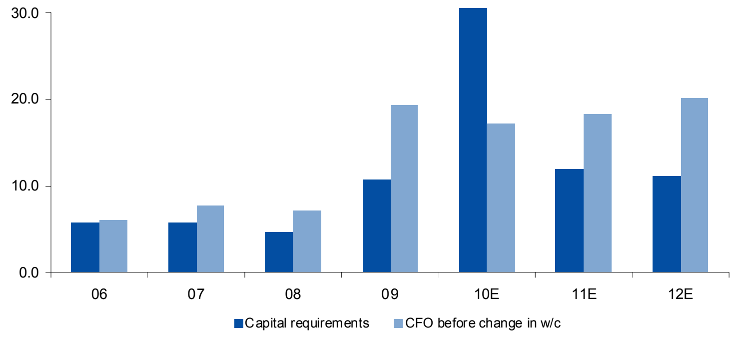
Capex bar and Capex/depreciation



Source: Company data, Hauck&Aufhäuser

As visible from the following graph, the company does not cover capital requirements including acquisitions from cash generation in 2010. However it can more than make up for that thanks to pro forma cash balances excluding Russian prepayments of EUR 24m. **The company has therefore more than enough cash to cover capital requirements,** including working capital changes and payments in connection with the buy-out of minorities at IBt.

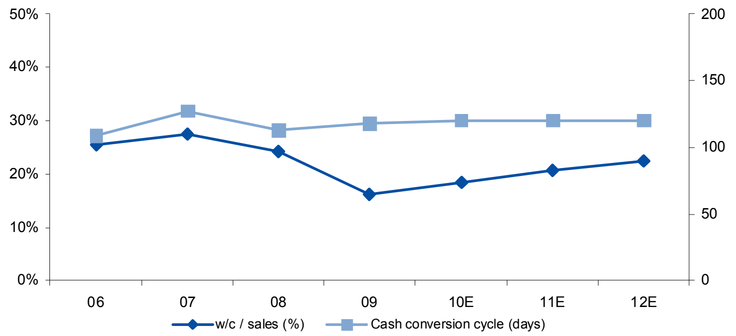
Capital requirements and CFO before changes in w/c



Source: Company data, Hauck&Aufhäuser

The working capital ratio is seen to slightly deteriorate with the the reduction of prepayments for the Russian JV. The cash conversion cycle is expected to remain stable.

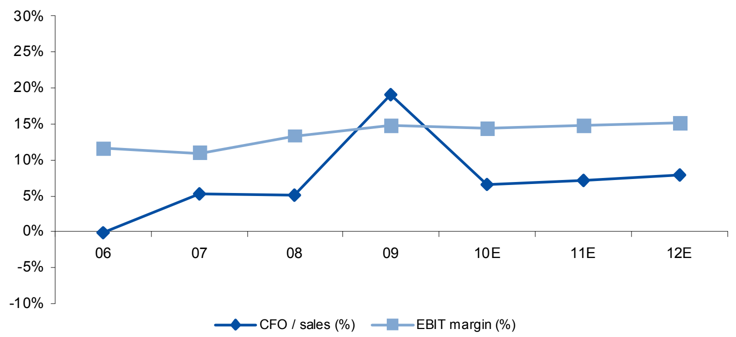
Cash flow analysis



Source: Company data, Hauck&Aufhäuser

No major discrepancies are expected between profitability development and cash flow margin. The peak in 2009 is due to the advance payments of EUR 8m in connection with the Russian JV.

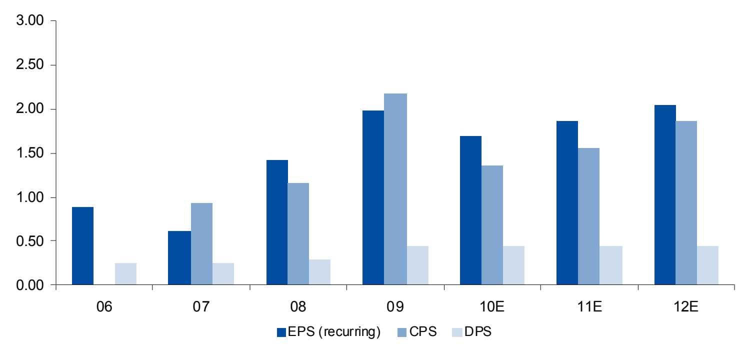
CFO/sales and EBIT margin



Source: Company data, Hauck&Aufhäuser

Cash flow per share outstrips EPS in 2010 thanks to growing prepayments from Russia. In 2011 and 2012, the situation goes back to normal, with **higher working capital consumption and capex** explaining the difference. No major increases in the dividend pay-out are expected for this **acquisitive company**. **The dividend pay out ratio is expected to remain at 24% on average.**

DPS/CPS/EPS



Source: Company data, Hauck&Aufhäuser

Pricing and operating efficiency

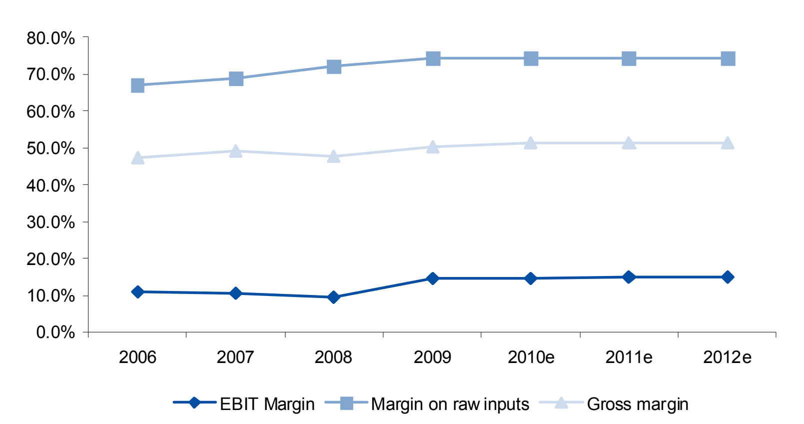
Regulatory and know-how barriers to entry as well as the company's dominant positions in niche markets result **in strong pricing power**. While the company uses COGS accounting, **margin over raw inputs is a strong 74%.**

We see little scope for significant price increases. **Economies of scale** achieved for example with the integration of IBt in the iodine market, could yet result in improved purchasing conditions. This could, however, be kept in check by **pricing pressure from American seed producers**, that are sometimes backed by parent companies with deep pockets (Oncura is owned by GE).

Iodine is the most important input for the company (EUR 2m in purchasing volume), followed by titanium, shieldings, gold and electrons for afterloaders. **Russia is a very important supplier** of radioactive raw materials (about 40% of total) with **3 to 4 year volume contracts priced in Euro**. Russian suppliers are essentially state-owned. Other suppliers include Canada and South Africa.

An estimated 70% of total costs are variable meaning operating leverage is limited. **Personnel costs appear to be the largest cost block** at an estimated 30% of total costs, followed by input costs (e30% of total costs).

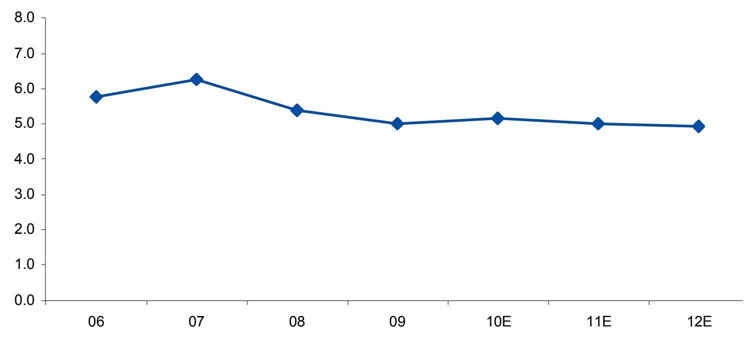
Gross margin development



Source: Company data, Hauck&Aufhäuser

Operating leverage is at 5.5x on average, once one replaces COGS with raw input costs**.**

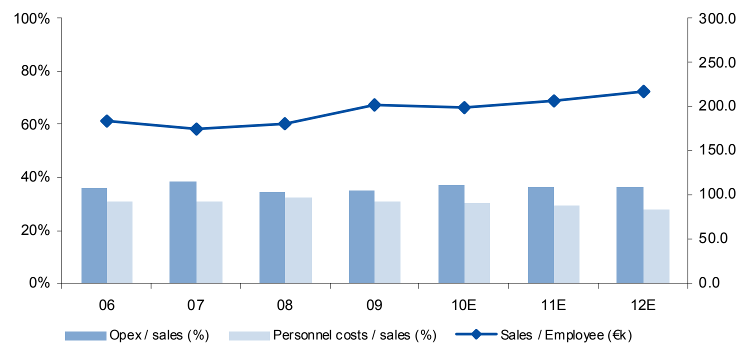
Operating leverage



Source: Company data, Hauck&Aufhäuser

Following an accelerating cost base in 2010 due to higher R&D and higher SG&A, margins should recover in 2011 with the launch of plastics seeds for the treatment of breast cancer in Europe. The integration of nuclitec and IBt into the group should also be completed by then.

Cost base and leverage



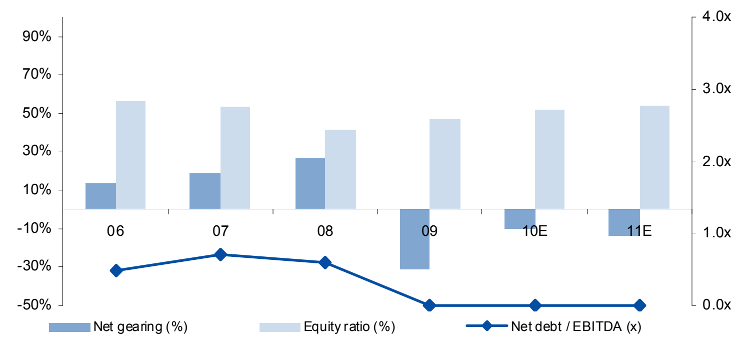
Source: Company data, Hauck&Aufhäuser

Solvency

Despite a rich acquisition history, the balance sheet looks very healthy, as evident from the following ratios at year end 2010e, following the EUR 22m buy-out of the IBt minorities:

- Net Debt to EBITDA 0x.
- Net gearing of -10%.
- Equity ratio of 52%.

Solvency

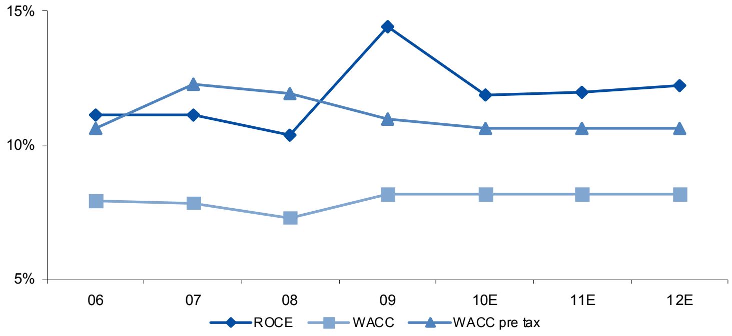


Source: Company data, Hauck&Aufhäuser

Value Creation

Despite accelerating costs in connection with product launches, the company should still earn returns of 12% on average by 2012e, which is above a pre-tax cost of capital estimated at 10%.

Returns



Source: Company data, Hauck&Aufhäuser

Growth

Sales are seen up **6% on average by 2012e**, broken down as follows:

- **Nuclear Imaging and Industry** (e46% of group sales): **2.7%** average annual organic sales growth is anticipated in a **mature, largely replacement-driven segment**. Radioactive sources deplete and need to be replaced every other year on average. The company holds dominant global market shares in its niches.

- **Therapy (e30% of group sales): 9.3% average annual organic sales growth backed by:**

  1. **Growing acceptance of seed therapy for prostate cancer**: in the USA 23% of early stage prostate cancers are treated with implants, vs. e9% on average in Western Europe.

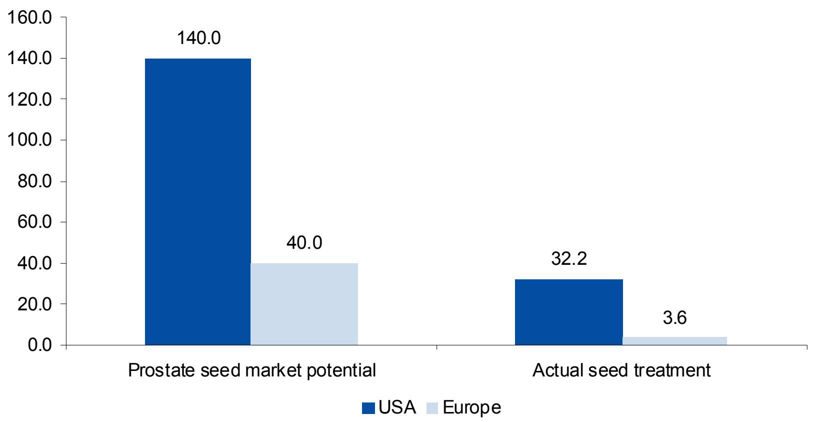
  2. **New product launches**, including a plastic based seed entering clinical trials in 2010 and expected to be rolled out in 2011.

  3. **Russian JV** to manufacture and sell seed implants locally under EUZ licence.

  4. Growing acceptance for **cobalt based afterloaders** used for in-patient radiotherapy particularly in Emerging markets.

The graph below illustrates the growth potential for prostate seed implants.

Prostate seed market (in €)



Source: Company data

- **Radiopharmaceuticals** (e19% of group sales):

  Following an active acquisition history that resulted in a hefty rationalisation of the production facilities, **some 8% annual growth** is anticipated. Main growth drivers here are:

  1. **Full pipeline of tumour tracers** to be used in Positron Emission Tomography (PET), a tumour diagnostic mechanism featuring the use of radioactive contrast agents. PET is experiencing strong growth with more countries allowing reimbursement via national health insurance schemes: Germany reimburses these scans since 2007 only.

  2. **Synthesis modules for on-site radioactive isotope generation**, with a new generation of Gallium-based equipment to be marketed in

2010. Applications include drug discovery on behalf of biotech/pharma companies as radioactive tracers help locate where drug molecules are in the body, hence applications in drug discovery processes

3. **Contract manufacturing for pharmaceutical isotopes**: e.g. Onalta, an Yttrium -90 based isotope used to treat neuroendocrine tumours, entering clinical trials in Europe in 2010, and to be produced for US-based Molecular Insight Pharmaceuticals.

- **Environmental Services (**e5% of group sales)

  The new division set up in 2010 is expected **to grow some 8% on average** as the company broadens its expertise in disposing of low level radioactive waste currently performed for clinics and hospitals by targeting German nuclear power plants, **currently storing waste on-site**.

The table below provides an overview of sales growth assumptions by division

Sales Projections	2005	2006	2007	2008	2009	2010e	2011e	2012e	09-12e
Nuclear Imaging and Industry									
Historical business	25.4	25.7	25.0	30.2	33.9	34.9	36.0	37.0	
Growth		*1.1%*	*-2.4%*	*20.6%*	*12.2%*	*3.0%*	*3.0%*	*3.0%*	
Nuclitec ex clean room				23.1	12.8	13.1	13.3	13.6	
Growth					*-44.6%*	*2.0%*	*2.0%*	*2.0%*	
Sales	**25.4**	**25.7**	**25.0**	**30.2**	**46.7**	**48.0**	**49.3**	**50.6**	
Growth		*1.1%*	*-2.4%*	*20.6%*	*54.6%*	*2.7%*	*2.7%*	*2.7%*	***2.7%***
Sales	**17.0**	**20.1**	**21.3**	**27.4**	**30.3**	**33.0**	**36.0**	**39.6**	
Growth		*18.0%*	*6.3%*	*28.6%*	*10.4%*	*9.0%*	*9.0%*	*10.0%*	***9.3%***
Sales		**5.4**	**8.6**	**14.7**	**19.4**	**19.8**	**21.4**	**23.5**	
Growth			*61.0%*	*70.3%*	*31.7%*	*2.0%*	*8.0%*	*10.0%*	***8.0%***
Sales					**5.0**	**5.3**	**5.7**	**6.3**	
Growth						*6.0%*	*8.0%*	*10.0%*	***8.0%***
Consolidation/Other									
Group Sales	**41.8**	**50.4**	**54.5**	**71.6**	**101.3**	**105.6**	**111.9**	**119.5**	
Growth		*20.6%*	*8.2%*	*31.4%*	*41.5%*	*4.2%*	*6.0%*	*6.8%*	***5.7%***

Source: Company data, Hauck&Aufhäuser

EBIT excluding one-offs is seen **up 7.2% by 2012e at EUR 18m** (EUR 14.6m in 2009), with the margin at 15.1% by 2012, vs. 14.5% in 2009.

The company is expected to **increase R&D and sales and marketing spend in connection with product launches in the Therapy and Radiopharmacy segments**. The numbers also incorporate potential measures in connection with the integration of IBt and Nuclitec (e.g. rationalisation of production facilities)

Net income is seen up 13.3% on average at EUR 11m in 2012e (vs. EUR 7.5m in 2009 before one-offs), thanks to cash generation and lower minorities following the IBt mandatory offer.

The following table provides EBIT projections by division.

Adjusted EBIT Projections*	2005	2006	2007	2008	2009	2010e	2011e	2012e	09-12e
Nuclear Imaging and Industry									
EBIT	1.5	4.3	4.9	7.0	10.0	10.3	10.7	11.2	
Growth	*2.0%*	*183.9%*	*11.9%*	*43.4%*	*43.5%*	*3.1%*	*3.9%*	*4.9%*	***4.0%***
Margin	*6.0%*	*16.9%*	*19.4%*	*23.1%*	*21.4%*	*21.5%*	*21.8%*	*22.2%*	
Therapy									
EBIT	1.8	2.4	2.4	-1.0	3.3	3.5	4.0	4.6	
Growth		*33.3%*	*-0.7%*	*-140.5%*	*n.m.*	*3.7%*	*14.2%*	*15.0%*	***11.0%***
Margin	*10.6%*	*12.0%*	*11.2%*	*-3.5%*	*11.0%*	*10.5%*	*11.0%*	*11.5%*	
Radiopharmacy									
EBIT	0	-0.9	-0.3	-0.1	1.1	1.2	1.4	1.6	
Growth		*n.m.*	*n.m.*	*n.m.*	*n.m.*	*13.3%*	*11.4%*	*15.1%*	***13.3%***
Margin		*-16.8%*	*-3.2%*	*-0.6%*	*6.3%*	*6.3%*	*6.5%*	*6.8%*	
Environmental Services									
EBIT	0	0	0	0	0.0	0.0	0.3	0.4	
Growth								*54.0%*	***N.M.***
Margin						*-0.1%*	*5.0%*	*7.0%*	
Consolidation/Other	1.0	-0.3	-1.3	1.0	0.2	0.2	0.2	0.2	
Group Adjusted EBIT*	**4.3**	**5.5**	**5.7**	**6.9**	**14.6**	**15.2**	**16.6**	**18.0**	
Margin	*10.3%*	*10.9%*	*10.5%*	*9.6%*	*14.5%*	*14.4%*	*14.8%*	*15.1%*	
Growth		*27.9%*	*3.6%*	*21.1%*	*112.2%*	*3.9%*	*8.7%*	*8.9%*	***7.2%***

** Excludes redundancy costs of EUR 1m in Nuclear Imaging and Industry and investment income of EUR 1m in Therapy in 2009*

Source: Company data, Hauck&Aufhäuser

Valuation

Free Cash Flow Yield: EUR 30.5 per share

Due to the fact that smaller companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and due to the fact that long-term returns often are flawed by the lack of sufficient visibility, an **Adjusted Free Cash Flow analysis** (Adjusted FCF) was performed.

The main assumption underlying this model is the level of return available to a *controlling* investor, which is influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company.

The adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. **The required after tax return equals the model's hurdle rate of 7%**. Anything less suggests the stock is expensive; anything more suggests the stock is cheap.

EUZ is an established player, with returns that are sufficiently sustainable, and a balance sheet that is sufficiently healthy to base valuation on 2011.

We exclude prepayments outstanding in connection with the supply of a production line to a newly established Russian JV from fair enterprise value to get to fair market capitalisation.

Maintenance capex is roughly in line with depreciation and amounts to EUR 7.4m over the projection period.

FCF yield, year end Dec. 31	2008	2009E	2010E	2011E	2012E
EBITDA	**18.7**	**15.6**	**22.5**	**23.9**	**26.0**
- Maintenance capex	5.0	5.7	7.4	7.4	7.4
- Minorities	-1.0	12.3	1.1	1.2	1.3
- tax expenses	5.3	-6.7	4.2	4.6	5.0
= Adjusted Free Cash Flow	**9.5**	**4.3**	**9.8**	**10.7**	**12.2**
Actual Market Cap	**70.7**	**117.1**	**117.1**	**117.1**	**117.1**
+ Net debt (cash)	10.9	-23.8	-9.0	-13.4	-20.2
+ Pension provisions	0.4	5.7	5.9	6.3	6.7
+ Off balance sheet financing	0.0	0.0	0.0	0.0	0.0
+ Adjustments prepayments	1.0	8.0	6.0	4.0	2.0
- Financial assets	-1.4	-1.8	-1.8	-1.8	-1.8
- Dividend payment	-0.8	-0.6	-2.3	-2.3	-2.3
EV Reconciliations	*10.1*	*-12.5*	*-1.1*	*-7.2*	*-15.5*
= Actual EV'	**80.8**	**104.6**	**116.0**	**109.9**	**101.6**
Adjusted Free Cash Flow yield	**11.8%**	**4.1%**	**8.5%**	**9.8%**	**12.0%**
Sales	**71.6**	**101.4**	**105.6**	**111.9**	**119.5**
Actual EV/sales	1.1x	1.0x	1.1x	1.0x	0.8x
Hurdle rate	7%	7%	7%	7%	7%
FCF margin	13.3%	4.2%	9.3%	9.6%	10.2%
Fair EV/sales	1.9x	0.6x	1.3x	1.4x	1.5x
Fair EV	**135.7**	**60.8**	**140.2**	**153.2**	**174.7**
- EV Reconciliations	*10.1*	*-12.5*	*-1.1*	*-7.2*	*-15.5*
Fair Market Cap	**125.6**	**73.3**	**141.3**	**160.3**	**190.2**
No. of shares (million)	3.1	3.8	5.3	5.3	5.3
Fair value per share	**40.5**	**19.4**	**26.9**	**30.5**	**36.2**
Premium (-) / discount (+) in %	**77.6%**	**-37.4%**	**20.7%**	**36.9%**	**62.5%**

Sensitivity analysis fair value						
Hurdle rate	7.0%	40.5	19.4	26.9	30.5	36.2
	10.0%	27.4	14.6	18.9	21.7	26.2
	13.0%	20.3	12.0	14.6	17.0	20.8
	16.0%	15.9	10.3	11.9	14.1	17.5

Source: Company data, Hauck&Aufhäuser

DCF: EUR 30.7 per share

Main assumptions underlying the DCF are:

- WACC of 8.2%
- Terminal growth rate of 1.5%
- Beta of 1
- Terminal EBIT margin of 15%

DCF (EUR m) (except per share data and beta)	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	Terminal value
NOPAT	10.7	11.6	12.6	12.3	12.6	13.0	13.2	13.4	13.4
Depreciation	7.3	7.4	8.0	8.2	8.5	8.8	8.9	9.0	9.0
Increase/decrease in working capital	-2.8	-3.0	-3.2	-2.6	-0.6	-0.2	-0.3	-0.3	-0.3
Increase/decrease in long-term provisions and accruals	0.2	0.4	0.4	0.2	0.2	0.2	0.1	0.1	0.1
Capex	-9.0	-9.0	-8.0	-8.0	-8.0	-8.8	-8.9	-9.0	-9.0
Acquisitions	-22.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow	**-15.8**	**7.3**	**9.8**	**10.1**	**12.7**	**13.0**	**13.0**	**13.2**	**13.2**
Present value	-14.9	6.4	7.9	7.6	8.8	8.0	7.7	7.2	123.5
WACC	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%

DCF per share derived from	
Total present value	162
thereof terminal value	76%
Net debt (net cash) at start of year	-23.8
Financial assets	1.8
Provisions and off balance sheet debt	25
Equity value	162.5
No. of shares outstanding	5.3
Discounted cash flow per share	**30.7**
upside/(downside)	**35%**
Share price	**22.80**

DCF avg. growth and earnings assumptions	
Short term growth (2009-2012)	5.6%
Medium term growth (2012 - 2017)	3.0%
Long term growth (2016 - infinity)	1.5%
Terminal year EBIT margin	15.0%

WACC derived from	
Cost of borrowings before taxes	4.5%
Tax rate	30.0%
Cost of borrowings after taxes	3.2%
Required return on invested capital	8.2%
Risk premium	5.0%
Risk-free rate	3.2%
Beta	1.0

Sensitivity analysis DCF

WACC \ Long term growth	0%	1.0%	1.5%	2.0%	2.5%
10.2%	20.3	22.0	23.1	24.2	25.5
9.2%	22.8	25.0	26.3	27.9	29.6
8.2%	25.9	28.9	30.7	32.8	35.4
7.2%	29.9	34.1	36.7	39.8	43.6
6.2%	35.3	41.4	45.3	50.3	56.5

Sensitivity analysis DCF

WACC \ EBIT margin terminal year	13.0%	14.0%	15.0%	16.0%	17.0%
10.2%	21.1	22.1	23.1	24.0	25.0
9.2%	23.9	25.1	26.3	27.6	28.8
8.2%	27.7	29.2	30.7	32.2	33.7
7.2%	32.9	34.8	36.7	38.6	40.4
6.2%	40.4	42.9	45.3	47.8	50.2

Source: Hauck& Aufhäuser estimates

Peer group analysis: EUR 27 per share

While there is no listed comparable company to EUZ, we have performed a peer group analysis featuring: Carl Zeiss Meditec, Sartorius, Draegerwerk, Pulsion, Stratec Biomedical Systems, Guerbet, IBA (Belgium) and Varian (USA). The latter two are competitors of EUZ in radiopharmacy and therapy.

Carl Zeiss Meditec - The company is active in opthalmology where it offers complete solutions to treat vision defects (refraction), cataract, glaucoma retinal disorders. In neuro/ENT surgery, the company builds and markets surgical microscopes and intraoperative radiation therapy combining cancer treatment via radiation and surgery. **Market capitalisation: EUR 942m.**

Draegerwerk - The company operates through two business units. Dräger Safety (1/3 of EBIT) offers its customers complete hazard management solutions with a special focus on personal safety and protecting production facilities. The Medical Division (2/3 of EBIT) offers a product range covering anaesthesia workstations, ventilation equipment for intensive and home care, emergency and mobile ventilation units, warming therapy equipment for infants, patient monitoring equipment, IT solutions and gas management systems. **Market capitalisation: EUR 325m.**

Guerbet - The company is a contrast agent specialist with 10 medical imaging products for X-ray imaging, 4 for MRI and 4 for Nuclear Medicine. The company also supplies a whole range of injection solutions and related medical disposables. **Market capitalisation: EUR 264m.**

IBA – The company is a specialist for radiopharmaceuticals and contrast agents for radiotherapy. It is active in molecular imaging, particle therapy, drug discovery and sterilisation solutions **Market capitalisation: EUR 205m**.

Pulsion - The company supplies patient monitoring equipment essentially for cardiac functions. The company also supplies disposables used in patient monitoring. **Market capitalisation: EUR 28m.**

Sartorius – The company supplies a wide range of disposables for the manufacturing of biotech drugs, essentially filtering equipment. It is also active in industrial measurement through its mechatronics division. **Market capitalisation: EUR 377m.**

Stratec Biomedical Systems – The company develops and manufactures fully automated analyser systems based on its own patented technologies for its partners in the fields of clinical diagnostics and biotechnology. Clients are mostly global players operating in the in-vitro diagnostics industry. These companies market STRATEC's systems, in general together with their own reagents, as system solutions to laboratories, blood banks, and research institutes. **Market capitalisation: EUR 300m.**

Varian - The company operates in two segments, Scientific Instruments and Vacuum Technologies. The Scientific Instruments segment offers analytical instruments, such as mass spectrometers, chromatography instruments and nuclear magnetic resonance products. The Vacuum Technologies segment provides high and ultra-high vacuum pumps, such as diffusion, turbomolecular, and ion getters. **Market capitalisation: EUR 1bn.**

ECKERT+ZIEGLER AG O.N.	EV/Sales 09E (x)	EV/Sales 10E (x)	EV/Sales 11E (x)	EV/EBITDA 09E (x)	EV/EBITDA 10E (x)	EV/EBITDA 11E (x)	EV/EBIT 09E (x)	EV/EBIT 10E (x)	EV/EBIT 11E (x)	PER 09E (x)	PER 10E (x)	PER 11E (x)
CARL-ZEISS MEDITEC AG	1,4	1,4	1,3	9,9	9,4	8,9	12,0	11,4	10,6	18,1	17,3	15,8
PULSION ST O.N.	0,9	0,8	0,7	2,5	1,7	n.a	5,0	4,2	n.a.	21,8	9,0	6,6
STRATEC BIOMED.SY.EO 1	3,7	2,8	2,5	17,3	12,8	10,9	19,6	14,7	12,3	25,3	18,8	15,5
SARTORIUS AG VZO O.N.	0,3	0,3	0,3	2,9	2,2	2,1	6,0	3,0	2,6	-60,0	20,6	16,0
DRAEGERWERK VZO O.N.	0,2	0,2	0,2	2,8	2,0	1,7	4,2	3,1	2,4	40,0	14,9	11,8
GUERBET	0,8	0,8	0,7	5,4	4,7	4,3	8,5	7,8	7,0	14,4	13,1	11,5
IBA (D)	0,6	0,5	0,5	12,7	5,5	4,8	n.a.	10,3	8,6	-19,6	20,1	17,1
VARIAN INC. - COMMON	1,9	1,8	1,7	13,9	12,2	10,0	17,7	15,8	12,5	25,9	24,4	19,6
ECKERT+ZIEGLER AG O.N.	**1,0**	**1,1**	**1,0**	**4,7**	**5,2**	**4,8**	**6,9**	**7,7**	**6,9**	**11,9**	**14,0**	**12,7**
Median (peer group)	**0,9**	**0,8**	**0,7**	**7,6**	**5,1**	**4,8**	**8,5**	**9,0**	**8,6**	**20,0**	**18,1**	**15,7**
Premium+/discount- in (%)	**18%**	**43%**	**42%**	**-39%**	**2%**	**-1%**	**-20%**	**-14%**	**-20%**	**-40%**	**-23%**	**-19%**

Source: Hauck&Aufhäuser estimates, FactSet estimates

Implied FV	EV/EBITDA 09E	EV/EBITDA 10E	EV/EBITDA 11E	EV/EBIT 09E	EV/EBIT 10E	EV/EBIT 11E	PER 09E	PER 10E	PER 11E
Fair EV	141,9	115,3	114,8	124,0	137,7	142,8			
Net debt	-23,8	-9,0	-13,4	-23,8	-9,0	-13,4			
Pensions	5,7	5,9	6,3	5,7	5,9	6,3			
Market Cap	160,0	118,4	121,8	142,1	140,8	149,9			
Nosh	5,3	5,3	5,3	5,3	5,3	5,3			
implied FV	**30,4**	**22,5**	**23,2**	**27,0**	**26,8**	**28,5**	**39,2**	**30,5**	**29,0**

Source: Hauck&Aufhäuser estimates

Theme

Mandatory offer for International Brachytherapy S.A. ("IBt") removes uncertainty and concentrates management attention on fundamentals

In February 2008, EUZ agreed to **contribute its radiation therapy business Bebig GmbH in exchange for shares in Belgian listed implant specialist IBt**. The new entity created, IBt Bebig is the undisputed european market leader in the permanent brachytherapy sector, with a leading presence in Germany, Benelux, France, the UK and Ireland.

The deal was debt free and valued Bebig at 5.5x 2007 EBITDA plus net working capital, for an EV of EUR 23.4m, via the issuance of 6.75m IBt shares to EUZ, at a price per share of EUR 3.47, and **granting EUZ control of IBt with a 38.5% share of capital.**

As part of the transaction IBt was also granted an option to acquire **all beneficiary shares** form IBt founders, yielding potentially control of 52% of IBt's shares and forcing, if exercised, EUZ to extend a mandatory takeover bid.

Following a year of travails with Belgian courts and stock market authorities, EUZ had to **launch early 2010 a mandatory takeover bid for the free float of IBt** consisting of 10.96m shares at a price per share of EUR 3.64. As a result of that, the company has reversed a EUR 7m provision covering litigation risks in its 2009 accounts.

The mandatory takeover bid expired on March 17. As a result, some 6m shares were tendered **for a financial outlay of approximately EUR 22m.**

Our model reflects the transaction, including the **cancellation of approximately EUR 1m in minorities in the accounts.**

Our calculations show that **EUZ is effectively paying a rich 17x EBIT 09**. But bear in mind that the margin is depressed by on-going high R&D costs. **EV/EBIT 12 would amount to a fairer 12.5x**, featuring a generous strategic control premium.

The next acquisition & US Market re-entry: Core Oncology

In December 2009, IBt Bebig invested in a EUR 2m subordinated loan maturing before end 2010, in California-based **Core Oncology**, a privately-held company.

Core Oncology, with EUR 40m in estimated sales is the No.4 US player for permanent brachytherapy implants used in the treatment of prostate cancer.

Core Oncology's seeds are based on Iodine-125 and Palladium-103. It also manufactures and sells temporary brachytherapy solutions for the treatment of other early stage cancers on worldwide basis.

Core Oncology already has a substantial sales network in place as well as a production facility for I-125 and palladium seeds in Oklahoma.

It is our understanding that an acquisition of Core Oncology evaluated at USD 25m (EUR 19m) would be settled with IBt shares.

The US market is by far the biggest market for prostate seed implants at EUR 32m annually**. A combination of IBt, Core Oncology and EUZ would create the No.3 player, and would significantly alleviate pricing pressure, currently an issue**.

The following pro forma analysis shows that a deal would add 6.2% to our fair value estimate on a 2011 basis, despite the minorities generated by the deal structure at IBt level. Production synergies in the early years would be generated by shutting down the iodine 125 production facilities at Core Oncology, which we understand to be relatively inefficient.

Core Oncology Transaction Impact	
USD/EUR Exchange rate assumed	1.38
NOSH IBt (million)	17.8
Assumed price per share	3.64
Transaction value (EUR m)	**18.1**
New Ibt shares issued (m)	5.0
PF NOSH Ibt (m)	22.8
PF Minorities	2.5
EBIT 2011e Core Oncology	1
Est. Synergies (EUR m)	2.0
PF EBIT Therapy 2011e	6.0
PF EBIT 2011e	19.6
PF Fair Value per share EUZ	**EUR 32.4**
% Upside to current fair value 2011e	***6.2%***

Source: Company data, Hauck&Aufhäuser

Substantial growth potential in environmental services, pending political and legal green light

With its acquisition of Nuclitec in January 2009, the company has set up a fourth business segment, Environmental Services, with sales of roughly EUR 5m in 2009. The unit deals with **low level radioactive waste** from the medical, industrial (e.g. measurement) and research sectors.

Nuclitec is the one of four companies in Germany authorised to process low level radioactive nuclear waste.

EUZ is **planning to invest EUR 20m** in the expansion of storage capacities on the company's site in Braunschweig to accommodate volumes from **German nuclear power plants** and, *potentially*, from the retrieval of low to medium level radioactive waste currently stored in a former salt mine called **Asse (Lower Saxony).**

In a nutshell, Asse represents a huge security hazard. The German nuclear industry at large has been for years dumping nuclear waste by exploiting a loophole which meant that Asse was not subject to the strict guidelines regulating the nuclear sector, but fell under "mining" laws.

Meaning: **the waste was not processed according to standards and is often neither labelled, nore sealed in concrete**. The mine is about to collapse and authorities have been scrambling to find an alternative site where the waste can be moved.

Following a extremely heated political debate, authorities seem to have settled on a site called **Schacht Konrad**, also a former mine near Salzgitter, and located within a 20 km radius from Asse and Nuclitec's Thule site.

The Federal Office for Radiation Protection has recommended in January that ***all*** **Asse waste be moved to either Konrad (low level radioactive waste) or Gorsleben (high-level radioactive waste) starting 2014**.

It is estimated that this **removal could cost anywhere between EUR 900m and ERU 3.7 bn**, depending on its feasibility and the amount of low vs. high level radioactive waste in the mine, the latter requiring a different process for which EUZ is not licenced.

It is our understanding that the decision can still be challenged in court with the city of Salzgitter and other local stakeholder as potential opponents.

EUZ through Nuclitec holds an estimated 20% German market share for the treatment low active nuclear waste. With a competence that goes back 30 years, it is already today processing nuclear waste in Konrad-compatible cement containers.

Assuming a **mid-point scenario of EUR 1.5bn in total retrieval costs over a 4 year period**, at an e15% market share and an estimated 30% margin, could yield some EUR 18m in incremental EBIT. An estimated EUR 20m capital outlay would be required (expansion of storage facility).

Hence, the incremental value per share all else equal could amount to EUR 30 in 2016, EUR 19 per share in present value terms, representing a quasi doubling of the share price.

Bear in mind that the Federal Office for Radiation protection in its retrieval recommendation has highlighted risks that the retrieval be reconsidered if the actual quality of the waste prevents it to be performed safely.

Financials

Profit and loss (EUR m)	2007	2008	2009	2010E	2011E	2012E
Sales	**54.4**	**71.6**	**101.4**	**105.6**	**111.9**	**119.5**
Sales growth	*8.1 %*	*31.5 %*	*41.6 %*	*4.1 %*	*6.0 %*	*6.8 %*
Cost of sales	27.6	37.5	50.3	51.2	54.3	58.0
Gross profit	**26.9**	**34.2**	**51.1**	**54.4**	**57.6**	**61.6**
Sales and marketing	10.2	15.1	18.4	20.1	20.1	20.9
General and administration	10.5	14.6	19.1	19.8	20.7	21.8
Research and development	0.3	3.1	2.5	4.2	4.5	4.2
Other operating income	0.6	17.2	9.3	3.2	3.4	3.6
Other operating expenses	0.5	9.0	5.0	-1.8	-0.9	0.2
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**9.7**	**18.7**	**22.6**	**22.5**	**23.9**	**26.0**
Depreciation	3.7	9.2	7.1	7.3	7.4	8.0
EBITA	**6.0**	**9.6**	**15.5**	**15.2**	**16.6**	**18.0**
Amortisation of goodwill	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
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**6.0**	**9.6**	**15.5**	**15.2**	**16.6**	**18.0**
Interest income	0.1	0.1	0.1	0.4	0.4	0.4
Interest expenses	0.8	1.2	1.3	1.7	1.7	1.7
Other financial result	-0.3	-0.1	1.0	0.0	0.0	0.0
Financial result	-1.1	-1.3	-0.3	-1.4	-1.3	-1.3
Recurring pretax income from continuing operations	**4.9**	**8.3**	**15.2**	**13.8**	**15.2**	**16.8**
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	**4.9**	**8.3**	**15.2**	**13.8**	**15.2**	**16.8**
Taxes	2.8	5.3	-6.7	4.2	4.6	5.0
Net income from continuing operations	**2.2**	**3.0**	**21.9**	**9.7**	**10.6**	**11.7**
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**2.2**	**3.0**	**21.9**	**9.7**	**10.6**	**11.7**
Minority interest	0.2	-1.5	8.6	0.8	0.9	0.9
Net income (net of minority interest)	**1.9**	**4.5**	**13.3**	**8.9**	**9.8**	**10.8**
Average number of shares	3.1	3.1	3.8	5.3	5.3	5.3
EPS reported	**0.62**	**1.43**	**3.48**	**1.70**	**1.86**	**2.05**

Profit and loss (common size)	2007	2008	2009	2010E	2011E	2012E
Sales	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Cost of sales	50.7 %	52.3 %	49.6 %	48.5 %	48.5 %	48.5 %
Gross profit	**49.3 %**	**47.7 %**	**50.4 %**	**51.5 %**	**51.5 %**	**51.5 %**
Sales and marketing	18.8 %	21.1 %	18.2 %	19.0 %	18.0 %	17.5 %
General and administration	19.2 %	20.4 %	18.8 %	18.8 %	18.5 %	18.3 %
Research and development	0.5 %	4.3 %	2.5 %	4.0 %	4.0 %	3.5 %
Other operating income	1.0 %	24.1 %	9.2 %	3.0 %	3.0 %	3.0 %
Other operating expenses	0.9 %	12.5 %	4.9 %	-1.7 %	-0.8 %	0.2 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	**17.8 %**	**26.2 %**	**22.2 %**	**21.3 %**	**21.4 %**	**21.8 %**
Depreciation	6.9 %	12.8 %	7.0 %	6.9 %	6.6 %	6.7 %
EBITA	**11.0 %**	**13.4 %**	**15.2 %**	**14.4 %**	**14.8 %**	**15.1 %**
Amortisation of goodwill	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 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	**11.0 %**	**13.4 %**	**15.2 %**	**14.4 %**	**14.8 %**	**15.1 %**
Interest income	0.1 %	0.1 %	0.1 %	0.4 %	0.4 %	0.4 %
Interest expenses	1.5 %	1.7 %	1.3 %	1.7 %	1.6 %	1.4 %
Other financial result	-0.5 %	-0.2 %	0.9 %	0.0 %	0.0 %	0.0 %
Financial result	-1.9 %	-1.8 %	-0.3 %	-1.3 %	-1.2 %	-1.1 %
Recurring pretax income from continuing operations	**9.0 %**	**11.6 %**	**14.9 %**	**13.1 %**	**13.6 %**	**14.0 %**
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	**9.0 %**	**11.6 %**	**14.9 %**	**13.1 %**	**13.6 %**	**14.0 %**
Tax rate	56.3 %	63.4 %	-44.5 %	30.0 %	30.0 %	30.0 %
Net income from continuing operations	**3.9 %**	**4.2 %**	**21.6 %**	**9.2 %**	**9.5 %**	**9.8 %**
Result from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	**3.9 %**	**4.2 %**	**21.6 %**	**9.2 %**	**9.5 %**	**9.8 %**
Minority interest	0.4 %	-2.0 %	8.5 %	0.7 %	0.8 %	0.8 %
Net income (net of minority interest)	**3.6 %**	**6.3 %**	**13.1 %**	**8.4 %**	**8.8 %**	**9.0 %**

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2007	2008	2009	2010E	2011E	2012E
Intangible assets	**18.2**	**38.7**	**42.1**	**55.3**	**55.3**	**55.3**
Property, plant and equipment	17.7	23.8	27.3	29.0	30.6	30.6
Financial assets	1.7	1.4	1.8	1.8	1.8	1.8
FIXED ASSETS	**37.7**	**63.9**	**71.1**	**86.0**	**87.6**	**87.6**
Inventories	7.7	8.6	12.6	13.2	14.0	14.9
Accounts receivable	11.5	14.0	16.2	16.9	17.9	19.1
Other current assets	2.2	3.5	6.2	6.5	6.9	7.4
Liquid assets	5.4	7.6	43.9	36.4	40.4	47.1
Deferred taxes	3.1	1.2	11.8	12.3	13.0	13.9
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	29.9	34.9	90.8	85.2	92.2	102.4
TOTAL ASSETS	**67.6**	**98.8**	**161.9**	**171.2**	**179.8**	**190.0**
SHAREHOLDERS EQUITY	36.1	40.9	76.4	88.6	96.5	105.6
MINORITY INTEREST	0.4	2.0	10.3	1.0	1.9	2.8
Long-term debt	3.9	10.8	14.3	21.6	21.6	21.6
Provisions for pensions and similar obligations	0.1	0.4	5.7	5.9	6.3	6.7
Other provisions	3.7	16.5	18.3	18.3	18.3	18.3
Non-current liabilities	**7.7**	**27.7**	**38.2**	**45.8**	**46.1**	**46.6**
short-term liabilities to banks	8.3	7.8	5.8	5.8	5.8	5.8
Accounts payable	3.9	4.3	4.4	4.5	4.8	5.1
Advance payments received on orders	0.3	1.0	8.0	6.0	4.0	2.0
Other liabilities (incl. from lease and rental contracts)	7.4	12.3	14.4	15.0	15.9	17.0
Deferred taxes	1.3	1.1	2.6	2.7	2.8	3.0
Deferred income	2.3	1.8	1.8	1.9	2.0	2.1
Current liabilities	**23.4**	**28.3**	**37.0**	**35.9**	**35.3**	**35.0**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**67.6**	**98.8**	**161.9**	**171.2**	**179.8**	**190.0**

Balance sheet (common size)	2007	2008	2009	2010E	2011E	2012E
Intangible assets	**27.0 %**	**39.2 %**	**26.0 %**	**32.3 %**	**30.7 %**	**29.1 %**
Property, plant and equipment	26.3 %	24.1 %	16.8 %	16.9 %	17.0 %	16.1 %
Financial assets	2.6 %	1.4 %	1.1 %	1.0 %	1.0 %	0.9 %
FIXED ASSETS	**55.8 %**	**64.7 %**	**43.9 %**	**50.2 %**	**48.7 %**	**46.1 %**
Inventories	11.4 %	8.7 %	7.8 %	7.7 %	7.8 %	7.9 %
Accounts receivable	17.0 %	14.2 %	10.0 %	9.9 %	9.9 %	10.1 %
Other current assets	3.3 %	3.5 %	3.9 %	3.8 %	3.8 %	3.9 %
Liquid assets	8.0 %	7.7 %	27.1 %	21.2 %	22.5 %	24.8 %
Deferred taxes	4.6 %	1.2 %	7.3 %	7.2 %	7.2 %	7.3 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	44.2 %	35.3 %	56.1 %	49.8 %	51.3 %	53.9 %
TOTAL ASSETS	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
SHAREHOLDERS EQUITY	53.5 %	41.4 %	47.2 %	51.7 %	53.7 %	55.6 %
MINORITY INTEREST	0.5 %	2.0 %	6.3 %	0.6 %	1.0 %	1.5 %
Long-term debt	5.8 %	10.9 %	8.8 %	12.6 %	12.0 %	11.4 %
Provisions for pensions and similar obligations	0.1 %	0.4 %	3.5 %	3.5 %	3.5 %	3.5 %
Other provisions	5.4 %	16.7 %	11.3 %	10.7 %	10.2 %	9.6 %
Non-current liabilities	**11.4 %**	**28.0 %**	**23.6 %**	**26.7 %**	**25.7 %**	**24.5 %**
short-term liabilities to banks	12.2 %	7.8 %	3.6 %	3.4 %	3.2 %	3.1 %
Accounts payable	5.7 %	4.3 %	2.7 %	2.6 %	2.7 %	2.7 %
Advance payments received on orders	0.4 %	1.0 %	4.9 %	3.5 %	2.2 %	1.1 %
Other liabilities (incl. from lease and rental contracts)	10.9 %	12.5 %	8.9 %	8.8 %	8.8 %	8.9 %
Deferred taxes	2.0 %	1.2 %	1.6 %	1.6 %	1.6 %	1.6 %
Deferred income	3.4 %	1.8 %	1.1 %	1.1 %	1.1 %	1.1 %
Current liabilities	**34.7 %**	**28.6 %**	**22.9 %**	**20.9 %**	**19.6 %**	**18.4 %**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2007	2008	2009	2010E	2011E	2012E
Net profit/loss	2.2	3.0	15.7	9.7	10.6	11.7
Depreciation of fixed assets (incl. leases)	3.7	9.2	7.0	7.3	7.4	8.0
Amortisation of goodwill	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
Others	1.9	-5.0	-0.8	0.2	0.4	0.4
Cash flow from operations before changes in w/c	7.8	7.1	26.3	17.2	18.4	20.2
Increase/decrease in inventory	-2.1	-0.8	-4.1	-0.6	-0.8	-1.0
Increase/decrease in accounts receivable	0.1	-2.5	-2.2	-0.7	-1.0	-1.2
Increase/decrease in accounts payable	0.1	0.4	0.1	0.1	0.3	0.3
Increase/decrease in other working capital positions	0.6	4.4	6.3	-1.7	-1.5	-1.4
Increase/decrease in working capital	-1.2	1.5	0.2	-2.8	-3.0	-3.2
Cash flow from operating activities	**6.6**	**8.6**	**26.5**	**14.4**	**15.4**	**16.9**
CAPEX	4.2	6.0	5.7	9.0	9.0	8.0
Payments for acquisitions	0.7	0.2	5.3	22.2	0.0	0.0
Financial investments	0.1	-0.5	0.0	0.0	0.0	0.0
Income from asset disposals	0.2	0.2	1.3	0.0	0.0	0.0
Cash flow from investing activities	**-4.7**	**-5.5**	**-9.7**	**-31.2**	**-9.0**	**-8.0**
Cash flow before financing	1.9	3.1	16.8	-16.8	6.4	2.3
Increase/decrease in debt position	-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
Capital measures	0.0	0.0	24.4	0.0	0.0	0.0
Dividends paid	0.8	0.8	0.6	2.3	2.3	2.3
Others	-0.3	-0.1	-1.6	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.2	0.1	-0.3	0.0	0.0	0.0
Cash flow from financing activities	**-2.2**	**-0.3**	**24.0**	**5.0**	**-2.3**	**-2.3**
Increase/decrease in liquid assets	-0.1	2.9	40.5	-11.8	4.1	n/a
Liquid assets at end of period	**5.4**	**7.6**	**48.1**	**36.4**	**40.4**	**47.1**

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2007	2008	2009	2010E	2011E	2012E
Domestic	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
Rest of Europe	30.8	43.9	61.9	64.4	68.2	72.9
yoy change	18.0 %	42.5 %	40.9 %	4.1 %	6.0 %	6.8 %
NAFTA	19.0	20.3	27.4	29.6	32.4	35.9
yoy change	3.3 %	6.8 %	34.9 %	8.0 %	9.7 %	10.5 %
Asia Pacific	2.6	6.2	10.1	10.6	10.1	9.6
yoy change	-7.1 %	138.5 %	63.5 %	4.1 %	-4.6 %	-5.0 %
Rest of world	2.0	1.2	2.0	1.1	1.1	1.2
yoy change	-35.5 %	-40.0 %	69.0 %	-47.9 %	6.0 %	6.8 %
TTL	**54.4**	**71.6**	**101.4**	**105.6**	**111.9**	**119.5**
yoy change	7.9 %	31.6 %	41.6 %	4.1 %	6.0 %	6.8 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2007	2008	2009	2010E	2011E	2012E
P&L growth analysis						
Sales growth	8.1 %	31.5 %	41.6 %	4.1 %	6.0 %	6.8 %
EBITDA growth	-7.4 %	93.1 %	20.4 %	-0.2 %	6.3 %	8.8 %
EBIT growth	1.6 %	60.6 %	61.3 %	-1.6 %	8.7 %	8.9 %
EPS growth	-12.6 %	131.0 %	143.0 %	-51.3 %	9.8 %	10.3 %
Efficiency						
Total operating costs / sales	38.4 %	34.3 %	35.2 %	37.1 %	36.7 %	36.4 %
Sales per employee	174.5	181.3	202.8	199.2	207.2	217.3
EBITDA per employee	31.1	47.4	45.1	42.5	44.3	47.3
Balance sheet analysis						
Avg. working capital / sales	25.6 %	22.5 %	16.6 %	17.0 %	19.1 %	20.9 %
Inventory turnover (sales/inventory)	7.1	8.4	8.0	8.0	8.0	8.0
Trade debtors in days of sales	76.8	71.3	58.3	58.3	58.3	58.3
A/P turnover [(A/P*365)/sales]	51.4	41.8	32.1	32.1	32.1	32.1
Cash conversion cycle (days)	127.5	112.9	117.9	120.3	120.3	120.3
Cash flow analysis						
Free cash flow	2.5	2.6	20.8	5.4	6.4	8.9
Free cash flow/sales	4.5 %	3.6 %	20.5 %	5.1 %	5.7 %	7.5 %
FCF / net profit	126.7 %	57.9 %	156.9 %	60.5 %	65.0 %	82.7 %
FCF yield	3.6 %	3.8 %	18.3 %	4.7 %	5.6 %	7.9 %
Capex / depn	113.8 %	59.7 %	49.8 %	123.5 %	121.9 %	100.0 %
Capex / maintenance capex	0.0 %	0.0 %	0.0 %	121.1 %	121.1 %	107.7 %
Capex / sales	7.8 %	7.6 %	5.6 %	8.5 %	8.0 %	6.7 %
Security						
Net debt	6.8	10.9	-23.8	-9.0	-13.1	-19.7
Net Debt/EBITDA	0.7	0.6	0.0	0.0	0.0	0.0
Net debt / equity	0.2	0.3	-0.3	-0.1	-0.1	-0.2
Interest cover	7.2	7.7	11.6	8.7	9.5	10.8
Dividend payout ratio	44.5 %	14.1 %	17.4 %	25.9 %	23.6 %	21.4 %
Asset utilisation						
Capital employed turnover	1.0	0.9	0.8	0.8	0.8	0.8
Operating assets turnover	1.7	1.7	2.3	2.2	2.1	2.1
Plant turnover	3.1	3.0	3.7	3.6	3.7	3.9
Inventory turnover (sales/inventory)	7.1	8.4	8.0	8.0	8.0	8.0
Returns						
ROCE	11.1 %	10.4 %	14.4 %	11.9 %	12.0 %	12.3 %
ROE	5.4 %	11.0 %	17.3 %	10.1 %	10.1 %	10.2 %
Other						
Interest paid / avg. debt	7.3 %	8.1 %	6.9 %	7.3 %	6.3 %	6.1 %
No. employees (average)	312	395	500	530	540	550
Number of shares	3.1	3.1	3.8	5.3	5.3	5.3
DPS	0.3	0.3	0.5	0.5	0.5	0.5
EPS reported	0.62	1.43	3.48	1.70	1.86	2.05
Valuation ratios						
P/BV	1.9	1.7	1.1	1.3	1.2	1.1
EV/sales	1.4	1.1	0.9	1.0	1.0	0.8
EV/EBITDA	7.8	4.3	4.3	4.9	4.5	3.9
EV/EBITA	12.6	8.3	4.3	7.3	6.5	5.6
EV/EBIT	12.6	8.3	6.4	7.3	6.5	5.6
EV/FCF	30.6	30.7	4.6	20.5	16.8	11.3
Dividend yield	1.1 %	1.4 %	2.0 %	2.0 %	2.0 %	2.0 %

Source: Company data, Hauck & Aufhäuser

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Company	Disclosure
Eckert & Ziegler AG	2, 8

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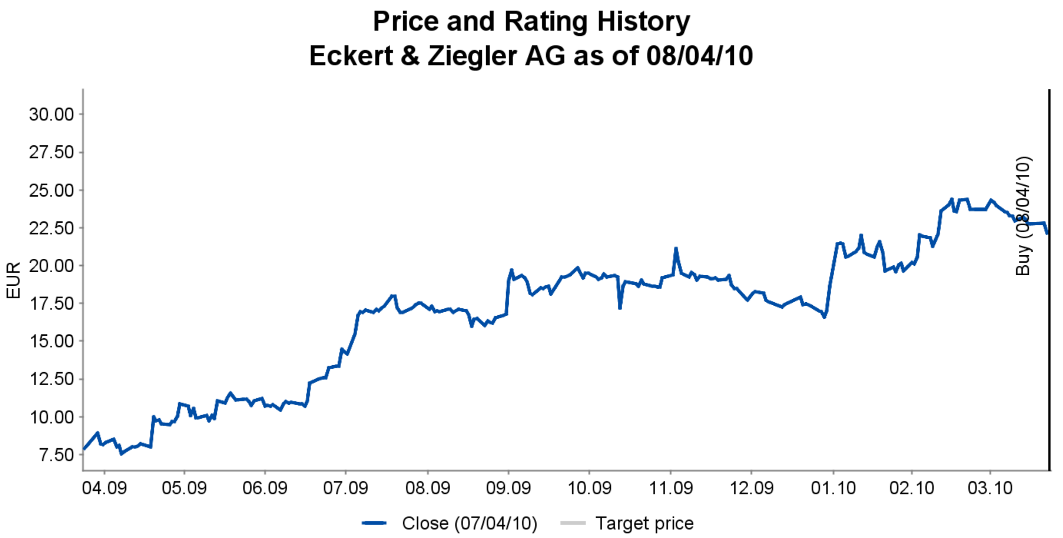

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08-April-10

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Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin – (Federal Financial Supervisory Authority), Graurheindorfer Straße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt am Main, Germany

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